



Transformation

with SAP S/4HANA for Central Finance



Podcast Transformation with SAP S/4HANA for Central Finance

Episode 01: Central Finance - Product Journey & Outlook

Mallik: Welcome to the podcast. Transformation with S/4HANA for Central Finance. Enterprise transformation is exciting and rewarding. It could be overwhelming and challenging. We are on a mission to help you adopt S/4HANA with central finance, with confidence and run better. You are listening to episode number one. My name is Mallikarjun Kumara Venkata. I'm your host today. In this episode we are excited to introduce our guest, Stephan Fischer, Vice President, Product Engineering SAP. Whether you are planning a transformation journey with SAP S/4HANA or already started your journey with finance First Approach. This episode offers great insights, product backstory, highlights and outlook. Welcome to the podcast, Stefan. Thank you for joining. We are so excited that you are able to make it. In this episode we want to discuss S/4HANA for Central finance as a product. What was the journey so far? Talk through the highlights and the outlook moving forward. Why don't we start with a brief introduction? Can you please introduce yourself to our listeners and also kindly let us know your base location where you are signing from? Stefan.

Stefan: Thank you, Malik. Thank you for the invitation. First, I'm excited to be part of that format. It's the first time for me that I'm participating in a podcast, so I'm new. Let's hope all goes well and I'm excited to be able to share some of the history of central finance, where we came from and where we are going. My name is Stefan Fischer. I'm located at SAP headquarters in Walldorf. And I've been around with SAP since 1997. Moved over through various roles, started in product development, changed to consulting, then back into the SAP se, back into solution management role for the industry's professional services. I was responsible for between 2005 and 2011 and then moved on to ERP financials development, what was called back then leading a team of product managers or product owners until I was asked to take over responsibility to build out a new product called Central Finance in 2014. And this is when the journey started. And I'm excited to share with you some of the highlights and lowlights, probably very much about our customers.

Mallik: Thank you. Awesome. Before we get started, I want to ask you a quick rapid fire questions. Number one. Coffee or tea?

Stefan: Coffee.

Mallik: Coffee. Okay. How many cups of coffee typically in a day?

Stefan: 7 to 10.

Mallik: Oh, okay. Nice

Stefan: And.

Mallik: Aisle seat or window seat?

Stefan: A window seat. I love to look out and watch the countryside below.

Mallik: But dear Romolini kind of have a headset on and kind of look at the clouds. Sap is now becoming a cloud company. Enjoy the clouds being in the clouds.

Stefan: Absolutely. I enjoy going up into the clouds and going over the clouds and have the wide, wide vision above.

Mallik: And what have you read recently that has inspired you?

Stefan: In fact, I read the papers, the economic parts every day, and I see a lot of things that are happening in politics. I see a lot of what is happening in economics. That's my private interest and hobby. Yeah, but what inspired me recently very much is that there's a lot of contributions around artificial intelligence. So this is something that I find really interesting. The day I first read about creativity, I created a user account and I tested it up and down. The opportunity and the potential is hardly discovered yet. I believe this will change the world to an order of magnitude that today we can only guess. And I'm very excited about what's happening here.

Mallik: Chatgpt is on everybody's mind these days.

Stefan: Absolutely. Yeah.

Mallik: So, Stefan, let's start with the central finance product journey. We call this CFIN. It's S/4HANA for central finance. Tell us about the moment when when you mentioned 2014, 2015, when the product idea was started. Tell us a bit about what happened and how did it all start?

Stefan: How did it all start? I mean, it has a bit of a history. Was going a bit further back and it's starting. In fact, when we discussed the impact of HANA on SAP, you all recall that at the end of the 2000 2010, 2011, 2012, HANA came around. A lot of change and excitement about that. And people said it's database, it's a faster database, but our value does not come out of speed. So what's the point? And then there were few innovations HANA, sidecars,

Mallik: Sweden.

Stefan: Sweden,

Mallik: Hana.

