Karl Storz – Journey to Central Finance

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Overview

Karl Storz - a global medical device manufacturer operating in more than 40 countries

The Problem	80% of the global business runs on two separate instances of SAP ECC 6.0, implemented at **different times**, with **different operating models** and **different customizations**. The remaining 20% of the business run on **different ERPs**
The Challenge	With a small team (and small budget), expose the benefits, opportunities and pathways for creating a **'digital' Karl Storz Finance** operation on the **S/4 platform**
The Experiment	One S/4 Target System ,Two production copy Source systems, 2 years historical data, Define the KS Common Accounting Model (1.0) on Universal Journal, 100's of standard FIORI roles and reports, SAC potential, Group Reporting, Planning

Agenda

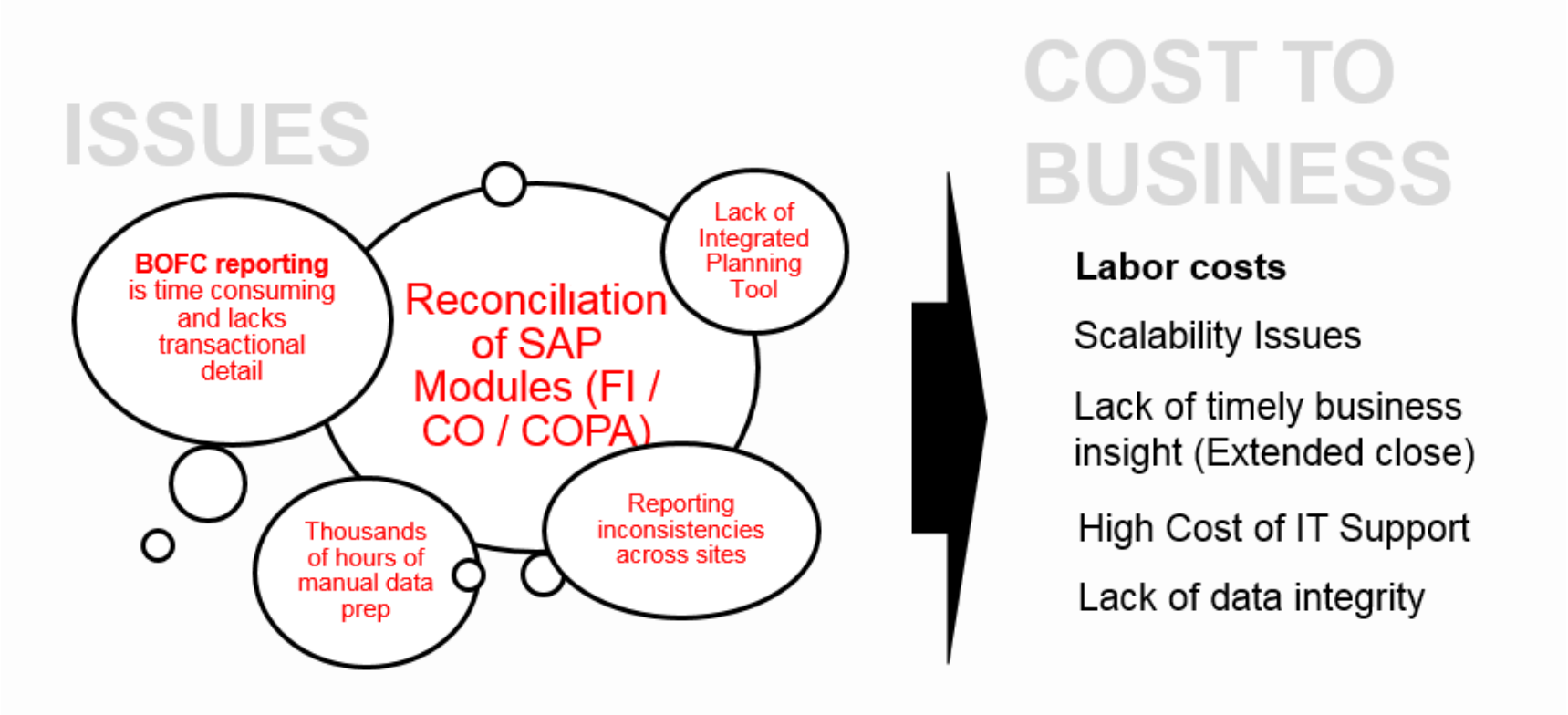
Part 1 Building the Case for S/4HANA Central Finance

