

Foreword

Dear Reader:

Having taught and counseled thousands of students as a faculty member, graduate dean, and academic vice president before becoming involved with SAP, I know that the first question you will ask about the Robert Bosch case study presented in this book is, “Why is this important?” The second is, “Why do I need to know this?” Let me answer both of these questions by telling you what corporate leaders are thinking about and what keeps them awake at three in the morning.

In the spring of 2004, IBM conducted a massive global survey of CEOs. Over 450 CEOs from large, medium, and small enterprises across many industries responded. When asked what would have the greatest impact on their organization over the next three years, an overwhelming majority of the CEOs identified continuous changes in market forces to have the greatest impact. They talked about the intense and ever-increasing level of global competition, continuous changes in market dynamics, and rapid changes in customer needs and wants as the major market forces. Very few of them said they considered their organizations to be ready to respond to these changes, and most talked about responsiveness, agility, and flexibility as the new key competencies needed to survive and thrive in today’s business environment.

These results are reinforced by the results of the 2004 Conference Board CEO Challenge survey. This survey asks CEOs to identify the top ten challenges that they face. “Speed, flexibility, adaptability to change” was identified as a challenge by 42% of the 539 CEOs responding to the survey, ranking it second only to “Sustained and steady top line growth.”

The corporate drama in which you are about to be immersed as you read through this book illustrates how responsiveness and agility are important factors in

high-cost, potentially high-risk technology decisions. However, there is another dimension. In his book *Adapt or Die*, Claus Heinrich (2003), a member of the SAP Executive Board, describes how adaptive business networks can help businesses meet the extraordinary agility challenges of the twenty-first century and what they will need to change in order to survive: “Falling margins, accelerating innovation and production cycles, as well as globalization are forcing companies to become more flexible in order to meet these challenges.” He explains why this new business model is necessary for survival — and not merely an option.

A central, critical issue must also emerge from your examination of the Robert Bosch case presented in this book. Increasingly, *business process drives technology decisions*. Dr. Tom Davenport, professor and research director of the Institute for Process Management at the Babson Center for Executive Education, identified important insights from a study he coordinated in his previous role as director of the Accenture Institute for Strategic Change. Tom’s research group surveyed “C” level officers of corporations that had recently implemented ERP systems. When asked why the company decided to implement an ERP system, the number one reason was to make better business decisions. Business decisions derive from and drive business processes. ERP implementations are intended to support and provide for corporate flexibility and profitability. In fact, a study of over thirty companies implementing ERP systems indicated that the market value of the stock of these companies increased just when they announced they were planning an ERP implementation.

The initial results of an ongoing global survey of over 600 companies has indicated that nearly 60% of companies surveyed believe that new business models (i.e., how the business is run) will be a greater source of competitive advantage than new products and services over the next 5 years, with nearly 82% of respondents believing that technology will be critical to the organization’s ability to adapt the business model and implement strategy between now and 2010.

The real case study presented in this book describing the Bosch implementation of SAP starkly and undeniably weaves together the facts that business processes are integrated and that business process models drive technology decisions. To you as professionals, either presently or soon to be, in the twenty-first century corporate workforce, these are two critical lessons to learn.

Finally, in her keynote talk at the Gartner Symposium, Carly Fiorina, chairman and CEO of HP, citing Darwin’s theory of evolution, said, “The company that thinks it’s done is done. Darwin said it’s not the most intelligent or strongest that survive, but those that adapt the most readily to change. It’s not about fixing a company and stopping it, but it’s about a company being able to adapt.” As you examine the case presented in this book, seek out the critical lessons, remember them, and use them as guides. If you do this, then you will be pre-

pared to adapt, to survive, and to contribute to your own all-too-real business cases of the future.

Sincerest best wishes,

Daniel C. Pantaleo, Vice President

SAP America, Inc., New Town Square, PA

February 2006

* * * *

It is my pleasure to write a foreword to this book by Drs. Karl-Heinz Rau and Chetan S. Sankar that documents in an excellent way how SAP R/3 was implemented in our company during the past ten years. This project has been exciting and challenging and we are pleased that this team has documented it thoroughly and well. I expect this book to be very useful to managers of companies who are in the process of implementing Enterprise Resource Planning Systems (ERP). In addition, it will be very helpful to students who are graduating with a major in information systems.

I have often been asked why Bosch has spent millions of Euros implementing a new system. Reading this book will hopefully provide you with the answer to this question and give you an in-depth understanding of the trials and tribulations involved in implementing such a system in a multinational company. I am proud to work for Bosch, an innovative and progressive company that was founded by Robert Bosch with great values and a strong mission statement more than 125 years ago. Richard von Weizsaecker, a former president of Germany, said on the occasion of the 125th anniversary of Robert Bosch's birth: "Robert Bosch is among the very best that Swabia has produced."

The success story reported in this book could not have been achieved without the exceptional engagement of the executive management and the experienced staff at QI in Europe and their counterparts in the regions. We hope that you will gain positively by reading about the change in management that has led to the successful ERP implementations in both our European and U.S. operations. We have approved the case studies that are discussed in Chapters VI, VII, and IX for use in classrooms and in training sessions. Please note, however, that the book is limited in that it does not provide all the detailed change processes that went through the company and only provides a series of snapshots of the situations at particular moments of time when the faculty members visited with us and gathered information. Hopefully our company's sharing of the implementa-

tion of SAP R/3 through this book will motivate you to become an ERP professional.

The concepts discussed in this book will become even more important in the future, as the usage of integrated IT-Systems for ERP are a prerequisite for making worldwide operations more efficient and cost effective. I ask you to read through this book, reflect on the lessons learned, and be prepared to improve the processes when your company starts implementing SAP R/3 or a competitor's ERP system. There are many benefits that would accrue to your company if your company is willing to work through the process and implement such a system.

Gerd Friedrich, Chief Information Officer

Robert Bosch GmbH

Stuttgart February 2004