SAP S/4HANA Introduction and Outlook

Michael Lamade, SAP SE Global Head of S/4HANA Industry Program
October 21, 2015   Public

SAP

Agenda

SAP S/4HANA Adoption

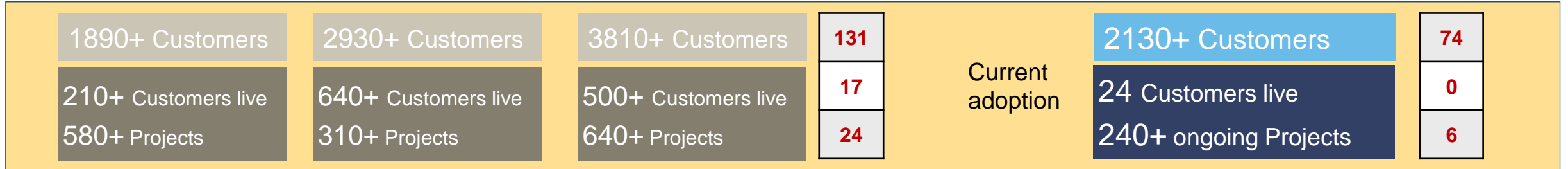SAP S/4HANA Strategy and Motivation

Industry use cases - getting ready for the digital economy

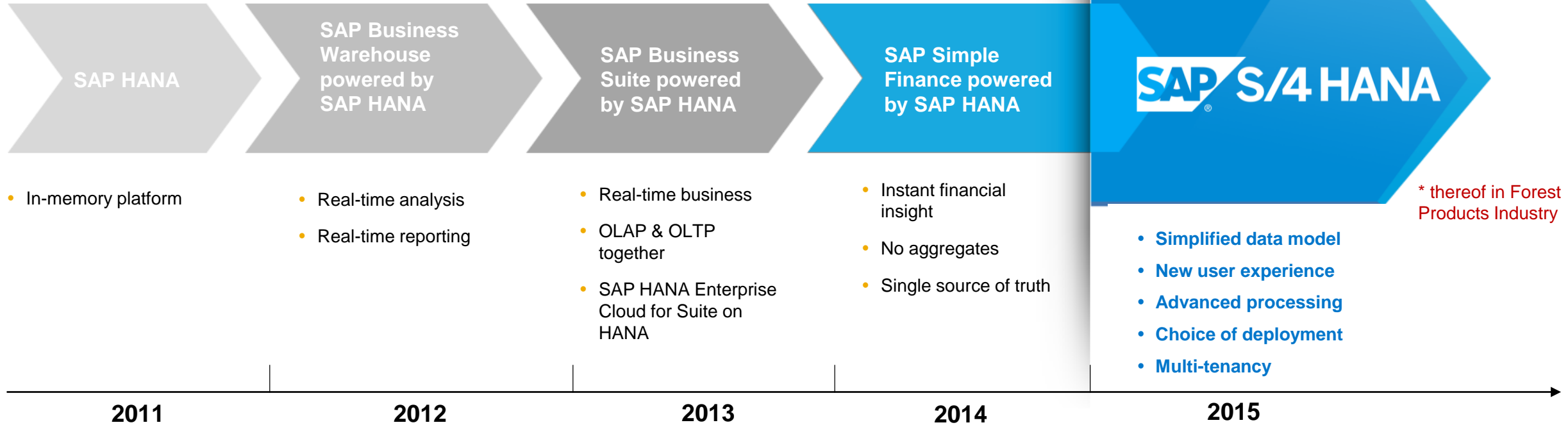Differentiating capabilities of SAP S/4HANA

How to get there – migration and transition considerations

Summary and Next Steps

SAP S/4HANA, the next-generation business suite

1890+ Customers	2930+ Customers	3810+ Customers	131	Current adoption	2130+ Customers	74
210+ Customers live	640+ Customers live	500+ Customers live	17		24 Customers live	0
580+ Projects	310+ Projects	640+ Projects	24		240+ ongoing Projects	6

as of Oct 2015

SAP HANA ➤ **SAP Business Warehouse powered by SAP HANA** ➤ **SAP Business Suite powered by SAP HANA** ➤ **SAP Simple Finance powered by SAP HANA** ➤ **SAP S/4 HANA**

* thereof in Forest Products Industry

- In-memory platform

- Real-time analysis
- Real-time reporting

- Real-time business
- OLAP & OLTP together
- SAP HANA Enterprise Cloud for Suite on HANA

- Instant financial insight
- No aggregates
- Single source of truth

- **Simplified data model**
- **New user experience**
- **Advanced processing**
- **Choice of deployment**
- **Multi-tenancy**

2011	2012	2013	2014	2015

Transformation does not come from incremental improvement but from doing things **fundamentally differently**

MOHAWK

HBIS 河北钢铁股份有限公司

UPM

Social media innovation

- Immediately responding to social inquiries
- Streamlined lead process and hand off to retail partners

80% Of deals closed that began by monitoring and directing social conversations

Sustainable development

- In-depth integration of IT and industrial operations globally
- Breadth of KPIs for early detection of quality issues

