Customer Organizational Readiness for SAP S/4HANA® Cloud

Get your Organization Ready for the Transition to SAP S/4HANA Cloud
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SAP Digital Business Services
If you’re ready to move to SAP S/4HANA Cloud then SAP® is ready to help, starting here, with our view on organizational readiness of the business and enterprise IT to ensure your successful transition.

You'll gain a better understanding of the initial parameters and principles when starting your discovery journey for SAP S/4HANA Cloud.

Through the right preparation of your organization, the digital transformation of your business model onto SAP S/4HANA Cloud will be a success.
It’s a **New Dawn** for Business and Enterprise IT

**CLOUD ERP**
When considering cloud and software as a service in general you may be asking yourself why would I implement cloud ERP? If you have already considered cloud benefits such as significantly quicker adoption, faster ROI combined with a lower TCO and increased business agility then you may already be considering SAP S/4HANA Cloud.

**SAP S/4HANA CLOUD**
SAP S/4HANA Cloud is governed by SAP. It consists of a business model structured in cloud best practice building blocks, made up of individual scope items. One example of what is contained by a best practice grouping is a set of business capabilities relevant to a procurement organization. Once selected, these scope items form the basis of your SAP S/4HANA cloud solution. New scope items can also be activated by business users, thus extending the original scope of your cloud solution in an agile manner. Novel approaches to automated testing and cloud data migration are also built into SAP S/4HANA Cloud.

**SAP S/4HANA CLOUD VALUE**
Real time predictive insight is built into SAP S/4HANA Cloud and there is a continuous injection of business innovation each quarter. The addition of embedded intelligent assistants, machine learning and predictive analytics within the scope items themselves creates intelligent ERP.

Combine this pervasive intelligence with the continuous business innovation release cycle and they create an overwhelming rationale for considering SAP S/4HANA Cloud.

These innovations open new areas of potential transformational value that can be unlocked based on business imperatives. This supports your organization as it navigates a digital world with SAP S/4HANA Cloud at the heart of its digital core.

When implementing SAP S/4HANA Cloud there are **several key concepts and differences** you should be aware of, especially when compared to the traditional approach of implementing any on-premise ERP solution.
What’s different about implementing SAP S/4HANA Cloud?

SAP Activate for SAP S/4HANA Cloud is a guided implementation framework for cloud adoption that allows customers to accelerate their journey to the cloud. It provides both guidance and cloud accelerator templates that speed up adoption of cloud ERP and safeguard customer success outcomes. All configuration work is built around Agile practices and configuration sprints.

The adoption of fit to standard is a major change to traditional ways of implementing ERP whereby customers can adopt the SAP S/4HANA Cloud scope item as is. Customers can’t modify cloud best practice scope items but there is a means to broaden them through extensibility options should the need arise.

The change to fit to standard must be clearly understood from an organizational change management context and the implication is clear. The organization must change the way it currently does business as scope items cannot be changed within SAP S/4HANA Cloud.

Lastly, guided configuration lets you as a business user implement the SAP S/4HANA Cloud solution by answering certain key questions or by following easy to use self-service configuration apps. This puts cloud solution agility firmly into the hands of the key business users who will end up ultimately owning and using the system.
Business Imperatives for Moving to SAP S/4HANA Cloud

Many customers who have made the move to SAP S/4HANA Cloud have the software as a key execution engine of their digital transformation strategy.

The key gains for the transformation to SAP S/4HANA Cloud are:
• Smart system for users: intelligent digital assistance and pro-active collaboration
• Process automation: efficient automation business by technology and intelligence
• Predictive analytics: embedded predictive and advanced analytics and insights based on large volume of data
• IoT integration: automation and efficiency via sensor-based data.
• Digital business models: sharing economy, combined products and services. Digital models of the value chain capturing supply, partner, and customer
• Integration and network: Integration-driven business including business network with creation of digital partnerships

GROWTH – ORGANIC OR THROUGH MERGERS AND ACQUISITIONS
There are a growing number of companies that need to fortify their strategic growth opportunities. A quick-to-implement, highly standardized ERP provides a solid operational foundation while still affording the flexibility to satisfy local needs.

SIMPLIFICATION AND TCO
Other customers see limitations in the complexity of today’s on-premise ERP landscape. With SAP S/4HANA Cloud, they aim to simplify and standardize, as well as significantly reduce TCO.

SAP ACTIVATE - THE EFFECTIVE GUIDANCE FOR THE JOURNEY TO SAP S/4HANA CLOUD
SAP Activate is a methodology used in S/4HANA and is a unique combination of SAP best practices, methodology and SAP guided configuration. Different roadmaps are available for S/4HANA Cloud or S/4HANA on premise implementations, each tailored to your needs.

SAP Activate is the innovation adoption framework that expedites the SAP S/4HANA Cloud implementation throughout the customer lifecycle. It supports more rapid, less service intensive deployments and is positioned to enable continuous adoption of innovations throughout the entire project lifecycle.

SAP is Destined to Provide Guidance
As the most innovative cloud company, powered by HANA, SAP has the opportunity and responsibility to create software that enables our customers to thrive in the future technology world. We want to enable your organization to develop itself further to realize more value and embrace more business innovation through our software.
SAP Activate includes a fit-to-standard approach based on pre-configured SAP best practices to realize key cloud capabilities for an accelerated adoption of SAP S/4HANA Cloud. It supports an Agile implementation methodology with prescriptive and comprehensive implementation tasks and accelerators. Furthermore, there are tools for a guided configuration in the cloud. Self-service configuration apps adapt the pre-delivered, best practice configuration to meet customer-specific requirements where needed.

The implementation roadmap of SAP Activate, called roadmap viewer (https://go.support.sap.com/roadmapviewer/), provides a structured approach with recommendations for the deliverables and tasks, including accelerators.

**The benefits are:**

- SAP Fiori applications to help guide customers through their SAP S/4HANA Cloud implementation project
- Contains time-phased instructions to help execute tasks throughout the implementation journey
- Offers customers a large number of accelerators to help run their project as efficiently as possible
- Content continuously updated to provide current and accurate instructions
- Guides customers through the entire SAP S/4HANA Cloud lifecycle
- Provides quicker time to value
Customers’ Journeys to SAP S/4HANA Cloud

Customers embark on their SAP S/4HANA Cloud journey from different starting points. Some may be moving from an on-premise SAP ERP. Others may be planning to replace their legacy ERP with SAP S/4HANA Cloud. There is also a third segment seeking to integrate SAP S/4HANA Cloud with their existing SAP ERP system to achieve greater flexibility while enabling their organizations to learn and leverage the SAP S/4HANA Cloud technology and paradigm shifts it represents.

According to IDC Whitepaper from August 2018, 75% of SAP implementations involve more than one SAP solution being deployed simultaneously (How Much Is Enough? Defining How Much Training Is Required to Achieve Maximum Business Value: https://www.sap.com/documents/2018/08/34b08580-157d-0010-87a3-c30de2fdd8ff.html). Regardless of what motivates customers to implement SAP S/4HANA Cloud, it is likely the initiative will be tied to other SAP solutions (on-premise or in the cloud).

