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EXECUTIVE REPORT

CIO's 2022 Transformation Report Card

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Executive Summary

Tech Leaders continue to prioritize business process standardization and automation according to our latest executive research. Business demands for flexibility and speed are driving technology executives to secure their core application and infrastructure renovations so that they can focus on business impact through process innovation.

To provide significant insights on how business leaders are performing in their transformation initiatives, SAPinsider surveyed 120 leaders within its community in October and November of 2022. SAPinsider conducted several in-depth interviews with executives from diverse companies and industries on the progress and performance of their 2022 transformation initiatives.

The results were compared with the previous year's research on the same agenda. The findings revealed that the current survey sample was slightly more satisfied with their progress in 2022 when compared to 2021. The average grade on a scale of one to 10 (10 being the most satisfied) was 7.14 compared to 6.78 in 2021.

There was a clear shift in focus from the core SAP S/4HANA upgrade to business process automation and standardization for classifying transformation projects. This was the top descriptor that the survey respondents chose as their most significant 2022 transformation project **(Figure 1)**.

This trend aligned with the executive research data conducted earlier this year as part of the *CIO 2022 Agenda for SAP, SAP S/4HANA, and the Cloud Benchmark Report*. The report revealed that increasing business process efficiency and visibility was the number-one challenge executives expected to encounter in 2022.

Migrating from highly customized, siloed environments, building a true digital core, and moving to SAP S/4HANA was a priority for many of the respondents in the present report. The study showed that nearly 50 percent of the respondents have already completed or are in the process of completing the SAP S/4HANA implementation. As a result, many are shifting their focus to create value for their end users and overall business.

Efficiency and visibility are the core benefits leaders are looking to capture. They are also looking at process standardization for better change management and training. "It just makes it so much easier to do knowledge transfer from one team to another. This has become much more important to us as we have a natural culture of change here and we typically move one team to different roles and processes. This also helps significantly when you bring on new employees," states a project leader from a multinational industrial manufacturer.

For a the large global candy manufacturer we spoke with, embedding a new mindset within the organization that unifies its outlooks and approaches is fundamental. As opposed to having regions and product groups following their own individual processes, they are creating a more consistent way of doing business that creates both efficiency and visibility. For a company like Dussmann, a food service and facility management provider and a low-margin business, trying to create significant efficiencies through digital, paperless processes is the focus. According to SAPinsider's discussion with one of Dussmann's EMEA presidents, every cost savings counts, and digitalization enables them to provide in-depth visibility into their key workers, executives, and stakeholders. This common theme was seen in the discussions with leaders and is explored in-depth in Chapter 1.

Figure 1: What best describes your top transformation project for 2022?
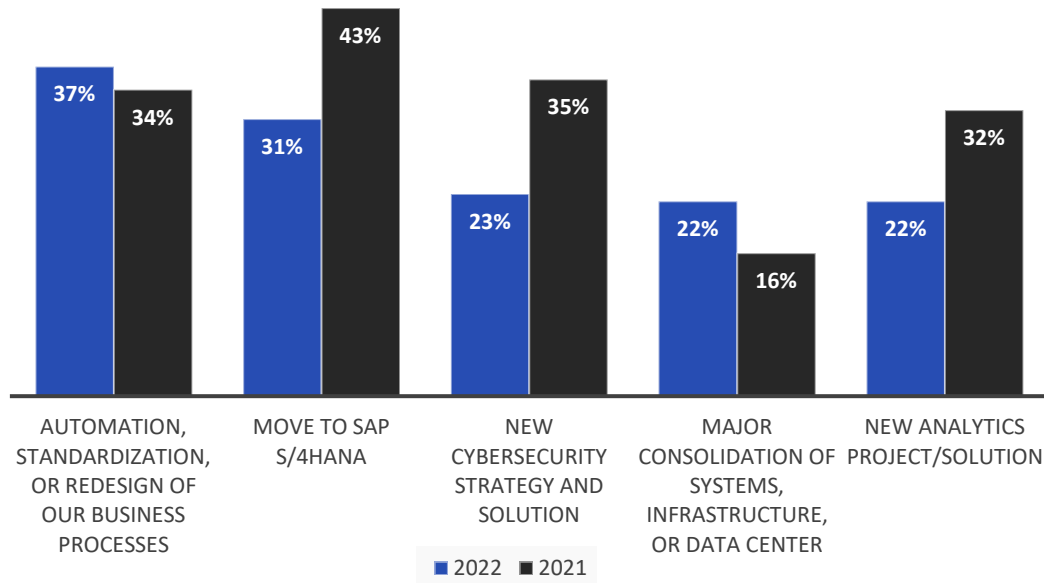
Source: SAPinsider, December 2022

The survey revealed the following trends and insights about how executives approach their transformation initiatives in 2022.

- A majority of respondents (66 percent) have concrete measures of success regarding their transformation initiatives. This was in line with the 2021 findings. Business process improvement and Cost/TCO are the most common KPIs to track value.

- Tech leaders are most concerned with transformation risks related to time to complete (47 percent), business processes (39 percent), and skills shortages (33 percent). The last two options are new to the study this year but made the top-three list of challenges executives face.

- The most sought-after skills for transformation relate to SAP S/4HANA (32 percent), integration (29 percent), and automation (27 percent). Many leaders feel the skills crunch and are looking for creative and consistent ways to recruit and train for emerging roles like architects.

- Half of the survey respondents (50 percent) have implemented or are implementing SAP S/4HANA.

- A significant majority (81 percent) of the respondents are implementing or plan to implement SAP S/4HANA on cloud with many (37 percent) looking at a hyperscaler environment.

Required Actions

Based on the survey responses and interviews conducted, leaders should consider the following strategies as they plan for platforms and innovation for the fourth quarter of 2022 and beyond:

- **Take a multidimensional approach to the process improvement project.** Realize that process improvement is a complex project with many moving parts. Do not shortcut the initial process evaluation and documentation stage. Set specific KPIs and measure the results for early automation using RPA and bots. Establish a baseline of where to go next to support exception handling and intelligent automation.

