



Is your organization ready for S4 HANA Transformation Journey?

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Session ID # 84373

About the Speaker

Jainender (Jai) Kumar

Director, Chief Customer Office

- MBA Finance, Engineer (Robotics)
- Collaborate with C-Execs of strategic SAP customers to build strong foundation and effective transformation roadmap for Intelligent Enterprise

Fun Fact(s): Passionate about World Travel and Trekking.

Volunteer to teach Robotics and STEM topics at School Districts

Key Outcomes/Objectives

1. **Review learnings** from 200+ Business Process workshops conducted across SAP's strategic customer base
2. **Understand the business impact** of common design mistakes and/or critical blueprint decisions
3. **Utilize information** gained, to share with your organization for the S4HANA transformation journey

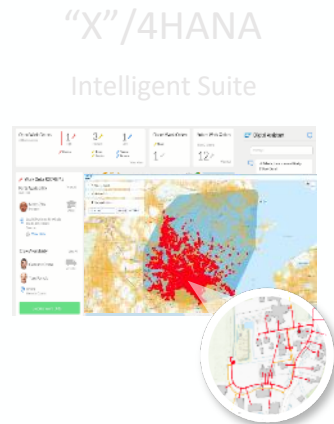
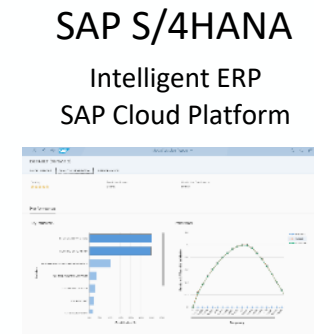
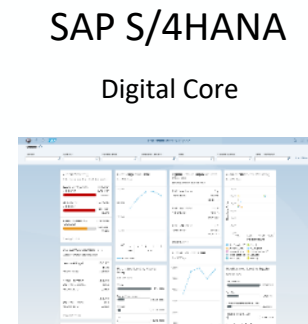
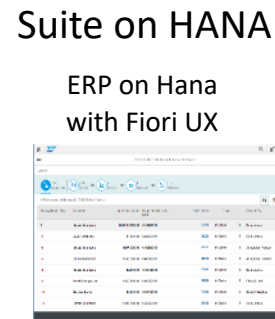
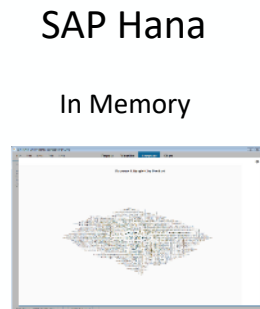
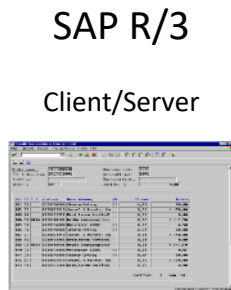
Agenda

- S4HANA Simplification and Value Overview
- Business Process Roadmap (Lead to Cash)
- Key business issues and related business impact
- Takeaways / Action plan

We've come a long way together

Innovate
Standardize
Scale
Trust

- ✓ **46 years** of innovation across all industries
- ✓ **390,000** customers in **193** countries
- ✓ **74%** of the world's transaction revenue touches an SAP system
- ✓ **Always** providing multiple ways of innovation adoption



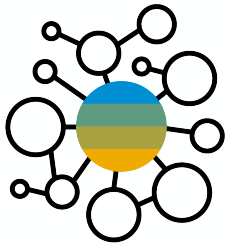
Are you ready for tomorrow?



