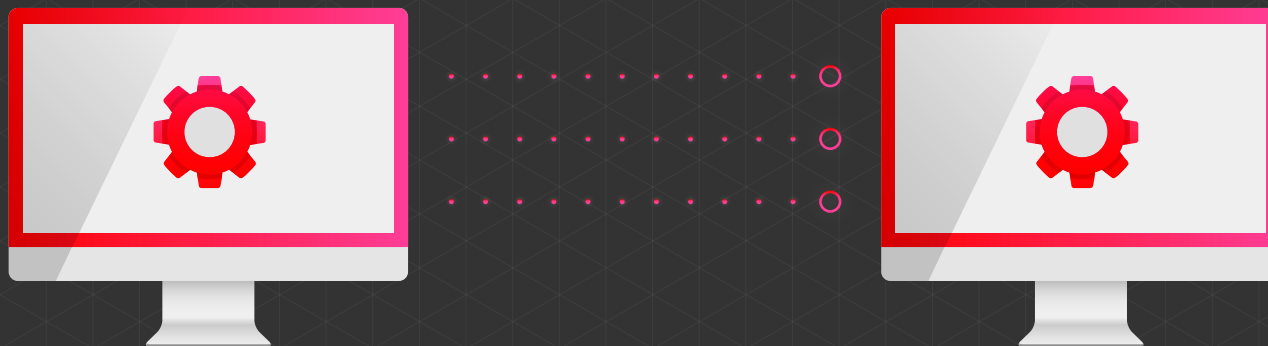




# **System migration report:** **11 strategy-defining stats for** **S/4HANA, Salesforce, and more**



# For any big enterprise, continuous business transformation is a must.

**Companies merge or acquire other companies. Processes get more complex. Technology evolves. Inevitably, the systems underpinning your business will struggle to meet your needs.**

To stay agile and competitive, you'll likely have to upgrade or replace existing software by migrating its key functionalities to new systems. And you don't need us to tell you that system migration is no joke.

In this guide, we've crowdsourced wisdom about system migration — highlighting the risks but also the opportunities it can unlock.

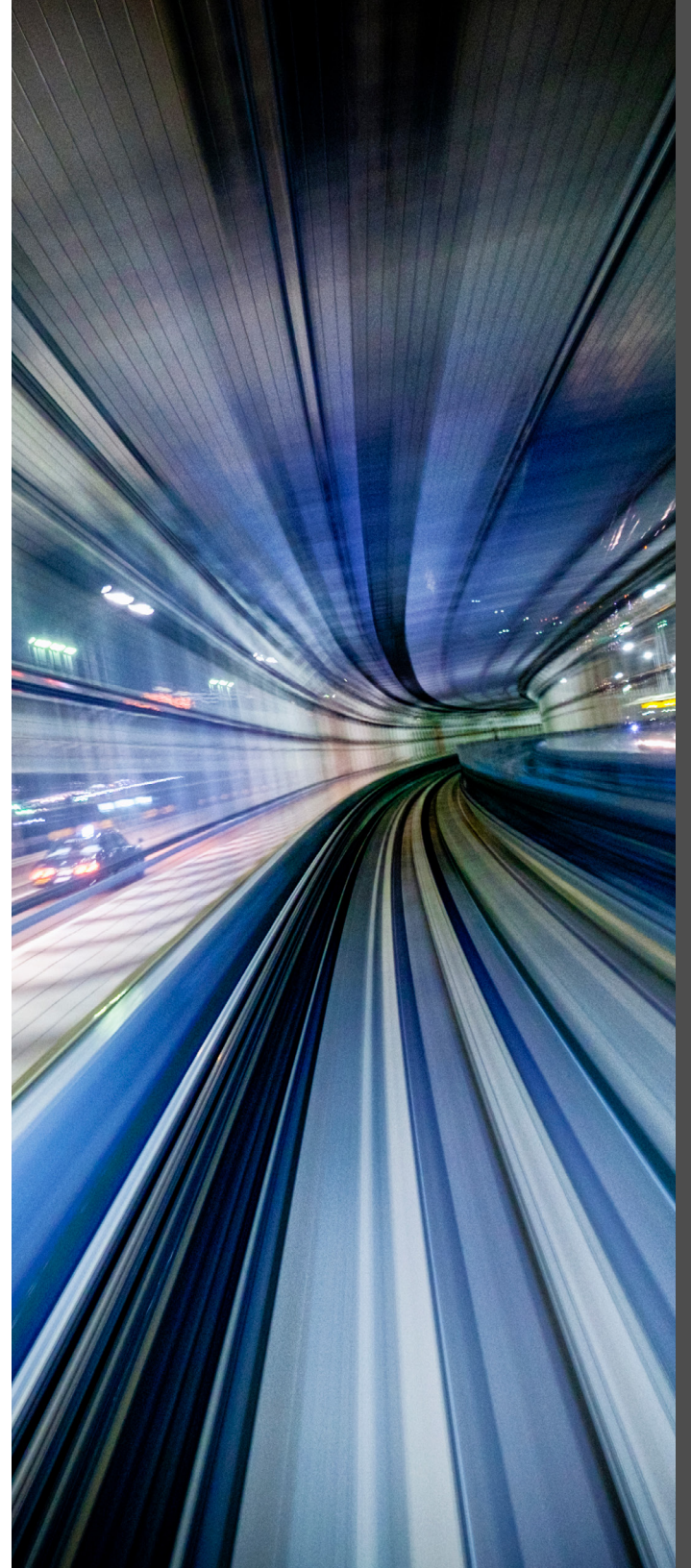
Dive into trends, facts, and figures showing you how organizations strategize for and execute their system migrations.

