NAVIGATING THE SAP ON CLOUD JOURNEY WITH EASE

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Organizations swiftly moving their workloads to the cloud is not a new trend. Lower costs and accelerated innovation are the usual reasons for this switch. But what is unexpected is the scale and speed of adoption. Consider this – Microsoft's cloud revenues grew by a staggering $27 billion in 2022, whereas AWS' revenues stood at $85 billion and a massive growth rate of 35%. Microsoft CEO Satya Nadella mentioned the type of Tier 1 workloads moving to Azure and the unprecedented number of $100 million Azure deals during the Q1 earnings call. Here's more - the combined 2022 revenues of the Cloud Wars Top 10 will exceed $300 billion . These are enough indicators to show that enterprises are acting on the need to overhaul their current landscape and suitably equip themselves for the digital economy.

Cloud Wars founder Bob Evans describes the cloud as a reimagination machine for businesses as it presents an opportunity to improve efficiency more quickly and at a lower price and enables them to reimagine business models, customer engagement, new product development and talent management. In short, businesses cannot envisage a future without the cloud featuring prominently in it.

Infosys recently conducted a roundtable to discuss various experiences and perspectives on a highly relevant topic - adopting cloud platforms in an SAP environment. Hyperscalers and private cloud providers have made their platform SAP ready, while SAP has launched RISE with SAP on its part. At the same time, enterprises grapple between adopting SAP RISE as a cloudified application or migrating their existing SAP landscape to a hyperscaler platform. This is not a simple decision or one that can be made swiftly. Multiple dimensions such as overall cloud strategy, business imperatives, enterprise apps architecture and commercial propositions must be weighed to make the right choice. Besides, once the decision is made, moving to the cloud is a significant undertaking mandating months of planning and execution.

Sensing the need for insights on this critical cloud journey, Infosys invited industry stalwarts, practitioners and an industry analyst to share their views. This paper presents the chief takeaways from this power-packed session and aims to help companies navigate the intricate path of transformation.

Why SAP remains an excellent choice for enterprises

More than ever, businesses must be agile and respond swiftly to changing customer demands while continuing to innovate simultaneously. This means aligning partners in the supply chain with customers and exploiting technologies to lower costs, increase performance and differentiate. McKinsey further states that companies that innovate faster with software also score higher on customer satisfaction, brand perception, and talent management .

Intending to enable businesses to transform into intelligent, sustainable enterprises in the cloud, SAP launched RISE with SAP. RISE with SAP acts as a guided journey for enterprises by offering a blend of certain packaged capabilities of SAP enriched with services and tools to deliver tangible business impact and propel it towards true transformation.

RISE with SAP has three fundamental layers – the Business Technology Platform (BTP), Application and Business Process Management. The BTP is the backbone of the RISE framework – it is open and connects to even non-SAP systems with the data residing in SAP itself and comprises four components.
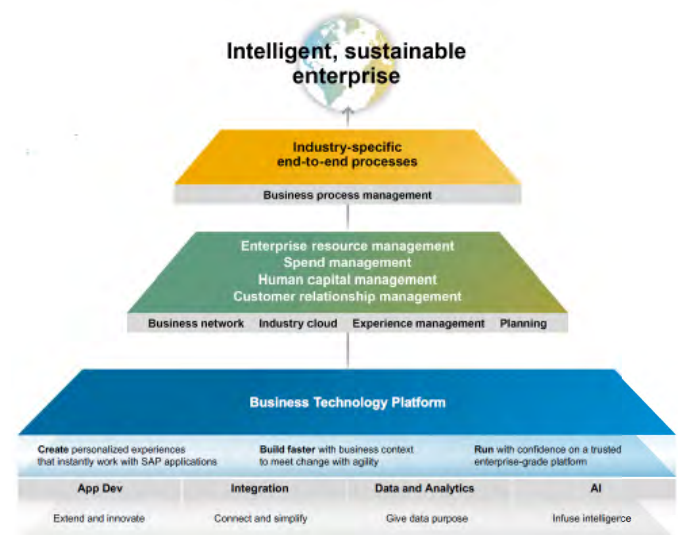
Given how RISE has been conceptualized, it has become the industry-wide model for cloud consumption. Against this backdrop, it is worthwhile to glean insights from companies who have been through the cloud journey with SAP.

Be clear about the strategy

1. **It is not only about technical transformation:** Today's business environment dictates a new way of dealing with customers and partners while making employees more productive. Companies can only aspire to survive and thrive in a hyper-competitive world with such an approach. Simplified and improved processes, system capabilities and master data are essential for this to happen. Take the case of a large enterprise technology company, a spin-off from a technology giant. The new company was encumbered with legacy infrastructure meant to run a four times bigger organization. It soon realized that to stay relevant in a digital economy, it had to undergo an IT transformation to access next-generation technologies. Driven by business considerations and championed by its management, it decided to embark on an SAP to cloud journey as part of an overall IT transformation. This decision marked a deviation from not being technical-led.

2. **Establishing a cloud mindset:** Cloud is pervasive, making its presence felt from the lowest stack of infrastructure to the highest stack of business processes. This way, it reduces dependence on how infrastructure is set up and enables an organization to become more flexible, agile and efficient – all essential factors in a tough market. As a result, it is imperative to establish a cloud mindset in the organization to make the transition a winner.

