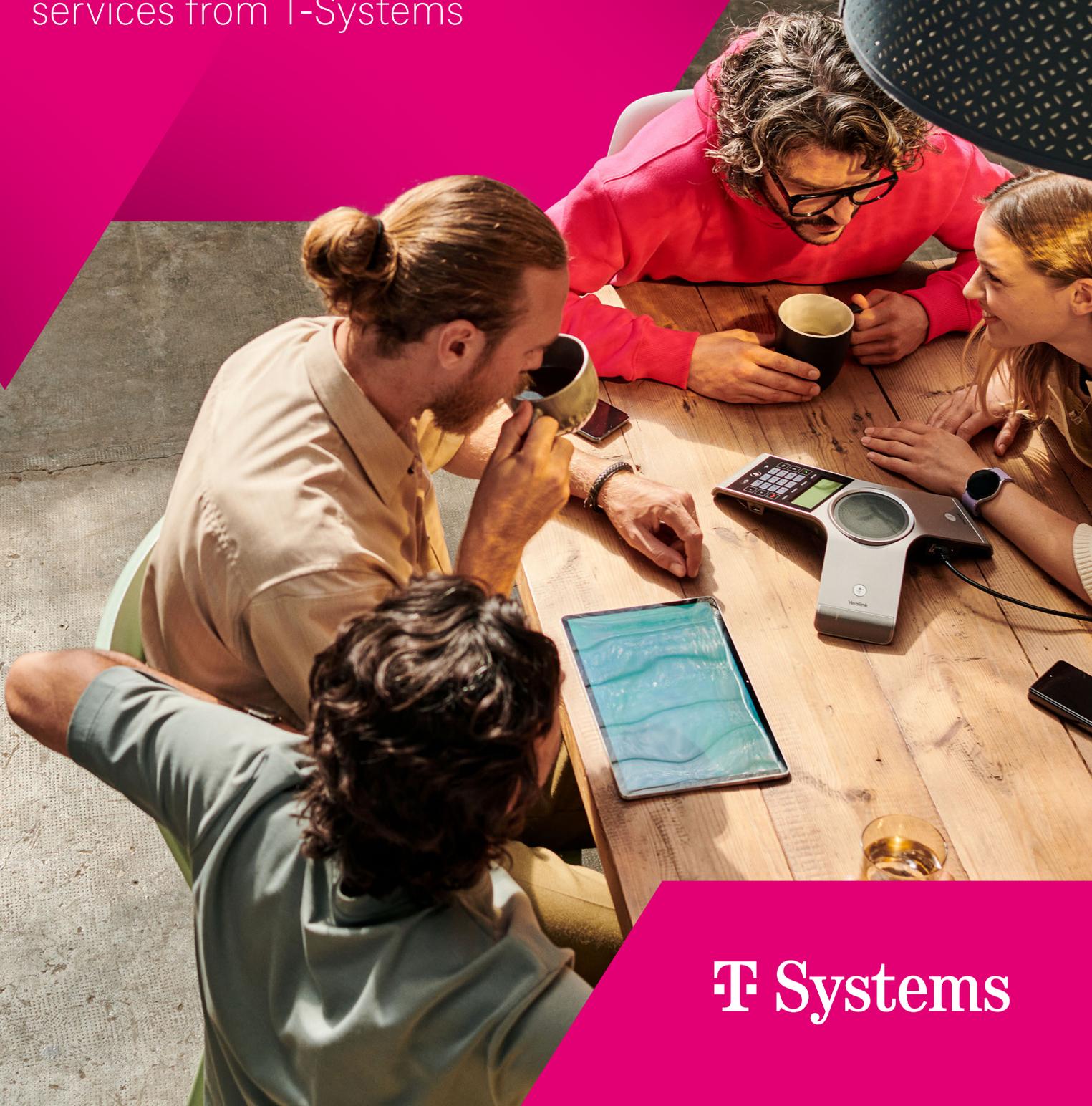


# CHARTING THE COURSE FOR A FUTURE-PROOF HUMAN RESOURCES SPACE

Modernize and optimize your  
HR systems with managed SAP  
services from T-Systems



**T Systems**

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# 1. INTRODUCTION:

## What SAP customers need to do now

Does your company use SAP Human Capital Management (HCM)? Then it's time to think about the future of your human resources (HR) processes. The days of maintenance for the SAP HR management system are numbered: SAP's maintenance commitment for the classic SAP ERP HCM system ends on December 31, 2027. If you keep everything the same, you risk rising costs and higher maintenance and support fees. Additionally, SAP's cloud-only strategy and the associated license changes leave many SAP user companies questioning the future of their HR solutions.

