Managing Operational Risk for Sustainable Growth and Development

Dieter Haesslein, VP Environment, Health, and Safety Product Management
Jeremiah Stone, VP Sustainable Operations & Products Solution Management
September 12, 2012
NEW RISKS AND OPPORTUNITIES

New middle class

Grey2K

Need to innovate

Price volatility, margin risk

Growing public awareness

Brand at risk

Supply at risk

New work patterns

Employee expectations

Climate instability, pollution

Talent acquisition

Cost and risk of compliance

Talent retention
SAP co-innovates with the best
We put the best sustainability practices into our solutions

SAP ecosystem
2000 Customers. 800 Million People Protected. 24 Industries

- 7 development labs
- 15 research centers
- Collaboration platforms for open innovation
- Bring together customers, partners, SAP researchers and developers
- Real-world, hands-on settings
- Turning ideas into real solutions!

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SAP’s strategy for sustainability

- **Operational Risk Mgmt**
  - Operational continuity
  - Lower compliance cost
  - Proactive risk control
  - Boost productivity

- **Energy and Environmental Resource Mgmt**
  - Cost reduction through process efficiencies
  - Supply chain collaboration

- **Sustainable Consumption**
  - Competitiveness
  - New markets
  - Brand value
  - Customer Loyalty

- **Sustainable Strategy**
  - Sustain the business model
  - Employability
  - Health & diversity
  - Higher market cap

- **Product Safety & Stewardship**

- **Sustainability Reporting and Analytics**
Simplicity

User-Centered Design

Plan → Research → Design → Measure → Adapt
Demo – Safety Issue & Analytics Mobile Applications
Customer Request

Help me grow and innovate in operations with confidence by moving from a plant-level focus on compliance and EHS data management to proactive, holistic management of risk and safety based upon a foundation of operational excellence.
Operational Risk Management: The Challenge
Connecting the Shop Floor to the Top Floor

We committed to spending more on proactive risk reduction, but what are the highest priority projects?

We are about to miss an important delivery date. Can we put in a bigger pump to increase production?

This reading is confusing. What should I do?
Focused Investments

Co-Innovation Driven Solutions for Safety
SAP delivers comprehensive end-to-end solutions for Sustainability

### Sustainability

#### Operational Risk Management
- Incident Management
- EHS Risk Assessment
- EHS Program Management
- Management of Change
- Maintenance Worker Safety Management
- Audit Management

#### Product Safety & Stewardship
- Product Compliance
- REACH Compliance
- Substance Volume Tracking
- Hazardous Substance Mgmt
- Global Label Management
- Product Safety Comm.
- Dangerous Goods Mgmt
- Recycling Administration

#### Energy & Environment Management
- Energy Analysis and Monitoring
- Environmental Compliance

#### Sustainability Reporting & Analytics
- Operations-Driving Strategic Initiatives
- Finance and Risk Mgmt – Monitor Performance
Incident Management Solution
Manage all unsafe acts and unsafe conditions to reduce incidents

- All incidents, near misses, observations in one system
- Simple, fast incident reporting by anyone, anywhere online and offline
- Standard guided processes for data collection, investigation, corrective/preventive actions & tasks, and monitoring
- Dashboards and analytics to see trends and exceptions for quick action
Risk Assessment Solution
Proactively reduce risks to prevent incidents

- Comprehensive, multi-type, risk assessment capabilities to identify hazards, risks, and controls
- Configurable analysis methods with graphical risk matrix, comparison of measurements to regulatory limits, Job Hazard Analyses
- Conduct effectiveness evaluations on risk controls
- Comprehensive dashboards deliver decision-support information
Maintenance Worker Safety Solution
Embed Risk Information and Controls into Maintenance Process

- Risk management systems natively integrated into Enterprise Asset Management
- Automatic determination of relevant risks and safety measures in work order enables efficient maintenance planning
- Support of various safety measures including PPE, work permits, documentation, and procedures
- Standard safety icons on job card to clearly communicate job hazards to the worker
Management of Change Solution
Manage operational changes without increasing risk

- Management of equipment, process, and chemical changes
- User-friendly change request and approval process to ensure proper risk assessment before changes are made
- Ability to create checks and balances specific to the type of change, risk level, resources, and assets involved
- Involvement of stakeholders and activity owners, according to predefined responsibilities
How to Eat This Elephant?
Example: Operational Risk Management Adoption Approach

How leading customers are approaching deployment of SAP Sustainability Solutions
Build a Stable Foundation
Empower Employees & Deliver Executive Insight

1. Mobile SAP Explorer

Corporate

Site Management

Individual

Incident Management
Layer In Proactive Capabilities
Measure & Continuously Improve Safety Performance

Corporate

Mobile SAP Explorer

Site Management

Incident Management

Risk Assessment

Management of Change

Individual

SAP Sustainability Performance Management

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Deliver the Final Mile of Safety
Implement Effective Control of Work

1. Mobile SAP Explorer
2. SAP Sustainability Performance Management
3. Maintenance Worker Safety Management

Corporate
Site Management
Individual
Integrated Tools to Face the Challenge
Connecting the Shop Floor to the Top Floor Holistically

One SAP Integrated System

Corporate
Mobile SAP Explorer
SAP Sustainability Performance Management
SAP BOBJ Dashboards and Analytical Reporting

Site Management
Incident Management
Risk Assessment
Maintenance Worker Safety Management
Management of Change

Individual

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The Road Ahead
SAP Sustainability Solution Roadmap

- Planned innovations
  - Operational risk management
    - Management of Change (MoC)
  - Embedded product compliance
    - EHS OnDemand 2.0: Sustainable Product Business Network
    - EHS Safety Issue Mobile Application
    - Global Batch Traceability
    - EHS Management: Product Compliance
    - EHS Regulatory Content Updates
  - Sustainability reporting and analytics
    - Sustainability Performance Management 3.0
  - Energy and environmental resource management
    - EHS Management: Environmental Compliance (Emissions Accounting & Regulatory Content Integration)

- Future direction
  - Sustainability mobile apps
    - Sustainability cloud applications and collaboration
  - Sustainability analytics
  - Sustainability & regulatory content
  - Sustainability on-premise solutions
    - SAP HANA based acceleration and apps
    - Process enhancements
    - Next-generation UI and UX*

*User experience

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Key Takeaways

1. SAP’s operational risk management capabilities improve practitioner effectiveness through superior comparability, accuracy & completeness by building on a real-time platform.

2. Operational risk management solutions are strategic for SAP. SAP is delivering a best in class system today, and a continuous investment plan for the future.

3. Together with SAP, YOU can drive a strategic, transformational change in operational safety, preventing loss of life, damage to the Environment, and unintended downtime.
Thank you

Jeremiah Stone
VP, Sustainability Solutions
+1 650 391 4713
jeremiah.stone@sap.com

Dieter Haesslien
VP, EH Product Management
+49 6227 7-63799
dieter.haesslein@sap.com
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