

**Deloitte.**



**Finding a new route to value**

SAP S/4HANA® Finance for  
the airline industry

## “For airlines, the realities of transformation are particularly stark—especially when it comes to the finance function.”

The challenge of updating IT systems for an airline can sound a little like the old paradox of “building the plane while you’re flying it.” The pressure is on to keep systems up to date with the latest functionality and capability to meet evolving business demands. Meanwhile, those updates need to occur without negatively impacting operations that run 24 hours a day, 365 days a year. You have to transform your business while “in flight.”

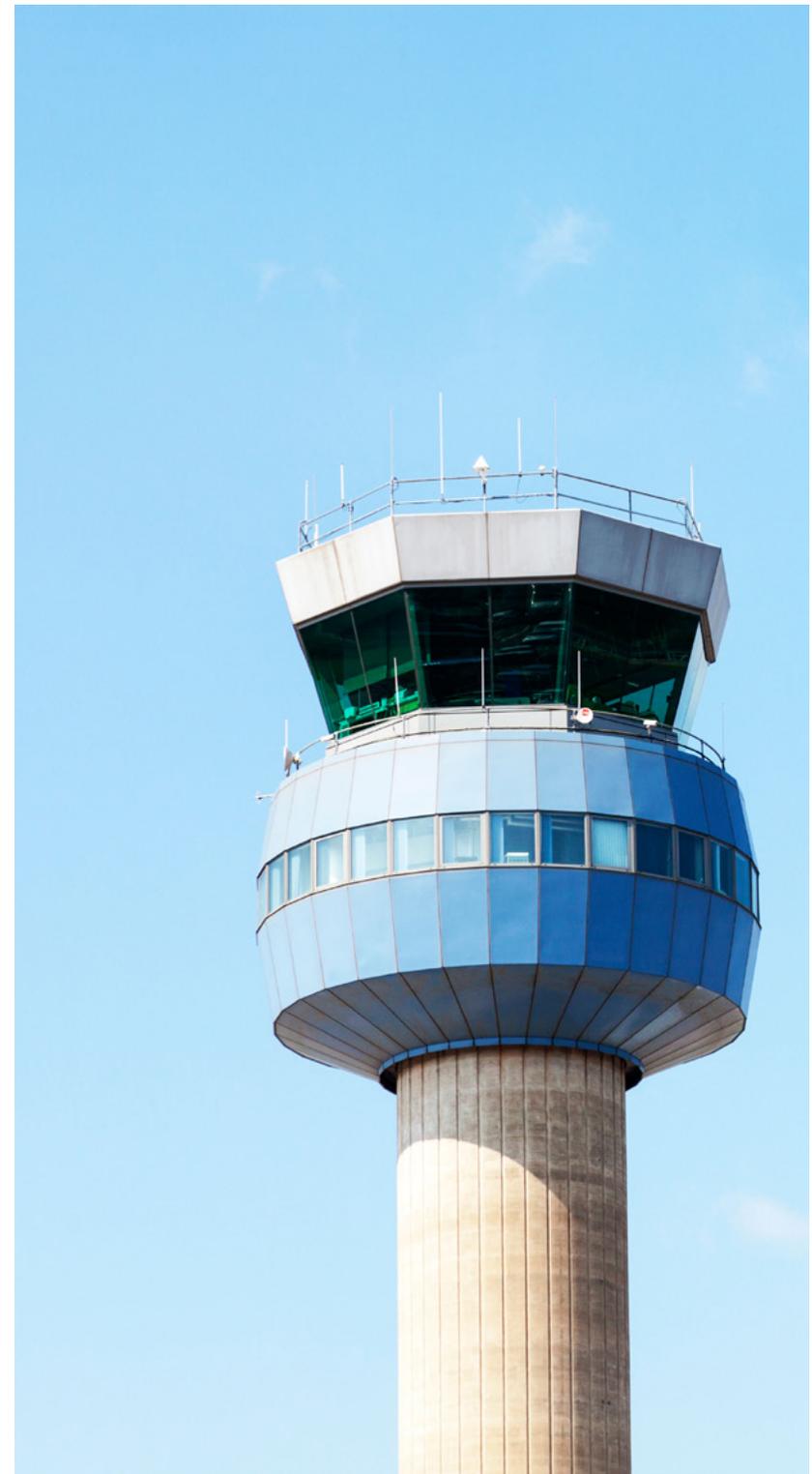
For airlines, the realities of transformation are particularly stark—especially when it comes to the finance function. Across the industry, airlines are dealing with large, complex back-office systems while at the same time trying to respond to market pressures, bring new efficiencies to their operations, and take cost-saving steps such as moving toward shared services.

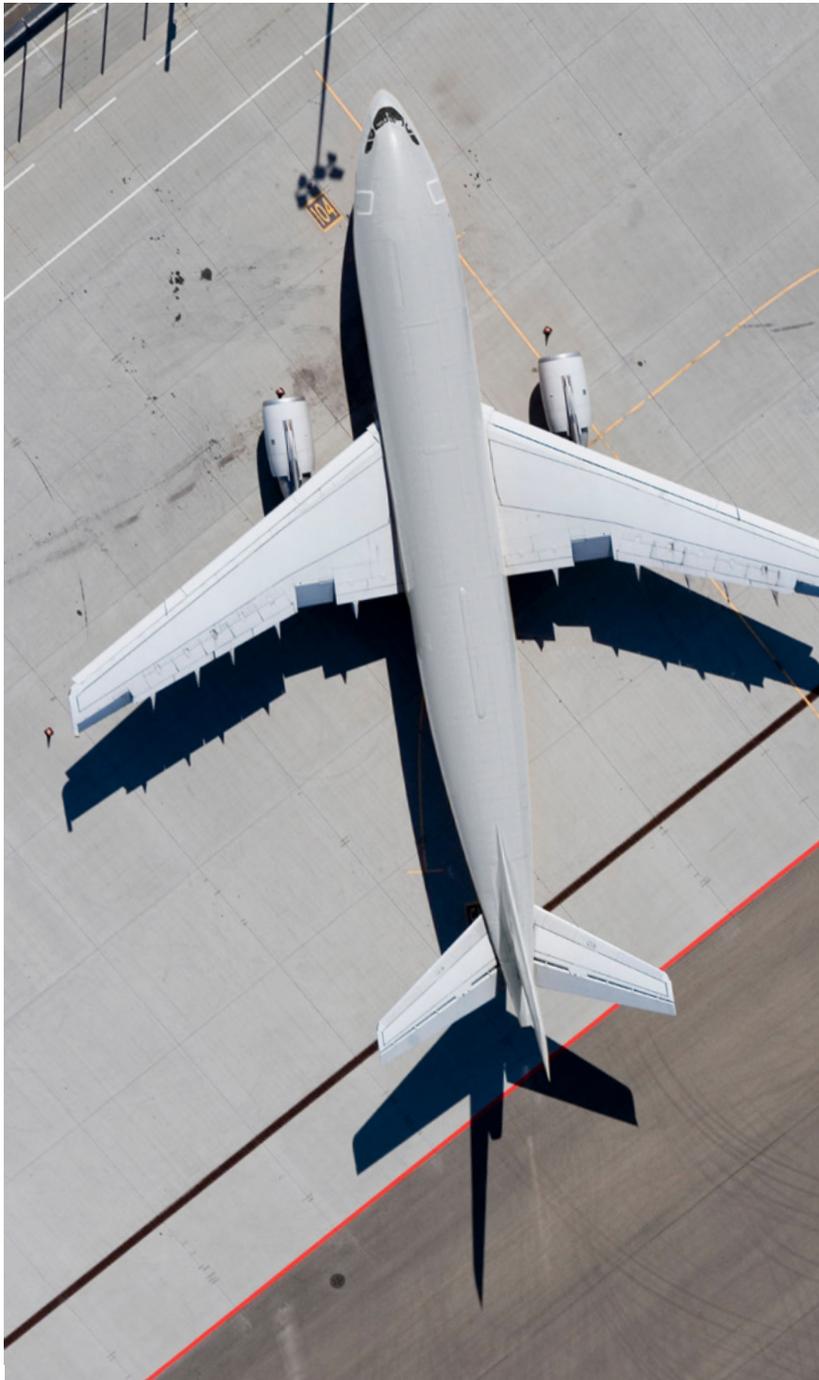
### Visibility

Finance leaders at airlines face the traditional challenges of tracking and recognizing revenue, ensuring that revenue doesn’t slip through the cracks, monitoring fuel expenditures, tracking maintenance

costs, and balancing labor requirements. They need more than visibility. They need complete transparency—from reservations to back-office operations—that can help them make better decisions and help run the business more effectively. Ultimately, they require a single source of the truth that can help them answer questions like “Which routes are the most profitable?” and “Where can I get value by outsourcing business processes?”

To address the visibility challenge, finance leaders across industries increasingly look to solutions such as SAP S/4HANA Finance to help simplify the data picture, provide greater accuracy, and deliver real-time insights that can enhance decision-making. For the airline industry, SAP S/4HANA can help finance leaders to take an incremental approach to transformation, helping them to truly transform their businesses—people, processes, and technologies—while also keeping pace with the evolution of technology.





