



Central Finance First

Accelerate the journey to a modern finance organization with SAP S/4HANA® for Central Finance



The CFO moment is now

In unpredictable times, finance should be ready to move rapidly to operate in new situations. Financial insights, forecasts and planning capabilities are never more critical than when organizations find themselves under unexpected stress and forced to adapt rapidly to fast-changing circumstances.

But that level of speed and agility is not what most finance functions have today. For a variety of reasons—past mergers and acquisitions, previous deployment strategies, conglomeration, or the inevitable reality of running a successful global business for many years—today’s multinational organizations have a much more complex and challenging reporting and transactional system landscape.

The picture will be all too familiar to CFOs: numerous legacy transactional Enterprise Resource Planning (ERP) systems from multiple different entities intricately mapped to various planning and data warehouse systems, often

supported by duplicative, inconsistent, or highly manual processes. A consolidated layer to amalgamate and report on finance data that exists in pockets across the organization (see Figure 1).

Data in the transactional systems are disconnected and not aligned. Consolidated data in the data warehouse typically does not produce auditable numbers. The data that CFOs get from consolidation is highly summarized, with no line-item detail, meaning it can take a team of precious analysts days of work to figure out what’s actually happening when any number changes. Moreover, consolidated data is typically not available until after month-end close, meaning it can take four to six weeks before transactions are visible.

All this leaves CFOs a long way from getting what they really need—a single up-to-date version of the financial truth for the whole organization. And that’s a problem, now more than ever.

Complex finance landscape

For years, the CFO's role has been growing, becoming ever more critical to the success of the whole business. Market disruption, rapidly advancing technology, new digital business models, changing relationships with customers, partners and suppliers—these trends have all changed the demands placed on CFOs as well as the nature of their role.

When the pace of change is accelerated like this, finance needs to move faster, with the flexibility and agility to adapt to rapidly changing circumstances and help the organization pivot quickly to new business models and new sources of growth. Having on-demand, real-time accurate forecasts and financial insights has never been more important.

