

KDD003 - Integrated Project Portfolio Management Solution

Status	Approved
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Stakeholders	CLAEYS, Christophe Haschets, Chuck Van innis, Livia MORIN, Briac GASNIER, Anne-Laure Grossi, Daniella

Issue

Syensqo uses multiple applications to manage the portfolio of projects and proposals for projects. In principle, all these applications (COLMAR, Accolade (WEGO), Accolade(BIARRITZ), WAVE) provide the ability to manage the lifecycle of a project from idea/proposal stage to its closure. However, these systems do not automatically integrate with the financial systems to get the complete monitoring and tracking of all projects at Group and GBU level. The lack of single common and integrated project portfolio management solution poses the following challenges for Syensqo:

- No single source of truth
- Inconsistent reporting
- Manual and disintegrated processes
- No audit trail

Recommendation

Based on the analysis and evaluation presented in this document, **SAP S/4HANA Enterprise Portfolio and Project Management** (aka EPPM, Option A in this document) is recommended for effective and comprehensive management of the financial aspects of Syensqo's project portfolio. The detailed management of project execution and project tasks, schedules, and resources is not considered here and will be assessed during detailed design.

Background & Context

Syensqo's project portfolio is largely comprised of the Capex related projects (but not limited to) in various domains i.e. R&I, IT and Industrial solutions. Syensqo has both Capex and Opex Projects. Capex management is detailed in the CAPEX01 procedure based on the project classification (i.e. Current, Medium, Major and Major > 50 M€). The CAPEX01 procedure defines the process and guidelines for prioritizing and ranking the Capital projects based on the investment reasons that are aligned with the Group and GBU strategic objectives and envelops.

The Group Investment Committee provides the ELT with recommendations for approval of major projects (> 7M€) . However, approvals and challenges are not reviewed by the IC/ELT for current and Medium projects, therefore current and medium projects are operationally managed in different tools such as WEGO, BIARRITZ. While there is a mandate to follow capex 01 procedure, projects are managed in different way and application by R&I and IT domains. There are multiple local/site specific project management tools for detailed planning of schedule, deliverables, milestones and resources.

WBS elements in SAP are used for procurement of materials and services and posting other financial transactions. These are created manually as there is no integration between the portfolio and project management applications.

Syensqo have the following portfolio and project management applications:

Application	Used by	Features/ Functionalities	Challenges
COLMAR	Group and GBUs (inconsistentl y)	• Groupwide application intended to approve, report and perform lifecycle management of all Capex related projects (including capital leases). • Major Projects (>7m€ & >50m€) must be registered and approved by ELT (board) • Provides governance and workflow for capex approval • Every Capex Project <u>should be</u> registered in Colmar to be created in SAP PS • Projects are forecasted based on actual spend in SAP PS • Reporting and data exchange with SAP is done via BW queries • Document attachment functionality exists but not used religiously	• Minimal data integrity & poor data quality(forecasts) as not all GBUs/sites use Colmar rigorously • Partial audit trail available (but not comprehensive) example: Budget value change is not captured but who change is captured • No automatic integration with SAP. Manual BW queries are used for data exchange • Budgets are held in google sheets • Poor adoption of tool across all GBUs (only mandatory fields are entered) • Outdated and is at end of life
Accolade (WEGO)	R&I	• Portfolio and Project decision tool to manage innovations from Idea to commercialization • Allows Phase gate model based on predefined deliverables and governance	• Standalone tool that do not integrate with SAP (WP1 /PF1) • Only Portfolio Management, without visibility of real time financial impacts • No tracking or visibility of project execution apart from phase and gates tracking • Currently budgeting and forecasting is not integrated with ERP • Old version (planned to be upgraded)

Accolade (BIARRITZ)	IT	IT's Portfolio and Project management tool same as WEGO	Similar to WEGO but applicable to IT
WAVE	Manufacturing Excellence	- Web based Portfolio management tool for improvement initiatives (each initiative is a project) - Wave is used for lifecycle management from Idea to Implementation - Potential Capex and Opex are indicative only for analyzing initiative impact.	- Wave is a standalone tool not integrated with SAP (WP1/PF1) - Only Initiative Management, without visibility of real time financial impacts - No tracking or visibility of project execution

