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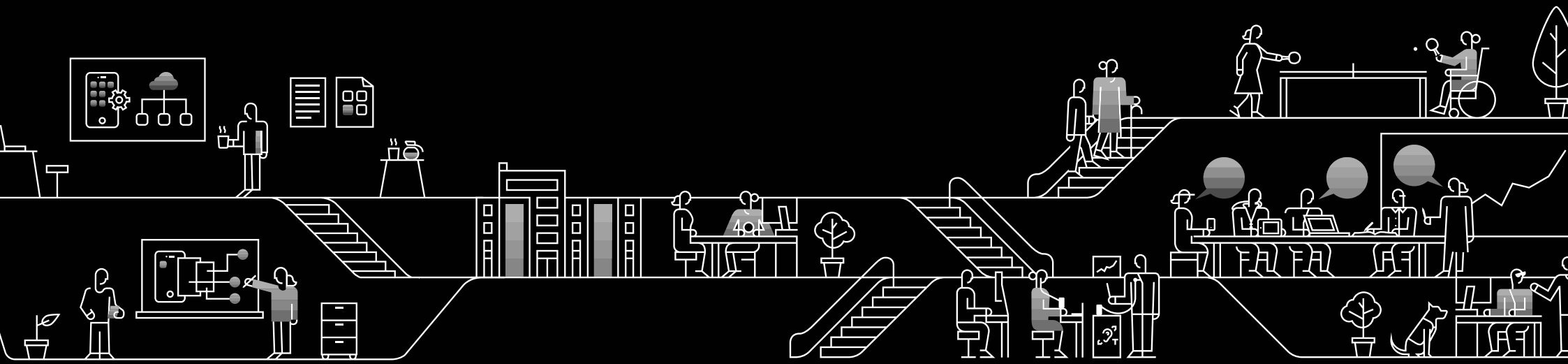
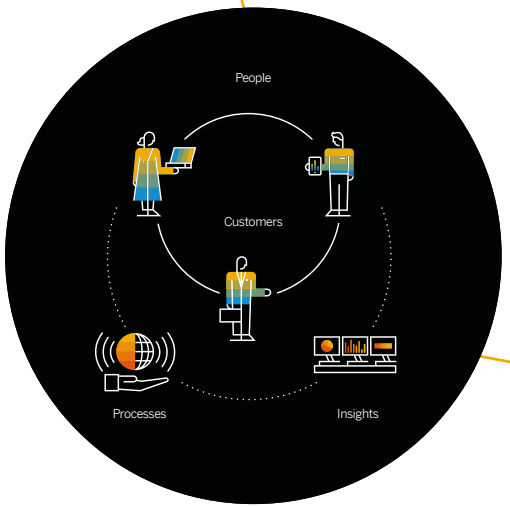


Success in the New Era of High Tech

A guide to becoming an interconnected business

CLICK HERE to start your journey

Connecting the Dots



The high tech industry is being reshaped by a number of major trends that will impact the way midsize businesses operate.

For example, companies need to provide more flexible consumption options such as leasing, pay-by-the-X, or subscription models versus traditional "one and done" offerings. Time-to-value is also critical: organizations must be able to ramp-up production rapidly and profitably, which can be difficult for midsize businesses without the economies of scale of larger firms.

On top of that, midsize organizations across all industries face their own difficulties. Their relative size, while in some cases affording them more agility than larger rivals, can leave them vulnerable. Limited cash reserves mean there is little margin for error. Relying on inputs from large and complex supply chains can leave them without the materials they need to maintain operations. There are little to no redundant resources while employees work to full capacity and often fulfill different roles. Attracting top talent is a perennial problem.

This made the events of 2020 particularly trying for midsize high tech businesses. Hardware companies saw their supply chains ravaged. Semiconductor businesses experienced disruptions from labor shortages. Millions of businesses were shuttered worldwide.

Yet, many have successfully weathered this storm: 92% adjusted remote work arrangements for their employees, and 57% invested in IT and collaboration to support remote access and/or remote learning.[1]

The most successful organizations were those that valued collaboration, cross-business insights, data-driven decision making, and agility, both in terms of processes and people.

By marrying these traits, they became "interconnected businesses."

In doing so, they are able to offer outstanding customer and employee experiences, build resilience, and navigate rapid market fluctuations – capabilities that are essential for the future. Interconnected businesses are also in a stronger position to seize new opportunities and pursue growth when the economy stabilizes.

