
BENCHMARK REPORT

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SAP S/4HANA FINANCE AND CENTRAL FINANCE: STATE OF THE MARKET 2024



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Executive Summary

Insider Perspective

“The challenge keeping us from moving to SAP S/4HANA Finance is upskilling our team for SAP S/4HANA and cloud technologies. Even so, we are kicking off an SAP S/4HANA phase zero to start the process.”

– IT PROFESSIONAL WORKING FOR A NORTH AMERICAN OIL & GAS COMPANY

AS THE GLOBAL economic climate grows more unsteady, finance and accounting teams are facing more challenges than ever. However, these professionals are armed with an ever-increasing arsenal of tools to help their businesses run more efficiently and plan more effectively — largely through their deployments of SAP S/4HANA Finance.

SAPinsider surveyed 155 members of the broader SAP finance community between March and May of 2024 to get a better understanding of the business priorities and challenges that organizations contend with as they enable their SAP S/4HANA Finance deployments. The survey also sought to understand the goals that companies hope to achieve.

The research found that the main goal organizations have for the deployment of Central Finance is application and system consolidation. This represents a shift from 2023, in which a larger share of organizations aimed to utilize Central Finance as a means of transforming their business model to support digital innovation.

Nearly half of all organizations that are moving to SAP S/4HANA Finance said they plan to do so because of the demand for improved reporting, planning, and insights from their finance and accounting teams — by far the most significant factor influencing that decision for the third straight year.

This continues a trend of finance leaders shifting from back-office roles to influencing the higher-level strategy within their organizations. In these functions, finance and accounting professional must have access to accurate, real-time information as part of the data-driven decision-making process.

However, many finance professionals still do not have the ability to access specialized tools to gather, access, and visualize this data. Data-driven financial processes such as financial reporting and dashboards, group reporting and inter-company reconciliation, and financial planning and analysis (FP&A), represent major areas of planned investment for those who participated in the survey (**Figure 1**).

Organizations are also emphasizing the importance of core financial functions like the financial close, payment processing, procure to pay, and tax automation. With the move to SAP S/4HANA, companies have the opportunity to update and overhaul their workflows, stripping away outdated methodologies ahead of the migration and streamlining these essential workflows.

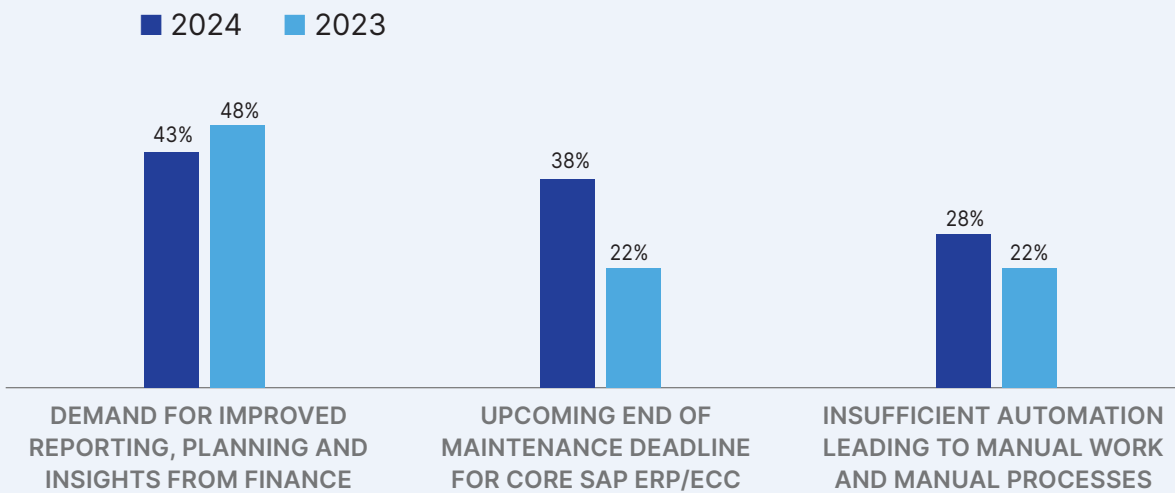
SAPinsider's SAP S/4HANA Finance research for 2024 revealed several key trends within finance teams across all different types of respondent organizations:

- SAPinsiders lean more towards using a brownfield approach (49%) to migrate to SAP S/4HANA, converting their existing system without having to re-implement or disrupt existing business processes. Just 29% of organizations surveyed plan to use a greenfield, or

new system implementation. Just over 12% of respondents still do not have any plans to move to SAP S/4HANA.

