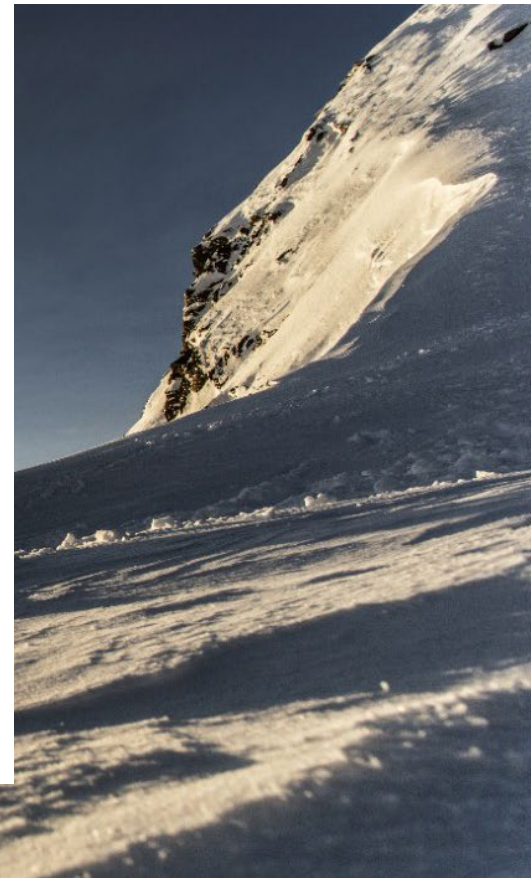# Design Authority – the key to securing your S/4 goals

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Why you need a Design Authority

The scenario is all too common: your organisation has invested significant time and effort in the definition and agreement of its S/4 business transformation goals, including (critically) the specific objectives that you have for standardisation. However, as the programme now sets off to develop and deliver, there is no clear responsibility established for ensuring those visions for standardisation make it into the final solution. Who will guide the design through the inevitable challenges it faces from stakeholders along the way? In this paper, we will explain why this needs to be the role of the Design Authority (DA) and demonstrate the most effective ways to include such a role in your transformation.

Standardisation drives business value

As we recently shared in our paper "Demystifying standardization with SAP S/4HANA", standardisation of end-to-end processes and IT systems is seen as a major driver of the business value expected from S/4 business transformations. By using less custom development and leveraging more standard functionalities, organisations reduce both IT and operational costs while increasing levels of quality and enabling digital business models to grow market share and profits.

Champion of the solution design

The DA role is proven to be a critical success factor for S/4 business transformation projects. The DA is the group or person who essentially acts as the champion of the design, ensuring that the right factors are considered in any design decisions. The DA provides assurance that solution designs are fit for purpose on a global level, components meet requirements and solutions integrate and work well within complex IT architectures while keeping the solution core lean and achieving the objectives of standardisation.

There are many instances where organisations without a DA role end up focusing more on time, cost and resources, rather than on leveraging synergies or having the organisation's medium to long term business and IT strategy in mind when dealing with new requirements from business units. Therefore, it is critical to have the DA in place from the earliest stage of design.

