How the Right Support Model is Key to Long Term S/4 Success

Andrew Theis, SAP
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THE BEST RUN **SAP**

SAP Customers say they're wanting to go to the cloud

- But SAP is accommodating to its customers allowing them to functionally run cloud systems as if they are on premise delaying updates and new functionality

- On-premise customers are resorting to old habits with patches and upkeep with new S/4 systems

- We're seeing customers replicate portions of delivered, standard functionality, instead of adopting standard

- Some early S/4 adopters are facing end of support for deployed releases

The Problem of Delaying Updates
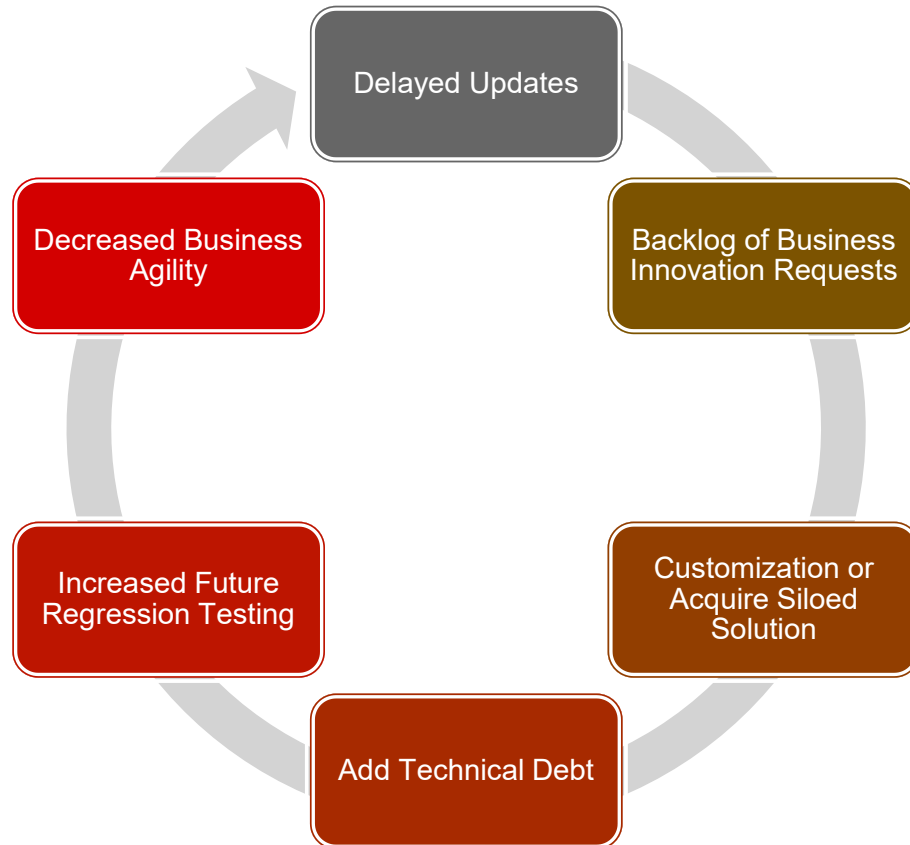
SAP Benchmarking:

46% Higher revenue from new products/services (in %) for organizations that use agile methodologies to develop and implement intelligent applications

Key Takeaway Points

- We're now >20,000 companies that have purchased S/4

- First movers on initial versions are hitting end of mainstream maintenance

- End users are demanding more nimble and frequent updates from SAP and their own IT organizations

- Its no longer enough just to plan for your S/4 journey but you also need to plan on how to support and maintain and do S4 + future sustainment

- Ensure proper alignment between Business and IT in addition to Customer and SAP

- Understand SAP's updated S4 release and support model and how it may impact your organization

- How RISE plays a part in enabling these strategies

Today's shift in IT … Deliver updates at business speed

Yesterday

To be transformed

- Updates driven by IT's Schedule
- Support existing business processes and models
- **Highly variable demand on resources**
- **Significant temporary staff augmentations**.

SAP Support Model

Business & Regulatory Model

Availability of data and systems to support new business requirements

Tomorrow

- Business demands a proactive IT mindset to deliver new capabilities
- Answer to increasingly demanding internal and external customers
- **Load-leveled demand on IT and business**

