Podcast: Inside SAP S/4HANA Cloud

Episode 127: DSM-Firmenich's strategy for Cloud ERP innovation driving business progress
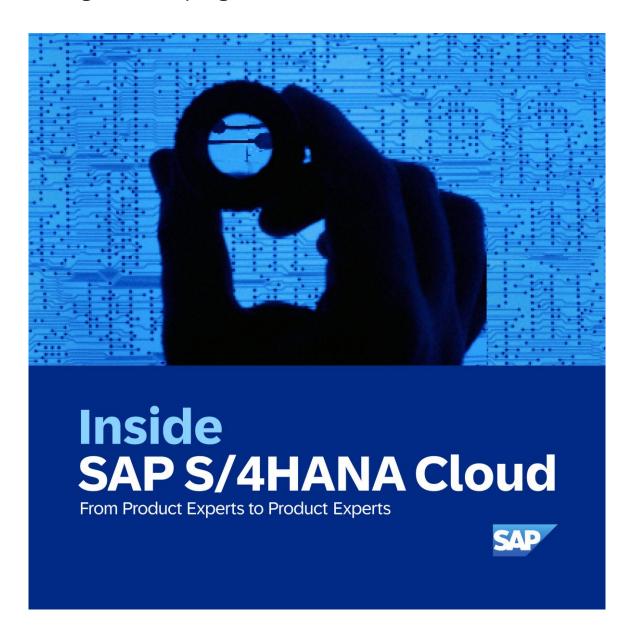

Fig. 1 – Cover art of Inside SAP S/4HANA Cloud podcast
Figure description – An image with a silhouette of a hand holding up a loupe over a blue circuit board. A solid blue block featuring the title "Inside SAP S/4HANA Cloud From Product Experts to Product Experts" and SAP logo is under the image.

Transcript

Yannick Peterschmitt: Welcome to the podcast *Inside SAP S/4HANA Cloud.* There's no customer success without product success and project success. I'm your host, Yannick Peterschmitt, and today, we're diving into a fascinating journey of ERP excellence with our customer dsm-firmenich. Joining us today is Rahul Bhardwaj, who's had the pleasure to meet recently in Paris during the Customer Success Day. Rahul presented his personal cloud ERP journey and his companies'. And I thought, man, this is a great one for a podcast. And here we go. Welcome Rahul. Thanks for accepting invitation. It's a pleasure to meet again and listen again to your unique story and create a fantastic podcast out of it.

Rahul Bhardwaj: Thanks, Yannick, for inviting me. It is a pleasure to join the prestigious SAP podcast. Looking forward to a nice podcast.

Yannick Peterschmitt: And so am I. Thanks for being with us. Thanks for your time. So let's kick it off and share with the ecosystem, the personal story and the company story. Let's start with you,Rahul, obviously. Can you tell us a little bit about yourself, your journey with SAP until now?

Rahul Bhardwaj: My name is Rahul Bhardwaj. I am basically from India, so I started my journey of SAP from India. Traveled a lot around the world, started my implementations in materials management module and then quickly moved to warehouse management and extended warehouse management. And also I did those implementation in various countries, so I moved around a lot. I stayed in Dubai. I stayed a couple of years in Germany and then Belgium. And then now I'm finally settled in Netherlands, which is a nice, country to settle in. And every year I try to do something different, so that's why I try to shift my focus, what I've learned and what I can learn in every project. That's why I was able to navigate through various modules in my career, throughout my career, like materials management, warehouse management, logistics, supply chain, extended warehouse management, and also in the recent six years, worked in private S/4 Cloud. And in my current company, I'm working in the Public Cloud domain, so it has been an exciting and refreshing journey till now.

Yannick Peterschmitt: Interesting. So you've traveled a lot in the world, and by the way, I hope that in your country today it's a bit cooler than in Germany, in the Netherlands. A traveler around the world and a traveler around a different line of business in the ERP as well, which I think is very interesting. So how is that journey, how does it feel like navigating different modules in different projects in SAP?