Template governance in an S/4HANA journey
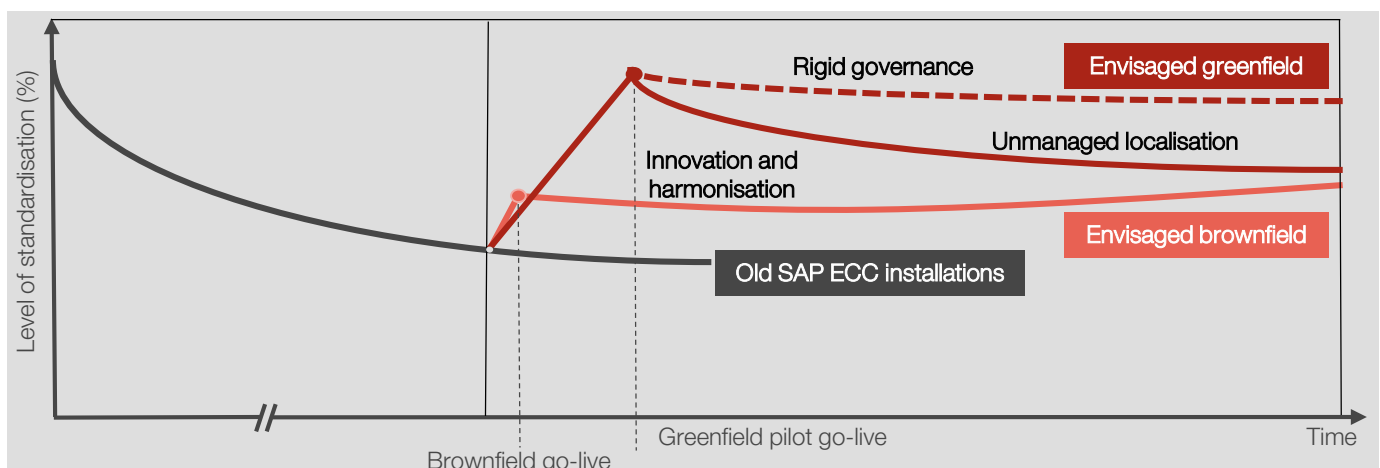
The right Design Authority must fit an organisation's unique needs

No one-size-fits-all

The Design Authority is responsible for ensuring the solution meets the organisation's goals, needs and specifications. While there is no one-size-fits-all model for the setup of a Design Authority, we observe certain distinct characteristics and also different degrees of focus and influence, depending on the organisation's internal culture, size and industry.

A key objective that we find represented consistently in the goals of the DA across many examples from our clients is to promote standardisation and harmonisation. This can be done through effective participation in and steering of the template, change management and design reviews.

One of the most consistent aspects of a Design Authority is the fact that it supports the entire transformation lifecycle and continues even after go-live. In most cases, the DA is involved from the start and continues to play a strong role until go-live, importantly being responsible for approval of requested process and solution changes during template refinement, localisation and rollout.

A relatively standard feature of DAs, especially important for larger, global organisations, is their authority at a central level rather than having decision-making responsibility distributed across business units or countries. In this respect, the DA must coordinate with functional leads and impacted units, and between IT and the business. This is considered to be most effectively managed from a centralised, separate DA unit, although the role can also be played by representative Business Process Owners, as we will see later in this paper.

In recent years, a number of proper tools for process discovery and documentation have been introduced to the market and are in use within mature analytics organisations across industries including the chemical industry, the fashion industry and the energy technology industry. So far the use of tools such as process mining is not widespread in the DA space, especially in later phases of a transformation project. We anticipate this will continue to develop as the value of identifying process variations to achieve standardisation and harmonisation goals becomes more apparent.

Design Authority heatmap: characteristics of DAs across several example clients

Example client by industry and size	Chemical (global)	Automotive (global)	Fashion & Retail (global)	FMCG (middle market)	FMCG (global)	Energy Technology (middle market)	Sealing Technology (middle market)
Driving standardisation/ harmonization	Medium	Medium	Medium	Medium	Low	Very high	Very high
Considered in each project phase	Very high	Very high	Medium	Medium	Very high	Medium	Medium
Separate organisational unit	Medium	Low	Very high	Medium	Medium	High	Medium
Decisions made on central level	Medium	High	High	Medium	High	High	High
Sophisticated tools	Very high	Medium	High	Very low	Very low	Very high	Low
Decisions communicated openly	Medium	Medium	Medium	Medium	High	Low	High

