Transform Finance with SAP S/4HANA

Martin Naraschewski, SAP
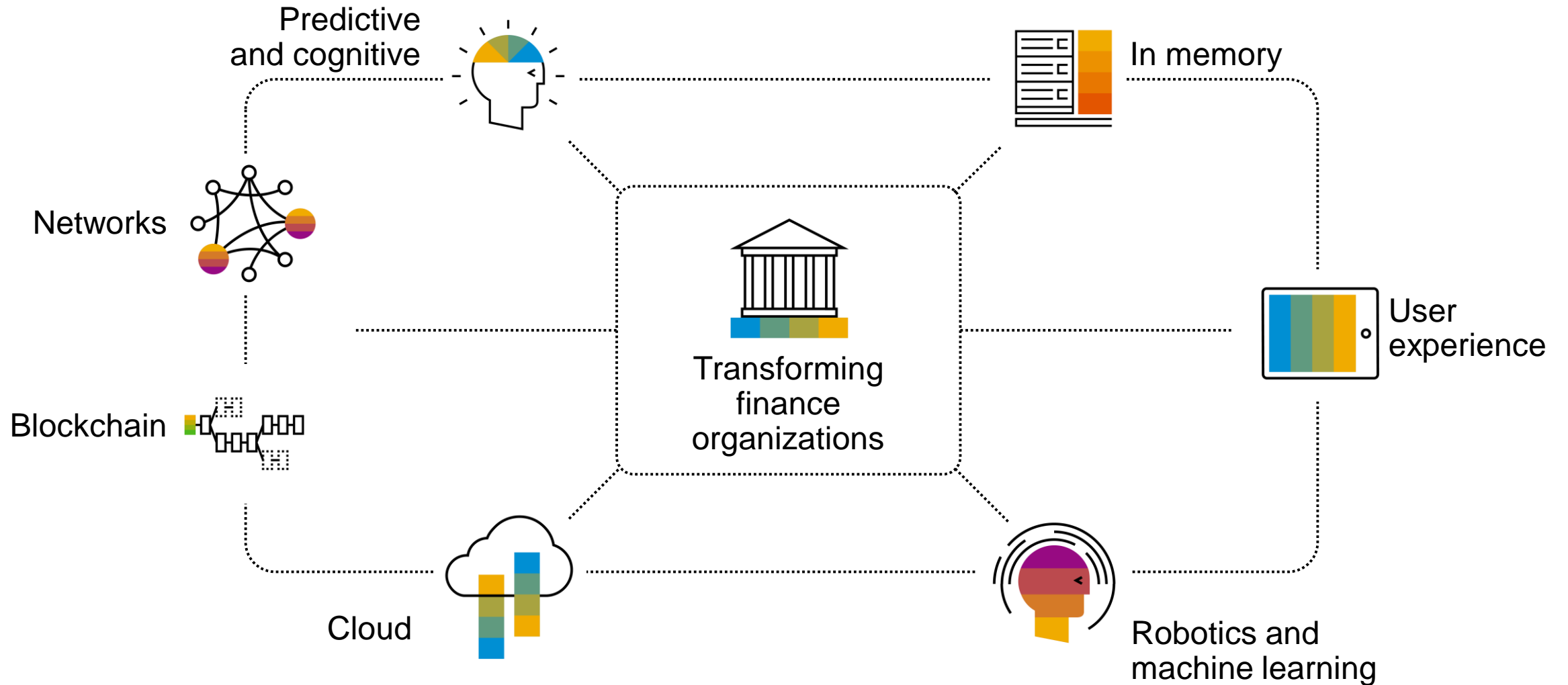
October, 2017

CUSTOMER

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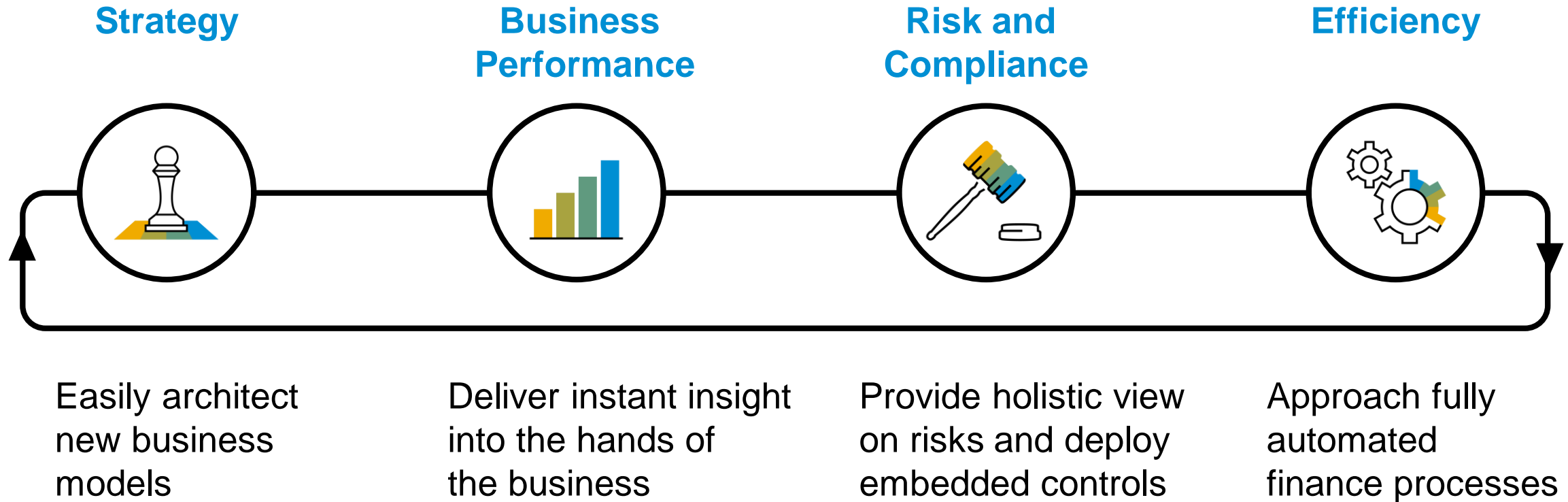
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What Digitalization means
for the Office of the CFO

