

SAP Financial Modernization focused on People, Process and Technology leveraging SAP S/4HANA

Mark Palma, Managing Director, S/4HANA National Practice and Service Line Lead
([LinkedIn](#))

Chris Haskett, S/4HANA Practice Lead, Northeast ([LinkedIn](#))

Keith Harmon, S/4HANA Practice Lead, Northeast ([LinkedIn](#))

S/4HANA Financial Modernization project

- **Overview**
- **Readiness Statistics/Trends/Preparation**
- **Lessons Learned**
- **Adoption Survey**

Business & Administrative Planned Initiatives

- **Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement**

How EPI-USE can support plan your SAP S/4HANA roadmap and project

S/4HANA Financial Modernization project

- **Overview**
- Readiness Statistics/Trends/Preparation
- Lessons Learned
- Adoption Survey

Business & Administrative Planned Initiatives

- Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement

How EPI-USE can support plan your SAP S/4HANA roadmap and project

Finance Modernization (SAP S/4)

Problem Statement

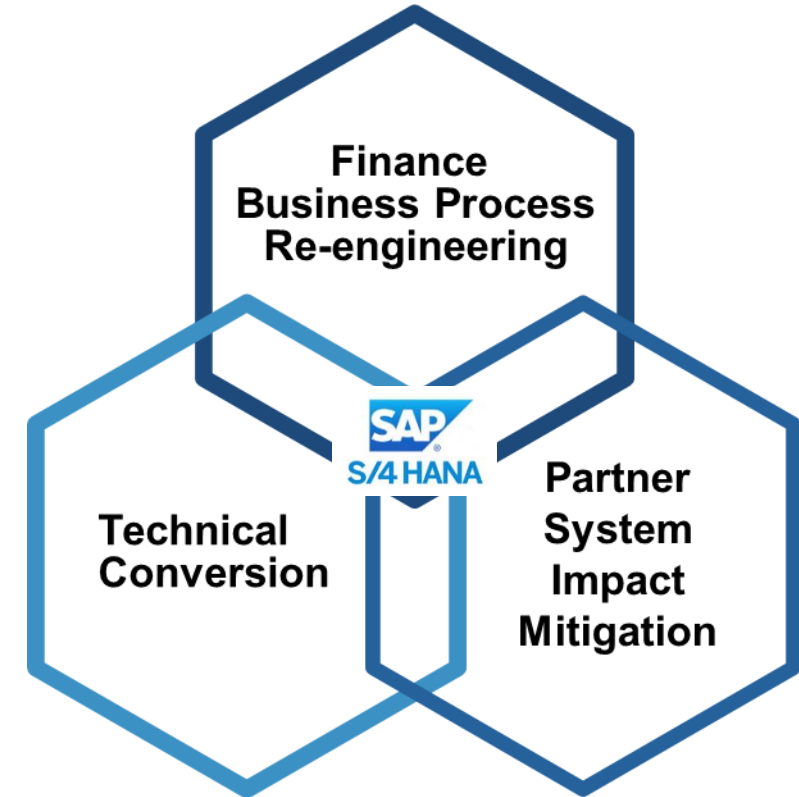
- Financial systems and processes implemented nearly 20 years ago
- Current system reaching end-of-life

Objectives

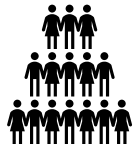
- Modernize applications platform - SAP ECC to SAP S/4HANA
- Reengineer data structures and financial processes
- Enabled financial system to handle Off-Contract research more efficiently
 - Single source of truth for budget, commitments and actuals
- Enabled new class of financial reports to evaluate financial health and performance

Project Status

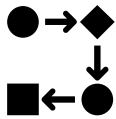
- SAP S/4HANA is Live!
- Hypercare “Post Go-Live Support” Model activated through October
- Knowledge transfer activities ongoing for operational support roles
- Follow-on activities being planned for continued finance reengineering and transformation in other operations areas



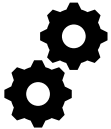
Project Summary



People



Process



Technology



Digital Enterprise Transformation (DET) is a multi-year effort to digitize and modernize our core data, processes, and systems to conduct the Business of Research

FY 2017

FY 2018

FY 2019

FY 2020

FY 2021

FY 2022

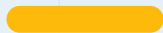
FY 2023

FY 2024

FY 2025

FY 2026

- Foundational
- Complete
- Ongoing and Future efforts



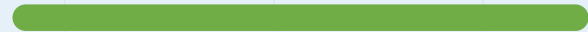
HANA Migration



Travel Modernization



External Workforce Services

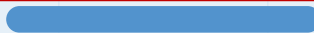


Finance Modernization (SAP S/4)



Finance Continuous Improvement

Purchasing, Inventory, and Logistics Modernization



HR Modernization (Skills and Resource Management)



CRM Pilot: Sponsor Indification and Engagement

Project Financial Management



Project Resource Management



Enterprise Budgeting / Planning / Forecasting



Portfolio Management



Enterprise Service Management (Phase 1, IT)

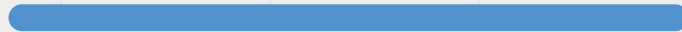


Business Process Improvement (includes ESM Phase 2)



M365 Phase 1: Teams, Email, OneDrive, Security Tools

M365 Phase 2: Document and Knowledge Management



Collaboration Room of the Future (Design Standard)



eLCN Phases 1&2: Design and Core Services



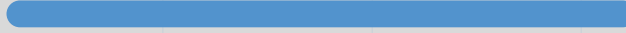
Infrastructure as a Service (Storage & Compute)

Consolidate Special Networks



Zero Trust

DevSecOps Enterprise Platform



Digital Design and Fabrication

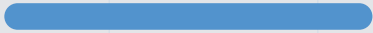


System Engineering, Requirements, Simulation and AI&T

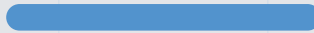
Software, Quality, Business Applications



