

Successful ERP transformation: The EA advantage





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Implementing a new ERP and choosing to do business in a new way are two sides of the same coin. It's no accident that we call this process a “transformation.”

There are several reasons you might choose to undertake an ERP transformation. Perhaps your vendor has transformed their solution, creating an entirely new offering with innovative new features that require a rethink of your ERP deployment (e.g., moving from [SAP ECC to SAP S/4HANA](#)). You may have acquired one or several other companies and need to consolidate operations and systems. You may have adopted a new business strategy and your current ERP system lacks the functionality to support it. Or, you may just want to reduce costs, increase operational efficiency, and optimize business processes with a newer, better ERP. Whatever the reason, a systematic approach can ensure you achieve your desired results. It can also help you overcome the common challenges associated with ERP transformation.

SAP LeanIX conducted an [international survey](#) of enterprise architects and IT managers. The survey focused on moving

from SAP ECC to SAP S/4HANA, but the findings relate to any ERP transformation.

According to respondents, the three biggest challenges they face are:

- 66%** Aligning IT, business, and project teams
- 30%** Defining a target architecture and creating a road map to get there
- 30%** Understanding and mapping interdependencies of ERP and non-ERP landscape

These challenges are closely connected, so addressing them requires an approach that takes all of them into consideration. In this white paper, we'll explore why the enterprise architecture (EA) practice, particularly when supported by the right tool, provides the key to overcoming these challenges. Along the way, we'll describe how SAP LeanIX solutions support and facilitate ERP transformation by providing a data-rich guiding light to help you navigate the journey.



Challenge #1: **Aligning IT, business, and project teams**



Establishing alignment between IT, business, and project teams – and maintaining that alignment throughout the project – is the biggest ERP transformation challenge for most enterprises.

Since your ERP runs critical parts of your business, everyone impacted has to understand why the transformation is happening. The decisions involved often require people to adapt or change the way they work. Knowing the reasons behind these decisions and the ultimate goal of the transformation can make it easier to anticipate and accept these changes.

Everyone must also understand what the ERP transformation process will look like. What will happen when? How will it specifically impact their daily responsibilities? How can they support the transformation? How will they be supported when inevitable disruptions occur? Answering these questions lays the foundation for the collaboration the transformation calls for.





Getting the buy-in you need from stakeholders is crucial, and it often requires mutual understanding. Cultivating empathy is key. When one team doesn't understand why something is important to another team or doesn't fully realize what the potential consequences of inaction may be, conflicts can arise leading to a loss of momentum.

A successful transformation involves a steady stream of mutually dependent decisions. To keep everything moving, it's not only critical that stakeholders understand why the decisions matter. They also need reliable and timely data so they can make decisions with confidence.

Finally, you will have to keep stakeholders informed regarding the progress of the project. You will need to loop them in as new and unexpected situations and challenges crop up. You may have to enlist their aid in solving specific problems, or you may need to let them know that a step that matters to them has been delayed. In either case, continuous, transparent communication will help cultivate and maintain the empathy and team spirit transformation demands.

1. Paul Saunders, "Are ERP Projects Really the Stuff of Nightmares?" Forbes, June 2022.

“Meeting the expectations of a wide group of stakeholders and transforming how a company meets the needs of its customers, partners, and employees now and in the future cannot be accomplished with technology alone. It requires the formation of a common culture and mindset that inspires everyone within the organization to work to meet its goals.”¹

Paul Saunders

Head of Product Strategy SAP S/4HANA



Challenge #2: **Defining your target architecture and creating a road map**



Behind every ERP transformation is a set of business objectives. These objectives may be operational in nature or they may be strategic. Whether the aim is improving efficiency and profitability, adopting a new business model, or entering a new space, the process always starts with what the business wants to accomplish.

Achieving your transformation goals means changing the way the business works. To go from how it works today to how it will work once the transformation is complete, you need a clear articulation of your target state and a detailed road map that will get you there. What makes this so challenging?

To begin with, defining the target architecture calls for a clear understanding of the business processes this architecture will support. From a priority standpoint, designing these processes comes first. Only then can you focus on defining the technical requirements of implementing those processes.





One challenge here is the division of labor between business architects and enterprise architects. Unless there is close collaboration between these functions, designing your target architecture will be difficult. This division of labor, however, is complicated by a separation of tools; business architects and process managers tend to use one tool, while enterprise architects use others.

