SAP’s Cloud ALM: The Partner Opportunity for Value-add Services

Joshua Greenbaum, Principal
Enterprise Applications Consulting
www.eaconsult.com
# Table of Contents

- **Introduction** ........................................................................................................................................... 1

- **CALM: Partner Fundamentals** .................................................................................................................. 2

- **Business Process Monitoring and Integration** .......................................................................................... 5

- **The Parameters of Differentiation: Where Can Partners Deliver Value to Customers?** ....................... 6

- **Conclusion: An Unprecedented Opportunity to Soar in the Cloud** ........................................................ 7
Introduction

Despite the global economic impact of the ongoing pandemic, this new world in which all companies now operate does not change the fundamentals of what it takes to digitally transform their businesses, nor does it necessarily change the pace of that shift. Whether a company is in the midst of moving forward with digital transformation despite the current uncertainty, or it is moving forward precisely because these uncertain times are an excellent moment to implement dramatic change, the requirement to manage complex enterprise software projects remains a challenge for many companies, along with the implementation partners that drive these projects.

The recent availability of the applications and services called SAP Cloud ALM (Cloud Application Lifecycle Management, or CALM) represents an important milestone for customers and partners alike. While addressing the challenges that are endemic to the lifecycle of enterprise software systems has always been important, the economic uncertainty that currently stalks the global economy has made the successful management of an enterprise software project, from conception through on-going operations, an absolute imperative. The stakes have never been higher, and the results of failure have never been more definitive, or potentially fatal.

For partners, this do-or-die imperative comes at a difficult time in their evolution. The advent of the cloud has removed an enormous amount of complexity from the implementation and on-going maintenance of enterprise software systems, and that loss of complexity has meant a dramatic shift away from the provision of low-level, high-margin, commodity services. That shift hasn’t just impacted the bottom and top line revenues of the services partners, indeed, the strategic influence and relevance of these partners is also at stake. On the one hand, "fit-to-standard" has made lucrative customizations a thing of the past, and on the other hand, running in the cloud – public or private – has automated many of the high-margin services that had represented a key part of partners’ revenue streams.

The more forward-thinking service partners have already been exploring how to bring new value to their customer engagements, primarily around providing specific services and content in three major areas: vertical industries, geographies, and methodologies, the latter largely focused on how to deliver the new vertical and geography-specific services. It’s a template for success that all service providers need to emulate.

This is where CALM can have a huge impact on helping partners provide distinct competitive advantage to their customers. In addition, CALM has been specifically engineered as a platform for partners to build and deliver differentiated services across the full lifecycle of an enterprise software implementation. The result is a win/win/win for customers, partners, and SAP alike.

For customers, CALM provides a means to extend the standard SAP fit-to-standard model by capturing requirements that defy a “standard” approach without violating the rules of engagement for an SaaS/cloud implementation. CALM also endows customers with an unprecedented amount of control, visibility, and efficiency as they move through the application lifecycle. For SAP, in addition to better
lifecycle management and cost-effectiveness, CALM provides a single point of entry for partners and customers to interact, measure, analyze, and continually improve outcomes. For partners, CALM provides a way to have highly differentiated offerings that provide distinct value-add within the context of an SAP Cloud Platform-based experience, thus providing a counterbalance to the cloud’s elimination of important sources of revenue.

This report is intended to provide partners with an overview of CALM, and an understanding of the potential it has for improving engagement with customers. There is also a description of the win/win/win potential of this new and highly differentiated service delivery platform. As we shall see, that potential is significant.

CALM: Partner Fundamentals

CALM’s focus on the application lifecycle can be seen as the sum of two parts: support for the Implementation process, and support for on-going Operations. Implementation and Operations are then broken down into the eight individual components, seen in Figure 1.

The initial version of CALM (Implementation Portal), focused on the Implementation side of the application lifecycle with some components of the Operations side, specifically business process management, monitoring, and integration support (which impacts both Implementation and Operations). The version released at the end of May, now simply called SAP Cloud ALM, or CALM, includes support for Implementation and Operations in a multi-cloud environment. CALM’s cloud-centric implementation focuses on the cloud-specific requirements of configuration, integration, and extension, rather than following a traditional on-premise implementation process. Full support for hybrid cloud environment and operations is expected in 2021.

