CAMELOT
Management Consultants

Securing Transformation Investments

Argumentation for CxOs

Become an Intelligent Enterprise with the S/4HANA Prestudy by Camelot

White Paper

Foreword

THE Strategic Initiative for CxOs: SAP S/4HANA Transformation

With SAP S/4HANA, SAP launched a new ERP generation in February 2015 for the first time in more than 20 years. This fourth ERP generation introduces a fundamental change in many regards. The software uses SAP HANA as the database technology and enables a combination of transactions and analyses for the first time. Also, SAP S/4HANA is available in Cloud deployments rather than exclusively as on-premises software, which was customary before. Users now have more options than ever before.

Pressure to Act

There has never been a higher pressure to act as today. Companies must transition to SAP S/4HANA by 2027 because SAP will discontinue support for SAP ECC then. **However, the transformation process has only just begun**. A mere 14 percent of the companies surveyed for the DSAG Investment Report 2021 indicated that they had already switched over to SAP S/4HANA. An additional ten percent were planning to do so in 2021. The largest share – 39 percent – are planning to transition within the next three years. This picture is also confirmed by the Camelot study "Expectations of S/4HANA".

The transformation is taking place in a world that is challenging for a myriad of reasons, ranging from the geopolitical situation to controversial social change and the rapid development of new digital technologies. A company's ability to succeed in this environment depends, among other things, substantially on their adoption of SAP S/4HANA. That is because the software is the digital core that helps companies to develop into an **Intelligent Enterprise**.

Prestudy for Successful SAP S/4 Transformation

Our Camelot S/4HANA Prestudy secures the transformation success – both during the process and in terms of the defined goal. In this white paper, you will learn about the specific added value that our S/4HANA Prestudy offers and what our approach looks like.

We wish you an informative read!

Jens Steuer
Partner and Head of Manufacturing & Digital Transformation
Camelot Management Consultants

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1. Transformation under Challenging Conditions

The characterization of our world by the acronym VUCA is more apt today than ever before. Indeed, a higher degree of **volatility, uncertainty, complexity and ambiguity are hardly conceivable**. Fundamental beliefs that we all used for orientation were swept away, overnight. Suddenly, there is war on the edge of Europe. It is currently unclear how long the conflict will last and if it will spread. But one thing is already clear: the world order that had prevailed since the beginning of the 1990s has changed radically.

In addition, the COVID-19 pandemic is definitely not behind us yet. Two years after the outbreak of the pandemic, China once again locked down the cities with millions of inhabitants. At the same time, we see a rolling back of the pandemic-related restrictions in Germany. However, whether this return to normality will remain is still an open question.

Market distortions on a global scale

These two more or less unforeseeable events alone have already **massive consequences for the global economy and for each individual company**. Non-competitive supply chains and rising energy prices are only two of the most visible effects with an acute impact. In the future, there will likely be shifts in the purchasing and sales markets, along with buying behavior in the B2C and B2B area.

Major distortions create opportunities

Furthermore, the issues on companies' agendas before 2020 continue to be relevant: above all, **climate change, social change and digitizatio**n. All three developments force companies to face a whole series of unknown challenges. Yet they also create numerous new opportunities. The cards in the game of the global economy are being reshuffled.

From the Global Economy to the SAP S/4HANA Transformation

At first glance, it may seem overambitious to tie these developments on the global scale directly to the microlevel – namely, the introduction of SAP S/4HANA in a company. At a closer look, there are quite a few implications that corroborate this view. For example, difficult political relations with some countries may require business relations with these countries to be organized through a separate system. Digitization has caused the demand for people with digital skills to soar, which leads to talent shortage in various fields. This makes the resources for the launch of SAP S/4HANA and its continuous application management scarce. Social change means in part that **customers expect sustainable and fair conduct from companies**. To implement this transparently, it is necessary to enter, analyze, and document data. This endeavor cannot succeed without an enterprise system.

