SAP

RISE WITH SAP

Demystifying RISE with SAP
ASUG Colorado Chapter Meeting

George LeBron, SAP
April 22, 2022

Public

We understand your issues

You need to develop new business models to avoid disruption in your industry

"While most executives claim to be familiar with next-generation technologies, only 10% of companies have a digital business model in place to fully use these opportunities."

ESCP Business School, Berlin
and MIT Sloan Center for Information Research

You must drive new efficiencies to reinvest into your growth

"Core enterprise operations still take considerable resources and time… between 20 and 40% of total operational expenditure."
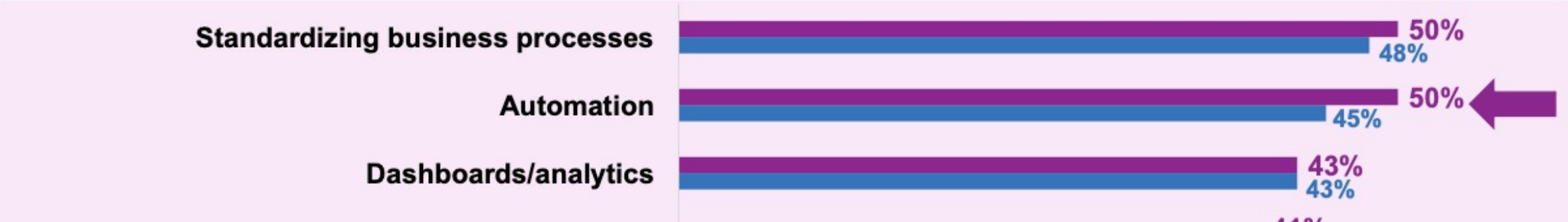
McKinsey

You have to modernize your mission-critical systems without business risk

"The expected financial impact of downtime from IT is about 8% of enterprise revenue for Fortune 1000 enterprises. The biggest downtime exposure is from mission critical systems."
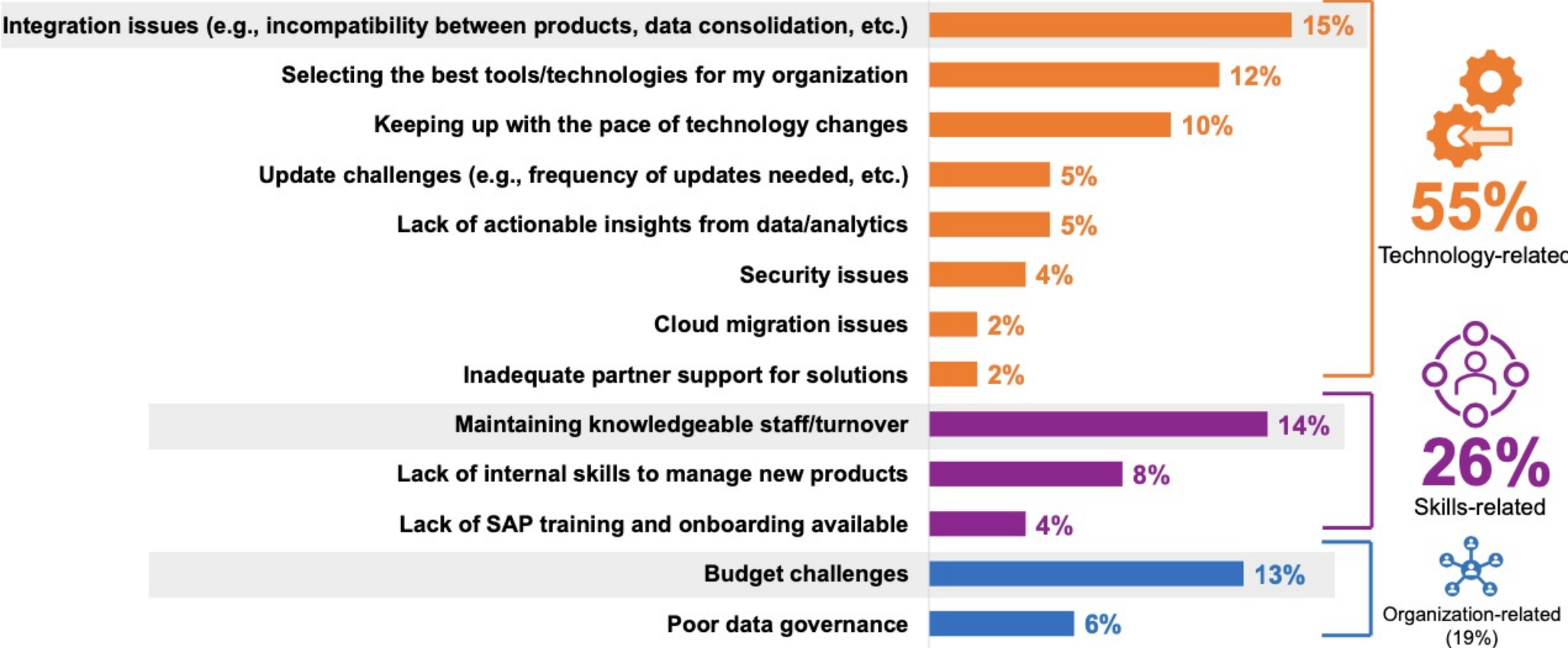
Wikibon

ASUG Pulse 2022 – What's on the mind of SAP customers?

Focus Areas for 2022

Focus Area		
Standardizing business processes	50%	48%
Automation	50%	45%
Dashboards/analytics	43%	43%

ASUG Pulse 2022 – What's on the mind of SAP customers?

Number One Challenge Experienced

Challenge	%
Integration issues (e.g., incompatibility between products, data consolidation, etc.)	15%
Selecting the best tools/technologies for my organization	12%
Keeping up with the pace of technology changes	10%
Update challenges (e.g., frequency of updates needed, etc.)	5%
Lack of actionable insights from data/analytics	5%
Security issues	4%
Cloud migration issues	2%
Inadequate partner support for solutions	2%
Maintaining knowledgeable staff/turnover	14%
Lack of internal skills to manage new products	8%
Lack of SAP training and onboarding available	4%
Budget challenges	13%
Poor data governance	6%

55% Technology-related

26% Skills-related

Organization-related (19%)

