SAPinsider

DETAILED FINDINGS FROM
THE BENCHMARK REPORT

By Robert Holland April 2024

DEPLOYMENT APPROACHES TO SAP S/4HANA

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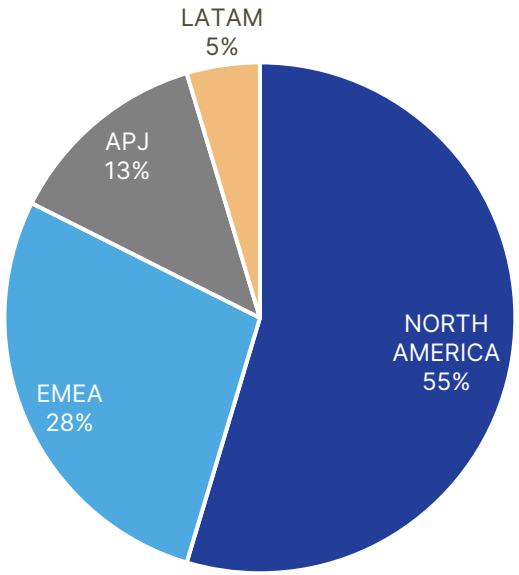
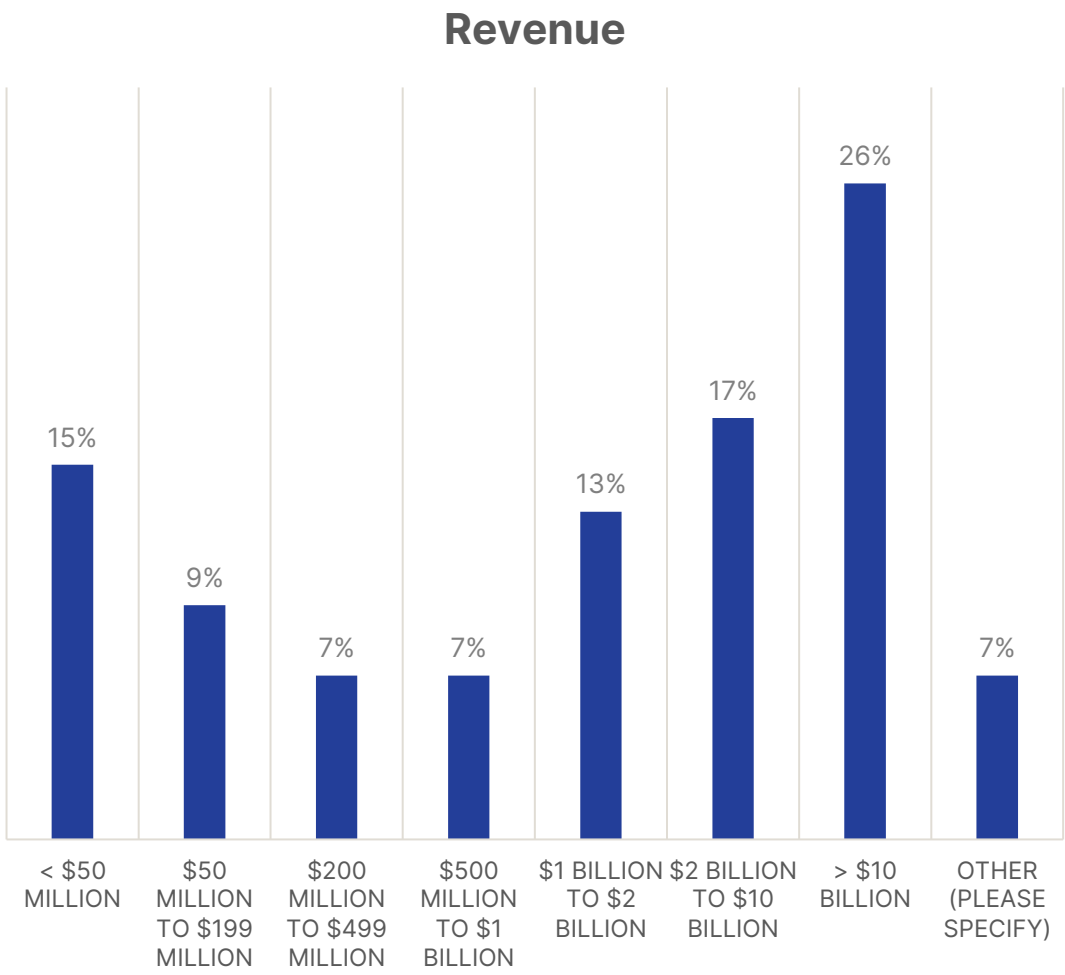
Between January and April 2024, SAPinsider surveyed 150 members of its community.

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.





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DETAILED FINDINGS

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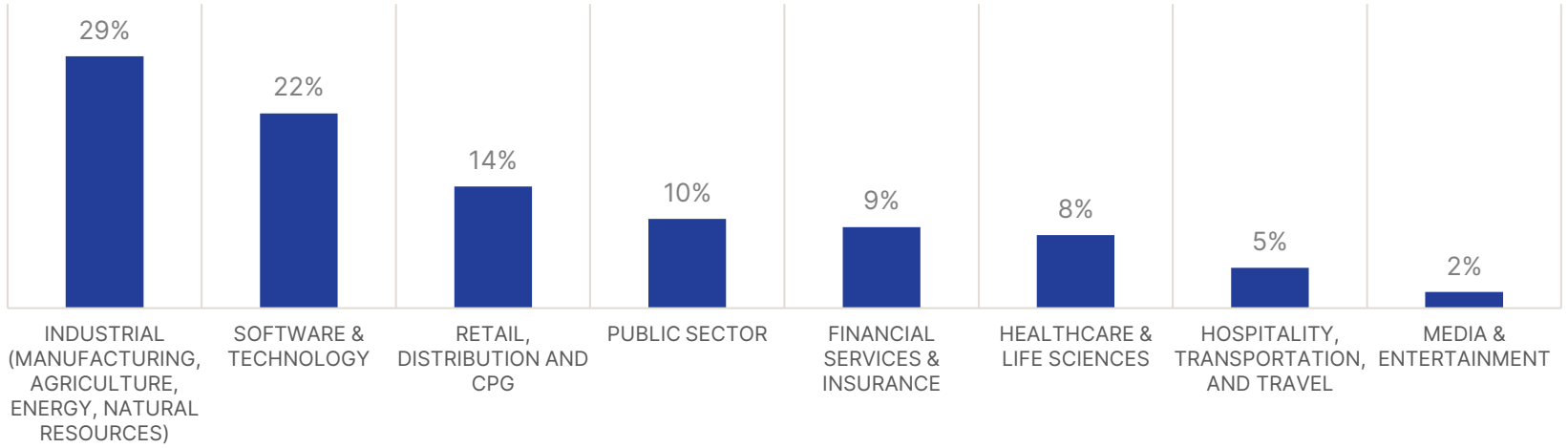
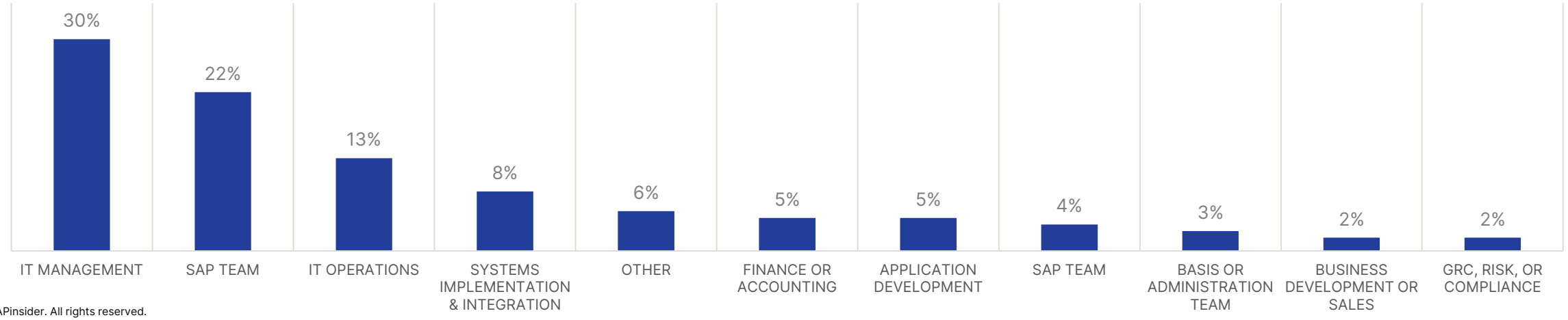
The participants were asked about their SAP S/4HANA deployment plans, and the strategies being implemented in their organizations.

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

Industry



Role



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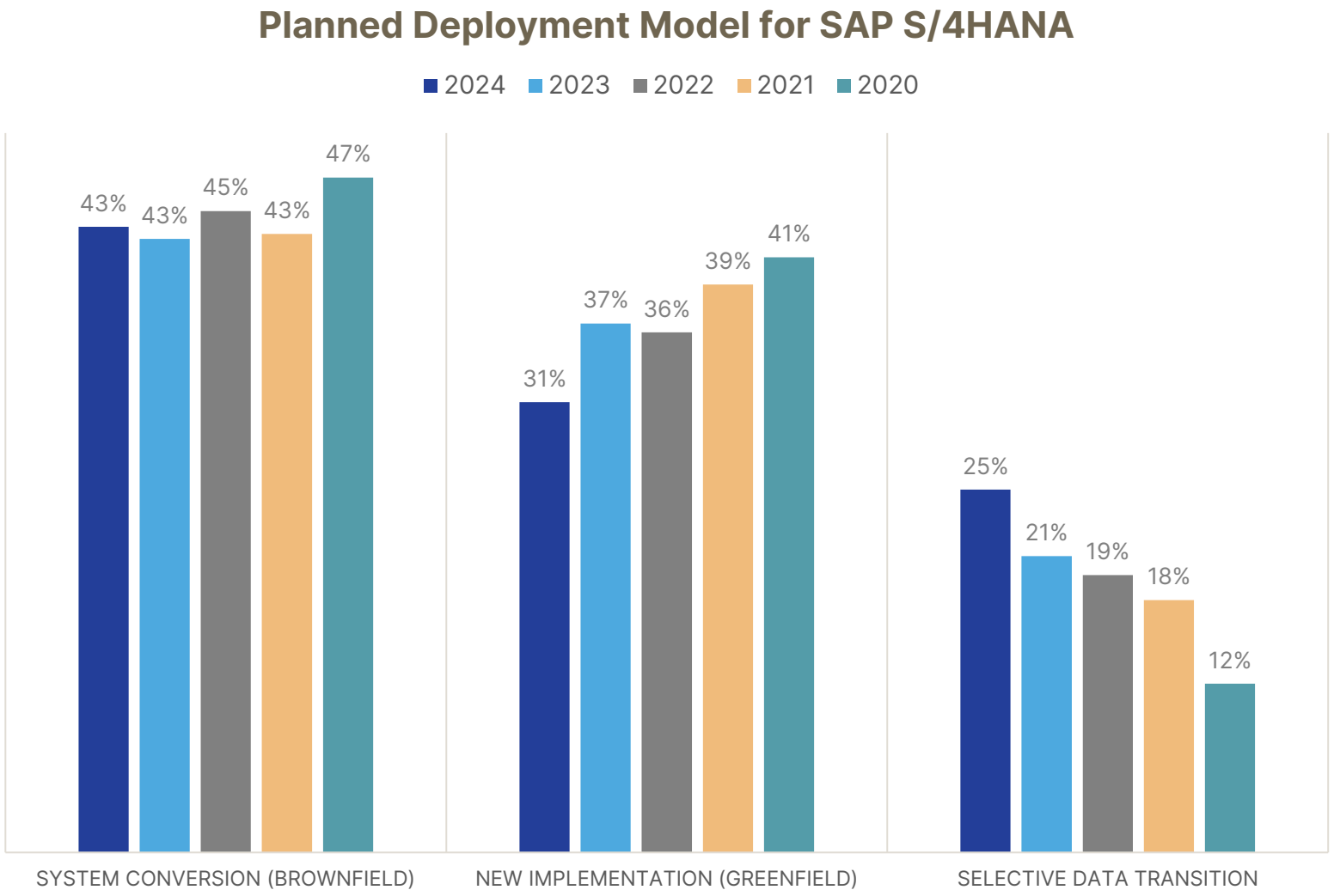
A system conversion remains the most likely deployment model for SAP S/4HANA, but the percentage of respondents likely to use a selective data transition continues to grow each year. This is particularly true for organizations with annual revenues exceeding $2 billion, for which it is the equal most likely choice.

Understanding the benefits of each deployment model and knowing which are feasible are the most important steps that will be taken during an SAP S/4HANA deployment.



