ISG Provider Lens®

SAP Ecosystem

A report comparing provider strengths, challenges and competitive differentiators

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techwave

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Executive Summary

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For U.S. clients, the mandate has shifted from *move to S/4HANA* to *modernize without disruption*, reflecting a transition from reluctance to risk aversion

This ISG Provider Lens® SAP Ecosystem study assesses the competitive landscape for providers in the U.S. in 2025 by evaluating their capabilities, market positioning and execution across advisory, implementation and managed services. The research covers five quadrants: SAP S/4HANA System Transformation — Large Accounts; SAP S/4HANA System Transformation — Midmarket; SAP Application Managed Services; SAP Business AI and Business Technology Platform (BTP) Services; and Managed Cloud Services for SAP ERP.

Market context: why the landscape is shifting

U.S. enterprises face a deadline-driven push to exit SAP ERP Central Component (ECC) while maintaining financial discipline. Boards want modernization without disruption, prompting programs to be sequenced into smaller waves with milestone-based proof of value. Cloud economics, security expectations and audit demands are steering organizations toward standardized cores with composable extensions, avoiding the upgrade drag of heavy customizations.

SAP's transformation strategy is increasingly bifurcated: large enterprises are deferring complex upgrades, while SMEs are being targeted with simpler greenfield implementations. SAP is struggling to convert its large ECC installed base to S/4HANA due to unclear incremental value, restrictive licensing and high sunk costs. As a result, SAP is pivoting to the midmarket and SME segments, where GROW with SAP enables faster deployments, lower sales friction and quicker revenue realization.

RISE with SAP is not being deprioritized technically, but it is commercially and behaviorally harder to sell, particularly for brownfield and bluefield upgrades. Many customers in nonregulated industries do not view the 2027 mainstream support deadline as urgent. Instead, they are choosing to sweat the

U.S. enterprises are **prioritizing clean core, AI first delivery models** that demonstrate business value quickly.

asset, delay decisions, and consider extended support or third-party maintenance until 2030.

From a 2026-27 strategy lens, SAP's pragmatic response is to win where it can — greenfield growth in the SME segment. Ecosystem partners are aligning around the GROW message, while upgrades remain complex, lengthy and politically difficult. The strategic implication is a two-speed SAP market: slow-moving large enterprises and fast-moving SME greenfield adoption.

Investments and risk management

Capital is available but tightly scrutinized. CFOs require clear ROI and defined payback periods, favoring selective modernization over big-bang rewrites. Decision-makers prioritize approaches that protect operations during cutover, reduce regression risk and simplify future updates.

Technology posture

AI has shifted from pilot to production. Practical gains are coming from AI-assisted code remediation, automated testing, incident triage and enterprise knowledge search. Meanwhile, BTP is becoming the default layer for integration, data, analytics and side-by-side innovation, keeping the ERP core clean and upgradeable.

Regulatory pressure and industry timing for S/4HANA migration

The urgency of SAP's 2027 mainstream support deadline varies by industry. Regulated industries, such as life sciences and utilities, face heightened pressure due to stringent compliance requirements, including FDA, EMA and HIPAA, accelerating migration timelines. In contrast, manufacturing and other less-regulated industries are more likely to sweat the asset, deferring decisions and considering extended support options through 2030.

U.S. enterprise priorities: pragmatic modernization without disruption

- **De-risk the journey to S/4HANA:** For large enterprises, the mandate is *modernize without disruption*, not simply *move to S/4HANA*. Their approach has shifted from reluctance to risk aversion. ISG anticipates a shift toward bluefield or selective transformation because environments are too complex, integrated and risk-sensitive for full greenfield replacements.
- **Prove value early and often:** Every phase must connect to business KPIs, such as period-close cycle time, days sales outstanding (DSO) and inventory turns, not just IT milestones.
- **Keep the core clean and innovate on BTP:** Minimizing custom code in ERP and building extensions side by side on BTP can enable safer, more frequent releases and easier upgrades.
- **Make AI practical:** Enterprises should prioritize AI in delivery (code, test and documentation) and operations (triage, RCA and prediction) before automating business decisions.
- **Industrialize run:** Enterprises must adopt AIOps or SRE models, outcome-based SLAs, and FinOps disciplines for cloud ERP, including RISE and public cloud variants.

Consulting-led discovery as a starting point

Enterprises expect a consulting led discovery that links process baselines, data quality and the target operating model to a credible business case. They want a clear lane choice (greenfield, brownfield or selective data transformation [SDT]), a value office to track benefits, and an organizational change plan that prepares users for new processes, roles and UIs.

