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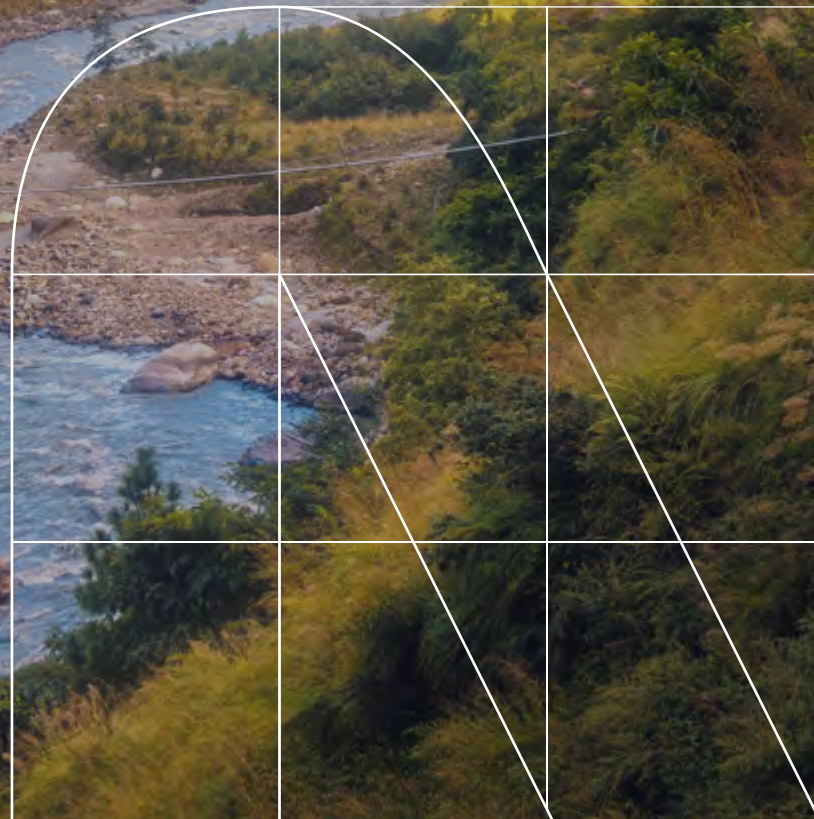
NTT DATA



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Path to SAP RISE driven by business agility, innovation and observability



Large enterprises that depend on SAP enterprise resource planning (ERP) software are accustomed to the complexity of customizations and integrations required to fine-tune that environment to their own specific needs.

That's why many have reportedly been hesitant to migrate from legacy implementations to S/4HANA or SAP RISE, the cloud-based version of SAP's ERP-centric Business Suite. But a recent survey indicates that two-thirds of large enterprises either are already running S/4HANA or are in the process of implementing it, with most using or planning to use the vendor's software-as-a-service (SaaS) offering — RISE with SAP — to do so. In the process, 58% of the survey participants reported, they are considering or will consider using third-party managed service providers to help them manage their SAP environment. This white paper examines the benefits and challenges that SAP customers have experienced or anticipate from their migration efforts.

Turning the corner with S/4HANA

Companies that have adopted SAP RISE find themselves in a growing segment of SaaS ERP, with SAP enjoying a significant market share of 12%.¹ SAP has been a top-tier player in the ERP space with its traditional ERP products.² Many of these customers are already running or choosing to upgrade to S/4HANA.

Regular support for AP's legacy software, ERP Central Component (ECC, or ERP 6.0) and its ERP-based SAP Business Suite 7 applications, is scheduled to end December 31, 2025, although that is extended until the end of 2027 for customers with the most recent enhancement packages and an extended maintenance offering can push that as far out as 2030 at additional cost.³

"There's a huge push from SAP to convert their customer installed base into a recurring-revenue model, which is RISE with SAP, and to SAP GROW, their two cloud platforms," explains Len Landale, senior vice president, Global Applications, for NTT Ltd., which has a 30-year partnership with SAP and provides cloud migration and managed services for managing and hosting enterprise mission-critical applications.



