

How to make your move to SAP S/4HANA® a success

Facts, news and practical knowledge from experts for experts

The business world of today is evolving rapidly, forcing companies to make critical decisions about the implementation of SAP S/4HANA. This executive summary draws key insights from our comprehensive analysis and addresses the important issues. We shed light on the motivation behind the transition, discuss the ideal timing for the transformation and provide an overview of the various migration approaches. We also reveal the often overlooked hidden costs of outdated SAP systems, take a closer look at the importance of data management after a migration and explore the future of enterprise resource planning.

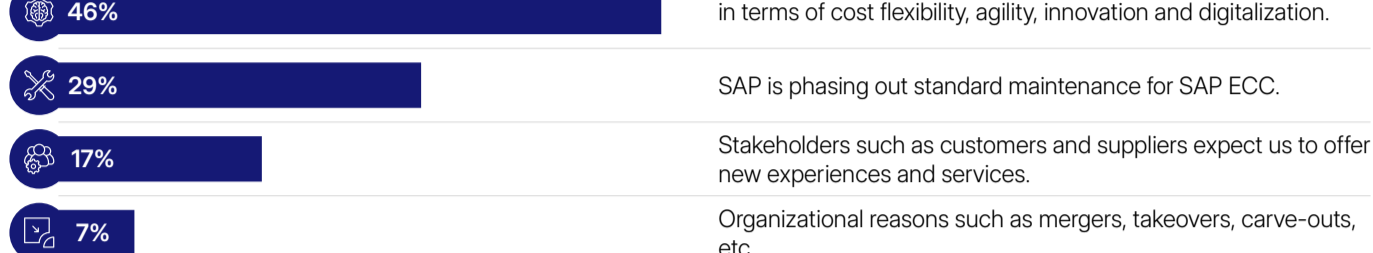
Our extensive knowledge and the latest SAP S/4HANA surveys paint a picture of the most recent developments in this area. These findings enable companies to make informed decisions about their SAP systems.



Motivation: Why are companies moving to SAP S/4HANA?

The current survey results emphasize that SAP S/4HANA is perceived as a strategic basis for further innovations and technological leaps.

Why companies are migrating to SAP S/4HANA

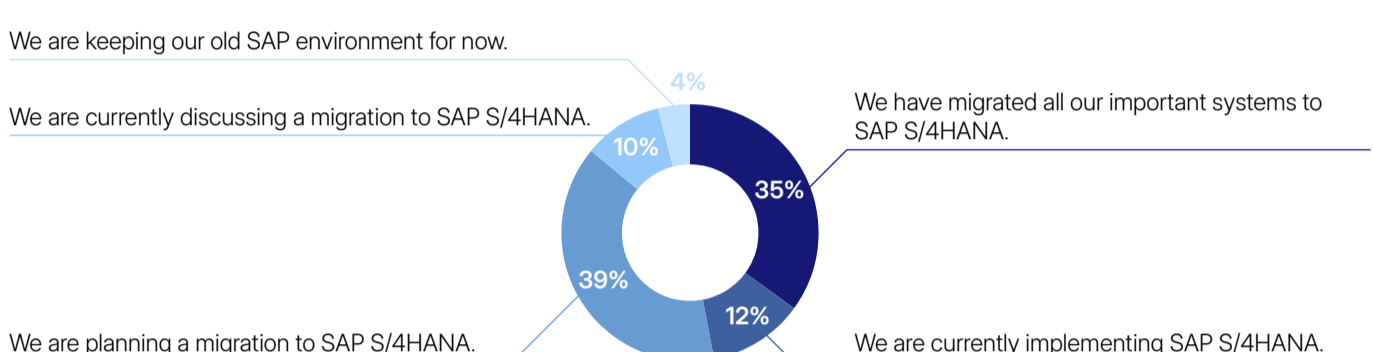


Source: PAC, CxO Survey "SAP S/4HANA modernization & migration strategy," 2023

Timing: When are companies tackling the SAP S/4HANA transformation?

More than one in three of the SAP customers surveyed in the European market have now migrated to SAP S/4HANA. At least another third are in the planning phase, indicating that the migration project is generally going to happen – with only the timing up for debate.

Where do companies stand with their SAP S/4HANA migrations?



Source: PAC, CxO Survey "SAP S/4HANA modernization & migration strategy," 2023

Approach: Which migration strategy do decision-makers choose?

