



WalkMe's Integration with SAP: A Strategic Move to Transform Digital Adoption

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SAP's acquisition of WalkMe, completed in September 2024 for \$1.5 billion in an all-cash deal, marks a significant milestone in the digital adoption platform space. This strategic move resonates with a broader industry trend focusing on user-centricity and reflects a growing realization that software value lies not just in feature richness but in usability and accessibility. At a recent WalkMe analyst day event, the WalkMe team, joined by members of the SAP team, gathered to walk analysts through the progress made thus far post-acquisition and shared a look at what's ahead.

The Strategic Value of SAP's WalkMe Acquisition

SAP's acquisition of WalkMe comes at a crucial time, as organizations grapple with digital transformation challenges and have a very real need to see ROI from their technology investments. In the early days, digital transformation journeys were simple: they were all about moving businesses from an analog operating state to a digital one. Today, everything is already digitized, so the objective now is taking what we have to the next level and getting the maximum benefit out of those transformations.

By integrating WalkMe's digital adoption platform into SAP's Business Transformation Management (BTM) portfolio, SAP addresses a critical market gap: improving user adoption and maximizing digital investment value. While I can't share specifics on revenue and customer base, based on data shared during the event, WalkMe's impressive growth trajectory demonstrates the strong market demand for digital adoption platforms.

WalkMe was ahead of the pack when it came to realizing the very real need to find a way to help organizations drive the adoption of technology solutions integrated into the stack and to track, measure, and spur adoption throughout organizations. As the company grew and expanded into the enterprise, doubling down on the ability to deliver on the measurable ROI of tech investments became a compelling part of the company's overall value proposition — and WalkMe delivered impressively on that front, with the ability to clearly illustrate for customers the value they were deriving from WalkMe. With 1,600+ customers across the globe, WalkMe processes over 7 billion interactions between people and software annually, providing a bird's

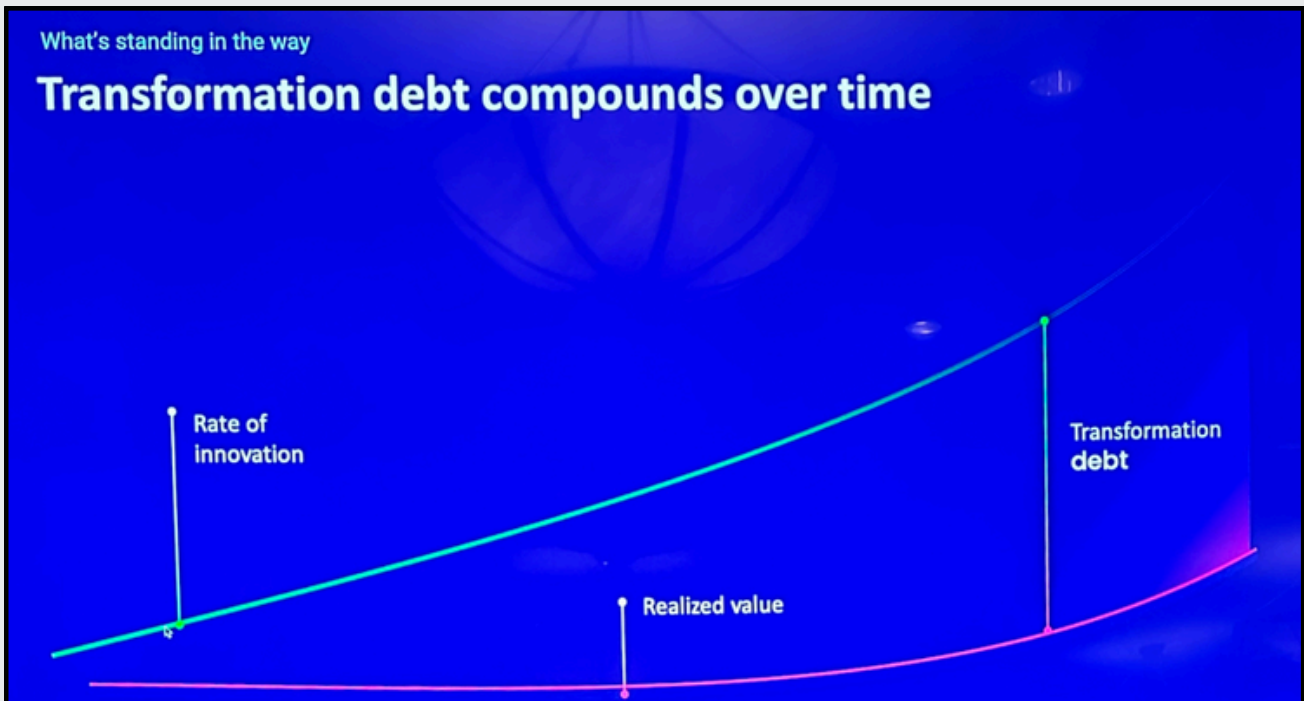
eye view of how humans interact and engage with technology, how they work across applications and workflows, and where they are challenged throughout those processes and interactions.

