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How TraceLink Supply Network Orchestration Supports SAP ECC to S/4HANA Migration

A migration from an existing SAP ECC enterprise platform to the S/4 HANA platform is a critical time for life sciences companies and other organizations leveraging the SAP platform. The work involved can threaten to halt other strategic investments that support a company's supply chain performance. This video covers:

- The key challenges and considerations for an organization undertaking an SAP platform migration.
- Insights on how IT and business leaders can plan for this migration while continuing progress on key supply chain initiatives.
- Capabilities of the TraceLink OPUS Platform and Multienterprise Information Network Tower (MINT) solution that help companies isolate internal enterprise migration activities from supply chain operations and enable deployment of digital orchestration projects for external manufacturing, logistics, and other critical supply relationships.

You'll also get recommendations for how leaders can plan for joint SAP/TraceLink platform projects. Watch now!

Featured Speakers:

Janel Firestein

Partner and Life Sciences Industry Lead

Clarkston Consulting

Graham Clark

VP Alliances and Channel Sales

TraceLink

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Graham Clark: Challenge in the session we're going to present today with with Janel here in a second, we're going to talk about what George presented as the big kahuna. There are some realities that exist that impact how we deliver that.

Most notably, most ERP system vendors, and in this case, SAP, are actually all in the process of migrating their customers to the Cloud, a completely different compute model. The way that they have to do that or the way they are chosen to do that is to force the migration.

They'll put time points in your calendar that say, "All these years that you've invested on this platform, now we're going to give you three years, five years to take all of that customization, all of that investment, and you've got to move it to a new platform, and all the time, you've got to be delivering business value."

This is how we're going to continue the discussion that George started with Janel. With that, we're going to talk about two parts. The first part is the actual process of the migration. What are the best practices in how a company is moving? The second part is the value realization part of that. With that, Janel, let's take a seat and...

Janel Firestein: Absolutely. Thank you, Graham. Just real quick, who is Clarkston Consulting? For those of you who don't know who we are, we're a leading management technology consulting firm. We actually started over 30 years ago with SAP implementations.

Graham kindly reminded me that I've been doing this for a really long time since SAP was R/2, to R/3, to ECC. Some of you know exactly what I'm talking about, migrated many companies from an AS/400 to an SAP system.

We have a focus in life sciences and consumer products, and a full service organization beyond SAP now, but still working with our clients as we look at those capabilities that they're looking for, and how do we drive business value through their digital technology solutions.

I've been with Clarkston for over 28 years, and have had the privilege of leading our life sciences practice and working with our clients in that space. I'm excited to be here today to talk about the ECC to S4 migration.

Graham: Very good. I wanted to make a point about the partners that you will have noticed at the event running sessions, Clarkston and Janel are obviously one example of that.

As we move towards OPUS and the new set of solutions that we're offering, it's going to bring a new set of partners for our customers to work with with different skill sets, including companies like Janel and Clarkston that can help with SAP migration projects.

It's also important to understand as part of this discussion that it's not just SAP ECC to S/4HANA migration, but the same applies to any ERP migration. Microsoft has just announced the end of life for Great Plains software and the move to Dynamics 365.

If you talk to Oracle and the acquisitions they've made, JD Edwards, all Oracle wants to talk about now is migrating their customers to Oracle Fusion. This is just a general problem for anyone in the industry. Also applies to companies implementing their first ERP.

Janel: Correct.

Graham: With that, let's start the discussion on S/4HANA. Perhaps you can give us some background on the migration timeline and the types of migrations that people are doing.

Janel: The current timeline is that individuals on ECC need to be off by 2027. There is an elongated support period that you can, for a fee, pay extra to 2030.

There's a couple of different migration options that organizations are looking at. There's always colorful names to them. There's what they call the Brownfield, which is just the technical upgrade with the changes that exist for S4, but not really moving to the complete S4 platform, meaning the Fiori tiles, enabling all of the new capabilities with an S4.

