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Podcast Inside SAP S/4HANA Cloud Transcription

Episode 103: SAP Customer Transitioning Experience:
SAP Business ByDesign to SAP S/4HANA Cloud Public
Edition

Yannick: Welcome to our podcast. There is no customer success without product success and project success. I'm Yannick Peterschmitt from cloud ERP Product Success Enablement, and I'm happy to announce that we're now the podcast Inside SAP S/4HANA Cloud. It's a small but important change on our name and branding. We keep the same focus on the same strategy, sharing projects, best practices, lessons learned, and certainly successful goals with SAP S/4HANA Cloud. We continue to share perspectives from customers, partners, and of course, colleagues to. In today's episode, we will put the spotlight on a very special topic that is relevant for many, many SAP customers, which is the transition of their ERP system SAP ByDesign to SAP S/4HANA Cloud Public Edition. Joining me today are Russell Delapp, executive VP at Navigator Business Solution, a customer and partner from the United States. Dirk De Vos, the MD of Felina, our German based customer. And Raphael Finck, the CEO of Snap, SAP implementation partner of Felina. To kick things off, I'll ask our guests to introduce themselves. We'll start with you, Russell, joining us remotely from the US.

Russell: Yeah. Russell Delapp. I run our services and support team here at Navigator. We've been SAP partner for 15 years. We started with B1 and primarily have been working with by design for the last decade or so. And then recently, the last two years we started our S4 practice and that journey has been a lot of fun. It's the fastest growing segment of our organization and like I said, happy to be here.

Yannick: Thanks for being with us. Let's move then to the second customer, Dirk, from our customer, Felina, can you say a few words about the customer? About yourself of course?

Dirk: Well, so thanks for having me. Let's talk a little bit about Felina. Felina is a German company. Actually, next year we will be celebrating our 140th anniversary, so we've been around since 1885. We are a manufacturer and distributor of premium lingerie. Premium women's lingerie. We are based not too far from here in Mannheim, and we've been that throughout our entire history. And a couple of years ago, we came to the conclusion that our ERP system was no longer serving its purposes. And that is when we did a survey of the market and decided to go with SAP.

Yannick: Great thanks for being with us and every good project and successful customer has a great partner. So we have Raphael Finck with us, the CEO of Snap. Thanks for being with us.

Raphael: Welcome. So yes, before creating Snap eight years ago, I was myself on the customer side, implementing SAP product for almost 20 years. In fact, we created Snap with my wife in Slovakia. It's a family business. We started very small focusing on by design exclusively and only SAP Public Cloud solution. And two years ago we started the transaction transition to S4 Public. Of course, with our first customer Felina.

Yannick: Okay. Thanks. Good. Let's now dig into the topic of the day. I'm very excited about your your answers. And I'm first looking at you, Dirk, representing Felina. I think our audience is very curious to understand, you know, what really motivated you to move from one you know well running ERP system, cloud ERP system to SAP S/4HANA Cloud Public Edition. Can you give a bit you know, the why and what behind all that?

Dirk: So like I said, we at some point we made a choice to go with SAP. And at the time we chose to start with the BYD version, the cloud version of your ERP system. And even though Felina is a, I would say an SME, it's a small medium enterprise. We are about 50 people. Um, but it's a relatively complex business, even for the size. You have to know that we run about 14,000 SKUs, so 14,000 different products that we distribute globally to about 4000 customers. And also our product offering, because we are essentially a fashion business, you know, with the summer and the winter season, our offer to our customers changes every six months to about 30%. And so there's a lot of innovation, there's a lot of change in our business and relatively big complexity, even if the numbers as such are not are not that that big, you know or not that that important. So even for a small business we need a powerful ERP system. The step from our old ERP system into BYD helped us a lot in even understanding our own business, because we hadn't done a real in-depth analysis of our business and our processes, because things had been running quite well for for 15 years until they didn't anymore. So moving into BYD gave us an opportunity to really analyze our business and to much better understand, you know, where the difficulties are. But it also had, as a consequence that relatively soon we found out that BYD was actually not powerful enough. And, you know, we wanted to make that step up into S4. The fact that we didn't use BYD for that long was a bit of a inhibiting factor, I would say, to adopt a new system, but thanks to the lighthouse project that was offered to us by SAP, that enabled us to make that step from BYD into S4 Cloud or SAP S/4 Cloud a lot faster. So that really, really helped us. And then the other thing is, for that second transition from BYD into S4, our partner Snap came on board. We had some experience with them from work that we had done before in our production unit in Hungary, and I can't underline enough how important a good partner is in implementing, you know, a new ERP system like this, because we've had both

experiences where it was a more difficult trajectory, I would say. And then we learned with, with Snap that it can also be very smooth and swift.