Industry-specific priorities and accelerators

U.S. clients want industry-ready accelerators, including process templates, compliance packs and reference architectures, to shorten time-to-value and reduce design churn. Manufacturers prioritize shop-floor/warehouse execution and OEE; consumer and retail organizations focus on margin, replenishment and returns; and services-led firms seek project-to-profit visibility and strong experience layers. Sustainability and ESG appear more often in RFPs, typically starting with analytics-led reporting before full-module adoption.

Pragmatic AI adoption and orchestration

Interest in AI-enabled solutions is increasing, but the adoption of SAP's Joule remains cautious due to questions about maturity, data safety/governance and measurable business outcomes. This is not a rejection; enterprises want credible AI orchestration, often backed by hyperscalers and integrated with ERP rather than relying solely on ERP vendor point features.

Provider dynamics: how the supply side is adapting

Consulting-first front end, factory-backed execution

Leading providers frontload consulting-led work, including value diagnostics, process intelligence and benefit modeling, to set lane choices and rollout plans. They then execute through repeatable factories for migration, conversion, testing and data, ensuring consistent outcomes across waves. Weaker approaches still depend on ad hoc and manual testing, which U.S. enterprises view as higher risk.

Operationalizing the clean core

Leaders operationalize clean core by design, not just in principle. They use BTP-based extension catalogs, maintain a keep/retire/refactor backlog for custom code, enforce white-listed APIs, apply LCNC patterns (SAP Build), and integrate DevOps/ALM for versioning and traceability. The defining measure is the environment's ability to take quarterly updates without disruption.

AI first delivery and operations

The differentiator is no longer *we use AI*, but *where and how AI is embedded:*

- In delivery: ABAP deconstruction and remediation, automated test case generation and documentation assistants
- In operations: ticket clustering, knowledge bots grounded in client artifacts, proactive anomaly detection, and self-healing runbooks with human approval

Providers that combine these capabilities with explainability and rollback plans will scale faster in compliance intensive environments.

Outcome-oriented SLAs for AI-enabled operations

SLA focus is shifting from activity metrics, such as response time, to business-aligned outcomes, such as order cycle time, period-close variance and fulfillment accuracy. Contracts increasingly incorporate automation-rate thresholds, first-time-right targets and continuous value sprints that convert prioritized backlogs into measurable benefits.

Quadrant-specific insights: how providers are delivering and adapting for U.S. clients

SAP S/4HANA System Transformation

Leading providers simplify the S/4HANA journey by offering well-defined transformation paths — greenfield, brownfield or SDT — aligned to client risk appetite, data quality and change readiness. They front-load a consulting-led discovery to align business outcomes, process gaps and data issues before design/build. Execution is supported by conversion and migration factories, prebuilt process templates, and automation for code remediation, testing and data migration. This approach shortens timelines and reduces dependency on large on-site teams while improving predictability and quality.

Proof points for enterprises

- A clear transformation lane recommendation with pros and cons, costs and timelines
- A data quality and harmonization plan detailing how master data will be cleaned, standardized and migrated
- A custom code assessment outlining what will be kept, retired or rebuilt on BTP
- Evidence of automated regression testing to reduce go-live and post-go-live risk
- Demonstrations of minimized downtime, especially for 24/7 operations

Frequent provider risks and gaps to monitor

- One size fits all recommendations instead of a tailored transformation lane
- Over customization that defeats the purpose of a clean core
- Polished presentations but weak data remediation capabilities, causing late-stage delays and defects

- Inadequate change management and training, leaving users unprepared for new processes and UIs

SAP Application Managed Services

Modern application managed services (AMS) providers have moved beyond traditional ticket handling, applying AIOps, automation and predictive monitoring to prevent issues before they occur. They are shifting to business-aligned SLAs, such as order cycle time and period-close timeliness, instead of legacy metrics like ticket-closure time. They incorporate continuous value sprints to deliver prioritized improvements on a regular cadence rather than in frequent releases.

Proof points for enterprises

- Clear breakdown of automation versus manual effort, especially for L1/L2 incidents
- Business aligned KPIs in addition to IT SLAs
- A cost-reduction roadmap leveraging self-healing scripts, AI-powered analysis and proactive monitoring
- Evidence of FinOps practices for cloud ERP, including consumption visibility and cost optimization recommendations
- Real examples demonstrating incident reduction and measurable process outcome improvements

Frequent provider risks and gaps to monitor

- AIOps claims with predominantly manual triage and remediation
- SLAs focused on internal IT efficiency rather than business results
- Insufficient root cause elimination — temporary incident reduction followed by recurrent spikes
- No defined operating model for continuous value realization after go live

SAP Business AI and Business Technology Platform (BTP) Services

Leading providers position BTP as the innovation and integration layer, keeping ERP core clean while delivering modular extensions, analytics, data orchestration and AI agents. They develop upgrade-safe, side-by-side solutions, with structured governance for prompts, models and data. They also deploy AI to assist — not replace — business processes, with clear boundaries and human approval where needed.