2. SAP S/4HANA: Digital Core for the Intelligent Enterprise

In the new VUCA world with its many challenges and opportunities, an Intelligent Enterprise will establish the best starting point for being successful in the future – because an Intelligent Enterprise systematically utilizes the potential of all new digital technologies. The digital core for this is SAP S/4HANA. The term introduced by SAP refers to two aspects: First, the days when SAP could claim to cover almost all IT-driven aspects of a company are over. Instead, it is clear that numerous applications from different providers must interact in a digital world. Second, SAP S/4HANA is the main component in an open and flexible technology landscape because the **application reflects all the fundamental commercial and logistical processes**. And without them, nothing will work in the future either.

Effectiveness and efficiency in two dimensions

For SAP S/4HANA to be capable of handling this central role, the system must be implemented so that a company is placed in a position to act effectively and efficiently. SAP S/4HANA aims to help the company to achieve the goals it sets (effectiveness) – and do that with the best-possible input-output ratio (efficiency). That is the first dimension. The second dimension is the SAP S/4HANA transformation itself.

The project must be effective, which means that the implemented system **meets 100 percent of the requirements defined in advance**. At the same time, the transformation must be handled efficiently to keep the **costs of introduction as low as possible** and make maximal use of the limited resources for introduction. This goes for a company's own IT staff members who are often integrated in other digitization projects alongside the conversion to SAP S/4HANA , and naturally must also manage regular operations. Furthermore, it is no less relevant for implementation partners. Bottlenecks are to be expected because of the many transformation projects in the local markets in the short and medium term.

	TRANSFORMATION	SAP S/4HANA
EFFECTIVENESS	The target system should be achieved in the defined **quality**.	The completed system should help to achieve the **goals of the company**: business model, products and services, structures and processes.
EFFICIENCY	The target system should be completed in the defined (shortest possible) amount of **time** and at the (lowest possible) **budget**.	The completed system should help reduce **costs and expenditure of time for value creation**.

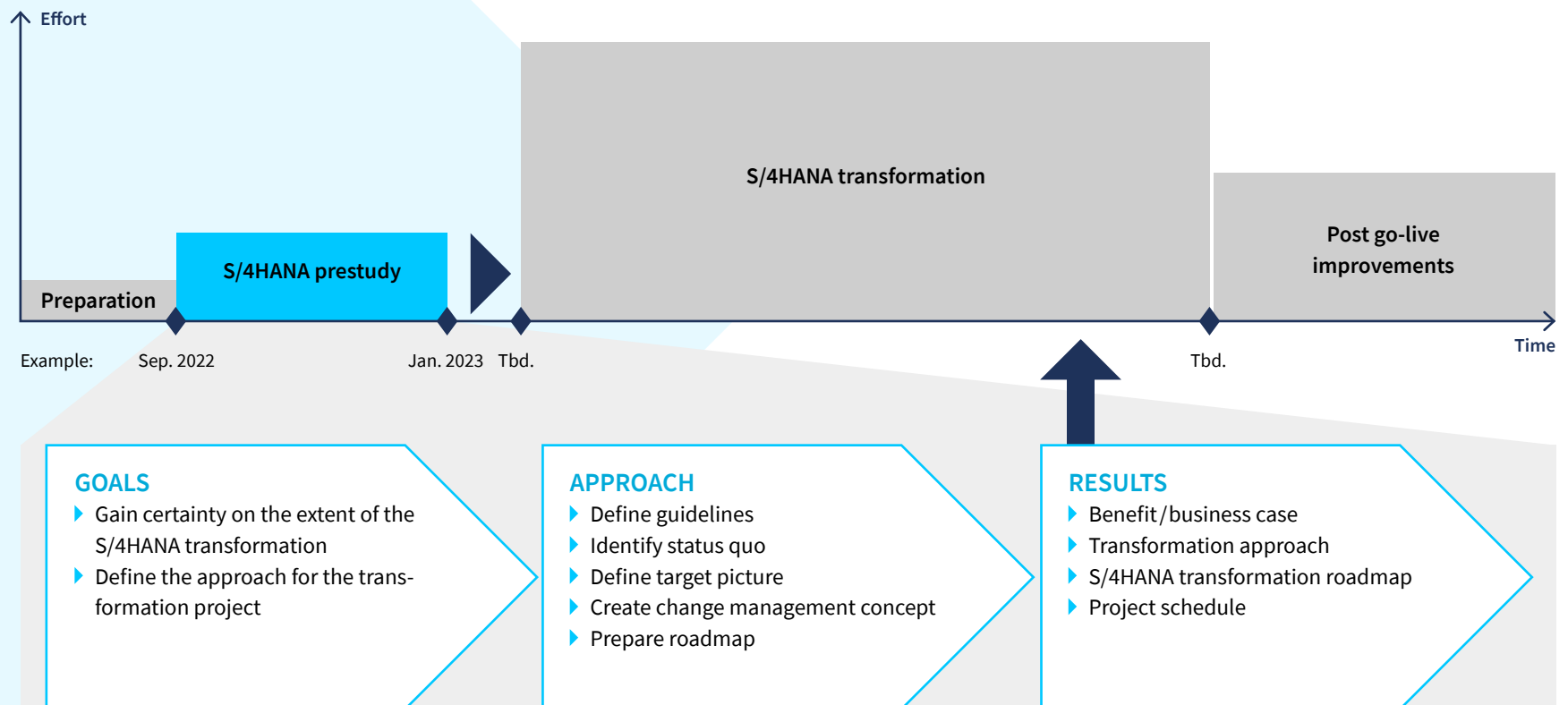## SAP S/4HANA: Strategic buy-in for C-level agenda