I find this especially significant as the SAP portfolio is often viewed as somewhat complex from a user standpoint. Solving for this by way of the WalkMe integration is a big step forward.

Addressing the Digital Transformation Paradox

During the WalkMe Analyst Day event, SAP's Business Transformation Management leadership highlighted that paradox in today's digital landscape: despite increasing technological advancement, organizations struggle to capture the full potential of their digital investments. In short, we collectively have more technology than ever before, it's more powerful than ever before, and yet only 6% of organizations are built to capitalize on that technology and prepare themselves to operate efficiently, leveraging their technology investments more effectively compete.

This gap, outlined by BCG in the report: [The New Blueprint for Corporate Performance](#), cited during the presentation, represents a significant financial impact on businesses failing to effectively leverage their technology investments. In an age where companies are expected to invest some \$5.26 trillion in digital transformation efforts, transformation debt is a very real thing, and getting value from those investments is critical. This slide shared at the Analyst Day event does a great job of illustrating transformation debt and the impact it has as the rate of innovation speeds, and when value isn't recognized at a corresponding rate.

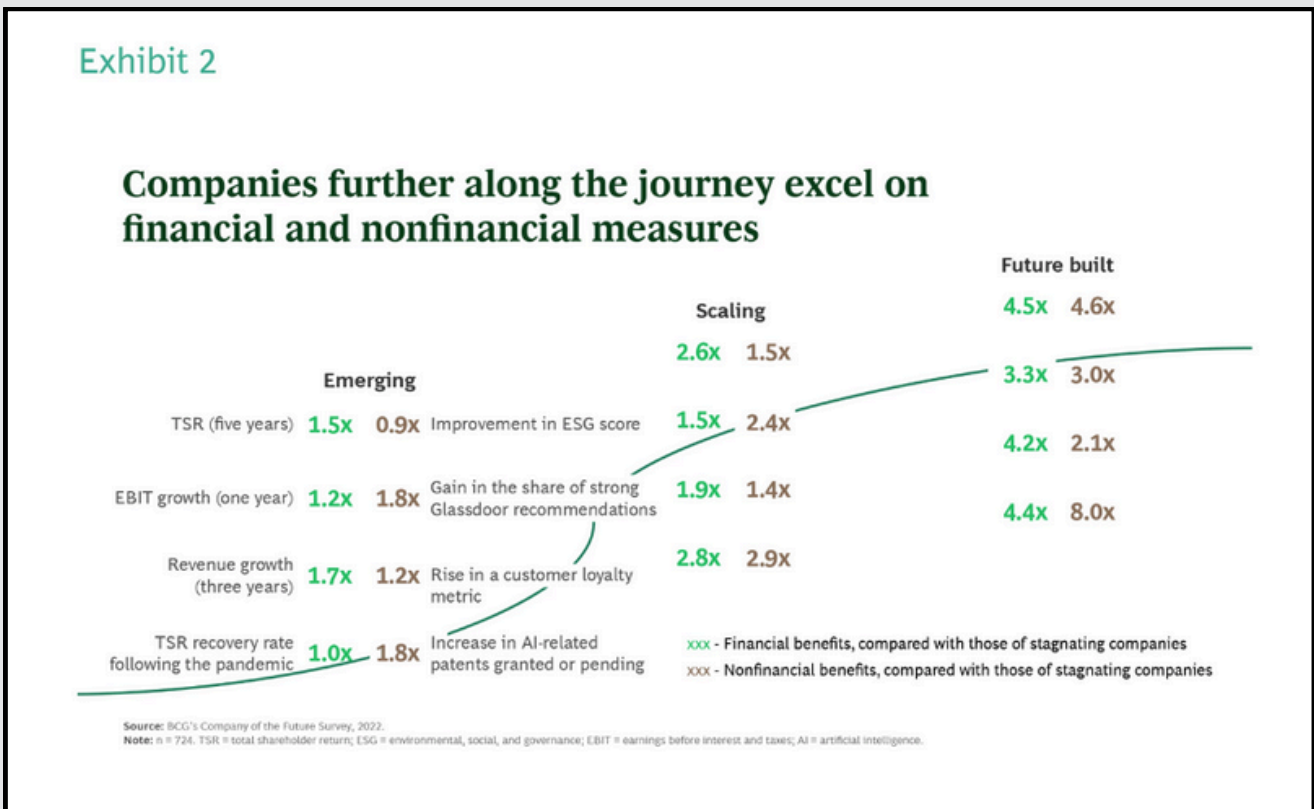


The BCG research study cited earlier outlined what BCG calls the “new bases of advantage” which were identified as being rooted in superior and enduring capabilities in three key categories: digital, AI, and innovation. BCG identified six specific attributes that “future built” companies possess:

- Aligned leadership around a corporate purpose
- A commitment to people and to attracting and retaining world-class talent
- An operating model that enables agility and resilience
- An innovation-driven culture
- A decoupled data platform and flexible, scalable tech platforms and apps that can facilitate data access and support business needs easily and flexibly
- Fully embedded AI that can create value for the organization

BCG’s research aligns so clearly with what I see SAP and WalkMe doing, illustrating the reality that future-built companies are those on the leading edge of disruption in their industries, and I think you’ll see why I’m leaning in here.

