



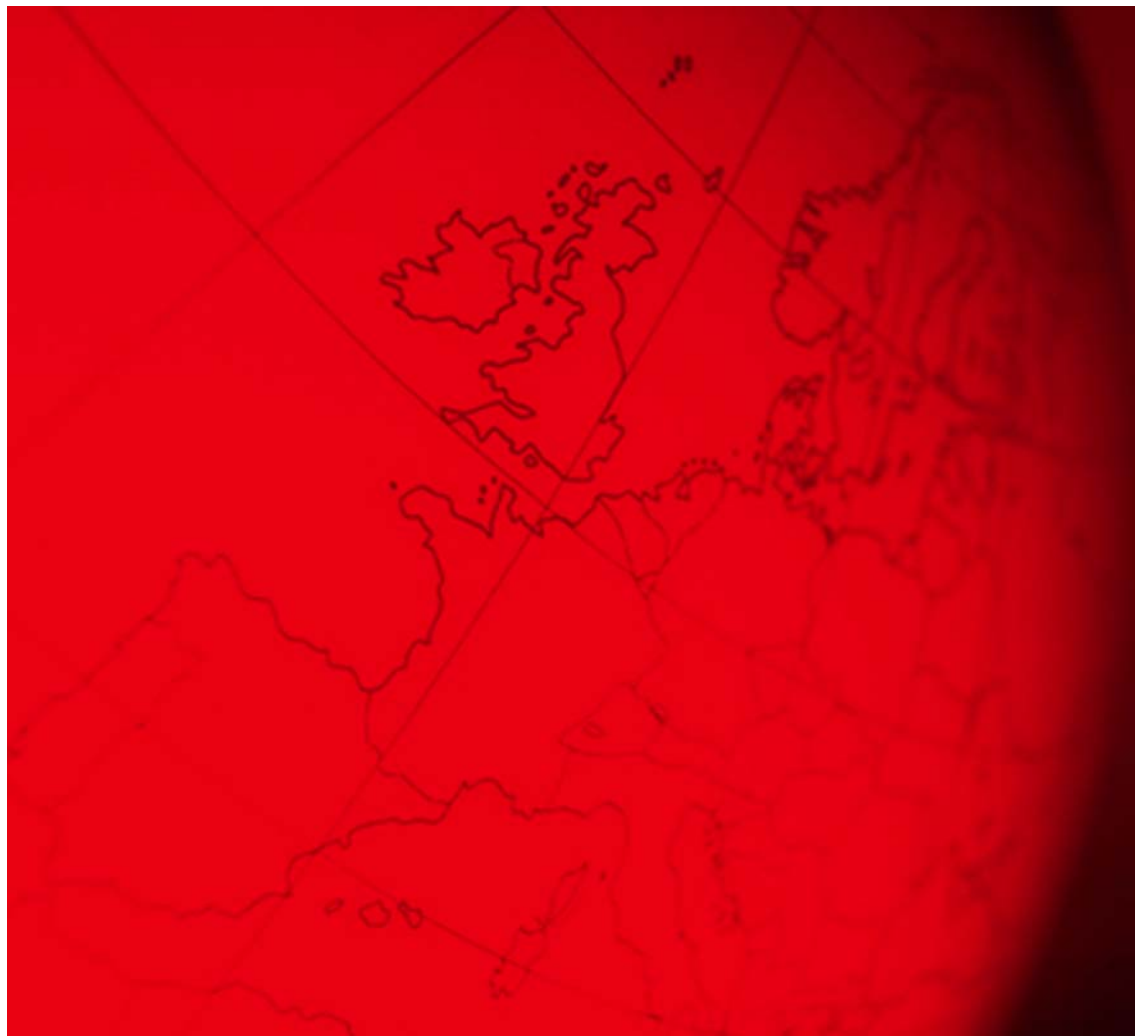
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GUIDEBOOK

LEVERAGING VALUE FROM SAP WITH IBM COGNOS



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TOPICSBusiness Intelligence &
Analytics

Enterprise Applications

THE BOTTOM LINE

SAP users preparing to invest in functionality such as business intelligence (BI) or performance management (PM) should consider an IBM Cognos application. Nucleus finds that SAP users turn to IBM Cognos software in order to have less costly deployments, faster time to benefit, and greater productivity improvements for end users.

SITUATION

Although organizations typically find it easy to accumulate data from their ERP system, it often remains unusable or unavailable to the decision makers who need it. Some of the barriers to better use of data include:

- Cost. Organizations often balk at the cost of strategic investments necessary to make data usable, such as master data management and tools for creating standardized reports, scorecards, and dashboards.
- Ad-hoc tools. In the absence of automation, people create their own reporting and analysis tools — typically in Excel — which lead to various versions of the truth, different ways to interpret data, and lost productivity.
- Static reports. Reporting systems based on static reports are costly because they require report builders to continually create new customized report iterations in order to meet end users' evolving needs and preferences.
- Silos. In the absence of a structured way to use and analyze data, and without integration among data sources, employees get at best a limited view of their business, which severely limits their analytical and decision-making abilities.

