

Customers Say Running SAP Workloads on AWS Yields Robust Business Benefits in Addition to Immediate Cost Savings

IDG SURVEY FINDS NEARLY TWO-THIRDS OF CUSTOMERS PLAN TO MOVE ADDITIONAL SAP SOLUTIONS TO AWS

EXECUTIVE SUMMARY

Companies that are running SAP on Amazon Web Services (AWS) report high satisfaction ratings and the intention to move additional SAP workloads to the cloud in the future. IDG Research found that customer satisfaction increases the longer they run SAP workloads on AWS. Cost savings are the primary motivator for customers to make the move, with 96% of customers reporting a reduction in total cost of ownership (TCO) and an average overall savings of 26%. However, experienced SAP-on-AWS customers are more inclined to cite payoffs in business-related areas like efficiency, innovation, time-to-market, and improved customer service, indicating that the perceived value of running SAP in the cloud shifts to points of greater leverage in the business over time. Many organizations are already running multiple SAP workloads on AWS, and nearly two-thirds of current customers plan to shift additional applications in the future.



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ORGANIZATIONS THAT MOVE TO THE CLOUD OFTEN DO SO FOR SHORT-TERM COST SAVINGS but find that the much bigger payoffs come in the form of improved business agility and speed. That experience is borne out by customers who have shifted their SAP workloads to AWS, according to a recent survey conducted by IDG Research. Customers reported that the cloud delivered immediate cost savings and efficiency benefits in the form of reduced infrastructure costs, but that over time they were able to realize more transformative returns in business-critical areas such as improved efficiency, a faster pace of innovation, speedier execution, and better customer service.

IDG Research contacted 100 enterprise customers who have moved one or more of their SAP applications to AWS. Respondents were nearly unanimous in reporting high satisfaction with the decision to migrate. Infrastructure cost savings are the primary driver of the migration decision in most cases, and cost savings continue to be significant over time. Nearly all companies surveyed say they have reduced the total cost of ownership (TCO) of their SAP investments by moving to AWS, with an average TCO reduction of 26%. One in six customers say their savings amounted to more than 40%.

That figure reflects the entirety of savings in both infrastructure and software costs. The ability to dynamically allocate resources

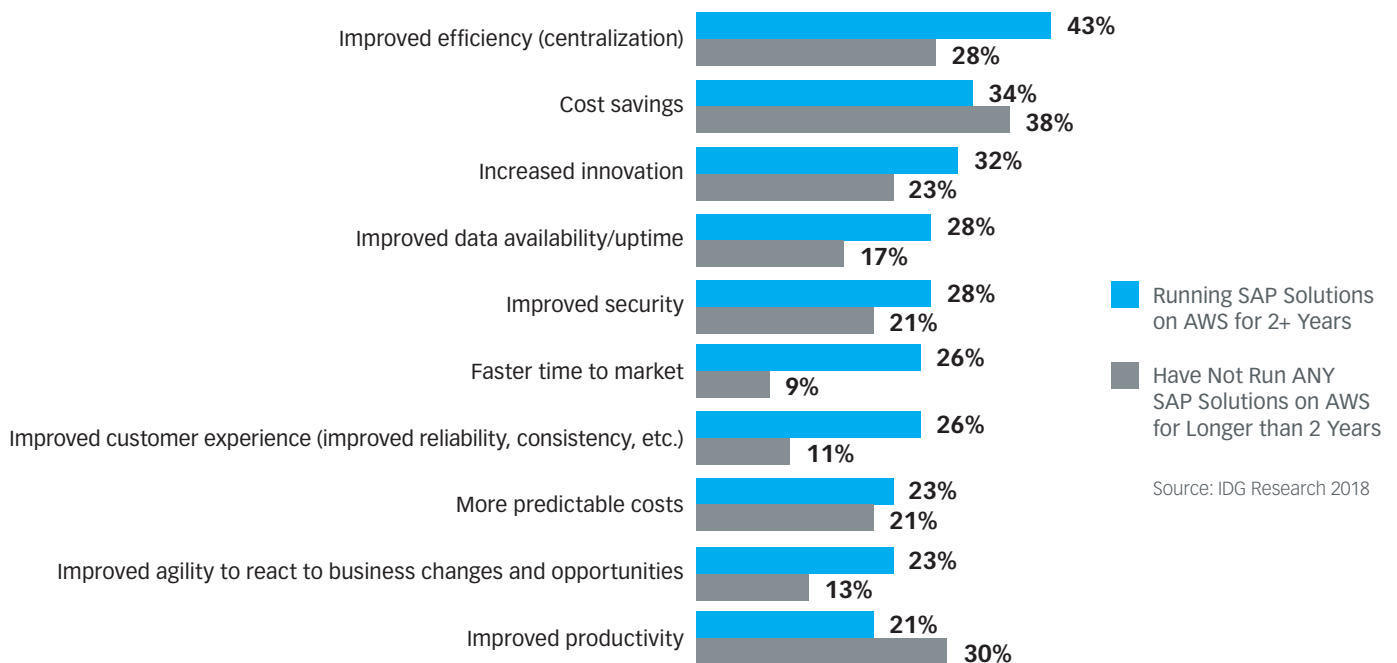
by scaling resources up and down depending upon business need is one of the principal factors in these dramatic cost reductions. Savings on environmental controls, hardware maintenance, and data center space and power consumption also factor into the equation.

