



## Six things to consider when planning the move to SAP S/4HANA

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The legacy of 'one size fits all' ERP infrastructure has left some businesses with costly to run, inflexible deployments. Many SAP customers are now looking to adopt S/4HANA, SAP's next-generation ERP platform, as a way of onboarding new technologies to compete in the modern, consumer-driven digital economy.

The migration to S/4HANA provides organisations many compelling reasons to embark on their digital transformation journey including:

- The real-time transactional and analytical processing capabilities of SAP's S/4HANA database
- The ability to enhance enterprise intelligence through smart use of data and AI technologies
- Leveraging the many benefits of cloud infrastructure

Moving to S/4HANA is a complex decision and every organisation will have its own formula for balancing the need for modern technologies against the cost of ERP investment and changing business priorities. Identifying the strategic benefits that may accrue from migrating to S/4HANA is extremely important. With that in mind, here are six key factors that every organisation should consider when building their S/4HANA business case.

## 1. Have a clear value proposition

Business benefits should be the main driver of the move to S/4HANA. So it is important that the value of optimising existing business processes and enabling new operating models are qualified and quantified. Whilst pure technology and IT benefits may be real and quantifiable, they should be viewed as an additional bonus — on their own they will struggle to outweigh other initiatives competing for management attention and funding. Customers running sophisticated and highly customised SAP landscapes, with key operational processes dependent on SAP should be cautious about disruption to their core systems.

## 2. Adopt an intelligent migration approach

While talking about promised solution benefits is enticing, they can only be realised if the right migration strategy is adopted. Customers must develop an intelligent approach to the evaluation and implementation of S/4HANA — one that helps optimise where business and IT value exists. The aim is to ensure the roadmap, migration and adoption lifecycle are flexible, value-driven engagements.

Organisations should undertake a detailed readiness assessment of the existing SAP solution and analyse how to convert to S/4HANA in the most effective way.

This should include the following:

- A review of existing custom code and a recommendation for each custom code element in an S/4HANA environment
- The use of automated analytic tools to discover 'as-is' situation and to extrapolate to the future solution
- An analysis of what new business processes need to be adopted
- A determination of the optimal technical and functional steps to move to S/4HANA
- A proposed deployment timeframe and pricing for the conversion

### 3. Create new business models

The business landscape is changing rapidly; new technology is changing customer behaviour, enabling new and disruptive market players. There are several scenarios where S/4HANA could provide competitive advantage including:

- New supply chain and network models: Business disruptions such as COVID-19, have highlighted the need for organisations to be more flexible when reacting to customer or local demands with real-time processing capabilities
- Dealing directly with customers: End users of products may wish to order goods online in a way that provides insight into buying preferences and behaviour. Enabling direct access to core systems is now more feasible with a lower risk of high transaction volumes causing slow response times on a S/4HANA system
- More flexible use of cloud-based services: SAP has created its own ecosystem of SaaS cloud products and platforms, such as SuccessFactors for HR and payroll processes, where third-party services/software vendors can write their own applications or enhancements to SAP Cloud Platform (SCP). These components are now much easier to integrate into your business processes

### 4. Get more out of existing processes

The re-engineering of existing data structures and transaction processing in S/4HANA can also provide many business benefits for existing processes. Examples include:

- Period closing: System processing and long batch runs are no longer constraints. Faster processing times enable fast close and real-time reporting
- Profitability analysis: In S/4HANA, the new financial document structure stores all the information required as one record, enabling more flexibility to define profitability reporting. Faster processing times allows profitability reporting to be real-time off the core SAP databases, with no need for reconciliation
- Greater workforce mobility and self-service: Transactions are available on mobile devices, enabling business processes to be performed where they can be executed most accurately, most quickly or most cheaply

## 5. Reduce your technical debt

In evaluating a move to SAP S/4HANA, organisations should assess their portfolio of legacy applications and identify candidates for migration to SAP S/4HANA or other SAP solutions. A transition strategy can then be developed based on a consolidated portfolio of modern, open, smart and flexible solutions.

This approach allows organisations to eliminate weaker parts of their application portfolio and adopt best practices available within SAP's suite of applications, which are more open than their predecessors with microservice architectures and productised integrations. For those legacy applications that are working well, extensions using SAP Cloud Platform tools can be used to improve their effectiveness, while other less effective parts of the legacy application portfolio are selectively transitioned.

## 6. Think about the benefits of cloud deployment

The adoption of SAP S/4HANA will signal a move to the cloud for many organisations. SAP's public cloud, subscription-based version of S/4HANA is an intelligent software-as-a-service solution that provides all the benefits of the cloud, such as large and rapid scalability, more software integration options, and 'pay as you go' usage pricing.

The companies that take advantage of the opportunity to modernise can realise the transformational advantages of scalable, reliable, and automated cloud infrastructure, while potentially alleviating the need to buy, test, provision and maintain their own hardware and software.

The potential benefits of migrating legacy ERP systems to a cloud-native architecture are many. Cloud service providers assume responsibility for managing underlying infrastructure, removing the cost and complexity from their customers' shoulders and customers can choose from a wide variety of configuration options.

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