

Prepping Your Enterprise Information for a Smooth SAP S/4HANA Transition

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SAP CEO Bill McDermott has stated that \$237 billion is being lost to inefficient processes across the top 200 companies in the world. If a company is running processes in an inefficient manner, then the migration to SAP S/4HANA could be an opportunity to re-engineer your systems. Companies have the choice to either compound the inefficiencies that already exist when they migrate or simplify their processes and remove some of these challenges before launching a new system. But what's actually required to be ready to improve your systems?

Lofty Goals Resized as Tiny Tweaks

In her book *Emotional Agility*, Susan David talks about an approach to transformation called “the tiny tweaks principle.” She explains it like this:

“Traditional self-help tends to see change in terms of lofty goals and total transformation, but research actually supports the opposite view: that small, deliberate tweaks infused with your values can make a huge difference in your life. This is especially true when we tweak the routine and habitual parts of life, which, through daily repetition, then afford tremendous leverage for change.”

Small Steps Toward Transformation

While this principle relates to personal growth, it can also apply to a company. Digital transformation can connote full-scale, sweeping change across an organization. In reality, true transformational change is possible if the business commits to small, deliberate tweaks that build on each other over time. In the short term, companies can start to prepare for the time and cost commitment of an SAP S/4HANA transition by examining their processes related to the flow of documents and information, or enterprise information management (EIM).

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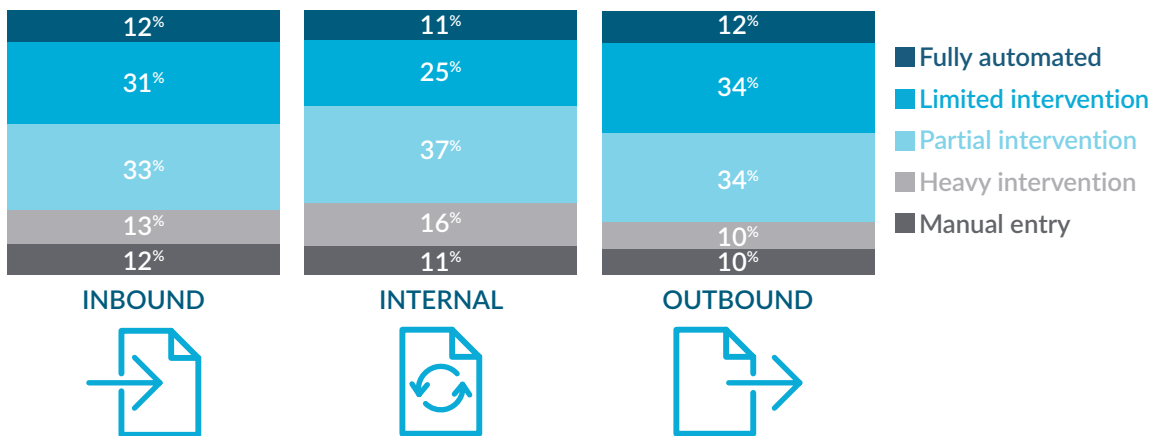
Manual Work = Dollars Lost

It's estimated that North American companies send out more than 5 billion pages of paper every year just for invoicing. By 2023, that number is still expected to add up to more than 4 billion pages. Most of these invoices require manual work—a human worker is entering data to process them, and additional time and effort is spent reviewing and approving. In North America alone, companies are spending more than \$4 billion annually just to manage accounts payable. But it doesn't have to be this way.

In research conducted by ASUG with OpenText, 54 to 64 percent of an organization's data flow requires manual processes at least half of the time. Even with all of the manual work on incoming or outgoing invoices, the greatest efficiency drain comes from employees sharing and routing this internal data. When it comes to the internal sharing of this information, nearly two thirds of this is handled manually. If a company can't minimize inefficiency within its own walls, how can it expect to improve the experience for vendors or, more important, for customers?