Data Architecture and Governance



Analytics Platform and Program Reporting



Business Warehouse of the Future

Business and Administrative Services

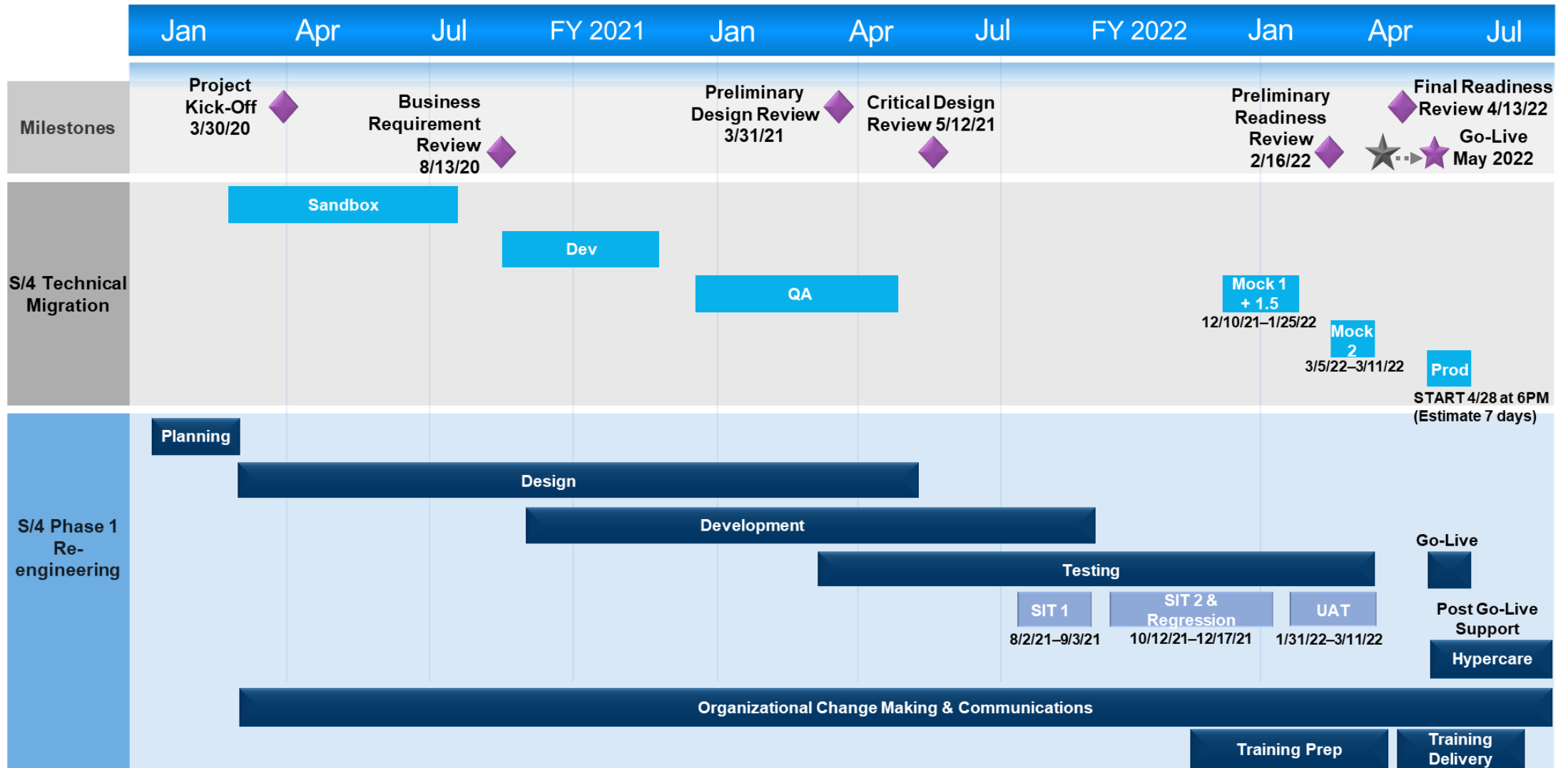
Communication and Collaboration

Enterprise Research Services

Digital Engineering

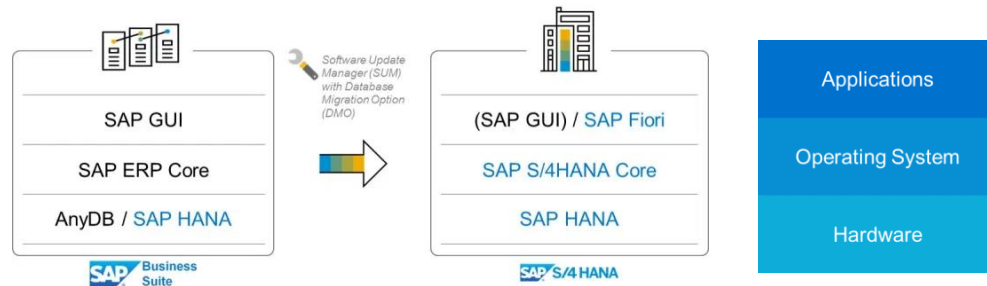
Data and Reporting

Financial Modernization – SAP S/4 Phase 1

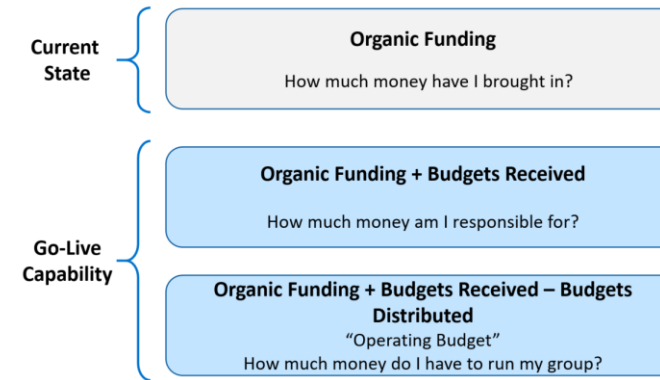


S/4 Core Enhancements

Migration to S/4HANA provides access to modern interface and code block

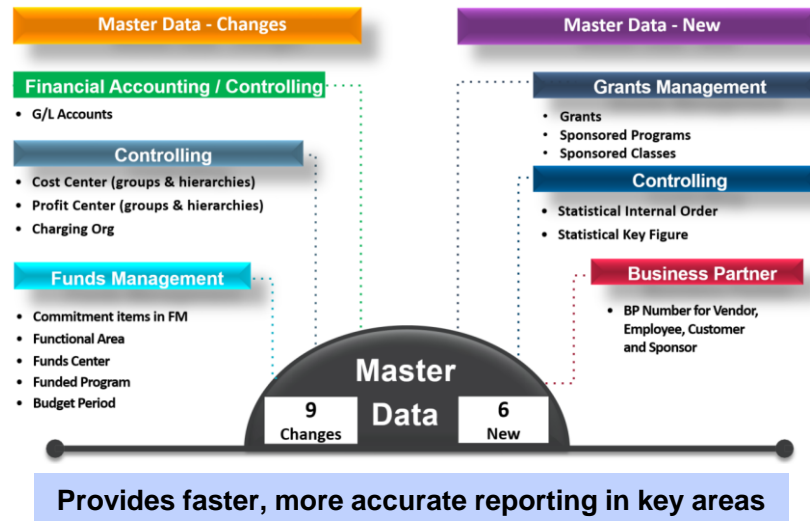


Task Level Budgeting

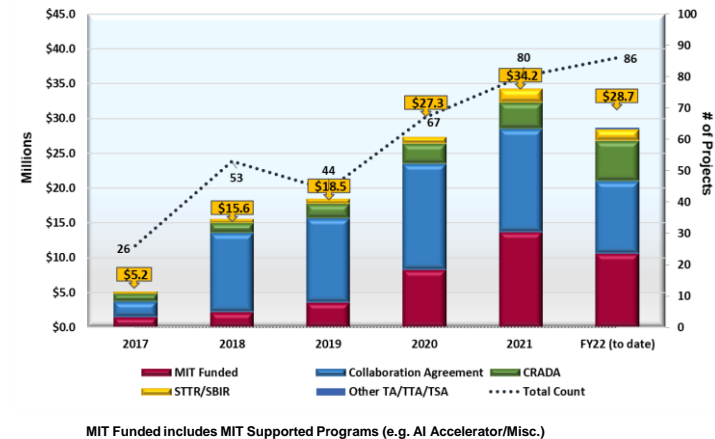


- Formalizes "handshake" economy
- Increases accuracy, visibility and accountability of end-to-end budgeting processes
- Enables new class of financial reports
- Allows groups and divisions to track entire portfolio of work

Master Data Architecture



Grants Management for Off-Contract



5 Year Strategic Goal: \$100M+

- Replaces custom and manual processes with standard and fully integrated GM module
- Ensures funding is managed, captured and report in accordance with contractual requirements
- Foundational step to further streamline and transform end-to-end Off-Contract research

S/4HANA Financial Modernization project

- Overview
- **Readiness Statistics/Trends/Preparation**
- Lessons Learned
- Adoption Survey

