JULY 2025

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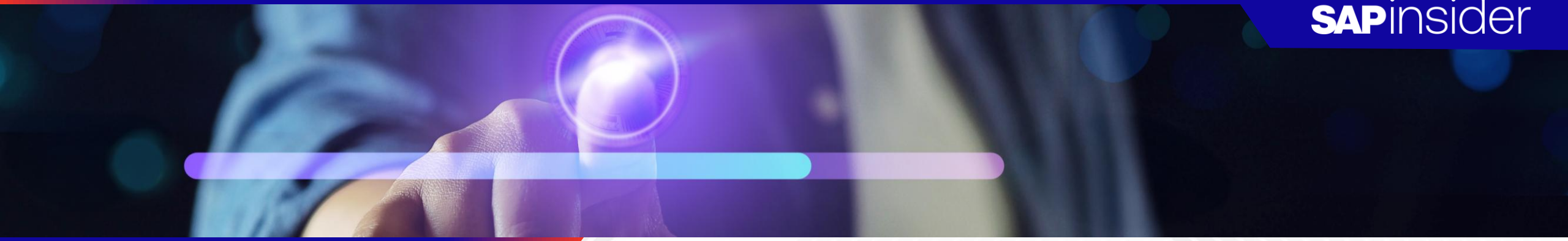

DETAILED FINDINGS

From The Benchmark Report:

Deployment Approaches to SAP S/4HANA

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SAP

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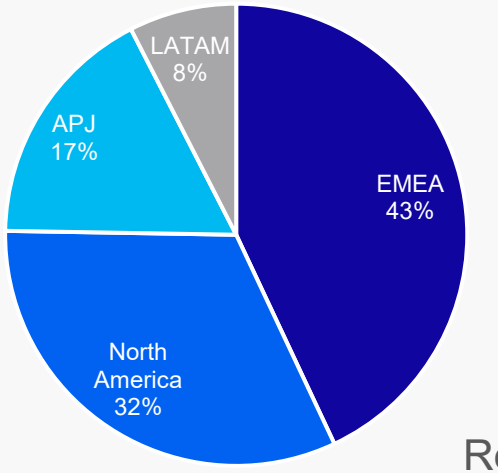
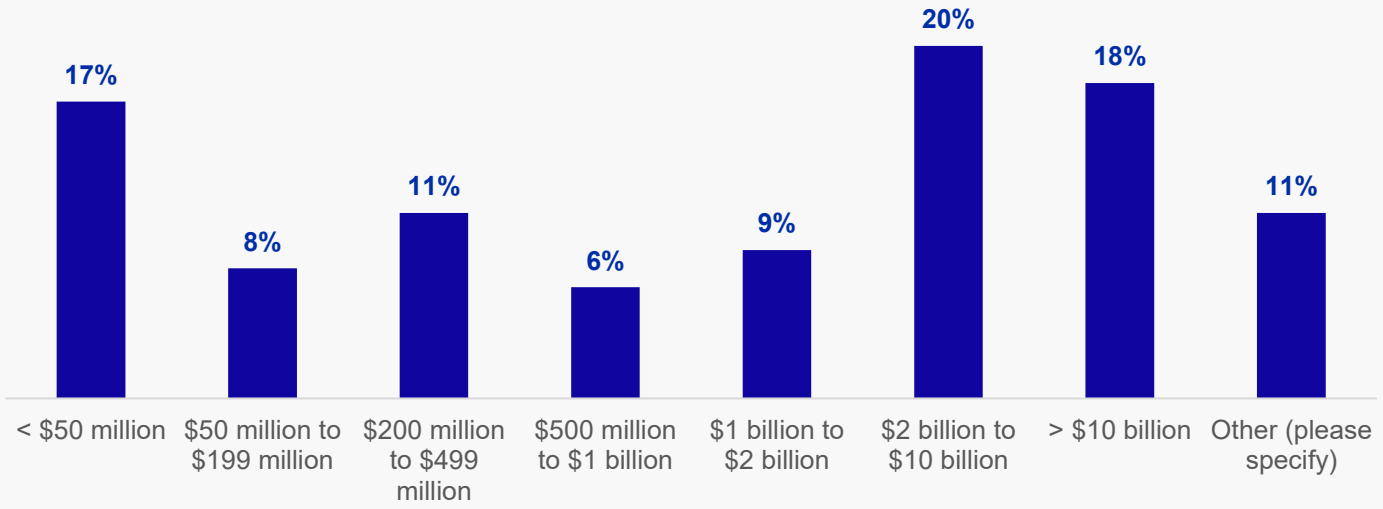
Between March and May 2025, SAPinsider surveyed 155 community members to gain deeper insights into their plans for SAP S/4HANA Deployment. The survey explored the type of deployment they have planned, the infrastructure that will be used, timelines for deployment, factors impacting those timelines, versions of SAP S/4HANA in use, and the biggest factors impacting deployment strategy.



Revenue



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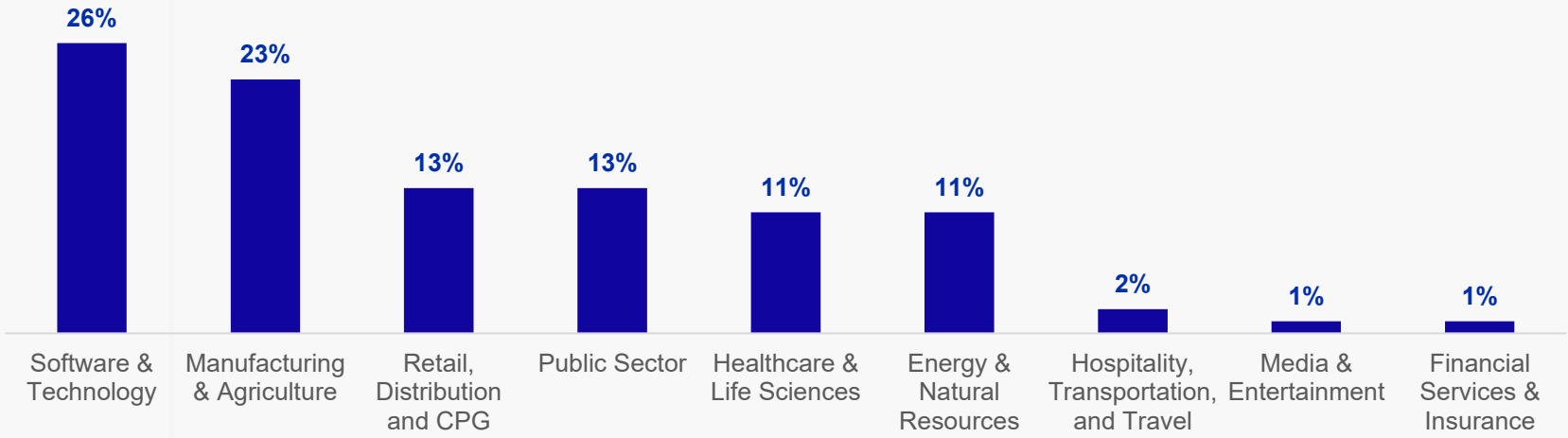
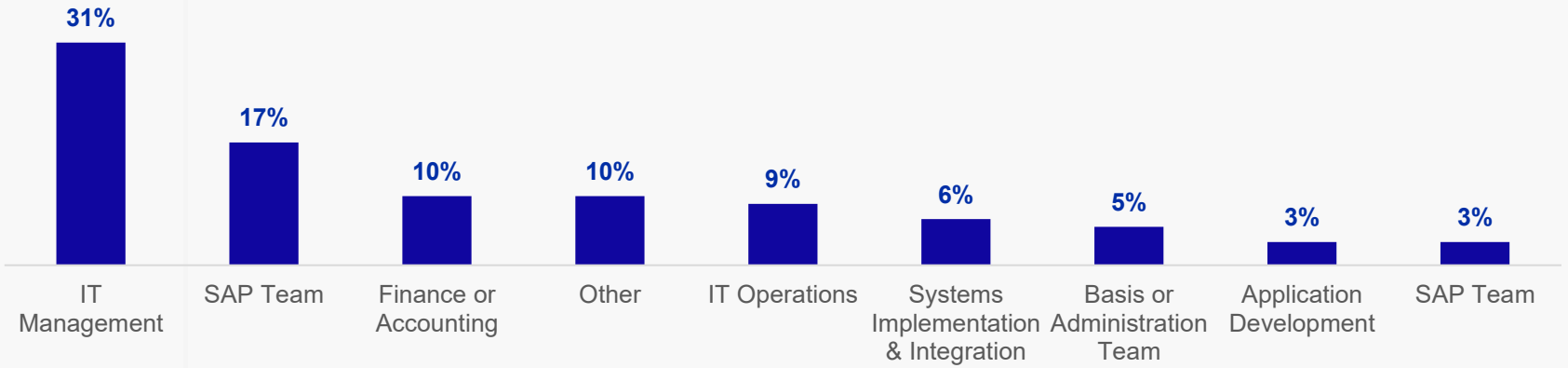
The participants were also asked about their organizational roles and the market sector in which their organizations operated.

Industry



Role



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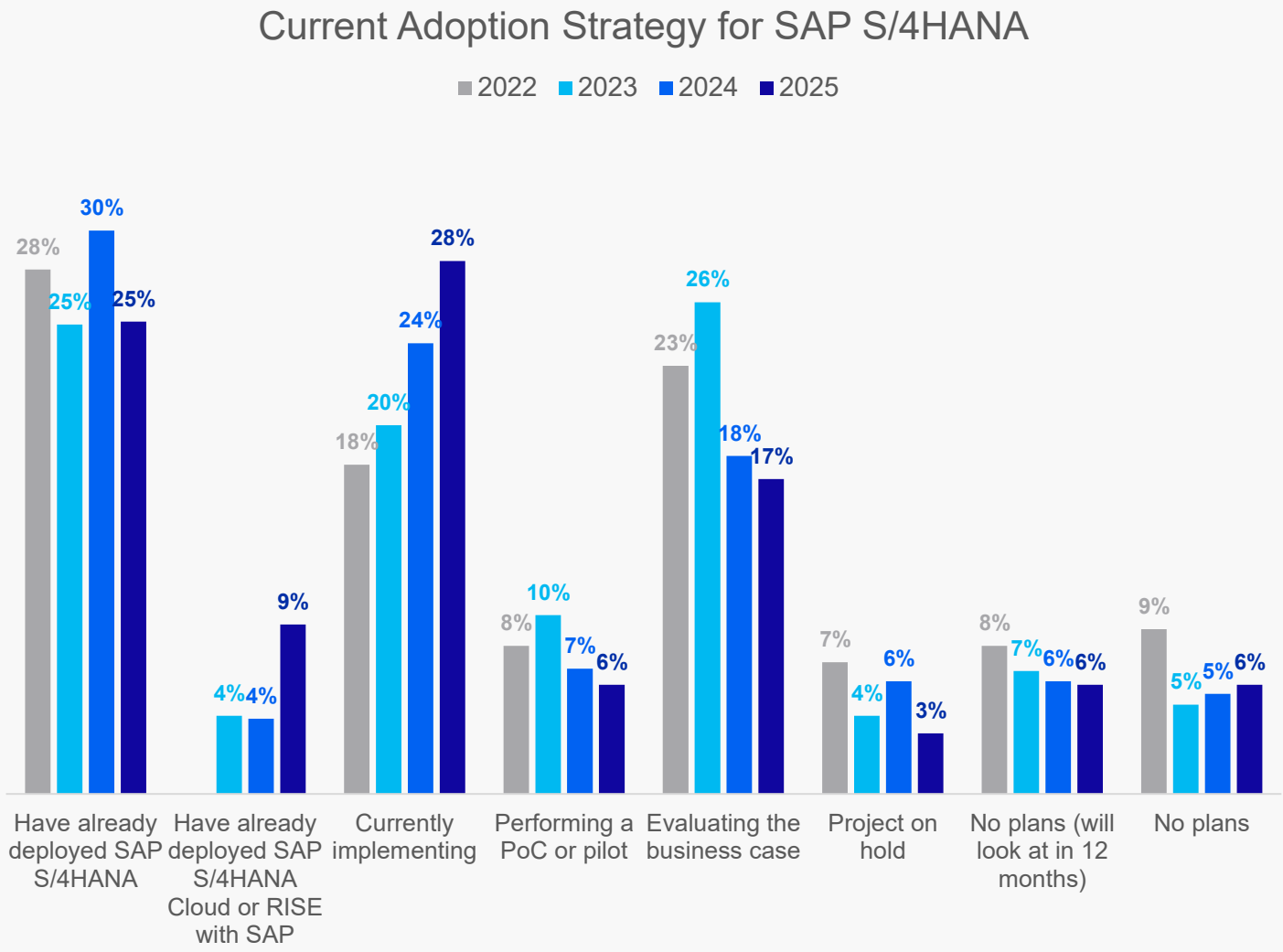
This year saw more than 100% growth in the number of those reporting that they had already moved to SAP S/4HANA Cloud or RISE with SAP. As was reflected in the SAP S/4HANA Migration report earlier in 2025, some of that acceleration comes from those on earlier versions of SAP S/4HANA that are moving to an SAP S/4HANA Cloud instance within SAP Cloud ERP Private/RISE with SAP. At the same time, there is also an acceleration of those in the process of implementing SAP S/4HANA. This likely represents those who already had licenses, starting or accelerating projects to complete them before the end of 2027.

