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Introduction: Market Trends and Challenges

Every company knows how important it is to build sustainable and successful relationships with a large and profitable customer base. In a climate of strong competition, globalization, changing customer requirements, and new communication and transaction channels, companies need to both retain existing customers and expand the customer base. However, it is not so easy to put this into practice.

Customer relationship management (CRM) is a key application, supporting the planning and execution of campaigns and processing of customer orders for sales and services, including projects. It also manages invoice processing and supports operations within and beyond corporate boundaries. As a result, companies achieve measurable and sustainable improvements due to a higher level of customer satisfaction and retention, service-level increases, better insight into customer profitability through embedded analytics, and higher employee productivity – leading to improved profit margins.

However, although CRM has a direct impact on many core operational processes, from product development to debt recovery, it is not purely a technical issue. It is not solely about software implementation, and it is not just about offering a solution in marketing, sales, or service. It is about the interactions of the entire business with customers.

SAP Business ByDesign has a comprehensive set of functions that helps companies establish best CRM practices right across their organization and build stronger, lasting relationships with their customers. It includes the following key characteristics.

One Office – Integrated CRM

The CRM functions in SAP Business ByDesign support the entire customer lifecycle from initial contact to delivery and invoicing. Front-office activities, like marketing and new business, and back-office processes, like delivery of products and services, are no longer fragmented.

All processes rely on a central set of master data and a shared organizational setup. In SAP Business ByDesign end-to-end processes are optimized for different industries like professional services (the selling, execution, and invoicing of managed services or projects) and distribution (the selling, delivery, and invoicing of products).





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Help Ensure Profitability – Powerful Analysis and Quick Decision Making

Marketing, sales, and service managers need visibility of the business to ensure that growth is profitable. To increase insight into key figures, such as sales forecasts, sales targets, and profitability, SAP Business ByDesign offers a special work center with tailor-made reports and workflows for all managers. The role-specific content, like sales pipeline analysis, service KPIs, and sales planning sheets, gives managers drill-down functions that deliver enhanced insights and the ability to conduct powerful analyses. As a result, they can give approvals and make decisions faster, based on consistent and comparable data from all areas.

Stay Customer-Centric – Customer Insight at a Glance

At the same time as they are improving the integration of marketing, sales, and service processes, companies still need to stay focused on their customers. Getting the right information to customers at the right place and time is essential. To support this SAP Business ByDesign offers a 360-degree view of all customer activities and business documents related to accounts and contacts, including financial data and reports.

The fact sheets and reports are actionable, enabling users to access the relevant business documents with just one click. They can also easily drill down into all relevant documents across the entire value chain.

Designed for Collaboration – Complete Interaction and Communication Channels

Customer interactions with marketing, sales, and service take many forms and use many channels. SAP Business ByDesign provides comprehensive multichannel communication possibilities, such as synchronization with Microsoft Outlook, as well as the ability to take full advantage of mobile functionality. In addition, e-commerce functions can be fully integrated into the solution, enabling not only the creation of sales orders in SAP Business ByDesign from a partner Web shop, but also allowing for central availability checks, customer-specific pricing, and the exchange of customer and product master data.

SAP Business ByDesign offers a 360-degree view of all customer activities and business documents related to accounts and contacts.





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Marketing and Campaign Management

A key component of successful marketing is the ability to analyze the customer database to identify unique customer patterns and to attract new customers.

Through the marketing and campaign management features of SAP Business ByDesign, organizations can:

- Capture, monitor, store, and track information relating to customers, prospects, and partners to optimize contact management, account planning, market segmentation, and relationship management
- Initiate follow-up activities through campaign management and response handling
- Streamline lead and opportunity management to support the end-to-end marketing-to-opportunity business scenario
- Integrate with Microsoft Outlook to synchronize e-mails and capture campaign responses, calendar entries, business partner data, and tasks
- Use built-in analytics and reporting for the lead funnel, opportunity pipeline, and win-loss analysis
- Capture critical information about competitors and competitor products as well as maintaining relevant market information

Target Groups

SAP Business ByDesign provides flexible and sophisticated functionality for creating target groups. They can be created automatically from search criteria, reports, or transactional data, such as sales orders or opportunity lists. To this users can manually add individual contacts to create the “perfect” group for their marketing activity. Before assigning the target group to a campaign, a check can be made to help ensure all members can be contacted through a particular communication channel, for example e-mail.

As well as allowing marketing employees to assign target groups to campaigns, SAP Business ByDesign also enables them to create campaigns and select campaign types. Furthermore, activities can be created automatically out of the campaign for the account and contact history.





