UNDERSTANDING
THE JOURNEY FROM SAP
TO SUCCESSFACTORS AND
HOW TO MAKE IT SUCCESSFULLY

A WHITE PAPER - Danielle Larocca

UNDERSTANDING THE JOURNEY FROM SAP TO SUCCESSFACTORS AND HOW TO MAKE IT SUCCESSFULLY

SAP's Human Capital Management (HCM) module has been around since at least 1986, and has undergone several iterations since then. Most improvements have occurred in the past eight years, since the acquisition of SuccessFactors and the concerted decision to migrate from an on-premise client server technology to a SaaS cloud model.

Understanding the evolution of SAP SuccessFactors and how different models and options came to be is a useful exercise. It also allows us to appreciate how SAP SuccessFactors adapted with the marketplace and leveraged continuous innovation to assist customers with their journey from On-premise SAP HCM to SAP SuccessFactors and the cloud.

1986 TO 2010
SAP HUMAN RESOURCES AND PAYROLL RUNS BUSINESS AS USUAL

There was a long stretch of time where it was 'business as usual' for SAP HCM clients. The last critical time for SAP HCM was back in 2001 with the advent of self-service enabled technologies (Employee Self Service and Manager Self Service) and the launch of some ancillary functions for HCM, like e-Learning and e-Recruitment. The seismic shift back then was understanding that a centralized function of data entry (i.e. an HR department) could be supplemented by the employees and managers providing their own information. After employers and HR professionals adapted to that change, there were no major changes until 2010. Although some innovations were added – SAP NetWeaver in 2004, ERP in 2006 and Business Suite 7 in 2009 – the core functionality for HR and Payroll largely stayed the same, and clients did not have to adapt to any major change. I think because there was such a long period of homeostasis for the HR module, it's been much harder for the marketplace to adapt to a new way of thinking when the next shift occurred.

2011 TO 2015
THE JOURNEY BEGINS AND ALL CLIENTS ARE ENCOURAGED TO START TO MOVE

In late 2011, SAP acquired SuccessFactors which, at the time, was then the second largest cloud-based software solution next to Salesforce.com, with more than 3,500 customers in more than 168 countries using the application suite in 35 languages. As technology evolved again – in this case into a cloud infrastructure allowing for the flexibility of technology and eliminating the requirements or necessity for an on-premise hardware landscape – I believe the HR folks were not yet comprehending of the change and its potential impact or willing to accept its interruption in the business process. In 2012, SAP announced to its approximately 14,500 On-premise SAP HCM clients a planned migration to the cloud and a planned future cessation of its On-premise HCM applications, including Payroll. When initially announced, clients were encouraged to journey to the cloud, adopting the SAP SuccessFactors cloud versions of the HCM solutions. SAP announced that clients had two landscape options to choose from: On-premise SAP or cloud, as included in their annual roadmap update slide below.

© SAP 2014

SUCCESSFACTORS ROADMAP UPDATE 2013 (TWO OPTIONS AVAILABLE)

In 2013, clients were encouraged to begin their journey to the cloud and move from their SAP HCM On-premise solutions to their cloud equivalents, as estimated in the picture below. The word 'equivalents' is not entirely accurate, as it is not a one-to-one mapping from the old modules to the new ones in SuccessFactors. Former SAP SuccessFactors CEO, Mike Ettling, advised clients that the shift from SAP to SuccessFactors was not a simple swap, stating:

"...any client who goes into the exercise of considering swapping on-premise with SuccessFactors as a like-for-like exercise is going to be very disappointed; the solutions are designed for different purposes."

This is not a transition of modules, but rather a shift from a customized system to one designed leveraging standardization and best practice. In the early days following the acquisition, SuccessFactors proposed a unique approach for clients for any cases where there was not a similar offering in SuccessFactors that matched an offering from SAP. This solution was to leverage partner technology vendors (including Benefits and Time and Attendance Management) as noted in the diagram below.
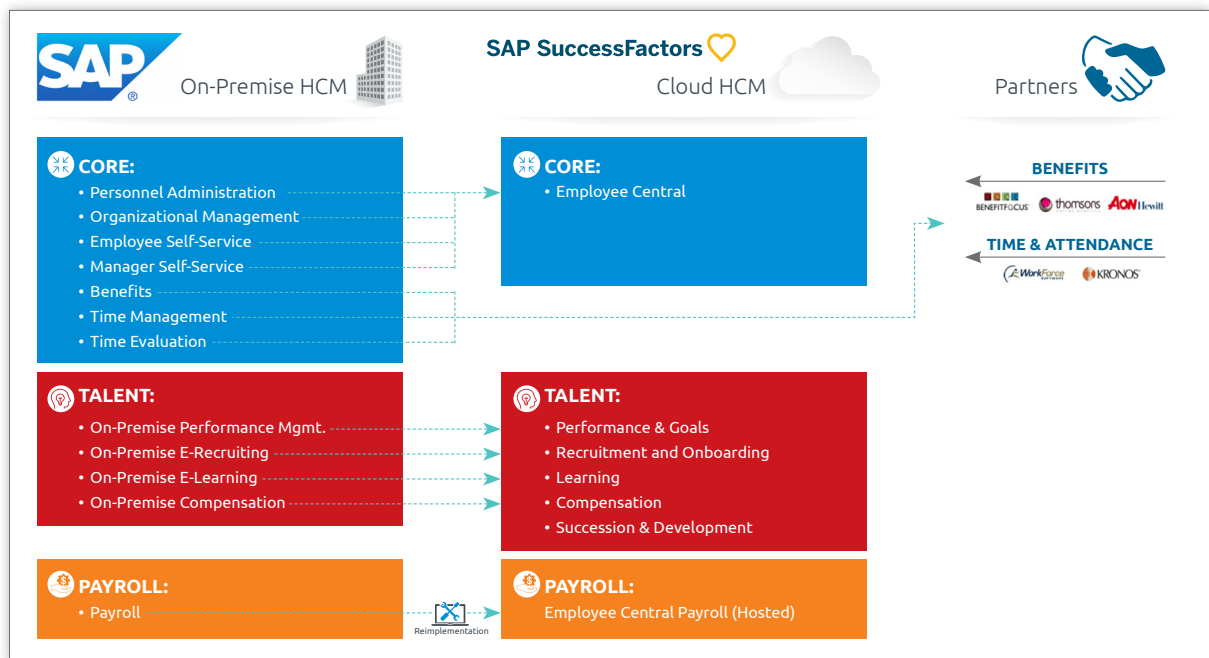
© EPI-USE Labs 2019

