

# WILL SAP S/4HANA MIGRATION BOOST PROCESS MODERNIZATION?

a PAC Webinar

 October 17, 2024

© PAC 2024



[pacanalyst.com](https://pacanalyst.com)

# Your hosts for today

---



**Felix Jones**

Senior Account Manager



**Joachim Hackmann**

Principal Analyst, Head of BAS Practice



# AGENDA

---

1. **SAP Services in EMEA: Market volume and growth rates**
2. **Results from PAC's CxO Survey on SAP S/4HANA**
3. **PAC Research Agenda 2025**
4. **Q&A**

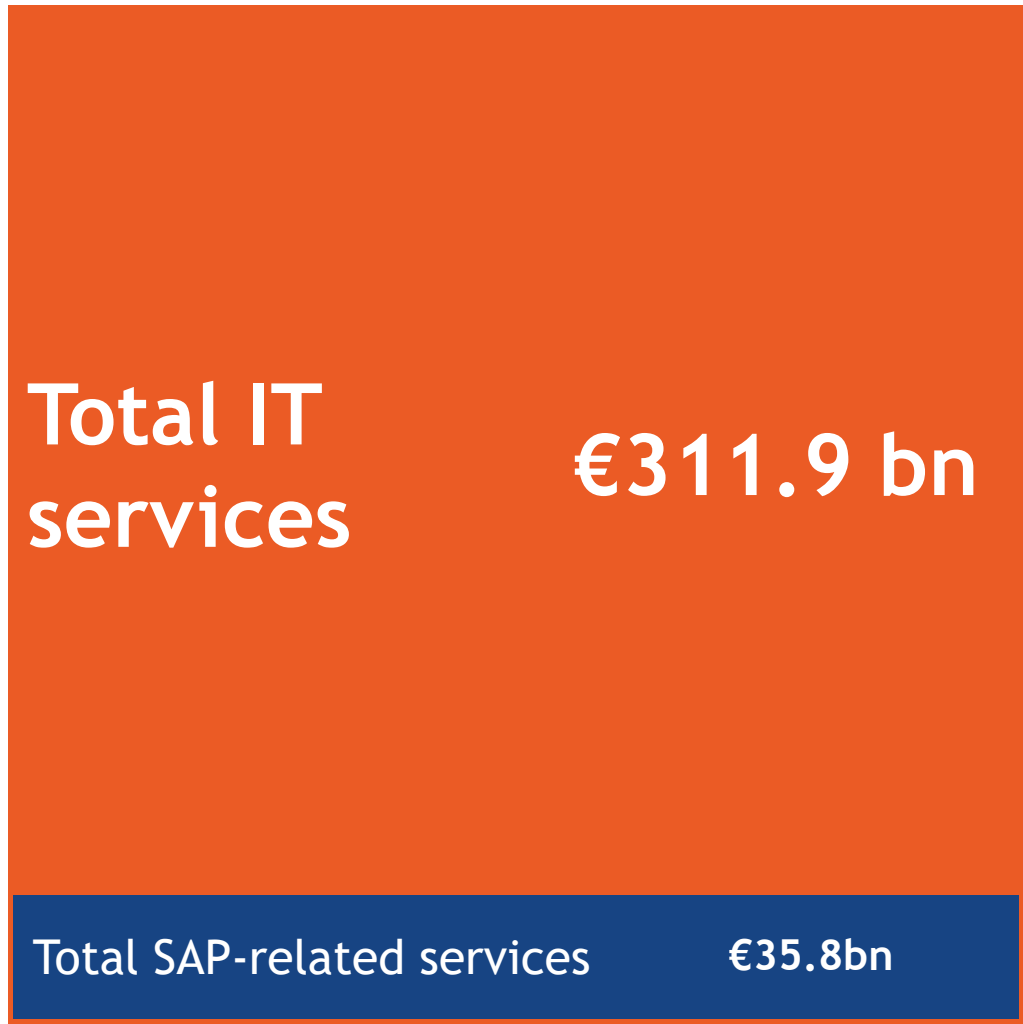


# 1

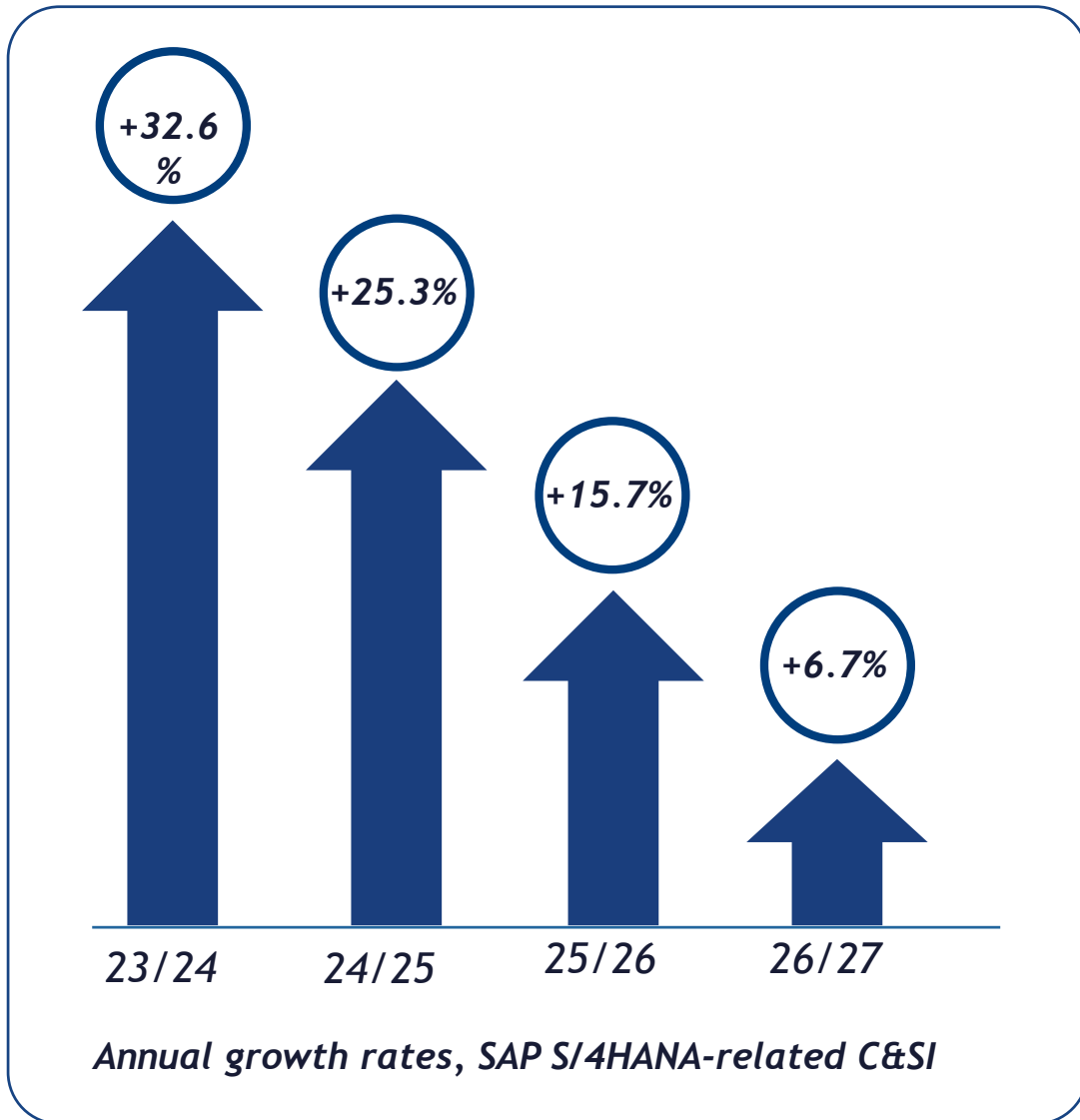
## SAP Services in EMEA: Market volume and growth rates



# IT services in EMEA, 2024 (PAC estimates)



# S/4HANA growth rates will decrease at a very high level



## Five key takeaways for SAP S/4HANA-related C&SI

- 1 The high growth is attracting many new providers, while established providers are expanding their capabilities.