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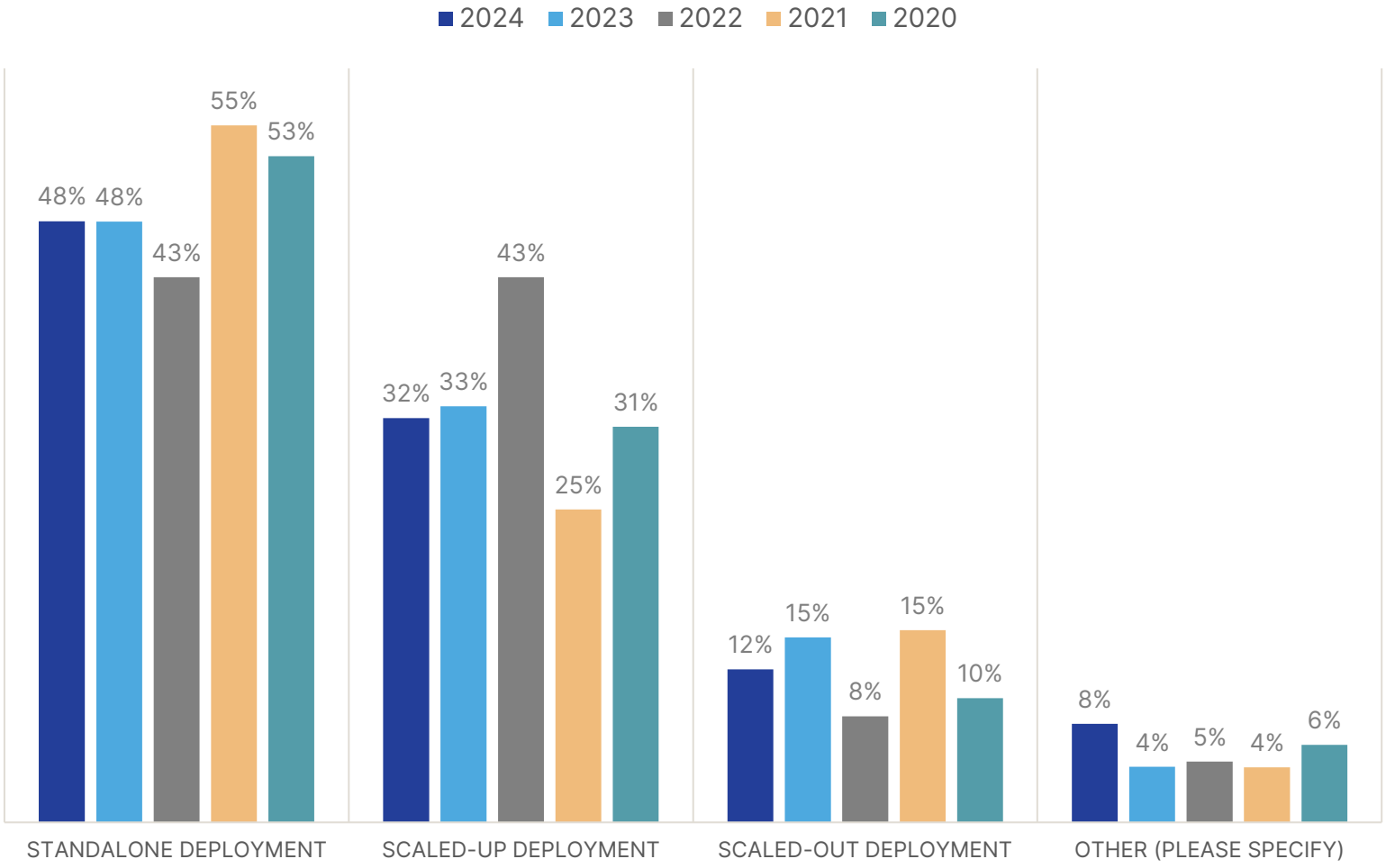
Beyond choosing a deployment model, organizations must factor in whether they are bringing together multiple existing ERP instances into a single SAP S/4HANA system, or whether those instances will be converted individually.

Organizations must include the type of deployment in their overall roadmap so that the appropriate hardware and infrastructure can be secured for the project.

Type of Deployment Planned for SAP S/4HANA



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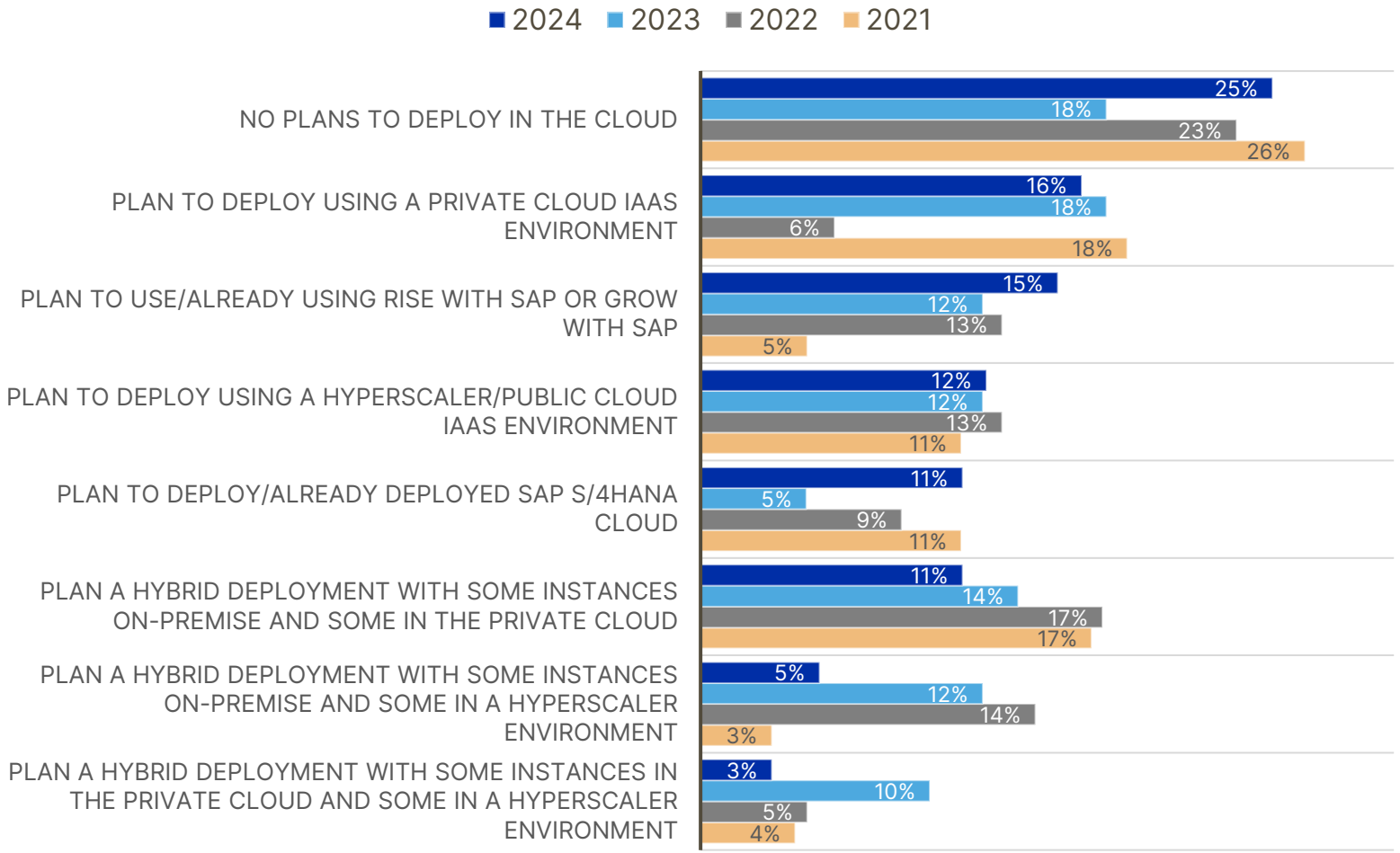
The biggest change in 2024 is the reduction in the number of respondents planning any sort of hybrid environments, those which utilize a combination of different cloud or on-premise instances. This could be part of a move to reduce landscape complexity which hybrid environments can introduce.

Streamlining landscapes can offer significant administrative and cost advantages. Understanding whether this will impact cloud strategy is an important step in deploying SAP S/4HANA.

Cloud Strategy for SAP S/4HANA Deployment



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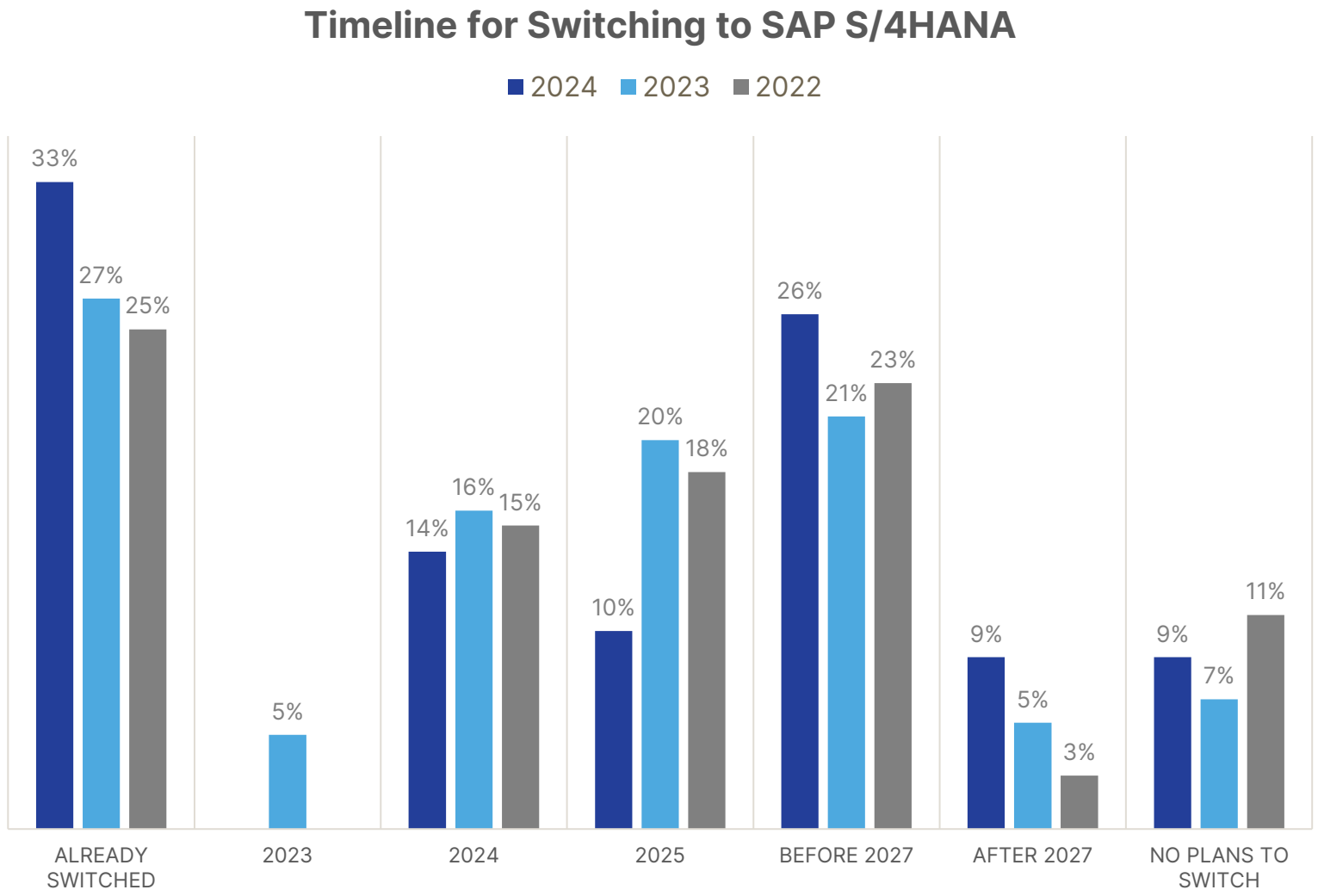
The proportion of respondents who are delaying plans to switching to SAP S/4HANA grew this year, with five percentage points more saying it would simply be before 2025. A similar increase was seen in those reporting that their switch to SAP S/4HANA would be after 2027.

Given that many organizations mainstream maintenance may end before 2027, even for some already running SAP S/4HANA, it is vital that organizations understand what any delay may mean and the cost impact that it will have.



