

NOVEMBER 2024

DETAILED
FINDINGS

From The Benchmark Report:

The CIO's 2024 Transformation Report Card

Rizal Ahmed, President and Chief Research Officer, SAPinsider

Sponsored by

boomi

Google Cloud

intel

pathlock

Red Hat

SOVOS

splunk>

SUSE

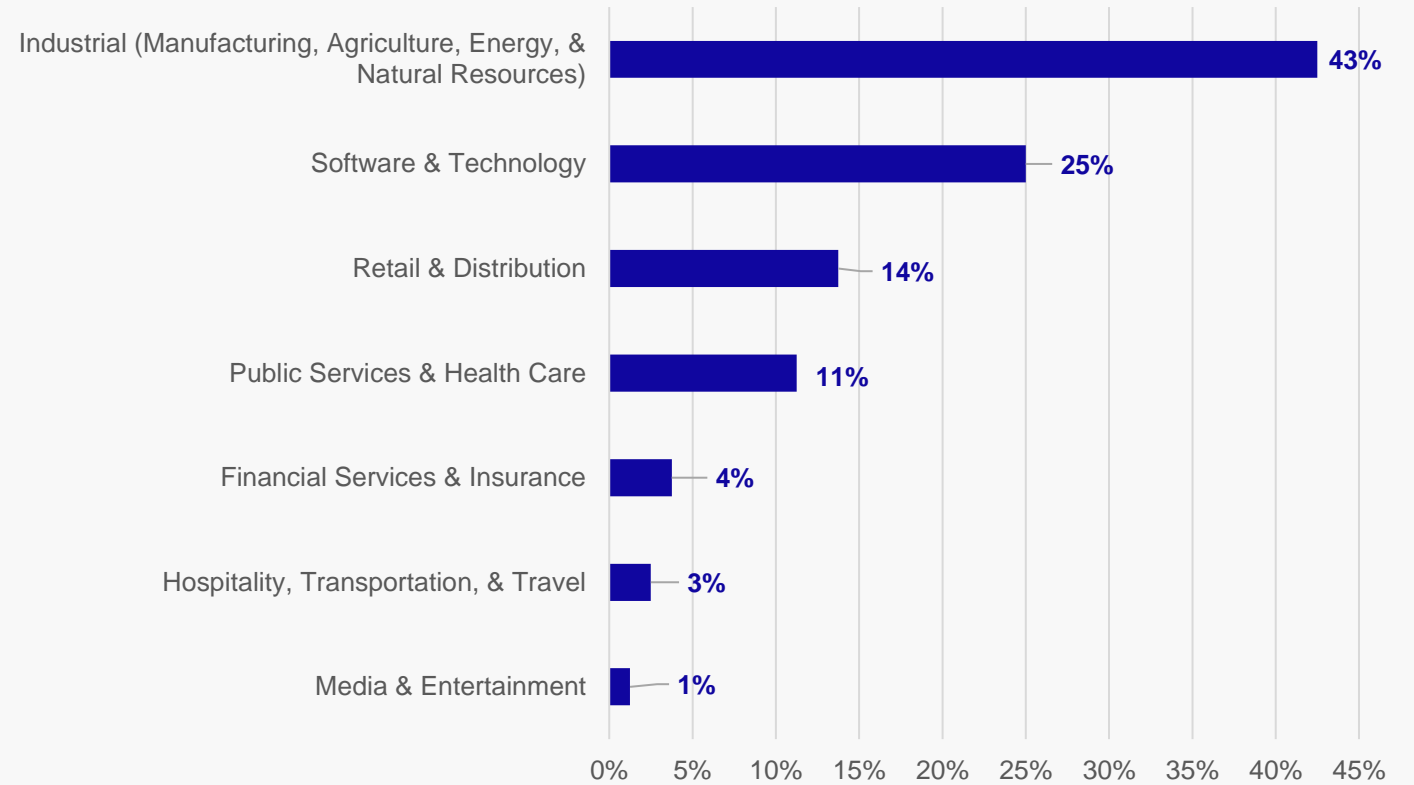
WORKSOFT

1

Between September and November 2024, SAPinsider surveyed and interviewed executives from our community about their transformation projects. This is the fourth year of this type of study. From a geographic perspective, most came from the North America and EMEA regions.

On the industry side, we saw a significant portion of our sample from core industrial manufacturing. But there was a diversity of perspectives as other industries such as software and tech, retail and distribution, and public services were also well-represented.

Major Industries Represented

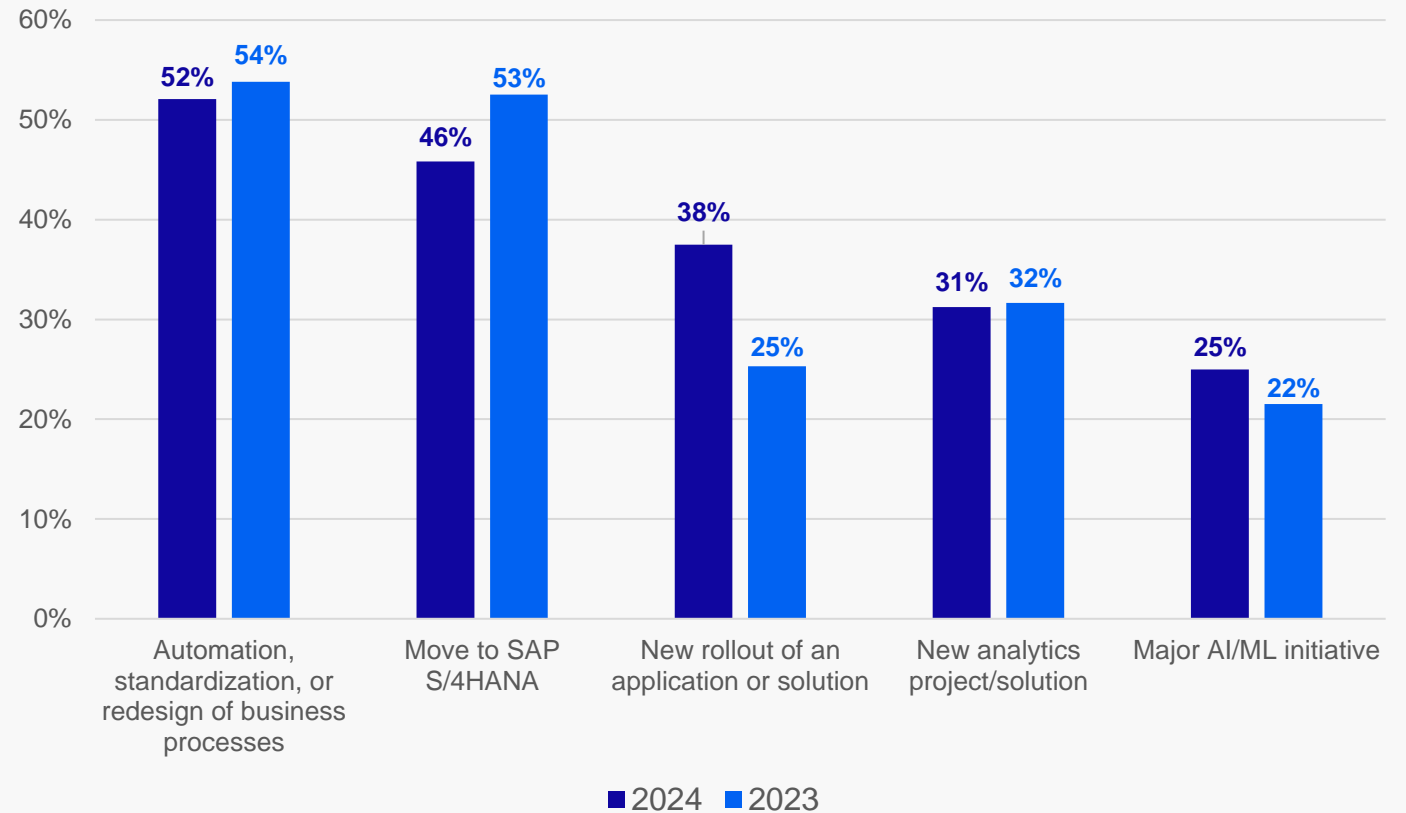


2

Throughout the years of the study the top two transformation projects remain the same. Automation and standardization of business processes remain the top spot. The second most popular response was unsurprisingly the move to SAP S/4HANA. The impending deadline is only getting closer as companies continue to assemble their business case and cobble together the resources and knowledge to get them there before 2027.

