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Navigating the Labyrinth of Technical Debt: A C-Suite Guide to SAP Migration

In today's rapidly evolving business landscape, technical debt has become a formidable enemy for the modern enterprise especially those with unique and demanding customer requirements.

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Technical debt is the cost of additional work and spending required after years of prioritizing fast and cheap over efficient and sustainable technology solutions. After leading and guiding SAP migrations for 25 years, I've witnessed firsthand how this invisible burden can impede innovation and growth. Let's decouple technical debt and explore practical strategies to overcome this challenge during a SAP migration.

Understanding Technical Debt:

Technical debt is the accumulation of suboptimal technologies used to fill gaps in functionality which, over time, render short-term gains with long-term inefficiencies. Before the SAP Store, SAP users themselves were responsible for

identifying gaps in functionality and developing innovative solutions to address the niche requirements of their industry. This ad hoc method of innovation manifests as outdated customizations, legacy code, and inefficient processes that hinder agility and the ability to innovate forward. Now with access to the SAP Store, SAP users have a vast marketplace of partner led innovative solutions designed by those with extensive development experience and the knowledge of industry specific requirements.

The Slippery Slope of Technical Debt

Companies often find themselves burdened with technical debt due to several factors:

- **Maintaining the Status Quo:** For the past 30 years or so, SAP has continued to innovate but the strategy for implementation and development has remained relatively the same. This means there are experts in the field (SAP dinosaurs like myself) who are comfortable with their proven methods for SAP maintenance and adoption. However, in the last 5 or so years, SAP RISE has fundamentally changed how SAP ERP is approached both in recognizing technical and business value. Senior leadership and SAP leadership need to re-write the status quo or they will miss the opportunity to position their organization for future success in the decades to come.
- **Customizations:** The unique needs and background of each enterprise





- necessitates customizations to align with business processes. A staggering 91% of SAP users rely on custom code, with 90% considering it critical to their operations. Businesses and individuals that have invested significantly in these customizations often resist change in favor of a solution that is perceived as “good enough”. These decisions trap organizations in a cycle of maintaining outdated IT rather than adopting efficient solutions.
- **Short-term Focused:** Pressure to meet immediate business needs often leads to quick fixes that accumulate over time creating an interconnected web of dependencies. A fear of disruption and significant upfront investment causes

leaders to choose the path of technical debt over sustainable innovation. Over time, businesses often find themselves questioning the tangible benefits of moving to a newer platform when their legacy system meets basic operational needs. This reluctance to bold change results in outdated technologies persisting far longer than intended, compounding the debt and increasing the risk of critical failure.

The Cost of Inaction:

The impact of technical debt is far-reaching, but challenges lead back to three major concerns:

- **Hidden Maintenance Costs:** Technical debt becomes apparent during system updates and upgrades as more resources are needed to maintain the same IT environment. Solutions that appear to be low-cost may not be as economically savvy after considering the value of losing time, personnel hours, and competitive edge. Along with rising TCO (total cost of ownership), businesses with technical debt find themselves incurring higher risks of incompatibility with each update. Support teams begin to play defense as they spend more time fixing issues caused by legacy systems.
- **Dependency on Key Personnel:** A serious impact of technical debt occurs when experienced individuals develop customized solutions and then leave the organization through retirement, opportunity, or emergency circumstances. This scenario creates a precarious situation where the organization is dependent on highly customized critical systems that few others fully understand. Even knowledgeable industry experts may struggle to reverse-engineer or maintain the custom configurations. The loss of that key personal results in a "black box" situation where the system functions but no one knows how to install updates, fix customizations, and how long they have before it fails.
- **Inability to Innovate:** With highly customized and outdated systems in place, companies struggle to keep pace with the speed of change. Not only is innovation moving faster than

the organization can adopt but the risks involved with change are exponentially higher as support, documentation, and compatibility retire for legacy systems. When compiling these strategic challenges on the already daunting task of innovation adoption, the inherent risk increases tenfold.

Strategies to Overcome Technical Debt

While technical debt presents significant challenges, it is not insurmountable. As organizations strategize their SAP migration journey, consider these strategic priorities to eliminate technical debt:

Reject the Status Quo: While maintaining the status quo is easy, IT is always moving (forward or backward) and so is your organization. Leaders need to assess where their organization is headed and where they want to be. Those that embrace digital transformation will inherit the next generation of innovation, lower TCO (total cost of ownership), reduce IT complexity, and future proof their business. Those in power, need to recognize that change is an investment that must be made to position their organization for future growth and opportunity. Adaptation will be the difference between thriving and expiring.

Identify Your SAP Dinosaurs: Those of us who have been in the SAP space for decades have seen continuous improvements with SAP technologies while the overall playbook to implement and extract value hasn't changed. But the SAP of today is fundamentally different

meaning our approach must be different. Organizations must pivot how they license and calculate business value, how you solution business processes, and how you develop customizations. I believe that the practical and adaptable dinosaurs hold the keys to ultimate success through this strategic shift.

Eliminate Technical Debt: Why does it exist? It is the result of gaps in functionality. SAP recognized this challenge years ago with the reality that they cannot solve every possible business problem in every industry and sub-segment within. I can tell you from experience that the selling requirements for a spacecraft manufacture and a building supply distributor couldn't be more different. Even within such organizations, the selling requirements between departments couldn't be more diverse. This is where the SAP Store and SAP BTP (business technology platform) come into play. These platforms create an opportunity for partners with deep industry specific knowledge to build and offer solutions to successfully fill those gaps in functionality.

A Path Forward

While the idea of addressing technical debt amid an SAP migration may seem daunting, there is no better opportunity to reset your IT strategy and adopt forward thinking solutions. By taking proactive steps to manage and reduce technical debt, you're not just preparing for a smoother migration but setting up the organization for decades of growth. Each

organization will have a unique path through digital transformation but pursuing the next generation of SAP technology will reap compounding dividends and secure a strong position for growth opportunity.

As an SAP Pinnacle Award recipient, we at DataXstream understand the complexities of SAP ecosystems and the intense selling requirements of the modern global enterprise. Our solutions provide organizations with the industry specific selling capabilities needed to make a comprehensive experience for even the most demanding customers. DataXstream is a team of forward-thinking SAP dinosaurs each with decades of migration experience and a proven track record leading the most challenging business transformations in ERP sales and order management.