Digital technologies are enabling new ways of finance transformation

Predictive and cognitive

In memory

Networks

Transforming finance organizations

User experience

Blockchain

Cloud

Robotics and machine learning

Reimagine finance

Strategy

Business Performance

Risk and Compliance

Efficiency

Easily architect new business models

Deliver instant insight into the hands of the business

Provide holistic view on risks and deploy embedded controls

Approach fully automated finance processes

The path forward
SAP S/4HANA and SAP Leonardo

SAP S/4HANA is the digital core for all finance processes
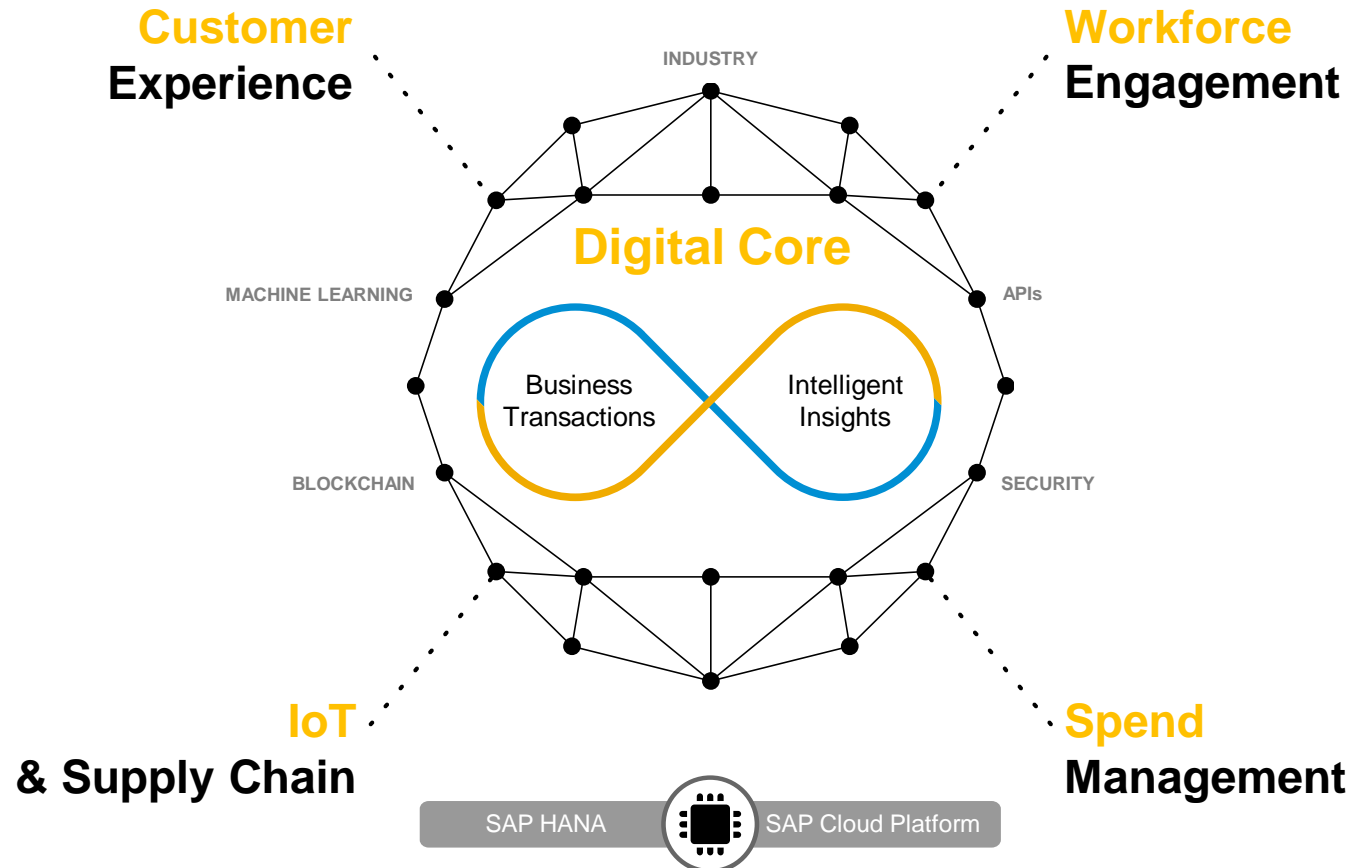
VP of Finance

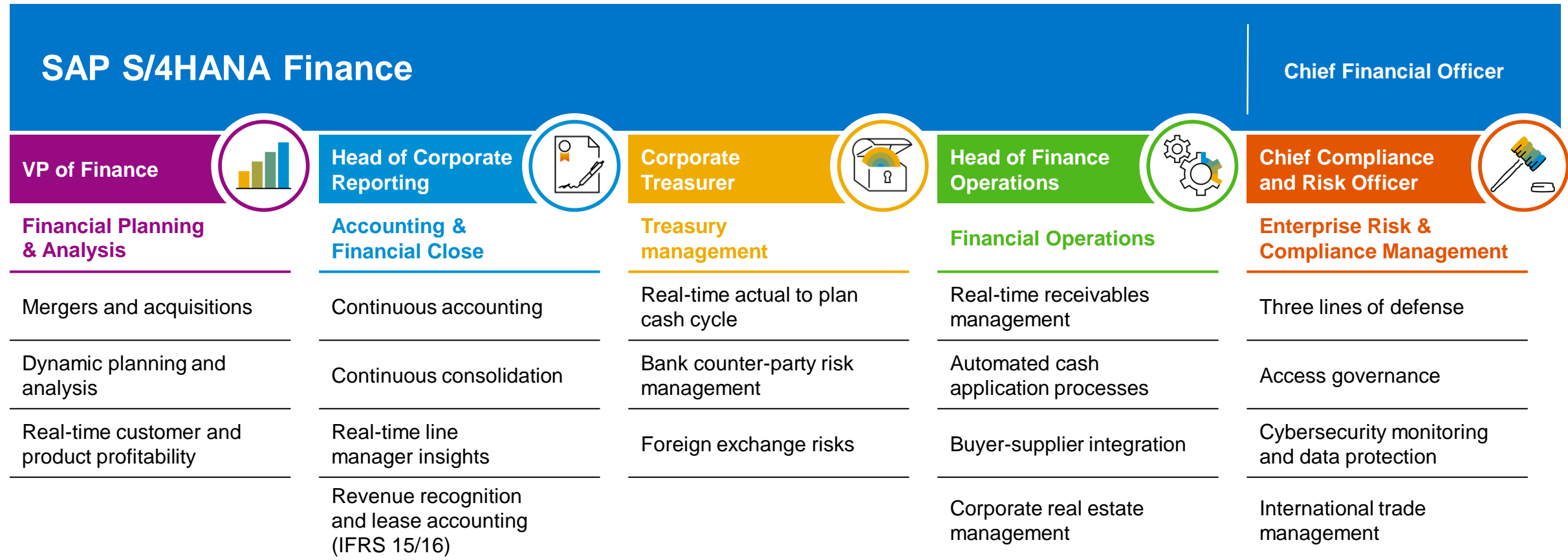**Head of Corporate Reporting**

Corporate Treasurer

**Head of Finance Operations**

Chief Compliance and Risk Officer

Customer Experience

Workforce Engagement

INDUSTRY

Digital Core

MACHINE LEARNING

APIs

Business Transactions

Intelligent Insights

BLOCKCHAIN

SECURITY

IoT & Supply Chain

Spend Management

SAP HANA

SAP Cloud Platform

S/4HANA value scenarios across all Finance

SAP S/4HANA Finance

Chief Financial Officer

VP of Finance	Head of Corporate Reporting	Corporate Treasurer	Head of Finance Operations	Chief Compliance and Risk Officer
Financial Planning & Analysis	**Accounting & Financial Close**	**Treasury management**	**Financial Operations**	**Enterprise Risk & Compliance Management**
Mergers and acquisitions	Continuous accounting	Real-time actual to plan cash cycle	Real-time receivables management	Three lines of defense
Dynamic planning and analysis	Continuous consolidation	Bank counter-party risk management	Automated cash application processes	Access governance
Real-time customer and product profitability	Real-time line manager insights	Foreign exchange risks	Buyer-supplier integration	Cybersecurity monitoring and data protection
	Revenue recognition and lease accounting (IFRS 15/16)		Corporate real estate management	International trade management

