

THE HOME DEPOT'S FINANCE TRANSFORMATION JOURNEY TO ACHIEVE NEXT GENERATION CLOSE, CONSOLIDATE & REPORT CAPABILITY

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In This Session

Discover The Home Depot's Finance Transformation journey to achieve Next Generation Close, Consolidate & Report capability powered by SAP S/4HANA Central Finance, Group Reporting, Blackline & Workiva solutions working in concert together.

What We'll Cover

- Next Generation Close, Consolidate and Reporting Framework to Enable Continuous Close
- The Home Depot's S/4HANA transformation journey and key highlights of journey
- Key lessons learned when adopting and implementing new SAP solutions such as Group Reporting
- Key lessons learned integrating SAP S/4HANA to other Finance Cloud solutions like Blackline and Workiva
- Wrap-Up

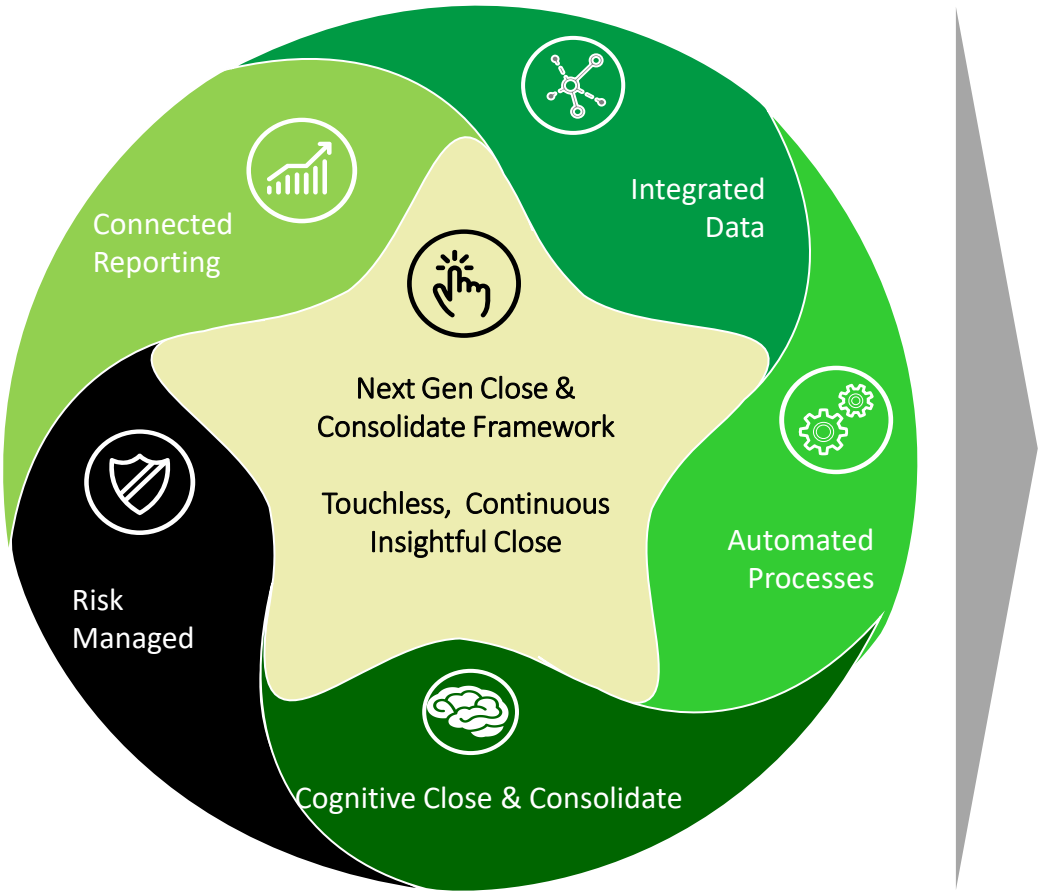
Next Generation Close Consolidate & Reporting Framework

Enabling Continuous Close in
the Digital Finance World



Next Generation Close, Consolidate and Reporting Framework

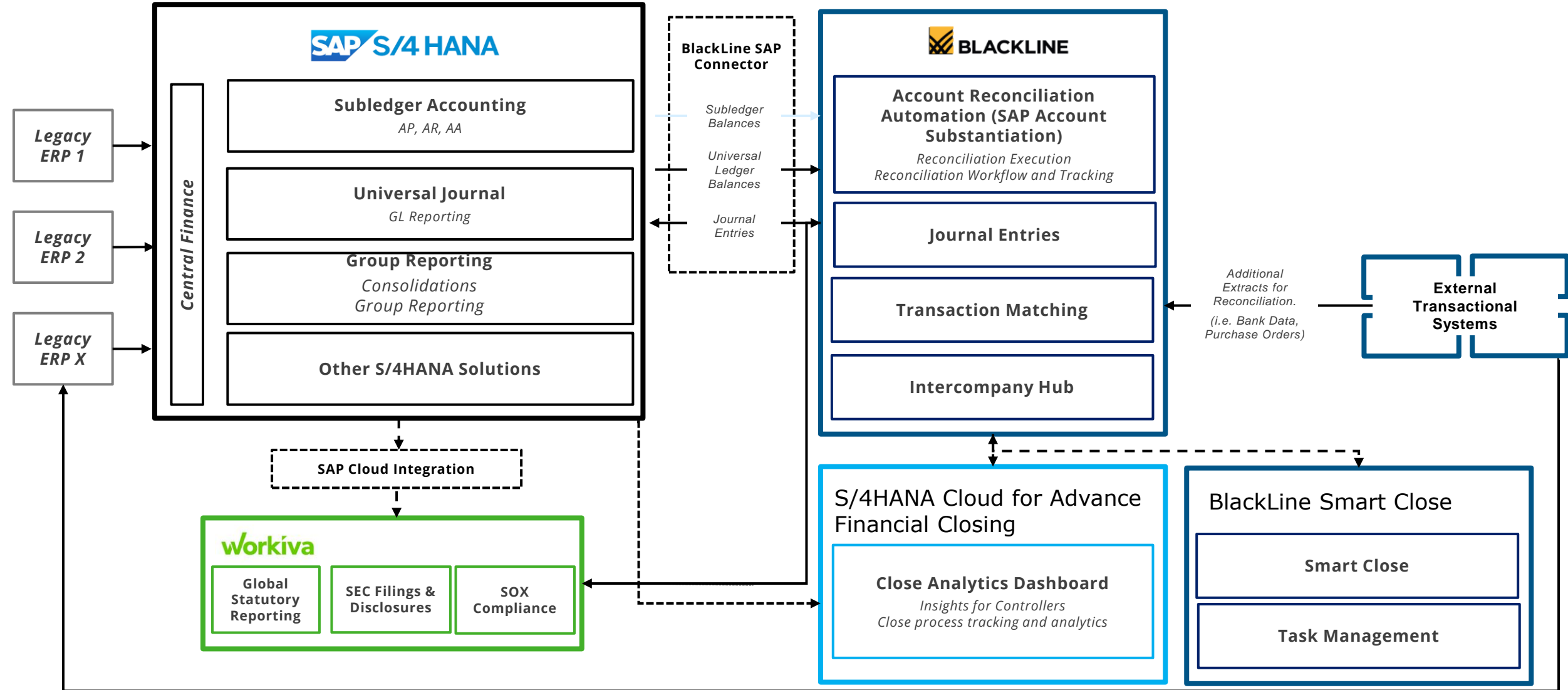
Many organizations spend too much time, money and effort to go from closing the books to generating external and management reporting. Multiple isolated and disparate systems traditionally support the close to report cycle.



Expected benefits of the Next Generation CCR

Reduced days to close	Continuous insight to the business	Data-driven decision making
Automated end to end process/limited manual intervention		Reduced filing time
		Reduced Audit Cost
Improved controls and assurance	Standard, integrated and flexible finance processes	Improved quality and accuracy of information
Increased regulatory compliance		Improved audit trails
		Faster and timely information
		Efficient allocation of resources providing time for value-add activities

