

Cloud ERP: Greenfield or Brownfield with Deloitte's Geraldine Aubert

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[00:00:26] **Richard:** I'm Richard Howells, and this is the future of ERP, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. In this week's episode, we'll be talking cloud ERP and the choice of a greenfield or brownfield implementation with Deloitte's Geraldine Albert. Hi, Geraldine, great to have you on today. Could you introduce yourself and talk a little bit about your role at Deloitte?

[00:00:52] **Geraldine:** Sure, Richard, thanks for the invite first, and let me uh, shortly introduce myself. I'm Geraldine, I'm [00:01:00] a partner in Deloitte Enterprise Performance in the SAP consulting practice. I specialize in planning, selling, and delivering global S/4HANA transformation programs, and I've been working there for 25 years in the SAP business, elaborating and delivering 20 scenarios in the manufacturing area. My job is to enable a business value-driven S4 transformation based on a strong collaboration between business operations and SAP. What I bring to the project is process knowledge combined with industry expertise across different industries, industrial products, automotive, chemicals, and medical devices. In addition to that, I lead all Deloitte, SAP manufacturing practitioners, which includes all people working in production planning, 00:02:00 quality management, plant maintenance, and everything related to asset enterprise management, as well as product lifecycle management. And IBP integrated business planning in Germany. I'm a single mom and I live in Munich, Germany.

[00:02:19] **Richard:** I'm looking forward to a great conversation. Thanks for that background. It looks like we've got a lot of experience between us to have this conversation, but let's start with some basics. People may not be aware of the terms Greenfield and Brownfield, so can you explain the difference between the two?

[00:02:36] **Geraldine:** Yes, sure. Greenfield is a clean implementation, and for that, you need a new SAP on environment. You start typically from scratch, and what you do is a re-engineering of the business processes. So typically, you would develop a template that aligns with the SAP standard functionalities and the best practices of that [00:03:00] industry. So what you start with is a design phase. You would go talk to the businesses in the different geographies. Decide on the template, and then you would build the template and implement it in a pilot location, which represents something that is strategically super important for the company. And then once you are live with the pilot, you would then roll it out in different geographies. On the other side, for Brownfield implementation, it's more of something you do technically. It's more like an upgrade. If you want, you can take your existing system landscape and migrate it as it is to SAP S/4HANA. It is less disruptive in terms of your existing processes, and it builds on all the elements that you have in your actual SAP landscape.

[00:03:56] **Richard:** So before we step into this in a bit more detail, I wanna step back a [00:04:00] minute because whether we're talking about a greenfield or a Brownfield implementation, many companies are looking to move to the cloud. So why the cloud at the moment, and is the cloud right for everybody?

[00:04:13] **Geraldine:** Yes, indeed. If you look into all industries and across the board, the cloud is the right way to go. Because it brings a lot of advantages, first, you would have all the innovation that comes with it. If you are working on premises, you won't benefit as quickly and across all your platforms from all the innovation that SAP can bring. It has some other advantages, like the cost of ownership. You have different models that you can choose if you go on the cloud, pay as you go model, which will reduce all the infrastructure costs that you have, and you have as well, lower maintenance cost on the long run because you are on the cloud and whoever [00:05:00] hosts your cloud is the one actually that has to take care of all these aspects. What we see as well for all clients is just that, obviously, in the manufacturing space across all industries, the business operation is very critical. The availability of all your systems is key, and that's a core capability that you need to have. So being in the cloud actually enables you to have that availability all the time across the time zone and across the hours. One aspect as well is that SAP would manage for you all the updates, all the OSS notes, which makes it quicker. And depending on your IT department, it might be cheaper and more efficient to have that done directly on the cloud, as it comes from SAP instead of planning it in regular releases if you are more on-premises. Another [00:06:00] aspect that we see more and that we see present all the time in all the medias as well, is security, threat detection and all the incident response. You are much more efficient, and in terms of cyber security, you are much more, yeah, modern and up to date, yeah, as if you are operating your system on premise. And one aspect maybe that is to be

considered is that lots of clients talk to us, which is probably one of the aspects that is a bit more difficult to go towards the cloud, which is all the aspects around compliance requirements. And data residency. That's one topic that we see, especially in Europe, as being very crucial and in other geographies as well. And that would be maybe the only thing that is a bit specific to cloud, and that makes all the conversation with clients about the cloud a bit more complex because you need to [00:07:00] clarify these points upfront, and obviously, you don't have them if you are staying on premise.

[00:07:05] **Richard:** Right. Let's assume that a company has decided to move to the cloud. How do you work with them to make that Brownfield versus Greenfield implementation decision?

[00:07:16] **Geraldine:** It's never an easy decision. That's straightforward, and it needs to be discussed with each client because each client is different and is in a different situation in terms of their digitalization and how far they are in the digitalization journey in terms of the strategy they want to go for, the timeline that they have for that journey, and how they want to approach the whole thing. Let me maybe give you some criteria as an example. Why Brownfield would be right is if you need speed, if you want minimal business disruption, you want to be on the SAP platform in S4 HANA [00:08:00] in a relatively short timeframe, and you want to minimize the risk at go-live, technically, you wouldn't minimize the risk. We could argue about that, but a very important aspect of the brown field is you have a reduced change management aspect because you don't need to train your workforce the same way as what you have to do if you go for a Greenfield that makes it, if you are a big company and you have very large manufacturing sites I don't know, over 60, maybe worldwide or even more. That's one of the key aspects in terms of business disruption and risk-taking that would speak maybe for Brownfield as well. If you have a high level of specific requirements that you have already implemented and established in your current SAP landscape, then it's worth thinking about going Brownfield. One aspect is the digitalization. Obviously [00:09:00] if you go brownfield, your journey to go towards digitalization and bringing business value would be actually more postponed after the Brownfield part, but you would have the benefit of bringing you on the SAP platform quicker. Now, if you consider Greenfield, I would say it's right if you want to digitally transform your processes in the first step, because obviously, you would have, as I mentioned before, a pilot implementation. And for that, you would spend more time upfront designing and transforming your processes so that you get the benefits of the digital transformation in SAP upfront. You would have, strategically, an important country or base where you decide you want to go for that pilot. And there you have already MVP, so to speak, with the digital benefits in the first go [00:10:00] live. On the other side, it shouldn't be a priority for you if you go

greenfield because bringing all the people together to design all these processes is going to take more time. You'll need to build up a sense between all geographies, all parts of your business, which will take more time. You need the buy-in of the people to accept the new processes where you bring this value-added digitalization. But that's something highly likely that is going to be very different than what the people have been living with in the last 10 or 20 years in their current SAP landscape. So you will have many more aspects to consider before you live into that first pilot, and then you would typically go for different rollouts in different geographies. I would say this would be all the aspects in a nutshell that you need to consider before going Greenfield or [00:11:00] brownfield.

[00:11:01] **Richard:** There's a lot to consider and balancing that speed of getting your systems moved to a new solution versus how do I take advantage of the full digitization in the first step, or do I want it as a multi-step process? So let's follow up on that a little bit. Do you have any examples of a typical brownfield approach for a company looking to move to a cloud ERP system?

[00:11:25] **Geraldine:** Yeah, actually I'm currently working with one client and we are doing brownfield program. We target to go live after 12 months of the project Big Bang in all client locations worldwide. They produce a lot daily; the volume that they do is really high. And the timeframe that we had to do all that is quite 00:12:00 challenging because one year is really not a lot if you're familiar with SAP implementation to do all that.

[00:12:05] **Richard:** And 60-plus sites as well.

[00:12:08] **Geraldine:** Exactly. That's a huge number of employees as well, that you have to take on that journey, and you have to make sure they understand what they are going to get after one year. So indeed that's quite challenging. And to do that, what we are planning is to have a technical upgrade, and then after that, in one year, the journey will continue. We will have the other specific areas or specific products that we will have on top in the full landscape that is the target architecture that we want to have in two to three years. But we start with that core brownfield, and we'll go for the non-strategic processes afterwards. And we'll bring some other solution like Ariba, IBP, some e-commerce solution, and even digital [00:13:00] manufacturing in the cloud during the next releases. So that after that, brownfield, we'll go for the more strategic parts and the value added that we will bring to that company?

