Prepare for a successful move to SAP S/4HANA

25 October 2019

Torsten Hübsch, SAP Practice Lead

pwc

Agenda

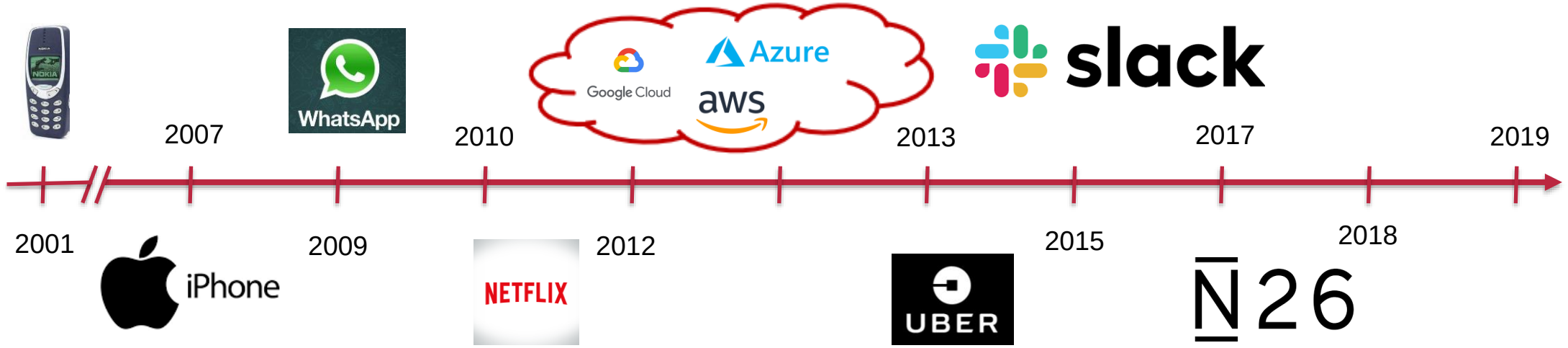
15:30	Introduction
15:35	Objective of the session
15:45	Transformation Journey to S/4HANA
15:55	Lessons learned from S/4HANA Transformations ● Building common ground ● Where are we with S/4HANA and why? ● Journey to S/4HANA COFFEE BREAK ● Approaching the Why, How, What & Lessons Learned from others
18:00	Wrap up and what your next steps should be
18:30	Networking drink

1. Building Common Ground

- The world is changing
- SAP comes a long way together
- Digital Era evolves to Intelligent Era
- Intelligent Enterprise
- Scope for today: How to get there?

Building Common Ground

The world is changing – disruption continues



Building Common Ground

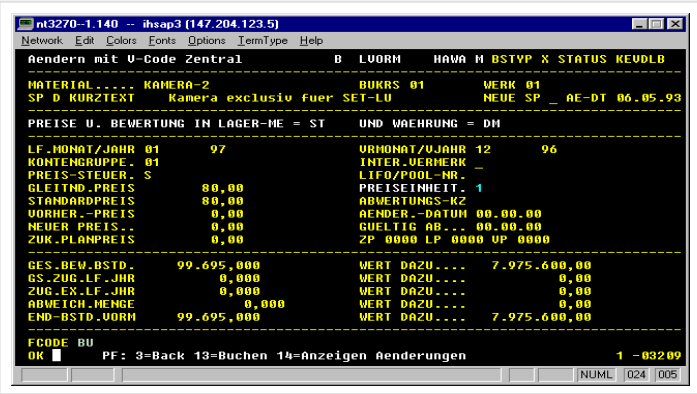
SAP comes a long way together

- ✓ **46 years** of innovation across all industries
- ✓ **390,000** customers in **193** countries
- ✓ **74%** of the world's transaction revenue touches an SAP system

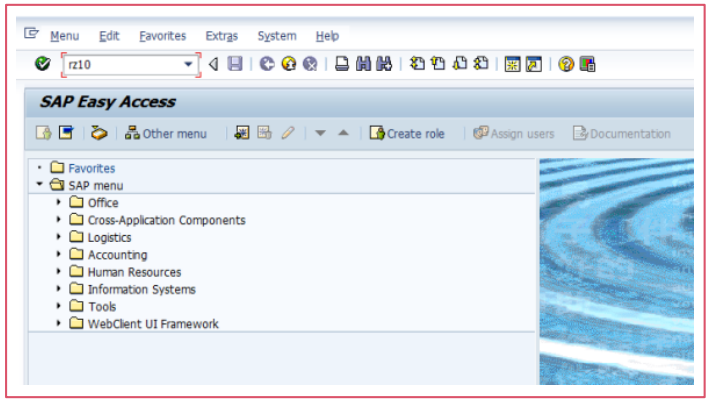
State of the art user interface

Modern IT architecture

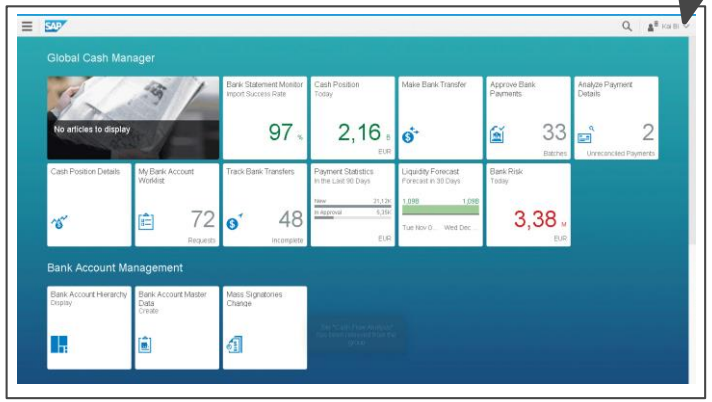
SAP R/2



SAP R/3



SAP S/4HANA



1979 — 1992 — 2015

Journey to S/4HANA

The advantages of SAP S/4HANA at a glance

anywhere,
anytime,
in real time

reporting and
analysis capabilities

drill-down to
transaction level

Digital Core

Role-based frontend
(reporting & transactions)

intuitive and individual
user interface

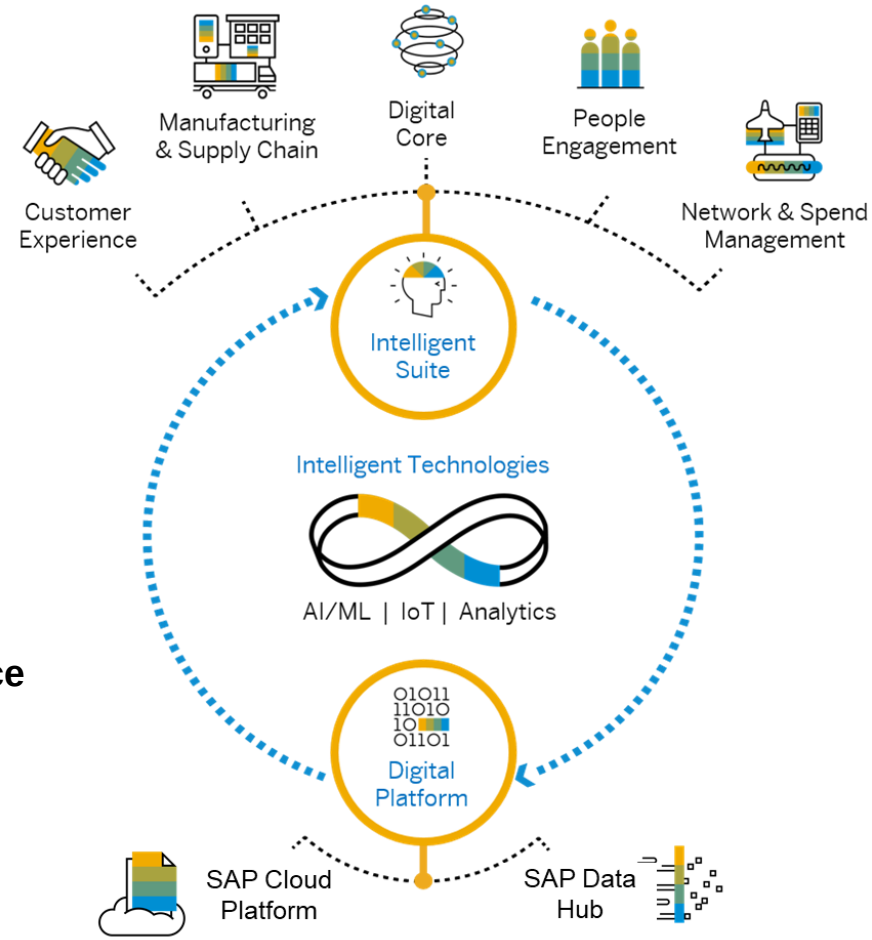
Evaluation of alternative
business strategies
based on simulations

Building Common Ground

Intelligent Enterprise

Intelligent Suite

- ✓ **Core Applications** running with high **performance**
- ✓ Superior **UX**
- ✓ High **Standardization for scale**
- ✓ **Standard API or Best Practice Integration**



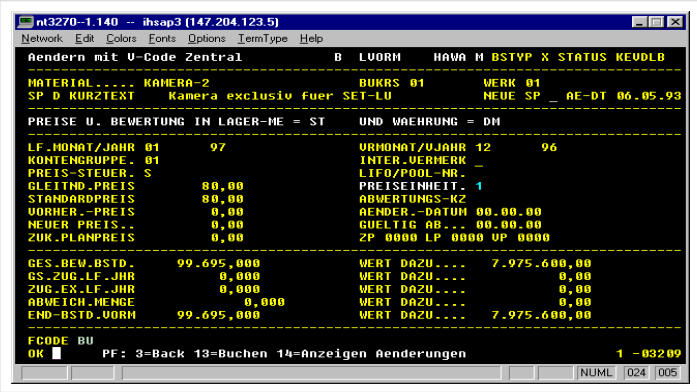
SAP Cloud Platform

- ✓ **Integrate SAP & other Applications** that deliver **intelligence**
- ✓ **Universal analytics and digital boardroom** connecting the enterprise for the CXO
- ✓ Leverage **Intelligent Technologies like AI, ML, IoT**

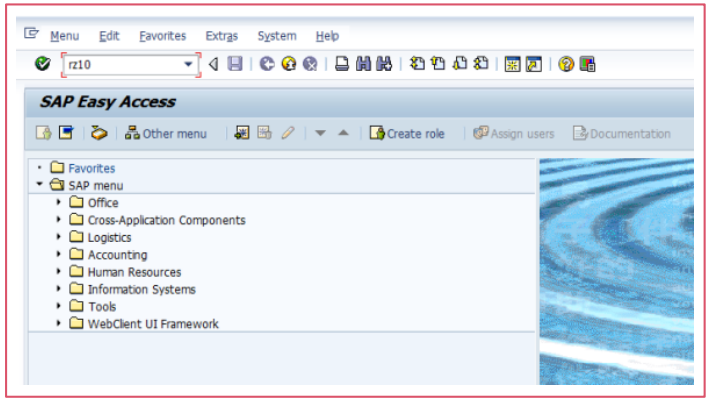
Building Common Ground

Scope for today: How to get there?

SAP R/2



SAP R/3



SAP S/4HANA

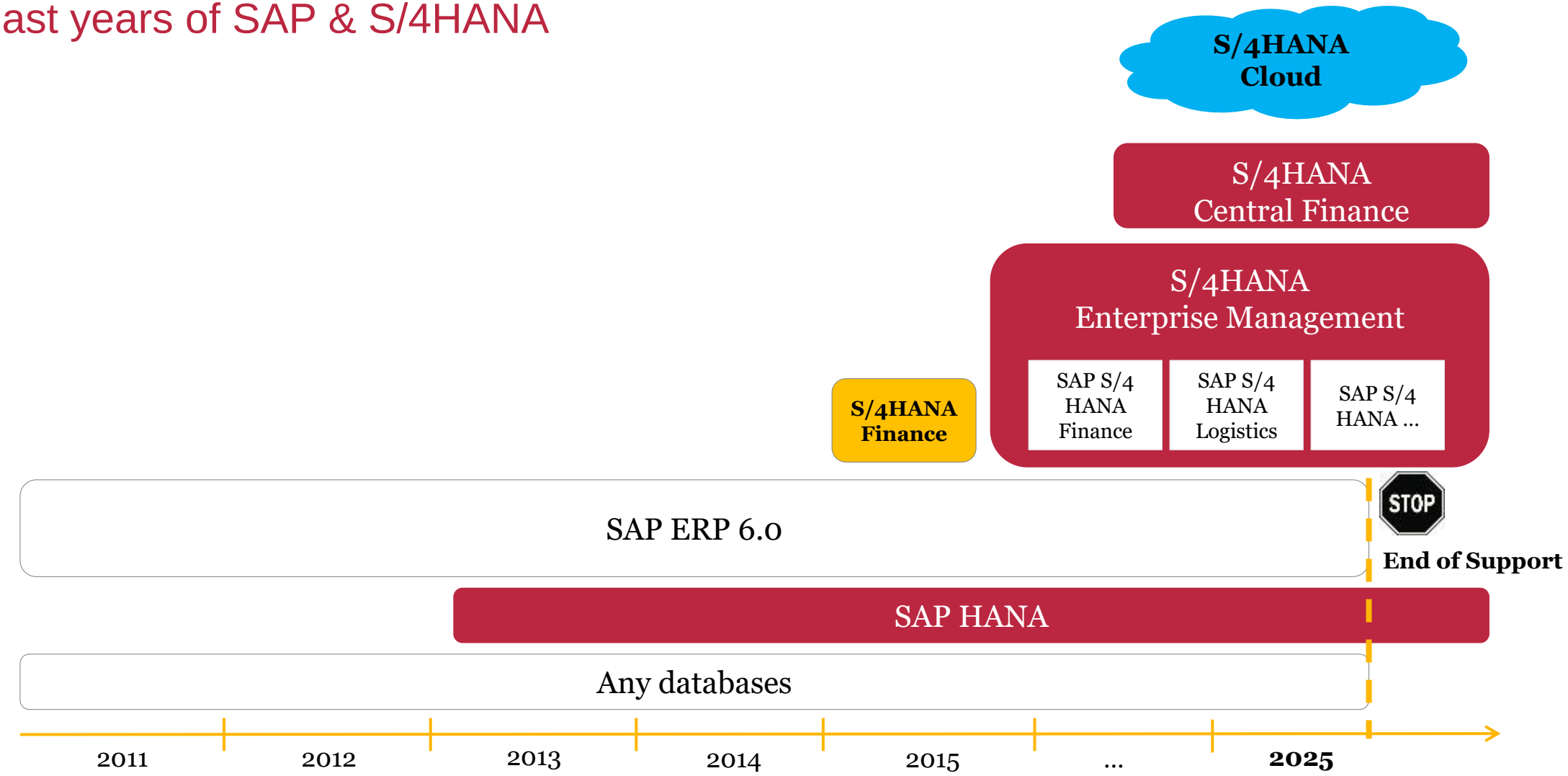
1979 — 1992 — 2015

2. Where are we with S/4HANA and why?

- Past years of SAP & S/4HANA
- Where is SAP today & why?
- Where is the market … Partners & Customers?
- Forecast for the next years?

Where are we with S/4HANA and why?

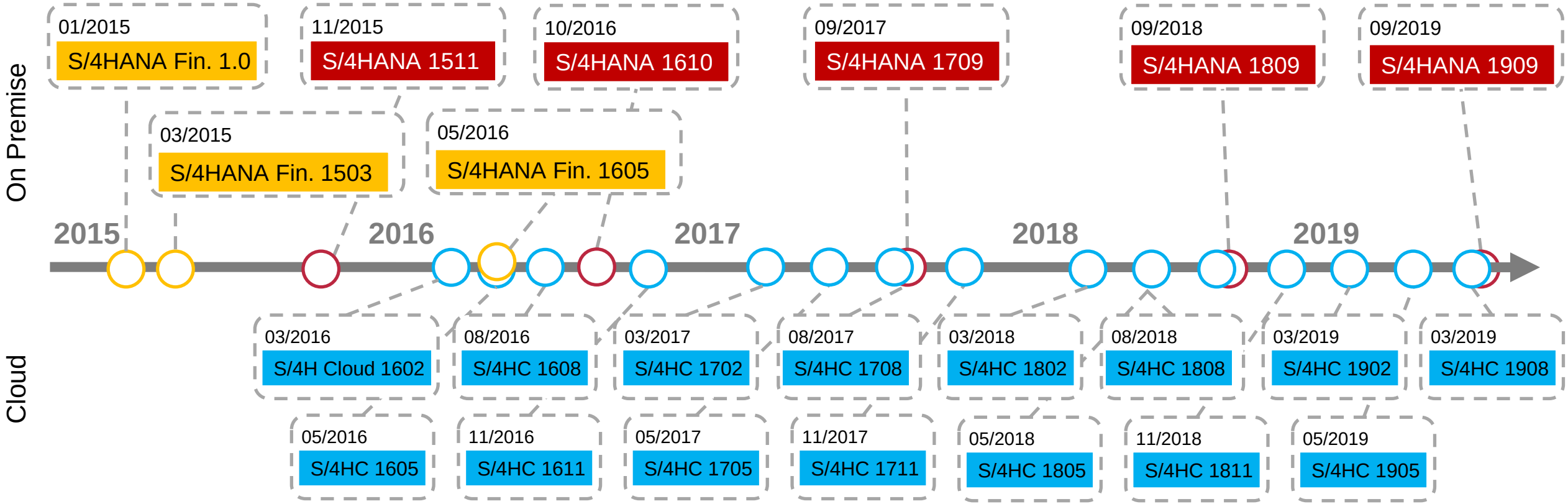
Past years of SAP & S/4HANA



Where are we with S/4HANA and why?

