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

Marissa Gilbert, ASUG Research Director
Geoff Scott, ASUG CEO

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Presenting Today from ASUG

Geoff Scott, ASUG CEO

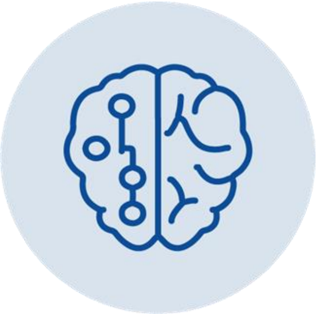
Marissa Gilbert, ASUG Research Director

About ASUG Research

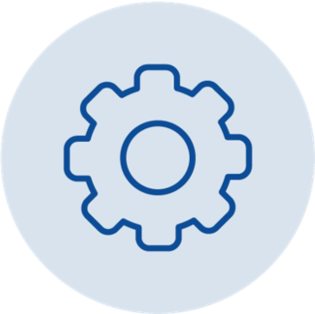
The ASUG research team uses quantitative and qualitative research methods to capture a unique view of what the largest group of SAP users in North America is thinking, doing, and planning for their road maps.

Examples of Topics We Cover

cloud strategies



emerging technologies



SAP S/4HANA myths and ROI

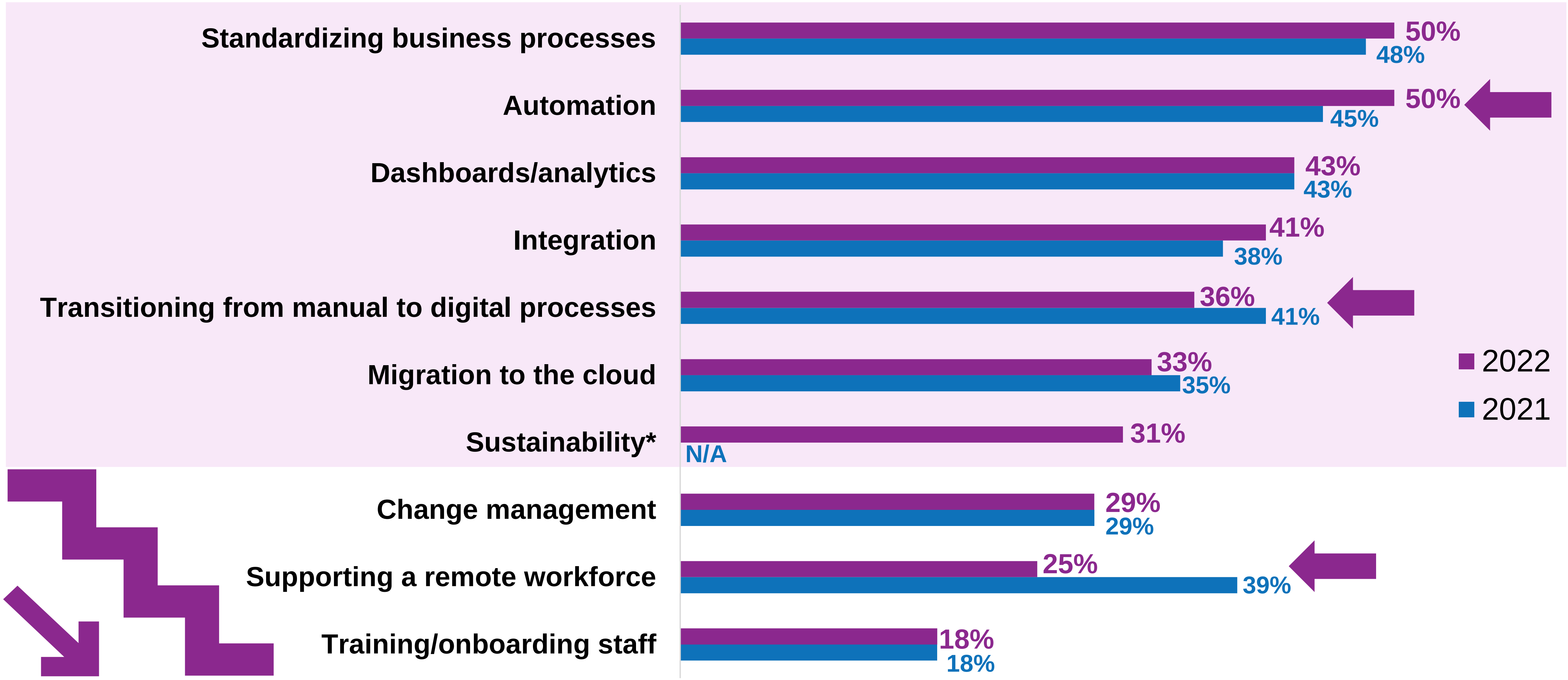
industry tech trends

ASUG Pulse of the SAP Customer 2022 Insights

1. Focus Areas and Challenges
2. Investing in Technology
3. An Update on SAP S/4HANA
4. A Look at Cloud Journeys

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

Data analytics/ dashboards