- **Get creative with skills sourcing.** The skills crunch will only intensify with the approaching end of maintenance for SAP ECC in 2027. Leaders are battling for critical migration skills and data governance, integration, and analytics know-how. It is important to start building relationships with service providers, universities, and other key talent sources. Start identifying internal resources that can be upskilled and reskilled to ensure project success.

- **Establish repeatable discipline with success measures.** The only way to measure true progress with current and future transformation initiatives is to have a complete set of KPIs to rely on. Think about cost savings and headcounts, including business process efficiency, time to market, and interrelationships with the big picture revenue and profitability indicators.

- **Expand perspective on hybrid work.** Remote work is here to stay, and there are new definitions of what the term "hybrid" means in relation to insourced and outsourced resources and a multigenerational workforce. The key to making these diverse teams work must be based on solid expectation setting and communications. Leaders need to incorporate these diverse perspectives into their HR planning and performance initiatives.

- **Build a "fusion team" for the long haul.** Executives need to expand the lifecycle of their mixed IT and business teams. Initially, many are assembling these organizations for project kickoff and management, but many more are making these "fusion" groups a permanent part of their organizations. Transformation is no longer a one-and-done project but a continuous lifecycle. Organizations need to have a team to support this outlook.

Chapter One: What's Driving Transformation and Innovation Success in 2022?

There are a few crucial prerequisites for transformation. Leaders are unanimous in their assertion that transformation cannot be achieved until a solid digital core is constructed. This eliminates legacy technical debt that is known to weigh businesses down and slows decision-making with massive customization, poor integration, and limited visibility.

All of these characteristics prevent organizations from supporting their top drivers of change which this year relate to the business need for greater flexibility and innovation (28 percent), new opportunities to increase revenue/market share (19 percent), upcoming end of maintenance deadline for core SAP ECC (19 percent), and remote work and disruption (18 percent) **(Figure 2).**

"We have had ECC for almost 20 years. We have had so many customizations that this is not sustainable for future growth. We want to put in a digital foundation that we can build on for the next 20 years," commented a global director from an enterprise food and beverage organization.

There was a slight reshuffling in year-over-year priorities as the hunt for new revenue opportunities and focus on remote work displaced two of the top responses from last year related to changing consumer behaviors and supply chain disruptions.
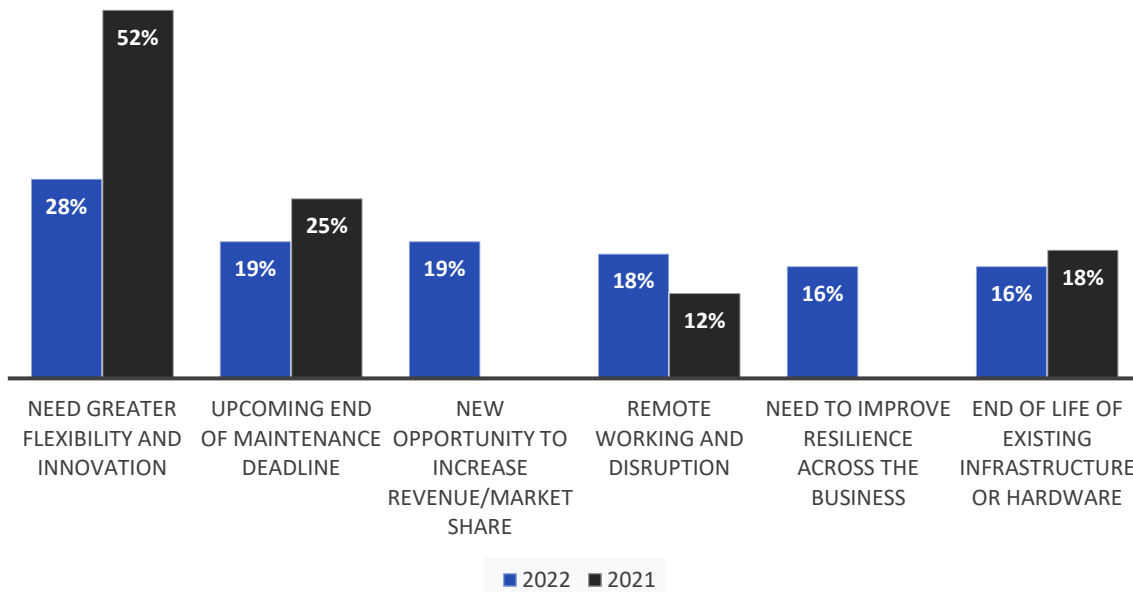
The remote working priority has come back strong and is one of the only areas that saw YoY growth. Executives continue to struggle with filling skills shortages, training, and supporting hybrid workforces. While leaders are used to supporting remote workers, many respondents stated that the term "hybrid" has taken on multiple meanings—from connoting remote and in-person work staff, full-time and contract workers, to multigenerational employees.

Most executives are dealing with all such variations and are challenged by the varying nuances and requirements. Executives are significantly adjusting their management and communication styles to support remote and hybrid work variations for the long haul.

Figure 2: Top drivers of transformation projects

|		
NEED GREATER FLEXIBILITY AND INNOVATION	28% (2022) / 52% (2021)	
UPCOMING END OF MAINTENANCE DEADLINE	19% (2022) / 25% (2021)	
NEW OPPORTUNITY TO INCREASE REVENUE/MARKET SHARE	19% (2022)	
REMOTE WORKING AND DISRUPTION	18% (2022) / 12% (2021)	
NEED TO IMPROVE RESILIENCE ACROSS THE BUSINESS	16% (2022)	
END OF LIFE OF EXISTING INFRASTRUCTURE OR HARDWARE	16% (2022) / 18% (2021)	

■ 2022 ■ 2021

Source: SAPinsider, December 2022

From Historical to Predictive: Why Leaders Are Prioritizing Processes and Visibility

Executives interviewed for the study believe that transformation will enable efficiency, provide important visibility, and revolutionize decision-making. These are critical factors that meet the drivers related to the faster pace of change within organizations and the markets they serve.

