



BENCHMARK REPORT

# SAP S/4HANA Finance and Central Finance: State of the Market 2023

Ogo Nwanyanwu

February 2023

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# TABLE OF CONTENTS

|                                                                                        |    |
|----------------------------------------------------------------------------------------|----|
| Executive Summary .....                                                                | 1  |
| Required Actions.....                                                                  | 3  |
| Chapter One: SAP S/4HANA Finance and Central Finance Overview .....                    | 4  |
| Best Practices Model – DART .....                                                      | 4  |
| What Drives SAP S/4HANA for Finance Strategic Priorities? .....                        | 6  |
| How Do SAPinsiders Address Their Drivers? .....                                        | 7  |
| Key Takeaways .....                                                                    | 8  |
| Chapter Two: How Do SAPinsiders Approach SAP S/4HANA Deployments<br>for Finance? ..... | 9  |
| Top Requirements to Support Actions.....                                               | 9  |
| What F&A Technologies Are SAPinsiders Using?.....                                      | 10 |
| Key Takeaways .....                                                                    | 12 |
| Chapter Three: SAP S/4HANA for Finance Adoption Trends .....                           | 13 |
| Continued Growth and Maturity in SAP Central Finance Deployments.....                  | 15 |
| Steps to Success.....                                                                  | 17 |
| Methodology .....                                                                      | 18 |
| Appendix A: The DART™ Methodology .....                                                | 19 |
| Report Sponsors .....                                                                  | 20 |

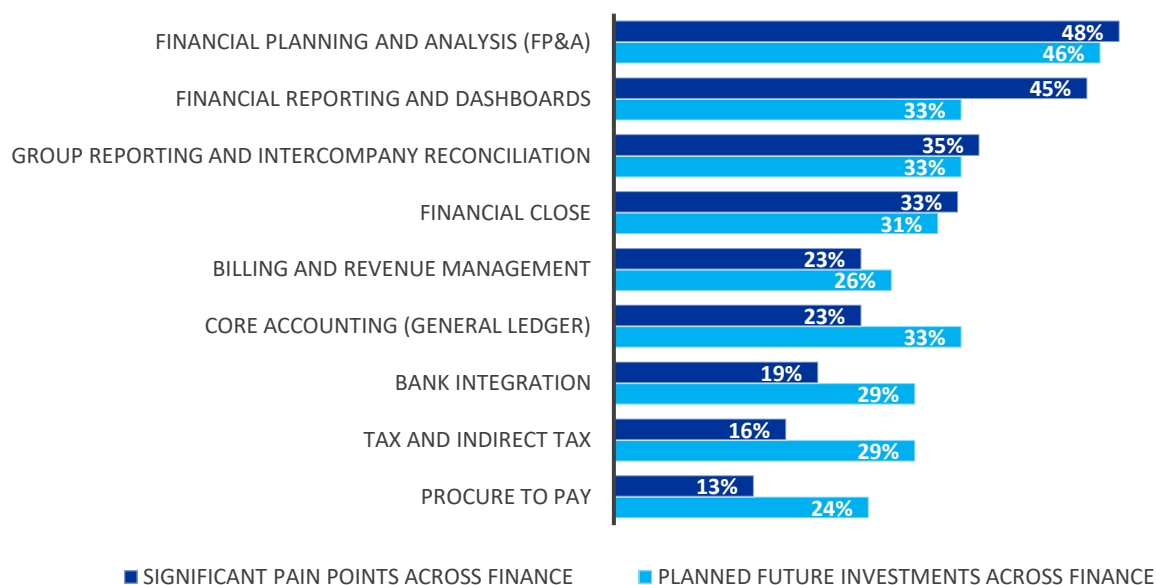
## Executive Summary

The business case for major financial system upgrades has shifted toward arming finance and accounting (F&A) teams with the latest tools to support business model evolution for the digital economy. Nearly half of organizations deploying SAP S/4HANA for Finance with Central Finance identified business model transformation to support digital innovation as their primary goal. This represents a significant departure from recent trends, where the goal of IT technical transformation with TCO improvement was most popular year-over-year. This shift suggests a finance-first digital transformation enabled by SAP S/4HANA for Finance with Central Finance deployment is integral to developing an agile approach to improve reporting, planning, and insights from finance.

SAPinsider surveyed 155 finance community members between December 2022 and February 2023 to better understand the business priorities organizations enable with SAP S/4HANA for Finance with full deployment, as well as the goals they aim to achieve by deploying with Central Finance. In our study, respondent organizations said the demand for improved reporting, planning, and insights from finance was the most common driver regarding their approach to deploying SAP S/4HANA for Finance. This continues a trend from our 2022 study and aligns with a growing focus among SAPinsiders to enhance data-driven decision-making capabilities.

As finance leaders move beyond traditional back-office roles, they are tasked with more strategic roles in steering modern organizations. In this strategic role, access to accurate and timely information is essential to enable a data-driven decision-making framework. However, many finance leaders, along with their downstream teams, still lack the robust tools to effectively support executive decision-making in this complex operating environment. These challenges are transparent across our study. Core finance processes including financial reporting, financial planning and analysis (FP&A), group reporting and intercompany reconciliation, and financial close again appear as areas of both significant pain and planned future investment (**Figure 1**).

**Figure 1: Finance areas of significant pain and future planned investment**



Source: SAPinsider, February 2023

### INSIDER PERSPECTIVE

“ It's a fact that 70% of SAP customers have more than one system. If you are one of the 70%, with SAP and non-SAP, maybe your first step is Central Finance. A central S/4 HANA system for finance to step into the S/4HANA environment. Even then you have to upgrade your source systems, or you bring them into Central Finance. So there must be a strategy and a plan how you move from where you are to where you want to be. Obviously Central Finance can help there.

”  
**Carsten Hilker,**  
 Former Global SAP Solution  
 Owner for SAP Central Finance

Organizations increasingly recognize the importance of billing and revenue management, core accounting, banking integration, and tax and indirect tax management to effectively meet the demands of the digital economy. This is evidenced by the yearly investments they make while trying to address these pain points.

Organizations must keep pace with a rapidly evolving digital economy. Finance transformation is an essential priority to remain competitive. The challenge is that many finance processes still suffer from legacy systems, manual methods, and outdated information. Yet, with the right approach, there is a tremendous opportunity to modernize and improve finance operations. SAP S/4HANA for Finance with Central Finance deployment offers major finance system upgrades that can streamline processes, provide accurate insights in real-time, and support more data-driven decision-making capabilities. Finance leaders are taking varied approaches to become strategic partners, capable of navigating through an ever-changing competitive digital economy while improving operational efficiencies.

