How S/4 HANA enables you to transform business models
How to support your Finance Transformation agenda based on the latest technology innovations

Michel Haesendonckx, SAP SE
October 3, 2017

Digitization

Digital Enterprise and the challenges (for finance)

Digital transformation is technology combined with innovative way of creating value.

NEW CUSTOMER EXPERIENCE

NEW BUSINESS MODEL

NEW VALUE CREATION

Currency exchange risk

Tax changes

Complex regulatory requirements

Blurring industry lines

Mergers and acquisitions

Digitally enabled business models

Technology is driving the digital transformation

Predictive

In memory

Networks

Transforming organizations

User experience

Cloud

Robotics and machine learning

SAP CoPilot

The first true digital assistant
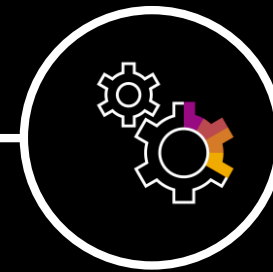for the enterprise
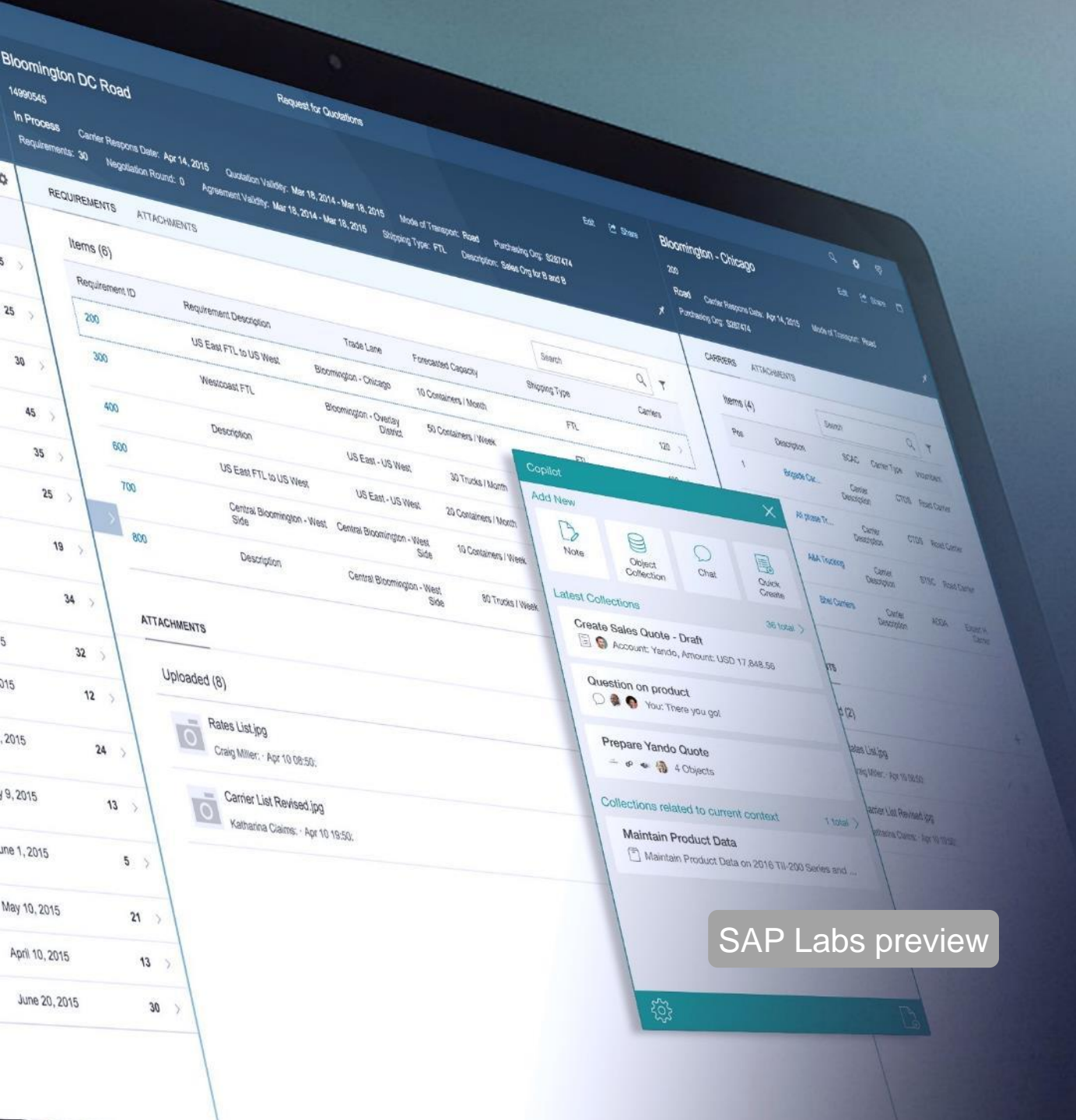
SAP Labs preview

