

SAP Trends 2023

Highlights of the valantic SAP S/4HANA study

How satisfied are companies with SAP, the cloud, the Business Technology Platform, and S/4HANA? valantic's current SAP S/4HANA study 2023 sheds significant light on investment intentions, the business benefits achieved, and smoldering pain points of the SAP community in German-speaking Europe.

SAP trends: Key facts

- One-fifth of companies have already migrated to SAP S/4HANA
- The migration methodology (extended) brownfield is preferred
- Skepticism about the cloud is waning – private cloud is growing rapidly
- Future topics process mining and conversational AI are being discussed intensively
- The importance of the SAP Business Technology Platform (BTP), an integration and SAP app development accelerator, is still underestimated

When it comes to migrating to SAP S/4HANA, the SAP user companies in German-speaking Europe are on the right track. A good fifth of them have already completed the migration process and are working productively with S/4HANA. However, three-quarters of companies still have the digital transformation to SAP's future platform ahead of them, and the pace of migration, as shown by year-on-year comparisons, has declined slightly. Geopolitically and financially, many companies have had a few difficult years, which we believe may also play a role in the current declining enthusiasm.

Migration methodology (extended) brownfield is increasingly preferred

Interesting in this context is to take a look at the three migration methodologies: brownfield, Bluefield®, and greenfield. The majority of companies prefer brownfield approaches in various forms, i.e., an initially technical migration to S/4HANA with light to more pronounced improvement and optimization initiatives.

But the greenfield approach is also enjoying a significant increase in popularity, after a small decline last year. With greenfield, companies are taking the opportunity to test and optimize their processes and solution architecture as part of the migration. Greenfield is more complex, but the result, especially with older SAP solutions, brings clear business benefits, so the effort is worth it.

SAP private cloud solution is very popular

The “RISE with SAP” cloud initiative has gained considerable recognition. But SAP’s private cloud offering has also taken a giant leap, at least in terms of awareness. The skepticism about the cloud deployment model is noticeably diminishing for the first time this year.

What is still holding companies back from migrating to the cloud? At the top of their list of concerns is the large number of existing in-house developments that have been running on-premise so far and that cannot or only partially be taken into the cloud. Other issues are a lack of customizing capabilities, especially in the public cloud, and concerns about data protection and data security.

SAP Business Technology Platform

In 2021, SAP dissolved its Cloud Platform (SCP) and integrated the integration and extension suite into the then-new SAP Business Technology Platform (BTP). However, the many advantages of BTP do not seem to have been fully received by companies in German-speaking Europe. Nearly half of the survey participants have been using BTP (34%) or are busy implementing it (13%); the other half have so far kept their distance from it.

The main reason (64%) is: We have not done enough work on SAP BTP yet. Even supposedly high costs prevent almost 18% from implementing this product. Consultants and digitalization companies in particular, but also SAP, are called upon to clarify and clarify the benefits of BTP in discussions with companies and customers.

Automation trends in the SAP community

One of the megatrends not only, but definitely also for SAP companies, is the topic of automation. Compared to previous years, the finance & controlling business area, the automation leader in 2022, continues to lose ground in relative terms. By contrast, projects in the logistics sector, where the second highest automation potential is seen, have increased significantly. Purchasing and sales remain largely unchanged. We can clearly see here that automation no longer only takes place in the “obvious” and supposedly simpler process steps but is increasingly being introduced into more complex areas as a relevant component of process solution architectures.

Conversational AI/ChatGPT: Companies evaluate business scenarios

Interest in conversational AI/chatbots has also increased significantly compared to last year, and currently stands at just under 30%. Following the worldwide megahype that ChatGPT has triggered worldwide since November of last year, companies in German-speaking Europe are now beginning to evaluate robust business scenarios for the use of language models and are obviously succeeding with these.

valantic's consultants have also identified deployment scenarios in which ChatGPT and its underlying language model GPT-4 can generate real business value, among others, in areas such as internal and external communication, service, support, and consulting.

Future topic process mining

At the beginning of 2021, the process mining and process optimization specialist Signavio was brought under the SAP umbrella. Obviously, this was a good decision for SAP, because more than 75% of survey participants see process mining as a great added value for their company and they mean, in particular, greater process transparency, standardization, and process digitalization. With process mining technology, the companies' experts gain an overview of the sometimes very extensive process landscapes and then initiate improvement measures.

Leveraging automation potential is also a strong driver for the migration to the future platform S/4HANA, which was analyzed at the beginning of this blog post. A good 27% want to prepare automation initiatives in the fields of robotics and artificial intelligence, for example. Almost as many companies expect S/4HANA to reduce their process costs, and a good 15% of survey participants are considering innovations in the areas of Big Data and the Internet of Things (IoT), which can be implemented better, more effectively, and faster after the transformation to S/4HANA.

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