The allure of RISE lies in its simplicity of licensing and hosting. Under its terms, enterprises "will no longer pay separate licensing and maintenance fees, and their applications will be hosted by SAP," CIO reported shortly after the offer was announced.⁴

Essentially, RISE with SAP offers a subscription model for an expanded offering that includes S/4HANA (available in public cloud and

private cloud versions) bundled with "transformation services, business analytics, and partner expertise guides ..."⁵ SAP takes responsibility for service-level agreements (SLAs), cloud operations, and technical support, although customers can choose to select a particular hyperscaler environment in which to host their platform.

“RISE comes with an SAP-managed component that SAP delivers as a service, hosted on hyperscaler environments, and customers are responsible for all of the other pieces that SAP is not going to do and either manage it themselves or with a provider,” says Landale. “S/4HANA has more of a traditional managed stack, because the customer owns the licenses and therefore can control whether to host it on-premises, with a hyperscaler or in a third-party-provider cloud.”

SAP also offers an SAP Business Technology Platform (SAP BTP) that it says brings together application development and automation, data and analytics, integration, and AI capabilities in one unified

environment running on major cloud providers’ infrastructure fully managed by SAP. That’s aimed at adding modular pieces to extend core ERP functionality and provide a more open system in which organizations are able to plug in other applications from SAP or other vendors.

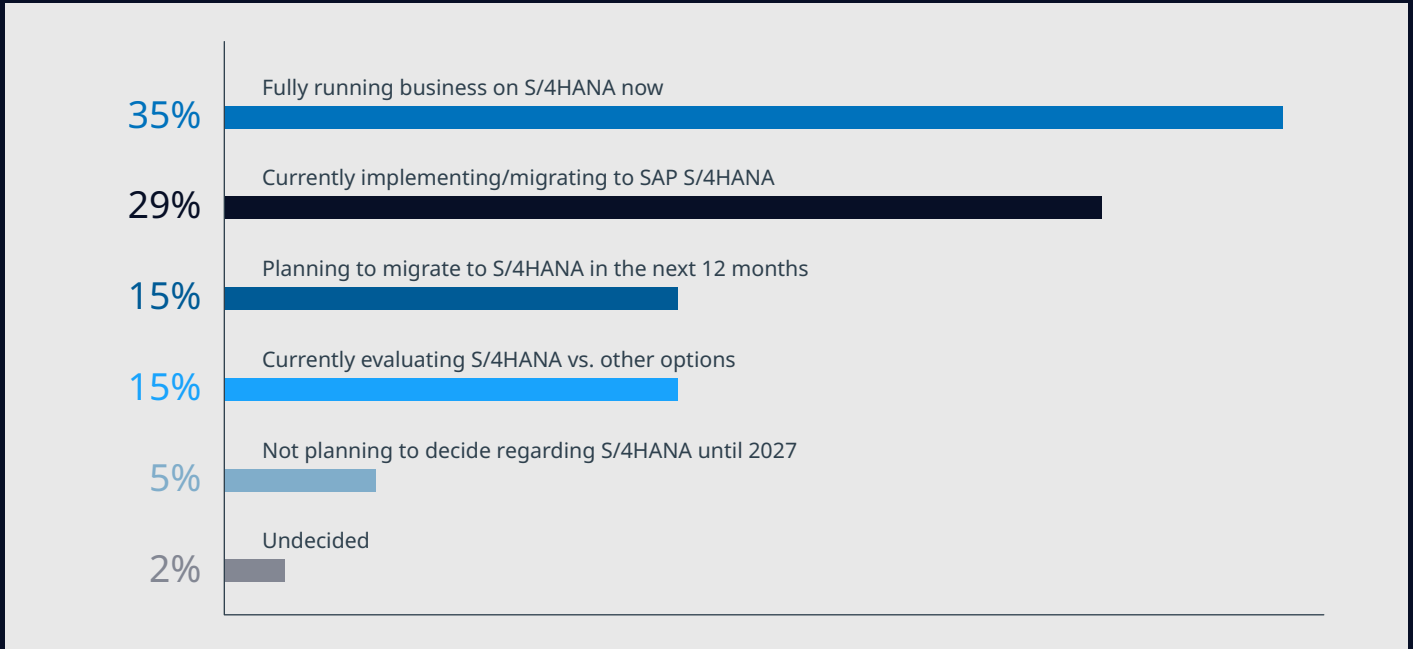
Convincing customers to undertake the migration has been a “struggle”⁶ for the vendor, but recent user group surveys indicate that that effort has turned the corner, with the company claiming that it passed the tipping point in its cloud transformation effort in its fiscal fourth quarter of 2022.⁷