80% Reduction in inventory with a 50% rise in production

Disintermediation

- Expanding from Forest Products to a "Biofore" Company
- Higher growth in into biofuels, biochemical and new materials

24% Improvement in operating profit

The common denominator: a digital value chain enabling flexible, agile, interconnected operations and new levels of business insight

"By 2018, one-third of the top twenty market share leaders in most industries will be significantly disrupted by new competitors (and "reinvented" incumbents)."*

*Source: IDC, March 2015

Business leaders need to digitally transform across five key pillars

Assets and Internet of Things

Analyze sensor data from products, and deliver outcome-based experiences

Monitor assets on the factory floor to predict failure and decrease downtime

Gain instant visibility into whereabouts of in-transit materials to drive new scheduling efficiencies

How can I better utilize my products and assets?

Customer Experience Omnichannel

Engage customers more personally with one-to-one marketing

Personalize products and offerings by slicing and dicing customer data on the fly

Predict customer behavior, and make context-relevant product recommendations

How can I deliver an omnichannel experience?

Core Business Processes

Move away from lengthy and time-consuming batch processes

React quickly to market signals happening in real-time across the value chain

Connect my enterprise to people, devices, business and social networks

How can I digitize my core?

Workforce Engagement

Attract and retain talent by clearly communicating business impact

Enhance decision making with a cross-device, personalized user experience

Gain full visibility into critical human resource gaps to prevent business disruption

How can I better engage my workforce?

Suppler Collaboration and Business Networks

Extend business processes, and deliver new value to customers

Gain the flexibility to customize to changing customer demands in shorter planning cycles
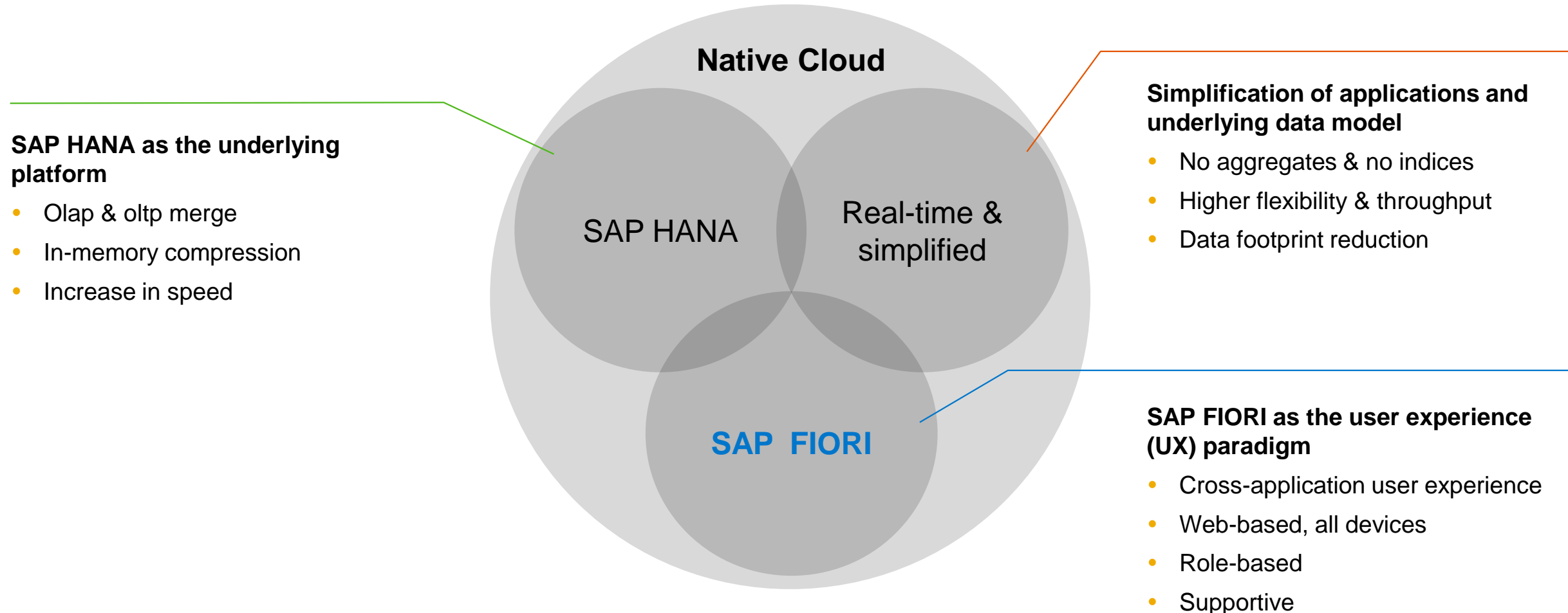
Orchestrate profitability with real-time sensing of demand-and-supply data

How can I increase supplier collaboration?