Past years of SAP & S/4HANA

- Numerous recent acquisitions (30 over last ten years for over €50bn)
- Shifting focus to the cloud: development focus & staff
- S/4 HANA release history helps understanding SAP S/4HANA mechanics



Where are we with S/4HANA and why?

Where is SAP today & why?

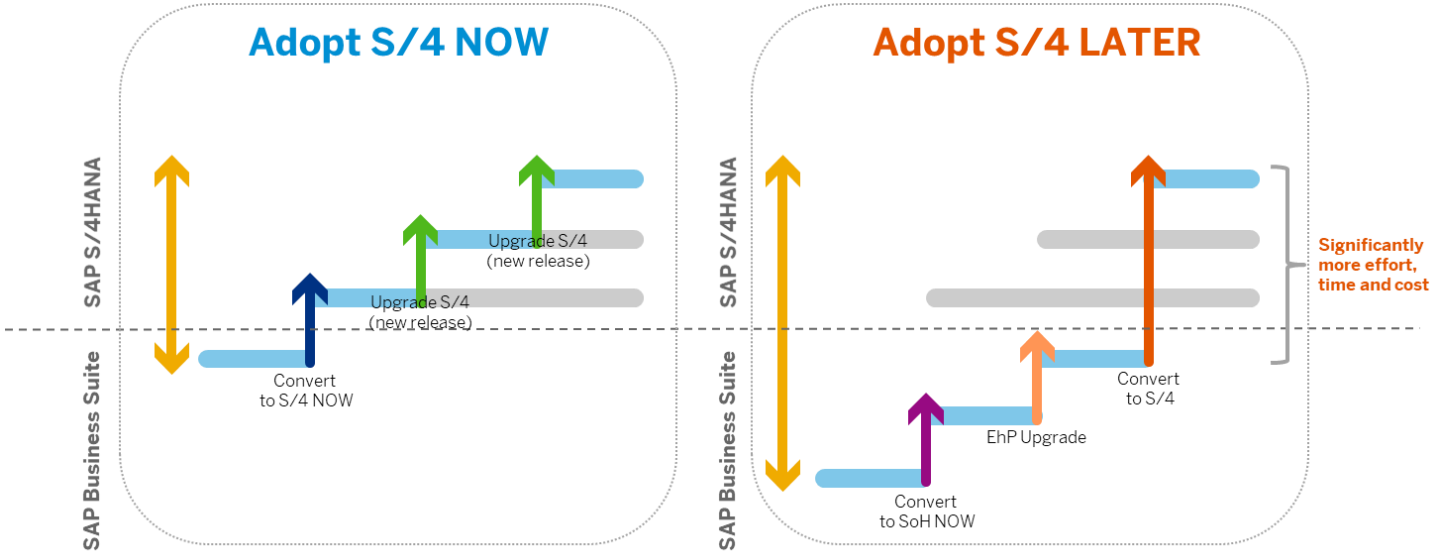
S/4HANA adoption today

Reasons:

- Urgency? … & trend for late adoption
- Tools? … true, but heavy investments
- S/4HANA Readiness? … case by case
- UX? … good direction, but …

Topics flying around …

- 2025-Argument
- HCM-future



Where are we with S/4HANA and why?

Where is SAP today & why?

Updated: June 2019

S/4HANA

- Customer count: **~10.000**
- Live customers: **~2.600**
- YoY Growth: **11%**

Where are we with S/4HANA and why?

Where is the market … Partners & Customers?

- Still premature market, but …
- Strong interest in S/4HANA (YoY SAP festival)
- S/4HANA seen as technical challenge (green & brownfield)
- Limited feature knowledge (1511 vs 1909)
- No Value and/or Impact studies
- Projects delivered pseudo-agile (actually Waterfall … reads as: BigBang)
- Roadmaps end with Go-Live

Main Challenge: Finding the right partner, with right experience

Where are we with S/4HANA and why?

Forecast for the next years?

- An easy one: Step to S/4HANA becoming bigger with releases
    - Move to S/4HANA more&more automated,
    - BUT step-increase remains on non-technical aspects (e.g. change)
- S/4HANA (OnPrem & Cloud) picking up high speed
- Shift to Cloud, therefore shift from IT → Business
- Increasing Awareness of Impact & Change Management
- Transition Focus ends less & less with Go-Live
- Battle for (good) resources
- Access to SAP more&more challenging
- Hardware will further drop in price
- …, but focus will go to hyperscalers like AWS, Microsoft Azure, Google Cloud, Alibaba Cloud

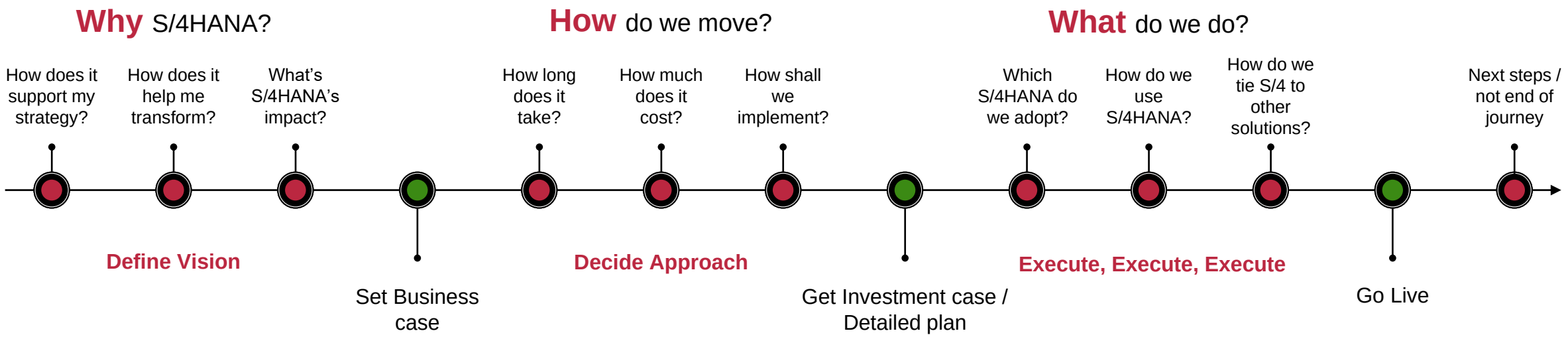
3. Journey to S/4HANA

- Good News: Travel Guide to S/4HANA
- Bad News: ToC only! You have to write it yourself!
- Encouraging News: You are not the first!

Now you need a coffee!

Journey to S/4HANA

Good News: Travel Guide to S/4HANA



Journey to S/4HANA

Bad News: ToC only! You have to write it yourself!

All journeys are different

Point of departure

- big vs. small System/Organization
- long vs. short SAP history
- thorough vs. light-weight governed
- deep vs. shallow SAP footprint (functional scope)
- SAP being a more vs. lees critical system (business continuity)

Road Signs & Road Blocks

- Organizational constraints
- Organizational Culture
- Budget
- Available Time & Urgency
- Number of comfort stops

Destination

- cf. answers to ‘WHY-question’

Journey to S/4HANA

Tools - Encouraging News: You are not the first!

