

S/4HANA

**How are Swiss companies approaching
the transition?**

Prof. Dr. Dirk Schäfer
Daniel Tinner, M.A. HSG, CEMS MIM
Thaddäus Heim, B.Sc.



University of St. Gallen

Institute of Accounting, Control
and Auditing

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Introduction

With its launch of S/4HANA, SAP went out on a limb by not only issuing a technical release to upgrade its own software, but by simultaneously aligning the system with future requirements to create a new ecosystem. The result: Information and data can now be analyzed in real time and even managed in the cloud. A modern user interface should simplify it and make it more intuitive to use, with optional business area solutions that can be integrated as needed. With this change, SAP ERP systems will no longer be compatible with third-party databases.

This ERP suite was available for purchase from the end of 2015 onward. SAP planned an upgrade deadline of 10 years for users of the previous models, which has since been extended until 31 December 2027.

Where do companies stand in this transition process? What has their experience been so far? Are they focusing on the technical aspects or do the projects also include strategic topics, are process landscapes being analyzed and cleansed (where necessary), are data structures being examined to ensure that they are future-proof? This study attempts to find answers to these questions. It not only aims to describe the status of S/4HANA implementation in Switzerland, but also to benefit from respondents' experiences to date.

The results show that the *what* and *why* aspects of implementation (objective, scope, approach) are rational and quick to decipher, but that success largely hinges on the question of *how*. In addition to conducting a quantitative survey with mostly multiple-choice questions, we also spoke to the CFOs/CIOs of Swiss companies and discussed their experiences to date during their transition to S/4HANA. We would like to thank each and every one of them for their candid responses and the insights they provided.

The survey showed that the implementation of S/4HANA has far-reaching consequences and that this prompted many companies to simultaneously initiate a transformation process to ensure that the digitalization of the finance function was also accompanied by a cultural transformation and process enhancements. Companies that design the implementation as an integrated project can tap the greatest potential and make their own organization fit for a digital future.

If you are still in the early stage of your own changeover, we hope that the results of the study provide you with some food for thought, and if you are already in the middle of your project, hopefully they will give you an opportunity to compare your lessons learned with our results. We hope you enjoy reading the study and that your own implementation project is a big success.

01

Management Summary

This study offers comprehensive insights into the status quo of Swiss companies' efforts to transition to S/4HANA, discusses important lessons learned and offers some practical recommendations. During the study, 373 companies were contacted over a nine-week period, with 56 responding to the request and completing the survey. Five expert interviews were conducted with CFOs, CIOs and finance managers from five companies in different sectors to supplement the survey.

Ensuring future viability and process standardization were cited as major drivers of the transition, with process harmonization also considered a key driver. Current sentiment regarding the transition to S/4HANA proved to be quite positive, with around 50 percent of the companies describing it as good or very good.

While a quarter of the companies surveyed had already concluded their transitions, around 50 percent of them were either in or had completed the planning phase. A minority of the companies surveyed had not yet planned their transition. When asked about their implementation strategy, the majority had chosen a brownfield approach (35 percent), followed by implementation using a greenfield approach (23 percent). Another 23 percent of the companies were still undecided, while 18 percent had opted in favor of a hybrid, step-by-step approach.

Providing the required (personnel) resources is central to the project's success, and an enormous amount of resources could be required depending on the initial situation. Both processes and data must be harmonized, an endeavor that is extremely time-consuming yet simultaneously lays the foundation for a successful transition. Testing is highly resource-intensive as well, but also critical for the project's successful implementation.

The transition, and especially the time-consuming work it entails in terms of process and data cleansing, opens up opportunities for companies. Ultimately, it lays the groundwork needed to tap the full potential of fields including robotic process automation (RPA), business analytics, machine learning and artificial intelligence (AI). Yet to take the next steps in these areas, companies need a customized data strategy, a well-devised data architecture and a uniform, company-wide data basis. In this context, S/4HANA can be viewed as a breaking point that prompts companies to (finally) do their housekeeping while simultaneously serving as a driver of digitalization and organizational change.

It should be mentioned that a highly professional project organization seems to have a positive impact on the success of these projects. Having a clear schedule with deadlines that are both defined and realistic is indispensable. By contrast, there does not seem to be such an obvious right or wrong in terms of how the implementation approach and project roles are set up – what is important is that the approach selected fits the company and its requirements. Overall, it is advisable that implementation be embedded into an ERP strategy rather than detached from the other systems. The S/4HANA transition allows for an individual project organization that is tailored to the company.

Since external consulting can be quite helpful for defining the scope of the project or identifying suitable functionalities or potential uses, most companies hire an external consultant in order to benefit from knowledge gained through past projects. Making targeted and deliberate use of external consultants can play a huge role in a project's success and not only help update the IT infrastructure but also prepare it for new developments in the future. S/4HANA is not digitalization's final destination, rather its starting point.

Facts & figures

Impulses for implementation

1 S/4HANA as a breaking point to finally tackle long-standing tasks

The digitalization of the finance function requires a clean data core and unified processes. Successful companies recognize the need to prioritize data and process projects from the past as the starting point for implementing S/4HANA.

2 S/4HANA as a driver of organizational change

Aligning with business needs, integrating processes, and fostering a shared understanding through discussions, including cultural aspects, are vital for success, along with setting common goals and potentially incentivizing project success collectively across involved business units.

5 S/4HANA as the starting point for digitalization

With the implementation of S/4HANA, there's an opportunity to prioritize the strategic framework, enhancing flexibility to adapt to external influences while reaping the benefits of efficiency gains and quality improvements



3 S/4HANA allows for individual project organization

The more important and extensive the project, the greater the need for resources in project management, possibly requiring external support. The most significant value of consultancy lies in leveraging experiences that one lacks.

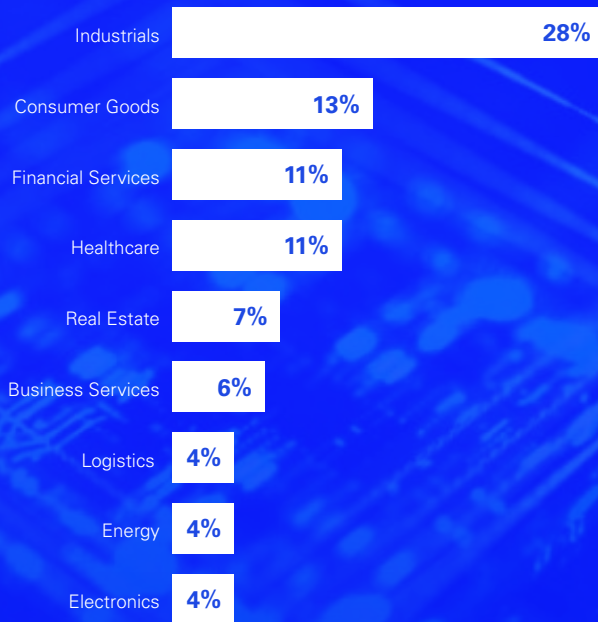
4 S/4HANA as a solution to the increasing shortage of skilled workers

Standardizations and subsequent automations aimed at relieving employees and utilizing them for more value-added tasks are becoming increasingly crucial, prioritizing the effective use of the most valuable resource in the company: people.

