

WHITE PAPER

SAP S/4HANA Transformation in Europe

Strategies of ERP Customers –
Services Portfolio of Infosys

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In cooperation with

Infosys

teknowlogy^{GROUP}

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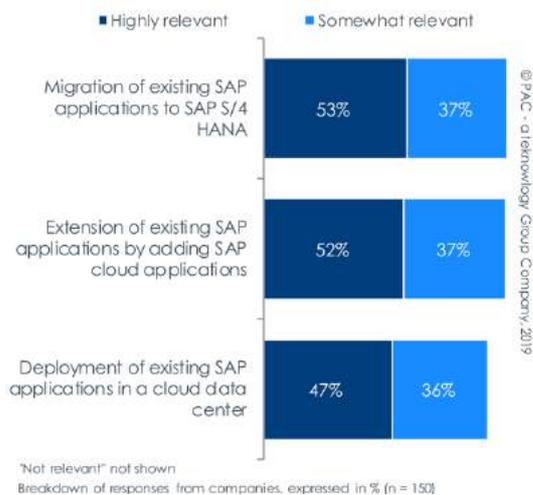
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INTRODUCTION

The new ERP product generation SAP S/4HANA is prompting many SAP customers to consider or plan a possible migration from ECC to S/4HANA. Companies are already considering whether, when and, above all, how to migrate their existing systems to SAP S/4HANA. More and more customers are taking this step.

SAP S/4HANA is SAP's new generation product, which is based on the “in-memory” platform SAP HANA and offers a new user experience with SAP Fiori. Business logic and data models are optimized for the use of SAP HANA and the software can be operated both, on-premises and in the cloud.

In Europe, SAP S/4HANA is gaining momentum. According to recent research by teknowlogy group, almost 50% of SAP customers are implementing SAP S/4HANA right now or planning to do so in the near future. That said, there are still a large number of firms (about 40%) that have yet to decide if and how they are going to approach their migration. The remaining 10% have at least migrated one of their SAP systems to the next-generation ERP suite.



Source: Survey conducted by teknowlogy Group among 150 SAP users in Germany, the UK and the U.S.

Fig. 1: Strategies of SAP customers

Based on various interactions teknowlogy PAC has had with companies, the biggest obstacles associated with the introduction of SAP S/4HANA appear to be related to cost estimations and the general effort associated with a migration. In our opinion, this is mainly due to the uncertainty that derives from a new generation product that includes numerous innovations in terms of technology, process control and user interface.

Another major obstacle that presents itself to SAP customers is finding a convincing business case for SAP S/4HANA. Obviously, it is difficult for companies to recognize the added value of the new ERP generation for their own company. However, this is important in order to be able to convincingly justify the investment in such a project.



SAP S/4HANA – HOW CAN CUSTOMERS BENEFIT?

One of the biggest questions customers ask when thinking about SAP S/4HANA is what exactly are the benefits associated with SAP S/4HANA and why should they adopt the new SAP suite? According to our research, companies associate two main benefits with the new SAP suite: The first is about increasing the speed for conducting business transactions and analytics, the second is the modernization of their SAP application landscapes. Another key topic they are discussing is a much more appealing and intuitive user interface that is provided through SAP Fiori.

There is no doubt that these benefits provide value. However, we believe they are to a large extent “just” technological improvements. A much greater business value can be achieved if companies decide to transform their SAP landscapes by considering technological and business aspects at the same time. In order to accomplish that, firms must do more than just implementing the new software (systems conversion). Rather, it is about identifying the individual situation of the respective company and to define a transformation roadmap for SAP S/4HANA.

50%

of companies are implementing SAP S/4HANA right now or are planning to do so in the near future.



STRATEGIES FOR SAP S/4HANA

technology analysts are convinced that companies will benefit the most from SAP S/4HANA if they combine the pending migration with a transformation of their internal processes.

Greenfield

We distinguish between two separate approaches for a transformation: Greenfield or brownfield.

The greenfield option allows companies to perform a new implementation of their SAP solutions. Companies can configure the processes according to the requirements of the various stakeholders and by leveraging the technological opportunities such as real-time processing which the new ERP suite offers.

