

RESEARCH REPORT

ERP Migration and Transformation 2026

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Executive Summary

The move to SAP S/4HANA continues to accelerate. While this has largely been driven by a need to transition to a fully supported product before the end of mainstream maintenance in 2027 and a growing number of organizations planning to use cloud-based ERP, this year's data has also revealed that access to generative AI in SAP systems, in addition to SAP's announcements on AI, are having a considerable impact on the overall transition.

To provide insights into plans for ERP migration and transformation, SAPinsider surveyed 296 members of its community between December 2025 and March 2026. Following trends first noted in research published in mid-2025, a growing number of organizations report that they have deployed cloud-based ERP—specifically SAP S/4HANA Cloud. Both Private and Public editions are being used by respondents, although they are approximately twice as likely to have deployed SAP S/4HANA Cloud Private Edition than SAP S/4HANA Cloud Public Edition.

While there has been a rapid growth in those having deployed SAP S/4HANA over the past year (**Figure 1**), a significant proportion of respondents (36%) are still in the process of implementing, evaluating, or building a business case for the transition. A further 4% report that their project is on hold, while 5% currently have no plans for SAP S/4HANA.

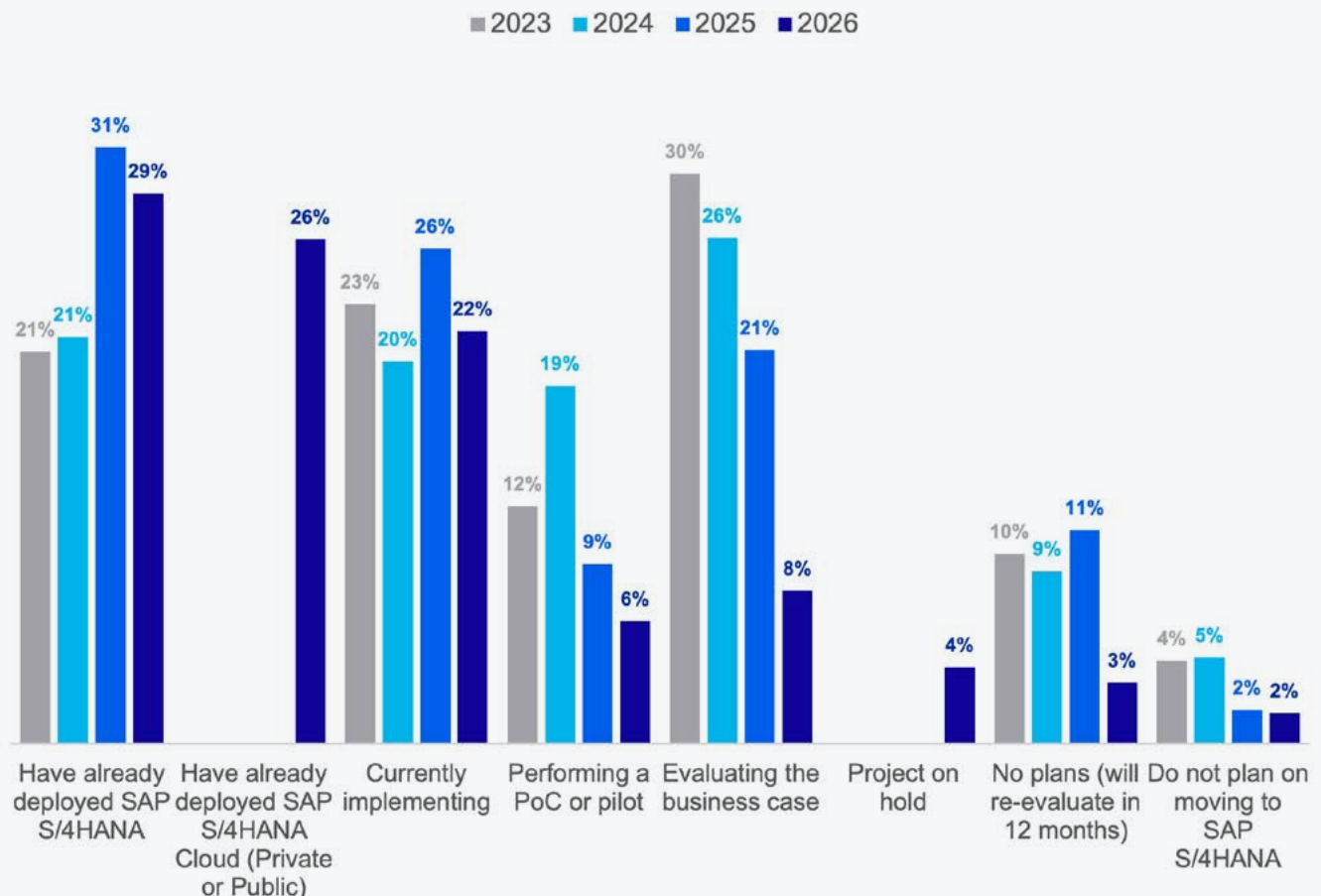
SAPinsider has not previously listed SAP S/4HANA Cloud as a separate answer choice when tracking the move to SAP S/4HANA, and the fact that nearly as many respondents (26%) reported that they were using this version compared to a more traditional SAP S/4HANA deployment (29%) provides some interesting insights. First, it confirms the fact that many early adopters of SAP S/4HANA have been transitioning to a RISE with SAP (now SAP Cloud ERP Private) contract as their existing versions have ended mainstream maintenance.