These companies are resilient, investing in, embracing, and scaling AI solutions, have stronger capabilities in digital ecosystems, and are leveraging both platforms and partnerships to drive revenue growth. These future-built companies also have stronger capabilities in sales, marketing, customer experience, and customer journeys than laggards. The financial implications here — BCG opines that these future-built innovators are responsible for almost half of the S&P 1200 index’s value creation in the past five years (or \$9.3 trillion) — and the opportunity that comes from leaning in on this front is beyond significant.



Source: BCG

Best-in-class future-built companies are quickly scaling AI solutions and focusing on how these can lead to increased growth and drive innovation. They understand the importance of using technology to digitize support functions and boost productivity and efficiencies, and they also understand the value digital ecosystems and smart partnerships and alliances bring. Two of the key pillars of success on this journey are developing a “people advantage” and embracing an innovation-driven culture — that is where the beauty of WalkMe’s digital adoption capabilities can play — and are playing — an outsized role.

SAP’s approach to digital transformation mirrors that set out by BCG, encompassing four critical dimensions: data, process, people, and applications. As mentioned, The WalkMe integration specifically strengthens that critical ‘people dimension,’ providing a crucial bridge between advanced technology and user adoption. This holistic approach, which they have termed the “transformation square,” combines rapid insight generation with swift adaptation capabilities.

How WalkMe’s Integration into SAP’s Portfolio Addresses Business Challenges

That’s why the integration of WalkMe into SAP’s portfolio is well-timed: it directly addresses these opportunities to be a future-built organization by helping organizations overcome three primary transformation barriers:

- Internal organizational obstacles
- Market-driven limitations
- The rapid pace of technological advancement

Digital transformation journeys have always been about the magic combination of people, processes, and technology coming together to transform business operations — this isn’t news. However, for SAP, the role WalkMe plays is powerful: that of a key enabler, driving the company’s digital transformation vision forward by powering the ***people part of the equation***.