## Learn about:

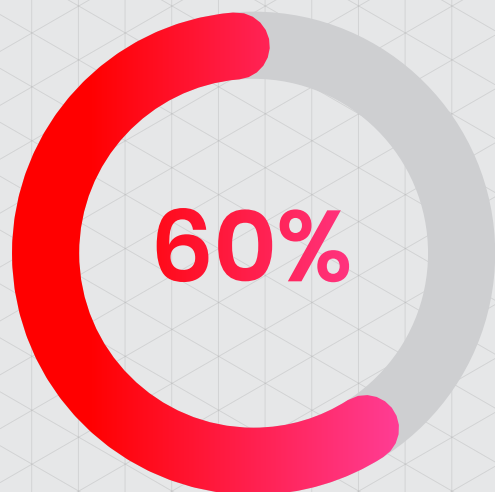
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- ✓ The common pitfalls businesses face in starting the journey
- ✓ Why many system migrations fail
- ✓ The key ingredients for a successful migration
- ✓ And the business value successful system migrations can create

## Let's get started.



# 6 stats you should know about system migrations



**Gartner estimates that 60% of ERP investments are perceived as having failed because they are believed to have compromised the business in some way.**

Gartner 2019, Strategic Roadmap for Postmodern ERP, Mike Guay, Paul Saunders, Denise Ganly, 31 May 2019.

## <sup>1</sup> More than half of IT migrations fail

**IT migrations are like a house of cards. One wrong move can bring the whole thing down — whether it's poorly defined processes, the wrong business users in a workshop, or inflexible employees clinging to old workflows.**

The reasons for this can be as diverse as the systems themselves. Maybe the new ERP has poor usability, the project had the wrong scope, or your users didn't get enough training. The list is endless.

Often, all these problems go back to a deep disconnect between IT and the business. On the management level, system migrations are simply seen as a necessary evil — when they're actually a great opportunity for strategic improvement.

Yes, there are costs and risks. But system migration can and should — if executed well — deliver real business outcomes: **improved agility, better visibility, higher productivity, and lower costs.**

**"Often, all these problems go back to a deep disconnect between IT and the business."**

## 2 Majority of IT migrations struggle with ballooning costs and scope

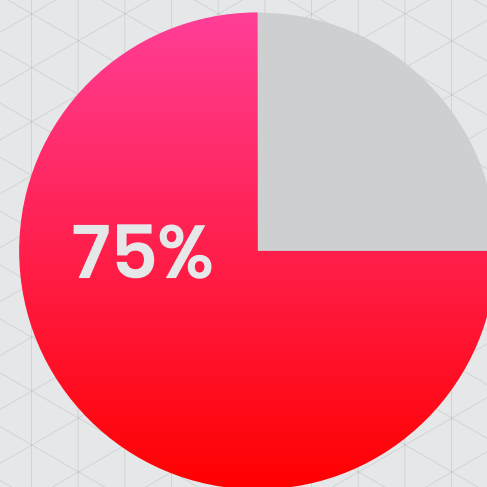
Moving your business from one system to another is like building an airport. It requires extensive planning, timing, and most importantly, budgeting. If you don't get it right from the start, your transformation project can easily end up like the infamous Berlin Brandenburg (BER) airport. The new, state-of-the-art German airport turned out to be catastrophic in every aspect, running **billions** over budget and **8 (!) years** behind schedule.

