
BENCHMARK REPORT
EXECUTIVE SUMMARY

by Robert Holland **March 2024**

SAP S/4HANA MIGRATION



RESEARCH PARTNER



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Insider Perspective

“We initially implemented SAP over 20 years ago, and some business areas have seen minimal change in that entire time. What is pushing us now is the pending end-of-life of SAP ECC and the volume of change impacting our business users. By moving to SAP S/4HANA we can take a “fit to standard” approach with the benefit of improving processes and end-user experiences. However, we also need to manage budgetary constraints and a need to minimize organizational change impact.”

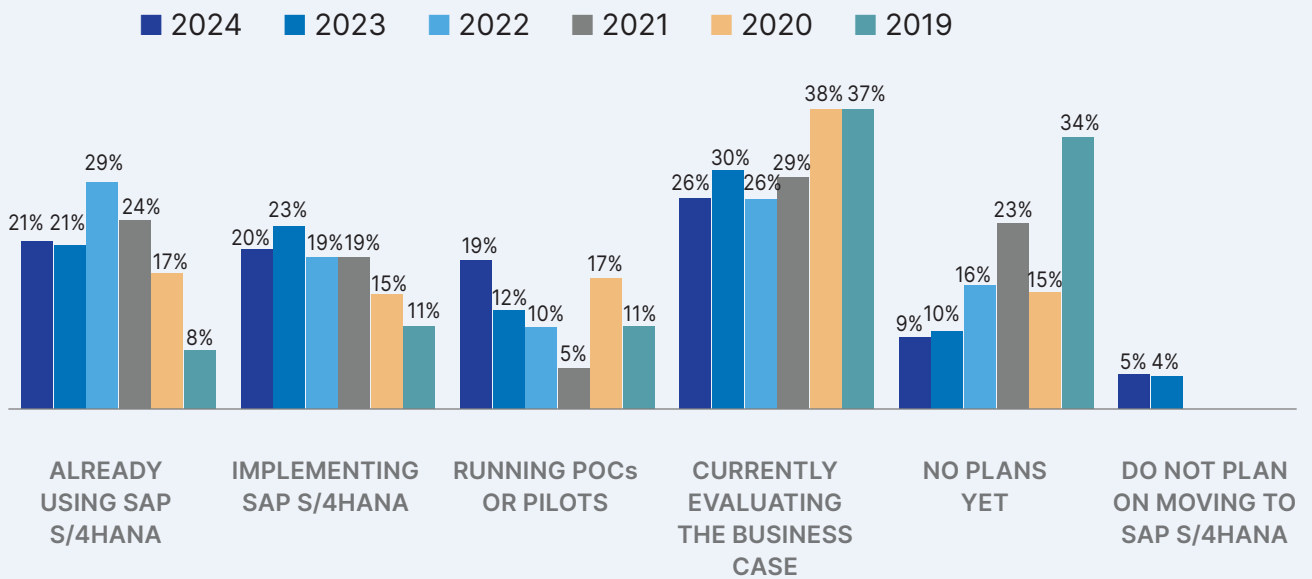
**– SAP SOLUTIONS ARCHITECT,
ENERGY COMPANY**

THE UPCOMING END of maintenance of core SAP Business Suite applications remains the biggest factor impacting SAP ERP customers. Though a growing number of organizations have licensed SAP S/4HANA, more than 30,000 may still be undecided about their path forward. SAP’s push towards cloud ERP through the RISE with SAP and GROW with SAP offerings has continued to ramp up over the last year, although RISE with SAP customers only make up around a quarter of those who have licensed SAP S/4HANA. SAP has attempted to encourage customers to license RISE with SAP by limiting generative AI capabilities to the offering, but this year’s research indicates this messaging is only impacting the decisions of a small proportion of respondent organizations.

To provide insight on this year’s SAP S/4HANA adoption trends, SAPinsider surveyed 155 members of our community between December 2023 and March 2024. As has been the case for the last five years, the first question asked of respondents was whether they are using SAP S/4HANA (**Figure 1**). There was no significant shift in the adoption status of respondents as compared to 2023, with the biggest change being an increase in respondents that are currently running proofs of concept (PoCs) or pilots. Those who currently have no plans to move to SAP S/4HANA did decrease slightly, but this was offset by a similar increase in those who do not plan on moving to SAP S/4HANA.

