

DRIVING EFFICIENCY TO DRIVE PROFITS

White Paper
SAP Business One

THE BEST-RUN BUSINESSES RUN SAP™



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WANTED: A BETTER BOTTOM LINE

IMPLEMENTING EFFICIENT BUSINESS SOLUTIONS

Nearly every small business grapples with the challenge of achieving profitability. It's not just a matter of increasing sales. To improve bottom-line results, companies must also find ways to improve productivity, boost efficiency, and keep costs in check.

At the same time they are working to boost profitability, companies must establish the kind of internal controls that ensure accountability and help them comply with a growing number of government rules, vendor mandates, and industry standards and best practices. Accountability is an increasingly important component of overall business management.

Fortunately, the profitability outlook is not completely clouded by competition, cost, and compliance issues. Today, even small companies can take advantage of integrated business applications that simultaneously boost profitability and improve internal accountability.

PROFITABILITY

ASSESSING THE OBSTACLES

The accuracy of your decisions depends on the quality of data available to you. By operating more efficiently and having the information you need to make smart decisions, you may find yourself in a better position to grow sales and maximize your bottom line.

Every business, regardless of size, is concerned with a wide range of issues that can impact its bottom-line profitability. These issues underlie many of the questions you must answer every day as you work to improve your business:

- Are you targeting the right customers?
- Are you using your resources as efficiently as possible?
- What are you doing to keep your costs in check?
- Are your prices in line with market norms?
- How are you dealing with competition – locally, nationally, and globally?

The pressure on profits is substantial. At any moment, something new can crop up that puts additional stress on your bottom line. What can you do to identify these stress factors, reduce the risk to your business, and ensure you are in a position to maintain a healthy profit picture?

The first and most essential step toward profitability is to get a clear picture of your company's performance. This picture extends beyond finances to include all aspects of your business. Having an integrated view of your company enables you to make smarter decisions – the kind of decisions that ensure profitable performance.

Consider, for example, how this view can help with the decisions you need to make in your marketing and sales departments. Start with prospecting. Are you reaching out to the right targets, the kinds of customers that are not only interested in your offerings but that you can serve profitably? What does it cost you to acquire new customers? Are you maximizing the revenue you're getting from your existing customers?

Now consider your operations. Are you getting maximum efficiency from your supply chain? Your profitability, after all, is affected by the prices you're being charged, the amount of inventory you need to carry, the amount of rework you need to do in production, the number of returns or warranty repairs, and so forth. Do you have a real-time picture of these issues and statistics?

The accuracy of your decisions depends on the quality of data available to you. By operating more efficiently and having the information you need to make smart decisions, you position yourself to grow sales and maximize profit.

COST CONTROL

ACHIEVING EFFICIENT OPERATIONS

A key component of profit, of course, is your ability to keep costs in check. To be profitable in today's global business climate may require you to change your operations radically for greater efficiency – for example, by going off-shore to lower your manufacturing costs. Constant competitive pressures and increasing customer demands are forcing you to hammer away at waste and control costs. This is the only way you can give customers what they want at the price they demand while maintaining the quality they expect.

Small businesses like yours face a bewildering variety of costs, including:

- **Purchasing**

Are you getting the best prices from your suppliers by giving them the most effective specifications, order quantities, and delivery schedules?

- **Labor**

Is your team operating as productively as possible? Do your employees have access to all of the information they need to do their jobs right the first time?

- **Inventory**

Are you optimizing inventory in a way that minimizes carrying costs and out-of-stock situations simultaneously?

- **Customer service**

Do you know the costs of the services you provide to each customer? Are all of your customers profitable, even after the sale has been made?

SAP Business One, a single, affordable application designed for small businesses, lets you streamline operations, access accurate information quickly, and get a 360-degree view of key business areas. These advantages help you improve performance, increase profitability, and accelerate growth.

Efficient operations help you better control costs and enable you to offer more competitive pricing and terms to your customers.

ACCOUNTABILITY

ENSURING QUALITY, COMPLIANCE

In addition to cost and efficiency pressures, businesses face increasingly burdensome regulations concerning quality, service, safety, and financial reporting. Regardless of your industry, you are pressured to comply with practices, rules, and standards from a variety of sources, for example:

- **Government** regulators may impose safety codes, data privacy regulations, information reporting requirements, and even tax filings.
- **Industry groups** – for example, the International Standards Organization (ISO) – may demand you comply with quality control guidelines such as those specified in ISO 9000.
- **Professional organizations** may have codes related to quality and conduct.
- **Suppliers** may need to meet quality benchmarks or deliver products and services using standards such as electronic data interchange or radio-frequency identification tagging.
- **Customers** may hold you accountable to certain standards, such as guaranteed delivery timing or product and service quality levels.
- **You** may choose, for ethical reasons, to abide by practices from nongovernmental organizations – practices that concern, for example, employee working conditions, company investment practices, or environmental policies.