36%

are still in the process of implementing, evaluating, or building a business case for the transition.

FIGURE 1

Current SAP S/4HANA Adoption Status



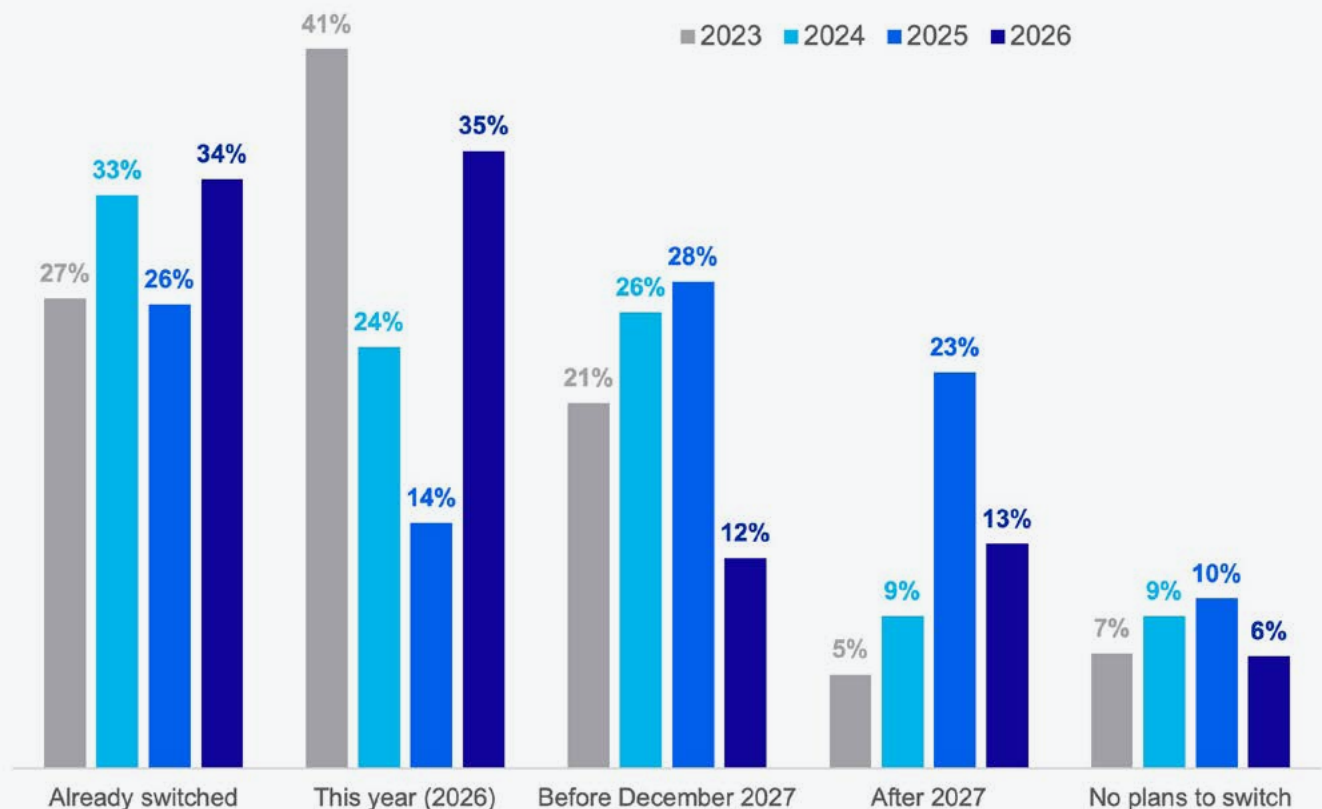
It also shows that those moving to SAP S/4HANA now appear more likely to be moving to SAP S/4HANA Cloud. This is likely due to the challenges with securing traditionally licensed SAP S/4HANA contracts.

