The Fujitsu KISS Report II

Keeping IT Simplified and Streamlined to Maximize the Business Value of SAP® Applications and SAP HANA®

Nine out of ten companies using SAP® solutions have already invested or intend to invest in Big Data / SAP HANA®, because they believe this will help them to achieve faster and more accurate data analysis as a basis for better business decisions. While industry influencers believe that the latent complexity within the businesses themselves stops them getting the most out of existing data, third-parties are relied upon to simplify and streamline the data for maximum business value.

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Introduction

SAP solutions have supported multinational companies (MNCs) in their international expansion for many years. SAP customers are realizing the benefits of their SAP implementations and are implementing a mix of modules and applications ranging from customer relationship management to enterprise resource planning and supply chain management. However, with the explosion of applications and the alignment of IT and the business units across geographic boundaries the feedback coming from the market is that transformation can be a demanding task for managers.

As an SAP Global Partner, Fujitsu is always striving to recognize the key challenges of SAP customers. Being willing to "listen and learn" is the basis for developing solutions and services which help to maximize daily SAP operations as well as assist the transformation processes – and consequently this enables IT departments to support the business more efficiently. In order better understand the actual needs of enterprises using SAP solutions, Fujitsu commissioned Coleman Parkes Research to conduct a global research project. The key objective of the 400+ interviews with senior level decision-makers was to understand the root causes of business and IT challenges regarding business transformation projects, explore potential solutions, and to draw conclusions as to how the organizations can best address these challenges. This second report delves deeper into the findings of the research.

Key insights

With 90% of respondents investing or planning to invest in big data projects in general or SAP HANA in particular, there will be a great impact on current business efficiencies if SAP customers are provided with greater processing power that is faster and in real time, and which enables them to capitalize on their most valuable asset, namely their data. It also increases their options regarding simulations and trend analysis.

However, 60% of respondents find major transformation projects can be highly challenging to deliver. The reasons given vary by country, but 88% believe good human interaction between the stakeholders during the software implementation projects is vital to success. However, are IT decision-makers and lines of business fully aligned?

In order to meet increasing customer demands and handle the rapidly changing environments in which they operate, companies will have to transform their operations and services as quickly and seamlessly as possible. The digital enterprise is rapidly evolving, and the transformation activities are the key to success. Our findings show that lacking the correct in-house skills and resources can delay innovation. Businesses operate in complex times and transformation activities benefit from simplification and experienced third-party support. This is considered by 90% of teams more experienced in implementing such projects to be the one most important success factor.

"Most organizations are convinced of the significant benefits of successful business transformation projects. However, they recognize that major business transformation is complex and impacts the whole company, not to mention the supplier ecosystem. That's why we closely align with our strategic partner SAP and consider it as critical that transformation processes finally result in streamlined and simplified infrastructures. Only then can success reach every part of the business, making it more agile and able to respond quickly to customer demands."

Keita Yashima, Senior Director, BAS – Global Delivery, SAP Solutions, Fujitsu
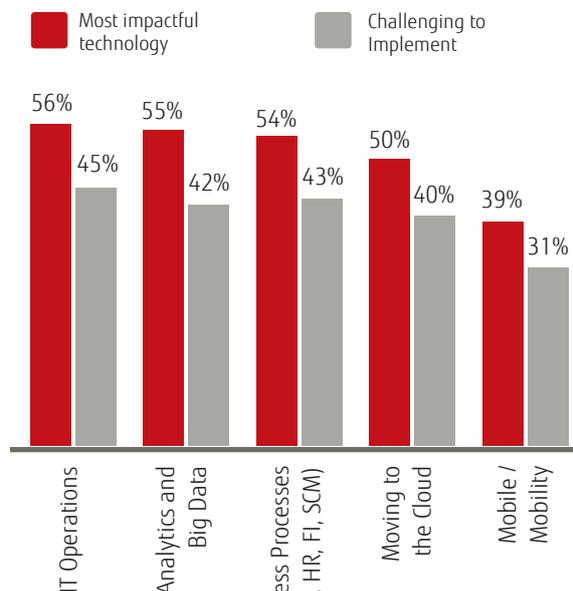
Specialist View