Rahul Bhardwaj: That's a good question. So basically, when anyone is working in an SAP consulting world or solution world the base of your knowledge should be very clear that why are you doing this? Why, why a company is moving to a transformation. What do they want to achieve? And also, in my beginning of my career, I started to ask question of why pretty often to myself that why SAP has built this product in this way. What would be the thinking behind it? And that makes it very easy for me to navigate because I know why, then I can connect the dots very easily and connect the dot for the business as well. So, two important things here. I made sure that my base knowledge is clear of the business process

of why the business wants to transform their ERP system. And the second why was, why SAP has built the product in that way, so both "whys" helped me to connect the dots. So it is one of the important things.

Yannick Peterschmitt: Yeah, and I agree, this is absolutely key. If you don't know the why of a digital transformation, it'll be a technical migration in the end, and the customer will be disappointed. Let's, let's be honest here, so Why did you accept this challenging new role in the organization at dsm-firmenich? What is that role exactly?

Rahul Bhardwaj: My role, in my current organization, is a product manager role, which is not just related to a particular module. So a product manager should have insights on all the various, changes which are going through a product. A product can be ECC, EWM, S/4 , any product. The end game is to benefit the business via bringing transformation to this product. So our focus is not only on the product, but also on the business. It's more of a end-to-end role where even if you're not from finance, you should be able to understand why there is a change needed in the financing module in order to effect maybe the revenue of the business. There is a chain of, you know, connections between the change in the system and the business benefit, so you need to understand that chain throughout. So that's basically my role.

Yannick Peterschmitt: Thanks, Rahul. Now from your role to the project: you have the honor to lead at dsm-firmenich, and you recently presented in the customer success day that was super well organized by Elena and her team in a SAP location in Paris. So for those who are not familiar, what is the significance of the customer success day and why did Elena and her team ask you to highlight dsm-firmenich? Can you tell us a little bit about the journey? What makes your story unique, obviously?

Rahul Bhardwaj: Our story is a pretty unique story is because our 90% of the business in DSM Firmin is right now in ECC. There are only three business unit who went ahead and took the first step in the journey of S/4 Public Cloud. So it was our initial steps and with these initial steps, you learn a lot and not just for that business unit, but for the entire organization. So I was handling three business unit, but then I thought I would concentrate more on one business unit, which is i-health based in the US as a product manager to maybe bring value to the business. It's a very unique story because in our organization, nobody actually knew about S/4 Public Cloud. And, it's really hard to find people also to manage that. So everybody was in a learning phase and everybody is learning together. We are moving forward, but we are also learning. We learned how to manage the upgrades together, which is mandatory in Public Cloud. We learned how to navigate the system because in Public Cloud, you already know that we are very limited in, terms of customization or in development, so how to navigate complex business requirement in order to fulfill that? It is a quite interesting journey. In the funny side of it, before joining dsm-firmenich, I was working for S/4 Private Cloud in a company, as a product owner for EWM, and I had, nice interviews with the company about how I understood S/4. Since I told you the backstory that everybody else was in ECC and these were the only business unit in S/4 Public Cloud, people like to shorten the abbreviation, so everybody used to say S/4, not S/4 Public Cloud. So in the interviews, everybody just mentioned S/4, so I was pretty confident that yes, I have done S/4 for the last five years. I can easily manage it; and there were like three rounds of interviews and then, finally I joined the company.

And then, one day after joining, I was waiting for my SAP GY to be installed, but I got an email saying, "This is your credentials. Just click on the link and you are logged in." So I was a bit surprised that the credentials, because I've not seen these type of credentials given before. Usually it's an installation in your system and then you get the credentials or reset your credentials, that's usually the way. So I just clicked on the link and I said, okay, what do I do now? That's it? You are in your S/4. So that was the first time I saw S/4 Public Cloud, and I, I remember clearly because, usually when you are in the first day of a company, you are in the office and then you can talk to people about how, why this is, but it was a remote joining. So I had the laptop delivered to my home and I was alone. So I could not even talk to anybody when I received this message. I was like, okay, this is something new. And that was the first time I googled what is Public Cloud? So I was very surprise that three rounds of interviews everybody failed to mention that the S/4 we are talking about is public, not private. So that was my first experience of Public Cloud.