	CEO	CFO	COO	CIO	CTO
EFFECTIVENES **Effectiveness of the project** **Do the right things!** **What expectations do you have regarding the project's results?** **What should S/4HANA do?**	▶ What is the corporate strategy? ▶ What is the digitalization strategy? ▶ What is the current and future (digital) business model? ▶ Which current digital products and services should remain? ▶ How can SAP S/4HANA help to be successful on the market in the future?	▶ How will S/4HANA reduce costs? ▶ How will controlling work in the future (are adjustments sensible or necessary)? ▶ How can SAP S/4HANA help with being efficient in the future?	▶ How does the project improve supply chain performance? ▶ Which processes will be supported with which IT systems? ▶ What digitized use cases are conceivable? ▶ How can SAP S/4HANA help to design end-to-end processes and digitize everything, including the use of third-party solutions?	▶ How are business processes mapped by IT today? ▶ How many different systems and proprietary developments are used? ▶ Where are gaps currently? ▶ What expectations do other C-levels have towards IT? ▶ How is the current effort in terms of application management? ▶ What is the current staffing situation and what can be expected for the future?	▶ What do business processes look like now and what should they look like in the future? ▶ To what extent are the processes currently digitized and where is still potential? ▶ Which digitized use cases are conceivable? ▶ How can SAP S/4HANA help to design end-to-end processes and digitize everything – with consideration given to third-party solutions?
EFFICIENCY **Efficiency of the project** **Do the right things!** **How should the project run?**	▶ How will the introduction affect the business?	▶ What is the introduction cost? ▶ What ROI is to be expected, and when?	▶ How will the introduction affect the supply chain?	▶ How much will the IT department be involved in the introduction?	▶ How will the transformation support the digitization strategy?

3. Ensuring Success with the S/4HANA Prestudy

Holistic view of change

If you want to switch to SAP S/4HANA and transform your company into an Intelligent Enterprise, one insight is crucial: an SAP S/4HANA transformation is not just a technological transformation, but rather a **transformation of the entire company**. It is important to thoroughly prepare for the actual transformation process. A preliminary study that understands the transformation from a holistic perspective is indispensable for this.

Any S/4HANA transformation requires thorough and structured preparation

Effort

S/4HANA transformation

Post go-live improvements

S/4HANA prestudy

Preparation

Example: Sep. 2022   Jan. 2023 Tbd.   Tbd.

