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The Centiq State of

SAP HANA

Report

Executive Summary

When SAP HANA launched in 2011, many interested organisations initially struggled to create compelling business cases or measurable Return on Investment (ROI). Seven years later, this has changed.

Following on from our last report, 'Debunking the three myths of HANA', this year's survey once again represents the UK's largest independent survey on SAP HANA usage. We have applied our extensive knowledge to this research which provides valuable insights into how SAP HANA is used by organisations as well as its business benefits. Where possible we have provided year on year comparisons with a view to making this research increasingly valuable over time.

Organisations both large and small need **agility, responsiveness and deep customer insights** to be competitive and they are mostly achieving this using Cloud-based IT services. However, for SAP users, as the Cloud proliferates, it is unclear what role Public Cloud, plays in their environments. Whichever they decide, to maximise ROI, the key is not the flavour of Cloud technology itself, but the **business transformation** it enables.

The past 12 months, have seen a considerable increase in the number of SAP HANA and S/4HANA platform options, as well as the number of analytical interfaces which are available. While customer choice is a positive thing, the sheer volume of options can also be confusing to navigate.

Indeed, an even more significant concern identified in this year's report is the complexity, confusion and legal issues surrounding SAP HANA licensing. As a result, most organisations are still in the process of weighing up the most effective migration approaches from existing landscapes to SAP HANA or S/4HANA.

Yet, despite the confusion, there is a great deal to feel positive about based on the experiences of the SAP HANA community. On-time and on-budget projects have become the norm, and despite some shortages of key skills, the resounding message from our research this year is that SAP HANA is now delivering on the promises made at the time of its launch.

Our deepest thanks and appreciation to the respondents who took the time to share their experiences with SAP HANA and S/4HANA and make this a hugely successful ongoing project which we are proud to sponsor.



A stylized, handwritten signature of Matt Lovell in white ink.

Matt Lovell, COO, Centiq

An expert point of view

Centiq has been deploying and managing SAP HANA and S/4HANA solutions for over seven years. This represents thousands of deployments across a wide range of platforms. During this time we have learned a great deal. We take this knowledge and build industry-leading solutions to manage, monitor and optimise SAP HANA for all of our customers.

As a fiercely independent SAP HANA expert, Centiq works with major appliance vendors in the marketplace and holds extensive certifications with SAP, SUSE, Red Hat and of course the Cloud vendors: Microsoft, AWS and Google.

No other vendor has our independence, nor our experience working solely with SAP HANA and S/4HANA.

We use this expertise to continually develop management and optimisation capabilities so our customers can maximise ROI from SAP HANA and S/4HANA. This is often both strategic to their business and represents a significant part of their IT budget. All of this provides an excellent opportunity for Centiq to develop its expert point of view.

Methodology

A year ago, Centiq commissioned a report 'Debunking the 3 myths of HANA'. This research proved SAP HANA projects, contrary to popular belief, were mostly on time, on budget and were not exclusively driven by the need for data analytics. This year, Centiq has recommissioned the same independent research house, Coleman Parkes, to complete an updated and broader version of the original research, following the guidance of SAP HANA users from our SAP Expert User Group.

This year's research polled 250 UK organisations, ranging from 1,001 to over 10,000 employees, across eight sectors and seven job titles. All had acquired SAP HANA licenses and were either SAP HANA users or were looking to deploy SAP HANA in the future. The 250 respondents represent the highest UK response rate we are aware of to date and indicates the desire from end users to share and understand the wider benefits of this research.

SIZE OF ORGANISATION - % OF TOTAL POLLED



Responses from 250 UK organisations

The reasons behind the investment

Since our last report, organisations have accelerated their adoption of SAP HANA significantly. Initially organisations used SAP HANA for single projects, to expedite specific data processing and performance requirements in SAP Business Warehouse (BW) and SAP Business Warehouse Accelerator (BWA) projects. Now, this year's data reveals organisations are using SAP HANA to successfully integrate multiple data processes across a number of platforms.

