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NEAR ZERO

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NEAR ZERO:
CLOSING THE GAP BETWEEN BUSINESS STRATEGY AND TECHNOLOGY EXECUTION

SNP | The Transformation Company

SNP

After 76 years of existence, one of the world's largest technology companies split into two separate, publicly-traded entities. That 2015 action stands as one of the boldest, most breathtaking moves in business history. It was a master stroke meant to preserve the original company by repositioning it as two separate entities, each targeting different markets with different buyers and competitors.

Actions at this scale are traumatic to the corporate organism, with every aspect of its composition and structure impacted: employees, partner ecosystems, business processes, company policies, asset management, real estate, taxes, technology systems, and – the digital lifeblood of every company – its data. Billions upon billions of transactions were involved, every byte of which had to be preserved.

Deep at the core of it all was the Company's SAP landscape and its throbbing 50-terabyte heart: a database holding five times more data than the entire U.S. Library of Congress. This was the object that must be surgically carved in half for the two companies to feel their first independent heartbeats as fully separate organizations.

In 2014, once the Company's decision was announced, it became clear that the gap between their business plans and organization's ability to execute was truly a chasm. They predicted that the SAP split was going to take at least two times longer than the separation business plan allowed. But rather than delay the separation they found automation that would close the gap completely – with a company called SNP.

How Do You Split a Massive SAP Environment?

In 2015, the Company – which had earnings of $112 billion and about 300,000 employees – engaged SNP to split their SAP landscape and 50 TB database. SNP is a technology firm with deep focus on transforming SAP environments. During this engagement, SNP executed the first phase of the business separation in just 36 hours, enabling one of the world's largest global supply chains to operate separately for the first time in 75 years.

This success was the result of a unique understanding of transformations, coupled with a collection of project experiences and technology tools developed specifically to automate transformations. In this white paper, we'll discover the hallmarks of SNP's approach and solutions for enterprise transformation.
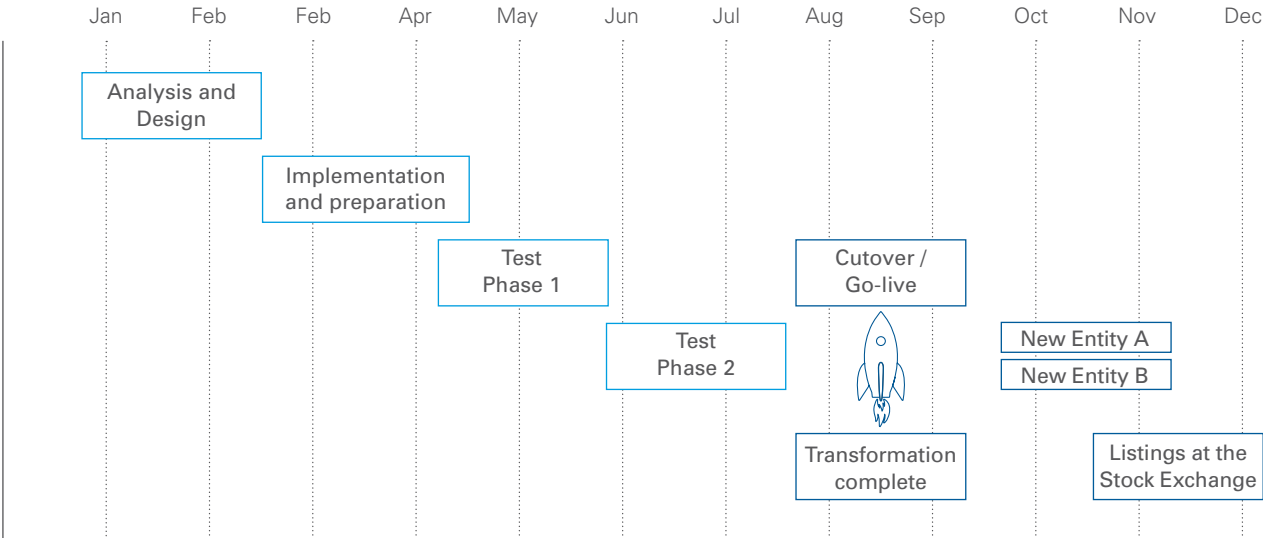

Figure 1: *SNP's overall timeline for the division of the Company's SAP landscape*

Business Transformation is Massive Business. And Risk.

Globally, more than $3 trillion in mergers and acquisitions are forecast for 2018. And the outlook for all business transformations – including divestitures and carve-outs – is expected to rise.[1]

Transformation takes many forms: many more than the M&A and carve-out projects that mark the business landscape today.