However, the fact that 55% of respondents report that they have completed an SAP S/4HANA or SAP S/4HANA Cloud deployment does not mean that these organizations have completed a transition **(Figure 2)**. Since many organizations have complex existing landscapes, some may continue to run multiple systems in parallel to ensure that everything is working correctly before making a final switch to the new software. Larger customers may also be running multiple ERP instances and a single SAP S/4HANA deployment does not mean that all their systems have transitioned. An SAP S/4HANA deployment may also represent just a proof of concept or a pilot project while the organization evaluates the solution.

Just over a third of the survey's respondents (34%) report that they have completed a transition to SAP S/4HANA because of all these factors. This is consistent with overall numbers that SAPinsider has been tracking over the last five years showing continued growth in adoption.

FIGURE 2

Timeline for Switching to SAP S/4HANA



The difference this year is that another 35% of respondents indicate that they plan to switch to SAP S/4HANA before the end of 2026, more than double the number that planned to do so in last year's research. This significant increase coincides with a growing number of organizations looking to complete their transition to SAP S/4HANA as quickly as possible. However, unless these organizations had already started their move it seems unlikely that they will complete it this year, and this number may end up representing more of an intention than a reality.

Most importantly, a significant number of organizations (13%) report that they will not complete their move until after 2027 or have no plans at all to switch (6%). While these numbers have decreased when compared with last year, it is likely that they more closely reflect reality when considering the number of SAP ERP customers prior to the release of SAP S/4HANA in 2015 and how many are likely to have already done at least some form of deployment

INSIDER PERSPECTIVE

“As geopolitical risks force us to rebuild global supply chains almost overnight, our ultimate challenge isn't just technology—it's managing unprecedented business change from the IT side.”

— CIO IN THE SUPPLY
CHAIN INDUSTRY

→ Next Steps

Our research reveals that SAPinsiders should apply the following key steps related to their plans for ERP migration and transformation.

- **Realistically appraise the ability to complete an SAP S/4HANA switch prior to 2027.** Many organizations who last year reported that they would only complete their move to SAP S/4HANA before the end of 2027 or even after 2027 are now indicating that the switch will be completed this year. Given the average length of an SAP S/4HANA implementation, unless these deployments are already underway the timeline for transition may be somewhat optimistic. Organizations need to realistically evaluate whether they can complete a transition over the next two years and work to ensure that it is successful.
- **Evaluate the benefits of SAP S/4HANA Cloud.** With 29% of respondents reporting that they have already deployed SAP S/4HANA, this is the most likely version to be in use. However, many early adopters of SAP S/4HANA have been switching to a Cloud ERP contract because the move from SAP S/4HANA to SAP S/4HANA Cloud Private Edition is little more than a lift and shift. For those that may have been considering just using SAP S/4HANA, taking the time to evaluate SAP S/4HANA Cloud is a worthwhile investment.
- **Secure any engagements with deployment partners as soon as possible.** Those that are planning to switch to SAP S/4HANA before the end of 2026 should already be working closely with any system integrators or consultants that are part of the project. For those that have not yet planned those engagements it is vital to do so because there will be a significant resource bottleneck over the next two to three years as organizations look to complete their move. Prioritize setting up any necessary engagements as soon as possible.

Factors Impacting SAP Cloud ERP Decisions

As has been the case for the last three years, the upcoming end of maintenance is the biggest single factor impacting the transition to SAP S/4HANA. **(Figure 3)** However, the last year has seen a shift in the impact that accessing generative AI has had on plans for ERP migration and transformation. Focus on accessing AI capabilities, combined with a need to reduce costs, are having a growing influence on plans for ERP transformation. The 2027 deadline is still hugely important to SAP customers, but SAPin-siders must balance the demands of factors such as updating systems to support changing market needs, cost management, and pressure to implement AI.

FIGURE 3

Factors Driving Strategy for ERP Migration and Transformation



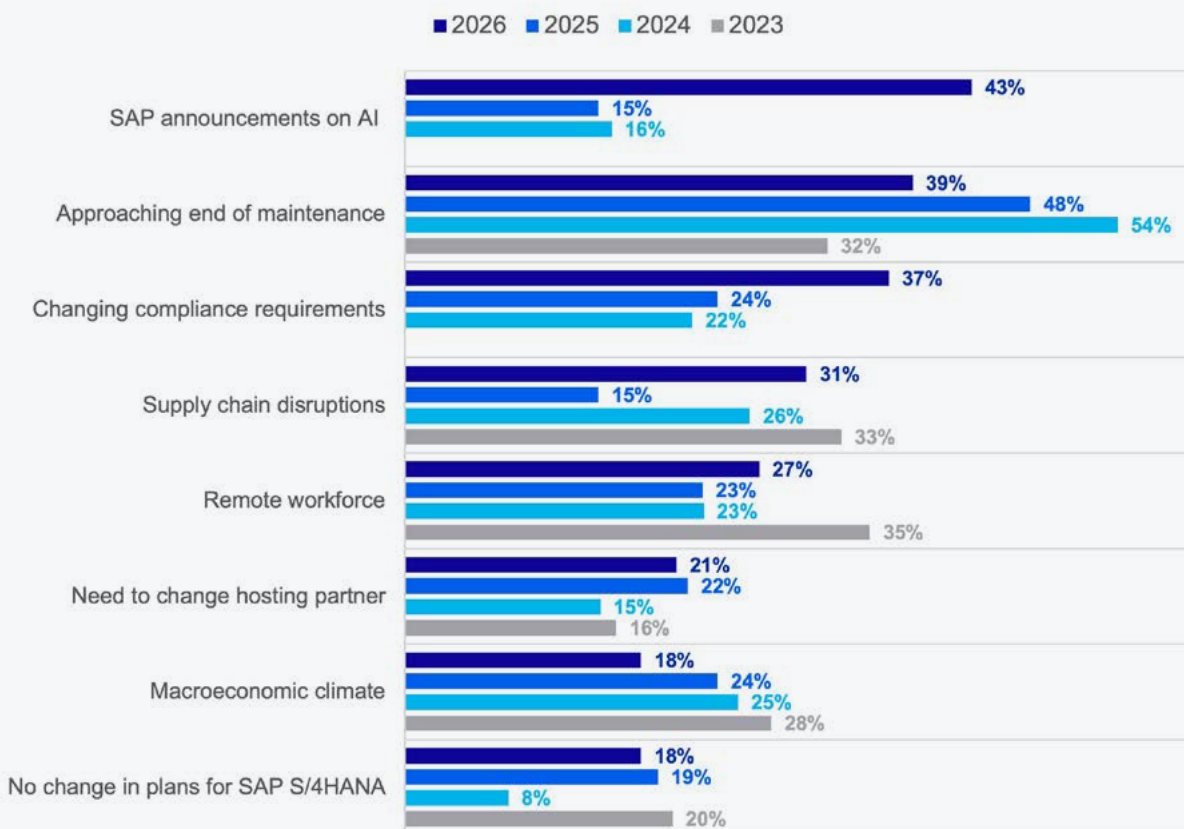
Additionally, the audience for this year's research is predominantly from the US (60%). Previously, the focus on the upcoming end of maintenance has always been more prevalent among European respondents. However, over the past year that has shifted so that this is the most important factor driving ERP migration and transformation strategy regardless of region.

It is also more likely that this shift is because of organizations needing to balance multiple factors have an increasingly important impact. For example, many organizations need to more effectively manage costs while providing systems that meet today's market needs. When combined with a need to include AI in daily operations, organizations must balance conflicting priorities with a project that is as significant and expensive as an ERP transformation.

Comparing the external factors driving ERP migration and transformation strategy (Figure 4) is especially interesting. It shows just how important SAP announcements on AI have been to the ERP strategy for SAPinsiders, exceeding even the looming end of mainstream maintenance date at the end of 2027.

