



TOP 10 REASONS TO CHOOSE SAP® ERP HUMAN CAPITAL MANAGEMENT

THE BEST-RUN BUSINESSES RUN SAP™



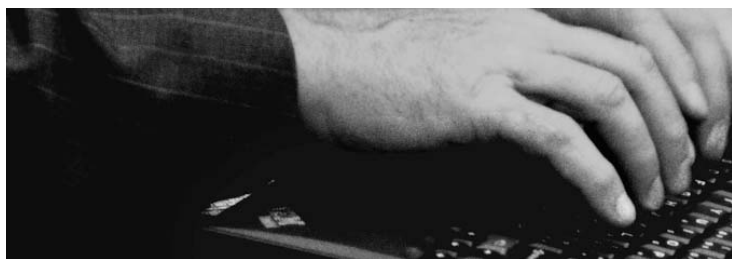
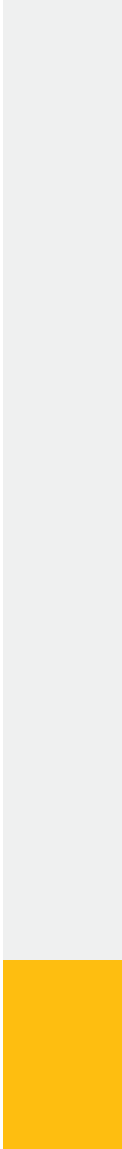


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TOP 10 REASONS TO CHOOSE SAP® ERP HUMAN CAPITAL MANAGEMENT

SAP – YOUR TRUSTED SOFTWARE PARTNER

Superior technology, unique functionality, and global ties to the world's top service providers are just some of the benefits that come from using SAP® software. With over 10,000 HR customers in 110 countries, it's no wonder that SAP has been recognized as the market leader in human capital management software by the top three analyst firms.

A deep commitment to customers is the foundation for everything SAP does and the driving force that makes SAP the global leader in enterprise resource planning (ERP) applications. SAP works with customers, industry analysts, and subject experts to ensure the excellence of the SAP® ERP Human Capital Management (SAP ERP HCM) solution. By continually adding new functionality and new tools to benefit HR departments, SAP helps customers streamline basic processes, reduce transaction costs, and incorporate all information onto a single consolidated instance, thereby ensuring better visibility and compliance. In addition, SAP offers customers the tools they need to create a direct connection between the investments made in the workforce and the specific operating and financial outcomes that each customer cares about.

An ongoing joint SAP and Americas' SAP Users' Group (ASUG) benchmarking study¹ found that companies leveraging a fully integrated technology platform, such as the SAP ERP application, have, on average, 30% lower HR costs than the average organization (US \$1240 per employee versus US\$2260). In addition, those that have implemented SAP Employee Self-Service and SAP Manager Self-Service applications experience, on average, 25% lower costs of HR transactional processes and up to 25% higher effectiveness of HR strategic processes.

Powerful insights through embedded analytics, real-time data, and streamlined processes can now be extended to each employee, freeing HR staff for more value-added activities and supplying relevant data to managers and executives. HR staff and managers can know more, know it sooner, and see farther ahead using the specialized and specific data delivered by SAP ERP HCM.

When customers were asked why more and more organizations choose SAP ERP HCM for managing their most important resources – their people – they answered with the following reasons:

- Integration into the business
- Integrated-in-the-enterprise talent management
- Enablement of the global team
- A record of proven innovation
- Connected workforce
- HCM business intelligence
- Business process outsourcing
- SAP partner network
- Superior technology
- Safe choice

WHICH OF THE TOP 10 REASONS FOR CHOOSING SAP ERP HCM COULD CHANGE YOUR COMPANY'S FUTURE?

Refer to the questions below to learn how SAP can help you solve HR business problems and make your organization a best-run organization with a clear focus on the bottom line.

Do you manually gather data from different business areas and use Microsoft Office products for further analysis?

See the following sections: “1. Integration into the Business,” “6. HCM Business Intelligence,” and “9. Superior Technology.”

1. “ASUG/SAP HCM Benchmarking – Understanding the Value of HR Processes and Technology.” The project, launched in late 2004, gathers and analyzes companies' HR strategies and management practices. To date, 420 companies have participated in the study, with 75% of them being SAP customers.

Does your HR department have the ability to view employees as people with skills, competencies, work experiences, dislikes, and preferences, and who actively participate and interact in the organization?

See the following sections: “1. Integration into the Business,” “2. Integrated-in-the-Enterprise Talent Management,” “5. Connected Workforce,” and “6. HCM Business Intelligence.”

Is your HR department seen as a business driver, and is the impact of HR initiatives measurable at the bottom line?

See the following sections: “1. Integration into the Business,” “4. A Record of Proven Innovation,” and “6. HCM Business Intelligence.”

Do you have to create integration points between your HR system and the rest of the business? Do you have to reconfigure them after each system upgrade?

See the following sections: “1. Integration into the Business,” “9. Superior Technology,” and “10. Safe Choice in a Changing World.”

Do you have a “single source of truth” for HR data that is integrated throughout HR and other areas of the business?

See the following sections: “1. Integration into the Business,” “3. Enablement of the Global Team,” and “6. HCM Business Intelligence.”

Are you considering alternative deployment options for HR processes?

See the following section: “7. Business Process Outsourcing.”

Do you know what talent you have in the organization and whether that talent is being put to the best possible use?

See the following sections: “2. Integrated-in-the-Enterprise Talent Management,” “4. A Record of Proven Innovation,” and “6. HCM Business Intelligence.”

Do you have a clear road map of your existing HR solution, and do you know the efforts to upgrade to the next version?

See the following section: “10. Safe Choice in a Changing World.”

Do you think your HR software should be able to support business processes out of the box and flexibly integrate third-party Web services?

See the following sections: on “4. A Record of Proven Innovation,” “9. Superior Technology,” and “10. Safe Choice in a Changing World.”

Do you need to make sure HR complies with legal and corporate requirements today and in the future?

See the following sections: “1. Integration into the Business,” “6. HCM Business Intelligence,” and “10. Safe Choice in a Changing World.”

Do you want to choose a strong software provider who has a comprehensive and loyal partner ecosystem that will help you deal with any issues or questions you are facing around HR, technology, integration, business intelligence, and ERP, among many others?

See the following sections: “4. A Record of Proven Innovation,” “8. SAP Partner Network,” and “10. Safe Choice in a Changing World.”

Do you plan to implement a shared service strategy for delivering HR services throughout the organization?

See the following sections: “4. A Record of Proven Innovation,” “5. Connected Workforce,” and “8. SAP Partner Network.”

1 INTEGRATION INTO THE BUSINESS

ACTION-ORIENTED DATA AND A SINGLE SOURCE OF TRUTH

As an integral part of the best-of-breed enterprise resource planning solution, the SAP ERP HCM solution enables a complete view of people as living, changing, active individuals who participate in the business. It means employees, managers, and HR departments can understand and act on events, workflow, and other activities when they occur, not after the fact. That lets people move in concert with other organizational resources to support corporate objectives.

HUMAN RESOURCES THAT SUPPORT YOUR BUSINESS

It is imperative for a strategic HR function to understand how people interact and participate in the business and to document their past activities, competencies, and even preferences, and combine that with basic HR data. It is just as crucial to understand business processes, requirements, and corporate objectives. Only when the two areas are truly integrated can HR provide a real business impact. Analyzing HR data within the context of the business is the basis for planning strategic HR

initiatives, and it supports the measurement of the impact of HR on the bottom line. And SAP ERP HCM provides a holistic view of each person in the context of business processes – enabling an HR function that drives the organization and delivers results.

A SINGLE SOURCE OF TRUTH

SAP ERP HCM is the single source of people-related data that is integrated into the whole business. Instead of maintaining employee and contractor data in multiple databases or locations, data is entered once to give the HR department full control of all employee-related information. One source of employee data also provides real-time and accurate data throughout the organization wherever it's needed. Data consistency and availability are vital for proactive decisions and actions and open up new ways of managing people in concert with other resources to meet business objectives.

