

Reinventing the automotive enterprise



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Red Hat and SAP support IT transformation from plant floor to showroom—and beyond

Automotive enterprises are rethinking strategies and reinventing the industry as a whole. Technology leaders must adopt infrastructure that will support growth in a new data-driven market.

There is no return to the status quo for automakers

The automotive industry is rapidly evolving, and manufacturers must adapt quickly. Consumers are shifting toward new options like electric mobility, Transportation-as-a-Service, and autonomous vehicles. With frequent disruptions to its supply chain, sales performance, and employee retention, the automotive industry often faces challenges that require long-term strategic thinking. According to McKinsey, these challenges include:

- **Supply chain breakdowns.** Factory shutdowns around the world starting in early 2020 created a significant shortfall for suppliers.
- **Increase in online consumerism.** European consumers across industry sectors showed a 12% increase in online engagements in 2020.
- **Pressures from outside.** Tech companies that strengthened their economic positions during the pandemic are increasing activity in the automotive field, particularly in areas like electrification and autonomous vehicles.
- **Accelerated trends demanding fast innovation.** Investments in new development, notably autonomous technologies, connectivity, electrification, and shared mobility (ACES) are difficult for any one enterprise.

Automotive enterprises are rethinking strategies and reinventing the industry as a whole, balancing **internal innovation** (from changes to business processes, culture, leadership, and technology) with **external disruptive innovation** (new products and unorthodox experiences for their customers.) Some companies are already making the transition. Major car makers include Ford, Jaguar, and BMW have announced aggressive investments in electric vehicles. General Motors, Ford, and Volkswagen are investing in autonomous technology. These steps into ACES technologies are achieving a data-driven automotive ecosystem that is linked to the cloud from plant floor to the world's highways.

Migrate, modernize, and move successfully into a new market space

To boost the speed and innovation needed for success, technology leaders must adopt infrastructure that will support growth in a new data-driven market. SAP is a critical part of this picture, beginning with migration to SAP S/4HANA®. In a survey of SAP automotive users, 58% of respondents indicated that they were in the process of migrating or planning to migrate to SAP S/4HANA.

1. McKinsey, Thomas, et al. "Rethinking the Automotive Future: A Vision from" McKinsey & Company, Nov. 6, 2020.
2. Craig Ann Marie. "2020 Research Report on SAP Automotive Customers," 4/11/21, May 6, 2020.

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Automotive enterprises are rethinking strategies and reinventing the industry as a whole. Technology leaders must adopt infrastructure that will support growth in a new data-driven market. In this brief, learn how Red Hat Solutions for SAP enable a streamlined, efficient migration-and a more flexible and agile transformation.