Transform your business with confidence

Unleash the power of RISE with SAP and
SAP Business AI, through KPMG leading practice.

**How KPMG firms can help
you navigate the many
paths to modernization
with SAP's cloud adoption
frameworks – a practical
and standardized approach.**

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Introduction

Confidence comes from knowing you have the right operating models, tools and technologies to power your business transformation. A move to a modern enterprise resource planning (ERP) solution such as SAP S/4HANA can accelerate the transition to real-time data visibility and enable your organization to seize the opportunity of continuous improvement.

Many organizations know they need to move, or are in the midst of a transition. They recognize the positive value the adoption of new automation technologies and AI can bring to an ERP solution, but they have yet to find an approach that works for them. As the deadline for migrating from SAP ERP Central Component (ECC) fast approaches, the reasons for that transition – both technical and strategic – are becoming all the more profound.

A move to SAP S/4HANA with SAP Business AI should be a move to a modern enterprise. It's an opportunity to improve and streamline business processes across your organization, to leverage the value of common data structures, and to adopt the agility needed to excel in a future defined by constant innovation.

ERP systems are the backbone of today's organizations. Once the remit of financial operations alone, they now support the whole business, powering the processes and ways of working needed for modern commerce, rapid acquisitions, reorganizations and growth.

In an era of constant change, a fragmented, on-premise ERP with dozens of different software solutions and complex customizations is holding businesses back. SAP S/4HANA is built on a foundation of common data structures and continuous accounting cycles. It gives organizations greater visibility, flexibility, independence, and faster time-to-market, and it is equipped to maximize the business potential of developing technology. SAP Business AI can take organizations to the next level by powering insight and ingenuity, and scaling up enterprise innovation.

Migrating to SAP S/4HANA is not an IT project alone, but a dialogue between IT and the broader organization. It can be an opportunity to harmonize, standardize, and simplify – to deliver true business transformation.

Two SAP cloud adoption programs, RISE with SAP and GROW with SAP, support the journey to the cloud.

KPMG firms can help navigate that process, integrating with the SAP offerings to add value at every stage. Our approach helps de-risk the process, can deliver efficient implementation programs, and is backed by our specialist insight and experience, helping to ensure each organization's specific needs are met, and value is unlocked.

With SAP ECC no longer being supported, deferring transformation could cost your organization. The risk of failing tech, increased cost of support technicians, limited choice of change partners as they get busy deploying elsewhere – all will put pressure on your bottom line. Migrate to SAP S/4HANA now and you can start to benefit from embedded intelligence, real-time insights and advanced technologies.

In this white paper, we look at RISE and GROW with SAP, investigate the opportunities available to your organization and the challenges you might be facing, and explore the way forward through KPMG Powered Enterprise, which helps improve business processes and transforms functions to become fit for the future.

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RISE and GROW with SAP: The need to transform business processes

Among the myriad demands of the modern marketplace is a requirement for organizations to transform and set a clear path to the application of new technologies. AI is to helping to drive efficiencies while boosting innovation and those businesses who fail to grasp these products' potential will likely be left behind.

That's where SAP S/4HANA's cloud-based IT architecture comes in.

SAP radically reimagined what ERP could be when it launched SAP S/4HANA in 2015. Based on new database technology, it offers flexibility and caters to diverse organizational needs and preferences.

Moving from SAP ECC to SAP S/4HANA is not a like-for-like upgrade. Launched in 2004, SAP's ERP Central Component (ECC) has become the standard ERP software for many large companies. Updates have been made and extensions added over the past two decades, but the core technology behind the ERP system, 'the engine block', has remained unchanged.

Further developments have led to the logical next step of running SAP S/4HANA in the cloud managed by SAP. SAP has unveiled generative AI innovations and strategic partnerships aimed at further revolutionizing business operations. Immersing new SAP Business AI systems across its enterprise solutions, SAP gives users access to enhanced insights while elevating their creative problem-solving capabilities.

Powering your organization forward

In the past, report generation was so time-intensive for many organizations that it often had to be left running overnight. With the new cloud-based iteration of SAP S/4HANA, data is managed, stored and accessed differently, which means organizational data can be viewed in real-time. Processes are streamlined, models simplified and the user experience improved. Faster decision making boosts cross-organizational agility, which can improve compliance and build business resilience. And AI-driven capabilities help improve and streamline workforce onboarding.

