Americas' SAP Users' Group

CREATING YOUR UNIQUE PATH TO A DIGITAL CORE WITH S/4HANA ADOPTION STARTER

Michael Zetzmann, Tobias Westphal, Otto Group Holding

Session ID 82768

About the Speakers

Michael Zetzmann

- Head of SAP Finance, Otto Group Holding
- In SAP area for over 20 years, RPA fan

- Remember:
  Winter is coming!!!

Tobias Westphal

- Teamlead SAP Finance, Otto Group Holding
- In SAP area for over 12 years

- “The force will be with you”

Key Outcomes/Objectives

1. What to expect from S/4 Adoption Starter Program
2. IT and Business Units must work together
3. Effort is worth it!

Agenda

- The company
- Why the S/4 Adoption Starter Program?
- Experience Report
- Lessons learned
- Forecast

1. The Otto Group

> Founded in 1949 as “Otto Versand”

> 123 major companies in more than 30 countries

> around 50,000 employees

> Otto Group is one of the world's largest online retailers

> Three strategic segments Multichannel Retail, Financial Services and Services

1. The Otto Group – in the US

Crate&Barrel

CB2

> 1,8$ billions revenue in 2018

> 8.300 employess

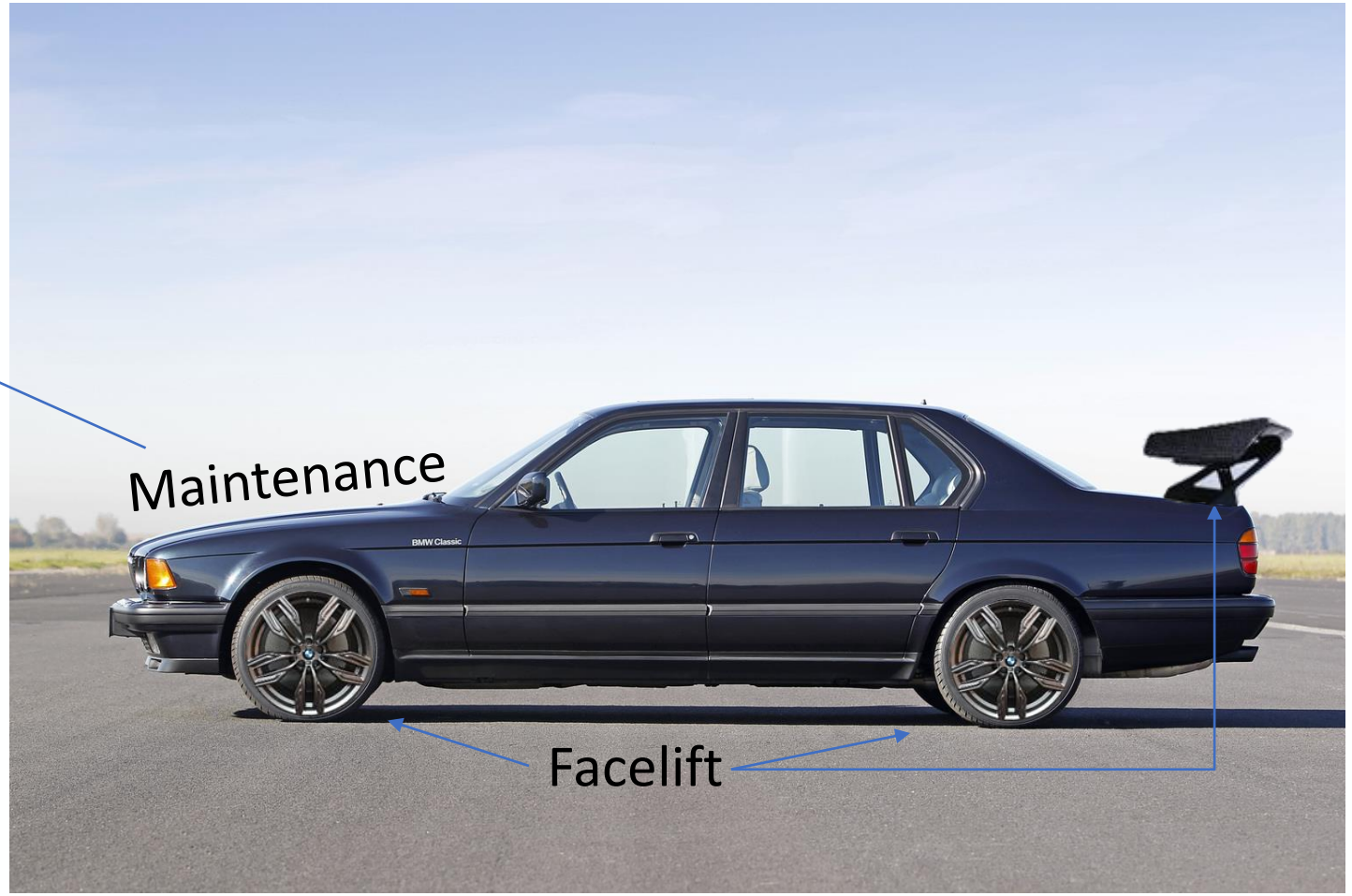
> 100 shops in the US
8 shops in Canada

Why the S/4 Adoption Starter Program?

10 year old system

Maintained regulary

2011 – EHP 5
2013 – EHP 6
2015 – EHP 7
2018 – EHP 8



Facelift

2010 -Webdynpro

2017 - Fiori

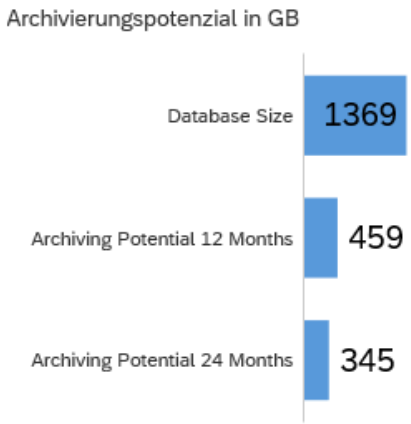
Why the S/4 Adoption Starter Program?

Old Design

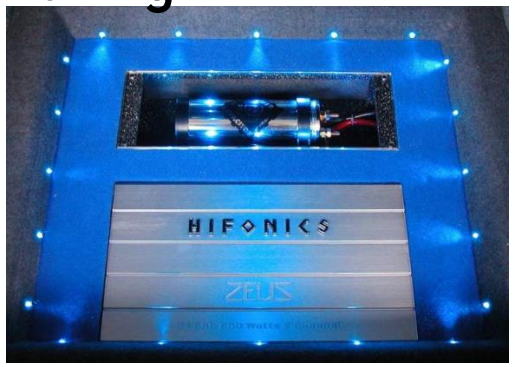
Upgraded Function

Machine Learning

Full Trunk



Tuning



SAP HANA

ASUG

Why the S/4 Adoption Starter Program?

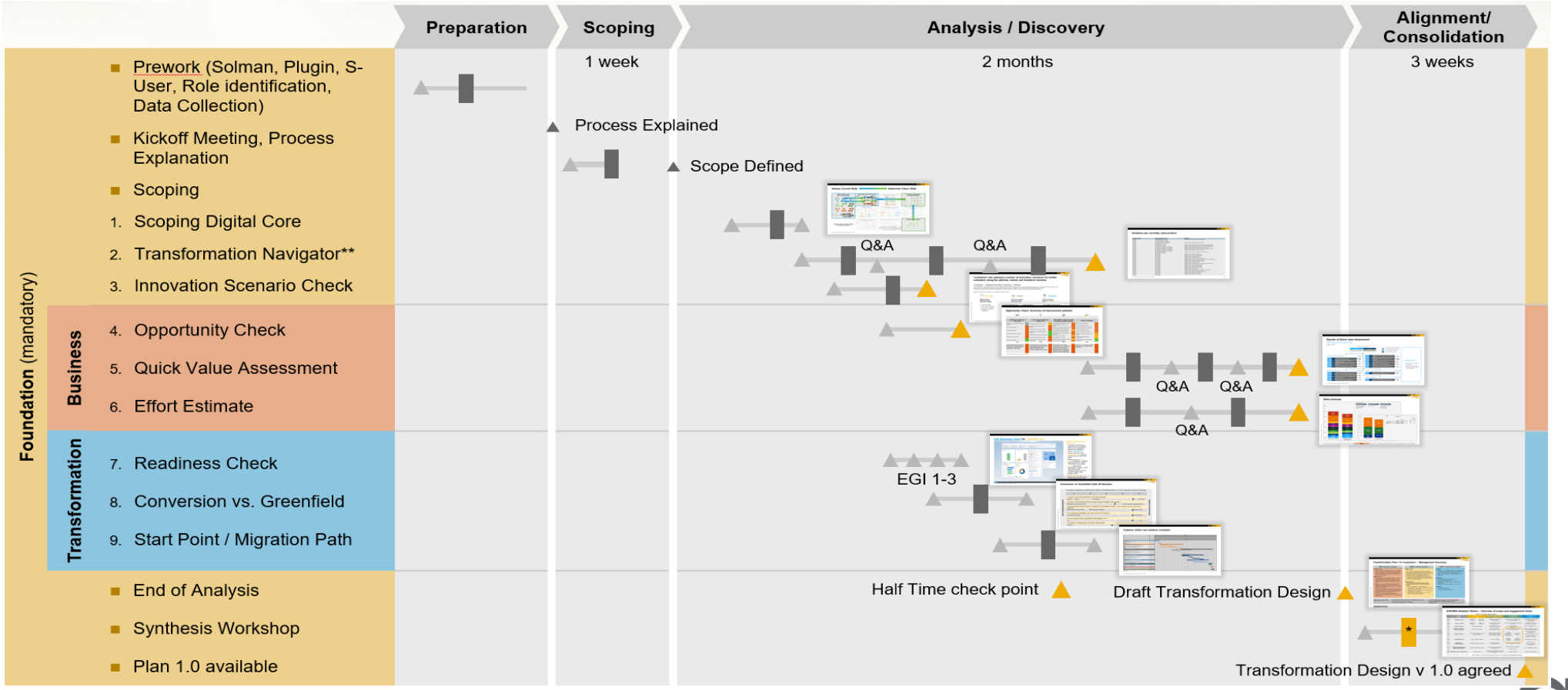
We want to have this!!!

