



Podcast Transformation with SAP S/4HANA for Central Finance

Episode 03: Central Finance Customer Success Story at
Petronas

Mallik: Hey there, fellow explorers. Welcome to transformation with S/4HANA for cellular finance. The podcast that turns enterprise transformation into an epic adventure. And Mallikarjun, your enthusiastic tour guide on this thrilling ride. Each enterprise transformation is like a road trip. Unique. Exciting and full of surprises. But he is the best part. You don't need to reinvent the wheel or worry about wrong turns. We are here to make sure you have a blast. And from the west. And share a laugh or two along the way. In this podcast, we'll show you how. Can make your enterprise intelligent, sustainable and a bit futuristic. Like something out of a sci fi movie. So. Grab your snacks, buckle up, and get ready for a ride that's as smooth as an open highway. We're about to explore innovation, efficiency and a brighter fun-filled future. Welcome to Central Finance podcast, Mizen and Suren. Thanks a lot for your time. It was, first of all, it was a great presentation from yesterday. You kind of set the stage on fire. What I like about your success story is it is very relatable to every organization that is beginning their journey, or they are starting their journey towards transformation. It is very inspiring to you bring the nice business on the IT side of the things we've been. That's one of the mantra that you also articulated. You mentioned it's a journey. The beauty lies in the journey. So with that, we would like to use this time to kind of gather some more details, ask some questions, and then kind of get some details, which we would be many of the podcast listeners, maybe they are thinking about central finance, maybe they want to do it in 2024. Your story should inspire each and every one. That's the objective of the conference. Do you have any questions before we start? Are we good?

Guest 01: And also for that. Thank you for having us.

Mallik: Let's begin with a brief introduction by John. Maybe we'll start with you. Kindly introduce yourself. Let us know how long you been with Petronas. And maybe. What's your background? What role do you work in Petronas? And then let's start with that.

Guest 01: Thanks again. Malik. My present. I've been with Petronas for the last 21, 22 years, and right now I'm in group finance, being the project manager for business for the shipping project.

Mallik: And you are based out of Malaysia. Right.

Guest 01: Yeah.

Mallik: Okay. Nice. Thank you. So why don't you introduce yourself?

Guest 01: I'm sure the Central Finance Technical project manager with Petronas since 2009, so more than 12 or 13 years and managing most of the projects. So that's why in the section yesterday on very familiar with those methodology introduced by SAP then adoption. Those are the values.

Mallik: Awesome. We would love to get more insights on the ones. So tell us about Petronas. For those of the listeners who Petronas is so popular and I'm sure everybody knows Petronas, a little bit of introduction on what the customer is. What's your vision?

Guest 01: This is small, but Petronas was right. I think hopefully so many people already know about Petronas. But just in case you can always come visit us at our website at WW dot Petronas Comny. A little overview about Petronas. We are the national oil company for Malaysia. Before that, I think the oil and gas company we would identify ourself as ONGC company. But as we move towards the sustainability development as it also align ourselves to the ESG agenda. Hence, we would look into more the energy solution rather than simply the oil and gas. We also embark our journey with the renewables, hydrogen and solar energy and those who belong to that category. We are based in Malaysia. That's the HQ. We have a representation in over 100 countries throughout the world. Our business would be the complete value chain of oil and gas from upstream, midstream, downstream, up to even retail in trading or not. Apart from those oil and gas value chain, we also have some activities in property and education and in other corporate to manage the group. Oh, one more thing. We also have a big for the shipping containers in terms of employees. We have about 50,000 throughout the world. I would say the annual revenue ranges from, I think from 55 billion USD billion to about 85. The last year was the best revenue that we have achieved so far.

Mallik: Now let's go on to your S/4HANA journey to discover. What motivated you to start looking at the number one journey to S4? And then maybe you can say what options have you checked for S/4HANA with Central Finance? What was your motivation with S/4HANA and then why did you choose Central Finance required to be that?

Guest 01: Of this quite a very strategic question, I would say. I think we have been with SAP for so many years. I think from the beginning and last time I think we migrated to SEC six from R3. Was back in 2011, 2012 and we've been with SFP almost what our journey, if I'm not mistaken. And I think to maintain the consistency, the experience that we have as it could be, one of the reasons why the company decided to proceed to go ahead to to stay within SAP platform as our ERP. That's for one. And okay, definitely our license. Right?

