

Are SAP Business One Days Numbered?

Part III: AI Messaging, AI-tier Differentiation, Strategic Vulnerability

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At Sapphire, on 12 May 2026, SAP SE announced that “SAP’s only strategic ERP code line is S/4HANA Cloud ERP,” while the same time advertising S/4HANA Cloud ERP for “companies of all sizes” and pitching Business One (B1/SBO) for “small and medium-sized business.” This begs the question: Will SAP discontinue B1 in the near future, like they discontinued Business ByDesign (ByD) in April 2026?

This whitepaper is the continuation of “Strategic Context and Timeline Scenario” (Part I) and an analysis of B1 licensing (Part II); at the end of this article, you will find URL links to both – a brief summary below. Here, in Part III, I will circle back on strategy by providing an assessment in the context of – yes, you guessed it right! – AI and an outlook. Artificial Intelligence (AI) is at the core of SAP’s “Autonomous Enterprise” narrative. The messaging and potential outcomes unveil significant strategic exposure.

This whitepaper is an opinion provided completely independent of the software vendor.

Strategic Context and Timeline Scenario (part I recap)

SAP’s strategic messaging at Sapphire 2026 shows tension between the narrative regarding Business One (B1/SBO) and S/4HANA Cloud ERP (“S/4 Cloud ERP” or just “Cloud ERP”), respectively; these lie in five (5) dimensions: Market Positioning, Strategic Focus, Cloud Development, Pricing, Executive Commitment. A detailed analysis ultimately leads to the estimate that in 2036, about 10 years from now, will B1 reach end-of-mainstream support. Part I provides the background affirming this estimate.

The economics – license costs and revenue (part II recap)

SAP would rather displace competitor products than its own – but why maintain two code lines (Cloud ERP, B1), if Cloud ERP can do everything that B1 can do? B1 uses a Named User License (NUL) model and has ~1.6 million NUL, roughly split into 1 million on-premise and 0.6 million cloud as of today, but the tilt is rapidly shifting towards cloud. S/4 Cloud ERP, same NUL license model, costs about 4-5x what B1 costs. In Fall 2025, SAP removed its pricing of S/4HANA Cloud ERP licenses largely from the public view. On the contrary, B1 pricing remains widely public. Part II provides the details enabling the reader to calculate and extrapolate “hard numbers,” using basic arithmetic.

What is the AI Messaging Trap?

Starting on 12 May 2026 at Sapphire Orlando and the week after at Sapphire Europe, SAP went “all-in” on AI. The messaging pivots around the term “Autonomous Enterprise.” When we look at the perhaps single most important innovation in Enterprise Computing - which of course is AI - SAP seems to be very tight-lipped about AI in the context of Business One (B1/SBO). E.g., on the official B1 product page

<https://sap.com/products/erp/business-one/features.html> outlining the B1 features, SAP mentions “Analytics and reporting” and “Business intelligence,” but they do not list “AI.”

Could the fact that AI is “missing in action” when it comes to B1 be the justification for the higher price in sales pitches, when CxO's ask why S/4 Cloud ERP licenses cost 4-5x of B1 Cloud licenses? More specifically, in order not to “kill” S/4 Cloud ERP sales in the light of a much less expensive B1 - would SAP's sales messaging indicate that B1 is just not as AI-ready as S/4 Cloud ERP, which in turn would compromise the strategic outlook of B1 and lead to its long-term demise?

Can SAP use the same messaging to weaken sales of second-tier ERP systems (e.g. Inform, MS Dynamics, Netsuite) or would it seem more likely that by doing so, SAP will weaken the market position of B1 to a noticeable extent?

This “AI messaging trap” poses a critical strategic vulnerability in SAP's positioning. More specifically, this trap lies in putting Cloud ERP and B1 into different AI tiers, resulting in an “AI-tier differentiation trap.”

What is the AI-tier Differentiation Trap and Why is it significant?