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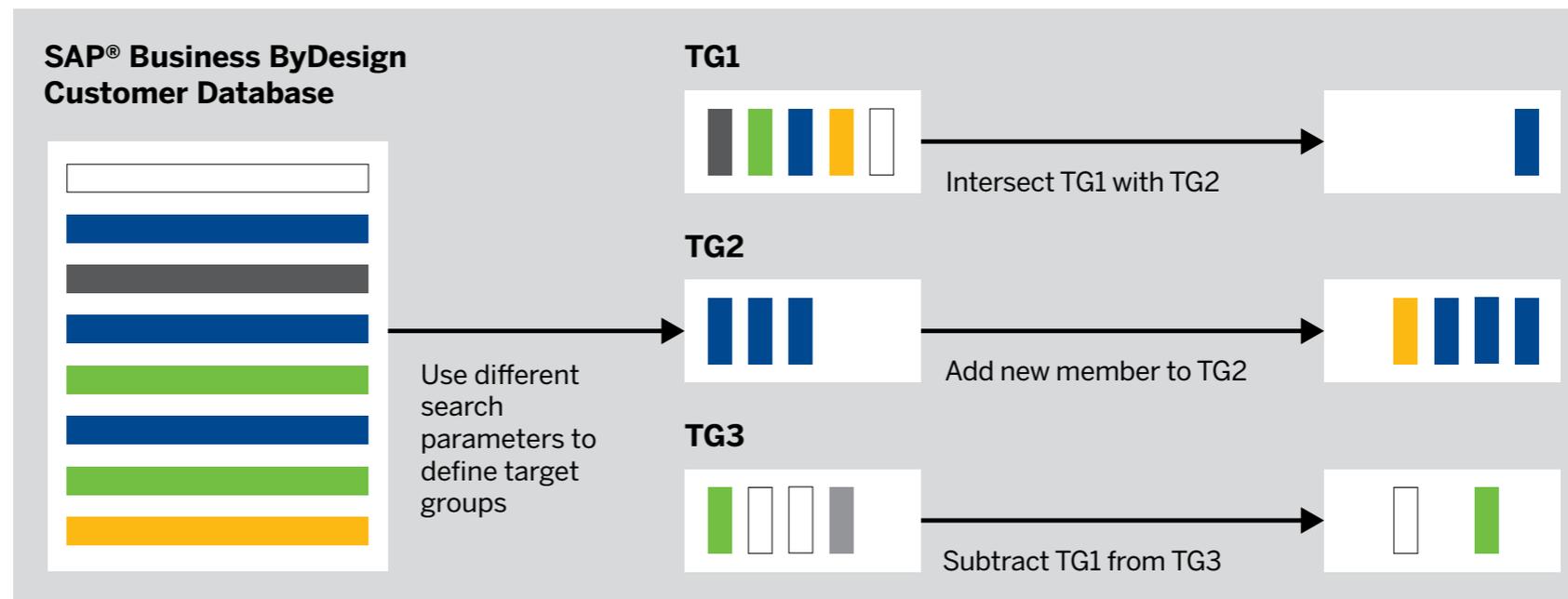
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Marketing and Campaign Management, Cont.

Campaigns

The campaign features of SAP Business ByDesign enable sales and marketing professionals to target specific customer groups effectively. Campaigns can be assigned to sales transactions, planned, executed, and measured within the solution.

Incoming campaign responses can be captured easily, either be distributed to a marketing agency that contacts the target group members or used as an input source for a mail merge or other mailing systems.



Graphic: Segmentation of Customers





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Lead and Opportunity Management

Lead and opportunity management gives sales professionals complete visibility of each prospective sale, allowing them capture, manage, and monitor the business contact and account information of potential opportunities. In addition, they can implement selling methodologies based on company best practices helping ensure, effective and consistent sales processes across their sales organization.

A lead can be created as a follow-up document to a campaign response. The lead can also be created without any preceding document or through Microsoft Excel uploads. A lead is used to qualify

a customer's interest, with the aim of establishing and subsequently influencing that interest. Generated leads can be qualified as cold, warm, and hot by the marketing department. Once a lead has reached the desired status, it can be handed over to the sales department to decide whether an opportunity or sales quote should be created.

Some business processes and industries do not use leads, so lead management is not mandatory, and organizations can start with the opportunity process.





