The Agile Intelligent Enterprise: Making the Business Case for SAP S/4HANA

Clever Planning for a Successful Migration

FUJITSU

FREEFORM DYNAMICS

About this document

In this eBook, we aim to help you plan your organization's strategic evolution to a digital future. As part of this, we will review the SAP S/4HANA migration imperative, along with key messages to assist in building a firm business case for that migration.

In particular, we will look at how and why S/4HANA is different from what went before - and how it can support and enable digital transformation and optimization within your organization. And we will explore how Fujitsu, with its long and deep experience in SAP systems and services, can help your organization migrate to S/4HANA successfully - and in the most appropriate and effective manner.

In Part 1 of this document, industry analyst firm Freeform Dynamics sets the scene and lays out some core principles and requirements. This independent perspective will help you cut through the industry noise and focus on the right things for the right reasons. Be sure to take note of the key take-aways highlighted on each page as you read what Freeform Dynamics has to say.

In Part 2 we return to the Fujitsu perspective and look at how Fujitsu's application and service capabilities can accelerate your S/4HANA adoption. We zoom out to consider the practicalities of planning and implementation, including how to decide on your strategic direction, and then round off by explaining what it is about Fujitsu's inclusive philosophy and approach that makes us such a good strategic partner.

The business context for S/4HANA

As an ERP user, it is likely that SAP is the software foundation for your organization's operations. And if you operate an older SAP landscape - as many users do - it's probably something complex that you leave well alone unless it has actual problems. "If it ain't broken, don't fix it," as the saying goes.

Today though, the focus needs to be on digital business evolution. That's the use of digital technologies to create a joined-up organization that takes advantage of automation and integration, allowing it to respond faster and more effectively to business change, and provide both users and customers with a better experience.

Look at the organizations that are already adopting public cloud and the like: they are doing so in part because they want a simpler, more flexible approach. Coping with change requires openness, scalability and agility, rather than monolithic stability and a defined feature-set.

In short, it needs 'hub thinking' - the idea that you start with a flexible platform or hub into which pretty much anything else can connect. For example, you might want

What else might you need to integrate in the coming years?

Internet of Things (IoT)

Real-time analytics embedded in business processes

Blockchain based solutions

On-demand analytics and reporting against live data

Machine Learning and Artificial Intelligence

Analytics combining SAP and non-SAP data

an SAP core for ERP and other business functions, but it must also exchange data with a SaaS-based CRM tool and an AI-based quality control system.

This is where S/4HANA fits in, as the ERP platform for the future and the hub for all those other technologies such as cloud, IoT, data lakes and so on. So it can be more of an opportunity than a cost for any organization that wants to evolve to become more agile, digital and intelligent. That evolution requires not just business transformation and process optimization, it also needs a brand new mindset - it needs hub thinking.

KEY TAKEAWAYS

☑ Digital transformation is not the destination, it is part of the journey - the destination is becoming an intelligent and agile modern enterprise.

☑ Modern digital organizations need flexibility, scalability and openness to change, not the stable, but often closed, applications of the past.

Business evolution: the strategic imperative

The pressures on business today are very different from just a decade ago, and they continue to change and grow. In response, organizations are looking to evolve and transform themselves digitally – a process we call digital business evolution.

So what kind of business software is going to help you meet this transformational goal? How will you make the most of the opportunities offered by the cloud, AI-based Machine Learning, the connected and sensor-equipped devices that we call the Internet of Things (IoT), and all the other

innovation that the 21st century has to offer? How will you become data-powered?

The first thing to note is that this isn't just a matter of turning paper processes electronic for speed and efficiency, although that is an essential first step. It can also mean changing the way you do business.

For example, we can use machine learning to automate routine processes and assist people in more complex tasks, smart IoT devices enable problems to be fixed before they actually happen, and analytics software

can dig through mountains of operational data as it comes in, looking for the nuggets of information that will help the business spot trends sooner and adapt faster.

All this means that the business software platform needs to be open – open to change, to new connections, to data exchange with other systems and services, and of course open to new consumption and delivery models such as the cloud and edge computing. This is why migration to S/4HANA is much, much more than just an ERP upgrade.

KEY TAKEAWAYS

✓ Business must evolve digitally and take advantage of new technologies in order to stay competitive.

✓ This requires a business software platform that is open and adaptive, able to act as a hub for whatever capabilities might be needed, now and in the future.

SAP and S/4HANA: who benefits?

In our research, we see advanced SAP users planning for and adopting innovations that will benefit a range of stakeholders. For many it is the onrush of the Internet of Things and of Machine Learning for automation, as mentioned earlier. Then there is the need to run real-time business analytics against live data, to provide better user experience and service levels, and to integrate with other local and cloud-based applications and their data via APIs.