Business & Administrative Planned Initiatives

- Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement

How EPI-USE can support plan your SAP S/4HANA roadmap and project

S/4 Readiness & Metrics

Key Statistics	
Design Documents	42
Blueprint Workshops	60
Business Requirements	212
Project Team Members	150+
Tests Across Major Sequences	250+
System Conversions	8
Test Scripts Executed	307
Regression Test Scenarios	692
Total Defects Identified	458
Total Defects Resolved	456 (99%)

- Final readiness review held April 13 with extended project steering team
 - 100% development/configuration completed
 - All testing cycles executed with goal of 90% defect resolution
- Hypercare “Post Go-Live” Plan finalized and communicated
- Go-live started April 28 and the new system was live May 6

S/4 Hypercare Overview

Goals of Hypercare:

1. Resolve issues as soon as possible
2. Provide the end user a positive experience
3. Track and prioritize all system tickets

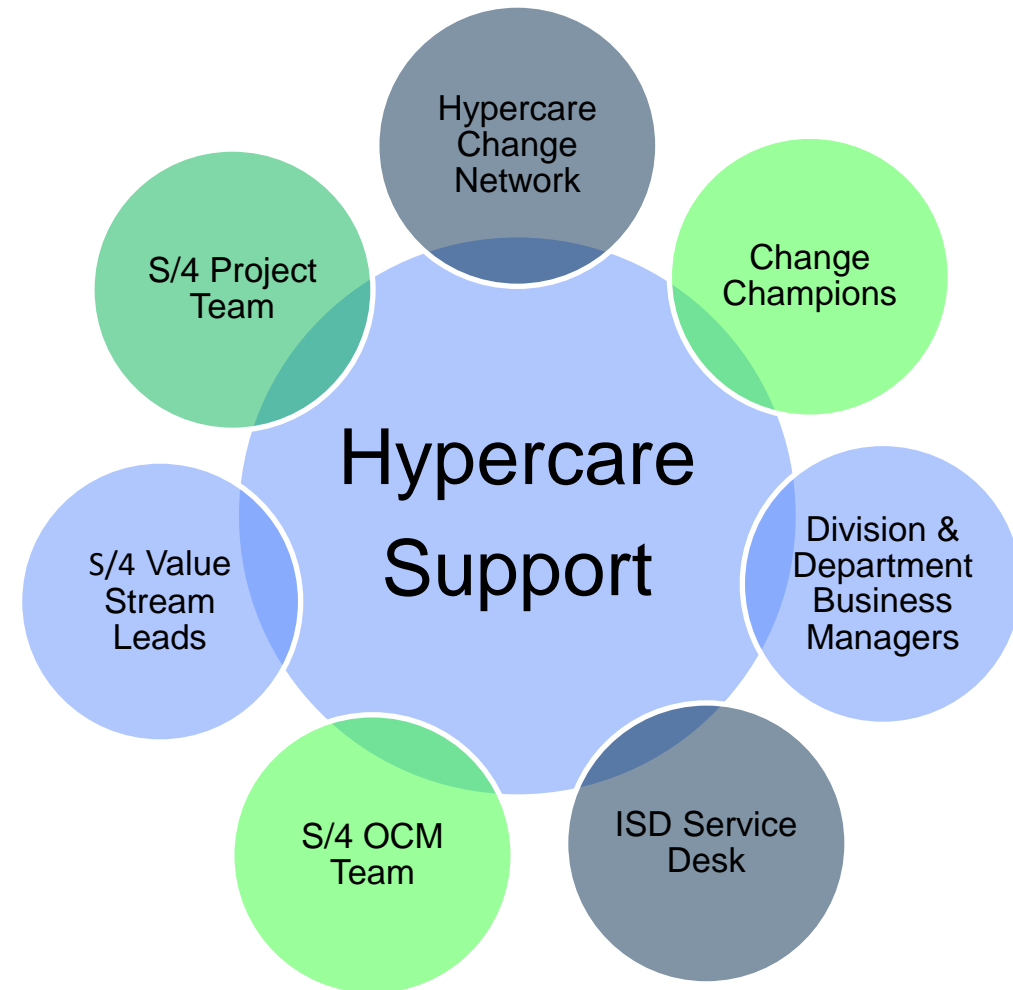
Areas of Focus:

1. End user support
2. Data integrity
3. Performance of the system

24/7 Coverage through four channels to raise an issue:

1. Call the S/4 Hypercare Command Center
2. Email the S/4 Hypercare Command Center
3. Call the ISD Service Desk
4. Email / online submission to ISD Service Desk

125+ people prepared to support hypercare



S/4 Hypercare (continued)

- 1. The structure, methodology, and tools leveraged for Hypercare was effective**
 - 1. Avaya phone hotline, S4Help@ll.mit.edu inbox managed by a team, JIRA, partnership with ISD Service Desk**
 - 2. 125+ knowledge, experienced people prepared to support Hypercare**
- 2. Daily Hypercare meetings provided good communication and collaboration across the teams, and as the number of incoming defects decreased, the meeting frequency was reduced from daily to weekly**
- 3. The team was successful in prioritizing defects with the highest level of severity / impact to the business**
 - 1. Critical defects were handled with the upmost urgency**
- 4. The highest volume of defects were identified in Procure to Pay (master data and PO conversions impacting PCARD and SIOs), month end closing, and LLBIS**
 - 1. Master data / conversion defects require small changes to the data to resolve – not an issue with the system**
- 5. Rate of opening and closing defects was consistent and balanced**

S/4 Defects/Trends

Number of Weeks to Resolve Defects

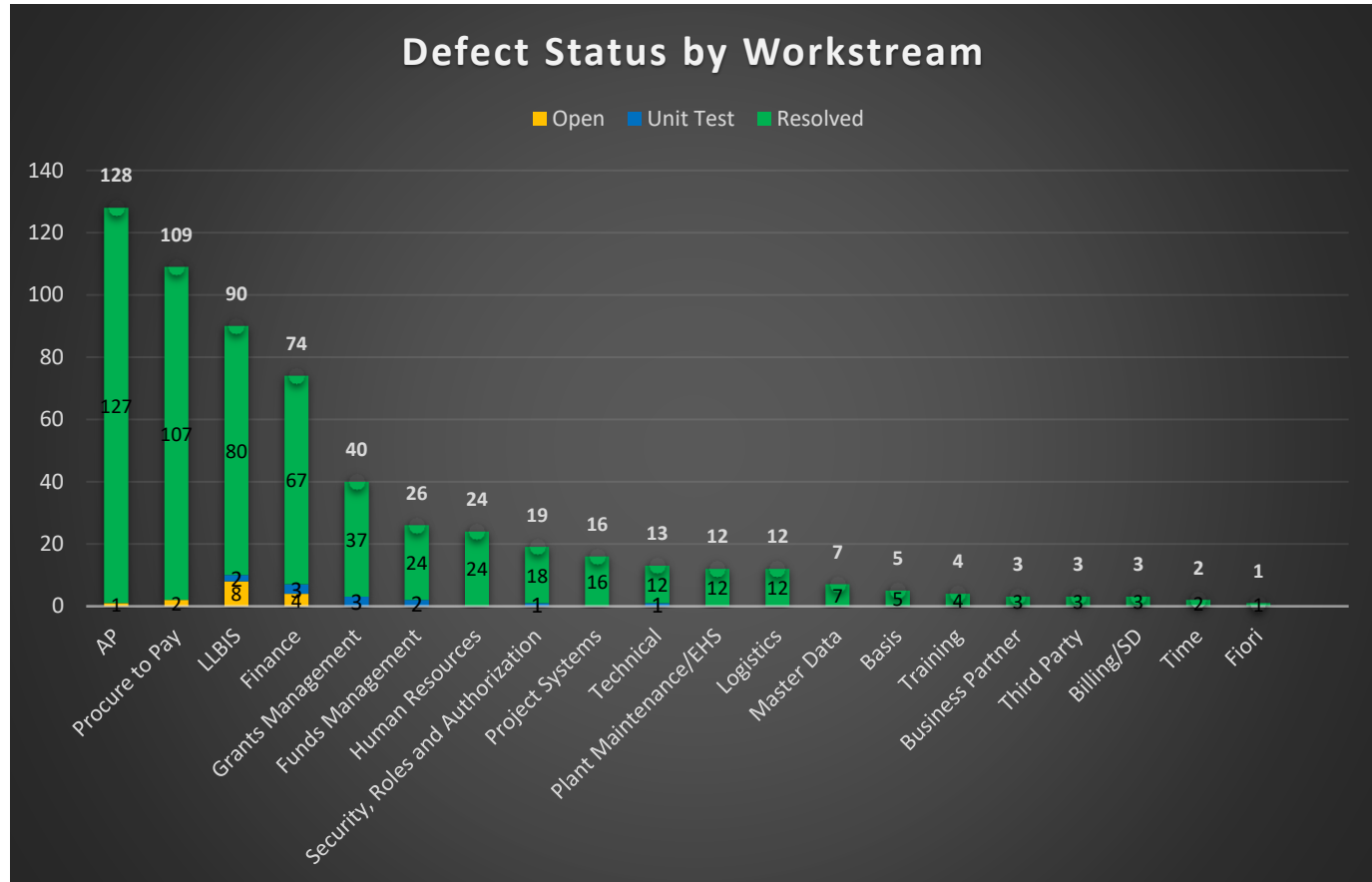
Weeks Open	Count of Defects	Percent of Total Closed Defects
1 Week	379	67%
2 Weeks	81	14%
3 Weeks	47	8%
4 Weeks	22	4%
5+ Weeks	35	6%
TOTAL	564	100%