To a large extend the *your* travel guide can be written with text elements coming from

Tools

- SAP Readiness Check

- SAP Transformation Navigator

Valuable documents

- Gathering details on S/4HANA

- S/4HANA Manifesto

Experiences from other projects (Lessons Learned)

That's for

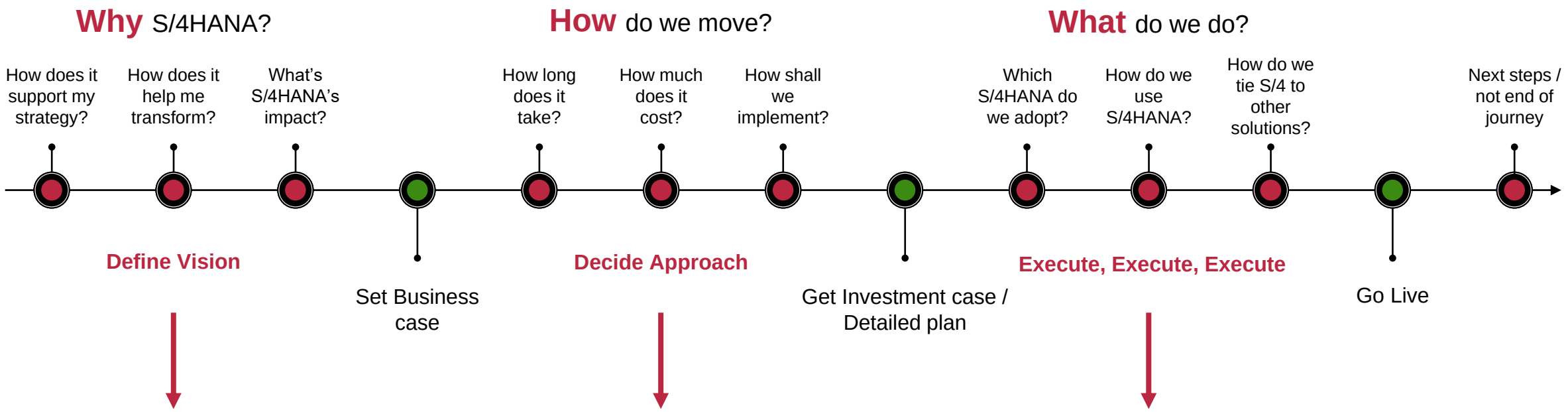
TODAY!

but first have a

Coffee break

Journey to S/4HANA

Travel Guide to S/4HANA



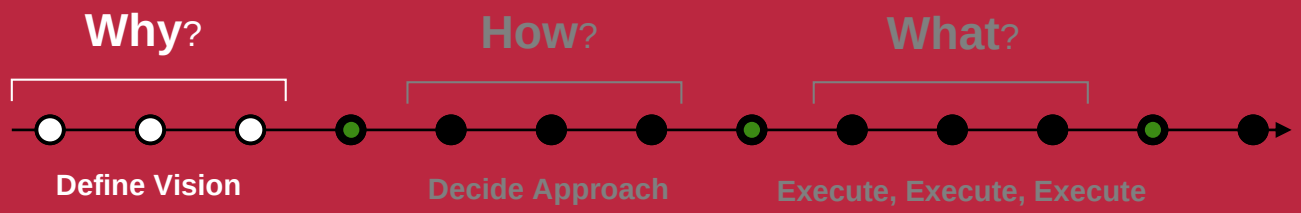
Experiences from other projects & Lessons Learned

4. Approaching the Why, How, What & Lessons Learned from others

- Answering the Why-Question
- Answering the How-Question
- Answering the What-Question

Lessons learned from others

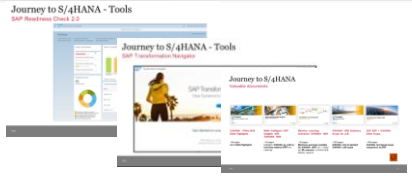
Answering the Why-Question



Should you care about the 'Why'?

→Translates to	[before]	(Why) should I move?	Your S/4 Value – S/4 Business Case – Timing for start
	[during]	Why am I moving?	S/4 Value awareness – Secure Sponsorship – Secure Project Success
	[after]	Now what?'	Leverage S/4 Value – Innovation Roadmap

General Approach



Inefficiencies by Tech Constraints

Growth limited by Tech Constraints

→ Define & Prioritize Value Driver → Analyse S/4HANA Capabilities → Optional: Proof of Concept (PoC) → Quantify Value → Prioritized list of Value Drivers mapped to S/4HANA capabilities

Lessons Learned

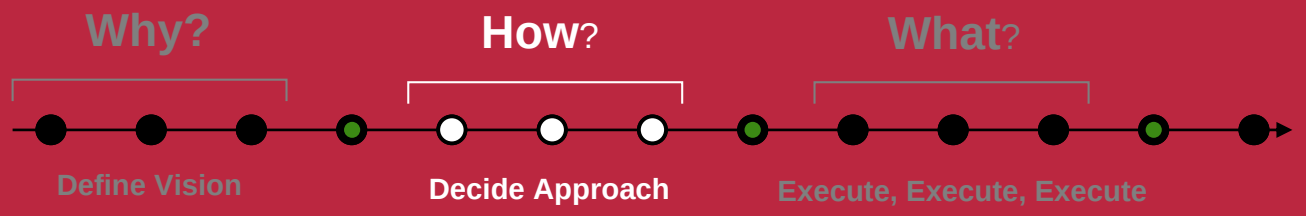
→Don't conduct Value Studies pro-forma
→Implement & track value dimension
→Follow-up S/4HANA features
→Invest in Proof of Concepts

Improvements

→Value Manager in Change Board
→Use PoCs also for Way-of-Working
→Focus on Value Drivers (eg Show & Tell)

Lessons learned from others

Answering the How-Question

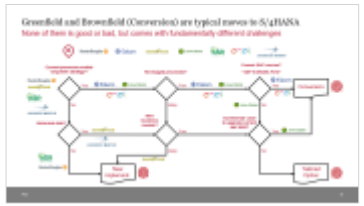


Should you care about the 'How'?

→1st One-Million-Dollar-Question: Brownfield (Conversion) vs. Greenfield (New Install) vs. Tailored Option
→2nd One-Million-Dollar-Question: OnPrem vs Private vs Public Cloud
→"How long does it take?" and "How much CAPEX & OPEX"

General Approach

Implementation Approach
(Greenfield vs. Brownfield)



Deployment Approach
(OnPrem vs. Cloud)

Methodology
(Waterfall vs. Agile)

Lessons Learned

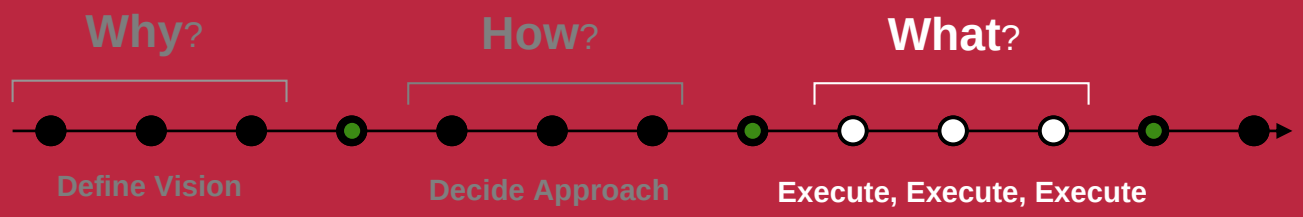
→Invest in the How-decisions
→Find peers & compare
→Approach from business perspective
→For Greenfields: Clean-Digital-Core Law, not a Guideline

Improvements

→Impact Assessments for considered options
→Go beyond Go-Live ('infinite game')
→If postponing due to gaps, stay tuned with evolution (tools)

Lessons learned from others

Answering the What-Question



Should you care about the 'What'?