Cloud migration adds complexity to the equation and presents unique adoption challenges despite offering flexibility. Digital adoption tools play a crucial role in bridging the gap between users and cloud-based solutions. This is amplified as companies move to embrace generative AI and lean into the ability to enhance productivity, streamline workflows, and simplify use. But AI-powered tools can only deliver value if they’re used throughout the organization as a whole, and not piecemeal or just by a select group. That’s where a digital adoption platform shines.

And ease of use is more important than ever. The rise of “citizen developers” has created increased demand for intuitive interfaces and simplified onboarding as businesses increasingly rely on non-technical users to utilize and adapt enterprise software. This is particularly relevant for newer employees working with legacy systems, but it expands far beyond that.

SAP, a giant in the enterprise apps space, has a simple mission: helping organizations run profitably, continuously adapt, and grow sustainably. An unfortunate reality, and one I touched on briefly earlier, is that regardless of the effectiveness of the many solutions SAP offers, those solutions are often not viewed as being particularly user-friendly. Therein lies the conundrum: an organization needs to integrate technology to streamline BPO, but when using those apps is complex, adoption lags. That's why the WalkMe acquisition made such perfect sense for SAP, moving the company into the next age of transformation capabilities. created increased demand for intuitive interfaces and simplified onboarding as businesses increasingly rely on non-technical users to utilize and adapt enterprise software. This is particularly relevant for newer employees working with legacy systems, but it expands far beyond that.

The integration of WalkMe is also expected to enable SAP customers' RISE journeys more fully. This includes driving the transformation of on-prem SAP ERP systems, modernizing business processes, and enabling agility. It also will help spur the adoption of cloud apps, all the while improving user experience.

I see WalkMe playing an outsized role in supporting SAP's overall goal for its own transformation, which is that of being not only viewed as an enterprise app leader but also its evolution and desire to be viewed as a business AI company as a whole. And that's why that \$1.5 billion price tag makes sense: it's an integral part of SAP's own digital transformation journey and the next iteration for the industry giant.



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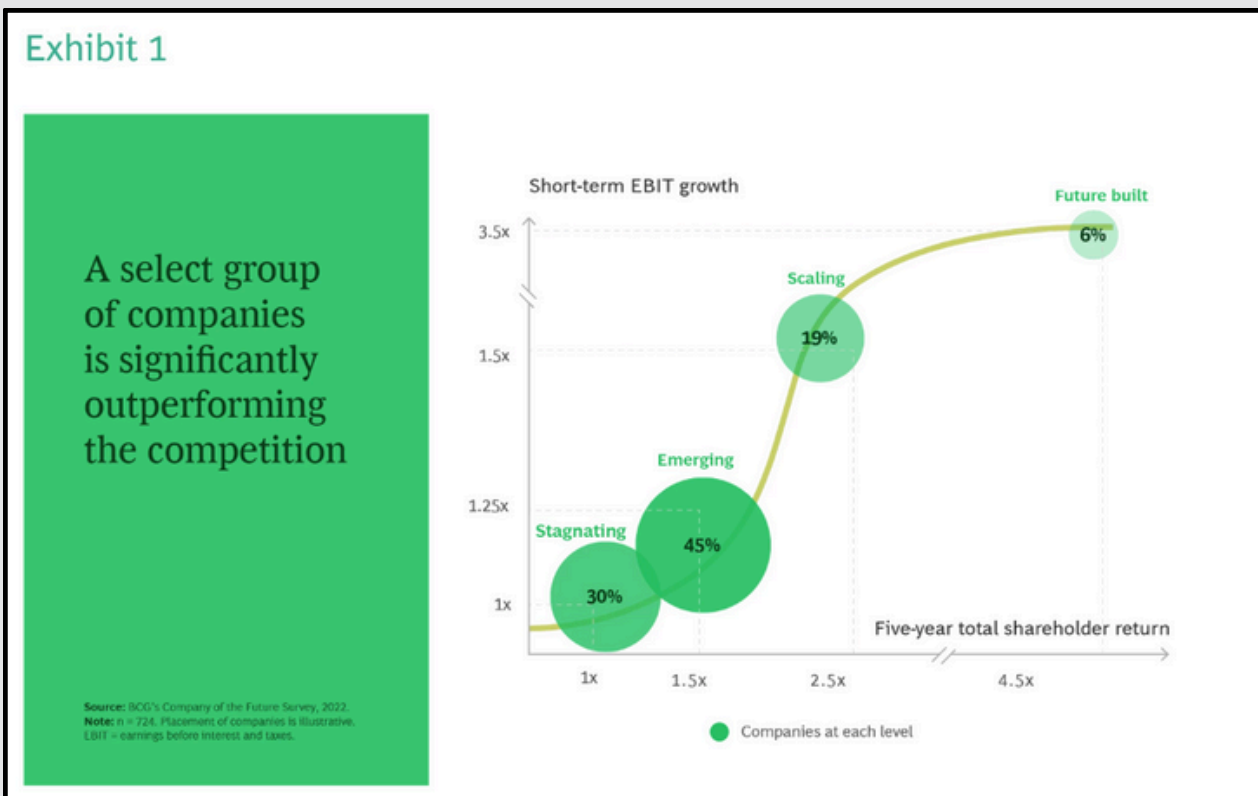
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Transformation is a Capability, Not a Project or a Journey