The next section will focus on the concept of the Customer Center of Expertise (Customer COE) and will discuss how customers’ SAP support organization should adapt and rearrange their support model, service offerings, processes and roles and responsibilities according to the SAP solutions in scope.
A Customer COE is an expert team across business units that maximizes return on a customer’s SAP investment by optimizing business processes, IT applications, resources and by applying continuous innovations and continuous improvement.

Typically, customers’ SAP investment will cover different SAP solutions. These can vary from on-premise, cloud or hybrid. SAP recommends companies should put in place a Customer COE regardless of their landscape, system complexity or integration needs. The Customer COE will focus on increasing the business value of the solutions while meeting the needs of the business. This is accomplished by designing organizational and operational excellence, adopting effective governance and developing the appropriate talent/skills while lowering costs.

Drives the highest business effectiveness with a Customer COE
Customer Center of Expertise is where Business areas and IT join forces to focus on business innovation and achieve the lowest TCO. This is the result of the analysis of over 600 SAP ERP customers

- Companies should establish a support model that allows for innovation of the SAP solution(s) and the processes it supports to realize the entire value of their investment
- The Customer COE forms a crucial link between the business, the SAP solutions, and the IT department to achieve the company’s goals and performance objectives

SAP has defined a Customer COE capability framework that will drive effectiveness by focusing on providing business value and efficiency by focusing on delivering best-in-class services.

This framework is built up on the following areas:
• Strategy
• Organization and governance
• Processes
• Tools and standards
• People and skills

This requires an excellent end-to-end solution orchestration; ensuring adequate system availability, performance and security goals, and driving business innovation.

To achieve appropriate end-to-end solution orchestration, the Customer COEs needs to:
• Implement standardized end-to-end operations processes flexible enough to react to fast changing business needs
• Balance out the need to implement automated and proactive processes with having manual and reactive processes, according to a risk-based assessment and value to business
• Define KPIs that will support a continuous improvement mindset, ensuring a state-of-the art IT that is ready for new challenges
• Maintain knowledge of latest innovation by keeping close connection to experts from the SAP ecosystem (internal and external skills)

Figure 3: The SAP Customer COE Capability Framework
Customer COE’s Cost Savings Through Adoption of SAP S/4HANA Cloud

25-30% LOWER TCO FOR SAP S/4HANA CLOUD
The key drivers for operations costs in today’s ERP landscapes are changes and support incidents. These account for approximately 50% of today’s ERP operations costs for on-premise. Therefore, major savings result from the significant reduction of support incidents and changes that internal IT needs to manage for SAP S/4HANA Cloud:

• 75% reduction of on-premise changes

With SAP providing innovation via quarterly product releases in the cloud, Customer COEs are expected to manage approximately 25% of today’s on-premise change volume. This impacts current business and IT roles involved in change processes. Testing functions need to adapt to new operating processes, in addition, the IT role of application/module experts will disappear.

• 75% reduction of on-premise incidents

With higher process standardization and simplified user frontends, Customer COEs no longer need to create incident support. Key users interact directly with SAP to report incidents (SAP Incident Processing Guidelines and Tips). Overall, Customer COE teams will dedicate around 25% of today’s on-premise effort on “how-to” questions and for reported incidents related to business process problems.

Lower test effort but better planning of releases
SAP provides quarterly releases of SAP S/4HANA Cloud that require preparing and testing of new functions and innovations. These quarterly cycles need to be scheduled, prepared and performed by the Customer COE. The embedded test tool in SAP S/4HANA Cloud simplifies the effort for testing. Additionally, SAP offers post-upgrade-testing (PUT). The test can be performed by SAP to complement your regression testing.

• Key Users remain essential

Nevertheless, the key users retain an important role with great organizational culture significance. They lead the adoption of standardized SAP S/4HANA Cloud business processes, helping to move the user community from manual and shadow IT processes, often supported by Excel and phone.

25-30% Lower TCO
Based on the benchmarked costs for ERP landscapes, the SAP S/4HANA Cloud landscape will lead to 25-30% lower TCO in average (benchmarks of Realtech with 4,200 SAP ERP on-premise customers, and SAP TCO benchmark with over 600 SAP ERP on-premise customers).

• 75% reduction of on-premise incidents

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Figure 4: 5-year TCO as % of total

<table>
<thead>
<tr>
<th>ERP On-premise</th>
<th>SAP S/4HANA Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>HW/SW Investment</td>
<td>11%</td>
</tr>
<tr>
<td>Implementation</td>
<td>11%</td>
</tr>
<tr>
<td>HW/SW Ongoing Costs</td>
<td>11%</td>
</tr>
<tr>
<td>Operations</td>
<td>33%</td>
</tr>
<tr>
<td>Continuous Improvement Projects</td>
<td>18%</td>
</tr>
<tr>
<td>Upgrade Projects</td>
<td>16%</td>
</tr>
</tbody>
</table>

On-premise costs based on Realtech’s consulting TCO benchmarking data for about 4,200 SAP customer deployments. SAP S/4HANA Cloud costs savings based on Cloud Value Engineering customer engagements, 3rd party analysis.
SAP’s TCO Model and TCO comparison – SAP ERP vs. SAP S/4HANA Cloud

SAP’s TCO model provides the basis for a structured TCO view and for SAP’s TCO benchmarking study which includes over 600 SAP ERP customers. This extensive customer sample enables statistically significant, realistic, and defensible cost comparisons as described in the previous section.

In appendix 2 you can find a detailed structure of the TCO model - highlighting the major cost driver differences between on-premise SAP ERP and SAP S/4HANA Cloud.
Organizational **Readiness as a Key Success Factor**

A successful SAP S/4HANA Cloud journey starts with a clear direction for business innovation and growth, automation and simplification through a digital business model.

Organizational changes such as reskilling current resources in IT and business areas are an essential part of this transformation.

**KEY AREAS OF CONSIDERATION**
The changes this platform enables are not confined to technology. With the endorsement of strong executive sponsors empowers organizations to transform in fast cycles – supporting the business’s strategic goals through process and business model innovation.

For your business, SAP S/4HANA Cloud provides higher standardization and automation of business tasks. Enhanced user frontends enable business users to make simple configuration changes. Today’s business users already have a higher affinity for new technologies than their predecessors. Adapted and enriched IT services will strengthen the collaboration between business and IT, enabling new technologies to be effectively leveraged to create broader business value. For a strong business-IT partnership toward optimization and new business scenarios, SAP Design Thinking ([https://design.sap.com/designthinking.html](https://design.sap.com/designthinking.html)) offers an agile approach to defining solutions, at speed.

For the IT division to help drive innovation, new skills are required – reducing the demand for today’s skills that are focused on operations-based practices. This requires an early transformation of the employees in both business and in IT. SAP S/4HANA Cloud is the catalyst for both demanding these new skills and supporting digital transformation.

