

Unlocking Financial Excellence With SAP Central Finance

Waldemar Kessel, SAP

SAPinsider
2023

A photograph of a woman with blonde hair and glasses, wearing a black vest over a floral patterned shirt, sitting at a conference table and smiling. Other people are visible in the background, also seated at the table. A white coffee cup is on the table in front of her.

In This Session

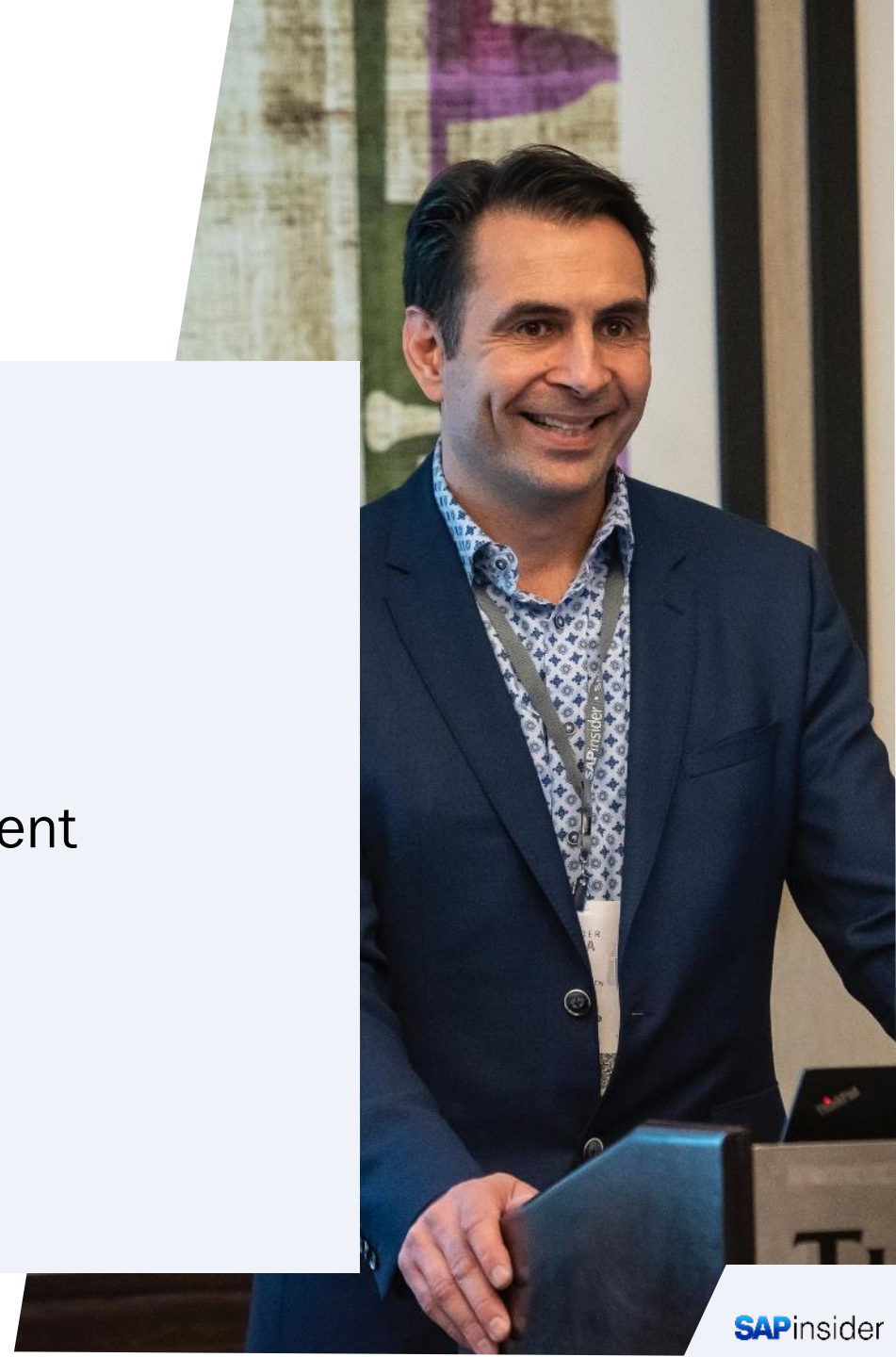
- Discover SAP S/4HANA Cloud for Central Finance's core capabilities, from data integration to a unified enterprise-wide financial view for actual and plan data.
- Explore proven strategies for a seamless SAP Central Finance rollout, illustrated by real-world success stories.
- Preview SAP's upcoming innovations for Central Finance, aligning with the dynamic interplay of finance and tech.

Agenda

Introduction

- Central Finance
- Central Finance Customer Examples
- Central Finance Innovation Enablement
- Central Finance & SAP RISE

Central Finance Roadmap



Finance in a Time of Digital Transformation

SAP Trends for today – SAPinsider



- SAP S/4HANA migration and adoption ✓
- RISE with SAP ✓
- Finance process transformation ✓
- SAP BTP ✓
- Sustainability ✓

Finance in a Time of Digital Transformation

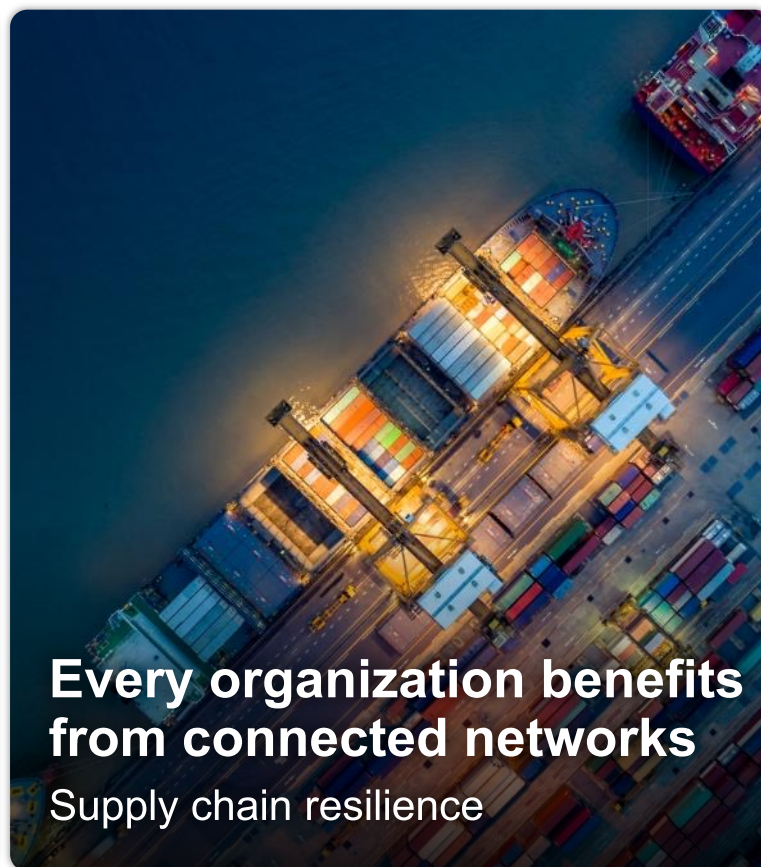
SAP Trends for today – SAPinsider



- Automation, standardization or redesign of our business processes ✓
- Move to SAP S/4HANA ✓
- Move our infrastructure to the cloud ✓
- Transition of IT and business to support new acquisitions, merger, divestiture or spin off ✓

