



BEYOND SAP: A PRIMER FOR DIGITAL TRANSFORMATION

As companies race to migrate to SAP S/4HANA, experts say ERP software is just one variable in a larger equation. True digital transformations are more complex—and far more impactful.

By Cody Cerny



Enterprises worldwide are at a pivotal juncture with SAP’s announced phase-out of its ERP Central Component (ECC) software—a core ERP product within the SAP business suite—by 2027. The move is driven by the introduction of the cloud-friendly, in-memory database SAP S/4HANA, designed to handle

transactions and analytics on one system. This shift goes beyond a mere technical upgrade; it catalyzes a strategic overhaul impacting fundamental business operations.

While S/4HANA introduces benefits like streamlined data models and real-time analytics, its successful implementation requires deep integration with emerging technologies—such as generative AI—and broader digital transformation strategies to truly enhance organizational efficiency and agility.

Having led some of the world’s most recognized brands through ERP and Digital transformations over the past 30 years, Elixirr Partners Brandon Bichler and Eric Rich believe large SAP-enabled enterprises that approach the ECC to S/4 transition as “another mandatory SAP technical upgrade” will miss out on a massive breakthrough transformation opportunity—and potentially burn through millions in IT upgrades that could be more strategically invested in revenue growth and customer experience initiatives that rely on technology and data innovation.

Instead, Mr. Bichler and Mr. Rich advise companies to consider the “end of ECC support” deadline as an opportunity to

examine how their businesses have evolved, understand how customer expectations and buying behaviors have changed, review future state vision and growth strategies, and work collaboratively – Business and IT - to determine what ERP, digital, and data capabilities will be needed to support successful execution and delivery of results into the future. Simply put, your ERP / Digital enablement initiative should foster business model innovation the underlying operating models that will sustain it. Your ERP and digital roadmap and upgrade plan should be tightly linked to the strategic enterprise roadmap and the delivery of defined business targets.

“First of all, I think the discontinuation of ECC support is an opportunity for people to re-evaluate their large ERP transformations from a decade or two ago,” says Mr. Bichler, who helps Elixirr clients create an environment for innovation and growth to thrive within their organizations. Before joining Elixirr in 2014, Mr. Bichler was a partner at Infosys Consulting, where technology-enabled transformation and complex organizational change were his primary focus areas.

“In the market, it’s not just SAP; this is happening across many packaged

technologies,” says Mr. Bichler. “Anytime you upgrade or re-platform your ERP, you’re touching the core of your business—the very essence of how you operate. This presents an opportunity to think more holistically and wisely about what this means and the opportunity it brings.”

Underscoring Mr. Bichler’s comments is Mr. Rich, who advises clients focused on innovation, operating model enhancements, and technology-enabled business transformation.

“Many businesses we work with see the migration as an opportunity to do something more transformative around their operating model, which might entail retooling operating processes or reinventing people’s roles and responsibilities. Clients are thinking big picture too, asking what the migration means in terms of how they can upscale and evolve their organizations,” says Mr. Rich, who led many SAP-enabled business transformation programs as a Partner at PwC and Infosys Consulting before joining Elixirr in 2016.

“Senior executives often ask us, ‘How do we optimize and streamline processes, especially when a business gets more complex over time?’”

According to Mr. Bichler and Mr. Rich, clients are often well-served by taking a

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Partner, Elixirr

Run Simple...And Better

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moment to better understand, identify, and articulate the true ambition driving their desire to embark on a comprehensive digital transformation. This is imperative for organizations, especially for those embracing AI as a catalyst for innovation within comprehensive digital transformation efforts.

“Digital transformations are enormously consequential, which is why this discussion needs to ultimately be owned by the CEO and the executive committee,” says Mr. Bichler. “They must assess and steer the strategy, approach, and execution to succeed.”

However, says Mr. Bichler, before diving into an ERP initiative, companies should lay the groundwork for a successful implementation—and ultimately, operational transformation—by addressing their current limitations with technology and data. This is especially relevant for companies with fragmented tech stemming from past mergers and acquisitions or those who have taken on technical debt as their business has grown over several decades.

Despite this, says Mr. Bichler, this shift opens the door to new experiences and data-driven organizations and enables new business models.