For those existing SAP ERP customers moving from SAP ERP On-premise to S/4HANA Cloud, SAP has developed Learning Journeys ([http://help.sap.com/learningjourney](http://help.sap.com/learningjourney)) to help upskill Customer COE resources to the new digital requirements.

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**SAP S/4HANA Cloud Changes the Focus from Operations to Innovation**
The higher standardization and automation of SAP S/4HANA Cloud releases the capabilities in business and in IT for more innovation. SAP S/4HANA Cloud technology opens the door for business digitalization.
ROLES AND RESPONSIBILITIES WITHIN A CUSTOMER COE WITH SAP S/4HANA CLOUD
The extent to which support roles need to adapt will depend on customers’ motivation behind their SAP S/4HANA Cloud journey. For some, it will be TCO reduction, system consolidation or simplification; for others it will be part of a larger digital growth strategy.

The customer COE capability framework must be reviewed and adjusted to the business objectives defined with the SAP S/4HANA Cloud implementation. The strategy, governance model and IT processes must also be adjusted due to standardization and automation. Roles and responsibilities within the business and IT will be impacted and provides a good opportunity to reskill current operations staff to support the new digital strategy.

BUSINESS ROLES / PERSONAS
All roles in business are influenced by new technology and methods, including finance, manufacturing, supply chain, sales, procurement and IT. An enhanced, user-centric front-end (empowered by SAP Fiori) enables the shift in operations-intensive tasks to insight and innovation-oriented tasks. The use of analytics functions and the increasing automation of business processes further supports the shift from reactive fire-fighting to proactive decision-making.

Standardized, pre-configured, yet flexible personas for each of an organization’s functional business roles enables a significant shift toward simplification. This dramatic shift work requires rigorous organizational change management effort, the re-skilling of both business and IT stakeholders and the emergence of entirely new roles.

These wholesale shifts require end-user training, supported by embedded self-learning services, throughout the SAP S/4HANA Cloud implementation cycle.
THE DIGITAL BUSINESS ANALYST

The role of the digital business analyst is the biggest change in business roles - evolved from a traditional business analyst role to a key player in developing prototypes driving the digitalization of business. The digital business analysts works closely with business architects in IT.

Note: Companies with a digital transformation office may not differentiate between these roles as both roles are a journey to leverage business digitalization to create business value.

LEANER IT AND SKILLS TRANSFORMATION

SAP S/4HANA Cloud is the gateway to a new IT and its transformation.

Some of the traditional IT roles for an ERP on-premise are no longer required and replaced with SAP provided S/4HANA Cloud services.

With SaaS, traditional IT functions are performed by the cloud provider. IT departments see a reduction in numbers, and roles need to adapt.

Customers will need to focus on the IT services (SLAs) provided to business, architecture, security (compliance) and some reduced/changed responsibility on incident management, problem management, change management, release management and test management.

The Digital Business Analyst

Driving the digitalization of business requires staff skilled in innovation through technology – in business and in IT. The digital business analyst is the catalyst for the new generation of business.

50% Reduction of IT Staff with SAP S/4HANA Cloud

Customers will realize a 50% reduction in IT staff compared to the on-premise ERP landscapes with SAP S/4HANA Cloud.
Free up capacity for more business innovation:
• The traditional application architect becomes a business architect who ensures the integrity of both business processes and the underlying data models across platforms. The role evolves from customizing core process to the prototyping of optimized, and innovation oriented business processes utilizing Design thinking workshops
• In the past, the customer application/module experts configured the application for customer specific business optimizations. With its quarterly releases, SAP S/4HANA Cloud provides new business best practice and improved business processes with further SSCUIs (self service configuration user interface) that allow authorized business personas to perform adaptations themselves. The IT analyst is required to perform a small subset of configuration and adaptations (a limited skillset of the on-premise application expert) via SAP Cloud Platform
• All system and application administrators tasks are provided by SAP for SAP S/4HANA Cloud

Note: From Gartner’s two-tiered IT operations model: Bimodal IT. Mode 1 is predictable, improving and renovating in more well-understood areas. Mode 2 is exploratory, experimenting to solve new problems.

Figure 5: SAP Customer COE for S/4HANA Cloud
ROLE CHANGES ACROSS THE IT ORGANIZATION

Typical IT roles common to Customer COEs of any deployment model will need to adapt with SAP S/4HANA Cloud:

- Service management adapts SLAs to align with those in the SAP S/4HANA Cloud subscription. This includes, for example, the communication between the customer internal service desk and the SAP service desk for SAP S/4HANA Cloud.

- Test management uses the standard test scenarios that are provided with the embedded test tool of SAP S/4HANA Cloud and may create customer specific test processes with the tool.

- Release management and project (Agile) portfolio management need to consider the quarterly SAP S/4HANA Cloud releases in its schedule. With a reduced volume of operational changes, change planning is better controlled.

- Change advisory board (CAB) need to revisit its governance. The digital business analyst should form part of the CAB. The frequency of meetings will need to be reevaluated and aligned to quarterly innovation cycles from SAP S/4HANA Cloud.

- The technology architect ensures a performant and secure connectivity from the user locations to the SAP S/4HANA Cloud destination.

According to the CIO Guide: “Process and Data Integration in Hybrid Landscapes” (https://www.sap.com/documents/2018/06/de3238a0-077d-0010-87a3-c30de2ff8ff.html), how the enterprise and integration architects roles are affected will depend on each customer’s context. For example: scope of integration (cloud to cloud fit to standard, cloud to on-premise), integration maturity level of the Customer COE or the structure of the IT organization.

- The enterprise architect will use SAP integration solution advisory methodology to shape the integration strategy of their Customer COE.

- The integration architect will decide when to use SAP Cloud Platform (SCP) Integration, SAP Data Hub, how to combine the technologies for scenarios that include process-and-data-centric integrations aspects.

Customer COE Roles may not map directly to job positions, several roles can be combined to a single job position.
Figure 6: Customer Center of Expertise for S/4HANA Cloud

<table>
<thead>
<tr>
<th>Business Roles</th>
<th>IT Roles</th>
<th>Roles across all IT Customer COEs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Owners</strong> for strategic and operational guidance of business effective innovation and digitalization</td>
<td><strong>Business Architect</strong> for evolving business innovation and digitization &amp; defining the E2E Business Model</td>
<td><strong>Enterprise Architect</strong> for governance and strategy across whole IT landscape</td>
</tr>
<tr>
<td><strong>Digital Business Analysts</strong> for evolving business innovation and digitalization</td>
<td><strong>Prototyper</strong> for evolving clickable and running prototype solutions</td>
<td><strong>Integration Architect</strong> for process and data integration aspects</td>
</tr>
<tr>
<td><strong>Key Users</strong> for the usage of standardized and business effective processes</td>
<td><strong>UX Developer</strong> for programming UX solutions (based on SCP)</td>
<td><strong>Technology Architect</strong> for implementation and governance of cloud &amp; IoT connectivity</td>
</tr>
<tr>
<td><strong>Users</strong> running standard business processes through &lt;Personas&gt; (Accountant, Controller, Purchaser...)</td>
<td><strong>Data Scientist</strong> for evolving big data and analytics</td>
<td><strong>Release Manager</strong> for planning &amp; tracking of S4HC releases</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Test Manager</strong> for maintaining E2E scenarios and S4HC extensions in text plans</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Service Manager</strong> for governance of service levels in SLAs and S4HC subscription(s)</td>
</tr>
</tbody>
</table>

Note: Roles do not map to job positions, several roles can be combined to a single job position.

