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DSAG Investment Report 2022

Increasing budgets, caution regarding RISE

- **IT and SAP investment budgets are increasing again**
- **Use of SAP S/4HANA growing, understanding of RISE with SAP expandable**
- **SuccessFactors gains ground**

Walldorf, Germany, 24.03.2022 – The consequences of the coronavirus crisis appear to be diminishing and confidence is on the increase, along with IT and SAP investment budgets. This was one of the findings of the 2022* Investment Report of the German-speaking SAP User Group (DSAG). This report also revealed that there remains a great deal of potential for improving knowledge of RISE with SAP. Although 60 percent of respondents have heard of it, they are not yet familiar with the product. SuccessFactors adoption among SAP cloud solutions is pronounced. And analysis functions for business technology platforms score highly. In terms of overarching IT topics, cyber security leads the way, ahead of process automation and digital competence, as well as sustainability.

The era of caution is behind us when it comes to investing in IT. At 59 percent of the companies surveyed in Germany, Austria and Switzerland (DACH), the overall IT budget is increasing, compared to just 39 percent a year ago. At 29 percent of companies, it is static (2021: 37 percent) and at 5 percent it is falling (2021: 18 percent). When it comes to investments in SAP, it appears that at 57 percent of the companies surveyed, the budget is increasing (2021: 43 percent), at 32 percent it is static (2021: 35 percent), and at 7 percent it is falling (2021: 18 percent). "These values reveal that the consequences of the coronavirus pandemic are likely to be overcome in 2022, or at least lose much of their impact. The investment backlog of the last two years seems to be clearing. Those areas that remained highly subdued



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in 2021 will gain momentum as a result of new projects and/or the need for transformation work. This is demonstrated by both the overall IT budget and SAP budget results," says Jens Hungershausen, DSAG Chairman.

Encouraging signs for S/4HANA

When asked which SAP ERP solutions the companies and/or organizations currently use, SAP ERP and/or SAP Business Suite scored 75 percent, followed by S/4HANA On-Premise with 32 percent. S/4HANA Cloud plays a comparatively minor role. Just 6 percent of respondents also use S/4HANA as a private cloud solution and 2 percent as a public cloud solution. For comparison purposes, in the DSAG Investment Report 2021, 14 percent of respondents stated that they were already using S/4HANA. In a joint [survey by DSAG and the American SAP User Group \(ASUG\)](#) in mid-2021, this figure was 24 percent. Usage has therefore increased. "What's interesting about the result of this year's investment report regarding S/4HANA is that almost half of the companies using S/4HANA On-Premise also stated that they use SAP ERP and/or SAP Business Suite. This might suggest that some firms continue to run their previous system in parallel for a while, due to the complexity of the transition, before fully completing the transformation," says Jens Hungershausen.

When asked about the relevance of Business Suite for SAP investments in 2022, 6 percent of companies are planning major investments (2021: 3 percent) and 18 percent are planning medium-scale investments (2021: 22 percent). In the case of S/4HANA, major investments are relevant for 26 percent (2021: 25 percent) and medium-scale investments for 24 percent (2021: 31 percent). "The caution surrounding S/4HANA is somewhat surprising. I would have expected there to be an increase in S/4HANA transformation activities this year. RISE with SAP is clearly still unable to provide the necessary encouragement. As DSAG, it will therefore be our job to provide our members with even more support during transformation and



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provide assistance," summarizes Jens Hungershausen. The User Group has therefore already established three S/4HANA focus groups this year, specifically dealing with the three phases of transformation.

SuccessFactors clearly in the lead

A look at SAP cloud solutions and their relevance for investments in 2022 reveals that SuccessFactors is clearly in the lead, with major and medium-scale investments of 21 percent (2021: 15 percent), followed by SAP Customer Experience (CX) and Ariba on a par with 9 percent each (2021: 8 percent each). Concur and SAP Integrated Business Planning each have 6 percent. Industry Cloud and Qualtrics are relevant to respondents in 2022. "It's no surprise that SuccessFactors tops this ranking. In fact, its approval may well continue to rise. The cloud locations recently announced by SAP exclusively for public services should soon provide additional momentum. This development can be attributed to DSAG's constant commitment to public services, among other things," explains Jens Hungershausen.

Commerce and analysis solutions lead the way

The relevance of SAP Customer Experience (CX) is relatively unchanged since the Investment Report 2021. 9 percent (2021: 8 percent) are planning medium-scale and major investments. This year's survey also included specific CX solutions that are expected to attract investment. Among those respondents planning investments in this area, SAP commerce solutions such as SAP Commerce Cloud lead the way with 37 percent. This is followed by SAP sales solutions such as SAP Sales Cloud with 27 percent and SAP service solutions such as SAP Service Cloud with 17 percent.