> **"**
> ## Approach the program with a transformation mindset. Clean up and go forward."

Hendrik Thörner
SAP Global Lead Partner, KPMG in Germany

In recent years, we've seen how new technology such as artificial intelligence (AI) can transform industries almost overnight. SAP S/4HANA's cloud-based IT architecture is built on the latest technology insights and is ready for the Internet of Things, AI, machine learning, blockchain and the inevitable digital revolutions that are yet to emerge. The system enables these future developments to be incorporated into the digital heart of the organization with ease, powering the organization through disruption.

Introduction to RISE and GROW with SAP

RISE with SAP is a service bundle tailored for the successful adoption of SAP S/4HANA. Targeted at organizations that already have complex SAP landscapes, it encompasses options for both public or private cloud-based ERP systems, as well as the necessary IT infrastructure and operational support needed to facilitate a smooth transition to the cloud. Software licenses, cloud infrastructure and services are consolidated under a unified contract with SAP.

GROW with SAP is targeted at those organizations with less intricate transformation requirements that want to make a radical change toward a new public cloud solution. Implementation typically involves deploying SAP S/4HANA on a cloud platform managed by SAP.

Product scope decisions and different routes

Navigating the RISE and GROW programs and determining which functionalities and components of the SAP S/4HANA suite will be implemented, is dependent on organizational requirements and transformation goals.

Determining factors include the consideration of which core SAP S/4HANA models to implement based on business need, whether tailored, industry-specific functionalities could be implemented, and if integration with other systems within the organization's landscape need to be considered.

Central to these decisions is the consideration of the right mix of cloud deployment. Both RISE and GROW with SAP implementations offer organizations the opportunity to leave on-premise completely and start anew in the cloud. But a hybrid approach – whereby some parts of the business organization move to the private cloud, others to the public cloud – may be the preferred option. Here, the goal is not to completely reinvent, but to reconfigure – and improve over time.

Ultimately, organizations must consider these aspects with a transformation mindset. They need to identify what needs to be standardized, what can be adjusted and changed over time, and when the best time to implement these changes might be. For example, they will need to understand at which juncture they need the SAP Business Technology Platform (BTP) or implement function-specific products such as SAP Success Factors to enhance HR processes.

KPMG firms can guide organizations through those decisions to identify practical, cost-effective solutions that ensure legacy is left behind in a way that suits the client's needs.

Pitfalls, mitigation and planning for success

Through our discussions with clients, KPMG professionals have uncovered several challenges organizations encounter in their SAP S/4HANA transformation and their adoption of the RISE and GROW programs.

1 **Overwhelmed by choice**

The motivation behind a SAP S/4HANA transformation is crucial when determining the scope of the project. Many organizations haven't yet started as they are overwhelmed by the different paths and tools available through SAP's cloud adoption programs.

2 **Business sentiment and confidence**

A SAP S/4HANA transformation brings major changes to organizations. That's why it's crucial to work out a clear goal in advance and involve decision makers and key users right from the start. When it comes to setting the right focus in change management, it is important to answer questions about the 'what' and 'how' of the transformation.

3 **Clear methodology not defined**

Many organizations don't have a well-defined methodology or haven't explored the SAP Activate approach to implementation (or third-party methodologies that might complement the SAP Activate approach).

4 **End-to-end concerns not considered**

When using a new system, employees need to develop skills such as process and end-to-end thinking, customer focus or iterative work. The SAP S/4HANA transformation offers the opportunity to re-establish learning in the project and create a sustainable learning culture in the organization. This develops skills that ensure sustainable further development, especially against the background of a world that is changing ever faster and more radically.

Recommendations

Have an outcome in mind

SAP S/4HANA-enabled business transformation can only be achieved with a clear, strategic vision. The C-Suite must always have an eye on the future and when in the process of transformation there must be a joint focus on fixing current inefficiencies while planning for longer-term disruption and flexing to future business models. This has become even more relevant with the potential impact of AI across all functional domains. Collaboration between strategic foresight and technical detail is critical to ensure not just migration but the realization of strategic goals. As part of the SAP S/4HANA transformation through RISE and GROW, organizations need to harmonize and standardize processes, have the courage to restructure the process landscape, and focus on goals that offer significant additional value.

