



S/4HANA DELAYS: THE PRICE OF FALLING BEHIND IN AN UNSTOPPABLE WORLD

SAP ECC users face a critical deadline with support ending in 2027, yet most have not begun migrating to SAP S/4HANA despite its AI-driven, real-time capabilities. Delaying migration risks falling behind in an unstoppable world, while early adopters gain speed, agility, and smarter decision-making.

The clock is ticking for organizations still running on SAP's legacy platform, SAP ERP Central Component (ECC), which has powered core operations for decades, with the 2027 end-of-maintenance deadline drawing closer. This approaching milestone underscores the pressing need for businesses to adopt the next-generation upgrade to ECC: SAP S/4HANA. This version offers a cloud-first, artificial intelligence (AI)-driven business-enabling platform that integrates intelligent technologies, real-time analytics, and scalable architecture to future-proof operations. Yet, as of end-2024, Gartner estimates that approximately 61% of ECC clients had [still not procured SAP S/4HANA](#) licenses. As [IDC](#) predicts a mass migration of large organizations toward modular, API-driven systems and AI-centric process improvements within the next few years, it's clear that those who delay moving to SAP S/4HANA risk falling behind. The real question now is: What's holding businesses back, and how can they seize this moment to unlock long-term value through S/4HANA?

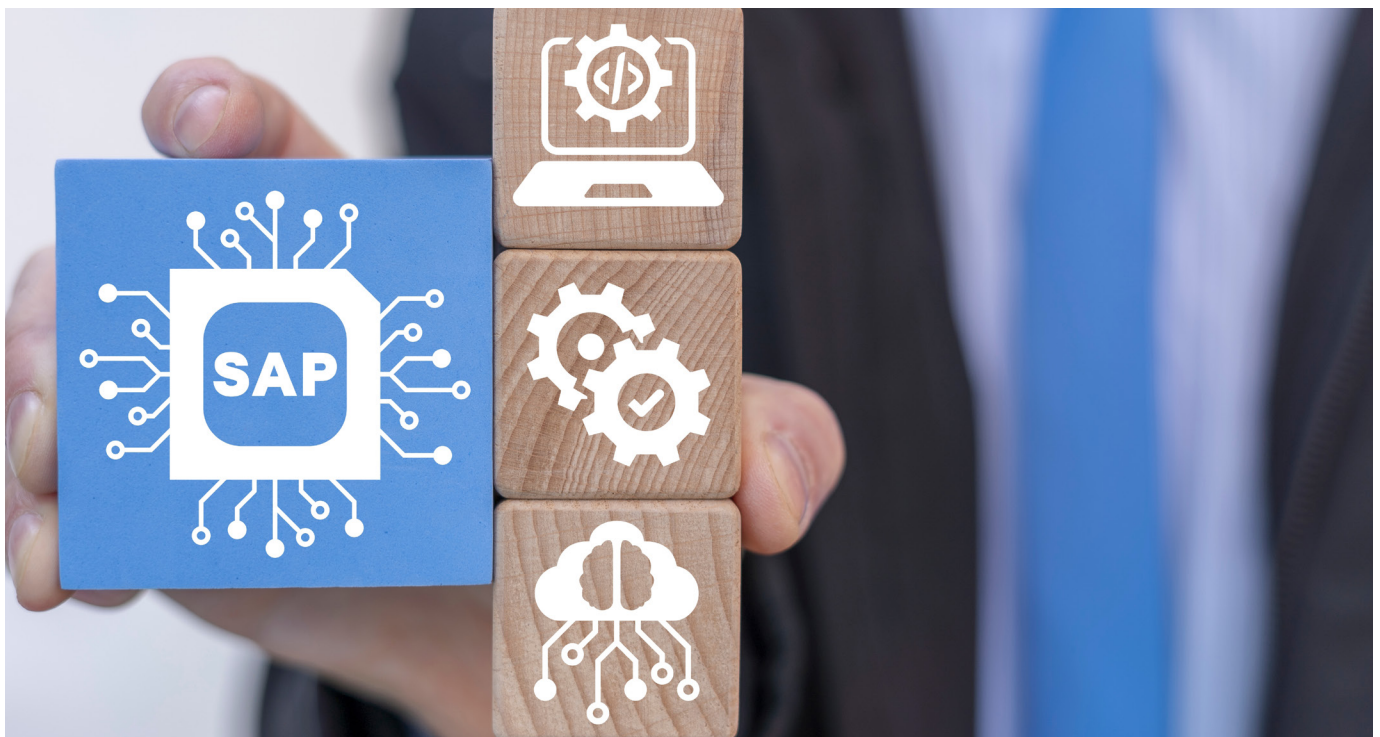
Seize the opportunity: Benefits of transitioning to S/4HANA

