Tilman Au
Managing Director
New Identity AG
Last Updated: Aug 15, 2007

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1	*Hello. I am talking today with Mr. Tilman Au from a company called New Identity. Could you please tell us a bit about your company?*	Yes, New Identity AG is a medium-sized service provider for internet and online portals. That is, we create business to business internet applications for our industrial clients. Our customers come to us, have certain processes from their offline business, from their core business, and would like to have this mapped on the internet. A bank application or a transaction for a booking shop or information systems for employees or the sales force. We look at what this offline process is and how we could map it. Then we start with conceptual design and technical realization.
		Where are you located?
		Our headquarters are located in Mainz.
		And how many employees do you have?
		We are currently employing 45 employees at our Mainz location. They will increase to almost 50 employees by the end of 2007.
		And could you tell us something about your tasks and responsibilities?
		Well, I myself am the executive for marketing and sales.
		In other words, I take care of acquiring new customers, customer care, customer development and my department also includes the entire financial, controlling, operations departments. I was assigned a commercial director who is in charge of operations for said areas, and I am responsible for this accordingly. And in the course of this, I deal with SAP and Business WAN. But the core area of my tasks, in which I myself like to be active, is distribution and marketing.

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2	*Which main business objectives and challenges will lead New Identity to look for a new application solution, such as SAP Business One?*	Well, we did use - as is the case with companies our size that have grown over time - our own solutions, self-made solutions, databases, Excel tables from the company's start almost 10 years ago up until nearly 4 years ago, and subsequently began to purchase additional standard software to accommodate our growing company size, which were things, however, that were used in smaller environments. We then ran the systems on various applications and our question was, up until four years ago, always: Does this make any sense? Does it make sense that to obtain an economic business ratio you have to open seven Excel pages in addition to two additional software programs? You quickly realize that it does not make any sense, and during the course of this we looked around, e.g. precisely during the course of our evaluation for additional growth - does it make sense, is there anything that would fulfill our requirements? If in the affirmative, what would be the cost-benefit ratio, does it make sense to develop this ourselves, we as a software company could have presented or afforded it ourselves. And it was at that time, almost 4 years ago, that we started working on emulation. We looked at various software products and tailored them to our requirements. We then arrived at Business One because we were looking for an integrated application for the areas finances, controlling, distribution, and project management.
3	*What would be the most important objectives that you are trying to reach using your new solution?*	Most of all, of course, consistent data processing, a system that would include all of our commercial data that we could quickly and simply analyze. Secondly, consistent maintenance of our business partners' data; we had different databases where business partner data were stored, and then a better tool for company and project management. Project management plays an important role for us; we are service providers; we work on project basis, and there too, we had to generate better figures quicker and simpler- that is, access and access speed, analyzability and analysis, those were important points we recognized when introducing a new system.

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4	*Which were the most critical eligibility criteria that you established for vendors and solutions?*	We basically had around five criteria that were critical for us. Firstly, does it fulfill the requirements for finance, accounting data, which is a basic requirement, accounts receivable management, liquidity planning, and similar areas; does it fulfill the requirements for distribution, distribution plan, opportunities, preparation, projection, simulation; does it fulfill the requirements for HR, employee management and similar things, and, very important point, as a fourth point, would be project management, project analysis, project management, project administration; does the system fulfill these requirements? For us, this was the most important point because that is our core business, and therefore, of course, a critical item, i.e. how will the sales be controlled, and fifth – last but not least – of course above everything, the assessment, can it be introduced with a sensible cost-benefit ratio; for a company of our size employing almost 50 employees, and with a turnover of just over a million, it is of course of great importance whether the complexity of introducing something new can be managed not only from a financial but also from a change management aspect. That, of course, was a very important point that rose above all the others, and that played into the assessment of the individual factors.
5	*Which specific factors led to the fact that you preferred the SAP Business One solution to the other competitive solutions?*	Well, one point that clearly militated for Business One was firstly its pervasiveness in existing medium-sized businesses, but also the drive attached to the product. In other words, the objective that SAP sets and that you can see in many instances that push the product forward. That built a lot of trust in us in the solution, i.e. the fact that there is a strong partner, a strong manufacturer behind the product, who is able to interlock this program with its standard solution and who will also advance the development programs. So, the manufacturer's name was merely one criterion, but also the fact, that this product meets our requirements with an almost perfect hit rate. So, it was important that the basics be met and that we would have a flexible system using add-ons into which we could integrate our partners' modules. We liked that, too, and are using it today. Well, what I am saying is that there are certain topics that SAP Business One does not specifically cover, and that a partner could complement it or add thereto or be integrated into it, which shows the software's flexibility and expandability it in a very nice manner. So, the manufacturer as well as the software architecture including add-ons and basis constituted two important points for us that we might use so that the basic system could be rolled out in a relatively simply, that it could be configured in a simple way, and that a certain market development stands behind it all as well.