It is evident from above analysis that there is a lack of standardized and integrated Portfolio and Project management in Syensqo. This KDD intends to evaluate potential options to enable integrated portfolio and project management solutions which provides:

- Consistent methodology and framework for Project Prioritization and budget allocation
- Integrated & consistent reporting using single source of truth
- Aggregated view if all projects at Group and GBU level

Assumptions

- All financial and reportable non financial information resides in SAP S/4Hana for seamless integration and informed decision making process for prioritization, ranking and budget allocation of projects across all GBUs.
- Integration with Capex Performance Excellence tool/requirements will be integrated with S/4HANA EPPM and will be assessed during detailed design.
- This KDD does not intend to remove/replace operational project management applications (such as Microsoft projects) which are used to manage detailed operational project schedule and resources (people). Detailed operational requirements will be analyzed in detailed design phase.

Constraints

No technical constraints identified in this phase to implement the recommended solution. Further assessments will be done in detailed design phase.

Impacts

Implementation of SAP S/4HANA EPPM has the following impacts:

- Requires a separate license to use EPPM
- Requires consolidation, sourcing and cleansing of data from various applications for consolidated portfolio & project management
- Other Syensqo projects - There is another inflight project to upgrade the existing application (COLMAR) which will need to be assessed depending on the business need and timing of the delivery of Option A. WEGO has been approved to be upgrade with API technology.
- Requires change management to get business buy-in for adoption of core and common solution across all GBUs.

Business Rules

Existing business rules and procedure such as Phase/gates and CAPEX01 procedure and guidelines across all categories of projects and project proposals, in various domains(i.e. R&I, IT, and Industrial solutions, including capital leases) will be adopted in implementation of SAP S/4HANA EPPM. This includes integration with Capex performance excellence requirements. Further details will be analyzed during detailed design phase.

Options considered

Option A: SAP S/4HANA Enterprise Portfolio and Project Management (EPPM)

SAP S/4Hana Enterprise Portfolio and Project Management (EPPM) is an integrated portfolio and project management solution that helps organizations to manage their projects and portfolio of projects effectively. It provides the ability to manage enterprise wide portfolio across each lifecycle phase to align project investments and activities with strategic objectives of the organization. EPPM allows management of different kinds of projects portfolios.

- Capital portfolios** - Based on managing the investments and capitalizing the costs
- Research and development (R&D) and Innovation Portfolios** - Focus on optimizing the capital spend and resources in innovation cycle. Integrates with Idea management applications
- IT Portfolios** - Align IT related activities and resources with business strategy
- Commercial Project Portfolios** - Focus on execution of customer projects

EPPM consists of :

- Portfolio Management** which is about doing the right projects, provide the central repository of all project proposals, programs and projects. Each Project/Proposal has a clearly defined phase/gates which helps in structured decision making. It allows prioritization/ranking of projects

using common process framework, underpinned by consistent metadata and metrics. Approved projects proceed to the project execution post prioritization. Portfolio management also provides enterprise wide reporting of all projects based on various dimensions such as a financial, operational or organizational. It allows risk and issue management and provides overall project health reporting.

- **Project Management/Accounting** which is about doing the projects right allows tight integration with financial and logistic processes. It provides ability to detail project structuring, planning (Costs, schedule and resources), execution and monitoring. Project operational management and accounting rolls up into the portfolio management to provide a consolidated financial view of all projects. Budgets allocation to the projects is done based on prioritization and controlled against overruns.

The picture below shows the integrated portfolio and project management lifecycle.



Option B: Continue as-is (multiple applications) but with integrated reporting solution

Continue using the existing multiple applications for managing portfolio of projects. Since, not all existing applications are integrated with SAP, an integrated reporting solution should be implemented to bring all the projects together from various sources to provide the overall portfolio reporting, tracking and decision making of all projects.

This approach may require updating CAPEX01 procedure to include GBU specific project management framework such as phases/gates, metrics , deliverables and execution for other domains such as R&I and IT.

