

How Finance Can Become a True Strategic Partner to the Business with SAP Simple Finance

The traditional financial close is becoming an antiquated notion for world-class finance organizations. Business moves too quickly to reasonably expect the modern enterprise to wait for month end to derive insights that can help solve today's challenges. While finance can add value to the business by providing insights in a shorter time frame, there's so much more to the story.

Real-time reporting has started to move from a "nice to have" to an expectation of top finance organizations — those with aspirations to transform the finance function. These organizations are already moving toward a single IT system that supports a virtual close with real-time access to key decision-support data. They are leveraging powerful reporting tools that enable self-service, and they are closely monitoring existing closing activities to determine how process reengineering might drive greater efficiencies. And they're placing a much greater emphasis on forecasting and planning — instead of recording history, they're predicting the future.

In many ways, SAP Business Suite powered by SAP HANA addresses the trend toward finance becoming a true strategic business partner. In-memory processing of analytical and transactional data enables planning, simulation, and forecasting capabilities. It flips the script from viewing finance as primarily a non-value-added accounting arm to a gatekeeper for true innovation. With scarce resources, today's CFOs need their talent to learn and understand the business and add value, rather than perform redundant data mining activities.

As the underlying platform for all finance systems, SAP HANA arms end users and analysts with insight and foresight to both finance and the business, enabling them to analyze the impact of future scenarios and adapt corporate plans dynamically.

The Future of Finance

Today, with SAP HANA, SAP customers are reaping the benefits of ending the traditional restrictions of

relational database architecture. But for all its potential, in-memory processing does not address persistent data aggregates; SAP HANA still rests on aggregate data views. What this means is that while there is flexibility to quickly access different reports, aggregates still encourage the traditional view with information silos within modules (e.g., financial accounting [FI] and controlling [CO]).

This, in a nutshell, is the value proposition behind SAP Simple Finance; the elimination of traditional aggregate limitations that enables financial and controlling reporting to be merged into one view. Reconciliation, which until now always has meant accessing various tables — such as FI tables for general ledger (GL) data or CO tables for profitability and cost center data — is now built in. This integration across all finance modules is the unique value of SAP Simple Finance that sets it apart from SAP Business Suite powered by SAP HANA, which addresses data mining redundancy along the stack. SAP Simple Finance addresses the redundancy of data mining in both breadth and depth, enabling information and insight at users' fingertips in seconds.

This is the key to understanding the power and simplicity that SAP Simple Finance unlocks. It is not just about using SAP HANA as a powerful database to churn through financial data quickly. It is about achieving real-time enterprise-wide finance through SAP HANA by also converging other data and non-SAP applications into the SAP Simple Finance umbrella. This means that although the company may be in the middle of a 10-year infrastructure project plan, for example, it can still achieve a live SAP HANA reporting environment without having to eliminate an existing project plan and start from scratch. Further, functionality such as Central Journal, a big part of the way financial data is converged in SAP Simple Finance, helps new SAP customers understand the value of moving to this new solution, whereby they can benefit from connected data and additional reporting, dashboarding, and modeling functionality.

SAP Simple Finance eliminates information silos



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by going to the line-item level as the single source of truth for GL, payables, receivables, revenue and cost, and fixed asset data. And for both net-new and existing SAP Business Suite powered by SAP HANA users, the prerequisites for SAP Simple Finance are simple: SAP HANA and enhancement package 7 for SAP ERP 6.0.

Taking the Predictive Leap

Customers are always interested in exploring how to optimize efficiencies in their monthly close — how do they reduce redundancy or shorten the closing cycle, for instance? SAP Simple Finance helps answer a lot of these common questions in such a way that makes it easy to establish a business case and show return on investment (ROI). But it's more than just speeding up processes — it's making finance a true strategic partner to the business.

Think of the enormous potential here. With real-time reporting, dynamic and integrated forecasting, and rapidly produced analytics, finance teams will not be spending much time collecting or analyzing data, or manually manipulating spreadsheets. Instead, they can join with internal and external stakeholders to model future performance and build scenarios based on potential external events or competitor actions. Finance teams will have more agility, possessing an adaptive capacity to rally around new challenges. With the availability of real-time dashboard reporting and what-if modeling to account for the effects of environmental or behavioral changes in processes, such as turnover, system failure, or capacity peaks, organizations can plan resource usage to enable resilience under any foreseeable change.

Consider planning as an example of how SAP Simple Finance dynamically alters the finance function and opens the door to innovative opportunity. In many finance organizations, planning is more complex than it needs to be because it follows the siloed approach inherent in traditional data structures. There's a cost plan, a sales plan, a profit and loss (P&L) plan, and so on. Yet really these plans are not so different, as they reflect the granularities of a P&L statement. SAP Simple Finance allows for planning on these granularities at the line-item level. Integrating the SAP Business Planning and Consolidation front end with the SAP ERP back end in SAP Simple Finance frees a customer from having to resort to the redundancy of planning based on a business warehousing architecture.

With data accessible in real time across the spectrum

of financial applications, users are empowered to ask questions that might not be answered in prepared reports. This granular data structure lends itself to a predictive model that may be otherwise unattainable when you have a five-day close process, with a few dozen analysts busy mining data from a variety of disparate sources.

SAP Simple Finance reduces complexities in two ways. The first, outlined above, is at the process level. The second is a simplification in system design. Customization can be done at the line-item level, meaning an added field will be available in all the reports from the new single source. This means that re-implementations or upgrades are not necessary. With flexible and adaptable onboarding, SAP Simple Finance can essentially mask system deficiencies or an application's structural issues, supporting and enabling continual change in the system itself in addition to supporting process change.

A Trusted Guide

PwC has steered many clients through an SAP HANA implementation in one use case capacity or another, from using SAP HANA as a sidecar accelerator, to helping clients implement SAP Business Planning and Consolidation powered by SAP HANA, to conducting a full SAP Business Suite powered by SAP HANA project. We have had SAP Simple Finance clientele that are existing SAP customers, those for whom SAP Simple Finance is their entryway into SAP HANA, and even net-new SAP customers.

Moving to SAP Business Suite powered by SAP HANA in order to eventually move to SAP Simple Finance is a fundamental technology and architecture change. It is also a major investment. PwC advises clients — whether they are current SAP customers or not — to consider several factors when weighing the decision pros and cons, including hosting, parallel initiatives, and development. Of particular importance is the fact that SAP has stated that all future development of its applications will be on the SAP HANA platform. Additionally, while SAP ERP Financials will continue to be supported, new innovations are happening first on the SAP HANA platform. This means that SAP Business Suite powered by SAP HANA is a logical path to be at the forefront of the finance organization's transition to becoming a strategic business partner.

The finance office is evolving, and to move forward it makes sense to look at tools such as SAP Simple Finance. For more information, visit www.pwc.com/sap. ■

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