Design Authority capability   Very high   High   Medium   Low   Very low
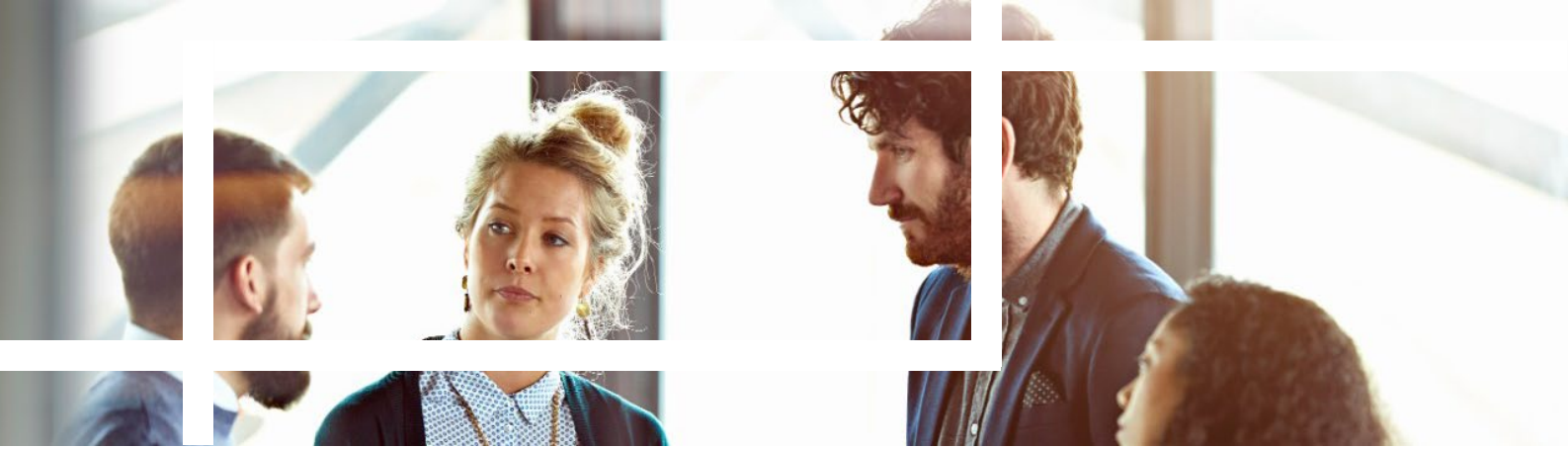
Set up the ideal Design Authority in your organisation

The right mix of process, method and tools
The most impactful Design Authority organisations are deeply anchored in their company's business and processes. To achieve this, the following key aspects should be considered:

- **Business process expertise** to ensure the required knowledge about the company's business model and establish the necessary credibility with the business units
- **Business process management (BPM)** know-how to provide the right BPM method, ensure a proper governance model and enable structured management of processes
- **Tools** to analyse the process landscape and build the foundation for performance and progress monitoring

**Business Process Owners should be key members of a Design Authority**
Based on these key aspects, there are different ways that a Design Authority is typically set up within an organisation. One of the biggest differences between setups is where and how business process expertise is included. One common approach is to establish Business Process Owners (BPOs), who can either be located within the design authority or act in a matrix organisation primarily run out the business units (see figures below). When the role is set up within the Design Authority (figure on left), it is critical that the BPOs have the necessary expertise about the companies processes and specifics, and that they are empowered to govern the processes across business units. On the other hand, when BPOs are allocated across business units (figure on right), some aspects of communication may be improved, but the DA will need to guard against potential conflicts of interest and the risk that focus will be on the needs of individual units. By understanding the differences and key success factors, the DA can ensure the right governance and empowerment of the BPOs. Hybrid models for the setup also exist but need to be balanced carefully.

Setup of DA: Two typical organisational models
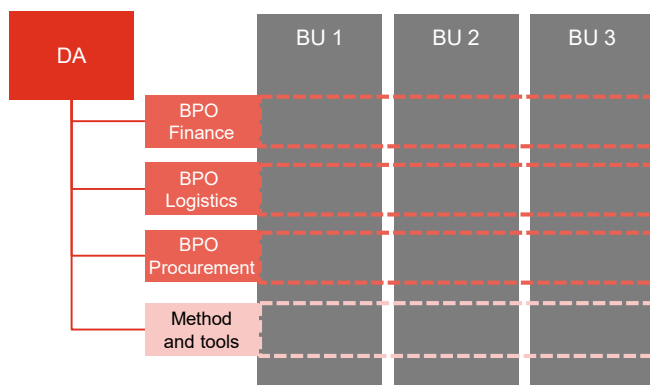
BPOs anchored in DA
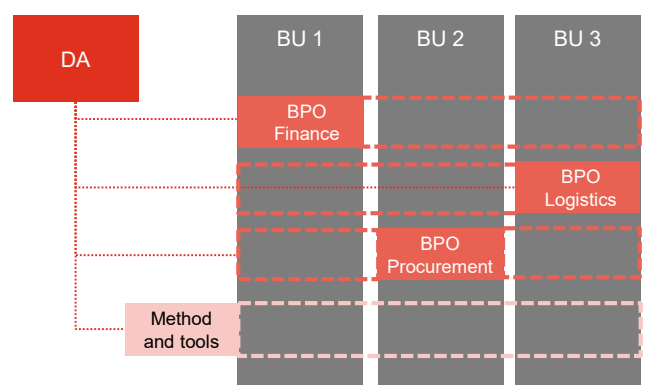
BPOs anchored in Business Units

