



## Talking Point Discussion Document



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and



# Defining your SAP Modernization Journey

## Quick wins on the road to S/4HANA

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## The why, when and how of S/4HANA

If SAP is important to your organization, S/4HANA is almost certainly on your agenda. Even though many of the 400 SAP customers interviewed in a recent study had yet to firm up their migration plans, almost everyone saw the merit of making the move, and for good reason. Over 90% acknowledged the potential for SAP's latest application suite to deliver better business visibility, an enhanced user experience and improved service-levels. A similar number saw S/4HANA as a foundation for digital transformation.

With such benefits in mind, you may already be active with S/4HANA or have firm plans in place. If you are still working through priorities, options and timing, however, and aren't sure if you're yet ready to make the leap, it's worth considering some interim steps.

Part of this is making sure you understand what's possible in terms of migration phasing and hybrid-operation. SAP has done a lot in this area to allow different generations of technology to be mixed and matched while maintaining a relatively seamless user experience. That said, our study revealed a frequent lack of awareness here, so if necessary, seek advice from a service partner. Experience with S/4HANA has been growing rapidly, so you should never need to work things out from first principles.

In the meantime, while you investigate ways forward at the application-level, it's also worth considering some other actions that may deliver value in the shorter term.

## Platform-level optimization opportunities

Relevant here is an appetite to simplify and drive greater efficiency and manageability at an SAP platform level, something that also came through strongly from the research. S/4HANA clearly adds considerable value in this respect, but there's a lot you can do to modernize and strengthen your existing ERP environment before taking the full leap to SAP's next-generation application suite.

In practical terms, one of the main objectives is to tackle the problem of complexity, which tends to grow over time, often without being noticed, as modifications are made to support new and changing business requirements. This in turn leads to a steady escalation in operating costs and a combination of inflexibility and fragility that discourages change – not ideal given the rapid pace of digital transformation currently taking place across most industries.

Adding to the challenge, as complexity increases, so does the number of dependencies and points of failure. The result can be stability issues and/or even more time spent on preventative maintenance and troubleshooting.

## Platform modernization options to consider

Replatforming existing ECC environments to get them onto a simpler and more modern footing can be transformational from an agility, service-level and opex perspective. An example here is migration to a highly virtualized and inherently adaptable and scalable hyper-converged infrastructure. This would also typically incorporate the latest server and storage technology to drive further performance and power-efficiency benefits.

Upgrading the database layer can also make a big difference. A more up-to-date incarnation of the existing RDBMS is likely to provide a range of benefits, but you can also re-seat ECC on SAP's own HANA in-memory database solution. The latter allows you to gain experience with an important platform component of S/4HANA, while offering enhanced performance and simplification-related benefits right away.

Replatforming could potentially be combined with a move to cloud delivery, which can take flexibility and scalability to the next level, as well as allowing you to exploit different cost models. Hosting of SAP systems in the cloud is now a well-proven option from a reliability, certification and support perspective. The ability to create landscapes on-demand for development, testing, staging and POC purposes is also very useful.

Turning to operational management, it's worth exploring the capabilities of more modern systems monitoring and administration tools. Solutions that can work coherently across ECC, S/4HANA and hybrid environments are particularly useful as they can be leveraged before, during and after the S/4HANA migration.

Lastly, of course, there's the use of HANA for analytics. If you haven't done so already, this can transform your BW installations and can again help you to get up to speed on the HANA database technology that's key to unlocking many of the S/4HANA benefits.

Beyond the above, don't let the prospect of an ultimate move to S/4HANA deter you from keeping your current environment optimized and up-to-date in more familiar ways. Make sure you are on the latest ECC software, pay ongoing attention to data consistency and cleanliness, and always look out for opportunities to consolidate and rationalize, both within and between SAP instances.

## The time to act is now

Recent geopolitical and public health events have illustrated how easily existing supply and demand chains, workforces and working practices, along with other aspects of the business can be impacted in a very short space of time. Add the relentless change and transformation resulting from the march of technology into the mix, and the need for agility and responsiveness is arguably more acute today than it has been ever before.

Against this backdrop, the fact that most existing SAP environments were never designed to cope with the level of demand, disruption and uncertainty we are currently living with is coming into sharp focus. Whether it's responding to threats or seizing opportunities, no one in the business wants to hear that their ability to act is held up by the inflexibility and complexity of your ERP systems.

With this in mind, S/4HANA clearly has to be the strategic 'next destination' from an application architecture perspective. As we have discussed, however, you don't have to wait until you get there to remove many traditional constraints and unlock incremental value. A well-planned, stepwise approach has the potential to deliver quick wins, while paving the way to the future.

For more on the research mentioned in this article, please see the Freeform Dynamics report entitled "S/4HANA Revisited".

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