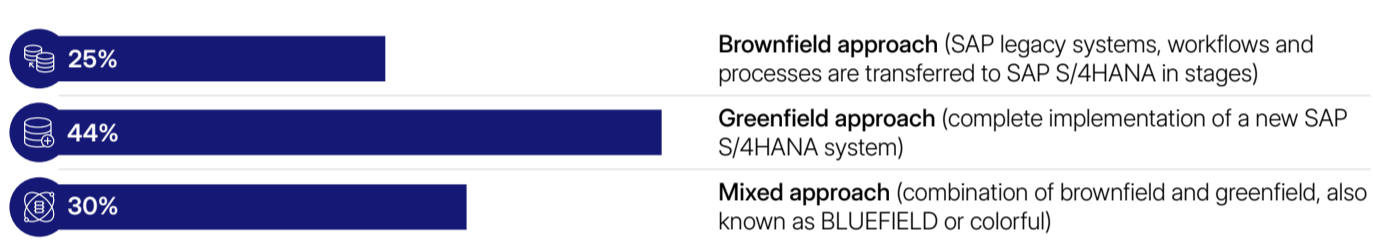
The strengths of hybrid models – also known as the selective data transition approach – are becoming increasingly clear. In 2023, around a third of those surveyed in the PAC study describe the selective (hybrid) strategy as their preferred approach. For companies with revenues of EUR 1 billion or more, 45% are pursuing the selective or hybrid strategy (Research Services by Foundry 2022).

greenfield approach, while the figure is as high as 44% in Europe as a whole (PAC 2023).

The various forms of the brownfield approach also remain an attractive option for some companies. Throughout Europe, a quarter of those surveyed opt for this approach (PAC 2023). In the German-speaking world, the trend is towards an extended brownfield approach that involves a more technical migration comprised of improvement and optimization initiatives.

The greenfield approach is making a bit of a comeback: According to valantic (2023), 28% of the companies surveyed from the DACH region chose the

The approaches that companies choose for their SAP S/4HANA migration



Source: PAC, CxO Survey "SAP S/4HANA modernization & migration strategy," 2023

Learn how to avoid the hidden costs of underperforming SAP systems

Poor IT performance can lead to monthly overheads of EUR 100,000 or more

>100K€
Monthly losses due to outdated SAP systems in 25% of companies



Outdated SAP systems incur high costs for maintenance and repair, making it difficult to leverage forward-looking technologies. Due to poor performance, they also decrease productivity, which can lead to substantial monthly overheads for companies with many users. We explain how exactly these hidden costs arise in SAP environments and how to figure them out by analyzing the systems, with the goal of cutting the budget in the right places and investing in a high-performance, sustainable IT infrastructure.

Concerned about the financial implications, it is not unusual for companies to postpone their forward-looking IT modernization and transformation projects. But if their legacy SAP systems are inadequately maintained and they only launch digital transformation initiatives when infrastructure components fail, this can pose far more serious problems. The loss of productivity in day-to-day business should not be overlooked either, as it can result in considerable additional costs – especially if many employees are involved. SNP's analysis of over 2,000 SAP systems with up to 60,000 active users provides insights into how and why these hidden costs arise. The data is based on assessments and transformation projects carried out since 2019.

Read more about this in the white paper, page 16 f.

Data management: What is critical to success after the SAP S/4HANA migration?

The go-live of SAP S/4HANA represents an important milestone. But to preserve their high-quality data after the migration, SAP customers need to actively maintain the new system landscape afterwards as well. Data has strategic value for companies – and it is becoming increasingly important in terms of implementing a forward-looking strategy and remaining competitive. That's why professional data management is recommended: Besides integrating SAP data into the cloud solution of their choice, companies should look into data cleansing, data archiving and system decommissioning measures.

With data archiving, selected data can be taken from the SAP in-memory database and stored in a readable and more cost-effective manner. This means that IT managers only need to maintain the most important data in the production system. System decommissioning streamlines the IT landscape by shutting down hardware and software components that are no longer needed while at the same time transferring (legally) required data to a more affordable cloud storage solution. These three approaches give rise to **increased data quality, substantial cost benefits and slower data growth**. They also pave the way for introducing a modular data storage model – information from the data ecosystem is stored in different locations depending on its relevance and the applicable legal requirements.