SAP SUCCESSFACTORS LANDSCAPE 2013 (THREE OPTIONS AVAILABLE)

The first clients to make the transition from SAP to SuccessFactors often did so, focusing on the Talent modules (Recruitment and Learning for example), as their reputation for performance, user experience and success outweighed their SAP On-premise counterparts and were often based on best-of-breed solutions (i.e. the SuccessFactors enterprise learning solution was once the popular Plateau learning platform). SAP also encouraged clients to start with an existing pain-point in their organization which often concerned these talent areas.

Because of this migration to the talent modules, SAP created a new landscape model called the Talent Hybrid to categorize these clients as part of their cloud revenue. SAP then had three options: Clients were classified as On-premise SAP, Full Cloud, or the Talent Hybrid model, as shown in their roadmap update shown below.

© SAP 2014
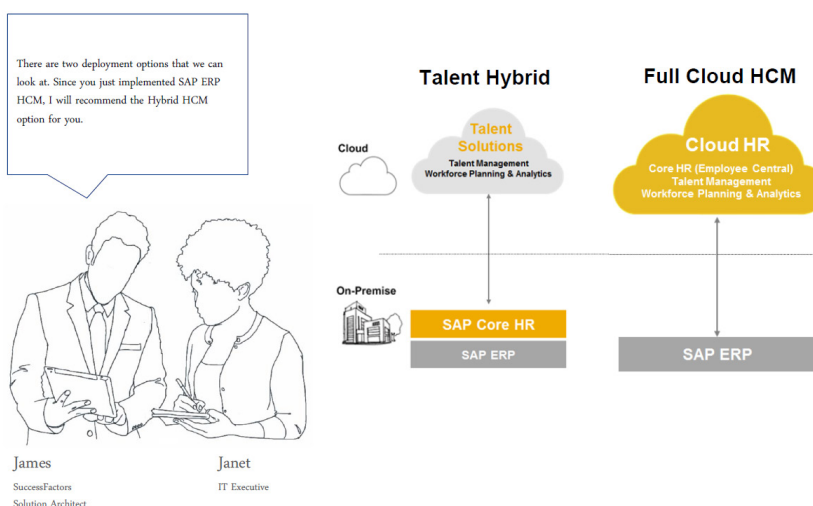
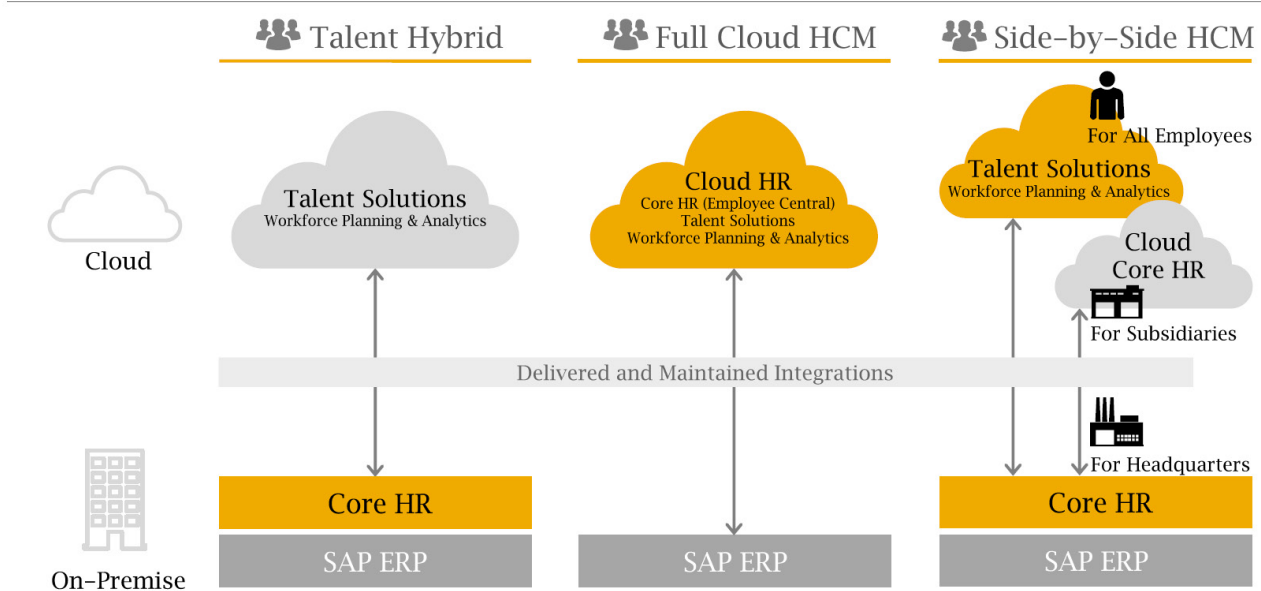## SUCCESSFACTORS ROADMAP UPDATE 2014 (FOUR OPTIONS AVAILABLE)

This Talent Hybrid scenario accounted for those clients who still used SAP On-premise for core HR but deployed at least one Talent module in the cloud. The adoption of cloud technology appeared to be slower than anticipated after its announcement in 2012, and the guaranteed support date for the SAP On-premise HCM system of year-end 2015 date was extended to 2020, and then extended again to 2025.