"Less complexity will also lead to improved IT efficiency, which will help companies maintain an IT cost structure that supports competitiveness and that allows for ongoing digital innovation."[1]

Boston Consulting Group

Current trends and their impact on SAP software landscapes

Key technology trends are changing the way businesses buy and sell to each other. Big data applications and analytics are unlocking the value of an organization's most valuable asset – its data. Armed with insights based on access to more and better data, organizations are able to improve their market intelligence and optimize customer targeting in real time, drawing on cloud technology to access Software as a Service (SaaS) where needed. Mobile technology means businesses can check and change processes from any location and at any time. SAP customers recognize the importance of these trends but also see the challenges involved in their implementation (see figure 1).

Figure1: Most impact technology vs challenging to implement

	Most impactful technology	Challenging to Implement
IT Operations	56%	45%
Analytics and Big Data	55%	42%
...ess Processes, HR, FI, SCM)	54%	43%
Moving to the Cloud	50%	40%
Mobile / Mobility	39%	31%

1. bcg.perspectives by THE BOSTON CONSULTING GROUP: Digitization and Simplification- Getting the Best of Both, December 2, 2014 by Michael Grebe, Oliver Morbé, and Sabine Döschl

However, IT decision-makers and lines of business have different opinions on the level of impact which each technology has on their business and how challenging the technology is to implement (see figure 2). IT decision-makers see improved IT operations, analytics, and big data to have the greatest impact on the business but they are challenging to implement, whereas the lines of business consider business processes (CRM, SCM) to be the most important, although they do not recognize the challenges of implementation to the same extent.
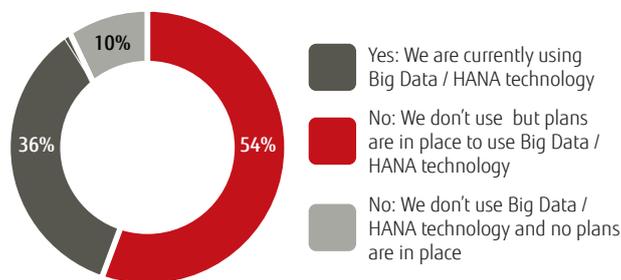
Figure 2: Technology importance vs challenging to implement
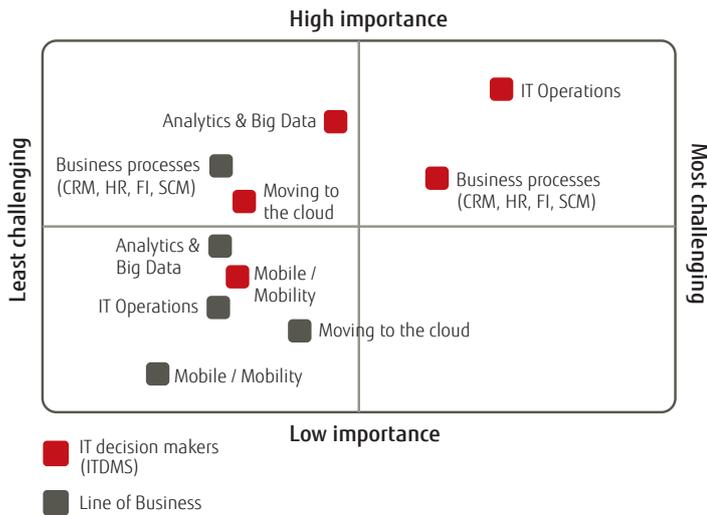
A closer look at SAP HANA® and transformation projects

A key current trend, as backed up by our research findings, is to invest in big data/SAP HANA® which is the second most important technology and also slightly less challenging to implement when compared to IT operations and business processes. Results from the Fujitsu survey reveal that 9 in 10 SAP customers have either already invested in big data/SAP HANA® or have firm plans in place to invest in the next two years (see figure 3).