- 2 The high growth rates are not only due to client demand but also fierce competition for resources, which is driving up daily rates/the cost of service delivery.
- 3 Global delivery will become a competitive factor due to a lack of skills. At present, local resources are still required for consulting and implementation.
- 4 RISE, cloud and automation help speed up migration. Nevertheless, we will continue to see high demand after 2027.
- 5 After 2027, we expect increased demand for custom development to extend the S/4HANA core. BTP might play a major role.

# 2

## Results from PAC's CxO Survey on SAP S/4HANA



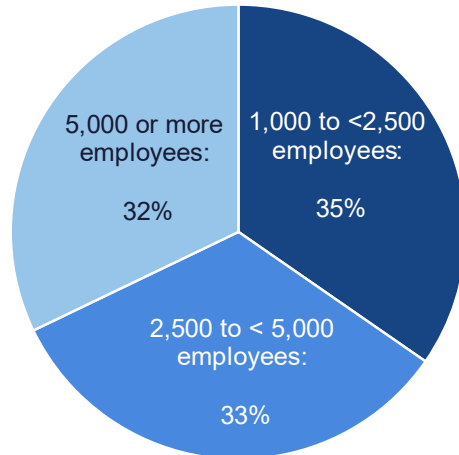
# Composition of survey sample

557

Total number of respondents

Approx. 50% IT and 50% LoB decision-makers

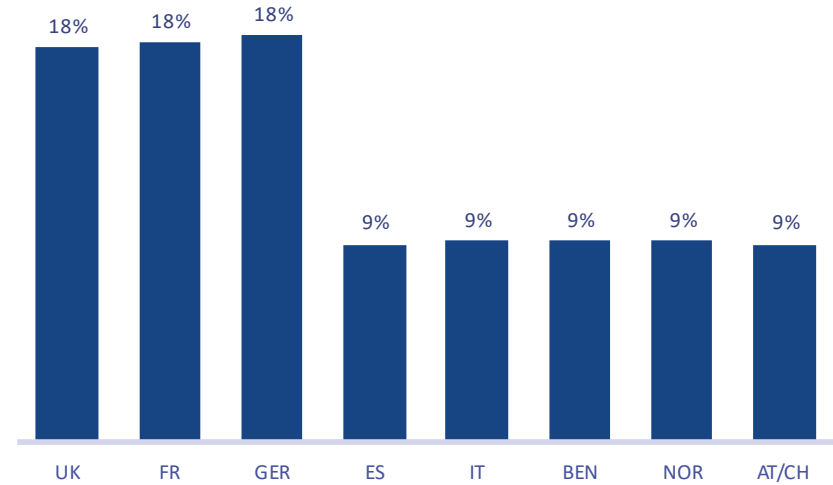
Organization size



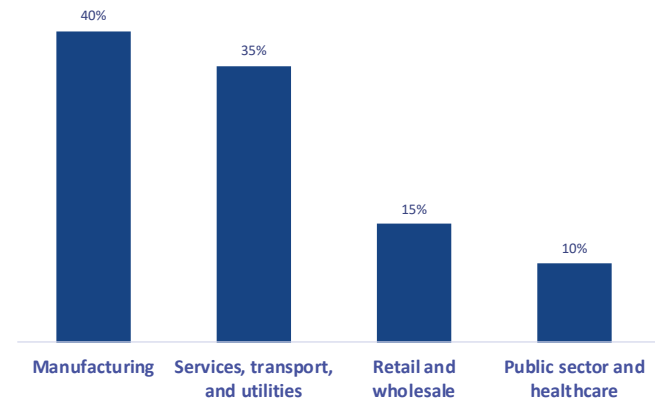
Key question:

“Are companies using SAP S/4HANA migration as a trigger for the modernization of business processes and as a booster for digital transformation?”

