4 Issues Facing your SAP S/4HANA Migration

S/4HANA adoption in numbers

SAP is pinning a lot of its hopes on customers adopting its S/4HANA Cloud product. But the customer numbers migrating from ECC to S/4HANA make for interesting reading...

In February 2015, SAP launched a new generation of enterprise software on its HANA database.

At the time of its release, SAP's then-CEO, Bill McDermott, claimed this latest unveiling as "[...] our biggest product launch in 23 years — maybe even in the history of SAP".

This was quite the claim given SAP's history as one of the big players in the industry.

From the outset of S/4HANA's release, all focus turned to moving its existing customers away from SAP ECC (ERP Central Component) and onto its new Cloud-based ERP product.

SAP celebrated its 50th birthday in 2022 and knows that it needs to work hard to stay relevant in an industry that champions flexibility, in an economic climate that demands financial frugality.

It's hoping S/4HANA is the answer.

What recent research from Gartner® suggests about the adoption of S/4HANA ››

S/4HANA adoption in numbers, according to Gartner®*

- As of Q3 2022 31% of ECC customers had bought or subscribed to licenses to start their transition

- As of Q3 2022, SAP S/4HANA had more than 20,000 customer sales, with 60% of these being net new customers

- 'RISE with SAP', released in Q1 2021 (designed to accelerate customers' move to SAP's Cloud product infrastructure), consists of 50% of SAP S/4HANA sales so far, and 58% of S/4HANA sales deals signed in Q3 2022

- As of Q3 2022, Gartner® estimates that more than two-thirds (69%) of SAP ECC clients had not licensed SAP S/4HANA. There is little evidence of the acceleration of migration in order to meet its 2027 target to terminate mainstream maintenance support for ECC
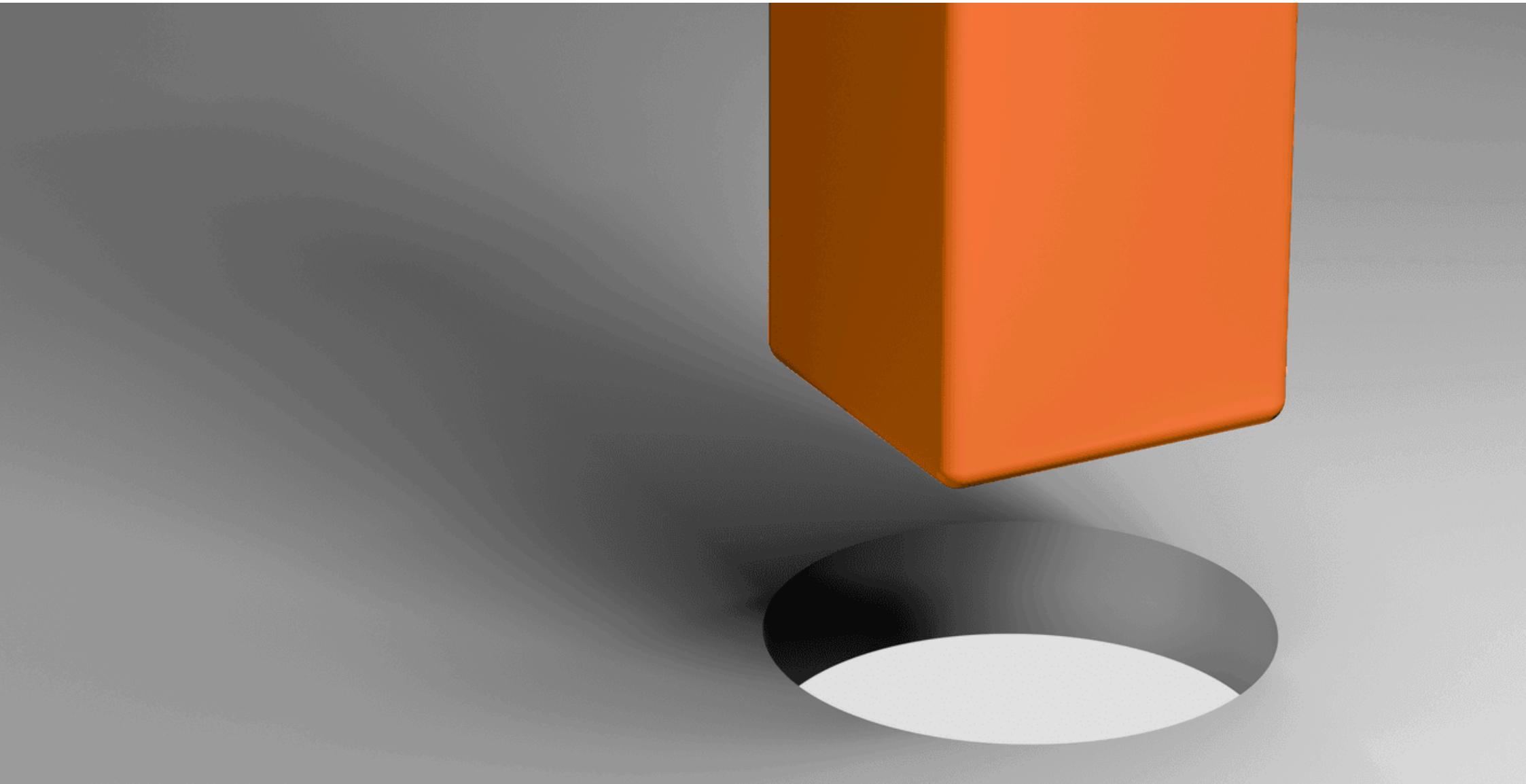
*Source: Gartner®, *What Is the Level of Adoption of SAP S/4HANA in 3Q22?*

