
Harnessing Change to Drive Business Advantage – Every Time

Synergies Between Deloitte's Kinetic Enterprise and RISE with SAP Help
Businesses Anticipate and Benefit from Disruption, Again and Again

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The concept of transformation now embedded in business strategy requires more than moving from one static state to a new, more modern one. The bigger aspiration: to anticipate and embrace a constant state of change. Darwin Deano, Global SAP Offering Leader at Deloitte Consulting LLP, believes that today's business environment is uniquely dynamic. "What's different? I think that the boundaries of what used to be a given for businesses is constantly being moved," Deano says. As an example, he cites the rapid response of some distilleries in 2020 to start manufacturing hand sanitizer instead of liquor. "The definition of what they manufacture used to be a given. Now, the product mix isn't a given anymore, and maybe it will evolve even further."

In this climate of accelerating disruption, the ability to embrace change provides a competitive advantage. Deano suggests that the disruptors behind change are themselves neutral, creating both challenge and opportunity. Consider Tesla, for example, which disrupted the auto industry and

became dominant in the electric-vehicle market. Today, however, the major auto makers are all committing deeply to the segment, and the opportunity is immense.

Deano emphasizes that businesses must remain continually adaptive over the long term — built to evolve and focused on accelerating, sustaining, and increasing the value of business transformation. For example, while Walmart’s astronomic growth in the 1980s and 1990s was built on the company’s massive innovation and reimagining of the supply chain, it moved slowly to embrace e-commerce as a business necessity, even as Amazon redefined retail and distribution. The rolling thunder of Amazon as a disruptive force continues to emerge, as it enters the pharmacy and insurance industries.

Looking forward, business success will increasingly depend on what Deano refers to as “the ability to respond to any trend or disruption at any instant, before we move on with the next.” He notes that “to be able to capitalize on that requires new capabilities that the traditional business model is not designed for.”

Building Business Adaptability to Thrive on Change

For an organization to be truly built-to-evolve and adaptable to change — what Deloitte refers to as the “[Kinetic Enterprise](#)” — it must go beyond responding with agility to disruptors as they come. It must prepare from both a business and a technology standpoint, then actively seek out opportunities to drive value amidst shifting conditions. Intelligent digital solutions, responsive cloud technology, and an inclusive ecosystem of capabilities will all be key. Also essential: a clean ERP at the core, running with minimal technical debt and allowing for rapid, continuous innovation — from core to edge.

“If you were saddled with inefficient business models, outdated architecture, and heavy technical depth, you would see change as negative,” Deano says. By contrast, he calls for a proactive approach in which the business asks: “What are all the signals we need to watch for — among our consumers, our supply chain, our business network — and based on all of these, what proactive change do we need in order to thrive under the evolving circumstances?”

Preparing to Innovate with Impact

Perhaps a bit paradoxically, the ability for agile change requires a stable core of technology, epitomized by a rich, in-memory-enabled enterprise back-end based on SAP S/4HANA. Keeping that technology core clean and free of excessive customization is vital for addressing future change on demand — again and again. “Whether it’s through a simple technical version upgrade or the business being disrupted, your ability to respond is either enabled by a clean core or it becomes the biggest limiting factor because of the technical debt accumulated,” Deano says.

Greater flexibility and resiliency are must-haves for organizations seeking to address the new and very lasting challenges brought about by the COVID-19 crisis. Almost overnight, customer behaviors, the supply chain, and employee expectations transformed dramatically. And even more change lies ahead. With a clean technology core, organizations can rapidly evolve to address that continuous change — generating value from new initiatives while also freeing up the business to innovate in new directions, over and over again.

To foster that spirit of innovation, businesses should “treat everything as disposable,” according to Deano. “Business conditions can change and will make you prioritize differently,” he says. “And your ability to dispose of what is no longer useful or impactful will determine how fast you can pivot.”

The rapid pace of technology change further complicates long-range planning and demands that business strategies be fundamentally agile and dynamic. “It only took three years for a company like Neuralink to create the brain-computer interface,” Deano says. “Technology is moving so fast that it is a struggle to define a smart factory strategy that will remain relevant for five years.”

To optimize planning in today’s dynamic environment, Deano stresses the importance of actively differentiating between things that are likely to remain stable versus those that are more subject to change. This is not a one-time activity but a perpetual discipline to review this differentiation periodically. For example, shifting product offerings may change specific business processes. But it likely would not alter the application program interfaces (APIs) and data structures used in back-end systems integration.

Aligned with that vision of “stability + innovation,” Deloitte works with SAP to position SAP S/4HANA as the stable core enterprise system while unleashing SAP Business Technology Platform to support rapid innovation.

Enabling Robust, Continuous Transformation

Cloud technology lies at the center of most companies’ visions for digital transformation. Cloud adoption is an opportunity for the enterprise to adopt and standardize around a clean, modern technology core. To help companies adopt the flexibility and in-memory performance of SAP S/4HANA Cloud, the RISE with SAP offering guides and facilitates the process of ongoing enterprise transformation. Observing a synergistic relationship, Deano suggests that “RISE with SAP is the ‘how’ to the ‘what’ of the Kinetic Enterprise — for realizing the ‘why’ of business value.”

While transition to the cloud will vary from company to company, they share certain characteristics and interests. The goal must be not only to optimize the cost and time requirements of the migration itself, but also to enable a new environment that can evolve smoothly, efficiently, and continuously — in any direction. This ability is critical to increasing agility and lowering total cost of ownership over the long term. It requires methodically eliminating technical debt. For example, enterprise teams must prioritize seeking out and eliminating factors such as customized code, legacy systems, and obsolete data, wherever they reside. Deloitte has formalized and encapsulated this approach for optimizing migration from SAP ERP to SAP S/4HANA Cloud through an innovation and methodology called “[Selective Transformation](#)” — which leverages cloud and artificial intelligence to do the heavy lifting of ERP transformation, a targeted migration of the data and processes that matter most to your business.

Cloud migration can also be an opportunity to implement new, change-focused software capabilities that complement the core already in place, to help ensure long-term sustainability. For example, architects can build digital, data-driven processes based on SAP Ariba into the supply chain that respond automatically to market changes, for resiliency against foreseeable and unforeseeable disruptions.

By analyzing and managing business processes at scale, Signavio (recently acquired by SAP) can facilitate its continuous transformation and optimization. Additions such as these reflect the reality that preparedness enables the business to benefit from inevitable change, rather than being disrupted by it.

Benefiting Amid Disruption

The naturalist Charles Darwin wrote, “It is not the strongest species that survive, nor the most intelligent, but the most responsive to change.” Likewise, as decision-makers prepare for resilience in an uncharted future, they need to foster innovation that keeps pace with constant, unpredictable change, supported by a clean technology core that is unburdened by excessive customizations and other technical debt.

Agility in both technology and business processes will continue to become more important as disruption accelerates. Preparing to benefit from change requires a constant commitment to transformation as an on-demand, repeatable capability rather than a one-time goal — to discover and seize opportunities as even the most disruptive trends unfold. ■

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