FIGURE 4

External Factors Impacting ERP Migration and Transformation Plans Over the Last 12 Months



While SAP announcements on AI have experienced the biggest change in the impact they have on ERP migration and transformation strategy, other areas have also seen a significant increase this year. Most notably are changing compliance requirements, up 13% this year to 37%, and supply chain disruptions which was highlighted by more than twice as many respondents. Compliance requirements are particularly important for organizations operating in Europe as they can be impacted not only by decisions at the level of the European Union (EU) but also by changes made by individual EU nations. This makes ensuring that ERP strategy accounts for these changes particularly important.

Supply chain disruptions is a more interesting change as it doesn't necessarily apply directly to ERP planning. However, organizations dealing with these disruptions may be forced to change ERP strategy to better manage factors tied to these disruptions. Examples of this may include sudden changes in budget or timeline when it comes to completing projects. These may force deployment teams to rapidly accelerate transformation plans or put them on hold until a later date. The growing impact of these disruptions suggests a more volatile environment for ERP migration and transformation, potentially impacting plans as organizations move towards the end of 2027.

Reflecting the growing importance of AI when it comes to SAP solutions, a higher number of respondents reported that they are more likely to be using AI in all areas (**Figure 5**). The most likely scenario is the use of SAP's generative AI co-pilot Joule, something that aligns with SAP's plans to make Joule the primary interface for SAP systems during 2026. While many organizations are still working out the value and use cases for Joule, the fact that there was a more than 40% increase in the number of organizations planning to use Joule year over year underscores the importance of this approach. Since Joule is currently the only generative AI capability available within SAP S/4HANA Cloud also likely impacts this focus.