.....

**“You wouldn't build an airport without a highly detailed blueprint and timeline. Same goes for system migrations.”**

Although aware of the risks and teething problems that come with a project of this scope, in our experience, both IT departments and executives often lack a detailed plan for challenges that can hit their bottom line.

You wouldn't build an airport without a highly detailed blueprint and timeline. Same goes for system migrations. So think of what you want to accomplish and how you will get there. Think about potential challenges (security challenges, slow data migrations, longer downtimes) and how you plan to resolve them. And include some leeway (in terms of schedule and finances) for additional requirements that may crop up unexpectedly. Only then you can embark on your journey.

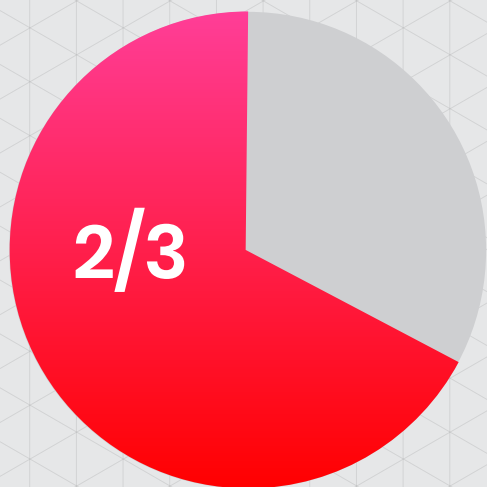


**75% of ERP transformations fail to stay on schedule or on budget.**

**McKinsey** 2019, Agile in enterprise resource planning: A myth no more, Didier Casanova, Swati Lohiya, Jerome Loufrani, Matteo Pacca, and Peter Peters, August 29, 2019



### 3 Few system migrations generate ROI



**Two-thirds of ERP transformations have a negative return on investment.**

McKinsey 2019, Agile in enterprise resource planning: A myth no more, Didier Casanova, Swati Lohiya, Jerome Loufrani, Matteo Pacca, and Peter Peters, August 29, 2019

System migration is a means to an end. You don't re-engineer your technology landscape just for fun, you're striving for a better customer experience, new functionalities, agile processes, and greater business value. You simply can't afford to spend hundreds of millions of dollars into a project that doesn't recoup your investment.

Unfortunately, that's a fate many companies share. They either struggle to measure whether the project delivered on their business case or, in the worst cases, don't see any ROI at all. But if system migrations have little to no guarantee of delivering on the business value they promise, why do it?

In our experience, the problem of low value realization is rooted in the early

requirement phase. Companies don't take the time to define their expected business benefits and fail to align the business around common goals early in the project.

More often, companies are desperate to address their immediate IT pain points or rush the migration process in order to sunset legacy tools. To keep business goals in focus, a data-driven approach is essential to assess your current process landscape, design a solution that helps you achieve your goals, and continuously tie your process improvements to your outcomes.

Only if you measure the business impact of optimizations at every stage of the migration, will you be able to ensure value realization and ROI.

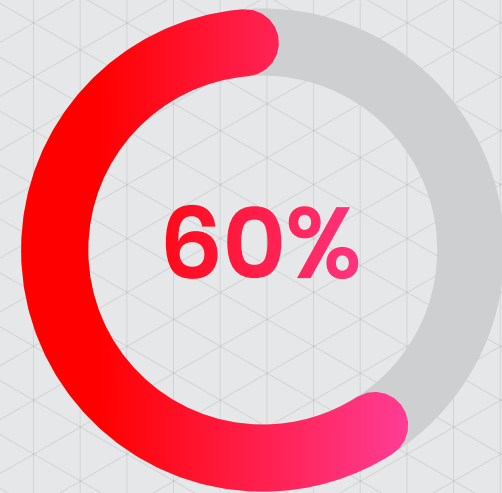
## 4 Demand for experts is rising fast

Whether you're upgrading, consolidating, harmonizing, or switching vendors, system migration is a huge strategic project that comes with major business implications, and therefore requires extensive expert attention.

