

GBS-enabled ERP Transformation

Refer to Deloitte Series on Business-led ERP Transformation 2024 

Thought Leadership | Denmark 2025

ERP Transformation | Drivers of organizational transformation

Organizations can unlock greater value from their ERP Transformation Journeys by aligning solutions with business goals, connecting processes seamlessly, and driving GBS-enabled transformations to integrate IT with organizational needs

Case for change



Organizations invest significant resources in implementing ERP systems, yet they frequently **FALL SHORT OF REALIZING THEIR FULL POTENTIAL VALUE**



In our experience, the primary challenge lies in the **DISCONNECT BETWEEN TECHNOLOGY, BUSINESS PROCESSES AND OPERATING MODEL**, resulting in solutions misaligned with organizational need



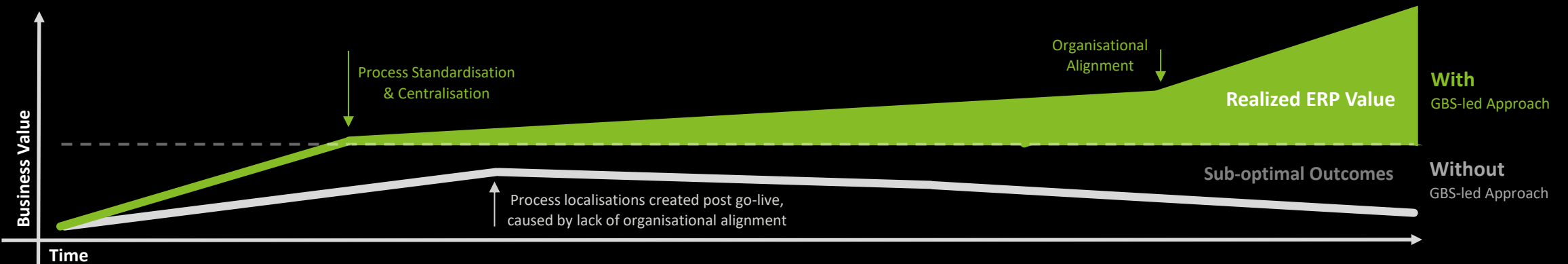
To unlock full value, **ORGANIZATIONS MUST PURSUE GBS-ENABLED ERP TRANSFORMATIONS** that align IT, processes, and organizational needs

87% of Senior Business Leaders* aim to realise value by Digital Transformation and Innovation. Organisations are increasingly facing digital disruption. Business transformations are driven by the need to adopt new digital technologies and innovate to stay competitive

62% of Organisations* Put a Focus on Improving Operational Efficiency and Agility. Agility is crucial in a rapidly changing business environment. Business transformations help organisations respond quickly to market changes, customer demands, and opportunities.

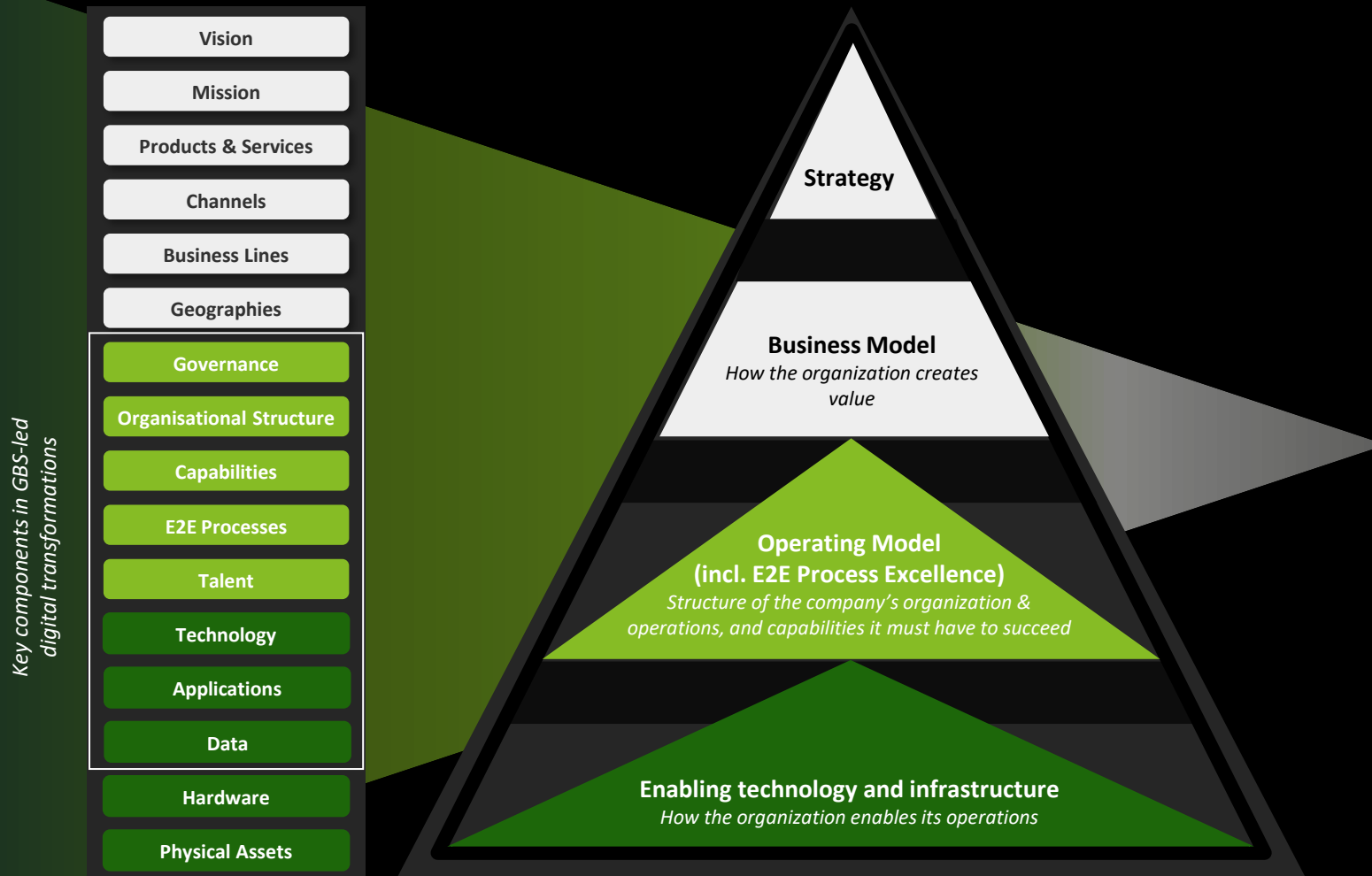
Finance Cost Reduction from 1.8% to 1.1%** through GBS-enabled Transformation. At Deloitte, we've seen GBS-enabled transformations reduce finance costs by streamlining processes, leveraging digital technologies, and enhancing operational efficiency.

GBS-led transformation enable organisations to realise full value (illustrative)



ERP Journey Capabilities | A GBS-led approach to maximize value of digital transformations

Technology alone cannot deliver business case benefits. To achieve full technological efficiency as well as organizational value, one must align end-to-end processes to the operating model



The synergy between technology & business

- To mitigate risks in technology implementations and maximize the benefits of digital solutions, it is essential to revisit **the core components of the operating model**
- This ensures a comprehensive business design that not only addresses the functionality of the technology but also considers the **necessary processes, organizational structures, and capabilities** that need to be established or realigned
- **The data structure** within the ERP system plays a pivotal role in enabling analysis of your organisation's performance. **Ensuring high-quality- and transparent data** is essential for companies to efficiently utilize this information.

