

SAP Business One®: What Users Need Today, & In the Future

by Sheldon Needle

Executive Summary

SAP Business One is a new offering from the largest business application software company in the world. It offers tremendous potential synergy for buyers of mid-market ERP software by combining state of the art technology and first class business consultants with companies who are serious about building a highly tailored ERP system that can organically evolve no matter what future challenges their business may face.

Review of SAP Business One

SAP America introduced its SAP Business One product just a few years ago. You may have heard of it but are not sure what to think of it. Is it like the mySAP™ Business Suite which is a tier one product that can cost millions to implement? Exactly what is it and is it a worthy competitor in a market already crowded with quality software for the mid-market? To answer this question we must look at what is important to users today when they consider new software.

First, users are reluctant to buy any new system unless they absolutely must. What are the musts that drive them?

- Outrageous maintenance costs on their legacy system. One fairly small manufacturer I spoke to is using a tier one manufacturing product which costs him \$50,000 a year to maintain. The system is very old technology and is a headache to run. The \$50,000 is money down the drain.
- Users want the software to emulate their processes, not the other way around. Most products are not designed to adapt to user processes. You usually have to follow the way the system is designed to process transactions.
- They want something scalable so that if they grow, the system can keep up with them in terms of adding necessary functions, new databases, modifications to data fields, expanded reporting, and expanding into new applications such as CRM and supply chain optimization.
- Users want to minimize long-term maintenance costs. For example, they want an easy upgrade to new versions of the software without having to go through expensive retrofitting of modifications.
- Users want their own staff to support the product (add new reports, manage the database, do simple customizations, etc) without having to call in expensive consultants.
- Single source accountability: Ideally, they want to work with a single vendor that they think will stay in business through thick and thin and one they are confident will provide quality support and continually improve their product.

Not by accident, SAP Business One is designed to meet all these objectives. The following brief report summarizes what I learned about SAP Business One from personal review of the product, demos and conversations with users and resellers.

Global

SAP Business One is the base application in the SAP family of products. It is the starter product for the mid-market and scales up to mySAP All-in-One partner solutions (preconfigured, vertical market solutions) and then to mySAP Business Suite at the top which supports multiple databases and has virtually unlimited capacity for transactions, entities, locations, etc.

SAP Business One is very horizontal but not a light-weight product. It can compete head to head with any mid-market solution on its merits. For sophisticated users who may need functionality not found out of the box they will find it can be added cost effectively as required. The growth path is really unlimited. Moreover, the system can be easily adapted to best practices for any industry or specific user.

What is absolutely unique about this product? In my opinion, SAP Business One can make a good case for the following:

Ease of customization and upgrades: SAP Business One offers simple customization within the product to include: adding user fields, changing field labels, and even an easy way to create tables. These do not require a consultant to implement, but a consultant is recommended to help the user think through what modifications can be useful in meeting business goals as well as configuring the product.

Software Development Kit: (SDK) is available for resellers/consultants to make more advanced modifications to the system. This is the Applications Interface (API) front end to the SAP Business One database backend. Its typical use is to integrate 3rd party software to SAP Business One. Data mappings from foreign systems are controlled through the API (which contains all the business logic) so customizations or upgrades do not affect the system and do not require rewrites as is usually required of other products. This is confirmed by resellers who state that the cost of upgrading a customized SAP Business One system is only a small fraction of other products they have sold.

The SDK can be used to modify the system internally, again without affecting upgrades. Typical examples might be for highly specialized customer pricing, events monitoring, sales tax computation or preparing special forms for a company that needs documents prepared in a foreign language for product exports.

Best practices: This generally refers to how various processes are set up to meet the company mission. One common example is how to process purchase order receipts. In an old legacy system, there might be a 3 way match process between receiving, invoicing and the purchase order (PO). Newer practices might dictate simply receiving items within the parameters of the PO and paying whatever they are authorized to pay by the PO without dealing with the vendor invoice at all. With SAP Business One it is trivial to set up the receiving transaction and have a fully authorized invoice created for payment with a minimum of steps.