Nucleus finds that these challenges are best overcome by deploying automated tools for report building, planning, and budgeting, as well as other applications such as BI and PM. When it comes to vendor selection, companies often face a choice between deploying a new application that is specially built for these tasks or extending their existing ERP. Senior management, including CIOs, often view extension of an ERP system to be a low-cost option that will create uniformity of data and data analysis. Additionally, ERP vendors in general, and SAP in particular, often propose extending ERP at little or no additional license cost. These factors can lead to a decision-making process that inadequately examines the comparative benefits of ERP-based versus BI-focused tools and is too narrowly focused on their perceived costs.

Over the course of analyzing numerous deployments, Nucleus Research has learned that many companies with SAP deployments also have deployments of IBM Cognos software. Nucleus analyzed a number of these companies to learn why they decided to adopt IBM Cognos software and what benefits they achieved as a result of that decision. Companies analyzed in this report include Toro, Huntsman, Rolls Royce, DirecTV, Kansas City Southern Railroad, Orangina, Ryerson, and a research organization within the U.S. Army.

IBM COGNOS SOFTWARE IN AN SAP ENVIRONMENT

Nucleus found that using IBM Cognos software for functionality such as BI or PM rather than SAP or SAP Business Information Warehouse (SAP BW) translated into a number of key returns involving less risky deployments, greater ease of use, and lower ongoing costs. Specific benefits included:

- Lower deployment costs
- Faster time to benefit
- Reduced training costs
- Improved productivity
- Better reporting
- Increased returns on existing ERP investments

Lower deployment costs

Although SAP has many satisfied customers, users often say the application can be difficult and costly to deploy. Customers tell Nucleus that although SAP has strong ERP functionality, its deployment requires a combination of customization to the application so that it accommodates existing workflows, or the modification of workflows and practices to accommodate SAP. SAP customization requires the expertise of costly and scarce consultants with knowledge in ABAP, the high-level programming language for SAP, which increases deployment costs. Where customization is insufficient to properly deploy SAP, companies typically modify workflows or invest in training, both of which increase costs, lengthen deployments, and increase end-user resistance.

Companies that achieved benefits by adopting IBM Cognos software for functionality such as BI and PM typically said that one reason for this decision was to minimize project risk and cost by keeping their deployment independent of their company's SAP deployment:

- *"Projects are a lot less expensive with IBM Cognos software. Compared to the SAP environment, developers cost 50 percent less and we can complete projects in a quarter of the time."*
- *"In IBM Cognos software, we report on integrated data from sales, execution, legal, accounting, travel, and other sources. In an all-SAP world, this would have required so much customization that it would have been cost prohibitive."*
- *"The SAP ERP deployment here that encompasses accounts payable and accounts receivable took about a year and we've gotten only several reports out of it. In our IBM Cognos TM1 deployment, we're reporting on more data with more robust reporting and the project timeline was only four months."*
- *"We were in the middle of an enterprisewide migration to SAP when we got acquired by a private equity firm. They looked at the project, saw the costs, and stopped it immediately. Now the environment is heterogeneous, but we do all of our management reporting and planning out of IBM Cognos Software."*

Faster time to benefit

Nucleus finds that many users choose to adopt IBM Cognos software rather than SAP because the same factors that make SAP costly to deploy also significantly lengthen project cycle times. In fact, Nucleus finds that while SAP deployments are typically multi-year projects, IBM Cognos applications typically deploy in less than a year. This means that waiting to obtain BI or PM functionality from a multi-year SAP deployment can be a costly decision for a project champion. For example, an IBM Cognos TM1 deployment recently analyzed by Nucleus generated a significant reduction to annual labor costs. Had the company waited six months longer to achieve that benefit from either SAP or SAP BW, the delay would have reduced benefits by \$1.75 million in the first year.