Part 2 Setting up Central Finance

Part 3 Roadmap – Describe how Central Finance provides options

Building the Case for S/4HANA Central Finance

Understanding Impacts of Current Approach

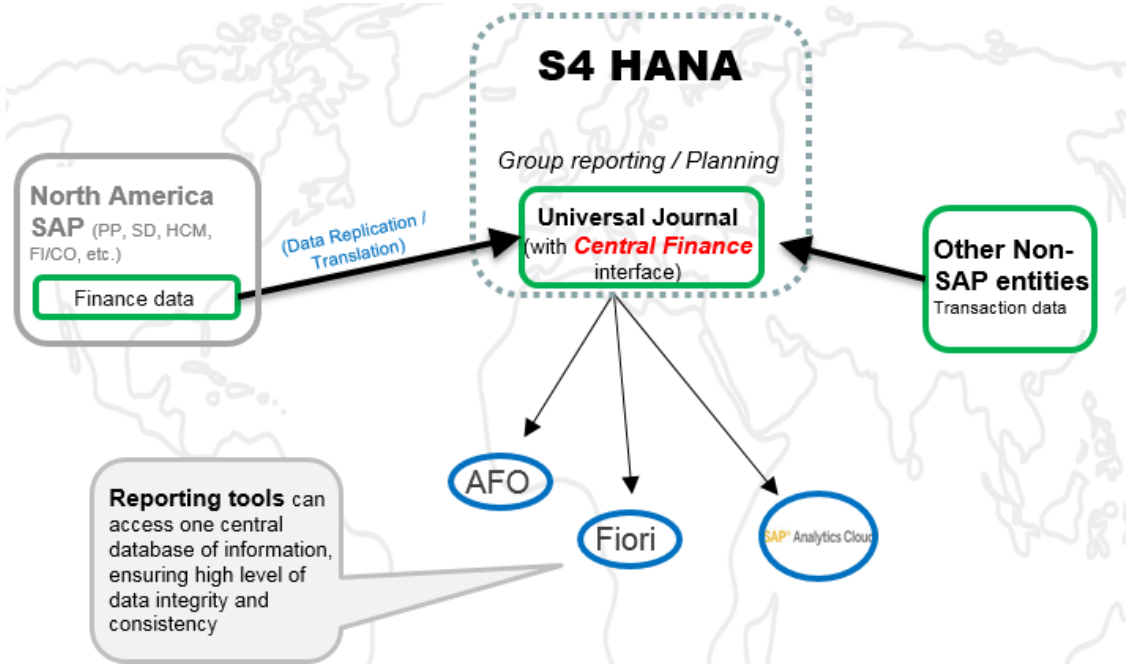


Part 1

Building the Case for S/4HANA Central Finance

Transforming the reporting landscape

- 20 years of data warehousing for finance has only been marginally successful ! (i.e. not sufficient)
- Universal Journal contains the plan, actual, consolidated data by ALL important elements (company, account, asset, material, customer, etc etc) in a fundamentally easier structure to report on.
- UI improvements (Fiori, Analysis for office) together with query technology (CDS, VDM) means SAP will be able to deliver content (SAC or on-premise) faster than you can develop it.