There's still lots of opportunity and challenges with that migration. Then here's where we get really colorful. You can call it Brownfield+++, or Bluefield, which is a couple different variations of either the technical upgrade with the enhancements of S4 or doing a new migration and migrating your current configuration, and only some of the data.

That's where it gets a little more fuzzy, so blue. Then they what they call the Greenfield, which is a brand new SAP S4 implementation from your current ECC.

Never simple, straight-lined, anything like that.

Graham: What's the current take on the how much of the industry has actually moved versus still to make that move?

Janel: I don't have the number specifically for life sciences, but overall, within all the organizations that are currently running ECC, there's less than 15 percent that have made the migration to S4 at this point in time.

It's not just impacting life sciences, it's impacting all organizations across the globe who are meeting this challenge of going to ECC to S4.

Graham: I did a quick analysis of the attendees at this FuturLlink Conference, and more than 70 percent of the customers represented here are on some version of SAP. It's a relevant discussion whether you're on SAP or whether you're looking at your first ERP, or you're on a different ERP at this point.

Janel: Absolutely.

Graham: We're going to talk about some of the key factors involved in this move. Perhaps you can start with this one, current landscape.

Janel: This actually goes back to a little what George was talking about. I love that all of us that have been up on stage and in the different breakouts are reiterating a lot of the same messages. George talked about understanding the roadmap, understanding your capabilities, and understanding where you are. That's where you have to start.

Where are we today? What do we have? What are our capabilities? Where are we at with those capabilities? Understanding that landscape, and what are the different technology solutions that are in place right now or not in place at all?

Start with your landscape. Understand where you are, what does that landscape look like, and where do you need to go?

Graham: I think as we go through the discussion, we're going to talk about potentially reevaluating some of the additional modules that people attach to their ERPs, and whether this is a point where you actually review, understand it, but consider also whether there's an opportunity to make a change, an upgrade.

Janel: That's exactly right because again, back to what George was talking about is what is your capability? Is that capability red? It's because of some of those ancillary solutions or a missing solution. This is that opportunity to understand what that is, either get it on the roadmap or make it part of this migration.

If there's an existing solution in place today, what is the value in making that change now versus waiting and putting in place that interface, that integration with a system that is a legacy system that's not adding the value, not giving you the capability you need to run your business.

Graham: For as long as I've been in the computer industry, it's always been a discussion about, do I just buy from one vendor or do I look at best-of-breed solutions? [inaudible] discussion.

Janel: That's exactly right.

Graham: Data quality. I know this has been discussed a lot over the last day and a half.

Janel: I think Stephanie's phrase yesterday of data is currency is so true. That doesn't change with this migration. Data is currency. As part of this migration, it is a big data cleanup opportunity. There's a lot of data out there, and how do we best use it? How do we use it to our business advantage?

Focusing on this data, validating that data, and getting it right as part of this is a huge opportunity for organizations, and a must.

Graham: There's a couple of extra points regarding to life sciences here,

especially regarding the structure. Certainly, a lot of contract manufacturing organizations that are on SAP, they acquire businesses and acquire sites, and they typically acquire the IT infrastructure of those sites.

Often, we found that even if they're on SAP, different sites might be on different versions. Even on the same version, the master data set up in those environments is different.

Janel: Completely different.

Graham: Harmonizing those systems, potentially moving to a single instance. All of these are factors around the data discussion.

Janel: It's in the other opportunity there too, maybe on different instances. You also have occurrences where you're on the same instance, but your different plants are maybe leveraging that data differently. Now is a great opportunity to really have that discussion about how is that data used? What is the capability you're trying to enable, and how is that data creating value?

Graham: In our discussion before, you were talking about how SAP is tending to move their customers towards single instance.

Janel: Yes, moving towards single instance. Harmonization across the organization and understanding. We tend to say the 80/20 rule.

80 percent of the organization is probably going to run on a harmonized process and capability, and then there's that 20 percent that's unique because you're manufacturing different products, you're doing different things within different plants, or you have different divisions that are slightly different.

Where is that uniqueness, and where does that uniqueness create business value? Not unique to be unique.

