

NTT Data

**USING A CYCLE ZERO
CONVERSION TO
DISPLACE
COMPETITORS ON A
S/4HANA ENABLED
TRANSFORMATION
CASE STUDY**



SAP LEAP
Large Enterprise Acceleration Program

THE CLIENT

The client is a Japanese world leader in the global electronics marketplace. They count AI, assisted travel, and space exploration among their key sectors. In Europe they focus on heat exchange (e.g. air conditioning), semiconductor solutions, factory automation and automotive digital solutions. The client's European finance and wholesale supply chain operates on a heavily modified ECC system that is over 10 years old, servicing 11 countries across central and Eastern Europe and Africa—with Germany, Spain and Italy among their key markets.

With a revenue in Europe of over \$3 billion and around 3,000 members of staff, the client hopes to continue its upward growth journey, aiming to add an additional 1,000 members of staff over the next five years.

NTT DATA is one of the client's major customers, purchasing large quantities of air conditioning units for its global data centres, while also supplying Azure-related infrastructure services.



THE CHALLENGE

The client decided that they needed to convert their ECC System to SAP S/4HANA within a four-year timeline, and commissioned a discovery phase to establish the optimum pathway. An Explore phase conducted by another partner produced a plan that was rejected, and NTT DATA was asked to step in. They conducted a benefit assessment early in 2022 to shape an ROI that aligned with business, IT and boardroom agendas.

Faced with the challenge of demonstrating that the client's existing ECC system could be converted, and both differentiate NTT DATA's offering and prove the credentials of their conversion process, NTT DATA offered to fund a Cycle 0 conversion. This would confirm that the highly modified ECC system remained convertible, and also act as a showcase for our world-class Conversion Factory in India.



THE SOLUTION

Replacing a gigantic and risky one-step conversion to S/4HANA—originally estimated as a three-year-long “all or nothing” project—incorporating a single-step conversion and transformation, NTT DATA focused on a “speed to value” approach. This would feature a quick technical conversion followed by a targeted digital transformation, where speed and priorities could be adjusted based on business needs. This approach reduced risks of project failure by ensuring a quick transition to the new software version, while at the same time being able to steer investment and returns afterwards.

NTT DATA's consultative selling approach allows for pioneering solutions to be offered to our customers.

NTT DATA halved the investment requirement and doubled the return when compared with the programme proposed by our competitor.

To further demonstrate their understanding of time and cost drivers, and provide the certainty the client needs, NTT DATA's Cycle 0 conversion provided a clear message to the client that the degree of change is possible. It also demonstrated that NTT DATA cannot be matched on time, quality, and deliverable certainty.



THE RESULT

NTT DATA used its S/4HANA conversion factory in India to demonstrate commitment to this strategic account and build their confidence in the proposed schedule.

Temporary, private, cloud-based ECC and S/4HANA environments were set up in NTT DATA's German data centre, very cost effectively. The client's ECC system was uploaded and made ready to start the conversion process within a four-week timeline.

A readiness report was run on the temporary environments, resulting in the following simplification list items:

- ◆ Universal Journal
- ◆ GL Accounts & Cost Elements
- ◆ House Bank & Bank Account Management
- ◆ Asset Accounting
- ◆ Profitability Analysis
- ◆ Material Valuation
- ◆ S/4HANA Logistics Feature
- ◆ Migration Activities
- ◆ Business Partner Overview
- ◆ SAP Credit Management in S/4HANA
- ◆ Pricing Data Model change
- ◆ Field Length extension & Elimination of Redundancies
- ◆ MIGO
- ◆ MRP Area S/4HANA-Business Partner

NTT DATA's global Centres of Excellence, like the S/4 Conversion Factory, allow for efficiency and technical excellence.

THE RESULT

For each of these simplification items, the nature of the issue was established and recommended mitigation plans were designed. These documents have been shared with the client and joint workshops have been conducted to align with the risk-mitigation strategy.

As a result of these workshops, originally technical in nature, a much better understanding of the client's business requirements emerged. This outlined the importance of their branches, the different industries being served, etc., leading to a refinement of the original approach and better prioritisation of improvements.

All the ECC add-ons were upgraded to meet the entry criteria for conversion. This activity materially eliminates risks from the Conversion Cycle 1 that is now scheduled to start in January 2023. Contracting for this opportunity is under way now that NTT DATA has become the preferred partner.



WHY NTT DATA

NTT DATA is an ideal fit for the client, with current Japanese relationships in place and specific, relevant cultural experience. They have demonstrated that they can undertake the project at a lower cost than their competitors and offer innovative options such as the Cycle 0 stage of the process. This is evidence of a client-first, tailored approach and offers worldwide opportunities going forward.

NTT DATA also has proven and genuine expertise in S/4HANA migration, demonstrated through the Indian conversion factory. Further proof is in the fact that NTT DATA has demonstrated how to develop a business case in conversion scenarios, using innovative approaches such as Signavio Process Mining on ECC and S/4HANA Transformation Cards, which applies to most of our existing ECC client base.

This engagement also showcases the strengths of the new NTT DATA approach, which features joined-up and winning proposals across Consulting, Application Support and Hosting in an Hyperscaler environment.



WHAT'S NEXT

At time of writing, the client's Japanese headquarters was approving the investment, and digital-enabled transformation plans are targeted to commence in January 2023. Planning is on course subject to approvals on both sides.

In any event, executing a Cycle 0 conversion on the client's production ECC system allowed NTT DATA to demonstrate the feasibility of converting their heavily modified ECC system, and to understand the challenges and risks that lay ahead—huge assets to a successful digital transformation journey.



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