Before embarking on your S/4HANA upgrade, Mr. Rich and Mr. Bichler advocate an upfront investment, or a “pre-upgrade sprint” aimed at driving business and IT exec alignment on strategic business objectives to be delivered by the ERP migration, as well as getting their commitments to fund and support the agreed ERP upgrade strategy, roadmap, and target outcomes. This exercise should explore key topics around growth and M&A strategy, targeted operating models, customer and user expectations, market and competitive environment, evolving regulatory and compliance requirements, and other strategic factors. This should be done as a pre-requisite



Faster, Better, Stronger
According to Mr. Bichler and Mr. Rich, many businesses see migration as a chance to transform their operating model, retool processes, or redefine roles and responsibilities.

to collaboratively defining the ERP strategy and roadmap. Business and IT execs should jointly assess the following digital transformation drivers to inform key design principles:

- **Existing Systems:** Evaluate the strengths and weaknesses of your current ERP and other digital tools and applications.
- **Processes:** Identify bottlenecks and inefficiencies in existing workflows, as well as improvement and automation opportunities.
- **Data:** Assess the quality, accessibility, and usability of your data, as well as data governance, ownership, and culture.

- **Customer Experience:** Examine how your current systems impact customer interactions and satisfaction.

Understanding the S/4HANA Migration

At its core, S/4HANA is designed to simplify and accelerate business processes. It achieves this via an in-memory database that processes transactions and analytics in real time.

“The transition from SAP ECC to SAP S/4HANA is creating a sense of urgency, especially when considering the significant improvements over its predecessors, such as simplified data models and a more intuitive user experience,” says Mr. Rich.

“When implemented effectively, these features can help companies operate more efficiently, generate useful insights to make better business decisions, respond to market changes faster than competitors, and implement strategic change at pace without stagnating progress. These capabilities are crucial for organizations seeking to become more agile and data-driven while providing instant access to critical business information.”

However, Mr. Rich says the migration process can be complex and fraught with risks.

“One of the primary challenges is the potential disruption to business operations during the transition period,” he notes. “Downtime can result in significant financial losses, especially for companies heavily reliant on their ERP systems.”

Additionally, says Mr. Rich, ERP migrations require substantial investment in time, money, and resources. This necessitates an additional layer of complexity to manage; enterprises must have the right expertise and support to handle the business and technical aspects of the transition.

“Organizations should evaluate and redesign their workflows to leverage the full potential of S/4HANA, which involves identifying bottlenecks, eliminating redundancies, and optimizing processes to enhance efficiency and effectiveness,” he says. “For example, a company might use S/4HANA to automate routine tasks, freeing employees to focus on higher-value activities that drive innovation and customer satisfaction.”

Yet, for organizations that heed Mr. Bichler and Mr. Rich’s advice to envision the successful result, S/4HANA can be a powerful component in a larger transformation.

“While S/4HANA offers a broad range of functional and technical capabilities, it’s also important for companies to ‘re-think the core’ as part of their upgrade strategy,” says Mr. Rich. “We’ve evolved to doing business in a digital world - where computing horsepower makes things happen real-time, mobility allows us to transact wherever and whenever we want, vast amounts of data can be shared seamlessly across systems and applications with APIs, and competitive advantage is gained by capabilities such as machine learning and artificial intelligence. Companies must decide where to draw the lines around the functional scope of their ERP and where they can gain advantages in terms of operational effectiveness, process

efficiency, cost optimization, and revenue growth from other emerging tech capabilities that tie into their core ERP.”

AI as a Transformative Catalyst

In conjunction with S/4HANA, Mr. Bichler and Mr. Rich believe generative AI platforms can further enhance ERP capabilities by introducing advanced functionalities such as natural language processing (NLP), predictive analytics, and task automation.

“AI has undoubtedly become a ubiquitous topic, almost to the point where it might seem over-discussed,” says Mr. Bichler. “However, AI is a powerful tool to analyze historical and real-time data to forecast trends, for instance, as well as customer behaviors and market demands, with heightened accuracy.”

This predictive capability improves decision-making and automates complex tasks across various business functions, liberating humans to focus on innovation and enhancing customer engagement.

AI-driven insights derived from customer interactions and feedback, combined with transactional data from S/4HANA, can also enable personalized customer experiences through optimized journeys, increasing customer loyalty and retention.

