



SAP S/4HANA for Central Finance | PUBLIC

Central Finance Customer Exchange: 2020 Benchmarking Survey

Business Goals, Target Processes, and Projects

Table of Contents

- 4 Survey Demographics
- 6 Business Priorities and Goals
- 8 Target Processes
- 13 Central Finance Projects
- 14 Final Notes from the Survey





The SAP S/4HANA® solution for central finance is the go-to platform for enterprise-wide financial excellence and innovation. As part of our ongoing commitment to the success of companies using the solution, we conduct an annual survey of our central finance customer exchange networking group. Read on to review the results of our most recent survey, completed in November 2020.



>40%

of the the top 20
global enterprises are
SAP S/4HANA for central
finance customers



Survey Demographics

The central finance capability is broadly accepted by some of the world's most respected companies. Four of the top 10 enterprises and nine of the top 20 global firms have purchased central finance.

SURVEY PARTICIPANTS

This year's virtual meeting of the central finance customer exchange networking group included representatives from 34 companies across 15 industries (see Figure 1). This group represents both early adopters and new users. Approximately 75% of the respondents are either based in North America or have global operations.

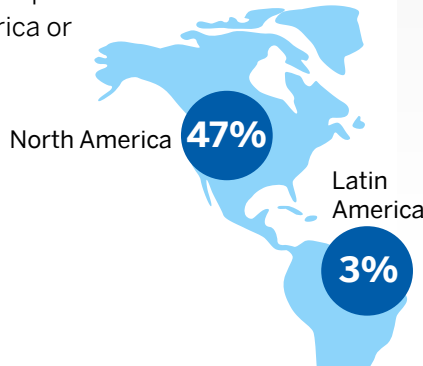
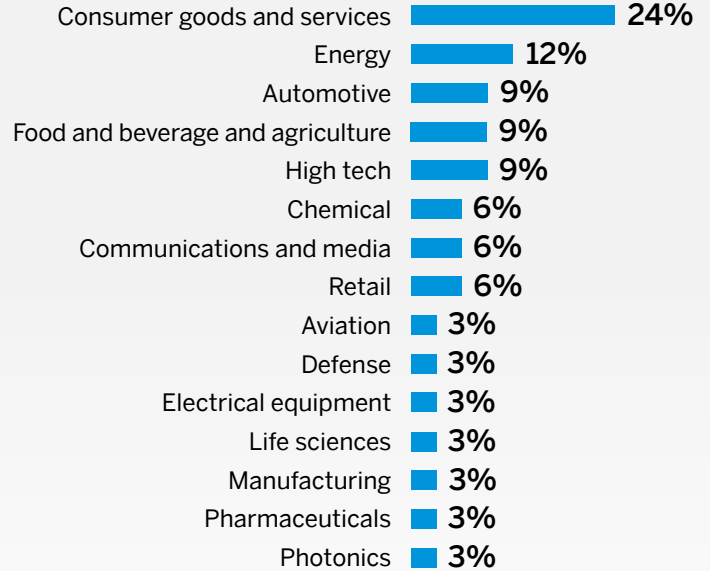
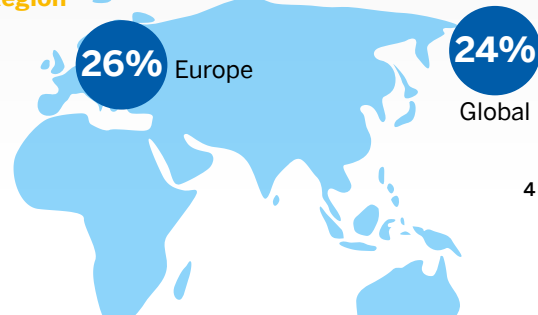


Figure 1: Industry and Regional Representation

Industry



Region



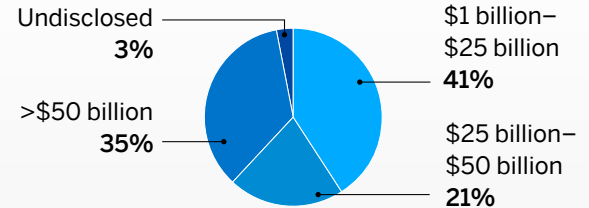


One-third of these companies reported more than US\$50 billion per year of revenue, and more than half employ 50,000 or more people (see Figure 2).

