

ASUG

2024

Pulse of the SAP Customer Research



Technology in Focus



As SAP customers prepare their organizations for transformation, a sense of urgency is taking hold with regard to cloud migration initiatives, according to ASUG Members surveyed within ASUG’s annual Pulse of the SAP Customer Research.

Shifting from on-premises ERP environments to the cloud, and embracing emerging technologies like artificial intelligence (AI), will prove complex and time-consuming for many intelligent enterprises.

With SAP committed to providing mainstream maintenance for SAP Business Suite 7 (which includes SAP ERP Central Component 6), through the end of 2027, ASUG Members are progressing toward adoption of its successor, SAP S/4HANA, in increasing numbers. ASUG Members are also sharpening their focus on integration challenges, seeking to maximize their budgets, and turning their attention to upskilling their workforces.

Integration between SAP and non-SAP systems (36%) and integration within SAP systems (33%) were among the top identified focus areas for ASUG Members, pointing to the complexity that many professionals face in their business processes due to heterogeneous landscapes.

Dig into the analysis.

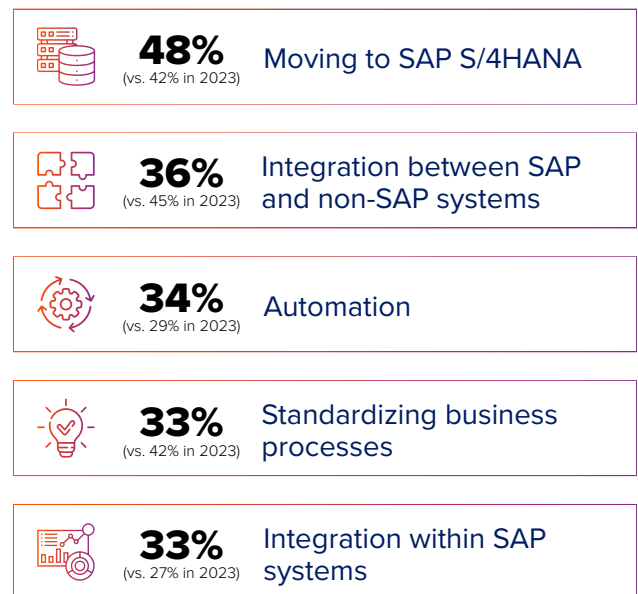
Listen to a discussion between ASUG CEO & Chief Community Champion Geoff Scott and ASUG Research Director Marissa Gilbert.



Moreover, with automation (34%) and standardizing business processes (33%) noted as additional focus areas, ASUG Members are committed to breaking down silos within their organizations and reducing the complexity. For members running legacy systems that are outdated and highly customized, the answer isn’t just that they need to integrate; they need to standardize as well, including by adopting a practice of minimizing customization and modifications to their core ERP systems.

And with moving to SAP S/4HANA identified by nearly half (48%) of respondents as a top focus area for 2024, it’s clear that ASUG Members are opting to achieve that process standardization—and take a fit-to-standard approach, informed by industry best practices—through implementing SAP S/4HANA in the cloud or on-premises.

Top Focus Areas for 2024



Q. What are the areas of focus that are most important to your organization in 2024? (Please select all that apply.) 2024 (n=766); 2023 (n=806)

The Move to SAP S/4HANA



2024 signifies a tipping point in ASUG Members' implementation of SAP S/4HANA. First launched in 2015, almost a decade ago, the ERP software—intended to cover all core capabilities and day-to-day processes of an intelligent enterprise—is now embraced by more SAP users than ever before.

Of the ASUG Members surveyed, 47% are either using SAP S/4HANA or starting the implementation process. Within two years, 69% of survey respondents expect to have implemented SAP S/4HANA.

Indeed, SAP S/4HANA is the top focus area for ASUG Members this year, with 48% of those surveyed calling it “most important” to their organizations in 2024 (compared to 42% in 2023). In addition, members report that the top skill set missing or lacking at their organizations is SAP S/4HANA expertise.