Overview on S/4HANA Transition Study

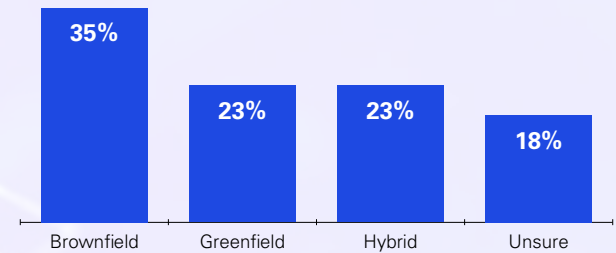
56 responses

from **373 firms in various sectors**
including but not limited to:



Implementation approach

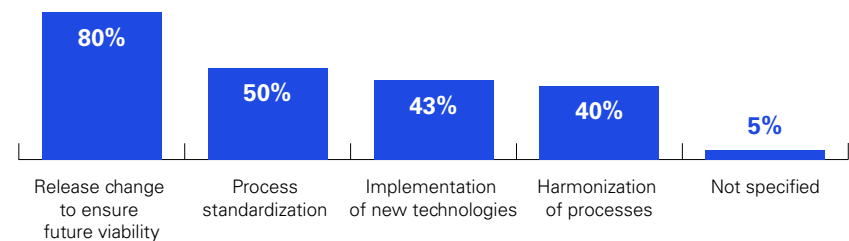
The brownfield approach was also predominantly used in the companies from the 5 expert interviews.



“The **harmonized data and process landscape** is an important basis for tapping into **new technological opportunities** ...”

What is your motivation for introducing S/4HANA? (multiple answers possible)

The standardization of processes in the form of standardization or harmonization was also highlighted in the expert interviews as a key motivation driver.



92%

of the companies surveyed **rely on external support** when transitioning to S/4HANA.

S/4HANA enables businesses to embark on their **digital transformation journey** by providing the necessary capabilities and infrastructure to **leverage digital technologies** effectively.

A study together with:



University of St. Gallen

02

Study methodology

This study is based on a hybrid approach to data collection. A total of 373 Swiss companies were contacted over a nine-week period, with one follow-up contact during the response phase. To ensure that the results were as meaningful and broadly applicable as possible, the companies contacted stemmed from a wide range of different sectors, had different employee headcounts and generated different revenue amounts.

All in all, 56 companies responded to and completed the survey, which corresponds to a response rate of 15 percent. Of these 56 companies, 40 were affected by the transition to S/4HANA.

Figure 1 shows a breakdown of the companies into a total of 13 different sectors. The industrial sector is most frequently represented at 28 percent, with companies in the consumer goods sector coming in second at 13 percent. These are followed by healthcare and financial services at 11 percent each.

There was a wide range in terms of revenue as well. While 6 percent of the companies surveyed generated revenue in excess of CHF 10 billion, 25 percent of them reported revenue of between CHF 1 billion and CHF 10 billion. Some 28 percent of the companies surveyed generated between CHF 500 million and CHF 1 billion in revenue, 25 percent between CHF 100 and CHF 500 million, and another 17 percent less than CHF 100 million.

The headcount-based breakdown provided in Figure 1 shows that 21 percent of the companies surveyed had more than 5,000 employees, 46 percent had between 1,000 and 5,000 employees, and 33 percent employed fewer than 1,000 people.

A hybrid approach was used for the survey that involved conducting expert interviews with key decision-makers from the finance and IT departments, specifically with CFOs, CIOs and financial managers from five companies. They came from the construction industry, the aerospace industry, the manufacturing industry and the service and media industry. The companies had between 6,000 and 16,000 employees and generated between CHF 1 billion and CHF 4 billion in revenue.

The findings from these interviews helped enrich the survey by providing examples, experiences and other information. Figure 1 below summarizes the process used for the study and provides an overview of a few of the descriptive statistics derived from the data collected.