SAP S/4HANA – ONE solution for ONE business problem

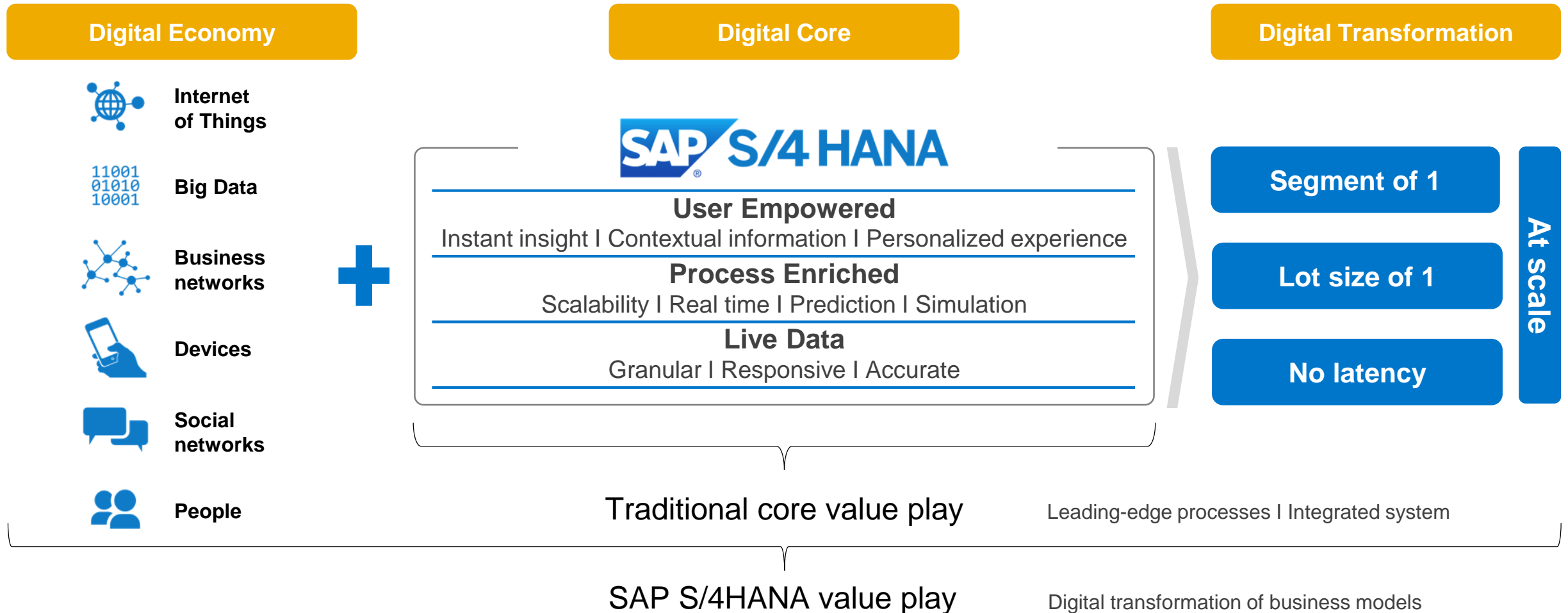## 4 Key Enabler to run digital transformation for key enterprises

Native Cloud

SAP HANA

Real-time & simplified

SAP FIORI

SAP HANA as the underlying platform

- Olap & oltp merge
- In-memory compression
- Increase in speed

Simplification of applications and underlying data model

- No aggregates & no indices
- Higher flexibility & throughput
- Data footprint reduction

SAP FIORI as the user experience (UX) paradigm

- Cross-application user experience
- Web-based, all devices
- Role-based
- Supportive

