

The Second Big Wave of SAP S/4HANA Adoption, fueled by End of Maintenance, is Underway

SAPinsider <Talking Points> series

SAPPHIRE 2023

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Introduction

- Per recent SAPinsider findings: The Second Big Wave of SAP S/4HANA Adoption is Underway
- This “SAPinsider Talking Points” document is a special edition summarization of key data points and findings from our recent finance research report and thought leader conversations for the 2023 SAPPHIRE conference

SAP CEO statement on the End of Maintenance (EOM) deadline

*“The end of standard maintenance for all ERP releases lower than S/4HANA by the end of 2027, and I really would like to say this clearly, **there will be no extension of this timeline.**”*

“Why? Because at the end, we want to also use our R&D capacity and investments in the most effective way, and there are so many new technologies which we really want to embark on that we really want to deploy those in the cloud.”

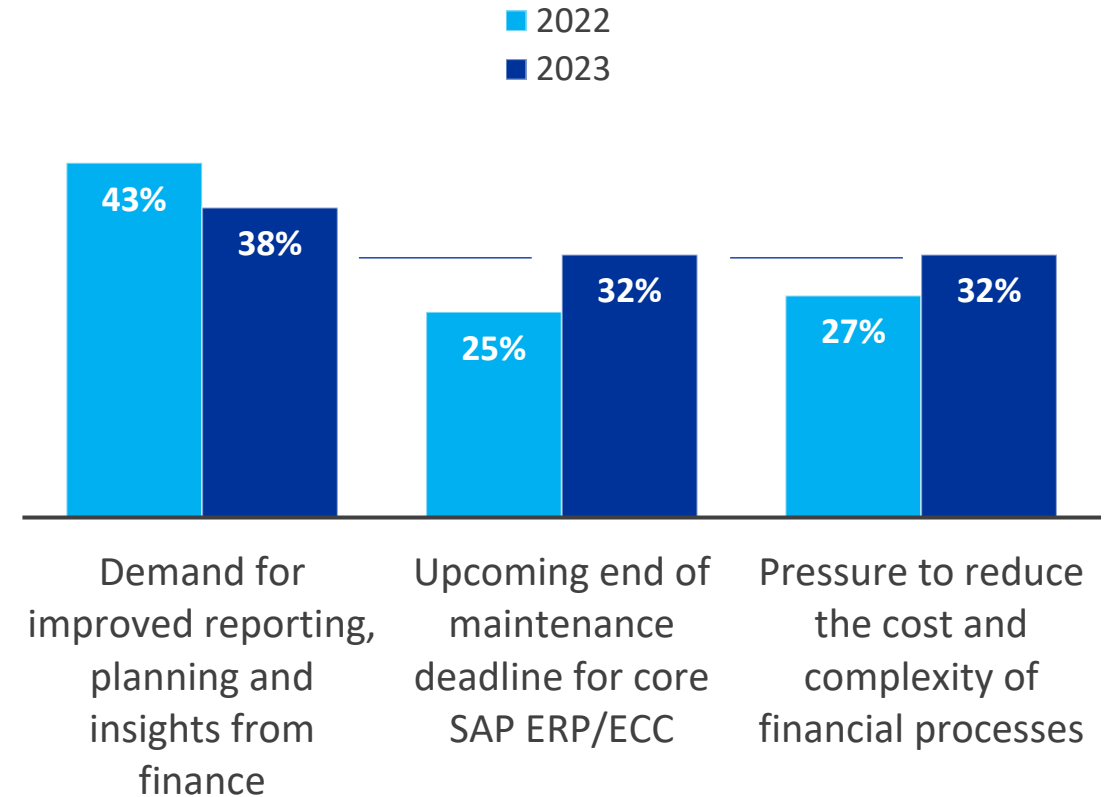
-SAP CEO, Christian Klein on 1Q23 Conference Call



End of Maintenance is a top driver for Finance

Across all companies, End of Maintenance is:

- The #2 top driver for strategic priorities
- On par with key finance business requirements