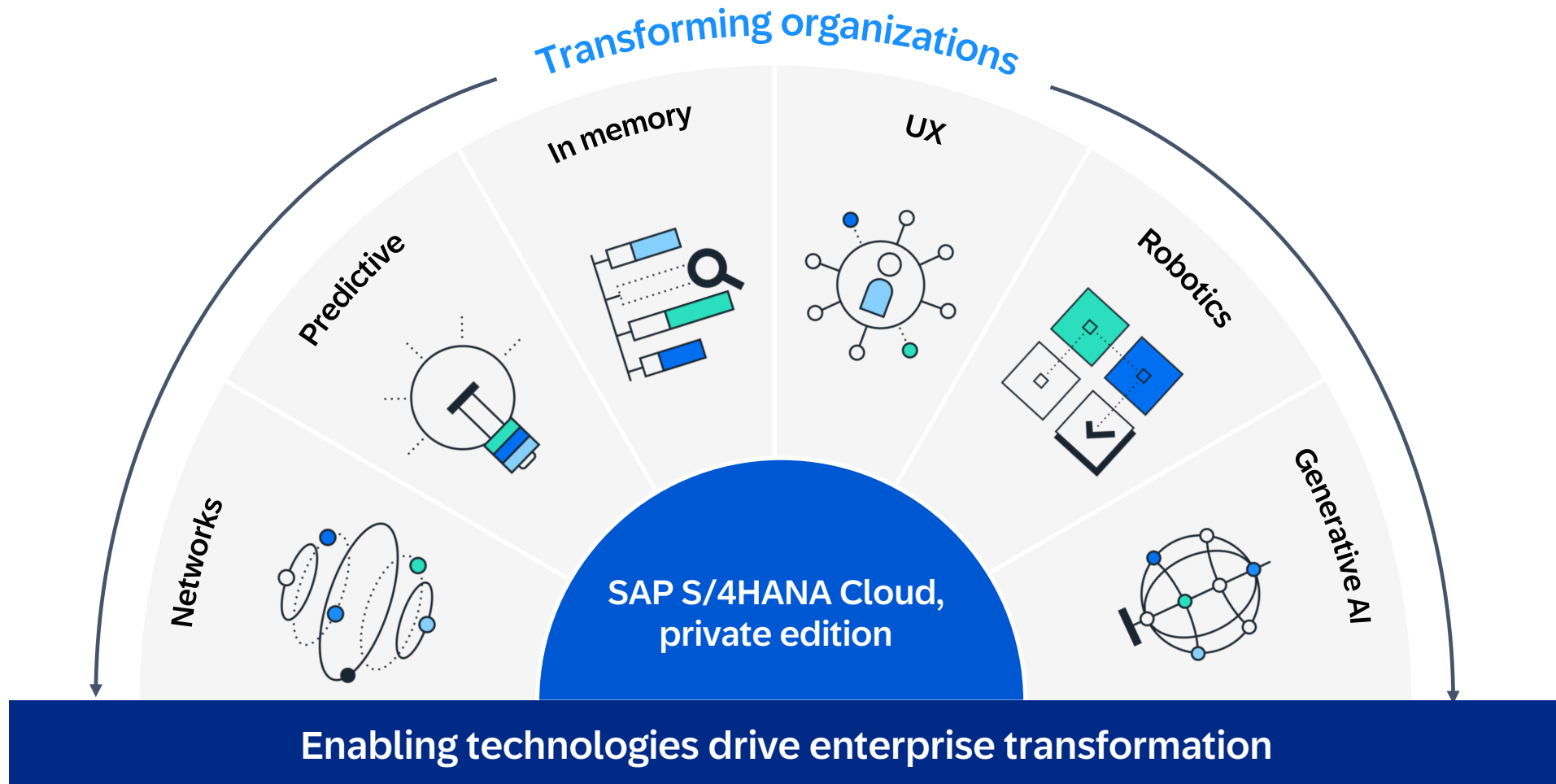
Our SAP vision is more relevant than ever

**Enable every organization and every industry
to become a network of intelligent, sustainable enterprises**



Finance in a Time of Digital Transformation

But how do we get there?



Agenda

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Central Finance Innovation Enablement

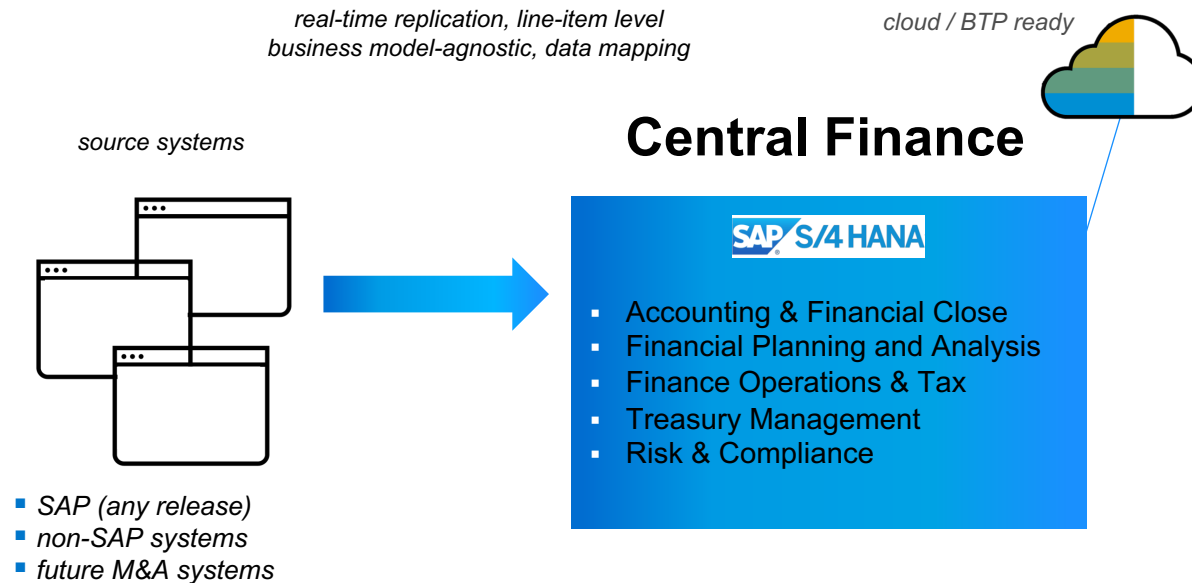
Central Finance & SAP RISE

Central Finance Roadmap



Connected Financial Integration Platform

Silver bullet for organizations with legacy system technology that can not afford “more of the same” any longer. Catalyst to adopt S/4HANA innovations to further evolve the finance business model, capabilities and service levels to the organization

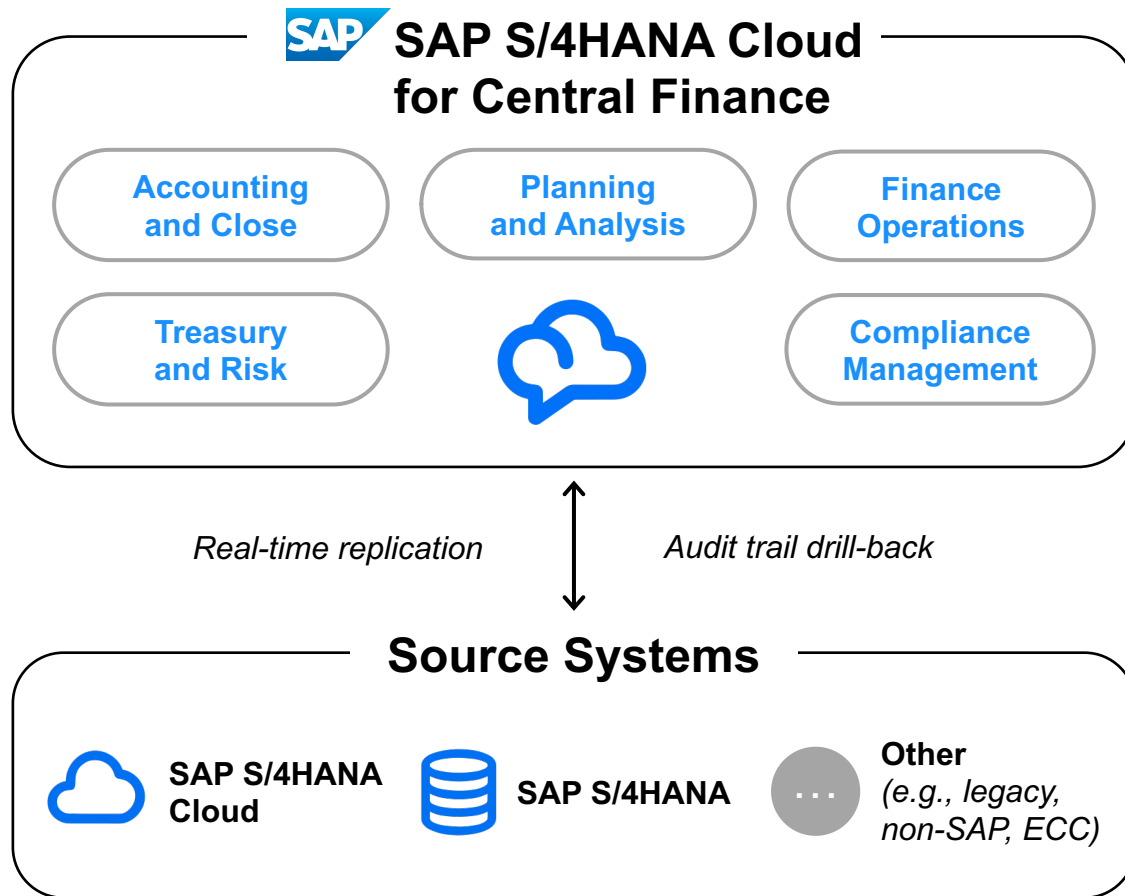


Value Proposition

- Advanced segment, entity and group reporting
- Single source of truth – Transactional & Master Data
- Central instance for planning, consolidation, and shared services
- Drill-down to source systems with full audit trail
- Scalable local and central process execution
- Options for phased adoption following business priorities
- Transformation platform for the digital enterprise

Getting a Unified View of the Business in a Multi-System Landscape

The *non-disruptive* step towards SAP S/4HANA Finance



Advanced Segment, Entity, and Group Reporting

- All documents from source systems available in the **Universal Journal** in Central Finance in real-time
- Integrated financial data on the most granular level
- Consistent internal and external reporting

Scalable Local and Central Process Execution

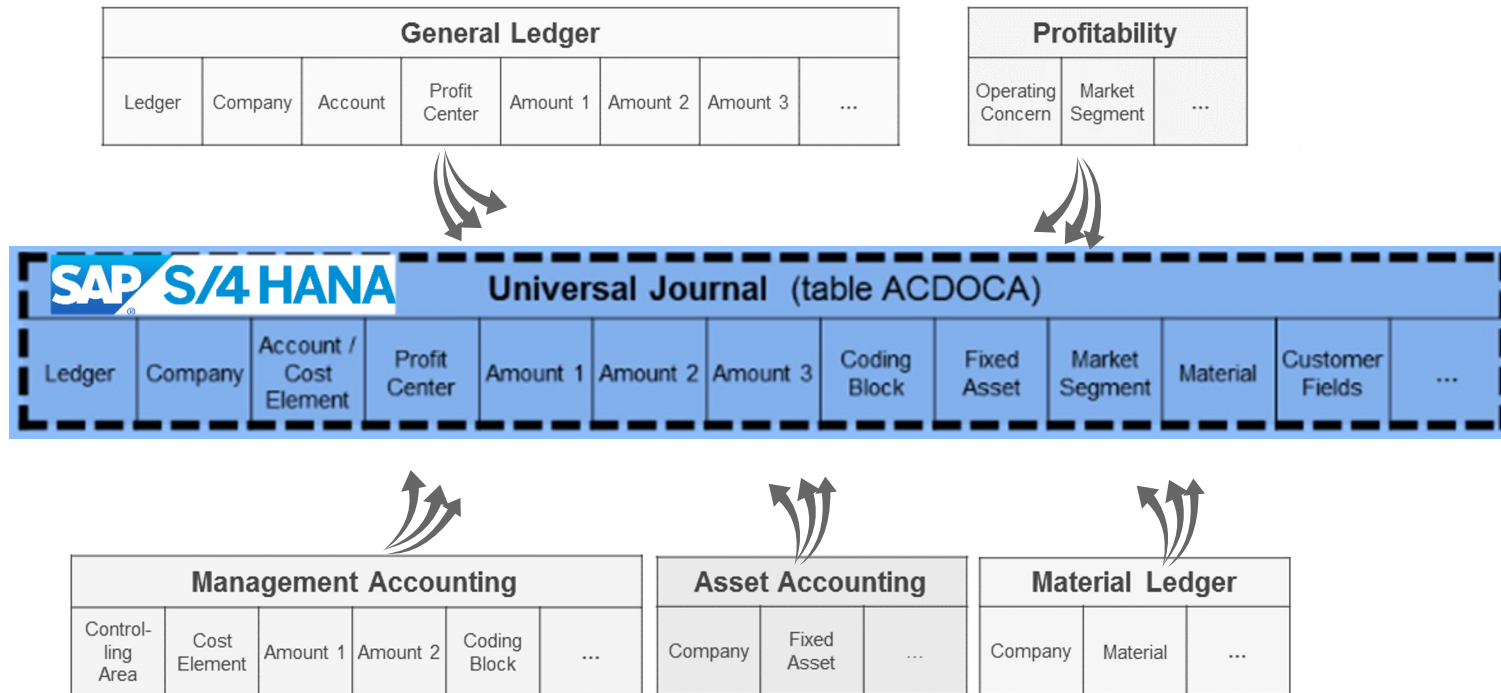
- Reduce costs and increase efficiency by centralizing financial processes
- Minimize manual and re-deploy labor to value-added activities by higher degree of automation
- Access to latest technology innovations for operational excellency at all times

Transformational Platform for the Digital Enterprise

- Future-proof harmonized data model
- Possible to keep multi pack-end environment (*SAP and non-SAP*)
- Zero-touch Finance, exception-based finance management

Universal Journal

The **key innovation** in **SAP S/4HANA Finance** that utilises the **In-Memory technology** is the **‘Universal Journal’**. What does this mean to Finance users?

