



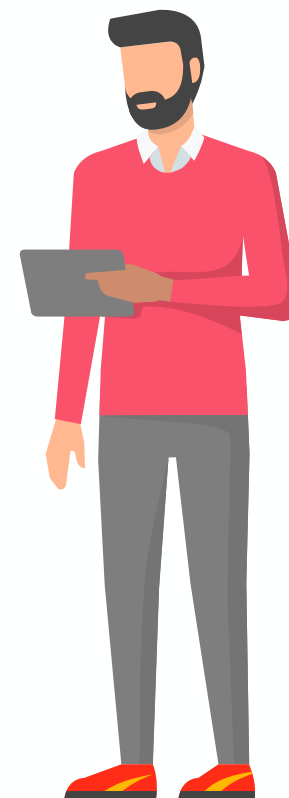
Learn How CenterPoint Energy (CNP) Is Laying A New Foundation
using S/4 HANA Central Finance With A Single Instance ECC Source Environment

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About the Speakers

Rahul Gupta

Solutions Manager, CNP

- Leading tech and solution design for the Advance Finance transformation program.
- Heading RPA efforts at CNP.
- 4+ years leading Enterprise Application Integration and Electric Market Systems at CNP.
- 12+ years at Deloitte Consulting focusing on tech strategy, M&A IT, and large scale SAP deployments.

Sundeep Gupta

Advisory Director, PwC

- Leading Finance Transformation projects as a Solution Architecture enabled with SAP or S/4HANA.
- Co-leads US practice for S/4HANA Central Finance
- 20 years SAP experience
- Solution Architecture at CenterPoint Energy

Key Outcomes/Objectives

1. Learn how CNP built a business case to implement S/4 HANA Central Finance solution for a single instance ECC environment
2. Understand the value CNP will deliver with our multi-phase implementation process
3. Understand the various technology solutions that are part of a S/4HANA deployment
4. Lessons Learned from challenges faced during the implementation process, including the ups and downs of using new technology



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Agenda



1. Our Advance Finance vision and case for change
2. Drivers and expected business benefits
3. Key elements of our solution
4. Lessons Learned

Today's Finance is Complex

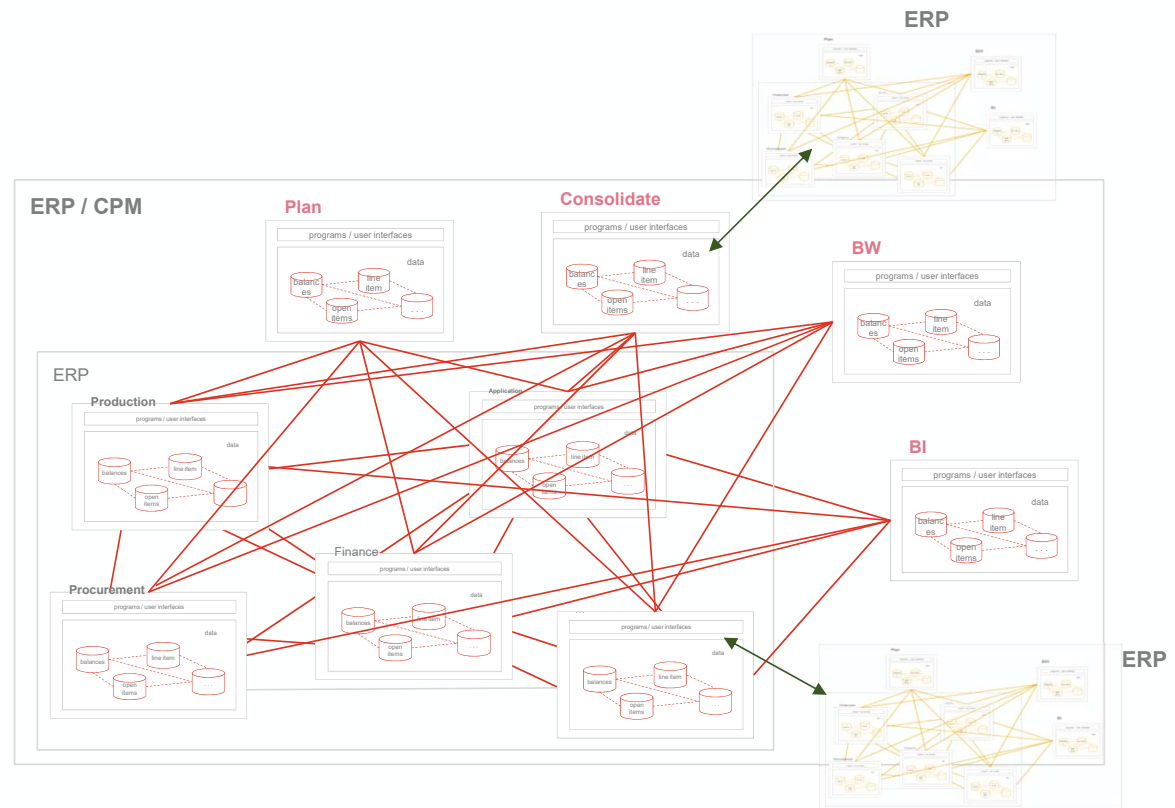
....even more in heterogeneous system landscapes