- The most common driver impacting how organizations approach their SAP S/4HANA Finance strategy is the demand for improved reporting, planning, and insights from finance (44%). This is the top driver for the third straight year, with the share of respondents highlighting this selection increasing from 38% in 2023.
- In order to address drivers like the demand for improved reporting, over one-third of companies plan to simplify their financial landscape (39%) and improve the harmonization of their master and transactional data (35%).
- A significant majority (83%) of respondent organizations view cleansed and harmonized master data as either important or very important to support their business priorities. A clean core is essential for effectively deploying advanced analytics and AI.
- Over half of respondents said that their organization is in the process of evaluating AI-based financial applications (57%) and automated financial close solutions (55%). Finance and technology executives are realizing these

Figure 1: Top Drivers of SAP S/4HANA Finance Adoption



technologies are maturing and can be used to address specific business needs when deployed in the correct context.

REQUIRED ACTIONS

Based on the survey responses, organizations should make the following plans around their SAP S/4HANA Finance strategies:

- **Build a business case for moving to SAP S/4HANA Finance.** More than half of companies who have not yet begun their move to SAP S/4HANA Finance (57%) cited competing priorities as a challenge preventing them from enacting the digital transformation. Finance executives should be prepared to demonstrate the value and potential ROI that SAP S/4HANA and its enhanced capabilities can offer to their organization.
- **Leverage the cloud to bolster planning possibilities.** Many survey respondents noted that their organization is keen to leverage FP&A going forward. Companies need the ability to lay out and enact plans that are driven by data-based insights. SAP Analytics Cloud offers users a platform to improve their planning capabilities with predictive technologies, scenario simulations, workflows, multi-model support, and built-in financial intelligence.
- **Break down silos and soothe pain points with intuitive dashboards.** Many organizations signaled that they have a need to streamline the overall financial reporting process. One of the most common and most effective methods used by SAP organizations is a user-intuitive dashboard such as SAP Fiori. These solutions can help ease reporting and reconciliation pain points by helping users understand their requirements through visualized goals.

Insider Perspective

“We are planning to do a deployment of SAP Central Finance with a Greenfield approach. This will be a better option for our organization, as our financial operations can be measured in SAP S/4HANA and a clean slate implementation allows us to re-engineer our current processes.”

**– IT SPECIALIST IN THE
FINANCIAL SERVICES &
INSURANCE INDUSTRY**



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CHAPTER ONE

SAP S/4HANA Finance Overview

As companies seek to operate in a more efficient and data-driven manner, SAP S/4HANA Finance helps drive real-time insights into finance and operations. It also aims to streamline processes and systems to reduce complexity.

To make the most of their investment in SAP S/4HANA Finance, companies should stay on top of the constantly-evolving ecosystem of new technological solutions and trends. In this section, we will review some of the key drivers and subsequent actions taken across the SAPinsider finance community.

BEST PRACTICES MODEL — DART

SAPinsider grounds all its research insights in our proprietary DART model. This research model provides practical insights that connect business Drivers and Actions to supporting Requirements and Technologies. Drivers represent internal and

external pressures that shape organizational direction. Organizations take Actions to address those Drivers. They need certain people, processes, and capabilities as Requirements for those strategies to succeed. Finally, they need enabling Technologies to fulfill their Requirements.