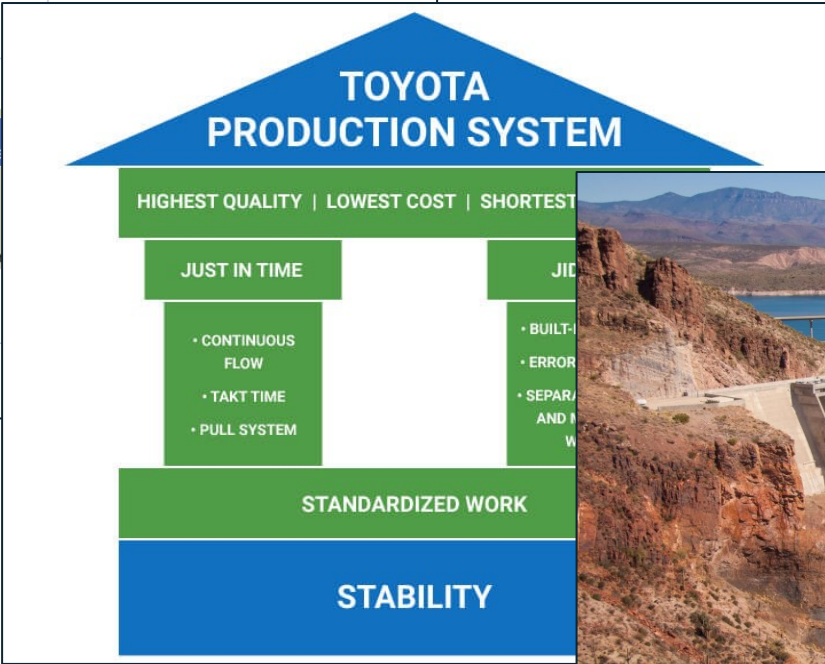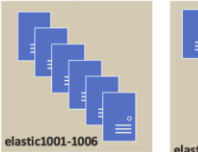## SAP Support Mindset

Project Based (Waterfall)

Evaluate	Business Review	Test	Deploy

Continuous Adoption (Agile/DevOps)

| Evaluate | | | | Evaluate | | | | Evaluate | | | |

We see this happening in many other areas but not as much in SAP operations

Balancing the Load
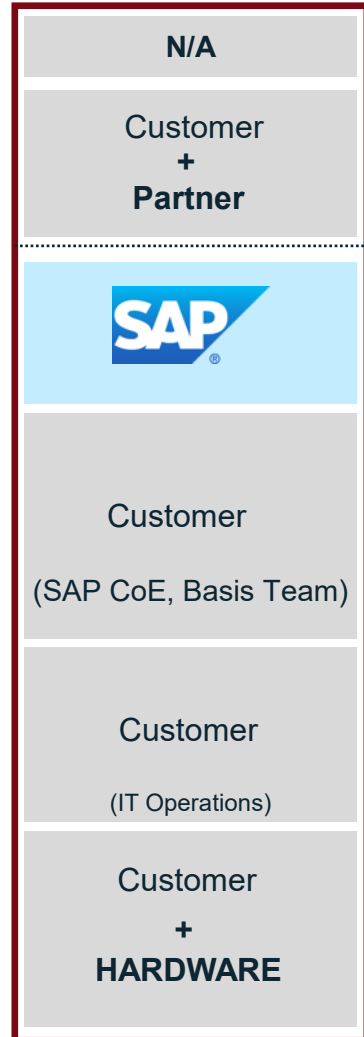
The Need to Think Beyond the Go-Live

- Easter 2021 SAP had 3 very large utilities go lives

- 10% of US Population, > 30M bills switched off of COBOL mainframes unto SAP systems in one weekend

- Mix of on-premise and cloud software solutions

- One is on a release nearing end of mainstream support

- Delayed adoption of cloud functional releases
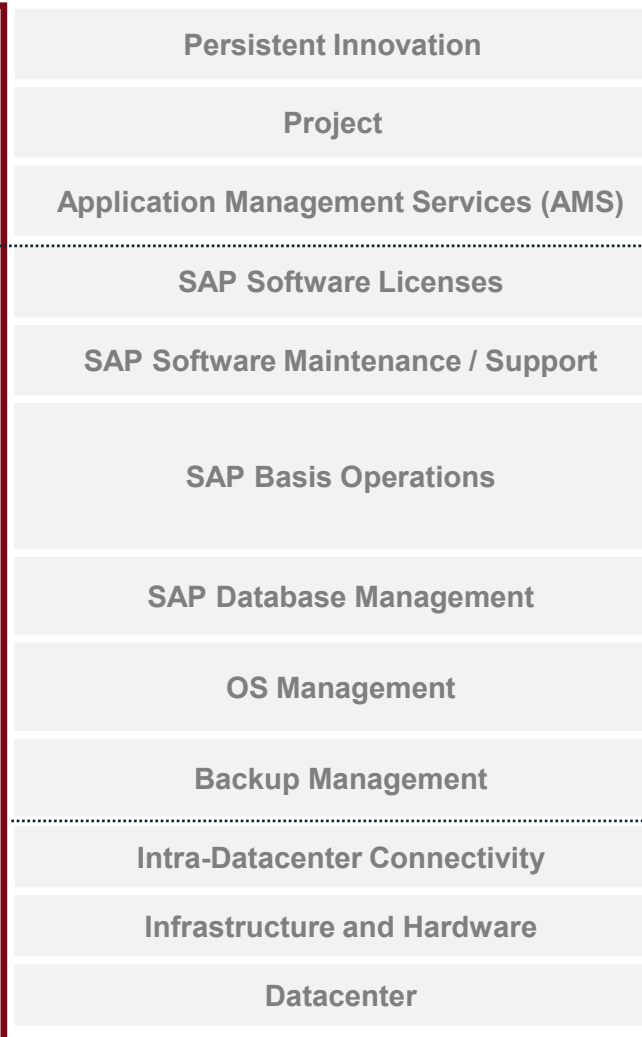
- Customizations instead of adoption