Bring stakeholders with you

The active involvement of stakeholders is vital to success in any change management project. Decision makers and key users must be brought in from the beginning of the transformation project and a clear demonstration of the value added communicated throughout.

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It's vital the business doesn't feel the technology is being done to them, but done with them."

Pauline Doherty
National SAP Practice Leader and Global SAP Platform Leader, KPMG Australia

Organizations operating in multiple locations can be particularly resistant to change, as employees are accustomed to their local working methods and processes. Rolling out SAP S/4HANA efficiently and at pace is only possible if everyone recognizes the benefits of standardization, simplification, and harmonization – and pulls in the same direction.

A recent KPMG survey highlighted that

88% of employees

are involved in two or more transformation workstreams.

KPMG 2024 transformation agenda survey

Executives and middle managers agree that execution risk is growing in transformations, but they differ on the nature of these risks. Senior leaders worry that the objectives and rationales for transformation are not well understood and communicated effectively. Middle managers, however, say that leaders have made clear what the transformation is about, but have not provided adequate resources and tools to make the transformation succeed.

The focus of top leaders is diverted from the transformation by other priorities, especially when there is turnover at the top. When focus shifts away, leaders lose credibility with managers and staff. They need to be steadfast and stay visibly committed through their actions and words to the change probably for longer than feels necessary, to enable managers to lock in the desired change and embed new ways of working.

Avoid unnecessary complexity

As you dive deeper into every area of an organization, the desire to tackle the seemingly endless opportunities for improvement is hard to ignore. But by keeping migration to SAP S/4HANA manageable, and only opting for changes directly contributing to efficiency and value creation, a successful transformation is more likely. ERP systems lose much of their power if hindered by unnecessary complexity.

The way forward: How KPMG Powered Enterprise integrates with SAP

There are many ways to approach a transformation, so employing the right methods and processes throughout the project is critical. KPMG Powered Enterprise takes a holistic approach, considering all aspects and impacts of a system transformation on the business. With end-to-end in mind, the organization can feel more confident they've accounted for risk and regulatory requirements, cyber considerations, impact on people, or data integrity.

With KPMG firms' specialist insights and outside-in perspective, stakeholders can proceed with confidence, go beyond migration, understand true impact and deliver business and functional transformation through multiple layers of an organization.

That's the real power of the KPMG Powered Enterprise approach.

KPMG Powered Enterprise enabled by SAP is rooted in KPMG professionals' extensive knowledge of SAP and its go-to-market approaches, including RISE and GROW with SAP. Fueled by the latest SAP technology, Powered Enterprise starts with the model answer and delivers the strong project governance and change management required to succeed. Transformations can therefore be faster, more efficient and better designed.

How does it work?

The approach involves a five-phase implementation methodology with the KPMG Target Operating Model built in – the blueprint for accomplishing business outcomes and accounting for end-to-end change. With this, KPMG firms provide valuable insight into what works well and where improvements can be made.

Target Operating Model

The Target Operating Model helps establish the design needed to realize functional transformation. It offers a fully integrated change methodology, providing the materials and roadmaps for training, communication and impact.

Questionnaires help you to make the right choices at the right time. Relevant business processes, reports, internal controls, automation potential and associated SAP set-ups are included.

There are five phases to the Powered Enterprise methodology, which includes the KPMG Target Operating Model.

- **Vision.** Consider the end state. How will the business organize around new and future value streams? How will it function? Align stakeholders around a common vision of the future.

- **Validate.** Leverage Powered Enterprise assets to validate and document the 'to-be' KPMG Target Operating Model design layers. Include a full walk through of the SAP S/4HANA environment and connected cloud solutions.

- **Construct.** The build phase, with each design layer of the Target Operating Model tested throughout an iterative process.

- **Deploy.** Go live and implement the previously agreed Target Operating Model to users.

- **Evolve.** Intended to keep it up to date, which helps the organization remain agile in response to client demands, industry and technology trends and adoption of the latest cloud features, as well as continually delivering return on the investment made. KPMG professionals can complete post-go-live support, value realization analysis and transition to managed services programs, as applicable.