Guest 02: You have to add on. Also, on the inspiration from the digital roadmap that we have Petronas embarking on digital roadmap. It's not now. It's actually a few years back. So we are digitalized, most of the products even into technology and solutions. So X6 has been with Petronas for quite a number of years, and we want to transform on the finance processes as well. At the same time, that is why we started or even we have started to venture or into this central finance to look into it. Then we engaged as a prototype team. We have a lot of meetings, the malls. Then here we are. How we started.

Guest 01: Ivanka. Also on a part of saving. I think we shared in our presentation yesterday before we decided to go ahead with saving. We have set certain guidance on how we decide on the system solution that we want to proceed with. So those are the key principle that whatever solution has to be able to comply to that so-called guiding principle that we have established. So that single source of truth, the central life processes and those 17.

Guest 02: Real time reporting.

Guest 01: Yeah.

Guest 02: And this is all the guiding principle.

Guest 01: Clear and so have been through multiple study assessment and whatnot. Siffin was found out to be the fit solution for our problem.

Mallik: Well, interesting. So you first did some assessments. You came up with some guiding principles. You looked at solution options, and you found Siffin as a best fit. That meets the on the guiding principles. Where did the journey begin?

Guest 01: I think the study that we gathered, the finance transformation itself, started somewhere back in 2018. And on that then within that same 2018, 2019 period, we also did get the pain points from our finance user. And along the way we did an assessment. So the actual safety engineer will say that we really started to do like requirement gathering activities way back in 2020, mid of 2020. So the discovery stage. Yeah. But it took a while because we just started on the journey. At the same time, we also did some planning for the roadmap or the project charter and why not? And the actual implementation I will say after we have our CI system implemented, partner on board. But prior to that, like Shen shared yesterday, we have also developed ce. Right. with SAP. That was somewhere 2019 2020.

Guest 02: Yeah. 2019 is where we engage as a people. Typekit.

Mallik: So you engage the SAP value prototyping team sometime in 2019. What is the reason? What is the fit? What did you start with them and can you share some insights? How did you meet this team and how did the journey began working with them?

Guest 02: Yeah. The connection is through the partners in Malaysia. So as the request Petronas wanted to see the demo is a proof of concept of the demo on the products. So connected with the prototype team. And came to my surprise that the prototype team is really experts. They deliver on time, even on the scoop. And Petronas are so happy. And especially the project team and the business project team that my son and myself. So we went through all these elements, all the deliverables that they showed to us and they introduced to us show and tell. They show us and they tell us. And all these activities, methodology are all bringing in so that we are impressed. So we like so much on the methodology, and we feel that that is a success factor that really can bring us before we starting our implementation. And they prove to us that, of course, we have the system implemented, our another partner in consulting. Of course, all these are the collaboration young Mason mentioned yesterday. So the good collaboration really bring a good success.

Mallik: Thank you. Thank you for that feedback. Now you mentioned 2019, 2020. This was Covid time right at that time. So all the workshops happened remote would you.

Guest 02: What? Really? Unbelievable. We never meet each other.

Guest 01: Yeah. And I think back then 2020, we should have started, you know, implementing the team. Right. Because I think everybody was so impressive. You know with zoom. Now we started everybody's doing teams virtual meetings.

Mallik: Oh, that must be an experience to end up not meet the team, but kind of do this over remote. I'm sure it would have been in person. It would have been a much more engaging and much more rewarding experience. Yeah. Because remote calls and all these time zone differences and on they they do play. And it's also difficult for us to sit in front of a zoom call for many hours. It's an energy zapper and say, okay, now zoom in a little bit on the architecture side from a number of systems. This well, how complex is your landscape? How big is it? Can you give us some insight?

