

How cbs Consulting Ensures a Smarter Approach to Utility Modernization, from Brownfield to SDT



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As utilities weigh the risks of overhauling their core systems, the stakes couldn't be higher. Regulated operations leave no margin for error, yet the shift to SAP S/4HANA and the cloud is reshaping expectations across the industry.

Few voices bring both hard-won pragmatism and technical depth to this challenge like Lorenz Praefcke, CEO of cbs Corporate Business Solutions America, Inc. After nearly three decades navigating SAP transformations on both sides of the Atlantic—first as a consultant in Germany, later in senior

roles at IBM and IDS Scheer—he today guides utilities and manufacturers in the U.S., from his base outside Philadelphia.

In conversation with ASUG, Praefcke reflected on three forces that weigh heavily on utilities today: compliance constraints, accumulated decades of legacy system debt, and a workforce that is understandably cautious about disruption. His message to utilities on the verge of moving to SAP S/4HANA Cloud is that selective data transition (SDT) offers a middle path, enabling modernization without the upheaval of a full reset. Below, Praefcke unpacks what's at stake for utilities, the growing role of SDT, and the balance between innovation and stability.

Q: In your position at cbs Corporate Business Solutions America, how would you assess the current “state of the race” as it pertains to SAP users migrating to the cloud and adopting SAP S/4HANA? What are the most pressing opportunities for SAP users, and what are the biggest challenges that prevent them from seizing those opportunities?

The biggest opportunities would be to get rid of the sins of the past, or at least to start that way. Projects to move to SAP S/4HANA are not just technical upgrades. They're, in fact, transformation projects with a business perspective. This is, on one side, the challenge, but on the other side, the opportunity.

Challenge means it has to do with change. You have to look into what you can do better. You have to be able to marry the change management and the transformation into these projects to make them beneficial.

The opportunity is that you can solve the pain points you have today. You can solve issues in your business. You can change processes, at least to an extent that doesn't make it a huge, complex project. It's also a challenge to find the right balance between making it a business-focused project with fast value, while still going along with the technical upgrade. Don't overdo it, don't make it too large or too complex (one, cost-wise, but also for the organization). Because whatever you change comes back to change management in your organization.

Q: Migration to S/4HANA isn't just technical; it's people-centric. Can you expand on that component of business transformation?

As a general statement, not just in the utility space, transformation has to do with changes on the business side — going along with new features, new options, and new possibilities that the technology

gives you. That means you can probably do things with a new system that weren't supported in the past, and you may not even be aware of it.

Times have changed. There are new business models, and some of those process changes haven't been implemented yet in the SAP system, which is the supporting backbone system.

But success in this regard has a lot to do with user experience. We see customers doing a technical upgrade but not leveraging the new possibilities that SAP S/4HANA delivers out of the box. Just to name one: Fiori. It's a user interface, but it also changes the way you work.

If you look at the old interfaces and screens, they were full of tabs and information. That was great back in the day. But now it's a more guided process. With Fiori apps, it's much more focused on what you want to know. The features are easier to understand for first-timers or people who aren't SAP experts.

To bring this into the organization, that's really the change management piece you need.

Q: In the utility space, specifically, what challenges complicate cloud ERP adoption and migration? Why, for example, does the SAP greenfield model work less often for utilities than it might for customers in other industries?

On top of what we see generally, utilities, for the most part, are regulated industries. This creates a certain mindset. Change takes longer. Sometimes, change isn't even allowed because regulations prohibit it. That's a very specific challenge in the utility space. Implementing new processes can be a bigger exercise than with a privately owned customer, which has more freedom in decisions and speed.

There's also a reason why utilities are regulated. If something goes wrong in these projects, it impacts customers' daily experience with water, networks, and billing: things that simply cannot fail. It is super key that all of these projects are 100% successful.

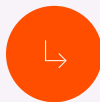
When you look at the broad SAP S/4HANA race outside of utilities, you have the two bookends of the spectrum. Brownfield is just a pure technical move, which should not be the right way of looking at these S/4 transitions. Greenfield is essentially the full change management, innovative, start-from-scratch approach.

This ties into change management. SAP customers need to figure out the ability of their business to adopt change: across Fiori, adopting new business models, changing processes, reducing technical debt, and going back to standard. That means customers need to look at this spectrum—Brownfield on one end and Greenfield on the other—and pinpoint exactly where their business fits from a change management point of view. Because ultimately, these projects are as much about people as they are about technology. You have to understand, as an organization, what the ability of the business is to adopt change. That determines where on the spectrum you fall.