Central Finance – the Sidecar Approach to Innovation

Accelerate your transformation with instant data replication

Instant data replication

Central Finance

THE central S/4HANA instance
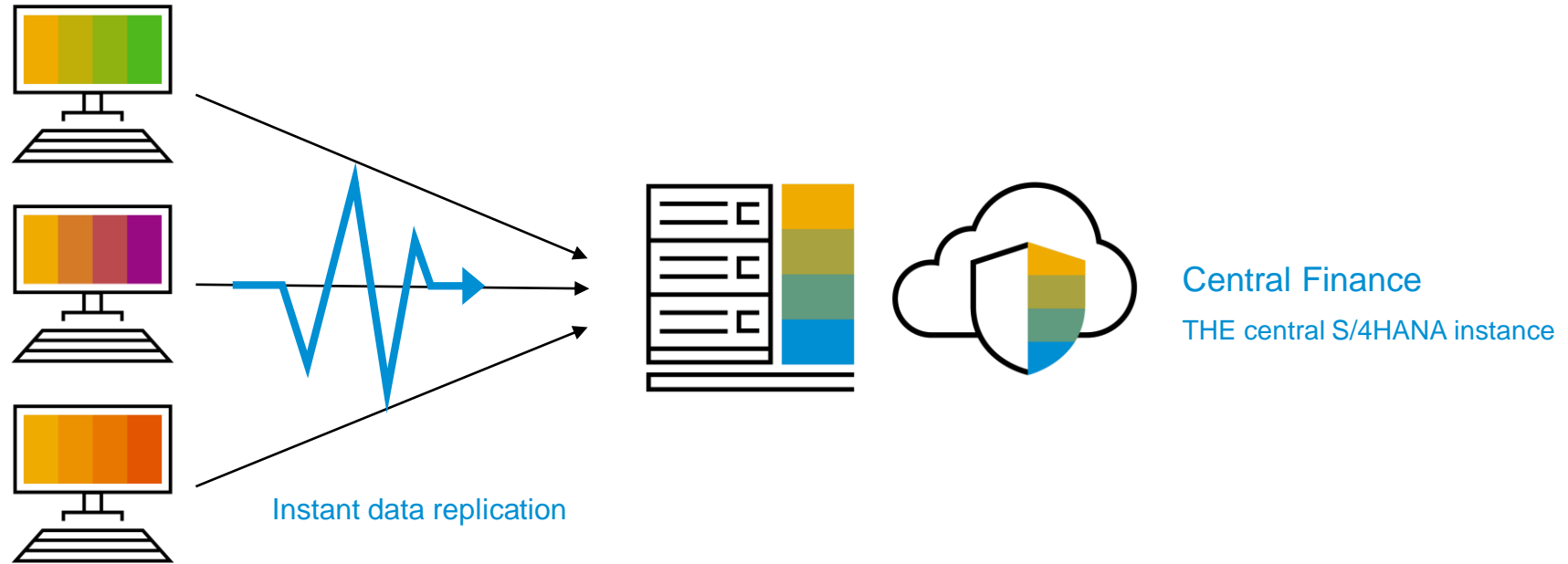
Local process

- Logistics and sales
- Inventory processing
- Procurement GR/IR
- Plant level / local close
- Local regulatory reporting

Centralized process

- Advanced business segment, entity and group reporting
- Group wide BS and P&L in real-time
- Intercompany reconciliation
- Central cash position / liquidity forecast (AP/AR based)
- In-house / Cash Management

- Central credit, collection, and dispute management
- Central AP/AR payment processing
- Central Financial Planning
- Real-time Consolidation
- Lease Accounting / Real Estate Management
- Central Indirect Procurement (Ariba)
- Central travel expense management (Concur)

What's new in S/4HANA 1709

Central Finance	• Fiori • Central AP/AR management • Enhanced VAT/TAX Configuration check • CO-PA support • Third party interfaces
Financial Planning & Analysis	• Fiori • Profitability Analysis • Planning Content • Material Ledger • Semantic Tagging • Flexible Hierarchies • SAP RealSpend • SAP Financial Statement Insights
Accounting and Financial Close	• Fiori • Subsequent introduction of document splitting • SAP S/4HANA Financial Closing cockpit • SAP S/4HANA for advanced compliance reporting • Real time consolidation
Treasury Management	• Fiori • Innovations of Core Treasury • Value-added cloud services • SAP Cash Management innovations
Financial Operations	• Fiori • Integration with Business networks • Value-added cloud services • SAP Shared Service Framework
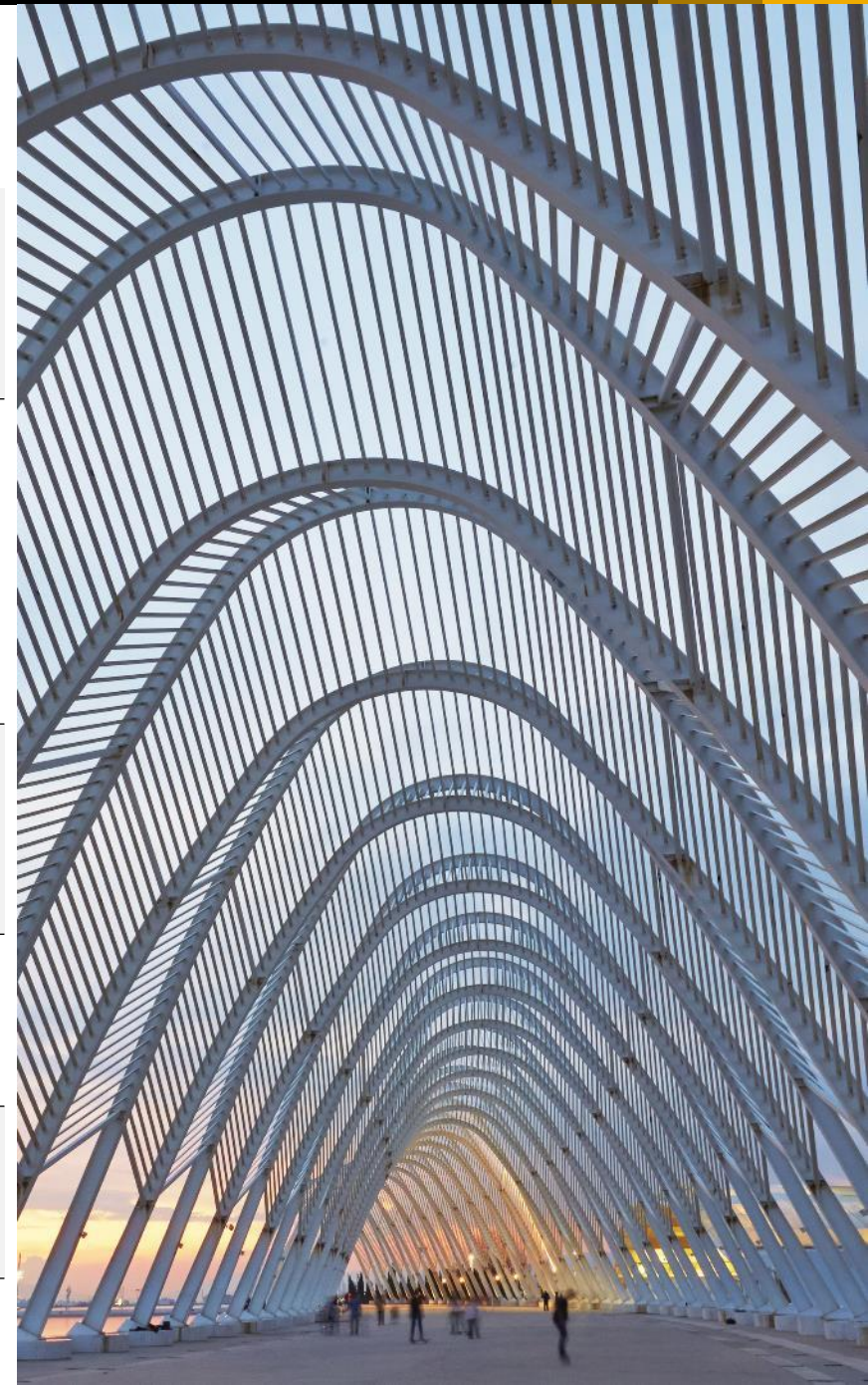
SAP S/4HANA benefits from SAP Leonardo