Stefan: Hana a couple of innovations that were interesting. We learned a lot. We learned individual use cases, but it was until a few moments where we really discovered the opportunity that light within. And I remember that Monday I came to the office. First thing was you all know Janet. She she came by, she was in my team reporting to me and she said, Stefan Hasso called me on Friday night. It was already 7:00. Yeah. And we had a chat for an hour or two and he explained what HANA means and he wanted me to rethink what we've been doing in the past. And you all know those stories? Yeah. Aggregates, removing aggregates, moving into single table, extending the vision of ACDOCA into other areas. Planning actuals. Yeah. And it was just a lot of steering and change that happened. A lot of critics around us as well. And the journey in front of us was major. And as part of this thinking process and the evolution of what came and the new architecture, the Universal journal that was built, there was also the understanding that the moment in time is right to expand that vision and adopt something and look deeper into something that has been around before.

Stefan: I mean, we did not invent central finance. We were not the first that came up with that idea. Yeah. However, HANA and the speed of HANA gave us the confidence that the architecture is right and the scale is possible, that you need to basically collect accounting data across a group of companies and make use of it to reporting down to the line item level, slice and dice, have the capabilities, the analytics capabilities in place. Remember, back in those days it was first even simple finance and then came S/4HANA. In the early days, we still had we still have embedded BW But the analytics embedded analytics was a strong piece, also supporting that idea of bringing together OLAp and OLTP. And so we were executing on that strategy and central finance was a consequential innovation following on that. Now talking about that, that is the innovation piece, that's the technology piece. But ultimately the driver for SAP is business and there were a few things that we observed at that point that were immediate to our customers to the market. There was this growing number of companies that have deployed analytic suites. Bw.

Mallik: You mean the BW? Okay.

Stefan: BW, for instance, and other analytics tools and not one, but many. Yeah. So there was distributed data. There was, in many cases, not a central governance. We saw that communication was actually sometimes difficult in the group company because there were different truths, different interpretations, because as you know, if you load data in BW, you transform. And those that transform know the transformations that are being made. But if you look from the outside, yeah, you may have a different understanding of certain definitions of certain transformations because you're doing them differently. So finding one common language in a group company was difficult. Building on all those analytic solutions. Eventually you would consolidate the data into a consolidation system. The consolidation of data was happening usually on a higher level, on a consolidated aggregated level, and you were missing from a group company, you were missing the details that were underlying. So you can trust, yeah, you installed controls and mechanisms of how people had basically to confirm and commit that the data that they reporting is according to the central guidelines and standards. It was a lot of trust involved here and we saw that business owners wanted to go beyond. And this is where the central the single source of truth was born.

Stefan: Yeah. This ask for what's the real data? And the real data is in the real accounting documents. So coming in an S4 system, simple finance at that point and building everything on the single source of truth on the line item, plus extending that also to other group companies that are running on other systems and extending that even to those that are not running on SAP systems. This was a major value add. And at that days we had a lot of conversation with customers that first said, we don't believe that this is possible. We would wish to have that, but we don't believe that this is possible. We also had customers that took different approaches here that came out of the analytic space and thought central finance was another way to consolidate, but more on the analytical platform, which it is not. So the project that you initially planned for four months took a bit longer than four months, especially at the beginning of central finance. So that gave us some bad press, but it was a matter of education to flesh that out and there was a lot of momentum in the marketplace that contributed to leverage a technology like central finance.

Stefan: The template approach is that many customers took, which turned out to be very expensive, hard to sustain and quite prohibitive to some of the agility that was required by business, or whether that was the lack of innovation that many had. New was invented in the early 2000, but not that much. Companies adopted it. I mean, there were thousands of them adopting it, but not every customer. And I met many customers that said we made a business case, but we couldn't convince the organization to take that step. Yeah, so there was a lot of need to innovate, to renovate and the desire to bring it together on a platform that allows flexibility. So the winning story at the end of the day for central finance was powered by technology by HANA, but it addressed business pain, points of governance, of global insights, of trust and reliability of data. And this is what central finance brought at that point in time. So that was really many things coming together and I think that the field was ready, Yeah, for growth and for blossom. And we were at the right time with the right technology and with the right idea.

