

Interview with Clemens Daeschle on “Management of Global Software Development at SAP AG”

Dr. Clemens Daeschle is Vice President of Globalization Management within the SAP Labs Network. As a member of the Labs Network Management Team, he is primarily responsible for ensuring the alignment of the local labs’ needs and objectives with SAP’s global objectives. Before taking on his current role, Dr. Daeschle led a global virtual development team working on the SAP ByDesign product with team members located in India and Germany. Before joining SAP in 1997, he had worked as developer for DCW GmbH, a mid-size software company. Dr. Daeschle graduated from the University of Freiburg in the Breisgau region where he received his doctorate in mathematics in 1993.

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BISE: Dr. Daeschle, globalization comes with both threats and opportunities for companies. The IT industry has been also rapidly globalized. How would you describe the impact that globalization has had on the way SAP runs its business today?

Daeschle: For SAP, globalization definitely offers considerable opportunities. Customer requirements are one example. Nowadays, customers demand both global and local solutions at the same time. For all these requirements, we at SAP carry the right spirit in us. This may be because SAP was founded in Europe. Here, in Germany, the entire team started right away with a strong awareness for building solutions that should be both global and local at the same time.

As a second field of opportunities that globalization offers us, I want to mention the abundance of talents. Thanks to globalization, we are able to work together all over the world. We can attract different people from different cultural backgrounds with their passion, their ideas, and their dreams. The much discussed reverse innovation, meaning that ideas

originating from low cost countries generate new business opportunities in mature countries, is a very prominent example of this big chance for using this diversity of talents.

BISE: Setting up globally distributed teams to support international business has been prevalent in contemporary organizations. They enable organizations to reduce costs of cross-border operations, improve flexibility and agility, and gain competitive advantages in international markets. How does SAP leverage the concept of global virtual teams today?

Daeschle: In my opinion, first of all, one needs the right location strategy overall. We strongly believe in a global strategic partnership. That is to say, our overall goal is to maximize our achievements in five connected objectives: cost saving, innovation, access to new markets, revenue growth, and talent access. If an enterprise follows this approach, globalization can obviously only function successfully if it goes hand in hand with reasonable investment in employees. And for sure, this investment does neither come for free nor is it only a cost saving initiative.

For SAP, investment in people specifically means to follow the road to lean management. One key element of lean development is to build up smallest development entities. The basic idea of these smallest development entities is that of a team of about ten people with cross-functional team expertise. Cross-functional team expertise is to say that the team altogether possesses sound expertise in development, product management, quality management, documentation, and in user interface design. These

strong multi-disciplinary and small entities are set locally so that the specialists are not isolated but work together closely. Then, several small cross-functional teams can collaborate on a broader scale either on a local or a global level. At SAP, we have the thumb rule that at least three cross-functional teams should be based at the same location.

To summarize this important notion: The main goal of SAP is to have complete topics and complete ownership in one location and to have cross-functional expertise also co-located. Only when it comes to bigger products, teams from multiple locations work together virtually on the same product. In addition, if development for more comprehensive products requires large virtual teams, the dispatching of tasks will be realized with highest consideration. Tasks will be assigned in accordance with the best expertise in this topic, special local skills, special experience with the respective industry or market, and skills of local talents. At last, when different cross-functional teams have to work together, SAP invests heavily to enable real or life-like face-to-face interaction as a trustful work relation can only be achieved by personal interaction.

BISE: In the exploration of critical success factors of GVTs, a considerable number of scholars have stressed that bridging the national cultural barriers among globally dispersed and culturally diverse members is crucial for team performance. What are the key critical success factors for successfully managing global virtual teams from your experience? How important is considering cultural aspects from your point of view?

Daeschle: The right corporate culture is the backbone of a company and the basis for trust. This is especially true for multi-national companies, where people with different cultural background are working together. A corporate culture should be defined according to deep and broad values as integrity, excellence, and openness.

Based on these values, a company can grow and even feel like a global homeland to its employees so that they feel at home at any location. As to myself, I have always experienced this feeling with pleasure at so many SAP locations. It is immediately there when I enter an SAP building, no matter if I am in Bangalore, Palo Alto, Tel Aviv, or at any other site: I

feel at home immediately. The site buildings are similar but not identical. The first people I meet are polite and very supportive. I can go into a coffee corner and can start right away to talk to the locals about my visit, our customers, products, or whatsoever. And then, while conversing, I can take in details of the local culture. I notice that the cafeteria reminds me of the one at our SAP headquarters in Walldorf, Germany, but, at the same time, it is slightly different. Maybe more open in its outline. Or the coffee there tastes differently. Or perhaps the posters on the wall that fit so well into the local context are new to me. In the end, we are talking about the same topics as in Walldorf only in slightly different ways, sometimes a little bit louder, sometimes at low voices but always with excitement and enthusiasm.

Hence, having the right mix of a strong common corporate culture combined with diversity in local cultures, local strengths, and cultural traits is our basis of sustained success. SAP employees who identify themselves with our corporate culture and at the same time strive to really understand a local culture with pleasure and passion lead to our common success.