Those who do not already have plans to move to SAP S/4HANA may likely encounter challenges in doing so before the maintenance deadline, even if they try to move quickly.



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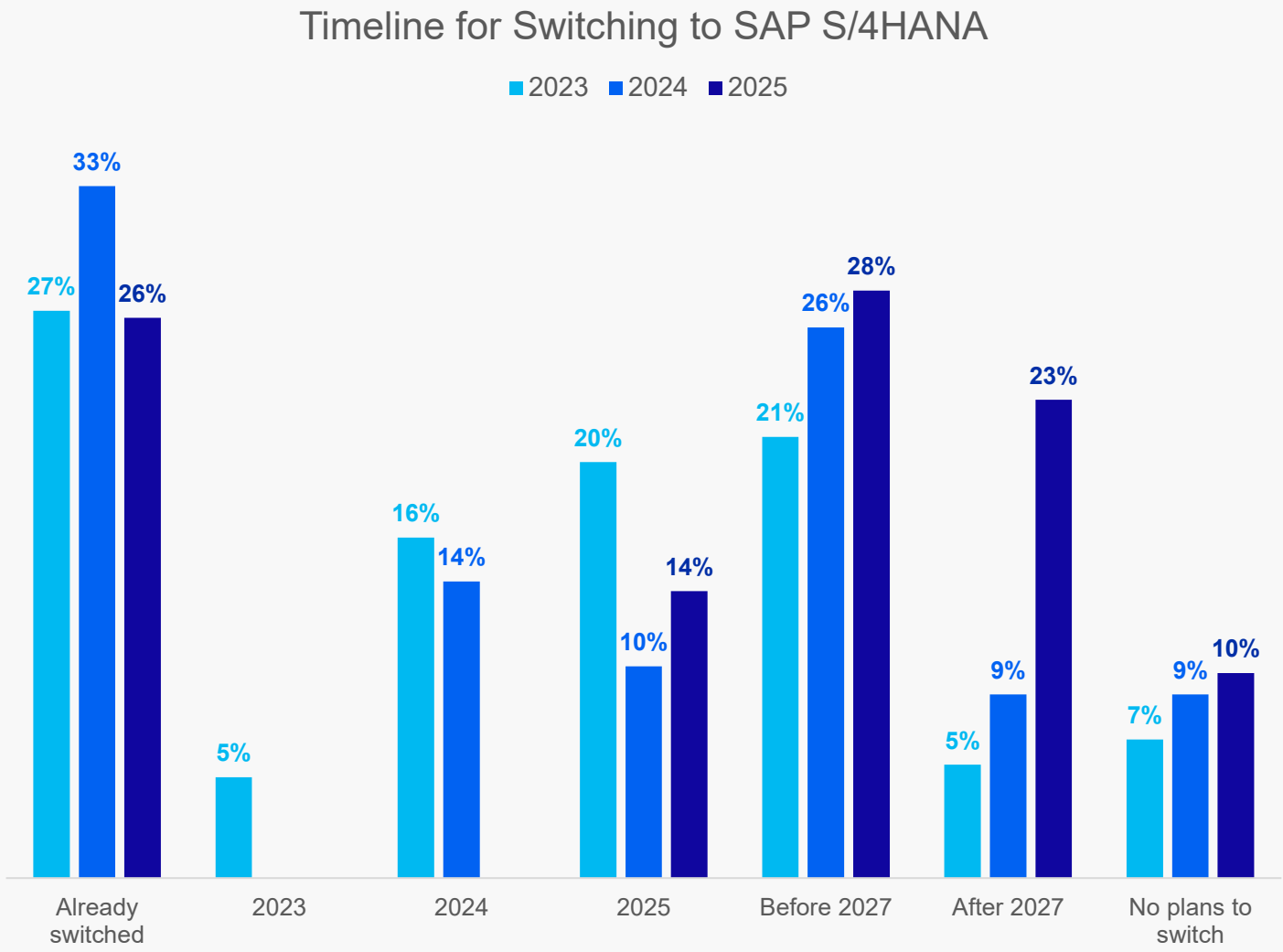
While there was a slight increase in those who reported planning to switch to SAP S/4HANA before the end of 2027, the most significant change is among those who realize they will not be able to complete the transition before mainstream maintenance ends. These organizations should ensure that they do not further delay, given how long an SAP S/4HANA project takes to implement, or they may find themselves running up against the 2030 deadline.

At the same time, a small number have essentially given up on moving to SAP S/4HANA, represented by those with no plans to switch.



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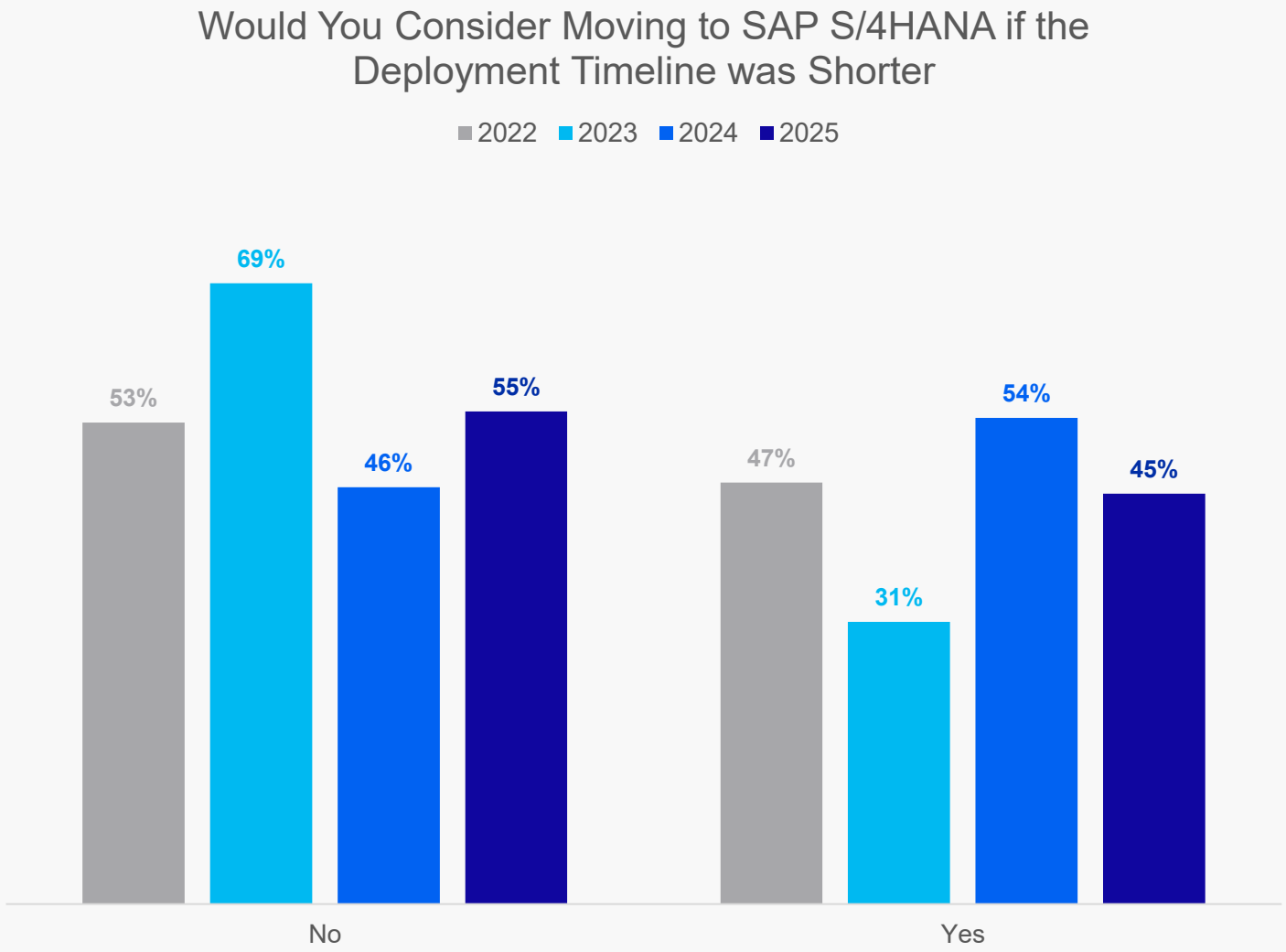
In the past, there was a jump in those who would consider moving to SAP S/4HANA if the deployment timeline were shorter. With projects, excluding the creation of the business case, increasing in length last year, that now seems an unlikely scenario for those who currently have no plans for the move. With costs increasing and considerable economic uncertainty, organizations in some regions are canceling or delaying plans altogether, and a faster project deployment is not swaying their thinking.



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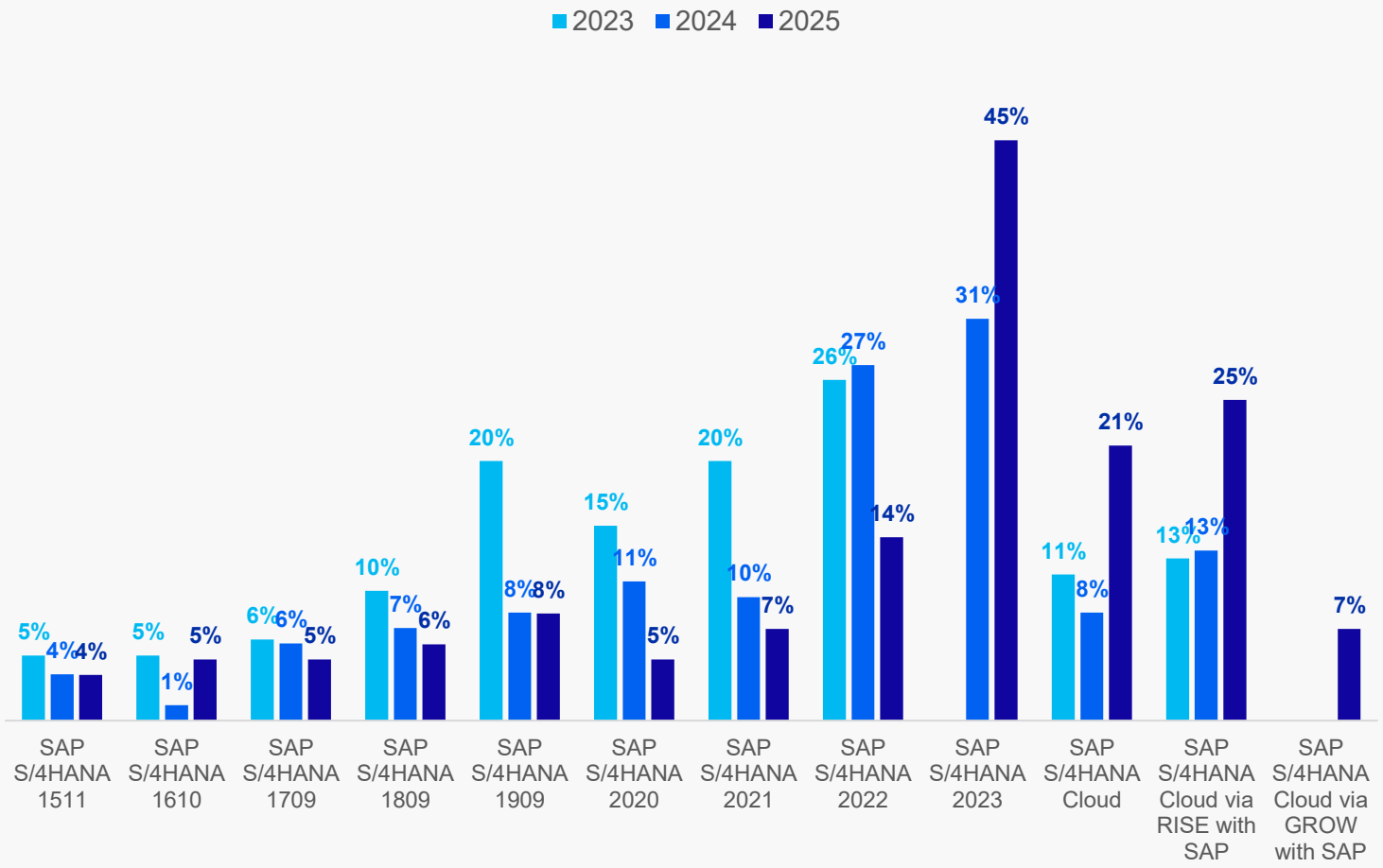
As seen earlier, the significant increase this year is among those reporting that they are running SAP S/4HANA Cloud, either with or without a RISE with SAP contract. Additionally, those who are on relatively short upgrade cycles are moving to SAP S/4HANA 2023, likely because of the availability of seven years of mainstream maintenance offered on that version, the first SAP S/4HANA release on which that is available. Those running older versions, many of which have already ended mainstream maintenance, are slowly declining as early adopters move away from these versions to SAP S/4HANA within a RISE with SAP or SAP Cloud ERP Private contract.

