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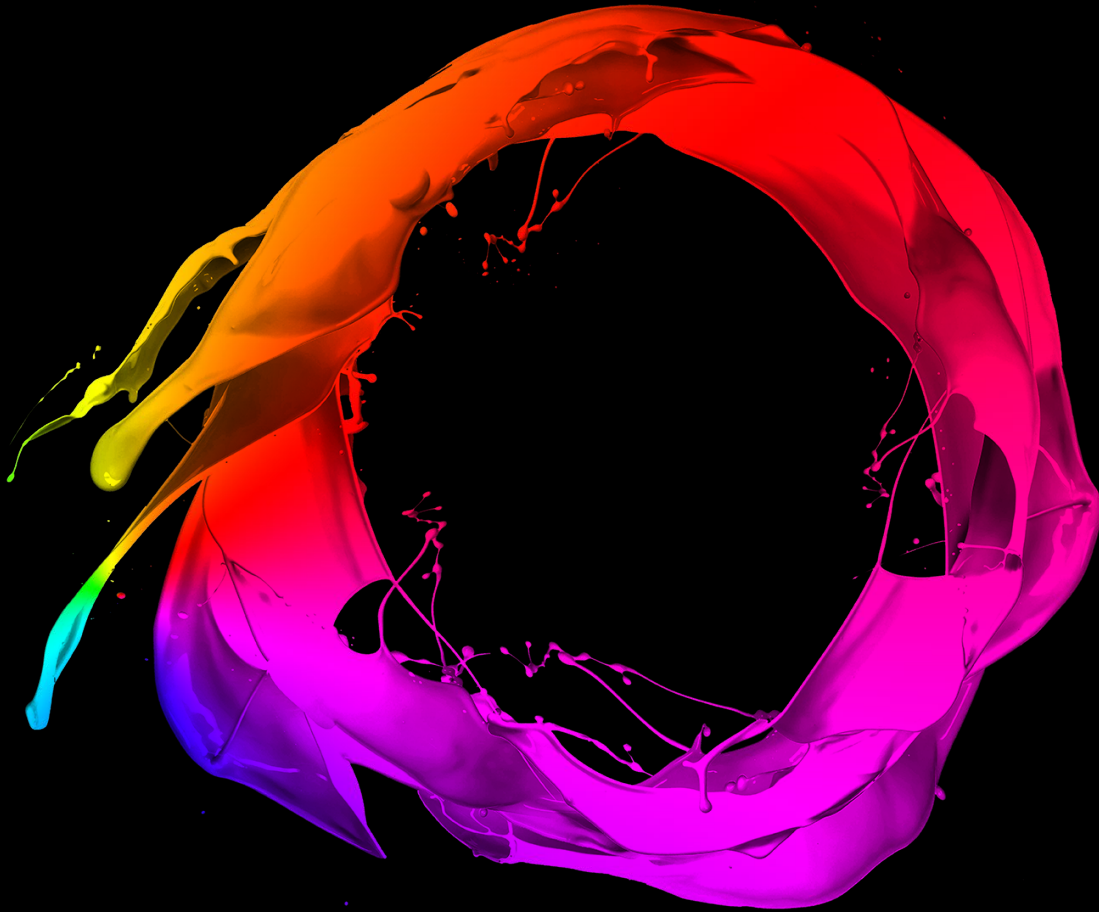
Ways in which S/4 Finance can help
organizations gain process efficiency
and enable effective decision making

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How can S/4 Finance help you gain efficiency and enable effective decision making?

Why before how? – Setting up the context

The changes that are happening around us have impacted the way we work, live, and operate our businesses. There is an ever-increasing demand on organizations to not only improve the efficiency of the financial processes but also deliver accurate financial data in real time, that is reliable and easily accessible for steering the business.

In addition, organizations are adapting to new business models that in turn generate huge amounts of new data. On the other hand, there is always a pressure to maintain profits and margins while also adhering to new regulatory burdens on revenue recognition, e-invoicing, IFRS 15 among other things.

With these challenges in mind, organizations look for solutions that can not only provide detailed visibility to accurate financial data but also improve their financial processes. A lot of customers have started to look for and implement solutions such as SAP S/4 Finance—to simplify the data handling and deliver real-time insights that can enhance decision-making, while also removing the inefficiencies in ways of working.

S/4 Finance can offer organizations a way to streamline finance functions, integrate business planning activities, and enable more flexible reporting—all to enhance productivity, accelerate business processes, and deliver value rapidly and efficiently. Let's see how.