3. **The vital role that a partner plays during cloud transformation:** When large enterprises opt for cloud transformation on SAP, it spells intensive efforts meshing business and technology. Under the transformation purview come various aspects such as business models, processes, technical capabilities and platforms, master data management and analytics. Clearly, this is a heavy-duty exercise for enterprises and one where they are likely to miss useful capabilities on SAP owing to the sheer scale of the transformation. As a result, enterprises must look beyond internal expertise and instead engage with partners. The CIO of a large Fortune 500 technology company acknowledged the role played by Infosys in building a private cloud environment and supporting the migration. Collaborating with a partner can make the difference between success and failure when the stakes are high.

4. **Going the private or public cloud way for SAP S/4 HANA:** Determining if the SAP application will reside on a public or a private cloud is a crucial decision as many complexities are involved. Moreover, SAP is not a cloud-native application and does not deliver the usual benefits associated with public or private cloud. For example, HANA's dedicated infrastructure is not shared with others. As a result, it may make better sense for large enterprises to go for a private or hybrid cloud to host the SAP application. In such a case, the development environment can be on a public cloud to enjoy the speed or flexibility it offers. While this option may cost more, it allows production applications such as warehouse management and order management to easily be linked to the data analytics platforms or other applications. On the other hand, the public cloud may be a better option for smaller and midsize companies.

The tried and tested practices -

1. Minimize customization (to under 10%) and limit it to strategic processes

2. Maximize industry best practice processes (90%+) across key process areas

3. Simplify technology to drive efficiency and create a scalable platform for growth

4. Adopt a low-risk approach for a multi-country rollout – break up major deployments into smaller ones based on categories.

5. Ensure in-house understanding and experience with SAP operations is present to help chart the right path for your needs, including picking out features or evaluating vendor recommendations.

6. Without internal capabilities, procure management support for a fail-fast and repeat approach.

They've been there and done that

Our roundtable participants, each of whom had followed a different strategy for the cloud migration, shared their insights on the nuances of various implementation scenarios

Lift & shift – A large automotive seating manufacturer decided to move three instances of 11 SAP applications using this approach. They spent five weeks planning the migration and executed it over three months. A high number of integrations with the SAP environment was the chief reason for this approach, as it simplified the migration.

A few challenges faced included an aggressive deadline for establishing network connectivity with the new Azure datacenter. This was addressed by starting with a smaller connection and gradually progressing to full connectivity. Next, the company attempted to have the same hostname during migration to eliminate issues with interfaces and connected applications. They also initially encountered performance issues in the non-production environments, which were resolved through directory sizing, using the same names and firewall rules.

The SAP CoE Director added that close collaboration with Microsoft and SAP teams was required to adhere to timelines. Finally, Infosys' contributions through its technical expertise and project management ensured the migration was a success.

Multiple SAP instances – A manufacturing multinational with interest in many verticals sought to move its mission-critical SAP workloads from on-premise datacenters to the cloud on Azure as they were situated in a "tornado alley." Tasked with migrating four instances (three on ECC and one on S/4 HANA), the company initiated the exercise with one of the biggest businesses comprising over 10000 users and seven terabytes of data.

This mega exercise was not without its share of challenges. The issues ranged from convincing business stakeholders of the expected benefits such as improved efficiency and user experiences while justifying the increased costs to documenting a comprehensive understanding of the ecosystem and dealing with firewall rules and network connectivity.

Additionally, the company partnered with Infosys for this important journey. Their ERP Director acknowledges the value delivered by Infosys, especially through accelerators from its Infosys Cobalt suite. For instance, the Panaya CloudQuality suite for SAP ensured comprehensive testing and validation across different ERP instances. Key learning from this exercise was to ensure enough bandwidth was available for the migration and not plan any other major initiative simultaneously. In addition, the company created a migration playbook based on its first experience to serve as a guideline for the subsequent ones.

Replace a legacy on-premise system with a new SAP application suite on Azure. A European luxury automotive brand set out to replace its legacy, on-premise central procurement system with a new SAP application landscape. The firm elected to do this on the cloud to capitalize on such an environment's flexibility and scale up several environments quickly. In effect, the need for speed and scalability drove the decision to set up the new system on the cloud.

Having procurement data on the cloud, which US companies could access, was a huge concern for European companies. As a result, a big challenge for the implementation team was convincing business stakeholders and the legal team of this move. They handled data protection by invoking special measures such as encryption and audit tools. Another major challenge faced on the technical side was that owing to the lack of experience with SAP on cloud, the team had to undergo a steep learning curve to set up the SAP system. Finally, it was important to gain management support by demonstrating the new system's security and expertise in managing the entire program.

Having Infosys as a partner ensured the journey was completed successfully. The company experienced gains such as a significant reduction in the physical footprint of datacenters by moving over 200 terabytes of storage to the cloud. As a result, the cost was reduced by 25% while performance and user experience improved. In addition, it became possible to run the ERP data through advanced analytics, which was previously not feasible on the on-premise systems.

References

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