These projects continue to challenge leaders and require constant reinvention of their leadership style, skills, knowledge, and teams. CIOs need to be a chameleon of sorts to champion change and motivate a wide range of both business and IT teams to support their efforts.

What Best Describes Your Top Transformation Project?

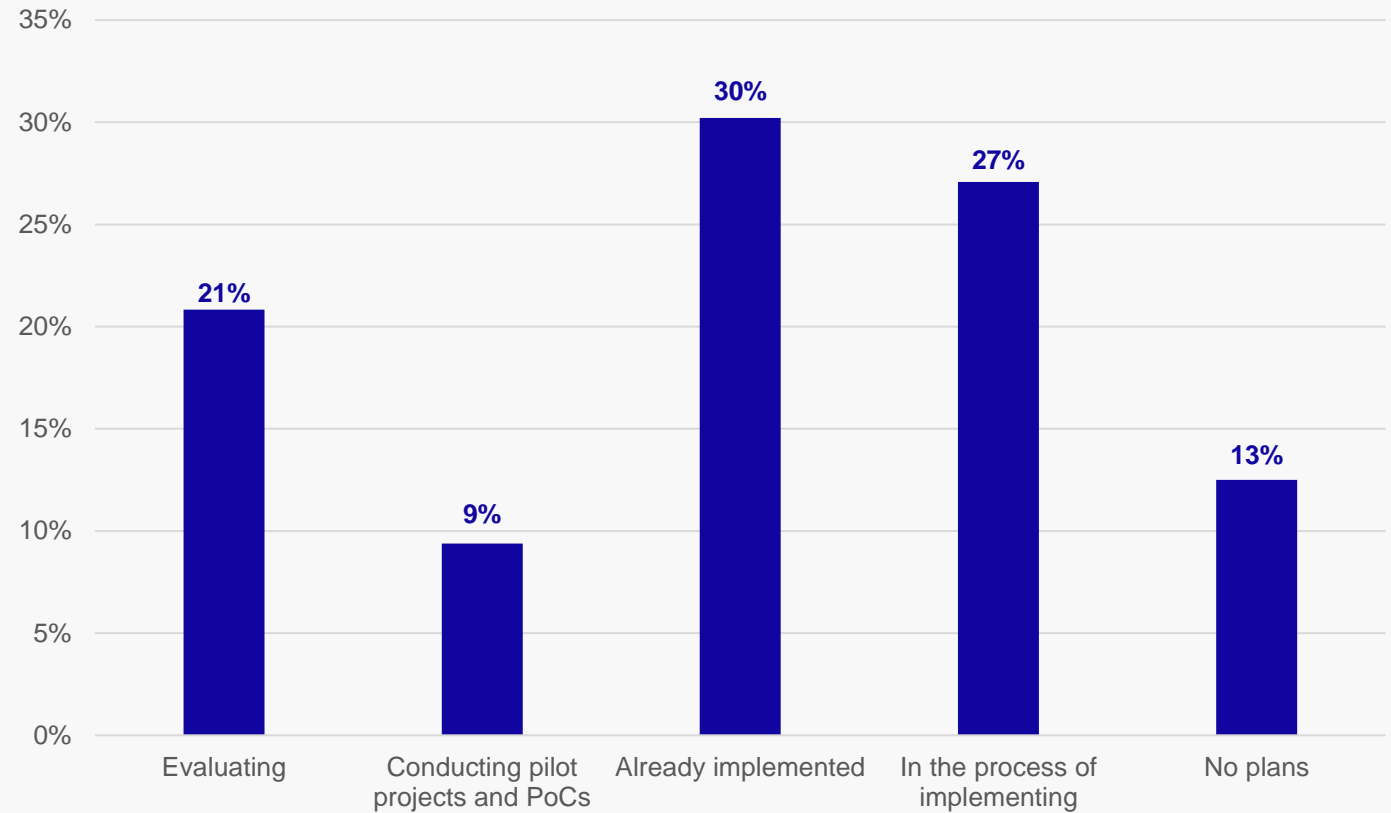


3

Impending deadlines and the end of support have put additional emphasis and focus on the migration to SAP S/4HANA and that is why it remains the second most important transformation initiative named by our respondents.

When we look closer at SAP S/4HANA adoption we see that now most respondents (57%) have implemented or are in the process of implementing SAP S/4HANA. Activity continues to rise as 2027 fast approaches. Just over one-fifth of respondents (21%) are in the evaluation phase while another 9% are conducting pilot projects and proof of concepts. Only 13% of respondents are staying put and report that they have no plans to upgrade.

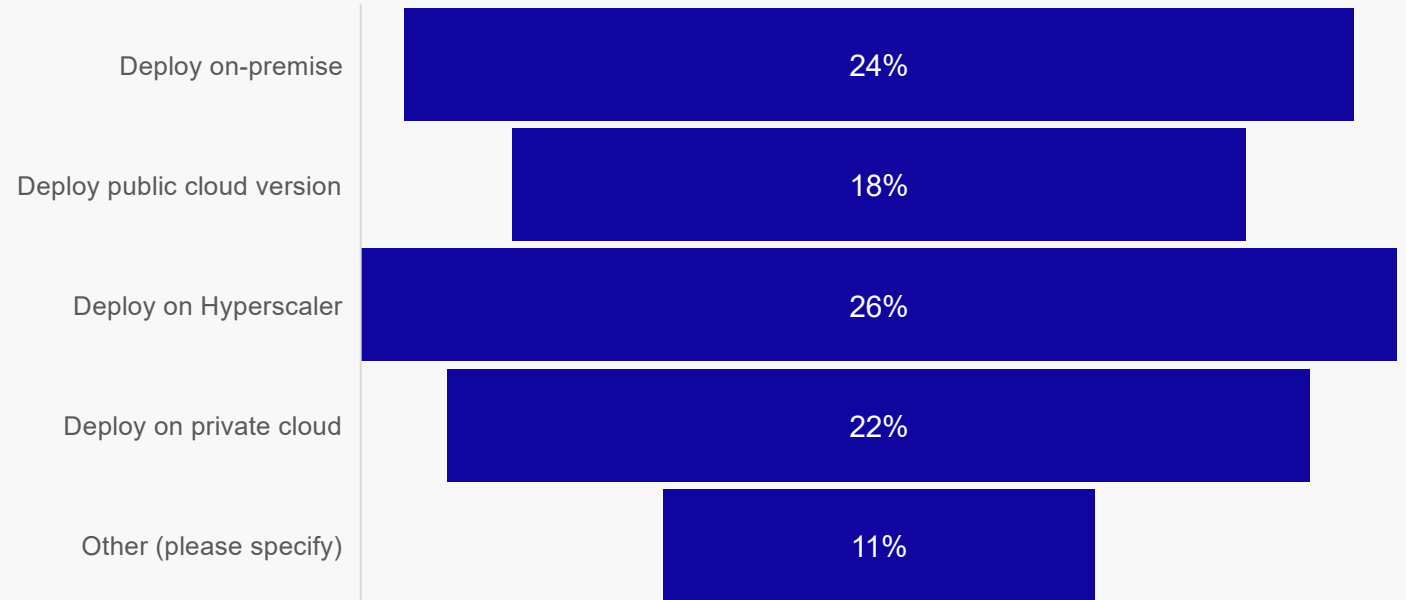
Describe Your SAP S/4HANA Plans



4

Cloud is certainly the most prominent choice for SAP S/4HANA deployments. 65% of executives in our study are pursuing a flavor of cloud with hyperscalers leading the way (26%). Nearly a quarter (23%) are choosing private cloud for security and control objectives while 17% are opting for software-as-a-service. SAP, through its RISE with SAP and GROW with SAP offerings, is looking to make cloud the more attractive option for its customer base and many new capabilities particularly related to AI and Machine Learning will only be available to cloud customers.