According to one of the leaders interviewed for the study, their organization is trying to leverage processes, data, and analytics to change the overall thinking to move from historical analysis to predictive thinking. The organization is empowering employees, especially line workers, through mobile apps and analytics to intervene in business processes immediately so that they can address issues related to accounting, purchasing, order management, plant maintenance, and more.

Figure 3: How would you rate the process and progress of your transformation (10 is exceeding expectations and 1 is not meeting expectations)

7.14	**6.78**
2022 average score	2021 average score
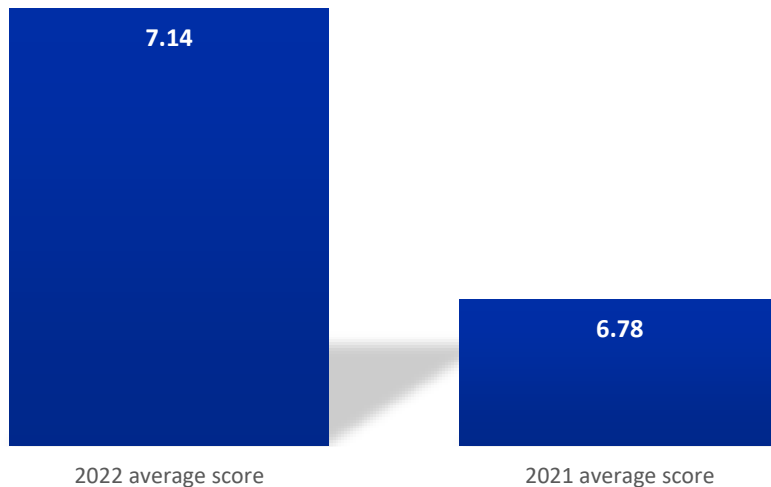
Source: SAPinsider, September 2022

One of the Fast-Moving Consumer Goods (FMCG) organizations we spoke with, deploys 20,000 sensors throughout its organization as it depends on a complex manufacturing process performed by an army of machines. According to the VP of IT this company leverages a scorecard approach to ensure that its production assets work at full capacity and can be proactively maintained.

Mindset of Leaders and Team Remain Critical Intangibles for Transformation Success

Leaders are learning from their past experiences and generating more success in their transformational initiatives. When asked to rate their progress and results on a scale from one to 10 (one as not meeting expectations and 10 as exceeding expectations), most gave their organizations above-passing grades. This year's average was 7.14 out of 10 compared to 6.78 from last year's study **(See Figure 3).**

The comments and interview responses gathered as a part of the study also revealed some common themes and factors separating successful leaders from those struggling. There are no esoteric factors or magic pills that leaders are taking to meet their expectations. Rather, successful leaders consistently used words like collaboration, dedication, and commitment.

Selecting the right leaders and team members can make or break business success. Executives interviewed for the study state that hard skills and knowledge are only a few ingredients for crafting the right mix of teammates. The ability to work well with others, respond to pressure, and be productive under tight deadlines and scrutiny are key. But the attitude and willingness to push in the face of failure or when navigating different paths give the right results. This is not something that everyone is willing or able to do.

Once the right team is in place, consistent communication, training, and expectation setting are important for generating and fostering momentum around the transformation project. These methods are necessary for battling change management challenges that every IT or business project faces at one point or another.

"Change Management was a big problem for us. Management efforts to share its new vision and the vision for the project were not understood fully, or even counter-resisted by the operation and supply chain teams. We invested a lot of time and effort to justify the 'painful' changes from their point of view and showed them how greater visibility of business processes and our customers would benefit them as well as the business," commented the Head of Information Technology at a Public Services and Healthcare Organization.

One of the executives interviewed for the study disclosed significant information about his company's change management journey. He described two sets of challenges from separate groups. One group was used to doing processes in a very manual way, while the other group had significantly customized their processes and resisted the move to standard. Training was the leader's main tool for getting both groups on board.

Key Takeaways

Based on the top drivers at SAPinsider organizations and the most prevalent current areas of platform innovation, the following takeaways are clear:

- **Use visibility and predictive analytics to help drive process and general transformation initiatives.** Change the outlook and expectation from analytics investments—from historical to predictive. This will help to proactively intervene with key projects and processes before they go off the rails. The organization's mindset shift will help assess progress, make real-time changes, and set the stage for future improvements and innovation.

- **Leverage the power and the momentum from within the group.** Extend the leadership shadow by selecting team leaders who reflect the direction and attitude that will drive the projects forward. Investing in project and team leaders who are on board with the program and that have credibility and trust within the groups is critical for project success.

- **Interview project leaders and team members for attitude as much as aptitude:** The intangibles are what leaders credit with their project success. Collaboration, dedication, determination, and teamwork were the consistent terms that executives in the survey used to describe their success. This means pushing through adversity and wanting to succeed no matter the obstacle. These measures go far beyond technical and business skillsets, and are essential to have in abundance in the team.

- **Embrace a multitiered training and communication strategy**. The hybrid workforce is not going away and will require a disciplined and diverse training and communication strategy. Balance written communication and video calls with in-person get-togethers and frequent check-ins.

Chapter Two: Measuring Progress, Process, and Overcoming Challenges to Transformation

67 percent of the executives in the survey report that they have concrete measures to guide their transformation success assessment. This matches the 2021 survey findings. The top KPIs that leaders are using are reflective of the way they are characterizing their innovation projects. Business process improvement was by far the most popular measure with almost half (49 percent) of respondents selecting it **(Figure 4)**.

Business process improvement edged out last year's top choice, which was Cost/Total Cost of Ownership. While cost efficiency is still a priority for leaders as businesses face more market volatility and rising commodity prices, this fell to third place in 2022 and was outranked by business process improvement and user customer satisfaction/engagement. IT executives now realize that it is not just about saving costs and headcount. They need their projects to show value to the business, executives, and employees they serve.

