Optimizing Digital Transformation in the SAP Cloud for Life Sciences Companies

This eBook provides an overview of these key trends, along with an analysis of how SAP's cloud-based solutions for Quote-to-Cash, Subscription Management and Revenue Recognition combined with SAP Cloud Public or Private Editions, can help life sciences companies successfully transform enterprise-wide operations.

Bramasol

Ignite Possible.™

Table of Contents

eBook
October
2024

Introduction 03
Trends Driving Digital Transformation in Life Sciences 03
Data-Driven Decision Making 04
Artificial Intelligence (AI) and Machine Learning (ML) 04
Digital Health and Telemedicine 04
Cloud Computing and Cybersecurity 04
Regulatory and Compliance Innovations 04
Collaborative Ecosystems 04
Patient-Centric Approaches 06
Sustainability and Environmental, Social, and Governance (ESG) Initiatives 06
Impacts of the Digital Solutions Economy 07
Shift from Product Sales to Service-Based Models 07
Personalized Medicine Subscriptions 07
Data-as-a-Service (DaaS) 08
Outcomes-Based Subscriptions 08
Clinical Trial Innovation 08
Digital Health Platforms 08
Sustainability and Cost Management 09
Patient Engagement and Retention 09
How SAP Solutions Help Life Sciences Transformation 10
Quote-to-Cash Portfolio 10
- Optimizing End-to-End Q2C2C 10
The Critical Role of Revenue Recognition 11
Challenges of Traditional Revenue Recognition Processes 11
Integrating Q2C and RAR 11
SAP S/4HANA: Unifying All Processes, Data and Transactions 12
- Advanced Architecture 12
- Flexibility and Scalability 12
- Real-time Data Analysis and Reporting 12
- Automation of Complex Processes 12
- Futureproofing with Continuous Updates 12
Partner Packaged Solution Jumpstarts SAP Public Cloud 13
More SAP Cloud-Based Digital Transformation Solutions 14
Summary 16
About Bramasol 17

Introduction

Life sciences companies are increasingly embracing cloud-based software solutions for ERP, finance, customer management, and other key functions as part of their broader digital transformation initiatives. The flexibility, scalability, and advanced capabilities offered by cloud platforms enable these companies to improve operational efficiency, comply with regulatory standards, foster collaboration, and enhance patient and customer engagement. However, they are also carefully navigating challenges in the transition from legacy systems to full cloud-based environments.

This eBook provides an overview of these key trends, along with an analysis of how SAP's cloud-based solutions for Quote-to-Cash, Subscription Management and Revenue Recognition combined with SAP Cloud Public or Private Editions, can help life sciences companies successfully transform enterprise-wide operations.

Trends Driving Digital Transformation in Life Sciences

Digital transformation in life sciences companies is driven by several key trends that are shaping the industry's future.

Here are some of the most significant ones:

Data-Driven Decision Making

Big Data and Advanced Analytics: Life sciences companies are increasingly leveraging big data and advanced analytics to gain insights into patient outcomes, drug efficacy, and operational efficiencies. This helps in improving R&D productivity, personalizing medicine, and optimizing clinical trials.

Real-World Evidence (RWE): The use of RWE derived from electronic health records (EHRs), wearables, and patient registries is becoming critical for making informed decisions about product development, regulatory submissions, and market access strategies.

Artificial Intelligence (AI) and Machine Learning (ML)

Drug Discovery and Development: AI and ML are revolutionizing drug discovery by predicting molecular interactions, identifying potential drug candidates, and optimizing clinical trial designs. These technologies accelerate the drug development process, reduce costs, and improve success rates.

Precision Medicine: AI-driven analytics enable the development of personalized treatment plans based on individual patient data, leading to better therapeutic outcomes and reduced adverse effects.

Digital Health and Telemedicine

Remote Patient Monitoring (RPM): The adoption of digital health tools, including wearables and mobile health apps, allows for continuous monitoring of patients, especially those with chronic conditions. This enhances patient engagement and improves health outcomes.

Telehealth Services: The rise of telemedicine, accelerated by the COVID-19 pandemic, is transforming patient care delivery. Life sciences companies are partnering with digital health providers to offer remote consultation and care management solutions.