How Do You Plan to Deploy SAP S/4HANA?

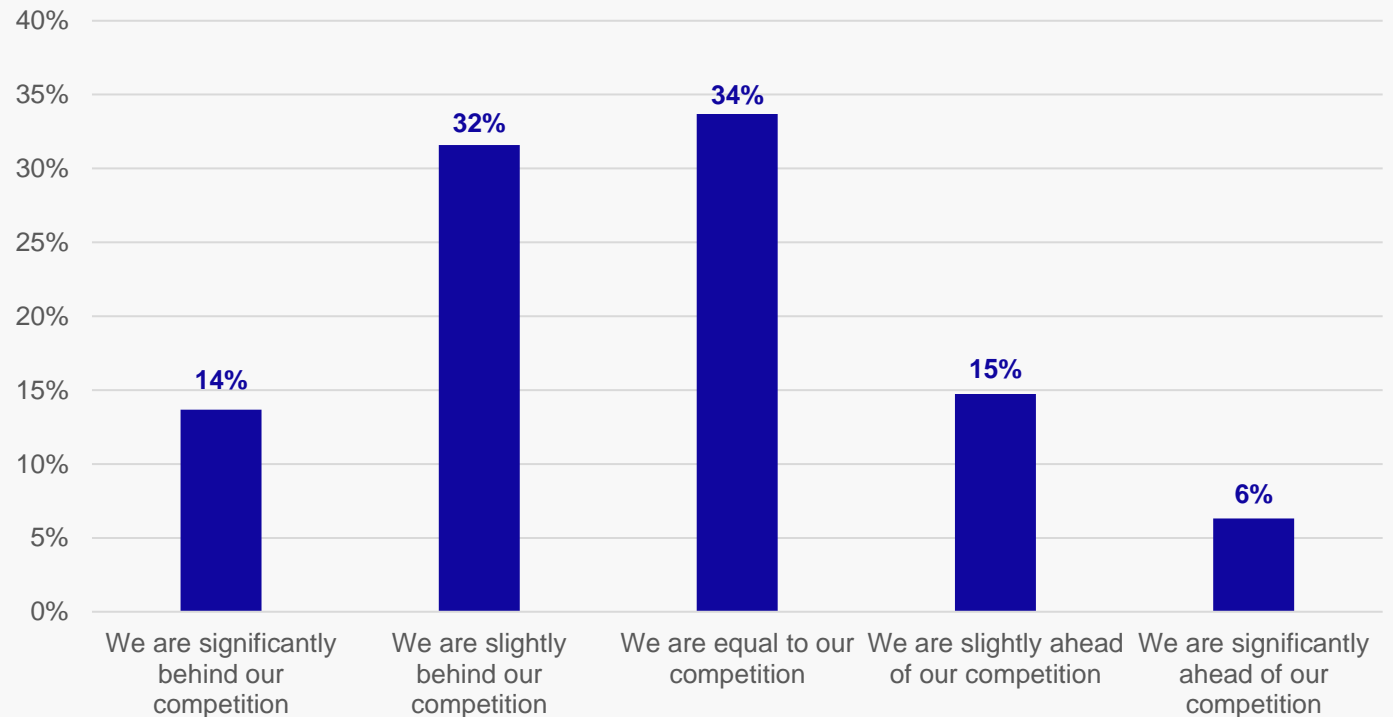


5

While Artificial Intelligence and Machine Learning are generating tremendous hype, just a quarter of companies say that AI has been a major part of the transformation in 2024. Companies have yet to leap over the learning curve and assemble the right tools and knowledge to build real-world applications as of late. But that does not mean that momentum will not pick up shortly.

We also asked leaders in the study to self-assess their AI maturity. Not surprisingly nearly half (46%) of customers report that they are either slightly or significantly behind their competition. Lack of knowledge, practical experience, and insecurity about having the right data are among the top impediments holding companies back.

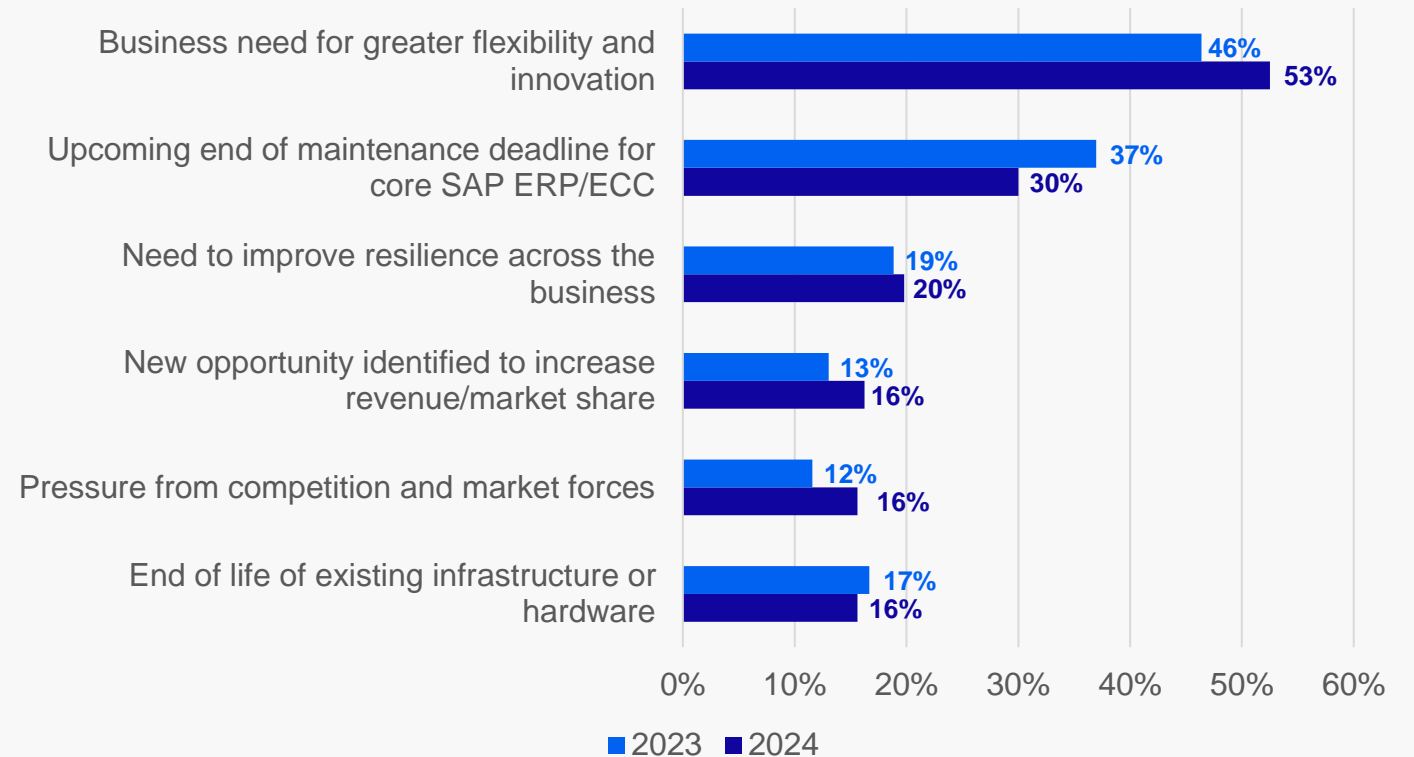
Characterize Your Organization's AI Maturity



6

The business need for flexibility and innovation continues to be the top driver for change, as it has been over the past three years of the study. A majority (53%) of leaders surveyed rated this as the most important driver for transformation. The percentage of responses even rose six percentage points year-over-year, expressing the urgency of respondents. Highly customized and manual systems cannot adapt quickly to changing economic and business environments. Just as important, these antiquated systems provide little real-time visibility into what is going on within your various operations which are now a must-have for stakeholders and operators.