→That decisions materializes!
→To stay in control during the delivery
→To mitigate risks & focus on promised values

General Approach

→In the core nothing else than **solid project management**
→… but thinking beyond Go-Live

Risks & Challenges

Lessons Learned

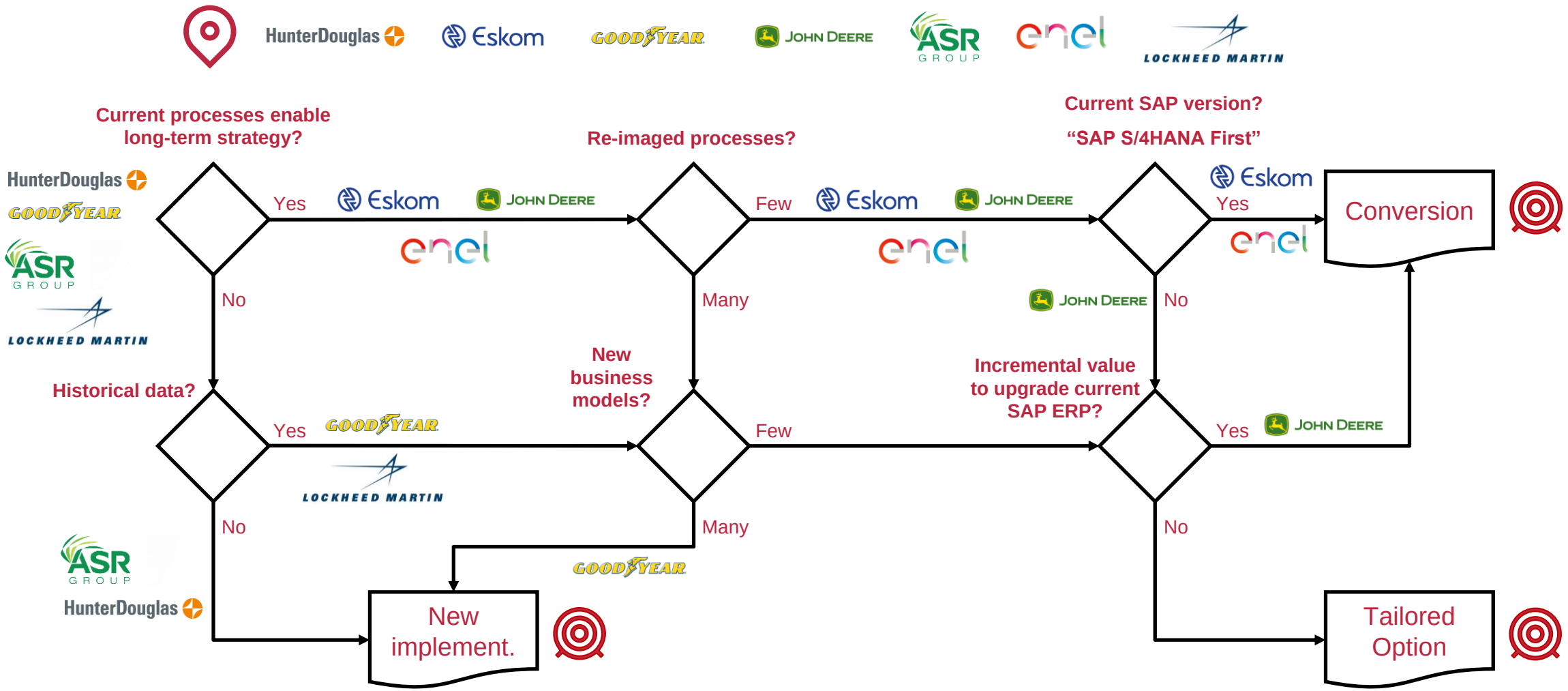
→Sponsorship is key
→Another key: The Right Partner
→End-to-End Process definitions are mandatory (level tbd.)
→Fix the ERP Strategy latest at start of Explore Phase
→Don't change Target-Landscape
→Take in consideration operational model from beginning
→Don't try new PM methodologies w/o expert support
→Avoid Support Pack 0 as Target Release for Go-Live
→Work with appetizers

Improvements

→equipped PMO w/ C-Level Access
→stable Core Team
→Involve End-users in Testing
→Plan Upgrades during project
→Setup Target-Landscape (eg virtual/dummy, latest @implementation)
→Use Case Managers on cross-domain problems