Cloud Computing and Cybersecurity

Cloud-Based Solutions: The migration to cloud platforms enables life sciences companies to scale their operations, enhance collaboration, and improve data accessibility. Cloud solutions support complex data management needs and facilitate global collaboration in R&D and clinical trials.

Enhanced Cybersecurity: As digital transformation increases, so does the need for robust cybersecurity measures. Protecting sensitive patient data and intellectual property from cyber threats is a top priority for life sciences companies.

Regulatory and Compliance Innovations

RegTech Solutions: Regulatory technology (RegTech) is helping life sciences companies navigate the complex regulatory environment by automating compliance processes, improving transparency, and reducing the risk of non-compliance.

Blockchain for Traceability: Blockchain technology is being explored for ensuring the integrity of supply chains, particularly in drug manufacturing and distribution. It enhances traceability and reduces the risk of counterfeit products.

Collaborative Ecosystems

Partnerships and Alliances: Collaboration between life sciences companies, technology firms, academic institutions, and healthcare providers is becoming more common. These partnerships drive innovation, accelerate product development, and bring new therapies to market faster.

Open Innovation Platforms: Companies are increasingly participating in open innovation ecosystems, sharing data and research findings to foster collective progress in tackling complex healthcare challenges.

Patient-Centric Approaches

Patient Engagement Platforms: There is a growing emphasis on involving patients in the development of new therapies. Digital platforms enable patients to provide feedback, participate in clinical trials, and engage with healthcare providers, making them active participants in their care journey.

Consumerization of Healthcare: Patients are increasingly taking control of their health through digital tools, leading to a shift towards more consumer-driven healthcare models.

Sustainability and Environmental, Social, and Governance (ESG) Initiatives

Green Technologies: Life sciences companies are adopting sustainable practices and green technologies to reduce their environmental impact, aligning with global ESG goals. Ethical AI and Data Use: There is a growing focus on ethical considerations in the use of AI and big data, ensuring that these technologies are deployed responsibly and transparently.

These trends are driving significant changes in how life sciences companies operate, innovate, and engage with patients, ultimately leading to more effective and efficient healthcare solutions.

Impacts of the Digital Solutions Economy

The subscription-based Digital Solutions Economy (DSE) is significantly impacting new business models in the life sciences industry by shifting how companies deliver products, services, and solutions. This trend is transforming traditional business approaches, creating new opportunities for innovation, revenue generation, and customer engagement. Here's how the subscription economy is influencing life sciences:

Shift from Product Sales to Service-Based Models

Software as a Service (SaaS): Life sciences companies are increasingly adopting SaaS models, offering subscription-based access to critical software tools for drug discovery, clinical trial management, and regulatory compliance. This shift allows companies to provide ongoing updates, improvements, and support, creating a continuous revenue stream and stronger customer relationships.

Device as a Service (DaaS): Instead of selling medical devices outright, companies are offering them on a subscription basis. This model includes ongoing maintenance, updates, and integration with digital health platforms, ensuring that devices remain up-to-date and compliant with regulatory standards.

Personalized Medicine Subscriptions

Therapeutic Subscriptions: With the rise of precision medicine, life sciences companies are developing subscription models for personalized treatments. For example, patients with chronic conditions might subscribe to a service that provides tailored medications, continuous monitoring, and regular adjustments to their treatment plans based on real-time data.

Genomic and Diagnostic Services: Companies are offering subscriptions to genomic testing and diagnostic services, enabling customers to regularly monitor their health and receive personalized insights. These services often include access to health coaches or genetic counselors as part of the subscription package.

Data-as-a-Service (DaaS)

Real-Time Data Subscriptions: Life sciences companies are monetizing data by offering subscription-based access to real-time data analytics platforms. These platforms can provide pharmaceutical companies, healthcare providers, and researchers with valuable insights into patient populations, treatment efficacy, and market trends.

Patient Data Platforms: Companies are creating platforms where patients can subscribe to services that manage and analyze their health data, offering personalized health recommendations and integrating this data with broader research efforts.

Outcomes-Based Subscriptions

Performance-Based Contracts: Subscription models are being tied to patient outcomes, particularly in the case of high-cost treatments like gene therapies. Life sciences companies enter into agreements where payment is tied to the success of the treatment, incentivizing both the company and healthcare providers to achieve the best possible outcomes.

