



# Core IT Modernization – An IDC Survey Summary

April 2020

# Study's Objective and Demographics

IDC ([www.idc.com](http://www.idc.com)), one of the world's leading technology market research firms, has conducted a research study into core IT modernization across the globe. The objective of this study is to determine emerging best practices in relation to the re-architecture of business-critical applications.

The research was based on 700 phone interviews with senior decision makers and influencers for digital initiatives in large organizations (1000+ employees) and several in-depth interviews.

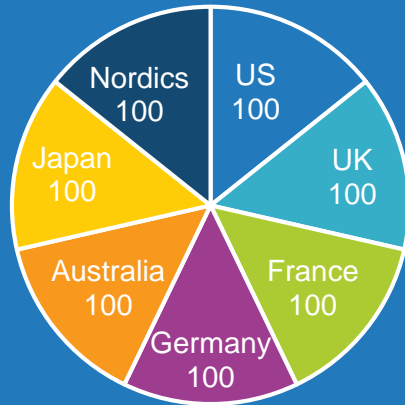
As one of the objectives of the study was understanding awareness SAP's deadline for migration to S/4HANA and related migration plans, all organizations surveyed were already ERP customers of SAP.

This Executive Summary provides an overview of the research methodology and highlights the key findings of the study

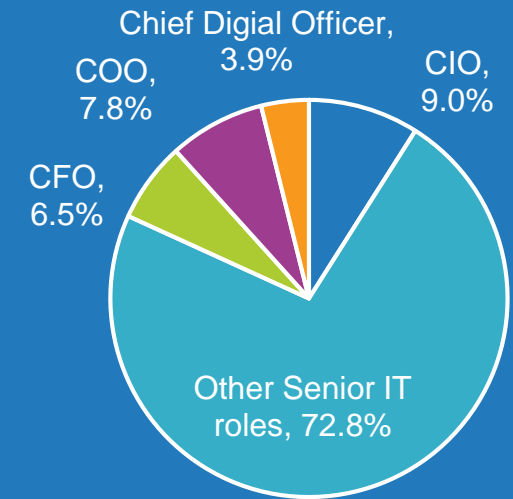
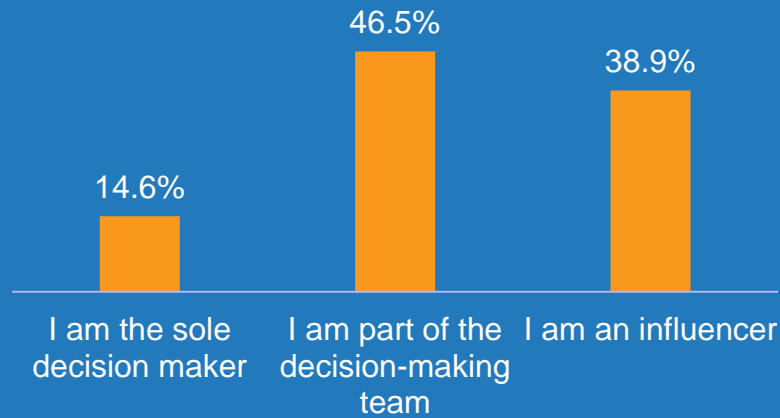
# Sample Structure

Please note that only SAP ERP customers have been interviewed for this survey.