Access the full Gartner® report '*What Is the Level of Adoption of SAP S/4HANA in 3Q22?*' **at the end of this guide**.
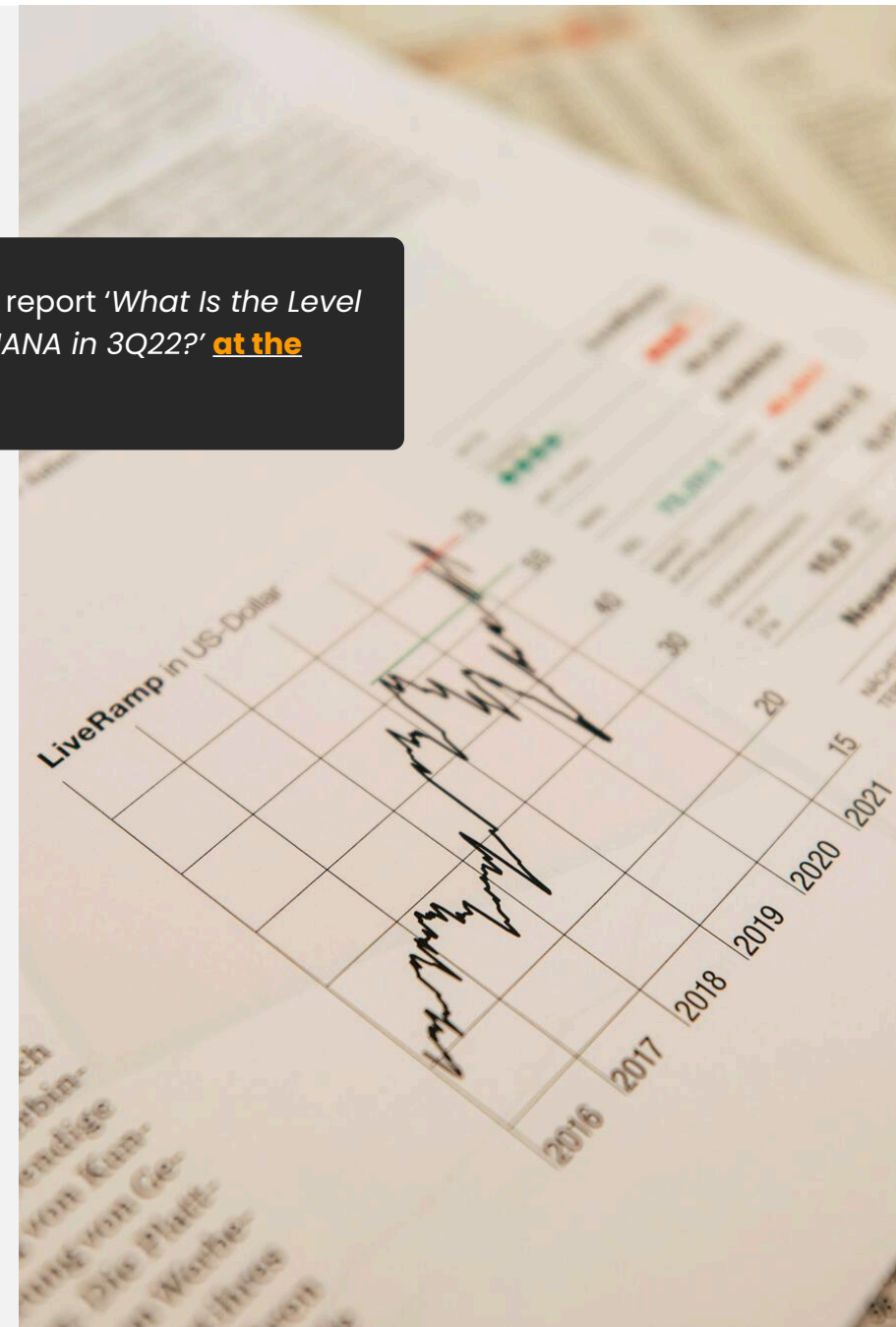
4 Issues with SAP S/4HANA you need to know