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DART MODEL FRAMEWORK

STRATEGY AND NEEDS FOR SAP S/4HANA DEPLOYMENT

DRIVERS

- **Upcoming end of maintenance requires a transition to SAP S/4HANA (54%)**
- **Pressure to digitally transform existing ERP solutions to create a harmonized and centralized model and structure (37%)**
- **Pressure to reduce costs in existing systems and infrastructure and provide additional flexibility and scalability (25%)**
- **Business demands updated processes that better fit current needs and meet regulatory requirements (23%)**

ACTIONS

- **Deploying SAP S/4HANA using an approach that minimizes cost (49%)**
- **Implementing standardized end-to-end processes for core ERP users (45%)**
- **Preserving only operationally necessary customization to the core ERP (38%)**
- **Integrating SAP and non-SAP front-end systems and innovations with the core ERP (34%)**

REQUIREMENTS

- **High performing and secure infrastructure and OS (85%)**
- **A proven partner with experience implementing SAP S/4HANA (85%)**
- **Deep integration between SAP S/4HANA and other enterprise systems (81%)**
- **Educating business users and executives on SAP S/4HANA features and benefits (76%)**
- **Capability to automatically migrate data to new systems (76%)**

TECHNOLOGIES

- **Infrastructure-as-a-Service (36%)**
- **Hardware and operating systems optimized for SAP HANA (35%)**
- **Managed infrastructure solutions (34%)**
- **Virtualization and hyper-converged infrastructure (34%)**
- **Open-source technologies (30%)**
- **Code analysis tools (29%)**
- **Platform-as-a-Service (27%)**
- **Automated testing and test management solutions (24%)**
- **Cloud ERP (20%)**
- **Auto code remediation tools (18%)**
- **Impact analysis tools (18%)**
- **Automated deployment and configuration tools (14%)**
- **Business Process Modeling tools (11%)**

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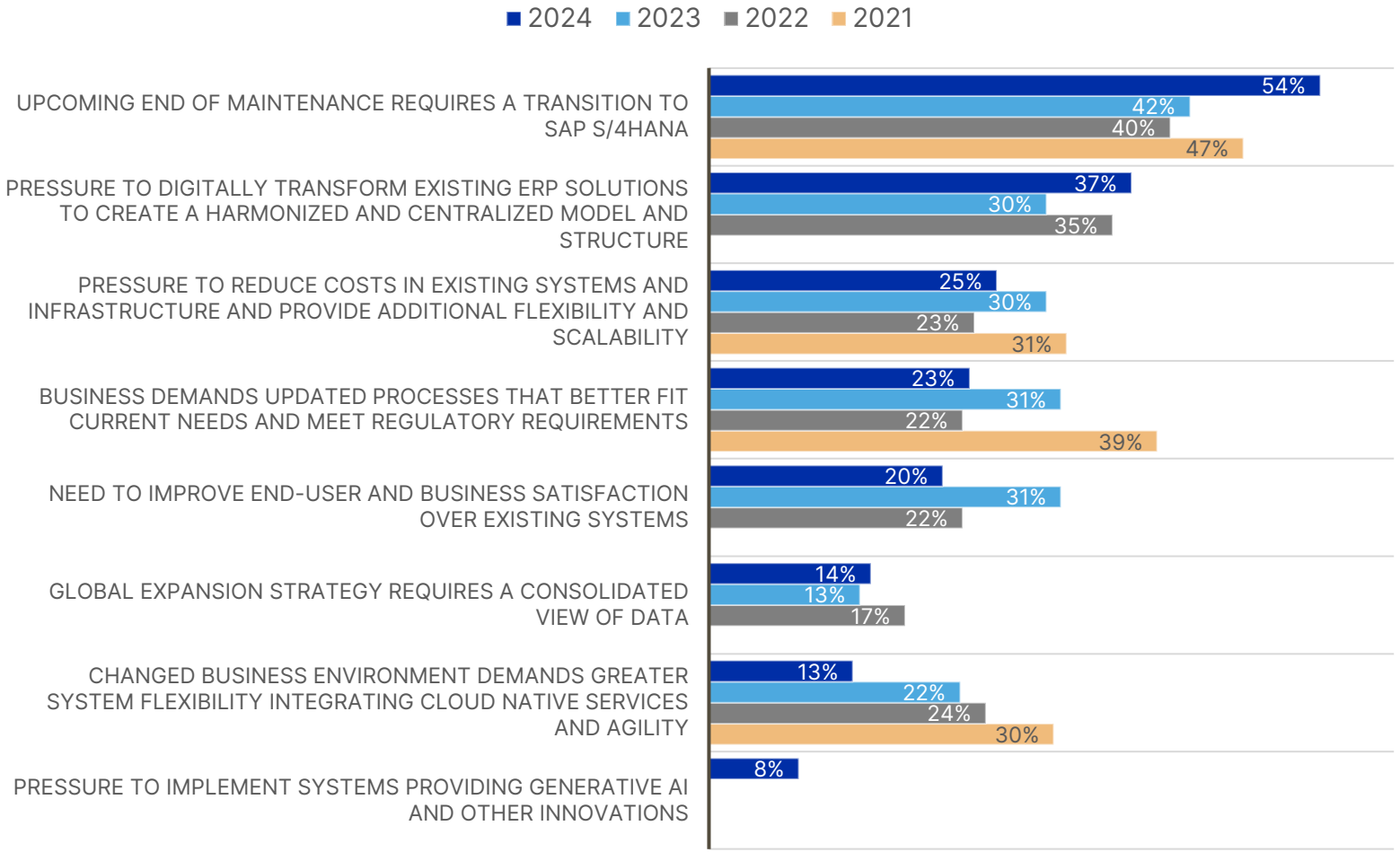
The upcoming end of maintenance is now by far the biggest factor impacting plans for SAP S/4HANA, with more than half the respondents selecting it as one of the top two factors impacting their deployment strategy.

Organizations must be ready for the 2027 end of mainstream maintenance. They must put plans in place before the only option available may be a deployment that is completed as rapidly as possible.

Factors Driving Strategy for SAP S/4HANA Deployment



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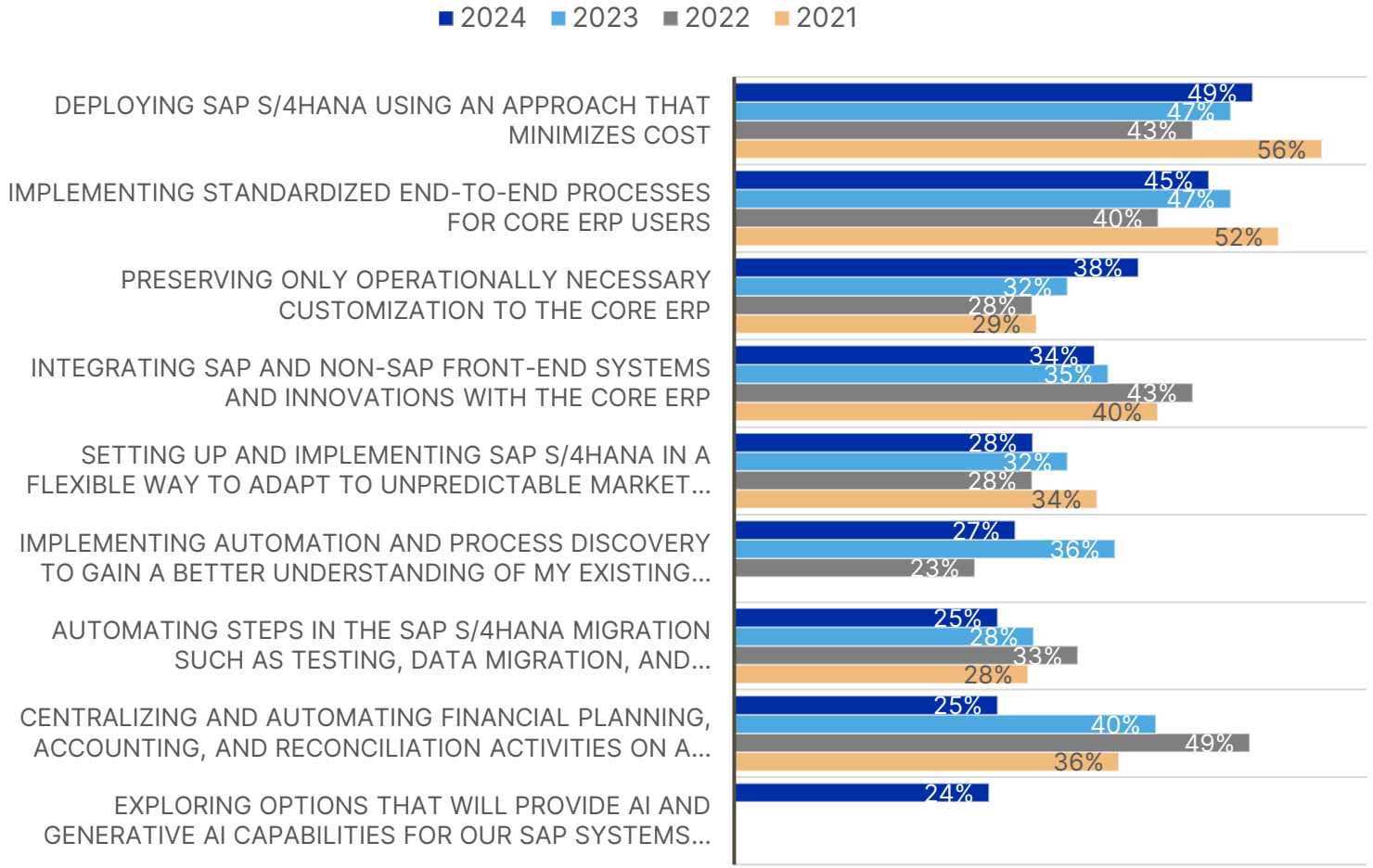
Minimizing cost and standardizing processes are the top two actions respondents are taking in response to the factors impacting their SAP S/4HANA deployment plans.

With the growing cost of an SAP S/4HANA deployment, finding a way to minimize cost will be a crucial part of the deployment process, as will taking the opportunity to standardize processes – making regular upgrades a possibility.

Actions Taken to Support SAP S/4HANA Deployment Strategy



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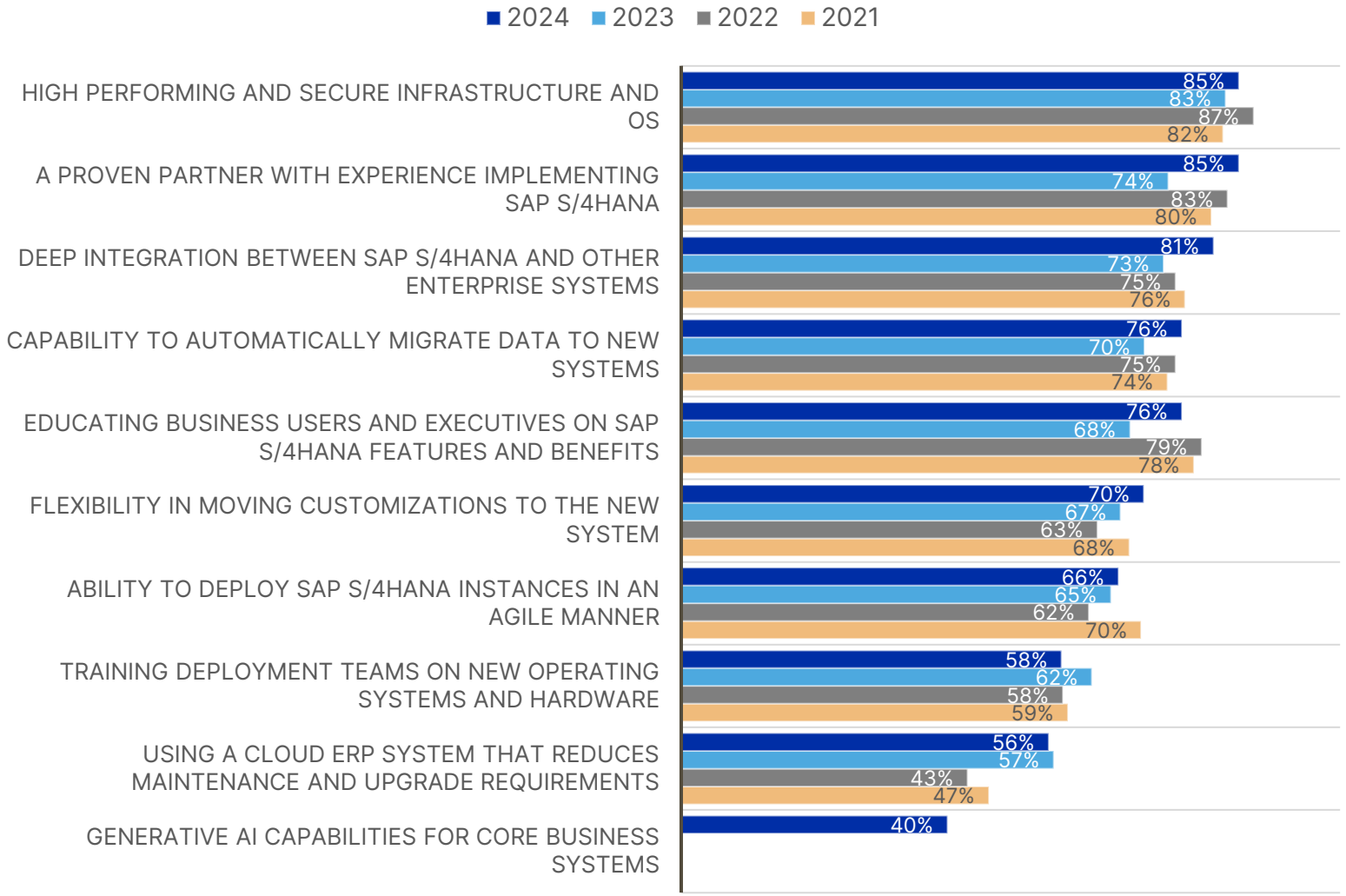
Putting in place the right infrastructure remains the highest priority for those deploying SAP S/4HANA as it has for the last three years. Growing in importance this year is having an experienced partner that will help streamline the SAP S/4HANA deployment.

Organizations must dedicate time to ensuring that they are using the right infrastructure and finding an experienced partner that will make the deployment process easier.