In 2014, a fourth model was added to account for clients who kept their SAP HCM On-premise but who also deployed SAP SuccessFactors Employee Central for at least one division or region or country in their organization.
This new landscape model was called Side-by-Side (originally called two-tier), as shown in SAP's roadmap update in late 2014, shown below.

© SAP 2014

SUCCESSFACTORS ROADMAP UPDATE LATE 2014 (FOUR OPTIONS AVAILABLE)

This model allowed companies to keep their beloved SAP On-premise solution as is, while using SuccessFactors Employee Central for new implementations of smaller regions or divisions, giving them the opportunity to see the full power of the SuccessFactors Employee Central solution. At the conclusion of 2014, there were four options for clients: On-Premise, Talent Hybrid, Side-by-Side and Full Cloud.

The migration of SAP's existing HCM clients, continued to be slow. I suspect much of it had to do with the perceived loss of functionality of moving to Employee Central or Employee Central Payroll. There was a large market resistance to leveraging partners for Time and Benefits or for reinventing or simplifying their SAP Payroll. At this point, SAP began to detail which functionality was available within SAP, which in SuccessFactors, and which could be managed via a partner integration, as shown in the slide below.

Our digital business framework supports end-to-end solutions in human resources

Core Human Resources and Payroll	Time and Attendance Management	Talent Management	Human Capital Analytics
Organizational Management (SAP SuccessFactors)	Absence Management (SAP SuccessFactors)	Recruiting (SAP SuccessFactors)	Workforce Analytics (SAP SuccessFactors)
People and Transactions (SAP SuccessFactors)	Time Sheet (SAP SuccessFactors)	Onboarding (SAP SuccessFactors)	Workforce Planning (SAP SuccessFactors)
Payroll Processing (SAP SuccessFactors)	Absence Management (WorkForce Software)	Performance and Goals (SAP SuccessFactors)	Embedded Reporting and Insights (SAP SuccessFactors)
HR Shared Services (SAP SuccessFactors)	Time Sheet (WorkForce Software)	Compensation (SAP SuccessFactors)	
Benefits (SAP SuccessFactors)	Shift Planning (WorkForce Software)	Succession and Development (SAP SuccessFactors)	
U.S. Benefits Administration (Benefitfocus)		Learning (SAP SuccessFactors)	
Contingent Workforce (SAP Fieldglass)			

Explore our human resources solutions on SAP Solution Explorer.

9

© SAP 2018

New clients, not currently on the SAP HCM platform, began implementing SAP SuccessFactors Employee Central and the count of customers using SuccessFactors Employee Central started to rise. However, a large majority of existing SAP On-premise clients opted not to move away from their On-premise Payroll and there was a bit of confusion on this front as to what was offered, included etc. Let's take a moment to talk about Employee Central Payroll.

2015 TO 2016
THE PAYROLL OPTIONS ALSO EVOLVED OVER TIME

It appeared that SAP's approximately 9,000 On-premise Payroll clients were predominantly reluctant to move to the SuccessFactors version of Payroll. I speculate that there are many explanations for this, including: the large investment many companies made to customize their On-premise Payroll; the detailed complexities of its integration with other systems for the processing of Benefits and Time; and their concerns about the overall maturity of the cloud counterpart, referred to as SAP SuccessFactors Employee Central Payroll.

Part of the confusion is that SAP SuccessFactors Employee Central Payroll is not a new payroll solution; rather SAP has leveraged the existing world-class multinational SAP On-premise Payroll and has transitioned it to a 'hosted cloud' environment. The core engine of the SuccessFactors Employee Central Payroll is the same as the SAP On-premise Payroll engine; however, from a development, support, and licensing perspective, it is designated as a separate product.

Anyone familiar with SAP, including SAP Payroll, knows that SAP has been a system that is completely customizable, and each client has painstakingly designed the system (including its Time and Benefits configuration) to support their unique business processes and needs. This often translates to many customizations, user exits, custom infotypes, workflows, objects, and so on. In contrast, however, in line with the overall Software as a Service (SaaS) methodology, SuccessFactors is based on a best-practice design which is not constructed to necessarily accommodate unique customizations. For example, clients moving to Employee Central Payroll were not permitted to make core modifications or changes to enhancement spots.

This would mean that existing SAP On-premise Payroll clients wishing to move to SAP SuccessFactors Employee Central Payroll not only needed to implement partner technology for Benefits and Time functions, but they also would need to reimplement and streamline their SAP Payroll to align with a higher level of standardization compared to the On-premise Payroll solution.

