ISG®

The State of SAP Migration

WHY EARLY CHOICES MATTER MORE THAN TECHNOLOGY

JANUARY 2026

Executive Summary

When it comes to migrating SAP workloads, enterprises are concerned more about their exposure to risk than they are about the potential for transformation. As enterprises move toward S/4HANA, most are prioritizing operational stability and cost predictability over deep process and data re-engineering. Driven in part by ECC support timelines and regulatory constraints, these early decisions shape migration outcomes, long-term cost structures and an enterprise's ability to make the most of automation and AI investments.

We asked 200 senior decision-makers how they are managing their SAP migrations and found that their decisions around planning and sequencing, their discipline around governance and the cost of the transition are shaping outcomes more than their platform choice or how they are deploying the tools.

Analysis of both survey data and ISG advisory engagements shows a growing disconnect between stated transformation ambitions and the migration approaches enterprises are using in practice.

Most notably, enterprises with the strongest aspirations for transformation often hinder long-term value by prioritizing short-term stability. In doing so, they fail to standardize processes and data in a way that will unlock potential benefits of automation, analytics and AI.

Key Findings

1. **SAP migration decisions prioritize risk containment over transformation.**
   Fewer than one in five enterprises pursue a full re-implementation, while nearly half prioritize preserving existing processes and data through brownfield-oriented migrations.

2. **SAP migration approach is a strategic risk decision rather than a technical one.**
   Enterprises are explicitly trading long-term transformation potential for near-term stability, speed and cost predictability.

3. **The ECC support timeline is a primary driver of migration activity.**
   Many enterprises are moving because they must, sequencing programs around maintenance and support deadlines and, in some cases, using limited cloud adoption to extend runway rather than to transform upfront.

4. **Most migration risk is introduced early and shows up as overruns.**
   Nearly 60% of SAP migrations are behind schedule and over budget, driven primarily by underestimated complexity, scope expansion and internal capacity constraints.

5. **Cost outcomes diverge by enterprise size and deployment model.**
   Larger enterprises are more likely to report higher post-migration ERP costs and greater short-term cost volatility during phased transitions.

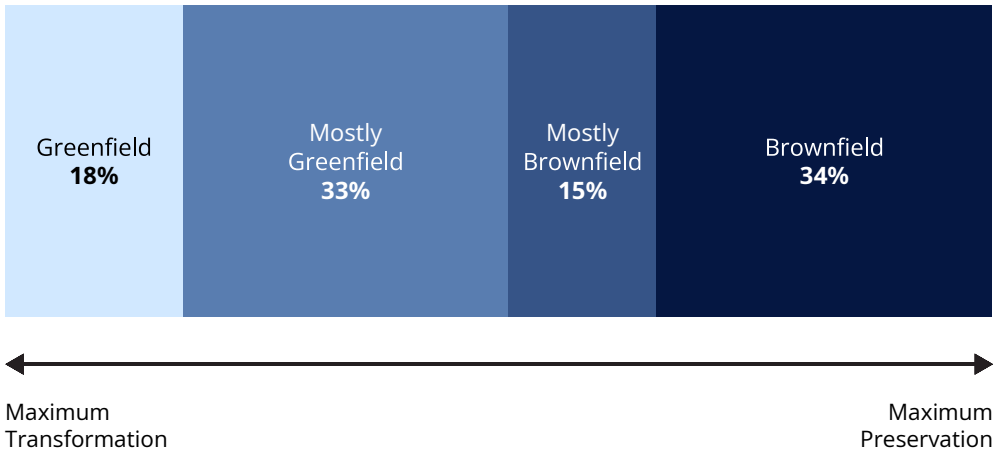
6. **AI benefits depend on the decisions made during migration.**
   Enterprises expecting gains from automation, forecasting and operational AI are far more likely to realize them when processes are standardized and data is well governed; migrations that preserve fragmented processes and legacy data structures tend to limit what AI can deliver after go-live.

Migration Approach

Most enterprises choose to preserve process and data over full re-implementation.