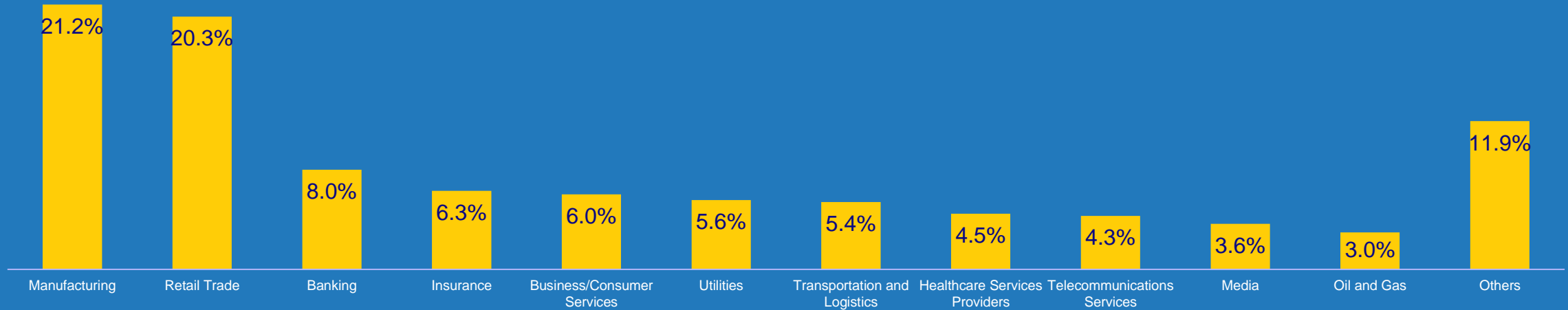
Countries & Number of interviews per country



Respondents' profile



Vertical Industries



Others incl. Securities and Investment Services, Wholesale, Construction, Education, Mining and Forestry, Agriculture, Central Government, Local/State/Regional Government

# Executive Summary

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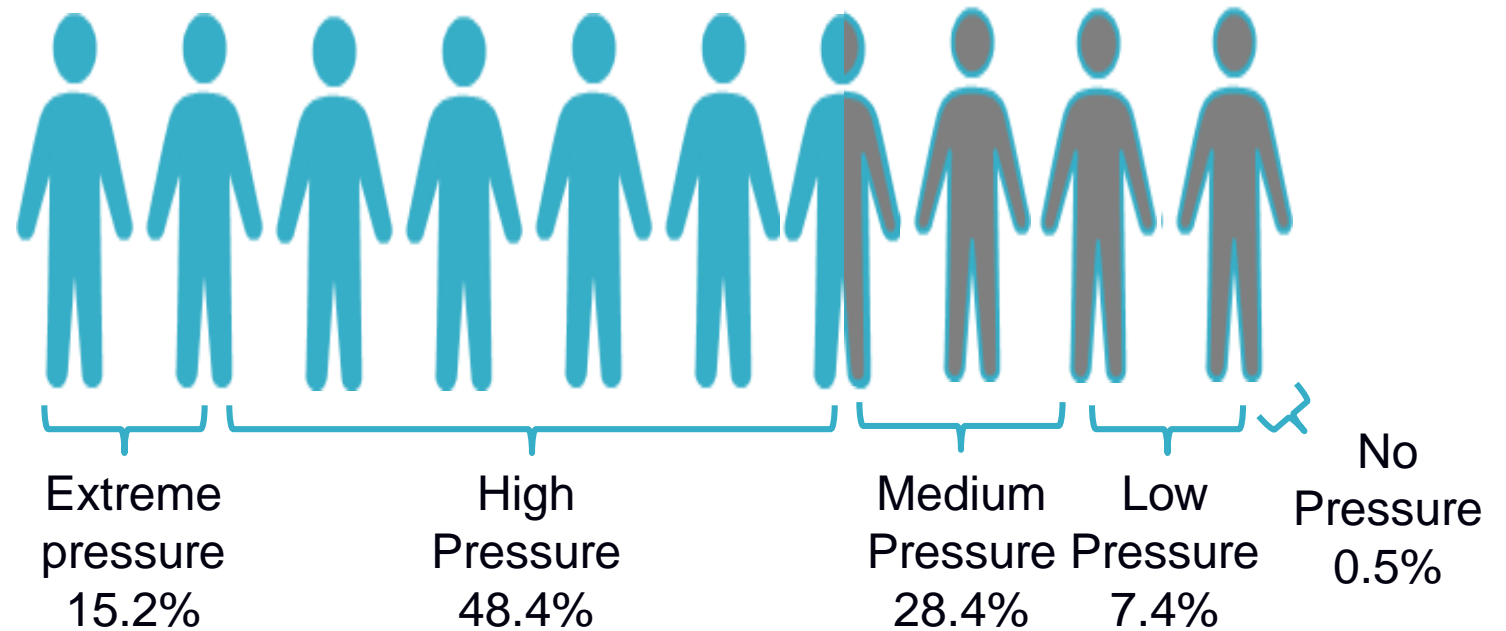
- CEOs are under extreme pressure to deliver on their digital transformation strategies. As a result, there is now a major focus on outcomes from technology investments. IDC's research shows that organizations with a modernized core IT are 40% more likely to monetize digital investments.
- In the context of core modernization initiatives, there is a major focus on ERP, as on-prem solutions are being replaced by more sophisticated cloud-based i-ERP applications.
- In this study, 60% of organizations indicated that ERP modernization is an essential or high priority in their 2020 digital strategy.
- Part of this is linked to the deadline that SAP has put in place for migrations to S/4HANA\*. However, only 12% of the respondents that are committed to migrate to S/4HANA are already live with at least one element. So there is plenty of work to be done.
- 53% of organizations have the CIO as the predominant role as the orchestrator of back-office systems transformation and ERP modernizations.
- Moving forward, the transition towards iERP should be driven by a multidisciplinary team that involves stakeholders from IT, Finance and operations as part of clear roadmap across implementation, integration and innovation