Guest 02: Yeah, sure, sure. So from my personal view, after hearing from most of the customers in this forum, Petronas is quite complicated because we have the execs, we have the S4, we even have the ex-wife. Aside from that, we have GV or our JB companies. Jb entities. That makes things very difficult and we have the non SAP company that using non SAP. So this gives us really a challenge. And we came up we discussed a lot into the architecture. We went through a lot of advices as consulting advices from SAP and also our CI. Then we landed with the timeline. We landed with our Chevron how to run to craft which to go pilot. Then the next wave and the wave and all the milestone. So it's indeed very good in the learning and give me a lot of major or even a large scale project of learning included. Aside from those scope, aside from the diapers and my past from the commercial perspective as well.

Mallik: So tell us about how did it start with. Did you start with a posse or a pilot, or can you give us some insights on that?

Guest 02: Yeah, we kick off with a posse. So proof of concept with the value for openSAP team, and is under the discovery stage that we have. Then only we finish up the posse. We proof we have a show and tell is really good at show and tell. Show the products that the team has developed. And also tell all the challenges or even all the outcomes, including the results. Then only we kick off with our implementation.

Mallik: Just to get a rough idea of your philosophy. You pick like 5% of your business, 1% like number of entities. And you remember like X number of entities, out of which how much you started or chose for the.

Guest 02: Yep. We selected the largest GPU and Petronas. One of it is our HQ. We call it Petronas Twin. Then we also selected the upstream GPU. One of the largest as well, and also the complicated from the digital finance which is our Petronas Carigali. Then we have another one in downstream. So which is our Petronas Chemical company. So this is how we select for the prototype.

Mallik: Very smart selection and you covered different regions of the business. You also took areas where you have the complexity, the volume. That's a very smart way of mixing it. And what did you learn from the PUC like when after you complete the PUC, what insights did it give? From a business side, from an IT side, from an organization, what did you gain from the POC?

Guest 02: Myself. What I gain is the advice from the team, especially from the partner. Sap as a partner and also to learn from how they look into the project management, because it's not purely to deliver a product. It's included project management included controlling, and also how they actually come up with the solution and how they engage together with us, with Petronas project team to talk or even to deliver a good message, a clear message to our business champion for adoption, for even acceptance. This is what I learned and also impressed.

Mallik: You mention a very good point, very important point. When we look at successful implementations, we always find this as one stands out business and it working together. Mirza, what's your take on that? What do you have experienced with that collaboration of looking at it as both as one team?

Guest 01: I see one of the key things because we believe we are not doing this for the projecting. We are doing this or implementing this project for business to improve their ways of working, their livelihood policy. So that's why from the beginning, like she had mentioned, we need to get a solid buy in from business and of course from the management prior to that and the throughout the journey, we want the business to be involved as early as possible and as actively possible, so that later on, when they are using the system, they can appreciate it better and be able to sustain it for the future.

Mallik: Now fast forward to 2023. Where are what's the current status? What are your achievements that you are very proud of today?

Guest 02: Okay. Our first pilot went like last year. So 2020, this year we have our largest company which is the HQ of Petronas. Petronas Holding Gwennap Offshore. And upcoming is the one that not say that we are anxious. We are. Our competence level is there is our November big bang go right in month 153 entities plus one pilot, which is another complicated company under upstream our category. This is what we are aiming for. November is our big day.

Mallik: Yeah, we love that when we see. Hey, that you made your milestone is a couple of weeks away and here you are in a very happy, relaxed state sharing spreading your success story. This is very inspiring. Can

you name 1 or 2 key challenges that you faced in this journey, and how did you overcome that as an inspiration for our listeners?

Guest 02: Yeah. The first one to share is actually theta. Theta quality is really challenging because we have the product called MDG, but the MDGs managing the finance object, then the non finance object, but it cannot manage everything under the master data. So the integration and also the data integrity is so important. Then of course our execs especially which is a source system or rerunning for many many years we have the technical upgrade from R3 to X6. So the data quality or even the data levels, which required us to be cleansed before we bring in into central finance. This is the biggest challenge. So central finance that we are expected for is really a finance data hub. We want it to be very clean and all the transactional data included master data replicated in central finance. The level of health needs to be there and the quality that serves the purpose of the operation and management reporting that we need to have.

Mallik: So getting the data right and getting it data clean and not taking any shortcuts or doing this. Setting a good data foundation is one of the key parameters for success. Many people say central finance is is a data project first, right? And then once you have clean data, then there are a lot of things you can do with the clean data. Why is not anything you remember that you would like to chime in and share some experience or challenge that you find how you overcome that.

