The Journey to the Intelligent Enterprise

An End-to-End Approach from Value Discovery to Value Delivery Aligned to Customers’ Business Priorities
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Introduction

In a consumer-driven digital economy, the pace of innovation is relentless. **Change has never been this fast, but it will never be this slow again.** Companies are beyond the stage of awareness when it comes to digital technologies. They already understand the power of AI, IoT, cloud, robotics, and mobile, while others like blockchain and augmented reality are just appearing on the radar.

In speaking with CEOs today, they see significant business implications across three dimensions:

1. **Drive total customer experience** – Reimagine end-to-end processes from the point of first interaction to fulfillment to post-sales. Sometimes this requires digitizing products and services, or completely *reimagining the business model.*

2. **Deliver step change in productivity** – Through a combination of digital technologies, companies can achieve a 15 – 20% productivity gain\(^1\), which completely transforms the cost structures and profit model of value chains across industries.

3. **Transform the way we work and engage employees** – Touchless systems, automated processes, and other similar technologies will become the norm. These will augment human capabilities and enable employees to focus on value-added work and manage exceptions.

**All of this innovation will be fueled by data,** from having the right intelligence to execution. We are entering the era of intelligent mega-processes, which start by combining the right data sets and converting them into intelligent insights. These insights then trigger automated transactions across the process. Leading companies that are making digital transformation a reality are putting data and intelligence at the center of their future. They are building new capabilities, skills, and technology, and evolving their culture to transform into an ‘Intelligent Enterprise’ and achieve the aforementioned outcomes. These companies are not only delivering short-term value to shareholders, but are also positioned to thrive and transform their industry.

However, executives are concerned about the path to digital transformation. Early adopters failed to understand their digital ambition\(^3\) and the complexity associated with transformation and are struggling on their journey. Successful companies that are engaged with SAP are focusing on these five common capabilities:

1. **Reimagine end-to-end mega-processes** - For example, customer experience is not just omni-channel, it’s about orchestrating the entire value chain to deliver the best customer experience.

2. **Enhance enterprise intelligence through smart use of data and AI technologies.**

3. **Run the world economy in real time by connecting industry value chains.** For example, leverage end-to-end industry best practices, digital technologies, and SAP HANA to run in real-time

4. **Manage complexity by simplifying IT’s operating model**– Focus on clear IT strategy aligned to business priorities and a customer-first mindset.

5. **Accelerate innovation by moving to the cloud**

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1. McKinsey. *Industry 4.0 demystified—lean's next level*
3. Gartner
Introduction

**Speed matters**…. The first companies to lead the move will have an edge, as they can keep on improving their processes with more data and intelligence, while their competitors try to catch up. Most companies are adopting the change in a step manner, instead of waiting for proven end-to-end solutions and technology stack. Digital transformation is a long journey. The sooner you start, the sooner you will be able to compete in the digital economy.

Since 2010, SAP has made significant changes to its solution portfolio to support customers with digital transformation. We invested $35B to build a data-centric intelligence platform, SAP HANA and acquired best-of-breed LoB cloud solutions. In 2018, we are proud to bring all this together with SAP’s framework for the Intelligent Enterprise.

Because of our investments over the past 10 years, SAP is ready to help our customers navigate through the digital storm and become best-run businesses. In this document, we explain how SAP is investing in the right solutions and services, and can help our customers embark on their digital transformation journey – from value discovery to value delivery. Our goal is to deliver significant business value while minimizing the risks and disruption during the journey.

It’s better to change while you can, rather than when you have to.
I. SAP Vision, Mission and Strategy

For 46 years, SAP has led the market in business performance across 25 industries and seven lines of business.

- Over 76% of the world’s transactions run on SAP technology and solutions
- 150 million cloud users leverage our solutions in 180 countries.
- $1.9 trillion run on SAP’s business network

But yesterday’s accomplishments won’t guarantee tomorrow’s success. We have a duty to support our customers in their journey to a digital future.

In 2010, we rebooted our vision and our mission.

