



Three ways to move to the cloud with SAP S/4HANA®

Since the advent of SAP S/4HANA®, SAP has taken dramatic steps to move away from the old monolithic ERP image. Today, SAP has opened its platform to bi-directional communication via APIs with cloud-native applications, also those outside of its own suite. SAP has also launched its own platform as a service, which has been specifically architected to facilitate flexible, fast functionality development across multiple digital applications.

Software, platforms or infrastructure as a service – cloud technology in all its forms is rapidly becoming essential to the needs of businesses today. With cloud solutions, organisations can simplify IT, save costs, scale rapidly, drive standardisation and user adoption and start getting ahead of tomorrow's needs.

SAP, too, has chosen a 'cloud-first' approach with the new solutions developed and acquired over the last few years. With the arrival of SAP S/4HANA®, the company has garnered a lot of attention for its willingness to open to processing data from other applications.

At the same time, the SAP S/4HANA® Cloud application is propelling more and more companies to explore cloud technologies, wanting to capitalise on the opportunity to lower the total cost of ownership, scale infrastructure as needs evolve and access the latest SAP applications on demand.



What all of this means is that running SAP in the future will be very different from running SAP in the past. Companies who implemented SAP in the 1990s and 2000s have, to a large extent, built solutions covering a sizeable portion of their business processes on one large solution residing in a large owned or outsourced data centre. Although this was the mantra and recognised good practice for enterprise resource planning solutions in this period, it means now that these companies are less flexible and less responsive when adapting these solutions to changing market conditions and changing customer priorities. In other words, those operating a large monolithic SAP solution today are, at best, lagging behind their more nimble digital competitors and at worst losing the race to secure their digital future.

However, in spite of many new possibilities, moving to the cloud is not always a straightforward process. Here are three ways in which companies take advantage of the cloud – each of them suited for different circumstances.

Option 1: The SAP S/4HANA® Cloud

For many organisations, investing in SAP S/4HANA® comes with questions about the various deployment options. Setting up SAP S/4HANA® on-premise can represent a significant commitment in time, resources and capital. But for organisations that seek a flexible and rapid approach to digital enterprise transformation, SAP S/4HANA® Cloud can offer a sensible way forward.

Whether delivered as a pure public cloud SaaS offering (essential edition) or as the company's own SAP instance managed by SAP but running on a hyperscaler of choice (extended edition), SAP S/4HANA® Cloud provides a modern, pre-configured, standard digital core solution that blends the benefits of the cloud with the strength of the SAP S/4HANA® in-memory platform.

At the same time, SAP S/4HANA® Cloud easily integrates with other cloud applications, especially SAP's own line of business cloud application such as SAP SuccessFactors®, SAP Ariba® and SAP

Concur® families. SAP S/4HANA® Cloud also supports the ability to connect easily with on-premise systems, whether they be instances of SAP S/4HANA® at other locations, older SAP ERP solutions or even third-party systems.

Although largely a standardised platform, SAP has chosen to provide options for customisation, typically where companies need to differentiate against their competitors by enhancing or complementing standard functionality delivered in the core. With SAP S/4HANA® Cloud, companies can make additional custom extensions outside the core, in SAP Cloud Platform®, SAP's development platform-as-a-service, to meet industry- and company-specific requirements while still committing to a standardised solution.

SAP S/4HANA® Cloud thus makes sense for organisations facing a number of scenarios: For example, a major company with a small foreign subsidiary could find SAP S/4HANA® Cloud to be an ideal solution for delivering and supporting standard business processes from afar – without the need to customise the central on-premise solution for each of the separate small foreign subsidiaries. A large company could also leverage SAP S/4HANA® Cloud to support a newly formed spinoff company and transition it away from the parent company's on-premise systems. Medium-sized organisations, meanwhile, might find that the mature SAP S/4HANA® Cloud extended solution provides the scalability and leading practices they will need to support growth. SAP S/4HANA® Cloud also makes sense for smaller organisations just beginning their cloud and ERP journeys.