Requirements for SAP S/4HANA Deployment Strategies



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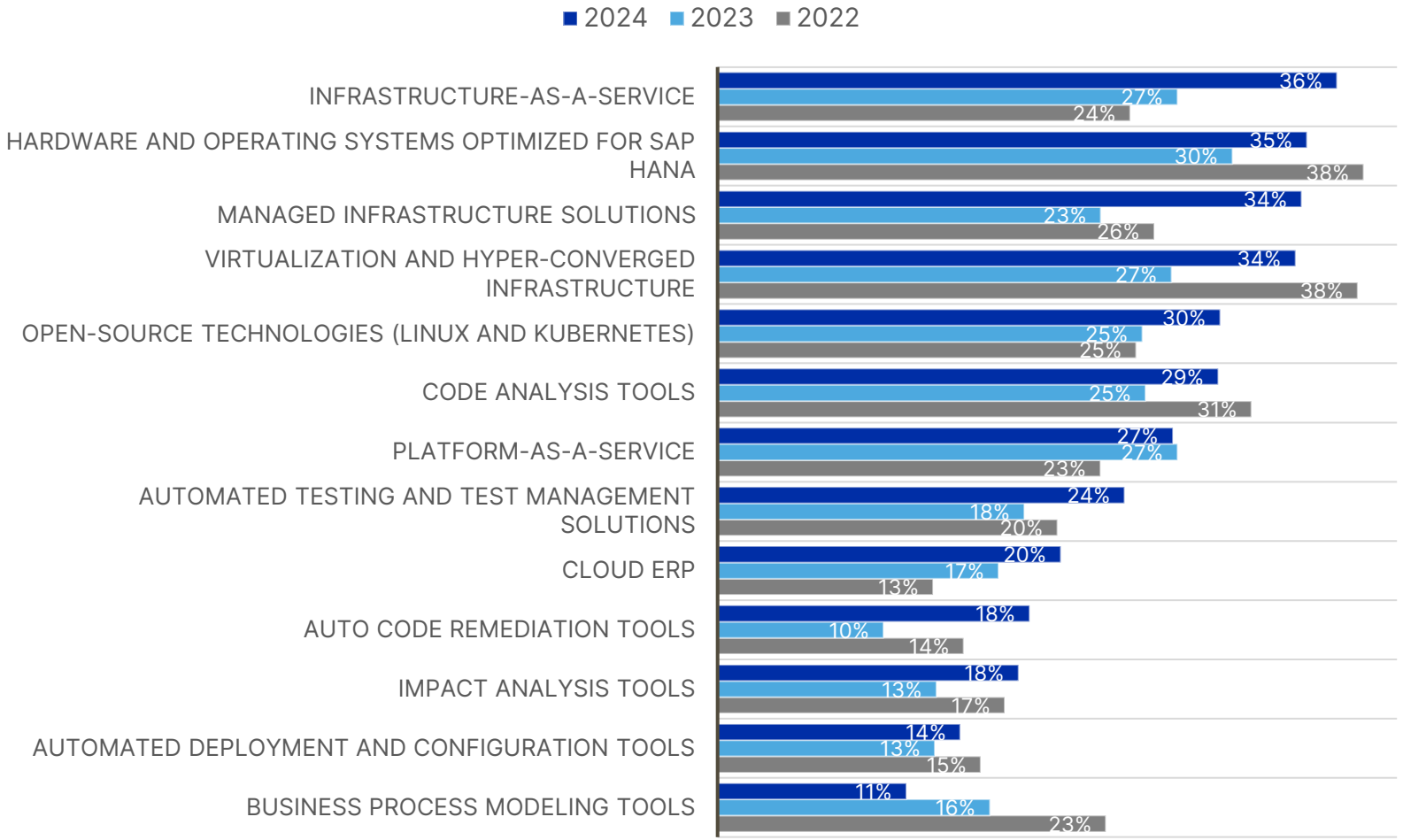
Managed infrastructure solutions saw the most growth in 2024 as organizations consider environments that will help them reduce administrative overhead. Also growing were open-source technologies, virtualized infrastructure, and IaaS environments.

Using the right technologies can help streamline and accelerate an SAP S/4HANA deployment or create a platform on which a successful deployment will work. It is important that organizations explore infrastructure-based technologies as they plan for SAP S/4HANA deployments.

Technologies in Use Supporting SAP S/4HANA Deployment



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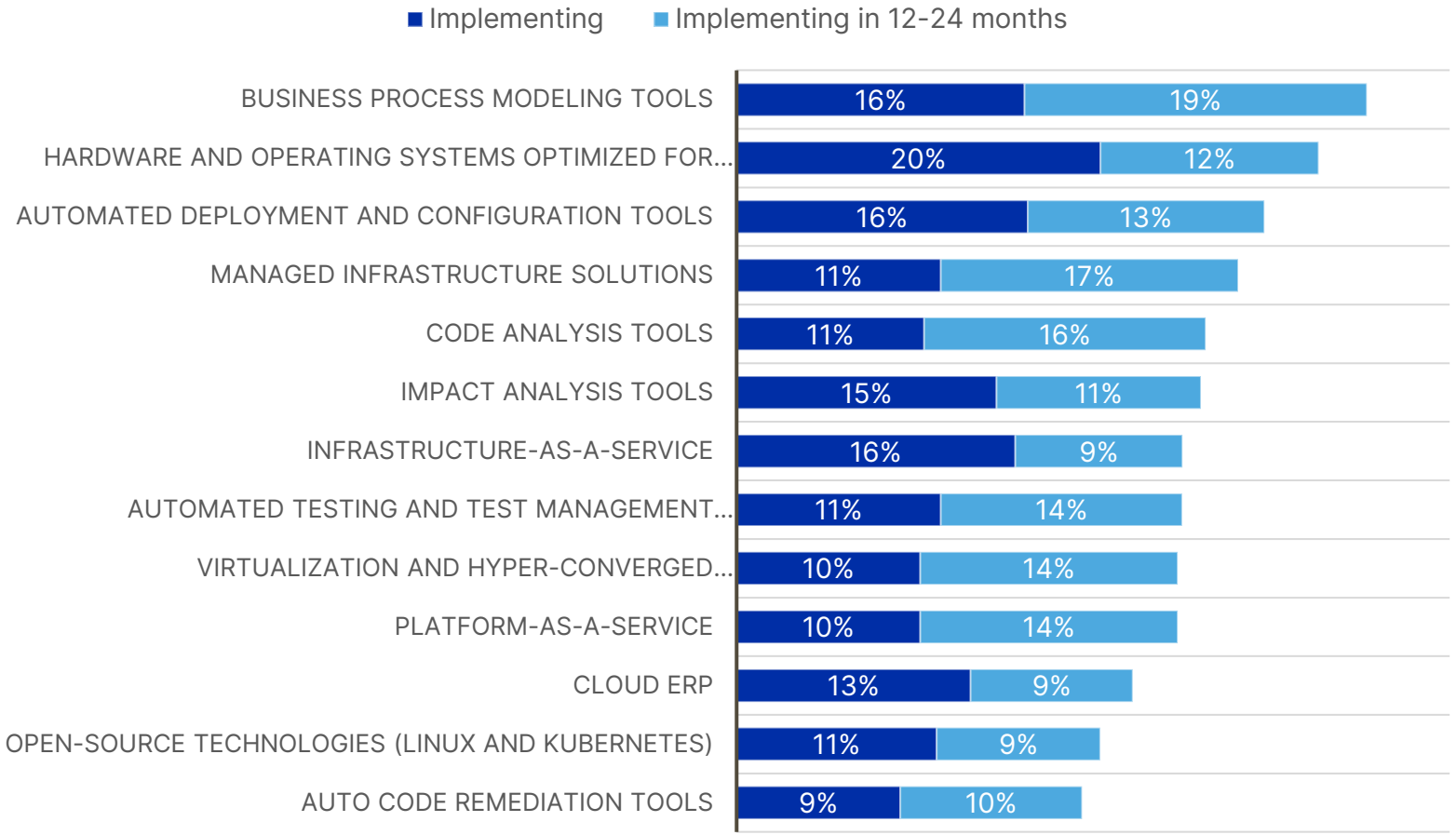
Technologies being implemented focus on tools that will help update and improve business processes and those that will automate the deployment process. Code and impact analysis tools are also an important step for those planning future deployments.

Understanding the technologies that can help support a successful SAP S/4HANA deployment are crucial.

Technologies Being Implemented for SAP S/4HANA Deployment



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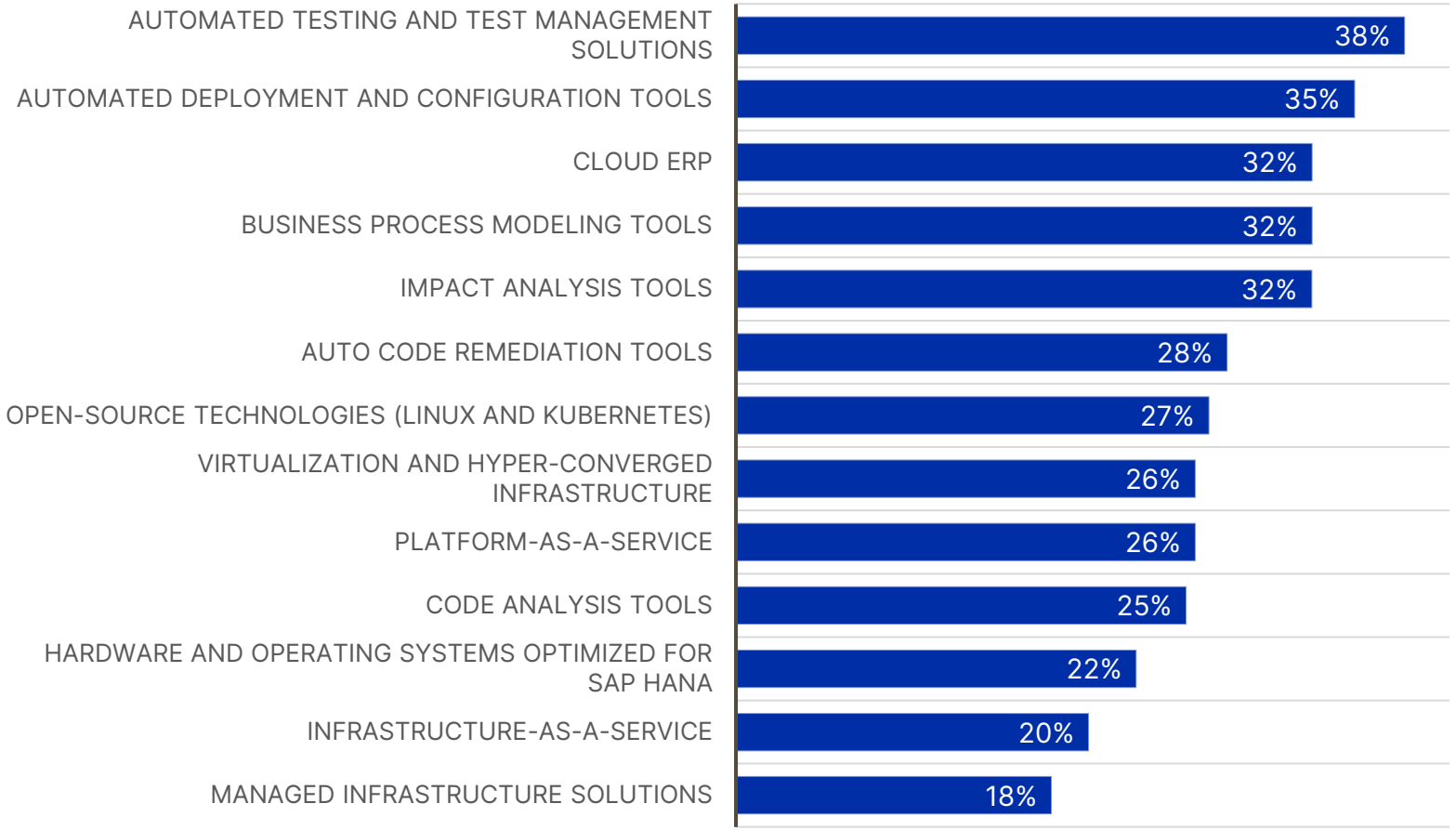
Automation tools can help streamline and accelerate a deployment. This is true of both automated testing tools and those that will automate deployment and configuration steps.

Spending time evaluating tools that will help automate any steps in an SAP S/4HANA deployment can help free up crucial resources for more critical tasks and should be a focus for organizations planning any future deployments.