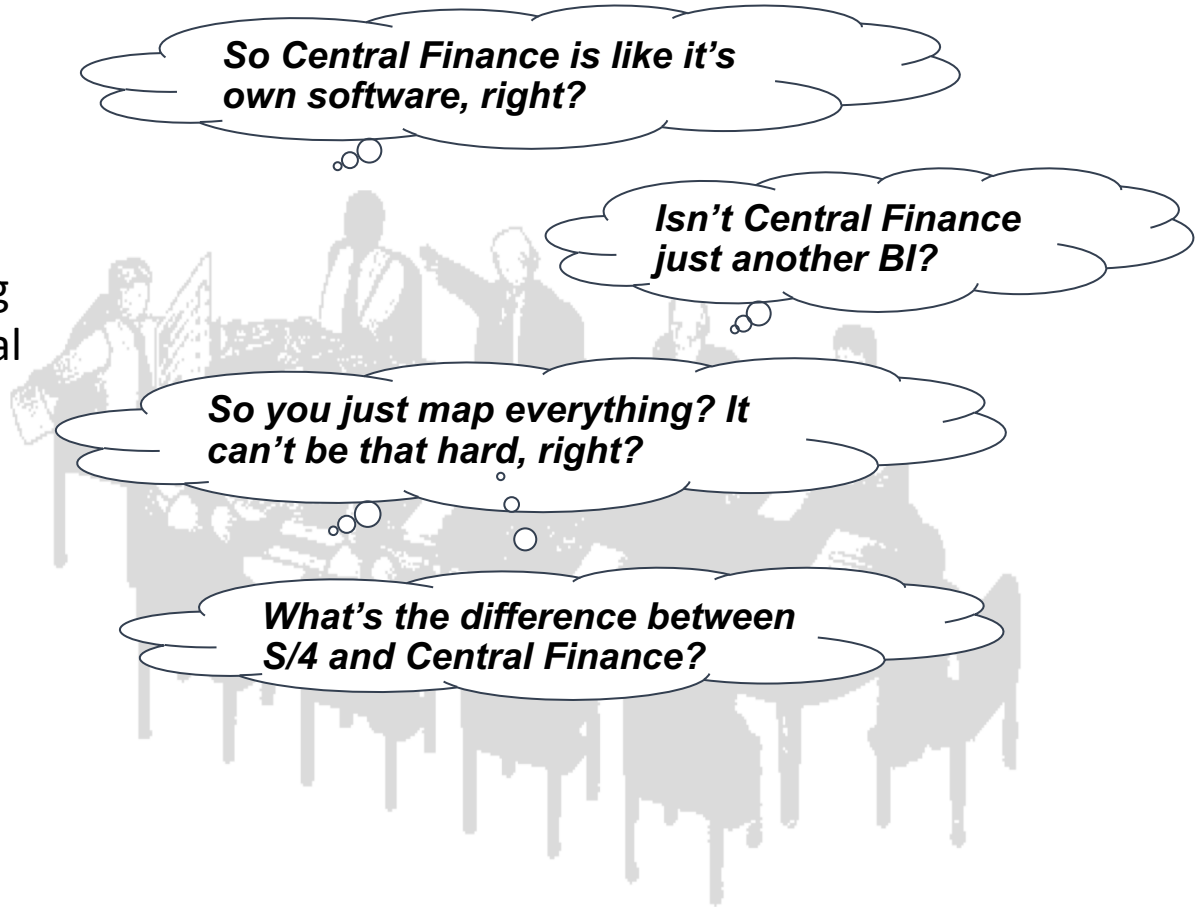
- **For finance, this opportunity demands – a deeper (hands on) understanding of data and process , closer (hands on) collaboration with IT in the production of solutions**

Part 1

Building the Case for S/4HANA Central Finance

Overcoming misconceptions to move ahead

- Central Finance can be confusing and misunderstood
- Central Finance is an **interface** that allows us to bring transactional data from outside systems into a central system
- Central Finance is a component of the S/4 application, not a different system