2. Our Experience – S/4 Adoption Starter Program

- What is the procedure within the Adoption Starter Program?
- What were the problems?
- What experience did we made?

2. Experience Report

What is the procedure within the Adoption Starter Program?



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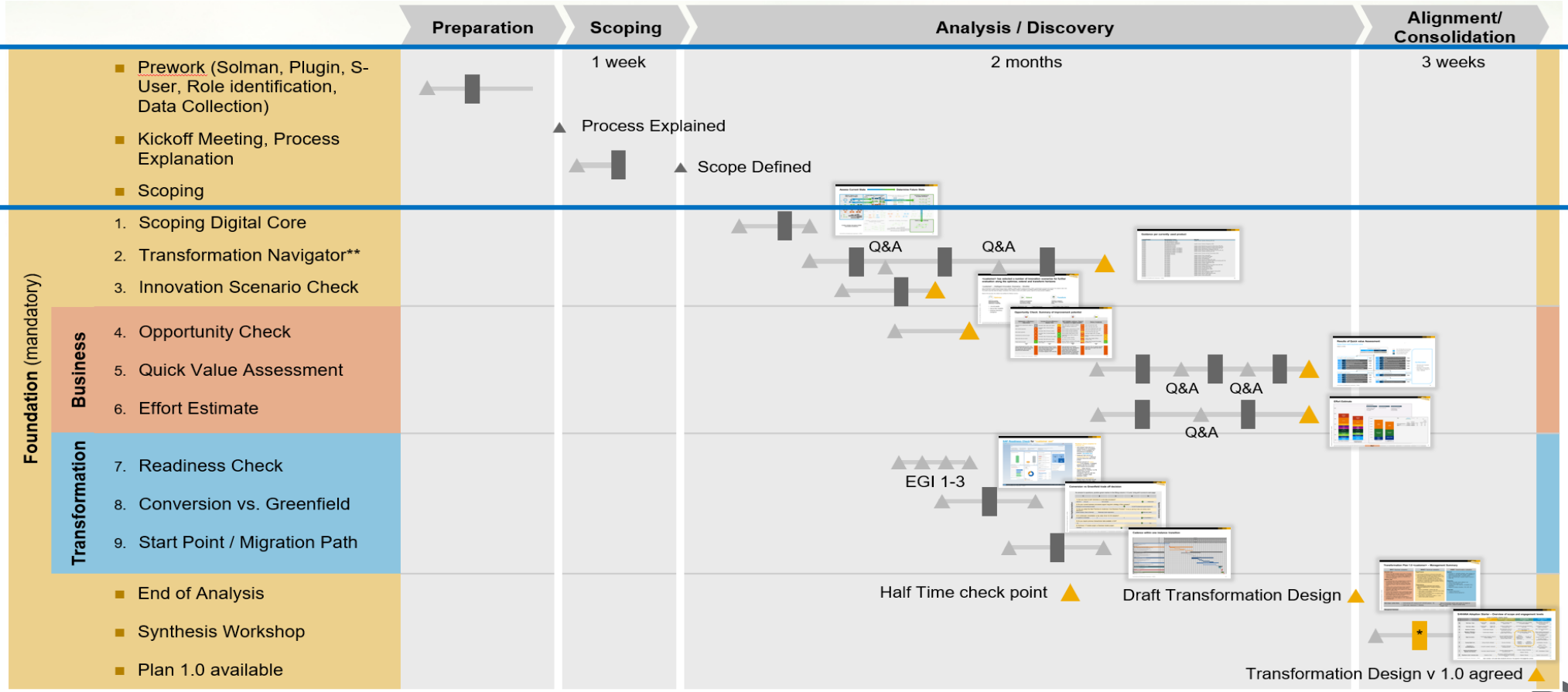
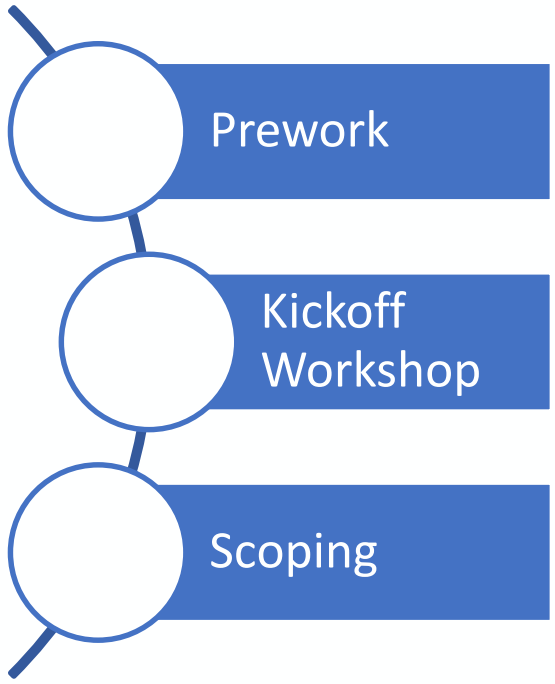


2. Experience Report

Start of the project



- Connection of the system to the OSS
- S-User naming
- Get Budget

- Discuss schedule and procedure
- Introduction round of the participants

- Internally define the roles for the appointment series
- Distribute appointments to all internal participants
- Agreeing on common internal objectives

2. Experience Report

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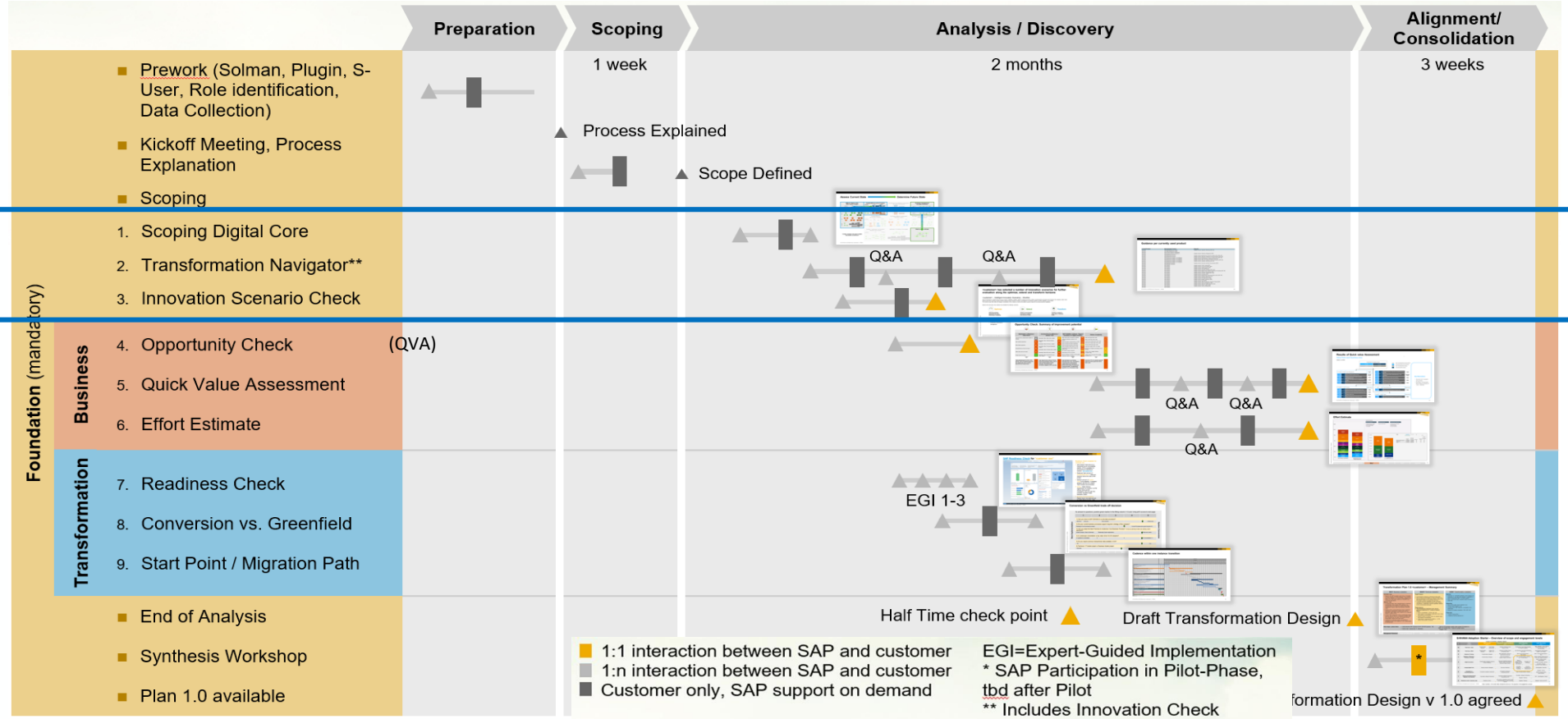
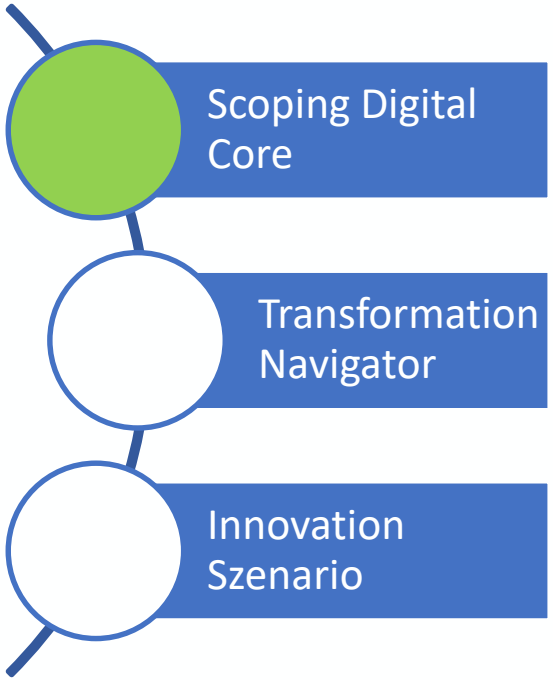


