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Reinventing Finance in Retail

How SAP® modernization
can close the data value gap

Retail finance must move from reactivity to responsibility

The pandemic has forced retail to adapt hard. As giants have fallen, others have manoeuvred to fill their space. Frontline staff are deservedly credited with keeping shelves packed and people fed, but there has also been an unsung hero in the background working hard to keep businesses afloat: the finance department.

Throughout major volatility, CFOs and their teams have had to find ways to safeguard the balance sheet, reduce costs and report faster to help businesses adapt. But the finance function's role is never over. Efforts to mitigate long-term disruption are being baked into business plans. Most consumers are looking for retailers to invest in sustainable and fair solutions.[1] Responsibility and traceability have become the watchwords in supply chain and fulfilment.

All these trends mean that retail organizations are looking at Finance in a new light: as the driver of the new responsive operating model.

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The Covid ripple-effect

Despite periphery transformation (the introduction of digital channels, the adoption of Software-as-a-Service apps) the core model and rhythm of retail has been getting along fine. But the pandemic has blown open its vulnerabilities. Specifically, a lack of data—particularly timely data—has proved problematic.

Supply chain

A freeze on global movement, especially to major ports in China and Southeast Asia, resulted in goods getting stuck and supply shortages. A lack of supply chain data—and agile means to model and change supply—left some retailers with little to sell, and little explanation for their customers. Alongside knowledge of where their items are, and when they will arrive, it's expected customers will also demand supply chain data in the future to make more sustainable choices.

Demand planning

When times are unprecedented, historic data becomes useless. Seasonal patterns and their connected promotions are no longer relevant; instead, retailers need to look at real-time finance data—what is selling now. This kind of insight needs good data infrastructure: the means to combine sales data, store data, and logistical data quickly, in a usable format, to optimize allocation and promotions.

Channel mix

Global lockdowns caused a predictable surge in customers using digital channels. But digital channels involve much more than simply introducing an online store. Despite many customers retuning to stores, many will continue to use new digital channels; logistics, allocation and the placement of warehouses must be balanced to support a new blend of physical and digital channels. Again, data is needed to do this—and from across the entire value chain.
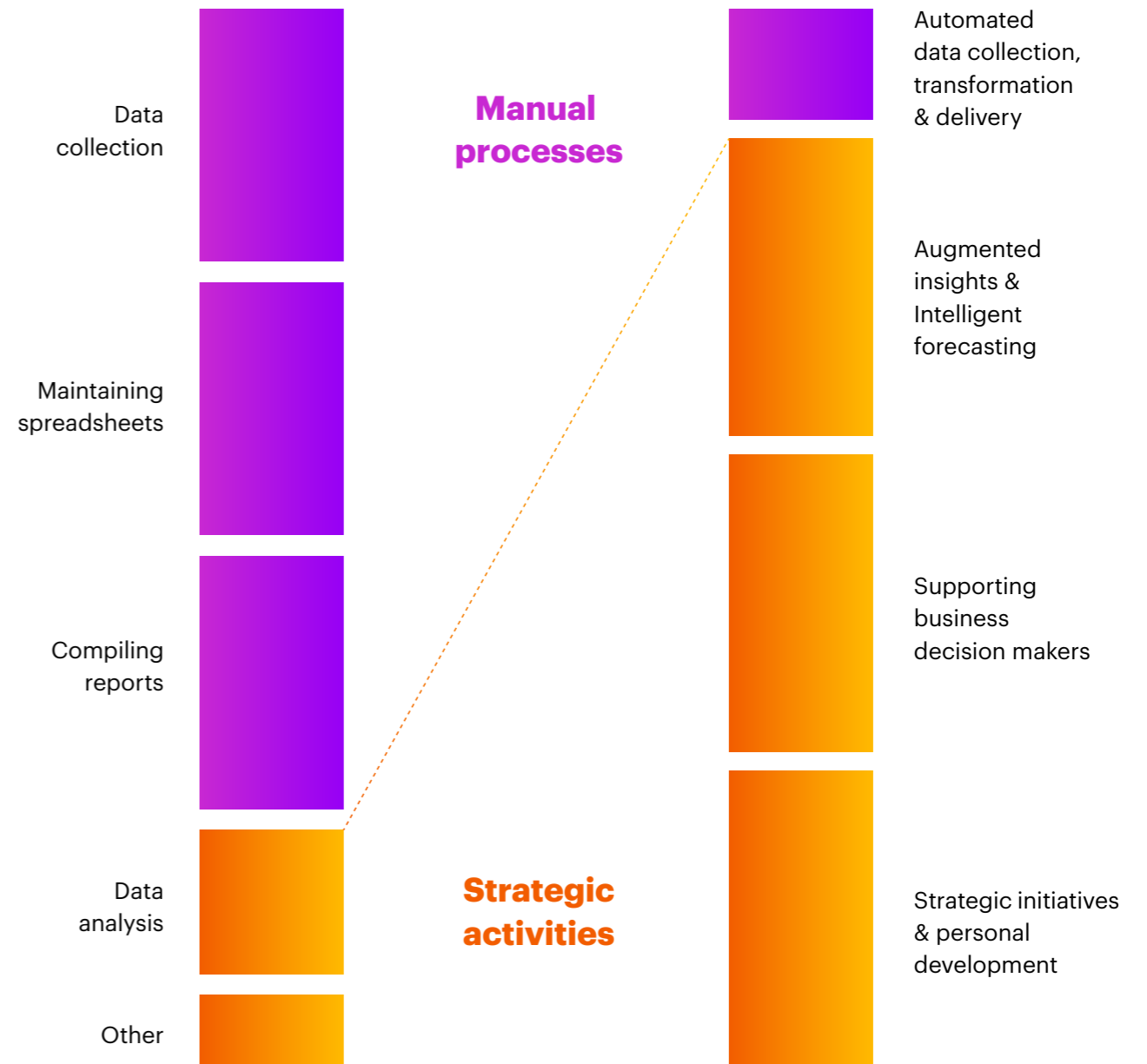
These ripples should be front of mind for retail CFOs; its breadth and position mean that the finance function has the power to both counter vulnerabilities and lead the reinvention of the operating model.