Technologies Being Evaluated for SAP S/4HANA Deployment



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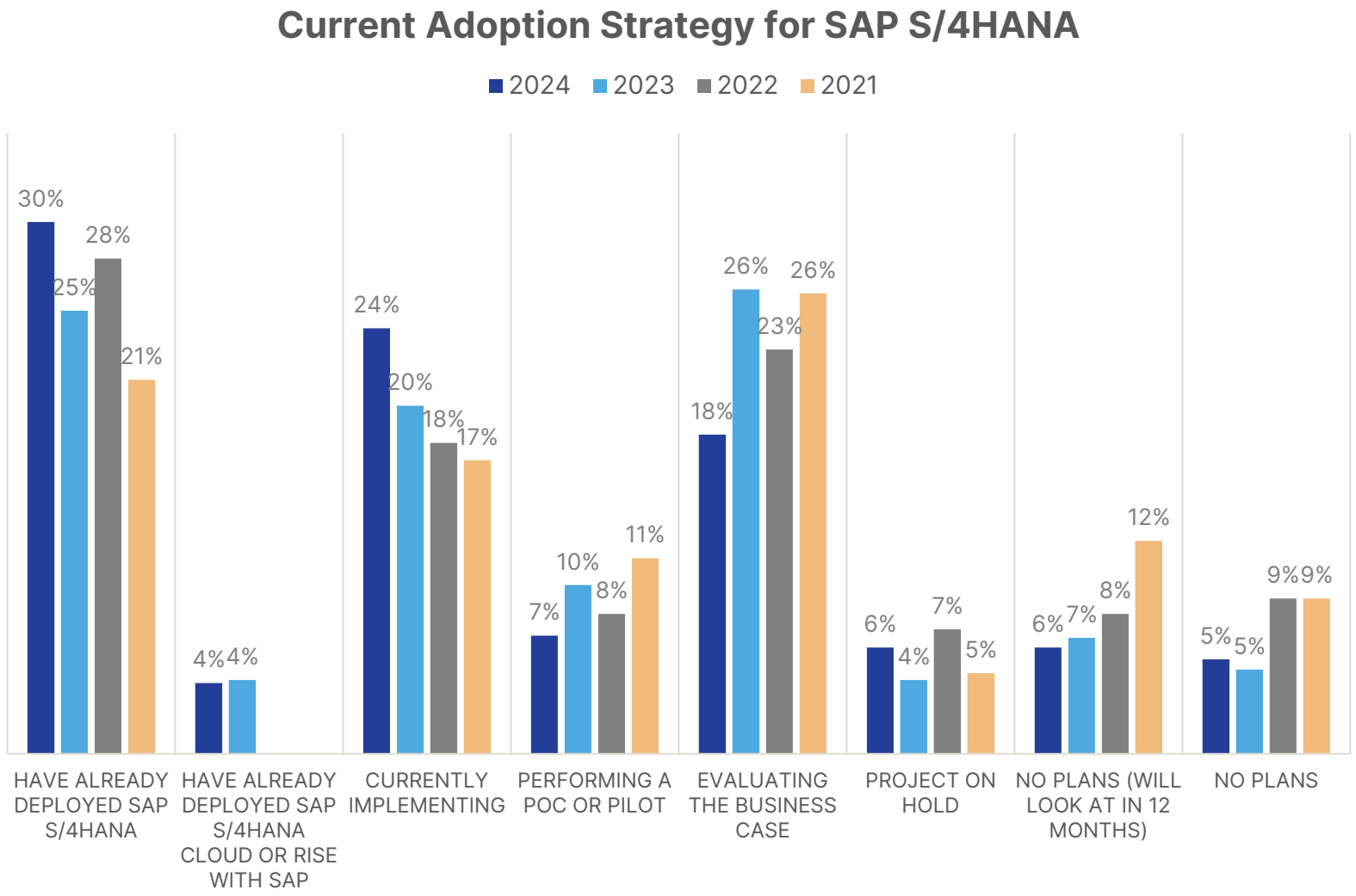
The number of respondents with no plans for SAP S/4HANA is continuing to slowly decline, but the approaching end of maintenance has seen a surge in those that have already completed a deployment or are in the process of implementing.



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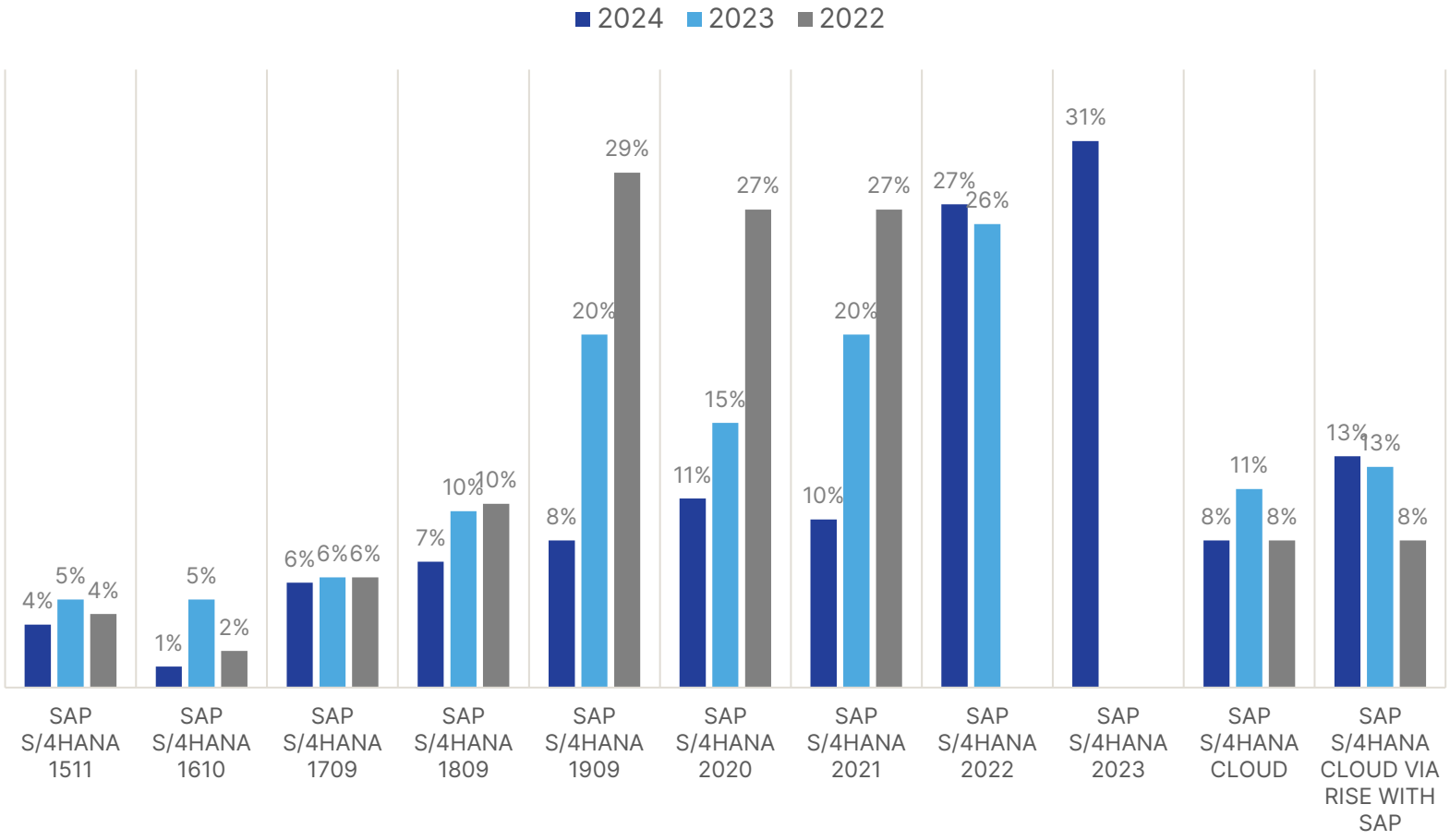
Those running SAP S/4HANA are split into two groups. The first is those who completed an initial deployment and have never upgraded, even though any versions prior to SAP S/4HANA 1909 have already ended mainstream maintenance or will do so this year. The other group is those that are on a one or two-year upgrade cycle.

Organizations running older versions of SAP S/4HANA need to understand that their mainstream maintenance may be ending well before the 2027 deadline for SAP ECC EHP 6 or higher.

Versions of SAP S/4HANA Currently Running or Implementing



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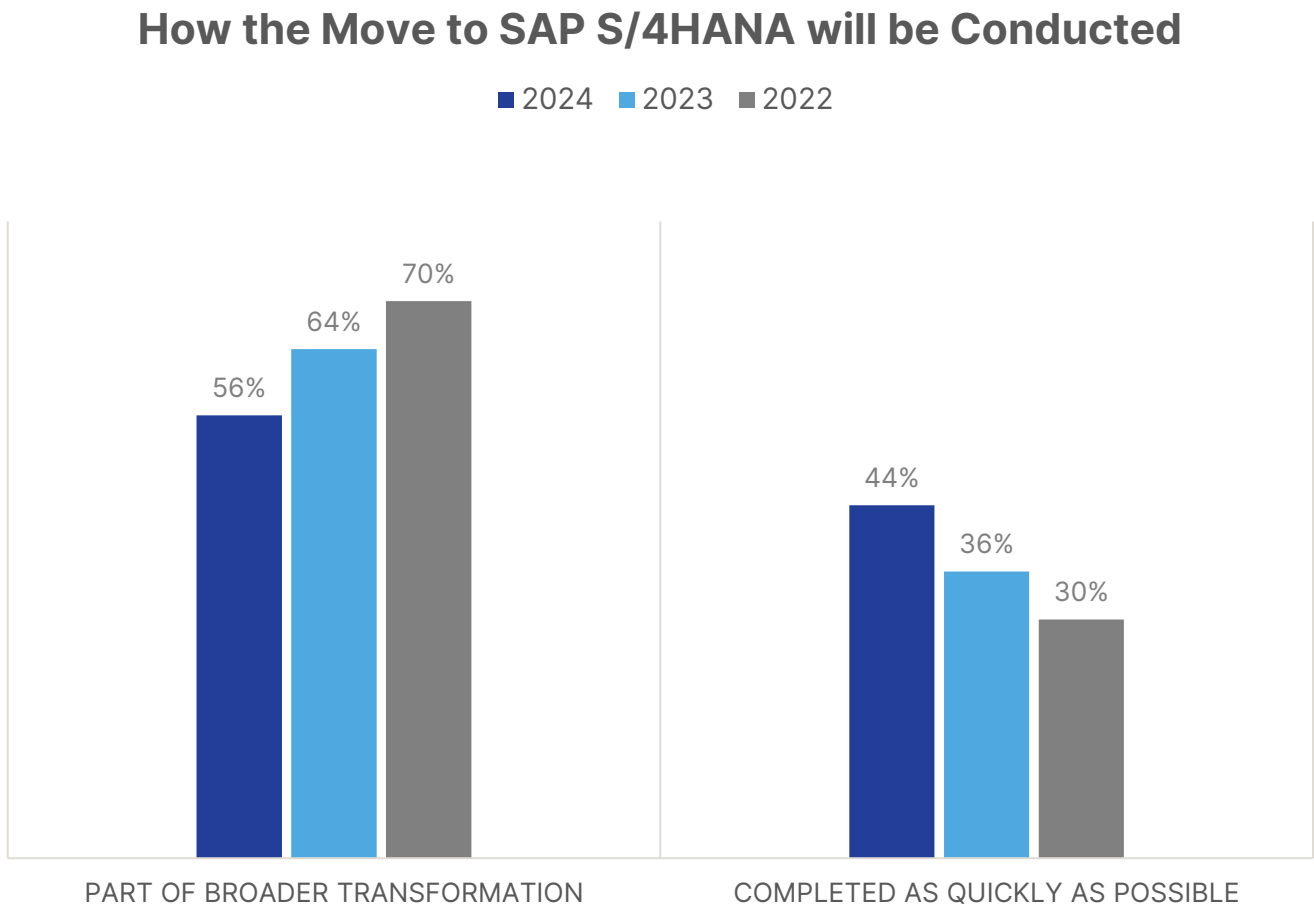
With the approaching end of maintenance more and more organizations are looking to complete the move to SAP S/4HANA as quickly as possible, though most respondents are still doing that move as part of broader transformation.

However, the larger the organization the more likely the move to SAP S/4HANA is part of a broader transformation project (64%). With smaller organizations there is greater focus is on getting to SAP S/4HANA more quickly (61%).