And what SAP's users think of the vendor's resources to help with the migration.

1. Not simply an upgrade

Moving from SAP ECC to SAP S/4HANA isn't simply an upgrade – despite SAP positioning it as such. It is a complete ERP reimplementation on a new platform.

This isn't necessarily a bad thing, but customers need to be aware that this isn't just your standard upgrade.

It doesn't matter whether an organisation takes a 'greenfield' approach (starting from scratch and adapting your business to its functionality) or a 'brownfield' approach (bringing your existing functionality and processes across from ECC), both are going to come at considerable cost and risk.

S/4HANA may be the successor to ECC, but Gartner® suggests reviewing your broader ERP strategy as 'there is no single approach that justifies its adoption by everybody […] It is acceptable to decide that you will not adopt S/4HANA, or that you will opt for partial adoption or even third-party support'.**

It's also going to require a host of consultants that specialise in S/4HANA — of which there is a frighteningly short supply!

Frustratingly, turning to the vendor for help may not be the answer to your skills shortages…

Source: Gartner®, *What Is the Level of Adoption of SAP S/4HANA in 3Q22?*

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The UK & Ireland SAP User Group (UKISUG) found that 92% of its members raised concerns that a lack of skills could slow migration, while over a third (36%) said that SAP doesn't provide customers with enough technical resources and training to help manage S/4 HANA.

Source: UKISUG User Group Survey, Nov. 22

2. Considerable migration challenges

When migrating from ECC to S/4HANA, organisations undertaking the transition are finding progress slow after being faced with data management challenges.

A separate survey conducted by UKISUG in early 2022 showed that 61% were finding themselves beset by data management difficulties that are slowing business automation and hindering migrations from ECC to S/4HANA.*

A further survey undertaken later that same year found 64% of those that had migrated found integrations a challenge.**

Yes, migrations are never easy.

But when most of your customers have notable issues, this is something to take seriously, especially when this starts affecting business operations and continuity.

Source: UKISUG User Group Survey, Mar. 22

****Source**: UKISUG User Group Survey, Nov. 22

December 2027

SAP's deadline for customers to move to S/4HANA from its predecessor, Business Suite and its digital core, SAP ERP Central Component (ECC), which it plans to stop supporting in 2030.

3. Confusing pricing structure

Moving to SAP S/4HANA is a costly endeavour.