Figure 6 depicts the main roles needed on a customer center of expertise for SAP S/4HANA Cloud. A successful customer COE has established roles from business and IT. With the implementation of SAP S/4HANA Cloud, certain roles typical of an IT organization with an ERP on-premise will disappear, as those functions are taken over by SAP.

**ORGANIZATIONAL CHANGE AS AN INTEGRATED PART OF THE SAP S/4HANA CLOUD IMPLEMENTATION**

The transition of the organization should be planned in the prepare phase of a SAP S/4HANA Cloud project.

New customers and SAP ERP customers who replace their existing ERP platform with SAP S/4HANA Cloud should expect and plan for a significant reduction in the size of their traditional on-premise IT organization. This is driven by reduced demand for “keeping the lights on”. The IT organization should create a prescriptive transition plan for each individual employee by reskilling them to perform new/improved roles focused on business innovation.

Customers that add SAP S/4HANA Cloud to their existing ERP platform have a similar challenge, although it will only affect part of their organization. The greatest risk to progress throughout this organizational transformation is an organizational desire to retain the current way of operating. This would significantly hinder the opportunity for a change.

SAP recommends a 1-2 day workshop ([https://www.sap.com/services/advisory-development/business-transformation.html](https://www.sap.com/services/advisory-development/business-transformation.html)) in the prepare phase to determine the high-level size and scope of the target Customer COE. This will become more concrete with a clear plan for transition of the major changes for the target organization until go-live of SAP S/4HANA Cloud.
Figure 7 provides a comparison of Customer COE roles found within an on-premise SAP ERP environment and the transition with SAP S/4HANA Cloud. The primary driver of the variety of options is the organization’s current individual skills and capabilities.

The increased granularity of role descriptions provides a better visibility to map and transition each employee role. It is important to note that there is no relation between role description and amount of FTE required in the target CCOE.

For example: customers replacing an existing SAP ERP on-premise with SAP S/4HANA Cloud or implementing a two-tier ERP will significantly reduce roles like SAP basis expert or module experts.

- Many traditional operational roles are supported by SAP under the SAP S/4HANA Cloud subscription model, for example, traditional SAP basis expert tasks and the application management for more complex changes now form a part of the quarterly releases. Many maintenance tasks for data, for example, creating a new purchase group or a new cost center - will be performed by authorized personas in business.
- Module experts with strong knowledge of discrete business processes may transfer from the IT organization to the business organization, thereby strengthening the native IT solution skills in business.

<table>
<thead>
<tr>
<th>On-premise Customer COE</th>
<th>Target Customer COE for S/4HANA Cloud</th>
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<tr>
<td><strong>Business Roles</strong></td>
<td><strong>Business Owners</strong></td>
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<td>Digital Business Analysts</td>
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<td>Users</td>
<td>Users</td>
</tr>
<tr>
<td><strong>IT Roles</strong></td>
<td><strong>IT Roles</strong></td>
</tr>
<tr>
<td>Application/Module Expert</td>
<td>Business Architect</td>
</tr>
<tr>
<td>Developer</td>
<td>UX Developer</td>
</tr>
<tr>
<td>Basis Expert</td>
<td>Prototyper</td>
</tr>
<tr>
<td>Team Lead</td>
<td>Data Scientist</td>
</tr>
<tr>
<td>Database Administrator</td>
<td>Enterprise Architect</td>
</tr>
<tr>
<td>System Administrator</td>
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<td>Test Manager</td>
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<tr>
<td>Service Manager</td>
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</table>

- Roles disappearing for S/4HANA Cloud
- New roles
SAP S/4HANA Cloud – the Innovation Motor

SAP S/4HANA Cloud is an accelerator for new business models. This requires new thinking and working behaviors both in business and IT. From an organizational point of view, it is important to establish the right setup to generate new ideas, realize these quickly and offer the appropriate IT services for frictionless operation.

Adopting an Agile methodology and rapid prototyping is key for business innovation and for developing new business models. The TCO savings through SAP S/4HANA Cloud provide the opportunity to extend the innovation capabilities of the Customer COE through professionalized Innovation Services delivered by the Customer COE.

INNOVATION SERVICES

The Agile methodology and prototyping have a strong influence on the approach for future solution development and its governance.

The digital business analyst and the business architect are the designated business and IT roles with the capability to guide your Innovation Services.

- **Mergers and acquisitions and divestitures**: SAP S/4HANA Cloud is an excellent platform offering a best practices template for harmonized and standardized business processes. Its high degree of standardization supports the due diligence process and the IT transformation of acquired companies onto the SAP S/4HANA Cloud platform.

- **Design thinking**: provides clickable prototypes and enables visualization of the adoption of optimized business processes. The digital business analyst and the business architect have the capabilities to run and guide design thinking workshops and prepare all data endorsing further investment into a prototype.

- **Proof of concept**: The prototyping team can realize first tangible results and validate the feasibility in a couple of days via SAP Cloud Platform to showcase what’s possible. SAP Cloud Platform is a separate server that allows the development of custom apps, complex integrations, etc. It can be connected to S/4HANA Cloud so partners/customers can extend S/4HANA Cloud and connect to other systems.

- **Assessment**: For prototyping and evaluating whether the new innovations are suitable for business. The prototyping team executes the assessment under the guidance of the digital business analyst and the business architect. The results serve for preparing the decision taking through a solid business case calculation.

- **Continuous business process improvement**: This is empowered through the analytical capabilities of SAP S/4HANA Cloud, measured by business related KPIs and steered by business governance. Increased automation of business processes through machine learning can provide further KPIs. Once again, the digital business analyst and the business architect develop the governance KPIs through the business stakeholders with the SAP S/4HANA Cloud implementation.

Simplify your Innovation Services and Accelerate Business Innovation with SAP S/4HANA Cloud

Faster prototyping and experiencing the right direction for a solution through defined innovation services – delivered from the Customer COE – accelerate the business value through SAP S/4HANA Cloud.
**Roadmap for Customer COE Organizational Readiness**

The goal of Customer COE organizational readiness is to identify the capabilities required from IT and business to extract the highest possible business outcomes from the use of SAP S/4HANA Cloud. The initial assessment lays the foundation for continuous optimization and innovation of business processes and new business models.