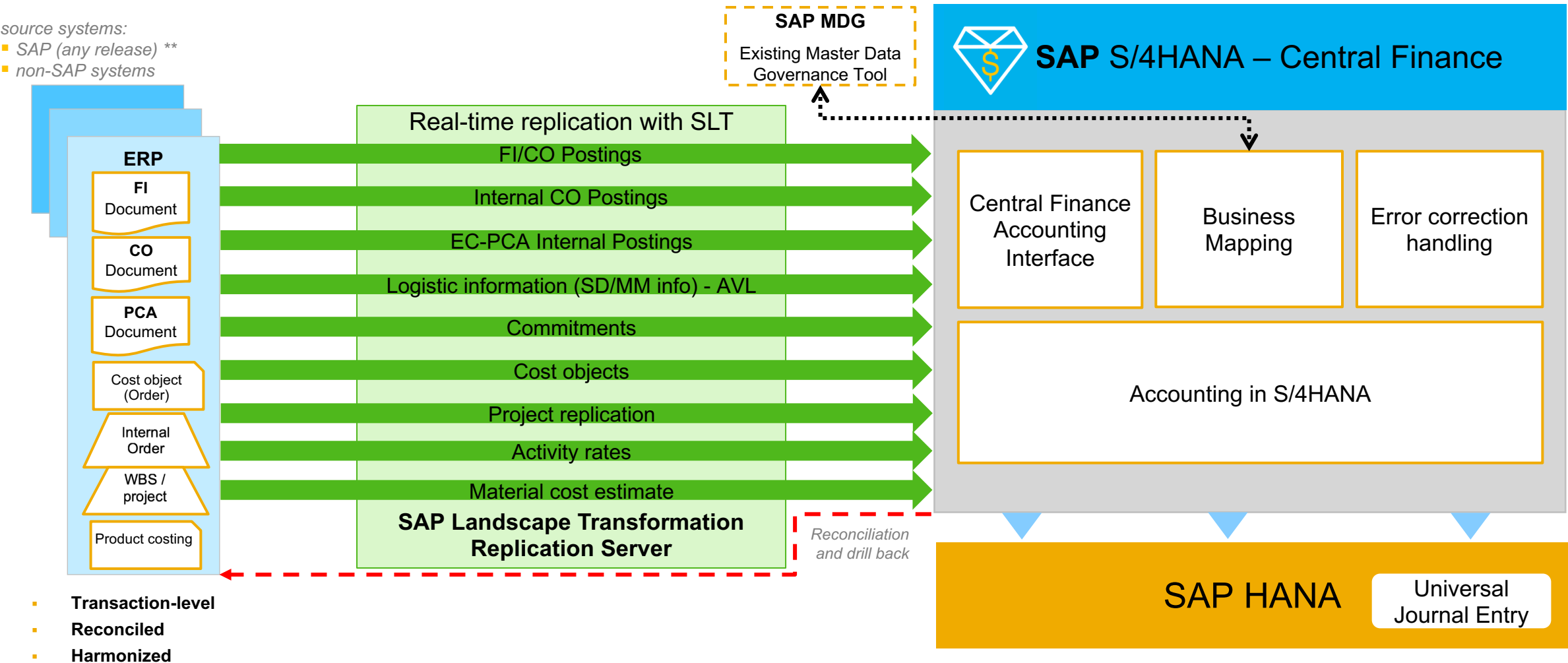


New Architecture

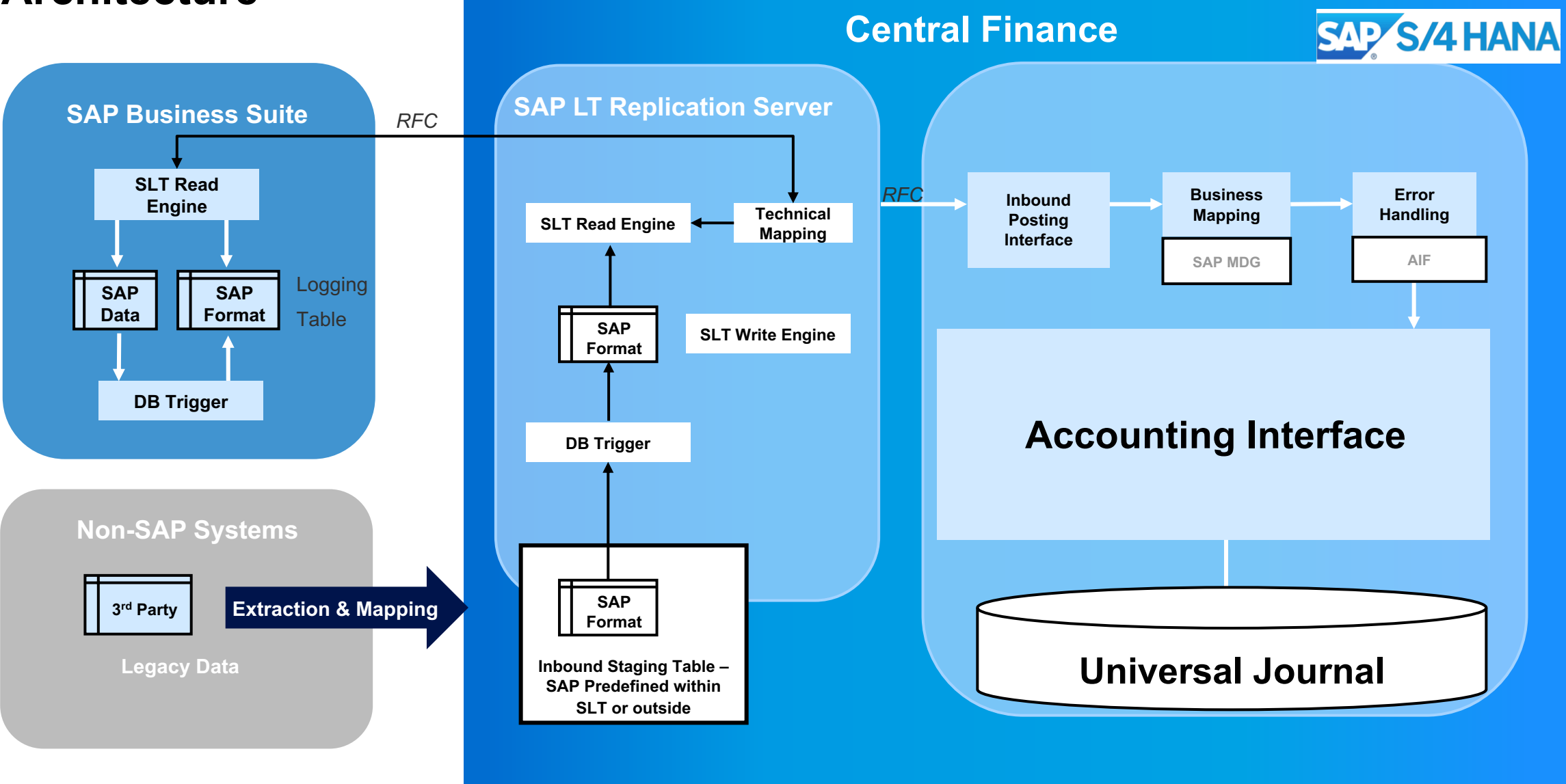
- **One line item table** with full detail for all applications - for instant insight & easy extensibility
- **Data stored only once:** no more reconciliation needed - by design
- **Fast multi-dimensional reporting** possible without replicating data to business warehouse (BW).
- Custom defined fields
- Up to 999,999 line items per document

Central Finance - Functional Overview

S/4HANA system, installed as a side-car, receiving financial accounting transactions via real-time replication from SAP or non-SAP ERP systems with a set of enabling technologies (logging, replication, mapping, digitization, posting, error correction and reconciliation) that allow any enterprise, SAP or not, to start using S/4HANA Finance innovations.



Architecture



RFC = Remote Function Call

SLT = SAP Landscape Transformation

SAP MDG = SAP Master Data Governance

AIF = Application Interface Framework

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Motivation of moving to S/4HANA Cloud

Business Transformation

Process Standardization

Landscape Simplification / System Consolidation

Increased Agility & Data insights

Future-proof technology

Source: SAP 20 Global / Fortune 500 Companies Survey

... and how Central Finance Customers achieve it.

70%
Finance/ Business Transformation

55%
Process Centralization

37%
Stepping stone to S/4HANA

37%
Merger & Acquisition

18%
Process Automation/ Machine Learning

Source: Central Finance Customer Exchange 2022 Survey

1

AkzoNobel



Centralized Finance Functions



Before: Challenges

- Accuracy and availability of data
- Real-time reporting
- Harmonization of processes worldwide



After: Achievements

Intercompany reconciliation is much easier and faster

100 live legal entities with centralized reporting, 25 of which are processed centrally

150 legal entities about to go live



Phased approach to finance centralization

Additional information: [Link](#);

AkzoNobel

2

Telecom Argentina



Argentina's Largest Employer Successfully Grows with Integrated, Intelligent ERP



Before: Challenges

- Merging 2 companies
- Standardization groupwide
- Integration on one platform



After: Achievements

- 99%** Payroll accuracy after the first month
- 50%** Month-end closing period (from 10 days to 5 days)
- 87%** Faster IFRS and inflation adjustments



Digitally transforming, unifying and integrating processes and IT systems

Additional information: [Link](#);

TELECOM



3

Fonterra

Improving Financial Insight and Decision-Making for Finance, Business and Commercial Teams



Before: Challenges

- Unify and standardize reporting
- Single source of truth in real time
- Make data-driven decisions



After: Achievements

<1 hour To answer enterprise-wide sales and profitability questions

>100 entities Consolidated into one standardized reporting system, enabling consistent performance comparison

Greater transparency and accuracy

> Unifying Financial Management and Reporting

Additional information: [Link](#);



4

Mercado Libre

Pioneering E-Commerce and Payment Systems in Latin America



Before: Challenges

- Innovation and digitalization of business processes
- Efficient and effective responses to business needs



After: Achievements

85% Automation of processes in treasury and cash management

4 months To complete project phase one for central finance

1 Platform for treasury, central payments and centralized finance management

> Streamlining Finance Processes

Additional information: [Link](#);



5

Molinos



Unified Financials and Self-Service HR help Food Companies better manage operations



Before: Challenges

- Accuracy and flexibility
- Consolidation and analysis of data for LoB and products
- Self-Service reporting



After: Achievements

37% Improvement in DSO (from 49 to 31 days)

33% Faster financial close cycle (from 12 to 8 days)

Fully automated payment processing (only 65% before)

> Transforming Core Processes and Deepening Insight

Additional information: [Link](#);



6

Excelitas

Centralizing Finance to Increase Visibility, Speed Closing Cycles, and Support Growth



Before: Challenges

- Integrate SAP and non-SAP systems to support growth strategy
- Use intelligent technologies and advanced analytics
- Improve internal controls



After: Achievements

One Chart of accounts for all global operations

Millions of SAP and third-party system records covering several thousand transactions reconciled daily with few errors

> **Unifying Finance Data across enterprise systems**

Additional information: [Link](#);