Versions of SAP S/4HANA Currently Being Run or Implemented



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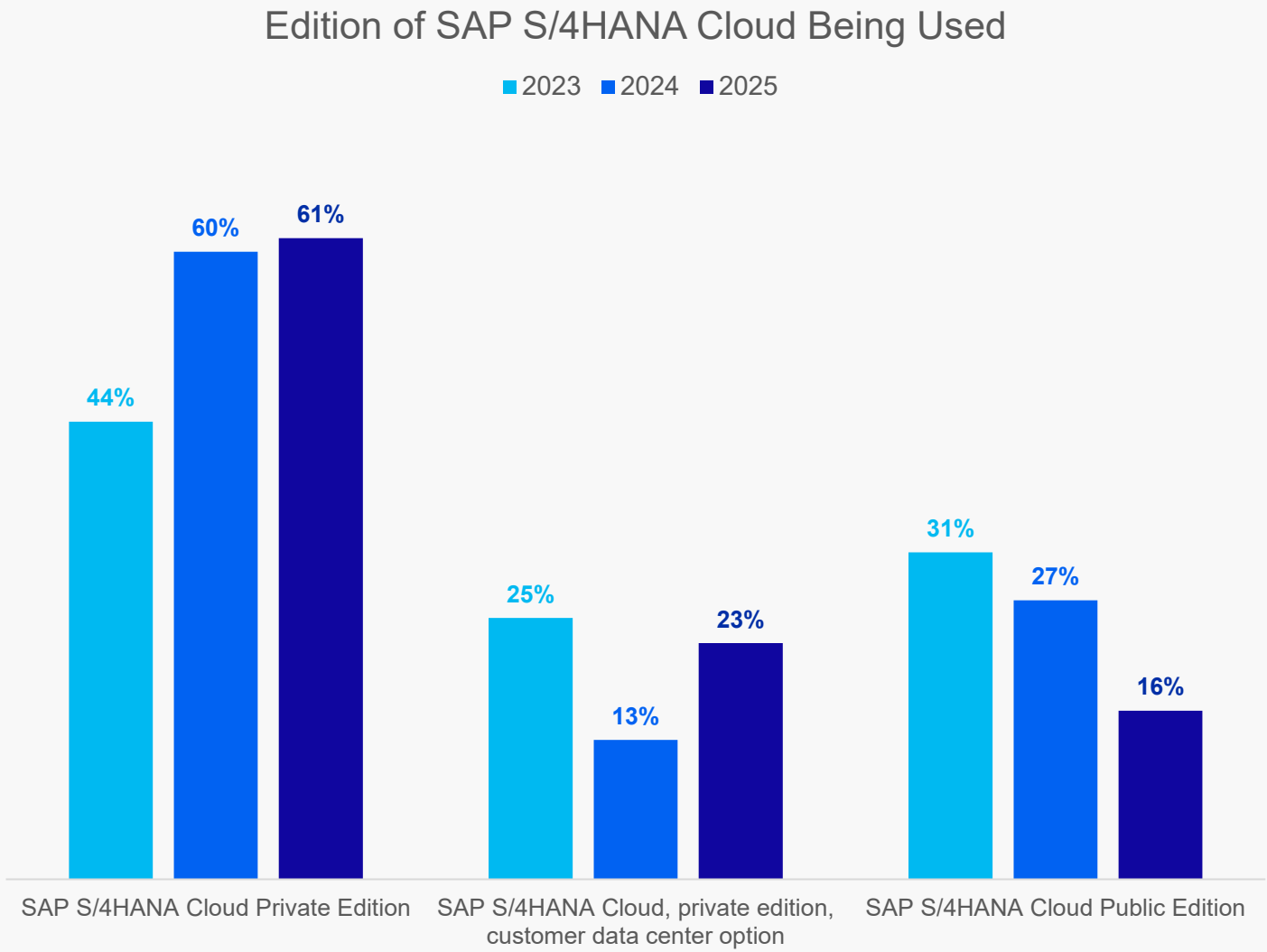
Those who are running SAP S/4HANA Cloud are most likely to be using SAP S/4HANA Cloud Private Edition, while nearly a quarter are running the customer data center option that requires either Dell Apex, HPE GreenLake, or Lenovo TruScale.

Aligning with more anecdotal data, only a small proportion of those surveyed are running the software-as-a-service version of SAP S/4HANA Cloud.



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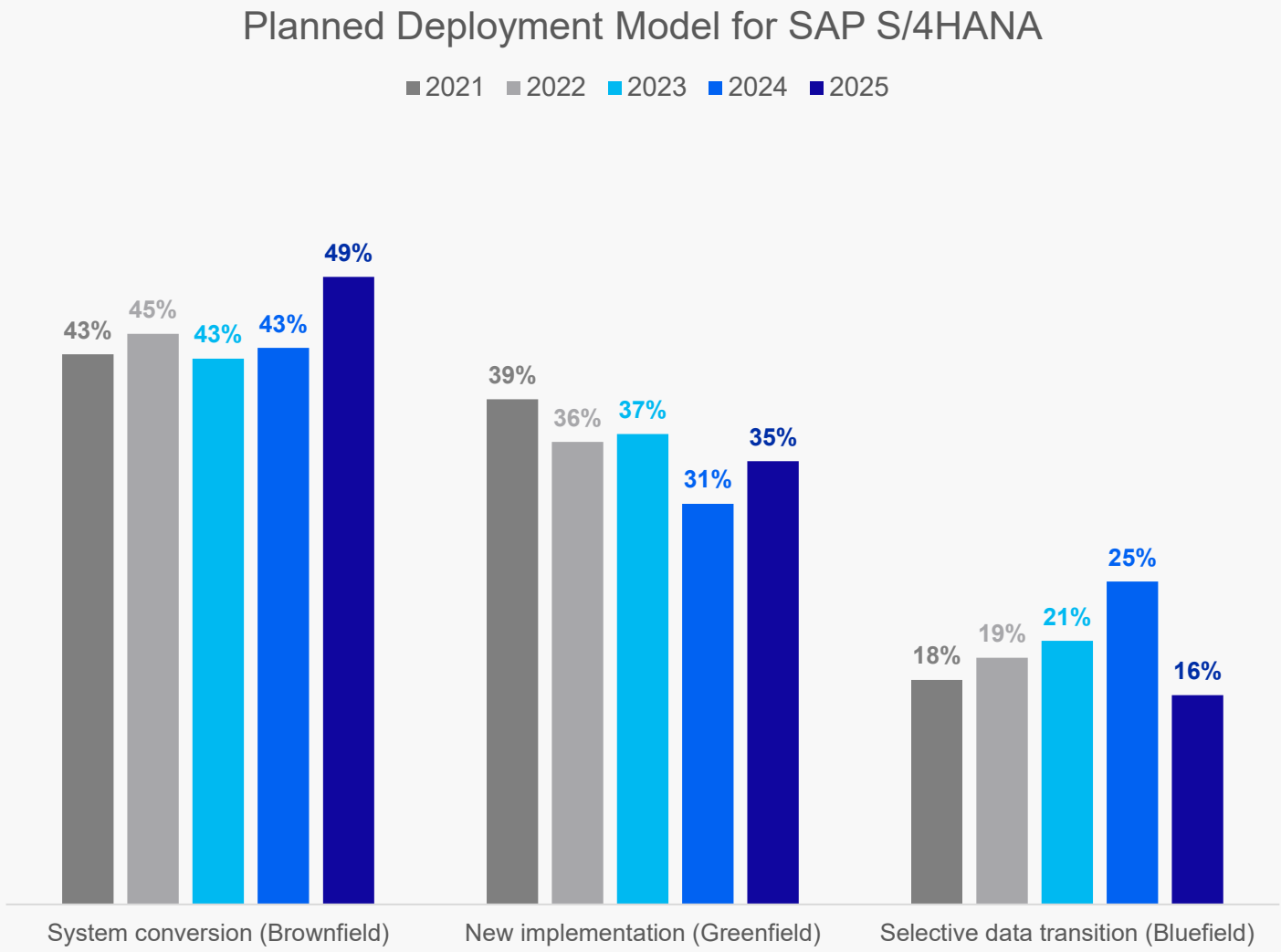
With the approaching end of maintenance deadline those who are deploying SAP S/4HANA are more focused on getting there quickly. This is represented by the increase in those planning a system conversion as their deployment model.

While some existing customers are planning a greenfield approach, the vast majority of those doing so are those who are net new to SAP S/4HANA and are not moving from an older deployment like SAP ECC.

However, the increasing need to get to SAP S/4HANA quickly is also impacting the number of organizations planning a selective data transition. While this offers much greater flexibility, there may be potential concerns about increased timelines when taking that approach.



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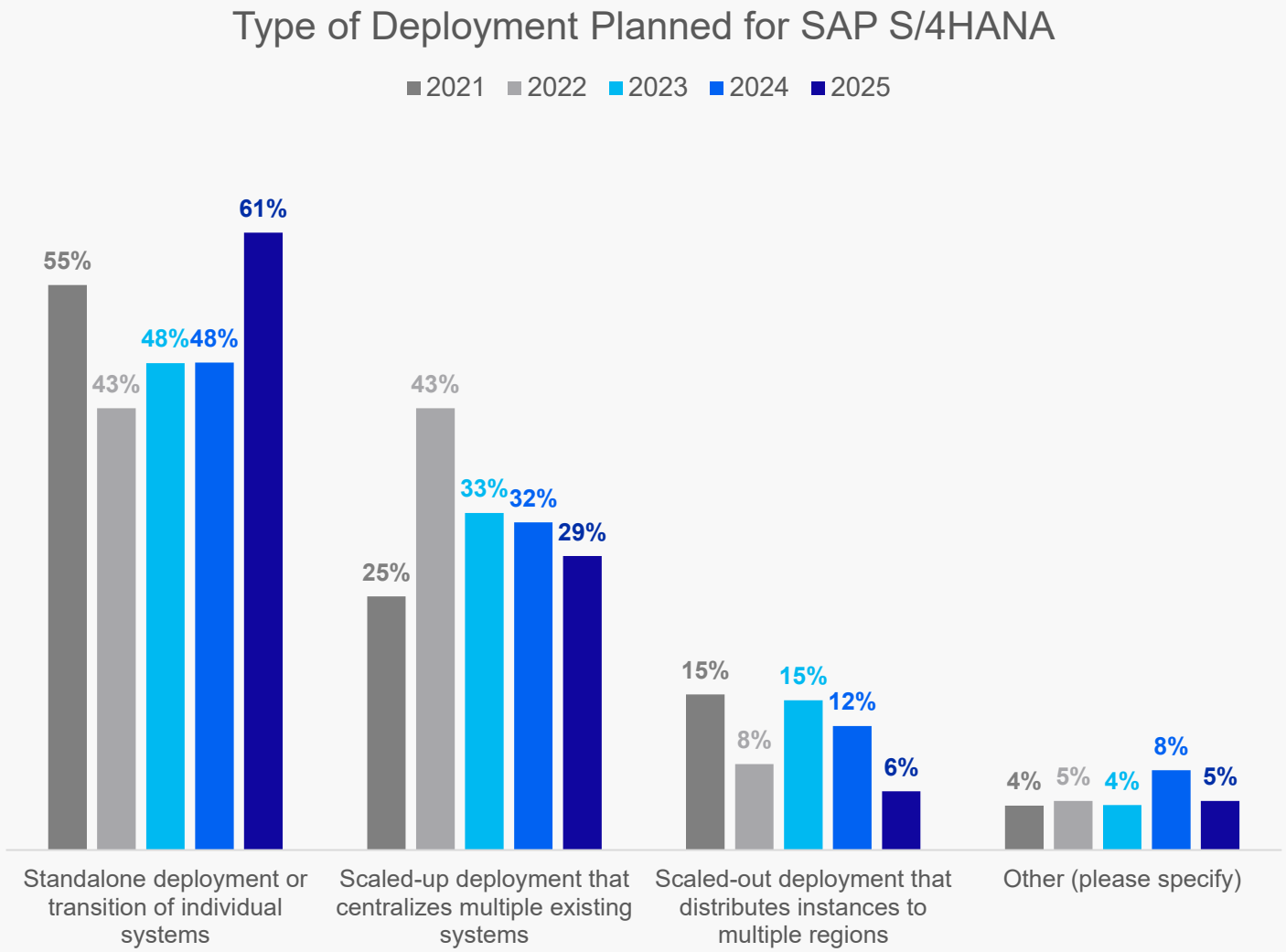
Aligned with the need to get to SAP S/4HANA quickly is the increase in those planning a standalone deployment or transition of individual systems. A one-to-one transition from SAP ECC to SAP S/4HANA may not be ideal for those looking to consolidate or centralize multiple existing SAP ECC instances, but taking a brownfield approach and getting to SAP S/4HANA now may be significantly faster than a longer transformation project that looks to bring together multiple ERP instances.