Number of Days to Resolve Defects

(only showing data for 0-7 days)

Day(s) Open	Count of Defects	Percent of Total Closed Defects
0	175	31%
1	76	13%
2	27	5%
3	27	5%
4	26	5%
5	15	3%
6	19	3%
7	14	2%
TOTAL	379	67%

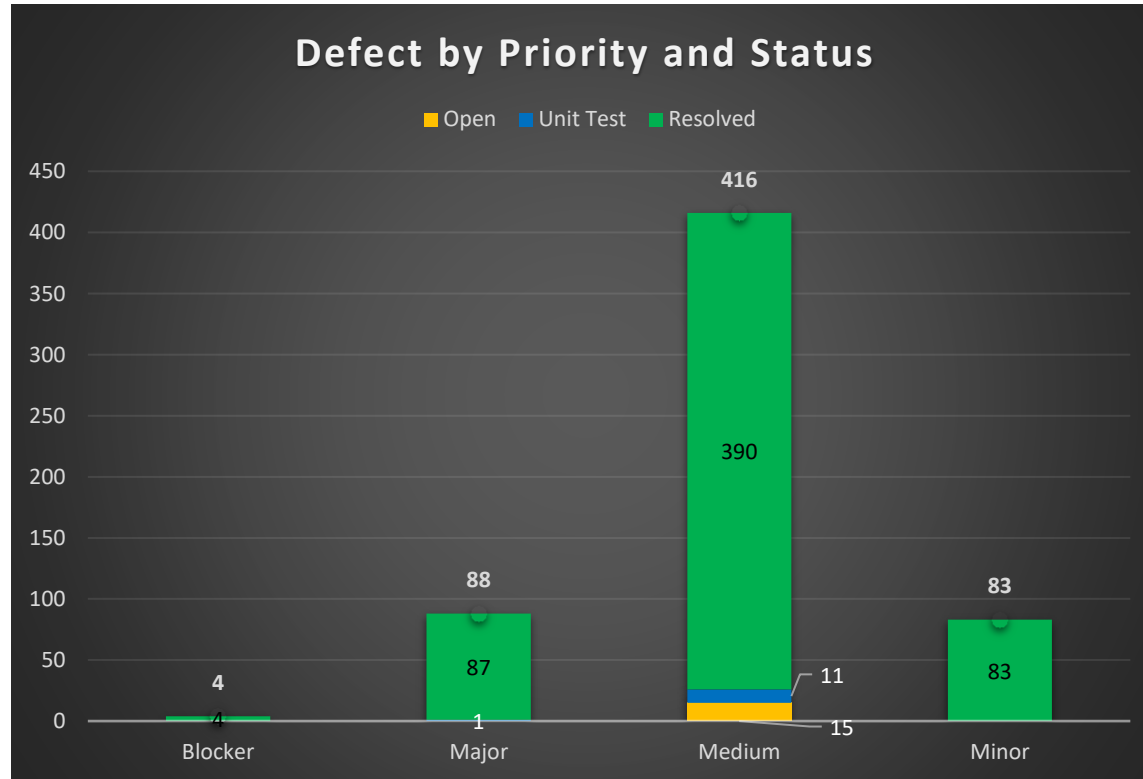
Defect Status by Workstream



Defects by Area

Current Status of Defects

Status	Count	Percent
Closed	564	95%
Open	15	3%
Re-test	12	2%
TOTAL	591	



Date	Tickets Created Daily	Tickets Closed Daily
9/12/2022	1	1
9/13/2022	1	0
9/14/2022	1	4
9/15/2022	-	-
9/16//2022	-	-
Week 18 (9/5 – 9/9)	4	4
Week 17 (8/29 – 9/2)	6	13
Week 16 (8/22 – 8/26)	9	8
Week 15 (8/15 – 8/19)	16	7
Week 14 (8/8 – 8/12)	13	14
Week 13 (8/1 – 8/5)	9	17
Week 12 (7/25 – 7/29)	11	19
Week 11 (7/18 – 7/22)	13	12
Week 10 (7/11 – 7/15)	19	20
Week 9 (7/5 – 7/8)	12	14
Week 8 (6/27 – 7/1)	24	25
Week 7 (6/20 – 6/24)	34	41

Hypercare Closure and Transition to ISD Service Desk

- **Hypercare was extended from July 31, to October 31 to support fiscal year end**
- **Transition to contacting ISD Service Desk / HELP starting on 11/1**
- **Resources are still available to provide operational support!**

ISD Service Desk 24/7 Coverage



781-981-4357 (HELP)



help@ll.mit.edu

S/4HANA Financial Modernization project

- Overview
- Readiness Statistics/Trends/Preparation
- **Lessons Learned**
- Adoption Survey

Business & Administrative Planned Initiatives

- Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement

How EPI-USE can support plan your SAP S/4HANA roadmap and project

S/4 Lessons Learned - Overview

- **Third party advisor, Sikich, facilitated S/4HANA lessons learned assessment**
 - **Take advantage of the opportunity to reflect on the project as a whole**
 - **Gain overall understanding of what could be done differently to improve the process and outcomes**
 - **Recognize what went well and identify recommendations for how to leverage in the future**
 - **Identify process improvement opportunities for future upgrades or implementations**
- **Assessment yielded varied viewpoints on what worked well and what could be improved**
- **On a project of this scope and length it's not uncommon that there are significant opportunities for improvement**
- **Assessment was completed during Hypercare and not all capability has been fully utilized**



S/4 Lessons Learned - Results

What Worked Well

Future enhancements also identified within each of the key themes listed below to be incorporated in future initiatives

- **Project Management & PMO**
 - Sr. leadership engagement/support
 - Strong PMO, PM & project planning
- **Value Stream Structure**
 - Engaged key Finance leadership roles for ownership/accountability of cross-cutting financial processes
- **Execution of Cutover**
 - Cutover plan was strong and well executed
 - Strong collaboration between EPI-USE and MIT-LL
- **Execution of Hypercare**
 - Post Go-Live support was well planned, executed and staffed
 - Very responsive
- **Training Delivery**
 - Highly rated training courses and instruction
 - Detailed S/4 Confluence page was effective
- **Communication**
 - Level of communication was good and team was effective with delivering messaging
 - Townhalls/Forums well received

S/4 Lessons Learned – Results (Cont.)

