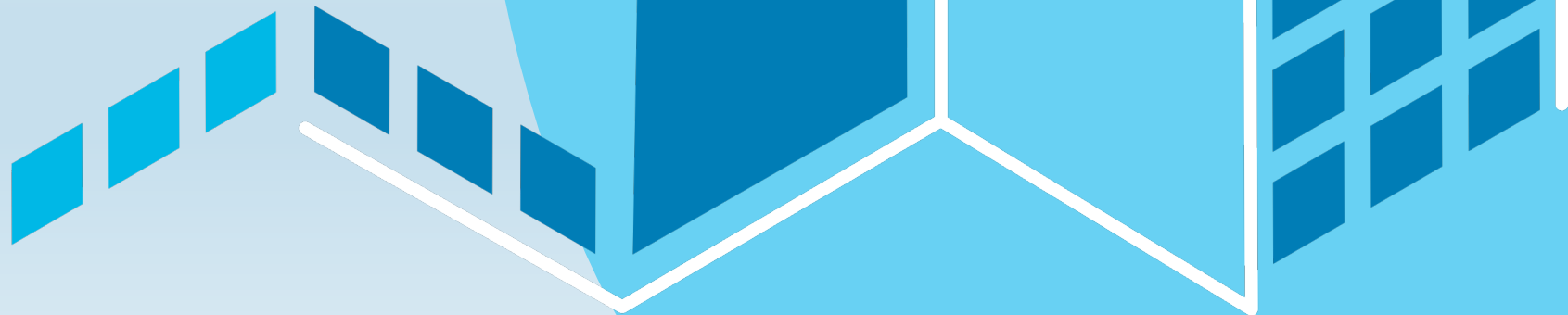# Six lessons learned for your S4HANA program

By DSI - Digital Supply Institute

Six lessons learned for your S4HANA program

Digitalization is on everybody's lips. And there are only few things that work without IT. But that does not mean, that just by using latest technology you succeed. Many IT programs suffer from happy engineering and lack business focus. So, how about your S4HANA program? What lessons learned should you consider, what kind of success factors are key, which pitfalls to avoid? Here are six points to make your S4HANA program a success:

First of all, don't put yourself under too much **time pressure**. Although SAP originally announced to stop mainstream maintenance in 2025, Waldorf now extended the deadline to 2027 and you can option for 2030. And yes, a S4HANA implementation and cloud migration easily takes some years. But you should do the right things pro-actively and on time, rather than doing the wrong things fast. Unless there are other reasons to hurry up, take your time to develop your approach to S4HANA and make the right call. For doing so, a roadmap exercise to develop a proper strategy and set up is a good start.

Secondly, don't consider your S4HANA program being an IT project. You should set it up as a **business transformation** rather than an ERP implementation. Of course, the easiest way is a brownfield migration. In this case, however, you just get the same old processes into a new vessel. If your initiative does not get the buy-in of your business colleagues, it won`t bring the value that it can. Typically, business targets include developing new business models, consolidation of external growth and business efficiency enhancements. With respect to these objectives S4HANA can contribute significantly, however, needs to approach greenfield rather than brownfield. Making it a business transformation requires an adjusted project governance, sufficient business capabilities and change management, accordingly. Often, long-serving SAP experts consider S4HANA to be just another migration like the S3 introduction, but far wrong. It`s all about new business opportunities enabled by S4HANA.

Thirdly, define the **scope** for your S4HANA project properly. Many companies aim at simplifying their ERP core in terms of fit-to-standard and limit scope accordingly. But S4HANA goes beyond that. It can include a number of so-called satellites like Planning, Customer Service, Pricing, Manufacturing amongst others. While the core should stay as simple as possible, satellites are supposed to create business value. For example, individualization of the offering portfolio causes a higher share of make-to-order products and thus requires flexibilization and a demand driven supply including production planning and scheduling. Big corporates typically differentiate between enterprise satellites and divisional satellites. There is no one-fits-all or off-the-shelves answer, which enterprise satellites to consider. The scope thus has to be defined individually. For example, future B2B2C business models shift traditional industry border lines, require a one-instance strategy across Business Units and thus support enterprise satellites.

A fourth point is an appropriate **business case**. Your S4HANA project easily is a double or even triple million Euro investment. Typically, the pay off period is poor if only direct system benefits are being considered. But once you are introducing new processes there is a chance of addressing improvements even more comprehensively. Opportunities include non-IT improvements in terms of a target operating model as well as enhancements stabilized by the system. In many cases 1 Euro Ebitda upside as direct SAP impact can come along with 2 Euros from business enablement, and there may be another 3 Euro in terms of innovation. Such more holistic view on S4HANA opportunities can make a difference when it comes to commercial viability. Needless to say, such business case needs co-ownership between IT and business.

Factor number five talks your solution portfolio. You should use a **best-of breed** approach when selecting the right solutions. Dependent on industry and process scope, there is a wealth of solutions available, not limited to SAP. In Process Industries for example, there are quite some alternatives when it comes to sales & operations planning, asset management or maintenance. Quite some companies do not appreciate the forced migration towards S4HANA and seek for alternatives for procurement reasons, to decrease dependencies from single vendors. At the same time, there is a value of having all in one system. Needless to say, a best-of-breed approach of solutions requires a state-of-the-art enterprise architecture to get started.

Last not least, point number six refers to your **deployment** strategy. Classically, a global template is being developed and then being deployed in a country-by-country mode. This can take quite a while and is not necessarily in line with business priorities, which go for value. Deploying S4HANA in a value-driven way therefore means to de-couple certain value levers and solutions associated and implement even faster. In this case, the solution first of all is being connected with the old ECC and then later on with the new S4HANA core. Instead of de-coupling of value levers the de-coupling of certain legal units can be relevant, e.g. shared service centers for customer service. A value driven deployment offers a so called accelerated value because it creates impact if you bring P&L effects some years earlier into the balance sheet.