Organizational Change Management & S/4HANA: A Winning Formula

How an integrated OCM strategy can deliver successful S/4 HANA implementations in the life sciences and healthcare industry.

An Infosys Consulting Perspective
By Frank Wolf, Mick Burn, Håkan Arnlund, Steve Makin, Tanja Wichmann and Rex Ejimonyeabala.

Consulting@Infosys.com | InfosysConsultingInsights.com
Abstract

S/4HANA implementations are notoriously complex, time consuming and expensive, but the benefits are manifold. Embarking on a S/4HANA transformation program requires careful planning and a robust 360-degree strategy. For the life sciences and healthcare industry, which has been at the forefront of the quantum leap in advancements in technology, especially with the backdrop of the pandemic, S/4HANA migration is imperative.

SAP S/4HANA can accelerate growth, deliver predictable business outcomes and turbo-charge a digital transformation journey.

Innovative organizational change management approaches when married with a S/4HANA implementation agenda can accelerate system standardization, enable adoption of new ways of working, foster innovative organizational culture, enhance effective business continuity planning and much more...
INTRODUCTION

A growing strategic challenge for health and life sciences organizations is managing digital transformations while adhering to stringent product and process quality standards.

“...COVID-19 has placed greater emphasis on the health and life sciences industry, as it has across industries, to accelerate efficiency.”

Companies want to standardize business processes, integrate data and underlying technology architecture to optimize operational efficiencies. In parallel, more organizations are leveraging innovative technology and ways of working to improve decision support capabilities and user experience across end-to-end business processes.

SAP S/4HANA is increasingly becoming the enterprise resource Planning (ERP) solution of choice. S/4HANA is playing a critical role in enabling such large digital transformations in the health and life sciences sector. Data from Q1 2021 reveals that S/4HANA had over 16,000 large enterprise subscribers – an increase of over 2,000 from the same period in 2020. Significantly, COVID–19 has placed greater emphasis on the health and life sciences industry, as it has across industries, to accelerate efficiency.
Centralizing systems and integrating data are enabling improved decision making through insights that are more accurate. Additionally, cloud-based solutions are driving improved integrated business planning and increased collaboration with business partners across the value chain.

Quarterly Number of SAP S/4HANA Subscribers Worldwide from 2015 to 2021

Source: Statista, 2021
SURMOUNTING BARRIERS TO ADOPTION

The expected value-add of a digital transformation does not materialize automatically. Research shows that barriers to behavioral and cultural change continue to hinder successful adoption for many organizations.

Digital transformation must be closely aligned to an organizational change management (OCM) strategy capable of mitigating commonly experienced challenges.

5 Common Challenges to Digital Transformation

1. **Acceptance of standard solutions**: Standard solutions often require a change in existing ways of working and the adoption of new processes less tailored to legacy processes. Organizations need to understand that standardization is the basis for more automation and yields benefits when considered from an integrated end-to-end process perspective.

2. **Adopting new ways of working**: To establish new ways of working, key stakeholders must contribute to their definition and design. Stakeholders should understand how the new solution could change how they do their job on a day-to-day basis. A persona-based approach is critical to help the organization understand the bigger picture and buy-in to the value-add of the new ways of working.

3. **Fostering internal innovation**: Digital transformation initiatives lay the technological foundation to address future challenges. This foundation must be complemented by an organizational culture that is receptive to innovative ways of approaching complex business problems. After go-live, a corporate culture that reinforces new ways of thinking and ensures that employees do not revert to old ways of working will be better placed to meet the challenges and opportunities presented by market disruptors in the industry.

4. **Focus on business continuity**: OCM plays a key role in defining how users can be prepared for new ways of working. Business continuity goes beyond targeted communication, and includes integrated cutover planning as well as action plans for both the program team and impacted departments. Leveraging digital user experience tools throughout implementation is an effective method of understanding end user needs and meeting them through business continuity activities.

