

UNDERSTAND KEY WATCH OUTS AND MITIGATIONS FOR YOUR SAP S/4HANA CENTRAL FINANCE PROGRAM

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SAP S/4HANA Central Finance program a digital transformation in Finance with S/4HANA. However, before embarking on this least disruptive option for S/4HANA adoption it is important for enterprises to gain a good understanding of some of the key watch outs, challenges, product nuances and current limitations of the Central Finance (CFIN) solution. These would enable them to prepare a future proofed plan of the project timeline, scope, solution and roadmap. In this blog I have captured some of these key learnings and challenges along with potential mitigations based on our CFIN client implementation and Proof Of Concept (POC) experiences. I will classify these experiences and learnings based on primary four categories below:

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I. Project Plan and Approach

II. Solution Architecture

III. Product Issues

IV. Skills and Resources

I. Project Plan and Approach

- CFIN should always be planned as an interim or medium term solution in the roadmap for transformation to a single Finance instance with S/4HANA. Also in the long term the S/4HANA CFIN instance can be leveraged to build and deploy a global template for Finance transaction processing in S/4HANA
- Harmonized and optimized enterprise structure and master data design are key foundation for a scalable CFIN solution. Sufficient time needs to be provisioned during design phase of CFIN for these activities.
- Co-deployment of CFIN and Global template build introduces dependencies and additional complexities which need to be considered while preparing the project plan.
- Realization of non-standard functionalities in CFIN is development heavy and scope needs to be tightly managed. Also extensive involvement from SAP for product support needs to be planned for such non standard functionalities
- SLT (System Landscape Transformation) does not support all non-SAP databases for real time replication to CFIN system. Hence a POC is recommended at a early stage of CFIN program to evaluate alternate tools like BODS (Data Services)/Web methods etc. to be used for replication of documents from non-SAP source systems/databases, not supported by SLT, to CFIN system

II. Solution Architecture

- Based on the current product features in S/4HANA 1610 Enterprise Management (EM), CFIN solution can primarily be leveraged for below functions:
 - o Enterprise level financial reporting at a detailed line item level for heterogeneous landscapes

o Centralized group wide reporting and monitoring functions like credit management, financial planning, financial consolidation etc.

It cannot be leveraged for centralized transaction processing scenarios like Centralized Invoice Processing, Central Period End Closing, and Central Asset Accounting etc. in a distributed Finance landscape. Primary reason being there are no reverse postings possible from CFIN system to source systems. Also a open item replicated from source system to CFIN system cannot be used in subsequent follow up transactions like Invoice, Clearing, Payment etc. in the CFIN system. This is planned in subsequent release of S/4HANA EM

- Finance Enterprise structure elements (company code, controlling area, operating concern etc.) should be optimized, harmonized and finalized at the start of a CFIN program. This would avoid a lot of rework at later stages of a finance transformation journey

- Since primary benefit of CFIN is integrated financial reporting for a heterogeneous landscape decision on the reporting framework and structures as per statutory and management requirements, needs to be done at a early stage of the CFIN design phase

- Design decisions on key Finance foundational elements like Document splitting, Parallel ledgers, Account Based COPA etc. needs to be taken during CFIN design phase. Most of these design decisions are irreversible and hence need to be taken after a detailed analysis, since a lot of complexity and efforts are involved for any retrospective change in future.

- Guiding principles for master data transformation and cleansing to be defined at early stage of CFIN program. CFIN solution with MDG (Master Data Governance) should be leveraged for harmonizing Finance master data objects like profit centers, cost centers, Chart Of Accounts from decentralized systems. This will avoid the added complexity and cost involved in harmonization of master data in a later stage of a Finance transformation program

- Fixed asset postings from source system can only be replicated to a General Ledger account in CFIN system and not to Asset sub ledger. Due to this asset based reporting is not possible in CFIN and needs to be considered while finalizing the solution design

- With multiple OSS notes being released every month by SAP on CFIN, upgrade of the target CFIN and source systems to the latest service pack or installation of latest version of OSS notes is must.

- Data migration strategy for historical data load should be restricted to only GL balances and not line items since the initial load of FI documents in CFIN system is not triggered through SLT but via RFC to source systems. Line items load could result in performance issues in such a situation

III. Product Challenges

- SLT does not support out of box Master data replication from source to CFIN systems.

Recommended to evaluate other tools like BODS (Data Services) for master data replication with additional developments

- Replication of project data (WBS elements) and is not supported out of box. Custom development required in SLT and S/4HANA CFIN system for replication of these objects on a real-time basis

- Challenges in out of box replication and transformation of Costing based COPA data from source systems to Account based COPA in target CFIN system. Custom enhancements required to support replication of Costing Based COPA documents from source to Account Based COPA in target CFIN system

- Replication of documents without document splitting activated in source system to New GL with document splitting in target CFIN systems is not supported out of the box and requires

complex custom development

- Although standard reconciliation reports have been introduced for CFIN in S/4HANA 1610 EM, based on our experience these are not robust and user friendly. Also these do not support source non SAP systems. Infosys proprietary reconciliation tools can be leveraged for improved auditability and traceability in CFIN
- Lack of data validation and integrity check for business mapping maintained in MDG. If certain data (e.g. UoM) is not created in CFIN system but mapped in MDG, document is still successfully replicated in CFIN system without giving any error.
- GL open items from open item managed GL accounts are not replicated as line items during initial load. This is a product gap which was corrected by SAP through a customer specific OSS note
- Replication of reversals and clearings of documents where original document is missing is not supported out of box in CFIN. SAP product support required to resolve this issue or manual workaround required to manage these postings during balances take over

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IV. Skills and Resources

- With new scenarios and features being added continuously by SAP in CFIN and with not many enterprise level customers as early adopters, it is very important to leverage SAP Customer care, Value assurance and other services from SAP throughout a CFIN program for rapid resolution of product issues
- Adequate representation required from Business and internal IS in early phase of the project to support organizational design and learn the new technologies and solutions. This will mitigate the risk associated with change management at a later stage
- The required technical skillsets within IS in niche areas such as BODS (Data Services), MDG (Master Data Governance), SLT (System Landscape Transformation), Fiori, embedded BI reporting, HANA CDS view design etc. need to be identified and provisioned upfront in a CFIN program