Signs of complexity

- Extractions and transformations
- Mappings and harmonization
- Delays, anomalies, inconsistencies
- Data reconciliation, data validation
- Report provision (data-to-people)

Business issue(s)

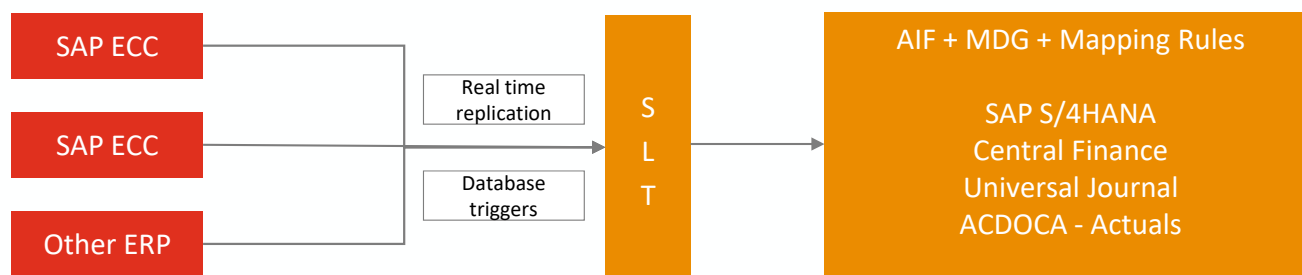
- Limited transparency
- Throttled productivity
- Prolonged process execution
- Service level challenges



General Solution Idea – Central Finance

Central Finance is an implementation – start with Finance modules

- *Single Instance or Multiple Instance* systems replicate financial data real time to a Central Finance S/4HANA system
- Non disruptive side-car approach – runs in parallel to existing SAP ECC system
 - SLT – System Landscape Replication Server – real time replication of documents
 - AIF – Application Interface Framework – error monitoring and correction
 - MDG – Master Data Governance
 - Business Mapping Rules – Transforming data when required to new S/4 Universal Journal