To support SAP S/4HANA deployment for finance strategies, there are several requirements that our survey respondents indicated that they needed. These include clean and harmonized master data, the Universal Journal to act as a single point of truth for financial data, end-to-end cash management processing and visibility, and more flexible billing and revenue management. Respondents also use or plan to use a wide range of SAP and non-SAP partner tools and technologies to enable these requirements.

Respondents' answers to our survey and interview questions revealed clear trends that are summarized on the next page and will be examined throughout this report.



DRIVERS

- Demand for improved reporting, planning and insights from finance (44%)
- Upcoming end of maintenance deadline for core SAP ERP/ECC (38%)
- Insufficient automation leading to manual work and manual processes (25%)



ACTIONS

- Improve record-to-report and closing processes (41%)
- Simplify our financial system landscape (39%)
- Improve harmonization of master and transactional data (35%)
- Increase real-time visibility into finance and operations (33%)



REQUIREMENTS

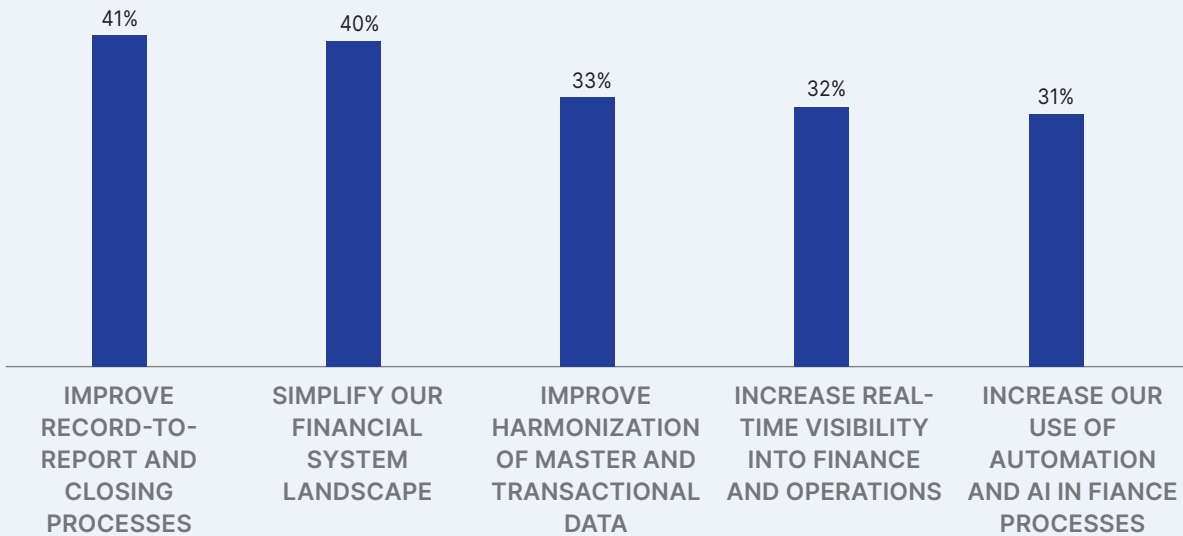
- Clean and harmonized master data (83%)
- Efficient preprocessing and mapping of master data (77%)
- Universal Journal (single point of truth for financial data) (72%)
- Suite of automation capabilities (70%)
- End-to-end cash management processing and visibility (69%)



TECHNOLOGIES

- Banking integration software (33 percent)
- Payment processing solutions (29 percent)
- Cash and treasury management (26 percent)
- Billing and revenue management (23 percent)
- Tax and Indirect tax management solutions (20 percent)
- Cloud-based reporting and analytics solutions (17 percent)
- Group reporting and consolidation solutions (17 percent)
- Cloud based FP&A solutions (15 percent)
- Automated financial close solutions (15 percent)
- Cloud-based profitability and performance management (10 percent)
- AI-based financial applications (9 percent)

Figure 2: Top Actions Taken to Support SAP S/4HANA Finance Strategies



WHAT DRIVES SAP S/4HANA FINANCE STRATEGIC PRIORITIES?