From an ERP implementation perspective, AI is being used to streamline activities across the Software Development Lifecycle (SDLC)—from business requirement documentation to system configurations—AI-enabled automation of these tasks is not about replacing humans but redefining their roles. It’s plausible to consider how AI can significantly reduce the time and effort associated with ECC to S/4 migration programs, minimizing upgrade activities’ impact on business operations and competing business initiatives.

For historical perspective, Mr. Bichler recalls how the development of the Internet and the onset of globalization were driving forces behind the labor arbitrage model—where highly talented individuals located offshore could execute tasks at a fraction of traditional costs.

“Looking at today, AI marks another inflection point akin to the global delivery model’s advent,” says Mr. Bichler. “Amid the initial wave in the early 2000s, significant cost efficiencies were achieved, upwards of 30% savings, by deploying a global delivery model. This wasn’t merely about relocating



BIO: Brandon Bichler, Partner, Elixirr

Brandon Bichler is a recognized thought leader in innovation, transformational change, strategy and operations, with over 20 years experience building and growing businesses in the tech, consumer, travel, manufacturing, financial services, automotive and resources sectors.

As a partner at Elixirr, Mr. Bichler helps his clients create an environment for innovation and growth to thrive within their organizations, establishing relevant external partnerships and driving the necessary cultural, behavioral and operational change to make it work. He stays well-connected to the startup and venture capital communities across Silicon Valley, New York, London, Tel Aviv, Bangalore and Beijing and advises several startup businesses.

Mr. Bichler is also a mentor for startups in the Envestnet / Yodlee Incubator.

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tasks to cheaper locales; it revolutionized how ERP programs were run. Companies streamlined workflows by pooling process, technical expertise, and delivery capabilities into centers of excellence in offshore and nearshore locations, slashing costs while enhancing effectiveness.”

Mr. Bichler believes that as generative AI is further integrated into how software is delivered across organizations worldwide, there will be another wave of significant productivity and efficiency improvement, potentially adding another 20-30% of savings for enterprises implementing ERP and other packaged software.

As Mr. Rich notes, grasping the emerging tech paradigm shift has become the crux of the target architecture design for business leaders embarking on their digital transformation journeys.

“Take an example of a GenAI-enabled Sales Prospecting tool in a B2B environment – let’s assume prospecting a qualified lead consumes 40% of the effort to close a sale and leads are generated from 6 unique data sources. GenAI can perform the prospecting process 99% faster while increasing the quality of leads substantially and equipping the sales exec with a target value prop and pricing strategy for the customer. This allows the salesperson to focus on generating a winning proposal and closing the deal with a much higher probability. In this context, some perceive AI as a cost-saving measure and would anticipate a reduction in salesforce size while the business maintains sales figures,” he notes. “Yet, visionary leaders will recognize AI’s ability to elevate existing talent, potentially driving exponential business growth by enhancing the existing team’s performance results through the power of AI.”

As Mr. Bichler says, “Leaders who fail to establish the flexibility needed to pivot critical aspects of their business and operations quickly

in the face of rapid technological shifts will find themselves at risk of being left behind.”

The Impacts of a Digital Transformation

Successful digital transformations begin with a clear strategic vision set by the executive leadership team. Senior leaders must articulate a compelling vision for the future that aligns with the organization’s overall goals. To realize the expected impact, they must foster a culture that embraces change, innovation, and continuous improvement. Adopting new technologies such as cloud computing, artificial intelligence, machine learning, and advanced data analytics is imperative for growth.

“The use of emerging tech capabilities within a company’s operating model and IT architecture is no longer optional. Every business must have an integrated IT, Digital, and Data Strategy where all capabilities and IT initiatives map directly to realizing specific business goals,” says Mr. Rich. “This is where critical tech components like S/4HANA factor into the equation - it provides a foundational layer of capabilities the organization needs to be more agile and responsive. The fun part is deciding how the foundational layer should be defined and implemented in the context of a seamlessly integrated, digitally-enabled, data-driven enterprise poised to achieve breakthrough business results.”

