SAP User Groups: SAP S/4HANA Webinar Series

SAP S/4HANA – The Intelligent ERP


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Join the SAP S/4HANA Movement
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Agenda

- Why Now?
- What is New?
- Who? - Customer Momentum
- How to Implement?
- Top 10 Reasons Why S/4HANA
Join the SAP S/4HANA Movement

Agenda

- Why Now?
- What is New?
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- Top 10 Reasons Why S/4HANA
## Future Direction of the Enterprise
The Digital Era is evolving into The Intelligence Era

### ENABLING TECHNOLOGIES

<table>
<thead>
<tr>
<th>Era</th>
<th>Technologies</th>
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<tbody>
<tr>
<td>1960s – 1980s</td>
<td>Mainframe &amp; PCs</td>
</tr>
<tr>
<td>1990s - 2000s</td>
<td>Client Server &amp; Internet</td>
</tr>
<tr>
<td>2000s - 2010s</td>
<td>Cloud, Mobile &amp; Big Data</td>
</tr>
<tr>
<td>2010s - 2020s</td>
<td>Intelligent Technologies</td>
</tr>
</tbody>
</table>

#### Mainframe & PCs 1960s – 1980s
- Transistors & silicon revolution
- Large scale Mainframe Computing adoption
- Emergence of PC’s
- Plant floor automation

#### Client Server & Internet 1990s - 2000s
- Widespread PC adoption
- Broadband Internet
- ERP and business process technologies

#### Cloud, Mobile & Big Data 2000s - 2010s
- Mobile & Smartphone ubiquity
- Cloud Computing
- Social Networks
- Big Data

#### Intelligent Technologies 2010s - 2020s
- Machine learning (ML) and Artificial Intelligence (AI)
- Internet of things (IoT) and distributed (edge) computing
- Blockchain

### ENTERPRISE VALUE CREATION

<table>
<thead>
<tr>
<th>Area</th>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Automation</td>
<td>Business Process Automation</td>
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<tr>
<td>Business Process Automation</td>
<td>Digital Transformation</td>
</tr>
<tr>
<td>Digital Transformation</td>
<td>Intelligent Enterprise</td>
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</tbody>
</table>
The age of intelligence holds promise but you have to act now.

Compared to the emerging competition, you might be running in slow motion
What if you could, quickly and with low risk…

- Eliminate technology hurdles that create business challenges
- Deploy the power of AI to differentiate your business model
- Empower every employee to make faster, better decisions
- Redeploy limited resources towards customer value
- Drastically reduce IT cost
SAP Strategy – Deliver the Intelligent Enterprise

THE INTELLIGENT ENTERPRISE features 3 KEY COMPONENTS:

1. **Intelligent Suite**
2. **Intelligent Technologies**
3. **Digital Platform**
SAP Strategy – Deliver the Intelligent Enterprise

**Intelligent Suite**

- **Core Applications** running with high in-memory performance
- Superior UX
- Empowered by **Intelligent Technologies**
- High Standardization for scale
- Standard API or Best Practice Integration

**SAP Cloud Platform**

Integrate SAP & other applications that deliver intelligence within core business process

Universal analytics and digital boardroom connecting the enterprise for the CXO

Leverage a toolbox of **Intelligent Technologies** like AI, ML, IoT, together with microservices, and data management tools

Use innovation services to combine design-thinking and industry accelerators

**SAP Data Hub**

Unify your data to achieve scalable visibility and control over variety of inputs:

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The Intelligent Enterprise starts at the Digital Core

### The Intelligent ERP Difference

- Intelligent digital assistance and instant insights deliver value-adding experiences
- Machine learning, AI and predictive analytics for increased automation and efficiency
- Reinvent and redefine processes with applied best practices built on the latest innovations

<table>
<thead>
<tr>
<th></th>
<th>Intelligent ERP</th>
<th>Legacy ERP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Digital age UX</td>
<td>●</td>
</tr>
<tr>
<td>2</td>
<td>Automation</td>
<td>●</td>
</tr>
<tr>
<td>3</td>
<td>Next-generation processes</td>
<td>●</td>
</tr>
</tbody>
</table>

Start with SAP S/4HANA to create end-to-end processes (core to LoB cloud), take the next leap in automation of key functions, and move first with machine learning investments by SAP.
SAP HANA Is The **Key** To Intelligent ERP
Providing New Capabilities Unavailable on Legacy Databases

**SAP HANA Capabilities**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
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<td>Digital age UX</td>
<td>Automation</td>
<td>Next-generation processes</td>
</tr>
</tbody>
</table>

Real-time processing | Combined transactions and analytics | Simplified data model
SAP S/4HANA – the Next Generation Intelligent ERP

**Ease, Automate & Scale**
- Customer centric, easy entry
- Integrate Data via IoT
- Leverage Business Networks
- Integrate via SAP Cloud Platform

**Automated Processing**
- Exception based control
- Automate & streamline business
- From rules to Machine Learning…
- Connect with Digital Assistance

**Realtime & Prediction**
- Real-time KPI’s > all key users
  - Insight-2-Action
  - Digital Boardroom
- Predict, Simulate, What if…

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Traditional ERP

Record Data

Process Data

Report Results

Intelligent ERP

Join the SAP S/4HANA Movement
The User Experience for the digital age

Automation fosters insights based interaction

Single entry point via SAP
Fiori launchpad

Domain specific infos and actions

Enter details and explore in depth

Join the SAP S/4HANA Movement
Re-designed UI – across industries
The Digital Core: Insight to Action