67%

Cloud

64%

Noted by **64%** of respondents who have all SAP instances on-premise

Noted by **67%** of respondents who have SAP instances on the cloud

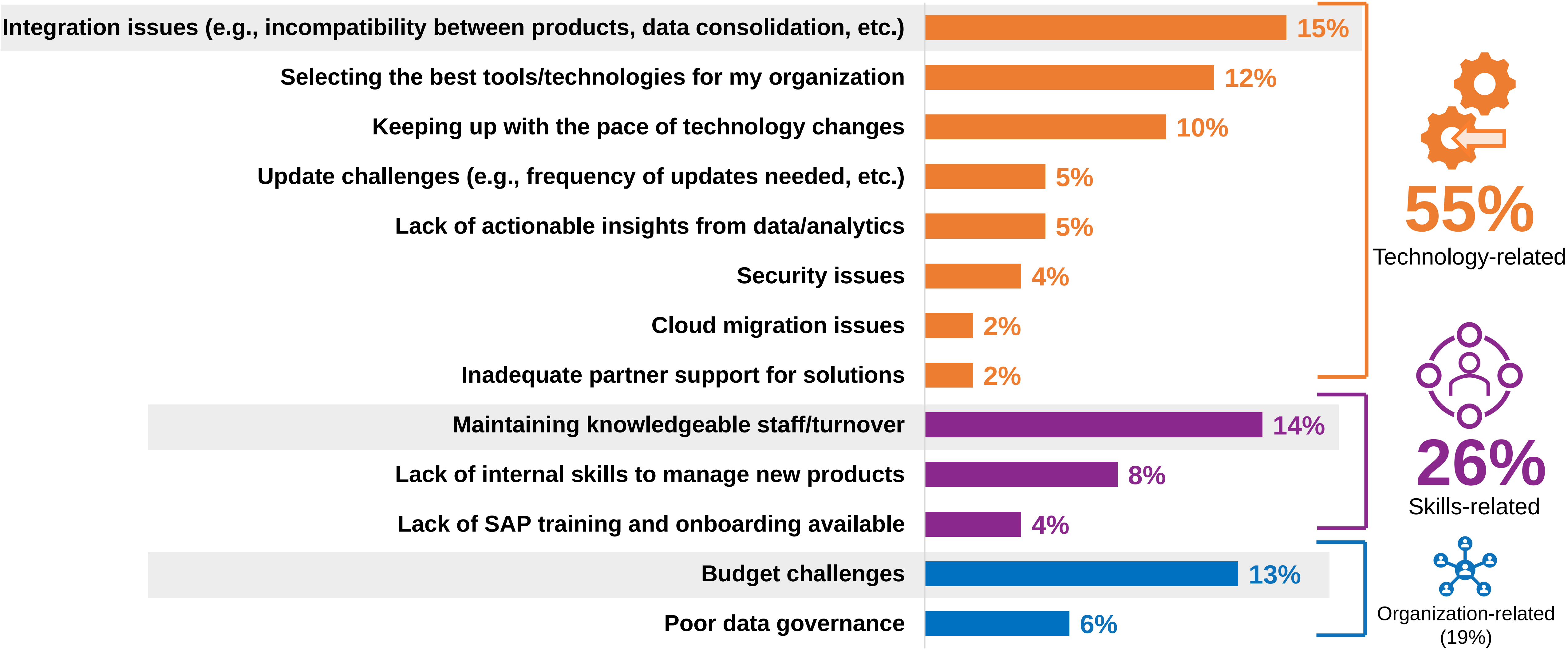
Automation (RPA or similar)

45%

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)

Number One Challenge Experienced



= Top 3 challenges

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

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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**

> “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**.”

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

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

"While we know the technology goals ahead of us, it is **difficult to get the budget/funding to implement** them.

When losing money, it is **hard for the board to approve transformations**, unless the payback is **immediate.**"

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**."