Next Page – Single Instance vs Multi Instance

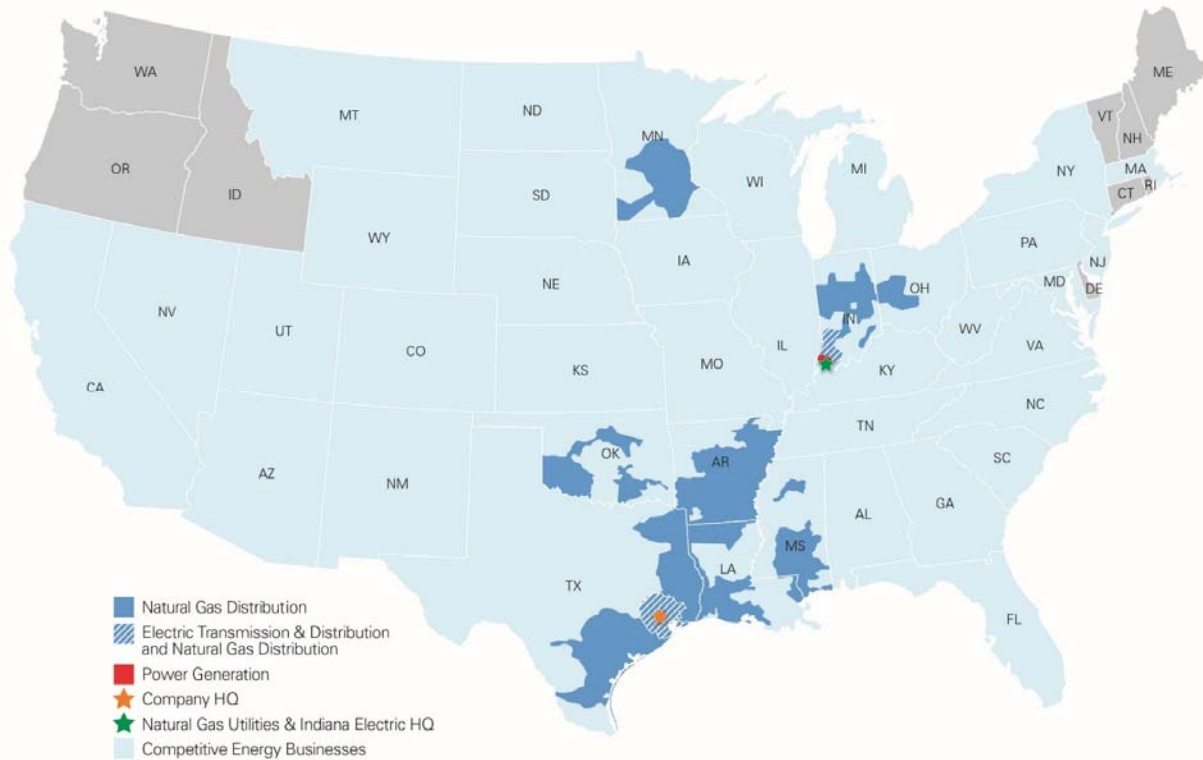
Instance Strategy Drivers – Market Perspective

Instance Strategy Drivers	Single Instance	Multi Instance
Operating company philosophy	●	●
Holding company philosophy	●	●
Agility in supporting client's needs and requirements quickly	●	●
Ability to standardize back offices processes	●	●
Ability to easily support shared services	●	●
Scalability and agility for M&A integration	●	●
Effective and standardize controls	●	●
Support various tax models	●	●
Total cost of ownership	●	●
Integrated Financial reporting and speed of month-end closing	●	●
Transition cost and value	●	●

CNP is a single instance

- Doesn't support instance strategy
- Supports instance strategy with enforced controls and governance
- Supports instance strategy

CenterPoint Energy Background



To lead the nation
in delivering
energy, service
and **value.**

Electric Transmission & Distribution
and Power Generation



Natural Gas Distribution








Competitive Energy Businesses



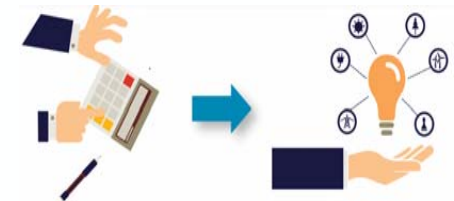
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CenterPoint Energy - Case For Change

Our Advance Finance journey began in 2015 in recognition that our processes and technologies do not reflect current advances in business and technology.

01	Regulatory		Highly manual process to prepare and support regulatory filings
02	FP&A		Manual effort, operating activity not linked to financial outcomes
03	Reporting		Reporting is reactive, not standard across the enterprise
04	People		Culture is transactional, limiting analytics capability
05	Cost Model		Legacy data structures from original SAP implementation many years ago

Our Vision: In order to lead the nation in delivering energy, service, and value, we will transform Finance from a transaction-centric organization to a thinking-centric, go-to partner.