Figure 3: SAP HANA® adoption

Yes: We are currently using Big Data / HANA technology

No: We don't use but plans are in place to use Big Data / HANA technology

No: We don't use Big Data / HANA technology and no plans are in place

This strong move towards SAP HANA® also reflects that companies are increasingly recognizing its great potential for driving business innovation, for example in gaining completely new insights, predicting future outcomes, and by making use of innovative applications that add new dimensions of flexibility to core business processes, or even to introduce completely new processes Internet-of-Things Applications.

Specialist View

"We have started to investigate SAP HANA® as a reporting tool, but we have only recently understood that it is much more than just a reporting platform."
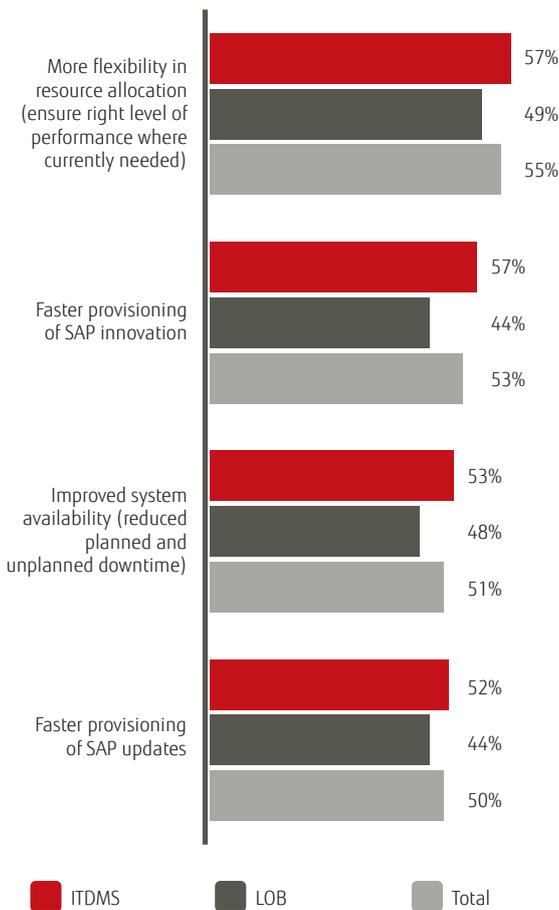
SAP® BI Specialist, Manufacturing, Finland

The introduction of SAP HANA® is great for transformation projects as it is really a new platform for next-generation applications and analytics, and has the potential to turn long-running business calculations into real-time processes. Big data/SAP HANA® is expected to have a major impact on current business efficiencies (see figure 4) by providing SAP customers with greater processing power that is faster and in real time (61%), enable them to capitalize on their most valuable asset which is their data (53%) and increase their options for simulations and trend analysis (49%).