Affected SAP customers are under pressure to quickly implement current HR solutions from SAP. However, this transition should also be seen as an opportunity. Why not take this chance to evaluate and modernize your HR processes as part of an HR project? Consider the benefits of cloud services that offer more flexibility and scalability than traditional on-premise solutions.

These are important considerations, especially against the backdrop of other significant challenges such as generational change, the shortage of skilled workers, and new work paradigms that are pushing HR departments worldwide to their limits.

### HOW HR AND IT DECISION-MAKERS CAN MAKE YOUR COMPANY MORE INNOVATIVE

One thing is clear: new requirements in the personnel area can be managed more easily, quickly, and cost-effectively with the help of digital solutions. To guarantee future-proof HR processes, SAP customers must now address important strategic and technological questions that are relevant to their company. HR and IT decision-makers need to keep technologies such as cloud computing and artificial intelligence (AI) in mind. These technologies enable the establishment of more efficient processes and foster innovation in human resources.

With a comprehensive end-to-end SAP portfolio, T-Systems is available as a reliable partner. We support the digital transformation of your human resources with Value Consulting, SAP Application Management & Modernization, as well as extensive SAP HCM and SuccessFactors project experience. Our experts help you make your HR processes more efficient. Additionally, we bring years of experience in hosting, data center operations, and cloud computing.

### READ THIS WHITE PAPER TO KNOW:

- What possibilities do SAP's current HR solutions offer your company?
- Which HR strategy should be used to meet the requirements of the coming years?
- How does AI improve your HR processes?
- How does T-Systems accelerate the digital transformation of your human resources?

# WHAT HR AND IT DECISION-MAKERS ARE FOCUSING ON TODAY

82 %

of German companies have problems filling vacancies with skilled workers.<sup>1</sup>

2025

The year when Generation Z, raised in a limitless digital world, will make up over a quarter of the workforce in OECD countries.<sup>2</sup>

37.8 %

of employees in Germany believe that AI can significantly relieve them of routine tasks.<sup>3</sup>

~ 75 %

of employees associate the digitalization of their everyday working life with clear advantages, such as better compatibility of work and family.<sup>3</sup>

<sup>1</sup>Manpower Group, Study on the Shortage of Skilled Workers in Germany 2024, [www.manpowergroup.de](http://www.manpowergroup.de)

<sup>2</sup>World Economic Forum, [www.weforum.org](http://www.weforum.org)

<sup>3</sup>eco – Association of the Internet Industry, [www.eco.de](http://www.eco.de)