How Finance can answer the expectations from business

**Reimagine
Strategy**

**Reimagine
Business
performance**

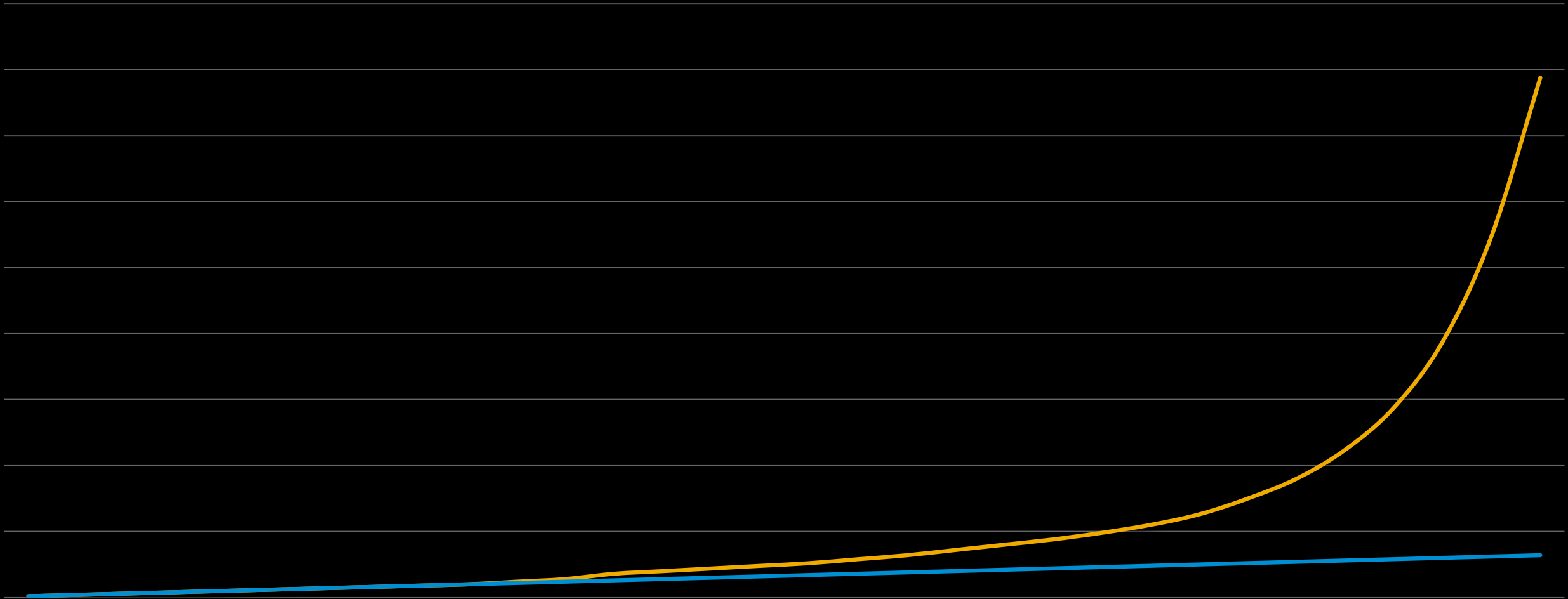**Reimagine
efficiency and
compliance**

And it's coming fast !

