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high performance business solutions

nicetec netinsight – introduction of a central IT performance management platform at BASF IT Services B. V.

BASF IT Services

■ **BASF** Gruppe

Management Summary:

While modernizing the SAP landscape of the BASF IT Services B.V., a central platform for performance management and billing was successfully installed by nicetec. Read in this case study which challenges have been solved and which aims have been reached in this project.

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Efficient IT performance management as a competitive factor for IT Service Providers

Never change a running system? This rule is only a paradigm with restricted worth to the management of BASF IT Services. When this operator of one of the world's biggest network systems, with about 1.000 servers for about 50.000 users at more than 250 locations decided to modernize its SAP landscape in order to improve its competitive strength on the market, the variety of approved solutions for IT performance management that grew over years was jeopardized – and replaced by a central accounting platform.

Today, the Europe-wide operating IT service provider possesses a unitary, highly efficient and directly integrated SAP platform that fulfills the return-of-investment expectations, brings more efficiency and transparency in the procedure of accounting, and – even more important – supplies it with strategic options to offset the competition with process-oriented managed IT services.

Orientation to market and competition

In 2001, the BASF Corporation outsourced its European IT unit. One aim here was that the subsidiary BASF IT services could stand as a competitive and professional IT



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“Our non-central accounting systems set too close boundaries to push forward the optimization of costs and enhancement of efficiency in the IT performance management”

Dr. Norbert Karl Falck,
BASF IT Services Director

provider outside the BASF group. With its experience as a yearlong partner of BASF, as well as with core competences in IT solutions for the process industry, managed infrastructure, and business process outsourcing, the BASF IT Services sees itself as well positioned on the market. Dr. Norbert Karl Falck, Director Corporate IT & Quality Management: “We set the focus to standardize and improve information technology in close collaboration and according to the needs of the customer.” Regarding the given IT performance management landscape it had to be appraised whether vertical stand-alone solutions would be comply with future requirements. Every service area possesses its own accounting system with a separate database and coworker resources. When structural or organizational changes take place because of the customer, they still could be shown in line with the accounting period in the SAP Systems, but they only could be integrated into the lower system levels of accounting with growing effort. Dr. Falk explains: “Our non-central accounting systems set too close boundaries to push forward the optimization of costs and enhancement of efficiency in the IT performance management.”

Base decision of the management

In the middle of 2004, the management of BASF IT Services decided to replace the unitary solutions with a central system for performance management while introducing the new SAP. Thereby, the schedule for realization of the new platform under control of the Corporate IT & Management unit was set tightly: At the beginning of the new business year, and parallel to the going live of the standardized SAP landscape, the unitary accounting platform had to be ready to use on 1.1.2005.

Requests to the central accounting platform

At first, BASF IT Services internally defined which central functions the new accounting platform should provide:

- Highly exact determination of all IT directly from the carrying systems such as Lotus Notes, Internet, storage systems etc.
- Exact allocation of usage data to users and their cost units
- Enrichment of the usage data with contract relevant master data information
- Transmission of data to the central SAP System to create the account
- Replacement of the established vertical accounting systems, and
- Immediate release of costs by replacing the old systems and reducing the effort for runtime and data administration



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Basically, the continuous actuality of the entire database should be secured by collecting and managing all data by only one system. The aim was to be able to do more accurate, faster and more transparent accounting for the provided services with a significantly lower error rate.

With detailed specifications to the bidding

It remained to be determined which product could realize the central accounting platform. Bidding documents with detailed specifications were sent to four solution providers, three of which gave concrete proposals. The award was given to the software company nicetec, whose solution netinsight showed best performance for the complex requirements in the rating of BASF IT Services. The solution from nicetec disposes of some collectors that can measure the performance of carrier systems directly. The technical performance covers the requirements of large-scale projects sufficiently. The solution scored as well with the rule-based graphic tool with which rules for business can be visualized easily and comfortably.