When you talk about utilities, specifically, being regulated industries, they tend to be more on the Brownfield side because of the conservative nature of the business. A lot of times, you have regulations around data retention, which means you need to bring over the full history. There may also be regulations that prevent certain parts of the business from being hosted on the cloud. For example, SAP has rolled out products like NS2 for national security customers. Many utility companies with nuclear power generation plants are considered of strategic national interest and therefore subject to additional scrutiny, regulations, rules, and requirements.

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Q: It seems there's also a generational piece in utilities — employees who've been in the same roles for decades may not have the appetite for full transformation. Can you talk about how that affects S/4HANA projects?

We tend to see this across industries, and especially in utilities. A lot of the people who work at utility companies are lifers. You have mature organizations with aging workforces who've been through complex implementations, have the scars to prove it, and say, "I'm close to retirement. I don't want another one of these SAP projects. Let me ride this out."

That ties into projects led by senior executives who sometimes hold older ways of thinking about SAP systems. That can block things like Fiori adoption. Don't change what's not broken: I like my old GUI, I don't want to change this. But it also affects the organization's ability to attract new talent.

People who grew up with iPads don't want to memorize four-digit transaction codes. They want an iPad with a button to open the two fields they need, or

a camera to scan something and move on. Companies are stuck in this generational shift, but it can open the door to pushing the boundaries of innovation and modernizing user experience.

Q: How does modern UX—like Fiori dashboards and real-time reporting—help bridge that generational gap?

In the old ECC space, you had to run multiple reports, export them, and work in Excel to make a decent, visualized report. Now it comes out of the box with SAP S/4HANA.

Even executives who've worked the same way for years can benefit. Today, I have tools I never had in ECC, and they help me every day. I can design my own dashboard, see information I never had access to before, and extract data with one click. I don't have to run through loops to get what I need.

As a user who isn't an IT expert, this really helps me. It can also open the minds of people who are used to older ways of working. But, as I said before, it's a change management process. The challenge is more about mindset — getting people on board and open to change.

You don't even need to copy it into PowerPoint. That's another change with the cloud. You can do a live demo anywhere, just with internet access. You can pull up real-time numbers and show them instantly. You could never do that with ECC. You always had to prepare, and it was never the latest numbers. Real-time capability is a huge benefit, and it comes with the cloud. That's why cloud migration is so important.

Q: Let's shift back to SDT. Why is it particularly effective for utilities compared to other migration approaches?

We need to put this in comparison to the other approaches. Customers can go Greenfield, Brownfield, or SDT.

Brownfield basically means you take everything you have and move it up. Nothing changes, except those that are mandatory with S/4HANA. It's 100% technical. That can work if you have a roadmap to bring innovation later, but typically, it prevents you from getting fast value because you lose time upfront.

Greenfield is the scariest for utilities. By definition, it means redoing everything from scratch. That's the kind of complexity utilities don't want. You'd have to revisit processes that have been running well for 20 years, and that's not attractive in such a conservative industry.

This is where SDT comes in. It lets you move data and processes in a way where you only change what you want to change, but you have the ability to do it. It's like a Brownfield-plus, depending on the willingness for change.

In utilities, we see many customers not changing much when they move to S/4. They'll say, "Eighty to 90% of our processes we don't want to change right now." There's usually a smaller portion where immediate value comes from specific process changes. SDT allows that flexibility.

Q: Can you share some concrete examples of how SDT gives utilities more flexibility than other approaches?

SDT is typically tied to specific functionalities that S/4 brings. For example, a customer might want to activate the new profit center accounting. We've had cases where customers started down a Brownfield path and, midway through, realized they wanted that functionality. At that point, it's too late: you either stop and restart, or you finish and add it later. With SDT, you can add it into the scope without starting over. It may extend the timeline, but you have the option.

It also lets you pinpoint elements you want to optimize. Utilities often have massive databases because they're dealing with millions of customers

and all the associated data. With SDT, you can reduce the database size by archiving older documents and keeping only what you need for a five-year time slice, for example. That lowers your cloud consumption costs.

In utilities, there's also a lot of M&A activity. SDT makes it easier to harmonize systems, redesign ERP structures, integrate acquisitions, or divest non-strategic parts of the business. That flexibility is key.

