

SAP Central Finance with SAP Group Reporting

**Discover the value of SAP Central Finance with an integrated
SAP Group Reporting deployment in SAP S/4HANA**

Discover the Value

What is SAP Central Finance?

Many firms find themselves having an increasingly complex system landscape, consisting of SAP systems with different releases and data models as well as non-SAP systems. Such complexity often goes hand in hand with high efforts when exchanging and bringing information together while raising concerns on how to best introduce or migrate to SAP S/4HANA.

With SAP Central Finance, financial accounting transactions from various legacy systems can be brought together into one harmonized and optimized SAP S/4HANA finance system. From here, processes can centrally be executed for all entities.

Firms can profit from the highly performant SAP HANA database, from various analytical tasks to line item detail drill-downs. SAP S/4HANA Finance Innovations, such as the SAP User Experience, enable usage of Fiori Apps, KPI reporting and dashboards to aid decision-making processes.

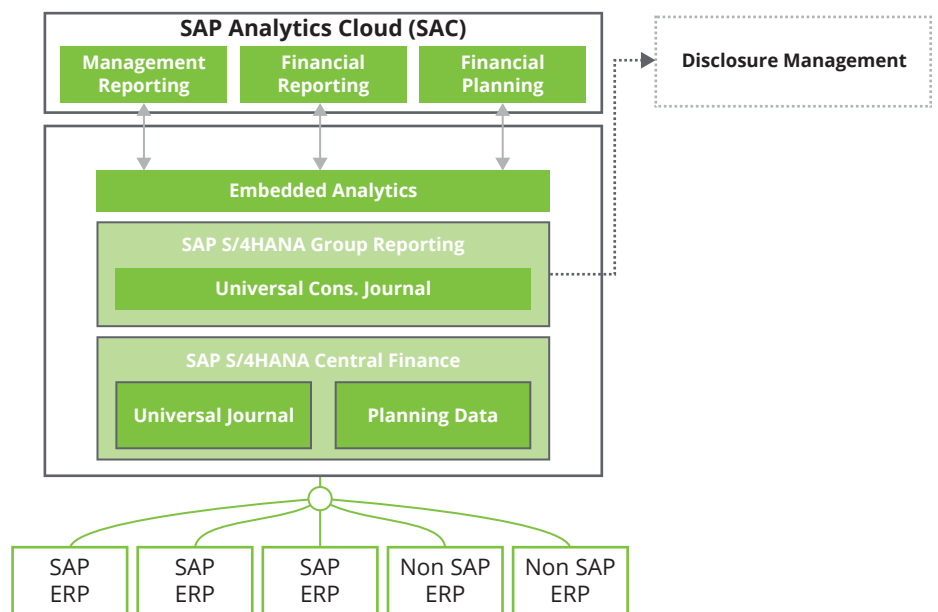
SAP Group Reporting represents the next generation consolidation solution, also acting as a group financial data platform including seamless integration to operational accounting, planning and reporting. This also addresses scattered system landscapes by providing a deployment option on a shared SAP S/4HANA landscape.

Together on one common platform, SAP Central Finance and Group Reporting will represent the future finance system landscape for mid-sized up to big enterprises.

Your added value

- Uniform reporting on segment, entity and group level in one system at any point in time based on real-time data replication.
- Harmonized business processes allow for a central execution of finance transactions for entities across different systems.
- Benefit from SAP S/4HANA Finance Innovations (e.g. HANA based reporting and analysis and SAP User Experience), while having the option of consecutively integrating source systems into the central SAP S/4HANA system.
- Unified financial reporting framework for local and group data access on an up-to-date SAP S/4HANA landscape at any point in time.
- Financial document drill-down from consolidation to operational finance document on line item level providing full level of detail.
- SAP Analytics Cloud (SAC) integration providing meaningful data visualization and planning capabilities.
- Providing capabilities to run a continuous closing process from local close up to group close.