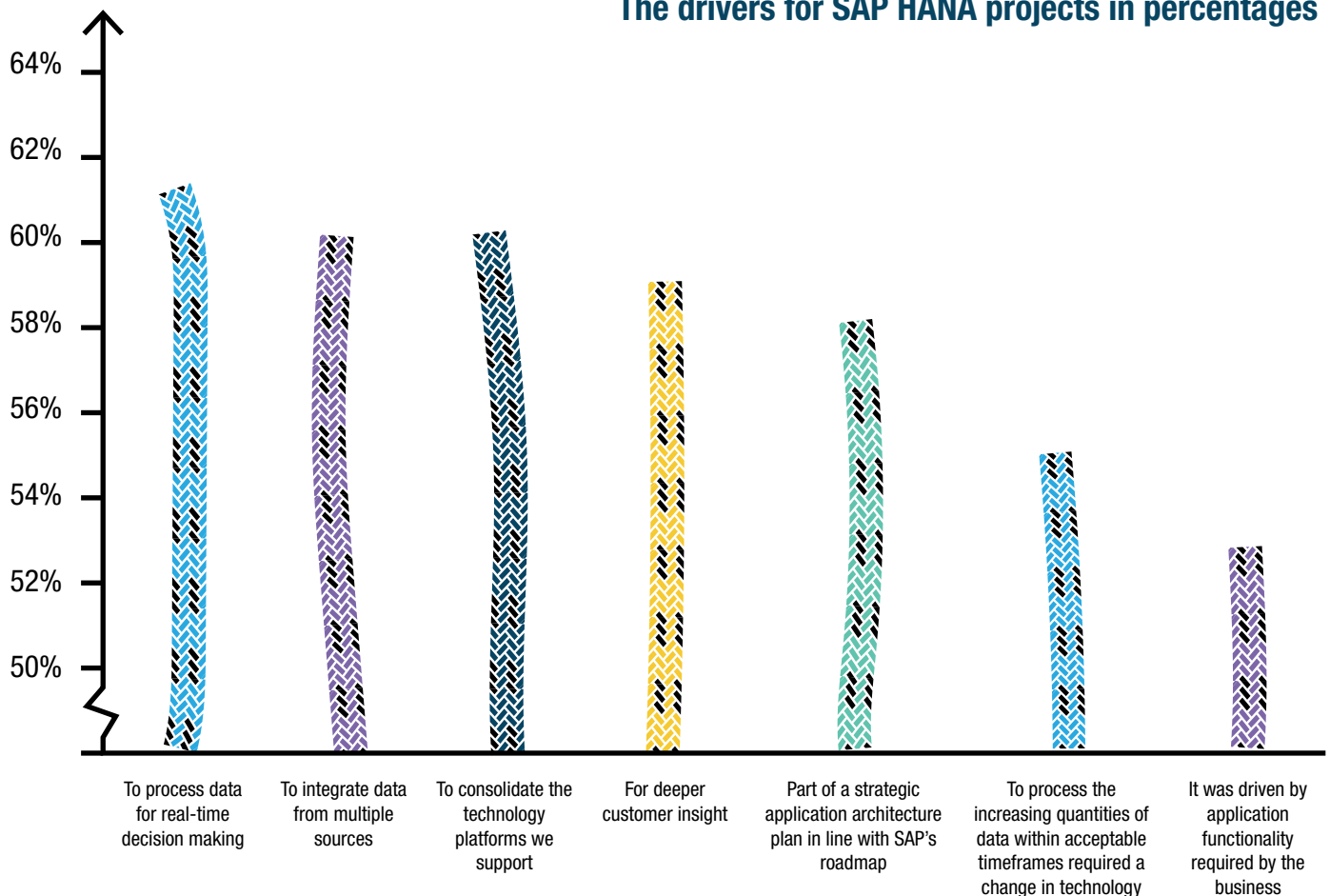
The simplification of business processes not only ensures business benefits, but also results in advantages customers see too. Real time analytics has become more frequently used in organisations around the world. This enables organisations to make smarter decisions.

With the customer increasingly top of mind, the adoption of SAP HANA has accelerated most significantly over the last 12 months in the Manufacturing, Utilities, Technology and Healthcare sectors. S/4HANA, adoption meanwhile, has accelerated most significantly across the Financial

Services and Retail sectors. When interfacing with technology customer expectations are high. This years research shows evidence of organisations striving to keep ahead of the game by investing in increased performance and capabilities within SAP HANA and S/4HANA.

As a result, SAP HANA's appeal is more business-aligned than almost any other technology. Prime among the drivers for its use are its ability to 'process data for real time decision making' (61%) and to 'integrate data from multiple sources' (60%) as well as for 'deeper customer insight' (59%).

The drivers for SAP HANA projects in percentages



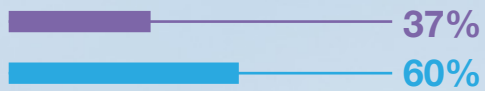
Interestingly, 69% of organisations not yet live with SAP HANA have high hopes it will assist with technology platform consolidation. However, for more seasoned SAP HANA users, this is not the case, just 53% of

organisations who are currently live with SAP HANA cite 'platform consolidation' as the driver behind their SAP HANA project.