Vision	Validate	Construct	Deploy	Evolve

6 integrated design layers

Functional process | People | Service delivery model | Technology | Performance insights and data | Governance
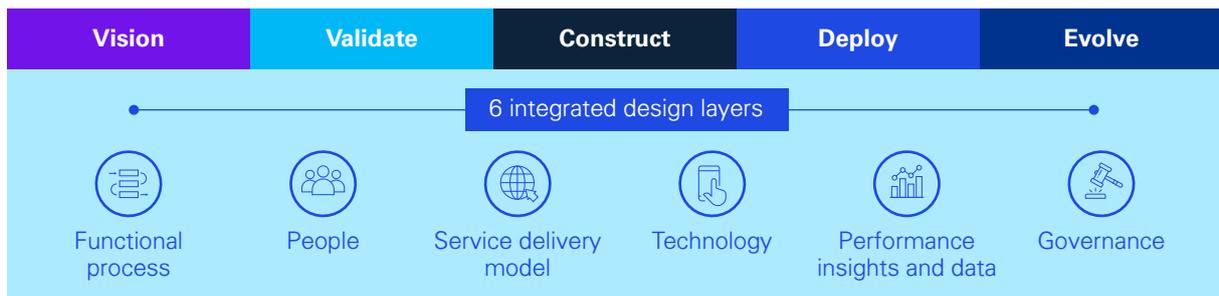
The KPMG Target Operating Model (TOM) helps your organization understand how your functions are operating today so you can **diagnose issues/pain points and improvement opportunities.** It then gives a **framework to drive change** and a **structure to sustain business operations** afterwards.

Governance
The policies, security and controls to balance risk, ensure compliance and facilitate effective decision making

Performance insights and data
Data and analytics to enable decision making and support the business

Technology
The technology required to drive the delivery model, business practices, talent, performance and IT security

KPMG Target Operating Model

KPMG Powered Enterprise

Governance | Functional process | Performance insights and data | People | Technology | Service delivery model

Functional process
Optimized leading-practice processes of the enterprise including integrated controls mapped to the specific technology platform

People
The competencies, skills, culture and performance expectations for the people within the enterprise

Service delivery model
How to get things done including organizational units, reporting, accountability and hierarchy

Working with RISE and GROW with SAP

SAP S/4HANA projects based on cloud adoption frameworks, like RISE and GROW with SAP, can be supported by the KPMG Powered Enterprise framework, enriching the transformation by giving organizations a broader view of the operating model (including governance, controls, and localization) and a clearer vision of the processes used through set up. Powered Enterprise works in conjunction with RISE and GROW with SAP and the SAP tool chain, with KPMG tools, accelerators and leading practice documents enriching the transformation.

Under KPMG's approach, the end state is defined upfront – a guiding north star.

The key differentiator and our business transformation ethos

The KPMG Target Operating Model and methodology differentiate our approach and can generate value through transformation. It encourages organizations to 'think radically' within a proven framework – to challenge current processes and ask why they can't adopt standard, leading-practice processes – before homing in on the unique processes that enable their market differentiation.

In short, the KPMG approach is to bring pre-defined leading practice for ERP that is pre-configured for SAP S/4HANA and can deliver against the "clean core" paradigms of SAP.

This way, KPMG professionals help organizations reduce costs by adopting as many tried and tested, 'out of the box' SAP frameworks as possible and pinpoint the unique and individual business processes that enable organizations to leverage leading technology and embed the right processes to outstrip their competitors.

Our model can deliver transparency and offer value realization to clients, with clarity delivered through the Vision phase by detailed process mapping to level 5 process taxonomies.

We believe the initial stages of your transformation journey can have the greatest impact on the ultimate outcome – this is when big decisions must be made, and your destination determined. Business leaders should be the driving force of this vision, supported by the KPMG Target Operating Model – which can help empower organizations to move towards best-in-class.

Increasing efficiency and achieving innovation are important parts of any business transformation. These practices form the backbone of a SAP S/4HANA project where a 'stick-to-standard procedure' approach is always beneficial. But it's also crucial to continue evolving – to keep your organization agile and open to change, and to continuously improve the cloud solution. This is a focus for the ongoing relationship as defined in the Evolve stage of the Target Operating Model.