More and more companies are acknowledging the urgency of optimizing their system landscape. They also realize they need to get the right people on board sooner rather than later, because the demand for experts is rising fast.

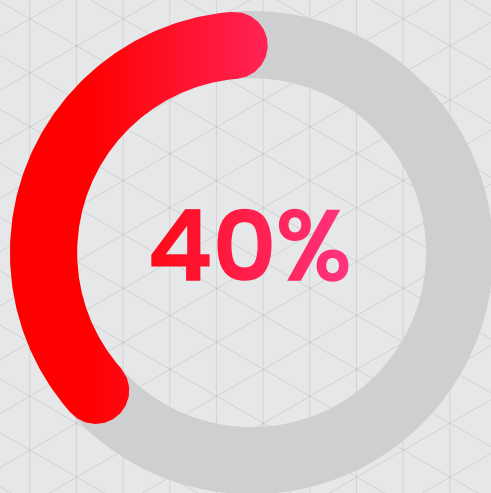
A poorly run system migration project without clear guidance from experts can cause a cascade of problems — from extended downtime to data loss, budget overruns, and subpar performance. In the worst cases, it can disrupt entire operations and affect your bottom line.

**“Companies realize they need to get the right people on board sooner rather than later.”**



**By 2021, ERP cloud enterprise application implementation labor rates will increase by 60% due to high demand and a lack of skilled resources.**

**Gartner** 2019, “Strategic Roadmap for Postmodern ERP”, Mike Guay, Paul Saunders, Denise Garly, 31 May 2019.



Through 2025, **40% of ERP implementations will underachieve** as a result of underinvestment in integration.

**Gartner** 2019, "Gartner Magic Quadrant for SAP S/4HANA Application Services, Worldwide", Fabio Di Capua, et al, 20 May 2019.

## 5 | Integration is key

Imagine a company where no one speaks the same language. No one knows what the other departments are doing, even though they're working on the very same project. To make matters worse, each department is using a different system, and even within those departments, everyone has their own way of doing things — because there's no communication.

Sadly, this is a reality for a lot of companies. Why? Because they underestimate the interdependencies between their processes and departments.

As a result, their systems are too often disconnected from each other, causing inefficiencies (like duplicate data entries), increasing error rates, and communication blocks. What should have helped them speed up actually ends up slowing them down.

**"Businesses' IT systems are too often disconnected from each other, causing inefficiencies, increasing error rates, and communication blocks."**



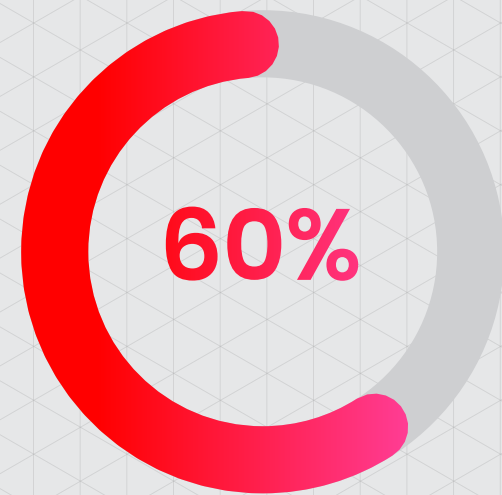
## 6 Ignoring SaaS leaves value on the table

In the digital era, your ERP needs to perform faster, handle more data, and support new capabilities like AI, bots, or machine learning. All while staying 100% reliable and agile.

As a result, a growing number of companies are considering migrating or have already moved their ERP to the cloud. According to Gartner, this not only saves implementation costs — but also brings greater business value in the long run.

The benefits go far beyond quicker implementation: It future-proofs your IT landscape to be flexible, scalable and cost-efficient. Rather than waiting for an update every few years, companies with an ERP in the cloud can be sure to always be up to date with new releases.

