ASUG Pulse of the SAP Customer 2022: What’s on the Minds of SAP Customers

Marissa Gilbert, ASUG Research Director
Geoff Scott, ASUG CEO

Feb. 17, 2022
Presenting Today from ASUG

Geoff Scott, ASUG CEO

Marissa Gilbert, ASUG Research Director
About ASUG Research

The ASUG research team uses quantitative and qualitative research methods to capture a unique view of what the largest group of SAP users in North America is thinking, doing, and planning for their road maps.

Examples of Topics We Cover

- cloud strategies
- emerging technologies
- SAP S/4HANA myths and ROI
- industry tech trends
<table>
<thead>
<tr>
<th></th>
<th>Focus Areas and Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Investing in Technology</td>
</tr>
<tr>
<td>3</td>
<td>An Update on SAP S/4HANA</td>
</tr>
<tr>
<td>4</td>
<td>A Look at Cloud Journeys</td>
</tr>
</tbody>
</table>
Focus Areas and Challenges
Focus Areas for 2022

Q. What are the areas of focus that are most important to your organization in 2022? (Please select all that apply.) 2022 (n=715) ; 2021 (n=512)

*Option not available in 2021
Impact of Technologies on Digital Transformation Efforts

Q. Which of these technologies, if any, do you expect to greatly affect your organization’s digital transformation efforts in the next two years? (Please select all that apply.) (n=691) Note: Data and sample size rebased to exclude respondents who did not select “None of the above” (3%)

Q. Where are you currently running your SAP instances? (Please select all that apply.) (n=715)

- Data analytics/dashboards: 67%
- Cloud: 64%
- Automation (RPA or similar): 45%

Noted by 64% of respondents who have all SAP instances on-premise
Noted by 67% of respondents who have SAP instances on the cloud
Q. Out of all the challenges you selected, please select the #1 challenge your organization is experiencing. (n=656) Note: Question excludes respondents who selected "No challenges experienced"
Feedback on Top Challenge—Integration Issues

Details on Organizational Impact

28% Data errors spreading (data loss, inconsistencies, errors in governance and mapping)

17% Incompatibilities between SAP and non-SAP applications

17% Unable to keep up with new technologies

“Changes are made in SAP and Salesforce that do not get reflected in the other system causing data inconsistencies.”

“When we need new systems to integrate with old ones and they can’t, it limits our options for solutions.”

How Issues are Addressed

Working closely with implementation partners/consultants

“Significant cost for vendor/consultant development is required for even the simplest integrations with other enterprise systems.”

Standardizing/consolidating systems

Developing an integration strategy

Q. Details about how this challenge impacts your organization: (n=101)
Q. How your organization is trying to address this challenge: (n=101)
Note: Question asked about respondents’ #1 challenge; base sizes adjusted to account for participants who responded to the open-ended question
Feedback on Top Challenge—Maintaining Knowledgeable Staff/Turnover

Details on Organizational Impact

40%
Losing valuable internal expertise

30%
New recruits lack needed skills too difficult to find

25%
Unable to progress with new initiatives

How Issues are Addressed

Culture improvements
(improving employee benefits, onboarding processes, professional development, and opportunities for remote work)

“Retention and work life balance focus. Increasing engagement in the workforce by enhancing compensation and more townhall events.”

Working closely with contractors/hiring companies

“High turnover for operational staff translates into losses of ‘tribal’ knowledge. We have been losing resources and the replacements don’t have with same skills.

This keeps us in our current state because we can’t take inexperienced staff into the next layer of implementation.”

Q. Details about how this challenge impacts your organization: (n=90)
Q. How your organization is trying to address this challenge: (n=90)
Note: Question asked about respondents’ #1 challenge; base sizes adjusted to account for participants who responded to the open-ended question.
Feedback on Top Challenge—Budget Challenges

Details on Organizational Impact

- **53%**
  Unable to get funding for new technologies, functionalities, or upgrades

- **27%**
  Stresses of having to do more with less resources

- **15%**
  Budget allocated to responding to issues related to COVID-19

How Issues are Addressed

- Stricter prioritization of projects/resources
  
  “Senior leadership is reviewing the technology needs of the organization and trying to prioritize it in future budgets.”