Mallik: Well, I think this is very inspiring. Thank you for sharing that background. What year was that? Was it like 2014? 2013? 15?

Stefan: In 2014 we started and the first shipment was in 2015 with SFin Simplified finance, it was called. And then the go to market brand was simple finance, and that's been around basically until the story was expanded and S/4HANA was taking it even beyond finance and making it a much stronger message. Also in the other areas that benefited from this change in the underlying infrastructure and adopting HANA and bringing the value to the business.

Mallik: Not thinking back, I think you shared a fantastic insight with with Hasso calling and talking. What was the time when Hasso and team and you and other colleagues decided, Hey, I think we are right. I think we have this product and what was that? What was going on at the time? Tell us about that time.

Stefan: Sap, I would argue very much driven by customers, by business cases. Now, what was specific in that time was the desire to introduce a completely new priority. That was the speed that was HANA. And together with that came Fiori and the approach to analytics. So this was considered as a once in a lifetime opportunity to build something new, which is building on the legacy that you have, but not doing the same things differently, but taking different approaches. And this is what happened at that point in time. Everybody wanted to know and understand what's happening, that the progress that's been made is fast enough and that the right priorities are adhered to. In the early stages, you see that there is interest to innovate on simplification, on cleaning up the stack, on user experience, the frog design that was already almost a decade behind at that point in time, and there was the desire to move into something which is quite different from what we've been doing before. So we came out with plans to renovate the entire user interface end to end. We had the web GUIs. That was already a progress to the SAP. However, it did not really appeal to everybody. So Fiori was a consequential step at that point in time. All of those things we were keeping in balance. We wanted to harvest the opportunities and come up with things that add value that are not just doing the same things differently, but doing new things that you couldn't do before in the past. And this is coming again to central finance.

Mallik: You make a good point here, Stefan. Tell us more about how the initial product stack evolved from what we had at the beginning in 2014 and how it evolved over time.

Stefan: Where we were at the beginning. We were trying different things. Also at that time, if you think about replication technologies, the SLT, which is the toolset that we are using to replicate data between systems that has been around for a while, it's been tested. It's been successful in the market and adopted. It was not the only tool that was around to replicate. So we also tested other tools and took the decision to select as a proven, very capable and performing technology. So it was a search for the right technologies, for the best value and for innovations and how we can add value to S/4HANA and S/4HANA finance as then in 2016, then it was first called S/4HANA finance because before we then removed the finance and it was then S/4HANA quite a few things happening and looking back in a lot of things though it seems, but we had very good customers and I'm very grateful to our customers and ecosystems of partners that helped to take this product where it is right now. It was not always easy because, of course, you also have a lot of critics. If you see if you come up with something like that, that is quite different to what the traditional ERP is providing. It's not always a walk in the park.

Mallik: Absolutely. I think you make a very good point, Stefan. This is ground breaking. What? We did this with central finance. For those listeners who are kind of listening, hey, I'm running a SAP and I'm now thinking about transformation to S/4HANA, How do you explain central finance to them? So someone who are hearing it for the first time, imagine they have never heard about finance. What is that? How do you explain that?