SAPinsider's SAP S/4HANA Finance and Central Finance research this year revealed several key trends highlighted by the strategic priorities of respondent organizations:

- SAPinsiders are more likely to start with a greenfield (44 percent) approach to deploying SAP S/4HANA for Finance, versus a brownfield (38 percent) approach. Also, 43 percent of respondent organizations are implementing or have already implemented SAP S/4HANA for Finance.
- The most common driver impacting how organizations approach SAP S/4HANA for Finance deployment is the demand for improved reporting, planning, and insights from finance (38 percent). This was also the top driver from 2022, even though the share of respondent organizations prioritizing this driver declined year over year.
- Over a third of respondent organizations said they plan to address core drivers by increasing real-time visibility into finance and operations (39 percent), as well as simplifying their financial system landscapes (39 percent).
- Most respondent organizations (81 percent) view clean and harmonized master data as an important or very important requirement to support business priorities they are enabling with SAP S/4HANA for Finance.
- Data from our research points to broad technology adoption by respondent organizations to support business priorities enabled by SAP S/4HANA for Finance deployments, such as payments processing (currently being used by 33 percent of respondents). To better understand product taxability and tax obligations requirements from transactions, SAPinsider organizations increased their usage of tax and indirect tax management solutions for a third year in row (currently being used by 28 percent of respondents).
- Over half of respondent organizations are evaluating automated financial close solutions to support their SAP S/4HANA for Finance deployment strategic priorities. Cloud-based FP&A solutions, A.I.-based financial applications, and cloud-based profitability and performance management represent the next tier of solutions respondent organizations are evaluating.

“ Our planned investments target region based billing and invoicing system with more detailed reporting around revenue recognition. We want to simplify the migration process to have the current users more proficient to use the new environment.

”

**IT Systems Manager,  
Energy, Oil, & Gas Company  
APJ & ANZ**

## Required Actions

Based on the survey responses, organizations should make the following plans around their SAP S/4HANA for Finance strategies:

- **Enhance planning capabilities with a cloud-based analytics platform.** FP&A ranks among the most common pain points and planned future investments. Having the ability to effectively plan is a key advantage for any organization. A cloud-based analytics platform, such as SAP Analytics Cloud, can help improve planning capabilities. SAP customers can use planning capabilities in SAP Analytics Cloud to access embedded predictive technologies, what-if simulations, workflows, multi-model support, and built-in financial intelligence.
- **Explore user-intuitive dashboards to help address financial reporting, and group reporting and intercompany reconciliation pain points.** User-intuitive dashboards, such as SAP Fiori, can be a powerful tool for addressing the significant financial reporting, and group reporting and intercompany reconciliation pain points experienced by over 40 percent of organizations. The dashboards enable users to view a breakdown of the GR/IR reconciliation process via visualized KPIs. This can help streamline the overall financial reporting process.
- **Accelerate transformation of finance functions in SAP S/4HANA Cloud for Finance.** Financial processes such as financial reporting, FP&A, group reporting and intercompany reconciliation, and financial close are crucial for any organization's success yet also present various challenges. Organization can implement pre-configured SAP best practices and SAP solution extensions in SAP S/4HANA Cloud to help address these pain points. Cloud deployment for SAP S/4HANA brings additional benefits with RISE for SAP, beyond a standard on-premise deployment for SAP S/4HANA, such as SAP Analytics Cloud is only available in the cloud.

### INSIDER PERSPECTIVE

“ There is going to be a business model transformation, and finance must be there on the one side with the insight to say, "Hey, what are our opportunities?" Simulate the up and downsides of a business case and the impact on the organization. From the business model change, there's a lot that finance needs to do to support the business itself.

”

**Carsten Hilker,**  
Former Global SAP Solution  
Owner for SAP Central Finance

## Chapter One: SAP S/4HANA Finance and Central Finance Overview

Finance transformation is an imperative in the modern digital economy as organizations strive for greater resilience and performance. SAP S/4HANA for Finance with full deployment is designed to offer business leaders real-time insights into financials and operations, while reducing complexity across their financial system landscape. To maximize ROI in SAP S/4HANA, continued awareness of technological advancements and industry trends is vital so organizations can make proactive decisions. Next, we will look at the key drivers and subsequent actions across the SAPinsider finance community.

### Best Practices Model – DART

SAPinsider grounds all its research insights in our proprietary DART model. This research model provides practical insights that connect business **D**rivers and **A**ctions to supporting **R**equirements and **T**echnologies. Drivers represent internal and external pressures that shape organizational direction. Organizations take Actions to address those Drivers. They need certain people, processes, and capabilities as Requirements for those strategies to succeed. Finally, they need enabling Technologies to fulfill their Requirements.

In this report, the top drivers were the demand for improved reporting, planning, and insights from finance the pressure to reduce the cost and complexity of financial processes, and upcoming end of maintenance deadline for core SAP ERP/ECC. To satisfy these drivers, respondents indicated that they are increasing real-time visibility into finance and operations, simplifying their financial system landscapes, improving record-to-report and closing processes, and centralizing more of their financial processes.

To support strategies for deploying SAP S/4HANA for Finance, there are several requirements that our survey respondents indicated they needed. These include a clean and harmonized master data, efficient preprocessing and mapping of master data, the Universal Journal (single point of truth for financial data), and more flexible billing and revenue management. Respondents also use or plan to use a wide range of SAP and non-SAP partner tools and technologies to enable these requirements.

Respondents' answers to our survey and interview questions revealed clear trends that are summarized in **Table 1** and will be examined throughout this report.

