Making the business case for SAP modernization in the cloud

Benefits to the business outweigh the challenges of migrating your mission-critical ERP environment the cloud — if you take the right approach.

As the heartbeat of many of the world's largest companies, SAP's enterprise resource planning (ERP) software is not something IT and business leaders like to tinker with unnecessarily, because any unexpected disruptions can bring the business to a halt. But leadership teams also realize that the demands of today's digitally driven organizations require the modernization of legacy applications and infrastructure. SAP is no exception to the digital transformation mandate.

There is little doubt that cloud platforms are a foundation of modern business. IDG's 2020 Cloud Computing Survey reported that 92% of organizations have migrated at least some portion of their IT environment to a public cloud. Of those organizations, 44% have already migrated ERP, customer relationship management, or other line-of-business applications, and another 17% plan to migrate those applications over the next year.

To unlock the full potential of the cloud, organizations should plan an SAP migration in concert with a broader digital transformation strategy, including the adoption of cloud-native applications, "TechOps" automated operations, and application management services.

SAP envisions itself as a platform for digital transformation. The RISE with SAP program it introduced in 2021 offers an integrated approach to help companies migrate to SAP solutions in the cloud, creating a foundation for modernizing applications to support a more agile business. RISE with SAP removes much of the guesswork of planning and purchasing by providing a consistent set of tools and best practices.

Business benefits of SAP in the cloud

S/4HANA Cloud represents a significant evolution of the SAP platform. HANA is an in-memory relational database capable of processing both transactional and analytical workloads. This enables dramatic improvements in decision-making speed, improves collaboration across organizational boundaries, and creates the foundation for machine learning capabilities that add intelligence to applications and analytics.

S/4HANA helps organizations change the way they work by giving them real-time insights into operational data. By applying these insights quickly, businesses can achieve a significant competitive advantage. SAP believes that all customers can benefit from the agility a cloud platform provides. As an incentive, the company has set a 2027 deadline for the end of standard support on its legacy ERP Central Component (SAP ECC).

Nevertheless, many customers remain reluctant to risk the downtime and disruption that often accompanies a migration of this magnitude. In addition, realizing the benefits of an SAP migration to the cloud requires new skillsets for managing cloud services, governing the ways data is created, classified, modified, and deleted, and administering rigorous access controls, which can also create concerns not just about migrating the environment, but running it effectively to get maximum value. A recent survey by the Americas' SAP Users' Group found that more than 60% of existing SAP users had not yet decided whether to migrate.

RISE with SAP is intended to address that hesitation by removing many of the most significant barriers to cloud adoption and enabling customers to standardize on a single architecture that leverages the strengths of cloud. Customers get streamlined bundled pricing, single-contract simplicity, a choice of hosting solutions, and flexible credits that can be applied to different elements of the SAP Business Technology Platform. They can also take advantage of more than 2,000 pre-built integrations as well as SAP Intelligent Robotic Process Automation and a variety of analytics and AI extensions.

The time to wait is over. Organizations need to prepare now to migrate to a cloud-centric business model built around S/4HANA. This is not just the direction SAP recommends; it represents a strategic shift to help organizations capture the scalability, reliability, agility, and innovation benefits they need to remain competitive in times of high uncertainty and rapid change.

The shift is on

While a "lift and shift" approach may represent the quickest path to migrate existing on-premises SAP workloads to the cloud, transitioning to a full cloud-native environment provides several key benefits to the business:

• Secure and current applications. SAP provides dynamic releases of new application functionality each quarter while also releasing fixes and patches. Because cloud platforms are highly automated, service providers can apply patches and updates faster than in-house IT staff. Cloud infrastructure is highly secure and provides world-class backup and data lifecycle management. Not only does cloud deployment provide faster access to new features, but customers are spared the overhead

of installing and testing software updates on-premises. These services free administrators to devote more time to building applications as well as taking advantage of third-party extensions that add value to their ERP suite – and their business.

• Rapid deployment on a global scale. Organizations that wish to expand globally or establish new manufacturing or distribution centers can do so without the complexity of setting up on-site infrastructure. Selective access is easily provided to contractors, partners, and customers. A cloud platform also enables remote access to core applications, which will be a long-term need as the distributed workforce model driven by the COVID-19 pandemic takes hold. Remote workers can access critical systems and data without the cost and complexity of provisioning private networks.

• An extended ecosystem for new capabilities. SAP offers a wide variety of productivity-enhancing solutions for managing expenses, human capital, supply chains, logistics, and product lifecycles, to name just a few. All are available as cloud services that can be easily

plugged into the core S/4HANA engine to take advantage of a unified data store and yield immediate benefits. In addition, SAP has more than 22,000 global partners and 200 million subscribers to its cloud services. Third-party extensions are available to address nearly every imaginable customer need, from the adoption of subscription billing to real estate management to sophisticated tax calculation. Cloud platforms make it simple for customers to deploy pre-tested and integrated functionality in minutes. In most cases, there is little or no cost required to experiment with different solutions, which will help organizations continuously innovate.

