SAP PPM Capacity Planning and the Organization Maturity Model #1567

John Hoover – VER 1.1
Objective

Many companies desire though struggle to implement full closed loop resource management. This presentation will provide the best capacity planning practices and how to avoid the common implementation pitfalls.
Learning Points

- Avoid the most common implementation mistakes where the capacity tool is more detailed and complex than the process and maturity of an organization. Problems can arise leading to the tool not being used or even decommissioned entirely; these can include:
  - User challenges with time-sheet tracking
  - Resource manager audits not available or not enforced
  - Resource and user rebellion (timesheet task level vs. project level)
  - Tools deemed invalid
  - Keeping project deliverable work packages to 80 hour increments or higher
Agenda

1. Objective and Key Learning
2. Speaker and GyanSys Inc. Profile
3. SAP PPM 5.0 Overview
4. Common CIO/Executive Questions
5. Maturity Level Alignment
6. Best Practices
7. Closed-loop Resource Management in SAP PPM
8. SAP PPM 5.0 – System Demo
9. Benefits Case
10. Q&A
Speaker Introductions

Raj Una
USA Delivery Head - GyanSys

17 Years SAP Project Experience
• Cross-industry experience
• Various Industry verticals
• Solution Architect – PS/PPM/PLM

Leader in PS/PLM Community
• Teach PLM/PPM classes
• ASUG / Sapphire Presenter
• Delivery Head - USA

John Hoover PMP
Delivery Mgr: IT Portfolio Management

20 Years of IT experience
• Data Center Operations
• Security, SAS 70 Type II
• Hosting Service Delivery
• Six Full Life Cycle SAP Projects
• 14 years SAP Project Management

PMO Organization Architect
• PMO Organization set-up
• Portfolio Process Design
• To Level 5 (ABC Costing)
GyanSys Brief Overview

**Offices**
- **Global headquarters** – Indianapolis, IN
- **US Offices** - NJ and TX.
- **International** - Netherlands, Philippines and India

**Partnership – SAP & Microsoft**
- SAP’s National Services Partner
- SAP Ramp-Up PPM 5.0, PLM 7.01, SRM 7.01
- SAP Co-Innovation Lab Partner

**Our Services**
- Assessment, Implementation and Support
- PLM, CRM, SCM, SRM, Analytics, Mobility
- SLA driven and Metrics reporting

**Engagement Model**
- 300+ consultants globally
- Part-time Pooled blended hours
- Onsite, Near-Shore and Offshore
GyanSys – Sample Client List

- Mead Johnson Nutrition
- Allison Transmission
- Bose
- Hunter Douglas
- Bridgestone
- IBM
- Molex
- Westlake Chemical
- ABB
- National Semiconductor
- AMD
- Sigma-tau Pharmasource, Inc.
- ConAgra Foods
- Computer Associates
- PSEG
- NIBCO
- Vertellus
- SPANION
- RadiSys
- GM
- Saint-Gobain
- Vi-Jon
- MADURA F&L
- Siemens
- Unilever
- HAAS
- Graham Packaging Company, L.P.
- Cooper Standard
PLM

- Engineering Change Management
- CAD Integration
- Document Management
- BOM Lifecycle
-Variant Configuration
- Enterprise Search

PPM

- Portfolio Management
- Project Management
- IT, Product Development, Capital Resource Management
- ECC Integration
- Portfolio Optimization
Overview - Why SAP PPM?

- System of record/single source of the truth
- Integration to PLM, FICO, HR, W/flow
- Real-time Plan, forecast, actual comparisons $$$
- Optimized Cross-Functional Collaboration
- UI easy entry and maintenance
Item Entry Process 1,2,3

1. Enter Item Header
2. SAVE
3. Enter Capacity/Financial planning forecasts
Common CIO/Executive Questions

1. Will PPM help balance project demand with resource supply?
2. Will PPM leverage my existing my SAP investment?
3. Will SAP PPM fit my company’s maturity level? *(and will it help me grow?)*
4. How much will it cost?
# Common PMO Needs

<table>
<thead>
<tr>
<th>I need to know if resources are being effectively utilized</th>
<th>I need one portfolio of all IT projects</th>
<th>I need to know which projects to prioritize</th>
<th>I need an application to manage my stages /gates</th>
<th>I need system alerts that warn me of impending problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>I need to manage skills and competencies</td>
<td>I need budget control, including actual spend analysis</td>
<td>I need a global resource management overview</td>
<td>I need to know which projects are in trouble</td>
<td>I need to know which projects to kill – before they start</td>
</tr>
<tr>
<td>I need to control project documentation</td>
<td>I need a system that performs planning and budgeting</td>
<td>I need real-time project dashboards</td>
<td>I need a system where sponsors can see their project’s status</td>
<td>I need cost and resource integration to my SAP system</td>
</tr>
</tbody>
</table>
## Common PMO Needs

