Embark on the Journey to SAP S/4HANA
Implementation Options and Customer Examples

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THE BEST RUN SAP

S/4HANA Customer Momentum is Strong

As of October, 2018…

9,000+ licensed customers

4,200+ deployment projects

2,200+ live customers (1st thousand in 2y 7mo, 2nd thousand in 10 mos)

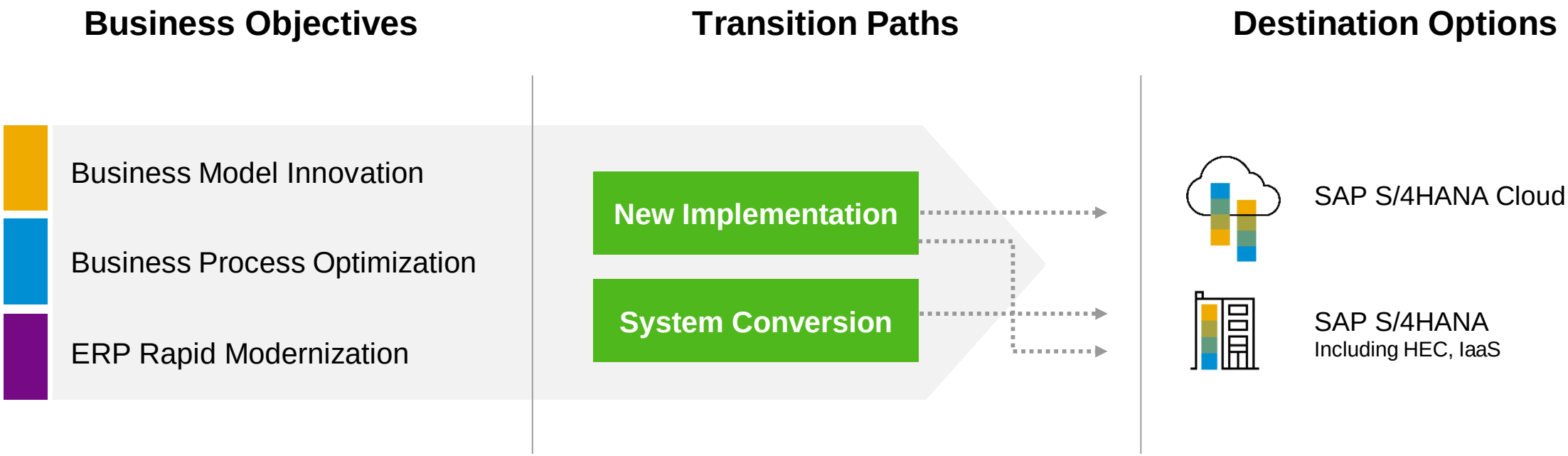
31 industries

Organizations up to 200,000 users, databases up to 49TB

Cloud (SaaS), IaaS, on-premise

Consider your path, strategic choices

Match your business objectives to possible transition paths and destinations



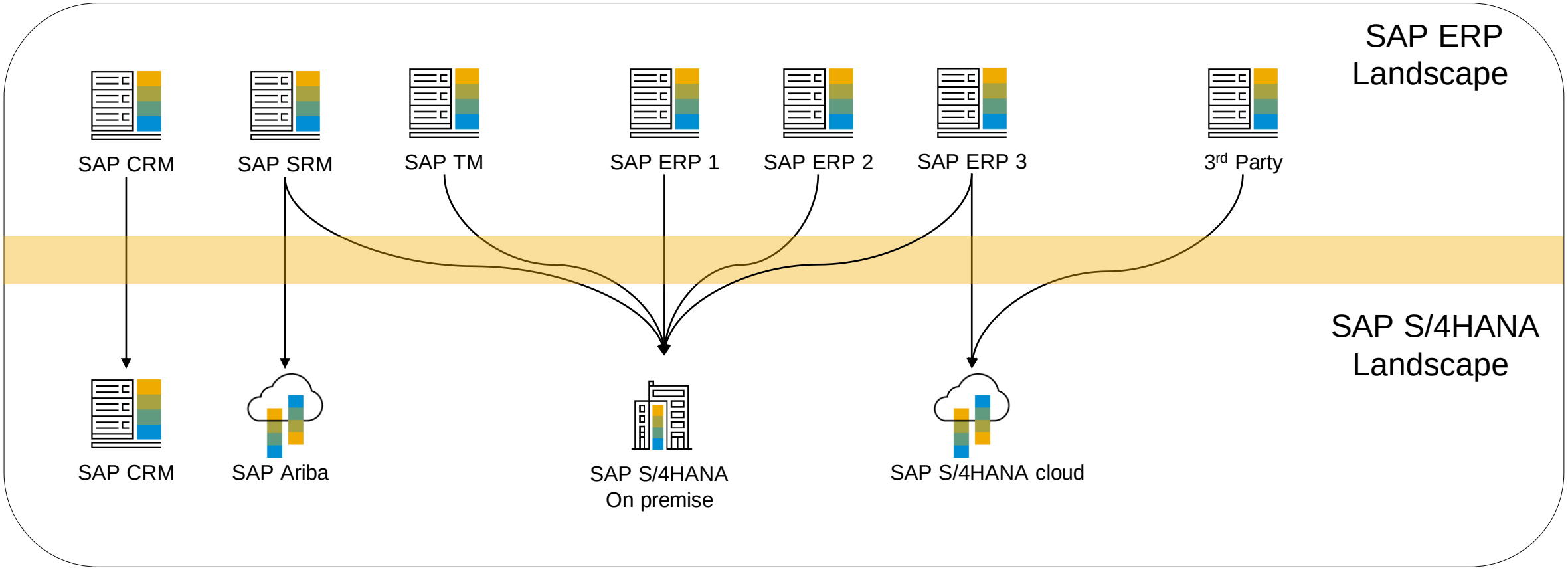
Business Objectives Comparison

Business Model Innovation	Business Process Optimization	Rapid ERP Modernization
How do we enable new ways of doing business?	How do we make our current processes better?	How can we get to the latest version quickly?
Requires support from every level	Requires support from LOB and IT	Can be done as an IT-led project
Return to standard is likely	Return to standard is desired	Customizations are rationalized but likely kept
New implementation likely	**New implementation or system conversion**	**System conversion likely**

Transition Paths Comparison

New Implementation	System Conversion
Start with a fresh install and migrate data	Start with ECC 6.x (Unicode)
Begin with standard processes	Preserve configuration and customizations
Only method supported for S/4HANA Cloud	On premise, HEC, or IaaS
Almost certainly an enterprise-wide initiative	Technical effort that can phase-in capability

Landscape Transformation? It is still an option!