The survey primarily reflects the opinions of executives in midsize to large organizations. More than one-third of respondents work at companies with 10,000 or more employees. Three-quarters work in some aspect of information technology. The survey covered a broad range of vertical industries, with a heavy representation of companies in financial services, health-care, and manufacturing.

CHANGES IN ATTITUDE

Customer attitudes toward their SAP-on-AWS deployments vary depending on experience. Nearly half of the respondents have been running SAP in the cloud for two or more years, and 80% have at least one year of experience. In nearly every category, long-term customers report greater benefits than those with less SAP-on-AWS experience. In general, satisfaction with the cloud experience improves the longer the customer has been running in the cloud.

FIGURE 1. Benefits Experienced as a Result of Moving SAP Workloads to AWS — By Length of Time Running SAP on AWS



Source: IDG Research 2018

Experienced SAP-on-AWS users overwhelmingly report strong overall benefits, with initial payoffs in cost savings, giving way to more critical transformative factors like improved agility and customer experience.

These findings correlate with a large body of research that has established that cloud adopters tend to accelerate usage as they gain familiarity with the platform and realize indirect benefits beyond short-term cost savings. For example, IDG Research found that 43% of customers who have used SAP on AWS for more than two years report improved organizational efficiency, compared to 28% who have less than two years of experience. Forty percent more long-term users also reported payoffs in increased innovation compared to their less-experienced counterparts. Nearly three times as many experienced customers said they have seen time-to-market improvements as a result of efficiencies gained from reduced administration and easier provisioning.

Long-term customers are also more likely to report improvements in customer experience, primarily due to better reliability, improved availability, and performance. As organizations increasingly take on digital transformation initiatives, the quality of customers' and business partners' online experience assumes greater importance. With availability rates of 99.99%, AWS eclipses all but the largest enterprises in this respect.

The only areas in which newer customers report greater benefits than long-term customers are in improved productivity and cost savings, probably reflecting the immediate impact of their move from on-premises environments. This is consistent with overall industry adoption trends, which point to short-term expense reductions as a primary driver of cloud migration as customers shift dollars from capital to operating budgets.

PLANS TO EXPAND

The most significant indicator of customer satisfaction is future adoption plans, and in that area customers were clear: Nearly two-thirds say they plan to move additional SAP solutions to AWS.

When asked which SAP solutions they plan to migrate to the cloud in the future, customers identify supply chain management (SCM) and portals as their top choices, followed closely by CRM. SCM is a natural candidate for cloud adoption because the ability to integrate with a wide variety of solutions from other supply chain partners naturally lends itself to a cloud platform.

This preference can also be explained by some of the top benefits users experience from migrating SAP workloads to AWS. They include improved efficiency through centralization, improved security, and better availability. All are critical in supply chain automation.