Hybriden Ansatz der Datengewinnung

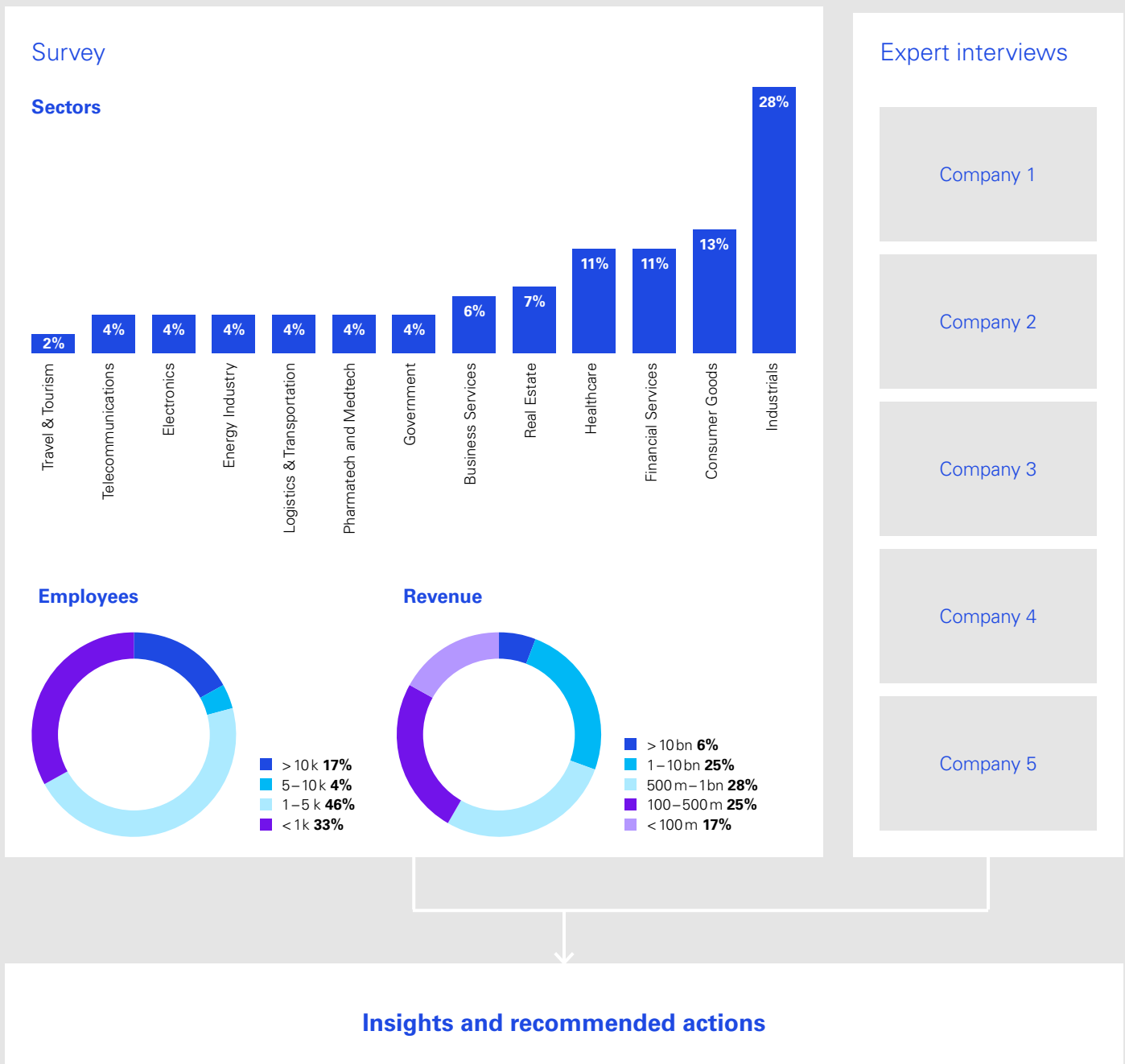


Figure 1 Study overview (n=56)

03

Results of the study

Both the survey and the interviews look at the status quo of the S/4HANA transition, the approach selected for the project and/or implementation, the defined configuration and use of S/4HANA and the experiences gained and lessons learned in connection with project implementation. The sections that follow present the findings gained on these topics in the order that they were just listed.

3.1 Status quo of S/4HANA transition

The status quo of the S/4HANA transition efforts was an initial focus of both the survey and the expert interviews. Specifically, participants were asked to identify the key drivers of the transition and the implementation approach selected, describe the current sentiment at the company with regard to the S/4HANA project and specify how much progress had already been made.

3.1.1 Drivers of the transition

It comes as no surprise that the key driver (see Figure 2) for the implementation of S/4HANA was identified as ensuring future viability, while process standardization was cited as a motivating factor in half of the cases. Over 40 percent selected process harmonization and the implementation of new technologies.

What motivated you to implement S/4HANA? (multiple answers possible)

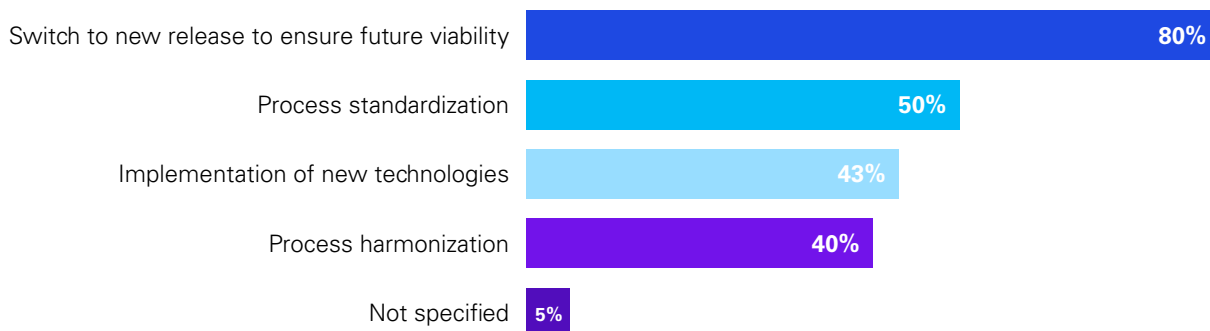


Figure 2 Motivation for implementation (n=40)

Making processes more uniform through standardization or harmonization was also emphasized as a major factor in the interviews. Particularly in groups with many subsidiaries with different levels of maturity, the transition of the SAP systems ushered in a harmonization of processes that would otherwise not have taken place to the same extent or only at a later date. The harmonization itself, however, was quite individual – it could either be a group-wide harmonization or a harmonization within a group of affiliates.

Another aspect mentioned in this regard that ultimately pursues a similar thrust was the cleansing, standardization and consolidation of master data. This process is essential for the transition to S/4HANA and was initiated in connection with this project at many companies. The launch was also described as an opportunity to straighten out and simplify any workarounds in the systems.

These examples illustrate that the transition process also involves housekeeping-related tasks that have frequently been postponed in the past. This work ensures in the long term that the company is fit for the future and can also benefit from new technologies (big data analytics, AI and SAP's public cloud, to name just a few), which require a solid foundation of data and processes in order for them to develop their full potential. That is one reason why the need to prioritize and tackle these tasks now is being viewed as an advantage. In that regard, it seems advisable to draw up a digital roadmap that can make the expected benefits of the transition transparent and, in doing so, underscore the importance of the tasks ahead. Since these benefits can be highly company-specific, drawing up the roadmap is a highly individual task.

3.1.2 Implementation approach selected

A brownfield approach was the implementation approach of choice (see Figure 3) in a majority of cases (35 percent), whereas both a completely new implementation using a greenfield approach and a step-by-step, hybrid approach were less common, accounting for roughly the same percentage of cases (23 percent each).

Which approach are you using to introduce S/4HANA?

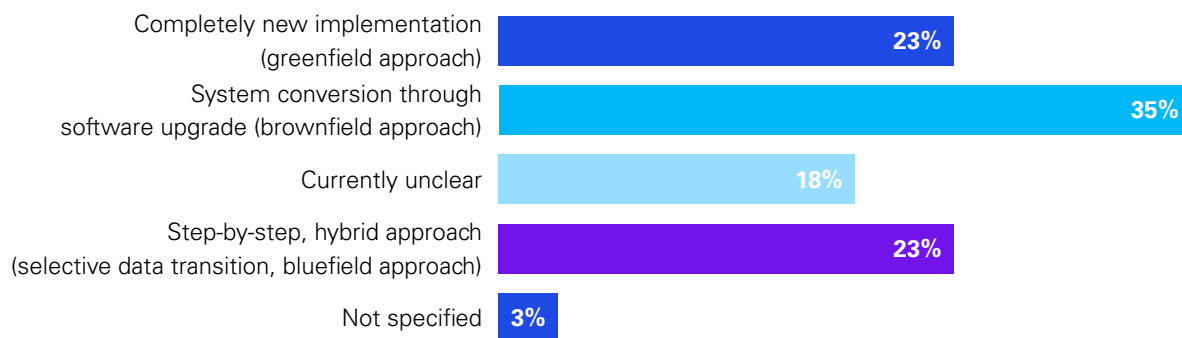


Figure 3 Implementation approach (n=40)

The brownfield approach involves an upgrade of the existing SAP system to S/4HANA by transferring processes and data. In this scenario, however, the complexity of the existing system remains unchanged, which can limit the exploitation of S/4HANA's full potential. This approach is suitable for companies with new, fairly homogeneous systems that are interested in making a quick switch to S/4HANA. With this approach, however, they run the risk of not being able to take full advantage of best practices and new upgrades.