To Meet The Need For Change, SAP Proposes A New Operating Model - SAP RISE

Traditional OPERATING MODEL

- Multiple SLAs across customer landscape and other 3rd Parties – Final SLA is summary of individual SLAs

- No single point of contact within customer and 3rd parties for escalations

- Low flexibility – software, infrastructure, and services

- Requirement to build niche skills that may not be fully utilized

- Distribution of services - risk of hidden costs and efforts?

- Unable to scale up and/or down the SAP team to support project and operational requirements

- Lack of proximity to SAP – difficult to identify innovation / step change improvement opportunities

SERVICES REQUIRED FOR SAP SOLUTION OPERATION

Traditional OPERATING MODEL	SERVICES REQUIRED FOR SAP SOLUTION OPERATION	RISE FOR PSE OPERATING MODEL
N/A	Persistent Innovation	Customer + SAP + Partner
Customer + Partner	Project	
	Application Management Services (AMS)	
SAP	SAP Software Licenses	Subscription
	SAP Software Maintenance / Support	
Customer (SAP CoE, Basis Team)	SAP Basis Operations	SAP
	SAP Database Management	
Customer (IT Operations)	OS Management	
	Backup Management	
Customer + HARDWARE	Intra-Datacenter Connectivity	
	Infrastructure and Hardware	
	Datacenter	

RISE FOR PSE OPERATING MODEL

- Accelerated adoption of new capability

- Execute and accelerate Cloud strategy

- SAP Reference Architecture

- Scalable and predictable cost structure

- Simplified commercial model

- One SLA from infrastructure through Basis operations(by tier)

- Demand-driven SAP subscription

- Superior TCO

- Dedicated SAP experts

- SAP investments are Cloud first

SAP Support Model Changes…A support ticket

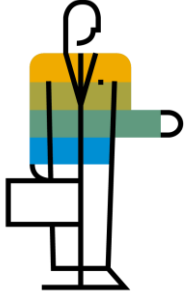# So if it's a critical support ticket….

SAP Enterprise Cloud Support (ECS): Team Members – Roles

(1) **ECS Client Delivery Manager (CDM)**
*assigned resource per customer*

- Primary point of contact for non-technical topics for the Customer
- Provides customer with transparency about progress and KPIs of the ECS services
- Responsible for validating the delivery of the contractually agreed services
- Drives the alignment of goals, expectations and projects in collaboration with customer

(2) **ECS Technical Service Manager (TSM)**
*assigned resource per customer*
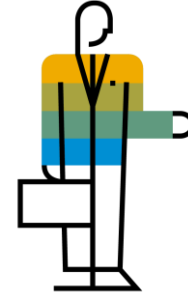
- Primary technical contact for all technical and infrastructure related topics
- Leads and advises HEC technical teams regarding Service Delivery
- Supports the customer technical queries
- Acts as the technical single point of contact during the de-escalation process

**(3)** **Customer Success Partner (CSP)**
assigned resource per customer
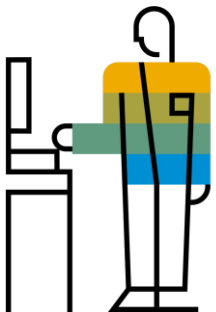
- Consistent person/relationship across the customer lifecycle from sales, implementation, and ongoing support
- Customer advocate with SAP to ensure customer input is considered in the future direction of the solution
- Work with customer to maintain a high degree of customer satisfaction
- Work to ensure a maximum return on investment is achieved