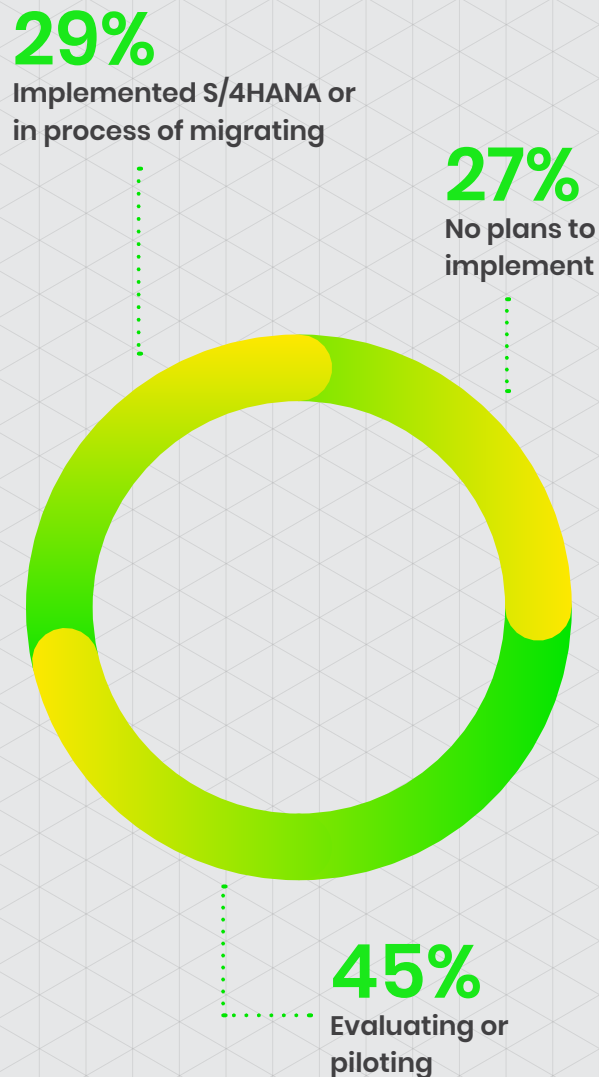
“The benefits go far beyond quicker implementation: It future-proofs your IT landscape to be flexible, scalable and cost-efficient.”



**By 2022, organizations that continuously improve their SaaS ERP will realize 60% more business value through adopting the latest best practices in frequent vendor releases.**

**Gartner**, 2019 "2019 Strategic Roadmap for Postmodern ERP", Paul Saunders, et al, 31 May 2019.

# 5 stats you should know about **S/4HANA** migrations



SAPinsider, SAPinsider, "SAP S/4HANA Finance: State of the Market", 2019.

## 1 Businesses embrace digital transformation — will their ERP follow?

To drive digital transformation and better business outcomes, upgrading or replacing your legacy software will become inevitable at some point. After all, you can't support the business models of tomorrow — on-demand, digital, mobile-first, global — with yesterday's technology.

So will every company running on SAP move to SAP S/4HANA? Maybe not every company. But this is a watershed moment for SAP customers. Many of them are haunted by the same doubts and questions: Can they stay competitive with their current SAP ERP system? And if not, will the ROI outweigh the risks and efforts coming along with the move to S/4? If they decide to migrate, when is the best moment to start?

In a **recent survey of nearly 150 companies using SAP**, SAPinsider asked about their plans to migrate to SAP S/4HANA. This is where they stand.

**"After all, you can't support the business models of tomorrow — on-demand, digital, mobile-first, global — with yesterday's technology."**

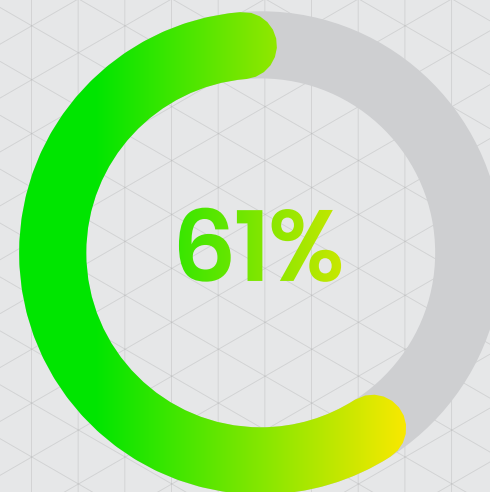
## 2 The entire business needs to be on board with your migration process

No IT leader, CFO, or CIO will jump for joy when they embark on a system migration initiative. Complex projects like an S/4HANA migration come with a hefty price tag and serious risks. Some never get off the ground at all, like **Lidl**. The German retailer spent €500M (\$580M) and seven years migrating to a new company-wide inventory management system, before giving up and reverting back to their old ERP.

