



Worldwide pioneer project “**Rise with SAP**” realized by
cbs Corporate Business Solutions

SPS Companies realizes big bang migration into S/4HANA Cloud with selective data transfer

cbs Success Story



A Way into the Cloud

Since 2001, the steel company SPS Companies has been relying on SAP's ERP system. Over the years, a confusing, complicated and self-customized IT landscape developed. In this article, you can read more about the lighthouse project, the challenging migration using selective data transfer, and how the cloud-based ERP sustainably reduces complexity.

About SPS Companies

Founded in 1935 as Kansas Wool and Hide, the American company quickly entered the scrap metal business shortly after the end of World War II. In 1959, the name was officially changed to the current one: SPS Steel and Pipe Supply Companies. Since those early years, the company has grown from a location in Manhattan, Kansas, to one of the largest privately owned steel service centers in the United States. SPS Companies has grown from a single service center to a series of companies providing a wide range of steel products, value-added processing and steel-related services throughout the Midwest, South and Mexico.

SAP becomes central IT platform for business

SPS Companies' first SAP system was implemented in 2001, namely SAP R/3 4.6c. Over the next 17 years, SPS continued to expand its ERP system both organically and by incorporating purchased companies into its SAP landscape. The central on-premise platform had thus grown heterogeneously over the years and consisted of a correspondingly large number of internally developed extensions.

As a result, the IT landscape was confusing, complex to manage and no longer up to date. In order to remain competitive, it was necessary to switch to a central, future-oriented and high-performance system platform with a modern user interface, new functions and flexible process support. SPS's goal was to create uniform structures to enable identical reporting throughout the company. This included a global chart of accounts and a global controlling area. To achieve this, the IT department developed an individual roadmap for the switch to SAP S/4HANA.

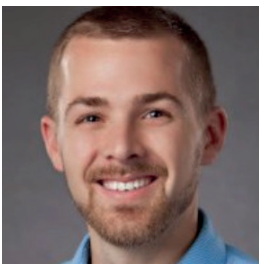
After analyzing various options, SPS opted for the selective approach from cbs. In this approach, an enterprise platform based on S/4HANA is built from scratch, and data migration is selective. A selective data migration goes beyond a standard new implementation or a system changeover (conversion). This is because customers are free to choose which legacy data they want to take with them into the new world. This has the advantage that data can be cleaned up and restructured - with the option of retaining proven processes and best practices. Data and processes that are no longer needed are left behind.

Important data selectively cut out of the source system

First, objects and data that SPS wanted to migrate were identified. Next, the affected data was selectively cut out of the ECC source system and mapped into new structures in the cloud target system. Finally, these had to be merged after certain conflicting configurations were resolved and new SAP S/4HANA functionalities were implemented.



“Brownfield simply wasn’t possible, and Greenfield would have required a long project duration with multiple rollout phases. Selective Data Transition provided additional flexibility to reduce the duration to one year”



Justin Moldrup
IT Director, SPS Companies



Selective Data Transition offered SPS Companies the best of both worlds. On the one hand, the steel company was able to set up a completely new system landscape (a prerequisite for SAP S/4HANA Cloud) while implementing new companies. On the other hand, it was able to retain many custom processes in a highly customized solution, including valuable historical data. SPS Companies is now running entirely on the SAP S/4HANA Cloud - and doing so without any major interruptions to operations. “Selective Data Transition solved one of the bigger problems we were facing,” says Justin Moldrup, IT director at SPS Companies.

“Brownfield simply wasn’t possible, and Greenfield would have required a long project timeline with multiple rollout phases. Selective Data Transition offered additional flexibility and a significant reduction in the impact of changes on users, allowing us to reduce this project timeline to one year,” explains IT Director Moldrup. In addition to the one-step move from SAP ECC On-Premise to SAP S/4HANA Cloud, the project consisted of two other key transformation elements. The first was a significant reduction in data volume through the selective migration of five years of relevant historical data. This reduction involved restructuring and renaming organizational units. The second element was a thorough reorganization in Finance to take advantage of the functionalities of the new SAP S/4HANA Universal Ledger. This meant retroactively converting historical data to new SAP S/4HANA components such as Margin Analysis (cost-based to account-based CO-PA), New FI Asset Accounting (classic FI-AA to new FI-AA), and New G/L Document Splitting (classic G/L to new G/L).

**SAP S/4HANA Cloud required
New system landscape**

**New companies
had to be integrated**

**Tailor-made and
familiar solution**

**Valuable historical
transaction data**

Selective Data Transition



cbs Enterprise
Transformer
SAP S/4HANA

SPS/4WARD

Selective approach offers significantly more flexibility

Another cbs project with lighthouse character: After cbs Corporate Business Solutions pioneered Selective Data Transition with Viessmann in 2019, the SAP Gold Partner is now setting standards again with its flagship project “SPS/4WARD”.

