



SAP Business Network – Finance Function Day

SAP's Finance Transformation

Selena Kelly, Head of R2R Process Management

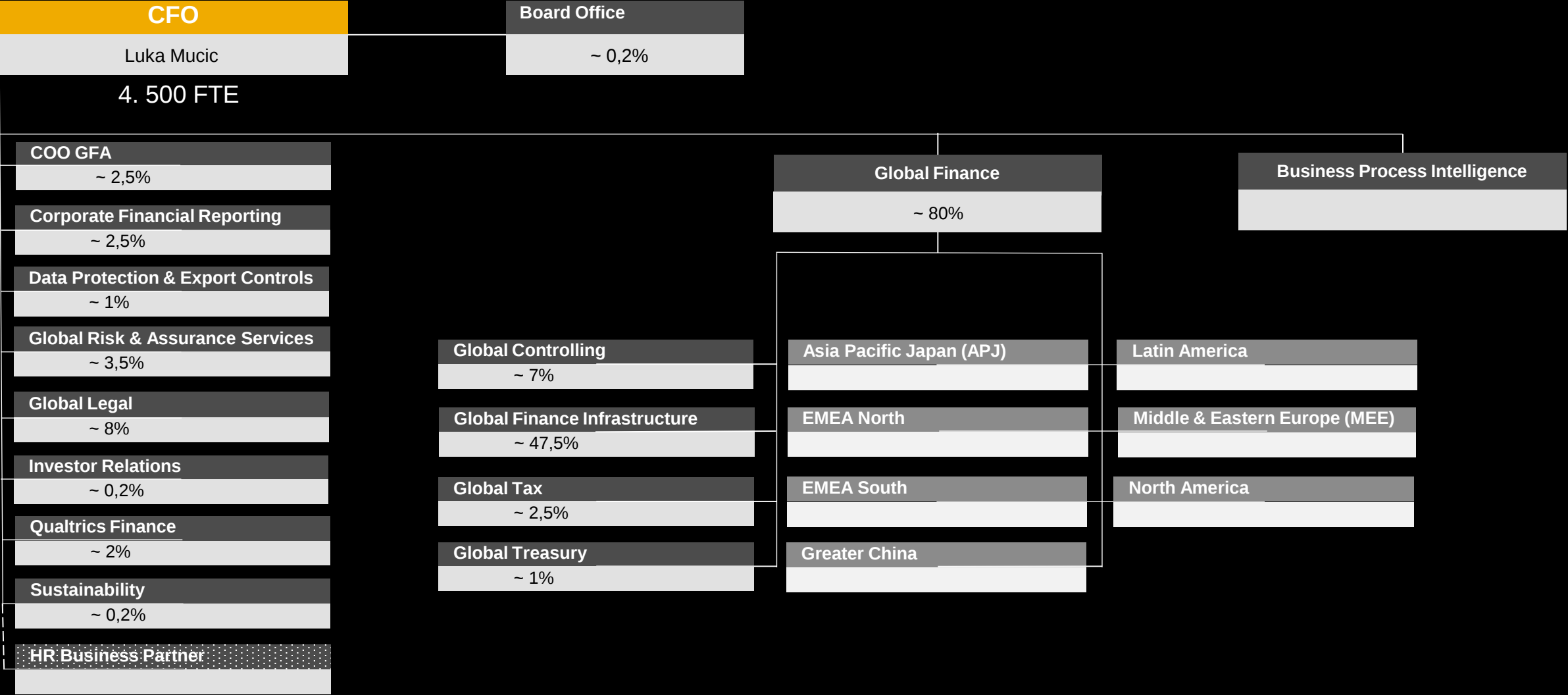
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May 24th, 2022

Agenda

SAP Business Network, May 24th

- **SAP GFA Structure** (5min – Selena)
 - High level overview of the GFA structure at SAP
 - Overview of GFSS R2R Services & SAP products used
- **SAP R2R Roadmap** (10min – Selena)
 - High level overview of the R2R roadmap for GFSS R2R and Corporate Financial Reporting.
- **SAP R2R Runs SAP: Deep dive into Shared Services Framework** (10min)
 - Shared Services Framework redesigns Record to Report
- **SAP R2R Runs SAP: Deep dive into Advanced Financial Closing** (10min)
 - Advanced Financial Q&A Closing – key pillar of Continuous Close
- **Q&A** (5min)

