

Colour Choice

Moving to S4HANA
from ECC – What's
your colour?



Decision is the spark
that ignites action.

Wilfred A. Peterson

We all have our preferences when it comes to choose wall shades or car exteriors. Usually, we make those choices with a simple “this one feels right for me”! Hardly that easy when it comes to making the colour choice for upgrading/migrating your old SAP ECC system to S/4HANA with the much talked about (and ever extended!) deadline of 2027 looming.

Many a business who use SAP ECC spend months if not years debating whether to migrate using “greenfield”, “brownfield”, “Bluefield” et al. Consultants pipe in with their conflicting views, software providers are not shy either, and often there are differences in opinions between IT and Business even!

How to cut through the maze?

Is there a simple logic tree that we can follow to determine what works best for a business? Read on to find out what is INNOVERV's view. We have recently helped three businesses from diverse industries – an U.K. water utility, a global consumer major and a professional services firm – to make these choices.

Let's first frame these choices:

- **Greenfield:** Start with a new S4HANA kernel (system) and build it out in line with your business needs. Move over the data you need from your (one or more) legacy ECC or non-SAP systems after cleansing / transforming the data to fit the new S4HANA models. Usually, a greenfield approach is accompanied by a significant business transformation and is often used when the business has changed significantly to make upgrading the old system to the new, difficult, and clumsy.
- **Brownfield:** is a technical upgrade of the old ECC system wherein you take a copy of the old system and upgrade its code base to the latest version (S4HANA) and resolve the conflicts (which are either usually due to non-compatible custom coded programs that were written to extend and/or modify the old ECC system. Your technical debt – old configuration, developments, data etc are all carried over the new environment automatically. In many ways the simplest of all the pathways, this is the least transformative, though you can selectively improve, cleanse, standardize elements of the upgraded environment as time goes on, based on business needs.



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- **Stepping Stone starting with Central Finance:** this is a deployment method that is often used when you are moving from multiple ECCs (often 10x) into one or a few S4HANA systems and require a common finance backbone for their global finance shared service's operations for example. The finance step is followed by supply chain, customer operations and other modules in carefully calibrated sequence, each time moving out of the multiple instances of the old ECC into one (or fewer) S4 environments for that particular module. This is a complex pathway technology wise and requires messy interim states, but does reduce business disruption (because it doesn't affect an business functions at one go) and allows you to make the switch from many ECCs to one S4 in calibrated steps. We will not explore this deployment method in this blog – maybe save it for another future INNOVERV article!

Shades of Brown?

Let's get into the Green vs Brown debate. But as we do so, it's helpful to examine the "shades" of these colours that you may have already picked up in the industry – Bluefield, Smart Brownfield, Smart Greenfield etc. etc.

Quite simply put, **Bluefield** is a proprietary term coined by a company called SNP who has a clever set of tools that allow you to analyse old data and customisations, prepare ahead of the migration and smartly resolve conflicts and refine datasets after migration. Think of Bluefield as "**Smart Brownfield**" wherein you take a copy of the old ECC instance, update / cleanse it smartly, then do a technical upgrade and keep selectively refining the system.

Which then brings us to "**Smart Greenfield**". Relatively new, this is an approach where you start with a new S4HANA instance and selectively migrate configuration/code/data from the old system to the new based on analysis that suggests that particular old component to be "fit for purpose" in the new world. You leave behind the elements that are considered unfit - such as old customisations or unclean data or unnecessary configuration values. The selective migration is either done manually, or through ETL tools or by using software like SNP or equivalent.



