SAP SUCCESS REPORT

Uncovering the factors that drive success for SAP customers

A RESEARCH STUDY BY **RESULTING IT** AND **DR DEREK PRIOR**,
FORMER GARTNER SAP RESEARCH DIRECTOR

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Contents

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Introduction

Over the last 20+ years, major organisations around the world have been implementing SAP to transform and ultimately run their businesses better.

But despite thousands of implementations and millions spent, we hear of reports of SAP user frustration and varying degrees of implementation success.

Despite the clear evolution of the SAP solution over the past two decades, why are implementations still faltering 20 years on?

SAP product pedigree and breadth of business functionality is arguably unassailable. And there's no lack of implementation methods and best practice across SAP supplier ecosystem to enable customers to get things right.

So why is SAP success so hard to realise?

We decided to find out so that SAP customers can better understand which factors reduce risk and underpin success.

With our colleague, Dr Derek Prior, the former SAP Research Director at Gartner, Resulting are pleased to present the **SAP Success Study**.

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Foreword

During my 19 years as SAP Research Director at Gartner I had the privilege of speaking to thousands of SAP customers. Many times I was asked "What does SAP success look like?"

This was the driver for this ground-breaking research and a quest to better understand why some achieve SAP success whilst others flounder.

A surprising number of SAP customers have really struggled with their SAP investments. Like any large complex programme, SAP implementations present big challenges – and SAP success is not something easily achieved.

Whenever I've been asked to define SAP success, my response has been simple – has our business case for SAP been achieved?

After all SAP is about delivering business benefits, is it not? Isn't that why you invested in SAP in the first place?

The SAP Success Study has honed in on what it takes to achieve SAP success. It has identified the real reasons why some SAP programmes succeed whilst others unfortunately continue to fail.

The purpose of the research is ultimately to benchmark the best to find out what makes them so successful – so that people like you can learn from many years of experience and shortcut your own route to success.

Whether you are in the midst of a SAP implementation project or you've been running SAP for years, I believe the learnings this report brings will prove valuable. Most importantly, I hope that we in some way help you maximise the benefits that your SAP solution is capable of delivering.

I hope you find the research useful and am interested in hearing your views.

Dr Derek Prior

Former Gartner Research Director, Non-Executive Director Resulting IT

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The SAP success team

Although your SAP team will likely comprise many people, we have focused on six crucial personas that we believe have the biggest influence on SAP programme success.

And, although their exact job titles may vary in your organisation, you should be able to identify with them.

Executives

Define the strategy and sign-off your SAP business case along with any business benefits. Ultimately, they're the sponsors of success for your investment in SAP.

Business managers

Functional beneficiaries of your SAP solution. They provide the input of business needs to projects and are eventually responsible for ensuring that new SAP business processes perform.

SAP solution architects

Responsible for translating business requirements to functional and technical designs that deliver your business case.

Procurement and sourcing

Tasked with all vendor selection and defining the delivery model and commercials for your SAP investment.

HR and resourcing

Responsible for recruiting and on-boarding the right team before ensuring the end-state organisation is in good shape to absorb the business change and realise benefits.

Programme managers

Provide the necessary planning, oversight and governance to deliver your SAP programme.

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Are we missing someone?

We've consciously excluded your Systems Integrator from the list of six crucial personas.

Why?

Because ultimately, it's your SAP solution, your business and your responsibility to set yourself up for SAP Success.

You choose your Systems Integrator.

You manage your Systems Integrator.

You are responsible for delivering your own business case.

That's also why there's only really one IT persona included too. SAP is a business solution that affects business processes for business benefit.

It's often easy to assume that SAP success is an IT problem. It isn't, as you will find out from our SAP Success Study findings.

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Methodology

The SAP Success Study 2018 field research was conducted in December 2017 and January 2018

Respondents were asked a series of questions to establish the extent to which they agreed or disagreed across **15 SAP success levers** for a given programme which they have been involved in.

Respondents were also asked to rate the same SAP project against **three factors of success** (on plan, on budget and whether the project met its business objectives).

The **15 success levers** are based on a hypothesis from Resulting IT based on our 20 years of SAP experience.

We surveyed **113 individuals** across **105 different companies**.

All respondents were qualified based on extensive experience of SAP implementations and were matching to the **six critical personas** referenced.

The study's sample included both **professionals working for the business** and **independent SAP consultants** who have worked in business side roles.

Analysis of the results sought to identify persona specific variances in results and identify strong correlations between the **three factors of success** and 15 SAP success levers.

A small number (20%) of experienced **Systems Integrator** staff responses are also included in the sample and provide a balanced view.

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Our hypothesis – SAP success levers

The SAP Success Study presented a number of positive statements to our 6 personas across the 15 SAP success levers to rate their agreement or disagreement.

The 15 SAP success levers form part of our experience-based hypothesis for SAP success.

Each lever has a negative state – which we believe unsuccessful SAP programmes will exhibit. And a positive state – which we believe successful SAP programmes will demonstrate.