= Top 3 challenges

Q. Out of all the challenges you selected, please select the #1 challenge your organization is experiencing. (n=656) Note: Question excludes respondents who selected "No challenges experienced"
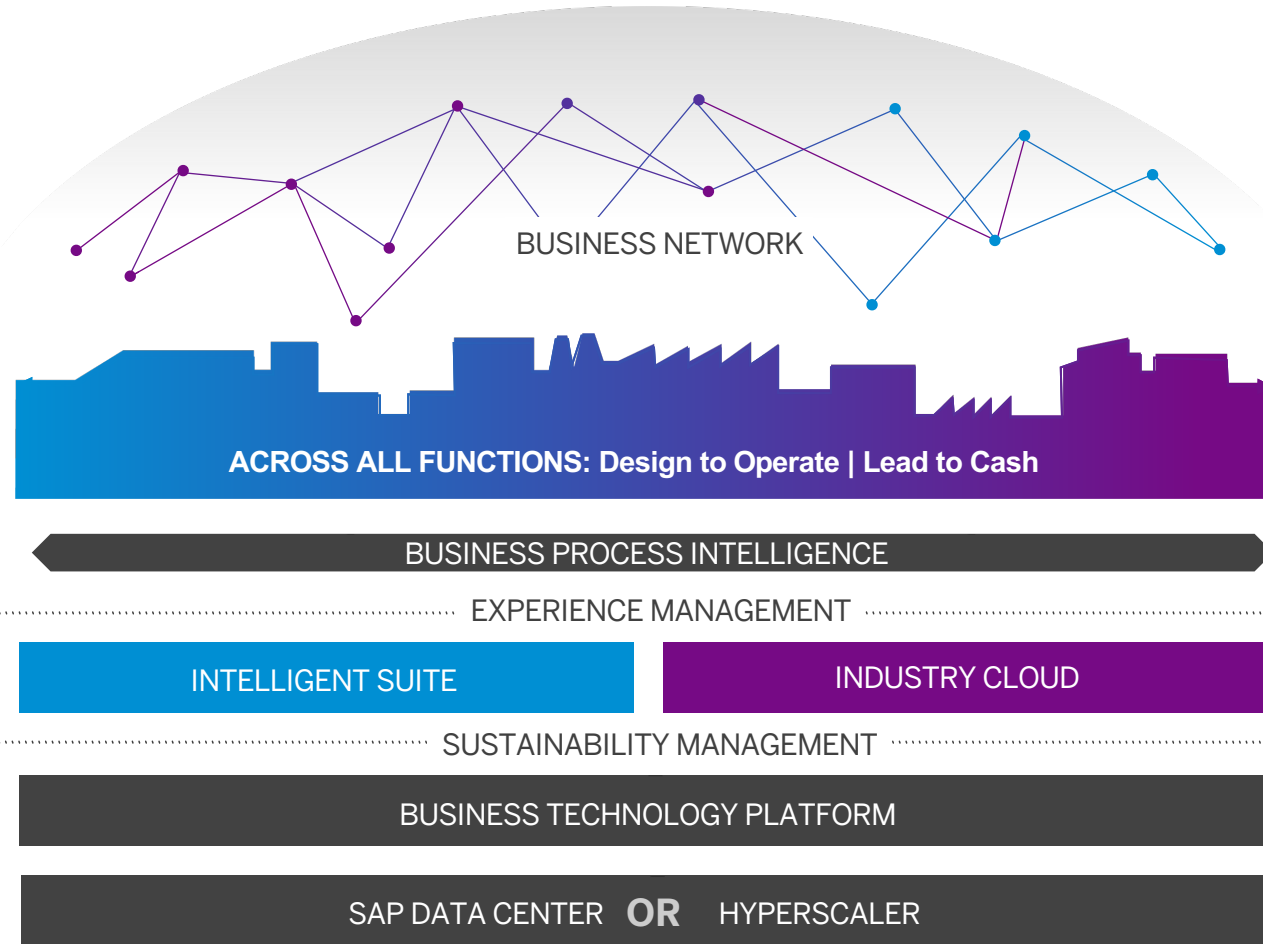
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Optimize and transform: SAP's Intelligent Enterprise architecture

Optimize the Best Practice

A stable and reliable business foundation to run end-to-end processes as effectively and efficiently as possible
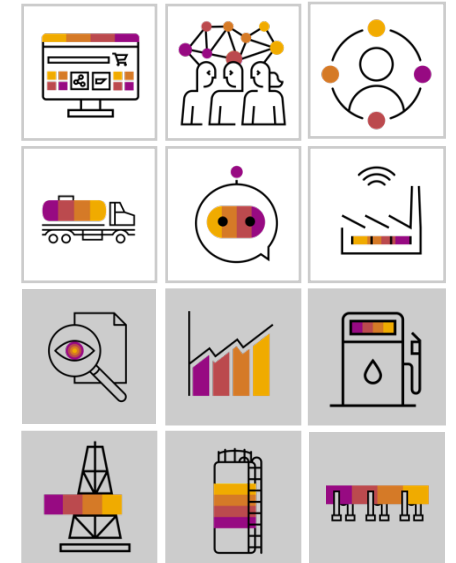
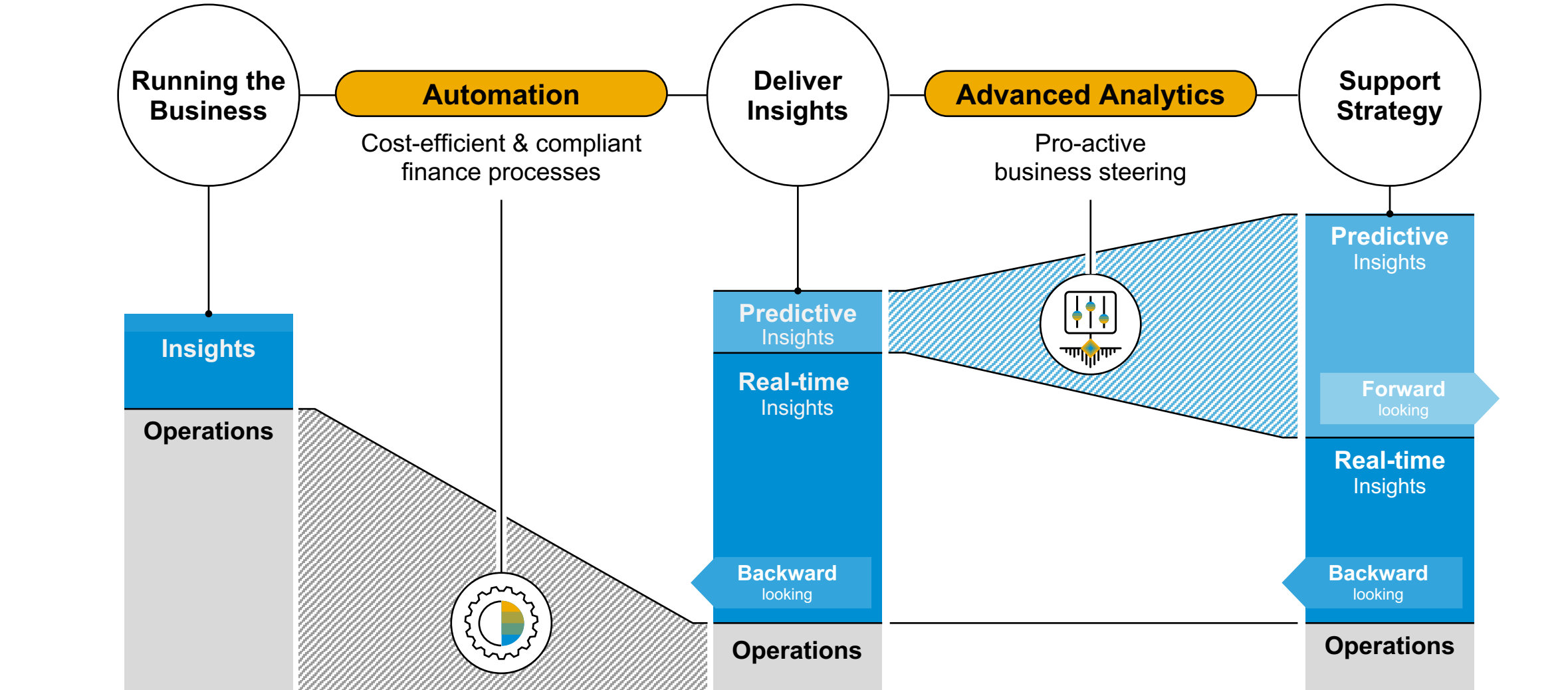Intelligent suite from SAP