2. Experience Report

Objectives and System Landscape



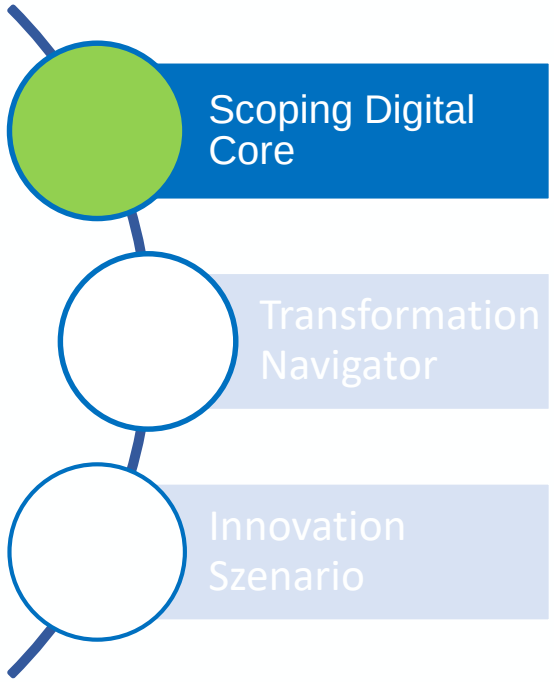
- scope of conversion
- System landscape

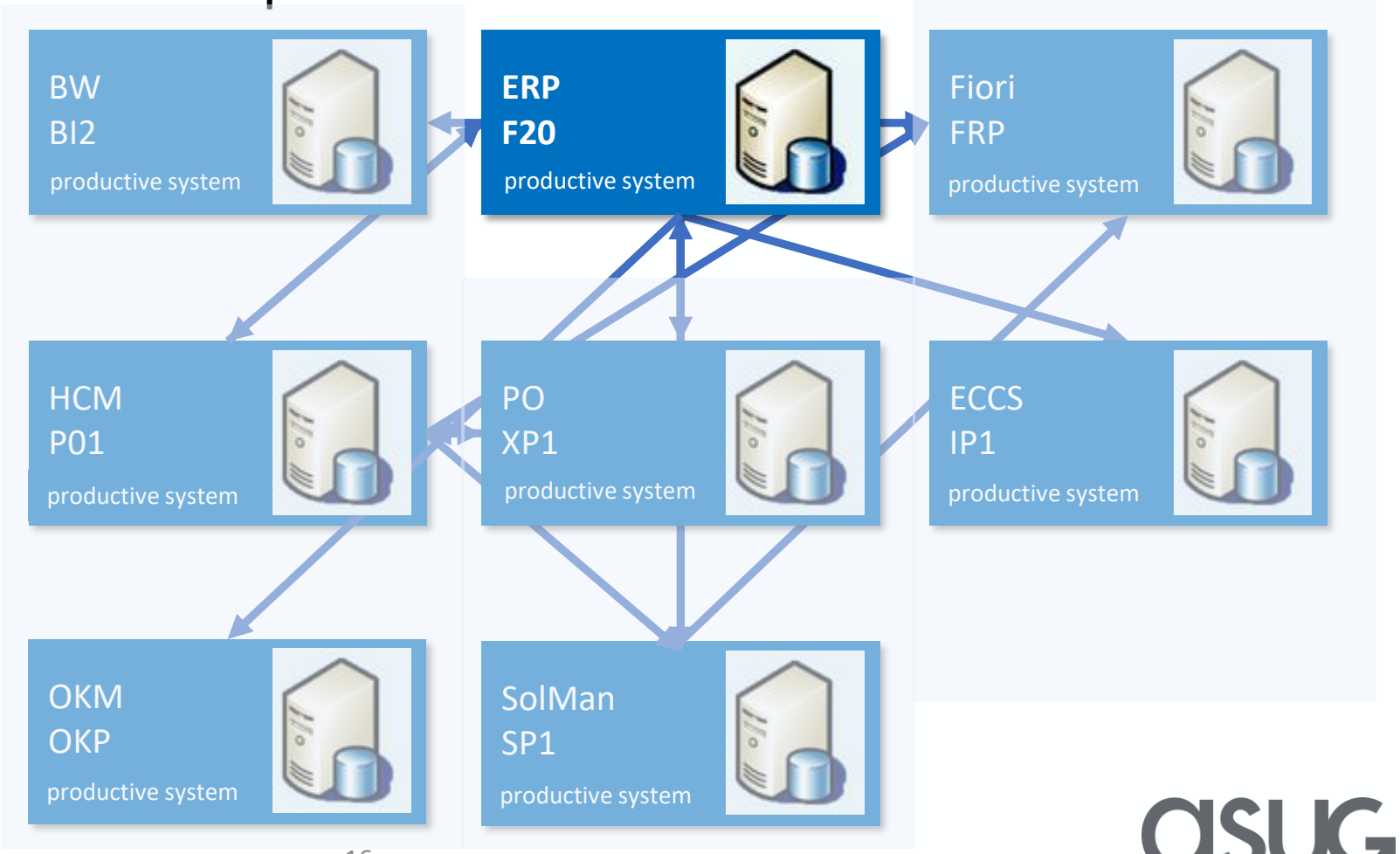
- Displays new technology in line with your own system landscape
- Entry for determining the target landscape

- SAP presents innovations around a S/4 HANA project
- Machine learning, Cloud, RPA etc…

2. Experience Report

Objectives and System Landscape





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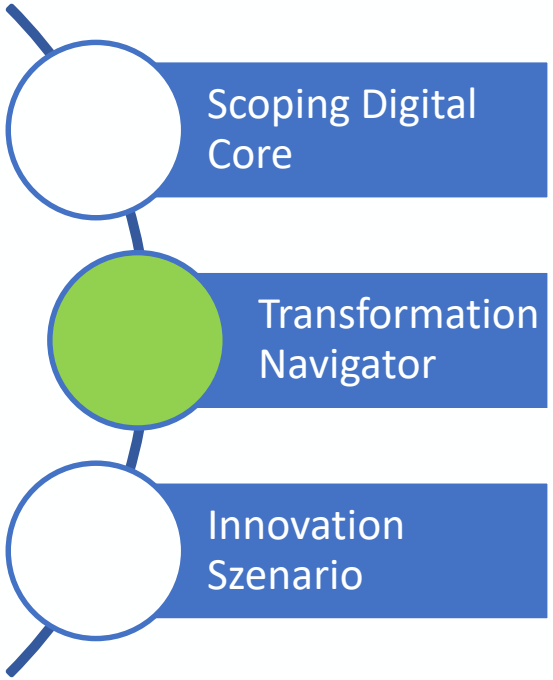

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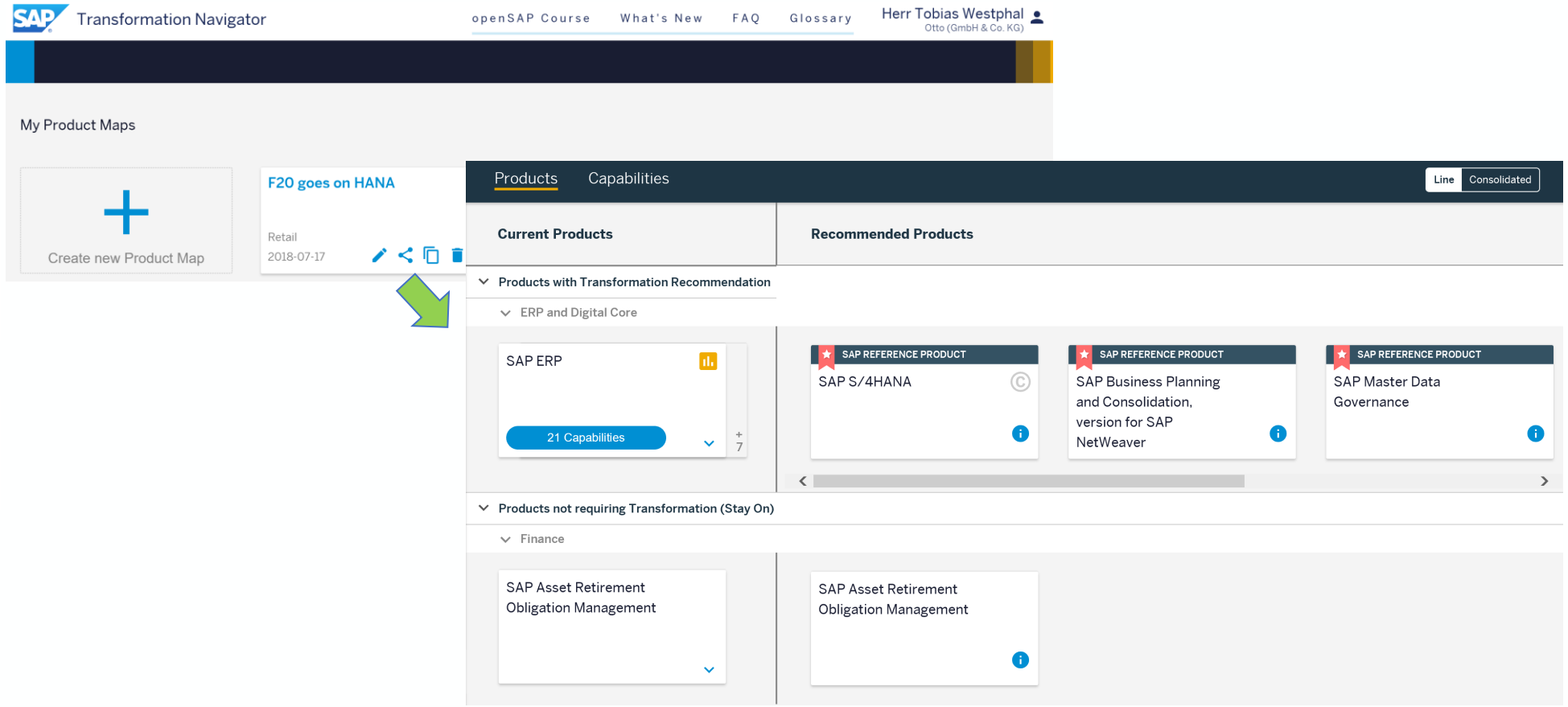
2. Experience Report

Objectives and System Landscape

- Scoping Digital Core
- Transformation Navigator
- Innovation Szenario



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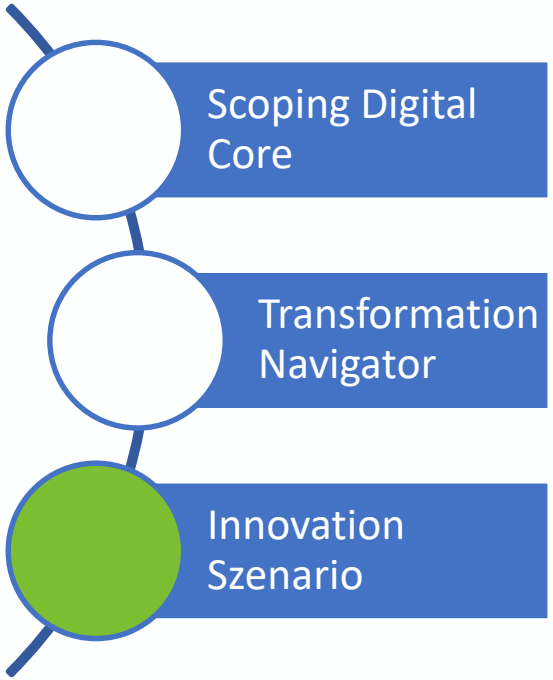

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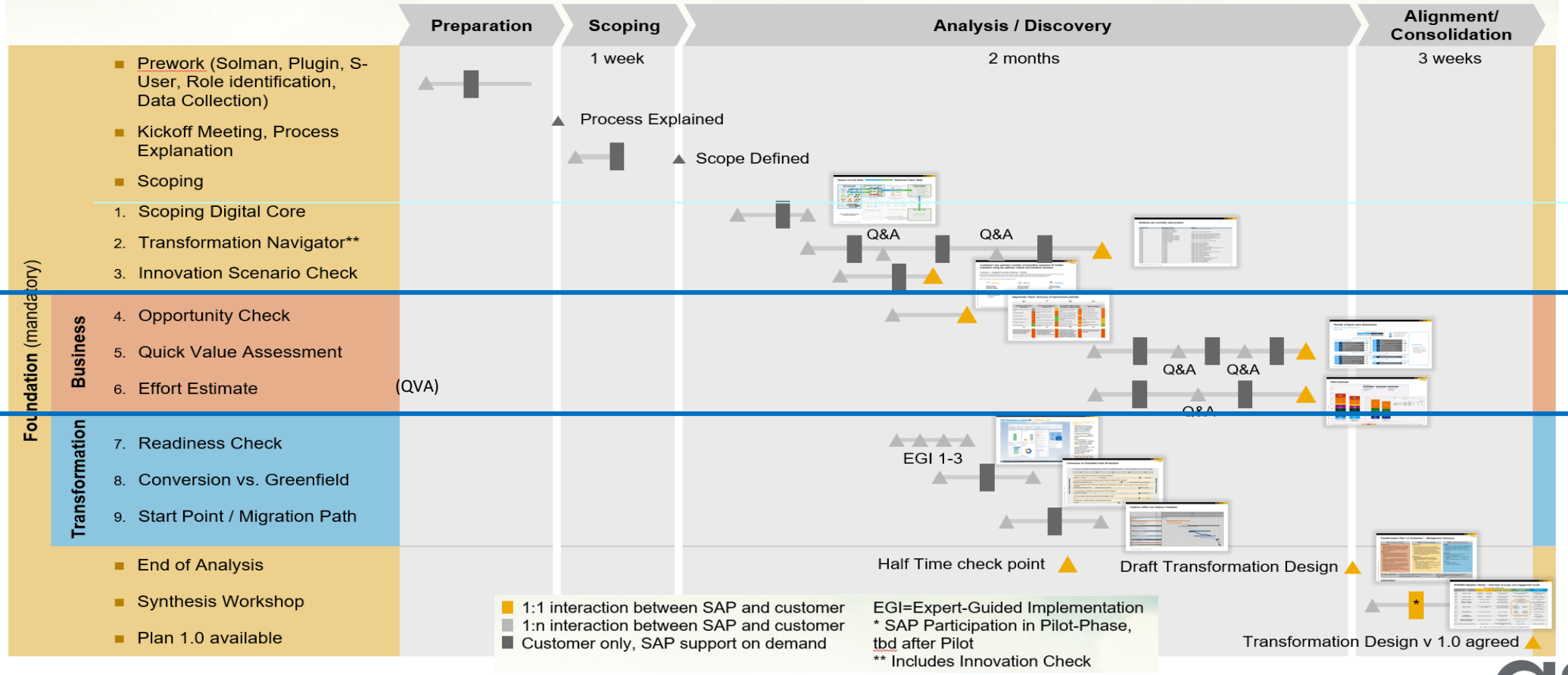
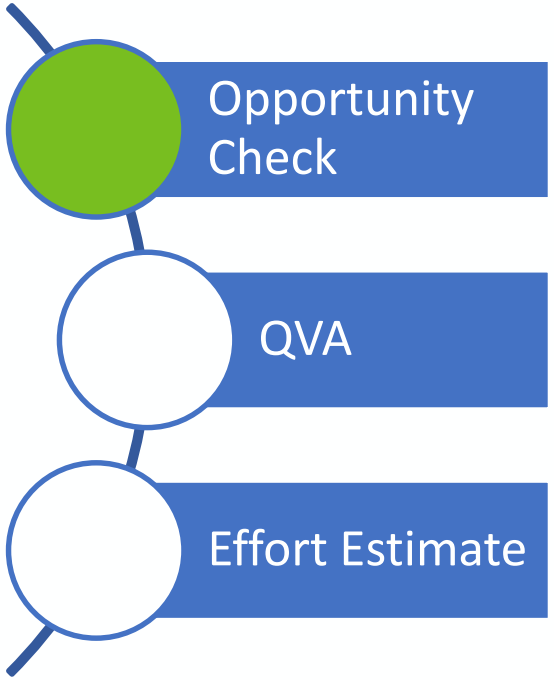


2. Experience Report

Business – Phase



- KPI analysis of the system
- Complexity reduction
- Process automation rate
- Data quality

- Cost / savings – analysis
- Savings potential in business through accelerated business processes

- Project cost distribution per project step
- Project cost indication

2. Experience Report

Business – Phase

- Opportunity Check
- QVA
- Effort Estimate

Optimization of Business / Value Driver	
Lead time from customer item creation to clearing	36d
Late customer payments	68%
Early vendor payments	27%
Unrestricted-use stock not moved	0
Sales order stock not moved	0
Project stock not moved	0

High potential seen in DS: 68% of all customer payments done too late; DPO shows medium potential

Increase Process Efficiency / Reduce TCO	
Automation Rate: Sales order creation	92%
Automation Rate: Outbound delivery creation	100%
Automation Rate: SD invoice creation	91%
Automation Rate: Purchase Requisition creation	0%
Automation Rate: Purchase order creation	95%
Automation Rate: MM invoice creation	61%
Automation Rate: Production/Process order creation	-

Automation rates already high in most areas. Optimization potential only in purchase requisition creation as all items are text items