Graham: You consider data to be one of the bigger challenges.

Janel: One of the biggest, for sure.

Graham: Perhaps you can talk to this slide, comprehensive PMO.

Janel: When you think about that capability map and how you're going to enable that, it's not a simple, "We're going to implement one solution, and it's for supply chain" Don't get me wrong, an implementation of a supply chain solution isn't simple. I'm not trying to sugar coat that piece.

This ERP migration or ERP implementation impacts the entire organization. It also impacts all of the integrated capabilities across that. Understanding how to manage that program and put a program in place that looks at all aspects of that implementation is really important.

Then how do we start to bring all those things together? You go back to that single instance. Well, we have 45 sites. We may not put all 45 sites on SAP all at once through that migration.

How does that planning occur? How do we work together through that transition, continue to educate and continue to get the value out of the systems as we move towards that single instance or that [inaudible] ?

Graham: Back again to Paul and George's discussion. You've got to do this at the same time that you're keeping the business moving forward.

Janel: That's exactly right. Those metrics, that target, that spider web doesn't change while I'm in the process of doing this. I need to continue to add value to my business. I need to continue to meet the business metrics while I'm doing this.

Graham: Very good. Change management, a consultant's bread and butter.

Janel: Yes, but I think everyone yesterday helped me out here. Change management is huge. This is impacting your entire organization. How do you get them on board? You're making major changes in how you're operating.

Your capabilities and your capability needs are probably fundamentally the same. We're improving. How do we continue to grow? How do we continue to make these changes and meet our metrics? The people are being impacted by that change, by the technology, by how they're executing a process, how they're leveraging that data.

I can't emphasize this enough, change management is huge and has to be a part of your project.

Graham: Clarkston's done certainly more than 10 S/4HANA migrations, I think we talked about it?

Janel: Yes. Migration specifically, and well over 30 implementations of S4. This is key. [laughs]

Graham: Very good.

Janel: What are your objectives? We talked about this a little bit already, so I won't hit a bunch of this again, but what are we going to do as part of this migration?

A lot of organizations that are on ECC have highly customized it because it didn't previously meet the needs and the capabilities that they needed to have in place. Can we remediate? Is it the right capability? Is the process right?

Really taking the time to understand, what are we trying to do? What's our objectives, and how do we create value from the business?

Graham: This is like, do we actually try and maintain the status quo as we move to the platform, or is there an opportunity to make change during that?

Janel: That's exactly right. This is very specific to SAP, so I won't go into detail, but those of you who are on ECC, Fiori is coming. Now SAP has these Fiori tiles. They're super fun. They're customized for the individual. That creates a whole new security profile.

It's not a simple, "Here was my ECC security profiles. Now I'm moving." This is just a challenge. I think it's very unique to SAP, but when you think about other ERP migrations, what are our roles within the organization? What are the job descriptions?

How do these then come together and support us, from a capability perspective in a solution? Very specific to SAP.

Graham: Lastly.

Janel: This is any solution. Hey, we're in life sciences. We've got to validate these solutions, and we've got to test, test, test. We need to show that repeatedly, we can do this over and over again and maintain the data integrity. Takes time, takes intensity.

We need to make sure it's right, it's right for the organization. This is also an amazing opportunity for change management. How do you engage your teams so that they can become familiar, not only with the solution, but with the business capability that it's enabling?

Really help the organization understand what's in it for me, and where does it fit on that capability roadmap and on that spider web of where it's adding value?

Graham: I know that as people go through this migration, no two companies are going to be the same.

Janel: No.

Graham: In terms of timeline, what are we looking at for a project like this?

Janel: It's going to vary based on organization, but you are looking at somewhere between 12 to 18 months for a single instance migration to multi-year for large organizations, where you're migrating multiple systems onto the new S4.

It could span a lot of time or a shorter period of time, just depending on size of organization. My standard consulting answer, it depends. [laughs]

Graham: A lot of people here are probably either in the middle or at planning stage of an S/4HANA migration, or even planning the first ERP system.

I think it's important that TraceLink as a company work with partners that can help them achieve those migrations successfully while actually exploring the value opportunity that TraceLink is now providing with the OPUS and the MINT platform.

As a business, if any customers in the room looks at us, you'll notice that in the room, we have traditional TraceLink partners that have helped with track and trace and serialization initiatives around the world, but increasingly, we're adding extra partners that have skills that can help you make transitions such as this, while also considering how you leverage this new OPUS and MINT technology from TraceLink.

This is where we're going to pivot to now, which is the opportunities to continue to drive your business forward as you're actually making something as profound as an ERP migration. Perhaps you can start by talking about that.

Janel: As you're going through this process, if the organization goes into it with a, "We have to do this. We need to migrate." We're not looking at where can we go? Where do we need to go? Where are we red? Where can we drive opportunity?

What I think is unique about MINT and OPUS, and I'm super excited about the solution, is I already have TraceLink for serialization and traceability, probably. How can I leverage an existing investment and create more value? That's across the platform.

Again, where does something create that capability and help me move the business forward while I'm going through this required migration to the new S4 solution.

Graham: One of the points specifically that we talked to customers about on is the Connect Once [inaudible] with everyone because you can actually migrate your B2B network and expand your B2B network while making this migration.

Actually, that can help you make that migration because you move to a single point of integration rather than many EDI connections out.

Janel: That's exactly right. When we're working with our clients on these migrations and really planning them out is where can we create value?

Part of that value and that value creation is why would I continue with technology that is costing me a lot to maintain, requires a lot of overhead, when I have this potential while I'm doing this to make this investment that creates a lot of business value and reduces my overhead costs at the same time?

It's really looking at that. Back to where we said the PMO, and having that planning, and putting together all of those pieces is really important. How do we create this? How do we drive costs down from an overhead perspective and drive business value at the same time?

Graham: Again, back to George's diagram on the big kahuna, how do you continue to drive those initiatives forward while making this forced migration?

Technologies such as TraceLink's OPUS and MINT can help you achieve some of those goals and actually do something much better than you've ever been able to do, while also making it easier to take the migration forward.

Janel: Think about that transformation. Aligning on what that transformation is with the organization, with the executives. How does this align to those goals? Leading with that transformation. Thinking about those key business challenges, and saying, "Here's how we get after that with this digital enterprise."

Again, when you think about that migration, it's not just SAP because you're doing

that, but you're also rebuilding all those integrations to all those different solutions, which are your enterprise, which are your entire landscape.

There's no need to recreate legacy integrations that add no value. Let's really think about where that exists and have that conversation upfront. Sometimes in the process of doing the implementation, you realize where those things come in.

Now let's revisit that. Does it make sense? Does it make sense to take something off of that road map that George was talking about earlier and replace it with something like MINT that starts to drive that value, and maybe is a smaller investment than what it would take to leverage the existing technology in place?

Graham: We can probably end the discussion there. I just want to wrap on...Not George's rap. I want to close, I should say.

Janel: I wish I could rap like George.

Graham: [laughs]

Graham: I was trying to figure out what unique skill I had, and I don't think I can even come close. [laughs]

Graham: Closing the discussion, I'd like to invite all the customers in the room to reach out to your contacts at TraceLink. If there are technology partners, solutions that are critical to your business that you'd like to see us integrate with, potentially extend their functionality using OPUS and MINT, we'd love to hear that.

My part of the TraceLink business is always looking to bring new partners into the fold, and at the same time, reach out to people that we've known for a long time. Janel and I have known each other for more than 15 years at this point.

Janel: I know. [laughs]

Graham: Bringing or leveraging those partners that can assist you driving your

own big kahuna while you're actually making a successful migration of your ERP system. Business can't stop. You have to continue delivering business value to your organizations.

We're delivering technology we think can help drive your network and drive value through the supply chain. With partners such as Clarkston and others that are here today at the event, we're trying to provide you...

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Graham: external resources with years and years of expertise in these critical areas that can help you achieve both those things at the same time.

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