



Transformation

with SAP S/4HANA for Central Finance



Podcast Transformation with SAP S/4HANA for Central Finance

Episode 02: Central Finance – From Solution Management
Lens

Mallik: Hello. Thank you for joining the Central Finance Podcast series. In this podcast episode, we will be discussing with Valdemar regarding Central finance solution. Valdemar, thank you for joining the session today. How are you today?

Waldemar: I am fine, Malik. And thank you also to inviting me here. It's great to be here. I'm fine. My first podcast. Yeah, very good.

Mallik: Great. So let's get started with with the brief introduction, Can you please introduce yourself to to our audience? Please mention which part of SAP are you from and how long you been with ACP and where are you dialing into the podcast today?

Waldemar: Okay, certainly. So I am working at SAP since almost ten years right now and I'm located in the beautiful city of Heidelberg, so next to the headquarters. And that's also where I'm located. And, and yeah, as you said, I am working in a solution management solution management has a specific role or also, say, not a location within the global organization, within SAP. So we are under the marketing board. And yeah, regarding central finance, I am the global solution owner, but certainly I had different roles before that. So I worked as a central finance consultant in the, you know, when we are implemented central finance back in the years at SAP in 2017 and then I worked as a product owner for Central Finance. So in a development and recently I joined this role as a solution owner. So kind of a history of central finance. great to be here and great to talk to you about Central finance overall.

Mallik: Thank you. So with this podcast, we basically want to share insights, share updates to our customers, to our prospects who are considering the finance first approach with S4HANA. Uh, before we get into the topic, we do have some quick, rapid fire questions for you. Uh, number one, uh, do you like coffee or tea?

Waldemar: I like more coffee.

Mallik: Okay. Okay. Nice. Yeah. And how many cups a day, typically?

Waldemar: When I am at work. Honestly, it can be up to 5 or 6, so. But when I'm at home. Yeah, at least three.

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Mallik: Perfect. Okay, So let's, let's let's introduce for the audience in your role solution management. Like what do you typically do in this role? Can you briefly explain in 1 or 2 sentences for us?

Waldemar: It certainly first of all, this are to identify some differentiating aspects from central finance within S4HANA. So explain how we positioned, how we are working together with different solution. Analyze the target market, of course, and also looking into from a commercialization point of view and definitely also to be connected with the partner organization because partners as eyes, but also our internal services organization plays a very important point in the central finance ecosystem. So this is, let's say, out of the box what just came up to my mind. And of course also content creation, quite important to create the content so that our colleagues from the field organization can also use this information when they are reaching out to the customer to explain what is central finance about, what can you do, what are the abilities of central finance, what are possible innovations? What you can do afterwards? Yeah.

Mallik: Awesome. That seems like a fantastic role in your conversations with with customers who you will be talking to, customers who have also started maybe a few years back and trying to kind of roll in new innovations and also prospects who are looking at, Hey, I want to move to S4HANA, how do I get? And then they kind of come in touch with you with the finance first approach. What what do you typically hear? Like, can you tell us like 1 or 2 things that the prospects or somebody who is starting their journey with central finance, what are the typical questions you get from these prospects?

Waldemar: How long does it take?

Mallik: But.

Waldemar: I would say, this is the most question. how fast can I move with central finance and I would say the next typical question is, which data is replicated? What can I use? So do I, need to, to shut down my source system immediately? So these are some of them and especially I would say as these are great, not great big enterprises, you know, with a really complex system landscape, the question is always like, how can I integrate all of my systems? How does central finance help here? And especially also the SAP systems? This I would say the typical ones, yeah.

Mallik: Okay. So what do you what do you typically advise a customer who is coming from a sec? Like, they have a desperate landscape. They have mix of heterogeneous systems. They are moving towards S4HANA. They would like to know from you in 1 or 2 sentences, what is this central finance? Can you please kind of let us know what what's your typical conversation? What's your typical response for these questions?

Waldemar: I mean, central finance actually, let's say in a box, there are two from my perspective, there are two major, points. First of all, it provides you the ability to simplify and harmonize your system landscape, which is also going hand in hand with the transformation approach. But in the same time it provides you the ability to to get to the newest innovation without a lot of disruption. So if you have SEC systems, this is understandable. A lot of customers has a lot of SEC legacy systems. You know, they can first of all participate even with this SEC systems, with the newest innovations, with help of central finance. And over time, look what they will do with their SEC legacy systems, either convert them also to S4 or shut them down and run them as a productive in a central finance box. So this would be, I would say, a suitable approach. How they can go ahead.