For the third consecutive year, the demand for improved reporting, planning, and insights from finance (44%) was the most common driver of SAP S/4HANA Finance strategic priorities. Companies can utilize SAP S/4HANA Finance to break down silos and offer visibility to all members of an organization. It can also provide real-time reporting and drive data-based decision-making throughout all different teams within the organization.

Also like 2023, the second-leading driver towards SAP S/4HANA Finance is the upcoming end of maintenance deadline for core SAP ERP/ECC (38%). Organizations are still relatively evenly split on whether they are currently using SAP S/4HANA or older instances. Even some business leaders who have indicated a willingness to move to SAP S/4HANA are still being slowed by budget constraints, a lack of internal talent needed to execute the digital migration, or competing internal priorities putting other functions ahead of the move.

One driver that survey respondents cited much more frequently in 2024 as compared to the previous year was insufficient automation leading to manual work and manual processes (25%). One out of four companies wanted to move to SAP S/4HANA to be able to better leverage automation capabilities to better handle tasks like taxes, financial close, payment processing, and other essential finance functions.

HOW DO SAPinsiders ADDRESS THEIR DRIVERS?

To address the top driver of the demand for improved reporting, planning, and insights, more than one in three respondents worked to improve harmonization of master and transactional data (35%) and increase the real-time visibility into finance and operations (33%) **(Figure 2)**.

Improving data hygiene is an essential first step organizations must take to bolster their planning capabilities. Siloed, duplicated, or inaccessible data makes it nearly impossible for companies to get a complete picture of their finances and drive insights into the future. Improved data



quality allows companies to garner real-time insights into how their organization is performing and determine possibilities for optimization.

The two top actions taken of improving record-to-report and closing processes (41%) and simplifying financial system landscapes (39%) dovetails with the second top driver of the upcoming end of maintenance deadline for core SAP ERP/ECC.

Organizations make their digital transformation journey much simpler if they streamline their landscape before embarking. This allows them to get a better picture of which applications and workflows should be migrated to the new ERP, and which should be modified or removed altogether. Record-to-report and closing processes are particularly ripe for improvement, as these processes are often bogged down by manual and outdated processes like spreadsheets.

KEY TAKEAWAYS

EMBRACE INTELLIGENT PLANNING AND REPORTING TECHNOLOGIES: Finance and accounting teams are under more pressure to deliver data-driven insights to help companies run more efficiently. These teams should ensure they can provide real-time data in a user-friendly interface to enable data-driven decision making.

CONSIDER CLOUD DEPLOYMENTS TO CONTINUE INNOVATING: SAP has signaled it will leverage cloud technologies to share innovations with its user base, particularly via SAP S/4HANA. Organizations should keep this in mind when evaluating SAP S/4HANA Finance deployment options. This can also reduce the costs associated with continuing to run legacy instances of SAP after the end of maintenance deadline in 2027.

EMBRACE AUTOMATION: Automation technologies are progressing at an increasing rate, and companies that do not embrace these technologies risk being left behind. A growing share of SAPinsiders highlighted the push for automation capabilities as a major driver towards SAP S/4HANA Finance. Organizations should review their financial processes for inefficiencies and opportunities for improvement and evaluate where automated solutions can improve their efficiency.

CHAPTER TWO

How Do SAPinsiders Approach SAP S/4HANA Deployments for Finance?

Finance teams are under more pressure than ever to guide their organization, rather than just keeping score in the background. Teams may struggle to keep pace with these new responsibilities without some critical technological and structural solutions. In this section, our study will take a deeper dive into what is driving these trends and what requirements finance and accounting teams have to meet them.

