



Constructing Your Road to the  
Cloud: Where SAP Customers Are  
Accelerating Their Transformations

ASUG

 SYNTAX

## Prepare to Avoid Slowdowns

When moving to the cloud, your business is like a highway under construction. Although you'll want to get the work done quickly, you must build the roadway while allowing traffic to flow. You'll need to keep things moving because avoiding a standstill is critical to the project's success. Similarly, without a clear blueprint for your cloud migration project, you run the risk of a gridlock slowing or stopping business processes and impacting your organization's bottom line.

As the cloud continues to offer new enhancements and SAP customers gain a better understanding of how it affects their IT strategies, cloud-based digital transformation projects are becoming more common. ASUG and Syntax have spent three years researching the nuances of what SAP customers expect from cloud technology. This year, our research discovered that cloud spending has increased, more organizations are continuously spending on cloud investments, the public cloud is growing in popularity, and a cloud strategy is a vital component of success. A detailed cloud strategy can make the difference in whether a migration project finishes under budget and ahead of time or drags on and jams up your organization's ability to innovate.

### A Three-Year Cloud Exploration

In 2017, ASUG and Syntax debunked the myths about the cloud, including the misconceptions that the cloud doesn't alleviate the burden on internal IT teams and unplanned downtime is a frequent occurrence. In 2018, ASUG and Syntax took a deeper look into common cloud challenges and identified cloud complexity as a key barrier to adoption. Our research showed that SAP customers who have multiple cloud providers deal with inconsistent standards from their vendors. This inconsistency makes it difficult for businesses to optimize their cloud deployments and scale. In 2019, ASUG and Syntax researched how cloud investments are changing among SAP customers and discovered a shift in spending from the private to the public cloud.

**A detailed cloud strategy can make the difference in whether a migration project finishes under budget and ahead of time or drags on and jams up your organization's ability to innovate.**

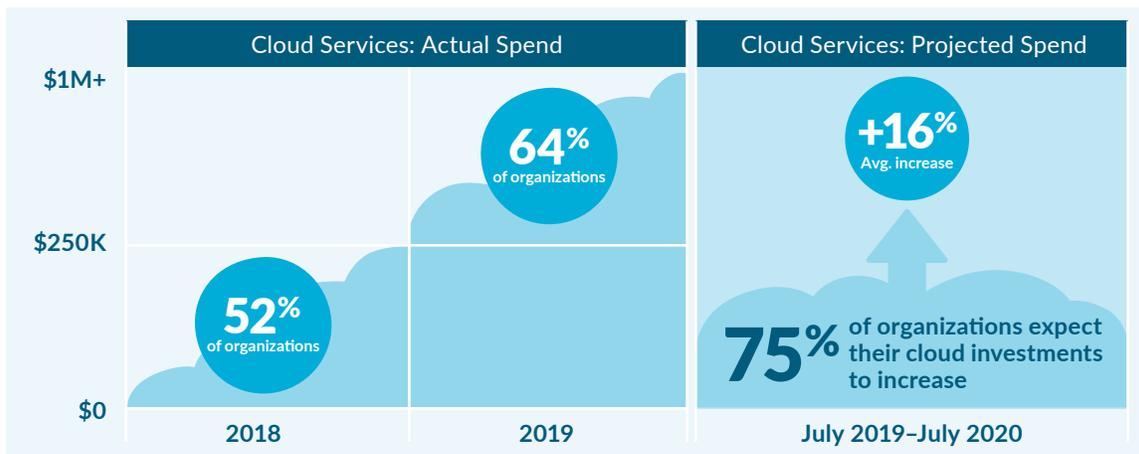
## Cash in the Cloud

Cloud investment is on the rise, and the pace at which organizations are spending is increasing. The number of SAP customers spending more than \$500,000 a year on cloud services has gone up 17 percentage points from 2018 to 2019. This trend is most prevalent among organizations diversifying their cloud portfolio across multiple providers and could indicate additional cloud use. It also signals that SAP users are serious about digital transformation and are willing to invest in it.