Guest 02: If I could also add up to what Shen just mentioned about data. Of course, we need to have that cleansed data, and in the first place, to have that data available to be brought up to speed. That's number two. Another one is actually to decide which data I actually want to bring from the Atsushi thing from their current source system, because in SEC six, in our source system, we have like tons and tons of data that we may not end up using it. So we want to make sure we just bring what's required because we're doing this like fit for purpose thing. So that's from data perspective. So who will decide actually what data to be brought up. Right. And Josephine, that's why engagement syndication and working together in close collaboration with business is super crucial because they will decide in our organization. Business owns data. They decide what should be the right data for their operations as well as the process. So again, like I mentioned, we do this for our users and are doing this for the project team. Once the project is over, then the project thing will get disbanded. I mean, the support thing will depend there, but business will be the one who will continue using the system. That's why at the beginning we need to buy it. But now we want them to really believe in the system so that they would be able to sustain it.

Mallik: One of the key element is how well the business team that owns the data. They adopt the system, they get the confidence. Yes, this is my system. This is going to be the system I'll be using for the next 1020 years. How did you address that change management aspect and kind of bring it closer and make the adoption stick, especially with the business? Ki what can we learn from your experience?

Guest 01: We need to listen to them more. Of course, at the very beginning, I think in other projects that we did before, usually we get them on board of the program. We are selectively right for certain activities, but now we need them because if possible throughout the journey. But that's quite impossible because they still have their day to day activities that they need to manage. We also appoint what we call business champion

would be the lead appointed by their business head to actually champion this project within their units or their department per se. On top of that, we also have a change management team. We appoint a change agent from the business side so that they could help to promote and sort of create that level of adoption and Batman within their own team.

Mallik: One question I want to ask you is about oil and gas specific related. Listeners can relate to. That is our topic. It's one of the black boxes for many of them. How did you deal with that and what was your experience getting with Center Menendez?

Guest 02: Yeah, we have the accounting in our source system execs. It's been running for many years. Then for him, the design is totally different. Two different bobs. Then this is one of the challenge that we need to decide whether we want to do the mapping or how is the mapping going to be. Are we going to take on whatever we have in source system? Then we have a new design in central finance. Again, we seek for the consulting advices from SAP and SAP. I think is the upstream team, which gives us really, really good advice that we will do the mapping of multiple into one into density. So this works for us. And we tested and is also included into the scope of.

Mallik: Nice. Thank you for that. And also are working with our product teams on that. They actually using it on an experience coming at that with that helps the product get better on the other people who are follow can take advantage of the experiences. You mentioned clean data. What about customization like your current systems? Are they heavily customized and then your central finance? What was your principle in terms of customizations like do you allow more customizations, bring the same or minimize the customization? Stay as clean as possible. What was your experience?

Guest 02: The program direction is to reduce customization and to the minimal. So our execs can use the word of already being localized. So there is a fit to purpose. Because of the business requirement, we have to tailor made or even customize to meet the purpose in execs, which is our source system. So in Josephine is a new program and also the direction to the minimum as possible. So we don't even change anything. We only configure then we only to meet the reporting requirement and dimension that we needed. Anything that required to customize required another solution, different solution, or even into another platform. That's why the central finance from reporting purpose we have delivered for our pilot entities. Those are our standard. We have category two. We segregated into a few different categories. So we have standard category for all the standard reports. We have configurable type of reports into Fiori. Those will be delivered under Central Finance and those that require the customized. Because of the business requirement we are using a different platform. So that platform what we call is under the fart is another program. Even the tools is power BI. So those will be that is the target that we want to meet. So in the holistic view these are all the reports layer that we have.

Mallik: The business users are the business teams are listening to this podcast. What would you advise as a success factor coming from the business side?

Guest 01: Like I mentioned, if I were a business user, full commitment from me would help to make sure the success of the project.

Mallik: When you say full commitment, is it during a certain phase of the project, or is it a little bit of all across so that you are not blindsided or we'll have a design or we'll see you next in VAT kind of a or kind of a thing. Is it like that or a slow but continuously staying in touch, making all the design decisions? What kind of commitment would you recommend?