POSITIVE STATE
which we believe **successful** SAP programmes will demonstrate

Connected strategy

SAP SUCCESS LEVER

1

NEGATIVE STATE
which we believe **unsuccessful** SAP programmes will exhibit

Unclear strategy

The research identifies correlations between the success levers and the following outcomes:

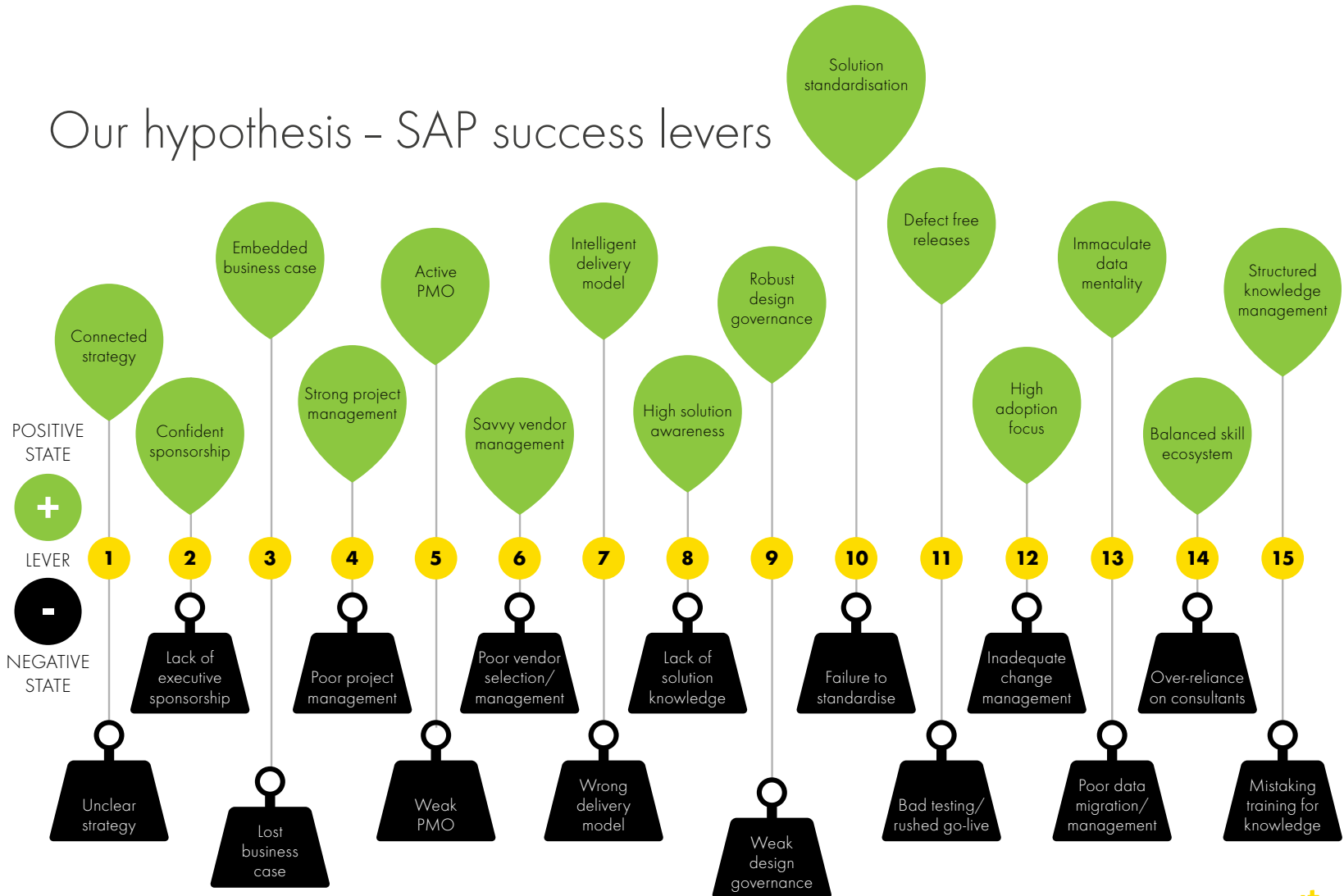on plan   +   on budget   +   on value   =   SAP success

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Our hypothesis – SAP success levers

POSITIVE STATE +

LEVER

NEGATIVE STATE -

Lever	Positive State	Negative State
1	Connected strategy	Unclear strategy
2	Confident sponsorship	Lack of executive sponsorship
3	Embedded business case	Lost business case
4	Strong project management	Poor project management
5	Active PMO	Weak PMO
6	Savvy vendor management	Poor vendor selection/management
7	Intelligent delivery model	Wrong delivery model
8	High solution awareness	Lack of solution knowledge
9	Robust design governance	Weak design governance
10	Solution standardisation	Failure to standardise
11	Defect free releases	Bad testing/rushed go-live
12	High adoption focus	Inadequate change management
13	Immaculate data mentality	Poor data migration/management
14	Balanced skill ecosystem	Over-reliance on consultants
15	Structured knowledge management	Mistaking training for knowledge

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Topline findings

On plan – topline findings

STATEMENT

"The SAP programme kept to the original delivery plan"

on plan

Only
36%
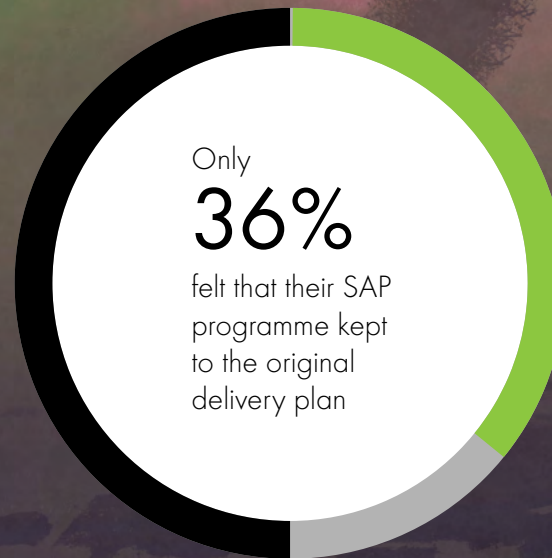
felt that their SAP programme kept to the original delivery plan
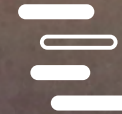
CAUSE FOR CONCERN

50% did not feel that their SAP programme kept to the original delivery plan.

After 20 years of practice and lessons learned, should we not expect better as an industry?

