

ERP Modernization in Retail:  
**How SAP S/4HANA®**  
**is Shaping What's**  
**Next for Retailers**

Insights from Rizing retail experts on how an AI-ready ERP can help retailers capture new opportunities and scale competitively

# ERP Levelled Up In 2024. So, what's next for retailers?

In recent years, the demand for ERP has risen dramatically, emerging as the strategic nerve center for modern retail operations. The integration of generative AI in 2024 marked a turning point, transforming ERP systems from static reporting tools to dynamic platforms.

While advanced data processing has long been a part of ERP, AI-enabled systems now offer entirely new types of analysis and automation capabilities, bringing big changes to how companies work across operations.

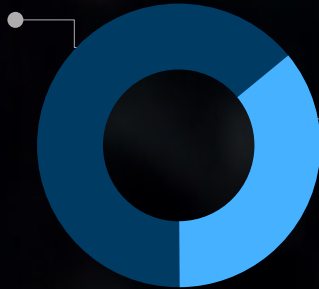
For retail leaders, these systems now serve as the digital backbone that integrates everything from inventory management to financial planning. This, along with a “clean core” approach ensures that organizations are well-prepared for incremental upgrades and long-term digital transformation, with greater system scalability and simplified integration capabilities.

Despite this impressive progress, many organizations are still lagging in their journey toward full ERP integration.

Our survey insights reveal that

About  
**39%**

of companies  
have deployed  
ERP solutions in  
only specific  
departments



..while  
**17%**

boast fully  
integrated systems  
across all functions

Such fragmented approaches can limit the ability to harness a single source of truth for real-time decision making.

This eBook explores the industry trends driving the shift toward a new retail playbook, one centered on end-to-end ERP integration. As the go-to-partner for SAP Retail ERP transformations, we've compiled insights from our experts to present a compelling case for transformation by highlighting **how integrated systems like SAP S/4HANA Cloud ERP lays the foundation to succeed in today's fast-paced retail landscape.**

# Why Retailers Need A New Playbook

As customer expectations evolve and operations grow more complex, the days of siloed systems and slow decision-making are fast coming to an end.

Retail is no longer just about products; it's about building a customer-first ecosystem that blends goods with services, hyper-personalization, and frictionless convenience. Leading retail executives understand that these priorities aren't standalone - they're deeply interconnected, with ERP at the core.

This requires a new playbook; one that uses integrated ERP not as a back-office tool, but as a strategic engine for agility, innovation, and growth.

Our retail clients are already seeing how SAP S/4HANA Cloud ERP platforms, powered by AI, ML and automation, can unify data, streamline processes, and power real-time decision-making.

**To help guide that transformation, we've compiled a list of the most impactful trends shaping the retail landscape.**

**Each of the following eight trends highlight where the industry is headed and why modern ERP is no longer optional, but *essential*.**



# Emerging Trends

## #1 Algorithmic Retail

AI and ML are proving to be game changers in the retail sphere. These technologies are not only optimizing inventory management but also revolutionizing demand forecasting. Retailers can now predict consumer preferences and streamline supply chains with unprecedented accuracy.

## #2 Diversified Customer Experience

The traditional in-store browsing experience, once a primary means of discovering new products, has become fragmented. A significant portion of consumers, particularly millennials and Gen Zers, now rely on social media and influencers for purchase inspiration. Shopping habits have become more fluid, with even grocery shopping transitioning into an omnichannel experience.

## #3 Unified Commerce

Unified Commerce is the next evolution beyond traditional omnichannel approaches. The emphasis now is on creating an interconnected platform ecosystem that breaks down the walls between individual data channels. This results in a seamless and holistic view of customer interactions across various touchpoints.

## #4 AI-Driven Personalization & Engagement

The era of one-size-fits-all marketing is no more. More brands are turning to AI-driven individualization to deliver tailored messages, product recommendations, pricing structures, and promotions. This personalized approach enhances customer engagement and satisfaction.



### Challenge with Fragmented Legacy ERP

Fragmented data sources make it difficult to anticipate demand spikes, optimize pricing, or automate replenishment at scale.

Additionally, dependence on manual processes and limited automation capabilities can result in delayed responses to shifting customer signals.

The dynamics of retailer-supplier relationships have evolved beyond product transactions to include customer access, data, and insights. Major retailers have embraced third-party marketplaces, providing a low-risk avenue for experimenting with new merchandise and categories.