Global Finance and Administration (GFA) | Organizational Overview



Global Finance Shared Services

Record-to-Report (R2R)



R2R Services

GFSS R2R SSC and CoE teams support the monthly closing cycle in collaboration with other global R2R structures (mainly with LCAs and LTMs), GFSS process delivery units, other Lines of Businesses (e.g. HR, GPO, etc.) and work streams. R2R places special emphasis on:

- ✓ Specific R2R process topics (e.g. Revenue accounting, HR & Compensations etc.) and collectively perform the respective process tasks they are assigned to for a number of countries within a region
- ✓ Timely and accurate R2R data (SSC, CoE)
- ✓ Process alignments and improvements across the regions

Key Figures

	Per Year
Legal entities served	196
Posted documents	6,515,000
Posting rework rate	0.96%
FTEs	252

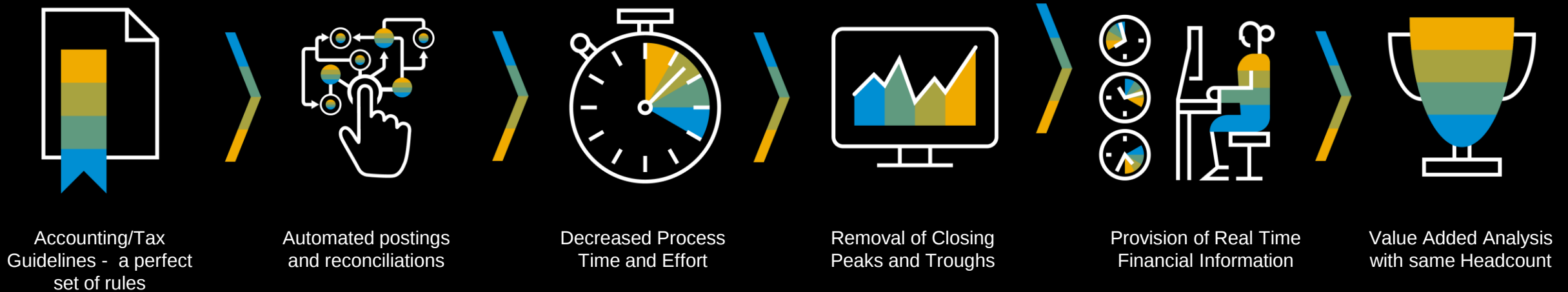
SAP Runs SAP

- ✓ SAP S/4HANA Finance
- ✓ SAP In-House Cash
- ✓ SAP Financial Closing Cockpit (replacing with AFC)
- ✓ SAP Smart Business Enterprise Edition
- ✓ SAP Shared Service Framework
- ✓ SAP Revenue Accounting and Reporting
- ✓ Ariba Network
- ✓ SAP Concur
- ✓ SAP Fieldglass
- ✓ SAP RE-FX
- ✓ SAP Accrual Engine
- ✓ SAP Cash Application
- ✓ CO Reposting Engine
- ✓ Royalty Settlement Management
- ✓ SAP Intelligent Robotic Process Automation
- ✓ SAP Asset Retirement Obligations Management (ARO)

