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10 Mistakes to avoid for your S/4HANA transformation.

Mistakes that Revlon, Haribo and Lidl wish they never made!

The urgency of transitioning to SAP S/4HANA.

With the deadline for SAP ECC's mainstream maintenance support termination less than three years away, it's crunch time for organizations still considering their move to S/4HANA.

According to Gartner's analysis, by the end of 4Q23, approximately 36% of SAP ECC customers had bought or subscribed to licenses to start their transition to SAP S/4HANA. SAP S/4HANA had close to 24,100 customer sales, with approximately 50% being new customers. However, despite the uptake, about 64% of SAP ECC clients have not yet licensed SAP S/4HANA. Gartner's estimates indicate that migrations to SAP S/4HANA are not occurring at the rate needed to meet SAP's target to terminate mainstream maintenance support for ECC in 2027. After this date, SAP will offer extended maintenance until the end of 2030.

With programs like RISE with SAP and GROW with SAP, SAP is pushing for cloud transition, especially targeting businesses with annual revenues of less than $5 billion. Despite these initiatives, many organizations are still lagging in their migration efforts.

Don't let that sense of urgency lead you to make mistakes. Regardless of what part of your S/4HANA journey you're on, whether you're in the planning stages, about to kick off, or in the thick of it already, this guide aims to help you avoid common mistakes and navigate the complexities of your S/4HANA transformation.

1. Inadequate planning and preparation.

The mistake:

Many organizations underestimate the amount of planning and preparation required for an SAP S/4HANA transformation. Rushing into the project without a comprehensive roadmap can lead to scope creep, budget overruns, and missed deadlines.

Practical solution:

Invest time in thorough planning and preparation. Develop a detailed project roadmap that includes clear milestones, timelines, and resource allocations. Engage all relevant stakeholders from the outset to ensure alignment and address potential issues early. Conduct a thorough assessment of your current systems and processes to identify areas that need improvement or adaptation.

Example:

Revlon faced severe delays and operational disruptions because they did not adequately plan and prepare for their S/4HANA implementation. This led to missed financial reporting deadlines, customer service issues, and a significant drop in their stock value.

2. Ignoring change management.

The mistake:
Change management is often overlooked or insufficiently addressed, leading to resistance from employees and a lack of adoption of new systems and processes. This can severely impact the success of the transformation.

Practical solution:
Implement a robust change management strategy that includes comprehensive training programs, clear communication plans, and active involvement from leadership. Ensure that employees understand the benefits of the transformation and are equipped with the necessary skills and knowledge to embrace the new system. Regularly monitor and address concerns to foster a positive and supportive transition environment.

Example:
LeasePlan's S/4HANA implementation failed partly due to inadequate change management. The company did not properly address the people issues involved, leading to resistance and operational challenges.
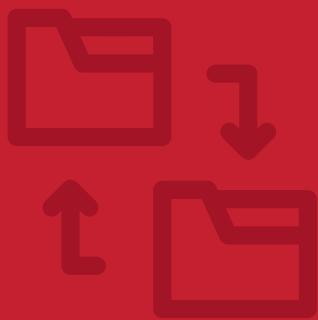
3. Underestimating data migration challenges.

The mistake:
Data migration is a critical component of S/4HANA transformations, yet many organizations underestimate the complexity and risks involved. Poor data quality and incomplete data migration can result in operational disruptions and inaccurate reporting.

Practical solution:
Prioritize data migration early in the project. Conduct a thorough data assessment and cleansing process to ensure data accuracy and completeness. Develop a detailed data migration plan, including testing and validation phases, to minimize risks and ensure a smooth transition. Consider using automated tools and engaging experienced data migration experts to streamline the process.

Example:
National Grid experienced severe issues with data processing and payroll errors post-go-live due to poor data migration practices, leading to significant operational disruptions and financial losses.

4. Overlooking integration with existing systems.

The mistake:
Failing to adequately address integration with existing systems can lead to compatibility issues, data inconsistencies, and operational inefficiencies. This is particularly problematic for organizations with complex IT landscapes.

Practical solution:
Conduct a comprehensive analysis of your existing systems and identify integration points with S/4HANA. Develop a detailed integration plan that addresses potential compatibility issues and ensures seamless data flow between systems. Consider using middleware solutions and APIs to facilitate integration and reduce complexity. Regularly test and validate integrations to ensure they function correctly and meet business requirements.

Example:
Haribo's S/4HANA implementation failure was partly due to a lack of integration planning, leading to a completely disrupted supply chain and significant operational challenges.

5. Inadequate testing and quality assurance.

The mistake:

Insufficient testing and quality assurance can result in critical issues going undetected until after the system goes live. This can cause significant disruptions and require costly rework to resolve.