SAP S/4HANA readiness / Support foundation for digital transition	
Sales orders open & overdue for delivery	12
Outbound Deliveries overdue for GI posting	0
Open & Overdue customer items in FI-AR	534.3k
Open & overdue purchase requisitions	6.6k
Open & overdue purchase order items	1.1m
Open & overdue vendor items in FI-AP	92.7k
Production/Process orders overdue for deletion flag	-
PM orders in phase 'released'	-
Open items on FI-GL accounts	5.6m
Inbound Deliveries overdue for GR posting	0
Shipments without completion	0

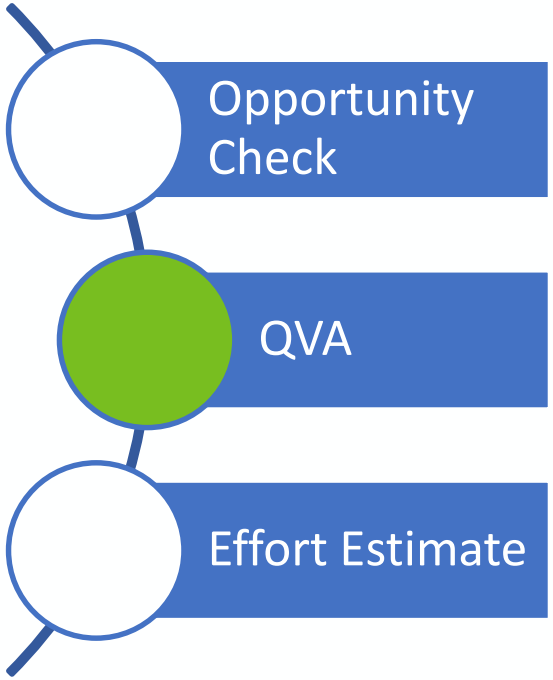
High document backlogs in different application areas; especially in purchase order backlog and open item management of FI-GL

Reduce Complexity	
Sales order type never used	8 of 19
Return order type never used	0 of 2
Credit memo request type never used	1 of 4
Debit memo request type never used	0 of 1
Process order type never used	-
Order type usage in PM / CS orders	-
Materials w/o required purchasing source list entry	0
Config. check: Suggest 'delivery completed' flag	Flag everywhere set
Config. check: Document Flow Update from MM to LE	Not used

Otto specific document types are mostly used - except for sales orders

2. Experience Report

Business – Phase



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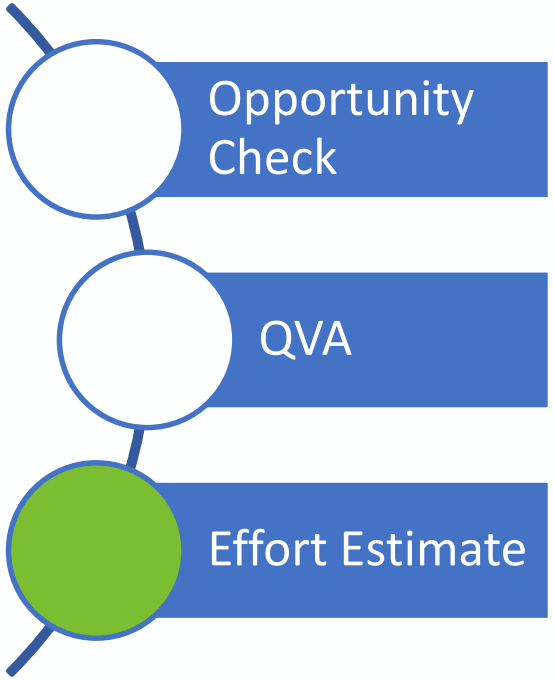

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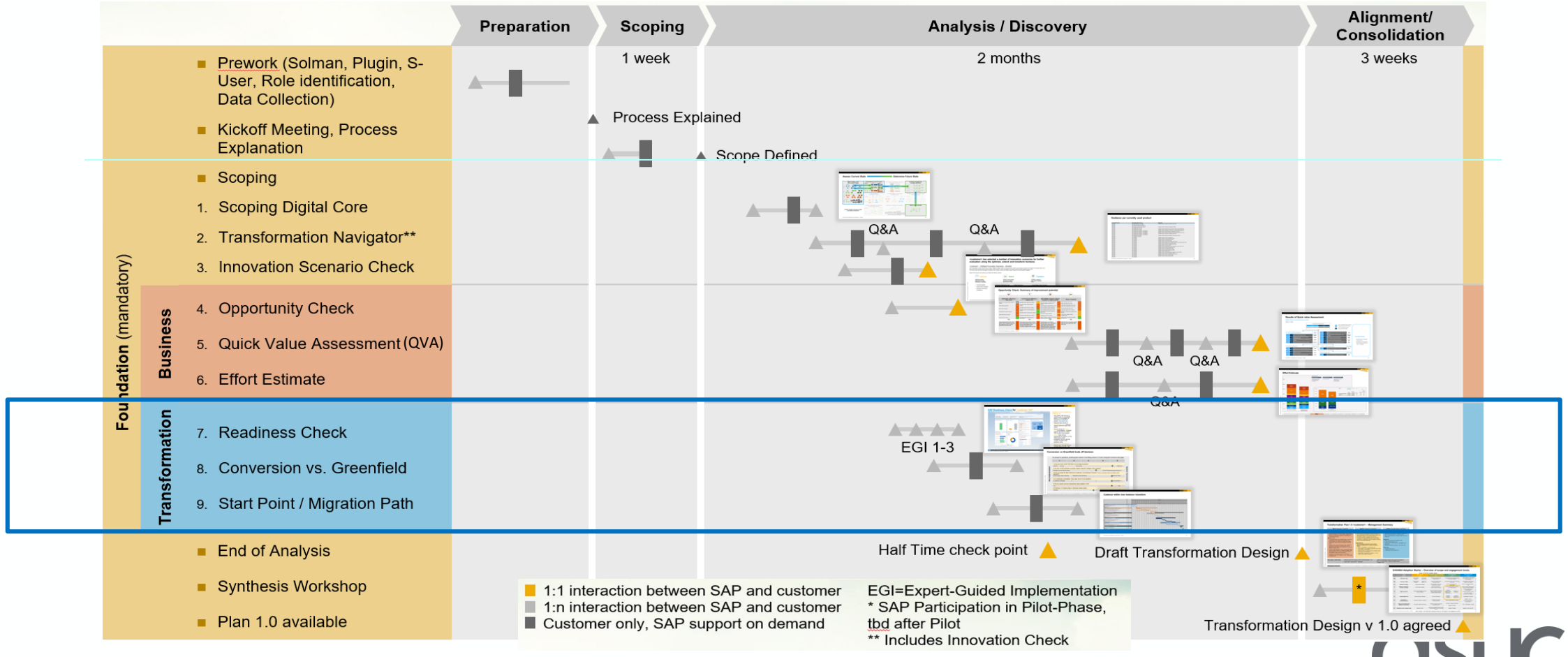
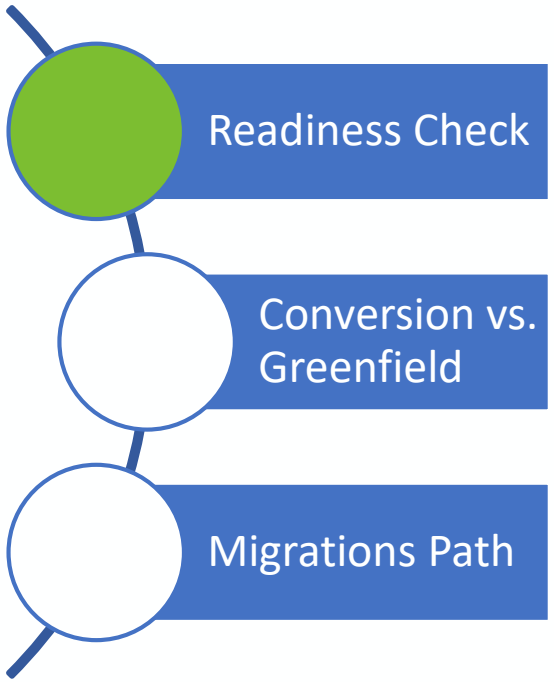


2. Experience Report

Transformation



- Technical analysis of the system
- Note list suitable for the respective S/4 HANA version
- Business Function and AddOn Check
- Quality of in-house developments