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	Option A - S/4HANA EPPM	Option B - Multiple Applications with integrated reporting
+ Pro	• Provides standardization and alignment of Portfolio with Group's vision and goals through common prioritization methods and scoring model • Provides simulation and what-if analysis for making informed decisions • Allows monitoring of the performance of the portfolio through detailed visibility into projects across the entire enterprise • Provides integrated process and governance through stage gate reviews • Provides aggregated view of Portfolio, programs and projects • Allows Integrated Risk and Issue management for individual projects • Provides native integration with Finance, Procurement, HR and EAM for project realization • Allows multiple languages to cater to country specific needs	• No or minimal change management required as continue as-is • No additional training costs needed • Provides Integrated reporting by sourcing data from multiple applications

Con	- Requires upfront License, implementation time and deployment costs - Requires Change management and business buy-in from all GBUs and Finance to agree on the common methodology and framework for all projects	- Does not provide standardization and alignment of portfolio across all GBUs - Does not provide integration with Finance, Procurement, HR and EAM for project realization - Does not provide single source of truth - Ongoing cost of ownership and maintenance for multiple applications - Does not provide integrated audit trail
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Evaluation

Table below outlines the comparison of the proposed options for effective portfolio and project management. Despite higher change management efforts to get business buy-in, there are long term benefits of **Option A - S/4HANA EPPM** to provide integrated portfolio and project management.

Evaluation criteria	Option A - S/4HANA EPPM	Option B - Multiple Applications with integrated reporting
Standardized and consistent methodology and Framework	✔ Standardized and consistent process for portfolio planning, prioritization, budget allocation, tracking and monitoring	✘ GBU specific and not consistent due to multiple applications
Source of truth	✔ Single source of truth provides aggregated view of portfolio of projects across all GBUs	✘ Multiple source of truth due to multiple applications
Integrated Portfolio management with Project management	✔ Well integrated portfolio and project management (financial & logistics) information	⚠ Integrated report sourcing data from multiple applications
Audit Trail	✔ Audit trail of the changes made at Portfolio and Project level	⚠ Limited audit trail due to multiple applications
Automation and Efficiency	✔ Automated via real time integration	✘ Manual and limited integration with ERP cause inefficiencies
Cost of implementation & Maintenance	⚠ High cost upfront for a single integrated application	✘ High cost upgrading and maintenance of multiple applications
Change Management	⚠ High Change impact and management	✔ Low change impact and management

See also

File	Modified
File FOR APPROVAL - KDD003 - Integrated PS and PPM.eml	Sept 18, 2024 by UPADHYAY-ext, Anjali
Microsoft Powerpoint Presentation COLMAR userguide.pptx	Jul 08, 2024 by UPADHYAY-ext, Anjali
Microsoft Powerpoint Presentation 2024 General Wego Presentation_ process and tool (source).pptx	Jul 08, 2024 by UPADHYAY-ext, Anjali
PDF File CAPEX01_v2023 R5 - July23 - validated for diffusion.pdf	Jul 08, 2024 by UPADHYAY-ext, Anjali

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Change log

Version	Published	Changed By	Comment
CURRENT (v. 42)	Aug 08, 2024 14:46	UPADHYAY-ext, Anjali	
v. 41	Aug 08, 2024 14:41	UPADHYAY-ext, Anjali	
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v. 39	Aug 06, 2024 15:22	UPADHYAY-ext, Anjali	

v. 38	Aug 06, 2024 14:04	UPADHYAY-ext, Anjali
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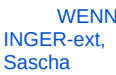
Workflow history

Title	Last Updated By	Updated	Status
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Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

Sept 10, 2024	Actor	Type	Activity	Version
Approved	 FALL-ext, Cheikh	State	changed state to Approved at 1:51 pm	v42
Pending SteerCo Review	 FALL-ext, Cheikh	State	gave <i>Final Approval</i> approval at 1:51 pm	
Aug 13, 2024				
	 WENN INGER-ext, Sascha	State	changed expiry date to '27 Aug, 2024 11:40 am' at 11:40 am	
		State	changed state to Pending SteerCo Review at 11:40 am	v42
Pending Stakeholder Review	 WENN INGER-ext, Sascha	State	gave <i>Stakeholder Review</i> approval at 11:40 am	
Endorsed by business reps during minuted calls on 6-8 Aug 2024: - Projects Business reps (Chuck Haschets and Christophe Claeys) - R&I Business reps (Briac Morin and Anne-Laure Gasnier)				
Aug 09, 2024				
	 WENN INGER-ext, Sascha	State	changed expiry date to '16 Aug, 2024 03:06 am' at 3:06 am	
		State	changed state to Pending Stakeholder Review at 3:06 am	v42