This e-book is designed to help you become an interconnected business using best practices in four key areas: **Customers, Employees, Insights,** and **Processes.**

[1] Oxford Economics, Digital, Resilient, and Experience-Driven: How small and midsize organizations can prepare for the new economy," sponsored by SAP, 2020.

Engaged Customers

Improving customer experiences is a top priority for midsize high tech businesses over the next three years – tied with growth. This is no surprise, given customers continue to expect personalized, innovative experiences from personal and professional vendors.

However, 51% of midsize high tech businesses say keeping up with changing customer wants and needs is the top barrier to fulfilling this goal[2] – possibly due to a lack of real-time data or the analytical skills to make sense of it.

While customer service has a large role to play in improving customer experience, there is evidence to suggest that midsize businesses undervalue the role of other functions in supporting high-quality experiences. These include sales and marketing, operations, finance, and IT.

For example, if your supplier fails to deliver a vital component of your product in time, your production line will pause and deliveries have to be postponed. Likewise, if your marketing department doesn't effectively coordinate with sales on new prospects, you could lose them to a competitor that is quicker in following up the lead.

Connecting the business to improve collaboration, particularly where data is concerned, will improve your ability to meet expectations in this area.

"Advanced technologies are increasingly available to midsize businesses through cloud solutions."

[2] Oxford Economics, Digital, Resilient, and Experience-Driven: How small and midsize organizations can prepare for the new economy," sponsored by SAP, 2020.

Best practice areas

Audit

Identify the barriers to high-quality experiences and work to remedy them. For example, is your website difficult to navigate, or is there a delay between a customer ordering and notifying the warehouse? Remember, every department has a role to play in customer experience (CX).

Improve collaboration

Encourage communications between departments. It can be beneficial to set up a shared database that cross-functional teams and business systems can access, so that information is managed and orchestrated centrally instead of in silos.

Cover all bases

Engage with your customers where and how they prefer – online or offline, mobile, social, or chat – and deliver consistent experiences through all these touchpoints. This can build trust and loyalty with customers while reducing the time it takes to fulfill their needs.

How technology can help

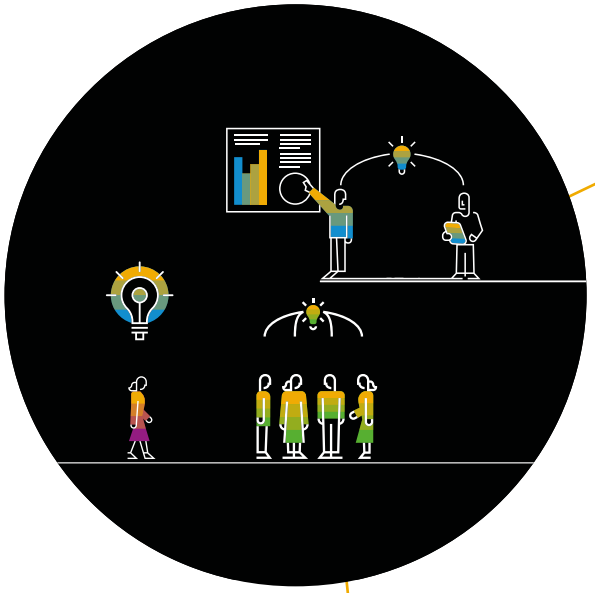
Midsize businesses are employing a number of technologies to personalize the customer experience. For example, customer relationship management (CRM) software is a top-ranked technology, followed by chatbots and e-commerce solutions.[3] These tools improve communication, improve understanding of customer needs, and reduce organizational and data silos.

More advanced technologies such as machine learning and artificial intelligence (AI) are increasingly available to midsize businesses through cloud-based CX solutions.

SAP Customer Experience software includes marketing, sales, commerce, and service solutions to create a seamless line of intelligence and processes for the entire customer journey. Built-in data analytics and visualization make it even easier to spot inefficiencies and identify unmet customer needs.

Crucially, the software is designed to integrate and exchange data with organizational solutions in supply chain and distribution, finance, and inventory management.

[3] Oxford Economics, "The Customer Connection: How small and midsize organizations are managing customer experiences," sponsored by SAP, 2020.



Empowered Employees

In good times and bad, businesses need a workforce that is agile and adaptable; employees that feel safe, engaged, and productive. That is why midsize high tech are most likely organizations to list improving their employee experience as a top priority.

To do this, HR and business leaders must listen and respond to employees' feedback while strategically allocating resources to fulfill the business's needs. However, this is easier said than done.