Should contingency estimates not have improved with time and experience?
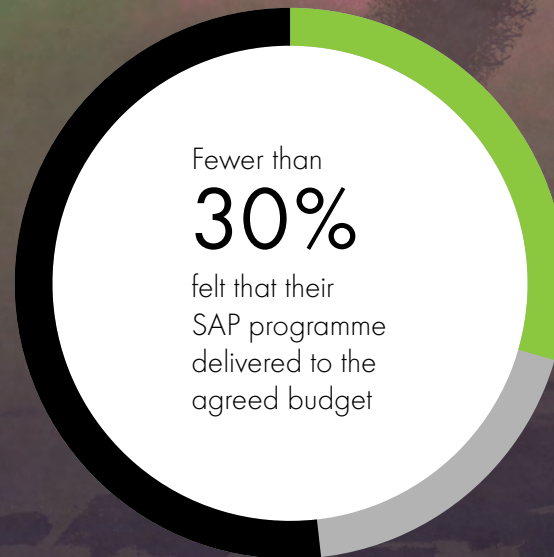
Disagree   Neither   Agree

Resulting IT

On budget – topline findings

STATEMENT

"The SAP programme was delivered to the agreed budget"

Fewer than
30%
felt that their SAP programme delivered to the agreed budget

on budget
£

CAUSE FOR CONCERN

More than 70% did not feel that their SAP programme was delivered to the agreed budget.

SAP projects have a history of budgetary over-run but this level points to either a gross underestimation or a sign that SAP programmes are not under proper control.

Disagree   Neither   Agree

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On value – topline findings

STATEMENT

"The SAP programme achieved its business objectives."

Fewer than half

48%

felt that their
SAP programme
achieved its
business objectives

on value

CAUSE FOR CONCERN

Only 48% felt that their SAP investment achieved its business objectives – which one must interpret as success.

But more damning is that over 50% of SAP programmes failed to meet their business objectives.

What is the true cost to these businesses from a strategic, economic and competitive advantage perspective of failing to achieve their objectives?

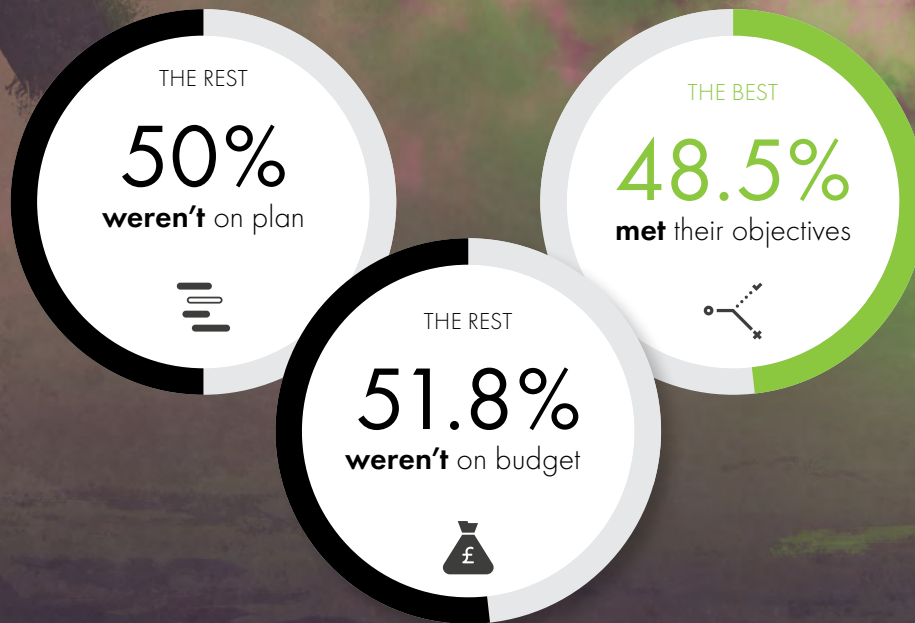And what can we learn from the SAP programmes that did achieve success?

Disagree   Neither   Agree

Resulting it

Are you a gambler?

THE REST

50%
weren't on plan

THE REST

51.8%
weren't on budget

THE BEST

48.5%
met their objectives

After 20 years of practice, it seems that the ecosystem of consultancies, contractors, and vendors can promise little more than a 50/50 chance of success.

The scary question:

Would you gamble £20m - £100m on a SAP implementation with these odds?

The scarier question:

Would you gamble the future success of your business with these odds?

The acid test question:

Would you board a flight if the chance of "success" had the same odds?

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But the devil's in the detail…