Time

GOALS
- Gain certainty on the extent of the S/4HANA transformation
- Define the approach for the transformation project

APPROACH
- Define guidelines
- Identify status quo
- Define target picture
- Create change management concept
- Prepare roadmap

RESULTS
- Benefit/business case
- Transformation approach
- S/4HANA transformation roadmap
- Project schedule

Your Company – Your Requirements

The aim of the S/4HANA Prestudy is to define the goals of the company and derive the requirements for a version of SAP S/4HANA. It is only possible to make a sensible decision on this basis, as to which deployment is the right version for a given company and which migration approach should be pursued. Making these decisions lays the groundwork for drafting a sound **transformation roadmap**.

A S/4HANA transformation is necessary in any case – the only questions are "how?" and "why?"

Characteristics*	Greenfield	Redesign	Technisches Upgrade	"Do nothing"
Consolidation of ERP and IT architecture	●	◗	◔	○
Use of S/4HANA technology	●	●	●	○
Reduction of isolated solutions	◔	◗	○	○
Process optimization and standardization	◔	◗	◔	○
Increasing the ability to innovate	●	●	◔	○
Increasing efficiency / automation	●	◗	◔	○
Reduction of maintenances expenses	●	◗	◔	○
Minimizing risk re. end of maintenance	●	●	●	○

* Qualitative assessment on the basis of CAMELOT project experience

○ ⟶ ● Amount of shading in circle indicates degree of fulfillment

Business AND technology needed

Other preliminary studies usually adopt either the business perspective or technology perspective – depending on the orientation of the provider.

Camelot combines management consulting and SAP S/4HANA experience from a single source. This **special position in the market** allows the Camelot S/4HANA Prestudy to integrate both perspectives for a holistic view of the transformation.

**Case study:
The largest
implementation of
S/4HANA Cloud so far**

Learn more

BUSINESS-ORIENTED

▸ Consideration of corporate strategy
▸ Categorization of agendas for CEO, CFO, COO, CTO and CIO
▸ Development of target processes
▸ Modeling of most important target processes
▸ Elaboration of (monetary) benefit/business case
▸ Elaboration of target architecture
▸ Development of deployment options
▸ Development of future program set-up
▸ Development of a people and change concept