Opportunities for Improvement

Aspects of the key themes below that worked well have been documented for incorporation into future initiatives

- **Business Transformation**
 - Inconsistent expectations on level of transformation
- **Resourcing and Collaborations**
 - Key resources were overcommitted
 - Collaboration was a challenge on many levels and siloed
- **Project Scope, Requirements and Timeline**
 - Additional changes and functionalities were added that expanded scope
 - Multiple changes to go-live date created cascading challenges
- **Design and Documentation**
 - Design continued beyond design phase
 - Knowledge was often single threaded
- **Decision Making**
 - Duration to make decisions was lengthy as they were often revisited/reevaluated
 - Certain decisions not focused on end-to-end process
- **Organizational Change Management**
 - OCM improved over past projects, but was not well aligned to value streams
 - Required changes should have been identified earlier to ensure consistent focus

S/4HANA Financial Modernization project

- Overview
- Readiness Statistics/Trends/Preparation
- Lessons Learned
- **Adoption Survey**

Business & Administrative Planned Initiatives

- Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement

How EPI-USE can support plan your SAP S/4HANA roadmap and project

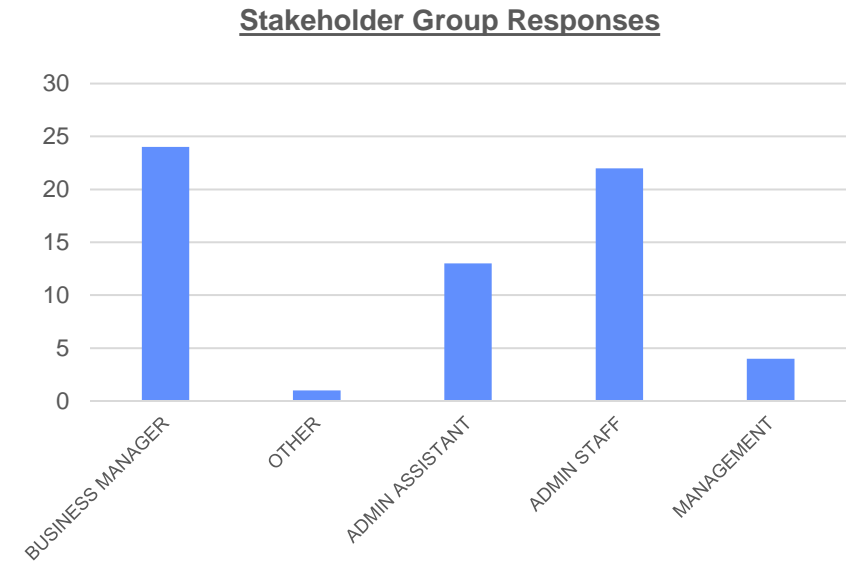
Executive Summary – S/4 Adoption Survey Results

Background

- **Baseline survey conducted**
- **Approximately 454 were invited to participate in the adoption survey**
 - 14% Response Rate, 62 respondents out of 454
- **Representation within 64 respondents**
 - **Business Managers – DBM/ADBM, Sr. BM, BM, Assoc BM**
 - **Other – IT Services Staff**
 - **Admin Assistant – Div/Dept AA, Group AA, AA**
 - **Admin Staff – FP&A, Contracts & Compliance, PMO, BTO, A/P, Accounting, HR, Finance Managers**
 - **Management – Asst Div Head, GL, Sector Managers**

Recommendations

- **Increase participation at future intervals (next survey planned for Dec 2022)**



S/4 Adoption Survey Feedback/Themes

Enhancement Recommendations

- PCAMS
- Div/Grp Assessments
- More real-time reporting out of core ERP

Discovery/Design Stages

- Broaden user community engagement
- Increase focus on business process optimization
- Increase visibility into key design decisions and what drove the business requirements

User Adoption

- Full adoption will take time
- Still learning system and exploring new functionality
- Continue to engage with stakeholders
- Extend training period for future large-scale transformation efforts
- Provide detailed user guides
- Focused attention on knowledge transfer to support operational roles

Organizational Change Management

- Maintain transparent communications on changes and status

S/4HANA Financial Modernization project

- Overview
- Readiness Statistics/Trends/Preparation
- Lessons Learned
- Adoption Survey

Business & Administrative Planned Initiatives

- **Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement**

How EPI-USE can support plan your SAP S/4HANA roadmap and project

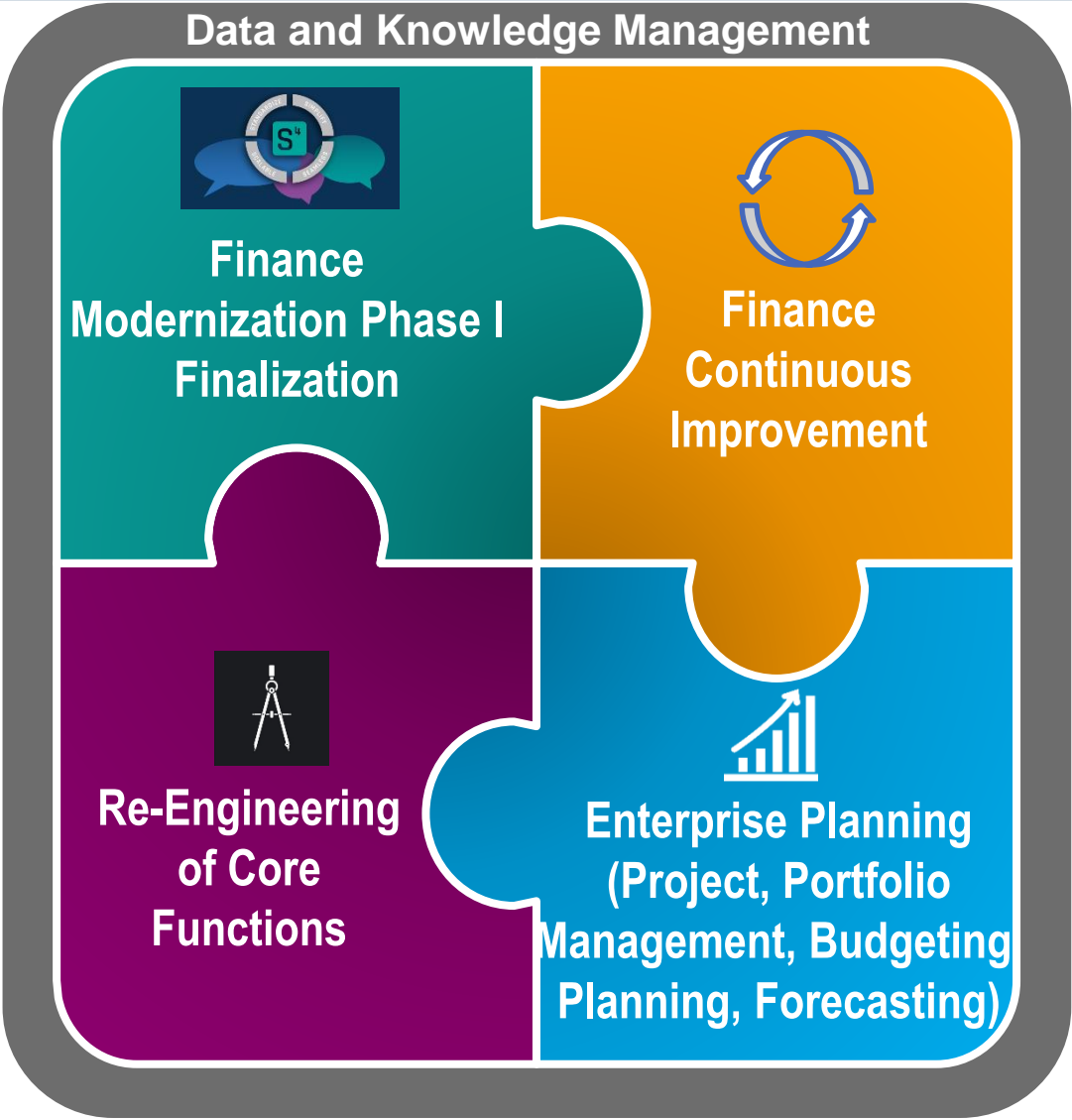
Business and Administrative Planned Initiatives