Exception-based Handling to Domesticate the Digital Dragon

Example: Material shortage
The Digital Core: Insight to Action
Exception-based Handling to Domesticate the Digital Dragon
SAP CoPilot
The Digital Assistant for the Enterprise

- Business context awareness
- Conversational (multi-modal) UI
- Continuity across devices
- Functional extensibility

https://video.sap.com/media/t/1_q1tt93fw
Agenda

- Why Now?
- What is New?
- Who? - Customer Momentum
- How to Implement?
- Top 10 Reasons Why S/4HANA
We’ve come a long way together

- **Innovate**
  - 46 years of innovation across all industries

- **Standardize**
  - 390,000 customers in 193 countries

- **Scale**
  - 74% of the world’s transaction revenue touches an SAP system

- **Trust**
  - Always providing multiple ways of innovation adoption

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SAP R/2
- Mainframe
- 1972

SAP R/3
- Client/Server
- 1992

SAP ERP
- mysap.com

SAP Hana
- In Memory
- 2004

Suite on HANA
- ERP on Hana with Fiori UX
- 2011

SAP S/4HANA
- Digital Core
- 2013

SAP S/4HANA
- Intelligent ERP
- SAP Cloud Platform
- 2015

“X”/4HANA
- Intelligent Suite
- 2018

We’ve come a long way together
What are the New SAP S/4HANA innovations and what is the value?

New innovations

1. Re-imagined business models
   - Products + Services -> as subscriptions
   - Additive manufacturing
   - Lot size of one
   - IoT/sensor based managements of assets

2. Re-imagined business processes
   - Embedded business functions (WM, TM, MDG, aATP,..)
   - New MRP, dynamic inventory, constrained based planning
   - Intelligence through machine learning applications
   - Industry solutions in the core

3. Insight to action
   - New UX – Fiori – Any Device
   - In the moment, embedded analytics
   - Self-service, multi-dimensional reporting

4. Simplifications
   - Streamlined data models & landscape simplification
   - Better performance and scalability
   - Flexible deployment options

Business outcomes

Business Benefits
- Predictable revenue and improved customer sat.
- Reduction of inventory, improved mfg. throughput
- Improved operational efficiencies at lower cost
- Improved uptime and asset utilization

Business Benefits
- Improved customer satisfaction (10%-20%)
- Reduced inventory levels (25%-30%)
- Reduced logistics costs (10%-20%)
- Reduction in days to close books (40%-50%)

Business Benefits
- Reduction in AP errors (5%-6%)
- Improvement in sales productivity (10%-15%)
- Reduction in reporting costs (5%-10%)

IT Benefits
- Reduced data footprint (~50%)
- Lower cost of ownership (~75%)
- Reduced FTEs to manage landscape (~40%)

Customers

Benefits are based on early adopters of SAP or conservative outside in benefits due to moving from a traditional ERP to enhanced SAP S/4HANA. As each enterprise is at a different level of maturity, our recommendation is to work with you to determine the value proposition for your enterprise.
The evolution of SAP S/4HANA: Architecture

SAP S/4HANA

Add-Ons

ERP

SAP S/4HANA 1511

SAP S/4HANA 1610

SAP S/4HANA 1709 + 1809

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Tailor Your SAP S/4HANA Environment with SAP Cloud Platform

- **Extend**
  - Cloud and On-Premise Apps

- **Connect**
  - People and Data

- **Build**
  - Differentiating Digital Apps

- **Integrate**
  - Apps, Data, and Processes
EXTEND: SAP RealSpend Management (SCP Application) Demonstration

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Values</th>
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</thead>
<tbody>
<tr>
<td>BUDGET</td>
<td>13.5M</td>
</tr>
<tr>
<td>BALANCE</td>
<td>3.22M 13%</td>
</tr>
<tr>
<td>SPENT</td>
<td>11.02M</td>
</tr>
<tr>
<td>Requested</td>
<td>0.00</td>
</tr>
<tr>
<td>Approved</td>
<td>0.00</td>
</tr>
<tr>
<td>Committed</td>
<td>0.00</td>
</tr>
<tr>
<td>Actual</td>
<td>11.02M</td>
</tr>
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Timeline

1 Jan 2018 – 31 Dec 2018

13.5 M

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New Capabilities

only with SAP S/4HANA
End of Period Financial Closing

Imagine

- Food products co. rejuvenating through acquisitions
- Lacking insights for strategic decisions
- Enables soft-close, leveraging machine learning
- On-the-fly insights supporting real-time decision-making

What’s Possible

- Event-driven action based on real-time profit/loss
- Elimination of reconciliation process
- Real-time consolidation

The Impact

- 20% to 40% reduction in audit cost
- 40% to 50% reduction in days to close annual books
- 20% to 40% reduction in G/L and financial closing costs
- 5% to 10% reduction in business and operations analysis

Explore your value: http://impact.s4value.com
Order to Cash Process

Imagine

- Electric motorcycle company, growing fast
- Accounts receivables are maxed out
- Enabled frictionless order processing, leveraging machine learning
- Big reduction in costs; big productivity improvement

What’s Possible

- Event-driven, full automation of creditworthiness
- Centralized repository to analyze disputes, customer status
- Intelligent invoice-matching

The Impact

- 5% to 10% reduction in days sales outstanding
- 5% to 25% reduction in bad-debt write-offs
- 25% to 40% reduction in Account Receivables costs
- 10% to 40% improvement in invoice processing productivity