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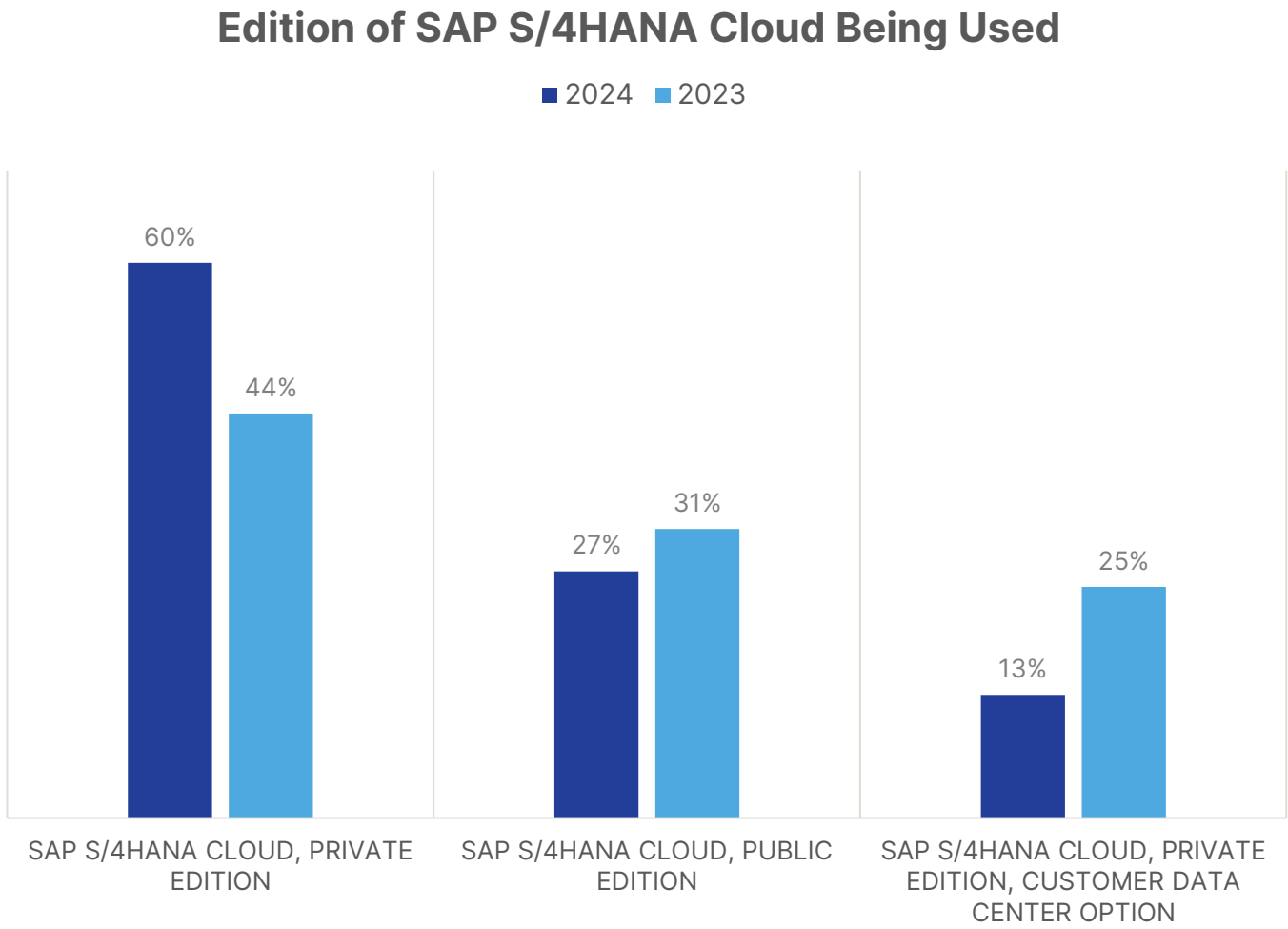
The most likely edition of SAP S/4HANA Cloud to be used, or those that are running SAP S/4HANA Cloud, is the private edition. This is even more likely to be used by smaller organizations (80%) than larger organizations (60%), though no smaller organizations are considering using the customer data center option for private edition.



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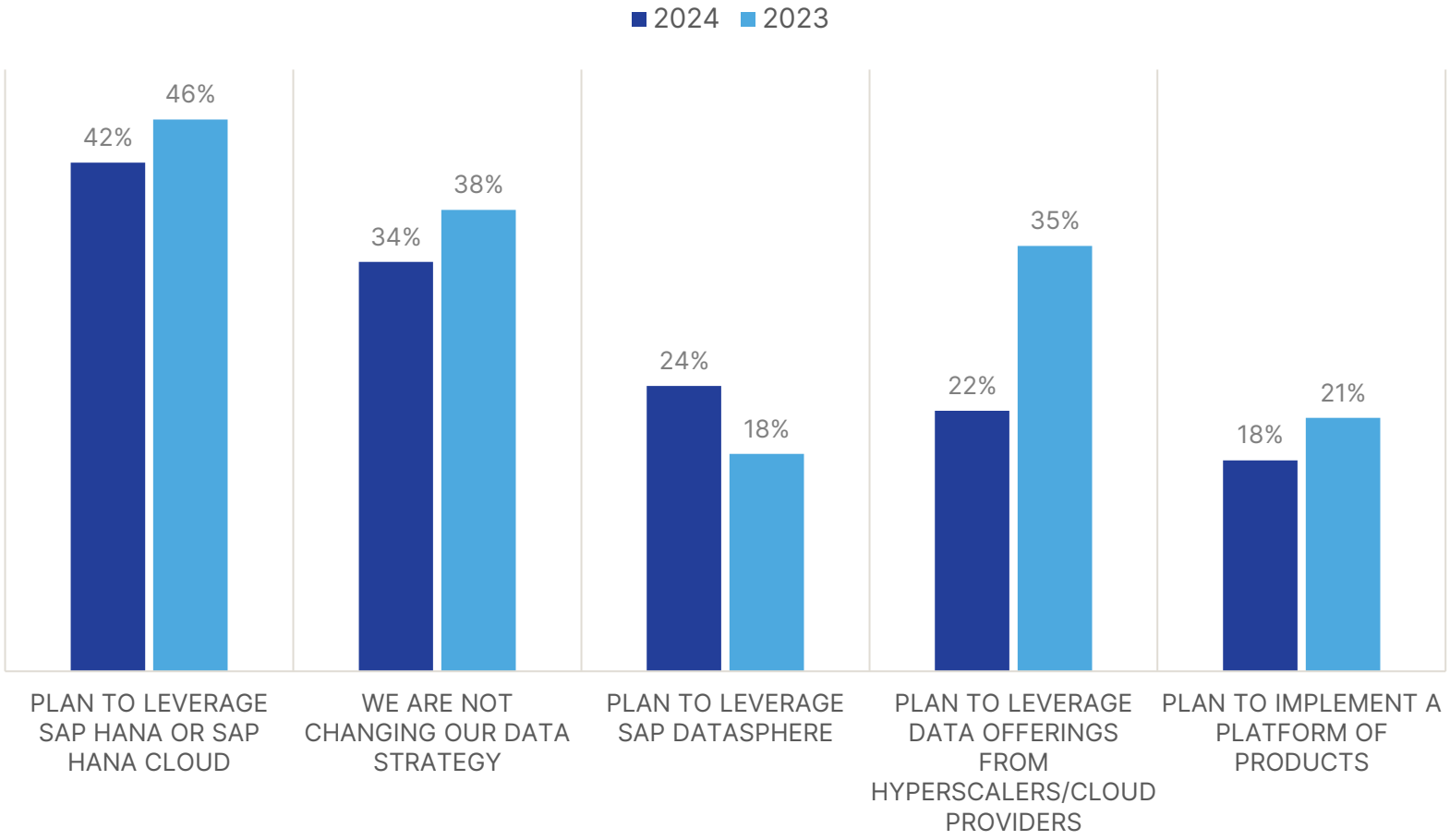
Smaller organizations are more likely to leverage SAP HANA or SAP HANA Cloud (45%) than larger organizations (34%) and are also more likely to plan on leveraging SAP Datasphere (30%) than larger organizations (22%). Larger organizations are more likely to pursue data offerings from hyperscalers (27%) than smaller organizations (15%).

Will Data Strategy be Updated in Alignment with Move to SAP S/4HANA?



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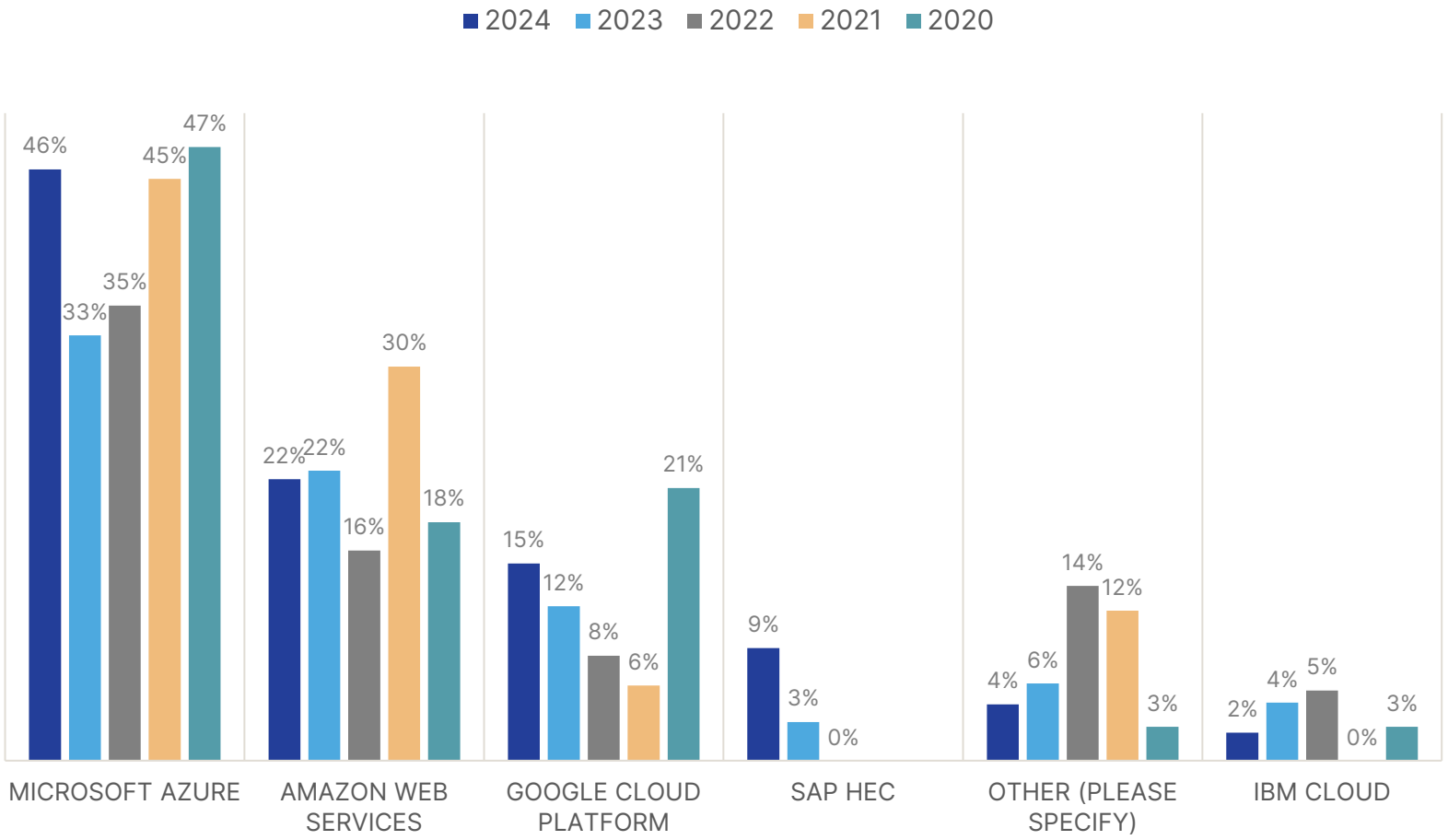
Larger organizations are slightly more likely to be planning to use Microsoft Azure (47%) than smaller organizations (43%), likely because many of those organizations have existing enterprise agreements with Microsoft. Respondents from smaller organizations are more likely to consider Google Cloud (17%) than those from larger organizations (12%).

Planned Cloud Service Provider for Use with RISE with SAP or SAP S/4HANA Cloud



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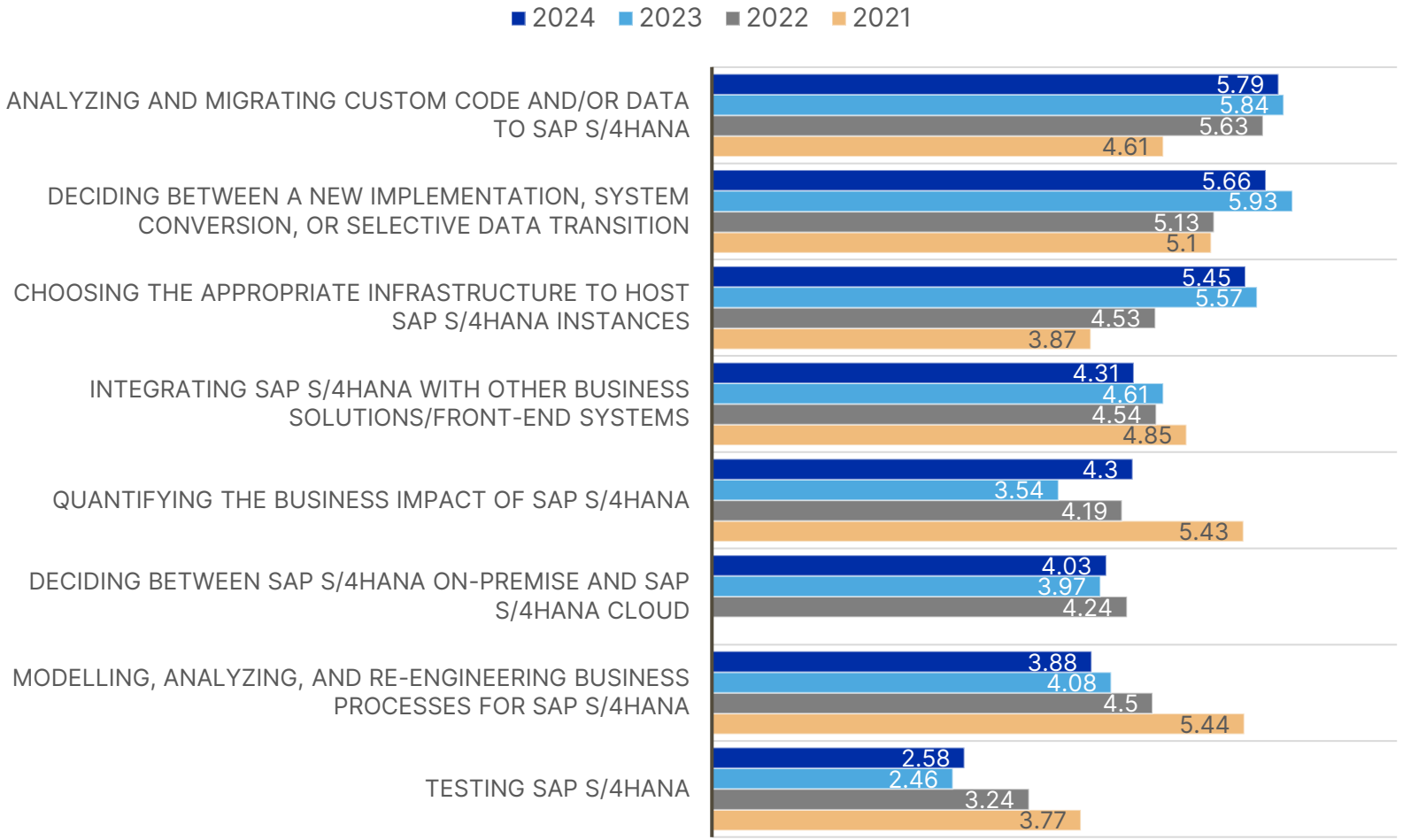
For those that have already moved to SAP S/4HANA, one of the biggest challenges for the last three years has been around analyzing and migrating custom code. Almost as big of a challenge is deciding on the deployment model to use. The ranking of the top three challenges does not change depending on the size of the organization, though smaller organizations struggled more with quantifying the business impact of SAP S/4HANA while larger organizations struggled more with integrating SAP S/4HANA with other solutions.