- Identifying opportunities for cost savings/cuts

- Focusing on budget strategy and clarity

Q. Details about how this challenge impacts your organization: (n=83)
Q. How your organization is trying to address this challenge: (n=83)

Note: Question asked about respondents' #1 challenge; base sizes adjusted to account for participants who responded to the open-ended question

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Investing in Technology
Influence over Technology Purchases

Q. When it comes to buying new technology for your organization, which of the following best describes who is responsible for those decisions?

2022 (n=715) ; 2021 (n=512) ; 2020 (n=625) ; 2019 (n=443) ; 2018 (n=209)

Note: *Option not available in 2018

C-level: +10%
- 34% (2018) to 42% (2022)
- 24% (2018) to 31% (2022)

IT: -9%
- 21% (2018) to 19% (2022)
- 25% (2018) to 32% (2022)

LoB: +10%
- 12% (2018) to 13% (2022)
- 11% (2018) to 11% (2022)

Buying Committee:*
- 36% (2018) to 45% (2022)
- 39% (2018) to 39% (2022)
- 20% (2018) to 20% (2022)

Note: *Option not available in 2018
Investments in SAP

Making more investments in SAP: 52% (vs. 46% in 2021)
Keeping the same level of SAP investment as before: 39% (vs. 49% in 2021)
Making fewer investments in SAP: 8% (vs. 5% in 2021)

Q. How is your innovation and technology journey affecting the role of SAP in your technology stack?
2022 (n=715); 2021 (n=512); 2020 (n=625) Note: Size of bag indicates the extent of investment in SAP.

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Top Products Customers Are Considering

Q. How would you describe your organization’s experience with each of the following SAP products? 2022 (n=638) ; 2021 (n=473)

% indicates number of respondents who have never used the product, but are considering it for the future
Base size and data adjusted to exclude respondents who did not know their organization’s experience with SAP products

- SAP S/4HANA: 47% (vs. 53% in 2021)
- SAP Analytics Cloud: 33% (vs. 42% in 2021)
- SAP Customer Experience Suite: 32% (vs. 32% in 2021)
- SAP Business Process Intelligence: 24% (Not asked in 2021)
- RISE with SAP: 24% (Not asked in 2021)
An Update on SAP S/4HANA
SAP S/4HANA: The Current Market Situation

31% are live
13% have started to move
42% have plans to move
3% currently have no plans to move
12% have placed their plans to move on hold for now

Q. What are your plans, if any, to implement SAP S/4HANA?
2022 (n=618); 2021 (n=512); 2020 (n=625); 2019 (n=443) *Note: “Plans to move on hold for now” not provided as an option in 2020
Base size and data adjusted to exclude respondents who have never heard of SAP S/4HANA or didn’t know their organizations’ experience with SAP S/4HANA

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SAP S/4HANA Implementation Plans

Q. What are your plans, if any, to implement SAP S/4HANA?

2022 (n=618); 2021 (n=512); 2020 (n=625); 2019 (n=443) *Note: “Plans to move on hold for now” not provided as an option in 2020

Base size and data adjusted to exclude respondents who have never heard of SAP S/4HANA or didn’t know their organizations’ experience with SAP S/4HANA

*Plans to move are on hold for now

- Already live/started to move:
  - 2022: 33%
  - 2021: 32%
  - 2020: 37%
  - 2019: 44%

- Within the next 6 months:
  - 2022: 3%
  - 2021: 2%
  - 2020: 8%
  - 2019: 6%

- Within the next 7–24 months:
  - 2022: 16%
  - 2021: 16%
  - 2020: 29%
  - 2019: 29%

- More than 2 years from now:
  - 2022: 3%
  - 2021: 6%
  - 2020: 25%
  - 2019: 26%

- No plans to be involved:
  - 2022: 0%
  - 2021: 12%
  - 2020: 21%
  - 2019: 26%

Q: What are your plans, if any, to implement SAP S/4HANA? 2022 (n=618); 2021 (n=512); 2020 (n=625); 2019 (n=443) *Note: “Plans to move on hold for now” not provided as an option in 2020

Base size and data adjusted to exclude respondents who have never heard of SAP S/4HANA or didn’t know their organizations’ experience with SAP S/4HANA

