How Good Requirements Gathering Leads to a Successful Planning and Reporting Implementation

Mustansir Saifuddin
Learning Points

- Observe techniques to capture and communicate requirements to the project team
- Learn the importance of business ownership on the planning and reporting projects
- Learn to identify the key components that are required to keep the project on track
Agenda

- Introduction
- Definition Of Requirements Gathering
- The Actual Requirements Gathering Process
- How To Handle The Different Planning/Reporting Requirements
- Development Approach
- Useful Suggestions Related To Requirements Gathering
Introduction

- Illustrate the requirements gathering process for a Planning and reporting project
- Show how the requirements gathering process fits into the project
- Provide guidance on how to improve the process
- Demonstrate how good requirements can help avoid scope creep and minimize configuration changes
- Identify techniques to capture and communicate requirements to the project team
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- **Definition Of Requirements Gathering**
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Typical Project Steps

- Typical project phases used for an implementation are shown below:
  - Project preparation
  - Business blueprint/requirements
  - Realization
  - Final preparation
  - Go-live and support

- From an ASAP methodology, the project starts from:
  - Business blueprint/requirements phase

- The ASAP methodology mimics the “Waterfall” development methodology where:
  - All the requirements are completed before development starts
  - Depending on the complexity of the project the time difference between requirements definition and actual go live will vary
Business Blueprint/Requirements - Definition

- The **business requirement process** allows the project team members to gather pertinent information related to the planning/reporting system from the end users.
- Based on the scope of the project and business objectives, the project team translates business requirements into project requirements.
- The project requirement should be kept under version control.
- It should capture the various planning processes and functions used to create/change a business plan.
Definition Of Requirements Gathering - Next Steps

- Once the requirements gathering is completed and disseminated amongst the project personnel:
  - The AS IS business planning process is mapped to the SAP’s planning solution
  - Next the data model design in SAP BW is started, to support the planning processes; this includes the definitions of
    - Info objects – master data characteristics and key figures
    - Info providers – transactional/real-time
  - With the introduction of SAP BPC (Business Planning and Consolidation) tool the above step may vary
  - Design of planning screens/reports and functions

Note

- All of the above steps should be captured as part of the requirements analysis document
Business Planning and Consolidation (BPC) Terminology

- In SAP NetWeaver BI, an application is approximately equivalent to a cube.

Application Set

- SAP NetWeaver InfoArea

- SAP NetWeaver InfoCubes

- Applications may share dimensions with other applications within the same application set, or have dimensions that are unique.

<table>
<thead>
<tr>
<th>Dimensions in application set</th>
<th>Finance application</th>
<th>Sales application</th>
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The Need For Business Requirements Gathering

- Why should we spend adequate time and effort during the Requirements Gathering Phase?
  - Any successful project requires a good foundation
  - Requirements Gathering process is that foundation
  - Poor foundation can result in incomplete solution

- Well gathered and documented requirements helps the development process to produce better results
- Also help promote the new planning solution to the rest of the company
The Need For Business Requirements Gathering (cont.)

- In the case of incomplete requirements, the following will happen:
  - Unhappy end users since the delivered solution does not meet their needs
  - Incomplete solution
  - Scope creep - project scope becomes a moving target
  - Additional costs in resources and change management to meet the requirements
  - Project does not deliver on it’s business objectives

- In the end you have a solution in place “Technically Speaking” but is that what the user community asked for?
The Need For Business Requirements Gathering (cont.)

- The issue of incomplete requirements can be amplified if you are using an “Offshore” model to develop the planning solution.
- Some examples are given below:
  - Communication issues due to time zones
  - Cultural differences
  - Transfer of business understanding
  - Organizational differences
  - High attrition rates
  - Cost overruns
Payback For A Good Requirements Gathering

- How a solid foundation for a building ensures its integrity similarly good requirements sets the tone for the remainder of the project phases. Some examples include:
  - Validates organizational expectations needed to obtain project acceptance and success
  - Project team and end users get a clear picture of the scope of the planning/reporting project and avoids any miscommunication
  - Helps define the resource requirements to develop the planning solution both from the business side and IT
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First Thing To Do

- Make sure that a project charter is in place
- Define project scope statement
  - A good scope statement defines the limits of the project and provides focus on what to deliver
  - It should also identify items that are out of scope for your project
    - In case of planning a good example can be:
      - Current scope is to implement “Annual Budgeting Solution”
      - Quarterly or Monthly Forecast is out of scope
  - Using the above approach highlights the items that are in scope
  - In the future if there are any changes done to the scope make sure that it is communicated to the project team
Once the scope is finalized and the team members are identified, the actual requirements gathering process starts. Depending on the organization, different formats can be used to gather the requirements. Following are some of the commonly used methods:

- Focus group meetings with selective end users from each business unit
- Use a questionnaire approach where all the stakeholders are required to provide their input
- Individual meetings with the Key users

Any or all of the above methods can be utilized to get meaningful requirements.
The Actual Requirements Gathering Process

- Once all the requirements are received make sure that they are communicated back to the end users
  - The above step is important since it clears any miscommunication or misunderstanding between the project team and end users
  - This also gives an opportunity to the end users to review their requirements and make any adjustments
- The next step is very critical for the project team as well as the end users
  - This step is the actual “SIGN OFF” from the users and sets the stage for the configuration work to start
The Actual Requirements Gathering Process

**Note:** Don’t forget to collect the Reporting requirements as they are part of the scope of a planning system

- There can be significant impact on the data model in BW if the reporting requirements are not kept in mind
- Following are some examples of the kind of reporting that will be required:
  - Reports to analyze the plan data
  - Actual to Plan variance reports
  - Drill down reports to see details behind the actuals data
### Requirements Gathering Processes

- Take a closer look at some of the commonly used methods for requirements gathering, such as:
  - Focus group meetings with selective end users from each business unit
  - Use a questionnaire approach where all the stakeholders are required to provide their input
  - Individual meetings with the Key users
Meetings With Selective End Users from Business Units

- The key is to make sure that there is good cross section of user representation from each business unit
  - Business Analysts
  - Decision Makers
- Leading requirements questions have been reviewed to ensure all subjects will be covered
- Prep the project team in advance and assign a role to each project team member
- Appropriate meeting location is selected with the right equipment available, such as: projector, white board etc.
- There should be a meeting facilitator assigned
Meetings With Selective End Users from Business Units

- Meeting agenda is distributed to the attendees in advance
- Line items assigned to the individuals from the agenda
- A person responsible for taking meeting minutes
- Action items are assigned during the meeting with a timeline
- Prompt follow up on the action items before the next meeting
- Meeting times/locations are communicated well in advance to avoid any scheduling conflicts
Questionnaire Approach

- This approach requires a lot of upfront work from the project team to compile the right set of questionnaires.
- Mostly this kind of requirements gathering is geared towards folks who are in remote locations and are not readily available for onsite meetings or conference calls.
- Most challenging form of process to get the right answers in a timely manner since the users may not understand or appreciate the urgency of their responses.
- Allow yourself to have a follow-up meeting with the individuals who are using this method of communication to close any open gaps.
Individual Meetings With Key Stakeholders

- Make sure to have all the questions ready before this meeting
- Keep the focus of the meeting on the requirements gathering process
- Avoid getting into the shortcomings of the current tool and don’t get into a discussion of the new tool
  - The goal of this kind of meetings is to get the maximum information out of the users
  - This will help design a better solution with the new planning tool
  - Don’t try to design the new solution while listening to the end users requirements
**Business Involvement - Experience**

- Ensure at least one member of the project team comes from the business and is intimately familiar with the planning process being developed
  - An experienced user knows when to seek outside help for the project team to make the best configuration decision
  - This type of user also understands the power structure associated with the planning process
  - They can dramatically reduce configuration decision cycle time

- Other benefits:
  - When the project is in production, they can mentor other power users on how to use the software
  - Can be a powerful change agent in the business community after the project go-live
Recommendations

- Issues will come up that cannot be resolved or decided on during a meeting because of time or lack of expertise
  - Maintain an issue log during this part of the project
  - Follow up on all issues before the end of the blueprint phase
- Reach a decision on those identified issues to ensure all requirements have been defined
  - If you do not obtain closure on these issues, design and configuration work will need to be modified later in the project, at a greater cost
  - Other implications could also be: new function is deemed scope creep, resource impacts (financial and human), etc.
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How To Handle The Different Planning/Reporting Requirements

- Depending on the scope of the project the team has to decide on how to accomplish the tasks
  - Analyze entire planning process
    - e.g., Financial Planning – strategic, five-year budget, annual plan and monthly/quarterly forecasts
    - e.g., Logistics Planning – supply chain, plant production, warehousing, etc.
  - Or, analyze only the portion of the planning process that is in scope for the project
How To Handle The Different Planning/Reporting Requirements

