<u>RISE with SAP</u>

DSAG welcomes new SAP initiative

Walldorf, Germany, 01.27.2021 – To mark the SAP strategy event "RISE with SAP: The introduction", Jens Hungershausen, Chairman of the German-speaking SAP User Group (DSAG), Steffen Pietsch, DSAG Technology Director, and Thomas Henzler, DSAG Licenses & Maintenance Director, give their thoughts on SAP's announcements on S/4HANA public and private cloud.

Jens Hungershausen, DSAG Chairman:

"The demands on companies in terms of speed, efficiency, and process intelligence are growing constantly, which is why it's imperative they have the right software and technology. S/4HANA public or private cloud might be the solution for them. But companies' IT landscapes are heterogeneous, so there can't be a one-size-fits-all strategy. As a group representing the interests of more than 3,700 SAP user companies in German-speaking countries, we welcome the new SAP initiative "RISE with SAP", which will support companies on their own unique paths to the cloud."

Steffen Pietsch, DSAG Technology Director:

"We see the huge potential and benefits of cloud-based solutions – but also the challenges facing SAP customers. With RISE, SAP aims to smooth its customers' paths to the cloud and S/4HANA, something which, as a user organization, we wholeheartedly support.

The opportunity and also the challenge in transitioning from Business Suite to S/4HANA lie in the accompanying business transformation and business process adaptation. A simple "lift and shift" from on-premise systems to a cloud environment is not enough, or is just the first step.

SAP and its partners must highlight the ways in which they want to transfer highly customized systems and processes to S/4HANA cloud environments and provide information on the kind of support required on the customer side. The same goes for the transformation of complex in-house developments and third-party systems that were built in ways that are not "cloud compatible", but that nevertheless exist in many customer systems and are still needed. This is not a technical migration; it's a transformation that really necessitates taking a closer look at a the customer's specific requirements and context and having a holistic view of the system landscape.

Once this transition is made, the outlook is great. Especially if it's a genuine cloud landscape and not just hosting. Finally, total cost of ownership also really matters from the customer's perspective. Right now there is not enough information available to evaluate the viability of the RISE model."

Thomas Henzler, DSAG Licenses & Maintenance Director:
"On the whole, the "RISE with SAP" offering is another step in the right direction. Because customers are relying more and more on SAP, there needs to be complete transparency into the offering: from a transparent transition of on-premise licenses to cloud subscriptions, to standardized, transparent, and streamlined cloud agreements without hidden costs, and a potential exit concept from the cloud. For DSAG, this is imperative to ensure the offering works well and is popular.

This seamless overview is also important so that, when a customer makes that step into the cloud and converts its licenses into a subscription, they do not feel they're at the mercy of the vendor. Effectively, this means they don't own any more licenses, but simply enter into a lease agreement – and the consequences of what would happen in the event of a termination of cloud services are not yet clear. If, for some reason, the cloud proves to be the wrong solution for a customer, there needs to be a clear route back to the on-premise world. As a DSAG representative, I still see a huge need for

transparent processes in the step from a license to a subscription model, and potentially vice-versa – for example, these could be clearly laid out and executed using a guide.

To reduce the frequently cited complexity of the agreements, SAP is promising "One Subscription, One Price, One Contract", so the bundling of infrastructure, support and basic services. This concept or solution must only be a starting point. Simple, straight-forward access to test systems across the product portfolio, more flexible contract terms, and streamlined/ narrower license metrics, which will truly make the ideal pay-per-use model possible, will also make the cloud product portfolio more attractive to customers. Currently, contract terms and license metrics are defined on a product-by-product basis and often have high barriers to entry, which makes trialing the products more challenging. For entry into cloud systems, it is crucial to be able to perform exten-sive testing with relevant scenarios in advance and produce potential business cases.

"RISE with SAP" must not be a one-way street. If it becomes clear during a cloud trans-formation project that an on-premise product is more suitable in that instance, there should be clarity in advance about what the potential path back looks like."

DSAG STATEMENT

About DSAG
The German-speaking SAP User Group (DSAG) is one of the most influential user groups in the world. Its extensive network is made up of more than 60,000 members from over 3,700 companies, ranging from mid-size firms to DAX-listed corporations, and representing every major industry in Germany, Austria, and Switzerland. Thanks to its extraordinary reach, the group has unparalleled insight into the digital challenges facing companies in these markets. DSAG uses this knowledge to represent the interests of SAP users and help pave the way for its members to a digital future.
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