The greenfield approach enables companies to fully exploit the potential offered by S/4HANA. This approach offers greater flexibility, a higher level of innovation, improved data quality and swift, streamlined processes, meaning that it lays a foundation for future technologies. The results of the survey reveal that companies which cited process standardization and harmonization as their motivation for implementing SAP S/4HANA were also more likely to choose the greenfield approach. This approach offers them a chance to design uniform, optimized processes that meet current business requirements. The greenfield approach also lets them harmonize their business processes in accordance with SAP

standards, thereby boosting efficiency. Unfortunately, the greenfield approach calls for more extensive testing, takes longer, involves intensive change management in some cases, requires more extensive training and comes with potentially higher implementation costs.

Companies that decided to implement S/4HANA using a brownfield approach did not generally plan a workstream for organizational change management. By contrast, the majority of companies that opted in favor of a completely new implementation using a greenfield approach set up a workstream for organizational change management and integrated it into the project.

The companies surveyed within the scope of the expert interviews predominantly decided to use the brownfield approach. Implementation was organized differently, however, and they relied on external consultants – both aspects are discussed in greater detail in the following sections. After giving some insights into the sentiment and progress made in the transition, the report describes in detail how the launch was planned in the companies and which resources were used.

3.1.3 Sentiment

The sentiment (see Figure 4) can be said to be good overall. Nearly half of the companies described the current sentiment with respect to S/4HANA within their companies as 'satisfied' or 'very satisfied'. Around one in five companies, on the other hand, was found to be unsatisfied with the situation surrounding S/4HANA or the transition.

What is the sentiment currently like at your company with respect to S/4HANA?

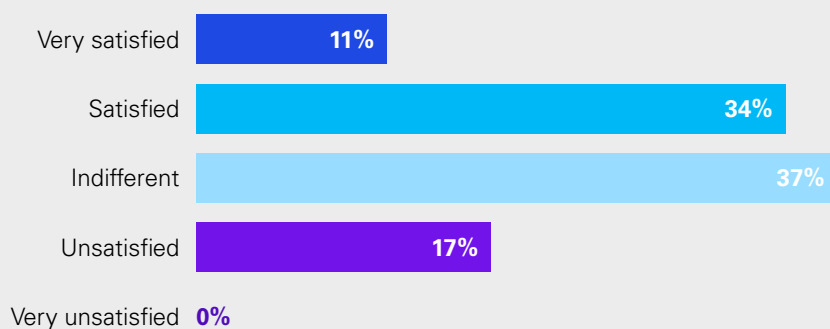


Figure 4 Current sentiment regarding S/4HANA (n=35)

Expert interviews corroborate the results of the study. Companies with completed projects responded positively in the interviews, with companies still in the transition phase painting an optimistic picture as well. One reason cited for the optimistic sentiment was the potential they hoped to tap as a result of the transition and which, in some cases, was

already materializing within the scope of the transition. One specific example was cited in connection with invoice processing that demonstrates how efficiency gains were made by transitioning essential processes: analog sub-processes were digitalized, thereby enabling them to be structured much more efficiently.

3.1.4 Progress made in the transition

The transition itself (see Figure 5) had already been completed at around one in four companies, while a minority of 15 percent still had not planned their transition yet. Nearly half of the companies had either planned or already launched their transition.

Where does your company stand in terms of its S/4HANA transition?

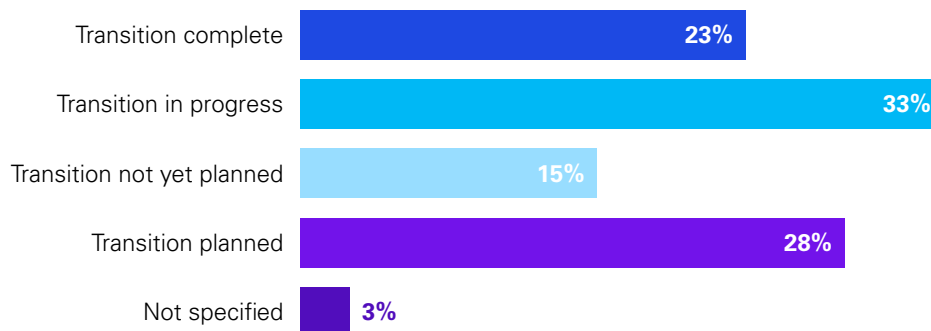


Figure 5 Status of the transition (n=40)

Differences regarding the transition were discussed during the expert interviews. Particularly noteworthy were differences between one-off transitions within a group as a whole and step-by-step transitions by subsidiaries or divisions. In many cases, the special requirements of individual business units or different technical requirements within the

group, including as a result of the acquisition of subsidiaries abroad, argued in favor of a step-by-step transition. The requirements and level of complexity this involved varied greatly due to the differences that existed between organizational structures, business processes and even IT infrastructures.

3.2 Project approach selected for S/4HANA implementation

The second pillar of the survey related to the project methodology and organization. Specifically, those interviewed were asked about the defined project methodology and associated project roles, the scope of implementation and any experience gained through the involvement of external consultants.

3.2.1 Defined project methodology and roles

The study revealed that the project methodology (see Figure 6) was not (explicitly) defined at around a third of the companies, while about one in five responded that their preferred project methodology was either a linear or an agile approach (approx. 20 percent each).

Which project methodology are you using exclusively or primarily?