The table summarizes the core paradox in SAPs' current positioning, along with the messaging risks:

Factor	Reality	SAP's Implicit Messaging Risk
<i>Business One (B1) AI Capability</i>	Document automation, process automation, and basic analytics via SAP BTP (Document AI, Build Process Automation, embedded AI Foundation)	"AI-ready, but not AI-leading" B1 positioned as "good enough" for SMB's, not strategic
<i>S/4 Cloud ERP AI Capability</i>	SAP Joule (400+ embedded use cases), agentic AI, SAP Business AI Platform, AI Agent Hub, governance layer	"AI-native and enterprise-grade" S/4 positioned as the platform for intelligent (<i>more lately: "autonomous"</i>) enterprises
<i>Price Multiplier Justification</i>	€91 vs. €250+ per user per month (2.7–3.8x difference)	"You're paying for AI leadership and governance, not just ERP"
<i>Strategic Implication</i>	Business One has a roadmap through 2027 (Version 11), but AI features lag significantly	Older product, newer platform mentality — creates a maturity perception gap

SAP is using AI differentiation as a key sales lever. This is evident in:

1. No mention of B1 AI on the public website features page. SAP's official B1 page emphasizes modern web client, process automation, and extensibility, but not AI. By contrast, every S/4 Cloud ERP announcement leads with "AI-powered."
2. CxO sales narrative shift: The messaging has fundamentally changed from "which ERP do I need?" to "which AI-enabled platform gives me competitive advantage?" At Sapphire 2026, SAP positioned Business AI Platform, not B1, as the foundation for the “Autonomous Enterprise.”

3. Joule availability gap: SAP Joule is embedded in S/4 Cloud ERP at no additional cost. For B1, AI capabilities require separate purchases (Document AI units, BTP consumption, Premium AI subscriptions). This creates a licensing friction penalty that makes the 4–5x price multiplier feel less unreasonable, if not justified to some extent.
4. Governance layer as a moat: The SAP AI Agent Hub (rolling out Q3 2026) is positioned as enterprise-grade, audit-compliant, SOC 2-certified AI governance. It is not marketed for B1. This creates a narrative: "If you need auditable AI governance for regulated industries, you need S/4 Cloud ERP."

If SAP leans too hard on "B1 isn't as AI ready as S/4 Cloud ERP," it will accomplish three things that are counterproductive and possibly damaging:

- A. They create an escape hatch for B1 customers. A midmarket company running B1 might think: "If SAP says S/4 is the AI-enabled future, maybe we should evaluate Microsoft Dynamics or Infor Cloudsuite instead – they might offer better AI for mid-market pricing." B1 customers are not forced to choose between B1 and S/4, they can choose to get out of the SAP ecosystem instead.
- B. They undermine partner confidence in B1. SAP has ~10,000 B1 partners globally. If the message trickles down that "SAP considers B1 a stepping stone, not a long-term AI platform," partners shift resources to S/4 (higher margin, more resource-intensive) or, worse yet, to competing platforms (Microsoft Dynamics, Infor, NetSuite) where the software vendor is not actively undermining their own product line.
- C. They generate momentum for growing B1 customers to leave the SAP ecosystem. Instead of B1 customers "graduating" to S/4 when they scale, they may ask: "If SAP won't invest and anchor AI deeply in B1, why stay with SAP at all?" and evaluate Dynamics 365 Finance, Infor M3, or even best-of-breed combinations. The irony is that due to the BTP, one of SAP's core strategic products, best-of-breed combinations are within reach and might pencil out in a given scenario.

Comparative Vulnerability: Walking the AI Differentiation Tightrope

Against B1, SAP can safely message AI differentiation, because B1 and S/4 are both SAP products. Customers stay in the SAP ecosystem even if they upgrade. But this only works, if:

- a. The AI gap is perceived as a maturity thing, not a commitment thing
- b. The B1 roadmap still shows credible AI evolution
- c. The pricing doesn't feel extractive ("pay 3x more to get basic AI governance")

Against external competitors, SAP's AI messaging becomes a liability. If SAP is publicly saying "B1 lacks AI leadership" or makes statements that compel this conclusion, then:

- a. Microsoft can counter: "Dynamics 365 has co-pilot built in at competitive pricing, plus integrated M365 AI. Why overpay for SAP's fragmented AI strategy?"
- b. Infor can counter: "We have unified AI across our portfolio. No tier-based gatekeeping. Your SMB investment scales smoothly."

- c. Oracle (NetSuite) can counter: "We embedded AI in one platform from day one. No upgrade roulette."

The second-tier ERP vendors (Infor, Epicor, Plex) actually benefit from SAP's internal AI-tier messaging, because it casts a shadow of doubt on SAP's long-term commitment to the SMB segment.

