The long march of S/4 Hana
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S/4 Hana, the ERP system built on SAP’s in-memory, columnar database Hana has been on a long march through the enterprise since its launch in February 2013. It was described, at that time, by CEO Bill McDermott as their “biggest launch in 23 years”. Will it prove successful in the long run, as, arguably, Mao’s long march in 1934-35 did, as it eventually issued in the world’s second most powerful economy?

China is an important market for SAP, so it is not an entirely fanciful metaphor. And S/4 Hana deployment does seem to be taking a long time. The UK and Ireland SAP User Group revealed in a member survey, in November 2018, that there is a steady growth in S/4 Hana implementation. The survey showed that 12% of members were using S/4, compared with 5% in 2017.

Now, S/4 is still a new ERP system, sufficiently complex to raise major issues of data migration, implementation, customisation, training, and so on.
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And at Computer Weekly, we have noticed increased concern expressed in the market in respect of users moving off the older ERP system ECC6 and on to S/4 Hana, by the end of support cut-off in 2025. SAP’s big rival Oracle sees an opportunity here to lure customers over to their cloud applications suite. However, SAP UK&I chairman Paul Cooper does not see a dramatic problem for SAP here, even if there are some defections – to Microsoft Dynamics as well as Oracle. There could be defections in the other direction as customers move off Oracle database technology and on to Hana, he said.

And SAP has now complemented S/4 Hana with C/4 Hana – a pulling together of its CRM and commerce offerings under the one banner. It is early days with C/4, but the supplier’s overall vision of connecting the back office with the front office is worth considering.

We shall see where SAP S/4 Hana has gotten to on its long march by this year’s Sapphire conference in May 2019.

Brian McKenna, business applications editor
SAP S/4HANA

Margaret Rouse, guest contributor

SAP S/4HANA is an ERP business suite based on the SAP HANA in-memory database that allows companies to perform transactions and analyze business data in real-time.

SAP released S/4HANA in February 2015 to much fanfare, and the company now views it as one of its flagship products that customers will migrate to as the next-generation successor to the SAP Business Suite ERP platform. S/4HANA is intended to be easier to use and administer while helping to solve more complex problems and handle vastly larger amounts of data than its predecessors. It is available in on-premises, cloud and hybrid deployment models with SAP strongly pushing its customers toward the cloud option.

History of S/4HANA and the difference between HANA and S/4HANA

SAP S/4HANA is short for SAP Business Suite 4 SAP HANA, meaning that it is the fourth version of SAP Business Suite, but is designed to run only on SAP HANA.

S/4HANA originated in SAP HANA, the in-memory database released in 2011. SAP HANA made it possible to process large volumes of operational and
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transactional business data in real time. In 2013, SAP launched SAP Business Suite on HANA, a HANA-based ERP system that included modules for CRM, SRM, PLM and SCM. Suite on HANA was essentially the SAP ERP business applications’ front end running on the HANA in-memory database back end. S/4HANA was written in HANA rather than running on top of it.

SAP S/4HANA required rethinking the database concept and rewriting 400 million lines of code. According to SAP, the changes make the ERP system simpler to understand and use and more agile for developers. SAP sees S/4HANA as an opportunity for businesses to reinvent business models and generate new revenues by taking advantage of the internet of things and big data by connecting people, devices and business networks.

Also, because S/4HANA does not require batch processing, businesses can simplify their processes and drive them in real time. This means that business users can get insight on data from anywhere in real time for planning, execution, prediction and simulation, according to SAP.

S/4HANA and SAP Fiori UX

One of the keys to S/4HANA is that it uses the SAP Fiori UI rather than the traditional SAP GUI.
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SAP Fiori is a collection of commonly used S/4HANA functions that are displayed in a simple, consumer-ready tile design and that can be accessed across various devices, including desktops, tablets and mobile devices.

S/4HANA modules

One key component of S/4HANA is SAP Finance -- formerly Simple Finance -- which aims to streamline financial processes and enable real-time analysis of financial data. SAP Finance helps companies align their financial and non-financial data into what SAP refers to as a single source of truth. Some Business Suite users are deploying SAP Finance as the first step on the road to S/4HANA.