According to our research, about one third of SAP customers that discuss or plan a migration to SAP S/4HANA favor a greenfield migration. Greenfield allows a transformation on the basis of a fresh new start with SAP applications considering neither process configurations nor SAP customizing from the past. Especially those companies that want to support new business models with SAP solutions should take this approach into consideration.

Brownfield

The transformation of processes is also possible with a brownfield approach. Companies take their existing process configurations and transform them in terms of consolidation and harmonization. This can include getting rid of SAP customizing

1/3

of companies that discuss or plan a migration to SAP S/4HANA favor a greenfield migration.

that are no longer needed or that can be replaced with the default features of SAP S/4HANA while continuing with legacy development which is still relevant for business.

Companies that want to modernize and optimize business processes on the basis of SAP S/4HANA may opt for this brownfield approach.

But by far not all of the companies want to transform processes. A large number of SAP customers just want to do a system conversion which means a pure technical migration towards SAP S/4HANA. In our view, these firms miss a good opportunity to optimize their SAP application landscape.

On-Premise or Cloud deployment

When customers start to plan a transformation towards SAP S/4HANA they also evaluate alternative deployment options since this next-generation ERP suite comes with a completely new technical infrastructure based on SAP HANA that requires new skills. As a result, using external service providers is becoming more attractive to those companies.

A growing number of SAP users are evaluating public cloud datacenters as an alternative to traditional SAP outsourcing or on-premises operations. Our research has shown that SAP S/4HANA is one reason why companies rethink their strategy for their SAP operations. Another result of our research was that more than 50% of SAP users are thinking of mixing different deployments options: SAP outsourcing, on-premises and public cloud.

SAP S/4HANA Cloud

SAP also offers a cloud edition of its new flagship product called SAP S/4HANA Cloud. This is a software as a service (SaaS) ERP that is operated and offered by SAP. Like all SaaS applications it allows for fast deployments. It is specifically designed for companies that want to use out-of-the-box ERP features.

In our view, this SaaS edition is attractive for customers that plan to deploy ERP for a new branch office or new business unit. Also, the SaaS model can be a good match for those companies that want to replace a highly customized SAP ERP with a cloud-based suite in order to manage processes by using the standard features.

From our discussions with SAP users we learnt that some companies plan to use the SaaS edition for certain processes while other business activities will be managed by an on-premises SAP S/4HANA system.



ROLE OF EXTERNAL SERVICE PROVIDERS

Companies that plan a migration towards SAP S/4HANA seek external support. The move to the new system is much more than a release upgrade. Firms require help in planning and performing the technical migration of the existing infrastructure towards an SAP HANA based environment. Likewise, they look for external advice for the development of a roadmap for their SAP landscapes in the light of a S/4HANA transformation.

Consulting & Systems Integration

The vast majority of the SAP customers teknowlogy group has spoken to plan, or at least discuss investments in external services. The investment goes mainly into two directions: About 80% want external partners for systems integration and about the same number are looking for SAP-related consulting.

Companies that want to invest in external SAP-related consulting want external help for the optimization of their business processes on the basis of SAP S/4HANA. That includes a transformation of these processes towards real-time data processing. Only a few companies seek external consultants for the creation of new business processes or the support of new business models.

SAP-related Application Management

As SAP S/4HANA requires new skills for the operations of both the application and the infrastructure, companies evaluate alternative ways for application management. Also, almost every second company (45%) is interested in

80%

of companies want to partner with external service providers for SI and SAP-related consulting.

outsourcing its application management activities to an external service provider. Thus, the adoption of SAP S/4HANA is a driver for SAP-related application management services.

What SAP customers expect from a service provider

Providers of SAP-related services must be able to provide expertise on a large number of competencies. If existing SAP customers migrate to SAP S/4HANA, they need a project partner that understands the legacy and the new ERP platform. Companies that want to optimize processes require a project partner that can identify the current state and deliver advice on how to transform with the help of the capabilities SAP S/4HANA offers. This goes beyond pure systems integration work. Rather, it is necessary that the service provider can discuss business transformation and technology transformation topics with both IT experts and lines of businesses.