While there were no significant changes in where respondent organizations reported being on path to SAP S/4HANA adoption, there was a 4% growth in the total of those who were already using, implementing, or running PoCs or pilots for SAP S/4HANA. This year, that number increased to 60% of respondents, showing there is a continued steady increase in those moving to SAP S/4HANA. This growth is more likely to occur in organizations with annual revenues over \$2 billion, where 63% reported that they are either using, implementing, or running SAP S/4HANA pilots. Only 55% of respondents from organizations with annual

Figure 1: SAP S/4HANA Adoption Status



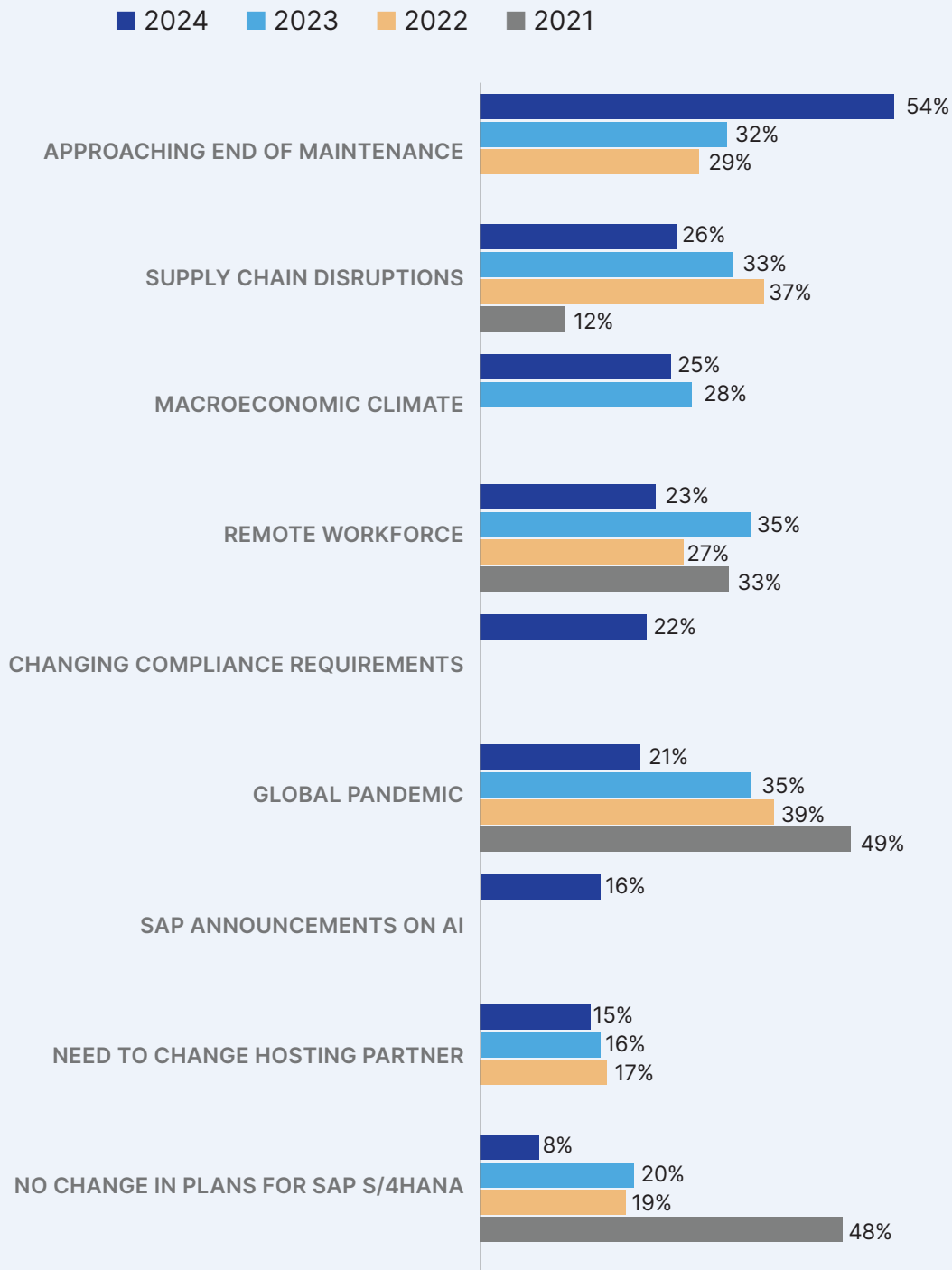
revenues below \$2 billion reported they had reached the same stage, with nearly a third (32%) evaluating the business case. Respondents from smaller organizations were also more likely to currently have no plans for SAP S/4HANA, with 10% falling into that category compared to 6% of respondents from larger organizations.