SAP has added more modules and functionality to subsequent releases, such as:

- S/4HANA 1610 -- released in October 2016 -- which included modules for supply chain management, including Advanced Available-to-Promise (aATP); Inventory Management (IM); Material Requirements Planning (MRP); Extended Warehouse Management (EWM); and Environment, Health and Safety (EHS).

In January 2018, SAP announced S/4HANA HCM, an on-premises human capital management (HCM) application alternative to SAP SuccessFactors, the
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SAP S/4HANA Cloud

In March 2017, SAP released S/4HANA Cloud, a cloud-based version of S/4HANA. S/4HANA Cloud is best suited for organizations of 1,500 employees or more that may want to run a two-tiered ERP system, in which a corporate entity runs a full business suite -- such as SAP ERP Central Component or S/4HANA -- on-premises and implements S/4HANA Cloud at the division or subsidiary level.

S/4 HANA Cloud includes next-generation technology like machine learning through a tool called SAP Clea, and a conversational digital assistant bot called CoPilot.

S/4HANA Cloud is a SaaS application with new editions released every quarter -- the naming conventions follow the on-premises model of year and month of release, so SAP S/4HANA Cloud 1709 was released in September 2017.

SAP S/4HANA embedded analytics

S/4HANA includes embedded analytics that allow users to perform real-time analytics on live transactional data.
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This is done through Virtual Data Models, prebuilt models and reports based on SAP HANA Core Data Services that analyze HANA operational data without requiring a data warehouse. The analytics functions come with S/4HANA software and do not require separate installation or licenses.
SAP S/4HANA Cloud

Margaret Rouse, guest contributor

SAP S/4HANA Cloud is a SaaS version of SAP S/4HANA ERP, a suite of integrated business applications.

SAP S/4HANA Cloud was launched in February 2017. According to SAP, the intent was to provide a "next-generation intelligent ERP" system that enables companies to achieve digital transformation. SAP S/4HANA Cloud is built on SAP HANA and takes advantage of HANA's in-memory processing and real-time data accessibility, but makes this available in a SaaS model.

SaaS deployment means users can access all of SAP HANA's functionality without committing resources to hardware, databases or IT staff. S/4HANA Cloud includes technologies that can help bring "intelligence" into ERP applications, including machine learning, virtual and augmented reality, blockchain and voice-enabled technology. Main S/4HANA Cloud functions include finance, sourcing and procurement, sales, professional services, and manufacturing.
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Three pillars of SAP S/4HANA Cloud’s intelligent ERP

SAP S/4HANA Cloud includes three technologies that form the foundation of intelligent ERP, according to SAP:

- **Digital assistant.** SAP S/4HANA Cloud uses SAP CoPilot, a conversational digital assistant (or virtual assistant) for the enterprise that lets users interact with ERP applications and functions. SAP CoPilot uses contextual data about the user and the task they are performing to provide information relevant to the task.

- **Machine learning.** SAP S/4HANA Cloud includes machine learning technology that automates repeated actions or tasks, which can be repetitive and error prone when done manually, and learns how to perform them more efficiently.

- **Predictive analytics.** SAP S/4HANA Cloud has embedded analytics that can help predict the outcomes of actions. The analytics tools are configurable to the user’s needs and can be developed into apps, such as an inventory management app that can predict when stock will arrive or a sales quotation app that enables sales managers to determine the probability of converting sales quotations.

Implementing, configuring and running SAP S/4HANA Cloud

SAP S/4HANA Cloud is available as SaaS with various subscription options from SAP, which owns and operates the platform. It comes configured with best practices and includes a built-in model that allows companies to standardize business processes. All of this is intended to reduce implementation time, cost and risk. SAP handles all of the back-end management, including upgrades,
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The top 3 barriers to SAP 2/4HANA migration are:

1. Security and governance. All users generally need to do is integrate their data, then turn on the processes they need and turn off the ones they don’t.

However, because SAP controls the basic infrastructure, it does not allow extensive customizations. This may not make S/4HANA Cloud suitable for larger enterprises that typically require ERP systems to be highly customized to meet their needs.

SAP S/4HANA Cloud versions are scheduled to update every quarter, according to SAP.

Users access SAP S/4HANA Cloud from a web browser, and all business apps are launched from the SAP Fiori launchpad. To access it, users only need an internet connection, the URL and access rights.