Data and Knowledge Management

- Hypercare and Issue resolution
- Knowledge Transfer
- Parking lot from Testing
- Lessons Learned

- Knowledge Management Framework
- Reporting Modernization
- HR data investigation
- Data Governance Board
- Laboratory data framework
- Data roles and responsibilities

- Procurement
- Inventory
- Supplier Management
- Division 7 Enablement



Today's Focus

- Period end optimization
- Budget availability control
- FIORI strategy & Expansion
- Time & effort
- Standardized reporting
- Program Creation and Maintenance (PCAMS) 2.0
- EH&S/PM/Fabrication foundational enhancements
- S/4 deferred requirements and enhancements

- Program management lifecycle
- Budget, planning and forecasting
- Enterprise CRM
- Portfolio management

Finance Continuous Improvement

- **SAP S/4HANA provides a modern platform to build the future Lincoln Operating System (LOS)**
- **Financial modernization continuous improvement effort focused on strategically deferred items and/or enhancements identified during initial deployment**
 - **Prioritize business process redesign on high value solutions aligned to Laboratory's core mission and enabling business of research**
 - **Deploy modern, effective, and efficient financial services based on industry best practices to enable business of research**
 - **Apply iterative/agile approach whenever possible**



Finance Continuous Improvement – Focus Areas

- Foster culture of continuous improvement
- Identify solutions to maximize S/4 investment to further simplify and standardize core Finance functions

- **Period End Optimization**

- Enhance tracking, notifications, organization and scheduling for period end close process
- Remove customizations and utilize standard functionality in S4
- Reduce month-end close timeline to provide timelier financials to projects and leadership

- **Budget Availability Control**

- Enhanced visibility and control of budget and funding balances across projects
- Foundational capability to support Enterprise Planning initiative

- **Time & Effort**

- Identify process improvement opportunities
- Centralize and streamline processes and systems
 - Time entry/approval
 - Cost distribution
 - Effort Planning

- **FIORI Strategy & Expansion**

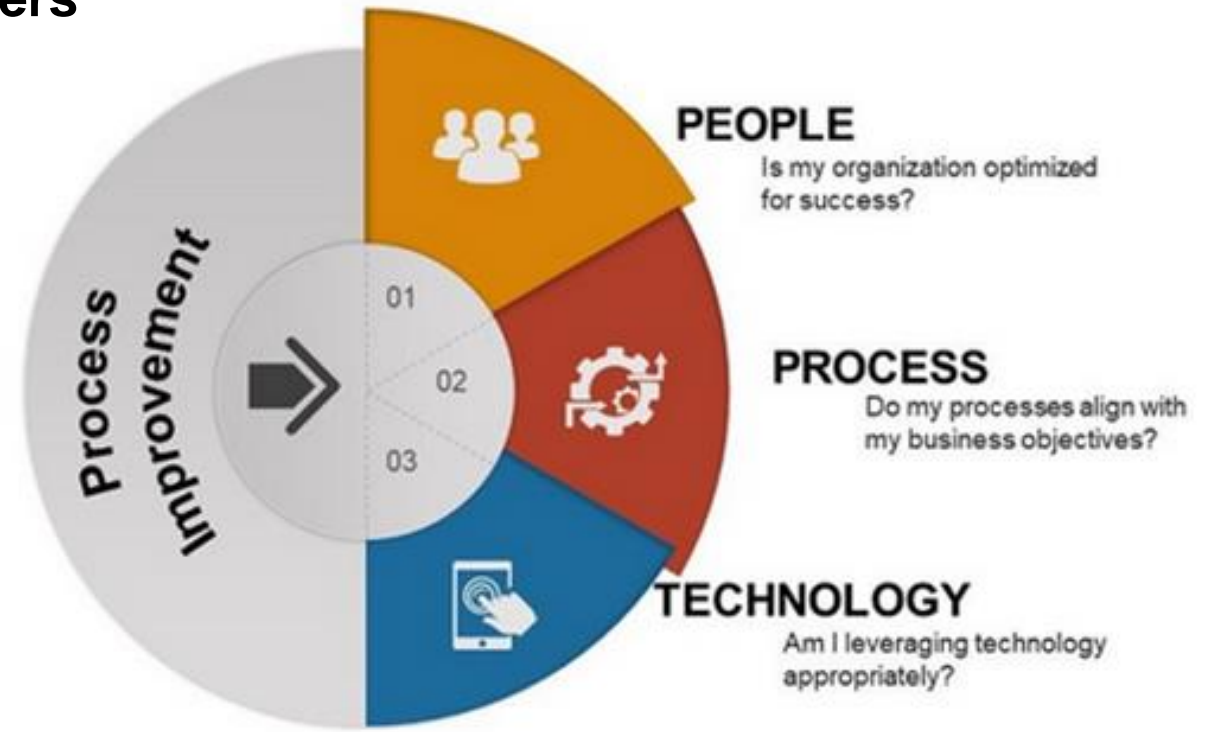
- Identify strategy and architecture for future expansion to optimize user experience for SAP solutions
- Simplify transacting for end users and provide alternative system log-on options
- Identify 5-10 “apps” to add to catalog

Finance Continuous Improvement – Focus Areas (Cont.)

- **Program Creation & Maintenance Screen (PCAMS) 2.0**
 - Eliminate offline documentation and workflow for Prime/Off-Contract research
 - Simplify end-user experience, reduce duplication of efforts and standardize practices for creating/maintaining projects
- **EH&S / PM / Fabrication Enhancements / Foundational Efforts**
 - Improve system flexibility by leveraging standard SAP functionality
 - Build on Phase 1 and complete foundational work to support future updates and capabilities
- **SAP Analytics Cloud (SAC) & SuccessFactors Integration**
 - Build data pipeline from SuccessFactors for talent acquisition process to SAC
 - Enables SAC vision of agile prototyping and development of visualizations to support real-time analytics
- **Deferred Requirements & Enhancements**
 - Phase 1 identified a number of areas for improvement that weren't achievable during the project timeline
 - User community is providing ideas for new features and enhancements
 - Goal to continually add functionality to support the Business of Research using standard S/4 functionality

S/4 Project Summary

- **MIT LL successfully achieved primary objective of moving from SAP ECC to S/4 HANA**
 - Provides foundation for future business transformation, innovation and enhancements
- **Next phase of Finance initiatives focused on unlocking the value of the S/4 platform and providing incremental improvements to end users**
 - Drive business process optimization
 - Adopt standard functionality
 - Enable highly integrated business of research ecosystem
- **Business process and capability enhancements are an ongoing process to provide incremental value to the organization**