- When communicating and gathering planning and reporting requirements the following three methods can be utilized to keep the end-user community and project team informed
  - Process Flow Analysis
  - Requirement Analysis Document
  - Prototyping Philosophy
Process Flows Analysis

- Can be useful when you are analyzing multiple planning processes
- Process Flow diagrams show relationships and dependencies between planning processes
- Should be backed up by a detailed document that describes the future state process and functions for the project development staff
- If a data point in one flow influences another planning process, show this on the diagram
  - e.g., exchange rate assumptions are generally global across all plans

Heads Up!
Planning Process Flow

- The following figure shows the flow between the different planning processes

Planning Process Flow-Chart

<table>
<thead>
<tr>
<th>August</th>
<th>September</th>
<th>Oct Week 1</th>
<th>Oct Week 2</th>
<th>Oct Week 3</th>
<th>Oct Week 4</th>
<th>November</th>
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<td>Assumptions</td>
<td>Sales targets</td>
<td>Depreciation estimate</td>
<td>Corp alloc</td>
<td>- Corporate allocations</td>
<td>- Insurance &amp; Tax</td>
<td>Prepare consolidated P&amp;L budget</td>
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<tr>
<td>Expense Planning</td>
<td>Benefits Information</td>
<td>Expense budget due</td>
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<tr>
<td>Capital and P&amp;L budget</td>
<td>Capital budget</td>
<td></td>
<td></td>
<td>Sales Plan Complete</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>P&amp;L budget due</td>
</tr>
</tbody>
</table>
Process Flows Analysis

- A process flow diagram could also be used to standardize the planning process between business units or across the organization.
- For this analysis, the process flows detail the same planning process, i.e., strategic, budget, forecast, etc.
- Enables analysis to identify where differences occur across the enterprise for what is effectively the same planning process.
Requirement Analysis Document

- Requirement Analysis Document should describe the process and functions of the “To Be” planning process
- Areas that should be documented are:
  - Global planning processes and functions
  - Specific planning processes (cost, sales, capital plans, etc.)
  - Unique planning functions
  - SAP BW Impacts
  - Other areas that impact plan process
    - Deployment options
    - Plan approval process
Global Planning Processes and Functions

- Currency translation process for plans
  - Determine how the plan will be recalculated if the foreign exchange rate assumption changes during the plan development process

- Security/authorization
  - Security around who should be able to view and change the plan data is essential to a solid planning solution
  - Consider security required around the various stages of the planning process
  - Also consider security and authorization for reporting; remember that it will be both plan and actual values in the reports
Things to Consider for Planning Data Model

- Data model issues
  - Poor data model design results in poor performance
  - Recommendations:
    - Leverage a reporting information model along with a planning information model
    - Consider pros and cons of data model design based on the planning requirements
    - Use the expertise of a BI data modeler to validate the data model
    - Consider ongoing monitoring and continuous improvements whenever possible
Things to Consider for Planning Data Model (cont.)

- When working with the new Business Planning and Consolidation (BPC) tool the following process applies to optimize the data model and performance of the Application (Infopovider)
  - Light optimize
    - Closes the open request
    - Compresses the data in cube
    - Indexes and updates the database statistics on the cube
  - Full optimize
    - Does the same steps as light optimize
    - Also checks the Netweaver BI data model and
    - If needed will run more detailed steps to optimize the entire data model (may take long runtimes)
Things to Consider for Planning Data Model (cont.)

- Data granularity – impacts volume and performance
  - Analyze the following areas for planning:
    - Time requirement: daily, weekly, monthly or quarterly
    - Account: individual account level versus item versus group
    - Part number: product or product group level

- Versioning strategy
  - Monthly forecast versus quarterly forecast
    - How many iterations of the plan/forecast data needs to be stored (what if analysis?)
  - Dealing with actuals – copying actuals into forecast version versus referencing actuals for forecasting purposes
    - Keep versions at a manageable level as it will increase volume and have negative impact on performance
Defining the Planning Cube (cont.)

- Planning data model
  - Always keep future enhancements and, in some cases, integration with other applications (such as BCS, CRM, and APO) in mind
  - For financial statement planning, decide on characteristics versus key figure data model
    - Characteristics-based model is more flexible
    - Limitations on key figure-based data model
  - Caution! Key figure model should be used with care or avoided
What kind of planning is desired in the new planning system?
- Financial planning
- Sales planning
- Operational planning
- Asset depreciation planning, etc.