The Digital Innovation System to accelerate your transformation

Higher Efficiency with machine learning technology

Better Insights with data intelligence, predictive analytics, and big data

Transparent processes with Internet of Things

Business network innovations with blockchain and IoT

Internet of Things (IoT)

Data Intelligence

Blockchain

Analytics

Machine Learning

Big Data
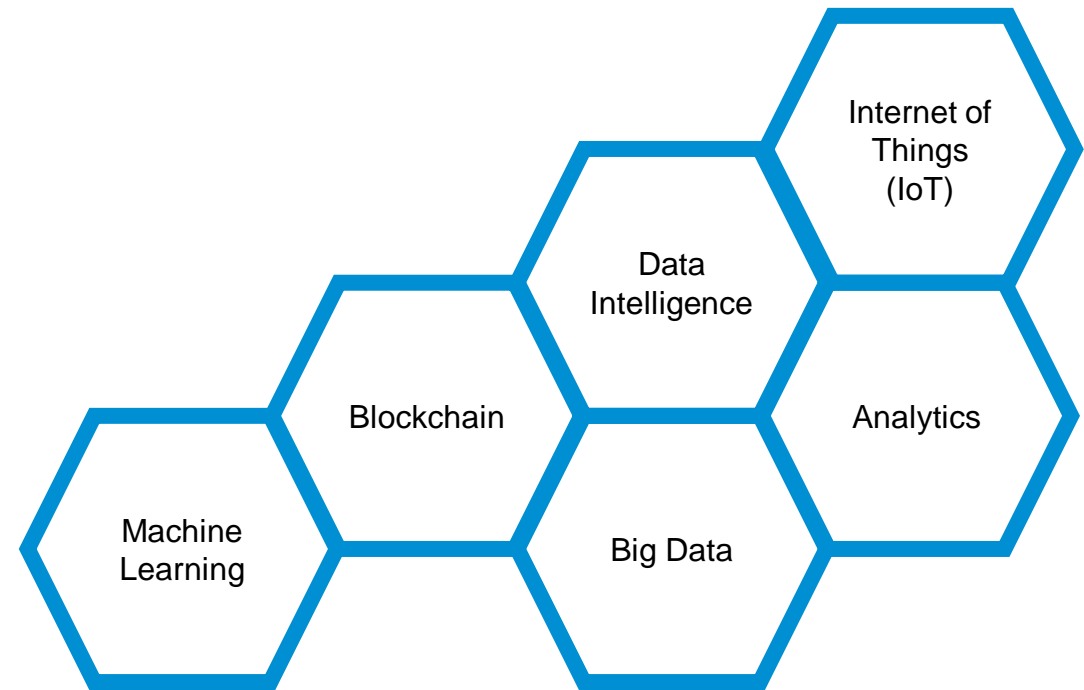
SAP Leonardo Technologies

SAP Leonardo delivers Breakthrough Technologies

Intelligent finance applications increase efficiency and reduce cost

Automating the End-to-End processes
Increase efficiency and reduce costs with SAP's Finance Portfolio

Detect and prevent fraud
Identify and rank information that positively correlates with fraud

Proactive context sensitive support
The digital assistant boost productivity of your financial experts

Prediction of future values
More insights into the future to facilitate taking the right decisions

Automate

Detect

Predict

Assist
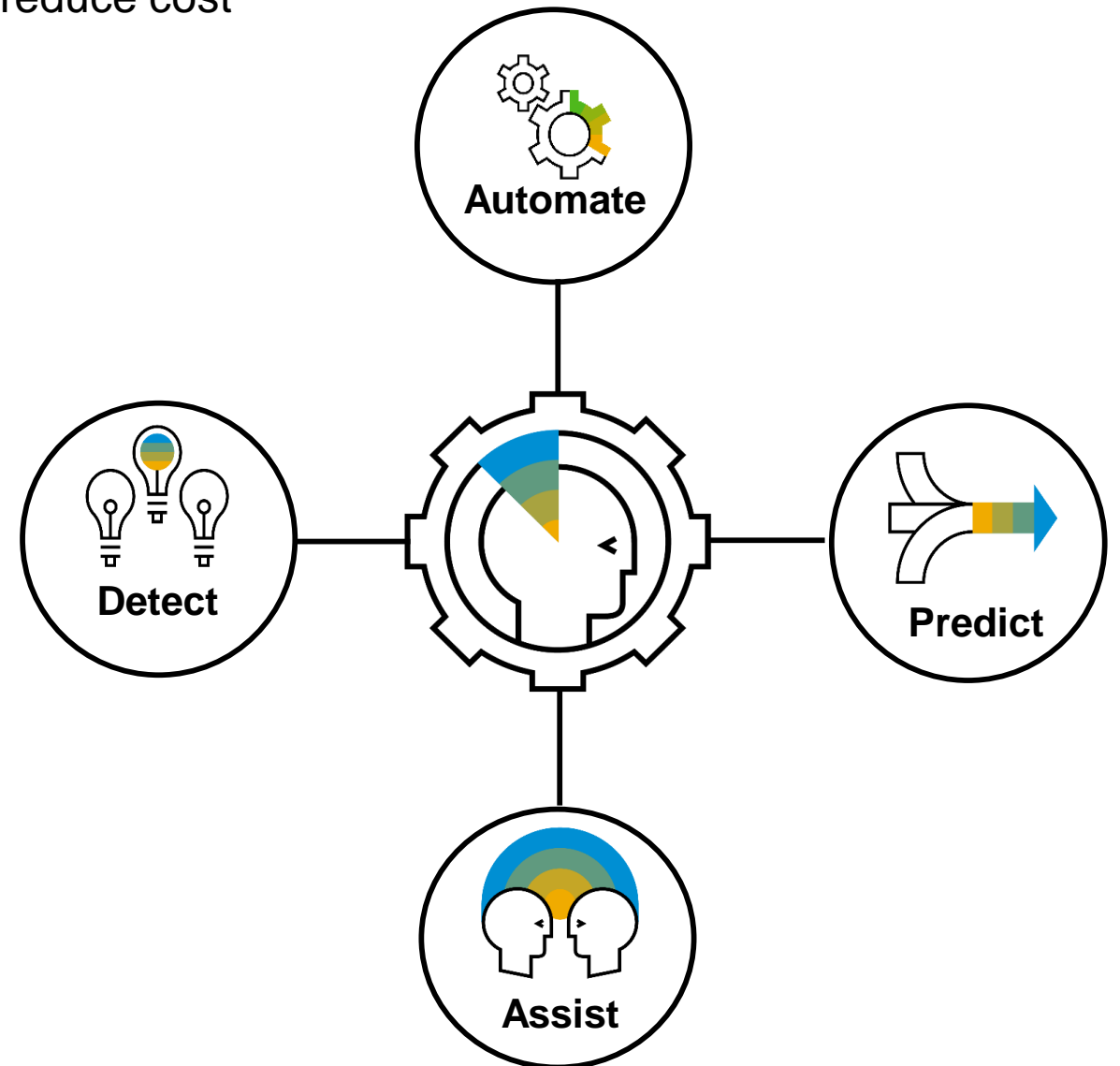
Digital automation of finance processes