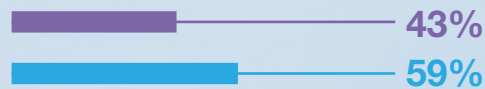
■ Last time

■ This time

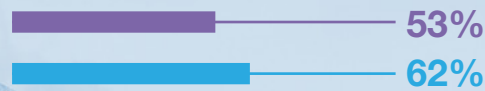
Data integration initiatives



Deeper, real-time customer insights



Real time processing initiatives



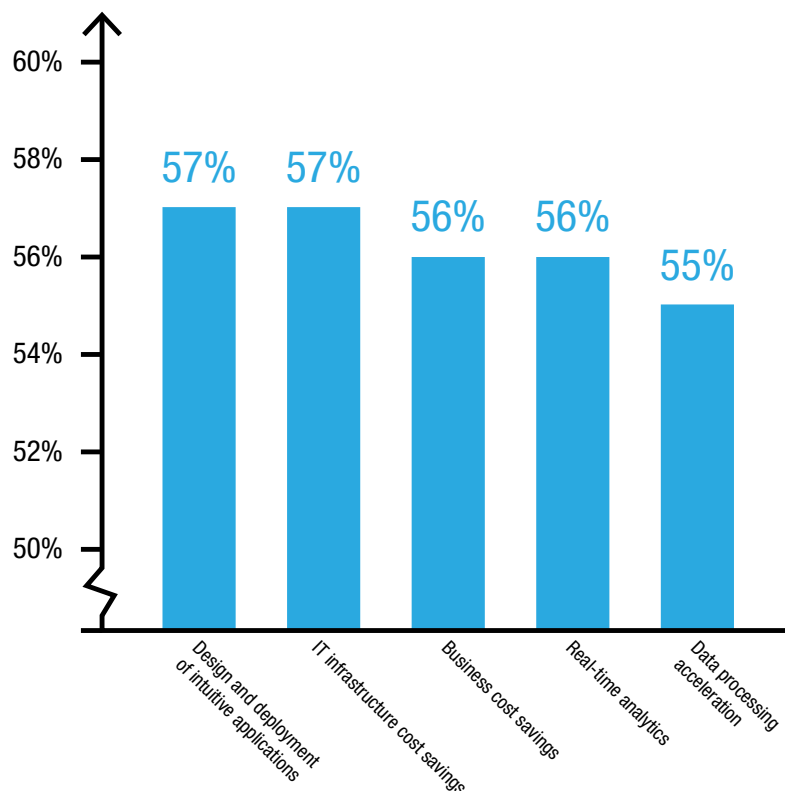
SAP HANA intrinsic to strategic application



On Time and Deployed

Just as the reasons behind SAP HANA adoption have changed, so too have the benefits organisations are seeing, once live. Since the last report, the list of business benefits extracted from SAP HANA have been re-prioritised and demonstrate a need to keep up with an increasing demand for technological sophistication. Yet, these benefits are only able to be realised if SAP HANA is on time and on budget.

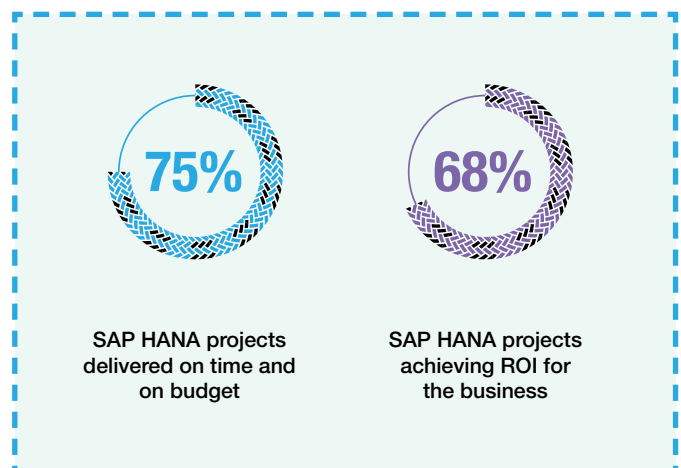
The top 5 benefits of SAP HANA 



Our last report delved into the three main misconceptions surrounding SAP HANA at the time. The first of these 'myths' suggested that SAP HANA deployments often take too long and go over budget. Yet, when surveyed the majority of organisations cited their SAP HANA deployments as mainly on time and on budget, contrary to popular belief. This remains unchanged. The vast majority of SAP HANA projects are reported to be both on time and on budget.