Eight out of 10 of the participating companies have deployed up to 10 live SAP® solutions in their IT landscape (see Figure 3). Three-quarters of these respondents use a combination of SAP® and third-party systems with their central finance capabilities. Companies have integrated 32 third-party systems – some from other ERP vendors and some that are custom coded – into their central finance deployment, helping them achieve a single enterprise version of financial truth.

Figure 2: Respondents' Company Size

Revenue (U.S. dollar)



Number of employees

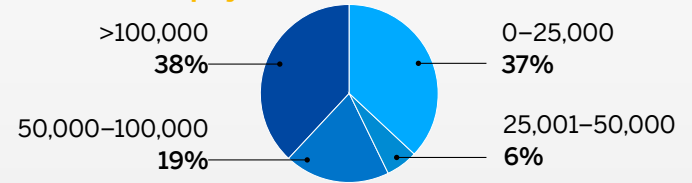
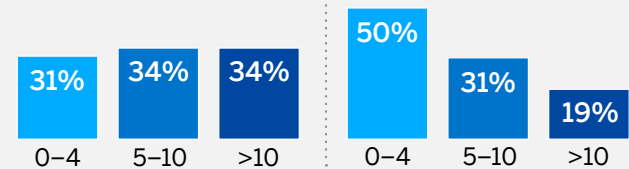


Figure 3: Respondents' System Deployment

Number of SAP® solutions | Number of live SAP solutions



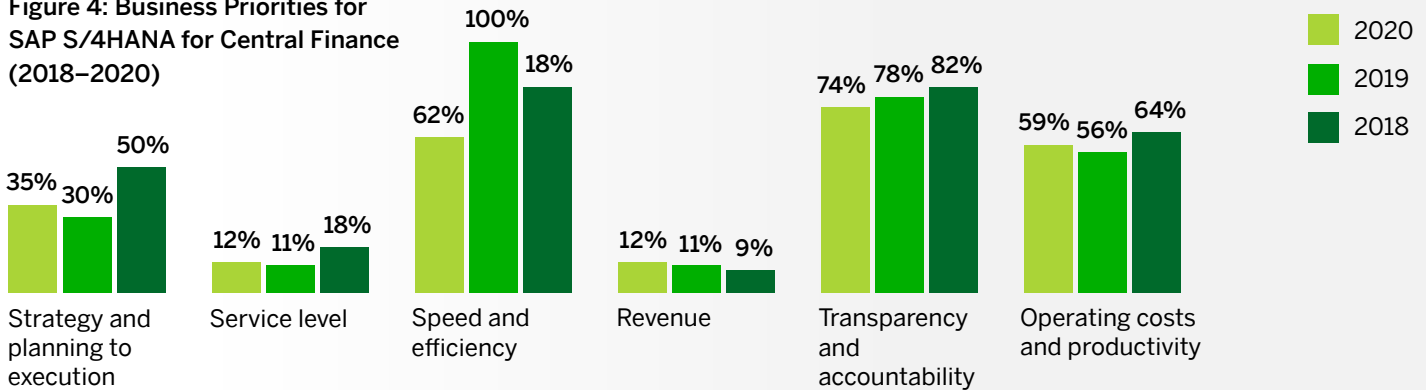


Business Priorities and Goals

Over the last three annual central finance customer exchange networking group surveys, the business priorities of survey respondents have remained mostly consistent. Their most important priorities are still speed and

efficiency along with transparency and accountability. However, companies indicated that reducing operating costs and increasing productivity are now nearly as important as those higher priorities (see Figure 4).

