



## ***CASE FOR CHANGE – THE MOVE TO SAP CLOUD SOLUTIONS***

The future of SAP is in the cloud. The time to future proof your business is now.

The world is changing at a rapid pace. Not a day goes by without a technology related business impact. Routine business interactions are now inundated with chatbots, AI, and cognitive automation. These shifts in human norms have become catalysts for profound business trajectory. Businesses that harness the power of transformative and evolving technology as

tools for progress is better positioned to shape the future and lead the charge in this new era of digital transformation.

A number of fundamental questions exist as businesses face these intense, inevitable shifts in technology—**the most important being how ready are businesses' existing infrastructures to concurrently**

**absorb the present and adapt to the future stages of change?**

With technology at the core of successful businesses, creating and supporting a culture of proactive positioning for advancement is fundamental to futureproofing businesses for what's next.



## Benefits of SAP Cloud-Enabled ERP

SAP is the premier cloud-enabled ERP for organizations seeking to drive enterprise business processes, simplify business operations, and enhance information accuracy.

**Organizations that implement and operate SAP's modern solutions are better equipped to engage better with customers, explore new avenues for growth, and improve performance more rapidly.**

However, SAP's legacy ERP, called ECC, still powers many organizations today, producing insights based on the available solutions of the past. Organizations now have more contemporary architectures to proactively report, plan, and allocate data to make decisions. With modern cloud ERP systems, organizations can gain real-time insights into business operations dynamically, through a scalable platform. As

consumers, we access information in real-time through limitless device options with little to no effort; **SAP Cloud ERP** has kept pace with these progressions and advancements to address both the business and end user demand for product and service evolution.

While an SAP Cloud Solutions transformation can be complex, understanding the benefits of migration, the pathways to transform, and the significance of a strong foundation are crucial to prepare an organization's business case for a modern ERP Transformation. **SAP Cloud ERP includes business flexibility, faster analytics, improved working capital, increased margins, and more effective asset management.**

### KEY BUSINESS ATTRIBUTES INCLUDE:

#### Business portfolio agility

Business portfolio agility SAP Cloud ERP supports the ability to keep pace with the ever-changing marketplace demands—leverage of next generation technologies, meet ever-evolving customer expectations, address supply chain disruptions, and support hybrid workforces. SAP Cloud ERP provides a simple and quick way to embed acquisitions into the ERP environment and benefit from a synergy capture of bringing two businesses together, such as lower operating costs and expanded markets. Alternatively, divestures can leverage the same simple, effective process.

#### More dynamic billing and revenue processes

Businesses require multiple go-to-market services, including subscriptions and pay-per-use models. There is a need to innovate and have flexible revenue and monetization models that increase the effectiveness of the billing lifecycle (contracting, billing, invoicing), while reducing costs and processing times to increase the effective use of working capital and deploy an organization's workforce more efficiently

SAP Cloud Solutions provide a simple and quick way to embed acquisitions into the ERP environment and benefit from a synergy capture of bringing two businesses together, such as lower operating costs and expanded markets.



SAP Cloud Solutions includes embedded AI and machine learning applications which continue to evolve. This improves modeling, predictive outcomes, and forecasting.

### **Ease of Innovation**

SAP's Business Technology Platform (BTP) serves as the innovation and integration layers between S/4HANA's cloud-based digital core and best in class edge solutions to drive business forward. Faster than ever before, businesses can bring together app development, data management, analytics, and artificial intelligence into a single platform to transform business data into enterprise value swiftly and effectively. Imagine leveraging an app, such as UiPath Business Automation Platform, to create a consistent approach to deploying and testing automations across an enterprise to reduce risks, optimize business operations, and improve productivity.

### **Holistic financial and accounting management with SAP's Universal Journal**

SAP Cloud ERP allows for faster decision making based on a holistic financial and management accounting view, based on a single source of financial truth. This single source of truth brings together all accounting-related transactions in one view, eliminating reconciliation activities and duplicative data. Access profitability insights down to the SKU/product level. For example, imagine a large retailer referencing product performance within their portfolio or a car manufacturer ensuring the right stock levels at the right time. With the Universal Journal, companies will gain the advantage of having a lower total cost of ownership (TCO), increasing their productivity gains.

### **Automated tasks**

SAP Cloud ERP provides process automation to enhance routine tasks, such as creating reports that previously were done manually, freeing up time for employees to focus on more productive activities. Overall, this helps to improve the bottom line by achieving process efficiency and higher productivity while reducing expenses.





## Industry innovations

Not all industries operate equally and SAP Cloud ERP includes new industry-specific innovations and capabilities. S/4 HANA's cloud-based architecture seamlessly delivers SAP product innovations. Capturing industry trends can significantly impact efficiency and an organization's ability to respond to dynamic market trends.

## Enhanced Tax processes

SAP Cloud Solutions empowers numerous tax benefits, driving improvements to lower the effective tax rate within an organization. Through automation of global indirect calculations and reporting, automation of operational pricing, and real time self-service tax reporting dashboards, organization benefit from improved planning and forecasting, and reduced costs.

## Dynamic supply chain management

A successful supply chain is more heightened than ever before. The number of distribution centers and warehouses is at an all-time high, and customers demand a reliable supply chain network from the organizations they engage with. SAP Cloud ERP enables the dynamic infrastructure that successful supply chains require to help mitigate potential disruptions, reducing unforeseen costs, and increasing forecasting effectiveness.

## Focus on a sustainable business

SAP Cloud Solutions captures numerous ways to increase an organization's goal towards a sustainable future through enhanced reporting, more effective supply chain management with enhanced inventory optimization and logistics routing, and data transparency with the Green Ledger Initiative. Addressing these sustainability challenges helps to reduce costs, increase customer base, and improve employee satisfaction.





### More efficient period end closing

A faster database leads to faster end-of period closing. This allows organizations to make reliable business and reporting decisions based on the accurate and compiled data from each period. Modern tools can help reduce mundane and repetitive tasks and empower finance professionals to focus on achieving amplified margins and strategic investment opportunities.

### Increased analytics performance leveraging cutting-edge technologies

By utilizing a simplified data model, SAP Cloud Solutions empowers users to record once, and use many times, which helps inform critical business decisions while reducing time and cost. Thus, historically unfeasible or timeconsuming analytics and insights can now process quickly and in real time.

### More accurate forecasting

SAP Cloud ERP includes embedded AI and machine learning applications which continue to evolve. This improves modeling, predictive outcomes, and forecasting. SAP Cloud ERP enables organizations to determine the right amount of working capital and make strategic investments accordingly by forecasting and anticipating customer needs.

### Simpler user experience leveraging SAP Fiori

SAP Cloud ERP engages newer generations with ease-of-use technology and a more attractive, effective, and user-friendly interface. SAP Fiori presents data in real time, provides visualizations designed to support job performance, and allows users to transact and report from one application on any device, including phones and tablets.





## Pathways to transform

The foundation for continuing a contract with SAP and the opportunity for an organization to remain a leader in a respective industry begins with preparing and planning for the migration from SAP ECC to SAP S/4HANA. SAP Cloud ERP allows for innovation in business processes by focusing on Top Line, Bottom Line, and Green Line growth to derive multifaceted business outcomes. With unpredictable factors impacting areas such as supply chain pipelines, product demand, and manufacturing disruptions, organizations are forced to dynamically reallocate resources and swiftly adjust to environmental challenges. Bearing all this in mind, there are several ways for an organization to migrate a business to SAP Cloud ERP. Each transformation journey is unique, falling somewhere along the transformation spectrum.

THE TRANSFORMATION SPECTRUM, VISUALLY SHOWCASED BELOW, INCLUDES:

Transformation Pathway	Brownfield	Brownfield+	Greenfield
<b>Description</b>	System upgrade/ infrastructure replacement. Brownfield is a system conversion involving upgrades from an existing SAP Business Suite ERP System to SAP Cloud ERP.	Similar to a system conversion from SAP ECC to SAP Cloud ERP, but provides the ability to selectively determine configuration, existing code development, and data to be moved to the new environment.	Net new business transformation of an SAP Cloud ERP environment, leveraging a pre-configured solution to drive industry specification. This requires net new design, build, and test of the environment and applicable data.
<b>Business Cases</b>	An organization should consider opting for a direct system conversion, Brownfield, if their present SAP system landscape has been well-maintained and most of their existing processes and code base are still in use.	A system conversion that allows businesses to continue using their existing SAP investments. Customers choosing a system conversion typically like to preserve some of their custom-built solutions and have business models that are static and predictable. This path is often viewed as a lower-cost, minimal risk way to move to the cloud with SAP Cloud Solutions but also allows a business to choose areas to optimize and transform such as Finance as the foundation.	Organizations focused on eliminating custom programs, shedding ineffective practices, and driving standardization around best practices should consider opting for Greenfield when moving their ERP to the cloud. Additionally, organizations that are implementing SAP with simpler business models, different competitors, and a less demanding customer base tend to find this approach allows for remodeling to support productivity and growth.
<b>Additional Considerations</b>	This cost-effective approach enables a smooth migration to S/4HANA in the cloud without disrupting current state business processes.	Provides a clean cloudbased core S/4HANA environment, which entails keeping S/4HANA devoid of modification, without starting from scratch.	Businesses can start afresh and keep their ERP clean, keeping the basic functionality of S/4HANA out of the box from conventional developments and modifications without compromising any flexibility.



## TRANSFORMATION SPECTRUM



### Brownfield



Upgraded technology that improves the execution of work



Standardized processes that reduce costs



Work aligned to the appropriate roles to enable efficiency



End-users trained to interact with the system

### Brownfield+



Enhanced capabilities delivered through an upgraded technology and carrying over innovations from ECC



Adopt SAP S/4 Standard where 'Technically' possible and innovate in critical areas



Work aligned to the appropriate roles to enable efficiency while enabling a cohort with tools needed for the digital age



Unlock insights and make better decisions

### Greenfield



Enhanced capabilities delivered through an operating model and structure that aligns cost to strategic priority



Organizational culture that is aligned to the strategy



Talent pool that can deliver skills needed in a digital age



Leaders that are aligned and demonstrating the right behaviors

### Establishing a strong foundation for success

The transformation journey will include a decision-tree of options to prepare an organization to modernize. When leveraged together, these tools help navigate the risks involved in a digital transformation in a unified landscape of applications, devices, and processes. Each piece of the intuitive suite plays a role in driving value for an organization.

