

Successfully planning the transition to S/4HANA

A guide to analysing, planning and developing the basic knowledge for transitioning to SAP S/4HANA with the help of managed services.

WHITEPAPER

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EXECUTIVE SUMMARY

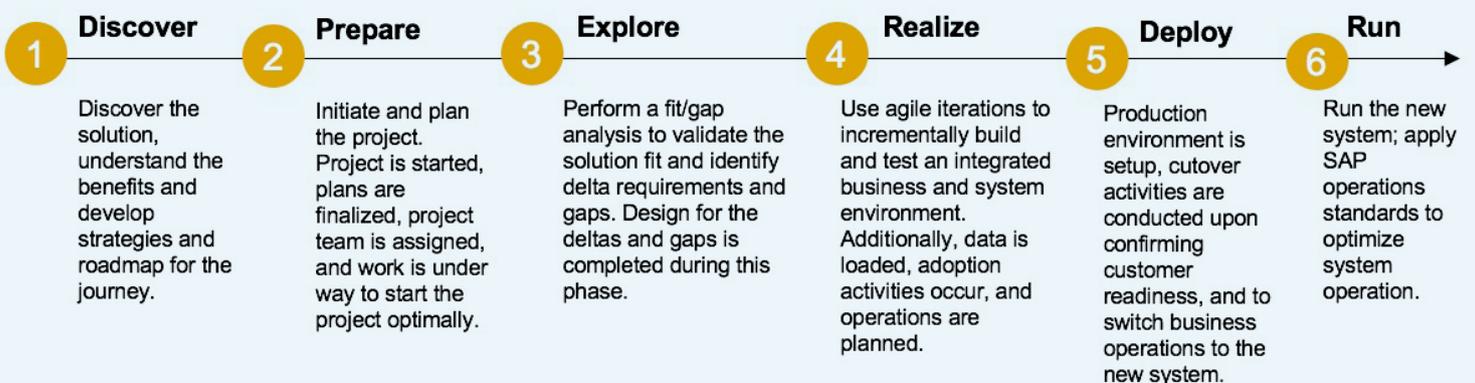
Accelerate your business processes and simplify your IT environment

S/4HANA gives you access to live data and relieves you of the time-consuming burden of maintaining separate legacy systems and data silos. It also offers the most relevant insights, so you can make more accurate business decisions. When combined with a tailored managed services solution, S/4HANA offers new perspectives and access to higher performance. The six-step transition process from SAP Business Suite to S/4HANA begins with the «Discover» phase.

Before beginning the transition process, we recommend that you set a course of action early on. When it comes to the «SAP Activate» methodology, the initial phase «Discover» is often neglected. However, this first step is extremely important, as it can allow you to avoid major corrections down the road.

Once you have fully understood the future solution and its benefits and clarified the appropriate procedure, roadmap, partnership and platform for your organisation, you should have no trouble successfully transferring to SAP HANA.

This guide lays out six steps to support you along the way.



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1 · START WITH THE RIGHT PARTNER

An ERP partnership is always long term and should be continuously optimised. Define the collaboration criteria that are especially important to you and balance them with the capabilities of your preferred partner. You should also try to anticipate your future needs. If there is a lack of congruence with your existing partners, it may be time to question whether you are truly compatible.

In a true partnership, both partners are on a level playing field. Your SAP partner should be able to see things from your point of view and be able to transfer knowledge to you in a way you can understand. You should consider your SAP partner as an extension of your organisation, especially if this partner is responsible for operation. You will want to avoid partnerships where appreciation is lacking and contacts constantly change. It is also a good idea to make sure that your partner has sufficient staff members who are familiar with your case. Your SAP provider should offer several representatives who understand your situation and are able to smoothly handle tasks internally. It is important to get your partner's management team on board right from the start.

