

DETAILED FINDINGS FROM
THE BENCHMARK REPORT
By Robert Holland **March 2024**

SAP S/4HANA Migration 2024

DETAILED FINDINGS



Research Partner



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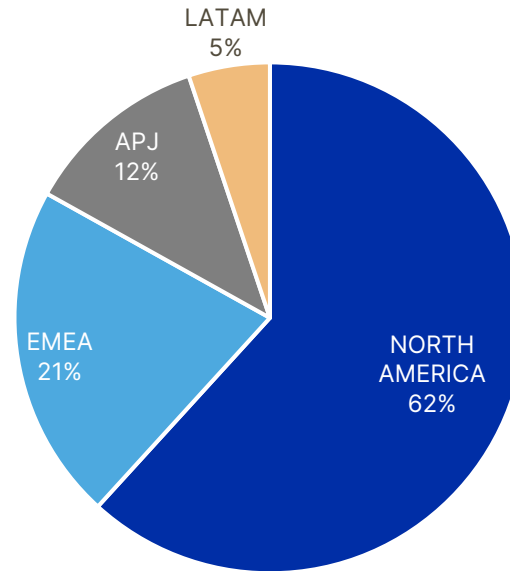
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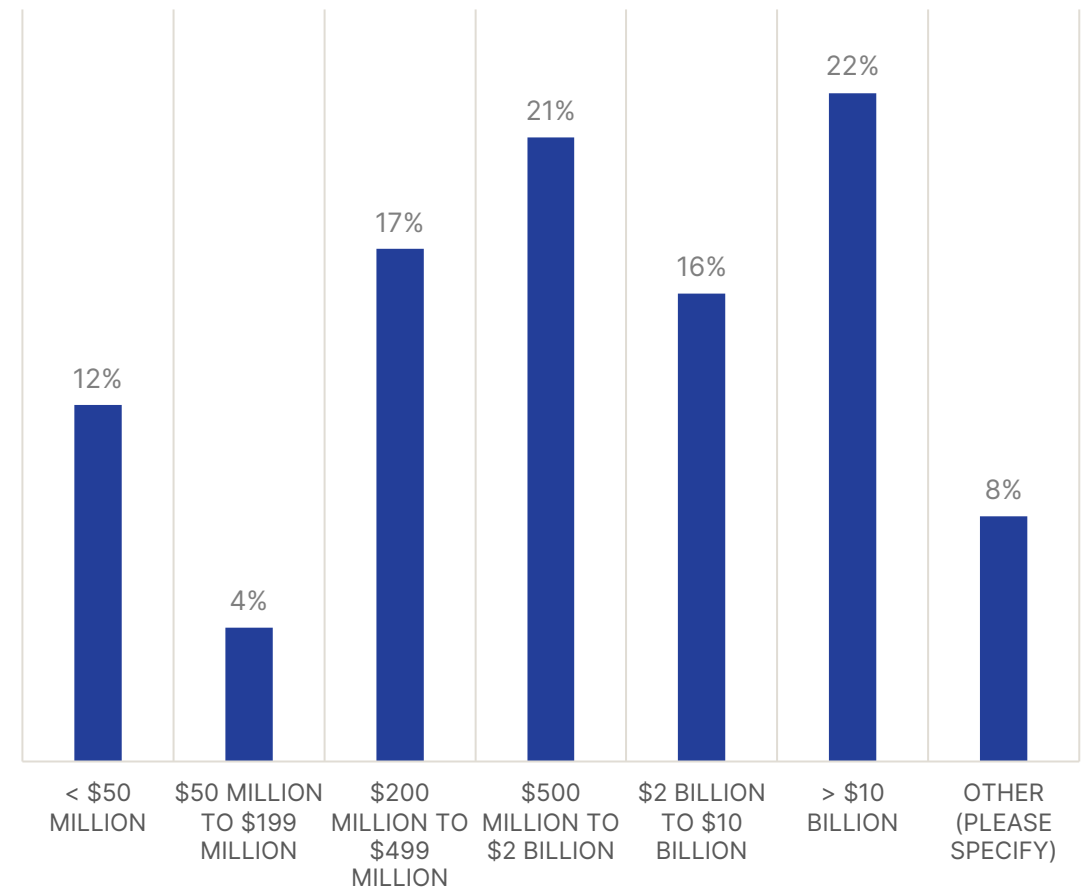
Between December 2023 and March 2024, SAPinsider surveyed 155 members of its community.

Survey participants from various geographical regions worldwide represented diverse organization sizes, contributing to a comprehensive dataset.

The primary objective of the survey was to gather insights from professionals who play a pivotal role in making infrastructure decisions within their respective organizations.



Revenue



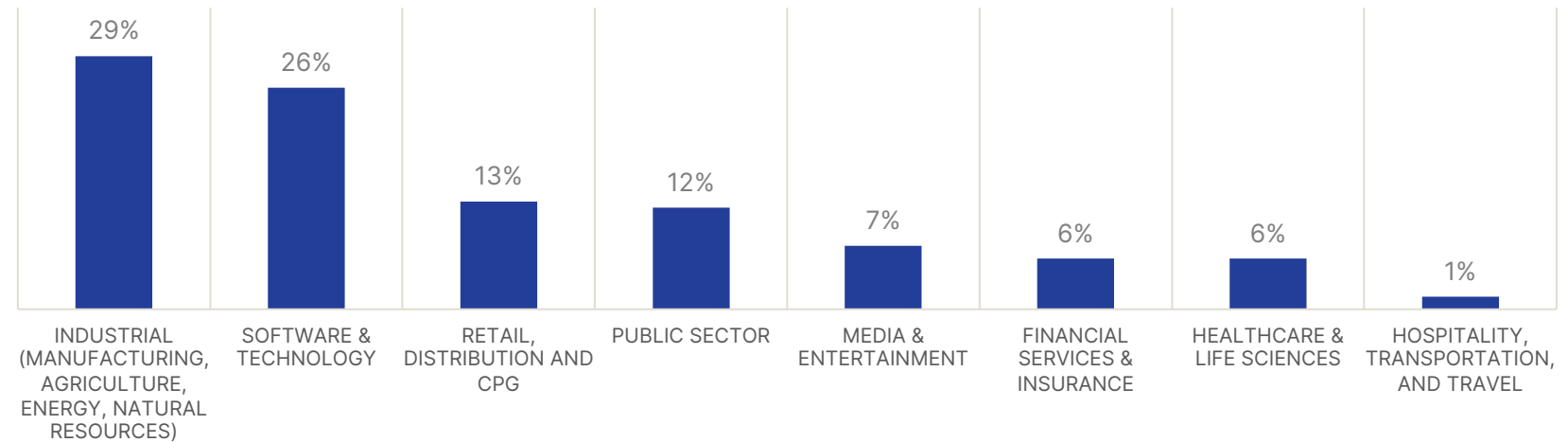
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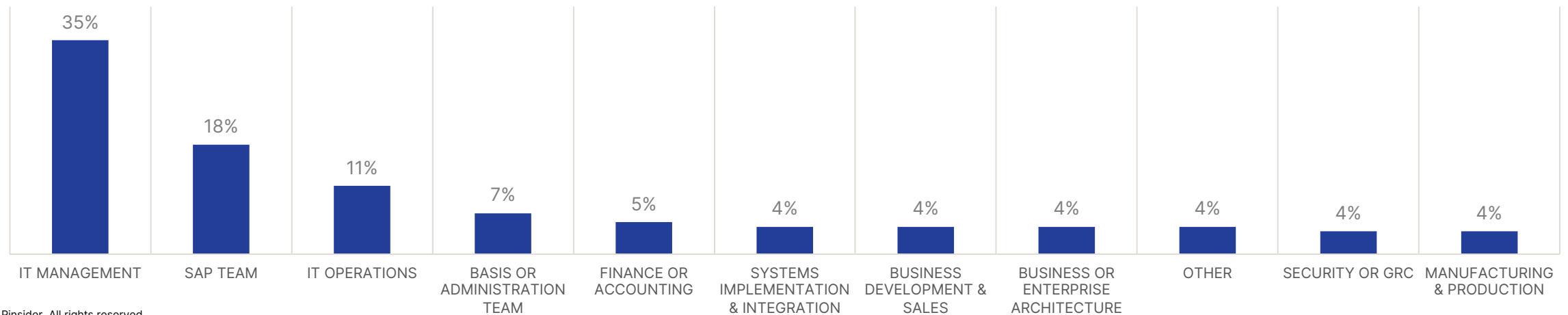
The participants were asked about their ERP and SAP S/4HANA plans, and the strategies being implemented in their organizations.

They were also asked about their organizational roles and the market sector in which their organizations operated.

Industry



Role



DETAILED FINDINGS

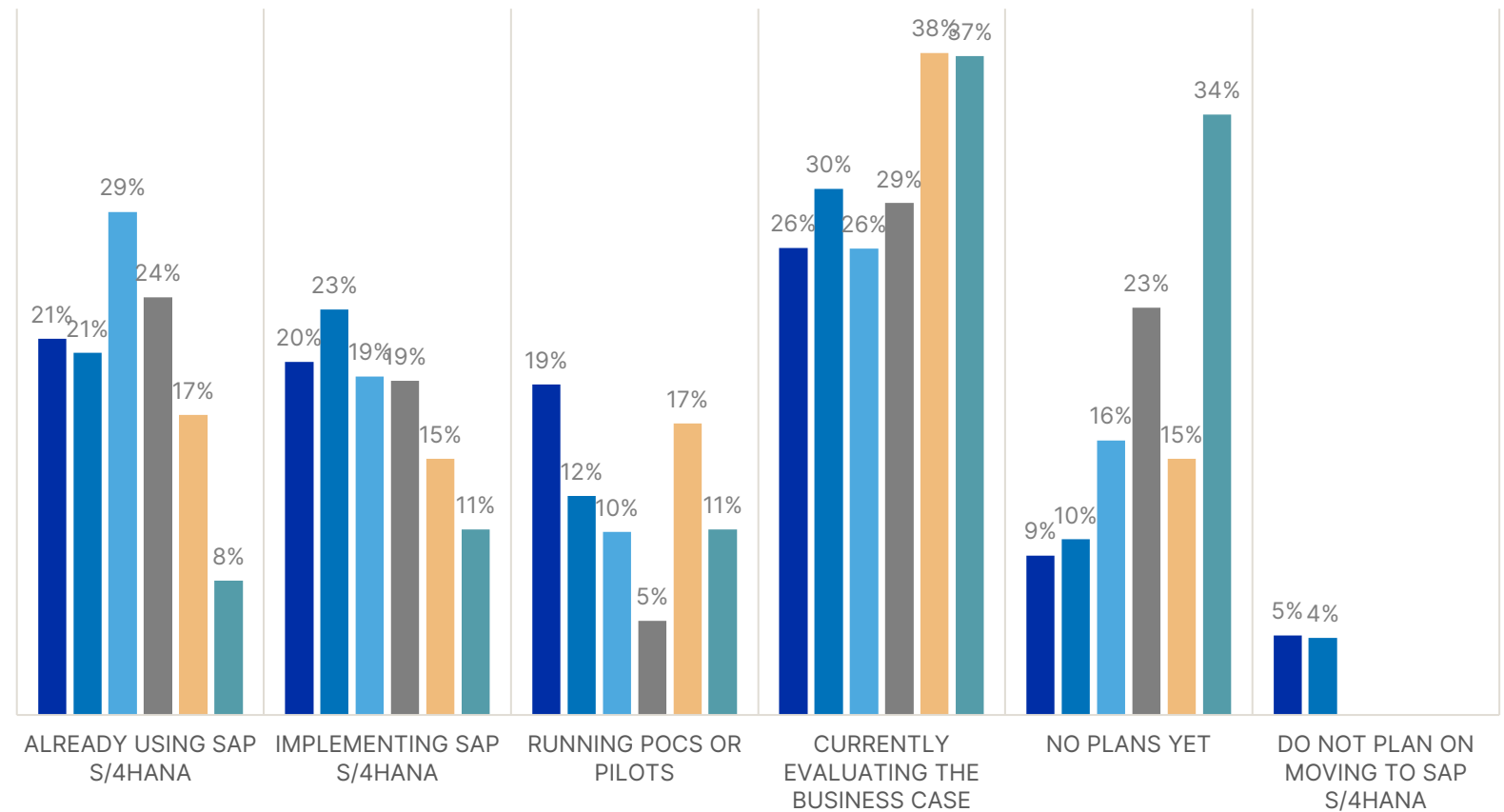
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Adoption of SAP S/4HANA continues to increase steadily. While there has been no significant increase in those already using or implementing SAP S/4HANA, the proportion of respondents with no plans does continue to gradually decline, and there was a significant jump in those running PoCs or pilots this year.