**The number of SAP customers spending more than \$500,000 a year on cloud services has gone up 17 percentage points from 2018 to 2019.**

The data shows that 52% of organizations were spending up to \$250,000 on the cloud annually in 2018, but now 64% of those organizations are spending \$250,000 to \$1M in 2019 (Figure 1). In fact, 76% of organizations have increased their cloud investments during the past 12 months, and those budgets grew by 18%. Our research also shows that 75% of SAP customers are planning to increase their cloud budgets for 2020 at an average rate of 16% (Figure 1). These numbers point to steadily growing cloud adoption as SAP users become more confident in cloud technology and providers.

Figure 1: Cloud Spend Is Increasing



Source: ASUG research, July 2019

## Who Is Doubling Down on the Cloud?

Most SAP customers (64%) are continuous cloud spenders, meaning they have increased spending in the past 12 months and will continue to spend in the next 12 months. The percentage of SAP customers who solely identify as future spenders or past spenders, however, is much smaller. Our research reveals that 11% are future spenders and 12% are past spenders. We also found that 13% of respondents are not planning to increase their cloud spending in 2019–2020 (Figure 2). There are clear differences among these groups when it comes to cloud strategy. And as SAP users transition their workloads to the cloud, having a detailed cloud strategy becomes critical.

Figure 2: Customer Segments Based on Cloud Investment Behavior



Source: ASUG research, July 2019

## Taking the Cloud Public

In our 2018 research, private cloud offerings were the most popular option among organizations with one to five years of cloud experience. Although we saw most SAP users opting for private cloud options in the past, this year's research showed a shift toward the public cloud. An average organization runs three to four applications in the cloud—of those, two to three are in the public cloud. Only one or two applications are housed within a private cloud environment.

When we break cloud adoption down by investment strategy, the data validates this trend. Organizations that are continuous spenders—the largest segment of SAP customers we surveyed—have the most applications in a public cloud. Interestingly, organizations with the most applications in the private cloud are past spenders. These two findings confirm that the future of the cloud is likely public. As SAP customers gain confidence that public cloud providers will deliver comprehensive security and speed, they are looking to take advantage of the cost and maintenance efficiencies public cloud vendors offer.

**As SAP customers gain confidence that public cloud providers will deliver comprehensive security and speed, they are looking to take advantage of the cost and maintenance efficiencies public cloud vendors offer.**

## No Strategy, No Road Map

No matter where an organization operates its workloads—on a private, hybrid, or public cloud—adopting a comprehensive strategy is key. Having a project plan that accounts for a budget, schedule, and milestones will help to avoid critical roadblocks.

When we asked SAP customers about cloud technology challenges, nearly a third of the respondents stated that not having a detailed cloud strategy was a significant pain point. This was a new finding in the 2019 survey, and it was the third-most reported challenge after inconsistent cloud provider standards and data migration, respectively (Figure 3). This challenge compounds when you look at its connection to cloud satisfaction. Overall, 58% of SAP customers are extremely or very satisfied

with their cloud services. But, when we compared the most satisfied to the least satisfied, we discovered that the lack of a detailed cloud strategy has a direct impact on cloud satisfaction. Organizations with lower cloud satisfaction were more likely to cite a lack of a cloud strategy as a significant challenge than those that were satisfied (40% versus 23%, respectively).

Not having a cloud strategy affects SAP customer segments differently. The lack of a comprehensive cloud strategy impacts future spenders the most (Figure 3). These organizations want to be involved in the cloud but are not sure where to start. It also means they need help, and they need it today.