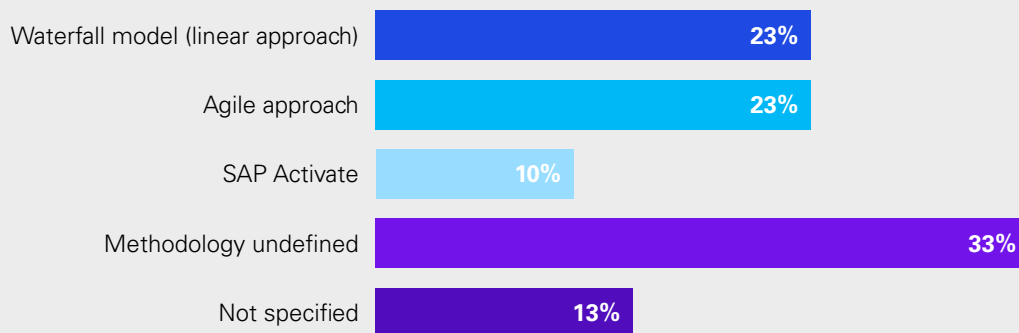


Figure 6 Project methodology (n=40)

A much clearer picture emerged with respect to project roles (see Figure 7). In nearly all cases (95 percent), experienced employees with subject-specific expertise were called in.

Some two-thirds of companies also relied on external support for project management.

What are the responsible project roles at your company?
(multiple answers possible)



Figure 7 Project roles (n=40)

With respect to responsibilities (see Figure 8), project and line functions were assumed to be compatible in nearly half of the cases (48 percent) and to clash in 13 percent of cases. The core team members were released from their

responsibilities related to day-to-day operations in a definite minority of companies (8 percent). Responsibilities were not yet clear at the current point in time at over a quarter of the companies surveyed.

Which implementation-related responsibilities have been defined for employees working on the project?

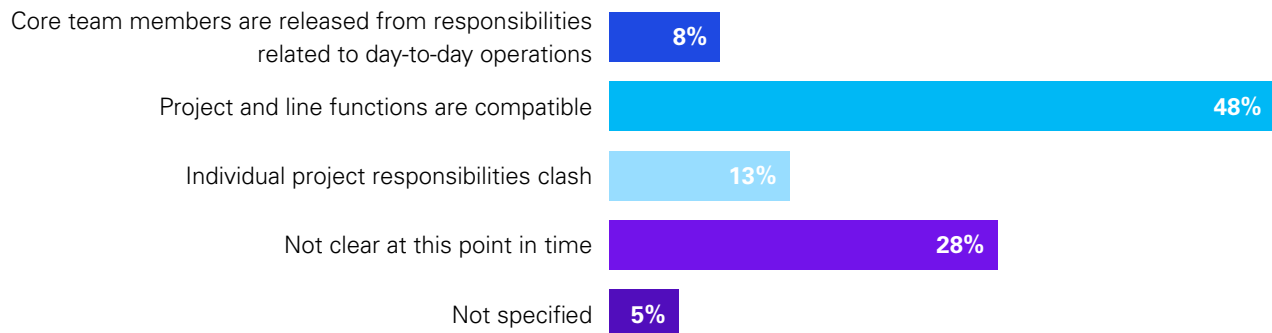


Figure 8 Project responsibilities (n=40)

The expert interviews confirmed the picture painted by the survey, namely that experienced employees are nearly always part of the project team for technical reasons. Their knowledge and experience of the existing processes and systems are pivotal when it comes to restructuring these processes and systems.

The expert interviews also revealed that overall responsibility for the project was frequently assigned to a professional project manager inside the company or to a person from corporate development or IT. One aspect that respondents

highlighted as crucial was getting not only IT and finance involved, but also the supply chain and product provisioning functions.

When asked about a workstream for organizational change management (see Figure 9), the majority of companies surveyed stated that it formed part of the project. The workstream was already set up and integrated into the project at one in four companies, while it was still being set up or in the planning stage at nearly a third of the companies.

Does the project include a workstream for organizational change management?

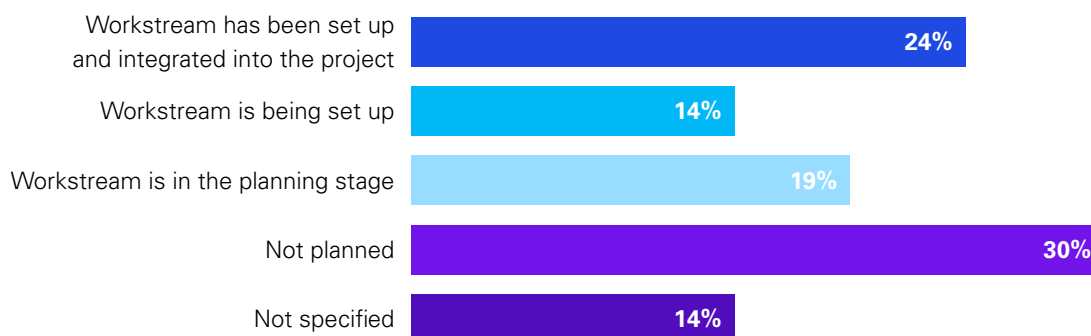


Figure 9 Workstream for organizational change management (n=37)

It was stressed multiple times in the interviews that professional project organization was a key success factor. The successful setup at one company, for example, consisted of an overall project manager, a sub-project manager in the streams and coordinators in all subsidiaries. The results of the survey indicate that one option worth examining is the possibility of calling in external support to join the project management team.

The interviews revealed another key success factor that was not directly apparent from the survey: project prioritization. This could be done, for example, by setting up a steering committee to focus management attention on the project as well as through incentive-based models that reward the project's success.

3.2.2 Scope of implementation

With regard to the scope of the implementation (see Figure 10), a full-scope implementation was chosen in two-thirds of cases, whereas the implementation of just the finance modules was reported in a few cases (18 percent).

What is the scope of your S/4HANA implementation?

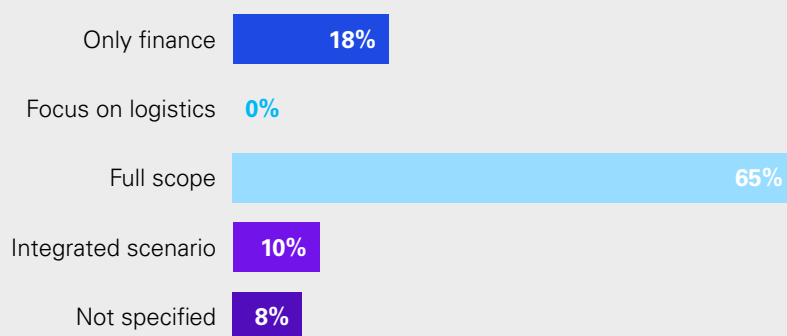


Figure 10 Scope of S/4HANA implementation (n=40)

It became clear during the interviews that a one-size-fits-all approach is not expedient when implementing S/4HANA. Both the requirements and the initial situation play a key role in terms of the actual setup. The requirements of the ERP system and the overall ERP strategy lay the foundation for the decision as to how S/4HANA will be implemented and which scope will be used. With a few specific exceptions (e.g. for certain individual companies within a group), the companies surveyed each performed a full-scope implementation. It should be pointed out, however, that SAP was part of ERP and did not necessarily represent a company's entire ERP. The requirements analysis should be based on a long-term vision or target, with S/4HANA representing a foundation upon which these can be achieved. Differences were particularly noticeable when it came to the implementation schedule.