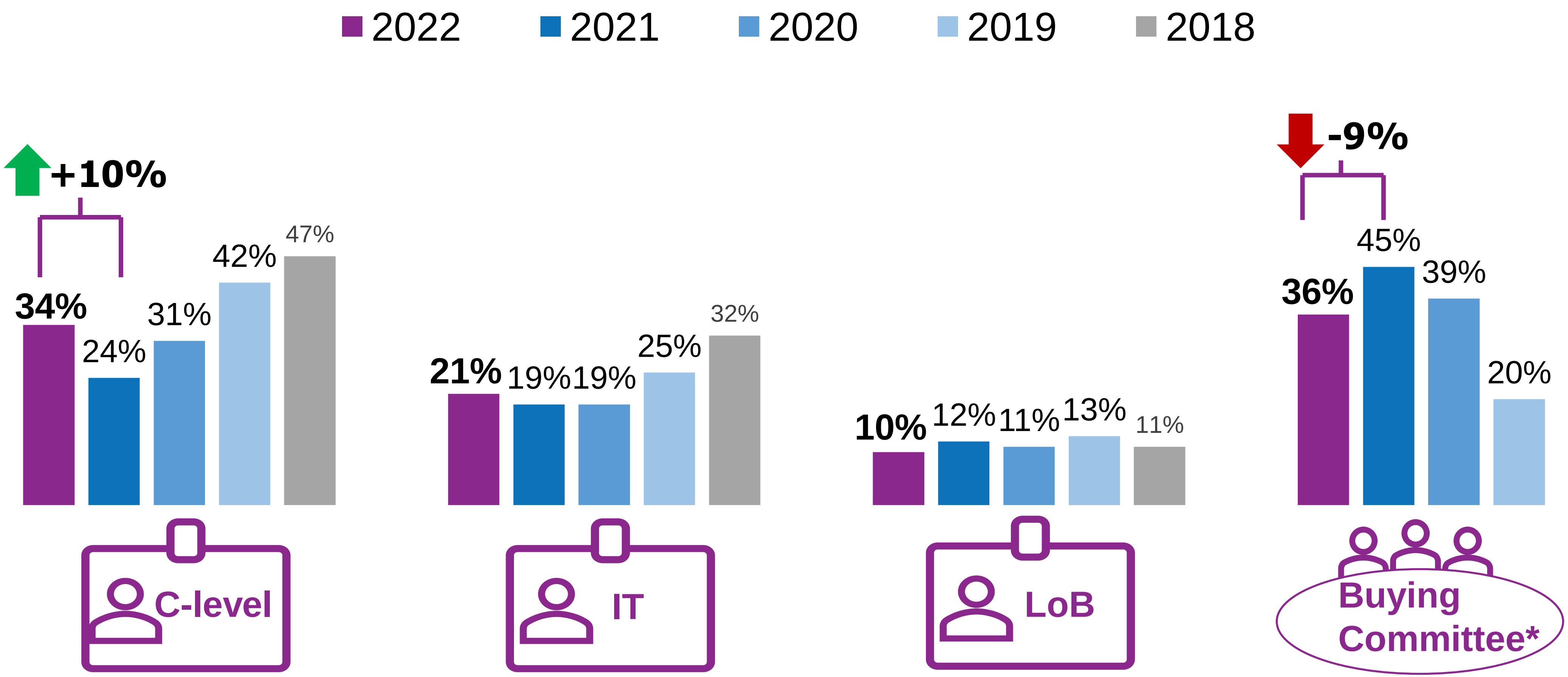
Identifying opportunities for cost savings/cuts

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

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

Investments in SAP

Making more investments in SAP

52%

(vs. 46% in 2021)

+6%

Keeping the same level of SAP investment as before

39%

(vs. 49% in 2021)

-10%

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 extent of investment in SAP

Top Products Customers Are Considering

SAP S/4HANA	SAP Analytics Cloud	SAP Customer Experience Suite	SAP Business Process Intelligence	RISE with SAP
47%	**33%**	**32%**	**24%**	**24%**
(vs. 53% in 2021)	(vs. 42% in 2021)	(vs. 32% in 2021)	(Not asked in 2021)	(Not asked in 2021)

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

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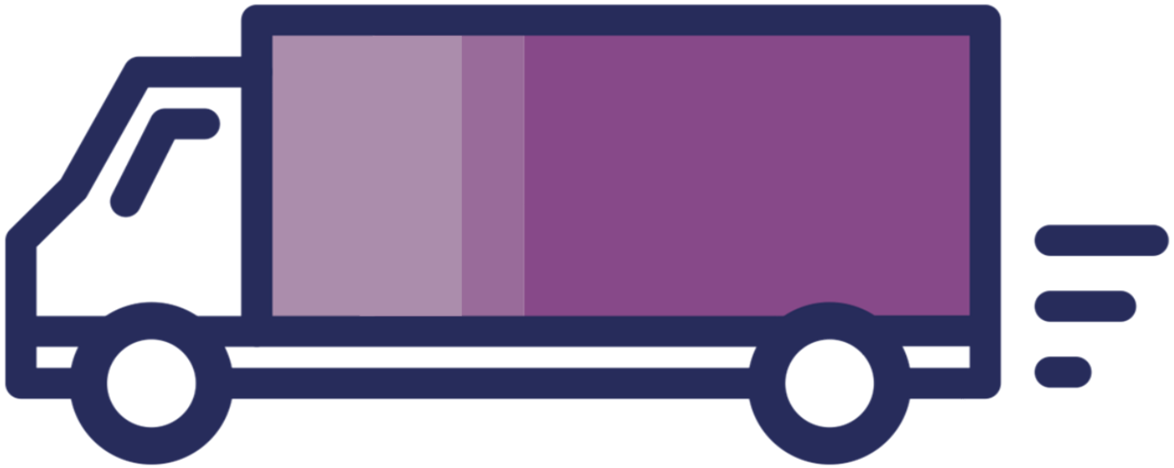
An Update on SAP S/4HANA