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Optimizing Finance

If Finance is to drive performance through new trends, it needs to be optimized and supported. It needs access to the right data and tools, at the right time, so that it can provide proactive backing to every part of a business.

What retailers need from Finance

- Proactive support across the business – helping every function to grow revenue, as well as preserve cash.

- Full visibility across operations – collecting data and sharing analysis to critical areas including supply chain, procurement, vendor management and more.

- Re-balancing day-to-day activities – freeing up time from process-heavy tasks to focus on more strategic activities.

- Meeting increased demands – retail operations have put a greater burden on Finance, needing analysis that can support demand planning in days instead of weeks.

- Finance as a data provider – finance can no longer operate as a black box with its own reporting. There is more need for Finance to disclose data to other business units for their own analytics.

- Fluid budgeting – COVID-19 has transformed the budgeting cycle from yearly to monthly. The budgeting process needs to become more fluid and collaborative as a result.

- Sustainability reporting – there is an increasingly significant role for Finance in sustainability reporting, including accounting that takes carbon into account as well as the bottom line.

Data collection	**Manual processes**	Automated data collection, transformation & delivery
Maintaining spreadsheets		Augmented insights & Intelligent forecasting
Compiling reports		Supporting business decision makers
Data analysis	**Strategic activities**	Strategic initiatives & personal development
Other		

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Legacy modernization is a key piece of the transformation puzzle

For needs to be met quickly, digital transformation needs to happen at an accelerated pace. Legacy systems must be modernized, so they are not stunting innovation and the speed of delivery. Siloes between solutions and systems need to be torn down, so that Finance can have an end-to-end view of the entire retail operation and tap into every part of the business.

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Transforming SAP® to cloud

SAP applications are fundamental system of record for most retail finance departments. These SAP systems hold significant data assets. But with the role of the Finance team changing, it's become time to modernize.

Why does SAP need to modernize?
The proprietary restrictive nature of SAP systems means that, previously, valuable data could only be interrogated by limited SAP native analysis tools or user-built modifications. However, the use of custom tools and settings creates data siloes over time. If different data sets are walled off from each other, it severely impedes on agility and the ability to create business-wide finance initiatives.

With the launch of SAP S/4HANA®, there is an additional time pressure. SAP will end support for its old systems in 2027. Forward-thinking retailers need to start considering their options now.

Security and performance
The choice used to be binary: invest fully in SAP or switch everything to Microsoft. And despite the restrictions SAP systems have, many businesses would be unwilling to abandon long-serving SAP applications for something new – due to the potential business disruption this could cause. In a performance-driven industry such as retail, disruption can't be tolerated.

