

CREATING A FRICTIONLESS FUTURE FOR FINANCE

Unlock value from your F&A function
through implementing frictionless,
AI-enabled finance operations



David Lumley

Global Head of the F&A
Practice, Capgemini's
Business Services

At Capgemini, we have a single-minded focus on unlocking value for our clients. It's this focus that drives us to seek new ways of improving finance and accounting (F&A) – and the outcomes are the reason we maintain a market leading position in delivering best-in-class F&A services.

Many of you are familiar with our Digital Global Enterprise Model (D-GEM) and the transformative impact it has on F&A operations. D-GEM is something we constantly evolve, and this year we've invested significantly in creating the next wave of value unlocking products. D-GEM is now much more of a platform underpinning the delivery of F&A – one that harmonizes our highly optimized F&A processes with advanced technology to meet the current and emerging needs of CFOs and their teams.

I am grateful to my team for building such powerful assets. Assets that are truly unlocking the value of our clients' finance operations. And, on their behalf, I hope you enjoy this collection of thought-provoking reads.

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INTRODUCTION TO FRICTIONLESS FINANCE



Lee Beardmore

Vice President and Chief
Innovation Officer, Capgemini's
Business Services

THE DIFFERENCE ENGINE

Capgemini's Digital Global Enterprise Model platform reflects the unique and individual circumstances of each client organization to deliver AI-enabled frictionless finance operations. It can also boost an organization's working capital position, cash flow, and approach to sustainability.

I'm not the first person to have pointed out that the one of the main things organizations have in common is difference. It's such an obvious observation: they differ not just in the context of size, sector, and geography, but in terms of leadership, market position, infrastructure, financial position, strategy, and too many other criteria to name here.

If that's the case – if every organization is unique – how can a service provider such as Capgemini offer a universal business model?

One size doesn't fit all

The short answer is: we don't. One size doesn't fit all. But what we do offer is a common platform – a single foundation on which all organizations can build digital frameworks that match their highly individual circumstances and goals, in all their infinite variety.

We call this foundation Digital Global Enterprise Model (D-GEM). It's an AI-based, digital business transformation platform encompassing best-in-class solutions, modules, and features that accelerate and streamline the transformation of business processes, to deliver what we call the Frictionless Enterprise.

As you might expect from its name, the Frictionless Enterprise aims to remove all the lumps and bumps that impede interactions between people and processes in an organization. It connects them seamlessly, intelligently, and as and when needed. It dynamically adapts to each organization's requirements.

At Capgemini, we have applied the Frictionless Enterprise principle to enhance cohesion across our entire suite of products and services. It embraces our offering in human resources, in supply chain management, in customer operations – and also in finance.



Frictionless Finance – local value...

Frictionless Finance delivers next-generation, AI-augmented order-to-cash (O2C), purchase-to-pay (P2P), record-to-analyze (R2A), and analytics. It enables organizations to respond rapidly to their own unique and changing requirements, and to achieve their specific business outcomes in a value-focused way.

The D-GEM platform on which Frictionless Finance is built reflects the specific circumstances of each client organization – because, as I noted just now, one size doesn't fit all. Each of the following solutions is adapted to circumstances:

- **AI.Receivables** – an integrated, frictionless O2C platform that helps collect more cash by implementing a data automation layer, AI autonomous processing, machine learning, and customer self-service functionality to create a simplified customer experience
- **AI.Payables** – an integrated frictionless P2P platform that augments payables with virtual analysts, spend analytics, vendor self-service, and an AI service desk that delivers improved working capital
- **AI.Controllership** – an integrated, frictionless R2A platform with embedded AI controls, AI journal entry, virtual controller, and AI accounting insights that delivers a seamless, continuous close.

What counts as finance function value? Typically, we've seen up to 25% improvement in forecast accuracy, up to 25% sales growth in digital revenue streams, and up to 40% improvement in days sales outstanding.