Core Drivers of Transformation

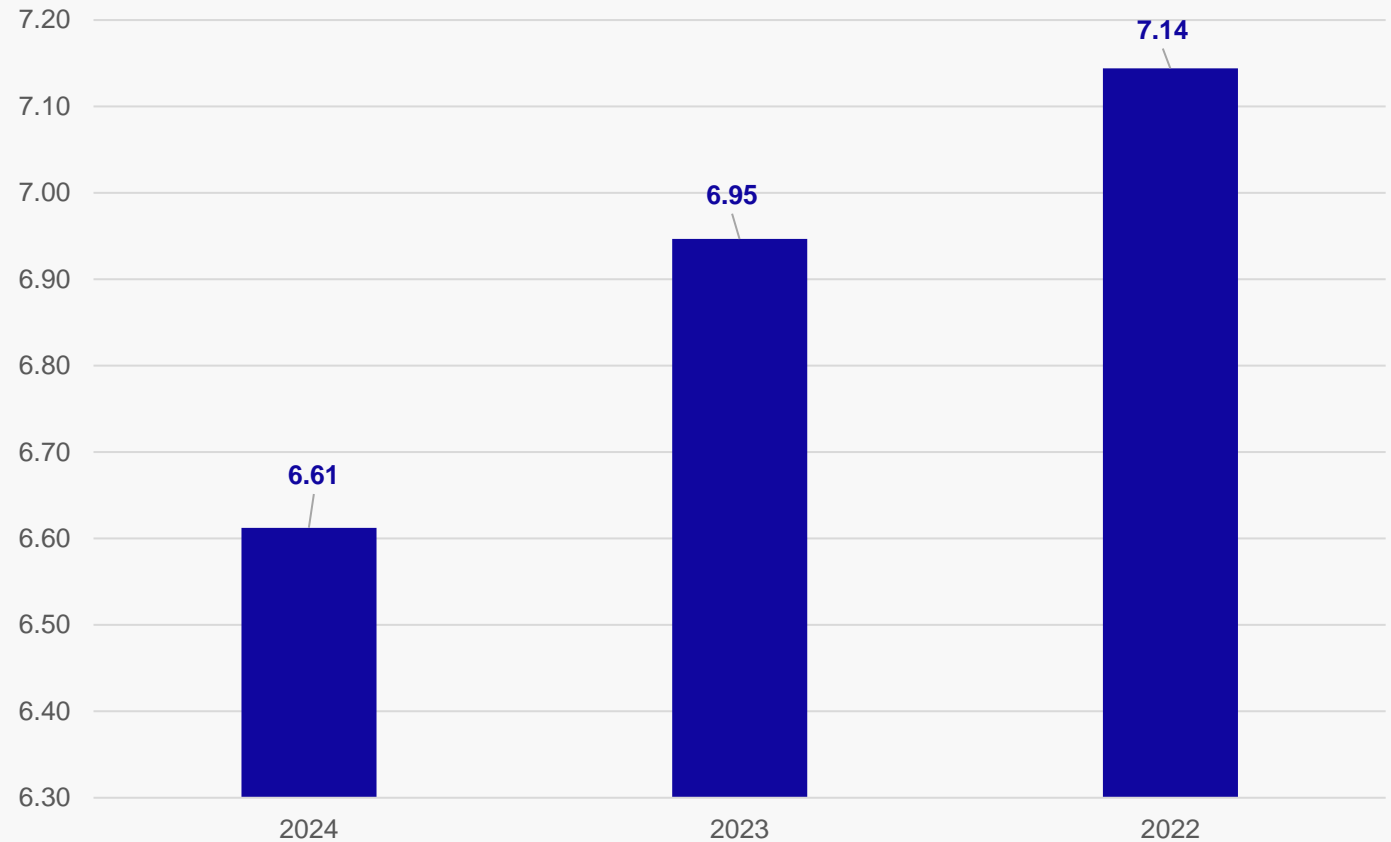


7

Leaders have become more dissatisfied with the progress and results of their transformation projects, finds this year's study. The interesting observation is that we are seeing this metric of progress and results fall year-over-year, all be it by a small amount.

We asked leaders to grade the progress and results of their transformation on a scale from 1 to 10 where 10 is exceeding expectations and 1 is not meeting expectations at all. The good news is that few respondents are giving themselves outright failing grades. The average for 2024 is just above average at 6.61. However, this grade has fallen in each year of the study, showing that most companies are making limited progress in the success of their initiatives.