The current version of CALM supports the implementation of S/4HANA and SAP SuccessFactors running in public clouds, with support for S/4HANA running in private clouds becoming available by the end of 2020. By 2022, CALM will expand to include the full panoply of SAP’s Intelligent Enterprise cloud applications, including Ariba, Fieldglass, Cloud for Customer, and others.
CALM provides partners with a single point of entry for managing their customer’s implementations and organizing the implementation process. While CALM can function in part as a self-guided, end-user tool for implementations, it also serves an important role as a platform for organizing partner/customer interactions during the implementation process by following the SAP Activate Methodology and its standards. (See Figure 2.)

An example of these interactions are the Fit-to-Standard workshops that can be delivered by partners and managed by CALM. These workshops are intended to provide a structure to the change management side of an implementation and allow users and other stakeholders to provide input into how the implementation is configured. Management of these workshops, along with the ability to use them as a forum for offering extensions and integrations that meet specific, non-standard customer needs, illustrate CALM’s usefulness in enhancing the partners’ ability to sell value-added services.

Underlying these workshops and other components of CALM is the content needed to build and deliver a successful implementation. This content is another important starting point for partner value-add.

The processes enabled by CALM are driven by content, methodology, and best practices that can be greatly enhanced by partner contributions. Those contributions provide precisely the kind of value-add that differentiates one fit-to-standard implementation from another, and help differentiate one partner’s competitive value-add from another.
Figure 2. CALM Implementation Process Flow

Source: SAP

The flow of CALM shown in Figure 2, above, provides an additional way to illustrate how partners can define their specific competitive advantage. CALM’s value-add starts with partner-specific content in support of vertical industries, geographies, methodologies, and partners’ solution extensions, that augment or support SAP-provided content. Vertical industry and geography-specific content can come in the form of regulatory and compliance information (localized tax tables, payroll information, or regulatory compliance specifications for a given industry, for example). CALM also allows partners to deliver best practices in the form of industry accelerators and model companies that are used to model an intended final implementation state.

This industry and geography-based content can be supported by methodologies and best practices that can also be delivered and managed via CALM. The fact that this content is all stored and managed in the cloud allows CALM to function as a central repository for data, content, and best practices that can drive a tremendous amount of value-added services for partners. More specific information can be found in the Parameters of Differentiation section, below.

Partner value-add can also come from the ability to leverage vast amounts of telemetry data, available from cloud-based implementations – a capability that is slated for a forthcoming release, and will support telemetry use by both partners and customers. This telemetry data can drive an enormous quantity of analytics that can help monitor projects, processes, and, within the parameters of privacy regulations, individual contributors as well. This use of data aggregated from multiple projects will help SAP, partners, and customers improve functionality, methodologies, testing, training, project management, partner management, and other capabilities that will help foster a culture of continuous improvement for the SAP ecosystem.
Business Process Monitoring and Integration

One of the most significant components of CALM’s value-add comes from its support for managing end to end processes through the Business Process Monitoring and Integration Monitoring functions that SAP recently released as part of CALM’s support of ongoing operations. Business Process Monitoring allows business users – and partners – to analyze the flow of a process against a set of KPIs and industry benchmarks, and look for areas of improvement. (See Figure 3.) Active process monitoring of processes as they are being used by customers provides an important means to benchmark processes and assist customers in minimizing bottlenecks, as well as pinpointing areas where different approaches to a given business problem may be necessary.

Figure 3. Business Process Monitoring: Managing Customer Orders

Similarly, Integration Monitoring allows customers and partners to actively manage the integration between different components of the Intelligent Enterprise. This is another area for value-added services, as the development and management of end-to-end processes will be highly dependent on the quality of integration between the individual applications that make up a given process. Currently, Integration Monitoring supports integration between S/4HANA, Ariba, SuccessFactors, Cloud for Customer (C4C), and Marketing Cloud. Support for the remaining components of the Intelligent Enterprise, as well as third party application integrations, will be forthcoming in subsequent releases. By combining Integration Monitoring with support for implementation, CALM provides partners with the means to deliver value-added services that simply haven’t ever existed in the on-premise world.
The Parameters of Differentiation: Where Can Partners Deliver Value to Customers?

CALM’s role as a tool for managing the lifecycle of an enterprise software system – one partner described it as “a fundamental apex entry point for the management of a project” – provides six main buckets that partners can use to add value to SAP’s Fit-to-Standard cloud offerings. Many partners already deliver differentiation based on these capabilities. By using CALM, partners can both standardize and centralize delivery, as well as use the telemetry in CALM, when it becomes available, to support a continuous improvement process for the partners’ content and other value-added intellectual property.