Since horror stories like these are not uncommon, it's no wonder that 61% of IT leaders in a **2019 Frost & Sullivan Global Cloud User Survey** said that they struggle to gain or retain management support for an SAP migration to the cloud. At the same time, 62% said that they don't have sufficient budget to complete their cloud implementation plans.

The problem: These initiatives often arise out of necessity rather than strategy, be it new vendor requirements, changing business needs, or mergers and acquisitions. As a result, both IT and business leaders often treat them as a tactical IT project rather than an enterprise-wide strategic initiative, under-planning and then missing out on significant opportunities to deliver business value.

Building a quantitative business case for migration is therefore the first step to success — and the key to maintaining that executive support when the going gets tough.



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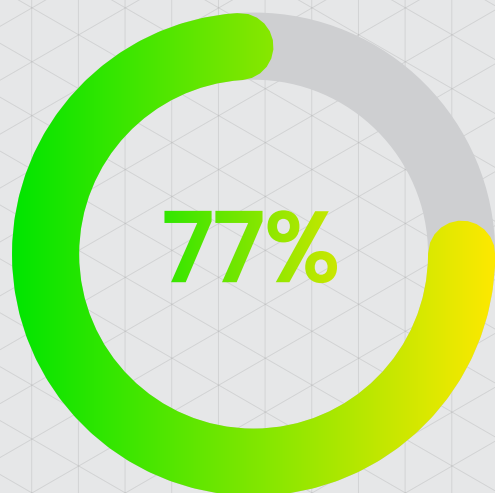
Frost & Sullivan 2019, "Global Cloud User Survey 2019"

### 3 Most companies can't — and shouldn't — do it alone

There's no doubt that migrating to S/4HANA comes with a host of IT- and process-related challenges. Since companies often lack the right migration expertise in-house, **a large number of businesses will decide to engage with expert partners**. They usually offer support at several stages throughout the migration, from workload assessment to putting together a migration plan, to process mapping, deployment, and ongoing management.

Getting support for your IT team is a great idea. But greater business value is not a given, even if you bring in a team of external consultants. Why? Because typical methods of process mapping — like workshops, surveys, or time studies — are often subjective and incomplete.

That's why the most forward-thinking companies and consultants themselves often draw on additional technologies to get a **data-driven** picture of their processes. Only with 100% visibility across your process landscape, can you fully understand the downstream impact of changes.



**77% of SAP customers will rely on a partner for their S/4HANA migration.**

IDC 2019, "SAP Customers on the Move to SAP S/4HANA"



## 4 Most early adopters configure S/4HANA from scratch

When switching from ECC to S/4HANA, SAP-run businesses have to decide on their approach very early on. Should they rip and replace all their systems (greenfield)? Should they “lift and shift” their legacy system’s configuration onto the new system (brownfield)? Or should they cherry-pick what they migrate and where they stick to the standard (bluefield)?

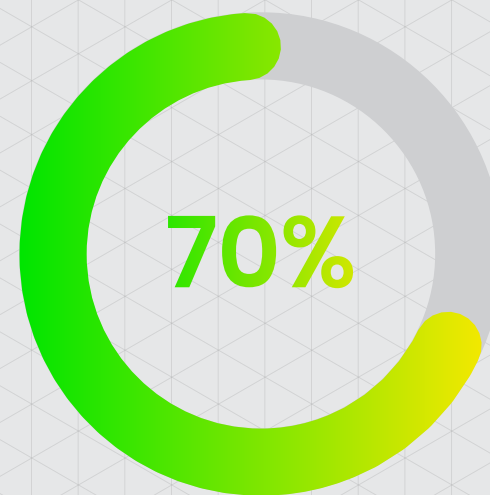
As **SAP found out in a study among nearly 200 SAP customers** in 2019, **greenfield implementation is the approach of choice for “leaders”** — meaning early adopters who have implemented or are at some stage of the process of implementing S/4HANA.

However, when the view is widened to all respondents (which SAP divided into “leaders”, “industry average”, and “laggards”), the data shows that most companies (31%)

are planning a brownfield approach, compared to 16% who have decided for a greenfield approach.

It seems only logical that companies want to preserve their existing investment and the customization of their processes. And sure, it looks like the easiest, least disruptive path forward. But a net-new S/4HANA implementation gives you the opportunity to free your existing systems and processes from the baggage accumulated over the years (or even decades).