**Increasing
globalization**



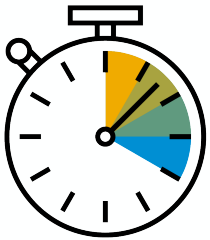
**Pressure on
margins**



**Higher complexity of
supply chains**



New technologies

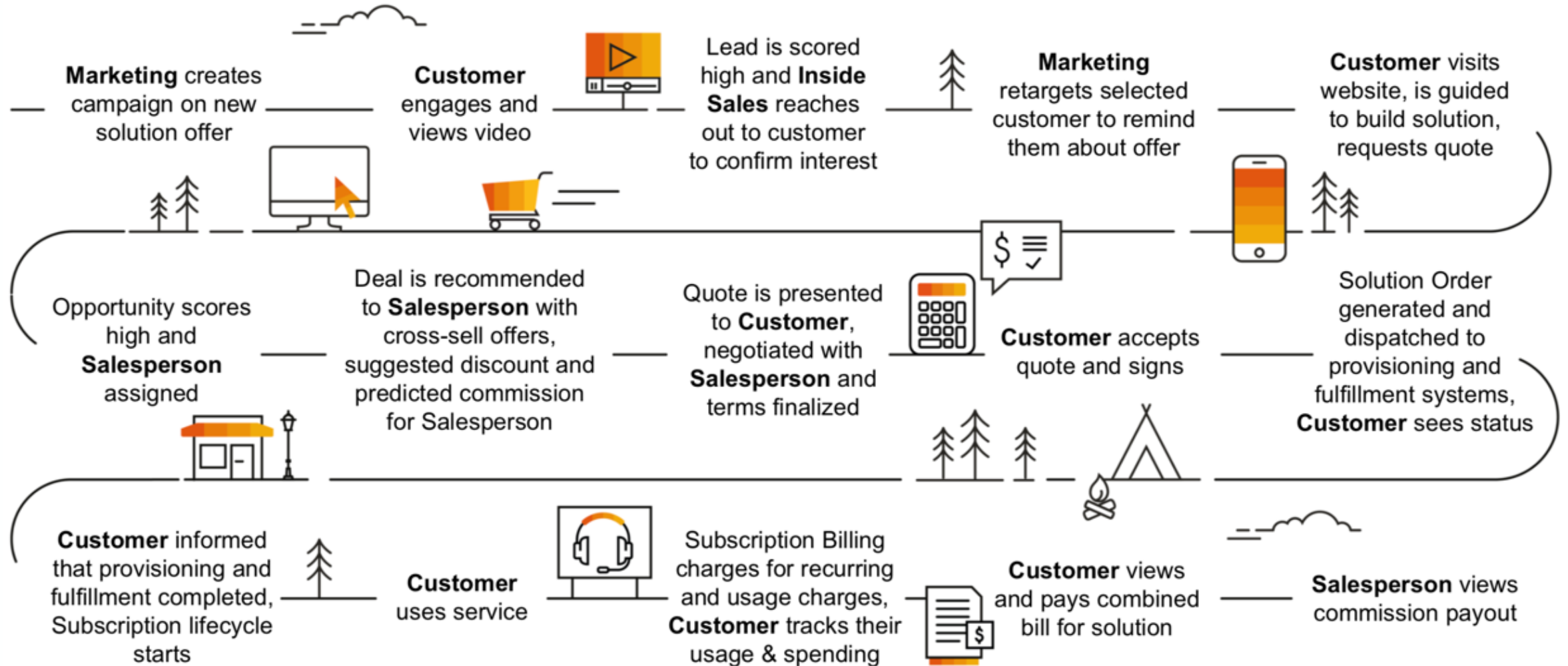


**Reduced time to
market**

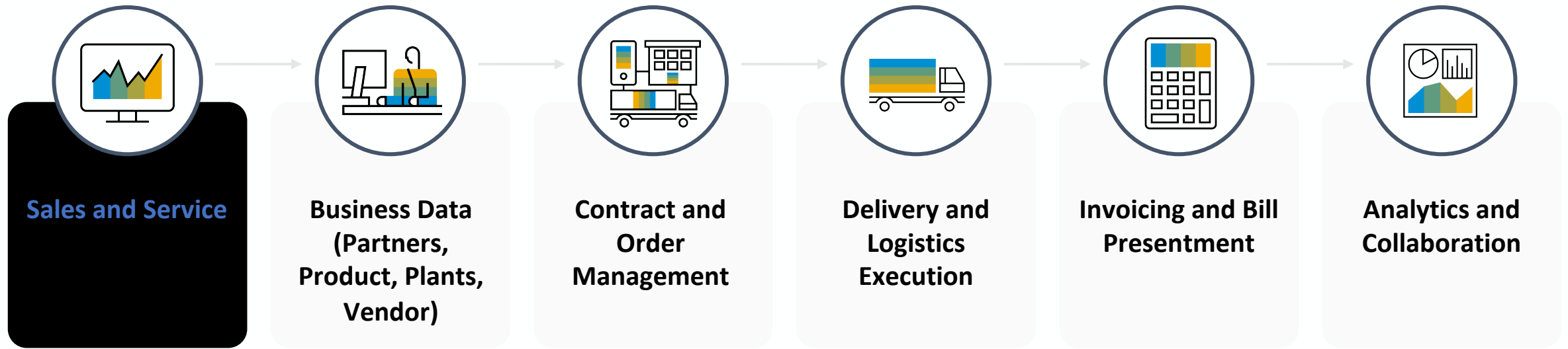


**Regulation is
here to stay**

A Comprehensive Lead to Cash process



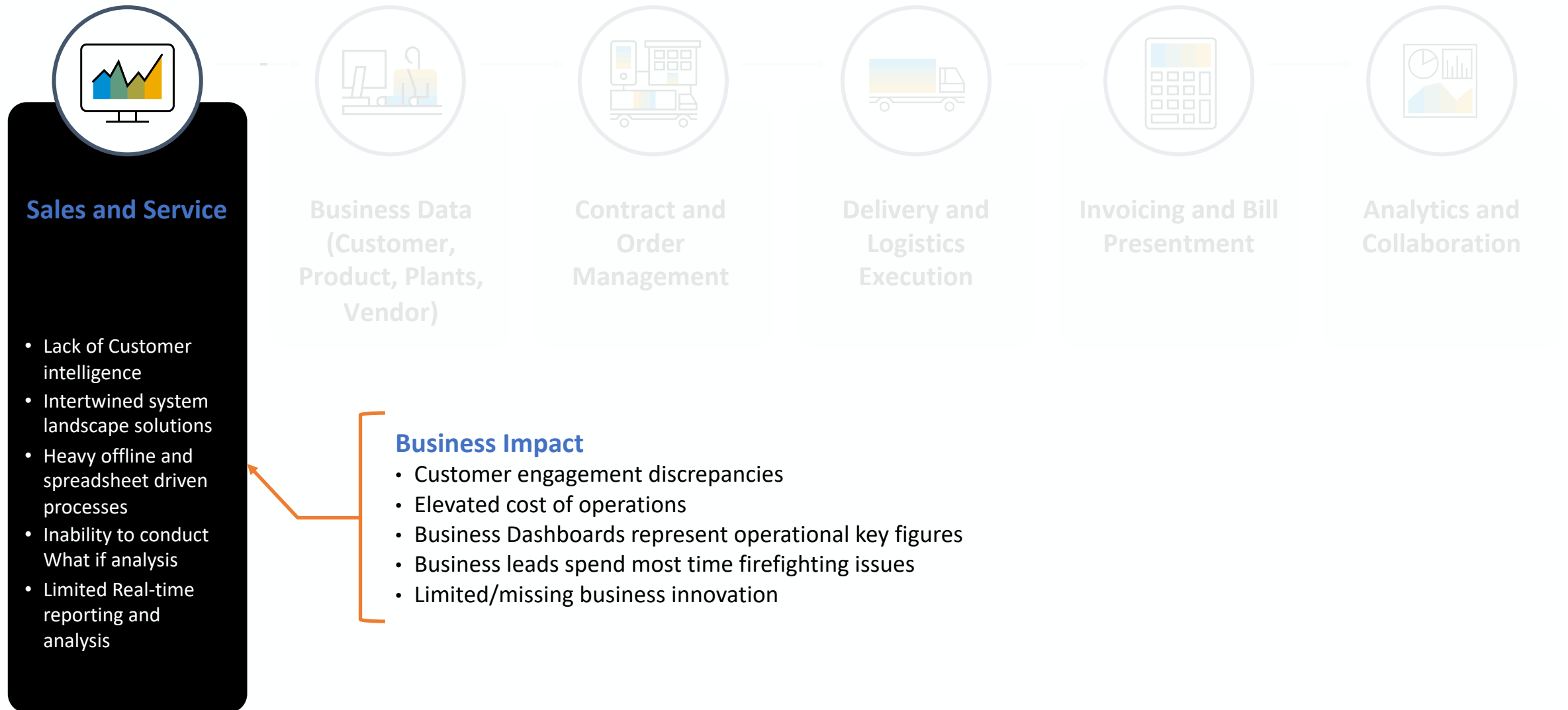
Typical Business Challenges – Lead to Cash