Figure 4: Business Priorities for SAP S/4HANA for Central Finance (2018–2020)



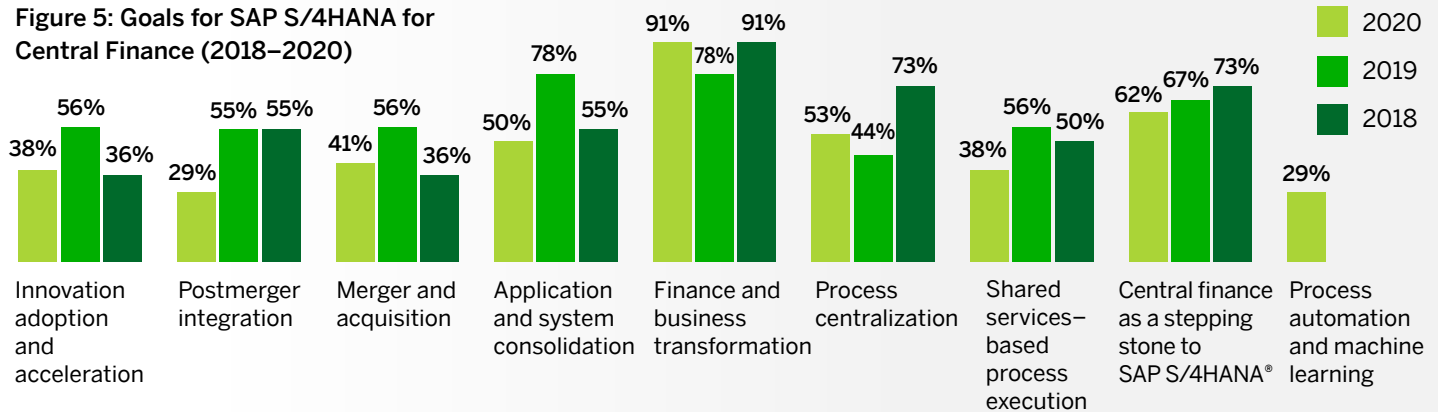
Others included: scalability, insight for SAP S/4HANA® go-live, and finance transformation.



As the central finance capability has matured, companies have overcome many of their earlier data-harmonization challenges. Now, they can begin to focus on issues such as strategy, planning, and execution and on the acceleration of revenue growth – topics that are becoming more relevant each year.

What's more, as teams gain experience and knowledge working with central finance, their goals evolve. The survey shows that areas such as finance and business transformation, process centralization, and process automation and machine learning have become the primary drivers. While still important, issues such as application and system consolidation and postmerger integration are growing less critical to respondents (see Figure 5).

Figure 5: Goals for SAP S/4HANA for Central Finance (2018–2020)



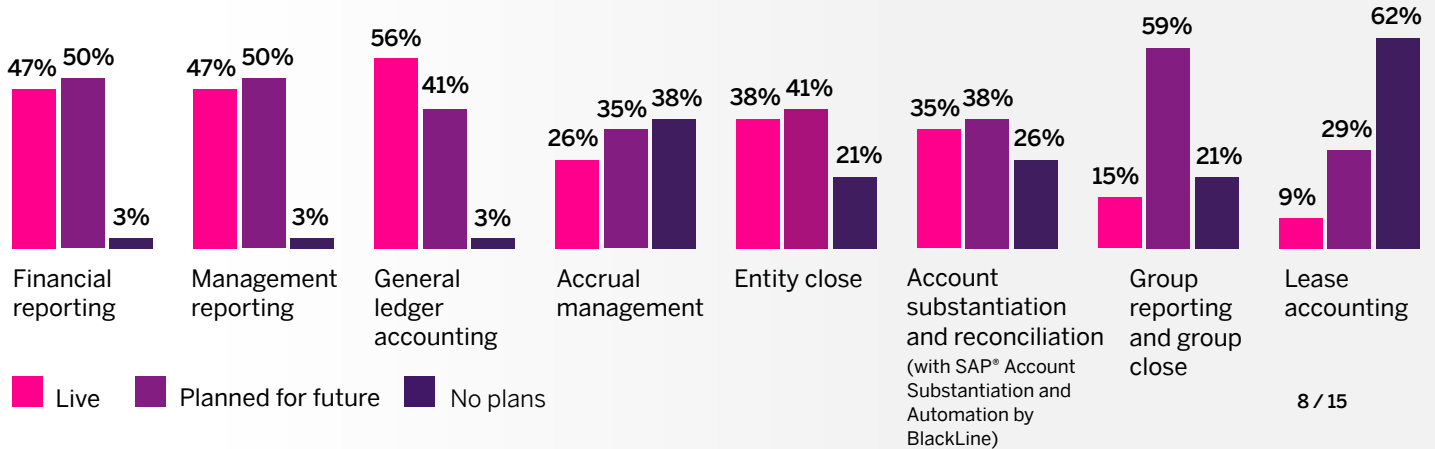


Target Processes

Most organizations have initially focused on gaining enterprise insight through features such as financial reporting, management reporting, and general ledger