In hindsight, it is easy to see this as a misstep that may have soured the market on the prospect of SuccessFactors Employee Central Payroll. This was also launched around the same time as the SAP SuccessFactors Managed Payroll offering. There was a short-lived campaign to encourage clients to move with the help of established partners, like EPI-USE Labs, who could handle the clients' unique needs and customizations, based on their familiarity with the Payroll solution in either a Customer-Managed or Partner-Managed scenario. However, the licensing requirements for this offering (clients also had to purchase a SuccessFactors Employee Central license as well as the SuccessFactors Employee Central Payroll license) complicated the message. This option, like On-premise SAP included guaranteed support through calendar year-end 2025.

Payroll delivery options for SAP SuccessFactors Employee Central

SAP SuccessFactors Employee Central

SAP SuccessFactor Employee Central Payroll*
Cloud

SAP SuccessFactors ♡

- Standardized payroll with full SAP SuccessFactors Employee Central functionality
- Software-as-a-service affordability
- SAP quality solution with different delivery options
- Payroll control center

SAP SuccessFactors solution for managed payroll
SAP ERP, payroll

EPI·USE   NGA

- Complex payroll and time outside standard
- Customer with on-premise payroll solution from SAP moves to a subscription-based model for SAP payroll
- Partner provides hosting and SAP managed payroll solution
- Integrated with SAP SuccessFactors Employee Central and SAP SuccessFactors talent solutions

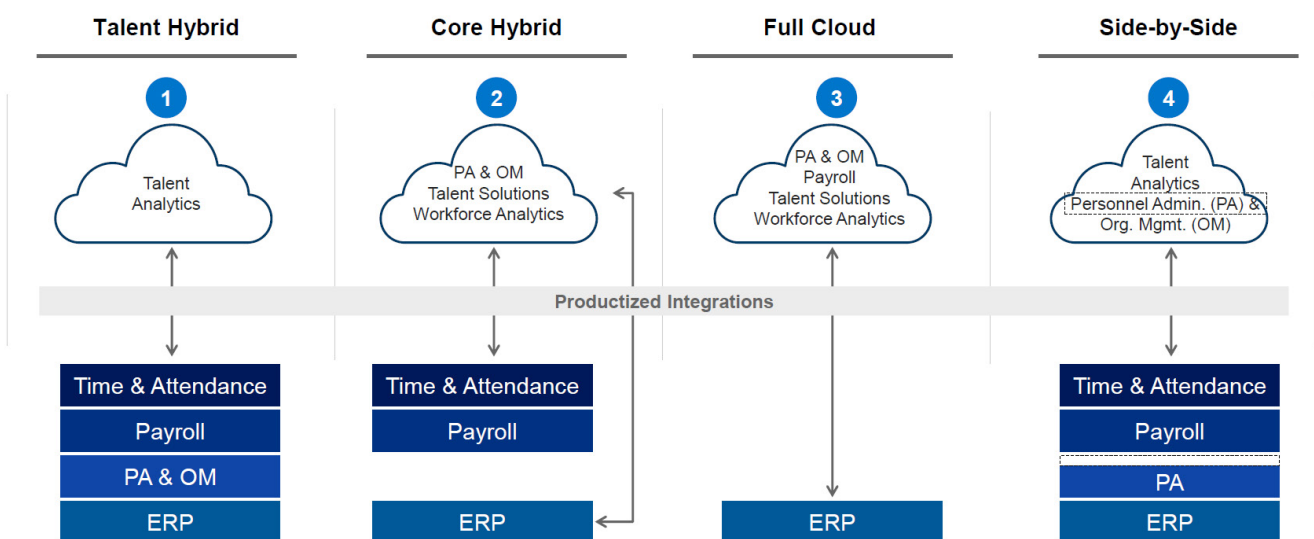© 2016 SAP SE or an SAP affiliate company. All rights reserved.   Public   10

© SAP 2015

To account for this new model, SAP SuccessFactors offered a fifth landscape model called Core Hybrid, to the existing four: On-Premise, Talent Hybrid, Side-By-Side and Full Cloud. You will note in the SAP graphic below that at this point they ceased to list the On-premise version although it is the scenario where most clients resided.

Cloud integration scenarios for SAP customers
Leverage existing investments, connect with delivered integrations

© SAP 2016

2017 TO 2020
EVEN MORE OPTIONS FOR CLIENTS NOW WITH AN EXTENDED SUPPORT DATE OF 2030

With five landscape options that evolved over a four-year period and multiple Payroll options, it's fair to say that there was quite a bit of confusion in the marketplace. Adding to that confusion is that there are additional Payroll options available to clients which include working with a partner – often referred to as Business Process Outsourcing (BPO) – or even outsourcing the Payroll altogether, either to a partner or another vendor. During this time, movement from On-premise SAP to SuccessFactors continued to be slow as many clients focused their attention on inquires related to the guaranteed end of support date, year-end 2025, and if it would be extended again.