SAP S/4HANA Suite

Introducing the next generation core and lines of business solutions for the digital economy
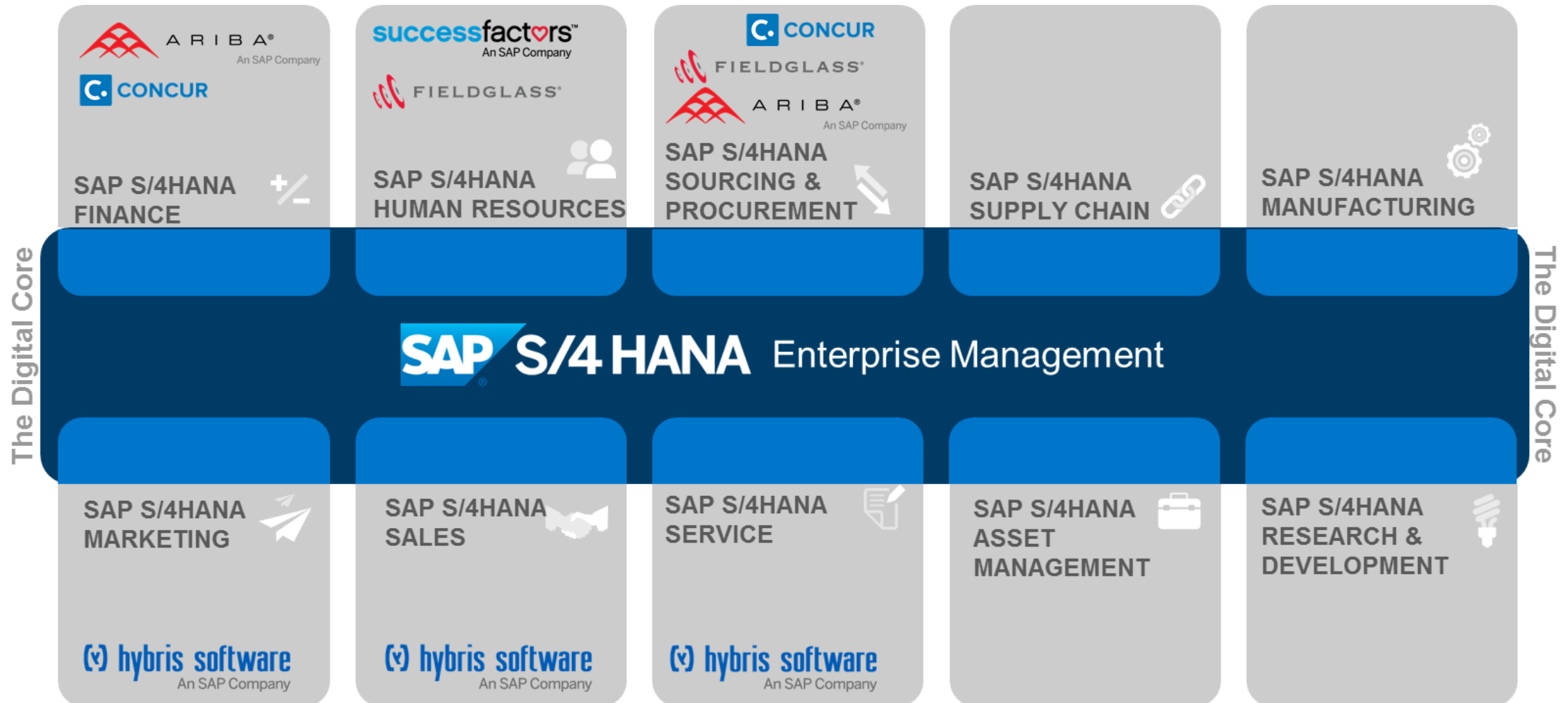
Value Toolkit: digitize beyond the core, embrace the digital economy

Digital Economy

- Internet of Things
- Big Data
- Business networks
- Devices
- Social networks
- People

+

Digital Core

SAP S/4 HANA

User Empowered
Instant insight I Contextual information I Personalized experience

Process Enriched
Scalability I Real time I Prediction I Simulation

Live Data
Granular I Responsive I Accurate

Digital Transformation

- Segment of 1
- Lot size of 1
- No latency

At scale

Traditional core value play — Leading-edge processes I Integrated system

SAP S/4HANA value play — Digital transformation of business models

Differentiate On customer experience through predictive capabilities and connected manufacturing

Digital Business Scenario: Predictive Quality & Complaints

① Social media triggers service ticket
② Analyze similar customer complaints
③ Root cause analysis of quality issues
④ Global item traceability
⑤ Predict future quality issues
⑤ Adjust process parameters for tighter process control
⑥ Find & block affected inventory
⑦ Predict future complaints & claims
⑧ Proactive customer service & callback
⑨ Constantly benchmark for "golden "run"
⑩ Balance maintenance against compliance cost
⑪ Sense future quality issues at customer
⑫ Optimize warranty accruals

Customer experience omni-channel

Assets & Internet of Things

Digital core

Value estimates

7-10%
Reduced scrap value

5-10%
Improved customer satisfaction
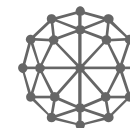
10%-15%
Reduced revenue loss due to compliance and recall issues

Time
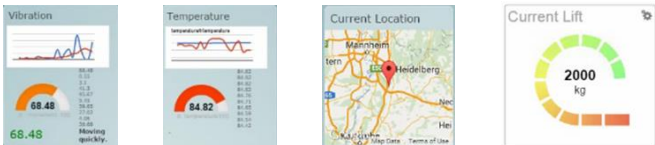
Source: SAP and customer benchmarks

Digital business scenario for mill products

Customer experience omni-channel

1. SAP Cloud for Social and Cloud for Service for omni-channel tracking of social media

2. SAP CRM for complaint management

7. SAP CRM for claims management to predict future complaints & claims

8. SAP CRM for claims management for proactive customer service & callback

Assets & Internet of Things

3. SAP Plant Connectivity and SAP Event Stream Processing to capture quality & sensor data in-house

5. SAP MII to predict future quality issues

9. SAP MII to benchmark teams, shifts, production lines and plants to identify best practices

11. SAP HANA Cloud Platform for IOT to sense and predict quality issues at the customer site

SAP S/4 HANA
Digital Core

3. SAP Quality Issue Management to identify root causes, trigger measures and document compliance

4. SAP Global Batch Traceability to track items through production across boundaries

5. SAP Predictive Maintenance & Service Foundation, and SAP Predictive Analysis for predictive quality, and machine health

