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TreeHouse Foods: Finance Transformation using SAP S/4HANA Finance

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Session ID 84048

About the Speakers

Berker Kilinc

- Senior Manager, EY
- 20+Years of SAP FICO consulting and implementation experience
- Main focus on SAP S4 Finance and Central Finance since their inception

Vicki Smith

- SAP Architect, TreeHouse Foods
- Entire 18+ year SAP FICO career has been in Food Mfg
- Listens to the Hamilton soundtrack once a week

Key Outcomes/Objectives

1. Understand the value proposition and benefits gained from;
2. Understand lessons learned and key areas to watch for when planning and executing ;
3. Get a chance to ask specific questions about;

A recent,
real life,
large scale,
international
Central Finance
implementation

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Agenda

- TreeHouse Foods ERP Journey
- Business Case
- Value delivered
- Insights
- Questions
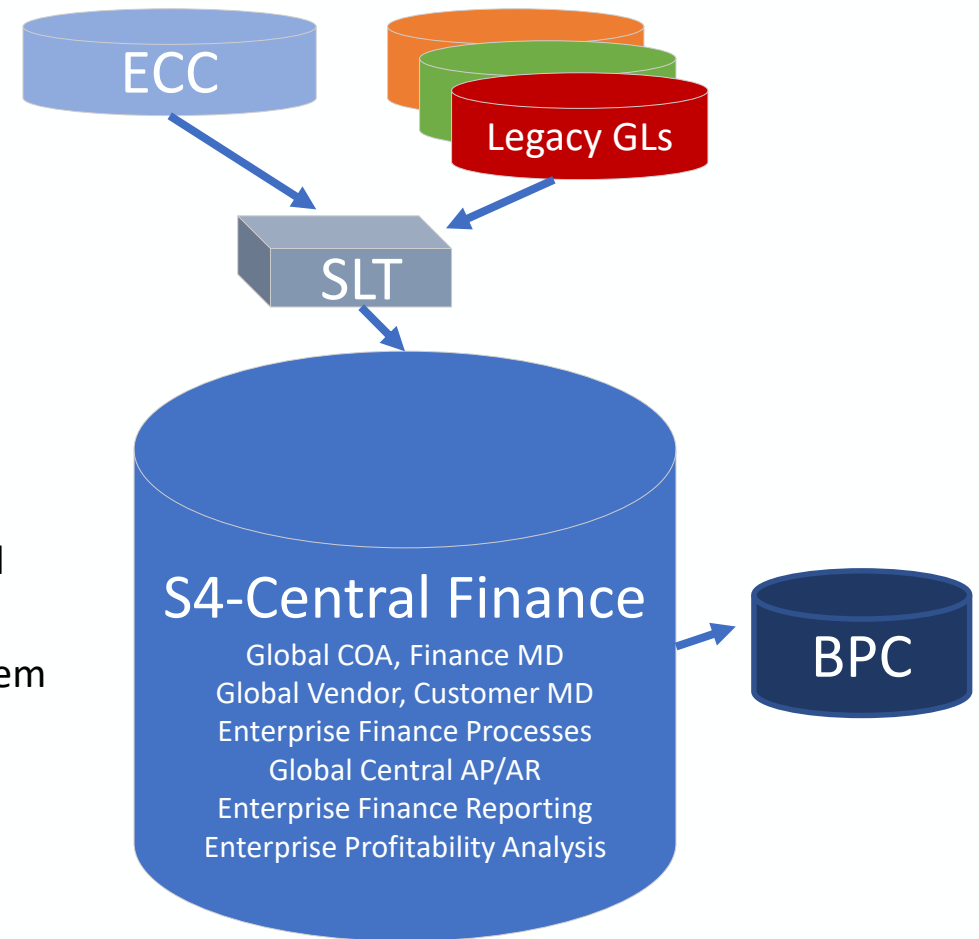
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TreeHouse Foods ERP Journey

- By 2016, via acquisitions, TreeHouse had 10+ ERP systems
- SAP was chosen as the primary ERP solution
- Combination of Manufacturing Plant and Order-to-Cash implementations
- Non-SAP system Trial Balance loads into SAP
- BPC used for Consolidations and Financial Planning & Analysis Functions

Business Case

1   Improve efficiency of the Finance Function

2   Provide better business insights with improved reporting and analytics, improve data quality, simplify and harmonize master data

3   Enable effective and quicker acquisition integration and divestitures

4   Accelerate deployment of common processes and shared services

Valued Delivered

- Finance transactions from all systems (SAP and Legacy) collected in one SAP S4 system in line item detail.