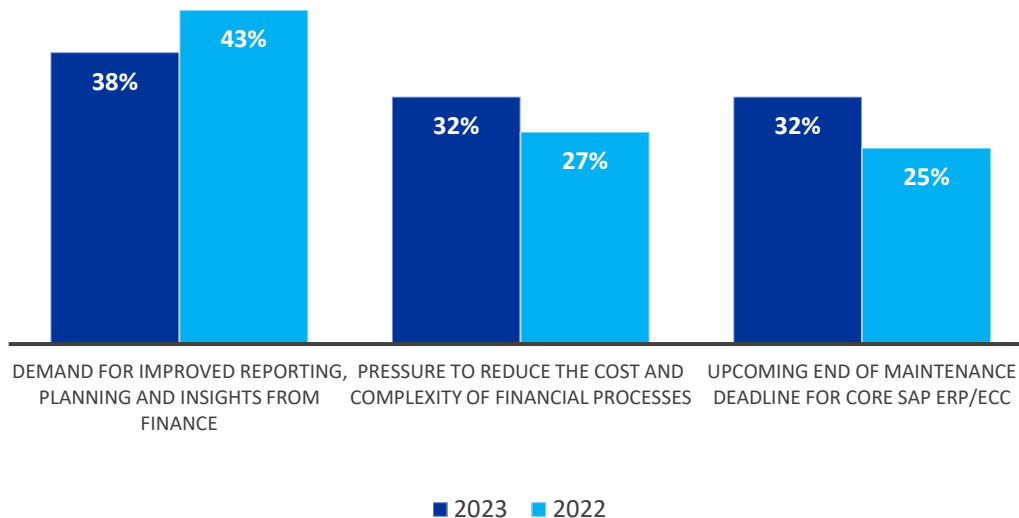
**Table 1: DART model framework for SAP S/4HANA for Finance strategic priorities**

| Drivers                                                                                                                                                                                                                                                                                                        | Actions                                                                                                                                                                                                                                                                                                                              | Requirements                                                                                                                                                                                                                                                                                                                           | Technologies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Demand for improved reporting, planning and insights from finance (38 percent)</li> <li>• Pressure to reduce the cost and complexity of financial processes (32 percent)</li> <li>• Upcoming end of maintenance deadline for core SAP ERP/ECC (32 percent)</li> </ul> | <ul style="list-style-type: none"> <li>• Increase real-time visibility into finance and operations (39 percent)</li> <li>• Simplify our financial system landscape (39 percent)</li> <li>• Improve record-to-report and closing processes (31 percent)</li> <li>• Centralize more of our financial processes (30 percent)</li> </ul> | <ul style="list-style-type: none"> <li>• Clean and harmonized master data (81 percent)</li> <li>• Efficient preprocessing and mapping of master data (76 percent)</li> <li>• Universal Journal (single point of truth for financial data) (76 percent)</li> <li>• More flexible billing and revenue management (75 percent)</li> </ul> | <ul style="list-style-type: none"> <li>• Payment processing solutions (33 percent)</li> <li>• Tax and indirect tax management (28 percent)</li> <li>• Billing and revenue management (27 percent)</li> <li>• Cash and treasury management (25 percent)</li> <li>• Group reporting and consolidation solutions (24 percent)</li> <li>• Banking integration software (23 percent)</li> <li>• Cloud-based reporting and analytics solutions (21 percent)</li> <li>• Automated financial close solution (17 percent)</li> <li>• Cloud-based FP&amp;A solutions (16 percent)</li> <li>• Cloud-based profitability and performance management (12 percent)</li> <li>• A.I.-based financial applications (12 percent)</li> </ul> |

## What Drives SAP S/4HANA for Finance Strategic Priorities?

For the second consecutive year, the demand for improved, reporting, planning, and insights from finance (38 percent of respondents) was the most common driver of SAP S/4HANA for Finance strategic priorities (**Figure 3**). A modern ERP finance system, such as SAP S/4HANA for Finance, can provide organization-wide visibility of day-to-day operations, allowing for rapidly evolving real-time reporting on trends, while offering an accurate basis for data-driven decision making. Access to this functionality can give F&A teams a competitive edge, transforming formerly manual processes that relied on outdated information into automated insights that are available in near real-time.

**Figure 3: Top drivers of approach to SAP S/4HANA for Finance**



Source: SAPinsider, February 2023

Pressure to reduce the cost and complexity of financial processes followed as the second-most common driver of SAP S/4HANA for Finance strategy (32 percent). With streamlined reporting and a simplified data model, organizations can lower finance operational costs as well as IT support and maintenance costs by upgrading from a legacy finance system.

The upcoming end of maintenance deadline for core SAP ERP/ECC tied for the second-most common driver. Nearly a third of respondent organizations (32 percent) prioritized this driver. Business leaders must decide whether to upgrade, move away from legacy SAP ERP/ECC system, or engage third parties for SAP ERP/ECC support indefinitely before losing support from SAP. 42 percent of respondent organizations are currently still evaluating whether to transition to SAP S/4HANA for Finance or not.

### INSIDER PERSPECTIVE

- “ The emergence of the end of maintenance and support and need to move on from legacy SAP R/3, the business case proposition to migrate to SAP S/4HANA not only changed, but also now has some real time sensitivity. ”

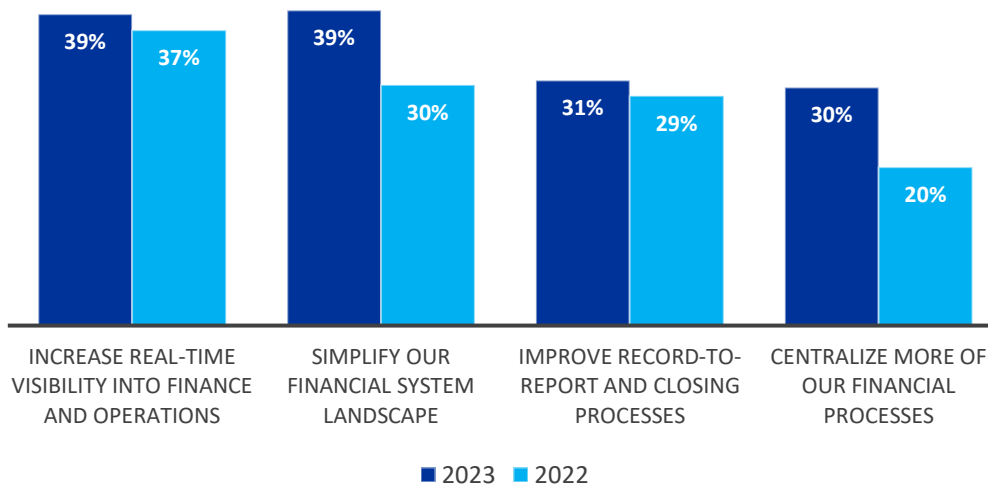
**Carsten Hilker,**  
Former Global SAP Solution  
Owner for SAP Central Finance

Growing organizational complexity and recent changes (mergers, acquisitions, divestitures) represent a core driver for nearly a quarter of respondent organization (24 percent), the fourth-highest share. This driver declined in lockstep with reduced 2022 global merger activity, significantly affected by accelerated inflation, increased borrowing costs and geopolitical instability. The uncertain environment saw M&A deals in 2022 fall by 30 percent compared to record-breaking levels in 2021.