6. SAP Global Batch Traceability to ensure batches with quality problems are blocked

10. SAP Business Planning and Consolidation on HANA for benchmarking, and maintenance cost budgeting.

12. SAP Predictive Analysis for Warranty Cost Analysis

Supplier collaboration business networks

Total workforce management

Top simplification / improvement areas within SAP S/4HANA
(Business focus)

Id	Topic / Value	Example
1.6	**New business processes/models** • Sensor drives individual customer engagement	Detect shoe pressure/ send signal → Predict reorder point → Send promotion @ → Customer orders via web-shop → Store pickup
1.5	**Enriched business processes** • Sensor detects machine health status ➜ triggers maintenance	Vibration 68.48 / Temperature 84.82 / Current Location (Mannheim/Heidelberg) / Current Lift 2000 kg
1.4	**Re-designed business flows/UIs** • Increased user productivity • Intuitive UIs require less/no training	• Process Receivables • Clear Incoming Payments • Post Incoming Payments
1.3	**Re-designed processes** • Increased user productivity with processes steps becoming obsolete	• Receivables Management • Sales & Operations Planning • Preliminary Cost Estimate
1.2	**Re-architect computing-intensive applications** • Code push-down from application layer (ABAP) to database	• MRP • Backorder processing • Material consumption posting (backflush)
1.1	**Optimize Transactions for HANA** • 1000+ transactions have been performance-optimized	• <3 sec: users work without delay • <10 sec: users work without waiting • <30 sec: users don't lose context

SAP Simple Finance - receivables management

SAP GUI	SAP Fiori UX
Duration: 2:12 mins	Duration: 47 secs
Clicks: 39	Clicks: 11
Screen changes: 8	Screen changes: 2
Fields filled: 5	Fields filled: 2

64% reduction in duration
71% reduction of clicks
75% reduction in screen changes
60% reduction of fields filled

Operate in **real-time**

Response time < 3 seconds
►Users stay in flow

Top simplification / Improvement areas within **SAP S/4HANA**
(Business AND IT focus)

Id	Topic / Value	Example
2.6	Analytics embedded in Operations • Decision support with simulations, what-if, predictive	• e.g. ice-cream scenario • e.g. resolve under-coverage in MRP based on simulated proposals
2.5	Self-service Analytics • Off-load IT from routine requests	• e.g. Lumira
2.4	Data model simplification • Lower data-footprint • Increased throughput (factor 7+)	• Simple Finance • Simple Logistics
2.3	Re-architect applications - "best of SAP" strategy • ➔ next generation ERP	• Enrich MRP with constraint-based planning from PP/DS (APO) • Enrich Procurement with self-service requisitioning, catalog, search from SRM
2.2	Landscape consolidation/simplification • OLTP & OLAP together	• Operational reporting in the transactional system • Planning applications on operational data (no latency)
2.1	Landscape consolidation/simplification • co-deployment of applications	• e.g. ERP and SCM, ERP and SRM (lower TCO, simpler administration)
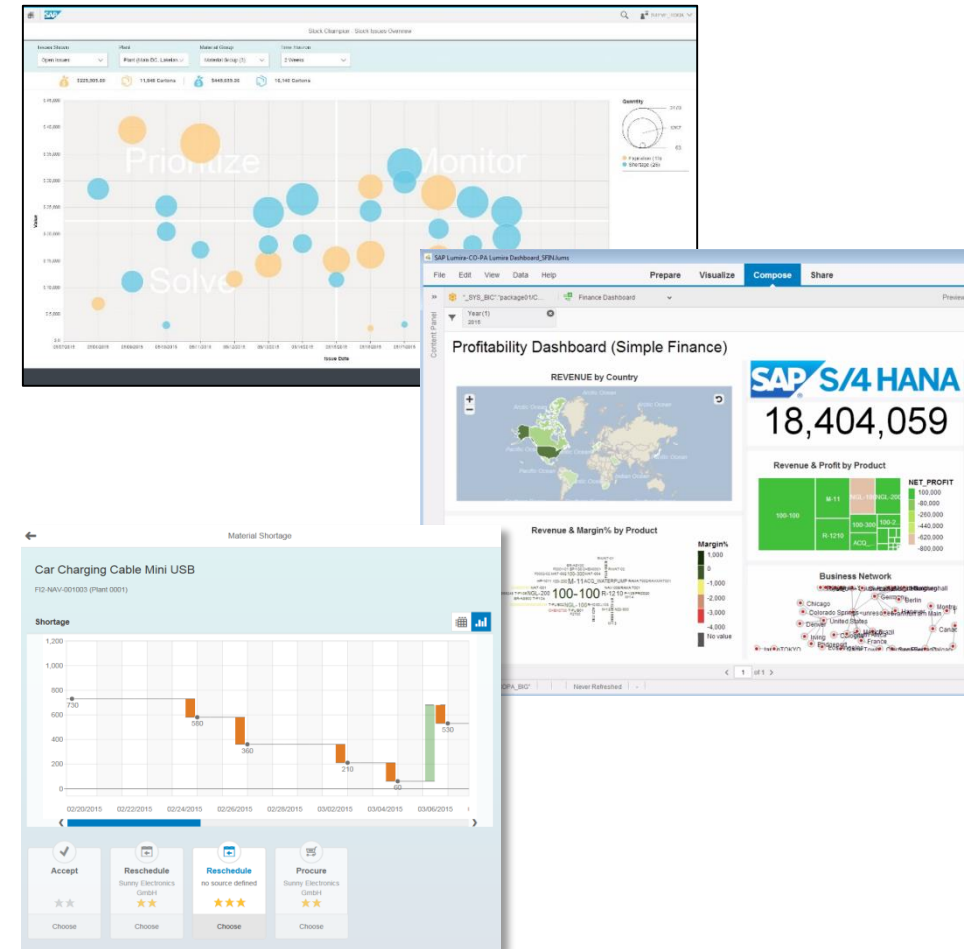
SAP S/4HANA roadmap