EXCELITAS
TECHNOLOGIES*



MARS



HEINEKEN



StanleyBlack&Decker



Perrigo



Chevron



CORNING



syngenta



DSM





SAP



**PHOENIX
CONTACT**



SINCE 1824
HERSHEY'S



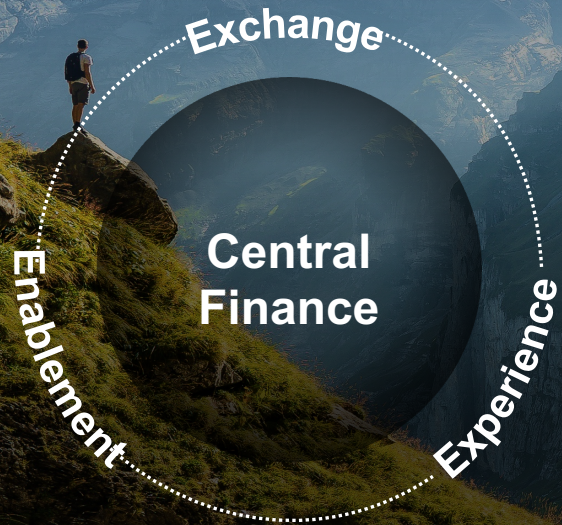
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Customer Interaction



International Conference

SAP for Central Finance and Closing. Expert sessions from SAP and Central Finance customers with dedicated workshops and presentations.

[International Conference for Central Finance in Budapest 2023](#)

[International Conference for Central Finance in Dallas 2023](#)

Customer Exchange Forum

Exchange platform for Central Finance customers.

Partner Enablement

Bootcamps and specific expert events to provide SI's and partners with the latest developments and insights.

Central Finance – Podcast

[Transformation with SAP S/4HANA for Central Finance](#)

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SAP S/4HANA Cloud for Central Finance – Innovation Enablement

Improve process efficiency by integration, standardization, and automation of business processes

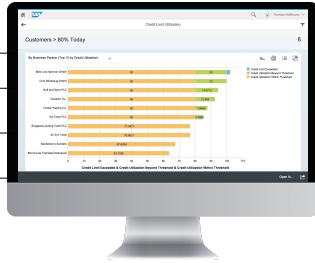
Credit Evaluation and Management

Benefits and Capabilities



Benefits

- Reduced bad debt write-offs
- Balanced global view of customers, considering risk and return
- Improved collaboration with sales and senior management
- Improved scorecard accuracy by incorporating external ratings



Capabilities

- Cross-enterprise and cross-system credit evaluation and management process
- Easy access to credit information for your sales team
- Customer scoring based on your rules, including internal and external factors
- Workflow for faster decision-making once credit limits are reached

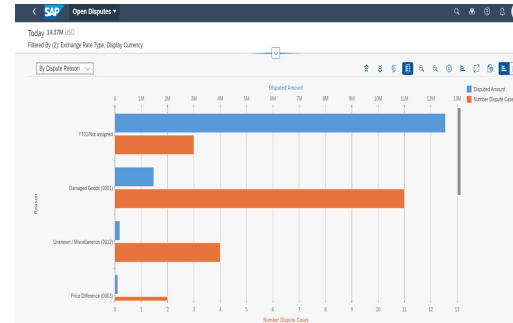
0.3% Amount of A/R write-offs by the 25% top-performing companies (compared to 3.1% for the bottom 25%)
Source: ASUG Benchmarks

Instant insight

Track numbers and value of open disputes

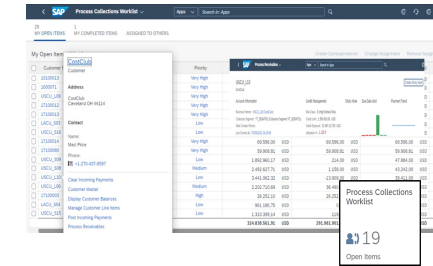
Fiori Analytical app for Open Disputes

- Filter by dispute reason, processor & customer
- Focus your team's attention on highest value disputes
- Navigate directly to details of dispute and customer account



Collections management

Collections management capabilities prioritize customers



Customer-centric collections

- Identify overdue accounts and critical trends
- Prioritize collections activities based on strategies
- Generate, monitor and balance worklists
- Leverage complete integration (credit, disputes, billing, analysis)
- Extend the receivables processes beyond the finance team

19% Lower overdue accounts receivables when companies take a holistic view of their customers at the time of interaction
Source: SAP Performance Benchmarking

Central Budgeting for Projects

Highlights

Value for Users:

Project Financial Controller

Motivation / Background

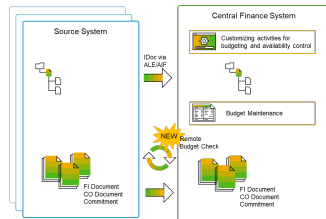
Centralize budget processes in a Central Finance system for projects replicated from one or several source systems.

Solution / Feature

Processes consuming budget in a source system will run a remote budget check against the budget and availability control of a Central Finance System.

Business Benefit

- ✓ Increase efficiency by running budget related processes in a Central Finance system for several source systems, e.g. budget reporting can be run in a Central Finance system and no consolidation of data out of several source system is necessary.
- ✓ Reduced efforts of Customizing activities for availability control and tolerance limits, as they are maintained centrally and don't have to be maintained in each source system separately.



Central Asset Accounting

Asset Accounting in the SAP system is used for managing and monitoring fixed assets. In Financial Accounting, it serves as a subsidiary ledger to the general ledger, providing detailed information on transactions involving fixed assets.

Approach

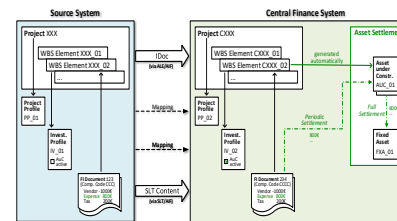
- Option 1: if you run asset accounting in your source system, you can replicate the related GL postings into the Central Finance system
- Option 2: you do not need to have the asset master data in the source system; you could use projects in the source system which get replicated into the Central Finance System where Asset Accounting is active and to which the projects can be settled (see picture)

Benefits

- You can run reporting in a Central Finance system and don't have to consolidate data from multiple systems.
- Asset-related closing activities run centrally in a Central Finance system and reduce the complexity of multiple source systems.

License Information

- Asset Accounting is part of the S/4HANA Enterprise Management license



Restrictions

- The new intelligent Asset Accounting currently cannot be activated / used in a central finance deployment as it is currently **only** provided for Public Cloud customers (no EX, PCE, HEC and OPI)

Central Payment

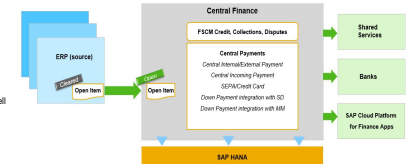
Central Payment for SAP Central Finance allows you to make centralized payments and perform centralized clearing activities in the Central Finance system instead of each source systems.

Approach

- Real status of open item (including payments and bank statements) tracked in Central Finance system
- Bank account management maintained in CF system (optional SAP MDG), when using new SAP Cash Management
- HANA optimization of payment proposal generation
- All open item related processes must be executed in Central Finance instance as well (example: dunning, collections, disputes, cash application)

Benefits

- Central open item management and reporting
- Cross system view of Customer and Vendor Accounts
- Real-time operational reporting with Fiori User Experience
- Centralized Process know-how in shared service center
- Standardize payment processes
- Centralized A/R Processes like cash application, credit exposure calculations, dunning, collections prioritization
- Reduce cost of bank connections
- Use SAP standard interface for uploading bank statements to a central platform
- Monitoring of bank communications and transactions
- HANA optimization of payment proposal generations
- Integration of latest BTP Finance Apps for A/R Processes



