

WHY CEOs SHOULD CARE ABOUT THE MOVE TO SAP S/4HANA

And How They Can Accelerate Business Value

FROST & SULLIVAN EBOOK

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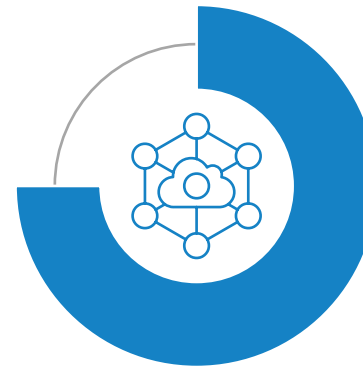
INTRODUCTION

More than half the businesses that rely on SAP to run their critical operations are in a quandary. According to a 2019 survey conducted by the Americas' SAP Users' Group, 56% of SAP customers have plans to move to SAP S/4HANA. But when it comes to execution, they are stuck. Complex, custom SAP installations may require retooling, which increases costs and timelines. Line-of-business stakeholders may insist their essential applications cannot tolerate any disruption, and users may balk at potential changes to their interfaces and processes. Even the “low hanging fruit”—apps or databases that everyone agrees should be moved first—involve processes that are time-consuming, costly, and disruptive.

Why should the CEO—or anyone outside the IT department—care where and how SAP applications are deployed? As the financial engine that runs your business operations, SAP is inextricably tied to your digital transformation strategy. To succeed in the digital era, businesses must leverage the flexible, fast, scalable cloud.

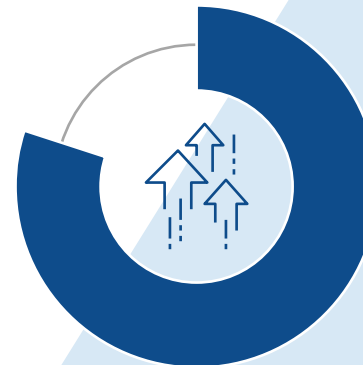
In this report, we share practical tips on how CEOs and other senior business leaders can accelerate SAP S/4HANA migration to reap business benefits more quickly.

The longer your critical SAP operations remain mired in yesterday's technology, the **FARTHER YOU WILL FALL** behind your competitors



75%

of IT decision-makers say the **cloud is critical** to their digital transformation



80%

of IT decision-makers say the **cloud is essential** to remaining competitive in their industry

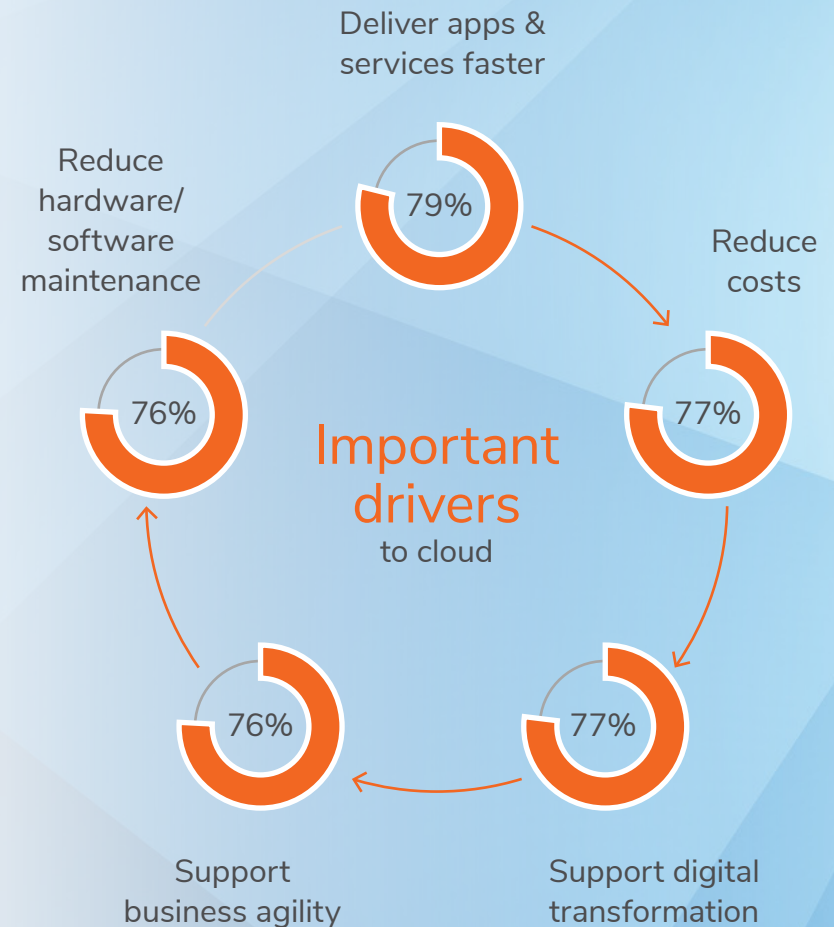
Sources: ASUG 2019 State of the Community Study; and 2019 Frost & Sullivan Global Cloud User Survey