And it doesn't help matters when SAP's pricing structure and commercial models can create confusion amongst its customers.

In response SAP launched RISE with SAP, in early 2021, designed to aid the migration process (constituting 50% of S/4HANA sales so far).

But this appears to have only muddied the waters over the commercial options available for customers as RISE has evolved.

Gartner® vice president and vendor lead analyst for SAP, Ilona Hansen, told The Register in mid-2022 that, *"Many options exist, but the strong positioning of RISE with SAP by account executives obscures other S/4HANA licensing options, such as S/4HANA On-Premise Edition, which will likely cost more as SAP continues to shift its revenue to the cloud."* *****

In the Gartner® *Vendor Rating for SAP*, published in July 2022, it rated SAP 'Variable' under its 'Pricing Structure' category ››

*Source: The Register, Jul. 22

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'SAP has pricing structures with various metrics and tiering mechanisms, but customers struggle to understand it without third-party support.'.

Source: Gartner®, *SAP Vendor Rating, Ilona Hansen, Tonnie Van Der Horst, and 17 more, 7 July 2022.*

4. Where's the support?

Given the huge costs and risks involved in moving to S/4HANA, organisations might want to think about their ROI when considering the costly and risky move from the trusty ECC to the new S/4HANA.

For those still undecided, SAP are currently offering extended support options for ECC up to 2027 (this has already been pushed back since its first end date of 2025).

It's worth acknowledging this extension comes at a 2% premium to continue support + any additional inflationary increases.*

But the vendor will not keep supporting ECC indefinitely; **the time will come when the final deadline date is... final**.

What's more, customers can be forgiven for questioning the ROI on an expensive support package (17% - 22% of their license fee + any annual or inflationary increases) for a system that hasn't seen any major upgrades in over half a decade.

The last major enhancement delivered was in 2016 with EHP 8 - Enhancement Pack 8.

By 2027, customers could have been paying full rate for their support on an 11 year old system that wouldn't have received any enhancements for over a decade, all while SAP pours money into developing its HANA systems.

HOWEVER, all is not lost if you wish to continue being supported on your SAP ECC software.

Support Revolution will support ECC indefinitely for as long as you need.

Find out how to take a SAP payment holiday ››

*Source: Gartner®, *What Is the Level of Adoption of SAP S/4HANA in 3Q22,* Denis Torii, Ilona Hansen, and 1 more, 2 December 2022.

Your next steps...

Don't assume upgrading is your only option. Third-party support is a flexible and secure option that's possible in just six easy steps.

> **"**
> The more complex your existing environment, the more likely it is that migration will be a multiyear journey, and that more resources — from your organization and from an implementation partner — will be needed.

Source: Gartner®, *What Is the Level of Adoption of SAP S/4HANA in 3Q22?*

You don't have to be supported by the vendor while you decide on your next move.

Support Revolution can cut your SAP support costs by a minimum of 50%; these are much needed savings that you could put towards your migration (or other investments if you choose to remain on your existing software).

We can help support your SAP software no matter the version while you decide what your next move will be – whether staying put on the system version you already use, upgrading partially to the Cloud, or fully migrating your whole estate.

Read our 6-stage transition process to find out how to start saving today ››

The third-party difference

Switch and save in 6 easy steps.

1 We create a transition plan with clear roles & responsibilities and a defined timeline.

2 We will identify all patches and the latest versions of software you're running, and download these or assist you to do this and store in an archive.

3 We review all open incidents that you have with your vendor, and agree a plan of which will be dealt with us.

4 We establish access to your test systems, although we can work without this if access will not be possible.

5 We load incidents onto our RemedyForce Service Desk system, and give your team training on how to use it.

6 Finally, we agree a formal go-live date and begin to roll out our full support service.

Start your revolt against high support costs today. **<<Get in touch>>** and have a chat with one of our team.

The full S/4HANA adoption report

Gartner®

Claim your copy of the full report 'What Is the Level of Adoption of SAP S/4HANA in 3Q22?' on the next page.