SAP S/4HANA
On-Premise Edition

SAP S/4HANA
Cloud Edition

SAP S/4HANA
Cloud Edition
(next update)

SAP S/4HANA
On-Premise and Cloud
Edition (next update)
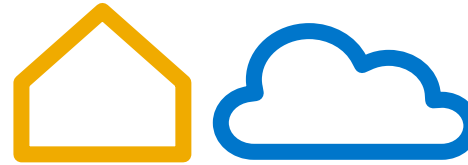
SAP S/4HANA
roadmap on
Service
Marketplace
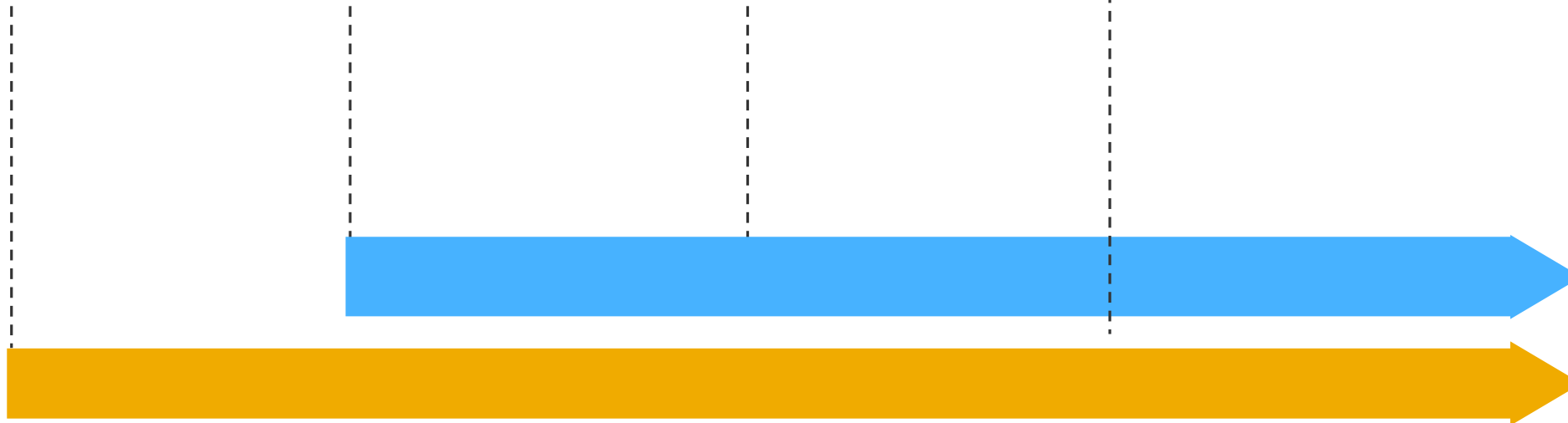
Quarterly innovation cycle

Yearly innovation cycle

Available
Today

Planned
Innovations

Future
Direction

Continuous innovations

Disclaimer: This map represents SAP's current plan, but subject to change without any prior notification. Certain planning constraints such as regulatory and licensing issues are outside of our control and may impact the timelines

Deployment considerations: Cloud vs. on-Premise

'ON PREMISE' APPLICATIONS / SOLUTIONS			CLOUD APPLICATIONS	
FROM SAP	SAP BUSINESS SUITE	SAP BW	S/4HANA · ARIBA · CONCUR · successfactors · FIELDGLASS	hybris software

Degree of 'Customization' _____ **Degree of 'Standardization'**

On Premise	HANA Enterprise Cloud		Cloud (SaaS)
Dedicated to One Customer	Dedicated to One Customer		Many Customers (Multi-Tenancy), Dedicated on request
Customer has System Governance	Customer has System Governance	≠	SAP has System Governance
Full Customer involvement	Customer involvement is part of the model	≠	(Very) limited customer involvement
Services by Customer	Services by SAP and Customer (can be delegated to SAP – AMS*)**	≠	Services by SAP**
BYOL	BYOL + SW Subscription		Subscription (including infrastructure & AMS)
End User Access Web + Traditional	End User Access Web + Traditional		End User Access Web only
Unlimited Scope	Solution Scope		Standard Appl. Scope
Highly Flexible (do what you want)	Flexible (configurable + add approved component systems)	≠	Highly Standardized (pre-configured)
Modifications allowed	Modifications not recommended Modification clearing services	≠	No Modifications allowed
Different Software Release Levels	Different Software Release Levels	≠	Same Release Levels

