

Until 2025, customers have to switch to S/4 and Hana - too little time for a long journey

Private Roadmap to S/4 Hana

Until 2025, customers have to switch to Hana and S/4. They cannot count on SAP to show understanding towards them and extend the „ERP firewall“.

SAP customers have to find their own roadmap - easier said than done.

One of the most knowledgeable SAP experts for strategy, planning and operations is Hinrich Mielke. He occasionally writes for E-3 and focuses on Hana and S/4 roadmaps on-premise and off-premise. He has already upgraded systems to S/4 Hana and customized them and also helped SAP customers migrate successfully to the Microsoft Azure cloud platform. At the end of 2018, Hinrich Mielke, SAP Director at Alegri, found time for a conversation with E-3 Editor-in-Chief Peter M. Färbing.

Färbing: You talk to a lot of customers. What's top of mind for CIOs on how to approach S/4, and what are typical pitfalls?

Mielke: The journey to S/4 Hana is one of the most complex topics in IT. Because of its close connection to cloud computing, it spans a number of different areas: the preparation of infrastructures, data bases, and modified applications, as well as a new support model, agile software development and the even stronger connection between analytics and transactional data processing. The front end for the user is modernized with Fiori. Combined with the possibilities of the code push-down, this expands the responsibilities of access management within Fiori and the database, as well as with hybrid approaches in general. It should always be the same approach with complex topics: structuring it and looking at it aspect by

aspect helps tremendously. It is important not to get lost in the details, but rather to think about the big picture.

Färbing: Easier said than done. How can you get started?

Mielke: With a clear and manageable inventory. You have to get an overview of your services and systems. For example, which of them are currently in operation? Knowing the application, criticality, technical data as well as operating model is essential. Furthermore, you have to think ahead. How will the systems be operated, what will be outsourced, what will be done in the company? There are some topics that are always important, but are worth taking a closer look at in this context. For example, what is my licensing status, what systems have I purchased under which conditions? Regarding IT: Which departments have been involved so far and how? Are there formal agreements and framework conditions? What knowledge do my users possess? What changes have been made? Which test cases are there and how are they documented? Is testing already automated? How are interfaces documented? Last but not least, the creative part: What changes will there be in my departments? What business models will come with digital transformation?

Färbing: That sounds like a lot of work. Is there any easier way?

Mielke: Not really, no. Customers can work on it step by step, though. The only thing they have to keep in mind is the importance of doing everything in the right order - because sooner or later, all these aspects become essential. A lot of this information already exists, but sometimes only in people's heads. Collection and documentation are essential here. This has an additional advantage, as it facilitates the future procedures enormously and reduces costs. Gaps in knowledge or information can be identified now, without having to worry about deadlines. Consequently, preliminary projects can be set up.



Customers are increasingly opting for cloud. The digital core, however, will remain on-premise for quite a while.

Hinrich Mielke, Alegri



Hinrich Mielke, SAP Director at Alegri, talking to Peter M. Färbing, E-3 Magazine.

Färbing: What do you mean by preliminary projects?

Mielke: We sometimes serve customers who are not yet on Unicode. This is an excellent example of a preliminary project. That's because after the conversion to Unicode, you have a current interface description, documented test cases and typically a technologically up-to-date and optimized environment as well. Other preliminary projects include automation of testing, switching to business partners and the new general ledger. Code inspections of in-house developments can also be carried out in advance, thus reducing the extent of the main project. Furthermore, knowledge about Abap, Hana and S/4 is acquired at the same time. This is indispensable for high-performance developments with SAP Hana. It is important that the business objectives of the internal IT department are identified, that everybody is clear on the goal, and that consequently, an overall strategy and a master plan take form.

Färbing: Let's talk about the goal: Where should the journey go for the customer regarding technology? On-premise or cloud? Which cloud? And why?

Mielke: The trend towards the cloud is getting stronger and stronger. However, the digital core will remain on-premise with many customers for the foreseeable future. Still, more and more customers have a „cloud first“ strategy. This means that whenever a new application is deployed, companies consider operating it in the cloud first. There, a distinction must be made between SaaS, PaaS and IaaS.

Let's talk about IaaS first. Especially with Hana systems, IaaS can show its strengths, because changes regarding sizing can be carried out within a short time.

Färbing: Can you give more details?