Migration risks

Moving a mission-critical ERP application to the cloud is not a trivial process, nor is it without risk. The IDG Cloud Computing Survey found the following top challenges enterprises face in moving to the cloud, all of which are particularly relevant to an ERP migration:

Cost control: The myth that cloud platforms save significant amounts of money has been largely debunked. While cost savings can be achieved, the amount is typically modest and there is also a significant risk of overspending. To avoid cost overruns, organizations need to take a disciplined approach to manage cloud instances, avoid over-provisioning, and manage storage and data volumes to avoid surcharges and egress fees.

Protecting privacy and ensuring security: All major cloud platforms provide high levels of infrastructure security. However, they also operate under a shared responsibility model that delegates accountability for access control and data protection to the customer.

Gartner has forecast that 99% of future cloud security failures will be the customer's fault. Misconfiguration and lax access controls are top concerns and require detailed policies and education.

Ensuring proper governance:
Governance is the discipline of knowing what information the organization has, how it is used, who is responsible for it, and how it is managed. It ensures that organizations can find the information they need quickly and that there is minimal duplication or version conflict. Good governance practices span the organization and provide a consistent set of metadata constructs for classifying data as well as explicit rules about who is responsible for data and how it should be managed.

Acquiring necessary skills:
Managing cloud providers demands a very different set of skills from managing data center infrastructure. These include cost accounting, instance management, continuous integration and delivery, infrastructure automation, and DevOps development. In a tight hiring environment, the best option is usually to retrain existing staff, a choice that is made easier by engaging a partner with a deep well of in-house skills.

All these challenges are addressable with a rigorous approach to planning and the help of an experienced migration partner.

Choosing a cloud platform

A safe choice for organizations planning a cloud migration is to use SAP-certified infrastructure that includes options for bare metal, virtual data center, and virtual machine deployment.

A diversified cloud service such as IBM Cloud for SAP provides all these choices, as well as an option to host VMs/LPAR on IBM Power processors that has delivered highest SD-2 tier/SAPS performance benchmark among all SAP certified infrastructure and designed to support end-to-end security across public and private clouds. IBM Cloud is also certified to support SAP production workloads running on VMWare on IBM Cloud. Once on IBM Cloud, organizations

can choose from dozens of products to enhance their core SAP functionality, including AI augmentation, analytics, advanced security, mobile development, and web-based applications. IBM is also part of the RISE with SAP program.

HCL has a longstanding Platinum partnership with IBM, which includes a dedicated ecosystem unit and joint product development, along with strategic engagement on IBM Cloud services for financial services and telecommunications verticals.

SAP partners can offer fully integrated, proven SAP software solutions to manage critical business processes for their customers. These solutions can be delivered using a private cloud-based offering or through a public cloud solution such as SAP SuccessFactors, SAP Fieldglass, SAP Ariba, SAP S/4HANA, SAP Enable Now, and more.

HCL's Partner Managed Cloud services optimize the way organizations consume SAP solutions while leveraging SAP's latest cloud innovations. Packaged and managed SAP solutions, delivered via an OpEx consumption model through IBM Cloud, provide a more seamless migration model encompassing software licenses, technology platform, software and tools, and digital operations. This model lets an organization convert their entire SAP estate to a subscription model, under a single contract to deliver unmatched TCO. Utilizing the RISE reference architecture will also help an organization improve the total cost of innovation (TCI) by enabling a pipeline of continuous integration/continuous development (CI/CD). HCL's Partner Managed Cloud services on IBM Cloud for RISE can help organizations bring TCO and TCI together at scale.

Choosing a migration partner

Moving to the SAP cloud is likely one of the most challenging migration tasks IT organizations will undertake as part of a broader digital transformation strategy. It's important, therefore, to choose a solution partner with significant experience and expertise with organizations of all sizes, industries, and geographies.

The right migration partner will be a Tier 1 SAP Gold Partner and part of SAP's Co-Innovation and RISE with SAP programs. These designations recognize high levels of expertise with SAP solutions, enable co-innovation with SAP, and provide access to partner-specific tools and resources that help ensure rapid time to value with minimal risk.

HCL's CloudSmart is a full stack offering to simplify and accelerate an organization's cloud transformation journey leveraging HCL's accelerators and solutions. This framework includes shifting SAP workloads to the cloud, digital transformation to SAP S/4HANA, adopting cloud-native applications, TechOps, cloud application services, and application management services. Key to this transformation journey are cloud transformation elements that simplify the journey and help to create a resilient digital enterprise by modernizing applications.

HCL's end-to-end framework is a proven delivery approach for SAP transformation initiatives.

Conclusion

SAP transformation allows enterprises to adopt new business models, accelerate the pace of change, and take advantages of emerging technology to innovate at scale. Aligning plans with industry norms, organizational goals, and your organization's unique characteristics can pave the way for an SAP transformation that helps your enterprise become fully responsive, scalable, and resilient.

The right partner can provide the expertise and IP you need to reduce costs, rethink organizational agility, rebuild operational resilience, and reimagine your business.

Learn more about transforming your SAP workloads on IBM Cloud.