The speed with which SAP HANA can be deployed within organisations depends on a number of variables. Much like the findings in our last report, company size determines how quickly and how costly an SAP HANA deployment will be. While the majority of organisations deployed SAP HANA on time and on budget this year, larger organisations, (with 10,000 employees or more), face a higher probability their SAP HANA projects will go over time, or over budget than smaller organisations.

In fact, 13% of larger organisations will deliver SAP HANA projects late, but on budget and 16% of organisations will deliver SAP HANA on time, but over budget.



This could be due to a number of factors, larger organisations often have a greater need for data aging, archiving or consolidation than smaller organisations. Moreover, with more complex process redevelopment efforts as well as larger integration and supported interfaces including to technical debt systems, larger organisations do have a bigger job to contend with. Indeed, the most significant constraint to delivering on time and to budget is correctly qualifying and documenting digital process transformation when migrating the SAP HANA.

Encouragingly, this year's data reveals that 65% of SAP HANA non-production projects were on time and on budget. Moreover, the most significant constraints to non-production on time projects remain the same as last year: Successful code migration and acceptance testing of updated business processes.

As the Cloud proliferates and its importance to organisations of all sizes increases, it is positive to see that 98% of all Public Cloud SAP HANA projects, excluding SAP Enterprise Cloud, were delivered on time and on budget, too.

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POINT OF VIEW



Our research confirms the excellent preparation and scope definition of SAP HANA projects. This enables projects to be delivered very effectively but with typically longer project initiation phases. As SAP HANA projects increase in complexity and data interface developments upsurge, so do development and testing cycles. This is particularly so with new technologies increases in retail and distribution.



SAP HANA projects on time and on budget.

■ Last time

■ This time

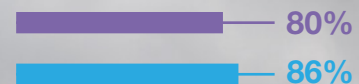
Media and Entertainment



Retail



Public sector



Yesterday's skills are less relevant today

Arguably, skills remain the most significant consideration when organisations look to migrate to SAP HANA. Indeed, by understanding the skills required to successfully migrate to SAP HANA, organisations can ensure they are able to internally manage significant technological change. As may be expected with a maturing technology stack, since last time the internal skills required to deploy SAP HANA effectively within an organisation have evolved.

“Strategy teams are the most likely to drive SAP HANA internally”

Last time, respondents cited SAP HANA Solutions Architecture (64%), Project Management (64%) and Technical skills (64%) as the three main skills required to assist SAP HANA adoption. Interestingly, 32% of respondents also cited insufficient technical skills as liable to impact the rollout of SAP HANA projects. This year's report suggests this was a correct assumption.

Perhaps due to the fact SAP HANA projects are now part of larger business and digital transformation initiatives, this year's report reveals some confusion regarding which skills are needed to deliver SAP HANA ROI. For example, respondents with a data role cite a lack of Cloud infrastructure skills.

However, their colleagues disagree, with 70% of Chief Operating Officers (COOs) citing a lack of business process consultancy skills. In contrast, 68% of Chief Information Officers feel their organisation needs more knowledge of S/4HANA functionality, an opinion

agreed with by 67% of Heads of IT Infrastructure. There are differing opinions amongst job titles on which skills are lacking.

However, one point is clear, while some 94% of respondents cite skills as an issue with SAP HANA, these skills are increasingly dependent on the need for business process change, and for organisations to understand the integration requirements of existing systems and data volumes which need to be optimised prior to SAP HANA adoption.

The fact is, these are business issues and perhaps as a result, fewer projects in the last 12 months have been led by IT or technical teams 52% (last time) and 24% (this time). Indeed, this research reveals strategy teams, not technical experts, are the most likely to drive SAP HANA internally, demonstrating SAP HANA is increasingly strategic to the business.