Benefits of SAP S/4HANA Cloud

SAP identifies five ways that companies can benefit from implementing S/4HANA Cloud, including faster ROI, increased business agility, lower total cost of ownership, improved governance and compliance, and more intelligent ERP that improves efficiency.

As an intelligent, next-generation cloud ERP business suite, S/4HANA Cloud prepares businesses for the digital future, SAP claims. It integrates business processes, can turn real-time data into actions and can increase employee
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productivity, thus enabling companies to transform existing business processes and develop new ones, according to the vendor.
The risk of upgrading to S/4 Hana

Cliff Saran, managing editor

Lidl’s decision to stop an SAP Hana implementation on the grounds of escalating costs may be an early sign of the issues upgrading to S/4 Hana will involve.

While very little has been revealed about why Lidl decided to scrap SAP, what has become apparent from the reports on the retailer’s project is that it pulled the plug due to rising costs.

When Computer Weekly started seeing SAP project failures in the late 1990s, cost of implementation was one of the contributing factors. The problem was that SAP was sold as a set of pre-packaged business processes, encapsulating business processes from some of the world’s largest companies, but often these did not match how companies trying to implement SAP saw their business processes. This meant they often required customisation.

Two decades on, experts are in agreement that customising SAP should be avoided because cost and complexity will quickly escalate. This is as true today for companies embarking on an SAP S/4 Hana implementation as it was when they first implemented SAP R/3 in the 1990s.
In 2025, SAP will officially end support for ECC6, the core enterprise resource planning (ERP) Central Component of its product. From SAP’s perspective, this gives businesses less than six years to implement S/4 Hana.

Businesses running SAP systems implemented over the past two decades have a difficult decision to make about how their existing SAP custom code should be redeveloped for S/4 Hana.

There is an ongoing debate over how existing systems can be reworked for S/4 Hana, but the general consensus is that S/4 Hana means implementing an entirely new ERP system.

**Identifying existing business processes**

As such, businesses need to figure out what their existing business processes are, how much is encoded in SAP, how much of the customisation in the original implementation is now part of standard S/4 Hana, and whether it is really a business imperative to implement the old customised code in the new platform. This is especially true if a business process that was first encoded two decades ago is no longer being used, or has been adapted but the custom code has not been updated.

According to the *Optimising business processes for success* whitepaper from analyst IDC: “Poorly coordinated processes that don’t map to business needs and that undermine production systems when deployed are not merely costly –
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they can stymie effective corporate positioning and responsiveness to rapidly changing competitive pressures and global demands.”

In the whitepaper, IDC recommended establishing strategies that encompass cultural change, organisational structures (by leveraging existing centres of excellence, project or programme management offices, or DevOps – or by forming them), processes for business process quality, and evaluation and adoption of appropriate automation solutions to help create relevant, adaptive and business-centric applications.

**Delivering on business demands**

According to SAP consultant Panaya, to gain the most value from an SAP S/4 Hana investment, the IT department will need to deliver on business demands as quickly as possible without business disruption. With several project paths to take – migration, implementation, greenfield, etc. – IT teams are embarking on 12- to 18-month projects, the company wrote in a recent whitepaper.

The technical upgrade for SAP S/4 Hana can be as quick as three months. However, to meet new SAP S/4 Hana standards, Panaya said the remaining nine to 15 months should be focused on business process changes, customisation and quality assurance.
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In fact, SAP S/4 Hana introduces many changes to areas such as technology, business processes and user interfaces. According to Panaya, these changes will affect both how IT teams work and how they customise the SAP system.

As operating models and IT processes change, Panaya warned that change requests, requirements, and test and release management processes could be a difficult transition for enterprise IT.

"For many organisations, implementing these changes in a waterfall delivery mode will take too long, affecting solution ROI [return on investment]. These changes will need to be implemented incrementally, delivering on different change requests in each cycle using DevOps and continuous delivery," the Panaya whitepaper said.

Taking responsibility

Stuart Browne, managing director of independent SAP consulting firm Resulting, said a common problem he encounters is that businesses often wrongly assume it’s the systems integrator that has responsibility for getting the ERP implementation right, when it is ultimately the customer’s responsibility.