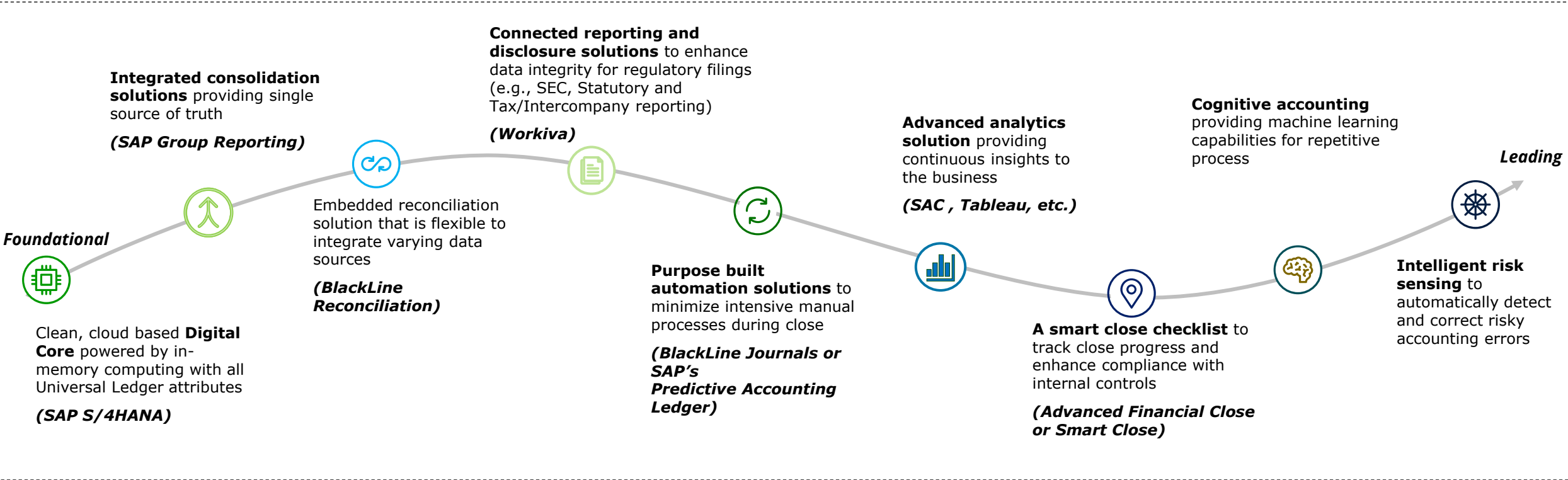
Illustrative Architecture Supporting Continuous Close



Continuous Close Journey

As organizations prepare to navigate through current situations (COVID for example) major transformation is required that will overhaul your Finance processes and position the organization for continued success. To achieve this transformation, state of the art cloud based financial solutions needs to seamlessly integrated

Next Gen CCR enabled by leading technology solutions (illustrative solutions)



Continuous Close Example

The Home Depot Journey



The Home Depot's S/4 Transformation Journey

- One Finance Program Overview
 - Vision, Values, Prioritization Framework and Roadmap
- Key Program Initiatives
 - Building the Foundation
 - Central Finance and One Ledger
 - Consolidations and External Reporting

Background

The Home Depot's Legacy Consolidation solution was based on BPC 10.0 NW version platform.

- THD was utilizing ECC for financial transactions only and BPC 10.0 for Consolidation. Both systems have high degree of customizations
- Multiple home grown and legacy platforms are being used to process transaction data
- BW was used as an intermediate between the transaction system and the consolidation system
- Inconsistent data model between entities and systems and discrepancies and exceptions are manually detected and investigated
- Consolidated details are reported at a Company Code GL Account and Functional area level

The Home Depot – Transformation Overview



The Home Depot Embarked on the One Finance Program to achieve the following objectives:

1. Simplify and transform the business foundational accounting infrastructure and systems
2. Design an ideal Finance system to better support current and future business goals and processes
3. Onboard Merchandise Payables & Inventory Valuation by leveraging new foundational capabilities
4. Unlock near real-time tracking of inventory units and costs to provide more granular insights to profitability
5. Retire old processes and systems to establish a Single Source of Truth

THD Began its One Finance Journey with the Foundation For Finance Phase

Below are the scope for the Foundation for Finance phase:



**S/4HANA as system of
record (with Central
Finance)**



**Real-time consolidation
with SAP Group
Reporting**



**Journal Entry and Reconciliation
Management with Blackline**



**Integrated SEC Reporting with
Workiva**

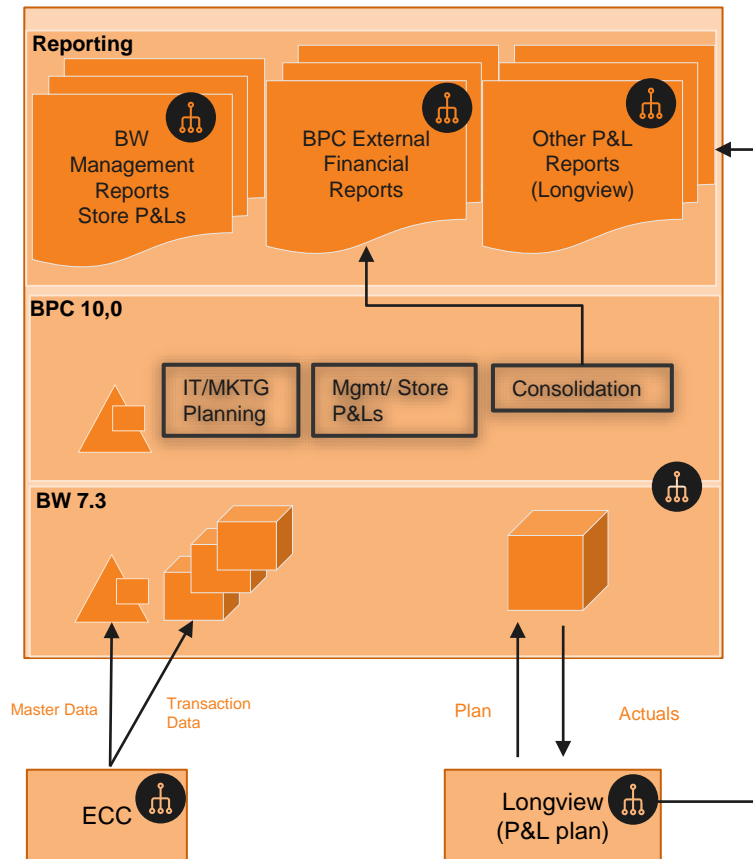
THD Journey - Building the Foundation

Clean Digital Core with SAP Central
Finance and Group Reporting

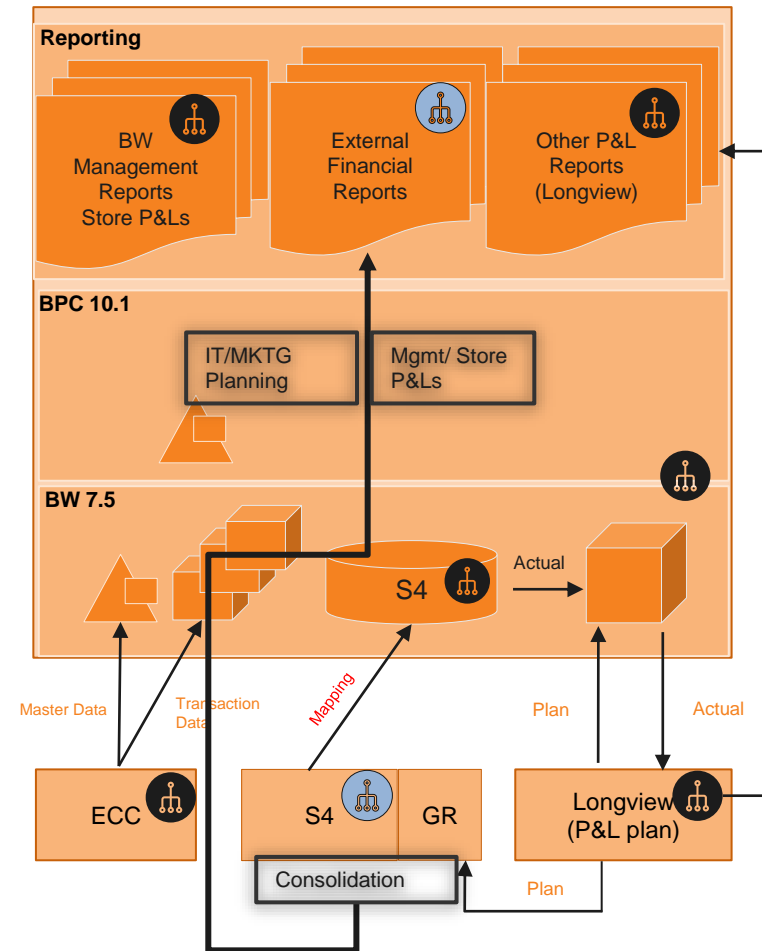


Accelerated Transformation Value with Central Finance

Prior to Central Finance



CFIN Release 1

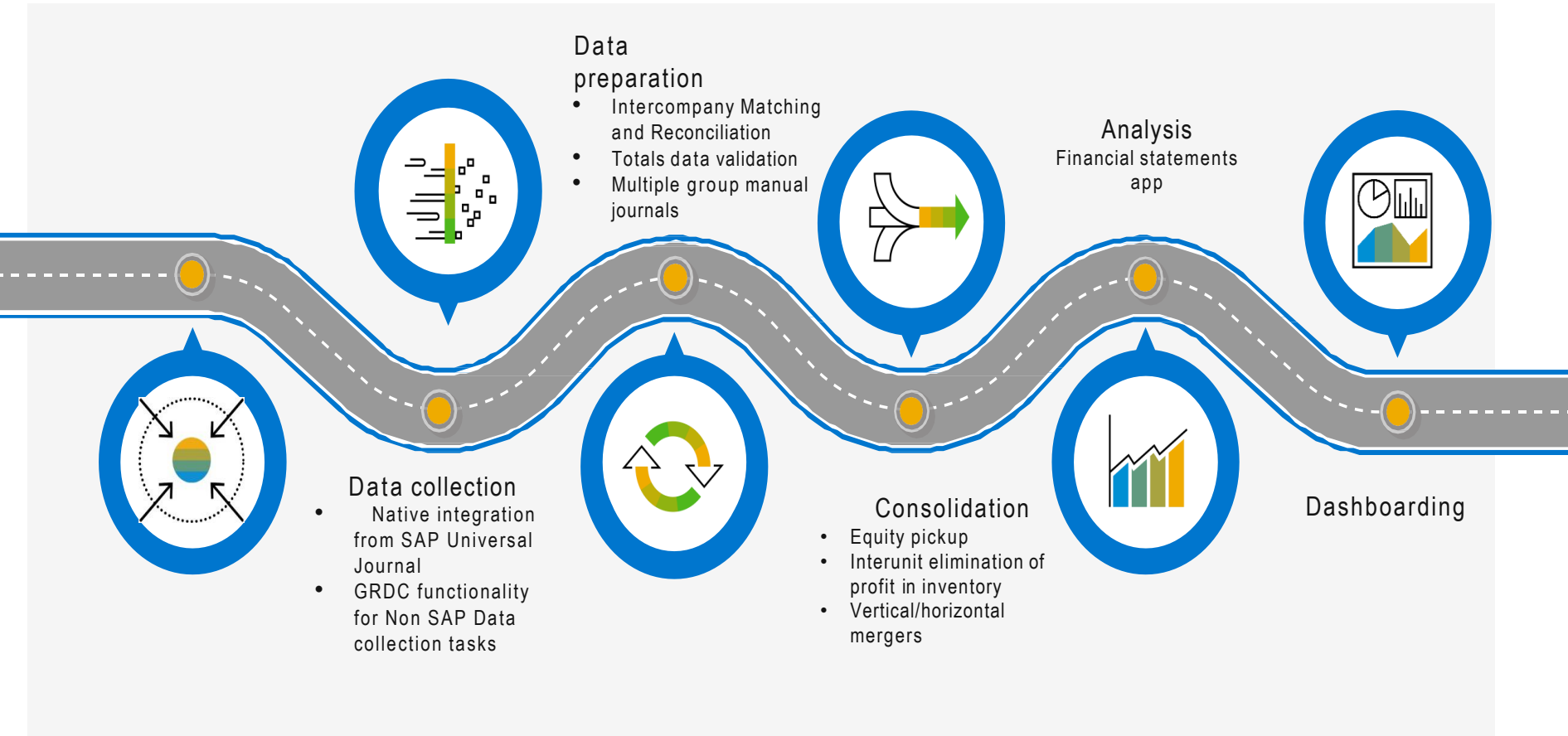


- “One Ledger” - end users will execute general ledger transactions in S/4HANA.
- Single Source of Truth with new Enterprise Structure Design: Fully aligned with SAP S/4HANA key concepts of near real-time data access and minimizing data replication (transactional and master data)
- “Automation of previously manual accounting processes” – transaction processing are seamless and simplified utilizing standard SAP functionalities
- Improved Reporting: Easy to use UI for consolidation users to navigate across the different steps in the consolidation process. Since the UI is based on Fiori, you can easily create and link some of the processes from the core finance areas within S/4 HANA.

Going to Group Reporting

Group Reporting is SAP's consolidation solution which is embedded as part of S/4HANA without requiring additional environments such as BW. It supports complete flow of collection, processing, analysis and publication of financials including plan, actuals and simulations.

