Guidelines for organizing your SAP Organizational Competence Center

This paper deals with providing answers to the question: How do I get application support when running an ERP application by SAP. Application support is typically organized via an internal SAP competence center and well-structured contractual relationships with knowledge service providers.

Introduction

Companies that chose for operating a SAP business platform are required to organize their IT support towards their organization. The internal support on any ERP application is a complex undertaking, SAP is no exception. The installation of an internal competence center to provide value to the business community enables an organization of centralizing all ERP related knowledge and thus issue resolution and (project-based) change handling for improvement within the use of the ERP application. It is specifically stated for SAP Competence Centers to also deal with analyzing and implementing improvements herewith guiding the business community to continuously obtain and increase benefits of the SAP application(s).

Competence Centers are often key to making progress on tactical support issues and more importantly, business process issues. Typically this SAP application support is organized in two separated streams: technically and functionally.

IT Performance visibility and internal IT service delivered is mainly gained by excellent functional support. The reason is clear and simple: the business community within the organization is mostly in contact with the functional support department in order to partner on solutions for business requirements. The workload anticipated within functional support is typically aligned to the business fluctuations either on support requests as on business initiated projects. How an organization wishes to deal with this challenge heavily impacts the way it will structure its functional support.

Technical support consists of keeping the application running taking into account the database layer, the operating system layer and the application layer. The workload on preventive system maintenance is rather constant while the corrective system maintenance and how an organization can react on certain application failures heavily determines the value a Competence Center will bring to the organization.

Technical support is more often subject to full outsourcing than functional support.

Special attention in this paper is drawn to the way organizations organize the functional support delivery towards the end users. As the SAP business platform offers functionality to a variety of users in a broad area of organizational areas, it is important to have a well-organized support delivery in place. Often SAP Competence Centers are based on the idea of Information Management, rather

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1 Forrester (Byron Miller), 2004, SAP Customer Competence Center – Best Practices
2 Ctac Managed Services is specialized in hosting SAP Applications as well as in continuous technical monitoring of SAP applications. In this area Ctac services more than 100 customers in Europe.
than Information Support, herewith positioning the Competence Center close to the business to assist the business in obtaining the value required from the application.

This paper intends to bring together theoretical aspects as well as experience data on SAP Competence Centers and from a broader viewpoint on how to organize a company’s functional application support for an SAP application.

**SAP Competence Center Organization**

During SAP application implementation projects the internal organization is often organized in process owners, key users and users. Typical post go live support is organized whereas first line support is delivered by the key users, second line support by internal IT staff and third line support by the implementer. Soon after stabilization of the SAP ERP environment the need for a true internal SAP competence center will surface and often key users and internal IT staff grow into SAP competence center team members in the functional and less in the technical area. In what follows the department structure of the competence center, the drawing of your own company’s competence center and how to staff it will be addressed.

**Departments**

A typical SAP Competence Center is organized with a functional application specialist side and a technical application specialist side.

In order to provide a high level overview on the tasks taken care of within these two distinct sides within the SAP Competence Centers a referral is made to the Forrester Analysis of 2004 in which one has to translate functional application support to “business support” and technical application support to “technical support”.

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**Figure 1: The Parts Of A Competence Center**

<table>
<thead>
<tr>
<th>The basics</th>
<th>Business support</th>
<th>Technical support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed SAP business process and function specification and design</td>
<td>SAP architecture</td>
<td>Security profile definition and maintenance</td>
</tr>
<tr>
<td>SAP module configuration</td>
<td>ABAP and Java programming</td>
<td></td>
</tr>
<tr>
<td>Process and functional integration with non-SAP systems</td>
<td>Development and maintenance of releases including patches</td>
<td></td>
</tr>
<tr>
<td>Business process fulfillment testing</td>
<td>Multi-instance coordination</td>
<td></td>
</tr>
<tr>
<td>Tier two/three support (tier three only when there is an SAP support desk)</td>
<td>DBA and data management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance monitoring and tuning</td>
<td></td>
</tr>
</tbody>
</table>

Also from within the terminology used by Forrester “Business Support” it becomes clear that the functional support within the SAP Competence Center is closely aligned to the business. Therefore it is of utmost importance that the team members within the functional SAP Competence Center have

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3 Especially in cases where no IT competence center is established where business and application knowledge are combined.
a well-developed understanding of a company’s business combined with good analytical skills and functional application knowledge. It is therefore wiser to talk in terms of information management rather than information technology as the SAP Competence Center is to interpret the business requirements and provide information based on the application’s capabilities (standard and non-standard, again aligned to a company’s view on running a standard package). It is recommended to internalize this type of knowledge within the competence center.

**Drawing your SAP Competence Center**

What is most important when starting to draw the strategy on how to organize ones SAP Competence Center is to have an insight on the typical workload within a SAP Competence Center. We will provide an insight into this workload using Gartner benchmark information for supporting an SAP ERP application with limited ERP modules in place.

![SAP CC's - Organisation Chart](image)

Although the functional scope within the Gartner benchmark is rather limited, it is fair to state\(^4\) that the underlying distribution logic of workload amongst functional and technical support holds ground also in more complex environments.

The set-up of a competence center consisting of a technical and functional stream immediately reveals that 75% of a competence centers activities are focused on functional support while 25% is focused on technical support.