TOP REQUIREMENTS TO SUPPORT ACTIONS

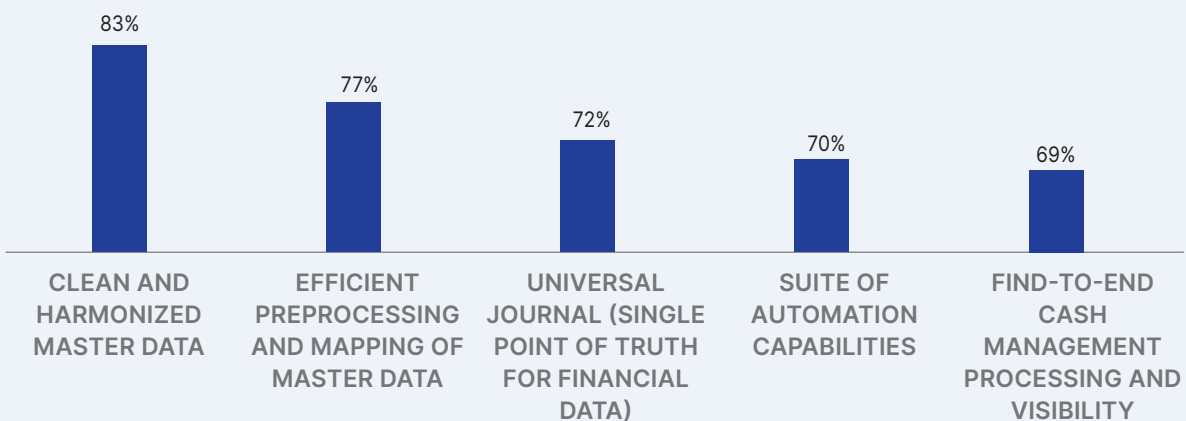
Respondents highlighted several key requirements that can help them to support the business

priorities that SAP S/4HANA Finance has enabled them to chase. As it was in 2023, clean and harmonized data ranked as the most critical requirement with 83% of respondents highlighting it as either important or very important (**Figure 3**).

This requirement directly aligns with the strategies that many organizations are using to increase real-time visibility into their finance and operations, as well as the drive to simplify the financial landscape within their SAP systems. Having a single source of truth allows all members of an organization, both in and out of the finance team, to have visibility.

The second top requirement also stayed the same as 2023, as 77% of respondents said the efficient preprocessing and mapping of master

Figure 3: Top Requirements Needed to Support SAP S/4HANA Finance Strategies



data is very important or important. This requirement also bolsters analytics and visibility capabilities throughout the organization, allowing finance teams to find and leverage important information.

Yet another data requirement remained in the top three requirements for 2024, as the Universal Journal or single point of truth for financial data was deemed to be important or very important by 72% of respondents. Having one single point of truth helps to overcome the challenges that come with siloed and scattered data.

Organizations also highlighted a suite of automation capabilities (70%) as one of the top requirements. Finance teams often struggle to keep up with their work if they are forced to rely on manual processes. This also introduces the risk of errors, such as incorrect input, duplicate data, and missed tax burden updates.

WHAT F&A TECHNOLOGIES ARE SAPINSIDERS USING?

SAPInsiders noted a rapid uptick in adoption of banking integration software. Nearly one-third (33%) of respondents said they are currently us-

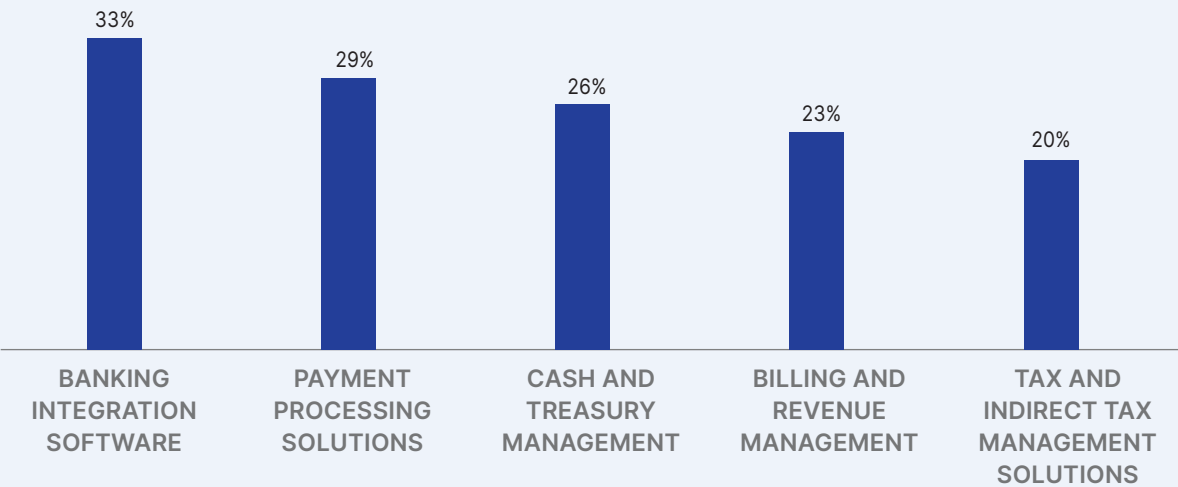
ing the technology, making it the most-commonly used finance and accounting technology for 2024 (Figure 4).