- Our VISION is to help the world run better and improve people’s lives.
- Our MISSION is to help every customer become a best-run business

Our focus is and will remain to bring together the most advanced technologies in the world to solve business problems. While looking into the future, we recognized the key pillar of innovation would come from real-time data and intelligence, and so we launched SAP HANA. We also knew cloud would be the dominant consumption model in the future, and so we made a significant move into the cloud by connecting businesses and improving how companies manage their workforce and customer experience.
I. SAP Vision, Mission and Strategy

In 2018, we are now bringing this all together with SAP’s framework for the Intelligent Enterprise. This framework showcases the most complete portfolio including an Intelligent Suite of applications, a Digital Platform with SAP Cloud Platform and the SAP HANA Data Management Suite, and Intelligent Technologies with SAP Leonardo. We believe this is the true North Star when it comes to digital business. With the Intelligent Enterprise, SAP enables our customers to innovate and achieve the business outcomes below:

- Deliver a best-in-class customer experience and reimagine business models
- Manage industry value chains in real time and drive a step-change in productivity
- Empower employees to leverage digital technologies to drive even more value
I. SAP Vision, Mission and Strategy

✓ We are taking **40 years** of experience and moving all SAP solutions to a real-time, cloud-based, data management platform with **SAP HANA**.

✓ With SAP S/4HANA, we are **reengineering processes** across every industry and enabling **new business models** (i.e. moving to new industries or outcome-based business models) **unlocking significant business value**.

✓ We provide the **total customer experience** from front-office to supply chain and logistics to fulfillment.

✓ With AI technologies and natural language, the next-generation of automation will be embedded in our solutions and completely **change how humans and systems interact**.

✓ We are moving to cloud to provide **innovations faster and lower TCO** by 20 – 30%.

✓ We are building all processes and technology with a **focus on privacy and cybersecurity in mind**. Trust is at the center of all that we do to protect customer and business data.

✓ We will offer a next-generation data management and cloud platform. **SAP Data Hub** will provide orchestration and meta-data management across data sources. **SAP Cloud Platform** provides an open platform to deliver innovations through APIs and microservices.

✓ With **SAP Leonardo’s toolbox** of intelligent applications, technologies, and industry-led innovation services, customers can consume digital technologies at a level of experimentation that’s right for them. SAP Leonardo is also embedded into our core applications driving a new level of intelligence.

**Ultimately, a great vision and strategy without execution doesn’t change the world.** Not only does SAP have a vision and strategy, but we are backing it with action. We are repositioning our solutions and services to make every business a best-run business. To learn more about SAP’s framework for the Intelligent Enterprise, please read [here](#).
II. The Intelligent Suite

We truly believe that our customers’ business priorities cannot be accomplished with siloed best-of-breed CRM, supply chain, or HR applications. They need a strong suite of applications, a data-centric platform, and technologies such as machine learning, IoT, analytics to orchestrate the process end-to-end.

This is where the Intelligent Suite comes in. We firmly believe the Intelligent Suite is centered around the digital core, S/4HANA – the world’s most sophisticated ERP system. The digital core is significantly enhanced by other pillars of the suite - customer experience, manufacturing and supply chain, people engagement, and network & spend management - to truly deliver on your business priorities. With SAP’s Digital boardroom, executives can leverage data from previously siloed functional areas and manage the business in real time.
II. The Intelligent Suite

SAP S/4HANA is the Intelligent ERP for all organizations across 25 industries.

- Its simplified architecture converts real-time data into intelligent insights, and drives smarter and faster decision making.
- It brings together a digital age user experience, including a voice-enabled, context-aware, business-savvy digital assistant.
- Automation of key processes are enabled through intelligence and learning capabilities powered by AI technologies, natural language, predictive analytics.
- Next-generation processes help organizations rethink the way business gets done through the smart application of technology and innovation.
- With industry lines blurring, new business models are enabled with industry best practices available in one instance

Each S/4HANA Cloud release will bring 20% more functionality.

Manufacturing & Supply Chain

Companies can digitize the entire mission-critical manufacturing and supply chain processes with the SAP Manufacturing & Supply Chain portfolio. IoT and digital twin capabilities help companies to manage the extended supply chain in real time.

Customer Experience

With SAP C/4HANA® - SAP’s cloud-based solutions for the front-office, gain a deeper understanding of your customers, predict and proactively meet their needs – and provide exceptional, differentiated, and personalized customer experiences.

Network & Spend Management

Simplify travel, expense, and invoice management. Source, buy and pay on the world’s largest business network. Manage and engage the external workforce – for greater visibility, empowerment, cost control, and risk reduction. SAP’s Business Network – SAP Ariba®, SAP Fieldglass®, and SAP Concur®.

People Engagement

With SAP SuccessFactors® and SAP Fieldglass®, and SAP Fiori® the total workforce will be engaged, simplifying how work gets done in order to drive productivity and innovation.