Automated tools can reduce high amounts of manual effort, e.g. in process analysis (process mining) or testing new functions. Having a strategic S/4HANA partner who is well-prepared with tools to compensate for limited internal resources will take the burden off you as a customer.

When hosting or operating the S4 environment through your partner, you should carefully examine their platform architecture regarding availability and disaster recovery mechanisms. Have them explain to you their support organisation in detail – particularly if 24/7 support is required. Examine your partner's Service Level Agreement. If they do not achieve the expected results, are there consequences for them as well? You should also think about where your data is stored, the environment's adaptability to your changing requirements and the ideal price-to-performance ratio.

KEY QUESTIONS FOR CHOOSING AN SAP PARTNER:

- Do I see my current SAP partner as a trusted partner?
- Does my partner have a clear S/4HANA strategy?
- Does my partner have the resources for a resource-efficient implementation?
- Can my partner's development keep pace with that of my organization?
- Will my partner be able to handle future challenges?
- Is the price-to-performance ratio right?

2 · UNDERSTAND S/4HANA AND ITS IMPACT ON YOUR ORGANISATION

Before transitioning to S/4HANA, it is important to clearly define the potential benefits and added value. Functionalities and business processes will be highlighted and re-mapped in the course of the process, which will create potential for increasing competitiveness. Therefore, your employees' acceptance of and participation in the S/4HANA transfer is essential to its success.

S/4HANA is a new product line and SAP's long-term solution strategy. The new architecture of the SAP-core ERP functionality is based on in-memory computing (IMC), a simplified data model and the new «FIORI» user interface. The current SAP ERP 6.0 will be supported until 2025. However, SAP is focused on innovations for S/4HANA. You should view your transition to S/4HANA not as an obligation, but as an opportunity.

The new architecture enables accelerated, simplified application processes, real-time transaction analysis, a better user experience through FIORI applications and new functionalities. The combination of these features increases competitiveness at a time when real-time information can determine success or failure within hours or even minutes. Business processes are constantly changing, as are the ways in which your team works. There is increasing potential for streamlining and standardisation, which can be targeted.

We recommend that you and your partner work together to analyse the effects on your business (high-level analysis) and map both the opportunities and risks. This means involving key people from various business areas and engaging them in the process. You should also take advantage of the opportunity to pre-test S/4HANA – ideally via your partner's Cloud environment.

KEY QUESTIONS FOR UNDERSTANDING THE IMPACT OF S/4HANA ON YOUR ORGANISATION:

- How will a change to S/4HANA affect my business processes?
- How can S/4HANA help drive my business forward?
- How do the benefits of transferring to S/4HANA outweigh the effort required to make the switch?
- Who in my team should be involved in the process? Who are the change leaders?

3 · DECIDE ON YOUR IMPLEMENTATION STRATEGY AND ROADMAP

Your decision to implement S/4HANA depends on your answers to the questions in the previous sections. The higher the benefits, the sooner you should start the implementation process. Even if you are not quite ready to develop a precise plan, it is still a good idea to select the scenario that suits you best.

In short, there are two basic implementation strategies:

A **strategic transformation** is a good option in cases where time is a critical factor. If the implementation of S/4HANA in the next one to three years would offer a high added value and allow you to develop new markets or business models, then a strategic transformation is right for you. A strategic transformation is also well suited to those who are already working with an outdated version of SAP ERP and need to take action anyway. This approach allows for early transformation with strategic advantages.

The **tactical transformation** is recommended in cases where there is a foreseeable benefit, but is not critical for business. The tactical transformation is often used in very complex environments, where a complicated transformation is to be expected. In cases such as these, quick action is not a priority. However, keep in mind that the transformation should be completed by 2025 at the latest.

Whichever scenario corresponds to your business situation, you should be sure to define a general course of action and have it approved by your organisation's decision-making bodies (e.g. Board, management). Although your transformation may not necessarily be urgent, it is a good idea to define a precise starting point and the intended duration of implementation. Then you will be prepared to launch the implementation internally (see also Chapter 2, relevant team members).