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6 *Could you describe your general experience with the implementation process?*	Our experience with implementation has been such that we - and we know this from other projects - frequently forget to be very detailed, particularly during the conceptual phase. So, it was imperative that we avoid having the problem later - during the launch - that we say: OK, certain individual or specific issues will not be covered. This is why after completing the selection process, and the partner selection process, we made it a priority to have a conceptual phase. We sat down for the first time with the partner and said: This is our current status, we need the analysis today, this is the evaluation we are using today, these are the requirements we have for data storage, preparing an offer, and similar processes, and we defined jointly with our partner what this means for SAP Business One. There is one thing that you should not forget, of course: SAP Business One is and remains a standard software program that you integrate today and then, of course, has to be customized. That must be recognized as well, and we basically developed this with our partner, i.e. which requirements exist for customizing before beginning the project. Because there will be critical effects on the project plan if I don't define certain requirements when it comes to customizing. So, we first discussed requirements, in other words, we finalized requirement management, and then prepared a project plan with several phases defining which individualizations or customizations will be implemented in which phases.

How long did the implementation last and who participated in the implementation process?

The basic implementation took - let me think - I would say, it took around seven months. But I must emphasize here that you can get this done a lot faster. SAP says that you can realize it within three months. Let me be honest with you, that is not necessarily my focus when it comes to implementing. I just spoke about requirement management - in other words, this phase must be relatively clear and clean and must be executed in a precise manner, i.e. you need to take your time for joint workshops, and the workshops must be reflected in the results, the results must be evaluated and I need to tell the partner what that means for the project when looking at the expenditure. I am sure that these seven months can be sped up. Well, we took our time - basically from the selection process on through to the project's launch - which was almost 1.5 years. When we made a decision in May 2005, we were basically online by end of 2005, that is, we were able to fully use the software at the beginning of 2006 for the first time. A period of almost 7 months for implementation, for the implementation project. It was clear from the beginning that we were dealing with a project involving several phases. Well, we basically completed the last phase of this project almost three months ago. But this phase does not have too terribly much to do with SAP; it was more about customizing the special adaptation that we are performing on this software to improve our core business operations. |

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7	*Which were the most critical challenges you faced during implementation? Which problems arose and how did you solve them?*	Well, an important point was importing legacy data, and I must admit that we overestimated our capacity to a certain degree. And we felt - how should I say this - that we did not receive the best of consultation services here and there from our partner. We decided to merge our master address files with SAP inventory that you can absolutely not count at this point, because we have a large amount of multiple data administration. Those are data from campaign management, address data from Exchange and also RQ data. The result being, of course, that we have to synchronize the data bases back into Exchange; this import, i.e. this merging of legacy data coming from several data bases can be tricky at times. Plus all that in connection with Excel importing and exporting; the adjustment was performed automatically. It was quite a major challenge. We underestimated that in our project plan. We could not have foreseen that - the bottom line is that we found a good solution, but that was a stumbling block. We recognized that it was going to take more time than originally planned. That was one thing. The other thing was simply having ideal data management; well, our problem was that we were using a legacy system until the end of 2005, and that all of our projects eventually end, i.e. they run for one year and then drop out. That meant that we had to create our existing contracts in a parallel manner and move them as such accordingly; in other words, we had to move them over and create them for hours. That was simply a lot of hard work; it was not particularly critical, but it was something that is not to be underestimated. Accepting legacy data, initializing the system using data that was something that we underestimated time-wise.
8	*When taking into account what you know now, and what worked well, what advice would you give someone who is initiating this type of project?*	The most important thing in my opinion is the requirement phase, that is to make detailed lists of what I need in terms of individual requirements for realizing the software, with respect to input masks, analyses, reports, perhaps adaptation of workflow, configuration. And then there are points where I - as I said earlier - where we put in a lot of effort and took a lot of time, and despite this I could see how this could potentially have been further optimized before implementing the product. This workshop was for entering my requirements for the database log and clearly defining what had to be customized. That is a critical point. SAP Business One is and remains standard software, that means I can integrate it into the system and make it run, but it will never totally fulfill my requirements. Conversely, it will meet 120% of my requirements, or software potential, only if I reflect on what I can customize in advance. Because you can customize a lot. And the add-on strategy, etc. should not be underestimated; you should use this potential. This is why requirement management, in other words defining our requirements and matching with them what the software can do, and following the internal project plan are critical because they are frequently underestimated. And I see the great potential of that because it significantly improves the software's usability.

