

6 INDUSTRY COMMENT

SYSTEM RESET

Martin Biggs suggests rethinking software support ahead of AMP8.



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Water companies are entering a new era with AMP8, with an imperative to combine cutting-edge innovation with their fundamental obligations of environmental conservation and customer service in a demanding regulatory and economic environment.

This period challenges water companies to move towards digital transformation and operational excellence. However, the journey towards such innovation is not always smooth sailing.

It's not merely about adopting the latest technological trends but about integrating smart, sustainable solutions that cater to the evolving needs of the planet and its people. This period calls for a balancing act between pushing the boundaries of innovation and adhering to the core values of reliability, financial responsibility, and environmental stewardship.

And as water companies chart their course, there's something else to consider: the complex demands of technology – namely software, where vendors such as SAP continuously push their customers to opt for system upgrades and cloud-based transformation programmes.

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The upgrade challenge

SAP, a major ERP software supplier for the UK's water industry, is at the heart of many operational ecosystems, supporting essential activities from financial management to customer engagement. In recent years, SAP has been strategically drifting towards cloud-based systems – which introduces a layer of complexity during an already challenging period for water companies.

One challenge on the horizon is the phased-out support and maintenance for legacy versions of SAP software, notably SAP ECC 6. This reduction in support – with support ending in 2025 for Enhancement Pack 5 and earlier and 2027 for all other versions – coupled with the announcement of no future enhancements for its on-premises S/4HANA suite, leaves water companies in a no-win situation. You either embark on costly, complex ERP migrations or navigate an unsupported software environment, risking cyber vulnerabilities and operational inefficiencies.

The imperative to migrate places water companies in a financial and strategic bind. Such migrations demand a wholesale

transformation of existing systems, encompassing business process reengineering, extensive training, and potential service disruptions – complete with significant financial implications. Within the framework of AMP8, emphasising innovation, sustainability, and customer service, the financial and operational toll of a migration could inadvertently divert critical resources away from these strategic priorities.

Redefining system support

Is there an alternative? We believe so, which is why we're encouraging water companies to reassess their ERP system support strategy. When it comes to maintenance, moving beyond the traditional dependency on software vendors – who often lock their clients into a cycle of costly upgrades and looming end-of-life announcements – is an alternate pathway.

Collaboration with third-party support providers offers a viable escape from this cycle, enabling the maintenance of robust, efficient ERP systems without succumbing to vendor-imposed upgrade schedules.

This alternative avenue not only promises substantial cost savings but also means more strategic agility, allowing water companies to dedicate their budgets and efforts towards fulfilling the objectives laid out in AMP8. These include strengthening infrastructure resilience, reducing environmental

impacts, and improving customer satisfaction.

Opting for third-party support empowers water companies to align their technological strategies and investments with their core operational and strategic goals, rather than adhering to a rigid software vendor roadmap.

Maintaining current systems with a third-party software support partner also costs significantly less than vendor support. This approach can assure consumers that their financial contributions are being judiciously managed – which is critical in the current economically challenging times.

Innovation and flexibility

The conversation around software challenges us to go beyond conventional solutions, to question the status quo, and to ultimately seek partners who can navigate the complexities of digital transformation with us, not for us. It's a future defined by strategic foresight and innovation, not mere compliance and forced upgrades.

Embracing third-party software support is an acknowledgment that the path to innovation is a collaborative effort. You'll have access to fresh perspectives and tailored support, allowing you to invest in what truly matters – breaking new ground, and proving that in the quest for balance between innovation and obligation, the UK water industry is not just keeping pace, but setting the pace.