The results in detail

In this section we're going to look at each of the 15 SAP success levers in turn.
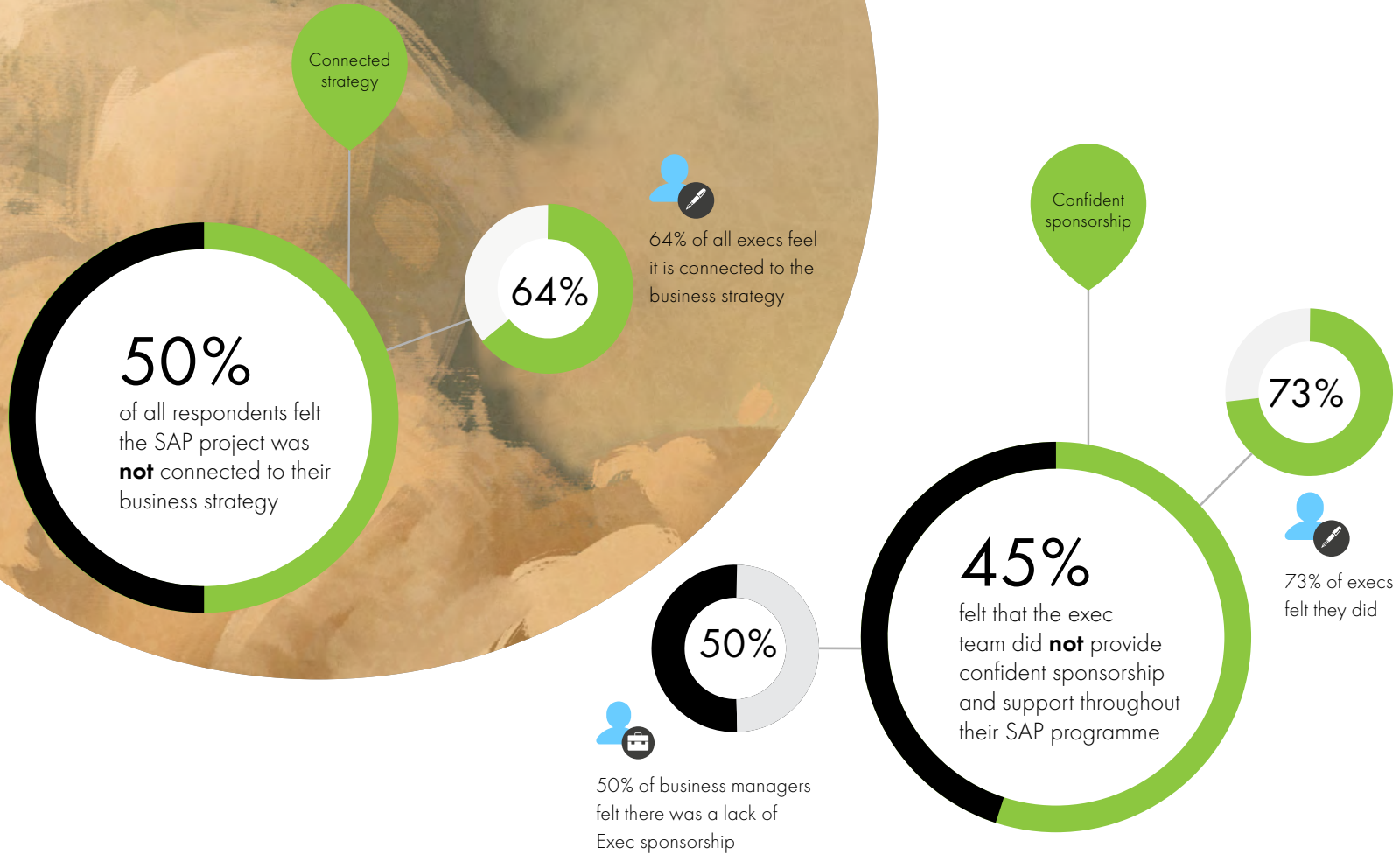
How did respondents answer each question?
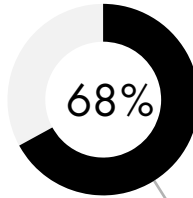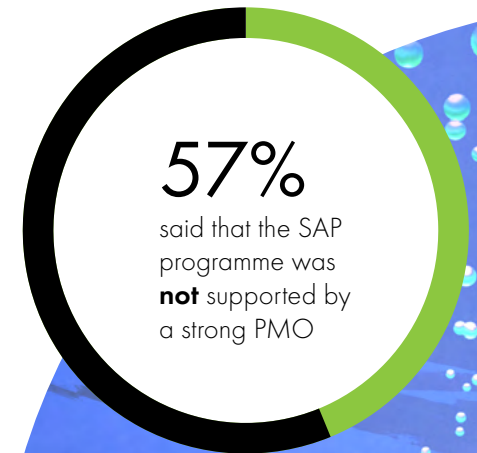
And, do the six key SAP success personas agree?

Strongly
disagree

Strongly
agree

Executives

Programme
managers

Business
managers

HR and
resourcing

SAP solution
architects

Procurement
and sourcing

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Connected strategy

64%

64% of all execs feel it is connected to the business strategy

50%

of all respondents felt the SAP project was **not** connected to their business strategy

Confident sponsorship

73%

73% of execs felt they did

45%

felt that the exec team did **not** provide confident sponsorship and support throughout their SAP programme

50%

50% of business managers felt there was a lack of Exec sponsorship

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This includes 68% of business managers

68%

77% of business mangers (the people responsible for delivering benefits) felt that it wasn't

77%

34%

Only 34% of programme managers thought that the SAP programme was supported by strong programme management

62%

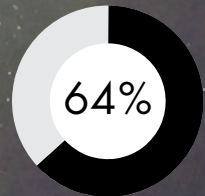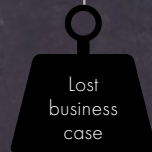62% felt that their SAP programme was **not** supported by strong project management

64%

64% of programme managers also felt that it wasn't

60%

claimed that the principles of the original business case were **not** embedded in their SAP programme and therefore weren't fully realised

Lost business case

Poor project management

57%

said that the SAP programme was **not** supported by a strong PMO

Weak PMO

Resulting It

20%

Only 20% of HR and resourcing respondents believed they had achieved the right delivery model

57%

felt that they **hadn't** procured the right balance of third party vendors and internal resources to support business adoption

Wrong delivery model

63%

Worryingly, this includes 63% of procurement respondents

18%

Execs tend to be more sceptical. Within the cohort, only 18% of Execs agreed.

only **35%**

said the SAP was delivered successfully with the support of a suitable Systems Integrator with a strong cultural fit

23%

Similarly, only 23% of business managers agreed.