SAP technical skills required



**Cloud
skills**

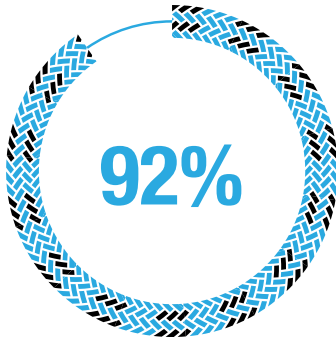


**HANA
database skills**

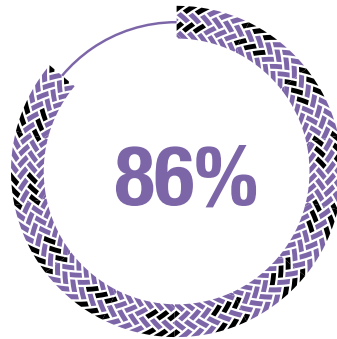


**S4/HANA
skills**

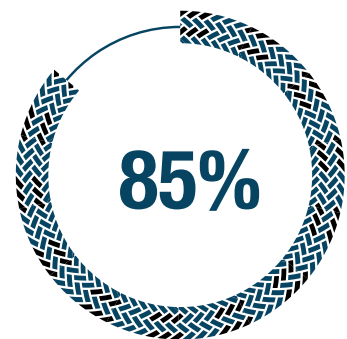
Customer concerns



Customers indicate they only need aged data <36 months

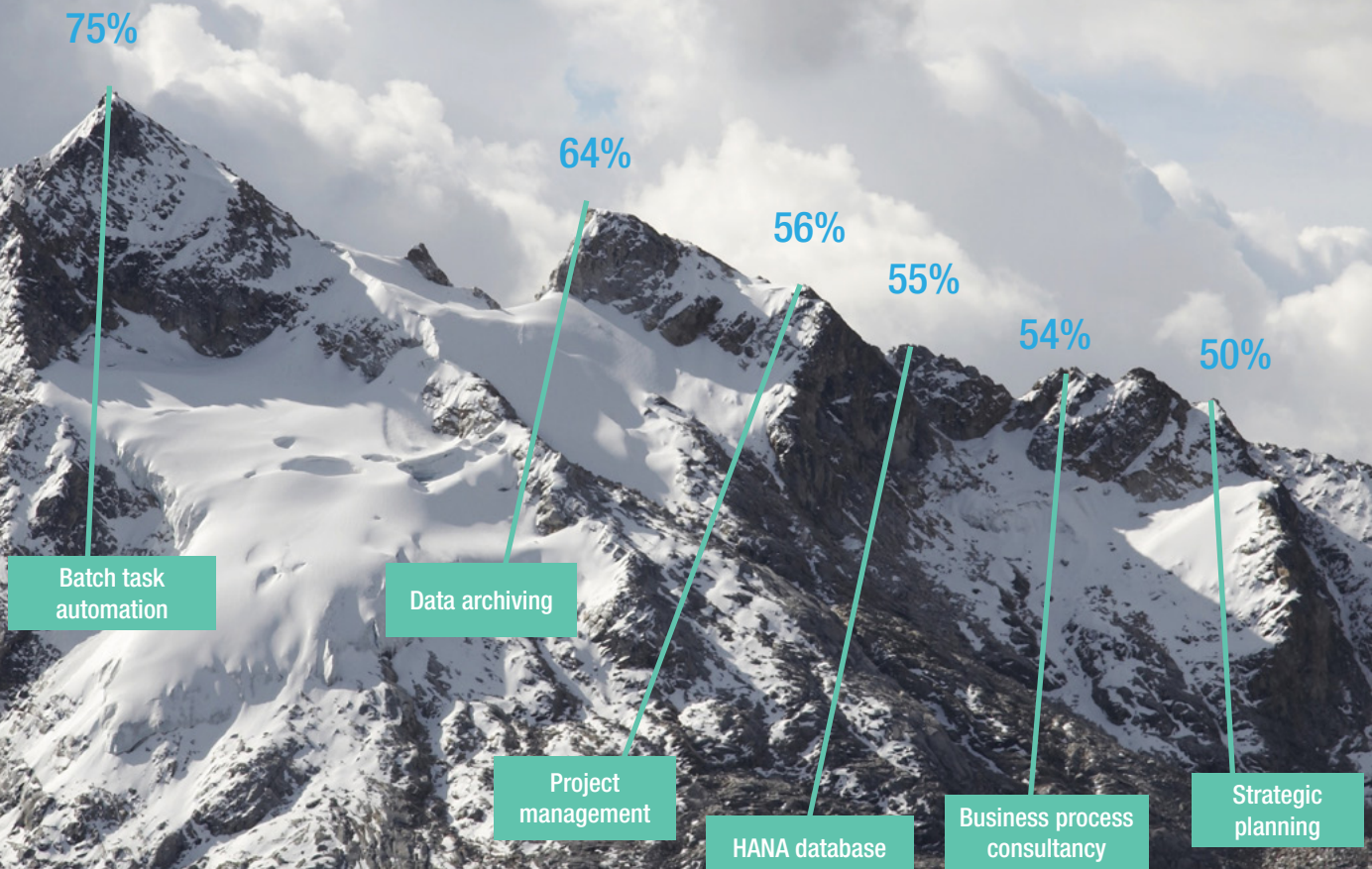


Customers are still confused in key areas of direct access



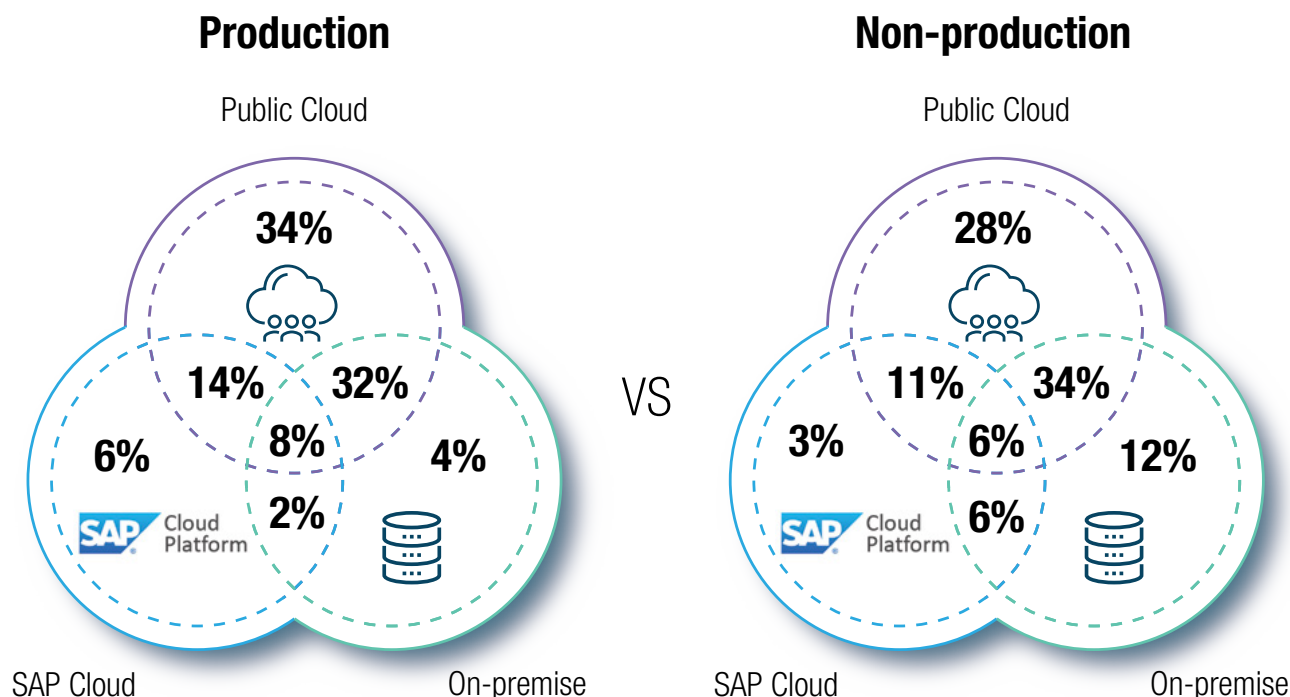
Customers dependent on migrating batch schedules and internal processes to enable a migration to SAP HANA on Cloud platforms