Organizations must be ready for when their existing ERP systems end maintenance, something that may happen sooner than many expect.

SAP S/4HANA Adoption Status

■ 2024 ■ 2023 ■ 2022 ■ 2021 ■ 2020 ■ 2019



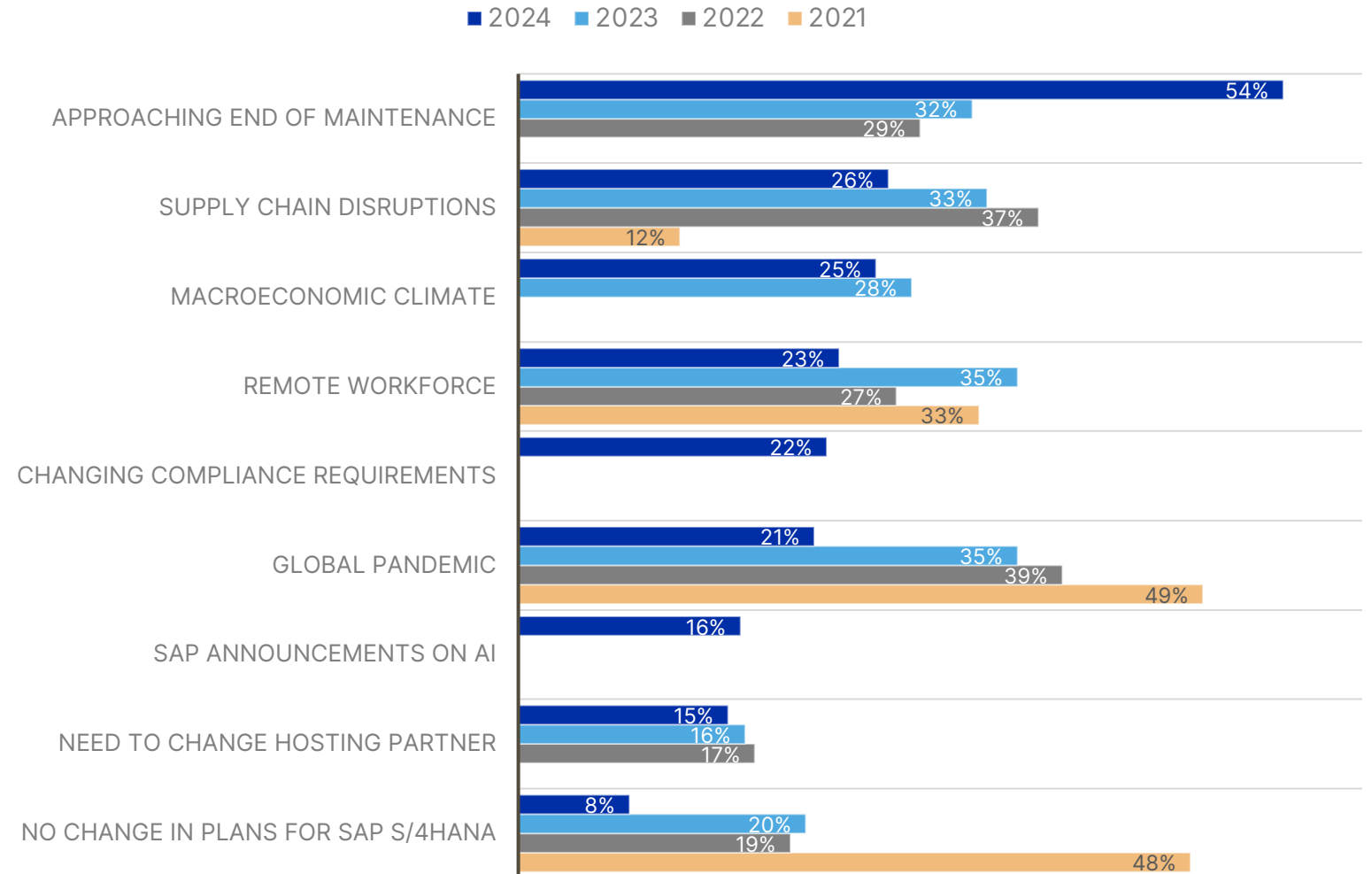
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The impact of the global pandemic on SAP S/4HANA plans is diminishing, although a remote workforce and the macroeconomic climate are still factors in what organizations are planning. But, as 2027 approaches, concerns are escalating about how to manage the end of mainstream maintenance, and how quickly it is possible to move to SAP S/4HANA.

The end of maintenance is less than three years away, a short time for a project as significant as the move to SAP S/4HANA. It is imperative that organizations are ready for when that happens.

External Factors Impacting Plans for SAP S/4HANA



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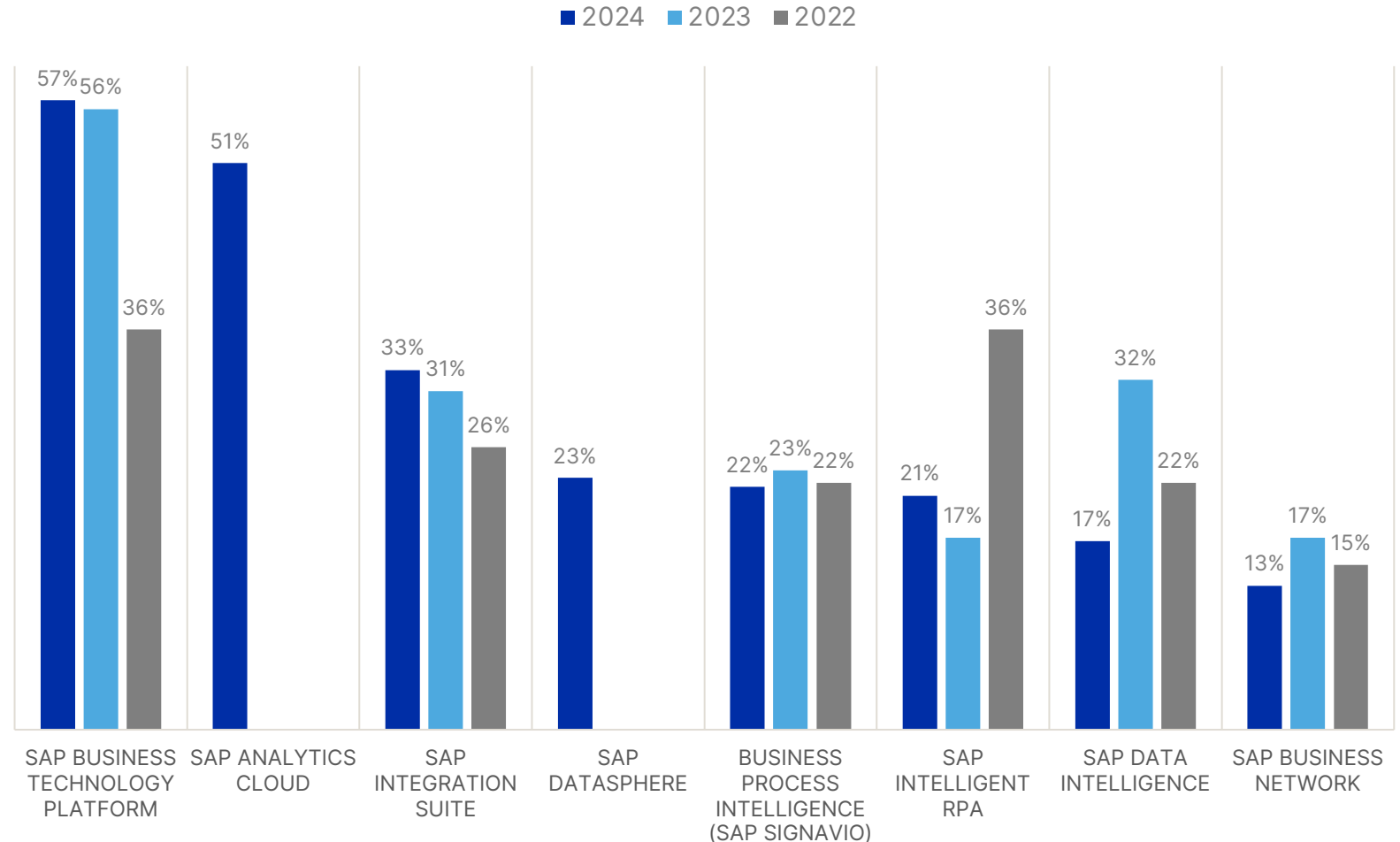
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SAP Business Technology Platform and the services that constitute it are a large part of solutions that organizations are considering to leverage their SAP S/4HANA investment.

While SAP Analytics Cloud was not available as part of the old CPEA agreements that many customers signed, it is available as part of the new BTPEA agreements.

Organizations should leverage the services available through SAP BTP and these agreements as they seek to do more with their SAP S/4HANA investment.

Additional Solutions to Leverage SAP S/4HANA Investment



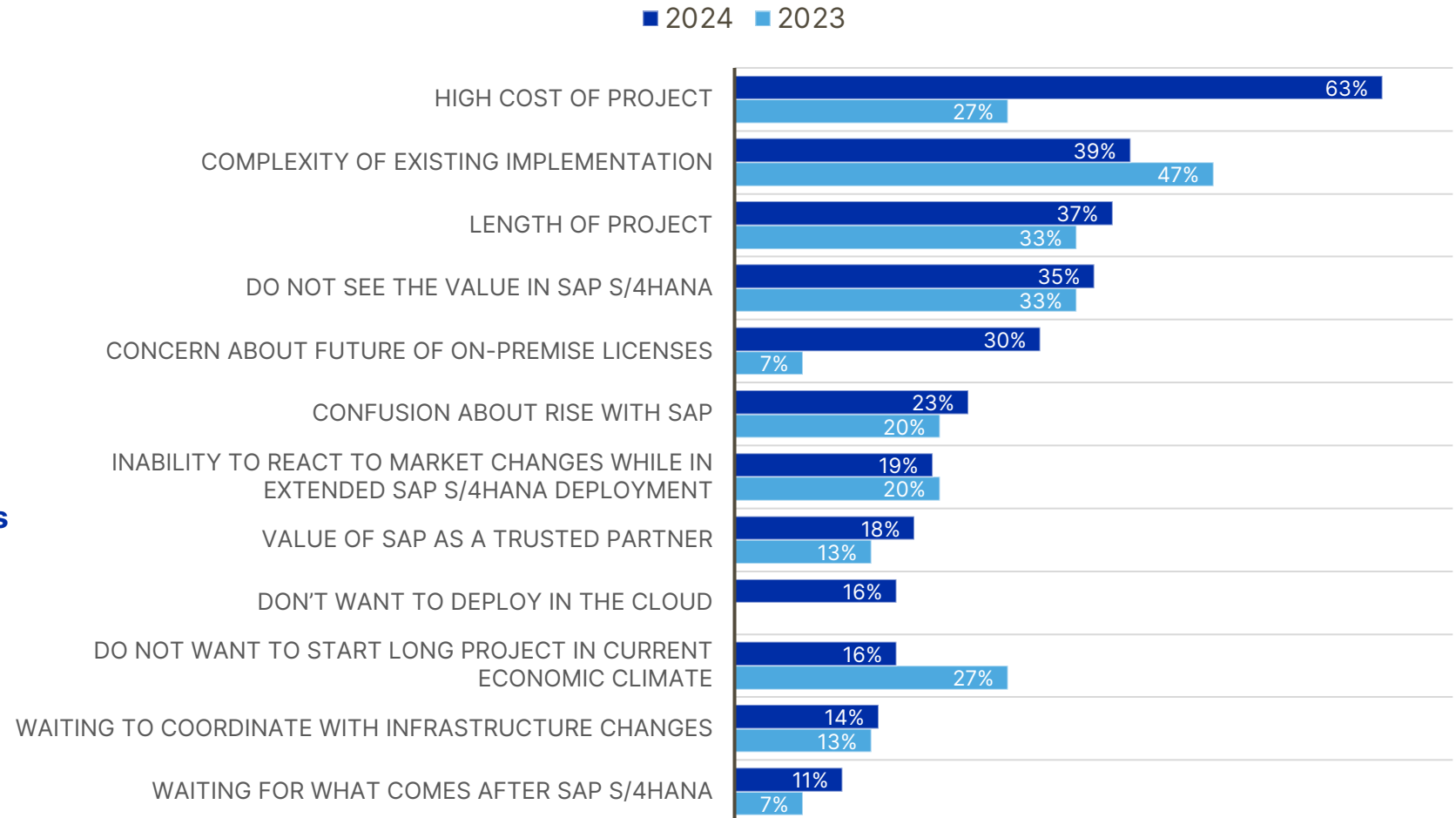
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For organizations that have not yet moved to SAP S/4HANA cost and complexity are the two factors that are most likely to block that move. But there is also concern about the length of the project and whether there is even value in SAP S/4HANA.

