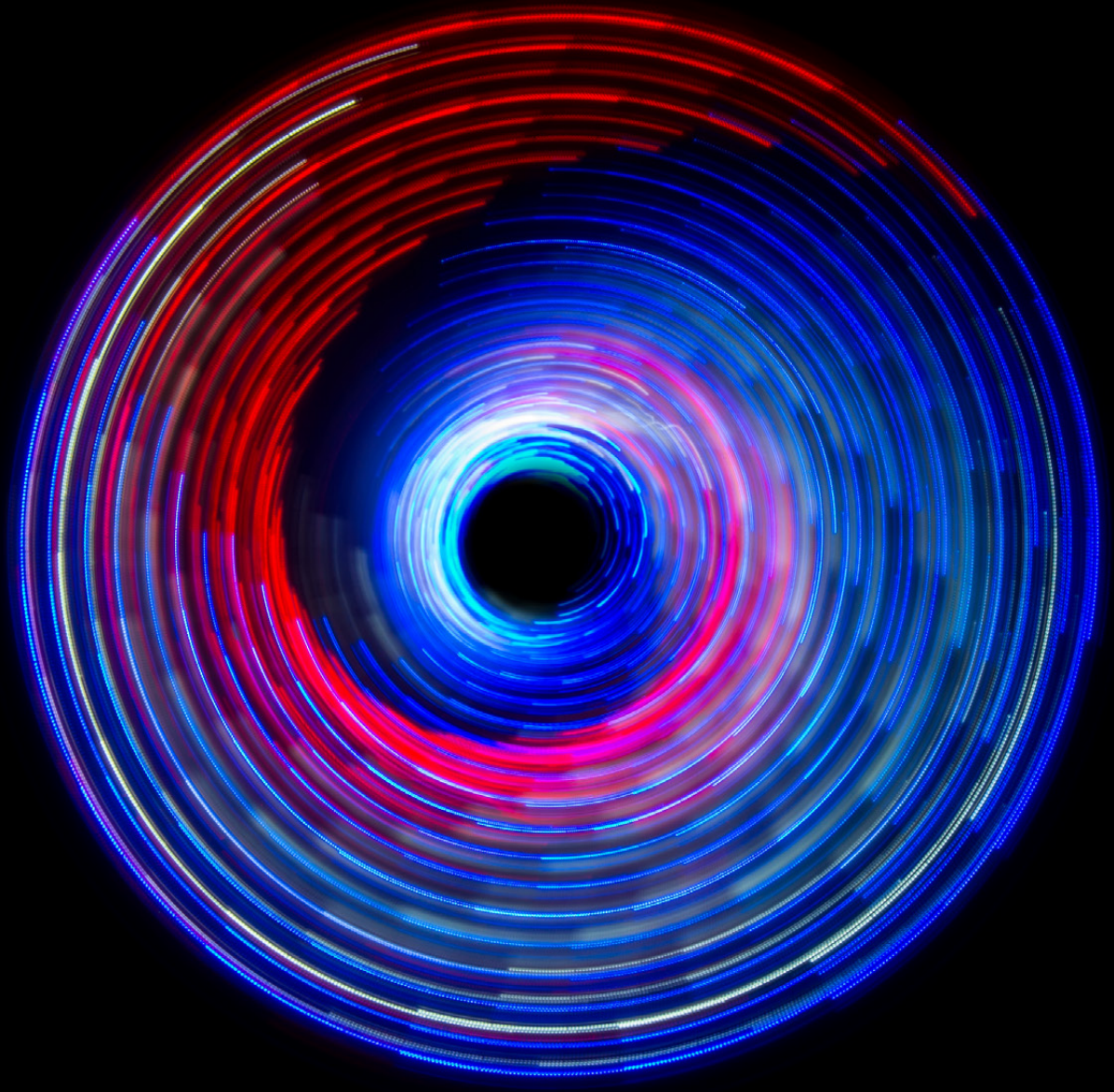


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SAP S/4HANA®

Invest in your
people for business
transformation success



MAKING AN
IMPACT THAT
MATTERS
since 1845

Introduction

The move to SAP S/4HANA brings a lot of positive changes – better user experience, improved system performance, reduction in total cost of ownership and a more secure and an easier to maintain platform that will enable your business to digitally transform. With these benefits in mind many organisations are planning or are in the process of migrating to S/4HANA. In order to realise its full potential, and to minimise operational and financial impact on your business, the move to S/4HANA should be positioned as a business transformation rather than a technical implementation.