Need for advanced analytics to understand leading drivers
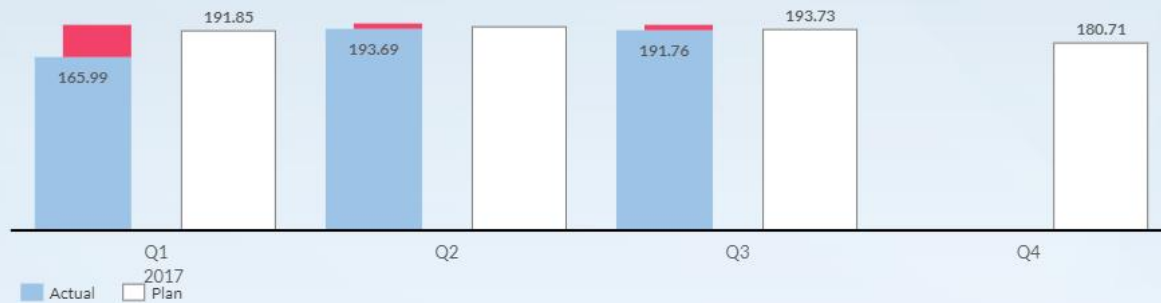
Linear vs exponential thinking

Growth
in Million USD

191.76 (-2.77%) (-1.02%)

Net Revenue Q3 2017 (Δ 2016%) (Δ Plan%)

Actuals 2017 (Δ 2016) & Plan 2017

165.99 | 191.85 | 193.69 | 193.73 | 191.76 | 180.71

| | Q1 2017 | Q2 | Q3 | Q4 |

Actual   Plan

Profitability
in %, Million USD

48.53% (+0.11)   **70.64%** (-1.97)

EBIT Margin Q1-Q3 2017 (Δ 2016)   Gross Profit Margin Q1-Q3 2017 (Δ 2016)

Trailing quarters

EBIT
Gross Profit

118.73 | 113.85 | 107.36 | 109.01 | 105.72 | 112.85 | 112.23 | 117.20 | -2.85

327.95 | 495.43

| Q1 2016 | Q2 | Q3 | Q4 | Q1 2017 | Q2 | Q3 | Q4 | 2017 |

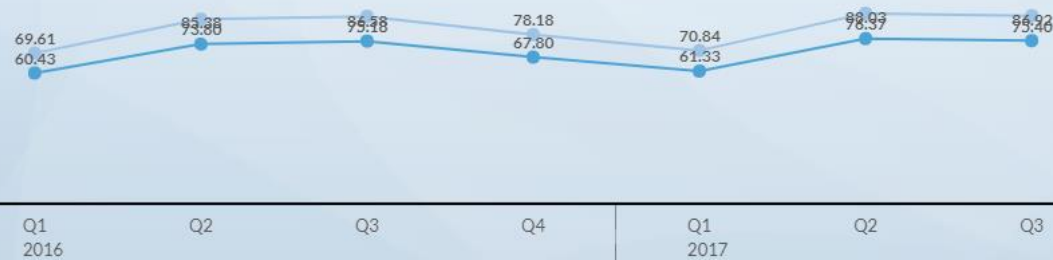Actual   Forecast

Liquidity
in Million USD

86.92 (+0.34)   **75.40** (+0.22)

Operating Cashflow Q3 2017 (Δ 2016)   Free Cashflow Q3 2017 (Δ 2016)