Keep the Design Authority in focus

The evolving role of the Design Authority throughout an S/4 transformation

Like all large business transformation and ERP implementations, an S/4HANA programme evolves and changes as it goes through its various phases. At the same time, the large and varied set of stakeholders is involved to different degrees and in different ways across the phases. For these reasons, it is also important that the role of the Design Authority remains in focus – and evolves with the programme.

Across each phase of the S/4 transformation, the Design Authority setup is required to streamline all activities and decisions to achieve its overall goals:

- Creation of a global template with a high degree of standardisation and harmonisation and minimal process variants

- Solution guardianship, which means championing the global solution design and controlling future system enhancements to prevent ungoverned, rampant system growth with large-scale custom developments

- Realisation of the business benefits of full end-to-end processes that run smoothly, efficiently and effectively

It is especially important to have an empowered DA in place that is constantly monitoring, controlling and ensuring that all stakeholders are constantly working towards the goals mentioned above. This includes keeping all of the organisation's stakeholders on board and engaged appropriately. While functioning as a liaison between the various IT and business departments, the DA takes concerns seriously and initiates approaches to heuristically work towards common ground, working closely with change management to ensure that the organisation is sustainably moving forward.
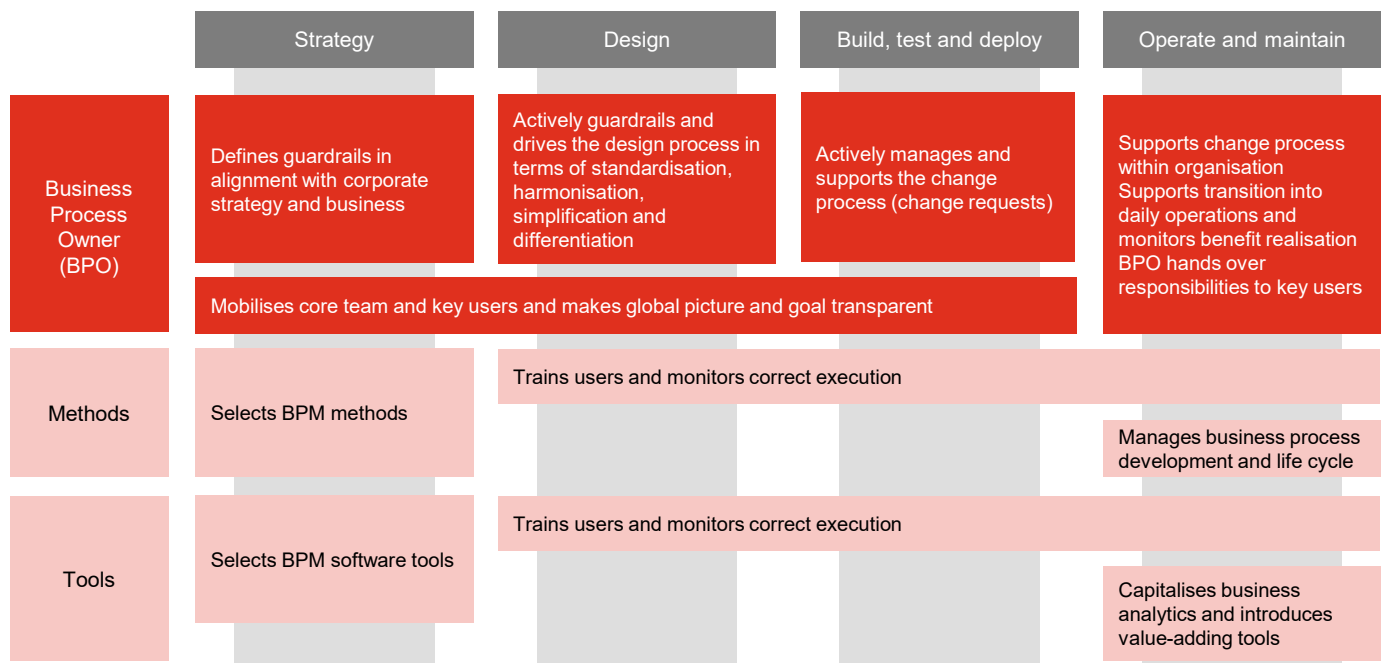