Proof points for enterprises

- Catalog of BTP-based extensions with governance models and evidence of upgrade safety
- Demonstrations of AI use cases, for example, code remediation, test automation, ticket triage and decision support
- Data architecture showing secure, traceable data flows between SAP and non-SAP systems
- Approaches to accelerate analytics using Datasphere/SAC with reusable data models
- AI safety plan covering explainability, prompt governance and rollback procedures

Frequent provider risks and gaps to monitor

- AI or BTP capabilities that look good in demonstrations but lack lifecycle integration (DevOps, ALM and testing)
- Extensions built in ways that are not upgrade-safe and break during quarterly releases
- Over dependence on generic LLM behavior without grounding in enterprise data
- No defined governance for AI model/prompt changes

Managed Cloud Services for SAP ERP

Leading providers assume end-to-end responsibility for runtime resilience and security across hybrid, private cloud and RISE with SAP landscapes. They implement policy-as-code, automated compliance checks and routinely tested HA/DR playbooks. They standardize platforms and configurations to streamline upgrades, patching and incident management across multi-system SAP estates.

Proof points for enterprises

- Documented HA/DR drills with actual recovery times achieved versus targets
- Transparency into the provider's security posture, including automated compliance checks
- Evidence of end-to-end observability correlating issues across infrastructure, integrations and SAP applications
- A defined model for cloud cost visibility and optimization, especially on hyperscalers

- Runbooks demonstrating automation for provisioning, scaling, refreshes and patching

Frequent provider risks and gaps to monitor

- Fragmented accountability across infrastructure, applications and integrations
- Limited transparency into cloud consumption with unexpected cost spikes
- Inadequate disaster recovery readiness, for example, plans untested under realistic failure scenarios
- Over reliance on manual monitoring that cannot scale to hybrid environments

Outlook for U.S. enterprises (12-24 months)

U.S. enterprises will keep favoring standardized routes to S/4HANA with measurable value checkpoints and provable clean-core controls. AI will become a platform norm, establishing automated test baselines, ABAP modernization copilots and L1-to-L2 triage — expanding only where audit trails and rollback are in place. GROW with SAP will proliferate across subsidiaries and carveouts, while RISE with SAP will underpin complex estates seeking cloud economics without losing risk control. Sustainability and regulatory reporting will progress through analytics-first approaches before broader module rollouts.

Recommended actions for enterprises

- **Select the transformation lane and secure industrialized delivery capabilities:** Choose greenfield, brownfield or SDT based on data quality and risk appetite, and contract for conversion, testing and data factories that make execution repeatable across waves.
- **Embed value realization into the contract:** Tie acceptance to KPI improvements, not just go-live, and ensure automated regression testing and extension guardrails.
- **Scale AI safely:** Start with delivery and run assistants under human approval, and expand autonomy only where explainability, data controls and rollback mechanisms are proven.

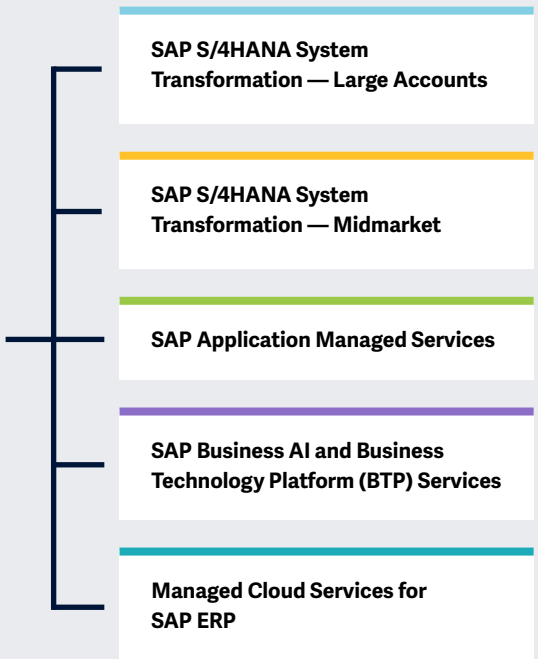
Recommended actions for providers

- **Measurable clean-core governance:** Publish extension catalogs, code decommissioning/refactoring roadmaps, and upgrade-safe regression suites validated against quarterly releases.
- **Industrialize AI:** Embed AI across the SDLC and operations with human-in-the-loop controls and observable pipelines, and move beyond pilots.
- **End-to-end accountability with financial transparency:** Present one accountable operating model across advise/build/run, with clear FinOps and resilience metrics for business sponsors.