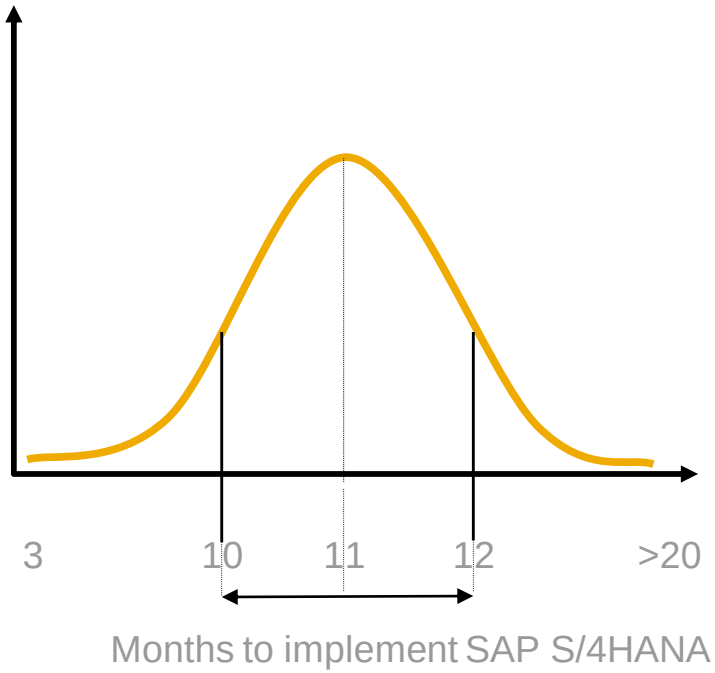


- Split and merge systems
- Move data and processes between systems

Typical S/4HANA Project Duration

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

Customers = 1145



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

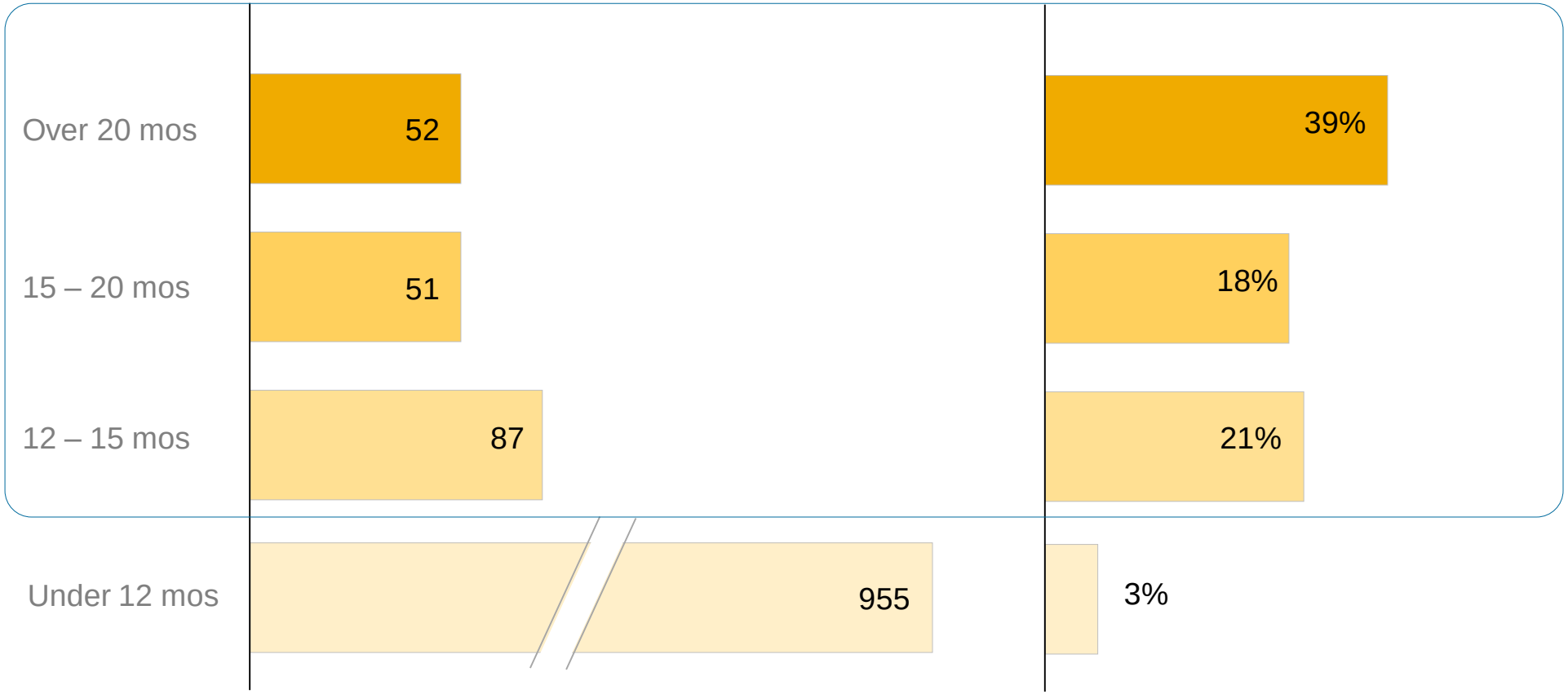
	As short as	As long as	Average
Simple S/4HANA Finance implementations	3 months	11 months	7 months
Typical S/4HANA (full suite) implementations	6 months	14 months	11 months
Complex S/4HANA (full suite) implementations at the largest customers	10 months	36 months	18 months