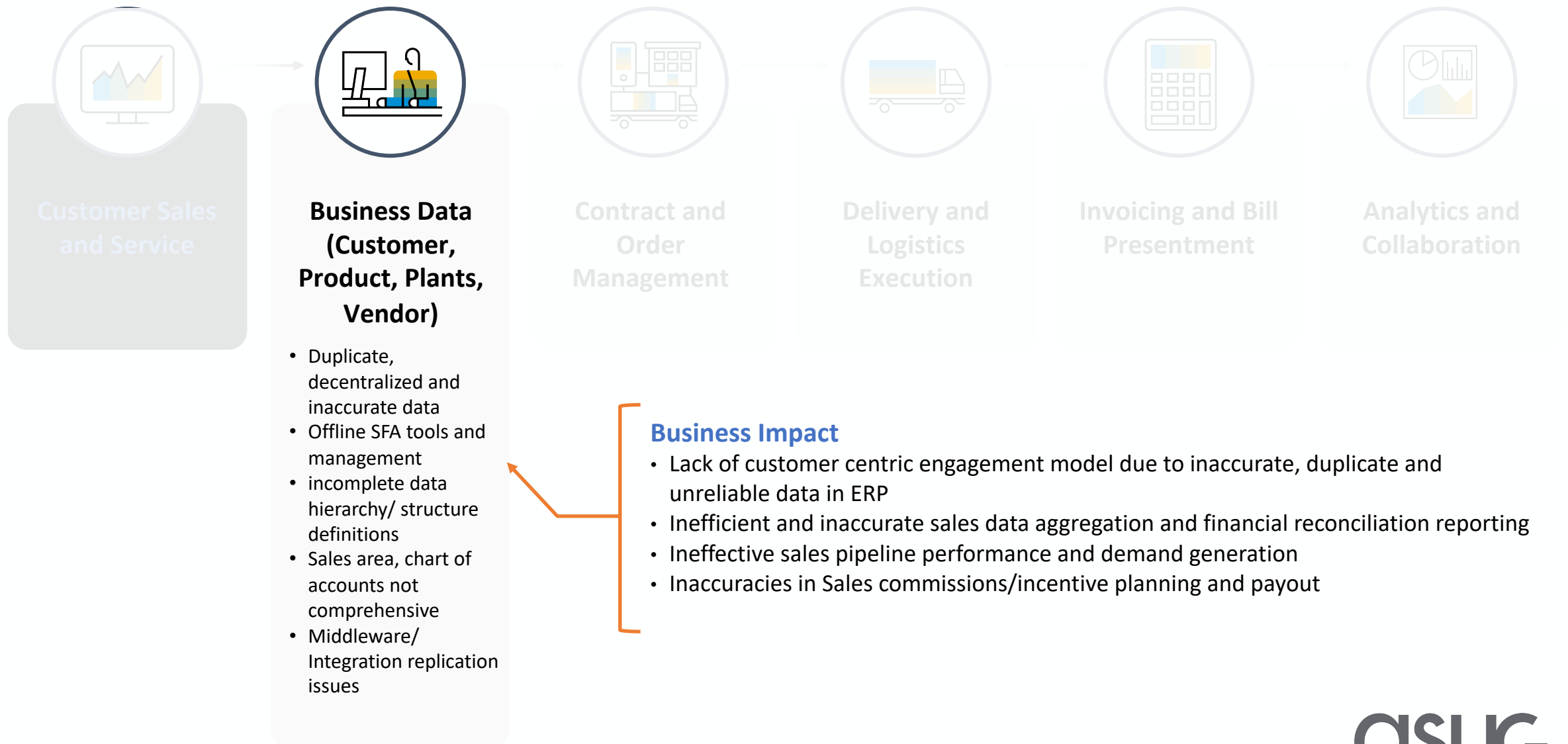
What complicates business process execution across industries?

- **Tribal and scattered functional/process knowledge**
 - Google as a solution to key business and transactional problems
 - Heavy reliance on external consulting sources
 - One expert (go-to person) in each process function
- **Offline Spreadsheets / cheat sheets** maintained by each business leads to handle daily tasks
- System & business **process design based on legacy ERP**, or by inexperienced consultants
- **Heavy customization and tedious integration** scenarios to accommodate unique business scenarios
- More **focus on operational KPI's** instead on strategic dashboards
 - i.e. No. of defects, invoice count, errors per team member instead of Customer engagement and profitability
- **More team FTE's or resources translate to process efficiency** and business success?

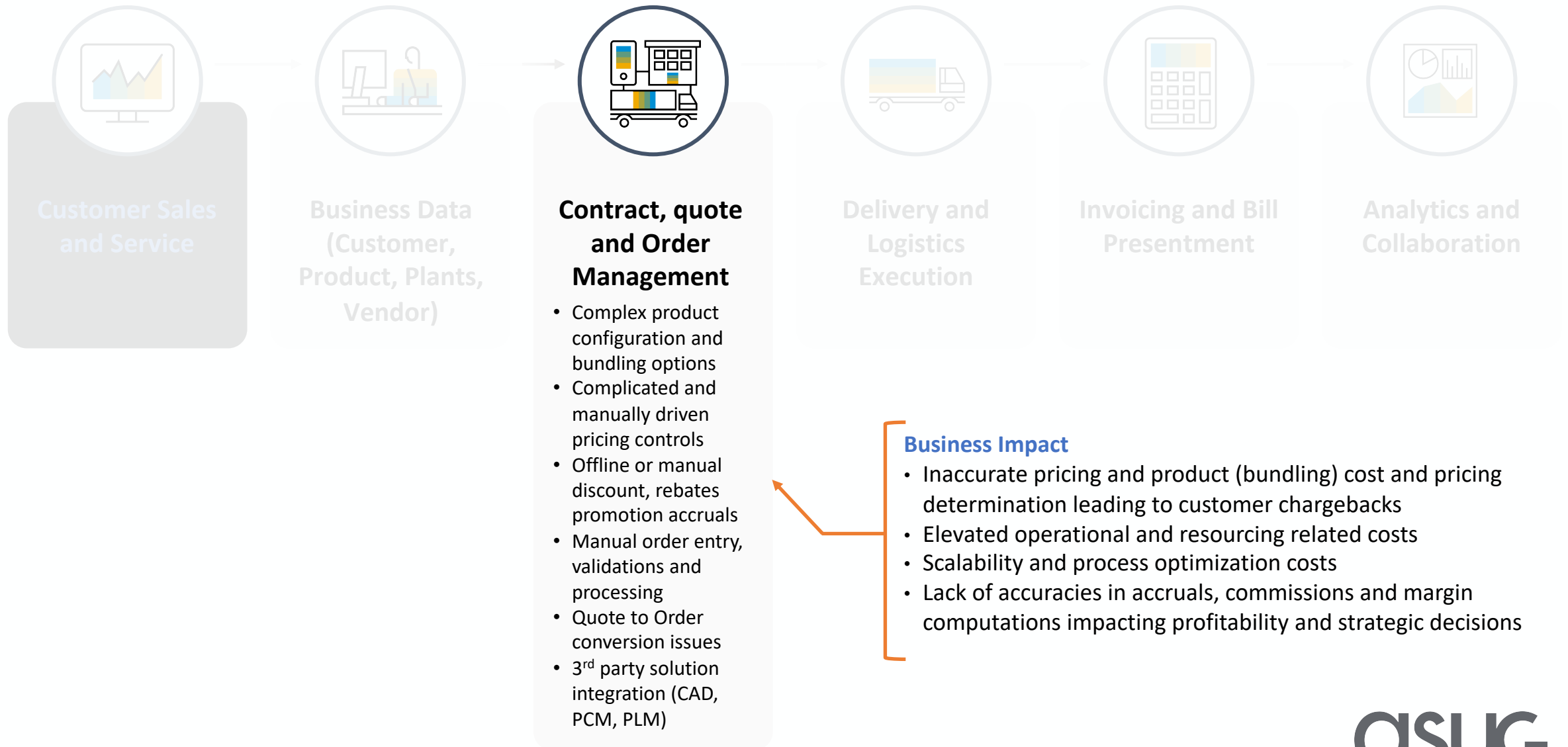
Typical Business Challenges – Lead to Cash



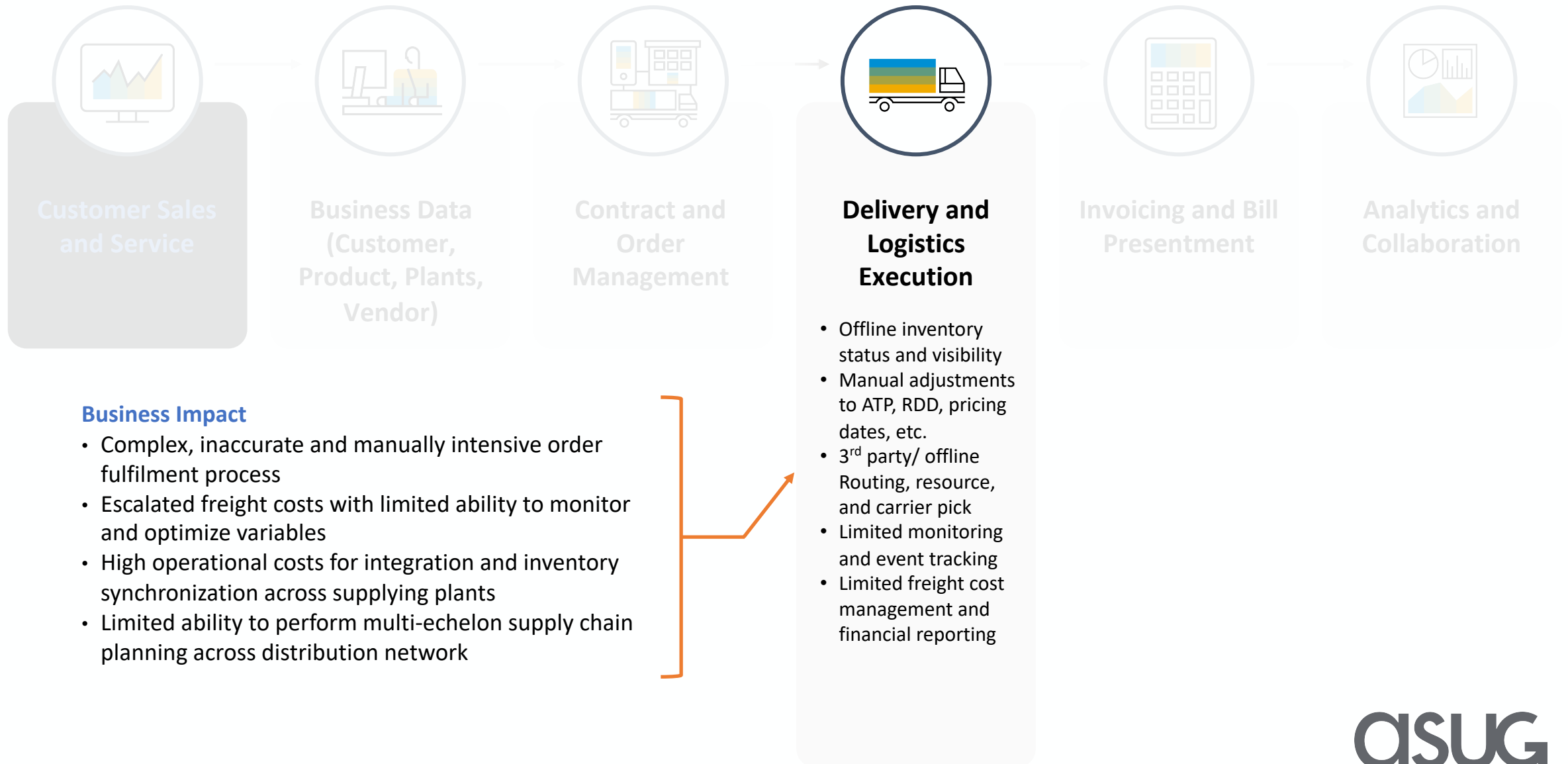
Typical Business Challenges – Lead to Cash