# 2. QUO VADIS HUMAN RESOURCES:

## Current SAP solutions for HR management

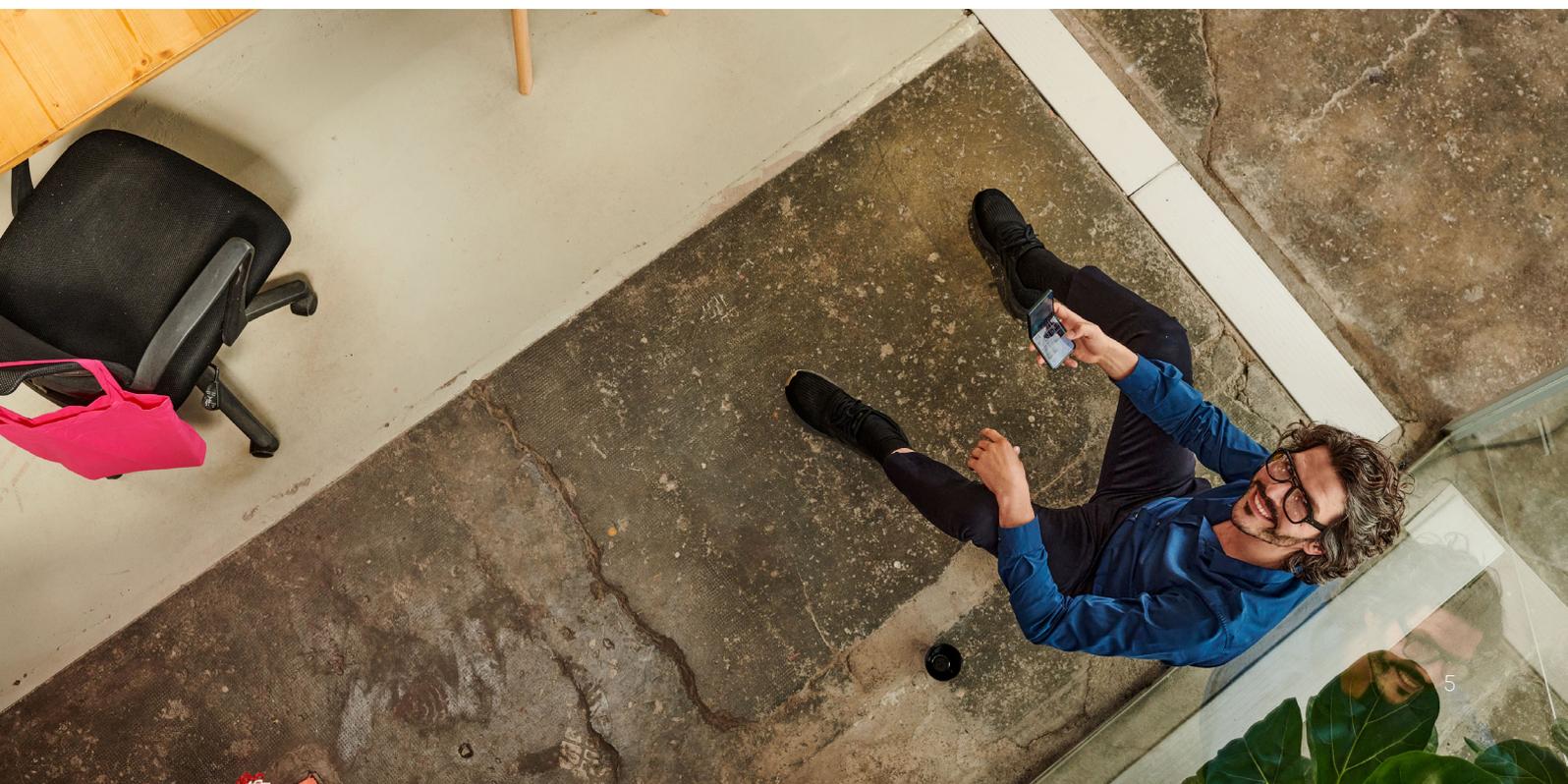
Diversity, better work-life balance, or hybrid workplace models: A modern workforce is diverse, dynamic, and places new demands on the work environment. Digital solutions for Human Capital Management (HCM) help companies manage complexity and improve collaboration and corporate management. HCM systems typically offer a wide range of HR solutions, from recruiting and onboarding to payroll and salary accounting, further training, employee surveys, and time management.

With SAP Human Capital Management for S/4HANA (SAP H4S4) and SAP SuccessFactors (HCM Suite), SAP offers two current solutions for personnel management. Additionally, SAP Concur provides another HR solution for business travel and expense management. The strategic alignment of SAP towards cloud and artificial intelligence is driving significant changes in HR software. One of the

most important changes is that maintenance for SAP ERP, the predecessor of the cloud ERP suite SAP S/4HANA, as well as for the HR solution SAP ERP HCM, will end on December 31, 2027.