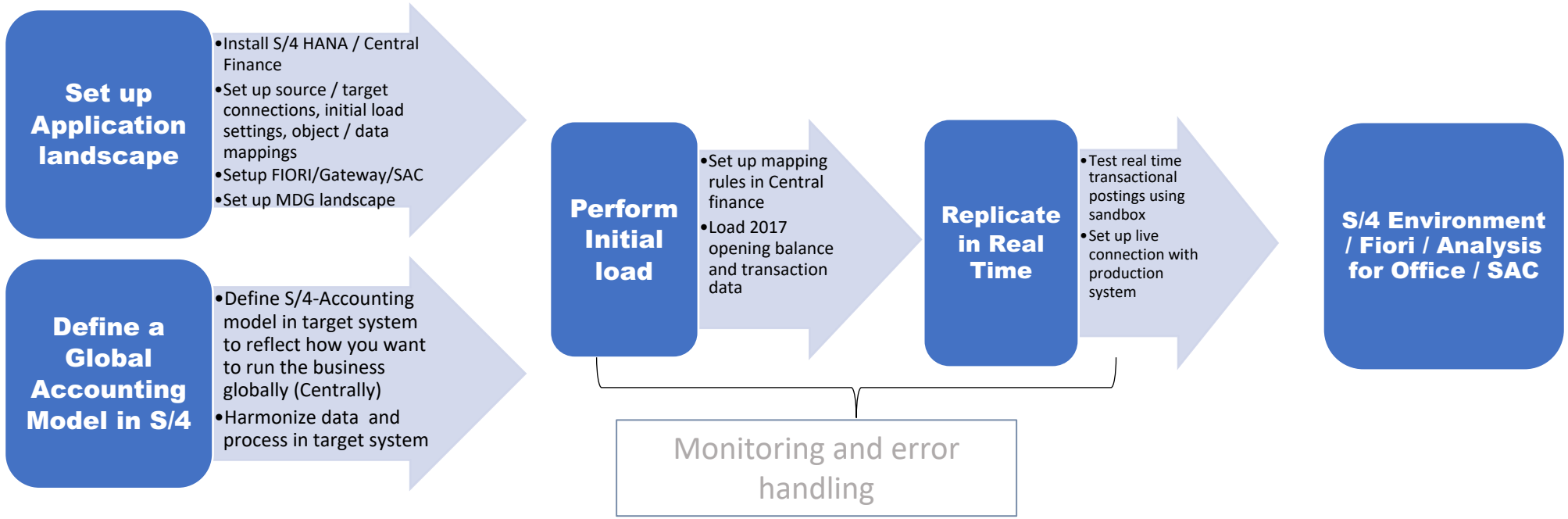
Part 2

Setting up Central Finance

Planning your project

Main steps for POC planning

Set up Landscape, Configure S/4-Model, Migrate Master Data, Configure Central Finance interface

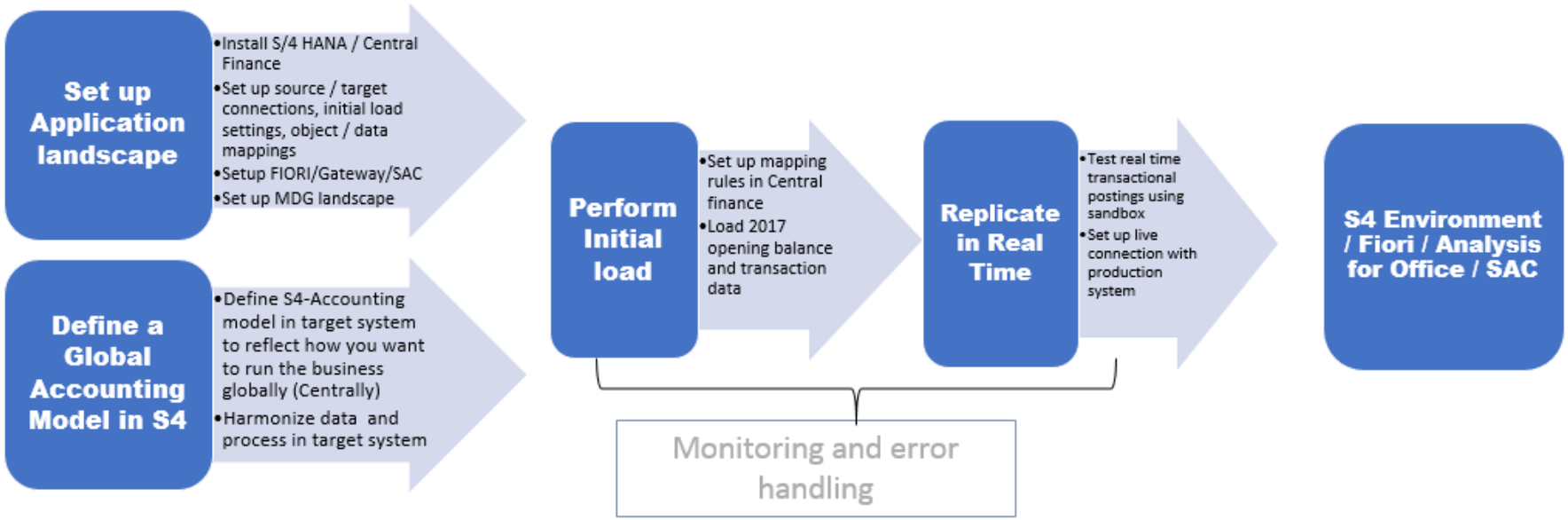


Part 2

Setting up Central Finance

Streamlining your Central Finance POC

- SLT, Gateway, MDG on S/4 Instance. Simplifies administration/access headaches
- Latest support packs on source systems (ECC6.0 EHP8 on Source Systems)
- Get the master data in central system right to simplify Central Finance mappings