Mallik: So you have based on your interactions with your customers, there are multiple use cases that we kind of discuss with our customers. What are the top use cases that you see very relevant today?

Waldemar: I would say one of the there are several ones. Let me let me just try and pick some of them. So first of all, short services, so organizations, you know, they want to centralize their financial operations. So it's like accounts payable, accounts receivable and also centralized their financial close. And here Fin can be kind of this shared service center which helping to standardize their processes. So let's this is one one of the use cases shared services approach. The next one is, of course, to harmonize their reporting and also their financial data consolidation so that you have one place, one single source of truth where you know, this data I can trust on this is the data where using for my legal institutional reporting. So these are, I would say, one of the major points, you know, with the development of central finance, we have also the central processing that means not only reporting and data harmonization, we are also going into the central process approach. So to use central finance as their system, you know, where also operations can be like payments and with payments, a lot of other central processes can be executed within the central finance system. So these are the next logical steps. And last but not least, especially for mergers and acquisitions. As a as an additional point, it's quite important because, you know, a company always acquire or divest some of their business units. And here see film plays a very good and. Helping role to integrate new new systems or new business areas to connect it to the to the central finance box, but also vice versa. If you say, okay, this is something I want to sell this business area, I want to sell, and it was connected to central finance, you can just also plug it out. And then, you can easily put this business area out of your overall central finance or overall financial data hub from Central finance S4HANA system.

Mallik: Thank you.

Waldemar:

Mallik: So let's let's talk about central finance solution. Central finance has matured, has come a long way in the last 6 to 7 years. You mentioned you started with SAP runs, SAP implementing central finance for SAP. Now, how do you see the solution getting adopted? Is it like when you look at the numbers, the customers that are adopting central finance or are adopted over the over the years? How do you see the adoption? Is it specific to a region, specific to an industry? Can you give us some insights on that?

Waldemar: Although regarding industries, first of all, we see or let's say central finance is cross industry. That means we are not industry specific. However, we see, especially in the oil and gas industry, that there are a lot of companies who were the first ones who were adopting central finance. So regarding regarding the second point you asked and regarding the first point, what you also mentioned how central finance evolves since, you know, the starting years of 2016, it definitely made a lot of, you know, improvements and also innovations, not only, you know, the newest innovations that we can replicate now, more data and more precise data but also from the handling perspective. So I can just tell you one story. When I was implementing in 2017 at SAP, in those days, the mapping, for example, functionality was not so much sophisticated, so there was a lot of manual work to do. So I was clicking, you know, several hours, you know, the accounts and the company codes within the system. Now everything is much more smoother. And this is also showing in the how fast such central finance implementation can work. So a lot of a lot of functionalities have been improved, especially from the handling perspective.

Waldemar: It's very smooth. And in the same time, we always were following the newest developments from the core S4. That means if something was developed in S4 that we also need to replicate. This was also always caught up by the Central Finance Development team so that we were also considering it. So long story short, the product is quite mature, so it's it's not something, you know, where you can expect, oh, there are some still some gaps from the handling perspective. Here we are quite stable and but even even even there, we are continuously improving here and also looking for feedback from our customers, but also from our partners. And coming back again to the question regarding, um, from the deployment. So I started with the oil and gas companies. Yes, this were, let's say the first one, but now we see really cross industry. We are in more than 15 industries, so we have customers in more than 15 industries. We have a big footprint in the Fortune 500 customers. So last year, around 30% of the Fortune 500 customers have been central finance customers. And yeah, we are looking forward, so there's still two years to go. So there is still potential, Yeah.

Mallik: Thank you. That's an interesting stat that you mentioned. Thank you for that. It's good to know it's industry agnostic and specific industries adopting it better like oil and gas retail that you mentioned. Thank you. One myth typically we hear is central finance is for large enterprises. You also mentioned the word it's Fortune 500. But but do you also see small organizations which are agile, which also adopt central finance? It's not only for the the big ones, which are global, regional multi regions, but also the small organizations that also want to maybe they have one SEC system, but still we have seen those cases that are adopting. What are your what's your reaction to that?

