



HANA STUDY 2019 THE BREAKTHROUGH IS HERE

LINKIT Consulting GmbH
Cologne, April 2019

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THE LINKIT HANA STUDY 2019 – OVERVIEW

The 2019's HANA Study was carried out in cooperation with the FICO-Forum. Another focal point in this report, in addition to the SAP S/4HANA topic, was *Robotic Process Automation (RPA)*.



In 2019, the HANA Study was conducted in cooperation with the FICO-Forum for the first time. This year, 107 participants have taken part in the study.



In 2018, LINKIT Consulting carried out a study on SAP S/4HANA for the first time. The values obtained in the 2018's Study serve as reference.



The survey was distributed during the period from 28 January to 22 February 2019 via LINKIT Consulting's Webpage and Social Media, the FICO-Forum Newsletter as well as with a direct approach to our business partners.



In addition to the developments of SAP S/4HANA, the topic of Robotic Process Automation (RPA) was surveyed in regards to its relevance, acceptance, and dissemination on the market.



S/4HANA & RPA STUDY 2019

MAIN RESULTS SUMMARIZED IN THREE STATEMENTS

The S/4HANA Study 2019 has once again brought significant insights about the development and acceptance in the market. RPA is already a hot-topic, but it has not yet fully penetrated the market.



HANA is on the rise – significantly more companies will start concrete projects in 2019

- In direct comparison to the results from the previous year, it has become clear that S/4HANA is much more present on the market.
- Companies are not only more aware, but they are also increasingly embracing the topic and its implementation.

Companies combine the implementation of HANA with an optimization of their process landscape

- The process-based implementation approach of HANA continues to be used as an opportunity to optimize the business processes in companies.
- A clear preference for a special realization approach (Brownfield vs. Greenfield) is still not apparent.

Process Automation (RPA) is seen as the next big opportunity to further optimize processes

- RPA is already recognized as an opportunity to improve and accelerate processes in the company.
- A concrete implementation of RPA on a broad scale is more likely to be medium-term than short-term.

AGENDA

1 Information about the respondents



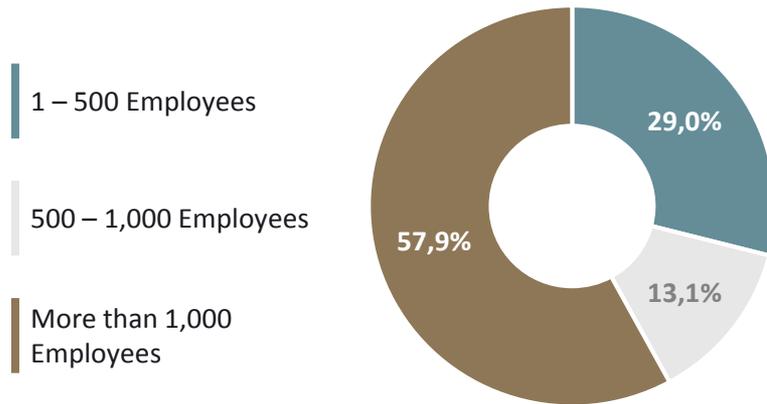
2 SAP S/4HANA Strategy

3 SAP S/4HANA Implementation

4 Process Automation (RPA)

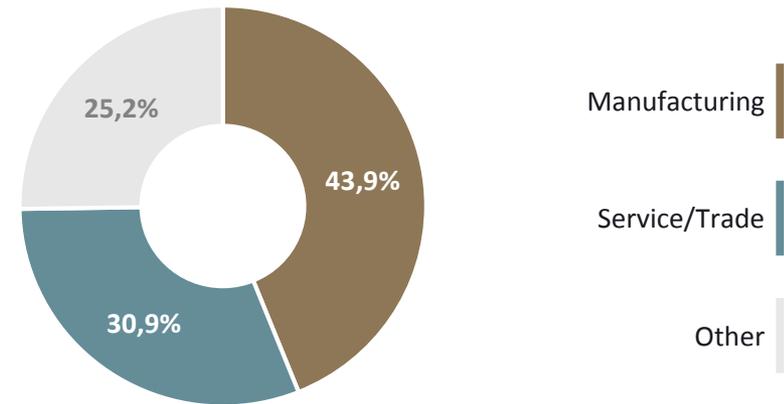
IN TERMS OF COMPANY SIZE AND INDUSTRY, A HIGH DEGREE OF DIVERSIFICATION WAS ACHIEVED

Medium-sized and large companies (more than 1,000 employees) account for the largest share of respondents (57,9%).



Question: "How many employees does your company employ?"

More than **half** of the respondents work in a large company with **more than 1,000 employees**.



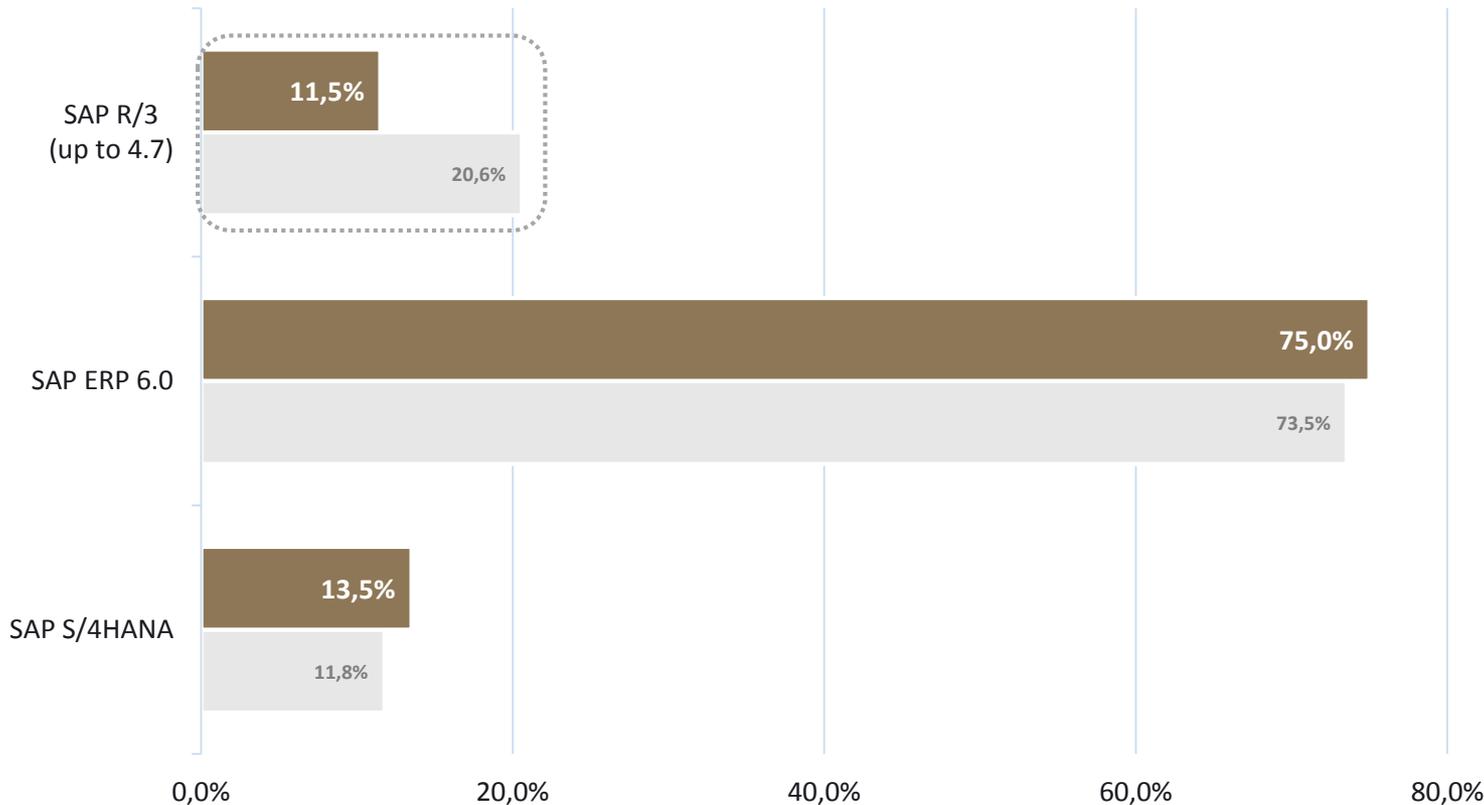
Question: "Which of the following categories best describes the industry you work in?"

The Automotive (9.4%), Chemical (0.9%), Utility (14.0%) and Industrial (19.6%) sectors were grouped under **Manufacturing**.