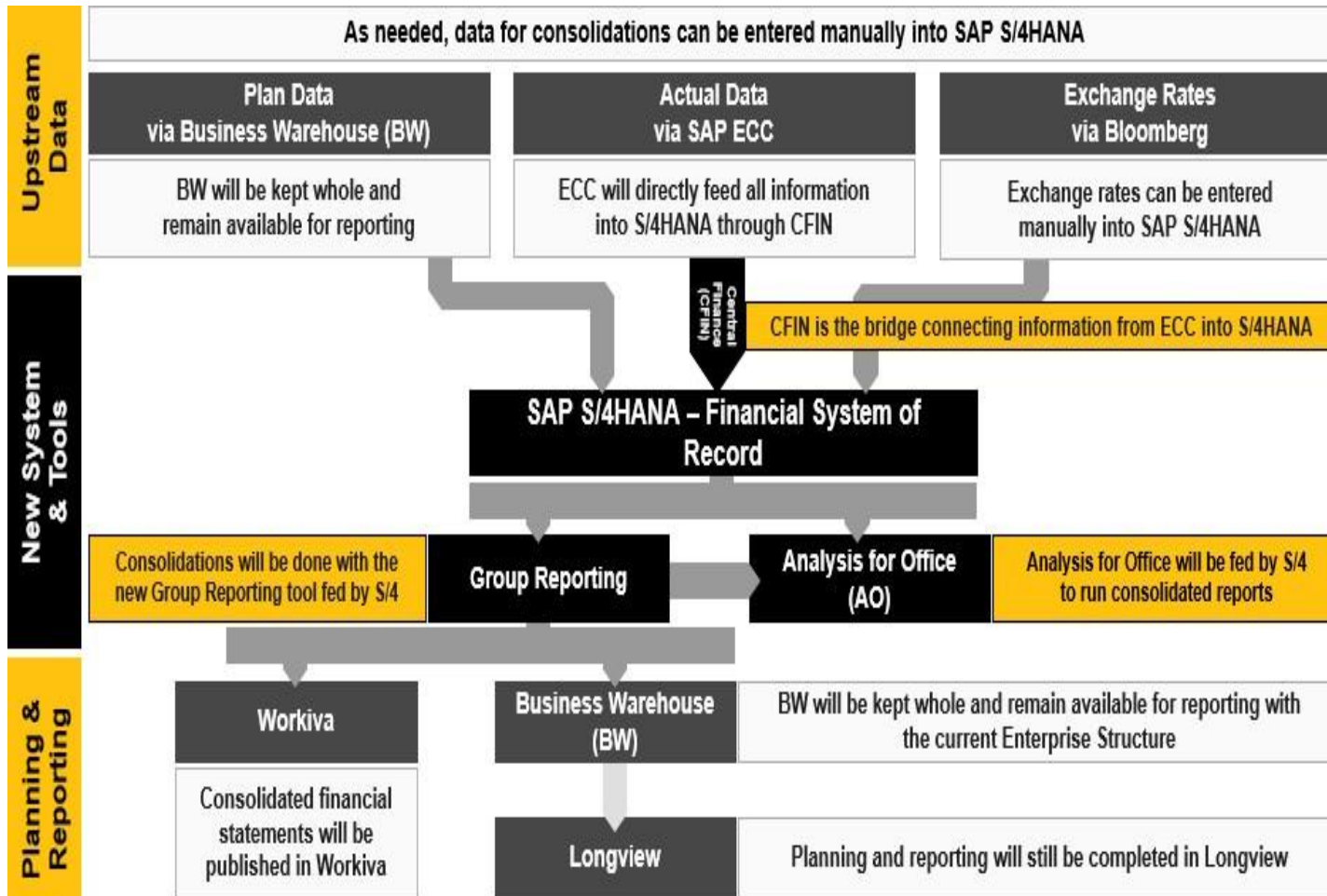
THD was one of the very first early adopters of Group Reporting Solution and implemented the solution on 1809 Version.



Reasoning for Group Reporting:

- Integrated data collection processes : Release from Universal Journal, flexible upload of reported financial data, or published APIs from other SAP or customer applications
- Increase in validation within the new system : Ex.: out of balance thresholds for intercompany matching
- Integrated currency translation (CT) : Flexibility to adjust to different rate types through integration with SAP core finance
- Eliminate Historical Equity table : Currently BPC uses Historical Equity table for all Equity accounts and this process is completely eliminated in Group Reporting

Key Benefits and Outcomes



- Near Real Time Data: Fully aligned with SAP S/4HANA key concepts of near real-time data access and minimizing data replication (transactional and master data)
- Integrated Currency Translation: Currency translation (CT) is now directly integrated with SAP core finance and has the flexibility to cater to different kinds of CT adjustments and options to use different rate types based on account types and scenarios
- Improved Reporting: Easy to use UI for consolidation users to navigate across the different steps in the consolidation process. Since the UI is based on Fiori, you can easily create and link some of the processes from the core finance areas within S/4 HANA.
- Reduced Manual Effort: provides automation capabilities for almost every adjustment such as goodwill, minority interests and the normal auto elimination entries needed as part of the required accounting standards (mainly IFRS)
- Enhanced User Interface: Fiori front-end provides a graphically enhanced and user-friendly interface that will be used for completing all consolidation and reporting needs (instead of accessing multiple systems individually).