Waldemar: Definitely. So. As I said, maybe when we started this was that, let's say the big players, the big aircraft carriers, but we also have, let's say, customers with 1000 to 5000 employees. And it depends. Then, you know, sometimes also these customers can have a very simple system, landscape simple, I mean, with

not so many. Systems or non-sap systems, but also this customers can also have a complex one. Sometimes even these projects are much more because of the size of the company, are much more, let's say, faster in the implementation aspects because not so many, let's say players or colleagues are involved to align. because alignment within the organization to know your system landscape is really crucial for the project implementation. If there is not so much complexity in the in the organization, it can be a very good point for central finance implementation because the alignment is much faster and especially when it and business sits closer together because it's always important to for a central finance project to have the IT and business aligned.

Mallik: You make a very good point here. When we look at reflect on successful projects and try to see what are the traits from these projects, we've always found that these projects that are really successful with central finance are the ones that are engaged. Business teams along with it. They embed both the teams right from the word go as they are embarking on the transformation. That's a that's a very interesting Thank you for that. So one one question for you. You you mentioned the project and then you mentioned the solution, which is a slightly bigger one on the project. How do you see and our new customers let's talk about the recent customers that you have been engaging, how they are embarking the S4HANA transformation along with central finance as a product, what other solutions you see are typically going along with central finance?

Waldemar: It's a great, question. So first of all, what is really used by many of central finance customers is group reporting. So they're using the central finance system for their for their group reporting. And this is this is actually natural because central finance harmonized the data from several systems and group reporting, you know, can use it without having, you know, the need to harmonize the data. Again, this is this is one one of our, let's say, great complementary solutions. Then we have the advanced financial cloud solution, you know, where where you can orchestrate the closing and using also the central finance data. The second one. As a third one, I would say SAC. So SAP analytics cloud, where I also can use the central finance system to get the harmonized financial data out of one box, have it harmonized, you know, everything is already in line. And also having back the drill back function function to central finance. And last but not least, I also see the document and reporting compliance. So it's also a great tool which is using central finance data to do the statutory and legal reporting out of the central finance system. So these are some of them. And I see but I see even even more in future, especially as central finance move more within the focus of rice, where new innovations will come and where central finance will definitely help to. Enable these new innovations.

Mallik: Thank you. What about you mentioned it's a data heavy project. You need data. What about. Like, what's your what do you see? Customers adopting central finance along with MDG solution.

Waldemar: Yeah. I mean, first of all, the good point about central finance is that MDG is not a prerequisite for central finance. It's great to have it. I mean, if your data is already harmonized, even better, then even it's even even a greater match. However, if you are implementing central finance, a full blown MDG system is not is not a prerequisite. What is actually great for some of the customer because this data harmonization also takes some time. And if you look into the timeline, this would also then slow down the, let's say, the central finance projects from this point. And here, I mean, this was actually the the the major point that MDG is not is not a prerequisite, but definitely central finance helps to harmonize the data. I mean, because we are using some of

the MDG functions, some and also the tables and also the, let's say, the objects for example, we are using the the mapping tools where you can upload your mapping because central finance also provides you not, you know, just just to harmonize, harmonize the data and replicate it, but you can also map it depending on your business requirements. So that's that's that's the point. So MDG is great. we love MDG. Central Finance loves MDG. But if you don't have MDG, don't worry, because we will help also to harmonize your data without master data governance. And here central finance has the tools, how mapping can be done, how data can be replicated and so on.

Mallik:

Waldemar:

Mallik: So thank you for those insights. Myanmar It is very important for us to also mention customers that have a non SAP system as a footprint. Maybe they have 1 or 2 systems or maybe the entire footprint is non SAP. They are trying to move towards S4HANA. Central finance can nicely bring together SAP and Non-sap systems data into one harmonized setup. What do you see as a market trend currently?

Waldemar: That's a good question, Malik. we did a study of several years ago, and we see that more than 80% of our customers have non-sap systems. And also there are customers who don't have SAP systems at all. So it's sometimes even a very interesting situation what might happen. And here also central finance helps because in the beginning we mentioned that with central finance you can connect not only SAP system but also non SAP system. Here we we have our solution extension with insight software for providing a framework how you can connect non SAP systems to SAP. And this is also helping helping our customers to connect their non SAP systems where we can also replicate financial data and even go further to reconcile their non SAP data with SAP data on the central finance box. So we see a great momentum also that there are there are more and more customers who are having non SAP system and here is also how SAP and especially central finance helping to integrate this third party system, how we call them if they're non SAP to central finance.