Business Value generation with S/4 HANA – practical view

Based on my S/4 implementations with multiple clients, I have tried to bring forward in this article, how SAP S/4 Finance can generate improvements to drive efficiency in the finance processes and how it can enable effective decision making with real time insights to the financial data. The examples are from my experience working with clients and the scale of impact can vary.

To start with, let's focus on key improvements in S/4 that improves efficiency in the financial processes

- **Use of FIORI apps – A key differentiator**
  - Almost all financial processes can be executed with FIORI apps that are more intuitive and user friendly.
  - One of the best use cases is when SAP Fiori is combined with the power of SAP HANA. It provides an unmatched application response and query executions time, along with the seamless integration between analytical and transactional view of the financial data.
  - Besides reporting, it makes it easier to switch between applications with fewer clicks, resulting in efficiency improvement of the business users to perform similar business transactions.
  - In addition, information can be delivered through intuitive dashboards with KPIs (updated in real time) which allows users to access, explore, and drill down to only the information they need. They can also review and approve actions on the move, for example payment approvals or GL posting. This is a huge improvement.
  - Different reporting views can be saved as tiles on the user's home screen which makes it easier to access the right data

with a single click avoiding entering selection, filter and sort conditions, every time.

- **Reconciliation by Design defines 'real time' accounting**
  - With S/4 Finance, Reconciliation comes by design between different business sub-components - FI-AA, FI-CO, FI-COPA, FI-PCA are automatically reconciled on the fly, thus removing extra efforts required by accounting to reconcile them and correct differences.
  - It also improves the efficiency of Shared services by lowering the number of steps to enable faster period or year closure.
  - The real time data for reporting in SAP S/4 Finance originates from single source of truth (universal ledger) across all business processes and dimensions. This enables getting the same view for management and financial reporting and in real time. This also supports a more responsive and accessible digital repository for accurate and fast regulatory reporting.

- **Advanced technologies – further reduced redundancies**
  - The usage of Machine learning in financial applications enables improved and faster business process execution. With one of my clients, App GR/IR reconciliation was used where application analyzed and categorized the GR/IR mismatches in different categories based on defined rules, giving a head start for GR/IR reconciliation process.
  - Use of iRPA and Ready-to-use bots quickly solves business challenges. Time-consuming manual activities can be replaced by support error-free, scalable tasks. In my experience, customers used it for recurring financial postings or reconciling customer payments.

- **Usage of the cloud-based solution optimizes system landscape**
  - There are multiple cloud-based applications which can be implemented based on business needs. As I have experienced, solutions as Document support and compliance (formerly ACR) assist organizations in rapidly pulling together and delivering data to regulatory, tax bodies, which typically involved time-consuming, manual and error prone tasks.
  - It proactively gives date alerts and provides insights into issues that could be a concern, allowing organizations to address potential problems in advance and perform country-level reporting before due dates.

With the use of some or several of these innovations, organizations could optimize their finance processes to run the business efficiently. **Let's now look at the other aspect of how S/4 can enable effective decision making taking insights from the real time business data** Key enablers for this within SAP S/4 Finance

- **Margin Analysis – next generation reporting tool**
  - Working with my clients, I can safely mention that margin analysis has started to become a key building block for P&L, segment and contribution margin reporting. The biggest advantage is that the use of multiple FSVs according to the need can replace a lot of other revenue and expense reporting transactions traditionally used.

- It enables business with analysis in real time of the company's profit or contribution margin by market segment, customer, strategic business unit, product group, legal entity, among many other business dimensions. It also enables the possibility to slice and dice the data as required and to add more dimensions from customer and material master on the fly while reporting, making it an extremely powerful reporting tool.
- In addition to just business dimensions, Margin Analysis also brings the ability to measure performance in volume with support of multiple units of measure and in multiple currencies addressing many reporting constraints previously imposed in the earlier version.
- Use of Margin analysis should not be limited to contribution margin reporting but also to other expense and cost reporting across multiple dimensions. Business use case of Margin analysis is wide.