5. **Measure benefits realization**: Organizational benefits are realized through capability changes. Adopting digital measurement tools as part of your OCM strategy will ensure that organizations remain aware of what is and is not adding value when it comes to program activities. Designing benefits indicators early in your implementation will strengthen program and OCM agility, especially if business, program or end user requirements change.
Organizational Change Management at the Heart of a Successful S/4HANA Implementation

How a Smart OCM Strategy Can Help Overcome Typical Roadblocks

1. Acceptance of Standard S/4HANA Solution

"In health and life sciences industry, challenges are further complicated by the necessity to follow stringent regulatory requirements."

For a successful S/4HANA implementation, operators and end users in the business will need to understand and buy-in to the business and employee value of efficiency at the individual, team and business levels.

In health and life sciences industry, challenges are further complicated by the necessity to follow stringent regulatory requirements. When standardizing business processes, organizations must consider how much standardization can be achieved without creating compliance risks.

For a successful S/4HANA implementation, the business leadership needs to champion the benefits of standardization for the wider business and articulate the long-term digital transformation vision. This involves balancing what the organization is trying to achieve with new systems, and how future-state processes will better equip the business to meet customer needs whilst maintaining regulatory standards.
Effectively conveying these messages is fundamental for adoption. It aligns employees’ needs with business leaders’ thinking and builds commitment to the organization’s change journey.

Best practice OCM activities such as change impact assessments (current vs future state analysis), stakeholder management, role-based personas and business continuity tools can effectively bridge the gaps between transformation vision, implementation risks and end-user adoption.

How to leverage OCM best practices to bridge the gaps?

1. **Set clear expectations of the benefits to be achieved**: Program delivery teams need to understand from leadership the expected benefits of a transformation program. This includes clear delineation between business processes that can be fully optimized and those where guidelines need to be put in place for compliance. Leading organizations will define, early in the design phase, the practicability of standardization at a global, regional and/or divisional level. Best practice organizations will also assess room for local adaption of processes.

2. **Build stakeholder buy-in across the organization**: Ensure that business leaders support the vision, mindset and changes to ways of working. Clearly identifying executive sponsors of the transformation is critical to build trust and to avoid disconnect between business and IT.

3. **Communicate the change towards more value-adding work**: S/4HANA modules will automate some repetitive and time-consuming manual tasks. The solution provides more possibilities to simulate and forecast operational activities and decide on consequences for internal and external customers. Such process improvement empowers operators to spend more time on value-adding work such as market safety assessments for improved compliance.

4. **Articulate the benefits for users**: Operators and end users will be able to benefit from vastly improved user experience through the Fiori Apps. Furthermore, one global source of truth via centralized process and data management across the value chain will increase trust in data. Such data integration drives interdependency across departments due to a greater onus on data transparency and accountability. Data integration also enables accurate reporting between sites executing similar processes and transactions.

5. **Articulate the benefits for customers**: Regulatory information systems, such as Veeva, can integrate with S/4HANA to connect safety data with production data. Additionally, integrate your market intelligence software with S/4HANA to understand changes in the regulatory landscape and make decisions about your internal product portfolio and processes that are better informed by real-time data.
2. Adopting New Ways of Working

S/4HANA implementations are ushering new ways of working for teams and changing the ways organizations collaborate with their customers and suppliers. A persona-based approach gives internal and external users a holistic view of touchpoints across the value chain. For instance, the changes that S/4HANA is driving in healthcare professional engagement should be visualized by mapping new ways of working for R&D, quality assurance, sales, customer contact and supply chain.

It is important to position human stories at the heart of end-user adoption. OCM strategies should focus on real process journeys when analyzing both current and future-state ways of working. Business leaders must leverage OCM to bring their organization along the transformation journey.

How Employee and Customer Personas Can Help Visualize Changes and Drive Adoption

Source: Infosys Consulting, 2021
### Persona based OCM approach usually covers the following steps:

1. **Detailed change impact analyses inform the personas required for each stakeholder group and identify ‘what’s changing?’ and ‘what’s in it for me?’ from the stakeholder’s perspective.** Persona libraries can be created as a useful repository for stakeholder groups.