accounting (see Figure 6). These features are commonly used as a first step in deploying central finance as a platform.

Figure 6: Record-to-Report Processes





The survey results show encouraging outcomes, with more than one-half of respondents live after relatively short project timelines. Not surprisingly, companies that mastered the basics of data harmonization, core accounting, and reporting are transitioning to central finance as the ledger of record for the enterprise. In these enterprises, the focus has shifted to accrual management, account substantiation, entity close, and consolidations.

Early adopters are focused primarily on reporting. Because these companies are focused on generating the biggest business value, they are either deploying or planning to deploy central processing and central payment capabilities as soon as possible. In addition, group reporting is emerging as a primary driver for these organizations.

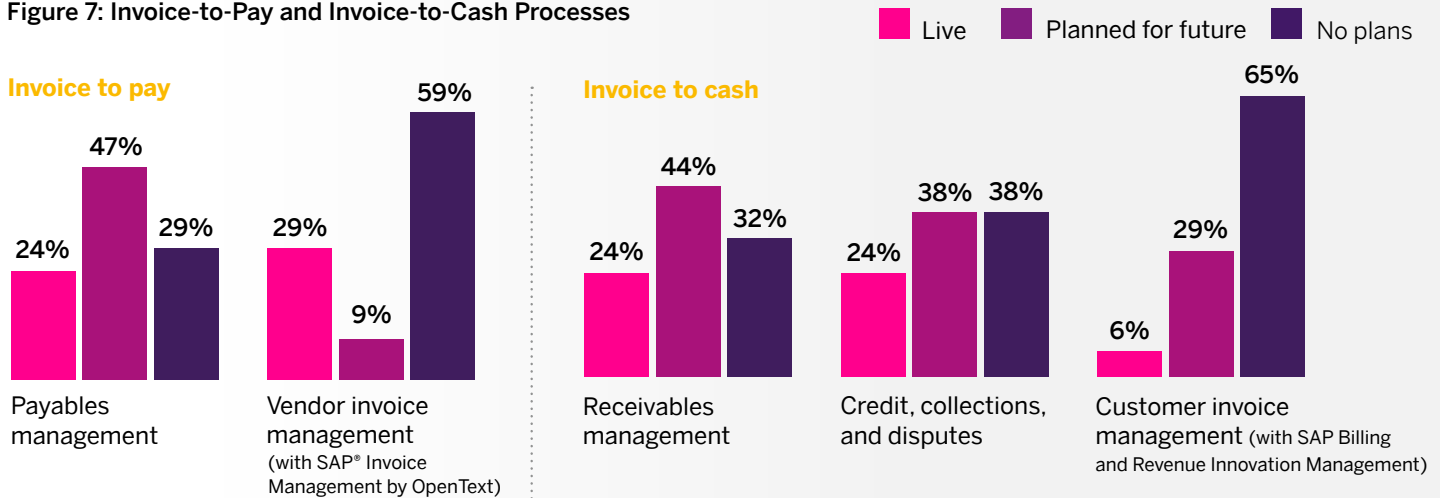




As companies continue to gain confidence in the capability, they expand shared services with an additional focus on payables and receivables management (see Figure 7). Approximately 30% of respondents are considering

expanding their view of central finance to include customer invoice management, using SAP Billing and Revenue Innovation Management solutions.

