



SAP S/4HANA® for central finance | PUBLIC

Improving Return on Investment on Your Finance Transformation

Accelerate your ROI through Incremental Transformation with Central Payments and Treasury.

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Deloitte.

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THE BEST RUN



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For finance executives in any industry, a big focus of digital transformation is reducing costs and optimizing working capital. Growing transaction volumes, complex partner contracts, decentralized applications, and a challenging economic environment are forcing CFOs to reconsider how to manage working capital effectively. The need to increase efficiencies through centralization of finance functions seems inevitable – but how?

75%

of CFOs are taking accelerated steps towards optimizing working capital.¹

85%

of CEOs have increased their efforts towards full digital transformation and centralization of finance and shared service functions.²

SAP S/4HANA for central finance combined with Deloitte's deep experience can help pave the path to centralizing finance and treasury management functions.

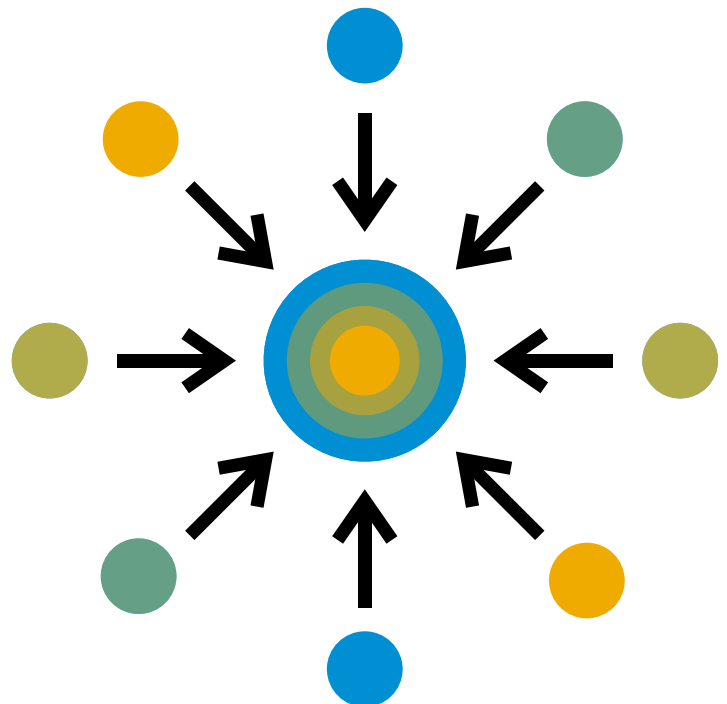
The Journey to Centralized Finance

Achieving the benefits of centralized finance can be described as a journey for many organizations. One that begins with the implementation of SAP S/4HANA central finance for immediate benefits of more flexible reporting and consolidating disparate data. However, reporting efficiency is only the first step on the road to the multiple other incremental ways to find greater value and return on investment.

FIRST STOP – A CENTRAL FINANCE FOUNDATION

Most organizations today have multiple financial systems generating financial data. Users and analysts must juggle access to multiple systems and aggregate data from several sources, often output in different formats. SAP S/4HANA for central finance replicates the data and forms a central system for consolidated reporting and analytics. The organization's financial users can then generate and review reports or financial statements and analyze information – all the way down to the line item.

The roles of financial planning and analysis teams (FP&A), controllers, and other financial system users are transformed with SAP S/4HANA as they benefit from a significantly better user experience with harmonized master data and access to single source of truth. Easy access to financial data enables them to spend their time more effectively in data analysis and decision making than in gathering and rectifying data.