HOW THE BUSINESS BENEFITS FROM A MOVE TO SAP S/4HANA

For many businesses, SAP's introduction of cloud-based SAP S/4HANA dovetailed with their own cloud journeys. SAP's decision to discontinue support for its premises-based business suite applications by 2025, in favor of SAP S/4HANA, serves to accelerate the journey.

While most IT leaders and SAP administrators understand the business benefits of using the cloud for critical SAP apps, other stakeholders may balk at the change from their familiar processes and interfaces. **That's why C-suite executives need to champion the move to SAP S/4HANA.** They must clearly communicate how the migration maps to the company's strategic business goals, including digital transformation:

- Business agility, via flexible deployment options
- Speed to market, enabling rapid addition of new apps and functions
- Integration of new technologies, like artificial intelligence and machine learning, via the SAP platform
- Cost-efficiencies, through process automation and choice of deployment
- App performance improvement, via modern code and automated updates
- Security that is baked-in, not bolted on
- Streamlined business operations, via embedded analytics and automation



Source: 2019 Frost & Sullivan Global Cloud User Survey

HOW THE C-SUITE CAN ACCELERATE MIGRATION (AND TIME TO VALUE) FOR SAP S/4HANA

Five Steps

Traditionally, the IT organization has been responsible for choosing and provisioning the infrastructure to run business applications. But with the advent of self-service options such as cloud-based Software as a Service (SaaS) and Infrastructure as a Service (IaaS), line of business owners have a greater stake in infrastructure decisions. That means employees across the entire organization can be part of the digital transformation of your operations—or they can stand in the way.

To keep the S/4HANA migration progressing smoothly, C-level executives can establish policies that clear the path for digital success.

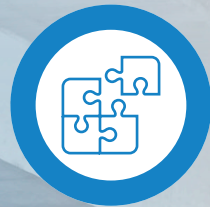
Five tips to get you started



Prepare your organization to be “change-resilient.”



Evolve your “cloud first” strategy to a hybrid/multicloud strategy.



Standardize where you can; customize where it matters.



Plan for the long term; measure in the short term.



Partner with an SAP expert.

