Finance First
Your first step to S/4HANA
February 2020
S/4HANA ADOPTION TIME TO VALUE
ALTERNATIVES & APPROACHES

- Stay on ECC version (or earlier ver)
- Phased-approach Finance First
- Sys Conversion from ECC to S/4 (Brownfield)
- New S/4 implementation (Greenfield)

Transformation Capability

Business Disruption & Cost

Higher

Lower
READINESS STEPS TOWARDS S/4HANA ADOPTION

**Step 1**
CLEAN-UP
Clean-up master data, transactional data and old processes in Legacy ERP system

**Step 2**
IMPROVE
Opportunity to move to standard SAP processes as much as possible
(Clean ERP approach)

**Step 3**
ADAPT
Adapt to new and improved processes, transformational UI / Fiori User Interface

**Step 4**
CONSOLIDATE
Opportunity to consolidate multiple legacy ERP systems / heterogeneous operations for unified financial reporting structure
Finance First approach is frequently used as a first step to create a low-risk mechanism for broader ERP deployments by allowing business units to transact in legacy systems uninterrupted and in parallel during the large-scale implementation.

Finance First acts as an integration hub to accelerate an integration or separation of acquisitions and divestitures by allowing companies to continue to transact in legacy systems and simply required master data mapping.

Finance First enables centralized service delivery models to report, model, and analyze data within a single system and across a common information model further driving value from the shared service center.

Finance First is leveraged as the least invasive approach to bring data together in a common information model across multiple ERPs (SAP or non-SAP) / heterogeneous operations, which enables the business to plan and have visibility to transaction data otherwise masked in aggregated summary data tables.
THE VALUE FOR FINANCE FIRST APPROACH

IMPLEMENTING FINANCE FIRST BRINGS TOGETHER BENEFITS OF A CENTRAL PLATFORM, NEW CAPABILITIES OF SAP S/4HANA AND SELECTIVE OPPORTUNITIES FOR FINANCE TRANSFORMATION

1. CENTRALIZED PLATFORM
   - Enterprise-wide reporting
   - Harmonized data
   - Cross-company cash application
   - Enterprise allocations

2. SAP S/4HANA
   - Real-time analytics for better decision support
   - Single source of the truth with Universal Journal
   - Improved user experience for greater productivity

3. SELECTIVE ORGANIZATION TRANSFORMATION
   - Select process improvements
   - Rationalization of S/4HANA adoption scope and velocity
FINANCE FIRST

WHAT? WHEN? HOW?

What is it?
- A deployment option for S/4HANA adoption
- Requires separate product with dedicated license (Central Finance)

What it does?
- Replication of financial transactions from source systems
- Provides a common financial reporting structure and analytics

When it is suitable?
- Phased-move to S/4HANA approach (sidecar non-disruptive)
- Consolidated / homogeneous financial reporting requirements

How it works?
- It connects with source systems via SLT/ETL tools
- Mapping source data transformed to harmonized data structures
BACKGROUND
- Finance First as stepping stone to S/4 is a valuable alternative to a straight-forward system upgrade or new greenfield migration/implementation
- Most applicable to SAP customers with:
  - A very large system
  - A mission-critical system
  - Heavy customization / enhancements (brown-field) system
  - System configuration based on old business model (opportunity to renew business model)

KEY MOTIVATION
- Get experience, insight into S/4 before migration
- Reduce ‘uncertainty’ by learning about inner workings of S/4 with a controlled adoption
- Optimize migration (set up, data rationalization) beforehand
- Move selected migration steps up, make final piece smaller (risk mitigation)

BUSINESS CASE
- A decision for or against Finance First as stepping stone is all about how much the risk reduction, increased comfort and a simpler roll-out, over time, is worth to a client
- Various reasons drive such a decision and are really industry, customer and company culture specific

BENEFIT
- Establish and leverage general foundation (HANA, reporting), cross-functional (Fiori), core finance-related (business networks, HCP) innovations to the advantage of the organization – right away, in a controlled manner, spot-based

COST
- The implementation cost for both, the initial roll-out of Finance First as well as the subsequent roll-out to a complete S/4HANA system (finance + logistics) later on is additive; large portions of Finance First can be applied or re-used however
FINANCE FIRST CAPABILITIES OVERVIEW

**FINANCE FIRST** runs on S/4HANA platform and can receive real-time financial transactions from multiple sources for central financial reporting or central financial processing.

**Finance First** powered by SAP Central Finance

### FINANCE FIRST KEY BUSINESS ENABLEMENTS

- Enterprise-wide single source of truth with detailed posting info
- Significantly enhanced user experience
- Real-time self service reporting & analysis
- Integrated business planning for finance
- Enhanced enterprise analytics
- Central business partner management
- Enterprise and business simulation and scenario planning
- Central cash management
- Real-time dashboards with standardized metrics
- Automated central controls & monitoring

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FINANCE FIRST USE CASES

COMPANIES WITH MULTIPLE ERP PLATFORMS / HETEROGENEOUS OPERATIONS IN A SINGLE ERP

CAPABILITY

- Data harmonization, real-time financial reporting
- One enterprise-wide platform for finance transactional processing

COMPANIES WITH FREQUENT M&A / DIVERSTITIES

CAPABILITY

- Rapid financial integration of acquired or carved-out companies

COMPANIES ON THE JOURNEY TO A NEW S/4HANA PLATFORM

CAPABILITY

- Low risk, controlled entry into SAP S/4HANA with finance as the first phase of roadmap to implement all company’s functions later on (side care non-disruptive adoption)
Finance First can complement a long-term ERP roadmap to consolidate into one or fewer instances:

- Achieves rapid value with Finance, with minimal disruption to operations (which can continue in legacy ERP)
- Provides flexibility to bring additional business functions / processes into the central platform over time
- Over long term, remaining ERP functions can be deployed onto the central platform to retire legacy ERP systems
- Reduces change management impact and technology risk over full ERP deployment
FINANCE FIRST VALUE PILLARS

ADVANCED REPORTING AT SEGMENT, ENTITY AND GROUP LEVEL
- Business model-agnostic roll-up reporting and growth (re-org / M&A) extrapolations
- Embedded planning and real-time consolidation in S/4HANA system
- User front-end agnostic / self-service real-time reporting

SCALABLE EXECUTION OF LOCAL AND CENTRAL FINANCIAL PROCESSES
- Alternative / complement to process execution in source ERP systems
- Process centralization (cross-organization, shared service); economies of scale
- Cycle-time reducing Fiori-based and HANA-optimized process execution

TRANSFORMATION PLATFORM FOR THE DIGITAL BUSINESS
- Advanced digital finance data architecture (universal journal)
- Same (single) platform / single source of truth for transactions and analytics
- Digital core cloud connectors (workforce, network, customer, IoT), HCP ready
# TOP BENEFITS OF FINANCE FIRST

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<tr>
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<th>TOP BENEFITS OF FINANCE FIRST</th>
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<tbody>
<tr>
<td>1</td>
<td>TRANSPARENCY</td>
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<td>Increased transparency with a single, central source of truth of harmonized financial data for local, entity and group reporting</td>
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<td>EFFICIENCY</td>
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<td>Improved process efficiency by integration, standardization, and automation of business processes</td>
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<td>3</td>
<td>COST REDUCTION</td>
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<td>Reduced maintenance of multiple systems, applications and interfaces, centralization and economies of scale (shared services) to process execution</td>
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<td>4</td>
<td>SIMPLIFICATION</td>
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<td>Simple one rationalized and consolidated solution for transaction recording, reporting, planning and consolidation</td>
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<td>5</td>
<td>FLEXIBILITY</td>
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<td>Quickly adapt to changing business environments and implement your own growth activities &amp; business model changes</td>
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<td>6</td>
<td>SERVICE LEVEL</td>
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<td>Improved service level provided to stakeholders; service quality, accuracy, speed and timeliness, optimally in self-service scenarios</td>
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<td>7</td>
<td>WORKING CAPITAL IMPROVEMENT</td>
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<td>Simplified cash, collections and receivables management, and improved working capital</td>
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<td>8</td>
<td>BUSINESS CONTINUITY</td>
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<td>Connected SAP and non-SAP ERP landscape without disruption to S/4HANA to run as a digital business, capture market and transformation potential via cloud and other innovations</td>
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FINANCE FIRST IMPLEMENTATION APPROACH

TYPICAL PROJECT PHASES

Prepare

Blueprint

Realize (Build and Test)

Final Prep

Hypercure

Gather existing Design Documents

Establish Design Workshops schedule

Complete Pre-Assembly

Secure Sandbox/Demo Environment

Design Org Structure

Char of Accounts

Master Data

Finance First Build

Secure Dev Environment

Blueprint Signoff

Design Workshops and Signoff

S/4HANA Configuration

• Configure New GL with Parallel Ledgers
• Configure financial processes
• MDG Configuration

Master Data Conversion

• Financial Master Data
• Customers & Vendors
• MDG provisioning to S/4

RICEFW Developments

• Enhancements
• Reporting
• FIORI development

Error Handling and Reconciliation

• Application Integration Framework (AIF)
• Reconciliation Reports

Build Activities

Integration Conversion Dry Run

Conversion & Integration testing

Training Content Developmen

Prepare for Final Cutover

UAT Conversion Dry Run

User Acceptance testing

Production Readiness

Cutover

Support after Go-Live

Operate & Provide Ongoing Support

Perform Application Lifecycle Management

Manage Operations Control Center

Software and Hardware Install

Build Finance First

Prepare for Cutover Dry Run

Prepare for Final Cutover

Cutover

Leadership, Business, Project Org and Infra Alignment

Project (Sandbox) System ready

Dev ready

QA &TRN ready

Prod Ready

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FINANCE FIRST: KEY TAKEAWAYS

01
S/4 adoption in a phased-approach
Finance First support S/4HANA adoption in a phased-approach when companies cannot or do not want to adopt S/4HANA on a big-bang style.

02
Stepping stone towards full S/4 adoption
Finance First supports companies with multiple financial platforms or heterogeneous financial companies or environments as well as companies with frequent acquisitions that can serve as a stepping stone towards full S/4HANA adoption.

03
Central reporting, planning & orchestration
Finance First can be deployed for central reporting & planning, central process orchestration, or central transactional processing for Finance (All Finance).

04
Current-state challenges and value opportunities
Gathering current-state challenges from stakeholders helps to inform where value opportunities may exist and increases buy-in on the business case.

05
Centralized platform with selective finance transformation
The value of Finance First includes the value opportunities of a centralized platform, SAP S/4HANA capabilities, and selective finance transformation.

06
Deployed iteratively
Finance First can be deployed iteratively for continuous delivery of value, starting with central reporting capabilities.

07
Centralization of other non-Finance applications
Centralization of other non-Finance applications can increase the integration and value of Finance First and simplify the IT footprint.
QUESTIONS?
CONTACT US!

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