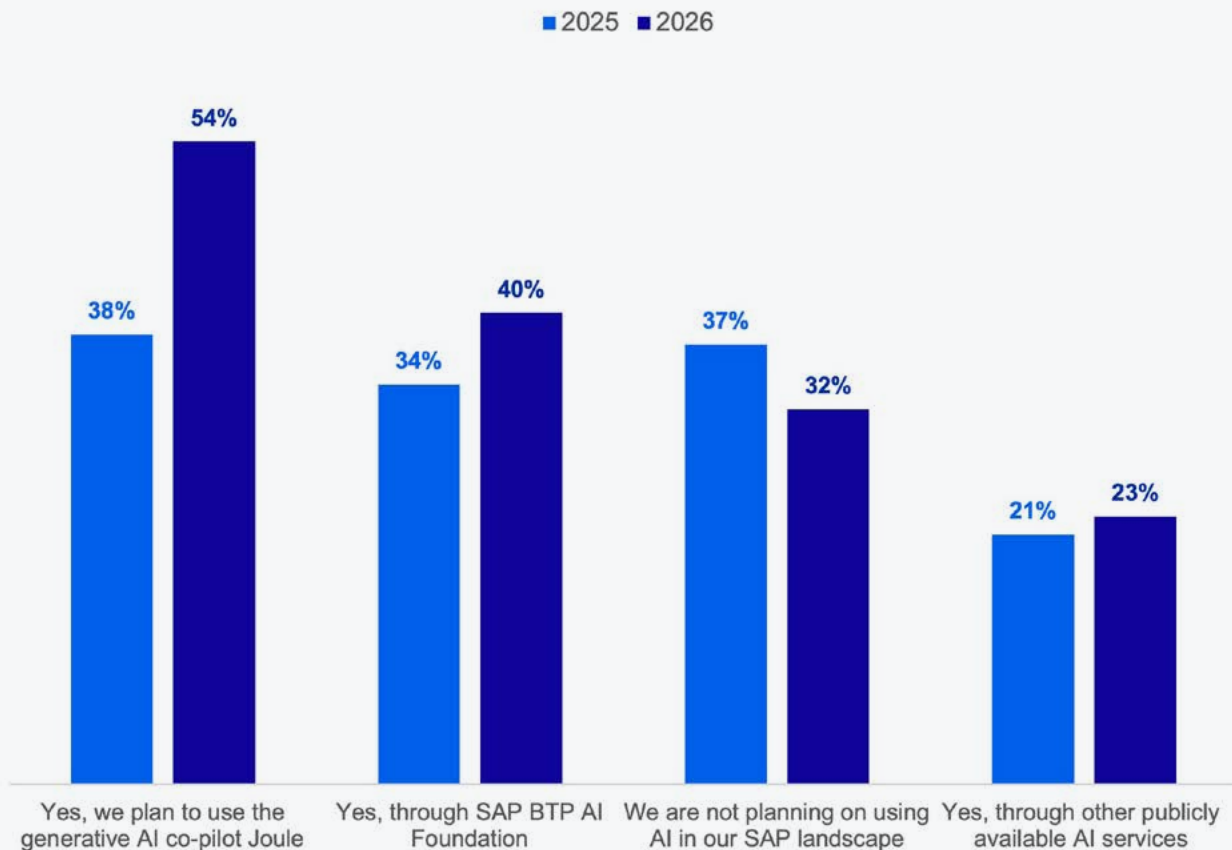
INSIDER PERSPECTIVE

AI initiatives are people projects, requiring sustained investment in change management, skills development, and leadership engagement to ensure adoption. If you don't invest in change management, you are doomed."

— CIO, REGULATED INDUSTRY

FIGURE 5

Plans for Using AI or Generative AI in SAP Landscapes



Although not seeing as much growth as those planning on using Joule, 40% of respondents now report that their organization is planning on using AI Foundation via SAP Business Technology Platform (BTP) as a means of including AI in their SAP landscapes. This is important because this approach allows those developing applications to include many popular AI models and leverage them in their SAP applications. This does not directly embed them in an application like SAP S/4HANA, but an extension built using SAP BTP could leverage AI Foundation to apply a third-party model to the data or process that is being presented.

Corresponding to the planned increase in use of AI models across SAP landscapes is a decrease in those who are not planning on using AI. While there were big increases in the number of respondents planning on using Joule and AI Foundation, there was a smaller decrease in those who have no plans for AI in their SAP landscapes. This is partly because many are taking a conservative approach to using AI in SAP systems and landscapes even if the use of AI across the organization is accelerating but is likely also because leveraging AI in SAP landscapes may require solutions or capabilities that the customers has not yet deployed.

Key Takeaways

When it comes to ERP migration and transformation, consider the following:

- **Look to balance challenges in ERP transformation projects through cross-team collaboration.** While there may be significant internal pressure to move to a supported ERP system before mainstream maintenance ends, organizations must balance that against factors like cost management, ensuring systems meet changing market requirements, and a need to add generative AI capabilities. This may not be easy, but working with the right line of business partners, executive sponsors, and deployment teams is a crucial part of ensuring the success of ERP transformation projects.
- **Determine the role that AI will play in SAP landscapes.** For those focused on the move to SAP S/4HANA the biggest decisions are likely related to ensuring the success of that transformation project. While that is obviously crucial, given the size of the project, organizations must plan for how and where AI will feature in their SAP landscape. Failure to take this step early in the deployment process will mean that AI may end up being added as an afterthought or be missing entirely from systems where users expect to leverage it.
- **Build flexibility into ERP migration and transformation projects.** There is always uncertainty in a project as large as an ERP transformation. Given the external factors potentially impacting these projects, unexpected delays or the need to accelerate deployment can have unplanned impacts. This makes it vital for transformation teams to have the flexibility to react to these challenges as well as complete necessary milestones. It is only by working closely with sponsors and business leads that this flexibility can be achieved.

INSIDER PERSPECTIVE

“Business users see technology evolving rapidly in their personal lives and expect enterprise IT to move at the same pace, if not faster. This intense pressure for innovation often pushes us to put security on the back burner just to get a proof-of-concept off the ground and meet those requirements. But while we rush to prove the tech stack works, the reality catches up with us: the ultimate need for robust cybersecurity is bigger than ever.”