SAP R2R Roadmap

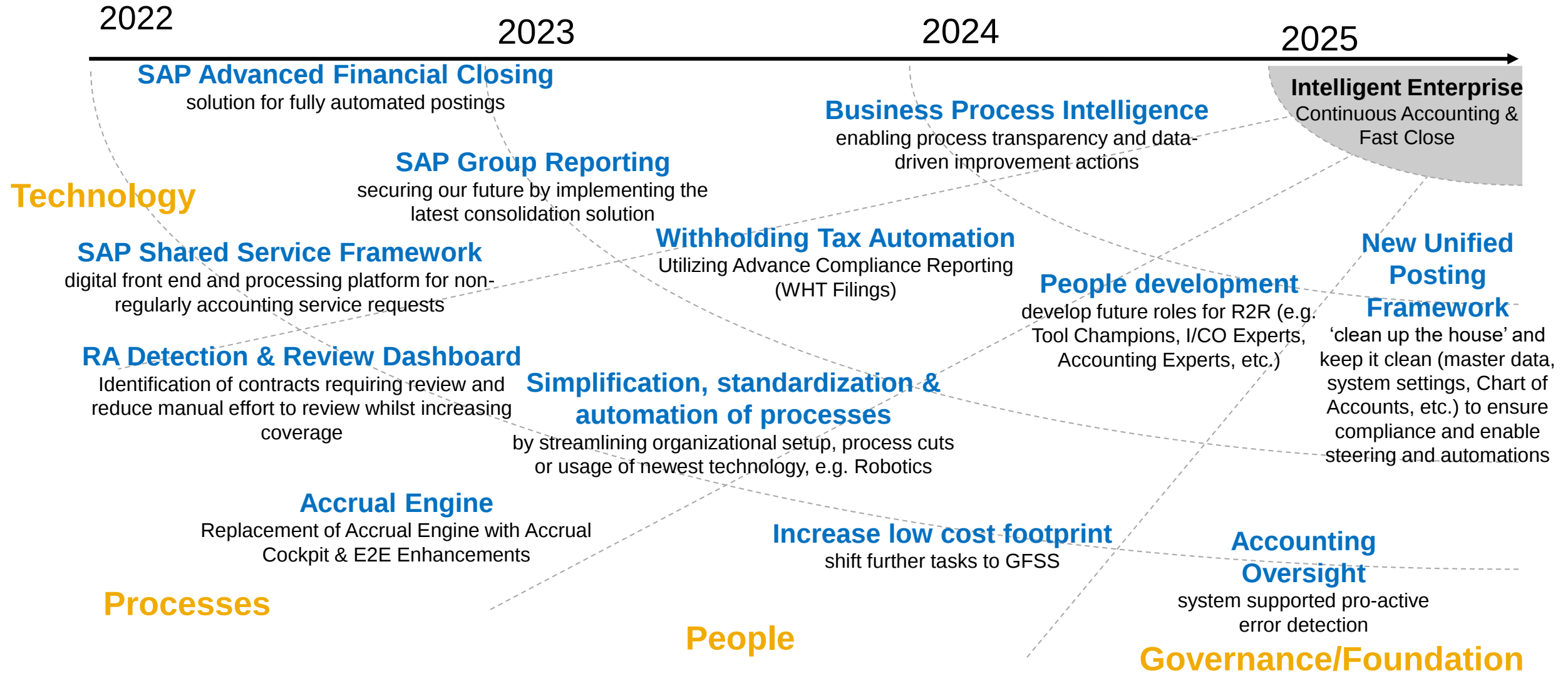


What is Continuous Accounting & Faster Close?



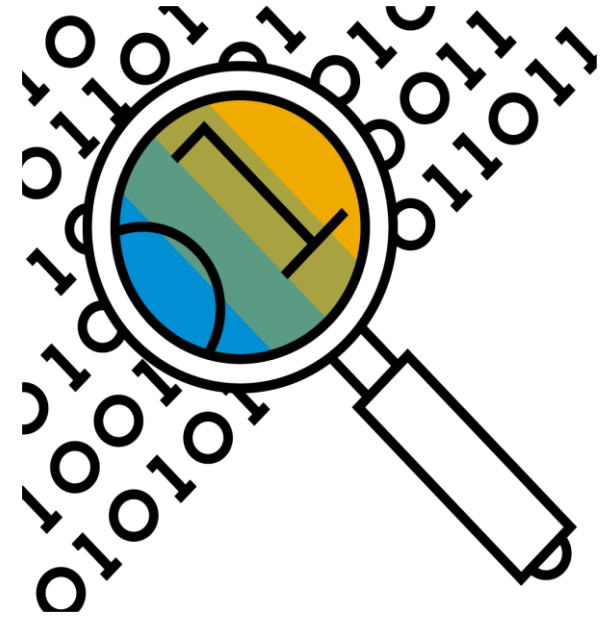
- Move from batch mode to live accounting processes
- The execution of close tasks + reconciliations happens throughout the month
- Automation and centralization of period-end activities and workflows
- Continuous capture, validation, and analysis of timely financial data
- Real time picture of the current state of the company's accounts
- Elimination of non-value adding activities; time spent on business analysis rather than investigating transactions

