



White Paper

SAP ERP and OneStream – The Path to Modern Finance

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Introduction

Modernizing finance systems requires focusing on ERP (and other operational systems) and corporate performance management (CPM) systems that encompass budgeting and planning, financial close and consolidation, financial and management reporting, and analysis. While SAP has been investing heavily in its next-generation ERP system with S/4 HANA, the direction for next-generation CPM solutions is not nearly as clear and represents a more fragmented approach. Customers using SAP BPC and other legacy SAP CPM solutions have a short runway of support ahead – and in the next 5 years, they face a major decision: invest in SAP’s HANA-based CPM solutions OR consider other non-SAP options.

Many SAP customers have already evaluated their options, and more than 100 SAP ERP customers have chosen OneStream as the proven, better alternative to legacy CPM solutions from SAP, Oracle/Hyperion, IBM Cognos and others. These customers discovered that OneStream integrates seamlessly with SAP R/3, ECC, BW and S/4 HANA and provides a modern, unified CPM platform that offers a powerful bridge to the future – even for customers considering an eventual upgrade to S/4 HANA.

ERP and CPM – Key Pillars of Finance Transformation

Transforming finance processes and modernizing finance systems are key initiatives for many organizations. These initiatives should include operational systems – such as ERP, CRM, HCM and Supply Chain – to support operational excellence. Moreover, the need for better, faster management decision-making is driving modernization of CPM applications. Modern CPM solutions support effective planning, consolidation, reporting and analytics across systems and departments – in one unified platform that supports faster and more confident decision-making. This approach is essential for driving management excellence in today’s rapidly changing business environment.



Figure 1. CPM Supports Management Processes

Achieving management excellence requires a unified CPM platform that simplifies and aligns the key CPM processes into a continuous management cycle of goal-setting, planning, consolidation, reporting and analysis (Figure 1). The platform needs to integrate data from multiple sources – ERP, CRM, HCM, Supply Chain and other sources – to create a single version of the truth and the ability to seamlessly drill all the way back into those source systems to support faster and more informed decision-making and streamlined processes.

Operational transaction systems are typically focused on supporting specific processes – run by managers and staff at various subsidiaries, divisions and locations – so these systems tend to be more fragmented in nature. For CPM processes such as financial consolidation, financial reporting, management reporting, planning, forecasting and analysis – the market has been shifting from point solutions to unified platforms that integrate data from multiple operational systems, enable streamlined processes and deliver real-time management insights across these processes.

The inherent complexities related to CPM processes (see Figure 2) not only make it difficult for organizations to integrate disparate CPM solutions and models but also severely limit their ability to continuously improve the value of these processes and the business insights that finance can deliver to the organization.

Requirement	Complexity
Integrates data from multiple data sources and formats	Multiple GL/ERPs with different charts of accounts and hierarchies, operational metrics from HCM, CRM and other systems. Supplemental data that exists in spreadsheets and other documents.
Ensures data quality	Requires mapping of dynamically changing data from source systems to the CPM platform, error checks, validations, confirmations and certifications by senior executives.
Provides a single version of the truth	Actuals, budgets, forecasts, metrics, statistics and textual commentary that can vary in level of detail between corporate, major subsidiaries and departments. The flexibility to use the same data to address a multitude of business needs without replication.
Supports interconnected management processes	Connected financial consolidation, financial and management reporting, strategic planning, financial budgeting, sales and operational planning, forecasting, customer and product profitability analysis, account reconciliations, tax provisioning, and more are all interconnected in the same application rather than separate linked applications for each process.