What is SAP S/4HANA?

SAP HANA is SAP's brand of in-memory computing, a technology that handles massive data sets without breaking a sweat. SAP built its latest next-generation intelligent ERP (SAP S/4HANA) around this technology. SAP launched SAP S/4HANA in 2015 and plans to stop supporting older ERP versions end of 2027, with an optional extended maintenance offering running to 2030.

In this article we explore the key business change activities that should be considered when embarking on an S/4HANA implementation. These activities can help ensure organisations truly realise S/4HANA benefits and minimise any impact to business operations.

A Deloitte technology survey¹, completed in partnership with Forbes Insights, asked senior executives across industries to determine what differentiates successful technology implementations. This survey showed that some of the top challenges were people related and can be addressed by embedding a structured organisational change management programme.

This survey shows that organisations can implement the technical solution, but as long as end users are unwilling or unable to use it as intended it will have an impact on the return on investment and business operations.

The difference between a small and significant benefit improvement to your organisation is often the extent to which an organisation engages with their people. It is important to build a case for change and consider the culture within the organisation. The level of change S/4HANA brings to business processes, people's ability to use the system, roles and responsibilities, the way data is represented, and the general look and feel of the new technology should not be underestimated. It is important that your people understand what the change means for them and are supported through that change to the new ways of working.

Top challenges in technology implementations



Change management



Business requirements



Negative prior experiences



Discomfort with change/Change fatigue



Training



Poor implementation tactics



Data



Lack of performance management



Quality



Identifying the right resources

Source: Starting Smart – how to launch your program with the right outcomes, team and plan

Managing change

The most common change management supports offered for an S/4HANA transition are communications and training. However Organisational Change Management (OCM) is much more than that. In order to manage the transformational change across your business, it is important to consider a structured OCM plan as part of your implementation. A plan that focuses on the change to roles and responsibilities, processes and the benefits. We have identified six key activities to consider when developing an S/4HANA organisational change management plan.

01. Vision

To bring the people in your organisation along that journey of change, it is critical that they understand why the business has decided to implement S/4HANA. Defining a vision that has purpose and is aligned to an organisation's business objectives will be key in gaining the buy in from users and management - for example to streamline processes to become more agile and efficient in the way it delivers products to customers.

Focus on any pain points or challenges that currently exist within each role or team across your organisation, then highlight the system benefits that will provide improvement – these will resonate with people more and will reduce levels of resistance. If people are aware of these benefits throughout the implementation they will adopt them when the system is launched - this will help ensure that these benefits are realised early.

Typical benefits include:

- **Spending less time** on reconciliation and closing efforts
- Running accounting processes more **quickly and accurately**
- **Performing more detailed analysis** on forecasted cash flows and daily closing balances
- Gaining **better understanding** of the drivers of cost and the causes of under performance

It is important to gain buy-in from leadership as early as possible, across each impacted business unit, as they will be key in advocating this vision throughout the project, and championing the need for the organisation to transform in line with your business strategy.



02. Change impacts

Assessing impacts is a typical task that is delivered during the fit gap analysis workshops. These workshops aim to analyse each existing process and determines if it will fit or match with a new S/4HANA process or it will become a gap that will require a decision to be made on how the new process will work. Follow-up throughout the project is necessary, sometimes even up to go live, as a lot of decisions will not be fully understood in the early discovery phases. While assessing these impacts it is important to understand what people's roles are today and how they will fundamentally change with S/4HANA.

- Will transactional work reduce?
- Will time that is spent on people management activities and decision support work increase?
- Will time spent on control activities transition to business strategy work?

The level of impact across business lines can be complex and extensive, so consideration should be given to a tool, such as Deloitte's ChangeScout. ChangeScout, enables an organisation to monitor and measure impacts, readiness, communications, and training so it can effectively track adoption. The reports and dashboards provide a single, comprehensive change view of data across multiple programs. These proactive insights offer real time ability for organisations to manage change interventions to mitigate risk and drive business value.