SAP Digital Boardroom delivers the capability to manage the business in real time. Executives can access data and information across functions in real time, simulate impact of changes and take decisions quickly.
Sooner or later, every company will have to face the inevitable: Reimagine their business model, business processes and how work gets done. Existing enterprise systems cannot deliver the capabilities to drive these innovations, and help organizations move to the next level of customer experience or productivity. Initial results from adoption of SAP’s solutions are so promising that companies cannot ignore the impact on their industry cost structure and competitive play. Here are some of the expected strategic and tangible benefits from thought leaders and SAP customers 1,2,3,4

**III. What is the Value?**

Growth and savings at this scale will have massive impact on every industry, every value chain, and every market. First movers will have the significant advantage of consolidating their position in the industry and ecosystem, and further building on their lead by focusing on innovation. Companies waiting to start will be left further behind.

**DRIVE CUSTOMER EXPERIENCE**

- Ability to **enter new markets** quickly

- Leverage **best practices from other industries to enable new business models** (e.g. high tech can adopt billing from telco for usage-based pricing)

- 5-10% higher revenue growth

- 20–50% reduction in time to market

**DELIVER STEP CHANGE IN PRODUCTIVITY**

- 10–40% reduction in maintenance cost

- 30–50% reduction in machine downtime

- 20–50% reduction in inventory carrying cost

- 25-50% improvement in shared services productivity

**ENGAGE THE WORKFORCE**

- Eliminate voluminous, repetitive tasks

- Better employee experience through **personalized dashboards, natural language interfaces, automated workflows**

- 10% lower safety incident rates

- 8-10% reduction in emissions

1. McKinsey (Digital Quotient)
2. McKinsey (Industry 4.0)
3. WEF/AT Kearney
4. SAP References
IV. Why Should Companies Start Now?

Companies planning to embark on digital transformation should not underestimate the challenges ahead.

**RUN VS. INNOVATE**
Executives struggle to strike a balance between the need to keep running a current profitable business and investing for future innovations. Quite often these two goals conflict, and most executives mistakenly focus only on the former and ignore the latter.

**CORPORATE CHOLESTEROL**
The older the company is, the more stuck they are with policies, procedures, layers of management and risk aversion. Their own processes get in the way of change.

**INNOVATION CULTURE**
Digital transformation is a journey without a destination. Companies need to build the right talent, skills, and partnerships to capitalize on digital opportunities.

**COMPLEX IT INFRASTRUCTURE**
For an average organization with 30+ applications per billion of revenue, 70-80% of the IT budget is spent on keeping the lights on. It is difficult to manage data as a strategic asset and enforce master data governance across a fragmented portfolio. This means considerable value potential is untapped as companies cannot even use 1% of the available data. Also, executives do not have the necessary visibility into operational and financial performance to manage quick course corrections.

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3. SAP Performance Benchmarking  
4. McKinsey, Creating a successful IoT data market place
I V. Why Should Companies Start Now?

These are complex issues and navigating through them requires change in attitude, mindset, as well as time. Companies that start now will have more time to address these challenges at their own pace.

Given the current speed of change, digital innovations have a short shelf life – today’s breakthrough will become a ‘me too’ in a couple of years. Therefore, it is important to start now, build a foundation and realize value in a step-by-step manner instead of waiting for a proven stack of solutions and proven technologies with which to innovate.

To succeed companies must:

- Think through **end-to-end mega-processes** aligned to their strategic priorities.
- Have a **clear direction** for future enterprise architecture and partnerships.
- Consider **speed and agility to innovate** with digital technologies, over waiting for proven value.

With multiple mature solutions and design thinking led approach to innovation, SAP is strongly positioned to help companies on their digital transformation journey, so they can become an intelligent enterprise. With the SAP HANA platform and our investments in AI technologies, we will exponentially increase the number of intelligent apps embedded in the Intelligent Suite over the next few years. These new innovations can be consumed at any time through the cloud, but will deliver value much faster if the modern foundation is in place right now.
V. How Should Companies Approach The Journey?

No company has the appetite to replace their systems, as every company has a very different landscape and a different level of focus based on their business priorities. Everyone has to also see the value. Moving to the Intelligent Enterprise is not just a technical upgrade. The real value comes when companies adopt a customer-first, purpose-driven mindset, leverage innovative approaches such as design thinking and agile methodologies to reimagine business processes and business models.