However, retailers struggle with tailoring offerings due to lack of centralized data for further optimization and synergy across the company.

Channel silos disrupt customer experiences, causing pricing inconsistencies, delayed fulfillment, and disconnected service across physical and digital touchpoints.

Fragmented customer data prevents real-time personalization, eroding loyalty and campaign ROI.



### How an Integrated Cloud ERP Can Help

Cloud ERP consolidates data across the value chain and integrates AI/ML to drive continuous optimization. This helps to bring much-needed agility to forecasting, inventory planning, and promotions, enabled by real-time data synchronization and analytical capabilities.

Cloud ERP helps unify customer, inventory, and supplier data to support dynamic merchandising and fulfillment across diverse formats.

This common data model empowers retailers to respond quickly to shifting trends and personalize assortments.

Modern Retail Cloud ERP platforms are natively designed to integrate across sales channels. Serving as a common data backbone across commerce platforms (POS, ecommerce) helps to align product, order, payment, and customer information for omnichannel execution.

Cloud ERP unifies transactional and behavioral data, supporting segmentation and personalized promotions via seamless integration to 3rd party apps.

# Emerging Trends

## #5 Sustainability

Sustainability is no longer a checkbox for retailers; it's a proactive strategy. From supply chain management to packaging, retailers are seeking ways to reduce waste and operate in an environmentally responsible manner. This shift aligns with the values of today's purpose-driven consumers, who have become increasingly conscious of the environmental impact of their choices.

## #6 Mobility

The adoption of mobility in retail is a game-changer, particularly in empowering sales associates to provide convenience-driven, service-led experiences for customers.

## #7 Financial Planning

Recent financial pressures in the retail market highlight the importance of financial planning tools. Retailers are leveraging these tools to simulate various scenarios, manage risks, and make informed decisions in the face of constant market volatility.

## #8 Composable Architecture

The adoption of Composable Architecture is empowering retailers with flexible and modular technology solutions, allowing them to tailor their technology stack to align with their unique customer experiences, operational models, and business objectives.



### Challenge with Fragmented Legacy ERP

Retailers are under pressure to meet ESG mandates but lack the tools to track and act on environmental impact across sourcing, production, and logistics.

Due to the nature of the outdated ERP platform and its poor handheld connectivity and capabilities, floor associates generally lack visibility into inventory, customer preferences, or promotions, affecting productivity and conversions in-store.

Outdated tools make it hard to run fast, accurate forecasts in real time.

Monolithic ERP stacks limit innovation and prevent retailers from quickly integrating new digital tools or business models.



### How an Integrated Cloud ERP Can Help

Most leading Cloud ERP platforms like SAP S/4HANA Cloud ERP embeds sustainability into core processes, ensuring regulatory compliance.

Cloud ERP offers seamless integration to 3rd party tools. This enables retailers to implement real-time, mobile-friendly tools that delivers critical sales, inventory, and pricing data for more empowered frontline teams.

By bringing operational, customer, and financial data together in one place, Cloud ERP delivers a robust foundation for dynamic scenario planning, risk modeling and faster planning cycles.

Leading Cloud ERP platforms are built to offer open, modular frameworks that are extensible and built for continuous innovation.

What's Driving Cloud ERP Adoption:

# Why the Move to SAP S/4HANA is a Strategic Opportunity to Future-Proof Operations

Over the past two decades, we've had the privilege of working with retail companies at critical turning points. In our experience, the decision to modernize enterprise systems is rarely driven by technology alone. We've seen this time and again throughout our work with retail clients who embark on transformation journeys to solve critical operational challenges, support growth strategies, and future-proof their competitive edge.

[SAP S/4HANA Retail Cloud ERP](#) has been the key enabler of this growth; empowering businesses to operate with greater efficiency, intelligence, and agility.

**Below, we unpack the key business and technology drivers pushing Cloud ERP adoption to the top of the retail agenda.**



# 01

## Re-engineer processes to better align with current operational needs

ERP implementations are known to be highly customized to fit a retailer's operations. Updates to the core system often disrupt these customizations, requiring reconfiguration before the update can be completed. This cycle of constant customization and patchwork solutions has made core system updates both time-consuming and costly. For many of our retail clients, these customizations were made years, sometimes even decades ago, leaving these processes no longer aligned with the operational demands they face today.