Yet on-premises legacy systems pose a security risk that could do reputational and financial damage. Retailers hold so much data on their customers that a breach could be catastrophic, severely denting trust with their customers. As the attack on Tegut in Germany proved, when on-premises IT systems are attacked, the only solution is to switch everything off. That means everything fails – whether its supply chain logistics, stock management in stores, or customer communications. In the modern retail world, that could cause ruin.

SAP will end support for its old systems in 2027.

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Modernizing SAP systems

Modernizing SAP systems can be precisely because of the customizations created by the business over the years. These enhancements have been created with code specifically built for a legacy system which is difficult to migrate to cloud and usually needs to be rearchitected. That's an especially lengthy process when you consider most retailers will be running thousands of different custom enhancements on their SAP Systems.

Enhancements are often where a retailer gains an edge – they are the tools that their people use to be more efficient. But they rely on SAP software to run. And if their foundations aren't strong, it can cause problems down the line.
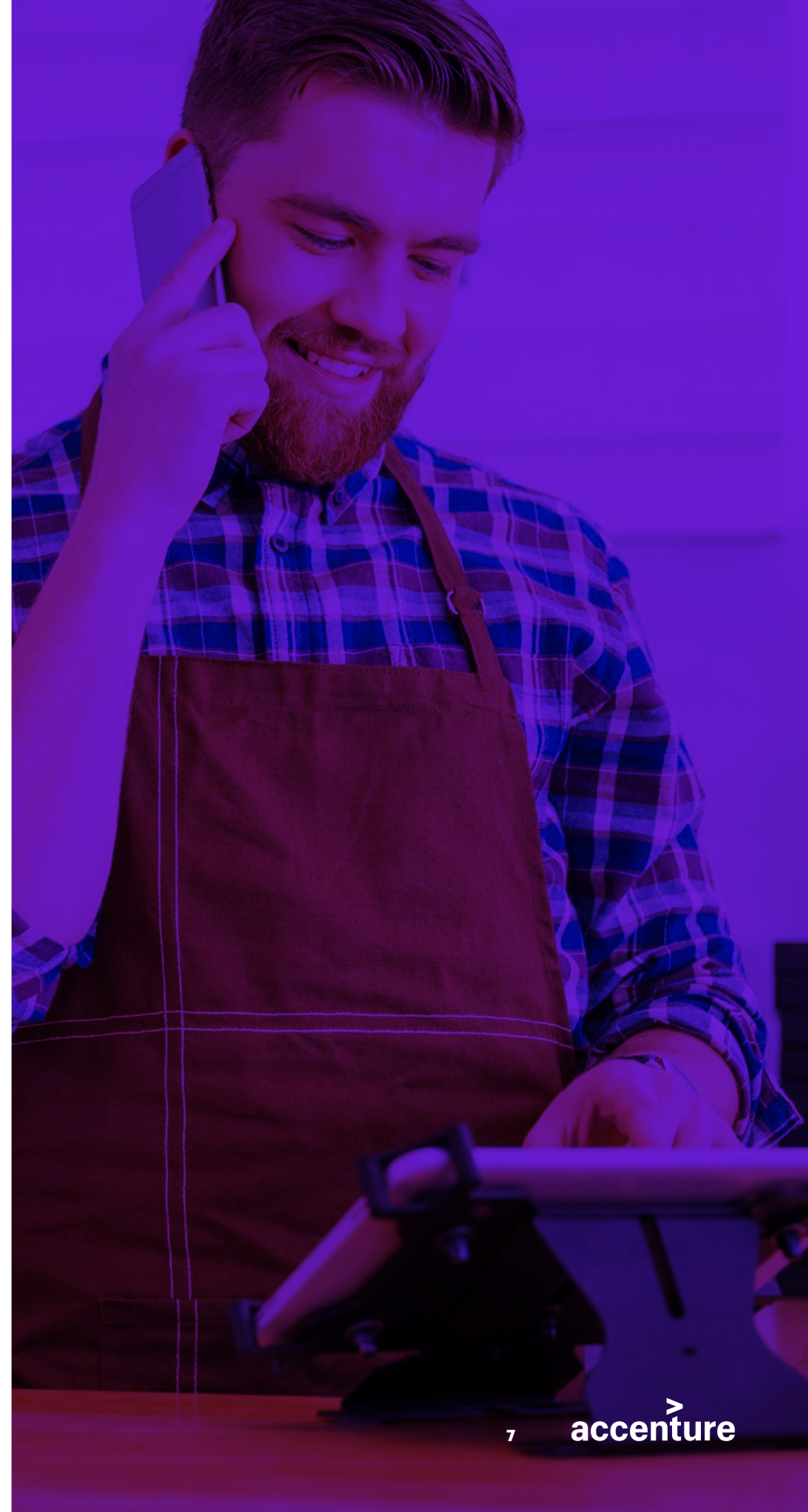
Bringing SAP software and Azure together

The world no longer has to be so black and white. The SAP and Microsoft ecosystems can exist together to unlock significant value for finance teams, without having to abandon vital tools, import incorrect code, or undertake a mass-system transformation that could cause unacceptable downtime. The solution is to achieve a **clean SAP core** – something which is done through the process of cloud extensibility.