Our collective reality is that there is not only more technology today than ever and that technology is also more powerful than ever. But technology alone is never the answer: it's harnessing the output of that technology in the most effective ways that deliver bottom-line results.

For organizations that aren't yet able to be agile and capture the output of technology in the most effective way, there are consequences. Applying technology alone to a problem doesn't guarantee a result and/or the result they are seeing is proving valuable. In fact, the BCG research cited earlier found that only 6% of companies are effectively capturing the output of technology in the best possible way. With the rate of technology ever increasing, the gap widens quickly over time, making the reality of ever being able to catch up a significant challenge.



Source: BCG

As an example, an organization relying on legacy equipment — for example, a 20-year-old ERP system — as the core for business operations will not only hinder the company's ability to capture the output of technology in the longer run but also come with some significant financial consequences. The BCG study showed missed opportunities for organizations who haven't mastered this as a missed opportunity of a whopping \$5 trillion dollars. Comparatively, top-performing companies that are harnessing the output of technology in effective ways have captured \$9.3 trillion in shareholder value.

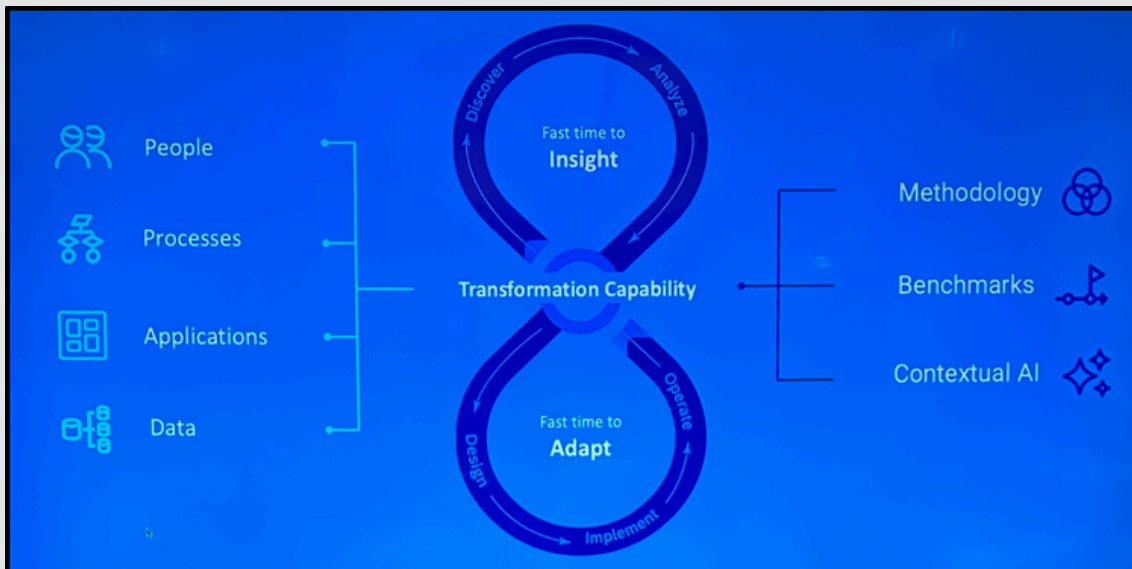
The companies who do this well understand that transformation is not a project or even a journey as we have long described it, but rather a capability. And organizations that want to drive sustainable growth within the organization, have got to harness and leverage that capability, understand the ingredients for successful transformation, and repeat, fine-tuning over time.