# Key Findings

# Core IT modernization is a priority in 2020 Digital Transformation Strategies

However IDC research shows that less than 1/3 of companies will deliver the ROI associated with their investments

Unsurprisingly, 64% of CEOs are under extreme or high pressure to execute on their DX strategy

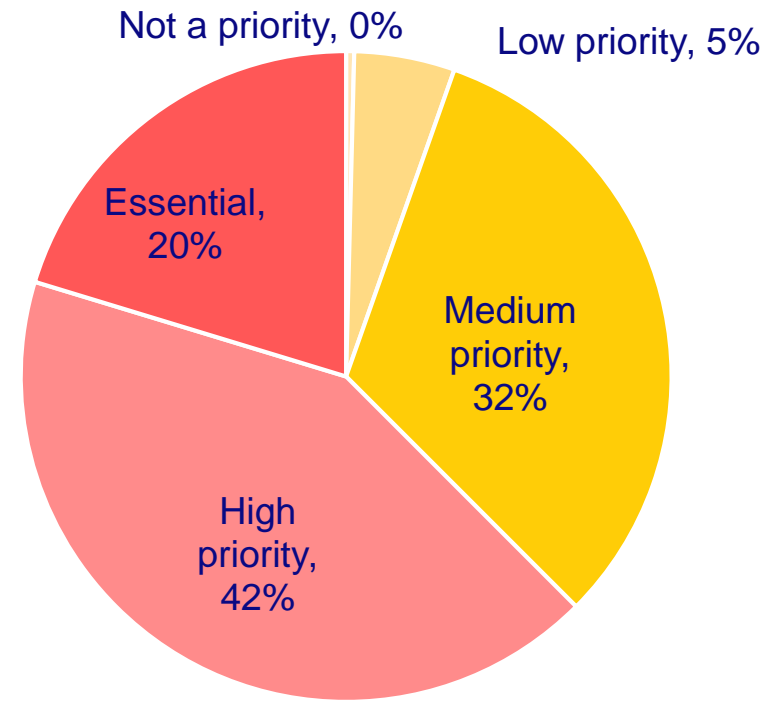


Q2. To what extent is your CEO under pressure to execute on your digital transformation strategy?



Delivering the ROI of DX requires a Digital Business Platform – where the Core IT is radically modernized into an Intelligent Core...