Poor vendor selection/ management

IT Resulting

59%

Only 59% of SAP solution architects felt they had sufficient knowledge

48%

felt that the architecture team **lacked the knowledge** to define a suitable solution for the business

Lack of solution knowledge

Solution standardisation

>70%

More than 70% of executives believed they had standardised

<50%

Less than half believed they had used the programme as an opportunity to standardise

62%

felt that their architecture team were **not** in complete control of the SAP solution during their programme and failed to manage design changes in a structured way

Weak design governance

45%

Only 45% of architects felt that they were in complete control

Resulting

48%

48% of programme managers felt that the system was tested

60%

felt their SAP system was **not** fully tested prior to going live

64%

64% of executives believed that the system was tested

82%

Bad testing/ rushed go-live

82% of business managers felt that the system was **not** fully tested

High adoption focus

45%

said there was **insufficient focus** on business adoption

This was unanimous across all personas

Resulting

82%

82% of executives felt that sufficient attention had been paid to data

53%

said that **insufficient attention** was paid to data migration and ongoing maintenance

36%

36% of business managers agreed

Poor data migration/ management

55%

55% of execs felt they had placed a high importance on this

62%

felt that they had **not** placed a high importance on self-sufficiency through knowledge transfer

14%

14% of business managers agreed

Mistaking training for knowledge

It Resulting

73%

82% of execs felt that there was a strong emphasis placed on self-sufficiency

61%
said there was **not** a strong enough emphasis placed on creating an internal SAP capability to reduce over-reliance on external SAP consultants

18%

18% of business managers agreed

Over-reliance on consultants

Resulting

How do the 15 success levers compare?

When comparing The Best with The Worst across the 15 success levers in aggregate, clear patterns emerge.

The Best performers exhibit 8% -18% swings in success lever scores vs. the overall average.

The Best in terms of achieving business objectives exhibit the biggest variance, with on average 16% better ratings across the 15 success levers.

8% better

9% better

16% better

Plan

Budget

Value

12% worse

17% worse

18% worse

Resulting
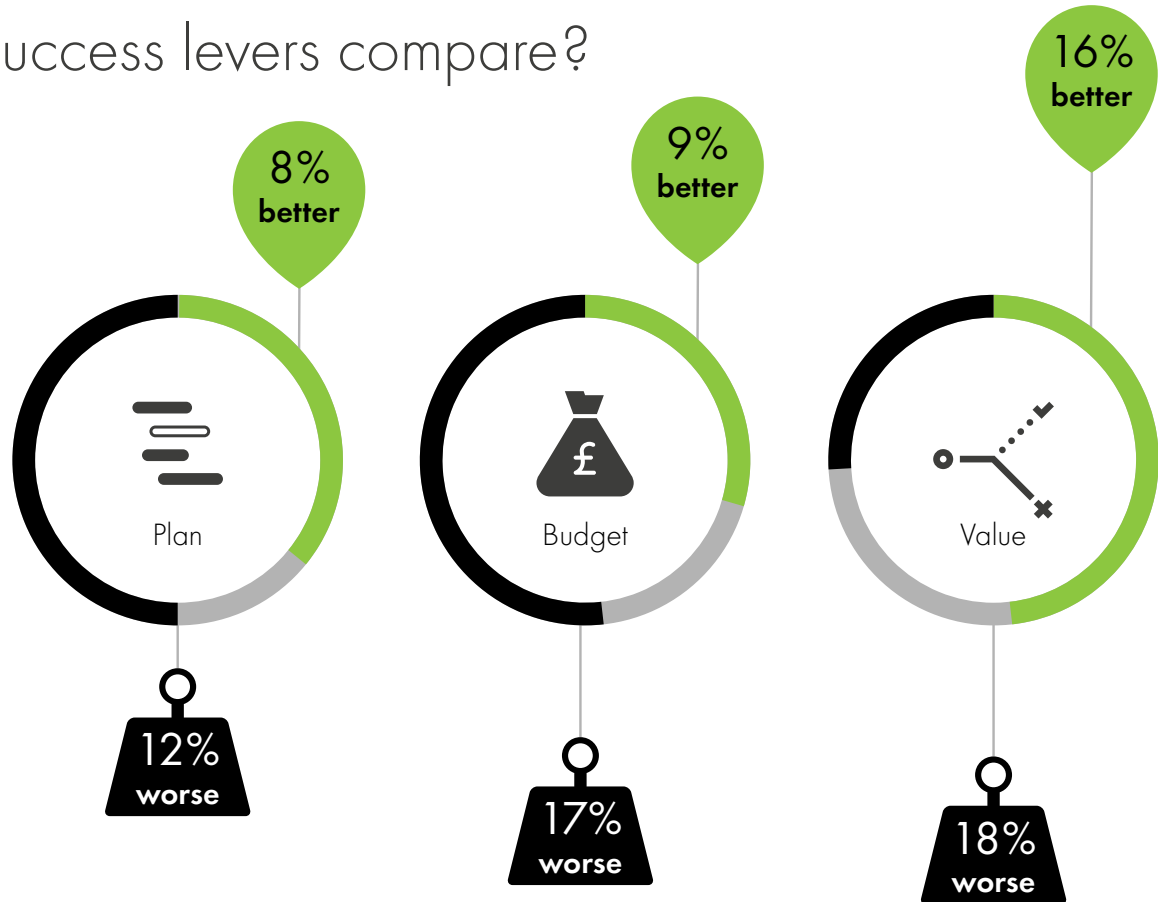
Segmenting SAP success – business objectives

THE WORST
Disagreed or strongly disagreed

THE REST
Neither agreed or disagreed

THE BEST
Agreed or strongly agreed

How much better are **The Best** than **The Rest** across the 15 SAP success levers?

Which factors influence success the most, and to what extent?

What should you focus on if you need to increase your chances of SAP Success?

How do you increase your chances of being **The Best** and reduce the chances of being just one of **The Rest**?
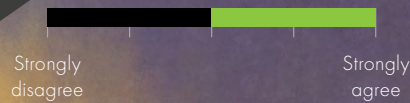
Resulting

7

things you can do to massively increase your chances of success with SAP

it
Resulting

7th

Strong project management

STATEMENT

"The SAP programme went to plan and was supported by strong programme management."

Strongly disagree

Strongly agree

Programme management really is the SAP hot seat.

It's vital that the people in this role are experienced and have done it before. That said, you shouldn't simply rely on your Systems Integrator to lead. It's important that you commit business-side people or experienced independents who can drive the programme as a business transformation and not simply an IT implementation.