2. **Design thinking workshops with super users provide an effective method of personalizing complex ways of working.** The objective of these workshops is to create personalized change journeys; detailing specific communication, training and other change interventions required for each persona and stakeholder group.

3. **Involve key stakeholders engaged because it is they who will ‘market’ and model the personas.** Keeping stakeholders involved and informed throughout the entire project lifecycle will ensure that your personas are reflective of real experiences.

4. **Personas inform the communications approach as well as training content and delivery.** Thus, the OCM activities work together to reinforce a user-centric approach to delivering successful organizational change.
3. Fostering Internal Innovation

Health and life sciences organizations rely on a constantly refreshed portfolio of new ideas. As such, innovation must happen on a continuous basis and not only as part of a digital transformation program. A successful implementation of S/4HANA, or any digital solution, should complement a technology infrastructure that facilitates internal innovation. Business and IT leaders’ sponsorship of innovation should extend beyond technology foundations, and into practicable methods of encouraging continuous improvements.

Therefore, a symbiotic relationship between technology and culture will ensure that the organization extracts maximum value from S/4HANA – beyond go-live. There are actionable approaches to follow in order to ensure that innovation, as a mindset, is modeled in the organization.

Leaders need to accommodate the following:

1. Definitions of new processes, as well as the design and implementation of new technology, must be aligned with the organization’s strategic vision.

2. Maintenance of dedicated spaces, and scheduling of regular sessions for innovation. For instance, Design Thinking workshops to verify progress against strategy or develop new ideas to meet customer needs.

3. Encourage employee ideas for the optimization of business processes. This includes the swift evaluation, selection and feedback of those ideas. Subsequently, organizations should be proactive in putting the best ideas into practice.

4. Fostering a drive towards customer-centricity throughout all functions of the company, not just the departments directly impacted by the change.

5. Active demonstration of the importance of innovation and continuous change. Contributing to the ongoing innovation of business processes and operating model.
4. Focus on Business Continuity

A successful S/4HANA implementation will change the core processes of an organization. To ensure that there is minimal impact on business as usual after go-live, actions plans that share accountability for business continuity between the program and the wider organization must be clearly defined. Leading organizations design cutover and hypercare plans that seamlessly manage the transition from the old to the new ways of working. In doing so, they can avoid unexpected impacts on product quality and supply security.

Delivery teams will typically test specific transition scenarios during operational and performance qualification testing phases, but continuity planning must extend beyond this.

An OCM approach for S/4HANA implementation must align a transition and sustain phase with the deployment and go-live phase of the program. This includes the following steps:

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check Readiness</td>
<td>Deep dive &amp; Plan</td>
<td>Mobilize the Team</td>
<td>Record &amp; Support</td>
<td>Communicate</td>
</tr>
<tr>
<td>Business readiness checklists for both the program and the organization.</td>
<td>Well-defined and rehearsed cut-over procedures including production ramp-up plans.</td>
<td>Mobilize super user/change agent network and schedule their activities.</td>
<td>A knowledge management portal to house key transition resources such as job aids and quick reference guides.</td>
<td>Tailored communication for stakeholder groups.</td>
</tr>
</tbody>
</table>
Leveraging digital user experience tools capable of capturing end-user sentiment and analyzing the efficacy of engagement and training activities will better inform the contents of the above activities. Digital user experience tools are equally important for tracking and measuring adoption beyond go-live.

5. Measure Benefits Realization

Successful S/4HANA transformations have a clear focus on business value realization. Benefits and corresponding capability changes are defined early and documented in a business case. Best practice organizations review their business case during design, build and deployment to ensure that the transformation is meeting requirements.

A selection of digital OCM tools should also be identified early in the program to track benefits realization during the transformation lifecycle. Finding alignment between measuring adoption, sustaining change and value realization is an important aspect for OCM delivery.

Strategies for alignment:

✓ Benefits and capability changes defined before a program drive design activity. They are also a valuable input for OCM to assess the envisioned change impacts and define the priorities in any change action planning.