INTEGRATION EXAMPLES

Combining HR data and services into value-generating processes enables the HR department to be a true

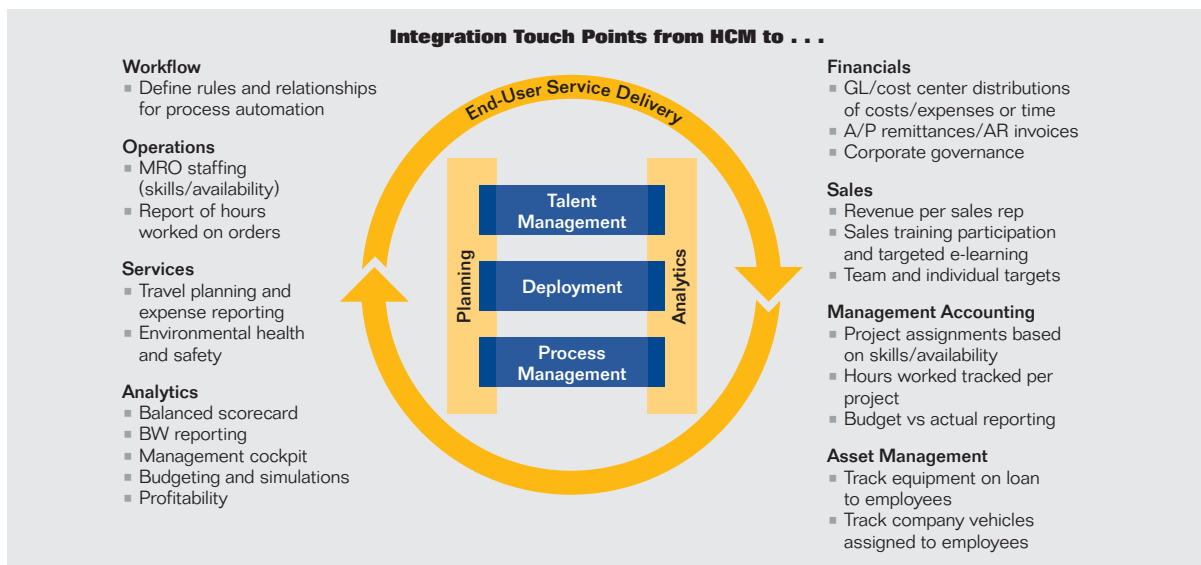


Figure 1: Integration into the Business

partner for the lines of business and deliver a positive bottom-line impact. Below are examples of key performance indicators that rely on the coordinated and complete HR data the whole enterprise can get with SAP ERP HCM:

- **Sales numbers** – Analyze the correlation of competencies, length of service, and other details with individual revenue numbers or increase revenue through targeted training
- **Profitability** – Identify personnel cost drivers such as regional variances or overtime and increase profitability through targeted staffing and hiring initiatives
- **Project success** – Optimize project staffing based on competencies, past work experiences, and personal preferences; use more accurate project budget planning through personnel cost planning that is based on actual employee costs
- **Costs for company assets** – Reduce costs and keep track of assets through assignment of company assets to employees; recoup assets in cases of termination
- **Costs for materials** – Save money and reduce wasted material in the manufacturing process through coordinated training and group incentives
- **Customer satisfaction** – Review HR data and key metrics such as competencies, past work experiences, and length of service to match workers with the right tasks for the right customer. Evaluations of call center agents, for example, can be based on volume of calls, completion satisfaction, and other key figures. Targeted hiring, incentives, and similar strategies using real-time data can dramatically improve customer relations and satisfaction rates.



“What we appreciate most about SAP is the integration of its products. That is one of the main reasons we chose SAP ERP HCM for HR and payroll software.”

John Robinson, Vice President of IT, Worldwide Flight Services Inc.

2 INTEGRATED-IN-THE-ENTERPRISE TALENT MANAGEMENT

PEAK TEAM PERFORMANCE – ANY ONE, ANY PLACE, ANY TIME

People are expensive. In some industries, personnel costs can be almost half of revenues. And in many industries today, people and their talents represent the greatest source of differentiation and value creation. Yet many companies have no idea how to answer basic questions about this asset – their workforce. Managers and executives may not know whether the right talent is in place to execute their strategy. Replacing key personnel can be a struggle if successors aren't lined up and prepared to step in. These situations challenge companies when top executives and board members lack visibility into workforce talent. And this knowledge gap often is rooted in a jumbled mix of HR applications.

The functionality of SAP ERP HCM creates effective, consistent talent management, covering all key processes and involving every role in each process. The result is a transparent view of organizational talent and bench strength, delivering a better platform for managing your workforce.

INTEGRATED TALENT MANAGEMENT IS KEY

Talent management encompasses the following processes:

- Attracting and acquiring talent
- Educating and developing talent
- Identifying and growing future leaders
- Aligning and motivating talent
- Paying for performance

Yet many of these processes live within organizational silos – departments we call human resources, education and training, and finance – that are increasingly centralized and partially outsourced. Processes and information about the supply and demand for talent are often kept in separate systems, independent of other organizations and processes. This can lock talent information into silos, making it difficult for executives to find or use.



THE POWER OF ONE

SAP offers a complete solution for talent management with the following shared components:

- **One** competency catalog
- **One** set of person data used by employees, managers, and HR professionals
- **One** business intelligence function for analytics
- **One** organizational structure for determining management hierarchies and cost center allocations
- **One** workflow engine
- **One** integration broker (exchange infrastructure) for service-enabled talent management
- **One** coherent source of analytics, to understand the impact of talent and workforce performance on the operating results that matter to your business
- **One** entry point for employees and managers to access key information and execute business processes

WORLDWIDE STANDARDS, NATIONAL LAWS, LOCAL CUSTOMS, AND MULTIPLE LANGUAGES

The challenges of recruiting and other facets of talent management in multinational environments are no match for SAP software products.

Today's global organizations need SAP ERP HCM to streamline HR processes across all countries in which they operate. With more than just language support, SAP provides architecture, tool sets, and localization that create a truly global platform. The talent warehouse at the core of the SAP E-Recruiting application is designed to support recruiting processes in multiple countries. A candidate user interface allows people to apply for jobs through country-specific job portals that reflect employment laws of local governments. The application further supports global processes by allowing recruiters to use tools that ensure appropriate data retention based on the country where applications are entered. Localization allows for country-specific processes like the U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) or works council approval in Germany. Together with translation facilities that ensure accurate language versions of questionnaires and candidate submissions, SAP E-Recruiting is designed to help identify top talents in any country.

UNIQUE DEPTH AND BREADTH PROVIDE UNPARALLELED INSIGHTS

Protect and develop the best talents for the most important positions with SAP ERP HCM. Beyond common talent management tasks, you will find tools and best practices for improving your company's business processes. For example, succession planning has been improved significantly in this latest release of SAP ERP HCM. Based on the same talent pool concept as SAP E-Recruiting, it allows managers to assess talent locally, but also lets HR professionals search across an entire organization to pinpoint the best-suited potential successors, no matter where they work. Better search functionality makes succession planning a true talent search, elevating the process from traditional manager nominations, which are often limited to personal networks. Succession planning functionality can even read employee appraisal results, giving HR professionals up-to-date insight into how people have performed and have been assessed by their managers.