- Simplified and Harmonized master data in one system:
  - Simplified and enhanced COA
  - Cleansed and harmonized Vendor master data

- Improved reporting capabilities
  - Enhanced global approach to Segment reporting
  - Global profitability reporting using improved S4 Account based COPA
  - Global Vendor and Customer performance analysis in one system
  - Single Source of truth for Financial reporting, consolidation

- Simplified and Harmonized Finance Operations
  - Centralized Global AP and AR
  - Centralized Finance activities (Allocations, IC, Reconciliation, Financial Close)

ECC

Legacy GLs

SLT

S4-Central Finance

Global COA, Finance MD
Global Vendor, Customer MD
Enterprise Finance Processes
Global Central AP/AR
Enterprise Finance Reporting
Enterprise Profitability Analysis

BPC

Insights

- Master Data Harmonization and Cleansing

- Central Finance Configuration and Build

- Legacy Systems' Integration

- Central Finance Testing

- Central Finance Cutover, Go live and Support

Master Data Harmonization and Cleansing

- Harmonization of master data across diverse systems (including SAP and non SAP) into one global S4 instance is challenging:
  - ➤ Start early in the project
  - ➤ Establish tight integration between the project team, the master data resources and the business
  - ➤ Involve business users early on.

Central Finance Configuration and Build

- Allow enough requirements analysis and design time
- Get business buy-in early on the new processes. Explain new standard functionality well
- Central Finance is a finance solution, the boundaries between finance and non finance processes should be well understood by the business
- Build "agile": build a little, test a little, repeat
- Expect more than usual OSS notes, corrections (relatively new solution)

Legacy Systems' Integration

- SAP provides an out-of-the-box solution for Legacy integration. Can be used with a certain amount of customization, without the need for 3rd party software.
- Master data mapping is a key challenge. Allocate enough time for mapping and confirmation from business
- Use SLT as intermediary to take advantage of native mapping and error handling functionality
- Use Legacy specific custom document types in S4 for easy reporting and reconciliation
- Many challenges faced due to legacy systems' approach to accounting processes being different, (many times having less strict controls) than SAP S4 Finance. Some tweaking and customization needed. Identify differences early on
- Reconciliation of legacy data to S4 can be challenging, customization of reporting may be required

Central Finance Testing

- Testing a Central Finance solution requires a different, multi layered and more robust approach that requires more testing time:

  - ➢ **Unit Testing:** Similar to regular SAP implementations, unit test the configuration and customization
  - ➢ **Integration Testing Level 1:** Test basic transactions in CF, test replication of basic transactions from test source system to CF.
  - ➢ **Integration Testing Level 2:** Test all transactions in CF, test replication of all transactions from test source systems to CF
  - ➢ **Integration Testing Level 3:** Test replication of all transactions from PRODUCTION source systems to CF for a limited Company Code scope(1-3 companies)
  - ➢ **Integration Testing Level 4:** Test replication of all transactions from PRODUCTION source systems to CF for all Company Codes. (Includes performance testing)
  - ➢ **UAT:** User acceptance testing

Central Finance Cutover, Go live and Support

- It is crucial to confirm master data and configuration readiness before go live. Integration Testing Level 4 is a good benchmark to ensure master data readiness across the organization

- Initial loads (transactional data conversion- historic balances, open items) should be kept to a reasonable volume/depth and enough time should be allocated for execution and reconciliation of initial loads

- At least one or two periods should be planned for parallel execution and reconciliation before CF is made the official book of record

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Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:
http://info.asug.com/2019-ac-slides

Q&A

For questions after this session, contact us at Berker.Kilinc@ey.com and Vicki.Smith@treehousefoods.com

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