Figure 4: Business impacts expected from Big Data/SAP HANA® technology
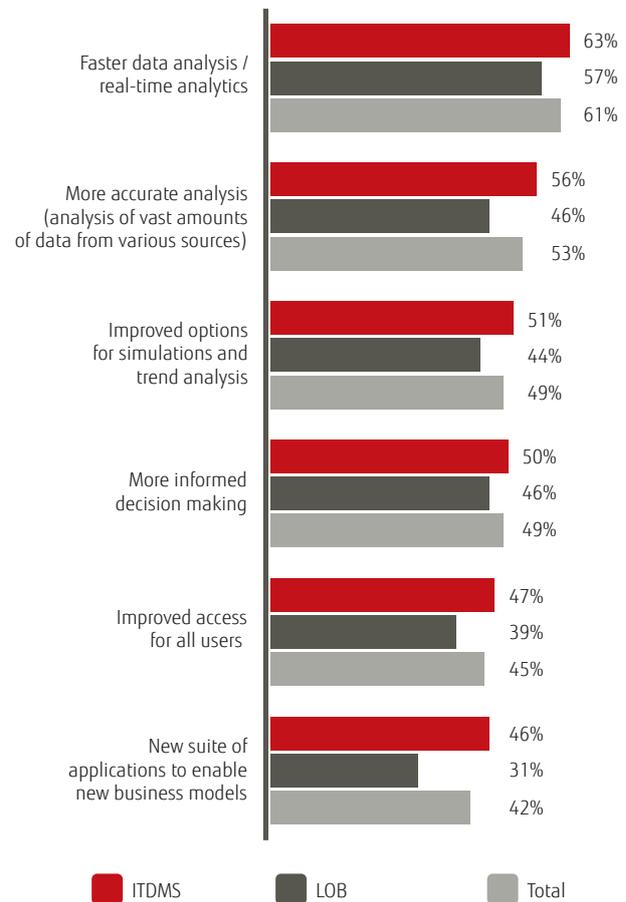
The survey results also show that IT decision-makers and lines of business share the same views on how big data/SAP HANA® could impact the business, but reveal that lines of business seem less aware of their impact. The difference of opinion between internal departments is also revealed when SAP customers were asked 'in what ways could you be getting more out of the system?' The results show that although both department types agree to the same areas, perhaps counter-intuitively, IT decision-makers are most aware of the potential business outcomes that can be achieved through continuous SAP transformation/deployment (see figure 5).

Figure 5: Business impacts expected from Big Data/SAP HANA® technology

| | ITDMS | LOB | Total |

More flexibility in resource allocation (ensure right level of performance where currently needed): 57% / 49% / 55%

Faster provisioning of SAP innovation: 57% / 44% / 53%

Improved system availability (reduced planned and unplanned downtime): 53% / 48% / 51%

Faster provisioning of SAP updates: 52% / 44% / 50%

This apparent disconnect between Lines of Business and IT Decision Makers is no doubt hindering the value add to companies of SAP transformation projects, since company opinion seems to be divided on where investments should be made.

Recommendation
Inviting IT decision-makers to business development discussions provides a significant opportunity for businesses to learn how they can modernize their processes and improve their efficiencies based on the capabilities provided by new technologies. Furthermore, it will also help the lines of business to understand the current limitations of IT resources and their costs and pave the way to IT transformation projects which are business-oriented, yet feasible from a resources and technology viewpoint.

Third-party support – A key to success?
SAP customers are responding to trends in IT at different speeds and therefore transforming the way they utilize SAP solutions at different rates (see figure 6): 4 in 10 believe they are fully exploiting their SAP solution (experienced users) whereas 6 in 10 do not, or are not sure (light users).

Figure 6: Exploitation of SAP Solutions

Legend: Yes (43%), No (41%), Not Sure (17%)
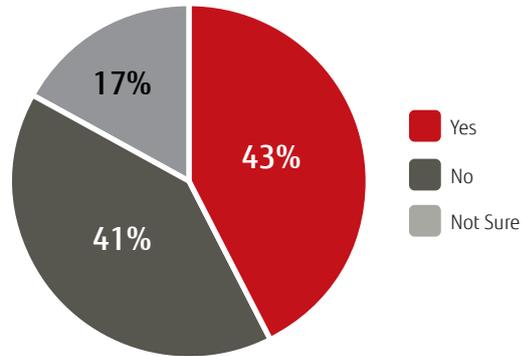
Specialist View
"The insufficient exploitation of SAP solutions has also been underlined in the customer interviews: "I've worked for several different companies using SAP solutions. I don't think any of these companies even began to realize their full potential."