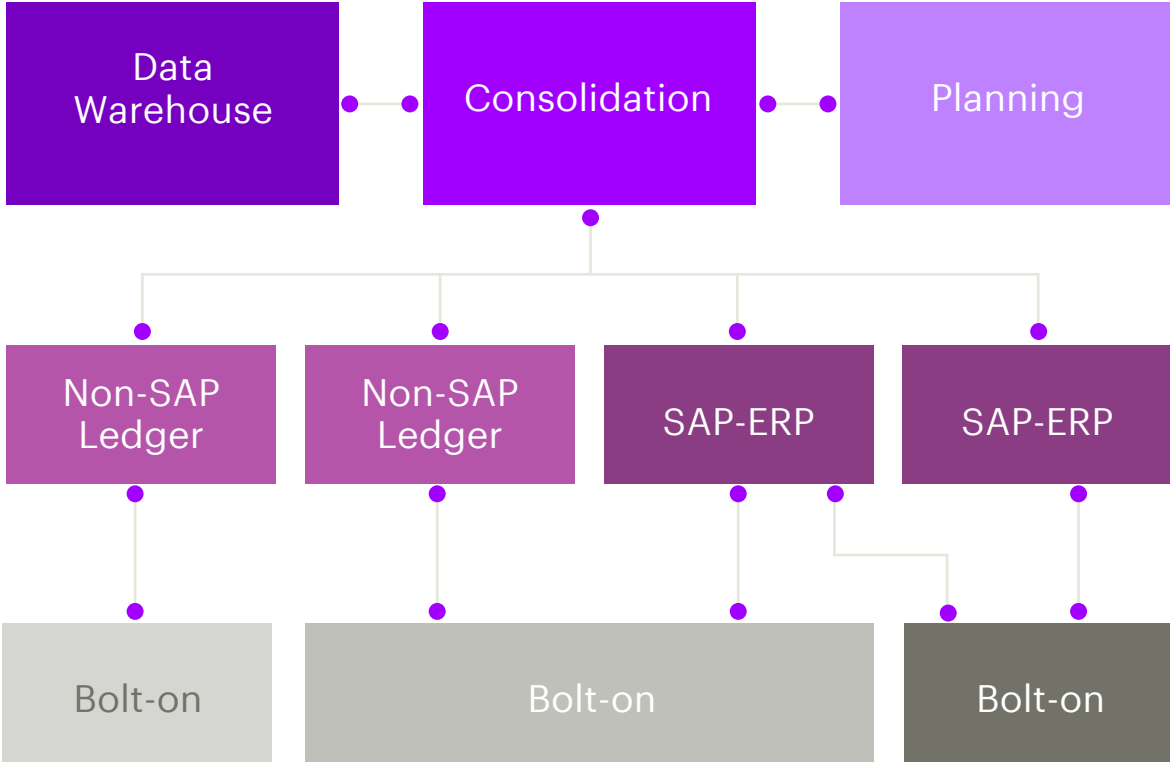


Figure 1: Navigating a fragmented finance landscape

Getting to a modern finance landscape

As CFOs take on this expanded role, the ability to act not only as an economic guardian but also as an architect of business value and catalyst of digital transformation is becoming a crucial differentiator. To drive value, outmaneuver risk, and compete more effectively, CFOs should now move faster than the pace of business.

However, today's fragmented system landscapes are holding them back (see Figure 1). So why not simply replace them with a single global instance of an ERP to get that real-time single version of the truth?

It's a nice idea in theory. But most CFOs have been here before and know all too well the challenges involved. They've seen five-year roadmaps become seven-year roadmaps become ten-year roadmaps. They've seen how

trying to shoehorn disparate systems with distinct processes and very different requirements into a single ERP system created unimaginable complexity. They've seen how transformation programs got delayed or derailed by the inevitable bumps in the road that every business encounters. And they've seen the implementation of critical financial reporting capabilities get pushed back time and again.

The good news?

The way organizations do systems delivery has evolved to a more agile approach and the SAP S/4HANA® for Central Finance (Central Finance) concept now offers a faster and more flexible route to a modern finance landscape than traditional staged deployment.

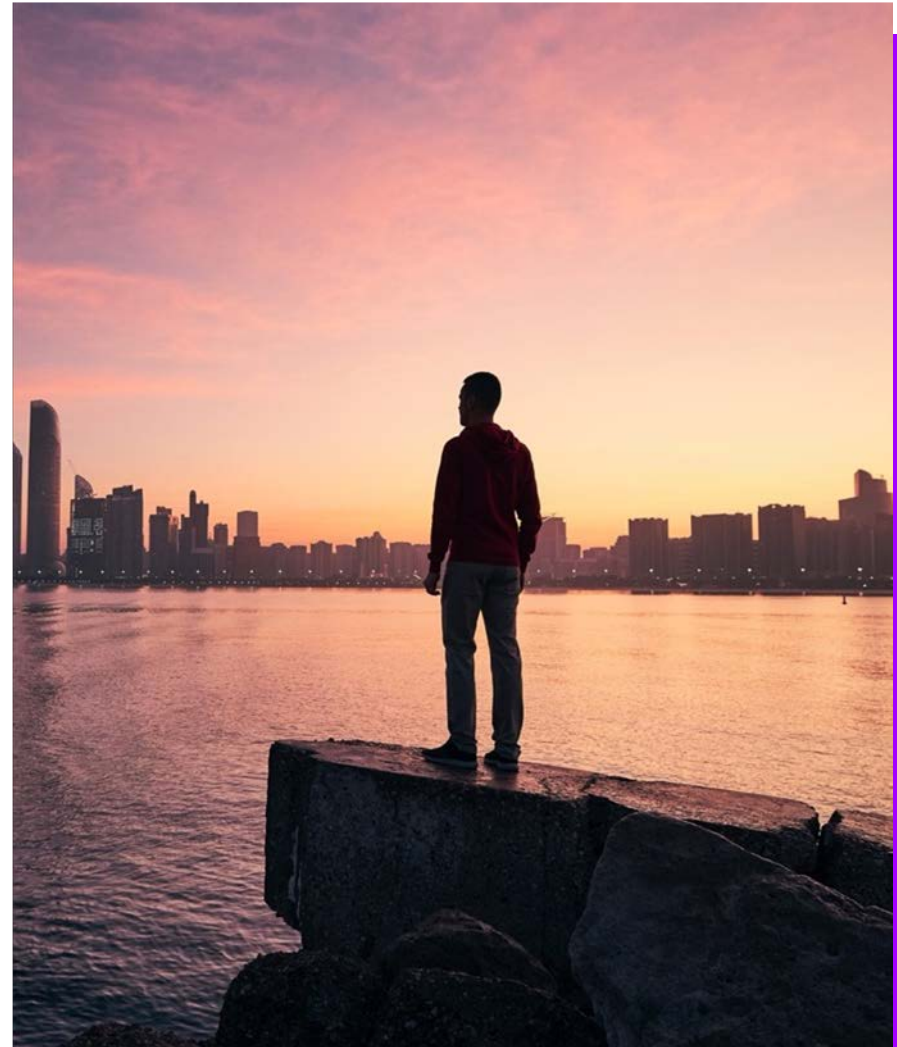
That means creating a flexible architecture with