In a change from the last three years, where the global pandemic has been the biggest factor impacting plans for SAP S/4HANA, respondents reported that the approaching end of maintenance was now the biggest factor when it comes to SAP S/4HANA plans (**Figure 2**). The second most important factor, although less impactful than in 2023, is that of supply chain disruptions. This was followed by the macroeconomic climate remote workforces. Notably, SAP announcements on AI were towards the bottom of the list, with just 16% of respondents reporting that those announcements were having an impact on their SAP S/4HANA plans.

Comparing the responses of differently sized organizations, larger organizations were much more likely to be impacted by the approaching end of maintenance (58%) than smaller organizations (47%). Similarly, larger organizations were more impacted by the macroeconomic climate (33%) than smaller



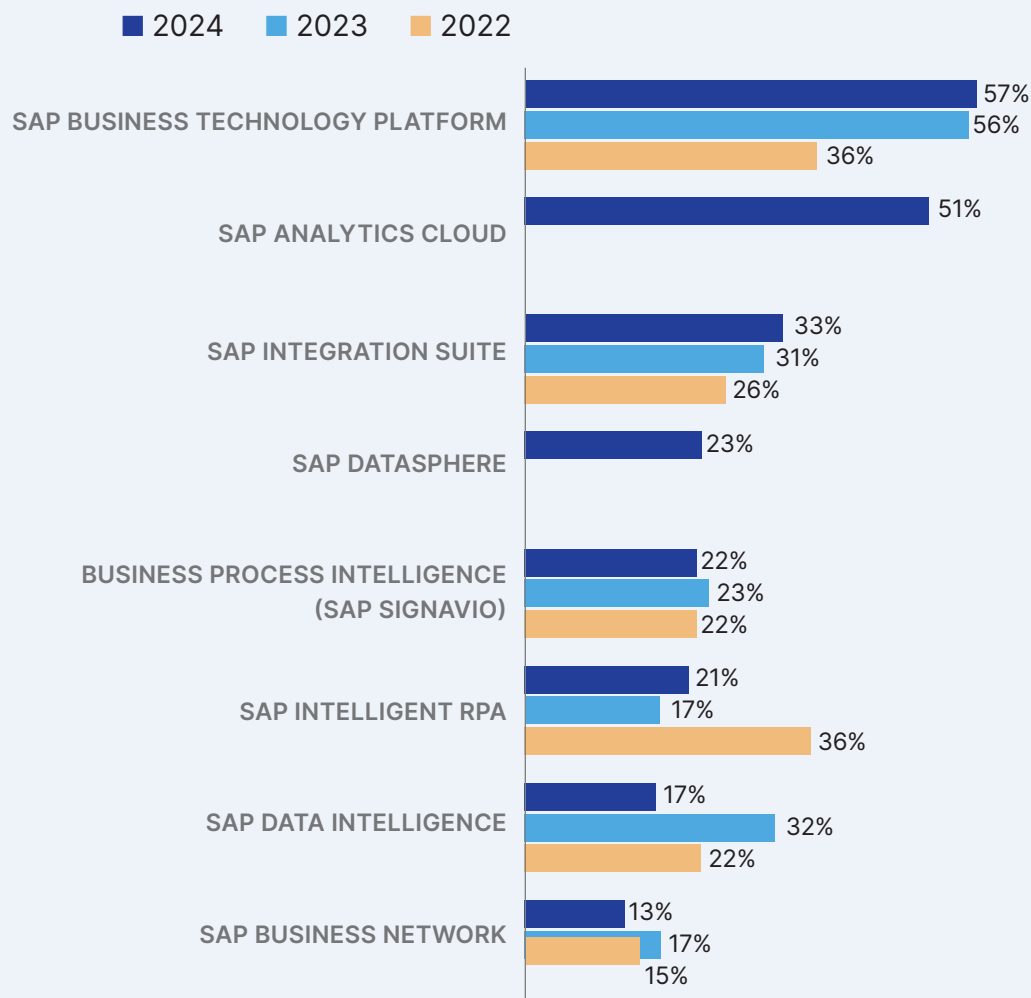
Figure 2: External Factors Impacting Plans for SAP S/4HANA