From our conversations with SAP customers we learned that there are three main capabilities they expect from an external services provider:

- Ability to support business process transformation
- Experience gained from successfully delivered SAP S/4HANA projects
- Competencies in the respective vertical industry of the customer



INFOSYS: SERVICES FOR THE SAP S/4HANA TRANSFORMATION

SAP COMPETENCIES OF INFOSYS

Infosys offers SAP-related services on a global scale. The portfolio comprises consulting and systems integration, SAP-related application management and hosting services. In total, about 15,500 SAP experts deliver services for more than 450 SAP customers.

One core area of expertise is SAP S/4HANA. About 4700 of the SAP experts at Infosys are involved in such engagements. Infosys started early in the SAP S/4HANA space and has gained a good level of experience. So far, the vendor has been delivering in roughly 140 projects, helping customers to assess the next-generation ERP suite, to define a strategy and roadmap and to perform the migration.

Among the SAP S/4HANA-projects delivered, there were some large-scale engagements. For these initiatives, Infosys leverages its industry-specific expertise in areas such as manufacturing, retail, logistics, financial services and energy. Infosys has deep experience across Greenfield and Brownfield engagements and has successfully delivered large complex programs across both adoption approaches.

SAP-RELATED CONSULTING & SYSTEMS INTEGRATION

Infosys has a dedicated Center of Excellence for S/4HANA, which consists of product experts and industry specialists who spearhead digital transformation for customers. Through this Transformation Center of Excellence Infosys has defined three main areas that are intended to support SAP customers in their digital transformation journey on S/4HANA:

Landscape Transformation

- Transformation of SAP landscapes after a merger or divestiture or as part of a broader consolidation effort, e.g. to reduce the number of SAP instances
- Harmonizing data, preparation of the data management environment based on the SAP HANA platform

Business Transformation

- Assessment of the business value SAP S/4HANA can provide
- Check of custom code and transactions that are affected by the conversion.
- Defining the implementation and rollout strategy
- Organizational change management associated with the deployment of SAP S/4HANA in terms of business process management and application operations.
- Decision about the deployment model (on-premises, private or public cloud)
- Definition of the SAP architecture considering SAP S/4HANA and SAP's SaaS solutions (e.g. SuccessFactors)

Solutions, Tools and Accelerators

For the adoption of SAP HANA and SAP S/4HANA Infosys has defined a variety of services. These offerings support both the technical and the business transformation towards SAP S/4HANA. Here are some highlights:

- Design Thinking led value assessment
- Definition of a adoption strategy and roadmap
- Business case creation
- Use Case based proof of concept
- ECC to SAP S/4HANA system conversion

These activities are supported by a number of tools and accelerators. One notable approach is Infosys Catalyst for SAP S/4HANA. It provides preconfigured industry solutions that support customers in their transformation towards the next-generation ERP suite. This comprises among other things a process repository,

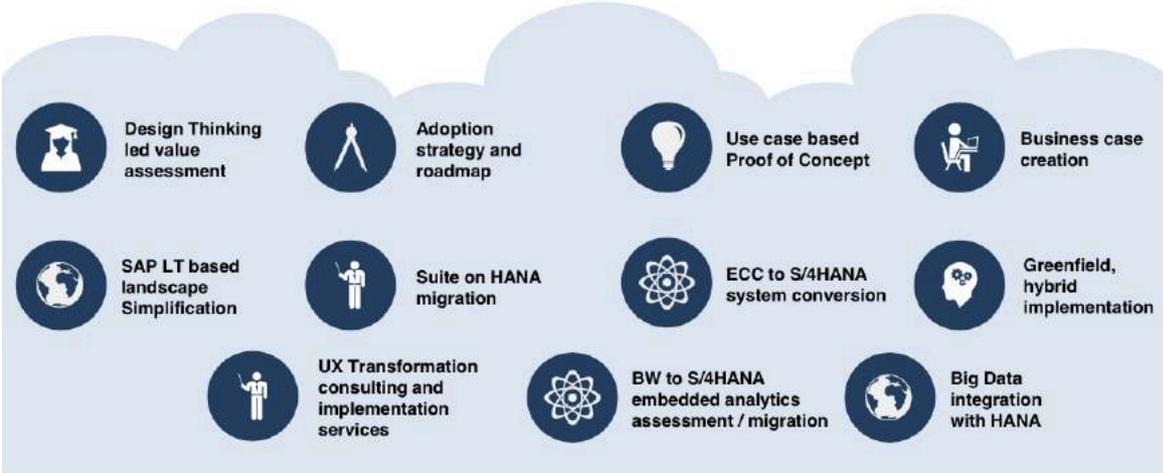
sample master data and delivery accelerators. Infosys Catalyst follows the vendors' methodology Insight-Design-Execute-Achieve, or IDEA.