KEY QUESTIONS FOR DECIDING ON YOUR IMPLEMENTATION STRATEGY:

- How important is the timeline in my S/4HANA transformation?
- Which type of transformation is better suited to my case:
 - a «strategic» or a «tactical» transformation?
- What is a realistic timeframe for implementation?

4 · CHOOSE THE BEST TRANSITION PATH FOR YOU

Once you have decided on whether to make a strategic or tactical transformation, there are two possible procedures for S/4HANA implementation: the Greenfield Approach, which requires setting up a new SAP S/4HANA, and the Brownfield Approach, which involves a gradual transformation of the existing SAP system to S/4HANA. Based on the analysis of your situation, your SAP partner will work with you to choose the ideal path for you.



The **Greenfield Approach** requires a more radical step by building a completely new S/4HANA system and integrating enterprise data. This path is particularly useful if there are many old issues encumbering the SAP system or if there have already been major changes in the company (for example, the restructuring of business units). This is the basic path officially recommended by SAP. It is important to clarify in detail which data will be transferred from the old to the new ERP and which stocks will not be included or archived.

The **Brownfield Approach** includes the procedure that enables the switch to S/4HANA. The existing SAP landscape will remain largely intact, but it can benefit from the advantages of the new software and be continually updated with new functions. This path requires you to clarify which functions will be relevant to you in the future.

In some cases, mapping the new structure in the old ERP system can be more complicated than rebuilding everything completely.

KEY QUESTIONS FOR CHOOSING THE BEST TRANSITION PATH:

- Which transition approach suits my organisation best?
- To what extent is the transition as an opportunity to resolve old issues?

5 · DETERMINE YOUR PLATFORM AND OPERATING MODEL

Once you have determined your preferred transformation type, timeline and transition path, it is time to settle on a platform and operating model. Given that stability, availability, and disaster recovery capabilities are closely linked to successfully deploying S/4HANA, it is important to plan ahead for the next phase: «Prepare». There are several conceivable platforms and operating models – ranging from On-Premise installation through to Cloud. Ideally, your SAP partner is also your platform and operating partner, a role which requires a lot of specific experience and know-how.



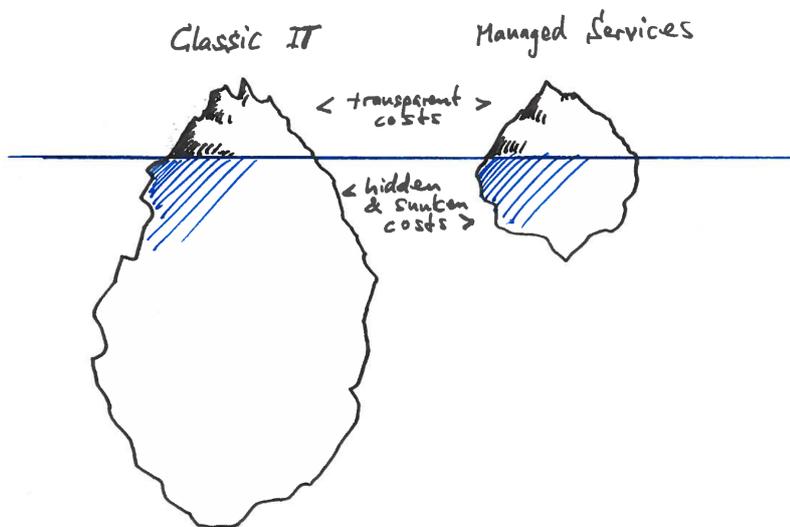
There are several options for computing power (technology). The market is currently focused on two directions: x86 (primarily Intel) and IBM POWER.