Yannick: This is great to hear. So a few things you mentioned that are very interesting. I think first of all is about the business process transformation and build the business processes on the cloud ERP. The second thing you mentioned is you've reached the technical limit of a system that kind of forces you out to the next one, which is thankfully the next gen cloud ERP from SAP. And you mentioned then the lighthouse program, and I think the two projects that you guys represent today were under this so-called lighthouse program. Could you please shed some light a little bit?

Dirk: When we moved into BYD that that was not on the lighthouse. But then the transition from BYD to S4 went under the the the Lighthouse program. And for us, I think also for Snap having access to all the the expertise and the consultants of SAP itself and you know, the the S4 cloud package still being relatively young, you know, we encountered some issues and some problems that were first off, and that probably would have taken us a very long time to develop or find solutions on our own. And having access to the directly to the SAP people that helped us tremendously. We have a weekly steering committee where somebody from SAP participates, you know, together with our partners and our internal project management, and that made all the difference.

Yannick: Let's now talk about the solution that you both are using, both customers. And I'd like to maybe ask you, Raphael first, as Felina's partner, you were certainly involved in the decision, you know, to move from cloud ERP to cloud ERP, be lots of functionality on the one hand side, lot of functionalities, on the other hand side, more powerful capabilities. But how did you, at the end make the decision that this is the right cloud ERP for your customer?

Raphael: But the first thing we just challenging is to go through the journey with a customer about how to identify that by design, was not anymore the right solution, because it was already a big investment made in this tool. And in fact, we did some things that was forgotten in the previous implementation is to make the sizing exercise. And that's what you you mentioned that very quickly. You realize that this tool was not able to support your growth, and also the volume of data that was needed to be in the transaction on a daily basis. Then we went with SAP and Felina, and Dirk was involved through the digital discovery analyze, we wanted, I wanted to convince the Felina to stay in the SAP family. It was not so difficult because they wanted to stay in the SAP family. We said, look, that didn't work, what is the best tool for us? And we came to the conclusion that for public cloud. So digital discovery

analysis is really a tool that didn't exist before. And that's really helped a lot to convince the customer to give them, to help them to scope the project and to understand what they will get and what they will not get.

Dirk: Raphael said that we absolutely wanted to stay within the SAP family. That is not entirely true in the sense we had really an open approach to the market that we also considered other suppliers, if you want. But in the end, after the DDA, we came to the conclusion that probably the best fit for our needs and coming out of BYD would have been SAP. Okay, okay, so it's not like we blindly just went again into SAP. We really did our homework and came to the conclusion that SAP would be the best solution for us.

Yannick: Okay, so it wasn't just the not the natural extension, but there was a real assessment where you...

Dirk: As a good housekeeper, we did our homework.

Yannick: I think that's the job that has to be done.

Raphael: It seems natural for us was not necessarily natural for the customer. Yeah.

Yannick: Okay, good. Russell, I'm looking at you. And you have a special role here because you're both customers and partners, which makes that even more interesting, let's say, because you have the two perspectives in the same house. First of all, the same questions that we just asked here is, how did you come to the conclusion that SAP S/4HANA Public Cloud is the right solution for yourself, for NBS as a company?