Stefan: I would not start with an ECC customer. I would look at it from a business perspective. In a large organization, a large company, you rarely run on a single system, and even if you do, you acquire new companies and they're running on their own systems. So there is a consistent challenge of bringing together data finance data that is distributed across the group of companies, plus in the respective systems, there's respective underlying business logic and you need to make sense of it. You need to understand it, because at the end of the day, when you report out to the market, it needs to be clear, understood and safe. Central finance is collecting data across all financial systems and finance systems in an organization on a line item basis. Every document, every line item is collected, brought over to the central finance system, which is an S/4HANA system, and repost it as a new document with line items. But what this actually means is you're posting a document in your central finance S/4HANA system, just as it would have been entered in the user interface in the same system and posted via the APIs in that system. So at the end of the day, the entire business logic is applied and magic happens that we bring those in independent of where the document was initially posted. As part of that, there is a transformation happening. There's a harmonization happening given the different business logics, and all of that is mapped against one central business logic, which is the agreed business logic of the group and repost it. So you have a system that holds all accounting documents from the entire company group of companies in one business logic that is applied in that system, just as if you only had one single system. It's the single source of truth, as we call it.

Mallik: So let's talk about a little bit about the early adopters. Tell us about the initial first set of customers that are kind of have looked at this product. Yeah. Maybe this is something that I can use. How did they receive the product? Can you tell us about some experiences coming from our first set of customers?

Stefan: We had exciting journeys and we had customers with a lot of patience. I must say that, as I said, I'm very grateful to that because if you come up with something which is transformational, it is not always easy. It's not always straightforward. Our teams learned throughout that journey a lot about many different things. In the early days, there was a struggle in understanding. As I indicated earlier, what is the difference of an analytic system compared to a finance system? Now put yourself eight years back and think how the industry IT and ERP was eight years back. This is where the finance it in many cases hardly existed. A finance it was legacy finance was not cool. Finance was not innovation finance. They were just in a supportive mode, but never in an innovation mode. And some customers and it was little at the beginning, understood the power and the potential of central finance of having document and line item granularity in one system collected from many different systems and have one definition of the truth. And those were the ones that were moving into this endeavor, some of them more on an experimental note saying, We want to understand it. We want to see what S/4HANA means, What simple finance means best is to lay your hands on it. Yeah, you build a box, you install it, and you get familiar with it. We've seen that a lot. At the beginning of the central finance was positioned a long time as an adoption scenario for S/4HANA. Now just out of this, but there were very limited scopes during the adoptions. There were delays because of the maturity. Of course, we were delivering fixes and notes like hell yeah, I mean, that was part

Mallik: But

Stefan: Of

Mallik: Like any new

Stefan: Yes,

Mallik: Product.

Stefan: It was a real, real challenge for new customers because before they could even start with central finance, they had to apply sometimes hundreds of nodes because the system was in a shape to let them use it. So the first customers went for reporting scenarios. Some of them I recall, a US utilities company, they had a very industry specific reporting requirement, statutory reporting requirement, but they said we can only fulfill it with a database. So they put a box next to it that never planned to do their corporate reporting out of it. But we had others that were more ambitiously trying to establish a CFO reporting platform, a CFO analytics hub, and those were the exciting things, because here you would have no option to leave out documents as the entire initial load process and then the online replication process. That was a pain. Yeah, because if 99.9% is not complete and data is only trusted if it's 100% complete and if you loads and loads and load and reset and load and reset. Yeah. I mean the entire tooling typically is not made for that. And then. People realize, Oh, you have to be able to cancel a document. Oh, my God, now that's difficult. So you go back and add capabilities and then there's so many different things that you have to recall. And if you look at how we plan today in central finance, I mean, we're almost killed by the variants that we have. Yeah, you have to support the initial nodes and the online replication, but we also have the IDR a different way of the initial nodes and it's different if you load from an ECC system compared to an S/4HANA system compared to a third party system compared to S/4HANA cloud system.

Stefan: And each of those cases need to be looked at in their own respect. It was a long way and we had to learn that it did not come at the beginning. Luckily back then the world was much simpler. Yeah, so the sum of the experience that we made, but definitely together with our customers and I think one of the success factors for central finance was that everybody know for us, a customer was successful when they were live and we realized there's many obstacles to that and the team accepted that challenge. It was key to follow up with the customers to check whether that fix is working, if it's meeting the expectation and if it didn't get back because we said, okay, if you can't do it out of the box and you still need it. We need to help you. And this was part of all our customer engagements at the beginning when they couldn't achieve it with standard. And then we were looking for alternative ways. There was also not a lot of knowledge in the market, so there was a strong sense of we're in the same boat and at the end of the day the thing will only fly if we are successful together. And that was really the spirit and it still is around. And I can only thank to all those that were part of

that. That was not only the development teams, it was also our support teams in India. It was also the consultants that we've been working together with and together with the partners, with the customer team.

