Wave-based vs. big bang approach to migrating to SAP S/4HANA

Wave-based vs. big bang approach to migrating to SAP S/4HANA

What is the best approach to an SAP S4/HANA migration project – wave-based or big bang? 2027 might seem far away to most but considering the average S/4HANA migration takes 12-18 months, you can't afford to delay planning. Depending on the complexity of your business and its needs, a migration will impact your daily and future business considerably if executed badly.

We'll go over both the wave-based and the big bang approaches so you can make the decision that works best for your organization.

Wave-based migration approach

The wave-based approach involves migrating to S/4HANA in multiple phases or waves. Each wave focuses on migrating a specific set of functionalities or business units, which allows a gradual transition to the new system.

The major benefit here is minimizing disruption and better control and management of the migration process. It also allows for testing and validation of each phase before moving on to the next one.

This method's biggest disadvantage is the longer timeline needed for the complete migration. This means it also takes longer to reap the benefits and can increase the total project cost. But there are other risks involved too.

What are the other wave-based approach risks?

- Data inconsistencies and operational disruptions - If different parts of your business rely on interdependent systems, you may face challenges when trying to connect them.

- Adoption fatigue - We mentioned that a migration can take up to 18 months. Imagine your workforce having to deal with ongoing changes over that period. Adoption fatigue can have an impact on productivity and workforce morale, making user adoption challenging.

- Incomplete transition - If phases aren't executed correctly or if certain parts of the business resist the migration, the risk of incomplete transition is higher with this approach.

Big bang migration approach

The big bang approach involves a complete and simultaneous migration of all functionalities and business units to S/4HANA. This approach aims to minimize the overall migration timeline and quickly roll out the benefits of the new system. It requires extensive planning and preparation to ensure a smooth transition and minimize disruption to business operations.

On the positive side, all the downtime happens at once, rather than successive downtimes across different systems over a long period of time. It can also be easier to make large IT infrastructure changes when all systems are switched over in one big shift, enabling a leap forward in modernization.

However, the big bang approach can be riskier as any issues or challenges that arise during the migration can have a significant impact on the entire organization.

What are the other big bang approach risks?

- High initial disruption to your daily operations

As your entire organization transitions simultaneously, you'll have an uptick in downtime, data migration challenges, and potential disruptions to some of your critical business functions.

- Failures during migration will have an immediate and widespread impact

You'll need to test and have a contingency plan to reduce risk here when moving the entire organization to SAP S/4HANA at once.

- User adoption challenges

As all employees across your business have to adapt to the new system at the same time, user adoption may suffer. This will be more prevalent if you don't have training and change management strategies in place.

Which S/4HANA migration method is best for your business?

You've read how both approaches have their advantages and disadvantages. The choice between them depends on several factors, such as the organization's size, complexity, location, resources, and risk tolerance. Ultimately, the chosen method should align with your organization's goals and priorities for the migration.

Businesses that could benefit from the wave approach

- Large enterprises with complex operations can use this approach to migrate different business units or regions at a time. This will allow them to manage complexity and adapt to unique requirements.

- Industries that are highly regulated, like healthcare or finance, are subject to strict regulatory compliance. A wave-based approach allows businesses to focus on ensuring compliance in one area before extending it to others.

- Global corporations that operate in various countries and time zones can stagger their migrations based on geographic regions. This minimizes possible disruptions and eases localized support during the transition.

- Companies with limited resources in terms of IT, personnel, and budget can use the wave-based approach to spread the workload and costs over multiple phases.

Example of a wave-based migration

When the European energy giant E.ON Group was ready to migrate, they didn't just want to migrate systems but also go from on-prem to S/4HANA cloud. Over a three-year timeframe, SNP successfully migrated more than 150 E.ON companies from a total of 550 to be done by 2027.

Using the wave-based approach supported continuous process optimization to ensure the highest level of standardization across the board.

Businesses that could benefit from a big bang approach

- Startups and new businesses that have minimal legacy systems can establish a modern ERP system without the complexity of phased migrations.
- Small and medium-sized enterprises (SMEs) often have less complex IT landscapes and business processes. They can complete the migration quickly, minimizing downtime and the need for extensive project management.
- High-risk tolerance organizations are more willing to accept initial disruption to quickly realize the benefits of SAP S/4HANA. They prioritize long-term gains over short-term inconveniences.
- Industries with seasonal business fluctuations, such as retail or hospitality, can execute a big bang migration during their off-peak periods. This helps reduce the impact on peak revenue-generating times.

Example of a big bang migration

A great example of a big bang migration is Coop, one of Switzerland's largest retail and wholesale companies. The requirement for SNP was the migration of both their systems: a retail (CCR) and trading (CTC) system. These two legacy systems had an average running time of 16 years, and 50% of sales were processed through them. Both systems needed to be migrated simultaneously and used the Near-Zero Downtime approach for their large CCR system. The challenge: both systems had to be back up within 18 hours!

Having the right migration partner

Embarking on a migration journey is a huge undertaking and understanding how to be successful doesn't just need a strategy. it also needs the right tool.

SNP's CrystalBridge® platform is designed to facilitate and streamline complex migration and transformation projects. From effective structuring and organization to actively monitoring and managing data quality, CrystalBridge will help you move quickly and securely. Now, your IT teams can be freed up to do what they do best.

www.snpgroup.com