a platform-based solution that supports innovative business capabilities and integrates a broader ecosystem of modern and scalable digital solutions. This can then be extended using SAP and other cloud technologies to drive greater use of automation, embedded analytics and intelligent technologies.

What is SAP Central Finance?

Based on a greenfield SAP S/4HANA implementation, Central Finance provides a new digital finance core for the organization by integrating multiple transactional systems:

- Reposts **line-item financial detail** from legacy ERPs into a single ledger for financial, legal, tax, and management reporting in real time.
- Enables a **new “financial language”** across the enterprise by providing a harmonized data structure that combines financial, customer and product-related elements.
- Establishes an **SAP S/4HANA** foundation for the organization—which can be gradually expanded over time.



How to create a digital finance core with SAP Central Finance?

Having supported the majority of all the large-scale Central Finance implementations undertaken to date, Accenture understands where this approach can deliver the most value. In our experience, there are three key scenarios in which Central Finance is a compelling strategy (see Figure 2):

- 1. Faster finance insights.** Large global companies that want to get better and faster financial insights out of their diverse collection of ERP systems, finance-related technologies, and data models.
- 2. Centralized operational excellence.** Global organizations, with multiple business units and very complex multi-ERP technology environments, that want to achieve operational excellence by centralizing the finance function.
- 3. Rapid integration of acquisitions.** Companies that engage in regular mergers & acquisitions (M&A) activity and need to quickly integrate financial reporting for acquisitions with minimal disruption.