## How Do SAPinsiders Address Their Drivers?

The strategy to increase real-time visibility into finance and operations to address top drivers of business priorities enabled by SAP S/4HANA for Finance, was the most common action among 39 percent of respondent organizations (**Figure 4**). This aligns with the need for improved reporting, planning, and insights from finance—a goal that can be achieved through financial system upgrades and enhanced automation capabilities. Automation across finance processes reduce manual tasks while also ensuring greater accuracy in results.

**Figure 4: Top strategies taken to address the top drivers**



**Source: SAPinsider, February 2023**

Respondent organizations also identified simplifying the financial landscape as a top priority (39 percent). This represents a 30 percent increase year-over-year, and its popularity can partially be attributed to the complexity of the upcoming end-of-maintenance deadline for core SAP ERP/ECC systems. A financial system upgrade, such as transitioning to SAP S/4HANA for Finance, requires a large reorganization effort, which can be made easier if other components of the finance system landscape are streamlined first.

### INSIDER PERSPECTIVE

“ Our organization is highly task driven, every step of the task involves inflows or outflows of cash, hence the need to start from the core processes and connect these to finance.

”

**Information Technology Manager**  
Industrial & Manufacturing  
North America

Improving record-to-report and closing processes (31 percent) was the third most popular strategy to address core drivers of business priorities enabled by SAP S/4HANA for Finance. This approach connects to the driver of the pressure to reduce the cost and complexity of financial processes. By investing in strategies to automate and streamline back-office activities, such as record-to-report and closing processes, organizations can streamline complex financial reporting to achieve savings in time and cost while avoiding manual errors.

To create a more efficient financial system landscape, many organizations are centralizing their finance processes (30 percent of survey respondents) – representing a 50% jump year over year. This strategy allows for greater reporting accuracy and insights from finance while simultaneously reducing costs and simplifying operations.

## Key Takeaways

Based on our research with respect to business priorities enabled by SAP S/4HANA deployments for finance, the following takeaways are clear:

- **Target cloud deployments to avoid falling behind the curve with the end-of-maintenance deadline approaching.** Organizations must proactively streamline their financial system landscape to prevent increased costs associated with keeping legacy SAP systems running. Transitioning to a cloud environment is essential to maintain a rapid pace of innovation that aligns with operating in a digital economy. For organizations that continue to wait, the urgency around potential impact to governance and compliance due to end of maintenance will only grow.
- **Embrace intelligent financial reporting to support demand for improved planning insights from finance.** Self-service access to real-time data in all dimensions allows businesses to respond quickly to insights presented by reports, offering a more agile approach to decision-making.
- **Improve R2R and financial close with continuous accounting.** Transitioning to continuous accounting allows for uniformity and consistency throughout the organization. Organizations can maximize efficiency even further by transforming the finance team's cycle-based closing into an ongoing soft-close process. By leveraging a single source of truth to reduce inefficiencies and free up accounting resources from tedious reconciliations, organizations can better facilitate a transition to a continuous closing cycle.

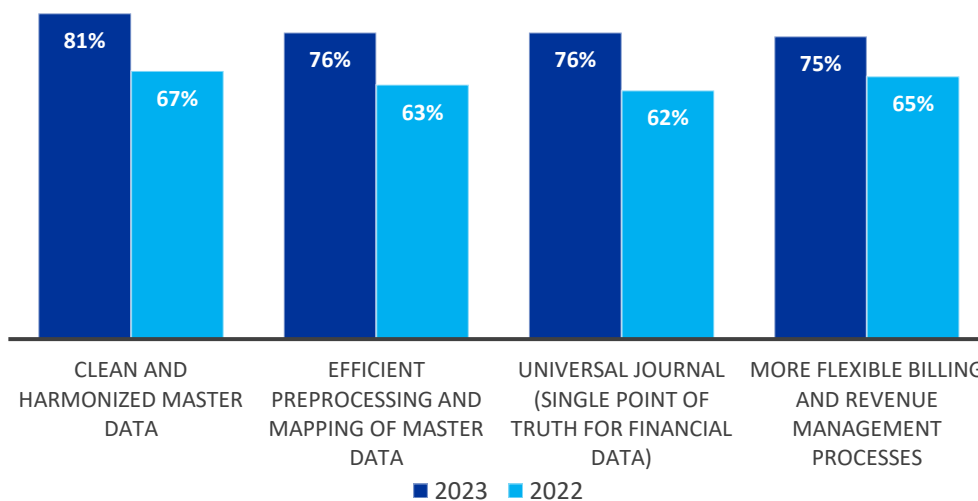
## Chapter Two: How Do SAPinsiders Approach SAP S/4HANA Deployments for Finance?

Finance teams are playing an ever-evolving role in organizations, requiring access to the latest finance systems such as SAP S/4HANA for Finance. Our study takes a closer look at what is driving this transformation and reveals critical requirements and industry trends concerning technology adoption by today's businesses.

### Top Requirements to Support Actions

Respondent organizations, a majority dealing with multiple ERPs and heterogenous landscapes, identified a clear set of requirements to support business transformation priorities enabled by SAP S/4HANA for Finance deployments. Clean and harmonized master data was the most critical requirement. Nearly 80 percent of respondents identified it as important or very important (**Figure 5**). The requirement aligns with the strategy to increase real-time visibility into finance and operations, as well as the strategy to simplify financial system landscapes. A consistent standard for data is essential to achieving trust and transparency between departments, thus ensuring visibility and simplicity across operations.

**Figure 5: Top requirements to support SAP S/4HANA for Finance strategy**



**Source: SAPinsider, February 2023**

The efficient preprocessing and mapping of master data is the second-most important requirement, with 76 percent of respondents saying it is very important or important. This requirement supports the action of increasing real-time visibility into finance and operations and simplifying financial landscapes. Unified and harmonized finance master data allows faster consolidation and improved analytics.

The Universal Journal or single point of truth for financial data was second-most common requirement, among a majority of respondent organizations (73 percent). This requirement connects with the strategy of increasing real-time visibility into finance and accounting operations. The Universal Journal provides real-time profitability reporting with account-based controlling and profitability analysis without the need for a business intelligence or reporting tool.