Transform the Next Practice

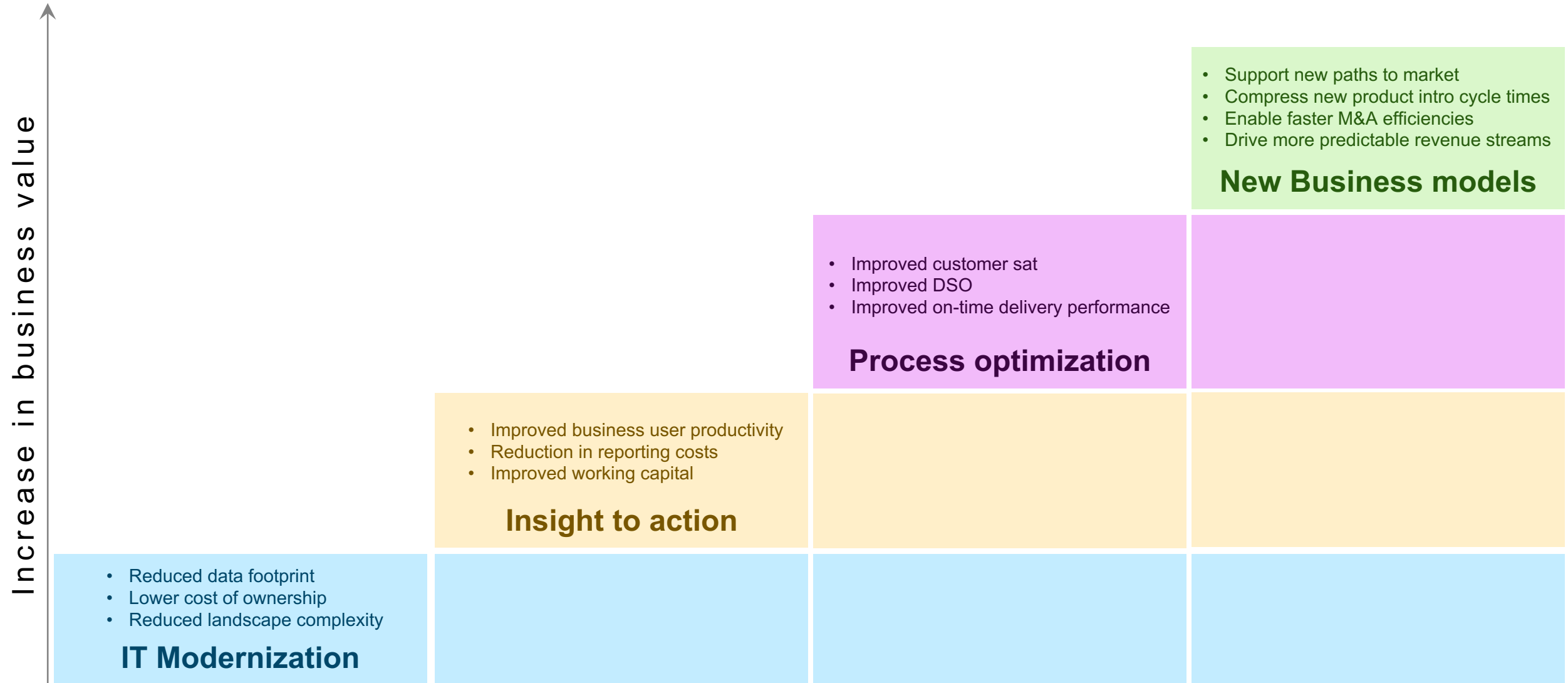An agile and flexible platform for innovating quickly in the areas where differentiation drives competitive advantage

BUSINESS NETWORK

ACROSS ALL FUNCTIONS: Design to Operate | Lead to Cash

BUSINESS PROCESS INTELLIGENCE

EXPERIENCE MANAGEMENT

INTELLIGENT SUITE

INDUSTRY CLOUD

SUSTAINABILITY MANAGEMENT

BUSINESS TECHNOLOGY PLATFORM

SAP DATA CENTER   **OR**   HYPERSCALER

SAP apps   Partner apps

SAP's Vision of Business Transformation with SAP S/4HANA

From daily routine to supporting growth and new business models

Running the Business — **Automation** — **Deliver Insights** — **Advanced Analytics** — **Support Strategy**

Automation: Cost-efficient & compliant finance processes

Advanced Analytics: Pro-active business steering

Running the Business:
- Insights
- Operations

Deliver Insights:
- Predictive Insights
- Real-time Insights
- Backward looking
- Operations

Support Strategy:
- Predictive Insights
- Forward looking
- Real-time Insights
- Backward looking
- Operations

Unlocking Business Value with SAP S/4HANA

Increase in business value →

- Support new paths to market
- Compress new product intro cycle times
- Enable faster M&A efficiencies
- Drive more predictable revenue streams

New Business models

- Improved customer sat
- Improved DSO
- Improved on-time delivery performance

Process optimization

- Improved business user productivity
- Reduction in reporting costs
- Improved working capital

Insight to action

- Reduced data footprint
- Lower cost of ownership
- Reduced landscape complexity

IT Modernization

Source: Check business value advisor for detailed transformation studies

RISE WITH SAP for companies in all major industries - unlocking **two sources of differentiating value**

SAP S/4HANA Cloud
(public or private)

