



Report on benchmarking project at Andritz

A sound understanding of SAP costs

Technology group Andritz has reviewed its SAP environment in two benchmarking projects. The focus was on internal costs and transfer prices, as well as the outsourced SAP infrastructure.

Many businesses make intensive use of software made by SAP and it thus accounts for a substantial chunk of the IT budget – and Austrian mechanical engineering and technology group Andritz is no exception in that regard. The situation is not a satisfactory one, however. “We wanted to know how the costs of our SAP system generally compared, and what specific measures we could take to improve it,” is how Klaus Glatz Dipl.-Ing., CIO of Andritz, recalls the situation prior to benchmarking. In previous years the Graz-based group had bought out and incorporated dozens of companies, so the ERP environment had grown at a rapid rate.

And the question hangs in the air at Andritz too: value for money – what do the business units get for their money? “We work hard to make sure our services and prices are transparent,” says CIO Glatz from practical experience. Five years ago, IT expenditure was still allocated by the traditional method, i.e. “across the board”. Then the costs were calculated in relation to source and thus distributed more fairly. “This transparency covers the quality, complexity, volume and price of services and so serves as a basis for showing the value contribution of IT,” says Glatz.

Maturity implemented a benchmarking project to analyse the market prices paid for the SAP

infrastructure that Andritz buys from its IT service provider. An assessment was also made of the internal cost rates that are billed to the departments by IT. A second benchmarking module finally examined the costs and productivity of Andritz IT and their personnel resources in terms of the SAP installation, support and development.

While the outsourced infrastructure and the SAP installation performed comparatively very well, there was clear potential for improvement in development and support. “The benchmarking process showed us exactly what we had to focus on,” says IT manager Glatz. The operating model for ticket processing by support staff and the relatively high number of big SAP developments were cited as examples. It was also noticeable that the supposedly lucrative outsourcing deal is not without risk: “We leave our partner very little room for manoeuvre to enable it to operate more flexibly,” admits the CIO. “We’ve certainly brought some problems on ourselves as a result.” The quality of the benchmarking process, including the detailed cost survey and the peer group selection, was impressive on the whole, according to IT boss Glatz: “A typical ratio, whereby industry spends two per cent of turnover on IT, is much too inaccurate.” ■

Profile



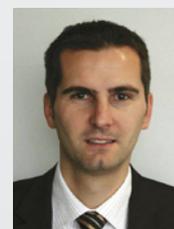
Company

Andritz AG, A-Graz

Benchmarking objectives

- Review of internal SAP costs
- Assessment of SAP transfer prices
- Monitoring of SAP outsourcing costs

“The benchmarking process showed us exactly what we had to focus on.”



Dipl.-Ing. Klaus Glatz, CIO Andritz

Maturity UK Ltd.
68 Lombard Street
London EC3V 9LJ

Phone: +44 (0) 20 7868 1901
Fax: +44 (0) 20 7868 1800
london@maturity.com

Our branch offices:
Amsterdam, Frankfurt, Hamburg, London,
Munich, Milan, Vienna, Zurich

www.maturity.com