Complexity can be mitigated by better understanding existing customizations, what is in use, and what it is possible to eliminate. Some partners are also offering capabilities that will help streamline complexity. Gaining this understanding will help better prepare organizations for future ERP decisions.

Factors Preventing Organizations Moving to SAP S/4HANA





STRATEGY AND NEEDS FOR ERP PLANS INCLUDING SAP S/4HANA MIGRATION



DRIVERS

- End of maintenance and support for core SAP ERP releases (57%)
- The opportunity to re-engineer processes to better fit operational needs or correct poor processes/configurations from a previous ERP implementation (39%)
- Pressure to digitally transform existing ERP solutions to create a harmonized and centralized model and structure (22%)



ACTIONS

- Modernizing or eliminating custom processes to streamline transition and provide more agility for future updates (43%)
- Adopting best practice business process models (39%)
- Deploying a flexible cloud-based or hybrid infrastructure that minimizes TCO and accelerates deployment of software instances in a compliant way (33%)



REQUIREMENTS

- Minimal disruption to operations as they migrate to SAP S/4HANA (85%)
- Integrations between core ERP and line of business applications (73%)
- IT professionals with the skills to develop extensions and applications that will leverage and support SAP S/4HANA (71%)
- Deploying supported ERP system prior to the end of 2027 (71%)



TECHNOLOGIES

- SAP Readiness Check (43%)
- Change management solutions (31%)
- SAP Business Technology Platform (31%)
- Extraction, Transformation and Loading (ETL) tools (30%)
- Integration tools and solutions (30%)
- Automation (25%)
- Process Discovery for SAP S/4HANA Transformation (24%)
- Data cleansing tools (24%)
- Custom Code Lifecycle Management (22%)
- Automated testing and validation tools (21%)
- SAP BTP ABAP Environment (20%)

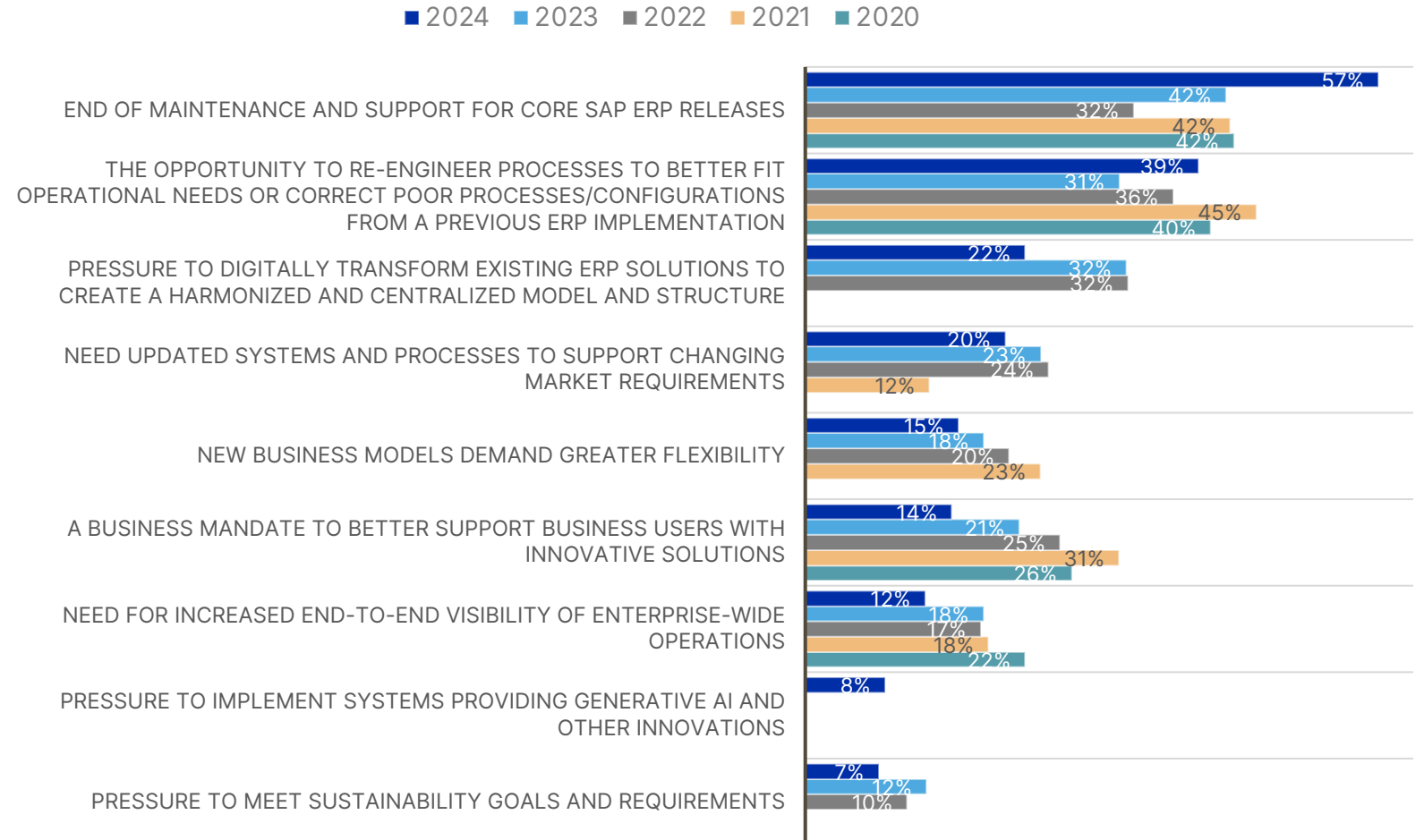
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The upcoming end of maintenance is having an increasing impact on ERP strategy for SAP customers, including plans for moving to SAP S/4HANA. However, a significant proportion of respondents are still looking at the move to SAP S/4HANA as an opportunity to update and re-engineer processes.

It is vital that SAPinsiders are prepared for the end of maintenance. Rolling over to extended maintenance is an option, but SAP will apply increasing pressure over the next few years and organizations must have plans in place to respond.

Factors Driving ERP Strategy and SAP S/4HANA Migration Plans



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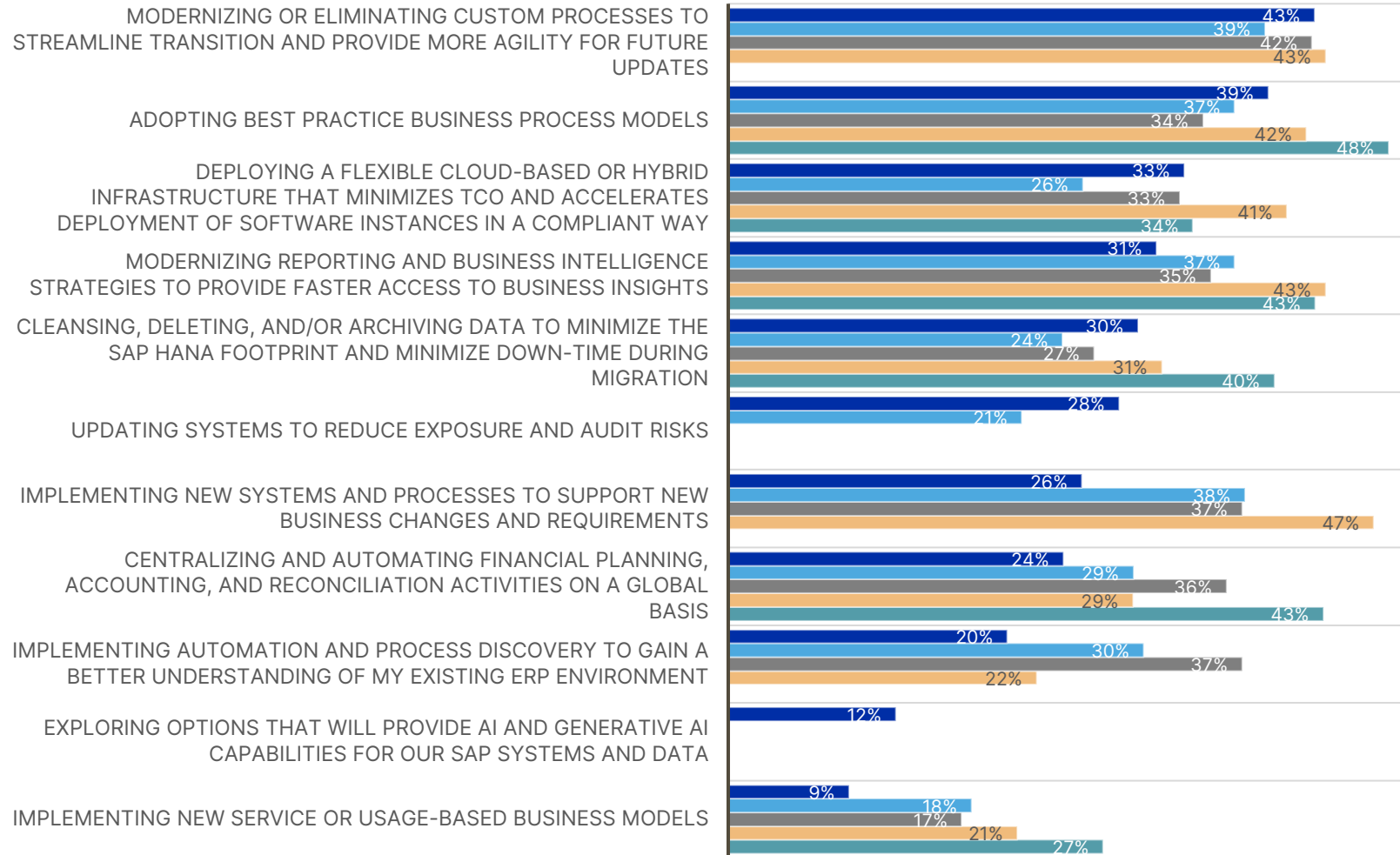
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Modernizing processes or eliminating customizations continues to be the top action taken in response to factors driving ERP strategy, and this is followed by adopting best practice business processes. These actions demonstrate that organizations are preparing for the future.