Patient Support Programs: Subscriptions that include comprehensive patient support programs are becoming more common. These programs might include ongoing access to healthcare professionals, educational resources, and lifestyle management tools designed to improve patient adherence and outcomes.

Clinical Trial Innovation

Subscription-Based Access to Trials: Companies are experimenting with subscription models that provide patients or healthcare providers with access to a suite of clinical trials. This could include benefits like faster enrollment, real-time monitoring, and personalized trial matching based on patient profiles.

Continuous R&D Collaboration: Pharmaceutical companies are subscribing to collaborative R&D platforms that facilitate ongoing partnerships and data sharing with academic institutions, biotech firms, and contract research organizations (CROs). This fosters a more agile and responsive R&D process.

Digital Health Platforms

Health Monitoring and Management Subscriptions: Subscription models are emerging in digital health, where companies offer platforms that include health monitoring devices, data analytics, and personalized health management tools. These platforms often integrate with wearables and mobile health apps, providing continuous care and support.

Telemedicine Services: Life sciences companies are partnering with telemedicine providers to offer subscription-based access to virtual healthcare services. These subscriptions can include teleconsultations, remote diagnostics, and ongoing health management support.

Sustainability and Cost Management

Pay-per-Use and Consumption Models: Subscription models in life sciences also include pay-per-use or consumption-based models, where customers pay based on the volume of services or products they use. This is particularly relevant for labs and research facilities that require flexible access to expensive equipment or reagents.

Sustainable Practices: Subscription models encourage life sciences companies to focus on sustainability by offering products and services that are maintained and updated over time, reducing waste and extending the lifecycle of products.

Patient Engagement and Retention

Continuous Engagement: Subscription models help companies maintain continuous engagement with patients, leading to improved adherence to treatments, better health outcomes, and long-term loyalty. These models often include regular touchpoints through digital platforms, personalized content, and ongoing support services.

Enhanced Customer Experience: By focusing on a service-oriented approach, companies can deliver a more personalized and responsive customer experience. This can lead to higher satisfaction rates and a stronger brand reputation in the market. The subscription economy is enabling life sciences companies to move beyond traditional product sales and towards more sustainable, patient-centric, and data-driven business models.

This transformation is fostering innovation, improving patient outcomes, and creating new revenue streams across the industry.

How SAP Solutions Help Life Sciences Transformation

Quote-to-Cash Portfolio

First, a note about the differences between order-to-cash and quote-to-cash. Order-to-cash is focused on order fulfillment and effective order delivery, but it's only one piece of the puzzle. Quote-to-cash is a much larger process that encompasses the order to cash process, as well as all sales processes, contract lifecycle, order management, billing, collections, covering the entire customer lifecycle.