There is also a unique situation: SAP customers who already rely on SAP S/4HANA or are currently implementing the cloud-based ERP system can use a Compatibility Pack to integrate their previous version of SAP HCM into an SAP S/4HANA environment. However, the days of the Compatibility Pack are also numbered, with licensing ending as early as 2025. Therefore, it is high time for companies to reorient themselves. While there may be options for extended support after the mentioned deadline, this will be very complex and associated with significantly higher costs.

### TIMELINE: SAP'S PLANS FOR MAINTAINING ITS OWN PERSONNEL MANAGEMENT SYSTEMS





But what happens next with important core HR issues such as human resources management, payroll, or time management? SAP offers various alternative options for these.

### **SAP HUMAN CAPITAL MANAGEMENT FOR SAP S/4HANA (SAP H4S4)**

SAP H4S4 has been available since the fourth quarter of 2022. Considered an interim solution on the path to the cloud world, the successor to SAP HCM could be attractive for many companies. With SAP H4S4, the HCM module is continued within the SAP S/4HANA core. The solution is based on a HANA database and offers a scope of functions equivalent to the previous SAP HCM. SAP has committed to providing care and maintenance for SAP H4S4 until 2040, making investments worthwhile. With a planning guarantee for well over a decade, IT and HR departments can act proactively and align processes to be future-proof.

Since the launch of SAP H4S4, T-Systems has been deeply involved with both the technology and integrated functions. We have successfully implemented several introductions and migrations for SAP customers, ensuring we are well-prepared for your future HR projects.

Our lessons learned: Companies are advised not to replicate their processes one-to-one in the new HR system. Instead, the transition to SAP H4S4 offers a good opportunity to review processes, modernize where necessary, and digitize paper-based processes. For companies already using digital processes, an SAP H4S4 project can accelerate the adoption of innovations such as artificial intelligence within the company.

## **This is how AI is transforming HR**

What can AI achieve today? There are numerous potential uses for AI in HR, especially in personnel search, talent management, and the automation of routine tasks. It's no surprise that AI, alongside cloud computing, is currently SAP's primary focus. In the future, for instance, the AI assistant SAP Joule is expected to be integrated into all cloud-based solutions from Walldorf.

However, many companies still have concerns about AI projects, particularly when utilizing generative AI (GenAI), regarding data protection, ethics, and legal compliance. To address these concerns and build trust in AI, the European Union is set to strengthen regulations with the AI Act, establishing a unified framework for the use of artificial intelligence by May 2024. The goal is to promote AI that is human-centered and trustworthy.

Another advantage of SAP H4S4 is its Core Hybrid Approach, which integrates the best aspects of the old on-premise and new cloud worlds. For example, companies can manage their payroll with SAP H4S4, while connecting more cloud-based HR components such as SuccessFactors or SAP Concur, such as the talent suite or time recording. These connections are established either via direct APIs or through the SAP Business Technology Platform (BTP) as a classic integration platform.

As a hybrid solution, SAP H4S4 also facilitates the use of cloud services. While public cloud environments limit HR processes to predefined standards, a core hybrid system considers customer-specific requirements. For instance, processes like sick leave management may vary significantly across companies due to unique internal procedures developed over the years. For example, when reporting sick, not only is the absence recorded, but substitutes are also informed, and tasks are redistributed. T-Systems can provide customized support solutions to SAP user companies in such scenarios.

## SAP BTP: An important pillar for hybrid environments

The **SAP Business Technology Platform** is considered a pivotal and foundational element for core hybrid systems integrating H4S4 and SuccessFactors. In practice, customers typically use SAP alongside various third-party software programs, including

recruiting tools, archive and document management solutions, or time recording systems. Seamless information and data exchange with SAP are essential. SAP BTP significantly facilitates and accelerates such integrations.



## SAP SUCCESSFACTORS (HCM SUITE)

While SAP H4S4 is available as an on-premise or private cloud variant, SAP SuccessFactors (HCM Suite) is a purely cloud-based HR software. It consists of numerous modules that companies can use independently of each other. The goal of SAP SuccessFactors is to digitally support and optimize HR processes, enabling companies to find, utilize, and further develop the right employees. It encompasses the entire employee lifecycle in one solution, from recruiting and onboarding to personnel management, further training, and succession planning.