R2R/Tax Digital Roadmap @ SAP



Appendix

GFSS Structure



SAP Global Finance Shared Services

KEY FIGURES



211

Legal entities served



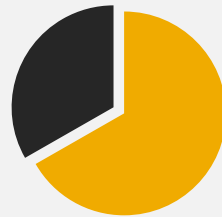
Customer Satisfaction



Operational Excellence



Learning Organization



67.4%

Tickets completed at 1st response



674,000

SSF tickets confirmed



30

KPIs to optimize
Quality in GFSS



€31.4b

Cash collected



+70k

Calls/chats
per year

413,000

Trips submitted
(T&E)



1,557,000

Invoices
(O2I)



653,000

Invoices
(P2P)



SAP Global Finance Shared Services

Our Pillars of Success

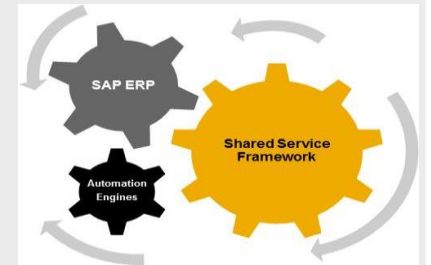
Processes

- Global Process Managers
- ONE Global Process Map
- Continuous Standardization & Automation



Information technology

- SAP runs SAP
- One central ERP System
- Co Innovations



Organization

- Global Organization
- Location Strategy
- Service Delivery Model incl. Quality Mgmt



People

- Change Management
- Focus on people development
- Job Rotation / Exchange Programs



Global Finance Shared Services* & Our Locations (January 2022)



Globally



Prague



Buenos Aires



Manila



**Non-Location
Rest of the
World**

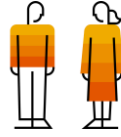


Dublin

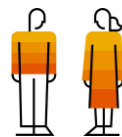
FTE	1581	515	422	352	274	18
Nationalities	75	57	13	6	41	10



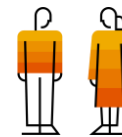
38% 62%



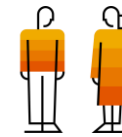
33% 67%



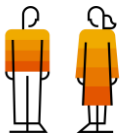
45% 55%



35% 65%



35% 65%



67% 33%

Top Nationalities	Argentinian	24%	Czech	44%	Argentinian	89%	Filipino	92%	German	16%	Irish	50%
	Filipino	21%	Russian	8%	Venezuelan	5%			Brazilian	9%		
	Czech	15%	Slovak	8%	Brazilian	2%			Indian	7%		
	German	3%	Ukrainian	4%	American	1%			Chinese	6%		

* counting only headcount relevant positions

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Global Finance Shared Services* & Our Locations / FTE (January 2022)



Globally

1581



Prague

515



Buenos Aires

422



Manila

352



**Non-Location
Rest of the
World**

274



Dublin

18

	GLOBALLY		PRAGUE		BUENOS AIRES		MANILA		NON-LOCATION REST OF THE WORLD		DUBLIN	
	FTE	%	FTE	%	FTE	%	FTE	%	FTE	%	FTE	%
CDS	258	16%	117	23%	94	22%	40	11%	7	3%	0	0%
O2I CSS	200	13%	45	9%	84	20%	53	15%	5	2%	13	72%
O2I C&E	194	12%	94	18%	62	15%	37	11%	1	0%	0	0%
CC	254	16%	43	8%	35	8%	61	17%	114	42%	1	6%
ANOps	84	5%	10	2%	25	6%	8	2%	42	15%	0	0%
P2P	230	15%	107	21%	65	15%	44	13%	14	5%	0	0%
T&E	82	5%	19	4%	0	0%	61	17%	2	1%	0	0%
R2R	252	16%	75	15%	54	13%	48	14%	74	27%	2	11%
Other	27	2%	7	1%	3	1%	0	0%	15	5%	2	11%