With an uncertain financial climate, companies must be able to have liquidity to accommodate shifting priorities and demands. Banking integration allows companies to process payments and monitor the status of their finances more easily. It also offers companies visibility into their liquidity, giving them enhanced agility. Beyond the 33% of organizations already using banking integration software, a further 14% are actively implementing it and 39% more said that they are evaluating it for implementation.

The top technology used in 2023 dropped to second place in 2024 — payment processing solutions (28%). This technology plays a crucial part in the strategic priorities enabled by SAP S/4HANA Finance. Companies can centralize payment processes within SAP S/4HANA Finance to align with new digital business models, as well as minimizing manual processes and boosting efficiency.

Cash and treasury management (26%) and billing and revenue management (24%) were also among the most commonly used technologies

Figure 4: Most Common Technologies Used to Support SAP S/4HANA Finance Strategies



Insider Perspective

“Our organization plans to invest in both Financial Planning and Analysis and Revenue Recognition tools over the next two years, as these are the areas that our F&A team is actively evaluating. Our organization grows annually and we need to keep up with these demands.”

– HR SOFTWARE AND TECHNOLOGY SPECIALIST

for finance and accounting teams. These business functions continue to prioritize automation and visibility within their core financial processes. SAP S/4HANA helps them meet these priorities.

There are also more advanced solutions on the horizon. Over half of respondents said they are evaluating the use of AI-based financial applications (57%), though just 8% of respondents have them currently in use. AI holds the promise of delivering intelligent insights and driving improved decision-making.

Automated financial close solutions are also being evaluated by 55% of respondents. Many financial close workflows still rely on manual inputs, spreadsheets, and emails. This introduces the risk of errors and slows down financial close workflows. As the technology and price point for these solutions becomes more viable, companies are increasingly looking into automating their financial close workflows.

KEY TAKEAWAYS

ENSURE DATA IS READY TO BE LEVERAGED: The top requirements SAPinsiders highlighted all had to do with data. Finance and accounting teams need cleansed, real-time data to provide insights to decision-makers and stay up to date with shifting market forces.

PRIORITIZE LIQUIDITY AND VISIBILITY: While real-time data is important, it is of limited value if companies cannot act based on the information they have. Organizations are increasingly implementing solutions to help them manage their cash and payments in a more streamlined and intelligent way.

EMBRACE AI AND AUTOMATION: Though few respondents are currently using AI or automation within their current finance workflows. However, adoption is growing and more companies are evaluating these technologies to find a business case to deploy them within their own finance and accounting departments.



CHAPTER THREE

SAP S/4HANA Finance Adoption Trends

Our findings indicate that adoption for SAP S/4HANA Finance has stagnated over the last year. The share of survey respondents currently implementing SAP S/4HANA Finance increased from 17% in 2023 to 23% in 2024, yet the percentage of respondents who said they are already using it actually decreased from 26% to 23%.

This is not because users are abandoning SAP S/4HANA Finance, rather the respondent pool shifts and evolves year over year. However, this does indicate that SAP S/4HANA Finance adoption is struggling to gain momentum. For the fourth straight year of conducting this survey, more respondents are currently in the evaluation phase (39%) than any other part of the process. Additionally, the 2023 survey saw signs of slowing adoption, with just 8% of respondents run-

ning pilot programs in 2023, as compared to 15% in 2022.