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Advance Finance Program

Core / Cost Model
Deployment scheduled Q3 2019

Regulatory Reporting
Live, Additional deployments
scheduled Q3 2019

Accounting Process Optimization
Live

FP&A
Deployment scheduled Q4 2019

**Enterprise Performance
Management
(Digital Dashboards)**
Live

Treasury Management System
Project kickoff targeted Q2 2019

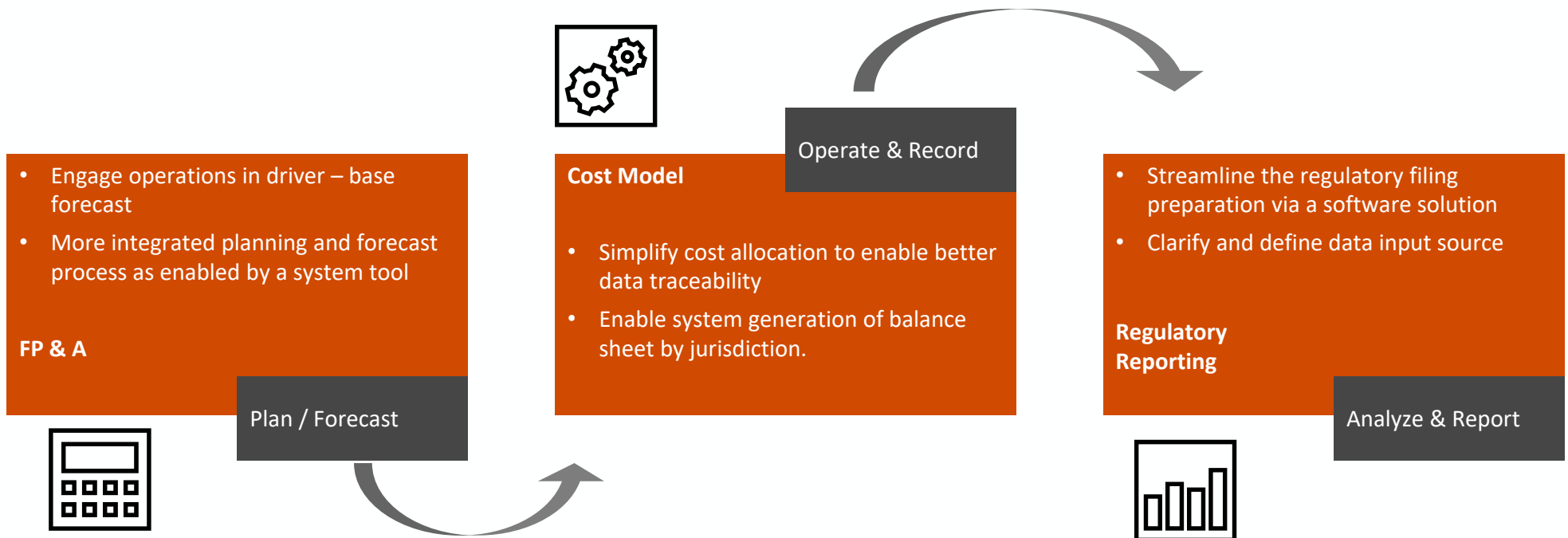
Robotics Process Automation (RPA)
Live, Ongoing

Wires Automation
Live

A/P Optimization
Live

Optimized and Integrated Processes Drive the Solution

Our solution focuses on enhancing and improving process



What will Core (SAP ECC & S/4) deliver?