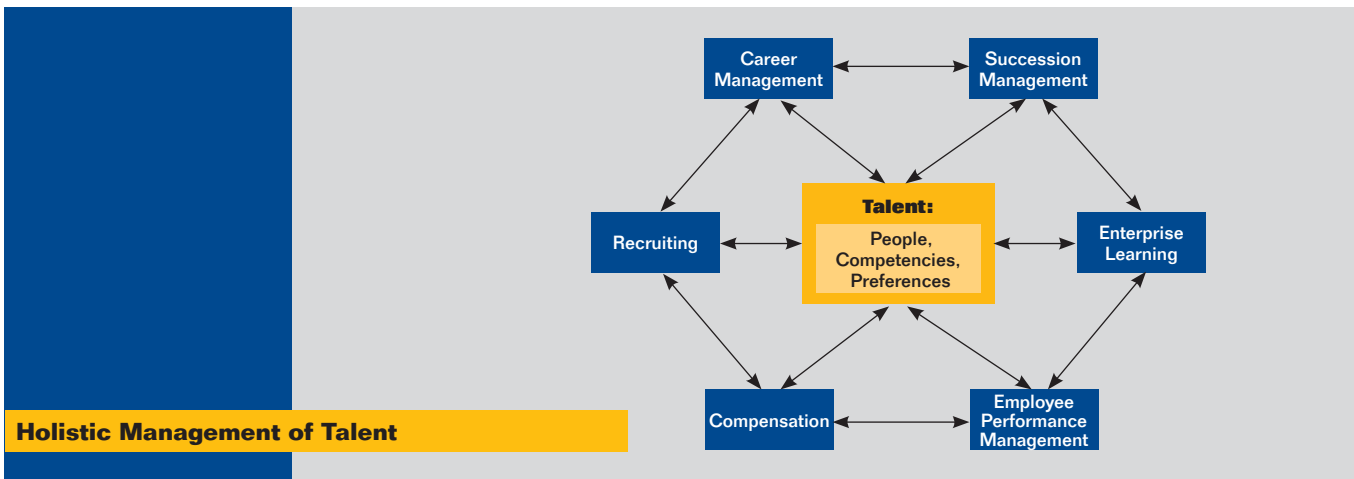


Figure 2: The Talent Management Blueprint

SAP Learning Solution offers a blended learning concept that allows customers to work with their own content, materials from external providers, or other learning management systems, while maintaining a single record of learner history and qualifications. SAP Learning Solution provides a unique experience to each user, tailoring online content to the preferred learning style of each person to ensure the most effective use of e-learning content. Through the inherent integration of SAP software, training organizations can be operated as a business, with full integration to sales and distribution, materials management and financials, and other SAP applications.



“By replacing our HR legacy systems with the SAP solution, we are able to streamline our recruiting and talent management processes and apply these processes consistently across all of our businesses. We will be in a position to better leverage the talents of our employees, our company’s main asset.”

Mike Ryan, Global Process Team Lead for “Manage People” Initiative, Rio Tinto Group

3 ENABLEMENT OF THE GLOBAL TEAM

ARE YOU READY TO TAKE ON THE WORLD?

Rapidly changing international markets, mergers spanning national borders, and an increasing need for globally scalable core business processes are just a few reasons why companies demand easy-to-use HCM tools for local use anywhere in the world. Even small companies need to consider growth strategies and plan ahead with agile, adaptive, and responsive software.

THE WORLD IS CALLING. HOW WILL YOU ANSWER?

Global talent is an expensive management challenge. Personnel transfers are transaction-heavy and time-consuming activities. They require nearly constant exchanges of current information and often com-

bine disparate work styles and technologies. These delicate maneuvers call for flexibility that can handle changing policies, languages, cultures, time zones, legal requirements, and currencies. Managing these issues well means the difference between major, costly mistakes and being a truly global corporation.

SAP supports global companies in all their business needs. So it is no surprise that SAP ERP HCM can manage more countries than any other HR management solution – a critical difference for out-of-the-box consolidation of HR and other ERP data, reporting, and analysis. Executing an international HR program under local conditions gets easier with SAP ERP HCM, which is available in 30 languages and 47 country-specific versions.



Figure 3: SAP and Partner SAP® ERP HCM Country Versions

ALL BUSINESS IS LOCAL

Country-specific versions deliver localized HR best practices and comply with country legislation within the broad global functional scope of SAP ERP.

Complying with legal requirements and year-end accounting rules, local tax and insurance handling in payroll, and regulations like the Sarbanes-Oxley Act gives HR executives the peace of mind to focus on strategic and value-generating HCM activities.

SAP ERP HCM supports global HCM business practices that are flexible enough to incorporate local requirements. For example, a company can have self-service functionality for changing employee addresses where the template is country specific and follows the local address format.

Global transfers can be particularly challenging, but SAP ERP HCM supports all processes involved in international employee relocation, from the planning and preparation of global assignments to personnel administration and payroll for global employees.

With a global system like SAP ERP HCM, shared service centers can be put in place to offer new ways to save money. The employee interaction center with SAP ERP offers call center functionality for HR-related issues that can be implemented without having to integrate data from disparate systems. Call center agents or HR professionals access employee data regardless of physical location for greater efficiency.



“With over 38,000 employees in over 50 locations, SAP is a truly global company. Our central HCM system empowers both our lines of business and HR departments to roll out global HR strategies while adjusting them according to regional needs, thereby enabling a consolidated worldwide view of employee demographics as well as global HCM key figures. As the single gateway to all HR information, tools, and self-services, the SAP Corporate Portal powerfully drives integration from a user interface and content perspective for all employees. By leveraging SAP ERP Human Capital Management, SAP people managers and employees are additionally supported with outstanding performance, development, and compensation-related processes.”

Claus E. Heinrich, Executive Board Member, SAP AG



“As a truly global company doing business in more than 200 countries, we need the most advanced enterprise resource planning software to manage our business operations and maximize the value of our diverse workforce. With new human capital management features such as compensation management, e-learning, and self-services, our first SAP ERP implementation will improve our global HR system to better align employee skills, activities, and incentives with our business objectives, while setting the foundation for implementing the service-oriented infrastructure of SAP ERP across our enterprise software system.”

Ed Toben, Chief Information Officer, Colgate-Palmolive Company

4 A RECORD OF PROVEN INNOVATION

CREATIVE SOLUTIONS THAT MEET TODAY'S NEEDS AND PREPARE FOR TOMORROW'S CHALLENGES

From its inception, SAP has made innovation a cornerstone of its solutions. Dedication to innovative technology and software has created three decades of breakthrough thinking about business operations and improvements through IT. SAP's clear vision of technology and relentless focus on customer value enable companies to innovate the way they run their business, which results, ultimately, in efficiency, productivity, and growth. SAP delivers innovation that enhances existing products, processes, and daily operations without disruption to the business. SAP continues to focus resources on enhancing existing products and developing new, innovative HCM solutions that will provide its customers unmatched value.

ENTERPRISE SERVICE-ORIENTED ARCHITECTURE

Today's computing is based on open standards and service-oriented architecture (SOA), and SAP ERP provides the first service-enabled ERP solution that leverages enterprise SOA to synchronize delivery of new functionality with customer adoption patterns. Enterprise SOA enables business process innovations by adding business semantics and business processes to standards-based Web services. That means IT departments have the ability to construct new applications out of reusable components and standardized

Web services. Adding this flexibility into the application architecture permits HR departments to drive change faster and at lower cost. HR processes based on enterprise SOA can adjust rapidly to changing needs and incorporate internal or external services. Information can flow in and out seamlessly to the people and places that need it most.

For instance, a recruiting process may combine steps and data that reside in the corporate HCM system with external Web services such as job board postings or background checks. With enterprise SOA, external data and services are coordinated easily and can be updated by simply adding, deleting, or exchanging process steps as the business process changes. Prior to enterprise SOA, the entire business process would have to be reorganized.

NEW WAYS OF SUPPORTING HR PROCESSES

Productivity and efficiency gains through innovations in software development are shaping the SAP product strategy for the future. SAP, in turn, is delivering the solutions and tools that allow companies to be nimble and respond to changing market conditions. HCM processes and forms delivered in SAP ERP HCM seamlessly connect the steps and data used in HR business processes and facilitate communication between people and departments.