SAP S/4HANA Implementation Outliers

Duration of very large and complex SAP S/4HANA implementations to date

Duration, number of projects

Share of SAP involvement in projects



SAP Services tend to engage more heavily in large and complex projects

Choose the destination that’s right for you

	 SAP S/4HANA Cloud	 SAP S/4HANA Cloud, single-tenant edition	 SAP S/4HANA
Business Process	Standardized, core ERP	Flexible, ext. ERP	Customizable, ext. ERP
Innovation Lifecycle	Quarterly	Semi-annual	Annual, customer-led
TCO	Lowest	Lower	Higher
System governance	SAP-led	Customer-influenced	Customer-led
IT infrastructure	SAP, public	SAP, dedicated	Customer-managed
Customization	Within Standards	Within Standards	Open to Modifications
Extension	PaaS, SCP	PaaS, SCP	Open, SCP
System delivery	New implementation	New implementation	New or ECC conversion

Two Customer Examples
Brown Field – Green Field

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EXAMPLE 1: EUROPEAN ENERGY COMPANY - GREEN FIELD

The Customer, financials:

- European energy company
- 42.000 Employees
- €43 billion in revenue
- €2.8 billion adjusted EBIT
- €1.2 billion adjusted net income

Their Business:

- 3.9 GW generation capacity renewables
- 574,000 km in total grid length
- 16 million electricity customers
- 6,5 million gas customers
- in 10 European markets

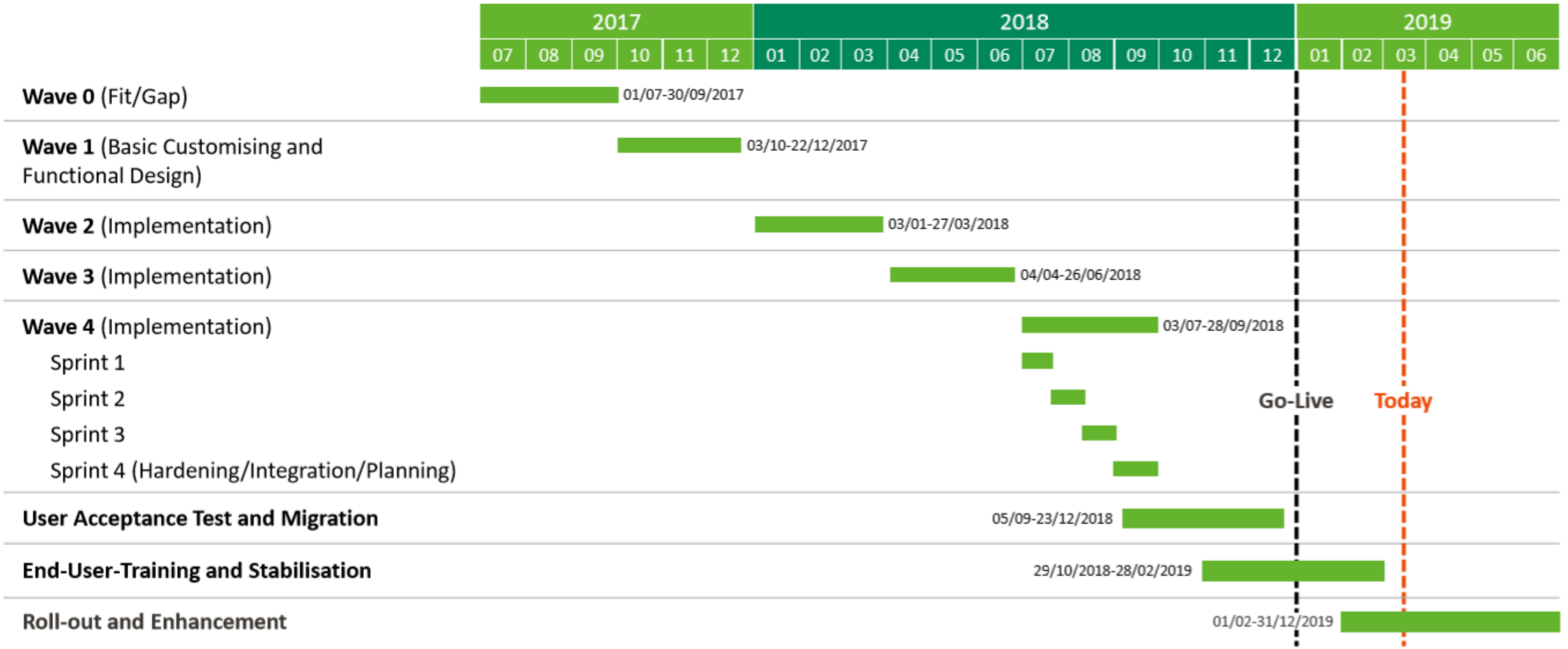
Project description:

- Streamlining the processes of the Management and Support Functions (Accounting, Controlling, Treasury, Procurement, IT), MDM
- Providing strong functionality for the Business (material management, maintenance, construction)

Why Green Field?:

- Digital Core for HQ and later on for subsidiaries (Template)
- Optimise and standardize processes, while eliminating modifications/own programs
- New segregation of duties
- Improve overall effeciency

PROJECT PLAN



ACHIEVMENTS – CUSTOMER VIEW

One ledger as **"single source of truth"** for Accounting and Controlling
aligning internal and external reporting

Reporting and planning based on **real-time data**

Intuitive handling via **"FIORI"** apps complemented by flexible and
easy to use analysis and reporting tools (new dashboards, "Analysis for Office")

New **"Master Data Governance"** module
improving master data quality and optimising master data maintenance

"Identity Management" and **"GRC Access Control"**
streamlining the authorisation processes and increasing system security

EXPERIENCES – CUSTOMER VIEW

Going ahead is tedious sometimes
(teething troubles, extra work due to lack of know-how and experience, etc.)

… but rewarding altogether
(team very motivated, SAP highly committed)

SAP Activate is a well-functioning concept
(clear steering, excellent control, comprehensive documentation)

… albeit not perfect and fully established yet
(Best Practices and Solution Manager are still developing, consultants are still learning)

Helpful tools
(e. g. Test Manager, Enable Now)

Good functionality
without further programming

“Agile” fosters quality & helps to stay on time and in budget, but needs to be actively established

Top Management support & Change Management are of utmost importance

Significant improvement on R/3
(data consistency, data availability, workflow support, user interface, etc.)

“Simple & Standardised” is hard to enforce both in Business and IT, but crucial for success

Freeing up the critical experts is difficult (both in Business & IT, especially full-time for agile, co-located project work)

Product Owners need to have an excellent overview and a strong empowerment

The HEC is focused on Run, but Build occasionally requires support beyond the standards

Summary

Project

- Greenfield Implementation for FI/CO, MM/SD, TRM, PM, MDM
- Implementation of new compliance concept (GRC)
- Template Approach for HQ and later on for other subsidiares
- Migration of necessary data, Interfaces

Approach

- SAP Value Assessment
- Best Pratice Approach
- Fit Gap Analysis
- Agile Methodology

Duration

- 18 Months
- After Go Live stabilisation phase + further training

Architecture

- Digital core as a fundation for further projects
- Standardized processes as much as possible
- Preferable use SCP for processes, which require functionality beyond standard

EXAMPLE 2: CHEMICAL COMPANY - BROWN FIELD

The Customer, financials:

- US/Canadian Chemical company
- 2.900 Employees
- $3,8 billion in revenue

Their Business:

- 9 Locations in the US
- Produces chemicals (polyethylene & Styrenics)
- Create high-quality, high-performing resins

Project description:

- Convert on-Prem ERP system to S/4
- FICO, MM, SD, QM, HR, PM, PS, PP, CRM, SCM
- 20 years of custom code
- Implementing only must do functionality (e.g. business partners)