A recent survey demonstrates that the company’s user base has responded to the inducements and ultimatums.

In June 2023, Foundry surveyed 200 SAP decision-makers at large companies in the U.S., U.K., and Luxembourg that are current SAP ERP customers. The survey respondents, who are responsible for managing SAP environments or influencing their organization’s SAP technology decisions, have mostly moved beyond ECC 6.0, with the majority opting for on-premises versions of S/4HANA.

Slightly more than one-third are fully running their operations on S/4HANA, however, with 44% indicating that they are currently migrating or have a plan to do so within 12 months. A small percentage aren’t planning to decide until the 2027 extended support deadline looms.

S/4 HANA migration plan



Q7: What is your organization's current S/4HANA migration plan? (Select all that apply) Base 200

Satisfaction levels high with SAP investments

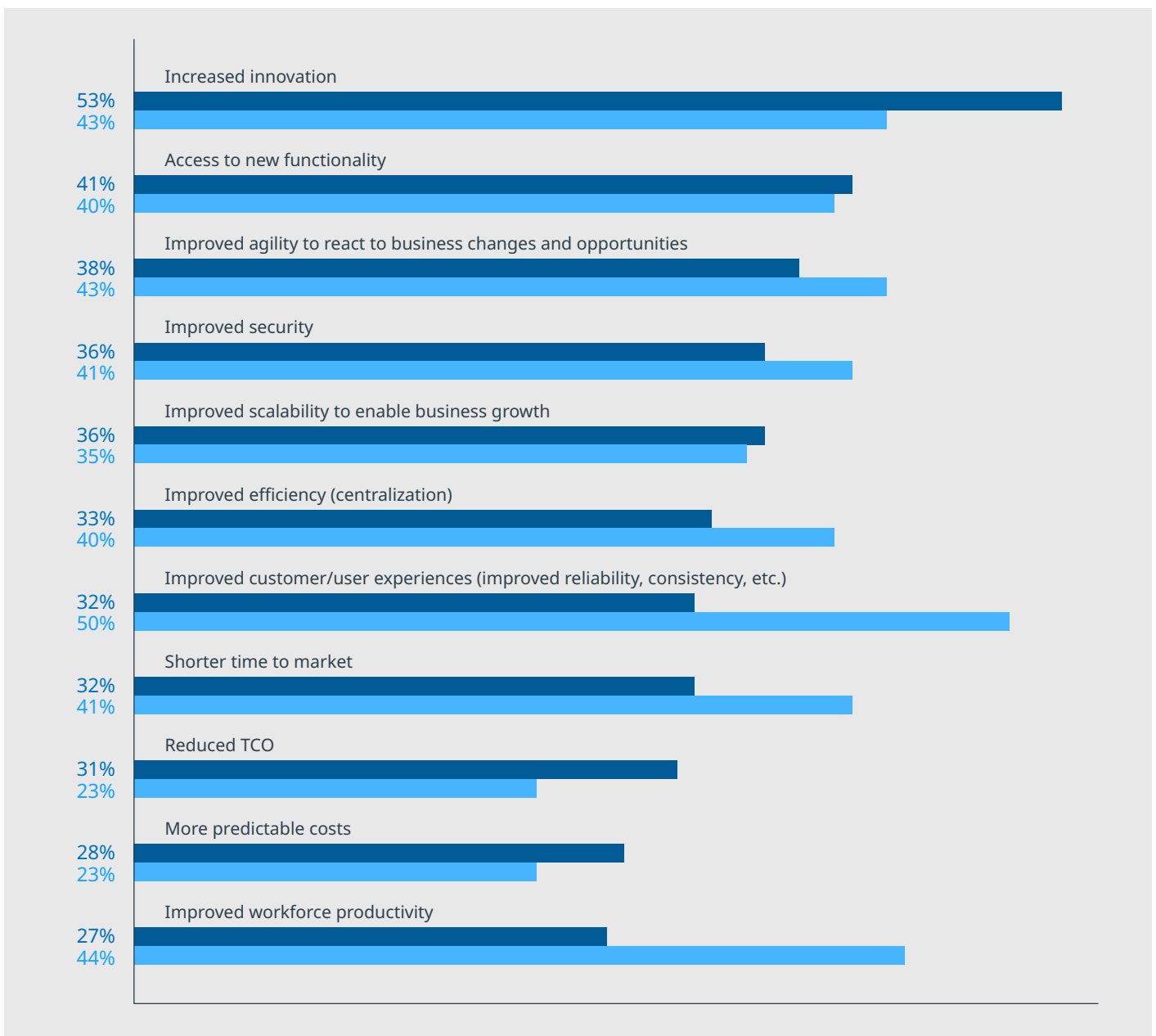
SAP customers are generally satisfied with their investments and report that they are very satisfied with their ability to:

- Mitigate security risk (57%)
- Access new functionality (56%)
- Streamline manageability (56%)

Half of the respondents currently running SAP S/4HANA and/or RISE cited improved customer and user experience as the top benefit experienced to date. Other highly rated benefits include:

- Improved workforce productivity (44%)
- Improved agility to react to business changes and opportunities (43%)
- Increased innovation (43%)

Benefits experienced vs. anticipated from S/4 HANA and/or RISE



9a. What benefits has your company experienced from S/4HANA and/or RISE to-date? (Select all that apply.) Base 124 who are running or implementing S/4HANA and/or running SAP with RISE
 9b. What top benefits is your company anticipating over the next 12-24 months from SAP S/4HANA and/or RISE? (Select up to 5.) Base 156 who are running, implementing or planning to implement S/4HANA and/or running or planning to run SAP with RISE

The Foundry survey reveals that users of RISE with SAP are more likely to be satisfied with mitigation of security risks, ability to quickly resolve slowdowns and outages, and observability into business processes. Additionally, 44% of the respondents are current users of Microsoft Azure and are significantly more likely than others to indicate that they have experienced increased innovation and improved security from S/4HANA and/ or RISE than others.

A majority of the RISE subscribers are very satisfied with their system's observability into business processes, compared to only 36% of the non-RISE respondents. As enterprises expand their environment to incorporate cloud-native applications, hybrid IT and multicloud infrastructure, it is increasingly important to have deep visibility into IT business functional

processes, particularly as they relate to applications, code and infrastructure.