Users of IBM Cognos software readily expressed a desire to keep their projects independent of SAP deployments:

- *"We keep as many projects as we can off the SAP footprint because they take about one fourth the time that it takes to complete an SAP project. This is about more than project costs. In IBM Cognos software, we get the reporting functionality and data to both the analysts and the end users a lot faster."*
- *"If we had waited for the SAP footprint to get to us and give us the reporting we needed, we never would have been able to prove our efficiency during the last round of closures and we would have been shut down."*

IBM Cognos software users typically find that they achieve more rapid time to benefit because IBM Cognos software can integrate with a broader variety of data sources more rapidly and easily than is possible with SAP. One user said, *"We run SAP R3 and BW. The primary reason we went with IBM Cognos software is its ability to leverage multiple data sources. We knew we'd be tapping into a variety of non-SAP data sources, and you just can't get into them very easily in SAP."* Another SAP BW user said, *"In IBM Cognos software, it's far easier to integrate with other data sources. You only need to understand how the data is modeled in the source and adequately detail it in IBM Cognos software."*

Reduced training costs

Companies find IBM Cognos software to be more user friendly than SAP, which enables them to deploy with lower training costs. Applications such as IBM Cognos TM1 and IBM Cognos 8 BI have features that are designed to make the applications easy to both learn and use. The end-user interfaces are designed to look, feel, and operate like long-established applications such as Microsoft Excel. Additionally, many of the interfaces are task specific or role specific and hide from the end user the complexity of the underlying data or functionality, in order to minimize the number of steps in a workflow such as report creation. This is far simpler than asset creation in SAP BW, which users say requires the creation of hierarchies and other complex, code-based steps. Additionally, because SAP is an ERP system, its reporting is typically oriented toward people in functions such as finance, procurement, and logistics, whose reporting needs are very different from business analysts, financial analysts, and line-of-business managers.

Nucleus found that end-user driven functionality in IBM Cognos software enabled more rapid adoption and reduced training costs:

- *"For our 80 IBM Cognos TM1 users, approximately 60 trained for a week or less and the rest didn't need any. I'm involved with the SAP deployment here — both ERP and SAP BW — and most of these users would have required at least two weeks."*
- *"The IBM Cognos user interface is very Excel-like. So our 500 financial analysts and cost-center managers pick it up faster, they can accomplish tasks quickly and with minimal training."*
- *"Another reason our reporting is off the SAP footprint is that IBM Cognos TM1 is the end-user base. There's a lot of existing expertise, they know it, and it feels like Excel. So people are self sufficient, get up to speed faster, and require less training."*

Improved productivity

The same user-interface features that enable companies to avoid training costs when deploying IBM Cognos software also enable end users to accomplish analytical and reporting tasks more rapidly:

- *"IBM Cognos TM1's natural view is at an aggregated level because it uses OLAP cubes, unlike SAP which is relational and goes all the way down to levels of detail like debits, credits and invoices. So in IBM Cognos TM1 we just drill down and across in the cube on almost an as-needed basis in order to create reports or do queries."*
- *"IBM Cognos TM1 runs in memory. So it does calculations, queries, and new reports on the fly, which means people spend more time analyzing reports and less time building them."*
- *"IBM Cognos software speeds things up for end users because it's Web enabled. They just go to the Web for the reports and IBM Cognos software hides all the complexity underneath, so they can do it rapidly."*
- *"In SAP BW, you have to build a hierarchy for every view. This is labor intensive and we've built them based on product or logistics. IBM Cognos software doesn't require this and that's why we're using it for reporting in CRM and other enterprise applications."*

Eliminating labor-intensive work reporting and financial workflows has value beyond just improving productivity. When people with reporting responsibilities spend more time manually building, fine tuning, and reconciling reports, they typically work longer hours — including unpaid overtime — and feel that they are data gatherers rather than analysts. This can reduce morale and increase turnover. One company that used IBM Cognos TM1 to correct this problem said, *"One reason people were leaving was dissatisfaction with gathering data rather than analyzing it. IBM Cognos TM1 cleaned this up. People now leave at a decent hour, and turnover is down. In one department it's down from 100 percent annually to three percent."*

Better reporting

IBM Cognos software has end-user driven reporting capabilities that makes people more able to independently create analytical reports and tools than is possible with SAP. Additionally, users typically complete report building tasks in far less time than would be required in an SAP environment with ABAP programmers. This speed, combined with the ability to iteratively and experimentally create reports, means that end users are better able to accomplish their continuously changing reporting objectives. Nucleus found end users were able to more rapidly achieve visibility through reporting because of the simpler, more IT-independent reporting and analysis in IBM Cognos software:

- *"One thing you find with SAP is they do great presentations and sales efforts. But then after the go-live, there's really no reporting. We're off the SAP ERP reporting footprint and using IBM Cognos TM1 because it is multidimensional and lends itself to reporting well. It lets us just keep it simple and do reporting off of rows and numbers or derivations of reports."*
- *"All over our organization, adoption of SAP and SAP BW has been mandated. After we adopted, we couldn't even do the most basic reporting. But we use*

IBM Cognos software, which we've had for about 15 years, to get SAP data out and easily generate the reports we need."

