Customer COE Best Practices – Our challenges in the digital transformation

**Topic**

The digital transformation not only represents fundamental changes for companies, but also involves complex new challenges for our IT. In addition to technical and functional requirements, our SAP Customer COE must also meet and prepare for organizational requirements due to the digital transformation.

**Customer Recommendation: "Next Generation IT" - Start now!**

Yesterday, the IT world was characterized by "on premise". Today, “Cloud” is the predominant topic. In practice, "hybrid" landscapes have to be managed. The topics develop an almost incalculable dynamic. That’s why it is more important than ever to now prepare the right decisions with regard to the system solutions used.

**Customer Profile**

Hannover Rück SE
International reinsurer headquartered in Germany/Hannover
Interne Group IT

SAP Customer COE Focus: Stable operation, support for the use and further development of applied software, central contact person for all SAP-related questions. Driver of innovations in the SAP and non-SAP environment, taking into account the products used.

**Management Summary**

Different, simultaneous challenges to the SAP Customer COE with various questions about future orientation require timely action.

Interlocking activities align the SAP Customer COE with the right skills and abilities!

In time before the end of maintenance in 2025, it can be switched over to the future application architecture!
**Customer COE Best Practices – Our challenges in the digital transformation**

**Initial Situation**

Our current ERP world is set up "on premise" and stable. It runs with extraordinary performance, almost error-free and without any problems worth mentioning. Our users are satisfied and adaptations as well as enhancements, respectively projects, run flawlessly. The support structure is well organized and communicates on the basis of coordinated processes.

**Challenge**

The challenge of this change lies in the simultaneity and diversity of all requirements. For example, it is not only necessary to implement a functional/technical change as in the case of a release change, but at the same time to switch to a new technical architecture under changed boundary conditions (more mobility, different license models, new technology, different skills, etc.). Therefore, the business processes in the future target scenario must be supported as well as in the current day-to-day business. Hybrid support models are necessary at least during this period.

**Need for Action**

SAP maintenance for ERP expires in 2025. Projects for up-grade/further development must therefore go into (successful!) planning timely. As a result, our application landscape, among other things, will change. "On premise" supplemented by "cloud" allows "hybrid" scenarios to emerge. This in turn requires new support models which are characterized by "Two Speed IT", changed procedures, new license models, architectures, etc. All this takes time and good preparation. Now!

**Objective**

The aim is to set up our SAP COE and the associated support structure in IT in such a way that a hybrid scenario, which on the one hand consists of the currently running "on premise" ERP landscape and on the other hand of the future and existing cloud scenarios, can be implemented. At the same time, projects must be supported that develop the future application architecture and ultimately implement the current architecture before the end of maintenance.
Our Solution

In order to meet the different challenges that exist simultaneously and influence each other, various activities have been started. These activities run in parallel and support each other:

- **Know How development** in relation to S/4HANA and the applications running on it
- **Roadmap planning**, prepared for the future application architecture and its implementation
- **Use of "Cloud"** applications also for the SAP landscape, e.g. S/4HANA at HEC
- **Skill management** with development of specialist knowledge
- **Active license management** for care and maintenance
- **Supplier management** with regard to contracts
- Transformation to **IT Demand Management**
- **Organizational "operating concept"** for the SAP Customer COE (also includes the SAP Basis, which must in particular provide different support for the systems placed in HEC)

The established support structure based on the **COE Capability Framework** will be kept stable and at the same time further developed along the **COE Future Roadmap**. The **COE Value Proposition** is oriented closer on the departments (business partners) for which the COE provides support and whose business processes are also mapped (and possibly further developed) in the new application architecture.
Methodology and Effort

Particular attention will be paid to the timely launch of activities. For example, building up the necessary expertise in the S/4HANA environment takes time, as the conversion from an ERP system to an S/4HANA system is not just a release change or migration project. The implementation of business processes in the HANA world, which is more oriented towards the "cloud", is different from that in the ERP world and also offers new opportunities. We are therefore already addressing the future system architecture in roadmap planning, not only technically, but also organizationally and calculatingly with regard to the business processes to be mapped.

Our Benefit

We are addressing the current challenges resulting not only from digital change with dedicated activities. At the same time, we are aligning the SAP COE with an IT demand organization so that the added value of the activities is visible through support, especially in the specialist areas. The individual activities do not have to wait for the other activities. On the contrary, partial results achieved can, must and will be used as early as possible in the other activities. Resources are used efficiently and agile project methods are applied, which also promotes communication between activities.

We support the build-up of knowledge through a project that migrates the ERP system of a subsidiary to S/4HANA. The S/4HANA systems are located in SAP HEC. Therefore, the SAP basis has to work differently, since, for example, paid activities are also commissioned there via S-users. In addition, we also dealt with new "cloud"-oriented license models and maintenance contracts. All of this will be incorporated into the "operating model" for the future hybrid SAP COE.

Our benefit results from the interlocking of the individual activities which, like individual pieces of the jigsaw puzzle, are joining together more and more. The "operating model" for the SAP COE also enables us to achieve orderly processing of the activities to be performed. And the timely start leaves enough time to use the resources for future-oriented activities and to operate the SAP Customer COE hybrid in addition to maintaining stable system operation.
About Us

With a premium volume of EUR 17.8 billion, Hannover Re is the fourth-largest reinsurer in the world. It operates all lines of non-life and life/health reinsurance and is represented on all continents with approx. 3,300 employees. Founded in 1966, the Hannover Re Group today comprises more than 140 subsidiaries, branches and representative offices worldwide. Business in Germany is conducted by the subsidiary E+S Rück. The rating agencies important for the insurance industry have awarded both Hannover Re and E+S Rück very good financial strength ratings (Standard & Poor's AA- "Very Strong"; A.M. Best A+ "Superior").

Customer Contact

<table>
<thead>
<tr>
<th>Contact Person</th>
<th>Dr. Uwe Vehlies</th>
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</thead>
<tbody>
<tr>
<td>Address</td>
<td>Hannover Rück SE</td>
</tr>
<tr>
<td></td>
<td>Bereich IT-CI</td>
</tr>
<tr>
<td></td>
<td>Karl-Wiechert-Allee 50</td>
</tr>
<tr>
<td></td>
<td>30625 Hannover</td>
</tr>
<tr>
<td>E-Mail</td>
<td><a href="mailto:uwe.vehlies@hannover-re.com">uwe.vehlies@hannover-re.com</a></td>
</tr>
<tr>
<td>Phone</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td><a href="http://www.hannover-re.com">www.hannover-re.com</a></td>
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Resume and Outlook

Knowledge is continuously built up through the set up, mutually complementary activities, the future application architecture is developed and a hybrid support structure is supported.

The Customer COE is integrated into the IT organization in such a way that it optimally keeps the current core applications in a stable operation, aligns itself with the needs of the departments (business partners) within the framework of IT demand management, and supports the projects for further development and implementation in the future application architecture.

Editorial comment!

Please note:
The solution shown here is described as part of the "SAP Customer Centre of Expertise (Customer COE) customer success stories" program. In this format, SAP gives Customer COEs the opportunity to outline examples of certified SAP Customer COEs.

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Your Customer COE team
SAP contact: COE.Program@sap.com