Having defined your target state from both a process and technology standpoint, you need a road map. This brings us to the challenge we will discuss below: to map a path to the future state, you need to understand your current state. (As we like to say, “You can’t go anywhere if you don’t know where you are.”)

Overcoming these twin challenges – understanding the connection between technology and business processes and understanding the current state to create a road map – requires both organization-wide alignment on goals and a deep understanding of how your ERP, today and tomorrow, connects to the non-ERP landscape. As it turns out, close integration between the tools used by different teams can foster this understanding, encourage

collaboration, and allow companies to not only envision the future but also figure out how to get there

Integrate enterprise architecture tools and business process tools to:



Foster understanding



Encourage collaboration



Envision the future



Plan the future



Challenge #3: **Understanding and mapping interdependencies**



People have described ERPs as the “central nervous system” of the enterprise. Because ERP systems connect different parts of the business, they necessarily interact with numerous non-ERP systems. This means that before you can replace one ERP system with another, you need to understand how the current ERP connects to the various components of the non-ERP environment.

To avoid breaking things (for example, causing a failure somewhere in the business) all relevant interconnections and dependencies must be understood and mapped out. It's a given that ERP transformations require periods of downtime or reduced system availability. The goal of mapping is to ensure that these disruptions are both predictable and manageable.

Unfortunately, it is not always the case that companies have the necessary level of visibility into their entire technology landscape, both ERP and non-ERP. Furthermore, companies also often lack clarity around how these technologies effectively implement and support business processes.

For this reason, a comprehensive overview of the landscape, including interfaces, data flows, dependencies, and so on, as well as the overarching business processes, must be created before a transformation journey can be planned out.

If your organization has already taken the time to create this overview (which is precisely what an effective enterprise architecture management solution provides), then you are good to go.

If not, then this mapping process needs to be your first step. (We will talk about how to do this a bit more later in this resource.)



SAP LeanIX — Your toolkit for ERP transformation

SAP LeanIX provides the visibility, understanding, and modeling capabilities you need to guide, manage, and track your ERP transformation.

It is specifically designed to:

- Plan architectural road maps
- Understand the potential impact of transformation initiatives
- Enable deeper collaboration between business and IT teams by providing a shared view of where the transformation is heading

SAP LeanIX enables the impact modeling, timeline sequencing, and scenario planning needed to visualize your future ERP ecosystem, create the road map to get there, and keep all stakeholders informed, invested, and on the same page.





Gaining full visibility into your as-is architecture



ERP transformation starts with a comprehensive understanding of where you are today.

Many organizations already have some overview of their application portfolio and how applications map to business processes. However, this overview is often not granular or rich enough for an ERP transformation because it doesn't capture everything you need to know, from business ownership of applications and data flows to all relevant dependencies.

Without this level of insight, you can't fully understand how your technology and business processes interact or who has a stake in their interaction. That means you can't accurately predict what will happen when you disconnect or eliminate something.

Before you take any action that could have a ripple effect across the organization, you need full visibility into your existing architecture, and you need to map every dependency between components. It's not enough to simply know all of the applications and technology you have; that's only the first step. You have to drill down deeper.





As it turns out, the level of depth and granularity you need can be achieved with SAP LeanIX.

The solution can play an essential role in visualizing and mapping your existing IT architecture and how it all connects to your ERP and non-ERP systems. It enables users to collaboratively create a comprehensive inventory of applications, explore their dependencies, analyze their business and technical fit, and make informed decisions about which applications to retire, replace, or invest in.

SAP LeanIX enables you to:



Create an inventory of applications



Explore application dependencies



Analyze business and technical fit

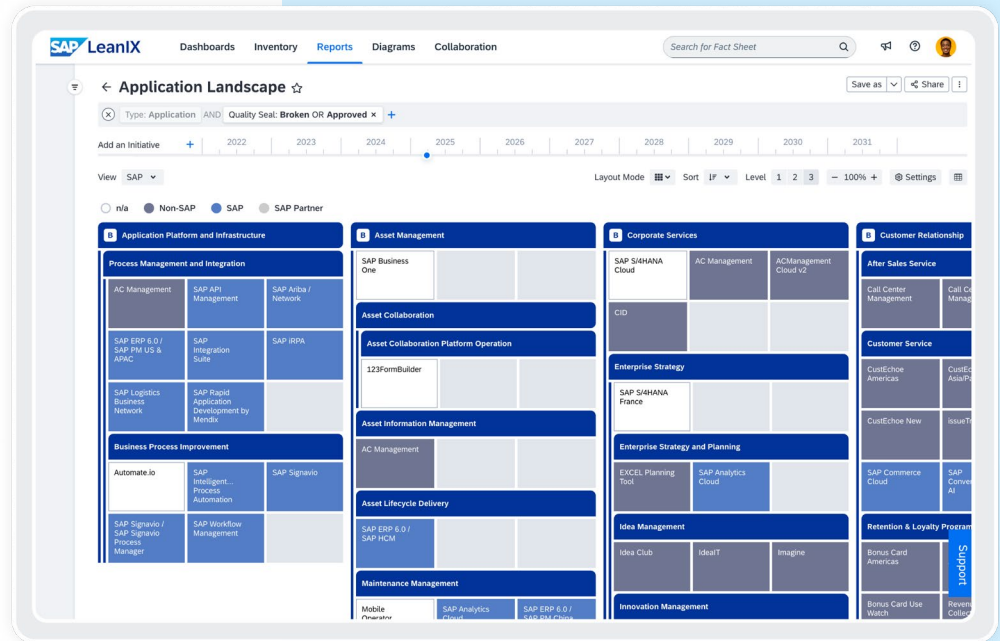


Make informed decisions



Understand the as-is landscape

SAP LeanIX gives you a holistic view of your enterprise architecture, with full transparency into the business, application, data, and technology layers, as well as the relations between them. This enables you to visualize where ERP and non-ERP applications are used and how they interact. You can also classify applications according to the Gartner Pace Layer model (Systems of Record, Systems of Differentiation, Systems of Innovation), among other methodologies, to help define the scope of your transformation efforts.

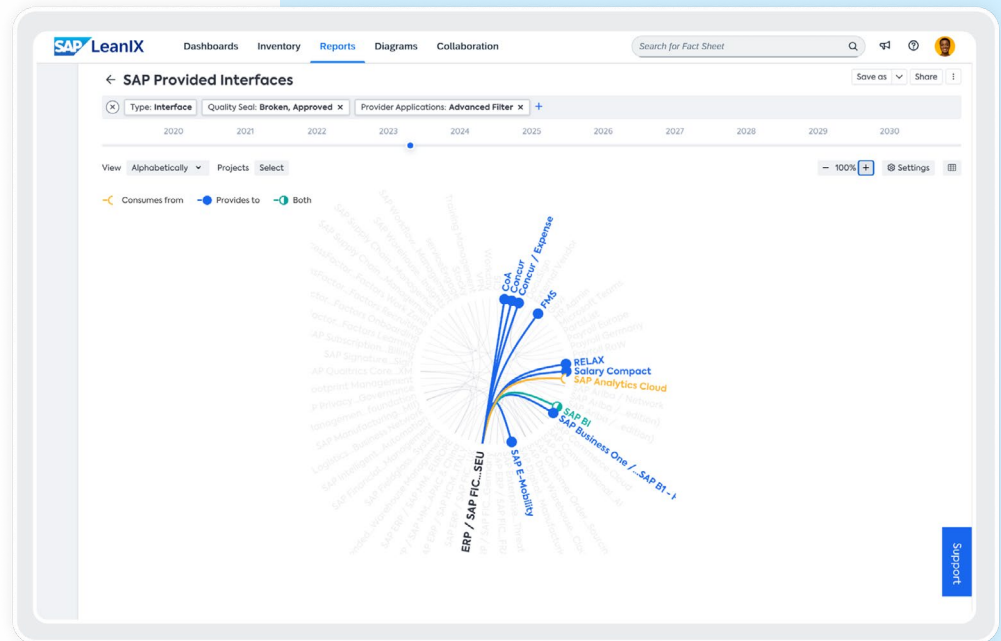




Identify interdependencies

With SAP LeanIX, you can go deeper into interdependencies with detailed insight into all interrelations and interfaces in both your ERP and non-ERP landscape. This enables you to uncover ERP transformation risks and determine where APIs are required to facilitate integrations.