- There are more than 80,000 SAP ERP systems today that soon must be upgraded to the new standard of SAP S/4HANA.

- 70% of companies have at least one application in the cloud, and 56% are still identifying candidates for cloud hosting.[2]

- And there's digital business: initiatives that offer great promise in terms of improved efficiency and competitive position, but they must be carefully planned and executed so that productivity, security, and compliance concerns are protected.

Figure 2: *The most common transformation use cases*

CARVE-OUT
- Splitting of Systems
- Remove Unused Entities

CHART OF ACCOUNTS (COA)
- Standardization
- Uniform COA

UPGRADE
- R/3 4.6C → ERP 6.0 EHP8
- OS/DB Migration
- Virtualization

CONSOLIDATION
System merge
- Any to Any
- Single Harmonized Processes
- Retire Redundant Systems

NEW GL IMPLEMENTATION
- PCA, COPA
- Full Historical Conversion
- Near Zero Downtime

CUSTOM PROGRAMS
- Optimize for SAP HANA
- Harmonize
- Consolidate
- Retire

REORGANIZATION
- Legal Entity Rationalization
- Tax, Restructuring
- Controlling, HR, Purchasing Merge

TRANSFER TO THE CLOUD
- Virtualization
- OS/DB Migration
- HANA Adoption

TECHNICAL
- Unicode Conversion
- Single Code Page
- Multi Code Page
- Byte Order Conversion
- Near Zero Downtime

In the 21st century, every enterprise stands at the brink of transformation – if not in midstream. But are they poised to reap the benefits of these changes, or are they drawn back from the edge of execution, uncertain of the methods, cost, risks, and outcomes?

Safe, secure, and predictable transformations are possible. SNP has delivered more than 7,000 transformation projects, while developing the world's most powerful suite of software designed to automate the data transformation underlying every business transformation at every scale.

Through this automation, SAP landscape splits, consolidations, modernizations, and a host of other transformation projects become safely achievable. The gap between business direction and technology execution can indeed be closed.

Insights into SNP's Gap-closing Secrets

It begins with insight. How readily can you visualize your current-state technology and data landscape?

■ How many interfaces are incorporated within the landscape – and where are they located? Which ones are active, and which applications are being accessed? Ideally, you should be able to view them as they are geographically distributed as well.

■ What objects – modules, tools, databases, etc. – are incorporated within the overall landscape, and what are their interrelationships? The scope of each object and their integration points should be readily visible.

■ How readily can you track master data, transactional data, and historical data? All must be resolved through the transformation project. What are the patterns of actual data usage at each location and for each object, so work can be prioritized based on actual relevance?

There are many others. But these considerations alone are sufficient to turn transformation initiatives into chaos, introducing cost, risk, uncertainty, and delay to projects.
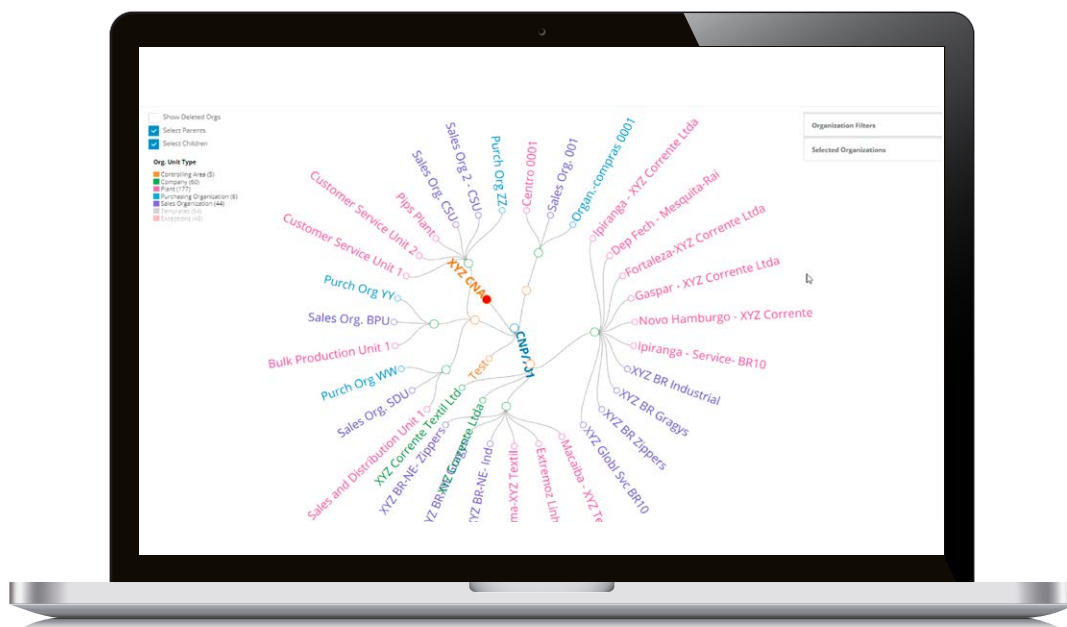