Why Brown Field?:

- Risk Mitigation into 2 phases:
  - P1: Technical conversion S/4
  - P2: Fit gap / innovation review to determine what can be optimized in S4 and also what custom code / processed can be brought back to Standard

PROJECT PLAN

- Business Suite on HANA (BSoH) - Converged Infrastructure	- Change Leadership - Collaboration on Options & Methodology - Scope - What are the Must Do Changes - SAP Collaborative Value Assessments - Business Case Support	- Technical walk through Cookbook Development - Sandbox Execution - Code Remediation - SAP MaxAttention - Business Testing - November Go Live	- Implement Out of the Box Best Practices - Natural Fit/Gap into S/4 - Improved U/X - Embedded Analytics - Digitization

- 10 month conversion to S/4HANA

EXAMPLE 3: UTILITY COMPANY - BROWN FIELD

- **The Customer, financials:**
- Utility company
- 47 658 Employees
- 5.6 million customers
- 384 712 km grid

Duration:

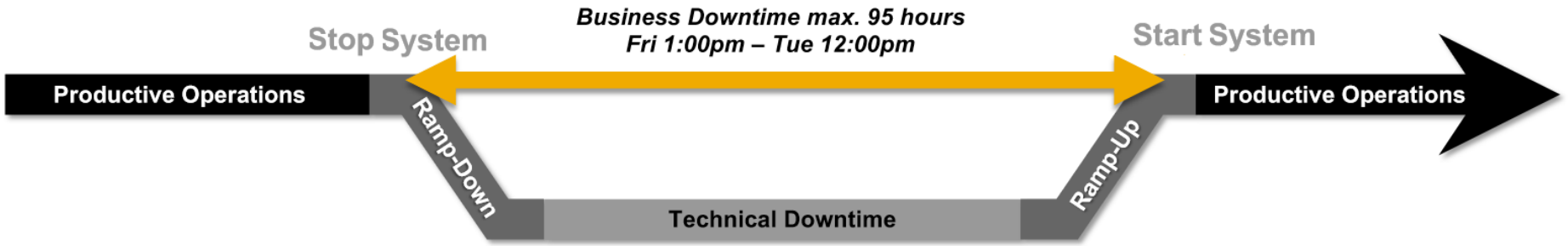
- 7 months

- **Project description:**
- Convert on-Prem ERP system to S/4
- FI, FI-AA, FI-CO, MM, PS, PP, SD, Travel Management
- Minimized Downtime
- Implement functional changes