In January 2018, SAP SuccessFactors offered a new model, extending support for any existing On-premise SAP HCM client through calendar year-end 2030, if they upgraded any existing Business Suite license to SAP S/4HANA On-premise. That announcement brought the total number of options for clients to, at least, six possible landscapes, and that offering was called the SAP HCM Sidecar for S/4HANA or Sidecar for short. That Sidecar model, canceled in 2019, evolved instead into a new offering titled the SAP Human Capital Management for SAP S/4HANA, On-premise edition, see below.
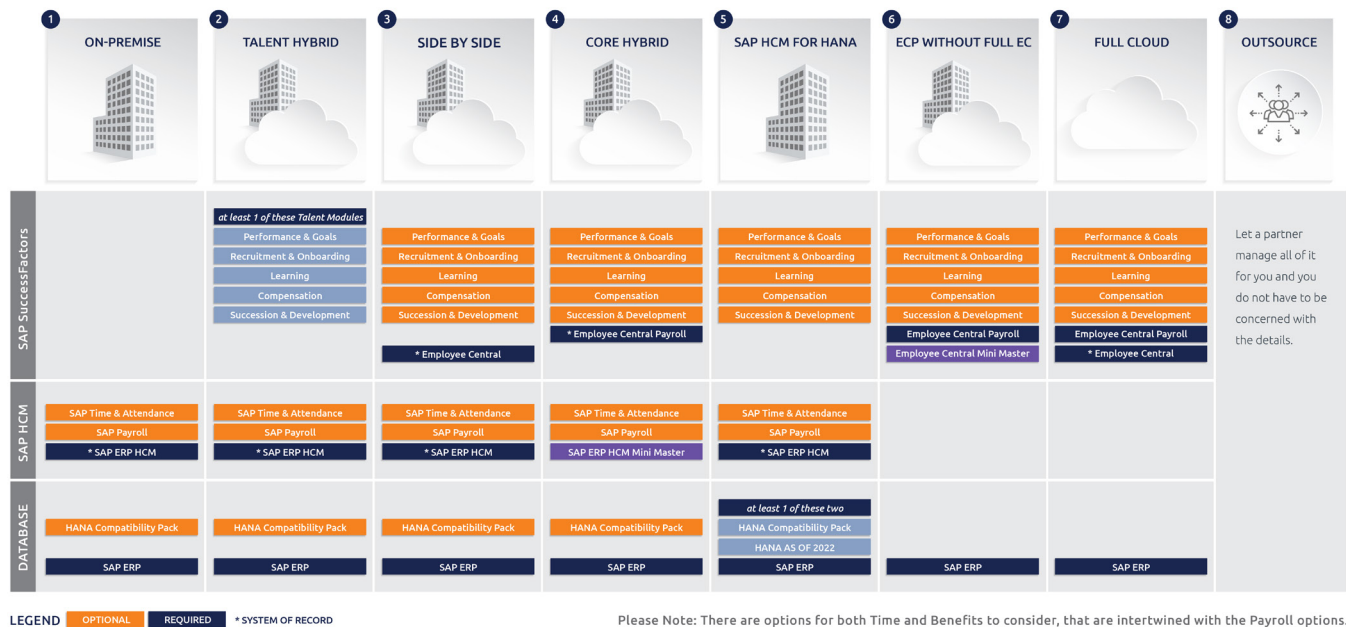
© SAP SuccessFactors SuccessConnect Presentation 2019

Announced at the annual SuccessConnect Conference, this new offering guaranteed at least 11 more years of On-premise support, available via the SAP Human Capital Management for SAP S/4HANA, On-premise edition, with no Sidecar required. This meant clients did not need to carve out their existing HCM systems to move to S/4HANA, in those cases where it was embedded within other SAP applications or on the same box.

Instead, clients could leverage an option called SAP Human Capital Management for SAP S/4HANA, On-premise edition. The offering, described as the next evolution was purported to give clients more time to migrate to SuccessFactors and Employee Central Payroll. SAP announced this change as a bridge solution for clients to move to the cloud by allowing them at least 11 more years of guaranteed On-premise support.

At the same point in 2019 SAP SuccessFactors also offered a new license model (in the diagram below as #6 ECP without EC) where customers could leverage Employee Central functional use licenses for the purpose of running Payroll for customers wanting to use Employee Central Payroll without Employee Central being the HR system of record. These changes then tallied the number of options for existing SAP HCM On-premise customers to eight. The last look at the options had six landscape scenarios for clients. With the addition of the new licensing model, that brought it to seven and the option for outsourcing, which has always been available, brings it to eight, as detailed in the diagram below.

	1 ON-PREMISE	2 TALENT HYBRID	3 SIDE BY SIDE	4 CORE HYBRID	5 SAP HCM FOR HANA	6 ECP WITHOUT FULL EC	7 FULL CLOUD	8 OUTSOURCE
SAP SuccessFactors		*at least 1 of these Talent Modules* Performance & Goals Recruitment & Onboarding Learning Compensation Succession & Development	Performance & Goals Recruitment & Onboarding Learning Compensation Succession & Development * Employee Central	Performance & Goals Recruitment & Onboarding Learning Compensation Succession & Development * Employee Central Payroll	Performance & Goals Recruitment & Onboarding Learning Compensation Succession & Development	Performance & Goals Recruitment & Onboarding Learning Compensation Succession & Development Employee Central Payroll Employee Central Mini Master	Performance & Goals Recruitment & Onboarding Learning Compensation Succession & Development Employee Central Payroll * Employee Central	Let a partner manage all of it for you and you do not have to be concerned with the details.
SAP HCM	SAP Time & Attendance SAP Payroll * SAP ERP HCM	SAP Time & Attendance SAP Payroll * SAP ERP HCM	SAP Time & Attendance SAP Payroll * SAP ERP HCM	SAP Time & Attendance SAP Payroll SAP ERP HCM Mini Master	SAP Time & Attendance SAP Payroll * SAP ERP HCM			
DATABASE	HANA Compatibility Pack SAP ERP	HANA Compatibility Pack SAP ERP	HANA Compatibility Pack SAP ERP	HANA Compatibility Pack SAP ERP	*at least 1 of these two* HANA Compatibility Pack HANA AS OF 2022 SAP ERP	SAP ERP	SAP ERP	