SAP FICO Application Analyst, Energy, USA

Recommendation
Just maintaining the existing SAP solution is not enough to really capitalize on the investment in SAP solutions. Individual planning of SAP transformation projects is needed to better exploit and support business transformation.

Although transformation projects have a great potential to improve business and IT processes, the reality is that 60% of SAP customers consider transformation projects to be complex. For example, this figure rises to 72% in the USA. What is more: four out of 10 respondents believe this level of complexity is set to rise due to a wide range of mainly external factors.

Wider forces are at work in the market, trends ranging from Cloud and Big Data to Social and Mobile. These trends can add complexity to existing environments if they are not addressed smartly. They can fuel efforts inside organizations to keep costs and expenses under control – initiatives that can only be achieved by reducing complexity. However, this demands even closer collaboration with the suppliers of IT infrastructures and services.
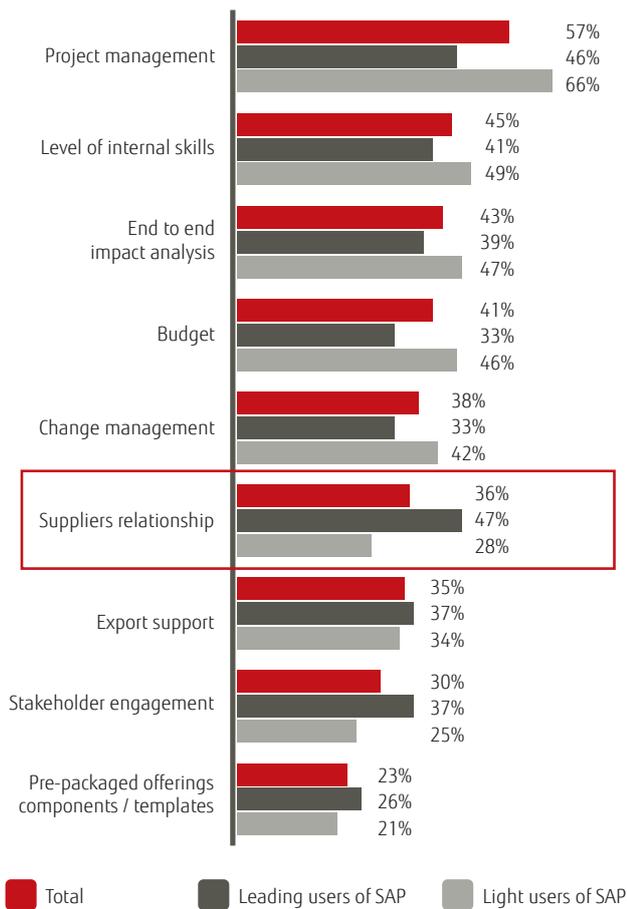
Specialist View
"Market influencers such as Gartner view too much complexity as one of the biggest challenges facing businesses in terms of Enterprise IT Spending."

Gartner IT Metrics Data, December 2014

The factors that help overcome these challenges vary by SAP customer's transformation experience (see figure 7). While the light-use SAP customers see strong project management (46%), better internal skills (41%) and end-to-end impact analysis (39%) as the key to overcoming transformation challenges, more experienced users of SAP put significantly more trust into suppliers, even ranking this point as the most important success factor (47%).

Figure 7: Key factors of a successful SAP transformation/deployment?

Factor	Total	Leading users of SAP	Light users of SAP
Project management	57%	46%	66%
Level of internal skills	45%	41%	49%
End to end impact analysis	43%	39%	47%
Budget	41%	33%	46%
Change management	38%	33%	42%
Suppliers relationship	36%	47%	28%
Export support	35%	37%	34%
Stakeholder engagement	30%	37%	25%
Pre-packaged offerings components / templates	23%	26%	21%