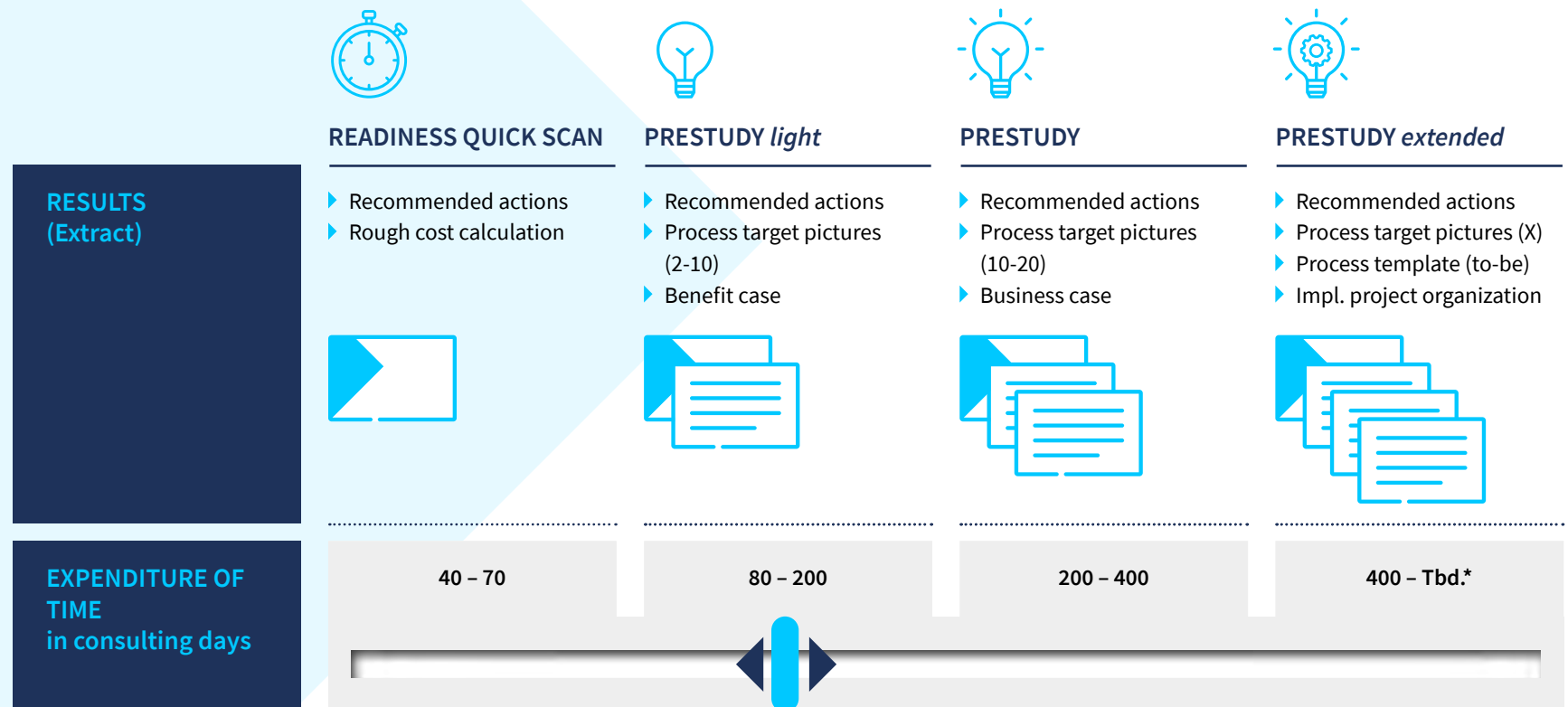### TECHNOLOGY-ORIENTED

▸ Standardization of applications
▸ Definition of strategic applications
▸ Automation and digitization of processes
▸ Reduction of developments and system complexity
▸ EAM* (e.g., Cloud strategy)
▸ Consolidation of IT landscape
▸ Reduction of maintenance costs
▸ Discontinuation/integration of isolated solutions
▸ Deployment strategies

* Enterprise Architecture Management

S/4HANA from light to extended: the right fit for every demand

The various versions of the S/4HANA Prestudy cover different needs in terms of depth and scope. A Readiness Quick Scan provides recommendations for action and prepares a rough cost calculation. The Extended version covers the recommendations for action, process targets, process templates and the implementation of a project organization. The Prestudy light falls in between these two options. The individual versions build on each other, with the effect of the greatest possible flexibility for companies conducting the pre-study. There is no reason not to start with the Readiness Quick Scan and then gradually go into more detail.

We work with our clients to design the perfect approach to the preparation of an efficient S/4HANA transformation

	READINESS QUICK SCAN	PRESTUDY *light*	PRESTUDY	PRESTUDY *extended*
RESULTS (Extract)	▶ Recommended actions ▶ Rough cost calculation	▶ Recommended actions ▶ Process target pictures (2-10) ▶ Benefit case	▶ Recommended actions ▶ Process target pictures (10-20) ▶ Business case	▶ Recommended actions ▶ Process target pictures (X) ▶ Process template (to-be) ▶ Impl. project organization
EXPENDITURE OF TIME in consulting days	40 – 70	80 – 200	200 – 400	400 – Tbd.*

*Depending on complexity and depth

4. Procedure for S/4HANA Prestudy – From Analysis to Roadmap

1 Fit-gap analysis of processes

- Alignment of strategic goals with system features
- Analysis of processes in the major business areas
- Alignment with leading practice processes
- Derivation of a target system architecture
- Estimation of the timeframe, expenditures of time and money, and requirements for necessary process adjustments

2 Interface analysis of company architecture

- Integration of running innovation and digitization projects
- Assessment of options for possible expansions of functions
- Derivation of requirements based on a set-up plan
- Comparison of SAP ERP (SAP ECC 6.0) and SAP S/4HANA
- Estimation of budgets and resources