It also allows the business and project leadership to segment the data by business functions, teams, physical locations and geographies. Having your change impacts represented in this way can also allow you to visualise the change management data in real-time tailored dashboards in order to enhance decision making and minimise any risk to business operations.

Deloitte ChangeScout® Dashboard



03. Personas

A valuable exercise that helps to explain and realise the S/4HANA benefits and changes to roles within cohort groups is a persona analysis. A persona is used to represent a user type within your organisation. Understanding what is changing for each persona group can enable you to define the right targeted messaging, training and supporting

activities for each cohort – for example a dispatcher in the delivery team or a customer service representative. It is important to understand what their pain points are today and how S/4HANA will improve these in the future with the new benefits and features.

Jane Smith
Financial Planning & Analysis Manager



Why do we have to change?
“What will this transformation bring to me?
Will I still have my job?
What will be different this time?
Can I keep up with all these digital changes?”

Benefits of the system

- Spend **less time** on reconciliation and closing efforts by running accounting processes more quickly and accurately while also ensuring compliance
- Perform **more detailed analysis** on forecasted cash flows and daily closing balances
- Gain **better understanding** of the drivers of cost and the causes of underperformance

Future of work

Work

- I check the exceptions/errors recognised by AI
- I have the ability to run my own reports at any time

Workforce

- I am able to interpret data and make decisions based on facts
- I collaborate with the business and provide advice

Workplace

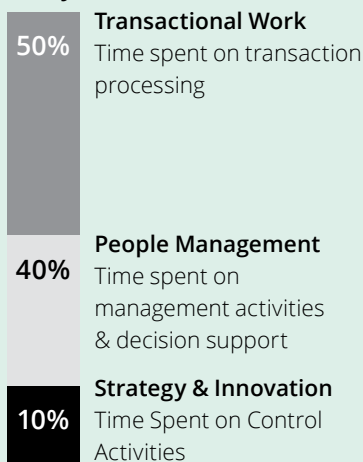
- I adopt new operating model changes that centralises some of our services
- I work increasingly more virtual and with contingent workers

Roles and responsibilities

- Elevate decision support using **predictive and prescriptive analytics**
- **Undertaking strategic analysis** and assisting with strategic planning
- Carrying out **business modelling and risk assessments**
- **Analyse** economic drivers and **partner with business** to direct focus to most impactful drivers / KPIs
- **Communicate** and **coach** cross-functional teams about the business goals
- Provide executive management with **clear insights into business growth, risks, and opportunities**

My role

Today



Future



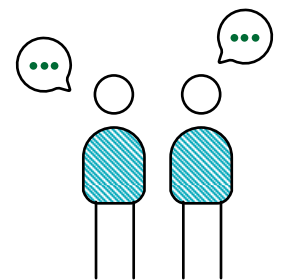
A typical persona example

04. Change champions

Another way to minimise business operational risk is to build a strong change champion network across your business - one that can influence people by demonstrating advocacy for the benefits of S/4HANA. Consider defining a specialised champion network for notable product benefits – such as business performance champions who can demonstrate the powerful analytical reporting capabilities. There are different needs from a Financial Controller versus a COO – the report may be similar but what each person will do with the data will be different. Consider utilising the champions for target audience report demonstrations or change labs which will help gain buy in as well as early upskilling. An upfront investment of time will be needed from your champion network but this will be a true differentiator in project success.

05. Communications

Ensure that there is a bidirectional flow of information between your employees and the project team. One way to do this is by developing a centralised online portal that is focused on sharing content for each cohort, role or team. It is essential not to depend only on digital communication. Dr. Albert Mehrabian conducted various studies² in the 1960s to determine how the mind interprets meaning. He concluded that communication is 7% verbal, 38% vocal, and 55% percent facial allowing time for people to ask questions to ensure clarity. As there is a growing trend for organisations to provide employees with remote working capabilities, it helps to turn on cameras in video conference calls so as to embed clear messaging. Face to face communication will always embed key messages clearer across the organisation while allowing time for people to ask questions to ensure clarity.