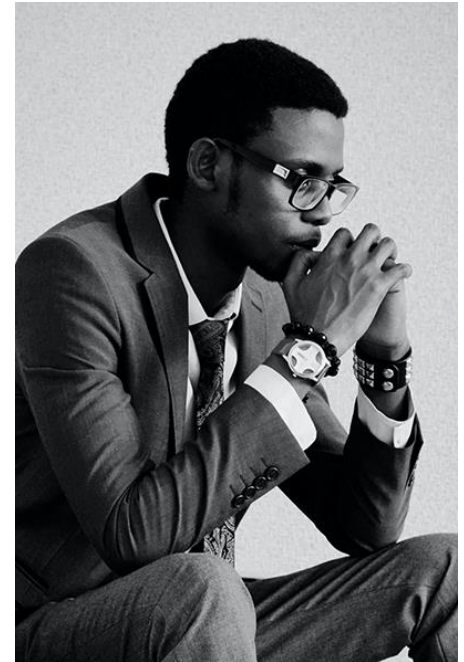
"The value of an idea lies in the using of it."

Which is the right color for me?




Let me start with a “ChatGPT like” statement. I am a blog writer, and I can't recommend what works best for your business as that depends on so many factors – you should ask INNOVERV to help you!

Now that's out of the way, let me lay out some parameters that may help you start the thinking process:

1. **Degree of business transformation:** if your business has changed significantly – a new operating model, a major M&A, a total reorientation of the P/L (say from regional to category-based business P/L) you are probably looking at a shade of Green.
2. **Age of your ECC instance:** if your ECC is more than 7-8 years old (we recently advised a client who had a SAP system from 1997!) and it is heavily customised, you are probably advised to look at Greenfield. On the other hand, if your ECC is broadly doing the job, is of recent vintage and is well kept, brownfield is certainly on the table as an option.
3. **Scope of your programme:** there are parts of S/4HANA where things have significantly changed in terms of architecture and functionality and other areas where not much has changed. Finance is clearly fundamentally different (FI and CO replaced by Universal Ledger) while Plant Maintenance, for example, and some parts of logistics have hardly changed. There is also the issue of S4 being a much smaller, more focused, thinner ERP than ECC, therefore you are probably moving functionality to cloud products like Ariba or Workday et al. These scope decisions and areas of focus / value then determine whether you are going for a smart 'green' or a smart 'brown' approach. Essentially, more the scope is focused on areas which have changed fundamentally, more the propensity to go Green. If you are an asset-based business like upstream oil or an utility, not much has changed in your core business areas, so seriously look at Brown unless your legacy is a mess.



“The truth of the matter is that you always know the right thing to do. The hard part is doing it.”

		BUSINESS TRANSFORMATION 			
		BROWNFIELD	SMART BROWNFIELD	SMART GREENFIELD	GREENFIELD
WHAT IS IT ?	<ul style="list-style-type: none"> • Technical system conversion to S/4HANA 	<ul style="list-style-type: none"> • Perform a technical system conversion to S/4HANA • Clean and refine the system using tools such as SNP • Replace end of life elements with corresponding new elements 	<ul style="list-style-type: none"> • Start with a new instance of S/4HANA • Move processes and functionality from ECC into S/4HANA where applicable 	<ul style="list-style-type: none"> • Start with a new instance of S/4HANA • Follow a fit to standard approach 	
BEST FOR 	<ul style="list-style-type: none"> • Recently implemented ECC. Processes and data are working today, allows a low risk technical upgrade 	<ul style="list-style-type: none"> • Significant capabilities are not changing & the underlying processes remain the same largely 	<ul style="list-style-type: none"> • Targetted transformation • Phased approach is needed to minimize business disruption 	<ul style="list-style-type: none"> • Fundamental change required and key foundational data structures need to be re-designed 	
RISKS 	<ul style="list-style-type: none"> • Big Bang approach, user education key 	<ul style="list-style-type: none"> • Carry over technical debt • Big Bang approach, extensive regression testing needed 	<ul style="list-style-type: none"> • Parallel run of ECC & S/4HANA therefore an interim state to manage if phased approach is followed 	<ul style="list-style-type: none"> • Complete re-design therefore significant business change 	

This is of course a major decision for you and sets the stage for the next decade of your operations, so please use the article above to educate stakeholders but do contact the INNOVERV team for a specific tailored assessment of your options.

