

The Journey to SAP S/4HANA – An Overview of Key Changes and Associated Risks

S/4HANA: What You Need to Know

S/4HANA is an innovative business suite reflecting a single source of truth with capabilities of real-time soft close and consolidation for reporting in multiple currencies and books of accounts across various platforms. It features interactive business intelligence analytics with machine learning for financial operations, and Fiori analytical apps that are aimed at creating KPIs for CxO dashboards.

Key Changes and Benefits

- Simple Finance, predefined templates and unified data models
- Real-time financials processing, enabling fast close
- Introduction of business partner for master data for vendors, customers
- Revenue recognition to meet statutory reporting requirements
- Fiori Apps introduced across mobility platforms to access frequently used transactions for viewing, reports and analytics

SAP S/4HANA Features

- Changes to chart of accounts, finance and accounting process to work effectively with S/4HANA system(s)
- Impact on security model and skills because S/4HANA security includes two additional layers around database security (HANA) and mobility/apps (Fiori)
- Compliance framework changes applicable to IT General Controls (e.g., changes in infrastructure, security settings), and configurable/automated controls
- Updates to SoD ruleset for new/removed transactions

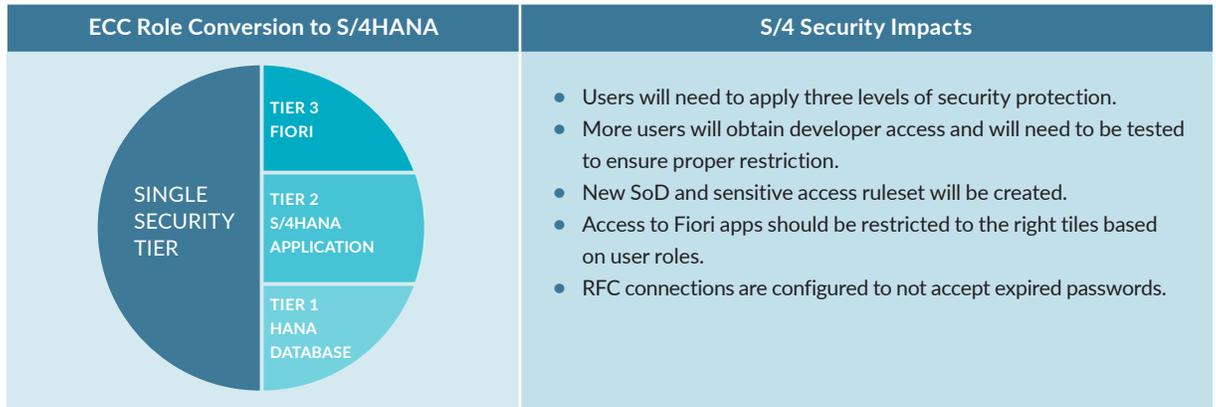
| S/4HANA Data Points |
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| Over 400M lines of reengineered ABAP code |
| 25+ automated controls have been altered or eliminated |
| 75+ new automated controls |
| 550+ Fiori applications available |
| 200+ new transactions to be considered for your ruleset |

| S/4HANA Implementation Risks | | |
|-------------------------------|-----------------------------------|---------------------------|
| Project Management/Governance | Process Design & Readiness | Business Process Controls |
| Org. Change Enablement | User Acceptance Testing | Data Conversion |
| Data Governance & Master Data | Business Intelligence & Reporting | Security & Controls |

SAP S/4HANA Implementation: Challenges

- A **comprehensive project plan** is not defined with detailed activities, target completion dates, cross work-stream dependencies or critical path
- The future end-to-end business processes are not designed, documented in detail and/or **approved by the business process owners** (BPOs)
- A comprehensive user acceptance testing (UAT) plan is not developed, including entry/exit criteria, definition of test scenarios, test steps and expected results
- There is no **defined strategy or plan for business-data validation** as an entry criteria to each test cycle, including the level of validation testing of the converted data
- **Data-quality controls for master data are not defined**, and workflow for the authoring and maintenance of master data is not developed
- Future **business reporting requirements are not signed off on** by the business owners

What are the Key S/4 HANA Security Changes?



How Protiviti Assists Compliance Organizations in S/4HANA Implementations

When implementing S/4HANA, Protiviti helps clients to bridge the gaps among internal audit, the IT organization and the CFO organization by focusing on the following key risk areas:

| | |
|--|--|
| Software Development Life Cycle (SDLC) | <ul style="list-style-type: none"> • Think big risks, including data conversion/management, reporting strategy, business-process optimization and change management. |
| Information Technology Governance Controls (ITGC) | <ul style="list-style-type: none"> • Review and define updated IT General Controls (ITGCs) and test scripts across key control domains, including logical security and change management. |
| Information Technology Automated Controls (ITAC) | <ul style="list-style-type: none"> • Build IT automated controls (ITAC) into the SAP solution design, leveraging more than 300 inherent configurable controls and 350 monitoring controls. |
| Manual Controls | <ul style="list-style-type: none"> • Review control documentation and perform limited test procedures to validate controls and document evidence. |
| Security | <ul style="list-style-type: none"> • Review designed S4 security architecture and HANA database-level privileges. • Assess key GRC system configuration, controls, SAP roles, user access and gap analysis of ruleset. |
| Data Conversion & Report Validation | <ul style="list-style-type: none"> • Review data-conversion strategy and validate process, focusing on completeness and accuracy of data being extracted, transformed and loaded into new system. |

Contacts

Toni Lastella
 Managing Director, New York
 +1.212.399.8602
toni.lastella@protiviti.com

John Harrison
 Managing Director, Houston
 +1.713.314.4996
john.harrison@protiviti.com

Carol Raimo
 Managing Director, New York
 +1.212.603.8371
carol.raimo@protiviti.com

Thomas Luick
 Managing Director, Chicago
 +1.312.476.6342
thomas.luick@protiviti.com

Aric Quinones
 Managing Director, Atlanta
 +1.404.240.8376
aric.quinones@protiviti.com

Steve Cabello
 Managing Director, Los Angeles
 +1.213.327.1470
steve.cabello@protiviti.com

Martin Nash
 Managing Director, Tampa
 +1.813.348.3374
martin.nash@protiviti.com

John Livingood
 Director, San Francisco
 +1.415.402.3682
john.livingood@protiviti.com

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