SAP Business
Technology
Platform

Premier Value

Guided Journey

Simplified Engagement

Flexibility to
choose
infrastructure
provider

SAP
Business
Network
Starter Pack

Business
process
intelligence

Custom code analyzer,
SAP Readiness Check, SAP Cloud Application
Lifecycle Management, SAP Learning Hub
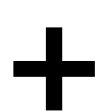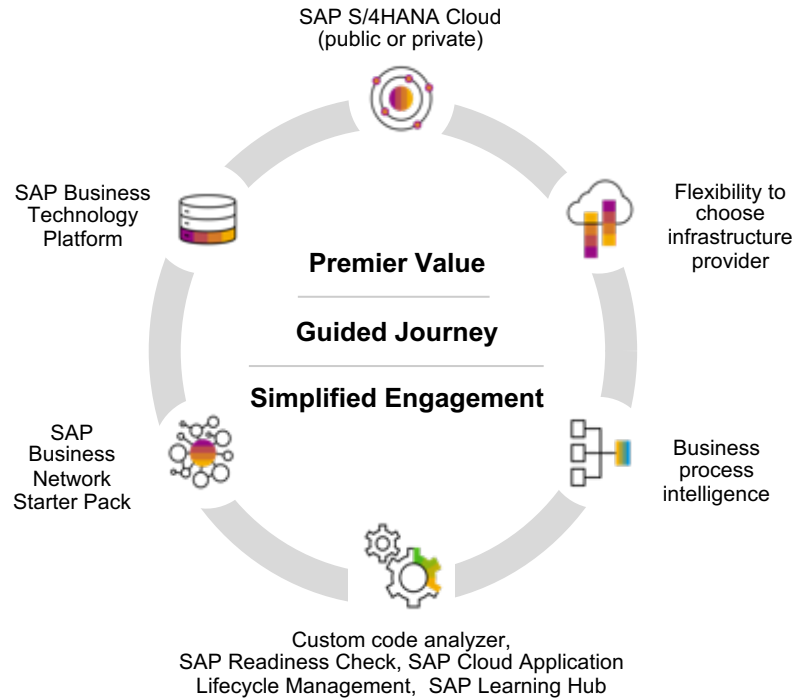
+ Industry Specific
Cloud solutions
companies from SAP
and partners

A **Enabling Value Creation with Differentiating Business Capabilities**

Industry best and next practices that create new revenue streams and maximize existing ones, improve assets efficiency, enhance productivity and allow for running sustainably – from SAP and partners

+

B **Mitigate Risk, Reduce IT Cost and Accelerate Time to Value with Cloud Delivery Capabilities**
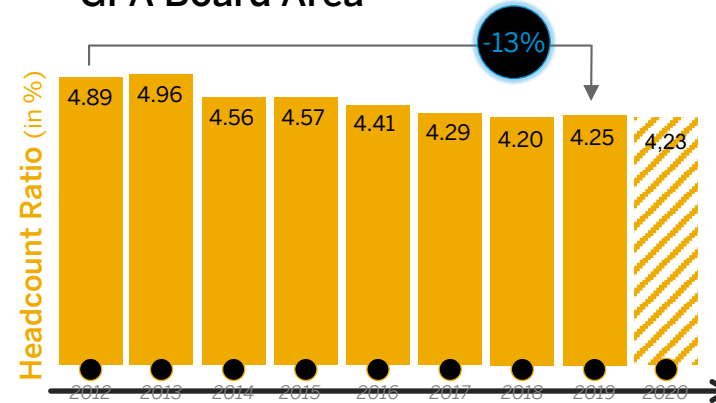
Capabilities that maximize transformation readiness, simplifies consumption through "as a service experience", ensures operational resilience and reduces overall TCO – from SAP and partners

The Outcome: SAP GFA is key contributor to SAPs sustainable financial growth
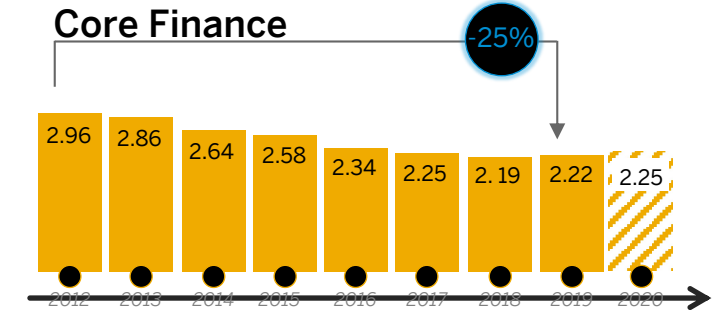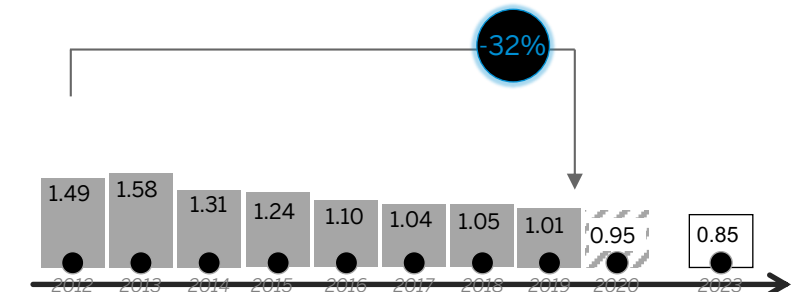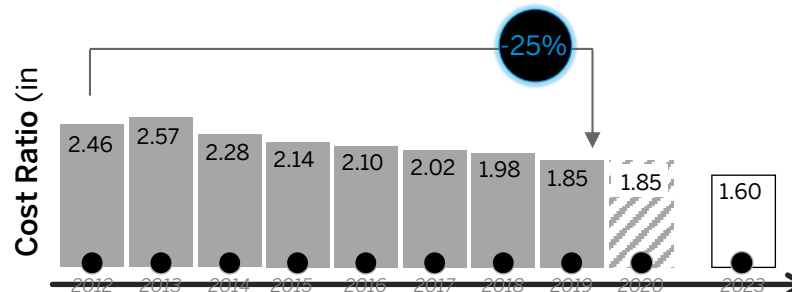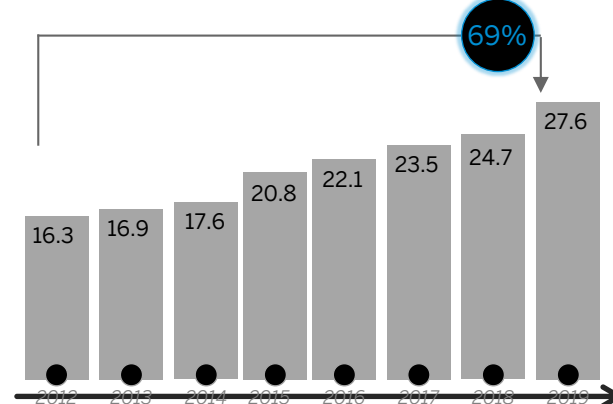

