

# What is SAP? [ Part 1: SAP Fundamentals & Basic Navigation ]

Part 1 of 5 covering the basic concepts of SAP including basic navigation.

*In this reference...*

## What is ?

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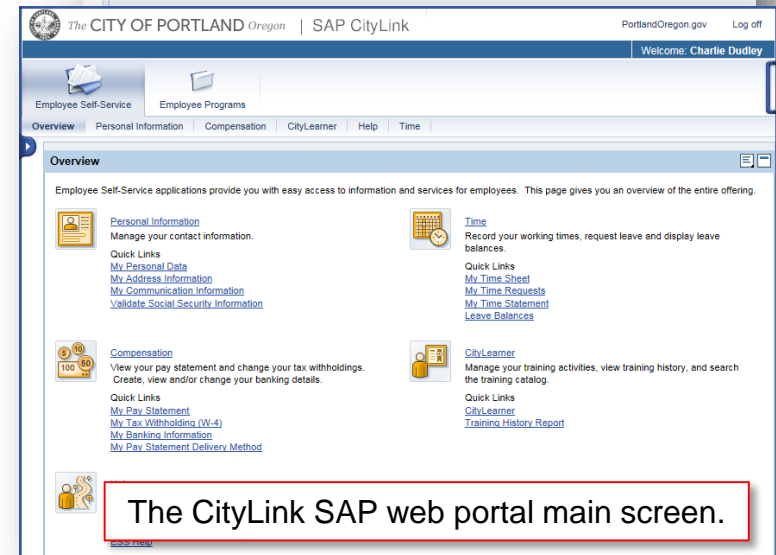
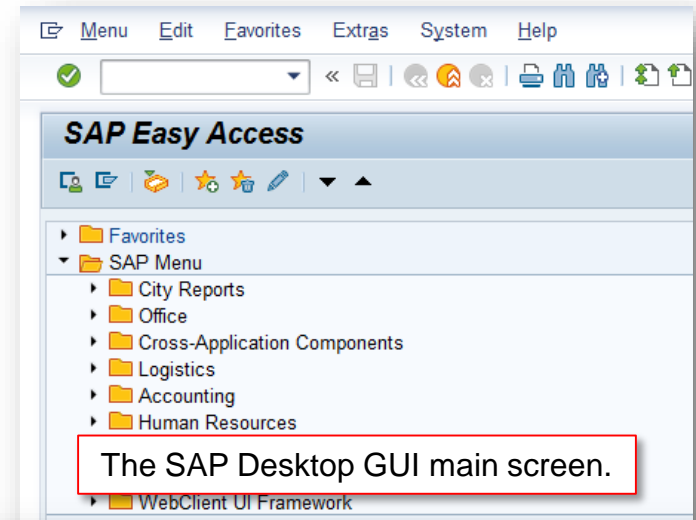
1. SAP stands for...

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SAP the company was founded in Germany in 1972 by five ex-IBM engineers.

The name **SAP** stands for

*Systeme, Anwendungen,  
Produkte in der Datenverarbeitung*

which - translated to English - means Systems, Applications, Products in Data Processing.



SAP Headquarters, Waldorf, Germany

**SAP is an integrated business software package** to process all functionalities of an organization in order to obtain a unified solution.

**The original SAP idea was to provide customers with the ability to interact with a common corporate database for a comprehensive range of applications.**