In terms of business technology platforms, 20 percent of respondents are planning major and medium-scale investments for analysis solutions, closely followed by database and data management solutions at 19 percent. The remaining places are occupied by integration and expansion/application development (11 percent) and intelligent technologies (4 percent). The DSAG Chairman is particularly surprised



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by the results for analysis solutions: "I would have expected more firms to be planning major investments in this area. It's important to analyze projects, as well as your own status-quo in the market and in communications, in order to adopt an integrated approach to managing your corporate processes. Especially now that the difficult coronavirus years are behind us, it would have been logical for real-time analyses, forecasts and planning to also be given greater prominence in future."

Understanding of RISE with SAP is expandable

Another important topic for the survey was RISE with SAP, the Business Transformation as a Service product based on SAP S/4HANA Cloud. 11 percent state they have never heard of RISE (DSAG-ASUG survey 2021: 10 percent). 60 percent have already heard of it (DSAG-ASUG survey 2021: 56 percent), but are not yet familiar with it. 21 percent state they are somewhat familiar with RISE (DSAG-ASUG survey 2021: 27 percent). These results show that there has not been any significant movement in this area since last year.

Scepticism among DSAG members is as great as before. The values for the question regarding the use of RISE with SAP are correspondingly high: 57 percent of participants state they are extremely unlikely and somewhat unlikely to consider RISE with SAP. 21 percent are neutral on this point. "Transformations are fluid, flexible processes that encounter IT systems with a wide variety of release statuses and configuration levels within companies. It is difficult to understand how a Business Transformation as a Service package is supposed to reduce the complexity that often exists. This requires significantly more clarity and a holistic understanding by SAP of a company's individual circumstances. Business transformation on an equal footing must be the goal, rather than Business Transformation as a Service," summarizes Jens Hungershausen.

Cyber security dominates IT topics

In addition to pure SAP topics, the survey also focused on the relevance of overarching issues for investment planning. Cyber security is the clear leader, with 78



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percent high to medium relevance, followed by process automation with 66 percent, as well as digital competence and remote work with 55 percent. Sustainability plays a role for 48 percent of respondents.

"The huge significance of cyber security for companies is no surprise." Jens Hungerhausen is convinced that "SAP will have to provide much greater support for cloud security with clear concepts for all solutions, as well as practical solutions and standards for clients, across the entire portfolio." DSAG's demand is clear: high-quality software and cloud solutions are required, which meet the increased operating and security requirements while offering a functional equivalent to previous on-premise solutions.

DSAG is also actively involved in sustainability. For example, it has a sustainability forum that provides assistance when implementing the requirements of the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz) in SAP systems.

"DSAG is working to deliver the urgently needed practical benefits of the legislation and is engaged in constructive dialog with SAP in this regard," says Jens Hungerhausen.

When it comes to investments in innovative technologies, the picture is the same as last year. Data intelligence/big data is the top priority for 2022 for 35 percent of the companies surveyed (2021: 43 percent). This is followed by cloud computing with 24 percent (2021: 26 percent) and robotic process automation (RPA) with 15 percent (2021: 20 percent). This outcome can also be regarded as a consequence of the investment backlog during the coronavirus years.

Conclusion

The caution of the past two years is being replaced by an optimistic outlook, as evidenced by an increasing willingness to invest, both in IT in general and SAP in particular. When it comes to the solutions currently in use, SAP ERP and Business Suite still have a considerable edge over S/4HANA, although this is experiencing



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cautiously positive growth. In terms of willingness to invest, around twice as many firms now prioritize S/4HANA compared to SAP ERP and Business Suite. RISE with SAP is more or less stagnant in terms of acceptance among DSAG members. Interest in the non-SAP topic of cyber security plays an even greater role among survey participants.

***Scope of survey**

During the period January 27, 2022 to February 21, 2022, 198 people took part in the survey. Only one person was surveyed per member company. These were CIOs, Heads of CC or Account Managers exclusively from user companies. In terms of sectors, the TOP 5 was dominated by engineering, tool building and component construction with 16 percent, followed by healthcare with 10 percent and then the public sector and chemical industry tied with 8 percent. The utilities sector accounted for 7 percent of participants. 43 percent of the companies employ 500 to 2,499 people. 76 percent of the firms have their headquarters in Germany, 9 percent in Austria and 12 percent in Switzerland.



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About DSAG

The German-speaking SAP User Group (DSAG) is one of the most influential user groups in the world. Its extensive network is made up of more than 60,000 members from over 3,800 companies, ranging from mid-size firms to DAX-listed corporations, and representing every major industry in Germany, Austria and Switzerland. Thanks to its extraordinary reach, the group has unparalleled insight into the digital challenges facing companies in these markets. DSAG uses this knowledge to represent the interests of SAP users and help pave the way for its members to a digital future.

Find out more at:

www.dsag.de, www.dsag.at www.dsag-ev.ch

Press contact

DSAG

Thomas Kircher

German-speaking SAP® User Group (DSAG)

Altrottstraße 34a

69190 Walldorf, Germany

Phone: +49 6227 358 0966

Fax: +49 6227 358 0959

Email: presse@dsag.de

Website: www.dsag.de