License Information

- Central Payments is part of the Central Finance license

Prerequisites and Restrictions

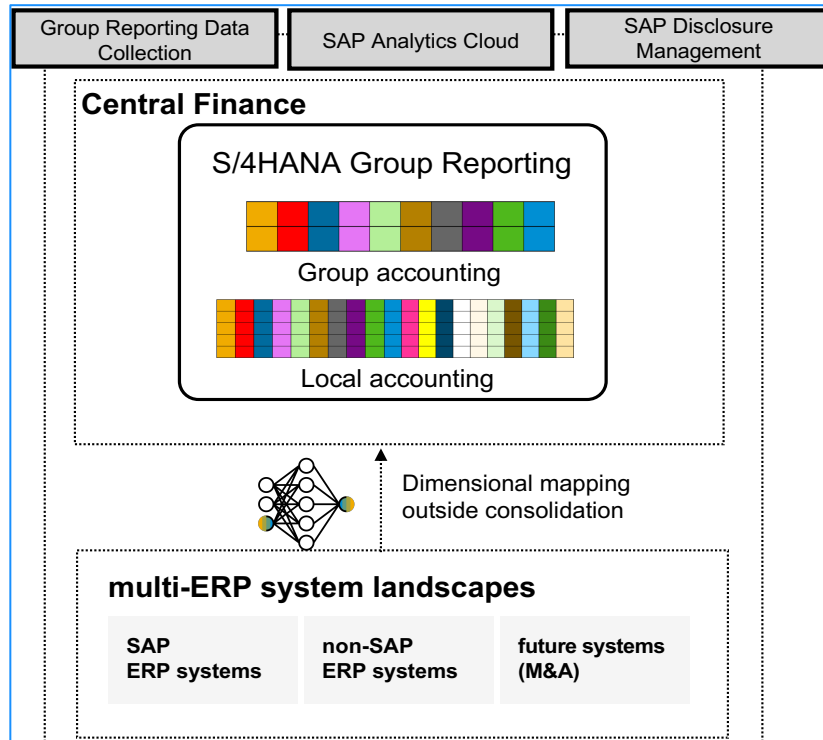
- To activate Central Payment, it is mandatory that you use CSPP and activated Process Type "CPAY"
- In Central Payment scenario, a new framework Cross-System Process Control (CSPP) has been introduced to allow the smooth and consistent flow of business processes which involve changes to documents and which are distributed across different systems where documents are replicated between the systems (Online Help).
- For restriction please kindly refer Note 28227364

S/4HANA Cloud for Central Finance – Innovation Enablement

Group Reporting

Reduced complexity of data dimensionality

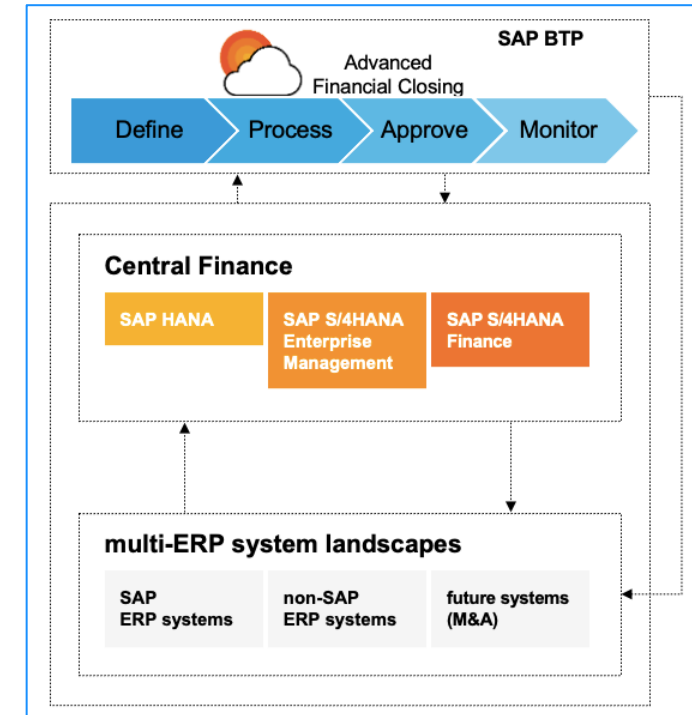
- Financial data is already mapped and re-posted in S/4HANA using Central Finance, unlike standalone consolidation solutions that must handle dimensional mappings within the consolidation solution
- Additional financial or non-financial data for non-Central Finance entities can be loaded with BTP app, Group Reporting Data Collection



Advanced Financial Close

Accounting-relevant closing tasks performed in Central Finance target system

SAP S/4HANA Cloud for advanced financial closing is an orchestration hub delivered on the SAP Business Technology Platform that connects to one or more SAP systems and can execute jobs in SAP systems. Manual closing tasks are supported by workflow. Dashboards add visibility.



Agenda

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Central Finance & SAP RISE

Central Finance Roadmap



*Businesses can unlock **enormous growth** potential **through** SAP S/4HANA for **Central Finance and its out-of-the-box integration** with leading-edge **solutions and capabilities such as SAP Analytics Cloud, AI, automation, and** our offering RISE with SAP.*

Together, Central Finance and RISE with SAP deliver a scalable, resilient, and secure cloud platform that enables businesses to roll out innovation at their own pace as they become agile and sustainable enterprises.



Christian Klein
CEO and Member of the Executive Board of SAP SE

SAC Planning in S/4HANA for Central Finance

Enable finance transformation and innovation without disruption to your ERP legacy systems

Corporate planning in SAP Analytics Cloud

Misalignment between planning operations in data & process

Corporate controllers do the planning using central finance data model; Regional planning remains in ERP source systems

Actuals data is loaded from S/4HANA for central finance into SAC

Regional controllers plan in the ERP source systems; corporate controllers do the planning directly in SAC

Powered by RISE

Central Finance as planning harmonization layer

Central Finance facilitating the journey towards best in class

Replicated plan data from various ERPs is harmonized by design using central finance data model

Actuals data loaded from S/4HANA for central finance into SAC

Regional controllers plan in the ERP source systems, corporate controllers plan directly in SAC

Powered by RISE

Best in class planning with SAP Analytics Cloud

Planning directly in SAP Analytics Cloud, with aligned actuals

Regional and corporate controllers do the planning using central finance data model

Actuals data is loaded from S/4HANA for central finance into SAC

Planning only happens directly in SAC, no disparate planning in ERP source systems

New functionality

Plan Data Replication

The Feature Preview

AIF to monitor plan data replication

Transfer of Plan Data for Cost Centers from Source to Central Finance

Save as Variant...

Execute

Display Logs

Get Variant...

More

Selection for Source System

*Source System:

08RCLNT002

Parameters for Source System

*Version:

0

*Planning currency:

C

Parameters from Central Finance System for Reading

*Controlling Area:

C930

*Fiscal Year:

2023

*From Posting Period:

1

*To Posting Period:

12

Cost Center:

C930_01

Cost center group:

Activity Type:

G/L Account:

Parameters from Central Finance System for Writing

*Ledger:

0L

*Plan Category:

CFIN_TEST

Simulation

Test Run:

☐

Report to replicate Cost Center Plan data in Central Finance system

ExtrasSystemHelp

001

Exit

Error Handling - 01.01.2023 - 08.09.2023 (500)

Technical ModeIcon HelpRefresh all data with current selectionLast TransferRestrictApplication logAlert InboxMore

ReadRestartCancelRepost with User Changes

Data Messages

Number

Co...

Key...

1: 05.09.2023 14:09:00

B7036E633...

/FIN...

C93...

2: 05.09.2023 13:39:01

B7036E633...

/FIN...

C93...

3: 01.09.2023 11:43:08

B7036E633...

/FIN...

C93...

4: 31.08.2023 15:45:28

C388027DB...

/FIN...

C93...

5: 31.08.2023 15:45:28

C388027DB...

/FIN...

C93...

6: 31.08.2023 15:43:16

C388027DB...

/FIN...

C93...

7: 31.08.2023 15:43:16

C388027DB...

/FIN...

C93...

Log Messages

Type

Functions

Hints

Texts

Index

Message Text

Date

Time

4

Plan data records posted: 12; reversal records posted: 0

31.08.2023

15:45:29

Data Structure (Interface mode /FINCF/PD_C2A/1)

COSP to ACDOCP - AIF Source Structure (COSP)

COSP to ACDOCP - AIF Target Structure (ACDOCP)

PLNCT

ACDOCP Plan Data Item for AIF

ITEM:ACDOCP Plan Data Item for AIF

Excep...

_LINE_Nr

Amount in Company Code Currency

Fixed Amount in Company Code Currency

Comp...