Composition by country

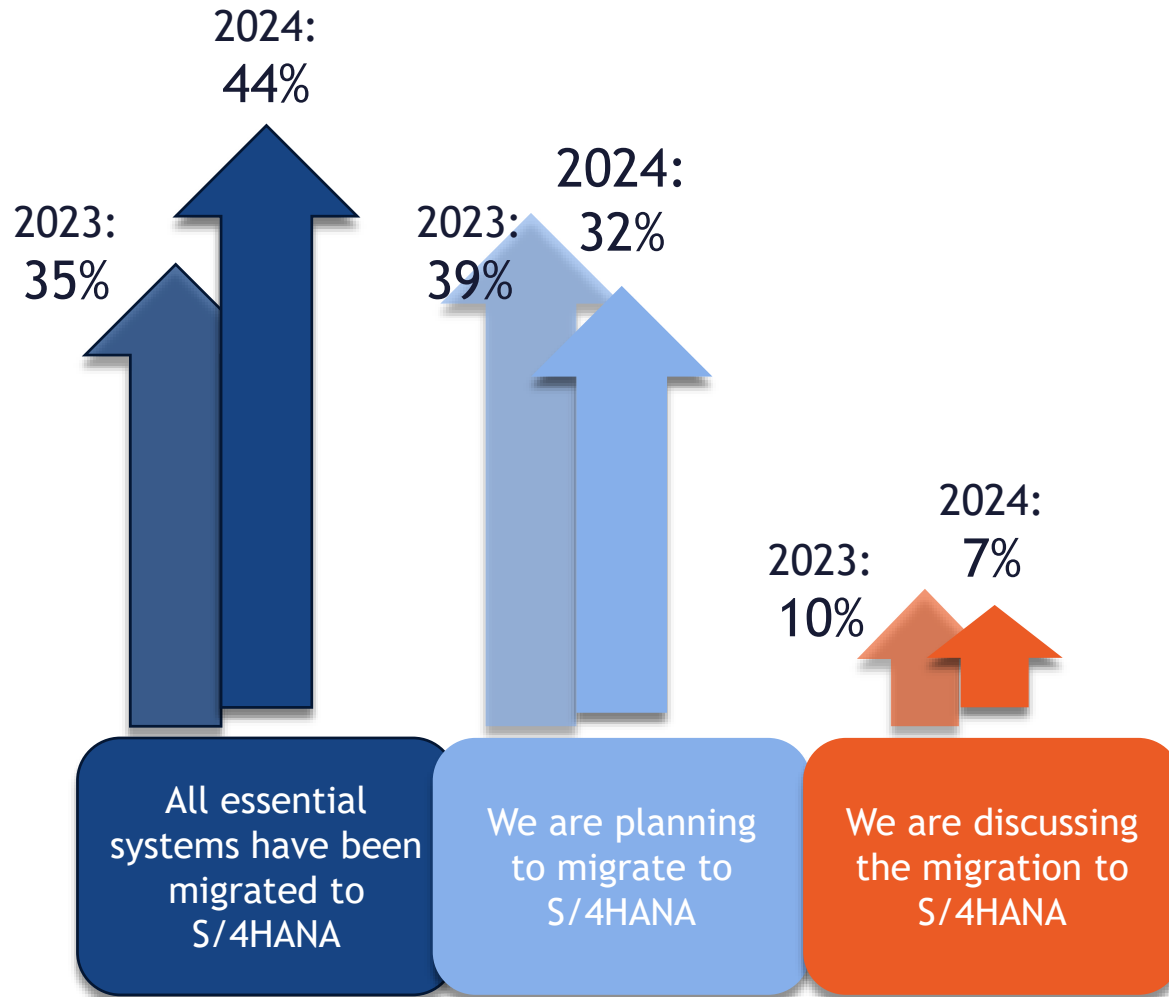


Composition by industry





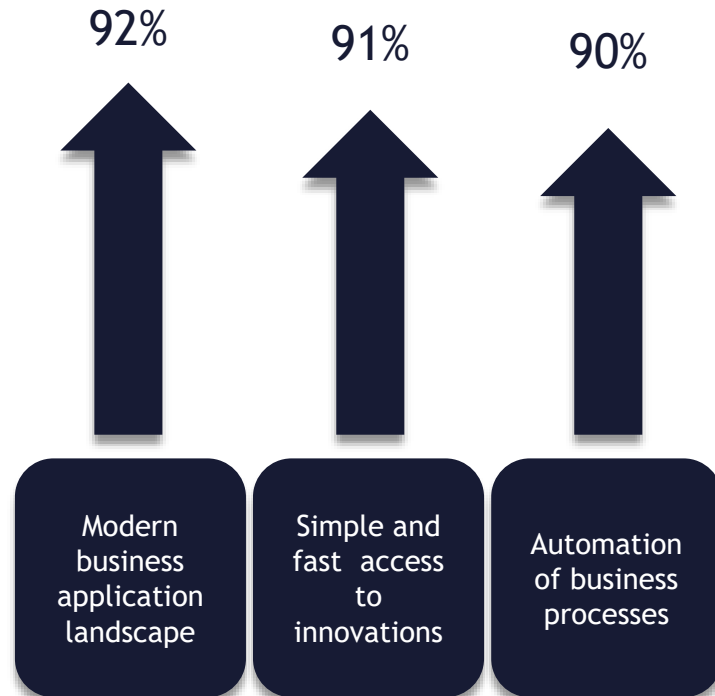
# S/4HANA migration is progressing



- Less than half of respondents have migrated their core systems to S/4HANA (4%). This is a solid increase compared to PAC's CxO Survey 2023. A year ago, it was around 35%.
- A significant number of companies are still in the early preparation stage or have not even started yet. Given the end of standard maintenance for SAP's legacy systems in 2027 and the limited number of migration experts, time is running out.