While one company set its sights on and implemented a group-wide transition by a specific date, another reported using a cascade model in which group companies transitioned gradually based on individual requirements. One specific example cited was that of a group company that selected a transition date of 1 April since it sends out invoices for its service contracts in the first quarter of the year and wished to complete this process prior to the transition. Another company selected a step-by-step approach based on geographic location.

Calling in an external consultant can make sense when deciding on the scope of S/4HANA implementation. This was one of the aspects addressed in both the survey and the interviews and the findings are explained in the section that follows.

3.2.3 Hiring an external consultant

Since the transition to S/4HANA represents an extremely far-reaching intervention in the company's IT systems, drawing on external consulting services makes sense to ensure the project's success. Some 92 percent of the companies surveyed chose to take this path (see Figure 11), with most of them (70 percent) citing a qualitative lack of resources as the reason for enlisting external expertise (see Figure 12). External consulting was used in 22 percent of cases to bridge a gap in personnel resources of a quantitative nature.

Are you relying on external support during your S/4HANA transition?



Figure 11 External support within the scope of the S/4HANA transition (n=40)

If you are making use of external support, what is the main reason for this?

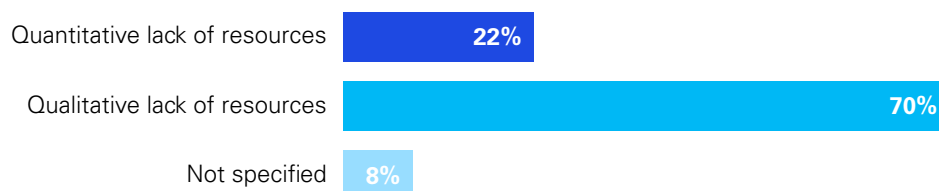


Figure 12 Focus of external support (n=40)

Satisfaction with the quality of external support was high (see Figure 13), with some 70 percent of companies indicating that they were either satisfied or very satisfied. Nearly a quarter of companies expressed indifference regarding the quality, while 11 percent were unsatisfied.

Are you satisfied with the quality of the external support?

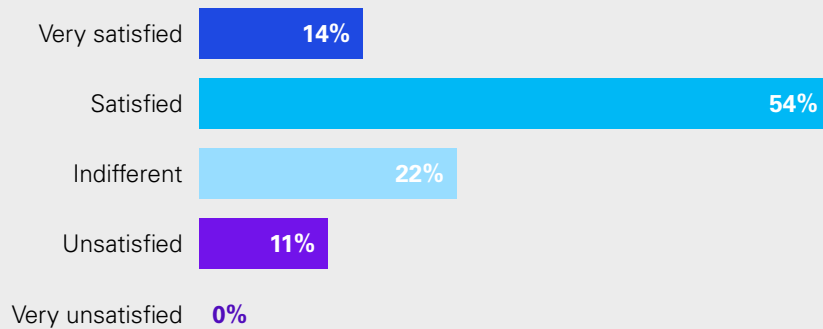


Figure 13 Quality of external support (n=37)

The interviews revealed that external consulting had the biggest impact if the companies used it in a targeted manner for selected aspects. One company disclosed in the interviews that they had performed the transition without hiring any external consultants but that a consultant's knowledge would definitely have been beneficial in this setup. Implementation without external consulting requires a high level of IT and

project expertise and capacity within the company. In the majority of the interviews, however, the use of external consulting was identified as being an expedient approach. In particular, interviewees saw added value in the fact that hiring a consulting service enabled them to benefit from a wealth of experience from previous implementations that was not available within the company.

3.3 Configuration and use of S/4HANA

Phase three of the survey involved questions regarding S/4HANA deployment options. Specifically, it determined whether it was deployed on premise or in a cloud-based manner as well as which components and assets were used. The results of these questions are detailed in the following section – supplemented by a few findings from the expert interviews.

3.3.1 Deployment options

In terms of the deployment options (see Figure 14), cloud deployments are increasingly squeezing out on-premise solutions. While half of the companies surveyed relied on cloud solutions, around a third of them used on-premise solutions. A hybrid approach was employed in individual cases (3 percent). Another aspect that stands out is that most companies using a private cloud as their deployment option selected a brownfield approach for implementation.

Which deployment options are you using for S/4HANA?

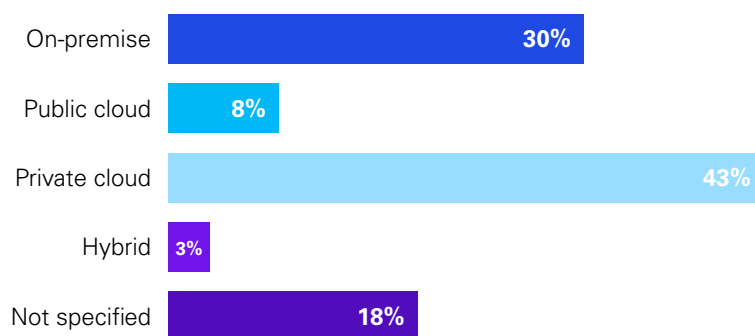


Figure 14 Deployment options (n=40)

The interviewees agreed that the cloud would replace on-premise solutions in the near future and was likely to be the target scenario for most companies. Restrictions are applied in individual areas, such as the requirement that data be stored in Switzerland. Generally speaking, however, the advantages of cloud solutions – including the faster availability of updates and functionalities or the fact that resources and capacities no longer have to be provided on-site – were stressed in several interviews. On the topic of data security, one interviewee noted that cloud providers were able to invest far more resources in data security than individual companies. At the same time, the topic of data security should be given top priority due to the risks it poses to the cloud provider's business model – something that speaks in favor of the cloud

solution. Another interviewee, on the other hand, pointed out that local legal conditions and the (limited) availability of certain cloud solutions in certain markets also needed to be taken into account. This illustrates once again the fact that company-specific requirements play a vital role in how the overall project is set up.

The timing of the switch from on-premise to cloud-based solutions depends on several factors. When switching to S/4HANA, it generally makes sense to consider migrating data to the cloud. If the company still has IT resources (server systems) that have not yet reached their end of service, the best data strategy might be migrating to the cloud at a later point in time.