Mr. Rich says, “Holistic digital transformations require analyzing and redesigning existing business processes to eliminate inefficiencies. This means addressing pain points that developed over time due to significant changes in the business environment being ignored or handled with manual workarounds, as opposed to making corresponding process and IT changes as requirements evolved. Historically, we haven’t seen large enterprises with the agility and flexibility necessary to adapt to significant

business changes when they occur. They’ve simply forged ahead until the next major transformation program opportunity or upgrade comes around—and by then, the workaround process has been accepted as ‘this is how we do things’, making it a business requirement for the new solution design to handle it the old, inefficient way.”

“But today, we see organizations using data-driven insights to drive change in how they do business...in their products, services, pricing and marketing strategies...even altering their business model...ahead of the market change curve. Processes and systems must be adaptable to change, and continuous improvements are necessary to help organizations respond quickly to market dynamics and evolving customer needs,” he adds.

For a company to transform into a digitally-enabled, data-driven business, an emphasis must also be placed on modernizing the organization and culture. “Successful transformation requires effective change management, which involves preparing, supporting, and helping employees adapt to new technologies and ways of working,” says Mr. Bichler. “Setting clear performance metrics with owners who are held accountable is critical to achieving the expected returns on investment. Enrollment starts at the top of the house but must also be effectively cascaded and embedded by leaders across the wider organization.”

Lastly, an enterprise-wide understanding of what awaits the organization is essential. Digital transformations are not merely upgrades of existing technology, but rather a fundamental way of rethinking how an organization operates and delivers value to its customers, thereby requiring enrollment at all levels of an organization.

“From start to finish, a successful digital transformation requires strategic vision from the C-suite, as well as modern technology integrations, optimized processes, effective data management, enhanced customer experiences, and a supportive organizational culture with robust governance and a commitment to continuous improvement,” says Mr. Bichler.

A Transformative Future Awaits

Leading a successful digital transformation is a complex and demanding task. It requires a clear vision, strong leadership, and a willingness to embrace new technologies

and ways of working. By beginning their transformation from this mindset, CEOs can guide their organizations through the challenges and opportunities of digital transformation, ensuring they remain competitive and innovative in an ever-changing business environment.

“As global businesses navigate an uncertain future amid a changing corporate landscape, strategic adoption of S/4HANA and generative-AI isn’t just about integrating new technologies; it’s about fostering a culture of innovation and adaptation—one that touches the core of the organization,” says Mr. Bichler.

“Successful leaders recognize the inherent potential of a digital transformation—not only to optimize existing processes but also to pioneer new paradigms. They understand that AI isn’t a panacea but a powerful tool requiring strategic vision, iterative refinement, and a commitment to continuous learning.”

Mr. Rich recommends that a CEO’s initial focus should not be on the “how” but on the “why” of the transformation. He points out that enterprises often jump into organizational changes or digital transformations without clearly understanding the business intent behind these initiatives. Therefore, he advises leaders to first articulate their efforts’ purpose and desired outcomes.

“This clarity of vision is essential for developing a strategic and tactical roadmap that aligns everyone involved and guides the organization towards its goals,” says Mr. Rich. Both Mr. Bichler and Mr. Rich agree that having a clear strategic vision and alignment simplifies the execution process. Strategic clarity, well-defined objectives, and shared accountability form the bedrock of successful transformation efforts. The focus should always be on the business intent, ensuring that all actions taken align with the organization’s broader goals.

“That’s exactly where we’re going with S/4HANA and AI, which are critically important tools within a large digital transformation initiative,” says Mr. Bichler. “The future belongs to those who embrace the digital frontier not as a trend but as a transformative force driving the next era of enterprise evolution.” **IQ**



BIO: Eric Rich Partner, Elixirr

Eric Rich leads the growth of Elixirr’s U.S. business. He has more than 25 years of consulting experience and is a recognized leader in advising clients around innovation operating models and design thinking, technology-enabled business transformation, and cost reduction / process improvement initiatives. Mr. Rich has spent his career driving complex transformation programs for some of the world’s largest global companies across most major industry segments and geographies.

Before joining Elixirr, Mr. Rich was one of the founding Partners of Infosys Consulting, where he led the consulting business across all major geographies and consulting service offerings. He personally led some of the most complex business transformation client engagements that Infosys was involved in. At the start of his career, Mr. Rich spent 10 years with PwC and two years with IBM, focused on ERP transformation consulting.