However, preparations must accelerate if organizations are to be ready for when maintenance ends in 2025 or 2027 (depending on SAP ECC enhancement package version)

Actions Taken to Support ERP Strategy

■ 2024 ■ 2023 ■ 2022 ■ 2021 ■ 2020



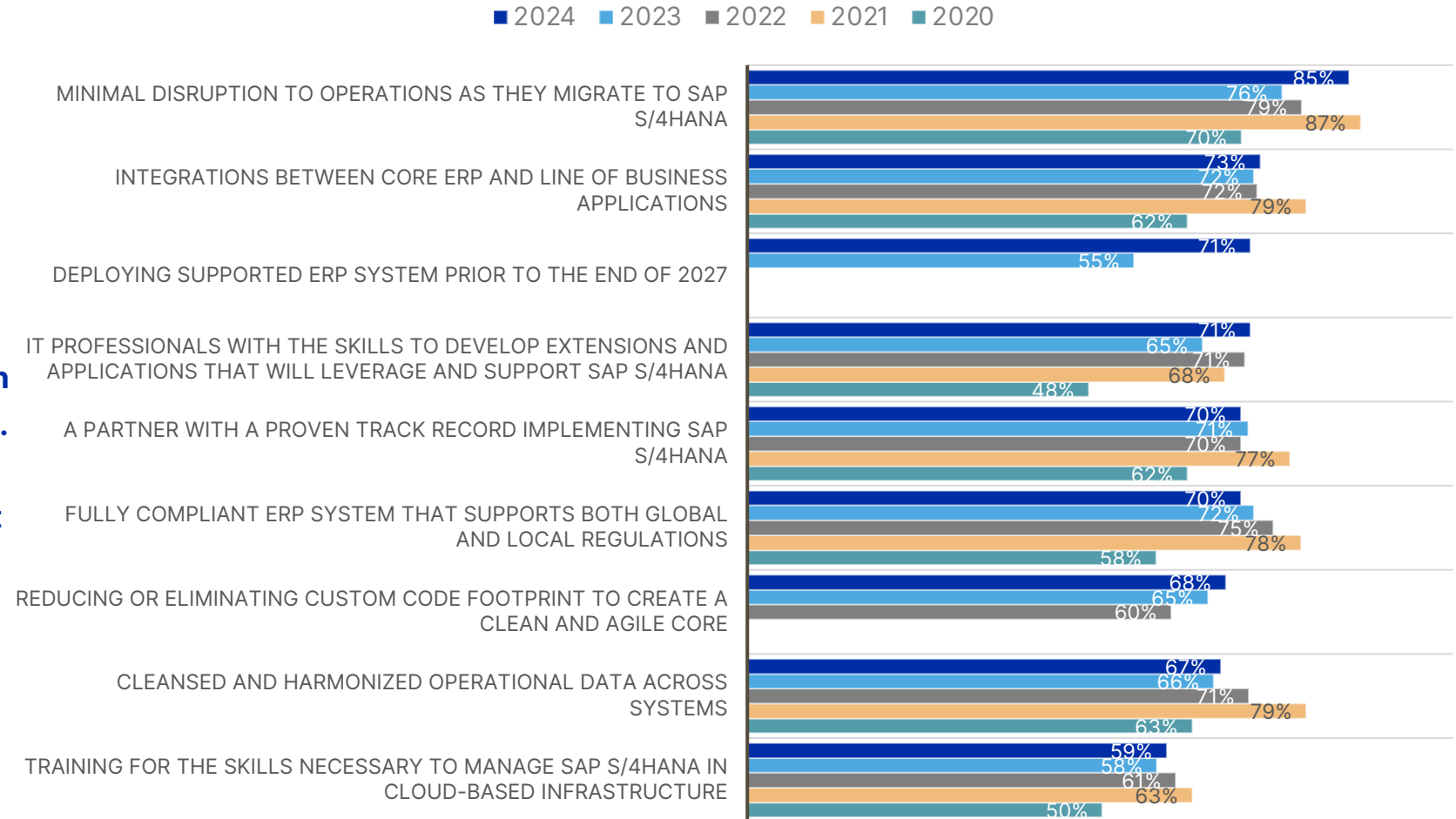
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Minimizing disruption was not only the top requirement for ERP plans, more than half (52%) of respondents identified it as very important. This was 17 points higher than the next most important requirement of integrations between core ERP and line of business applications.

Minimizing disruption takes thorough planning and an experienced partner. Organizations should ensure that they are engaging with a partner that can help achieve their goals of minimal disruption to operations.

Requirements for ERP and SAP S/4HANA Strategies



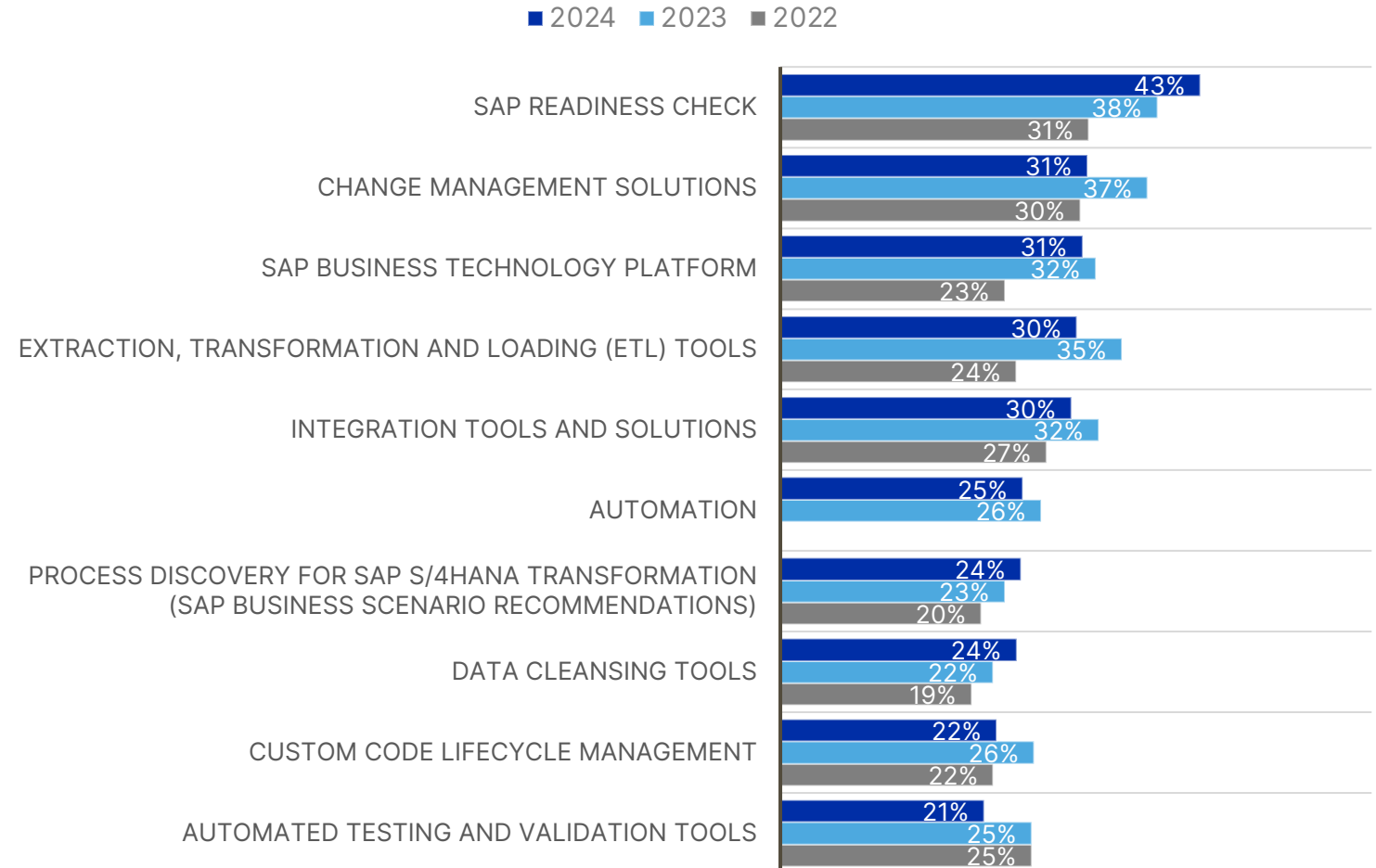
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For organizations considering SAP S/4HANA, SAP Readiness Check is the technology most in use today. Given that this solution is free to customers under maintenance and helps identify whether an SAP ECC system is ready to move to SAP S/4HANA, this is not surprising. But also in use are change management solutions and SAP BTP. SAP BTP is another tool that can help organizations prepare for the move to SAP S/4HANA.

Leveraging free capabilities from SAP is the easiest way to ensure systems are ready to move to SAP S/4HANA and can help with both strategy formulation and timelines.

ERP and SAP S/4HANA Technologies Currently in Use



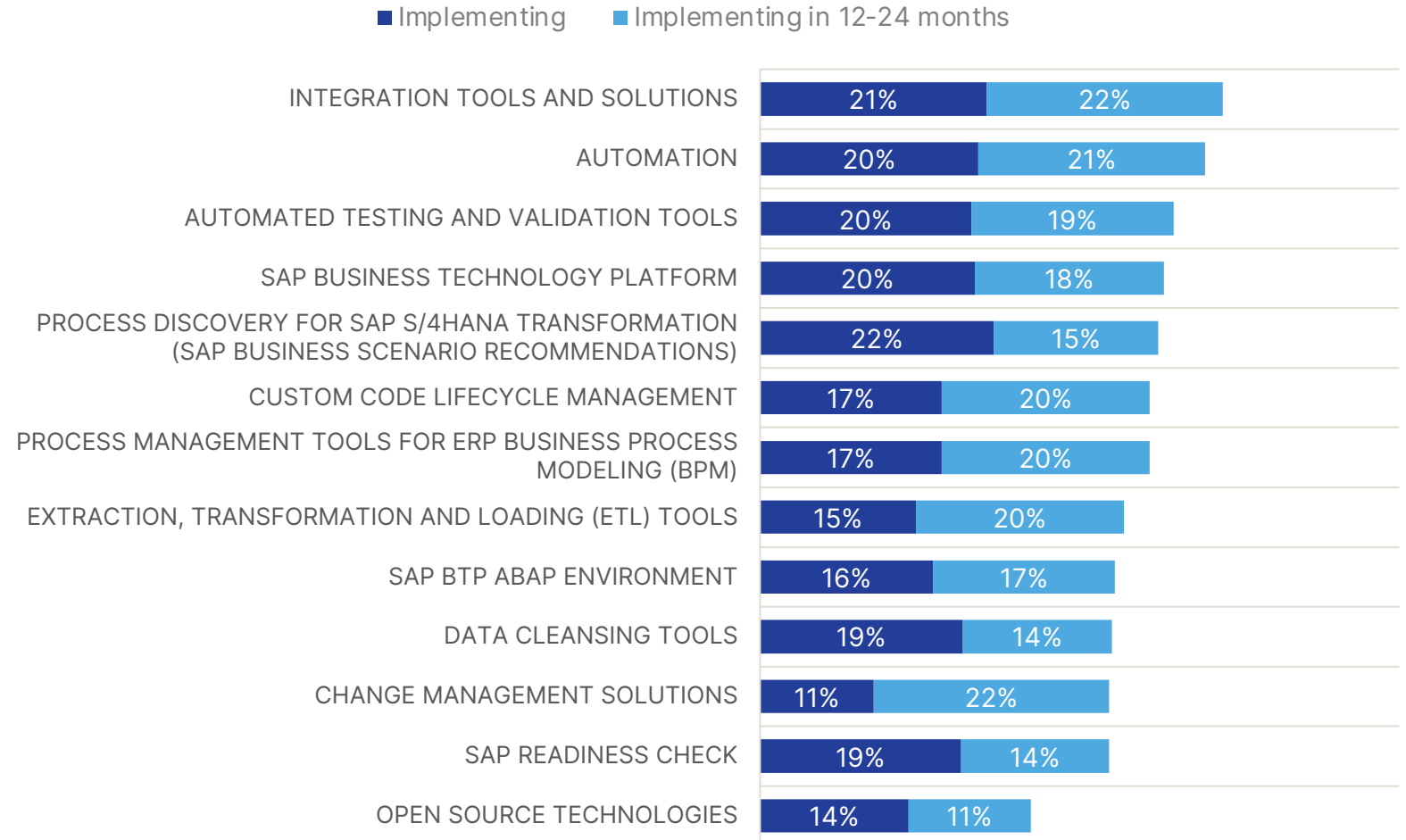
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Integration tools and solutions are critical once any ERP system is deployed since these solutions form the hub of a connected enterprise landscape. Getting data into and out of these systems is crucial for reporting and planning purposes. On the other hand, automation plays a key role in helping with the transition itself.