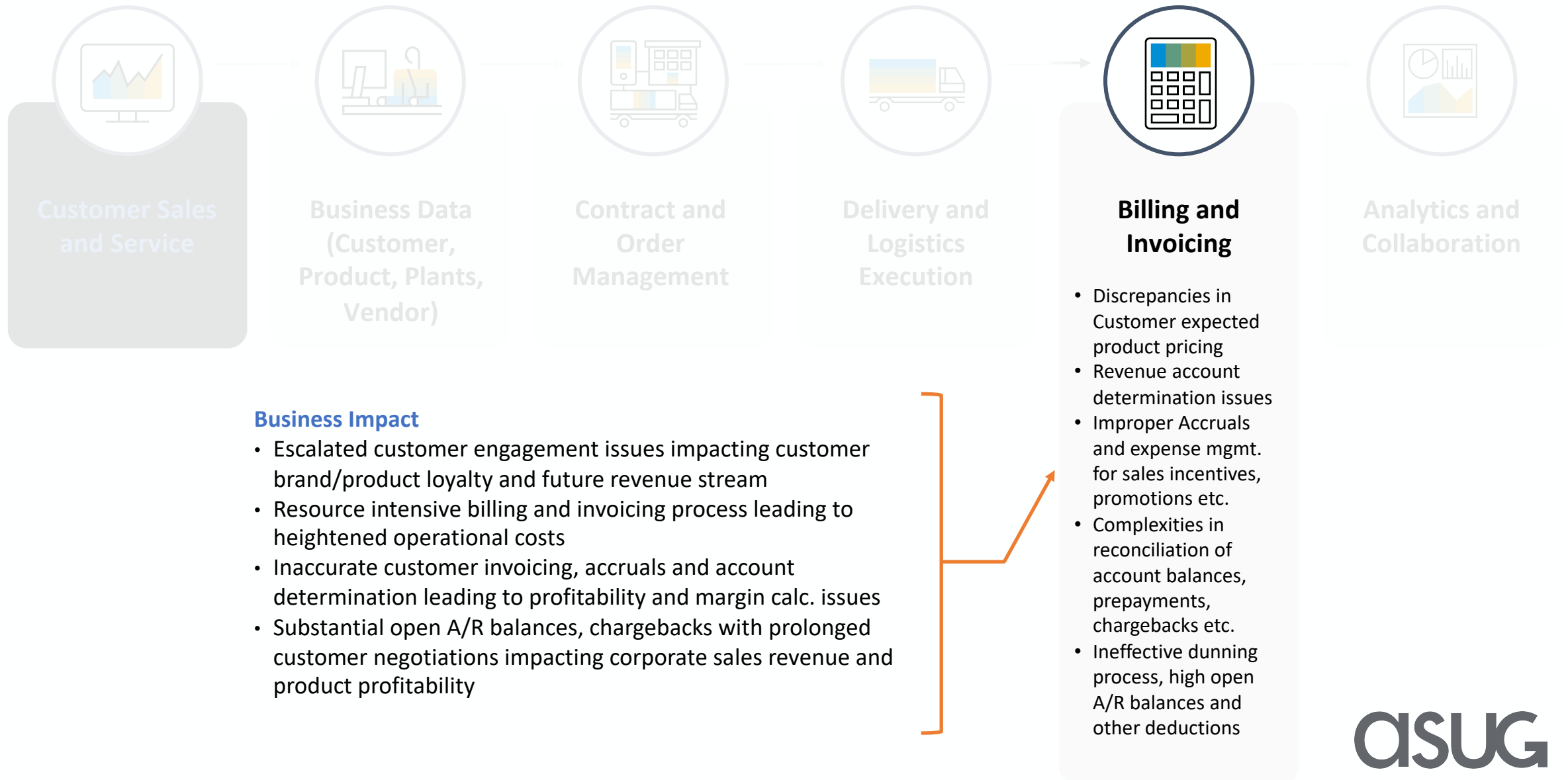
Typical Business Challenges – Lead to Cash