Clean SAP core
- Remove enhancements from SAP systems to create a clean system of record
- Undertake fundamental SAP modernization without affecting the tools used every day

Cloud extensibility
- Bring enhancements and tools to the cloud without abandoning SAP
- Experiment and analyze data using cloud solutions
- Transfer results back into the SAP system – ensuring the most accurate data is available for future use

Cloud extensibility means you can use the transformative power of cloud technologies and your crucial SAP infrastructure, together.

Approaching SAP modernization in this way lets you keep tooling simple, using the SAP Business Technology Platform as much as possible and complementing it with other technologies when it makes sense.

Combining the best of both worlds

SAP benefits	Azure platform benefits
SAP S/4HANA® as digital core (or ERP as system of record)	Enterprise-grade infrastructure
Line of business solutions	Power Platform
Business Technology Platform	Productivity and platform technologies
	Data lakes, AI and machine learning, IoT

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How cloud extensibility works

Legacy Ecosystem

SAP ERP (ECC)

Custom Code Objects

SAP standard software

Legacy Ecosystem

SAP ERP (ECC)

Custom Code Objects

SAP standard software

Cloud Innovation

Cloud Extensibility

Cloud platform

Cloud apps

Data & analytics

Cloud Native Dev

Business Database (HANA)

SAP S/4HANA®

SAP S/4HANA®

Custom Code Objects

SAP standard software

Cloud Innovation

Cloud Extensibility

Cloud platform

Cloud apps

Data & analytics

Cloud Native Dev

Business Database (HANA)

Current SAP landscape

☐ Large amount of complex customizations

● Large amount of interfaces

Cloud extensibility

☐ Modernize the legacy SAP custom objects using cloud extensibility

☐ Fulfil new business demand

Outcomes

- Accelerated delivery of value before the upgrade
- Reduction of interfaces in legacy world

Execute S/4HANA upgrade

■ Rewrite required customizations on S/4HANA

☐ Continuously deliver new value with cloud extensibility

Outcomes

- Reduced risk and timeline during the migration
- Extract more value from S/4HANA

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Why Microsoft Azure for running SAP systems?

Benefits of Azure over on-premises systems

Enterprise grade environment
Azure is globally available,
highly secure, and scalable.

Scalable storage and compute
Take advantage of low-cost
cloud storage and power.

Increased agility
Reduce time to market and
increase value of new applications.

Greater security
Use built in disaster recovery
scenarios that are easy to implement.

Automatic updates
Software updates that grant
immediate access to the latest tools.

Universal code base
Find resources more easily and
link to your databases with ease.

Do more with less
Find flexibility without
redundancy with elastic scaling
that increases cost-efficiency.

Pay for what you use
Reduce infrastructure and
management costs, as well as
costs for test environments.

Running SAP systems on Azure includes leading performance

Infrastructure for all SAP
workload needs.

Insights and
innovation platform.

Comprehensive partnership with
SAP and ecosystem.

Enterprise security and
governance.

Compute performance
960 CPUs
Largest in public cloud

Memory
24 TB RAM

Remote storage (single disk)
160K IOPs
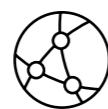Fastest in public cloud

