



S/4HANA Finance



SAP S/4HANA Central Finance

Legal disclaimer

The information in this presentation is confidential and proprietary to SAP and may not be disclosed without the permission of SAP. This presentation is not subject to your license agreement or any other service or subscription agreement with SAP. SAP has no obligation to pursue any course of business outlined in this document or any related presentation, or to develop or release any functionality mentioned therein. This document, or any related presentation and SAP's strategy and possible future developments, products and or platforms directions and functionality are all subject to change and may be changed by SAP at any time for any reason without notice. The information in this document is not a commitment, promise or legal obligation to deliver any material, code or functionality. This document is provided without a warranty of any kind, either express or implied, including but not limited to, the implied warranties of merchantability, fitness for a particular purpose, or non-infringement. This document is for informational purposes and may not be incorporated into a contract. SAP assumes no responsibility for errors or omissions in this document, except if such damages were caused by SAP's willful misconduct or gross negligence.

All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates, and they should not be relied upon in making purchasing decisions.

Table of Content

- Introduction to Central Finance
- What's New in 1605
- Process Extensions

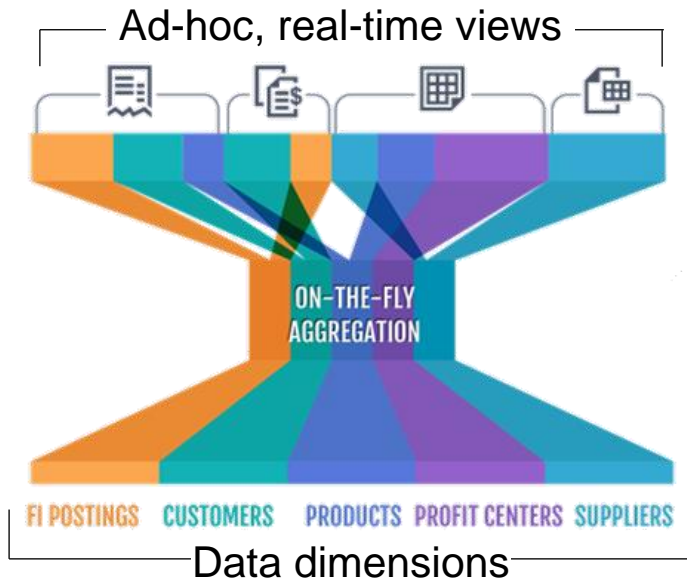


Solution Introduction

Finance in SAP S/4HANA

The World's Leading Finance Solutions. Reinvented.

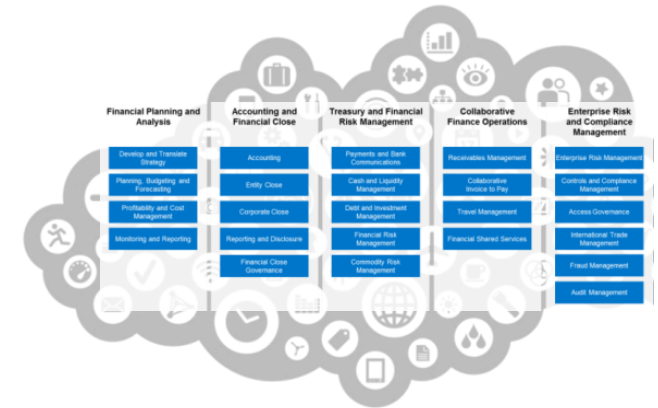
Instant Insight
in memory-enabled



Intuitive User Experience
across devices



Flexible and Non-disruptive
cloud or on premise



VP of Finance

Financial Planning & Analysis

Head of Corporate Reporting

Accounting & Financial Close

Corporate Treasurer

Treasury & Financial Risk Management

Head of Finance Operations

Collaborative Finance Operations

Chief Compliance Officer

Enterprise Risk & Compliance Management

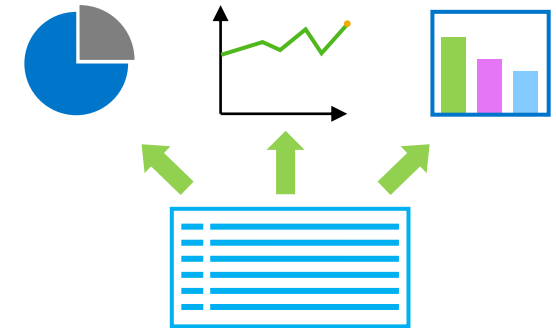
The Nature of Instant Insight

Instant Insight-to-Action Based on Real-time Information

From siloed data to

Single Source of Truth

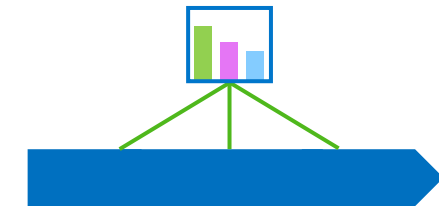
- No latency
- Unrestricted granularity
- Built-in harmonization



From periodic processing to

Real-time Processes

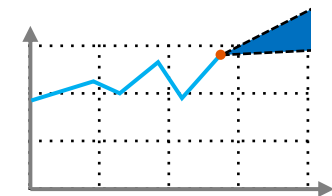
- Continuous processing
- Real-time analytics
- Process intelligence



From historic data to

**Planning, Forecasting
and Simulation**

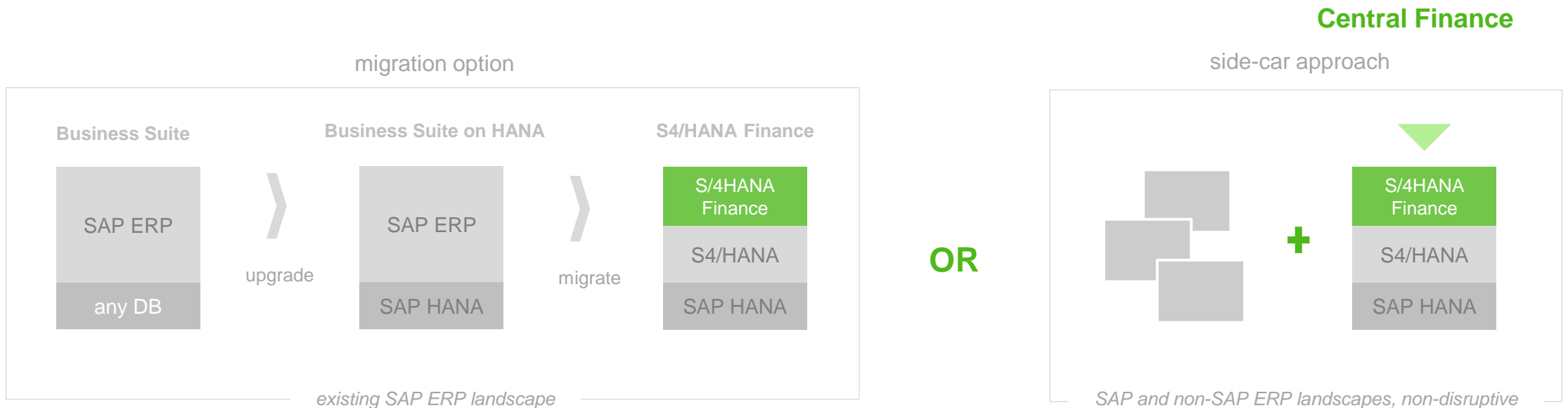
- Integrated planning
- Predictive forecasting
- Embedded simulation



Your Path to SAP S/4HANA Finance

Technical Migration vs. Sidecar Deployment

SAP's S4/HANA Finance innovations can be introduced via technical migration to existing SAP ERP systems (migration option) or through a non-disruptive, accelerated side-car approach (Central Finance).