NEXT STOP – CENTRAL PAYMENT PROCESSING WITH SHARED SERVICES

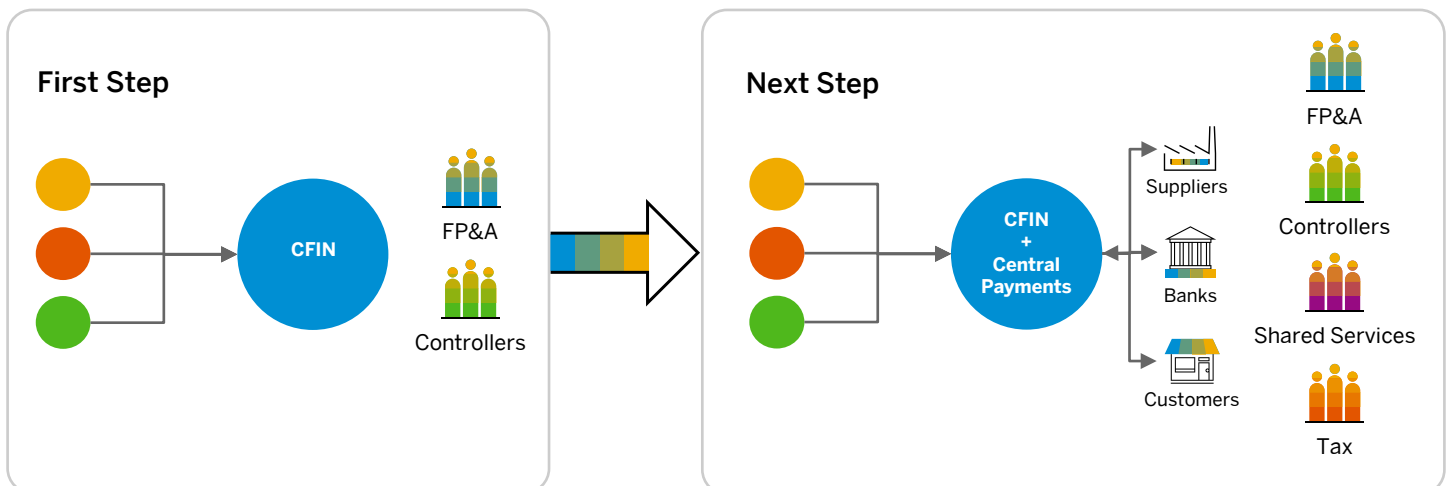
With financial transaction data available on a single platform, there is the opportunity to further optimize financial operations through a model of shared financial services that manages all payment processing, including payable and receivables (AP/AR), across the organization. Since teams now have easy access to all sub-ledger documents, payment processes can be transformed resulting in significant efficiency gains.

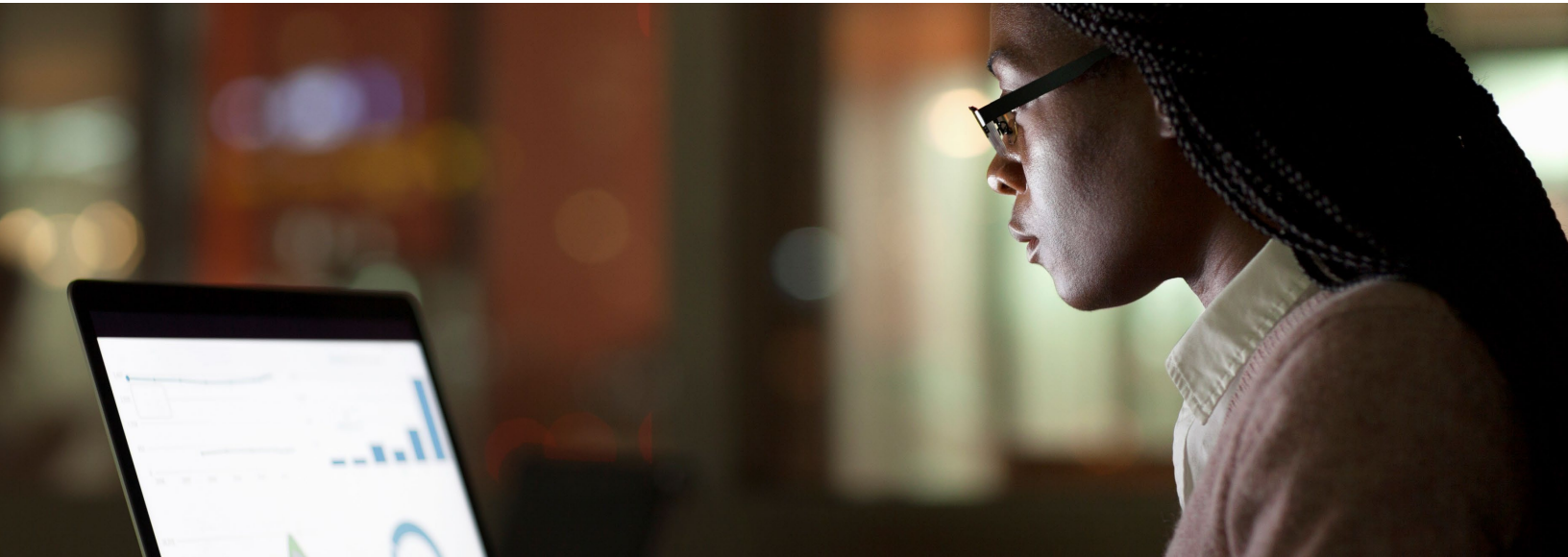
One of the simplest applications of SAP S/4HANA for central finance is the centralizing of supplier and customer payments. With open AP/AR items readily available in central finance through real time replication from source ERPs, SAP S/4HANA will automatically enable open item management. In a shared service organization, the AP processor only requires access to a single system to view the total liability and make payments across all business units and suppliers irrespective of the source system which receives the POs and invoices.