... delivering enterprise-wide value

But such improvements are operational and localized. The real value lies in achieving benefits that are felt beyond the finance function, and by the enterprise as a whole. For example, a smart, seamless approach can significantly boost an organization's working capital position, its cash flow, and its approach to sustainability.

They can make a truly substantial difference. It's no wonder such changes are now generally described as digital transformation.

These value transformations are delivered via the digital engineering framework that underpins D-GEM, including:

- **Digital Twin** – a virtuous circle of business mining, modeling, simulation, and improvement that analyzes process friction to deliver continuous improvement to finance processes
- **Finance Intelligence** – out of the box insights, analytics, and reporting that provides real-time visibility and transparency into process effectiveness, trends, forecasts, and predictions
- **AI.GRC** – a comprehensive portfolio of cloud-based, AI-enabled controls that represent the first line of defense to reduce enterprise risk.

Our ability to tailor D-GEM to circumstances, and to achieve these enterprise-level value benefits, is facilitated by a suite of industry-specific global process models we've developed. Each such model can accelerate the transformation – but it's not prescriptive.

Once again, it's molded to fit each organization's needs. With everything working together, seamlessly and intelligently, it's much easier to gauge opportunities and risks, and to make strategic decisions that deliver further enterprise-wide value.

Onward, onward

I said at the outset that difference was one universal characteristic. But there's another: it's continuity. Few organizations, if any, ever want to call time. They all strive towards a future. They all have somewhere they want to be.

And with D-GEM, we can help them get there – each in their own unique way.



Priya Ganesh

Vice President, Capgemini's
Business Services

FRICTIONLESS PRAGMATISM

The need for clarity, utility, and flexibility of thinking are fundamental to creating the Frictionless Enterprise.

There's a story about a farmer who lives by a river, and who used to have a large high-sided raft to ferry his sheep back and forth to fresh pasture. He visited a carpenter, and told him the raft was getting old, and that he'd need a new one, to a better design.

The carpenter went to see for himself. He waded out into the river, and took a good look at the old raft. "I could make you a replacement," he said, "and it would be better than this one. But I have another idea." He explained, and the farmer agreed.

The farmer no longer needs a raft. He has a sturdy bridge instead now, over which he and his flock can pass with ease. What's more, everyone else can use it, too.

Practicality and creativity

What I like about this story is not just its pragmatism, but its lateral thinking. It solves a problem, but in a new and better way – and what's more, the benefits go way beyond original expectations.

In a post-pandemic business environment, it's this kind of practicality and creativity that are going to be more important than ever – which brings me to three points I'd like to make about process reform. They are simple, but they are important.



The need for speed

It's never been more important to act fast. In normal circumstances, the broad consequences of each new action would be factored into the decision – but our collective current circumstances are by no means normal.

What's important is to empower teams to make urgent decisions, and to bypass anything that gets in their way. Action is more important than perfection.

Choose to reinvent

The carpenter in our story could have made a better raft – but by building a bridge instead, he created something that was easier for the specifier, and that was also available for other users.

Why simply streamline a failing process, if you have the option not only to reinvent it, but to reduce friction in the business at the same time?

Focus on what's critical

If you're going to move fast (Point 1) and reinvent processes (Point 2), you can't possibly hope to be able to address everything. Instead, you'll have to concentrate your efforts on the processes that matter most.

That's why this third point is the standard 80/20 principle – focusing on what will deliver proportionally the greatest impact. This includes identifying best practices and sharing them more widely: for instance, examining particularly successful vendor partnerships, and seeing what principles can be derived from them that can either be used to enhance them, or that can be applied elsewhere.

The Frictionless Enterprise

Implicit in all these points is the need for clarity, utility, and flexibility of thinking – all of which are fundamental to what at Capgemini we call the Frictionless Enterprise.

The aim of the Frictionless Enterprise is to enable a smooth and seamless flow of information and collaboration between employees, their departments, and those with whom they work. It also encompasses their relationship with suppliers, partners, and obviously customers.