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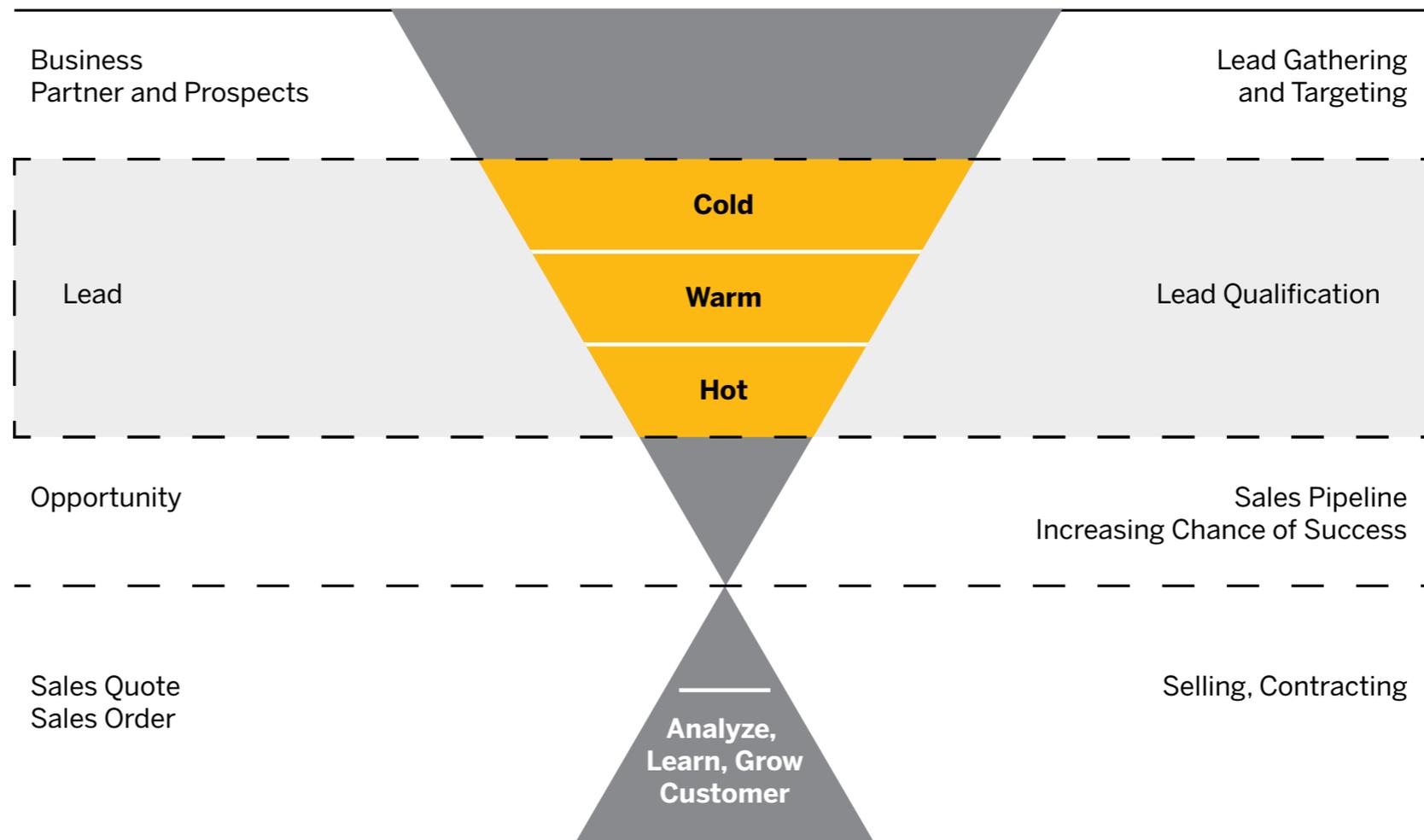
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Graphic: Lead Funnel



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In SAP Business ByDesign opportunity management is tightly integrated with the order-to-cash process. Opportunities can quickly be created from leads and the opportunity can then be rapidly converted into a sales quote or order. Organizations can also use multiple sales cycles.

Each sales cycle defines sales phases, which help to track the development of the opportunity.

The sales phases can be mapped to activities that have to be performed to ensure an opportunity will be won. The sales assistant feature helps to schedule the appropriate activities and assign them to the appropriate team members.

Sales employees can manage and capture a large variety of information within the opportunity; adding products or product categories, documents, other involved parties such as competitors and contacts, and activities within the SAP StreamWork™ application related to the opportunity.

The result of having these features is that organizations can:

- Define their own sales cycles and phases to manage opportunities more effectively
- Assign predefined sales activities to sales cycles and phases to increase the chance of success
- Track the development of the opportunities to identify areas that need attention
- Focus the sales team on the activities and competitive differentiation necessary to close deals
- Create campaigns out of opportunity lists and assign campaigns to opportunities in order to market more successfully
- Perform “what-if” analyses and report on forecast, expected, and weighted values of the pipeline to plan more efficiently