So

[00:13:13] **Richard:** That company knows that they've got a multi-step process to take advantage of all of the digitization that they want to take advantage of in the long term.

[00:13:22] **Geraldine:** Yes.

[00:13:23] **Richard:** Let's take the other approach then to get to the same goal, but with a Greenfield implementation where they want full digitization at the end of the project.

[00:13:34] **Geraldine:** Yes. So then the approach is different because the full solution or the template is built up completely the first time you implement it. So, if you spend more time identifying and implementing the pilot location, you need to spend some time with the key stakeholders to decide which location represents the most strategically important location where you would go for 00:14:00 the pilot. It should be a pilot. The pilot location should be the location with a broad representation of all the key processes that the company has. Because what you want to do is build the MVP, but these MVPs should be really targeting all the strategic and core processes of the company, because you want to prove to the broader community in your business areas that you are building something that's solid and that brings them value. So the choice of that pilot is key. And then what you would do is implement it within, typically as well, maybe one year, one year and a half. But in comparison with the Brownfield, after one year, one and a half years, you would have one pilot in the Brownfield. You are live on S4 HANA, everywhere in the world. So there are pros and cons for each of the approaches. But once you've done that one, one year, one and a half years where the pilot is alive, then you would go for the full 00:15:00 roadmap, where you would go typically per region, per areas, or per business types, and you would implement that template in the rest of the plant and the region. The only thing you would have after that template, and that's key, is really all the statutory and legal local requirements. They would come on top in each of the regions, and you would implement them as you go. But the key is really that template that you have built needs to be stable and needs to be something that represents the business so well that in each of the subsequent locations the changes would be minimized. That's the benefit of the greenfield and pilot approach.

[00:15:43] **Richard:** Once you've got that template right. And you spend more time getting that template right. How much quicker is the rollout to the other regions, the other locations, on average?

[00:15:58] **Geraldine:** That's a very good point, [00:16:00] Richard. It depends on the client. We can be as efficient and quick as our expertise and experience bring to the table, meaning we can be very quick. It really depends on how much change you have actually implemented in that template. If the change is very high, what would you do to reach it, like you would have Europe. And if you have, I don't know, 10 manufacturing locations in Europe, then you would implement them in parallel in the package Europe. Then you would go for Asia, then you would go for the Americas, and you would do, I would say, three regions, slightly sequenced. If you are a major company, I would say within 10 months. You can probably have one region live and then go into the next one, but it really depends on the size of the company and the complexity of the template that you have built.

[00:16:54] **Richard:** You mentioned a little earlier that the choice of the pilot location is key. [00:17:00] I would imagine also the choice of the people involved in that pilot is key. Do you both come from that region or division? Also, I'm guessing potentially from other regions that would be involved in rolling out that pilot in those other regions. How do people go about picking that team to do the implementation?

[00:17:21] **Geraldine:** That's a very key aspect for the success of the program at the end of the day. Because, as you imagine, you need a strong buy-in of whatever you do. So you need the people that are critical in the plant, in terms of these are the people with lots of experience that people would respect meaning if you take somebody off production, it should be not somebody you know sitting on his desk every day and knowing all the people around, that should be something that represent a majority of the people in the company. And when that guy says that process is the one we want to go for, then you would [00:18:00] have a kind of following of followers that would be aligned with him and believing, given his expertise and his standing in the company, that's the best process and the best practice processes you do in that plant. So indeed, as you are saying, that's a key aspect and one important aspect as well, because that wouldn't be enough, is to have what we call business process owners. Meaning for each of the area, like you would have maybe OTC, you would have production finance, you would have typically a VP or senior VP of the company that is then the owner of the solution, meaning whatever the people operatively designing the template, you would have a kind of approval and ownership within that company that would be at a higher level. So that at the end of the day, whatever the digital transformation, wherever it brings you, you've got the buy-in and actually the ownership. It's more [00:19:00] important than buying into the ownership at one of the highest levels of that company for that specific business area.