Challenges for the project team

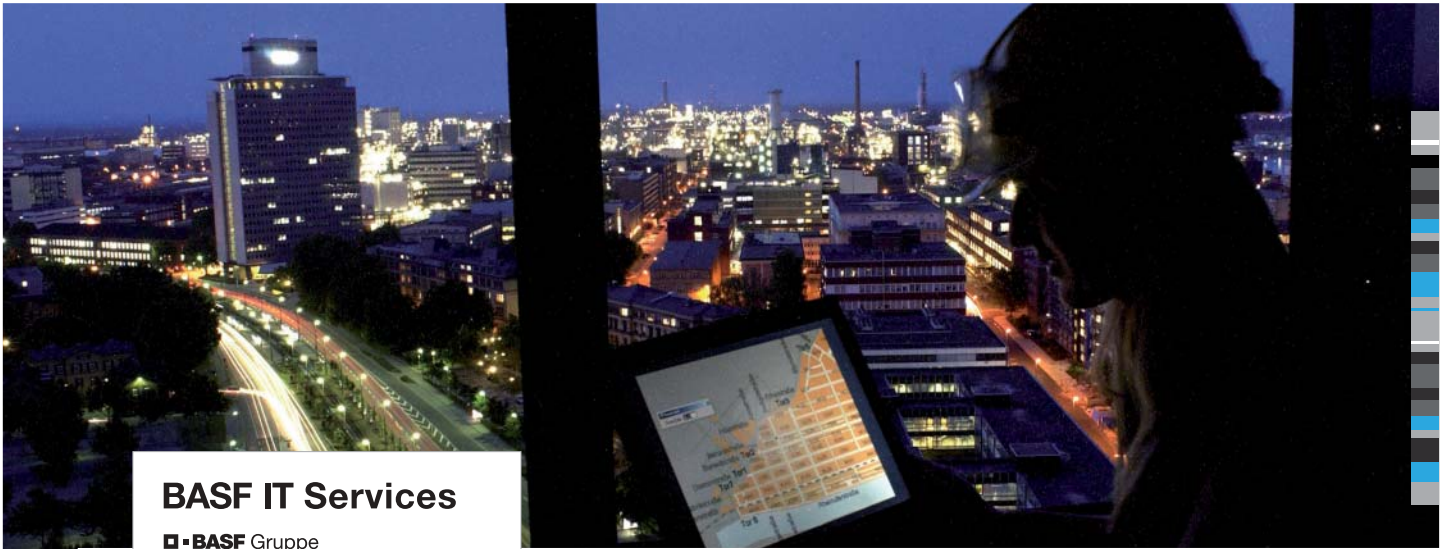
After deciding on the product, experts from BASF IT Services and nicetec formed a common project team that first had to compare the existing master data. Here the data history with its related hierarchical level had to be organized revision-safely. A further milestone was the exact capturing of all cables and systems, which had to be charged independently from usage later on. For that purpose, the collector systems had to be coupled exactly to the carrier systems via specific interfaces, and compared values had to be worked out to guarantee the quality. That allowed a check of the services captured in a new fashion for plausibility.

Personnel knowledge becomes system know-how

In another step the project team had to gather all enterprise regulations of the service delivery units and implement them into the system. This rules allow the classification of measured activities and extent to the given cost center. Thus, the special knowledge of staff members from the various delivery units regarding exceptional cases and special regulations was introduced to the rule engine. An essential prerequisite for a considerably automated accounting process.

Customer-oriented acceptance for services

In a last step, the contract and cost relevant information reported by SAP had to be integrated to the system of rules. They had to be billed and transmitted together with the measured volumes and preset parameters to SAP for accounting services.



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Thus, the bill runs through a fixed procedure for acceptance of services, in which the captured data sets are delivered to the proper officer at the customer's site via an Internet portal in order to be checked.

Climate in the project team was relevant for success

For the project manager in charge, Marion Gropp from BASF IT Services, a professional and success-oriented collaboration within the mixed project team was an important prerequisite for success. Gropp said: "The responsibilities were as clear on both sites as was the homework that had to be done by each party in order to reach the next milestone. There was a climate of jointly executed responsibility to reach the given goals." Despite the short time frame, the project team reached the goal: introduction of a central accounting platform at the beginning of the year.

Did they comply with the benefit expectancies of the central accounting platform?

"Rather more than complied" with the expectancies of the central accounting platform was the viewpoint of Dr. Norbert Karl Falck. Old systems were replaced and savings in diverse areas secure the return of investment. The everyday program requirements are realized internally; expert knowledge from outside is not needed for that. It is relatively easy now to adjust the accounting services to the customers' wishes and to fulfill special wishes in a short time. Dr. Falck: "In face of future challenges, the central accounting services strengthen our position in the market."

Requests to IT- Service Provider

For Dr. Falck, IT providers have to clarify for themselves more than before how much it costs to provide a service. That needs the application of strong tools in order to measure the provided service units in the assembly section more accurately and more flexibly than before. Dr. Falck: "The efficiency in accounting services is growing to be a competitive factor for service providers – who have to ignore customers claims because his accounting tools can neither capture nor account for them, cannot exist on the market. For recalculation, it is not only important to measure the overall assembly section but also to calculate the single services."

Conclusion and forecast

For BASF IT Services, a classic IT performance management project with IT controlling elements, like the allocation of single cost units, was realized in a relatively short time span.



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This recently developed accounting platform provides options, to calculate forecasts from the data from the contract management and accounting services, which can predict differences relatively reliably between debit and credit. Thereby, readjusting is possible at an early stage in case the budget is exceeded.

For Dr. Falck, the actual quality of IT services results from the part they take in the value-added process for customers: "Our customers rate the IT service through the view of the production process in the first place." What would be better than supporting the customer's relevant business processes with IT services and to accordingly account for them, without accounting for every internal single cost unit? Why shall it not be possible to show the provided IT services in a value creation that is comprehensible for the customer and account for example by number of bills of delivery or delivery of dangerous goods? A central accounting platform can link services so they are most reasonable for the customer. It would be possible to connect a large-capacity computer account with a Lotus Notes account and a SAP module to form an integrated IT Service, that is offered as an "account workplace" for a fixed price. The customer will have IT services that display his production processes without being burdened with its complexity. Dr. Falck: This is exactly the goal that a customer wants to reach with outsourcing his IT activities."



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