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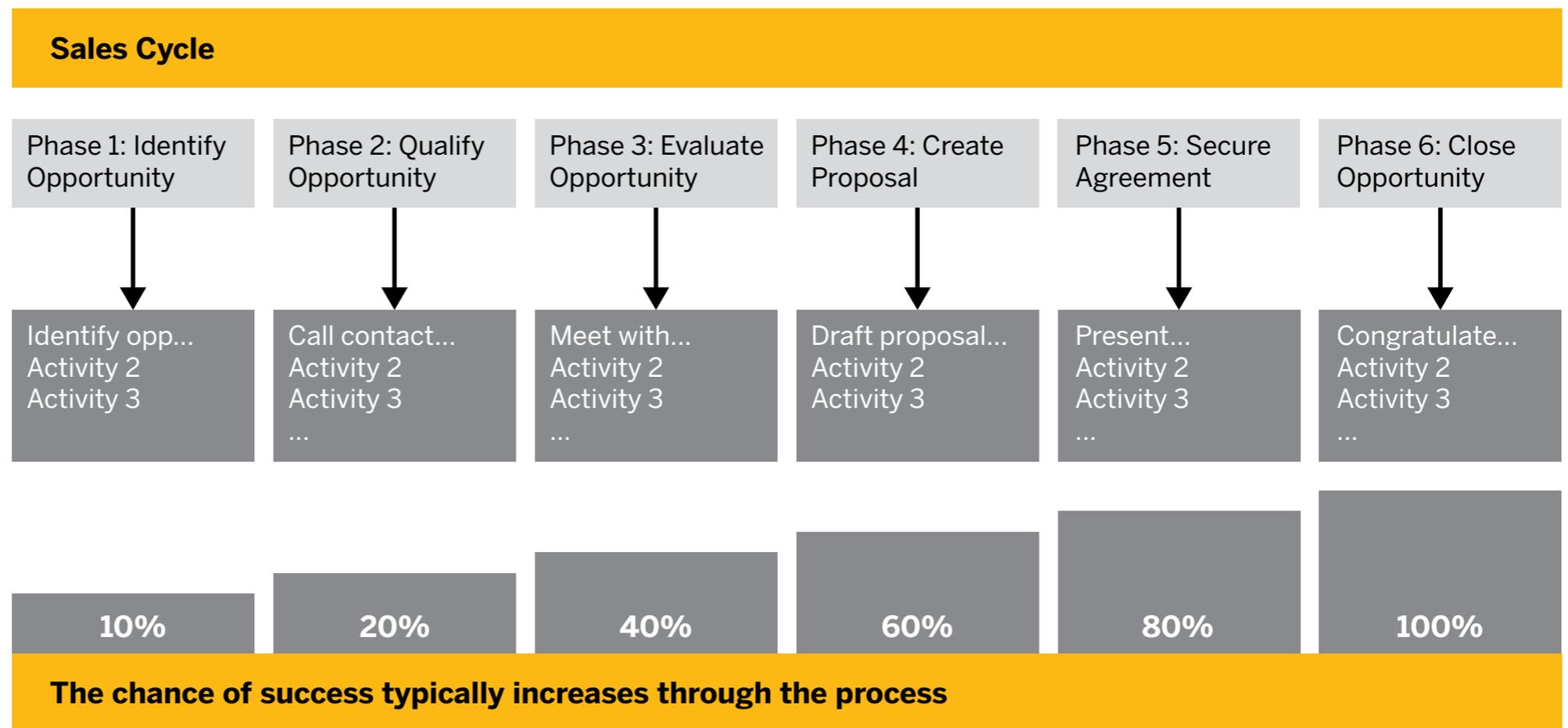
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Graphic: Sales Assistant





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Account Management

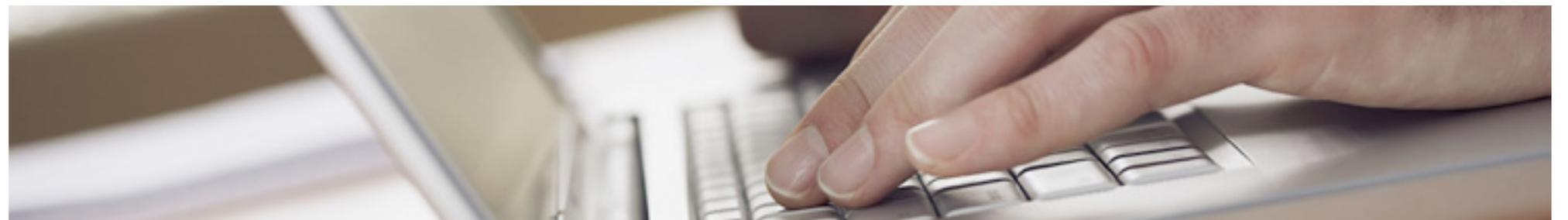
The account management functionality in SAP Business ByDesign enables organizations to capture and manage an extensive amount of data related to accounts, contacts, and partners. It integrates with all CRM processes. For example account notes are copied to sales documents and provide a 360-degree view of all customer interactions.

By establishing the relationships with other organizations, persons, contacts, or employees, SAP Business ByDesign describes the collaboration network of a customer. It also helps to improve data quality, consistency, and reliability by checking for duplicates. Careful monitoring of accounts helps to streamline the marketing, sales, and service processes, resulting in increased sales and profitability, and improved customer retention.

Activity Management

The activity management functionality allows all activities related to marketing, sales, and service processes to be optimized. It is fully integrated into all CRM business transactions and can be visualized throughout the document flow. All the activities related to an account, such as appointments, tasks, e-mails, letters, faxes, and phone calls, can be planned and documented, resulting in a complete interaction history.

With its activity management functionality, SAP Business ByDesign helps ensure that every employee of a company has the same information about a customer and, as a result, can process customer-related tasks optimally. In addition, it enables sales-people to manage and prioritize their time and activities efficiently using an activity calendar and Microsoft Outlook integration, including the exchange of accounts and contacts.





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Selling Products and Services

In SAP Business ByDesign processes for selling products and services are tightly integrated with all order-to-cash business scenarios, including selling from stock, selling standardized services, selling project-based services, selling through third-party direct shipments, or selling specified products. All items can be combined in a single sales order, and each scenario incorporates specific features for processing the particular item.

