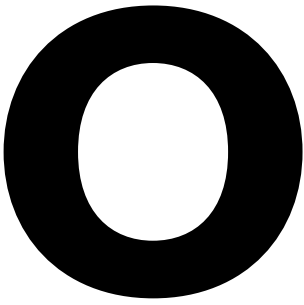


FAR-REACHING IMPACT ON THE IT LANDSCAPE

Digital transformation will not happen by itself, even with SAP S/4HANA

By Hans-Georg Scheibe, Executive Board member, ROI Management Consulting AG



One person in the "March for Science" in April attracted much laughter and attention by going on the demonstration in a Tyrannosaurus rex costume – holding a sign in his dinosaur claws saying "I didn't believe in climate change either". This might also be a useful metaphor for companies, urging them to step up to the plate and change the convenient principle that you should "never change a running system".

Things liven up when outside influences generate an "adapt or die" situation, thereby preprogramming a change of course. Millions of SAP users around the globe are currently coming to terms with a watershed of this kind. SAP is

launching the SAP S/4HANA real-time ERP suite as the successor to its current core product, the SAP Business Suite. This is not an upgrade, rather a migration to a completely new product line – with a corresponding impact on a company's entire IT landscape.

Companies have "no alternative" to this transition, in that the system only runs on HANA and users of older SAP have no choice but to change. SAP benefits from this move in two specific ways, in particular. Firstly, this technologically sophisticated product puts a lot of pressure on their principal competitor, Oracle. Secondly, SAP is "motivating" clients with older systems to make the change by increasing its maintenance fees by 30 percent. The only remaining alternative would be to change the entire ERP system – which would be even more expensive overall and would entail potentially serious risks to processes.

Business Migration Required

If you cannot avoid the cost, you should make the most of the advantages.

the other hand, it provides an excellent basis for successfully managing digital transformation.

However, this change will not happen by itself. Even S/4HANA cannot realize potential at the touch of a button. Therefore, it is important not to focus solely on the technical aspects of migration for a successful transition to S/4HANA. Rather, we should take a three-stage business migration approach.

The starting point is the installation of a local or cloud-based SAP S/4HANA system with industry-specific best practice processes – say for scenarios, such as the simulation of alternative supply routes to improve responsiveness in supply chain management. At the same time, potential must be analyzed by monitoring actual processes and undertaking a fit/gap analysis of the industry-specific S/4HANA template. The results represent clearly defined approaches for improvement and an initial S/4HANA prototype that flags up future working methods. Moreover, the cost/benefits, time schedule and risks can be established and summarized in a decision-making template.

Lastly, the S/4HANA introductory project is launched. At this stage, employees' expertise should play a key role, which, in turn, necessitates a previously initiated change process involving all users. Technological benefits, such as intuitive dashboards or the retrieval of information in real time, do not identify error sources or shorten lead times – future responsibility for this will still lie with people, using new technological tools to creatively further enhance processes. So would the dinosaurs have survived if they had had system integration? Let's discuss this with SAP AG at the next available opportunity!

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And the good news is that there are benefits in abundance! As this issue of DIALOG shows, migration to S/4HANA impressively smooths the way for strategy, operations management, IT and business processes to become more integrated than ever before. On the one hand, this throws up completely new possibilities for improving performance, while on



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