SAP Headcount Growth (in tsd)

56%

2012	2013	2014	2015	2016	2017	2018	2019
64.4	66.6	74.4	77.0	84.2	88.5	96.5	100.3

GFA Board Area

-13%

Headcount Ratio (in %)

2012	2013	2014	2015	2016	2017	2018	2019	2020
4.89	4.96	4.56	4.57	4.41	4.29	4.20	4.25	4.23

Core Finance

-25%

2012	2013	2014	2015	2016	2017	2018	2019	2020
2.96	2.86	2.64	2.58	2.34	2.25	2.19	2.22	2.25
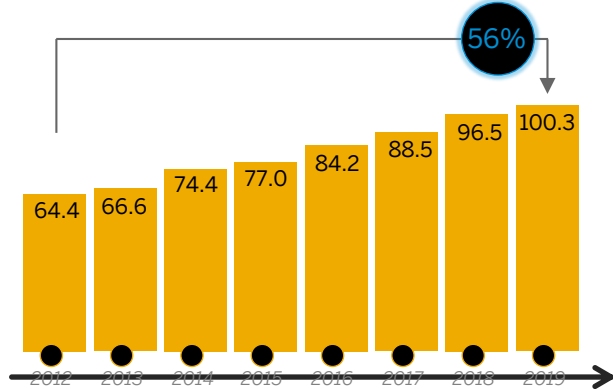
SAP Revenue Growth (in bn EUR)

69%

2012	2013	2014	2015	2016	2017	2018	2019
16.3	16.9	17.6	20.8	22.1	23.5	24.7	27.6

Cost Ratio (in

-25%

2012	2013	2014	2015	2016	2017	2018	2019	2020	2023
2.46	2.57	2.28	2.14	2.10	2.02	1.98	1.85	1.85	1.60

-32%

2012	2013	2014	2015	2016	2017	2018	2019	2020	2023
1.49	1.58	1.31	1.24	1.10	1.04	1.05	1.01	0.95	0.85

GFA Board area Ratio includes Procurement, Legal, Deal Support and others.
The Core Finance Cost Ratio excludes these elements and is therefore comparable to external benchmarks e.g. The Hackett Group, APQC,...

RISE with SAP Driving business innovation together

Take the lead
with industry innovation for top-line, bottom-line, and green-line growth

- **Grow revenue** by creating differentiating business models in your industry

  Fact: Capabilities to build new business models such as subscription and usage-based models

- **Increase margin** with built-in industry-specific processes and best-practices

  Fact: Industry cloud solutions with next digital industry practices for 25 industries

- **Unlock new efficiency** with intelligent automation across all mission-critical processes

  Fact: Embedded AI into business processes

- **Manage sustainability** with company-wide transparency and controls

  Fact: New Sustainability Control Tower solution

Never stop improving
with continuous insight to optimize business processes

- **Prioritize optimization opportunities** with instant analysis of processes, activities, and tasks

  Fact: In-depth process analysis including root-cause and KPI comparisons

- **Sharpen process performance** based on actual system usage, best-practices, and industry benchmarking

  Fact: Instant results across multiple data sources

- **Accelerate your progress** with tailored insight on where to automate business processes with AI

  Fact: Automate targeted processes with RPA

Secure your success
with a trusted partner for your business needs, at every step of the way

- **Run your mission-critical operations** at global scale

  Fact: Country and region-specific business requirements are embedded in solutions to enable compliance with ever-changing regulations and taxation rules

- **Reach the cloud without compromise** with solutions for every business need and every regulatory requirement

  Fact: Full range of cloud options provided

- **Take charge of change** using a versatile platform to speed innovation

  Fact: Comprehensive cloud platform for innovation and integration (1,800+ prebuilt integrations, 2,100+ APIs), unified low-code/no-code development experience

- **Own your tomorrow** with a guided journey and outcome-driven practices from SAP and our partners

  Fact: Next cloud practices and automated tools, >18,500 services professionals from SAP and >22,500 partners in +140 countries

Vision-to-value **engagement model**

RISE WITH SAP
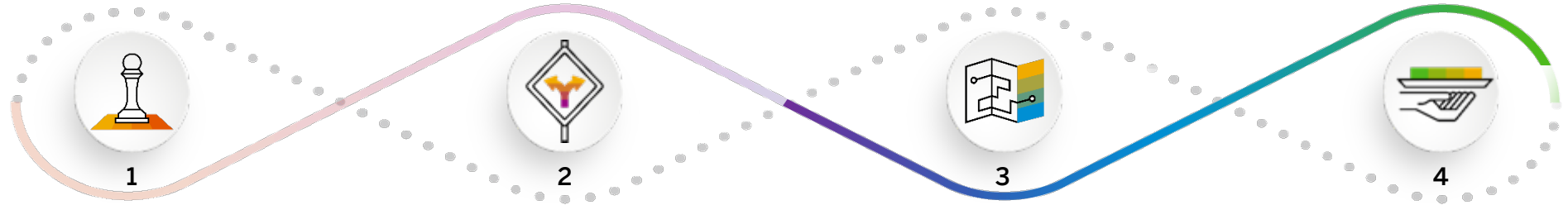
Initialize the **transformation**	Align on vision and **desired outcomes**	Build the value **case**	Plan the path **forward**	Deliver business **value**
Provide our POV on the case for change in the context of industry and customer needs	Align on business and IT strategy and get buy-in across the organization	Build the case for change and identify key initiatives with expected outcomes	Create transformation roadmap and define deployment plan	Deliver quick adoption and time to value, and drive continuous optimization and innovation

Initialize the transformation
- **Provide** high-level value cases for change based on industry requirements and customer needs
- **Socialize** the Vision-to-Value approach

Align on vision and desired outcomes
- **Articulate** business strategy and required business outcomes to underline digital ambition
- **Share** Intelligent Enterprise and cloud vision, and how it enables the customer transformation
- **Set** engagement direction and expected results
- **Align** on scope, resources and timeline

Build the value case
- **Conduct** discovery workshops to uncover business process improvement opportunities
- **Explore** the art of the possible with technology innovations to achieve desired business outcomes
- **Baseline** current technology landscape - capability and TCO assessment
- **Develop** the case for change

Plan the path forward
- **Agree** on target end-state enterprise architecture, and transformation roadmap
- **Define** target operating model, technical migration and deployment strategy
- **Validate** outcomes, priorities, and case for change with executive sponsors