Organizations should leverage capabilities that will help streamline and accelerate the deployment of their ERP systems, especially those that help with SAP S/4HANA deployment.

ERP and SAP S/4HANA Technologies Being Implemented



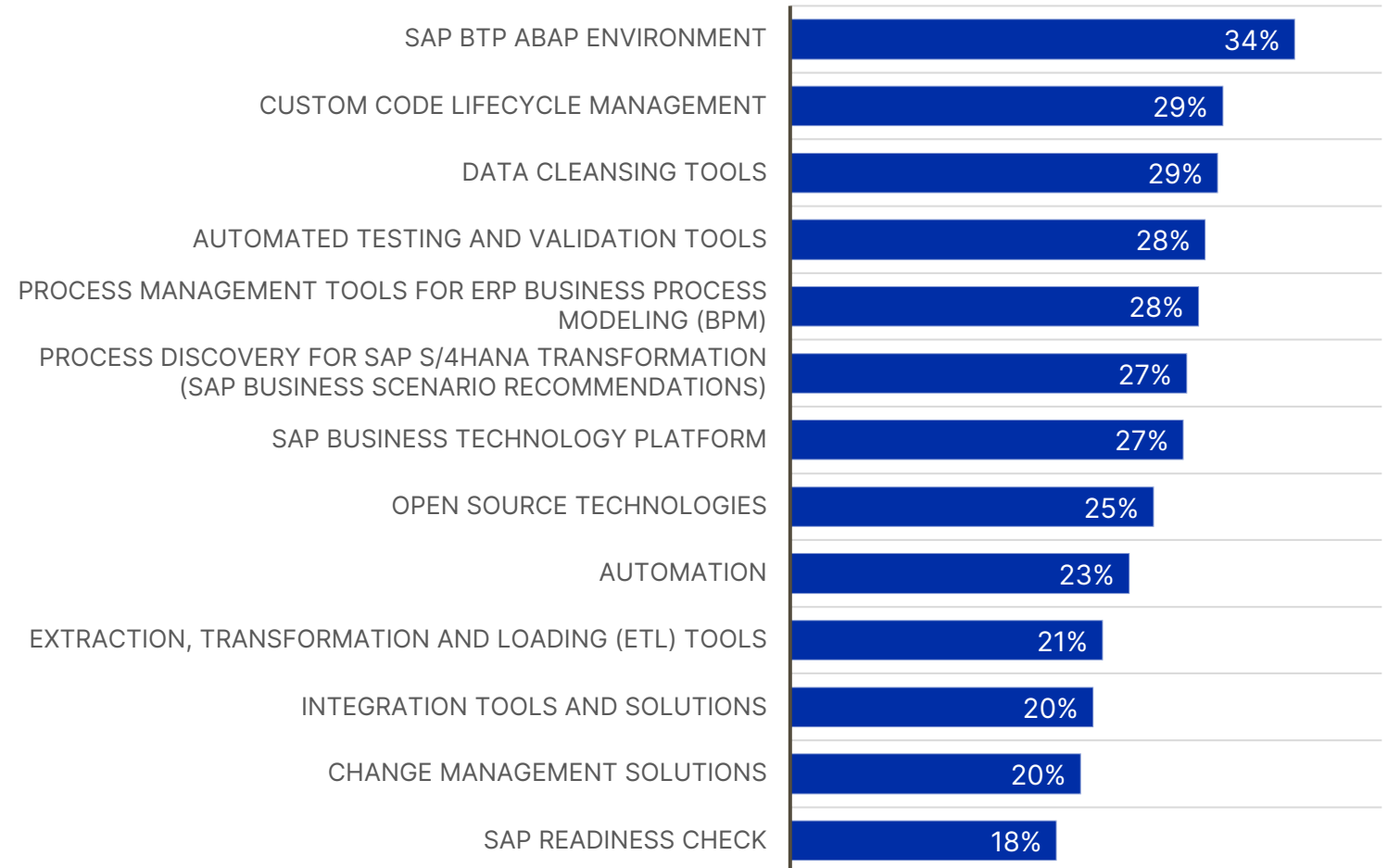
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For future use, organizations are evaluating the SAP BTP ABAP Environment, which supports creating ABAP-based extensions for SAP S/4HANA. This demonstrates that utilizing ABAP code is still a very important part of the plans of many SAP customers.

In addition to determining how extensions will be managed, organizations should also focus on technologies that will help streamline and accelerate their move to SAP S/4HANA including data cleansing, automation, and process discovery and management tools.

ERP and SAP S/4HANA Technologies Being Evaluated



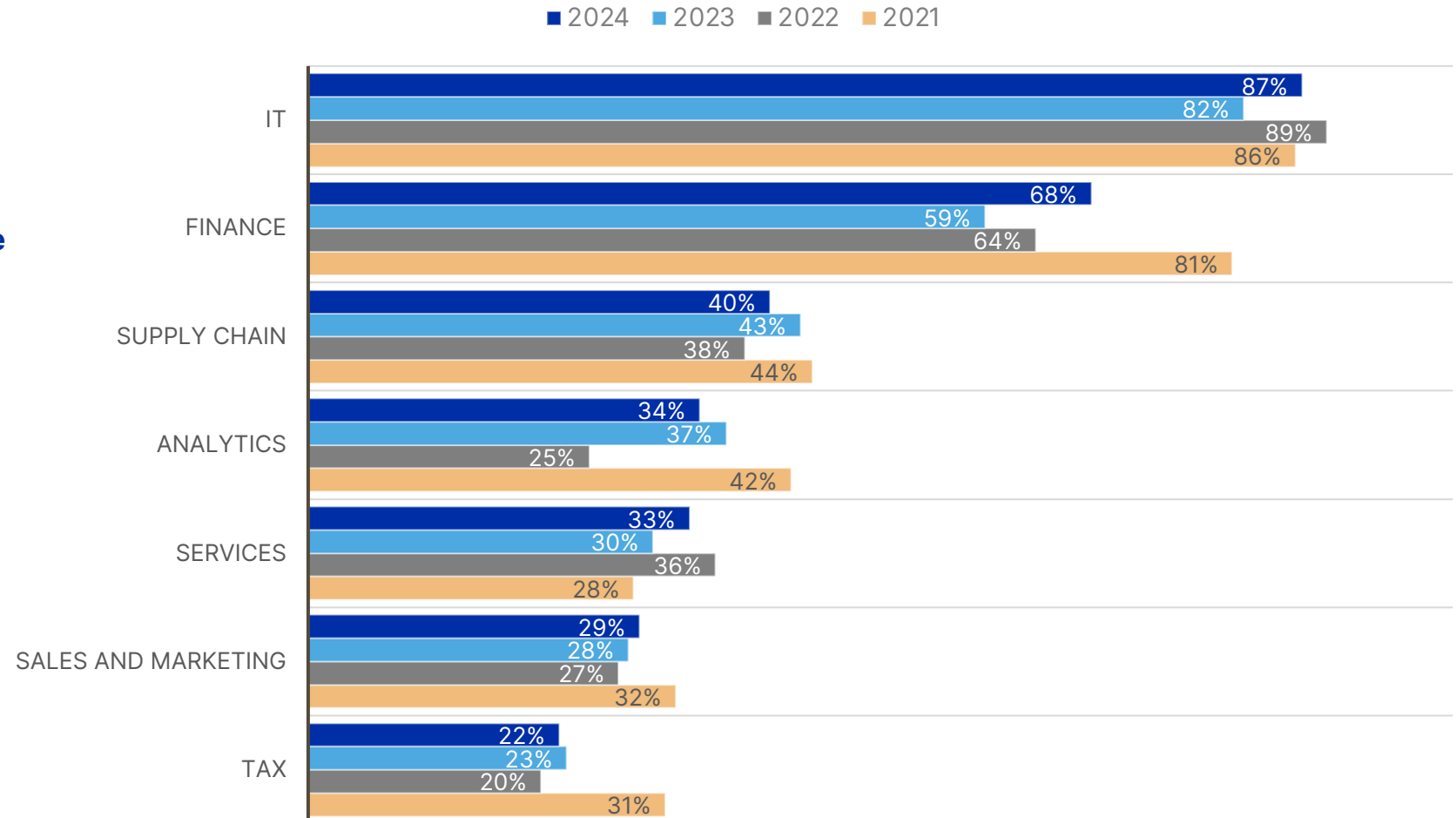
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IT remains the most likely team to be involved in decisions around SAP S/4HANA, but finance and supply chain teams are also heavily involved.

To ensure that SAP S/4HANA is more than just a technical migration, organizations must involve business users who can provide input on potential features and capabilities as well as how business processes work. It is only with this involvement that business teams will be invested in the success of the transition.

Internal Teams Involved in SAP S/4HANA Decisions



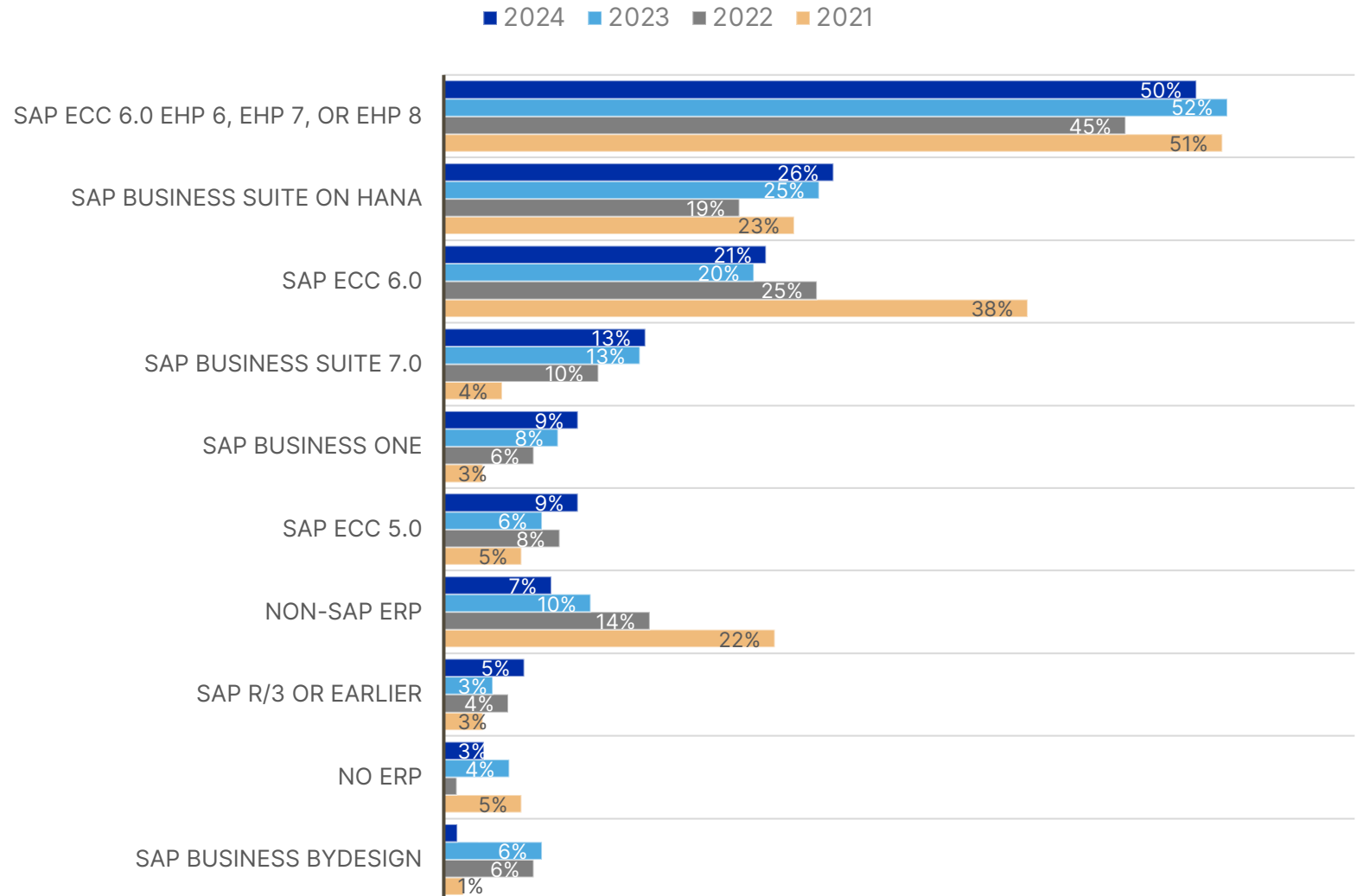
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For those not yet running SAP S/4HANA the most likely ERP systems in play are recent enhancement packages of SAP ECC, with a smaller proportion of respondents running SAP Business Suite on HANA or older versions of SAP ECC.