The Financial Services (10.3%), Healthcare (3.7%), Commerce (7.5%), IT (8.4%) and Transport (0.9%) sectors were combined under **Service/Trade**.

SAP ERP 6.0 AND SAP S/4HANA SYSTEMS PRESENCE IS INCREASING WHILE THE USE OF SAP R/3 IS SIGNIFICANTLY DECREASING

A slight trend can be seen in the SAP applications used by the respondents: Companies are moving more towards S/4HANA or are preparing for this step (SAP R/3 usage has almost halved, while SAP ERP 6.0 and SAP S/4HANA is more in use).



The number of R/3 systems (up to 4.7) has **almost halved.**

Question: "Which SAP applications does your company currently use?" Multiple answers were possible.



AGENDA

1 Information about the respondents

2 SAP S/4HANA Strategy



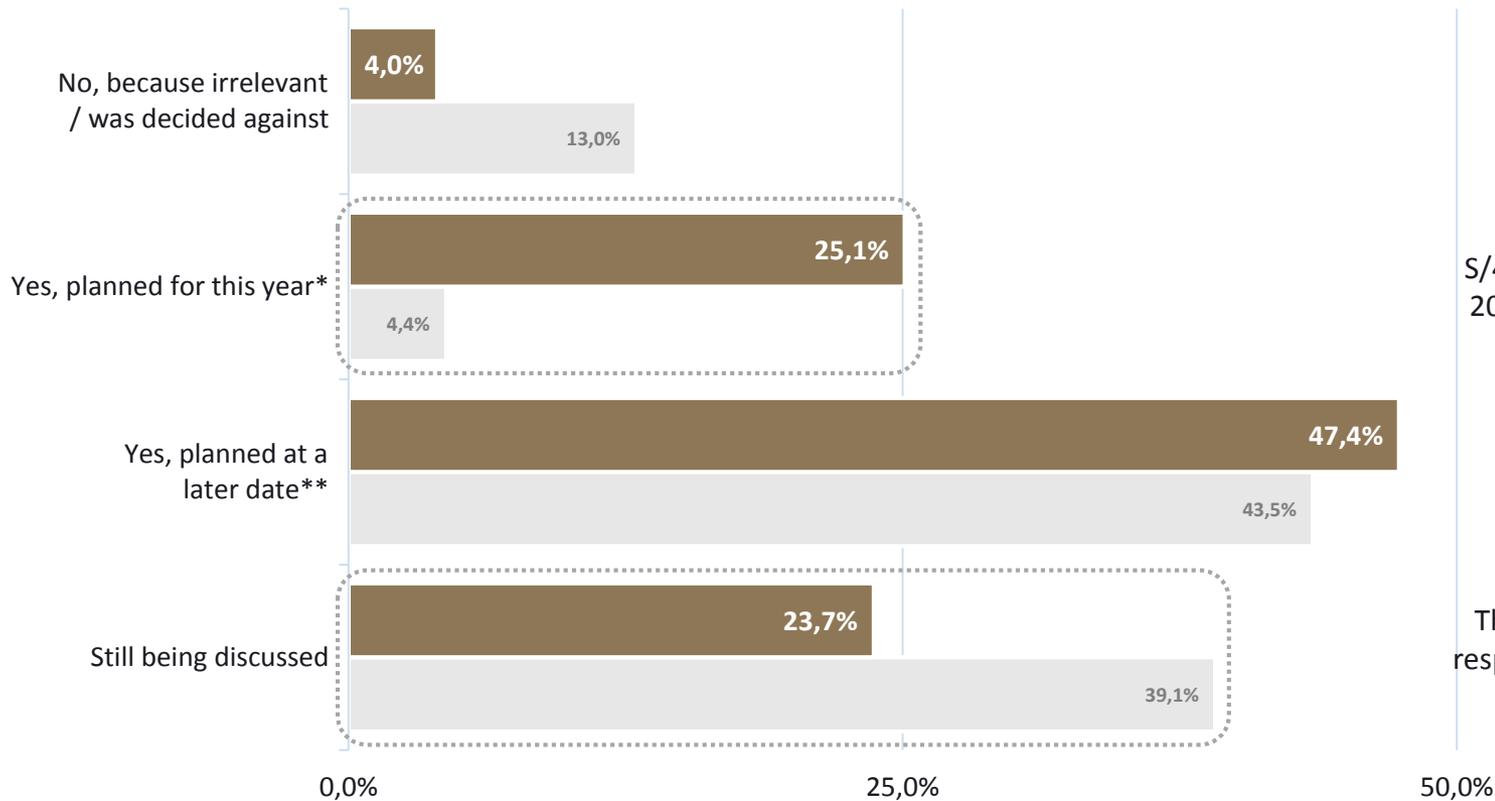
3 SAP S/4HANA Implementation

4 Process Automation (RPA)

COMPARED TO 2018, COMPANIES ARE CONSIDERABLY AHEAD IN THEIR DECISION-MAKING ABOUT A S/4HANA IMPLEMENTATION



Significantly more companies are already working on a transition to S/4HANA (25,1% in 2019 for "Yes, planned for this year"). For a considerable amount of companies, a decision regarding S/4HANA, was already made (only 23,7% in 2019 for "still being discussed"). There is a clear trend indicating that S/4HANA is gaining more and more importance.



5 times more S/4 projects will start in 2019 (in comparison to 2018).

The share of indecisive respondents dropped by **40%**.



Question: "Which SAP applications is your company currently using?"; * "Yes, planned for this year" includes the replies "Yes, the implementation project is in progress" and "N/A, it is already implemented" in 2019, since these two options were not asked in 2018; ** "Yes, planned later" also includes the answer option "Yes, planned in the next 3 years".

AS IN THE PREVIOUS YEAR, THE TOP REASON FOR SWITCHING TO S/4HANA IS THE MODERNIZATION OF SAP APPLICATIONS

The Top 3 reasons to convert to S/4HANA did not change. The topics "Modernizing SAP applications" and "Accelerating Processes" will be decisive in 2019 as well.



1 Modernization of the SAP Applications and the Technical Infrastructure



Modernization is still the
Top Reason in 2019.

2 No choice, as established by SAP through their product strategy or pursuing SAP product strategy to capitalize on developments*



3 Speed up processes (by increasing performance / efficiency / usability)



LEGEND

2019

2018

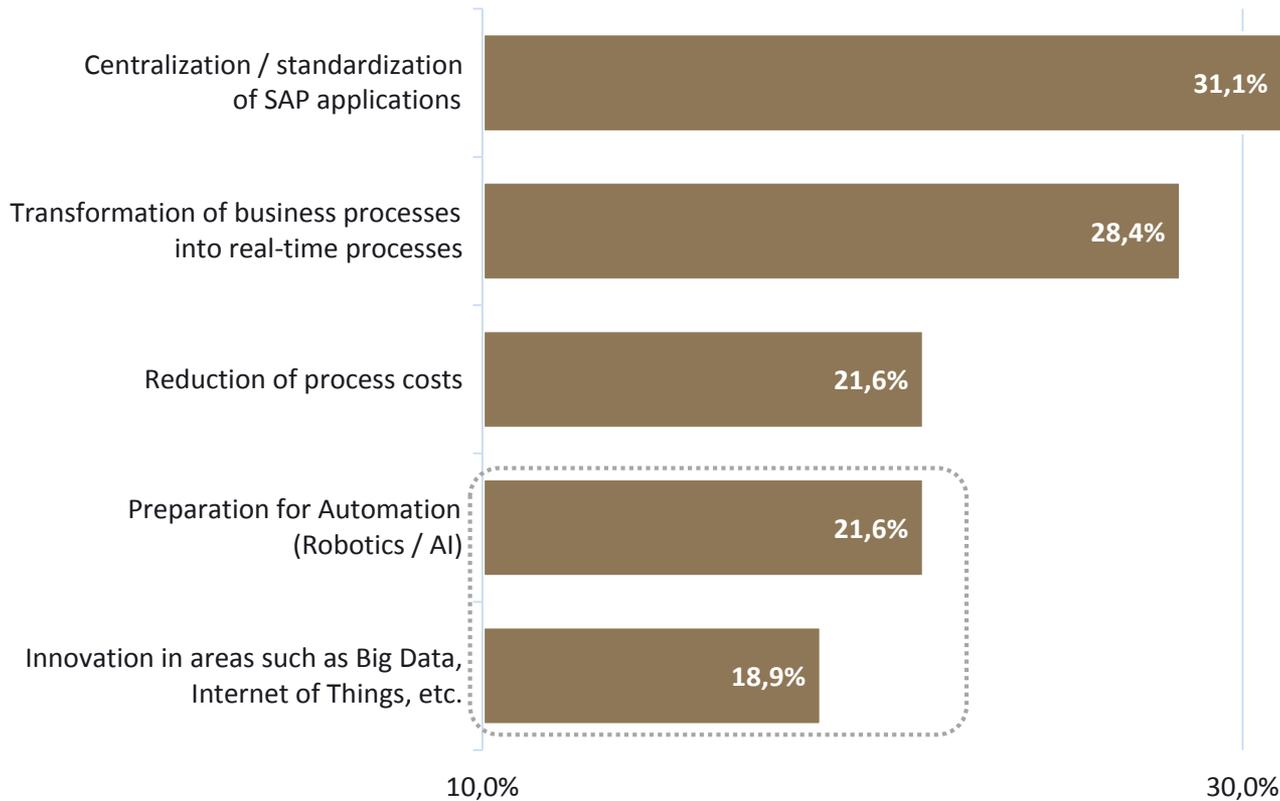
Question: "What are the arguments for a transition to SAP S/4HANA?", Multiple answers were possible; in each case, the statements with the most votes were counted.