THE non-disruptive step towards S/4HANA Finance

SAP S/4HANA Central Finance Instance as Your Future Finance Foundation

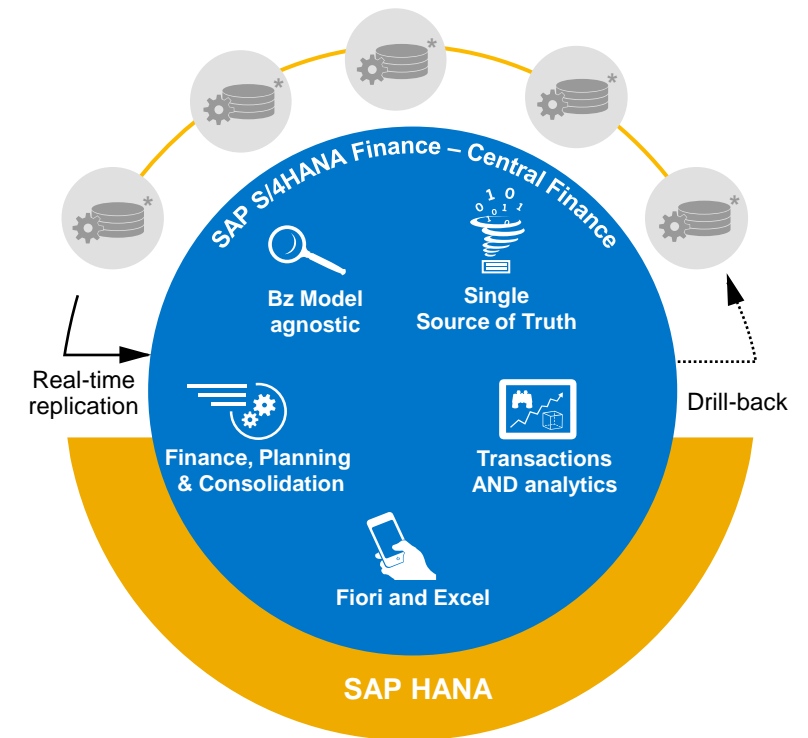
S/4HANA system installed as a **side-car**

Receives financial accounting transactions via real-time replication using **SAP Systems Landscape Transformation (SAP SLT)**

From SAP or non-SAP ERP source systems

Central Finance provides:

- Advanced segment, entity and group reporting
- Scalable local and central process execution



Harmonized System Landscape

Solution Qualities

Attributes Directly Drive Solution Qualities

ERP

Foundation

S/4HANA

based

Abstraction

Layer

Side-car

deployment

- System-of-record capable
- Embedded, industry-strength digital enterprise data model
- Complete set of Finance transactions (lift-and-shift potential)

- Advanced digital finance data architecture
- HANA optimized / UI simplified process execution via Fiori
- Digital core, cloud and HCP ready

- Business model agnostic, on the fly data harmonization
- Business transformation and growth enabler
- Innovation dissemination roll-out regardless of legacy system infrastructure

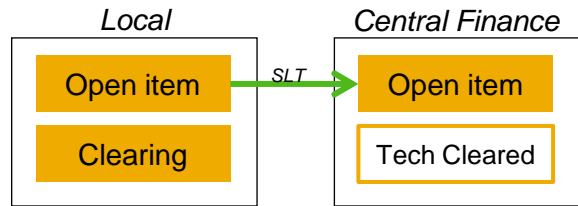
- SAP and non-SAP source systems
- Non-disruptive deployment
- Iterative / milestone-based roll-out, over time (time-to-value)



What's New in 1605

With 1605, open items and their clearing status are replicated into Central Finance

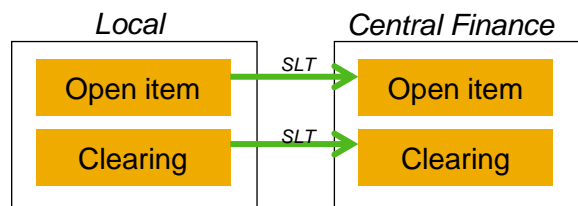
To avoid duplication of effort to pay/clear, there are the following options:



Replicate open item and automatically/technically clear in Central Finance

- Available as of 1503
- Continued open item management in source system

Not suitable for central reporting or central processing (since clearing status not correct)



Replicate open item and clearing status in Central Finance

- Available as of 1605
- Continued open item management in source system
- ***For restrictions and further information, please see note 2292043***

Centralization of finance operations reporting and central process orchestration

- A/R and A/P reporting (cross-system view of customer or vendor account)
- Central Disputes, Collections, Invoice Mgmt, Credit, Shared Services

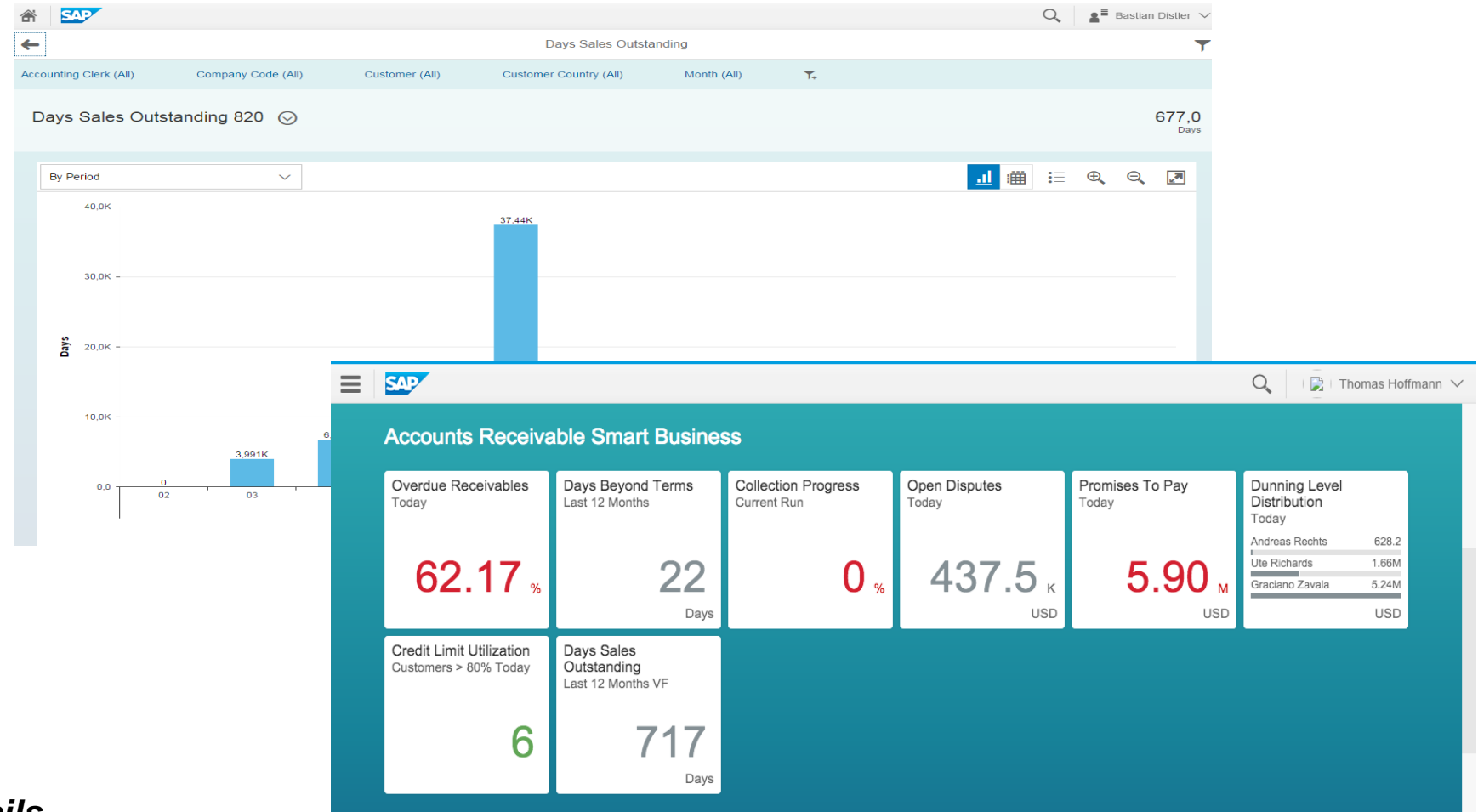
Many new finance operations reporting scenarios are now available