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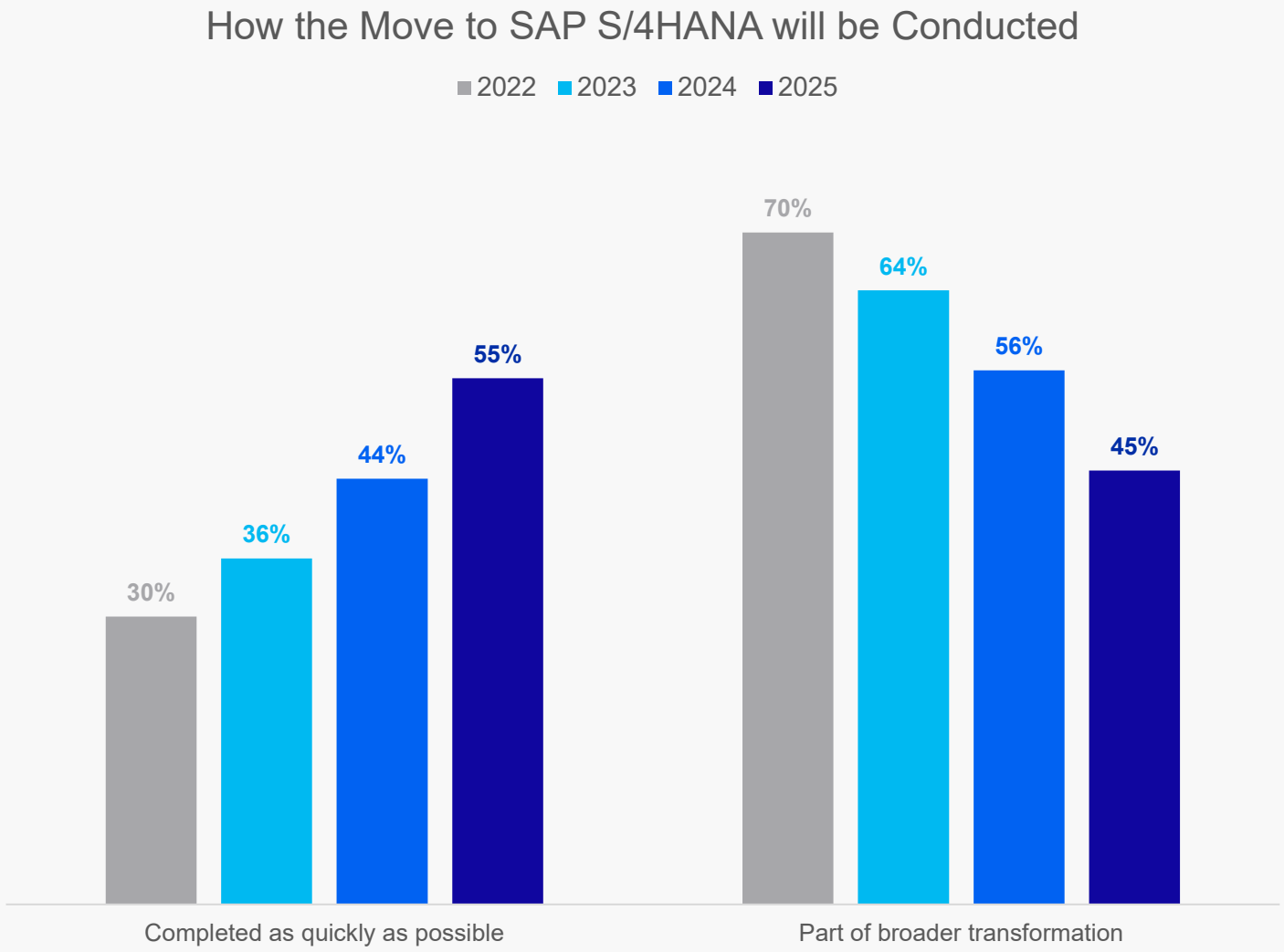
For the first time since SAPinsider has been tracking this data point, moving to SAP S/4HANA as quickly as possible is more important than completing a broader transformation. This is likely because those who complete the transition before the end of 2027 believe they will be able to come back and work on transforming their SAP S/4HANA systems once they are in place. This approach may offer a short-term benefit of getting on SAP S/4HANA quickly but may be more expensive in the long run if customers have moved unnecessary data or customizations that could have been eliminated earlier. This is something that those moving to SAP S/4HANA must weigh carefully.



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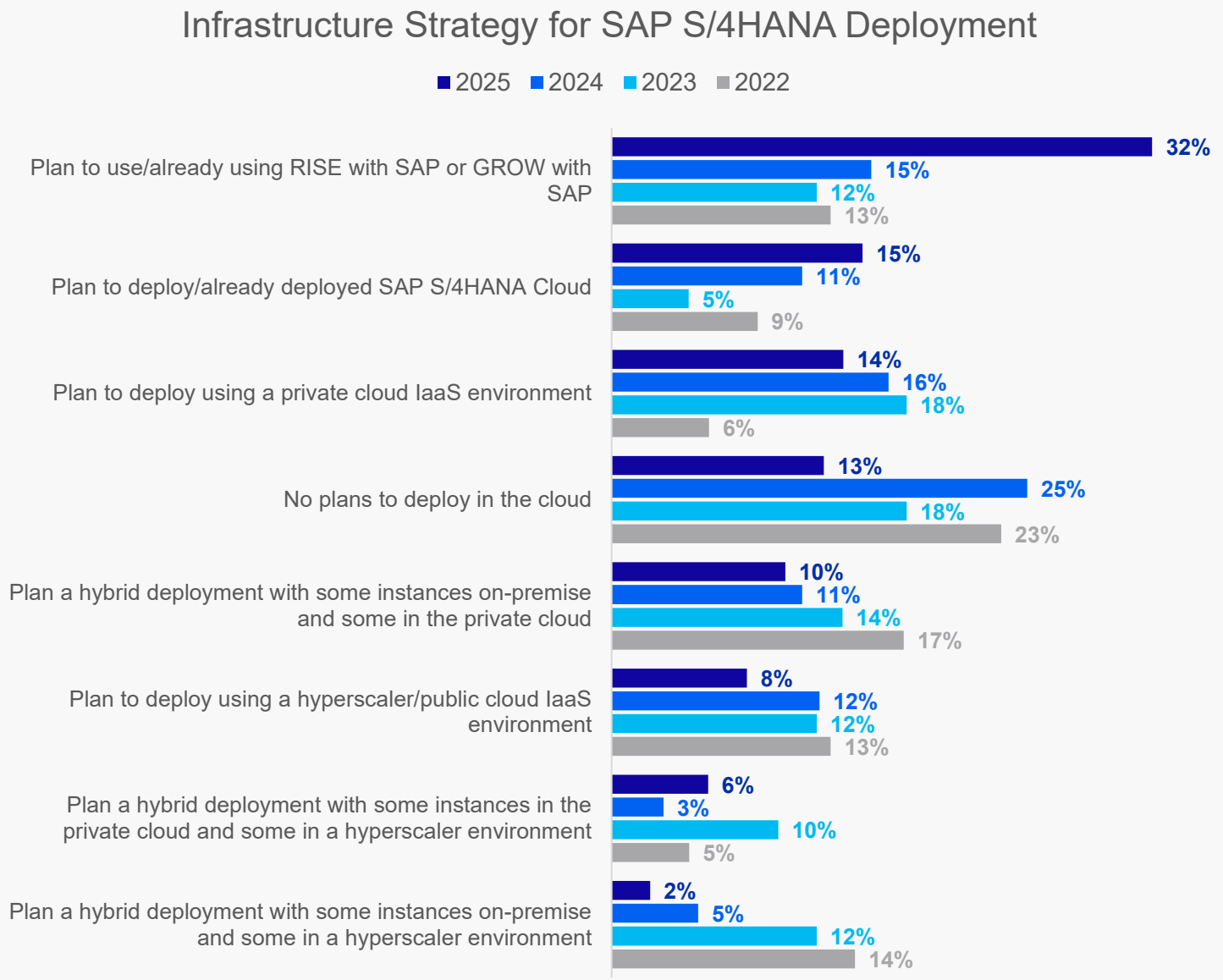
While those moving to SAP S/4HANA Cloud are already moving to the cloud, the infrastructure in use for those choosing other deployment models are equally important. What is notable is that those reporting no plans at all to deploy in the cloud have dropped significantly this year. Not all these organizations may be moving to SAP S/4HANA Cloud as they could equally be using a private or public cloud-based IaaS deployment, seeing that drop is significant. In addition, the increasing number with plans to use SAP Cloud ERP Private or SAP Cloud ERP Public is reflected in drops in the number of those reporting using other cloud environments.



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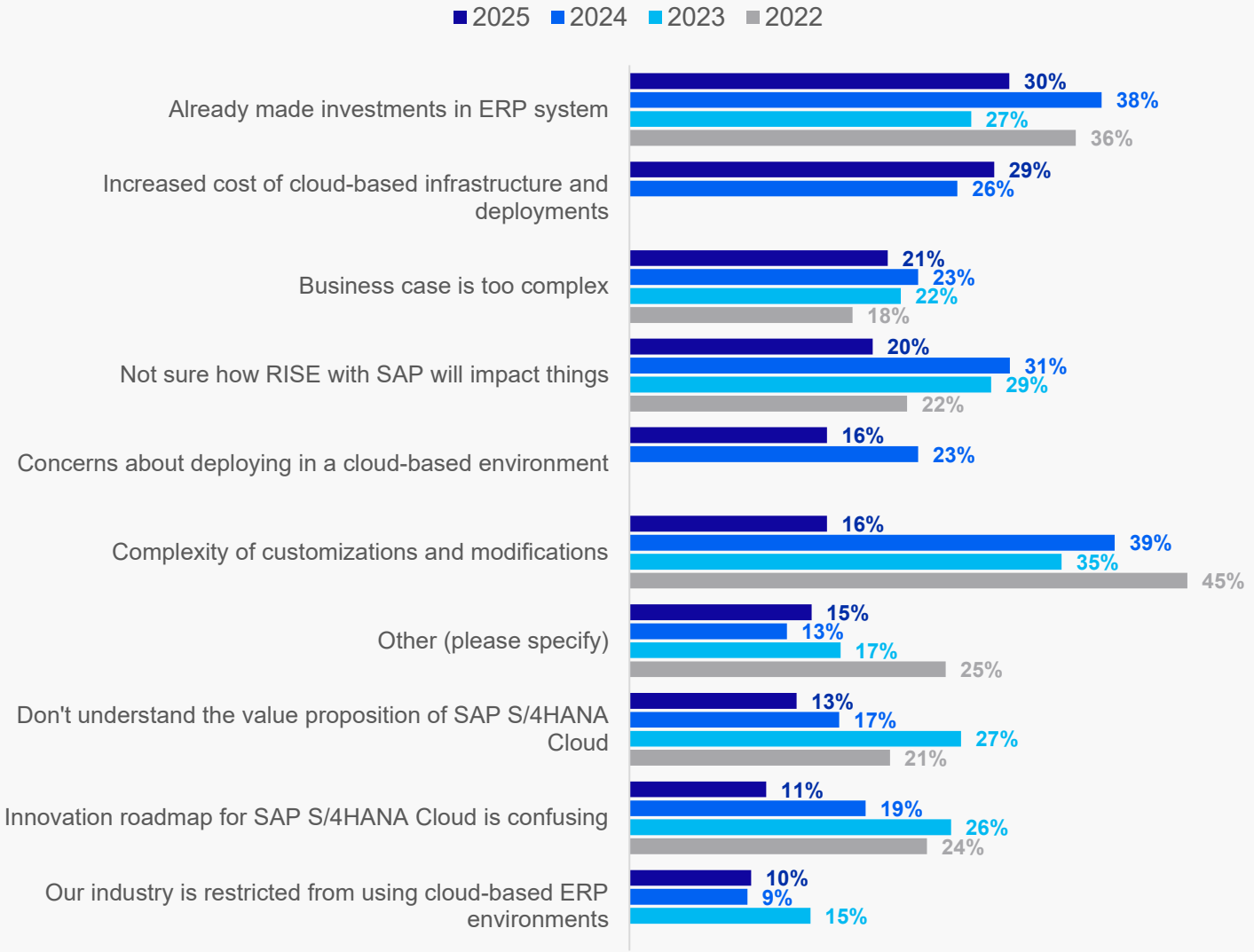
For those who have not moved to SAP S/4HANA Cloud, the biggest reasons for not doing so include having already made investments in their existing ERP system or the increased cost of cloud-based infrastructure and deployments.