It’s a complex operation, yes, but it can boost your business efficiency and flexibility in the future. On the other hand, those kinds of implementations require bigger organizational and structural changes, since you’ll have to work without internal best practices and might struggle with slow user adoption.



**70% of leaders are using “greenfield” in some way for their SAP S/4HANA implementation.**

**SAPinsider** \*SAP S/4HANA: State of the Market\*, April 2019

## Top strategies prioritized to address the top drivers of change

48%

Adopting best practice business process models

42%

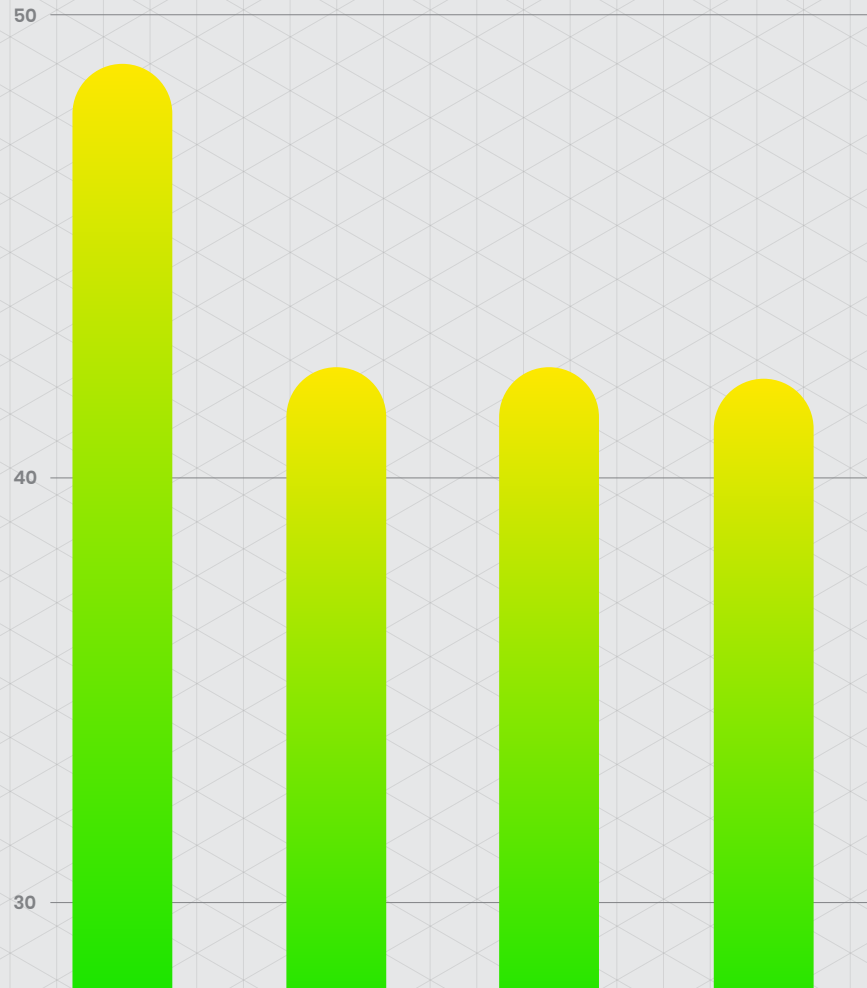
Modernizing reporting and business intelligence strategy to provide faster access to business insights

42%

Centralizing and automating financial planning, accounting, and reconciliation activities on a global basis

42%

Cleansing, deleting, and/or archiving data to minimize the SAP HANA footprint and minimize down-time during migration



## 3 Top 4 strategies in S/4HANA migrations

Every company's process landscape is unique. It may encompass everything from highly-customized applications essential to your business to decades-old processes and a bunch of homegrown, disparate systems that don't play well together. Some of them you need, some of them you don't.

Indiscriminately heaving all of your processes into your new IT landscape is like moving into a new house without decluttering your attic and cellar first. Especially when moving to S/4HANA, you should think about which customizations you actually need and which are just inherited. Highly customized processes and code can hinder adoption and your ability to take advantage of the latest SAP functionalities.

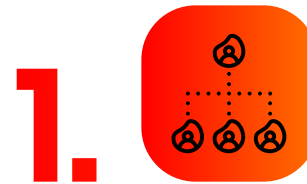
But which strategies do companies follow when re-engineering their processes? According to a recent **SAPinsider survey among 200 SAP customers**, they have four main priorities.

