

# Cloud ERP Value Framework

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Public

# Agenda

The challenge of legacy ERP operating models

The Cloud ERP difference

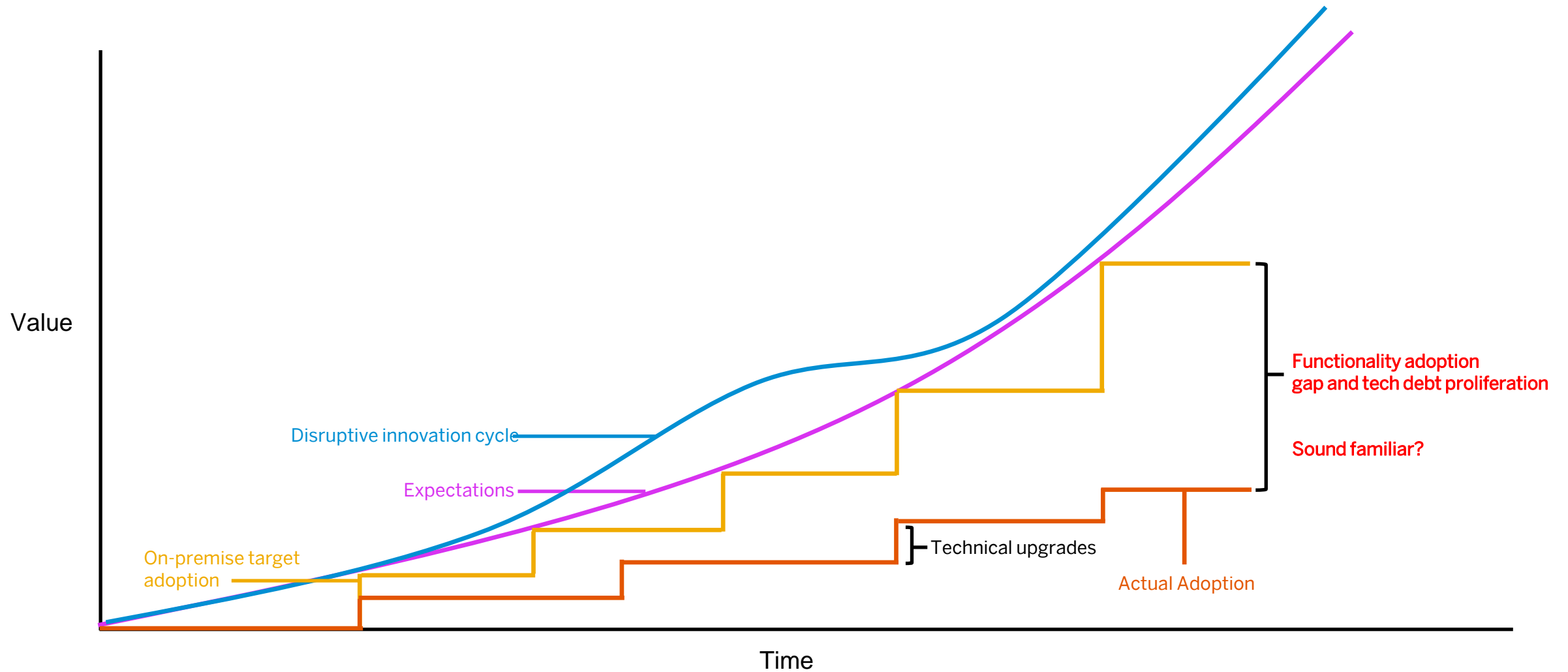
What is RISE?