All the scenarios have extensive tax and price functions, including product valuation, that allow profit margins to be calculated and identify the potential for discounting.

The profit margin also serves as an optional threshold value for sales quote or sales order approvals. Furthermore, a price history provides useful information about offered and ordered prices in the past. In addition, credit limit checks during order creation can lead to automatic delivery blocks.

Credit card processing (offered by partners) includes a credit card authorization run. Sales orders are usually derived from sales quotes, which avoid double entry of information. Sales quotes and sales orders can both be created from leads and opportunities as well. For more information about the end-to-end processes for sales quotes and orders, please see the section titled “Business Scenarios.”

Availability Checks

When products are being sold, the solution allows organizations to quickly check product availability, including planned delivery dates or even planned schedule times, to help to confirm the planned delivery date to the customer.

In SAP Business ByDesign the source of supply can be changed so that goods can be shipped from an alternative site where products are available.

It can also be modified to reflect a complete change of stocking location. For third-party direct shipment processing, external suppliers are automatically assigned and changeable.

Sales of Services

Organizations can fulfill service orders (including expense items) directly from sales orders. For a project-based service (or expense) a project task can be assigned or even automatically created out of the sales order.

Standardized services can also be assigned to projects for cost and revenue postings, labor resource, and the person intended to perform the service. Furthermore, an invoice schedule can be assigned to a standardized service item.





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Mobile and Internet Sales

The marketplace is increasingly mobile, and the Internet has become a strategic sales channel. In SAP Business ByDesign Internet sales orders can be created using an integrated e-shop (offered by integrated e-commerce applications).

Creating sales orders on mobile devices, such as smart phones, is supported as well, with the calculation of prices and taxes and a check for product availability.

Intercompany Processes

SAP Business ByDesign also supports and accelerates intercompany processes through EDI integration (offered by SAP or partners). In addition, when business partners are both using SAP Business ByDesign, processes are further accelerated as the creation of business documents can be automated.

For example, the creation of a purchase order in one company can automatically trigger the creation of a corresponding sales order for the selling company. The solution also offers the ability to upload a sales order from a Microsoft Excel file, which means sales orders can be created offline, if required.

Customer Returns

With the sale of products there is always a possibility that goods could arrive damaged and have to be replaced. Also, with increasing competition, companies are now often offering a money-back guarantee if the customer doesn't like the product.

SAP Business ByDesign has comprehensive customer return functionality, which handles the reverse sales process, managing the material flow from the customer to the seller, as well as the financial reimbursement of the customer (including an optional approval process for releasing a customer return).



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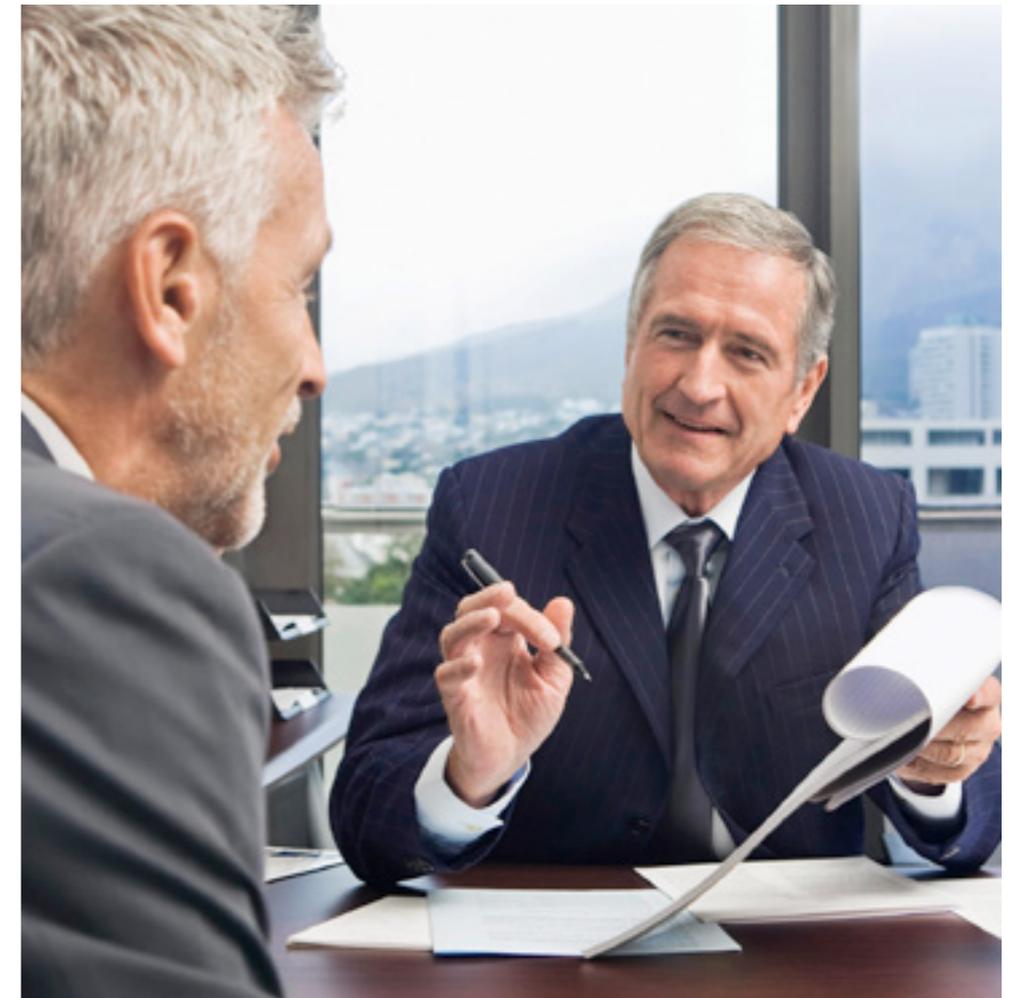
Product and Service Portfolio