Mallik: Thank you. Okay. Now let's talk about the adoption of these central finance customers across regions, across industries. You mentioned 15 plus industries and counting, small and medium and large enterprises. Not only one region also nicely matured across regions. How do you see the partner community, which is a very critical component for our ecosystem? How do you see. And in your role, you mentioned you work very closely with with our implementation partners. How do you see the trends and how exciting is our partner community with central finance?

Waldemar: I mean, right now we have more than 30 partners, you know, who are around with Central within the central finance ecosystem and playing different roles that what I mean with role is that they are more in the within the strategic phase of the implementation. So consulting of the, let's say, strategic aspects of the implementation phase like Blueprinting. And we have also partners who are more focused in the implementation of a project.

Mallik:

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Waldemar: Yeah, the partner ecosystem, which are especially, you know, within within more of the strategical aspect of a transformation and where also central finance plays a major role and we are in close in close contact with this partners. So on a monthly bimonthly basis, but also here we have our yearly event where we are inviting our partners. You know, we call it Central Finance Top Gun, where we are, you know, looking in in a in a major milestones from, let's say, from the implementation phase is also to get the feedback from the partners, how the market reacts, but also to share our newest innovation in our focus, our strategic focus from the SAP perspective. But overall, so as you said, partners are very crucial for us. So because they have a lot of knowledge from, from, you know, central finance implementation aspects, you know, we have more than 600 customers. We have a lot of projects going on and we need the partners, we need the partner ecosystem to to and the system integrators, how they are sometimes also called to, to to get to run this project, to get the customer to the central finance. And also here we see different approaches which are also quite interesting from different partners, how they are like let's say, their best practices, how they are, which approaches, you know, looking into how fast can we, can we bring our central finance client to project realization, either from a pure reporting or even from a central processing perspective? Yeah.

Mallik: Thank you. I would like to touch upon about the the solution is been around six, seven years. It's nicely maturing. How relevant is our central finance solution today in the context of the cloud, in the context of the of the rise, what do you see? Like what what should we take away from the customers who are our previous discussions 4 or 5 years back towards the on prem now metamorphosing into private cloud with central finance.

Waldemar: Yeah, I mean, there are some major updates I can do because, you know, sometimes I also get this question. So what's the next big thing? Valdemar is sometimes a question or where are we heading to? Is central finance still strategical or strategic within the SAP ecosystem or within the ACP Solutions? And I can answer this only with a big yes. So first of all, central finance was available within the on premise as an on premise solution, but also within the the the rise private cloud offering in future central finance will play a more major role or let's say will be more relevant for our private customers within the private, private customers, but our customers within the private cloud within rise. So we will be only offered for rise customers and play more a strategic role for the innovations which are coming within rise. In the same time, we will also enable a lot of innovation, especially for customers who are in this large, complex system, landscapes, I mean, and to help them to get to to transform, to to the private cloud and help them to get the newest innovation which Rise also offers. So here we are very, let's say, in a very own spot. So in this perspective, and especially within this very strategical rise innovation program, what we have within SAP, but

not only, you know, within within rise, but if you look even further, if you look for for process mining and signavio, what does Signavio mean and also need? It needs data.

Waldemar: It needs data and harmonized data even better. And also here central finance plays a major role because we provide a platform where all the data from various systems are in so that you can do the process mining. If you look further, also the aspect of sustainability and also green ledger because you know the whole value chain does not happen on one system. You need to have overview how your value chain is distributed, how the processes are running. Also here, central finance will play a major role and I don't want to now start with artificial intelligence. You know, this is now like everyone is talking about here, but also here in Central finance. I would even say we already started a couple of years ago with this one regarding our mapping. But I also see here a lot of potential and if innovations are available also within the central finance context. Yeah, so long story short, I see a lot, I mean a lot of innovations and strategical projects where central finance plays a major role, which is also showing the importance of this central finance solution within the whole solutions of SAP.

Mallik: So new customers can take advantage of the rise offering along with central finance and consume those new innovations. You mentioned Signavio for process mining and also the new new innovations that are announced in Sapphire are related to green ledger sustainability, etcetera. Thank you. It is a very promising outlook on the prospects and customers do have this opportunity to go and check on the latest innovations in the Roadmap Explorer, where all the innovations are listed and also along with their with their dates when they are expected at this time.

Waldemar: Yeah.