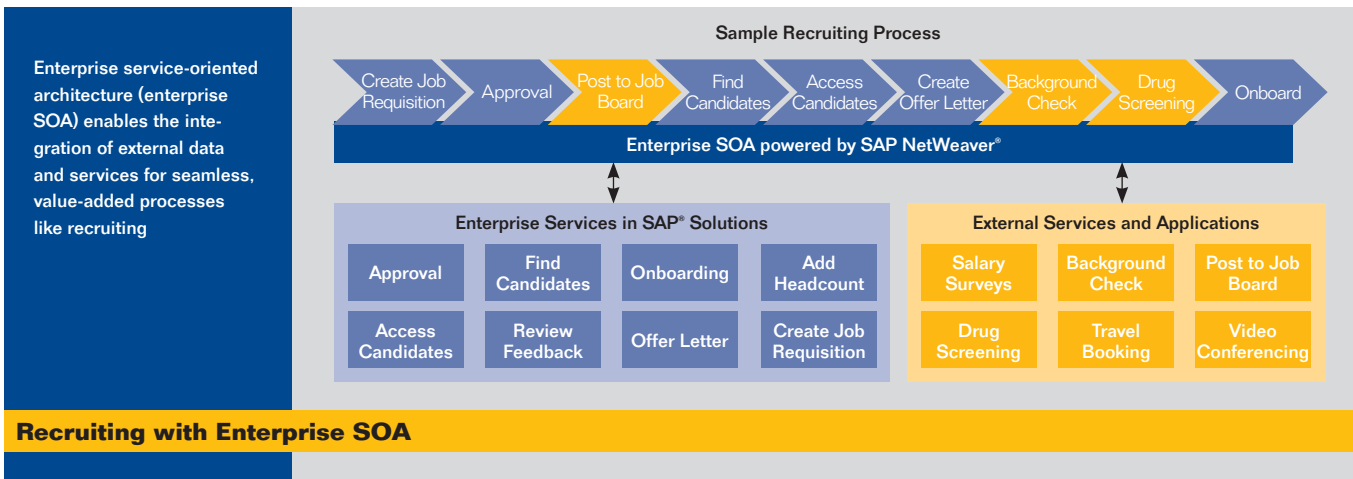


Figure 4: A Record of Proven Innovation – Recruiting

Automated processes free up HR professionals from simple, repetitive work to handle more specialized and strategic tasks. Process monitoring capabilities and analytics enable HR to stay in control of HR processes and employee data.

SAP offers guidance and best practices for HR processes and support for employee life and work events, increasing the productivity of all users and encouraging a high level of standardization and usage of HR processes throughout the corporation. Reusable process templates in a flexible, highly functional workflow environment means that even users without specialized software development skills can easily set up and execute collaborative business processes. These templates lead users through processes; assist them with data proposals, embedded analytics, and context-sensitive help; and allow ad hoc changes at runtime.

PARTNERS IN INNOVATION

SAP has established strategic, trusted partnerships with technology and business leaders with the express purpose of improving user productivity. HR departments will benefit from SAP's collaborative innovations with industry leaders such as Microsoft and Adobe. From these unique partnerships, customers will reap the rewards of visionary new products and services that no other vendor can offer.

Health Benefits Management for ERP by VitalSpring

SAP offers a composite application in conjunction with VitalSpring Technologies Inc., a company that offers award-winning solutions that enable corporations to better manage and control the costs of healthcare benefits. Health Benefits Management for ERP by VitalSpring delivers key performance metrics that link analytics to operational strategy. HR, finance, and IT executives can integrate and analyze data from multiple sources quickly and easily to provide the most effective benefits plans at the lowest possible costs. In today's world of rising healthcare costs, this is one area where HR can provide cost visibility and deliver a positive result to a company's bottom line.



“We implemented SAP software because we thought it would be future proof, and because we thought that SAP would always be developing ahead of our requirements.”

Fiona Sinclair, Project Manager, University of Westminster

Duet™ Software

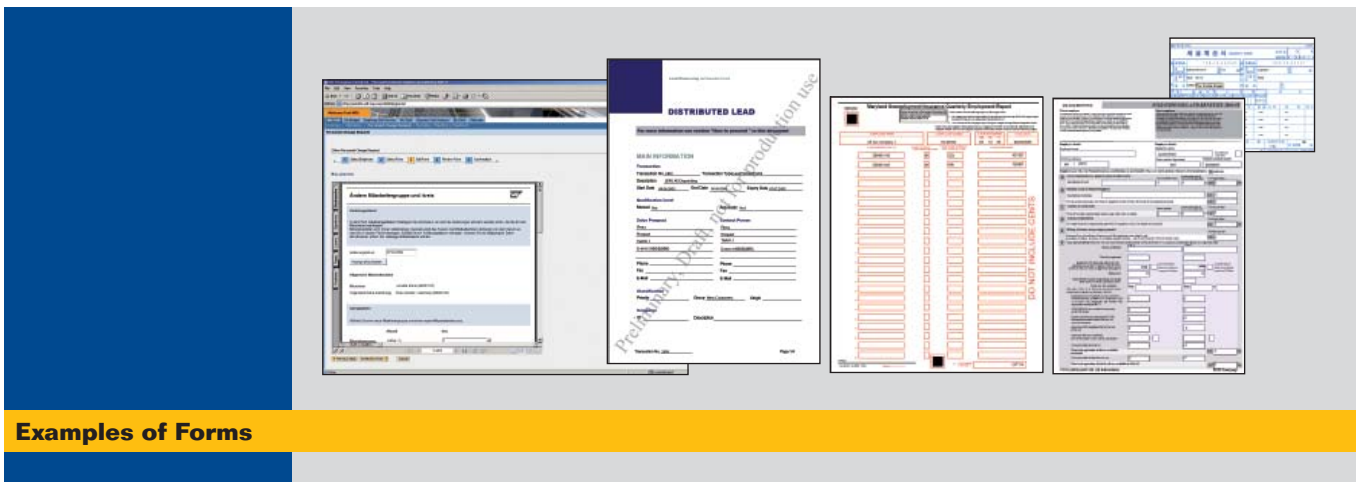
A joint product from SAP AG and Microsoft Corporation, Duet™ software enables users to easily and quickly conduct business activities and access data via their familiar Microsoft Office environment. Duet supports employee- and management-focused scenarios for HR, budget planning and monitoring, and travel management. Duet simplifies and revolutionizes the way information workers access and use SAP applications. The results are improved decision making, increased productivity, improved corporate compliance, and reduced costs for employee training.

SAP Interactive Forms by Adobe

This software simplifies and transforms a paper-based HR process into an electronic process while maintaining a familiar look and feel to enhance and ensure usability. Casual users, such as managers

and executives, may be unfamiliar with enterprise applications, so SAP and Adobe Systems Incorporated teamed up to find a more intuitive way to deliver applications to that user group.

A business process, such as an employee change action, is triggered when data is entered online by a user. A form is routed automatically through each step, including approvals, if required. When the process is complete, data is updated in SAP ERP. Forms supported by the SAP Interactive Forms software by Adobe contain business logic, are self-explanatory, can be completed offline, and can be printed and stored locally. Primary benefits for the HR department are increased data accuracy, faster adoption of HR processes, and reduced costs for employee training.



Examples of Forms

Figure 5: A Record of Proven Innovation – Examples of Forms Delivered Using SAP® Interactive Forms by Adobe



“Duet increases our employees’ productivity by enabling them to spend between two and four hours less a week on administrative tasks.”

Bruno Schmid, CEO, resource informatik ag

5 CONNECTED WORKFORCE

GIVE PEOPLE CURRENT INFORMATION ANY PLACE, ANY TIME

SAP has embraced dual goals of simplifying the use of its software while expanding the options for distributing the solutions that support business processes throughout organizations. Because SAP software is deployed through highly intuitive user interfaces on multiple devices, such as a kiosk or a PDA, companies can provide easy access to powerful SAP applications for all levels of users. Critical content and business intelligence can be delivered to all employees through their preferred interface, allowing them to take action – not just conduct more research and analysis.

SAP ERP HCM offers the following functionality to enable the connected workforce:

SAP EMPLOYEE SELF-SERVICE

Going beyond typical self-service functions such as address change and time entry, the SAP Employee Self-Service application helps workers manage life and work events; sequences of tasks representing professional or personal changes such as a new job or promotion, marriage, or a new baby. These life and work events are presented to the employee via proactive personalized and relevant content through a single, intuitive, and supportive user interface. A new hire can easily follow and complete steps within your company-defined process. Workflows are built in to initiate approvals, such as new hire transactions

that prompt managers to add appropriate authorizations for security purposes, or a termination event that removes the user automatically and prompts managers to take back assigned assets such as phones or computers. Events and prescribed action steps can be customized quickly for maximum flexibility.

SAP MANAGER SELF-SERVICE

This application provides managers with a single point of access – ending the logons to multiple systems – to organize and manage their employees, budgets, and cost centers. Managers can access real-time information, services, and reports. Efficient, effective, and proactive support for activities requiring access to multiple back-end systems now comes through a single view specific to each manager and with the appropriate security level.