Rate the Progress or Results of Transformation Projects

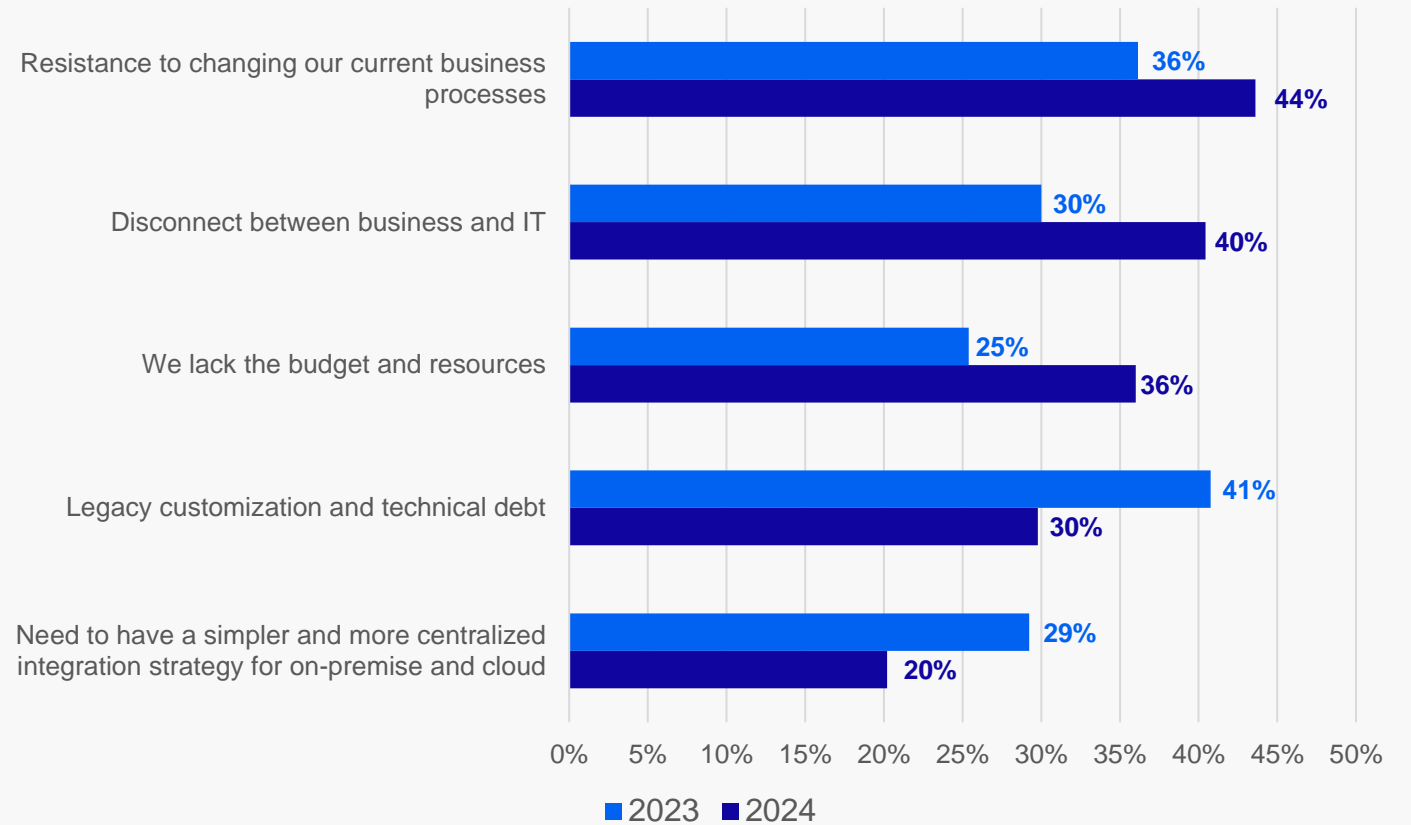


8

Resistance to change continues to be the top barrier for transformation success where nearly half of leaders (44%) in our study cited this as a top challenge. This response grew nine percentage points year-over-year.

SAP S/4HANA touches all facets of IT and business. And if both teams do not understand the impact and the why of what they are doing, you will encounter resistance and lack and knowledge on how to contribute in the most effective ways possible. That is also why we're seeing the disconnect between IT and business teams come up as the second greatest challenge making a 10 percentage-point leap year-over-year. This factor grew the most in its response volume.

Top Challenges to Transformation Success

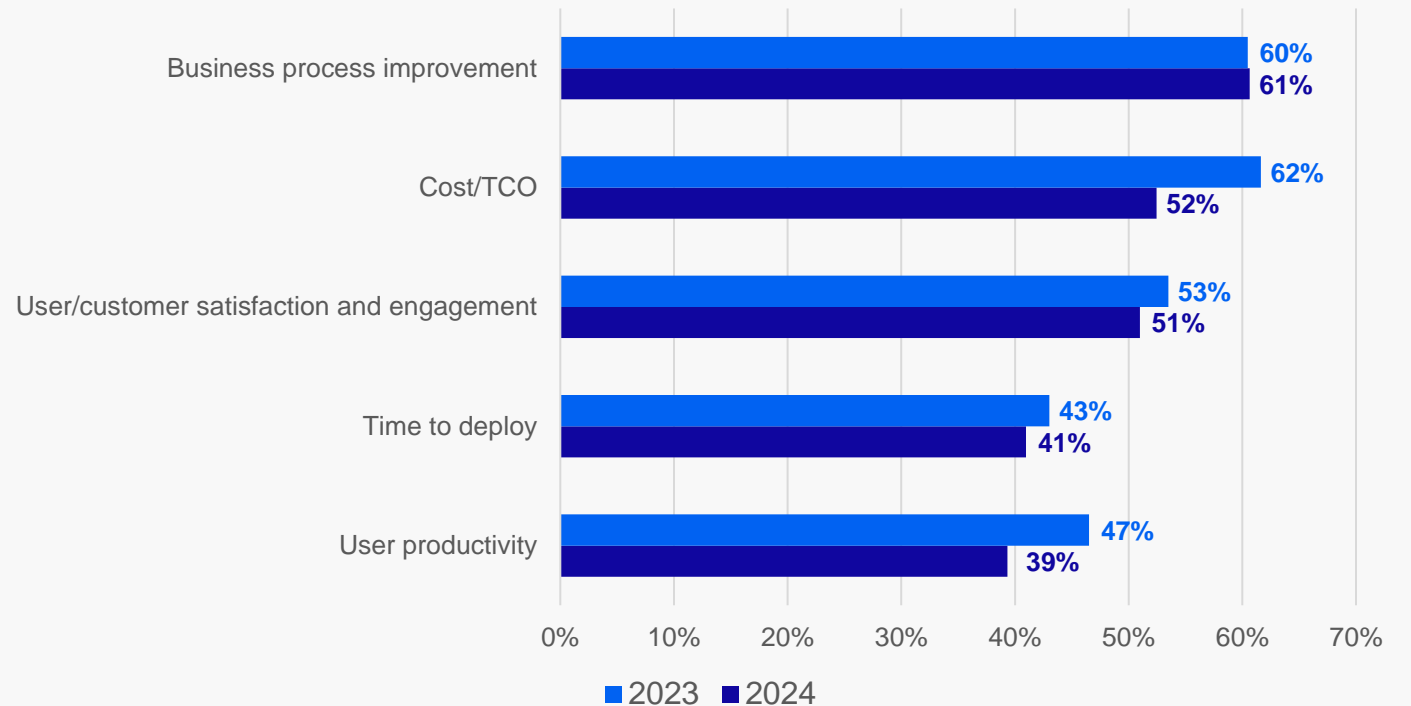


9

Business process improvement continues to be the top measure for transformation success and rose to 61% in this year's study up from 60% in 2023, as leaders continue to focus on business impact as a way to justify investment. Cost and TCO remain at number two although falling slightly in the year over-year comparison.

"Business process improvement is the most tangible and measurable outcome of any transformation project. It reflects real operational gains, such as faster cycle times, fewer errors, and improved compliance. These improvements are not just metrics; they directly impact the bottom line, employee productivity, and customer experience," said a Digital Transformation Leader, at a Large Enterprise Technology Company.