What source systems feed the actuals data to supplement the planning process?
- SAP R/3
- Non-R/3 (legacy systems, etc.)
- Other Data Warehouse
Scenario 1: SAP R/3 is Only Source of Actuals

- If SAP R/3 is the source of actuals to facilitate the planning process, then maintain master data in SAP R/3:
  - For example:
    - Accounts, company codes, profit centers, customers, etc.
  - Currency translation rates for actuals and plan data
    - Maintain the translation rates for both plan and actuals in SAP R/3 and extract them into BI on a scheduled basis
- The above approach avoids dual maintenance
**Scenario 2: Both SAP R/3 and Non-R/3 Supply Actuals**

- This scenario can relate to any planning application
  - Sales, Financial, Operations planning, etc.
- For non-R/3 actuals, maintain the master data in BW directly
  - This may require additional mapping/lookup tables
  - For example:
    - Account numbers from the non-R/3 system do not match the SAP R/3 accounts
    - One approach can be to use a mapping table in BW to map the non-R/3 data to the R/3 data.
    - This helps create a common financial planning application
Scenario 3: Future Master Data

- This scenario can impact both the short term (1-2 year) or long term (5-10 year) plan
  - Examples include:
    - Capital projects
    - Assets
    - Customers, etc.

- One approach is to maintain the future master data in BW and have proper controls in place to replicate it in the source system (such as SAP R/3) when it becomes a reality
Documenting the Various Planning Processes

- Document the specific procedure associated with each of the planning processes that are being implemented. For example: sales, expense, capital, headcount plan etc.
  - This should include calculations and processes. As an example headcount calculations to account for FTE vs. part time, gross margin calculations on sales plan etc.

- Other items to account for includes:
  - How to make global level changes to the sales plan if market conditions change at the end of planning cycle
  - What will be the lowest level of detail entered for each planning application. For example product vs. product group level in sales plan
  - What manipulations or calculations are done on the data?
The Unique Planning Assumptions/Calculations

- Top down distribution of the new sales targets
- Corporate allocations to the various business units
- Global assumptions to drive the different planning applications, such as:
  - Benefits overhead across the organization
  - Interest rates
  - Currency translation rates
  - Recalculation at a global level when market conditions change
Prototyping Philosophy

- Use pilot projects to show how an application can look and operate
  - A pilot should focus on one common planning process that a majority of end users will use and/or understand
  - Can be useful to train the project team
  - Provides targeted end users with something tangible to better understand what their requirements can lead to
  - It can also be used to build excitement amongst the community
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Development Approach - Agile

- In case of a fully integrated financial statement planning project, you can approach the development process in two different ways:
  - **Agile approach** where the requirements gathering are only done for a subset of the planning application of the total planning vision
  - Allows the users to see the complete solution in a much shorter time frame
  - It also allows the project team to work with the business users to realign the requirements for the next development piece thus giving them more flexibility
Development Approach – Waterfall

- The ASAP methodology constitutes a Waterfall approach where complete requirements are defined for the entire financial statement planning process before development is started.
- It constitutes a more structured approach where each of the different planning applications are built at the same time.
  - For example:
    - Sales planning, Expense/Profit planning, Capital planning
    - Balance Sheet planning, Investment planning etc.
- All of the above pieces are then connected together to create one seamless financial statement planning solution.
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Useful Suggestions Related To Requirements Gathering

- Make sure that the Project Sponsor as well as the Project Manager do the due diligence as far as the requirements/blueprinting phase is concerned.
- Ensure that enough time is dedicated to the requirements gathering phase.
  - This lays the foundation for the Realization phase and sets the tone for the remainder of the project.
- Provide enough details in the business requirements document; this helps focus and align the project at different milestones; good requirements reduce configuration risk as the project team understands what they need to do before their fingers hit the keyboard.
Useful Suggestions Related To Requirements Gathering

- Manage the user expectations by
  - Using an iterative development/playback approach to keep the user community engaged during the build phase
  - Playback session also minimizes any necessary later rework since the users can see the application as it is being built
- For your next planning project use the agile approach:
  - It allows for shorter development cycles, more closely linked to the requirements process
  - Keeps the end users more engaged in the design and testing process
  - Keeps the development resources to a minimum but increases the overall time to develop the complete solution
- When using offshore model make sure that both parties (business sponsor and offshore development team) have a clear understanding of the requirements
Questions
Thank you for participating.

Please remember to complete and return your evaluation form following this session.

For ongoing education on this area of focus, visit the Year-Round Community page at www.asug.com/yrc