*The option was redrafted in 2019 to "Outgoing Support and Tracking of SAP Product Strategy".

S/4HANA IS NOT CONSIDERED AS A PREPARATORY STEP ON AUTOMATION OR INNOVATION



The topics "Innovation in areas such as Big Data, Internet of Things, etc." and "Preparing for Automation" are the least mentioned with regards to a conversion to S/4HANA. From this, it can be deduced that these topics are not receiving any significant attention in the market and are not (yet) relevant in the modernization of the SAP landscape.

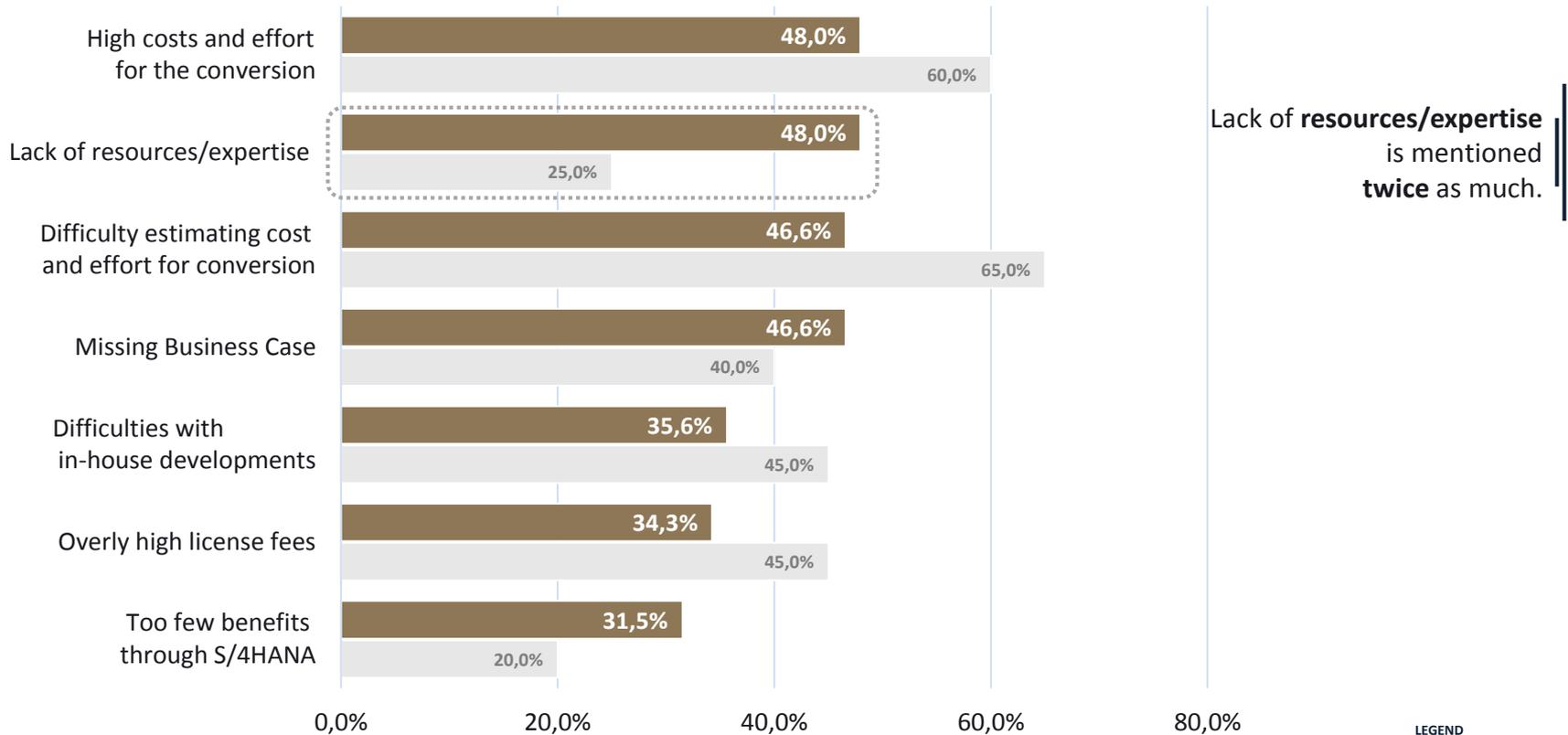


Only one in five mentions future **innovations** as a reason to switch to S/4.

Question: "What are the arguments for a transition to SAP S/4HANA?", Multiple answers were possible; in each case, the statements with the most votes were counted (the Top 3 reasons are shown on the previous slide and excluded in this graphic).

THE MAIN OBSTACLES FOR A TRANSITION TO S/4HANA ARE THE LACK OF A BUSINESS CASE, THE HIGH COSTS AND EFFORT

As in 2018, the Top 3 reasons against a conversion to S/4HANA are the difficulties, costs, and effort involved. In addition, companies see a lack of internal resources and lack of expertise as major obstacles to any change.



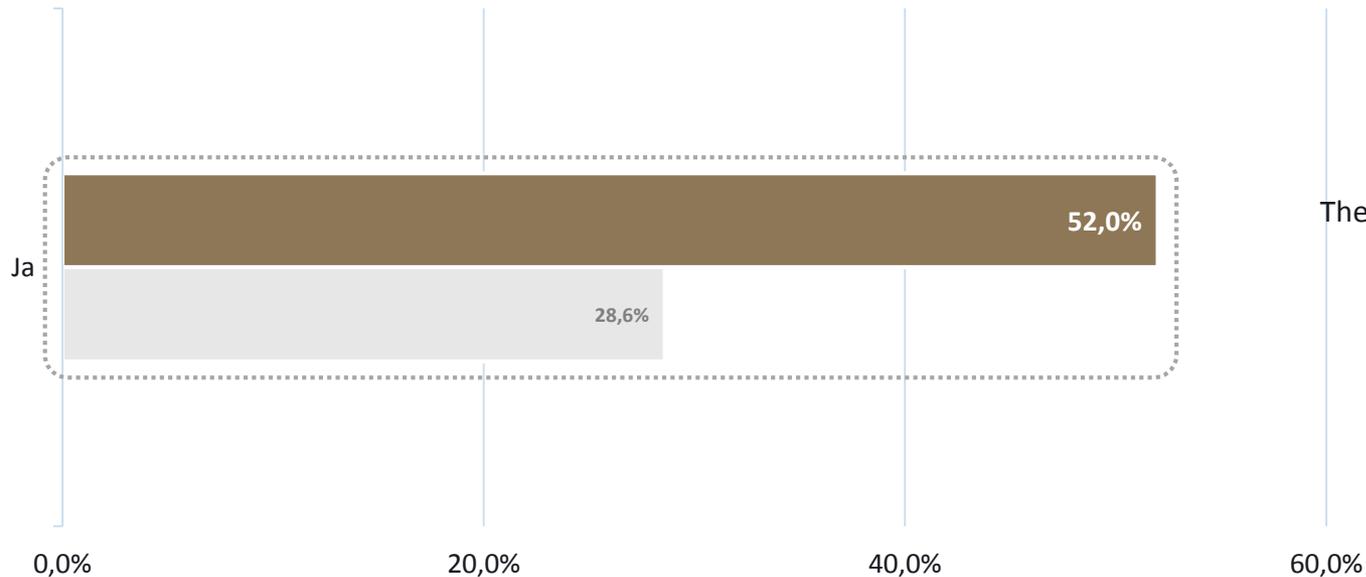
Question: "What are the reasons against a change to SAP S/4HANA?", Multiple answers possible; in each case, the statements with the most votes were counted.

