CASE STUDY ZUELLIG PHARMA

TAKING EXTRA CARE OF ZUELLIG PHARMA

A FAST-TRACKED FULL-SCALE S/4HANA PILOT CONVERSION EASED THE PAIN OF PLANNING A COMPLEX CONVERSION FROM ECC TO S/4HANA
Summary
As part of its digital enablement strategy, Zuellig Pharma, one of the largest healthcare providers in Asia, wanted to upgrade and convert its SAP ERP solution from ECC to S/4HANA. The complex and customized ECC landscape included integration to external critical applications, and Zuellig Pharma needed to test the feasibility of a technical conversion to S/4HANA to preserve past investments, instead of a full greenfield re-implementation.

To better understand the complexity and challenges of the conversion process, Zuellig Pharma engaged SoftwareONE to perform a fast-tracked full-scale S/4HANA pilot conversion using a copy of its ECC production system on Azure infrastructure. The pilot determined the impact on data, custom code, business processes, and the feasibility of the conversion approach. It exposed issues to be addressed before the actual conversion, and it helped Zuellig Pharma understand the real impact of a conversion to S/4HANA. It also highlighted changes in business process and potential benefits, and drove adoption of the new solution for business users by showcasing the improvements enabled by S/4HANA.

SoftwareONE’s S/4HANA Conversion Pilot on Azure Program will accelerate Zuellig Pharma’s digital transformation by confirming the best conversion option. It helps plan the conversion, including data and code remediation, to reduce the number of issues to be addressed during the actual conversion. It will also assist in finalizing the business case with a better understanding of costs, benefits, and S/4HANA conversion risks.

About the Customer
Zuellig Pharma is one of the largest healthcare services groups in Asia. With its mission to make healthcare more accessible by providing best-in-class distribution, commercial, and digital services to support the region’s growing healthcare needs, the almost hundred years old company today operates with more than 500 customers, including some of the top 20 pharmaceutical companies in the world. Covering 13 markets in Asia with over 12,000 employees, they serve over 350,000 medical facilities. Zuellig Pharma’s mission of making healthcare more accessible has never been more relevant in enabling the fight against the COVID-19 pandemic. This includes supporting the complex supply chain planning across the healthcare ecosystem, provision of vials and packaging, and assuring that cold chain requirements to support the vaccination program in Asia are met.

More broadly, Zuellig Pharma addresses Asia’s fragmented healthcare ecosystem by providing a range of services and solutions supported by digital platforms to better connect to customers, healthcare professionals, patients and other key stakeholders. The company has accelerated product distribution to remote areas with innovative last-mile solutions while developing new patient care solutions to improve patient adherence and treatment affordability.
The Challenge

To achieve its mission and goals, Zuellig Pharma launched a digital enablement strategy in 2016 to support the complex needs of its customers with a modern and innovative portfolio of digital services.

The migration of its SAP ERP system (ECC 6.0) to the Azure Cloud was an important step in the digital transformation. Zuellig Pharma had demonstrated excellence in its approach to data and information by winning the Information Visionary Award and the SAP Innovation award (2019) through its early adoption of blockchain and mobile technology. The next step to support the company’s digital strategy was evaluating the adoption of SAP’s newer intelligent enterprise suite built around S/4HANA.

Of particular importance was the potential to simplify and automate business processes, increasing productivity, supply chain efficiency, and time-to-market. The company would become even more agile and nimble in responding to market changes and customer needs.

However, considering its investments in a heavily customized SAP system, Zuellig Pharma was concerned that starting fresh with a complete re-implementation would be difficult to justify. So, it needed to understand the feasibility of converting the existing system to S/4HANA, including the magnitude of impact on data, custom code, and business processes. An added challenge was integrating several business-critical applications and understanding any conversion impacts.

Zuellig Pharma’s Key Questions at a Glance

› Is a technical conversion from ECC to S/4HANA feasible?
› What will be the magnitude of change on our data, custom code and business processes?
› How will the integration to external applications be affected?
› In particular, what will be the impact on EWM (Extended Warehouse Management) and PO (Process Orchestration)?
› How will the new S/4HANA system operate with the new Fiori user interface and how can we showcase the improvements to our business stakeholders?
The Solution

Based on an existing relationship with Zuellig Pharma, and its market-leading position in migrating SAP workloads to the cloud and to S/4HANA, Zuellig Pharma engaged SoftwareONE to perform a pilot conversion of their SAP ECC 6.0 system to S/4HANA.

SoftwareONE set up a dedicated environment for the pilot on Azure and established connectivity to the existing SAP system on Azure. It copied the SAP ECC 6.0 production environment and converted it to S/4HANA. The conversion enabled a full-scale test without impacting existing Zuellig Pharma operations. The pilot conversion helped to identify issues that will need addressing before the actual conversion.

The pilot program enabled Zuellig Pharma to test the S/4HANA conversion and to understand the extent of impacts on data, custom code, business processes, and integration to other applications.

In addition, the project provided data to test and demo the new S/4HANA solution and helped Zuellig Pharma drive adoption in the business community by showcasing the new Fiori user interface and the business processes improvements.