Viewing your SAP investment as a long-term journey rather than a rush to go-live is a sign of a rounded, mature SAP programme manager. They'll have one eye on successful implementation but another focused on the business case and long term deployment.

17% better

4

16% worse
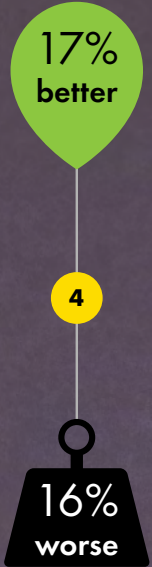
"The client must ensure they have a strong programme manager working for them with authority to manage the external suppliers. This is often a missed opportunity"

Independent SAP Delivery Manager Media Industry Focus

it Resulting

6th

Embedded business case*

STATEMENT

"The principles of the original business case were fully embedded and realised as part of the SAP programme"

Strongly disagree — Strongly agree

"An ability to measure the actual business benefits delivered from each SAP project and compare them against the original business case. Too often the business case gets left on a shelf after it gets accepted."

Industry Analyst

Nothing is more important than achieving the business case. Ultimately, it is the only measure of SAP success. Too many SAP programmes lose sight of their business case and the measurable process improvements that drive success.

Work hard early to create a robust business case for your SAP programmes with clear assumptions, and metrics with a stated level of baseline performance. And keep it visible through the programme and beyond.

You should be able to stop anybody on your SAP programme and ask the question "What principles is our business case built on?". If they can't answer simply and quickly, they shouldn't be there.

17% **better**

3

20% **worse**

*Embedded means that the business case is part of the project/programme and has a life beyond so that it is subject to ongoing measurement.

it Resulting

5th

Savvy vendor management

STATEMENT

"The SAP programme was delivered successfully with the support of a suitable Systems Integrator with a strong cultural fit to the business."

Strongly disagree — Strongly agree

"SAP programmes typically depend far too much on System Integrators to deliver the entire end-to-end solution and associated change management. My experience has been that this has not worked with several big SIs as they lose sight of quality and rely too heavily on offshore resources who have little experience and no engagement with the business."

Independent SAP Delivery Manager
Media Industry Focus

Your Systems Integrator has done this many times before. They know the script.

But it's unlikely that your people have the same level of experience with the SAP solution or the extent of business change you'll go through. So your SI needs to help you along rather than "do it to you".

Select an SI based on cultural fit and evidence of working with companies like yours before. Next, get the SI relationship and vendor management right with strong, fair management.

Make sure they understand that it's your SAP system and your business. Their role is to advise and implement. But you have to live with the system for many years to come.
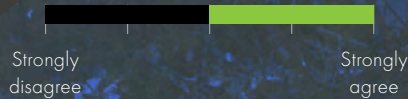
21% better

6

19% worse

it
Resulting

4th

Connected strategy

STATEMENT

"The SAP programme was fully connected to the overall business strategy."

Strongly disagree   Strongly agree

Connecting your SAP programmes and ongoing SAP roadmap with your strategy is crucial.

Execs will make this link. But don't assume that everyone will. The further down the chain people are, the less likely they are to join the dots between their role and your business strategy.

It's classic *hoshin kanri* but it's amazing how the simple notion of linking everybody's effort with strategy is often overlooked – especially on something so strategically important.

"Strategic agreement of what the program has to achieve, realistic time frames, sufficient resources."

*SAP Business Analyst
Retail Sector*

22%
better

1

19%
worse

Resulting

3rd

Confident sponsorship

28% better

2

7% worse

STATEMENT

"The Exec team provided confident sponsorship and support throughout the SAP programme."

Strongly disagree   Strongly agree

Too many businesses treat SAP programmes as IT projects. You must resist this at all costs.

Your Execs need to be clear and consistent in the way that your SAP programmes are sponsored. But more important, they need to be visible and congruent too.

Half-hearted town hall meetings or occasional hokey floor walking just won't cut it. Get interested, get involved and get into the detail. Take an interest and take action.

"Clear vision, agreed by all and supported by active Exec sponsorship"

*CIO
Service Industry*

Resulting it

2nd

Solution standardisation

29% better

10

25% worse

STATEMENT

"The SAP programme was taken as an opportunity to standardise on SAP best practice rather than re-build existing processes in SAP."

Strongly disagree

Strongly agree

With SAP, you're essentially buying a big box of best practice business processes that have been refined by the best German engineers over decades and tweaked for your industry.

If you think that your home-spun processes are better because you've always done things this way, SAP might not be the best choice.

Some processes are important to your competitive advantage or operational effectiveness. But most are pretty stock in reality. Standardise on commodity process and customise for the critical ones that matter.

The level of complexity, cost and pain involved in going non-standard with SAP is huge. And our findings show just how impactful standardisation can be.

"Exec sponsors should enforce policy of changing business processes to match SAP standards first. Simplicity reduces cost."

*Programme Manager
Systems Integrator*

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1st

High adoption focus

43% better

STATEMENT

"A high degree of emphasis was placed on business adoption of the SAP solution throughout the programme."

Strongly disagree

Strongly agree

"Taking organisation change management seriously and investing in all aspects of "change". I saw many a technically perfect SAP Implementation fail because of aspects of change being underestimated."

Head of SAP Practice Systems Integrator

All things being equal, if you're looking to achieve real business results from your SAP system, adoption is the only thing that matters.

If business people don't fall in love with the tools they use to do their jobs, how can you expect them to work in a new way that drives fundamental business change?

The swing on this success lever compared to the rest is nothing short of phenomenal.

With an increased density of technology natives in the workforce, people just won't accept the same old clumsy systems they did 10 years ago. Things have moved on and your business systems need to be as easy to adopt as iPhones, Facebook and Instagram are.