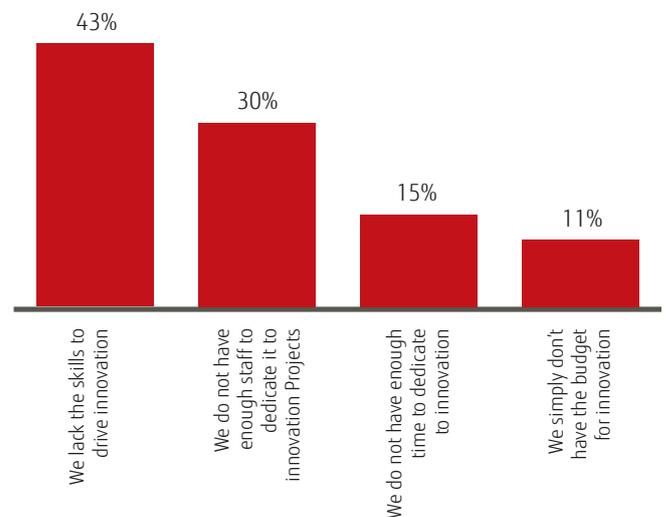■ Total   ■ Leading users of SAP   ■ Light users of SAP

Experienced customers, who believe that they are already fully exploiting SAP capabilities, attest that third-party support is the most important factor in transformation projects. Almost 9 out of 10 (87%) of these SAP customers share a common attitude towards improving their SAP landscapes:

- Streamlined and standardized SAP landscapes enable better business support ✓
- Simplification is the basis for improvement in many areas ✓
- Services (managed, hosted, cloud) can help to simplify processes ✓

When it comes to budget and resources, it seems that the majority of SAP customers already have a balanced split between innovation and maintenance of the platform (57%). A minority even dedicates almost all the budget to innovation (8%) whereas there is still a significant number of SAP customers who need almost all the budget for platform maintenance.

A closer look at the reasons why organizations need almost all IT budgets to maintain the current platform shows that innovation basically is not hindered by low budgets, but mainly by a lack of skills and of staff (see figure 8).

Figure 8: Reasons why IT budgets and resources are balanced in this way

Reason	%
We lack the skills to drive innovation	43%
We do not have enough staff to dedicate it to innovation Projects	30%
We do not have enough time to dedicate to innovation	15%
We simply don't have the budget for innovation	11%

Recommendation

As the findings show that the lack of staff in general or staff without the right skills are the major blocking points for innovation, third-party support can be a way to bridge gaps in skills and resources. This is also underlined by the fact that SAP customers, who feel they are already fully exploiting the vast capabilities of SAP, rank relationship to suppliers significantly higher than those who do not believe they are fully exploiting SAP solutions. It's worth taking a close look at the company's sourcing model and asking how it could be simplified to more effectively seize digital opportunities. For example, if a company needs to replace a legacy platform, it could turn to transformation outsourcing and rely on a vendor to not only manage the existing system but also to lead the migration to the new platform. Such an approach is particularly valuable for companies that have limited experience with IT transformations. In general, companies should structure their sourcing relationships similar to partnerships in which the goals of each party are complementary and the value achieved is shared.

Specialist View

"You need to have someone that pushes you to think outside the box to think about new solutions which you may not have noticed or considered because you are too close to the problem."
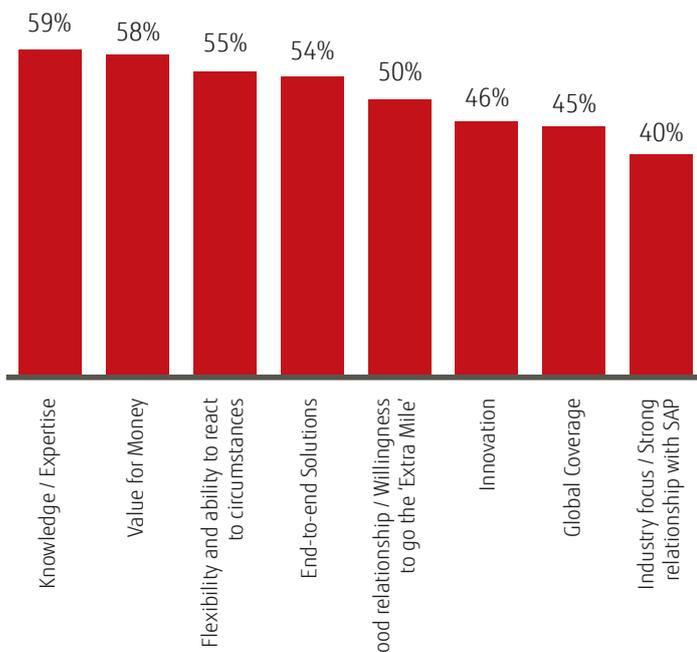
Purchasing Advisor, Electronics, Norway