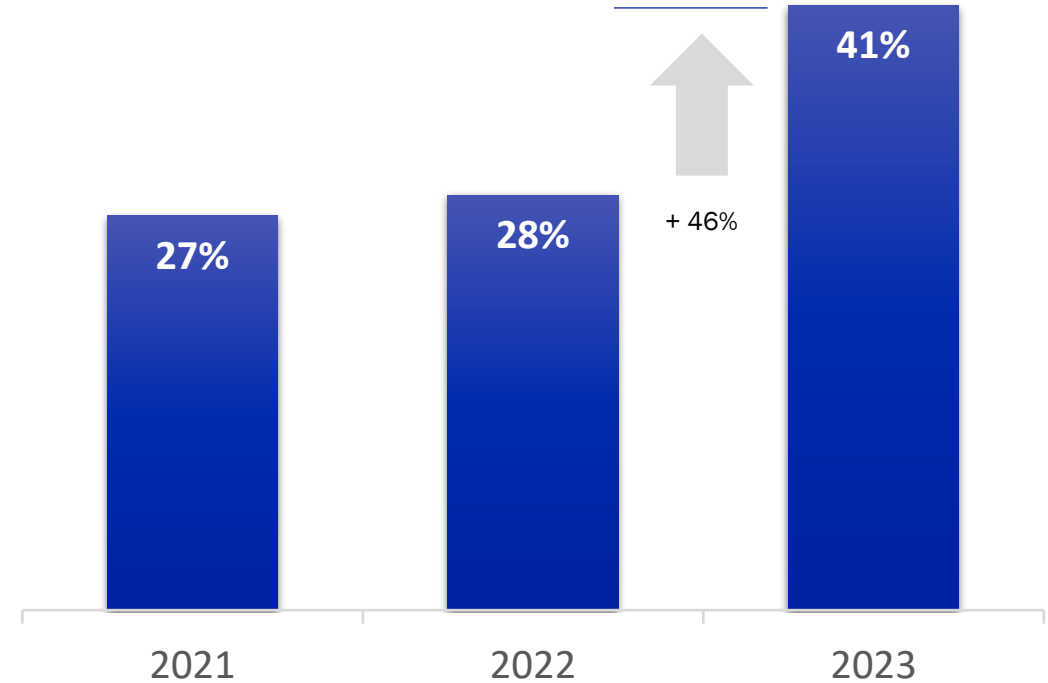


*Source: SAPinsider, February 2023

End of Maintenance is strategic, especially for ECC customers

For companies still on SAP ECC

- EOM marks a strategic priority for more than 40%
- It has nearly doubled over last two years
- Heavy upwards trend now (+46%) since 2022



**Source: SAPinsider, February 2023*

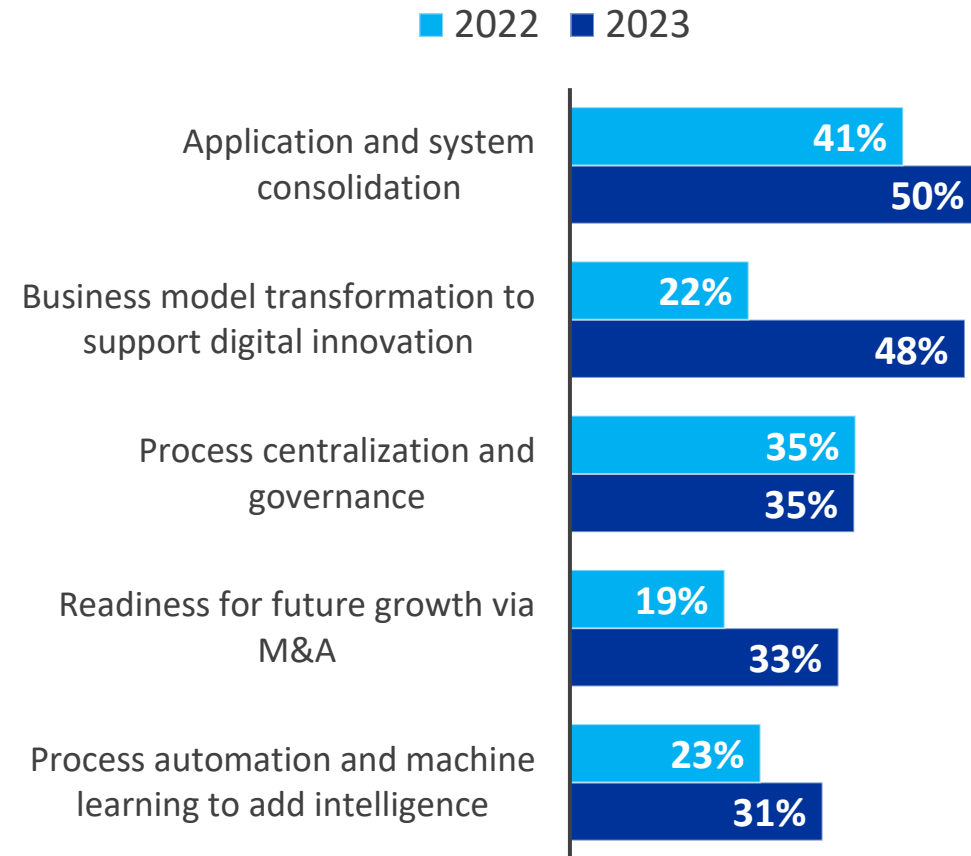
End of Maintenance is a catalyst for realizing finance target goals

S/4HANA deployments enable compliance

- Finance systems are systems of record

Catalysts for key finance target goal realization

- Digital innovation
- Finance transformation
- Process optimization and automation