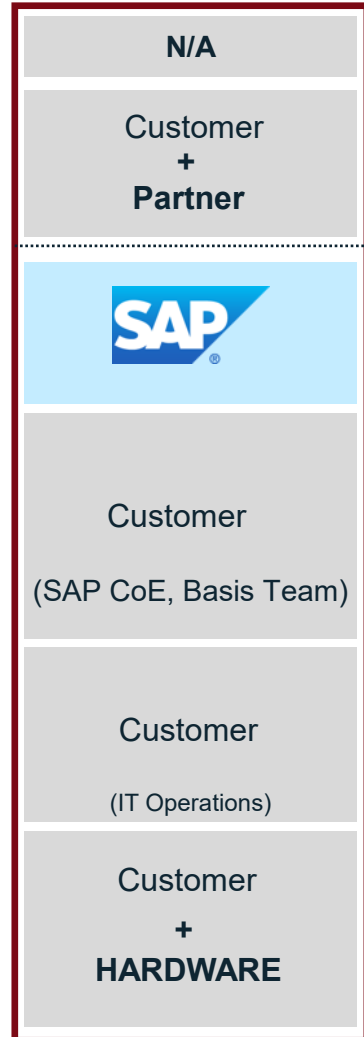**(4)** **ECS Project Lead (PL)**
assigned resource per project
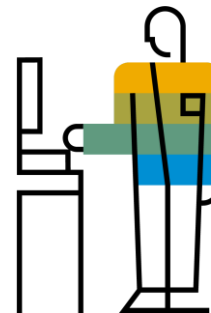
- Responsible for the customer onboarding phase
- Manage the implementation of disaster recovery
- Manage planning of complex projects during customer lifecycle
- Escalation management during planned project activities
- Acts as a customer ambassador for various technical teams
- Coordinates with customer & SI and extended SAP teams to align project information, requirements, timelines
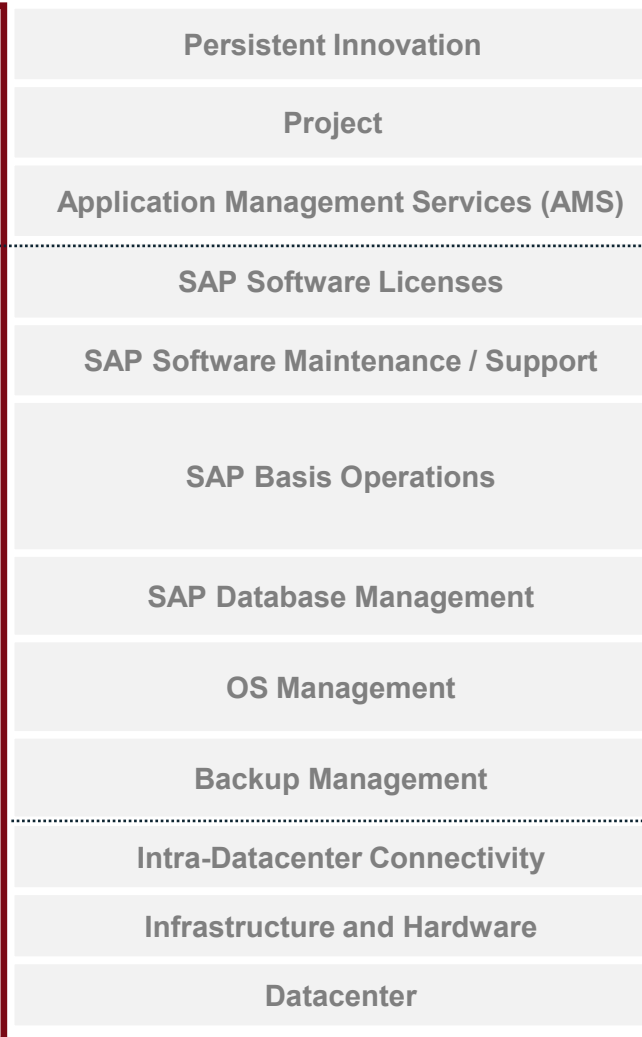
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RISE | Proposed SAP & Customer Governance Model

	Executive Alignment Strategy		Customer (TBD)	SAP	Guidance / Functions
Strategic	Bi-Annually	**Executive Steering Committee** — One dashboard — Key Relationship KPIs	• Business Executive Sponsor for SAP • IT Executive Sponsor for SAP	• Scott Russell, Executive Board Member • Peter Plum, President SAP ECS	• Review of relationship • Future planning / Roadmap discussion
	Quarterly		• IT Executive Sponsor for SAP • Business Stakeholders	• <Name>, NVP, Utilities • <Name>, VP, Utilities	• Review of relationship • Review of current engagement(s) • Quarterly Planning Cycles
Tactical	Monthly	**Program and Governance** — One report — Outcome Success Plan	• SAP Application Lead • SAP Operations Lead • Head of SAP CoE	• Head of Operational Governance • SAP Account Executive • SAP Client Services Partner	• Overall engagement status and monitoring • Jointly agree and drive Enterprise Outcome Success Plans • Review and report on Outcome Success Plan initiatives • Escalated issue and risk management
Operational	Monthly	**Project and Service Delivery** — Systematic issue & risk management — Operational Reporting	• Nominated sponsors from Functional & IT	• Enterprise Customer Success Partner • Client Delivery Manager • Launch Advisor (optional)	• Scope, time, and milestone monitoring • Workstreams status reporting • Escalated issue and risk management
	Bi-Weekly		• Project Manager(s) • Basis Team	• Client Delivery Manager • Enterprise Customer Success Partner • Technical Service Manager(s)	• Workstream status reporting • Projects execution • Issue and Risk identification • Proactive planning for major events

For Internal Governance – Center of Excellence
(and how do you scope it right for your organization)

Competency Center

- An team of people whose focus is to stabilize the applications and resolve day-to-day operational issues
- Centered around applications and technology
- Staffed almost exclusively by technical resources
- Focuses on stability, customer service, and low costs

