



Let's Solve

# Ways to Enable Your Digital Core – Successfully Driving Transformation with SAP S/4HANA

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### Introduction

Business model reinvention doesn't stem from the evolution of technology, it comes from how technology advances enable us to think differently about addressing markets in a completely new and innovative way.

Advances in technology have enabled creative & innovative business thinkers to express themselves in an unconstrained way, sparking the root and branch reinvention of business models by companies that grew from start-up to giant in a matter of years. This, at the expense of global brands who became history just as quickly.

So while 'digital' is a key enabler for this transformation, it's the change in thinking and culture that is the real driver.

Nevertheless, a digital framework is critical to ensure that business model change can be implemented fast enough to impact your market more rapidly than your competitors, and this collateral is about how SAP S/4HANA can enable creation of a digital core which can underpin your business model change.

### Why Building the Digital Core is Important?

An effective digital transformation is built on people, processes, hardware, and software. True transformation occurs when these elements can be intelligently harnessed in real time. Enterprise Resource Planning (ERP) systems have traditionally been the backbone of many businesses. However, with increasing complexity in businesses, they tend to become siloed and disconnected, in turn becoming inaccessible for the business. A data-driven, digital and service-oriented environment demands that these complex business processes are seamlessly connected to the ecosystem – people, process, technology and customers. Businesses need to function as a single homogenous unit.

This is where building a "digital core" comes in. It is like a digital framework on which the rest of the business can be built and transformed. Leveraging a strong but flexible digital core allows businesses to fully integrate their systems, enhance processes and customer experience.



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### Digital Core with SAP S/4HANA

SAP has declared the end of its mainstream ERP product – ECC support in 2025, which is the deadline marked to migrate to its latest platform – SAP S/4HANA. SAP's next generation, intelligent business suite, S/4 HANA is designed to help organisations run and manage enterprise resources digitally. Built on an advanced in-memory platform, it offers a personalised user experience with SAP Fiori. SAP now uses HANA, its own database to offer 'real-time' analytics and stores data 'in-memory' that now makes complex and sophisticated data simple to manage and control. It also creates a "core" that connects with people, networks, Big Data and IoT. The increased functionality and complex databases condensed and conveyed in a simplistic form have ensured that SAP S/4HANA is a very strong proposition.

SAP S/4HANA also enables better integration between offices and locations, while machine learning enables better efficiency, automation and agility. Since it can be run in a cloud platform, it helps to save costs.

### Four Strategies for SAP S/4HANA Deployment

Digital business reinvention requires enterprises to build a digital core and get more out of their ERP landscapes. In this section, we discuss the four major ways to move to/build digital core:

#### **Option 1: Strategically Centralised, Operationally Decentralised**

Large companies with a multi-country presence and operations often have large and complex IT landscapes. This further increases the complexity of the finance function. Today, CFOs are expected to contribute towards the strategic growth of an organisation. With increasing business complexities, regulatory requirements and competitive environments, accurate and timely financial reporting is a necessity. Leveraging SAP S/4HANA, companies with large and complex operations, can achieve financial consolidation to reimagine and reinvent business processes and transform the company's financial processes into a constructive journey. In this scenario, all global ECC instances are connected to S/4HANA Central Finance thereby unifying finance processes across all instances/regions etc. In addition, the other operations such as sales, procurement etc. can be managed and consolidated at a regional level as per the business requirements. This option ensures that SAP S/4HANA provides the platform and requisite tools for CFOs to make the right decisions seamlessly.



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### **Option 2: Optimise & Consolidate Business**

Here, only the instance and business process consolidation are done on SAP S/4HANA instance. As a first step, one of the multiple ERP instance is selected in consultation with the business and migrated to SAP S/4HANA. This instance is “templatised” and acts as a global instance. Thereafter, other ERP instances are consolidated with this global instance. During this consolidation, process simplification and master data re-engineering is carried out for all global instances/processes. This option is best suited for mid to large sized companies, with multiple business streams and large number of product categories.

### **Option 3: Rebuild the Core**

The third option is mostly suitable for mid-sized companies, with medium sized global or regional operations to consider with lesser or moderate business complexity. The clients may or may not be already on the HANA database. In this scenario, all global instances are consolidated to a single SAP S/4HANA global instance. In this case as well, a global template is created and implemented at pilot site and then rolled out at other locations of the client.

### **Option 4: Migrate to Improve**

The fourth option is a unique option wherein companies who have already migrated to Suite on HANA (SOH – HANA Database) are required to migrate their applications on SAP S/4HANA with the database migration having already taken place. This is an ideal option for small and mid-size companies that want to de-risk many cases for a seamless SAP S/4HANA migration. While SAP S/4HANA enables business innovation today in a highly competitive and demanding market place, smaller companies may want to stagger this migration to contain costs.



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## Conclusion

Naturally, each company has its own unique set of challenges to address and goals to achieve, however we see similar themes recurring, based on current SAP architectures. At LTI, we have categorised the most common scenarios and we envision it into 4 different buckets to capture the optimal ways to enable the digital core. Recognising the organisation's level of readiness and the requirements of the business, SAP S/4HANA deployment is an excellent opportunity to re-align and re-think strategies.

## About the Author



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Chris Connors is Vice President & Region Head for France & BENELUX at LTI. In a career spanning 25 years in IT, networking and telecoms, based in Paris, he has spent more than a decade accelerating inter-working between India and some of the largest organisations in the region. Chris is an active member of trade bodies and industry forums in the region.

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