What is notable is that SAP's messaging is educating those who were potentially undecided. This is demonstrated by the fact that there was a one-third drop in those unsure about how RISE with SAP will impact things and an even bigger decline in those with concerns about deploying in the cloud or worried about the complexity of their existing customizations and modifications. This suggests that there are fewer reasons not to move to SAP S/4HANA Cloud than in the past.

Reasons for Not Deploying SAP S/4HANA Cloud or Moving to RISE with SAP



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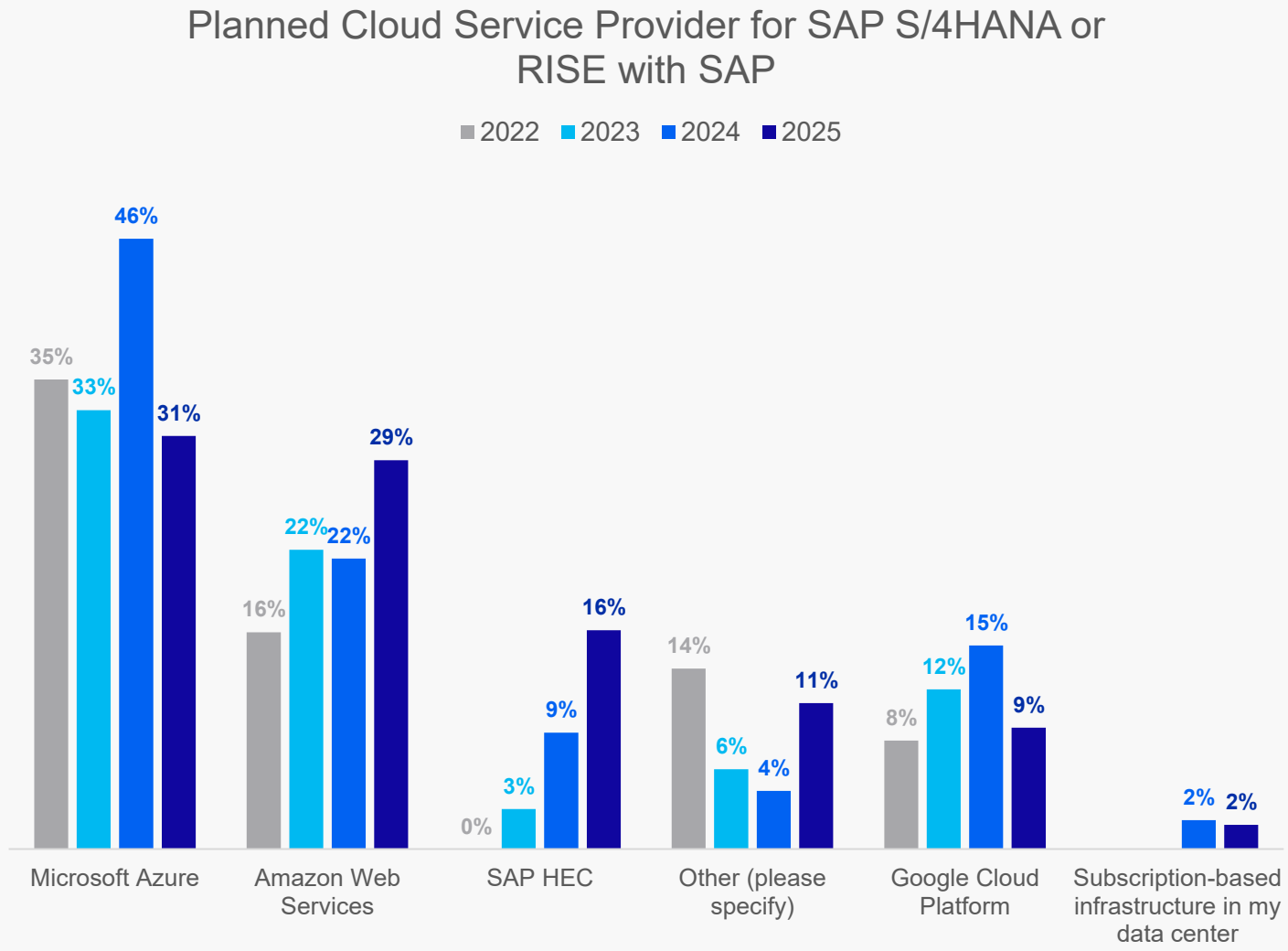
Although the Embrace Program that closely aligned SAP and Microsoft for several years had come to an end, Microsoft still held a lead when it came to the likely cloud service provider for SAP S/4HANA or RISE with SAP. That is changing as AWS makes significant investments in better supporting the large enterprise market. With Microsoft Azure and AWS separated by just two points, these two providers will be competing for a share of the SAP customer wallet moving forward.



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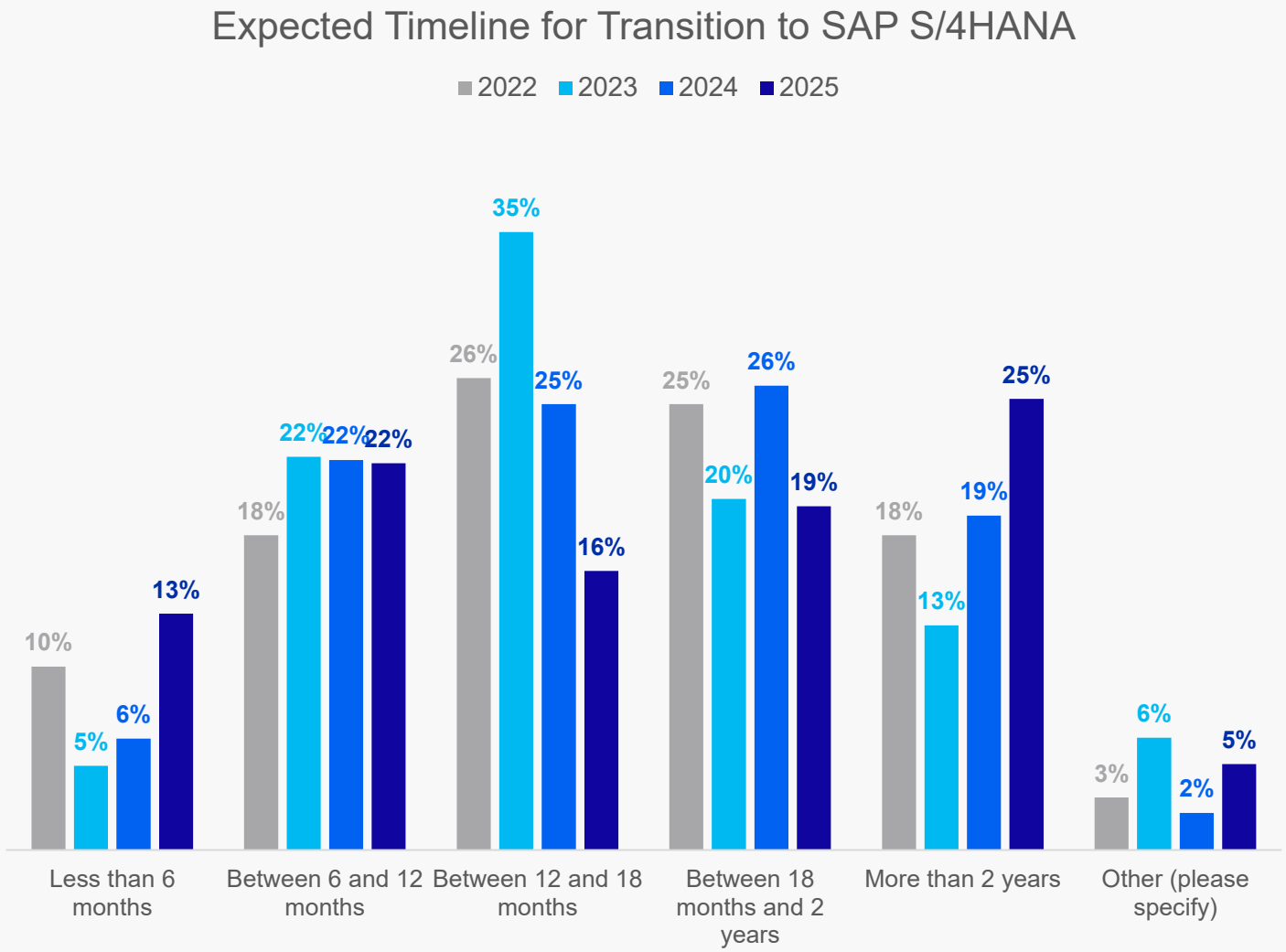
Last year saw a slight increase in the expected timeline for the move to SAP S/4HANA with the average deployment length being somewhere around 18 months. This year, the numbers jumped with more organizations reporting that their deployment timeline was expected to be more than two years. At the same time, a large group also reported that they expected to complete their move in less than six months. Those with the shortest timeline may be doing a rapid transition that gets them to SAP S/4HANA as quickly as possible regardless of the impact, but those with a longer timeline reflects organizations with older, more heavily customized deployments of SAP ECC or SAP Business Suite on HANA that have a much more complex path to SAP S/4HANA.



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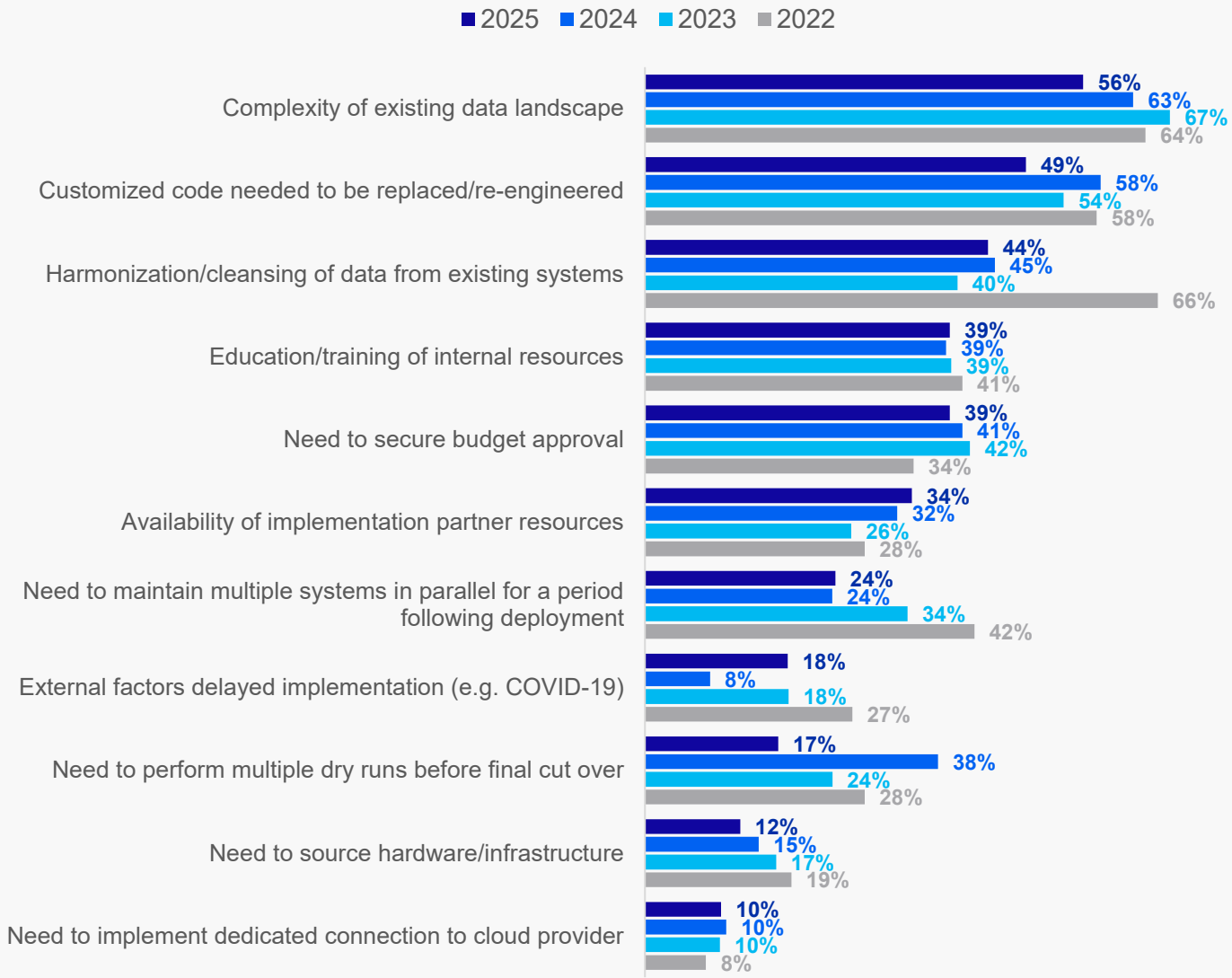
Not surprisingly, the biggest factors impacting the transition timeline are complexity of the existing data landscape and the volume of customizations that need to be replaced, re-engineered, or remediated.