Accounts Receivables Accountant

- Display Customer Balances
- Customer Line Item Browser

Accounts Receivables Manager

- Aging Analysis
- Dunning Level Distribution
- Days Beyond Terms
- Future Receivables
- Overdue Receivables
- Total Receivables
- Days Sales Outstanding



See Fiori Apps Library for details

<https://fioriappslibrary.hana.ondemand.com/sap/fix/externalViewer/>

Centralization of finance operations reporting and central process orchestration

1605 Release

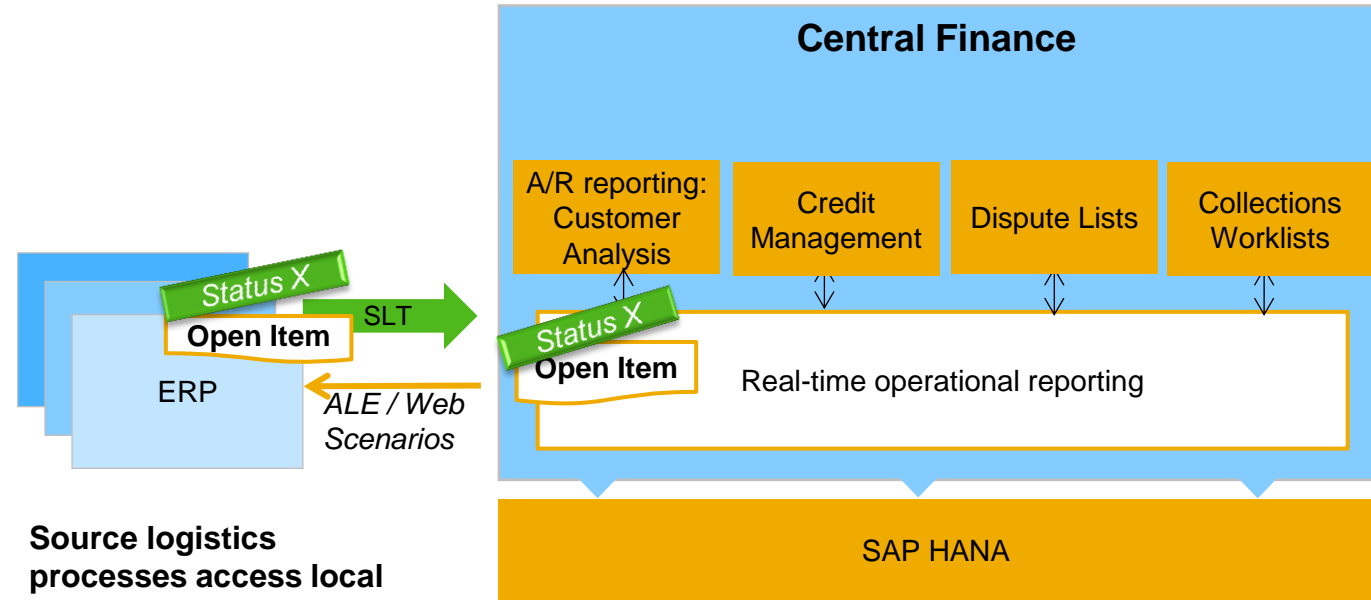
Cross-system view of customer or vendor account / real-time operational reporting with Fiori user experience

Key processes managed centrally, executed centrally whenever possible

Postings are seamlessly triggered in local FI systems

Centralize process know-how in shared service center

Harmonized, mapped master data



Source logistics processes access local FIN data for consistency

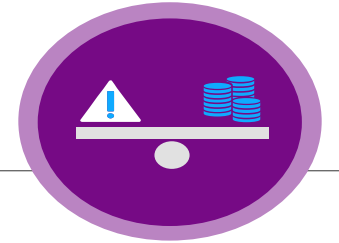
Some processes require manual steps for postings in local systems (example: credit memo posting upon dispute resolution)

Replication of payments, clearing status, cost differences, discounts, etc into central system

Reporting-related processes could then be orchestrated or run on centralized data set: cash application, credit exposure calculations, dunning, collections prioritization

Mapping of customers/vendors via Central Finance mapping functionality – optional integration with SAP MDG

SAP Credit Management – Balance risk and return with a unified global view of your customers



- Cross-enterprise and cross-system credit evaluation and management process, including disputes and dunning information
- Customer scoring based on your rules, including internal and external factors
- Easy access to credit information for your sales team
- Workflow for faster decision-making once credit limits reached



0.3%

The amount of accounts receivable write-offs by the 25% top-performing companies (compared to 3.1% for the bottom 25%)

Source: ASUG Benchmarks

Functional overview: SAP Credit Management

Credit Limit Management

- Implement a company wide credit policy
- Manage a customer credit profile
- Central credit management in a distributed system landscape

Credit Case

- Credit case for structured processing of credit limit applications
- Track status and result of credit limit applications

Credit Rules Engine

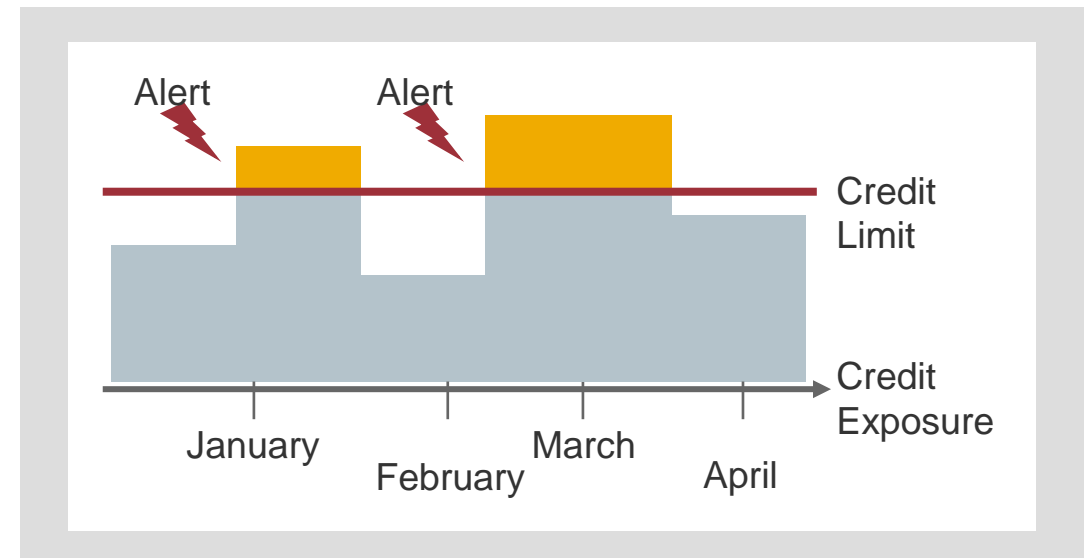
- Categorize customers by scoring rules
- Automatically calculate and assign a customer-specific credit limit
- Credit check rules
- Model and implement own customer credit score cards

