

Project HV-SAP (R/3)

Profit Potential

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General

• Temporal profit component

- immediately attainable profit
 - self-dynamically by IT employment
- subsequent profit
 - due to rollout extent
 - exhausting the functionality
 - further module employment
 - accompanying organisational and legal measures
 - exhausting functionality of software

• Variability of the profit

- assessable, qualitative and strategic profit

Assessable profit - 1



• Personnel in the bookkeeping department

- Closure of the transmission places (potential approx. 130 employees) and reduction of the personnel in the clearing houses (approx. 300 employees) of the bookkeeping departments
- proportionate pension -, overhead- and occupancy costs
- monetary annual extent approx. **EUR 16,2 Mio.**

• Personnel within the apron range

- Reduction of the process - and communication times in the procurement for 1 million business operations (potential approx. 1000 employees)
- Integration of the other expenditure processes and the promotion conduct (for lack of numbers and quantities potential is not yet determinable)
- proportionate pension -, overhead- and occupancy costs
- monetary annual extent approx. **EUR 21,4 - 36 Mio.**

Assessable profit - 2



• improved liquidity management

- improved use of payment terms (Basis EUR 436 Mio.)
- flexible handling of payments instead of daily mechanism (Basis EUR 18,2 billions)
- improved daily liquidity (Basis approx. EUR 36,3 Mio. daily less)
- more efficient raising of federal revenues (Basis approx. EUR 11,6 billions)
- monetary annual extent approx. **EUR 11,5-15,4 Mio.**

• Reduction of property resources


- Output-reduction
- Omission of print species
- space requirement
- monetary sum **EUR 0,87-0,94 Mio.**

• Prevention of the self-development **EUR 3,3-4,4 Mio.**

• Institutionalisation of profit evaluation/collection

Assessable profit - Summary




	Annual		Once
Personnel/Accounting	EUR 16,2	Mio	
Personnel/Apron	EUR 21,4	Mio	
Liquidity management	EUR 15,4	Mio	
Prevention self-development			EUR 3,4 – 4,4 Mio net
Sum	EUR 53 Mio		EUR 3,4 – 4,4 Mio



Costs / Benefit - Summary

♦ Costs (in Mio EUR)	bis 2001	2002	2003-2007	Sum
• Project costs	26,82 – 29,72	1,89	6,18	34,88 – 37,79
• Costs of operation	5,23 – 8,72	2,83 – 4,29	14,17 – 21,44	26,16 – 33,14
Costs - Sum	32,05 – 37,14	4,72 – 6,18	20,35 – 27,62	57,12 – 70,93

♦ Profit (-potential) (in Mio EUR)	1998- 2002	2003-2004	2005- 2007	Sum
• Substitutive profit yearly 64,53 – 68,53 Mio	43,02 – 45,71 (per 1/3)	86,04 – 91,35 (per 2/3)	193,60 – 205,59 (total)	4.322,67 – 342,65
• Complementary profit	32,70 – 37,06	6,69 – 8,87	10,03 – 13,30	49,42 - 59,23
• Strategic profit	Not considered			-
Profit - Sum				372,08 – 401,88
Net – Profit (10 Years)				314,96 – 330,95

Qualitative Profit - 1

- State of the art
- Standardised household- and account system
- Standardisation of the administrative/business processes
 - Procurement process (local/central)
 - Other expenditure-sided processes
 - Grant of development funds
 - Emerging of claims
 - Budget planning/compiling/allocating
- Basis for NPM and continuous re-engineering
- Controlling-Support
 - Information- and Warning system
 - Budget status/development/forecast
 - Performance/procurement/supplier controlling



Qualitative Profit - 2

- Example at a procurement process

Process-contents	Ideal-Actual	Ideal-Target
Number of process steps *)	25	14
Org. Interfaces *)	6	4
Media breach	5	1
Number of employees *)	ca. 15	ca. 7
Number of Roles	ca. 20	ca. 10
Cycle time	approx. 12 days	approx. 6 days
Process time	approx. 44 min.	approx. 30 min.
Space/time override for communication *) = each with 5 minutes]	approx. 225 min.	approx. 110 min.



Qualitative Profit - 3

•Increase of Conduct security

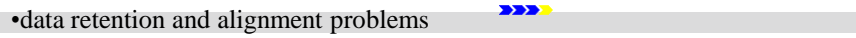
- different roles
- observance in the operational sequence for each case of business secured

•Improvement of the data topicality and quality

- decentralized data acquisition secures earlier information
- more comprehensive information about the payments preceding the procedures
- documentation of the budgetary scope for discretion in detailed time view
- by cash inclusion nearly 100 % up-to-date information
- code integration

•Avoidance of isolated solutions

- developing costs, ceased costs
- missing integration during the total process
- data retention and alignment problems



Qualitative Profit – 4

•Support for revision mechanisms

- Internal revision and RH
- Access to results and single documents



Strategic Profit

•Implementation of e-Procurements

- On basis of the procurement procedures approx. 36,34 million EUR profit potential
- European-wide the public procurement volume ranges with 12% GDP, thus the European Union intensively deals with this topic, too

•All-electronic exchange



- On basis of 2 million documents approx. 8,72 million EUR profit potential
- Coverage of all economical requirements of the Federation
 - After model of the Swiss Federal Government (government resolution)

Profit - Example

The study of a Finnish consulting firm
(www.hansel.fi) concludes:

„Difference in procurement transaction process cost
traditional versus *electronic*

\$ 150 ►►►► \$ 6 „



Profit - Exampel

From American experiences it is well-known that vendor costs in connection with e-Procurement provably can be reduced up to 90% .



References: Texas Instrument, Pacific Teleses, Long Iland Medical Centre, Defence Department, ...