Figure 7: Invoice-to-Pay and Invoice-to-Cash Processes

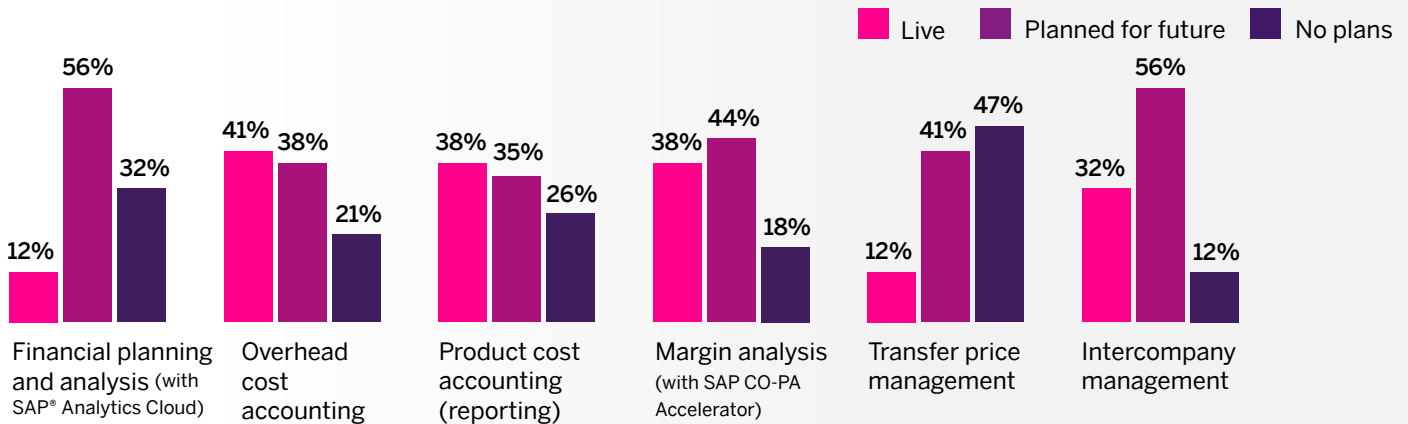




What's more, companies are beginning to dive deeper into the data stored within central finance, finding new ways to leverage the insight gained from data at its most granular level. The availability of operational data enables these enterprises to increase their focus on financial planning, overhead cost accounting, product cost

accounting, margin analysis, transfer pricing, and intercompany management. On average, only 29% of these capabilities are live within the survey group, but an additional 45% of respondents are planning to deploy these features (see Figure 8).

Figure 8: Planned Optimization of Financial Processes



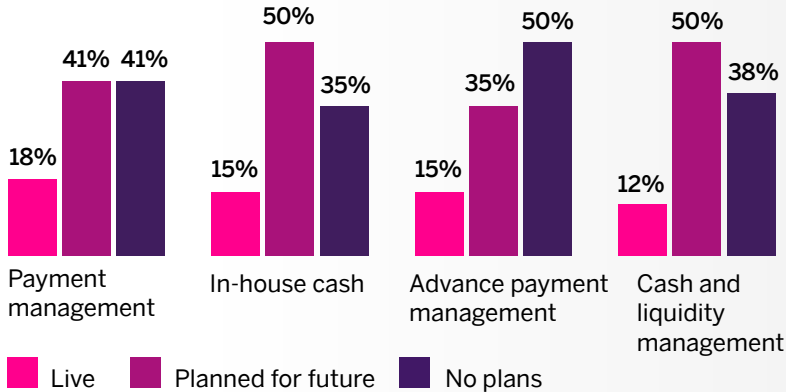


Although treasury, cash management, and liquidity have always been a focus for respondents, today's business environment has accelerated the value of using central finance as a hub for transparency into both real-time

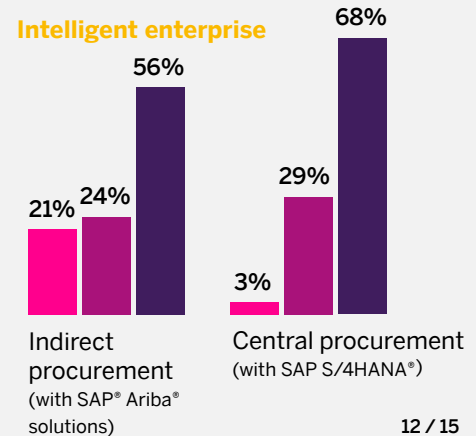
cash positions and cash forecasts (see Figure 9). The survey shows that central finance also is increasingly being used as a platform for integration with other cloud applications.