Underlying these capabilities is an open API model, based on SAP Cloud Platform, and to be fully available in 2021, that will allow existing content and other tools in a partner’s toolbox to be integrated into CALM. This is another element of CALM’s value to partners: as long as there is an API available, the partner content or service can be integrated directly into CALM. This includes integration with third party tools for IT service management, task and deployment management, document management, and other functional areas.

Below is an overview of the main ways in which a partner can develop value-added services based on CALM:

**Content:** The content opportunity includes developing content for specific industries and geographies, creating methodologies that extend SAP Activate into specific use cases, as well as delivering process accelerators, model companies, and other unique content beyond what comes “out of the box” from SAP. As content is a foundational element for any project and is essential to the ongoing support of the software lifecycle, the partners’ use of CALM for content creation, delivery, and management will be a major element in their value-added services.

**Integration and Extensions:** Building custom integrations to third party apps as well as customer-specific extensions has always been a key part of any partner’s value-add. Using CALM to deliver those capabilities in a distributed, scalable, and repeatable fashion has the added benefit of lowering the partner’s total cost while vastly improving the process of building, delivering, and managing the extensions and integration in a centralized fashion. The addition of telemetry data that allows customers and partners to analyze the effectiveness of these extensions and integrations will increase partners’ value delivery. Partners can also use the forthcoming APIs in CALM to integrate CALM to their specific delivery platforms.

**Analytics.** The wealth of data available from CALM, both from its support of implementation, as well as the operations side, provides a major opportunity for the development of customized or specialized analytics, dashboards, and reports that can be easily integrated into a customer’s existing analytical toolset. The centralization of content, telemetry, process, and integration monitoring into a single platform can provide a rich palette for value-added analytics.

**Test Automation.** This has always been an important value-add for partners, particularly when it comes to testing implementations that include elements that sit outside the fit-to-standard model. CALM
supports test management and has a built-in test automation function, but it also allows partners to integrate third party test automation tools using the open APIs in CALM. Test automation is essential as customers build out complex, cloud-based processes, and this is a classic partner function that only gets more important, and is easier to deliver with CALM.

**The Intelligent Project.** As CALM becomes more fully functional, particularly on the operations side, partners will have the opportunity to add an increasing number of tools and services that support the automation of delivery and on-going operations. This will be possible not just through the integration of existing best practices but also through the use of machine learning and other advanced artificial intelligence tools. This will help advance the speed and efficiency of delivery, with the potential for lowering costs and improving partner margins.

**Conclusion: An Unprecedented Opportunity to Soar in the Cloud**

CALM represents a welcome opportunity for partners to bring their unique value to a cloud-based project. These opportunities can help extend a partner’s offerings at a time when differentiation has been upended by the shift away from the low-level commodity services that moving to the cloud has rendered obsolete. The ability of partners to leverage the insights available from CALM adds a net new component to partners’ offerings, as well as provides additional opportunities to add value to these offerings. In addition, the prospects of applying AI and ML techniques to the myriad data sources in a cloud-based project are beginning to define a new frontier for SAP’s service partners to conquer.

What is needed of course is a new mindset, one that will eventually differentiate the movers and shakers in the SAP partner ecosystem from the laggards. Becoming a CALM partner requires new skills and a new way of thinking about how projects get done, and what full lifecycle support means. For many partners, the first step will be to go to SAP’s support portal and, when it becomes available this fall, the OpenSAP online learning platform, to find out about the new opportunities presented by CALM. It is also important to note that many of the existing skills – including SAP UI5, Business API Hub, Java, SAP Analytics Cloud, Workflow and other SAP Cloud Platform Services, Identity and Access Management, among others – will continue to be leverageable in the new world of CALM.

The shift to the cloud, now being accelerated by the current economic and health-related crisis, presents an opportunity for disruption that hasn’t always necessarily been positive for partners. CALM represents a way for partners to take that disruption and turn it into a means for moving up the value chain. The competitive position of CALM is unique – no vendor or hyperscaler can offer a tool that has this broad a potential impact on customers and partners. The partners that take this opportunity to grow their practices with the evolving cloud platform strategy of SAP will reap the benefits in ways that their competitors will struggle to achieve.