SAP S/4HANA: The Current Market Situation



31%
are live

13%
have started to move

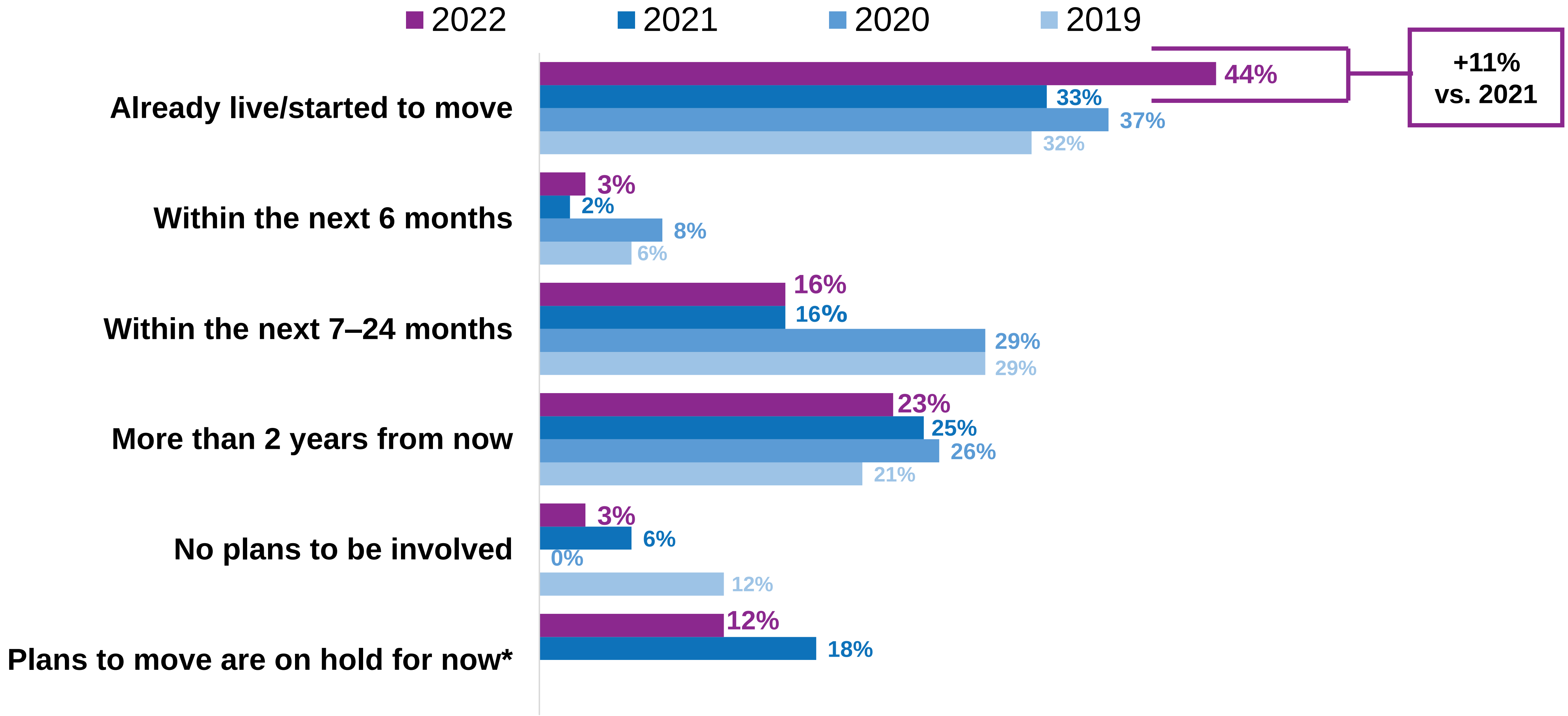
42%
have plans to move

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

SAP S/4HANA Implementation Plans



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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