Interestingly, the only major changes in the factors impacting the deployment timeline this year was a 10% increase in those reporting that external factors were their biggest challenge, and a 50% drop in those concerned about the need to perform multiple dry runs before a final cut over. External factors impacting the timeline may be economic in nature given the current instability in the markets, but they could also represent an increased difficulty in securing consulting resources as more organizations seek to complete their transition within the next two years.

Biggest Factors Impacting Timeline for SAP S/4HANA Transition



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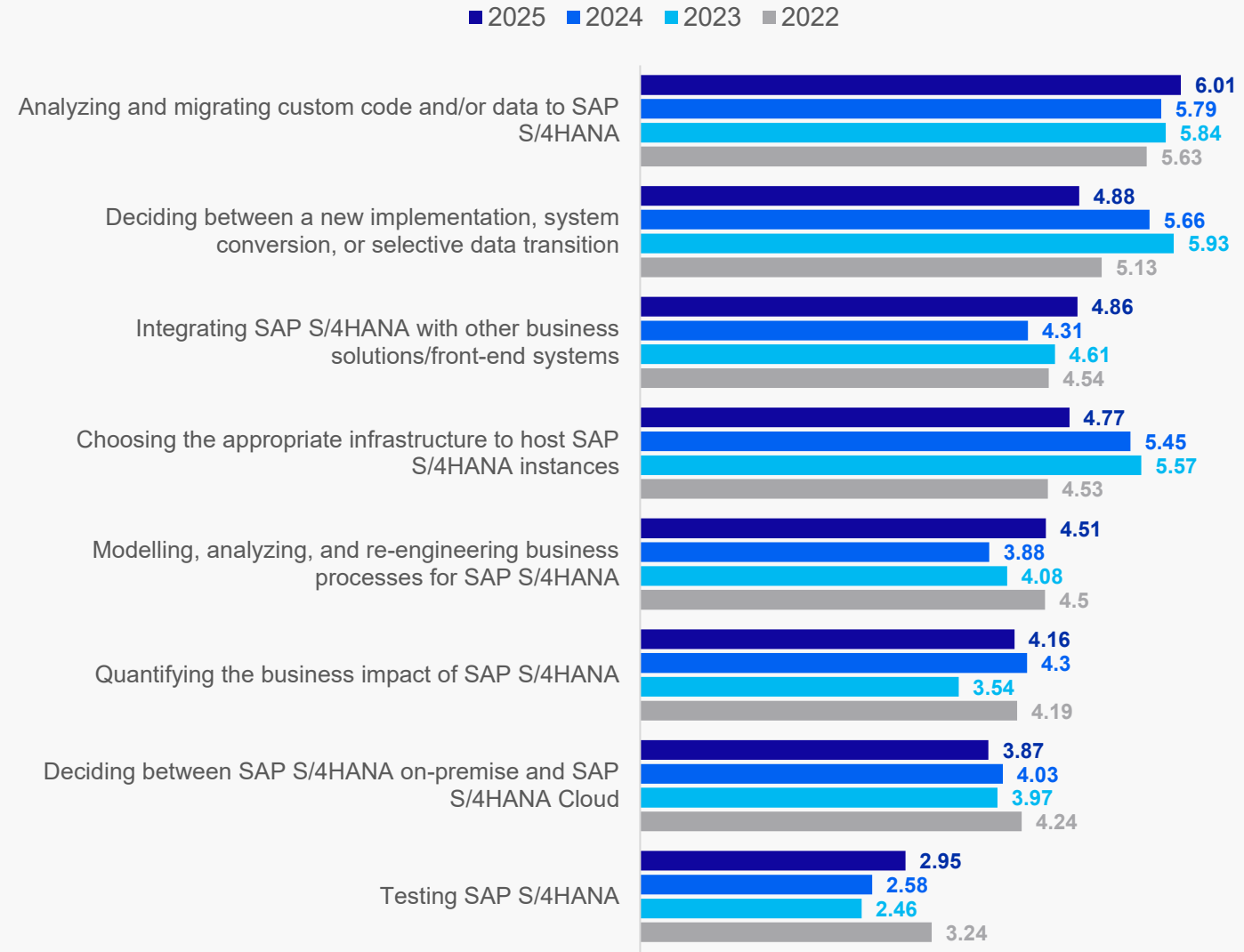
Those who have moved to SAP S/4HANA were asked to rate eight challenges on the impact they had on their deployment. The number shown is an average based on how respondents rated that factor.

As has been the case for nearly three years, analyzing and migrating custom code was the biggest challenge that respondents faced in moving to SAP S/4HANA. This year also saw an increase in those having issues with integrating SAP S/4HANA with other business solutions and those seeking to model, analyze, and re-engineer business processes before moving to SAP S/4HANA.

Challenges Resolved as Part of the Move to SAP S/4HANA



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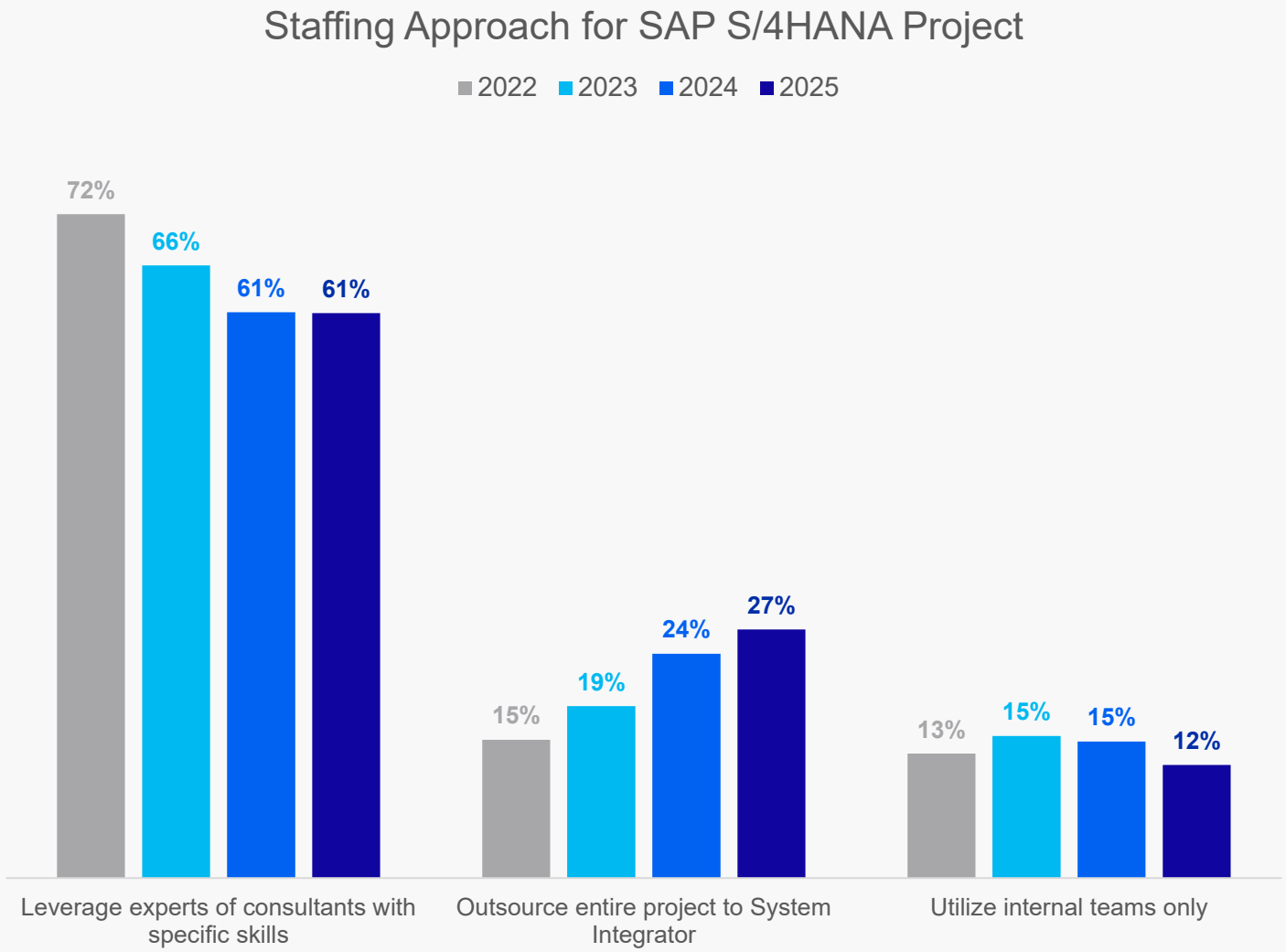
Most respondents plan on either leveraging experts or consultants with specific skills or outsourcing their entire SAP S/4HANA project. Just 12% plan on utilizing only internal teams in their project.

A potential concern with this approach will be the availability of those resources. With 20,000-25,000 customers yet to even license SAP S/4HANA, there will be a significant resource bottleneck that develops as organizations seek to complete their deployments before the end of 2027. While some may have already abandoned that goal, the bottleneck is likely to continue into 2028 and 2029 as more projects are completed. Those moving to SAP S/4HANA must account for this possibility in their plans.



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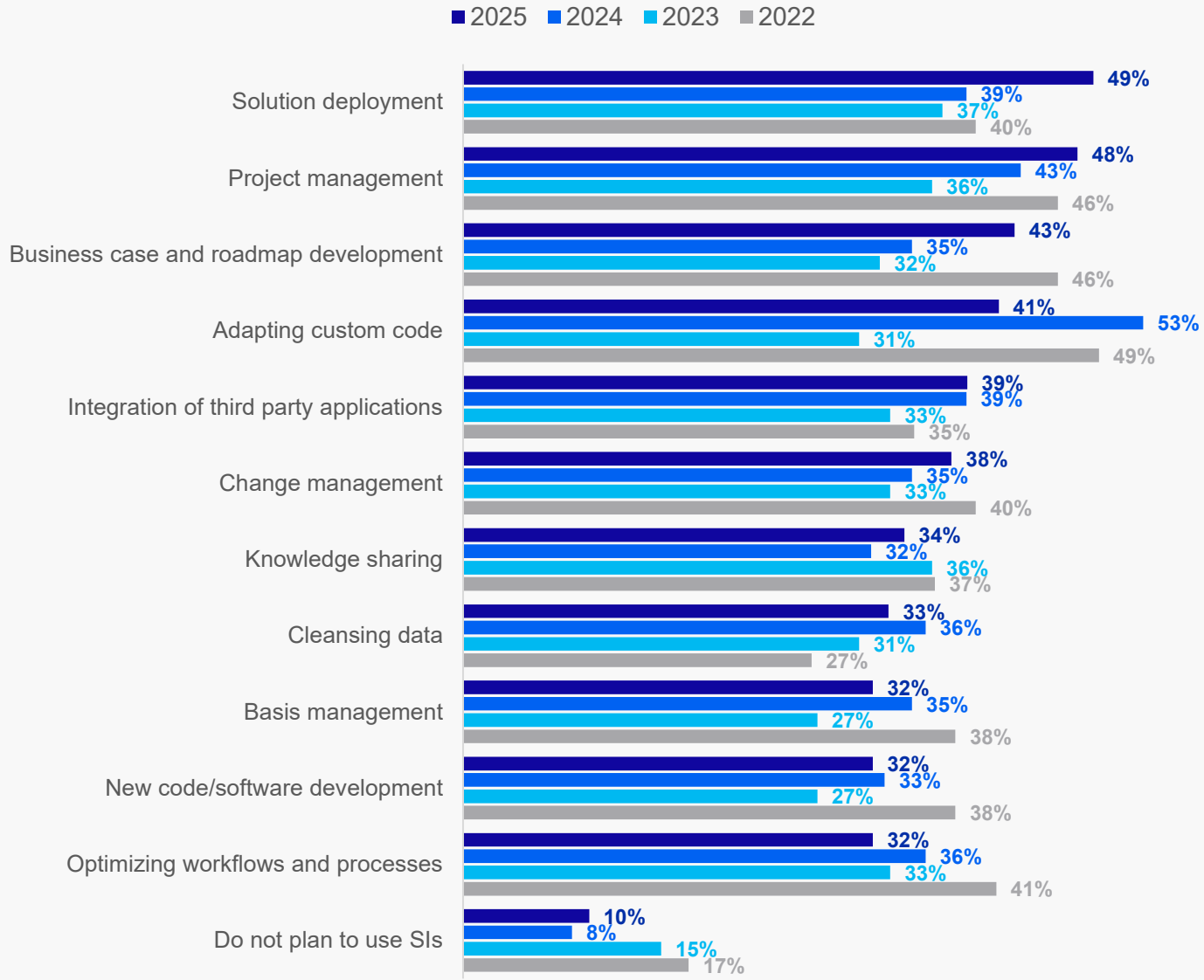
While tasks like solution deployment may seem to be the most likely scenarios for consultants or system integrators, these organizations often play a much larger role in deployments as shown in this year's results. Tasks like project management, business case and roadmap development, and adapting custom code were all significant needs from those planning their SAP S/4HANA deployment, and few tasks were selected by less than a third of respondents. This shows just how much SAPinsiders rely on the skills provided by consultants and experts for major projects like the move to SAP S/4HANA.