Eighteen percent of respondents report pursuing a new implementation of SAP processes and technology, while nearly half are adopting a hybrid, "mostly greenfield" or "mostly brownfield" approach (also known as "bluefield") focused on selective data and process transformation. In contrast, 34% of respondents say they are preserving processes and data so they can migrate without having to re-engineer core processes.

Which of the following best describes your strategy for migrating S/4HANA?



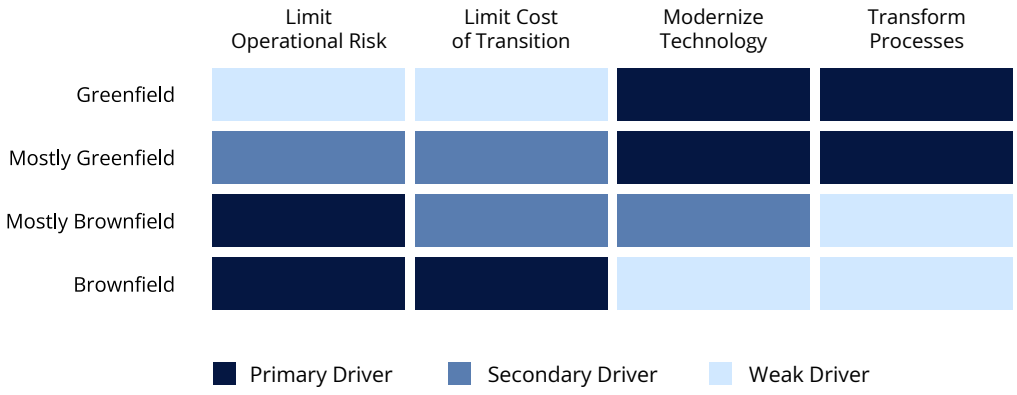
Source: ISG SAP Migration Study, 2025; n=200

Migration Rationale

SAP migration approach reflects how enterprises balance risk containment against transformation ambition.

The strategies enterprises are using to migrate to S/4HANA are reflections of their priorities. Together, these patterns indicate that SAP migration decisions are strategic posture choices that balance tolerance for disruption against ambition for long-term transformation.

What are the primary reasons you chose your migration approach?



Source: ISG SAP Migration Study, 2025; n=200; respondents ranked 10 options; options have been categorized.

Hybrid migration approaches reduce near-term disruption, but they frequently defer the process and data changes required to unlock long-term automation and AI value. While these approaches can reduce near-term disruption, they often preserve legacy process variations, data structures and customizations that limit the effectiveness of advanced analytics, embedded AI and end-to-end automation.

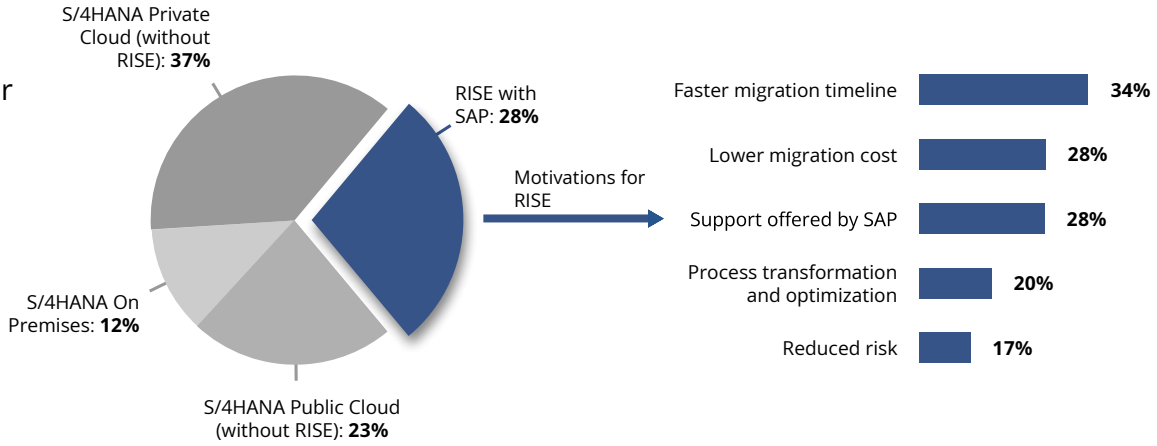
Migration approach decisions are also shaped by external timing pressures that fall outside the scope of the survey data in this report. For many enterprises, particularly in regulated industries, the SAP ECC maintenance and support horizon creates a fixed deadline that compresses planning cycles and constrains appetite for large-scale re-engineering.