Trailing quarters

Operating Cash Flow   Free Cash Flow

69.61 | 85.38 | 86.18 | 78.18 | 70.84 | 88.93 | 86.22
60.43 | 73.80 | 75.18 | 67.80 | 61.33 | 78.37 | 75.40

| Q1 2016 | Q2 | Q3 | Q4 | Q1 2017 | Q2 | Q3 |

Value Based Management
%

4.34% (-1.17)

ROCE Q1-Q3 2017 (Δ 2016)

Trailing quarters

5.78% | 5.54% | 5.22% | 5.30% | 4.16% | 4.44% | 4.42%

| Q1 2016 | Q2 | Q3 | Q4 | Q1 2017 | Q2 | Q3 |
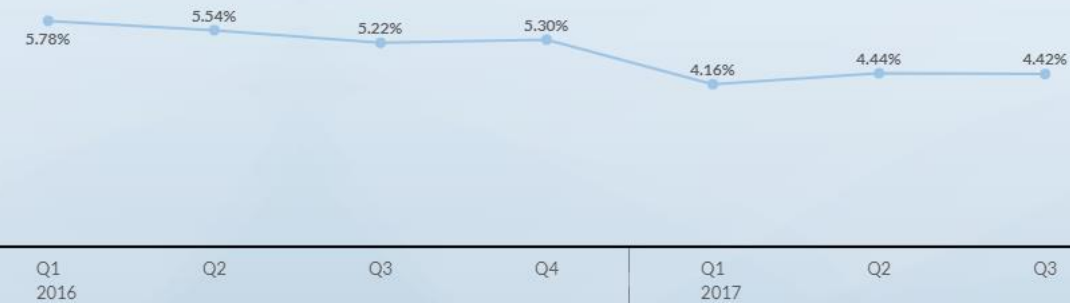
One single platform for the entire R2R process

FI
CO
PA

PARALLEL
ACCOUNTING

ACT
PLAN · CONS
PRED
SIM

GROUP
ENTITIES

| Accounting | Compliance | Entity Close | Intercompany | Consolidation | Disclosure |

Financial Steering Model   (Universal Journal)