ASUG Members are starting to shift away from on-premises ERP environments in increasing numbers, consistent with the movement of overall SAP instances outside of SAP S/4HANA. Still, SAP S/4HANA migration is a principal driver for members moving to the cloud.

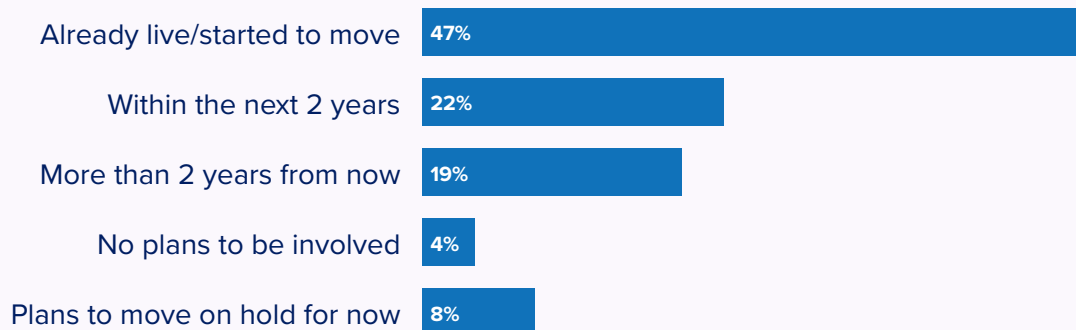
Download the infographic.

Explore the top challenges for SAP customers this year.

Get your complimentary infographic:

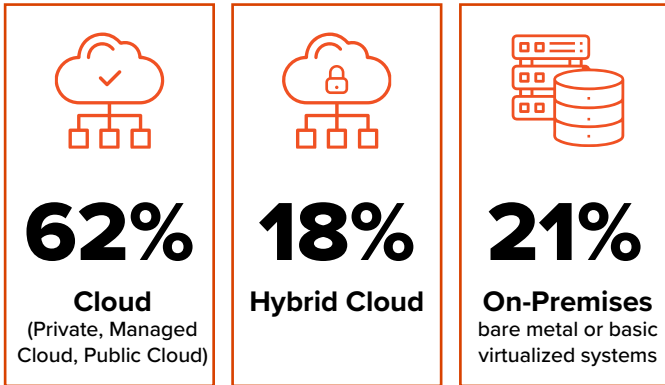


SAP S/4HANA Implementation Plans



Q. What are your plans, if any, to implement SAP S/4HANA? 2024 (n=766);

2024 SAP S/4HANA Cloud Environments



Q. Where does your organization run, or will it run, its SAP S/4HANA environment(s)?
(n=506)
Base size and data adjusted to exclude respondents who have no plans to be involved with SAP S/4HANA or who did not know where their SAP S/4HANA environment(s) will run.

In 2024, the majority of ASUG’s Pulse of the SAP Customer survey respondents (62%) run or will run SAP S/4HANA in the cloud—of the 62%, the majority are in a private cloud (40%), followed by managed cloud (16%) and public cloud (6%).

Multiple cloud solutions are on the radar for SAP customers’ future use—and with SAP focusing on delivering innovations specifically to its cloud customers, adoption of its cloud solutions is expected to increase. Across the board, more ASUG survey respondents are considering future use of SAP S/4HANA Cloud, RISE with SAP, SAP Analytics Cloud, SAP HANA Enterprise Cloud, and SAP Business Technology Platform, compared to 2023.