Explore your value: http://impact.s4value.com
SAP Cash Application
Receivables Line Item Matching with Payment Advice Information Extraction

Drastically reduce manual efforts by automatically extracting payment advice information from unstructured sources

- Reduce costs for shared services
- Reduce A/R management costs
- Increase invoice processing productivity
- Improve day sales outstanding
Driving Supply Chain Speed and Agility

Imagine
- A car manufacturer produces multiple models requiring 3,500 materials
- Daily production of 500 cars
- Processing of over 10 million material postings per day.
- Technology limitations prevent Just-In-Time (JIT) deliveries

What’s Possible
- Real time insights and automated synchronization of analytical and transactional data
- Get instant visibility into demand, supply, movements and manufacturing at any time
- Respond more accurately and quickly to issues
- Shared analytical and transactional data

The Impact
- Increase material posting throughput by ~18%
- Reduce Manufacturing costs by ~3%
- Reduce Manufacturing Cycle Time by ~7%
- Reduce Scrap Value by ~25%
- Up to 30x faster material postings, high Speed MRP Run, up to 10x faster, 5x less storage

Explore your value: http://impact.s4value.com
### Procurement

- **SAP Ariba**
  - Propose mat. group, contracts & cat items*
  - Cash discount at risk*
  - Predictive Contracts
  - Central Procurement*
  - Overview & Analytics

### Sales

- **SAP C/4HANA**
  - Delivery Performance*
  - Predictive Q2Order*
  - One Single Invoice
  - International Trade
  - Sales Force Support*
  - Sales Order Fulfillment

### Supply Chain

- **IBP**
  - Predictive Stock in Transit*
  - Advanced ATP
  - Embedded EWM
  - Embedded TM
  - Realtime Inventory

### Manufacturing

- **DMI**
  - Prod Engineering & Ops
  - DDMRP*
  - Capacity Planning*
  - Det. Scheduling PPDS
  - QM Overview & Analytics
  - MRP live

### R&D

- **IPD**
  - Digital Content Process.*
  - Recipe Management
  - Multilevel Variant Configuration & Simul.*
  - Project & Portfolio Mgmt.
  - Commercial Projects

---

### SAP S/4HANA 1809: The Intelligent ERP

**Procurement**

- **SAP Ariba**
  - Propose mat. group, contracts & cat items*
  - Cash discount at risk*
  - Predictive Contracts
  - Central Procurement*
  - Overview & Analytics

**Sales**

- **SAP C/4HANA**
  - Delivery Performance*
  - Predictive Q2Order*
  - One Single Invoice
  - International Trade
  - Sales Force Support*
  - Sales Order Fulfillment

**Supply Chain**

- **IBP**
  - Predictive Stock in Transit*
  - Advanced ATP
  - Embedded EWM
  - Embedded TM
  - Realtime Inventory

**Manufacturing**

- **DMI**
  - Prod Engineering & Ops
  - DDMRP*
  - Capacity Planning*
  - Det. Scheduling PPDS
  - QM Overview & Analytics
  - MRP live

**R&D**

- **IPD**
  - Digital Content Process.*
  - Recipe Management
  - Multilevel Variant Configuration & Simul.*
  - Project & Portfolio Mgmt.
  - Commercial Projects

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**Finance**

- Realtime & Prediction*
- Closing Cockpit
- Group Reporting*
- Compliance Framework
- Cash App
- Proposed Accruals*
- GR/IR Monitor*
- **SAP Concur**

**Service**

- New Customer Mgmt., Service Core Option
- Multi-Channel Interaction Center
- Quotation with Product Bundles*
- **SAP Fieldglass**
  - **SAP C/4HANA**

**Asset Mgmt.**

- Maintenance Planning Overview*
- New Geographical Enablement
- Report & Repair Malfunction
- Asset Mgmt. for resource scheduling
- **AIN**

**Cross**

- Legal Content Mgmt.
- GDPR Tools
- Responsibility Mgmt.*
- Co-Pilot as Digital Assistant
- **SAP Cloud Platform**
  - **SAP SuccessFactors**

**Industries**

- Key Industry function embedded inside
  - (e.g. Automotive, Consumer, Retail*, Mill...)
- Re-architecture & improved functions
  - (e.g. Chemicals, A&D, Oil Gas, Utilities*...)
  - Details & restrictions...

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- New Insights
- NEW in S/4HANA
- NEW Process
- ML & Prediction
- Integration
- *New/major update 1809

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32
SAP S/4HANA Cloud: The Intelligent Cloud ERP - as available today

**Procurement**
- SAP Ariba
- Guided Buying, Commerce Automation
- Sourcing & Payable Discounts
- Propose Mat. Group
- Contracts & Cat Items
- Cash Discount at Risk
- Predictive Contracts
- Central Procurement
- Overview & Analytics

**Sales**
- SAP C/4HANA
- Cloud for Customer
- 3rd party Sales Force Automation
- Delivery Performance
- Predictive Q2Order
- International Trade
- One Single Invoice
- Sales Order Fulfillment

**Supply Chain**
- EWM
- 3rd party WM
- Predictive Stock in Transit*
- Advanced ATP
- Realtime Inventory

**Manufacturing**
- SAP Analytics Cloud
- SAP Digital Manufacturing Integration
- Capacity Planning
- Demand Driven MRP
- MRP live

**R&D**
- Integrated Digital Content Processing for Content Mgmt.
- Recipe Management
- Multilevel Variant Configuration & Sim.