SAP
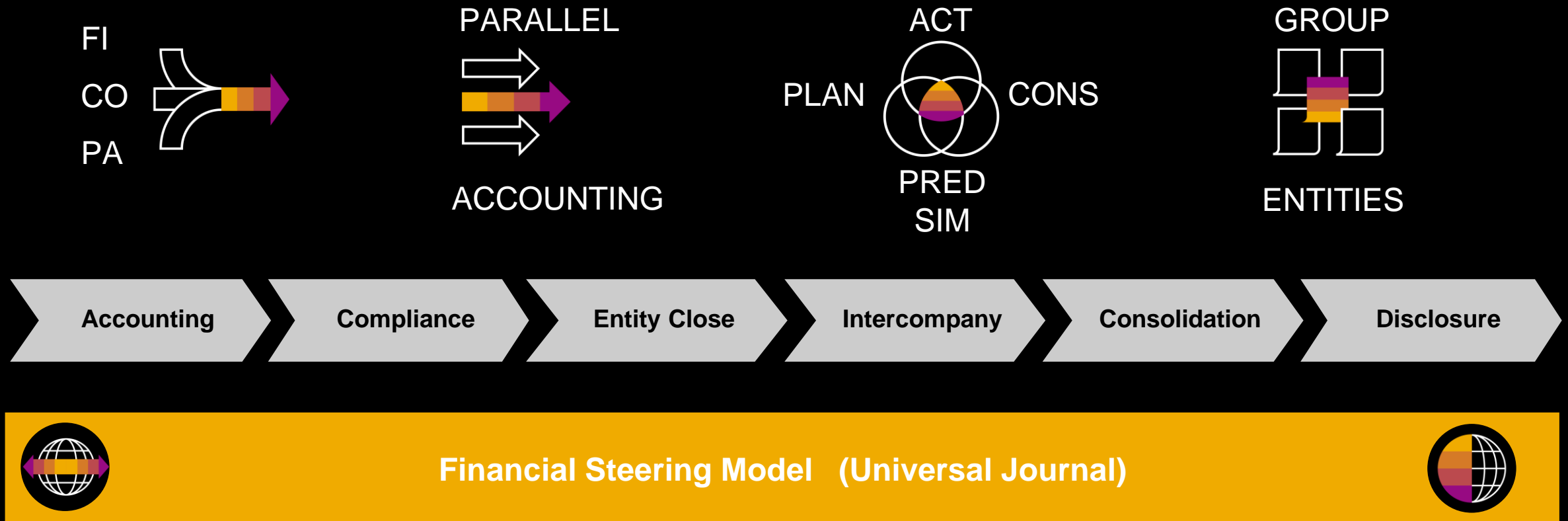
Navigation Panel

Available Fields

- Ledger
- G/L Account
- Posting Date
- Fiscal Year
- Ledger Fiscal Year
- Fin.Transaction Type
- Bus. Transac. Type
- Ref. Document Type
- Logical System
- Ref. Doc. Item Group
- Is reversing
- Is reversed
- Is settling
- Is settled
- Preced. RefTransact
- Profit Center
- Functional Area
- Business Area
- Controlling Area
- Segment
- Partner Cost Center
- Partner Profit Ctr.
- Partner Func. Area
- Partner BusinessArea
- Trading Partner
- Partner Segment
- Debit/Credit Code
- Fiscal Year Variant
- Fiscal Year Period
- Journal Entry Type
- Assignment Reference
- Posting Key
- Jrnl. Entry Category
- Transaction Key

Standard * ⌄

Hide Filter Bar   Filters(4)   **Go**

* Ledger:	* Company Code:	* Posting Date From:	* Posting Date To:	G/L Account (Hierarchy):
0L ⊗	1010 ⊗	01/01/2017 ⊗	04/18/2017 ⊗	

⌄ Data Analysis   Graphical Display   Query Information

Bookmark: [   ]   Filter ⌄   Sort ⌄   Hierarchy ⌄   Drilldown ⌄   Display ⌄   Measures ⌄   Totals ⌄   Jump to ⌄   ▽   ⤓   ⚙

| G/L Account		Starting Balance in…	Debit Balance in Company Code Cu…	Credit Balance in Company Co…	Ending Balance in…
— 1030/01030	Acc Balance Sheet (#	0.00 EUR	120,133,008,352.50 EUR	-120,133,008,352.50 EUR	0.00 EUR
— 1030/00ASSE…	A S S E T S	44,732,166.59 EUR	120,016,918,267.86 EUR	-119,566,598,110.74 EUR	495,052,323.71 EUR
+ 1030/01010…	A. Subscriptions to	14,187,471.00 EUR	109,822,308.62 EUR	-69,717,116.99 EUR	54,292,662.63 EUR
— 1030/01020…	B. Current assets	30,537,595.59 EUR	119,907,040,627.54 EUR	-119,496,753,720.57 EUR	440,824,502.56 EUR
— 1030/010…	I. Stocks	-458,539.41 EUR	119,785,751,758.84 EUR	-119,476,024,209.30 EUR	309,269,010.13 EUR
+ 1030/0…	Raw materials and su	149.50 EUR	73,952,985.23 EUR	-1,054,007.70 EUR	72,899,127.03 EUR
+ 1030/0…	Work in process	8,231.32 EUR	14,640,620.44 EUR	-12,731,635.01 EUR	1,917,216.75 EUR
+ 1030/0…	Finished products an	-466,920.23 EUR	119,697,158,153.17 EUR	-119,462,238,566.59 EUR	234,452,666.35 EUR
+ 1030/010…	II. Receivables and	30,849,791.00 EUR	103,072,687.33 EUR	-7,674,238.04 EUR	126,248,240.29 EUR
+ 1030/010…	IV. Checks, cash on	146,344.00 EUR	18,216,181.37 EUR	-13,055,273.23 EUR	5,307,252.14 EUR
+ 1030/01030…	C. Prepayments and a	7,100.00 EUR	55,331.70 EUR	-127,273.18 EUR	-64,841.48 EUR
+ 1030/00LIABI…	L I A B I L I T I E	-854,859.00 EUR	9,823,337.01 EUR	-41,668,537.37 EUR	-32,700,059.36 EUR
— 1030/03000000	Profit and loss stat	-41,809,622.09 EUR	91,465,390.57 EUR	-155,729,978.60 EUR	-106,074,210.12 EUR
— 1030/03100…	20. Annual net incom	0.00 EUR	91,465,390.57 EUR	-155,729,978.60 EUR	-64,264,588.03 EUR
— 1030/032…	14. Operating income	0.00 EUR	91,465,390.57 EUR	-155,729,978.60 EUR	-64,264,588.03 EUR
+ 1030/0…	1. Revenues	0.00 EUR	14,698,066.18 EUR	-20,911,075.39 EUR	-6,213,009.21 EUR
+ 1030/0…	2. Change in inv. fi	0.00 EUR	52,079.04 EUR	-31,295.31 EUR	20,783.73 EUR
+ 1030/0…	4. Other operating r	0.00 EUR	3,947.56 EUR	-38,119,368.55 EUR	-38,115,420.99 EUR
+ 1030/0…	5. Material expense	0.00 EUR	25,488,873.70 EUR	-162,542.42 EUR	25,326,331.28 EUR
+ 1030/0…	6. Personnel expense	0.00 EUR	62,385.31 EUR	-1,462.60 EUR	60,922.71 EUR