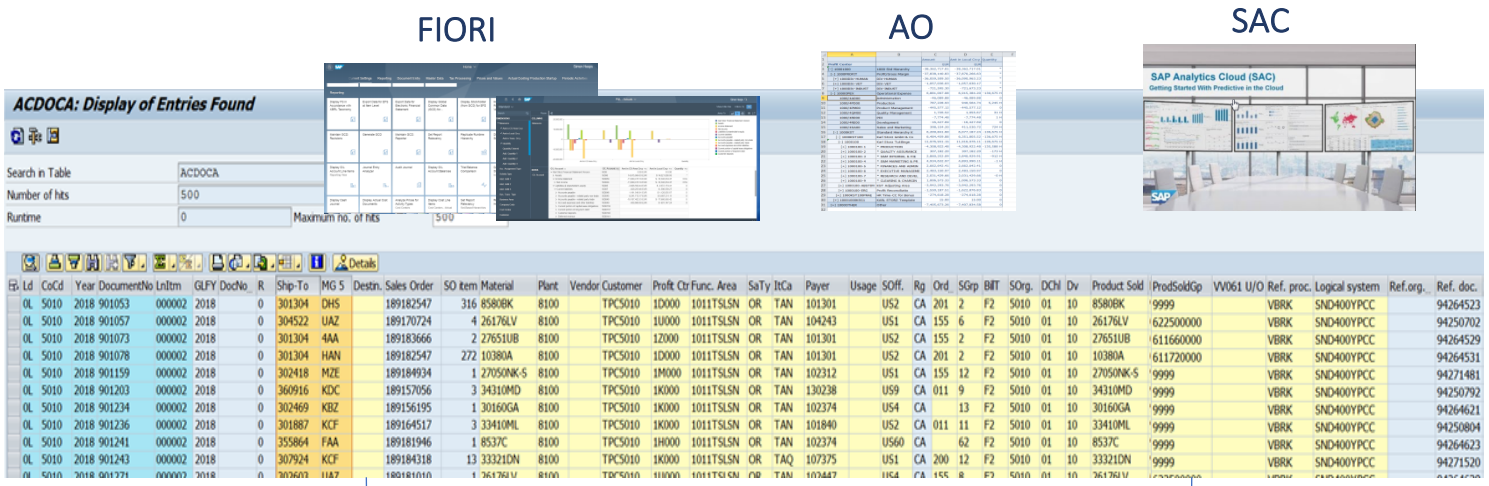
Part 3

Roadmap – Describe how Central Finance provides options

Finance transformation will be based on Universal Journal

The **Universal Journal (UJ)** is fundamental to SAP's 'Digital Finance' strategy. Realizing the path to UJ for KS is also fundamental to our Finance Transformation

- UJ becomes the 'core' of the Finance application and BI strategy
- Leverage standard content more and more to avoid expensive development
- Developer-Functional-Business Roles will need to 'merge at the margins'
- UJ alone is not enough. Clean master data, good accounting model (e.g CoA, COPA design, ML design etc) is critical to realizing the value of S/4



Part 3

Roadmap – Describe how Central Finance provides options

Create a Global Accounting Model

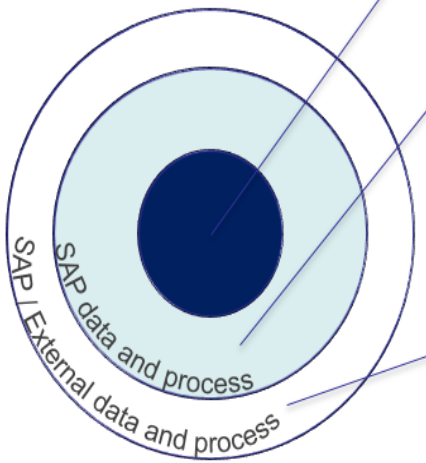
- A ‘common’ Global Model is desirable for streamlined corporate reporting, planning and consolidation

- But not everything can be ‘harmonized’. Local needs, statutory requirements might drive the need to categorize the Global Accounting Model into segments:

- Core – Central / Harmonized data/process

- Local – Site specific data/process

- External – Regulatory or competitive advantage



1 **CORE DATA**
Global reporting, planning, consolidations, and analytics

- Core harmonized data and processes are critical to effective global reporting, planning, and consolidation platform with increased focus on analytics
- Global and select local standards to be developed from core data and processes.
- High level of *data integrity*

2 **Site specific reporting and analysis**

- Site specific reporting refers to specific data and processes that facilitate statutory reporting, local market conditions, etc.
- Core data and processes provide transparency from local to global level