“What has been achieved here at SPS has never been seen before,” says Johannes Semel, Senior Practice Director SLT at cbs. “This project proves that Selective Data Transition offers more flexibility to SAP users who want to migrate to the SAP S/4HANA Cloud.”

“With the transfer to the cloud, we have laid the foundation for efficient and cost-effective operation of the SAP S/4HANA platform,” sums up Justin Moldrup, IT Director at SPS. The far-reaching benefits for SPS are obvious: a modern, uniform financial structure, optimized transparency, harmonized systems, maintenance security, future viability, and uniform and accelerated processes.

“With the transfer to the cloud, we have laid the foundation for efficient and cost-effective operation of the SAP S/4HANA platform.”

Johannes Semel
Sr. Practice Director SLT
cbs America

SPS/4WARD Project successes:



Cloud Migration

- ECC6.0 On-Premise to SAP S/4HANA Cloud
- Selective data transition as a migration approach
- Selective migration of data and processes



Selective migration of the company code

- 15 of 30 company codes in scope
- Renaming of various organisational units
- Inactive company code data remains



Reduction of the Data volume

- Only five years of historical transaction data
- 15 inactive company codes and obsolete data left behind
- 89% database reduction



ONE Finance

- NewGL implementation
- Mapping of transaction data into the new Universal Ledger
- Margin analysis (cost-based to account-based CO-PA)
- New FI asset accounting
- Chart of accounts / profit centre conversion



System Merge

- 15 company codes merged into existing SAP S/4HANA cloud system merged
- Resolution of conflicting configurations and Z-codes
- Harmonised, consolidated system



Business Partner

- Selected migration of customers and suppliers
- Merging and harmonisation of ECC data with existing business partners in S/4HANA
- One business partner for same customers/suppliers with same number

Blueprint for future migrations to the cloud

SPS/4WARD will pave the way for hundreds of SAP customers to leverage the latest enterprise-level technologies by hosting their entire SAP infrastructure in the cloud. “This project is groundbreaking and pioneering. It shows that S/4 transformations don’t have to take years and that they can add real value to the business. SPS/4WARD will serve as a blueprint for future S/4 migrations to the cloud,” emphasizes Lorenz Praefcke, CEO of cbs America.



Johannes Semel
Sr. Practice Director SLT
cbs America



Selective Data Transition

Time is often the critical factor in the SAP S/4HANA migration. The crucial question is: How can the project be accelerated? In addition to a costly new implementation (greenfield) or a conversion of the existing system (brownfield), there is now an alternative path that is already established in the market. The aim is to look for value creation at the process level, but not comprehensively as in a greenfield approach, but selectively. The individual approach of the **“SAP S/4HANA SELECTIVE Transition”** combines selective process re-design and selective data transformation. This shortens the project duration by up to 50 percent. Companies can take advantage of innovations more quickly. This selective approach is also the migration path recommended by SAP for customers with particularly large SAP installations. The Selective Approach is part of the S/4HANA Move program and enables a new customer orientation.

“A complex ERP landscape, 15 company codes, many acquisitions, numerous historical data - all of these pieces of the puzzle in and of themselves are extensive, challenging, and impossible to manage simultaneously without Selective Data Transition.”

About Corporate Business Solutions

With more than 2,000 international transformation projects and 25 years of market presence, cbs is the quality leader among management consultancies for global industrial clients. As designers of digital business processes, we advise our clients’ management with comprehensive expertise at eye level.

As process consultants and SAP specialists, we support international corporations and hidden champions comprehensively and worldwide. With a unique complete offering for business transformation, the Selective S/4HANA Transition offering and the standard software cbs Enterprise Transformer® for SAP S/4HANA®, cbs is realising the ONE Digital Enterprise of the future for industrial customers.

The consultancy is a founding member of the global community „SAP S/4HANA® Selective Data Transition Engagement“. In this expert community of experts, global standards and migration routines for transformations are created together with SAP.

cbs is part of the Materna Group and employs 600 people at its headquarters in Heidelberg, seven other German locations and eight international branches. Supported by near- and offshore centres and a strong partner network, cbs implements successful large-scale projects and customer-oriented solutions around the globe.

cbs Corporate Business Solutions Unternehmensberatung GmbH

The Materna Group Management Consultancy
Rudolf-Diesel-Str. 9, 69115 Heidelberg, Germany

T +49 6221 3304 0
kontakt@cbs-consulting.com
www.cbs-consulting.com