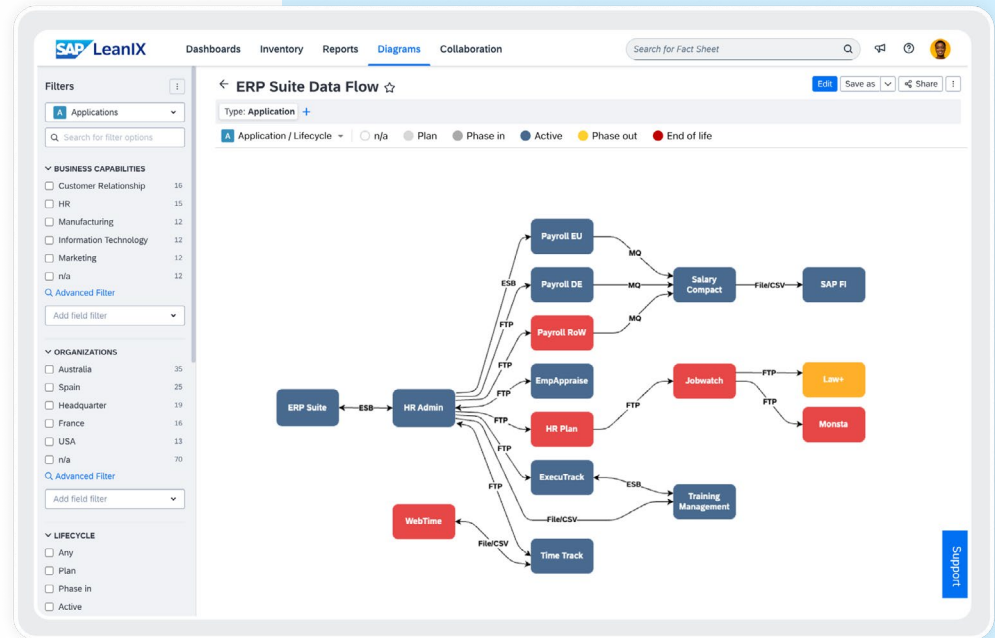
You can also build an interface repository that is kept up-to-date collaboratively with business users. All of this information is available to stakeholders in easy-to-understand visual reports.





Explore data flows

SAP LeanIX allows you to leverage visual heatmaps for insight into data flows within the organization. This enables you to interactively explore interfaces between applications and the protocols used to exchange data. You can also see where your data silos are and identify the data in them that needs to be made accessible and available.

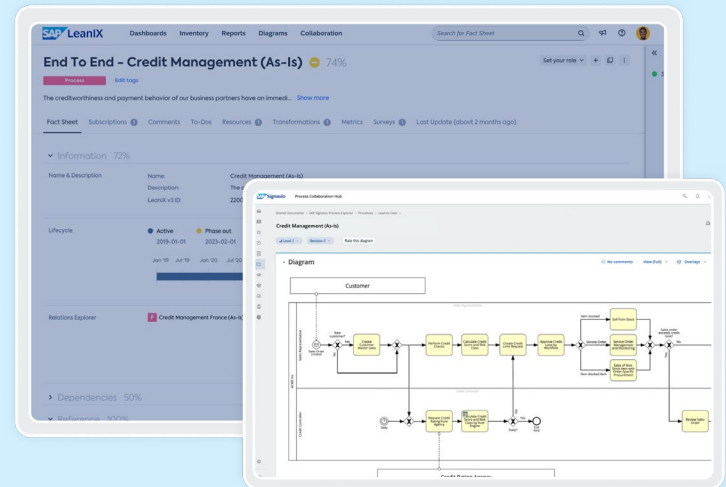




Combine enterprise architecture data and business process data with SAP Signavio

If your organization uses SAP Signavio for business process management, SAP LeanIX provides an out-of-the-box integration allowing you to leverage the data captured there to inform your decisions. Once the integration is activated, your business process data will be synced automatically with SAP LeanIX, enabling you to analyze business processes and verify optimal IT infrastructure implementations (applications, processes, and IT components).

Seamless integration between SAP Signavio and SAP LeanIX also allows business process architects and enterprise architects to use their tools of choice while maintaining a shared view of the ongoing transformation. This ensures that stakeholders across the organization speak the same language and collaborate effectively. The combined perspectives of SAP Signavio and SAP LeanIX support business and IT collaboration while reducing uncertainty so you can make faster decisions with confidence and streamline your transformation.





