

SAP Central Finance (CFIN) Article



Strategic Pathway to SAP S/4HANA: The Case for Starting with SAP Central Finance, also for your tax and statutory obligations

In today's fast-paced business environment, tapping into the full potential of ERP systems is increasingly important for organisations to remain competitive. One of the pivotal steps in this journey is non other than the transition to SAP S/4HANA, SAP's next-generation ERP suite. But it's also a lengthy, expensive endeavour. If you don't feel ready yet, adopting SAP Central Finance can get you off to a great start.

The Benefits of Starting with SAP Central Finance



1. Harmonise your IT landscape

Taking the first steps toward harmonising your system landscape is crucial for a successful migration to SAP S/4HANA. SAP Central Finance enables you to consolidate financial data from various SAP and non-SAP ERP systems into a single, unified view. This will deliver higher data consistency and accuracy, which is fundamental for effective decision-making. Meanwhile, authorities ask for different data sets in different countries, making it fundamental for you to clearly identify the data that needs to be transferred from source systems as soon as you get to the design/implementation phase. Keep in mind that you can only benefit from this advantage if a proper reconciliation/audit trail process has been set up.

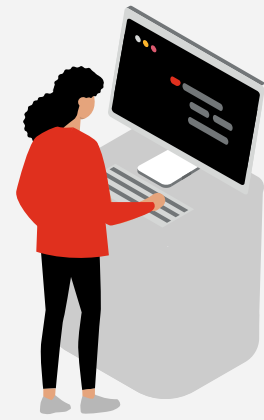


2. Optimising working capital

Adopting SAP Central Finance enables your organisation to optimise its working capital through real-time financial insights and improved cash flow management. As you centralise financial data from disparate ERP systems (i.e. SAP and non-SAP), you will increase visibility and control over your financial operations.

3. Easier migration to SAP S/4HANA

One of the most significant advantages of transitioning to SAP Central Finance is that it simplifies your eventual migration to SAP S/4HANA. Our advice? Start off by centralising your financial operations, to address the complexities of migration in manageable stages. This phased approach reduces the time and cost involved, making the overall process more efficient and less risky. The icing on the cake: Previous configuration effort in SAP CFIN can easily be transposed to SAP S/4HANA.



4. Enhance efficiency, also from a tax point of view

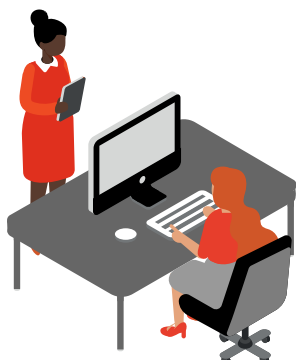
Consider SAP Central Finance as a technological enabler. As you integrate it into your broader strategic framework - with centralised teams leveraging standardised processes - you'll find it easier and more efficient to deal with the increasingly complex global tax landscape. We do recommend, however, to validate this setup with local statutory and tax requirements in order to ensure a compliant set of local books and records in each country. SAP CFIN's capability to deal with tax requirements depends on your localisation package in your source system(s). You can even consider linking SAP CFIN with SAP Document and Reporting Compliance solution for your VAT/GST reportings or e-invoicing obligations.

5. Group reporting and centralised payments

With SAP Central Finance set up, your group reporting becomes centralised, resulting in a streamlined, transparent and efficient reporting process globally. Payment processes can be centralised as well, offering more efficient management of transactions. This centralised system can also be configured to support cash-based accounting, which is particularly beneficial for countries where this is a mandatory requirement, or even those where financial data has to be submitted.



The cost and time implications

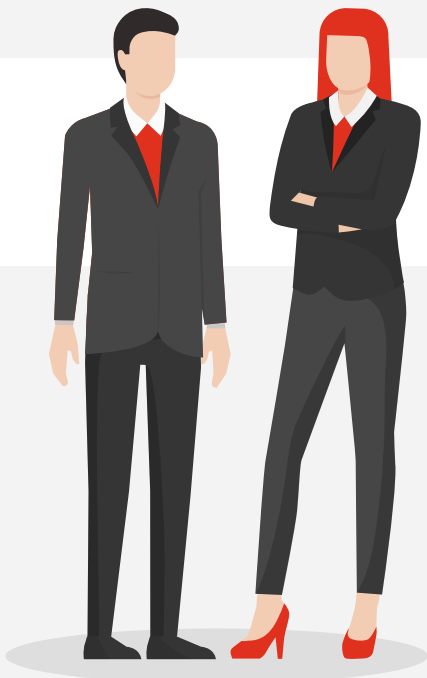


Directly migrating to SAP S/4HANA can be a lengthy and expensive endeavour, often fraught with challenges. The comprehensive nature of SAP S/4HANA means you must meticulously plan and execute the migration process in order to avoid disruptions. By starting with SAP Central Finance, you can pave the way for a more seamless, cost-effective transition to SAP S/4HANA. The phased approach also allows you to spread out the investment and effort, reducing the overall impact on your organisation.



Conclusion

If you're looking to modernise your organisation's financial systems, starting with SAP Central Finance offers a strategic and efficient pathway to SAP S/4HANA. By starting with SAP Central Finance, you can optimise working capital, harmonise your system landscape, and simplify the migration process. This all sets the stage for a successful migration to SAP S/4HANA at a later stage, and helps you deal with your tax obligations more easily.



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