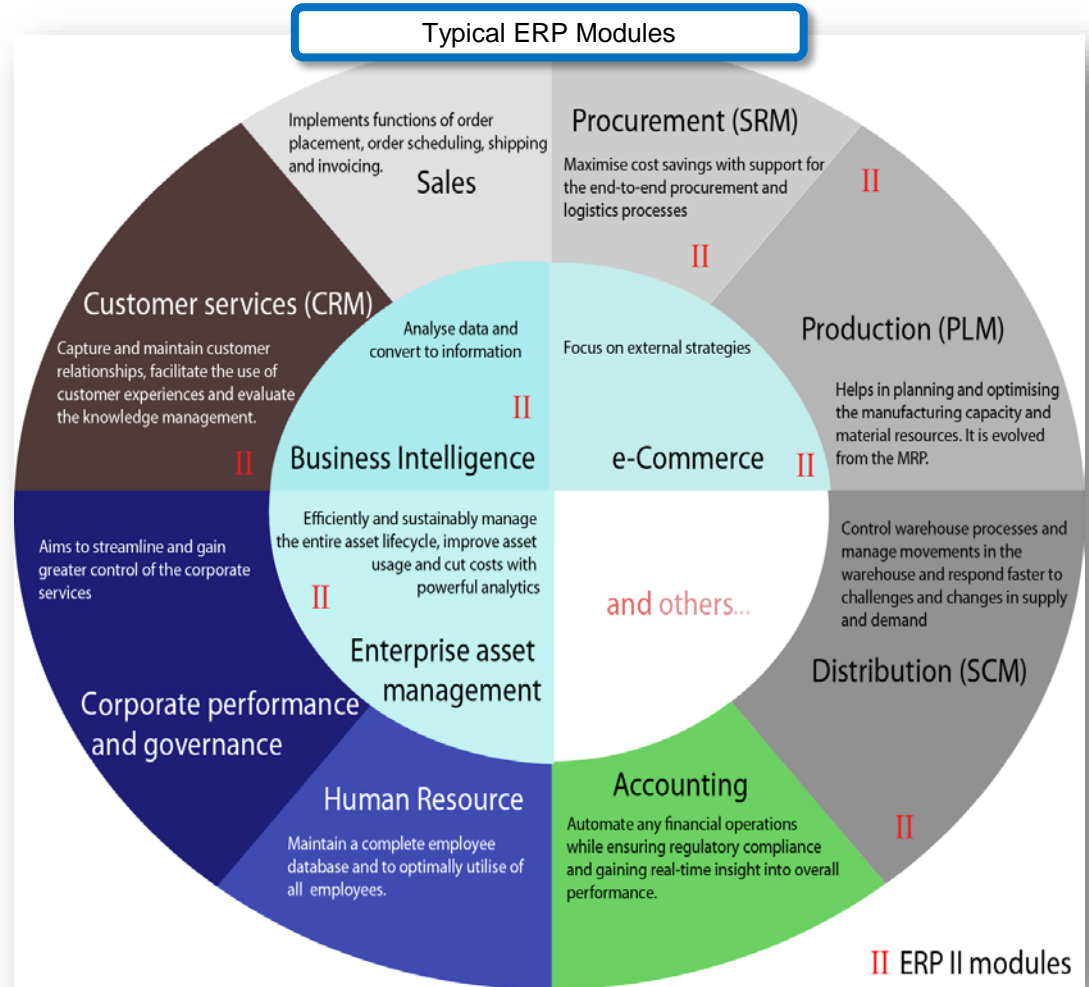
Today many corporations, including IBM and Microsoft, are using SAP products to run their own businesses.

SAP's integrated products are known as "ERP software."

## What is an ERP?

**E = Enterprise**  
**R = Resource**  
**P = Planning**

ERP software is a category of business-management software—typically a suite of integrated applications (a.k.a. modules) —that an organization can use to collect, store, manage, and interpret data from many business activities on a single, shared database.



## Business Process & Business Process Integration: What's the Big Idea?

### Business Process

A business process is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers.

It may often be visualized as a flowchart of a sequence of activities with interleaving decision points or as a Process Matrix of a sequence of activities with relevance rules based on data in the process.

Examples of business processes include: receiving orders, processing vendor invoices, managing grants, processing payroll, updating employee information, or budgeting.

An end-to-end example from the world of manufacturing illustrates the steps in a business process. Adam Smith (*The Wealth of Nations*) illustrated the concept with the example of the production of pins:

“One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a particular business, to whiten the pins is another ... and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which in some manufactories are all performed by distinct hands, though in others the same man will sometime perform two or three of them.”

## Business Process & Business Process Integration: What's the Big Idea?

### The Big Idea: Business Process Integration

In SAP, Business Process Integration means mapping the existing business processes of an organization to the SAP software modules & – this is key – integrating the modules of SAP with one another once configured to the existing business processes. This has the benefit of standardizing the business process as well as automating some older, manual tasks and/or paper forms.



One automation benefit, for example, is calculations done in the background. By putting payroll time schemas into an automated system (SAP) the employee can enter their time remotely, the SAP system automatically calculates and stores pay information, and any errors are flagged for correction by HR before payroll checks are printed.

## Business Process & Business Process Integration: What's the Big Idea?

### The Big Idea: Business Process Integration

Taking our payroll example one step further helps illustrate the fundamental purpose of having an ERP system. Payroll does not stand alone in an ERP but is integrated with accounts payable, cost accounting, budgeting, and other finance modules so that data collected in one part of the organization (HR) can be seen and used by another (Finance).