Even in less regulated sectors, extended support timelines influence sequencing decisions, leading organizations to favor approaches that minimize near-term disruption and execution risk, with deeper transformation deferred to a later phase. As a result, what appears in the data as a preference for stability often reflects constraint-driven decision-making rather than a lack of transformational intent.

Using RISE

Enterprises are choosing RISE to accelerate timelines and lower migration costs.

SAP migration approach and motivations for using RISE



Source: ISG SAP Migration Study, 2025; n=188; Motivations for Using RISE (n=53) is share of respondents ranking each factor in their top two; Lower-ranked factors not shown for readability.

Enterprises most often select RISE to achieve migration timelines and reduce migration costs. There is often an assumption that a bundled, SAP-led delivery framework will simplify coordination and make costs more predictable. This perception is reinforced by the promise of consolidated contracting and standardized service constructs.

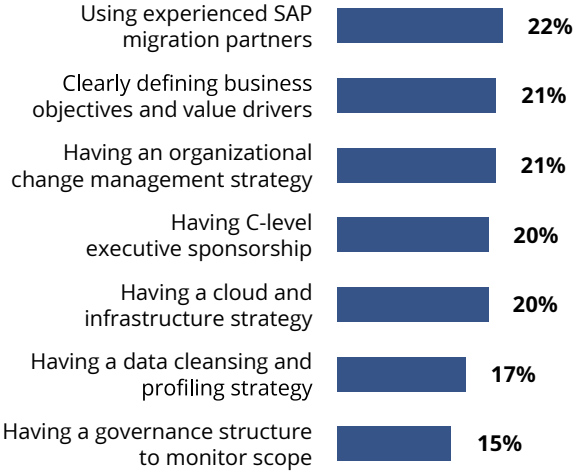
In practice, **RISE does not eliminate the need for rigorous program governance.** While it can simplify certain commercial and operational elements, it does not eliminate complexity across scope definition, decision rights, data readiness or quality management. When accountability is implicit rather than explicit across SAP, systems integrators and internal teams, programs experience the same delays and cost pressures that RISE was intended to mitigate. ISG observes that clear ownership of deliverables, objective acceptance criteria and disciplined control of scope and quality remain essential.

Success & Risk Factors

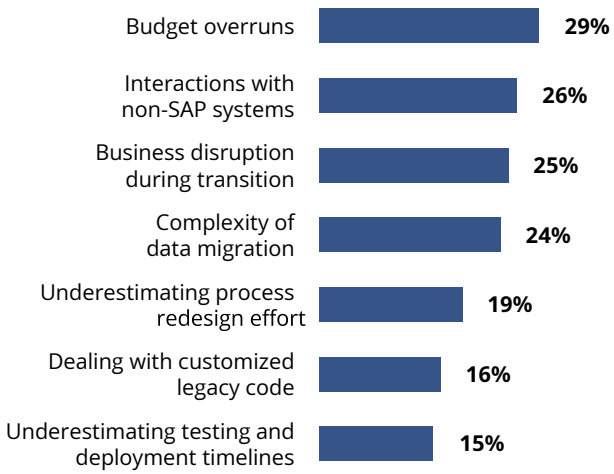
No single factor clearly separates SAP migration success, while risk concerns cluster around a small top tier of issues.

Success factors such as experienced partners, leadership sponsorship, governance and data readiness receive similar levels of prioritization, with no single factor clearly separating from the rest. Enterprise perception of risk include budget overruns, integration with non-SAP systems, business disruption and data migration complexity. This suggests that while enterprises hold varied views on how they can achieve success, they are more aligned on the specific issues most likely to derail SAP migration programs.