While you may have tools for specific HR functions such as scheduling or attendance tracking, this siloed approach does not give you visibility into the overall workforce and business operations.

As a result, critical business strategies that address issues such as skills gaps, high staff churn, and low productivity, can fail.

When everything from where staff work to who gets paid is uncertain, even the most rigorous contingency plans are rendered meaningless. Now, HR and business leaders must plan in-the-moment using real-world assessments of current resources, immediate needs, and long-term strategy.

To fulfill these imperatives, midsize businesses need stronger platforms for collecting and analyzing information about employees – as well as a management that listens to and reports on worker feedback.

"Establish the HR function as a critical business partner."

Best practice areas

Empower your people

The recent pandemic forced many businesses to operate remotely, and high tech distributors are reporting stock-outs of hardware for home-workers. More than 60% of millennials and Gen-Zs said they would like the option to work remotely more often,[4] so look into adopting a rigorous Bring Your Own Device (BYOD) policy that could help to mitigate shortages and keep employees happy.

Listen

Encourage an ongoing dialogue between managers and employees and invite regular feedback through the use of surveys, for example. This is a good way to ensure you have your finger on their pulse and your people feel they are being heard.

Know your purpose

Top-performing companies cite purpose and meaning in work as the top drivers when it comes to generating engagement.[5] Communicate what your company's mission is, and make sure your employees know the bigger picture that they are working towards.

How technology can help

Creating an engaged and highly productive workforce that enhances business continuity requires a reframing of HR. Technology plays an important role: employees who are highly satisfied with their company's tech are six times more likely to be highly satisfied with their overall employee experience.[6]

Modern cloud-based human experience management (HXM) software, such as SAP SuccessFactors, leverages technology including automation, chatbots, and machine learning-based recommendations to empower both HR professionals and employees.

For example, SAP SuccessFactors can "nudge" employees with personalized learning recommendations, and alert managers when KPIs have been met. You can create a true meritocracy and empower your employees to take charge of their careers.

It also enables you to establish the HR function as a critical business partner by connecting "people" strategies to bottom-line outcomes including profitability, revenue generation, and, when the time is right, market-share growth.

[4] Deloitte, "2020 Deloitte Global Millennial Survey," 2020.

[5] Oxford Economics, The Interconnected Business: How midsize businesses achieve value through holistic management strategies," sponsored by SAP, 2021.

[6] Forrester Research, "Improve Employee Experience to Drive Business Outcomes: Technology's Key Role For Small and Medium-Size Businesses," commissioned by SAP, January 2021.

Usable Insights

Insights are the lifeblood of every business, large and small. They enable you to meet and even predict customer needs, satisfy your employees, and anticipate disruption. Needless to say, those businesses that had insight into their supply chain or could forecast a spike in demand for certain products prior to the pandemic – and could mitigate the disruption – will have fared better.

Yet, data and analytics are a weak point for many midsize organizations: 18% of midsize high tech businesses report a lack of adequate data as a top barrier to meeting strategic priorities, and 25% cite an inability to gain insights from their data.[7]

A major challenge to becoming a data-driven business involves getting employee buy-in. Data needs to be seen as a prerequisite to all decision making, not a nuisance or an afterthought. Similarly, if your business does not have the infrastructure to allow cross-functional teams to share and access data freely (and securely), insights become siloed and lost.

Finding the skilled workers capable of harvesting and analyzing vast quantities of data is another barrier to the insight-driven organization. And even if your business has an analytics solution, not everyone will have the data literacy to make sense of it.

"The tools to analyze data are more accessible than ever before."

[7] Oxford Economics, "Data-Driven Experiences: How small and midsize organizations can use analytics to understand customers and employees," sponsored by SAP, 2020.

Best practice areas

Create a single source of truth

Consolidating all the data in your organization into a "single source of truth" will not only reduce silos but boost productivity and streamline processes as teams have ready access to accurate information.

Broaden your search

Some of the tools you already use, such as CRM platforms and accountancy programs, may have analytics dashboards built-in. External channels such as social media platforms can also enable you to generate reports that may reflect a broader perspective.

Increase literacy

Be explicit about how data can influence decision making and work with business stakeholders to eliminate cultural resistance by training employees in basic data visualization and analytics. It can help to investigate data visualization tools or hire an outside consultant for this.