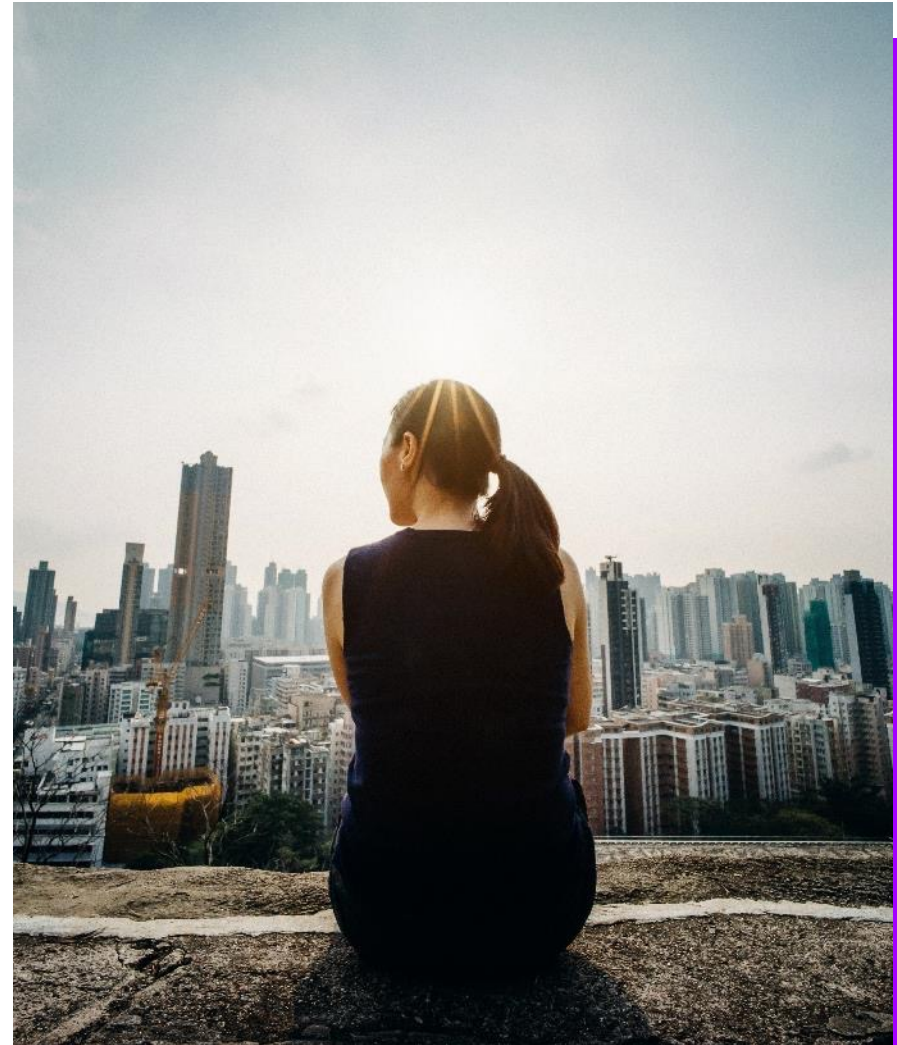


When an organization has opted for SAP Central Finance, how should they approach the journey?

Every organization has its own strategic goals and competitive pressures, as well as its own technology landscape, organizational structure, and culture. However, while the starting point will always be unique, a Central Finance journey can essentially take one of two routes (see Figure 2 and 3).

The first is to use Central Finance as a stepping-stone that helps the organization to accelerate its longer-term journey to a single SAP S/4HANA instance. Under this model, the organization first implements Central Finance as a digital core, and then migrates its underlying ERP platforms and processes into that core, resulting eventually in a global SAP S/4HANA instance.

The second option is a “two-tier” model which views Central Finance not as an interim solution but as an end state in its own right. As in the stepping-stone model, Central Finance is implemented first. But rather than being migrated into that single core, the underlying ERP systems are consolidated and modernized when it makes sense given each business unit’s unique circumstances and objectives.



SAP Central Finance scenarios

1

Enable SAP S/4HANA digital transformation

- Start with **Central Finance as a stepping-stone to SAP S/4HANA** by establishing the finance foundation
- Transformation-oriented
- Provides improved and accelerated financial insights as initial benefit
- Change management instrument to facilitate adoption

Client archetype

- Large to very large global company
- Single or low number of ERPs

2

Centralize the finance function

- Use **Central Finance as the end-state solution** to centralize finance processes, from reporting, to month-end close and reconciliation, and payables and receivables
- Enable operational excellence, shared services

Client archetype

- Large to very large global company
- Complex multi-business unit, multi- ERP

3

Accelerate M&A insights

- Use **Central Finance** to Integrate financial reporting of an acquired company while minimizing disruption to the system(s)
- Accelerated synergy realization due to one source of truth and integration