12

25% worse

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A note on adoption

In discussing our findings, many people nodded in agreement at the revelation of Adoption Focus being such a significant factor. They went on to say something along the lines of "Yes – change management is important".

But change management isn't adoption.

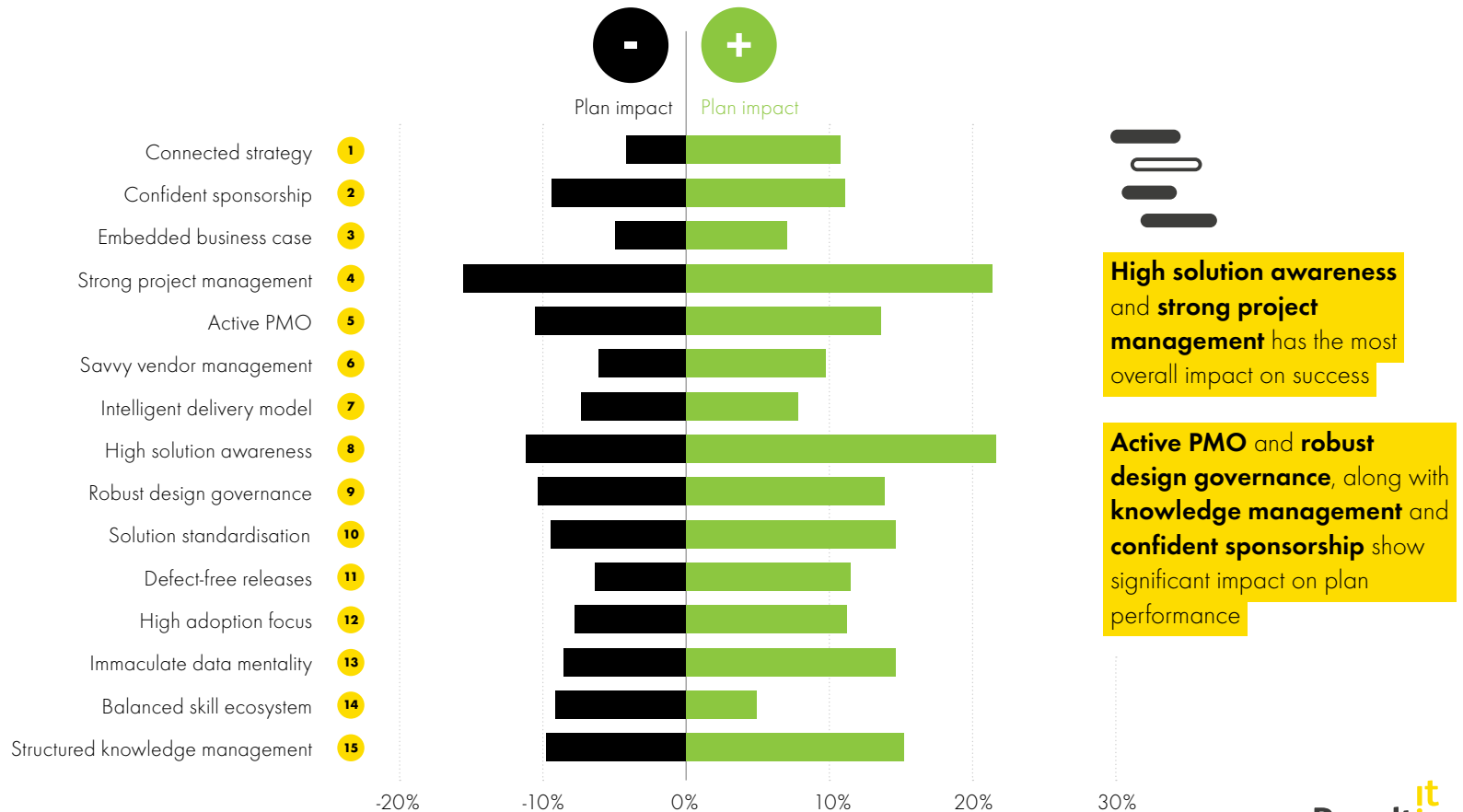You can do traditional change management and not get 'adoption'.

Adoption Focus is more of a mind set. It's doing everything right to ensure that your business people simply fall into your SAP solution and embrace it.

Don't trick yourself into thinking that your change management approach is the same as focusing on adoption.

Stuart Browne

Managing Director
Resulting IT

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Success levels – biggest impact on plan

	-	+
	Plan impact	Plan impact

Connected strategy	1
Confident sponsorship	2
Embedded business case	3
Strong project management	4
Active PMO	5
Savvy vendor management	6
Intelligent delivery model	7
High solution awareness	8
Robust design governance	9
Solution standardisation	10
Defect-free releases	11
High adoption focus	12
Immaculate data mentality	13
Balanced skill ecosystem	14
Structured knowledge management	15

-20%   -10%   0%   10%   20%   30%

High solution awareness and **strong project management** has the most overall impact on success

Active PMO and **robust design governance**, along with **knowledge management** and **confident sponsorship** show significant impact on plan performance

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Success levels – biggest impact on budget

Budget impact (-)   **Budget impact** (+)

Success lever	
Connected strategy	1
Confident sponsorship	2
Embedded business case	3
Strong project management	4
Active PMO	5
Savvy vendor management	6
Intelligent delivery model	7
High solution awareness	8
Robust design governance	9
Solution standardisation	10
Defect-free releases	11
High adoption focus	12
Immaculate data mentality	13
Balanced skill ecosystem	14
Structured knowledge management	15

-50%   -25%   0%   25%   50%

Solution standardisation has the biggest impact negatively on budget.

Whilst **strong project management** and **high solution awareness** have the biggest positive impacts.

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Success levels – biggest impact on value (business objective)

Adoption is everything.