Organizations running older ERP systems must be aware that maintenance for these systems ends in 2025 not 2027 as is the case with SAP ECC EHP 6, EHP 7, or EHP 8.

ERP Systems Currently Being Run



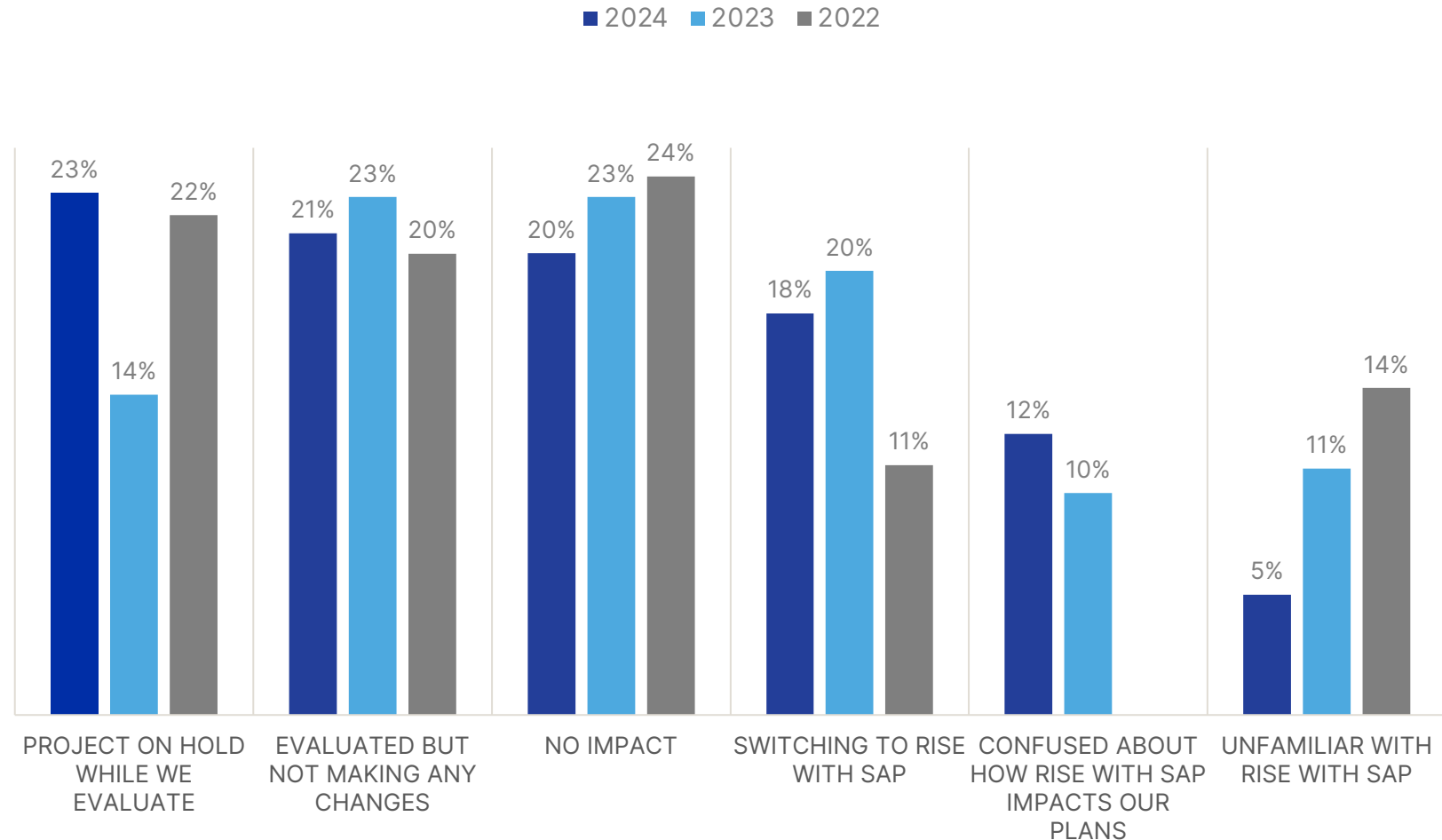
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While only one in five (18%) respondents are switching their SAP S/4HANA plans to RISE with SAP, a significant proportion are pausing to evaluate the impact.

Given that SAP is not moving away from cloud ERP it is vital that organizations understand the impact of these offerings and thoroughly evaluate how it will impact their future ERP and SAP S/4HANA plans.

Impact of RISE with SAP on Plans for SAP S/4HANA

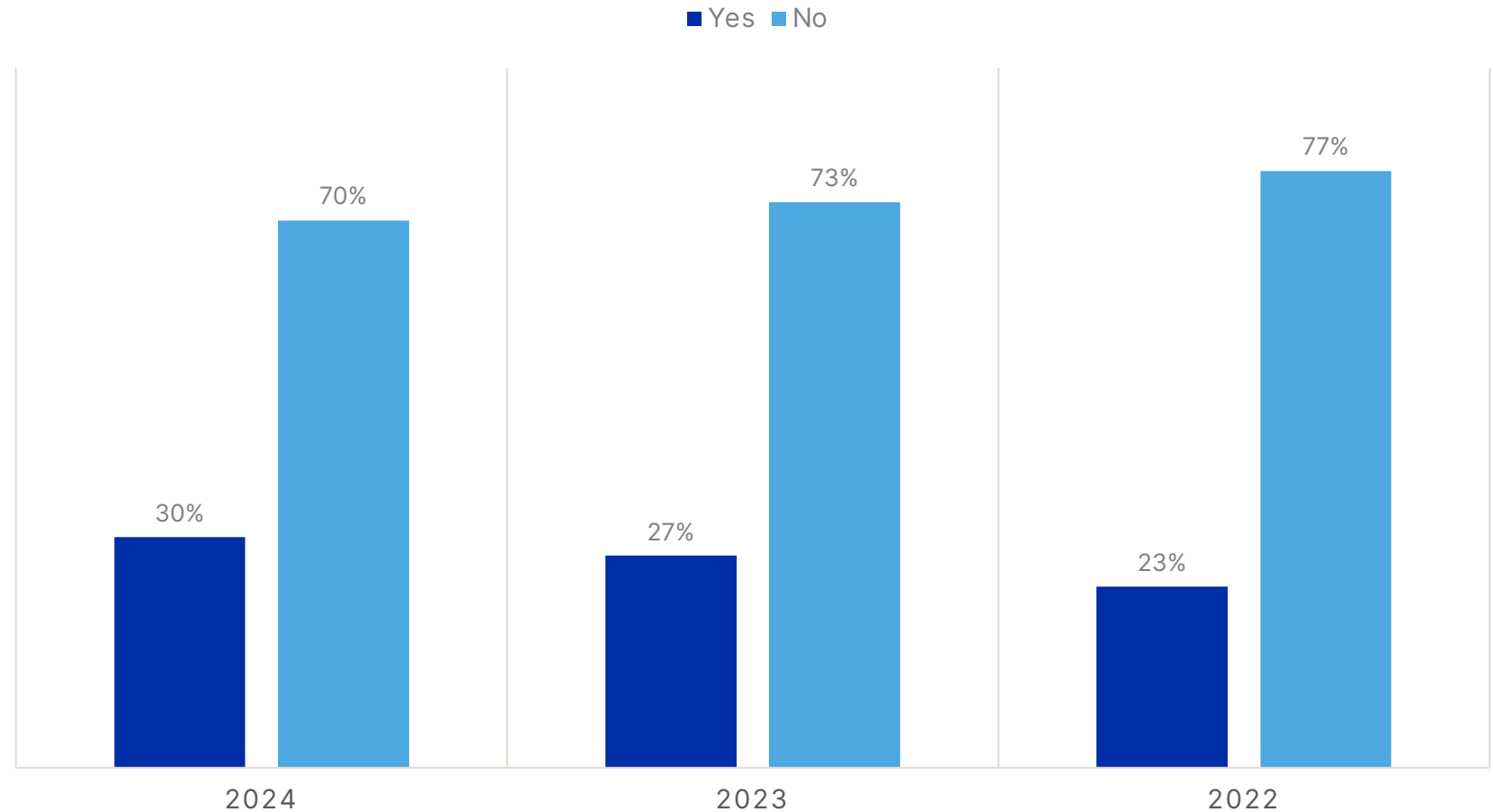


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Of respondent organizations already running SAP S/4HANA, a growing number are considering switching to RISE with SAP. While the growth is slow, this is significant for SAP as in real terms it represents hundreds of customers.

