Our Guide to SAP Cloud Transformation

In this guide, we'll run through best-practice thinking and some key decisions that'll help your organization make the move to SAP Cloud as seamless as possible.

SAP's winding cloud journey: a brief history

SAP's cloud journey has rarely been linear nor undertaken lightly – and for good reason. Diligent in their cloud provision and meticulous in their deployment processes, service offerings have been renamed and rebundled in different versions and iterations over the years, in keeping with customer requirements and user demand.

This made things tricky for businesses that needed to get a handle on their SAP licenses and agreements. 2021 hit, and things got simpler. With the launch of **RISE with SAP**, with all SAP's cloud services bundled into a single monthly subscription. RISE is where any organization thinking about migrating to SAP Cloud should begin.

2010

SAP HANA (High-performance Analytics Appliance) launched

A column-based database as a service (DBaaS) that stores data in its memory instead of on a disc, enabling faster data processing.

2012

Cloud Platform (PaaS) launched

SAP's first cloud-native database allows users to create and extend apps in the cloud by accessing more data from more sources in less time.

2013

HANA Enterprise Cloud (HEC) launched

A managed, private cloud hosting service for SAP HANA and related apps, offering an added degree of flexibility for organizations.

2017

S/4HANA Cloud introduced

A ready-to-run cloud ERP for large enterprises which consists of ready-to-work processes built on proven industry best practices.

2020

By early 2020, S/4HANA Cloud had evolved into two editions:

SAP S/4HANA Cloud, private edition:

A tailored-to-fit cloud ERP that adjusts to an organization's unique requirements.

SAP extended services for SAP S/4HANA Cloud, private edition:

A tailored-to-fit cloud ERP with some extended services to boot.

2021

RISE with SAP launched

SAP increases its focus on cloud with RISE, a package bringing together SaaS, IaaS, PaaS, business transformation and application services under one monthly subscription.

2023

Premium/Base RISE version launched

SAP diversifies cloud offering with a new premium plus package, with more tools to improve decision making and maximize the impact of AI across business processes.

Silving lining the future:
our handy guide

Keeping up with SAP Cloud is a hard ask. By 2027, all SAP customers will be required to migrate to S/4 Hana – a move that not only spells technical headaches as customers adopt new cloud solutions, but also commercial and contractual implications.

Unplanned SAP-related costs and unfriendly commercial terms are just some of the risks that customers face thanks to SAP's complex pricing and the increasing frequency of compliance audits. Careful planning and management, combined with the right advice and approach, can offset the worst of these risks so organizations can stay in control, compliant and on budget.

Gartner on Migrating to SAP S4/HANA

"Migration to SAP S/4HANA requires additional adoption of other SAP SaaS offerings, resulting in the substantial increase in costs and effort required to deploy and integrate.

"Big bang" ERP implementations are problematic at the best of times. These projects are heavy consumers of resources, taking key employees from their normal duties and postponing high-priority business projects. It is more important than ever to consider an incremental approach. On this journey, CIOs have various tools that break up complexity and reduce risk. These include selective deployment, technical upgrades, hybrid implementation and selective data migration.

CIOs who had planned to upgrade but not yet finalized the scope and architecture should pause to evaluate a two-tier hybrid architecture. A hybrid approach enables the flexibility to select the solutions you need for varying business units and standardize processes that businesses are willing to accept. Customers can have a single SAP S/4HANA Cloud for finance and multiple SAP S/4HANA AnyPremise for multiple operations that are different from each other."

Gartner® Report: "What CIOs Must Now Consider Amid Disruption and Deadlines Around SAP S/4HANA"
Published 3 December 2020

Silving lining the future: our handy guide

It's helpful for any organization assessing, preparing for or implementing a move to SAP Cloud to consider some key questions spread over two main areas:

Organizational   What level of control do you want – and need – over your IT estate? Do you have the resource in place to manage it, or is some upskilling or outsourcing required? Do you have the flexibility to field custom developments, updates and upgrades?

Licensing   Do you have a good grasp of your own IT requirements and roadmap, and how SAP Cloud factors into these? Are you prepared to pay for SAP Cloud services via a monthly subscription, as opposed to the one-time fee for on-premise?

Your answers to these questions will determine the sorts of decisions you make – themselves dependent on a firm understanding of both SAP's services and your own software estate. Luckily, there are a number of steps you can take to ensure you get the answers you need in order to drive better decisions and a successful move to SAP Cloud.