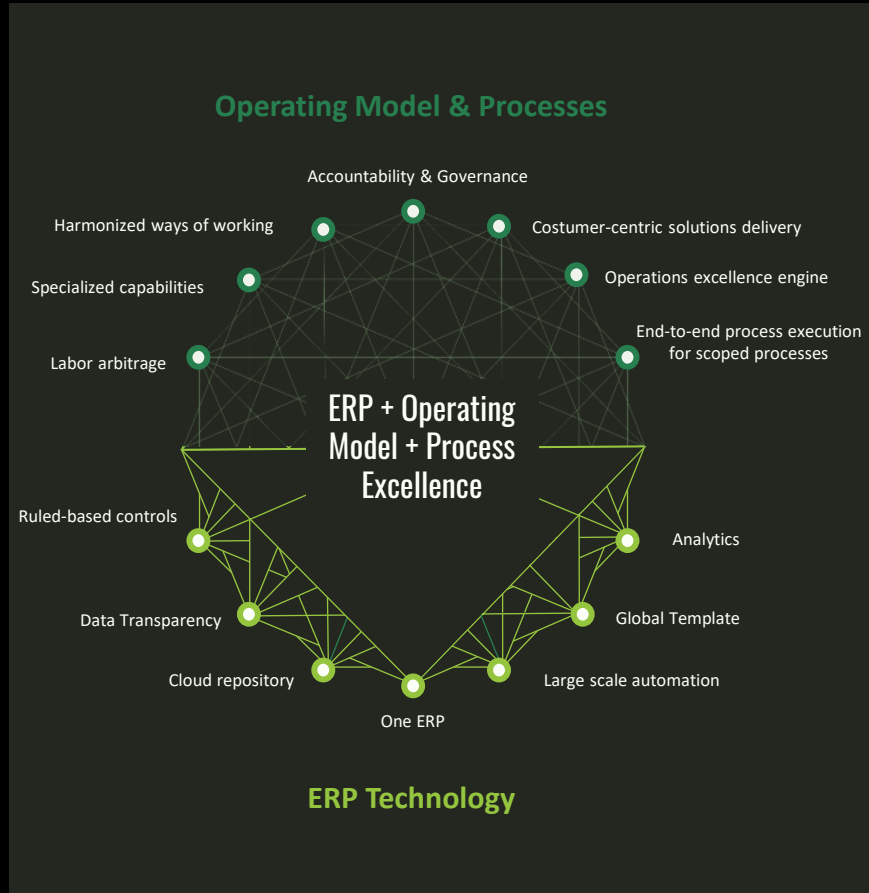
The Business Architecture Pyramid highlights the key areas for examination

- By examining **Operating Model & E2E Processes systematically**, organizations identify gaps or misalignments in their current state, ensuring that new technologies enable Business Value structures rather than creating silos or inefficiencies
- This approach also highlights the **importance of building or enhancing the required capabilities**—such as digital literacy, aligned organizational structure, process governance and others —that enable successful adoption and ongoing utilization of digital solutions
- In essence, the Business Architecture Pyramid underscores that **technology implementations** should not be isolated initiatives. Instead, they **should be embedded within a designed operating model** that considers people, processes, and technology as interconnected components of a cohesive ecosystem

Key Benefits | Tangible examples of GBS-enabled transformation benefits

GBS-enabled ERP transformations anchored in re-engineered processes and organizational centralization deliver measurable ROI by streamlining operations, enhancing scalability, and driving enterprise-wide alignment for sustained efficiency and growth

Business & Tech Cross-Dependencies



Leveraging business-driven & tech-enabled benefits

GBS-led BENEFITS

Unlock Process Efficiencies

- Unified ways of delivering processes enable optimal resource allocation and create a platform for innovation and scalability of operations
- Standardized processes require little to no customizations of the ERP solution.
- Re-engineered processes on top of the ERP backbone aim to address the specific business requirements rather than providing functionalities which are never used.

Optimise Operating Model

- A well-defined operating model aims for clear roles and responsibilities, provides effective governance over operations and establishes a culture of transparency in the set-up
- Operating model centralization through GBS setup can reap additional benefits including cost reduction through consolidation, labour arbitrage through lower cost location and scalable operations for M&As

Establish Transparent Operations

- End-to-end coverage of processes ensures effective monitoring and transparency in operations which enables meeting SLA targets
- Audit Trails: Comprehensive logs ensure transparency and facilitate audits.
- A defined governance structure leads to continuous improvement and digitization initiatives for cost reduction and efficiency augmentation

TECH-LED BENEFITS

Automate Processes and Increase Efficiency

- Technology enables the automation of repetitive and time-consuming tasks, such as data entry, invoicing, and inventory management. operational costs. This includes savings on labour, materials, and overhead expenses
- Integrated systems streamline business processes, reducing bottlenecks. This leads to faster turnaround times and increased productivity.