Consideration for Switching Current SAP S/4HANA Implementation to RISE with SAP



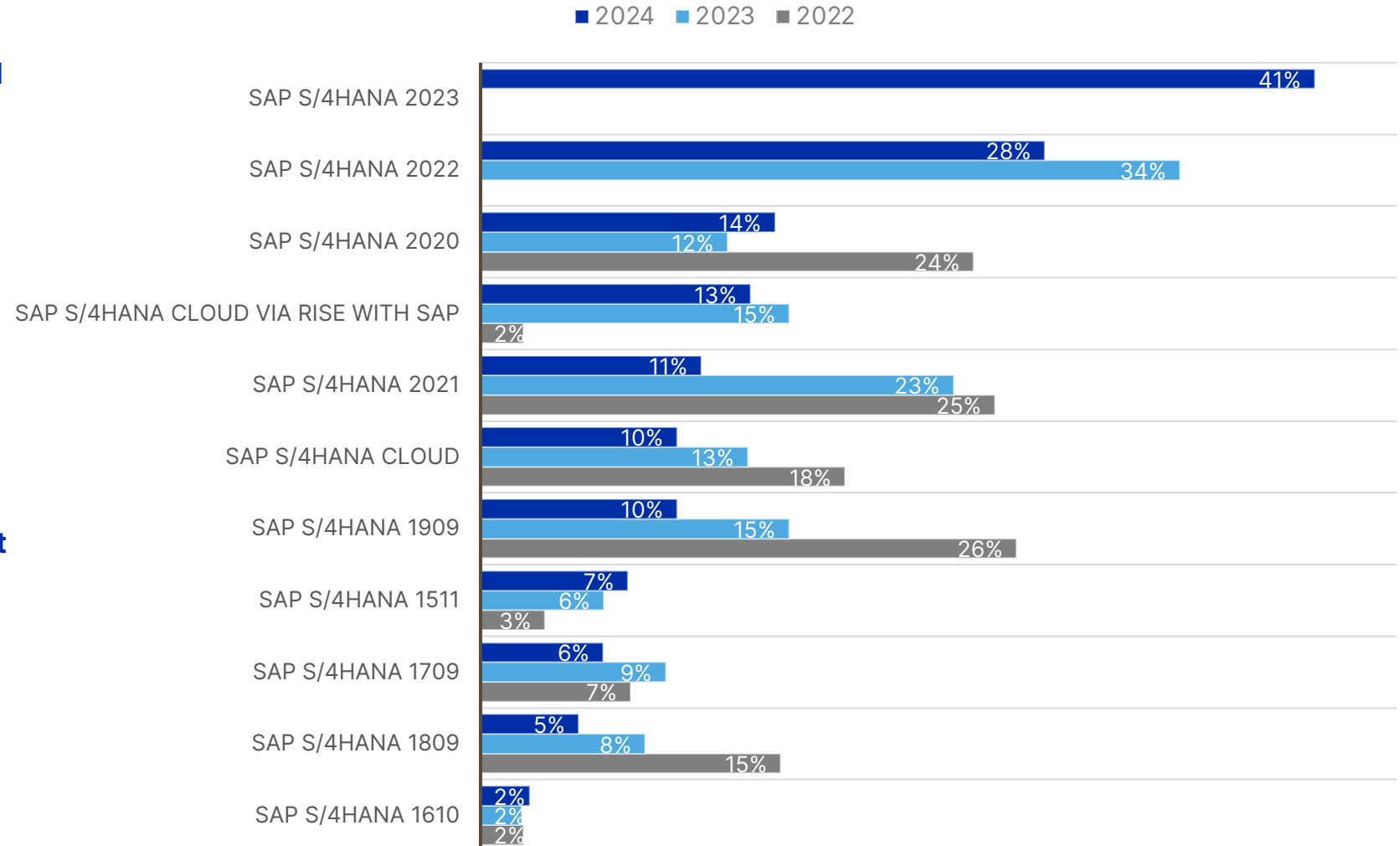
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For those already running SAP S/4HANA, one group of organizations has probably deployed the solution and never upgraded while another is likely on a rapid upgrade cycle. This is demonstrated by the fact that 41% of respondents report that they are running or implementing SAP S/4HANA 2023.

Organizations on older versions of SAP S/4HANA must be aware that those versions only offered 5 years of mainstream maintenance, and that they may already have shifted to extended maintenance and should consider upgrading soon.

SAP S/4HANA Versions Being Run or Implemented



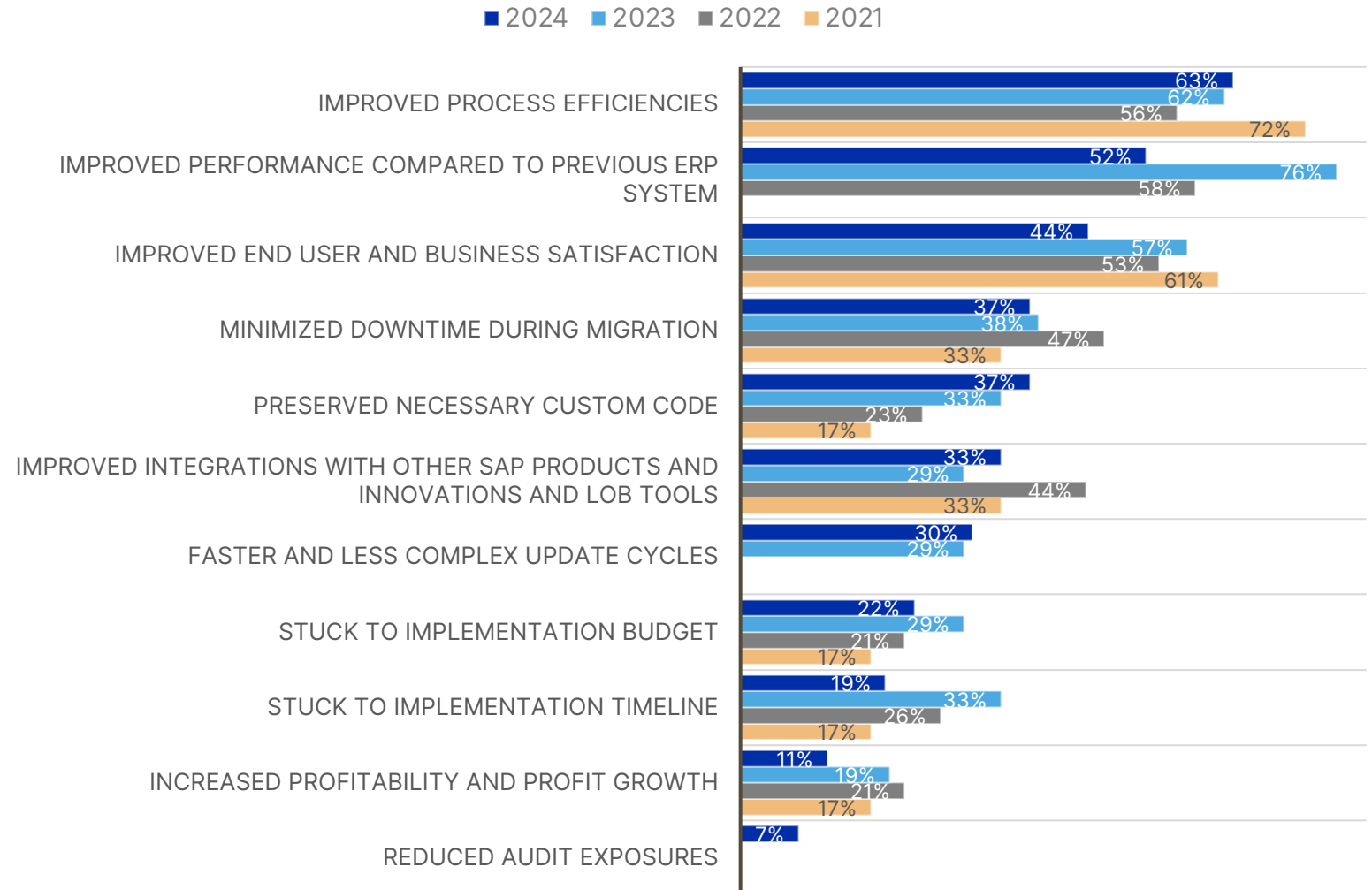
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Those who have moved to SAP S/4HANA are seeing a big advantage in process efficiency as well as improved performance due to both technology differences in the solution and the underlying SAP HANA database. Other benefits include improved end-user satisfaction, likely a result of the SAP Fiori-based front end.

Selecting metrics and then measuring the impact of deploying a new ERP system is an important step and helps in realizing the ROI from that deployment.

Benefits Experienced From Moving to SAP S/4HANA



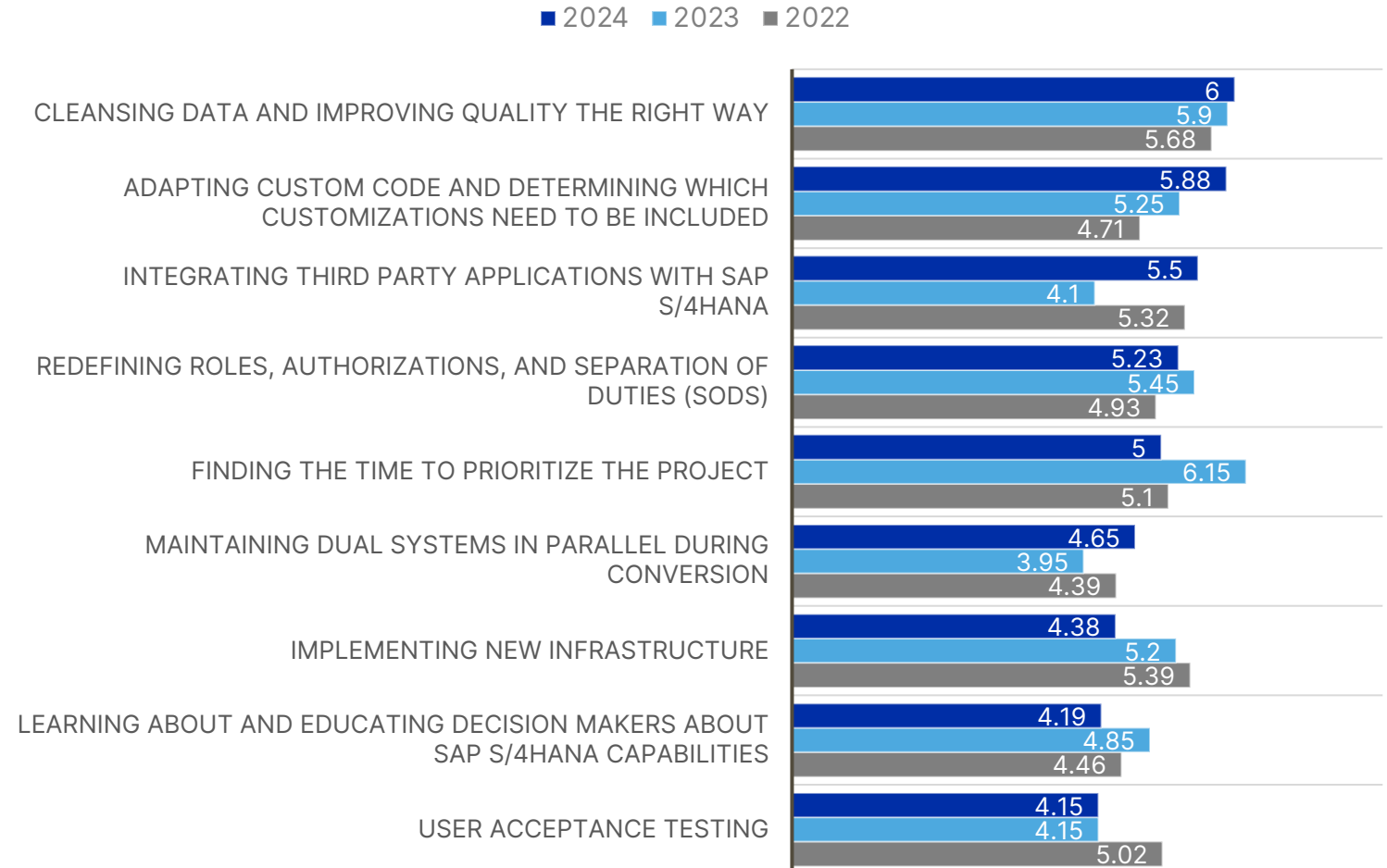
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Moving to SAP S/4HANA can be complex, and those who have completed the move faced challenges around improving data quality and managing existing customizations. Less of a challenge this year was prioritizing the project, likely because the end of maintenance is rapidly approaching.

Organizations moving to SAP S/4HANA need to plan for the potential challenges as well as being able to measure the benefits of that move.