What are the top success factors for your SAP migration?



What are the top risks for your SAP migration?



Source: ISG SAP Migration Study, 2025, n=200; share of respondents ranking each factor in their top two; Lower-ranked factors not shown for readability.

It is not surprising that using experienced SAP migration partners ranks among the top success factors. Seventy-seven percent of respondents agree or strongly agree with the statement, "We expect our migration partners to challenge our ways of working, not just execute our requirements." This aligns with a pattern ISG has observed over several years: **executive decision-makers increasingly differentiate providers based on the depth of their domain insight and point of view, rather than on the breadth of their claimed capability.** Migration partners that fail to articulate how they would approach and solve client-specific challenges often struggle to advance beyond the early stages of the RFP process.

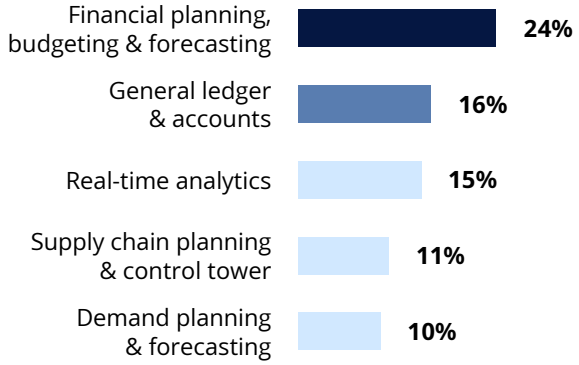
Functional Priorities & Challenges

Execution challenges emerge most acutely in cross-entity and data-intensive functions.

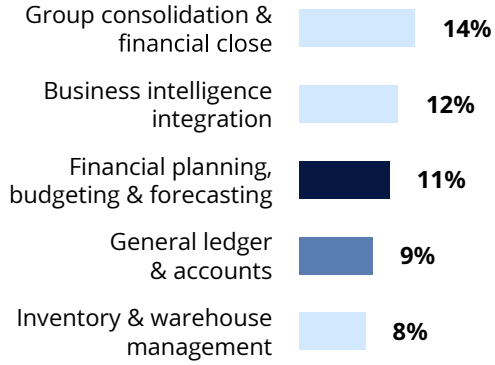
While finance-led capabilities, such as financial planning and general ledger stability, rank among the top ERP migration priorities, the functions that rank most highly as challenges are not always those emphasized early in planning. Group consolidation and financial close move to the top of the challenge list, signaling greater-than-expected complexity during execution across entities and data structures.

Business intelligence integration shows a similar pattern, emerging as a leading challenge despite not ranking among the top ERP priorities. Together, these shifts highlight a gap between what enterprises explicitly prioritize and where execution challenges emerge, especially in functions that depend on cross-entity data alignment and enterprise-wide reporting.

What functions are / were the biggest priorities in your migration?



What functions are / were the biggest challenges in your migration?



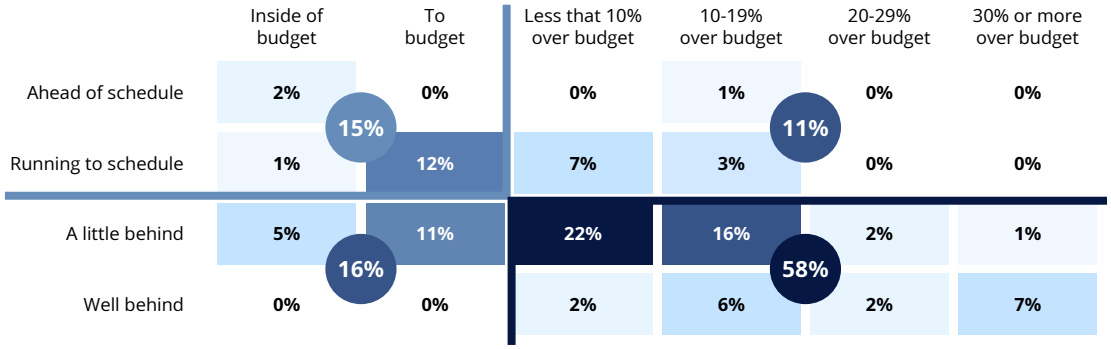
Source: ISG SAP Migration Study, 2025, n=200; share of respondents ranking each factor in their top two; Lower-ranked factors not shown for readability.