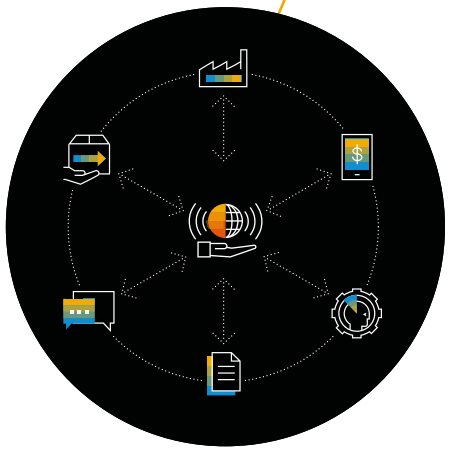
How technology can help

The tools needed to obtain and analyze data are now more accessible for midsize businesses than ever before. Cloud-based analytics software is designed to retrieve, analyze, consolidate, and democratize all the data that your company generates. That means, the same software can process information for any team or function.

For example, the SAP Analytics Cloud solution contains everything you need to gain insights across the business, from front- to back-end, and make confident data-backed decisions on a single solution.

It is just as essential to properly host and manage your data. This not only ensures you meet requirements around data governance, data protection, and privacy, but also gives you the most from your analytics tools. SAP data management solutions are designed to help you compete strategically on the same level as your larger rivals.

Smooth Processes



Processes are the mechanisms by which businesses run. That's why inefficient processes can have such a detrimental impact on organizations of all sizes. Late payments affect your working capital; back-ordered inventory delays production; and out-of-date numbers skew your sales forecasting.

Because your margin of error is low, midsize businesses need to stay in control at all times and can't afford surprises that slow the business down or create blind spots. Nevertheless, managing all aspects of the value chain can be difficult.

"Standardizing processes across every function can enhance communication, efficiency and innovation."

For example, creating an efficient supply chain often comes at the expense of flexibility and resilience. Without the IT budgets and the sophisticated tools of your larger competitors, it can be a major challenge to get visibility into the supply chain, which means less insight into bottlenecks and potential disruption.

Even when technical functionality is more mature, midsize businesses often require external IT to generate reports. This leads to outdated insights and inhibits diverse critical thinking as much as fast decision making.

Many midsize businesses still rely on cumbersome manual processes in areas such as finance, relying on mountainous spreadsheets and reports. Not only does this eat into skilled workers' valuable time, but it invites the possibility of human error and duplicated data. No wonder 67% of midsize businesses consider freeing employees from mundane financial tasks to be a top goal.[8]

[8] AMI-Partners, "Enhance Employee Experience and Boost Bottom Lines with Travel and Expense (T&E) and Invoice Management Automation: How Financial Decision Makers in Small and Mid-Sized Business Can Impact Employee and Company Performance," Sponsored by SAP Concur, December 2019.

Best practice areas

Investigate
You need to understand which processes frustrate customers and staff most, where delays are happening, and what can be remedied easily by existing tools – for example, can you replace paper-based forms with secure digital ones?

Improve communication
Empower people to share ideas and knowledge safely and compliantly. By adopting collaboration tools and platforms, this can be done across the business and with internal and external stakeholders alike.

Automate
Ideally, you should reduce time spent on administration and free up employees for meaningful tasks. This can be facilitated by automating work-flows and deploying solutions that integrate with other systems in your business.

How technology can help

Standardizing processes across every function – from supply chain and expenses to marketing and billing – can enhance communication, boost efficiency, and promote innovation in midsize businesses.

An enterprise resource planning (ERP) system can connect every aspect of your value chain and act as the source of proactive insights and visibility that decision makers need to navigate the market.

You can optimize interactions on e-commerce sites, in-store, and in the field with real-time, integrated insight based on intelligence from across the business – including customer profiles, operational expense, and supply chain capacity.

SAP offers ERP solutions to meet your specific needs and help you automate everyday financial tasks. Integrate your financial operation with other business processes such as marketing and after-sales.

Using integrated ERP applications, midsize businesses can simplify their IT and gain ready access to real-time data.

Towards a Holistic Approach

Companies that can optimize and connect the four pillars of business – Customers, Employees, Insights, and Processes – using best practices and powerful technologies are better poised for agility, people-centricity, and data-driven decision making.

Ultimately, this facilitates the exceptional experiences and resilience that will differentiate your high tech business in the future, and help you compete on the same level as larger companies.

As more than 250,000 small and midsize customers have discovered, SAP will be with you every step of the way to stay connected and help keep your business moving forward.

To learn more about the solutions offered by SAP for high tech, please contact your SAP partner.

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