From our experience, there are three paths to migrating your company architecture to the intelligent enterprise. These paths have one thing in common – a lean enterprise architecture that is low cost and is data driven and ultimately provides you with the architectural agility in the new economy. The path that is right for you should be based on value and strategic alignment. There is no one way to get there, but early adopters are finding success based on the scenarios below:

**REIMAGINE BUSINESS PROCESS:**
Many companies are focused on end-to-end business process transformation (such as supply chain, procurement), landscape simplification, and reduction in customization. The goal is to migrate core ERP processes to S/4HANA + Cloud / LoB with full transformation in mind. These companies are looking to change the front office, supply chain, and more to truly address customer experience. They are looking to drive the next-generation of processes across the value chain. This requires a fresh greenfield approach, and a detailed review of which standard best practices in S/4HANA meet your business requirements. These companies are ready to move their ERP into private / public cloud environments. While a major effort across business processes, it is paying off with a TCO reduction of 20 – 30% and tremendous business value as next practices are adopted.

**REIMAGINE BUSINESS MODEL:**
There are also companies that are looking at business model innovation or M&A and are taking advantage of the ability to have many industry solutions in one box. With industry lines blurring, the ability to take business capabilities from one industry and leverage them for a new business model in another industry is tremendous (for example, bringing retail to telco). This requires a fresh greenfield approach.

**START WITH MIGRATING LOBS TO BEST-IN-CLASS CLOUD SOLUTIONS:**
While some companies are planning and executing the move to S/4HANA they start in parallel to innovate on the edge. These companies are taking 1 LoB at a time – HR, Procurement, Supply Chain, Manufacturing and are focusing on driving value short-term with ECC + LoB cloud portfolio. Once moved to S/4HANA these companies will fully benefit from the latest innovative solutions end-to-end.
VI. How SAP & Partners Can Help You Build a Path to Digitalization

SAP wants every customer to be a best-run business. To accomplish this, we know that customers need to move from their current architecture to a new digital-ready environment. We recognize that many companies have a significant amount of customization, and no implementation will be the same. With this in mind, that SAP is pleased to provide the following to our customers to help accelerate their journey to the Intelligent Enterprise, including a move to S/4HANA as the digital core.

**VALUE-CENTRIC METHODOLOGY AND ROADMAP**

This methodology provides a powerful rationale to move to the Intelligent Enterprise, with SAP S/4HANA as the digital core, and how to make it a reality. It is based on a three-phased approach:

1. Business case, architecture, and solution recommendation based on our customers' business priorities; leveraging design thinking to envision the art of the possible
2. Executable implementation plan based on the recommendations
3. Value realization

**INDUSTRY-SPECIFIC PRODUCT BUNDLES**

Customers can now consume our solutions with industry-specific bundles aligned to their business priorities. Examples across industries include:

**Consumer Products**

- Increase marketing ROI and revenue through integration from trade promotion planning to intelligent marketing with SAP S/4HANA and SAP C/4HANA solutions.
- Optimize inventory / stock turnover through real-time simulation planning and strong alignment with suppliers through integration between SAP S/4HANA, SAP IBP and SAP Ariba.

**Professional Services**

- Completely understand customer and prospect relationships, drive intelligent marketing based on understanding client’s digital interactions, and ultimately drive streamlined sales of digital services with SAP S/4HANA, SAP C/4HANA solutions.
- Manage the end-to-end lifecycle of services delivery from managing client demands to balancing supply and demand to profitably delivering services with integration between SAP S/4HANA, SAP Concur, and SAP Analytics Cloud.
- Balance client demands with available talent (internal and external) through integration between SAP S/4HANA, SAP Fieldglass, and SAP SuccessFactors.

_These are just a few examples of end-to-end business scenarios that will be offered through simplified product bundles._
VI. How SAP & Partners Can Help You Build a Path to Digitalization

ACCELERATE ROI WITH PURPOSE-BUILT TOOLS AND CONTENT

SAP and our partners are committed to driving a successful implementation by leveraging purpose-built tools and content to accelerate the journey and ROI for customers.

1. SAP delivery accelerators and tools will be shared with partners.

2. A roadmap of accelerators and tool enhancements will be published in Q3.

3. Investments will be made in additional delivery accelerators to launch new tools to further reduce total cost of implementation.

For more information on tools and content available, click here.

This new end-to-end approach starts with a collaborative process with customers to help them understand the business value, and to help them realize the value through the Intelligent Enterprise.