Develop Global Template

- ERP systems unify various business processes (e.g., finance, HR, supply chain, sales) into a single platform, eliminating silos
- With integrated systems and real-time data access, businesses can respond to customer inquiries and issues more quickly and effectively. This leads to improved customer service and a better overall experience.

Enhance Data Analytics and Decision-Making

- Advanced data analytics tools integrated into modern ERP systems and other business applications provide real-time insights into various aspects of the business.
- By fostering a data-driven culture, organizations can ensure that decisions are based on accurate data rather than intuition, leading to more reliable and effective outcomes

BENEFITS*

~15-25% efficiency unlocked through process harmonization/ simplification and redundancy reduction

~ 10-15% benefits realized through centralization

Reduction in **Total Cost of Ownership** owing to Unified ERP landscape
~ 30-70% cost reduction through labour arbitrage (in case of lower cost location)

* Benefits generated in Deloitte-run projects within finance organisations

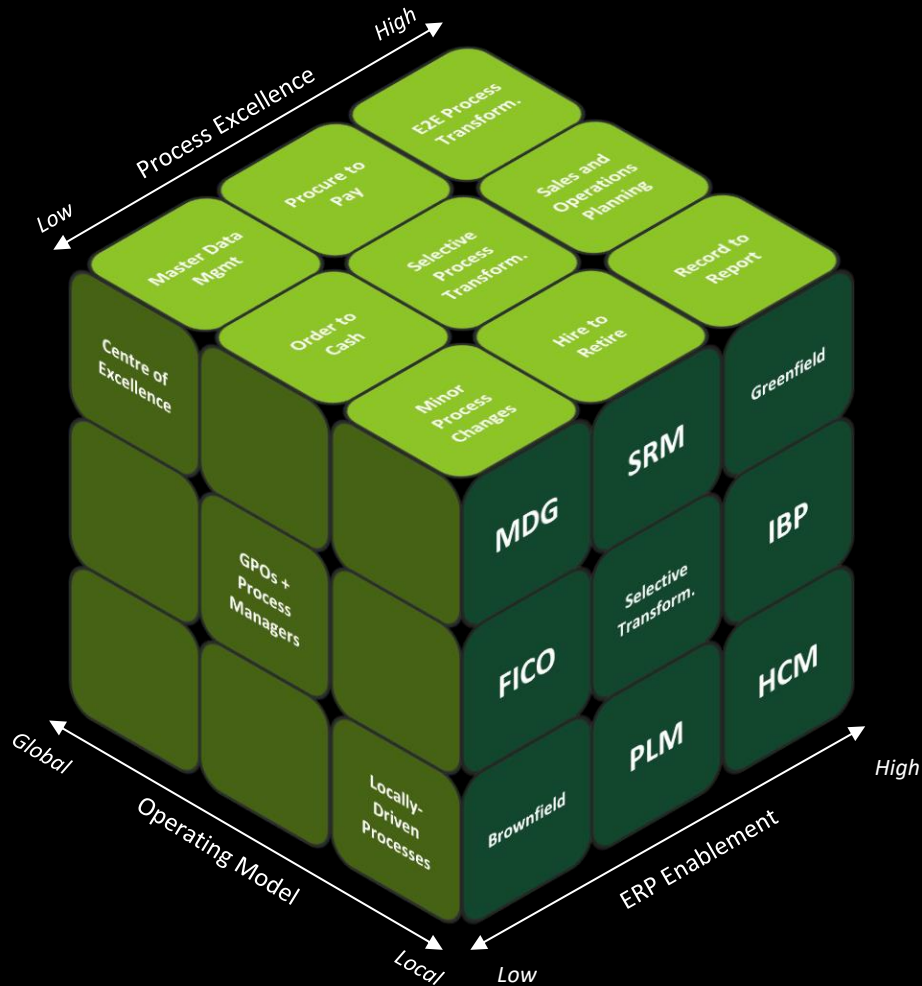
Our Approach | Utilise Organisational & Process alignment every step of the ERP Journey