3 Development of a change concept

- Initial identification and assessment of major stakeholders (or groups)
- Derivation of impact on set-up and process organization
- Estimation of staff required (including training needed)
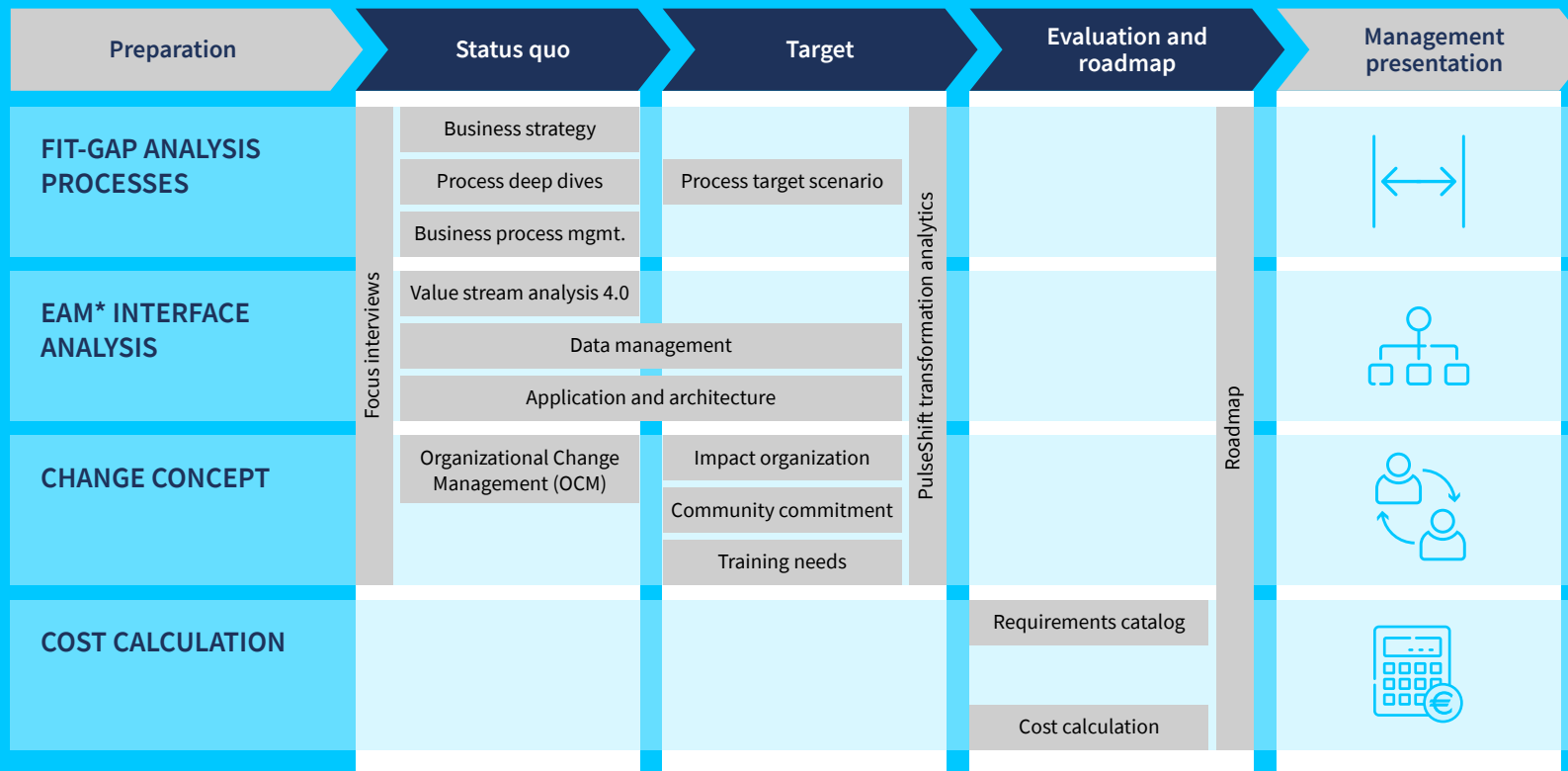- Derivation of targeted communication plan with corresponding consideration on schedule

4 Calculation of costs

- Breakdown of cost structures and separation of items
- Project-related one-off costs for system conversion and system-related adjustments (OpEx/CapEx)
- Running costs for operation and maintenance of the systems (OpEx)

Taking clearly defined steps towards success

The following matrix shows how the time sequence and four areas of action relate to one another.