Credit Information

- Interface to external credit agencies
- Input parameters for scoring rules

Credit Manager Analytics

- Role-based access to credit management information and analysis



Dispute resolution

Workflow and escalation tools reduce DSO and increase liquidity



Challenge

- Inability to identify disputes early
- Collaboration outside of the Finance team
- Spread of relevant information across different media and communication channels
- Disconnected processes: manual posting of credit memos or follow-up steps

How SAP speeds things up

- Automatic, self-service creation of dispute cases
- Dispute case routing through the company via SAP Business Workflow
- Deep integration with business documents and processes
- Automated posting, correspondence and reporting



Collections management

Collections management capabilities prioritize customers



Customer Profile: SecureHome PLC
Address: 200 South Biscayne Boulevard, Miami 33131
Contact: Mary Adams
Phone: 062277-46187

Category	Outstanding
High	51.015,09 EUR
Low	42.062,85 EUR
Low	36.890,00 EUR
Low	20.230,00 EUR
Low	20.003,95 EUR
Low	19.964,19 EUR
Low	20.412,08 EUR
Low	12.350,66 EUR
Low	46.242,53 EUR
Low	47.319,83 EUR
Low	9.267,13 EUR

Days In Arrears (2014)

Month	Days In Arrears
Nov	11
Dec	16
Jan	16
Feb	4
Mar	3
Apr	19
May	17
Jun	24
Jul	12
Aug	14
Sep	14
Oct	17

Process Collections Worklist
24 Open Items

Customer-centric collections

Identify overdue accounts and critical trends

Prioritize collections activities based on strategies

Generate, monitor and balance worklists

Leverage complete integration (credit, disputes, billing, analysis)

Extend the receivables processes beyond the finance team

*Note: User interface for Process Receivables depends of release level of local ERP system

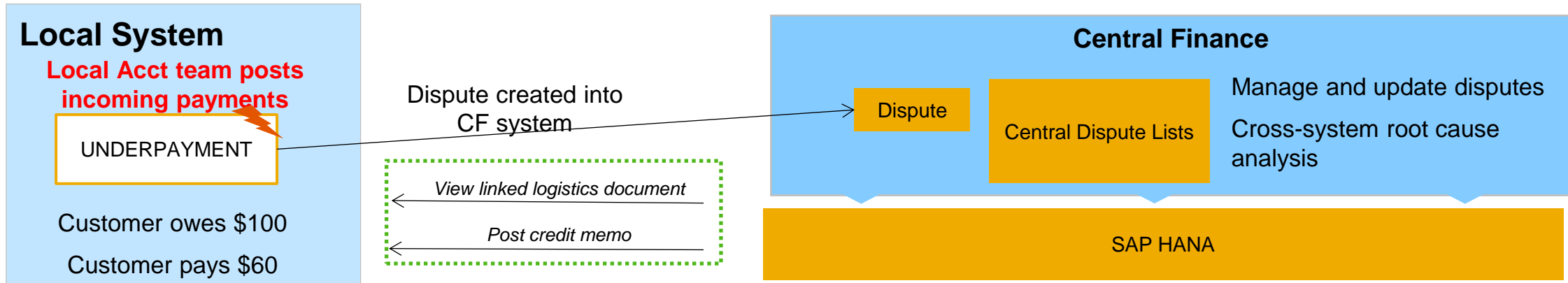
19%

Lower overdue accounts receivables when companies take a holistic view of their customers at the time of interaction

Source: SAP Performance Benchmarking

Example: Central dispute resolution orchestration

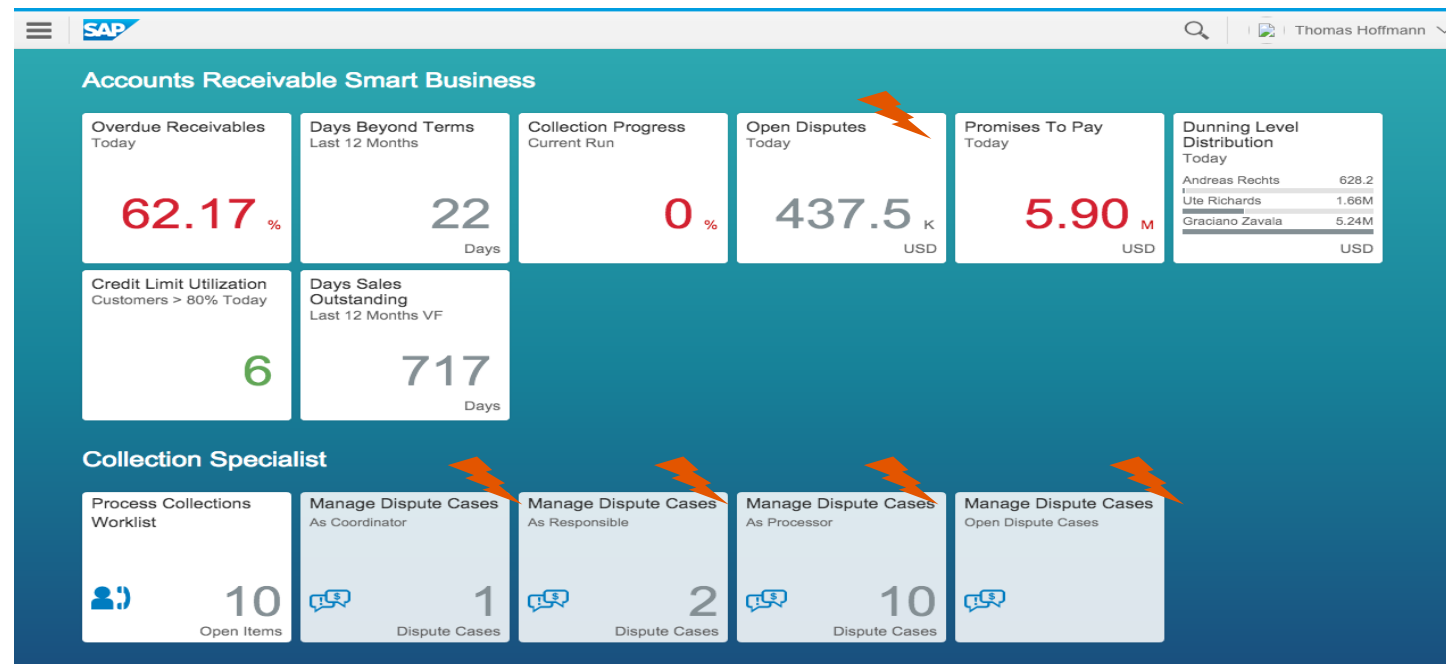
1605 Release



Notes:

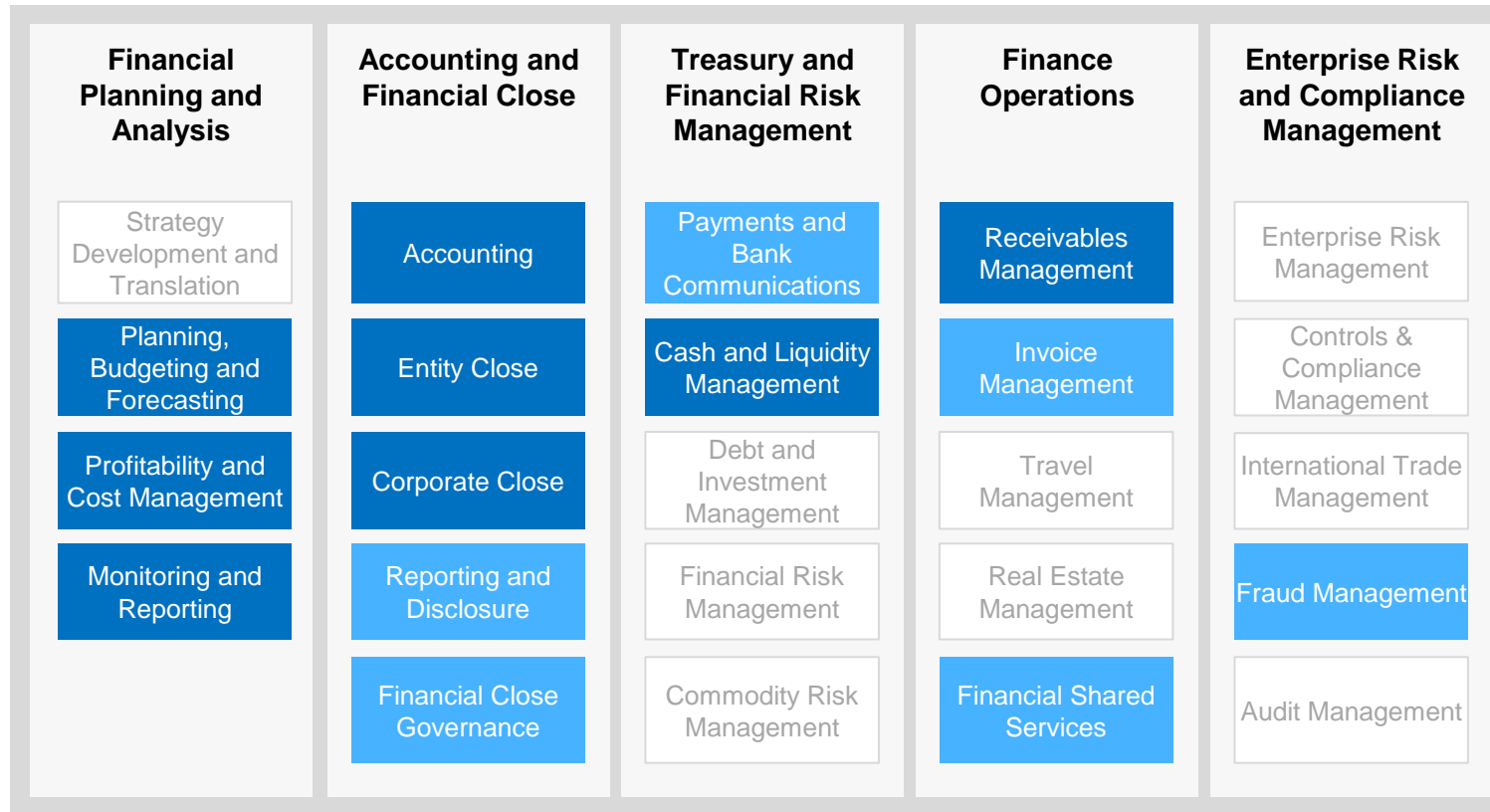
Disputes can be created from the standard SAP ERP transactions

When viewing a dispute in the local Process Receivables, the CF system dispute is displayed



Scalable Local and Central Process Execution

Process Candidates in Focus Areas



 = core Central Finance focus areas

 = secondary focus / optimization candidates

Value Proposition

- Alternative / complement to process execution in source ERP systems
- Process centralization (cross-organization, shared service); economies of scale
- Cycle-time reducing Fiori-based and HANA-optimized process execution

Key functions and features

S/4HANA Finance processes

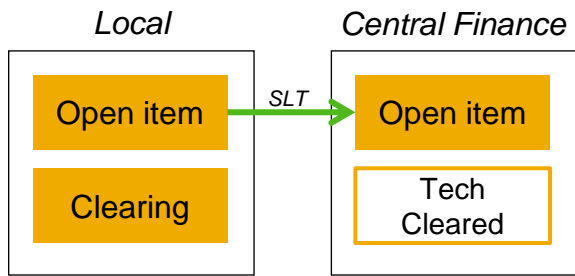
- Financial Planning & Analysis
- Accounting & Financial Close
- Finance Operations
- Cash / Treasury Management

S/4HANA Innovations

- Universal Journal, single source of truth
- Single platform for planning, consolidation, transactions and analysis Fiori user interaction / user experience

Roadmap: open item management in Central Finance

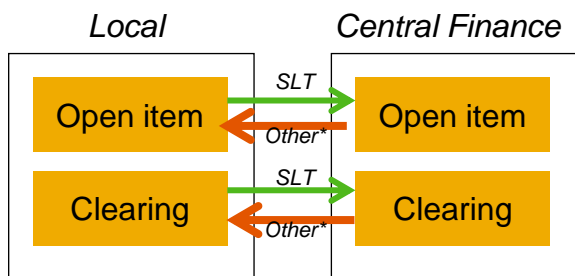
Open items are replicated into Central Finance. To avoid duplication of effort to pay/clear, there are the following options:



Replicate open item and automatically/technically clear in Central Finance

- Available as of 1503
- Continued open item management in source system

Not suitable for central reporting or central processing (since clearing status not correct)

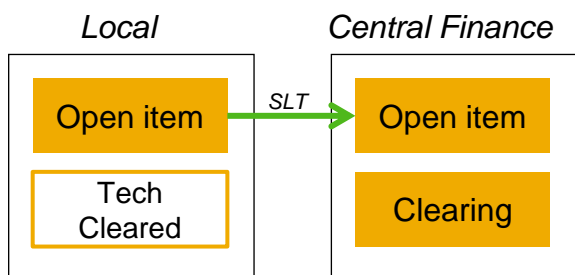


Replicate open item and clearing status in Central Finance

- Available as of 1605
- Continued open item management in source system
- **For restrictions and further information, please see note 2292043**

Centralization of finance operations reporting and central process orchestration

- A/R and A/P reporting (cross-system view of customer or vendor account)
- Central dispute management, collections worklist and credit evaluation scenarios
- Shared services and invoice management scenarios



Replicate open item and automatically/technically clear in local system

- Centralized open item management in Central Finance system
- No Central Finance-specific technique for posting back to the source systems (project solutions based on existing scenarios)

Similar to existing ALE scenarios, these are customer-specific scenarios where consistency in certain local logistics processes must be determined in a case-by-case analysis