The evolution of SAP S/4HANA marks a significant milestone in SAP's roadmap. In 2004, the introduction of SAP ECC brought stability and efficiency, but digital transformations demanded a more agile, intelligent, and integrated system. In response to that demand, SAP launched S/4HANA in 2015 — a next-generation business suite built on in-memory computing that stores and processes data directly in the

system's main memory (RAM) rather than on traditional disk storage — enabling much faster data retrieval and real-time processing. Combined with real-time analytics and AI-driven capabilities, this foundation allows S/4HANA to deliver unparalleled speed, agility, and intelligence for modern enterprises.

The first version of SAP S/4HANA focused on simplifying how data is organized and using the SAP-developed HANA database to quickly process and analyze information in real time. This transformation was especially evident in core finance and logistics modules, where the traditional batch processing of SAP ECC was augmented with real-time transaction processing. The SAP Simple Finance module, for example, streamlined financial processes by providing businesses with faster, more accurate financial reporting and decision-making. The SAP Fiori user interface was also introduced, creating a more intuitive and user-friendly experience for business users.

As SAP S/4HANA evolved, additional functionalities were rolled out across key modules that included supply chain, manufacturing, procurement, and sales. For instance, the introduction of material requirements planning (MRP) transformed how companies plan their production needs, shifting from traditional batch processes to real-time MRP. This allowed companies to optimize the logic of production planning and improved performance. In procurement and sales, intelligent workflows, situation handling, and predictive analytics were introduced, automating manual



tasks, optimizing supplier selection, and enhancing demand forecasting. With each version, SAP continued to expand its capabilities, enabling businesses to achieve end-to-end visibility across operations and become more proactive in managing their supply chain, manufacturing, and customer-facing processes. Integration with SAP Business Technology Platform (BTP) also opened the door for seamless extensibility, allowing businesses to build custom applications on the cloud, leverage embedded analytics, and integrate external data sources.

SAP has more recently embedded AI-powered, process-enhancing features like automated invoice matching, predictive accounting, and intelligent procurement into core processes — streamlining operations, reducing manual effort, and enabling proactive, data-driven decisions.

Today, SAP is evolving toward an AI-enabled enterprise by integrating conversational, generative, and agentic AI. This shift expands the boundaries of automation and decision support, enabling systems to not only respond intelligently but also to anticipate needs and act autonomously. By leveraging platforms like Joule, which is SAP's AI copilot, and other hyperscaler platforms directly into business processes, users can now interact with their business-enabling systems through natural language, accelerating insights and enhancing productivity. This integration of AI transforms the user experience and helps organizations operate with greater speed, agility, and efficiency across all business functions.

As businesses consider migration to SAP S/4HANA, the challenge is how to make the shift for maximum impact but with minimum business disruption. The focus now is on four critical priorities: Accelerating the transformation journey with minimal effort, making the most of the new features to build a solid business case, managing costs and optimizing resources, and embedding AI to drive greater productivity and smarter decision-making across the organization.