The speed of transition to the new model depends largely on the maturity of the existing Customer COE. Therefore, it is important to understand from the start what needs to change, who will be impacted, and the path to getting to an effective business organization supporting governance of the future digitalization of the business.

Delaying org readiness till post go live for example, would severely impact the potential business effectiveness and introduce the risk of demotivating both IT and the business.

The SAP S/4HANA Cloud implementation timeline is much shorter compared to traditional on-premise ERP implementation timelines. The need for organizational change cannot be underestimated. Therefore, there is no time to lose in defining a clear strategy, organizational targets and the roadmap for organizational transition. Organizational change is closely linked to governance for operations and innovation, based on the enriched IT service catalog.

**Customer COE Organizational Readiness is Key for a Successful and Valuable SAP S/4HANA Cloud Implementation**

The journey for the Customer COE organizational readiness begins with the discover phase to ensure a successful and business valuable implementation of SAP S/4HANA Cloud. This provides the catalyst for innovation and digitalization after go live.

SAP recommends finding synergies between organizational change management (OCM) activities and Customer COE transformation activities, to leverage communication strategies and ensure a smooth transition process towards the new support and operations model.
### Customer Organizational Readiness for SAP S/4HANA® Cloud

**Figure 8: SAP Activate roadmap for SAP S/4HANA Cloud**

<table>
<thead>
<tr>
<th>Discover</th>
<th>Prepare</th>
<th>Explore</th>
<th>Realize</th>
<th>Deploy</th>
<th>Run</th>
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</thead>
<tbody>
<tr>
<td><strong>Project Mgmt.</strong></td>
<td><strong>Customer Team Enablement</strong></td>
<td><strong>Technical Architecture &amp; Infrastructure</strong></td>
<td><strong>Application: Design &amp; Configuration</strong></td>
<td><strong>Custom Code Extensions</strong></td>
<td><strong>Application: Integration</strong></td>
</tr>
<tr>
<td>QG1 Getting Started &amp; On-boarding</td>
<td>Cloud Trial System</td>
<td>Receive Starter System Implementation Tools Access</td>
<td>Discovery Assessment</td>
<td>Solution Extension Preparation</td>
<td>Prepare Integration Setup</td>
</tr>
<tr>
<td></td>
<td></td>
<td>System Go-Live</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Quality Gates**
- **Functional**
- **Technical and Functional**
- **Technical**
- **Project Management**

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**DISCOVER**

During this phase you identify the business value and benefits and define the adoption strategy and roadmap. For a Customer COE SAP recommends:

- Identify and onboard business owners and digital business analysts to support the SAP S/4HANA Cloud implementation and future operations
- Measure and understand the Customer COE maturity through a simple assessment to provide the key areas of improvement
- Based on the business scope and the number of planned end users, an initial identification of Customer COE roles that might be affected with the implementation of SAP S/4HANA Cloud
- With the use of benchmark data, the typical TCO costs can be calculated and used for a business case
- SAP provides meet the expert sessions (via SAP Learning Hub, edition for SAP Enterprise Support) for the OCM overview. OCM webinars are available to all SAP Preferred Success customers to help customers plan their target Customer COE

**PREPARE**

The prepare phase marks the start of the SAP S/4HANA implementation project. Project plans are finalized, project teams enabled, and the customer is given access to the Starter System SAP S/4HANA Cloud best practices. For a Customer COE, SAP recommends the following:

- A 1-2 day workshop, focused on customer-specific scope for the Customer COE, roles and a high-level definition of innovation services. The workshop also helps customers focus on decisions such as “what do we deliver with internal, what with external resources”. Roles such as digital business analyst and business architect should be internal roles
- The prepare phase helps customers understand and experience design thinking and agile prototyping with SAP Cloud Platform. Customers have the opportunity to plan for business growth through innovation and digitalization. SAP offers a wide range of services that helps customers gain experience with design thinking and rapid prototyping
EXPLORE
The explore phase focuses on driving adoption of SAP S/4HANA Cloud through a fit-to-standard approach. For a Customer COE SAP recommends the following:

- Provide a clear picture of the target Customer COE and its post-go live capabilities to enable management to select appropriate resources, both internal and external. Provide guidance for their roles and responsibilities throughout the implementation project and the post go live (run phase)
- Identify and onboard key users to support the SAP S/4HANA Cloud implementation and future operations

REALIZE
During the realize phase, the customer is running agile sprints to configure and test an integrated environment, load data, and start the process of enabling business users. For a Customer COE, SAP recommends the following:

- Identify: What makes the SAP S/4HANA Cloud implementation a success after go-live and in daily business operations? What are the right business KPIs to drive and guide continual business improvement? The digital business analyst and the business architect will get the right guidance during the implementation to develop the appropriate business KPIs for the relevant business personas
- The service manager aligns with business to adapt existing SLAs and prepares the internal service desk accordingly. This includes adapting to new categorization of incidents and services requests, and the related communication with their SAP counterparts
- Test and release management train owners for the relevant tasks for business operations and the SAP release cycles

DEPLOY
The deploy phase covers the set-up production system, confirm business readiness, and switches business operations to the new system. For a Customer COE SAP recommends the following:

- Prepare key users for training the user community and for supporting a business effective operation after go-live

RUN
During the run phase customers drive efficient adoption of the new solution across the business, meet evolving business needs, adopt quarterly innovations and extend on the SAP Cloud Platform. For a Customer COE SAP recommends the following:

- Business and IT work together under the Customer COE model to establish normal business operations with increased focus on business optimization, innovation and digitalization and lower TCO

Please refer to the appendix for a more detailed, role-related transformation and transition plan linked to the project phases.
Appendix 1

This section provides more detailed descriptions of major roles of a Customer COE for SAP S/4HANA Cloud.

Roles do not represent discrete job descriptions. They are intended to be used to describe roles and responsibilities for IT service delivery. One individual employee may play several roles in a small Customer COE organization. Conversely, in a larger organization, a single role may be played by several employees.