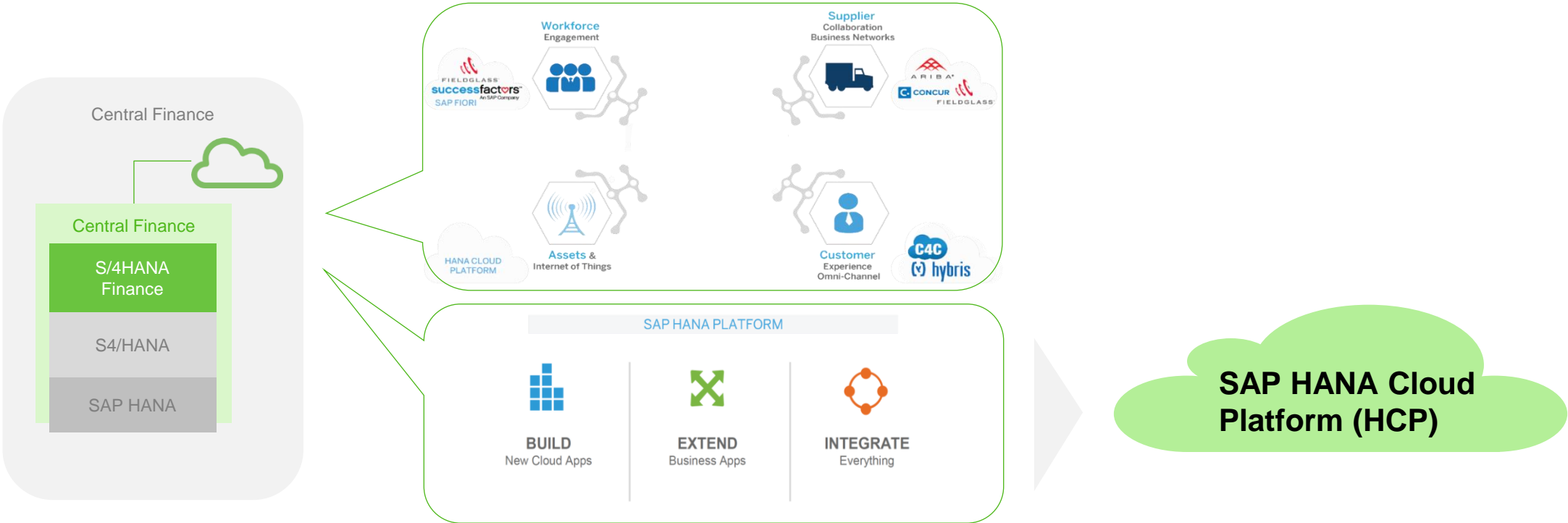
*ALE, RFC, other



Process Extensions

A Digital Core for the Live Business

Central Finance enabler of even more innovation through leverage of HCP business applications **without adjusting in the processes in the core**. The innovations can access required finance data from a Central Finance via a **single gateway connection** and not via multiple connections from their legacy systems to the cloud.



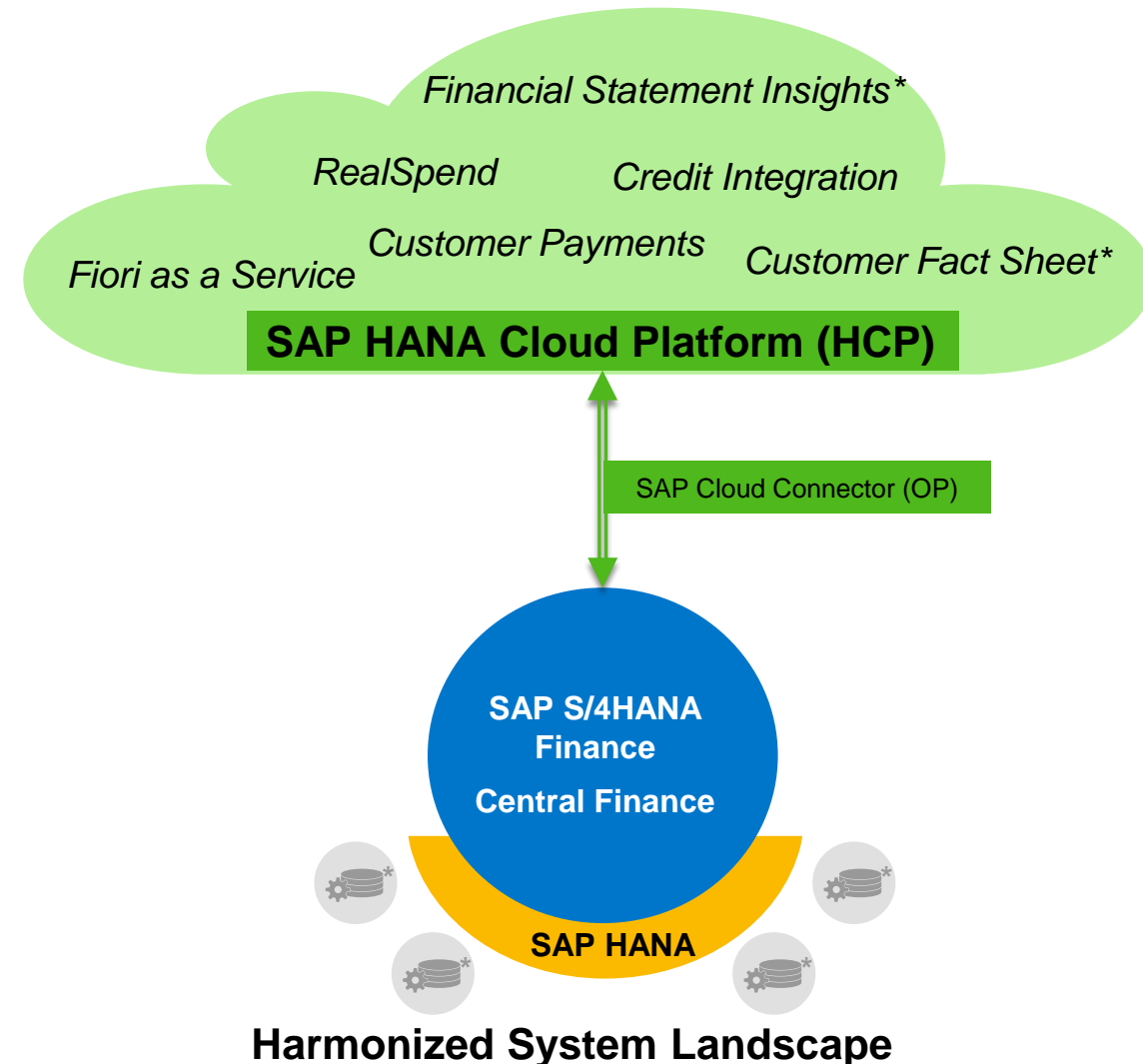
HCP apps on Central Finance

Adopt innovation without disrupting S/4HANA Finance processes

Choose add-ons that extend and enhance processes on top of your harmonized Central Finance instance

- **Financial Statement Insights** personalizes income statement and profitability analysis
- **RealSpend** keeps budget managers updated
- **SAP S/4HANA Finance Cloud for customer payments** for bill presentment and payment scenarios
- **SAP S/4HANA Finance Cloud for credit integration** to automate scoring/rating of large portions of portfolio
- **SAP S/4HANA Finance Cloud for customer fact sheet** updates sales executives on customer status (overdues, existing credit limits)
- **Fiori as a service** for fastest adoption of key user interface innovations