All relevant information is pushed to the manager's attention through a work center that offers the following:

- Up-to-date company guidelines and policies
- Best practices for collaboration across departments, organizations, and locations
- Alerts as a result of key figures that have exceeded thresholds or rules that monitor critical variances or postings – presented in a work list that directs the manager to detailed information about the source of the problem



“Providing business workers and information workers with the data they need to make informed and intelligent decisions quickly is our goal. Our customers want basic, simple, and powerful solutions, and this can be achieved through delivering an easy-to-use interface and hiding complexity in the background. Whether through a portal, desktop productivity tools, or alternative interfaces like mobile devices, the focus is on bringing relevant business context to that preferred user interface.”

Shai Agassi, President of the Product and Technology Group, SAP AG

- Approvals needed for leave requests, travel plans, and shopping carts
- Reminders of key dates such as employee birthdays, anniversaries, or the end of a probation period
- Active decision support via a list of the key figures that the manager has chosen to subscribe to, such as an overview of current attendance figures

EMPLOYEE INTERACTION CENTER IN SAP ERP

The employee interaction center in SAP ERP is an integrated function that delivers help desk information and resources to the desktops of your HR staff. The distributed model allows them to give employees high-caliber customer service while freeing up their time to focus on more strategic, service-oriented tasks. Because your HR staff can work more productively, the employee interaction center can decrease service costs, increase corporate margins, and improve employee retention rates.

DUET SOFTWARE

Duet software simplifies HR activities – especially budget planning and monitoring, and travel management – with easy access to SAP business applications and data via the familiar Microsoft Office environment. The results are improved decision making, increased productivity, improved corporate compliance, and reduced costs for employee training.

SAP INTERACTIVE FORMS BY ADOBE

Because casual users, such as managers and executives, may be unfamiliar with enterprise applications, SAP Interactive Forms software by Adobe transforms paper-based HR tasks into streamlined, automated processes while maintaining the familiar look and feel to enhance and ensure usability. A business process, such as an employee change action, is triggered when data is entered online by a user. A form is routed automatically through each successive step, including approvals, if required. When the process is complete, the HR back-end application is updated. SAP Interactive Forms contains business logic, is self-explanatory, can be completed offline, and can be printed and stored locally. Primary benefits for the HR department are increased data accuracy, better adoption of HR processes, and reduced costs for employee training.

Making information easier to access and act on means simpler processes for every person in your company – creating an even greater return on SAP investments.

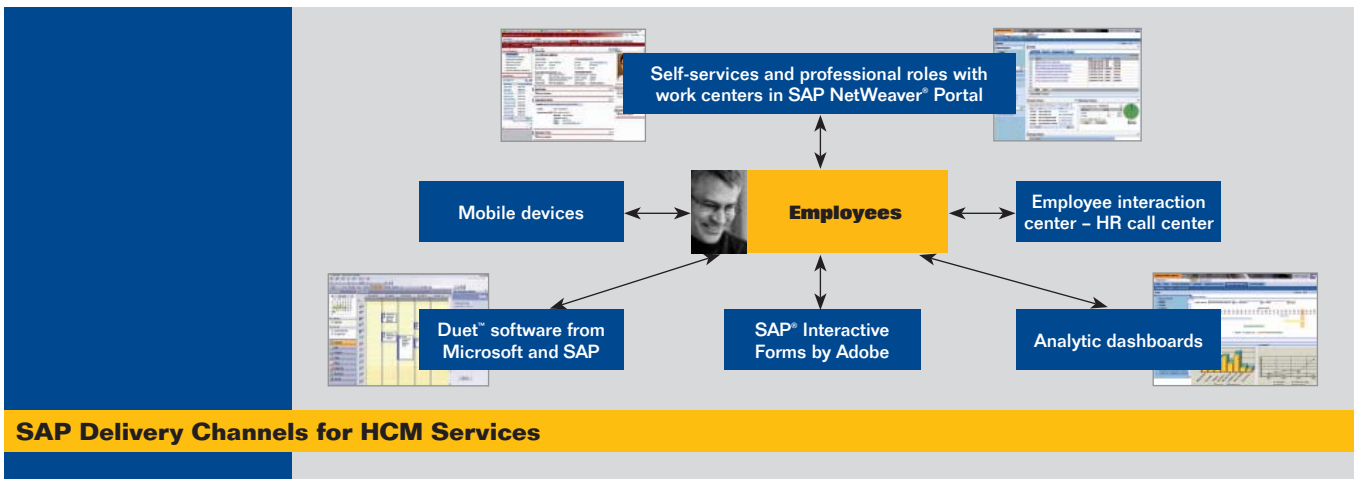


Figure 6: Connected Workforce

6 HCM BUSINESS INTELLIGENCE

SOUND BUSINESS DECISIONS DEPEND ON INSIGHT

In today's competitive business environment, making the right decisions at the right time is crucial. Successful companies spot trends and opportunities faster than their competitors and initiate change instead of reacting to it. Proactively managing and transforming an HR function from "service provider" to "business driver" means determining the human capital drivers of business success and creating a data-driven HR function. SAP provides an unmatched set of tools, content, and access channels to make HCM data available for use in making sound business decisions.

REAL TIME AND RIGHT TIME

Making HCM data accessible to a large number of users in real time means that when a manager initiates a change action for an employee, the new data is in SAP ERP HCM the moment HR activates it. Details retrieved from SAP ERP – by HR, an employee, or a manager – are always up-to-date at any moment, and in any location. Actual and historical data can be obtained at all times, following protocols and authorizations, through multiple delivery channels regardless of a user's location. Access to accurate and real-time data is a prerequisite for making the best business decisions.

DATA INTEGRATION

Data integration is a significant challenge for data-driven HR functions. With SAP ERP, data from HCM is integrated with many other ERP areas, such as financials and operations. Beyond that, the SAP NetWeaver® Business Intelligence (SAP NetWeaver BI) component enables integration of data from legacy systems and external data like salary surveys or spreadsheets. In addition to providing a robust and scalable data warehouse, SAP NetWeaver BI builds the foundation for powerful business intelligence by combining the data warehouse with a set of tools and planning and simulation functionality, and delivering them through user-centric portal technology.

SAP NetWeaver BI integrates data from across the enterprise and beyond, transforming it into usable, timely business information to drive decision making, targeted HR actions, and measurable results.

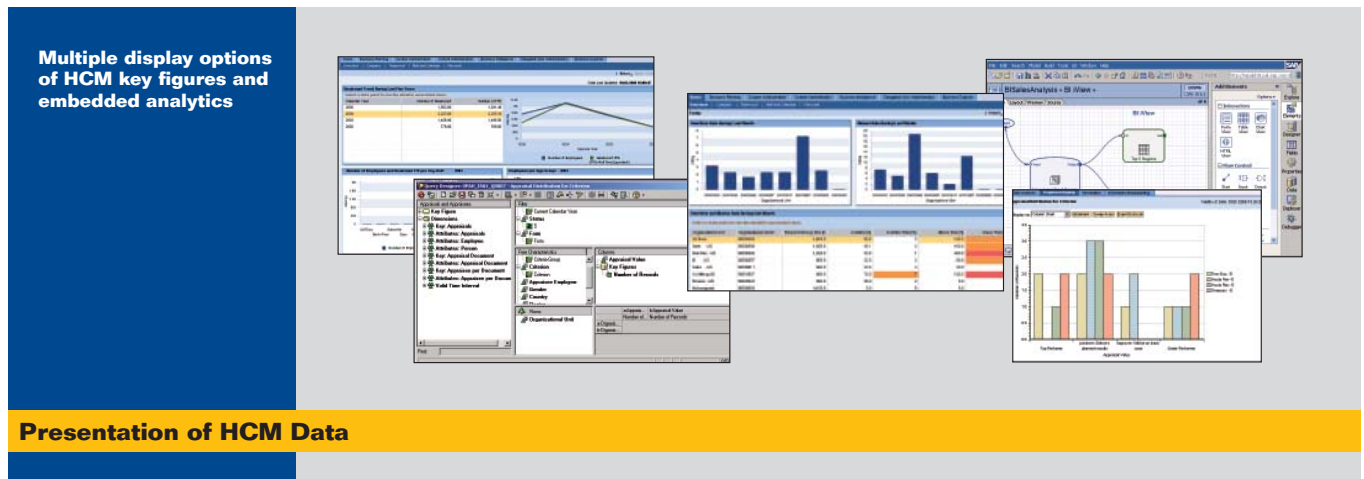


Figure 7: HCM Business Intelligence and Decision Support

PROCESS CONTROL AND CORPORATE COMPLIANCE

HR departments must standardize policies and increase transparency. Employees must be supported by HR processes that follow corporate guidelines, ensuring that all areas of the company comply with strategy and policies. By automating HR processes and making them available to a larger user group through self-services, SAP ERP HCM supports policy-controlled processes and corporate compliance. SAP ERP HCM and SAP NetWeaver BI enable the HR department to be an analytic center of excellence, allowing it to stay in control through auditing and ensuring process and data integrity across all boundaries.