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9	*How would you generally describe your experience using SAP? Please provide us with some concrete examples and your experiences.*	The cooperation with SAP, its partners was most professional, I must say. SAP has a wide partner network, there is a lot of basic information, the software's documentation is comprehensive, you can resort to an excellent base of operations. In addition, I must say that we had a partner who took excellent care of us, it was very comprehensive, and he pointed out stumbling blocks early on in the process. When looking at that I would say about our experience with SAP, particularly with respect to the introduction and the flow of information, the sales policy was excellent, and will clearly continue to help us.
10	*How quickly did the users get used to Business One, and how did they react to the new system?*	We needed four weeks for the difficult introductory phase, that is, people have to use the system and they are indeed using it - until there was general acceptance, and after the general familiarization phases were over. But I want to clearly state that the acceptance phase for a totally new system, starting from the time when new projects are designed, will be three to six months. You have to accept that, but I think that that's a totally normal thing. Generally, they can set up the system, they can use it, and they have a good understanding of the software, at least in our company. So, it will not take more than two to three weeks until productivity is restored. But the finer details, the time it takes until people can really use all of its potential, all of the details, that takes three to six months - and you have to allow for that. It's a normal process. After the training provided by SAP and the partner was complete, we always scheduled the appropriate post-training courses where people received desk practice lessons internally or where the respective project manager was trained again internally by the implementation team. And even today, we meet on a regular basis with our partner to tailor the current state to what we need and for additional training.

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11 *What kind of measurable overall efficiency were you able to achieve implementing SAP solutions and how long did it take after implementation until these advantages made their mark?*	Measuring total efficiency is always a difficult thing. I am sure that many managers know this. I have soft factors, etc. that must be assessed. I would like to give different examples, I would like to say that we needed almost 15 days before introducing the appropriate SAP Business One modules for processing invoices at the end of the month. That means that until people recorded their hours in the system, and the hours recorded in the system were presented to the project manager, who performed corrections in the activity report notes, which notes were then sent to the financial manager, and the financial data were then entered into the invoice, and then the invoice was sent out. This took 14 to 15 days. Today, invoicing and the entire process takes four hours. And those are professional advantages. I always say that that has an effect on the mentality, because you have to automatically obtain a release process in the system for the hours, that is, the project manager automatically releases the hours to the employees right after they were entered or in certain intervals, and when the employees push the button on the first of the following month, they immediately receive an analysis that suggests what needs to be settled. You can push "invoices" and a complete invoicing run will be performed and all the invoices will be printed out. This is something, for instance, where I must clearly state that it's a huge asset. There are other topics. Let's take generating bank exchange mailing lists for account statements. That was double work for us before. The bank program significantly simplified this. For example, when you look at the generated reports I can see my project immediately, who booked in it, how many people were entered, which coverage amount was allocated to the project, how many hours will still be needed for the project. That too, was not possible in such a simple manner. The list of improvements, strategic improvements, is a really, really long list.... It covers customizing, we customized a lot, we looked at specific add-ons, and we continue to do that; you just have to continuously adapt the system to the requirements.
12 *Were you able to determine any advantages that you did not originally expect when creating your selection plan?*	Oh yes, lots. As I said before, the invoicing speed, the management of mailing list contacts, the overall number of business partners in a system. I always say that the link to Microsoft Outlook, the release workflow for offers - we did not have any of that before. The Opportunity module itself is very comprehensive, but so are also the budget possibilities in finance - something we did not see in that way at all. Projects are basically worked out as we had imagined, but there were numerous surprises in SAP's core area itself. And what I also deem to be a major change is the query generator in which you can build many simple queries without knowing much and you can then use them automatically.