LEGEND

2019
2018

COMPANIES KNOW THEIR OWN REQUIREMENTS FOR A CONVERSION TO SAP S/4HANA SIGNIFICANTLY BETTER

The answers underline that a much greater understanding of S/4HANA has become established in the marketplace. Companies are increasingly concerned with the topic and, in this context, are much better acquainted with their own requirements for a switch to S/4HANA (52% in 2019 for "yes").



The **number** of respondents with knowledge of their own requirements has **doubled**.

Question: "Do you know the requirements for a conversion to SAP S/4HANA?"



AGENDA

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2 SAP S/4HANA Strategy

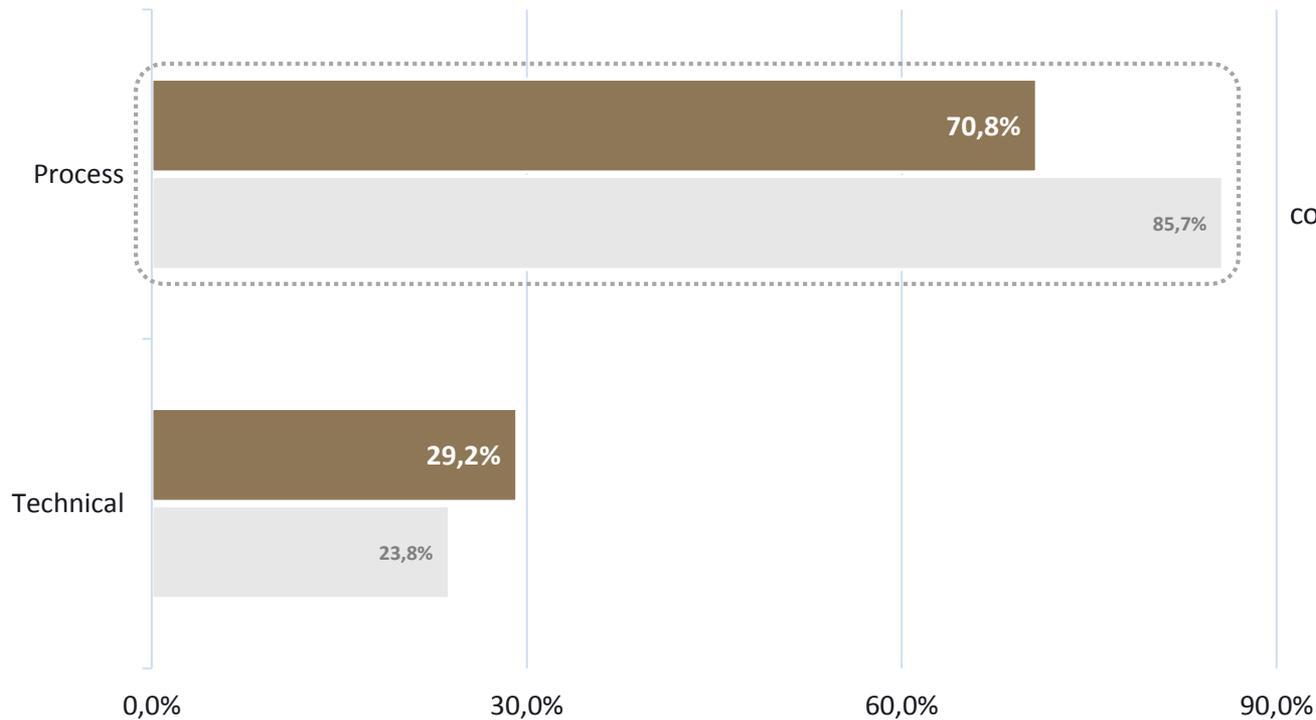
3 SAP S/4HANA Implementation



4 Process Automation (RPA)

PROCESS IMPLEMENTATION IS STILL THE PREFERRED APPROACH, WHILE THE TECHNICAL APPROACH IS SLIGHTLY CATCHING UP

Compared to the previous year, companies have moved away slightly from a process implementation approach, which may be related to the difficulty to estimate the cost-benefit ratio. Nevertheless, the process approach is still clearly preferred.



Preference for the process approach fell slightly, but continues to be the **first option**.

Question: "If your company decides to switch to SAP S/4HANA, which implementation approach would you prefer?". In 2018 multiple responses were possible.

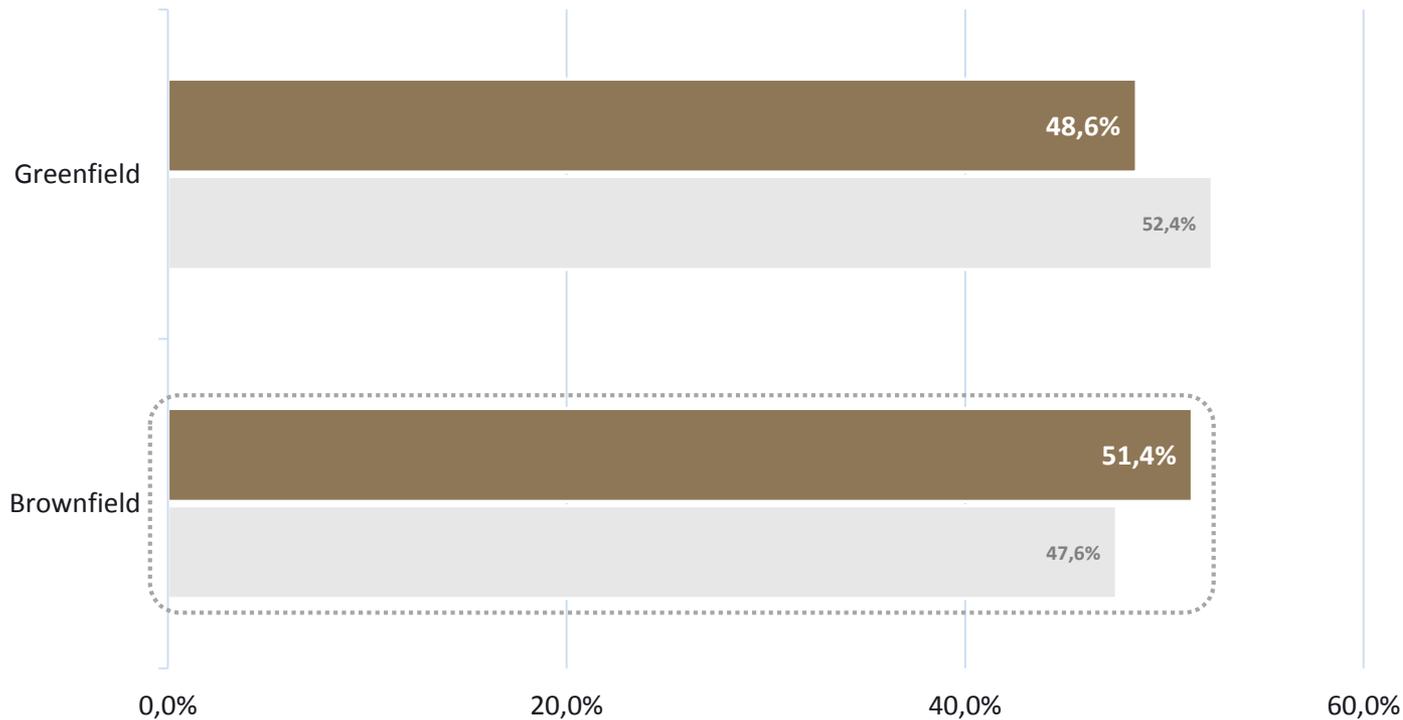
LEGEND

2019

2018

GREENFIELD AND BROWNFIELD, AS THE REALIZATION APPROACHES TO S/4HANA, ARE EQUALLY FAVORED

In 2019, as in 2018, no clear trend of a preferred implementation approach can be found. Both Greenfield and Brownfield are a popular method to introduce S/4HANA.



The preference for the **Brownfield approach** increased slightly.

Question: "If your company decides to switch to SAP S/4HANA, which implementation approach would you prefer?"