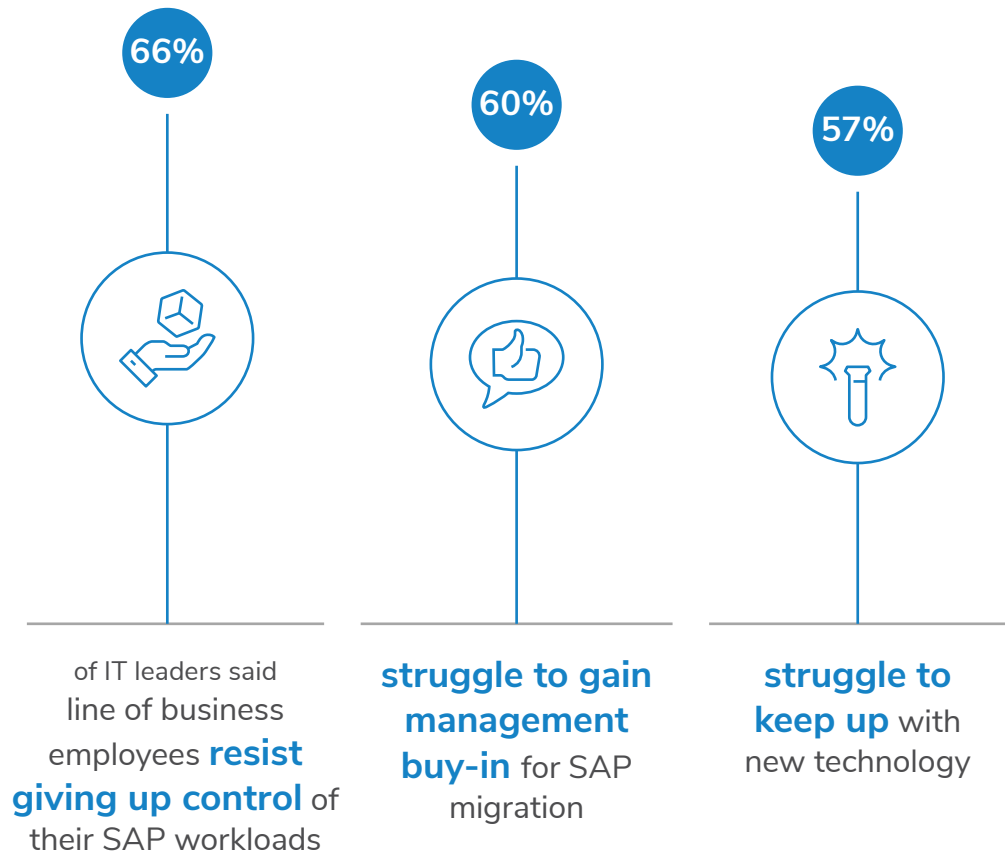


ONE
Prepare your organization to be “change-resilient”

Employees in every department are facing a torrent of changes from every direction—evolving market dynamics, customer preferences and buying behaviors, as well as new and changing technologies. Too much change and disruption can cause employees to feel out of control or unable to meet their goals, especially when the change impacts critical business processes like SAP solutions.

Set the tone for employees to understand that change is the new normal for business, and that a company that is change-resilient has a competitive advantage. Show how SAP S/4HANA will allow the company to quickly and easily manage software changes big and small—from routine software updates, to adoption of new technologies, to the evolution of a fully cognitive enterprise.

A company that is **CHANGE-RESILIENT** has a competitive advantage



Sources: 2019 Frost & Sullivan Global Cloud User Survey; and 2017 Frost & Sullivan Managed ERP Survey



TWO

Evolve your “cloud-first” strategy to a hybrid/multicloud strategy

Frost & Sullivan research indicates 65% of businesses worldwide have adopted a “cloud-first” strategy that involves placing new workloads in the public cloud, while leaving most premises-based workloads untouched. Their reasons for keeping certain workloads in the premises data center include concerns about compliance, network latency, and migration.

However, such businesses are inappropriately defining “cloud” as a place (public cloud providers’ cloud centers), rather than a software delivery model. In fact, SAP S/4HANA offers several deployment options, including the ability to run cloud software in your own data center or in a public, private, or hybrid cloud configuration.

Adopt a holistic hybrid/multicloud strategy, one that prioritizes critical workloads to become cloud-ready. This may require a one-time investment in retooling the software, as well as migrating databases.

A hybrid cloud strategy supports **OPTIMAL WORKLOAD PLACEMENT**



37% of businesses worldwide have implemented a **hybrid cloud**, with another **35%** planning to add one in the **next 2 years**

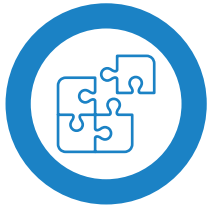


are **satisfied** with their hybrid cloud solution



say a **top benefit** of a hybrid cloud is the **ease of migration** across public cloud & premises environments

Source: 2019 Frost & Sullivan Global Cloud User Survey



THREE

Standardize where you can; customize where it matters

Gone are the days of customizing software for even the most mundane business process. Businesses today are standardizing on best-in-breed commercial software, like SAP S/4HANA, as a way to streamline processes and speed service delivery. But many businesses have spent years, or even decades, customizing their SAP installations—and are living with the consequences (such as long installation times, more frequent errors, and difficulty leveraging the latest functionality). By replacing cumbersome customized versions of SAP Business Suite with flexible SAP S/4HANA, businesses can free up developers to focus on innovative new products and services that will provide a competitive edge.

Limit customized software to solutions and services that align with your strategic business goals. For essential, but non-differentiating, ERP applications, trust SAP S/4HANA to deliver the optimal mix of functionality, flexibility, and cost-effectiveness.

