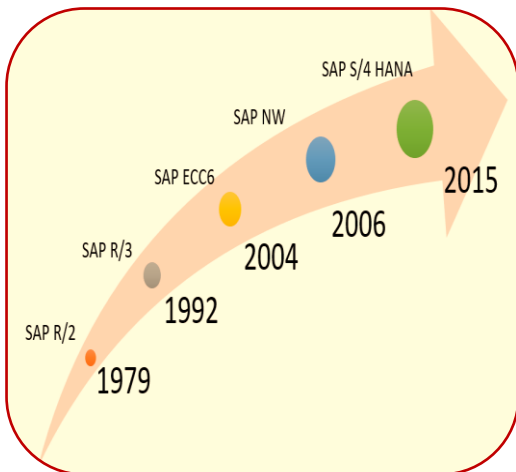


SAP ECC 6 to S/4 HANA – Upgrade or Modernization?



Ever since SAP S/4 HANA was launched, the much sought-after questions are “Do we have a business cases to migrate from SAP ECC6 to SAP S/4 HANA?” “Would this upgrade be having any rationale behind investment?” Investment analysis and ROI were more financial in the past and in the current era of fast pace technological advancement investment decisions are more of perception-based judgement call than financial number-oriented decision-making process.

This paper attempts to analyze the perception around migration from SAP ECC 6 to SAP S/4 HANA:

Is it an upgrade to higher version or is it an SAP application modernization?

When one Migrating from SAP ECC6 to SAP S/4 HANA, what perception one carries makes substantial difference in understanding the value perception in investment.

Technology

From technology perspective, a few major changes have happened with S/4 HANA:

1. Significant change is Database – S/4 HANA backend would be HANA Database
2. HANA database is not traditional RDBMS, it is columnar, in-memory database
3. HANA database can run only on Linux
4. Though SAP S/4 HANA application can run on OS such as Linux, Windows Server, Sun Solaris, most of the customers choose Linux variant as it helps in cost effective maintenance with OS that runs DB

5. Application architecture changes are many, particularly in the space of Financial Accounting and Controlling
6. Back-end database design and architecture have been consolidated and number of tables are reduced
7. On logistics side, Business Partner functionality is introduced for better
8. User interface through Fiori is introduced to match current generation preference and to enable mobile computing.

The above are just illustrative examples, the features and functionalities are getting added for every release / version.

Let us look at some of the functionalities.

Financial and Cost Accounting Model

When we compare Financial Accounting and Controlling module functionality in ECC6 and S/4 HANA, there is ocean of difference and change to better. Firstly, single table that takes care of all financial and managerial accounting records and SAP calls this as Universal Ledger. General Ledger Accounting is rationalized to enable integration of GL accounts financial accounting with Cost elements in controlling. Parallel Ledger is standard default functionality and one can define multiple ledger based on accounting principles. Depreciation posting can be for a specified ledger through depreciation area configuration. Cost and Profitability Analysis (COPA) is enhanced.

Logistics and associated Functions

Logistics functionality is also substantially improved. To start with customer and vendor master data have been integrated with new functionality called “Business Partner”. This new functionality was existing in other SAP Industry Solution and the same has been brought into core ERP.

In materials management, new table has been brought in to capture all material transactions comparable to Universal Ledger in Financial Accounting. Previously, credit management module was part of Sales and Distribution, now this has been enhanced and included as part of Financial Supply Chain Management (FSCM) as integrated solution.