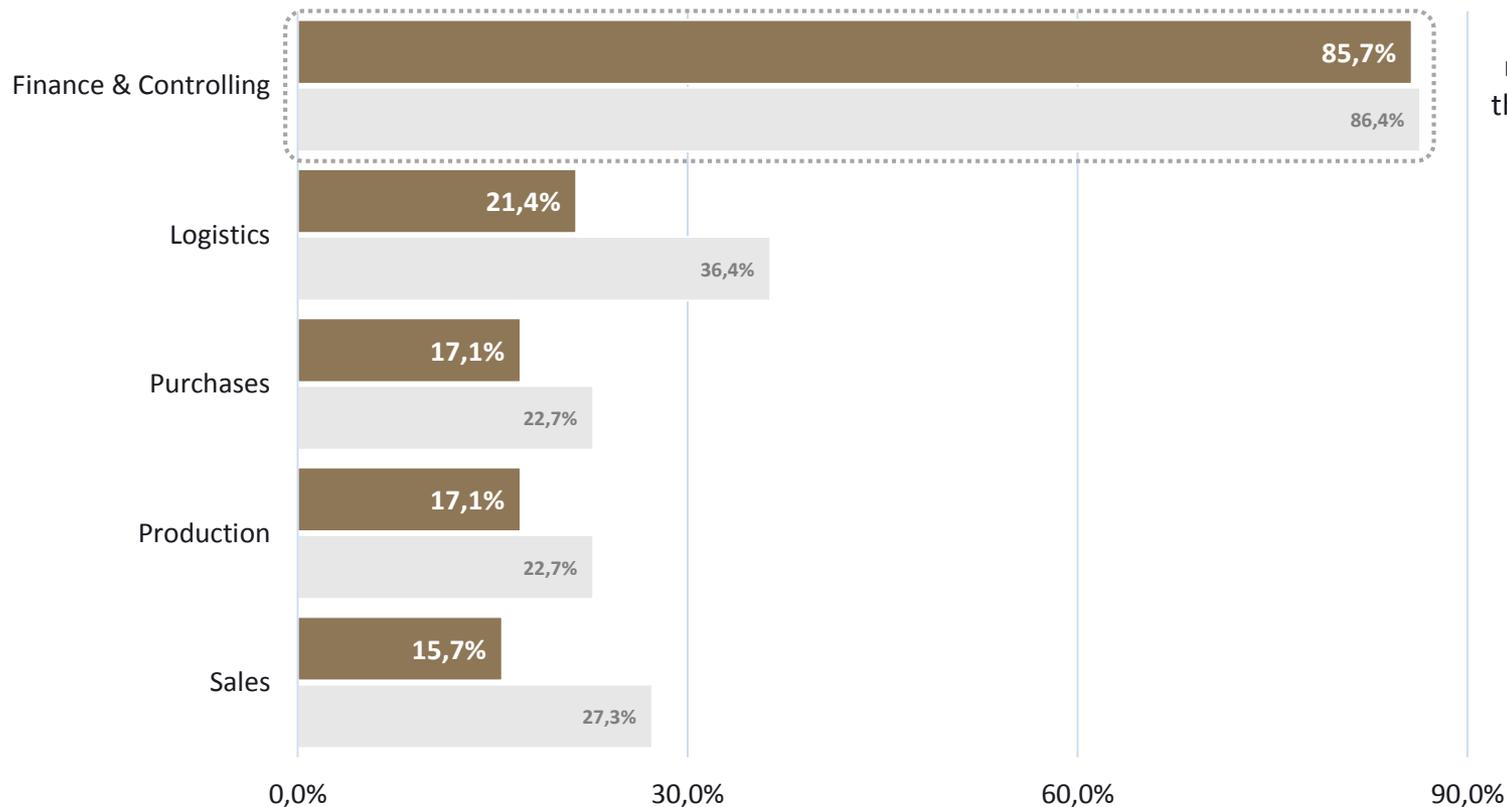


FINANCE & CONTROLLING CONTINUES TO BE MENTIONED AS THE SECTOR MOST BENEFITING FROM S/4HANA

"Finance & Controlling" was again named as the department which benefits the most from a conversion to SAP S/4HANA. This trend has not changed in relation to the results from 2018.



Finance & Controlling remains mentioned as the **biggest beneficiary** of S/4HANA.



LEGEND

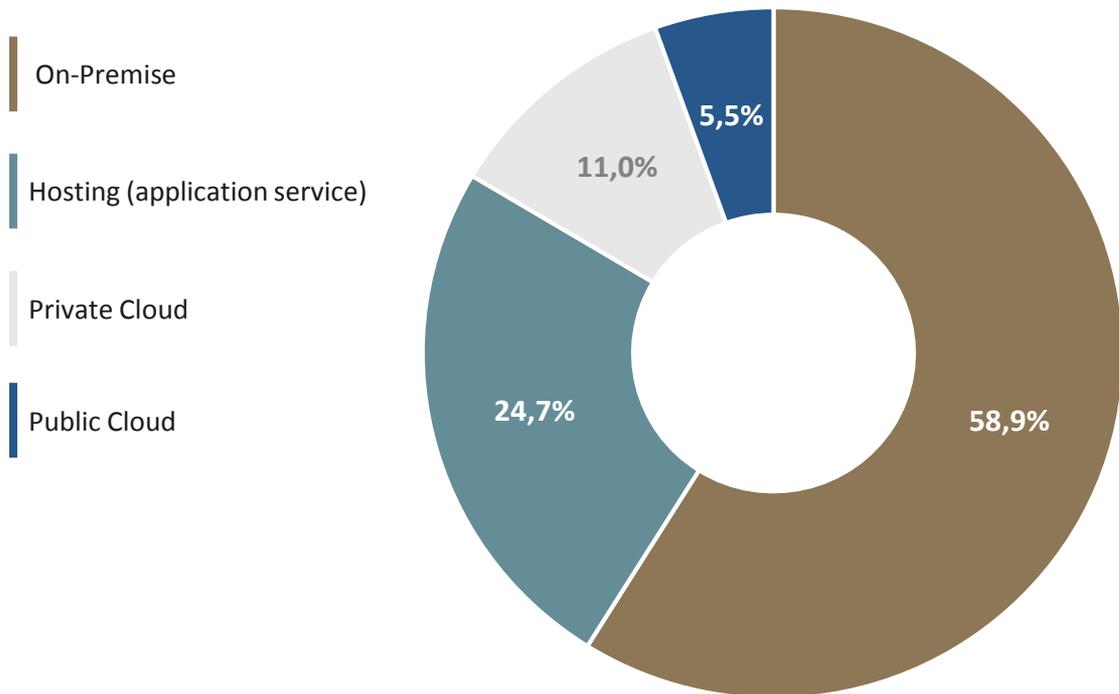
2019

2018

Question: "In which department do you see a great benefit by switching to SAP S/4HANA?". Multiple answers possible.

S/4HANA'S ON-PREMISE IS CLEARLY FAVORED BY COMPANIES OVER CLOUD SOLUTIONS

More than 80% of respondents do not see S/4HANA's cloud solutions as a realistic implementation scenario within their own business. On-Premise operations are preferred by more than half of the participants.



Cloud Solutions are not a major option among respondents.

Question: "Which operating model does your company prefer for SAP S/4HANA?"

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RPA AS A POSSIBILITY TO DIGITALIZE AND AUTOMATE BUSINESS PROCESSES

As an additional topic to S/4HANA, this year's study examined how far RPA had become established on the market and if it is perceived as an opportunity.



- Robotic Process Automation (RPA) is the second stage of process automation and offers companies the opportunity to automate cross-system process steps.
- In addition, RPA represents an opportunity to actively pursue the trend of businesses processes' digitalization, and to optimize and accelerate business processes.
- RPA is not bound to any product cycles by SAP. Consequently, every business is independent in terms of deployment, the functionality, and the complexity of an RPA tool.
- The following slides will highlight the status quo as well as the general expectations of the market regarding the use and future development of RPA.



THE MAJORITY OF RESPONDENTS WHO KNOW RPA ALREADY USE IT IN THEIR COMPANIES

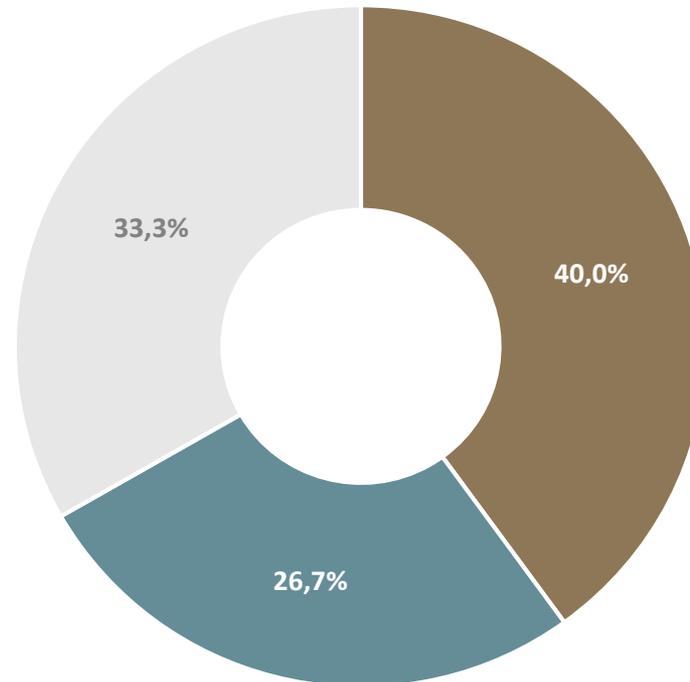
Of the respondents who claim to know the term RPA, two-thirds are implementing or already using it. The remaining respondents indicate that they know the term, but neither work directly with RPA nor work on its introduction.