*Planned functionality – not yet released



SAP Financial Statement Insights

Personalize income statement and profitability analysis

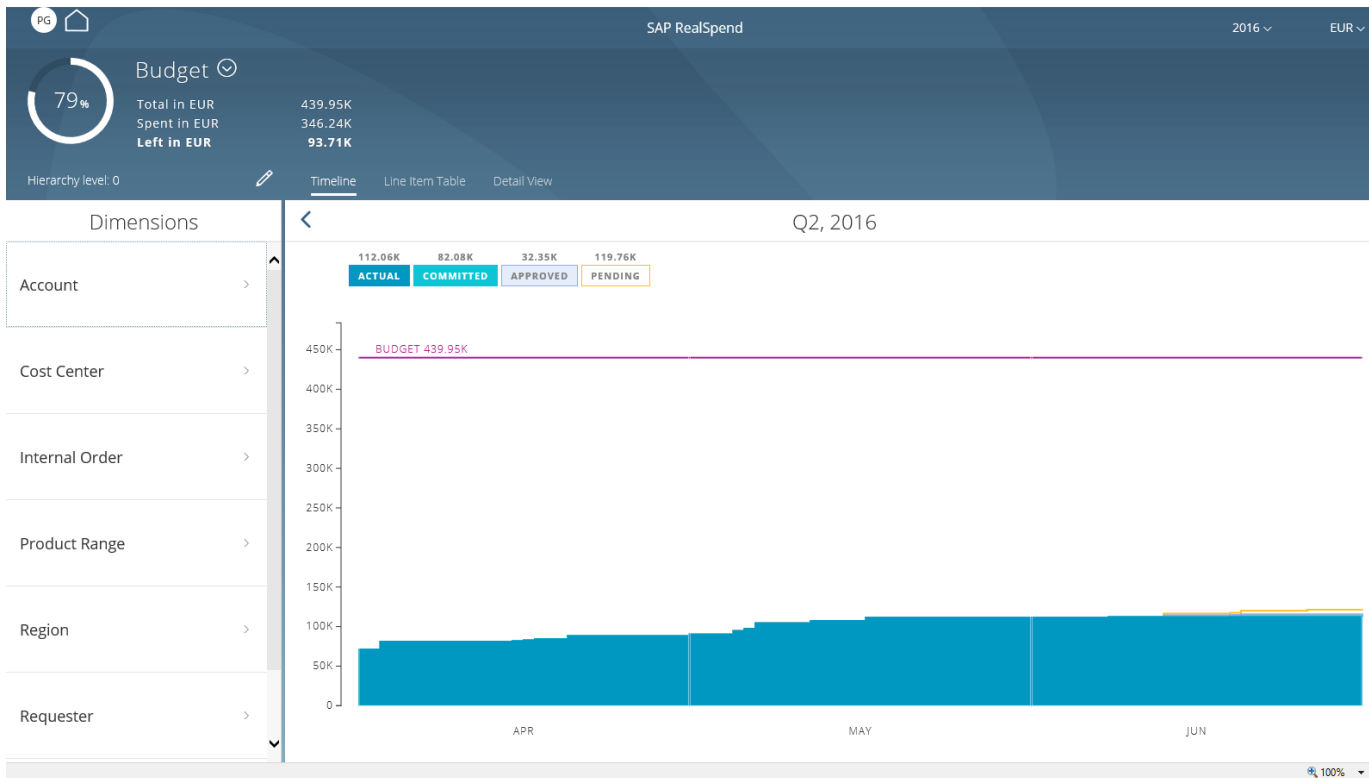


- Real-time reporting with finest granularity based on transactional accounting
- Answer upper management inquiries on the fly
- Display and simulate organizational changes on the fly, based on actuals
- Identify areas for strategic focus and business improvement
- Change business models on-the-fly to play with ideas instantly, saving time and manual efforts through ad-hoc view

SAP RealSpend – Provides complete spending visibility

A complete, accurate picture of spending is available at any point in time

- Effortless possibility to analyze spending at any level of aggregation down to most granular line items
- Integrated view on budget targets, budgets spent and future expenses
- Spend analysis provides all required inputs to quickly respond to volatility on operational level
- Traditional budgets based on corporate structures can be supplemented and personalized via customized dimensions



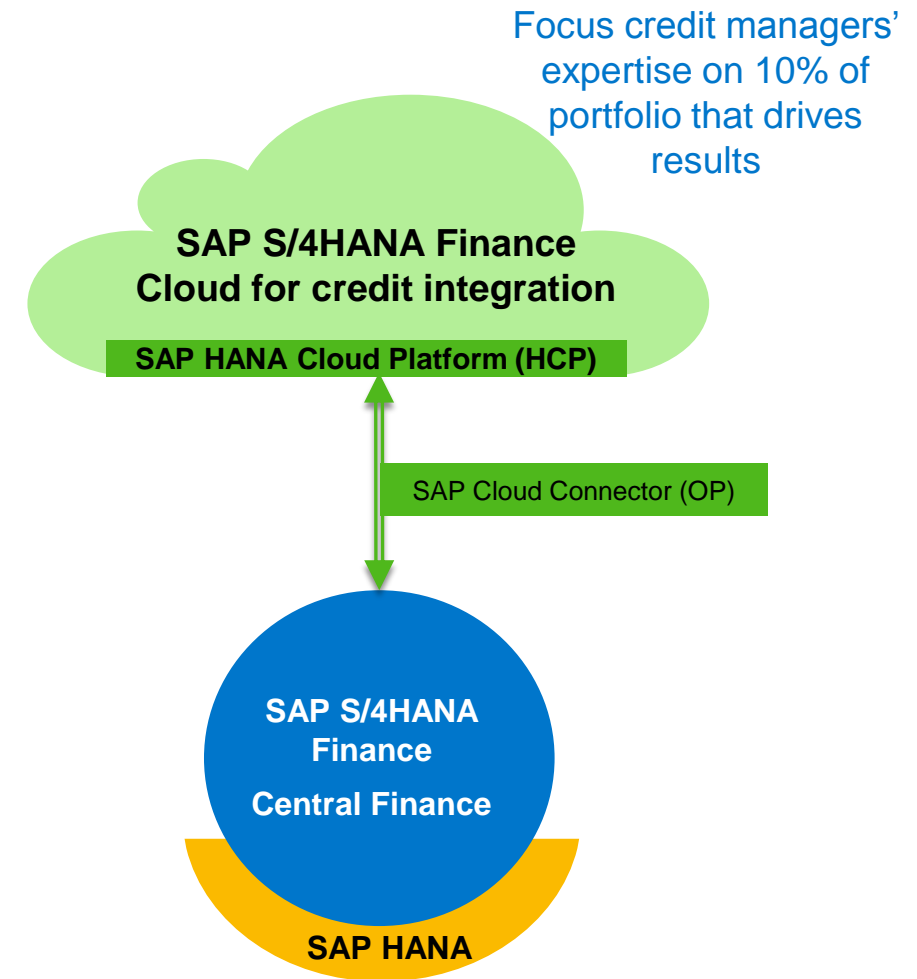
SAP S/4HANA Finance Cloud for credit integration

Automate credit scoring and limits across your entire customer base

- Link credit risk monitoring services from leading credit experts with your Central Finance system
 - 10+ credit information providers instantly accessible / more are planned
 - External credit scores improve your company scorecard's accuracy
 - Improved acceptance of automated processes, since high quality ratings are trusted by credit managers
- Central rating of global customers (all customers in your Central Finance system)
- SAP Credit Management calculates exposures based on multiple logistics system and payments received in Central Finance system*

Automate credit scoring / limit management for 85%+ of your portfolio

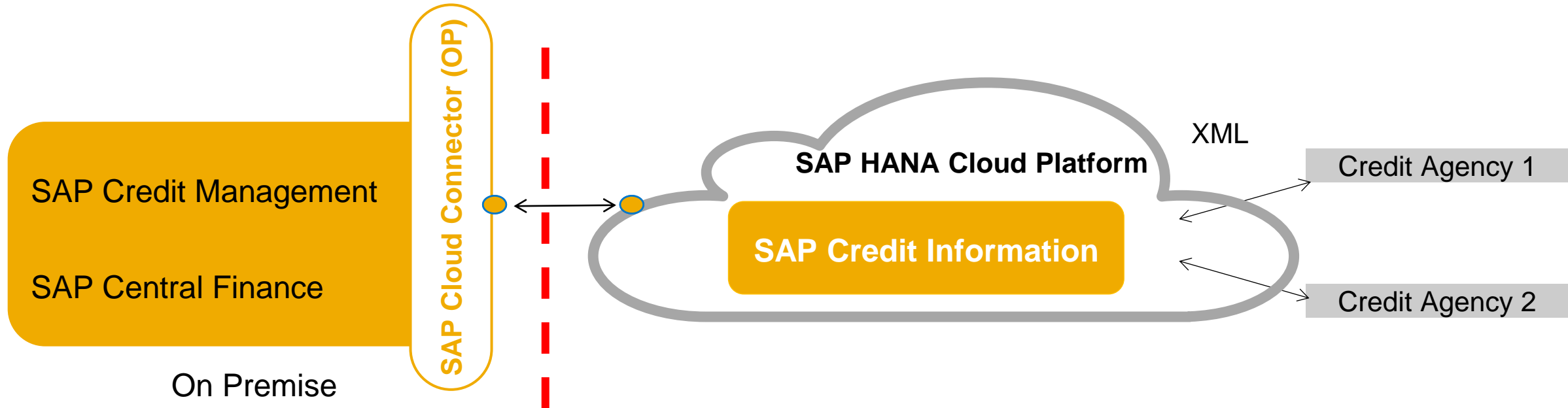
*central payment support planned



Harmonized System Landscape

SAP S/4HANA Finance Cloud for credit integration

Automate credit scoring and limits across your entire customer base



- Initial integration and maintenance of interfaces to credit agencies done by SAP HANA Cloud Platform
- Bulk of the data of external credit reports remains in HCP app; data owned by customer, not SAP
- Targeted data points (like external rating, foundation date of a company,...) is transferred to SAP Credit Management in order to enable the scoring of customers based on external and internal data
- Credit controller can access detail data on HCP app with one click from SAP Credit Management screen