# Reliable information at any moment in time
Continuous accounting
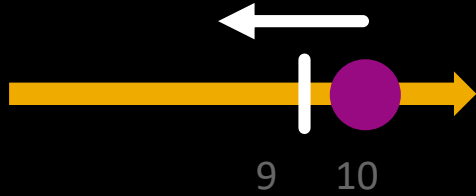
Fast Close

One platform for the entire process
(Universal Journal)
Plan, automate and monitor
(SAP Financial Closing cockpit)
Expand and streamline
(Shared Service Framework;
Blackline)
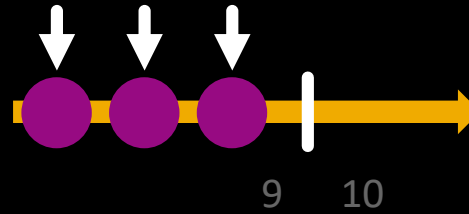
Continuous Close

Enable processes to be driven
continuously
(GR/IR and Intercompany
reconciliation)
Feed the Group Close regularly
(Consolidation in SAP S/4HANA)
Eliminate closing tasks and enable
results to be derived continuously
(Profitability Analysis in the Universal
Journal)
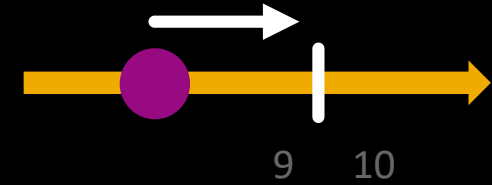
Predictive Close

Reuse business architecture
Enable new business functions

Future direction

SAP Labs preview

Standard OVP ⌄

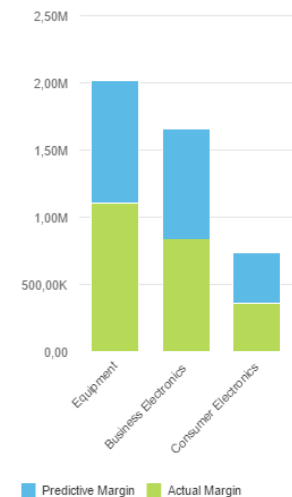| Sales Order	*Company Code	Fiscal Year	Fiscal Quarter	Fiscal Period	Segment	Sales Office
	PR00					