Yes, we already have RPA in use

Yes, we are currently introducing RPA

No

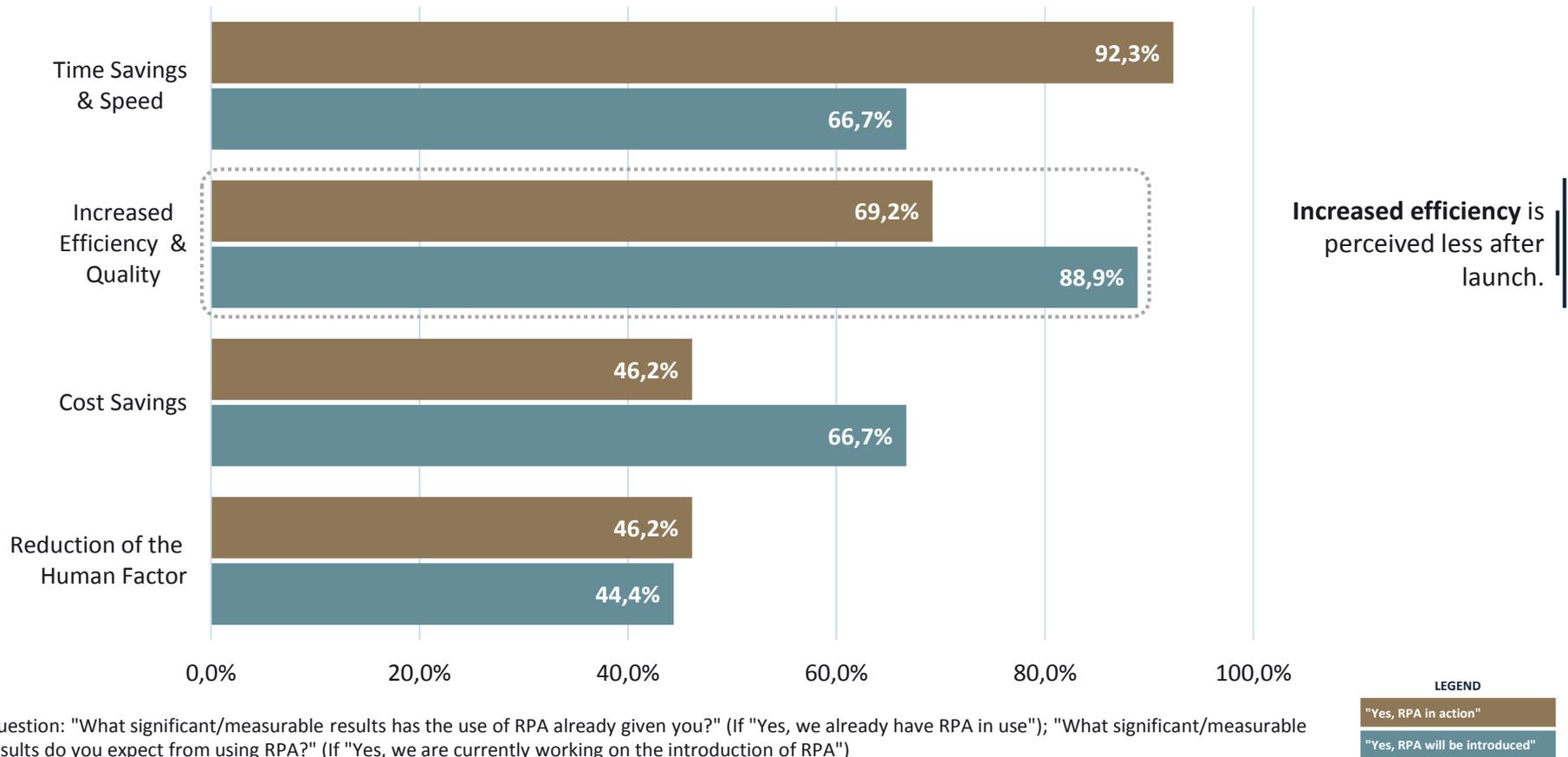


Nearly **half of respondents** say they use RPA.

Question: "Is RPA already used in your company?"

RPA SAVES TIME, BUT THE EFFICIENCY INCREASE IS LOWER THAN EXPECTED AFTER ITS INTRODUCTION

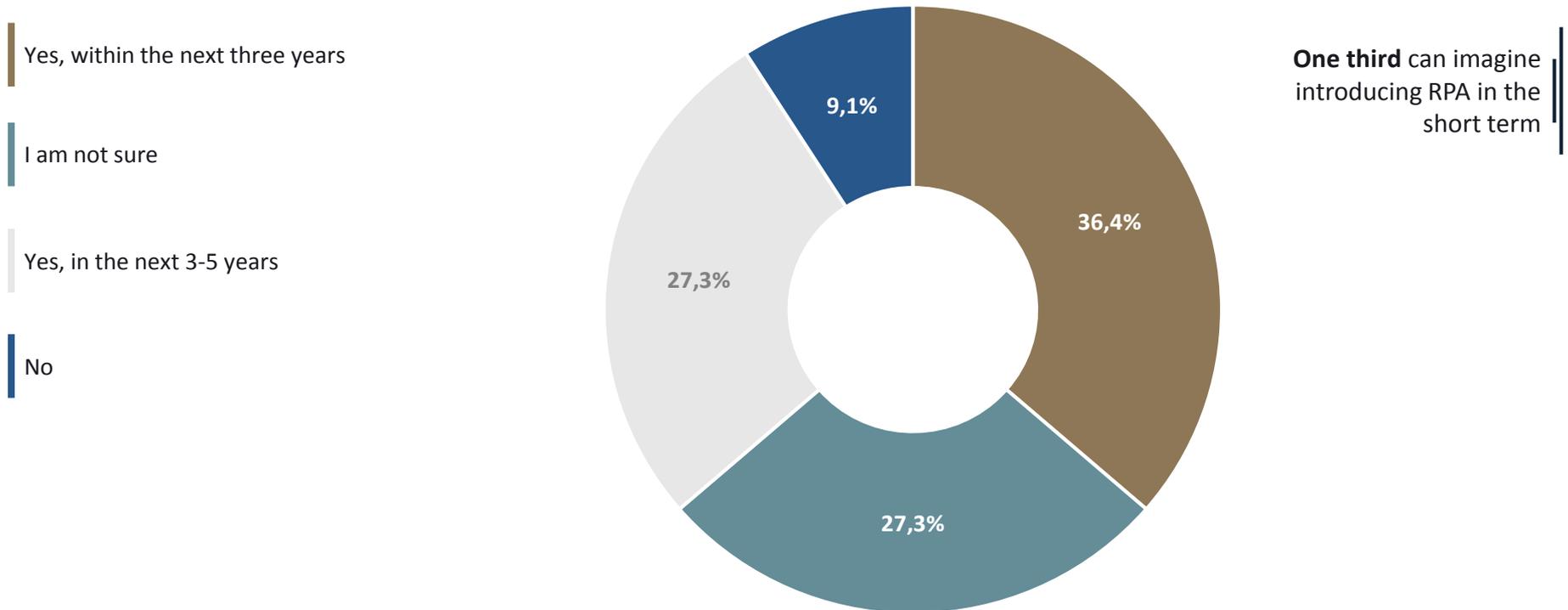
Companies that already use RPA indicate time savings as a significant result, while companies without practical experience with RPA expect significant effects above all in efficiency enhancement and quality.