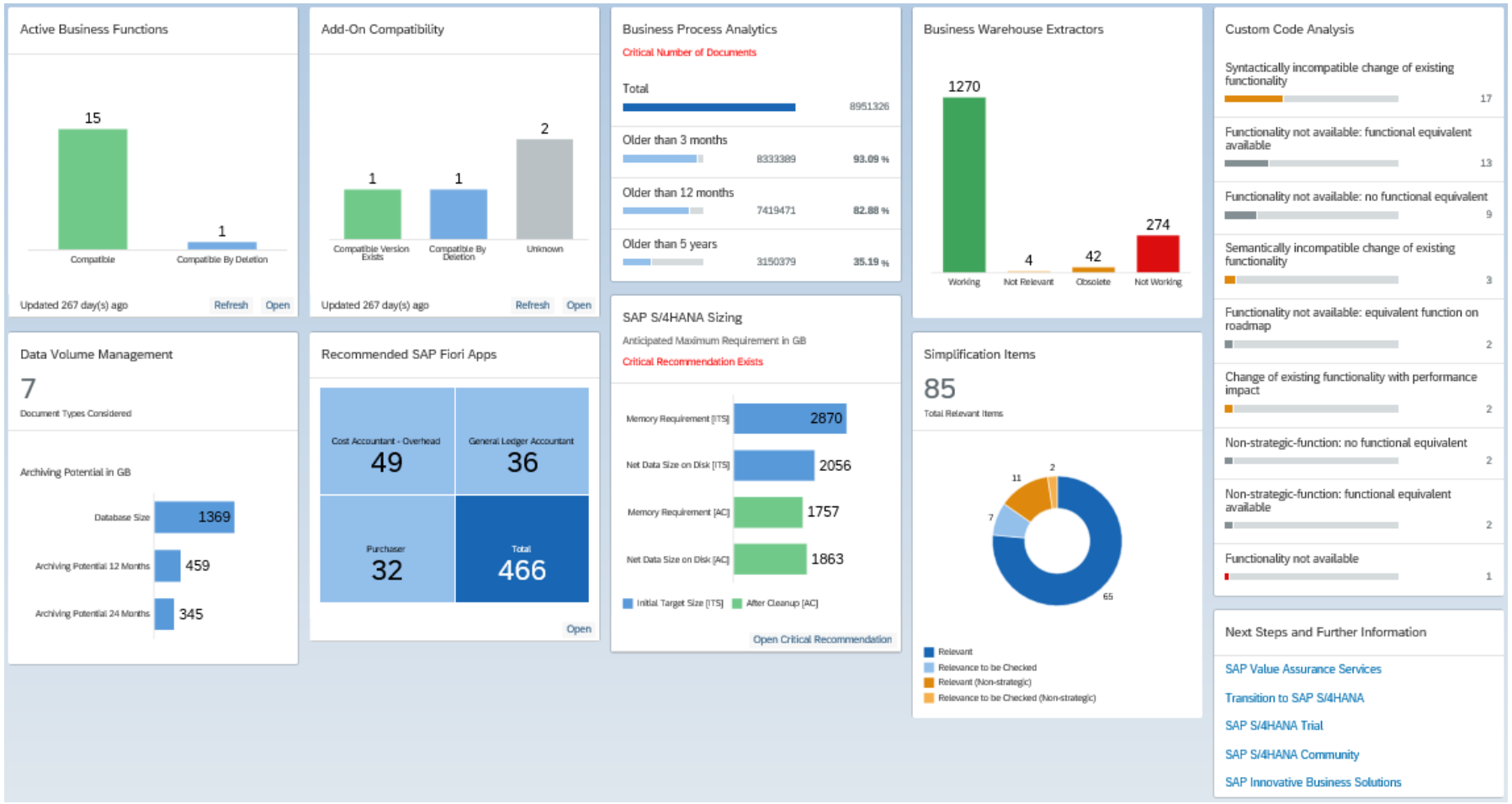
- Advantages and disadvantages of the two upgrade variants
- Possible variants per system landscape

- In which steps can a S/4 HANA upgrade take place?
- Exemplary project plan
- Road map

2. Experience Report

Transformation

- Readiness Check
- Conversion vs. Greenfield
- Migrations Path



2. Experience Report

Transformation

- Readiness Check
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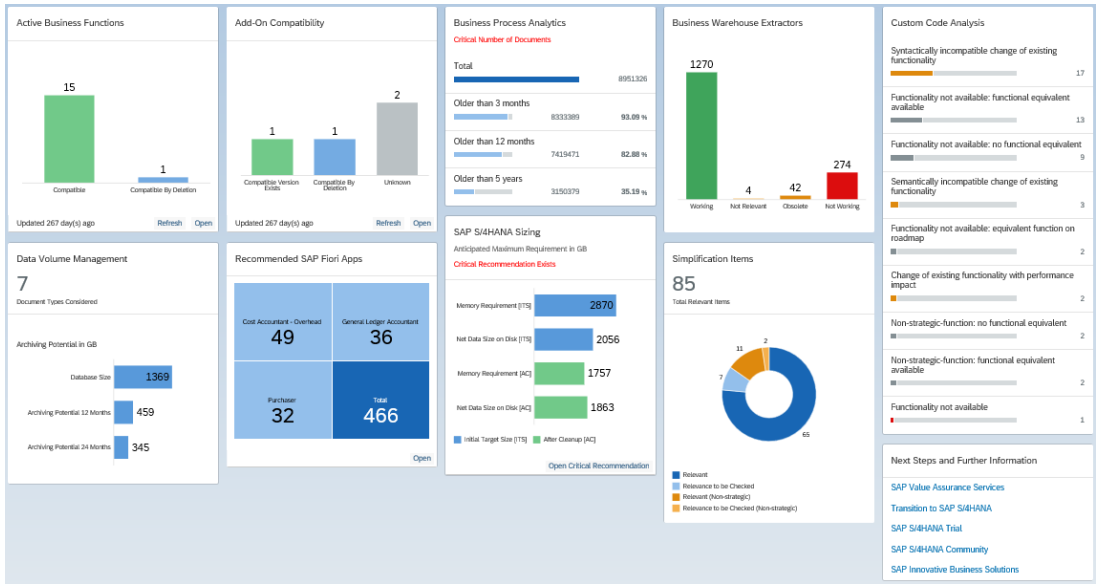
ERP F10 Development

ERP F15 test system

ERP F20 productive system

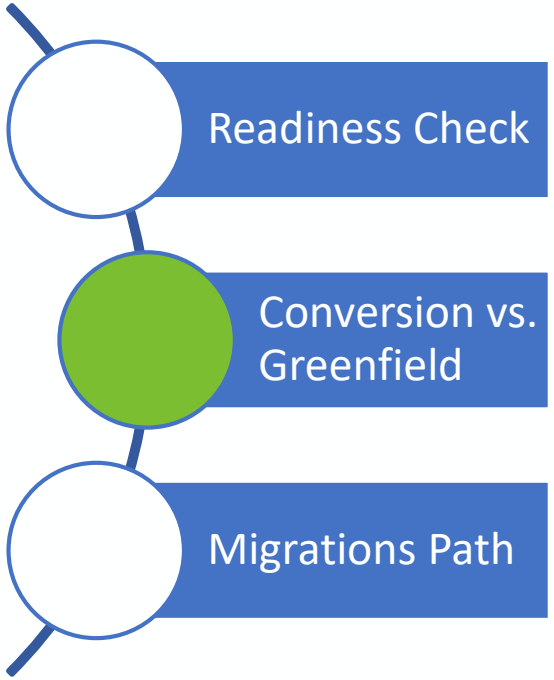
development objects



usage data (UPL)

2. Experience Report

Transformation



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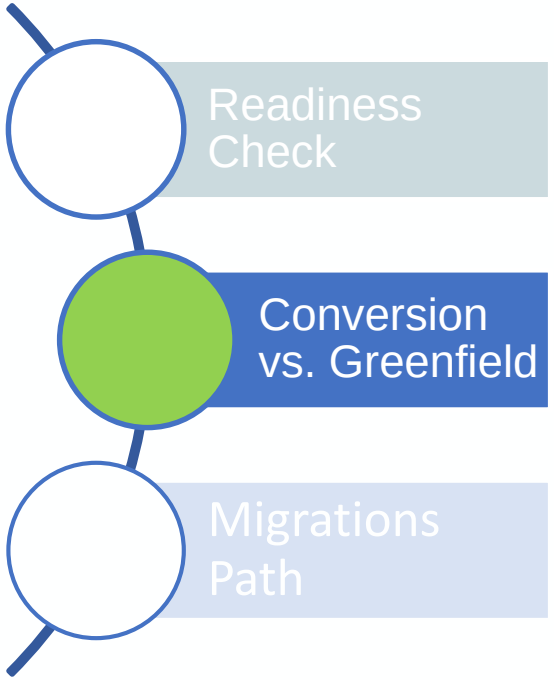
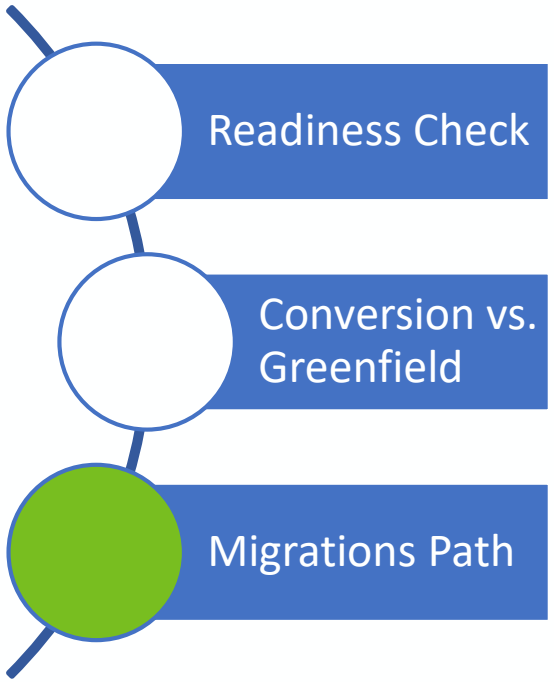


As answer to questions, position green marker in the fitting column (1-5) and bring all 6 scores to next page

	1	2	3	4	5	
1) Can you move to SAP S/4HANA in a one-step procedure?						
New Implementation	<ECC 6.X OLD_GL		Non-Unicode		>=ECC 6.0X	System Conversion
2) Do your current business processes support long-term strategy of the company?						
	Redesign of core business processes				Current Processes are a good long term fit	
3) Can you adopt the Best Practices to modernize Core Business Process? Or are you planning to take over existing custom applications?						
	Model Company / Back to Standard		Redevelop Custom Applications		Take over custom	
4) Is Landscape consolidation a key value driver for S/4 adoption?						
	4+ systems to consolidate	3		2	No Consolidation 1:1	
5) Do you require previous transactional data available in S/4?						
	No				Yes	
6) Technical / IT funded project or Business funded project						
	Business				IT	