Amount in Global Currency

4: 1

28,89

5,78

EUR

24,00

4: 2

38,52

7,70

EUR

32,00

4: 3

48,15

9,63

EUR

40,00

4: 4

57,78

11,56

EUR

48,00

4: 5

67,41

13,48

EUR

56,00

4: 6

77,04

15,41

EUR

64,00

The Feature

Benefits

Cost Centers – Plan/Actual

Cost Center - Plan/Actual

Selection

Standard * ⌵

* Ledger:

* Fiscal Year:

* Planning Category:

Fiscal Period:

Company Code:

0L ⌵

2017 ⌵

PLN ⌵

Segment:

G/L Account (Hierarchy):

G/L Account (Node):

Data Analysis

Graphical Display

Query Information

Filter ⌵

Sort ⌵

Hierarchy ⌵

Drilldown ⌵

Display ⌵

Measures ⌵

Totals ⌵

Cost Center	Δ	G/L Account	Actual Amount in C...	Plan Amount in CC...	Difference Actual P...	Difference (%)	
10101101	Financials (DE)	61005000	Travel Exp Grd Tmnp	-11,083.93 EUR		-11,083.93 EUR	-100.00
		61007000	Trav.Exp Air,RI,Mile		6,473.55 EUR	-6,473.55 EUR	0.00
		61010000	Payroll Other Exp	234.00 EUR		234.00 EUR	100.00
		61020000	Payroll Bonus	234.00 EUR		234.00 EUR	100.00
		61051000	Payroll Exp.Dwn.wag	1,000.00 EUR		1,000.00 EUR	100.00
		61061000	Payroll Benefits	234.00 EUR		234.00 EUR	100.00
		61100000	Payroll Exp Salaries	16,720.00 EUR		16,720.00 EUR	100.00
		61104000	Payroll Expense Indi	29,700.00 EUR		29,700.00 EUR	100.00
		61400000	Training Education	-50.00 EUR		-50.00 EUR	-100.00
		61500000	Sales Commissions	200,000.00 EUR		200,000.00 EUR	100.00
		63002000	Water	4,951.57 EUR		4,951.57 EUR	100.00
		63003000	Other PerSer	6,520.00 EUR		6,520.00 EUR	100.00
		63004000	Insurance	-900.00 EUR	960.00 EUR	-1,860.00 EUR	-206.67
		63006000	Telephone and other	-233.10 EUR		-233.10 EUR	-100.00

Harmonize the plan and actual data for centralized analysis

Streamline the process and integration to collect plan data

Leverage **SAC** capability for the **advanced planning**

Provide business with transparent figures for **strategical and operational direction**

Supporting figures to **optimize reorganization**

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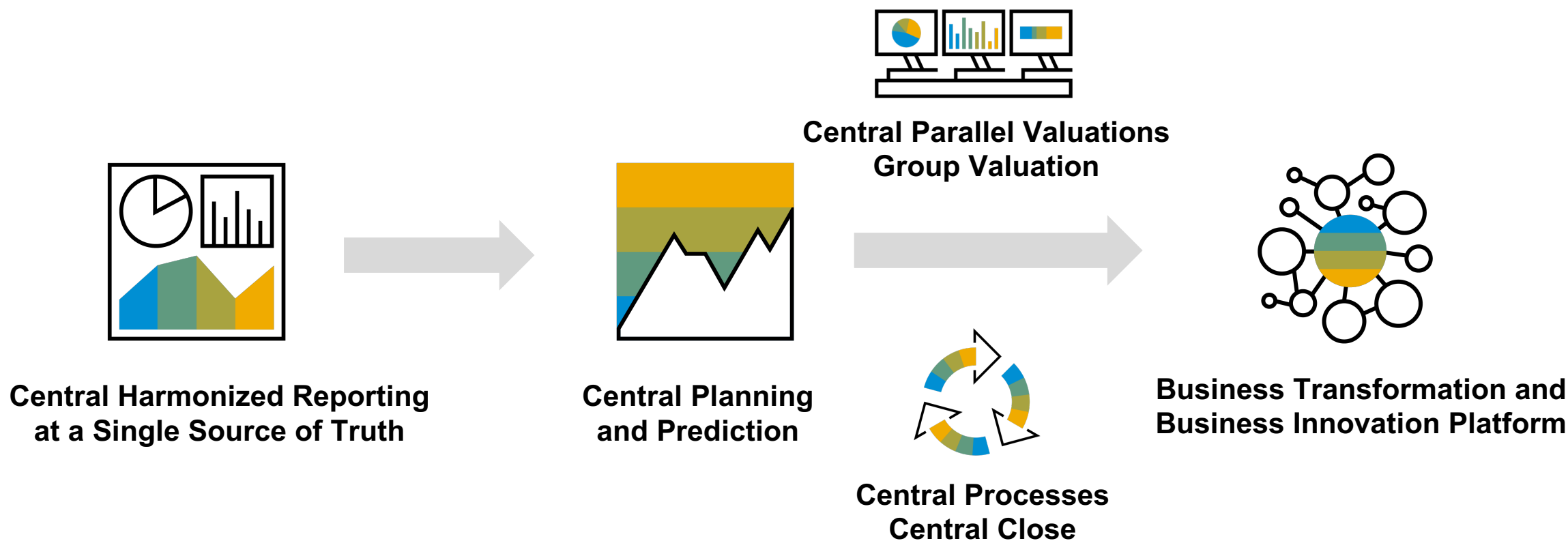
Central Finance & SAP RISE

Central Finance Roadmap





Strategic Direction of Central Finance





Roadmap Topics 2023 – Central Finance

Road Map Item	Overview
Centralized plan-versus-actual analysis by replicating plan data	• Improve better decision making in the central finance system by: • Collecting plan data from the source systems • Adding additional plan figures centrally • Enable plan-versus-actual analysis by replicating plan data
Error resolution in central finance	• Increase efficiency by distributing error messages to the right recipients • Save time and effort for solving replication errors by displaying more-specific error messages and by offering navigation to knowledge base articles • Reduce time for analysing pending journal entries and for creating temporary postings • Enable faster error resolution and help ensure consistency between source systems and the central finance system by re-triggering the SLT replication for a missing document
Report on additional finance-integrated local currencies in central finance	• Increase flexibility in setting up currencies of the central finance system • Improve insights and analysis on additional currencies • Use a single controlling area even if the source systems had several controlling areas using different currencies • Increase visibility of the additional currencies also outside the general ledger (such as in fixed asset accounting, accounts receivables, or accounts payables)
More flexible and enhanced cost object replication to central finance	• Reduce the costs of operating central finance by switching the scenario for cost object mappings more easily • Save implementation costs for handling CO production orders by supporting them as a sender object in the cost object framework • Decrease complexity when replicating from multiple clients or cloud source systems



Roadmap & Vision – Highlights 2024 - 2026

Road Map Item
Centralized plan-versus-actual analysis by replicating plan data
Better integration for central asset accounting in central finance
Central predictive accounting
Financial planning and analysis with multiple material valuations
Activation of a central payment scenario for accounts receivable and accounts payable separately in central finance
Stacking of central finance systems

Roadmap for S/4HANA Cloud for Central Finance

The latest more detailed roadmap can always be explored using the [SAP Roadmap Explorer](#)

The screenshot displays the SAP Roadmap Explorer interface. At the top, the navigation bar includes the SAP logo, 'Road Map Explorer', and tabs for 'Products', 'Processes', 'Industries', 'My Road Maps', 'Disclaimer', and a user profile icon. Below the navigation bar, a search bar shows 'SAP S/4HANA' and '"central finance"', with a result count of '45 Road Map Items'. The main content area is divided into columns for different time periods: Q4 2023 (6 items), Q1 2024 (2 items), Q2 2024 (No Road Map Items planned), Q3 2024 (No Road Map Items planned), 2024 (No Road Map Items planned), 2025 (10 items), and 2026 (1 item). Each column lists specific roadmap items, such as 'Error resolution in central finance', 'Replication of postings from inhouse banking that are connected to the...', 'Central closing by using S/4HANA Cloud for Advanced Financial...', and 'Stacking of central finance systems'. The interface also includes filters for 'Products', 'Processes', 'Industries', and 'Focus Topics', and a 'Q1 2021 - Latest' date range selector.