Figure 3: *CrystalBridge creates a graphical scan of the current organization's environment*

Transformation should begin with clear insight into the actual usage of your SAP software. And the best method of providing this insight is through visual profiling that digs into your landscape and formulates statistical summaries of usage. This allows you to visualize:

■ Master and transactional data
■ Relationships between custom objects
■ User and security metrics
■ Geographic understanding of your organization

The same principle of visual profiling should also be applied to business transformation planning as well, allowing you to view the projected effects of the changes in real time.

■ Visualize your enterprise structure, in its entirety or for selected parameters
■ Build interactive blueprints
■ Map transformations for master and transactional data
■ Graphically gather and document requirements
■ Interactively view the effects of transformation
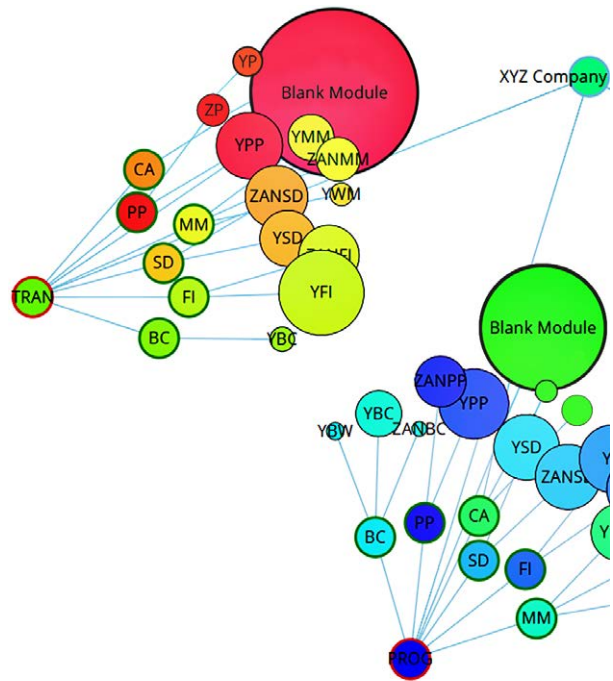■ Use artificial intelligence to see the outcome of your transformation

Figure 4: *SNP captures the system at the center of a code flower diagram. Objects can be sorted and pinned, and viewed in detail.*
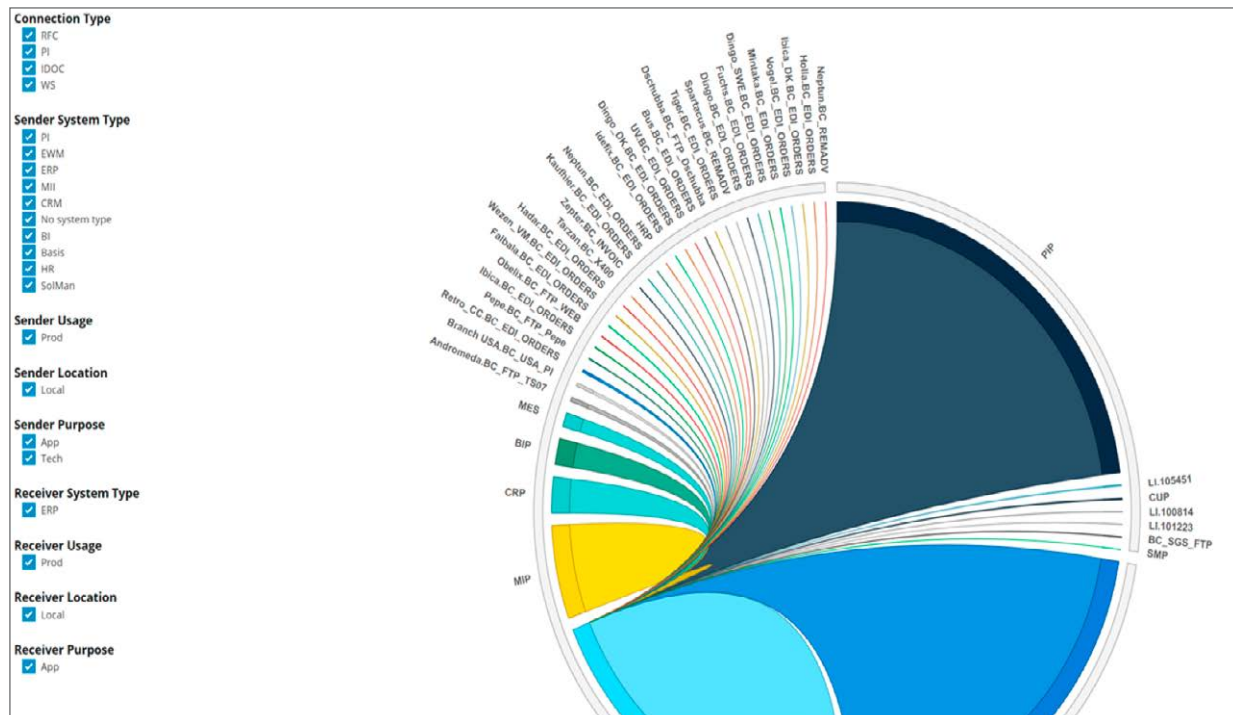