SAP customers that invest in third-party suppliers seek partners that can demonstrate great knowledge and expertise and are good value for money (58%) (See figure 9).

Specialist View

"Finding the right people for the job should be the answer to your question. This keeps control on costs as well, instead of paying for mistakes later."

Senior Manager, Manufacturing, USA

Figure 9: What SAP customers look for in a third party

Bar chart values:
- Knowledge / Expertise: 59%
- Value for Money: 58%
- Flexibility and ability to react to circumstances: 55%
- End-to-end Solutions: 54%
- Good relationship / Willingness to go the 'Extra Mile': 50%
- Innovation: 46%
- Global Coverage: 45%
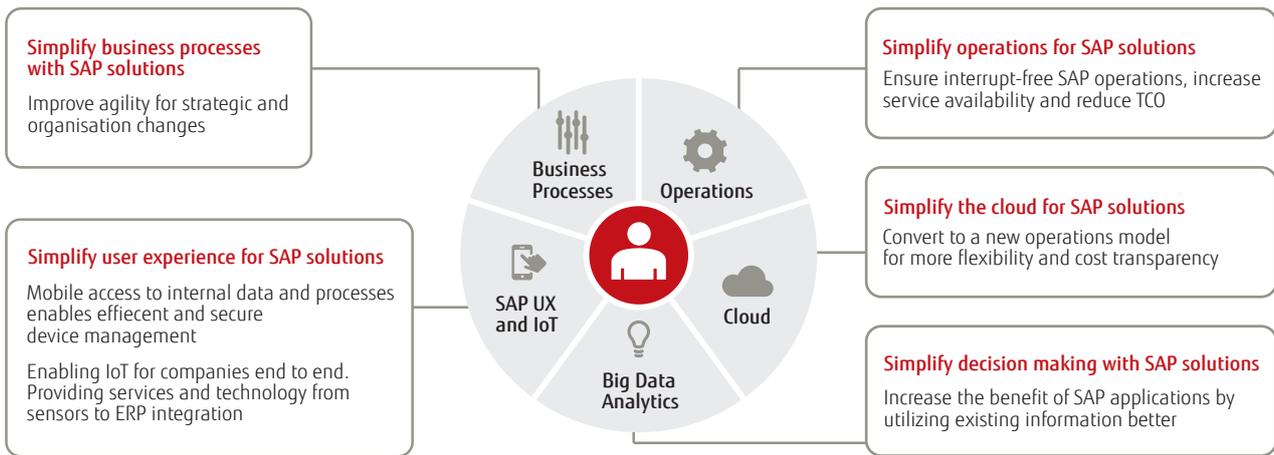- Industry focus / Strong relationship with SAP: 40%

Summary

IT mainly becomes a topic of interest inside many organizations when it starts to impact business strategy. Enabling new business models and improving customer experience requires IT environments which are simplified and streamlined and can thus easily be adapted to changing needs. Executives thus embrace IT initiatives, which reduce complexity, accelerate the deployment of new operating models and improve efficiency and performance. The results of our international survey on the one hand reveal that there is a strong push towards innovation, for example that 90% of SAP customers are investing in big data/SAP HANA®. In addition the migration to SAP S/4HANA® and the demand regarding the integration of IoT with existing ERP are hot innovation and transformation topics. On the other hand, however, there are roadblocks such as the shortage in staff in general, or staff without the right skills.