Russell: Yeah, it's an interesting question because we've been running by design for over ten years. So it was just kind of time for an optimization. And we wanted to explore our options and look at either optimizing by design for the future of what we're looking for, or transition over to something like S4 Public Edition. And then we ended up moving over to S4 for a variety of reasons. Number one, it's the fastest growing business segment at navigator, so we wanted more expertise in-house. And there's a lot more depth in the financial services area for S4 than in by design. And ultimately it's just more resilient with additions of things like the BTP, which allow us to innovate within the BTP and actually take that innovation and deploy it to our customers, as well as other partners through the SAP store and other things like, you know, obviously working with SAP and the lighthouse program was was a really neat opportunity for us to both kind of be that partner and customer. So we're really getting

a lot of benefit, both from our internal operations, working with SAP, but as well as our implementation team being able to refine their tools and our methodology, and then how we actually go to market with S4. The last big factor that ended up because it is an investment to do that transition versus optimization, is a lot of the predictive elements within that are shipped kind of out of the box. So a lot more innovation around machine learning, artificial intelligence. And again, being able to leverage that with the BTP.

Yannick: Okay, thanks for this answer. Now I want to dig a bit more into the details of the let's say, let's call that the migration strategy, because I think you said it already a lot of data, too many data, too many, too much information and and and... And I think you need to be very brave if you have from the ambition to move from one well running ERP system to the other because of the data, it's not only about the software itself, but it's about the data and making sure that you keep the data that you need for the future, for future decisions, for example. So how did you, how did you approach that? And maybe Russell, you want to enhance on that one.

Russell: Yeah. Again, it's kind of a funny story because Navigator we're actually innovating in this cycle as well. That was one of our areas that we're investing in is this transition from by design to S4. But then when I started talking with some of the folks at SAP and begun our journey actually implementing that. SAP has provided what we call integration flows, or I flows, in the BTP, where you can basically just extract data from by design, put it through this I flow, and it kicks out a translated file for S4. So migrating most of our master data objects was very easy. The only things that we had to look at were basically the custom fields. So that dramatically increased our implementation time. When you have that automatic translation of data. So it's literally just three steps. You download the data, you import it into the BTP. And then that kicks out a file that you then upload into the migration workbench for S4. So pretty, pretty streamlined process. And then you just refine kind of the the custom data, the custom fields that you might have had in one same system versus the other.

Yannick: Raphael, would you like to add something on this point?

Raphael: So, you mentioned Dirk the Lighthouse program, how important it was for you, but it was equally important for us because as you heard from Dirk, it was not an easy project. It wasn't just, of course, it was a migration from Bydesign to S4. And in this sense, with the I flow that Russell just mentioned, we were able to take the migration part away from Felina key user workload, and that was mainly a work from consultant and technician and developer

to migrate this data. And then we could focus with a customer on the best practice from SAP. And of course then it was another component that was important. It was one key functionality, which is a pure retail functionality that was not available within S4 public that we were able to develop specifically for the customer. And that also made a difference. But without the lighthouse program, that means for the help of the migration helpers to understand the business process. Because we were both early adopters in this journey, without also the technical support we got for the specific development we made for the one specific ad-on we needed, we wouldn't be able to achieve that.

Yannick: Okay. Okay. Good to know. Would you want to add something on this one?

Dirk: Yeah. This is one example of one of our concerns in moving into S4. Another one was also the size of our orders. The number of order lines that we have on a typical order is simply too much for BYD. So that was one of the things that we wanted to be sure of, that S4 would be able to cope with that because there was some skepticism with the users. We needed to develop a number of workarounds in BYD to be able to handle the size of the orders that was coming in from our customers, and that put a lot of stress on customer service. So at the one time that created the skepticism from some of the users, on the other hand, that was also like the carrot that we could hold in front of them because nobody was jumping up and down to so quickly after a first implementation, we were going through a second one, but the carrot was that, you know, S4 would be able to solve a lot of the user interface and user issues that had arisen in BYD. So we took advantage of that to motivate people to go for it again.

Yannick: Good. That's a good segue, actually, to my next question, we'd like to listen a bit about or learn more from the challenges that you guys have encountered during the project, be it, you know, functional challenges, technical challenges, extensibility challenges. Russell, do you want to start with this one?

Russell: Some of the challenges with that migration is, you know, really just cloud is in our DNA at Navigator. So we're very used to the cloud deployment method. We're very used to the fit to standard workshop. But there is differences between by design and S4 fundamentally how they're designed, whereas by design is more of that suite in a box. So you get like a mile wide and an inch deep type of functionality, whereas S4 is much deeper in certain areas, but not necessarily as wide. And so certain challenges with functionality that my team wanted weren't there. And so how we, how we really address that is we just took those fit to standard workshops, identified the gaps in really broke down those deviations to

the best practices, escalated those to our steering committee and were able to make a decision on how to accomplish and resolve those issues. And again, we ended up leveraging the BTP for some integrations and a third party for some more depth in the CRM area was one example that we we needed to extend into.