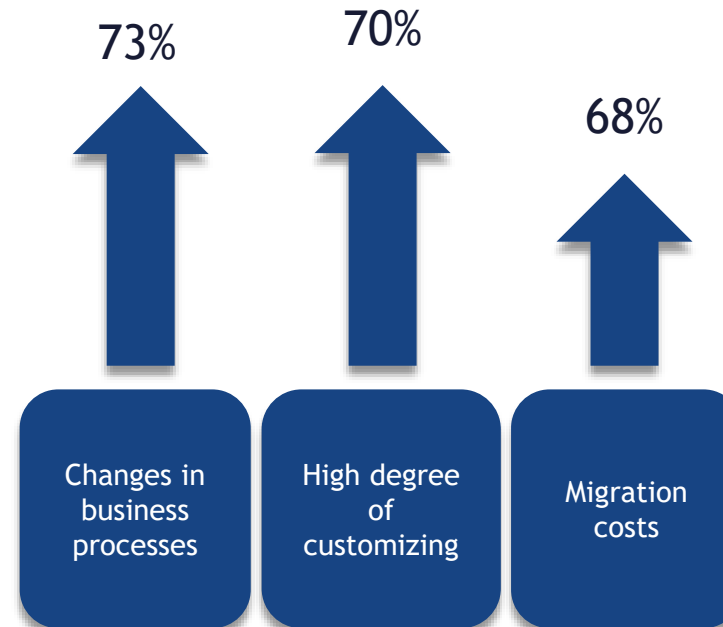
# Benefits and migration challenges

## Main benefits



Percentage of respondents reporting “some impacts”, “strong impacts”, or “significant impacts”

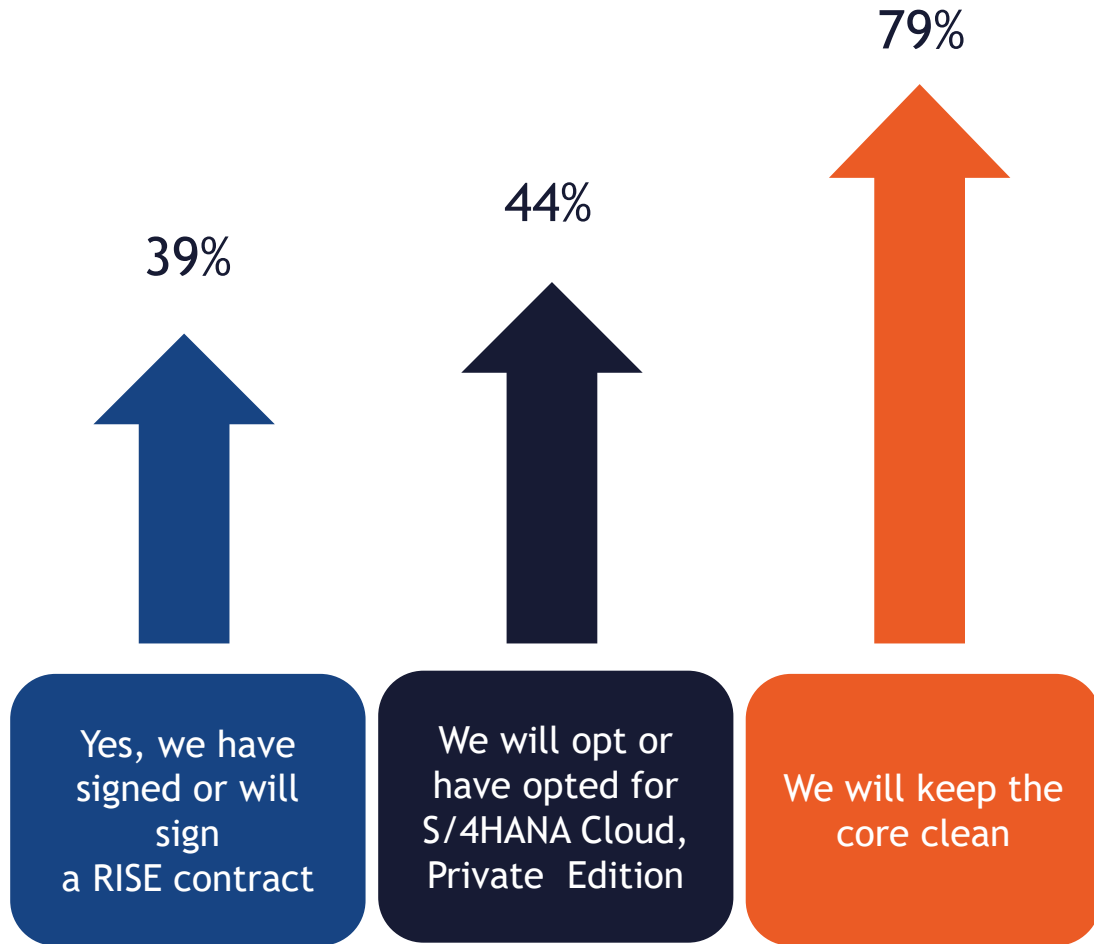
## Key challenges



Percentage of respondents who “agree” or “strongly agree”

- There are high expectations of the improvements resulting from S/4HANA migration, primarily regarding the modernization of processes and the application landscape.
- Migration must be completed before the benefits manifest themselves, which is a challenge for many organizations regarding costs and the changing of processes.