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**SAP S/4HANA Finance—a simple path to new benefits**

SAP S/4HANA Finance leverages the in-memory computing power of the SAP HANA® platform, boosting speed and eliminating or reducing the need to use traditional databases. This new solution simplifies the architecture, delivers real-time analysis capabilities, and provides the ability to run critical business processes in real time, enabling finance leaders to spend their time on value-added activities. As a cloud-enabled solution that integrates legacy data, it can help organizations simplify IT, access the latest technologies instantly, shift maintenance responsibilities off premises, lower total cost of ownership, scale infrastructure rapidly, and optimize IT assets between the balance sheet and the income statement.

Ultimately, SAP S/4HANA Finance can offer organizations a way to streamline and centralize finance functions, integrate

business planning activities, and enable more flexible reporting—all as a means to enhance productivity, accelerate business processes, and deliver value rapidly and efficiently. SAP S/4HANA Finance deployed with Central Finance functionality can make it simpler for organizations to have a “lights out” finance organization—one that allows users to manage by exception while leveraging a single version of the truth.

Despite those potential benefits, many executives can struggle to get going. Some might view SAP S/4HANA Finance as an all-or-nothing solution that requires a complete enterprise overhaul. Others, after years of dealing with antiquated systems, simply might not know where to begin with a major finance and IT transformation.

# Realities with SAP S/4HANA Finance

For airline finance leaders working to figure out how SAP S/4HANA Finance can fit in to the future of their organizations, a few realities quickly emerge. Here's a look at some of them.



## **You have many deployment options.**

Implementing SAP S/4HANA Finance does not call for a big-bang approach. Instead, the solution enables more of a building-block approach—so you can transform your business strategically. Want to migrate to shared services for some business functions? Want to integrate some or all of your reservations data more tightly with finance systems? SAP S/4HANA Finance supports that approach, giving you the option to follow your own roadmap—to activate new systems while maintaining stability.

SAP S/4HANA has various deployment options, and one of the more popular deployment options—especially for organizations with a high level of M&A activity—is Central Finance. The Central Finance deployment option can help provide data harmonization, rapidly integrate financial platforms, and deliver value early in a low-risk way. The approach is especially relevant to many airline organizations that have significant M&A activity, a diverse IT landscape, and multiple ERPs and data models. The Central Finance deployment option also can help you align with the trend of outsourcing accounting processes, by making it simpler to automate and create a no-touch finance operation.

## **Legacy systems can still have a role.**

As an open solution, SAP S/4HANA Finance can integrate financial information from legacy systems and serve it up in new ways that can enable improved financial analysis. That's an important feature for airlines, many of which cannot realistically replace critical legacy systems such as reservations and ticketing systems in the short term. And with the SAP Central Finance approach for deploying SAP S/4HANA Finance, organizations can accelerate conversion activities—providing an “end state” finance solution even while operating units continue to function with legacy systems or even older versions of SAP software.

## **You can revolutionize reporting.**

With built-in enterprise data warehouse functionality, business planning and consolidation, and profitability analysis, SAP S/4HANA Finance can help organizations significantly change the way they plan and report results—offering “month-end-like” data on a weekly or more regular basis.

“Data becomes intelligent on the fly—initiating processes, taking action, and making decisions without the need for intervention by a human reviewer.”

**Analytics can help you transform strategic decision-making.**

Embedded analytics capabilities in SAP S/4HANA Finance can help you empower your organization—providing intuitive self-service access to insights that can support strategic decision-making. For example, with SAP S/4HANA Finance, you can load available-seat-mile (ASM) data as a plan or actual statistical key figure that could be combined with cost information on a daily, weekly, or monthly basis to produce dashboards and common metrics across all operating units. You could do something similar for cost per flight hour or cost per flight cycle. Delivering improved, detailed insights ultimately could help you understand the efficiency of routes and make adjustments as needed.

**More employees can gain insights about your operations.**

With cloud and mobile accessibility via SAP Fiori as well as a more granular view of data, SAP S/4HANA Finance can allow you to get actionable insights into the hands

of more users. That means you can enable more ground-level decision-making for employees in the field, granting access based on roles. The finance department also can drill down into very specific levels of detail, exploring data at the airport level or maintenance-shop level, for example.

**Extending your financial common information model becomes simpler.**

With SAP S/4HANA, you're not locked in to the legacy data fields that you've always used. SAP S/4HANA is flexible. You can extend your common information model (formerly known as code block) with greater ease to accommodate new financial metrics and new ways to extract value from those metrics. For example, if you want to track a subset of fuel costs, you can rapidly create a field to do that. That agility means you can extract revenue and cost data in detail.