The total value formula

A framework to quantify value of Cloud ERP operating model

# The Challenge of Legacy ERP Operating Models

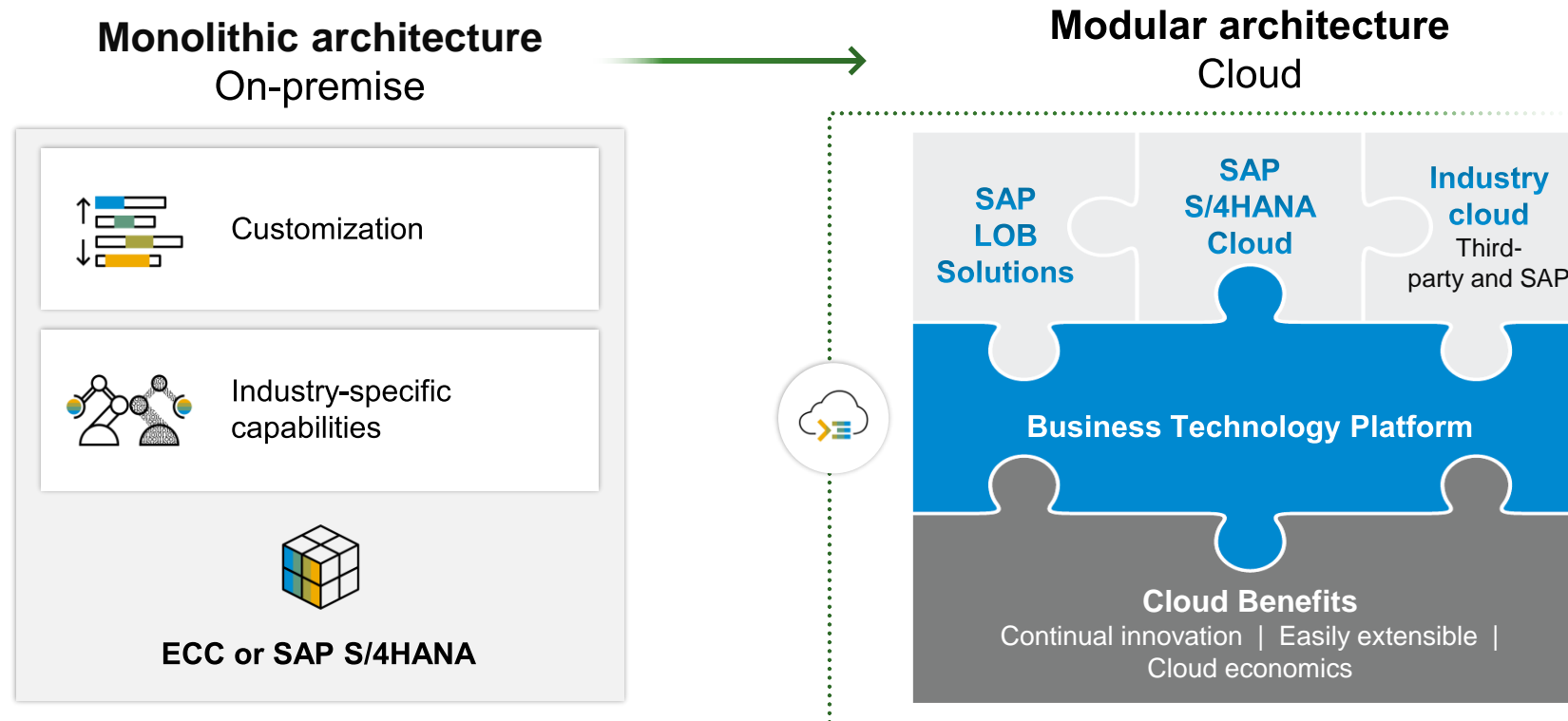
## Cloud Adoption is **Key** to Innovation & Optimization



# Why Cloud ERP?

## ERP Delivered As-a-Cloud Service Closes the Functionality Adoption Gap

- Vision for the Intelligent Enterprise: a digital core that is **easy to extend, robust, efficient to operate,** and can be **upgraded with little (to no) downtime**
- To achieve this, it requires new engineering mindsets & architectures that are cloud native and moving from a snapshot in time to continuous improvement mindset
- This further allows for opportunities for further business value through SAP's systems of innovation



# RISE with SAP helps customers to accelerate journey to Cloud ERP, maximize value by simplifying software consumption and through proactive engagement model



# S/4HANA Delivered As a Cloud Service - Total Value Proposition

## Value Lever 1

### Deliver Functional Value

- ✓ Loads of differentiating functionality delivered since 2015 (sales, supply chain, finance, customer service, x-functional capabilities)
- ✓ Modern User Interface (FIORI)
- ✓ Real-time Operational Analytics
- ✓ Business AI
- ✓ Intelligent business processes

## Value Lever 2

### Create Technical Wealth

- ✓ Tech debt reduction
- ✓ Simplification of ERP ecosystem and surrounding systems
- ✓ Eliminate unused custom code and refactor differentiating
- ✓ Clean/lean core foundation
- ✓ Enable continuous innovation cycle leveraging modular, cloud architecture principals