06. Learning

An assessment of your organisation's past learning culture and a training needs analysis can help determine what is the best approach to upskilling your people. If your organisation is new to SAP additional training will be required. This consideration, as well as people having a 'day job' to do, can impact people's time considerably. One way to alleviate this is to consider a training approach that delivers the right content at the right 'moment of need'.

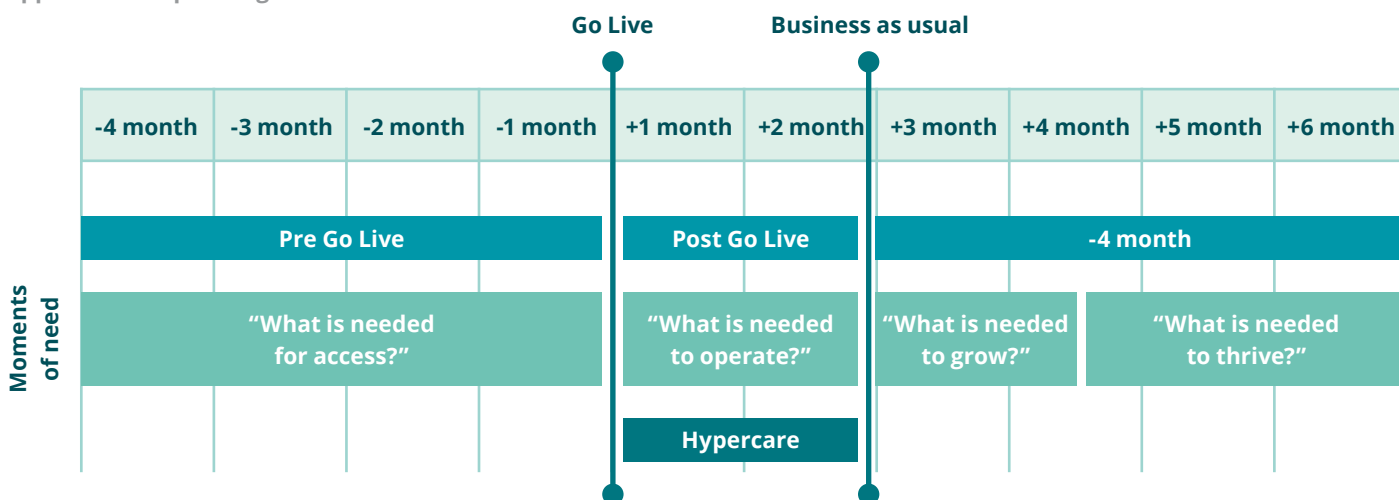
Make the best use of end-users' time so they focus on high impact training before go-live to enable them to use the system and lower impact training at point of use. The lower impact training should focus on process steps such as quick reference guides, job aids and knowledge articles. After go live consider expanding knowledge and skills across your business to extract maximum value from S/4HANA that supports business decision making – this will help ensure your organisation realises its true benefits and grows with the new features in future releases.

Also consider the use of supplementary learning methods such as:

- process walk through and engaging change labs that covers the process changes and allows interaction with the audience
- demonstrations
- webinars
- drop-in clinics

These all add to the learning journey and can help keep the training interesting and engaging. grows with the new features in future releases.

A typical high level S/4HANA training approach for upskilling business users



In Conclusion

S/4HANA brings considerable benefits to organisations today, but in order to truly transform a business with minimal risk, it is crucial to build a structured change plan that considers the people that are impacted by the changes. Empower people to lead the change by gaining buy in from management early. Evaluate learning cultures and organise process and system-oriented training of the workforce so as to minimise business impact. These key activities will help guide organisations through this change journey and will enable the transformation to realise the true benefits that S/4HANA brings.

For more information on how Deloitte can help you with your change transformation please contact a member of the Human Capital Team, or [click here](#).

References

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02. [ChangeScout A cloud-based solution for effective change management](#)
03. Mehrabian, A., & Ferris, S. R. (1967). [Inference of attitudes from nonverbal communication in two channels. Journal of Consulting Psychology, 31\(3\), 248-252.](#)



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