Improves agility	Due to the dynamic nature of business, a high level of flexibility is needed to enable rapid data collection, analysis and dissemination, and to support driver-based planning, rolling forecasts and other techniques across the enterprise.
Provides advanced security	With highly confidential and strategic data being collected, processed and disseminated across the enterprise, very granular security is required to limit access based on roles and responsibilities, span of control, and review and approval requirements.
Includes powerful controls and audit trails	Due to external compliance requirements and internal corporate governance guidelines, the CPM platform needs to provide complete control over who can review, approve or update data, and detailed audit trails documenting all changes made to data and metadata, from initial load to final reporting.
Delivers a broad range of reporting and analysis tools	Need to support the different requirements of senior executives, power users, analysts and line managers. This typically includes production reporting, financial statements, management reports, dashboards, presentations, briefing books and ad-hoc analysis at differing levels of detail.
Provides extensibility	In order to support new requirements and requests across the enterprise, the platform should support the rapid creation of new applications, views of data and reports without implementing new products or technologies.

Figure 2. CPM Critical Requirements

The fragmented approach taken by legacy CPM 1.0 vendors such as SAP, Oracle/Hyperion and IBM have limited the ability of finance organizations to execute effective CPM processes. These disconnected application architectures force finance organizations to spend most of their time managing multiple products, integrating data from source systems and moving data between CPM products instead of analyzing data and supporting decision-making (Figure 3).

CPM 1.0 – Application & Product Silos

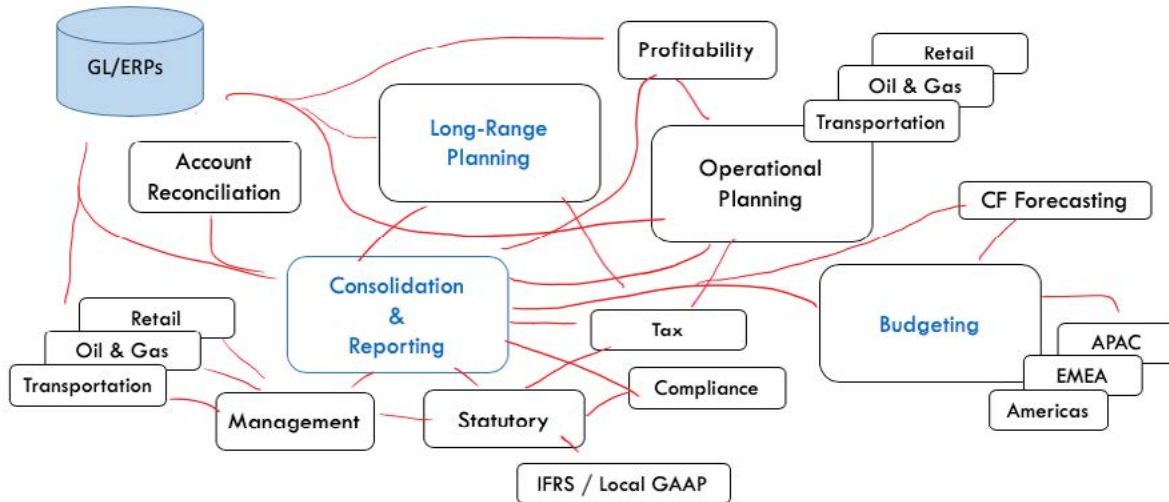


Figure 3. CPM 1.0 Fragmented Products

While many organizations have tried standardizing on a single ERP system to manage all their financial and operational processes, few have achieved this goal. The more common case involves deployment and support of multiple ERP systems across various divisions and locations, either from the same software vendor or multiple vendors, such as SAP, Oracle, Microsoft, Infor, NetSuite and others.

SAP, Oracle and other ERP vendors have proposed that customers adopt a set of CPM applications that are closely tied to their ERP systems, but more commonly, most organizations prefer to implement and support independent CPM applications. The reasons for this approach include the need to integrate data from multiple ERPs and other data sources, and the preference for best of breed applications that are more flexible and can address specific organizational requirements.

In fact, in a 2018 BPM Partners survey (Figure 4), 73% of respondents indicated acquiring their BPM/CPM solution from an independent vendor, while only 20% indicated acquiring it from their ERP vendor.

