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Good Catchword...

By Stefan Rother, Nagarro ES

Public Cloud Or On Premises? Both!

In the past, companies of all industries and sizes usually only outsourced their SAP system landscape. High criticality and complexity were driving forces behind this decision. Today, we are seeing a trend towards full IT outsourcing, or at least an increasing acceptance of externalization of a large number of servers and applications beyond SAP. As a consequence, companies have, especially in the last twelve months, become more and more interested in experiences with hyperscalers. Hyperscalers are massive companies like Google, Microsoft, and Amazon that are making efforts to not only dominate the public cloud and cloud services industries, but to expand their business into numerous related verticals as well.

The fact of the matter is that more and more customers are gaining experience with hyperscalers and are moving individual applications to the cloud. And yet, SAP systems are often excluded from these considerations. Which begs the question: Why, though?

Hyperscalers for SAP?

The big hyperscalers differ greatly in terms of maturity, especially when it comes to SAP and in-memory database Hana. There is no generally accepted 'best' hyperscaler for SAP. Who a company should work with always depends on the individual situation and specific requirements. For example, decisive factors for the selection could be customers' affinity for Microsoft or the need for supplementary services.

In our experience, companies typically like to experiment with public cloud platforms. As a general rule, however, customers' expectations of cost-savings through targeted activation and deactivation as well as provision on demand are usually disappointed in productive environments - especially when it comes to SAP. Hyperscalers in particular are not able to provide full scalability for Hana RAM. The lack of granularity and flexibility in expanding and reducing computing resources inevitably leads to higher and fixed costs compared to on-premises installations and traditional providers.

Companies get the most value out of their system landscapes if they obtain everything from a single source. For users, a hybrid environment has to seem like a closed system landscape, without any disruption or discontinuity between on-premises and cloud. This applies to both organization and technology and covers all areas - even security and compliance.

Preferably hybrid!

For installation of larger system landscapes, we currently only recommend hybrid scenarios because they offer the greatest economic and technological benefits for companies. SAP systems - and especially S/4 Hana - are still very well-suited for on-premises installations and can be optimally supplemented by hyperscaler services for sandbox development, project systems, and other requirements. Concerning the many non-SAP applications, there

are far less obstacles on the path to public cloud installations. Often, they are only kept on premises in isolated cases due to technological or regulatory conditions or restrictions.

The boundaries between on premises and the public cloud are fluid and will continue to shift. It is therefore important to carefully evaluate the possibilities for each company individually and develop hybrid concepts that combine the best of both worlds. In a nutshell, I think the most important thing to remember is that, while users can operate their SAP systems in hyperscaler clouds without significant problems, the benefits compared to other outsourcing deployment scenarios are limited. In fact, especially for mid-sized companies, there are many arguments in favor of taking the step into the hybrid world and to rely on an experienced partner.

The debate about hyperscalers and on premises versus cloud is valuable. After all, it is aiding in opening up the SAP world which has been largely sealed off in the past. However, SAP itself has made a clear commitment to openness and has been acting accordingly in the past few years, as e.g. the Embrace initiative shows.

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