Source: SAP Insider, February 2023

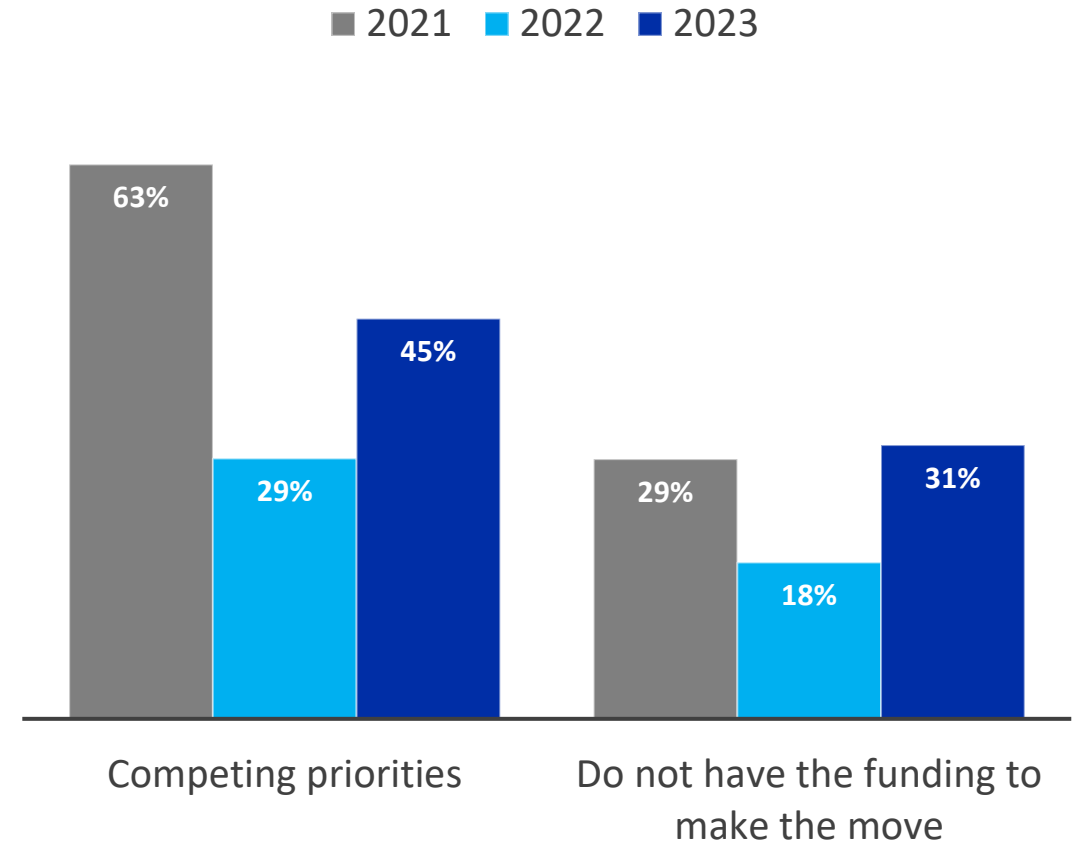
End of Maintenance means choosing a (right for you) deployment option

S/4HANA deployments directly compete

- with other IT and finance initiatives
- for key organizational resources (time, money)

Greenfield, Brownfield, Selective Data Transition, Central Finance, Public cloud ...

- All have different resource requirement profiles
- All have different value propositions
- Some fit your constraints better than others



*Source: SAPinsider, February 2023

Changes in business case considerations

S/4HANA is now a compelling event

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- End of Maintenance is not a legal requirement or industry standard
- But safeguarding the ability to execute supply chain, finance, and HR functions (compliance) is highly critical

Budget-based business cases

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- “Do not see business case” barrier now 21% (down from 37% in 2021)
- “Competing priorities” barrier now 45% (down from 63% in 2021)

MIT Sloan Management Review – April 2023

- “budget-centered business cases are biased against novel technologies, partly because they don’t factor in the value of learning gains and spillover effects. “

Evolved technical debt consideration

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- Financial system landscape simplification now #1 top action (39%)

McKinsey, April 2023

- “Knowing which aspects of technical debt are most tied to value offers a path into a more strategic approach to resolving technical debt.”

S/4HANA business cases today are subject to a more differentiated set of considerations and evaluated differently than previously

SAPinsider Webinar link

Original webinar link

- <https://sapinsider.org/webinars/webinar-end-of-maintenance-drives-next-wave-of-sap-s4hana-adoption>

In case of questions or comments please contact our SAPinsider finance research team

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Public Business Case remarks (April 2023)

“Budget-centered business cases are biased against novel technologies, partly because they don’t factor in the value of learning gains and spillover effects. “

MIT Sloan
Management Review

www.sloanreview.mit.edu/article/a-better-way-to-pilot-emerging-technologies - April 2023

“It starts with insights—knowing which aspects of technical debt are most tied to value offers a path into a more strategic approach to resolving technical debt.”

McKinsey
& Company

www.mckinsey.com/capabilities/mckinsey-digital/our-insights/breaking-technical-debts-vicious-cycle-to-modernize-your-business - April 2023

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