FREE UP DEVELOPERS

to focus on innovative new products and services that will provide a competitive edge



The cloud

80%

frees up IT staff to **focus on innovative solutions**



76%

reduces the **hardware and software maintenance burden**

Source: 2019 Frost & Sullivan Global Cloud User Survey



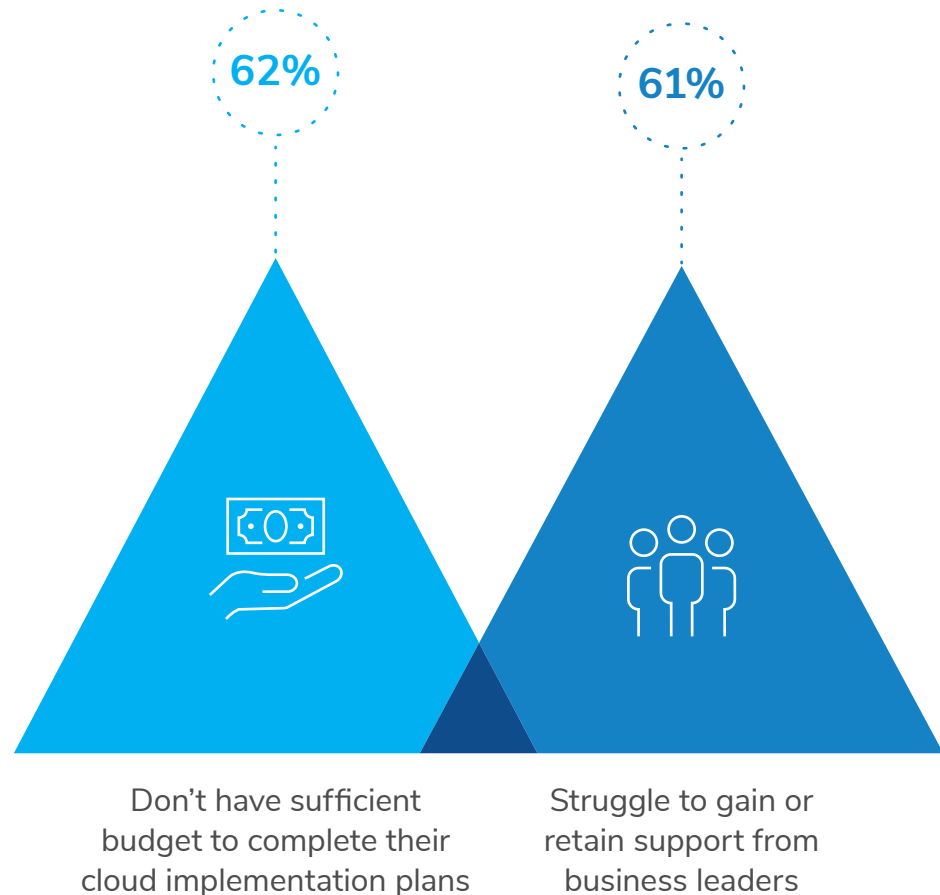
FOUR
Plan for the long-term; measure in the short-term

With the relentless pace of technology change, it's not surprising that industry professionals talk about digital transformation as a journey, not an initiative. The problem with the characterization is that it's easy to show progress (such as adopting a new Internet of Things or analytics solution), without addressing critical everyday needs—like SAP implementation.

If your move to SAP S/4HANA is in danger of being relegated to “someday,” it's time to refocus the team.

Prioritize the SAP S/4HANA implementation, ensuring the team has sufficient staff and budget to follow through. Be sure all business leaders are accountable for meeting deadlines and assigning resources to the project; for example, assessing workloads, establishing governance policies, testing interfaces.

Be sure **ALL BUSINESS LEADERS ARE ACCOUNTABLE** for meeting deadlines and assigning resources to the project



Source: 2019 Frost & Sullivan Global Cloud User Survey



FIVE
Partner with an SAP expert

Across all digital disciplines, the complexity, pace, and urgency of technology change are driving businesses to engage with expert partners, rather than try to maintain specialized expertise in-house. For critical SAP migrations, businesses are increasingly choosing managed and professional services from certified SAP partners. Their services may include workload assessment, retooling, migration, and ongoing management.