Industry: Retail / Headquarters: UK / Employees: 25,000+

CASE STUDY: Travis Perkins

British home improvement retailer Travis Perkins needed to improve the user experience to meet evolving customer expectations. Unfortunately, much of the data they needed to plan and execute a modernization process was missing or poorly maintained.

Travis Perkins chose SAP LeanIX to guide their ambitious IT modernization project, which included ERP transformation.

The close integration of SAP LeanIX and SAP Signavio gave them a unified view of their IT and process landscapes, and allowed them to easily supplement process data with enterprise architecture data. As a result, everyone could quickly determine which applications supported which business processes, and who owned the applications.

“It’s hard to move to a better operating model if you don’t know what you’re actually doing or how things work today.”

Matt Webb

Head of Business Process Improvement, Travis Perkins

[Learn how SAP LeanIX played a key role](#) in Travis Perkins’ ERP transformation, and why they can now execute future transformations in a consistent, standardized way.



Technology transformation with SAP LeanIX



Now that you have the required view of all your applications, business processes, and interdependencies, and a single source of truth for communication and collaboration between stakeholders, you can begin designing your target architecture and creating your road map. This is where SAP LeanIX's architecture planning and IT road map planning capabilities come in.

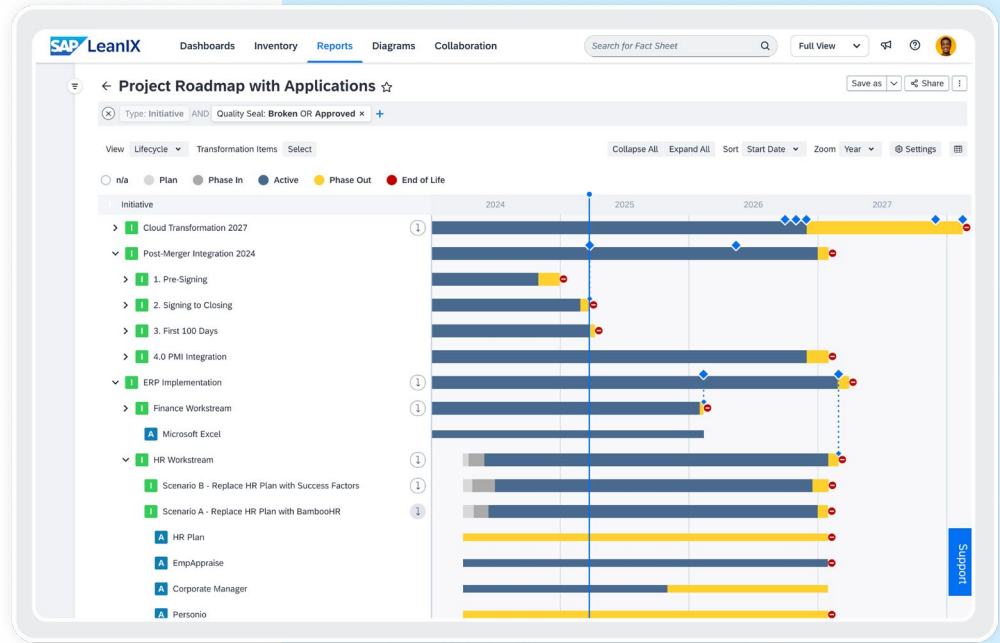
Over the years, SAP LeanIX has developed innovative EA capabilities, with roots in the agile practices of modern engineering and software development, for planning your target architecture. To put it simply, SAP LeanIX enables teams throughout the organization to collaboratively plan and model changes. Further, application landscapes can be visualized through a series of interactive timeline reports, so you can predict how IT and business environments will take shape at different stages of your transformation.





Plan and model transformation scenarios

With SAP LeanIX, you can evaluate possible transformation scenarios and migration approaches, visualizing the impact of various scenarios on the enterprise architecture at defined milestones. This enables enterprise architects to understand which initiatives are sequentially dependent on others. They can then determine the optimal order of operations for transformation steps and build an overall transformation road map on both a project and an application level.