Challenges Resolved as Part of Move to SAP S/4HANA



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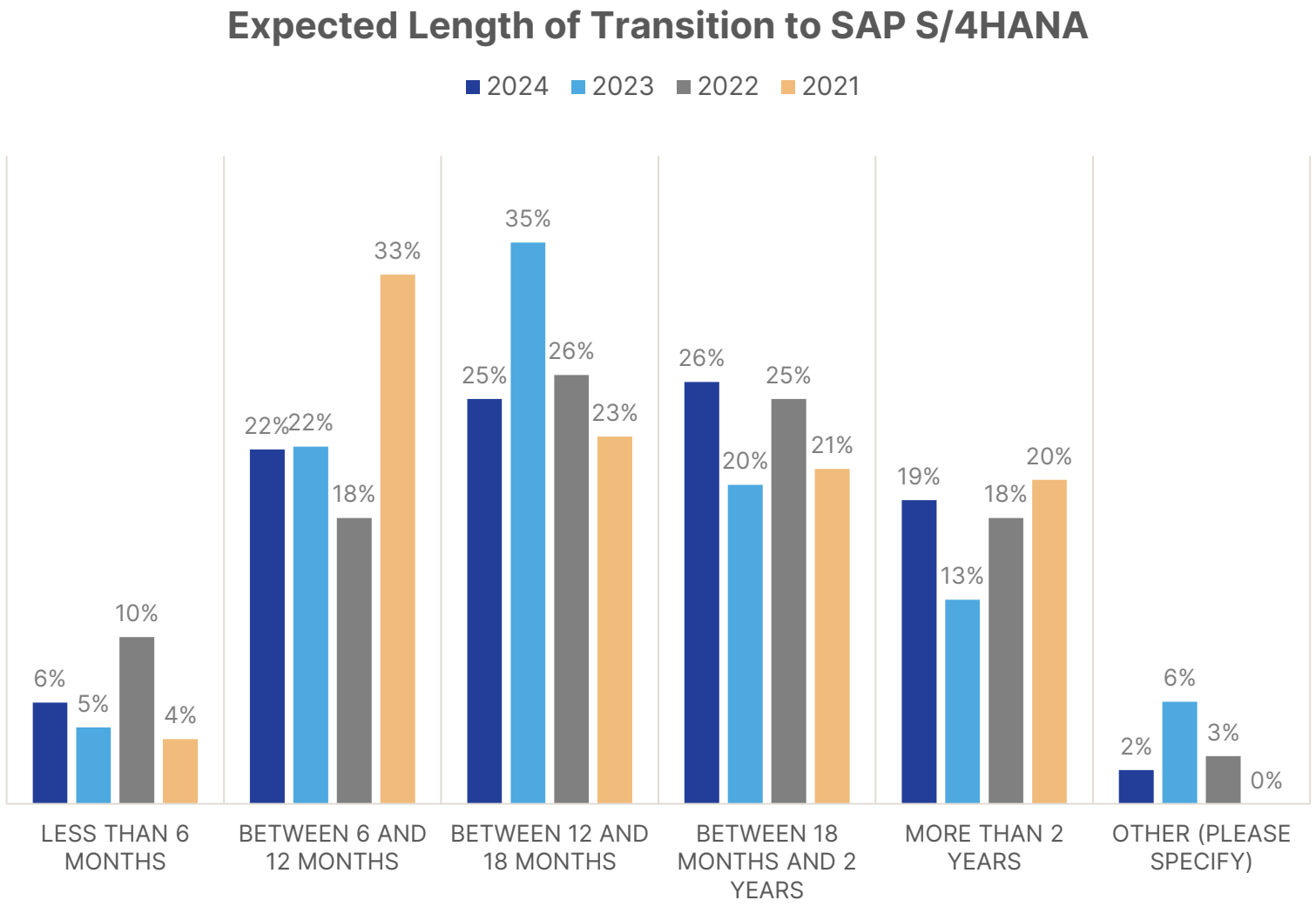
Many smaller organizations are completing their move to SAP S/4HANA in around 12 months. For larger organizations, it is more likely that the deployment timeline is closer to two years. Given these numbers, organizations must ensure that they put their SAP S/4HANA plans in place so that they can be on a supported ERP system in the timeframe that they need.



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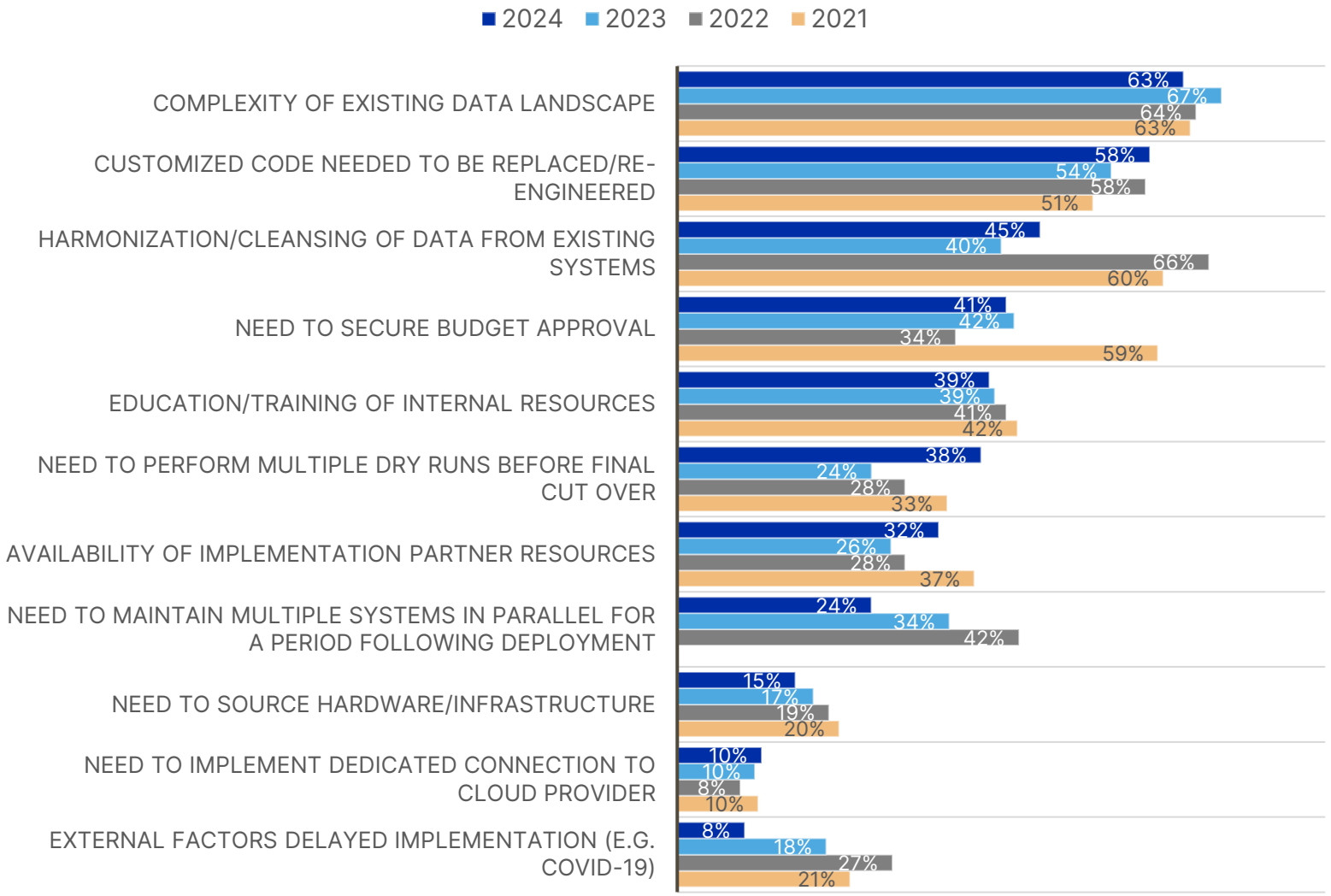
The top five factors implementing the timeline are the same for organizations of all sizes, the numbers being within one or two percentage points of each other. Only after the top five is there variation in what impacts the timeline, with larger organizations needing to perform multiple dry runs while smaller organizations had more challenges securing implementation partner resources.

Biggest Factors Impacting Timeline for Transition



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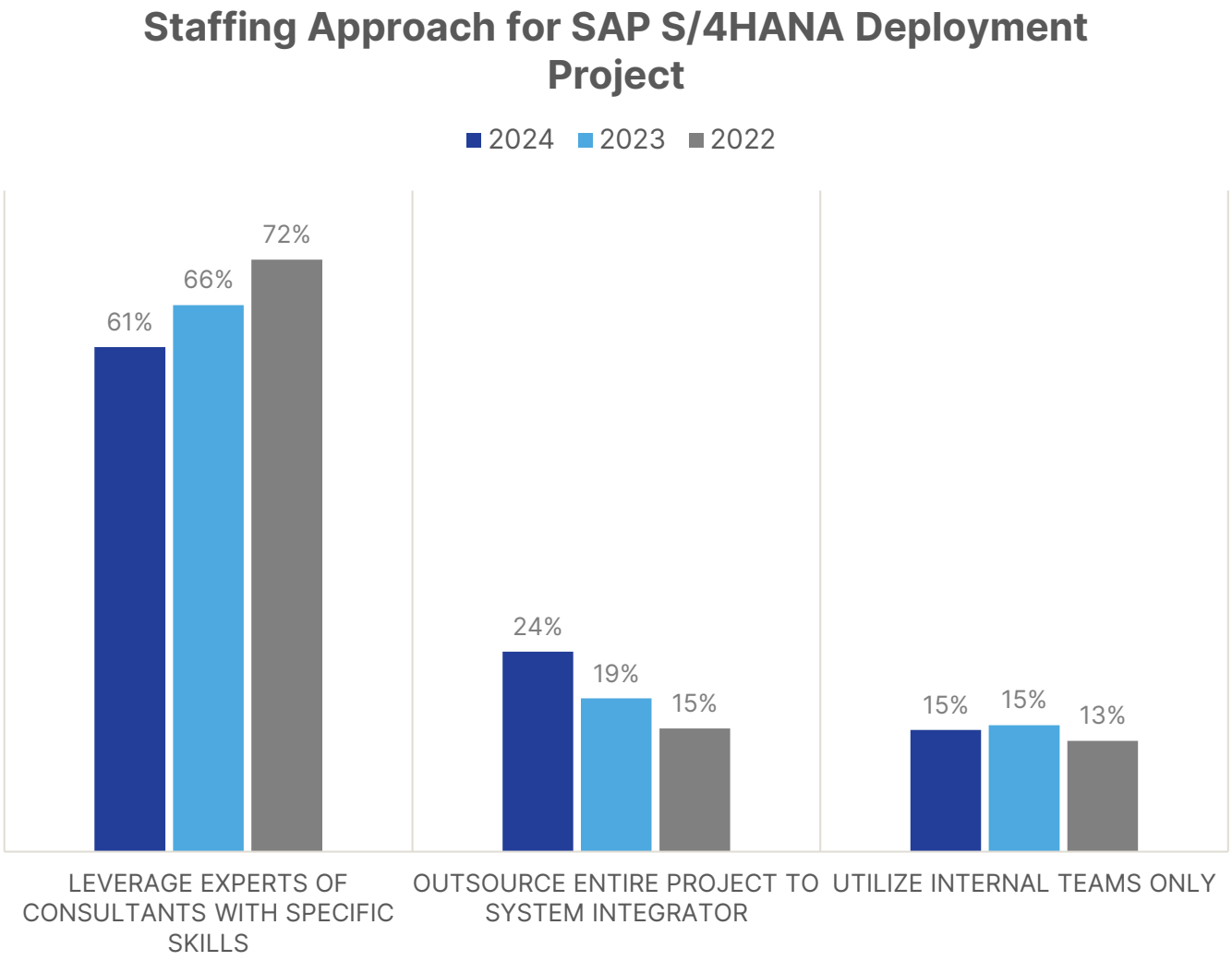
Most respondents planned to use experts or consultants for at least part of the project, most likely to supplement the capabilities of internal teams. However, having experienced internal teams will be an important part of ensuring the overall success of the project. Organizations should ensure that these internal resources have the knowledge and availability to fully support the project.