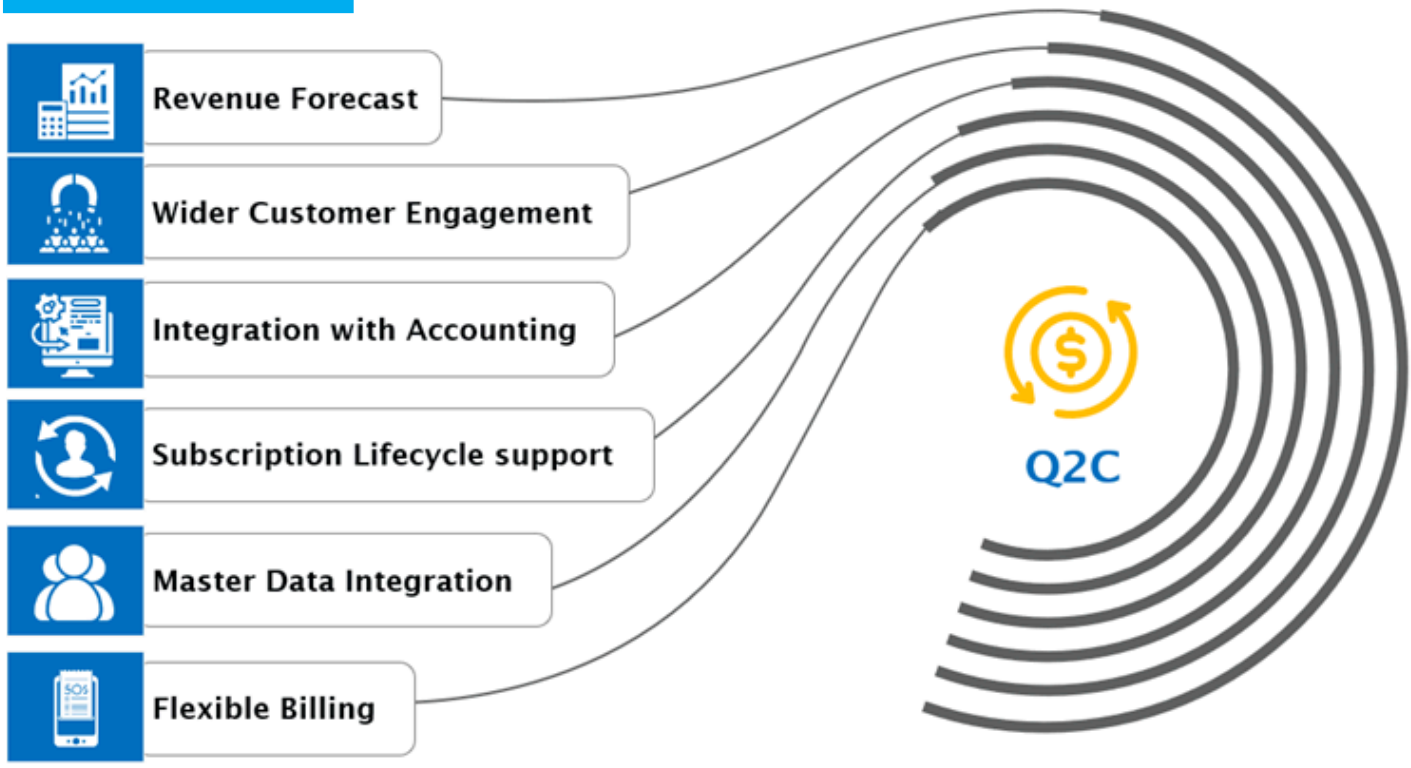
SAP Quote to Cash (SAP QTC) covers this broad set of functions, including SAP CPQ (Configure, Price Quote) as well as the solution components in the SAP Billing and Revenue Innovation Management portfolio (formerly referred to as BRIM).

Optimizing End-to-End Q2C2C

First, a note about the differences between order-to-cash and quote-to-cash. Order-to-cash is focused on order fulfillment and effective order delivery, but it's only one piece of the puzzle. Quote-to-cash is a much larger process that encompasses the order to cash process, as well as all sales processes, contract lifecycle, order management, billing, collections, covering the entire customer lifecycle.

SAP Quote to Cash (SAP QTC) covers this broad set of functions, including SAP CPQ (Configure, Price Quote) as well as the solution components in the SAP Billing and Revenue Innovation Management portfolio (formerly referred to as BRIM).

Why Subscription with Q2C



The Critical Role of Revenue Recognition

Revenue recognition, the process of recording income when it is earned rather than when payment is received, is a cornerstone of financial reporting. Accurate revenue recognition affects everything from a company's financial statements to its investor relations, tax strategies, and compliance with regulatory standards. With the introduction in recent years of standards like ASC 606 and IFRS 15, the complexity and importance of proper revenue recognition have escalated significantly.

Challenges of Traditional Revenue Recognition Processes

Traditional revenue recognition processes often struggle to keep up with the complexities of modern business transactions. Issues like revenue from bundled offerings, variable pricing strategies, and long-term contracts with multiple performance obligations can create significant challenges in revenue accounting. Moreover, legacy systems may lack the flexibility and scalability needed to adapt to new standards and market conditions

Integrating Q2C and RAR

One of the key advantages of using an SAP-enabled holistic approach is the ability to streamline integration of revenue recognition compliance with ASC 606 / IFRS 15. Although SAP Q2C can handle some basic RevRec functions, most life sciences business models are rapidly going "beyond basic" with the need to account for things like:

- Contract combinations
- Multi-element bundling of Performance Obligations (POBs)
- Complex allocations of revenue
- Multi-party revenue sharing models
- Integrated compliance for ASC 606 / IFRS 15 disclosures and reporting

SAP S/4HANA: Unifying All Processes, Data and Transactions

SAP S/4HANA, with its **advanced ERP (Enterprise Resource Planning)** capabilities, represents a paradigm shift in managing all aspects of large complex businesses, including integrating and optimizing revenue recognition. This comprehensive software suite offers several key advantages for businesses looking to streamline their revenue recognition processes:

Advanced Architecture

SAP S/4HANA is optimized for SAP's in-memory database SAP HANA. It includes a simplified data model, lean architecture, and an adaptive user experience built on the tile-based SAP Fiori UX. SAP S/4HANA also includes or is integrated with advanced technologies, including AI, machine learning, IoT and advanced analytics.