Planned Use of SIs in Move to SAP S/4HANA



DART
MODEL FRAMEWORK

Strategy and Needs for SAP S/4HANA Deployment

DRIVERS

- Upcoming end of maintenance requires a transition to SAP S/4HANA (58%)
- Need to improve end-user and business satisfaction over existing systems (31%)
- Pressure to digitally transform existing ERP solutions to create a harmonized and centralized model and structure (24%)
- Business demands updated processes that better fit current needs and meet regulatory requirements (23%)

ACTIONS

- Implementing standardized end-to-end processes for core ERP users (57%)
- Deploying SAP S/4HANA using an approach that minimizes cost (46%)
- Centralizing and automating financial planning, accounting, and reconciliation activities on a global scale (35%)
- Preserving only operationally necessary customization to the core ERP (35%)

REQUIREMENTS

- High performing and secure infrastructure and OS (84%)
- A proven partner with experience implementing SAP S/4HANA (83%)
- Deep integration between SAP S/4HANA and other enterprise systems (79%)
- Educating business users and executives on SAP S/4HANA features and benefits (77%)

TECHNOLOGIES

- Infrastructure-as-a-Service (38%)
- Virtualization and hyper-converged infrastructure (31%)
- Hardware and operating systems optimized for SAP HANA (30%)
- Platform-as-a-Service (28%)
- Managed infrastructure solutions (24%)
- Open-source technologies (Linux and Kubernetes) (24%)
- Code analysis tools (19%)
- Cloud ERP (18%)
- Business Process Modeling tools (15%)
- Automated testing and test management solutions (15%)
- Automated deployment and configuration tools (10%)
- Impact analysis tools (9%)

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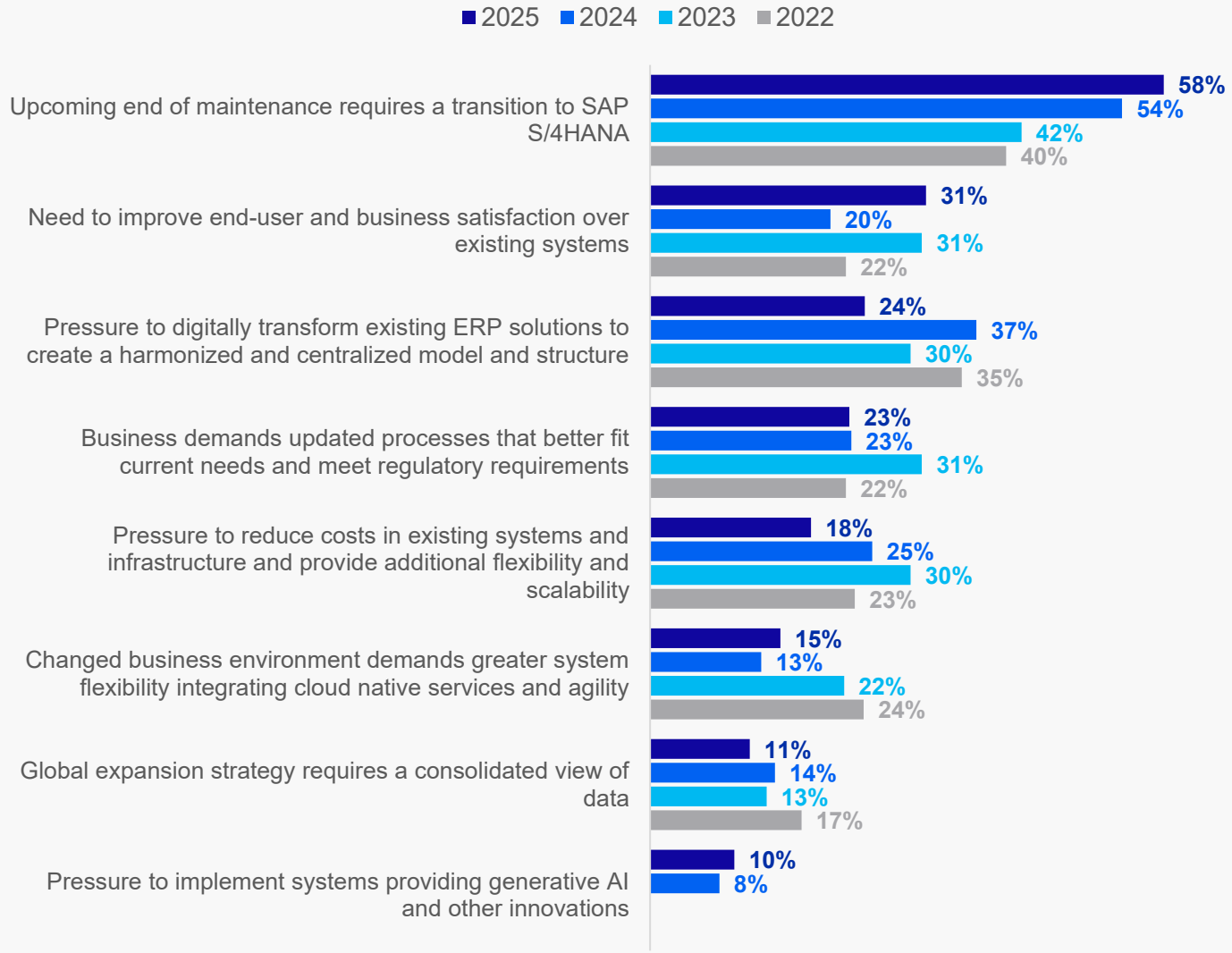
By far the biggest factor impacting SAP S/4HANA deployment is the need to get there quickly. With the end of mainstream maintenance now under two and a half years away, organizations are starting to become anxious about how they can complete a transition by the end of 2027. Factors like harmonization and centralization, updating processes, and increasing flexibility and scalability are taking a back seat to the overwhelming need to move quickly. The only factor that showed significant growth this year was that of improving end-user and business satisfaction over existing systems, something that can be achieved through the updated SAP Fiori-based interface available in SAP S/4HANA.

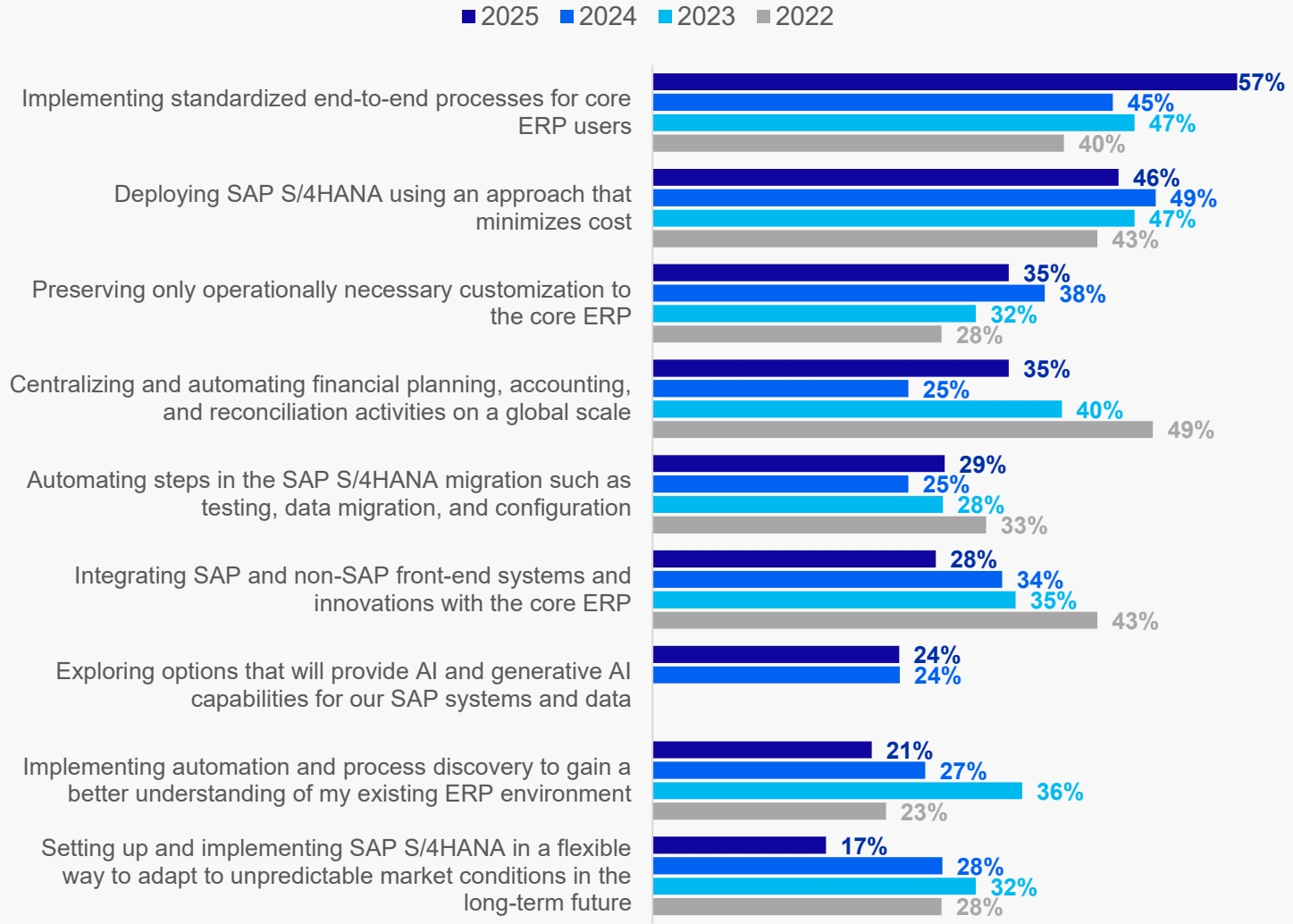
Factors Driving Strategy for SAP S/4HANA Deployment



While there is a need to move quickly, respondents still want to standardize their end-to-end processes during the transition. Taking this step helps create a system that is less reliant on customizations and hopefully allows for faster and more frequent upgrades. While SAP is no longer releasing new SAP S/4HANA versions annually, the SAP S/4HANA 2023 EHP2 release that came out in Q4 2024 was significant. With organizations looking to embrace new features and technologies as soon as they are available, streamlining the upgrade path is critical.

Those looking at centralizing systems also grew this year. This is something achievable by those that are moving to SAP S/4HANA as part of a larger transformation project that brings multiple data sources together across the enterprise.

Actions Taken to Support SAP S/4HANA Deployment Strategy



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Few significant changes were seen this year in terms of requirements for a successful SAP S/4HANA deployment. The biggest increase was in using a cloud ERP system that reduces maintenance and upgrade requirements, supporting the strategy of faster upgrades. Given that many more respondents plan to, or are already using, Cloud ERP Private/RISE with SAP, it is not surprising that this requirement has been given greater importance by respondents this year.