Internal Skill Sets Missing or Lacking at Organizations

49%

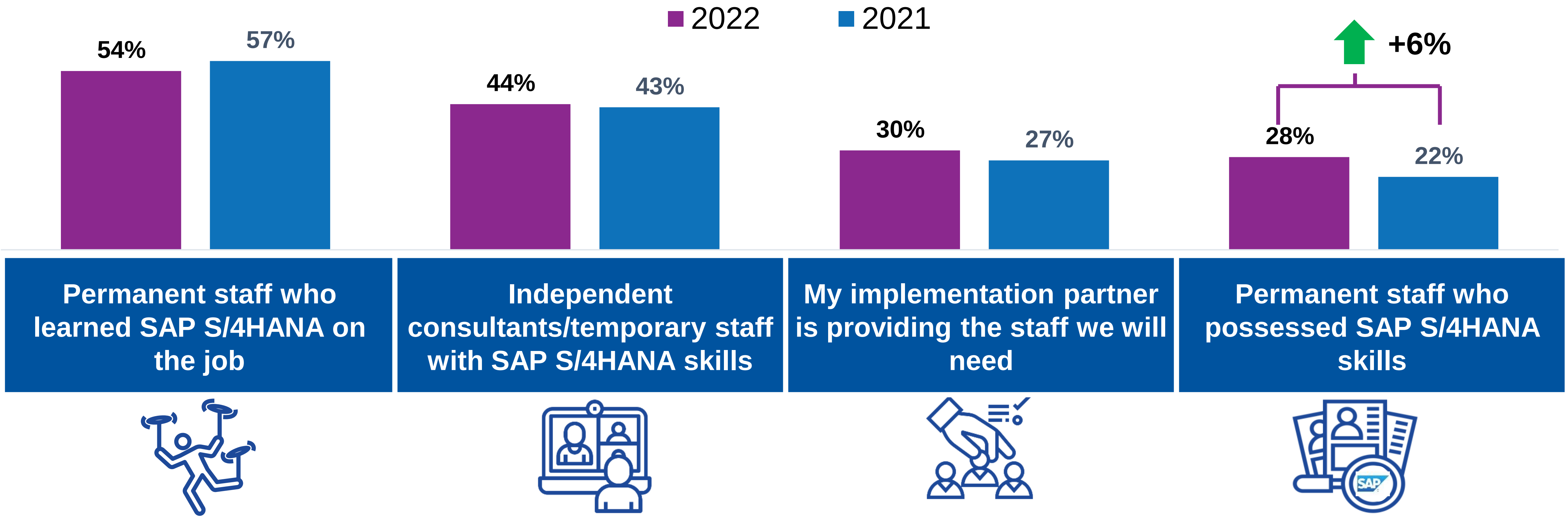
selected SAP S/4HANA expertise

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

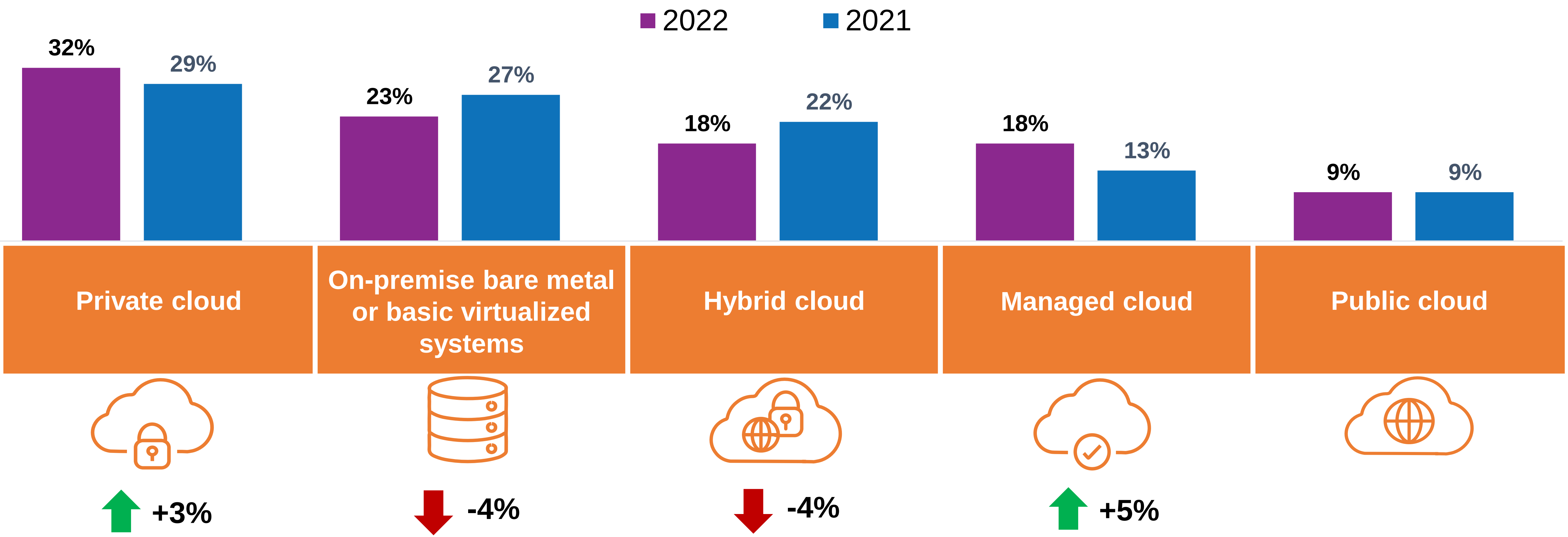
Q. Out of the following focus areas, please select where internal skill sets are missing or lacking at your organization. (Please select all that apply.) (n=715)

Finding Skilled Talent for SAP S/4HANA Projects



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

SAP S/4HANA Environments



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

A Look at Cloud Journeys

SAP Environments

On-premise	Hybrid cloud	Public cloud	Private cloud	Partner-managed cloud
40%	26%	16%	16%	8%
(vs. 53% in 2021)	(vs. 24% in 2021)	(vs. 12% in 2021)	(vs. 10% in 2021)	(vs. 4% in 2021)
-13%	**+2%**	**+4%**	**+6%**	**+4%**