Step 1 - Define your organizational requirements

1. Choose your migration approach

Start from scratch (greenfield), retain and transfer existing user data (brownfield), or combine the two (bluefield)

2. Decide your level of tech flexibility:

Your need for developments and upgrades will determine which S/4HANA edition (non-RISE products and Cloud products) you need

3. Determine your level of outsourcing vs IT control:

Hand over the keys to RISE with SAP or retain control by hosting independently via a hyperscaler such as AWS, Google, and Microsoft Azure

4. Develop an accurate Bill of Materials (BoM):

The right volume is just as important as a good discount so you don't pay for something to sit idle

1. Conduct both a Digital Access and S/4HANA review:

Get a clearer picture on the pros and cons of each

2. Take your time

Roll your migration out in phases, both before and during negotiations

3. Withstand the pressure

Don't rush into anything you aren't comfortable with

4. Interrogate pricing

Push for visibility on costs so you always know exactly what you're paying for, and why

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Gartner on SAP's lack of pricing visibility

"Despite SAP's public statements about making a 'renewed commitment to commercial transparency,' it has not materialized in the field.

SAP Sales will not provide customers with visibility to its price list and typically shares only bundled pricing in its proposals and order forms. It will only provide detailed line-item pricing to customers who push for it and have the leverage to hold SAP accountable. This lack of transparency combined with the wide range of possible discounts makes it difficult, if not impossible, for SAP customers to evaluate the competitiveness of a commercial offering and to assess whether or not a proposal is accurate, complete and competitive.

SAP's Customer Success organization has the ability and influence to drive changes that focus more on simplicity, transparency and adoption, and less on short-term revenue maximization. But until that happens, pricing and licensing issues will continue to frustrate many SAP customers."

Gartner® Report: Vendor Rating: SAP,
Published 24 November 2020

Some pricing and licensing tips

SAP pricing and licensing is rarely transparent. Keep these things in mind to avoid getting caught out:

Price tiering

The unit price for each license goes down depending on volume, so organizations should ensure they're not overspending.

New pricing logic

The Cloud Platform (**SAP BTP**) has credits for flexible spending on a wide range of solutions.

Tech sizing

This is based on the SAP Standard Benchmarks and SAP provides a free tool – **Quick Sizer** – to help.

On-premise (OP) differences

OP licensing discounts an order form uniformly and charges a one-time fee, in contrast to SAP Cloud which applies discounting per product and runs on a monthly subscription.

Livingstone's SAP Cloud Solutions

Organizations often find they're hit with higher-than-expected costs when negotiating SAP contracts. This can be due to poor foundational data, heavy discounts on licensing subscriptions or cloud services being discontinued or price-hiked.

Our approach to SAP Cloud transformation means we'll be with you every step of the way – before, during, and after negotiations - helping you avoid any nasty surprises and get the best commercial terms possible.

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Phase 1: Foundational Analysis

We begin with a current state analysis of your SAP estate including Contract Entitlement, System Usage and License Hygiene.

As part of our future state analysis, we then conduct:

- Business Needs Assessment, including roadmap analysis and transformation scoping
- S/4HANA Mapping, including contract migration vs product migration
- License Optimization, including reallocation and usage advice

2

Phase 2: Optimal Contract Solution

Our SAP experts can inform and advise you on licensing and negotiation strategy, including:

- Comparing old vs. new Terms & Conditions
- New License Models and Usage Metrics, including tiered pricing
- SAP Licensing Policies
- Commercial Benchmarking
- Contractual Concessions (e.g. flexibility, future purchases)
- Special clauses and legal discussions
- Developing and executing on the agreed negotiation strategy

Livingstone's SAP Cloud Solutions

Managed Service for SAP licensing

You've completed your SAP Cloud transformation. We'll still be on hand to support you on an ongoing basis via our Managed Service for SAP licensing, which provides negotiation tactics, reports, tips and tricks on how to optimize your estate for the foreseeable.

Our SAP experts know the importance of flexibility and will ensure you achieve an optimized contract. What's more, our vast experience in evaluating SAP proposals and negotiation experience both inside SAP and supporting clients means we can provide a negotiation strategy that is tailored to each organization's unique needs.

Our SAP Cloud Impact

27% Discount
EU company
2k employees

$1.2M Saved
EU company
60k employees

$3.9M Saved
EU company
65k employees

Get in touch

For questions or to find out more, contact our team of experts at **https://livingstone-tech.com/contact-us/** or **info@livingstone-tech.com**. We're always on hand to chat through your unique challenges and requirements.