It is vitally important that companies have complete and accurate information on all products and services they buy and sell (including expenses).

SAP Business ByDesign has a central entry point for viewing and creating products and services and their related information, such as customer part numbers, product availability, sales notes, product valuation (cost), and pricing (price and discount lists, surcharges, freights). It also allows the information to be maintained throughout the product or service's lifecycle.

Product categories can be created and edited, and organized into a multilevel hierarchy. This structure is used in many areas, such as analytics, planning, product catalogs (used for e-shop integration), contract management, and pricing.

Furthermore, products can be linked to product specifications, which serve as lean product configurations for individual products. Product specifications are mainly used in businesses scenarios like make-to-order and order-to-cash.



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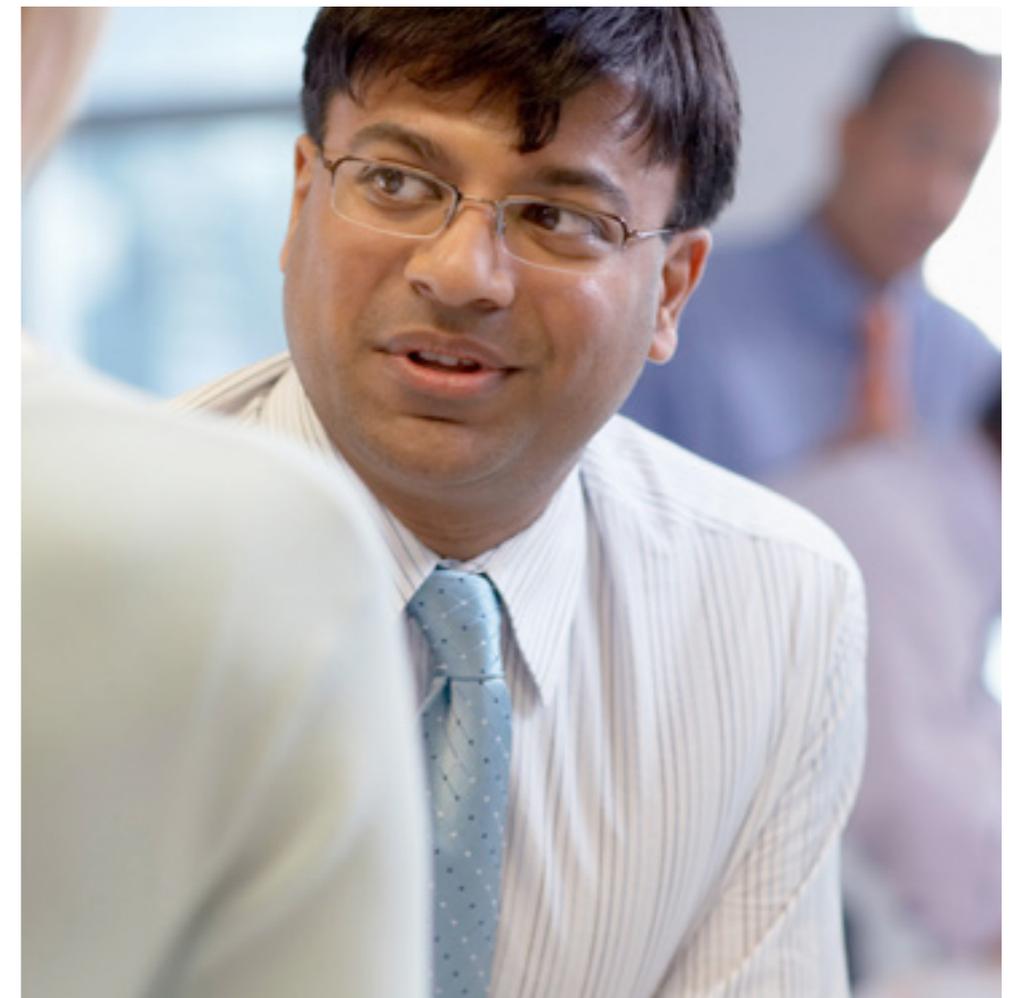
Customer Invoicing

The customer invoicing functions in SAP Business ByDesign automatically create invoice requests for documents that are ready for invoicing, such as outbound deliveries, service confirmations, fixed price items, customer contracts, customer returns, and project invoice requests. Furthermore, invoice requests can be created from manual invoices, credit memos, or down payment requests.