**Finance**
- Realtime & Prediction
- Group Reporting
- Compliance Framework
- Cash App
- Accrual proposals
- GR/IR Monitor
- SAP Analytics Cloud for Planning, Budgeting & Financial Consol.

**Service**
- Professional Services
- SAP Analytics Cloud
- SAP Fieldglass
- Invoice Integration & Service Procurement

**Asset Mgmt.**
- Maintenance Planning Overview
- Report & Repair Malfunction

**Cross**
- Legal Content Mgmt.
- GDPR Tools
- Co-Pilot as Digital Assistant
- SAP Cloud Platform
- SAP Analytics Cloud
- SAP BW/4HANA
- Employee Central & Payroll

**Industries**
- Focus Industries
  - Professional Services
  - Component Manufacturing
  - Two Tier ERP

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Business value with SAP S/4HANA Supply Chain

**Category**

1. **Re-imagined business models**
   - Innovation:
     - Support for lot of size of one concepts
     - Adapt easily to market opportunities and develop new channels
   - Benefits:
     - Reduction in days in inventory (12% - 15%)
     - Faster user adoption

2. **Re-imagined business processes**
   - Innovation:
     - Leverage embedded EWM to perform standardized inbound & outbound processing with internal movements and physical inventory & reporting in one system (master data, customizing & UX).
     - Track alternative quantities with integrated catch weight management
     - Leverage embedded TM to handle freight agreements and delivery based charges as well as basic bookings, plan and execute your transports, use functionality for basic agency billing and subcontracting as well as dangerous goods management.
     - Track shipping and receiving of returnable packaging materials to and from business partners.
     - Gain visibility in materials distribution and reduce overall volume of materials by integrating logistics information into a single version of the truth
     - Available to promise: new ATP algorithm based on HANA embedded in mass component check in production.
     - Reduce days in inventory with live inventory management and demand driven MRP
   - Benefits:
     - Increased throughput in inventory transactions
     - Faster user adoption

3. **Insight to action**
   - Innovation:
     - Experience the power of simplification by using state-of-the-art analytical apps
     - Optimize inventory and material flows based on real-time information
     - Leverage just-in-time scenarios for inbound and outbound
     - Leverage simplified data model for material master and material documents.
     - Long material number (40 chars) that meets discrete industry requirements in some industries
     - Benefit from locking elimination and material ledger based inventory valuation
     - Use simplified new apps for GR from PO & Initial entry
     - Reduce TCO through landscape simplification with embedded solutions (WM, TM)
   - Benefits:
     - Increased transparency and visibility into inventory
     - Improved inventory accuracy

4. **Simplifications**
   - Innovation:
     - Leverage simplified data model for material master and material documents.
   - Benefits:
     - Increased transparency and visibility into inventory
     - Improved inventory accuracy
SAP S/4HANA Supply Chain

Business Areas:

- INVENTORY
- WAREHOUSING
- SHIPPING NAD TRANS-PORTATION
- ORDER PROMISING

Business Capabilities:

- GOODS MOVEMENT
- INVENTORY ANALYTICS AND CONTROL
- RETURNABLE PACKAGING LOGISTICS
- WAREHOUSE MANAGEMENT
- SHIPPING
- TRANS-PORTATION MGMT
- AVAILABLE TO PROMISE

Roadmap*

- EWM: Optimization capabilities (2019)
- Fiori UX for Kanban (2019)
- ML/ Prediction of Dead stock / slow moving (2019)

- AATP: alternative cross plant confirmations & substitutions
- Overview pages shipping (2019) and receiving (2020)
- TM Migration tools (2019)

*This is the current state of planning and may be changed by SAP at any time without notice - **Additional license - ***Additional installation and license.
SAP S/4HANA Roadmaps

**SAP S/4HANA**

Two 3YR roadmap updates per year:
Current Release “S/4HANA 1809”

**SAP S/4HANA Cloud**

Four 4RQ roadmap updates per year:
With every new release, current version “S/4HANA Cloud 1808”
Agenda

- Why Now?
- What is New?
- **Who?** - Customer Momentum
- How to Implement?
- Top 10 Reasons Why S/4HANA
SAP S/4HANA customer momentum is strong as of Oct 2018

9,500+ Licensed Customers

2,200+ Live Customers
(1st thousand in 2 years 7 months, 2nd thousand in 10 months)

4,500+ Deployment Projects

Organizations
up to 200,000 users, databases up to 66TB

25 Industry solutions

Cloud (SaaS)
IaaS, on-premise

160 Available in 160 countries

38 languages available
IT and Business Benefits

IT: simpler landscape reduces costs, increases responsiveness to the business

75%
Reduction in servers; 17% IT support cost savings; from 80 subsidiary ECC instances to 1 S/4HANA system

50%
Reduction in hardware costs with a smaller system size

LOB: increased visibility and intelligence enables efficiency and new opportunities

40%
Reduction in waste

30%
Reduction in inventory levels

Business Impact
9-month payback – thanks to reduced costs + new revenue opportunities

"Removing the constraints of a highly customized system enables us to better respond to fast changing business models”
- Jennifer Buco, Director of Business Transformation

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Colgate-Palmolive Company
Accelerating innovation across the enterprise as they roll out S/4HANA

Consumer products giant Colgate-Palmolive Company partners with SAP for technology innovation. The companies work hand in hand, leveraging SAP research and development resources to innovate rapidly, transform operations for greater efficiency, and stay ahead of the pack.