Adapt Filters (1)   Go

Presumed Profit
Current Quarter in USD

4 M

2017, 1

Current Quarter by Segment

2,50M
2,00M
1,50M
1,00M
500,00K
0,00

Equipment   Business Electronics   Consumer Electronics

■ Predictive Margin   ■ Actual Margin

Book-to-Bill Ratio
Ratio

1,2

Book-to-Bill Ratio by Material Group

3,00
2,50
2,00
1,50
1,00
0,50
0,00

8   9   10   11   12   1   2

■ Smart Pads   ■ Creative Pads
■ Smart Readers   ■ Edge Readers
■ Base Phones   ■ Neo Phones
■ Edge Phones   ■ Equipment
■ Spare Parts
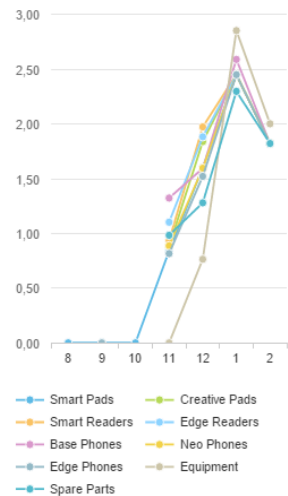
Incoming Orders
Current Period Order Entry Revenue and Margin By Sales Office in USD

4 M

2017, 002

California
695K USD   695K USD

Chicago Metro
236K USD   236K USD

Great Lakes
220K USD   220K USD

Mid Atlantic Coast
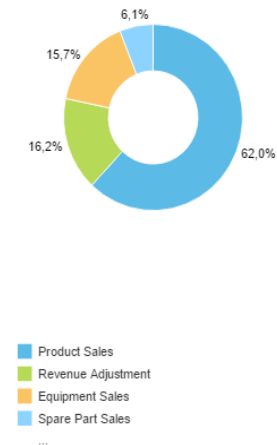264K USD   264K USD

New England
446K USD   446K USD

Showing 5 of 10

Off Balance Sheet Gross Revenues
Revenues in USD

27 M

Current by Account

6,1%
15,7%
16,2%
62,0%

■ Product Sales
■ Revenue Adjustment
■ Equipment Sales
■ Spare Part Sales
...

Latest Sales Orders
Revenue,COGS and Margin

512   252 USD
Atlas Group   -111 USD
                    140 USD

511   755 USD
Marabou   -474 USD
                    281 USD

510   74 USD
Wilster Inc.   -46 USD
                     28 USD

Showing 3 of 90

Predicted Revenue & Margin
By Segment

Segment	Predictive Revenue	Predictive Margin
Business Electronics	12M USD	4M USD
Equipment	9M USD	3M USD
Consumer Electronics	5M USD	2M USD
Showing 3 of 3		

ACCOUNT GROUP SELECTION

Report

Profit Before Tax ⌄

Filter by Company Code

All 490 Company Codes applied ...

> Account Hierarchy Version

ACCOUNT GROUPS

Account Group	Balance 2016 (EUR)
⌄ Profit Before Tax	242m ›
› Non-operating Profit	-83m ›
› Operating Profit	325m ›

2014 | 2015 | **2016** | 📅

START BY SELECTING ACCOUNTS
FROM LEFT-HAND MENU

No matter what… we still need the business processes!

Taking process excellence to the next level with S/4HANA and SAP Leonardo

SAP

4

ent Inventory Production Cash Management Accounts Payable – Analytics Sales **Finance**

Finance

Overdue Receivables	Display Financial Statement	Cash Position Today
		Bank To Bank Transfer
15%		**1.62**M EUR

Process automation

Rule engines

Machine-learning
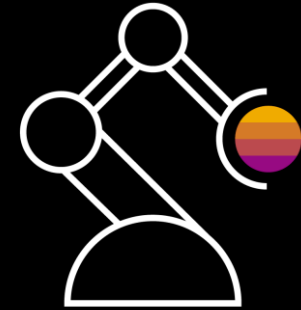
Robotic process automation