Key Lessons Learned when adopting new SAP solutions

- Make sure to have strong support from Business and IT sponsors along with SAP sponsors from Max Attention and Product Development
- Engage and align with SAP Product Development, Max Attention Services early on preferably during the early stages of the project prior to starting build
- Plan for at least 2 cycles of Volume and Performance testing within the project timeline
- Engage and align with Enterprise Cloud Architects, HANA Architects and BASIS Architects to identify and implement performance tuning opportunities in all areas including infrastructure, cloud and database level
- Identify creative ways to generate enough volume in the testing environments to mimic production like volume

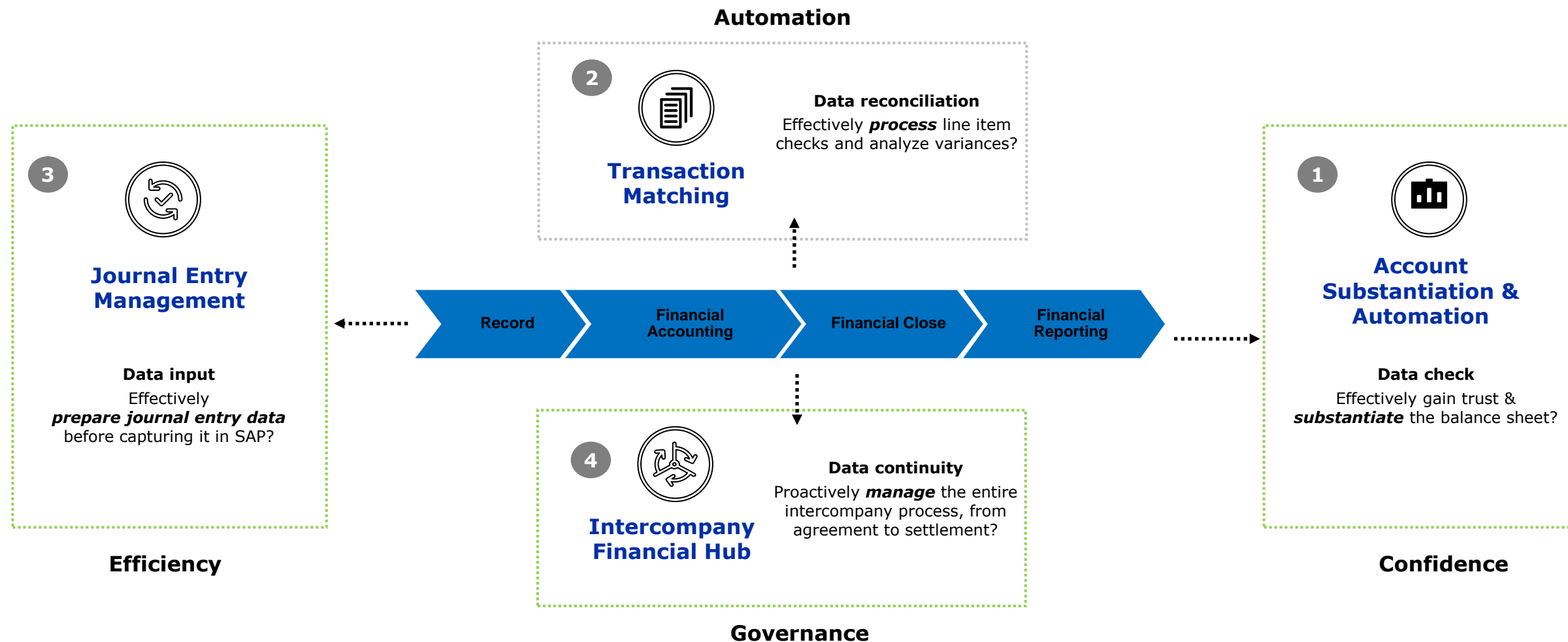
THD Journey - Building the Foundation

Integrating Complementary Solution to
enable Continuous Close



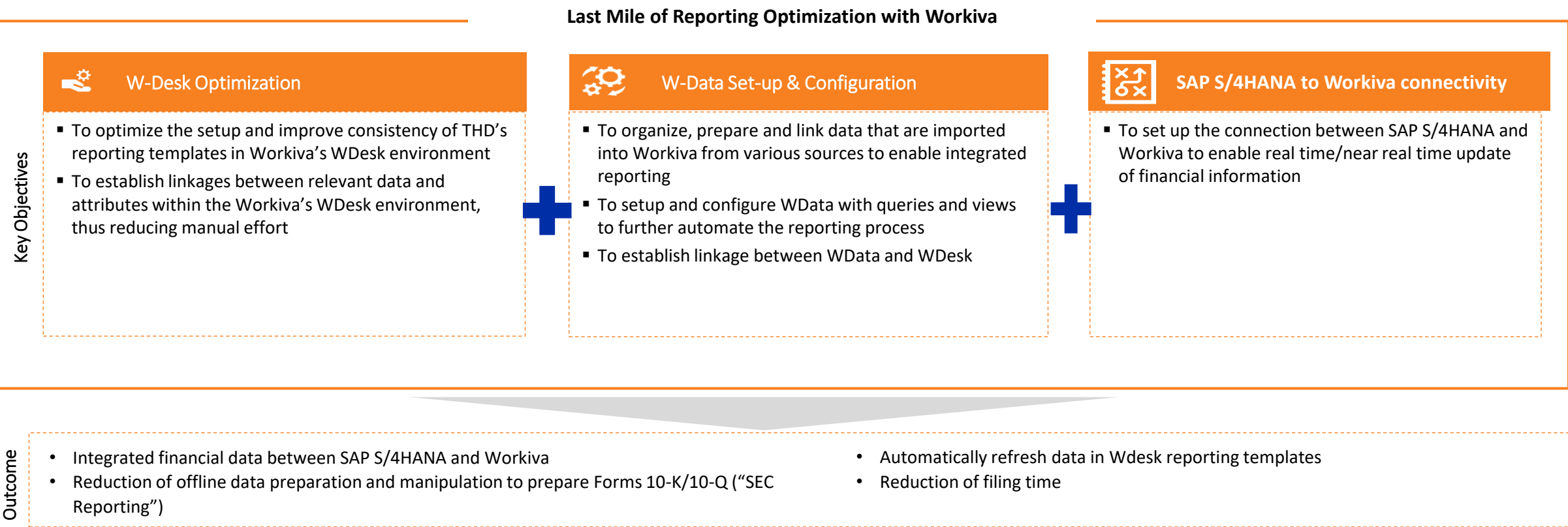
Integration with Blackline