The fundamental advantage of an ERP is that the integration of myriad business processes saves time and expense. Management can make decisions faster and with fewer errors. Data becomes visible across the organization (reporting).





## Functional Areas of SAP

The following “modules” are part of the SAP implementation at the City of Portland. We have mapped each module to our business processes and configured the modules to **integrate** with one another. This forms the common database and reporting that make using SAP so advantageous and cost-effective.

### Finance & Logistics

- ▶ AP Accounts Payable
- ▶ AR Accounts Receivable
- ▶ CM Cash Management
- ▶ CO Controlling
- ▶ FM Funds Management
- ▶ FA Fixed Assets
- ▶ GL General Ledger
- ▶ GM Grants Management
- ▶ MM Materials Management, Procurement
- ▶ PS Project Systems
- ▶ PSCD Public Sector Collections & Disbursements
- ▶ SD Sales & Distribution
- ▶ TR Treasury & Risk Management

### Human Capital Mgmt.

- ▶ BN Benefits
- ▶ FML Family Medical Leave
- ▶ LSO Learning Solution
- ▶ OM Organizational Management
- ▶ PA Personnel Administration
- ▶ PY Payroll
- ▶ TM Time Management
- ▶ HCM Processes & Forms (P&F)
- ▶ Employee & Manager Self-Service (CityLink Portal):
  - ▶ Time Entry
  - ▶ Time Review
  - ▶ TriMet Passes
  - ▶ Deferred Compensation
  - ▶ Employee Personal Data
  - ▶ CityLearner (Training Catalog & Registration)
  - ▶ P&F Landing Page (Entrypoint)

### Enterprise Asset Mgmt.

- ▶ REFX Flexible Real Estate
- ▶ PM Plant Maintenance
- ▶ MS Mobile Solution
- ▶ IN Inventory

### Reporting

- ▶ SAP Standard Reports
- ▶ Business Objects (BOBJ) Reports

## Advantages of an ERP System Like SAP

As has already been mentioned the fundamental advantage of an ERP is having all or most of an organization's business processes and data in a single system.

The integration of myriad business processes saves time and expense. Management can make decisions faster and with fewer errors. Data becomes visible across the organization.

Tasks that benefit from this integration include:

- Chronological history of every transaction through relevant data compilation in every area of operation.

- Revenue tracking, from invoice through cash receipt
- Matching purchase orders (what was ordered), inventory receipts (what arrived), and costing (what the vendor invoiced)

ERP systems centralize business data, which:

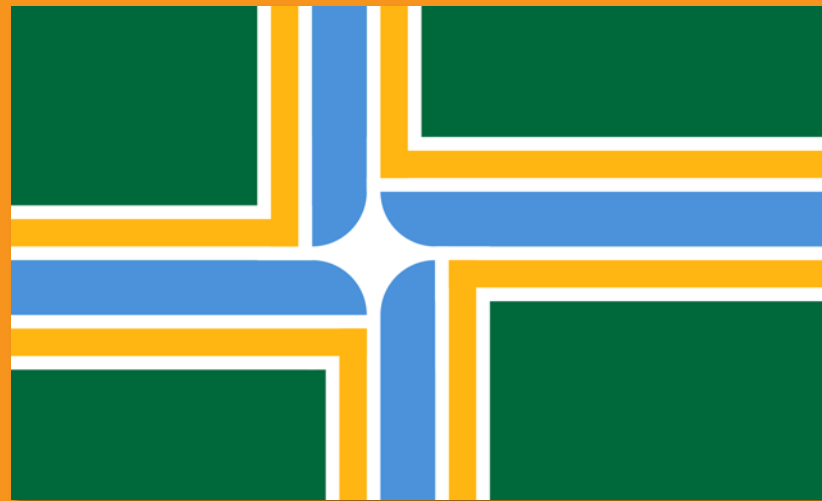
- Eliminates the need to synchronize changes between multiple systems—consolidation of finance, marketing, and human resource applications
- Facilitates standard product naming/coding
- Provides a comprehensive enterprise view (no "islands of information"), making real-time information available to management anywhere, anytime to make proper decisions
- Protects sensitive data by consolidating multiple security systems into a single structure

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## Benefits

- ERPs can improve quality and efficiency of the business. By keeping a company's internal business processes running smoothly, ERPs can lead to better outputs that may benefit the organization.
- ERPs supports upper level management by providing information for decision making.
- ERPs can improve data security. A common control system, such as the kind offered by ERP systems, allows organizations the ability to more easily ensure key company data is not compromised.





# City of Portland

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2016