- *"I don't think SAP understands end-users' reporting requirements. It's all disc-based, so it has to continually write to hardware. So it's inflexible and slow, especially if you're doing something complex like a rolling 4-quarter analysis."*

Even though SAP acquired Business Objects for the purpose of augmenting its ERP platform with reporting, at least one customer said that the SAP-Business Objects integration has not gone well. The user had been planning to expose SAP data through Business Objects reporting. However, because of a lack of integration, report building within Business Objects Report Builder was so slow that users did not adopt it. SAP proposed a workaround in which SAP's BEx Analyzer would be deployed so that it could be used to generate reports off of the SAP data. The BEx report would then be imported into Business Objects Report writer for fine tuning. End users rejected both the bulky workflow and the requirement that they learn a new application. As a result, report building was transferred to IT, and report users could not achieve the benefits of end-user driven reporting, such as faster, more granular, and iterative report building.

Lower IT costs

Companies that turn to IBM Cognos software rather than SAP have lower IT costs because the complexity of SAP makes BI and PM users highly reliant on IT staff, SAP consultants, and ABAP programmers. Nucleus analyzed several companies that had deployments of both SAPBW and IBM Cognos software. These opportunities for side-by-side comparisons typically revealed that IBM Cognos end users were often able to accomplish routine tasks such as report creation without any support or help from their IT department. Additionally, because IBM Cognos software is purpose built for tasks such as BI and PM, which have less scale and complexity than ERP, it is easier to support and maintain. Nucleus found that these factors both enabled IBM Cognos users to reduce costs and motivated them to keep their deployments SAP independent:

- *"IBM Cognos Software is a lot easier to own and operate. For 850 users, we have one DBA for security, a manager, and a part-time consultant. In an SAP environment, this deployment would require at least twice as many people."*
- *"There are five SAP instances. The OLAP reporting was slow, people didn't use it and it had to be fixed. Fixes like that require very specialized, SAP-specific expertise that we don't have, so we spent a lot of money on consultants."*
- *"Any time you touch something in SAP you need consultants. What we've done over the last couple of years in IBM Cognos TM1 with 3.5 people would have cost millions in SAP."*
- *"Reporting on SAP data with Business Objects was too slow for adoption and fixing this would have required a convoluted workflow and the addition of two to my IT staff of 14. I didn't even try to get the authorization for that."*
- *"The beauty of IBM Cognos TM1 is that there's so much end-user driven functionality that anyone can be a report writer. So I have no dedicated report writers."*
- *"The biggest difference is that SAP is so complicated that it can't be independently owned or improved upon by the line-of-business. But they can*

own IBM Cognos Software. So they need IT less for projects — even new reports or rolling things up differently — which reduces costs.”

- *“We support IBM Cognos Software with just one business analyst. In SAP BW, we’d need two programmers trained in ABAP, who are a lot more expensive than business analysts.”*

Increased returns on ERP investments

Although SAP and IBM Cognos software have competing tools in areas such as BI and PM, most of the companies that chose to deploy IBM Cognos software used it to improve or extend the benefits from their existing SAP deployment:

- *“We do our global reporting in IBM Cognos TM1 with data from SAP. All of the reporting is Sarbanes-Oxley compliant out of the box and we didn’t use any consultants.”*
- *“We’re operating multiple ERP systems: SAP, Lawson, and some homegrown applications. We’ve found IBM Cognos Software to be very application agnostic. It lets us look at every one of our locations and view it the same way, no matter what system they’re on.”*

Nucleus also finds that companies with faltering SAP deployments can use IBM Cognos software to provide reporting functionality that their SAP deployment can’t provide or is delayed because of project problems. One customer said, *“We’re using IBM Cognos software to report on SAP reporting. It finds variances between what’s in the SAP reports and what should be there, and we use it to either tune up the reporting or how the data is formatted in SAP.”* IBM Cognos software is also an effective way to leverage SAP when used as a tool to drill into SAP data sources. One user said, *“We have one SAP user seat. One developer uses a composite application and a small amount of SAP code to drill into the SAP data and export to IBM Cognos. This is how we complete reporting and queries that would otherwise require multiple seats of SAP BW.”*

CONCLUSION

SAP users preparing to invest in functionality such as BI or PM should consider turning to IBM Cognos software rather than SAP. Compared to SAP, IBM Cognos deployments are less risky, resulting in lower costs and faster time to benefit. Because IBM Cognos software has user interfaces that are simpler, easier to use, and have more end-user driven functionality than SAP, the application enables companies to avoid training costs, and end users to create better reports and analysis tools in less time. IT costs are lower with IBM Cognos software because unlike SAP, much of the functionality can be used and fine tuned without the help of an IT department, which lowers the ongoing costs of the deployment. In addition to achieving these cost benefits, companies that choose to deploy an IBM Cognos application rather than SAP tend to utilize it as a complement to SAP by creating new reports and analyses on SAP data, which increases the returns on their existing SAP investments.

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