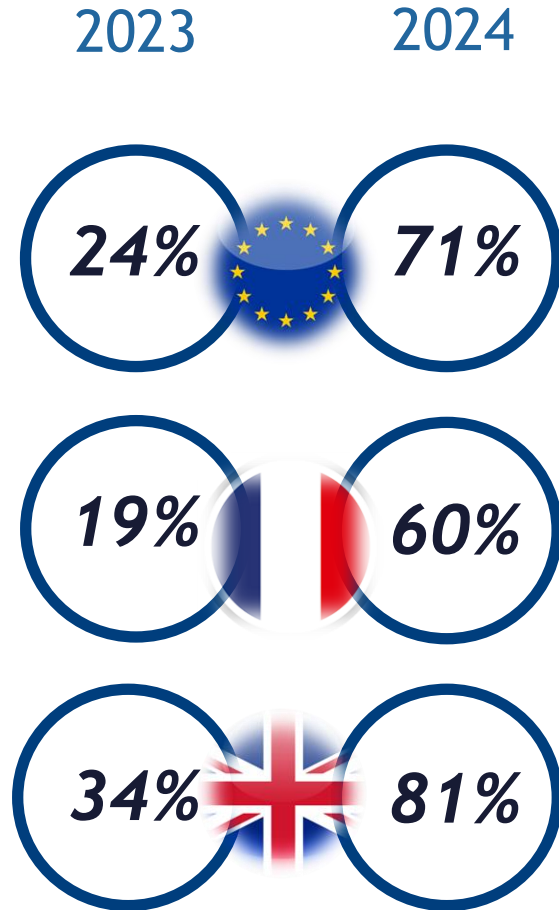
# Path to the cloud: a preference for private edition



- Customers generally tend to follow SAP on their journey to the cloud, with most companies opting for the Private Cloud Edition (45%).
- A minority of companies with cloud contracts have a RISE contract (33%). This proportion is likely to rise sharply in the future, as SAP is pushing clients towards RISE.
- A vast majority (74%) want to keep the S/4HANA core clean to save costs in maintenance and operation.

# SAP Business Technology Platform

Yes, our company/organization already uses SAP's Business Technology Platform.



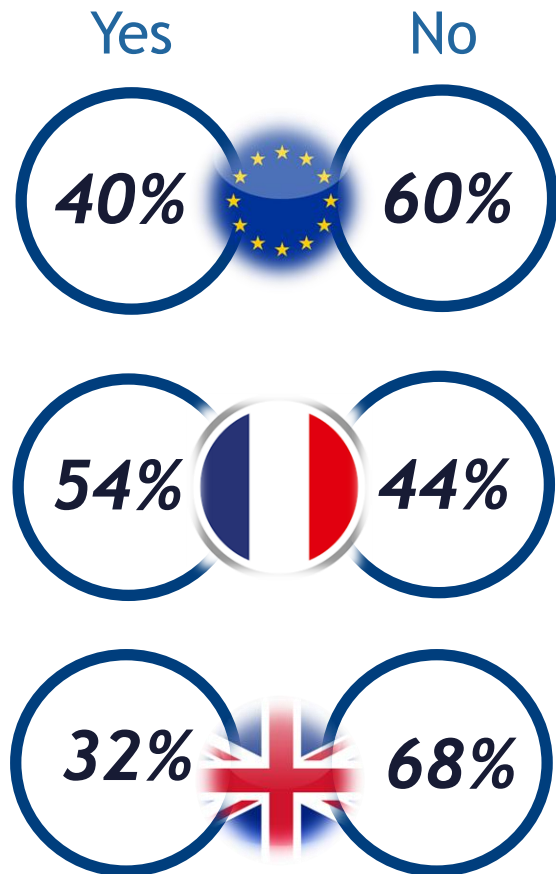
The big leap in BTP use from 2023 to 2024 can be due to various reasons:

- When the survey was conducted in 2023, the BTP product name was not yet very well known. However, the individual functional components were already widely used.
- SAP has been strongly pushing the BTP, which is part of the RISE and GROW offerings.
- The BTP will play a more important role as application landscapes become increasingly cloud-based. The BTP is the only way to keep the core clean.

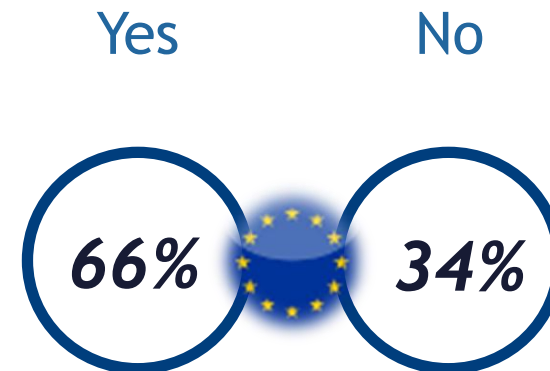
# Process redesign

Will you redesign your processes in the course of S/4HANA migration?

All respondents



Respondents who are in the planning phase of their S/4HANA migration



# Topics covered in this CxO Survey



## Migration

“What is the status quo of SAP S/4HANA migration? What benefits do companies expect? What are the key challenges?”

## Cloud

“What is the preferred deployment model? Is it on-prem, private cloud, or a SaaS solution? What role do RISE and GROW play?”

## Integration

“Which SAP applications will be integrated with S/4HANA? Which non-SAP applications will be integrated?”

## Processes

“Are companies using the migration to modernize their business processes, and does SAP meet customer demands with its standard processes? ”

## Clean core

“Do companies follow SAP’s clean core concept and if so, what do they expect from it?”

## Partners

“What requirements do customers have when choosing a partner? What prompts them to stick with their provider or switch to a new one?”