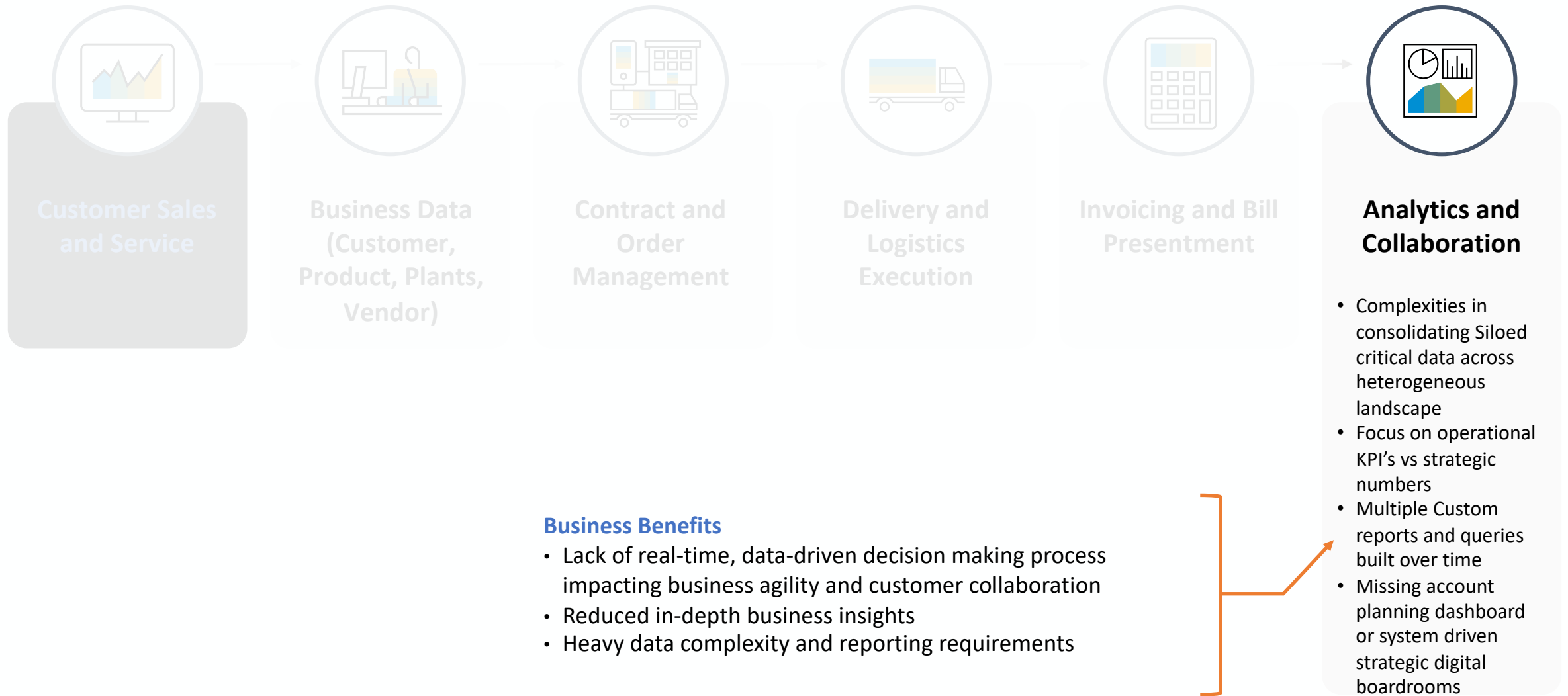
Typical Business Challenges – Lead to Cash



Typical Business Challenges – Lead to Cash



Typical Business Challenges – Lead to Cash



How it Impacts Business Metrics – Case Study 1

Peer Group Benchmarking

Metric	CPG Customer	Peer Group		
		Top	Average	Bottom
Cycle Time for Financial Forecasts (in days)	150	30	61.4	90
Days To Close Annual Books	21	6	13.7	20
Days To Close Quarterly Books	8	4	6.9	9
Days To Close Monthly Books	6	4	5.7	7
Days Payable Outstanding	23.2	98.2	53.7	28.8
Days in Inventory	73.4	32.5	66.3	85.3
Inventory Carrying Cost (% of revenue)	1.18	1	1.46	1.96
Inventory Write-offs (% of revenue)	0.259	0.093	0.144	0.196
Days Sales Outstanding	30	24.7	38.3	52
Overdue Accounts Receivable (in %)	85	2.5	10.1	15
Uncollectible A/R Write-offs (% of Revenue)	.045	.01	.08	.14

The FP&A process is manual in excel sheets and outside the system with no scenario planning

Manually extensive journal entry and reconciliation entries and Financial structure does not align to current business model

The gap between demand planning/actual order entry and manufacturing planning drives inventory imbalances- lack of Inventory visibility across sales locations and WH

Disconnect between planning / inventory may end up producing wrong SKUs that are non-moving and reach end of shelf life.