Top Measures of Transformation ROI

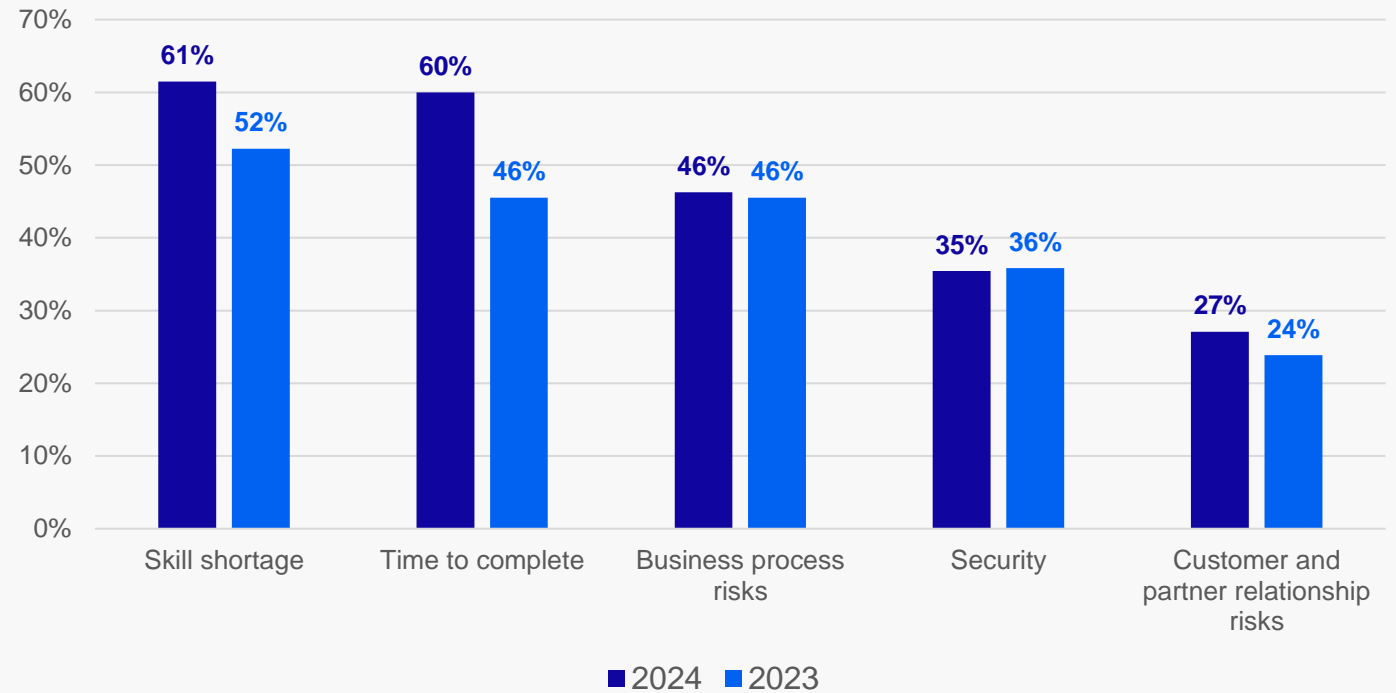


10

Given the major changes in technology and business processes that most transformation projects entail it is no wonder why “skills shortages” has become one of the top risks on the minds of leaders. This took a 9 percentage-point jump compared to last year.

Time to complete comes in as a strong number two with 60% of respondents as the impending 2027 deadline for migration to SAP S/4HANA creeps closer. This answer option leaped 14 percentage-point in our year-over-year comparison.

Top Risks to Transformation Success

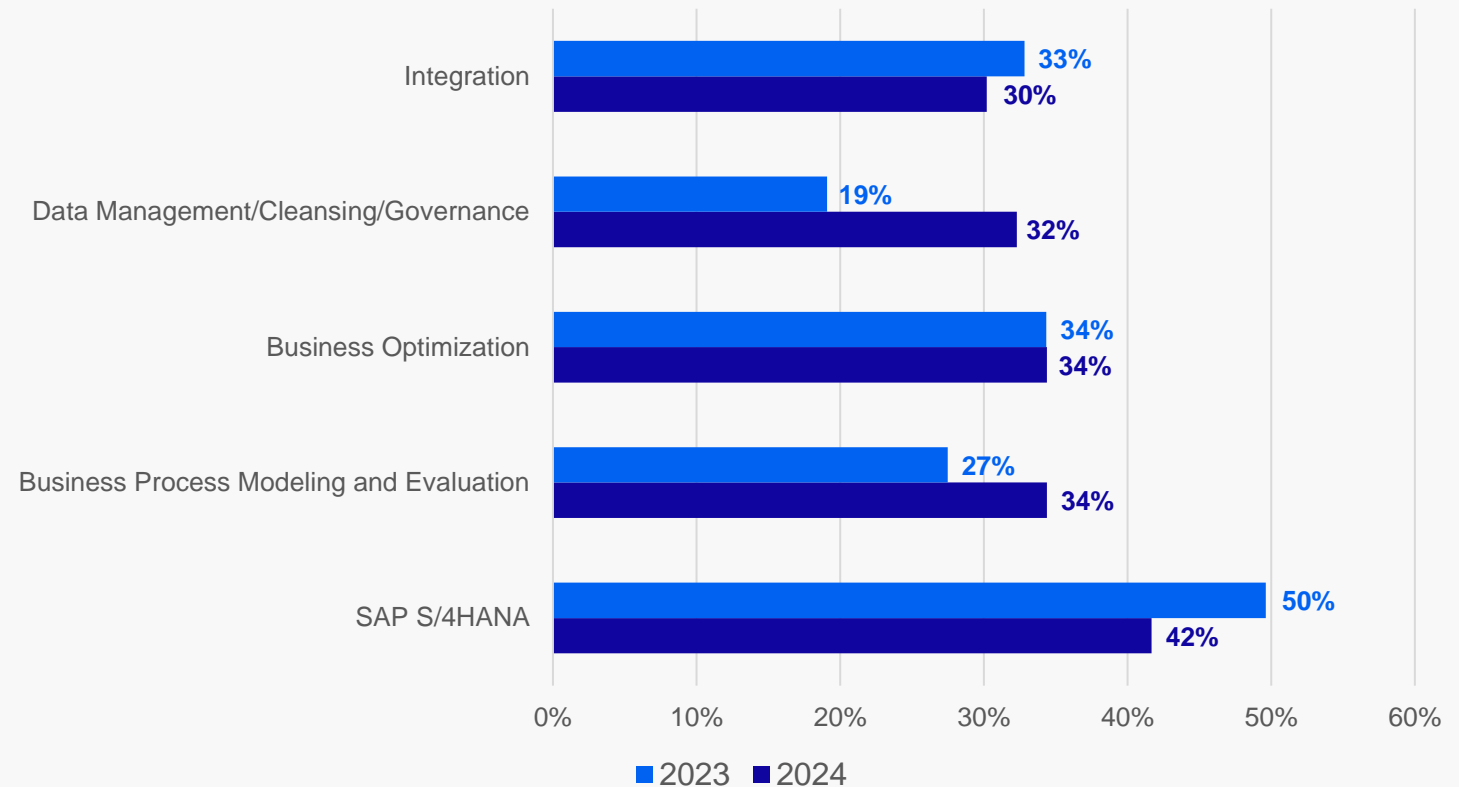


11

When we drilled into specific skills that they are looking for we saw the biggest jump in data management skills which climbed to 32% of respondents from 19% the year before. Executives we interviewed stressed the importance of data management to support greater visibility into the business as well as to serve as an important requirement for both SAP S/4HANA and AI projects.

SAP S/4HANA remains the top skillset that decision makers crave followed by business process modeling and optimization. The findings are in alignment with the prioritization we're seeing around business process transformation as a guidepost for transformation success.

