

# Navigating a New Renaissance: Leonardo and SAP

## *CIMdata Commentary*

### *Key takeaways:*

- *SAP is rapidly moving from an on-premise company to one focused on the cloud.*
- *Technologies like the Internet of Things, big data, analytics, machine learning, and blockchain are transforming industries and the global economy.*
- *SAP Leonardo helps bring business solutions to companies that leverage these technologies in combination with SAP best practices and existing SAP offerings.*

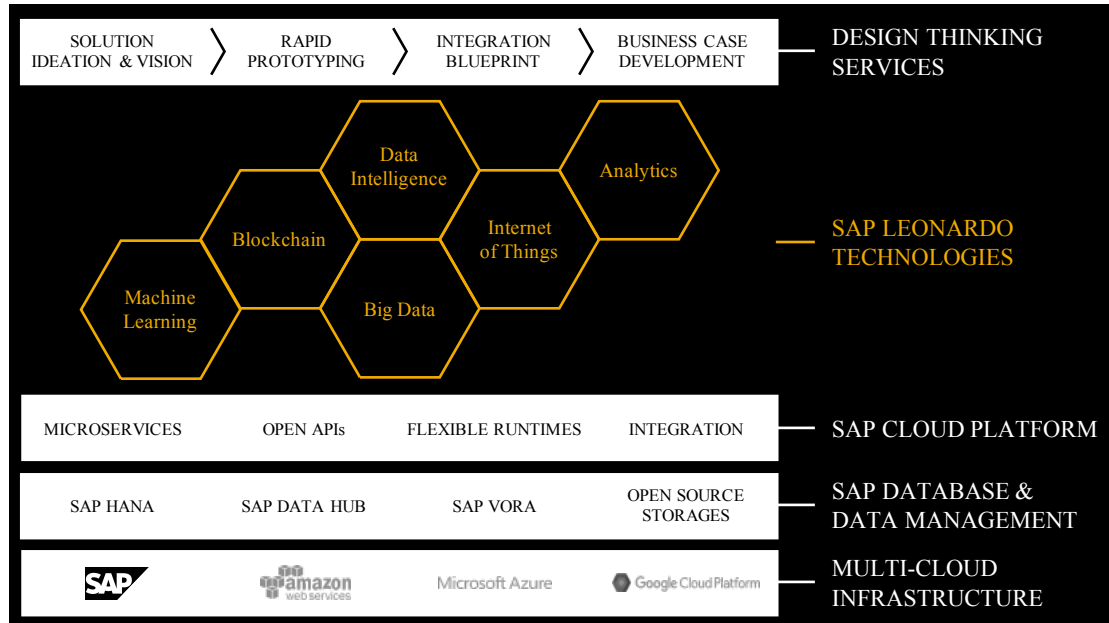
In early 2017 SAP announced the branding of their Internet of Things (IoT) portfolio as SAP Leonardo, and their plans for their first global SAP Leonardo event for SAP customers in Frankfurt in July 2017. After the success of SAP Leonardo Live in Frankfurt, SAP brought the show to Chicago on November 2-3. Held in the shadow of McCormick Place, about 900 were registered for SAP Leonardo Live, held at the Marriott Marquis Chicago. The opening plenary seemed to have about half that many people, with a mix of industrial customers, SAP employees, and their partners.

Day 1 was keynoted by an appropriate speaker given the name of SAP's initiative and event. Walter Isaacson, the CEO of the Aspen Institute, who is well known for his biography of Steve Jobs, spoke about his latest book on Leonardo da Vinci, the quintessential Renaissance man. While da Vinci was a polymath—someone knowledgeable of a wide range of topics—he spent time early in his life as a theatre producer. It often required significant innovation to mount plays and to develop props and other imagery to support the production. One of his most famous inventions was his helicopter, a spiral flying machine originally conceived for a play to bring gods from the heavens. That artistic model spurred his investigations of birds and other means of flying. As described by Mr. Isaacson, Da Vinci continually pushed his reach to exceed his grasp, to try something impossible, then figure out why it is impossible. At the core, his ability to tie his facile imagination to engineering, science, and art made him famous through the ages. Da Vinci leveraged these varied skills and was often able to find solutions by looking at problems differently.

SAP believes that SAP Leonardo can help their customers look at problems differently, and are applying “design thinking” to do just that. Design thinking is the application of a set of creative and planning methods to quickly develop solutions to a specified problem. In this case, SAP is combining their traditional SAP “systems of record” offerings with their SAP Leonardo “system of innovation” including:

- IoT
- Machine learning
- Big data
- “Modern” analytics
- Blockchain
- Data intelligence

The relationship between SAP Leonardo and SAP's existing cloud assets is shown in the figure.