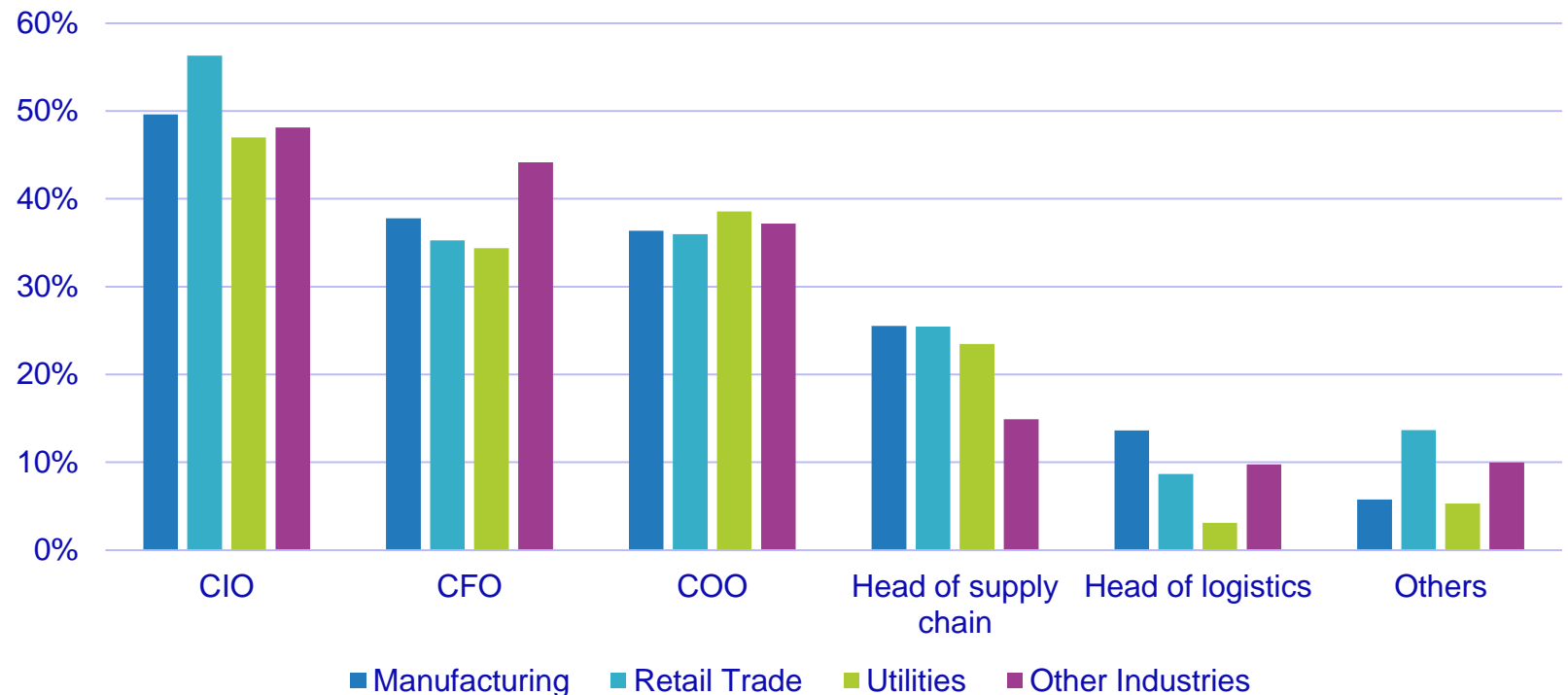
...hence for 60% of respondents core IT modernization is an essential or high priority in their 2020 DX strategy



Q3. To what extent is 'core IT modernization' a priority for your organization as part of your DX strategy for 2020?