2. Experience Report

Transformation



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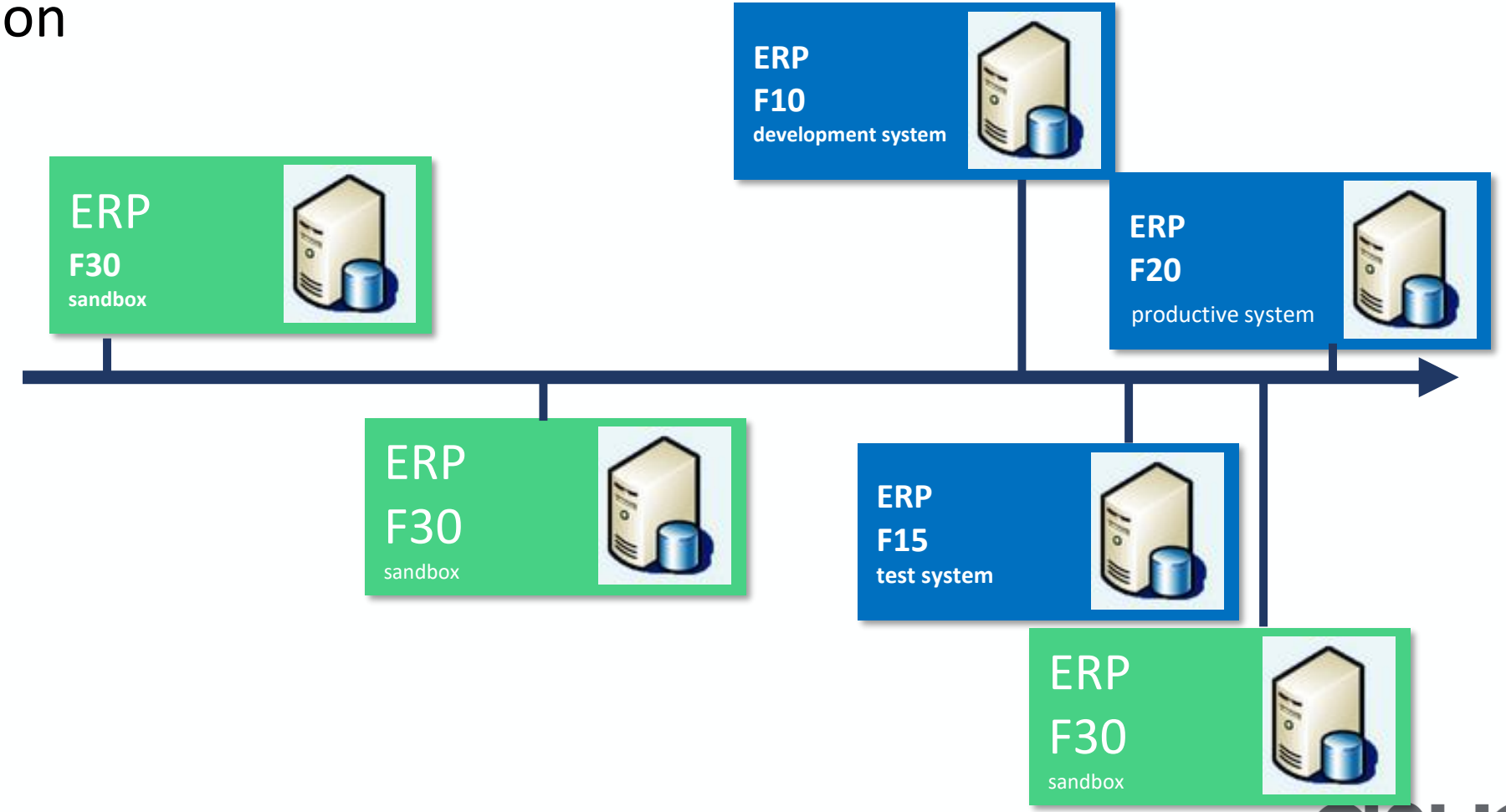

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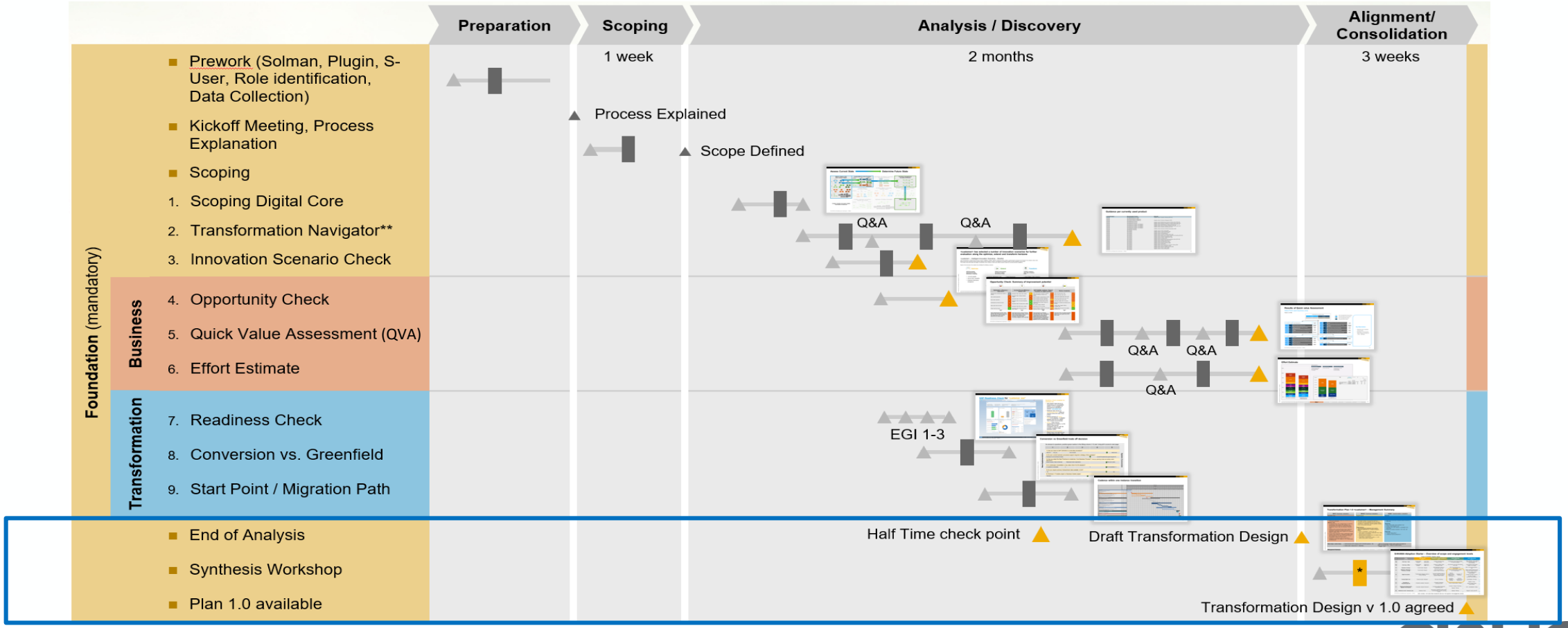
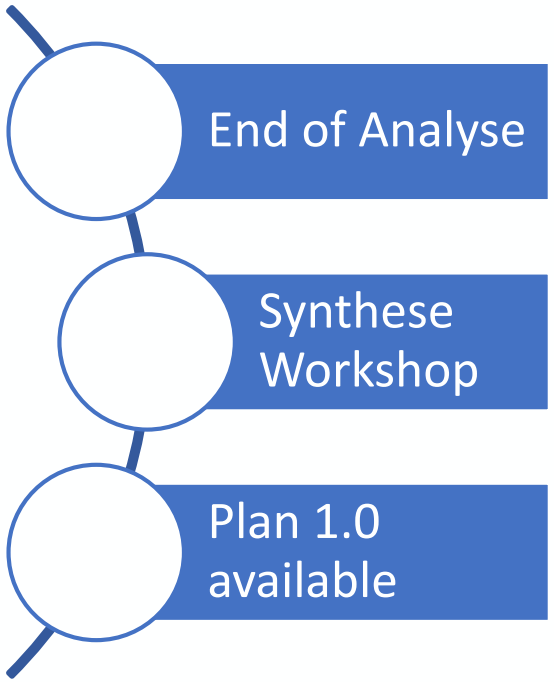


2. Experience Report

Project completion



- Extensive Powerpoint Presentation
- Summary of all results

- Internal closing event
- 1:1 session with SAP for further action

- Lineup the next steps
- Voting of a roadmap

2. Experience Report

Trumpf: „The time for intensive custom code analysis is not enough in Adoption Starter.“

Karstadt: „Which basic consultant can I find, who will manage to install the Hana Readiness Check (including all notes) and get it running until the workshop?”

Otto: „For the fourth time, the SAP Readiness Check has to be updated.”

Otto: „Did I forget to invite the others or why am I sitting here alone in the telco?“

Trumpf: „The work balance within the 90 days could be better.”