LEGEND OPTIONAL REQUIRED * SYSTEM OF RECORD

Please Note: There are options for both Time and Benefits to consider, that are intertwined with the Payroll options.
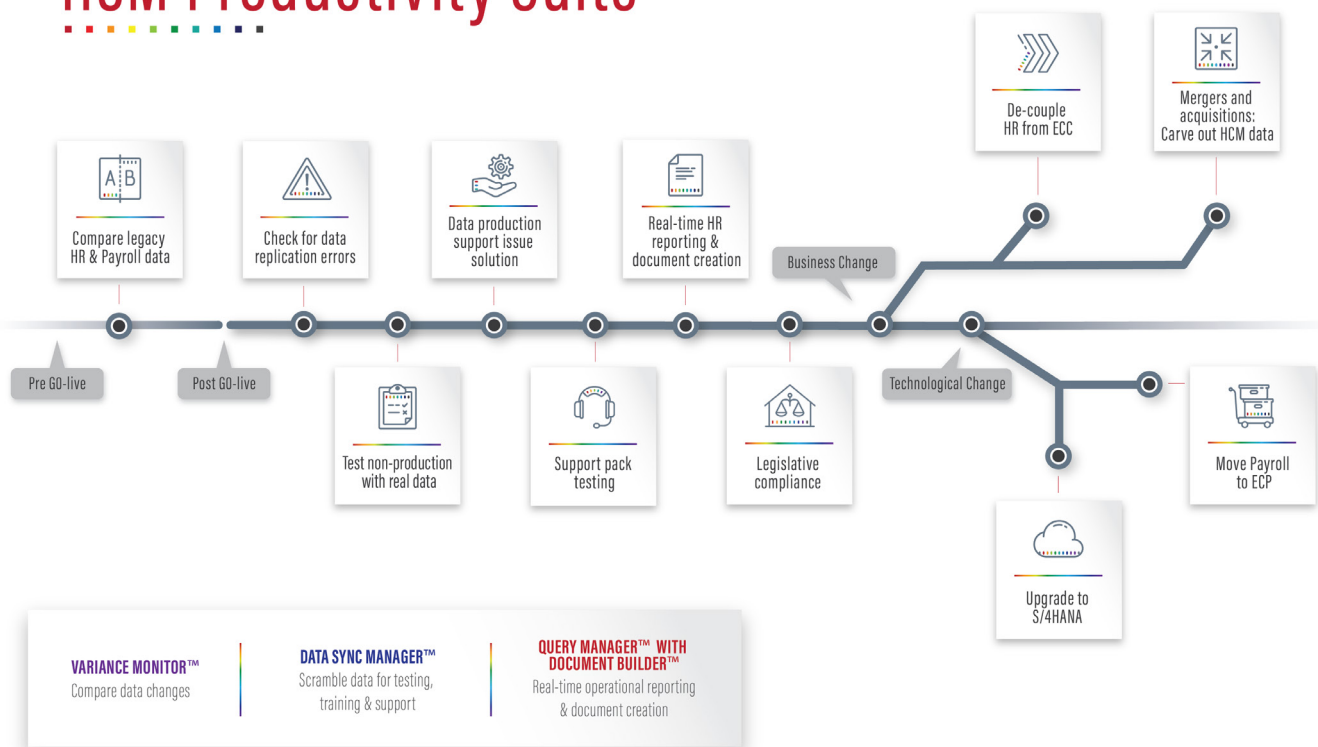
© EPI-USE Labs 2019

Ultimately, there is no one-size-fits-all solution for SAP's existing HCM and Payroll clients, as each will have their own requirements, roadmaps, and other factors to consider. What you can be sure of is that SAP SuccessFactors will continue to adapt along the way to ensure that there is no interruption to your critical HR and Payroll processes, as they have to date.

HOW TO MAKE THE JOURNEY SUCCESSFULLY WITH THE HCM PRODUCTIVITY SUITE

Now that you appreciate how we got here, it's important to understand that a lot has changed since the two options were presented back in 2012. As recently as October 2020 at the annual SuccessConnect event, SAP SuccessFactors has launched more technology around the positioning and packaging of their SAP Time Management landscape. This allows for increased Time complexity scenarios, a new user interface, and additional solution extensions to accommodate those employers with concerns about losing any robust Time functionality as they move from SAP On-Premise Time Management to SuccessFactors Employee Central Time Management. If you are ready to make the move, here is what you need to know about making it successfully.

There are several key steps in the journey each client has to make during their migration implementation, as outlined in the diagram below.

Business Journey & HCM Productivity Suite

De-couple HR from ECC

Mergers and acquisitions: Carve out HCM data

Compare legacy HR & Payroll data

Check for data replication errors

Data production support issue solution

Real-time HR reporting & document creation

Business Change

Pre GO-live

Post GO-live

Test non-production with real data

Support pack testing

Legislative compliance

Technological Change

Move Payroll to ECP

Upgrade to S/4HANA

VARIANCE MONITOR™
Compare data changes

DATA SYNC MANAGER™
Scramble data for testing, training & support

QUERY MANAGER™ WITH DOCUMENT BUILDER™
Real-time operational reporting & document creation

© EPI-USE Labs 2020

BREAKING DOWN EACH STEP IN THE JOURNEY AND WHY A SOLUTION IS REQUIRED

Each one of these key activities includes a very detailed focus on the data before go-live, during the implementation, and continuously post-go-live, to ensure a properly working business environment, as detailed in the table below.