The end in sight – working with SAP Activate

In a standard SAP Activate approach, organizations iteratively learn the target state of transformation as they progress through the implementation cycle. Where SAP Activate focuses on the technology layer of the transformation, KPMG Powered Enterprise covers all six design layers of the Target Operating Model and, by defining the target outcome throughout the Vison and Validate phase, clients enter the implementation with their eyes open. Under KPMG's approach the end state is defined upfront – it provides a guiding 'north star'.

Integration with SAP tools

KPMG Powered Enterprise builds content onto standard SAP solutions (e.g. Leading Practice Content, SAP Activate), then takes them one step further to suit the wider business context and develop end-to-end processes that can truly deliver.

KPMG firms also use the SAP suite to augment. KPMG professionals use assets in SAP Signavio, an intelligent process mining solution, to extract, link and visualize data across different business landscapes, and show the needs of the Target Operating Model. This takes place during the Vision and Validate phase of KPMG's methodology, as we build a complete view of an organization's processes, spot the gaps, prioritize, and define a starting point for the transformation program.

Further SAP solutions like SAP LeanIX, which visualizes the full scope of an organization's software estate, enables better, data-driven decisions, thus a smoother transformation roadmap. SAP Enable Now and WalkMe, the latter a new SAP acquisition, drive further efficiencies during onboarding, with AI-driven features that enable visibility of workflows across any number of applications.

KPMG professionals support clients with making the decision on whether their former custom code is still required, or if it can be transformed into an entirely new solution. Alternatively, it could be built into a BTP solution to tailor value-driven topics in their SAP environment.

Utilizing the power of SAP tools is central to the Powered Enterprise solution. In the early stages of a project, we develop a tool roadmap to align with specific client needs.

How KPMG Powered Enterprise can extend the value of SAP Activate
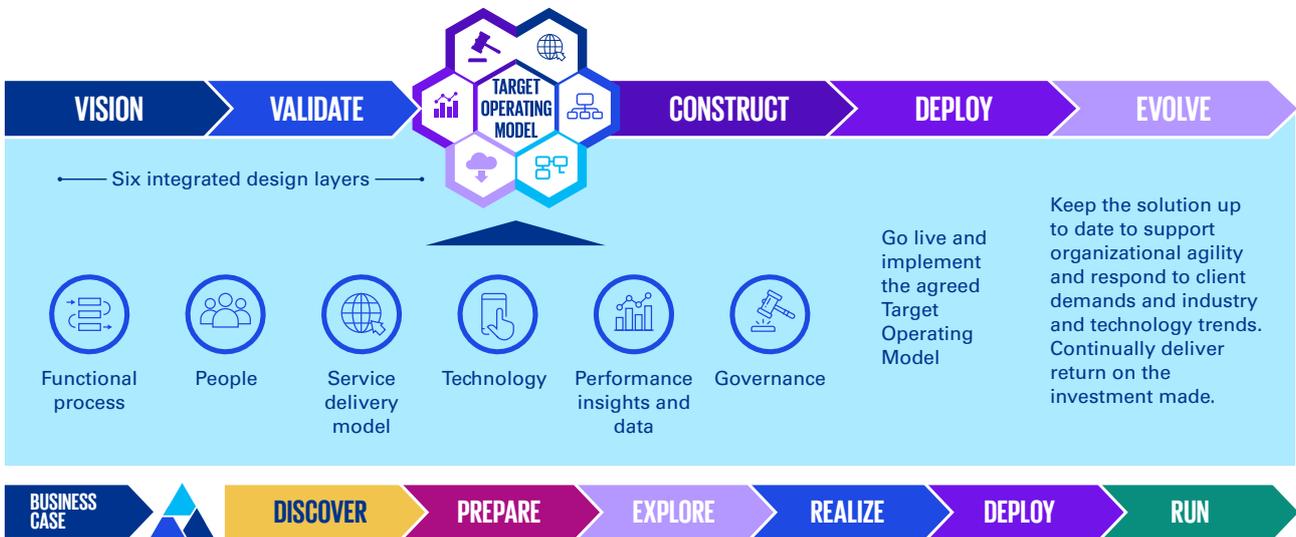
By defining the Target Operating Model throughout the Vison and Validate phase, clients enter the implementation with eyes wide open to the outcome of their transformation. While SAP Activate is concentrated on the technology aspect, Powered Enterprise examines how organizations consider every aspect of the target state as they progress through the implementation cycle.

