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SNP AG: Early adopters use S/4HANA roll-out as an opportunity to strategically develop their business models

- SAP S/4HANA implementations gain momentum
- Unclear costs remain biggest obstacle – heavy demand for outside support

Heidelberg, October 20, 2016 – Acceptance of the new SAP S/4HANA business suite launched by SAP in November 2015 has increased considerably among German companies over the past year. In 2015, only two percent of companies had kicked off projects to roll out the ERP software. This year, 14 percent of surveyed businesses said they were working on a concrete implementation project. Moreover, the share of companies with no interest in rolling out the new business suite has dropped from 33 percent in 2015 to 25 percent. These were the core findings of a recent study on S/4HANA acceptance among SAP users that was conducted by PAC, a market research and consulting firm, with support from partners such as SNP AG, a software transformation specialist.

Jörg Petzhold, Global Marketing Director of SNP AG: *"Acceptance of the new S/4HANA business suite has increased considerably. That shows that German companies are stepping up their efforts to transform their IT environments. However, the study also shows that some enterprises still don't recognize the strategic dimension of S/4HANA. That said, early adopters are using S/4HANA not only to modernize their IT, but also to open up strategic options to take their business models to the next level."*

Few companies harnessing the full innovation potential of the new business suite

When asked why they were implementing S/4HANA, 88 percent of the companies surveyed mentioned faster processes and data analyses, 72 percent cited the modernization of SAP applications, and 70 percent referred to real-time process transformation. A surprising 63 percent of survey respondents said that SAP's product strategy was forcing them to roll out the new business suite. These companies had, in the study authors' view, overlooked much of the innovation potential offered by S/4HANA.

Gradual system-centric migration

49 percent of the companies participating in the study plan to gradually migrate their systems to S/4HANA. Only 24 percent said they were gradually transforming their processes as well. Another 24 percent of surveyed users said they were working on a completely new implementation. 38 percent plan to upgrade SAP Business Suite to SAP HANA first, and then move on to S/4HANA (previous year: 48 percent). 37 percent prefer to make the leap directly to S/4HANA. The on-premises edition is the target platform in most cases.

Jörg Kaschytza, Senior Advisor S/4HANA at SNP AG: *"It's a bit surprising that S/4HANA migrations are still so focused on the system processes. We know from our experience with projects that the new business suite has tremendous transformative potential. Once this latent potential is recognized, IT managers will be able to start delivering real value with the implementation of S/4HANA."*

Hard-to-estimate costs remain an obstacle
Survey respondents listed three primary hurdles to rolling out SAP S/4HANA. First, many companies aren't sure how extensive their implementation needs to be. Second, they often don't have a compelling business case for switching. Finally, many businesses are reluctant to buy the new licenses required by SAP S/4HANA. These are the same primary hurdles cited in the 2015 survey.

Outside support is often needed
SAP users rely on support from outside partners for most of the activities being planned or discussed. 89 percent, for example, sought help in rolling out the general ledger. 87 percent depended on external assistance to migrate the SAP database, while 83 percent brought in outside specialists to consolidate and harmonize SAP-based processes. Companies invested in technical system integration services and process consulting on issues such as real-time process transformation or business process engineering.

More and more customers expect SAP partners to go beyond developing solutions for SAP S/4HANA, too. For example, they want support and guidance for transformation projects in which IT and other departments are involved.

"An S/4HANA implementation will only deliver a real competitive advantage if companies don't treat it like a simple IT project. When properly scoped and executed, it can bring about a technical and organizational transformation. Companies would do well to remember this when

selecting their project partner and assembling their internal project teams," explained Frank Niemann, Vice President – Software & SaaS Markets at PAC and one of the study's authors.

About the study

The current SAP S/4HANA study is the second survey after 2015 of over 100 IT/SAP managers at German companies. The cohort included SAP user companies with over 1,000 employees in the manufacturing and service sectors. The SAP S/4HANA study was prepared using a multi-client model with support from Bearing Point, SNP AG, Cognizant and T-Systems. An executive summary of the study and an infographic can be downloaded for free at **http://products.snp-ag.com/einfuehrung-von-sap-s4hana**

About SNP

SNP empowers organizations to successfully shape digital transformations and pursue market opportunities on the basis of highly adaptable IT. SNP's solutions and software are used to integrate previously separate IT environments, support M&A projects and carve-outs, and cultivate new markets outside of the home market. SNP Transformation Backbone® is the world's first standard software to automatically analyze and execute IT system transformation. It delivers significantly better quality while greatly reducing the time and expense involved in transformation projects.

SNP AG has over 650 employees in Europe, South Africa, Asia and the US. The company is headquartered in Heidelberg and, in 2015, generated revenues of around 56 million euros. Its products and solutions are used by multinationals in manufacturing, finance and the service sector. SNP AG was established in 1994, went public in 2000, and has been in the Frankfurt Stock Exchange's Prime Standard segment since August 2014 (ISIN DE0007203705).

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