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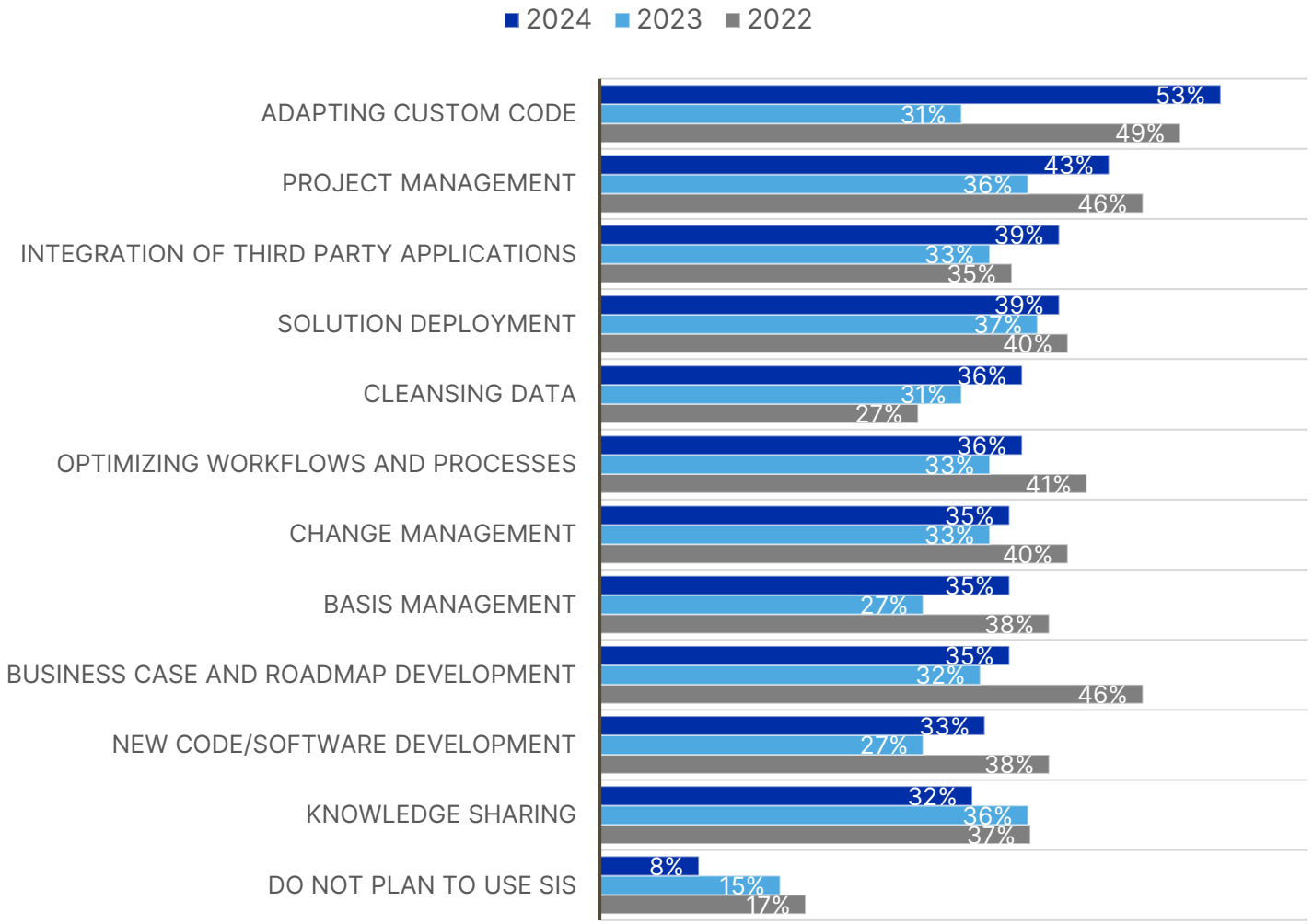
The most likely way that respondents plan to use SIs is with adapting custom code, likely because they do not have sufficient internal resources to manage the volume of custom code that many long-term SAP customers have in their environments.

Understanding how to best leverage SIs is a crucial part of SAP S/4HANA deployment because few organizations have all the experience they need internally. This is why securing the right partner for deployment is extremely important.

Planned Use of System Integrators



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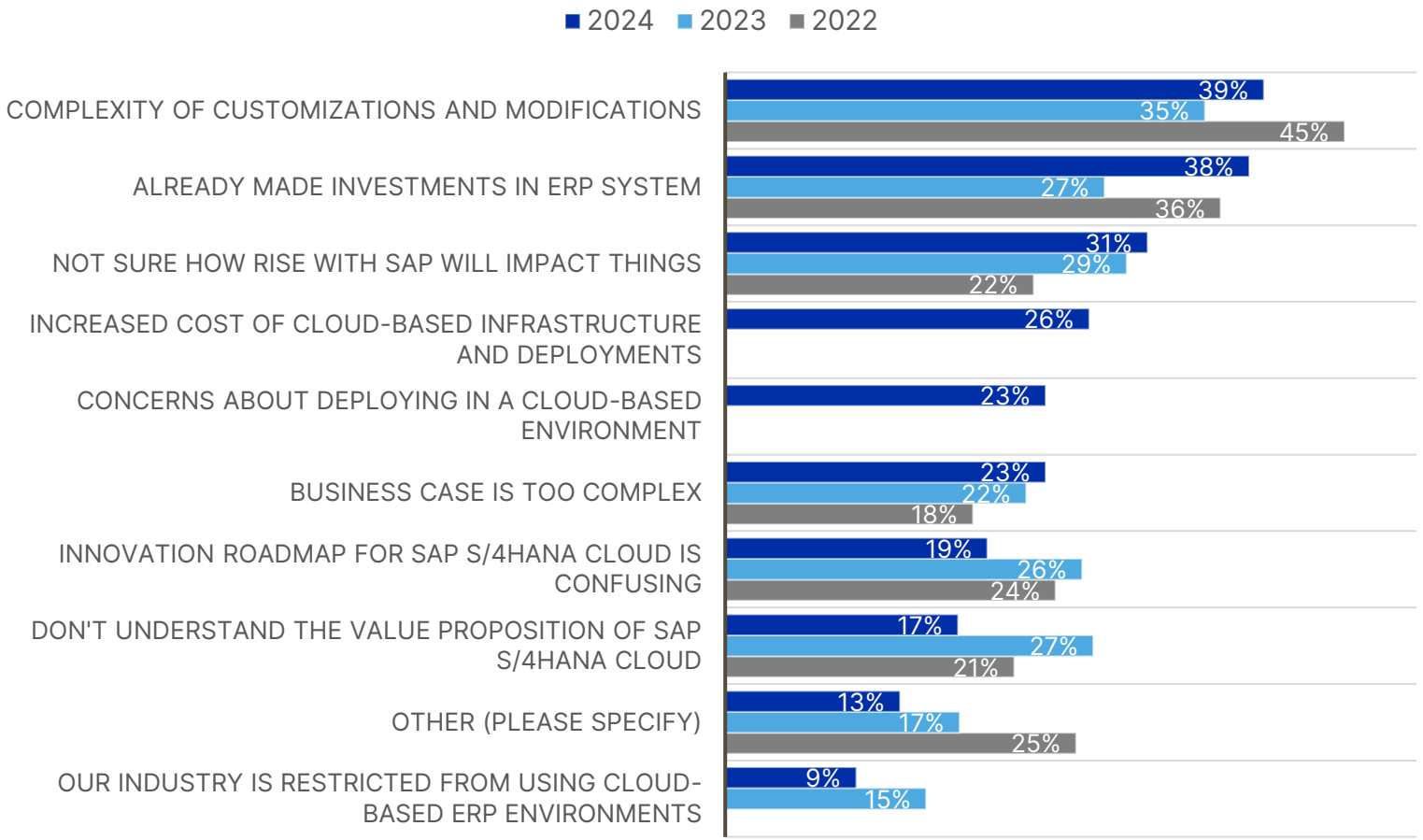
For respondents that are not using RISE with SAP or SAP S/4HANA Cloud, the biggest factors are the complexity of their existing environment or investments made in existing systems. But the increased cost of cloud-based infrastructure and deployments and concerns about deploying in a cloud-based environment, newly added to the survey this year, are already in the top five reasons for organizations not moving to RISE with SAP.

Reasons for Not Deploying SAP S/4HANA Cloud or Moving to RISE with SAP



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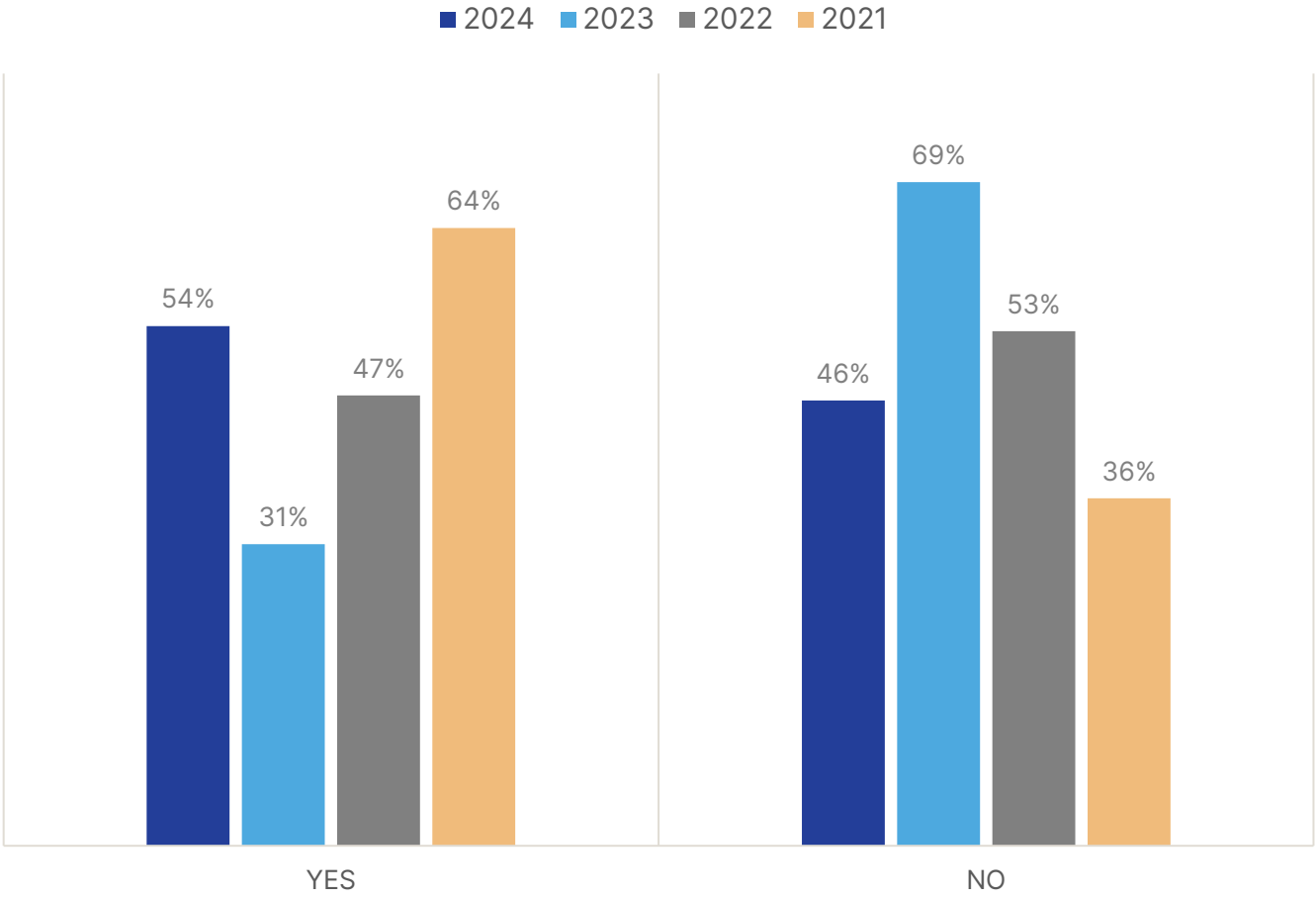
With organizations reporting that the average length of an SAP S/4HANA deployment is increasing this year, it is no surprise that respondents report that they would consider a deployment if the timeline was shorter. Whether there is something more behind this change will need to be examined in coming years.

Would You Consider Deploying SAP S/4HANA if the Deployment Timeline was Shorter?



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THANK YOU

Robert Holland

Vice President and Research Director

robert.holland@sapinsider.org

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