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13	*When looking at the total costs of implementing SAP Business One: How does it compare to the total costs of your old system?*	That is hard to say, because we did not have an integrated system before, only end solutions. Purchase costs were lower -- because they also were internal solutions. But, I have to say that we did not even come near covering performance width with those solutions. This is why I need to clearly state that I cannot make a comparison here, as it would be impossible considering the facts. I can only say that you have to assume that you can easily double your total cost budget for implementation - which is something we did and which I recommend to anyone who wishes to have partner support during the first phase. We did this because, frankly, at least in our case, you want to do it right - I would say we did it well and we were successful, and we are still happy with the results one and a half years later - then you have to factor in that there will be a need to expand, that there will be a need for customizing and not just pure software implementation. This is what I can tell you as far as costs are concerned.
14	*Are you planning to implement additional SAP solutions - and, if so, why?*	No, no additional ones. We will, and we are doing so at this time, integrate additional add-ons available from SAP our software relatively quickly. We have been doing so up until now, and now we would like to integrate a financial planning tool into the software, which SAP does not yet offer - for forecasting and simulation. We have purchased additional add-ons for addresses as a supplement. In other words, additional partial areas continue to be moved into SAP. But a further, classic SAP solution is not being considered. Add-ons and expansions, though, are being continuously ordered.
15	*Could you describe your experience with customer support after the implementation process?*	Yes, customer support after implementing the software was generally OK. We purchased a maintenance agreement. Basic implementation worked out well anyways with respect to support. I always say that there are some people, particularly when it comes to expansions, who need to be shown what's best for them. We also have experience with this from the customer's perspective. It's the service provider, the partner, who proactively comes up with hypothetical situations and who says, you could do this, too, others are doing it, in other words, competition is used as a comparison. But general customer care is OK - fast, reliable, and accurate. The error rate is also quite manageable. So for me, I am more interested in proactivity and consultation. And you will have a little bit of a problem here with any partner, because people initially look at the product and the product's ability to run, and not on that what they could optimize beyond that.

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16	*How would you react to the statement that SAP is something for large companies only?*	Well, I would say: Not true. Our case speaks for itself. A company with 50 employees, 30 people, implementation costs were reasonable; SAP even made us a cost effective offer. All in all, this implementation cost us perhaps Euros 50,000 to 80,000. Add internet expenses to that. But that is a manageable amount covering two years, or almost two and a half years. So the software – SAP Business One Edition – is absolutely tailored to the requirements of small and medium sized businesses. So, it's simply not true. Classical modular world, SAP R3, is another topic. But SAP Business One is a module that is easy to get into, that offers growth potential including links to R3 should you need R3 at a later point, but that won't be the case for us. So, I can only tell you that SAP Business One is a realistic alternative for small or medium sized operations.
17	*Are you happy with the SAP solution you chose? Please summarize the most important reasons.*	We are very happy because we purchased a product that met our requirements right from implementation - and even exceeds them, I must say. We have been able to do a lot more than we had ever imagined. During this individual phase and looking for improvements during continuation, i.e. which new add-ons are there, what can we improve? But our requirements were met, there are of course a multitude of software partners with whom you can exchange ideas, and whose know-how you can use. There is also a huge market for partners. That is a very important factor: the software is widely recognized on the market; they are developing add-ons. All these are things where we have to say that we are very happy with both the solution and implementation.
18	*Are there areas within the solution that SAP need to improve, in your opinion?*	Well, there is always room for improvement or optimization. General usability and usability for the individual masks could certainly be improved at times. It does not work in a consistent manner in all the program modules. Sometimes, you open a window and you are in search mode, sometimes it's in enter mode, the field arrangement, their names, well, usability as a whole. The desktop could be improved. But that is the case with all software products that grow over time. That is an important issue in my view. There is another request I would like to make, apart from the solution: add-ons. There are numerous companies out there that produce SAP add-ons - supplements, expansions, improvements - these so-called add-ons can be integrated into Business One. Currently, there is no centralized overview of all of these add-ons in any way. As of today, I, as a customer, cannot find out what is available when I tell them that I am interested in this or that area, and that I would like to know about the add-ons in such and such areas. I have to do the research on the internet, I, myself, have to search – that is an area that could be improved. But, otherwise, I would say that customer support is excellent and that there is more of a usability / application issue; I must say, however, that this is really of little importance for the hardcore employees in our planning department.

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19	*In closing this interview, please briefly summarize the biggest challenges or problems you faced prior to implementing Business One and the key differences that SAP Business One has made to your business.*	The biggest challenge consisted in identifying what we had to change, what kind of processes exist in our company, in what form did they exist thus far, at least on paper, and what can we digitize and map via SAP. So, first you have to take inventory, define the processes, if they haven't already been defined, and then there's the question, how do I map them with SAP. The entire analysis phase was a major challenge during the implementation as I said before, taking over legacy data and initialization and project management within a larger project team. Those were the major challenges, individual change management during implementation. The most important improvements: I already mentioned some examples, the speed with which we can analyze data nowadays, to inventory, to combining various topics, project hours that depend on sales, as well as things stemming from free worlds basically from a start or to draw from project management or sales in relation to certain opportunities, from leads, from different module worlds, combined data analyses - that is a clear advantage. The improvement in billing time, the improvement in the time it takes to send outstanding payment notices, accounts receivables management are all further advantages in addition to totally digitized process management, which is also a central key advantage for our success.