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SAP

How can the XaaS business model drive innovative growth for your services, software or digital content business?

Innovate and grow in the digital economy by combining technology with expert knowledge.

Professional services firms, cloud software companies and digital content providers all package knowledge and deliver it to customers in unique ways to solve problems. For example, software companies develop cloud-based solutions that are implemented with customer projects. Professional services firms deliver expert-led client engagements, use digital tools to accelerate that work and also create cloud-based, leave-behind solutions that continue generating value for their clients (and revenue for them). Digital agencies and publishers develop content as part of a campaign or project that can be monetized first as a project, then on the views or clicks by users accessing the content.

These different types of companies all strive to productize their services while they solve unique problems for each customer. This requires tight coordination of project-based, contract-based and cloud-based digital services, and the ability to bring these together into an overall solution framework. These can be monetized in various ways, including time worked, project milestones, business outcomes, software subscription fees, service-level agreement contracts, or even content access or clicks. Doing this means managing multiple business models in concert and measuring margin and other KPIs consistently across them.

The market increasingly refers to this combination of digital and traditional services as *anything as a service* (XaaS).

Challenges

While many of these companies want to grow their businesses by enabling new delivery models and revenue streams, their existing business processes and systems were not designed to do this. Professional services firms still use systems built to manage time and expense projects but face challenges when accounting for outcome-based fee structures and digital solution subscriptions. Software companies that once sold perpetual licenses struggle to account for cloud subscription and usage-based fees, and they have difficulty bundling their products and services into larger solutions. Digital agencies must do all this while also monetizing their digital content. Bringing these streams together in a consistent way is not easy with most existing business applications and requires modern business solutions built to do this from the ground up.

Also, many of these companies—especially fast-growing firms, but also traditional firms—must first solve basic challenges like enabling customer projects end to end with tight integration to financials and resource management. And many

companies struggle even getting control of core financial compliance, order-to-cash and pricing processes in their current systems. They need a business application that can grow with them, first by solving their immediate more basic needs today, then extending when they are ready to cover broader operational requirements. Many of these businesses are midsize companies that are rapidly growing but don't have the IT staff to assemble existing business solutions—each of which can enable part of the process—together into a cohesive whole.

How can SAP help you adopt XaaS and innovate on the fly? SAP has recognized the specific needs of midmarket service and software organizations and created GROW with SAP especially for them.

SAP has built GROW with SAP as a full SaaS ERP offering upon its longstanding market leadership in ERP. It includes best practices to help services-oriented firms achieve an easier, simpler and more efficient path to XaaS, including the ability to more efficiently deliver projects today.

Overall, GROW with SAP provides a best-in-class cloud ERP solution designed to modernize business processes, enhance productivity, lower costs and provide the services to go live with speed and predictability, and the ability to drive continuous innovation.

Let's have a look at the key features:

- Comes with preconfigured services industry best practices, ready to onboard new business processes such as XaaS, subscription billing and pay-per-use models on the fly. It is optimized to help services companies understand the real-time pulse of the business with powerful data insights such as project margin, resources utilization, profitability and more.
- Provides an easily configurable and adjustable cost and pricing scenario to better calculate projected profitability and help realign proposals to fit within a client's budget.
- Facilitates quicker, easier project setup, while delivering more accurate estimates on staff resources required to deliver the project on time and on budget.

Here is an example how one services provider achieved benefits fast at global scale.

Conclusion

Midsize service-centric organizations face both blessings and challenges. On one hand, these organizations boast a solid service offering, a loyal customer base and a vision to grow. On the other hand, they often face challenges from larger competitors at the high end as well as opportunistic startups.

When adopting an XaaS model, it's crucial for services companies to seek a technology partner they can rely on.

This implies that midsize service, software and digital content firms need to channel their talent and energy into what they do best: innovating with new digital products and services. XaaS emerges as an excellent solution for midsize services firms.

When adopting an XaaS model, it's crucial for services companies to seek a technology partner they can rely on. SAP, a longtime leader in ERP, has now committed to helping midsize services companies grow and innovate at their own pace and in a sustainable way, as demonstrated by this customer. The GROW with SAP offering is purpose-built to assist services firms in automating and enhancing their core business processes using a cloud-based ERP platform.

For more information about SAP's ERP offerings for services companies, including GROW with SAP, please contact your SAP Partner

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