

Insights from IBM on the journey to SAP S/4HANA



To address evolving customer needs, drive business growth, and stay nimble in the face of rapid change, companies everywhere are embarking on bold and ambitious digital transformation journeys.

To reap the full benefits of the digital economy, a dual approach is needed. Companies need to dramatically simplify their business processes and, at the same time, use their expertise to build stronger and deeper relationships with customers.

To achieve this, many have chosen to rely on SAP's intelligent Enterprise Resource Planning (ERP) solutions. Designed to replace earlier generation ERP systems, SAP has SAP S/4HANA, the next generation of Intelligent ERP, allowing companies to embrace the Digital Reinvention era more fully.

For companies wishing to adopt SAP S/4HANA — regardless of their industry or where they stand in their implementation journey — this paper provides critical insight into:



A snapshot of businesses' overall readiness levels



Lessons learned from IBM on how to best move forward



Areas of opportunities IT professionals can explore to build a credible business case



The unique value that IBM brings to the table

“Wherever they start from, companies must first define their business needs. They can then choose the right strategy and a roadmap for achieving the goals with minimal disruption created.”

Keith Costello, Global VP/GM,
SAP GBS Leader, IBM

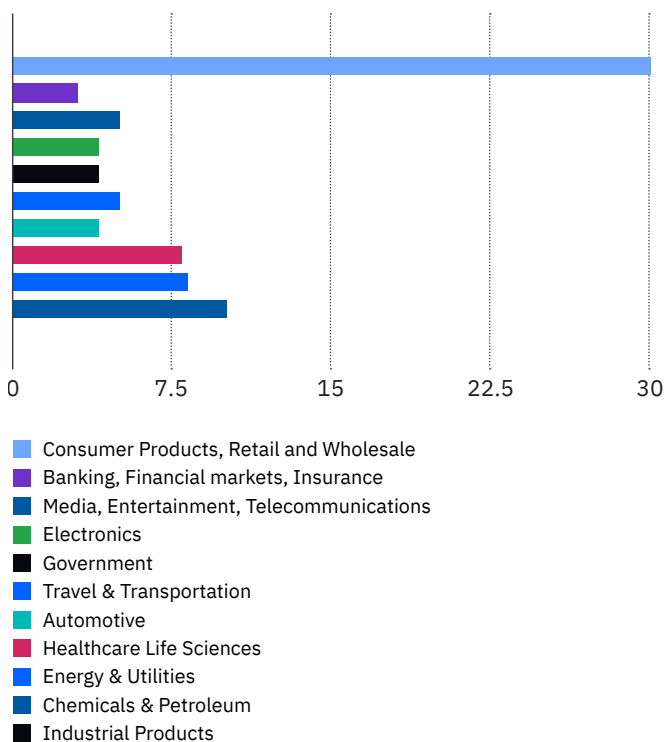
The SAP S/4HANA implementation landscape

To speed up their digital transformation journey, thousands of organizations across the globe are seriously considering how and when their organization should adopt SAP S/4HANA.

Moving to SAP S/4HANA, however, can be a massive undertaking. To reduce some of the risks associated with the change and give companies a clear path of action, IBM has offered clients the ability to conduct an assessment with IBM's HANA Impact Assessment.

So far, more than 200 companies have turned to IBM's HANA Impact Assessment to speed up their digital transformations.

These companies come from a variety of industries:



The motivations they have for migrating to SAP S/4HANA vary widely. However, they're united in the belief and need to find new inventive ways of doing business to accelerate growth and productivity.

Altogether, they seek to revamp their core systems—or at least parts of them—to gain access to real-time business data and fundamentally change the way they make decisions, engage customers and simplify operations.

We observed that SAP customers fall in to the four readiness categories:

- **Business transformation:** Companies in this category are embarking in a broader business transformation project.
- **Clients looking to have a business case:** They know they need to move to SAP S/4HANA but are still building a business case.
- **Clients looking to define a roadmap:** They recognize the benefits of SAP S/4HANA, but still need a roadmap to get there.
- **Yet to define a plan:** They are not thinking about SAP S/4HANA. They prefer to wait for broader market acceptance and adopt it at a later date.

Lessons learned for companies who have started their SAP S/4HANA journey

The way companies implement SAP S/4HANA is critical and can make a huge difference down the road. The appropriate implementation strategy can significantly decrease costs while maximizing business benefits.

To help businesses put all odds in their favor, here are some critical observations based on more than 200 HANA Impact Assessments:

Lesson #1: HANA Impact Assessments are for everyone

Companies who took part in IBM's HANA Impact Assessments found the information and insight provided useful, regardless of whether they chose to do a technical upgrade or a new implementation. Those who took the technical upgrade approach used the assessment findings to carefully plan their migration, eliminate customization, and simplify their solutions.

Meanwhile, companies who decided to start new implementations used the information to identify which elements in ECC could be reused, and which areas needed to be transformed completely. Ultimately, this can help expedite the implementation and reduce the investment by 50 percent.

Lesson #2: Technical feasibility is not a widespread concern

Companies have found that a new implementation of SAP S/4HANA is a great way to kickstart their broader digital transformation journey. Most came to the conclusion that they would have no problem moving to SAP S/4HANA via technical upgrade—should they decide to do so.

Of more than 200 companies who completed the assessment, over 95 percent found they would be able to execute a technical upgrade. Given the fact that technical feasibility is rarely an issue, building a business case for migrating is as—if not more—important for businesses wishing to start moving to SAP S/4HANA.