## Value Lever 3

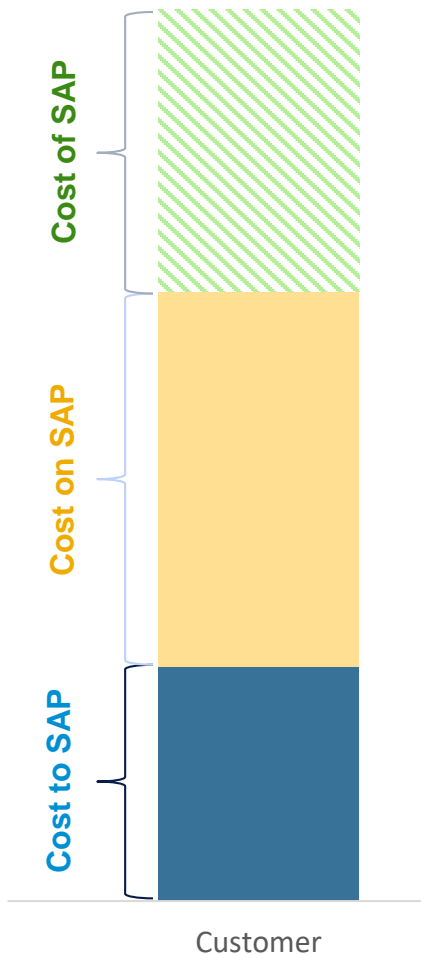
### Transform IT Operating Model

- ✓ Value of transforming ERP IT operating model (RISE)
- ✓ Value of new IT internal capabilities enabled
- ✓ Simplification of software and services commercial construct
- ✓ Simplified governance, predictable planning and budgeting processes
- ✓ Shift IT from cost center to profit center



# Step 1: Quantify current state total cost to Run & Operate SAP today

## Total Cost to the Business to Run SAP – Dive into the 3 Big Buckets



- This can easily be a research project requiring input from a lot of teams depending on complexity of operating environment – requires research, diligence, contract reviews and a deep look into the current state ERP operating delivery model
- The “**Cost to SAP**” is annual maintenance and associated services and support costs
- The “**Cost on SAP**” is how much on ecosystem of providers – owned data center operations, IaaS, TMS, AMS, functional/technical consulting, independent contractors etc.



The “**Cost of SAP**” is about the impact on the business by the IT operating model for the SAP environment – this is where massive amounts of opportunity can be found – dig into your incident and ticket data and find RCAs that would have been prevented

# Step 2: Define what your current state ERP Operating Model looks like...

*Who does what when? How do you manage and orchestrate? How effective is the service delivery today?*

SAP Operational Support Service "Stack"		EXAMPLE 1	EXAMPLE 2	EXAMPLE 3		
Business Process Management	Business Transformation Services	<i>Customer Internally</i>	<i>Vendor 5</i>	<i>Vendor 2</i>	Incidents	
	Business Process Re-Engineering		<i>Vendor 4</i>			
	SAP Functional Managed Services ("Configuration") <sup>(1)</sup>					
Technical Managed Services	BASIS Technical Managed Services ("Client 100" and above) <sup>(2)</sup>			<i>Vendor 3</i>	<i>MSP</i>	Service Requests + Small Projects
	BASIS Technical Managed Services ("Client 000" and below) <sup>(3)</sup>					
	SAP Software Product Maintenance & Support		<i>SAP</i>	<i>SAP</i>	<i>SAP</i>	
	Database Management	<i>Customer Internally</i>	<i>Vendor 2</i>			
	Operating System Management		<i>Vendor 1</i>			
	SAP Networking & Connectivity			<i>MSP</i>		
Infrastructure Management ("IaaS")	Intra- and Inter-Datacenter Connectivity	<i>IaaS or Customer DC</i>	<i>IaaS or Customer DC</i>		Maintenance (Upgrades & Patches)	
	Infrastructure and Hardware					
	Datacenter & Facilities Management					