The ability to manage real time credit check at the time of order entry can lead to sale to “risky customers – add to that error in pricing reflecting in invoices

Ranking: Below Average Between Average and Top 25% Top 25%

Peer Group

Industry : Consumer Products
Sub: Beverages
Revenue Max : \$300,000,000

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Today's Key Challenges using SAP (Analysis from 200+ workshops)

Process Complexity

- Too many Applications
- Ease of Use - UX
- Performance

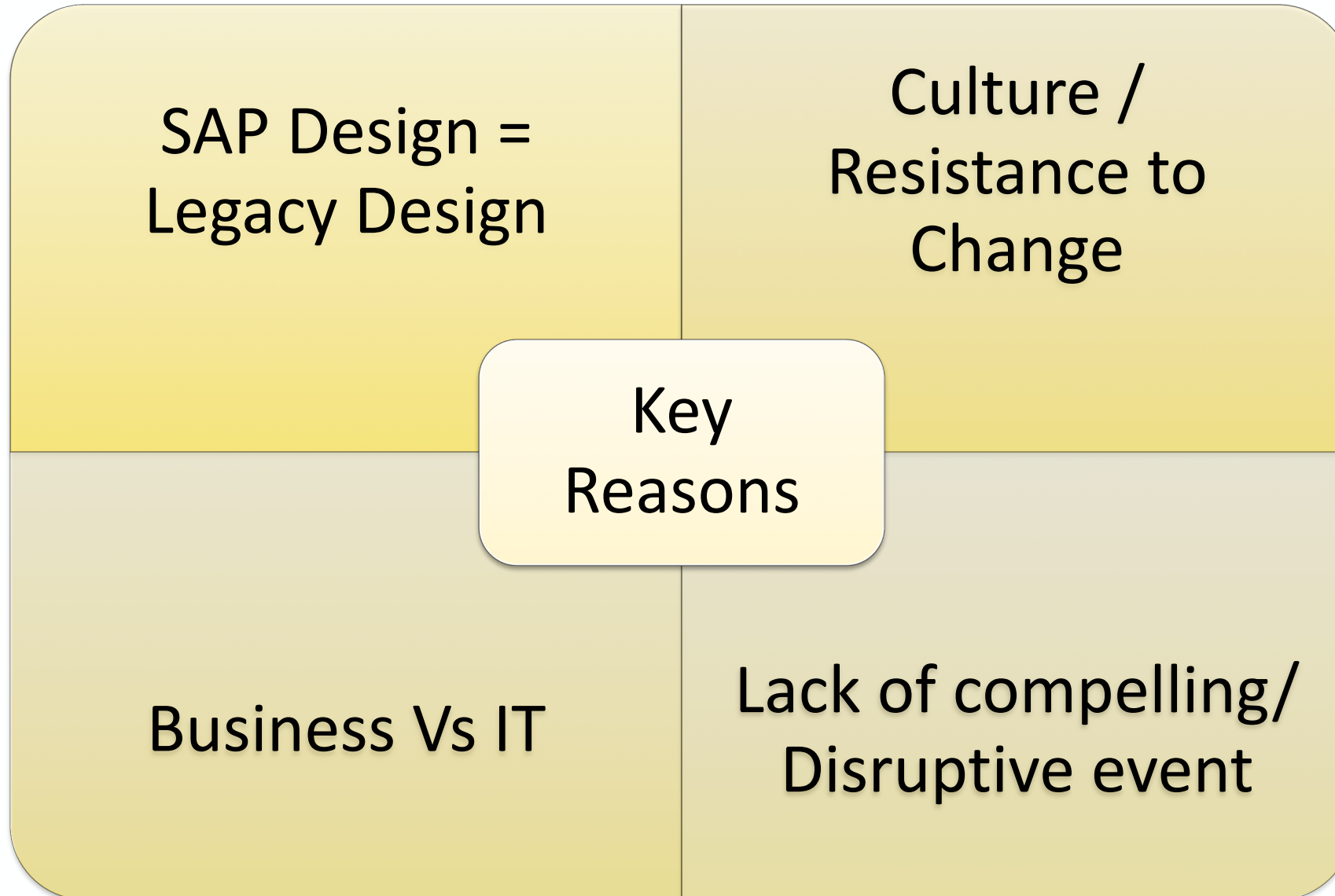
Poor Business Adoption

- Business Ownership
- End 2 End Visibility
- IT Dependency

Data Integrity

- Latency
- Duplicates
- Discipline

How did we get here ?



How S/4 HANA helps to Transform & Improves Business Outcomes

- Simplified – Business Processes, Data Models
 - Minimal Touch
- Native Integration
 - Robust connectivity in transactions
- Real Time sensing, reporting
 - In- memory computing
- Embedded Intelligence with ML Technologies

Critical Success Factors to get ready for S/4 Journey

Business Objectives & Ownership

- Consider S/4 HANA journey as a means to achieving Transformation goals & not address “end of ECC support”
- Define end State Business Outcomes from Transformation
- Business owns Transformation and IT enables through technology
- Business owns data and IT maintains it

Right Data Strategy, Right People and Right Tools

- Cleansed, Streamlined and well structured Data as foundation
- Engage experienced business users and IT resources
- Evaluate different deployment options - OP/Cloud/Hybrid
- Chalk out Migration strategies : Greenfield /Brownfield/System Conversion
- Use SAP provided tools for S/4 migration and adoption

Address and Manage Change

- Embrace change and be ready to disrupt and re-invent existing processes
- Drive employee engagement through corporate communication
- Focus on User Experience (UX) apps – e.g. FIORI to drive simplification
- Leverage out of the box - S/4 HANA Reporting and analytics to deliver insights and predictions

Typical Transformation Objectives:

- **Customer Centricity** – simplify the way your customer does business with your company
- **Supply Chain Effectiveness** - Order fulfillment on time improved with an end to end supply chain effectiveness
- **Working Capital & Free Cash Flow** – better insights to predict Working Capital Optimization

SAP Readiness Check for SAP S/4HANA

Available for all customers free of charge, Customers can initiate their ERP system analysis, covering the most important aspects of an SAP S/4HANA system conversion. Minimum source release is SAP ERP 6.0 EHP 0, any database

AddOn's & Business Functions

- SAP AddOn's and Business Functions as well as 3rd party AddOn's have to be checked for their compatibility with SAP S/4HANA
- SAP software is listed and rated
- 3rd party software is listed only