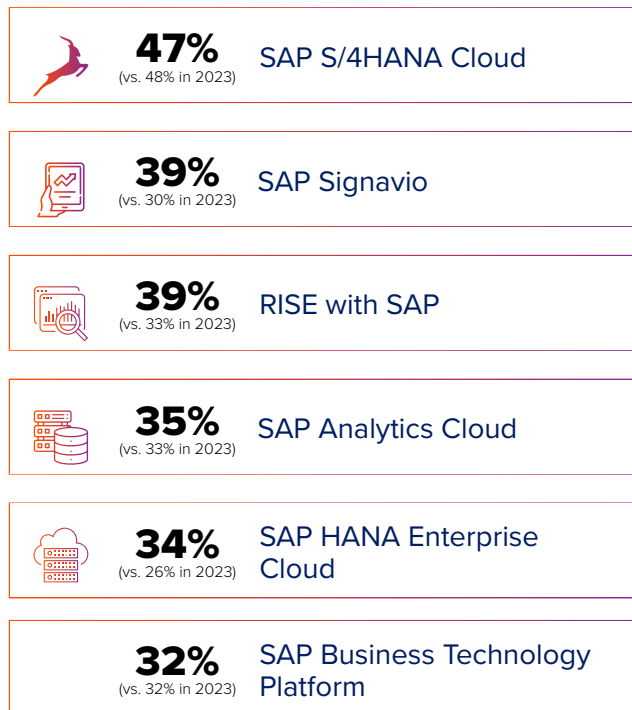
Among surveyed ASUG Members currently running on-premises SAP instances, costs or resources, security, and compliance were noted as the top hurdles preventing them from migrating to the cloud.

Addressing these concerns helps customers more effectively build the business case for adopting cloud ERP. Some ASUG survey respondents in on-premises environments signaled that they are currently migrating or planning to migrate to the cloud.

Indeed, 57% of surveyed ASUG Members view migrating to the cloud as having a significant impact on their organizations’ overarching digital transformation efforts, secondary only to data analytics/dashboards (62%).



Top SAP Products in Future Consideration



Q. How would you describe your organization’s experience with each of the following SAP products? 2024 (n=766); 2023 (n=744)
% indicates number of respondents who have never used the product, but are considering it for the future.

Organizational Shifts

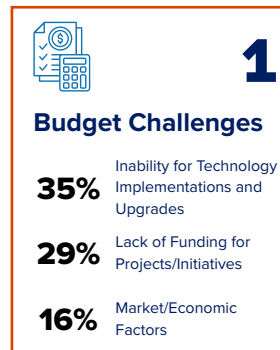


Pandemic-induced business disruptions are no longer top of mind for ASUG Members, and organizations are moving forward with their technology initiatives, with budget, integration, and master data maintenance cited as leading challenges organizations face this year.

Maintaining knowledgeable staff/turnover and supply chain issues (two challenges exacerbated by the pandemic) decreased by 8% and 11% respectively in 2024, according to surveyed ASUG Members. Though maintaining knowledgeable staff/turnover is still a notable challenge for organizations, it is no longer the leading challenge.

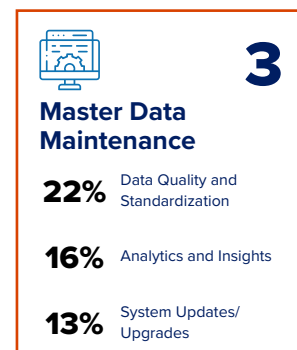
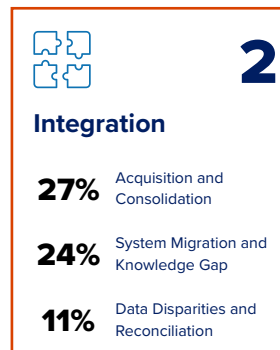
This year, surveyed ASUG Members reported that budget issues are the top challenge for organizations, and further indicated that cost reduction, revenue generation, and increasing process efficiencies are all ways in which they are moving to address this challenge. “We are growing as an organization both organically and through acquisitions,” one respondent stated. “We need to spend money on technology to support the growth.”

Pre-pandemic reality is re-emerging, and with it so are integration challenges related to mergers and acquisitions (M&A), according to respondents. As interest rates rose over the last two years, companies regained some of their traditional leverage in M&A deals, compared with the period of low interest rates seen during the pandemic that favored financial buyers. With integration identified as a top focus area for organizations in 2024, as well as a leading challenge, an increase in M&As is likely to complexify integration initiatives in the coming year.