Local storage
3.7M IOPs
Fastest in public cloud

File storage
100K IOPs
Fastest in public cloud

Hybrid networking
100 Gbps Connectivity
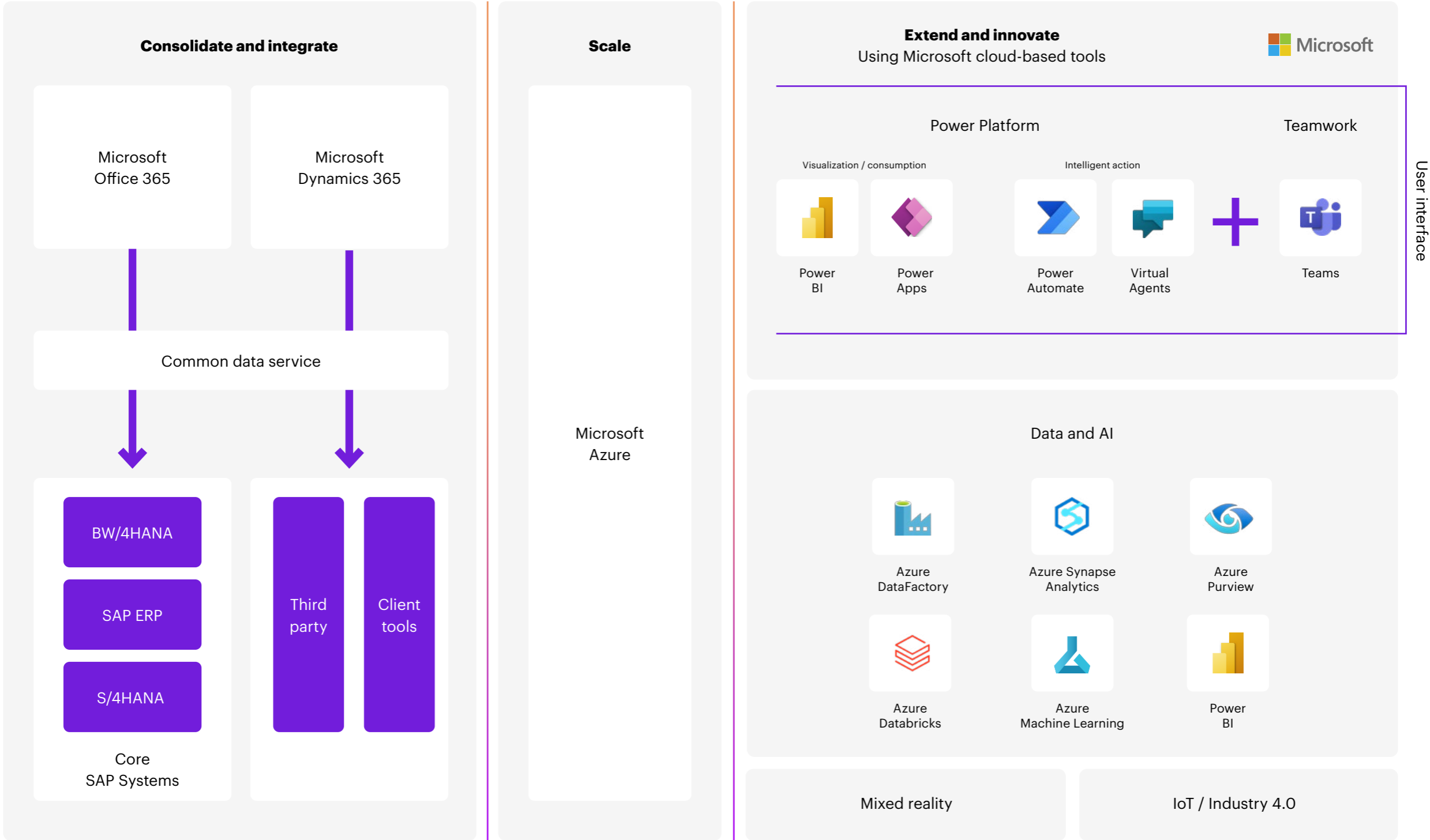Fastest in public cloud

VM-VM networking
30 Gbps Ethernet
Fastest in public cloud

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Compliment SAP software with the full Azure suite

Through cloud extensibility you can utilize the power of Azure right alongside your core SAP enterprise systems.

Consolidate and integrate

Microsoft Office 365

Microsoft Dynamics 365

Common data service

BW/4HANA

SAP ERP

S/4HANA

Third party

Client tools

Core SAP Systems

Scale

Microsoft Azure

Extend and innovate
Using Microsoft cloud-based tools

Microsoft

Power Platform

Visualization / consumption

Power BI

Power Apps

Intelligent action

Power Automate

Virtual Agents

Teamwork

Teams

User interface

Data and AI

Azure DataFactory

Azure Synapse Analytics

Azure Purview

Azure Databricks

Azure Machine Learning

Power BI

Mixed reality

IoT / Industry 4.0

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New opportunities

Once you've found the balance through cloud extensibility
and a SAP clean core, there are new opportunities to explore.

Integrate data from every source
Cloud platforms allow you to transform your data warehouses into a data lake – a mass repository that can store all your structured and unstructured data at any scale and in real-time. They differ from data warehouses in that they can pull data from every part of your business – not just transactional systems. That includes mobile apps, IoT, social media and anywhere else you could find useful data. This data can be transported back into the clean SAP core system of record, so that the finance team has access to unified data for the purpose of creating new insights.