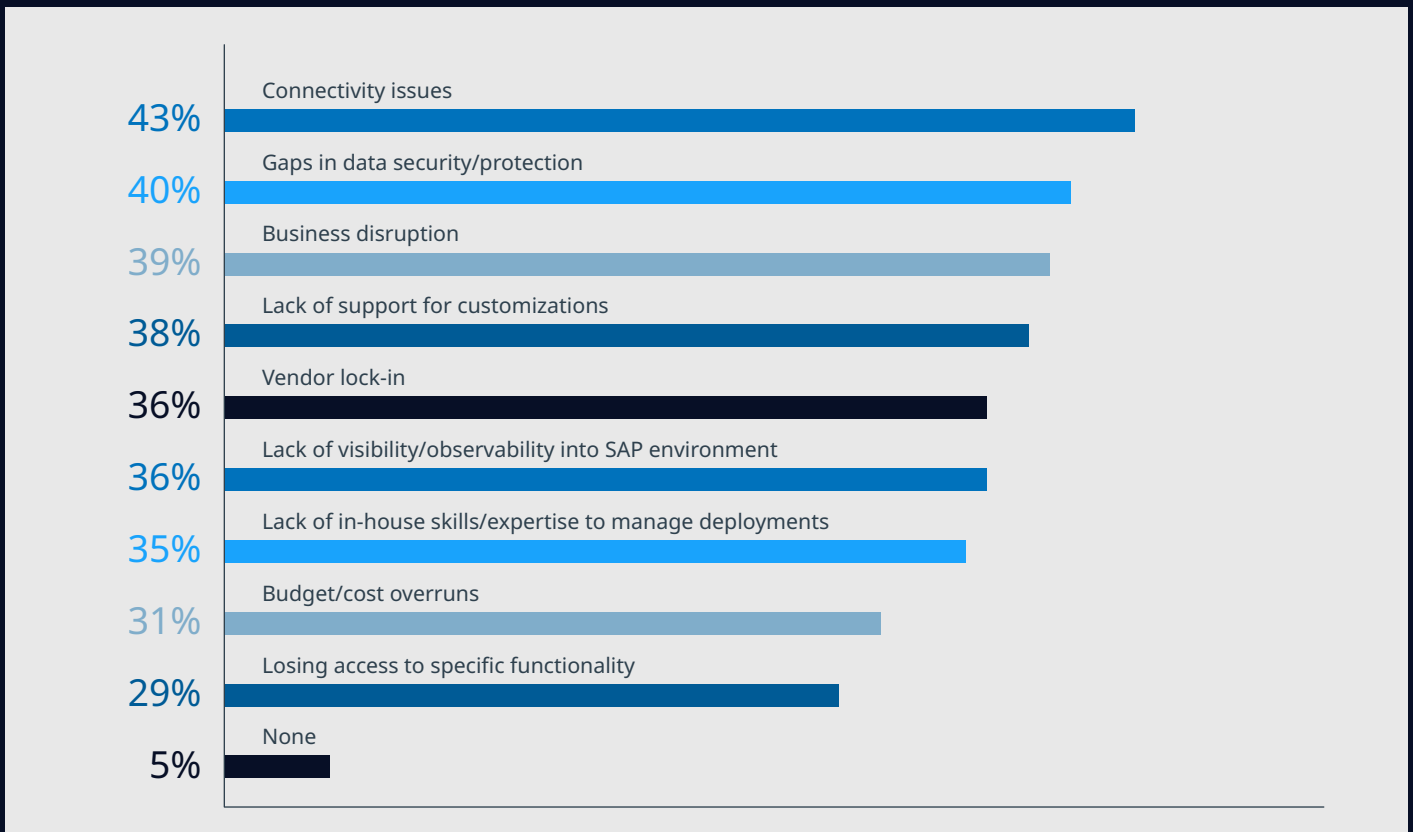
The ability to monitor your entire IT stack is essential to identifying and remediating performance issues before they impact your business. Traditional monitoring tools, skills, and processes are no longer adequate for the networks and applications they need to track, but full-stack observability provides unified, realtime visibility into availability and performance across the environment — including computing, storage, the network, customer-facing applications and more.

"It's critically important to be able to really measure and understand a business process that's been implemented within the SAP platform at the functional layer," says Joe Maissel, Vice President, Observability, IT Service Management & AIOps at NTT.

"For example," he adds, "being able to measure and time the process of a product coming off a manufacturing line and making its way to a pallet and then onto a truck enables organizations to determine if any delays are tied to the code that powers the process and know where things may be breaking down."