Before: Challenges and Opportunities
- Intensifying global competition
- Need to free up more time and resources to identify – and execute on – new ways to drive growth
- Quest for rapid, cutting-edge, technology-enabled business innovation

Why SAP
- Trusted, industry-leading technology company with the right technology strategy
- Dedication to open platforms, integrated solutions, and user-friendly interfaces
- Willingness to partner closely

After: Value-Driven Results
- All of Colgate revenue is managed using integrated SAP solutions
- Successful co-innovation of multiple new solutions that simplify and accelerate business planning, empower executives to analyze the state of the business in real time, and result in new solutions for SAP to bring to market
- Fast path to adopt the latest SAP platforms, including SAP S/4HANA and SAP Cloud Platform, for faster innovation and execution across the enterprise

Industry
Consumer Products
Revenue
US $15 billion
Employees
36,700
Headquarters
NYC, NY
SAP Solutions and Services
SAP S/4HANA
SAP Digital Boardroom
SAP Cloud Platform

Mike Crowe
Chief Information Officer
Colgate-Palmolive Company

We’re excited about SAP’s strategy and how it is extending its capabilities with a development platform that will enable us to drive innovation going forward.”

Mike Crowe, Chief Information Officer, Colgate-Palmolive Company
Hoerbiger Group

Challenges
- Support planned growth and transition to public company
- Broad geographic deployment to more than 100 locations

SAP S/4HANA Innovations
- Reimagined business models with standard processes to maximize efficiency
- Established foundation for digital growth with SAP S/4HANA for IoT apps

Benefits
- Better service quality, machine availability, operational visibility,
- Improved business planning, billing accuracy and customer satisfaction

Industry
Industrial Machinery & Components

Employees
6,800

Region
MEE, Austria

“We want intuitive. We want future-oriented. We want fast. We want the modern system, the modern IT landscape. So, we very quickly came to the SAP S/4HANA solution.”

Thomas Kriechbaum, Chief Process Officer, HOERBIGER Holding AG
Enel

**Challenges**
- Distributed ERP supporting 484 companies
- Inefficient reporting tools
- Lack of transparency

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**SAP S/4HANA Innovations**
- Reimagined business processes with Central Finance solution
- Ability to harmonize data from different systems

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**Benefits**
- Real-time data analysis allowing instant visibility
- 1 source system down from 19
- Reduced closing process from 16 days to 5

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“**In this fast-changing world, you have to innovate and digitalize or you can’t survive. We needed to do that for our closing process and reporting model, and that’s why we chose SAP S/4HANA for central finance foundation.**”

Pasquale de Pascalis, Global Central Finance Project Manager, Enel SpA

**Industry**
- Utilities

**Revenue**
- €70 billion (2016)

**Employees**
- 62,500

**Region**
- EMEA, Italy
Agenda

- Why Now?
- What is New?
- Customer Momentum
- How to Implement?
- Top 10 Reasons Why S/4HANA
Make the case
Three free tools, personalized guidance for IT and the line-of-business

**S/4HANA Business Scenario Recommendations**
Identify the **business processes** you can improve and discover new business capabilities.

Customers new to SAP can use Business Value Advisor: [http://impact.s4value.com](http://impact.s4value.com)

**SAP Transformation Navigator**
See the **S/4HANA roadmap** for each component in your current landscape.

*Based on current SAP product usage or capabilities your organization wants.*

**SAP Readiness Check**
Learn the **technical requirements and actions** for a system conversion to S/4HANA.

*Based on configuration and usage data for customers already on SAP ECC 6.x.*
Consider your path, strategic choices
Match your business objectives to possible transition paths and destinations

Business Objectives
- Business Model Innovation
- Business Process Optimization
- ERP Rapid Modernization

Transition Paths
- New Implementation
- System Conversion

Destination Options
- SAP S/4HANA Cloud
- SAP S/4HANA Including HEC, IaaS
SAP S/4HANA Adoption Starter Engagement (Coming Soon!)
Empowers You Across the Planning Process

Your Transformation Plan 1.0 – Organized, Sequenced, and Action-Ready

Business Evaluation – Why?

Innovation Case & Efficiency Case
- Industry innovation trends
- Relevant innovation scenarios
- Relevant value drivers and aspirations
- Future capabilities
- Baseline results and tracking approach
- Effort estimate

Technical Evaluation – What?

Target Products & Target Instances
- Midterm target architecture
- Scope-based product recommendations
- Definition of digital core
- Instance consolidation plan
- Technical preparation needs such as custom code and simplification

Transformation Evaluation – How?

Approach & Sequencing of Project Plans
- Conversion vs. greenfield
- Single step vs. multistep
- Alignment with business requirements such as downtime reduction
- Sequencing of product transitions
- Sequencing of instance transitions

Business Case and Road Map Tools

Expert Advice and Guidance

Join the SAP S/4HANA Movement
You have complete choice

SAP S/4HANA & S/4HANA Cloud’s code line, simplified data model, and modern user experience are consistent across both environments.