**SAP Leonardo Powered by SAP Cloud Platform**  
(Courtesy of SAP)

This last topic, data intelligence, is about helping companies monetize data and insights. It includes solutions to help connect disparate data sources, aggregate the data, and anonymize it to prepare it for commercial consumption by others. The goal is to help interested firms take advantage of possible Data as a Service (DaaS) revenue streams.

To get started with SAP Leonardo, consultants skilled in design thinking lead solution ideation and visioning exercises to surface ideas for rapid prototyping, much as in agile development, to build a minimal viable solution and then rapidly iterate to quickly deliver value. This approach is very different from traditional SAP engagements, one that can be more strategic, as companies look to transform, evolving their products and business models using these technologies. When listening to this presentation, CIMdata wondered if SAP's vision and approach might conflict with their traditional systems integrator (SI) partners. In our work with leading SIs, many of them are looking to their own investments in these same technologies and related processes and methods to compensate for decreases in their traditional implementation businesses. Might the leading SIs see SAP as competition for strategic consulting? The answer is an emphatic no. Accenture, a Diamond sponsor of the event, and Premier sponsors Capgemini and Deloitte were there in force to talk about their approach to delivering value using SAP Leonardo. For example, Deloitte spoke about their "Reimagine Platform," described as a co-innovated offering using the best of Deloitte and SAP. Capgemini's booth promoted their Fast Digital 4 Discrete Industries approach.

SAP is bringing SAP Leonardo to market using SAP Leonardo industry accelerator packages. These are fixed-price bundles targeting a 70 to 80% solution. Many solution elements were previously sold separately by SAP and integration risk is much lower with SAP experts doing the pre-integration work. Current SAP Leonardo IoT accelerator packages include:

- SAP Predictive Maintenance and Service
- SAP Asset Intelligence Network
- SAP Connected Goods
- SAP Global Track and Trace

- SAP Distributed Manufacturing
- SAP Vehicle Insights
- SAP Digital Manufacturing Insights
- SAP Line of Business Asset Management
- SAP Leonardo IoT Foundation accelerator
- SAP Leonardo IoT Foundation and SAP Edge Services accelerator

This approach avoids discussing point solutions and focuses the conversation on solving real business problems. In some ways, this is similar to the Industry Solution Experiences from Dassault Systèmes and Industry Catalysts from Siemens PLM Software. This is also similar in concept to their “Value Scenarios” of about ten years ago, that too focused on a business problem and specific roles in solving that problem, but it was more about configuring existing SAP products. Accelerators rely on existing products, and they are brought to bear as necessary but delivered with a much better user experience, at a lower price and time to value. An example in one presentation described the before and after customer experience. Before you might have to buy seven different items with five separate contracts. With seven items, that means seven cloud support and maintenance windows in which to get support. And bringing all this to you might take 12 to 18 weeks to implement basic use cases. With Leonardo, you have one item to buy with one pricing approach, including software and services, and one contract with an aligned support process and time to value of six to eight weeks. In this example, the accelerator was one-third the price. In addition, companies who want a broader program can also engage in an “open innovation” edition of SAP Leonardo, which is a more open-ended, deep-dive engagement to deliver an industry-focused enterprise digital blueprint for implementation using Leonardo.

SAP is also looking for SAP Leonardo to help make SAP applications more intelligent and capable. They already have some early applications, such the SAP Cash Application in Finance, SAP Service Ticketing in Service, SAP Resume Matching in HR, and SAP Customer Retention in Sales.<sup>1</sup> SAP’s roadmap shows more Leonardo-powered innovations in their core applications over the next few releases. This is good to see, because their leading enterprise software competitors Oracle and Infor are working to rapidly democratize these same kinds of technologies within their core enterprise applications.

In conclusion, SAP Leonardo is an excellent step for SAP in its business evolution. While they will continue to be a dominant on-premise enterprise software provider for some years to come, the future is in the cloud. The industry trends addressed by the Leonardo technologies are revolutionizing the global economy and companies trying to compete in it. Having access to these technologies from their chosen system of record partner SAP, in a way that helps them best leverage their SAP investments, is a win-win if SAP can deliver that 70 to 80% for a fixed price. One would hope that the percentage would increase as SAP sees market success with this approach. Having their leading SI partners at their side will certainly help. CIMdata hopes to see more customers singing the praises of their SAP Leonardo investments at future events.

## About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise’s ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research,

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<sup>1</sup> <http://www.zdnet.com/article/sap-launches-leonardo-iot-tools-digital-business-services/>

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