Deliver business value
- **Transition** to delivery and customer success team
- **Address** enablement, on-boarding, and change management requirements
- **Utilize** best practices for deployment and project governance
- **Support** customer success, on-going value realization and optimization
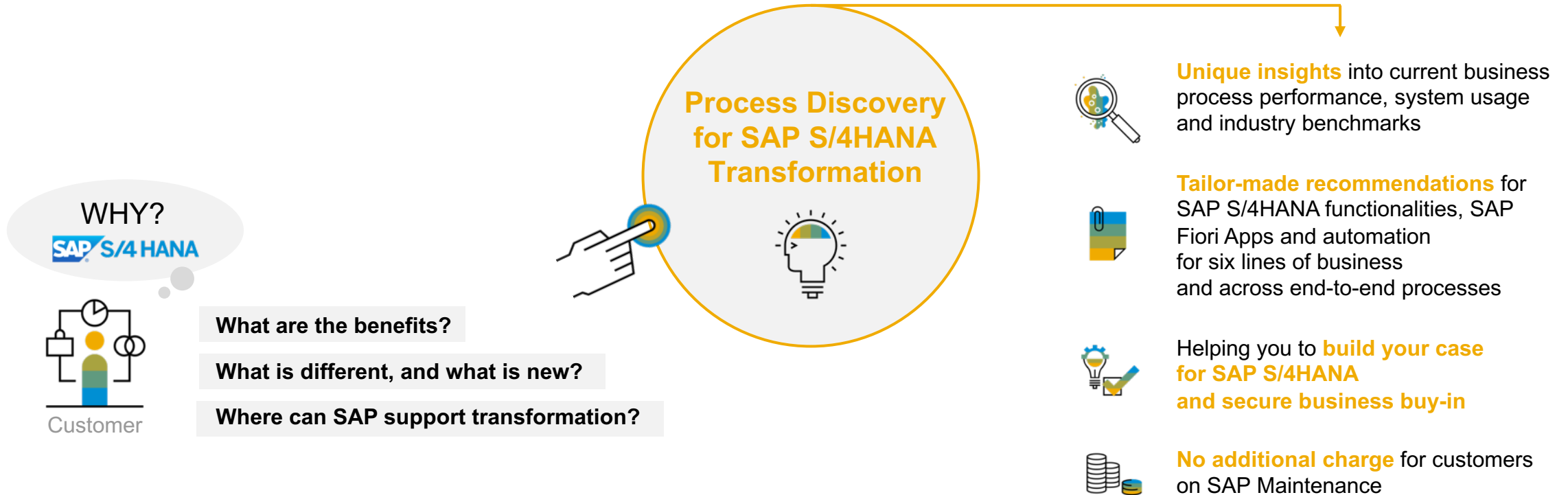
Thank you.

Contact Information:

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Appendix

How to build your case for SAP S/4HANA?

WHY?
SAP S/4 HANA

Customer

What are the benefits?

What is different, and what is new?

Where can SAP support transformation?

Process Discovery for SAP S/4HANA Transformation

Unique insights into current business process performance, system usage and industry benchmarks

Tailor-made recommendations for SAP S/4HANA functionalities, SAP Fiori Apps and automation for six lines of business and across end-to-end processes

Helping you to **build your case for SAP S/4HANA and secure business buy-in**

No additional charge for customers on SAP Maintenance

Process Discovery helps business executives understand the value of moving to SAP S/4HANA and intelligent technologies.

Storyline example for the CFO
"Understand how to achieve your business goals with SAP innovations."

Business goal
"What does my CEO want me to achieve?"

1 Optimize finance processes and liquidity

Value drivers
"What should we improve?"

2
Reduce G/L efforts and financial closing time

Reduce days sales outstanding (DSO)

Deep dive into performance
"Where are issues in today's processes?"

3 Process view and process performance indicators
(from customer's SAP ERP software data with industry benchmarks)

Impacting G/L efforts and closing time
- **Overdue & open** finance AR / AP items
- Customer/ vendor payments **autom. cleared**
- **Open items** on finance G/L accounts

Impacting days sales outstanding
- # of sales order **items overdue** for invoicing
- # of delivery **items shipped and not billed**
- # of days for **lead time**: invoice creation to clearing

Deep dive into usage
"How are we working today?"

4 Usage view
(from customer's SAP ERP software data with industry benchmarks)

Capabilities	What peers are using	What you use today
Financial Accounting	★ ★ ★	★ ★ ★
Collections Management	★ ★ ☆	No usage detected

5 **How SAP helps**
and what's different to SAP ERP?

SAP S/4HANA capabilities

Entity Close
Increase accuracy, corporate governance, compliance, and efficiency of the entity close with automation and standardization. Accelerate the entity close process through automation and standardization.

Cash & Liquidity Management
Gain real-time insight into global cash and liquidity with SAP S/4HANA. Position cash accurately and analyze enterprise-wide cash flows within a timeframe of choice.

+

Additional SAP products

ML - SAP Cash Application
ML - Business Integrity Screening
IRPA - Supplier Invoice Status Checks

Reports

Get performance insights for end-to-end processes or lines of business and identify transformation opportunities

Get Insights into End-to-End Processes

Complaints and Returns Management
Sales

Inventory Management
Supply Chain

Operate to Maintain
Asset Management

Order to Cash
Finance · Sales

Plan to Produce
Manufacturing

Procure to Pay
Finance · Sourcing and Procurement

Record to Report
Finance

Explore Performance by Line of Business

Asset Management

Finance

Manufacturing

Sales

Sourcing and Procurement

Supply Chain

Leverage Transformation Opportunities

Process Automation

ERP System Usage

[R] *This is the current state of planning and may be changed by SAP at any time without notice*

Record to Report

Process of recording, processing, and reporting financial information

Automation Potential
Aug 5, 2020 – Jan 31, 2021

● ● ○   ● ● ○
Manual Effort   Users

⊙ **End-to-End Process Start**

All Value Drivers ▼   Find KPI 🔍   **View Recommendations (54)**

---

1 FINANCE
Accounts Receivables ⓘ   ● ● Manual Effort   ● ● Users   Related Processes (1)   Recommendations (26)

Customer payments automatically cleared	2.9%	
Electr. bank statements not completely posted	42.7K	
Lead time: Invoice creation to clearing	40.4 days	
Overdue & open finance AR items	40.2K	

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2 FINANCE
Accounts Payables ⓘ   ● ● ● Manual Effort   ● ● Users   Related Processes (1)   Recommendations (33)

Overdue & open finance AP items	40K	
Purchase order items created after invoice	32	
Vendor payments automatically cleared	84.1%	

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3 FINANCE
General Ledger Accounting ⓘ   ● ● Manual Effort   ● ● Users   Related Processes (2)   Recommendations (30)

| Open items on finance general ledger accounts | 1.1M | |
| Open items on goods receipt/invoice receipt clearing accounts | 72K | |

R *This is the current state of planning and may be changed by SAP at any time without notice*

