

GREENFIELD VS BROWNFIELD SAP S/4HANA MIGRATION



The Complete Guide to
A Non-Disruptive Transition

 Panaya



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Why SAP S/4HANA?

WHY NOW

With its flexible data structures, rich UI and real-time insights, SAP S/4HANA is a momentous release in SAP's history. According to an SAPInsider report, the main drivers which accelerates customer adoption are the opportunities for improving business operations presented by this next-generation release is the main driver for acceleration customer adoption.

SAP S/4HANA Migration: State of the Market

Panaya's customer feedback shows that the SAP S/4HANA migration ship is definitely sailing, and everyone wants to be on it. Our findings are on a par with those of a [SAPInsider](#) recent report. According to the SAPInsider survey, 52% of organizations are currently in the evaluation phase of their SAP S/4HANA migration.

Here are just some of the insights we gathered from talking to customers in different industries, like; consumer goods, retail, manufacturing, and pharmaceuticals:

- Most organizations are taking the System Conversion (Brownfield) path to SAP S/4HANA
- A major pain point is the evaluation (business case) phase
- Project scope, resources, and timeline are difficult to evaluate

Who Is Moving to SAP S/4HANA?

An [ASUG survey](#) further identified a few characteristics for organizations that have started to make the move:

- They tend to be early tech adopters who can make IT-led business cases.
- They've had to make a business case around external IT factors, such as a merger or acquisition.
- Or, they've needed to do a system refresh and see the move as an opportunity.

SAP S/4HANA Migration - Where to Start?

Use Value Stream Management to realize your IT priorities. Allocate resources based on added value to the end-user experience. Do not automatically assume your most challenging projects are also the most impactful ones.

Start building a viable business case well ahead of your move. This may sound obvious, but apparently some organizations could use a reminder.

Waiting for the last minute means you will have to pay the cost of indecision; technical debt, market share loss to competition and eventually, a rushed, insufficiently resourced migration project.



52%

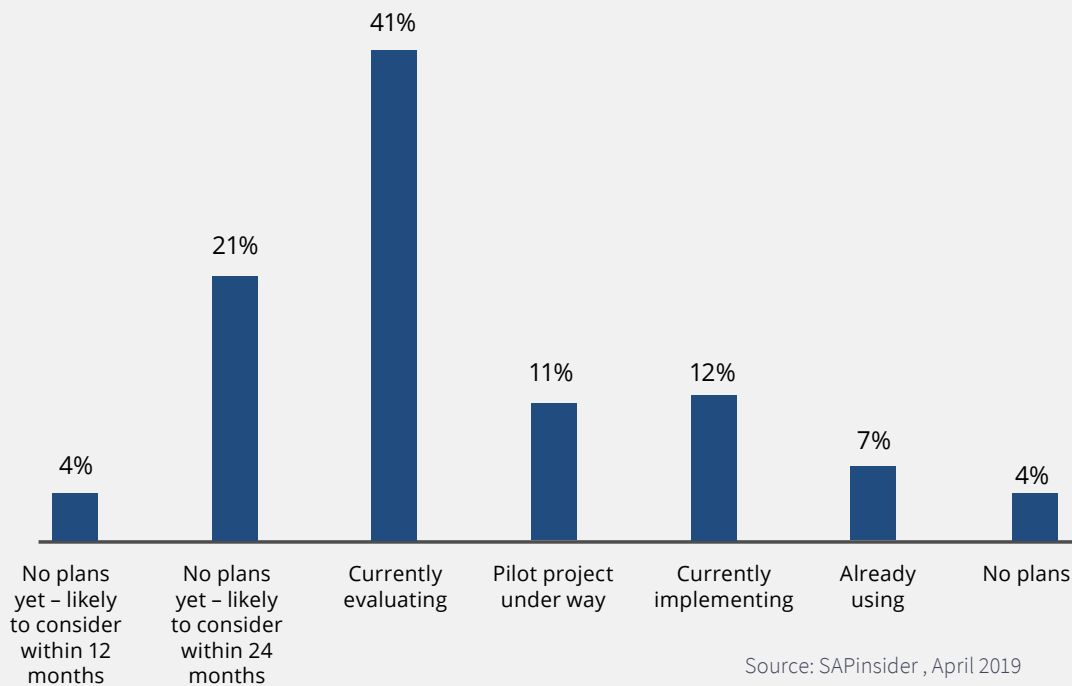
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Over 52% are currently in the evaluation or pilot phase of their SAP S/4HANA migration.