Mallik: Thanks for sharing your wonderful insights, Stefan. It is fascinating when you reflect on the product journey. Tell us about a moment that stuck with you could be an incident or feedback that you remembered.

Stefan: I mean, I want to share this little anecdote. In 2017, we were at the user conference. Central finance was new. People were thinking about it, talking about it, but not too convinced. And had this executive I met and I knew him, he's been around since R2 and he's been in charge of many responsible roles in finance. And he's a. Stefan, you're a criminal. You shouldn't do that. Central finance is not going to become a product. And I said it is. And he said, You will never have more than five customers and those five customers will kill SAP support. It's never going to work. So I had a couple of bad nights after that meeting, you know, because I had a lot of respect into the expertise and thankfully we could prove wrong. There's no hardly two SAP implementations, and if you add third party systems, it's even more complex. It is not easy. But eventually I think we've proven that it's possible and many of our customers have proven it, not us, but our customers. So I think we've overcome that. We've learned that. And at the same time, I think it also required a special way of caring for your customers.

Mallik: It's amazing you shared that. We were told, hey, not not more than 4 or 5 customers. And today, how many customers are we talking about?

Stefan: I mean, I don't have a record of customers because they don't report back as soon as they arrive. I know of more than 200. Is it 300? Is it 400? I can't say. I can only speculate. But it's on an order of magnitude where there is no doubt and there's a lot of confidence. Now, this is a product where we have expertise now out in the market. Customers can move forward without being directly involved and you can do it. We've been working on so many sources for enablement, for education, etcetera, that I think we have a good and stable basis for knowledge sharing. I mean, everybody will know our central finance node. Every central finance consultant can probably wake up in the middle of the night and tell you the number and the first 5 or 6 entries. So I think eventually this is possible and the size of our installed base is already significant, I would say.

Mallik: So thank you for kind of that insight. It's very interesting to hear from where the 4 or 5 customers to roughly the last number I have is we had somewhere around 600 plus customers adopting transforming the journey. It's exciting to hear that. Tell us about how the product got better after the initial adoption phases. What features are popular with our customers? Why they love central finance. If they have started, which functionality or features you feel that the adoption could be better? Can you please share some insights on those?

Stefan: Yes, coming from central reporting capabilities, we've expanded over time with a vision to, of course, improve the replication infrastructure and the platform. But from a business perspective, it was reporting and then moving into processes. Centralizing APAR was one of the early processes that we were able to

centralize. We continue to build around that and add capabilities. In the past you could centralize apart. Now we've basically broken it down that you can already start with centralizing App and are at the later stage. And inter-company is also something that customers will look at differently and in isolation because it's different types of shared services that are being applied here. We've been moving over into centralization of projects, budgeting. Currently we're looking into planning and replicating planning data. So we've been building out various areas that we saw our customers desired in a global governance setup. And one of the many things that probably add very, very much value is the centralization of tax and tax reporting, although this is also something which is challenging. It's a very complex endeavor. On the other side, the business value is tangible. If you can report to the tax authorities out of one central system independent of your country, I mean, that's quite a value that you achieve here. So if you ask about adoption, I think the process centralization is one of the more challenging things that our customers do can do.

Mallik: It's interesting you mentioned synergy with the accelerating close. Stefan. Didn't we have a group reporting solution sometime around 2017 that is so popular now with sort of finance as we hear insight, it's like a match made in heaven. Can you comment on that, please?