Figure 3: Challenges Vary by Level of Cloud Investment

	All Customers	Continuous Spenders	Future Spenders	Past Spenders	Non-spenders
Inconsistent standards across providers	40%	48%	33%	31%	17%
Data migration	34%	47%	13%	19%	6%
Lack of a detailed cloud strategy	30%	34%	47%	19%	11%
Unable to find integration support	30%	31%	40%	0%	39%
Unplanned downtime	28%	33%	20%	38%	6%

Source: ASUG research, July 2019

### Preparing for the Differences Between Public and Private Clouds

Our research tells us that SAP customers are steadily moving from the private cloud to the public cloud. But what should your organization be aware of if you're contemplating or making a move to the public cloud? SAP customers who use the public cloud today told us the top benefit was a reduced workload for their IT staff. As for the challenges they face with the public cloud, 87% of noncustomers expected to experience security issues, while only 30% of actual customers reported security as a top challenge (Figure 4).

**SAP customers who use the public cloud today told us the top benefit was a reduced workload for their IT staff.**

One reason why the data tells us that security issues might be more of a myth than a reality could be that early adopters of the cloud have made the right call to engage managed service providers from the start. It is important to make sure your systems in the public cloud have at least the same level of security and compliance as your private cloud, if not more. For example, let's say your security policy prohibits remote unsecured connections to your cloud services. If one of your employees misconfigures a virtual machine (VM) in the public cloud to be accessible from any public Wi-Fi network in the world, your company data is suddenly at risk.

If your organization is comfortable in the private cloud—or is still on-premise—it's important to make sure you have the right partner to provide ample support during a migration or a significant upgrade,

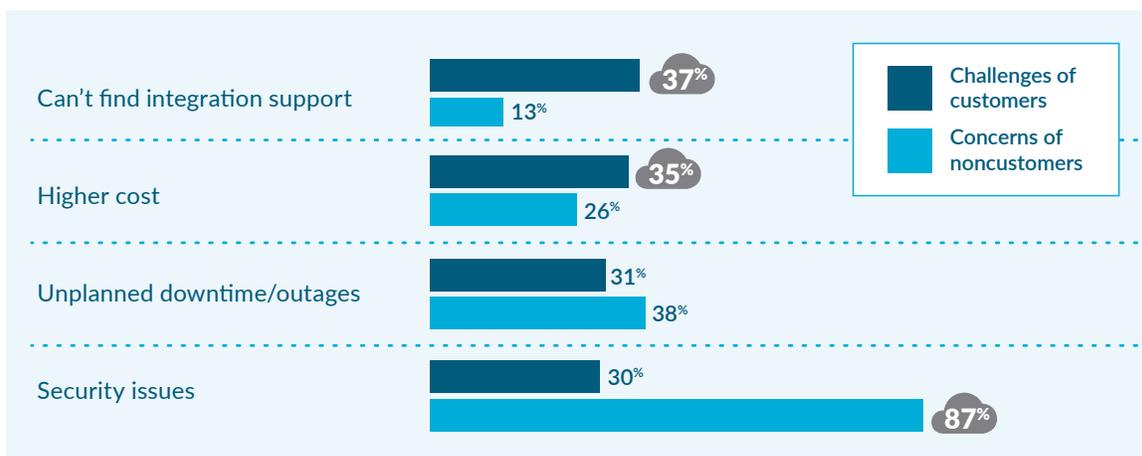


offer advice on integrations with your other systems, and help you adjust to the new normal of the public cloud. A managed service partner can help you integrate multiple cloud services and applications and put the right public cloud security tools in place. Some of those security measures include data-loss protection technologies to detect when someone copies data to the public cloud, behavioral analytics to learn if your servers are suddenly talking to the public cloud too much, and encryption to prevent unauthorized users from viewing your data. Mapping these tasks to your cloud and application strategy will lead to a smoother transition.

### Managing Your Cloud Costs

SAP customers are spending a good amount on their cloud investments and are increasing their expenditure over time. Increased costs are the second-highest challenge current cloud customers identify as an issue—and one future cloud customers tend to underestimate (Figure 4).