organizations (22%). Smaller organizations were much more likely to be impacted by supply chain disruptions (32% versus 25%) and remote workforces (32% versus 18%) than large organizations. Smaller organizations also continued to experience the impact of the global pandemic (28%) in ways that larger organizations (15%) did not. What was notable was that less than 1% separated the impact on large and small organizations of SAP announcements on AI, demonstrating these announcements are having only a small impact on organizations of all sizes.

Once organizations have deployed SAP S/4HANA, there are multiple solutions they are considering making the most of that investment (**Figure 3**). At the top of the list is SAP Business Technology Platform (BTP), which 57% of respondents reported that their organization was considering. SAP BTP was followed by SAP Analytics Cloud, SAP Integration Suite, and SAP Datasphere. While each of those three solutions are services that are part of SAP BTP, they are often considered separately by organizations. This is particularly true of SAP Analytics Cloud because organizations cannot use Cloud Platform Enterprise Agreement (CPEA) credits for the offering, although that has changed with the new Business Technology Platform Enterprise Agreement (BTPEA).

Figure 3: Additional Solutions to Leverage SAP S/4HANA Investment



There were no major differences in the planned solutions to leverage SAP S/4HANA between large and small organizations, although larger organizations were much more likely to be considering SAP Integration Suite (39%) compared to smaller organizations (24%). This is because larger organizations have more complex environments and need tools that will help them provide better integration across those landscapes. Larger organizations are also more likely than smaller organizations (28% versus 21%) to consider business process intelligence (BPI) tools such as SAP Signavio. With their more complex environments, BPI tools help organizations design, benchmark, and improve processes as well as manage process change. This is particularly important for organizations with large, complex SAP ERP implementations as it can help update and redesign processes and, most importantly, eliminate those that are no longer in use.

Complexity also is an important factor for organizations when it comes to factors that are inhibiting the move to SAP S/4HANA, with the complexity of the existing implementation being the second biggest factor preventing that move (**Figure 4**). This is only exceeded by the high cost of the project, something that has more than doubled in relevance since 2023. Nearly two thirds (63%) of those who are evaluating the business case or do not yet have plans to move to SAP S/4HANA reporting cost as the most significant factor. Other factors with a major impact included the length of the project (37%), and an inability to see the value of SAP S/4HANA (35%). Although the high cost of the project saw a 233% increase in impact from 2023, the factor that saw the largest increase was that of concern about the future of on-premise licenses (30%). Although only the fifth most important factor impacting the move, this represented a 447% increase from 2023. With SAP pushing customers to cloud ERP, even those running SAP S/4HANA on-premise may have similar concerns.

Slightly increasing from 2023 was confusion about RISE with SAP (23%). This is mirrored by the fact that 12% of respondents moving forward with SAP S/4HANA reported they were confused about how RISE with SAP impacts their plans. 23% of respondents reported their SAP S/4HANA project was on hold while they evaluated RISE with SAP, and 18% reported they were switching their SAP S/4HANA project to RISE with SAP. Of those that were already using SAP S/4HANA, 30% reported they were considering changing their current SAP S/4HANA implementation to RISE with SAP, a modest increase over 2023 (27%).

This year's survey also revealed the following trends:

- The two most important benefits recognized by organizations that have already moved to SAP S/4HANA are improved processes efficiencies (63%) and improved performance compared to previous ERP systems (52%). A third benefit was improved end user and business satisfaction (44%).