- Finance is leading from the front on **the CNP** Enterprise migration to SAP S/4
- Enhanced **cost flow traceability** capabilities and the **unbundling of labor**
- Improved **Jurisdictional identification** on the **Balance Sheet**
- A streamlined **rate filing** experience

Specific Core improvements and impacts:

Improved Jurisdictional Balance Sheet – increase in postings at jurisdictional level

Costs are separated by cost groupings to improve visibility and end-to-end traceability

Unbundling labor rates facilitates compliance with new accounting standard

Simplified allocations – Hundreds of FSCC Cost Centers being eliminated

Real-time FERC identification reduces month end processes and close time

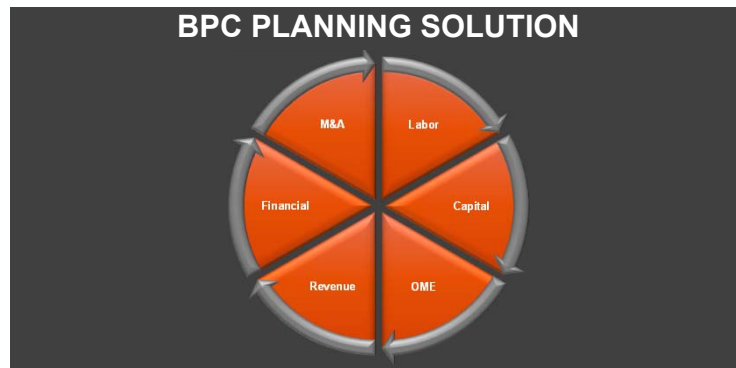
Identification of T&D assets closer to the transaction source impacting key regulatory filings

FP&A | Business Challenges & Drivers

Challenges	Business Impact
Standardization	Different approach, templates, calculation & reporting across organization.
Integration & Centralization	Multiple sources of data are required for plan preparation which increases overall plan preparation durations.
Aggregation Inefficiencies	Difficulty managing iterative updates requiring manual compilation.
Operational Insights	Difficulty analyzing drivers of costs and linking financial results to operational outcomes.
Reporting Challenges	Different report formats and level of details created across organization.
Version Management	Multiple locations of files increases difficulty in comparing versions of plans as well as tracking / managing updates.

FP&A (Future) | Planning Solution

- Link operational drivers with financial outcomes
- Actual/plan data integration within S/4 database
- 24 month rolling forecast capabilities
- Variance reporting between actual/budget and comparison among forecast versions
- Mirroring actual cycles and overheads for forecast, leveraging S/4 allocation engine



Specific FP&A improvements and impacts:

Powerful data analysis & reporting tools

Improved insights into costs due to operational drivers

Standardization of business process and approach across CenterPoint

Budgeting and forecasting in an integrated system with built-in notifications

Linkage between financial plan and regulatory plan with scenario capabilities

Reduction in overall calendar and effort for annual budgeting

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What will Regulatory Reporting deliver?

- Improved, automated regulatory processes implemented in an industry leading platform (UI Planner)
- Robust filing documentation (e.g., L5's & process flows)
- Regulatory inspired cost and planning models
- A centralized regulatory ledger, enabling a 'single source of the truth'
- Integrated source data from across the CenterPoint organization (Actual & Plan)

Specific Regulatory Reporting improvements and impacts:

Increased Accuracy and Consistency

Reduced Filing Time and Regulatory Lag

Increased Analytical and Planning Capabilities

Increased Compliance and Credibility with Regulators

4,500+ Spreadsheet Calculations Automated (for selected in scope filings)

Key Elements of CNP Business Focused SAP Solution



Central Finance

Processes moving to Central Finance:

- GL book of record and data source to BPC
- Intercompany reconciliation
- Financial Reporting
- Management Reporting
- Regulatory Reporting
- Jurisdictional Balance Sheet
- Real Time FERC
- Cost tracing and reporting
- Manual Journal Entries
- Close Automation



SAP ECC

Processes Remaining in ECC:

- General Ledger
- Accounts Receivable
- Accounts Payable
- Banking
- Asset Lifecycle Accounting
- Fixed Asset Depreciation
- Service Allocation
- Customer Care and Services (CCS)
- Plant Maintenance
- Internal Orders
- Work Breakdown Structure
- Inventory tracking
- SAP BW
- Other integrating applications



Process Improvements

Technology Agnostic Process Improvements:

- Increased direct charging to improve transparency of allocated data
- Transmission & Distribution Split
- Unbundling labor rates
- Shift to actual costing to align with key industry peers
- Approach to usage of Cost Centers
- Approach to usage of WBS Elements
- Use of availability control for Internal Orders and WBS Elements

CNP Business Capabilities for S/4HANA Central Finance

Key capabilities and functionality of the Advance Finance S/4HANA system:

- Financial reporting system
 - All management and performance reporting
 - Plan versus Actuals
 - Cost flow tracing
 - Report simplification and rationalization
 - Analytical and self service capability
- Business planning system
 - Corporate budgeting and planning (optimized model)
 - Plan allocations
- Integration hub for Regulatory Reporting and FPA
 - Regulatory Integration (RI) hub
 - Real time FERC
- Feed to SAP BPC Consolidations system
- Fiori launchpad for Finance business users
- Stepping stone and risk mitigation for Enterprise ECC move to S/4HANA

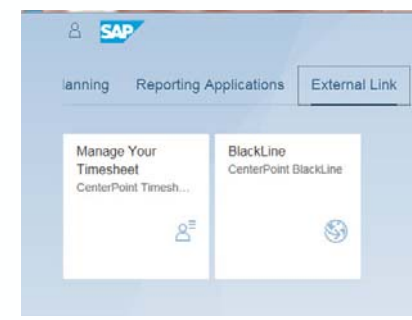
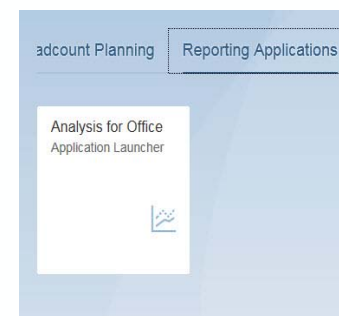
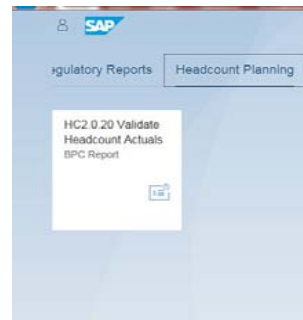
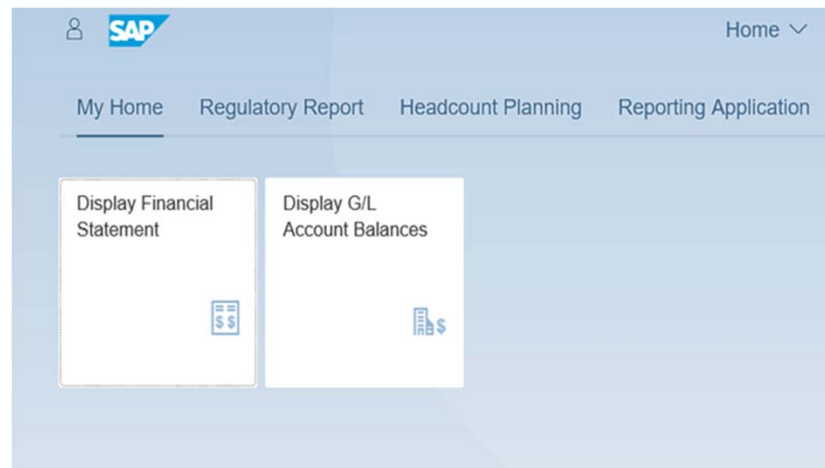