SAP S/4HANA Finance – The Digital Core
Foundation for digital automation

Accurate digital data reduces reconciliations and enables higher degree of end-to-end automated processing

Engines specific process knowledge enables rule-based automation

Machine Learning Identify hidden patterns in knowledge-intensive processes and then execute processing

Robotics Process Automation Help run repetitive, rule-based monotone tasks

Accurate digital data

Machine Learning

Engines

Robotics Process Automation

IoT

Business Network

SAP S/4 HANA Finance

Digital Collaboration

eCommerce

Degree of Automation
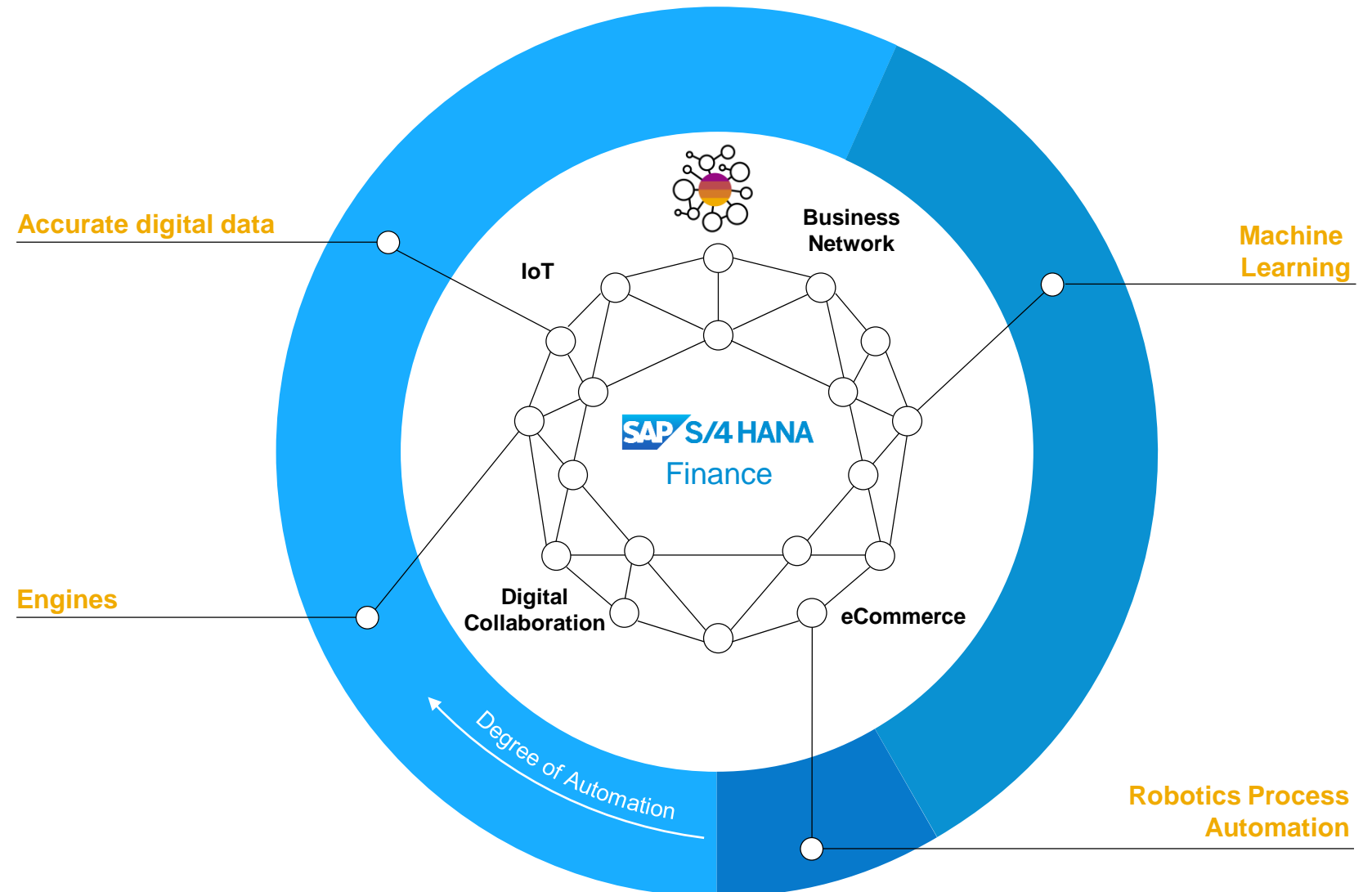
Example: SAP Cash Application

Next-generation intelligent invoice matching powered by machine learning

Automate

History
Payments
Invoices

Machine Learning

Matching proposals
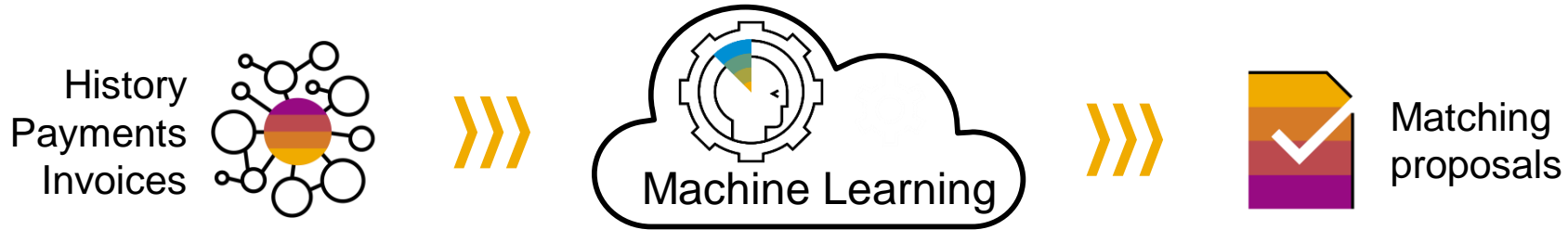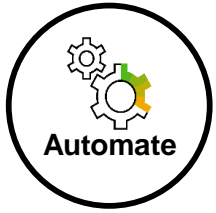
SAP Cash Application intelligently learns matching criteria from historical data and automatically clears payments

Automation

- Increase efficiency
- Reduce errors
- Enable finance to focus on strategic tasks

Speed

- Faster payment matching
- Reduce DSO
- Increase liquidity
- Improve customer service.

