

Deloitte.



**Assembling New Value in the
Finance Organization**

SAP S/4HANA® Finance for the
technology industry



“SAP S/4HANA Finance offers finance leaders the ability to take an incremental approach to transformation, helping them to truly transform their businesses while also keeping pace with the evolution of technology.”

For companies doing business in the advanced technology space—from semiconductors to software to consumer devices—the pressure is on to provide greater clarity when it comes to financial data. As the pace of business accelerates, leaders in the finance organization see increasing demand for delivering accurate data in real time. Internal stakeholders as well as external parties continue to seek a single source of the truth. They don't just want information fast. They want it to be reliable, current, and accessible.

Envisioning transformation

Shifting market forces make the challenge more demanding. Technology companies are adapting to evolving digital business models that generate mountains of new data. At the same time, they're being pushed to grow profits and margins while also facing new regulatory burdens on

revenue recognition, lease accounting, and other factors. Meanwhile, globalization trends, merger activity, cash flow pressures, and internal demands for faster and more nimble financial reporting capabilities all add to the challenge.

As they search for finance solutions that can provide detailed visibility and support more effective business management, many organizations have turned their attention 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. SAP S/4HANA Finance offers finance leaders the ability to take an incremental approach to transformation, helping them to truly transform their businesses while also keeping pace with the evolution of technology.

SAP S/4HANA Finance—plugging in to new benefits

SAP S/4HANA Finance leverages the in-memory computing power of the SAP HANA® platform, boosting speed and eliminating the need to use traditional databases. The solution—which can be deployed in the cloud or on-premise—simplifies the architecture for financial data, delivers instantaneous analysis capabilities on transactional data, and provides the ability to run critical business processes in real time—enabling finance leaders to focus on value-added activities. As a solution that integrates legacy data, it can help technology companies accelerate finance transformation and see results sooner.

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 help you simplify the finance organization—operating with a single version of the truth and alleviating the need for multiple layers of reconciliation. It also can help address the key trends influencing finance for technology companies today.

Data volume

SAP S/4HANA Finance can help organizations scale up to address emerging digital needs and transform mounds of new data into usable information. Moreover, that information can be delivered through intuitive dashboards, thanks to the SAP Fiori® interface, which allows users to access, explore, and drill down into the information they need—as well as review and approve

“With SAP S/4HANA Finance, the finance organization can deliver a standardized operating model to address M&A-related challenges, bringing financials together in one place with its Central Finance component.”



actions. And because SAP S/4HANA Finance leverages the SAP HANA in-memory database, the solution simplifies data integration and supports a real-time flow of data from billing systems, for example, to a Central Finance solution.

Growth and profitability

SAP S/4HANA Finance helps support global growth in the digital era by automating and simplifying processes. It can reduce the need for manual entries, make the close process easier, and accelerate your ability to identify inefficiencies. And it provides a level of granularity so you can get a rapid view into profitability and enhance decision-making. Want to look at real-time profitability figures for a specific product group and drill down to explore the data and get a sense of what factors are driving profitability? SAP S/4HANA Finance can support that vision. You also can split the

cost of goods sold into multiple postings—such as labor and material. And with SAP Material Ledger functionality, you can get a view of your inventory in multiple currencies and multiple valuations.

Statutory and regulatory requirements

On the regulatory front, SAP S/4HANA Finance can help organizations rapidly pull together and deliver data to regulatory bodies while also providing insights into issues that could be a concern, allowing organizations to address potential problems before they get out of hand. And because SAP S/4HANA Finance can automatically duplicate information and “translate” your data for different countries, you can perform country-level reporting and manage issues such as revenue recognition by country. SAP S/4HANA Finance functionality also can help you

address transfer pricing regulatory requirements—such as needs associated with base erosion and profit shifting (BEPS).

Mergers and acquisitions

With SAP S/4HANA Finance, the finance organization can deliver a standardized operating model to address M&A-related challenges, bringing financials together in one place with its Central Finance component. The solution allows companies to integrate previously separate models and deliver a single source of finance data, providing instant worldwide access to business-critical information. And with tools that support “clone and go” or rapid integration of systems, SAP S/4HANA Finance makes the process fast.

Cash flow pressures

SAP S/4HANA Finance integrates with standard treasury, cash-management, and

bank-management functions so you can see your cash position and cash forecast—by day, month, or quarter.

Reporting demands

Centralizing more data with SAP S/4HANA Finance means you can empower more employees with the data, allowing them to use the SAP Fiori interface to access, slice, dice, and analyze it to answer their own questions and inform their specific decision-making needs. But having consolidated data and a single version of the truth means you close your books right away—not just at the end of the month. As accounting errors occur and are rejected, they are sent back to their owners in real time, meaning you don’t have to wait until after the close to find them.

Forecasting possibilities

With the visibility and clarity that SAP S/4HANA Finance provides, technology



companies can start moving toward more meaningful forecasting and “managing to performance” rather than managing to budget or plan. Real-time reporting and analytics capabilities mean organizations can have instant data on hand to inform forecasting and provide a more accurate view of the future.

Realities with SAP S/4HANA Finance

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

People. Change management becomes essential. Because SAP S/4HANA Finance can put capabilities into the hands of more employees, you will require a strategy for getting your employees up to speed on how to use it. As the lines among finance

roles blur, your workforce will need to develop a new, blended skillset to take full advantage of SAP S/4HANA Finance. Finance leaders, meanwhile, will need to shift more into a “catalyst” role—to explore opportunities for delivering value back to the business, instead of being just a steward of data. Some people will no longer be data collectors, for example. They will become data or sector analysts.

Processes. People can do only so much. Running and overseeing processes globally will require more than smart people. It will require optimized and standardized processes across business units. Taking a “business first” approach to align your processes and your business objectives with SAP S/4HANA Finance becomes critical. Leaders will have to think strategically about the business results they want and how processes can drive them.

Technology. With SAP S/4HANA Finance, you have many deployment options. The solution does not call for a big-bang approach. Instead, it enables more of a building-block approach—so you can transform your business strategically. 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. 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 operate with legacy systems or even older versions of SAP software. How can you help accelerate the implementation journey? By establishing a common information model, viewing your transactions and analytics activities as one stream, and standing up a “model

company” to test your new plan before you execute.

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

“Our strength comes from our global network of more than 16,000 business and technology professionals.”

- Access the cloud deployment option, deliver new efficiencies that can help you move toward an operating-expense model and lower the total cost of ownership for finance platforms
- Improve analysis of profitability and costs
- Reduce revenue leakage and missed billing opportunities
- Be 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

Embarking on a journey with SAP S/4HANA Finance represents more than a systems implementation. It requires an ability to think

strategically about your business processes as well as your 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 make huge investments in SAP solutions, teaming with SAP on co-innovation projects for delivering next-generation functionality.



Let's talk

With a global corps of finance, tax, advisory, and risk professionals, we also can help technology companies 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.

Kelly Herod

Principal, Deloitte Consulting LLP

Email: keherod@deloitte.com

Rob Ried

Senior Manager, Deloitte Consulting LLP

Email: rried@deloitte.com

[@Rob_Ried](#)

John Steele

Principal, Deloitte Consulting LLP

Email: johnsteele@deloitte.com

[@John_E_Steele](#)

SAP@deloitte.com

www.deloitte.com/SAP

[@DeloitteSAP](#)

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 Finance as a tool to support business transformation and emerging capabilities such as process automation.



As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering business, financial, investment, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2017 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited.