Top 5 Value Areas for
SAP S/4HANA® Cloud

November 2017

SAP Run Simple

Digital transformation with cloud-first strategy

Digital transformation and innovation

Businesses are constantly challenged to improve their operations and transform their business to keep pace with the digital economy, whether by executing excessive growth strategies, usually through mergers and acquisitions (M&A), or continuous introduction of new products, services, and business models. CIOs must also contribute to the organization's overall strategy; they need to deliver new levels of organizational agility, usually at lower and lower costs. This typically translates in to devising strategies and adopting new digital technologies to respond to the digital transformation challenges.

Cloud-first strategy

In order to attain new levels of agility, more and more organizations consider cloud computing as a strategic enabler of digital transformation. For CIOs, it is one of the top three technology priorities for 2017 and beyond.[1] Organizations are moving to a cloud-first strategy, where investments are being made across the three available cloud service models – software-as-a-service (SaaS), infrastructure-as-a-service (IaaS), and platform-as-a-service (PaaS). With this movement to a cloud-first strategy, cloud will become the main technology delivery mechanism.

Cloud adoption

Many organizations are moving their core business processes to the cloud and embracing enterprise-wide SaaS initiatives. It is estimated that, by 2018, 50% of applications hosted in the public cloud will be considered mission-critical by the organizations that use them.[2] All sectors are being disrupted by this fast-paced cloud adoption, and it is clear that value creation through these digital technologies must be the number one focus for all organizations that seek a sustained, competitive advantage. It is becoming evident that cloud strategy will enable new revenue streams, improved customer service, and cost reductions that were not previously possible.

By ──── 2025 ────────	2020 ────────	2020 ────
At least **50%** of large enterprises will successfully implement an "all-in" cloud SaaS strategy[3]	**24%** of the total addressable IT market will be cloud[4]	The worldwide public cloud services market is projected to total **$383.3 billion**[4]

[1]Gartner CIO Survey, 2016; [2]*Gartner Predicts 2016: Cloud Computing to Drive Digital Business*, December 2015; [3]Gartner, *Market Guide for Service-Centric Cloud ERP Solutions*, December 2016; [4]Gartner, *Gartner Says Worldwide Public Cloud Services Market to Grow 18 Percent in 2017*, February 2017

Traditional ERP platforms are inadequate foundations for digital business platforms

Traditional Model	Elements of Core Business Systems	Digital Model
Product or service oriented business process flows	Business operations	Customer centric digital scenarios
Rigid operating model. Major systems managed as tightly coupled systems	Business capabilities	"Two speed" operating model : rapidly adapting digital business capabilities supported by a reliable transactional model
Designed for transactional integrity and process efficiency / effectiveness	Business applications	Built to respond to new business moments quickly
Delivered as systems. Innovations at the pace of IT	Capability delivery	Delivered as a service. Innovations at the pace of business
3-5 year planning cycles, renovation coupled with maintaining the beast	Renovation cycle	Weeks and months, continuous and agile delivery of innovation projects
80% maintaining the beast, 20% innovation projects	IT resource focus	80% innovation projects, 20% service broker
Transactions then analytics, human driven	Analytics and insights	Analytics embedded in workflows, machine driven

Digital transformation drives need for post modern ERP

Top 5 Value Areas for

SAP S/4HANA Cloud

In a world where cloud first is the path forward, SAP S/4HANA Cloud is taking ERP into the digital age. It is the intelligent cloud ERP from the trusted market leader that delivers the latest innovations and unparalleled industry expertise. With SAP S/4HANA Cloud you have the confidence to grow and change at any speed, with a real-time view of your business and the ability to act instantly – and wisely – on that insight. Outlined below are the top five value areas for SAP S/4HANA Cloud.

SAP S/4HANA Cloud value proposition

01 Faster return on investment (ROI)
A cloud solution that provides faster value realization for IT and the business

02 Increased business agility
An agile cloud solution that helps consume innovation(s) with minimal effort and adapts to dynamic business needs

03 Lower total cost of ownership (TCO)
A fully managed ERP cloud solution that makes deployment, configuration, and maintenance simpler, faster, and less expensive

04 Improved governance and compliance
A foolproof cloud solution where the value is achieved not only through technology, but also through governance, security, and transformation

05 More intelligent cloud ERP
Intelligent ERP that acts as your copilot, eliminating repetitive tasks and making suggestions based on business patterns and employee behavior

1

Faster return on investment (ROI)

Key message

Organizations must make value creation a primary focus in the digital economy. They need a solution that not only helps them realize value, but also accelerates time to value so as to thrive in this business environment. 50% of executives think that, within five years, IT's value proposition will shift from support to business value creation.[1] It is therefore imperative that both IT and the business lead this journey together.

SAP S/4HANA Cloud benefits

1. Faster time to value
- Move your IT at the speed of your business with standard best-practice content for all key business functions
- Rapidly deploy SAP S/4HANA Cloud across the organization, with the possibility of a two-tier deployment approach for subsidiaries and divisions

2. Increased automation with digital assistant
- Achieve zero-touch processes with the SAP® CoPilot digital assistant
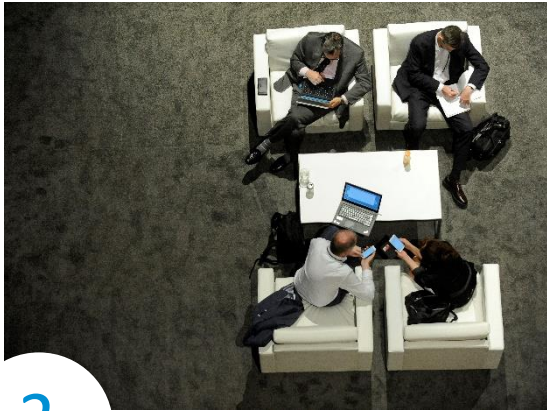- Drive actions and decisions at the speed of thought with machine learning

3. Rich user experience
- Reduce training time and enable fast user actions and decisions with the solution's intuitive interface and responsive design
- Improve productivity and employee buy in with ready-to-use applications

The worldwide market for cloud-based SaaS offerings is expected to expand by about 20% per year through 2018, when it could exceed the $100 billion mark[2]

Just 12% of all respondents say their IT organizations are very effective at leading digital transformations across their business[1]

[1]Mckinsey survey, *IT's future value proposition*, July 2017; [2]McKinsey&Company, *From box to cloud,* June 2015

2

Improved business agility

Key message

Linear and mechanical processes that were suitable for one mode of operation, such as maximizing economies of scale, will seem slow in the digital age. Businesses need a more organic platform that facilitates rapid and easier evolution. Smarter organizations and process innovation are imperative to improving agility.

SAP S/4HANA Cloud benefits

1. Infinite possibilities
- Supports cloud combinations (hybrid approach) with on-premise systems, and other cloud offerings, coexisting in a business environment
- Provides the ability to scale up the cloud footprint as needed
- Supports M&A activities: feasibility analysis, business process consolidation, and IT system integration

2. Seamless integrations
- Easy integration to existing SAP and non-SAP investments. Out-of-the-box connectivity to other SAP cloud products, such as SAP Ariba and SAP SuccessFactors solutions
- Easy-to-manage customer-specific integration scenarios – customizations with minimal impact to existing system functionalities

3. Faster delivery of innovation
- Broader value proposition with quarterly innovation cycles
- New features and services in each cycle that help customers meet their business needs faster
- Minimal time and effort to keep the application up to date with the latest software release and features

16% higher business satisfaction rating for organizations where IT facilitates a high degree of integration with the company's ecosystem[1]

55% of business apps will allow direct API access to most applications by 2019[2]

[1]SAP performance benchmarking 2017; [2]*IDC FutureScape: Worldwide Cloud 2017 Predictions,* December 2016

Key message

Organizations understand that massive investments in hardware and platforms tie up capital that could be used for other business priorities. Therefore, businesses now seek solutions to help then run their projects without the need for big budget approvals. Cost-efficient operations are necessary to achieve a good return on investments.

SAP S/4HANA Cloud benefits

1. Rapid deployment
- Go live in matter of weeks, saving huge project and implementation costs
- Lower costs for support and training by freeing up resources to perform more value-added tasks

2. Subscription-based model
- No upfront cost or initial investment with pay-as-you-use model; shift from license and maintenance to subscription
- Transition from capital expense to operating expense to free up funds for other business priorities

3. Simplified architecture
- Virtualized infrastructure for customers, reducing their ownership and maintenance cost
- Minimal investment in time and resources to handle infrastructure and platform

3

Lower total cost of ownership (TCO)

73% of organizations consider lower total cost as a deciding factor for moving to a cloud service[1]

88% of respondents state that cost-efficient operations is a must have as the organization considers deploying cloud solutions for enterprise processes[2]

[1]Forrester, *Global Business Technographics® Software Survey,* November 2016; [2]SAP enterprise cloud computing survey 2014, N=317

Key message

More and more, organizations are considering the option of keeping their data outside their four walls. 74% of organizations reported keeping some or all of their sensitive data in public clouds.[1] Conversations on improved security measures to prevent data loss and governance of cloud solutions have come to the foreground as organizations seek cloud solutions they can trust.

SAP S/4HANA Cloud benefits

1. Legal and regulatory compliance
- Local regulatory compliance with tax support, accounting rules, and preconfigured audit reporting
- Legal compliance with respect to data residency as per regional requirements
- Quarterly releases help ensure that organizations stay up to date on compliance regulations

2. Safe in the cloud
- Legal requirements and privacy concerns addressed with respect to data protection
- Built-in disaster recovery to ensure business continuity; no risk for mission-critical financial processes

3. Cloud governance
- Intuitive dashboard for comprehensive identity and access governance capabilities, improving user productivity
- Reduced cost and complexity of access governance and compliance for business users and auditors

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Improved governance and compliance

By 2020, 92% of workloads will be processed by cloud data centers whereas only 8% will be processed by traditional data centers[2]

53% of CIOs believe that data loss and privacy risk are barriers to cloud adoption[3]

[1]McAfee's Cloud Survey, *Building trust in a cloud sky*, 2016; [2]Cisco *Global Cloud Index: Forecast and methodology*, 2015-2020, 2016 [3]KPMG, *The Creative CIO: Harvey Nash/KPMG CIO Survey 2016*

5

More intelligent cloud ERP

Key message

Digital transformation is happening everywhere. New business requirements mandate a significantly simplified digital core that allows organizations to efficiently and effectively run their business. They seek a cloud solution that provides end-to-end business process coverage along with continuous innovation and self-service intelligence. According to IDC research, by 2020, at least 50% of net-new IT spending will be cloud based, shrinking non-cloud enterprise applications by 20%.[1]

SAP S/4HANA Cloud benefits

1. Intelligent innovation with machine learning
- Intelligent services based on machine learning algorithms, such as integration with SAP Cash Application software to automate the invoice matching process and provide prediction results back to SAP S/4HANA Cloud

2. Self-service intelligence with contextual analytics
- Built-in, enriched analytical capabilities creating many "mini" CEOs and CFOs
- Actionable insights to quicken decisions, maximize resources, and drive profitability
- Instant visibility into every aspect of the business to move beyond automation to intelligent, predictive suggestions delivered in context to users

3. End-to-end business process coverage
- Successful digital transformation of business processes across the enterprise
- Standard best practices that are available for rapid global deployment
- SaaS solution that includes procurement, sales, finance, supply chain, and HR business areas

Over the 2015-2020 forecast period, overall public cloud spending will experience a 21.5% compound annual growth rate (CAGR), reaching $203.4 billion by 2020[2]

More than 85% of enterprise IT organizations will commit to multicloud architectures by 2018, driving up the rate and pace of change in IT organizations[1]

[1]*IDC FutureScape: Worldwide Cloud 2017 Predictions,* December 2016; [2]IDC, *Worldwide Semiannual Public Cloud Services Spending Guide,* July 2017

Customers are achieving value

SAP S/4HANA Cloud

The Birchman Group chose to implement SAP S/4HANA Cloud suite as an early adopter. Major benefits realized include:	Delaware consulting replaced the legacy system and has implemented SAP S/4HANA Cloud. Major benefits realized include:	PLAUT improved processes and support for customers with SAP S/4HANA Cloud. Major benefits realized include:	MOD Pizza gained global, real-time visibility into critical financial and resource availability data with SAP S/4HANA Cloud. Major benefits realized include:	Intrigo turned to SAP S/4HANA Cloud to create a single platform to manage its resources and projects. Major benefits realized include:
- Rapid Implementation, from purchase to live launch in just eight weeks - Secure, robust, low-maintenance platform	- Reduced manual processes, such as reconciling bank statements - Increased automation - Real-time operational insights into project status at any given time	- Eight weeks to deploy a new system to manage financials from end to end - Four weeks to deploy systems for professional services, procurement, and sales	$400K savings expected over three years - Triple-digit year-over-year growth	- Eight weeks to deploy SAP S/4HANA Cloud - Seamless integration with existing solutions – Concur and SAP Integrated Business Planning

Appendix

Additional SAP S/4HANA Cloud references

SAP S/4HANA Cloud on SAP.com
https://www.sap.com/products/s4hana-erp/cloud.html

SAP S/4HANA Cloud on Solution Explorer
https://solutionexplorer.sap.com/solexp/ui/vlm/is_s4hana_cloud/vlm/is_s4hana_cloud-ind-is_s4hana_cloud

SAP S/4HANA Cloud on SAP HELP
https://help.sap.com/viewer/p/SAP_S4HANA_CLOUD

SAP S/4HANA Cloud road map on SAP.com
https://www.sap.com/india/products/roadmaps.cross-topics.html

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https://blogs.sap.com/2017/03/04/s4hana-cloud-use-case-series-the-collection/