

SAP Solutions for Small Businesses and Midsize Companies

**RESPONDING QUICKLY
TO CHANGING MARKETS**
ANTICIPATE, ADAPT, EXCEL



THE BEST-RUN BUSINESSES RUN SAP™



ECONOMIES OF SPEED



Market change is relentless: ever-higher customer expectations, shrinking product life cycles, and new rivals on the scene all accelerate the pace. But small businesses and midsize companies have one distinct advantage over larger competitors: agility. With fewer organizational layers and less-rigid processes, smaller businesses can act much faster than the big-gun competition. When your business is poised to handle challenges with agility and speed, market changes become opportunities to excel.

This paper examines how to tap into the potential in your nimbler organization by instituting efficient operations. By helping you predict and respond quickly to changing market trends and customer demands, efficient operations give you:

- **Visibility** – to anticipate change and support long- and short-term competitive strategy
- **Speed** – to develop and deliver innovative products and services and stake out an early-to-market position
- **Flexibility** – to make rapid adjustments in response to changes in market demand
- **Scalability** – to expand and contract projects, workforce, and workload as needed

Flexible, integrated information technology makes it easy to adapt the way you do business in response to changing needs. It also helps you outperform the competition.

“Many of today’s small and midsize businesses are successfully competing against larger firms by exploiting ‘economies of speed.’ By creatively combining the Internet and enterprise information technologies, these companies can expand their geographic reach, partner in complex transactions, and respond quickly to dynamic market opportunities.”

Dr. John Jordan, Executive Director,
Center for Digital Transformation,
Smeal College of Business,
Pennsylvania State University

MARKET DYNAMICS: FAST AND GETTING FASTER

Gone are the days when a company could settle into a predictable niche, perfect a process that would never change, and expect a stable business. In a global economy increasingly connected by the Web, no aspect of the marketplace stands still long enough for that degree of comfort. Unpredictable economic shocks and market events, around town or across the ocean, can cause demand fluctuations far greater than seasonal cycles.

Customers looking for the greatest value for their money – and routinely demanding lower prices, new product features, extended services, and faster deliveries – may turn to competitors offering cutthroat deals. Constant shifts of suppliers and employees keep you on the edge, while accelerated product life cycles squeeze development, making time to market a linchpin to success. You have to respond quickly to the changing market dynamics or risk losing your business to competition.

“SAP software has been – and continues to be – an effective change agent for us, facilitating business transformation and helping us to prepare for the challenges and opportunities associated with the globalization of the Indian economy.”

Sanjay Mittal, CIO, Navin Fluorine International Limited



OBSTACLES: WHAT'S SLOWING YOU DOWN?

The fastest way to respond to change is to anticipate it. Many companies can't predict changes simply because they can't see "the big picture" within their own organization. With critical business information locked in different departments and systems, it's hard to have enough accurate insight, let alone foresight, to anticipate rising demands.

Furthermore, a company lacking cohesive and streamlined internal operations

is ill prepared to respond quickly to change. Disconnected functional areas can't work together smoothly and swiftly. When a manufacturer relies on an assortment of spreadsheets, disparate databases, and manual processes, order spikes or downturns could result in materials shortfalls or excess inventory. Why? The impact of changing demand can't work its way through the organization fast enough to make appropriate shifts in supply and safety stock levels.

Moreover, as small businesses and midsize companies grow, they often struggle with outdated and inflexible infrastructure. Even the slightest market fluctuation creates ebbs and flows in workload. Successful businesses scale to meet growing demands. When bottlenecks form around organizational structures and technologies, companies become too rigid to adapt quickly.



THE FAST LANE TO RESPONSIVE ENTERPRISE



How can small businesses and midsize companies avoid these pitfalls, using nimble responsiveness to their advantage? By overhauling disconnected, manual, and redundant processes, and replacing them with flexible and efficient integrated business processes. Information technology such as integrated business management systems can also help provide you with the insight to accurately forecast, and flexible processes can help you adapt quickly in response to changes.