Flexibility and Scalability

The modular architecture of SAP S/4HANA allows businesses to scale their operations and adapt to changing market demands without compromising on their revenue recognition practices.

Real-time Data Analysis and Reporting

SAP S/4HANA's in-memory computing capabilities enable real-time data analysis and reporting. This feature allows businesses to gain immediate insights into their revenue streams, identify trends, and make data-driven decisions swiftly.

Automation of Complex Processes

The software automates many of the complex processes involved in revenue recognition, such as identifying performance obligations, allocating transaction prices, and recognizing revenue as performance obligations are satisfied. This reduces the likelihood of errors and frees up valuable resources.

Futureproofing with Continuous Updates

SAP S/4HANA is continuously updated to reflect the latest regulatory changes and technological advancements. This ensures that businesses using the system remain compliant and ahead of the curve in their revenue recognition practices.

SAP S/4HANA has emerged as a powerful tool for businesses seeking to master their end-to-end finance processes, including revenue accounting. Its ability to ensure compliance with current standards while also providing the agility to adapt to future developments positions businesses for enduring success.

By implementing SAP S/4HANA, companies can navigate the intricacies of revenue recognition with confidence, ensuring that they are well-prepared for whatever challenges and opportunities the future may hold.

Simplification Through Efficiency and Automation

- Native Integration Replaces External Interfaces
- Reduced Custom Code
- Automated Feed to GL
- Single Source of GL Info
- Common Master Data For BRIM and GL/AP

Improved Controls and Workflows

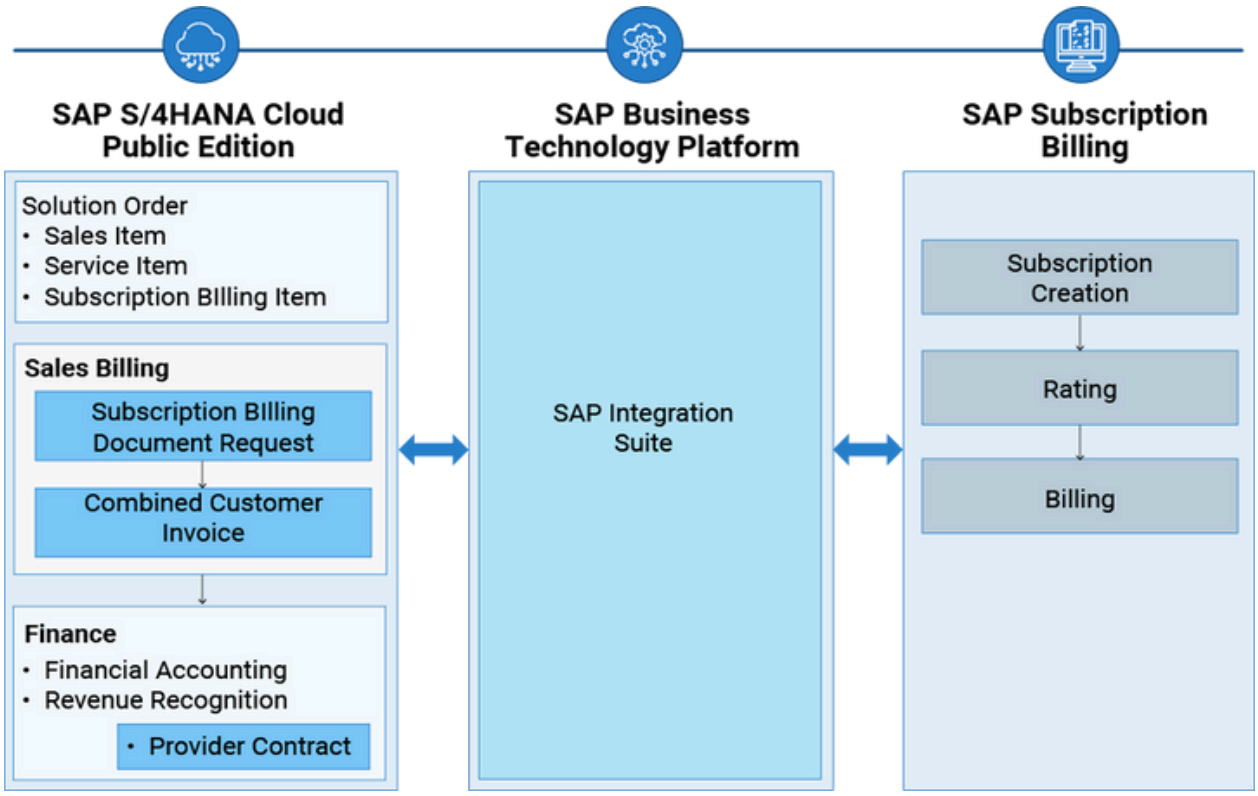
- SOX Compliance
- Clearer, Traceable SOD
- Workflows for SOD and Fraud Identification
- Improved Auditability
- Process Based Controls for ICFR Compliance