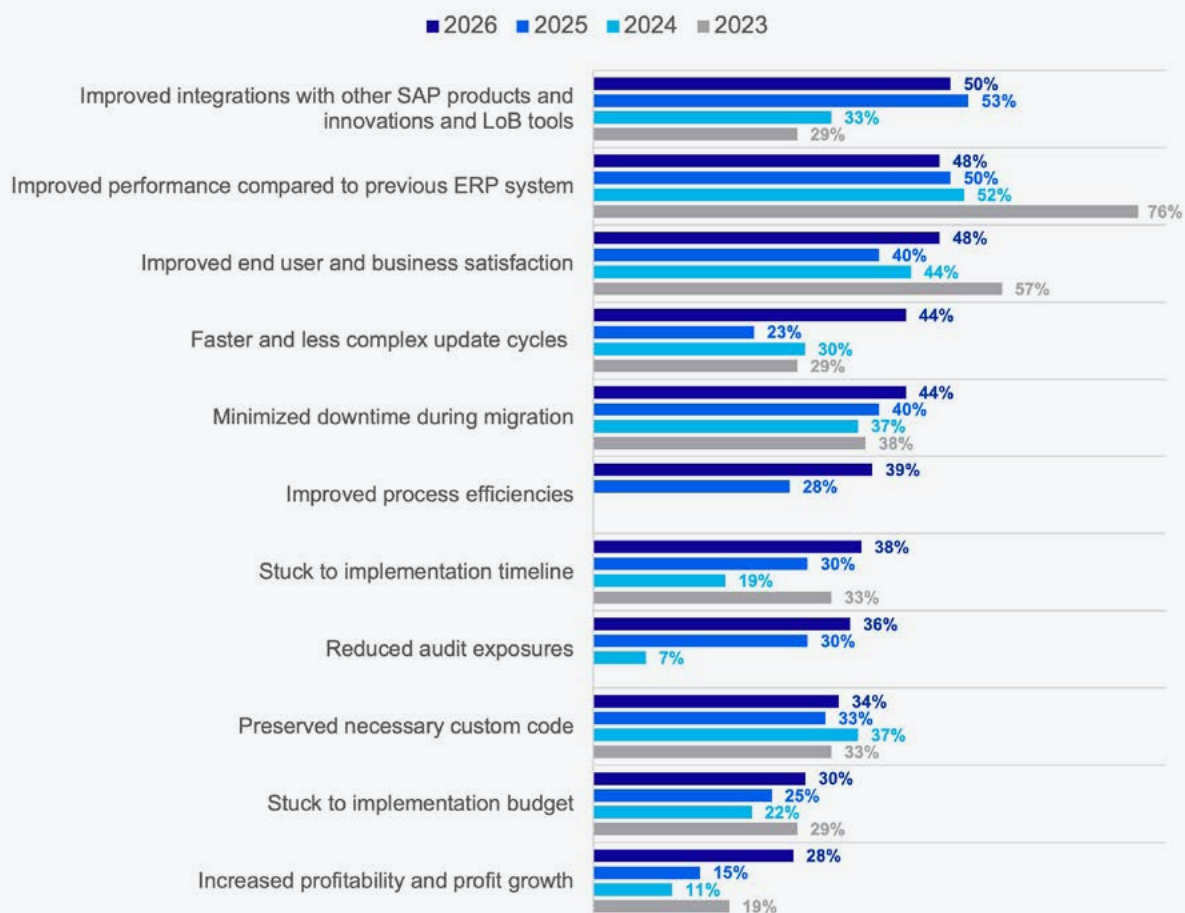
— CIO ON THE ADDITIONAL
NEED FOR CYBERSECURITY

Recommendations and Required Actions

SAP stopped publicly reporting SAP S/4HANA adoption numbers several years ago due to relatively linear growth. Even though the end of mainstream maintenance deadline was approaching, there wasn't an accelerating growth in adoption. That has now started to change, although it remains unclear whether the accelerating deployment will get most customers onto the solution before mainstream maintenance ends in 2027. Current information suggests that the move will continue into the end of the decade and possibly beyond.

FIGURE 6

Benefits Experienced From Moving to SAP S/4HANA



* Respondents that are already running SAP S/4HANA

For those that have moved to SAP S/4HANA there are significant benefits with one of the biggest being improved performance compared to other systems (**Figure 6**). Organizations also find significantly improved integration with other SAP products, something that is vital given the interconnectedness of the modern ERP system. Given the change in user interface, it is also no surprise that there is also an increase in business and end user satisfaction. It should be noted many organizations are reporting that they are experiencing faster and less complex update cycles. Those that have managed to minimize the number of customizations they are running and are following cleaner core principles are benefiting from these faster upgrade cycles. This offers an advantage in terms of how quickly organizations can apply patches, enhancement packages, and updates and will become increasingly important as organizations look to utilize new and updated functionality.

However, significant numbers of customers still need to move to SAP S/4HANA over the next five years, and with increased pressure from SAP to make that move, the strain is on organizations. Faced with the many external factors reported by respondents in this year's research, the next few years will be challenging for those completing SAP ERP migration and transformation projects.

