

## SAP's Role in the Economic Upturn (Part Three)

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Even the most dour economists agree that the present economic downturn will eventually end. The more pressing and difficult questions are when will it end and how long will it take for businesses to return to sustainable growth?

[Part Two](#) of this article focused on how SAP helps companies with the early detection, rapid response and creative adaptability to the abrupt and unexpected economic contraction we've recently experienced. In this third and final installment, we'll look at the role SAP will play in helping companies worldwide return to sustainable growth in record time.

***SAP customers will return to sustainable growth in record time***

According to the latest Federal Reserve reports, the recession we've been in since December 2007 is the longest U.S. recession in more than 25 years. On a

global scale, according to Fed Chairman Ben Bernanke, "the world is suffering through the worst financial crisis since the 1930s."

On a more upbeat note, during a "60 Minutes" interview this past Sunday, Bernanke predicted, fairly confidently, that the recession will end this year. On the question of recovery, however, Bernanke was less definitive with his timing, stating only that he expects that the recovery will begin next year and "will pick up steam over time."

Obviously, a recovery of any magnitude hinges heavily on getting the financial system stabilized and working normally. Our financial system meltdown is unprecedented. The drastic means being employed to get it back on track are also unprecedented. Ironclad predictions about the future of our financial system are best left to accredited prophets. But measured optimism should not be ruled out, and businesses that have taken measures to prepare for a return to growth will have a significant competitive advantage in the years ahead.



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In the past, recovery from an economic recession for many Fortune 1000 companies was an arduous and protracted process. Lacking accurate, real-time visibility across global supply chains and the IT infrastructure needed to make fast operational adjustments, retailers, manufacturers and producers of all kinds found themselves stuck with too much inventory when an abrupt drop off in consumer spending struck.

Because of this, instead of being positioned to capitalize when consumer spending picked up, these often-bloated companies found themselves still mired in the process of making the profit-squeezing price cuts and painful size adjustments needed to clear their shelves of stockpiles and get their organizations right-sized.

Today is a different story because today 80% of Fortune 1000 companies run SAP software. A sizable portion of these companies, as well as many other large companies worldwide, are in the final stages of implementing SAP ERP systems and SAP Business

Suite applications. This is a major difference. Drawing on the full benefits of SAP, today's businesses are equipped to return to sustainable growth at a pace much quicker than that which was possible during previous economic downturns.

[Part Two](#) of this article explored how SAP systems played a central role in helping companies detect and rapidly respond to deteriorating economic conditions. In stark contrast to past capabilities, businesses with SAP deployed quickly adjusted cost structures to volume fluctuations, identified and eliminated inefficiencies, and made operational adaptations that bolstered their ability to weather the economic storm.

To be sure, getting right-sized was painful for many businesses, but it is also true that for many companies the responsiveness and adaptability made possible by their SAP systems spelled the difference between survival and insolvency

That adaptability will serve organizations well when conditions improve. The same ability that allowed SAP customers to respond quickly to declining demand will also serve to help them

sense upticks in activity. SAP customers will be able to capitalize on the opportunities by immediately activating their supply chains, producing new product, hiring more employees and delivering the goods – all in record time. We now know this works and the upturn will again affirm that the investments made in SAP were more than worth it.

Viewing accurate information and monitoring critical KPIs through an array of performance management dashboards and reliable BI reports, businesses with SAP will instantly see the extra orders and deftly make the adjustments needed to facilitate the sharp increase in demand that will surge through their global supply chains.

As right-sized, highly responsive organizations closely attuned to dynamic market conditions, SAP customers worldwide will reap the rewards of continual business-process innovations that distance them from their less nimble competitors and accelerate their record-breaking return to sustainable growth.

What impact will this have on the overall economic recovery? It's hard to say. But when one considers SAP's expansive global reach, 80 thousand plus customers, multi-industry penetration and proven capabilities (See [Part One](#)), a safe bet would be to assume that businesses relying on SAP to resume rapid and sustainable growth will constitute much of the 'steam' Bernanke is counting on to lift the global economy.