Scalability and Visibility

- Least Disruptive Approach
- Leverages Current Investment
- Prepares Stable Platform for Future
- Ability to Drill Down from GL to Transaction
- Automated Feed to GL
- Single Source of GL Info

Partner Packaged Solution Jumpstarts SAP Public Cloud

As one of SAP's longest serving partners and the premiere expert in SAP revenue compliance and SAP BRIM/OTC offerings, the Bramasol team has deep experience with tailoring a wide range SAP solutions to specific client requirements. Since not all these elements are required for every implementation, Bramasol takes a unique approach to combining specific SAP BRIM applications with subscription management and revenue compliance to give companies the exact features they need, along with a clear path forward.



Created for SAP's Partner Packaged Solution (PPS) process, Bramasol's purpose-built PPS is specifically targeted to provide a turnkey, rapid-deployment, end-to-end methodology to implement subscriptions and bundled offerings with seamless revenue compliance in SAP S/4HANA Cloud. With a focus on only those business processes needed to quickly launch a robust, scalable subscription business, the package includes key end-to-end processes in the areas of Sales, Finance and Procurement, including Invoice-to-Cash, Order-to-Fulfill, Record-to-Report and Procure-to-Receipt. As shown below, everything that is needed can be combined within a unified architecture that leverages the inherent scalability of S/4HANA Cloud Public Edition and SAP Business Technology Platform (BTP).

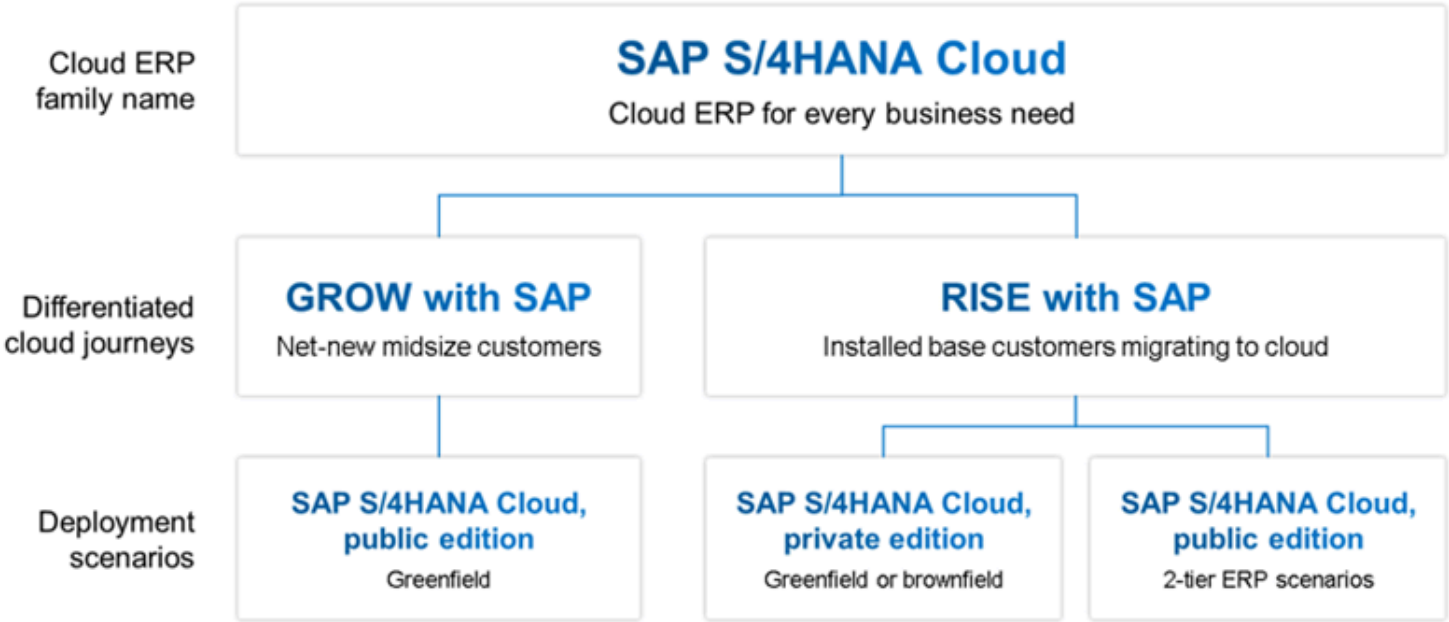
More SAP Cloud-Based Digital Transformation Solutions