3.3.2 SAP solutions implemented

When asked which of SAP's solutions were being used for the transition to S/4HANA, around one in five of the companies surveyed reported that they were using the SAP Solution Manager, while 13 percent cited SAP Cloud ALM and 8 percent SAP Best Practices Explorer. The degree of deviations from the SAP standard was low overall (see Figure 15). Two-thirds of the companies surveyed estimated their deviation from the SAP standard to

be lower than 20 percent, while 30 percent of companies made changes resulting in deviations of between 20 percent and 50 percent. That the project also offers an opportunity to harmonize and standardize data and processes within the group was emphasized several times during the expert interviews – a statement that corresponds with the fairly minor deviations seen.

How high would you estimate the degree of deviation from the SAP standard?

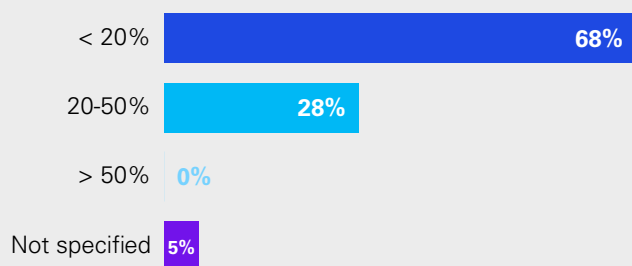


Figure 15 Deviation from SAP standard (n=40)

Also in use were SAP solutions such as SuccessFactors (35 percent), Concur (25 percent) and Analytics Cloud (23 percent) (see Figure 16). In addition, 13 percent of the companies surveyed used other SAP solutions. Specifically, some examples mentioned under “Other” include Sales Cloud,

Service Cloud, Field Service Management (FSM), Process Integration (PI), Advanced Planning & Optimization (APO), Business Consolidation (SEM-BCS), Business Intelligence (BI), Business Warehouse (BW), Human Capital Management (HCM), Industry Solution Healthcare (IS-H) and Vendor Invoice Management (VIM).

Which other SAP solutions do you use? (multiple answers possible)

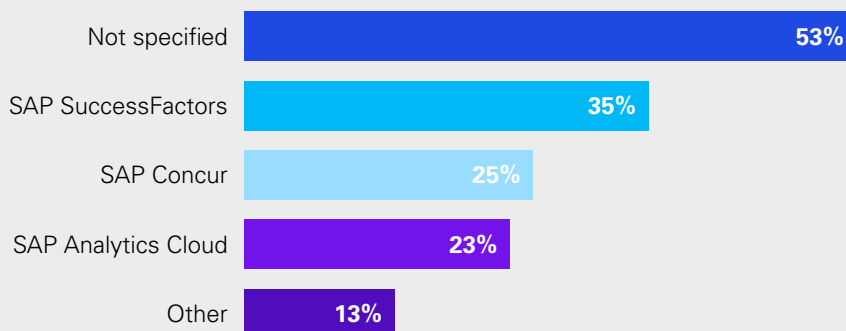


Figure 16 Other SAP solutions (n=40)

The expert interviews revealed that, despite the companies' dependence on SAP products, they sometimes preferred rival products. In one instance, a preference for various Microsoft solutions was mentioned as a way of ensuring that these

could be seamlessly integrated into downstream applications. This underscores the fact that S/4HANA implementation must take place as part of a digital roadmap rather than being viewed as an isolated project.

3.4 Experience from projects implemented

The last part of the questionnaire asked what experience respondents had already gained during implementation projects and to what extent this experience could be used to make recommendations for similar projects. Based on the answers received to the question about experience, lessons learned and recommendations that can be derived from the transformation projects, we identified different clusters of answers containing reports about companies' experiences. Specifically, these related to the topics of project planning and organization; personnel and resource deployment; testing; expectations, processes and organizational change management; external support and the cloud and ERP strategy. The findings gained are presented below, grouped by cluster.

3.4.1 Project planning and organization

Accurate planning with realistic, clearly defined deadlines is indispensable for project planning. Including enough buffers in the plan is particularly important since the amount of time needed can be far greater than originally expected, especially if unknown legacy issues pop up.

Project planning must also include a very carefully thought-out definition of the scope of implementation in particular and clarify the question of whether it will be a technical implementation project or a transformation project. The migration offers an opportunity to carry out multiple transformation steps in parallel that could potentially only be possible under more difficult conditions if carried out at a later date. Yet at the same time, ensuring that an already extensive project is not overloaded is another important factor.

On the topic of the project organization, responses to the survey cited clear process responsibility and a broad-based project organization as success factors. Having a professional project organization was emphasized multiple times as a vital success factor. The organization, however, is heavily shaped by the scope and focus of the implementation and also hinges on whether implementation is taking place group-wide in a single step or whether a step-by-step implementation is planned. Depending on the dimension of the project, explicit top management support – possibly expressed through membership in a steering committee – is another key success factor.

3.4.2 Personnel and resource deployment

The quantity of (personnel) resources required for implementation is large and providing those resources is essential to the project's success. In-house personnel resources are supplemented by project-specific external resources in most cases.

Although every S/4HANA implementation automatically means that certain changes need to be made to a company's process and data landscape, the intensity of those changes can vary considerably depending on the scope of implementation. That makes revising and harmonizing processes as well as thoroughly inspecting the relevant master data all the more important when doing any preliminary work (such as switching to the SAP Business Partner concept). The sometimes enormous amount of work involved can be a burden on the organization and its employees. Providing staff on demand

to relieve people involved in the project from their day-to-day responsibilities is one way of lessening the load. Team-building measures are likewise viewed in this context as a tool that can have a positive impact on the well-being and motivation of those involved.

At the same time, participants in the surveys and the expert interviews in particular emphasized that this should also be viewed as an opportunity. The project can prompt the organization to do some housekeeping as well as to both think about and then harmonize their processes and existing data structures. While these harmonized data and process landscapes provide an important basis for tapping the possibilities opened up by new technologies in a way that creates added value going forward, it is common for these efforts to be postponed without this 'compulsion'.

3.4.3 Testing

The topic of testing was singled out as being particularly resource-intensive. Multiple respondents pointed out that clean, comprehensive testing was a key success factor. Before the new systems' productivity, testing should focus on ensuring functionality and consistency across different modules and systems.

While some companies reported that more time during the test phase would have been helpful, one company that had already successfully completed its transition wondered whether a little less testing might have been enough. The fact that the company in question considered its transition a success, however, indicates that comprehensive testing is likely to have made a significant contribution to the successful changeover.

3.4.4 Expectations, processes and organizational change management

The task of managing expectations should not be underestimated. The project can lead to the anticipation that a multitude of new technical possibilities will open up, so proactive expectation management is important to prevent disappointment if it fails to live up to these unjustified expectations. The transition itself also raises the question of how much change is feasible within the scope of the project without running the risk of restricting ongoing operations too much or even jeopardizing them.