Considerations for selecting the right SAP S/4HANA solution:

- Business functionality
- Regulatory, industry, and regional requirements
- Individualization options
- IT Strategy
- Innovation cycles
- Adoption/upgrade efforts
- TCO
- Commercial models
SAP S/4HANA
Intelligent ERP with different deployment options

- Legacy ERP
- Intelligent ERP
  - Customer Managed
  - SAP / Partner Managed
- SAP Managed
- Data Center Services
  - SAAS (Software as a Service)
  - PAAS (Platform as a Service)
  - IAAS (Infrastructure as a Service)

Deployment Options:
- ERP On Premise
- S/4HANA Managed Infrastructure
- S/4HANA Single Tenant
- S/4HANA Multi Tenant

Simplification
Time to Value

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### SAP S/4HANA

The right option for your specific business or process need

<table>
<thead>
<tr>
<th>Qualification and comparison criteria</th>
<th>Intelligent ERP</th>
<th>Intelligent ERP</th>
<th>Intelligent ERP</th>
<th>Public Cloud key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Functional Scope</strong></td>
<td>Full</td>
<td>Full</td>
<td>Pre-determined</td>
<td>Essential digital business processes using best practices</td>
</tr>
<tr>
<td><strong>Greenfield System Delivery</strong></td>
<td>Conversion of existing installation</td>
<td>Data migration and configuration</td>
<td>Data migration cockpit</td>
<td>Access via public internet</td>
</tr>
<tr>
<td><strong>Industry Focus</strong></td>
<td>All</td>
<td>All</td>
<td>Extend per release</td>
<td>Professional Services and Component Manufacturing</td>
</tr>
<tr>
<td><strong>Geographical Reach</strong></td>
<td>All</td>
<td>All</td>
<td>Extend per release</td>
<td>35 countries; 18 languages</td>
</tr>
<tr>
<td><strong>Process Configuration and Extensions</strong></td>
<td>Full</td>
<td>Full</td>
<td>Guided</td>
<td>Defined Self-Service Configuration available</td>
</tr>
<tr>
<td><strong>Flexibility and Governance</strong></td>
<td>Customer schedule</td>
<td>At least once a year</td>
<td>Quarterly</td>
<td>Four upgrades per year</td>
</tr>
<tr>
<td><strong>Modifications</strong></td>
<td>Allowed</td>
<td>Not allowed</td>
<td>Not allowed</td>
<td>Defined extensibility options and extensions via SCP</td>
</tr>
<tr>
<td><strong>Business continuity and security</strong></td>
<td>Customer selection</td>
<td>Customer selection</td>
<td>SAP selection</td>
<td>Public cloud infrastructure</td>
</tr>
<tr>
<td><strong>IT Infrastructure</strong></td>
<td>Private Landscape</td>
<td>Privat Landscape</td>
<td>Shared Landscape</td>
<td>Lowest TCO and fastest time to value</td>
</tr>
</tbody>
</table>

- **S/4HANA Managed Infrastructure**
- **S/4HANA Single Tenant**
- **S/4HANA Multi Tenant**
New Implementation and Conversion Demystified
What is a new implementation (greenfield) project?

Usually in parallel with significant process redesign on SAP best practices or model company

New SAP system to realize new business models and re-imagined processes based on latest innovations

- Create new operating models (optimize value or cost)
- Tailor IT landscape to such operating model
- Control risk of significant transformation
- Value grows over time with data

In the early S/4HANA history, most preferred way to implement it

Adopt SAP Best Practices

While conversion works for only existing SAP (ECC) customers, greenfield works both for existing ECC customers and organizations moving to S/4HANA from a non-SAP solution

"The biggest reason for greenfield is because with S/4HANA we have the opportunity to redefine our business processes."

Sanjeev Jatain, Director, Enterprise Architecture
Smithfield Foods
What is a conversion (brownfield) project?
Can be, but doesn’t have to be, used in parallel with focused best practice/process redesign

In-place complete technical conversion of an existing SAP Business Suite ERP system to SAP S/4HANA: [Conversion Guide Link]

- On average, fastest path to S/4HANA
- Low to moderate business process changes
- Test cycle-based methodology
- Organizational requirements for historical data (e.g., regulated industries, audit, …)

70% of New Implementation duration

59 simplifications for average 1709 customer

2/3 effort is estimated to testing-related

Cost effective historical data archive

"Be transparent with the business: we are going through a change. Things will happen…have a back up plan." [Link]

Kim Perry, CFO and CIO, Alacer Gold
# Selected customer project deployment decisions…

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Project Type</th>
<th>Company Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 months</td>
<td>Conversion to S/4HANA</td>
<td>Canadian gold mining company with operations in Turkey. $209M in revenue. Leading low-cost gold producer.</td>
</tr>
<tr>
<td>5 months</td>
<td>New Implementation S/4HANA MTE</td>
<td>Multinational manufacturer and distributor of electricity and gas. $87B in revenue, 70,000 employees in 34 countries. Growth via M&amp;A. S/4HANA MTE implemented in Belize.</td>
</tr>
<tr>
<td>5 months</td>
<td>Conversion to S/4HANA Central Finance</td>
<td>Global manufacturer with over 70 manufacturing facilities. $10.5B in revenue, 45,000 employees. Growth via technology innovation and customer partnership.</td>
</tr>
<tr>
<td>6 months</td>
<td>New Implementation S/4HANA MTE</td>
<td>State-owned electric utility supplying 95% of South Africa’s electricity serving 5.2 million customers. $11.4B in revenue, 48,000 employees in 653 South African locations. Performed 100,380 household electrification (2017).</td>
</tr>
<tr>
<td>8 months</td>
<td>Conversion to S/4HANA</td>
<td>Global aerospace and defense company. $51B in revenue, 100,000 employees in 53 countries. Growth via technology innovation and international expansion.</td>
</tr>
<tr>
<td>10 months</td>
<td>New Implementation Central Finance</td>
<td>Global manufacturer of agricultural equipment and services. $29.7B in revenue, 60,000 employees in 30 countries. Growth via technology innovation and M&amp;A.</td>
</tr>
<tr>
<td>10 months</td>
<td>Conversion to S/4HANA with IaaS</td>
<td>Global manufacturer of window coverings and architectural ceiling products. $3.2B in revenue, 22,750 employees in 100 countries. Growth via technology innovation and M&amp;A.</td>
</tr>
<tr>
<td>12 months</td>
<td>New Implementation Central Finance</td>
<td>Global manufacturer of tire and rubber related chemicals. $15.3B in revenue, 64,000 employees in 22 countries. Growth via technology innovation.</td>
</tr>
</tbody>
</table>
Key questions and their observed influence on S/4HANA migration…