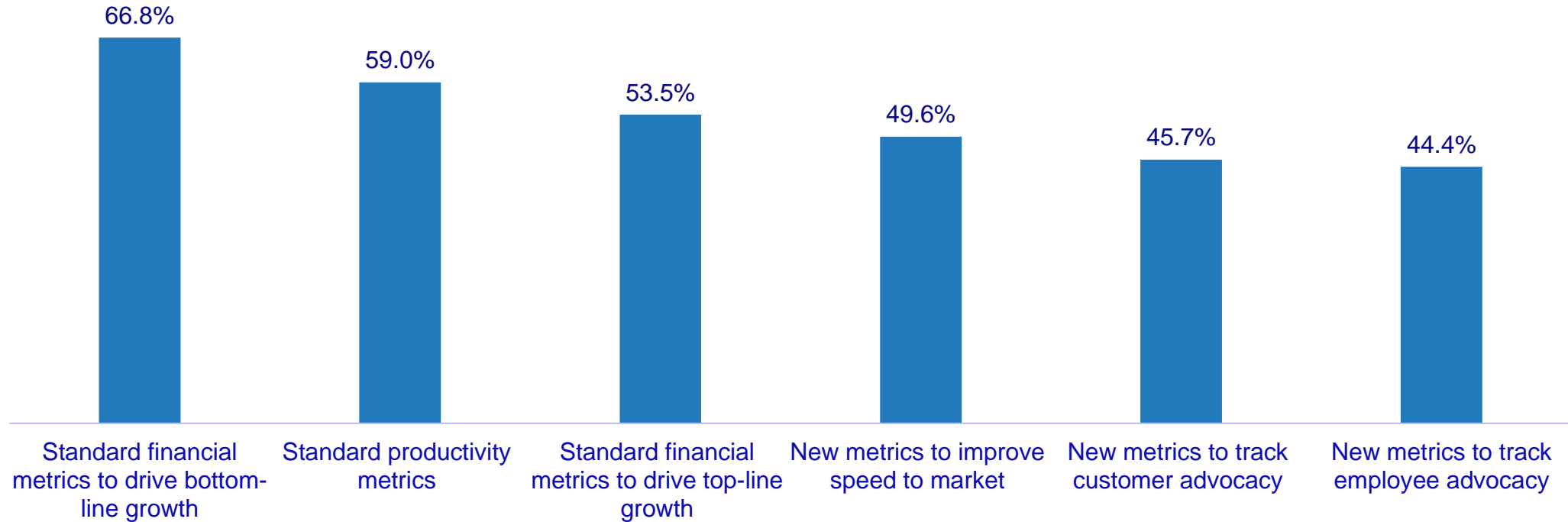
The transition towards iERP is driven by a multidisciplinary team that involves stakeholders from IT, Finance and operations.

Nonetheless CIO keeps a predominant role as the orchestrator of back-office systems transformation.



Q5. Who are the key decision makers for ERP upgrades/transformations?

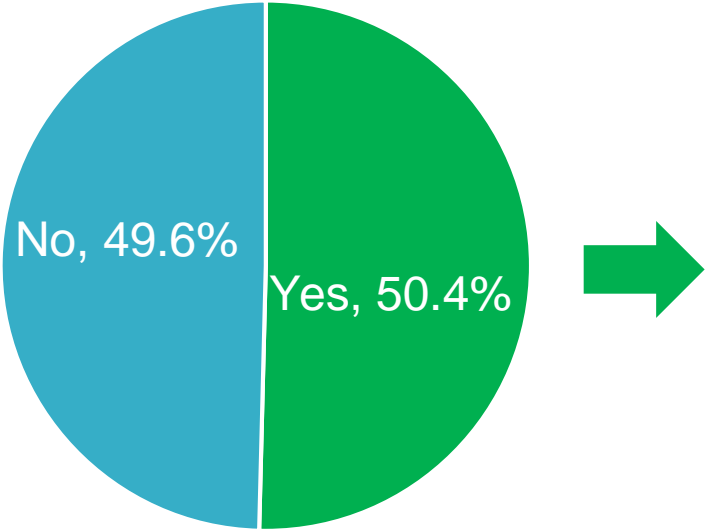
# Business cases for ERP modernization however are still focused mostly on standard metrics