The starting point is capturing the business needs now – and in the future. KPMG professionals then determine how technology can support those needs. This allows us to bring a 'whole of KPMG' approach to clients, putting KPMG professionals' deep industry knowledge, SAP expertise, and tax, change management, assurance and risk skills into action.

Why work with KPMG?

KPMG professionals take a holistic view of the impacts of SAP on your business, helping you identify the SAP S/4HANA implementation that works best for your business. We work collaboratively with you to spot opportunities to add efficiencies and value through your SAP investment, identifying where, and how, your organization can take advantage of transformational opportunities.

With deep industry insight, proven methodologies, pre-configured solutions, leading practice processes and an advanced understanding of technological developments, KPMG professionals' holistic and collaborative approach makes ambitious change programs possible. We take an objective look at each organization, providing decisive support and helping uncover value in the transformation program for clients globally, across all sectors.

SAP Cloud ERP, BTP and Business AI are leading solutions for midsize to large enterprises, and a great fit for organizations committed to expanding and improving their intelligent data capabilities. KPMG firms have the extensive experience and expertise needed to interact with RISE and GROW with SAP, get your migration to SAP S/4HANA through to completion, and power your transformation into an agile, tech-enabled organization that's fit for the future.

Six reasons to choose KPMG:

1

A multidisciplinary approach

KPMG specialists work with clients and provide advice in line with the highest ethical standards, bringing demonstrable knowledge to the table. KPMG firms' experience in technology consulting, legal, compliance, tax, financial services and audit makes all the difference during technology transformations. We can help your organization improve business performance while reducing risk and ensuring compliance.

2

We are known for our SAP S/4HANA expertise

We have a long history of working with SAP solutions and understand the full technology landscape SAP can bring to market. KPMG methods take a holistic approach to integration and are developed specifically for SAP S/4HANA transformations. This helps organizations to get more value from their SAP S/4HANA investments by having the right balance between strategic goals, cost and effective IT implementation.

3

KPMG firms have a strong global presence in a range of sectors

KPMG firms can provide local experience where needed and support clients with best-in-class industry knowledge, benchmarks and market-leading practices.

4

We invest heavily in innovation to improve process quality, transparency and forecast accuracy

KPMG firms have developed leading tools and use cases to drive positive business outcomes for clients.

5

Enhanced control over transformation and a head start through the right methodology

The KPMG approach offers greater predictability and mitigated risks. This is often reflected in shorter project timelines, a tested Powered Enterprise methodology, pre-configured solutions and timely delivery.

6

From vision to continuous improvement, KPMG firms have the right tools and systems in place to identify business benefits

KPMG Powered Enterprise provides the target model and use cases while KPMG firms have the newest SAP technologies available to identify benefits for your business environment and business case. This starts during planning and preparation and runs through the ongoing commitment to continuous innovation long after 'go live' of the first cloud ERP.

About the authors

Hendrik Thörner is the SAP Global Lead Partner at KPMG in Germany

He closely collaborates with KPMG firms' SAP practices around the world to provide clients with a set of services around SAP technology. He has many years of experience in implementing complex transformation projects and changing business processes. He has accompanied various transformations and has helped many clients in seeing beyond the immediate practical challenges in order to define a target picture that allows for an aligned, focused transformation.

As a certified auditor by education, he combines in-depth technical knowledge in accounting with experience of technical interrelationships in the process and system landscape.

Pauline Doherty is a Partner and National SAP Practice Leader and Global SAP Platform Leader at KPMG Australia

For almost 25 years, Pauline has helped clients navigate the complexities of technology implementations, focusing on using a business-led approach to drive value realization. Pauline brings unique experience working with clients evaluating SAP upgrades and/ or undergoing SAP transformation projects.

She also has extensive experience working with both large and small organizations, and brings her knowledge of what is needed from a business and technology perspective for a SAP-related program to be successful in any size organization.

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