

SAP Customer Success Story Professional Services – Business Solutions



“We knew that if we could offer a solution at a price point that smaller companies could afford, we could increase our market share dramatically.”

Philippe De Smedt, Chief Operating Officer, Ki Solutions LLC

AT A GLANCE

Company

- Name: Ki Solutions LLC
- Location: Irvine, California
- Industry: Professional services
- Products and services: End-to-end business solutions for emerging and established midmarket companies
- Employees: 30
- Web site: www.ki4sap.com

Challenges and Opportunities

- Midmarket need for affordable end-to-end business solutions
- Significant market potential in wholesale distribution industry and medical devices firms
- Lack of prepackaged industry-specific solutions, resulting in consultancy-intensive implementations

Objectives

- Develop preconfigured solutions for the wholesale distribution industry and medical devices firms
- Incorporate processes based on industry best practices
- Establish a repeatable delivery model
- Speed up software rollout

Partner Solutions and Services

- Ki4 Med Devices and Ki4 Wholesale Distribution, both qualified SAP® All-in-One partner solutions

Implementation Highlights

- Access to expertise from SAP developers
- Invitations to SAP events for prospective clients
- Close working partnership between Ki Solutions and SAP sales staff

Why SAP

- Shared values
- Superior product
- Commitment to supporting partners' business success

Benefits

- Faster implementation of solutions
- Reduced consultancy costs for customers
- Creation of competitive advantage
- Profitable operations as a result of repeatable, efficient delivery model
- Impressive growth rate, with 85% of revenue generated by qualified SAP All-in-One partner solutions

KI SOLUTIONS

Qualified SAP® All-in-One Partner Solutions Help Channel Partner Increase Market Share

Respect, loyalty, and commitment – these are the values on which Ki Solutions was founded two and a half years ago. The mission of the Irvine, California-based company is to be a trusted advisor to midmarket companies, establishing long-term relationships with customers and supporting them as they grow. But to achieve this, Ki Solutions needed a trusted partner of its own – and a solution that would meet the needs of its customers. The company became an SAP partner and developed two qualified SAP® All-in-One partner solutions to address the industry-specific requirements of midsize companies within its territory – at a price point they can afford.

Tapping the Potential of the Midmarket

According to Philippe De Smedt, chief operating officer at Ki Solutions, business solution providers to the midmarket have traditionally focused on companies with a turnover of US\$70 million to US\$500 million. “That’s because these companies are large enough to finance the extensive consulting services usually associated with an implementation,” he explains. “However, this segment only accounts for 45% of the small and midsize market. We knew that if we could offer a solution at a price point that smaller companies could afford, we could increase our market share dramatically.”

To reduce the amount of consultancy budget required for implementations, Ki Solutions decided to develop a prepackaged industry-specific solution. By preconfiguring as many functions and processes as possible according to industry best practices, the amount of consulting time required would be reduced, making the software affordable for smaller companies.

Shared Values

Having worked with SAP in the past, De Smedt was in no doubt that the solutions offered by Ki Solutions should be based on SAP software. “SAP stands for the same values that we believe in,” he remarks. “We are interested in establishing long-term relationships with our customers – helping them to grow and supporting their success.”

The way that SAP approaches its partner relationships was also attractive to De Smedt. “Unlike some other software development companies, SAP always shows respect for its partners,” he comments. “It is concerned with our success and profitability as well as its own and understands that we are in this business to make money.”

“Unlike some other software development companies, SAP always shows respect for its partners. It is concerned with our success and profitability as well as its own and understands that we are in this business to make money.”

Philippe De Smedt, Chief Operating Officer, Ki Solutions LLC

SAP also scored high on the strength of its products. “The extensive functionality of the software, and the investment made by SAP in the preconfiguration of industry-specific best practices, has resulted in the most powerful products to address the needs of midsize businesses today,” says De Smedt. “You don’t find the same depth of industry-specific preconfiguration and functionality in other software developed for this market.”

Streamlined Process

Ki Solutions chose to develop qualified SAP All-in-One partner solutions for the wholesale distribution industry and medical devices companies. The decision was based on a demographical analysis showing these two as dominant within its geographical

“Powerful industry-specific functionality and simplified deployment is a killer combination. It makes us very attractive to potential customers – in competitive tenders, we’re nearly always one of the final two companies in the selection process.”