BUSINESS ROLES IN THE CUSTOMER COE

BUSINESS OWNER

The business (process) owner owns a business domain and is responsible for business results created throughout the business processes:

• Responsible for continuous improvement of the business model (domain) and its processes and the related SAP solutions
• Responsible for harmonization and standardization of the business processes and decision making for strategic relevant changes
• Review business KPIs in collaboration with the digital business analyst(s) and decide on digital innovation initiatives and on activities for continuous improvement
• Sponsor detailing and analysis of prototypes, for example, for proof of concept or detailed assessment
• Sponsor and decide (based on business case) on investment projects for new business model implementation or business process optimization
• Request business valuable innovation services from the CIO and business architect

This role requires no change to existing business responsibility for those customers that have a CCOE already in place but does require a cloud a mindset change to adopt standardized and harmonized business process. The customer should nominate business owner(s) during the discover phase.
DIGITAL BUSINESS ANALYST
The digital business analyst is a member of the business with supporting tasks for the business owner:

- Responsible for innovation of the business model and innovation adoption measured by business KPIs
- Works closely with their SAP customer success manager to drive innovation
- Support the digital transformation activities for developing prototypes extensions and preparing decision making through the business owner. For this task, the key collaborator in IT is the business architect
- Engage with the key user community to ensure effective business operations. The service manager is the key owner to regularly service KPIs and ensure continuous improvement of business operations. Together with the business architect, the digital business analyst helps facilitate decision making on roadmap execution
- Evangelize new and upcoming functionality and changes to SAP S/4HANA Cloud with user community to determine relevance and encourage adoption
- Ensure key user network is maintained in the organization not only during implementation project but also along the whole run phase
- Provide guidance to the Change Advisory Board on quarterly innovations and business value

This is a new role requiring high motivation for standardization of business processes. It requires a trusted relationship with business owner and requires someone who has actively participated on the project from discover and retains the role in the run phase. The role requires a good understanding of Agile and a user centric approach of implementing SAP S/4HANA Cloud.

KEY USER
The key user is an ‘expert’ user, an employee within the business:

- Detailed business knowledge and its processes
- Broader application knowledge than his/her peers (‘primus inter pares’, first among equals), and is interested in using latest technology features and tools
- Participate in testing of new releases
- Use SSCUI (self service configuration UI) for customizing its (personas related) business processes
- Maintain forms with Adobe lifecycle designer
- Maintains standard forms using SAP S/4HANA Cloud in-app extensibility
- Responsible for assisting peers (users) with regards to effective business operations and is the first level of support for problems and queries of users
- Support the development of knowledge management for user self service functions
- Identify areas of business process optimization and collaborate with the digital business analyst
- Participate in validating and testing new business model transformation and optimized business processes; support roll-out of these business process /model changes to the business

Key users should be on boarded to the project during prepare (key user enablement) and retained during the implementation lifecycle to ensure a continuous high level of business standardization in daily operations.
USER
Each user has a personas related authorization for a typical role or business user:
• Full use of the authorized functionality for effective business processes and results
• Requests support from key users and raises tickets or service requests via the service desk for questions or to solve problems

MAIN IT ROLES IN THE Customer COE

BUSINESS (CLOUD) ARCHITECT
The business (cloud) architect may traditionally come from an on-premise solution architect role; may require up or reskilling to serve in a cross-functional cloud architect capacity to ensure technical feasibility and realization of current and planned business requirements:
• Serve as counterpart to the digital business analyst
• Advise and support overall design of enterprise architecture and changes in case of new requirements, and the mapping to the application solution platform
• Support digital transformation activities.
  Manage prototype development and facilitate decision making with business owner and IT
• Review business and IT KPIs with the service manager and the digital business analyst and ensure continuous improvement
• Ensure integrity and completeness of business process model and required data for effective business operations, for example, through new releases of SAP S/4HANA Cloud and other software
• Ensure integration with the overall architecture meta data model
• Ensure simplicity and standardization in solution architecture
• Integrate analytics tasks into relevant business roles

The business architect should be brought on board during discover or at the latest during the prepare. The role requires the same capabilities as the digital business analyst and is required to have knowledge of Agile methodology to implement SAP S/4HANA Cloud.

DATA SCIENTIST
With the development of big data and other technologies, the role of a data scientist is much needed on a Customer COE. Traditional developers can be re-skilled with mathematical, algorithm knowledge and machine learning tools to perform this role:
• Analyze and interpret complex digital data to support business on their decisions
• Use visualization tools to drive business usage/interpretation of big data
• Develop mathematical algorithms to derive meaning (interpret) data
• Identify roles/personas with analytics tasks and define regular reporting requirements
• Define test scenarios for analytics tasks and review test results at explore and realize phases

The data scientist should undertake these activities from explore phase.
**PROTOTYPER / UX DEVELOPER**

The prototyper may come from a traditional ABAP development role, this applies only to customers with a need for extensions (either using in-app extensibility capabilities in SAP S/4HANA Cloud or the SAP Cloud Platform for side-by-side extensibility); the employee(s) in this role should be able to guide users towards simple and effective business solutions:

- Develop user centric prototypes with users for key functions of E2E processes
- Participate in design thinking for transforming the requirements into a clickable and functional prototype (creating a clickable prototype should be as well a skill of the business architect).
- Collaborate closely with the business architect and the digital business analyst to define valuable E2E process scenarios. Create iterative improvements of user-centric solutions.

**Note:** The prototyper / UX developer requires new skills aligned to modern agile development (DevOps) concepts on SCP (personalized UX, embedded analytics, cloud/on-premise integration services, mobile services, machine learning models, IoT services, runtimes and programming models, security services etc.).

Typically, the UX developer does not have the skills to guide design thinking, though they may have deeper expertise in SAP Cloud Platform usage.

Decide on sourcing strategy for UX development during the prepare phase. If it remains in-house, the customer is required to size the UX team and train them for SAP Cloud Platform usage. During the run phase of SAP S/4HANA Cloud, the prototyper should be an established role for innovation initiatives.

**OTHER IT ROLES**

The following roles may belong to the Customer COE or to a different IT team with cross-application responsibilities.

**SERVICE MANAGER**

- Manage the service contracts (service level agreements) with business and the subscription contracts with SAP S/4HANA Cloud (and operation level agreements with further service providers), control service results and costs and drive continuous business and IT optimization in daily operations
- Build scorecards and statistics for best practice KPIs. This role’s key data resources are data from the service desk tool which provide relevant KPI results of service level definitions
- Review service delivery results and the related KPIs from partners, as defined in the subscription contract(s) and OLA(s) and initiate and track actions for improvement
- Review service delivery results for the SLA(s) with the digital business analyst and the business architects and initiate and track actions for improvement

The dotted line for the service manager’s role from prepare phase onward is related to the one-time implementation of SAP S/4HANA Cloud. Following SAP S/4HANA Cloud go-live, the service manager’s role resumes at the deploy phase for future changes and new cross-business processes.

In prepare, understand the service levels of SAP S/4HANA Cloud subscription contract and prepare and adopt the SLA with business accordingly. Prepare service desk for correct routing of SAP S/4HANA Cloud tickets. Obtain from business the adopted SLA signed off latest by deploy phase.
**RELEASE MANAGER**
- Plan and schedule quarterly releases for S/4HANA Cloud and other cloud products
- Collaborate closely with the Project (Lean) portfolio and test managers to manage the releases and ensure the required testing activities are planned

Understand the SAP S/4HANA release strategy from the prepare phase and plan release cycles accordingly in the overall release schedule of customer’s software products.

**TEST MANAGER**
- Maintain the test plans in SAP S/4HANA Cloud. Plan and support all test types for project implementations and all release types (including the SAP S/4HANA Cloud releases)
- Coordinate tests and track test results
- Plan and coordinate the regression test for each SAP S/4HANA Cloud release, in coordination with the digital business analyst and the business architect
- Decide on test management platform (if not already defined), or utilize the embedded test tool in SAP S/4HANA Cloud to simplify testing effort
- Build customer specific test scenarios if required and track the test results

Understand the SAP S/4HANA Cloud release strategy and the related test requirements and define the integration test approach during the prepare phase.