Figure 5: *Here the relevance of different interfaces can be viewed by data volume or frequency of usage. This uncovers insights about dependencies between systems*

7 Real Life Transformation Observations

1. Complex, multi-version, multi-vendor heterogeneous environments that dwell within the enterprise evolve over time. Therefore, master data, configuration, and custom objects are not consistent, making merging or divesting very painful. SNP can analyze and compare systems with automated tools, then transform data into a standard target.

2. Large landscapes for the enterprise often contain many ERP products such as JDE, EBS, SAP, legacy, and others. As a result, business processes are vastly different between systems and versions. SNP can automatically extract and compare real business process data based on transactional history.

3. Buyers may not have SAP, or the target hardware and software combination may not be supported. New, unproven architectures take a long time to setup, configure, and test in established datacenters. SNP can transform the landscape to many different targets, on-premise, in the cloud, or a mix.

4. Regulatory constraints drastically change the scope of projects, with huge timeline impact. Regulatory bodies condition transformations with added requirements for approval which can also alter the sequence of actions. SNP's pre-defined transformation content allows the implementation of rules in a fraction of the time.

5. Source systems may not have been upgraded. They may reside on unsupported versions of application software, OS, database, or hardware. The business may want to leverage the transformation to upgrade and retire old systems, but traditional migration methods do not allow this. The knowledge of the target system data model and business processes is built into SNP tools for transformation automation.

6. Replatforming and upgrading old systems involves considerable risk and several different projects. SNP can combine these multiple projects into one, reducing the timeline, risk, and cost. Additionally, performing each project separately entails a destructive migration of the source with no fallback position. SNP decouples the technical upgrade from the data migration so all risky technical steps are done before go-live.