The one measure that saw the biggest change year-over-year was IT burden in the form of help desk tickets and other ad-hoc requests. Leaders are looking to reduce this challenge, especially as they migrate systems and data to the cloud. This KPI is primarily used for such transitions that are starting to accelerate. This is discussed in the next chapter on SAP S/4HANA and Cloud transformation projects.

Figure 4: KPIs used to measure transformation progress and success
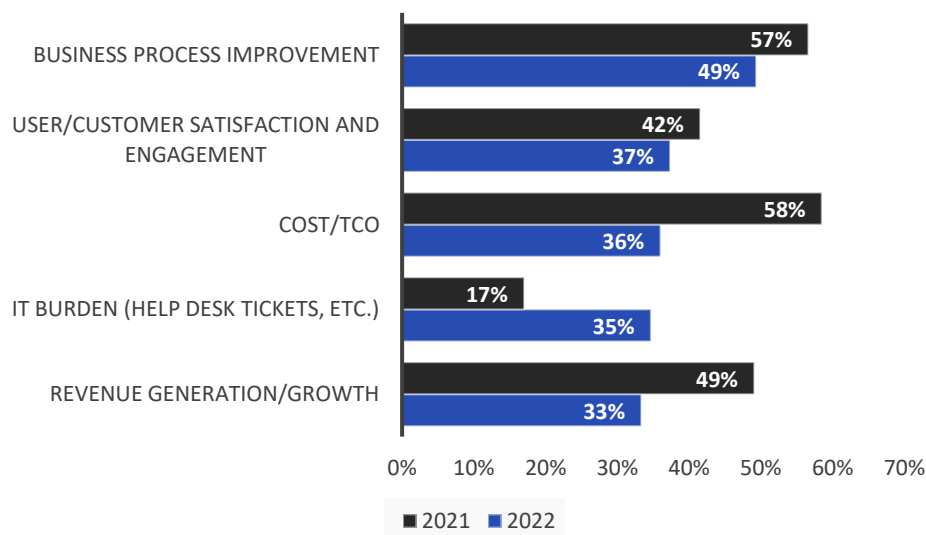
Source: SAPinsider, December 2022

Risks and Barriers Impacting Transformation Projects

When asked to assess the top risks, time to complete the transformation project was the most popular choice of survey respondents. This was chosen by nearly half of the executives (47 percent) in the survey **(Figure 5)**. As the 2027 end-of-maintenance deadline for ECC is approaching, leaders are concerned if they will have enough time, resources, and people to complete their SAP S/4HANA migrations. And this pressure and scarcity will only increase as we get closer to 2027.

Business process risks, which was last year's top answer when it came to risks, fell to number two (39 percent) this year. Companies can mitigate business process risk by having deep and detailed testing, backup strategies, detailed dashboards, and monitoring capabilities to intervene before mistakes can have a significant impact on customers or partners.

The interview with a large candy manufacturer unveiled the company's comprehensive strategy in which safety stock, advanced shipments, and detailed partner and distributor planning are used to mitigate any shortfalls or disruptions in the supply chain, production, or distribution processes that may occur during its project completion.

Skills shortages, another new category, claimed the number-three spot with a third of respondents (33 percent) selecting it. Skills are a worry for most leaders, as many veteran employees head for retirement and competition for the most popular skillsets related to SAP S/4HANA, analytics, integration, and business processes ramping up.

Skills shortages was a common issue that leaders highlighted in this study and many previous research studies conducted in 2022. Many leaders interviewed as a part of this study stated that 15 percent or more of their current roles were open, and they are desperately trying to fill them.

INSIDER PERSPECTIVE

"It's not just about being able to create and spin off a bot or a program. You have to have a mindset in which you can see how automation can be applied within different end-to-end processes and programs."

Director, Global Services, LATAM, Large Candy Manufacturer

Figure 5: What are the key risks you are most concerned about?
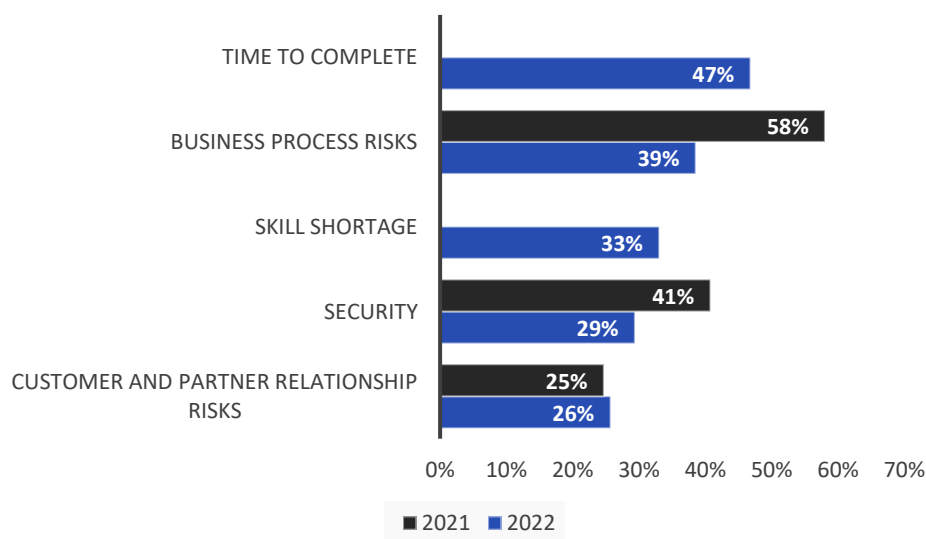
SAP S/4HANA, Integration, and Automation Are Top Skills Being Sought After

The top skills leaders are targeting their searches, training and development efforts around include SAP S/4HANA, integration, and automation (**Figure 6**). These categories have come up consistently throughout this year's research as such projects and priorities take center stage.