Record to Report

Process of recording, processing, and reporting financial information

Aug 2020 → Jan 2021

Automation Potential
Aug 5, 2020 – Jan 31, 2021

Manual Effort   Users

R *This is the current state of planning and may be changed by SAP at any time without notice*

12 optimization goals for 6 lines of business across 7 end-to-end processes

6 Lines of Business

- Manufacturing
- Finance
- Supply Chain
- Asset Management
- Sales
- Sourcing and Procurement

7 End-to-end Processes

- Record to Report
- Order to Cash
- Procure to Pay
- Complaints and Return Management
- Inventory Management
- Plan to produce
- Operate to Maintain
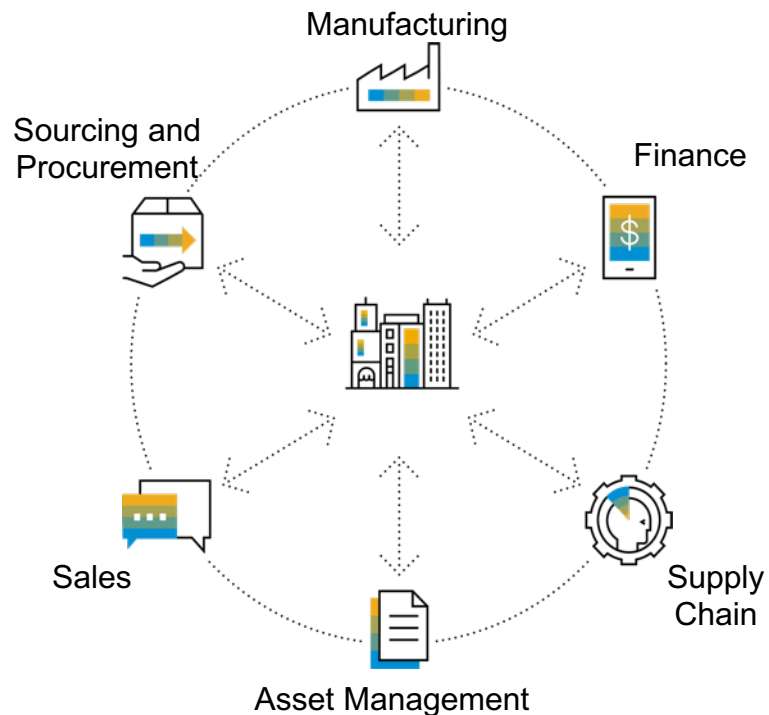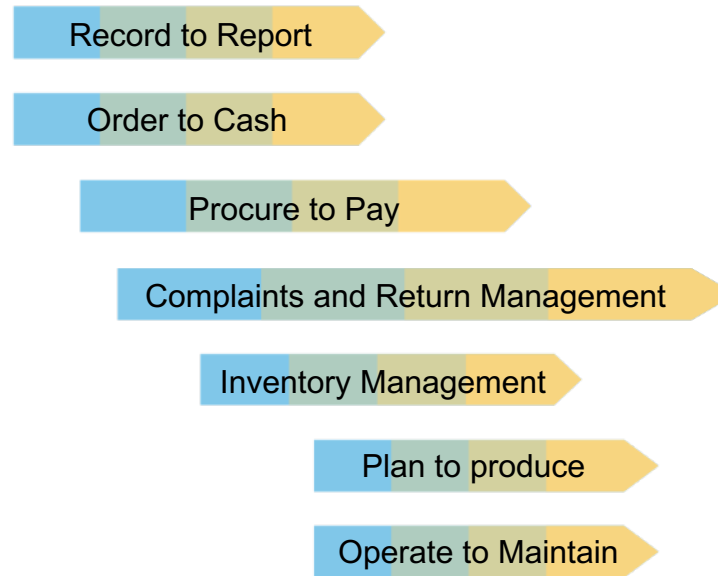
12 Optimization goals

- Reduce finance costs
- Reduce procurement function cost
- Reduce complaints and return costs
- Reduce total manufacturing costs
- Reduce asset data management cost

- Increase sales force efficiency

- Reduce G/L efforts and financial closing time
- Reduce days sales outstanding
- Reduce days in inventory
- Reduce unplanned downtime or outage

- Improve on-time delivery performance
- Accelerate manufacturing cycle time

~ **60 process performance metrics** selected out of a set of 1300+ readily available KPIs in SAP Solution Manager, supporting the need to MOVE to SAP S/4HANA, collected from the customer's SAP ERP systems and benchmarked against peers (3000+ data sets per January 2021).

Personas

Line of Business Manager

Process Owner

Transformation Driver

Technical System Expert

Clemens needs to assess performance and identify areas for improvement for his **line of business.**

Claire needs to assess performance and identify areas for improvement for the **end-to-end process.**

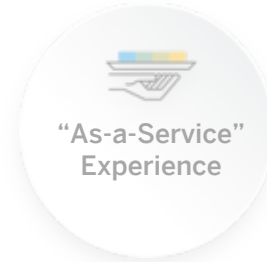Amelia needs to identify transformation or automation potential **across the organization.**

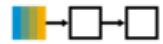Emanuel needs to future-proof the **IT landscape.**

Improve transformation readiness and accelerate innovation

Transformation Readiness

"As-a-Service" Experience

Operational Resilience

Predictable, Lower TCO

Achieve Process Excellence

With BPI, identify process bottlenecks, design to-be processes, simulate and achieve significant business improvements

Leverage transformation tools & services

Reduce complexity of customizations and maximize use of standard functionality using SAP tools and services

Integrate and Extend Digital Core to Accelerate Innovation[1]

Optimize and extend processes that accelerate cloud innovations with Business Technology Platform and Business Networks within and beyond enterprise boundaries

10 – 15% [2]	Improved process efficiency
50 – 80% [3]	Less cost to manage customizations
Reduce time-to-value for B2B network benefits	
10 – 15% [4]	*Sourcing savings (Ariba Network)*
Up-to 3% [4]	*Lower asset maintenance cost (AIN)*
Up-to 5% [4]	*Lower logistics cost (LBN)*
Up-to 15% [4]	*Lower days In inventory (LBN)*
Faster time to market for innovations	
Improved employee engagement with task automation	

[1] Other LOB bundlers to be introduced across 2021, starting with HXM
[2] IDC survey showed 10%–15% drop in operating costs
[3] SAP customer case studies and experience
[4] Improvement range based on SAP's benchmarking with a model company of $2B in Revenue & 15% margin. Only applies to assets and spend and logistics which flow through the respective SAP systems