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Organizations' SAP S/4HANA Adoption Strategy





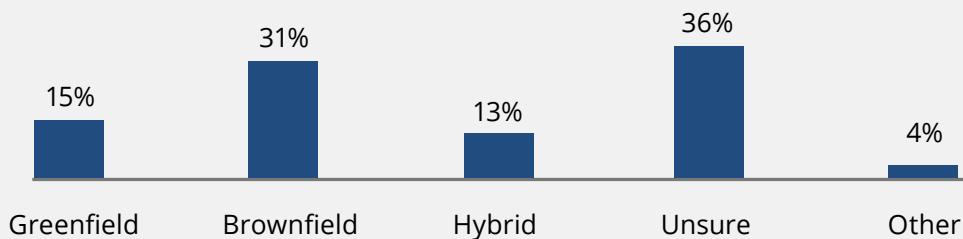
Greenfield vs Brownfield:

ALL THINGS CONSIDERED

There is no single solution when it comes to SAP S/4HANA migration, and each organization is in a different stage of SAP S/4HANA readiness. Some have chosen the Greenfield approach, which means implementing a new system. Others have chosen the Brownfield approach or, System Conversion, because it doesn't disrupt their existing business processes. And for those who wish to consolidate their current system landscape into SAP S/4HANA, there's landscape transformation.

According to the SAPinsider survey report, SAP S/4HANA: State of the Market, '31% of companies overall are planning a "lift and shift" (Brownfield) approach. These companies want to preserve their existing investment and the customization of their business processes and are looking for the easiest, least disruptive path forward.

SAP S/4HANA Implementation Approaches



Source: SAPinsider , April 2019

As each methodology has its advantages and challenges, you must take a look at your database, platform, and configuration before deciding which route may be most suitable to your given situation. Below, we analyze each methodology to help you do just this.





Greenfield

A NEW IMPLEMENTATION

The Greenfield approach means a new implementation of SAP S/4HANA. On the bright side, it enables complete re-engineering and process simplification. The Greenfield approach lets organizations predefine migration objects and best practices. It lowers Time-to-Value and TCO and facilitates faster adoption of innovation with SAP S/4HANA capabilities.

On the downside, a Greenfield implementation can be a time-consuming project, especially on the change management side, since you have to start everything from scratch.

As an SAP manager, going through the re-implementation route can be unnerving. Your SAP system is expected to operate entirely different but you are unsure as to what exactly will change. Finally, a Greenfield implementation in and of itself does not guarantee that the newly implemented system will be operational. Organizations choosing this approach will need to allot time for adjustment.





Brownfield

A NEW IMPLEMENTATION

System conversion, also known as the Brownfield approach, enables migration to SAP S/4HANA without re-implementation and without disruption to existing business processes. At the same time, it enables the reevaluation of customization and existing process flows.

System conversion is about moving your entire SAP system and business processes to a new platform of SAP S/4HANA. This approach is preferable if you'd like to avoid any changes to your business processes. It allows you to run your business with less disruption since it's more of a technical system conversion. The downside is that possible issues on the technical side can arise, but with the right tools and technology, like [Panaya S/4 Convert](#), the risk can be mitigated.

For organizations aiming to keep their investments in their current ECC, a system conversion is the preferred approach. [Panaya S/4Asses](#) provides the certainty and ease you need to start your SAP S/4HANA migration, including valuable insights and a detailed report.

Landscape Transformation

Landscape transformation is a derivative of the Brownfield approach. Through landscape transformation, you can selectively migrate parts of your business process to SAP S/4HANA or consolidate your business landscapes into one global system. This means that you can first select the process that gives you the best—and fastest—ROI to be migrated to SAP S/4HANA. Customers may choose to go down this route, for instance, when adopting SAP S/4HANA capabilities for Central Finance.

Landscape Transformation Use Case: Central Finance

The components architecture surrounding SAP S/4HANA allows organizations to implement a stand-alone business process linked to SAP S/4HANA's ERP core system. One example of this is SAP Central Finance. With landscape transformation, you can utilize SAP Central Finance by migrating your financial postings to the HANA database. It uses the single database table called Universal Journal for all data from General Ledger, Profitability, Management Accounting, Asset Accounting, and Material Ledger. This new architecture allows you to produce a multidimensional financial reporting structure by incorporating the data from your legacy systems into Central Finance without any data duplication.

Using this function of Central Finance, you can still perform the financial postings in your legacy system while the data is being replicated into the Universal Journal entry database via the SAP Landscape Transformation Replication Server. This means that you can gradually move the process, piece by piece into the new SAP S/4HANA before completely turning off the old system. This reduces the risk of replacing many different systems all at once.



SAP S/4HANA Move:

THE CHANGE MANAGEMENT PERSPECTIVE

An SAP S/4HANA migration is not only a technical challenge. It also touches and affects nearly every business unit. From a change management perspective, a Greenfield implementation project is a major undertaking.

Organizations are daunted by the uncertainty regarding the scope of potential change caused by a reconstruction of the entire SAP environment.

As opposed to a full migration, with system conversion, IT professionals and users can build on existing elements of the SAP environment, as well as on satellite systems such as supplier and partners' systems. The gradual approach minimizes delays and disruption caused by testing to mission-critical applications.

Change managers can take time and adjust the migration-pace based on available budget and market conditions (e.g., development freeze during busy season). Additionally, a step-by-step migration allows for more leverage of business users' experience.