Because S/4HANA is built on an efficient in-memory database, i.e. HANA, it can make all that simpler to achieve. It also brings the opportunity to simplify your technical environment by moving to a cloud-native approach, and the potential to converge multiple ERP instances into as few as one or two, while maintaining service stability.

S/4HANA therefore has the potential to be a game-changer. That's particularly true when it comes to broadening your ERP system's capabilities and coverage. For example, developers can add cloud-based extensions, and in addition HANA is capable of efficiently and simultaneously supporting both operational and analytical access.

Of course, none of these things absolutely requires S/4HANA. But if SAP is core to your business, then eventually everything is going to have to link back there one way or another. Yes, you can find workarounds and integrations to carry on using ECC while still bringing in new technologies, but this is rarely a trivial or inexpensive process.

Fundamentally, when it comes to digital business evolution, everything is easier if you start with a flexible platform.

	Short-term win	Long-term win	Sustainable benefit
Future proofing of environment		✓	
Real-time analytics capabilities	✓	✓	✓
Better end-user experience	✓		✓
Improved service levels	✓		✓
Ease of systems administration	✓		✓
Simplification of technical environment		✓	✓
Foundation for digital transformation		✓	✓
Foundation for other emerging technologies		✓	✓
Reduced database license costs	✓		✓

KEY TAKEAWAYS

S/4HANA is more than just an upgrade for older SAP software: it can also be the platform or hub for your digital future, so 'hub thinking' is essential.

Plan your modernization holistically: think how it can deliver real value not just for the business, but also for your IT and applications teams.

Understanding the migration options

The most obvious S/4HANA migration path is likely to be the 'big bang' approach, where everything is replaced in a complete migration and business transformation. However, while it might look like the simpler option, in reality a complete S/4 implementation - like any other SAP implementation - could take years.

So it makes sense to consider routes that bring faster wins. Fortunately, there are two layers to a full S/4HANA setup, namely the underlying HANA database and the business logic on top, and you don't have to start with the entire suite. For instance, you could retain ECC at first and start your digital evolution with HANA - indeed, your organization may already be using HANA for business analytics - and the shift to hub and platform thinking.

When planning, remember too that you can run S/4HANA in a compatibility mode, instead of a full upgrade. It's also possible to vary it module by module or region by region, so you could gain S/4 experience in one or two specific areas of the business, or migrate only certain geographies, before rolling it out wholesale.

Stand back, then, and look at your needs and SAP usage from multiple angles - experienced consultants can be helpful here. Where are your organization's mission or time-critical elements? Is there any unique application functionality needed, or is it a matter of how you combine and use what's already there?

Your goal should be to customize as little as possible - and ideally nothing. Instead, keep the base components (such as S/4HANA) standard, and look at how best to implement and extend them. This is a key way that hub thinking can enhance simplicity.

Which of these migration options might you consider in your planning?

Use of ECC on the HANA database as a stepping-stone to full S/4HANA

Adoption of ECC on the HANA database as a long-term solution

Hybrid running on a longer-term basis i.e. operating ECC and S/4HANA together

Functional phasing, e.g. migrate module by module

Organizational phasing; e.g. migrate countries, regions, or divisions separately

Consolidation of existing ECC instances as part of the migration

KEY TAKEAWAYS

✓ Find quick wins by staging your digital evolution and running S/4HANA in compatibility mode where appropriate.

✓ Try to avoid customization and bespoking - what your organization **does** may be special, but most of its software requirements are not.

Finding the right partner - or partners

Few organizations have the skills and other resources needed to implement SAP by themselves, so it is pretty much the norm to get help from a partner. However, because of the way that S/4HANA changes the digital landscape - assuming that you want to use it to modernize your organization, not just update your ERP - the kind of partner and partnership you need may also have to change.

Again, it's time to step back and look at your needs from different angles. Will you look for a single partner to help with all aspects of your SAP modernization? Or would it be better to have one partner help define and build the digital hub, and then find a system integrator (or multiple system integrators) with specific expertise to integrate the SAP and third-party tools that support your business processes? What about your organization's geographical coverage?

Similarly, on the ops side, will you implement on-site, in a public cloud, or both? How much of your infrastructure will run in each location and how will you handle the Hybrid IT aspects? Will you also - or instead - use managed service providers (MSPs)? How many of the necessary skillsets does your organization already possess?

You therefore need more than just SAP implementation capabilities. Other factors that may well be essential include experience in your industry, flexible financing and 24x7 local support capabilities, and expertise covering all the service platforms you plan to use, such as hybrid cloud, MSPs, hyper-converged infrastructure for on-site, and so on. It may also be preferable if the partner is not committed to any particular platform or service, as you want what's best for your organization, not their's.