Self-service tools for quicker results
Virtual agents are cloud tools that cut the manual process out of mining for data. In Azure, tools like Power Virtual Agents can be run with Microsoft Power Automate and Azure Bot Services to create a powerful no code search tool for your SAP environment. A virtual agent can be asked to quickly pull the right information, from the right database without the use needing to know the data's exact location. And with PowerBI, your teams will have up-to-date visualization tools that make self-service data a reality, not a possibility.

Predictive demand planning
The SAP clean core can be combined with the machine learning power of Azure to create detailed predictive models. In retail, this can provide more accurate demand planning and unearth potential supply chain problems before they occur. Accenture's ai.RETAIL solution brings artificial intelligence into your cloud capabilities, meaning retailers can spot how granular factors such as changes in the weather will require operational changes so stores remain stocked.

Process optimization
Cloud extensibility allows retailers to optimize their processes faster without transforming everything at once. Flexible tooling keeps things agile, allowing you to switch your organization to a DevOps approach. In DevOps, developers and operational teams working together leads to a continuous improvement known as an infinity loop – a process in which tools and systems get better, faster.

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Getting started

Address the now
With all transformation projects, it's important to start with the quick wins. Spend time compiling the data for a normal reconciliation or forecasting activity. Detail the different systems and transformations that need to happen to make data usable. Consider what you would like that data to tell you, and how the insight could be shared from the finance central nervous system to other parts of the business.

Build out your cloud platform
With your immediate needs known, start planning your Azure platform. Pick the analytics, visualization and automation tools that will unlock the most value, in a way that creates immediate use cases.

Modernize your SAP system and move to cloud
With your cloud platform ready, you're ready to modernize your first legacy SAP custom objects through cloud extensibility. This combination approach ensures your SAP system can function as normal, while gaining the immediate advantages of your new Azure platform.

Scale success
Once you've tackled the quick wins, it's time to think about scale. Which are your next challenges? Which parts of the business can use your new data capabilities, for long-term strategic success? This is the point in which the finance team adopts a responsive operating model and takes its place as the central nervous system of a retail business.

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Leading reinvention in retail

A retail finance team powered by data is capable of exciting things today. But the most fascinating possibilities are in what it can propel tomorrow. As Finance begins to assist in strategic initiatives across the business, there will start to be a cultural shift.

As Finance begins to assist in initiatives across the business, there will be a cultural shift. It will be viewed as a strategist, rather than simply a bookkeeper. It will proactively unlock value by using data to grow cash, share insights, model scenarios and support decisions that will both optimize the business and improve its resilience in the face of uncertainty.

This cultural shift marks a new position for finance within the retail space: from cost center, to value driver.

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# The Accenture approach, powered by Microsoft

Bringing these two giant software and infrastructure systems together takes skill, expertise, knowledge and plenty of tried-and-trusted methodologies and processes.

That's why Accenture has created a new approach that utilizes the expertise of Avanade, our unique joint venture with Microsoft, and the Accenture Microsoft and SAP Business Groups to leading combinations for retail finance – bringing your SAP data and applications to Azure and unlocking their true value.

As the leading partner for SAP, we have a proven track record of more than 1,500 successful SAP projects a year. We're ranked as a leader by both Gartner[2] and Forrester[3], and have won more than 100 SAP awards in the last five years.

Our intricate knowledge of SAP software and Azure makes us the perfect partner to lead your SAP modernization, over our six-week program.

A better way to modernize
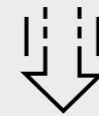
Reduce
Establish a foundation for digital transformation acceleration, reduced infrastructure cost, and improved operational efficiency to support the organization's data strategy.

Renew
Enhance existing data, analytics and AI capability by utilizing Azure's capabilities. Focus typically on data analytics, security and operational excellence.

Innovate
Bring new digital capabilities and services to life and drive significant transformation in line with the data strategy. Unleash new platform-based products and services capturing market share and developing new markets.

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The combined capabilities of Accenture, Microsoft and Avanade—based on human-centric innovation, leading data on cloud solutions, industry knowledge, responsible AI and agile delivery—set us apart from everyone else.

Start your journey now.
www.accenture.com/MicrosoftModernFinance

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About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services — all powered by the world's largest network of Advanced Technology and Intelligent Operations centers. Our 674,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at accenture.com.