* counting only headcount relevant positions

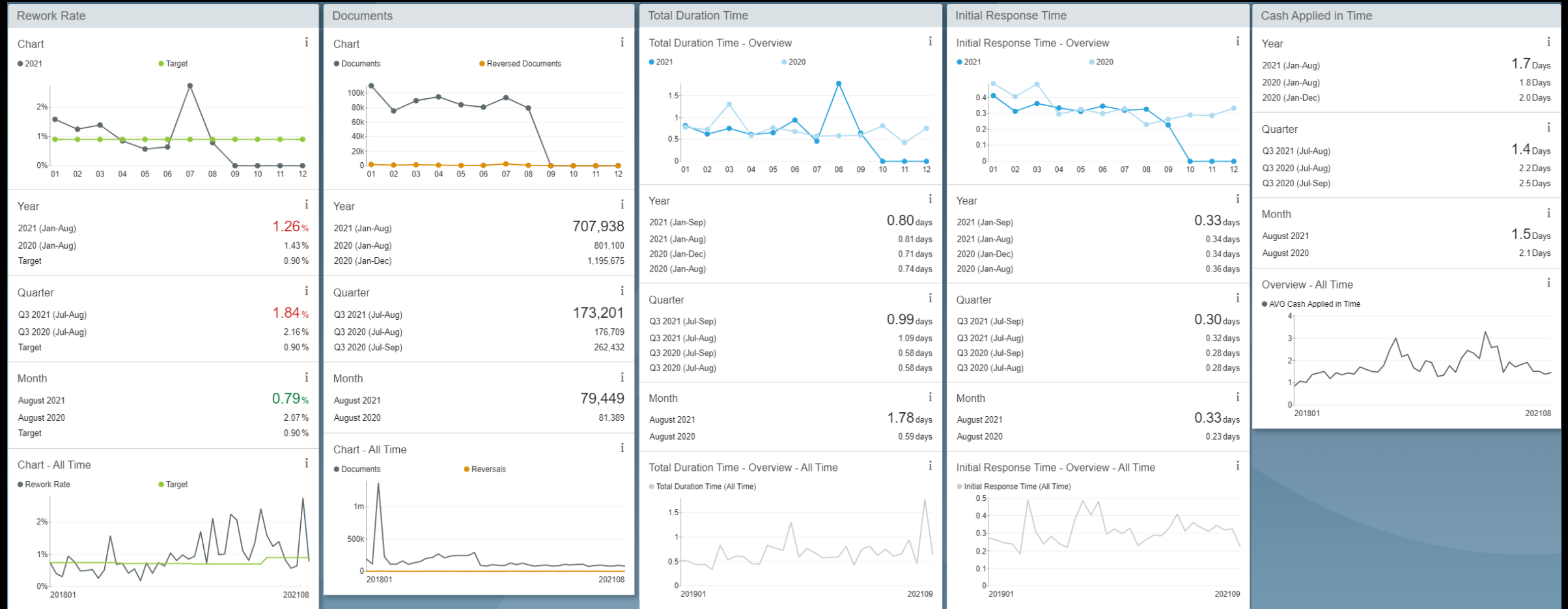
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KPIs in SAP Finance Shared Services