Option 2: Moving to the cloud via hyperscalers

Although SAP is investing heavily in the SAP S/4HANA® Cloud solution and constantly adding functionality, the diversity requirements and complexity of SAP's large customer base continue to prevent widespread adoption of this cloud solution, which large companies tend to perceive as a lower common denominator of standard functionality for their industry.

Instead, we see large enterprises moving their SAP on-premise platforms, along with other digital applications, to hyperscalers like Microsoft Azure, Google Cloud Platform and Amazon Web Services, thereby realising cost savings compared to own or outsourced data centres. Similarly, we see that almost all new SAP S/4HANA® customers also choose to follow a cloud-first approach on hyperscalers as opposed to a more traditional on-premise solution.

Hyperscale cloud environments become especially attractive as data continues to grow – and as companies continue to rely on data to generate insights and improve the customer experience. As a consequence, they need more than traditional on-premise data centres and hosting services. They need scalable, innovative cloud infrastructure and partners who can help them get the most out of their investments in cloud and SAP solutions.

Whichever cloud provider companies choose – a business decision typically made from a broad spectrum of strategic consideration – we see the hyperscalers as a clear enabler of innovation, increased agility and growth – collectively paving the way for a revolution in the usage of not only SAP S/4HANA®, but also digital marketing, customer experience, AI, mobility, e-commerce, microservice applications, automation, analytics and much, much more. It's all about seeing the possibilities.

Option 3: A core system with cloud-native satellites

The digital core application of SAP has shrunk since the arrival of SAP S/4HANA® and significantly since the rearchitecting and simplification of the finance and logistic application components of the SAP S/4HANA® suite. For example, SAP has massively rationalised its table structure and code complexity, optimising data access in real-time and increasing flexibility. Its core application is now much smaller than before while industry-specific and functional area solutions are now typically launched as cloud-native-satellites around the core, connecting via open APIs.

In this setup – with a strong, clean SAP S/4HANA® core and state-of-the-art intelligent solutions around it – this is really where companies have the chance to reimagine everything and move towards the systems and data landscape of the future. Some of those solutions could be SAP solutions – for example within HR, customer experience, procurement and more – other solutions can be non-SAP. The important thing is to set up an integrated landscape, but still with the overall principle of having one core and thereby one place for financial reporting and one version of the truth.

And it's not just airy promises. As a modern digital core and business transformation platform, SAP S/4HANA® helps companies build a systems landscape that brings clarity to finance, realise more value throughout the supply chain, engage customers more meaningfully, empower the workforce and leverage new analytics capabilities to give companies the competitive edge they need as the digital business realm evolves.

Moving to the cloud

Whichever industry you are operating in – and whichever competitive situation you are facing – today's cloud technologies provide advanced functionality to solve business challenges in a standardised way. This also means that cloud applications are no longer just nice-to-haves, but rather the norm when it comes to providing standardised functionality and intelligent solutions that are available on demand.

Implementing a digital core solution like SAP S/4HANA® can allow companies to maintain a robust and cloud-based

backbone for their business operations while giving them the flexibility to develop new solutions to respond to changes in market conditions or to adopt intelligent cloud-based solutions.

For companies to fully unlock the possibilities enabled by SAP S/4HANA®, they need to ensure that they take the opportunity to move to a 'clean' ERP, removing the customisations that they were forced to make in their previous ERP platform. This is not necessarily an easy process. Migration to cloud is ultimately about integration, orchestration, standardisation and optimisation, which are all key to ensuring that the organisation's cloud journey follows a cost-effective and efficient methodology.

However, with the right approach at hand, it is our experience that SAP S/4HANA® not only paves the way for a much more responsive, intelligent 'Kinetic Enterprise' with data that is unlocked and available in real-time, but also provides a core digital platform for launching new digital products or efficiently supporting businesses with digital intelligent technologies.

Businesses should look to the cloud to support evolution, not just survival in the

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