Top Issues and Challenge Drivers at Organizations

Q. Which of the following challenges is your organization currently experiencing? (Please select all that apply.) (n=766)



The Great Reskilling

Workforce needs continue to shift. While surveyed ASUG Members still cite maintaining knowledgeable staff/turnover as a top challenge, it has dropped from 37% in 2023 to 29% in 2024. ASUG Members increasingly are turning their attention to upskilling and reorganization, so that they are better equipped to implement new technologies.



Nearly one-third of surveyed ASUG Members plan to implement new technology this year, and almost as many (27%) reported that they are struggling to keep up with the pace of change related to technology. Further highlighting the need to focus on talent alignment, 28% of organizations struggle to find the right internal candidates with the skills to manage new projects.

ASUG Members are also articulating the need for more training to tackle this challenge. Skills and training continue to be a priority at organizations, and candidates with SAP S/4HANA skills are most in demand, followed by AI, optimizing emerging technologies, and business process management.

AI and Beyond

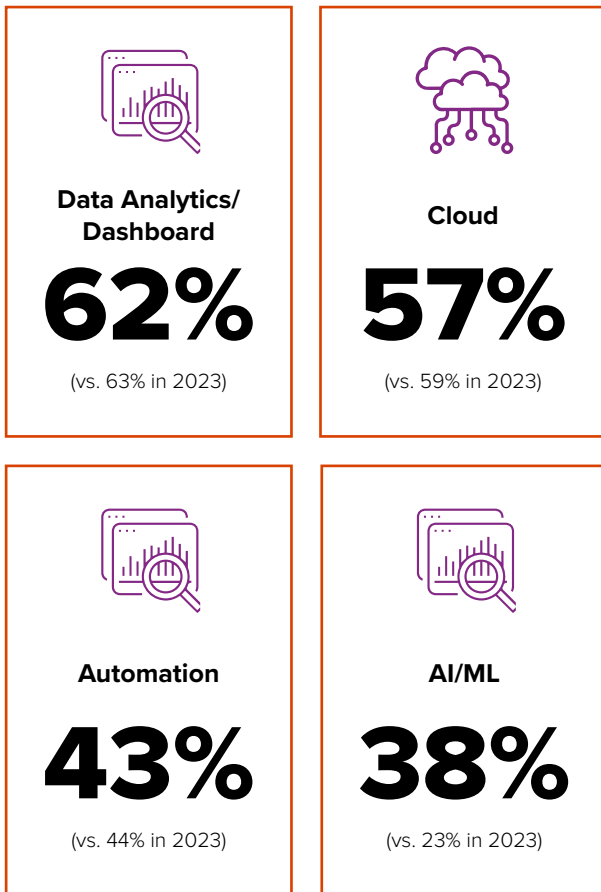
SAP customers' choices for the top technologies impacting digital transformation efforts are data analytics/dashboards (62%), cloud (57%), and automation (43%), consistent with those reported in 2023, in both share and ranking.

Top Skills Missing at Organizations

-  SAP S/4HANA expertise
-  Artificial Intelligence
-  Optimizing emerging technologies
-  Business process management
-  Integration and APIs

Q. Out of the following focus areas, please select where internal skill sets are missing or lacking at your organization. (Please select all that apply.) 2024 (n=766)

Top Digital Transformation Technologies



Q. Which of these technologies, if any, do you expect to greatly affect your organization's digital transformation efforts in the next two years? (Please select all that apply.) (n=766)

This year, artificial intelligence (AI)/machine learning (ML) surged, with 38% of surveyed ASUG Members selecting these technologies as impactful for their digital transformation initiatives (as opposed to 23% in 2023).

Asked what challenges they'd ideally want to solve with AI, 42% of respondents selected "dashboards and analytics," 22% selected "customer experience," and 21% selected both "transitioning from manual to digital processes" and "integration between SAP and non-SAP systems."

Concerns over data continue to hold back organizations, with only 13% of surveyed ASUG Members stating that they're currently willing to load data into a generative AI model.