Migrating to SAP S/4HANA offers a timely opportunity to re-evaluate legacy configuration and modern processes to serve today's requirements. Rather than simply replicating what was built in the past, organizations can use this transition to redesign workflows, streamline operations, and fix lingering inefficiencies from older ERP systems.



## 02

### **Reduce costs by retiring redundant legacy systems**

IT budgets constantly come under pressure. Maintaining legacy system often involves high maintenance and labor costs, leaving many retailers to re-evaluate the cost of their aging ERP environments.

The move to SAP S/4HANA opens the door to a more scalable infrastructure. Grow with SAP is a program designed to accelerate cloud ERP adoption, reducing capital investment to make the transition more accessible for retailers.

The program is built to reduce complexity and risk associated with traditional ERP transformations, by providing a predictable subscription model bundled with industry best practices, implementation services, and embedded AI-driven tools.



## 03

### **Build a unified ERP landscape to streamline operations and enable faster decision-making**

Retailers are facing increasing pressure to build a more centralized operational model, where they can rely on a single source of business and financial truth. However, this is much harder to achieve in practicality.

For our client [Tapestry](#), their challenge was the same. Tapestry is home to three iconic accessories and lifestyle brands - Coach, Kate Spade, and Stuart Weitzman. However, each brand continued to operate independently with separate technology systems including seven ERP platforms inherited through acquisitions. The shift to SAP S/4HANA presented an opportunity to consolidate these instances into a single, integrated platform. By creating a single source of truth across its entire global business, Tapestry eliminated redundant system costs, manual inefficiencies, and inconsistencies across brands.

# 04

## Adapt to evolving business models and accelerate omnichannel capabilities

Retailers, particularly in fashion and grocery, have experienced an unprecedented surge in demand for services like home delivery, curbside pickup, and click-and-collect. In response, businesses are re-engineering their operations to support a mix of mobile ordering, third-party delivery platforms, and micro fulfillment centers.

To make unified commerce work, you must know stock levels across all locations, including stores, warehouses, and 3PLs. Without this information, many aspects of today's retail expectations become impossible. If you don't know what inventory is available where, you can't offer customers alternatives via other channels, leading to lost sales to competitors. Additionally, if stock information isn't updated immediately, you risk promising customers items that are no longer available.

The same applies to supply chain management. Today's supply chains are complex networks requiring precise coordination. Each supply chain node, from purchasing to inventory tracking to order management and delivery, must be connected for successful omnichannel execution.

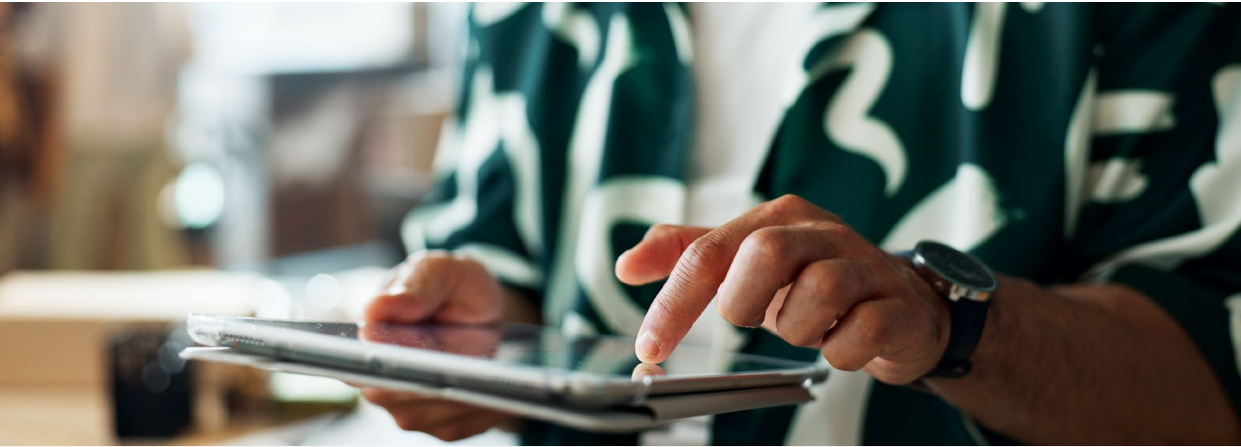
SAP S/4HANA offers a modern, cloud-based solution with robust data integration that connects to relevant sources of information, such as SKUs, prices, and availability at stores, online and wholesale. By doing so, it establishes a framework to keep the e-commerce site, mobile app, and in-store systems up to date, reducing stock-outs.