Infosys' S/4 Assist is a holistic tool covering all areas of SAP S/4HANA assessment. It performs automated assessment with minimal involvement of the client's business personnel. This tool helps to drastically reduce the time for completion of S/4HANA assessments.

On the other hand, Infosys' Code Migration and Optimization (CMO) tool helps to ensure that legacy code is compatible with S/4HANA and it continues to work after conversion. The tool also optimizes the code where possible. According to the vendor, the automated code correction helps to reduce manual effort by 80%.

Infosys thus has a plethora of S/4HANA tools which successfully support S/4HANA transformation programs and significantly reduce the time required to complete this transformation.

Infosys offerings for HANA and S/4HANA adoption



Source: Infosys

Fig. 2: Infosys' offerings for SAP HANA and SAP S/4HANA adoption SAP Application Management

SAP APPLICATION MANAGEMENT

Infosys offers a comprehensive set of services for SAP application management that spans SAP applications including SAP S/4HANA. The vendor already gained good experience in this segment as it was the first SAP partner to get a certification for SAP S/4HANA application management services.

The application management services portfolio comprises among other topics application support, application modernization, solution integration, change management and testing.

The vendor leverages a variety of tools to automate application management tasks, including Infosys NIA and AssistEdge, which are artificial intelligence and automation platforms.

Infosys provides SAP application management and development services through its comprehensive ValuePLUS Service offerings that include industry best and new practices along with a set of proprietary tools and reusable artifacts developed using its industry knowledge and expertise on SAP support processes.

Besides this, Infosys helps its customers through its Intelligent Enterprise platform to automate their business processes and leverage cutting-edge technology, such as machine learning and artificial intelligence, to aid decision making.

Infosys has delivery centers across 45 countries and has a strong presence in Europe. This helps Infosys to extend to its customers the benefits of its global delivery model while retaining its ability to provide onsite services through its delivery centers, where required.

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The creation of this study was supported by Infosys.

For more information, please visit www.pac-online.com and www.vendor.teknowlogy.com.

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ABOUT INFOSYS

Infosys is a global leader in next-generation digital services and consulting. We enable clients in 45 countries to navigate their digital transformation. With over three decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

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ABOUT TEKNOLOGY GROUP

teknowlogy Group is the leading independent European research and consulting firm in the fields of digital transformation, software, and IT services. It brings together the expertise of three research and advisory firms, each with a strong history and local presence in the fragmented markets of Europe: [Ardour Consulting Group](#), [CXP](#) and [PAC \(Pierre Audoin Consultants\)](#).

We are a content-based company with strong consulting DNA. We are the preferred partner for European user companies to define IT strategy, govern teams and projects, and de-risk technology choices that drive successful business transformation.

We have a second-to-none understanding of market trends and IT users' expectations. We help software vendors and IT services companies better shape, execute and promote their own strategy in coherence with market needs and in anticipation of tomorrow's expectations.

Capitalizing on more than 40 years of experience, we operate out of seven countries with a network of 150 experts.

For more information, please visit www.teknowlogy.com and follow us on [Twitter](#) or [LinkedIn](#).

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The background features a complex network diagram with nodes and connecting lines, overlaid on a dark blue field with faint binary code (0s and 1s).

teknology G R O U P

Ardour
CXP
PAC