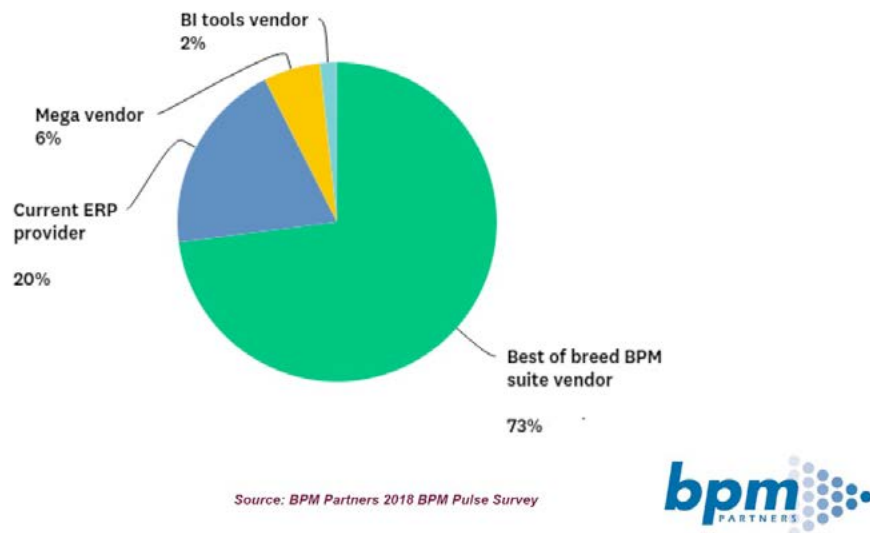


Figure 4. BPM Partners 2018 Pulse Survey

SAP’s ERP and CPM Products

Let’s look at SAP’s historic and future strategy for its ERP and CPM, now called EPM, applications. On the ERP front, SAP R/3 (also known as ECC) has been in the market since 1992 and is used by over 20,000 organizations. However, in 2015, SAP launched its next-generation ERP solution, S/4 HANA, and is now encouraging customers to migrate to this platform. SAP S/4 HANA is built on SAP’s in-memory, columnar database platform and is designed to run either on-premise or in the cloud. As of mid-2018, an estimated 1,500 companies have gone live on S/4 HANA.

On the CPM side, SAP has had a fragmented set of solutions based on several acquisitions. It currently offers the following solutions:

- **Consolidation:** SAP BusinessObjects Financial Consolidation (BFC – acquired from Cartesis)
- **Reporting/Disclosures:** SAP BusinessObjects Disclosure Management (acquired from Cartesis)
- **Planning:** SAP Business Planning and Consolidation (BPC – acquired from OutlookSoft)
- **Profitability:** SAP BusinessObjects Profitability and Cost Management (former Cartesis product)
- **Account Reconciliations:** Blackline (recommended partner solution)

None of these products were designed to look the same, work together or share data. And to make the CPM picture even more complicated, there are four different versions of SAP BPC in the market:

- SAP BPC 10 Microsoft
- SAP BPC 11 NetWeaver Standard
- SAP BPC 11 Embedded on HANA
- SAP BPC 11 Optimized for S/4 HANA

In addition, SAP has recently introduced SAP Analytics Cloud (SAC) – a newer planning and analytics cloud offering – and SAP Group Reporting – a rebuilt version of its 2002 BCS consolidation and reporting product for S/4 HANA.

SAP's Cloud EPM Roadmap – Late and Fragmented

The question on many SAP customers' minds is, what's the roadmap for all these SAP CPM applications, and what is the strategic direction for existing customers?

At its 2018 Sapphire conference, SAP announced it will be winding down maintenance and support for SAP BPC and BFC starting in 2024. Its vision for CPM (or EPM) seems to be a combination of the new Group Reporting product for consolidations and SAP Analytics Cloud (SAC) for planning and budgeting.