IBM POWER offers great benefits in terms of resource utilisation and stability, but it does not fit into any corporate IT landscape. x86 is already available everywhere, but compared to IBM POWER, it is rather limited in terms of reliability and scalability, especially in the case of S/4HANA. Therefore, you should carefully consider whether you would like to continue using your own infrastructure. If you do wish to use it, note that the components must be certified by the TDI (Tailored Datacenter Integration) approach. As an alternative to TDI, there are a number of SAP-certified «HANA appliances» available. The question is whether these isolated appliance solutions make sense in a centralised, sustainable infrastructure.

It should be noted that HANA is an in-memory database and requires ample memory, processing power and fast storage. If you have an existing infrastructure that is not fit for S/4HANA, you may want to consider the infrastructure supply or S/4HANA in the Cloud model. The general trend towards new IT supply models demonstrates a rapid suppression of classic IT operations. Now more than ever, SMEs are particularly advised to focus on their own core competencies and outsource their S/4HANA management or even their entire IT.

There are many benefits to having a high-quality managed IT services solution: full cost transparency, data management in Switzerland, high security standards, singular contact persons, a wide variety of services, high-end performance, scalability according to business development, excellent service, optimal cost-to-benefit ratio and location-independent work. These benefits should be taken account when comparing your current IT situation.

The two options of «**On-Premise with own operation**» and «**complete S/4HANA service via the Cloud**» are on opposite ends of the spectrum. However, there are countless variations in between that can be combined into a tailor-made solution. For example, one popular hybrid solution combines the on-site platform with managed services. Your personal infrastructure and S/4HANA can be operated in this configuration by an external partner, which may also provide the second location as a service.



The Iceberg Model:

When it comes to IT, there are often a number of underlying costs hidden behind the price tag. This can include unused personnel resources, overcapacities in hardware performance, excessive precautionary data storage and purchases of software and hardware components that are never actually needed.

With managed IT services, you will benefit from maximum cost transparency and the latest technology – all tailored to your current and evolving needs.

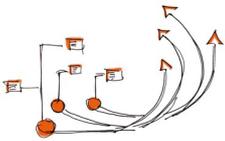
KEY QUESTIONS FOR DETERMINING YOUR PLATFORM AND OPERATION MODEL:

- Which platform and operating model will bring the highest added value to my organization?
- How much responsibility can I handle, or do I wish to handle myself?
- Which types of managed services are right for me?

6 · TRY ORIA HANA

«ORIA HANA» is a service project by ITpoint Systems AG. ITpoint offers you a modular operating model which ensures complete «S/4HANA service» according to the Cloud approach. This model, branded as ORIA HANA, offers more agility and flexibility for your S/4HANA environment.

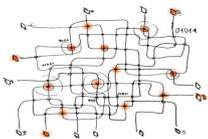
Die «ORIA HANA IT Services» include three seamlessly integrated clusters:



Operation Services: Includes all operational services to support the smooth operation of your S/4HANA environment – from a simple service desk to complete operational takeover.



Infrastructure Services: Whether on a shared or private Cloud, your tailor-made S/4HANA infrastructure is provided to you as a service.



Software Services: S/4HANA software modules are available based on your organisation's requirements.

The three modules can be combined to form a complete service package based on the Cloud model or Software-as-a-Service.

This service package

- is completely redundant in two Swiss data centres
- includes everything from complete operation to S/4HANA basic operation
- offers the option of 24/7 or 12/5 support
- gives you access to a multi-faceted team of SAP specialists
- is transparently and attractively priced
- uses S/4HANA best practice processes



Together with its 80 employees, **ITpoint Systems** creates and operates tailor-made IT environments for demanding companies. At ITpoint, it is the customer's requirements that determine the right architecture and ideal operating model. ITpoint offers everything from on-site installation assistance as needed to complete IT services based on the Cloud model. As a trusted advisor, ITpoint strives to offer its clients the perfect balance between functionality, availability, performance and cost-effectiveness, enabling them to achieve maximum benefits.

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Please contact us to make an appointment. We look forward to meeting you:

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