Center of Expertise

- An team of people focused on stabilizing applications, operations management, and protecting the technology investment
- Resolves day-to-day operational issues (reactive) and provides new solutions (proactive)
- Delivers these services with a mix of technology and business resources
- Focuses on technology solutions and customer service

Center of Excellence

- Focused on generating business value through technology plans, building innovative solutions, and providing a stable application environment
- Establishes technology roadmaps (strategic), delivers new solutions (proactive), resolves data-to-day issues (reactive), and provides continuous process improvements (non-technology)
- Delivers these services with a mix of technology and business resources

Focus on IT Operations ← → **Focus on delivery** ← → **Focus on business value**

Governance Model – Internal (COE)

What Should a CoE Do?
The Basic Needs

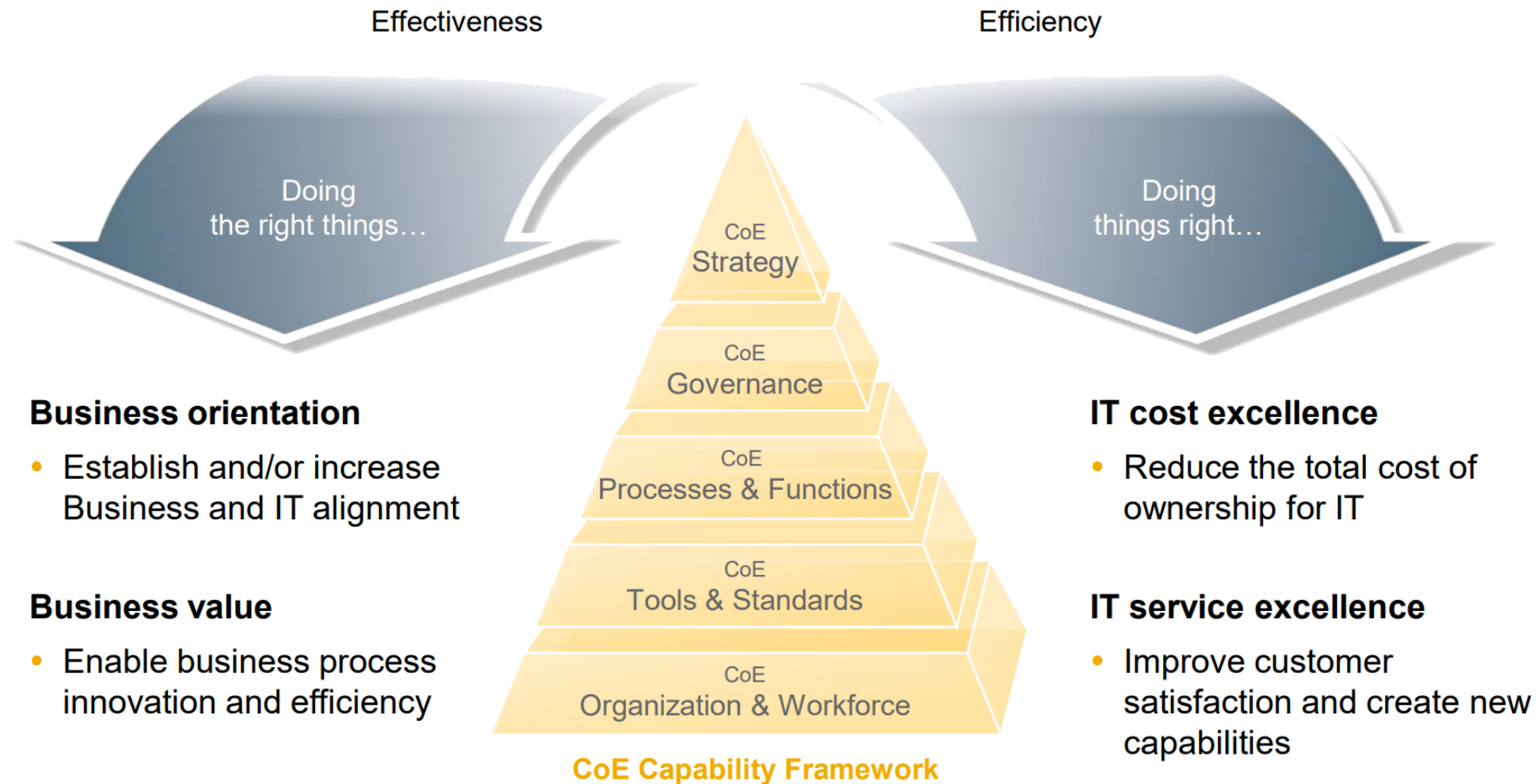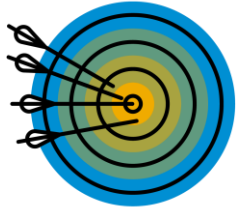| Guidance	Shared Learning	Support	Governance	Measurement
- Developing standards, methodologies, templates, knowledge repositories	- Sharing knowledge through training and certifications, skill assessments	- Providing expertise in specific focus areas (e.g. technology, business process expertise, project management)	- Allocating limited resources (human and financial) across the enterprise	- Measuring performance and value results