Ensuring that the operating model and organisational processes remain fully aligned at every stage of the ERP transformation enables organisations to unlock their full potential and value

OUR METHODOLOGY	LAY THE FOUNDATION	DESIGN & REFINE	BUILD	TRANSITION AND STABILIZE
TECH-ORIENTED APPROACH FOR S/4 HANA  <i>Value capture</i> 	<ul style="list-style-type: none"> Assess current systems and processes Define project scope and objectives Establish governance and project team Develop a detailed project plan and timeline Build Value Case for the solution 	<ul style="list-style-type: none"> Conduct workshops to gather requirements Design future-state processes and system architecture and document specification Validate design with key stakeholders Refine and finalise the design functional documentation 	<ul style="list-style-type: none"> Configure S/4 HANA system based on design specifications Develop custom enhancements and integrations Perform unit and integration testing Prepare data migration strategy and tools 	<ul style="list-style-type: none"> Execute data migration and system cutover Conduct user training and change management activities Monitor system performance and resolve issues Stabilise operations and transition
<i>enabled through...</i>				
OPERATING MODEL DESIGN  <i>Value capture</i> 	Analyse Current State & Align on End-state Operating model <ul style="list-style-type: none"> Define the ambition for centralization Mobilize global process ownership model for design enablement Agree on high level process splits between local and centralized org. Quantify the operational benefits, efficiency gains, and develop business case 	Design To-Be Organisation <ul style="list-style-type: none"> Develop the org structure and roles of the future operational team to align with ERP functionalities & peripheral systems Define the FTE sizing and governance structure for the centralized org for operational delivery Develop the hiring and transition roadmap 	Activate Operate Organisation <ul style="list-style-type: none"> Prepare the future office set-up with physical infrastructure and contracting Ensure IT infrastructure readiness for the new hires Establish the governance structure for hiring new employees Detail out the transition and go-live tasks for seamless transition 	Establish the To-Be organization <ul style="list-style-type: none"> Initiate hiring of the to-be organization employees Manage Knowledge transfer, work shadowing and go-live on the new system and processes Establish the governance set-up to review the transition and go-live Track the performance of the processes which have been stabilized
<i>enhanced with...</i>				
PROCESS-TRANSFORMATION  <i>Value capture</i> 	Define Taxonomy & Understand Current Maturity <ul style="list-style-type: none"> Develop the process taxonomy and identify the ERP scope Document the pain points & existing maturity from E2E perspective Measure existing KPIs against benchmarks Prioritise Process Initiatives <ul style="list-style-type: none"> Establish initiatives and define roadmap Document redundant process variants 	Design Processes Based on Industry & SAP Best Practice <ul style="list-style-type: none"> Design customer journeys and end to end processes Re-imagine end to end processes with the lens of harmonized service delivery Define business requirement and develop functional requirements document Risk & Controls Design & Automation 	Maintain & Update the To-Be Process Design <ul style="list-style-type: none"> Track the progress of build and check whether the solution designed is as per the To-be design Support in User Acceptance testing Dynamically track the process variants to limit local variants and deviation 	Continuously Improve Processes Utilising Process Data Insights <ul style="list-style-type: none"> Continuous Process Excellence utilising available process tools, and process automation solutions Efficiency Enhancement Initiatives with use of strong ERP governance solution, and gaining real-life process insights

Combine Key Transformation Components in Practice | How to approach transformation

Based on the business needs, maturity level and risk profile, it is suggested to determine the degree of transformation and the approach to take across three key dimensions: Operating model changes, process changes, and ERP transformation from a technology perspective. Each option offers distinct benefits and involves unique risks.



Choosing the Right Approach

When embarking on an end-to-end GBS-enabled ERP transformation, organizations must navigate different paths based on their **maturity, ambition, and risk appetite**. The key lies in balancing operating model, process excellence, and ERP enablement to drive sustainable value.