Budgets & Timelines

Budget and timeline overruns are the norm rather than the exception in SAP migrations.

As shown in the chart below, nearly 60% of SAP migrations are both behind schedule and over budget. Among enterprises experiencing these overruns, these challenges are driven primarily by underestimated complexity, scope expansion, and internal capacity constraints, rather than external factors or tooling limitations. Together, these findings indicate that SAP migration risk is typically introduced early in the program, often during planning, rather than during technical execution.

Which of the following best describes how your migration (is currently running) compared to original timing plan?



SAP migration overruns are more often the result of weak governance than of technical execution challenges. Many enterprises enter programs with multiple systems integrators, SAP professional services and niche specialists, yet lack clear decision rights, acceptance criteria and ownership across vendors. As a result, scope creep and delays emerge not from execution failure, but from fragmented accountability and misaligned incentives.

ISG advises enterprises to treat SAP migration governance as a primary risk mitigation mechanism, not an administrative function. This includes explicitly defining delivery ownership across all parties, establishing objective quality gates to move from design to build to test, and retaining independent oversight of critical activities such as data readiness, integration testing and change management. Programs that rely on providers to self-govern typically surface issues only after cost and schedule buffers have already been consumed.

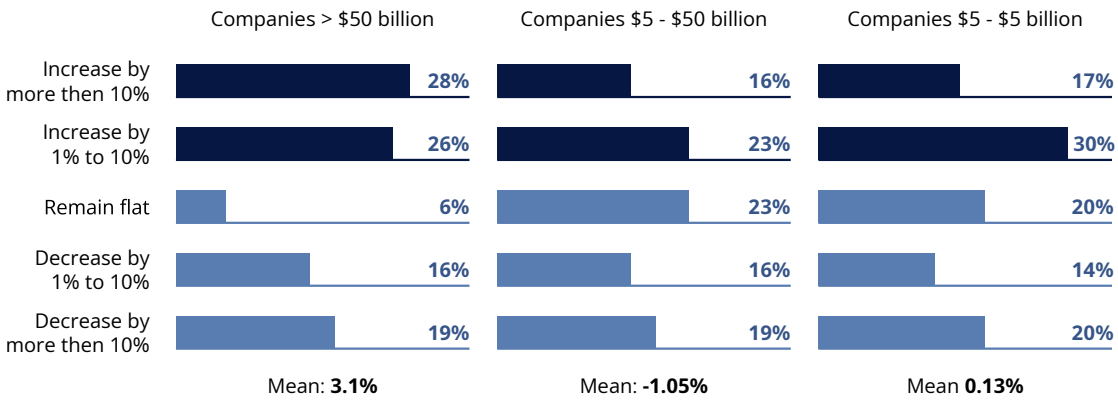
High-performing programs further align incentives by tying a portion of provider compensation to measurable delivery outcomes. Leading indicators such as data migration completeness, defect escape rates, integration test stability and cutover rehearsal success provide early visibility into execution health and create shared accountability for results. When these mechanisms are absent, enterprises are more likely to experience late-stage surprises that no level of technical remediation can recover from.

Post-Migration Costs

Post-migration ERP costs increase with enterprise scale and complexity.

The chart below shows that expectations and reported experiences related to post-migration ERP maintenance costs vary meaningfully by enterprise size. Organizations with more than $50 billion in revenue are substantially more likely to report higher ongoing maintenance costs following migration, with a net expected increase of 3.1%.