SIGNIFICANT REDUCTION IN TCO

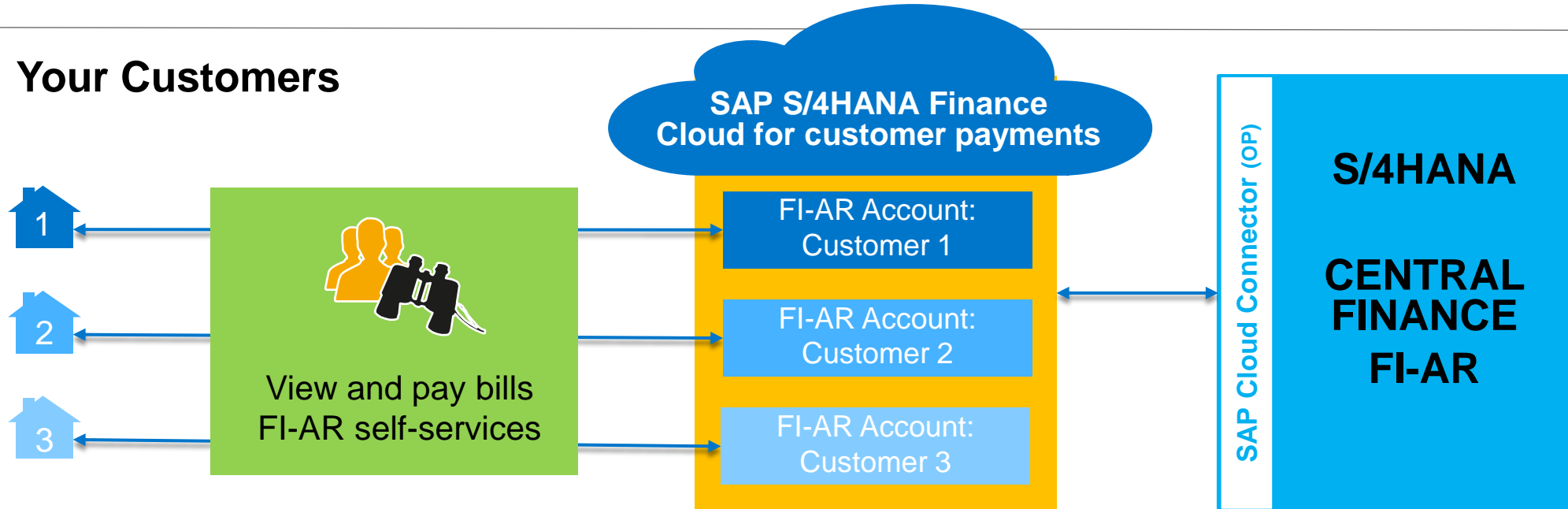
BROAD CHOICE OF CREDIT BUREAUS

Give direct access with Cloud for customer payments

Let customers access their account details with self-service scenarios



Your Customers



SAP S/4HANA Finance Cloud for customer payments enables your customers to

- View bills
- Make payments
- Start the dispute resolution process
- View their master data and inform you of any changes
- Perform annual balance confirmations

Organizations where customers are billed electronically and can view their account/payment status have on average 64.9% lower AR costs (as % of Revenue) and 17.6% lower Overdue Receivables.

SAP Performance Benchmarking

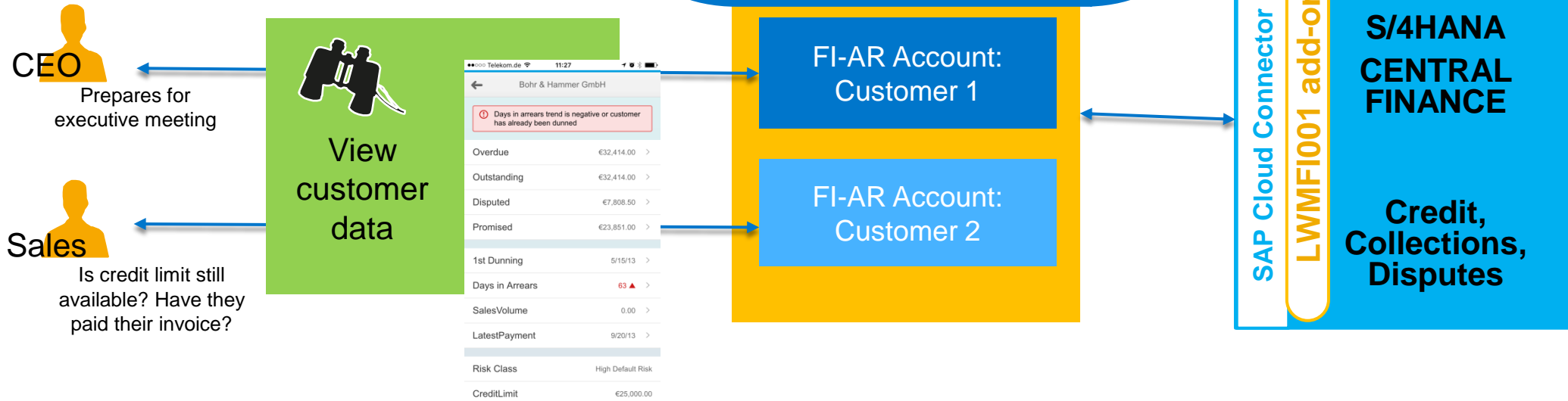
Give Sales direct access to Finance data

Self-service scenarios to accelerate sales and enhance relationships



LAB PREVIEW

Your Business Executives and Sales Reps



SAP S/4HANA Finance Cloud for customer fact sheet enables any-device/browser-based access to customer data

- Accounts receivable data (like overdues payments)
- Collections management (promised payments)
- Credit Management data
- Dispute resolution (status updates)

A secure online connection (example: VPN) is required if the access is made possible outside the corporate network

**Technical add-on for FinFactSheet*



Thank you

Contact information:

Katharina Reichert
Solution Owner, Receivables Mgmt
SAP SE

© 2015 SAP SE or an SAP affiliate company. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP SE or an SAP affiliate company.

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. Please see [SAP's Trademark Policy](#) for additional trademark information and notices.

Some software products marketed by SAP SE and its distributors contain proprietary software components of other software vendors.

National product specifications may vary.

These materials are provided by SAP SE or an SAP affiliate company for informational purposes only, without representation or warranty of any kind, and SAP SE or its affiliated companies shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP SE or SAP affiliate company products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

In particular, SAP SE or its affiliated companies have no obligation to pursue any course of business outlined in this document or any related presentation, or to develop or release any functionality mentioned therein. This document, or any related presentation, and SAP SE's or its affiliated companies' strategy and possible future developments, products, and/or platform directions and functionality are all subject to change and may be changed by SAP SE or its affiliated companies at any time for any reason without notice. The information in this document is not a commitment, promise, or legal obligation to deliver any material, code, or functionality. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates, and they should not be relied upon in making purchasing decisions.