69%

of respondents say with central payment processing they would have more time for higher value work.³

For organizations with more distributed regional structures, central payment processing creates a strategic opportunity to establish a new shared service center, to allow the financial workforce to optimize processing expenses.





ORGANIZATIONAL BENEFITS

Fewer Integrations for IT

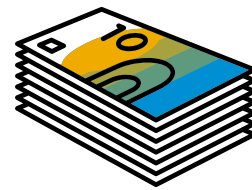
IT teams see a significant reduction in the number of integrations needed to connect systems and external organizations such as banks, suppliers, and customers.

Stronger Relationships

All payment data is accessible through out-of-the-box analytical dashboards and drill down capabilities. This supports the strengthening of supplier and customer relationships through timely payment processing and quick resolution of inquiries.

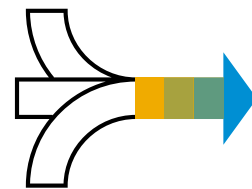
Optimized Payments

Centralized payment processing provides cost saving opportunities such as ensuring discounts on payments are leveraged, bank fees are reduced, and working capital is better managed.



35%

Shared service efficiency gains through centralized payment processing and timely cash applications.⁴



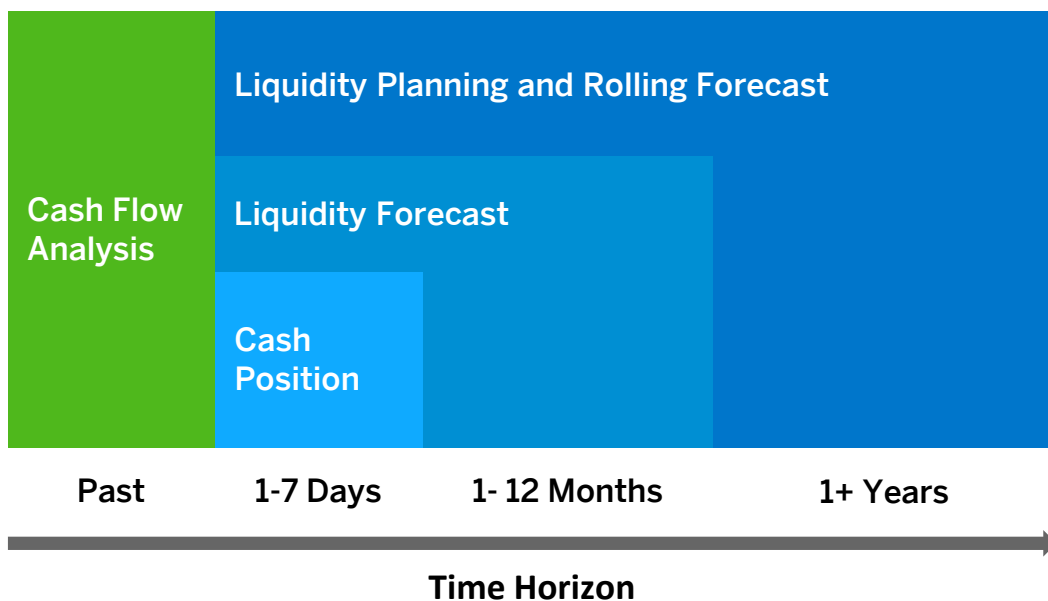
15%

Savings with bank integration and account reconciliation with one system compared to multiple systems.⁵