Requirements for SAP S/4HANA Deployment Strategies

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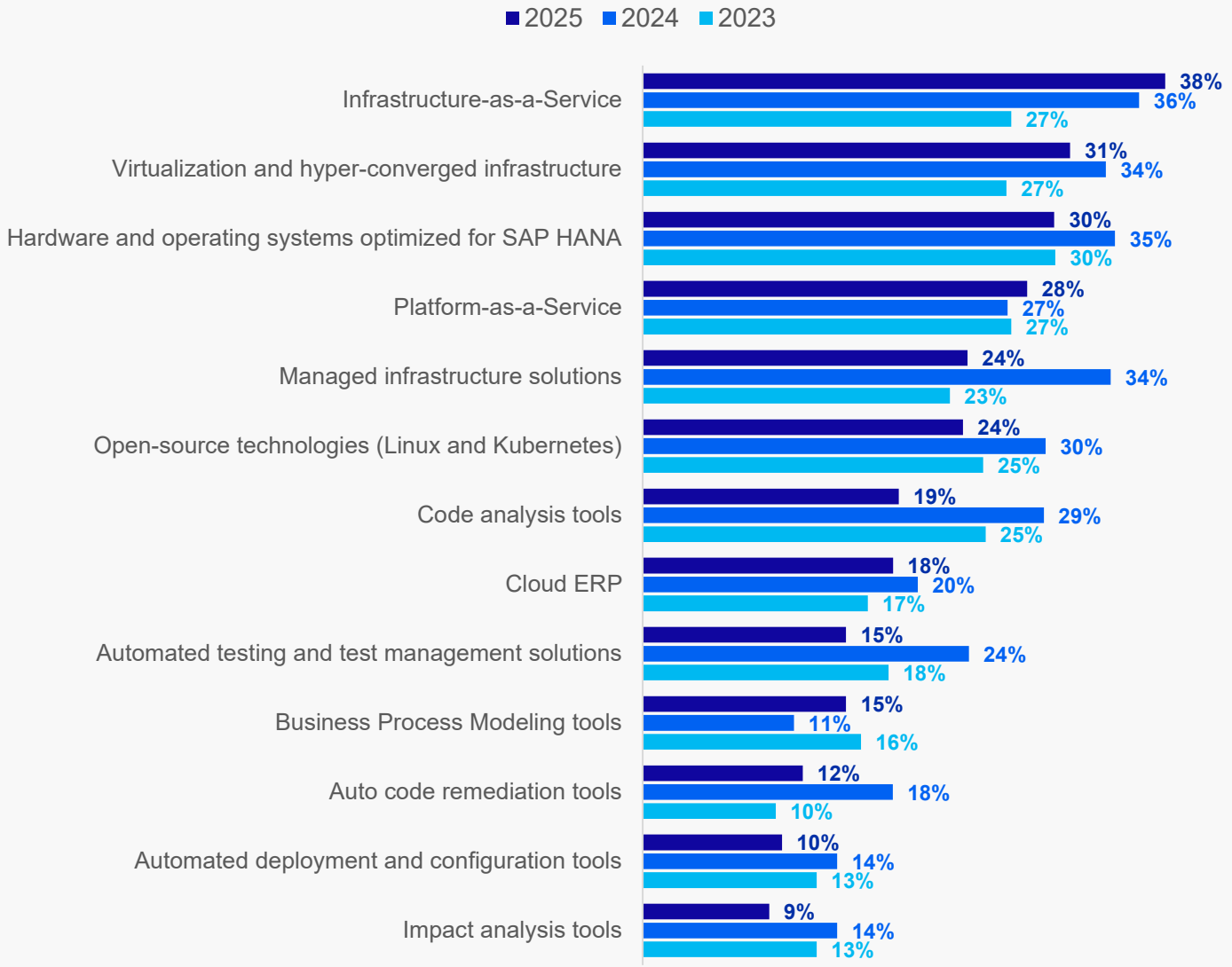
Technologies supporting the move to SAP S/4HANA have not shifted significantly this year save in the areas of managed infrastructure solutions, code analysis tools, and automated testing and test-management solutions. While these remain important, the number of respondents reporting that they are using these technologies dropped this year.

The decrease in those using managed infrastructure solutions may be because more are planning on using SAP S/4HANA Cloud. Since SAP is managing those cloud environments, organizations are much less likely to need managed infrastructure solutions in their data centers.

Technologies in Use Supporting SAP S/4HANA Deployment



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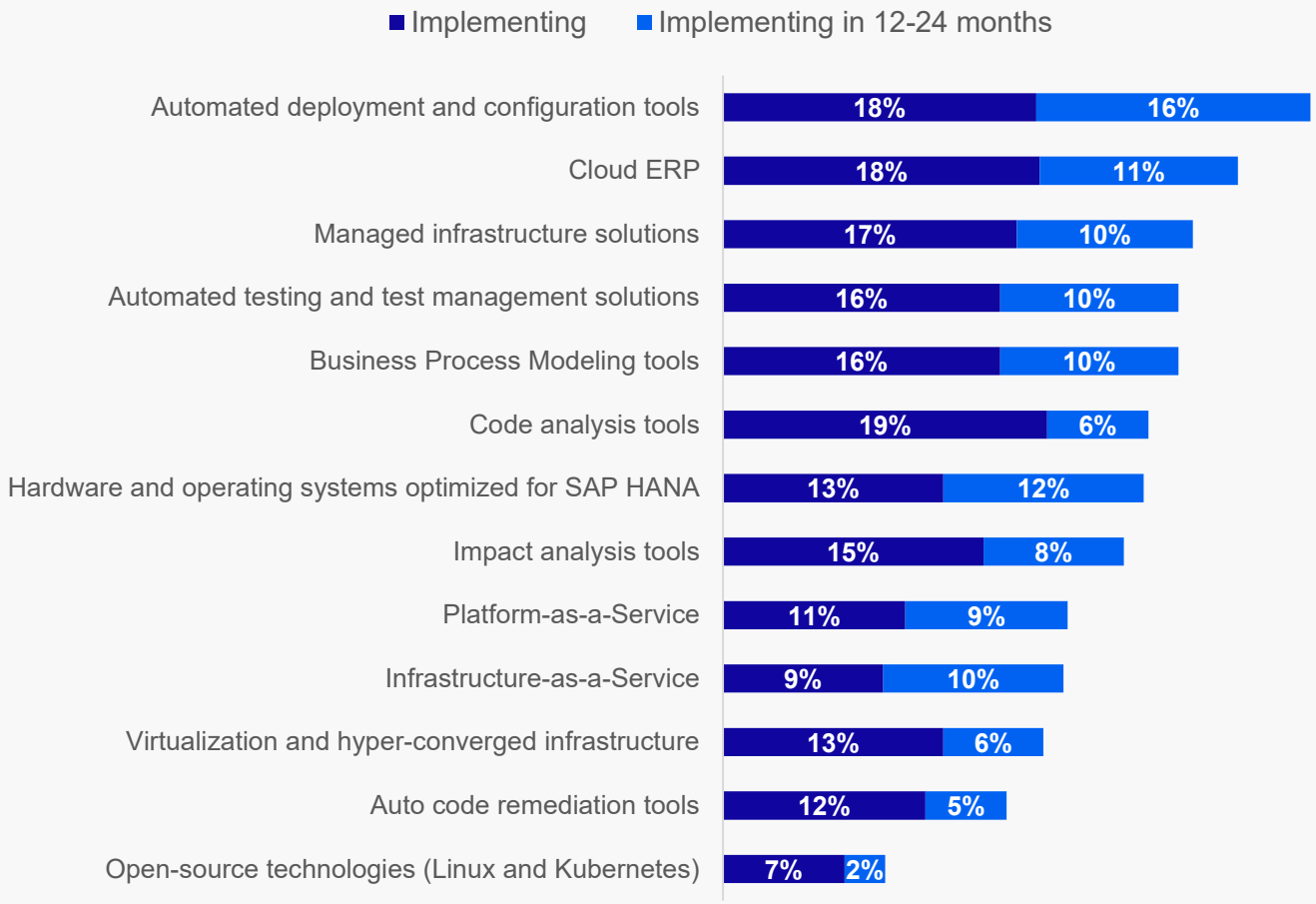
While fewer respondents this year reported using automated deployment and configuration tools, automated testing and test management tools, and code analysis tools, these are at the top of the list of technologies being implemented.

In addition to these capabilities, Cloud ERP is also high on the list of technologies being implemented. With more respondents shifting to RISE with SAP/SAP Cloud ERP Private, it is no surprise that 29% of respondents plan on implementing cloud ERP systems over the next two years.

Technologies Being Implemented for SAP S/4HANA Deployment



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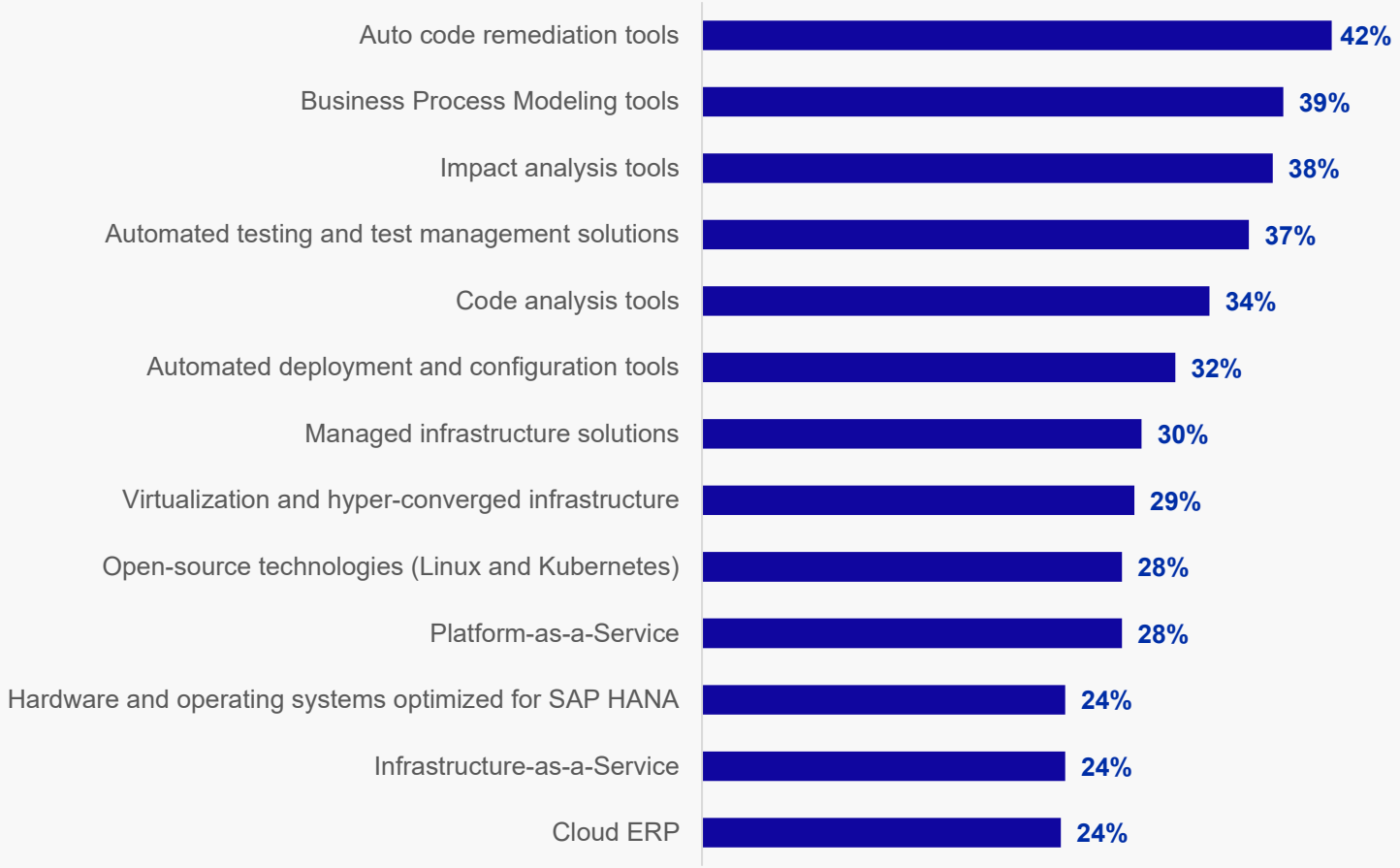
Those that have already deployed SAP S/4HANA are evaluating technologies that provide automation capabilities. At the top of this list is automated testing and test management solutions (29%), auto code remediation tools (29%), code analysis tools (23%), impact analysis tools (23%), and automated deployment and configuration tools (22%).

Those implementing or piloting SAP S/4HANA are evaluating auto code remediation tools (33%), impact analysis tools (32%), and code analysis tools (27%).

Those who are building the business case are evaluating business process modeling tools (84%), automated deployment and configuration tools (76%), hardware and OS optimized for SAP HANA (72%), and auto code remediation tools (72%).

Technologies Being Evaluated for SAP S/4HANA Deployment



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THANK YOU

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