3 **Advanced technologies**

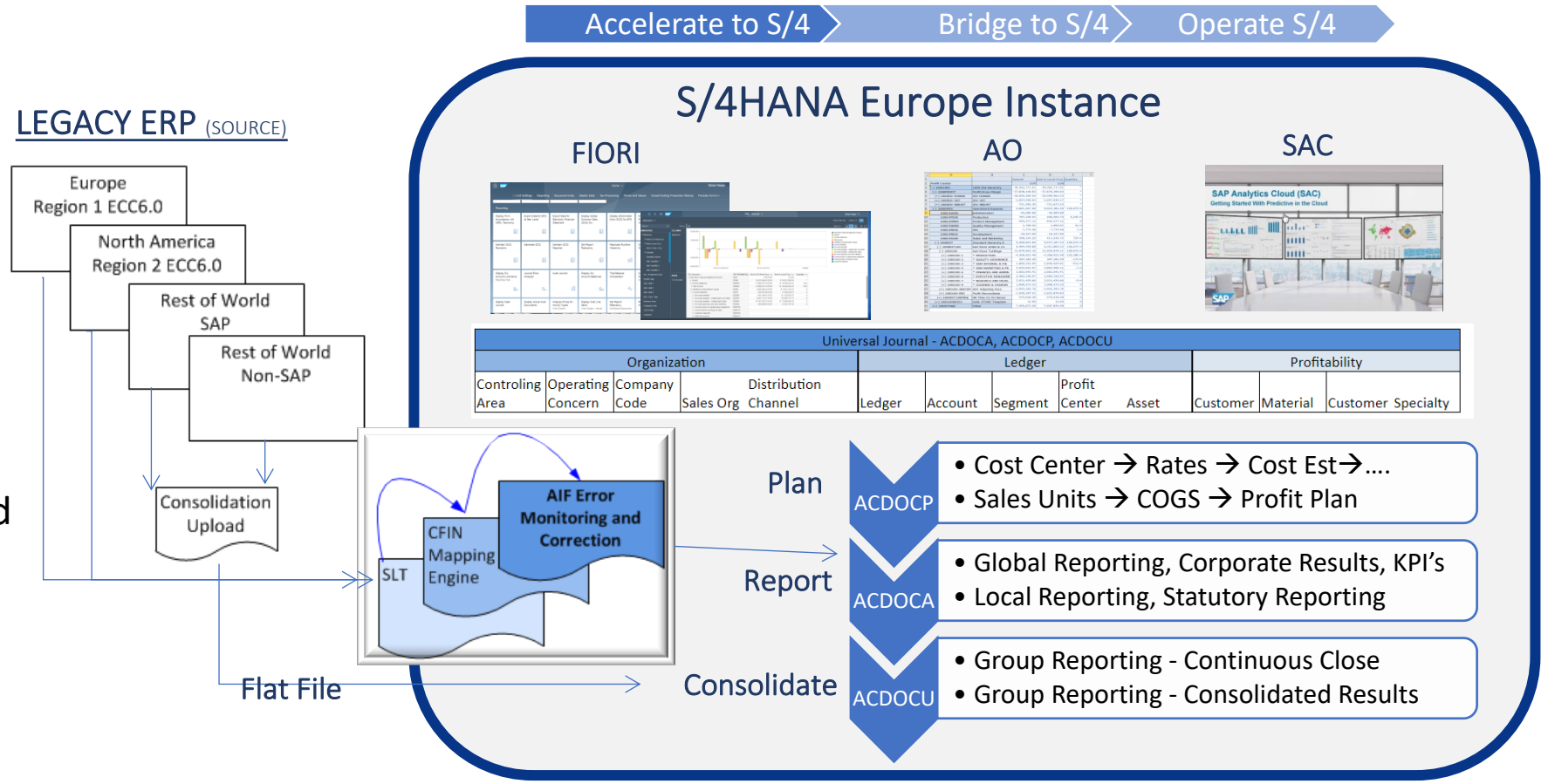
- Things like robotic process automation, machine learning, and other data reliant technologies will rely on a combination of internal and external data sources.