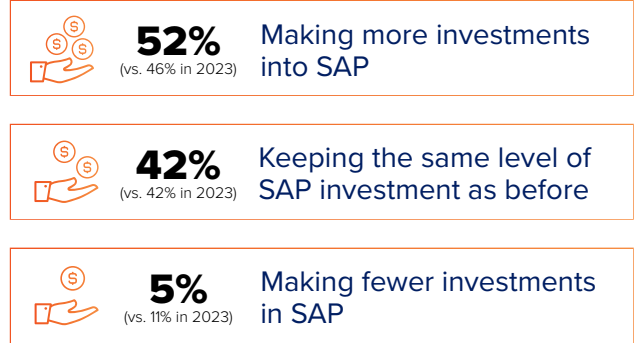
SAP Investment & Initiative Status



As the 2027 end of mainstream maintenance for Business Suite 7 deadline nears, demand for implementation and migration resources will likely surge; 41% of surveyed ASUG Members say they still plan to implement SAP S/4HANA, pointing to the in-progress nature of these initiatives for many in the SAP user community.

This identified focus on SAP S/4HANA aligns with what ASUG Members report on their readiness to increase SAP spending. Over half of surveyed ASUG Members reported making more investments in SAP as a part of their technology stack in 2024 (as compared to 46% in 2023), with SAP S/4HANA cited as the leading reason for members to expand their existing SAP investments. Other reasons for increased SAP investments, as reported by survey respondents, included business growth, increased functionality, and integrating and consolidating more systems into SAP.

Investment in SAP

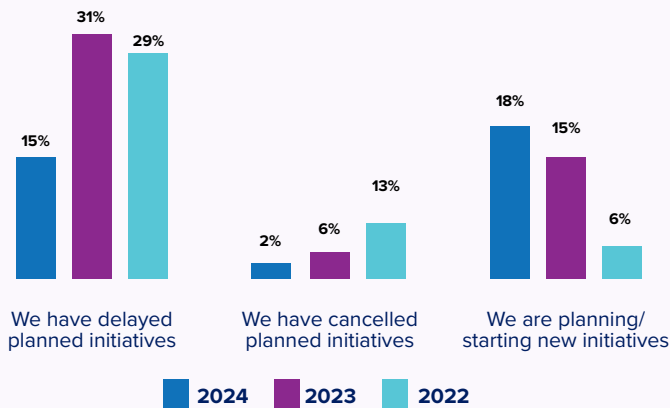


Q. Why is your organization making more investments into SAP/making the same investments into SAP/making fewer investments into SAP?; 2024 (n=766); 2023 (n=773)

According to one survey respondent, additional investments are being made in consulting, software/services acquisition, migration, integration, and education as their company pursues SAP S/4HANA migration. Another respondent noted that their company's expanded global use of SAP is creating opportunities to upgrade its U.S. market to SAP S/4HANA.

More widely, SAP customers are planning or starting new initiatives in greater numbers than in past years; in fact, three times as many ASUG Members (18%) reported moving ahead with new initiatives in 2024 than did in 2022 (6%). Half as many ASUG Members (15%) reported delaying planned initiatives in 2024 as did in 2023 (31%). And only 2% of ASUG Members reported cancelling planned initiatives in 2024, significantly down from 13% in 2022 and 6% in 2023. Collectively, these results speak to the strength of the SAP ecosystem's appetite for investment in digital transformation and expansion.

Status Update on Planned Initiatives



Q. What are your organization's plans for your 2024 technology initiatives? (Please select one.) 2024 (n=766); 2023 (n=720); 2022 (n=710)

ASUG

ASUG is the world's largest SAP user group. Originally founded by a group of visionary SAP customers in 1991, its mission is to help people and organizations get the most value from their investment in SAP technology. ASUG currently serves thousands of businesses via companywide memberships, connecting more than 130,000 professionals with networking and educational resources to help them master new challenges. Through in-person and virtual events, on-demand digital resources, and ongoing advocacy for its membership, ASUG helps SAP customers make more possible.

About the Research

Americas' SAP Users' Group (ASUG) conducted its annual Pulse of the SAP Customer study in October/November 2023. The results are based on responses from 766 participants who are members of ASUG, the world's largest independent SAP user group.