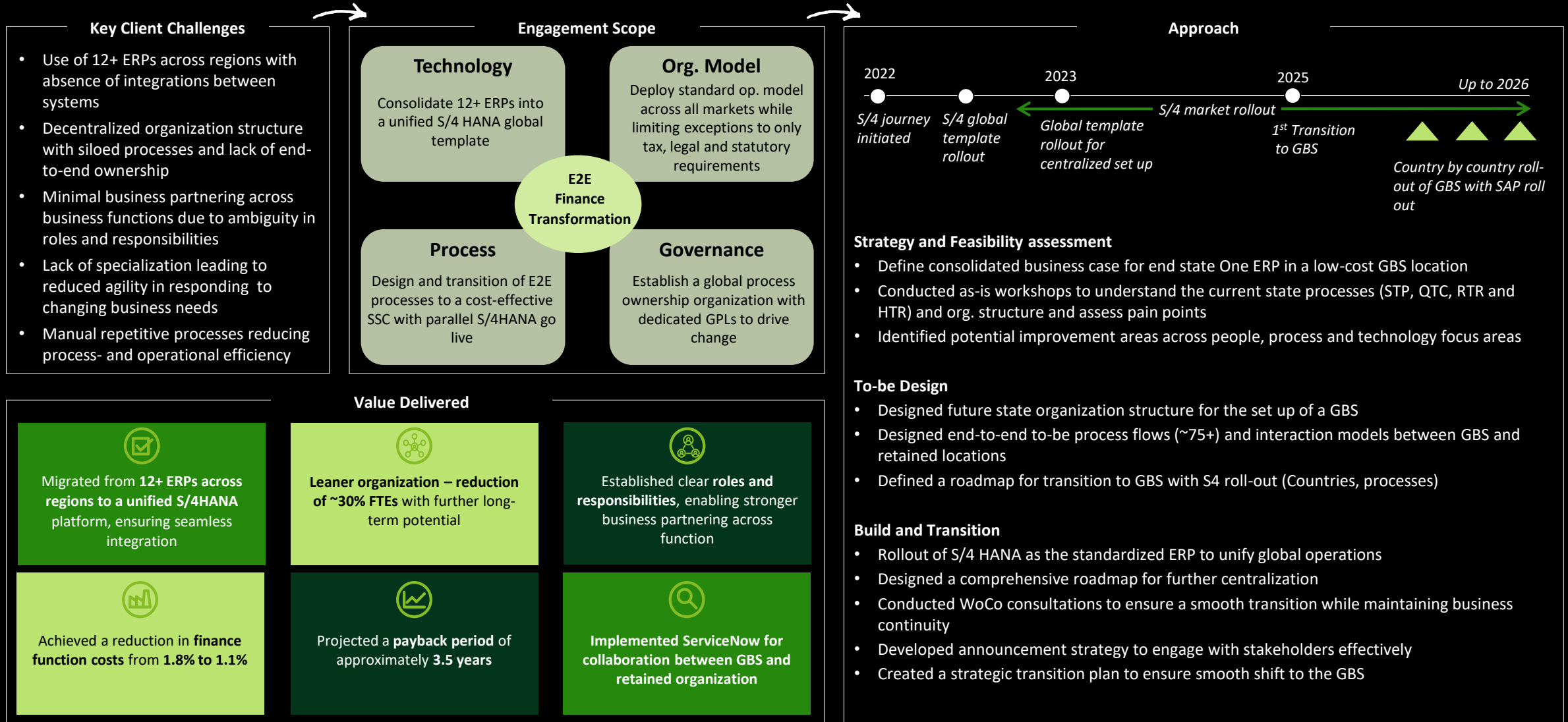
Although, there is not one answer and one solution-fits-all, a successful transformation starts with a clear understanding of **end-to-end processes, ownership within the business, and the level of centralization desired**.

- Companies with well-defined, mature processes can focus on **selective transformation**, optimizing specific areas while maintaining existing structures.
- Others may opt for a **greenfield approach**, redesigning their entire operating model, and data structure for maximum agility and scalability.
- Ensure involvement of **GBS organizations** from the start of journey so that they become catalysts to this journey instead of outcome takers

Ultimately, the right approach ensures that all business areas collaborate effectively, leveraging ERP as a strategic enabler rather than just a technology upgrade.