Understand the barriers to S/4HANA adoption

Despite the advances and the strategic benefits offered by SAP S/4HANA, the adoption rate among businesses has been slower than anticipated. According to [Gartner](#), by the end of the fourth quarter of 2024, only approximately 39% of the 35,000 worldwide SAP ECC customers had bought or subscribed to licenses to start their transition to SAP S/4HANA. This indicates that a significant portion

of existing SAP ECC users are still evaluating their options or delaying their migration. Additionally, while SAP S/4HANA had around 26,900 customer sales by 2024-end, 62% of these were net-new customers on top of existing ECC users. These figures highlight the cautious approach many organizations are taking toward adopting SAP S/4HANA, driven by a range of concerns:

- **Disruption to business operations:** The lengthy implementation process, typically ranging from nine to 24 months, can strain resources and disrupt ongoing business activities. This extended timeline can lead to operational inefficiencies and delays in achieving business goals.
- **Data integrity issues:** Managing data during migration is a key challenge, as this process often requires extensive data cleansing and validation, which can be resource-intensive and time-consuming.
- **Financial burden:** The upfront costs for migrating to SAP S/4HANA, including licensing fees, consulting services, and training expenses, can be a significant deterrent.
- **Difficulty in reusing customizations:** Organizations with heavily customized SAP ECC systems might struggle to ensure these customizations continue to work in SAP S/4HANA. This often involves complex reengineering or redevelopment efforts, which can be both costly and time-consuming.
- **Aligning stakeholders:** Achieving consensus on the migration's scope and scale from stakeholders across the business can be challenging in large organizations, leading to delays and potential conflicts.
- **Shift in control dynamics:** The [RISE with SAP](#) model, included in SAP S/4HANA, helps businesses run more efficiently by moving services to the cloud, shifting away from managing everything in-house. With this change, companies now rely on SAP and large cloud providers, rather than handling their own data and services. While this offers benefits like better efficiency, businesses can also feel on edge about losing control and becoming more dependent on an external provider.
- **Potential increase in the ownership cost:** As businesses become deeply invested in these ecosystems, their dependency on service providers increases significantly. This makes switching or withdrawing difficult and leads to concerns about unexpected price hikes. Being locked in often makes customers unwilling to fully commit.



How to balance innovation with agility: Changing adoption strategies

Over the years, SAP S/4HANA adoption strategies have evolved to better address business needs and facilitate smoother migrations. Initially, many organizations opted for a clean-slate approach to adopt new business models and increase agility by starting fresh with S/4HANA.

However, as the challenges of integrating with legacy systems became clearer, hybrid implementations emerged as a more flexible approach, allowing companies to modernize in phases. These implementations ensure that their business processes are not radically changed, but organizations still are able to leverage the new features in SAP S/4HANA, making it easier to integrate new systems with existing infrastructure.

As the pressure to meet end-of-life support deadlines for older systems grew, S/4HANA conversions became the preferred option for customers. These conversions focused on upgrading existing systems to S/4HANA with minimal disruption, allowing businesses to preserve their current business models while benefiting from the latest SAP S/4HANA capabilities.

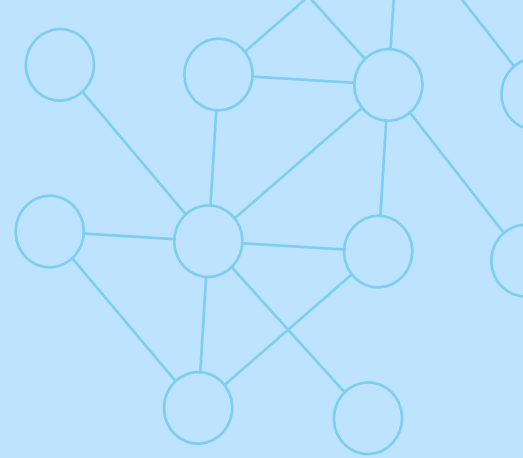
An example of this is from a leading US-based utility company, which partnered with Infosys to execute a hybrid S/4HANA transformation. This initiative modernized the company's legacy customer service and billing systems by replacing 48 outdated systems with SAP's customer relationship and billing solution on S/4HANA, integrating 84 third-party vendors and leveraging cloud technology for scalability. The transformation not only reduced legacy issues by up to 70% and improved billing accuracy, but also introduced AI-driven features that enhance automation and decision-making, resulting in greater operational efficiency. Customer experience was further enhanced with new capabilities like a preference center for managing digital alerts and notifications. This successful transformation enabled the company to reduce operational costs, increase system reliability, and position the company for long-term growth.

For organizations considering similar transformations, the journey with Infosys and SAP S/4HANA demonstrates how a clear strategy, the right partnership, and leveraging modern technology such as AI and cloud can modernize operations and position companies for long-term success.



