SAP PRODUCT PAST & FUTURE

The Real Story of SAP Product Evolution

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SAP Product Past and Future... **The Real Story of SAP Product Evolution**

Listen… do you hear that? According to some SAP experts, it is the sound of the sky falling.
According to others, there isn't much of a sound at all except for the occasional evolutionary
software cricket… the *OrthoERPtera EnsiHANA*. So, what is the ruckus behind these two
extremes?   It was the announcement from SAP back in 2017 that its *mainstream maintenance
support* for ECC and other SAP solutions will expire in December 2025 (SAP Note 1648480 -
Maintenance for SAP Business Suite 7 Software). While no one, including the market watchers,
earnings forecasters, sales hackers, or tech bloggers can say with any level of certainty what
this date really means… inquiring minds want to know. Heck, from a pure business play, is SAP
going to give current "legacy" clients the ultimatum of "*upgrade or go away*" pitch without fear
of losing a large base of otherwise satisfied clients who are not ready or able to evolve by 2025?
You don't have to be an SAP expert to know that making the decision to migrate from ECC to
Business Suite to S4 Hana to Hana Cloud requires huge commitment, deep pockets, and lots of
subject matter expertise. Oh yeh… and massive amounts of patience and resiliency.

So, what are your options as the December 2025 expiration date approaches?

To answer that, let's start with HANA, considering that it is capturing a lot of buzz at the coffee
machine and in the boardroom alike. Not to mention, it is THEE platform that SAP is urging
many clients to migrate towards. Why, you might ask? Well, it should come as no surprise that
the primary reason to encourage clients toward HANA is good ole' fashioned capitalism. After
all, they are in the business of making a profit, and just like most if not all software solutions,
they all come with "term limits"… a level of diminishing utility and ROI over time, with little
ability to adapt and evolve to advancing technology**.**

Described by SAP as its "biggest launch in 23 years", this business suite will run exclusively on
SAP's own database, HANA. Prior to HANA, SAP's software worked with a number of databases,
including Oracle, but businesses migrating to HANA will also need to migrate their entire
database (think new training, internal technology knowledge, and big bucks). With the current
estimate of more than 250,000 SAP clients using various database platforms, it's
understandable that SAP wants these clients using their database rather than oth**e**rs. There are

some viable and very good business reasons for many companies to move to Hana. However… what about those companies who are more than satisfied with their great running ECC 7.X version and want to stay in that saddle for a while longer? Again, no one can say for sure what the 2025 end date looks like (and yes, there will eventually be an end date) but we have been hearing the cry of Damocles for decades since version 3.0.

So, assuming the 2025 deadline is real… or not…. there are a few choices available to businesses. If a business' current SAP is "*plain ole' vanilla*" and doesn't contain an excessive amount of Z programs (files used to compress a file for backup/archive purposes) and other complex configuration… converting to S/4HANA, is an easier option. However, if the business ecosystem is highly customized and configured, then a full re-implementation might be necessary.

If a business decides to continue with SAP, then a new infrastructure is very likely. S/4HANA requires HANA as a database, which currently requires Linux, the only operating system that runs HANA (we would love to perform a GAP analysis on that scenario!). The business will need to decide whether the infrastructure they will use will remain on-premise or move to the cloud—and whether the cloud option will be private, public, or hybrid. The cloud option has even more dire ramifications when thinking of using SAP's private cloud option – but we will save that pandora's box for another conversation.

Despite SAP's best efforts to downplay the challenges, the process of migration is not quick, it's not easy, and it's not cheap. Considerable time and resources will need to be spent not only on the migration, but also on testing the migration and training users on how to use the new software. Additionally, the look and feel of S/4 is different than it's predecessors… making user adoption easy for some, difficult for others. In addition, some of the core ECC modules move over to S/4 with little change in functionality. FICO (Financial Accounting and Controlling) however has some major changes in look, feel, and utilization. We are getting a number of inquiries from newly converted S/4 customers for FICO help, and we do not anticipate that these requests will slow anytime soon.

Another important business consideration that companies are weighing in their decision is that the migration to S4/HANA can also remove one of the main advantages of SAP… flexibility. Specifically, the many combinations of hardware and software components have become very comfortable to work with for SAP clients. Companies have spent a great deal of money in acquiring internal technical talent and getting their landscape solid and working. All that can be upset with a new migration. Yes, HANA is an innovative "in-memory" database, making it faster—but it is nowhere near as mature or stable as ECC and won't be for some time. Many businesses prefer the mature, reliable ECC database options over the newer, albeit quicker, HANA database. It should also be said that "quicker" is a very relative term.

A number of our clients have come to us for advice on whether to move to pure S4. In evaluating the cost of new hardware, possibly a totally new landscape, and the conversion costs, some clients have adopted the notion of… "So, for $300k I can convert and migrate to S4 so that my FICO reports can run 4 seconds quicker"? While this may be a simplistic view, it highlights the "relative" nature of making such a decision. For some clients, it is a stark ROI reality.

The second alternative is moving to Business Suite (ECC but on HANA database structure). It is a very viable option where a client can utilize some of the benefits of the HANA database structure while keeping their ECC look and feel. It's not something that SAP is promoting a great deal, as they want people to move over to S4 completely.

The last alternative is to simply do nothing and wait for the OrthoERPtera EnsiHANA, the evolutionary software cricket, to chirp. Many companies running SAP are very happy with their system landscape and functionality, and don't want to disrupt their business simply because of any pressure to move to another platform. Although the new platform will grow SAP's revenue and client base, it doesn't necessarily mean it is the best platform to grow your business. There are definite advantages to S/4HANA, but there are many companies who cannot rationalize or justify the ROI to convert. If a company uses SAP for standard Order to Cash, Procure to Pay functionality and doesn't use all the bells and whistles that SAP provides, then core ECC is a

very stable environment. In these cases serious thought should be made to maintain the current environment and not be swayed by the bright, shiny bling and new features of S/4. By staying with your legacy ECC system, any SAP maintenance support needed will expire on December 31, 2025. After that, it will no longer provide support. Or will they? At the end of support, customers will no longer receive updates and will no longer be able to access official support to resolve technical issues. But, there are options… very viable ones, that we can cover in another discussion. We have a number of clients whom we've helped through the *"no official support"* option and they have done extremely well and saved money.

So… 2025 is SAP's deadline but it doesn't have to be yours. With so many options available, no business should feel pressured to migrate if they don't want to. Every company has its own unique circumstances and should gather all the information they can from published materials and industry experts (like us) to make informed decisions.

If you would like more information on any of these topics, or need guidance with planning your next SAP deployment or migration, please feel free to contact us at FirstCall Consulting Partners.

Learn more at www.thefirstcallconsulting.com or call 855 494 FCC1

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