To meet the growing demands of customers and the rapidly changing environments in which they operate, firms will have to transform their operations and services as quickly and seamlessly as possible. The digital enterprise is rapidly evolving, and transformation activities are the key to success. But businesses operate in complex times and transformation activities benefit from simplification and experienced third-party support:

As a trusted SAP Global Partner for over 40 years, Fujitsu closely aligns with SAP to offer solutions that help customers simplify, innovate and grow. With a comprehensive portfolio of advanced technologies and service capabilities Fujitsu especially aims to support the transition towards the SAP HANA® platform, which is SAP's major engine for simplification. In co-operation with SAP Fujitsu reduces complexity and optimizes investment in SAP applications and the SAP HANA® platform. Fujitsu strives to support simplicity across five main impact dimensions:

Simplify business processes with SAP solutions

Improve agility for strategic and organisation changes

Simplify user experience for SAP solutions

Mobile access to internal data and processes enables effiecent and secure device management

Enabling IoT for companies end to end. Providing services and technology from sensors to ERP integration

Simplify operations for SAP solutions

Ensure interrupt-free SAP operations, increase service availability and reduce TCO

Simplify the cloud for SAP solutions

Convert to a new operations model for more flexibility and cost transparency

Simplify decision making with SAP solutions

Increase the benefit of SAP applications by utilizing existing information better

The Fujitsu end-to-end approach is based on specific expertise in SAP software and a broad industry experience across a range of sectors. This has enabled Fujitsu to build a comprehensive number of deployments on premises and managed SAP operations and cloud services for SAP solutions. The result is a portfolio of future-proof solutions based on advanced technologies and service capabilities. This reflects traditional SAP applications as well as innovations, such as SAP S/4HANA® and the design and implementation of tailored IoT solutions based on pre-build assets and in-depth consulting and implementation expertise. With Fujitsu, organizations can select from a flexible range of deployment and management options to help simplify their processes, support business innovation, maximize the returns on their investment, and significantly reduce the total cost of ownership.

About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Approximately 162,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE: 6702) reported consolidated revenues of 4.8 trillion yen (US$46 billion) for the fiscal year ended March 31, 2014. For more information, please see http://www.fujitsu.com.

Study details

The study was designed to first conduct 20 in-depth interviews with senior-level decision makers within global MNCs and then to quantify the findings using telephone interviews (CATI) amongst 400 more. As all companies taking part were multinational, a truly global perspective of the findings was successfully achieved. Note that only SAP customers took part in the survey.

Fujitsu and SAP® - helping customers to transform their business

A trusted SAP Global Partner for over 40 years, Fujitsu has successfully helped thousands of customers worldwide to simplify, innovate and grow based on its reliable and innovative Information and Communications Technology solutions. The company's in-depth industry and technology expertise empowers businesses to achieve their objectives and take the lead over their competition. Fujitsu infrastructure solutions, based on powerful, industry-standard PRIMERGY, PRIMEQUEST and PRIMEFLEX systems, are highly cost-efficient and scalable to match mission-critical readiness with the lowest total cost of ownership.

Fujitsu drives innovation in all areas – from cloud services via managed SAP operations to solutions and services for on-premise deployments. The Fujitsu portfolio for SAP software landscapes includes advanced technologies and services capabilities to deliver tailored future-proof solutions. In collaboration with SAP, our customers and further specialist partners, Fujitsu reduces complexity and optimizes the investment in SAP applications and the SAP HANA® platform. The result is a more efficient enterprise, exceptional ROI and better business outcomes.

Region	Qualititve	Quantitive
US	5	100
UK	5	100
Germany	5	100
Nordics	5	100

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