Reduce TCO

- Learns from historical data
- Learns from accountant behavior
- Does not require on-going maintenance

Integrated with S/4HANA

- Integrated with S/4HANA Cloud and On-premise
- Compliments standard rules
- Maintain current processing workflow

Example: SAP Business Integrity Screening

Detect and rank Information that positively correlates with fraud
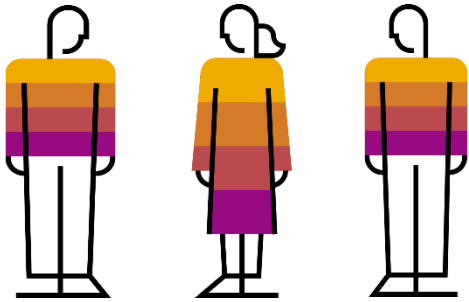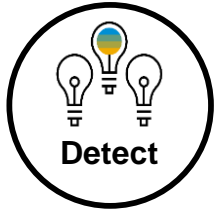
Detect

Fraud Investigators learn from their company's investigative history to

- Detect new fraud patterns
- Reduce false positives

Predictive Detection Methods

- Leverage robust, state-of-the-art machine learning algorithms
- Automatically detect and rank attributes within classified data that positively correlate with fraudulent cases
- Incorporate with existing detection methods into new Fraud Management strategies

Detect Fraud

↓

Reduce false positives

↓

Save money
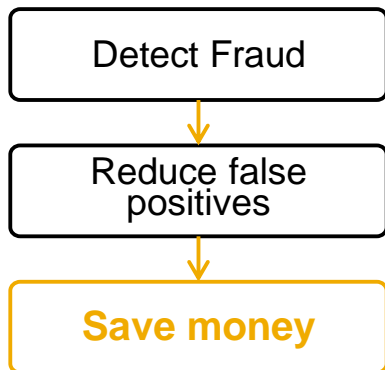
Example: SAP CoPilot
The voice activated intelligent assistant for your SAP environment

SAP Labs preview

Assist

Business context awareness
Understanding the business context, and pro-actively suggesting solutions using predictive functionality
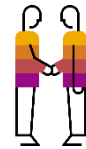
Conversational (multi-modal) UI
Conversational UI using Natural Language Processing functionality with a focus on the next-gen UX to create a human-like experience
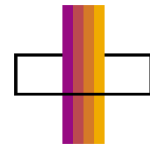
Cross Applications
Allows seamless transition across platforms; start a task on a mobile device and continue later, on a desktop or vice versa

Self Learning
Using machine learning functionality to gain knowledge based on historic data, experience, and take action in response to new or unforeseen events

Simple Access to Enterprise AI Platform
Integration to SAP and Non-SAP Solutions
Simple access to Natural Language Processing and Machine Learning functionality via APIs

SAP CoPilot - One digital assistant with one personality across all products and solutions, industries and lines of business

Example: SAP Analytics Cloud for predictive analytics

Bringing together actuals, forecast and simulation to uncover market trends before they happen

Predict

- Use machine learning technology to find quick and meaningful predictive insights

- Run what-if analysis and zero-in on key influencers for any business challenge

- Spot outliers, perform forecasts, and score results – using any data, from any source

The next steps
Product roadmap

Finance in SAP S/4HANA
Product road map overview - key process innovations

Recent innovations	2018 – Planned innovations	2019 – Product direction	2020 – Product vision

Recent innovations

Enterprise consistency through universal journal
- Subsequent implementation of document split

Parallel valuation
- Cost of goods manufactured

Lease accounting for lessee contracts
- Further enhancements regarding IFRS 16 and U.S. GAAP ASC 842

Financial planning
- Content for basic sales planning as well as activity price and consumption planning
- Product cost calculation [new]

Business reporting content
- Profitability and cash flow
- Key figure content to support customer-specific KPIs
- Flexible hierarchy handling for cost center, profit center and company code [new]
- Advanced compliance reporting [new]

Consolidation
- Validation at source for consolidation

Financial shared service
- Enhance process automation in shared services

2018 – Planned innovations

Leveraging soft close and prediction
- Accounting for incoming sales orders [new]
- First commitment scenarios [new]

Parallel valuation
- Multiple currencies for follow on processes

Financial planning
- Plan data allocations reworked to update new universal planning persistency
- Connectivity of SAP Analytics Cloud to on-premise planning environment

Business reporting content
- Enhancements for flexible hierarchies [new]

Consolidation
- Intercompany reconciliation report
- Consolidation of plan data

2019 – Product direction

Parallel value flow
- Enhance multiple valuation and currencies as basis for consolidation
- Subsequent implementation of currencies

Financial planning
- Integration with SAP Integrated Business Planning for sales and operations
- Adoption of further planning processes to new universal planning persistency

Organizational change
- Impact analysis [new]

Business reporting content
- Value chain reporting

2020 – Product vision

Accounting standards
- Adoption of future legal requirements of accounting principles

Leveraging soft close and prediction
- Early predictive insight into business trends

Parallel value flow
- Enhancements for service business and enablement of industry scenarios
- Support parallel cost allocations

Financial planning
- End-to-end profitability simulation

Organizational change
- Orchestration change cockpit [new]

This is the current state of planning and may be changed by SAP at any time.

SAP S/4HANA Cloud for Financial Close*
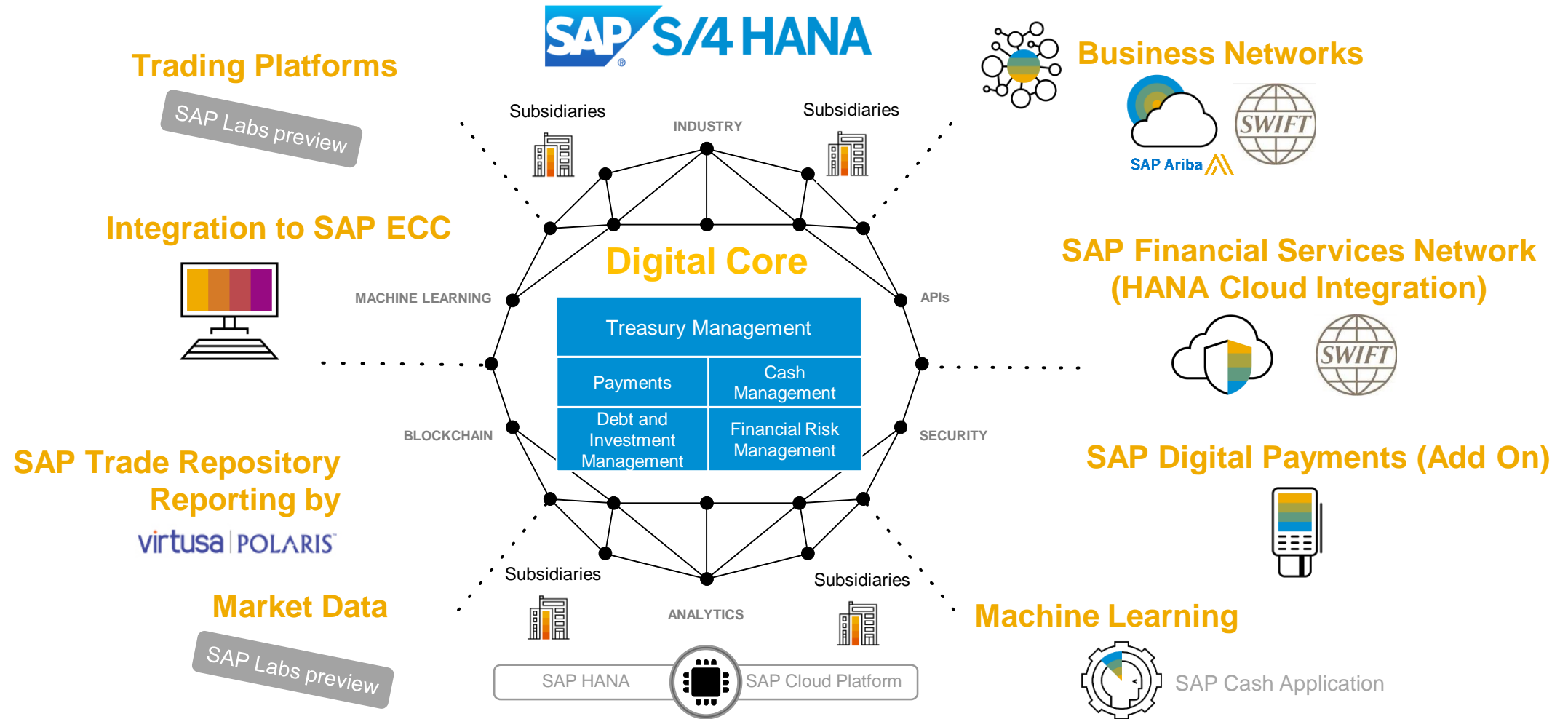
Cloud, automation, machine learning and analytics