MOTIVATIONS TO MIGRATE

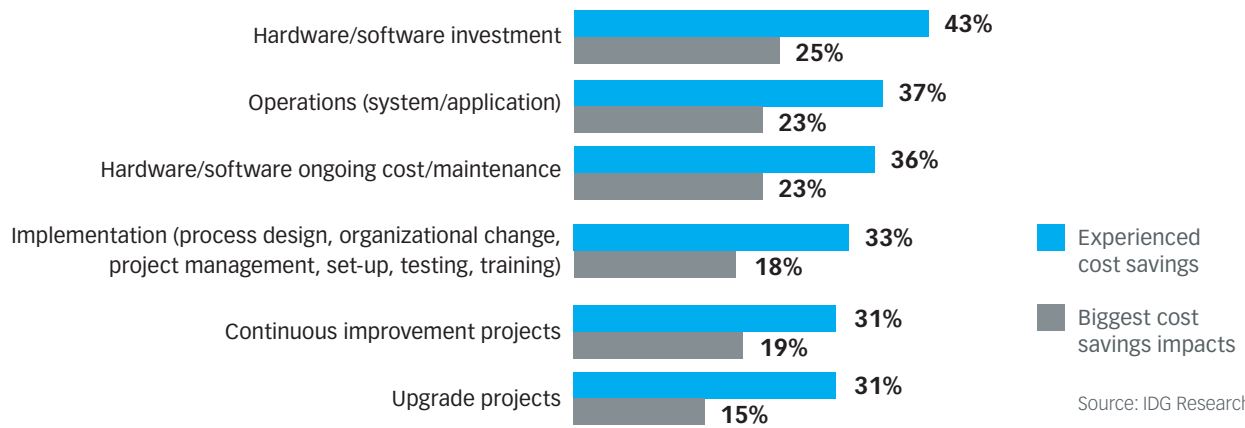
The research also delved into the reasons why customers migrated SAP workloads to the cloud initially and the actual benefits they realized. Cost savings and operational efficiency benefits dominate in both areas, although longer-term customers show a preference for broader business benefits. These findings dovetail with the metrics customers use to measure the success of deployments, which are IT productivity (mentioned by 57% of respondents) and cost savings (50%).

The top reason organizations initially move their SAP workloads to the cloud is to save money, with 24% of respondents citing that as the number-one or number-two most important factor. Improved storage and archiving efficiency follows at 19%. Although the four top reasons users make the move relate to infrastructure, the business-related factors of innovation and improved organizational agility are fifth and sixth, respectively. In fact, as many people mention innovation as a number-one or number-two benefit as mentioned second-ranked storage efficiency.

When it comes to cost reduction, organizations' expectations are generally realized. Forty-three percent of respondents report having saved on hardware and software, 37% cite operational savings, and 36% say they've saved on maintenance. Those three categories also top the list of the areas with the greatest cost-saving impact.

In many cases, savings exceeded expectations. One in six customers are surprised by the extent of savings experienced. A nearly equal number are positively surprised by efficiency and innovation benefits. Those benefits were followed closely by improved ability to focus on core competencies, another business-focused outcome.

FIGURE 2. Cost Savings as a Result of Moving SAP Workloads to AWS



WHY THEY CHOSE AWS

Nearly one-quarter of customers say their first or second most important reason for choosing AWS is the company's wide range of cloud solutions. That is followed closely by security and performance. AWS's big data expertise and low-cost backup and archive capabilities are also important influencing factors.

The focus on industry-specific solutions highlights the importance of choice in customer decision-making. Respondents cite many other factors in the AWS decision, including the cloud provider's analytics and big data expertise, low-cost backup, cloud application development expertise, and tested and proven migration tools and methodologies. This indicates that SAP customers consider many factors when choosing an infrastructure as a service (IaaS) provider and favor a provider that can support them from the initial migration stage through the deployment lifecycle.

BOTTOM LINE

Old perceptions die hard, and the results of this study provide further evidence that decade-old concerns about security and availability are no longer an issue. In fact, nearly one-quarter of customers say they saw improvements in those areas. The fact that nearly two-thirds plan to shift additional SAP workloads to the cloud demonstrates that customers' confidence grows with their cloud experience.

Organizations that have hesitated to move mission-critical applications to the cloud over concerns about security, data integrity, and return on investment should take heart in the findings of this study. Experienced SAP-on-AWS users overwhelmingly report strong overall benefits, with initial payoffs in cost savings giving way to more critical transformative factors like improved agility and customer experience.

Business agility is a linchpin of digital transformation. Organizations that make the shift to a lower-cost, more flexible cloud environment now will be better prepared to cope with business uncertainty in the future.

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