	Preparation	Status quo	Target	Evaluation and roadmap	Management presentation
FIT-GAP ANALYSIS PROCESSES		Business strategy	Process target scenario		
		Process deep dives			
		Business process mgmt.			
EAM* INTERFACE ANALYSIS		Value stream analysis 4.0			
		Data management			
		Application and architecture			
CHANGE CONCEPT		Organizational Change Management (OCM)	Impact organization		
			Community commitment		
			Training needs		
COST CALCULATION				Requirements catalog	
				Cost calculation	

(Vertical labels: Focus interviews — spanning Status quo column; PulseShift transformation analytics — spanning Target column; Roadmap — spanning Evaluation and roadmap column)

* Enterprise Architecture Management

Management needs to be involved in the project from the start, even if the time investment accounts for only a small part of the Prestudy project. Their involvement is of enormous importance, however. Since the SAP S/4HANA transformation clearly goes beyond a technological project, and affects all departmental aspects, management's commitment and support are indispensable for success.

5. High-Performance Methods & Tools – an Example

Game changer for your transformation

During the five phases and four areas of action, we select the high-performance methods and tools best suited for the respective situation. One tool that proved to be a real game changer is **PulseShift, our transformation analytics solutions**.

PULSESHIFT – WHAT DOES YOUR ORGANIZATION THINK ABOUT THE CHANGE PROCESS?

PulseShift helps with the monitoring of change processes based on data. In the beginning, it is necessary to systematically collect and evaluate data on the mindset of stakeholders, to then provide targeted information on the forthcoming change. In the ongoing course of the process, the effectiveness of the communication is determined, on the one hand. **On the other hand, it is possible to see how the changes are actually affecting stakeholders at short intervals**. The final part involves identifying connections – for example through data-based findings on the introduced change patterns.

The findings gained with PulseShift can be used to plan the subsequent measures, so that **stakeholders have substantially fewer reservations about a change** and are significantly more motivated to cooperate with changes. This is important for every project. In a comprehensive and strategically important project like the SAP S/4HANA transformation, the support of stakeholders is indispensable.

Our many other methods and tools have also repeatedly proven to be outstanding in real-life practice. They are not only reliable for producing results, but also minimize costs and the expenditure of time.

6. S/4HANA Transformation: The Milestone for Your Company – and Your Career

Success factors for the SAP S/4HANA transformation

The changes stemming from a S/4HANA transformation mark the start of a new era.

Digitization is not a self-contained project that is handled by the IT Department. **Digitization is a long-term mindset** regarding the question of how the world can and should be designed. And this mindset should be adopted by **all employees** alike.

The introduction of SAP S/4HANA is a mammoth project – and must therefore be well prepared.

The S/4HANA Prestudy by Camelot is outstanding in two regards:

First, our Prestudy ensures that SAP S/4HANA will become the **digital core** that turns your company into an **Intelligent Enterprise**.

And second, it will ensure that the **costs and expenditure of time** for the transformation are kept as low as possible and that it will be carried out as **quickly as possible**.

Consequently, an investment in the S/4HANA Prestudy pays off in multiple regards.

The transformation is on every CxO's agenda.

To ensure that the success is broad-based, the transformation itself and the Prestudy should not be handled by the CIO alone, as the resulting implications affect **all areas of a company**. That is why an SAP S/4HANA transformation should also be on the agenda of a CEO and CFO, as well as a COO and CTO.

Only if all **C-level managers combine their goals** in the debate, a solution can be found that provides support over the **long term** in a digital **world**.

Camelot Management Consultants

We are a global management and technology consulting firm focusing on value chain management. Our mission: turning our clients' value chains into a competitive advantage and creating lasting impact where our clients need it most. By combining our industry focus, value chain process expertise, and technology know-how, we guide our clients from strategy to sustainable technology adoption.

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