Philippe De Smedt, Chief Operating Officer, Ki Solutions LLC

territories of California and northeastern United States. This focus was a good fit with the skills of staff at Ki Solutions, who draw on extensive experience in those areas.

Preconfigured functionality within the SAP software helped Ki Solutions streamline the development and qualification process of its qualified SAP partner solutions. In addition, the company was able to call on developers and industry experts within SAP for advice and support when needed.

Rapid and Affordable Implementation

Ki4 Med Devices and Ki4 Wholesale Distribution come with 85% of the functionality preconfigured, reducing the time and consulting budget required for implementation. Companies such as Med-Health Pharmaceutical Products LLC – a pharmaceutical products wholesale distributor based in Las Vegas – have been able to roll out our solution within 11 weeks, up to 30% faster than traditional implementations.

However, according to De Smedt, the implementation budget can be reduced by even more. “No matter how streamlined the rollout, a certain amount of the time is always going to be taken up with end-user training, which usually doesn’t require our consultants,” he comments. “So if you look at the implementation time spent on consulting alone, the savings are significant.”

Close Working Relationship

In addition to providing expertise during the development of the software, SAP supports Ki Solutions from a sales and marketing perspective. “Our prospective clients are regularly invited to SAP events and feedback demonstrates that they are very impressed by this,” says De Smedt. “SAP puts a huge amount of effort into making sure that our midsize customers realize they are just as valued as larger companies.”

The close working relationship between the Ki Solutions team and SAP direct sales staff has played an important role. “The SAP model encourages collaboration,” confirms De Smedt. “This means that we don’t experience issues with people ‘poaching’ prospects – instead we work together with SAP sales personnel to find a solution that meets the customer’s requirements. There is a real synergy between us.”

Killer Combination

As well as being more affordable for customers, being able to deliver prepackaged, preconfigured solutions is more profitable for Ki Solutions. “Because it’s a repeatable model, we don’t need to reinvent the wheel each time,” says De Smedt. “That means we can deliver it more efficiently – and more profitably.”

And offering such a strong solution helps the company to stay ahead of the competition. “Powerful industry-specific functionality and simplified deployment is a killer combination,” enthuses De Smedt. “It makes us very attractive to potential customers – in competitive tenders, we’re nearly always one of the final two companies in the selection process.”

The profitability of the qualified SAP All-in-One partner solutions is borne out by the figures. Following an initial investment of approximately \$500,000 to \$750,000 for each of the partner solutions, Ki Solution enjoyed a 150% revenue growth in 2006 and is anticipating an 85% revenue growth in 2007. Ki4 Med Devices and Ki4 Wholesale Distribution have been critical to this success, accounting for 85% of the company’s sales. “The qualified SAP All-in-One partner solutions have helped us to tap into the sub-\$70 million market demographic and allow our price point to address these smaller companies,” confirms De Smedt.

Exciting Future

The phenomenal growth curve is set to continue with Ki Solutions planning to develop further solutions specific to the life sciences industry and extending its wholesale distribution solution to

“The qualified SAP All-in-One partner solutions have helped us to tap into the sub-\$70 million market demographic and allow our price point to address these smaller companies.”

Philippe De Smedt, Chief Operating Officer, Ki Solutions LLC

cover the consumer products industry. “We’ve seen unbelievable growth both in our customer base and our revenue,” comments De Smedt. “We see the development of further qualified SAP All-in-One partner solutions as a key part of our growth strategy.”

De Smedt believes that the relationship with SAP will continue to strengthen as Ki Solutions grows. “SAP has demonstrated that it cares about our success,” he concludes. “As long as that continues, I’ll continue to believe that we have the correct business model.”

www.sap.com/contactsap

THE BEST-RUN BUSINESSES RUN SAP™



50 085 913 (07/08)

© 2007 by SAP AG. All rights reserved. SAP, R/3, mySAP, mySAP.com, xApps, xApp, SAP NetWeaver, Duet, PartnerEdge, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.