Browne said that one of the technical challenges for businesses is that S/4Hana is not yet complete. “It is an unfinished product and doesn’t simplify the SAP product suite. Adopting S/4 Hana now does simplify some functionality, but not all of it.”
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Since it is still a work in progress, Browne said there was a lack of tools and people with the right skills to implement S/4 Hana. This is compounded by the fact that the people who understand the existing ECC6 SAP ERP implementation and have 20 or so years of experience with it are heading towards retirement.

“There is an ageing, affluent workforce approaching retirement. Everyone tends to be in their mid-40s to mid-50s.” He said younger people are generally doing “cooler things” rather than implementing SAP, and there is 8% wage inflation in India, which means outsourcing SAP skills is expensive.

Deferring the upgrade

Rimini is one of the companies that has built a business around supporting older SAP systems. The idea behind taking a third-party maintenance contract is that it enables the business to lower its ongoing maintenance fee while it delays migrating to the newest product, in this case SAP S/4 Hana.

Hari Candadai, group vice-president of product marketing and strategy at Rimini Street, said it was “very telling” that Lidl had to reassess and customise so many processes to make the new SAP system work for its business.

“The key takeaway is that every enterprise customer considering a major SAP platform move, including a potential reimplemention to S/4 Hana from their existing SAP system, needs to understand it is anything but simple,” said
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Candadai. “Get this wrong, and it will severely impact your bottom line. The real question is, ‘What was the purported ROI in the first place to even consider ripping and replacing your back office systems of record?’.”

Since support for ECC6 will continue until 2025, businesses do not necessarily have to buy into S/4 Hana right now, especially if they feel it is not yet a complete product.

Six years is a long time, and since SAP S/4 Hana is regarded as a major implementation, Browne said there was an opportunity for businesses to reassess how the core ERP should operate within the company and look at the feasibility of deploying alternatives such as NetSuite or Microsoft Dynamics.

There is also the question of what IT architecture will be needed in 2025 to support what the business hopes to do at that time. For instance, while S/4 Hana does provide application programming interfaces (APIs), Browne claimed these were too restrictive, especially if the company wants to open up its application programming interfaces and participate in an API economy, where companies transact using a cloud-native approach based on lightweight microservices.

And while SAP may well have been sold in the past as a way to encapsulate world-class business processes, traditional businesses risk being disrupted because an ERP invented in the 1990s is no match for the innovative supply chains of the 21st century.
SAP user group’s Cooper: Indirect licensing progress welcome but slow

Brian McKenna, business applications editor

In the year ahead we will need to see more progress from SAP on indirect licensing, along with more communication about C/4 Hana, says SAP UK & Ireland User Group (UKISUG) chair Paul Cooper.

Indirect licensing – a term well recognised by SAP customers, which means use cases involving non-SAP software but where SAP could have a case to demand licence revenue connected with the use of its software in combination with that of others, Salesforce’s as an instance – remains a thorny issue for users.

Nevertheless, SAP customers do find the supplier becoming more transparent, and are advancing their own progress to adopting SAP’s full enterprise resource planning (ERP) S/4 Hana suite, though mostly on-premise, not in the cloud.

Cooper briefed Computer Weekly at the UK and Ireland SAP User Group conference in November 2018. What follows is an edited version of that interview.

How much of an issue for your members is the end of life of ERP Central Component 6 (ECC6)? At Computer Weekly, we have noticed increased
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Concern expressed in the market in respect of users moving off ECC6 and on to S/4 Hana, by the end of support cut-off in 2025.

Well, there is some time to go till 2025, and SAP has moved customers off older versions [of ERP systems] before. But this one is slightly different in that in reality SAP is pitching a different product. And there are different routes to doing the upgrade; some things aren’t there, and do you go with [the cloud-based] SuccessFactors for HR or payroll, for instance?

It seems SAP is using it [the end of life of ECC6] as a mechanism to try to get people to start thinking about [the transition to S/4 Hana] earlier by saying there might not be enough people around at the Accentures and Deloittes, and so you could avoid that rush at the end by moving earlier. But when products have come to the end of life in the past, you have been able to go to SAP and negotiate a price for the extended maintenance, and it’s not said that that won’t be available this time. There can be a big price tag on that, of course.

