ASUG’s Point of View on SAP S/4HANA (and Some Insights for You)

Adam Page and Emily Corno, ASUG

ASUG84466
Presenting Today from ASUG’s Research Team

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What Is ASUG Research?

ASUG’s research team uses traditional methods to capture a unique view of what the largest group of SAP users is thinking, doing, and planning for the future.

Strategic to Specific Topics

cloud security  emerging technologies  evolving business processes  EIM and SAP S/4HANA
SAP S/4HANA Adoption Approaches

The Early Adopters

The Vanilla Fans

The Advantage Seekers
ASUG’s Point of View on SAP S/4HANA

1. You’ll strengthen your own business case by understanding the benefits live SAP S/4HANA customers are achieving.

2. SAP S/4HANA on the cloud may not be ready for some customers to adopt yet because of the product’s maturity, their cloud strategy, or both.

3. Don’t underestimate the amount of change management needed for a successful launch.
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SAP S/4HANA: Current Market Situation

Implementations are picking up steam.

12% no plans
56% have plans to move
16% have started to move
16% are already live

+33% from January 2018 to January 2019
Barriers to SAP S/4HANA Migration

- Need a business case/business justification: 55%
- Not a priority for my company: 41%
- Product maturity: 34%
- Cost/lack of financial resources: 34%
Future Adopters’ Expectations Don’t Match Reality

<table>
<thead>
<tr>
<th>Issue</th>
<th>Current Adopters</th>
<th>Future Adopters</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of staff skills</td>
<td>61%</td>
<td>43%</td>
<td>-18%</td>
</tr>
<tr>
<td>Cleaning up custom code</td>
<td>39%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>SAP S/4HANA is more complex than expected</td>
<td>39%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Finding a vendor to assist with the transition</td>
<td>26%</td>
<td>10%</td>
<td>-16%</td>
</tr>
<tr>
<td>Losing needed customizations</td>
<td>22%</td>
<td>42%</td>
<td>+20%</td>
</tr>
<tr>
<td>Went over budget on the project</td>
<td>17%</td>
<td>40%</td>
<td>+23%</td>
</tr>
</tbody>
</table>
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Benefits Realized by SAP S/4HANA Adopters

- **Improved performance**: 74% hoping to receive, 43% actually received.
- **Faster access to analytics**: 65% hoping to receive, 39% actually received.
- **Optimization of existing business practices**: 57% hoping to receive, 39% actually received.
- **Better set up to introduce new tech**: 52% hoping to receive, 26% actually received.
- **Removal of unnecessary code**: 30% hoping to receive, 17% actually received.

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SAP S/4HANA Adoption Approaches

- The Early Adopters
- The Vanilla Fans
- The Advantage Seekers
“Before SAP S/4HANA, our accounting was running overnight. I would come back the next day and get my report.

Now we’re running the same reports in two to three minutes. It’s an incredibly fast environment, with everything in the database and real-time processing. It is not a joke, it’s very fast.”

SAP customer, pharmaceutical industry
Implementation Motivators – Current Adopters

Keeping up with technology

“Stay up to date with technology.”

Company growth

“We needed a platform to support company growth.”

Timing

“Industry slowdown. Opportunity to have less impact on the business.”

Resource availability

“We wanted to get ahead of high demand for talent with SAP HANA specialization.”

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Implementation Motivators – Future Adopters

Q: Which, if any, are motivators for you to move to SAP S/4HANA?
Q: Which of these is your BIGGEST motivator to move to SAP S/4HANA?

- Staying current with the latest technology: 25% (25%), 63% (63%)
- Improved performance: 11% (11%), 59% (59%)
- Optimization of existing business practices: 22% (22%), 58% (58%)
- Faster access to analytics: 14% (14%), 57% (57%)
- Better set up to introduce new tech: 9% (9%), 45% (45%)

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SAP S/4HANA Environments: Current Situation

- 32% on-premise
- 23% a hybrid of both
- 44% on the cloud
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SAP S/4HANA Cloud Challenge: Product Maturity

We didn’t implement in the cloud, mainly because SAP S/4HANA was not mature enough for some of the functionalities we needed at the time we made the decision. All the modules just weren’t there yet.”

SAP customer, chemicals industry, Fortune 1000 company

34%

said that product maturity is a key barrier to SAP S/4HANA implementation.
**SAP S/4HANA Cloud Challenge: Business Maturity**

<table>
<thead>
<tr>
<th>Top Reasons for Staying On-Premise</th>
<th>“From a validation perspective, from a testing perspective, having to be on a four-times-a-year release of SAP S/4HANA in the cloud would be a challenge that we’re probably not ready to face.”</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Don’t know/not sure</td>
<td>SAP customer, life sciences industry, Fortune 1000 company</td>
</tr>
<tr>
<td>#2 Business is not ready for the cloud</td>
<td></td>
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Tips for Successful Change Management

- Be deliberate and thorough in your approach.
- Involve and engage the business.
- Openly communicate and provide access to proper training.

“...really making sure that everyone is bought in to why we're doing this is the top thing. The technology piece is relatively easy, but changing the way that you've executed and managed a process over the past 20 years is very difficult.”

SAP customer, oil and gas industry, Fortune 100 company
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Join Us

Develop Your Cloud Strategy with Insights from ASUG Research
ASUG83501 – Wednesday, 11 a.m.

Discover Insights from SAP Customers in ASUG’s State of the Community Study
ASUG84465 – Wednesday, 3 p.m.
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