Automation's emergence into the top three most sought-after skills makes sense given executives' prioritization of business process innovation. Leaders see automation as a quick way to justify technology investment and show positive ROI to the business.

To execute these initiatives, companies need people who understand the basic RPA and document capture solutions and can help evolve the use of automation in the company to provide exception handling and advanced intelligence. The right blend of technology and business skills combined with a mindset and perspective that can help identify future uses of automation is, by most leaders' estimation, difficult to find.

This has forced many leaders to get creative when it comes to sourcing talent. Many executives are finding it easier to pull businesspeople into process-oriented projects and teach them the technology. Leaders are experimenting with this approach at both ends of the experience spectrum—hiring college students with business degrees and teaching them the technology as well as drafting senior people from the line of business departments themselves.
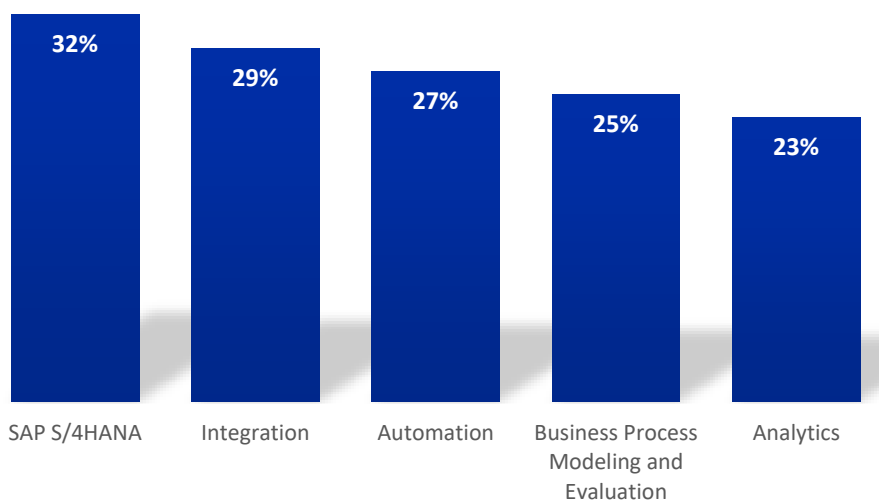
INSIDER PERSPECTIVE

"In the past we used to have wish list of qualifications and skills and we would require candidates to meet 80-90% of that criteria. We are lowering our expectations somewhat and now focusing on recruiting people who are willing and eager to learn."

Project Leader,
Large Glass Manufacturer

Figure 6: Top skills needed for transformation success

Figure 6: Top skills needed for transformation success

Skill	Percentage
SAP S/4HANA	32%
Integration	29%
Automation	27%
Business Process Modeling and Evaluation	25%
Analytics	23%

Resistance to Change, Data Governance, and Integration Are Top Barriers to Success
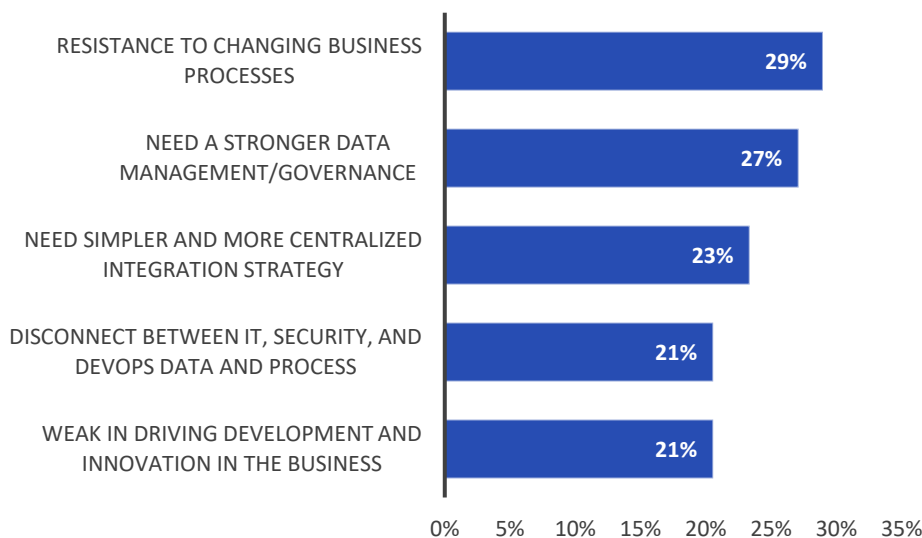
As with any change, there is resistance from those who do not want to adjust their working styles and processes. Such attitudes continue to cause issues for leaders who are trying to lead transformation projects. As one leader described, "Most people don't like change to begin with, so you are taking people out of their natural comfort zones."

Change resistance (29 percent) once again topped the list of transformation challenges this year **(Figure 7).** This was followed by the need for data governance (27 percent), and a centralized integration strategy (23 percent). When compared to last year's results, integration displaced "technical debt" and "lack of resources" in the top three. As many get over the SAP S/4HANA mountain and address these issues, they are now focusing on other critical challenges related to connecting disparate applications and system landscapes.

Figure 7: Top challenges to transformation

Challenge	Percent
RESISTANCE TO CHANGING BUSINESS PROCESSES	29%
NEED A STRONGER DATA MANAGEMENT/GOVERNANCE	27%
NEED SIMPLER AND MORE CENTRALIZED INTEGRATION STRATEGY	23%
DISCONNECT BETWEEN IT, SECURITY, AND DEVOPS DATA AND PROCESS	21%
WEAK IN DRIVING DEVELOPMENT AND INNOVATION IN THE BUSINESS	21%

Source: SAPinsider, December 2022

To address change management, leaders are creating "fusion" teams, which are a mix of business and technical professionals. In the past, these teams were temporarily involved in specific projects and were dismantled upon project completion. Leaders are now looking at making such committees or teams more permanent, as they expect change and innovation to be constant within their organizations and project portfolios.