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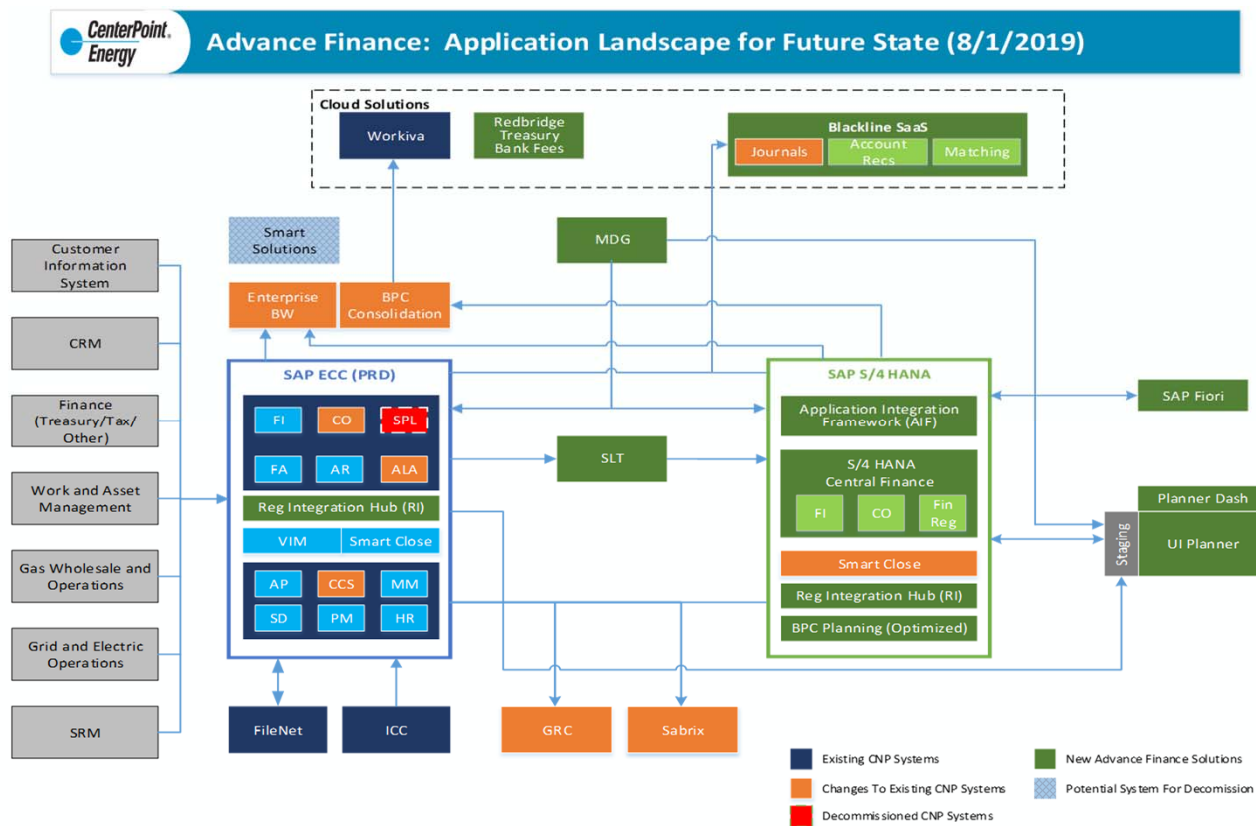
Finance Fiori Launchpad

What does the launchpad mean for CNP?

- Single place for all things pertinent to a job/role
- Browser-based interface for organizing access
- Access to preferred reports
- Links to relevant applications – ECC or Central Finance