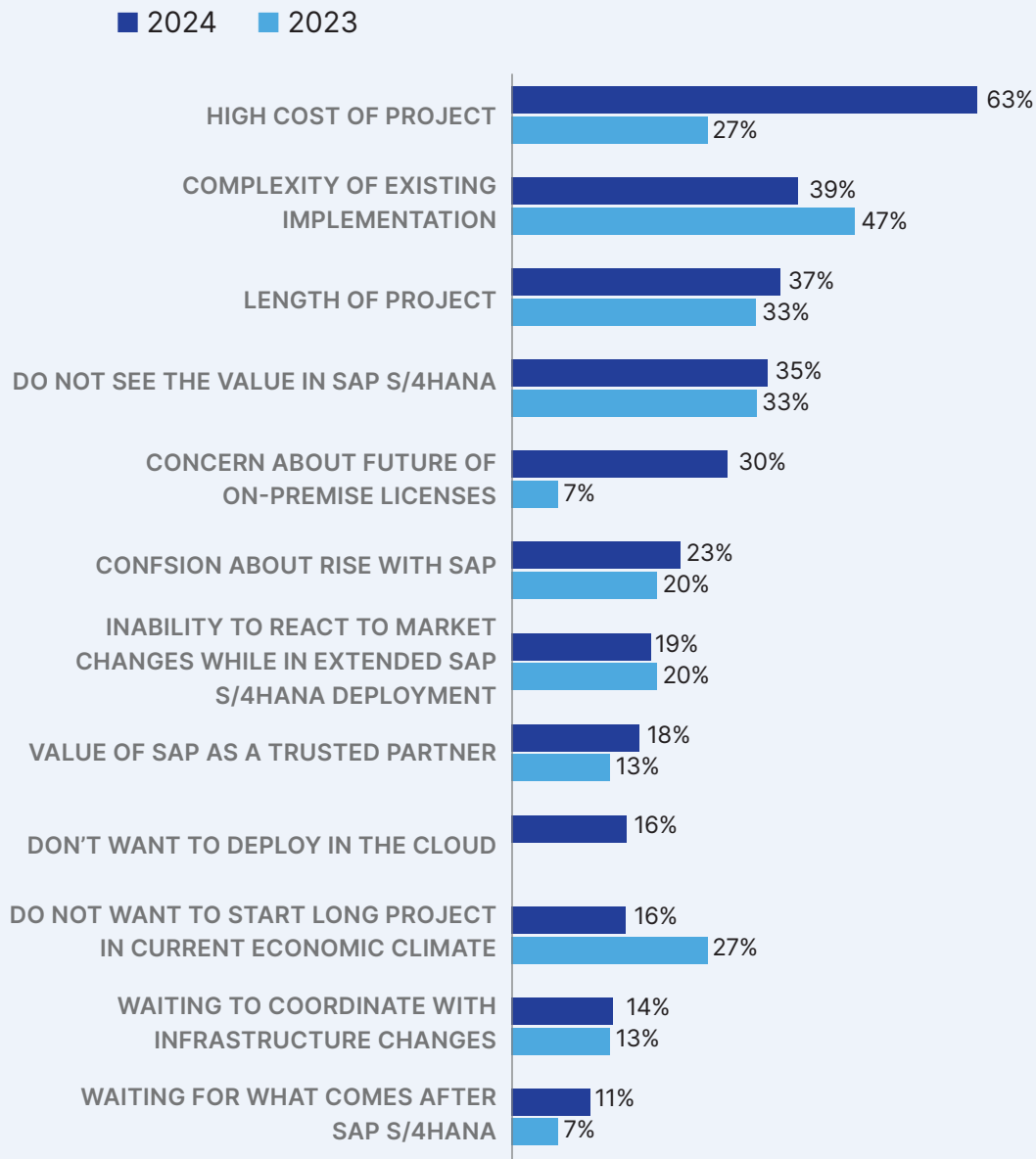
Insider Perspective

“Our organization is using a number of SAP and non-SAP legacy systems. We have multiple SAP S/4HANA projects in various stages of completion but need to ensure that the legacy data migration is effectively managed. It’s also important to manage user change because many of our users have never used anything other than our existing ERP implementation.