**** Onboarding separately**

Migration considerations: typical scenarios

Landscape Transformation

New Implementation
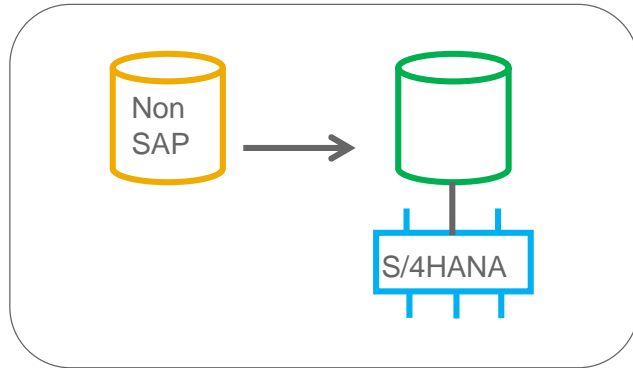
System Conversion
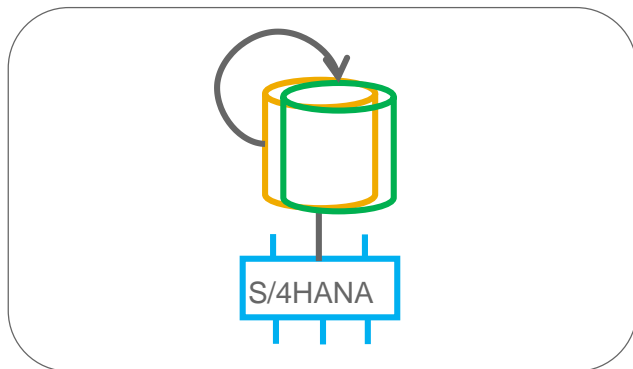
IT System Consolidation

ERP, CRM, SCM, SRM, PLM

Data Carve-Out

Company Code Transfer
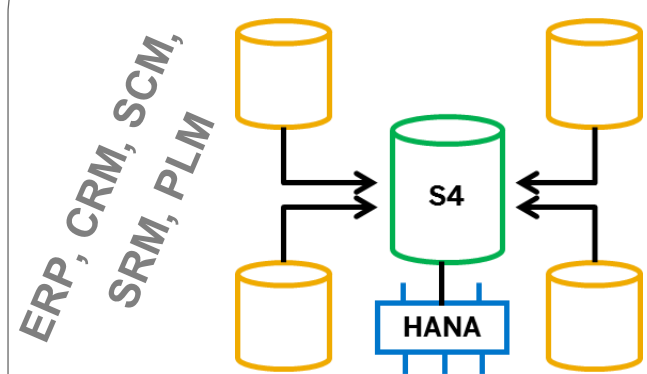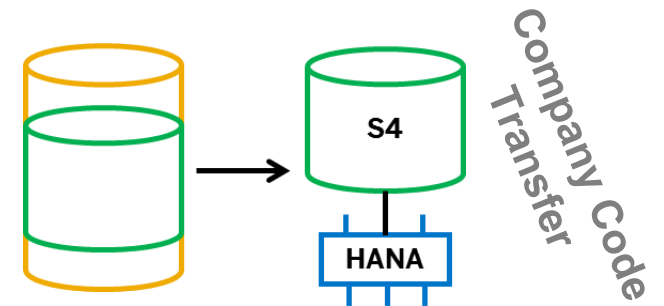
Migration of selected applications

Central Finance
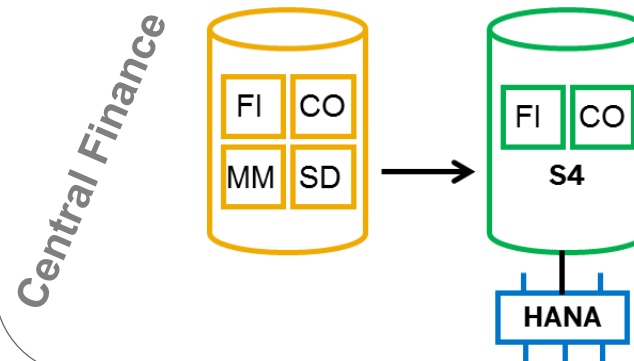
Data Reduction (Slimming)
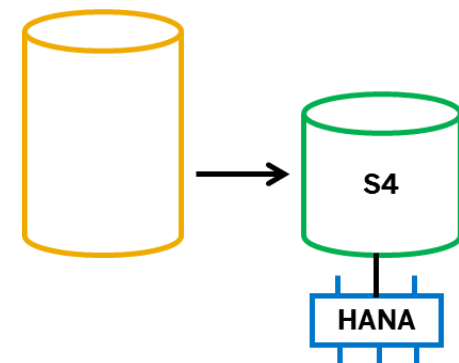
SAP S/4HANA – General adoption paths – Routes and short-Cuts