### THE FOLLOWING KEY COMPONENTS HAVE THEIR PLACE:

**RISE with SAP** is a business transformation as-a-service subscription that provides all the tools to achieving a kinetic enterprise in the cloud under one contract.

**SAP Cloud Solutions Cloud.** At the heart of RISE with SAP lies S/4HANA. S/4HANA provides an integrated suite of core and extended solutions, driving greater value throughout the transformation journey.

**SAP Business Technology Platform (SAP BTP)** is the connector that enables expansion from clean core to enablement of edge solutions, maximizing asset management. Below are the four main capabilities where AI and Machine Learning can be applied: 1. Automation & Augmentation 2. Integration 3. App Development 4. Analytics In essence, SAP BTP serves as an innovation platform that supports easy integration,

drives efficiency with AI, and provides strategic insights for enterprises.

**SAP Signavio** leverages business process intelligence technology to design, analyze and improve business processes and suggest process changes using industry leading practices and process mining. SAP Signavio pulls back the curtain so that all process opportunities for enhancement can be considered and reengineered when applicable.

**UiPath** is an organization's onramp to Artificial Intelligence. The progression of a business' current workflows to UiPath's Business Automation Platform (an SAP endorsed application), enables a steppingstone where the structured logic of intelligent automation is combined with the cognitive sensing and outputs of Specialized/Gen AI to solve problems and accelerate digital transformation.



## Deloitte Differentiation

Deloitte enables a virtually unmatched approach for organizations to work effectively and focus on key areas of transformation.

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### SOME COMPANIES MIGRATE TO S/4HANA TO:

- 01** Relieve operational pain from managing complex business models and manual processes.
- 02** Relieve operational pain from managing complex business models and manual processes.
- 03** Relieve operational pain from managing complex business models and manual processes.

### Deloitte has established capabilities, assets, and tools to help businesses transform successfully and empower efficiency and scalability.

Deloitte's breadth of services includes everything from developing a business case for transformation through a Phase 0 program or providing SAP Cloud Solutions migration assets and accelerators to plan and scope the migration effort by identifying the business scenarios and custom development. Deloitte also provides custom Transformation labs, consciously designed to provide an immersive experience for clients to discuss and align on future digital transformation initiatives and explore how this can be enabled by S/4HANA. Our AI-powered migration toolset provides an AI-enabled identification of value opportunities and current legacy custom solutions that can undergo a transformation with SAP Cloud Solutions. Deloitte has established tools to help drive cloud ERP transformation carefully and uniquely through the transformation spectrum (Brownfield, Brownfield+, Greenfield).

While change is inevitable, SAP Cloud Solutions provide organizations pathways to work effectively and focus on key transformational areas, resulting in value to business operations that is unmatched. **Whether organizations choose a full Greenfield approach or a faster, leaner Brownfield+ approach, SAP's S/4HANA tool combined with Deloitte's experience and resources make our migration offerings an optimal digital solution for most organizations.**



**SAP**

as the tool

Driven by SAP Cloud Solutions



**Deloitte.**

as the orchestrator

Leveraging industry experience & extensive technical knowledge

IMPROVED  
BUSINESS  
PERFORMANCE

Engage better with customers, identify new avenues for growth, increase with value.





## Conclusion

It is no secret that business change requires dedicated time to evaluate current business processes and define future-state objectives. Change is constant and the pace of change is only increasing. **Technology is the enabler of strategy, mission, and growth.** Businesses also require vision, courage, and the right journey partner to meet the challenges of tomorrow. Our suggestion: Don't wait. While innovation is necessary for survival, evolution is necessary for a successful future. Organizations that proactively document objectives and desired outcomes, diagnose current state business processes, and identify quick wins are better positioned to remain on the forefront of innovative technologies and get ahead of the competition. **With the right partner to leverage a combination of deep industry acumen and strong technical experience, organizations are more likely to solve complex problems and create innovative business outcomes today, tomorrow, and for years to come.**

## Supplemental Information

With roughly 68% of SAP's ECC customers not migrated to SAP Cloud ERP (S/4HANA)<sup>1</sup>, December 31, 2027, represents a critical date for the future of their existing ERP environments. SAP's recent announcement to discontinue ECC mainstream legacy services after 2027 and ramp down mainstream maintenance for older systems as early as 2025, forces organizations to face a critical decision: migrate to S/4HANA or remain on SAP ECC past 2027 with limited to no support? The decision to discontinue ECC maintain legacy services post-2027 reduces the scope of CustomerSpecific Maintenance, limits functionality, requires new contracts with SAP, and increases annual fees.

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