Fig. 1 – Example Architecture Simplified



A Closer Look at SAP Central Finance and Group Reporting

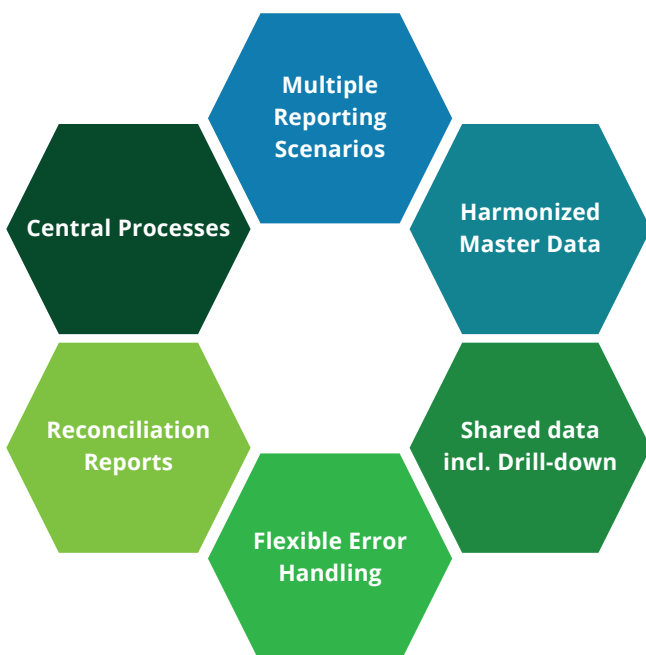
SAP Group Reporting in a Nutshell

- Ensure a consistent group and local close based on shared master and transactional data.
- Provide capabilities to process the intercompany matching reconciliation and FX currency translation before the actual period-end processing.
- Based on the shared data basis SAP Group Reporting provides a full audit trail from consolidation entries down to the operational financial documents, including access to all universal journal dimensions for analytical purposes.
- Similar to SAP Central Finance also non-SAP sources can be connected.
- Cover several consolidation methods including matrix consolidation (since SAP S/4HANA 1909).

SAP Central Finance at a Glance

- With SAP Master Data Governance (MDG, embedded runtime for SAP Central Finance) and the cost object mapping framework, master data, e.g. chart of accounts or cost objects can be mapped, harmonized and distributed to SAP Central Finance enabling processing, planning and reporting.
- SAP Central Finance works with key interfaces, replicating cost objects, FI/CO postings, CO internal postings, commitments and WBS elements. With double click navigation users can drill-down to documents in the source system.
- The SAP Application Interface Framework (AIF) helps technical users implement interfaces while supporting business users in monitoring and error handling.
- Reconciliation reports allow for a detailed check if FI/CO documents have been transferred correctly via document count, balances and line item details.
- Various processes can be executed centrally, e.g.:
 - Cash Management
 - Intercompany reconciliation
 - Centralized WBS Reporting incl. Asset under Construction settlement
- Harmonized management and legal reporting is available for different roles in an organization, such as General Ledger Account, Financial Analyst or Accounts Payables/Receivables Manager.

Fig. 2 – Pillars of a SAP Central Finance and Group Reporting Implementation



Lessons Learned

SAP Central Finance and SAP Group Reporting are not necessarily a solution for ...

1. ... poor data quality.
2. ... a non-efficient data management process.
3. ... redundant data.
4. ... a comprehensive integration of non-SAP systems (e.g. commitments).
5. ... high reconciliation efforts.
6. ... a centralization of processes.
7. ... lack of system & process governance.
8. ... long lasting closing processes.
9. ... inefficiencies in intercompany-reconciliation processes.
10. ... scattered system landscapes for ERP, consolidation & financial reporting systems



But SAP Central Finance and SAP Group Reporting will help improve finance operations by ...

1. ... generating meaningful insights into financial data via real-time replication of financial documents from various source systems (SAP & non-SAP).
2. ... enabling enterprises to establish centralized financial processes to improve financial figures (e.g. Days Sales Outstanding through centralized open item management).
3. ... efficient finance transformation by providing powerful mapping capabilities to harmonize financial data and steering models.
4. ... a reduced number of iterations during intercompany-reconciliation and consolidation processes by providing access to information on line item level, including drill-down and drill-back to source documents & systems.
5. ... elimination of redundant data storage and seamless integration to state-of-the-art reporting functionalities.
6. ... providing state-of-the-art intercompany reconciliation capabilities via SAP Intercompany Matching and Reconciliation (ICMR) to increase efficiency during period closing.
7. ... harmonizing & streamlining the financial system landscape by integrating the financial operation & consolidation activities within one system and providing easy-to-use reporting capabilities.

Project Considerations

Consider the following topics while implementing SAP Central Finance & Group Reporting

Aligning master data is a challenging, but necessary process

Set expectations on the level of effort required to align master data and establish a new hierarchy in SAP Central Finance. Figuring out the appropriate relationships and building agreement can take time, hence is critical to a successful implementation. Also take key SAP Group Reporting objects (e.g. consolidation unit, FS item) into account while defining master data design.

Define and communicate clear path forward

Clarity regarding which processes will continue in legacy systems vs. performed in SAP Central Finance is critical to everyone moving forward together. Identifying nuances in legacy processes early on will help define the configuration of SAP Central Finance and enable a smooth transition.