We are looking at integration technologies to automate many of our finance and supply chain processes. We are also considering automation processes related to SAP Concur and SAP SuccessFactors to provide tight integration with SAP S/4HANA. We are also looking to use AI to streamline some processes by utilizing robotic process automation (RPA) and bots.”

**– INFRASTRUCTURE MANAGER,
HEALTHCARE COMPANY**

Figure 4: Factors Preventing Organizations Moving to SAP S/4HANA



- IT teams (87%) continue to be the most involved in decisions regarding SAP S/4HANA, though finance (68%), supply chain (40%) and analytics (34%) teams are also a part of the decision-making process.
- The top three challenges faced by organizations that have already moved to SAP S/4HANA were cleansing data and improving quality the right way, adapting custom code and determining which customizations need to be included, and integrating third-party applications with SAP S/4HANA.

Insider Perspective

“We need to move to SAP S4/HANA from a complex and integrated existing ERP environment. At the moment we are analyzing all of the different types of deployment models (greenfield, brownfield, and bluefield), and are considering securing a partner to help with the move. A major challenge is that our organization needs the capacity to execute the migration, and our most experienced resources are already involved in multiple several projects.”

– ENTERPRISE ARCHITECTURE
MANAGER, TELECOMMUNI-
CATIONS COMPANY

REQUIRED ACTIONS

Based on the survey responses, organizations should consider the following when making their plans for SAP S/4HANA:

- **Put in place continuity plans for ERP systems immediately.** More than 30,000 SAP customers continue to run an SAP ERP system released before 2014 that will end mainstream maintenance over the next three years. In addition, nearly half (45%) of the organizations already using SAP S/4HANA are running a version that has either ended mainstream maintenance or will do so before the end of 2025. It is vital that every organization understand the end of maintenance dates for their existing ERP systems, as well as those of the operating systems and databases on which they are running and understand how those systems will continue to operate once the end of mainstream maintenance is reached. Not all organizations will move to SAP S/4HANA before the end of 2027, but that does not mean the ongoing operation of ERP systems can be assumed.
- **Learn as much as possible about RISE with SAP and cloud ERP.** Only a relatively small proportion of respondent organizations (18%) are switching their SAP S/4HANA projects to use RISE with SAP, while another 23% are evaluating whether or not they should make any changes. However, SAP is not deviating from its cloud ERP strategy and acquiring on-premise or perpetual licenses for SAP S/4HANA is becoming increasingly expensive and difficult. Many organizations are not ready to move away from an on-premise or cloud-hosted SAP S/4HANA deployment strategy, although more appear to be accepting that RISE with SAP may be the path they need to take, but learning as much about the packaging, pricing, requirements, and responsibilities of RISE with SAP is crucial for any organization running an SAP ERP offering.
- **Connect with an experienced partner that can provide guidance for decisions about SAP S/4HANA and cloud ERP.** About three quarters (73%) of respondents indicated they plan to either completely outsource their entire SAP S/4HANA project or plan to leverage consultants and experts with specific skills. The most common ways these experts will be used is with solution deployment, but other key areas include adapting custom code, optimizing workflows and processes, and project management. Given the complexity of the move to SAP S/4HANA, working with an experienced partner can make a significant difference in the success and timeline of any project. If the partner is also able to provide guidance on infrastructure providers and the potential benefits of moving to cloud ERP, more informed decisions can be made.

STRATEGY AND NEEDS FOR SAP S/4HANA



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 (SAP Business Scenario Recommendations) (24%)
- Data cleansing tools (24%)
- Custom Code Lifecycle Management (22%)
- Automated testing and validation tools (21%)
- SAP BTP ABAP Environment (20%)

Appendix: The Dart™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It is no wonder that organizations worldwide turn to SAPinsider for research with results.

THE DART METHODOLOGY PROVIDES PRACTICAL INSIGHTS, INCLUDING:

DRIVERS	These are macro-level events that are affecting an organization. They can be both external and internal, and they require the implementation of strategic plans, people, processes, and systems.
ACTIONS	These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.
REQUIREMENTS	These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.
TECHNOLOGY	These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

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