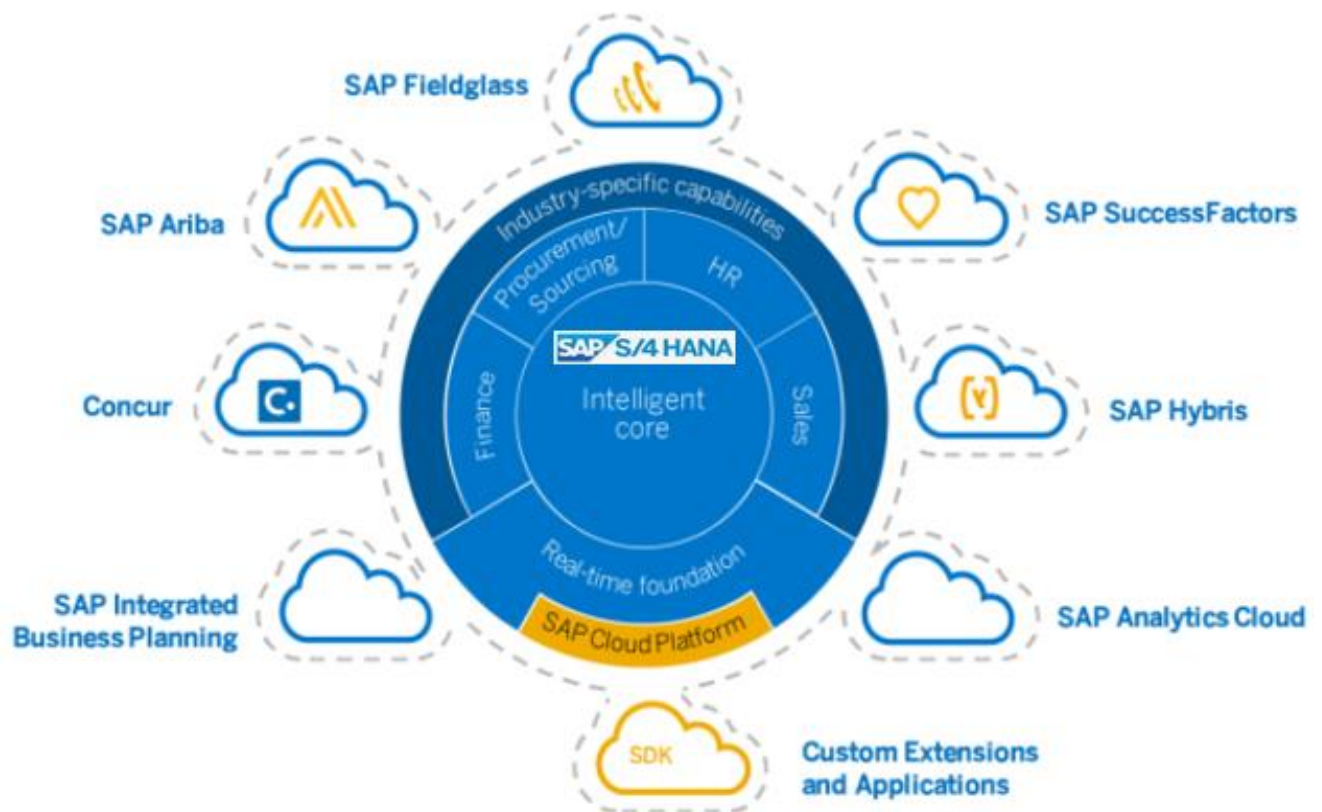
The power of in-memory computing

HANA database being in-memory database, it adds tremendous power to SAP S/4 HANA application, where it brings together transaction processing and analytical processing in real time.

This is one of the significant change in SAP S/4 HANA.

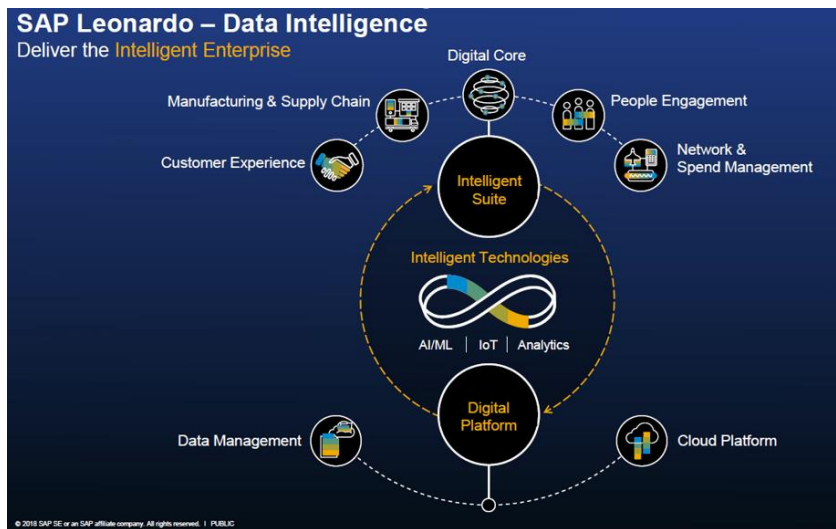
New Dimension products to Web Solutions

SAP traditional new dimension products have been modernized with web solutions such as Hybris, Success Factor, Ariba which have replaced SAP CRM, SAP HCM founded on WebDynPro technology and SAP SRM respectively. These web solutions are seamlessly integrated with SAP S/4 HANA through SAP Cloud Platform Integration which has replaced SAP PI/PO.



Foundation for Digital Acceleration such as IOT, AI

With its changes and enhancement SAP S/4 HANA enables digital acceleration of an enterprise for implementation of Internet of Things (IoT), Artificial Intelligence / Machine Learning (AI/ML), Blockchain etc. This is enabled either through a third-party solution or through SAP Leonardo



Conclusion

Most of the SAP users and customers view SAP S/4 HANA as next version of ECC6, which is in a way correct, but this is a limited view. This limited view causes paradigm of usual upgrade approach to SAP and investment justification becomes an issue. Further, this limited view will blind an enterprise from embracing larger digital transformation.

When an enterprise takes a paradigm that setting up SAP S/4 HANA to run their business as “Application Modernization” viewpoint, business justification and the approach to implementation become different. It brings different vision.

What is your view and vision?



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