Luca Mucic, chief financial officer at SAP, said, in the most recent analyst call on SAP’s numbers, it is expecting “roughly half” of the installed ECC6 SAP customer base to be on S/4 by 2020.

It will have to grow quite a bit to hit that! Our survey shows 12% of our members using S/4 Hana, which compares well with 5% in 2017. But SAP would need a big step up in two years to get to, say, 40%.
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I was in an international press session with Mark Hurd at Oracle Open World in October. He said SAP’s “end of lifing” of ECC6 was a very good opportunity for Oracle because a lot of CIOs will be will be looking at alternatives, with that looming. And that any shift to the cloud will make switching easier. Are you getting much of a sense of that among your members?

I don’t think it’s just Oracle. At least one organisation we know of has gone to Microsoft Dynamics very recently. Whenever you do come to a point like this, it does give you an opportunity to reflect. And that happens more frequently in large companies that do mergers and demergers.

But, with the cloud, if you are talking about your [enterprise] backbone – so not smaller cloud applications like Concur – a big switch is still not an easy thing to do. There’s the change management, retraining people, redesigning all the processes, and so on.

Also, for Oracle the difficulty with S/4 is it might see defections from its database, so people moving in the opposite direction.

Granted, but there are not that many people running S/4 in the cloud. My understanding, from a senior SAP executive, is that public cloud S/4 Hana contracts, globally, are in the very low triple-digit range, with implementations being fewer still, nudging 100. Which is arguably good from a standing start in early 2017, when that aspect of the S/4 business
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got going, but it is still low, around 1% of S/4 Hana customers [of 9,500] overall. And your own survey indicated growth in S/4 Hana adoption, but still modest growth, and with people thinking of making the shift over quite a long term.

Well, it’s not an insignificant project, and you may well have lots of other things happening in your business – the impact of Brexit for one. Unless you’ve got a big reason to do S/4 in terms of a transformation journey your business is on, or you’re being disrupted, you are going to go for low-hanging fruit, short-term projects.

Indirect licensing has been a big concern for the user group, and indeed for the SAP User Group Executive Network of user groups and for the German user group. SAP launched a new “modernised” model based on consumption, in 2018, which is said to cover indirect licensing in a rational way. How is that going down with your members?

Yes, it launched the new model based on consumption. But there are questions over how it will work. It has not launched the tools yet to be able to measure use under the terms of the new model.

We’ve seen a test, mocked up version of how it might work, but it is quite difficult. Let’s take a sales order as an example. You know you could be charged for the creation of a sales order, but if you then cancel that sales order
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you’re not supposed to get charged, and that should get reversed out of the tool, but it is not there yet.

So I can see why it’s taking time, but you would think if you were going to launch a new model you would have those things available pretty quickly after the launch so that people can understand what the implications are.

In 2017, you told me SAP users were reluctant to do new or innovative things because of the lack of transparency regarding indirect licensing. Uptake of Leonardo [the term used to cover SAP’s machine learning and blockchain offerings, especially in internet of things scenarios] seemed weak for this reason. Customers were scared they would get landed with an unexpected bill for licensing.

One of the things I talked about in the 2017 keynote was the need for SAP to improve education about the new products, but also to be able to have a conversation about licensing when it launched said new products.

Yes, I think there’s still probably a hangover for it here, with the indirect stuff that’s gone on, particularly in the UK with the Diageo case. I know from talking to one of our members that they’ve been through an indirect issue with SAP and they’re now under pressure from their board not to do any more SAP projects.

However, the new EMEA north president, Brian Duffy – who’s Irish, but has come over from the US – has told us if we have got members who are
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concerned, he will help make the issue go away. He is one of the people who worked on the Diageo situation after it blew up.

But, you know, if there are businesses that are able to make a living from advising customers about licensing, it is clearly not that straightforward.

**The big strategic initiative from an SAP perspective has been the launch of C/4 Hana, the customer-focused sister suite to S/4 Hana. But that seems little known among your members.**

We’d like to start to see the use cases to get a better understanding of what SAP have bolted below the banner of C/4 – there are a number of discrete products below that. That’s always been one of those challenges for users. In the past, when SAP solution speaks to SAP solution it’s not been easy and straightforward.