# 3

## PAC Research Agenda 2025



# SAP-related Research 2024-2026

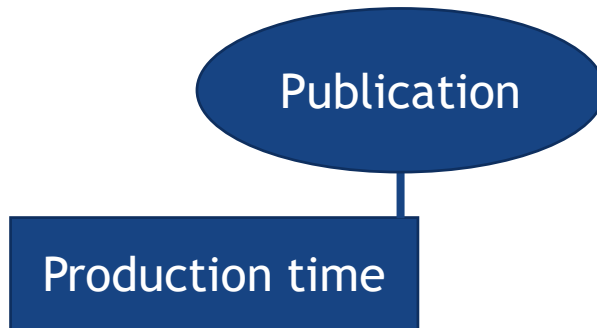




# SAP-related Research 2024-2026



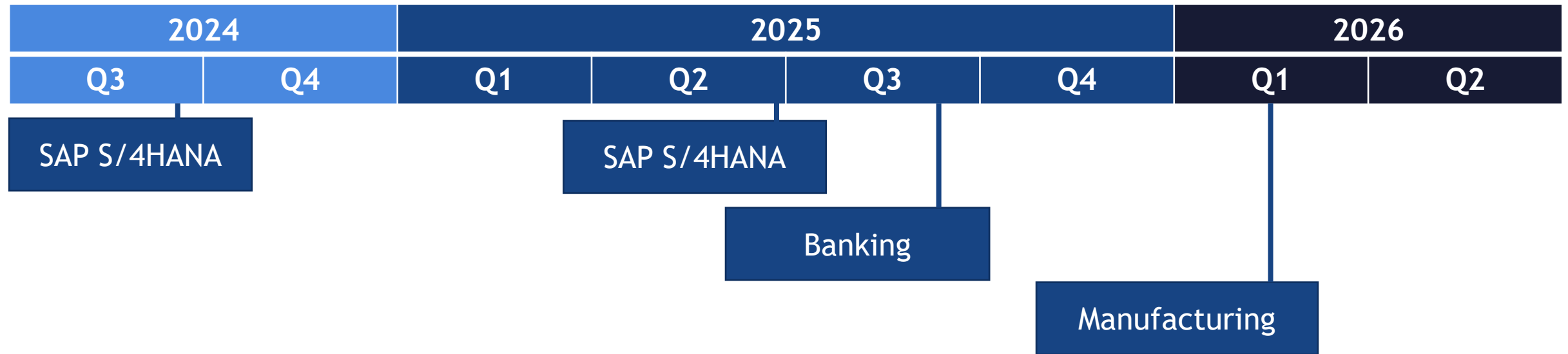
2024		2025				2026	
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2



# SAP-related Research 2024-2026



User surveys - to create targeted marketing content or for internal, strategic use



# SAP-related Research 2024-2026



Market figures and forecasts to identify the markets with the best potential and to prioritize investments

2024		2025				2026	
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

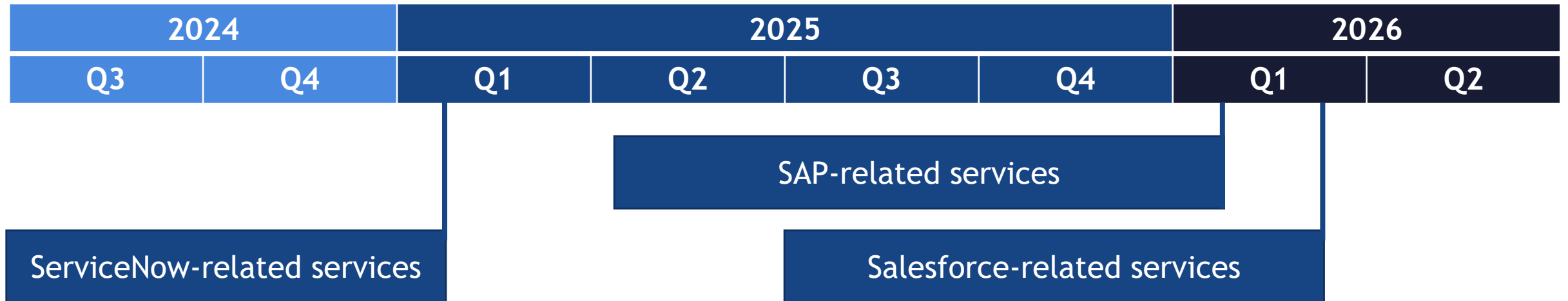
SAP services figures for 35+ countries and regions in Europe and WW

SAP services figures for 9 industries in core countries and regions

# SAP-related Research 2024-2026



IT Provider Benchmark as a marketing tool for providers and selection tool for users



# Sehen Sie, wie unsere Kunden das PAC RADAR

PLCnext Technology<sup>®</sup>  
Designed by Phoenix Contact

News & Articles About PLCnext Technology Learning Maker's Blog Forum GETTING STARTED

NEWS & ARTICLES NEWS

## Third time's a charm: "Best in Class" for the third year running

Evelin Borissevich 28 August 2024 5 min. read

131 views 0 comments Save

Phoenix Contact  
197.103 Follower:innen  
2 Wochen · 🌐

Once could be luck  
Twice might be coincidence  
Three times is pure skill

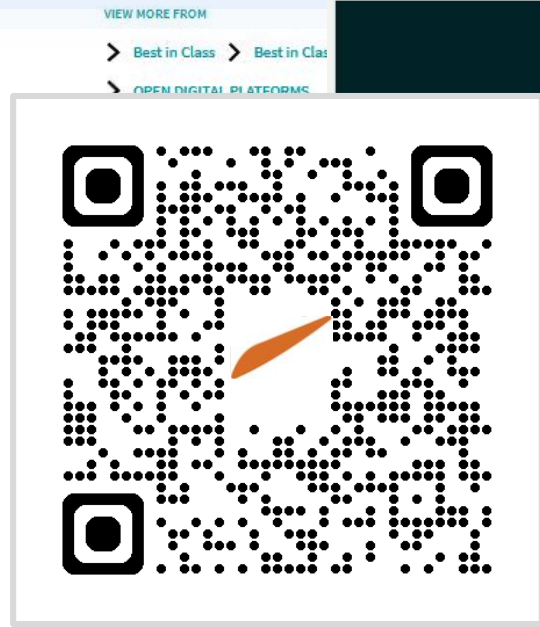
What's better than winning a  
We're proud to announce th  
the Open Digital Platforms f  
category by PAC for the third

This award highlights our in  
2016, we've been on a missi  
this recognition keeps us mo

A huge thank you to our am  
for your continuous support  
of industrial automation! 🙌

#plcnext #iamplcnext #best  
#industrialedgemanager

Übersetzung anzeigen



Gre Nic Lo

PAC 8.241 Follower:innen  
1 Woche · 🌐

Wir sind stolz zu verkünden, dass PLCnext Technology von Phoenix Contact als "Best in Class" in der Kategorie "Open Digital Platforms for Industrial Edge Management in Europe" für das dritte Jahr in Folge durch das PAC RADAR ausgezeichnet wurde.