✓ During the design phase, future-state processes and solutions are agreed. These processes determine how certain capability changes are implemented. It is helpful to utilize digital tools to track end user sentiment and benefits realization during training delivery, communications outreach and other engagement activities.

✓ Measuring progress against benefits early in the program using digital tools will also provide earlier opportunities to pivot in order to realize those benefits. Mitigating interventions such as retraining prior to or after go-live will better drive adoption and sustain new ways of working. Insights from benefits realization analysis can also be leveraged to make subsequent deployments more successful.
Defining A Winning OCM Approach

Changes to ways of working, behaviors and culture mean that a well-structured and intelligently applied OCM approach must be an integral part of any S/4HANA implementation.

By mitigating business disruption, leading cultural shifts and managing expectations, an organization can optimize adoption, realize efficiencies and foster innovation.

IS your OCM approach up to the job?

The S/4HANA journey, and the broader digital transformation journey, merit a close inspection of your organization’s prevailing approach to OCM. Key questions include:

➢ Is your OCM approach appropriate for the implementation?
➢ Does your OCM approach integrate with project and technical streams?
➢ How does your OCM approach accommodate agile and hybrid ways of working?
➢ Is your OCM approach supporting efficiency and innovation?
➢ Are you leveraging the right digital tools to make data-based OCM decisions?
➢ Will your approach secure the adoption of new ways of working by your stakeholders?

The Infosys Consulting OCM Approach

Source: Infosys Consulting, 2021
After defining the vision and case for change, it is essential to understand its impact on the organization. This should include a thorough analysis of how the current culture, roles and responsibilities, technology, processes and ways of working will be impacted by the changes. This assessment and its outcomes need to be personalized for employees impacted by the transformation.

Leaders and key stakeholders’ support and commitment should be tracked and will be enhanced by the creation and delivery of communication and training interventions for impacted audiences. Communication and training should escort stakeholders along the commitment continuum that begins with awareness, extends through to knowledge, understanding and upskilling, and ends with adoption. Changes to the employee mindset and the organizational culture need to be reinforced and sustained to ensure that new ways of working are embedded.
LOOKING TO THE FUTURE

S/4HANA migration journeys continue to grow across industries as more firms embrace digital transformation, but the organizations that will realize successful implementations with long-lasting benefits are those that will actively accommodate a corporate culture where adoption, efficiency and innovation are embedded into their ways of thinking and working.

Forward-looking organizations that adapt OCM approaches to bridge the gaps between their digital transformation objectives and the technology that will get them there, will leapfrog their competitors. Whichever OCM approach is preferred by an organization, it is important to apply it and adopt it with the same efficiency and innovation that they are seeking to realize with the transformation itself.
MEET THE EXPERTS

Frank Wolf
Partner, Life Sciences Practice
Frank.Wolf@infosysconsulting.com

Mick Burn
Partner, Talent & Organization
Michael_Burn@infosysconsulting.com

Håkan Arnlund
Senior Principal, Talent & Organization Practice
Hakan.Arnlund@infosysconsulting.com

Tanja Wichmann
Principal, Talent & Organization Practice
Tanja.Wichmann@infosysconsulting.com

Steve Makin
Principal, Talent & Organization Practice
Steve.Makin@infosysconsulting.com

Rex Ejimonyeabala
Senior Consultant, Talent & Organization Practice
Rex.Ejimonyeabala@infosysconsulting.com
About Infosys Consulting

Infosys Consulting is a global management consulting firm helping some of the world’s most recognizable brands transform and innovate. Our consultants are industry experts that lead complex change agendas driven by disruptive technology. With offices in 20 countries and backed by the power of the global Infosys brand, our teams help the C-suite navigate today’s digital landscape to win market share and create shareholder value for lasting competitive advantage. To see our ideas in action, or to join a new type of consulting firm, visit us at www.InfosysConsultingInsights.com.

For more information, contact consulting@infosys.com

© 2021 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names, and other such intellectual property rights mentioned in this document. Except as expressly permitted, neither this document nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printed, photocopied, recorded or otherwise, without the prior permission of Infosys Limited and/or any named intellectual property rights under this document.