Yannick: Do you want to add something?

Raphael: Yeah. In terms of challenge, the first thing which is great with S4 Public is the way the tool is documented and the activate methodology and all the tools that we have available for the project. On the other side, there is so many tools that it was difficult at the beginning to digest all of that. Okay, but that's great. The other challenge is that Felina project is complex because you have third party logistics. Uh, we have shops, that means we are using also sub customer checkout, and we have an EDI partner, and we have 2000 customers that are sending EDI message on a daily basis. And we needed in the middle to put in the middle SAP Cloud Platform integration to orchestrate all of that. And that was a big challenge. And to manage all the exception of all the customer Felina.

Yannick: And from the customer point of view, the main challenges that you now remember after the process?

Dirk: The first thing is that the SAP ERP environment is a bit of a closed environment. You know, the SAP uses their own vocabulary. There's a lot of very specific terminology, a lot of very specific processes that are going on. And we are not in the ERP business. I'm in the lingerie business and so are my colleagues. So for us, this is something else that comes on top of what is really our business and what we are concerned about. So that took quite a bit of, you know, getting used to. And if we go back to the early stages like the scoping exercise and then afterwards the fit-to-standard, you really have to even before you know how the whole system works, you need to kind of get into it mentally and understand the vocabulary and actually also find out three, four, sometimes, you know, six months later that something that was meant in the fit to standard is not exactly how you understood it. And now it comes back and you need to, you know, review that or make some some adaptations. So that was a big challenge.

Dirk: Like I said, the other challenge was, you know, to motivate the key users. Like I said, we're a small team. We're 50 people. There's only a handful of people that are capable of playing that role of key user. So they've been doing that now for three years in a row on top of their normal jobs. So that was a big challenge. And how do you manage that? How do you

manage the change management? What kind of decision do you take there? What initiatives do you take to keep people motivated? Also, to make sure that the rest of the organization that is not so deeply involved stays aware of what is happening and doesn't see it as somebody else's problem. Yeah, they need to understand that sooner or later they will also be working in this environment. So you need to constantly keep them abreast and keep them informed of what is happening. So those are some of the challenges that we had on top of managing the costs, managing the timing, making sure that the quality of the output was what we needed and what we expected.

Yannick: Yeah. Thank you for that! Raphael, you mentioned the quality of the documentation and things you mentioned as well, SAP activate, which is the implementation methodology that you use for SAP S/4HANA Public Cloud. I'd like to understand from both projects how was this method SAP Activate able to bring the right structure, the right people, and ultimately make the entire project successful? Russell, would you like to start with this one?

Russell: Yeah, I would love to. So back to the methodology is a really great tool. Like I said kind of cloud is in our DNA already. That's that's all we've been doing is cloud deployments and the public environment. And so the Activate methodology is very similar to what we already do. However, it did give us a few more tools to use. I do agree the the best practice explorers that come with S4 are a lot more robust and detailed. And they're they're great to kind of lay that best practice out and give you that foundation to work within. So one of the things that we use with the activate methodology is, like I kind of mentioned before in the challenges, was to do more of that documentation in that fit to standard workshop, and that gave us our 80% fit. And then in the next phase, before we moved on to larger testing, we just were able to focus on that 20% process engineering that we had due to fine tune the system. And then once we had that, we had that documentation that was provided for the baseline and we were able to create those SOPs again in a very fast way. Another thing to point out is that SAP knows that Navigator is a small company. We're on the lower end of that mid-market spectrum, and so we were able to scale the methodology down to a project team that was smaller than it was initially intended to. So it adds to the foundation that it really is a good foundation and framework to work within for companies of all sizes for implementations on S4.

Yannick: What is your point of view here?

