ISG Provider Lens™

SAP Ecosystem

A research report comparing provider strengths,
challenges and competitive differentiators

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Executive Summary

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The adoption of RISE is increasing among enterprises, along with their cloud journey

In today's digital landscape, the utilization of cloud technology has become paramount for organizations seeking flexibility and agility in their operations to seamlessly align with evolving business requirements. Within this context, the RISE with SAP proposition stands out as a pioneering initiative, empowering enterprises to seamlessly integrate their ERP systems into their core cloud strategies. RISE with SAP represents more than just a cloud offering; it embodies a comprehensive suite of SAP products bundled together to deliver enhanced value. While SAP S/4HANA Cloud and SAP Business Technology Platform (BTP) are integral components of RISE, the proposition extends beyond these to encompass a spectrum of solutions. These include infrastructure offerings, alongside embedded tools such as the SAP Readiness Check, Custom Code Migration and SAP Enable Now, facilitating smooth transitions to the cloud environment. Moreover, RISE incorporates innovation tools, such as SAP Build, and business process transformation capabilities through SAP Singavio. Notably, the premier version of RISE introduces Joule, SAP's cutting-edge AI assistant, further augmenting the suite's capabilities and underscoring SAP's commitment to driving innovation and enabling digital transformation for enterprises worldwide.

The RISE proposition covers infrastructure, applications, integration and support in a single contract depending on clients' requirements and their hyperscaler strategy. A simple commercial contract for RISE can include software, support, infrastructure management, technical managed services, governance, security and SLA.
The offering is based on a full usage equivalent (FUE) metric that considers different types of employees and their types of usage. Additionally, industry and lines of business add-on packages can be licensed with metrics aligning with each solution's business value.

While SAP has built its custom offering for enterprises considering hyperscalers and the SAP Cloud, there has been ambiguity

Service providers are **strategically aligning** themselves with SAP's vision and RISE with SAP.

among enterprises in terms of the aspects that this contract covers with respect to their SAP landscape. Some enterprises have raised concerns about the cost estimation for long-term contracts and the flexibility this proposition provides for innovation. Despite these challenges, enterprises are adopting RISE with SAP to accelerate their digital transformation, considering factors such as cost, security, performance, ease of migration, automation, infrastructure, partner capabilities and SAP BTP integration capabilities. The RISE proposition is gaining traction in the upper midmarket segment, and now in the large enterprise segment as well.

Enterprises are seeking help from their partners and service providers to navigate the areas where they are unclear and need handholding to decide on the technological priorities per the business requirements. The providers are building industry-specific propositions with their industry cloud offerings tailored to clients' needs to accelerate their cloud journey.

Service providers are strategically aligning themselves with SAP's overarching vision and the transformative potential of RISE with SAP,

which serves as a catalyst for expediting the SAP S/4HANA migration journey for customers, particularly those embarking on significant technical migrations and large-scale business transformation endeavors. These providers play a pivotal role in assisting clients in navigating the complexities surrounding licensing models and intricate multicomponent environments, while concurrently streamlining governance structures, particularly in areas concerning cybersecurity, integration of multicloud, and management of scattered and diverse components and instances. Moreover, service providers offer comprehensive end-to-end solutions, encompassing consultancy, transformational initiatives, hosting and ongoing operations, all encapsulated within a single managed service contract. Emphasis is placed on driving cost savings early in the RISE with SAP journey, often leveraging partner managed cloud services to seamlessly integrate non-RISE with SAP components within the same commercial framework, thereby maximizing efficiencies and optimizing resource utilization.

The percentage of clients adopting SAP S/4HANA cloud differs across service providers.

For some, only 5–10 percent of their clients adopt SAP S/4HANA Cloud, while for some providers, most of their clients use SAP S/4HANA Cloud. In general, it is observed that there is a 70:30 ratio in terms of adoption of on-premises vs cloud version of SAP S/4HANA. The typical benefits realized for clients include reduced TCO, improved license ownership, optimized infrastructure use, minimized risk, enhanced security posture, simplified operations, and improved business outcomes; clients can also have a platform for innovation aligned with their business requirements. The typical timeline required to implement SAP S/4HANA cloud varies on an average of around 40-60 weeks. For instance, the SAP S/4HANA public cloud version takes around 40 weeks, while the SAP S/4HANA private cloud requires around 50-60 weeks, with an additional 4-8 weeks for infrastructure provisioning.

The RISE offering is gaining traction among enterprises. Service providers are capturing this opportunity to grow their SAP business. In certain regions, specifically around Europe, there is resistance to using the public cloud as a preferred infrastructure. Depending on

the governance and compliance requirements of the industry for cloud infrastructure, the adoption of RISE with SAP proposition varies. The use of SAP BTP for the clean core approach and digital transformation is an holistic approach for enterprises that adopt RISE with SAP and for providers that help their clients in their cloud journey for SAP workloads.