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

Plans for On-Premise Landscapes

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

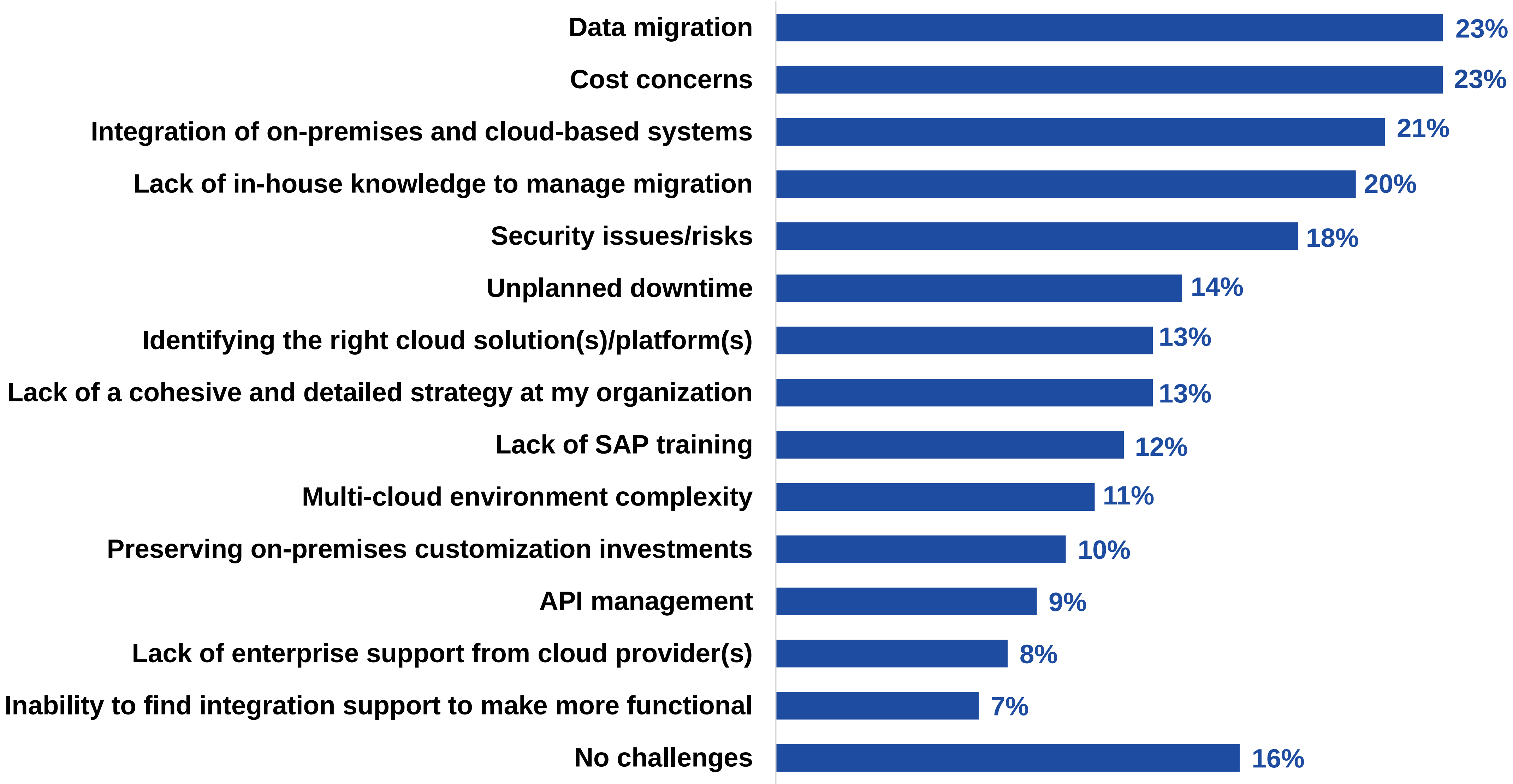
12%

Don’t know/not sure

30%

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)

Pain Points Experienced During Cloud Migrations



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

	Data migration	Cost concerns	Security issues/risks	Preserving on-premise customization investments
Pain point expected	38%	38%	36%	28%
Pain point experienced	23%	23%	18%	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)

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?

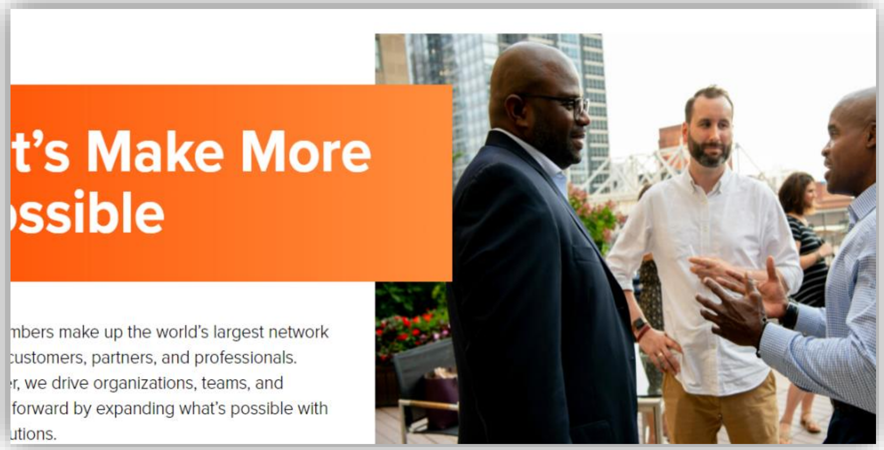
Don’t Miss These Upcoming Events!