Moving Ahead - Incremental Transformation with Treasury Cash Management

How can your organization's treasury improve visibility into global cash management and see accurate cash flow forecasts? SAP S/4HANA for central finance makes it possible to retrieve short term, medium term, and long term forecasts, and perform cash flow analysis to reduce borrowing costs. Through the centralization of financial processes, treasury management can achieve better controls, greater savings on bank fees, higher investment yield, and reduced hedging costs.

In an example of a simple use case for treasury, by bringing subledger and banking transactions into an integrated central finance system, real-time visibility to global liquidity and forecasts is available. Treasury will spend less time collating cash reports and more time on analytics and decisions to improve cash efficiency, meeting financial obligations, and reducing operational risks.



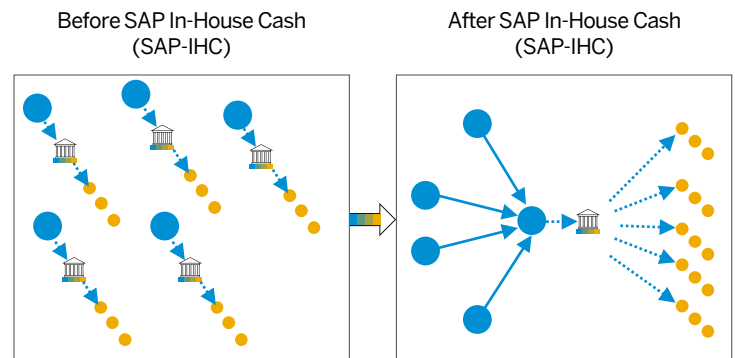
OPTIMIZING TREASURY MANAGEMENT

Minimizing external banking connections and simplifying internal funding factors leads to optimized treasury management processes. SAP S/4HANA for central finance allows treasury teams to optimize the integration process through payment processing, bank connectivity, POBO (payments on behalf of), intercompany netting, and settlement capabilities.

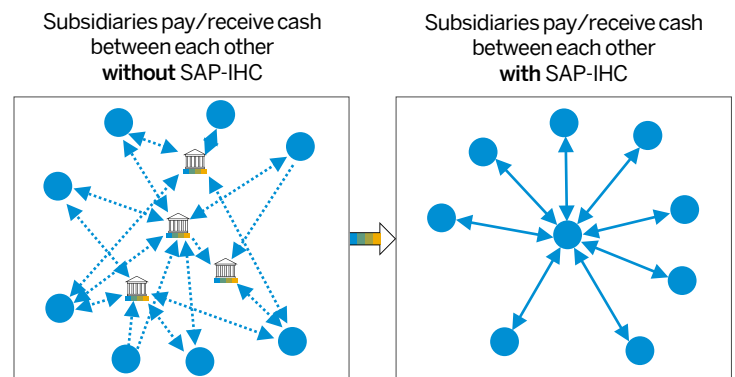
Increased visibility into key operations is a core component of transparency and provides the ability to track AP and AR due diligence, treasury payments acknowledgements, compliance, status monitoring, and reconciliation for enhanced controls. Furthermore, significant cost savings can be realized through a reduction in bank fees, volume of accounts, and cash transfers between regions and entities.

Straight through processing eliminates reliance on interfaces and manual processes. Through internally generated bank statements, automatic reconciliation can be achieved, which drastically improves treasury management automation and minimizes risk.

POBO



Netting



EXTENDED BENEFITS FOR HEDGING AND FOREIGN CURRENCY

SAP S/4HANA for central finance along with central payments and treasury allow the benefits of best practice treasury management to be extended to all operating units - for example improving efficiencies and compliance with derivative and financial instrument accounting requirements.