Question: "What significant/measurable results has the use of RPA already given you?" (If "Yes, we already have RPA in use"); "What significant/measurable results do you expect from using RPA?" (If "Yes, we are currently working on the introduction of RPA")

THE NEED FOR AUTOMATED ROUTINE TASKS IS RECOGNIZED AND THE BENEFIT IS ACCEPTED

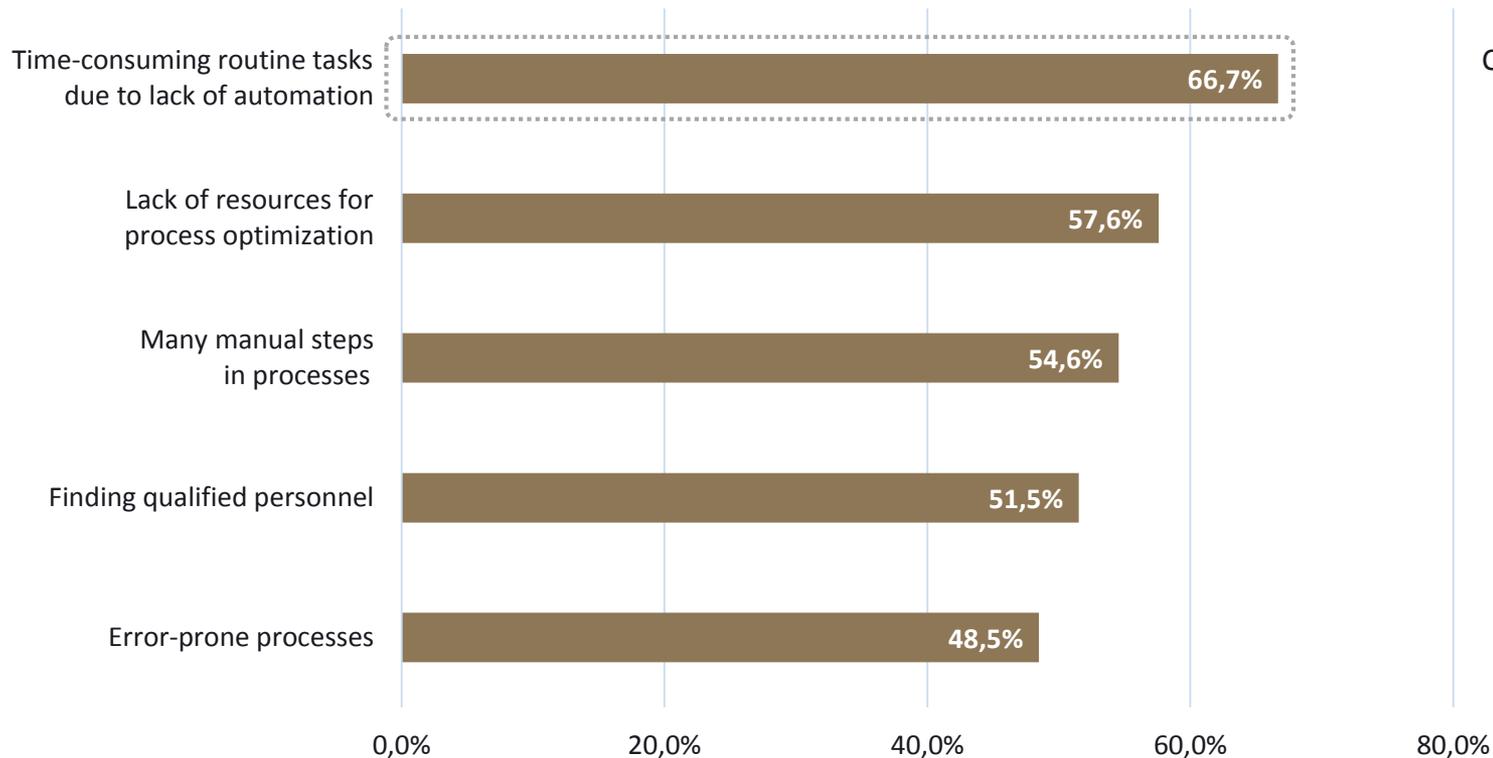
Despite the fact that not all companies are aware of the topic of process automation through RPA, more than half of the respondents see the potential and application possibilities to strive for an introduction within the next 5 years.



Question: "Can you picture your company using RPA?" (if "No, RPA is not in use")

COMPANIES SEE TIME-CONSUMING ROUTINE TASKS AS THE GREATEST CHALLENGE AT THE MOMENT

Optimally interlocking processes play an essential role in the long-term development of a company. The following results reflect the extent to which inefficiencies in the process landscape are perceived as a challenge.

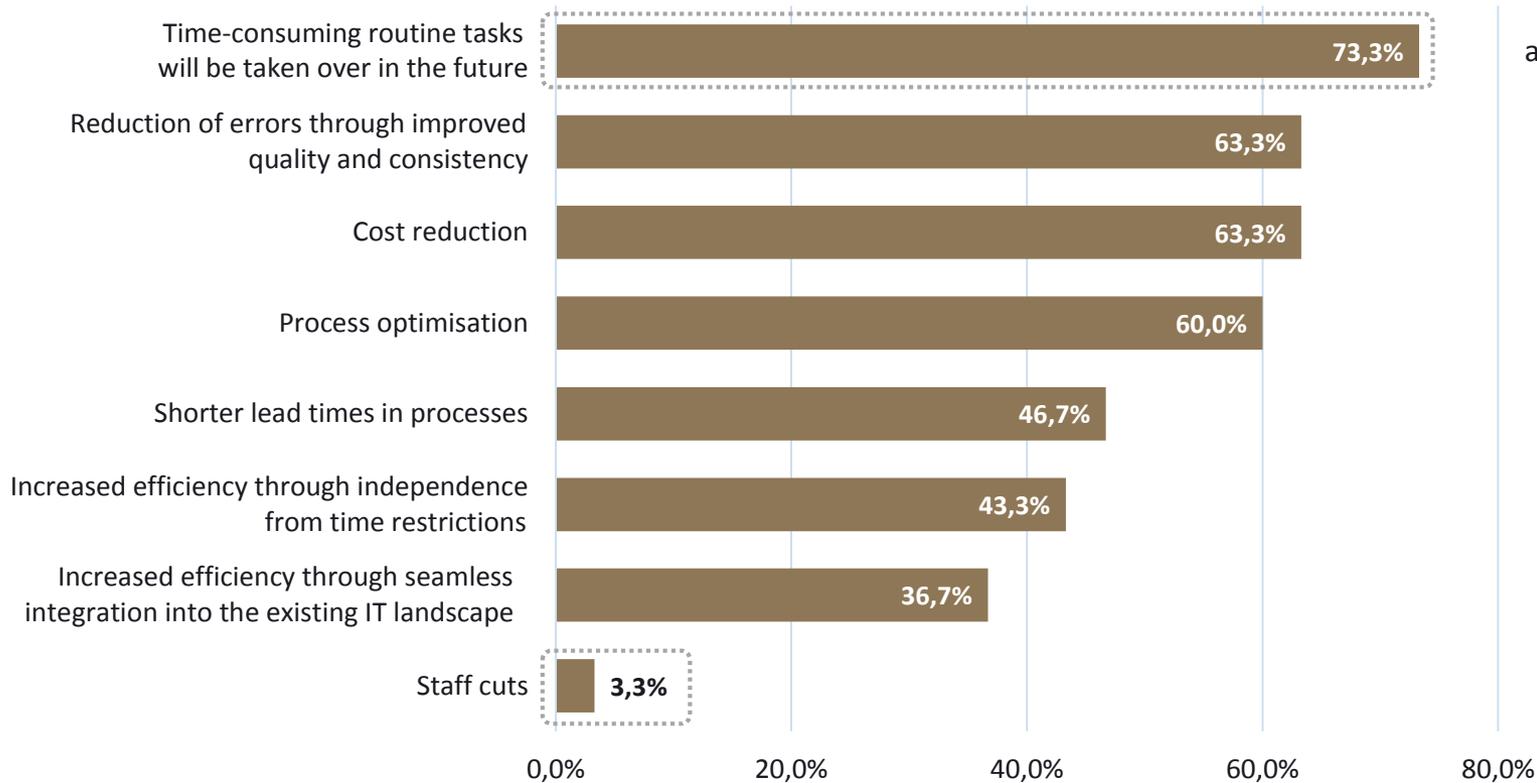


Companies see routine tasks as a **challenge**.

Question: "What challenges do you face in your company today?" (if "Yes, I know RPA")

ROUTINE TASKS ARE IDEAL FOR OPTIMIZATION BY RPA AND HAVE THE GREATEST DEVELOPMENT POTENTIAL.

The factor "time-consuming routine tasks" slows down companies in their development and thus serves as an ideal starting point for process automation. Staff reductions are not mentioned as a potential opportunity for the introduction of RPA.