Mielke: Technically, a system can be resized within minutes. With shutdown, restart and loading of the Hana data base, this could take hours, depending on the performance of the infrastructure, the size of the data base and the complexity of your system environment. That's why the choice of the cloud provider is important. A change is possible, but time-consuming. There are several things to consider when choosing the right cloud for your business. Perhaps you already have other services in use from that provider; then it makes sense to stay there. For example, customers with Office 365 have already clarified contracts, privacy issues, and works council issues with Microsoft. It's also easy to use its cloud now as well. Or retail customers may not want to have a direct competitor as their supplier. Being the „new kid on the block“, you can possibly negotiate good conditions as an early customer and thus have a financial advantage.

Färbing: Why the IaaS cloud?

Mielke: Even if all systems remain on-premise in the future, for the time of the transition, IaaS is unbeatably flexible and also cost-effective - if it is operated correctly. Project, test and training systems can be used as a pay-as-you-go model to optimize costs. Consequently, companies can easily make OpEx out of CapEx - which can also be billed as and when it arises.

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Färbinger: Speaking of advantages, what are the business benefits of changing to S/4 Hana?

Mielke: Well, usually SAP would roll a commercial here - I will try to keep it short. The first improvements came in FI/CO: With the elimination of spreadsheets and indexes, the data volume and complexity were reduced while the evaluations were accelerated. This is not only due to the technical possibilities of the in-memory computing database but also to an extensive de-normalization of the database. The combination of FI and CO reduces coordination at the end of the month between Controlling and Financial Accounting. There are also comparable changes in logistics that lead to optimizations. Even few improvements in logistics can quickly result in a significant savings potential. In addition, customer satisfaction can be increased thanks to improved logistics processes. Anyone still longing for details on the changes can look them up in the „Simplification List“, which comprises more than one thousand pages.

Färbinger: And businesses will get a new ERP interface, right?

Mielke: Yes, that's right. The front end is complemented by Fiori, a modernized and flexible user interface. With Fiori, even the occasional user can also use SAP to monitor the status of workflows beyond transactions, learn about KPIs, and configure deadline monitoring.

Färbinger: Sounds good, but what's the catch? And could we also do without Fiori?

Mielke: With Fiori, an architectural decision must be made as to how the Fiori back end will be operated. In addition, an update of the access management is required. If the standard Fiori is not enough, it must be further developed and customized. The developers must build up the appropriate know-how and, if necessary, a UI designer has to become involved. In my opinion, however, there is no alternative. Generation Z demands interfaces that fit their life experience, and SAP offers some of its functionalities only with Fiori now. There are also customers who want to use Fiori as early as possible due to internal marketing. With the Fiori Booster Methodology, we offer them the possibility to use standard S/4 Fiori with ERP/ECC 6.o.

Färbinger: Let's circle back to how to approach the migration. Should customers opt for Hana first and then S/4, or should they go all in?



Fiori requires an architectural decision about how the operation of the back end should be handled. Furthermore, it needs extended access management.

Hinrich Mielke, Alegri

Mielke: Most customers approach the migration in two steps: first ERP/ECC with Hana, then the change to S/4. The indispensable integration of business in the migration to S/4 takes time. The switch to Hana, however, is more of an IT-only project. The database and maybe the operating system are changed - everything else remains the same. Consequently, experience with Hana and the operating system can be gained and the operational processes can be established and refined. However, we cannot forget about the cloud. The integration of IaaS must also be established. Ideally, the question of where the system runs is not only irrelevant to the user, but also to the administrator. Going all in at once is often chosen for system with few to none in-house developments - something that is not the case here.

Färbinger: Is there a business case for the first step „Suite on Hana“?

Mielke: Well, if every IT project would have to have a business case, it would be

difficult to innovate. For example, the first cars were more expensive and less reliable than horse-drawn carriages - obviously no business case. A company that requires the CIO to justify each and every project separately with a ROI loses its innovative power. I am therefore convinced that companies that do not actively embrace the innovative power of Hana, S/4 and Fiori will experience difficulties. We unfortunately see this with some customers: Instead of starting anew, new layers have always been laid around the existing ones of their IT architecture for years and decades. Now, they are trapped by a multitude of systems and applications and can hardly move around. SAP S/4 Hana, with the possibility of integration, is an opportunity to consolidate and modernize core processes. Only then can exciting new applications and innovations be connected to the core system. Circling back to the business case, that's because innovations must also make a contribution to revenue or operation.

Färbinger: Thank you for the interview.