+11% vs. 2021
Q. Out of the following focus areas, please select where internal skill sets are missing or lacking at your organization. (Please select all that apply.) (n=715)

- 49% selected SAP S/4HANA expertise
  - Noted by 38% of respondents who are already live on SAP S/4HANA
  - Noted by 52% of respondents who are not yet live on SAP S/4HANA yet
Q. How did or will you find skilled talent to work on your SAP S/4HANA project? (Please select all that apply.) 2022 (n=535); 2021 (n=388)
Base size adjusted to exclude respondents who have no plans to be involved with SAP S/4HANA or whose plans are on hold
15% (2022); 20% (2021) of respondents were undecided or were unsure where their organization found skilled talent to work on their SAP S/4HANA project

<table>
<thead>
<tr>
<th>Permanent staff who learned SAP S/4HANA on the job</th>
<th>Independent consultants/temporary staff with SAP S/4HANA skills</th>
<th>My implementation partner is providing the staff we will need</th>
<th>Permanent staff who possessed SAP S/4HANA skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>44%</td>
<td>30%</td>
<td>57%</td>
</tr>
<tr>
<td>57%</td>
<td>43%</td>
<td>27%</td>
<td>57%</td>
</tr>
</tbody>
</table>

2022: 54% 2021: 44% 2022: 43% 2021: 43% 2022: 30% 2021: 27% 2022: 28% 2021: 22%
### SAP S/4HANA Environments

<table>
<thead>
<tr>
<th>Cloud Type</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private cloud</td>
<td>32%</td>
<td>29%</td>
</tr>
<tr>
<td>On-premise bare metal or basic virtualized systems</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Hybrid cloud</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>Managed cloud</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td>Public cloud</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Q. Where does your organization run, or will it run, its SAP S/4HANA environment(s)? 2022 (n=389); 2021 (n=255)

Base size and data adjusted to exclude respondents who have no plans to be involved with SAP S/4HANA or who did not know where their SAP S/4HANA environment(s) will run.

Note: Results are not comparable with 2020 data due to the addition of the managed cloud option and detailed cloud descriptions not provided in 2020.

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A Look at Cloud Journeys
Q. Where are you currently running your SAP instances? (Please select all that apply.) 2022 (n=610); 2021 (n=424) Base size and data adjusted to exclude respondents who did not know where their organization ran SAP instances
Note: Results are not comparable with 2020 data due to a change in question model

-13% **On-premise**
-13% (vs. 53% in 2021)

+2% **Hybrid cloud**
+2% (vs. 24% in 2021)

+4% **Public cloud**
+4% (vs. 12% in 2021)

+6% **Private cloud**
+6% (vs. 10% in 2021)

+4% **Partner-managed cloud**
+4% (vs. 4% in 2021)
Q. [If running SAP instances only on-premise or in a hybrid on-premise solution] Which of the following best describes your plans for your on-premise landscape?

2022 (n=407)

- Planning to use a hybrid of on-premise and the cloud: 37%
- Moving all systems/workloads to the cloud: 20%
- Planning to keep systems/workloads on-premise: 12%
- Don’t know/not sure: 30%
### Pain Points Experienced During Cloud Migrations

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data migration</td>
<td>23%</td>
</tr>
<tr>
<td>Cost concerns</td>
<td>23%</td>
</tr>
<tr>
<td>Integration of on-premises and cloud-based systems</td>
<td>21%</td>
</tr>
<tr>
<td>Lack of in-house knowledge to manage migration</td>
<td>20%</td>
</tr>
<tr>
<td>Security issues/risks</td>
<td>18%</td>
</tr>
<tr>
<td>Unplanned downtime</td>
<td>14%</td>
</tr>
<tr>
<td>Identifying the right cloud solution(s)/platform(s)</td>
<td>13%</td>
</tr>
<tr>
<td>Lack of a cohesive and detailed strategy at my organization</td>
<td>13%</td>
</tr>
<tr>
<td>Lack of SAP training</td>
<td>12%</td>
</tr>
<tr>
<td>Multi-cloud environment complexity</td>
<td>11%</td>
</tr>
<tr>
<td>Preserving on-premises customization investments</td>
<td>10%</td>
</tr>
<tr>
<td>API management</td>
<td>9%</td>
</tr>
<tr>
<td>Lack of enterprise support from cloud provider(s)</td>
<td>8%</td>
</tr>
<tr>
<td>Inability to find integration support to make more functional</td>
<td>7%</td>
</tr>
<tr>
<td>No challenges</td>
<td>16%</td>
</tr>
</tbody>
</table>