Figure 4: Actual Customers Identify Different Top Challenges than Noncustomers



Source: ASUG research, May 2019

If SAP customers are investing in the cloud by choice and moving more systems there as part of digital transformation projects, that's a good change. If they're spending more money because of the inherent cloud complexities of having to manage relationships, standards, and integration challenges across multiple cloud providers, then it might be time to reassess their cloud budgets or look for a partner who can help them navigate these challenges.

### How to Build Your Cloud Strategy

If you don't have a documented cloud strategy in place, don't worry. You can start with the following steps to create a sustainable cloud strategy that aligns with your business goals:

- Step 1: Introduce governance to minimize the risk of data exposure and theft.** Organizations must properly configure cloud security tools all the way to the end-user level. Any time you migrate data from one source to another, the first thing to do is make sure the data is accurate. The second is to protect it.



**Step 2: Deploy data maintenance and retention policies to clarify what data is kept and for how long.** The goal is to control both the costs and risks of storing data in the cloud. By managing any threats and the potential for additional unplanned expenses, you will put your company in a better position to take advantage of the benefits the cloud has to offer—namely the reduced workload for your IT staff as you hand over services to a cloud provider or a third party to manage.

**Step 3: Use application rationalization to eliminate outdated and duplicate applications.** This is especially important to help you manage your public cloud consumption. This process also helps IT leaders within your organization standardize more of your business processes, make each system more flexible, and innovate with emerging technologies more quickly.

**Step 4: Develop a cloud integration strategy.** Your organization's strategy should define interfaces between clouds, the information you are exchanging, who owns each cloud, and who manages issues when they arise. During our cloud research, we've seen that a multicloud approach is becoming the new normal among SAP companies. Assessing your integrations will give your business the best chance at operating seamlessly with the simplest possible processes in place.

## What's Down the Road for the Cloud?

A highway construction project that finishes on time takes significant planning, thoughtful design, seasoned work crews, and the right partners to keep things moving. Your cloud deployment is no different. The fastest innovation is happening in the cloud. If you want to stay up to date, you need to include the cloud in your overall technology strategy.

It's highly likely your digital transformation efforts will focus on core enterprise resource planning (ERP) as its next biggest challenge, especially with the drive to migrate from SAP ECC to SAP S/4HANA by 2025. Organizations won't be able to accurately assess whether they are ready to handle the next generation of ERP if they don't have a detailed cloud strategy in place. If you're just starting your cloud journey or are still in the planning phase, use these initial tips as a baseline to evaluate whether your company has the right strategy in place and when you should bring on a partner to help with the process.

**The fastest innovation is happening in the cloud. If you want to stay up to date, you need to include the cloud in your overall technology strategy.**



### About ASUG

Founded in 1991, Americas' SAP Users' Group (ASUG) is the world's largest SAP user group, serving 2,300-plus businesses via company-wide memberships. ASUG's mission is to help people and organizations get the most value from their investments in SAP technology. The Chicago-based organization accomplishes this by connecting and educating people through in-person and virtual events, delivering customer feedback to SAP, and advocating for its members. Find additional information at [www.asug.com/about](http://www.asug.com/about)



### About Syntax

Since 1972, Syntax has been providing comprehensive technology solutions to businesses of all sizes with thousands of customers trusting Syntax with their IT services and ERP needs. Today, Syntax is a leading managed cloud provider for mission-critical enterprise applications. Syntax has undisputed strength to implement and manage ERP deployments (SAP, Oracle) in a secure and resilient private, public, or hybrid cloud. With strong technical and functional consulting services and world-class monitoring and automation, Syntax serves corporations across a diverse range of industries and markets. Syntax has offices worldwide, and it partners with Oracle, SAP, AWS, Microsoft, IBM, HPE, and other global technology leaders. Learn more about Syntax at [www.syntax.com](http://www.syntax.com)