Karstadt: „Why did we just register? Another workshop on Hana Readiness and no lunch.“

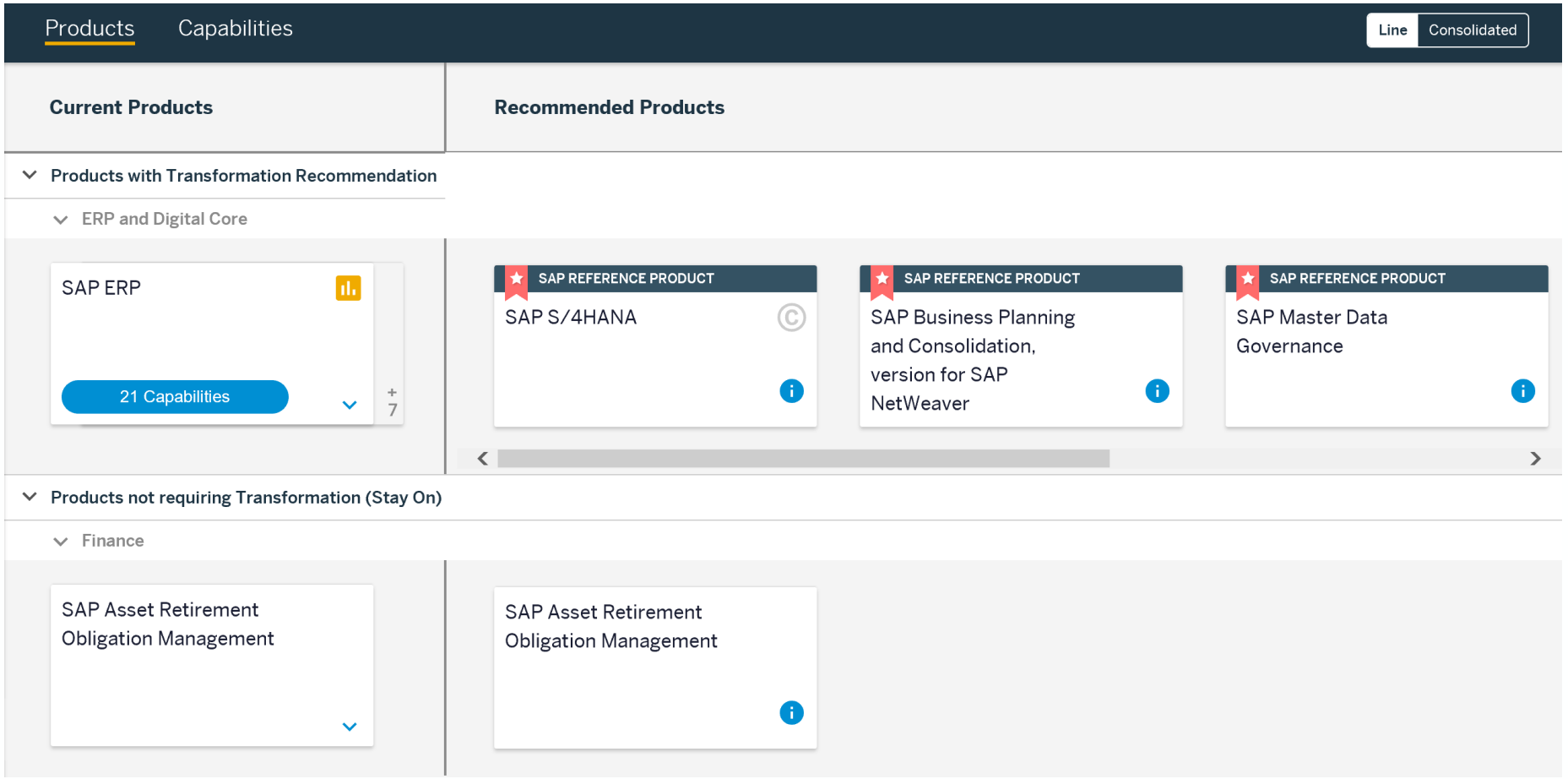
Karstadt: „Help - can one explain to me where the EUR 19 million" Unrestricted use stock for 12 months or more come from? The department never believes me!”

3. Project results

- Which tools did we learn about?
- What next steps lie ahead of us?

3. Project results – important Tools

Transformation Navigator



3. Project results – important Tools

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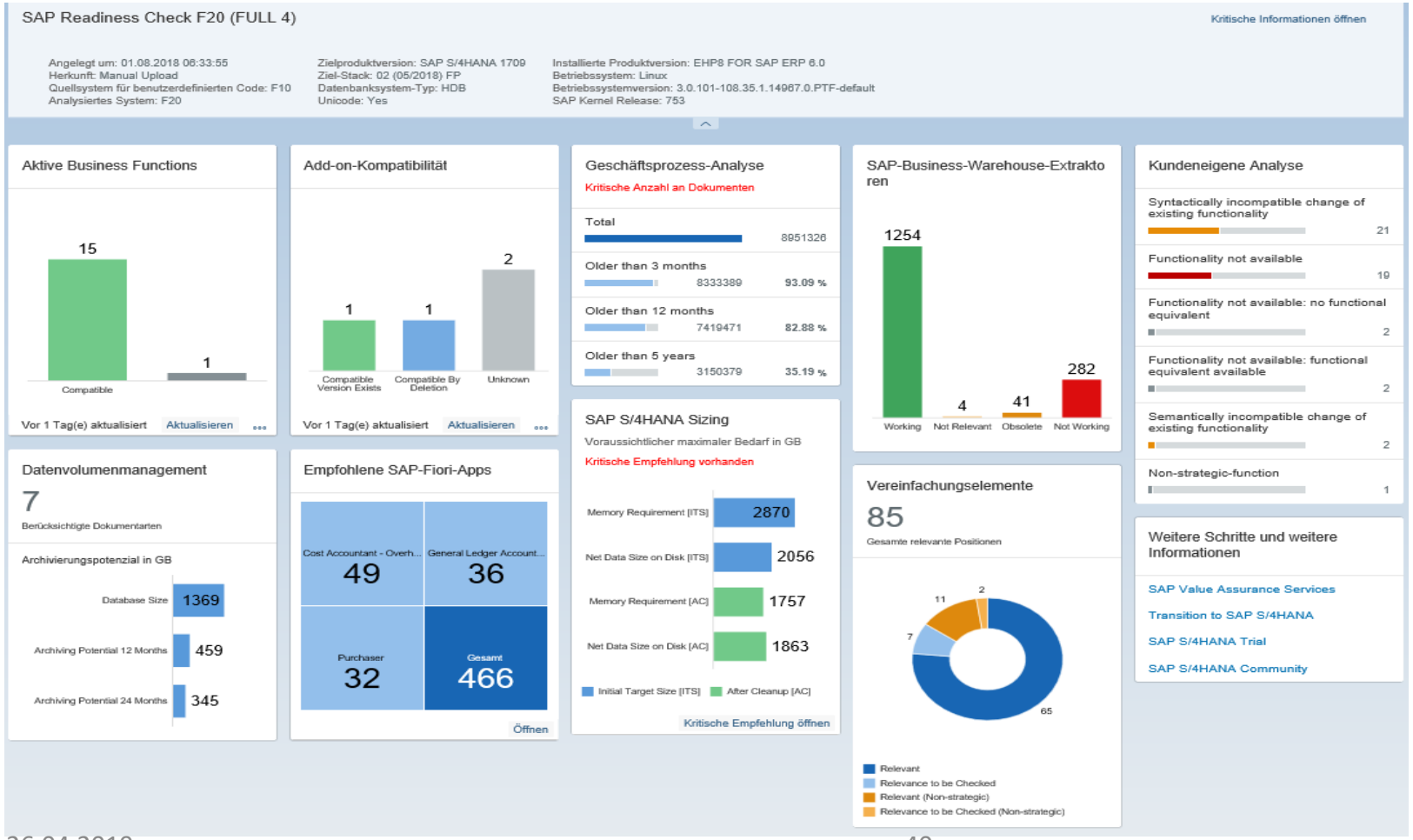
3. Project results – important Tools

SAP Readiness Check



4. Lessons Learned

- There is still room for improvement
- What went well within the Adoption Starter Program?

4. Lessons Learned

There is still room for improvement!

- Not self-explanatory presentations
- Participation rate in meetings
- Some weeks the todo list/meetings clustered heavily
- Time-consuming communication of the results
- Depth of know-how required by specialist departments too high
- Different system landscapes of the participants
- Different target landscapes of the participants
- Implementation of the SAP Readiness Check was difficult

4. Lessons Learned

What went well within the Adoption Starter Program?

- Professional exchanges
- Additional 1:1 sessions for more specific questions
- Organisation of regular update meetings by SAP and adherence to delivery dates
- JAM Platform
- Fast processing of notifications of technical problems
- Access to all tools even without enterprise support
- Criticism of the tools was taken seriously and changes were actively integrated

Conclusion: Participation is recommended!

5. Forecast

What next steps lie ahead of us?

- Analyse and discuss the Results of the Readiness Check
- Updating AddOns (done)
- Analysis of the hint lists for critical functions and showstoppers
- Introduction of New Asset Accounting
- Finalization of the CVI - Business Partner integration
- Project plan for a system conversion to S/4 HANA

- Get budget for the upgrade - very important!!!
- Migrate system to S/4

Conclusion

Three intensive months

Relevant information provided

Good support through tools

It was worth it for us!

Contact details

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Q&A

For questions after this session, contact us at michael.zetzmann@ottogroup.com and tobias.westphal@ottogroup.com.

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