What it doesn't mean is the arbitrary application of technology, rules, or processes. Instead, it entails whole new, digital ways of thinking and working, combined with the capacity to adapt constantly to new contexts – which is why it can never be a one-time fix.

Organizations can address individual pain-points for the best and fastest return, and they can transform them individually, rather than simply improve them. But none of this means these things have to happen in isolation. They can still form part of a larger plan.

For the carpenter, the larger plan was to build a bridge. For us at Capgemini, it's the goal of the Frictionless Enterprise.

“ *The aim of the Frictionless Enterprise is to enable a smooth and seamless flow of information and collaboration between employees, their departments, and those with whom they work.”*

Priya Ganesh
Vice President



CAPGEMINI RECOGNIZED AS A LEADER IN THE AVASANT RADARVIEW™ FOR F&A BUSINESS PROCESS TRANSFORMATION

Capgemini's most noteworthy strengths include its Frictionless Enterprise approach to enable a next-generation finance, and its Digital Global Enterprise Model platform to reshape F&A processes, accelerate digital adoption, and transition to more effective operations.

Capgemini is delighted to announce that we have been recognized as Leader in the Avasant RadarView™ for F&A Business Process Transformation – having brought enhanced value to the market over the last 12 months by demonstrating consistent excellence, creativity, and innovation in the finance and accounting (F&A) sphere.

Avasant's RadarView™ report provides service provider capability analysis in areas such as technology, domain expertise, and delivery that assists enterprises in identifying strategic partners for their F&A transformations.

Capgemini's most noteworthy strengths, as highlighted by Avasant, include:

- Leveraging its Frictionless Enterprise approach to enable a next-generation finance function
- Leveraging its Digital Global Enterprise Model platform to reshape F&A processes, accelerate digital adoption, and transition to more effective operations
- Combining an AI-augmented workforce with advanced analytics investments to deliver enterprise-wide impact, with significant cost benefits, and enhanced user experience.

Saurabh Verma, Research Leader at Avasant, said: "As enterprises sustain the impact of the pandemic, they are expediting their F&A function transformations and taking a holistic approach, eliminating the siloed role that IT and business units played in the past. Capgemini is amongst the

leading service providers helping enterprises in end-to-end F&A function transformation. Its mature F&A practice, deep domain expertise, robust suite of automation & AI solutions, and extensive leverage of domain ecosystem has helped several enterprises realize strategic business outcomes, beyond just cost savings. This, along with its continued organic and inorganic capability augmentation, has helped Capgemini emerge as a Leader on Avasant's F&A Business Process Transformation 2020–2021 RadarView™, and is well-positioned to help enterprises be future-ready".

David Lumley, Global Head of the Finance Powered by Intelligent Automation Practice at Capgemini's Business Services said: "Capgemini is proud of its ongoing client success and partnership to drive enhanced business outcomes led by Finance. Our next-generation, AI-driven solutions and services bring together deep finance intelligence and industry expertise, enabled by new operating models, technology ecosystems, and upskilled talent. This enables our clients to transition to – what we call – the Frictionless Enterprise, breaking down silos across an enterprise to generate greater value and an increased range of business outcomes for our clients."



We are delighted that our capabilities have been recognized by Avasant, positioning us as a Leader in its RadarView™ for F&A Business Process Transformation."

David Lumley

Global Head of the F&A Practice,
Capgemini's Business Services



CAPGEMINI NAMED A LEADER IN EVEREST GROUP'S PEAK MATRIX® FOR FINANCE AND ACCOUNTING OUTSOURCING SERVICES 2020

Capgemini most noteworthy strengths include a strong digital ecosystem and suite of solutions across the finance and accounting value chain, its Digital Global Enterprise Model (D-GEM) platform, and its Digital Twin capabilities.

Capgemini is delighted to be positioned as a Leader in Everest Group's PEAK Matrix® for Finance and Accounting Outsourcing (FAO) Services 2020 report. Capgemini has held the Leader's position for seven consecutive years.