Stefan: Since 2017, 2018, I think it was group reporting was built out. And group reporting allows you to consolidate to your period and close and consolidate and report out based on S/4HANA finance instance and central finance is bringing on the data in that finance instance. And this is what many of our customers see as one of the immediate things that they want to harvest in a central finance setup. So that's certainly one of the strong capabilities and I believe there's still a road to go. We do have live customers in central finance and group reporting, but the first days that we introduced that idea and discussed that with our ecosystem, it took a while to sink in and to realize and understand what that means. But one of the conversations I recall with Rakesh from PwC and he said, we see a lot of our customers not running consolidation on SAP, but this is certainly be a story that is up to replace the installed base of I don't want to mention the competitor, but this is the winning story and the time is right to do it. So that is, I think, tremendous value, a great opportunity because the life cycle of competitor's products is very far out. And now many customers, many large organizations are about to change into a new environment. And this is group reporting central finance. I think it's a winning idea.

Mallik: We see many of our customers running a bunch of SAP and non-sap systems as a heterogeneous landscape, integrating a third party or a non SAP system and bringing a sap and non-sap systems into one harmonized central finance system is a game changer. How did Central Finance team make it happen?

Stefan: I think key piece of the value of central finance is coming out of the capability to extend to non-sap source systems. This is one of the differentiating capabilities that we have and an early customer. Their case was to connect to 275 systems, ECC systems, non SAP systems. And and for them they said, you know, it's hard to imagine that level of trust that we are missing in our organization because out of that variety, out of that ecosystem, it's hard very to bring it all together. So at a very early point in time, we understood that it's not only about SAP systems, also about non-sap systems. So in 2016, where those conversations came up, we always had the BAPI as an open interface for connecting non-sap systems and. Frankly, the effort was not taken care of by us. We said, if you want to bring in non SAP data, here's the BAPI. And in 2016, we took on

that problem. And now I've been working with independent software vendors in the past, and I know that this is a business that has a lot of value for our customers, but also for our partners. And my thought was let's try to create an open platform so that our partners can ramp on and let's think. Integration of Non-sap systems as a content driven exercise.

Stefan: Let's not build out connectivity to any system in a way that you really build an interface. Let's build a platform which is, let's say our hook up point. That's the platform for customers and partners to just dump their data on. And from there on we take care of it. We take it through error handling, mapping, exercise until we then bring it into central finance. And let's think the last mile to the Non-sap system together with the partner. And at that time I believe that there is opportunity for an ecosystem of partners here, for different partners to to even compete on the best solution. And I was talking to a couple of partners back then. I know of three that did investments here to figure out. And eventually there was this one partner that gave us a very strong commitment that was working with a lot of expertise in connecting and transferring data from any system, not only SAP system. They were quite familiar with a range of products and that was magnitude. And magnitude was then, as you know, the partner that we jointly invested a lot in building out this platform on our end and extending our capabilities for that platform, but also the partner committing on connecting to going the last mile with repetitive approach, with a repeatable approach to connect to non-sap systems, using an infrastructure built around data services.

Stefan: And it's been a very good partnership. And it convinced me also that there is, number one value in competition to build out better and better products, but there's also value of deep collaboration with one partner. So I think that is an important piece and value of this product that our customers get because right now it's not easy to connect an SAP system. Of course, it's also not easy to connect the third party system. You have to know what you do. You have to understand the business logic, you know, to understand the infrastructure, how to map, how to translate and those things. But we have that skills in the marketplace. But I think looking back, it's worthwhile to go on this deep interaction and partnership because that expertise that is required on top of the product, on top of what is delivered by vendors is critical. But I think we've already also reached a stage where we are able to deliver, able to execute and to be successful and make our customers successful. I just wanted to add that because third party connectivity is very, very important piece of the entire story.

Mallik: I guess if this is really the beauty of the product comes out. We have recently have a customer who has no footprint at all. They are running a multitude of non SAP and they like the story with SAP. They want to move with two S/4HANA central finance. So those are the interesting stories we hear.