7. Traditional Extract, Transform and Load (ETL) approaches such as SAP Data Services and LSMW allow for key data to be missed. Knowledge of the target system is left to the consultants, who typically work without documentation, by trial and error. SNP's transformation objects are ERP-aware and contain all the relationships required for the business processes to work.
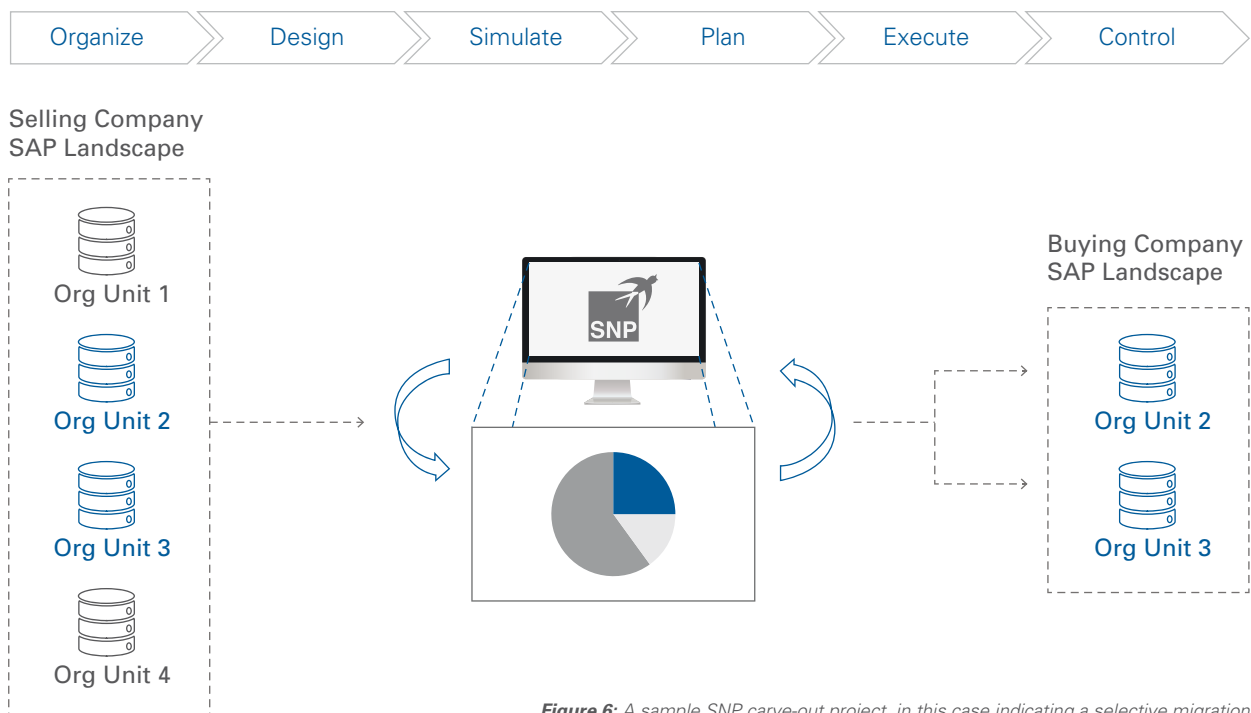
Organize → Design → Simulate → Plan → Execute → Control

Selling Company SAP Landscape

Org Unit 1

Org Unit 2

Org Unit 3

Org Unit 4

Buying Company SAP Landscape

Org Unit 2

Org Unit 3

Figure 6: A sample SNP carve-out project, in this case indicating a selective migration

5 Rules of Successful Transformations

1 – LEARN TO THRIVE IN COMPLEXITY
Complex multi-system landscapes take years to understand and reconcile. SNP reduces this by over 75%. For a large landscape of 80 systems this results in a savings of over $1,000,000 and over 60 man-months of effort.

2 – THERE IS A BUSINESS CASE FOR ACCELERATING DIGITAL TRANSFORMATION
20% of companies are radically changing their business models through digitalization, modernization and convergence. Separate systems hinder hyper-convergence. With predictive analytics from SNP, transformation blueprint timescales can be significantly accelerated.

3 – CONTENT IS KING
Creation of transformation content can take months of effort. Experience reduction times of over 50% in generation of transformation rules that were created with SNP.

4 – VISUALIZE THE OUTCOME BEFORE BETTING THE FARM
Visualization and interactivity invite us to see things we weren't looking for. The visual exploration possible with SNP's tools can uncover many hidden optimizations. For example, unused legal-entities which can easily cost over $100,000 per year to maintain can be quickly identified and removed from the transformation plan.

5 – PLAN FOR THE FUTURE
Modernization is a cornerstone of digital transformation. Identify usage patterns and opportunities that can lead to retirement of data and customizations. Also, by mapping your existing functions onto new feature sets like SAP S/4HANA can capture many simplifications and save months of analysis time.

More About SNP

There's a gap between business and technology. The business makes decisions about its vision, productivity, survivability, and competitive stance. And those decisions impact the technology that automates business processes. But changes to applications, data, and infrastructure quickly develop into massive projects demanding enormous amounts of time and introducing potentially grave risks. This creates a gap between what the business decides, and what the company can execute.

SNP uses a blend of services and automation from our own software portfolio that can reduce the gap between the business and technology to near zero, accomplishing in days and weeks what can often take months or more.

SNP is SAP certified and an SAP OEM Partner. We can embed SAP technology into SNP products and license it to users as a single product without additional SAP licensing. Our business processes have undergone validation by SAP. SNP's core software product driving transformations is audited by two of the world's leading audit firms, PriceWaterhouseCoopers and Ernst & Young LLP.

1 www.bakermckenzie.com/-/media/images/insight/publications/2017/01/gtf/globaltransactions2017digital.pdf?la=en
2 www.idg.com/tools-for-marketers/2016-idg-enterprise-cloud-computing-survey

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