SAP's Four Dimensions of Digital Transformation and the Infinite Transformation

SAP's approach to digital transformation encompasses four critical dimensions: data, process, people, and applications. The infinity symbol in the image below illustrates that transformational capability is an ongoing process.

Here's how to think about it: the data available drives insight. Asking questions in the discovery process like: what does the landscape look like, what is my data structure and is it where it needs to be, how are people doing, where are they getting hung up, what needs to change, where am I limited, etc., serve as a starting point for transformation.

Once an organization has that information in hand, the process of understanding and analyzing what the problems are, what needs to change, where limitations are, what processes are bottlenecking, where people are struggling to execute, and what about the current business landscape limits capabilities to execute allows an organization to design how they want to work in the future.



There's more to this equation, of course, but what I like about the way SAP has designed this is that rather than thinking of digital transformation as an ongoing journey, which brings to mind a linear path, the concept of an infinite loop makes more sense. We ask, evaluate, analyze, refine, design, adapt, optimize, all at a rapid pace, making change happen as quickly as possible, and that process is ongoing.

With the integration of WalkMe, SAP specifically strengthens the people dimension, providing a crucial bridge between advanced technology and user adoption. This holistic approach, which the company has termed the "transformation square," combines rapid insight generation with swift adaptation capabilities. Speeding time to insight, combined with the ability to leverage AI in order to adapt more quickly, is the path to success.



Looking Ahead: The Future of Digital Adoption and Final Thoughts

The integration of WalkMe into SAP's BTM portfolio represents more than just an acquisition; it signals a fundamental shift in how organizations approach digital transformation. By combining process mining, enterprise architecture, and digital adoption capabilities, SAP is positioning itself to address the full spectrum of transformation challenges.

While software giants like Salesforce and Oracle have developed their own in-house user experience and digital adoption solutions, the [Tech Mahindra-Whatfix alliance](#) is the only precedent to the SAP-WalkMe partnership. This acquisition sets a precedent for the broader enterprise software industry, potentially spurring more strategic acquisitions and investments in digital adoption tools.

The development of AI-based capabilities, including automatic skill class generation and contextual decision support, suggests a future where digital adoption becomes more intuitive and user-centric. This evolution will be crucial for organizations seeking to maximize their technology investments and drive successful digital transformations.

The WalkMe analyst event highlighted the company's strategic importance within SAP's broader transformation vision. By addressing the critical challenge of digital adoption through AI-powered solutions and comprehensive learning platforms (which I'll address in a separate article), WalkMe and SAP are well-positioned to help organizations bridge the gap between technological capability and practical value realization.

As organizations continue to invest heavily in digital transformation initiatives, the ability to ensure effective user adoption and maximize technology ROI becomes increasingly critical. The integration of WalkMe into SAP's portfolio provides a compelling solution to these challenges, offering a comprehensive approach to digital adoption that aligns with the complexities of modern business transformation.

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