But if you think that, that was my first day that I was witnessing and I was really nervous aand because everything rushes through your mind, you know, when you start to question yourself did you make a right move? But then I stood back to my basics, that I discussed in the beginning that, I know the base of the system of SAP of different modules. Let me see if SAP has changed those basics or not.

So once I get into the system, I saw that, okay, the base remains the same, it's just that they have improved on it. That made me a bit more calmer, and then I started to explore more and more how to do it. What is the restriction? Again, why? I searched for why SAP brought this product in the market. What was the need for it? Because S/4 private was working fine. ECC was working fine. What was the need to bring this Public Cloud in the market? So I researched a lot on 'why's and then I understood, okay, this is the reason why SAP brings it. And then I saw why our company chose for it.

So I went back to my basics again like 15, 30 years ago, and then, that's where the journey started. it has been an interesting journey. Every day it's something new, something exciting.

Yannick Peterschmitt: And this story I've never heard. Honestly, it's, amazing because look, when you are in a recruiting situation, there's always a bit of, let's be honest, overselling on both side. But this one is very, it's a very unique story and it looks more like a misunderstanding than doing some overselling in a recruiting process. I liked a lot that you said learn together. I mean, this is obviously, why we do those podcasts too, to be able to share the learnings that you have with dsm, with the rest of the ecosystem.

Now to the why. You know, I was tempted to say, wouldn't have been easier to go from ECC to Private Cloud, for not only you, but the organization? Because in the end, you would kind of stay in the comfort zone. Yeah -- different UIs, Fiori's, different structure, of course, new code line, et cetera. So, it's still a revolution, but not a revolution as big as going from ECC to Public Cloud, let's be honest here.

So what is your point of view of that? What is the 'why' for choosing Public Cloud?

Rahul Bhardwaj: So, I asked that question a lot after joining, because of my personal knowledge as well. So, when you look at these three businesses in our organization, they're very unique. Let's talk about i-health, which I'm currently leading.

The i- health is basically a contract manufacturing distribution center. They don't produce anything and there is no production site. everything. They have a process defined that we have contract manufacturers, we get customer orders, we do contract manufacturing for those orders, and then we deliver it to the business.

So the overall process is pretty much standard. in order to think, okay, we have a standard process. Can we align it with a standard system? So that was the first thought in their mind that, yes, it's not too complex. Let's go for a product in the market, which is also standard in our way. And we don't have any complex scenarios, so let's look for a standard system.

Second was cost efficiency. With the experience of ECC, they knew that over the years, they customized a lot in the system through various developments, various programs, which if you do an audit for like after 10 years, is hardly even used or hardly even, I would say beneficial to end goal of the business. At the end, if you do an analysis after 10 years how much cost has been put in to build those customized programs and the cost of maintaining those customized programs, it was too high. So, in order to avoid those costs and do the same mistake again, that was the second reason that they went for Public Cloud.

And the third reason which is, I think, also very important was that in our landscape, we connect with a lot of third-party systems. So, we needed a product which has seamless integration with third party systems. You don't need to do much in your core S/4 product, but you can seamlessly integrate with other third-party products, like with standard APIs. So, there was a study done how much APIs are launched in Public Cloud and they were like enough to go ahead to build those connections between the third-party system. So that was the third and the most important reason for Public Cloud.

Yannick Peterschmitt: Ok. Interesting. So, standardization of processes, cost control or cost reduction, and seamless integrations. Let's dig a bit deeper now, Rahul, I'd like you to please walk us through, you know, the key phases of the ERP transformation journey of dsm-firmenich, from the Oracle system to mature SAP S/4HANA Public Cloud environment. And maybe one highlights: what are the biggest challenges during the migration, and how did you with the team overcome that?

Rahul Bhardwaj: Yes. The biggest challenge I would say, and I put this as number one challenge is not about IT migration. It's not about business process migration; it's about cloud mindset migration. Even today, somehow, some people also struggle to think about cloud mindset; and what does that even mean? Because cloud mindset can mean different from IT perspective and cloud mindset means different from a business perspective. So, to bring everybody on board to collaborate in a cloud mindset was the biggest challenge. Which also, in a way relates to change management.