System of Record

SAP S/4HANA®

SAP Hybris®

SAP SuccessFactors®

Concur®

SAP Fieldglass®

SAP Ariba ®

System of Innovation

SAP Leonardo

IoT

Machine Learning

Big data

Modern Analytics

Blockchain

Data Intelligence

SAP HANA®   SAP Cloud Platform
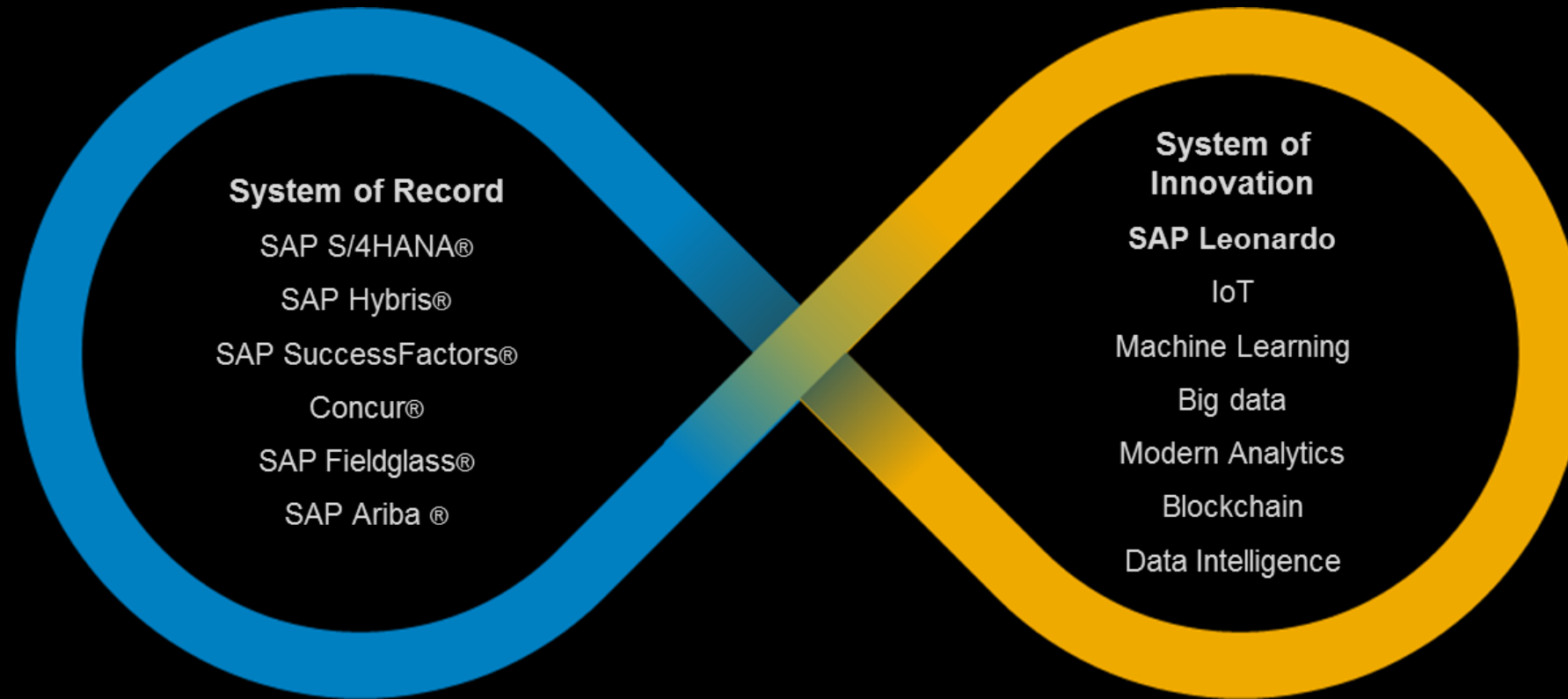
What do you think ?

Contact information:

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