- Cloud: Flexible deployment option, connectivity to SAP ERP, SAP S/4HANA and SAP S/4HANA Cloud and non-SAP

- Automation: Scheduling or processing of closing tasks in due sequence with complete audit trail for status changes, incidents and relevant result objects; approval workflow for specific tasks

- Machine Learning: leverage existing and planned Apps like GR/IR, Accruals, Matching, Reconciliation

- Analytics: Financial Close KPI Overview
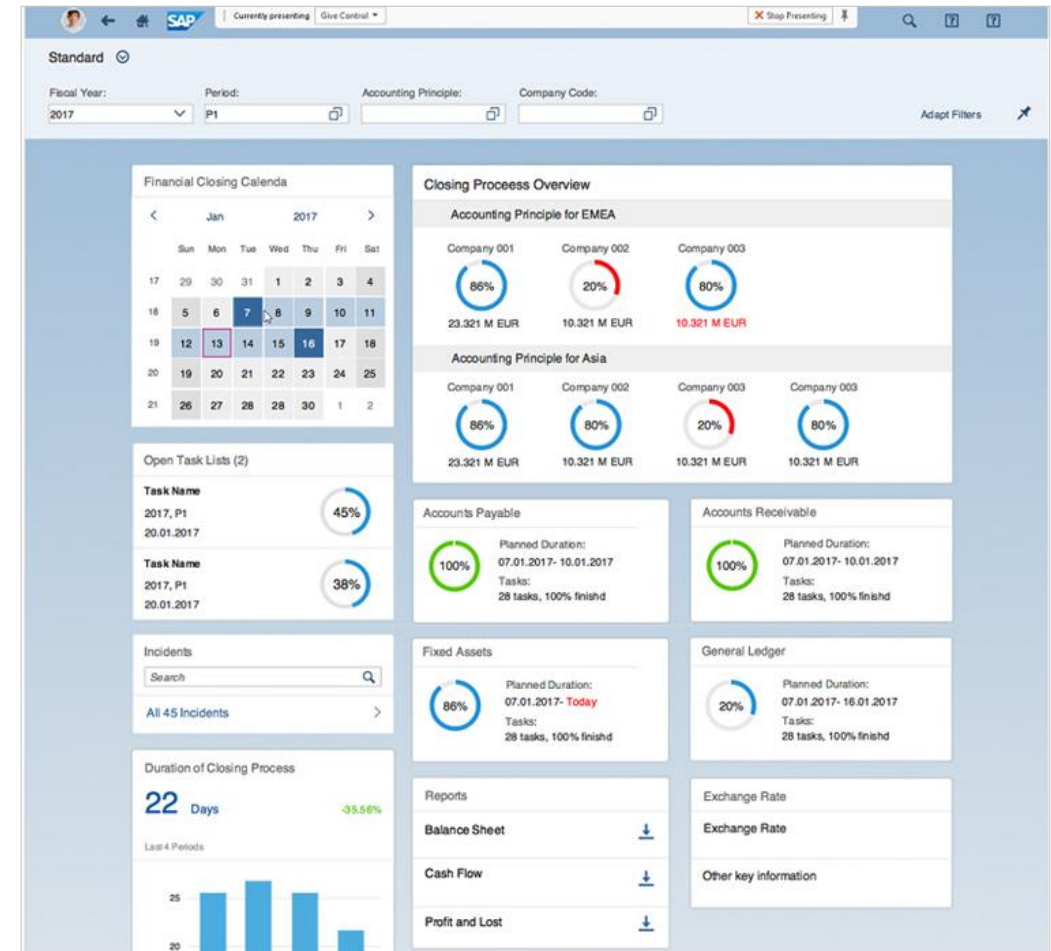
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Treasury as part of the Digital Core
End-to-end processes with value-added extensions

SAP S/4 HANA

Trading Platforms

SAP Labs preview

Business Networks

SAP Ariba

SWIFT

Integration to SAP ECC

Digital Core

Subsidiaries

Subsidiaries

INDUSTRY

MACHINE LEARNING

APIs

SAP Financial Services Network (HANA Cloud Integration)

SWIFT

Treasury Management

| Payments | Cash Management |
| Debt and Investment Management | Financial Risk Management |

BLOCKCHAIN

SECURITY

SAP Trade Repository Reporting by

virtusa | POLARIS

SAP Digital Payments (Add On)

Subsidiaries

Subsidiaries

ANALYTICS

Market Data

SAP Labs preview

Machine Learning

SAP HANA — SAP Cloud Platform

SAP Cash Application

Treasury Management with SAP S/4HANA

Innovations and Roadmap

Overall

- Comprehensive UI renewal
- Benefit from Fiori based reporting with unlimited granularity
- Overview page for E2E Treasury Management
- Cloud deployment options for Treasury Management allowing more flexibility and independence
- Integration to Trading Platforms and Market Data

Payments and cash management

- Bank communication using SWIFT capabilities with SAP FSN
- Optimize Versioning and Planning Capabilities in Liquidity Management
- Generate Cash Flow Statement based on Direct Method
- Improved bank relationship management including bank fee analysis

Treasury and risk management

- Optimized FX and Hedge Management capabilities
- Ensure legal compliance and be prepared for upcoming regulatory challenges such as IFRS9 and EMIR
- Enablement of most used Trade Finance processes into Treasury Management

reddot award 2015 winner

SAP GRC Policy Manager
Policy lifecycle management in the public cloud

Reduced time to value
Easy to deploy and virtually no user training needed

Lower effort to manage and distribute
Use of SuccessFactors HR to ease policy distribution to large volumes of users

Positive user experience
Pleasing UI and ability to distribute policies automatically in each user's language