Through a centralized in-house bank model, liquidity management is achieved by integrating foreign exchange (FX) risk management and reporting. Full automation of end-to-end processes and centralized data provides better treasury management of FX risk and hedging. By enabling the ability to manage interest rate exposure effectively, hedge accounting strategies can be optimized for risk management activities.



ORGANIZATIONAL BENEFITS

Bank Master Data Governance and Controls

By enabling centralized bank relationships, SAP S/4HANA for central finance enables cost savings through standardized connectivity options, greater compliance and fewer payment failures. Relationships with proven SWIFT service providers can be established for faster integrations.

Straight Through Payments

Create pre-configured and validated payment files by country and financial institution. SAP S/4HANA for central finance allows automated payment confirmation processing and exception processing.

Insight into Working Capital

Get real-time reporting and indicators of position, needs, levers and scenario planning. Add-on tools for SAP S/4HANA for central finance can be used to enable working capital analytics.

Liquidity & Cash Forecasting Analysis

Automate the derivation of liquidity items and cash flows based on pre-set rules. View budgeted versus actual comparison and variance analysis and conduct scenario-based planning. Add-on tools for SAP S/4HANA for central finance can be used to enable liquidity analytics.

Robotic Process Automation (RPA) for Bank Statement Management

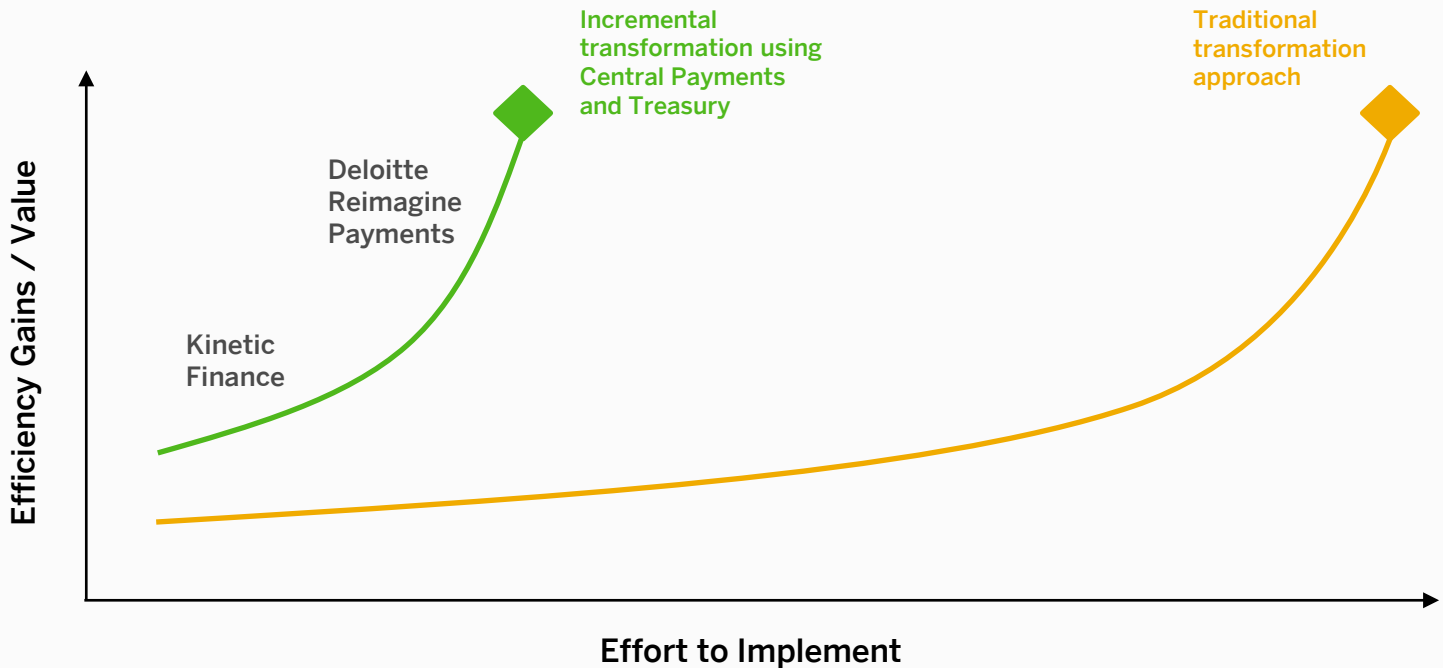
SAP S/4HANA for central finance supports building and orchestrating intelligent bots that can accelerate the process automation goal of new age enterprises by reducing manual tasks such as bank statement processing, bank balance updates, and cash position updates.