How to prepare for the migration with a step-by-step approach

The evolving adoption strategies and real-world successes make it clear that a structured, well-orchestrated approach is essential to fully realize the benefits of SAP S/4HANA. This demands thoughtful planning, cross-functional alignment, and strong execution.



1. Conduct readiness assessments

Before initiating the transformation, organizations must evaluate their current state. This includes a detailed analysis of business process operations, a review of their existing IT landscape, and an assessment of security frameworks. SAP offers several tools and services such as SAP Readiness Check and SAP Activate methodology, designed to streamline the transition process, helping businesses identify potential roadblocks and define clear roadmaps from the outset.



4. Complete pre-projects early to prepare for the transformation

A common misstep is attempting to run essential pre-projects (such as master data harmonization, archiving, or process standardization) alongside the main transformation. Doing so increases program complexity, introduces dependencies, and can delay the timeline. Organizations should instead complete these smaller, preparatory projects ahead of the main program to streamline the transformation journey.



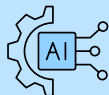
2. Prioritize data cleansing and quality management

Early data cleansing and validation are crucial to prevent system integration issues during migration. Poor data quality can cause delays and affect system performance after implementation.



5. Prepare strategically from all angles

Transformation readiness goes beyond technical preparation. Organizations must align key business objectives, budget appropriately, and plan for business continuity during the transition. This includes anticipating operational disruptions, planning mitigation strategies, and aligning leadership on priorities and expectations.



3. Identify process and operational bottlenecks for AI-enabled solutions

Organizations should use AI solutions at an early stage to identify process and operational bottlenecks. AI can uncover hidden inefficiencies and suggest smarter ways of working. Understanding these challenges early helps leaders pinpoint areas where AI can drive efficiently and improve performance during the transformation.



6. Build a dedicated internal team and secure key resources

A successful transformation depends heavily on internal capability. Organizations must identify key roles early, assemble a dedicated cross-functional team, and ensure critical resources, including both technical and business, are available throughout the project life cycle. This internal ownership is crucial for decision-making, change management, and driving adoption.

The AI-first approach: Accelerate transformation and unlock competitive advantage

Organizations laying the groundwork for a successful migration through readiness assessments, strategic planning, and internal alignment can amplify the value of their efforts by adopting an AI-first approach. During the migration phase, AI tools can accelerate timelines and reduce complexity by automating repetitive tasks like data migration, test script generation, and anomaly detection. Predictive analytics help forecast potential bottlenecks, model risks, and identify optimal transition pathways, allowing businesses to move faster and with more confidence than traditional approaches allow. This means that while some companies are still debating their next steps, others are already using AI to fast-track their transitions and gain a decisive edge in agility and responsiveness.

AI's impact, however, does not stop at deployment. Once on S/4HANA, AI offers embedded capabilities ranging from predictive forecasting and intelligent procurement to automated financial reconciliation. These tools enhance decision-making, unlock operational efficiencies, and improve user experience across the enterprise.

Together, [SAP Joule](#) (AI copilot), [Signavio](#) (process mining), and [SAP Business Technology Platform](#) (cloud extensibility) form the core of SAP's AI-enabled ecosystem. Together they help users to interact with their systems in natural language, surface contextual insights in real time, and proactively resolve issues before they escalate. As a result, organizations are no longer operating reactively. They're making decisions based on real-time insights, automating complex workflows, and uncovering new avenues for growth and innovation.

An AI-first mindset also ensures that transformation investments deliver continuous returns. By integrating AI into both the transformation journey and the day-to-day running of the business, organizations can scale with confidence, respond to change faster, and create better experiences for customers and employees alike.

The move to AI-first business operations

Business operations are being reshaped by AI, where automation not only simplifies tasks but also drives smarter, faster decision-making. Generative AI is already enhancing everyday interactions like drafting emails or responding to customer queries, while agentic AI takes it a step further by executing tasks autonomously, without manual input.

This rapid rise of AI makes the shift to a cloud-first, AI-first strategy with SAP more than just a response to the 2027 maintenance deadline — it's a real opportunity to modernize, streamline, and elevate operations.



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