Stefan: Cool. I've seen those. I've heard those. I've not talked to those. But it's certainly extremely valuable. It's a strategic platform for SAP to also bring over customers that have no SAP footprint. Central finance is one of those tools that can help them. The infrastructure, I mean Central France, not the tool, but our infrastructure is certainly something that is of very high value to those use cases.

Mallik: So for those prospects, they are thinking about, okay, I like this, I like what I heard. Now, what is your advice for a prospect or a customer who has not started, but they are thinking about central finance or you

have interacted with hundreds and customers who helped them personally and then you helped them transform. What do you advise for somebody who is starting now?

Stefan: The first advice is talk to someone who is knowledgeable. You can do a lot of right things, but you can also do a lot of things wrong. And by now, after many years of experience, we have a strong ecosystem of system integrators that we partner with that have very good knowledge. They have a very good understanding of the tooling, but also of the business logic and the decisions and the sequence of decisions that you have to take. I mean, at SAP also we have many experts and Malik, you are part of the the group of experts, and that is much appreciated. But at the end of the day, our customers have partners that they use to work with, as in many cases is filling in and adding expertise. But luckily our infrastructure is very strong and this is the recommendation. Select the right partner that has done it before, that has a footprint, that knows how to approach those challenges, those programs to bring on, to build up a central finance, to do the business conversations that are necessary. And if you know how to approach certain things, if you know the methodology around how you enter conversations, how you sequence decisions that need to be taken, how you apply that in the tooling, how you apply that in an experimental environment, how you set that life, how you test it.

Stefan: For instance, I would suggest to talk to a couple of partners, select the right one and then make it clear what you want to achieve. Yeah, you can cut it down into pieces. You don't have to achieve everything at the same time. Yeah, be smart in how you sequence it. Think about the underlying data architecture already. At the beginning you should think about where you eventually want to go. It is a great difference whether you want to go for central reporting, for central Analytics. If you want to extend into central processing, that's quite a difference and you need to take the right decisions sometimes very early in the project. Yeah, you don't want to get surprised at a late point in time and have to go back and clean up. So I think that's the key points. Look at the data, look at the expertise, Use the tooling respectively.

Mallik: Have the vision.

Stefan: Yes.

Mallik: What were those strategic priorities for central finance as an outlook moving forward? And then also, how is CFIN relevant with the private cloud as we move forward? Any insights on that, Stefan?

Stefan: Yes. Let me start with a question around the cloud. Central finance needs openness, flexibility to respond to the complex requirement that we see in our installed base. So the on premise product traditionally had a lot of capabilities to extend to build on standards functionality in a much more fundamental way than what we see in highly standardized offerings. And SAP has S/4HANA Cloud Public Edition has a lot of standardized capabilities that we see more and more adopted in the marketplace. But we took a decision that the value of central finance is coming out of that options, out of that flexibility. And so I believe the opportunity that we have now with our private cloud edition in S/4HANA, this is just writing and it's combining an operations model and operational model together with value for the business and the business

case, because in some interactions with customers that are moving slowly towards central finance, there's the natural response. I mean, does that mean you have to set up a new box? Do you have to install a new infrastructure just to run central finance on? And of course, this is always a part of the conversation. And here the private cloud can be a smart solution because SAP is not only provisioning the software but the operational model around.

Stefan: So I think public cloud is very valuable to be a highly standardized platform and the private cloud is highly appreciated in a very specific customized to customer requirements set up. So that is the deployment models, of course on premise has always been and continues to be an option for our customers and it's on customers to choose the right model. Now where are we going from a product direction? We have quite a few things that are important to us and that we've been working on that we've been building out. Whether that is to move into more into the space of planning, replication of planning data. That's something that we've been looking into, replication also of data, logistical attributes that are required as part of the central reporting capabilities. I think one of the big themes that we have been working on is the capability to be more flexible and open when it comes to handling requirements, counting standards, parallel books in the central system and not make compromising and consolidating data that is available at a more granular level, but really moving into a we call it universal parallel accounting that allows to really run in parallel the books in the central finance system that includes currencies, that includes fiscal year variants, many capabilities.