Client archetype

- Medium to large global company
- Acquisition driven, often multi-ERP

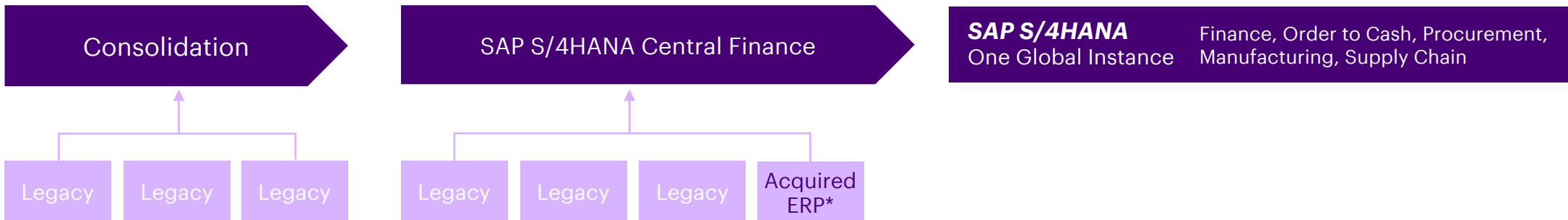
Figure 2: SAP Central Finance: two routes, one goal



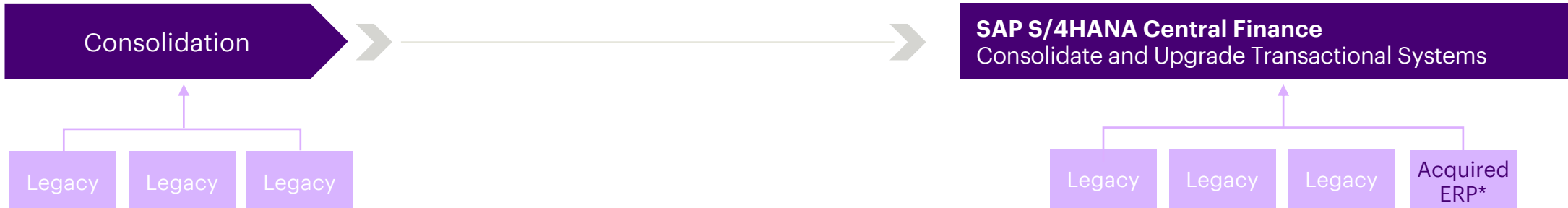
Central Finance end state visions

Today → Interim solution → End state solutions

1 *Enable SAP S/4HANA digital transformation*



2 *Centralize the finance function*



* **3** *Accelerate M&A insights* Integrate acquisitions - applicable to scenarios 1 and 2



Figure 3 Central Finance journey can take one of two routes

Choosing the right path

Central Finance is not the only way to approach an SAP S/4HANA transformation. This can be a complex journey, and there are many possible paths to the destination (see Figure 3). Every organization should weigh up the benefits based on its unique circumstances and objectives—a process Accenture can support. In doing so, there are three key questions to consider:

- What's your end-state vision as a company and how do you want to accelerate value?
- Do you have the flexibility needed to solve the business challenges you know about today—and those you don't yet know about in the future?
- Are you looking to simplify reporting, increase the engagement of the finance function, and help your people move from manipulating data to become valued advisors to the business?





Conclusion: Put finance first in your SAP S/4HANA journey

The need for a digitally-enabled and adaptive finance function has never been greater. SAP's new solutions, and Accenture's proven value-driven approach, CFOs have a new set of options for achieving that speed and agility with a simplified digital core.

Whether it's a stepping-stone to a single SAP S/4HANA instance, or an end-state in its own right, Central Finance gives a CFO a series of key advantages—a faster route to value, better central reporting and analytics, strong controls and visibility, greater flexibility and agility—plus that single version of the financial truth.

For CFOs, the choice is clear: use Central Finance to help accelerate the value your organization gets from its financial systems.

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Learn more

To find out more on how we can help guide your SAP Central Finance implementation, visit accenture.com/sapfinance

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