Several survey respondents and interviewees illustratively explained integration's rise into the top three challenges. The complexity of mapping and migrating integrations into the cloud are multidimensional and need to be simplified. And the rapid expansion of cloud-based applications and solutions makes this an even more urgent priority.

As one leader described, mapping various middleware and point-to-point connections requires a detailed and deep understanding of impacts. Just the simple task of changing ERP

INSIDER PERSPECTIVE

"We underestimated the resistance of people and how well they would understand the objectives of the project. Some topics that we thought were self-explanatory, were not. We've had to dedicate more people to the communication and send more people on the road to meet on site with people. When we've done that, we've been able to solve issues in two days what was taking us before two months."

Chris Niederhagemann, CIO, GEA Group

system address has significant ramifications for connected applications and interfaces. To simplify change management, many executives evaluate using integration platforms such as SAP Business Technology Platform. They hope these long-term solutions can provide a more systematic and reusable approach.

The impact of security models and supported interfaces should be considered when making changes associated with the move to the cloud or SAP S/4HANA. Most companies use a host of connectors, interfaces, and APIs such as JDBC and other Java connectors. Organizations need to ensure that these solutions are updated, tested, and secured. For testing, coordinating closely with key partners and customers is often overlooked and requires in-depth planning, coordination, and follow up.

Data governance continues to assert itself as a top challenge and priority for the survey respondents. It has been a consistent theme and discussion point for many SAPinsider researches in 2022. Master data management has been a particular challenge for leaders trying to consolidate, simplify, and standardize their data. With proper execution of data governance, most analytics and visibility initiatives retain their value.

Among the challenges discussed by leaders, the topmost related to data governance, including getting a true picture of master data elements and characteristics.

Chris Niederhagemann, CIO of GEA group, who oversees one of the largest and complex consolidation projects in the world, stated that GEAs initiative, which is about twenty percent complete, will see the consolidation of over 50 systems and include migrations to SAP S/4HANA and move to a hyperscaler environment.

As Niederhagemann describes, just the task of evaluating and collecting the different standards and methods of describing material master data was complex. They sent Excel spreadsheets out into the field for people to fill out, but found that even the way people completed this task was inconsistent and incorrect. They had to do additional training and place more checks and balances in place to make sure it was correct.

In the end, master data and data governance are not a one-time project that can be put aside. These serve as the central tenets and foundation for most transformation and innovation projects. Leaders need to apply a deeper level of discipline to data management practices right from the planning phase of any initiative.

Key Takeaways

When it comes to measuring the success of your transformation projects and tackling the key obstacles that stand in the way, organizations must consider the following key points.

- **Coordinate testing closely with external parties:** Most transformation projects require tight integration with applications, systems, and data from customers and partners. Do not overlook the need for tight coordination with these entities and establish healthy timelines for testing, communication, and problem resolution with external parties.

- **Make sure to use safety stock and forward shipments to manage inventory risks.** Supply chain disruptions and inflationary pressures are bad enough. Exacerbating these issues is not conducive to transformation projects. Several companies in the study advise expanding safety stock and inventory requirements pre-go-live to be able to fulfill customer and supplier demands if anything goes wrong.

- **Establish internships and close relationships with local universities and technical schools.** The skills shortage in many areas is forcing leaders to get creative when it comes to sourcing talent. Nearby universities and schools provide fertile recruiting territories. Build relationships that start with early internships. This will provide a talent pipeline and important PR for the organization for essential skills sources.

- **Increase the discipline, follow-up, and the way data management and integration projects are approached.** Leaders report that many of their initiatives fail when they do not collect the right details and information at the start of the project. When evaluating master data, process inefficiency or infrastructure requirements, the right information should be captured to properly evaluate the current state and establish the right KPIs to measure future success.

Chapter Three: What a Cloud Mindset Means to Teams, Skills, and Success with SAP S/4HANA

The march toward the cloud and SAP S/4HANA accelerated its pace in 2022, the study reveals. For the first time, it is observed that those who have implemented SAP S/4HANA or are in the process of implementation reach a near majority (50 percent) **(Figure 8).**

2027 is closer than it is thought to be if the preparation and complexity of migration projects is considered. As covered earlier in this report, the demand for skillsets around SAP S/4HANA is rapidly rising and putting pressure on wages, job searches, and service providers.
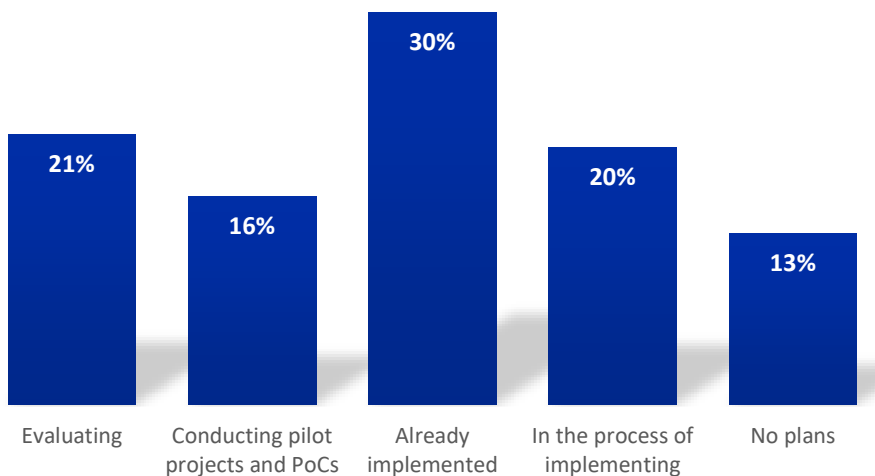
The good news is that those who have made a move to SAP S/4HANA are seeing the real benefits and ROI. Chris Niederhagemann from the GEA Group reports that they have seen a variety of benefits so far related to specific business processes, including the ease and speed of the financial close. Niederhagemann also reports that now those processes are standardized and documented, which has given the business much more confidence, visibility, and important proof points that are critical when preparing for audits or meetings.