Common theme: degree of process transformation

Current processes enable long-term strategy?

- Yes
- No

Re-imagined processes?

- Few
- Many

1-step migration?

- Yes
- No

Starting point …

- Can the company’s strategic goals be realized with the current processes?
- If no, then a new implementation is the likely direction

Degree of process fit to strategic goals…

- How many end-to-end processes should be re-imagined?
- Can re-imagined processes drive significant new value?

Number of re-imagined processes?

- If few, are the technical pre-requisites for a 1-step conversion project met?
- Will lower costs improve the investment case?
Key questions and their observed influence on S/4HANA migration…

Common theme: data, business model, readiness for change

- **Regulatory or audit requirements for historical data**
  - If no, then a **new implementation** is the likely direction

- **New business models**
  - If yes, historical data requirements met within New Implementation with scope inclusion of SAP SLT solution

- **Few re-imagined processes or business models**
  - Unicode, OS, DB, HW, or ERP version technical pre-requisites not met
  - Investment case favors **2-step conversion** project
Top 10 factors that influence a customer’s S/4HANA decision...

<table>
<thead>
<tr>
<th>Influencing Factors</th>
<th>Conversion</th>
<th>New Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Sponsor</td>
<td>CIO</td>
<td>CEO or Board</td>
</tr>
<tr>
<td>Business transformation scope</td>
<td>Line of business</td>
<td>Enterprise</td>
</tr>
<tr>
<td>Business value</td>
<td>Incremental to strategic</td>
<td>New business models and processes</td>
</tr>
<tr>
<td>Duration (months)</td>
<td>4-12 with 8 month average</td>
<td>6-14 with 11 month average</td>
</tr>
<tr>
<td>Staffing</td>
<td>Testing emphasis</td>
<td>Design emphasis</td>
</tr>
<tr>
<td>Risks</td>
<td>Big Bang</td>
<td>Project management</td>
</tr>
<tr>
<td>Skills</td>
<td>Technical</td>
<td>Re-imagine business processes</td>
</tr>
<tr>
<td>Historical data requirement</td>
<td>Address natively</td>
<td>Additional effort</td>
</tr>
<tr>
<td>Downtime requirements</td>
<td>Duration proportional to data volume</td>
<td>Significantly shorter downtime</td>
</tr>
<tr>
<td>No. of in-scope systems</td>
<td>Single ECC with inter-operability</td>
<td>Multiple ERP and associated systems</td>
</tr>
</tbody>
</table>

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# Top 10 factors that influence a customer’s S/4HANA decision...

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<tr>
<td>Business transformation scope</td>
<td>Line of business</td>
<td>Enterprise</td>
</tr>
<tr>
<td>The number of end-to-end processes in scope</td>
<td>John Deere Complex landscape with multiple ERP systems</td>
<td>Implemented S/4HANA multi-tenant (public cloud) cloud for their Belize production facility</td>
</tr>
<tr>
<td>Benefits realized from changes within LOB versus benefits realized from cross LOB changes</td>
<td>Conversion project strategy for the master data system</td>
<td>The scope spanned multiple end-to-end processes and included the entire country operation</td>
</tr>
<tr>
<td></td>
<td>The conversion project is related to a LOB with few additional project stakeholders</td>
<td>The new implementation was part of an overall enterprise strategy</td>
</tr>
</tbody>
</table>
### Top 10 factors that influence a customer’s S/4HANA decision…

<table>
<thead>
<tr>
<th>Influencing Factors</th>
<th>Conversion</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>Technical and Testing</td>
<td>Re-imagine business processes</td>
</tr>
<tr>
<td>The degree of skill and its emphasis varies based on S/4HANA edition</td>
<td>Early test cycles required mainly technical resources to perform the activities and document the approach</td>
<td>Re-imagine business processes requires greater skill and management seniority than testing</td>
</tr>
<tr>
<td>Cloud deployments prioritize change management and testing skills with senior leadership to drive adoption</td>
<td>Functional resources provided requirements and design where processes and customer code were simplified</td>
<td>Multiple design decisions across end-to-end processes and reporting design…</td>
</tr>
<tr>
<td>On-premise and IaaS-based deployments require greater depth and breadth of technical and business skills</td>
<td>The most important LOB skills were testing, conversion validation, and organizational change management</td>
<td></td>
</tr>
</tbody>
</table>

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Top 10 factors that influence a customer’s S/4HANA decision…