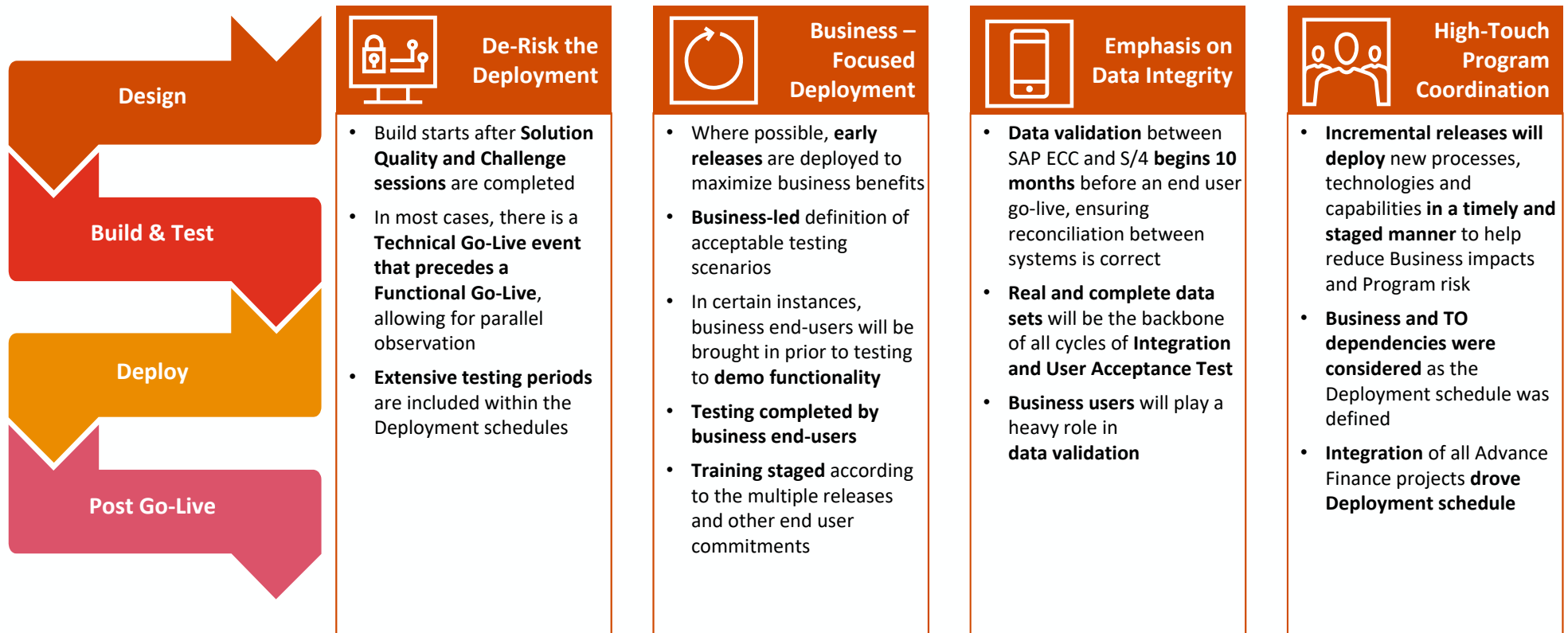
CNP Application Future Landscape



Key solution technologies:

- ECC
- S/4HANA
- BPC
- SLT
- MDG
- Fiori
- Blackline
- UI Planner
- Analysis for Office
- Data Services
- Data Consistency Manager (DCM)
- Solution Manager
- IBM Power VC
- HANA database active/active solution

Our Approach – Build, Test & Deploy



CenterPoint Energy Lessons Learned

- Build in time to learn for your S/4 HANA journey – starting with pilots was needed to understand various technical components and related capabilities
- Educate your business/technology and project teams – there can be many questions, limits revisits, “system of record”, “single source/version of the truth”
- Demos – involve more people but set realistic expectations
- Expect issues – have team members who are familiar with the SAP knowledge base
- Data – start early and balance what you can do
 - Archive and clean up open items
 - Analyze data inconsistencies
 - Automate data preparation
 - Automate data validation
- Give yourself enough time for
 - Reporting – earlier in the project, fewer reports with more analytics capabilities
 - Infrastructure and landscape setup
- Fiori requires a strategy - once understood
- Plan ahead for organization skill sets to support the overall organization
- Seeking expertise when needed – Partners and SAP Max Attention

How We Used SAP Max Attention Services

- Value delivered through design reviews and integration sessions
- Validated technical feasibility to give business clients assurance
- Identified gaps/considerations in vendor designs and approaches
- Provided the experience/lessons learned to move project development faster
- Gave perspective of how things were resolved at other SAP customers
- Improved S/4 HANA data load times by 5-6x in some scenarios
- Go-live reviews and support is still pending

Thank You

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Q&A

For questions after this session, contact us at rahul.gupta@centerpointenergy.com and sundeep.gupta@pwc.com.

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