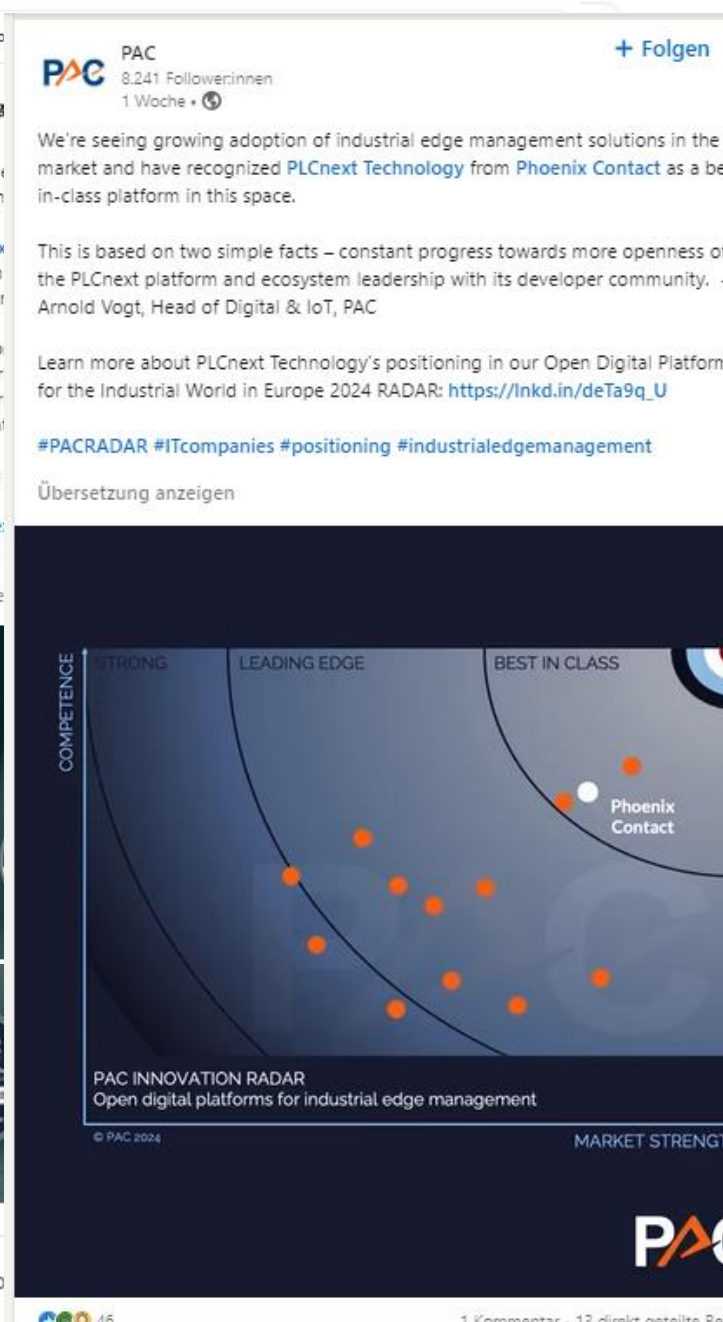
Was ist das für ein Gewinn?

PLCnext ist ein Open Digital Platform

Deze prijs is een industriële motivatie. Samen met de industriële wereld kunnen we de grenzen van de industriële automatisering uitbreiden.

#plcnext #edge

Übersetzung anzeigen



# SAP-related Research 2024-2026



Rankings to communicate your market leadership role

2024		2025				2026	
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

SAP services for core countries and regions  
- revenue, growth, market share -

# Use cases for Vendor Rankings in communication, marketing

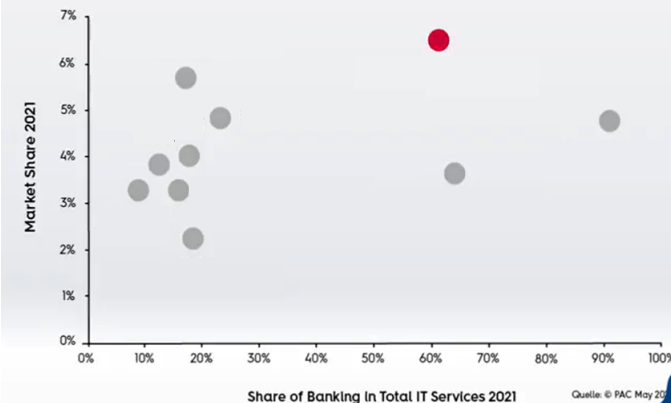


Show your market strength in investor & analyst presentations

Build trust with clients by demonstrating your expertise in RFIs

Communicate your market leadership to potential customers

**Leading IT Services Providers  
Vendor Ranking Banking Sector Germany**



*Non-binding sample presentation*

# SAP-related Research 2024-2026



2024		2025				2026	
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

How can we compensate for the loss of revenue due to the reduced SAP hosting and application management services?

What is the total addressable market for our SAP services and where should we focus our efforts?

Expanding inorganically through M&A and build offshore resources - what are possible targets?



# PAC Research Agenda 2024-2026



Date of publication  
(Production starts 4-5 months before  
publication.)



Date of publication  
(Production starts 2-3 months before publication.)