It also has helped the global leaders generate more consistent views of the business and processes because all division leaders use the same approach to workflows such as processing Bill of Materials (BOM).

Figure 8: Where are you in your SAP S/4HANA journey?

- Evaluating: 21%
- Conducting pilot projects and PoCs: 16%
- Already implemented: 30%
- In the process of implementing: 20%
- No plans: 13%

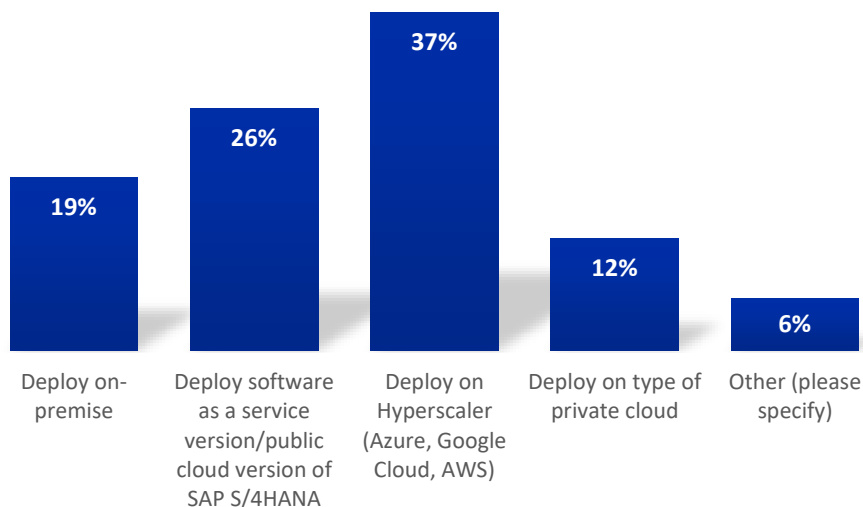**Source: SAPinsider, December 2022**

Move to the Cloud Accelerates Benefits but Requires New Roles, Skills, and Mindset

The move to the cloud is accelerating in proportion to companies' move to SAP S/4HANA. In most cases, they go hand in hand as SAP deployment requires a rethinking of infrastructure and many key deployment options are cloud-based.

When it comes to SAP S/4HANA, most leaders are thinking cloud. For the first time since SAPinsider started asking questions on SAP S/4HANA deployment plans, 75 percent of those in the study have expressed plans to run SAP S/4HANA in the cloud **(Figure 9).** This compares to 60 percent to 70 percent in previous studies.

There is also a rise in demand for deployment on a hyperscaler environments like those from Microsoft, Amazon, and Google. Over one-third of the respondents (37 percent) say that they have or plan to run SAP S/4HANA in a hyperscaler environment.

Figure 9: How do you plan to deploy SAP S/4HANA?

Deploy on-premise	Deploy software as a service version/public cloud version of SAP S/4HANA	Deploy on Hyperscaler (Azure, Google Cloud, AWS)	Deploy on type of private cloud	Other (please specify)
19%	26%	37%	12%	6%

Source: SAPinsider, December 2022

The move to the cloud is already creating tangible benefits. Some leaders report cost savings between 10 percent to the 15 percent range or above. Dow Jones, one of the companies in the study reported that they were able to reduce their overall server footprint by 50 percent or more.

The ability to deploy applications and hardware instances rapidly is another common advantage executives discussed. This not only speeds deployment, but also empowers both IT and business teams to experiment and learn from their experiences quickly.

As with most benefits, these investments need to be made not just for the short-term, but also for the long haul. Among them are skills and roles. According to Niederhagemann, the move to the cloud has required them to change their IT approach significantly. "We have seen a rise

in the role of the architects and service owners. Spinning off and starting new systems, processes, and services requires standardization, integration, and people who can truly understand the interrelationship between systems whether they exist on premise or on the cloud," describes Niederhagemann.

The other major benefit that respondents highlight involves accessing the vast number of services, products, and solutions that hyperscalers can offer. Only a few organizations have the resources and time to innovate as quickly as the likes of Microsoft, Amazon, and Google.

Leaders also warn that a laissez-faire approach to managing SAP applications and solutions in the cloud cannot be taken and there is a need to be proactive. Even if you are using partners to support your efforts, you need to build up internal knowledge and still be involved in day-to-day operations, advise executives.

"You just can't take the approach that you are just going to move all your virtual machines into the cloud. You must be smart about where and how you can consolidate and manage resources," comments an IT Project Leader from a Large Industrial Manufacturer.

One leader we spoke with is looking at migrating all of their test machines into one large virtual machine, as opposed to maintaining several and separate test virtual machines that are underutilized. They are relying on cloud to help them scale up and down quickly and efficiently.

According to leaders in our study, moving to a hyperscaler environment also opens up the market for skillsets and makes it easier for executives to tap into a vast marketplace of not just professionals, but also partners who specialize in managing applications in the cloud.

"This makes it just easier to find people because the market is so much bigger and not consolidated to one geography, industry, or company size. You also don't need to have people on site. You can remotely manage these systems from anywhere," comments an IT Leader we interviewed.

Leaders are having to learn how to automate and scale various management processes such as testing. Many assert that the growing number of rollouts places a potential strain on leaner operational teams. One way to combat this challenge is to rely on tools and automation to scale processes like testing globally.

RISE with SAP Continues to Gain Momentum

More executives are evaluating and moving forward with their plans for RISE with SAP. There is a seven percent jump in the number of respondents who are currently evaluating this offering when compared to last year. There is also a six percent increase in those currently deploying RISE with SAP **(Figure 10)**.