Incremental Path to Centralizing Finance

The current market conditions and economic situation have organizations looking for faster, more elegant paths to transformation with accelerated speed to value. SAP S/4HANA for central finance combined with Deloitte's Kinetic Finance™ accelerator reduces the overall project duration and provides customers with faster return on investment through an iterative approach.

The pressure to transform financial systems to improve efficiency, reduce costs, and eliminate redundancy is immense, and so is the fear of the cost and disruption that such an undertaking can cause. SAP and Deloitte offer three important value accelerators for centralized payment processing and efficient treasury management.



1. SAP S/4HANA for Central Finance with Deloitte's Kinetic Finance Startup

Get real-time visibility into overall financial status, liabilities, and cash position at the granular level. With instant access to transaction level data, cash flow, and liquidity, the speed of decision making is accelerated exponentially. SAP S/4HANA for central finance is a light implementation, made even easier with Deloitte's Kinetic Finance Startup service. Kinetic Finance Startup reduces the overall implementation effort by 50% while leveraging industry-recognized best practices.

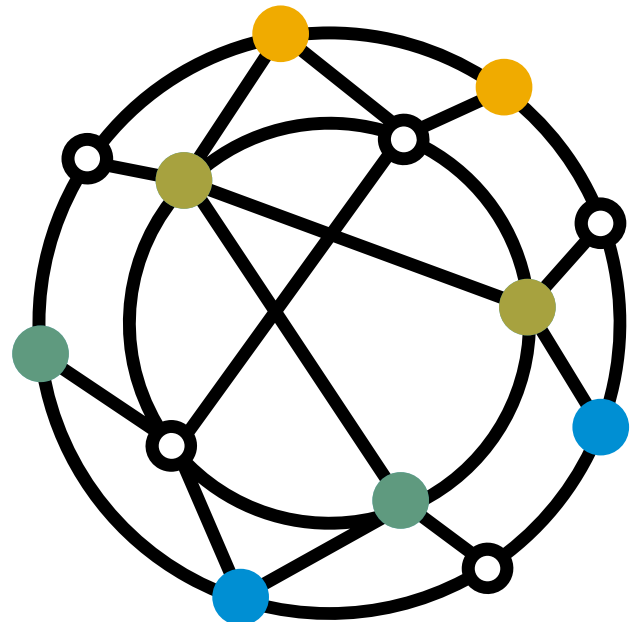
2. Transform shared services with Central Payments and Kinetic Microservices from Deloitte

Through centralized processes, businesses can enable and optimize shared service organizations. It is estimated that 30% to 40% efficiencies are gained through process centralization using Central Payments for AP/AR, and treasury enablement.

Automated payment processing further increases efficiencies in shared services. Deloitte's Kinetic Micro Services and Central Invoicing solution centralizes upstream invoice receiving and processing reducing integration efforts. Advanced Payment Management (APM) further enables flexible and scalable execution of payments with end-to-end transparency in payment process and on-the-fly payment analytics. Furthermore, SAP S/4HANA for central finance and central payment processing significantly reduces integration efforts during mergers and acquisitions.

3. Transform Cash and Treasury Management

Through a selective and incremental transformation approach, cash and treasury management can be implemented as a parallel initiative to the centralization of financial processes. Accelerate the benefits in treasury functions such as bank fee reductions and efficiency gains in centralized liquidity visibility, working capital optimization, and better global risk monitoring using the Advanced Payment Management ecosystem of treasury functions on SAP S/4HANA for central finance.



Let's Talk

Find out how Deloitte can help you reimagine everything with SAP S/4HANA for central finance combined with central payments and treasury solutions – so you can rapidly transform your organization and support the “built-to-evolve” Kinetic Enterprise™.

[Contact us](#) to schedule a demo, get more insights, or discuss a specific challenge your organization is facing.

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