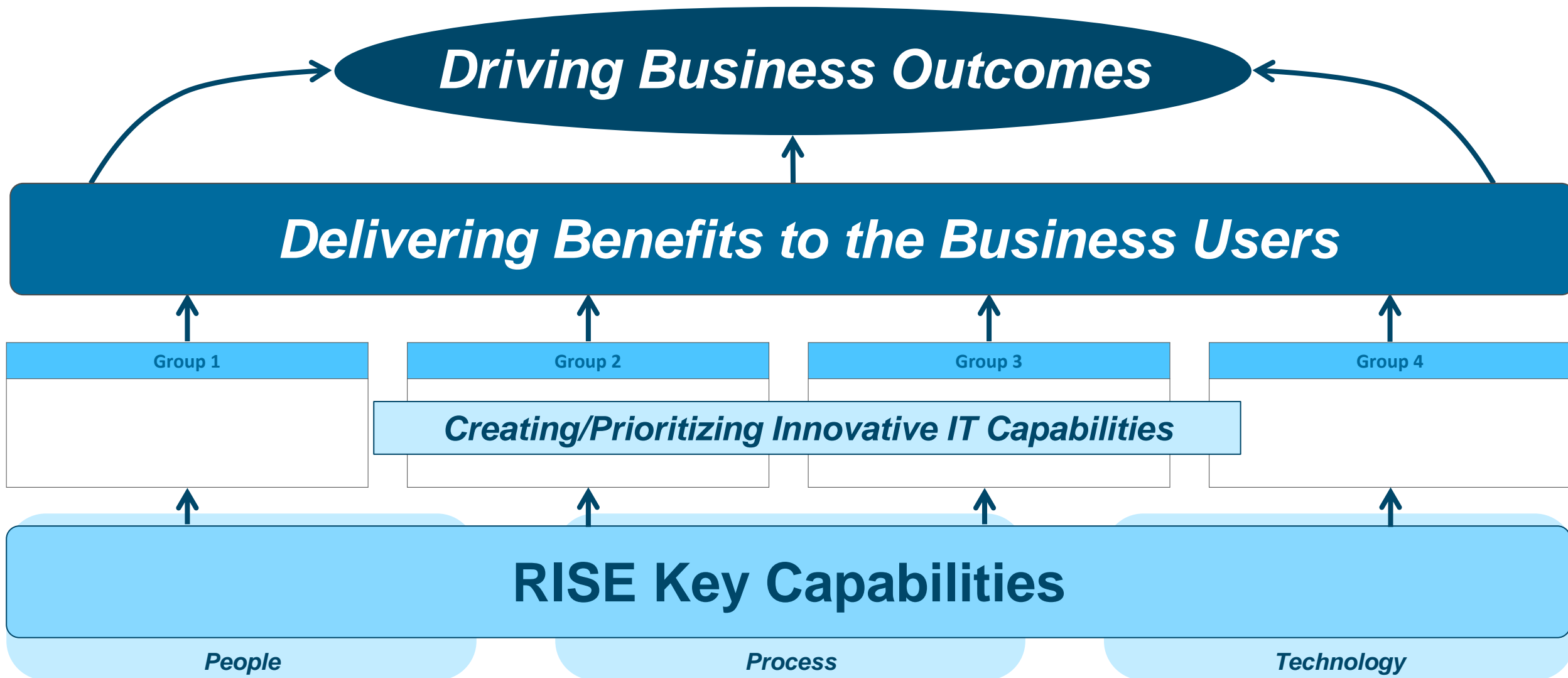


# Step 3: Compare As-Is to To-Be RISE operating model and begin to quantify impact of improvements

*Quantify the opportunity of change using real use cases and data*

SAP Operational Support Service "Stack"		w/ RISE Operating Model	Value & New Opportunities Generated (EXAMPLES ONLY)
Business Process Management	Business Transformation Services	<i>X Internally and/or Vendor</i>	<ul style="list-style-type: none"> <li>• Reduction in major business impacting incidents preventing (impacts to patient supply, manufacturing down time, closing the books and reporting to wall street etc.)</li> <li>• Shift culture and focus of ERP IT teams away from RUN activities to GROW &amp; INNOVATE</li> <li>• Simplified governance model</li> <li>• Stronger partnership with SAP and aligned to SAP's strategy to deliver key innovations in the Cloud</li> <li>• Enable creation of new Internal IT Capabilities</li> <li>• ...and the list goes on....</li> </ul>
	Business Process Re-Engineering		
	SAP Functional Managed Services ("Configuration") <sup>(1)</sup>		
Technical Managed Services	BASIS Technical Managed Services ("Client 100" and above) <sup>(2)</sup>	<i>SAP</i>	
	BASIS Technical Managed Services ("Client 000" and below) <sup>(3)</sup>		
	SAP Software Product Maintenance & Support		
	Database Management		
	Operating System Management		
	SAP Networking & Connectivity		
Infrastructure Management ("IaaS")	Intra- and Inter-Datacenter Connectivity		
	Infrastructure and Hardware		
	Datacenter & Facilities Management		

# Step 4: Trace value of RISE enabled capabilities back to real business outcomes



# Thank you.

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