> Clean core has become a governance system — code decommissioning/refactoring, side by side extensions on BTP, automated regression test baselines and auditable change management — to safely absorb quarterly updates.

Key focus areas for **SAP Ecosystem** 2026 study.

Simplified Illustration Source: ISG 2026



Definition

In 2025, SAP sharpened its focus on guiding enterprises through digital transformation by enhancing core ERP, cloud, HXM and AI capabilities. As SAP ERP Central Component (ECC) nears the end of mainstream support in 2027 and Compatibility Scope rights expire in 2025, enterprises are accelerating the shift to SAP S/4HANA. SAP supports this transition through RISE with SAP for orchestrated cloud transformations and GROW with SAP for midsize firms adopting S/4HANA Cloud Public Edition. These programs offer tailored pathways, on-premises, private or public cloud, anchored by SAP Business Technology Platform (BTP) to maintain a clean digital core and enable scalable innovation. Enterprises are leveraging SAP SuccessFactors to modernize HR with AI-powered talent management and workforce intelligence. The 2025 releases introduced Joule Agents for HR scenarios, enhancing personalization and skill-based development. Across business functions, SAP Business AI, embedded in over 400 scenarios, boosts automation and decision-making. Joule Studio and SAP Business Data Cloud enable enterprises to create custom agents and unify their data. With AI governance certified to ISO 42001, SAP ensures the secure, ethical deployment of AI. The evolution of SAP ecosystem reflects its commitment to enterprise agility, resilience and future readiness. The ISG Provider Lens® 2026 study focuses on these key areas of requirement for SAP and its clients. In addition to the SAP S/4HANA transformation, this year's study assesses service providers' capabilities across application management, SuccessFactors HCM, SAP Business AI, BTP and managed cloud services.

Sweet Spot

Techwave

Overview

Techwave delivers SAP S/4HANA transformations through innovative offerings across SAP S/4HANA, RISE with SAP and GROW with SAP, using template-driven cloud ERP deployments, accelerated migration frameworks and pre-configured industry best practices. It also provides deeper integration with SAP BTP, automation and embedded analytics to support clean core principles and scalable extensions.

Key Provider Capabilities

End-to-end S/4HANA transformation with RISE and GROW: Techwave delivers full-cycle SAP S/4HANA transformations across greenfield, brownfield and hybrid models, including RISE with SAP and GROW with SAP. Its capabilities span assessment, migration, implementation and post-go-live support, enabling clients to modernize ERP landscapes with a unified, outcome-driven approach.

Standardized, template-driven delivery approach: Leveraging SAP Activate and Delivery eXcellence (Dx) framework, Techwave ensures standardized, repeatable and template-driven implementations. This structured methodology accelerates deployment, reduces risk and improves delivery consistency across global S/4HANA transformation programs.

Clean core transformation with SAP BTP and Signavio: Techwave emphasizes clean core principles by utilizing SAP BTP, SAP Signavio and SAP Business AI to minimize customizations. It enables process optimization, intelligent automation and scalable extensions, ensuring future-ready ERP systems that are easier to upgrade and maintain.

Governance, security and compliance-led delivery: Techwave embeds governance, security and compliance into its delivery model to ensure controlled customization and regulatory adherence. This approach reduces implementation risk and supports secure, compliant ERP transformations across industries.

Industry-specific accelerators and templates: Techwave provides pre-configured industry solutions and accelerators for manufacturing, life sciences, retail and energy sectors. It uses best practice templates to enable faster deployment, ensure regulatory compliance and support industry-aligned process standardization.

Benefits Delivered

- **Up to 30 percent faster deployment timelines through template-driven rollouts and pre-configured industry accelerators**
- **Improved standardization and reduced customization using fit-to-standard and clean core principles**
- **Reduced implementation costs through reusable frameworks, automation and offshore delivery models**

Techwave

Sweet Spot

Techwave's sweet spot lies in serving mid and upper midmarket enterprises that require robust SAP S/4HANA transformations without the complexity of large-scale integrators. It combines consulting-led execution with global delivery efficiency to deliver outcome-driven, cost-optimized transformation programs.Its SAP Cloud ERP and RISE driven transformations, enhanced AMS with automation and continuous optimization, and industry focused SAP accelerators across utilities, clinical supply, manufacturing, and supply chain using reusable assets and standardized delivery are also its major differentiators.