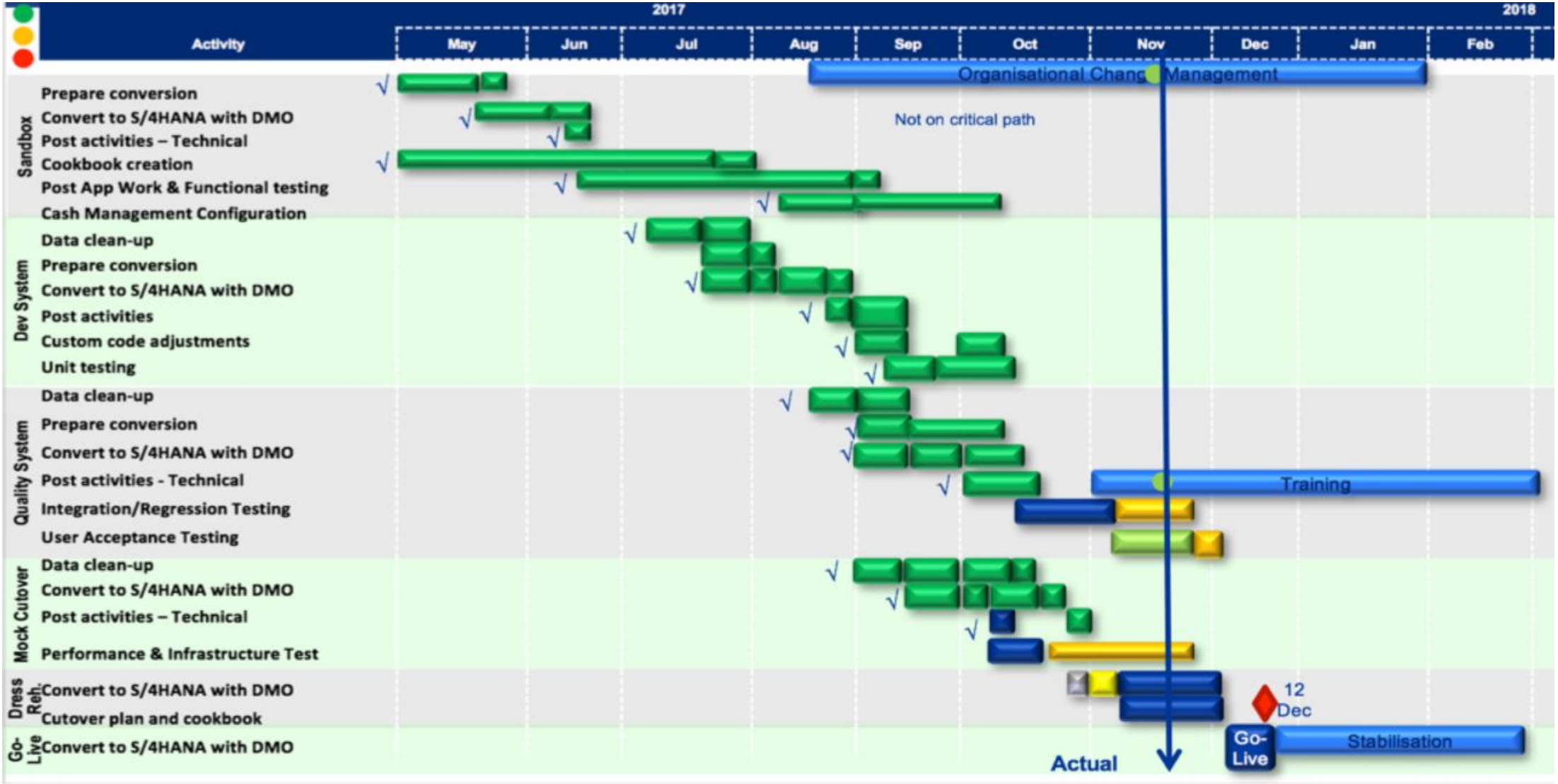
- **Why Brown Field?:**
- Limited time line, because of year-end closing
- Quick wins, e.g. reduced infrastructure expenses and much better efficiency
- Costs

Project Scope

- Migration of the central ERP system to S/4HANA
  - Source: ERP6.0, EHP7, Oracle 7TB (uncompressed)
  - Target: S/4HANA 1610 –Modules: FI, FI-AA, FI-CO, MM, PS, PP, SD, Travel Management
- Functional S/4HANA Migration scope (high level):
  - Customer Vendor Integration –> Business Partner
  - Employee conversion -> Business Partner
  - New Asset Accounting –Classic Cash Management -> New Cash Management
  - MRP storage location change to MRP areas



PROJECT PLAN



12. December 2017 Go-Live S/4HANA

64 Sample Customers: Top 5 Reasons for S/4HANA Success

Complete buy-in from the business

- Top management was committed
- Business had a vision for S/4HANA potential
- Prototypes or models made it real
- IT-LOB communication was excellent

Functional scope was not in question

- Strong functional team with Fiori experience
- Decision was made to return to SAP standard