Greenfield and Brownfield (Conversion) are typical moves to S/4HANA

None of them is good or bad, but comes with fundamentally different challenges



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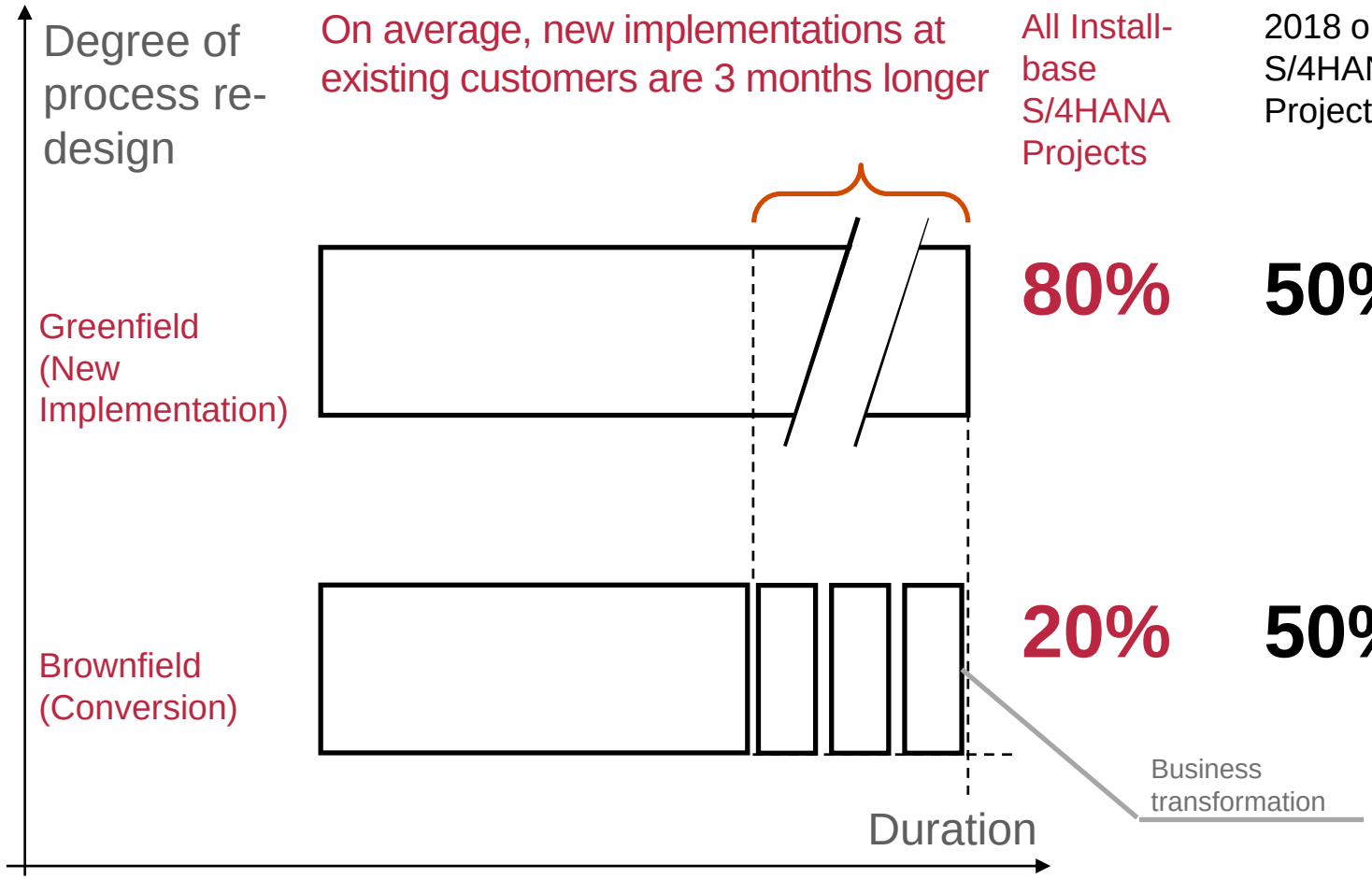
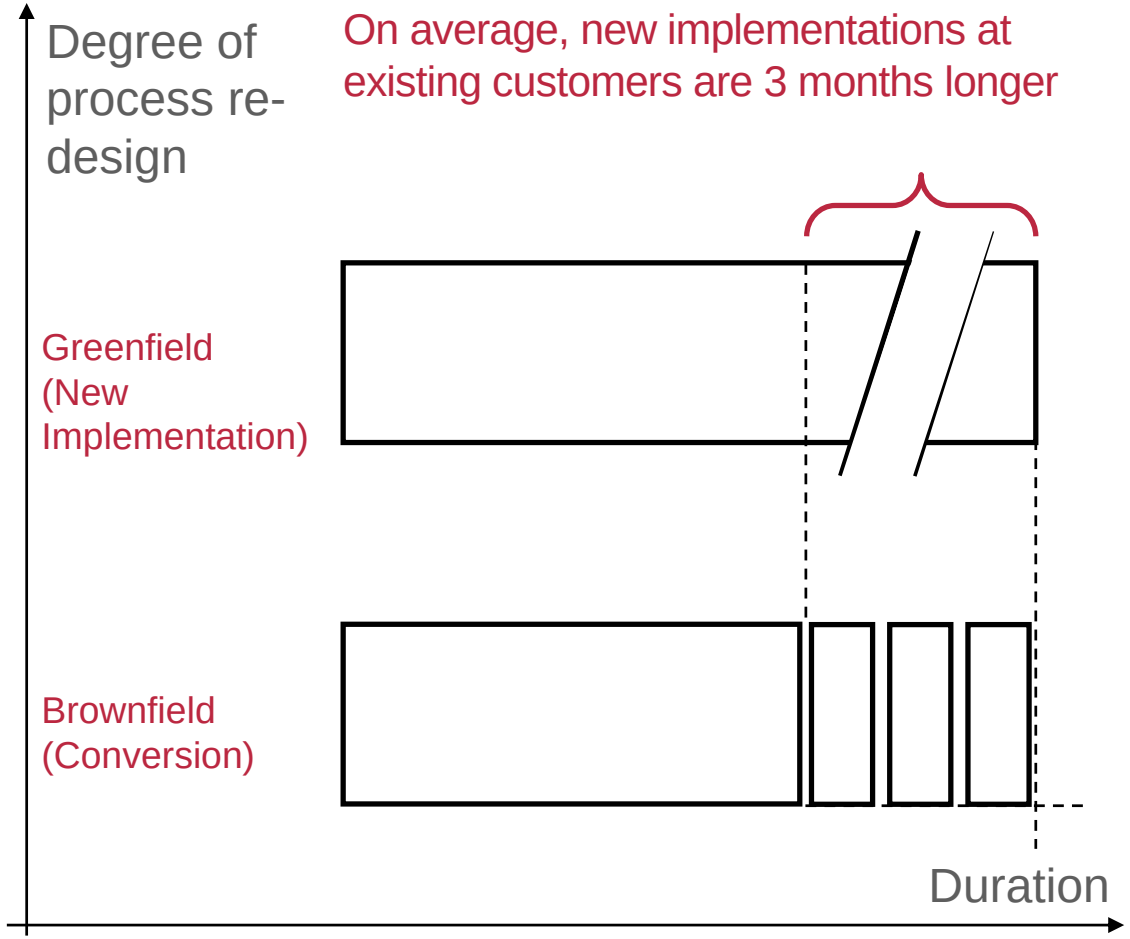
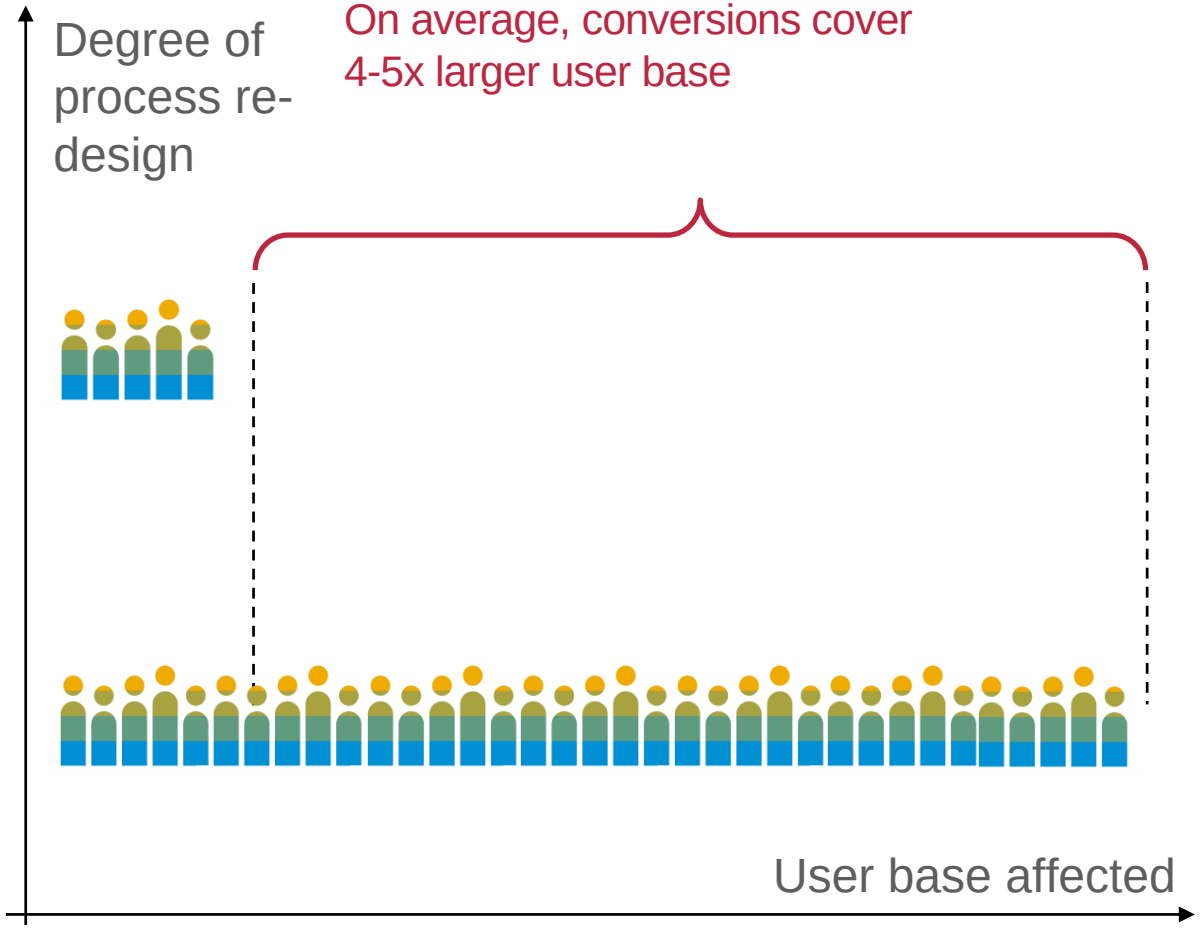


	All Install-base S/4HANA Projects	2018 only S/4HANA Projects	
Greenfield (New Implementation)	**80%**	**50%**	**New system to realize new business models and re-imagined processes (often seen with deployment change)**
Brownfield (Conversion)	**20%**	**50%**	**Technical conversion of an existing SAP Business Suite ERP to SAP S/4HANA (fast & low process change)**

Greenfield and Brownfield (Conversion) are typical moves to S/4HANA

None of them is good or bad, but comes with fundamentally different challenges



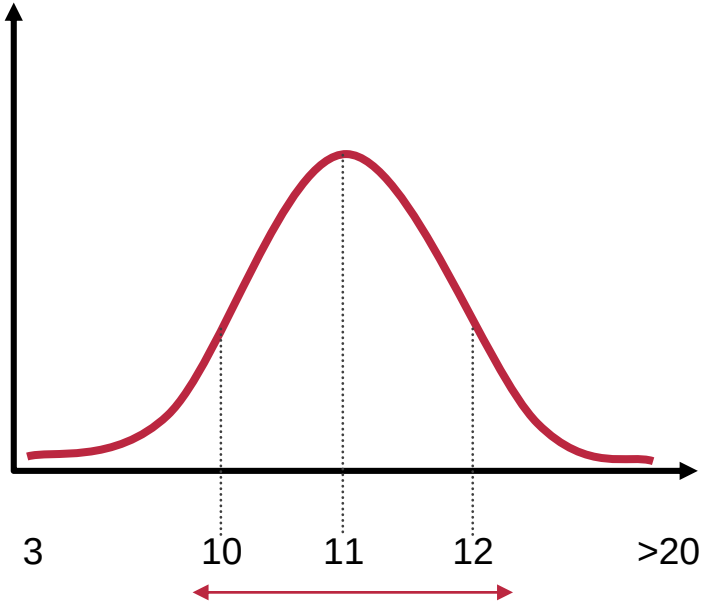


How long does SAP S/4HANA migration take?