S/4HANA Core

| SAP S/4HANA Core 1511 |
| AS ABAP 7.50 |
| SAP HANA |

→

| SAP S/4HANA Core 1605 |
| AS ABAP 7.50 |
| SAP HANA |

→ …

S/4HANA – Simple Finance add-on

SAP Simple Finance on-premise edition 1503 (aka: 2.0)

| SAP ERP 6.0 EhP7 |
| AS ABAP 7.40 |
| SAP HANA |

→

SAP Simple Finance on-premise edition 1602 (aka: 3.0)

| SAP ERP 6.0 EhP8 |
| AS ABAP 7.50 |
| SAP HANA |

→ …

SAP ERP 6.0 EhPx (4.6C, 5.0)

| AS ABAP 7.xx |
| **Any DB** |

Suite on HANA

| SAP ERP 6.0 EhP7 |
| AS ABAP 7.40 |
| SAP HANA |

→

| SAP ERP 6.0 EhP8 |
| AS ABAP 7.50 |
| SAP HANA |

→ …

Intermediate steps can be skipped

SAP Best Practices for SAP S/4HANA
On-Premise Edition

SAP S/4HANA On-Premise Edition

SAP Best Practices for User Experience
Integration and Extensibility

SAP Best Practices LoB Solutions

SAP Best Practices baseline for SAP S/4HANA, On-Premise Edition

SAP S/4 HANA

Ready-to-run business processes optimized for SAP S/4HANA

Support for 12 Industries (no industry extensions)

SAP Fiori User Experience

Operational Reporting

SAP Best Practices for Analytics
Integration and Extensibility

SAP Best Practices for Industry Editions

SAP Best Practices for S/4HANA **Integration**

successfactors™ An SAP Company

C4C

ARIBA®

hybris

SAP Best Practices for **Migration**

- Ready-to-run business processes optimized for S/4HANA containing OLTP and OLAP delivered with the product as new global baseline

- SAP Best Practices for Migration to S/4HANA addressing installed-base Suite customers and new customers

- SAP Best Practices for Integration with adjacent cloud solutions build in the product

- SAP Best Practices for S/4HANA Additions on top of the Foundation scope, e.g. Cash Management

- SAP Best Practices for Extensibility, like templates for extending SAP Fiori

Simplify technology
SAP S/4HANA simplifies technology for mill products companies

Simplified data model	**Simplified system landscape**	**Simplified user experience**

Simplified data model

Elimination of aggregate tables

Elimination of process steps

Integration of analytics in transactions

Example: SAP Simple Logistics* – inventory management

Classic SAP Business Suite	SAP S/4HANA
11 Inventory aggregate tables	**1** Document table
2 Document aggregate tables	
11 History aggregate tables	
2 Material master tables	**2** Material master tables

Accelerate execution

Simplified system landscape

Reduced number of systems and business warehouses

Flexible access to data and data compression

Fewer interfaces between systems

Example: SAP Simple Finance - reporting and analytics

- Saved **20%** IT costs annually
- **33%** lower costs to maintain business warehouse

Reduce total cost of ownership

Simplified user experience

Role-based engagement across the business

Instant access to any business insight

Simple design across business processes

Example: SAP Simple Finance - receivables management

	SAP GUI	SAP Fiori UX	Delta
Duration (seconds)	132	47	**- 64%**
Clicks	39	11	**- 71%**
Screen changes	8	2	**- 75%**
Fields filled	5	2	**- 60%**

Increase user productivity

*"SAP Simple Logistics" not yet official name (to be determined)

Digital value chain maturity assessment survey

1 **Complete**

Complete the assessment survey and answer the questions

2 **Assess**

Assess the strengths and weaknesses of your digital transformation maturity

3 **Benchmark**

Benchmark your organization's performance against your peers

Click here to get started

Where to get more information

S/4HANA in SAP Community Network

S/4HANA Journeymap
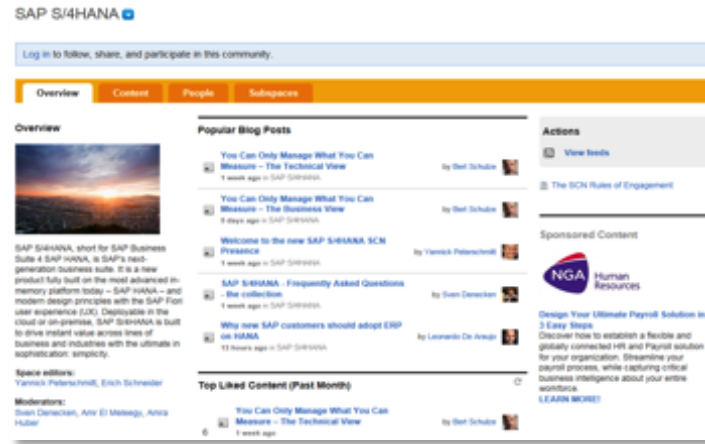
Business Scenario Recommendations

S/4HANA Trainings in SAP Learning Hub

Thank you

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