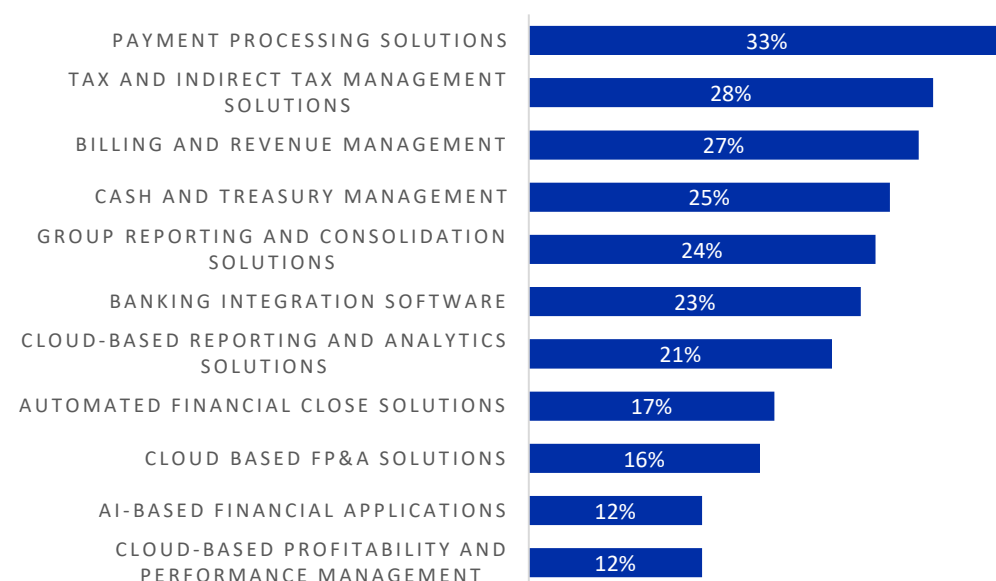
Organizations recognize the need for more agile billing process and revenue management to stay ahead of their competition (75 percent), the fourth-highest share among survey respondents. This requirement maps to the strategy of simplifying financial system landscapes.

These top requirements were followed closely by an ability to maintain standardized charts of accounts (73 percent) and end-to-end cash management processing and visibility (70 percent) as the only key requirements with a 70 percent share of survey respondents.

## What F&A Technologies Are SAPinsiders Using?

The continued popularity of payment processing solutions (33 percent) over the last three years confirms an integral role in strategic priorities enabled by SAP S/4HANA for Finance (**Figure 6**). Organizations can centralize payment processes within SAP S/4HANA for Finance to better align finance and operations with new digital business models. Centralization and automation of payment processing minimizes manual processes, allowing for greater efficiency.

**Figure 6: Current finance technology adoption**



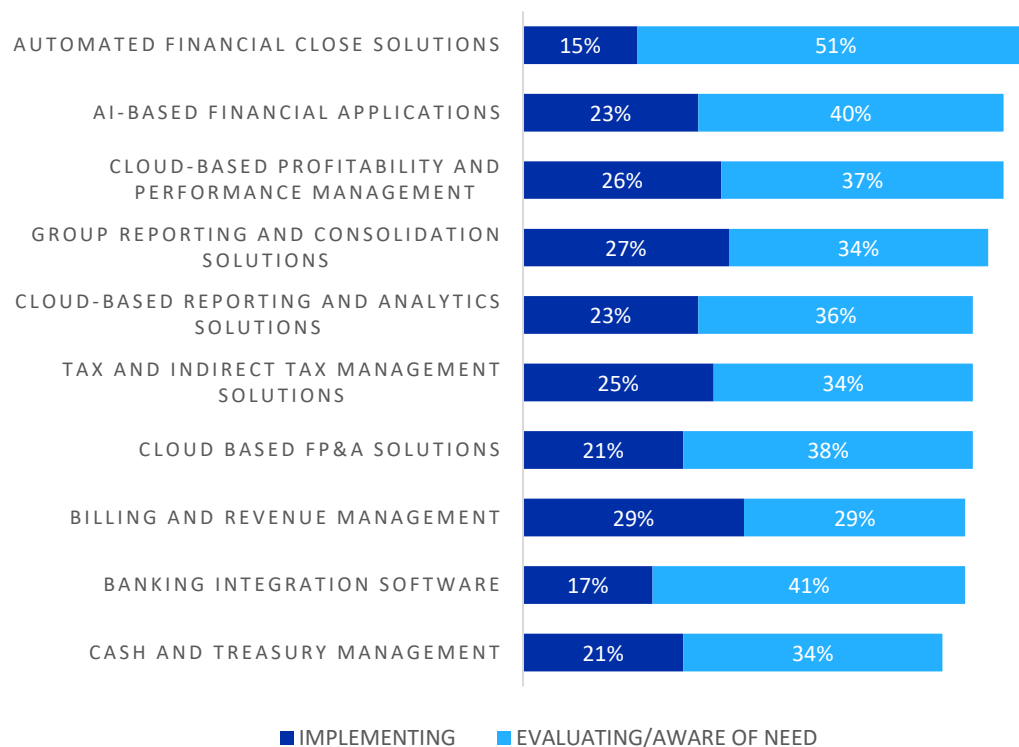
Source: SAPinsider, February 2023

Adoption of tax and indirect tax management solutions continue to gain traction – increasing for a third in a row. This year, it had the second-highest share of survey respondents (28 percent). SAPinsiders adopt these solutions to support digital taxation strategies that meet product taxability requirements in real-time. This capability is beneficial for achieving compliance, taking advantage of new business models, and pursuing product-related innovation.

Billing and revenue management (27 percent), followed by cash and treasury management (25 percent) were the third-and-fourth-most common technologies in use. Organizations continue to prioritize automation and visibility across core finance processes. This is integral to the strategic priorities of respondents, enabled by SAP S/4HANA for Finance.

The technologies that respondents implement to support strategic priorities enabled by SAP S/4HANA for Finance strategies include billing and revenue management (29 percent), group reporting and consolidation solution (27 percent), and cloud-based profitability and performance management (26 percent) (**Figure 7**).

**Figure 7: Finance technologies being implemented and evaluated**



Source: SAPinsider, February 2023

SAPinsiders remain focused on achieving greater financial close efficiency, enhancing core finance processes with intelligent and predictive capabilities, and improving planning and reporting capabilities with cloud-based solutions.

SAPinsider organizations are evaluating key technologies like automated financial close solutions (51 percent), A.I.-based financial applications (40 percent), and cloud-based FP&A solutions (38 percent) to support business priorities enabled by SAP S/4HANA deployments for finance.

Investments into cloud, automation, and artificial intelligence (AI) are accelerating within the SAPinsider community and enable finance process innovation. However, organizations face multiple challenges to implement them—competing priorities, legacy data models, and complex customizations—that may delay perceived benefits from these investments.

## INSIDER PERSPECTIVE

“ Our organization is highly task driven, every step of the task involves inflows or outflows of cash, hence the need to start from the core processes and connect these to finance.