In its latest release cycles, SAP has enhanced the solution with AI-supported functions that enhance efficiency for both employees and the HR department. AI can assist with tasks such as workforce management and handling vacation requests, allowing more time for productive work across the company.

### SAP H4S4

- Selected extensions and localizations for HR core processes
- Scope comparable to SAP S/4HANA Compatibility Pack with key features similar to SAP ERP HCM
- No major functional enhancements or new architectures; however, some simplifications
- Corresponds to SAP S/4HANA maintenance strategy until 2040
- Available for on-premise and private cloud

### Core Hybrid:

Combining the best of the old and new worlds for HR management

### SAP SUCCESSFACTORS

- Future-oriented solution to address future trends in HR
- Provides ample flexibility to rethink HR processes and design them accordingly
- Semi-annual release cycles
- Subscription-based license model
- AI support in planning

## SAP CONCUR

SAP Concur is a cloud-based software solution that enables companies to better manage their business trips. This digital platform helps organize processes such as booking business trips, billing travel costs, and managing expenses more efficiently and transparently. Among other features, customizable approval workflows ensure all expenses comply with internal guidelines and legal requirements.

Predefined interfaces or integration via the SAP Business Technology Platform (SAP BTP) allow SAP Concur to be seamlessly integrated into existing SAP landscapes. APIs and web services enable custom integration for specific needs. Synchronization between SAP Concur and SAP backend systems ensures smooth collaboration between HR and financial accounting.



# 3. DIGITAL TRANSFORMATION IN HUMAN RESOURCES:

## Which path is the right one?

As described, SAP solutions for human resources management include public, core hybrid, and even on-premise installations. Companies now face the question of which HR solution to implement to ensure future-proofing and which ones to avoid.

T-Systems helps you answer these questions for your company. We guide HR and IT decision-makers on how to leverage the cloud technology from SuccessFactors (HCM Suite) without forgoing the comprehensive functions of SAP HCM or SAP H4S4, such as payroll accounting.

The answer lies in a core-hybrid solution. Just as in many areas of life, cloud usage doesn't have to be black or

white—there are many shades of grey. Hybrid landscapes and integration with the SAP Business Technology Platform represent a potential “golden” middle path. Transitioning from the classic SAP ERP HCM to the cloud world varies for each company. A sensible scenario might involve switching to SAP H4S4 as a bridge between the previous on-premise setup and the new cloud world.

### **IMPORTANT ADVANTAGES OF HYBRID SOLUTIONS:**

- Flexible and scalable cloud resources
- Better compliance with regulatory requirements
- Customizable HR processes and adjustments
- Easy integration of innovative technologies, processes, and user interfaces (keyword: user experience)

## Excursus: RISE with SAP

One thing is clear: Human resources is only a sub-area within the company and thus just one building block of digital transformation with SAP S/4HANA. Nevertheless, it's worth considering the overall package that companies receive with RISE with SAP. As a RISE with SAP premium supplier,

T-Systems provides reliable and efficient private cloud infrastructure operated in Germany, ensuring maximum security and GDPR compliance. This helps our customers keep their HR data securely available in the cloud.



# 4. PUBLIC CLOUD, HYBRID CLOUD OR ON-PREM:

## Migration to SAP H4S4

As mentioned at the beginning, it can be useful for HR and IT decision makers to consider evaluating and modernizing their HR processes before switching to a new SAP HR solution. This applies to SAP projects in HR as it does to (almost) all IT projects: costs, effort, and conversion time always depend on the individual situation in the company. It depends on the age and complexity of the current HCM system and the extent to which HR processes need to be adapted or completely redesigned. The keywords here are Brownfield vs. Greenfield.

To ensure a smooth transition to SAP SuccessFactors, SAP offers the “SAP HXM Movement” for special assistance. This program addresses core human resources issues such as administration, payroll, and time management, which can be specifically integrated into SAP SuccessFactors. The goal is to facilitate the transition to the cloud for SAP customers.