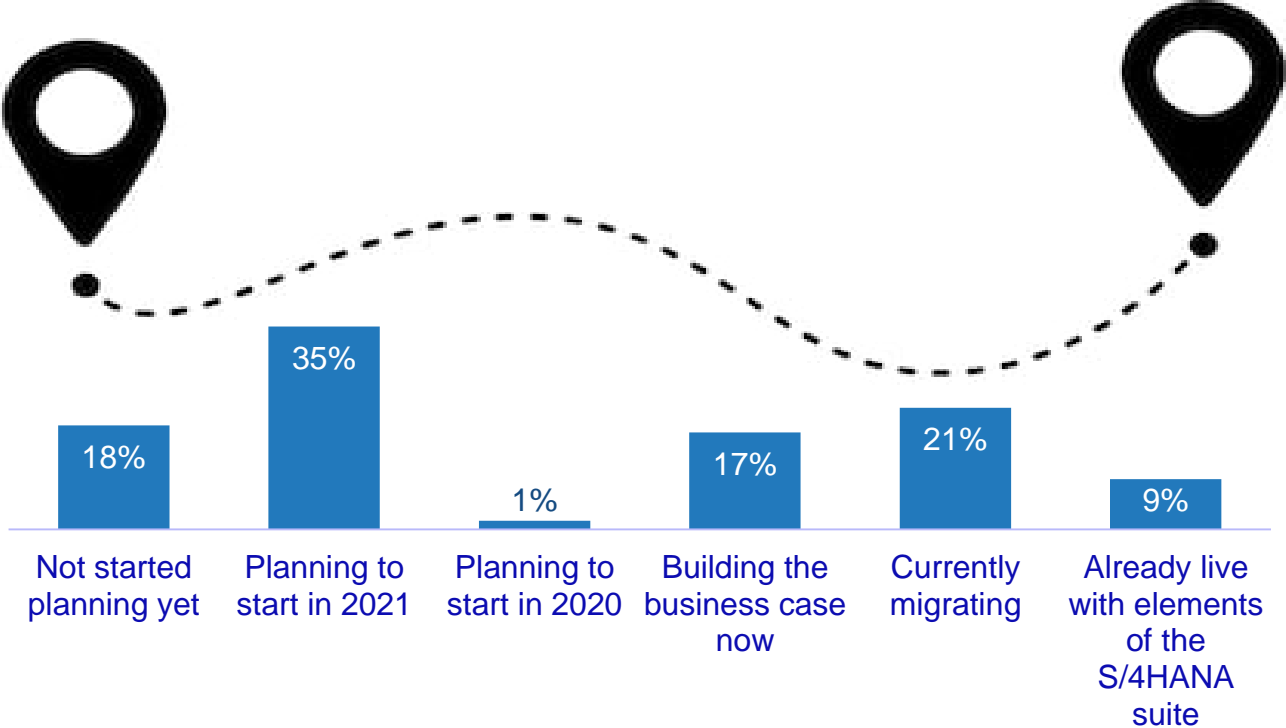
# Migration to SAP S/4 HANA has been slow

# Only half SAP customers have migrated or consider migrating to SAP S/4HANA and the majority are still at the beginning of the journey

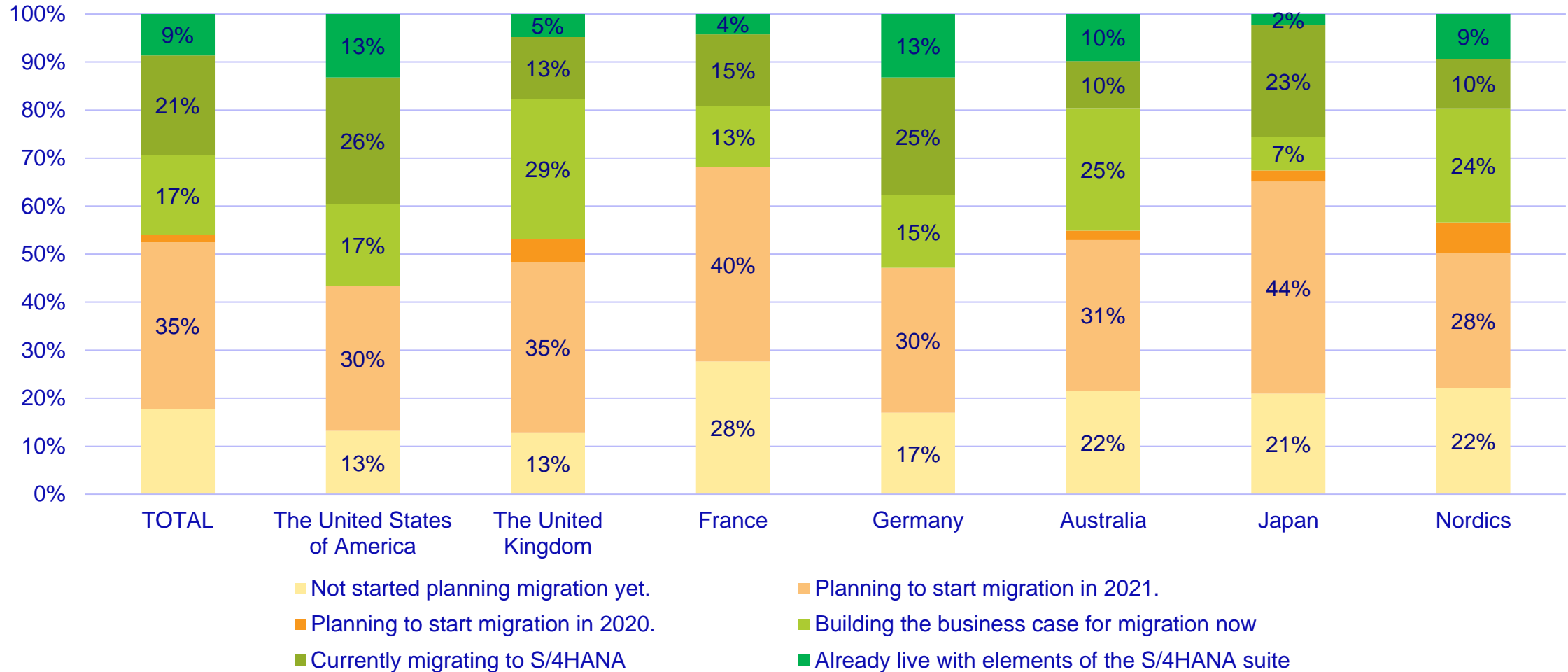
Q11. Has your organization migrated, or is it considering migrating, to SAP S/4HANA??