This year's survey also revealed other trends, including the following:

- Increased cost of cloud-based infrastructure and deployments (63%) and an inability to create a value proposition for SAP S/4HANA (50%) were the two biggest barriers to implementation identified by respondents who currently had no plans for SAP S/4HANA.
- SAP BTP (57%) was the most likely additional solution planned to leverage the deployment of SAP S/4HANA. Given the hundreds of services that it offers along with its role as the foundation for the new SAP Business Suite and many other applications, it is no surprise that SAP BTP is the focus for many SAPinsiders. While only introduced in 2025, 24% of respondents reported that they planned to deploy SAP Business Data Cloud (BDC) to leverage their ERP investments.
- The biggest challenge when deploying SAP S/4HANA continues to be adapting and remediating custom code. Concerns such as access, authorizations, and cybersecurity planning increased in importance this year. This reflects the increasing prominence of cyber-attacks combined with the increase in the number of high severity patches released by SAP during 2025.

INSIDER PERSPECTIVE

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“Modernization fails without discipline. That includes aligning business stakeholders, defining accountability for outcomes, and sustaining focus after go-live rather than treating implementation as an endpoint.”

— MARTIN MENARD, CIO,
PACIFIC COAST COMPANIES

Required Actions

Based on the survey responses, organizations should consider the following when making their SAP S/4HANA deployment plans:

Ensure that security is at the forefront of any ERP transformation projects.

SAP announced more high impact notes during 2025 than in any previous year. There were also SAP customers that experienced successful breaches that started in SAP systems. This makes it vital for anyone involved in ERP transformation projects to focus on access, authorizations, and cybersecurity planning. Failure to do so may well result in systems that are vulnerable to attacks as soon as deployments are completed.

Continue to work closely with business teams during ERP migration and transformation projects.

With the need to move to SAP S/4HANA before the end of 2027, many organizations have made decisions increasingly driven by IT to hit project timelines and goals. While this is understandable, it has resulted in less involvement of line of business organizations such as finance, analytics, and supply chain. However, line of business teams are vital to the overall success of ERP transformation projects as, without their involvement and support, adoption can be lackluster, and acceptance can be minimal. Even if the decision to move to SAP S/4HANA is largely made by IT, business teams and executive sponsors must be included in the process for it to be successful.

Work with SAP to ensure that ERP transformation projects are completed prior to the end of 2027.

For customers whose projects are already underway there is a high likelihood that they will be completed prior to the end of 2027. For those that are still in the evaluation phase or who are putting together their business case, this deadline is much less likely to be achieved. Given that there are likely to be between 20,000 and 25,000 customers who previously licensed an SAP ERP system that have not yet licensed SAP S/4HANA, it is easy to see where resource bottlenecks and deployment delays will eventuate. This makes it vital for organizations to work closely with SAP to ensure the success of their ERP transformation projects from the perspective of securing contracts and supporting the technical aspects of the project.

STRATEGY AND NEEDS FOR ERP AND INNOVATION



DRIVERS

- Upcoming end of maintenance requires a transition to SAP S/4HANA (38%)
- Need updated systems and processes to support changing market requirements (30%)
- Pressure to reduce costs in existing systems and infrastructure and provide additional flexibility and scalability (26%)



ACTIONS

- Modernizing or eliminating custom processes to streamline transition and provide more agility for future updates (38%)
- Modernizing reporting and business intelligence strategies to provide faster access to business insights (36%)
- Implementing standardized end-to-end processes for core ERP tasks (32%)
- Deploying a flexible cloud-based or hybrid infrastructure that minimizes TCO and accelerates deployment of software instances in a compliant way (32%)



REQUIREMENTS

- Integrations between core ERP and line of business applications (82%)
- Fully compliant ERP system that supports both global and local regulations (82%)
- Minimal disruption to operations during the move to SAP S/4HANA (78%)
- Deploying supported ERP prior to the end of 2027 (77%)
- Cleansed and harmonized operational data across systems (75%)
- A partner with a proven track record implementing SAP S/4HANA (75%)



TECHNOLOGIES

- SAP Readiness Check (48%)
- SAP BTP (47%)
- Managed infrastructure tools (38%)
- Integration tools and solutions (37%)
- Process Discovery for SAP S/4HANA Transformation (37%)
- Clean Core setup and analysis tools (33%)
- Change management solutions (32%)
- Business Process Modeling or Process Intelligence Tools (31%)
- Data cleansing tools (30%)
- Automated deployment and configuration tools (28%)
- Automated testing and validation tools (26%)
- Automated code remediation tools (20%)

APPENDIX

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 is 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 they 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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