S/4HANA on Azure Conversion pilot

SAP Landscape:
- SAP ECC 6.0 Suite on HANA to S/4HANA EM 1909 conversion
- Functional remediation to adapt to mandatory simplification
- SAP EWM upgraded from 9.2 to 9.5
- Interfaces migrated from PI 7.2 (Process Integration) to PO 7.5
- Add-on interface remediation to ensure zero impact on peripheral systems
- Demonstration of how S/4HANA with Fiori would support key business processes

Azure Infrastructure:
- Setup of cloud infrastructure in Azure using cloud best practices for the pilot
- Provisioning of Azure cloud resources (IaaS) to host SAP workloads
- Establishment of connectivity between Azure infrastructure and SAP environment
- Activation of SoftwareONE’s monitorSimple™, to manage the SAP pilot environment
- Set up of SoftwareONE’s PyraCloud FinOps platform to pro-actively manage Azure cloud spend, including simplified reporting and identification of optimization opportunities

BUSINESS ALIGNMENT
Agree on business priorities, stakeholder alignment

PLATFORM READINESS
Procurement and deployment of Azure platform

SYSTEM COPY
Copy of your SAP production instance is restored on Azure

SYSTEM ASSESSMENT
System build and S/4HANA readiness assessment

CHECKPOINT
Collaborate and decide on next action items

CUSTOM CODE FIX & FUNCTION CONFIGURATION
ABAP code remediation & recommendation from simplification list

TECHNICAL CONVERSION
DMO conversion from ECC to S/4HANA is performed

S/4HANA ON AZURE
Evaluate and explore SAP S/4HANA

FOIRI ENABLEMENT
Fiori integration and Apps deployment

Customer sign-off
The Results

The pilot conversion of the ECC production system copy (an approximately 3.2 TB database size) was performed in less than four months, including interruptions and delays associated with the resolution of more than 50 critical errors detected during the process.

For the conversion, around 400 customizations (enhancements, conversions, workflows, reports, and forms) were analyzed. These exposed possible errors and warning across the associated 33,000 plus code objects. Active Business Functions and Add-Ons were also analyzed for compatibility.

While the pilot environment did not include any external applications integrated with SAP, the Readiness Check report provided a compatibility analysis for the SAP Business Warehouse Extractors showing the impact the S/4HANA conversion would have. The converted S/4HANA system was integrated with upgraded EWM 9.5 and SAP PO 7.5 systems.

One unexpected result of the pilot project was the extent of issues with the master data that was exposed. Zuellig Pharma had not anticipated this and it showed the need to remediate master data, including the Customer / Vendor Integration with both master data combined into the Business Partner master in S/4HANA.

Overall, the pilot conversion provided Zuellig Pharma with invaluable insight into the preparation activities required ahead of the actual conversion to S/4HANA. This included a master data harmonization project triggered by data quality findings and opportunities identified to archive redundant data.

SoftwareONE provided the know-how for a S/4HANA conversion project and the approach for the pilot. This allowed the S/4HANA conversion to be completed in a short time and with minimal resources (people, infrastructure and cost) required from Zuellig Pharma.

The S/4HANA pilot also enabled a change management program to initiate and drive adoption of the new solution by showcasing the improved business processes and functionalities of the S/4HANA solution. The optimized User Interface using SAP Fiori was demonstrated as part of selected scenarios tested to illustrate the benefits of increased productivity and flexibility, focusing on mobile workers.

Activities Related to Simplification Items

A SAP Readiness Check for SAP S/4HANA was run as part of the pilot program. It helped assess the impact on data and code, and indicated priorities to address before or during the conversion. For Zuellig Pharma, the findings showed 75% of code remediation could be done during the conversion, and about 25% could be fixed automatically.

By activity

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By conversion phase

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By condition

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By findings

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Benefits and Outcomes

SoftwareONE’s S/4HANA Pilot Conversion Program delivered the following key benefits to Zuellig Pharma:

01 Demonstrated feasibility of a conversion approach to move from ECC to S/4HANA without going through a greenfield approach, enabling Zuellig Pharma to confirm that path for their S/4HANA roadmap.

02 Greater understanding of the conversion process from ECC to S/4HANA, including detailed analysis of the impact on data, custom code and business processes as well as possible risks and challenges. These invaluable insights and experience will help Zuellig Pharma best prepare for the actual conversion and execute the SAP ECC to S/4HANA conversion in the most efficient way.

03 Confirmed the direction for the warehouse management solution (EWM) roadmap, with the S/4HANA pilot system enabling the assessment of the embedded warehouse management solution in S/4HANA and the decision to instead maintain a separate EWM system, upgraded to the next available release (9.5).

04 Increased support by the business stakeholders for adopting S/4HANA, resulting from the demonstrated benefits, improved business processes, and better user experience.

05 Better visibility and confidence on costs, benefits, and risks of a conversion to S/4HANA, which will facilitate the preparation of the business case for the conversion program.

CONTACT US TODAY

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