BlackLine complements SAP and related ERPs by delivering added value for a more productive and secure financial close. THD integrated Blackline to enable Journal Entry management, Account Reconciliation and Intercompany management.



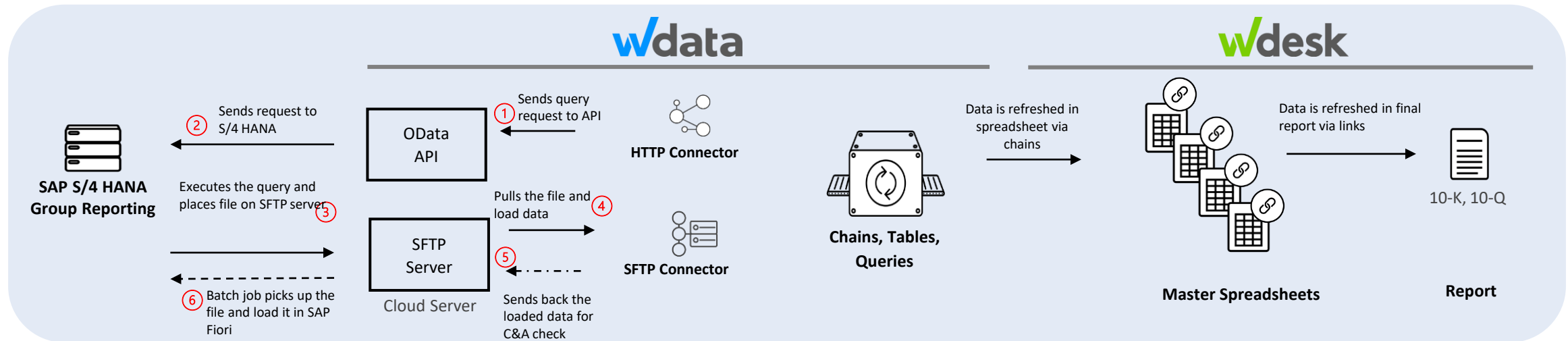
Integrating Last Mile of Reporting With Workiva

THD embarked an initiative to increase efficiency, accuracy and automation of the last mile of reporting with the use of Workiva through three integrated workflows:

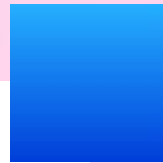


Data Flow from S/4HANA to Workiva to Enable Continuous Close and Last Mile of Reporting

Data Flow



Wrap Up



Key Points to Take Home

- Transformation path to Continuous Close capability should be built upon a solid Finance foundation based on S/4HANA
- A successful transformation to Continuous Close capability should be deployed in phases using a “Crawl – Walk – Run” approach
- Maximize “Clean Digital Core” through utilizing best of breed solution extensions and integrate these solutions to achieve holistic finance ecosystem

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