COMMENT

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The Journey To S/4 And The Color Dilemma

S/4 Hana is SAP's fourth ERP generation. Most companies want to master the digital transformation to S/4. Rightly so in my opinion, because the new solution is leading in the market – both in terms of technology and functions.

However, what does the journey to S/4 and Hana look like in practice? According to a 2021 survey from the German-speaking SAP user group DSAG, only a quarter of German SAP users are currently using S/4. Why so few? I see two reasons: Most do not yet recognize the added value, while others are having a hard time with how to approach the migration.

There is a lack of clear decision-making support. Marco Lenk, the then DSAG board chairman, already warned of this in the DSAG Investment Report 2020. In my opinion, the color dilemma is one of the main reasons why companies find it so difficult to make the move to SAP S/4. It oversimplifies a decision that is as complex and individual as each company. Black-and-white thinking and a broad spectrum of objectives and individual challenges are at odds with each other.

Greenfield, Brownfield, Bluefield

But let's start at the beginning: Greenfield is the darling of all planners and engineers. After 20 years of optimization, rollouts and legal changes, Greenfield finally presents a real business and IT project. Old braids are cut off and the business transformation can start from scratch. In theory, this sounds feasible, and - at least in the beginning - it is also a reasonable alternative in terms of costs. Unfortunately, however, this approach ignores necessary investments from the past. Furthermore, companies usually quickly learn that in reality, only a small part of processes needs a real

redesign. Last but not least, every new implementation also involves a significant change management component, but this has been underestimated for decades.

So, the cost-saving and simple approach has to be Brownfield, right? Technically proven with standard tools and disguised as an „upgrade deluxe," this approach is attractive at first glance for risk-avoidant decision-makers. In reality, however, it is more of an unsatisfying compromise.

After all, most SAP ECC systems have put on a lot of unnecessary weight after more than 20 years of faithful service. 30 to 35 percent of the data are unused, as are more than half of the customizing and in-house developments. Consequently, existing SAP customers actually get the worst of two worlds: legacy burdens and little added value. In reality, Brownfield only postpones real digital transformation and business innovation along with it. Moreover, for a fair comparison between Greenfield and Brownfield, various pre- and post-projects would have to be factored into the cost.

Real innovation

Another aspect of the oversimplification of the color dilemma is to reduce a company's digital agenda to the SAP S/4 migration. Real accelerators of digital transformation - cloud, analytics 2.0, artificial intelligence, and hyper-automation - are thus left out.

I advocate for a different way of thinking along three leitmotifs: eliminate,

renovate, innovate. They underlie SNP's Bluefield approach and enable SAP users to freely decide which previous investments (processes, data, code and reporting) are viable for their very own digital transformation roadmap. This way, we create a highly precise and individual blueprint based on organizational units, time slices or freely definable criteria like number ranges, which combines many upstream and downstream steps in a resource-optimized manner.

Value creation and success

I talk to midmarket companies and corporations every day who want to be selective or have been selective for precisely this reason. They always ask themselves the same question: How can our IT system landscape quickly and efficiently contribute to the company's success? Because one thing is clear: Some parts of value creation or digital infrastructure can be mapped much better by fast and agile cloud solutions. Accenture calls this approach „digital cloud decoupling."

Without a doubt, SAP's ERP solutions are the digital core of most IT system landscapes, and applications such as SuccessFactors, Ariba and Concur complement them in a meaningful way. However, that also means that the digital core today is not just SAP S/4. That's why my mantra is: The future is hybrid. And the best approach to get there is Bluefield.

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