If your business people don't adopt your solution, nothing else really matters
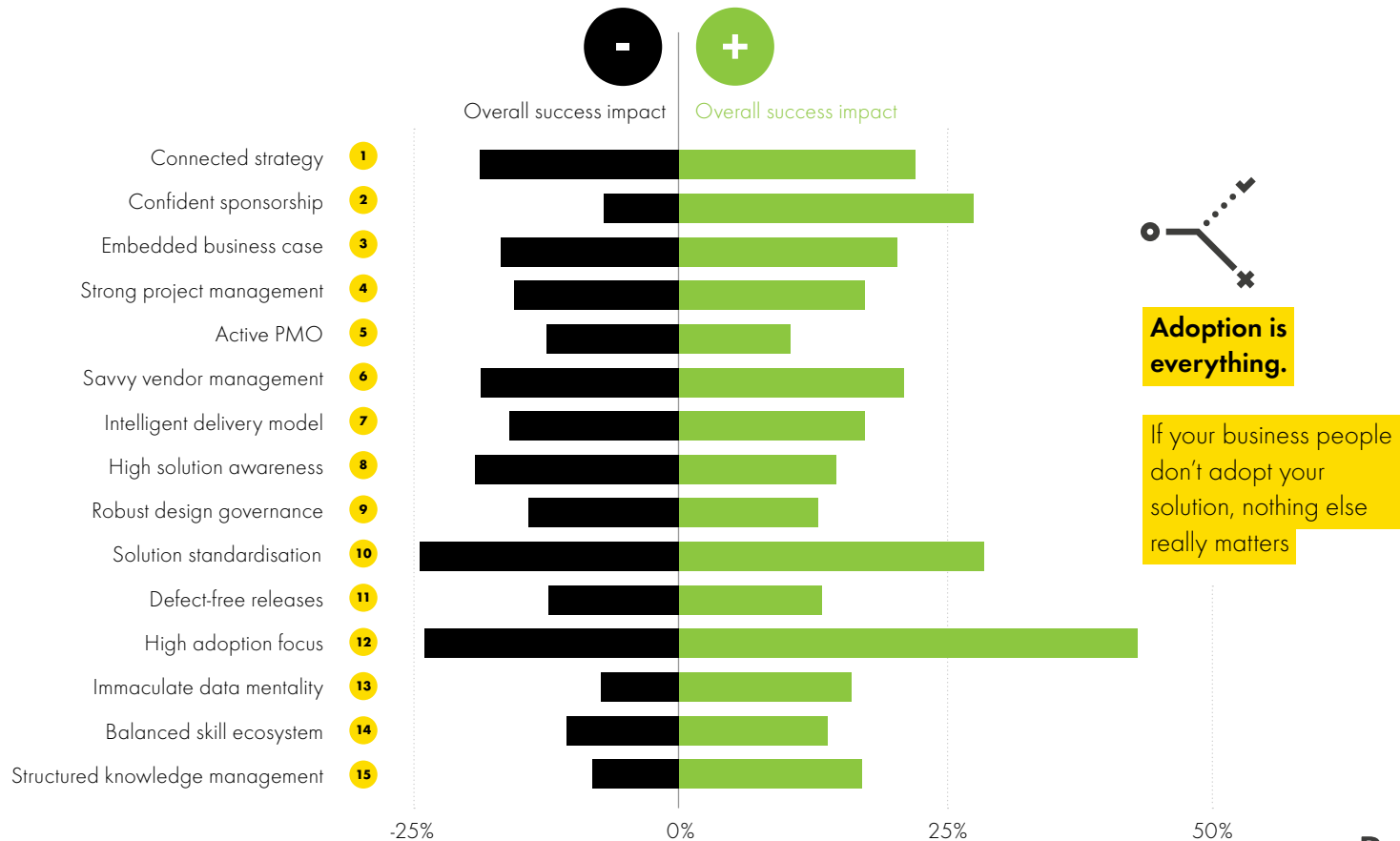
Success levels – impact on value, budget and plan

Value　Budget　Plan

Connected strategy	1
Confident sponsorship	2
Embedded business case	3
Strong project management	4
Active PMO	5
Savvy vendor management	6
Intelligent delivery model	7
High solution awareness	8
Robust design governance	9
Solution standardisation	10
Defect-free releases	11
High adoption focus	12
Immaculate data mentality	13
Balanced skill ecosystem	14
Structured knowledge management	15

0%　　20%　　40%　　60%　　80%

Strong project management and **high solution awareness** have a major overall impact on success.

However, **high adoption focus** remains the single biggest factor in underpinning the success of your SAP investment.

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Whilst these research findings correlate with my experience, the big revelation is the extent to which certain things impact on SAP success.

Improve your plan – of course **strong programme management** is important, but ensuring that your architects have better SAP **solution awareness** is just as important.

Come in on budget – focus on **standardisation** and **adopting SAP best practice**. This has an enormous impact according to our research. The biggest single negative swing.

But the overall notion that focusing on adoption is the most important thing is so blindingly obvious in hindsight.

Sean Baber

Delivery Director
Resulting IT

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If you're going to get one thing right each...

Executives

High adoption focus: *Confident sponsorship*

Make the business case front and centre of the programme. Sponsor the business case first and the programme second.

Business managers

High adoption focus

Focus on adoption over everything else. Get this right and SAP success will follow.

SAP solution architects

Solution standardisation

Avoid heavy customisation at all costs. Standardise everything but the absolute essential.

Procurement and sourcing

Savvy vendor management

Choose your vendors with care. Define an intelligent delivery model for implementation and beyond. Get the right balance of vendor ecosystem to drive long term self-sufficiency.

HR and resourcing

Balanced skills ecosystem

Plan the right balance of skills to drive long term self sufficiency. Plan resources strategically.

Programme managers

Strong project management

Bring in the right people. Don't let your SI dominate programme management. Match them up with your own internal people or experienced independents who can challenge.

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