S/4HANA Financial Modernization project

- Overview
- Readiness Statistics/Trends/Preparation
- Lessons Learned
- Adoption Survey

Business & Administrative Planned Initiatives

- Unlocking the Value of S/4 Platform – Finance Modernization Continuous Improvement

How EPI-USE can support plan your SAP S/4HANA roadmap and project

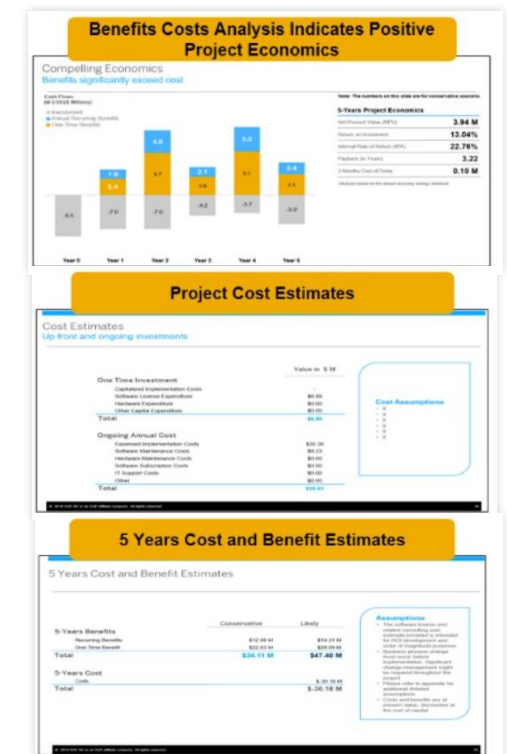
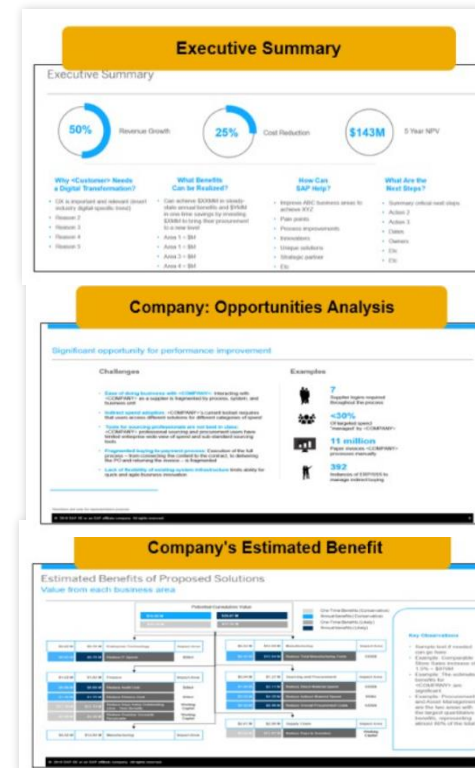
- S/4HANA Readiness assessment
- Client Business Case
- Planning – Scope, Timeline, Budget, Staffing...
- Proof of Value

Automation Tools that can Assist with SAP S/4HANA Business Case Creation

Creating the business case for SAP S/4HANA can take significant time and that is why EPI-USE S/4HANA has tailored intelligent automation solutions to support the assessment and reduce the effort and costs.

Below are some of the SAP standard tools which will help in the assessment:

- SAP S/4HANA Readiness Check
- Process Discovery Report
- SAP Fiori Apps Recommendation Report
- SAP S/4HANA Benchmarking Assessment/SAP Value Life Cycle Manager
- Transformation Navigator
- SAP Roadmap Explorer
- SAP Innovation and Optimization Pathfinder
- SAP Best Practices Explorer
- SAP Quick Sizer
- SAP Business Process Intelligence Report
- SAP Sizing Report
- Spotlight by SAP
- SAP S/4HANA Customer Story Finder
- SAP S/4HANA Value Advisor



Client Assessment Overview



Analysis

- S/4HANA Readiness Report.



Assessment

- Zappos team performed the provided EPI-USE transport and user guide to run the assessment in Zappos SAP ECC production environment.
- The EPI-USE S/4HANA Readiness Report was reviewed along with the standard SAP S/4HANA Readiness Report.



Executive Summary

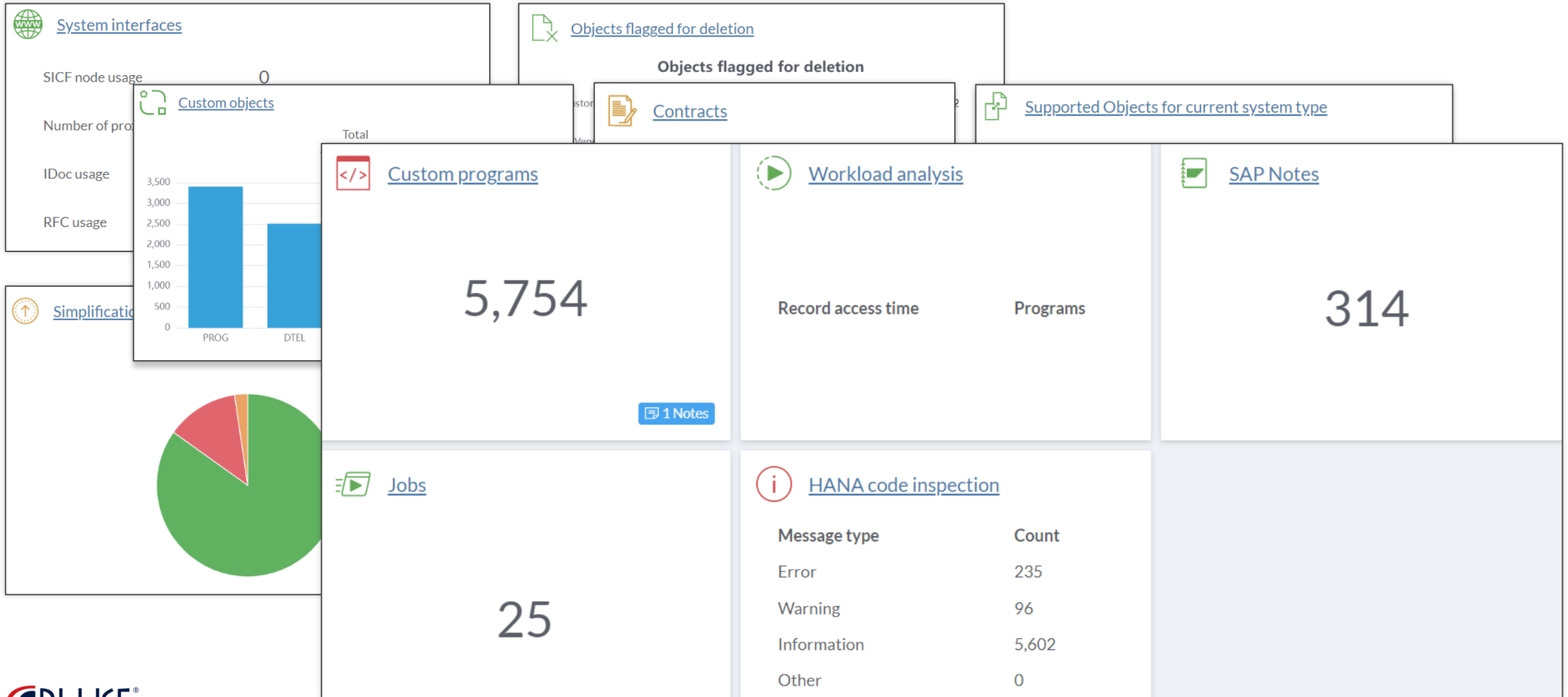
- IS-Retail System, system interfaces are in use, 23 years of accounting data.
- There are CVI related actions to be completed on the source system.
- Take note of the custom objects create for remediation.
- FI represents the largest space/footprint on the system. Open items small showing good governance.