Date of publication



Date of publication

		 Date of publication (Production starts 4-5 months before publication.)	 Date of publication (Production starts 2-3 months before publication.)	 Date of publication	 Date of publication
<b>2024</b>	Q3	AI-related Services	SAP	Vendor Rankings by topics	
	Q4	Google Cloud Services	AI Cybersecurity (Cyber Resilience)		
<b>2025</b>	Q1	ServiceNow Services	Sustainability		Cloud C&SI
	Q2	Digital Business- Transformation Services	SAP	Vendor Rankings by geo & verticals	Generative AI C&SI practices
	Q3	Open Digital Platforms AI-related Services	Banking Industry	Vendor Rankings by topics	Cloud operations
	Q4	Sustainability-related Services Azure Services	Cloud		SOC services
<b>2026</b>	Q1	SAP-related Services Salesforce Services	Manufacturing Industry		Responsible AI C&SI practices
	Q2	Adobe Services	Cybersecurity/AI	Vendor Rankings by geo & verticals	ESG platforms

# Classification of PAC Vendor Benchmarking Products

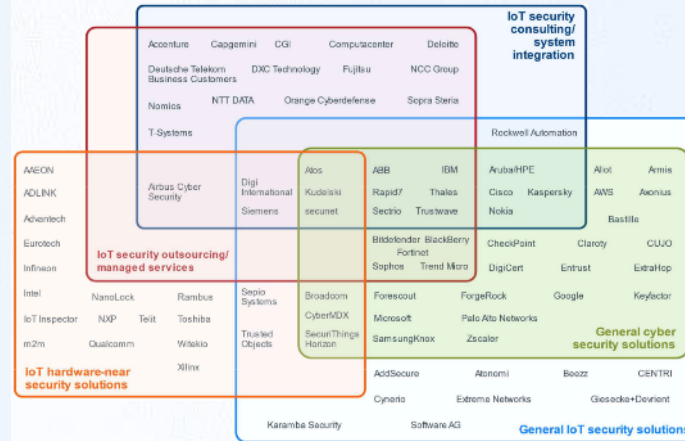


## Shortlist: RADAR (benchmarking)



The PAC RADAR is a tool for the holistic evaluation and visual positioning of software suppliers and IT service providers on local markets. It supports IT buyers in the selection of suitable IT partners.

## Longlist: Vendor Landscapes (positioning)



PAC Vendor Landscapes provide a comprehensive overview of leading and innovative players in selected countries, industries, or horizontal topics.

## Revenue, growth, market share: Vendor Rankings (market leadership)

Germany - Leading IT Services* Providers in FY 2021 (in million EUR)							
Rank	Company	Nationality	FY End**	Revenue 2020	Revenue 2021	Growth 2020/21	Market Share 2021
1	T-Systems	DE	31. Dec 21	2,280	2,200	-4%	5.1%
2	Accenture	US	31. Aug 21	1,722	1,912	11%	4.5%
3	Atos	FR	31. Dec 21	1,887	1,800	-5%	4.2%
4	Capgemini	FR	31. Dec 21	1,093	1,320	21%	3.1%
5	IBM (Pro-forma w/o Kyndryl)	US	31. Dec 21	1,215	1,275	5%	3.0%
6	Kyndryl (Pro-forma, spinoff from IBM)	US	31. Dec 21	1,221	1,175	-4%	2.7%
7	DXC Technology	US	31. Mar 21	1,277	1,170	-8%	2.7%
8	Computacenter	UK	31. Dec 21	651	724	11%	1.7%
9	SAP	DE	31. Dec 21	730	707	-3%	1.6%
10	NTT Data	JP	31. Mar 21	700	700	0%	1.6%
11	Bechtle	DE	31. Dec 21	677	692	2%	1.6%
12	TCS (Tata Consultancy Services)	IN	31. Mar 21	554	682	23%	1.6%
13	msg group	DE	31. Dec 21	620	650	5%	1.5%
14	Infosys	IN	31. Mar 21	531	601	13%	1.4%
15	Avato	DE	31. Dec 21	569	594	4%	1.4%

PAC Vendor Rankings position and rank the most important software suppliers and IT service providers by revenue, growth, and market share in various countries, segments, and industries.

# Our Value Proposition



Harness the power of your customers' voice. Receive engaging content and powerful market insights that will help you **position yourself as a thought leader.**

Leverage survey data from our quarterly CxO Surveys to produce your own custom thought-leadership content at a **fraction of the cost.**

Your **content is customized** to support your communication strategy with **reliable, valid and objective data points.**

**Understand and target your European clients'** use cases, challenges, investment priorities, opportunities and more

# Client Example: CxO Survey

## Rising up to the cloud



## RISE with SAP and SAP S/4HANA [2024]

### Other available content formats:

- Webinar participation
- Speaking engagement
- Q&A/interview (on video or in written form)
- Blog post
- Podcast



# Digital Europe Update Newsletter



Sign up for our weekly update on the software and IT services (SITS) market in Europe.

Here we provide a round-up of our latest analysis on how European organizations are pushing ahead with their digital initiatives, and how key SITS suppliers are responding to the changing market conditions.

Each week, you will receive a round-up of the major news stories, contract awards, M&A and investment activity, and insight into forthcoming opportunities.

**SUBSCRIBE NOW**

Account	Sector	Region	Vendor	Overview
Apian	Transport	UK	Zipline	Apian, a U.K. based healthcare logistics company, is partnering with Zipline to significantly expand a NHS programme delivering medical supplies using drones.
Bio Partner	Manufacturing	Switzerland	Infor, AWS	Swiss food wholesaler Bio Partner has successfully implemented Infor CloudSuite Food & Beverage on the AWS cloud.

# Q&A



[pacanalyst.com](https://pacanalyst.com)



[sitsi.pacanalyst.com](https://sitsi.pacanalyst.com)

# THANK YOU FOR ATTENDING OUR WEBINAR TODAY.



**Joachim Hackmann**  
Principal Analyst, Head of BAS Practice  
[j.hackmann@pacanalyst.com](mailto:j.hackmann@pacanalyst.com)



**Felix Jones**  
Senior Account Manager  
[f.jones@pacanalyst.com](mailto:f.jones@pacanalyst.com)



Sign up for our Newsletters