By adding full-stack observability, engineers can discover and fix problems faster, before they impact performance, with insight into every network, from the edge to the internet to the cloud. Across-the-board monitoring and management for all SAP applications also helps organizations avoid damaging and costly application failures, resolve performance issues and ultimately boost business productivity as well as profitability.

Perceived risks of using the RISE platform



Q12: Regardless of your current use of RISE, what do you perceive to be the biggest risks of using the RISE platform? (Select up to 5.) Base 200

Concerns and uncertainties

ERP upgrade and migration strategies have always been fraught with concerns about the difficulties, costs and potential risks of changing a platform on which countless business workflows and processes are inextricably dependent.

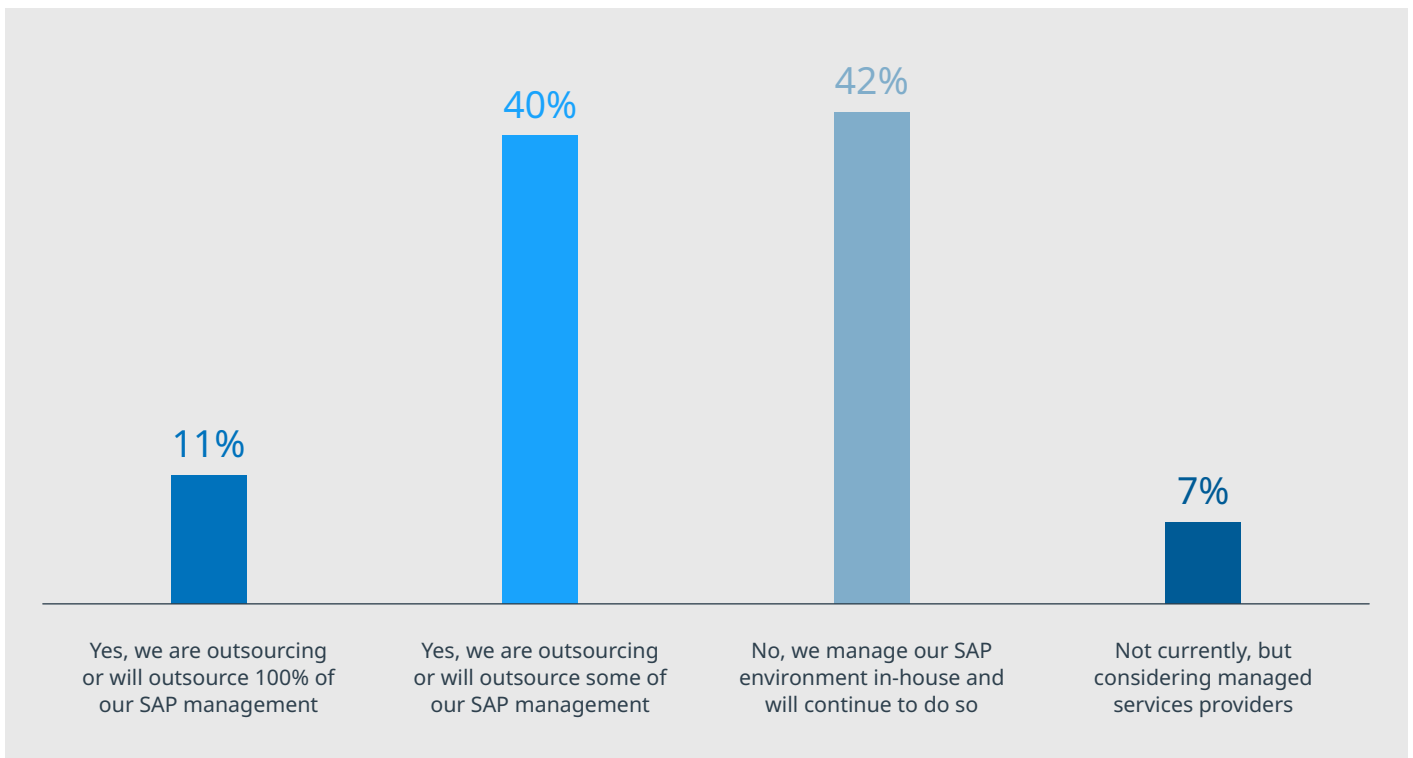
46% of survey respondents indicate they have concerns over perceived business disruption risks in using RISE with SAP. However, among those who are using RISE only 30% had this concern.