Manageable costs
Cloud app makes it easy to predict costs and expand as customer needs require
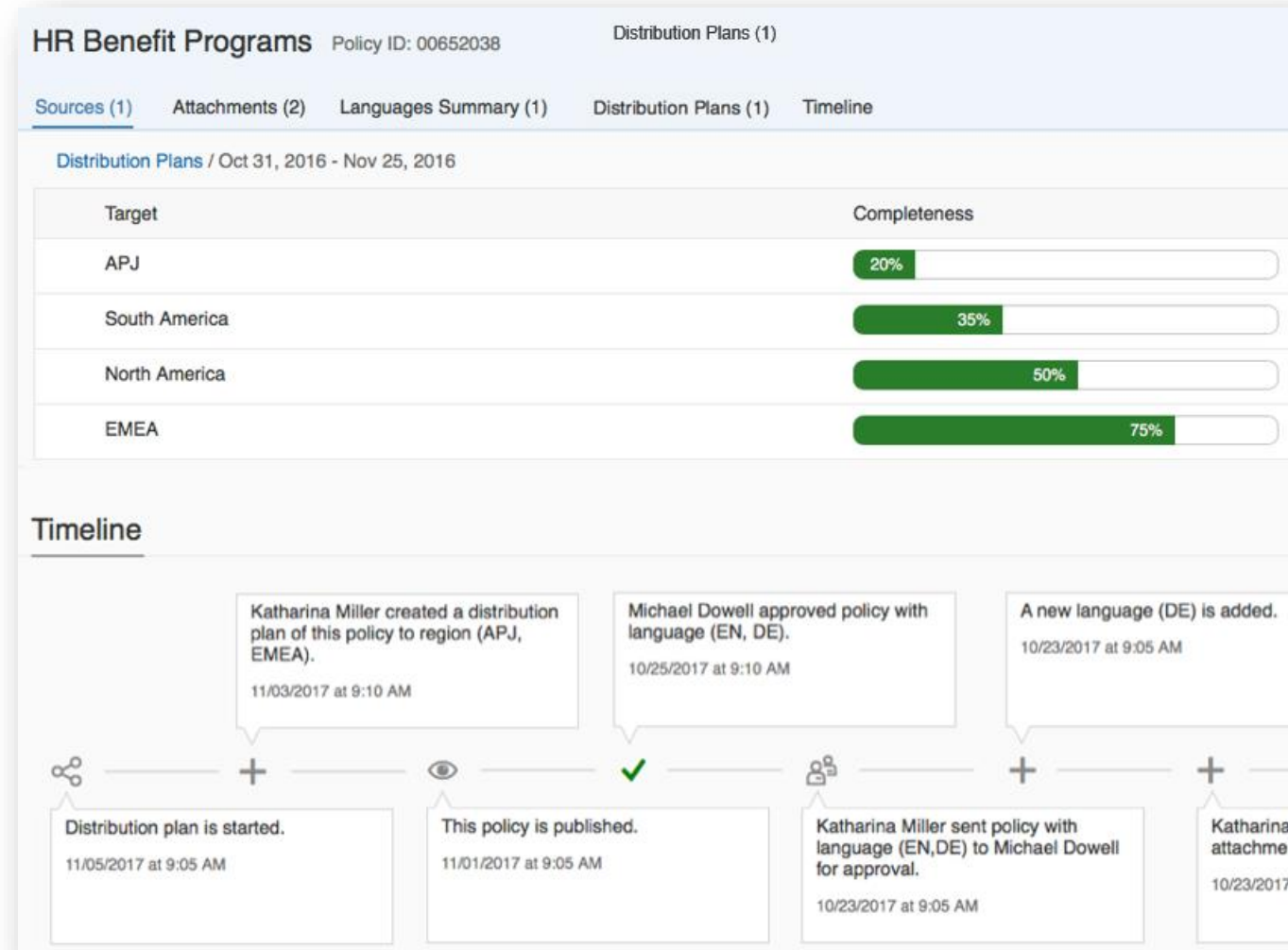
General Data Privacy Regulation (GDPR)

- SAP Cloud Platform based solution to cater for EU General Data Protection Regulation (GDPR) requirements (EU Regulation 2016/679) becoming effective May 2018 for all companies doing business in the EU or with EU entities

- Solution is planned to support the Data Privacy Officer to comply with meeting the regulatory requirements by provide a GDPR cockpit to streamline reporting and processing capabilities

- Planned to work in distributed environments including SAP ERP and SAP S/4HANA providing IT-based process repositories and risk assessments

- Designed to support in major operational data privacy tasks including Record of Processing Activity, Data Protection Risk Assessment and Landscape Diagnostics

- At subsequent stages planned to extend automated controls monitoring framework to cover data privacy controls to ensure legal compliance and auditability

This is the current state of planning and may be changed by SAP at any time.

SAP Access Control

Converged cloud and on-premise access governance

Cloud convergence and UI renewal

- Cloud IAG Bridge – extends on-premise Access Control to support cloud provisioning and functionality

- Integrated Fiori UI Launchpad

- Converged business role management

- Expanded risk analysis and user provisioning

SAP Cloud Identity Access Governance

- Converged Access Compliance Processes
- Cloud IAG Bridge
- Common UI
- Business Roles

SAP Access Control

Adopting SAP S/4HANA:
Customer Journeys and Proof Points

Customers drive efficiency and automation

Business Transformation Study,
Customer Reference Slide

"**With SAP S/4HANA, we've built a cornerstone for successfully expanding our global market share and business operations.**"

Jongmin Kim, General Manager of the Planning Team, Huvitz Co. Ltd.

30%
Improved accuracy of cost analysis by product

60x
Faster creation of monthly accounting journals

7 days
To complete the accounting closing process

10x
Faster data inquiries

Business Transformation Study,
Customer Reference Slide

"**SAP S/4HANA is helping us to drive digitization across the company, allowing us to work in a more streamlined and integrated way.**"

Wolfgang Sabelgunst, SAP Project Manager, Bundesdruckerei GmbH

40%
Time saved on generation of financial reports

10x
Faster calculation of salaries

>3x
Faster security authorization reviews

Find more Information on SAP S/4HANA Finance

Visit the Web site
www.sap.com/finance

Experience the journey map
S4hanafinance.sapjourneymap.com

Read the digital finance white paper
Register for the digital finance white paper

Join the conversation
Digitalist Magazine: Strategic CFO

Make the business case
Customer Brochure: CFOs discuss the benefits of SAP S/4HANA Finance
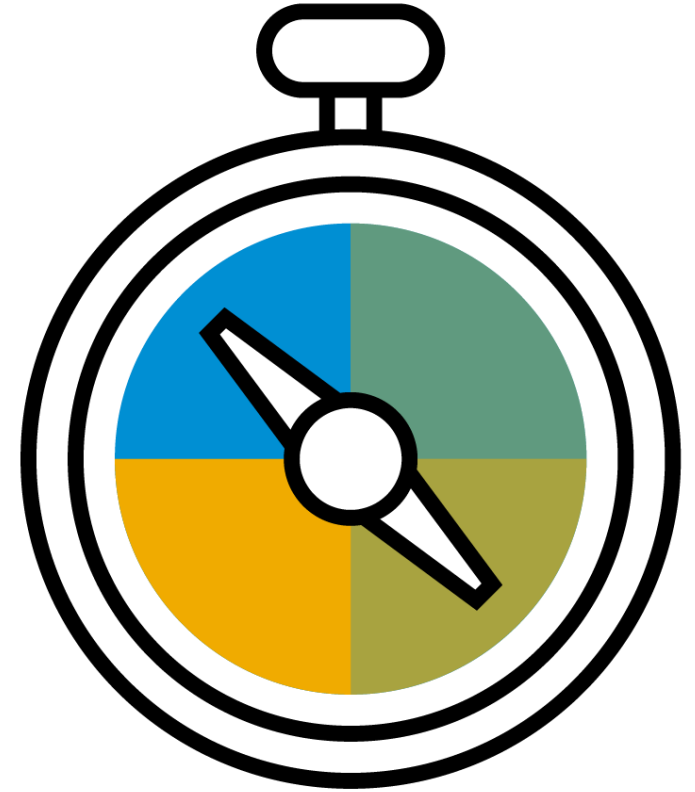
Thank you.

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SAP Run Simple

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