SAP Group Reporting and Analytics Cloud for Planning require that customers move to S/4 HANA Cloud for their ERP. And because SAP Analytics Cloud is not as mature as SAP BPC, SAP proposes a “hybrid” strategy during the transition – where on-premise BPC customers use the existing BPC product in conjunction with Analytics Cloud, until the functionality matures to the same level as BPC. This vague product strategy is one reason many SAP customers are evaluating other CPM or EPM options in addition to the path recommended by SAP.

Below is the list of products SAP positions as strategic for EPM:

- **Financial Consolidation & Reporting:** SAP S/4 HANA Group Reporting
- **Operational Planning & Analysis:** SAP Analytics Cloud
- **Financial Budgeting & Planning:** SAP BPC (on-premise)
- **Reporting & Disclosures:** SAP Disclosure Management
- **Account Reconciliations:** Blackline (recommended partner solution)

This results in several issues for SAP BPC customers:

1. Innovation of SAP BPC has halted, and support will end in 2024.
2. Customers will need to migrate to SAP Planning Analytics Cloud and/or SAP Group Reporting, which is virtually a complete reimplement. That means it will be costly and disruptive.
3. SAP's strategy for CPM remains fragmented with separate applications for planning and consolidation that must be integrated (i.e., Group Reporting and SAC).
4. SAP Group Reporting is based on the expectation of a complete S/4 HANA finance environment, so extra work and customizations will be required to integrate data from other GL/ERP systems or instances.

What are the alternatives for SAP BPC customers or those using other legacy EPM applications? There are basically three alternatives:

1. Stay the course with current products – no innovation and declining or expiring support.
2. Migrate to new SAP EPM solutions – which requires a full reimplement to unproven, immature and fragmented solutions that may deliver less functionality than current solutions.
3. Move to an alternative CPM platform that integrates well into an SAP environment and provides a clear strategy for the future.

OneStream for SAP Customers

OneStream is the proven alternative to legacy CPM applications, and hundreds of organizations have made the leap from SAP BPC, Oracle/Hyperion, IBM Cognos and other legacy applications – and are very happy with their decision.

The OneStream XF SmartCPM™ platform (XF stands for extensible finance) unifies and simplifies financial consolidation, planning, reporting, analytics and financial data quality for sophisticated organizations.

Deployed via the cloud or on-premise, OneStream provides customers with a choice regarding their deployment model. Customers can deploy OneStream in the cloud today, or deploy the platform on-premise, then migrate to the cloud when they're ready – in just a few hours.