All in all, however, even the transition project itself opens up many opportunities to optimize processes and design them more efficiently. One specific example mentioned at one point was in the area of invoice processing, since the new tools had more powerful text recognition capabilities (optical character recognition or OCR) and were thus better at the automatic processing of these documents. Harvesting the low-hanging fruits is important at this stage. Although OCR tools can swiftly become beneficial in many different fields of application – even without switching to S/4HANA – OCR usage in this specific case began in conjunction with the transition and the work associated with it.

3.4.5 External support

External consulting services were used in most cases. Experience gained by external consultants in connection with other projects can be helpful for defining the ideal scope of implementation, for example, while also allowing them to generate new ideas in terms of capabilities or functionalities later on. Companies start out at the bottom of a learning curve, while consultants have already worked their way through many parts of it. External consulting services have the biggest impact if enlisted in a targeted manner.

The responses to the questionnaire also expressed some criticism regarding the topic of external consulting. Both the scope of the consulting as well as the consultant him-/

herself need to be selected so that the overall package works for the company and the project at hand. As explained in one interview, transition is also possible without calling in an external consultant, although this tends to be an exception. An approach viewed rather critically in the interviews, on the other hand, is one where project management is handed over to the external service provider, because the interviewees felt that responsibility for the project should remain within the company. One reason why the use of external project management had such a high approval rating in the results of the survey is the fact that, in many cases, these people were called in to support project management, but the decision-making responsibility still remained within the company.

3.4.6 Cloud and ERP strategy

The transition to S/4HANA should form part of a group-wide ERP strategy and be viewed as one part of that strategy's implementation – but not the only implementation of it. It was noted in this context, in particular, that the peripheral systems also held potential for further efficiency gains and that the transition to S/4HANA should not be viewed in isolation.

The ERP strategy should also include deliberations regarding the cloud, which is likely to offer various advantages, including with regard to later releases. However, critics also argued that factors like the development of license costs, for example, could be difficult to predict.

04

Practical ideas

Reflecting on the quantitative and qualitative results of the survey, we can infer that an opportunity-oriented approach to S/4HANA implementation depends not only on the technical transition. Instead, the project should be set up in such a way that its implementation can be used to transform the finance function for a more digitalized future. This calls for a clear strategy and a highly developed culture. The way people work together within the finance function, but also between finance and the business divisions, needs to be put to the test. Speaking of a cultural transformation in this context does not seem like an exaggeration. A realignment of the data and process architecture will be necessary as well. The final result will be a solid foundation for the advances in automation and digitalization that are possible in the next few years, advances that can be expected to deliver both greater efficiency and better quality. Based on the results of the survey and our impressions from the interviews, we mainly see five lessons learned.

4.1 S/4HANA as a breaking point for (finally) doing housekeeping

The digitalization of the finance function calls for clean data and standardized processes. Companies that have been growing organically for many years or that have grown through multiple acquisitions are particularly prone to having non-optimized databases and processes. To continue writing this success story, they have to do their housekeeping. Only then can they make progress in terms of efficiency and effectiveness. Our interviews revealed that successful companies had come to realize that the data- and process-related projects they had been reprioritizing in the past now had to be tackled as the first step of the S/4HANA implementation project.

4.2 S/4HANA as a driver of organizational change

If, in fact, this preliminary work is not limited to just the changes that are absolutely necessary and there is instead a willingness to optimize the company's positioning for the future, then it is not only technical issues that need to be resolved and errors eliminated – companies must also take a critical look at how cooperation works inside the finance function and with the various business units. In other words, they need to address not only the what and the why, but also the how. The key benefits of an in-depth discussion of cultural issues include a systematic focus on the needs of the business, process integration and the attainment of a common understanding. Another approach that has proven helpful is joint target setting by all business units involved in the implementation – and possibly also a joint incentive in the event of the project's success.

4.3 S/4HANA enables individual implementation

The companies' experiences show that there is no sure-fire formula when it comes to organizing the implementation of S/4HANA and that each company's specific degree of maturity and readiness, general circumstances and scope as well as their capacities and expertise make entirely different approaches possible. Of course, one rule of thumb applies: The larger and more important a project, the more resources need to be invested in its management. Whether external support is necessary for that is a question that has to be answered on a case-by-case basis. The survey demonstrated

quite clearly, however, that having people on the project who are further along the learning curve is extremely helpful. And that aspect is precisely where consulting services offer the greatest value: They enable companies to benefit from experiences they themselves lack, especially since S/4HANA can be implemented in such a plethora of ways. Another possibility is to exchange ideas with companies from your own industry; dialog should be sought out here as well.

4.4 S/4HANA as an answer to the growing shortage of skilled workers

Standardization and the automation this enables are becoming increasingly important as a way for businesses to lessen the load on their own employees and assign them tasks that create more added value instead. Not as a means of boosting efficiency; but rather with the goal of putting a company's most valuable resource – its people – to the right use. This is where digitalization can help – if a viable overall system has been found that permits automation. Which takes us back to a statement we made at the start of this report: Housekeeping needs to be done to ensure the future viability of the finance function. Now.

4.5 S/4HANA is not digitalization's final destination, rather its starting point

The defining events of recent years – the pandemic, logistics problems, resource shortages, geopolitical tensions – have often called for flexible responses that were not always in line with a company's strategic objectives. Considered crucial for setting a business apart from its competition just a few years ago, digitalization projects were often only approved if they were aimed at achieving cost savings that could be realized in the short term. S/4HANA now opens an opportunity to attach more importance to the strategic framework and use the implementation as a way of improving both professionalism and flexibility, with an eye to external factors such as market shifts and changing customer needs. After that, it should not take long before companies are able to reap the fruit of those efficiency gains and quality improvements.

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Get in touch with us:

Johan Steenstra

Partner, SAP Transformation
KPMG Switzerland
+41 58 249 57 29
johannessteenstra@kpmg.com

Further contacts:

Cristiano Benucci

Partner, SAP Transformation
KPMG Switzerland
+41 58 249 23 66
cbenucci@kpmg.com

Andreas Jopp

Partner, SAP Transformation
KPMG Switzerland
+41 79 643 85 75
andreasjopp@kpmg.com

Evgenia Rüdisüli

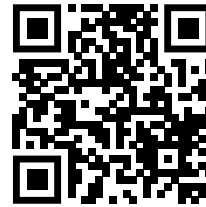
Director, Management Consulting
KPMG Switzerland
+41 58 249 67 52
eruedisueli@kpmg.com

Publisher

KPMG AG
Badenerstrasse 172
PO Box
8036 Zurich
+41 58 249 31 31

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Due to mathematical rounding and the option of multiple responses, percentages in this study may not add up precisely.

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