Figure 9: Treasury Management and Intelligent Enterprise Processes

Treasury management



Intelligent enterprise

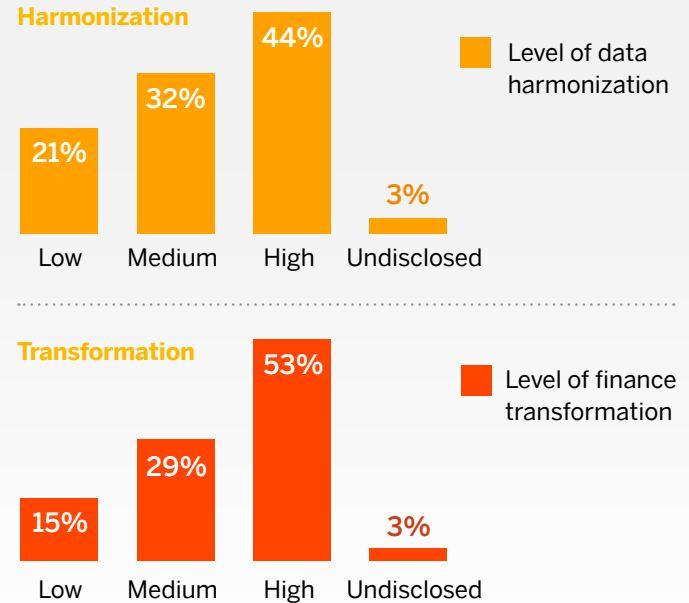




Central Finance Projects

The projects that respondents work on within central finance continue to track closely with their data-harmonization efforts, regardless of the level of complexity. The need for finance transformation mirrors the relative process maturity and data diversity of each company surveyed. In other words, environments that require high levels of data harmonization tend to also require finance transformation (see Figure 10).

Figure 10: Comparing Data Harmonization with Finance Transformation



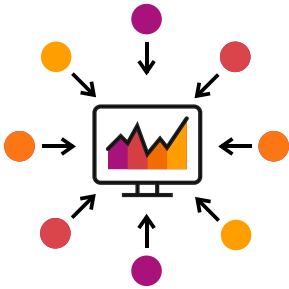


Final Notes from the Survey

The value of SAP S/4HANA for central finance is expanding, as early adopters find more ways to gain value from a single version of enterprise financial truth (see [sidebar](#)). Companies gain confidence in the solution as they step through a typical progression – which includes moving from reporting to analysis, having the solution become the ledger of record for the enterprise, enabling shared services, and allowing the solution to act as a platform for innovation – thanks to its common data model and integration with other cloud solutions.

Many of the surveyed companies are also expanding their central finance footprint into areas such as central procurement. Others are capturing additional nonfinance attributes, such as product type, color, or temperature, enabling even more meaningful analysis. Some enterprises are using central finance as the first step toward using the additional capabilities of SAP S/4HANA.





Stay tuned as companies in the customer exchange networking group continue to find new ways to use their single version of truth, steering their organizations to increased profitability enabled by the SAP S/4HANA solution for central finance.

To find out more about the central finance capability, visit us [online](#).

BENEFITS OF DEPLOYING CENTRAL FINANCE

When asked to list the additional value of the SAP S/4HANA® solution for central finance, survey respondents listed these benefits:

- Improved user experience
- Enhanced reusability of central finance for other SAP S/4HANA projects
- Flexible, faster evaluation of financial data
- Streamlined vendor payment terms, pricing control, and other vendor rationalization activities
- Greater insight into manufacturing reporting
- More efficient integration after merger-and-acquisition activities
- Accelerated revenue-recognition processes
- Improved analysis of journal entries
- Enhanced skills and capacities in SAP S/4HANA
- Reuse of SAP® Landscape Transformation software for other integration work
- Greater support for statutory and reporting requirements
- Simplified tax reporting
- Faster financial transformation
- Increased visibility into new or wrong flows and postings

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