FUNCTION	WHY IT IS CRITICAL	SOLUTION	HOW IT WORKS
Compare legacy HR and Payroll data	When data is moved from one system to another, you need to ensure that the data has moved over accurately and consistently without any discrepancies.	Query Manager	Query Manager performs a comparison of the data between the two systems in real time to identify any mismatches.
Check for data replication errors	Data replication is the process of storing data in more than one place to improve the availability of the data, and it often involves copying data from one place to another which leaves a great deal of room for error.	Query Manager	Query Manager compares the data between the two, and highlights any identified differences.
Test non-production systems with real data	In order to ensure that your multiple landscapes or environments have valid masked data for testing, training and support purposes.	DSM for HCM	DSM copies and masks HCM production data in non-production systems for testing, training, and support.
Data production support issue solution	Identifying any items that appear as variances between pay periods.	Variance Monitor	Variance Monitor gives you the ability to compare HR and Payroll data between systems and across periods.
Support pack Testing	The application of each support pack potentially introduces changes to the systems configuration and processing that requires review.	DSM for HCM Query Manager Variance Monitor Document Builder	DSM for HCM allows you to replicate and mask data between the various environments before and after the application of support packs. Reports which can include the results of variance monitoring comparisons can be used to identify differences, which can also be tracked via automated document generation or web portal progress tracking graphs.
Real-time reporting and document creation	Every client has the requirement to report on real-time information, including transactional Payroll data from the clusters, configuration and custom data, and output that information in reports, graphs, or document form.	Query Manager Document Builder	Query Manager with Document Builder is the only real-time reporting solution for On-premise and hybrid SAP SuccessFactors systems, certified by SAP. The solution is also white-listed to run on the SuccessFactors Employee Central Payroll solution.
Legislative compliance	Every region has its own statutes filing and governance compliance requirements that need to be adhered to.	Query Manager Document Builder	The Query Manager with Document Builder solution can be used to create reports and interfaces to satisfy these government requirements, including the UK Gender Pay Gap report and COVID-19 monitoring and notifications.

The functions detailed in the table above can also be leveraged by anyone wishing to undergo either a business change, including decoupling HR from ECC or performing mergers, acquisitions or carveouts, or a technology change including upgrading to S/4 HANA or migrating from On-premise SAP Payroll to SuccessFactors Employee Central Payroll.

WHAT IS THE HCM PRODUCTIVITY SUITE?

We here at EPI-USE Labs are the market leaders in this space. With over 25 years of HCM domain experience and thousands of implementations, we are experts in the challenges faced by clients. We have proven success in assisting clients leveraging our SAP and SuccessFactors certified products and services to help them maximize their existing investment and provide an adaptive and integrated solution aligned with their ever-changing SAP HCM and SuccessFactors Human Capital Management.
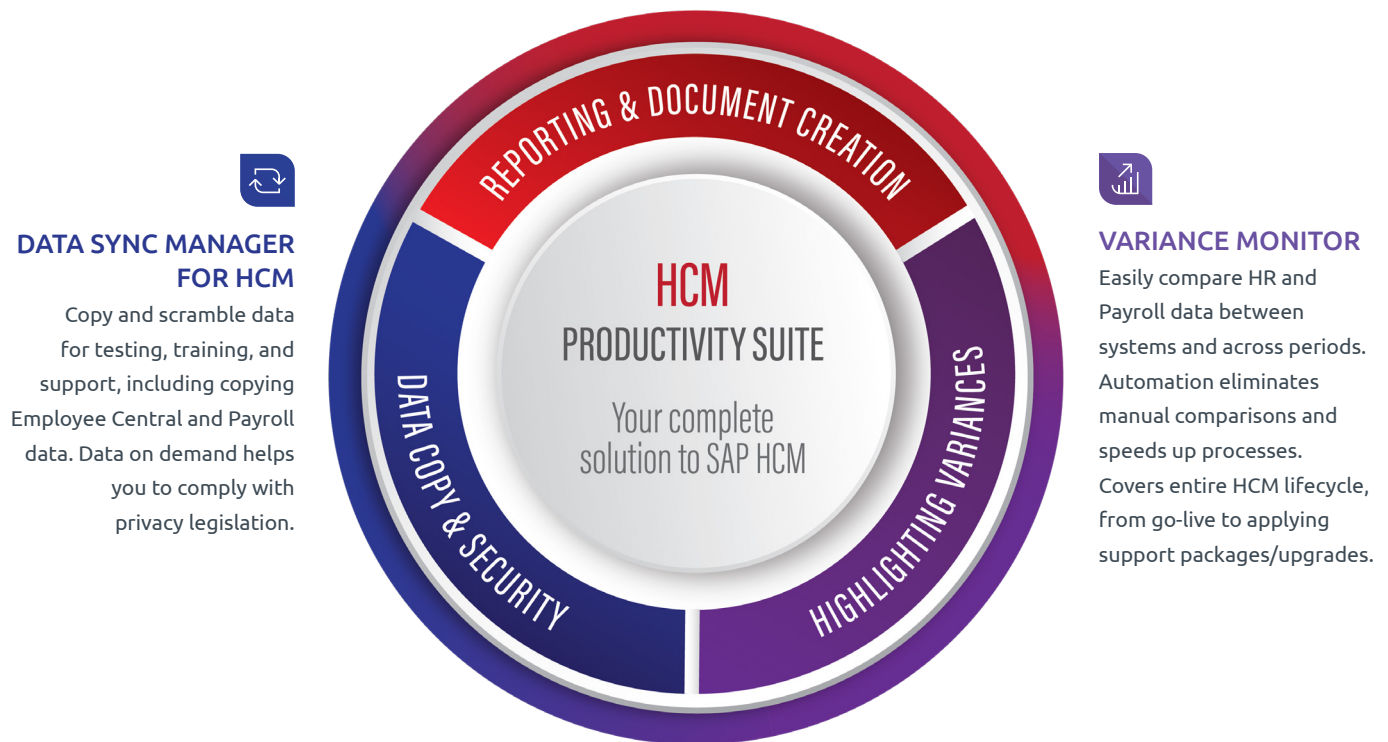
QUERY MANAGER WITH DOCUMENT BUILDER