But this can only happen through strong collaboration with our partner ecosystem. With over 50,000 ERP productive systems across our customers, one company cannot do this alone and we need partners to be involved.

SAP is pleased that 17 global strategic service partners have made this commitment together with SAP, including driving a business value centric methodology and roadmap, rock solid business cases and accelerated ROI by optimizing the implementation journey for our customers.

We also understand that customers want choice in how they deploy our software and are struggling with customizations and moving to the cloud. With this in mind, SAP is also launching SAP HANA Enterprise Cloud, enhanced edition, to help companies personalize their path to the Intelligent Suite, while SAP operates a Control Tower - a concierge-level, managed service to take you from where you are today to a place where you can advance your innovation agenda, using the latest technologies, and focus on your business.

Our goal is to deliver significant business value while minimizing the risks and disruption during the journey. With the end-to-end approach outlined above, SAP and our partners are committed to making the Intelligent Enterprise a reality for all.
VII. Our Customers Articulate the Business Value

**KATERRA**
Customer Experience

Katerra is revolutionizing the construction industry by building affordable housing projects in half the time and cost. It manages its vertically integrated value chain spread across the globe on SAP S/4HANA. The company is leveraging an IoT network to track labor on each project and can run real-time analytics to track the performance of each project.

[Watch video](#)

**HOERBIGER**
Customer Experience

Hoerbiger is moving to an outcome-based business model. The company is leveraging SAP solutions to track its compression systems’ operating conditions and hours in real-time. If the machine goes down, the system automatically raises a maintenance ticket which is routed to the right technician. The operating hours information is leveraged for usage-based billing.

[Watch video](#)

**NORTHERN GAS NETWORK**
Step Change in Productivity

Leveraging SAP S/4HANA and the SAP Digital Boardroom, NGN has built a Digital Operations room. By consolidating 150 systems on a single S/4 instance, it can now track and visualize customer performance metrics, connections metrics, maintenance performance, and drill-down to get relevant insights for business decisions. It can also work in real time with contextual data (e.g. complaint status visualized on map) to take business decision quickly.

[Watch video](#)

**INDUS MOTOR COMPANY**
Step Change In Productivity

Indus Motor Company improved operational efficiency and quality control with SAP S/4HANA. Sales forecasts from dealerships efficiently flow to primary suppliers and manufacturers. With real-time analytics, the company can better monitor production processes and act quickly.

- 20% reduction in defects
- 10% improvement in sales forecast

[Watch video](#)

**COLGATE-PALMOLIVE**
Employee Engagement

Colgate-Palmolive simplified and accelerated business planning, and empowered its executives to analyze the state of the business in real time. User-friendly solutions resulted in increased adoption among employees. As a result, all of Colgate’s revenue is managed using integrated SAP solutions. By simplifying the digital core the company can now spend more time exploring new growth opportunities.

[Watch Video](#)

**MOD PIZZA**
Employee Engagement

MOD Pizza is focusing on the aggressive growth of its core business with cloud applications. To support triple-digit growth and manage ~ 200/300 new employees each week, the company relies on SAP solutions. It expects to save $400K in the next 3 years, which can be redirected to store expansion.

[Watch video](#)
VIII. Why SAP?

MARKET LEADER

- **46+ years of experience** in supporting mission-critical processes across 25 industries
- **#1 Leader in many categories** (ERP, business networks, total workforce management, B2B e-commerce, marketing, supply chain, analytics, and many more)
- **Largest and fastest-growing cloud application portfolio**. More than 100 solutions across lines-of-business (LoB) and the digital core
- **Integrated end-to-send solution portfolio** with flexibility to deploy on-cloud/hybrid/on-premise
- **17K+ strong partner ecosystem** (including major SIs, Google, Apple, Siemens, etc.) to drive innovations and deliver solutions
- **SAP HANA**, the market-leading platform for real-time computing

DRIVING INNOVATION

- **Market-leading SAP Cloud platform**, an open platform-as-a-service helping customers build and extend innovative solutions with unique in-memory data management and business services using ML, Big Data, and IoT
- **SAP Leonardo**, comprehensive portfolio of solutions and services packaged by industry, bringing together machine learning, IoT, blockchain, analytics and big data using design thinking services
- One of the first technology companies to embrace design thinking and help customers to drive innovation
- **Bringing newer technologies** (like machine learning, blockchain, and digital assistants) into enterprise applications with minimal disruption
- Packaged solutions and services to kick-start innovation and scale quickly

START TODAY

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