Project invoice requests are created from time and expense sheets assigned directly to a customer project or based on a sales order service item assigned to a customer project.

For many companies, down payments are important, especially when doing business with new customers. When invoicing takes place, down payments are deducted from the invoice amount. Once an invoice is created, this information is passed on to due item and payment processing. Financial accounting is constantly updated to ensure both ledger consistency and up-to-date analytics information.

Invoices can be created from external file uploads or from recurring invoices, and point-of-sale transactions can be uploaded and transferred to financials as well. In addition, for project-based service items in sales orders, project milestones can be used to trigger invoices as soon as the milestones are met.



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Sales Planning

Sales planning is an integrated business management process through which sales leaders can continually align and synchronize the sales tasks of the organization.

The sales planning features in SAP Business ByDesign allow organizations to define, aggregate, and monitor sales targets for sales units, employees, accounts, products, and product categories. Using the features, organizations can readily monitor sales targets, forecasts, and revenues, making it easy to create new plans based on past sales data.

Sales managers can select time periods for the plan and copy or enter targets for their direct employees using Microsoft Excel, which they can also use to revalue and distribute the adapted targets. Sales managers can also plan for all organizational hierarchies and report planned and actual values by aggregating targets, orders, opportunity pipelines, and projected sales.

Sales employees themselves can update pipelines and compare sales data and targets with previous periods.

At the top level, users can take aggregated plans and drill down to a more detailed level. At the bottom end, users can consolidate the data of detailed plans to create an aggregated overall plan.



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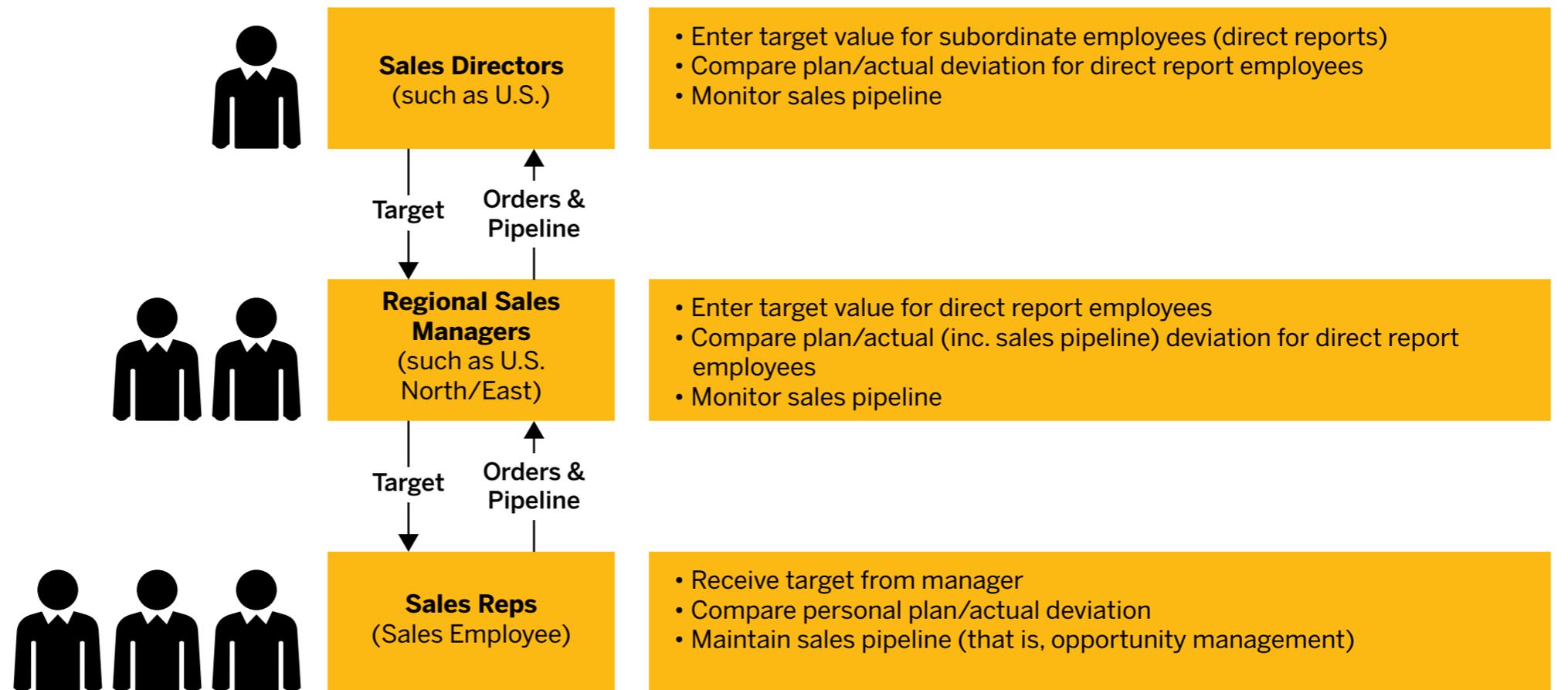
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Graphic: Sales Planning Process



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Customer Contracts



Contracts are essential documents when offering professional services, where suppliers and customers negotiate and document their agreement, including invoicing and payment rules.