The SAP HANA skills needed today



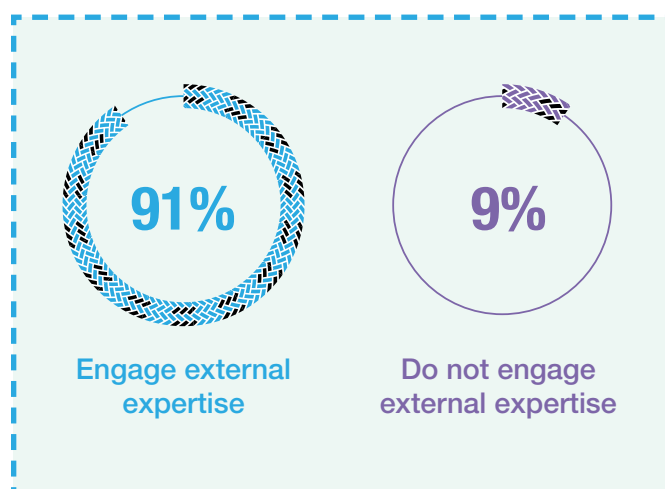
SAP HANA more likely to live in Public Cloud

Deploying SAP HANA on the Cloud is not like any regular Cloud infrastructure decision. The benefits for on-premise, SAP-hosted and Public Cloud require a great deal of consideration. Choices made today will have repercussions long into the future. However, this year's research shows SAP HANA platform selection is increasingly driven by an organisation's overall Cloud platform strategy.