How to Choose the Right

SAP S/4HANA MIGRATION APPROACH

Choosing the right approach requires that an organization performs extensive analysis and evaluation of both technical and functional aspects. The existing system landscape, business function, and user readiness are a few things that need to be taken into consideration. More importantly, you should take a look at your own roadmap for digital transformation. That is, identify where you are and where you want to go in the upcoming years.

Key Points to Help You Decide Which Path to Take for Your SAP S/4HANA Migration

WHAT ARE YOU LOOKING FOR?	PATH TO TAKE
Simplification of current business processes	Greenfield
A quick transformation into the new SAP S/4HANA system	Greenfield
Converting your current SAP ERP system into SAP S/4HANA	Brownfield
Selective migration, such as for a certain business process or organizational unit. Consolidation of multiple systems, both SAP and non-SAP, into one global system	Landscape Transformation



SAP's Recommended MIGRATION STRATEGY

SAP users deliberating the migration process often wonder what SAP’s official recommendation is. The Brownfield route is endorsed and recommended by SAP for existing customers that wish to migrate to SAP S/4HANA while still capitalizing on their SAP ECC investment.

In a recent interview, Rudolf Hois, SAP VP and chief product owner for SAP S/4HANA was quoted saying that 50-60% of the SAP S/4HANA install base has already chosen system conversion as their route. In fact, to accommodate this route’s growing popularity, the latest version, SAP S/4HANA 1809, simplifies and improves automation and downtime for system conversion. Mr. Hois also shared lessons learned on different implementation projects. He noted that the route chosen for SAP S/4HANA migration is really dependent on the Change Management methodology a given organization can afford.



SAP S/4HANA Migration HOW TO

Once the path has been decided upon, it’s time to prepare for the actual migration by planning the exact steps needed for a successful implementation.

Greenfield: Step by Step

If Greenfield is your method of choice, the ‘SAP Activate’ is an Agile methodology that can assist you. Here it is in 6 simple steps:

The “SAP Activate” Methodology



- Discover | The first step is to identify the value of your business and then develop the roadmap and strategy to be used in the implementation of the project.
- Prepare | In this phase, you initiate and start working on your final project plans as well as preparing your team. Choosing the right people for your team is essential to ensure the project will run optimally.
- Explore | SAP S/4HANA offers a wide range of solutions for your business, especially for a new implementation. In this phase, the scope evaluation process will be performed, and a Fit / Gap analysis can be adopted—instead of traditional blueprint requirements—in order to ensure a more efficient and faster implementation.
- Realize | This phase focuses on the realization process of the business requirements that have been defined in the previous phase. These include system configuration settings, integration scenarios, and data migration.
- Deploy | The production environment is set up in this phase. When it’s ready, cutover activities will be performed and business operations are moved to the new system.
- Run | Go live with your new SAP S/4HANA system!

Brownfield: Step by Step

The Brownfield migration process is divided into two phases: preparation and realization.



Preparation Phase

- **System Requirements & Planning:** This assessment should be conducted to analyze the existing system and then define the best possible solution to execute the migration.
- **Conversion Pre-Check:** A compatibility check of any add-ons or business functions that are active in the current system is required to ensure they can technically be converted into SAP S/4HANA. Consult SAP's Simplification Item Check to identify the mandatory steps before converting your system.
- **Custom Code Migration:** Take this step to check your custom code against SAP S/4HANA compatibility. This is essential, especially if there are enhancements in your current system.

Realization Phase

- **System Installation:** After the preparation phase, you can start the conversion to SAP S/4HANA. This step includes database migration and data conversion.
- **Follow-On Activities:** After the technical conversion, all relevant customized settings must be migrated.
 - **Data Consistency Check** (especially for financial data): Since SAP S/4HANA collects all relevant components from Financial Accounting (FI) and Controlling (CO) into one data pool, called the Universal Journal, it is imperative that you perform reconciliation between your accounting components. In this way, the data can be merged correctly into the Universal Journal.
 - **Iteration Testing:** When all customization has been performed and all data have been migrated, you must run test iterations for final business process validation.

If you've already decided on migrating to SAP S/4HANA and are struggling to choose your path, Panaya's Assessment Pack can help you decide. With a comprehensive analysis of your ECC landscapes, Panaya can show you upfront the potential of System Conversion efforts savings, based on both standard and custom code SAP S/4HANA impact.

SAP S/4HANA? START HERE!



Panaya's Change Intelligence platform enables organizations to understand the impact of every potential change to their ERP or CRM, so they innovate quickly, safely, and without fear. With Change Intelligence, companies gain deep, granular insight into each upgrade, update or added feature down to the code-level. They understand exactly what, where, and how to test so they deploy more efficiently. And they get precise, change-by-change directions, allowing them to continuously innovate at the pace of today's business. With offices in the US, France, Germany, Japan, and Israel, Panaya is helping over 3000 leading enterprises worldwide change with confidence.

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