”

IT Manager,  
Energy, Oil & Gas Company  
APJ & ANZ

## Key Takeaways

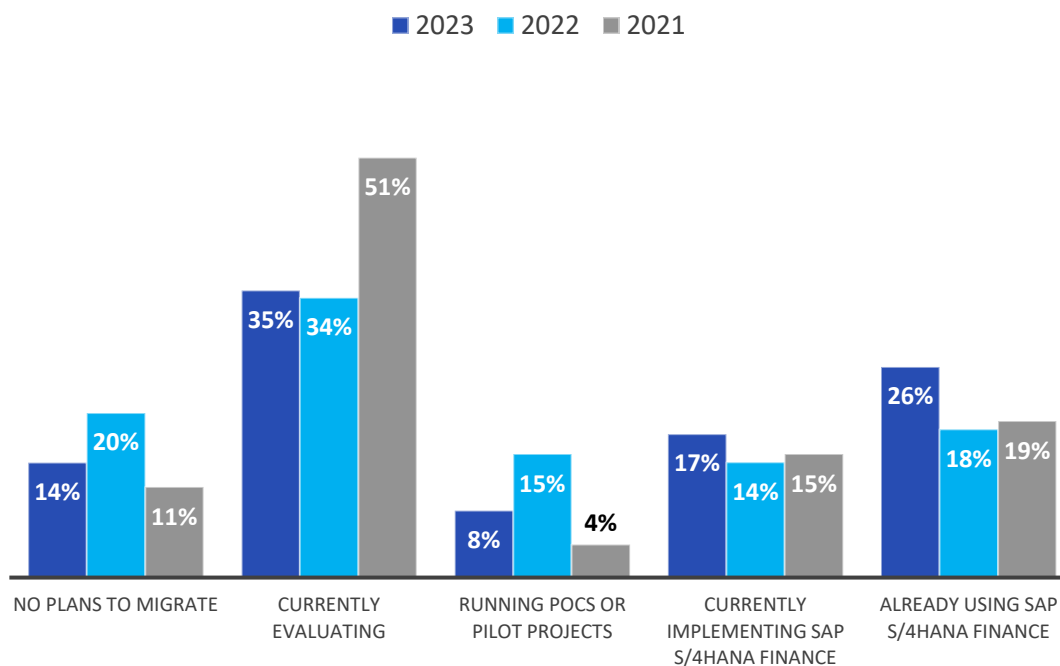
When it comes to equipping organizations with the capabilities and technologies required to implement an effective strategy in support of business priorities enabled by SAP S/4HANA for Finance, consider the following:

- **Invest resources in master data maintenance to harmonize finance master data.** The top two leading requirements to support strategies reference the improvement of master data for finance. A master data maintenance solution, such as SAP MDG available in SAP S/4HANA, can ensure that consistent master data across your organization's systems is key for financial accuracy and timeliness.
- **Prioritize investments in automated financial close solutions.** Financial close is no doubt the most important yet difficult process for many SAPinsider organizations. Unfortunately, manual activities, data silos, and disparate systems often cause inefficiencies and make it even harder to the close. Automated financial close solutions allow for reduced closing time by automating or eliminating any long-running steps in the process.
- **Explore A.I.-based finance solutions.** Only 12 percent of respondent organizations are using an A.I.-based finance solution, despite the benefits of intelligent functions and predictive finance capabilities. All signs point to growing adoption soon, as they are the second-most popular technology being evaluated by SAPinsiders. A.I.-based finance solutions present an opportunity to achieve greater efficiency and enhanced reporting capabilities.

## Chapter Three: SAP S/4HANA for Finance Adoption Trends

Our findings last year indicated a shift in the SAP S/4HANA for Finance adoption journey of SAPinsiders toward proof-of-concepts (15 percent in 2022, up from 4 percent in 2021). From this data, we projected an uptick in SAP S/4HANA for Finance adoption within our community. So far, that is holding true. That trend continues into this year's research, as the share of survey respondents implementing or already running SAP S/4HANA for Finance increased 11 percentage points year-over-year to 43 percent. **(Figure 8).** These results suggest that many organizations within our community are taking steps to embrace the benefits of a transition to SAP S/4HANA for Finance.

**Figure 8: Current phase in SAP S/4HANA for Finance adoption journey**



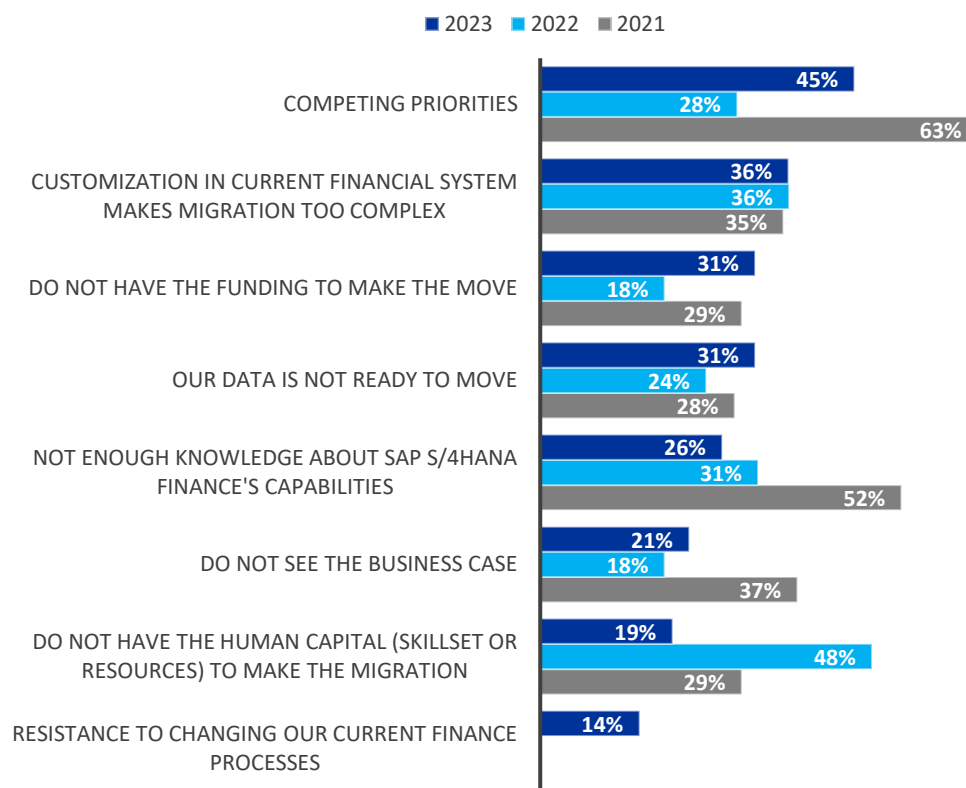
Source: SAPinsider, February 2023

However, as we consider SAP S/4HANA for Finance adoption trends moving forward, there are some signs momentum may slow. Despite fewer respondent organizations saying they had no plans to migrate, the share of respondent organizations running POCs was nearly cut in half (8 percent in 2023, down from 15 percent in 2022). Increasing business uncertainty and complexity, both externally and internally, may provide some context.