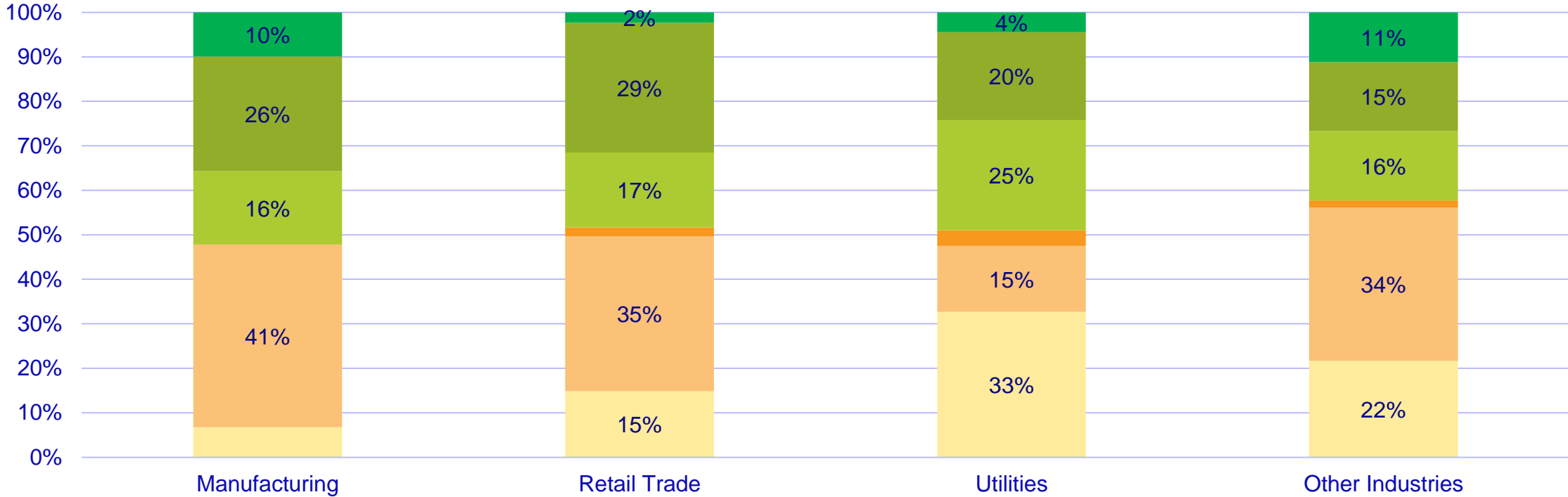
Q12. Where is your organization on your S/4HANA journey?