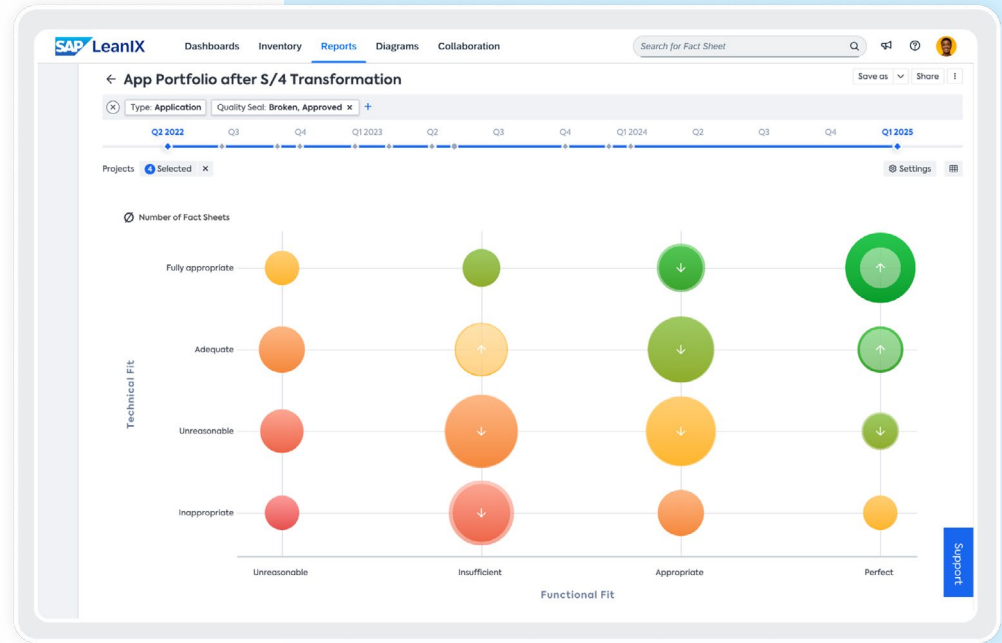




Visualize impact

You can also explore the potential impact of transformation scenarios on the enterprise architecture, allowing you to preview and contextualize the outcomes of IT initiatives without setting attributes live.

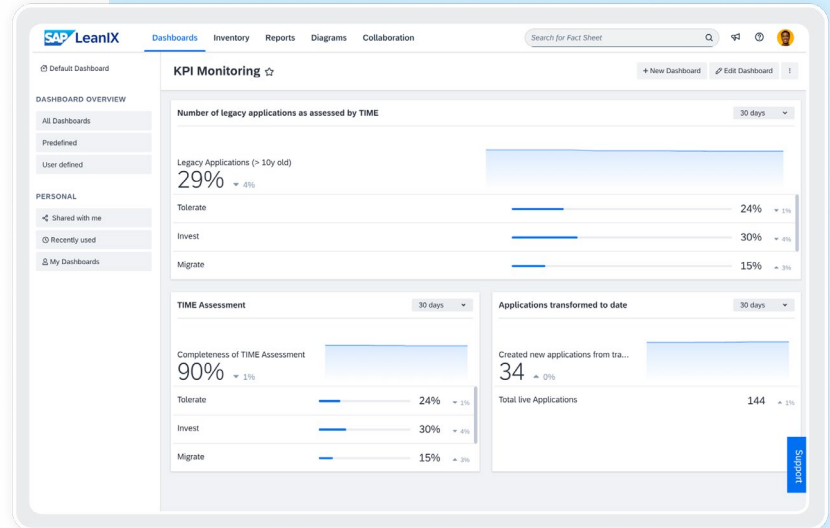
As a result, you can evaluate and compare future states arising from the completion of selected projects, analyze results, and adjust your road map accordingly.





Track and measure improvements

It is important to remember that your “as-is” state will change as the journey progresses. As you make changes, updating and replacing applications, you will eliminate old dependencies and create new ones. This means you will have to continuously update your model of the as-is state. SAP LeanIX can track and visualize your progress throughout the entire transformation. Every time you make a change to your architecture and execute on a defined transformation, SAP LeanIX can provide an up-to-date snapshot of your landscape and show you how it is evolving with each change you make. This ensures your road map can dynamically evolve with your architecture so you’re always on the right track to reach your target state.