Outcomes of a Mature CoE

Effectiveness

Efficiency

Doing
the right things…

Doing
things right…

CoE
Strategy

CoE
Governance

CoE
Processes & Functions

CoE
Tools & Standards

CoE
Organization & Workforce

CoE Capability Framework

Business orientation

- Establish and/or increase Business and IT alignment

Business value

- Enable business process innovation and efficiency

IT cost excellence

- Reduce the total cost of ownership for IT

IT service excellence

- Improve customer satisfaction and create new capabilities

Changes to SAP S/4 Release Schedule

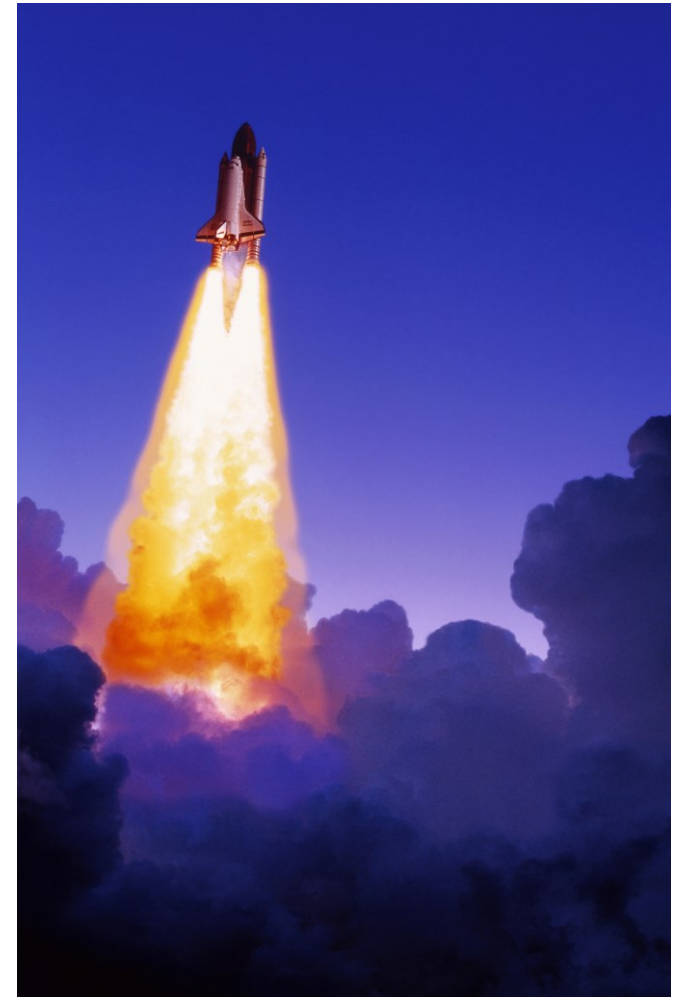# SAP S/4HANA Has Reached Its Next Stage

Since 2015 eight SAP S/4HANA releases have been delivered

Next level of product maturity: SAP S/4HANA 2023
Delivering completeness on Compatibility Scope alternatives and concluding major overhauls.

Taking the **next evolutionary step towards a release strategy, which better supports our customer base.**

S/4HANA 2025 ...

S/4HANA 2023 1 2 3

3 half-yearly
Feature Packs

+5 years of Mainstream
Maintenance w/ half-yearly SPs

New Extended Maintenance Option for SAP S/4HANA 1709, 1809, 1909 customers

- **SAP S/4HANA 2023 release marks an important milestone for our customers with SAP S/4HANA Cloud, private edition, or on-premise:**
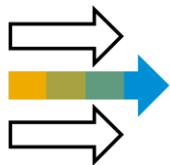
Completeness on compatibility scope