Of the 25% technical support, there is a more infrastructure related component (SAP BC), 15% on pure technical system readiness and 10% is dealing with custom build development support. As the technical work in the area of SAP BC is rather fluctuating and as it often entails very specialist knowledge, companies often decide to outsource these skills in their SAP competence center using contractual service agreements\(^5\) underpinned by clear SLAs.

**Staffing your SAP Competence Center**

Having understood the workload distribution of a company’s SAP competence center it is now important to understand the total workload that is dealt with within your SAP competence center. First of all we would like to use the bench mark analysis of Gartner that described some interesting

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\(^{4}\) Based on Ctac Managed Service experience drawn during a period of 10 years within a serviced customer network of 100 customers.

\(^{5}\) So called remote/onsite technical support contracts.
correlations between a company’s size in terms of application users and the SAP Competence Center headcount. Secondly we would like to refine the Gartner analysis based on empirical data from within the Ctc Managed Service department.

The Gartner survey held in 2000 shows that the average SAP Competence Center consists of 2,5 FTE staff for each 100 application users. Of these 2,5 FTE; 0,5 FTEs are contracted.

![Gartner Survey of SAP CCs](image)

Based on a data sample of 15 companies where Ctc is involved in providing additional support services into these organizations SAP Competence Centers we obtain similar results as provided in the Gartner Survey:

<table>
<thead>
<tr>
<th>Application Users</th>
<th>Countries</th>
<th>SAP OCC FTE (incl. IT manager)</th>
<th>Number of SAP Products</th>
<th>Number of ERP Modules</th>
<th>Ratio SAP OCC FTE/ Number modules+products</th>
<th>Ratio Number Users/SAP OCC FTE</th>
<th>Ratio SAP OCC FTE/100 users</th>
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</thead>
<tbody>
<tr>
<td>1000</td>
<td>50</td>
<td>2</td>
<td>1</td>
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<td>0,1</td>
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<tr>
<td>800</td>
<td>1</td>
<td>9,5</td>
<td>1</td>
<td>8</td>
<td>1,06</td>
<td>84</td>
<td>1,06</td>
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<tr>
<td>700</td>
<td>15</td>
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<td>2</td>
<td>10</td>
<td>1,00</td>
<td>58</td>
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<td>5</td>
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<td>6</td>
<td>8</td>
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<td>2</td>
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<td>4</td>
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<td>5</td>
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<td>1</td>
<td>1</td>
<td>0,25</td>
<td>12</td>
<td>8,3</td>
</tr>
</tbody>
</table>

We also conclude from the Ctc Data Analysis that the average SAP Competence Center consists of 2,5 FTE however in this case purely internal company headcount.

The variability in support for this data sample of SAP Organizational Competence Centers is often arranged with Ctc using a Remote Technical System Monitoring contract, a Hosting contract either a Remote Functional Support contract. Within this constellation the support that is outsourced can be monitored via service tickets and a cost per ticket. For the data sample discussed the average time spent on ticket solving amounted to 591,4 hours per customer and 2,75 hours per user.

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6 We deliberately included companies of all sizes and with different types of complexity. Read SAP Products as SAP ERP, SAP CRM, SAP SRM – Read ERP Modules as SD, MM, FI, CO, PP.
An important remark to make based on the Ctac Data Analysis is on the comparison on the insourced / outsourced number of FTEs within the competence center. When considering the Gartner Survey also the cost has been analyzed with following result:

Staffing a competence center with consultant profiles is very costly. Therefore consultants should primarily be involved within the framework of projects, not within the framework of regular support and analysis for improvement.

Onboarding contractors within your company’s competence center is an interesting path to take when required skills are difficult to internalize.

Ctac Services to help your company in organizing its support

**Onsite Functional Support Consultants**

Ctac provides long term staffing contracts for well-defined positions in your company’s SAP Organizational Competence Center – Business Support.

**Onsite Technical Support Consultants**

Ctac provides long term staffing contracts for well-defined positions in your company’s SAP Organizational Competence Center – Technical Support.

**Remote Functional Support Consultants**

Ctac provides short duration (minimum 4 hours) issue resolution contracts in time & material for well-defined issue resolution effort. Herewith Ctac provides an answer to solve temporary overloads in support requirements and to inject lacking expert knowledge for specific topics within your company’s SAP Organizational Competence Center, this in the functional application support area.

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in support requirements and to inject lacking expert knowledge for specific topics within your company’s SAP Organizational Competence Center, this in the technical application support area.

**Remote Functional Support Contracts**

Ctac provides service level agreements on remote functional support to your organization. Herewith the entire functional support within your organizational competence center or parts of it can be outsourced.

**Remote Technical Support Contracts**

Ctac provides service level agreements on remote technical support to your organization. Herewith the entire technical support within your organizational competence center or parts of it can be outsourced.

**Hosting Contract including Remote Technical Support**

Ctac provides service level agreements on system availability; your company’s entire SAP landscape is hosted and technically monitored at Ctac.

**Hosting Contract including Remote Technical Support and Functional Support**

Ctac provides service level agreements on system availability; your company’s entire SAP landscape is hosted and as well technically as functionally monitored at Ctac.

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