Staff members who don't have experience with S/4HANA migrations could potentially introduce risk into systems rather than mitigating it. "There's a lot that has changed from the perspectives of front-end interactions, code deprecation, and data architecture," explains Landale. "Having the expertise and perspective to understand the impact of those is critical to the success of every migration project."

Third-party MSPs gaining favor in SAP management

Expertise is one reason why so many organizations are increasingly relying on third-party managed services providers to manage part or the entirety of their SAP implementations. Half of the decision-makers surveyed indicated that their organization is outsourcing at least some of its SAP management, or plans to do so, and 7% said they are considering managed services providers. SAP customers most frequently leverage managed services providers to assist with technology implementation (47%), improve observability (43%), and build strategy (32%).

Is your organization currently relying on a third-party managed services provider (other than RISE) to help you manage your SAP environment?





The top priority for evaluating MSPs to help with SAP management, according to 51% of the survey participants, is “reputation for innovation.” Other priorities include “flexible pricing models” (42%), “industry-specific expertise” (42%) and “expertise with managing hyperscalers” (41%).

S/4HANA can be hosted on the major hyperscalers, although Microsoft Azure was initially designated as SAP’s preferred cloud provider, reflecting a three-decades-long partnership between SAP and Microsoft.⁸

Although S/4HANA was first announced in 2015, many organizations are still very much in the implementation or consideration stages. Few have the internal resources to expertly address this type of migration while staying focused on day-to-day business operations.

With over 5,000 SAP engagements, across 58 countries, NTT delivers end-to-end, flexible services for SAP S/4HANA implementations to simplify and secure enterprise applications across your organization. Whether you need support optimizing costs, driving innovation and efficiency around your architecture, or modernizing your practices, you can depend on us to improve the performance and security of your SAP environment. NTT’s fully integrated, full-stack observability approach to providing visibility and monitoring for your entire IT environment delivers real-time data that you can turn into action for optimal performance of your business-critical systems, including applications and infrastructure. Take advantage of NTT’s observability maturity assessment for an analysis of your current state, desired future state, and a gap and overlap analysis of the organization, including processes, technology, and expert recommendations.

¹ Anurag Rana and Andrew Girard, “Cloud ERP likely to become next biggest growth driver in SaaS,” January 5, 2023. [Bloomberg Intelligence](#).

² SAP News, “SAP Ranked No. 1 in ERP Software Market Share Analysis by Revenue,” July 2, 2019. [SAP Press Room](#).

³ Arne Schmidhals, “Maintenance Timelines for SAP ERP 6.0,” September 20, 2022. [SAP Blogs](#).

⁴ Peter Sayer, “Rise with SAP: SAP bets on migrating your ERP to its cloud,” February 1, 2021. [CIO](#).

⁵ “What is RISE with SAP?” [SAP website](#).

⁶ Lindsay Clark, “SAP still struggling to convert ECC customers to S/4HANA, says Gartner,” December 6, 2022. [The Register](#).

⁷ Isaac Feldberg, “Q1 2023: SAP Enters ‘New Phase’ of Strategic Cloud Transformation,” April 28, 2023. [ASUG News + Views](#).

⁸ Silvio Bessa, “The synergy of market leaders: Exploring Microsoft and SAP’s game-changing collaboration,” May 16, 2023. [Microsoft](#).

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<https://services.global.ntt/en-us/services-and-products/cloud>