Stefan: Central finance empowers customers to really build out an enterprise data infrastructure and analytics infrastructure. And of course, this is then the basis for automation, for process automation. This is where the value kicks in. Yeah, Once you have this platform, you can start to improve and innovate in a way that your customers business operations reach a new level of quality, a new level of synergies across the organization. You can build out new business models based on the data and insights that you have from your customers. So many more things that help you to be better. Not only I mean, finance is very much looking inside and how is the business performance and how is the performance of how you act on the market rather than only looking at profitability is a key piece. But I think here you can even take it beyond and this is what I find very, very exciting to happen. This is where now coming back to the beginning ChatGPT, I will kick in where many of those things can be achieved that haven't been there before.

Mallik: Thank you Stefan. It is amazing how you kind of nicely tied back with the outlook back to where what's exciting ahead of us with ChatGPT. Any resources that you suggest for our listeners that they can get started and then kind of learn more maybe your admin guide help or anything that we can link in the podcast?

Stefan: Certainly our roadmap that we have in the Roadmap Explorer, that is always a resource for those that want to understand where central finance is going, where SAP is going. And that is a typical question that I get asked. However, at SAP, we tend, especially at development, we very much framed on what is going to come looking into the future. I think with central finance there is tremendous information out in the marketplace already. So the things that you mentioned, Malik, are certainly a starter to look into the product documentation, the additional help that we provide with additional information rollout material, the adoption content that helps our customers, providing guidance on structuring the project, on having questionnaires, how to lay out the foundation for a central finance project and infrastructure. I mean, there's so much out

there that you can use down to libraries where we provide best practices, best practices down to the level of code snippets. There's conferences where we go out and talk about the product. The community of partners of our services folks are supporting that many exciting ways to connect and interact with central finance. There's a customer engagement initiative that's continuously running where we connect with our customers. Any customer can participate here and sign up and enter the conversation. I think there's a pretty good infrastructure of interacting and finding resources to read blogs, etcetera.

Mallik: Thank you, Stefan. Also, thanks for sharing how they can access, how they can maybe meet you in the next upcoming conference or maybe in the. For the listeners, we would like to have some dedicated sessions, maybe moving forward episodes covering about the Hidden Jewels. And some of them are publicly known to put a spotlight on those and see how you can take advantage of them. With this, Stefan, thanks a lot for your time and we appreciate the fantastic insights. And you inspired many of us to get started with central finance and the story is exciting. Any closing comments from your side?

Stefan: Ah, thank you, Malik. I mean, we could probably continue for hours with the conversation, but rather we want to refer to the upcoming subsequent sessions where the focus will be on specific topics. This was more now the uncle told his story about the past and there's much more opportunity in building out more flesh on the specific topics that we have out as part of our portfolio of products, but also the service offerings. It's certainly an exciting journey and I think it differentiates SAP in the marketplace. This offering is fantastic and I think there's much more to come in. Central finance will certainly stay around and even grow in importance, but there's many more exciting things to come. I hardly see a customer, a company out there that cannot use central finance capabilities, maybe not the full fledged idea of centralization, but the tool sets around harmonization connecting systems. This is still hardly understood, and I'm looking forward to an exciting future with many, many more customers to come and many more lessons for us to be learned. Thank you very much for inviting me.

Mallik: Thank you, Stefan. Thanks a lot for joining. Thank you for listening. Hope you like the episode. Please check the product roadmap and popular central finance note added as links to the podcast. This podcast is brought to you by SAP. Special thanks to Pranit Mehta and Miguel Caroli and our sponsors. We are on a mission to help you adopt S/4HANA for Central Finance and please enjoy the transformation journey. We would love to hear your feedback. Please leave a review and if you like the podcast, share and spread the word in your organization. Check out other episodes on our podcast channel and stay tuned.