> ISG observes the adoption ratio between the on-premises and cloud versions of SAP S/4HANA to be approximately 70:30. Typically, the timeline for bringing SAP S/4HANA to the market varies, averaging between 40 and 60 weeks. Specifically, the SAP S/4HANA public cloud version requires around 40 weeks, while the SAP S/4HANA private cloud version typically spans between 50 and 60 weeks. Additionally, infrastructure provisioning entails an additional 4–8 weeks on average.

Key focus areas for **SAP** Ecosystem 2024.

Simplified Illustration; Source: ISG 2024

RISE with SAP Implementation Partners

Definition

With a growing focus on the cloud, SAP has concentrated on the cloudification of its offerings over the last few years, leading to simplification and modularization of the SAP solutions landscape. The aim is to keep the digital core clean using the SAP Business Technology Platform (BTP) centrally and S/4HANA on-premises or on the private or public cloud. The ERP monolith is also being broken down with SAP marketing separate solutions, which was earlier a part of the ERP core offerings. Due to the major changes in the SAP product portfolio, migration, integration capability, data protection and IT security are becoming more relevant than ever.

The accelerated move of SAP to the public cloud within the S/4HANA strategy will leverage a more extensive set of functionalities in the SAP product portfolio that promises to equal those currently available in the ERP Central Component (ECC). This opens more challenges for vendors, as the cloud business brings hardware, software and data sovereignty constraints and cybersecurity-related hurdles.

Hence, it becomes imperative for enterprises to strategize their business approach around SAP solutions. A key part of this strategy includes a plan to move from ECC to SAP S/4HANA, as the end of life for ECC support is scheduled for 2027.

With the launch of RISE with SAP and the deadline for ECC support nearing, enterprises are trying to optimize their migration and transformation to the cloud through SAP S/4HANA transformations most efficiently. The other SAP offerings are being considered based on enterprise requirements (for example, human experience management).

Sweet Spot

KaarTech

Overview

Founded in 2005, KaarTech is headquartered in Chennai, India. The company offers robust digital transformation capabilities. Its portfolio includes diverse solutions based on technologies such as Cloud, Analytics, IoT, Blockchain, AI/ML, ERP, and more. A resource pool of over 1500 FTEs, including more than 1000 SAP practitioners, helps it cater to diverse sectors with tailored solutions.

Key Provider Capabilities

RISE with SAP proposition: The RISE with SAP proposition extends beyond mere technical migration, integrating key features like business process intelligence and application lifecycle management for optimal performance. Included are the SAP Business Network Starter Pack for supply chain collaboration and SAP Business Technology Platform for innovation. The comprehensive offering transforms businesses into resilient models in the cloud, facilitated by KTern.AI, Digital Transformation Assessment, Centers of Excellence, and Project Management Office and ensure comprehensive business transformation, enhanced user experience, and continuous innovation.

Tailored Solutions for Enterprises- KaarTech serves both midmarket and large enterprises. It specializes in catering to large enterprises, leveraging experience and innovative approaches for transformative impacts. For large enterprises, it delivers RISE with SAP, emphasizing a clean core strategy for enhanced agility, streamlined operations, and cloud-driven innovation. Leveraging AI methodologies and comprehensive techno-functional skills, they ensure high-quality digital transformations. In midmarket, KaarTech customizes RISE with SAP solutions, prioritizing flexibility and cost-effectiveness to meet specific needs.

Proprietary solutions – KTern.AI and Plant Maintenance Predictive Analytics (PMPA) synergize seamlessly within the RISE with SAP initiative, enabling a swift 99% acceleration in the transformation journey. While KTern.AI ensures risk-free go-lives and streamlined operations through autonomous release impact analysis, PMPA enhances decision-making and operational execution for manufacturers with advanced analytics. Meanwhile, Kaar Enterprise Business Suite (KEBS) empowers businesses with rapid app and form development, aligning perfectly with RISE with SAP's focus on agility and transformation.