Challenges Faced in Moving to SAP S/4HANA



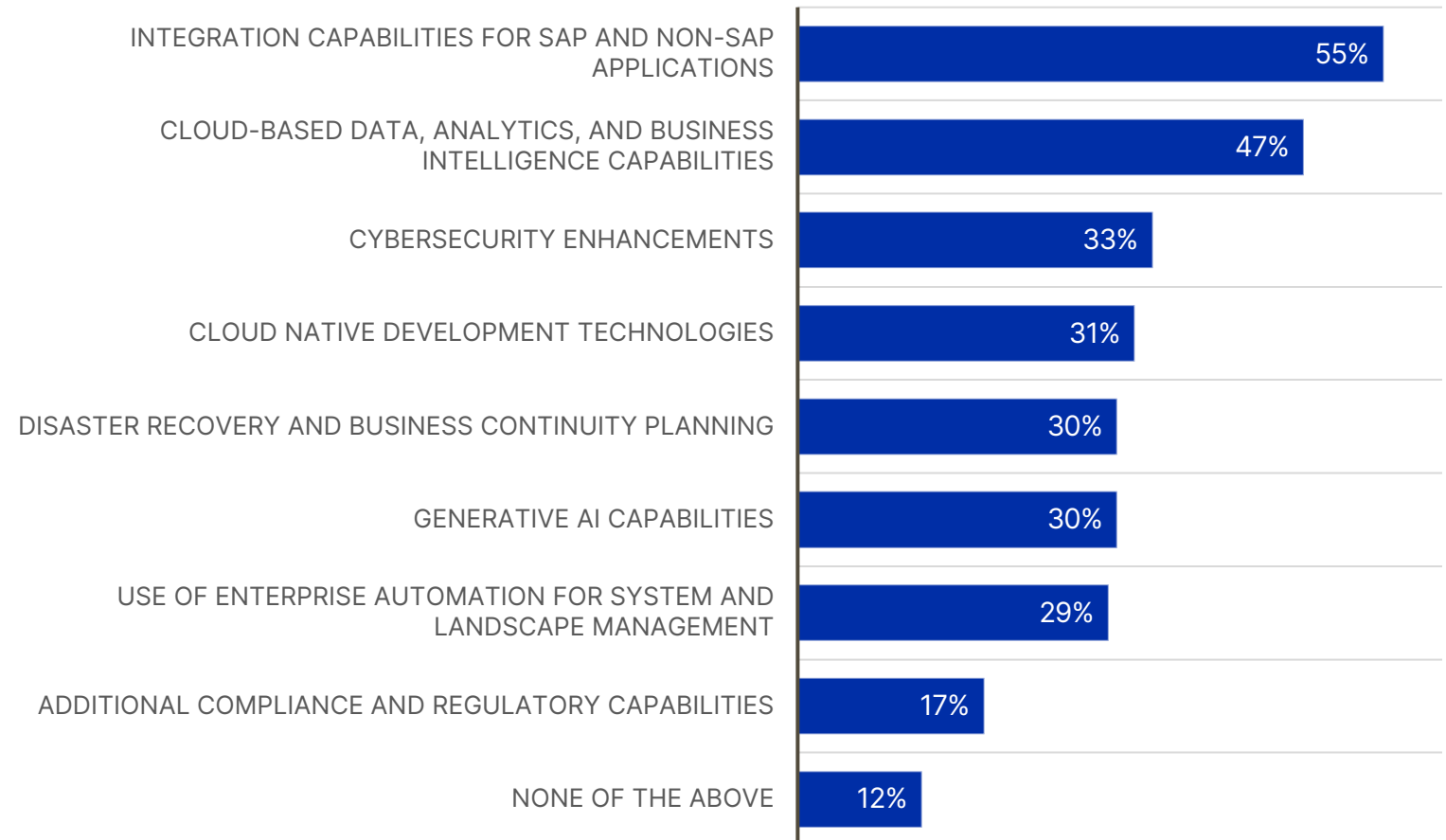
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The move to SAP S/4HANA is an opportunity to make broader changes across the enterprise. One of the biggest is adding new integration capabilities for SAP and non-SAP applications, while another is providing cloud-based data and analytics to end users.

It is important that organizations plan for these broader changes as part of the move to SAP S/4HANA in addition to the deployment of the ERP system itself.

New Elements Planned to be Introduced as Part of the Move to SAP S/4HANA



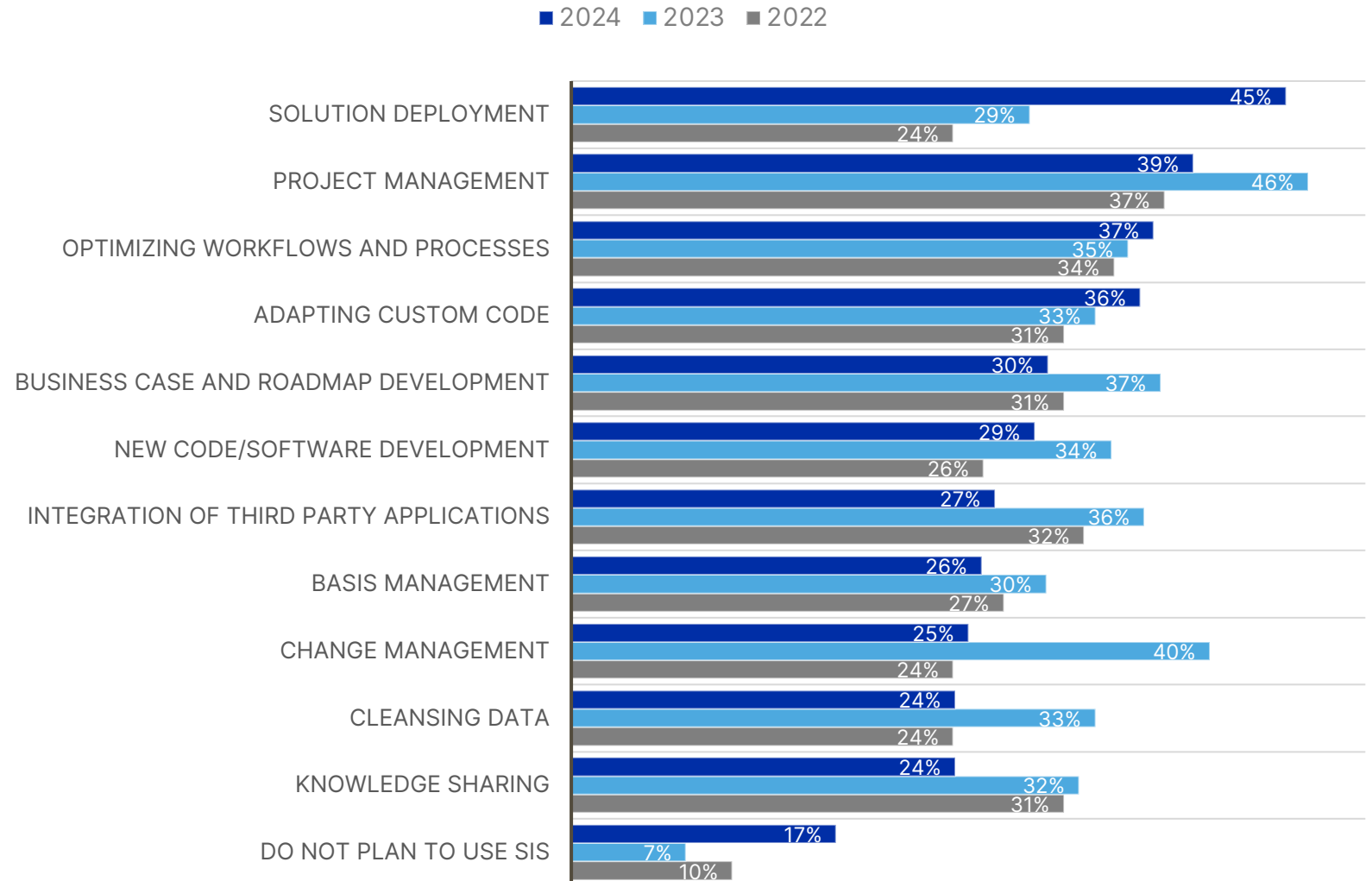
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The most important way that respondents plan to use SIs is that of solution deployment, but project management, workflow optimization, adapting custom code, and even business case development are also likely scenarios.

Understanding how SIs and consultants will be utilized is a key part of the move to SAP S/4HANA because few organizations have all the experience internally to manage a transition that large. This makes finding the right partner a crucial step in preparing for the move.

Planned Use of System Integrators in the Move to SAP S/4HANA

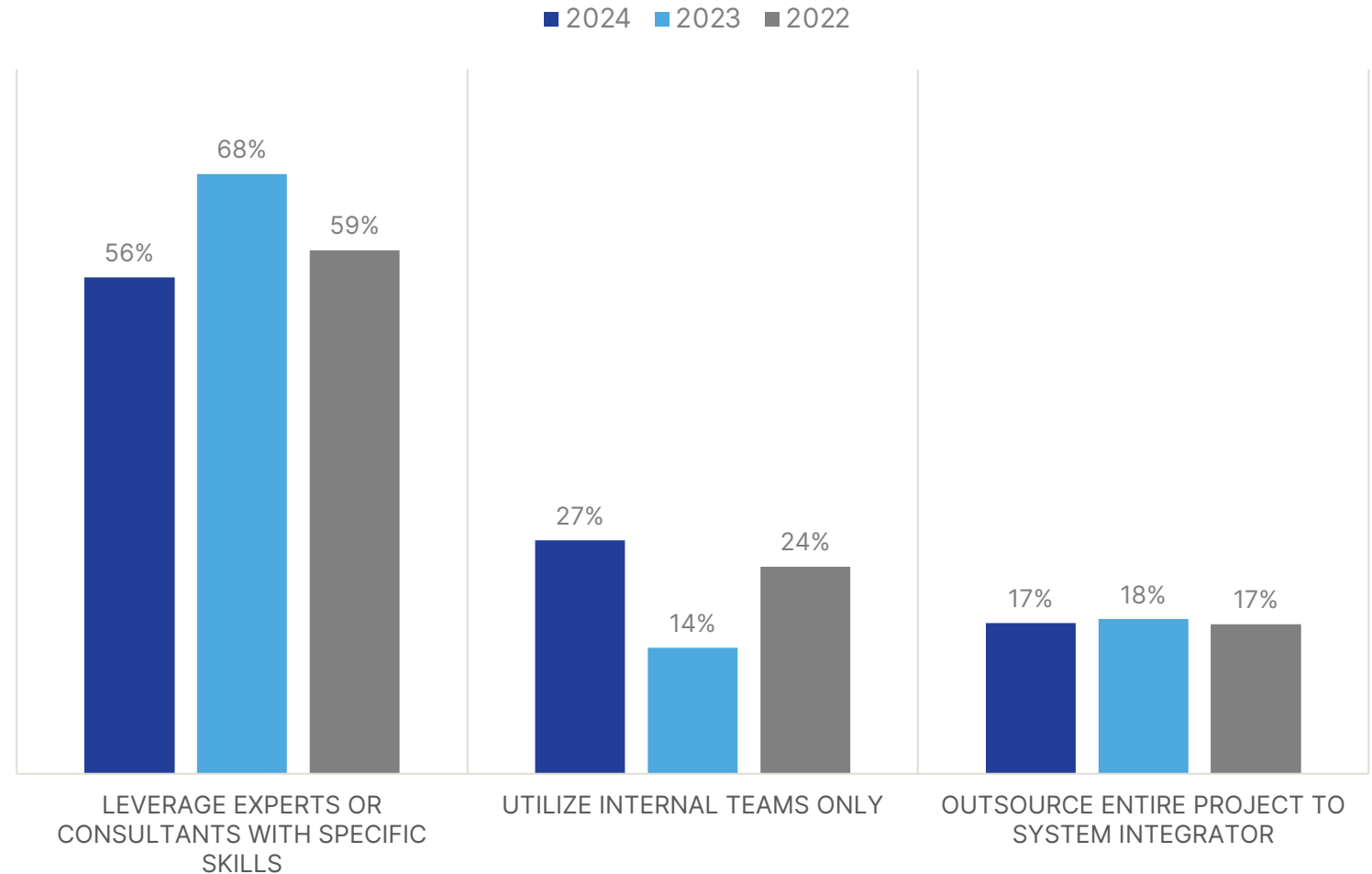


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Most organizations plan to leverage experts for at least some of the staffing for their SAP S/4HANA project because having a core, experienced team has proved crucial to effectively implementing SAP S/4HANA and RISE with SAP. This is not only because of knowledge of existing systems, but having an experienced, internal team can help streamline issue resolution and escalation.

Staffing Approach to SAP S/4HANA Project



THANK YOU

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