Maintenance cost increase/ decrease by company size, % of respondents



Source: ISG SAP Migration Study, 2025, n=200

The cost expectations reflected in the chart above align with SAP's broader platform and commercial direction, rather than with migration outcomes alone. Over the past several years, SAP has concentrated on innovation, support and future capability expansion, particularly across analytics, data and AI, within cloud-based deployment and subscription-based consumption models. As a result, migration often represents a shift, not only in technology architecture, but also in how enterprises consume, bundle and pay for SAP capabilities over time.

For large enterprises, this transition frequently introduces short-term cost volatility during migration. **Phased deployments commonly require a period of dual operation, in which organizations continue to incur maintenance and support costs on the existing landscape while simultaneously paying subscription fees for the new environment.** These transitional dynamics can lead to temporary increases in operating expenses even when the long-term cost profile is expected to stabilize.

In a steady state, larger and more complex organizations are also more likely to experience higher ongoing ERP costs because bundled subscription models limit opportunities to selectively decouple infrastructure, licensing and operational services. Enterprises with extensive integrations, regulatory obligations and global operating footprints often retain broader service scopes after migration, resulting in cost trajectories that differ from those of organizations that can simplify their ERP ecosystem and reduce functional or geographic complexity.

Migration Ecosystem

Large, multi-national service providers dominate the SAP migration ecosystem.

Which managed services providers did you engage for the migration?

Top 5 Providers Used - Americas

1. Accenture
2. Deloitte
3. Capgemini
4. IBM
5. PwC

Top 5 Providers Used - EMEA

1. Accenture
2. Capgemini
3. Deloitte
4. EY
5. Infosys

Source: ISG SAP Migration Study, 2025; Americas = 94; EMEA = 103; Responses ranked by percentage of respondents that indicated they engaged the provider for the migration.

The complexity of modern SAP programs increasingly challenges the ability of any single service provider.
While some providers continue to deliver end-to-end migrations, consortium-based delivery models are becoming more common as program scope expands to encompass business transformation, data readiness, regulatory requirements and the complexity of global integration.

Modern S/4HANA initiatives require coordinated execution across process design, technical delivery, data migration, testing, security and change management. As a result, enterprises increasingly assemble delivery ecosystems that combine the complementary strengths of different provider types. Three delivery patterns are most common:

1. **Big 4 plus Technology Implementation Partner:**
Big 4 firms typically lead business process design, transformation planning and change management, while large technology service providers deliver technical execution at scale. This model is often used to balance strategic oversight with delivery efficiency and cost control.

2 **BPO-Led Business Systems Integrator:**
Where core business processes are already outsourced, BPO providers increasingly lead process design and blueprinting with support from S/4HANA implementation partners. This approach is most effective when process standardization is already well established.

3 **Specialist Partnerships:**
As hybrid and selective transformation approaches become more prevalent, enterprises rely more heavily on niche providers for process intelligence, data migration, master data governance, testing, automation and security. These specialists are often critical in hybrid-style migrations, where selective re-engineering is required and tooling depth varies significantly across large systems integrators.

As delivery ecosystems become more distributed, execution outcomes depend less on individual provider capability and more on how effectively roles, decision rights and quality standards are defined and enforced across all participating parties. Programs that treat the delivery model primarily as a commercial arrangement, rather than as an operating model with explicit accountability, are more likely to experience fragmented ownership and late-stage execution issues.

AI Impact on Migration

Expected AI value after ERP migration varies significantly by industry context.

While financial forecasting emerges as a common AI priority across most industries, the areas where enterprises expect AI to deliver the greatest post-migration impact vary significantly by sector. Manufacturing and healthcare organizations emphasize operational and supply chain use cases such as invoice processing, demand forecasting, and predictive maintenance. Banking and financial services prioritize decision support, digital assistants, and regulatory reporting. Consumer-facing industries place greater weight on copilots and customer insights, while public sector and utilities focus on expense management and forecasting.