**I wonder if there may be potential for indirect licensing to come up in the C/4 context?**

It is one of those interesting areas because it is where you’ll touch out to more solutions than you would do from a classic ERP instance.

We need to know more. It’s one of those areas that we’ll look at when planning what events we put on in the next 12 or 18 months. SAP needs to be evangelising it [C/4] more than we’ve seen so far.
UKISUG 2018: Upswing for S/4 Hana, C/4 Hana unknown to 39%

Brian McKenna, business applications editor

On the opening day of its annual Connect conference in Birmingham, the UK and Ireland SAP User Group (UKISUG) unveiled research that showed a slow and steady increase in S/4 Hana adoption, but also revealed C/4 Hana to be comparatively neglected – unknown to nearly 40% of the customers surveyed.

The annual user group survey asked people from 345 organisations about the adoption of recent generation SAP technologies.

A total of 12% said they were using SAP’s full enterprise resource planning (ERP) S/4 Hana system, compared with 5% in 2017.

User group chairman Paul Cooper said in his keynote address to the group, which is celebrating its 30th anniversary: “Back in 2016, only 39% of you were using or planning to use S/4, last year the figure went up to 58%, and now we are at 70%. What a difference two years makes.

“So why the changes in numbers? Firstly, the solution has clearly been built out and matured. But secondly, SAP has worked with us to provide education on the journey to S/4, the benefits of the solution, and the longer term roadmap. All
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these factors have clearly made most organisations feel more comfortable about the move.”

Adaire Fox-Martin, global customer operations and executive board member at SAP, used part of her keynote address to talk about the supplier’s Move programme, which is focused on moving **ECC6** customers to S/4 Hana.

“The movement of our installed base to the S/4 world is a very significant priority and topic in our boardroom,” said Fox-Martin. “Move is the focus of that. We recognise there are ‘why’ and ‘how’ questions we need to help with. What is the cost and change management required?

“We have to help people understand at a macro level regarding their industry what we have today in S/4 functionality and what will come in the future. We need to convey what functionality will be built into the core of S/4.

“And then there is the micro, per company, view. We have had a large number of companies that have moved, but there are customers that need to understand the ‘how’ with a granular degree of specificity to them. They all have a unique starting position.

“So, under the auspices of Move, of which I am the personal sponsor on the board, we have looked at ways of managing the cost, to support you in the creation of the business case, and help you manage the time to migrate.”
The Connect conference takes place on the day that SAP announced its acquisition of Qualtrics for $8bn. Qualtrics is a Utah-based “experience management” company that seems to fit SAP’s turn to the customer, so featured prominently at this year’s Sapphire conference in Orlando, under the banner C/4 Hana.

So, how many of the user group’s respondents had heard of C/4 Hana? Almost 40% had never heard of it, and only 5% said they were “very aware”.

Jens Amail, SAP’s newly appointed UK and Ireland managing director, said on stage: “We are very proud of our acquisitions here, but we believe the way to get the most value out of these for our customers lies in the combination of best of breed and integration [with existing SAP technology].

“I have to admit, looking at the results of your survey [regarding C4], we can do better. The statistics are clearly not where we want them to be.”

**Indirect licensing**

The topic of indirect licensing is still at the forefront of SAP customers’ minds – at least as represented by the user group.

Cooper said: “It wouldn’t be a user group conference without us talking about licensing. It’s not going away – but we are making progress.”
The long march of S/4 Hana

“In April this year, SAP announced a new licensing model for indirect access. We welcomed the new model and believe it will make it easier and more transparent for new customers to pay for SAP licences.

“However, we noted that SAP needed to provide further reassurances to existing customers. Most of us in this room have been SAP customers for many years and we need to know that we won’t be asked to pay more for indirect use cases and implementations that were undertaken in good faith prior to the new model.”

SAP did say it would show greater customer empathy. Brian Duffy, SAP Emea north president, has told the user group board that if a member has a problem around indirect licensing, he will personally make sure it goes away.

“These reassurances are genuinely great, but at this stage we need specifics. We need to know how empathy translates in commercial situations.”

Earlier in his talk, Cooper said: “As the technology industry has grown and the individual vendors have got bigger, most have flexed their muscles more. It’s because of this that user groups are so important.