**SECURITY EXPERT (TECHNOLOGY ARCHITECT)**
- Ensure secure access to the SAP cloud
- Ensure SSO (single sign on) solution for a simplified user experience

**INTEGRATION ARCHITECT (PROCESS AND DATA INTEGRATION)**
- Contributes to master data migration from Explore phase on
- Support the definition of test scenarios and review test results from Explore phase on

If a customer has a two tier (or further cloud systems like SAP SuccessFactors), implement master data synchronization between platforms and lead master data migration.

**TECHNOLOGY ARCHITECT**
- In the prepare phase, select supplier for the SAP Cloud connection, for secure and performance connectivity
- Perform the relevant tests during realize and deploy phases

Where a customer has a two tier (or other cloud systems, for example, SAP Ariba or SAP SuccessFactors), define the end to end test scenarios, using standard business scenarios from the SAP business model.
## Customer Organizational Readiness for SAP S/4HANA® Cloud

### Appendix 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Sub Category</th>
<th>Element</th>
<th>&quot;Effort / Difference between SAP ECC and SAP S/4HANA Cloud, from SAP S/4HANA Cloud perspective&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Costs</td>
<td>1.1 Technical Infrastructure</td>
<td>1.1.1 Computing Hardware</td>
<td>&quot;-&quot; = no CAPEX anymore. Part of subscription costs (OPEX)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.1 Computing Hardware</td>
<td>no CAPEX anymore. Part of subscription costs (OPEX)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2 Network</td>
<td>&quot;+&quot; = higher costs for SAP S/4HANA Cloud compared to SAP ECC on-premise</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3 End-User Environment</td>
<td>more effort &amp; costs for network connection to SAP S/4HANA Cloud</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.3 End-User Environment</td>
<td>more effort due to mobility integration</td>
</tr>
<tr>
<td></td>
<td>1.2 System Software</td>
<td>1.2.1 Computing Software</td>
<td>&quot;-&quot; = no CAPEX anymore. Part of subscription costs (OPEX)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2.2 End-User Environment</td>
<td>less costs for laptops / computers, higher costs for tablets / smart phones</td>
</tr>
<tr>
<td></td>
<td>1.3 Application SW</td>
<td>1.3.1 Licenses</td>
<td>&quot;-&quot; = no CAPEX anymore. Part of subscription costs (OPEX)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.0 Implementation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1 Process Design</td>
<td>2.1.1 Planning of Infrastructure</td>
<td>&quot;-&quot; = zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2 Org. Change</td>
<td>&quot;-&quot; = zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.1.2 Blueprint/Conception</td>
<td>&quot;-&quot; = zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2.1 Organizational Change</td>
<td>more effort for transformation from operations to innovation / digitalization capabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.3 Technical Setup</td>
<td>&quot;-&quot; = zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.3.1 Installation</td>
<td>zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.3.2 Technical Configuration</td>
<td>zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.3.3 Technical Operations</td>
<td>zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4 Business Setup</td>
<td>zero effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.1 Business Configuration</td>
<td>less effort due to higher standardization of the business model</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.2 Reporting/Forms/Workflows</td>
<td>less effort due to higher standardization of reporting / forms / workflows</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.3 Interfaces</td>
<td>unchanged</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.4 Add-Ons / Customer</td>
<td>less add-ons due to higher standardization strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Developments</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.5 Migration/Upload/Creation</td>
<td>less effort due to &quot;SAP S/4HANA Cloud Migration Cockpit&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.6 Modifications/Extensibility</td>
<td>no modifications possible</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4.7 User Management</td>
<td>less effort due to pre-configured personas</td>
</tr>
<tr>
<td></td>
<td>2.5 Project Management</td>
<td>2.5.1 Project Management</td>
<td>less effort with &quot;SAP S/4HANA Cloud Implementation Portal&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implementation / Coordination</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.5.2 Setup Support Organization</td>
<td>only 50% of SAP ECC staff for SAP S/4HANA Cloud support, intensive role synchronization with business</td>
</tr>
<tr>
<td></td>
<td>2.6 Testing</td>
<td></td>
<td>more regression tests with quarterly releases, but lower change volume = lower test effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.7 Training</td>
<td></td>
<td>predefined personas, self service, and intuitive Fiori usage lead to lower training effort</td>
</tr>
</tbody>
</table>
### 3.0 Hardware and Software Ongoing Cost

<table>
<thead>
<tr>
<th>Sub Category</th>
<th>Element</th>
<th>&quot;Effort / Difference between SAP ECC and SAP S/4HANA Cloud, from SAP S/4HANA Cloud perspective&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Technical Infrastructure</td>
<td>3.1.1 Computing Hardware (Ongoing)</td>
<td><strong>-</strong> zero effort</td>
</tr>
<tr>
<td></td>
<td>3.1.2 Network (Ongoing)</td>
<td><strong>+</strong> more effort &amp; costs for network connection to SAP S/4HANA Cloud</td>
</tr>
<tr>
<td></td>
<td>3.1.3 End-User Environment Hardware (Ongoing)</td>
<td><strong>+</strong> more effort due to mobility integration</td>
</tr>
<tr>
<td>3.2 System Software</td>
<td>3.2.1 Computing Software (Ongoing fees)</td>
<td><strong>-</strong> zero effort &amp; costs</td>
</tr>
<tr>
<td></td>
<td>3.2.2 End-User environment Software (Ongoing fees)</td>
<td><strong>-</strong> less costs for laptops / computers, higher costs for tablets / smartphones</td>
</tr>
<tr>
<td>3.3 Application SW</td>
<td>3.3.1 Maintenance Fees</td>
<td><strong>++</strong> Maintenance fees get replaced through subscription fees. The strong increase results from the SAP application management services and quarterly releases of SAP S/4HANA Cloud that are included in the subscription fees.</td>
</tr>
</tbody>
</table>

