Preface

About every 18 months, I have released a new book on technology-enabled innovation. Then last December, I detoured and wrote *SAP Nation,* an exposé on waste in information technology (IT). One of the findings in the book: "So, in effect, for $2 billion in annual development budget outlays, SAP customers are paying over $200 billion a year to its ecosystem."

When that book was published, I was all set to resume writing about digital transformations. And yet, after just eight months, I find myself writing more about the SAP economy. You might wonder, "why?"

Firstly, SAP announced its next-gen S/4HANA (S/4) product in February 2015. As a result, several readers and consulting clients wanted feedback on what that meant for their strategies. Secondly, seemingly out of the woodwork, in reaction to the many customers profiled in *SAP Nation,* I started hearing from/about other SAP users. The common thread was, "I wish you had talked to us when you wrote the book—here is what we [or so-and-so customer] are doing to optimize our SAP environment."

Thirdly, I got abundant feedback about the book's model of the SAP economy—many thought that I had under-estimated the already scary, annual $200 billion in customer spending.

Analyzing the likely S/4 impact and hearing about the plethora of customer strategies has made me increasingly aware of the diversity in SAP environments. SAP's own product portfolio has exploded, with nearly 50 acquisitions in the last decade. Additionally, there is organic growth in its own product lines. SAP customer environments are even more diverse, with a wide range of satellite apps (most non-SAP) and customizations. Further, the SAP ecosystem is rapidly expanding with the addition of Fiori consultants, HANA start-ups and private cloud providers.

SAP's marketing is all about "simple" and every partner is amplifying that "simple" message. Well, is it truly simple? This sequel to *SAP Nation* keeps asking that question.

When you layer in SAP's product portfolio on top of its customers' application portfolios and the 13,000 partners it claims, a different six-letter word that also starts with 'S' comes to mind: Sprawl.

SAP's runaway success in the '90s came about because its R/3 product dramatically reduced enterprise sprawl. Can history repeat itself? Will S/4 replace today's sprawl, this time caused by SAP itself?

The book is structured as following:

> Chapter 1 takes an in-depth look at SAP's product portfolio, applications implemented at its customers and the diversity in its partner ecosystem.

> Chapter 2 looks at the rolling launch of S/4, details of which have been dribbling out over the past several months.
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> Chapter 3 explores many of the questions that keep coming up about S/4 that SAP will need to address.
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> Chapter 4 delves into two decades of enterprise software vendor attempts at next-gen products. We look at projects at Infor, JD Edwards, Microsoft, Oracle and SAP itself. How will S/4 reflect the sum of all these previous industry experiences?
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> Chapter 5 assesses the economic impact the rollout of S/4 may have on the $200+ billion annual gross domestic product (GDP) of the SAP economy. It also takes into account further feedback I have received on the SAP economy model.
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> Chapter 6 describes the wide range of SAP customer coping strategies I have been hearing about in the last few months.
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> Finally, Chapter 7 provides guidance for SAP to consider as it continues to roll out S/4. The chapter also catalogs ideas to help customers insulate themselves in an economy with no Central Bank and no real oversight—an Empire in Disarray.

Some readers will ask, "Should I read *SAP Nation* before reading this sequel?" While not critical, it would definitely help, and I encourage readers to focus on the 30+ case studies in that book. Additionally, readers will appreciate history from the 1990s and 2000s with many of SAP's acquisitions and pivots, and even more a steady stream of spectacular SAP customer project failures.

Others may ask, "When can we expect 'SAP Nation 3.0'?" I intend to work in the role of an advisor with SAP customers as the S/4 transition unfolds, and hopefully, this will give me enough material to write the next installment.

In the meantime, I would like to revert to writing about digital transformations, observing what SAP customers are doing to make their own products, services and business models more digital, even as they wait for SAP and its partners to make their back offices slimmer and more agile.

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