This is tangible proof of our capabilities to deliver best-in-class FAO services, leveraging our deep industry and finance and accounting (F&A) domain expertise and our global delivery presence.

Capgemini's most noteworthy strengths, as highlighted by Everest, include:

- A strong digital ecosystem and framework of assets to offer a comprehensive suite of solutions across the F&A value chain
- The Digital Global Enterprise Model (D-GEM) platform that provides business transformation and benchmarking to guide the right digital operating model for our clients
- Digital Twin capabilities that leverage partnerships with process mining vendors in conjunction with proprietary framework assets to accelerate our clients' transformation journeys.

"Capgemini has demonstrated its ability to leverage and invest in various technologies to drive end-to-end transformation for its F&A clients," said Shirley Hung, Vice President, Everest Group. "With a strong focus on a partnership-driven approach and continuous process improvement, Capgemini has been placed in the Leader category in the Finance and Accounting Outsourcing PEAK Matrix® Assessment 2020."

Leaders were recognized by the Everest Group for consistent delivery of FAO services and continued investment in strengthening their all-round F&A capabilities.

Leaders leveraged deep industry and F&A domain expertise, superior technology capabilities, innovative engagement models, end-to-end digital transformation and consulting experience.

They also leveraged their scale of operation and wide delivery presence across locations to cater to clients' varied strategic requirements.

"Capgemini is proud of its ongoing success and partnership with clients to drive enterprise wide outcomes led by finance," said David Lumley, Global Head of the F&A Practice within Business Services at Capgemini. "Our next-generation solutions and services bring together deep finance intelligence and industry expertise, enabled by new operating models, technology ecosystems, and upskilled talent. This enables what we call the Frictionless Enterprise, breaking down silos across an enterprise to generate greater value and new range of business outcomes for our clients."



We are delighted that our capabilities have been recognized by the Everest Group positioning us as a Leader in their FAO Services PEAK Matrix® Assessment 2020."

David Lumley
Global Head of the F&A Practice,
Capgemini's Business Services



**REIMAGINE
FINANCE
THROUGH
LEVERAGING AI**



Divya Turner

Global Process Owner,
Forecast to Cash, Capgemini's
Business Services

AI-ENABLED O2C – MAKING FRICTIONLESS FINANCE A REALITY

The road to frictionless finance starts with a fully integrated, AI-enabled O2C solution that makes it easy for your customers to buy and pay, makes interactions more valuable, and boosts cash performance.

Over the past few years, organizations have been moving away from traditional ways of working and are wanting to do a lot more with less and all the while improving business outcomes. Leveraging the right solution to make it easy for customer to buy and pay, collect money fast, seamlessly post cash, reduce exceptions across order-to-cash (O2C) and boost working capital is important now more than ever.

In order to successfully deliver these business outcomes and continue to grow, your finance teams need to be connected and focused on the right type of activities such as improving customer experience and eliminating exceptions.



The next generation of O2C technology and platforms can deliver the extra innovation needed to gain advantage."

Divya Turner
Global Process Owner,
Forecast to Cash

Enable your customers to buy more and pay faster

The next generation of O2C technology and platforms can deliver the extra innovation needed to gain advantage. Providers that deliver data orchestration, automated insights, predictive analytics, and simple self-service functionality for customers are driving enhanced O2C outcomes through incorporating artificial intelligence (AI) coupled with machine learning to power decision-making.

However, while most solutions are designed to manage exceptions faster – they don't really eliminate work, with your teams often having to resolve the same disputes or posting manual cash for the same customers every month. This represents a huge drain on your customer, sales, and cash flow.

To truly improve results and deliver an excellent customer experience, you need a solution that eliminates friction, drives customer to self service, and is supported by a customer obsessed digital team – clearing a path for your customers to buy more and pay faster.