In addition, for life sciences companies currently in the SAP ecosystem or others looking to move to SAP, their subscription business implementations need to provide a seamless pathway to SAP S/4HANA in the cloud. Those moving from ECC or on-premises implementations are looking for ways to fast track their subscription management, billing and revenue compliance into highly scalable SAP Cloud Public or Private Edition environments. Or companies looking to set up new Greenfield implementations in SAP Cloud Public Edition need a smooth route to rapidly creating their end-to-end processes in S/4HANA, without taking on more complexity than necessary.

Based on each life sciences company's current ERP system, whether experienced with SAP on-premise or new to SAP, the RISE and GROW options can offer tailored paths towards rapidly achieving customer success.

For new companies that need standardized processes, want to always be at the latest release, and prefer a cloud provider to manage their infrastructure, GROW with SAP offers a seamless Greenfield deployment path to SAP S/4HANA Cloud Public Edition.

For companies already using SAP on-premise because they need customization and control over their deployment environment, SAP S/4HANA Cloud Private Edition provides the power of cloud with the ability to adapt to specific needs. RISE with SAP enables a customizable forward path for either Greenfield or Brownfield deployment scenarios, or a hybrid, two-tier, cloud environment using both public and private cloud editions for different functions.



Both **GROW and RISE with SAP** are designed to support smooth customer transformation journeys from their unique starting points by leveraging the SAP modular ERP cloud architecture as shown above. The core cloud ERP can be SAP S/4HANA in either Public or Private cloud deployments. SAP S/4HANA Cloud's Digital Discovery Assessment (DDA) is another SAP tool that enhances decision-making processes to achieve your organization's objectives. It provides seamless visibility and valuable insights into the extensive array of capabilities offered by S/4HANA Cloud. The DDA scoping capabilities empower your team to unlock transformative opportunities, streamline operations, and fully embrace digital innovation by leveraging SAP's modular cloud technologies.

Migration to SAP S/4HANA Cloud Public or Private Edition offers huge benefits in terms of applications unification, digital transformation, scalability and process efficiency. Specific advantages for life sciences companies include:

- Boosting efficiency, cutting costs, and enhancing quality with real-time inventory and supply chain insights for life sciences and healthcare.
- Using advanced analytics for clinical, sensor, and other Big Data, facilitating personalized medicine and drug and device development.
- Advancing personalized healthcare by connecting life sciences and healthcare data and automating predictive forecasting processes.
- Increasing visibility cross the supply chain and streamline collaboration with life sciences and healthcare contract manufacturers.
- Supporting future growth with a modern cloud ERP solution, as well as tools and services for managing a successful migration.
- Speeding up service delivery for life sciences and healthcare businesses and enhance customer satisfaction with integrated processes.
- Incorporating circularity into your life sciences or healthcare supply chain and create corporate sustainability models.
- Simplifying life sciences and healthcare procurement with embedded AI that identifies data patterns to develop a model that helps resolve purchasing disconnects.