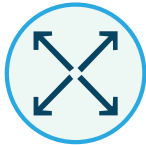


The majority of SAP HANA deployments are in the Cloud. However, it is Public Cloud, not SAP Cloud, which houses the vast majority of production and non-production SAP HANA instances. This research shows more organisations deploy on-premise than in SAP Cloud, with Manufacturing and Automotive and the Public Sector most likely to deploy there. But why?

Public Cloud dominates over SAP Cloud because organisations are looking for more than just SAP HANA. Indeed, for organisations to get the maximum ROI from their SAP HANA deployment, they must be able to link it to other services, for example Enterprise Content Management (ECM), Fulfilment and customer experience which are already hosted on public Cloud. In short, organisations are looking for easier integration and seamless movement of resources. Indeed, more organisations seek to align this to wider Cloud first strategies.



What is SAP HANA platform selection most influenced by?



The scale out options currently available for current workloads and forecast growth



Geographic proximity and costs of integration to existing landscape and data services



Existing internal Cloud strategy and skills availability



Where the organisation is in relation to migrating away from on-premise services



Success to date in leveraging public Cloud services to accelerate digital transformation



Customer feedback and reviews on managed service quality of providers/partners



Long term strategic commitment to SAP



Many of Centiq's customer strategies are led by their overall strategic Cloud selection, i.e. Microsoft Azure, AWS and Google Cloud. During the last 12 months we have seen many customers being led to Azure due to Microsoft licensing changes. However, many organisations are still struggling to define their migration strategy to SAP HANA and this struggle has increased due to the growing number of S/4HANA projects organisations are undertaking.

Our research is clear. Organisations are still struggling with platform skills, even where this follows the wider organisational Cloud migration strategy. Many organisations are still not optimising data landscapes and interfaces prior to commencing migration, an oversight that could save considerable time and licensing costs. The planning emphasis has moved to business skills preparation in the last 12 months and in the future.

The planning emphasis has moved to business skills preparation. This will likely accelerate in the future.

A business innovation driver

SAP HANA is unquestionably an enabler of innovation.

However, realising true innovation requires the full transition and transformation of existing business processes to deliver ROI. That being said, the greatest innovation revealed in this research is in the transformation of financial and reporting processes when fully migrated to SAP HANA and now S/4HANA. Overall 99% of respondents this year cite SAP HANA as a driving force for business innovation.

In addition, organisations also revealed they use SAP HANA for accelerated innovation in data cleansing, process reconciliations and customer on-boarding processes. In short using SAP HANA to streamline internal processes, results in cost savings. For example, in the Media and Entertainment sector, 94% of all SAP HANA projects are focused on business cost savings.

SAP HANA is a driving force for business innovation



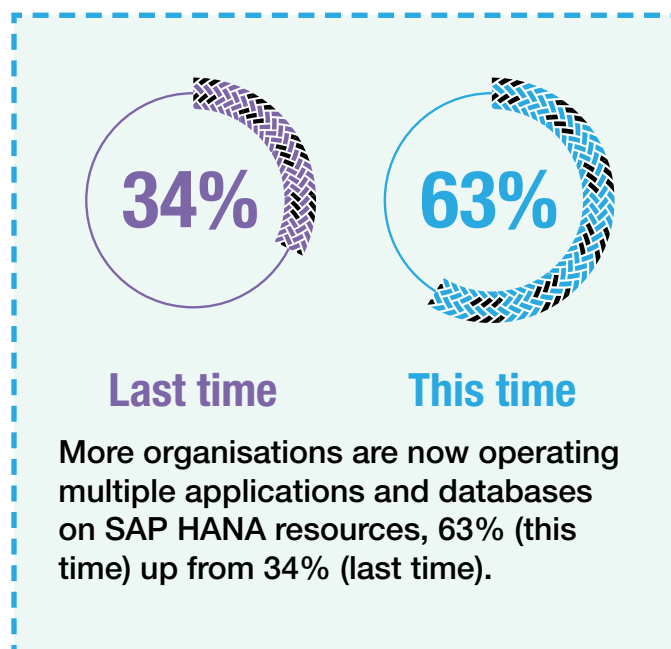
Media and Telecommunications indicate the fastest acceleration of business benefits using SAP HANA