Usually in the previous ECC world, it was a one-way communication. Business has a requirement. They communicate to IT , IT delivers the requirement. Business says, okay, we

go live in production. That was a very simple one, directional conversation, and then everybody's happy. But when you move to cloud mindset, you sit together. Because there are very limited options how you want to proceed in your business requirement.

First, it needs to understand why there is a business requirement. What is the end goal of the business requirement? Can it be achieved in a way that we don't need to do any S/4 customization because to reach business goal there are multiple solutions to do that. It's not just a field in a transaction. it can be a different transaction in altogether. It can be a report, it can be a third-party system. So there are a lot of solutions which you have to think together with the business because you cannot do it independently. To bring everybody on the same table, that was the biggest challenge of collaboration, everybody think on the cloud mindset.

And as you know, everybody don't like change, so it was not a good, I would say, impression of the system because we were all forced to do this kind of way because of a system we chose. The initial impression from everybody from the business was not good. They were like problems with, maybe communication between the IT and business, not able to make the IT understand why they need it. And IT also shutting down critical business requirement because cannot do that in the system. so, there was a lot of back and forth and that's why you need somebody to hold everybody in a room and make them talk to each other. So that we can come up with a solution. Yeah, we can all talk about problems all day long, but we start then talking about solutioning, not just problems. What could be the solution? Is it A, B, or C? So, at the end of the workshop, I always used to have like four or five solutions planned, even though I know that one or two solutions might be shut down by the end, but you need to have those options on the table in order the business to realize, okay, we can do this in the other way as well.

I recall when I entered the project, there was a big problem of, cartel labels in the warehouse in I-Health. So Amazon who is the biggest customer of i-Health. They had demanded that every carton needs to have its own label, because while receiving those pallets, they have scanners built in the warehouse doors when the truck enters. So what happens is the scanners scans the carton labels automatically so that manually, they don't have to do it. if you don't have them, then a person from Amazon Warehouse has to do it manually and they charge you for the number of work hours that they had to do, especially for a customer. So, that was a very demanding, you know, problem that we had because we were having, we were getting chargebacks and that is not good.

So then the finance team came to the warehouse that Hey, what's happening? We are delivering to the customer and we are getting one and a half million of chargebacks. So why is that happening? So everybody had to be in the same room in order to discuss what could be the possible solution. And the, the solution, basically it was to have an on demand printing, because if a carton is getting packed, I don't know at what time it'll be packed. So, whoever is packing needs it at that time. These two things, every carton needs to be labeled, have a different label or its own label, and it has to be on demand printing. So these two were really complex for us to understand how we can do this in a S/4 Public Cloud. So I went back to the tools of SAP, which has been given to us as for S4, BTP, side by side extension. So we thought that, okay, if we cannot do it in the core, let's try to do it something in the side by side, but that also didn't work out. So what we said, okay, maybe

we combine, we do a percentage of the solutioning in S/4 and a percentage in BTP, and then in a percentage in third party. So that's where we came up with a solution where we built an app in S/4 Core, which gets pulled in in BTP and then it brings to a printer, which prints the labels at the time of packing. So basically, it was a combination of these three systems that we were able to satisfy the customer and of course, bring down the chargebacks.

And later, we thought, okay, we were so busy in solutioning of this product that somebody looked at it and said, 'Hey, this is a very innovative thing that you did. Why don't you submit it to SAP?' So, we submitted it and got the Innovation Award in this solution. So that was our journey from. escalations, everybody not being happy. Everybody coming in together thinking about a solution and then, delivering that solution and winning the Innovation Award. So it was quite a journey for us.

Yannick Peterschmitt: that's impressive, Raul, because you know, some customers think cloud mindset mean we just have to work with the existing best practice that SAP is delivering, which is of course the ultimate, let's say the vision, but it's not a limitation. You can go beyond and I think it's amazing from, getting charged back from Amazon, which hopefully no one liked and I can imagine how that hurts with the number of parcels, from reaction on a chargeback to a business challenge to a business solution that turns out to be one of the best innovation of the year. Congratulations. Great job. Great job on the team. What did you personally learn from the journey?