Frictionless O2C delivered via an AI-augmented workforce

Reimagining the future of your O2C requires that you move away from the traditional approach to O2C and start the journey with the outcome in mind. This requires you to design a solution that eliminates manual touchpoints and frictions such as multiple parties manually touching the same invoice, order, or payment.

Next-generation tools and platforms have moved beyond traditional ways of handling finance activities. They are often modeled around gaming systems and mobile applications, deliver plug and play connectivity, an Amazon-style experience, and standardize processes through a “utility” style platform framework.

They are dynamic, focus effort on critical activities, incorporate behavioral analytics, insights and AI as a standard feature, and deliver augmented intelligence to your teams.

An AI-based O2C platform can deliver stronger business outcomes such as 30–40% days sales outstanding (DSO) improvements, 35% increase in efficiency, and up to 60% frictionless processing (digital augmented straight-through processing) when integrated with intelligent automation.

Realizing the frictionless enterprise with AI

The road to frictionless commerce starts with a fully integrated solution that makes it easy for your customers to buy and pay, makes interactions more valuable, and delivers results that you can't get with a traditional model.

Now is the time for your organization to be bold with its O2C vision and roadmap – augmenting your workforce with AI to “act now” instead of “react later.” Insights to enable smart decision-making, dependable results, and an AI-augmented workforce can help your organization to excel.

In the current climate in which cash is tight, AI can bring about better and faster decision-making by rapidly connecting dots that humans can't see, and in a way that excels performance and outcomes.



An AI-based O2C platform can deliver stronger business outcomes.”

Divya Turner
Global Process Owner,
Forecast to Cash



Joaquin Vazquez Calvo

Finance Strategy Consultant,
Capgemini's Business Services

FRICTIONLESS FINANCE MEANS ELIMINATING COLLECTIONS

Moving away from collections and focusing on streamlining invoicing processes takes organizations one step closer to a frictionless finance department.

Routines can turn us into finance and accounting (F&A) automatons – blindly following our processes. But you need to think about what your organization gets from not challenging these processes, and then ask: “is this best for my business/customer?”

Cash collections are built on process friction

Someone once asked me, “what if we don’t do collections?” I often challenge clients by asking the same question. What if organizations focused on eliminating collections? If you remove process friction from order-to-cash (O2C), a frictionless future means less collections calls.

We collect from customers because most teams believe that you have to call a customer early, or they won’t pay on time.

This is untrue. However, during collections calls, collectors often hear that the customer:

- Has already paid an invoice/just sent the payment
- Has not received their invoice/statement yet
- Is trying to resolve order or invoice issues.

Collectors call because they think they need to, and because most core organizational processes and technologies often make paying on time difficult for the customer.

However, if you improve your processes, connect systems and data, and reduce process friction and exceptions, most of your customers can pay within – or close to – their credit terms without intervention. For most organizations, cash flow is not the primary reason for late payments.



Removing friction improves billing

One sure-fire way to remove friction from your collections is by improving your billing and invoicing as this will reduce the amount of collection calls overall. However, accurate invoices are key here. If you optimize these processes and synchronize data across parties and systems, you can minimize disputes and claims, which increases the number of invoices paid without intervention. Accurate invoicing, means fewer payment delays.

Within many organizations, up to 20% of invoices will be in dispute or require correction, while 80% will be billed correctly or accepted first-time. In theory then, if you apply automation, data orchestration, process improvements, and insights to the 80%, improving data quality and invoice accuracy will enable you to eliminate a lot of non-value-added work for your team, and stop wasting time calling customers who are going to pay anyway.

In short, focus more on invoices causing friction and setup a digital alert system to bring visibility to billing and invoicing issues and anomalies.

Next, analyze your data to understand how your customers pay, and eliminate effort around customers that self-pay, or always pay on time. Most of your customers are also not going to delay payments.

With the right technology, you can predict which customers will default or have issues paying on time. This enables you to focus your collectors on these customers and avoid dealing with anyone who pays on time consistently.