*“Being able to reliably, accurately and automatically deliver that experience at any channel at any time with any change really has become a game changer. And I think it's a great example of how you can combine an industry cloud solution with the power of your back office to really deliver that end-to-end customer experience. The same would apply to real-time inventory, the ability to make profitable, fast accurate sourcing decisions with the right inventory, right logistics, and right fulfillment. They all kind of fall into this bucket that we think of as our Omni-channel industry cloud.”*

**Kristin Howell**, Global Vice President, Retail Solution Management at SAP

Source: *What Retailers Need to Know About Future-Proofing Business.*





## 05

### Modernize systems to proactively meet regulatory demands and stay ahead of future business requirements

As regulatory landscapes continue to shift, businesses are under growing pressure to ensure their processes remain compliant and adaptable. Legacy ERP systems, often burdened with heavy customization and limited use of standard features, struggle to keep pace with these changes.

Updating custom-built processes every time regulations evolve can be slow and costly, creating bottlenecks for compliance and agility. By transitioning to a solution like SAP S/4HANA and embracing more standardized functionality, organizations can simplify updates, respond more quickly to regulatory shifts, and empower business teams with more reliable, future-ready processes.



## 06

### Maintain a clean core to support continuous innovation and extensibility

Maintaining a “clean core” ERP that is free of heavy customizations is a struggle. Retailers generally have resorted to tailoring their core systems to meet specific needs, layering on custom code and point-to-point integrations. While these changes may have solved short-term problems, they’ve made system updates, scalability, and innovation much harder over time.

This complexity often creates a dilemma. That’s where [SAP Business Technology Platform \(BTP\)](#) comes in. SAP Business Technology Platform (BTP) offers a flexible framework for extending beyond the core functions of SAP S/4HANA, without touching the core. This platform enables retailers to create tailored applications, drawing from the same master data, pricing elements, and vendor information, which can be integrated with non-SAP systems.

“Clean Core and BTP are the architects of operational efficiency in retail, simplifying solutions and enabling them to seamlessly adapt and multiply their impact across diverse landscapes – it’s like the key to unlocking a world of possibilities for retailers.”

**Kristin Howell**, Global Vice President, Retail Solution Management at SAP

Source: *What Retailers Need to Know About Future-Proofing Business.*

# Top 10

## Reasons Retailers Choose SAP



01

### Industry-specific

Retail functionality that enables holistic planning, procurement, logistics, omnichannel, and financial processes

02

### Flexible

Retail capabilities, where the solution can be configured and personalized, not modified, to meet business and user requirements

03

### Integrated and open

Retail platform that can leverage non-SAP applications and external data for managing end-to-end business processes

04

### Timeless

Retail solutions, designed to meet current needs without compromising the ability to meet future business requirements

05

### Proven

Thousands of retailers, many of whom are members of the different SAP User Groups

06

### Innovative and simple

Solutions that enable distributors to seize new opportunities by leveraging technologies like cloud, AI, and IoT

07

### Focused on value

Continually laser focused on creating value for retailers with solutions that enable operational excellence and profitable growth

08

### Safe

Continues to provide the safest, most stable, and functionally rich enterprise technology option in the Retail industry

09

### Strong ecosystem

Consulting partners leveraging Retail pre-configured solutions based on best practices that enable rapid implementations

10

### Committed to the industry

Dedicated SAP Retail Business Unit and customer Industry Advisory Council (IAC) to set future innovation direction

Diving Deeper:

# SAP S/4HANA Retail Capabilities

## Omnichannel Retail and Store Operations



- **Retail store management:** Merge the online and physical shopping experiences, attract consumers, and offer a great experience by leveraging new technologies
- **Customer service:** Deliver an omnichannel customer service experience to exceed customers' expectations
- **Omnichannel sales order management:** Buy anywhere, fulfill anywhere using optimized omnichannel sales order management