Project team was experienced

- Clear responsibilities
- Detailed activity list

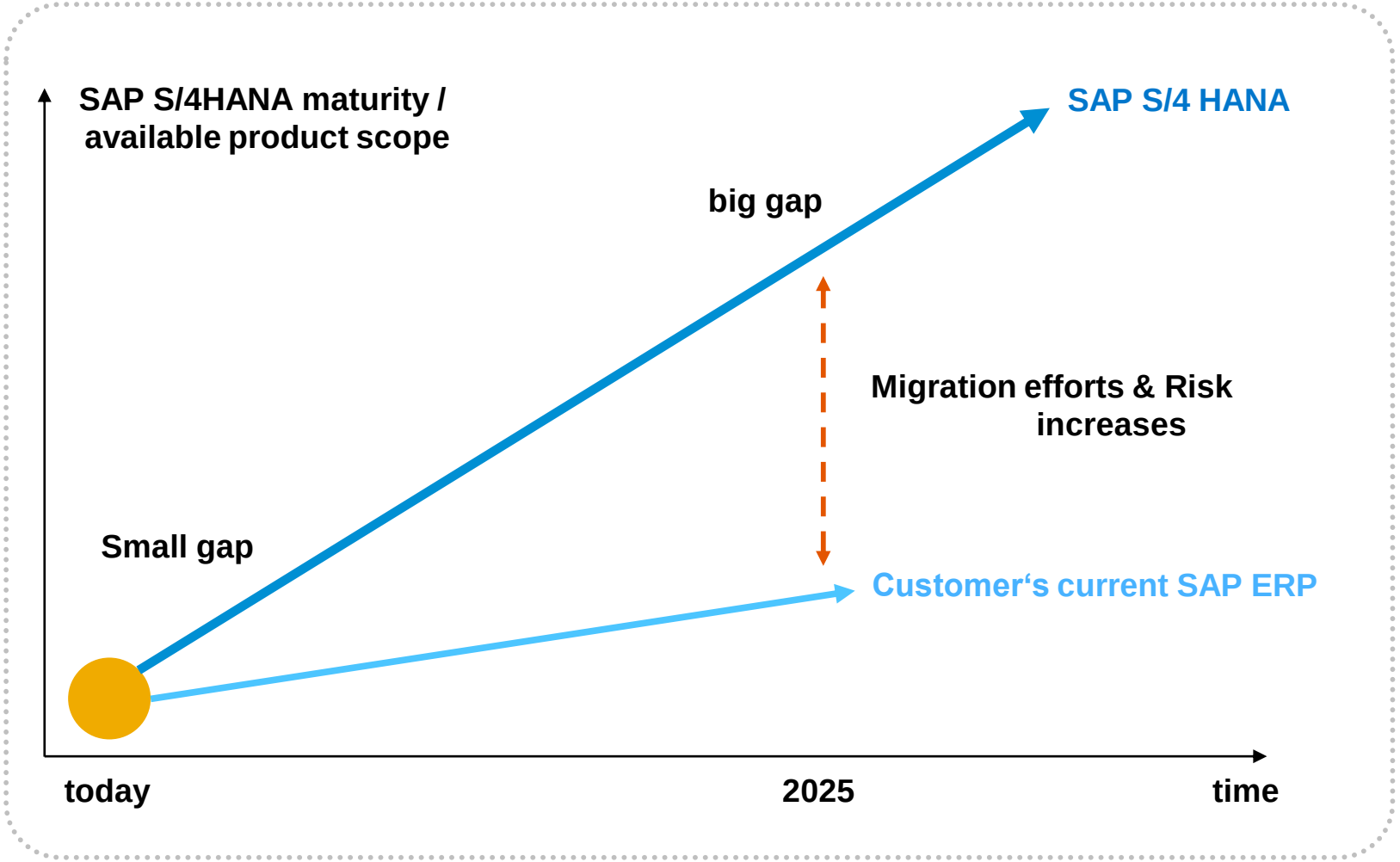
Support from SAP or Partner was easy to get

- Questions answered quickly
- SAP/Partner had access to dev systems
- KT sessions early on
- Initial workshops for functional planning

Technical execution was good

- Used SAP Activate and best practices
- System conversion over weekend to minimize downtime
- Key Users were trained early

Myth: It is better to wait some years before to transition to SAP S/4HANA



- Typically more users, more processes, more data => more complexity
- SAP ERP not attractive – new requirements are realized not in SAP ERP – relevance of ERP gets lower
- Loss of knowledge in IT and business – why did we configure the system the way we did it

Thank you.

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