Critical Skillsets Needed For Transformation



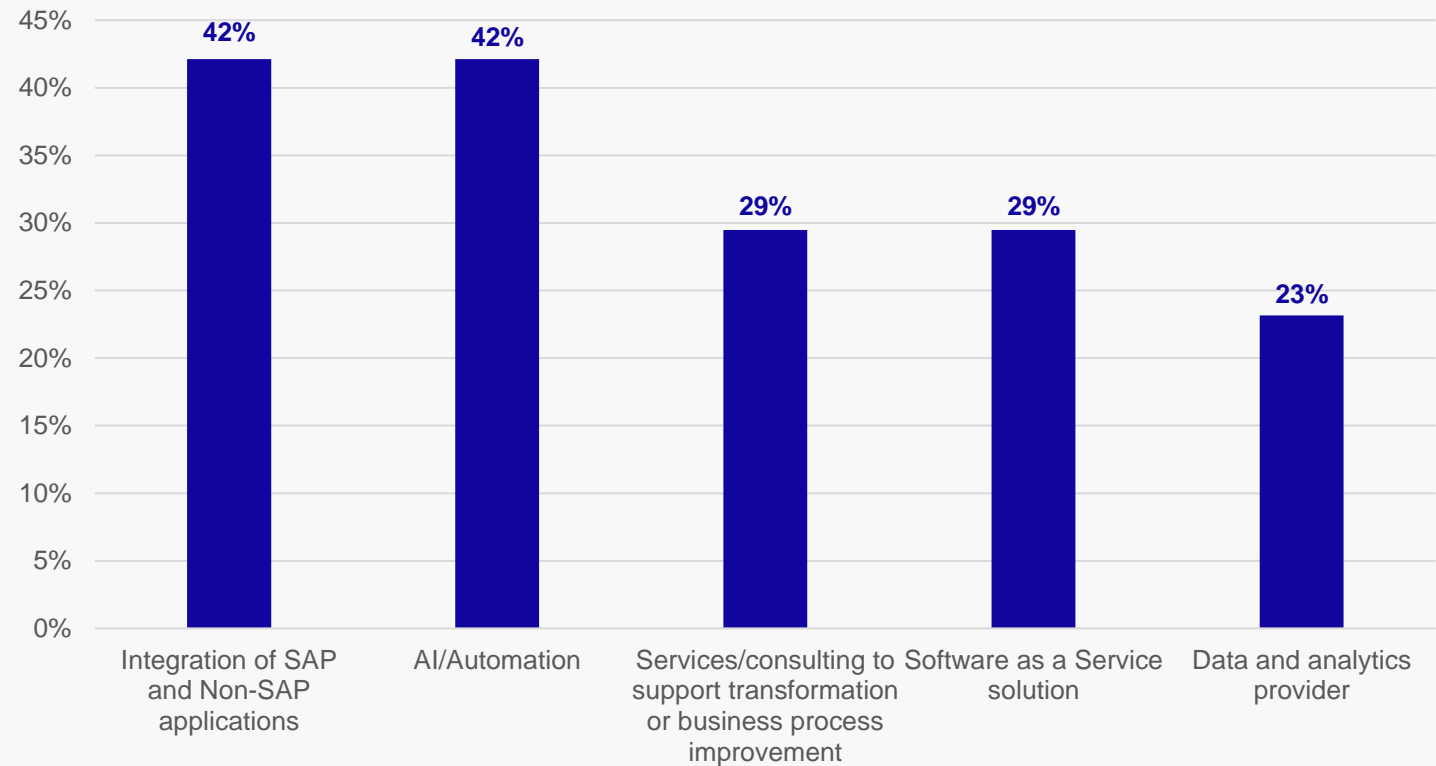
12

Most organizations use partners in their overall transformation to help fill knowledge gaps and offer experienced guidance and best practices for transformation success.

The areas where they seek the greatest support are not surprisingly focused on integration and AI/Automation capabilities where nearly half of organizations in our study (42%) are looking to evaluate or make investments in the coming year.

Services and consulting to support of business process transformation rounded out the top three.

Top Areas of Partner Investment for Transformation Support

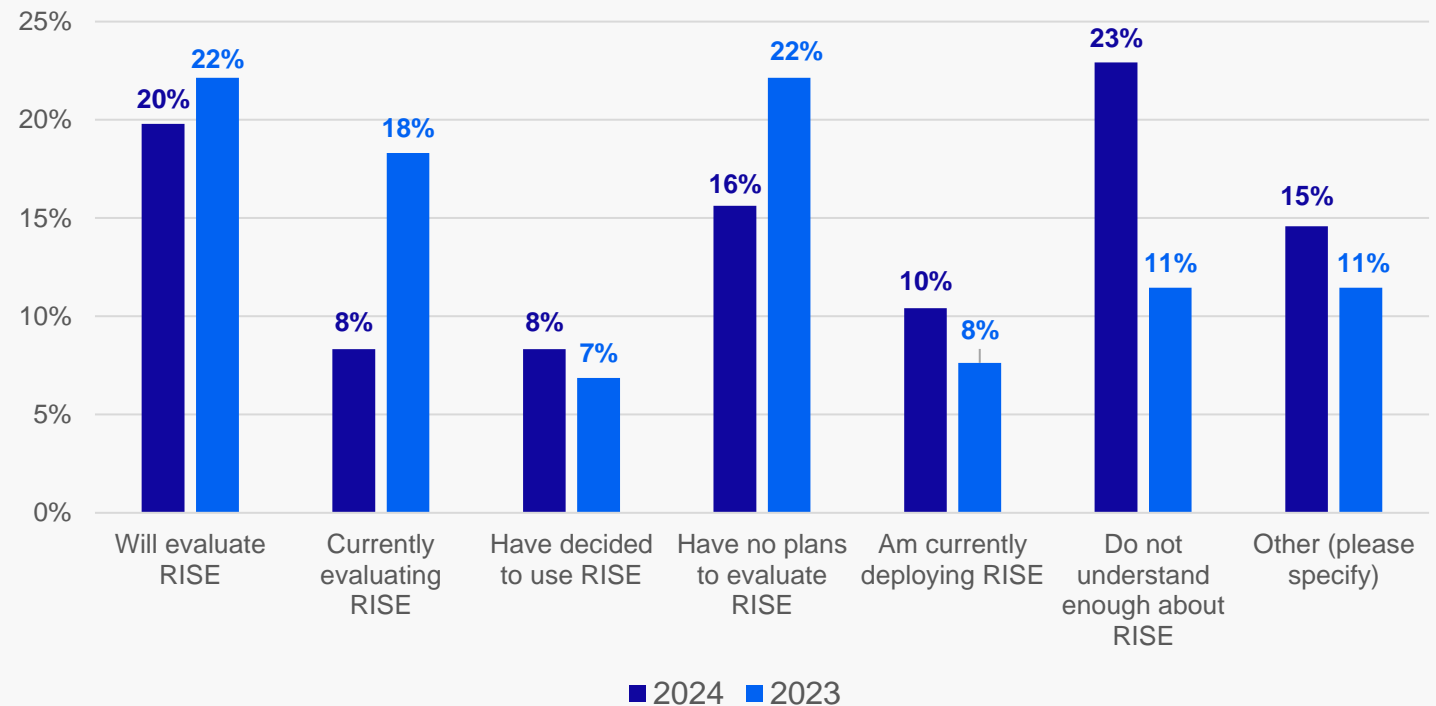


13

RISE with SAP along with GROW with SAP continue to be the packaged set of solutions and services SAP is advocating to help customers simplify and advance their transformation efforts. We have been tracking executive knowledge when it comes to this offering and adoption continues to move slowly. In this year's study 8% of leaders have decided to use RISE and 10% are currently deploying RISE with SAP which is a slight increase year-over-year.

SAPinsider maintains that even though you may not be a great fit, it is a solution that you must consider if for no reason is taking advantage of the discounts SAP is offering on various add-on solutions such as SAP Business Technology Platform or SAP Signavio.

What Are Your RISE with SAP Plans?