DECISION SUPPORT

Getting the right data to the right people in the right context leads to the best business decisions. SAP ERP incorporates relevant HR and ERP data into work processes and delivers it to the people who need it. For example, a manager knows the cost of overtime for the group and can take action when it influences profitability. When a manager receives an alert about reduced profitability in a critical area, he or she can drill down from the alert to the specific cost driver that created the concern. Data integration and context-sensitive information presented in a useful way makes for sound, timely, and defensible actions.

SAP delivers unmatched HCM content out of the box:

- Over 200 predefined HCM queries
- Over 300 HCM key figures
- 100 templates for standard calculations
- 29 HCM-specific information cubes



“There is a lot of talk about operational efficiency to obtain a leading edge; for us this is evident. Organizational efficiency will give us a competitive advantage. To achieve it, one requires a management model, qualified staff, and necessarily a business intelligence structure, like SAP NetWeaver BI, which enables top management to manage the performance of the organization.”

Cezar Augusto Mansoldo, Managing Director, Petroquímica Triunfo S.A., Brazil

7 BUSINESS PROCESS OUTSOURCING

THE BEST PROVIDERS OF HR OUTSOURCING USE THE BEST SOFTWARE

For a growing number of organizations, outsourcing parts of their HR processes to external providers is becoming an attractive, cost-effective alternative to handling them internally. SAP isn't a business process outsourcing (BPO) provider, but SAP provides enabling solutions and services that are tightly aligned with BPO objectives. Providers whose BPO services are powered by SAP software can deliver industry-leading services that meet our customers' strategic HR goals. Compared with traditional outsourcing services, these can dramatically reduce risk, lower costs, and improve quality.

STRONG ADVANTAGES

By taking advantage of BPO, a company or business unit can focus on business aspects and spend additional time on more strategic initiatives. Organizations can spend time **interpreting** workforce analytic data instead of the hours and days needed to learn **how** to create it. But outsourcing is a partnership – not a commodity service. To deliver continuing, sustained performance, your relationship with a BPO provider must be built on sound business and technology foundations.

By selecting a partner whose solutions and services are powered by SAP NetWeaver, you can be sure of a state-of-the-art HCM solution and IT infrastructure, and industry-specific HCM knowledge and expertise. You no longer have to contend with learning-curve costs and complexities that make change decisions more difficult and less popular to propose internally. Likewise, integration with other applications on the SAP NetWeaver platform means “no worries” access to applications for financials, project management, and customer relationship management.

MORE BUSINESS BENEFITS OF THIS UNIQUE PARTNERSHIP

SAP continually invests substantial resources to further our relationships with select BPO providers to ensure that our joint customers receive first-rate BPO services based on state-of-the-art SAP solutions. No other software vendor has taken a position to support both customers and BPO providers in such a comprehensive manner. The SAP BPO organization is a one-of-a-kind example of SAP's commitment to its customers and BPO providers.

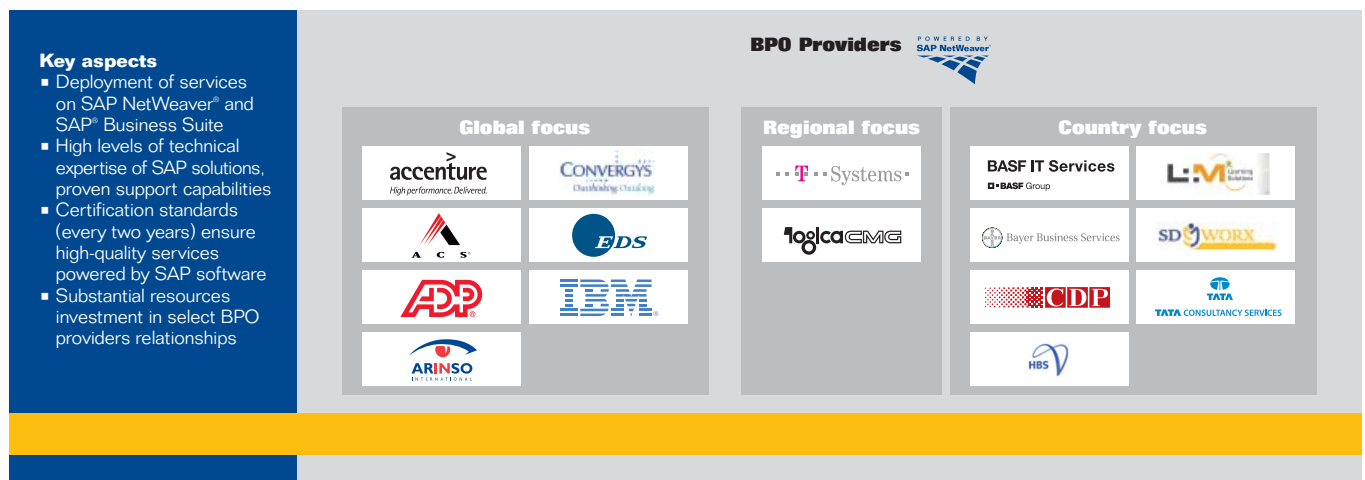


Figure 8: Leading BPO Providers Deliver Services “Powered by SAP”

This unique approach offers the following benefits:

- Six of the nine leading U.S. HR outsourcing providers are SAP partners whose BPO services are powered by SAP software, clearly demonstrating technological and functional leadership and value.
- The SAP program that supports BPO service providers improves overall quality, lowers initial and ongoing costs, and reduces risks associated with outsourcing business processes.
- SAP partners that provide BPO services must meet rigorous standards to provide the level of service you require. In addition, SAP works closely with BPO providers to help them achieve the optimal setup and use of SAP applications in each stage of the life cycle.
- A range of customer deployment options offers flexible licensing terms and the ability to selectively outsource or retain business process areas.

BPO PROVIDERS

The biggest difference between the traditional deployment model and the outsourced model is the move from two stakeholders (SAP and a customer) to three (SAP, a partner, and a customer). SAP partners that provide BPO services bring obvious

added value: HR knowledge, IT expertise, and overall business capabilities, often on a global or multi-national scale. Whatever the best fit for a particular organization, the availability of knowledgeable SAP partners of different sizes and in different industries means the customer can choose from the best options available.

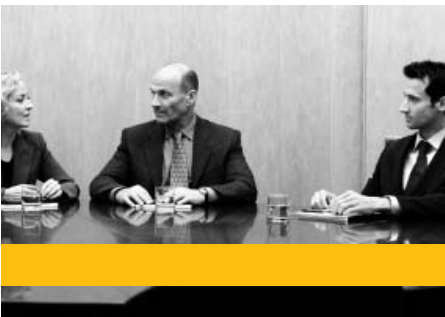
THE RIGHT PLATFORM FOR OUTSOURCING

Technology limitations should not affect a customer's decision on which parts of the HCM function to outsource, or even whether to pursue such a strategy. This is why SAP is investing in support for customers, partners, and other stakeholders to ensure smooth, successful adoption with SAP ERP HCM. Customers reap the benefits of their preferred, global, state-of-the-art HR solution with expertise from the SAP partner network, regardless of the deployment model. Outsourcing enables customers to focus on core competencies and assets while reducing the total cost of ownership of their IT environment and increasing operational efficiency and effectiveness.



“ . . . SAP, a leading provider of business software solutions, has a clear and articulated value proposition to provide BPO-ready solutions to leading outsourcing providers serving this dynamic market.”

Mark Hodges, Chairman, EquaTerra Inc.



“ . . . business solutions such as those from SAP are setting new standards for the [BPO] industry by providing the right business process technology foundations.”