# Migration is more advanced in the US and Germany while France and Japan are lagging behind.

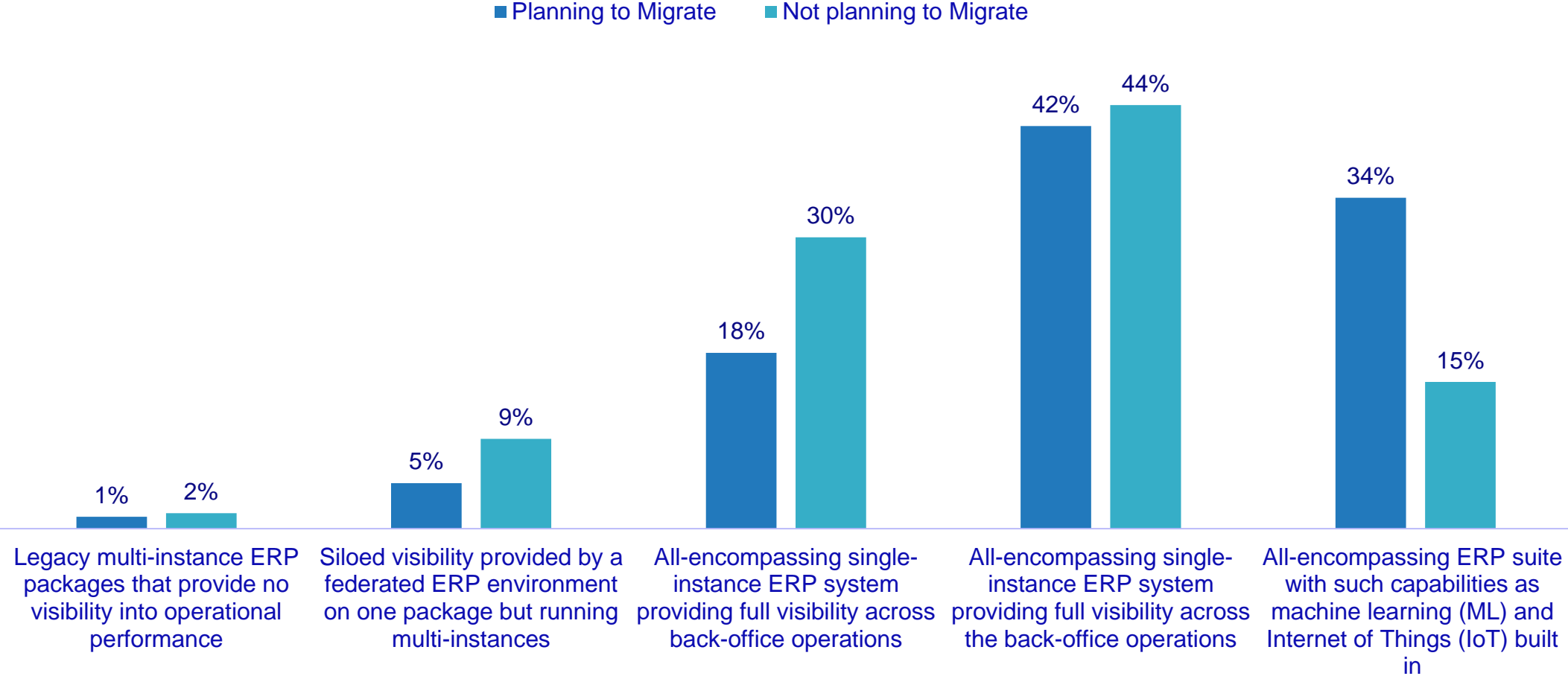


# Manufacturing companies are more advanced with a third already started migration, while Utilities are lagging behind



- Not started planning migration yet.
- Planning to start migration in 2020.
- Planning to start migration in 2021.
- Building the business case for migration now
- Currently migrating to S/4HANA
- Already live with elements of the S/4HANA suite

# But organizations who are not planning to migrate are more likely to have legacy systems unsuitable for success in the Digital economy



Q4. Which one of the following best describes your current ERP estate?



# About IDC



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