Raphael: Very similar. What is also great, which is coming on the top of the activate mythology, is a SAP Cloud ALM and tools like the Business Configuration Questionnaire. And that's come back to what you said about the vocabulary might appear very complex, but at least we have a checklist to go through to make sure we don't forget something important, even if we don't necessarily go through everything with the customer. That's also the job of the consultant to simplify the absorption of the information. Of course, with Felina, there were the first one. The next customer might not go through everything we did with Felina. We will, like Russell mentioned, simplify it for all the SME.

Yannick: Let's go to one of the biggest moments of an ERP implementation, which is the go live. I don't know if you, from a partner perspective, if this is day zero or this is already the day 360, because a year has been spent or a couple of months has been spent there. But it's definitely the day where the entire operation of the company works on this new piece of software. And I'd like to understand, especially from our partners here, the experience of the Go Live, the support that you've gotten from SAP as of your software vendor, we can start with you.

Raphael: Then we are going to go live in a few weeks with Felina, but I can comment on the support from SAP. That was the reason why the Lighthouse was important for Snap as well as for Felina, because we needed access to the SAP consultant. Then we had access to a full team of functional specialists based in India, and they delivered some very good answers on some specific questions. We also had access to resource for specific development. And of course BTP is the main place where we develop our things. But we also wanted to develop things inside S4 directly in steampunk. And for this we needed guidance. Without the support of SAP, we will just still try to look where to build things. What we know is that the go live is an important milestone, but it's not an end. Once we have the go live, we need to support the customer, at least until the first monthly closure and after there is all the phase two implementation that needs to come. That's something that Felina understood very early. Know how to eat an elephant one piece at a time. And of course we have a full scope for the phase one, and we have a scope coming for the phase two when when the team will have a digest of the go live.

Yannick: Typical cloud implementation, right?

Dirk: Yeah, but I think it's also important to point out here that technically, we probably could have gone live on January 1st. We chose not to. And, you know, people should also know that our go live with BYD was pretty rough. So we learned some lessons there. And even if

we could have gone live on on, let's say, January 2nd, from a technical point of view, we preferred to add on another 90 days or three months of, you know, additional testing, some further fine tuning, and especially give our key users and all the users the opportunity to get much more acquainted with the system so that by the time that we really go live on, which will be on April 2nd, people are actually familiar with the environment, familiar with the dynamicity, have done a lot of, you know, dry runs and specifically for their area of the business, and then hopefully we'll have a seamless go live, or at least a lot better than the last one.

Raphael: Then maybe you should say a little bit more about that, because yes, you mentioned your Key user three years on a project. The first part was with by design project, and you mentioned just after we went through another project and how difficult it was, that means six weeks you were without being able to ship invoice.

Dirk: We had four weeks without any shipping at all, and then we could gradually start to build it up. So that was not a good year for us.

Yannick: Okay, I can imagine. Russell back to the go live, this big moment. How was that for your company, for the end users? How did that all go for you guys?

Russell: So I think it all comes in order to have a good go live like you just heard from the other teams is. Testing is so important. And so that's what we always really focus on. And we have different quality gates and you know, peer review and certain benchmarks that we assign to the users. And we use the Activate methodology for that feedback and not just making sure you can get through the process, but also looking at the results that come from that process. And so our our mantra here is, you know, go live is just another day because you've done so much testing. You have the repetition. You can do your job in the new system. We have change management embedded into the methodology. And so our goal is always to have go live just another day. So it's not this big stressful event. And the second thing is and you kind of mentioned it earlier, do you consider that day one or day 365? We actually don't at navigator we don't consider our customer. And same with our as being a customer as well. We didn't consider ourselves live until the first month end close. And so after you've been using the system for a month and then you can actually look at the results, close your books, submit your statutory reports. That's the day that we really say, okay, now this phase and this implementation is now complete. And we move into that kind of hyper care and support phase or different phase twos that have been identified throughout the project. And so for us, we did have two phases. And so the first phase went pretty smooth. The biggest

challenge that we had is this user bandwidth. They're very consumed on the finance side with closing out, you know, last month at the same time using the new system for this month. But other than that, from a functional system perspective, the team was very ready to cut over and start using the system.