Part 3

Roadmap – Describe how Central Finance provides options

Accelerate access to global reporting / consolidation on S/4

- Use Central Finance to '**accelerate**' access to global reporting and consolidation on S/4 with a single harmonized view of the global business
- Certain entities post into ACDOCA using Central Finance. Smaller entities are summarized into Group Reporting via other data acquisition methods (flat file)

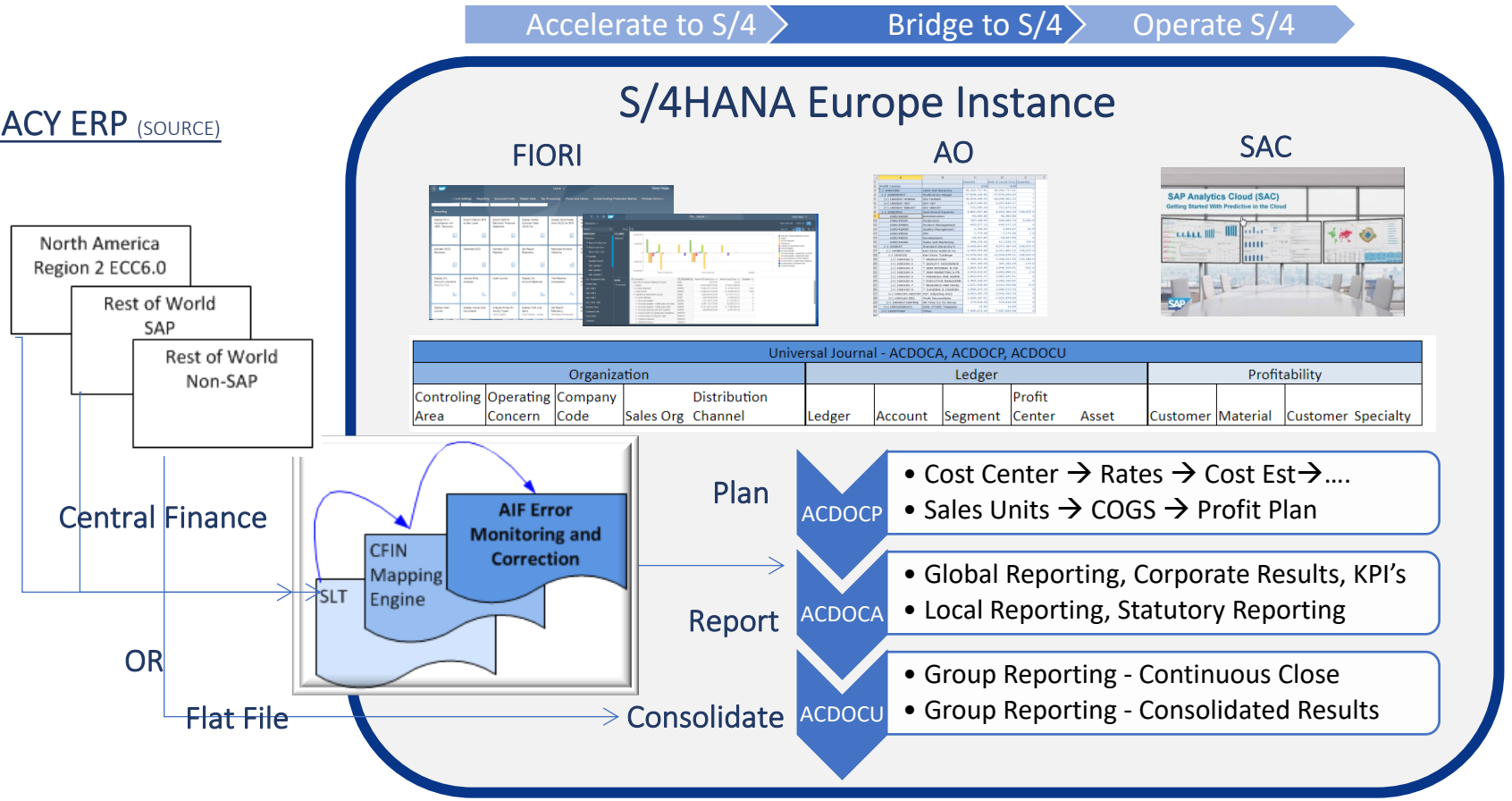


Part 3

Roadmap – Describe how Central Finance provides options

Bridge to operating instance of S/4 through staged migrations

- Staged migrations – EU instance first, NA later – use Central Finance as a way to '**bridge**' to S/4
- Option allows project to be staged over time and still achieve central planning, reporting and consolidation at a detail level for the major part of global business