Business alerts: Sales persons can get overly aggressive with pricing and cut margins below an acceptable level. SAP Business One can be designed to compute acceptable margin cutoffs and

alert any manager by e-mail should margins be unacceptable for an order. Other systems can do that too using a simple message but SAP Business One can actually stop the processing entirely until the approving manager releases the order. Furthermore, the SAP Business One user can drill down anywhere into the system directly from the e-mail to gather more information to determine the disposition of the alert. The same thing could also be done if a customer exceeds his credit limit. One of the unmet needs for mid-sized businesses is outside monitoring of their financial data. Who better to do that than their trusted CPA? A truly valuable service would have CPAs proactive in monitoring critical data points such as Accounts Receivables, Accounts Payable, and inventory levels using the extraordinary data access offered by SAP Business One.

Foreign currency, international business: You can localize your desktop by language, currency, user screens, quote in one currency and sell in another, report in both local and system currency. The system was designed by a company which had extensive experience in international business and it may well be the strongest available for foreign currency processing.

Built in CRM capabilities/document control: The system has embedded CRM: It supports sales opportunities, pipeline analysis, basic service management and will track activity to documents as well as customers and vendors. For instance you can associate a journal entry with a particular document and keep track of contacts relating to that entry through Business Partners.

Broad number of applications: for a new product SAP Business One covers a lot of territory including GL, AP, AR, Sales Orders, Purchase Orders, Inventory and Production for light manufacturing. It is also fairly easy to address professional time and billing, and more either through customizations or SAP certified Partners.

Database options: Runs with Microsoft SQL, DB2 and Linux.

Quality resellers/consultant network: Unlike some vendors whose resellers range from pretty good to pretty bad, SAP has carefully recruited from the top tier of experienced, competent resellers who have very strong business as well as technical backgrounds. So your risk of getting involved with a poor reseller is greatly reduced.

Windows technology: SAP Business One is a product which makes full use of Windows conventions and more. You can easily resize windows, expand/contract column widths, use control home/control end to move to the top or bottom of lists. An unusual Windows help system lets you search for the information needed and then provides every instance that topic is covered in a subject list. You select the subject that relates to your question and the system facilitates finding it by highlighting that item for each occurrence. Another capability that few systems offer is that you can be entering a particular type of transaction in one window and start the same type of transaction in another window without having to close the first window.

Queries and drill downs: Good use is made of SQL. You can quickly locate any information from any screen by using predefined SQL queries. For instance you could be entering a journal in general ledger and decide you need to look at item information. No problem—just go to the tools/queries menu and choose the query you want. Once selected you see a SQL statement. If you are adept at SQL, you can modify the statement for a more specific query or just click on

opening up the results of the query in a table format. All queries provide drill downs to lists of documents that meet the query criteria. You can then drill down to the actual source document in the list.

Drag and Relate Queries: Another approach to accessing more detailed information about any Business Partner or transaction is Drag&Relate. This is a highly touted capability to perform detailed queries from any transaction window or Business Partner screen. One example might be to bring up a sales quotation window, select any item on that quotation and then drag it to the quotations menu within the drag and drop menu list. You would then see a list of all quotations where that item appeared and then could drill down to a specific quotation and see all associated details. If you want to see only certain quotations you use the filter screen and select quotations using various selection parameters; date, amount, quote numbers, etc.

SAP Business One has the power but like most software packages users must be prepared to make a substantial investment in consulting, conversion and implementation to get optimal benefit. The typical cost is one to one, software to service fees. The cost of acquiring SAP Business One can range from about \$15k all the way to six figures depending on the number of users and degree of customization.

Summary and recommendations

If you are willing to make the investment to rethink your business processes and practices from the ground up, have unusual needs (especially with cross industry requirements), desire to control and minimize long term maintenance costs and want a system that won't become obsolete in the near future, I recommend you take a serious look at SAP Business One. With SAP Business One you can count on the backing of a committed vendor, top notch resellers and state of the art software.

***Bio:** Sheldon Needle, CPA, has been a nationally recognized expert on financial software for the mid-market since 1984. He is the author or co-author of 15 books covering a variety of industries which are designed to help users evaluate and choose the best software for their needs. Over 20,000 businesses and consultants have used his publications to help choose their new software. Sheldon is also an active speaker and publisher of articles on software selection. His company, CTS, is based in Rockville, MD.*