Support your IT team in engaging a certified SAP partner. The right partner will ensure you achieve greater business value, faster, than if you tried to do the SAP S/4HANA implementation with your own limited IT resources.

The right partner will ensure you achieve **GREATER BUSINESS VALUE, FASTER**

businesses **working with a managed SAP provider**

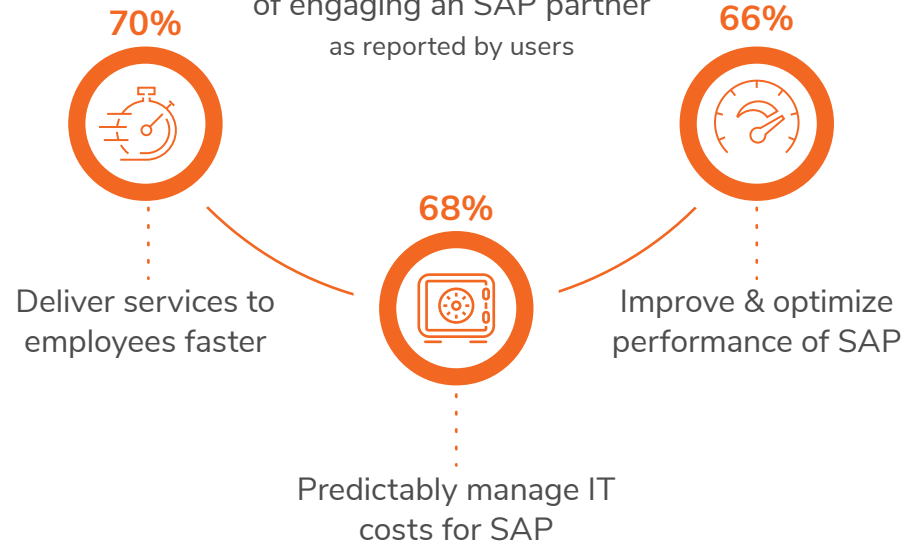
to migrate their SAP S/4HANA workloads

businesses that plan to do so in the next 2 years



Top benefits

of engaging an SAP partner as reported by users



Source: 2017 Frost & Sullivan Managed ERP Survey

CHOOSING THE RIGHT SAP PARTNER

A lot of companies will offer to help with your SAP migration. Here is a checklist of what to look for in a certified SAP partner that will accelerate the value:

Long working relationship with SAP—They'll be first to bring new features to market

Run on the right cloud—This impacts availability, flexibility, and costs for your installation

Flexible deployments—The partner should support your hybrid/multi-cloud strategy by deploying and managing hybrid installations (including some components remaining on your premises, as needed)

Team of SAP experts—The right partner knows earlier versions of SAP that may be running in your data center

Successful history managing SAP S/4HANA for firms like yours—Choose a partner that is accountable for meeting timelines and budget

Ability to retool and optimize SAP workloads, as needed—You'll need more than lift-and-shift migration to a public cloud

Knowledge of next-gen technologies—An expert partner offers guidance and advice that can help you achieve your long-term goals

IT leaders...

Face **challenges finding the right partner** to manage SAP workloads

77%

Used an **SAP expert to migrate** workloads to cloud

68%

Used a **consultant to develop** a migration strategy

56%

Used an **expert to optimize** legacy SAP workloads for cloud

49%

Source: 2017 Frost & Sullivan Managed ERP Survey

NEXT STEPS FOR ACCELERATING YOUR SAP S/4HANA MIGRATION

The move to SAP S/4HANA should be a strategic priority, championed by both IT and Line of Business Executives.

Six steps to ensure success



Get the executive team on the **same page**



Align budget and staff resources



Choose an **expert partner** to work with your team on the implementation



Set **timelines** for key milestones



Require readouts of **progress**



Communicate regularly with all employees

THE LAST WORD

Your digital transformation will not be effective if your top workhorses—such as financial systems, supply chain management, product lifecycle, CRM—remain mired in yesterday’s technology. Migrating SAP Business Suite to cloud-based SAP S/4HANA will enable you to run your business more effectively and cost-efficiently.

Don’t let excuses delay your progress. With the right certified SAP partner and the right cloud, you can successfully bring your business into the digital era. **The time to start is now.**



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