Tips: what to look out for

- Design Authority engagement is seen as temporary or lacking long-term horizon
- Lack of seniority and in-depth understanding of business and IT in DA
- Criticality of change management is underestimated and not part of planning
- Conflicts of interest exist between DA responsibilities and business unit priorities

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As can be seen in the contextual example below, the Design Authority should take clear responsibility across all phases for key tasks related to design decisions and future solutions. This includes ongoing, cross-phase activities such as mobilising the core team and key users – especially during strategy, design, build and test – or phase-specific tasks like business process developments and life cycle activities starting in the operate and maintain phase.

Key success factors: responsibilities of the DA throughout the transformation

	Strategy	Design	Build, test and deploy	Operate and maintain
Business Process Owner (BPO)	Defines guardrails in alignment with corporate strategy and business	Actively guardrails and drives the design process in terms of standardisation, harmonisation, simplification and differentiation	Actively manages and supports the change process (change requests)	Supports change process within organisation Supports transition into daily operations and monitors benefit realisation BPO hands over responsibilities to key users
	Mobilises core team and key users and makes global picture and goal transparent			
Methods	Selects BPM methods	Trains users and monitors correct execution		Manages business process development and life cycle
Tools	Selects BPM software tools	Trains users and monitors correct execution		Capitalises business analytics and introduces value-adding tools

Give the Design Authority a boost with the power of data

Selecting the right process tools to support the Design Authority

In order to achieve the most effective DA function, it is important for the organisation to leverage the right tools. Two priority areas where powerful tools exist to support DA are process visualisation and process mining.

With process visualisation, tools that have evolved from classic BPM software can be used to identify process gaps, validate processes and detect potentials for process harmonisation within an IT landscape.

Process mining builds on existing understanding of processes to further analyse and evaluate their effectiveness and efficiency. The use of process mining in the early stages of a transformation reveals potential for process improvement, especially for streamlining and optimising existing processes, and therefore is a powerful tool for the DA. Later during the building and deployment of the solution, process mining can continue to support DA in evaluating demands from the business and assessing whether the solution is achieving the stated objectives and value.

Tools to govern demand management

Along the course of every S/4 transformation, demands and new requirements will inevitably come, primarily from business units or countries. In addition to the improved understanding provided by process mining and visualisation, it is essential for the DA to have tools in place such as SAP Solution Manager or JIRA to support its demand process, based on common guidelines and in accordance with the company's IT governance.

Fact-based solution development

PwC has successfully used these process and demand management tools to develop the target S/4 solution for clients across multiple industries. From a Design Authority perspective, this approach to solution development is especially beneficial because it is based on data and facts, and therefore provides a solid foundation for design discussions and gaining buy-in across all stakeholder groups going forward.

Bringing it all together

The successful delivery of an optimal S/4 solution design requires a massive effort and ongoing alignment across many disparate groups within an organisation, often with different or even conflicting points of view. The dynamic nature of a business means that decisions and agreements made today might need to be challenged tomorrow. Especially when it comes to the specific objectives for standardisation, it is critical to maintain the long-term view, with a relentless focus on business value realisation.

Experience has proven that a strong Design Authority, executed with the approach and tools outlined in this paper, is the most effective way to govern and ensure the future success and sustainability of your S/4 solution design.

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