Top AI impact areas following ERP migration, by industry

	Banking & Financial Services	Healthcare & Life Sciences	Manufacturing	Consumer	Public Sector & Utilities
Financial forecasting	34%	12%	23%	27%	28%
Digital assistants	29%	15%	20%	25%	10%
Invoice & payment processing	20%	22%	33%	7%	15%
Demand forecasting & inventory optimization	3%	25%	23%	16%	28%
Chatbot guidance	17%	12%	10%	16%	20%
Task automation	9%	15%	16%	12%	19%
Intelligent contract analysis	9%	15%	8%	14%	15%
Smart procurement	9%	9%	10%	9%	19%
Risk, compliance & regulatory reporting	25%	16%	0%	7%	5%
Predictive maintenance	9%	9%	20%	10%	0%
Expense management	3%	9%	8%	2%	24%
Customer insights for cross & upsell opportunities	3%	9%	13%	16%	5%
Personalized dashboards	15%	3%	3%	14%	0%
Predictive MRP	3%	12%	11%	4%	5%
Field service automation	9%	3%	0%	12%	5%
Cash application	6%	3%	5%	7%	0%
Exception handling	0%	6%	3%	4%	5%

Source: ISG SAP Migration Study, 2025; n=200; Values represent the percentage of respondents ranking each area among their top two AI impact priorities.

SAP's AI strategy is best understood as an application-level enablement approach rather than a standalone intelligence platform. SAP embeds task-specific AI capabilities into business workflows through Joule copilots and agents, while relying on external platforms for advanced model development. In this model, SAP provides orchestration, governance and application context, while AI models are trained and evolved outside the core ERP environment.

As a result, AI outcomes are closely tied to the structural decisions made during migration. Brownfield and hybrid approaches that preserve fragmented processes, extensive customizations and legacy data structures often constrain which AI use cases can be effectively deployed after go-live. By contrast, environments with standardized processes and well-governed data are better positioned to realize the automation, forecasting and operational efficiency gains enterprises expect.

SAP's introduction of Business Data Cloud and its partnership with Databricks reflect an acknowledgement that AI value increasingly depends on integrating SAP and non-SAP data. For enterprises, this means AI should not be treated as a post-migration shortcut, but as an outcome enabled by earlier migration decisions. The benefits highlighted on page 9 are most achievable when AI expectations are aligned with the migration approach, sequencing decisions and data architecture choices established earlier in the program.

Closing Perspective

Across all findings, the data indicates that SAP migration outcomes are determined less by platform or deployment model choices and more by how enterprises sequence risk, govern execution, and align expectations for post-migration value. Organizations that treat migration primarily as a risk containment exercise often defer transformation challenges rather than resolve them, particularly in areas such as process standardization, data readiness, and organizational change.

For many organizations, the real measure of success will not be whether the migration is completed on time, but whether the decisions made during migration preserve or constrain future options. Enterprises that optimize primarily for speed and stability may reach S/4HANA faster, but often at the cost of deferring the process, data, and governance changes required to realize long-term value. In this sense, SAP migration is less a single event than a sequence of choices, each of which compounds risk or opportunity over time.

About the Research

Methodology

This ISG report outlines and analyzes how enterprises are migrating or intend to migrate to S/4HANA by the end of 2027. In total, we interviewed 200 senior decision-makers in large global organizations with 1,000 employees or more. The respondents include:

1. Representatives from a wide range of industry sectors, including manufacturing, banking, retail, healthcare, retail, utilities, consumer services, business services and public sector.
2. Both IT and business function roles, including finance, sales and supply chain; 60% of which were in C-level roles.
3. Migrations that represent a total of approximately $50 billion in ERP migration spending, around $15 billion in software licensing, $16 billion in systems integration and managed services, and the remainder in infrastructure and training.

ISG influences over $200 billion of technology spending annually, which provides us with unmatched insights into how large enterprises are designing their ERP migration strategies. We use this knowledge, combined with the data in this and previous studies, to help enterprises make informed decisions and improve the impact of ERP migration as part of digital transformation for their businesses.

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- AI Innovations in Data and Analytics at SAP
- SAP Business Data Cloud Addresses Intelligent Data Products
- SAP Ecosystem
- SAP Migration Study

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