“Not only can we influence product and strategic direction, but we can also keep vendors in check and collectively have a powerful voice on a range of issues.

“Vendors that get this and proactively engage user groups, even if they don’t always like what they hear, will be more successful in the long term. SAP

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certainly understands this and I think it is fair to say that we, not just in the UK but globally, probably have the most successful and mature partnership with SAP of any vendor and user group community in the tech industry.”
Pladis aims to get closer to consumers with S/4 Hana

Brian McKenna, business applications editor

United Biscuits owner Pladis has turned to SAP software as a service to get closer to customers, starting with its North American business.

Anthoula Madden, chief digital officer (CDO) at Pladis Global, describes the company’s Ülker brand, based in Turkey, as “the Nestlé of the Middle East”. Parent company Yildiz Holdings has its origins, alongside Ülker, in the world of the Istanbul bakery in the 1940s.

In 2016, Yildiz brought together United Biscuits (maker of McVitie’s biscuits, Jacob’s crackers and Twiglets), Ülker, Godiva Chocolatier and DeMet’s Candy Company under the Pladis name, as a play on the “Pleiades” star constellation. Pladis is a $5.2bn [2016] turnover business, and is said to “reach” four billion people globally. The Godiva retail chain is a separate legal entity, also owned by Yildiz Holdings.

Madden, who has an academic background as a post-graduate physicist, had Godiva as a client when she was a PwC consultant. She jokes that the CDO role at Pladis is her “first real job”, outside of management consultancy.
First steps

The first steps in bringing Pladis closer to its customers, using what SAP describes as its “intelligent enterprise” technology approach, have been taken in North America, says Madden.

“They were running primarily on manual processes, and mainly on Excel and [Microsoft] Navision for finance, digitally. So that was a good place to do a cloud solution that was agile and scalable, and where it was easier to connect with an ecosystem of partners.

“We used the business model in the SAP Hana Cloud to create a new digital core for the business, which we have also restructured around a brand P&L [profit and loss]. We kicked that off in November 2017, and went live on 1 May 2018,” she says.

London is the headquarters for Pladis, as a relatively new global business. “The key philosophy is to be more consumer- and brand-centric, with a more agile business model. We had been product-centric, so being more relevant to consumers is a big cultural change. The advantage we have over, say, Nestlé and Mars is we are smaller, so we can be more agile,” says Madden.

Choosing SAP

The engagement with SAP S/4Hana Cloud is a pilot for the American business – the US, Canada and the Caribbean. UK-based United Biscuits and Turkey-
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based Ülker are long-standing on-premise SAP customers. In China, Kazakhstan, Saudi Arabia and other territories, there is a plethora of enterprise software, and they are “in the process of integrating and harmonising some of that”, says Madden.

Since its two biggest markets – the UK and Turkey – were already on SAP, the choice “made sense”, she says. “But also, for a company with a complex supply chain, what SAP offers in the cloud is still the leading capability, ahead of Microsoft Dynamics and Oracle."

Shifting from a product-centric approach to focus instead on consumers and brands is a sectoral trend for packaged consumer goods. And for Pladis, in particular, she says it can focus more on consumer needs than its bigger competitors.

“Consumers in the UK, Saudi and North America are all different. So, how do we appeal to their different lifestyles? For example, how do we market McVitie’s outside of the UK? In North America, you don’t even talk about ‘biscuits’, you talk about ‘cookies’,” says Madden.

S/4 Hana delivered over the cloud will help to effect this shift to the consumer by offering real-time data and integration with respect to both retailers and distributors, on the one hand, and by providing the capacity to listen to consumers on social media, and use data analytics. Up until now, they had
been using agencies and basic tools. “But what you don’t get there is real-time data,” she says.

“We are already seeing huge benefits, seeing the brand P&L, sales by customer, by channel, profitable, being able to optimise demand, to look at our stock situation. All of that is much better orchestrated, and with better collaboration with our customers and distributors,” says Madden.

**Future plans**

China is the next market Pladis wants to take the cloud-based S/4 Hana system into, as well as ramping up business growth in North America.

It is also looking to use “artificial intelligence and machine learning to automate some of the insight” to be derived from the use of SAP Hana in the cloud, says Madden, “using predictive analytics around demand and occasions, for example”.