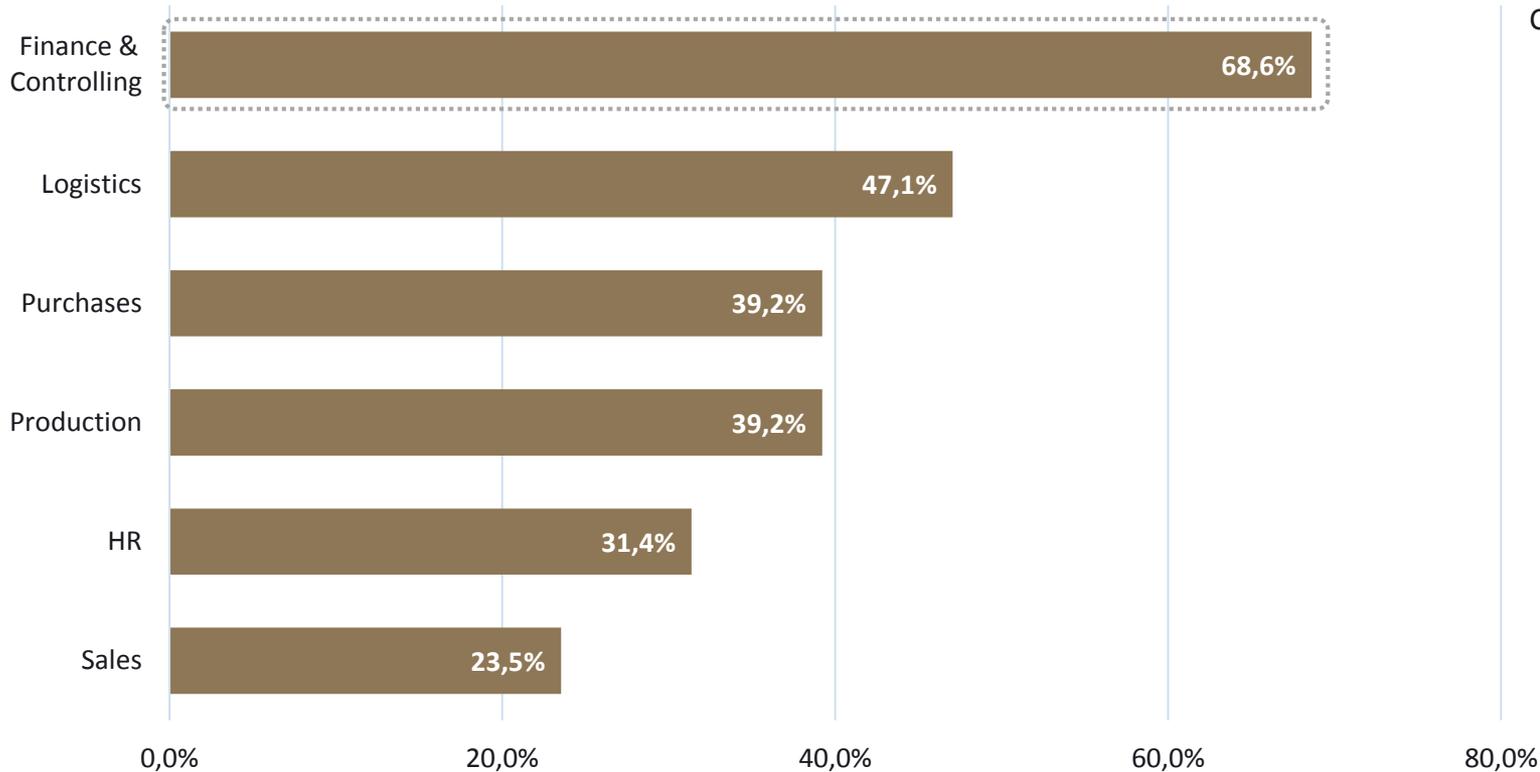
Routine procedures are seen as a starting point for RPA.

Staff reduction is not a reason to implement RPA.

Question: "In your opinion, which are the greatest potential opportunities for the introduction of RPA?" (if "Yes, I know RPA").

WITH ITS LARGE NUMBER OF STANDARD PROCESSES, FINANCE IS AN IDEAL AREA FOR THE APPLICATION OF RPA TECHNOLOGY

The higher the number of standardized processes within a business unit, the more suitable it is for optimization through automation. Companies clearly set their focus on Finance & Controlling.

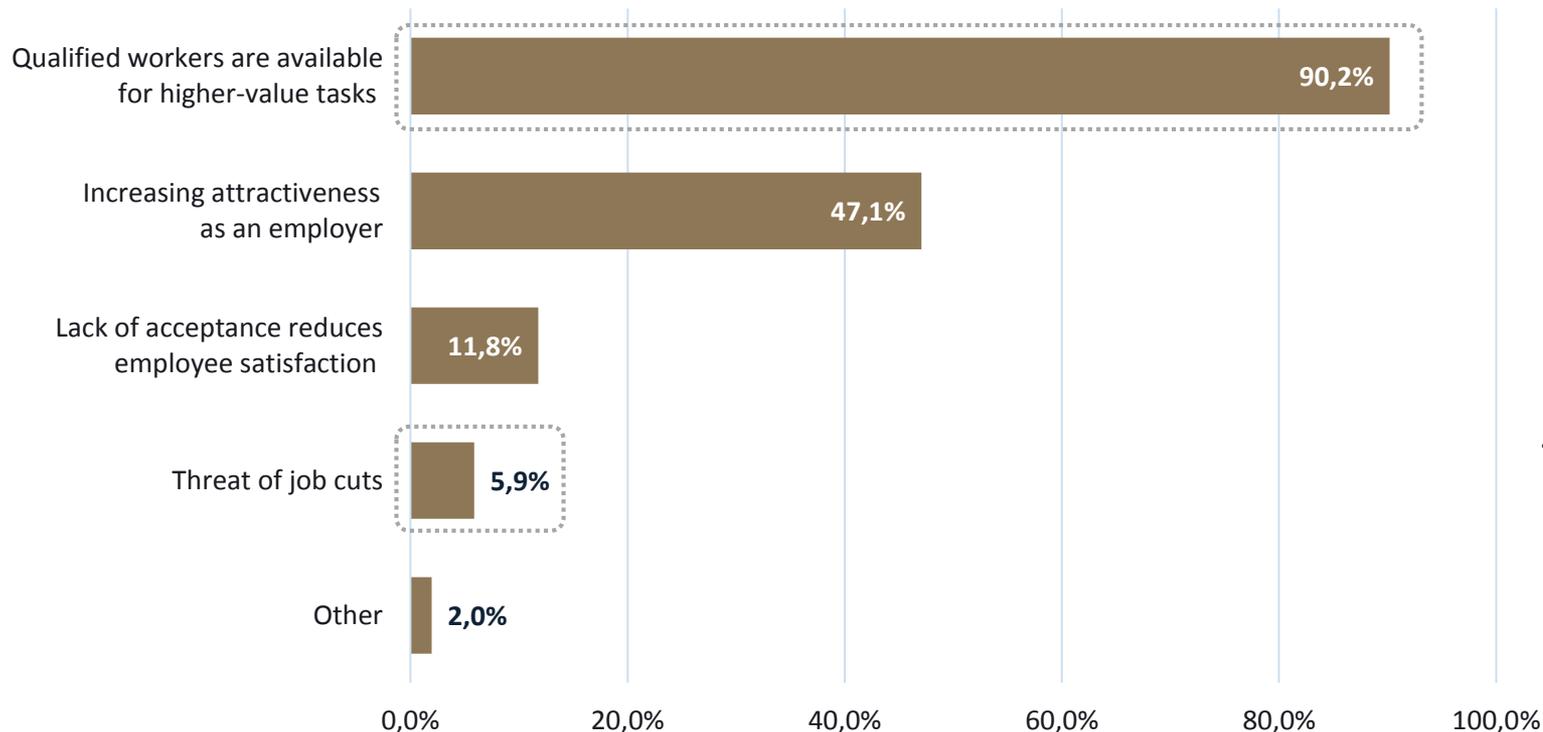


Companies focus on **Finance** for automation.

Question: "In which business areas do you see the greatest potential for process automation in your company?"

PERSONNEL DEVELOPMENT INSTEAD OF JOB CUTS

Contrary to the concerns of many employees, companies see the topic of process automation chiefly as an opportunity for personnel development. The risk of job losses and associated staff reductions is not mentioned.



Over 90% see automation as an opportunity.

Job losses are not considered as a risk to any extent.

Question: "In your opinion, what does the introduction of process automation mean for your employees?"

EXPECTATION 2025: ONE THIRD OF ALL PROCESSES ARE AUTOMATED!

Dare to make a prediction for the future! In the year 2025, how high will be the proportion of business processes in your area that are no longer carried out by people? The participants estimated for 2025 the share of automated business processes in their company as follows:



Question: "Do you dare to forecast the future: how high will be the proportion of business processes in your area in 2025 that are no longer carried out by people?"

YOUR CONTACT

LINKIT Consulting is at your disposal for further inquiries!



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