Or you can leave behind data you don't need anymore. In utilities, we've seen traction in both spin-offs and acquisitions. With Brownfield, you bring all the old data, including data from businesses you no longer own. With SDT, you can move only the relevant company codes, and you can apply a timeline filter.

That cleanup makes it easier to work with the data, and it has a big impact on cost. Cloud licensing is often based on database size. We've done calculations showing that, even with the slightly higher upfront cost of SDT, the project can pay for itself through long-term savings in cloud consumption.





Q: You're a founding member of the global SDT engagement, and you offer the Enterprise Transformer software. What distinguishes cbs' approach?

The SDT engagement started about five years ago, when companies began discussing how to deliver these projects in the future. Today, only four companies globally—SAP, SNP, Natuvion, and us—have the tools and capabilities to deliver SDT.

We see a lot of consulting companies talking about selective data transfer or migration. If you don't have the tool and technical capabilities, you can't deliver true SDT. You can always migrate some data selectively, but that's not the same thing.

For customers, it's also key that SAP is part of this engagement. We all work with the same standards and methodology. Even though we're competitors, there's a high level of collaboration, which ensures quality no matter which of the four you work with.

Our Enterprise Transformer software is essential. Without software that can selectively carve out, transform, map, and move data, you can't do these

projects. Ours has been on the market for more than 20 years. It started as a framework for M&A transactions and evolved to handle carve-outs and moves into SAP S/4HANA. It works for both cloud and on-prem environments.

For utilities, one big advantage is compliance. Regulated industries face stricter audit requirements. Our Enterprise Transformer software includes reporting, logging, and tracking of all activities. That makes it easier for customers to prove compliance and pass re-audits (critical for utilities).

A lot of companies in the market claim to do SDT, but they're really using one of these four tools in the background. If you're doing a real SDT project, it's with one of those tools. Many SIs work with multiple SDT partners.

Q: What challenges, in addition to data migration, does SDT for S/4HANA present that cbs can help tackle?

This is very specialized expertise. If you don't understand what SDT does and how it differs from other migration approaches, you shouldn't attempt it. You also need to know the software itself. In most of our projects, our consultants use the tool because they have both the technical and project expertise.

I'd go even further. The tool itself won't solve the problem. SDT is about tools and services together. Every SDT tool is different. They all deliver similar results, but success depends on how you design the migration and tie it into process and transformation requirements.

That's where cbs is uniquely positioned. All our migration consultants are also functional business consultants. They understand the underlying business processes and SAP applications, so they can design a migration that supports both the technical and functional requirements.

Sometimes that involves the tool, sometimes another approach. We can mix and blend methods.

A fool with a tool is still a fool. If you don't know why or how to use it, you won't get the right results. Unfortunately, we've seen other firms promote the idea that buying the software alone solves the problem. That's not true.

Q: Any parting thoughts for the ASUG community as our members assess their S/4HANA migration paths?

SDT is slowly gaining traction; ASUG members should take a closer look.

I'm not saying SDT is the only solution. There are cases where Greenfield or Brownfield is better. If you don't know about all the options, you risk making the wrong decision.

Every S/4HANA transformation is an individual journey. In my career, I haven't seen two projects alike. That's why it's so important to do a phase zero to look at the right approach from a business-driven perspective, not just IT. If you want to resolve specific pain points or get quick wins, you need to frame the project from that angle, not as a pure technical evaluation.

Q: Do you have a final example that illustrates how utilities are approaching SDT?

We had a utilities customer last year who put out an RFP for SDT. They chose it because of a few technical issues they couldn't resolve otherwise. In discussions with us, they realized the broader value of SDT and what else they could achieve with it.

They ended up revising the RFP to factor in all of that. It was a different storyline than if they'd only spoken to a partner with a narrower focus. That's another key point: most partners are not unbiased. Their recommendations often serve their own business models.

We're one of the few companies that's truly unbiased. We don't care whether the customer chooses Greenfield, Brownfield, or SDT, as long as it's the right choice. Because we can deliver all three, we can make recommendations from a holistic perspective.

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ASUG is the world's largest SAP user group. Originally founded by a group of visionary SAP customers in 1991, its mission is to help people and organizations get the most value from their investment in SAP technology. ASUG currently serves thousands of businesses via companywide memberships, connecting more than 130,000 professionals with networking and educational resources to help them master new challenges. Through in-person and virtual events, on-demand digital resources, and ongoing advocacy for its membership, ASUG helps SAP customers make more possible.