Yannick: Dirk, you've already started a bit to talk about, you know, comparison as you can, it's sometimes this doesn't help much to compare, especially if it's apples and oranges. But we're talking about two cloud ERP system. And I'd like you to dig a little bit in, you know, the before after the comparisons, what is now working much better, what things you eventually missing, you know, from the previous software, which would be an eventual roadmap element for SAP's roadmap. Would you like to allude on that one?

Russell: Sure. We're actually we're actually working with them. Some of the innovation teams at SAP right now based on our feedback. So that's what's pretty excited about being both a partner as a customer. So time entry is always just a challenge in any professional service organization. While it's very functional and that's we're out of the box. We're looking at leveraging things like, uh, AI to use natural language time entry and convert that into actually booking the time. So you can basically just use natural languages in book my time the same as last week, and then the chat GPT will actually use that and enter your time for you on that behalf. So just some optimizations on really that time entry part is our big goal. And that's not necessarily a gap, but just looking to to add value to my team as well as take off some of the administration functions. That's not value adding to our organization, right? That gives them more time to be in front of our customers and obviously delivering value to them.

Yannick: Dirk and Raphael, would you like to add some words on this before/after?

Dirk: Obviously there's a big change for the users after having worked in for over 15 years in one system and then, you know, switching to SAP BYD, that was a big change in every aspect. The look and feel, the navigation, the user interface, I mean, everything. The whole logic behind the system was different. And, you know, you have as many different opinions on that as you have people because some people are really open for the change. And we have other people that after two years are still, you know, have some melancholy for the previous system. So that is very diverse. Now, what we're really looking forward to with the transition to S4 is that, you know, we are confident that we know from the testing now, that mean starts to show really in the testing that S4 is going to be much more performant than BYD was. And that will have a major impact on our organization because currently the users

are much quicker than what the system can handle, which means that we're actually putting some overtime and just getting through the work in BYD, and that will be a massive improvement once we make the step into S4, which means not only that, we will work more efficient, but it will also free up additional time that will allow us to actually engage with our customers more than we currently can do. We need to be, we're working the system now. What we really our focus should be is working our customers, and that is something that we are really looking forward to for April 3rd, you know, the day after.

Yannick: So thank you for that. Raphael, would you like to add something on this perspective?

Raphael: I can talk about the project. Obviously, we didn't make the by design project, and we know that it's very easy at the end of the project to come to have a different opinion and to finger point the mistakes. Yeah, we definitely made some also during that implementation, but we tried at least not to replicate the same mistakes that on the previous implementation. Of course we have a team based in Slovakia and in Hungary, and we are serving a project in Germany, which is already something different, but we try to be as much present on site as possible, and that the project methodology, we hope is making the difference today.

Dirk: Yeah, that may be something that can be stressed enough. You know, when we did, the choice of the partner for the implementation is paramount. You know, with SAP that you have a thoroughly tested and built system. You can't second guess the quality of the product that you're buying, but how you implement it and what it actually will do for your organization. There there is a big, a big difference there. And like I said, as a small organization, we cannot focus on the system. We have to focus on our business and on our customers. So what we need is an implementation partner that has all the SAP knowledge in their back pocket, and then is prepared to invest the time to understand our business. Yeah. And really become that in-between person between the system and SAP and our business, and be the translator of us who are really focusing on what we need to get done, and then translate that into the setup of the system. In this case of SAP S4, and in selecting your partner. I think that is really, really important to make sure that you have somebody that is prepared and has a capability of digging into your business and really becoming a partner in that sense as well.

Yannick: Okay. I think it's a great call to actions for all the partners eventually watching this recording. Be prepared, have the cloud mindset. But it's possible.

Dirk: Definitely, yeah it is.

Yannick: Very cool. Big thanks to you, Russell, to you, Dirk, and to you, Raphael. I think this was a very interesting, very unique thing, and I think it would be super valuable for our audience. One main thing that I've learned personally is that it is not possible to outgrow the SAP portfolio. All the SAP ByDesign customers have the opportunity, if the business needs it, to go to that next level and to start the journey with SAP S/4HANA Cloud Public Edition. It was a very exciting episode again. To our audience, if you liked it and have ideas about the next relevant topic for this podcast, please just send us an email to insides4@sap.com. Tune in next time and always be inside SAP S/4HANA Cloud.

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