**1-30%**

Reduction in revenue loss due to stock-outs

## Retail Merchandising



- **Merchandise and assortment planning:** Achieve corporate goals by creating profitable merchandise and assortment plans across all channels
- **Master data management for merchandising:** Centralize master data management for merchandising to improve productivity with real-time insight
- **Merchandising intelligence:** Leverage sales data and use insights to analyze merchandising performance to improve the profitability of merchandising decisions
- **Pricing and promotions:** Optimize omnichannel pricing and promotion throughout the product lifecycle in every channel

**1-10%**

Reduction of inventory carrying costs

## Retail Sourcing and Procurement



- **Source and contract:** Reduce risk and cost through increased savings opportunities with sourcing and contract management
- **Supplier and risk management:** Reduce costs and increase savings opportunities and sourcing efficiency using a global business network
- **Merchandise buying:** Utilize effective procurement processes and controls throughout your supply chain
- **Indirect buying:** Improve operational efficiency and source determination for indirect buying of goods and services

**5-15%**

Improvement of sourcing savings on direct spend

## Retail Supply Chain



- **Forecasting, allocation, and replenishment:** Meet shopper demand and optimize costs with data-driven allocation and replenishment plans
- **Omnichannel inventory and order response:** Manage inventory across locations to fulfill demand from anywhere
- **Track and trace and logistics networks:** Maximize supply chain logistics strategy and comply with regulations with a digital operations network
- **Warehouse management:** Improve warehouse management with optimized planning and automated processes

**1-5%**

Reduction of total logistics cost

# #1 Behind the Scenes:

## The New Store Experience powered by SAP S/4HANA

### Traditional Scenario



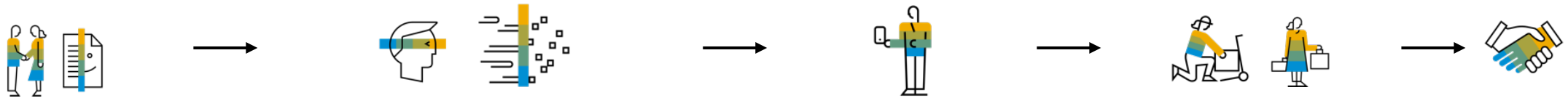
- Shopper enters store anonymously.
- No history is available.
- No insight is available into the shopper's needs, preferences, or buying behavior.

- The interaction of customers in the store is captured only upon checkout as an anonymous POS transaction.
- Valuable interaction data is not sensed and lost for better experience.
- Customer preferences are not discovered.

- Staff has no access to real-time inventory information or incoming deliveries.
- Staff can't guide customers.

- There is no ability to differentiate customer experience or offer service that drives loyalty through personalized offers or more convenience.
- Stores are exposed to price competition from online pure plays.

### A New World With SAP



- Shopper is recognized and approached according to their privacy settings.
- Smart "clienteling" is enabled based on history and known and predicted preferences.

- Customer behavior is captured anonymously from smart shelves, heat maps, or cameras.
- Sensor technology helps optimize store layouts, assortments, and price points and enables better understanding and prediction of shopper preferences.
- Real-time response to relevant customer demand signals is possible.
- Replenishment is accelerated.
- Product transfer is triggered with RFID enablement to balance stock between stores flexibly.

- Real-time inventory and product information enable smart replenishment.
- Better customer service is possible through use of location services to locate products and find nearby store locations.
- Store tasks can be supported efficiently using virtual reality, RFID, and scanner technology.

- Technology can be used to digitalize the physical store and drive shopper and consumer loyalty.
- Endless aisles, frictionless checkout, and scan-and-go shopping concepts become reality.
- Convenient service options are available.