Summary

As with many other industry segments, companies in the life sciences arena are grappling with disruptive changes in their go-to-market strategies while at the same time looking to improve their business processes via digital transformation.

This eBook has shown how the SAP ecosystem can help life sciences companies align initiatives in both areas with digital transformation initiatives that can quickly embrace new subscription-based revenue opportunities and simultaneously map out an optimized roadmap for moving to more efficient cloud-based ERP and overall business systems.

SAP's flagship ERP solution, S/4HANA Cloud, enables life sciences companies to streamline core business processes such as procurement, inventory management, financials, and manufacturing. With its real-time data processing and analytics, S/4HANA Cloud helps companies optimize operations, manage costs, and respond quickly to market changes.

Why Bramasol

Focus On SAP

- Sold and Implemented SAP for 28 Years
- Deep Alignment to SAP Product, Marketing, Development, Partner and Other teams
- Extensive Experience in Integrating SAP to Other Solutions

Industry and Solution Expertise

- Deep Expertise in Office of CFO and QTC (BRIM) and Integrating Them
- Focus on Subscription Business Model Industries:
  - High Tech
  - Life Sciences
  - Telcom/Media
  - Professional Services
  - Automotive Services
- 100's of Clients from $200M to $200B plus

Strong Process with Detailed Tools and Documentation

- Ignite Methodology
- Fit To Standard Approach
- Tools, Processes and Documentation – RTM, SDD, RAID, and others
- We Listen to Our Clients
- Structured Governance
- Quality Assurance

By leveraging our 28 years as a leading SAP Partner with experience helping companies navigate multiple ERP transitions, Bramasol is now once again at the forefront in designing and managing clients' digital transformation journeys with SAP S/4HANA Cloud.

The Bramasol team is currently involved in some of the largest Greenfield implementations in SAP S/4HANA Cloud Public Edition and we are also helping companies with using SAP RISE to transition from on-premise SAP environments to SAP S/4HANA Cloud Private or Public Editions.

As a result, Bramasol is well-positioned to help life sciences companies simultaneously stay competitive with new offerings and enhance their bottom-line business efficiency with digital transformation.

About Bramasol, Inc.

Bramasol is the leader in SAP Solutions for the Subscription and Digital Solutions Economy, specializing in Finance, Revenue Recognition, Quote to Cash, Leasing and Treasury.

Bramasol is the leader in SAP Solutions for the Subscription Economy. We believe in enabling companies for the transition to this new customer driven economy where business models are driven by recurring revenue models such as subscription, outcome, XaaS and other models. Our deep expertise in Revenue Accounting, BRIM, Cash Management, Treasury, Leasing and other areas of SAP Finance uniquely positions us to help you.

Bramasol is part of the Hasso Plattner Beteiligungs GMBH family of companies. Dr. Plattner, one of 5 co-founders of SAP, acquired Bramasol in 2004 to help give him a more intimate view of his customers' experiences from a smaller company.

Our team of Finance, Business Process and Technical Accounting experts bring industry leading knowledge and experience in Revenue Accounting (including Revenue Recognition), Project Systems, Lessor and Lessee operation and accounting, Asset Management, and Treasury to help clients like you understand, define, and realize your S/4HANA Finance Transformation journey. With deep expertise in Order to Cash, Procure to Pay, Record to Report and Plan to Produce , we are the natural choice to guide you through your S/4HANA implementation or extension.

At the core of our team is deep functional, technical and business consulting for Revenue Recognition, Lease Management, and Treasury, supporting compliance with ASC 606, ASC 842 and IFRS 9, with comprehensive disclosure and analytics solutions backed up by extensive validation reports.

If you are looking for a company with deep expertise, demonstrated success and will be here through your finance and business transformation, now and in the future, do what forward-looking companies have done for over 25 years.... Choose Bramasol.

Contact Information:

United States – Headquarters Bramasol, Inc.
5201 Great America Parkway, Suite 220, Santa Clara, CA 95054 Toll Free: (866) 625-9878
Phone: +1 (408) 831-0046
Fax: +1 (408) 831-0047
info@bramasol.com

Bramasol

Ignite Possible.™

www.bramasol.com