SAP HANA is now a 'Critical driver' of business innovation

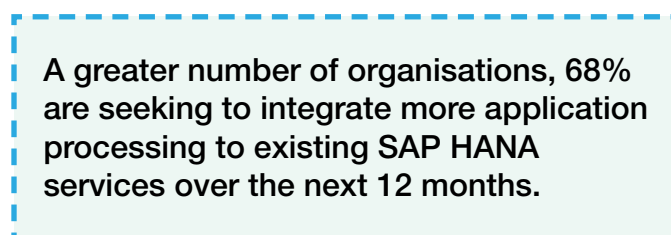


SAP HANA will drive increased levels of business innovation



The use of SAP HANA to simplify invoicing platforms and to rapidly add changing content to existing platforms has been a particular benefit to the Media and Telecommunications sector in the last 12 months. Overall, this year's research reveals the Utilities sector has achieved the highest levels of business innovation success with SAP HANA out of all other sectors surveyed.

For Utilities organisations, real time analysis is now accelerating process integration. They are also experiencing innovation in leak detection data, infrastructure utilisation and replacement and maintenance prioritisation as well as integration and digitisation of customer billing information for smart metering.



Business Roadmaps

SAP HANA is no longer a technology of the future.

73% of organisations with an active S/4HANA project have already fully implemented SAP HANA. This year's research demonstrates organisations are taking significant learnings from their first SAP HANA projects and using them to implement S/4 HANA faster and more effectively.

The number of ECC (ERP Central Component) related business processes which must be transformed in S/4HANA is substantially larger than SAP HANA projects. SAP's S/4HANA Cloud will undoubtedly accelerate projects and adoption rates further in 2018. Respondents also indicated significant focus on other SAP Cloud services in the future – with 30% indicating Cloud for Customer projects and 24% indicating migration to SuccessFactors as approved.

The Centiq SAP HANA Business Roadmap

Business integration benefits associated with existing SAP investments and landscapes continues to be limited with 46% of respondents indicating this is not a core business benefit.

84% of SAP HANA migration projects in the next 12 months will be S/4HANA related.

SAP Business Warehouse to SAP HANA migration projects have declined to 31% in the last 12 months but are forecast to increase to 70% in the next 12 months.

Corporate Compliance and Governance, SAP Master Data Governance, is now driving a greater number of 2018 projects increasing from 12% (2018) to 54% (2019).

Over the next 12 months, 81% of respondents indicated key business benefits from SAP HANA will relate to transformed business processes connected to an enhanced user experience.

Over the next 12 months, respondents expect cost savings from replacing legacy SAP, analytical and reporting processes and cite this as a major part (56%) of the business case ROI.

Accelerating real time analytics and reporting for sales and customer experience information remains the highest business priority across all verticals at 85% for 2018 projects.

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Our year on year research confirms SAP HANA is enabling different approaches to resolving existing and emerging business analytic and reporting challenges rather than a direct replacement for existing SAP systems. However, the business case ROI focus varies across verticals.




Conclusion

SAP HANA is a technology whose time has come.

It is now proven as a strategic platform, valued by both technology and non-technology executives, even though these are often for different reasons. Our research clearly reaffirmed SAP HANA has developed a game changer for most industries. The next evolution to S/4HANA and the ability to cater for smaller players will also be beneficial.





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Like many of the strategic decisions facing organisations today, the issue of Cloud deployment is if anything more opaque than ever. There is no single one answer for which infrastructure is best for SAP HANA and S/4HANA. Often, a better question is which platform suits the business best and how often this should be evaluated. Avoiding Cloud lock in should also be a consideration within the evaluation stage of any project.

While our last study set out to clarify misconceptions, this year's study has a broader and deeper remit. It has uncovered issues around migration, trustworthy external counsel and added to the debate around enterprise software licensing. It also proves conclusively the increasing role of business decision makers in how SAP HANA deployments.

With concerns about understanding how SAP HANA will develop, licensing issues and how exactly to migrate to Cloud platforms, SAP HANA has challenges as well as opportunities for innovation. As the SAP HANA story develops it is highly likely the reasons for choosing this promising technology will become less technical and more business-focused.

To deliver on this vision the skill sets organisations require will need to be expanded in-house or using external providers who truly appreciate the scope of SAP HANA. For some organisations this will seem like a mountain to climb, for others it offers the promise of scaling new heights in digital transformation and innovation.

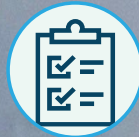
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2018 Independent Centiq Report, conducted by Research House Coleman Parkes Surveying 250 SAP HANA UK users.

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