Peter Bendor-Samuel, CEO, Everest Group

8 SAP PARTNER NETWORK

TAP GLOBAL RESOURCES OF PROVEN SOLUTIONS INSTEAD OF LIMITING YOUR CHOICES

Another key ingredient SAP uses to provide value for customers is “co-innovation,” made possible by its strong, loyal, and unparalleled partner ecosystem. Partners such as those in the accompanying graphic enhance the value for SAP customers by providing complementary products and broader access to SAP consultants. Recognizing the importance of this partner ecosystem to both the partners’ and the customers’ mutual success enables SAP to reach its goal of always delivering flexibility, choice, and value.

SAP has more than 30 HCM partners in the United States alone, and more than 60 worldwide. Our customers benefit from the collaborative innovations SAP has pursued with industry leaders such as Microsoft and Adobe. In this innovation ecosystem, new products that no other vendor can offer provide dramatic benefits. A January 10, 2005, article on *BusinessWeek online* highlighted the power of this strategy, saying “. . . SAP has remade itself as the industry’s honest broker. Rather than locking customers into its own products, SAP offers tools that tie competing packages into a seamless whole.”

Seamlessly integrating partner content and services with SAP software increases the scope and value of an SAP solution. SAP understands the importance of delivering and supporting integrated end-to-end

solutions that provide significant value to customers; therefore, partner categories include content, hosting, software, services, support, and technology. SAP allows third-party vendors to deliver complete, technically verified, turnkey software solutions that add unique value. Additionally, content partners offer business-related content syndication or services that complement SAP solutions.

SAP customer InBev S.A., the world’s largest brewer (by volume) with 85,000 employees, enjoys a market-leading #1 or #2 position in 20 key markets worldwide – more than any competitor. InBev called on SAP partner Nakisa Inc. to help expand the company’s global reach.

“By extending the power of SAP ERP HCM with Nakisa technology, InBev has successfully deployed an enterprise-wide solution that is helping us get deeper visibility into our organization structure and workforce. With one consistent global view of our human capital, we are better able to optimize and align with InBev’s enterprise business strategy,” says Peter Van Lindt, the director of people IS at InBev S.A.

Long-time SAP customer Canada Post Corporation worked with TimeLink to create a radio-frequency data collection system to automate reporting in 24 mail facilities across Canada. Real-time visibility into



Figure 9: SAP Partner Network

personnel, hours worked, and costs reduced organizational expenses while delivering better information to workers and raising employee satisfaction levels.

“When it comes to calculating the payroll for one of the largest employers in Canada, it is vital that our time and labor management solution and SAP integration work flawlessly every day. TimeLink worked tirelessly to provide us with real-time, accurate time and labor activity information for our mail-processing facilities. This facilitates the accurate calculation of payroll in our SAP system and streamlines our business processes,” says Cal Hart, vice president of business transformation at Canada Post Corporation.

Rohm and Haas Company produces specialty materials from polymers to chemicals across a range of industries, including automotive, healthcare, textile, and semiconductor. Annual sales of

US\$8 billion come from 17,000 employees and a network of more than 100 manufacturing, technical research, and customer service sites in more than 27 countries. With a global implementation of SAP software in place, Rohm and Haas recognized the strategic importance of keeping over 12,000 employees’ operational skills up-to-date so that they can work effectively with new systems and efficiently utilize best practices. They called on SAP partner SystemLink Enterprise Solutions Inc., a recognized leader and advisor on learning strategy and learning technology.

“The successful implementation of the SAP Learning Solution within our organization required working with a partner that had a firm grasp of our business imperatives and a strategic understanding of learning management at an enterprise level. SystemLink delivered on both,” says Dianne Carmondy, director of organizational development and education systems at Rohm and Haas.



“We needed real ESS/MSS expertise because of our overcomplicated higher-education environment. We chose ERP Solutions because they had a reputation for solving complex HR problems. We found that they know more than just the technology; they know how to deliver results. We are 100% satisfied.”

Theodore Trip, Director, Information Services, Texas State University

9 SUPERIOR TECHNOLOGY

FLEXIBILITY, CHOICE, AND HIGHER VALUE FOR CUSTOMERS

Instead of concentrating on massive platform integration challenges like some other companies, SAP is focused on delivering new functionality and responding to the ever-changing needs of its customers, looking for the best technology to meet those needs. With more money and more resources in R & D than any of its competitors, SAP is charting the future of IT solutions, not solving last year’s compatibility issues. That’s why SAP ERP HCM leverages the newest technology to consolidate HCM analytics, support HCM processes, and deliver HCM services to everyone in the organization.

SAP technology focuses on the following vital elements:

PROCESS-CENTRIC ARCHITECTURE

By eliminating or minimizing the need for custom development, SAP software delivers real business value with its process-centric architecture. Customers have end-to-end support for HCM business processes, grounded in proven best practices, for all participants (employee, manager, HR generalist, or call center agent) each step of the way. Most HCM processes can be supported right out of the box, and easy-to-use tools allow each company to tailor and automate HR processes across the organization. The ability to standardize and audit processes is a prerequisite for corporate and legal compliance,

a mandatory constraint for HR departments today. Process-centric architecture supports talent management best practices that are integrated and interlocking – instead of the typical isolated and siloed components often found in today’s corporations.

REAL-TIME EXECUTION

SAP architecture and technology ensure that SAP ERP HCM operates in real time, automatically communicating any input with all the associated components in a business process at the time of data entry and change. These components perform appropriate actions and validations prior to acceptance, assuring data and process integrity. This means your employees can make decisions or plans based on real-time and accurate data. For example, a manager has access to timely employee data and can take immediate action to a staffing problem.

For all organizations that operate on tight timelines, rapid response is crucial. Shared data in real time means that a manager receives immediate information about terminations and new hires – important timely details for system authorizations, security, and network or facility access procedures. Access to real-time data is an imperative for many core business functions and has to be provided to everyone in the company who needs to make business decisions and proactively manage human resources.

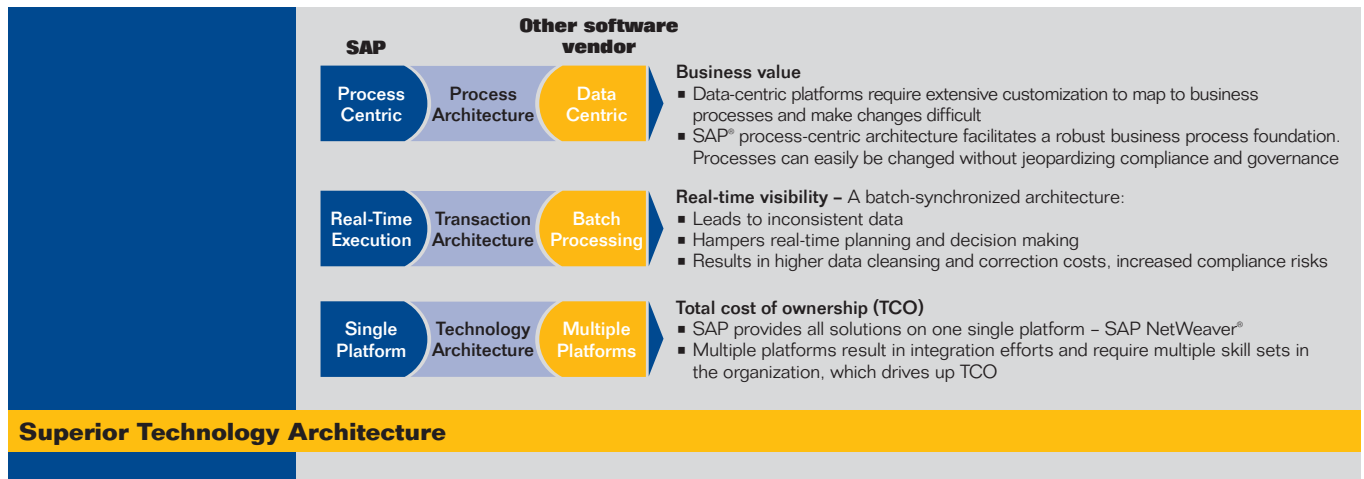


Figure 10: Superior SAP Technology Architecture Provides Flexibility and Choice for Customers and Delivers Higher Value

SINGLE TECHNOLOGY PLATFORM

Using multiple technology platforms for business applications clearly requires different IT skill sets and a high level of integration, both of which drive up costs. Many companies today aim to reduce total cost of IT ownership by consolidating their disparate systems and solutions into a more simplified technology landscape. SAP provides integrated end-to-end business processes on a single technology platform, SAP NetWeaver. Instead of investing resources to integrate HCM in business processes and consolidate data from disparate systems for compliance purposes, SAP customers can focus on generating value to the business.