Benefits Delivered

- Enhanced flexibility and scalability
- Lowered expenditures or costs
- Increased operational efficiency
- Enriched customer satisfaction
- Security and governance, enhanced data confidentiality
- Expanded customization options
- Accelerated value realization
- Access to cutting-edge innovations
- Continuous SAP support

KaarTech

Sweet Spot

Tailored Solutions for RISE with SAP: Leveraging RISE with SAP, KaarTech ensures clients not only adapt but thrive in the digital economy, driving growth and innovation. Its industry proposition for RISE with SAP spans various sectors with tailored solutions designed to address specific challenges and opportunities. In the Oil, Gas, and Energy sector, their specialized expertise in IS Oil and Commodity Trading and Risk Management (CTRM) enables them to offer wave and workstream approaches, optimizing supply chain and asset management while enhancing operational efficiency through proprietary accelerators. With a strong portfolio of 650 projects, KaarTech provides solutions crucial for maintaining competitiveness in volatile markets. In professional services, the KEBS revolutionizes project management and resource allocation. For Consumer Products, it focuses on demand planning and market insights to stay ahead of consumer behavior. In Manufacturing, they facilitate the evolution of smart factories and digital thread integration. Public Services benefit from KaarTech's expertise in digitalizing citizen services, enhancing engagement and transparency.

Strategic Approach to RISE with SAP- KaarTech strategically leverages SAP S/4HANA and Edge technology expertise to guide clients through digital transformation journey within the RISE with SAP. Offering tailored solutions across various industries, it focuses on areas where SAP capabilities drive significant improvements, enhancing market presence. The approach varies for midmarket and large enterprises, emphasizing scalability and cost-effectiveness for the former and complex, integrated solutions for the latter. The strategy aligns with clients' business goals, utilizing SAP's potential.

Future roadmap

KaarTech is poised to grow in RISE with SAP space with the following initiatives:

- RISE with SAP offerings centered on clean core strategy

- Expanding portfolio to focus on industries like Oil, Gas, and Energy, Manufacturing, Consumer Products, High-Tech, Public Services, and Professional Services

- Investment in AI led digital transformation services and employee training on AI-first transformation strategies

- Emphasis on employee training for current security threats and best practices, alongside deployment of advanced security monitoring tools for continuous surveillance of SAP systems

- Reinforcing role in digital transformation consulting with proprietary tools like KTern.AI and KEBS

Appendix

The ISG Provider Lens 2024 – SAP Ecosystem study analyzes the relevant software vendors/ service providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of March 2024, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars ($US) unless noted.

The study was divided into the following steps:

1. Definition of SAP Ecosystem market

2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics

3. Interactive discussions with service providers/vendors on capabilities & use cases

4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)

5. Use of Star of Excellence CX-Data

6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.

7. Use of the following key evaluation criteria:

   * Strategy & vision

   * Tech Innovation

   * Brand awareness and presence in the market

   * Sales and partner landscape

   * Breadth and depth of portfolio of services offered

   * CX and Recommendation

Author & Editor Biographies

Lead Analyst

Akhila Harinarayan
Senior Lead Analyst

Akhila Harinarayan is Senior Lead Analyst and the lead author for ISG Provider Lens studies with a focus on Digital Business Transformation and SAP Services. She has more than 12 years of experience across research and consulting including provider strategy, enterprise strategy, industry roadmaps, point-of-view papers, service provider assessment across regions.
She has strong expertise on strategy and transformation, digital insights, thought leadership, benchmarking, market assessments and go-to-market strategies.

She has authored many thought leadership papers, digital insight studies, devised go-to-market strategies across products/industries/regions, built frameworks and maturity models across industries for both enterprises, vendors and service providers.

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Maharshi Pandya is a Research Specialist at ISG and is responsible for supporting and co-authoring ISG Provider Lens™ studies on SAP HANA Ecosystem & Next-Gen ADM Solutions and Services. He supports the lead analysts in the research process and authors the global summary report. Maharshi also develops content from an enterprise perspective and collaborates with advisors and enterprise clients on ad-hoc research assignments. Before this role, he has been associated with several syndicated and custom market research firms, in which he has worked on both,

secondary and primary interaction-centric research projects around market sizing & forecasting, competitive benchmarking, pricing analysis vendor profiles and market share analysis for several industry verticals such as information and communication technology, media & information services, and automotive. His area of expertise includes analytics, application development and maintenance, and enterprise resource planning.

Author & Editor Biographies

Study Sponsor

Aman Munglani
Director and Principal Analyst

Aman Munglani leads the ecosystems and custom research practice for ISG. He brings over twenty years of expertise in emerging technologies and industry trends. His career is marked by significant contributions in guiding top executives from Global 2000 companies, offering strategic advice on digital transformation, start-up partnerships, driving innovation, and shaping technology strategies.

In his tenure exceeding twelve years at Gartner, Aman focused on providing CIOs and IT executives across Asia Pacific and Europe with insights on the practical implementation and advancement of new technologies, the evolution of infrastructure, and detailed vendor assessments.

IPL Product Owner

Jan Erik Aase
Partner and Global Head – ISG Provider Lens™

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

About Our Company & Research

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this webpage.

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ISG

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Founded in 2006, and based in Stamford, Conn., ISG employs 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit isg-one.com.

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