Figure 10: Where are you with your RISE with SAP plans?
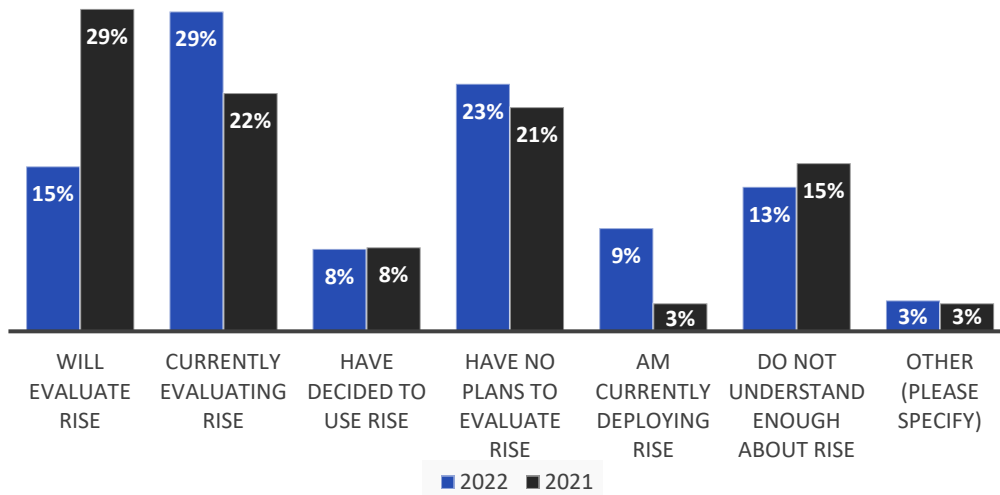
Source: SAPinsider, December 2022

However, there is still work to be done on educating about RISE with SAP, although SAP and associated partners are making progress. A two percent decrease has been noted in those who do not understand enough about RISE with SAP to make a decision, and nearly a third of leaders (29 percent) report that they are still are in the evaluation stage.

RISE with SAP adoption will continue to expand as customers who delayed SAP S/4HANA projects are now seeking opportunities to accelerate implementation progress, however, half of the respondents are yet to initiate the implementation.

Partners will continue to play a big role in this and other related transformation projects. When asked where you are looking to evaluate or make investments in the coming year, nearly one-third (30 percent) stated they are in the market for services/consulting to support transformation, migration, or business process improvement initiatives. This trend will further bolster RISE with SAP sales.

Key Takeaways

- **Build cloud mindset as strong as cloud skillset.** Critical skills are needed to run SAP and other applications and workloads in the cloud. But just as important is an understanding of cloud applications, workflows, security, and integration in the cloud. The ability to scale up and scale down resources is not just about speed of deployments, but also about skills that match these capabilities with business goals, strategy, and KPIs.

- **Tap into the full capabilities of partner networks:** The skills crunch continues to be a recurring theme. Partners can help fill skills gaps for the short and long terms and offer essential guidance on best practices specific to geography and industry. Ensuring the use of analytics, AI, and other innovations that cloud partners provide will also help.

- **Get aggressive in the use of test and process automation in the cloud:** While the cloud can help you quickly deploy and scale resources, vetting and testing infrastructure, systems, and processes is also crucial. Many organizations are expanding their capabilities through automation. By setting up scripts and bots early on, they can keep up with the governance and testing requirements of their expansive landscapes.

- **Evaluate RISE with SAP as a potential accelerator for the move to SAP S/4HANA and the cloud.** Leaders should evaluate how RISE with SAP can help jumpstart their transformation projects if they are new to SAP S/4HANA migration and thinking of running it in the cloud. The simplified bundling of licenses and services can accelerate progress and secure important skillsets and services for the coming years.
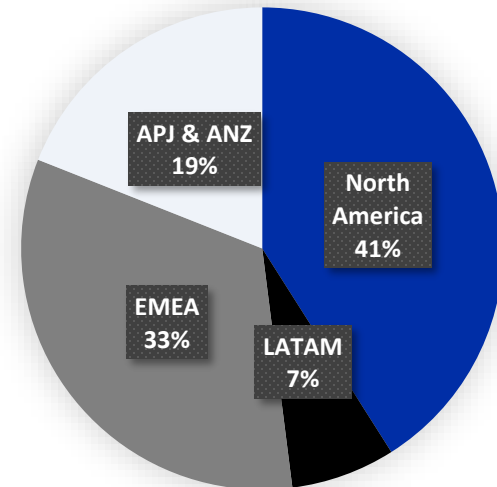
Methodology

In October and November of 2022, SAPinsider examined the experiences of CIOs and other tech leaders about the lessons learned and successes related their most important transformation projects. The survey was administered to 120 technology leaders in the SAPinsider Community and generated responses from across a wide range of geographies, industries, and company sizes. Respondents completed an online survey, and SAPinsider conducted in-depth interviews on questions such as the following:

- How would you characterize the most important transformation initiatives of 2022?

- How would you grade the progress and impact of your key projects?

- How are you measuring ROI on your transformation projects?

- What are your key challenges to success?

- What is your position on RISE with SAP?

The demographics of the respondents included the following:

- **Market sector:** The survey respondents came from every major economic sector, including Industrial (20 percent); Software & Technology (40 percent); Public Sector and Healthcare (8 percent); Retail & Distribution (8 percent); Financial Services & Insurance (10 percent); and Hospitality, Transportation, and Travel (4 percent).

- **Geography:** Of our survey respondents, 41 percent were from North America; 19 percent were from Asia-Pacific, Japan, and Australia; 33 percent were from Europe, the Middle East, and Africa; and 7 percent were from Latin America.

PARTICIPANT PROFILE

APJ & ANZ 19%

North America 41%

EMEA 33%

LATAM 7%

Appendix A:
The DART™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It's no wonder that organizations worldwide turn to SAPinsider for research with results.

The DART methodology provides practical insights, including:

- **Drivers:** These are macro-level events that are affecting an organization. They can be both external and internal and require the implementation of strategic plans, people, processes, and systems.

- **Actions:** These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.

- **Requirements:** These are business- and process-level requirements that support the strategies. These tend to be end to end for a business process.

- **Technology:** These are technology- and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

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