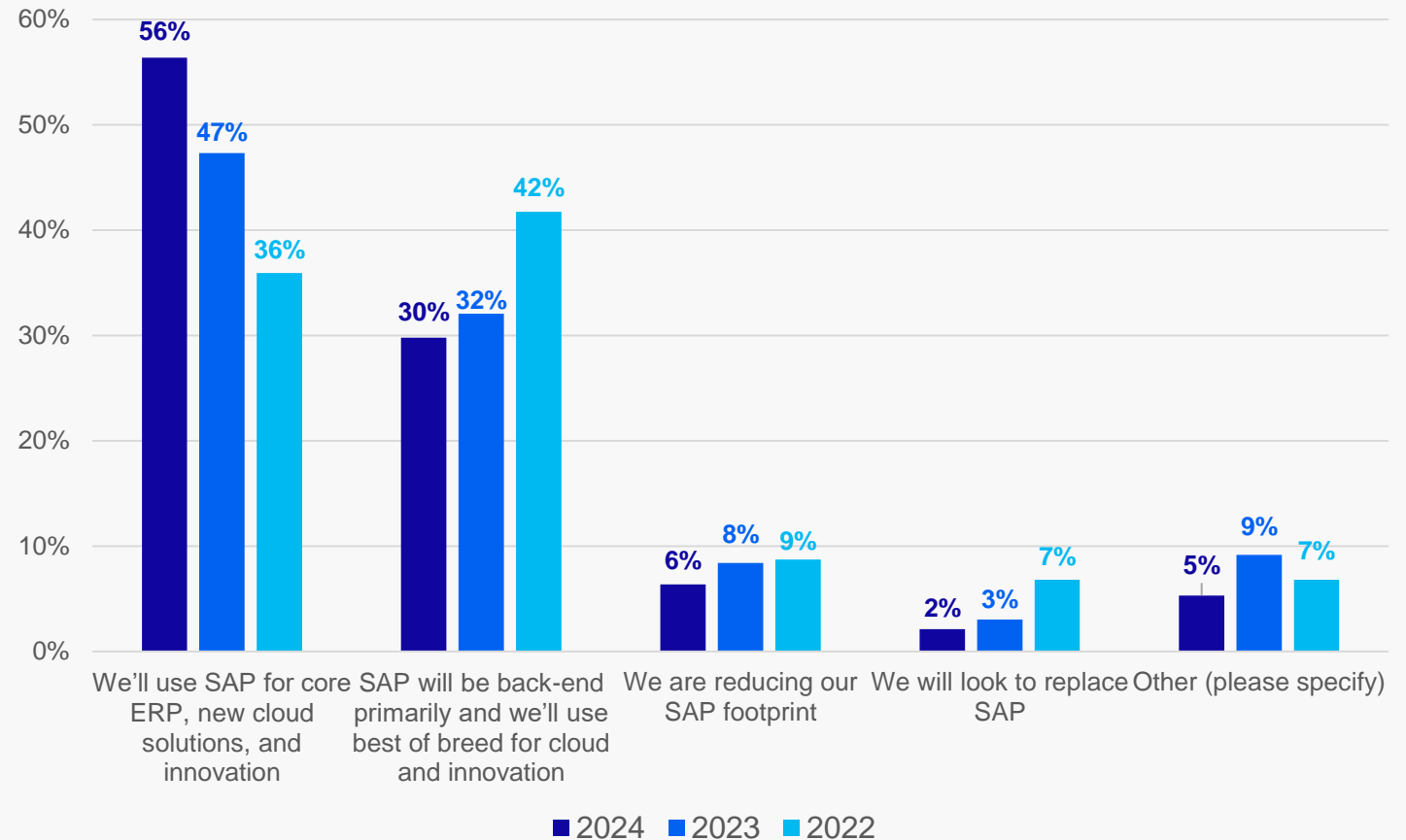


14

Perception is difficult to change in a day, but SAP has worked hard and diligently to position its innovation capabilities and that has manifested itself in our survey results. When we first asked the question, “Characterize your plans and view of SAP” just over one third of leaders in our 2022 study indicated that they would use SAP for cloud and innovation. For many (42%), SAP would remain primarily a backend offering.

Cut to our 2024 results and we see that 56% of executive respondents say that they will use SAP for not just core ERP but for new cloud solutions and innovation. This represents a 9 percentage-point increase from 2023 and a whopping 20 percentage-point increase from 2022.

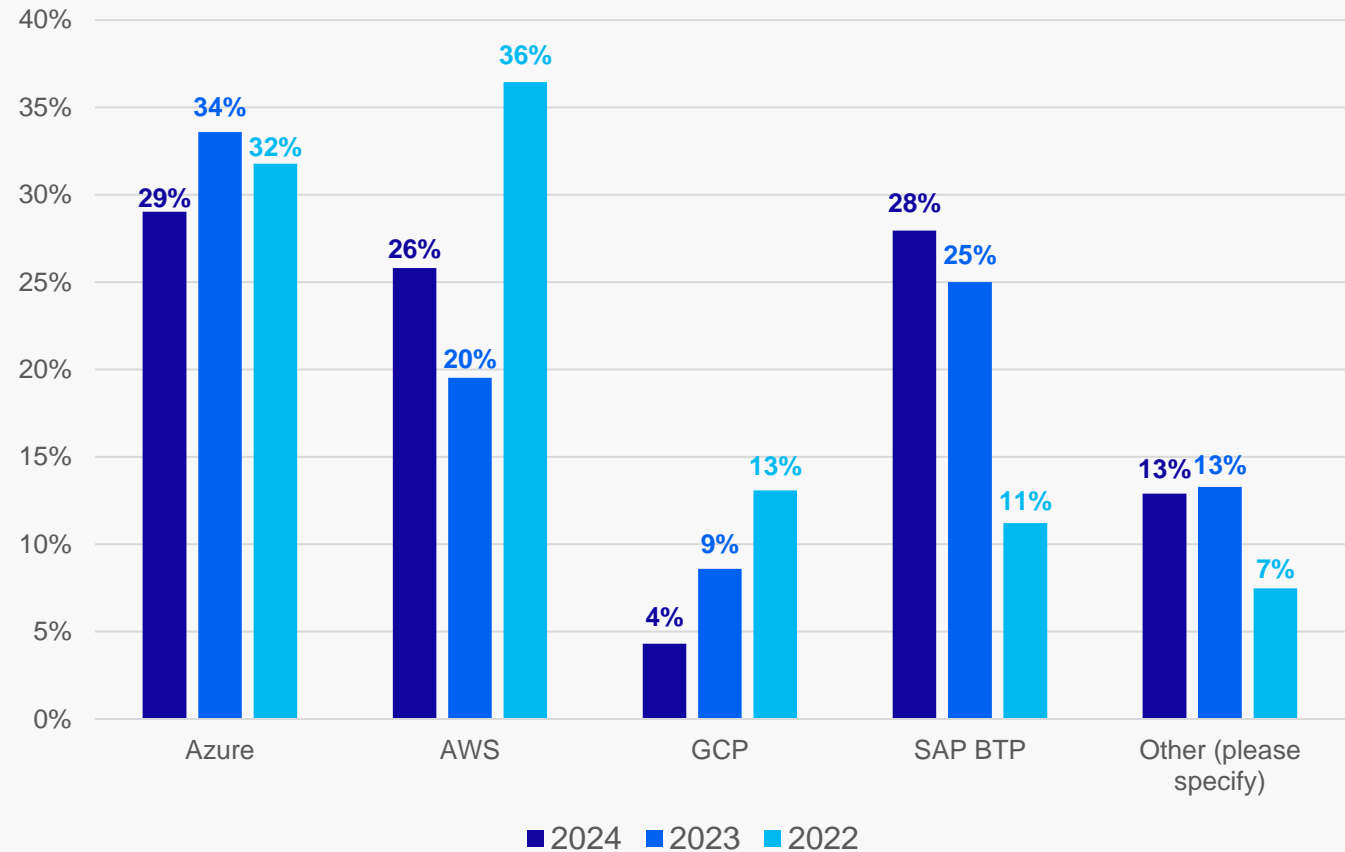
Characterize Your View and Plans for SAP Solutions



15

SAP's focus around the SAP Business Technology Platform and Practical AI for business has helped pay dividends. Our research shows that SAP BTP is the second most popular preferred technology platform to drive transformation second only to Microsoft Azure with 28% of responses. This is a three percentage-point jump from 2023 and a 17 percentage-point jump from 2022. The hyperscalers still carry heavy weight but the competition is still wide open with many organizations choosing a combination of solutions.

Preferred Technology Platform to Support Transformation



THANK YOU

Rizal Ahmed

President & Chief Research Officer

Rizal.ahmed@sapinsider.org



SAPinsider.org

PO Box 982Hampstead, NH 03841
Copyright © 2024 Wellesley Information Services.
All rights reserved.

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. All other product and service names mentioned are the trademarks of their respective companies. Wellesley Information Services is neither owned nor controlled by SAP SE.