Guest 01: From what we have done. Basically, we need both. Some people need to be on full time to be able to have the oversight throughout the project. While some may not be required to be on full time, but to onboard within the selected activities that we have, then those relevant to data.

Mallik: In terms of innovations where you are currently, you are looking forward to get your hundred and 50 plus entities shortly. What's your next upcoming milestones that you have planned? Let's say for 2024?

Guest 02: The next module we have is more on the S4 entities. The entities that they already with S4. We also have the good reporting. Good reporting is another big one. So because of involving so many entities or in scope, then we have the central processing which we have the central treasury. Treasury is so important in Petronas. Then we have the receivable and the rest like the payment closing. So this serves our group finance, our business school finance which is handling all the entities into the finance closing and the rest of the functionality.

Mallik: Thank you very much. And my last question. Thanks a lot for your patience and your time. You traveled all the way from Malaysia to the beautiful city of Budapest, and you wanted to share your experiences, your journey, your success stories. Thanks a lot for that. How do you find this format of the event? Any insights? What did you like about the format of event where you can come meet people and present? Can you share some insights so that our people who are listening to the podcast, maybe it might inspire them to attend a future event?

Guest 01: I let the fat of the session of sharing of experiences by the customers that perhaps one of the possible session to be included would be the breakout discussion within the group. Because notice what we have done so far is kind of like a one way kind of thing. And then at the end, audience will give feedback or ask questions.

Mallik: Then show me an in and out like a forum for your customers to kind of discuss. And do they? Yeah. Not in a networking or not like a break or having outside, like say, any way, but instead a formal session call out. Yeah, call out a specific topics. Ask them hey, what topics you want to discuss, and shortlist 1 or 2 interesting topics and let them exchange experience one on one, okay.

Guest 01: That would be good. In fact, maybe prior to the event, you know, customer or the attendees can actually provide what would be the topic, they would like to have a discussion, and then everybody can be better prepared for that.

Mallik: Excellent. That's a fantastic idea. We will pass it on to our team. Don't pack a lot of slots. Keep one slot so people can exchange experiences and also add. Okay. In addition to the networking and other slots are reserved. Thanks a lot. Excellent. So what's your take?

Guest 02: I like like what my son said. I like those customer sharing because things that they share is really the practical facts. Like we we went through the implementation. So those that I really like to hear about them of course innovation, technology sharing also I feel very good. So when I see our pain point, of course we are not like some of us are not so active or proactive to raise our hands and to raise our question like what my son said the before the event, if we can post all the question, then the question can be answered during the session or the event. So that will be wonderful. Meaning we will be closing the events with outcomes and results that we wanted. Then we are happily going back home to share with our company management what we have gained.

Mallik: Thank you. That's a brilliant idea. They do have this app, but many, many times we don't see people asking questions or meeting or setting up and using the app, but this is a good feedback. Thank you. Marissa, thank you for your time. It was great having you join the podcast. And before I let you go, one word of advice for our listeners when they are who is starting and embarking central finance projects from you, what you'd like to hear? What is that one thing you want to tell somebody starting new to keep in mind?

Guest 02: Hope to see you next year. The same event will be a good country. Then we will be there. We will share more experience that we have.

Mallik: Yeah. Thank you.

Guest 01: I would justrillionepeat it if it is transformation.

Mallik: That's amazing. Okay. Finance transformation. Thank you very much. And we would love to. All the best for your 150 units. Go live and British coin. Thank you. Can go very well. And we would love to have you again. Maybe next year or the year after to come and share your experience. Like what you have. What's happening on that? Thank you, thank you. An. That's a wrap for today's adventure. What a fantastic journey we have had on transformation with SAP S/4HANA for Central Finance. And we are just getting started. Our road trip to enterprise transformation is far from over and we are thrilled to have you on board. Thank you. As we continue down this exciting highway of discovery, don't forget to stay connected. Hit that subscribe button to ensure you are in the driver's seat for every upcoming episode. And my fellow adventurers, remember that the best part of our journey lies ahead. Stay tuned for more stories, more insights, and more moments that will make your enterprise transformation an unforgettable ride.