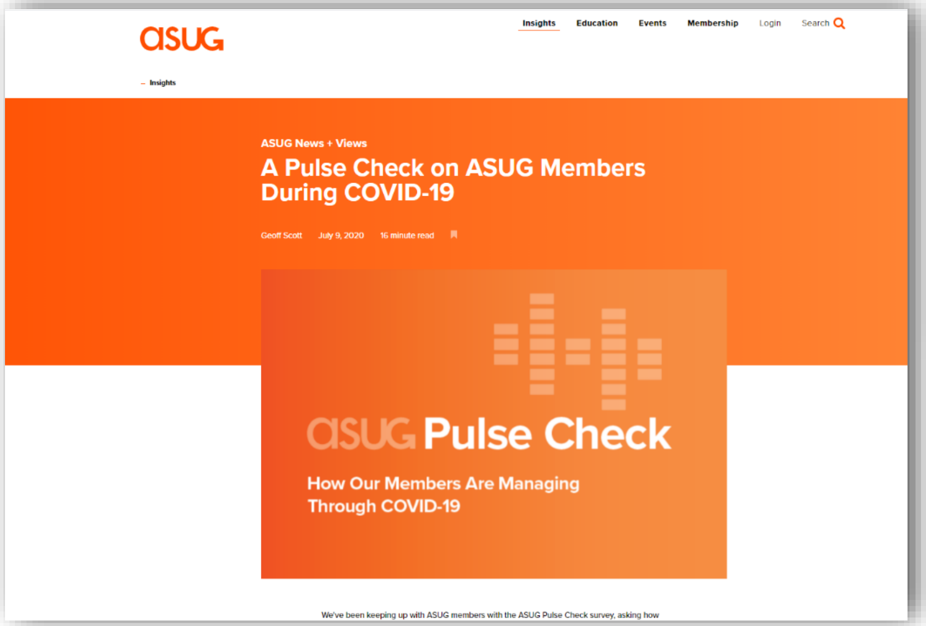
- Road Map: Discover SAP BI/Analytics - Q&A Think Tank, Feb. 28
- Discover How Working with an MSP Can Unlock the Benefits of the Cloud, Powered by SUSE and Intel Technologies - Webcast, March 10
- ASUG Research : SAP S/4HANA - Webcast, March 3
- ASUG Best Practices: SAP for EAM in Dallas or virtually, 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

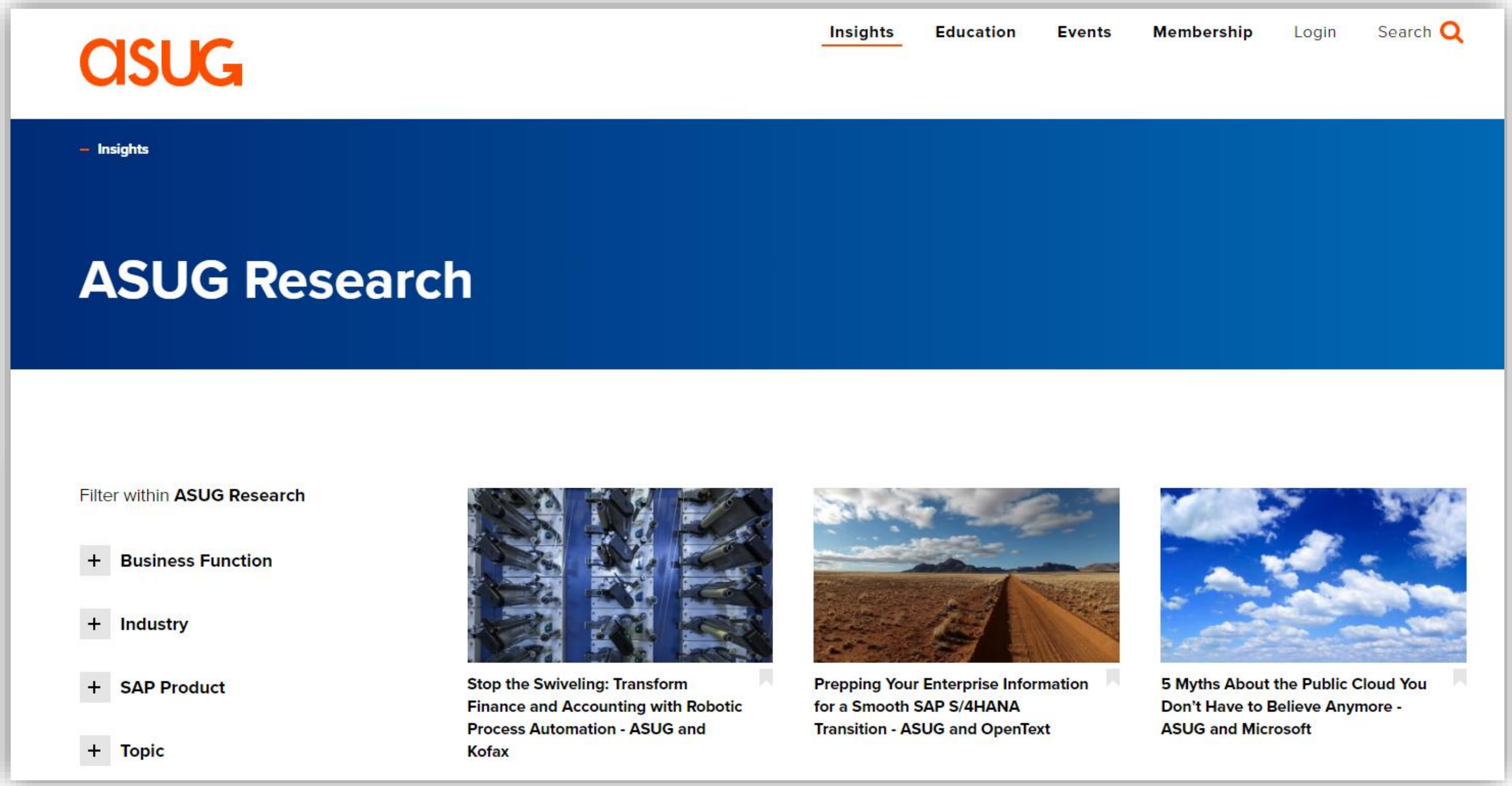
Top Things to Do Next:

- 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

Where to Find ASUG Research







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Firmographics

Industry*

	2022	2021
Consumer Products	**14%**	11%
Utilities	**8%**	9%
Industrial Manufacturing, Machinery, and Components (IM&C)	**8%**	5%
Government	**6%**	5%
Education and Research	**6%**	6%
Chemical	**5%**	6%
High Tech	**5%**	4%
Retail	**4%**	5%
Health Care	**4%**	3%
Oil, Gas, and Energy	**4%**	4%
Life Sciences	**4%**	4%
Automotive	**4%**	4%
Mill Products and Mining	**4%**	3%
Aerospace and Defense (A&D)	**4%**	4%
Other	**2%**	6%

Annual Revenue

	2022	2021
Less than $500 million	**12%**	14%
$500 million–less than $1.5 billion	**19%**	20%
$1.5 billion–$5 billion	**22%**	21%
Greater than $5 billion	**36%**	31%
Government/nonprofit	**12%**	14%

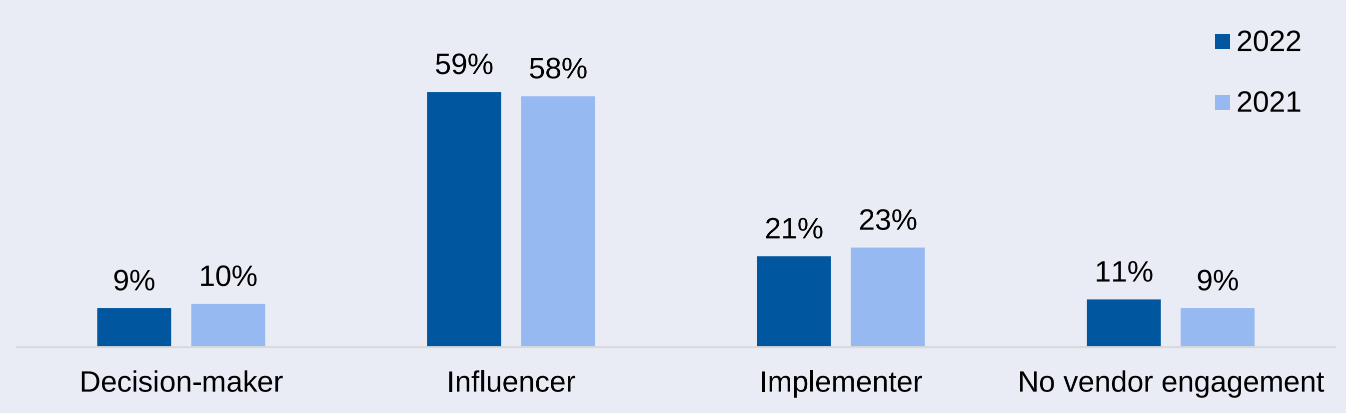
Job Title

	2022	2021
C-level/executive (CEO, CIO, CFO, etc.)	**3%**	3%
VP/SVP	**4%**	4%
Department manager/associate manager	**39%**	39%
Nonmanagerial	**50%**	46%
Other	**4%**	8%

Department*

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

Decision Roles for Evaluation and Purchasing Technology



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

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