Single-partner model across transformation lifecycle: Techwave is best suited for clients seeking a unified partner for implementation, migration and application managed services (AMS). Its integrated delivery model ensures continuity from planning through post-go-live support, reducing vendor fragmentation, improving accountability and enabling smoother transition into steady-state operations.

Transformation and operations value proposition: Techwave combines transformation with embedded AMS, automation and continuous optimization. This approach helps clients achieve faster time-to-value, improved system stability and lower TCO by aligning implementation with long-term operational needs.

RISE and GROW with clean core adoption: Techwave delivers RISE and GROW with SAP programs using fit-to-standard and clean core principles. It is ideal for organizations prioritizing standardized processes, faster deployments and scalable cloud ERP adoption while minimizing customization and maintaining long-term system integrity.

Expertise in regulated and process-intensive industries: Techwave is well positioned for industries such as manufacturing, life sciences, utilities and retail, where compliance, traceability and operational discipline are critical. Its industry-aligned templates and governance-led approach support secure, compliant and scalable ERP transformations.

Future roadmap

Advancing SAP partnership and co-innovation: Techwave plans to strengthen its SAP alliance by advancing its partner tier, expanding co-innovation and aligning more closely with RISE, GROW and SAP's cloud ERP roadmap.

Investing in SAP Business AI and intelligent capabilities: Techwave focuses on increasing its use of SAP Business AI to enhance automation, predictive insights and data-driven decision-making across S/4HANA transformations.

Strengthening clean core and extensibility strategy: Techwave will strengthen its clean core strategy by leveraging SAP BTP to build scalable extensions and integrations while maintaining system integrity.

Enhancing cloud ERP competencies and delivery models: Techwave will invest in cloud ERP skills and template-driven delivery to enable faster, standardized and scalable S/4HANA implementations.

Appendix

Methodology & Team

The ISG Provider Lens® 2026 – SAP Ecosystem study analyzes the relevant software vendors/ service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of Month 2026 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars ($US) unless noted otherwise.

The study was conducted in the following steps:

1. Definition of SAP Ecosystem market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge & experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts & figures received from providers and other sources.
6. Use of the following key evaluation criteria:
   * Strategy and vision
   * Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * Technology advancements

Lead Author

Tarun Vaid

Manager and Principal Analyst

Tarun has over 12 years of extensive research experience across the ICT domain, including report writing, drafting thought leadership, analyzing IT spending, consulting clients on latest trends and business use cases. Additionally, he has been responsible for delivering end-to-end research projects, working with internal stakeholders in delivering various consulting projects on digital transformation, supply chain transformation, understanding customer feedback and interviewing providers.

Research Analyst

Vartika Rai

Senior Research Analyst

Vartika Rai is a senior research analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on Analytics – Services and Platforms, and SAP Ecosystem. She supports the lead analysts in the research process and authors the global summary report. Vartika also develops content from an enterprise perspective and collaborates with advisors and enterprise clients on ad-hoc research assignments. Vartika started her current role in June 2022. Before this role, she worked on secondary research, competitive intelligence, market trends, and newsletter analysis.

Study Sponsor

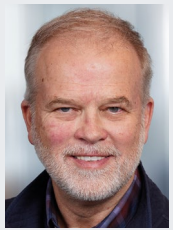
Heiko Henkes

Director & Principal Analyst, Global IPL Content Lead

Heiko Henkes serves as Director and Principal Analyst at ISG, overseeing the Global ISG Provider Lens® (IPL) Program for all IT Outsourcing (ITO) studies alongside his pivotal role in the global IPL division as a strategic program manager and thought leader for IPL lead analysts.

Henkes heads Star of Excellence, ISG's global customer experience initiative, steering program design and its integration with IPL and ISG's sourcing practice. His expertise lies in guiding companies through IT-based business model transformations, leveraging his deep understanding of continuous transformation, IT competencies, sustainable business strategies and change management in a cloud-AI-driven business landscape. Henkes is known for his contributions as a keynote speaker on digital innovation, sharing insights on using technology for business growth and transformation.

IPL Product Owner



Jan Erik Aase

Partner and Global Head – ISG Provider Lens®

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens®

The ISG Provider Lens® Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners.
ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens® research, please visit this webpage.

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The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

For more information, visit isg-one.com.

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