In addition, start an early communication concerning the future of legacy consolidation systems towards corporate functions.

Validate requirements for users from each ERP

Depending on the ERP system and integration, ERP data updates may vary in SAP Central Finance. Establishing expectations early on with users based on specific ERPs can support buy-in.

Analyze and commit on the global processes to avoid differences during parallel implementation.

Consider the consolidation requirements accordingly, as the integration will increase using Group Reporting.

System design and scoping

Define a clear set of key design principles at project start and evaluate source systems and the system landscape in respect to the guidelines.

The result will create insights and define requirements for data mapping efforts and the future system landscape.

Also create a clear financial reporting scope and decide the tools and data sources to be used. Consider the reporting recipients while defining your strategy.

Timing is key

Like for SAP S/4HANA implementations, the right timing and roll-out strategy is key for a successful project. Identify the right pilot go-live by focusing on your key processes and pain-points. Upcoming SAP innovations will impact the project timeline, hence stay in contact with your SAP representative. For consolidation it is important to evaluate the effort to provide data to the legacy system vs. providing data from legacy systems to SAP Group Reporting from the beginning.

Clear responsibilities and change management

To make a SAP Central Finance & Group Reporting implementation a success story establish solution owners with corresponding knowledge by project start incl. strong management buy-in.

Do not underestimate the change within an organization out of Central Finance and Group Reporting. The tight integration & the shared data basis will require a common understanding of the data model to increase acceptance.

Deloitte Kinetic Finance Start-Up „Let the Machine do the Heavy Lifting”

Kinetic Finance Startup (KFS) is a zero-footprint, non-invasive, AI-enabled path achieving a Kinetic Finance powered by SAP S/4HANA Central Finance. Designed with greenfield projects in mind, KFS uses digital automation to enable a touchless implementation accelerating your SAP S/4HANA implementation.

Fig. 3 – Improvement Cycle for automated SAP Central Finance implementation

Auto-Intake

- Pre-built connectors to existing ERP systems
- Auto-extraction of existing configuration design, master data and transactional balances

Iterative Input

- Initial scope input
- Analyze results
- Iterative refinement of requirements



End-to-End Orchestration

- Single user interface to tie together each step of transformation process
- Industry best practices
- Ready-to-go templates

Intelligent Harmonization

- AI-driven harmonization of existing data and configuration

Auto-Implement

- Bots implement the system:
- Configure and test results
- Perform data loads
- Auto-reconciliation of results
- Document process flows, configuration and tests

When Is It Suitable For Your Company



Complex and growing system landscape

If you are facing a high complexity of system landscape consisting of different SAP and/or non-SAP systems with different releases and different configuration, you can simplify your finance environment by implementing a single central system instance, overlapping governance models of local systems as a side instead of a full integration solution.



SAP Group Reporting to complement your Central Finance System

In order to reduce complexity of your system landscape running SAP Group Reporting on your Central Finance instance will contribute to this overarching goal, by replacing the existing BW based consolidation solution. Following this solution approach will also ensure a seamless integration of the operational financial documents into your consolidation figures.



Frequent M&A activities

You can plug-in the systems of your merged or acquired companies in a smooth way. SAP Central Finance can ensure a non-disruptive integration of new entities with different organizational structures and set of master data without running long term projects. SAP Group Reporting as an integrated solution within your financial system landscape will ensure a seamless reporting from a group perspective for your acquired companies from the beginning with reduced manual effort.



Lack of financial data transparency at group level and in real-time manner

SAP Central Finance enables consolidation of financial information from various systems (SAP and non-SAP) on one common platform. This leads to an improvement of your reporting and planning activities, on the fly across various entities and units. SAP Group Reporting implemented in an integrated system on top of your operational system will enable a seamless financial reporting across different levels of detail.



Streamlined Closing Process

Running day-to-day finance processes, reporting and period-end closing, including consolidation on a single system, supported by SAP Central Finance & SAP Group Reporting will lift your closing process schedule to the next level. Based on permanent reconciliation activities and the shared data basis, deviations and clarification needs will be identified earlier and accelerate the overall closing time.



Fragmented and dispersed finance function

With SAP Central Finance and SAP Group Reporting you can streamline your processes by executing business processes centrally (e.g. centralized execution of payments, central view on cash and liquidity management). SAP Central Finance will also make your shared-service-centers more efficient by centralizing financial operations and reporting on a single system.



SAP Central Finance as migration option

SAP Central Finance can be seen as a step-by-step migration to a Central Finance System, with low risk of implementing SAP S/4HANA technologies for the finance department. In the target system a harmonized template can be designed to lift supply chain processes from the source ERP to the target system in the finalized state (no out of the box solution).

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