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</thead>
<tbody>
<tr>
<td>Historical data requirement</td>
<td>Addressed natively</td>
<td>Additional effort</td>
</tr>
</tbody>
</table>
| Many industries have regulatory or legal requirements to maintain historical data for defined periods | **Eskom**
ECC Oracle database was 7 TB with more than 1 Billion financial documents

The conversion downtime and HW memory sizing is proportional to the size of the database

The creation of new ACDOCA and AA records required 12+ hours

All existing ECC records converted and the historical data retained

**Goodyear**
S/4HANA Central Finance live in 12 mos connecting 7 SAP Source systems with:

- 8 Chart of Accounts (CoA) \( \rightarrow \) 1 Corporate CoA
- 31 Controlling Areas \( \rightarrow \) 1 Global Controlling Areas
- 586 Company Codes, 46,200 cost centers and 4537 profit centers harmonized and transformed
- 11 million line items postings on a monthly base – with historical data 4 billion line items

No changes to regional systems
“How long does it take?”
## How long does S/4HANA migration take?

**Live customers analysis**

Vast majority of S/4HANA customers went live in 10-12 months

Q1 ’18 Analysis customers = 1145

Duration of projects is largely determined by customer complexity (degree of change) and implementing partner preferences / tools / methodologies

<table>
<thead>
<tr>
<th></th>
<th>As short as</th>
<th>As long as</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical S/4HANA</td>
<td>4 months</td>
<td>12 months</td>
<td>8 months</td>
</tr>
<tr>
<td>system conversion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typical S/4HANA (full suite) new implementation</td>
<td>6 months</td>
<td>14 months</td>
<td>11 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complex S/4HANA (full suite) implementations at the largest customers</td>
<td>10 months</td>
<td>36 months</td>
<td>18 months</td>
</tr>
</tbody>
</table>

![Graph showing distribution of implementation times](image)
How long does S/4HANA migration take?
New implementation vs. conversion analysis

Q3 '18 customer analysis = 3240

On average, new implementations at existing customers are 3 months longer.
On average, conversions cover 4-5x larger user base.

Degree of process re-design

Greenfield

Conversion

Duration

User base affected
Observed customer paths to S/4HANA deployment decision
S/4HANA: different paths, same positive outcome

Current processes enable long-term strategy?
- Yes → Re-imagined processes?
  - Few → 1-step migration?
    - Yes → Conversion
    - No → 2-step migration?
      - Yes → Future Chapter
      - No → New business models?
        - Many → New Implement.
        - Few → Re-imagined processes?
          - Few → 1-step migration?
            - Yes → Conversion
            - No → 2-step migration?
              - Yes → Future Chapter
              - No → New Implement.

Historical Data?
- Yes → Re-imagined processes?
  - Few → 1-step migration?
    - Yes → Conversion
    - No → 2-step migration?
      - Yes → Future Chapter
      - No → New business models?
        - Many → New Implement.
        - Few → Re-imagined processes?
          - Few → 1-step migration?
            - Yes → Conversion
            - No → 2-step migration?
              - Yes → Future Chapter
              - No → New Implement.

Additional customer examples such as Landscape Transformation will be addressed in a future chapter.
Agenda

- Why Now?
- What is New?
- Customer Momentum
- How to Implement?
- Top 10 Reasons - Why SAP S/4HANA
## Top 10 Differentiators for SAP S/4HANA Cloud

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The world’s first hands-free, mobile, ERP</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Artificial Intelligence powers Intelligent ERP</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Next-generation best practice business processes</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Leading In-Memory Data Management with SAP HANA</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Extensibility powered by the SAP Cloud Platform</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Predictive analytics across both planning and execution</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Unmatched industry capabilities</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Broadest globalization strategy</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Supports Hybrid model – Right deployment option for business segment or process</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Rapid and successful deployments with SAP Activate</td>
<td></td>
</tr>
</tbody>
</table>

All within a vibrant, innovation-focused ecosystem

Join the SAP S/4HANA Movement
Make the case
Three free tools, personalized guidance for IT and the line-of-business

S/4HANA Business Scenario Recommendations
Identify the business processes you can improve and discover new business capabilities.

Customers new to SAP can use Business Value Advisor: http://impact.s4value.com

SAP Transformation Navigator
See the S/4HANA roadmap for each component in your current landscape.

Based on current SAP product usage or capabilities your organization wants.

SAP Readiness Check
Learn the technical requirements and actions for a system conversion to S/4HANA.

Based on configuration and usage data for customers already on SAP ECC 6.x.
Further information ...

Discover SAP S/4HANA Help Portal

Discover S/4HANA

Immediate, intelligent, and integrated ERP

Digital Journey with SAP S/4HANA

SAP S/4HANA Roadmap

SAP S/4HANA Trial

Discover SAP HANA Cloud Platform

SAP HANA Cloud Platform

Rapidly build and deploy apps with our in-memory platform-as-a-service (PaaS)

Build, run, and extend ultra-modern business applications on the SAP HANA Cloud Platform. This in-memory platform-as-a-service offers comprehensive capabilities to help business users and developers create better, more agile applications in less time. Take advantage of mobile services, advanced analytics tools, state-of-the-art authentication mechanisms, social functionality, and more.
Searching for SAP notes

always helpful to know how to search for SAP notes: https://go.support.sap.com/xsearch/
HOW CAN I LEARN MORE?

WWW.SAP.COM/JOINTHEMOVEMENT
Thank you!

Questions?

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william.bowers@sap.com