<table>
<thead>
<tr>
<th>Need</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I need to know if resources are being effectively utilized</td>
<td>I need system alerts that warn me of impending problems</td>
</tr>
<tr>
<td>I need to manage skills and competencies</td>
<td>I need to know which projects to kill – before they start</td>
</tr>
<tr>
<td>I need to control project documentation</td>
<td>I need to know which projects to prioritize</td>
</tr>
<tr>
<td>I need one portfolio of all IT projects</td>
<td>I need an application to manage my stages / gates</td>
</tr>
<tr>
<td>I need budget control, including actual spend analysis</td>
<td>I need to know which projects are in trouble</td>
</tr>
<tr>
<td>I need a global resource management overview</td>
<td>I need cost and resource integration to my SAP system</td>
</tr>
<tr>
<td>I need a system that performs planning and budgeting</td>
<td>I need a system where sponsors can see their project’s status</td>
</tr>
<tr>
<td>I need real-time project dashboards</td>
<td></td>
</tr>
</tbody>
</table>
Maturity Level

- What maturity level is your organization?
Maturity Levels

• What maturity level is your organization?
• Stop by booth 2719, glad to give you a copy or email a link.
Tool vs. Organizational Maturity

Tool Maturity can always be less than or equal to organizational maturity. However, it is not recommended to be in a reverse model, as the matrix below presents.

<table>
<thead>
<tr>
<th>Tool Maturity</th>
<th>Organizational Maturity</th>
<th>Effect</th>
</tr>
</thead>
</table>
| Level 1 or 2  | Level 1 or 2            | • Low overhead and maintenance  
|               |                         | • Challenges are minimal with level 1 vs. 2, forecast estimates typically are the only issue here  
|               |                         | • Minimal organizational change management  |
| Level 3       | Level 1&2               | • Resource difficulty with timesheet tracking  
|               |                         | • PMO processes  
|               |                         | • Resource manager audits lacking  |
| Level 4/5     | Level 3                 | • Resource and user rebellion over closed loop resource planning (timesheet task level)  
|               |                         | • Time tracking late or non existent  
|               |                         | • Audits not available or not enforced  
|               |                         | • Tools deemed invalid.  |

* PMI = Planning & tracking work packages in 80 hour increments
Closed-loop Resource Mgmt

1. Create resource request
2. Search for resources
3. Staff resources
4. Accept or decline resource offers
5. Refine assignment
6. Monitor execution

Resource Planning within SAP PPM
### Demand Planning

#### Initiate
- **Proposal**

1. **C-Project** Item creation

<table>
<thead>
<tr>
<th>Description:</th>
<th>PPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item:</td>
<td>IT_1637</td>
</tr>
<tr>
<td>C-Project:</td>
<td>IT_1637</td>
</tr>
<tr>
<td>Class:</td>
<td>CIS</td>
</tr>
</tbody>
</table>

#### Analyze
- **ROM**

2. **Demand Planning**

<table>
<thead>
<tr>
<th>Item:</th>
<th>IT_1637 PPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Project:</td>
<td>IT_1637 PPM</td>
</tr>
<tr>
<td>Roles:</td>
<td>Demand:</td>
</tr>
<tr>
<td></td>
<td>M1</td>
</tr>
<tr>
<td>Proj. Ops.</td>
<td>200 hrs</td>
</tr>
<tr>
<td>PLM-PPM</td>
<td>480 hrs</td>
</tr>
<tr>
<td>Consulting</td>
<td>400 hrs</td>
</tr>
<tr>
<td>BASIS</td>
<td>300 hrs</td>
</tr>
<tr>
<td>EPIC</td>
<td>160 hrs</td>
</tr>
<tr>
<td>BI</td>
<td>160 hrs</td>
</tr>
<tr>
<td></td>
<td>1700 hrs</td>
</tr>
</tbody>
</table>

3. **Create ROM**

- Create required roles in c-project

4. **Enter planned demand by role and time buckets**
**Resource Assignment (Staffing)**