[00:19:07] **Richard:** It's quite a dilemma because as you mentioned, it's the people that you really can't afford to take off their day jobs because they're so valuable that you can't afford not to put on the project because they're the right people to define the processes and to convince everybody else that this is the process we want to use moving forward.

[00:19:27] **Geraldine:** Indeed. And that's always actually one key aspect that we need to explain to our clients and to show them the importance of picking up the right people. And exactly as you say, typically, nobody wants these people on the project because they want them to continue doing their daily job, because they bring so much value there. And the project is first, a bit. Something of some cost for the company. At least some people in middle management would qualify it that way. Meaning there is a balance to be found between having [00:20:00] the key people and the best people in each of the areas on the project, and at the same time making sure that the daily business is running.

[00:20:09] **Richard:** Yes. It's an age-old dilemma since the start of software projects, I think in businesses, because I was doing that 30 years ago, and having exactly the same challenge. We've covered a lot of ground in the 20-plus minutes that we've been talking, so we're coming towards the end of the podcast. What advice would you give our listeners starting their digital transformation journey in making those trade-offs, making those decisions, greenfield, brownfield, which division should I start in? Which region should I start in? And what is that rollout? What advice would you give to somebody starting this transformation journey?

[00:20:48] **Geraldine:** Yeah. Even before going into the discussion, whether I do greenfield or brownfield, I would really discuss with the client what the digital journey that they have planned is. What [00:21:00] is the strategy in terms of the digital transformation, and how far are they already in their thinking, or even in the implementation of that digital transformation, because that aspect will drive a lot of the criteria and a lot of the thinking around, do I go Brownfield or Greenfield? Because as I was mentioning before, Brownfield is really a kind of technical upgrade. You don't get any digital trend or hardly any digital transformation with that first step. You carry over some technical depth in the first leg of your journey. Meaning the digital transformation won't happen in the first year of the program or of the journey, because there you really focus on the technical aspect. You focus on bringing your business to the S4 platform, independent of any digital transformation. That [00:22:00] digital transformation comes later. You would standardize, bring the best practices, and bring all the value added in the following phase of your roadmap. On the other side, if you are very, I don't know, innovative as a company, you have already

started digital transformation. You already have some AI use cases that you have brought to the business that you want to have in your SAP platform, then in that case, greenfield is probably more appropriate. You will start building that template and bringing some AI topics, some automation, and some digital tools that you have on your shop floor that you can directly implement within that template. And you'll need strong template governance and proper rollout management, but this value add and the transformation will be brought forward in terms of the full journey that you'll have.

[00:22:59] **Richard:** It's [00:23:00] interesting as well because I think if you go down the Brownfield approach, you have to do that with the knowledge that this is the first step, not the end destination. If you want to get to a true digital transformation of your company.

[00:23:13] **Geraldine:** That's correct, yes. Indeed.

[00:23:16] **Richard:** So we're coming to the end of the podcast, and I want to ask you the question that I ask all of our guests, with all of your experience around the globe, specifically in Europe. I'd be really interested in the answer to this question, but in a sentence or two, what is the future of ERP?

[00:23:32] **Geraldine:** The future of ERP. be part of a strong ecosystem of all suppliers, third party logistics providers, customer. We will have a true network between two platforms that goes across multiple systems, and the decision between all the players will be facilitated and, in some areas, even fully automated by AI. Maybe a funny [00:24:00] fact, with Deloitte, we published last year together with the Technical University in Munich, a study called the Future of ERP. So, actually, what we describe is all the challenges and opportunities of the ERP systems that we see will be run around 2030. So that might be an interesting study that the listeners can refer to and can read about.

[00:24:28] **Richard:** We will certainly share a link to that study in the show notes, cause that seems like an obvious next step and follow-on to this discussion.

Hey Geraldine. Thanks for a great conversation. It's been really interesting and really educational as well.

[00:24:42] **Geraldine:** Thanks a lot from my side as well for the invite. It has been a pleasure talking to you, Richard.

[00:24:48] **Richard:** Thank you, and thanks to everyone for listening. Please mark us as a favorite, and you can get regular updates and information about future episodes. But until next time, from Geraldine and me, [00:25:00] thanks for discussing the future of ERP.