Rahul Bhardwaj: As you know that I started my journey of Public Cloud in dsm-firmenich. Previously when I told you that I worked in a module, implemented it, I tried to learn more. I always thought, what is the knowledge gap, what more I can do? in addition to functional, if, uh, whatever, if I do a technical also not coding, but to understand the code and, you know, debug everything.

So I also learned technical, during my EWM implementation days, I was always trying to figure out what can I do. At one point of time, I remember I was debugging SAP standard code for six hours. So that was a journey. And that made me a bit of an expert in my field. When you become an expert in your field, there is certain expectations that, you enter a room and of a business requirement.

Everybody looks at you for solutioning that, okay, Raul, what do we do in this case? What do we do in that case? Because I had multimodal experience. And pretty soon after some couple of years, you start to like it that you are one of the smartest people in the room.

So you start to like it, and the expectations are really high. With the Public Cloud, I was no longer the smartest person in the room because it is also, I'm learning with everybody, so I have to think with everyone, even there were like small, small things that I learned from my business users as well as the project managers or the consultants who were there in the team. Because instead of being the smartest person, I wanted to be more listener at this role, rather than, you know, acting as a leader. So, I started to listen more to people How they work with the system. I remember one of the time I didn't even know how to make the favorites in the Public Cloud that because I used to always type the app name. So, one

business user said, Hey, Raul, why don't you, you know, build your own screen in the home screen, you know, for your transactions. Oh, that's a good idea. Can you teach me? Immediately. It taught me to being humble again in my field because I was, sometimes you get too carried away in being an expert, and then you are brought back with a system, which is completely changed. So, that was one of the biggest change that I wanted to learn from everybody. And not just, it was not on me that I'm the expert. It's a new way of working. Uh, as we already discussed the cloud mindset, it was a new way of working for me. So that also changes your role, a bit of a solutioning expert to being a collaborator with the business. So that was one of the new way of working that I learned that how do we collaborate with the business? How do we change, maybe create ceremonies of inputs and then present it back to the ceremonies of inputs and then present it back to the business and then come up with different type of solutioning? So that was something new that I learned.

I learned about Clean Core Principle, which everybody's talking about. And the interpretation or misconception first, when I heard about Clean Core Principle, there were some people who told me that Clean Core means no development. As you were saying, that we have to follow the standard process that we have in the system. But, as I grew into this Public Cloud, field, I got to know it's not about that. There is a misconception also about saying no to any business requirement because we are Clean Core. There's also a misconception saying that every development needs to be done side by side. That's also not true. So it also depends on business to business, how you want to deal with Clean Core.

There is a standard rule book, and that rule book says that clean core needs to have clean core system, needs to be updated, needs to be future proof, and it needs to be aligned with the business so it's not a religion, you don't have to follow it, you know, by the book. Each business can make their clean core strategy differently. Because every business needs to have a competitive advantage. If everyone starts to follow the standard S/4 Public Cloud, where is the competitive advantage that each business wants to have in the market? So there will be some kind of customization, but how you do that customization, either you do it side by side or you do the third party system with integration or like I explained in my solutioning, a part of it in S/4, part of it in BTP, and part of it in third party. That's one of the learning things that I, had and I continue to learn.

And also , when we talk about saying no to a business, from the IT perspective, there are ways to say, no, we can do it. So quite funnily, I was having this conversation with another customer in, Sapphire Madrid. We were having this conversation, and we are walking towards the lunch counter that they had. There was this stewardess who was standing in front and, we did not even look at the time, and we were just walking towards it because we saw the food is there, let's grab something. And then the steward said, no, it's closed. Then we looked into time -- okay, that we were a bit early and then we went back and I came back again because I remember, okay, I have to ask what time it opens. Then she said, okay, it opens at 1215 or something like that.

So what we were discussing is when we get these requirements from the business, there is two ways that we can answer. No, it's not possible, or it'll get open at 1215. In both ways the answer is no. But in the second scenario, you get the information 'why?', at the moment.