**The spotlight on shared services grows.**

As the airline industry evolves, some

organizations have turned their attention to shared services—as a way to provide a specific set of services centrally, for multiple parts of the enterprise. Shared services offers the potential for new efficiencies, and SAP S/4HANA can provide an opportunity to accelerate the adoption of shared services. With the SAP Central Finance approach, organizations can move transaction processing centrally, without the need to overhaul existing back-end ERP systems.

**Regulatory needs start to look a little different.**

Airlines remain under constant pressure to ensure that their activities adhere to regulatory demands—including new accounting standards that require operating leases of 12 months or more to be reflected on the balance sheet as both assets and liabilities. Responding to such needs requires data—to show that activities align with objectives. By providing a meaningful, intuitive interface that puts real-time data and insights at

your fingertips, SAP S/4HANA Finance can give decision-makers the tools they need to participate rapidly and effectively in the regulatory compliance process. And, implemented in conjunction with a lease administration tool, SAP S/4HANA Finance can help organizations address new lease accounting standards, providing deep functionality to support technical and operational needs that can arise from the new rules.

**The IT operations and cost equation can change considerably.**

Aging IT infrastructure isn't necessarily agile infrastructure. Many organizations pay dearly to maintain existing systems that don't give them the functionality they need to meet evolving demands. SAP S/4HANA Finance can integrate seamlessly with an SAP-centric cloud strategy, allowing you to access new software functionality the moment it becomes available, to shift maintenance burdens to a third party, and to pivot toward an operating-expense model for IT.



# The potential payoffs

Adopting SAP S/4HANA Finance to bring new efficiencies to your organization or to support a broader transformation can help unlock a stream of potential bottom-line benefits. Effective deployment of the solution can help you:

- Increase speed of reporting, to move beyond a backward-looking view of the balance sheet
- Gain more visibility into transactions as well as the trends they might indicate
- Free up resources to allow your organization to focus more on innovation and growth
- Develop a more responsive and accessible digital repository for regulatory needs
- Deliver new efficiencies with cloud computing, helping you move toward an operating-expense model and lower the total cost of ownership for finance platforms
- Improve analysis of profitability and costs
  - Compare cost and revenue per ASM, by aircraft type or segment, to see which routes operate most efficiently with which aircraft
  - Analyze and explore revenue/margin possibilities to support decisions on equipment type and number of routes per market, for example
- Reduce revenue leakage and missed billing opportunities
- Become a more proactive organization by giving users at all levels access to view relevant financial information so they can detect and help prevent operational challenges before they grow
- Provide real-time alerts and smart business cockpits so employees can drill down and instantly get the information they need to do their jobs
- Recognize tax savings through greater visibility into financials and tax deduction possibilities
- Reduce employee headcount and increase profitability thanks to new efficiencies and automated processes

# Let's talk

Moving forward with SAP S/4HANA Finance represents more than a systems implementation. It requires airlines to think strategically about their business processes as well as their existing data model and operational reporting needs. It also requires a deeper understanding of industry-specific security concerns, technology trends, and evolving market demands.

We can help, and our lab for SAP S/4HANA Finance can serve as a great starting point—offering finance and technology executives an opportunity to engage with Deloitte problem-solvers to address specific finance issues and start working toward value. Far more than a demo session, our interactive lab focuses on breaking down your challenges and building a path to help you move forward with SAP S/4HANA Finance.

Our strength in SAP S/4HANA Finance comes from our global network of more than 16,000 business and technology professionals focused specifically on SAP, meaning we can address needs across the enterprise, across industries, and across

geographies—employing a “business first” approach to transformation. And we continue to team up with SAP on co-innovation projects for delivering next-generation functionality.

With a global corps of finance, tax, advisory, and risk professionals, we also can help airlines approach business transformations comprehensively—to address governance, controls, regulatory concerns, cybersecurity, and more.

Ready to start moving toward new value? We're ready to show you what's possible. Contact us to get the conversation started.

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## Getting ready for SAP S/4HANA Finance

What does it take to prepare for a transformation with SAP S/4HANA Finance? Here are a few steps that can help you start moving toward value.

- Look critically at your data model to understand what elements are missing and what elements you would like to add.
- Think through your existing interfaces to understand which ones should remain and which ones you no longer need.
- Plan for change management, looking at the structure of your organization and the potential impact of shared services. Though user-friendly, SAP S/4HANA Finance represents just one element of a transformation.
- Take a fresh look at your business processes, viewing SAP S/4HANA as a tool to support business transformation and emerging capabilities such as process automation.



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