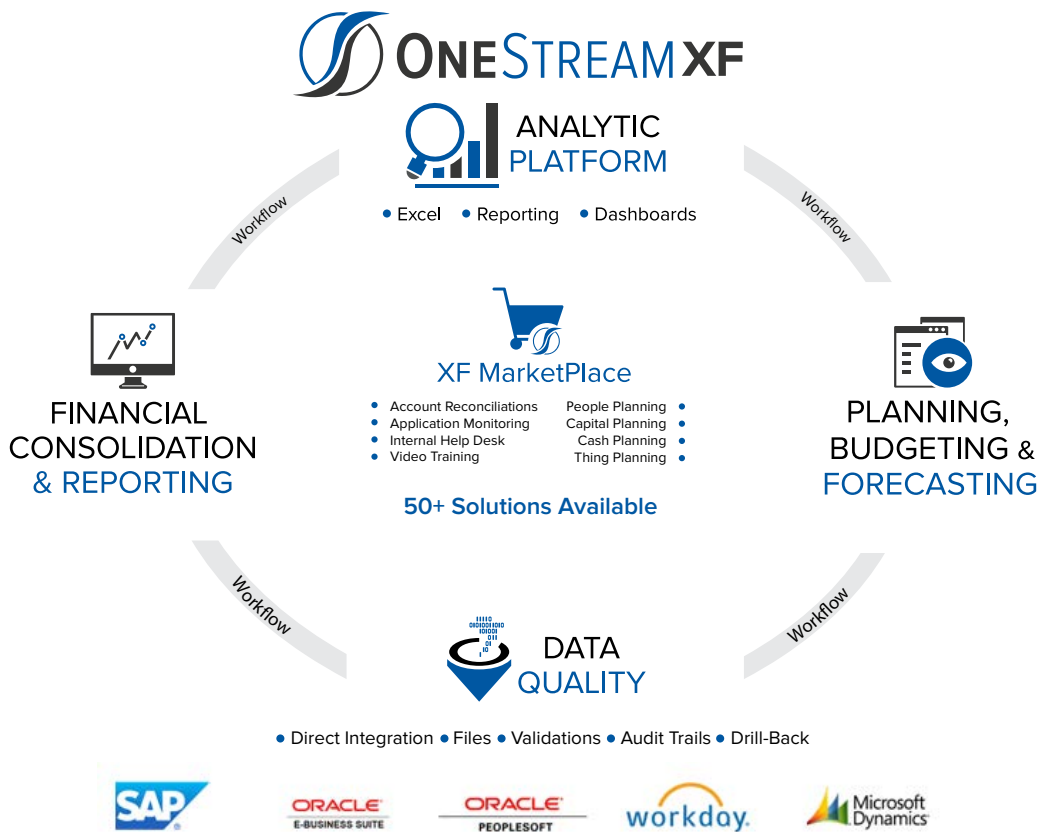


Figure 5. OneStream’s Unified, SmartCPM™ Platform

Through its integrated Financial Data Quality engine (Figure 5), OneStream provides seamless integration with multiple ERP, HCM, data warehouses and other systems. This includes SAP R/3, ECC, BW and S/4 HANA with drill-through capabilities to transactional details. Most of OneStream’s SAP clients say OneStream integrates with SAP ERP better and easier than SAP’s CPM solutions integrate with SAP.

Over 100 SAP ERP customers use OneStream’s SmartCPM™ platform, and it can provide a powerful bridge platform (Figure 6) for customers considering a conversion from R/3 or ECC to S/4 HANA. Because OneStream can integrate with and map disparate data sources and charts of accounts, it provides a consistent platform for financial consolidation, reporting, planning and analysis – before, during and after a multi-year migration to S/4 HANA. It also addresses the ongoing challenge that many organizations face in integrating data from non-SAP systems that will inevitably exist at subsidiaries or acquired companies.



Figure 6. OneStream – Bridge to the Future

OneStream Delivers Value for SAP ERP Customers

SAP ERP customers who have implemented OneStream’s unified, SmartCPM platform are achieving many benefits. Here are just some of the benefits they enjoy:

Reduces the time, effort and cost of maintaining legacy applications

- Replaces multiple legacy systems with a unified application
- Reduces costs of ownership and upgrades, reduces risks and integration points across systems
- Shifts finance staff time from admin to value-added analysis

Streamlines/simplifies financial close, consolidation and reporting

- Quickly collects, validates and integrates data from financial and operational systems, enables drill-through to transactional details
- Automates manual steps in the financial close/consolidation process
- Supports for complex global consolidation and reporting requirements

Improves agility in budgeting, planning and forecasting

- Aligns BP&F with financial close and actual reporting
- Links corporate plans and forecasts to more detailed operating plans
- Supports more agile planning, such as rolling forecasts and driver-based plans

Accelerates delivery of new applications and business insights

- Unified platform enables standardization and reuse across the enterprise, higher ROI
- Extensibility supports rapid creation of new solutions
- XF MarketPlace enables deployment of new applications quickly and enables rapid update with new features
- Pre-built solutions accelerate business insights and enhance decision-making
- Domain experts can quickly deliver new solutions

Here are some specific examples of the value SAP customers have received from implementing OneStream.