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Figure 1: Degrees of Manual Intervention Within Information Flows



Part of becoming an intelligent enterprise should be automating processes that can fill gaps in a company's data flow. There are opportunities to use automation to accelerate the three different types of information flows: inbound, internal, and outbound. Machine learning combined with robotic process automation (RPA) can reduce the manual interventions, meaning that employees only need to contribute when strategic or complex needs arise within the process. For RPA to work, however, the process could need to be simplified into steps that can be automated.



Strategize, Simplify, Succeed

To succeed, SAP S/4HANA transition strategies must have a plan in place for streamlining and simplifying information flow. This requires companies to consolidate the paths where their data moves across systems and to assign responsibilities to key employees for this data movement. It also means having a plan in place to archive data where it's still accessible but doesn't affect the system's performance, including real-time analytics.

Our research shows that only 39 percent of companies have plans in place to streamline their information flow as part of an SAP S/4HANA conversion. This means that 61 percent of companies have no plan at all and will carry over any inefficiencies that already exist within their current information flows and related processes. When information sits across multiple systems, employees could be working with inaccurate data. This perpetuates a problem that's easily fixed by managing information through a single digital platform.

As information is consolidated, some considerations must also be made about what to do with older data that is archived or sits unused. What is the strategy for that information? While a third have storage plans outside of SAP S/4HANA and another quarter are planning to use their SAP S/4HANA platform for their data, 45 percent have no idea what their strategy is for older or currently unused data within their systems.

Figure 2: Planned Streamlining of Data for SAP S/4HANA

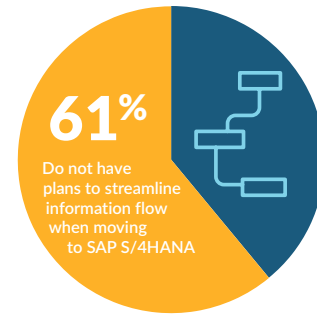
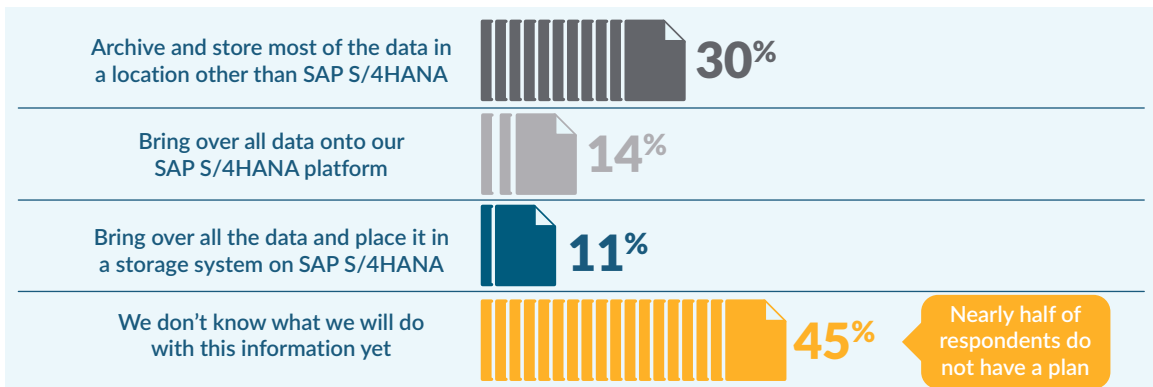


Figure 3: Plans for Older or Unused Data When Migrating to SAP S/4HANA



These challenges with streamlining data and archiving are important because they point to a lack of a defined EIM strategy or awareness of EIM at all. This can create potential hiccups across an organization and create significant issues both on performance and cost, including:

- Lost time searching for information (employees lose six to 10 hours each week on average)
- Recreating and reformatting information (an average of \$5.7 million per year is spent on this effort)
- Making major decisions with incomplete or inaccurate information (80 percent of business leaders are forced to do this, and many are not even aware they're using inaccurate information)








What a Well-Defined EIM Strategy Accomplishes

Having a well-defined EIM strategy in place can help minimize or eliminate these challenges. It helps prepare your company to enable the key capabilities of a digital transformation: digitizing, contextualizing, delivering, and controlling your information. It also brings an added benefit: The company will be much better prepared to adopt automation to improve efficiency, which shows in our research. Those with a plan in place to streamline data as part of their SAP S/4HANA transition are more than twice as likely (43 percent versus 19 percent) to take advantage of a fully automated approach to information transfers. These are the companies that are ready for true digital transformation.