It's not easy to meet all these demands. As your business grows, you may begin working with new suppliers or customers with different sets of standards. Or you may find yourself competing in a new marketplace with different regulatory requirements. Such changes can put additional pressure on your ability to generate acceptable profits.

A technology solution that provides a clear, integrated view of your business data is essential to attaining consistent quality standards.

A technology solution that provides a clear, integrated view of your business data is essential to attaining consistent quality standards. It results in multiple benefits including lower costs in areas such as returns or rework and increased customer satisfaction, which leads to increased sales, a better competitive position, and a stronger bottom line.

TECHNOLOGY

USING INTEGRATED SOFTWARE FOR BUSINESS MANAGEMENT

Business management software applications can help organizations achieve profitability and accountability. These applications connect and automate daily tasks and provide visibility into all of your business operations, simplifying business processes. They help you increase productivity, efficiency, and collaboration and typically decrease operating costs.

To select the integrated business management application that is right for your business, you need to consider five key factors:

- **Vendor stability**

Ensure the software vendor you choose is both stable and committed to small businesses and midsize companies – and that it embraces flexible technologies that allow it to support your evolving needs far into the future.

- **Functionality**

Select a solution that integrates a breadth of key business functions and provides one integrated window into your business operations. With these advantages, your employees can work together on one system, reducing effort and redundancy.

- **Integration with existing applications**

Determine whether the software can work well with your existing data and with the systems operated by your company's suppliers and customers. Easy migration is a key consideration.

- **Costs**

Consider all the costs involved in implementing the new software and determine whether it will bring you a positive return on your investment. Make sure your prospective implementation partner can provide a detailed project scope as well as ongoing maintenance. Also consider whether the investment commits your company to buying expensive modules or upgrades, and if so, what financing options are available.

With an integrated view of your company you can make smarter decisions – the kind of decisions that ensure profitable performance.

- **Support**

Choose software that can be installed and supported by knowledgeable technology partners. And make sure these partners have a close relationship with the vendor and that they receive ongoing training and support.

One software offering that meets these requirements for integrated business management is the SAP® Business One application. Designed specifically for small businesses, it enables you to manage customer-related business processes efficiently. With this single, affordable application you can streamline operations, quickly obtain accurate information on business processes, and accelerate profitable growth. SAP Business One delivers a 360-degree view of sales, finance, purchasing, warehouse management, manufacturing, and other key areas to help you improve performance and increase profitability.

Its sales reporting function lets you analyze opportunities by lead source, territory, industry, customer, and item. The reports allow users to view the distribution of leads by source over time to identify the most profitable lead-generation activities.

SAP Business One provides business document development, including quotes. You can use this functionality to calculate gross profit for each quote and easily review sales price history. And the application's customer relationship management functionality gives you complete information on customer acquisition, retention, and profitability.

The integrated application also helps businesses achieve greater internal control and accountability. By tying together different business functions and processes, SAP Business One helps you comply with regulatory, financial, and other requirements,

using reporting functions to reduce the risk of noncompliance. And it gives your managers a clearer view of processes in finance, manufacturing, and customer service to ensure accountability standards are being met throughout the organization.

Your profitability depends to a large extent on your ability to keep costs in check. To be profitable in today's global business climate, you may need to change your operations radically for greater efficiency – for example, by going offshore to lower your manufacturing costs.

More than 11,000 small businesses and midsize companies in a wide variety of industries have implemented SAP Business One. The application is designed primarily for companies with revenue up to either US\$100 million or 250 employees. Provided by a worldwide network of qualified SAP business partners, SAP Business One leverages SAP's worldwide expertise to deliver services and support on a local level.

FINANCIAL SUCCESS

FOLLOWING THE PATH TO PROFITABLE GROWTH

Profitable growth is a major goal of every small business. It cannot be reached just by increasing revenue. To achieve financial success, you must also find ways to operate more efficiently, eliminate wasteful and redundant processes, and streamline operations wherever possible.

Find Out More

For more information on how an integrated solution can help your company achieve financial success, call your SAP representative today or visit us on the Web at www.sap.com/smallbusiness.

To select the right integrated business management application you need to consider five key factors: vendor stability, functionality, integration with existing software systems, costs, and support.

In addition, as regulatory compliance and corporate security become increasingly important, you must establish the internal controls that ensure greater accountability. New business applications can provide the integration and visibility you need to run your small business more efficiently.

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