On the roadmap for B1 Version 11 (2027), SAP adds AI extensibility and native Microsoft 365 integration. These are major capital investments (software development costs) suggesting SAP is not abandoning AI in B1. However, they don't necessarily have to be strategic and could be tactical in nature instead.

In May 2026, a major B1 partner, Vision33, launched "Copilot for SAP Business One," a partner-led AI play, not an SAP-native ("Joule") AI play. It signals: "If SAP won't deliver AI natively, we will."

SAP's official narrative still includes B1 in the "Intelligent Enterprise" story, albeit subordinately. It describes B1 as "AI-ready through BTP extensions," not as "AI-native" like S/4 Cloud ERP. There is obviously a big difference between "AI-ready" and "AI-native."

The following table outlines the strategy options and demonstrates where the trap lies:

SAP's Options	<i>Emphasize AI gap</i>	<i>Balanced messaging</i>	<i>Downplay AI gap</i>
<i>Option details</i>	SAP emphasizes the AI gap and leans hard on "B1 isn't AI ready" or suggests "B1 isn't <i>fully</i> AI ready"	SAP balances the messaging: "B1 has AI, but S/4 has <i>enterprise grade</i> AI governance"	SAP downplays the AI gap between S/4 and B1
<i>Outcome</i>	Customers leave SAP entirely for (e.g.) Dynamics or Infor; S/4 Cloud ERP sales struggle, because SMB feel pushed rather than attracted	B1 customers remain engaged; creates a natural upgrade path; differentiates on governance; does not claim feature parity	Customers don't feel compelled to upgrade from B1 to S/4. S/4 Cloud ERP sales stall; B1 remains profitable in the long run; complicating portfolio consolidation
<i>Risk</i>	Loss of B1 revenue	Perceived lack of leadership. Decision makers who don't fully understand technology want direction/guidance, <i>not</i> options	Cost grind (two platforms B1, S/4 Cloud ERP); loss of credibility, if AI gap proves to be significant (efficiency, regulatory)
<i>Chance</i>	Upsell B1 to S/4 Cloud ERP	Best outcome (if carefully crafted and well executed)	Increase B1 market share by displacing competitors

Most likely, SAP will avoid the Strategic Trap by eroding B1 as opposed to discontinuing it. Based on the circumstantial evidence, I believe SAP's actual strategy is, in summary:

- Keep B1 alive as a profitable, stable segment (1.2 million users isn't abandoned lightly)
- Underinvest in B1 AI relative to S/4 Cloud ERP AI, creating a perception of a maturity gap
- Let partners (Vision33 etc.) fill the gap with add-ons, reducing SAP's direct R&D burden

- Gradually shift new customer acquisition to S/4 Cloud ERP, especially when AI governance becomes a compliance requirement
- Eventually delist B1 from the pricelist (à la ByDesign), allowing existing customers to run it indefinitely with "extended support" pricing

If SAP oversells the AI differentiation angle, they accelerate the timeline and drive customers to non-SAP alternatives instead of the intended S/4 Cloud ERP upgrade path, one might also call “*upsell path*” since customers may perceive it as such. That is a real risk. But the AI superiority of S/4 Cloud ERP over B1 is significant, a legitimate selling point and differentiates it versus B1 and other SMB market ERP vendors.

Conclusion and Outlook

SAP can capitalize on this risk: by emphasizing S/4 Cloud ERP’s AI superiority prudently and well timed, SAP would not only weaken B1, but weaken the entire SMB-targeting ERP mid-market and other vendors would feel the pinch. That's why SAP seems to be avoiding aggressive AI-tier messaging in public channels. They are letting the message diffuse through sales conversations, analyst reports, and partner narratives instead. It's slower, but safer – and doesn't trigger an exodus.

The ultimate indicator to look for will appear soon. It will be this: Does B1's 2027 Version 11 roadmap include native Joule integration or (at a minimum) significant AI features?

- If SAP announces "Joule coming to B1 V11," the AI-tier narrative collapses and the discontinuation timeline extends.
- If they announce "B1 leverages BTP for AI," the differentiation holds and the slow erosion continues.

“Ultimate” and “next year” may sound bold, but a year is a long time and the stage will be set by then.

Delisting by SAP may not result in B1’s demise. B1 has many partners (850+ in 50 countries) and the partner ecosystem may sell and support it – for as long as it’s commercially feasible and profitable.

Either way, now is a good time for SMB to determine their strategy and path forward.

Feel free to get in touch for more information and assistance. You can reach us

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