INTEROPERABILITY AND FREEDOM OF CHOICE

SAP architecture promotes flexibility, adaptability, openness, and a laser focus on superior business processes. It allows organizations to adapt quickly to change and integrate third-party software without

customization. For HR departments, this openness is essential to enable access to data that resides outside their internal IT infrastructure. A recruiting process, for instance, requires secure access to job boards, background checks, and salary surveys. SAP NetWeaver, the technical foundation of all SAP solutions, facilitates access on the fly and permits integration of data from different resources. With SAP NetWeaver, our customers can flexibly and rapidly design, build, implement, and execute new business strategies and processes with reduced risk to existing systems and a fast return on investment. SAP takes business application software to the next level through enterprise service-oriented architecture (enterprise SOA). Enterprise SOA is an architectural approach for service-based, enterprise-scale business solutions, offering increased levels of adaptability, flexibility, and openness required to reduce total cost of ownership. It combines our experience in enterprise applications with the flexibility of Web services and other open standards.



“One of the things we’re doing right now is opening up our technology platform to partners, including developers and integrators, to allow others to build unique applications on top of our platform. This single repository of enterprise services – where the entire ecosystem can leverage our technology – means building solutions for every customer.”

Shai Agassi, President of the Product & Technology Group, SAP AG



“Implementing SAP technology has been a good decision for Statoil because SAP software gives us much better tools for our business processes. Over the last year, many of our employees involved in those processes have asked for more SAP solutions.”

Oystein Helle, Special IT Adviser, Statoil ASA

10 SAFE CHOICE IN A CHANGING WORLD

STABILITY AND INNOVATION WITHOUT DISRUPTION

SAP continues to provide the safest, most stable option in the HCM application market. Instead of losing focus in managing giant mergers or integrating disparate software products, SAP has maintained stable growth through innovation. That is one reason why SAP ERP HCM has a clear product road map and gives customers choices as to how they select, install, and integrate new features and functionality.

SHARP FOCUS

Applications are in SAP's DNA. Over the past three decades, we have built a global organization committed to developing the best enterprise applications. SAP understands how successful businesses are run and how people – and the management of people – support that success. SAP has provided HCM and payroll solutions for over 20 years. By partnering with customers, we have gained a deep understanding of every aspect of managing people in business. That vast experience is documented and available as the SAP Best Practices for Human Capital Management offering to help HR departments become best-run organizations.

CLEAR VISION AND DEFINED ROAD MAP

SAP's long-term strategy and breadth of offerings can ensure successful delivery of next-generation enterprise applications. An interlocking product strategy enables SAP to provide HCM solutions orchestrated with the rest of your operations. Our mission is to support customers with best-of-breed HCM tools and continue to innovate for next-generation applications that meet future demands. And while meeting customer needs today, SAP ERP HCM enables customers to grow and actively manage change as they grow to become the companies of tomorrow. SAP has a clear product road map for SAP ERP, so there is no guesswork on the time frame, technology, architecture, and system requirements.

Moving forward, SAP ERP is shifting to a five-year cycle for major releases to better align with customer adoption patterns. As a result, SAP intends to deliver the next release in 2010.

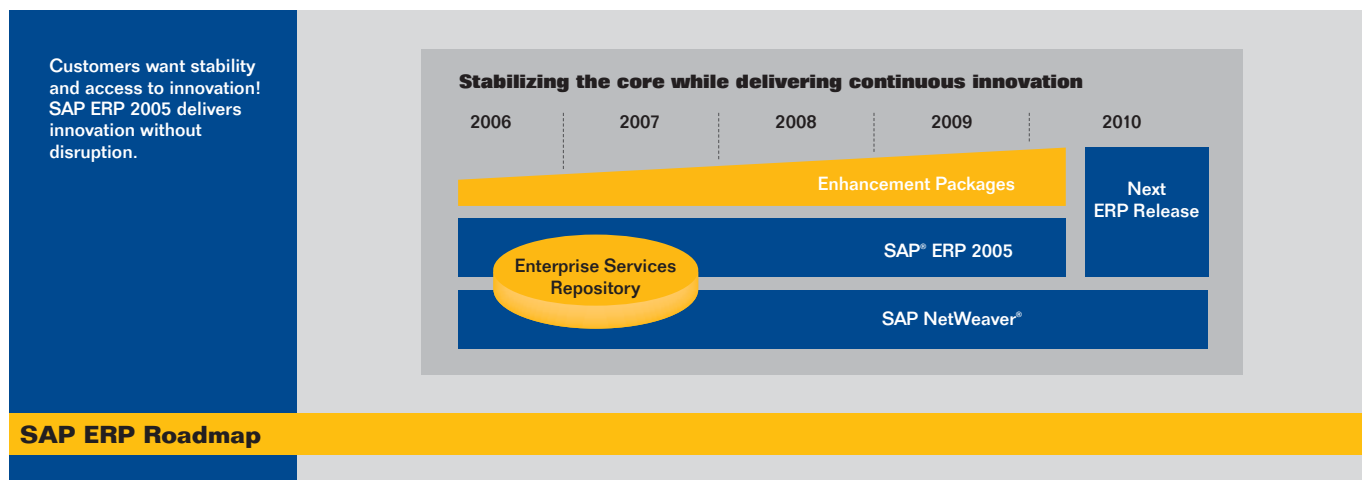


Figure 11: Clear Strategy for SAP ERP

All new functional enhancements to the current release of SAP ERP will be made available as extensions in a series of optional enhancement packages. With enhancement packages, we continue to deliver **innovation without disruption** to SAP ERP customers. This new approach makes it easier for customers to adopt innovations from SAP and is more cost-effective than traditional upgrade cycles.

SAP is the first and only enterprise software provider to leverage enterprise SOA to benefit customers by transforming the way they consume new features and functionality. This evolved delivery model will make it simpler and faster for customers running SAP ERP to adopt new product functionality, industry-specific features, and enterprise services, facilitating continuous business innovation without disruption. It will protect customers from the complexity of multiple upgrades and improve return on investment by providing a single, stable platform for consolidating systems and reducing the number of separate software programs to be maintained.

MARKET LEADERSHIP

The top three analyst firms agree that SAP is the undisputed leader in the HCM applications market. With more than 10,000 customers in more than 110 countries and over 14 million users of SAP Employee Self-Service, not only does SAP provide an HCM solution for more countries than any other software provider, it also shows the best penetration in all industries.

WORLDWIDE REACH WITH LOCAL SUPPORT

SAP has over 2,000 employees in customer service and support in more than 40 countries. Local representatives are available to answer customer questions and provide support no matter the time or the time zone. SAP skills and knowledge – in your preferred language – are readily available worldwide with around 9,000 SAP consultants and over 12,000 certified partner consultants. This seamlessly integrated portfolio of expert business and IT services ensures you a consistent, high-quality consulting offering regardless of your size, geographic location, scope, or industry.

Not only does SAP offer support for all SAP solutions and tools, but it also provides additional, cost-effective support options for other selected business software products through TomorrowNow Inc., a wholly owned subsidiary of SAP America Inc. TomorrowNow is the most experienced third-party provider of maintenance and support for Siebel, J.D. Edwards, PeopleSoft, and Baan software. TomorrowNow support services offer up to 10-year support periods with new fixes, 24x7 product support with a 30-minute response time, quality tax and regulatory updates, highly responsive support engineers, and significant financial savings. Public sector organizations as well as FORTUNE 500 enterprises, midsize companies, and small business from nearly every industry have selected TomorrowNow as their maintenance and support vendor of choice. Visit www.tomorrownow.com for more details about TomorrowNow support services and its clients.



“SAP is one of the best things that ever happened to the University of Cincinnati. Now we have a proven foundation for continuous improvement.”

Dennis Yockey, Project Manager (Business), University of Cincinnati





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