



CORPORATE PERFORMANCE IMPROVEMENT

THE SAP S/4HANA IMPERATIVE

MIGRATION PLANNING TO SUPPORT THE ORGANIZATION'S DIGITAL FUTURE

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Determining an organization's migration strategy requires gathering and analyzing the right data, bringing the appropriate experts to the table and considering the overarching business strategy.

With the 2015 release of their next generation Enterprise Resource Planning (ERP) System, S/4HANA, SAP issued an imperative to the 41,000+ companies globally who use the legacy Enterprise Central Component (ECC) solution — migrate to S/4HANA or risk running a system that SAP would no longer support after 2025. Organizations who use this imperative as a platform to more broadly evaluate the organization's technology strategy will not only create the foundation for a smooth ERP migration but will also support future innovation and digital capabilities.

With the deadline just a few years away, technology leaders are right to feel the pressure to deliver sound plans for their organizations. Migrating to a new ERP platform requires thoughtful planning, resources and significant investment — as most organizations learned years back through lengthy, costly implementations of SAP ECC. Given the complexity and time required to plan for this change, companies would be wise to leverage the same effort to build a solid digital platform at the same time.

PLANNING FOR S/4HANA

A SOLUTION IN FLUX

The S/4HANA ERP is comprised of a combination of the old ECC Business Suite code and the new S/4HANA code. When SAP first released S/4HANA, it was called "Simple Finance," and was a far cry from a comprehensive ERP. In contemplating the next generation ERP, SAP faced a daunting task — rewriting the code for the entire Business Suite while also accommodating the digital innovations of today and those to come. In a bold move, SAP opted to convert ECC code as-is into S/4HANA, then replace it, piece by piece, as they redesigned functions and wrote new code.

The result is that S/4HANA is a solution in flux. Therefore, determining the right time to migrate is extremely complex with a multitude of factors unique to the individual organization which will influence the outcome.

STARTING THE CONVERSATION

Determining an organization's strategy requires gathering and analyzing the right data, bringing the appropriate experts to the table and considering the overarching business strategy. As organizations begin the process, they should contemplate their unique circumstances and requirements including the following business and technology considerations.

S/4HANA MIGRATION STRATEGY: KEY QUESTIONS	
BUSINESS CONSIDERATIONS	TECHNOLOGY CONSIDERATIONS
<ul style="list-style-type: none">▪ Is the organization's market position under threat due to disruptive technologies or globalization?▪ Which new digital solutions can provide competitive advantage in the organization's industry?▪ What are the predominant technologies and trends impacting the organization?▪ Is inorganic growth part of the organization's growth strategy? Will efficient integration of acquisitions be important?▪ How well are existing and future customer requirements understood and how will the system need to operate to deliver against these requirements?▪ What are the business drivers for technology change and related ROI? Consider the following:<ul style="list-style-type: none">– Strategic drivers including disruptive technologies, acquisitions or marketing position– Operational drivers including inefficient processes, poor data quality, difficulties integrating acquisitions or an overly complex application landscape– The sunset of SAP ECC▪ Will S/4HANA functionality satisfy the organization's requirements?	<ul style="list-style-type: none">▪ Is the current IT platform capable of supporting corporate strategy and changing business environments?▪ How will future code changes of SAP S/4HANA impact the organization's processes post-implementation?▪ Is the application landscape and architecture optimized? Are the number of interfaces minimized to simplify the environment and improve data quality?▪ What is the organization's cloud strategy and the best way to transition solutions?▪ Will S/4HANA functionality satisfy the organization's technology requirements?▪ Which S/4HANA licensing model provides the best fit for the organization in the short and long-term horizons?

LAYING A STRONG FOUNDATION

Gathering data and consulting the right stakeholders to answer these questions takes time but is worth it. Making decisions regarding the organization's ERP, infrastructure and other technology capabilities in a vacuum or in an improvised fashion can result in time-consuming and costly issues in the future.

Organizations are better off using SAP's imperative as an opportunity to lay a strong foundation **and** create a platform that supports an organization's growth and future requirements **at the same time**. A knowledgeable independent advisor can be especially helpful in orchestrating parallel demands and guiding the development of the optimal roadmap to meet the organization's customized needs.

Contact the authors or visit us at www.alvarezandmarsal.com to learn more about how Alvarez & Marsal can help your organization prepare for 2025 and beyond.

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