### IMPORTANT MILESTONES IN THE MIGRATION PROJECT

The success of HR projects also depends on good planning and preparation. It is recommended to get users on board at an early stage. Additionally, intensive software testing is worthwhile to avoid unpleasant surprises after migration.

The following applies: the younger a system is, the faster the changeover. For HR systems that have been productive for many years, many customer-specific settings must be considered during the conversion. The fact that the employees who originally set up the previous environments are often no longer with the company makes the matter even more complex. Important to know: during the migration to SAP H4S4, functions can be tested in the new system. However, once the SAP H4S4 migration is activated, it is not reversible. To ensure a smooth transition, T-Systems tests all HR processes in a dedicated sandbox system.

## Brownfield vs. Greenfield

How companies can best structure their transition to a current SAP HR solution, such as SAP H4S4, depends on their specific circumstances. There are two common approaches:

In a **Brownfield approach**, companies migrate their existing HR processes directly to the new HR system. Their motto: “Never change a running system.” Their goals: less effort, shorter project duration, and therefore lower project and personnel costs.

With a **Greenfield approach**, companies rethink and redesign their HR processes. What works well is retained, while complex or manual processes are digitized, automated, and optimized. This allows companies to meet new requirements more quickly, use innovations in the HR area more efficiently, and thus position themselves for the future overall.

# 5. T-SYSTEMS:

## A strong partner and reliable companion

As an SAP partner, we offer companies an end-to-end SAP portfolio. We have extensive SAP expertise and many years of experience with SAP and cloud projects. T-Systems can handle all operating models and support cloud platforms, including public cloud solutions from hyperscalers such as AWS, Google Cloud Platform, and Microsoft Azure. Our offering also includes a private cloud hosted in Germany or a sovereign cloud hosted solely in the EU, each meeting regulatory and compliance requirement.

With our services related to human capital management, we focus on employees and their needs, supporting them with easy-to-use, state-of-the-art tools. Another plus point of our SAP services is that we integrate HR solutions from third parties, such as workflow automation from Pega Software, to make HR processes more efficient.

For our customers, we can map, implement, and operate the entire SAP and human resources processes. We are not just SAP partners and HR specialists; we also have the strong backing of our parent company, Deutsche Telekom. Within the magenta ecosystem, we work closely with Telekom MMS GmbH, which focuses particularly

on medium-sized businesses and SAP SuccessFactors. Additionally, with Detecon, we have a proven consulting specialist at our side, while our own SAP Value Consulting includes innovation, strategy, and technology consulting in the context of digital transformation.

### FACTS AND FIGURES ABOUT OUR SAP HR SERVICES

T-Systems has a dedicated business unit in Germany solely focused on SAP HCM, which is part of our global SAP HCM organization. We exclusively specialize in this area, with approximately 120 HCM experts across various locations throughout Germany who have completed numerous reference projects for SAP H4S4. Our customers include companies of all sizes and from various industries, such as manufacturing, healthcare, retail, and transportation & logistics. We also customize HR processes specifically for the public sector.

All our customers benefit from our substantial innovation budget for new technologies and solutions, including AI, SAP H4S4, and SuccessFactors, which enables us to lead in current customer projects and deliver significant added value in the market.

## Our offer at a glance

### **T-Systems offers comprehensive services including consulting, migration, implementation, and operations for:**

- SAP Human Capital Management for S/4HANA (SAP H4S4)
- SAP HCM On-Premise
- SAP SuccessFactors (HCM Suite)
- SAP Concur

### **Additionally, we provide solutions for:**

- Interface design for all applications
- Integration into existing IT landscapes or third-party solutions
- **Application Management & Modernization for HCM**
- Migration of legacy systems

# 6. CONTACT US FOR MORE INFORMATION

**DO YOU HAVE ANY QUESTIONS?  
NEED MORE INFORMATION?  
OR WOULD YOU LIKE TO START AN HR PROJECT?**

Please feel free to contact us. Our experts are available to provide answers and assistance. Further information about our end-to-end SAP services portfolio can be found on our [website](#).

## **CONTACT**

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