### Demand Planning

<table>
<thead>
<tr>
<th>Description</th>
<th>PPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>IT_1637</td>
</tr>
<tr>
<td>C-Project</td>
<td>IT_1637</td>
</tr>
<tr>
<td>Class</td>
<td>CIS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Roles</th>
<th>Demand:</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
<th>M5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proj. Ops.</td>
<td>200 hrs</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>PLM-PPM</td>
<td>480 hrs</td>
<td>160</td>
<td>160</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Consulting</td>
<td>400hrs</td>
<td>160</td>
<td>160</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>BASIS</td>
<td>300 hrs</td>
<td>50</td>
<td>100</td>
<td>100</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>EPIC</td>
<td>160 hrs</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BI</th>
<th>160 hrs</th>
<th>80</th>
<th>80</th>
<th>80</th>
<th>80</th>
<th>80</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1700 hrs</td>
<td>90</td>
<td>460</td>
<td>620</td>
<td>410</td>
<td>120</td>
</tr>
</tbody>
</table>

### Staff Allocation

<table>
<thead>
<tr>
<th>Description</th>
<th>IT_1637 PPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roles</td>
<td>Demand:</td>
</tr>
<tr>
<td>Proj. Ops.</td>
<td>200 hrs</td>
</tr>
<tr>
<td>PLM-PPM</td>
<td>600 hrs</td>
</tr>
<tr>
<td>Consulting</td>
<td>400 hrs</td>
</tr>
<tr>
<td>BASIS</td>
<td>300 hrs</td>
</tr>
<tr>
<td>EPIC</td>
<td>160 hrs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BI</th>
<th>160 hrs</th>
<th>80</th>
<th>80</th>
<th>80</th>
<th>80</th>
<th>80</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1820 hrs</td>
<td>90</td>
<td>540</td>
<td>660</td>
<td>410</td>
<td>120</td>
</tr>
</tbody>
</table>

### Staffing

- Hans
- Brendan
- Sujatha
- Bob
- Tom
- Bill
- Krishnan
- Harvinder

### Additional Notes

- Create REW
- Staff role and check availability
- Charge time to role / project
SAP PPM – System Demo
### Example Cost Benefits

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Available Project Spend (25% of $100M)</th>
<th>%age Opportunity Impact</th>
<th>SAP PPM Opportunity Improvement</th>
<th>Tangible Benefits Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of Outright Failures</td>
<td>$25M</td>
<td>15% of $25M = $3.75M</td>
<td>20% (i.e. a 20% reduction in outright failures)*</td>
<td>$0.75M</td>
</tr>
<tr>
<td>Marginal Successes</td>
<td>$25M</td>
<td>51% of $25M = $12.75M</td>
<td>10% (i.e. a 10% improvement in functional, technical selection and portfolio planning)*</td>
<td>$1.275M</td>
</tr>
</tbody>
</table>

**Annual realized benefits over $2M**
Best Practices / Key Learning

- Implement capacity planning one step at a time, build upon your foundation
- Tool Maturity can always be less than or equal to organizational process maturity though not the reverse
- Keep project deliverable work packages to 80 hour increments or higher.
Take Control Of Your IT Project Portfolio

Phased IT Portfolio Management that allows me to mature at my own Speed!

Eliminate spreadsheet paralysis and implement the integrated PPM Rapid Deployment Solution.

**Basic PPM (Maturity Level 1)**
Portfolio inventory of IT projects across all departments, with status management and stage-gate control. We deliver this within 7 weeks.
- Dedicated IT Portfolio structure and dashboard
- Up to 3 Project Types, with unique Phases
- Highly scalable

**Optimized Portfolio (Maturity Level 2)**
Optimizing the portfolio using models and Project Management best practices. Our mid-level option takes you well on your way to industry excellence in Portfolio and Project Management. We deliver this within 10 weeks.
- Level 1 plus:
  - Questionnaires, scoring models and reviews
  - Custom dashboards, statuses
  - Basic resource management supply / demand

**Integrated Portfolio (Maturity Level 3)**
PPM integrated with financials and HR. We will deliver a fully-integrated PPM solution within 13 Weeks
- Level 1, 2 plus:
  - Financial integration to ECC, including Internal Orders
  - Closed-loop resource management via CATS*
  - HR integration for resource creation*

---

<table>
<thead>
<tr>
<th>IT PMO Scorecard</th>
<th>Capital Plan $</th>
<th>Risk Score</th>
<th>Schedule / SPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project / Item 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project / Item 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project / Item 3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

*CATS: CATS (Configuration and Technical Support System)
Meet Our Solution Architects
GyanSys Inc.
Booth 2719
www.gyansys.com
317-580-4200

Contact:
Raj.Una@gyansys.com
John.Hoover@gyansys.com
Cell 480-215-4935
Thank you for participating.

Please remember to complete and return your evaluation form following this session.

For ongoing education on this area of focus, visit the Year-Round Community page at [www.asug.com/yrc](http://www.asug.com/yrc)

SESSION CODE: 1567