S/4HANA Sizing

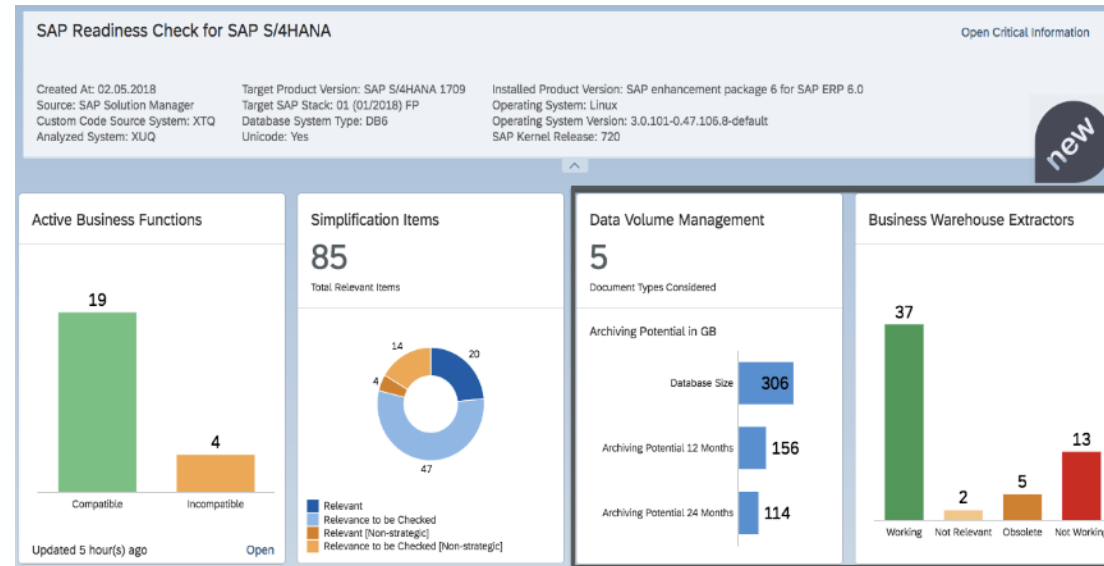
- To prepare for SAP S/4HANA, a system sizing is the baseline regarding the future target size
- SAP Readiness Check summarizes the technical sizing result so customers can discuss internally with SAP or partners the future target system size

Custom Code & Custom Dev

- Custom Code must be analyzed with respect to SAP S/4HANA compliance, based on the SAP simplification database
- SAP Readiness Check provides BOM of affected objects as well as SAP Custom Development Projects (CDP's)
- An in-depth custom code management activities to follow during project execution

Simplification items

- Simplification Items represent application or architecture changes in comparison to ERP
- They are grouped by business priority (e.g. Core Finance) and industry, respectively



Recommended Fiori Apps

- Fiori apps recommended based on the transaction usage history in the evaluated system

Transactions

- Evaluate use of SAP GUI transactions replaced or deprecated in SAP S/4HANA

NEW

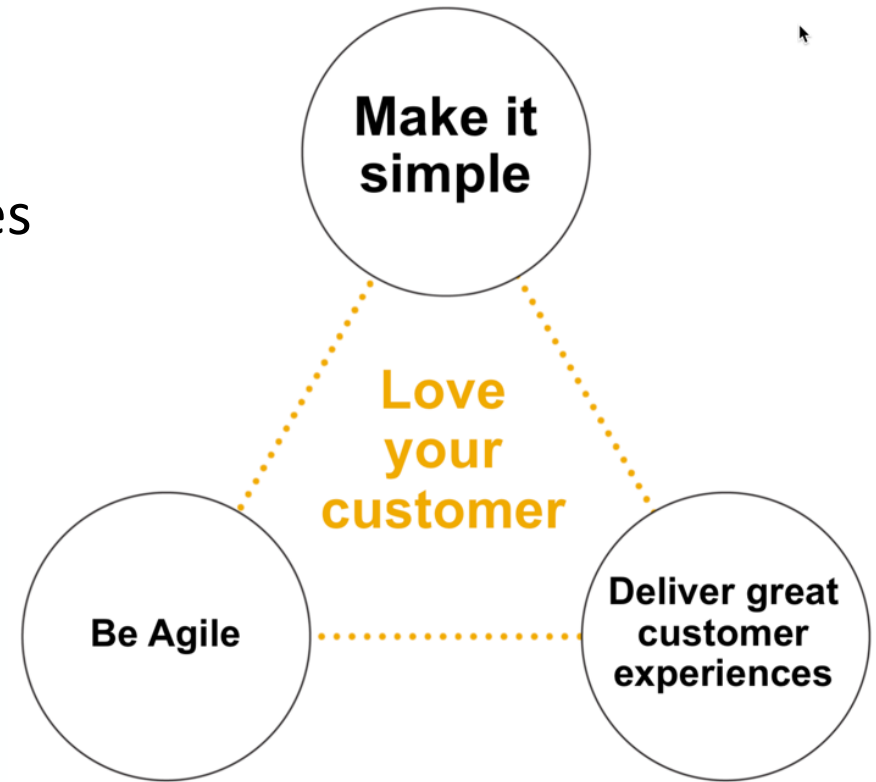
- **Business Warehouse Extractors check** to show whether the SAP BW extractors in the customers' ERP system can still be used (SAP Note [2500202](#))
- **Data Volume Management check** to show the size of the archiving potential based on the top 30 database tables.

Customers who have already generated an analysis in the past, the only additional setup is to implement the data volume management note [2612179](#) and implement the latest version of [2310438](#). If the SAP Solution Manager is used, implement the latest version of [2290622](#) as well.

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Summary - Key Take Aways

- Simplify, standardize, streamline process chains
- Leverage generally accepted industry best practices
- Utilize industry experts and SAP resources
- Build strong foundation to leap into business innovation – instead of daily firefighting
- S4HANA delivers value and innovation – Need launchpad to be ready



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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 [email] and [email].

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APPENDIX