Findings/Opportunities

- Migrate from stand alone environments to S/4HANA Embedded Environment.
- Fiori user experience for S/4HANA and Embedded Analytics.
- Future capability to move to S/4HANA Procurement.

Readiness Key Performance Indicators (x of x)



We combine Industry and S/4HANA Expertise to help our Clients build their strategic business case

Build a Business Case

- S/4HANA brings a wealth of new capabilities to enable an enterprise’s digital transformation; from real-time analytics to improve decision-making speed and accuracy, to new integrated business processes to improve financial performance.
- The goal of the business case is to determine specific business value (and benefits) derived from S/4HANA, which requires a meshing of our S/4HANA industry experts with the client’s leaders to share ideas and gain consensus.
- During the S/4HANA Solution Roadmap project, we will perform workshops to demonstrate S/4HANA’s power and work with you to identify how your business can be transformed, along with the benefits and costs of the program.

Perform a Proof of Value

- In some cases, you may want to perform a Proof of Value to demonstrate how S/4HANA will transform an area of your business and achieve buy-in and confidence in the program.
- See next slide.

	Benefits; \$ million	Minimum Fee	Additional Fees based on Benefits achievement	Total Fee @ this Performance Level	Client 5 year NPV \$m
Minimum Fee	0 to 4	\$2,000,000	\$-	\$2,000,000	
	4 to 8	\$2,000,000	\$300,000	\$2,300,000	12,7
	8 to 12	\$2,000,000	\$400,000	\$2,700,000	
	12 to 16	\$2,000,000	\$500,000	\$3,200,000	
Base Case	16 to 20	\$2,000,000	\$600,000	\$3,800,000	61,3
	20 to 24	\$2,000,000	\$700,000	\$4,500,000	
	24 to 28	\$2,000,000	\$800,000	\$5,300,000	
Stretch Case	>28	\$2,000,000	\$900,000	\$6,200,000	89,9

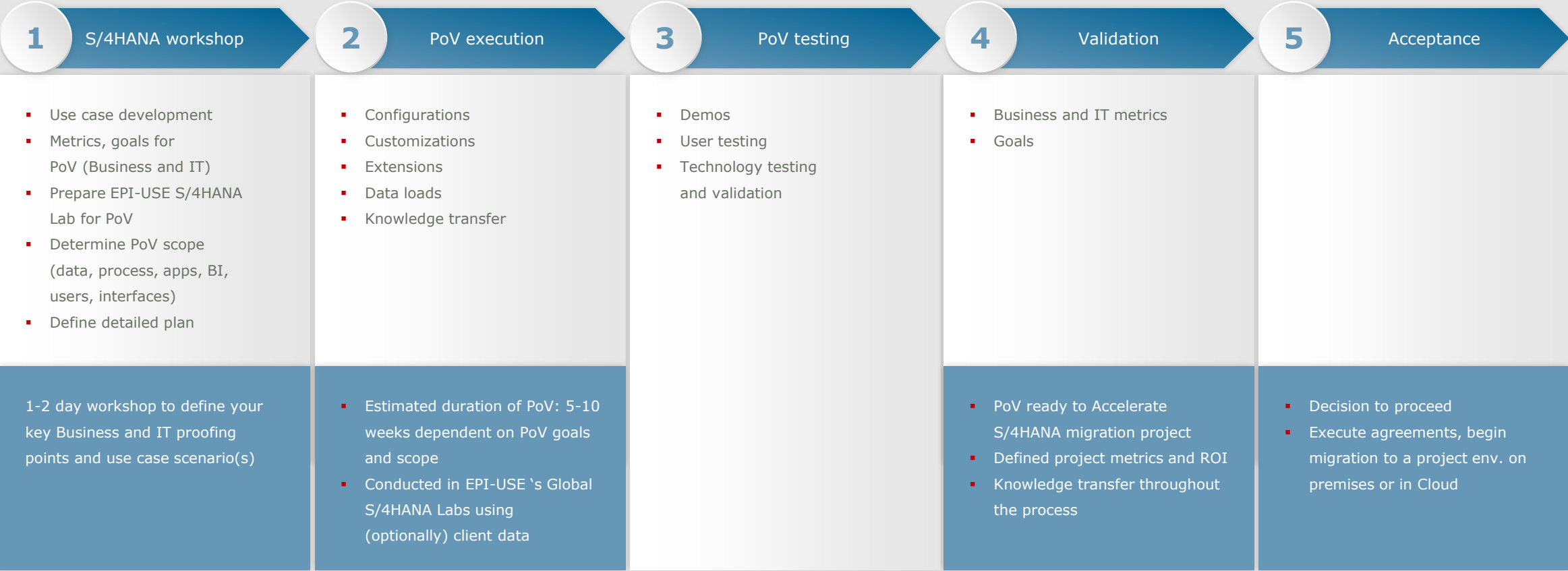
Agree on fee structure that aligns benefits with fees

- There are several options for aligning benefit realization with fees, such as putting some “fees at risk” which means tying payments to benefits “Ladder pricing” is one approach to align fees and benefits.
- Graduated fee structure linked directly to benefits delivered or key milestones.
- We are both mutually incented to maximize benefits.
- The example to the right shows how this model is a win-win.

For clients who need more leadership buy-in before making an S/4HANA investment we offer an EPI-USE cloud-based S/4HANA Proof of Value

Key Benefits

- No upfront investment in HW or SW
- Education of business leaders, SME's and IT
- Buy-in of key business and IT leaders
- Re-use as Accelerator for a full-blown S/4HANA migration project
- Reduce risk of S/4HANA migration project



(1) Fees paid are partially credited back to client if they move forward with an EPI-USE solution for an S/4HANA migration; details dependent on details of PoV agreement

For Client Migration Roadmap planning EPI-USE offers a t-shirt or pricing

Small	Medium	Large
<p>Small/Mid size Client scenario 1 week effort Fixed Fee</p>	<p>Small/Mid size Client scenario 3 week effort Fixed Fee</p>	<p>Larger/most complex Client scenario 6 week effort Fixed Fee</p>
<ul style="list-style-type: none">▪ Workshop/demo on S/4 and agreement on functional, UX and technical enhancements▪ Assessment of ECC landscape and effort to migrate to S/4 HANA▪ Total cost to migrate for on-prem vs. managed Cloud▪ Executive summary with supporting details	<ul style="list-style-type: none">▪ Same scope as Small, but more comprehensive workshops and demos▪ High level Business Case including costs vs. benefits	<ul style="list-style-type: none">▪ Same as Medium but additional time due to more complex environment (ECC, CRM, BW, etc.) requiring additional workshops and analysis▪ Detail Business Case and benefits analysis

Fees subject to future credit for Clients moving forward with EPI-USE for their S/4HANA migration. Cloud provider incentive programs may apply as well.

Let's stay connected

Click [here](#) to follow...

Click [here](#) to learn more...



Mark Palma, Managing Director, S/4HANA National Practice and Service Line Lead ([LinkedIn](#))

Chris Haskett, S/4HANA Practice Lead, Northeast ([LinkedIn](#))

Keith Harmon, S/4HANA Practice Lead, Northeast ([LinkedIn](#))