- **Embedded Analytics bridges the gap between analytical and transactional data**
  - SAP S/4HANA Embedded Analytics is one of the key innovations of S/4. There is no ETL (Data Extraction, Transformation, and Loading) required, compared to traditional reporting landscapes with ERP and BW.
  - It gives you a possibility to get the analytical reports in real time to take more effective decisions in time.
  - SAP S/4 provides a list of standard available CDS views for multidimensional reporting. These can be used out of the box to get different views on various business performance indicators with Fiori apps as user interface.
  - There is the possibility to add more dimensions from master data as per the business need, and the ability to drill down from the analytical level to the transaction level in real time with the same data source.
  - Working with embedded analytics with some of my clients and using CDS views, there are some constraints, however, in terms of the number of rows the CDS views can display on the report output, so a good user training on how to use the embedded analytics is typically required. A key learning is that the business user should start with a broader selection to get an aggregated view and then add filters and sorting to bring them to the right level of granularity.
  - In summary, there is a huge benefit in using this analytical functionality for management reporting (based on real time transaction data).

- **Seamless comparison of planning Vs actual financial data and possibility to do what -If analysis**
  - As I have seen so far, SAP Analytics Cloud has started to become a preferred financial planning solution for SAP S/4HANA Cloud and on-premises systems.
  - SAC provides the options of doing What-if simulations for subsidiary planning processes based on changes to drivers, such as sales quantity or personnel expenses. Using SAC, in my experience, means the business controller can see the effect of changing the price of a selling product or the price of a raw material on the most important KPIs, for example, product profitability and contribution margin and how the demand would drive the production planning. This really improves the financial planning and forecasting process.
  - This is supplemented by the coherent and consistent data model in S/4 for actuals and planned values which provide seamless comparison across multiple business dimensions (ACDOCP Vs ACDOCA has the same structure).
  - With the visibility and clarity that SAP S/4 Finance provides, companies can start moving toward more meaningful

forecasting based on actuals and what-if analysis rather than just managing to budget or plan.
  - Real-time visualization of planned and actual data coupled with analytics capabilities mean organizations can have instant data on hand to inform forecasting and provide a more accurate view of the future.

I have observed that these differentiators, created by improvements and innovations in reporting, have given business stakeholders an accurate view of how their business is performing and helped them steer the business appropriately.

The potential payoffs – What's your story?

Adopt SAP S/4 Finance to bring new efficiencies to your organization or to support data driven insights and unlock a stream of potential benefits. There are multiple use cases with SAP S/4 Finance. You should invest time and effort in a pre-assessment on what your use case is to maximize the benefits. No two implementations are the same - what's your story and what should your journey be?

Effective deployment of the S/4 Finance solution can help you:

- Free up resources to allow your organization to focus more on innovation, growth, and strategic decisions
- Increase the speed of management, legal and regulatory reporting with real time, easy to use, accurate data
- Gain more visibility into transactions (actual and planned) as well as the trends they might indicate
- Enable effective decision making to steer the business in the right direction

Connect with us about SAP S/4HANA Finance to get the conversation started and to see a demo or arrange a speaking session to see how Deloitte can help you reimagine everything—an entire universe of possibilities with SAP solutions.
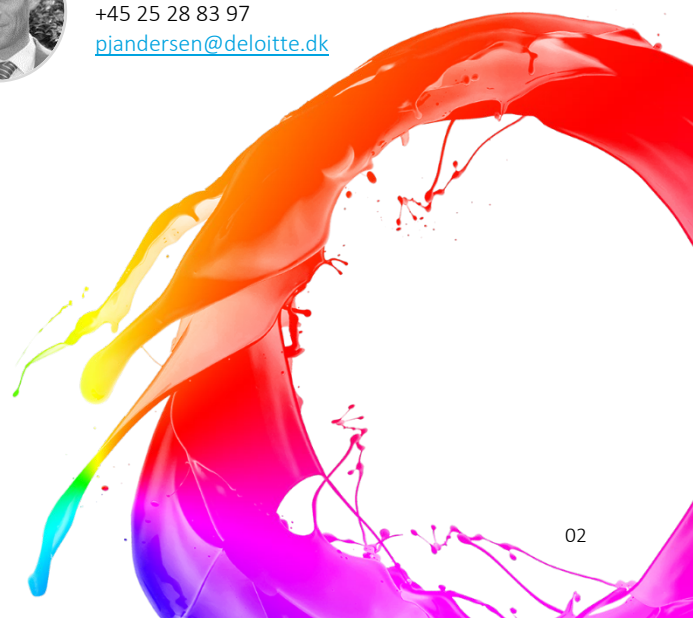
Contacts

Anubhav Garg
Senior Advisor - Finance
+46 70 080 24 77
anugarg@deloitte.se

Malin Nilsson
SAP Practice Lead - Partner
+46 70 080 23 23
malinilsson@deloitte.se

Palle Juhl Andersen
Partner
+45 25 28 83 97
pjandersen@deloitte.dk

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