### Top value drivers\*

Relevant offers and promotions

**5%–15%**

Increase in inventory turnover

Improved products and offerings

**5%–20%**

Improvement in merchandising FTE productivity

Empowered staff

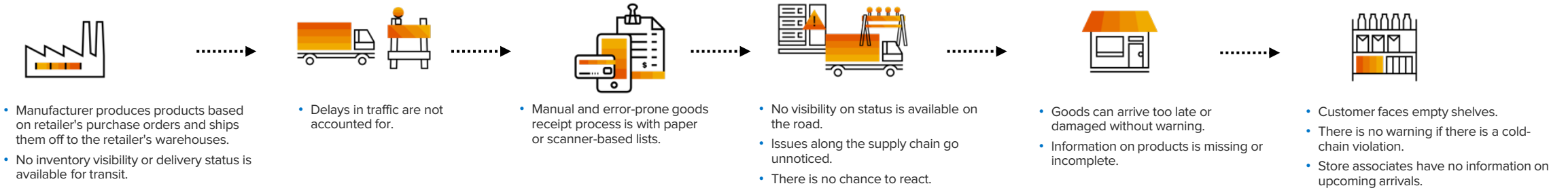
Compelling shopping experience

\*Benefits are based on results from early adopters of SAP S/4HANA or are conservative outside-in estimates of the benefits of moving from a traditional ERP system to enhanced SAP S/4HANA with line-of-business and cloud capabilities. As each enterprise is at a different level of maturity, our recommendation is that you work with SAP to determine the value proposition for your enterprise.

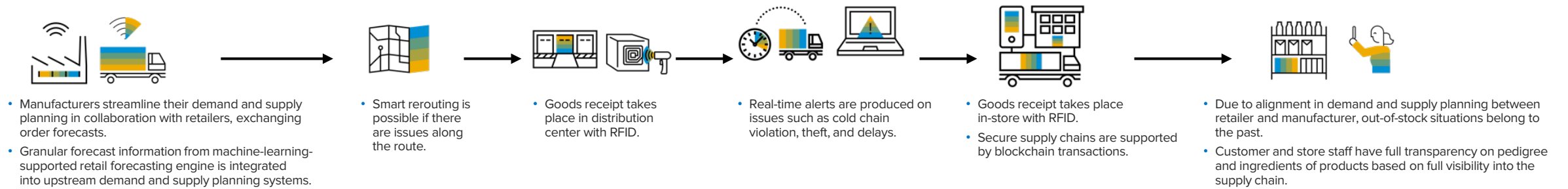
## #2 Behind the Scenes:

# Connected, End-to-End Supply Chain powered by SAP S/4HANA

### Traditional Scenario



### A New World With SAP



### Top value drivers\*

Real-time supplier collaboration

**10%–20%**

Increase in on-time delivery performance

Real-time alerts and automated response

**10%–12%**

Reduction in days in inventory

Supply chain automation

**5%–20%**

Increase in order management FTE productivity

Consumer safety

\*Benefits are based on results from early adopters of SAP S/4HANA or are conservative outside-in estimates of the benefits of moving from a traditional ERP system to enhanced SAP S/4HANA with line-of-business and cloud capabilities. As each enterprise is at a different level of maturity, our recommendation is that you work with SAP to determine the value proposition for your enterprise.



Simplify your move with a

# Ready-to-Run Cloud ERP

**GROW with SAP** simplifies cloud ERP adoption, enabling retailers of any size to move to the cloud with **speed, predictability, and continuous innovation**.

- **Go Live Quickly:** Simplified adoption with ready-to-use industry best practices
- **Scale Seamlessly:** Grow your solution with powerful extensibility capabilities across both SAP and non-SAP systems
- **Lower TCO:** Avoid surprises with a predictable timeframe, scope and costs

**50%**

Lower implementation costs



**40-60%**

Faster time-to-value



## Grow with SAP for Retail includes:

### Solutions

- SAP S/4HANA Cloud, public edition
- SAP Business Technology Platform
- Industry-standard retail processes

### Adoption and Acceleration Services

- Proven tools and methodologies
- Packaged activation services
- Advisory and consulting services

### Community and Learning

- Access to SAP Community
- Accessible learning resources tailored to roles and learning goals

[Learn More](#)

# Rizing: the go-to-partner for Retail & Fashion

**GROW WITH SAP** | Partner

**RISE WITH SAP** | Validated Partner

## Rizing Consumer Industries

### 80+

Global Success Stories Across Fashion, Wholesale & Retail



A dedicated LOB within Rizing that focuses on Fashion and Retail



Includes a Center of Excellence team that drives industry best practices, and works closely with SAP product teams and co-development efforts



Largest dedicated Retail & Fashion Partner in the SAP eco-system

[Talk to an Expert ▶](#)

### 20+

Global E2E S/4HANA Fashion transformation projects

## 20+ Years of Partnership: Rizing and SAP Shaping the Future of Retail

- Most number of SAP S/4HANA Fashion & Vertical Business implementations for clients globally
- On-going partnership on SAP S/4HANA Fashion product improvement and development
- Co-innovation partner on SAP Fashion Management Solution





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