Customer contract functionality in SAP Business ByDesign allows organizations to process support and managed services contracts. It supports the entire end-to-end service process from the initial request to service fulfillment and billing, so that end users can concentrate on their customers while the solution ensures an integrated document flow.

SAP Business ByDesign calculates the charges for ordered services on the basis of price agreements in the underlying customer contract. Ordered services can be invoiced in full or using an invoice schedule that specifies the invoice dates and amounts for each service item.

The contract functionality in SAP Business ByDesign helps organizations to:

- Generate new revenue streams from managed service operations and support activities
- Manage all aspects of the contract consistently, including creation, service provisioning, renewal and cancellation, invoicing, and financial accounting, to deliver greater operational efficiency
- Avoid off-line contract management and information silos by making contract management a standard part of the business solution
- Provide complete profitability analysis of contracts so that future pricing and service-level agreements can be managed more profitably
- Provide a consistent relationship with the customer, which helps increase loyalty and provide stability to the company's revenue stream





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Service Desk and Entitlements

Field Service and Repairs

Service Desk and Entitlements

The service desk application in SAP Business ByDesign enables organizations to process and manage service requests that result from a customer enquiry. It includes the ability to track customer issues, provide answers through a knowledge base (articles about previous solutions, procedures, frequently asked questions, and repair hints), and create follow-up process steps such as service orders or activities.

A service request can be created through various channels, such as phone or e-mail. With e-mail integration a service request is automatically created and assigned to the service processor. Information is verified and further data added, such as entitlements related to the product, customer, contract, or information about the appropriate service level agreement (promised response times, resolution times, or hours of availability within which the issue must be solved or escalated).

A service request can also be created in the collaboration window provided by SAP. This additional desktop integration tool allows contacts and customers to be identified from an incoming call. It acts as a central hub for people-to-people collaboration and for external devices and services.

A search engine allows service desk agents and service engineers to retrieve knowledge base articles to quickly solve customer problems. Existing articles can also be edited to keep the knowledge base up to date.

If the issue cannot be solved directly or with a temporary workaround, it can be forwarded to the next support level, either in-house or externally.

In the case of a more complex issue, or where a service engineer is needed, a service order can be created as a follow-up process.

The service desk functions share the same document flow, making it possible to handle typical request-to-resolve situations. For more information about the request-to-resolve business scenario, refer to the “Business Scenarios” section. In SAP Business ByDesign service entitlements allow companies to provide better services for their customers. Service entitlements define warranties, service levels, and service categories and their relevance to products and services.

Once established in the system, service entitlements are automatically determined – for example, in service requests or service orders. Registered products apply the predefined warranties to a specific sold product.

Reports provide key insights into the performance of the service process and allow companies to identify areas for improvement. The service request compliance report shows the percentage of requests that are compliant to the defined service levels.

The report indicates the efficiency of the internal processes and allows companies to focus on areas for improvement.





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Field Service and Repairs

Field Service and Repairs

SAP Business ByDesign also supports the processes for providing repair, maintenance, and on-site services to customers. It provides functions to plan service orders and to handle service confirmations and the related activities that are needed to fulfill and confirm services.

There are also enhanced functions for:

- Customer warranties – making coverage transparent, identifying legal requirements, and providing information on warranty-related costs and profits
- Service levels – defining reaction times, specifying and measuring performance objectives, and designating milestones and operating hours
- Outsourcing – offering and selling third-party services, whether they are outsourced partially or completely

Service orders are requests from a customer to maintain or repair equipment (and may need both service execution and spare parts). These services are typically invoiced but could also be free of charge, offered at reduced rates, or subject to a surcharge as a result of the working conditions. Service orders are also used to plan services, spare parts, and other expenses, as well as to schedule resources and check the availability of spare parts.

Once a service order is released, it is classified and routed to the field service engineers responsible for delivering the required services. Additional information, such as customer identification, the validation of existing contracts, and other entitlements, is also provided. The order can be scheduled taking priority, spare part availability, and other aspects, such as service levels and route optimization, into account.

Spare parts are often needed to fulfill service orders and the service order defines the parts that it is planned to use and invoice. The technician may bring the necessary parts with him or her, or these can be pre-delivered to the customer location using outbound delivery processing.

This latter procedure is used for bulky or rarely used items, which are stored in a central warehouse. In both cases an availability check is carried out and parts are reserved during the release of the service order. In addition, the pick-up or ship-from location is determined or selected by the user. After a service order has been executed, the technician has to confirm the actual values needed to perform the service, such as time, materials, and other expenses. Pricing is copied from the service order but can be updated if necessary in the service confirmation. The confirmation is the basis for customer invoicing, potential returns of unused spare parts, cost accounting, and service analytics – including a service profitability analysis that considers the labor resources used for executing the service.