### 4.0 Operations

<table>
<thead>
<tr>
<th>Sub Category</th>
<th>Element</th>
<th>&quot;Effort / Difference between SAP ECC and SAP S/4HANA Cloud, from SAP S/4HANA Cloud perspective&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 System Operations</td>
<td>4.1.1 System Monitoring</td>
<td><strong>-</strong> zero effort</td>
</tr>
<tr>
<td></td>
<td>4.1.2 System Administration</td>
<td><strong>-</strong> zero effort</td>
</tr>
<tr>
<td></td>
<td>4.1.3 System Problem Management</td>
<td>zero effort for SAP S/4HANA Cloud application, effort for E2E integration</td>
</tr>
<tr>
<td></td>
<td>4.1.4 Software Change Management</td>
<td><strong>+</strong> more effort due to quarterly releases</td>
</tr>
<tr>
<td></td>
<td>4.1.5 System Service Desk &amp; Incident Management</td>
<td><strong>-</strong> zero effort</td>
</tr>
<tr>
<td></td>
<td>4.1.6 General/Administrative Costs for Syst. Operations</td>
<td><strong>-</strong> zero effort</td>
</tr>
<tr>
<td>4.2 Application Operations</td>
<td>4.2.1 Monitoring</td>
<td>reduced effort, job monitoring remains unchanged</td>
</tr>
<tr>
<td></td>
<td>4.2.2 Administration</td>
<td><strong>-</strong> zero effort</td>
</tr>
<tr>
<td></td>
<td>4.2.3 Problem Management</td>
<td>zero effort for SAP S/4HANA Cloud core functionality, effort for E2E integration</td>
</tr>
<tr>
<td></td>
<td>4.2.4 Software Change Management</td>
<td>about 75% less effort for SAP S/4HANA Cloud compared to SAP ECC</td>
</tr>
<tr>
<td></td>
<td>4.2.5 Service Desk &amp; Incident Management</td>
<td>about 75% less effort for SAP S/4HANA Cloud compared to SAP ECC</td>
</tr>
<tr>
<td></td>
<td>4.2.6 General/Administrative Costs for App Operations</td>
<td>zero effort for core SAP S/4HANA Cloud, effort for E2E integration administration &amp; governance</td>
</tr>
</tbody>
</table>

### 5.0 Continuous Improvement Projects

<table>
<thead>
<tr>
<th>Sub Category</th>
<th>Element</th>
<th>&quot;Effort / Difference between SAP ECC and SAP S/4HANA Cloud, from SAP S/4HANA Cloud perspective&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Continuous Business Improvement</td>
<td>5.1.1 Process Design</td>
<td>less effort due to higher automation &amp; machine learning, in general higher innovation rate</td>
</tr>
<tr>
<td></td>
<td>5.1.2 Organizational Changes</td>
<td>+ dynamic for organizational changes will go up but easier to implement with SAP S/4HANA Cloud</td>
</tr>
<tr>
<td></td>
<td>5.1.3 Technical Setup</td>
<td>less effort due to high standardization of SAP S/4HANA Cloud platform</td>
</tr>
<tr>
<td></td>
<td>5.1.4 Business Setup</td>
<td>less effort due to higher standardization</td>
</tr>
<tr>
<td></td>
<td>5.1.5 Project Management</td>
<td>+ dynamic for higher business innovation will increase (agile) project mgmt effort</td>
</tr>
<tr>
<td></td>
<td>5.1.6 Testing</td>
<td>more changes lead to ore testing but higher standardization reduces effort</td>
</tr>
<tr>
<td></td>
<td>5.1.7 Training</td>
<td>training self service functions and intuitive SAP Fiori usage reduce the effort</td>
</tr>
</tbody>
</table>
## Customer Organizational Readiness for SAP S/4HANA® Cloud

### Investment Costs

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 Continuous Improvement Projects</td>
<td>5.2 Continuous Technical Improvement</td>
</tr>
<tr>
<td>5.2.1 Process Design</td>
<td>higher innovation rate requires more use of tools like SAP Cloud Platform, more prototyping</td>
</tr>
<tr>
<td>5.2.2 Organizational Changes</td>
<td>faster speed of technology change requires more effort e.g. for new skills</td>
</tr>
<tr>
<td>5.2.3 Technical Setup</td>
<td>0 more innovation, but higher standardization keep the effort on about the same level</td>
</tr>
<tr>
<td>5.2.4 Business Setup</td>
<td>less effort due to higher standardization</td>
</tr>
<tr>
<td>5.2.5 Project Management</td>
<td>higher innovation rate requires more effort</td>
</tr>
<tr>
<td>5.2.6 Testing</td>
<td>higher innovation rate requires more effort</td>
</tr>
<tr>
<td>5.2.7 Training</td>
<td>faster innovation rate requires faster change of technology skills</td>
</tr>
</tbody>
</table>

### Ongoing Costs

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2.2 Organizational Changes</td>
<td>= higher costs for SAP S/4HANA Cloud compared to SAP ECC on-premise</td>
</tr>
</tbody>
</table>

### 5.0 Continuous Improvement Projects

#### 5.2 Continuous Improvement Projects

- **Process Design**: higher innovation rate requires more use of tools like SAP Cloud Platform, more prototyping.
- **Organizational Changes**: faster speed of technology change requires more effort e.g. for new skills.
- **Technical Setup**: 0 more innovation, but higher standardization keep the effort on about the same level.
- **Business Setup**: less effort due to higher standardization.
- **Project Management**: higher innovation rate requires more effort.
- **Testing**: higher innovation rate requires more effort.
- **Training**: faster innovation rate requires faster change of technology skills.

### 5.3 Rollouts

#### 5.3.1 Process Design
- less effort due to high standardization of SAP S/4HANA Cloud platform.

#### 5.3.2 Organizational Changes
- less effort due to high standardization of SAP S/4HANA Cloud platform.

#### 5.3.3 Technical Setup
- less effort due to high standardization of SAP S/4HANA Cloud platform.

#### 5.3.4 Business Setup
- less effort due to high standardization of SAP S/4HANA Cloud platform.

#### 5.3.5 Project Management
- less effort due to high standardization of SAP S/4HANA Cloud platform.

#### 5.3.6 Testing
- less effort due to high standardization of SAP S/4HANA Cloud platform.

#### 5.3.7 Training
- less effort due to high standardization of SAP S/4HANA Cloud platform.

### 6.0 Upgrade Projects

#### 6.1 Application Upgrade

- **Process Design**: less effort due to high standardization of SAP S/4HANA Cloud platform.
- **Organizational Changes**: less effort due to high standardization of SAP S/4HANA Cloud platform.
- **Technical Setup**: zero effort.
- **Business Setup**: more effort due to quarterly releases and higher innovation frequency.
- **Project Management**: less effort due to SAP’s responsibility of release preparation.
- **Testing**: more effort due to quarterly release frequency.
- **Training**: no higher effort - even with higher release frequency - due to self-service and SAP Fiori usage.

#### 6.2 System Upgrade

- **Process Design**: zero effort.
- **Organizational Changes**: zero effort.
- **Technical Setup**: zero effort.
- **Business Setup**: zero effort.
- **Project Management**: zero effort.
- **Testing**: zero effort.
- **Training**: zero effort.

### 7.0 End User Usage

#### 7.1 End-User Operations

- **Inadequate IT Support**: less effort & risk due to application support from SAP for SAP S/4HANA Cloud.
- **Decreased User Productivity**: less effort & risk due to application support from SAP for SAP S/4HANA Cloud.

#### 7.2 Productivity Loss

- **Training**: less effort & risk due to higher standardization of business processes in SAP S/4HANA Cloud.
- **Downtime**: lower unplanned downtime with SAP S/4HANA Cloud.