Keeping everyone on the same page



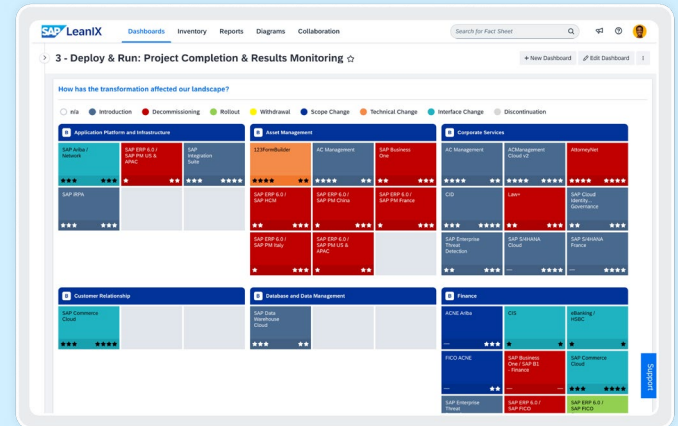
Alignment between stakeholders is the most difficult ERP transformation challenge companies face.

ERPs touch so many areas of the business that any changes made can have consequences across the organization, affecting people's daily jobs and critical business processes. A transition of this magnitude thus requires seamless communication and collaboration across teams.

SAP LeanIX enables you to determine what the direct and indirect effects of shutting down or migrating applications will be. You can know what processes and capabilities will be affected and when. You can also know who owns which applications, whom to notify, and which teams will have to adjust workflows.

SAP LeanIX also features reports and dashboards that all stakeholders can access, ensuring that the right people always have the best, most up-to-date data regarding their respective applications.

You can also add reports to your dashboard at each stage of the journey so that other stakeholders are provided with instant visibility into what matters to them. This helps keep everyone informed and aligned on the progress and results of the transformation.





ERP transformation done right: See, understand, plan, transform

ERP transformations play a critical role in an enterprise's business and technology strategy. It is also one of the most complex IT projects an organization can undertake.

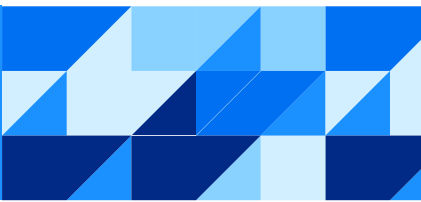
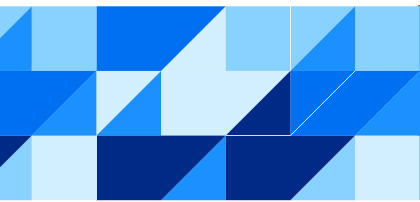
With the power of effective enterprise architecture management and SAP LeanIX, you can visualize, plan, and execute the most complex ERP transformations, overcoming the obstacles that many organizations struggle with.

SAP LeanIX can serve as your single source of truth for transformation. With intuitive visualizations and reports, SAP LeanIX enables seamless communication and collaboration in a holistic way. It gives you the data, tools, and collaboration capabilities you need to align IT, business, and project teams

and make informed decisions to keep your transformation on track.

By aggregating information in one system, you can use SAP LeanIX to map your current state, envision and design your target state, and create an actionable transformation road map to get you there.

Even after your ERP transformation is complete, you will still need to track its impact on your enterprise and identify ongoing optimization opportunities. ERP transformation shouldn't be viewed as a one-time change in software; rather, it should be seen as part of a continuous transformation. As your continuous transformation platform, SAP LeanIX facilitates the process from start to finish...and beyond.



To see how SAP LeanIX powers your ERP transformation, take our guided product tour.
[See SAP LeanIX in action.](#)



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SAP LeanIX is a market leader for enterprise architecture management (EAM), driving the modernization of IT landscapes and continuous business transformation. Its software-as-a-service solutions empower organizations to create transparency, enabling them to visualize, assess and manage the transition towards their target IT architecture. By offering a data-driven and automated approach enhanced with AI, SAP LeanIX helps organizations make sound decisions and collaborate more effectively. SAP LeanIX is trusted by leading brands around the globe. Headquartered in Bonn, Germany, the company has a strong international presence with offices in Boston (USA), London (UK), Paris (France), Amsterdam (Netherlands), and Ljubljana (Slovenia). In November 2023, SAP LeanIX became part of SAP. For more information, visit www.leanix.net.

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