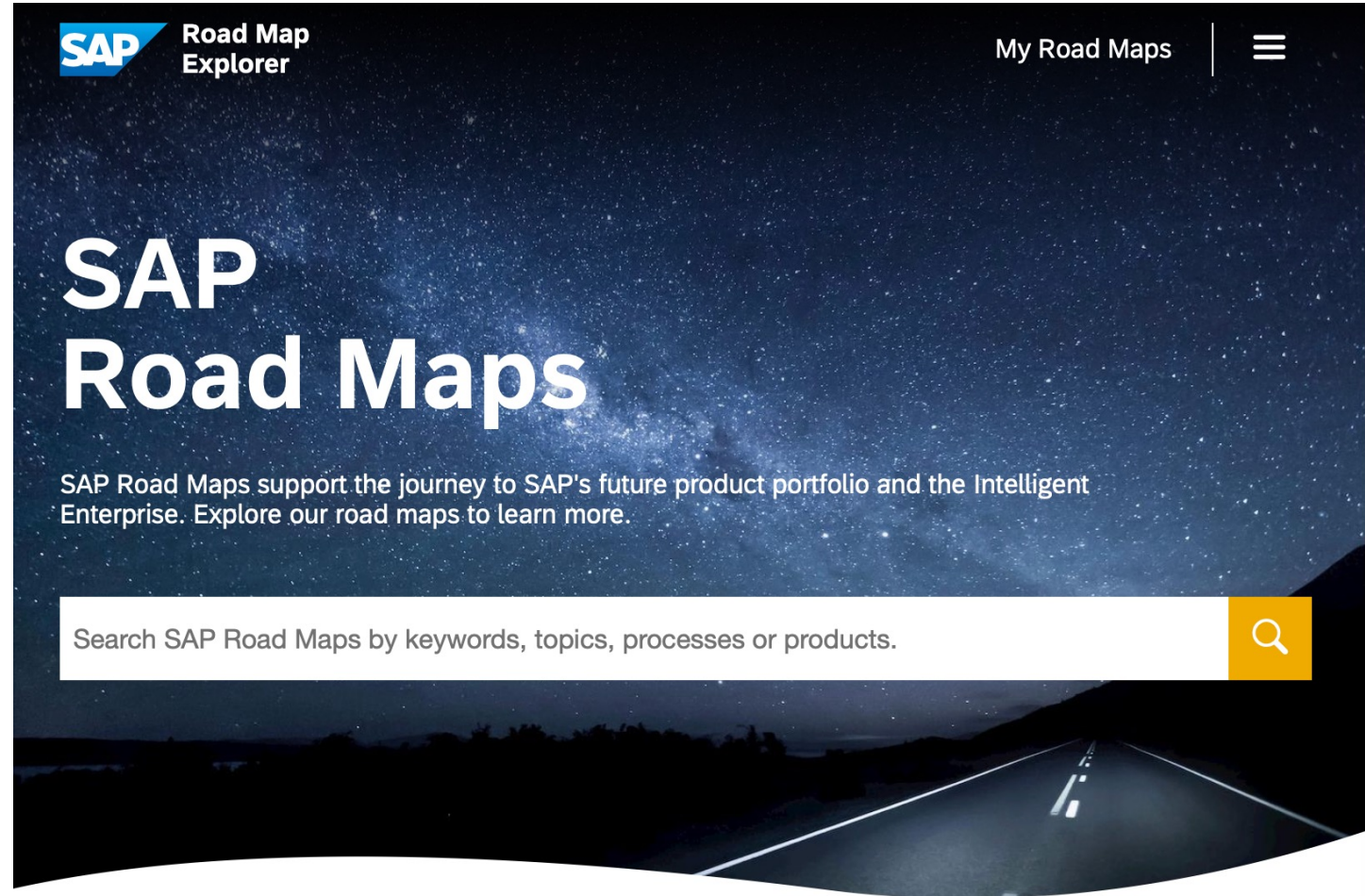
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Roadmap for Finance and Accounting

Innovation Never Stops

With twice-yearly releases of innovations, SAP S/4HANA Cloud will continue to deliver better business value and excellence in core finance processes:

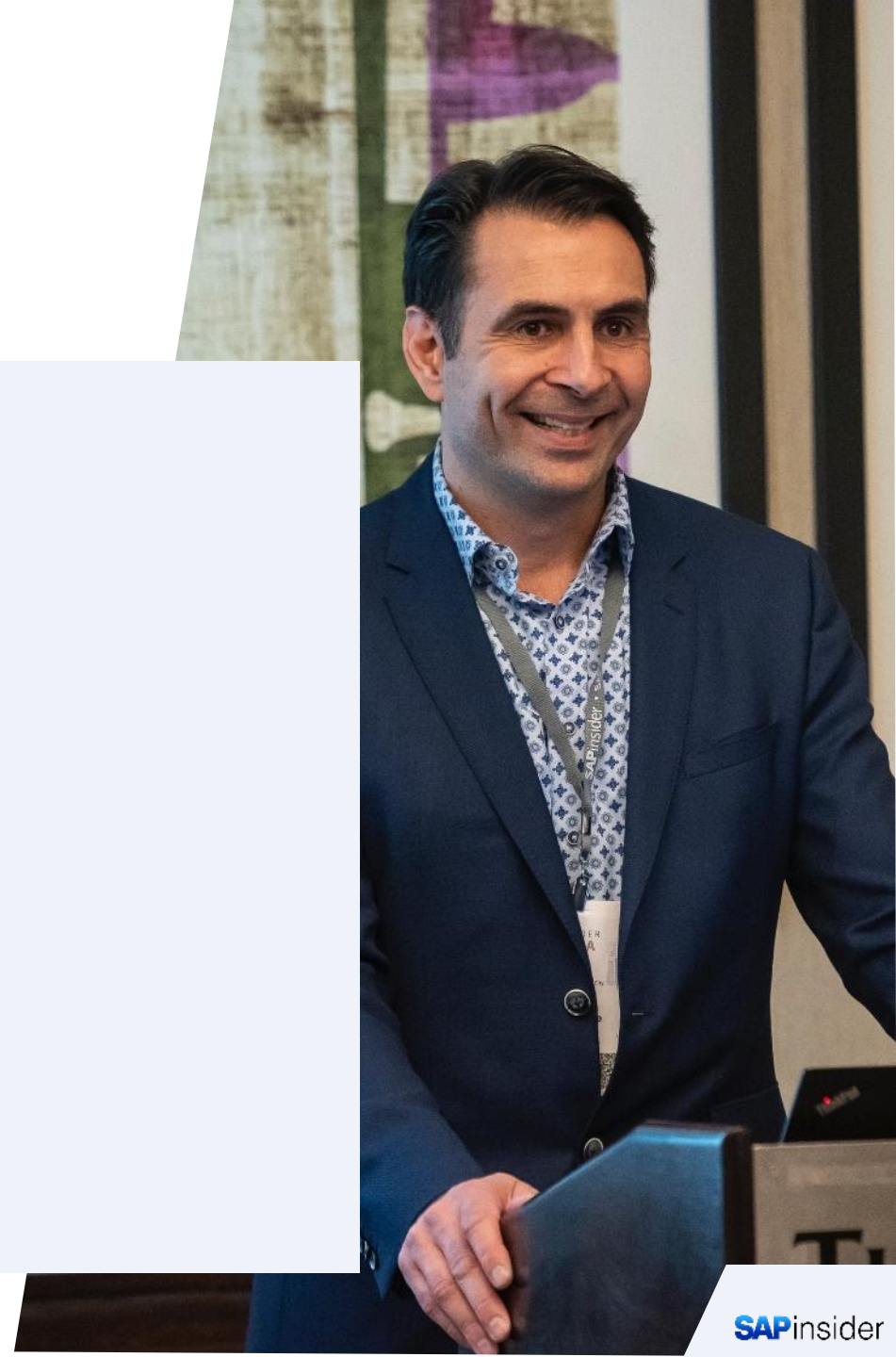
- ✓ **Better visibility** and predictability by incorporating global value-flows into entity and group accounting.
- ✓ **Hyper-automation** with autonomous processes or AI-optimized human interaction along the record-to-report process.
- ✓ **Support** for organizational changes, including accounting impact modeling.



View recent and upcoming innovations in the [SAP Road Map Explorer](#).

Agenda

Vision and Strategy
Solution Deep Dives
Roadmap
Commercial Updates
Wrap-Up



Thank You! Questions?

Waldemar Kessel

Global Solution

Please remember to complete
your session evaluation.

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