Get real-time, operational reporting and automated document creation using SAP and SuccessFactors HR and Payroll data.
Create your own reports and tailor documents via a simple user interface.
Expand the availability of your data via the web, analytics solutions and Microsoft Excel.

DATA SYNC MANAGER FOR HCM
Copy and scramble data for testing, training, and support, including copying Employee Central and Payroll data. Data on demand helps you to comply with privacy legislation.

HCM PRODUCTIVITY SUITE
Your complete solution to SAP HCM

REPORTING & DOCUMENT CREATION

DATA COPY & SECURITY

HIGHLIGHTING VARIANCES

VARIANCE MONITOR
Easily compare HR and Payroll data between systems and across periods. Automation eliminates manual comparisons and speeds up processes. Covers entire HCM lifecycle, from go-live to applying support packages/upgrades.

SAP SAP SuccessFactors

QUERY MANAGER WITH DOCUMENT BUILDER

Query Manager is the only SAP-certified solution for real-time reporting of SAP HCM data, including hard-to-access Payroll and Time data. This powerful operational reporting solution eliminates the need for users to either rely on their ABAP programmers to provide custom reports, or for super-users to try and cobble reports together offline in Microsoft Excel using data collected using various solutions, like the SAP Ad Hoc Query, SE16 and the Wage Type Reporter.

The solution, which may be web-enabled via Fiori, allows users to access and interact with their reports outside of the SAPGUI, via a browser, tablet, or smartphone. Query Manager is delivered with access to hundreds of delivered reports that are designed, based on the most popular requirements for clients in all areas of SAP HCM and Payroll.

Creating employee letters and documents

Query Manager includes the ability to output your critical HR and Payroll data into letter or document form. Query Manager's Document Builder includes a rich visual designer and an intuitive user interface, empowering users to create richly-formatted letters, documents, and reports, and the ability to distribute them via email, portals, tiles etc.

Using Document Builder, users can leverage company branding guidelines and use the solution to customize documents to various audiences using basic filters to personalize each based on content language, messaging, formatting workflow etc. Sample documents in use at customers include detailed pay explanation statements, total compensation statements, pre-populated tax forms, remuneration letters, employment contracts, pre-populated employee forms, and many others, directly to employees, HR, management etc.

Work with your data live in Microsoft Excel

With Query Manager's Microsoft Add-in, users can refresh, analyze, share, and present critical SAP HCM data, dynamically in Microsoft Excel. What is unique about this web app is that once you have built an Excel worksheet with all the formatting and formulas that you need, users can simply click a button to refresh the spreadsheet with live data from SAP. This functionality, which is delivered with Query Manager 4, allows users to automate their Excel reports; no more uploading and downloading data between systems. It also negates the need to send the latest copy of data to recipients; they can simply open up Microsoft Excel and click the 'Refresh' button to see the latest live data from their SAP system. The Microsoft Add-in works with Excel for Mac, Excel for Windows and Excel for the web.

Share your data with your analytics solution of choice

The Query Manager solution also includes an Analytics Connector for those clients who wish to share their report data with their analytics solution including Tableau, Qlik or Microsoft PowerBI for example. Query Manager also can serve as an engine for feeding your dynamic data, including SAP Time and Payroll, with an external analytics solution allowing for an analytic-related benefit that includes your critical HCM and Payroll data from SAP SuccessFactors data.

VARIANCE MONITOR

Variance Monitor gives users the ability to compare HCM and Payroll data between systems and across periods. And because it's automated, it eliminates manual comparisons, speeds up processes, and enables your managers and Quality Assurance teams to be much more productive. Variance Monitor compares key data from Employee Central and Employee Central Payroll, speeding up your parallel run phase and ensuring you go live with accurate data. After go-live, payroll results can be checked from period to period to mitigate overpayments and underpayments, or key changes to master data. Variance Monitor, also allows the comparison of data between different SAP clients – for example, Production to Quality Assurance – which is ideal for testing the impact of support packs being applied. Results of comparisons completed with Variance Monitor can also be used in reporting with your Query Manager solution, which is ideal for progress tracking of resolved errors over time.

DATA SYNC MANAGER FOR HCM

Data Sync Manager™ (DSM) for HCM empowers all levels of SAP® users, ensuring access to HCM production data in non-production systems for testing, training, and support. DSM gives the data they need, when they need it. This SAP-certified solution allows designated users to select and transfer specific HCM data objects easily and accurately, as needed, and to mask sensitive data for confidentiality, security, and governance compliance.

CLOSING

As clients journey from On-premise SAP to SuccessFactors they need to be able to have confidence in their transition and their data accuracy and more importantly to sustain those key business functions leveraging repeatable business processes for reporting, document creation, variance monitoring and system copying/masking to ensure that their system performs as it should.

To ensure a successful business journey, today, tomorrow, and beyond you can count on the HCM Productivity Suite to adapt and innovate with you along the way.