This year, 45 percent of respondent organizations cited competing priorities as the most common barrier preventing a transition to SAP S/4HANA for Finance—a 17 percent increase from 2022 (**Figure 9**). The competing priorities barrier typically follows the ebb and flow of [global economic uncertainty](#), reaching a 63 percent share in 2021 when COVID-19 was a global event.

This increase can be attributed to a combination of global economic turbulence with inflation on the rise, stagnant earnings growth, and various geopolitical conflicts creating sustained volatility. The concern around business uncertainty is reflected across our research, as respondent organizations acknowledged planning challenges, while demanding greater visibility in finance and operations.

**Figure 9: Barriers to SAP S/4HANA for Finance adoption**



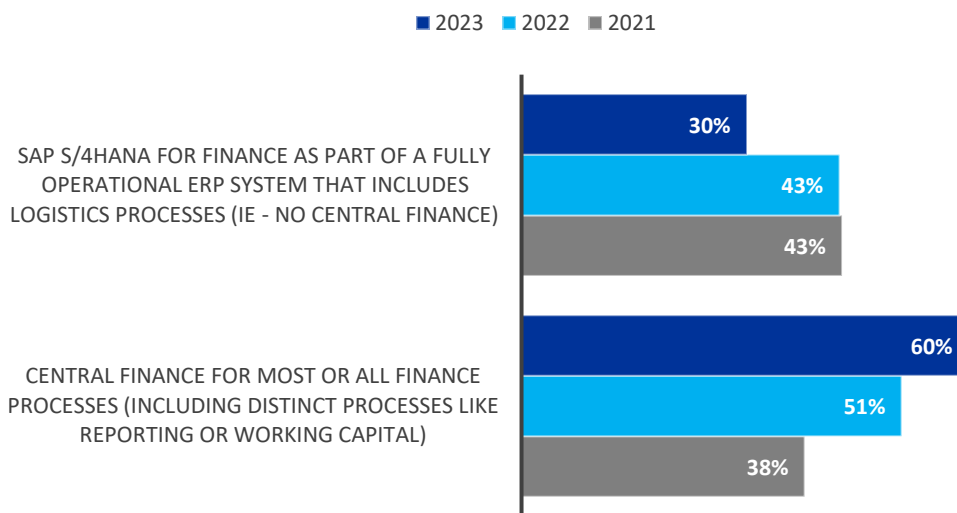
**Source: SAPinsider, February 2022**

Additionally, respondent organizations noted growing barriers to transition to SAP S/4HANA for Finance, such as not having the funding to move (31 percent) or that data is not ready for a move (31 percent). Complex migration needs due to customizations in current financial system (36 percent) remain a consistent challenge for SAPinsiders over the last three years. These mounting pressures provide respondent organizations with a reason to adopt a more cautious approach when it comes to transitioning their ERP systems over to SAP S/4HANA for Finance.

## Continued Growth and Maturity in SAP Central Finance Deployments

Central Finance as a deployment strategy for most or all finance processes continues to increase with 45 percent of survey respondents implementing this year, up eight percentage points from 2022. **(Figure 10).**

**Figure 10: How do you plan to deploy SAP S/4HANA for Finance?**



Source: SAPinsider, February 2023

More than 60 percent of survey respondents said they will use Central Finance for their SAP S/4HANA for Finance deployment strategy. This represents a 9-point increase from last year's study. Conversations with SAP experts suggest the business case for SAP S/4HANA for Finance with Central Finance deployment is maturing, providing context for this continued trend.

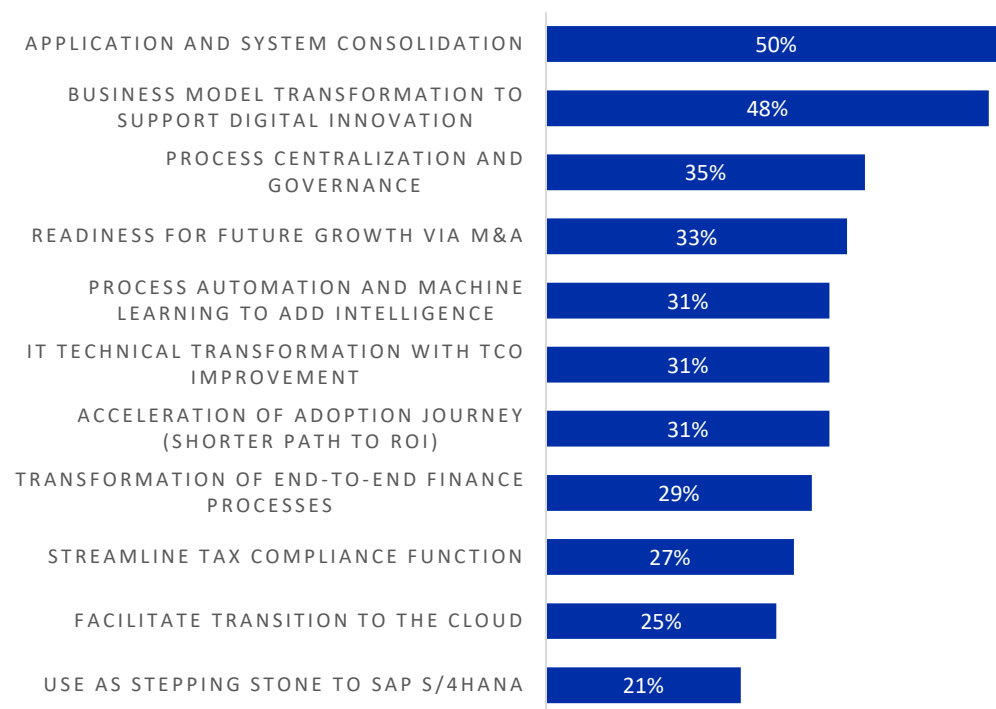
We see this shift in the business case for Central Finance reflected in our research, as respondent organizations said application and system consolidation (50 percent) and business model transformation to support digital innovation (48 percent) were the most common goals. IT technical transformation with TCO improvement was displaced after multiple years as the top goal for deploying SAP Central Finance **(Figure 11).**

### INSIDER PERSPECTIVE

“ The report results show clearly again how much SAP Central Finance has become a commodity and staple when it comes to the deployment of SAP S/4HANA for the SAP customer base. It has been consistently adopted, implemented, and roll-ed out over the years and from what one can tell from the survey has a bright future for the adoption of SAP's intelligent ERP for years to come.