Live customers analysis

Vast majority of SAP S/4HANA customers went live in 10-12 months

Q1 ’18 Analysis customers = 1145



Duration of projects is largely determined by customer complexity (degree of change) and implementing partner preferences / tools / methodologies

	As short as	As long as	Average
Typical S/4HANA system conversion	**4** months	**12** months	**8** months
Typical S/4HANA (full suite) new implementation	**6** months	**14** months	**11** months
Complex S/4HANA (full suite) implementations at the largest customers	Depend on customer specific requirements, skills, and other factors We have experiences 20 month implementations and even longer		

Costs: scope of SAP S/4HANA implementation, current landscape, degree of the related business transformation – all influence the cost of implementation and change management

S/4HANA Choices

SaaS vs. OnPrem/Hyperscaler

Can you omit SAP **source code modifications**?	(Yes/No)
Do you go for a **greenfield** implementation?	(Yes/No)
Do you consider to move from Own-License to a **SaaS subscription**?	(Yes/No)
All questions answered yes	At least one question answered no

OnPrem/ Hyperscaler

S/4HANA Cloud or S/4HANA in Private Cloud

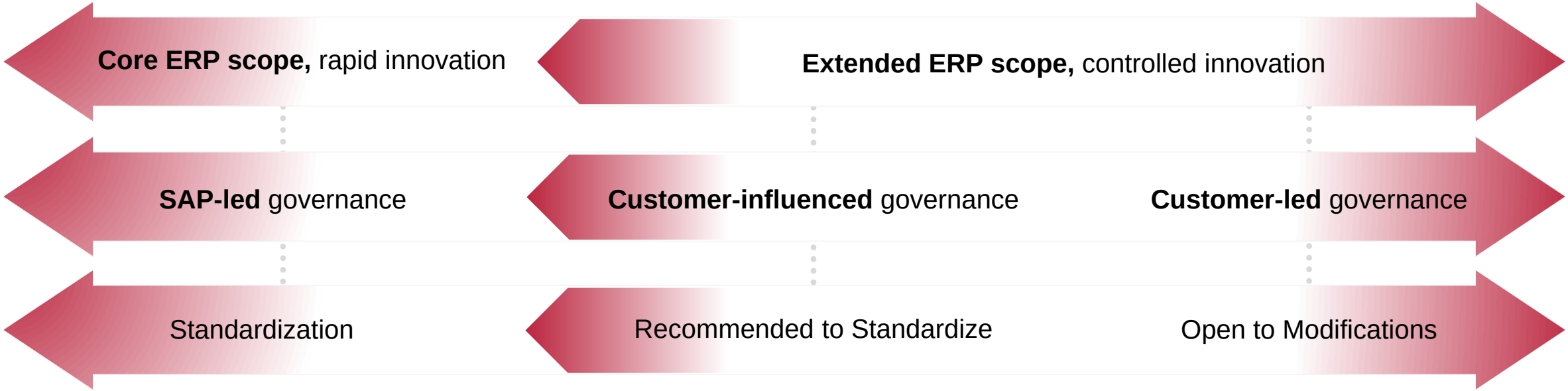
Would you like to build your business to be agile and innovate on a quarterly basis triggered by (mandatory) updates?	(Yes/No)
Are you willing to change your business processes in order to fit S/4HANA Cloud standards?	(Yes/No)
Are your required business processes supported with the current S/4HANA Cloud product release, or within the 4 rolling quarter roadmap (including localization/language)?	(Yes/No)
Are you within the published S/4HANA Cloud focus industries or requires only **Administrative ERP**?	(Yes/No)
Can you turn over the full **governance for release upgrades** to SAP?	(Yes/No)
Do you require only business continuity within the **standard**?	(Yes/No)
All questions answered yes	At least one question answered no

S/4HANA Cloud

S/4HANA Cloud, single tenant edition

S/4HANA Choices

Consider three dimensions: **Scope, Governance, Standardization**



SAP S/4HANA Cloud (multi-tenant)

SAP S/4HANA Cloud, single tenant edition

SAP S/4HANA (on Premise)

S/4HANA Choices

Consider three dimensions: **Scope, Governance, Standardization**

In a rapidly innovating business segment

infrastructure not a core competency of IT, equipping the business with new capabilities is

Acquiring fast growing businesses

SAP S/4HANA Cloud (multi-tenant)

SAP S/4HANA Cloud, single tenant edition

SAP S/4HANA (on Premise)

S/4HANA Choices

Consider three dimensions: **Scope, Governance, Standardization**

Industry functionality not covered in <u>any</u> Cloud ERP

regulated industries where sharing tenants is not an option

Areas of business, highly differentiated

SAP S/4HANA Cloud (multi-tenant)

SAP S/4HANA Cloud, single tenant edition

SAP S/4HANA (on Premise)

S/4HANA choice

Consider three dimensions: **Scope, Governance, Standardization**

Stable business: 1-3 year innovation cycles

In highly regulated industry

Existing config/modifications required

SAP S/4HANA Cloud (multi-tenant)

SAP S/4HANA Cloud, single tenant edition

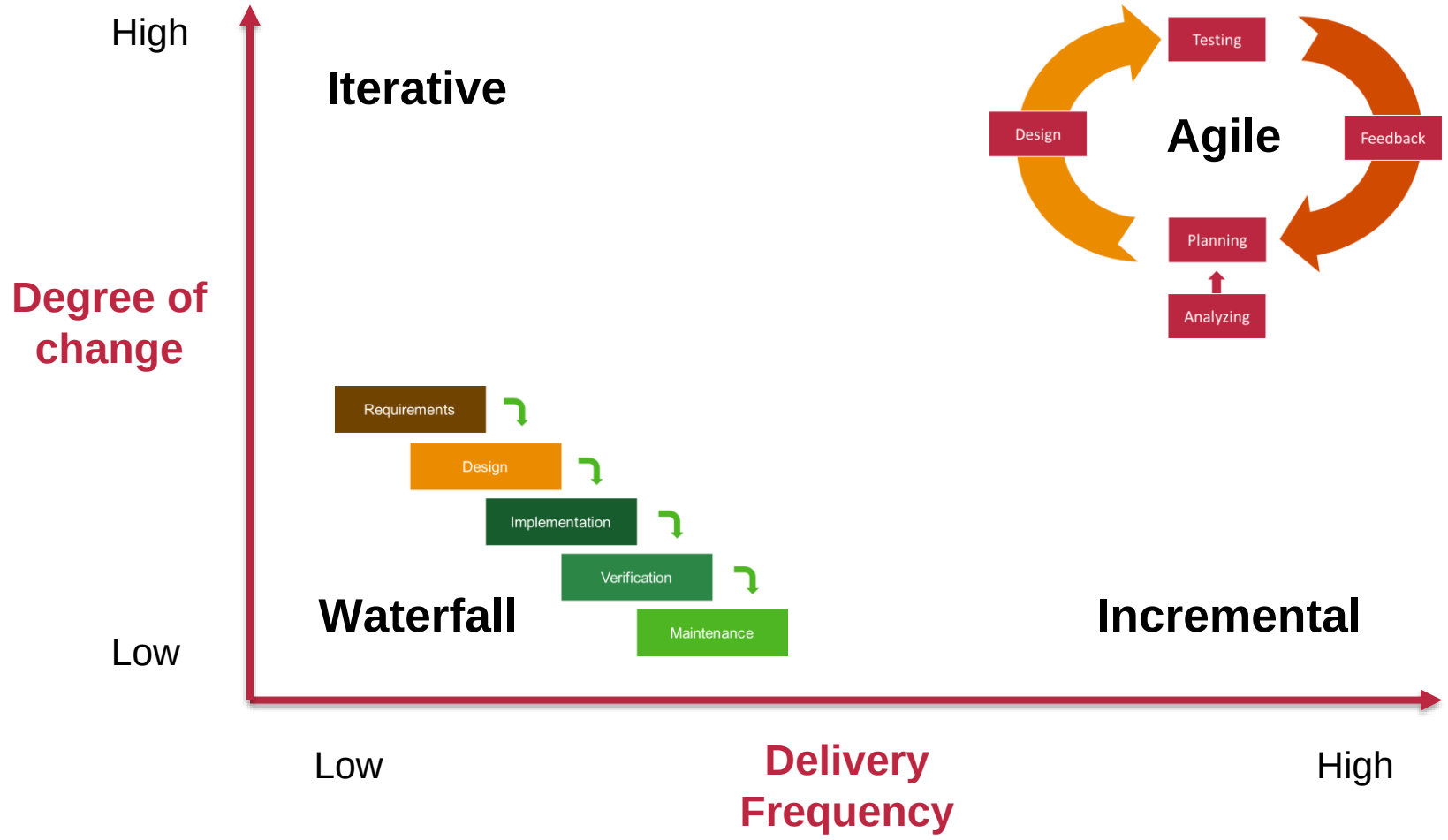
SAP S/4HANA (on Premise)