Transformation Readiness
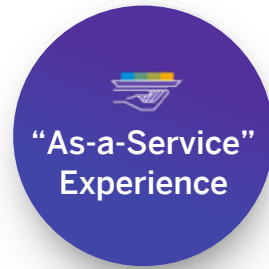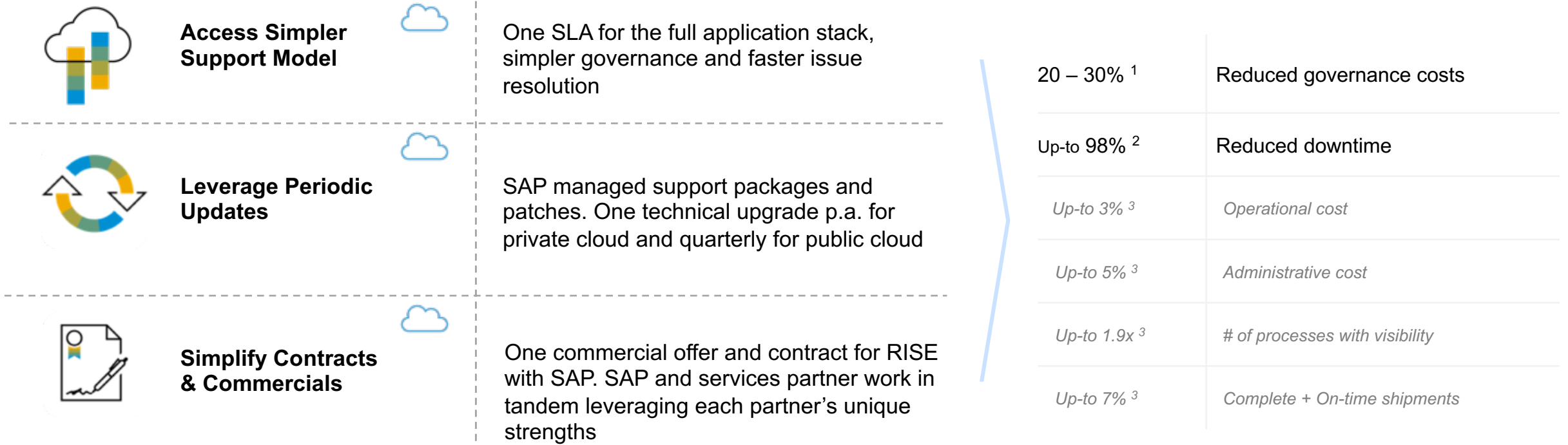
"As-a-Service" Experience

Operational Resilience

Predictable, Lower TCO

Simplify software consumption and realize a better SaaS experience

Access Simpler Support Model

One SLA for the full application stack, simpler governance and faster issue resolution

Leverage Periodic Updates

SAP managed support packages and patches. One technical upgrade p.a. for private cloud and quarterly for public cloud

Simplify Contracts & Commercials

One commercial offer and contract for RISE with SAP. SAP and services partner work in tandem leveraging each partner's unique strengths

|	
20 – 30% [1]	Reduced governance costs
Up-to 98% [2]	Reduced downtime
Up-to 3% [3]	*Operational cost*
Up-to 5% [3]	*Administrative cost*
Up-to 1.9x [3]	*# of processes with visibility*
Up-to 7% [3]	*Complete + On-time shipments*

[1] SAP customer case studies and experience

[2] Study by IDC on SAP S/4HANA Cloud, private edition

[3] The Value of Upgrading ERP: Maintaining Modern Technology (by Aberdeen Group)

Transformation Readiness
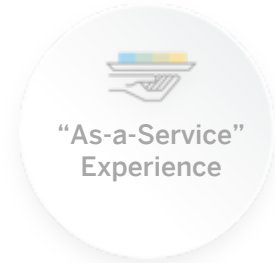
"As-a-Service" Experience

Operational Resilience

Predictable, Lower TCO

Improve operational resilience running on hyperscale infrastructure

Leverage SAP Reference Architecture

Proprietary SAP reference architecture to ensure optimal performance and platform independence across multi-cloud ecosystem

Improve Infrastructure Resilience

Choice of hyperscaler to ensure highly resilient, global, secure and scalable Cloud infrastructure

Achieve Application-Level Security

Reduce cybersecurity risk and high overhead costs to address cybersecurity, privacy and ensure business continuity

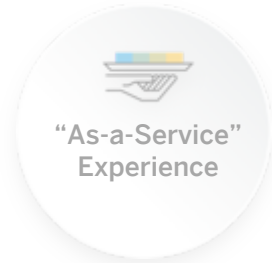|	
30 - 60% [1]	Reduced infrastructure overprovisioning
Up-to 98% [2]	Reduced Downtime
2.8% of Revenue [3]	Reduced cybersecurity value-at-risk
	Reduced SAP application delivery time
	Reduced risk of penalties (e.g. due to GDPR violations)

[1] Bain & Co. - Optimize when migrating to the Cloud
[2] IDC TCO study on SAP S/4HANA Cloud
[3] Accenture – The cost of cybercrime

Achieve predictable, lower TCO with pricing & infrastructure operations optimization

Gain from Future-Fit, Flexible Pricing

Flexible subscription pricing, better aligned with future requirements based on simpler metrics (e.g. Full Usage Equivalent)

Achieve Hyperscale Economics

Reduce infrastructure costs, while leapfrogging complexity and learning curve of using a public IaaS and PaaS platform

Automate Technical Operations

Better service availability and cost efficient operations leveraging SAP best practice cloud operations

Reduced TCO

- *Reduce IT governance costs*
- *Reduce infrastructure costs*
- *Reduce IT operational costs*
- *Reduce shelf-ware*
- *Improve IT user productivity*

20% [1]

Reduced 3rd party software & support fees

Faster time-to-market for new capabilities & applications

[1] Study by IDC on SAP S/4HANA Cloud, private edition

SAP S/4HANA Momentum

as of December 31, 2021

December 2021 — **13,100+ Live**

October 2021 — **11,400+ Live**

May 2020 — **5,000 Live**

May 2019 — **3,000 Live**

2015

- 18,800 S/4HANA Licensed Customers
- 1,300 RISE with SAP Customers (launched 1/2021)
- Adoption across all industries

CEO — Overhaul the corporate strategy
- **10% - 20%** Increase in revenue from new offerings
- **10% - 20%** Increase in customer satisfaction

CIO — Constantly deliver innovation
- **75%** Lower total cost of ownership
- **50%** Reduction of data footprint
- **10% - 40%** Increase productivity

CMO — Deliver Customer Value
- **10% - 30%** Increase on-time delivery rates
- **60% - 70%** Reduce of total vendor invoice processing time

COO — Continuously improve operational excellence
- **10% - 15%** Reduction of total logistics costs
- **Up to 10%** Reduction of total manufacturing costs

CFO — Make rapid, accurate, data-based decisions
- **40% - 50%** Reduction of time spent on period end close
- **25% - 30%** Reduction risk and compliance costs