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Figure 4 provides an example of a fully automated approach in another area—sales orders—and how companies can employ best practices and realize a return on investment (ROI) if the automation is built and used correctly.

Figure 4: Best Practice Examples Within an Automated Sales Order Process

Best Practice		Impact
Adaptive machine learning with automated data entry		Reduced operational expenses via fewer errors and smaller cycle times
Full automation with simple exception handling		High process speed/quality at lower cost
“No-touch process” with minimum human interaction		Reduced operational expenses via reduced headcount
Full process transparency and insight into bottlenecks		Increased margins via continuous process improvement
Generate personalized communication for targeted sales		Increased revenues and share of wallet

Prepping Your Data for its Debut

You might be thinking to yourself, “So where do I start?” Preparing your data to undergo a full SAP S/4HANA migration will work best if you take three steps:



Step 1: Define Your Strategy

The success of your transformation depends on whether you have a plan for managing existing content and data. When migrating to SAP S/4HANA, companies often optimize their data model, streamline their data, and enhance their user interface. But you should also ask yourself if you are managing unstructured content well. It is important to evaluate how you manage all types of information.

Tip: One way to define your strategy is to use an EIM value calculator. This online tool can help you assess where a centralized EIM management solution or RPA can help fill gaps within your organization. The calculator looks at areas like employee productivity, operational effectiveness, and compliance.

Step 2: Design for Compliance

Every business must understand how it manages information and what customers (and regulations like the EU's General Data Protection Regulation, or GDPR) expect from you. GDPR compliance can actually be used as a justification to streamline your information management processes to deliver better and more relevant information. Information that is subject to GDPR (such as email addresses) also exists as unstructured content and must be managed the same way as customer data. Solutions already exist to support this activity for both structured and unstructured information.

Tip: As of May 2018, 44 percent of companies that believed GDPR would have an effect on information flow were unsure if their company had any initiatives to address the issue. Another 26 percent had no initiatives in place prior to the May 2018 deadline. Take the time to do an audit of your data to determine what might be subject to compliance infractions or at risk if similar regulations are introduced in other parts of the world. This will keep you from scrambling to catch up if something is discovered later, or worse, subject to penalties if the discovery is made by an auditor.

Step 3: Bring Content into Your Processes

Content that is untouched or hidden is of little value. The value of information and data comes when it is in motion and flowing across business processes. Content often drives business processes like accounts payable invoices or purchase orders that need to turn into sales orders. Content is also most valuable when it is embedded within a business process, where employees can actually use it. It's of no value if it's in a silo that's completely disconnected from the related business process.

Tip: True transformation happens when there's a frictionless interaction of structured and unstructured information within business processes and even across business applications. No matter how ready you *think* you are to handle a transition of this type, you will only be as fast as your slowest manual process. If the goal is to truly transform and accelerate your business, manual processes need to adapt as well. Leveraging new technologies like RPA and machine learning can help you achieve quick wins and gain competitive advantages right now.

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Tiny Tweaks for a Successful Transformation

Tiny tweaks, like defining the EIM processes within your organization, will help reduce the change management your company needs to successfully implement SAP S/4HANA. Before the data dam bursts in your company, plug all possible holes with automation so your company's bottom line can avoid being added to the \$237 billion spent on inefficiencies. Get the help you need today, and tomorrow's transition will feel a whole lot simpler.

ABOUT ASUG

Founded in 1991 by four pioneers who understood the potential of SAP software, the Americas' SAP Users' Group (ASUG) today is the world's largest independent SAP user group with 2,400-plus corporate members. ASUG's mission is to help our members maximize the value of their SAP investments. So no matter where you are on your SAP journey, ASUG is here to help you navigate every step of the way. Find membership information at <https://www.asug.com/join>

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