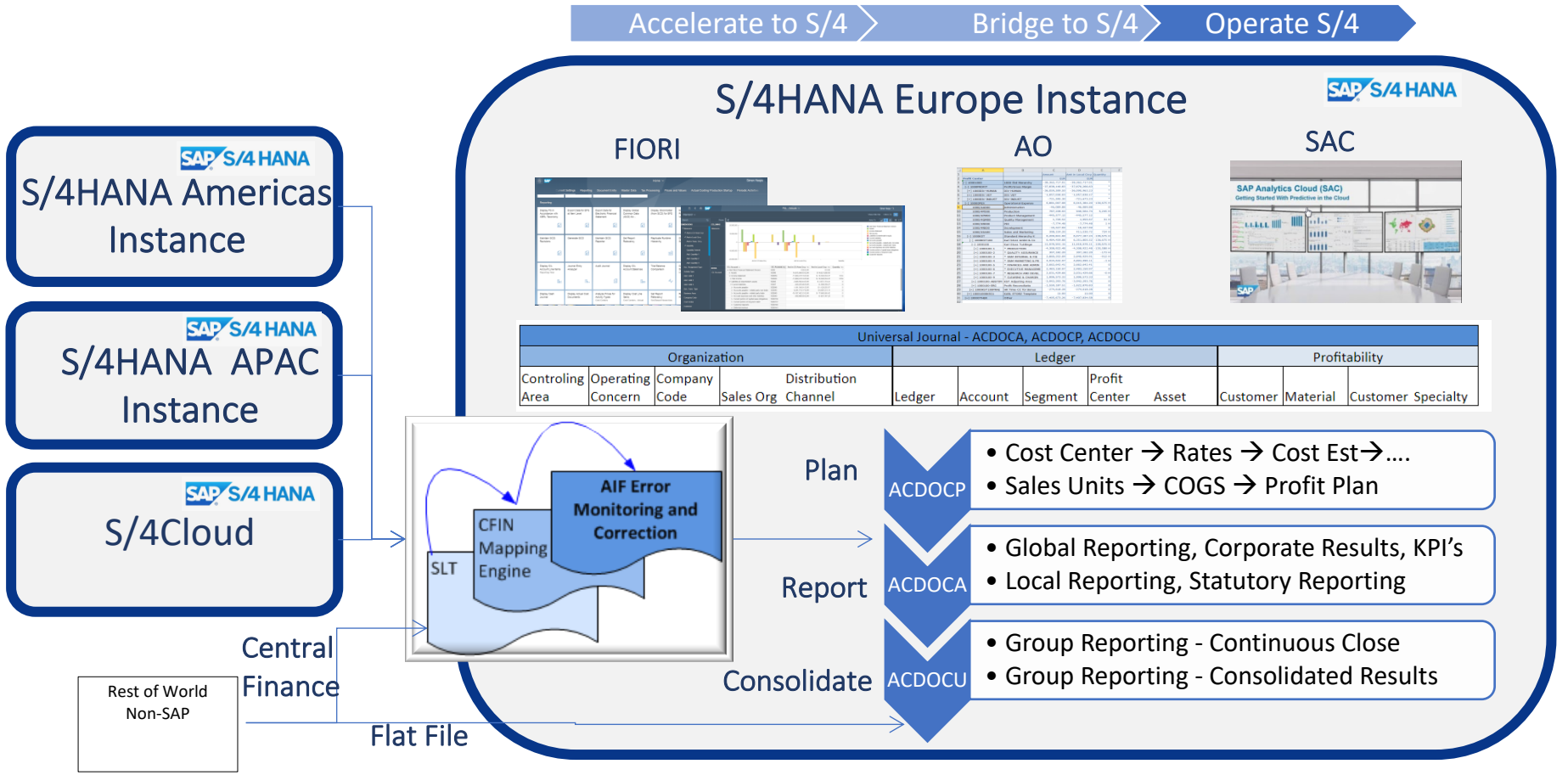


Part 3

Roadmap – Describe how Central Finance provides options

Central Finance will have always have a role in S/4 landscape

- If '**operating**' on a single instance is not desirable or practical, Central Finance can play a role
- Regional instances provide technical / business flexibility
- Smaller entities, recent acquisitions are deployed to the Cloud
- Central S/4 with Central Finance provides a single, harmonized view of the data



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Roadmap – Describe how Central Finance provides options

Final Takeaways

- S/4 Reporting, Planning and Consolidation story is REAL and achievable.
- High level of business involvement in the beginning (What should the global model look like? *Global Accounting Model*
- Project is easier when SP, EHP, notes are up to date
- Less about Central Finance story and more about S/4 roadmap
- Large opportunities to remake the global reporting landscape, including the data and process infrastructure and how IT and the business work together

questions

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