**SAPinsider**, "SAP S/4HANA Migration Benchmark Report"

# Next steps for accelerating your system migration

# 5 steps to ensure success

This report focused on stats and numbers that can be strategy-defining for your own system migration. To complete the picture and get you inspired for your own migration initiative, we've also created this ERP migration checklist.



## Get your stakeholders on board.

For the longest time, system migrations have been primarily the province of the IT department. But system migrations often touch every line of business. That's why it's only logical that they should be a strategic priority, championed by both IT and Line of Business executives. With a long project timeline and far-off ROI, you need a champion in every corner, be it in production, sales, accounting, IT, or supply chain.

But it's not only your management who needs to understand what's in it for them — your users do too. It may sound simple, but if your users don't see the value in your new systems, either through increased sales, or more efficiency in their day-to-day, they just won't make the switch.

## 2.



### **Start with a clear picture of your as-is processes.**

Knowing exactly what your IT ecosystem looks like before you decide on which elements to migrate is key. Traditional process mapping techniques, like workshops or surveys, can be a helpful tool to get valuable input from your business users, but shouldn't be your single source of truth. Why? Because they are often based on subjective opinions and idealized process models, rather than on how users actually behave. Only with a data-driven approach to process mapping will you be able to re-engineer them for the better.

This goes for both greenfield and brownfield migrations — even if you are implementing from scratch, you need to fully understand your business requirements before you can design something better.

## 3.



### **Set timelines for key milestones.**

Hold your stakeholders accountable for the success of each migration phase by setting timelines and KPIs for key milestones. Creating a structured roadmap will not only help each member understand what tasks are expected and in which sequence, but will identify gaps where the necessary skills or budgets are lacking.



4.



## Leverage technology.

Choose the right technology to plan and execute migration projects but also monitor their success. Powerful technologies like Process Mining, artificial intelligence and machine learning can support you in mapping your processes objectively, identifying process deviations, testing your new processes, proactively solving inefficiencies, and monitoring user adoption.

5.



## Monitor success and communicate regularly

All too often, system migration initiatives are a black box to both business leaders and end-users. That's why establishing check-ins during key phases of the migration and tracking progress towards business outcomes is critical to managing expectations and maintaining leadership buy-in.

Use process performance metrics to compare legacy and new systems and measure the impact of your optimizations. Regular status reports, fireside chats, FAQs, newsletters and user workshops can keep your employees engaged along the way.

# System migration benefits everyone, not just IT

It's understandable that you might be hesitant to embark on a system migration initiative. You've made significant investments in your legacy systems. You might even feel the pressure of cutting costs.

**But, if planned and executed properly, system migrations can bring tremendous business value.**

## **Drive better business outcomes.**



Optimize key KPIs like working capital, customer satisfaction, and on-time delivery.

## **Achieve millions of dollars in savings each year.**



Improve your bottom line by eradicating inefficiencies and boosting productivity.

## **Deliver better customer experiences.**



Breed loyalty, and realize growth opportunities.

In other words, system migration is about more than just updating your legacy software. It's about bringing your entire enterprise up to speed with the digital economy.

**So start now.**



# Want to learn more about system migration?

Knowing about the costs, challenges, and benefits that come with a system migration is key to success. But that's just the beginning.

With the right resources, helpful tips from other IT experts, and valuable learnings from world-class migrations projects, you're ready for your own migration journey:

## Join the S/4HANA Migration Luncheon

Every 2nd and 4th Tuesday at 12pm CEST, we dive into a specific S/4HANA migration topic. Discuss with seasoned IT professionals and learn from their best practices.

[Join the discussion >](#)

## Get the Road to Go-Live Handbook

Read in detail about some of the major challenges experienced by IT leaders and how AI-enhanced Process Mining tools like Celonis can help.

[Download the free eBook >](#)

## Watch our Celosphere Live Session Ensuring System Migration Success

Learn best practices for executing a successful migration or harmonization, including strategies for leveraging Celonis at every stage of the process.

[Watch the session >](#)

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run a frictionless system migration  
— see how AI-enhanced Process Mining  
can help you at every step of the way.**

To find out more about Process Mining for system  
migrations, **get in touch.**

[www.celonis.com/frictionless-systemmigration](https://www.celonis.com/frictionless-systemmigration)