Why I cannot go further. That was kind of a very live, practical example that we saw. And quite funnily, it happened in Sapphire that we were discussing this, with the customer that, yeah, there are different ways to say no. if you say no, it's a system limitation or we say no, can we tackle it in a different way rather than S/4?

Yannick Peterschmitt: Yeah, yeah, true, true.

Rahul Bhardwaj: Yeah, so that's one of the things I learned.

Yannick Peterschmitt: And we all know it's hard to say no, Rahul, but a lot of people forget that we say yes to things that are much more important when you say no to some things; much more important for the bigger project.

Rahul Bhardwaj: Yes

Yannick Peterschmitt: Thanks for that. Interesting: " Clean Core is not a religion." I like that one. It's a guiding principle, but of course it needs to work best for the company, right? In the end, the ability, you know, to make the system the competitive advantage. We've heard that at different customers, that they do like the standard stuff on the standard, but where it really matters, what makes you unique or gives you the competitive edge. This is where you will put the brain power of the people, of the IT guys and the business guy and eventually develop that side-by-side car or, other extensibility options. So thanks for sharing. I would like to ask about role changes for you again, so quickly, ECC roles, S/4 Public Cloud roles, internal, it now larger roles and responsibilities. How, how did all that come together for you?

Rahul Bhardwaj: So that's an interesting question because, so since S/4 transformation was everything new for me, I did not even know that I was going through an SAP S/4 transformation when I joined the company. it just hit me and then I just went along. So in 2025, I thought, okay, let me try something new like I did with public cloud. And I searched online. I used to play badminton table tennis, pool football in my past. So, I was looking for something very new and exciting get me excited about the sports again. So, I searched online. I saw this new sport coming up, pickleball, which was quite unique, and how they play, how the rules are. So, I was lucky enough to find a club nearby my house in the Netherlands. and when I started it, it was, it was like, you know, my first day in public cloud, it was, everything's new, the rules are different. It's played in a badminton court, which I have played, but everything is different. So, the base is there, just like my previous, uh, experience. The code I am familiarized with, but the rules are different. There is some kind of different paddle, different ball. So, it was kind of an exciting and, uh, I thought I'll try something new just like I did with public cloud.

Yannick Peterschmitt: So, Raul, before we close, please fasten your seatbelt because now it is time for the fast five. So, I'll ask you five questions and I'm expecting only very short and concise answers faster as you can. First questions, what's one mindset shift that helped you succeed in SAP S/4HANA Cloud journey?

Rahul Bhardwaj: Always ask why. That's more of the important part that when you are hitting the mindset change, always ask why

Yannick Peterschmitt: What was the biggest surprise during your transformation project at DSM-firmenich?

Rahul Bhardwaj: The biggest surprise was how big is change management?

Yannick Peterschmitt: in one word, only one. How would you describe the clean core principle?

Rahul Bhardwaj: Essential

Yannick Peterschmitt: What personal habit or hobby has helped you stay balanced during this big transformation?

Rahul Bhardwaj: listening to music, trying new sports.

Yannick Peterschmitt: If you could describe your SAP journey as a sport, which one would it be?

Rahul Bhardwaj: I would be a biased, I would say pickle ball.

Yannick Peterschmitt: Well, merci beaucoup. Thanks so much. You shared so many anecdotes that I could not even pick my preferred one, but this is exactly what make your journey, your personal journey and the company journey very unique. Big, big thanks for your time. It's much appreciated and I'm sure that our audience will appreciate it, too.

Rahul Bhardwaj: Thank you so much, Yannick, for having me. Thank you so much.

Yannick Peterschmitt: Thank you for joining this episode. Stay tuned for more insights and don't forget to subscribe to sap.com/podcasts. You can also send us your comments and suggestion for the next topics via insideS4@sap.com. And if you enjoy today's episode as much as I did, please give us a five star on Spotify or Apple Podcast. Tune in next time and be Inside SAP S/4HANA Cloud.

Bye everyone, bye Rahul.

Rahul Bhardwaj: Bye.

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