While data cleansing (housekeeping) involves regularly cleaning up old and unused data and maintaining system performance via recurring processes, the other approaches focus on how and where to optimally store data. Large data volumes lead to ever-increasing storage requirements and total cost of ownership – especially when running on modern technology like SAP S/4HANA.

Read more about this in the white paper, page 33.

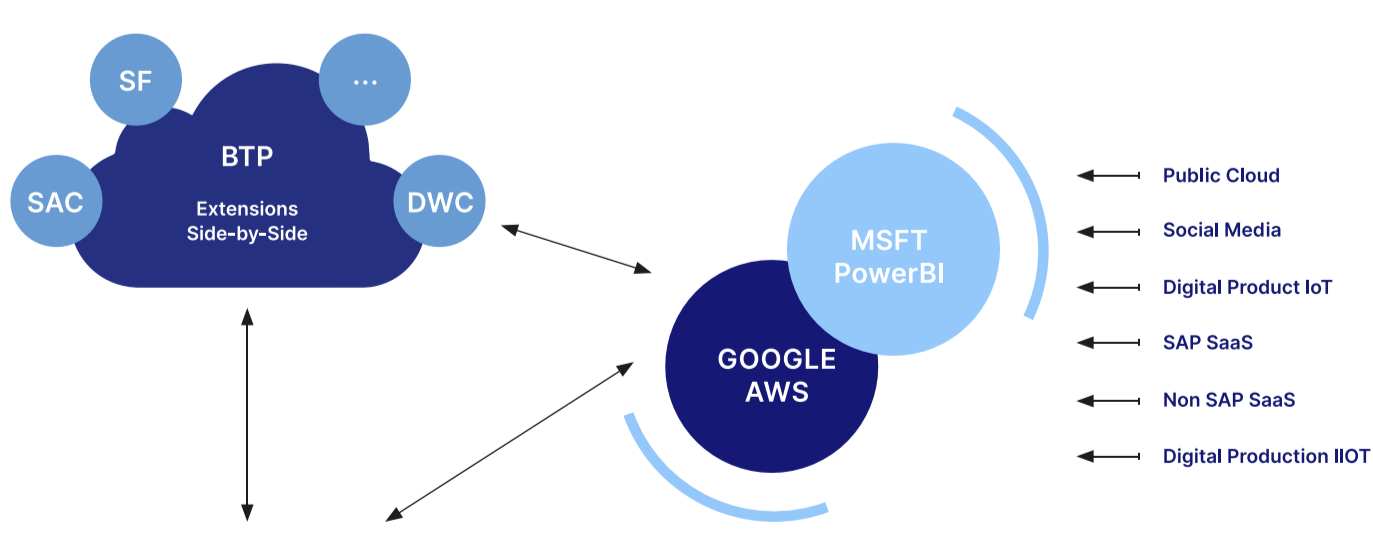
Smart data management reduces companies' storage requirements by up to 50%, delivers ROI within six to 18 months, and prepares them for new innovations on the horizon.

A technological shift in the ERP world:

Composable enterprises are the future

In recent years, digital change has opened SAP users' eyes to the importance of a modern ERP solution – i.e. SAP S/4HANA – to remain sustainable and competitive in the future. That being said, technological progress will not end with the fourth SAP product generation, but will move forward exponentially.

To seize the opportunities arising from this change, companies should continue to think about their own digital transformation: The future lies in environments with the maximum number of distributed cloud systems – and SAP S/4HANA paves the way there.



The IT architecture of the future: Modular, flexible and powered by the cloud

The composable enterprise plays a key role here: The term, introduced by IT analyst Gartner, describes an enterprise with IT landscapes that have the maximum number of distributed, cloud-driven systems and use a wide range of microservices. The IT environment of the future will enable enterprises to combine their technical capabilities and expertise so that they can adapt particularly quickly to business developments and remain flexible, innovative and resilient.

In summary, the enormous complexity of SAP S/4HANA migrations means that every project requires an individual approach. Our recommendations serve as a guide to creating a more efficient, secure and sustainable future. By working with our customers to implement these solutions effectively, we ensure that they thrive in the face of constantly evolving challenges and opportunities.

Read more about this in the white paper, page 34 f.

But increased opportunities for businesses go hand in hand with rising complexity: IT managers are faced with the task of managing a large number of microservices within their complex IT architecture while ensuring that enterprise data is used profitably through strategic data management.



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