Choose the destination that's right for you

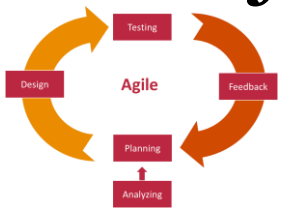
	SAP S/4HANA Cloud (multi-tenant)	SAP S/4HANA Cloud, single tenant edition	SAP S/4HANA (on Premise)
Business Process	Standardized, core ERP	Flexible, ext. ERP	Customizable, ext. ERP
Innovation Lifecycle	Quarterly	Semi-annual	Annual, customer-led
TCO	Lowest	Lower	Higher
System governance	SAP-led	Customer-influenced	Customer-led
IT infrastructure	SAP, public	SAP, dedicated	Customer-managed
Customization	Within Standards	Within Standards	Open to Modifications
Extension	PaaS, SCP	PaaS, SCP	Open, SCP
System delivery	New implementation	New implementation	New or ECC conversion

Project Methodology Approach

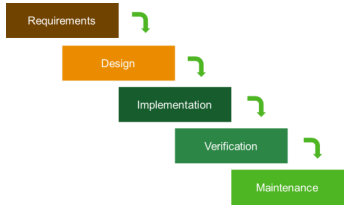
Along the continuum…



Project Methodology Approach



more agile — more waterfall



We need to change our current way of working	9 8 7 6 5 4 3 2 1	How we do it now works fine
Management & corporate culture open to Agile	9 8 7 6 5 4 3 2 1	Rigid corporate culture
Empowered & available Product Owners can be established	9 8 7 6 5 4 3 2 1	Product Owner Role difficult to establish
Strong possibility of changes (requirements or other)	9 8 7 6 5 4 3 2 1	Low risk of changes expected
Cross-functional & dedicated stable team possible	9 8 7 6 5 4 3 2 1	Siloed & fluctuating team
Possibility to work as colacated team in one room	9 8 7 6 5 4 3 2 1	Distributed teams in different locations
Project Managers and team members open for new approach	9 8 7 6 5 4 3 2 1	Expected tp be resistant for new approach
Standard SAP is a good starting point	9 8 7 6 5 4 3 2 1	We do not want ot adapt to SAP Standard in the first place
High possibility to invest in Agile training & coaching	9 8 7 6 5 4 3 2 1	Limited possibility for Agile training & coaching
Our surrounding project organisation is open to Agile	9 8 7 6 5 4 3 2 1	Rigid surrounding project organisation not open to Agile

Project Risks and Challenges In S/4HANA Transformations

- IT transformation rather than business transformation
- Value of S/4HANA is not leveraged
- Impact is underrated
- Project horizon ends with go-live
- Risk management not enough emphasized
- Project methodology applied without assessment
- Customers struggle with magnitude
- E2E process is not in focus
- Resource & capacity planning is underrated
- Lack of user-centricity
- Missing E2E view from requirements to IT functionality

IT specific Risks and Challenges In S/4HANA Transformations

- Software Logistics & Transport Management
- Release Management
- Holistic & efficient Testing
- Upgrades during the project
- Solution documentation
- Roles & rights concept
- Scope Management
- Alignment with other IT programs
- Reskilling IT for S/4HANA (technology & functionality)
- Aligning IT delivery with methodology
- Lack of Architecture management
- Missing S/4HANA-specific development guidelines

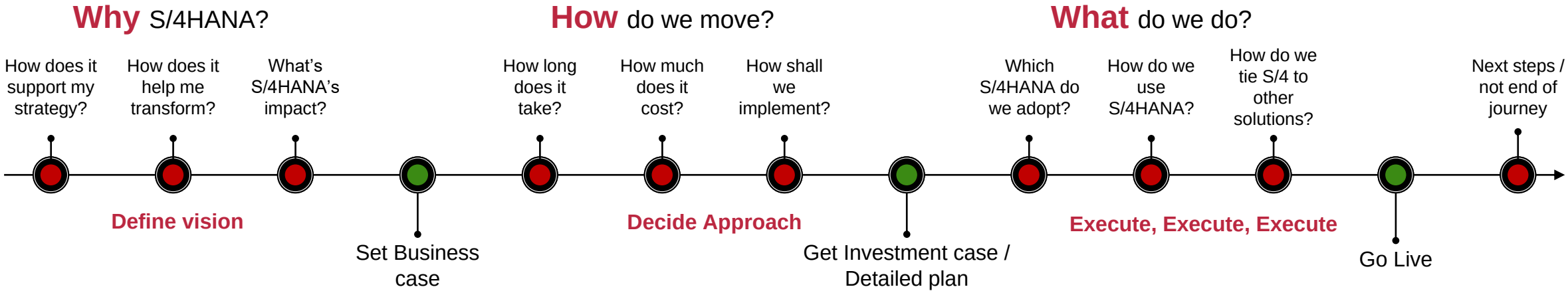
Next Steps for you.

- Define your Timing to answer the questions
- Tackle the Why! … or why not!
- Discover your peers, who are (about to go) on S/4HANA
- Subscribe to quarterly Follow-Up web session

  (invites will be sent)

… feel free to reach out for support!

PwC supporting your path to SAP S/4HANA

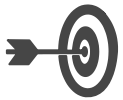


Service Offerings

- S/4HANA Transformation Programme
- S/4H Assessment
- S/4H Roadmap Study
- S/4H Proof of Concept
- S/4H Value Study
- S/4H Business Case
- RfP Creation
- SI Selection
- HCM for S/4 Migration Assistance
- S/4 System Implementation
- S/4H Impact
- S/4 IT & Solution Architecture
- Business Transformation
- S/4 Strategy and Planning
- S/4 Testing and Automation
- Data Assessment and Governance
- Project & Programme Management
- Quality & Risk & Value Assurance
- Vision storylining to Stakeholders
- Change Impact Analysis & Plan
- Deploy Change Actions to Maximise Adoption for Go Live
- Continous innovation

Our holistic approach ensures a successful Business transformation driven by SAP S/4HANA from strategy through execution

Koen De Smet



Transformation Strategy

Business Concepts

Specification

Implementation

- Digital transformation journey
- Business Case
- Project Approach
- Steering & Reporting Concept

End-to-end Processes

Sales	Production	Procurement	Finance, IFRS Tax, Treasury	HR / IT

- Idea to Market
- Order to Cash
- Plan to Produce
- Purchase to Pay
- Record to Report

- Master Data & Governance
- BI Architecture
- Data Warehouse & Consolidation
- Mandatory ERP settings

- Configuration
- Testing
- Migration
- Rollout

Project- and Change Management | Quality Assurance | Risk Management | Legal Compliance

Our holistic approach ensures a successful Business transformation driven by SAP S/4HANA from strategy through execution

Koen De Smet
-Director Treasury -

Focus on hedging strategies and optimal execution to manage risk and reduce the impact of volatility.

Marc Hoessels
- Director Tax -

Tax compliance process streamlining, end-to-end reporting and compliance process for indirect taxes

Business Concepts

Strategy

Cindy Huyghens

End to End Finance Processes. Challenge decision-making processes and bring finance acumen and figures into the business

Patrice Schumesch

Global center of expertise for public sector accounting and reporting, IFRS & financing.

Sales	Production	Procurement	Finance, IFRS Tax, Treasury	HR IT

End-to-end Processes

- Idea to Market
- Order to Cash
- Plan to Produce
- Purchase to Pay
- Record to Report

Master Data & Governance

Data Warehouse & Consolidation

Mandatory ERP setting

Barbara Pinzan

Vision storylining to Stakeholders, Change Impact Analysis & Plan, Change Actions to Maximise Adoption for Go Live, CI

Wim Rymen

Provide risk-based quality assurance to protect investments, identify and properly handle risks and realise benefits.

Project- and Change Management | Quality Assurance | Risk Management | Legal Compliance

Questions?

Thank you!

Contact information:

Torsten Hübsch
Director, SAP Practice Lead at PwC Belgium
E. torsten.huebsch@pwc.com
T. +32 492 74 58 50

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