”

**Carsten Hilker,**  
Former Global SAP Solution  
Owner for SAP Central Finance

**Figure 11: Target goals with deployment of Central Finance**

**Source: SAPinsider, February 2023**

Survey respondents are increasingly turning to SAP S/4HANA for Finance with Central Finance deployments as a way of centralizing financial processes and leveraging advanced functionalities to facilitate business model transformation. Organizations that make the transition to SAP S/4HANA for Finance and deploy Central Finance are often looking to overcome complex ERP landscapes to enable enhanced planning, reporting, and insight generation.

Fortunately, SAP S/4HANA for Finance with Central Finance deployment not only help streamline finance processes, but they also offer several benefits such as better accuracy of financial data, robust compliance with accounting principles across all departments, and greater access to insights into performance management that can contribute to decision-making.

As the digital landscape rapidly evolves, companies need to stay on the cutting edge of innovation and transformation. According to recent survey respondents, attaining insight into a variety of aspects of their business is seen as key for achieving this goal. By delving deeper into operations, finance processes, and more, companies can become agile while also ensuring their current resources are appropriately utilized to best compete in the digital economy. Hence, understanding these elements at present is paramount in being able to fully realize the value and potential of digital opportunities.

## Steps to Success

Our research reveals that SAP customers should apply the following key steps to ensure that business priorities enabled by SAP S/4HANA for Finance have the foundation for success:

- **Plan your move now to SAP S/4HANA to get ahead of the end of maintenance deadline.** Different SAP S/4HANA product releases come with specific features and usages, but RISE for SAP is meant to alleviate this complexity for cloud deployments. Additionally, take into consideration factors such as on-premise deployment versus cloud (private or public) versus hybrid when exploring your options for SAP S/4HANA Financials systems. Having an in-depth knowledge of these criteria will help ensure that you solidify a detailed roadmap for an SAP S/4HANA move.
- **Get your data ready prior to a move to SAP S/4HANA for Finance.** Modernize your financial close ahead of a move to SAP S/4HANA to eliminate traditional manual processes and streamline the transition.
- **Prioritize standardization wherever possible and avoid heavy customizations to maintain a long-term flexible model for SAP S/4HANA.** For three years running, over a third of respondent organizations continue to point to current customizations in legacy systems that make SAP S/4HANA migration too complex. Establishing proper governance prior to a transition to SAP S/4HANA for Finance can help organizations limit unnecessary customizations and future technical debt.
- **Leverage SAP S/4HANA Cloud for Finance to accelerate business transformation for digital innovation.** Organizations are finding that staying ahead of the digital curve requires business transformation and a foundation for continuous innovation. To meet these demands, SAPinsiders can prioritize a finance-first business transformation powered by SAP S/4HANA for Finance with Central Finance deployments as a means for streamlining financial processes in the cloud, while also capitalizing on its potential for rapid innovation with SAP BTP to support business model restructuring.

### INSIDER PERSPECTIVE

“ When it comes to choosing an SAP S/4HANA deployment model, we need help determining what is the best path for our organization - and ensure risk can be reduced.

”  
**Senior Systems Architect,  
 Manufacturing  
 North America**

## Methodology

Between December 2022 and February 2023, SAPinsider examined the survey responses of finance and IT professionals regarding their strategic approach to deploying SAP S/4HANA for Finance and SAP S/4HANA for Central Finance. Our survey was administered to 155 members of the SAPinsider Community and generated responses from across a wide range of geographies, industries, and company sizes. Respondents completed an online survey and provided feedback in customer interviews that questioned them on topics such as:

- In what areas does your organization plan to invest over the next 24 months?
- What are your biggest pain points when it comes to financial areas or processes?
- What is your long-term goal when it comes to simplifying your financial landscape?
- Where are you with your transition to SAP S/4HANA for Finance?
- What is preventing you from moving to SAP S/4HANA for Finance?

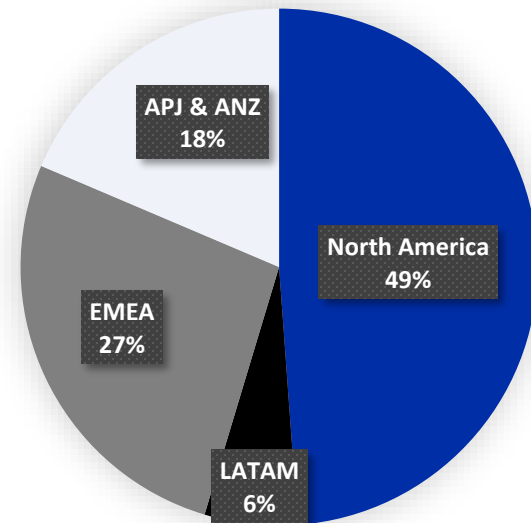
The demographics of the respondents included the following:

**Job function:** Functional areas reported by respondents include: Information Technology (51 percent); Finance, Accounting, Tax, GRC (38 percent); HR, Payroll, Benefits (6 percent); Manufacturing (3 percent); and Supply Chain, Logistics, (2 percent);

**Market sector:** The survey respondents came from every major economic sector, including Software & Technology (27 percent); Industrial & Manufacturing (24 percent); Retail & Distribution (10 percent); Energy, Oil, & Gas (8 percent); Financial Services & Insurance (8 percent); Hospitality, Transportation, and Travel (8 percent); Public Services & Health Care (7 percent); Mining, Natural Resources, & Agriculture (3 percent); and Media & Entertainment (2 percent).

**Geography:** Of our survey respondents, 49 percent were from North America; 27 percent were from EMEA; 18 percent were from Asia-Pacific, Japan, and Australia; and 6 percent were from Latin America.

### PARTICIPANT PROFILE



## Appendix A: The DART™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It's no wonder that organizations worldwide turn to SAPinsider for research with results.

The DART methodology provides practical insights, including:

- **Drivers:** These are macro-level events that are affecting an organization. They can be both external and internal and require the implementation of strategic plans, people, processes, and systems.
- **Actions:** These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.
- **Requirements:** These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.
- **Technology:** These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

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## The logo for SAPinsider, featuring the word "SAP" in blue and "insider" in black.

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