Dashboard for each department

▪ Rework Rate SW ▪ Rework Rate MT ▪ Rework Rate SW Cloud ▪ # of SW, MT & Cloud Sales orders ▪ SSF Reporting	SW	▪ Trip Audit Time Total ▪ Trip Audit Time GFSS ▪ Number of Approved Trips (total, approved, reapproved) ▪ Sampling Rate ▪ Rework Rate T&E ▪ SSF Reporting	T&E	▪ Rework Rate AP ▪ AP Total Document Processing Time ▪ AP GFSS Document Processing Time ▪ AP Vendor Paid in Time ▪ GFSS SC QC Processing Time ▪ GFSS PR to PO Processing Time ▪ Total SC to PO-sent Processing Time ▪ SSF Reporting	P2P	▪ Rework Rate SW ▪ Rework Rate MT ▪ Rework Rate SW Cloud ▪ Rework Rate CB ▪ Rework Rate EB ▪ Rework Rate AP ▪ Rework Rate R2R ▪ Rework Rate T&E ▪ Total SC to PO-sent Processing Time ▪ Total Duration Time ▪ NEW: Concur rejection rate (manual upload)	SLA
▪ Rework Rate CB ▪ # of Consulting Sales orders ▪ Rework Rate EB ▪ SSF Reporting	CB&EB	▪ Rework Rate R2R ▪ # of all posted documents by GFSS R2R (FI & CO) ▪ FI Coverage Rate (incl. FI Automation degree)	R2R				
▪ SSF # of Ticket Volume ▪ SSF # of Tickets - Categorization Analysis ▪ SSF Survey ▪ Initial Response Time to Requestor		▪ Total Duration Time with breakdown ▪ Ticket Aging Report ▪ Reaction Time by GFSS ▪ Ratio (%) of tickets closed at first response					SSF

R2R KPI Dashboard (Snapshot Jan-Aug 2021)



System: Smart Business, enterprise edition (SBEE)

Appendix

SAP R2R Roadmap – more insights



Key Projects to achieve Continuous Accounting & Fast Close

Shared Services Framework



- ✓ Implement an intelligent ticketing solution that offers ticketing services (workflows, ticket management) as well as posting automation with backend integration and RPA for R2R processes.
- ✓ Simple yet comprehensive tool that validates over 70 different fields and logical steps to perform an efficient pre-validation their FI Journal Entry postings (JE Checker). Reduce errors, run more efficiently, save costs.

Withholding Tax Automation



- WHT Automation for Vendors Pilot: Germany 3rd Party Royalties. Calculating WHT and posting
- The challenge is line item level of an invoice (some line items might not be relevant, while some are)
- Analysis the PO line items through MIRO transaction. BAdI ensures that only relevant transactions (MIRO and SAP Settlement Management) are considered for WHT Deduction

Accrual Engine



- Accrual Engine used for recurring and complex postings
- Capitalization / Amortization (+ related Social Charges)
- HR and Compensation + other accruals also require country specifics, such as incremental taxes in a table/repository. Result: reduction errors + efficiency potential by moving from Local to Global)
- Next Steps to link to upstream systems i.e. payroll

Revenue Accounting Detection & Review



- Part 1 – Detection: Functionality to detect contracts which need to be reviewed based on specific rules using Business Integrity Screening (Tax Compliance Tool)
- Part 2 – Research: Functionality to review contract changes and attributes on one platform – SAC
- Proactive review by R2R vs reactive review by Controlling
- Completeness/Correctness Financial Statements including CCB & Disclosures

Key Projects to achieve Continuous Accounting & Fast Close

Unified Posting Framework



- 'Clean up the house' and keep it clean (master data, system settings, Chart of Accounts, etc.) to ensure compliance and enable steering and automations

Accounting Oversight



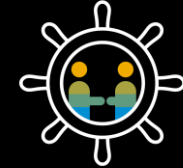
- Use of Business Integrity Screening (Tax Compliance) to create checks on financial statements. E.g. checking accounts for a zero balance and trigger workflow list of results when check is not met
- Roll out to impacted process area's upstream will follow in later stages

Advance Financial Closing



- AFC is the latest cloud innovation to phase out the Financial Closing Cockpit and provide seamless automation of closing tasks and workflow-supported intuitive apps
- Standardized global approach for all SAP entities
- Improved audit trail, logging and documentation
- Comprehensive analytics for real-time insight into the closing status
- 15-25% Faster Entity Close through simplification, standardization and automation of closing activities

Group Reporting



- Replacement of current, 20 year old EC-CS (Consolidation Module) to upgrade to S4/Hana Version
- Automation of Cash Flow calculation
- The new Group Reporting will include "non-balance sheet" information that is currently retrieved via Notes Management
- DCM (Disclosure Management Tool) direct interface with Group Reporting => replacement of Microsoft interface between Consolidation and Integrated Report
- Current solution runs out of maintenance 2022