“Now we have a platform, we can evolve the business more,” she says.
Get ready for S/4 Hana – it’s the new Y2K

Cliff Saran, managing editor

There is an impending storm heading towards corporate IT, and the outlook doesn’t look sunny for cash-strapped, time-constrained IT departments. Just like in 1999 with Y2K, there is an absolute deadline – support for SAP ECC 6, the core component of SAP’s enterprise software platform, will end in 2025.

Then there is the upgrade. As Computer Weekly has found, moving to the next version of SAP, S/4 Hana, is not a simple upgrade. Yes, the technical stuff to get S/4 Hana running can be achieved in three months or so. But this is only viable in a greenfield installation. In the real world, businesses have accumulated vast amounts of enterprise software over time, intricately linked to enable business data to flow across these disparate systems in as seamless a fashion as possible. The people who originally implemented these highly complicated integrated systems are either well on their way to retirement, if they are in-house, or long gone, if the project was handled by a system integrator. And new IT staff are not exactly banging on the door with SAP skills.

In fact, it is widely recognised that there is an S/4 Hana skills shortage and the younger generation of IT professionals simply do not find SAP sexy enough to invest the time and effort to learn it. In many ways, the SAP systems currently
running businesses have become a kind of technical debt. The data that flows through these companies has become essential to keep the business running, yet few organisations have a sound understanding of these workflows, how the data flows between enterprise applications to support a business process.

Experts have forecast that most of the time in implementing S/4 Hana will be taken up by understanding and cataloguing these data flows. Some companies will opt for third-party maintenance to extend the life of their existing SAP system, while others will replace SAP with something else. But as businesses start building a digital core, irrespective of whether they deploy S/4 Hana or implement something entirely new, the preparatory work in understanding data flows will be an essential step to take.
What are the top 3 barriers to SAP S/4HANA migration?

Jawad Akhtar, guest contributor

SAP announced it will end support of the SAP ERP Central Component, or ECC, in 2025. It wants existing ECC customers to transition to the next-generation ERP business suite, S/4HANA.

But companies are not rushing to begin an S/4HANA migration the way SAP might have hoped. And, indeed, many CIOs of enterprises with over $1 billion in annual revenue are taking a wait-and-see approach.

Here's a look at why and three of the clearest obstacles to S/4HANA adoption.

No S/4HANA business case

CIOs are unable to create a compelling business case for an S/4HANA migration due to pressing questions. What are the licensing and infrastructure costs associated with S/4HANA migration? What are the concrete business benefits of using S/4HANA? What are the S/4HANA capabilities in terms of software choices and functionality? What cost reductions will a company achieve?
Because S/4HANA is a new ERP suite, there aren't a lot of S/4HANA case studies that CIOs can use for their research.

**Confusion about choices**

Both HANA and S/4HANA require decisions about deployment. Companies can choose to have a HANA database on premises, or in a public cloud or private cloud. Companies also need to decide whether the S/4HANA application layer will be run on premises, or in a public or private cloud.

Companies also need to decide whether they will choose a brand-new S/4HANA implementation, a conversion from an existing ECC to S/4HANA or migrate the existing underlying databases to SAP HANA databases.

**Fear of business disruption**

An S/4HANA migration is a major undertaking. Disparate databases must first be migrated to SAP HANA to lay the foundation for the S/4HANA conversion. Preliminary work is also required to subsequently convert ECC to S/4HANA.

In addition, ECC and S/4HANA have different architectures. Companies will need to conduct the necessary groundwork in their existing ECC in preparation for an S/4HANA migration to make it compatible with the new system and to prevent business disruptions. For example, customer and vendor master records in ECC will need to be grouped as "business partners" in S/4HANA. This means that becoming S/4HANA-ready requires reworking the existing...
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customer and vendor master records in ECC to ensure the master records correctly migrate into S/4HANA as business partners.

And that's just one example of the pre-S/4HANA migration prep work required. Until companies and their CIOs hear more user experiences and gains from moving to S/4HANA, the wait-and-see approach is likely to continue.

Still, some companies aren't shying away from embarking on S/4HANA migration, as they realize S/4HANA is the digital core they need to embark on a digital transformation journey.
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