



Reinventing the automotive enterprise

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 chains, sales performance, and employee retention, the automotive industry often faces challenges that require long-term strategic thinking. According to McKinsey, these challenges include:¹

- ▶ **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 13% 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 omnichannel experiences for their customers.) Some companies are already making the transition. Major car makers including 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 ushering in a data-intensive automotive environment that is linked to the cloud from plant floors to the world's motorways.

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.²

¹ Hofstätter, Thomas, et al. "Reimagining the Auto Industry's Future: It's Now or Never." McKinsey & Company, Nov. 6, 2020.

² Gray, Ann Marie. "ASUG Research Reports on SAP Automotive Customers." ASUG, May 4, 2020.



With more than two decades of strategic collaboration with SAP, the support of IBM, and joint solutions from our global partner ecosystem, Red Hat offers an end-to-end portfolio of open source solutions for automotive organizations.

SAP touches all parts of the enterprise, and SAP S/4HANA is positioned to support solutions to industry challenges. As companies repair supply chain weaknesses, respond effectively to new consumer buying behaviors, and expand their partnership ecosystems to include ACES innovations, SAP S/4HANA helps integrate business systems; the movement, accessibility, and accuracy of data; and automation across the enterprise.

The move to SAP S/4HANA requires that SAP automotive customers standardize on a Linux® platform. SAP S/4HANA runs exclusively on the SAP HANA database, which in turn runs exclusively on the Linux operating system. As the market leader in Linux,³ multicloud container development,⁴ and infrastructure automation,⁵ Red Hat helps SAP enterprises standardize on a single, open platform and build on a foundation that sets them up for a future of innovation with a rich portfolio of flexible solutions.

A strategic choice for SAP automotive customers

Red Hat's hybrid cloud portfolio allows SAP automotive customers to create hybrid or multicloud environments that make it easier to build, deploy, and run cloud-native and traditional applications in a scalable and elastic way across any cloud. This includes the ability to run containers at scale across hybrid and multiclouds, making application development faster and allowing teams to more quickly and easily spin applications up and down, moving on and off premise.

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Get started

Explore [Red Hat solutions for SAP](#) to support a streamlined, efficient migration—and a more flexible and agile transformation.

³ IDC White Paper. "Worldwide Operating Systems and Subsystems Market Shares, 2019: OSS Market Expands for Third Consecutive Year with Modest Annual Growth." Doc # US46303820, May 2020.

⁴ Forrester Research in The Forrester Wave™: Multicloud Container Development Platforms, Q3 2020.

⁵ Forrester Research in The Forrester Wave™: Infrastructure Automation Platforms, Q3 2020.



About Red Hat

Red Hat helps customers standardize across environments, develop cloud-native applications, and integrate, automate, secure, and manage complex environments with [award-winning](#) support, training, and consulting services.

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