Practical solution:

Implement a rigorous testing and quality assurance process that includes multiple testing phases, such as unit testing, integration testing, user acceptance testing (UAT), and performance testing. Engage end-users in the testing process to ensure the system meets their needs and expectations. Develop a detailed testing plan with clear objectives, timelines, and responsibilities. Regularly review and update the testing plan to address emerging issues and ensure comprehensive coverage.

Example:

Haribo did not invest sufficient time in testing, leading to severe operational disruptions post-implementation. This failure highlights the importance of thorough testing to ensure a smooth transition.

6. Neglecting user training and support.

The mistake:

Underestimating the need for comprehensive user training and ongoing support can lead to low adoption rates and user frustration. Without adequate training, users may struggle to adapt to the new system, resulting in decreased productivity and errors.

Practical solution:

Develop a detailed training plan that includes various training methods, such as hands-on workshops, e-learning modules, and documentation. Provide continuous support through help desks, user forums, and regular feedback sessions. Ensure training is tailored to different user roles and levels of expertise to maximize effectiveness.

7. Failing to engage stakeholders.

The mistake:
Not involving key stakeholders throughout the project can result in a lack of buy-in and support. Stakeholders provide valuable insights and feedback that can help shape the project to better meet business needs.

Practical solution:
Engage stakeholders from the beginning and maintain regular communication throughout the project. Create a stakeholder engagement plan that outlines roles, responsibilities, and communication channels. Actively seek stakeholder input and address their concerns to foster a collaborative environment.
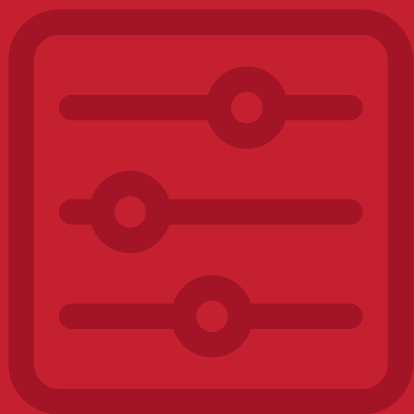
8. Over-customizing the system.

The mistake:
Over-customizing SAP S/4HANA to fit existing processes can lead to increased complexity, higher costs, and difficulties with future upgrades. Customizations can also cause integration issues and reduce system performance.

Practical solution:
Adopt standard S/4HANA best practices and processes whenever possible. Limit customizations to those that provide significant business value and cannot be achieved through standard configurations. Evaluate the long-term impact of customizations on maintenance and upgrades before proceeding.

9. Inadequate project governance.

The mistake:

Lack of effective project governance can lead to scope creep, budget overruns, and missed deadlines. Without clear governance structures, decision-making becomes inefficient and accountability is diluted.

Practical solution:

Establish a strong project governance framework with defined roles, responsibilities, and decision-making processes. Implement regular project reviews and status updates to monitor progress and address issues promptly. Ensure senior leadership is actively involved in governance to provide oversight and direction.

10. Not considering cultural fit.

The mistake:
Overlooking the cultural fit of project team members can lead to poor collaboration and communication. An SI may prioritize filling roles quickly without considering how well candidates will integrate into your company's culture.

Practical solution:
Assess both technical skills and cultural fit when selecting project team members. Consider multiple candidates for each role and choose those who align with your company's values and work environment. Foster a team culture that emphasizes collaboration, communication, and mutual respect.

Example:
Lidl's SAP S/4HANA implementation failed partly due to a lack of alignment between the system and the company's unique business processes and vision. This highlights the importance of considering cultural fit and ensuring that the system aligns with your business needs.

Conclusion.

Avoiding these common mistakes can significantly increase the likelihood of a successful SAP S/4HANA transformation. By investing in thorough planning, robust change management, careful data migration, seamless integration, rigorous testing, comprehensive training, stakeholder engagement, prudent customization, effective governance, and cultural fit, you can navigate the complexities of the transformation journey and achieve your business objectives.

How RED Global Can Help

At RED Global, we leverage 24 years of experience in SAP solutions to help clients navigate their S/4HANA transformations effectively. Our comprehensive services include:

- **Systems Integration to support SAP transformation, enhancement, upgrades, and consolidations.**
- **Project and Resource Planning.**
- **Organizational Change Management (OCM) and Training.**
- **Contingent Labor, Time and Material Support.**
- **Direct to Perm Hiring.**

Our approach ensures that you avoid the common pitfalls and achieve a successful transformation. We work collaboratively with your System Integrators, providing objective insights, acting as a middleman, and serving as a sounding board to highlight potential issues and ensure that your best interests are always prioritized.

For more information or to discuss your SAP needs, email us at [training@redglobal.com] to set up a call and take advantage of our extensive SAP insights and expertise.

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