Lesson #3: Less complex than it appears

The average client runs about 2,000 custom programs in their legacy SAP ECC systems, and more than 50 percent of those programs are never used. Moreover, between 35 and 45 percent of cloned programs are identical to the programs they were cloned from. By replacing these unnecessary programs with standard SAP components, clients can make their SAP environments dramatically less complex.

Lesson #4: Move from standard to best practice

Companies found that between 30 and 35 percent of their business processes were impacted when migrating to SAP S/4HANA.

This begs the question: If so many of a company's business processes need to be revamped, why not opt for a fully standardized SAP solution? For some customers, the obvious answer is to wholly embrace the implementation and go for a standardized SAP solution.

Doing so has benefits of its own: A standardized SAP solution is simpler and more cost-effective to manage and makes it easier to upgrade to future SAP S/4HANA releases.

But as with any standardization in client environments, changing the focus from broad-based standardization to industry-focused best practice allows clients to eliminate 20-30 percent of the time needed to customize their systems more fully. This innovation is known as IBM's IMPACT solutions.

IBM's HANA Impact Assessment lets companies identify which processes are changed, removed or made obsolete during the transformation to SAP S/4HANA. It also allows them to know how to utilize IBM's IMPACT solutions in the best possible manner.

Lesson #5: Improving the SAP user experience

The previous generation of enterprise application users has not fully benefited from the consumer-grade user experience that's otherwise available to the average consumer. SAP FIORI applications are designed to bring those experiences to the next generation S/4HANA users.

After completing the IBM HANA Impact Assessment, companies have been able to identify and define how to adopt the improved user experience that the latest SAP FIORI applications bring to their business.

On average, SAP customers have more than 100 applications available out of the box which are relevant to their business based on their current SAP ECC usage. IBM helps provide the adoption strategy to support a seamless transition from the SAP GUI to the new SAP FIORI interface.

Building a business case for SAP S/4HANA

For businesses, the move to SAP S/4HANA is not an easy decision.

In this, IBM's HANA Impact Assessment tool is not only designed to help companies start their journey but perhaps, more importantly, give IT leaders the arguments they need—grounded in facts—to build a business case for moving to SAP S/4HANA.

This is important. Building a successful business case can help companies save costs and increase revenue as a result of improving efficiency and providing support for growth initiatives.

However, defining the benefits that SAP S/4HANA offers can be difficult. Human insight and creativity are needed to fundamentally re-imagine business workflows and models. Such benefits are a direct result of implementing SAP S/4HANA, but also of other capabilities that can be built on top of it.

For this reason, IBM's Impact Assessments was designed as a tool that acts in complement to and in concert with the human intelligence and expertise that IBM brings to the table.

For companies, this intelligence along with IBM's deep industry expertise can help companies pick their battles and lay out the best possible actionable plan that's relevant to each company's unique needs.

There isn't one '*right way*' to implement SAP S/4HANA. Acting on this crucial insight, IBM has built a flexible approach with different and adapted paths of action.

IBM: A natural ally for companies moving to SAP S/4HANA

Companies everywhere rely on the deep industry and technology expertise of IBM professionals and consultants around the world. These IBMers — experts in industries ranging from healthcare, to financial services, to retail and more — help organizations transform at scale and become smarter.

Strong industry expertise and deep SAP S/4HANA experience

When it comes to SAP, IBM has and is an important strategic transformation partner. IBM has deep experience with thousands of SAP S/4HANA deployments and can provide different implementation options — on premises, in the cloud or hybrid — to support various client scenarios.

This is combined with IBM's strong industry expertise and understanding of the inner workings of businesses' IT environments.

A proven track record when it comes to driving business transformation

With highly-trained employees supporting SAP projects throughout the world, IBM has the proven track record and industry expertise that companies need to accelerate their path to SAP S/4HANA.

Building on this partnership, IBM and SAP announced earlier this year a new set of offerings known as IBM's IMPACT for industries. These bring together and enhance existing IBM and SAP best practices and services to accelerate SAP S/4HANA adoption.

Using these unique strengths, IBM has worked with companies across industries to guide them in their migrations to SAP S/4HANA and has become the first system integrator for SAP to reach 100 + successful SAP S/4HANA implementations.

An end-to-end transformation partner

IBM is a seasoned player when it comes to orchestrating large, complex programs that have a profound impact on a company's business model.

From strategy to execution, IBM can help build a roadmap and business case early on along with identifying the end-to-end impact of transforming their operations with SAP S/4HANA.

Beyond SAP S/4HANA: Bringing next-generation technologies within reach

For businesses, SAP S/4HANA acts as a digital core; a foundation upon which next-generation technologies can be built. By laying the groundwork, SAP S/4HANA makes it easier for companies to adopt technologies such as AI, blockchain or advanced analytics.

To help businesses capture these opportunities, IBM's value as a transformation partner goes way beyond SAP/4HANA. As the world's premier private research organization, IBM Research, the dedicated research arm of IBM, brings an unmatched range of scientific expertise to bear on the needs of clients and their industries.

In combination, the research capability, innovative technology and deep industry expertise that IBM brings to the table can dramatically change the business case, the value delivered, and the time needed for realizing the benefits of S/4HANA.

How to get started?

To get started with IBM as your SAP S/4HANA transformation partner, visit ibm.biz/IBMSAPHIA to request your HANA Impact Assessment.

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