Anticipate and Be Prepared for Changing Customer Needs

While customers have ever-increasing and often unpredictable expectations, you can anticipate their needs and plan ahead by collecting and analyzing complete information about their buying patterns. Integrated business management systems provide such critical information to help you accurately assess and forecast what customers will buy, and then recommend balanced stock levels to keep pace with customers' changing tastes.

Streamline Operations to Accelerate Innovation and Delivery

Efficient, automated systems are simply faster – and that can mean shorter cycle times, an earlier and stronger competitive position in the market, and quicker turnarounds when market change calls for a course correction. Efficient operations accelerate both product innovation and time to market. With flexible software systems you can adapt business processes to meet your customers' unique, frequently changing product or service specifications. You can also better accommodate customers with new products and innovative ways of doing business. For example, for customers who routinely request flexible ship dates, integrated business systems can help you streamline and automatically adjust order-to-ship process cycle times to meet delivery deadlines with cost-effective production.

Build and Scale Infrastructure to Respond to Fluctuating Markets

For a small business or midsize company, the ability to flexibly scale operations is critical. If the markets you serve are cyclical or seasonal, this only adds to the demand swings affecting your business. You can quickly hire and train new employees to scale up customer call centers, but your production system and supply chain processes must be equally scalable to support sudden spikes in sales volume. When you need to switch course quickly – at the first hint of an emerging trend – integrated business systems adjust accordingly, and quickly, from human resources staffing to production capacity.

Adopt Technologies That Are as Adaptable as Your Business

“Nimble and adaptable” describe the essence of your business and should apply as well to your processes and IT systems. IT systems that are difficult to modify, time-consuming to adapt, and cumbersome to analyze can't help you create flexible operations. Rather, an adaptable IT system must be easy to modify and configure to fit shifting needs, and readily extensible to grow with your business. When you start expanding your business to the overseas markets, for example, your existing IT system should be “intelligent” enough to natively and instantly accommodate new business requirements, from new languages and currencies to taxations and other local customary practices.

SUMMARY: RESPONSIVENESS SHARPENS YOUR COMPETITIVE EDGE

Your success is determined by how quickly you respond to changing market dynamics – but not just by offering the new products or services that the market demands at a cheaper price. You need to be able to consistently bring products and services to market faster than your competitors. By excelling in product and service innovation, you can build differentiation and carve out a competitive advantage. Your operations need to be flexible and scale effectively – maintaining operational efficiencies while you meet growth goals, respond to an economic downswing, or weather an unforeseen market shock. You need to throttle operations up or down to rapidly meet changing and unpredictable customer delivery requirements.

By implementing integrated, efficient business processes, your company can gain the flexibility to respond quickly to market changes. Whether a new supplier is offering better prices, an important client sees an expanded role for your services, or an aggressive competitor moves into a region you long dominated, you need flexible processes and systems in place to respond quickly and efficiently.

The SAP portfolio of comprehensive, integrated business solutions, designed specifically for small businesses and midsize companies, provides the visibility, speed, and flexibility to heighten your responsiveness to both opportunities and challenges – so you can outmaneuver the competition.

SAP Speeds Your Response to Market Changes

SAP® Solutions for Small Businesses and Midsize Companies

When it comes to the widely varying needs of small and midsize businesses, one solution certainly doesn't fit all. SAP offers a portfolio of flexible and affordable business management solutions designed specifically for the fast-changing requirements of small and midsize companies.

By seamlessly integrating sales, customers, financials, and operations, SAP® solutions give you the cross-company flexibility you need to react quickly to market changes and demands. SAP supports you with:

- Up-to-the-minute, accurate business information across all aspects of the business
- Easy-to-adapt business processes as you expand into new markets, products, and lines of business
- Robust, proven technology that can rapidly scale and seamlessly grow with your business

You can see where and how your company is growing with a single, integrated view of operations – and quickly identify and respond to both threats and opportunities in the market. With a standardized, proven solution platform from SAP at predictable costs, small and midsize businesses can streamline operations, act on instant and complete information, and accelerate profitable growth.

For more information, please visit www.sap.com/solutions/sme/index.epx.



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