Mallik:

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Waldemar: regarding the Explorer, it's great that you are mentioning it it because this is also one nice point where you can see where you look up for central finance, where you see the different areas we are working on and this is you know up to date as far as we can. So if new stuff is coming in, this is also then published on the SAP Roadmap Explorer.

Mallik: Thank you. And what are the resources if I'm a prospect I have listened to this podcast and this is really exciting. I would like to know a little bit more or forward something like a note or something to my organization where I can understand more details on Central finance. What resources do you recommend for our customers or prospects?

Waldemar: You know, it's like my license plate. Malik You know, there is one note so everyone should know from from central finance. So it's quite easy to remember. 2184567. So here you can find the latest information from that perspective that you can find the newest. So it's our frequent ask question notes, but not only regarding questions, but also regarding content. That means here you find the link to the newest content regarding what was the latest release where you can find the newest information also from the from the project perspective. So this is something what you should really know if you if you start with central finance, then spend some time for this note. There are around 80 points where you can just read through and then you have a quite good overview about the important, important topics. And then you also have the links to the deep dive sessions or the deep dive material so that you can get the insights about, you know, much more within the project implementation and also project setup.

Mallik: Thank you for our prospects who are just starting with central finance? What would you like to tell them?

Waldemar: And I mean from my side, I think every single project is slightly different. So, you know, sometimes when I, when I listen to customers, it's very important to understand the existing IT landscape. So it takes some time in the beginning to understand where I am currently from, the system landscape, where is my, where is where, you know, what is my current IT landscape and where do I want to be in, let's say in 2 or 3 years? What do I want to consolidate? Do I want to do just reporting or do I want to do all the central processes? What kind of innovations do I want to use? What is important for me? So just take some time from the in the beginning, because sometimes I would say this, this, this, this first 2 or 3 months or four months, what you take in a project, it's quite important to set up where I'm heading to to get a successful project afterwards because as I said, the. The product or the solution is quite mature. So it's important to understand in the beginning what I want to achieve from this transformation and what do I want to enable?

Mallik:

Waldemar:

Waldemar:

Mallik: Thank you, Valdemar, once again for your time. And it was great to catch up with you on the updates and insights and our interested prospects. And customers do have the resources to go back and check and also an opportunity to meet and conferences and in person. Thank you.

Waldemar:

Mallik: Thank you, Waldemar. One question. If there are, we have exciting updates. Thank you for sharing. How can a prospect or a customer listening to this conversation can stay in touch and also understand what kind of opportunities are there to meet other customers or to interact with other early adopters or anybody else who is also adopting at the same time as there is a lot of value in exchanging experiences from one another, what options do we offer to our prospects, partners and customers?

Waldemar: Yeah, definitely we do. So first of all, we have our yearly conference. You here, right? Sustainable Finance has a yearly conference organized together with TAC. And this year it will be in us, in Dallas and in Europe, in Budapest, in Budapest, in September 25th and 26th, and in Budapest and in Dallas. It will be on the 15th and 16th of October this year. So this is a nice platform to exchange not only with customers, other customers who already implemented it, who also will be on stage and tell about their central finance implementation. But also we have experts here not only from SAP but also from the partner ecosystem. So partners will also be on stage, partners who are experts in central finance implementations. So it's a great event to exchange and also get to the network of central finance and get the newest updates. So this is one platform you can use to get the newest updates. The next one is of course, the social media. So we are quite active on LinkedIn. So we have there our central finance user group where we are posting the newest releases with information from content perspective and besides of the already mentioned nodes. So 2184567 is the number you can also get out of the LinkedIn the latest public available information for for central finance also from content, the newest innovation and so on and so on there. We will also keep you updated about the next events which are related to central finance. And yeah, these are two of the, let's say, channels or also platforms you can use. And of course, yeah, I'm also happy to get some, some feedback back, you know, for the solution management for central finance, especially. As I said, we we are in contact with, we are getting the requirements also from the outside world through different channels also to SAP, which is some coming to central finance development so that we can see if this if we can consider this development or this innovations within our overall development roadmap.

Mallik: Thank you, Alma. These are great opportunities. And if you are tuned in and if you would like to be in touch with the community, with other peers, with the thought leaders or the industry, please do sign up for the LinkedIn and also check the note to 184567 mentioned by Waldemar. In addition to that, the latest innovations when they come are also available in the Roadmap Explorer. And then if you would like to meet in person, Waldemar and other industry thought leaders and central finance community in person, please do visit us in one of the international conferences planned this year and also recurring every year. Thank you.