Hybrid IT can involve a broad set of expertise and skills

Hyper-converged Public Non-Volatile Infrastructure Cloud Memory Hybrid IT Private Hosting Modern Converged Silicon Virtualization Infrastructure Stacks Architectures

KEY TAKEAWAYS

✓ Few organizations can make this journey alone, but will you need one partner or several?

✓ Where do you most need help?

✓ S/4HANA will take many organizations down a Hybrid IT path, which brings efficiency but requires a broader set of skills than does traditional IT.

Fujitsu's view of the need and opportunity

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As an SAP user, you need a strategy for the future. As part of this it's good to remember that you don't have to wait to migrate to S/4HANA - indeed, you may already have started to move.
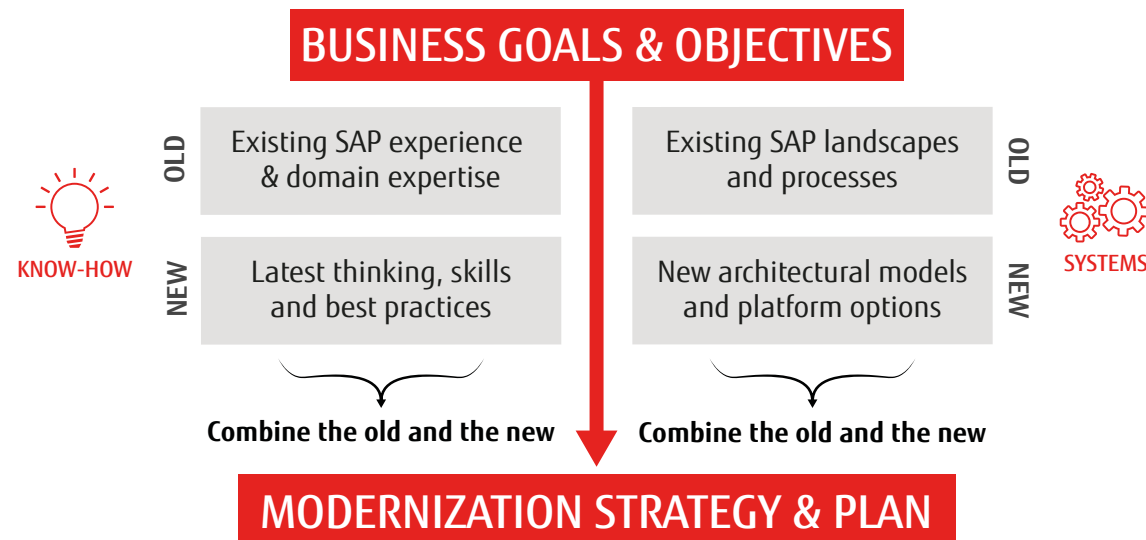
While there are several routes you can take, what's important is to recognize that this is not 'just an ERP upgrade' or merely a process to work through. S/4HANA can be a fundamental step forward in how your organization works and in its ability to compete effectively in a fast-changing world.

Yes, you can run it in compatibility mode, and gradually phase in different regions, divisions or SAP modules. And yes, it is a faster and more efficient ERP system. But at its heart, what really matters

about S/4HANA is the opportunities that come with it. It's about starting the journey to the business of tomorrow - a journey that Fujitsu is well positioned to help you make, thanks to its long and deep relationship with SAP and its customers.

What does that business of tomorrow look like? It's collaborative and smart, it's enabled by technology, not driven by it, and it's flexible and adaptive, able to change its direction and priorities to meet new needs and respond to changes in the real world that it operates in.

The question for ERP users - especially those with older set-ups - is clear: do you wait until you're pushed into the road, or do you start your journey now and choose your own direction of travel?

BUSINESS GOALS & OBJECTIVES

KNOW-HOW

OLD — Existing SAP experience & domain expertise

NEW — Latest thinking, skills and best practices

Combine the old and the new

OLD — Existing SAP landscapes and processes

NEW — New architectural models and platform options

SYSTEMS

Combine the old and the new

MODERNIZATION STRATEGY & PLAN

KEY TAKEAWAYS

✓ SAP users need a strategy for the future, and Fujitsu can help you build your strategic plan.

✓ Fujitsu's understanding of S/4HANA means that it can help your organization use it to become collaborative, modern and digital-powered.

Becoming an Agile and Intelligent Enterprise

Creating an Intelligent Enterprise isn't just a matter of using digital technologies or of digital transformation. It's about using the right technologies to help people - your people - work better and make better decisions. It's about simplifying complexity, building in agility and resilience, and focusing on the priorities.

That's a challenge for any organization. It's not 'business as usual' and it's not simply a process that you can work through. It's a step change in how your organization works and engages with the world around it. Perhaps more importantly, it is not 'one size fits all' - every organization is unique, with its own capabilities and needs.

Fortunately, modern tools such as S/4HANA make this evolution more feasible than ever before. In the old way of thinking,

applications such as ERP served specific purposes. They might have shared data with other applications, but any change of use might require considerable work - and it complicated the job of providing ongoing support, as the application was now non-standard.

Modern software is different, built from the start to be flexible and extensible, and to embrace the cloud, with APIs to connect different tools together. The Intelligent Enterprise thinks more about capabilities and functions than applications.

Still, evolution is not something you can readily do alone. Change on this scale often requires independent advice and support, and it needs an experienced view of what's feasible and how to get where you want to go.

KEY TAKEAWAYS

✓ The Fujitsu philosophy around SAP is as a platform for building a modern digital business.

✓ Fujitsu's long partnership with SAP and SAP users gives it a deep understanding of the Intelligent Enterprise and its needs.

Fujitsu as your partner for SAP S/4HANA
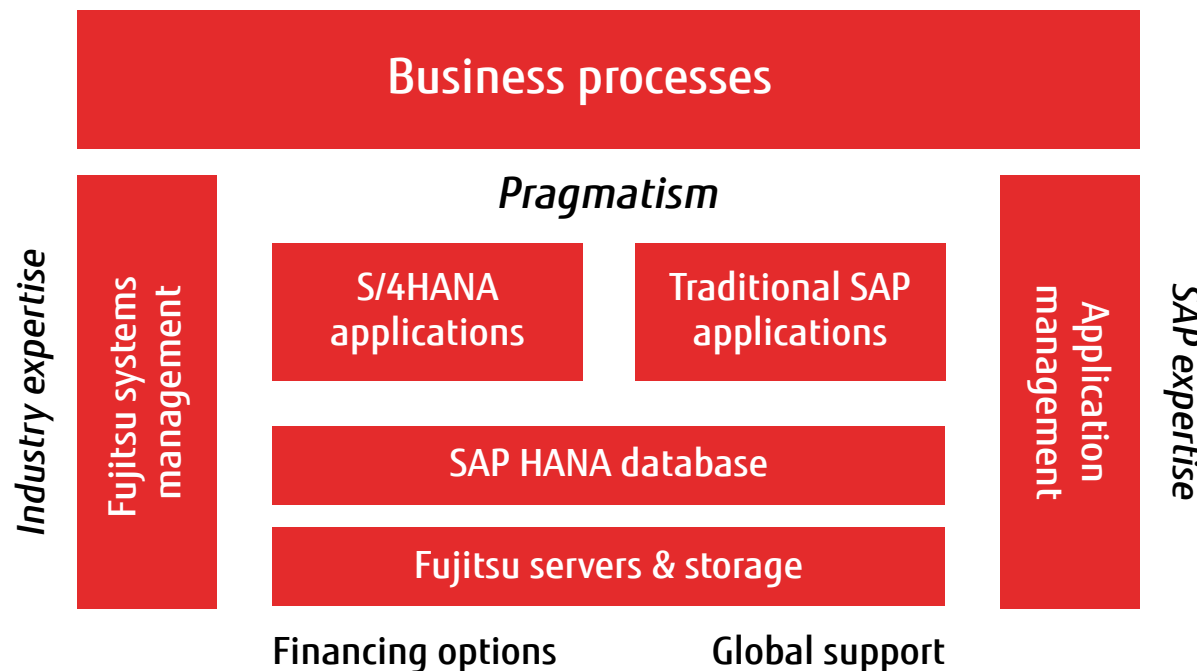
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The many, many aspects to S/4HANA implementation and the drive to become an Agile and Intelligent Enterprise are reflected in Fujitsu's broad range of skills, services and capabilities. Our SAP story starts with hardware and software, provided as individual items or integrated systems, and continues deep into the applications, services, 24x7 world-wide support, cloud infrastructure, financing, and other resources needed to build your organization's future.

That's a future in which you use technology to support and enable your people, not to lead or drive them. Where your people can collaborate, innovate, and get things done. A future where you and S/4HANA put intelligence to work, so you can make better and cleverer decisions, responding faster and more effectively.

Just as important as Fujitsu's resources and capabilities, then, is our pragmatism and practical experience. The Agile and Intelligent Enterprise is no theory: Thanks to our ability to focus on outcomes rather than specifications, it is already fact for Fujitsu S/4HANA customers across a wide range of industry sectors and geographic regions. It is time for you to join them.

Business processes

Industry expertise

Fujitsu systems management

Pragmatism

S/4HANA applications

Traditional SAP applications

SAP HANA database

Fujitsu servers & storage

Application management

SAP expertise

Financing options   **Global support**

IN CONCLUSION

✓ Fujitsu's broad portfolio, range of expertise and geographic coverage can accelerate S/4HANA adoption.

✓ The Intelligent Enterprise uses technology to support, enable and empower its people.

✓ As a strategic partner, Fujitsu is ready to help you adopt S/4HANA at the right speed and in the right way for your needs.