Q. [If using cloud solutions] Which challenges, if any, did your organization experience when migrating SAP instances to the cloud? (Please select all that apply.) (n=360)
Top Pain Point Disparities: Expectations Versus Reality

**Pain point expected**
- Data migration: 38%
- Cost concerns: 38%
- Security issues/risks: 36%
- Preserving on-premise customization investments: 28%

**Pain point experienced**
- Data migration: 23%
- Cost concerns: 23%
- Security issues/risks: 18%
- Preserving on-premise customization investments: 10%

Q. [If “Planning to move all systems/workloads to the cloud” or “Planning to use a hybrid”] Which challenges, if any, do you anticipate your organization to face when migrating SAP instances to the cloud? (Please select all that apply.) (n=232)

Q. [If using cloud solutions] Which challenges, if any, did your organization experience when migrating SAP instances to the cloud? (Please select all that apply.) (n=360)

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Key Takeaways
Key Takeaways

Automation and standardizing business processes are the top 2022 focus areas.

Integration issues, maintain knowledgeable staff and budget constraints are the top 2022 challenges.

42% of ASUG members have SAP S/4HANA migration plans in place, but have not yet started the move

Cloud adoption is on the rise; use of on-premise has declined 13% since 2021
Questions?
Don’t Miss These Upcoming Events!

• Road Map: Discover SAP BI/Analytics - Q&A Think Tank, Feb. 28
• Discover How Working with an MSP Can Unlock the Benefits of the Cloud, Powered by SUSE and Intel Technologies - Webcast, March 10
• ASUG Research: SAP S/4HANA - Webcast, March 3
• ASUG Best Practices: SAP for EAM in Dallas or virtually, March 29–31
• ASUG Best Practices: SAP S/4HANA in Philadelphia, April 4
• Streamline Transformation with Custom Code Migration Tools in Rise with SAP - Webcast, April 5
• ASUG Best Practices: SAP S/4HANA in Chicago, April 20
Top Things to Do Next:

• Open the follow-up email from this event
• Create or update your ASUG member profile
• Sign up for the ASUG First Five newsletter
• Browse our library of upcoming and on-demand webcasts on ASUG.com
• Attend your local Chapter Meeting
• Contact your ASUG Customer Success Manager for specialized assistance
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Firmographics

### Industry*

<table>
<thead>
<tr>
<th>Industry</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Products</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Utilities</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Industrial Manufacturing,</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Machinery, and Components (IM&amp;C)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Education and Research</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Chemical</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>High Tech</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Retail</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Health Care</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Oil, Gas, and Energy</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Automotive</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Mill Products and Mining</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Aerospace and Defense (A&amp;D)</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>6%</td>
</tr>
</tbody>
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### Annual Revenue

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $500 million</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>$500 million–less than $1.5 billion</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>$1.5 billion–$5 billion</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Greater than $5 billion</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Government/nonprofit</td>
<td>12%</td>
<td>14%</td>
</tr>
</tbody>
</table>

### Job Title

<table>
<thead>
<tr>
<th>Title</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-level/executive (CEO, CIO, CFO, etc.)</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>VP/SVP</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Department manager/associate manager</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Nonmanagerial</td>
<td>50%</td>
<td>46%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>8%</td>
</tr>
</tbody>
</table>

### Department*

<table>
<thead>
<tr>
<th>Department</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Operations</td>
<td>31%</td>
<td>35%</td>
</tr>
<tr>
<td>Finance</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Centers of Excellence (COE)</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Development</td>
<td>7%</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Intelligence (BI) and Analytics</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Enterprise Architecture (EA)</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Supply Chain Management (SCM)</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Human Resources (HR)</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>

*All other industries/departments represent 3% or less of respondents

2022 (n=715) ; 2021 (n=512)