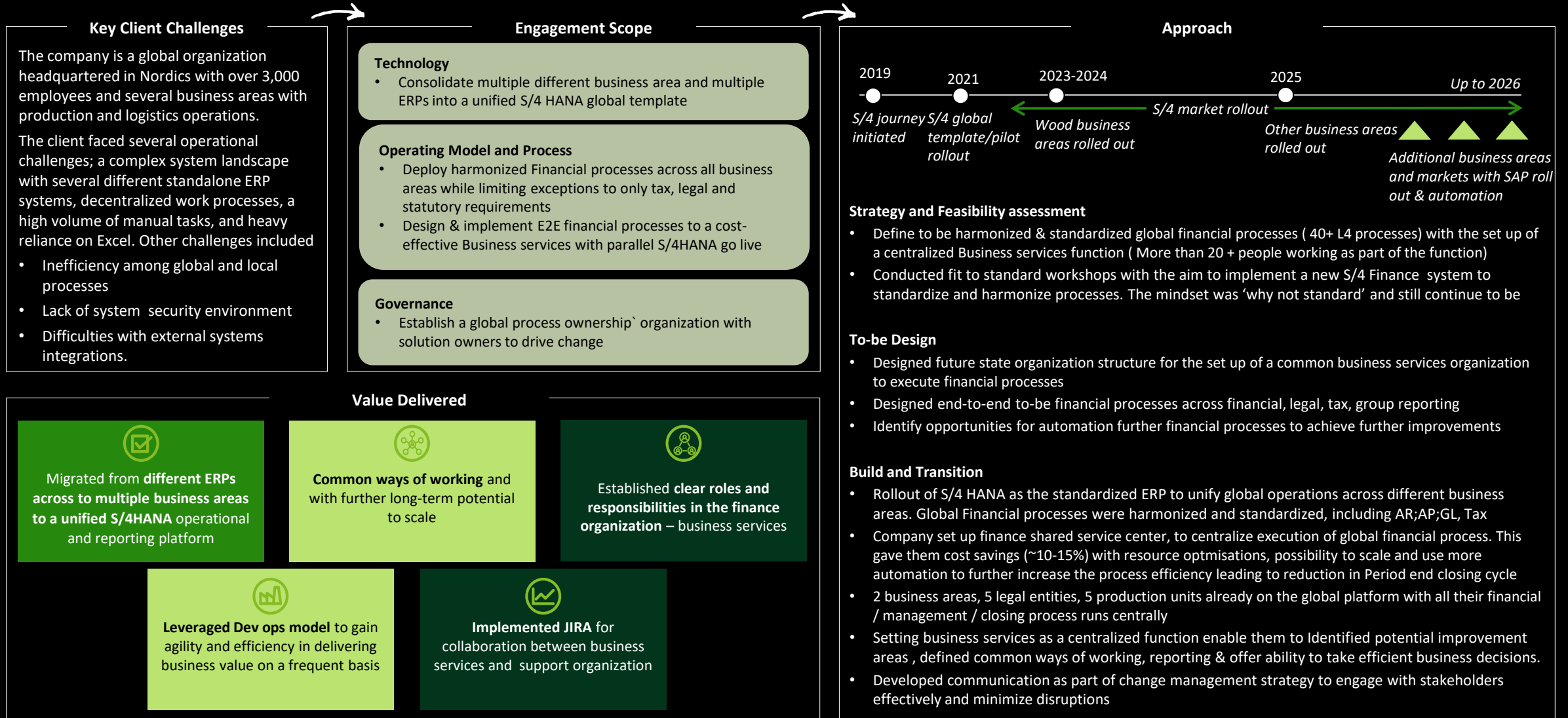
Client Case 1 | Finance Transformation for a Consumer Company

End-to-end finance transformation covering strategy, build, design and transition phase to new operating model & processes



Client Case 2 | Finance Transformation for an Industrial Products company

End-to-end finance transformation covering operating model design



Meet the team | Breaking through Silos

TECHNOLOGY & TRANSFORMATION



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