Digital migrations of financial processes can be time-consuming, expensive, and intimidating to take on. With so many other priorities, many companies simply choose to put off adoption of SAP S/4HANA Finance, as the end of maintenance deadline is still years away.

Once again, competing priorities (54%) was the top barrier that respondents listed as the reason they had yet to move to SAP S/4HANA Finance. This response often underscores global economic uncertainty, as concerns about geopolitical instability, inflation, and other concerns prevent companies from embarking on any financially significant, long-term projects.

Another top barrier was also economic — 35% of respondents said they simply did not

have the funding to make the move. Whether that was due to overall budget constraints within the company or a failure to secure funding by the finance and IT teams, more than one-third of companies simply could not afford to move to SAP S/4HANA Finance the way they wanted to.

Additionally, 35% of respondents said they did not know enough about SAP S/4HANA Finance's capabilities. With so many other competing priorities within any organization, it is reasonable that finance and accounting or IT teams may not be fully versed in the capabilities that SAP S/4HANA Finance offers to them. These professionals should seek out SAP Training materials to learn how they can benefit from deploying SAP S/4HANA Finance, and which capabilities they can build a business case around, demonstrating how planning and automation can deliver ROI.

STEPS TO SUCCESS

BE PROACTIVE IN YOUR MOVE TO SAP S/4HANA FINANCE: With stagnating adoption of SAP S/4HANA Finance, companies run the risk of scrambling to meet the 2027 end of maintenance deadline. This can make it difficult for

them to fully consider their deployment options — not to mention the fact that many of the third-party deployment experts will likely be unavailable to assist in these deployments, as they may have other clients at the time. Organizations should be proactive in developing a roadmap to deploying SAP S/4HANA Finance.

PREPARE YOUR DATA TO MAKE THE MOST OF YOUR INVESTMENT: Respondents pointed out that data needs made up several of their most pressing requirements to support their SAP S/4HANA Finance strategy. With increasing pressure to deliver real-time insights, companies need clean and harmonized data to deliver accurate and timely information.

EVALUATE AUTOMATION AND AI USE CASES: One of the key selling points for SAP S/4HANA Finance is that it enables innovation. AI and automation capabilities may be the most impactful area where these innovations can be delivered. Though they are not widely used yet, leveraging AI to bolster planning and automation to reduce errors and accomplish manual tasks can increase efficiency and vastly improve finance workflows.

Methodology

Between March and May 2024, SAPinsider examined the survey responses of finance and IT professionals regarding their strategic approach to deploying SAP S/4HANA Finance. Our survey was administered to 152 members of the SAPinsider Community and generated responses from across a wide range of geographies, industries, and company sizes.

Respondents completed an online survey and provided feedback in customer interviews that questioned them on topics such as:

- In what areas does your organization plan to invest over the next 24 months?
- What are your biggest pain points when it comes to financial areas or processes?
- What is your long-term goal when it comes to simplifying your financial landscape?
- Where are you with your transition to SAP S/4HANA Finance?
- What is preventing you from moving to SAP S/4HANA Finance?

The demographics of the respondents included the following:

JOB FUNCTION	Functional areas reported by respondents include: Information Technology (53%); Finance, Accounting, Tax, GRC (31%); Manufacturing (3%); and Supply Chain, Logistics, (4%); Business development and sales (3%);
MARKET SECTOR	The survey respondents came from every major economic sector, including: Industrial & Manufacturing (29%); Retail & Distribution (18%); Public Services & Health Care (16%); Software & Technology (13%); Energy, Oil, & Gas (13%); Financial Services & Insurance (6%); Media & Entertainment (4%).
GEOGRAPHY	Of our survey respondents, 53% were from North America; 26% were from EMEA; 13% were from Asia-Pacific, Japan, and Australia; and 7% were from Latin America.

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