Endo International (Endo) was using SAP ERP, JD Edwards ERP and Oracle Hyperion Financial Management (HFM) for financial consolidation and reporting, and three instances of Hyperion Planning for planning and forecasting. Because of the fragmented setup of these products, the company had different charts of accounts for actuals vs. forecasts, which made it difficult to compare results at period-end. There were lots of reconciliation issues and different levels of detail across scenarios, which created challenges in reporting.

The Endo team evaluated several solutions, including SAP BPC, Oracle’s Cloud EPM products and OneStream. Based on its unified architecture, ease of use, flexibility, and limited IT support required – Endo selected OneStream. The team also decided to implement the OneStream XF Cloud solution since this would reduce their IT support requirements.

The system was rolled out to over 100 users across HQ and 3 remote locations, spanning the US, Canada and Ireland. Data from SAP and JD Edwards ERPs are loaded into Endo’s SAP HANA data warehouse, then integrated into OneStream. OneStream allows users to drill-through from summary data back to the transaction details in the HANA data warehouse. Endo did a “big bang” implementation of OneStream for financial consolidation, reporting, annual budgeting and quarterly forecasting – replacing all its Oracle Hyperion products and Host Analytics.

“Reporting and planning processes take less time and with lower stress levels,” said Nicole Bruno, Financial Systems Manager at Endo. “OneStream has saved us a lot of time in reconciling data between systems. Pulling reports is so much easier to compare actuals vs. budgets or forecasts. The close process is more efficient, and we’re spending less time manipulating data and more time on analysis of the business.”



Evoqua Water Technologies needed to automate and standardize management and external reporting. It needed to deliver consistent results in a more controlled and auditable environment. It also required integration and visibility into detailed transactions within its data warehouse and SAP ERP, and needed to automate reconciliations between both SAP modules (GLCPA and COPA).

“Evoqua implemented OneStream XF for financial consolidation, reporting, budgeting and forecasting,” says Rahul Nanavati, Director of Financial Systems at Evoqua. “We were able to leverage the consolidation functionality to automate intercompany eliminations in all hierarchies, currency translation and cash flow reporting. We also leveraged the core budget and forecast capabilities to perform forecasts at detailed profit center and cost center levels. Management and external reporting is now standardized with executive dashboards and Guided Reporting, as well as our monthly financial reporting book.”

“By automating SAP feeds using connectors with drill-back capabilities, users can now have visibility to detailed transactions within SAP, something we simply could not accomplish in our previous environment,” says Nanavati.

Summary

Modernizing finance systems requires focus on both operational systems (ERP, HCM, CRM, etc.) and CPM systems that support effective planning, reporting and analytics across systems and departments. The majority of organizations prefer to adopt CPM solutions from best of breed vendors, as opposed to those offered by ERP software vendors.

In the near future, SAP customers will be facing a difficult choice. SAP will be dropping support for its legacy on-premise BPC solutions over the next 5 years and will encourage customers to migrate to new CPM solutions that, while built on the SAP HANA platform, are still fragmented in nature.

OneStream is the proven alternative to legacy CPM applications, and after evaluating their options, more than 100 SAP ERP customers have made the move to OneStream. Why? OneStream provides seamless integration and drill-through capabilities to SAP R/3, ECC, BW and S/4 HANA, including drill-through to transactional details – for quickly answering questions and accelerating decisions. Moreover, OneStream provides a modern, unified CPM platform offered via the cloud or on-premise – and is designed to easily extend to address increasing demands without reimplementation or purchasing new applications or technologies.

If your business runs SAP ERP and you’re using SAP BPC or other legacy SAP EPM products, now is the time to prepare for the future – while you still have time to control your own destiny. For customers considering an upgrade to S/4 HANA, OneStream can act as a “bridge,” providing a consistent platform for financial consolidation, reporting, planning and analysis – before, during and after a migration to S/4 HANA.

The future is available now with OneStream. Visit www.onestreamsoftware.com, or contact your local OneStream account representative to find out more about the OneStream SmartCPM platform and how your peers have benefited from making the move to OneStream.