BISE: Global virtual teams heavily rely on information and communication technologies (ICT). Recently, the core synchronous and asynchronous technologies such as phone and email have been extended by social computing technologies like Wikis. What types of ICT do you leverage at SAP within global virtual teams today?

Daeschle: There is a broad spectrum of information technologies supporting the work in virtual teams. It starts with emails and phones, smartphones, video conference rooms, and telepresence (TP) rooms. TP rooms are quite expensive but on the other hand provide an immersive experience very close to that of a real meeting. I do not want to go into technological details here, but I would like to share one single story of how IT – even at less cost – can support our virtual work. The scene I observed took place in my team, when a German and an Indian colleague had to work together on a complex topic. Our idea of how a technical device could support this kind of collaboration was the following: both ordered a web cam. Both agreed that every day at the same time they should have what they called a “webcam call”, no matter if there were any issues to solve or not. So,

every day, they said hello to each other and talked face to face and thereby tuned into each other. It only took five minutes of socializing a day and then they would start working. The amazing point was, and that was a surprise for all of us, how close and good the relation had become after a certain time. It had become even better than some other direct working relations, and in the end, both colleagues did a great job.

All this information technology definitely helps. SAP has understood that when you have to work together for a longer time, only real social interactions and visits can build up real trust.

BISE: How do you drive successfully the introduction of new concepts in your labs? Can you share any best practices based on your experiences?

Daeschle: At SAP, we consider two factors as crucial for a right interplay: you need global standards and local cross-functional expertise.

For bigger changes, SAP has standard processes to share best practices and experiences. This sharing can be achieved by online trainings, the SAP demo store, hands-on-sessions, or, at a more intense level, so-called boot camp sessions. These boot camp sessions are educational events taking place at the receiving location for the duration of three days. However, all this best practices sharing can only work successfully if the receiving unit is able to tune in and digest the information they receive. This is why we rely on strong local teams with cross-functional expertise and skills in software architecture. Additionally, this approach has the benefit that education is scalable. Thus, for example, the “local” architects can train their local team by themselves.

BISE: The key mission of your organization is to ensure that the local needs and objectives of the labs are aligned with the global objectives of SAP. Successfully mastering the interplay between global and local issues is not trivial; I assume you have followed different approaches in the course of time. What are the key factors for a successful interplay from your point of view?

Daeschle: I want to mention three main points on how to meet these challenges:

First: SAP has established so-called SAP Labs, which represent approximately 80 % of SAP’s Research & Development execution power. Each lab is headed by a local managing director who has to be a local representative. He or she is in charge

of operational excellence and must define a strategic labs roadmap.

Second: SAP has a global product portfolio process where globally acting senior managers define a global product strategy. This global guidance will be reviewed and incrementally refined and improved by the local managing directors who have a thorough and comprehensive understanding of local needs, local ecosystems, and local talents.

Third: this interplay between global and local entities is enhanced by the third pillar in our approach to meet these challenges, the so-called SAP Labs Network (SLN): The main role of the SAP Labs Network is to take care of global initiatives running synchronously with best practice sharing via all labs. Global initiatives could be the SAP location strategy, employee engagement initiatives, global operational initiatives, distribution of

work and sharing of knowledge, building up of products and services according to lean principles, and so on. The way the lean approach is implemented in the different labs is a good example of best practices sharing. SAP Labs Network also has to ensure that specific local requirements will get bundled, clearly understood, and not only shared among the network, but also pushed back up into global initiatives so that these can benefit from this knowledge as well.

BISE: Looking at the future, how do you see global virtual teams evolving at SAP? What do you see as future key challenges in this domain?

Daeschle: The smallest entities constituting global virtual teams should be teams which are working together at the same location and which possess all required expertise, including expertise in

software architecture. We strongly believe in lean development.

These strong teams will cooperate globally and virtually on a SAP product and this cooperation will be based on strong corporate values, lean principles as well as virtual and physical interactions. We can only deliver global products and we can only be a really innovative company if we take the global power and combine it with the local strength.

To support this interaction by a strong network is a final step to do. A summary of the main advantage of this approach was already articulated nearly 2500 years ago in a quote by Aristotle: “The whole is bigger than the sum of its parts”. And this quote is the mission of the global SAP Labs Network.

BISE: Dr. Daeschle, thank you very much for your time and for this interview.

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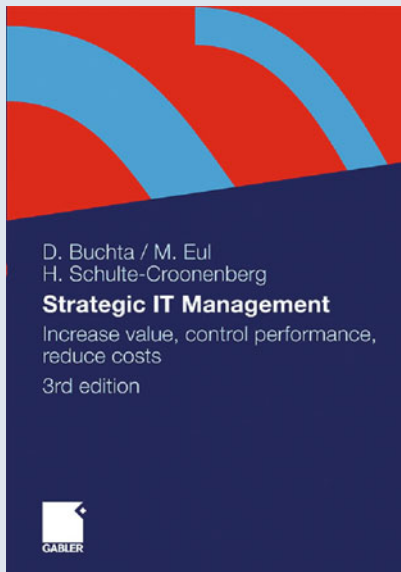
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