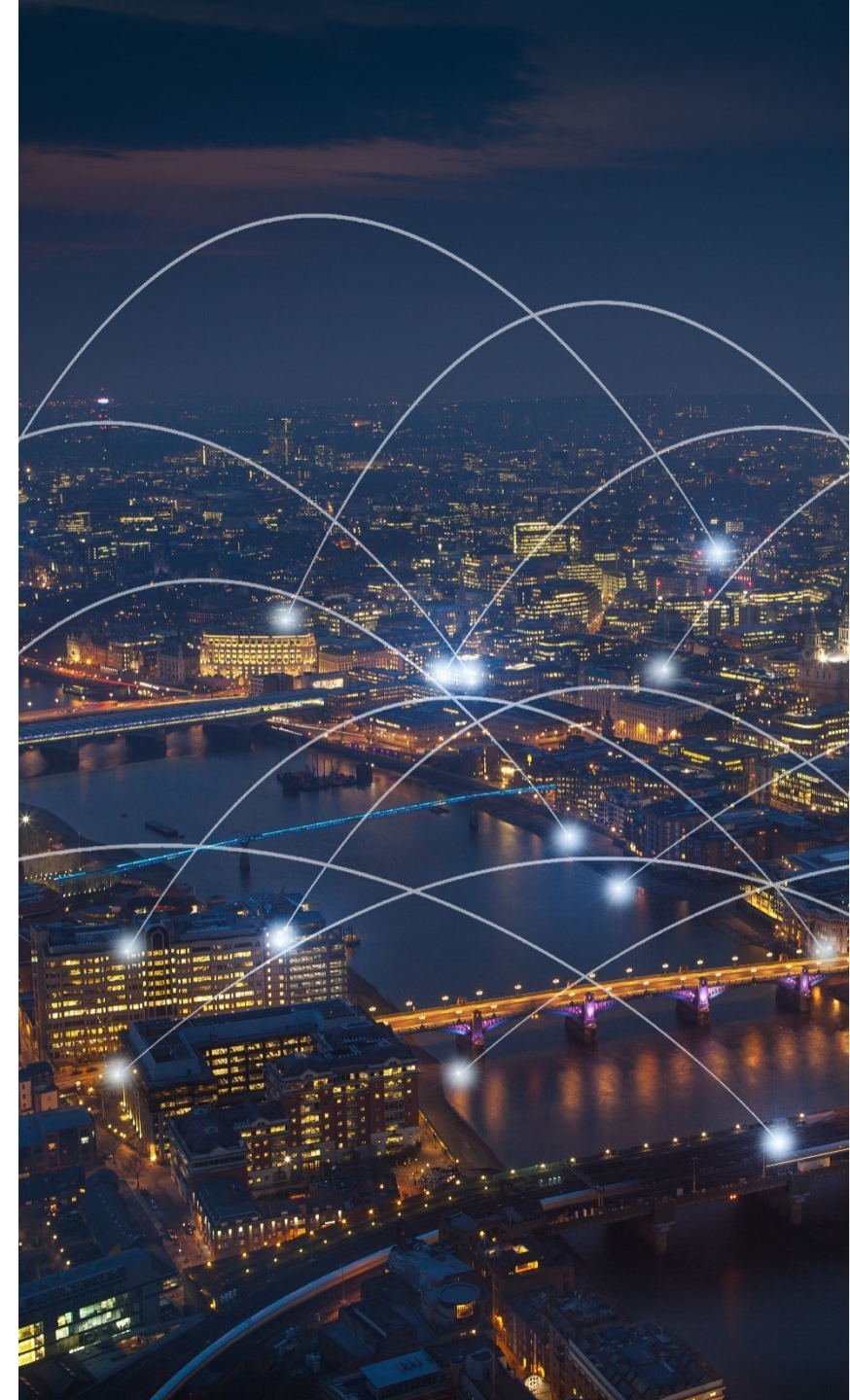*Less disruptive feature delivery*

Extended mainstream maintenance timeframe

- To migrate to the upcoming SAP S/4HANA 2023 release, RISE with SAP is the perfect solution.

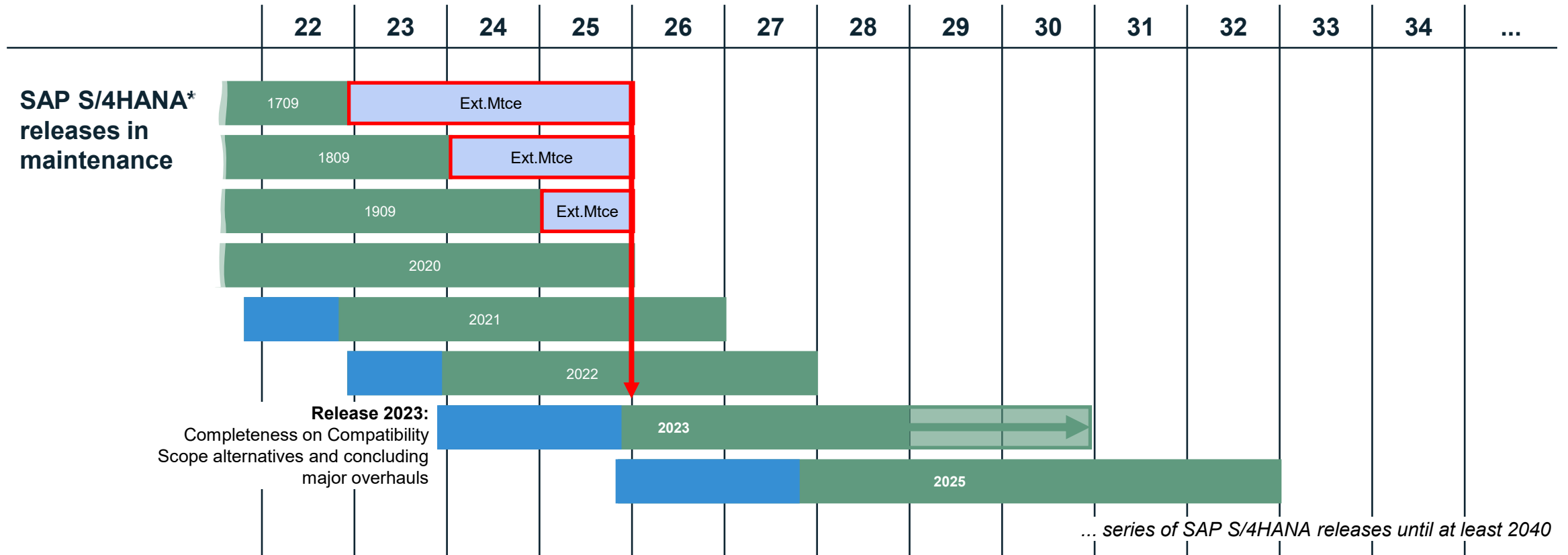- To make it more effective for customers to upgrade to the 2023 release, SAP offers:

Extended maintenance option for customers on SAP S/4HANA 1709, 1809, or 1909
- *Included in RISE and other SAP S/4HANA subscriptions*
- *4% fee on core SAP S/4HANA for on-premise customers*

# Extended Maintenance for SAP S/4HANA 1709, 1809, and 1909 Releases

SAP S/4HANA* releases in maintenance

| | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | ... |

1709 — Ext.Mtce
1809 — Ext.Mtce
1909 — Ext.Mtce
2020
2021
2022

Release 2023: Completeness on Compatibility Scope alternatives and concluding major overhauls

2023
2025

... series of SAP S/4HANA releases until at least 2040

Mainstream Maintenance has two phases:

"Innovation" Line Delivery of new features via FPS

"Maintenance" Line Delivery of changes via SPS

After the general availability of SAP S/4HANA 2022, Feature Package Stacks (FPS) and Support Package Stacks (SPS) contain stabilizations bundled with corrections and legal changes. Customers benefit from this functionality as part of their maintenance fee. The first SPS of a new release can contain selected features and is labeled Feature Package Stack (FPS) accordingly. Support Package Stacks are compiled periodically and made available in the SAP Service Marketplace

* valid for on-premise edition and Cloud, private edition

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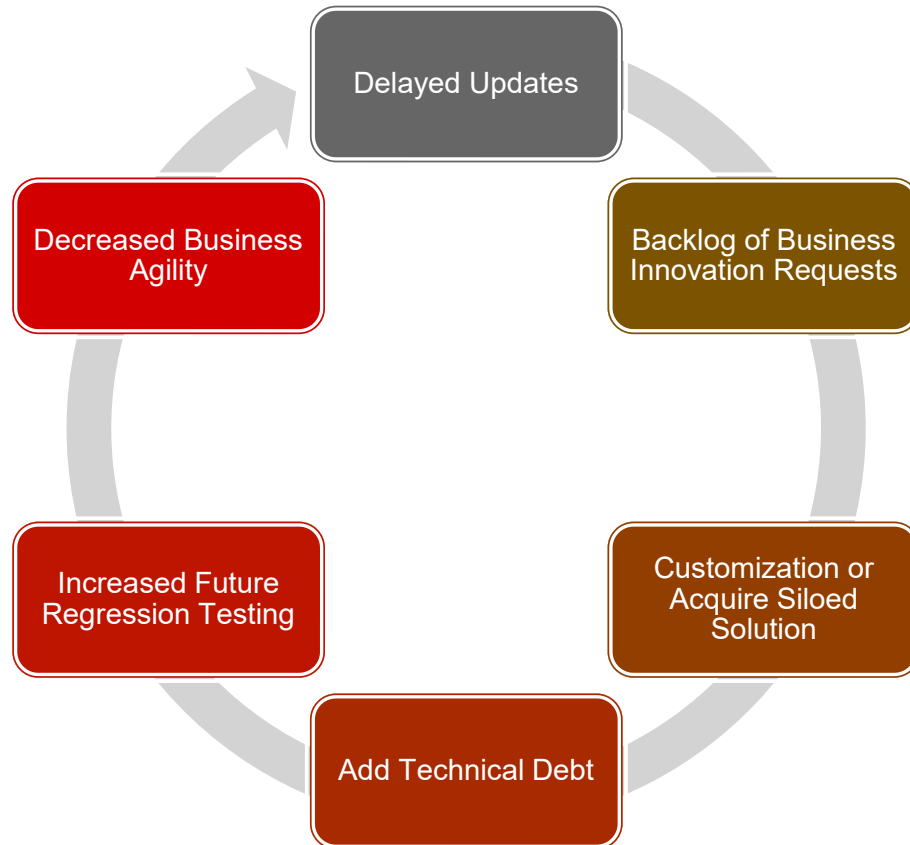
Breaking this cycle to get current and stay current is in our mutual interest!

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Thank you.

Contact information:

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THE BEST RUN SAP

SAP Staffing of the Future

The most important SAP resource in the future will not be focused on **BASIS or ABAP**, *but a resource that is an expert at* **BTP** *with a focus on* **extension and innovation**