In addition, once you remove the friction around invoicing such as creating rework, double checks, and fixes, your teams can focus on more business-critical tasks such as high-value activities and improving customer experience.

Friction lurks in your emails

Want to find friction points? Review your customers' emails. After all, a key collections issue is resolution time – as organizations never really try to address the root of the problems outlined in these emails.

However, with the right technology, and data review you can unlock the business intelligence within customer queries, assess the reason behind them, and automatically index, route, and resolve them.

That same data can then be used to transform your upstream processes. This is why your teams need to rethink traditional routines and focus on fixing problems and automating low-value activities.

Moving to a touchless solution

It's time to move away from traditional collection processes and reimagine the future. When you reduce data defects, you remove process friction, which means faster payments, fewer collections, and less effort.

By focusing on improving O2C performance, you develop a more extensive understanding of your customers, driven by data quality, insights, and rapid issue resolution.

This creates a better customer experience overall. If you change your way of thinking, you can focus more resources on performing business-critical tasks. All you need to do is ask yourself: "what if we don't do collections?"



**Mahalakshmi
Ramakrishnan**

Purchase-to-Pay Global
Process Owner, Capgemini's
Business Services

FRICTIONLESS ACCOUNTS PAYABLES – HAPPY CUSTOMER, HAPPY EMPLOYEE

Removing friction to streamline your accounts payable processes not only helps you lower costs, protect sales, and boost margins – it also keeps your customers, and the people you employ to serve them, happy.

Here's a philosophical question for you – well, sort of. Is business all about money?

Let's take the accounts payable (AP) function. Data discrepancies or errors can be costly – but they are also bad in other ways. For instance, they can be damaging to supplier relationships, and to brand image. They can take up time, too, because those errors are going to need rectifying.

So, it's not just about money, then. Except, well, maybe it is. Because damage to supplier relationships and to brand image can affect demand, as well as supply – and damage to either can affect sales. Which means money. And fixing those errors isn't free, either, because as we all know, time is money, too.

So, yes. At least as far as AP is concerned, maybe it really is all about money.

Sources of AP friction...

If businesses want to save that money, they'll need to know where to look for potential problems, so they can stop them happening. Here are some possible areas of friction:

- **Supplier onboarding** – manual updating of master data is a request-driven process that can involve many people, many steps, and often unsatisfactory results, leading to a high lead time – and to unhappy suppliers
- **Invoice processing** – manual, paper-based invoicing systems or manual-driven exception processes can lead to late payments, errors, internal process issues, disputes, and strained relationships with suppliers, in addition to added costs from multiple areas. In a word, friction
- **Payment** – erroneous payments and duplicate payments are crippers to the invoice-to-pay process. Inconsistencies in manually entered supplier information, invoice amounts, or coding, can cause a single invoice to be paid twice. Companies may also accidentally make double payments if they use multiple financial applications, instead of a single integrated system.



... and the Frictionless Enterprise

In short, what's needed in AP is an approach that we at Capgemini unsurprisingly call the Frictionless Enterprise.

The Frictionless Enterprise enables a smooth and seamless flow of information and collaboration between employees, their departments, and those with whom they work. It also encompasses their relationship with customers, with partners, and in the case of AP, obviously with suppliers, too.

Achieving the Frictionless Enterprise doesn't mean the arbitrary application of technology, rules, or processes. It entails whole new, digital ways of thinking and working, combined with the capacity to adapt constantly to new contexts.

Frictionless AP benefits

There are several benefits when the AP function is part of a smart, seamless operation.

For example, supplier onboarding becomes a smooth process, with AI-enabled zero touch validations. Businesses can also set up supplier portals with self-service voicebot and chatbot options, thereby removing the hassle from invoice submission, making it possible to automate the exchange of certain kinds of data, and enabling suppliers to get a sneak-peek of the status of their invoices.

Invoice processing can become paperless, and frictionless, with a seamless integration of workflow from procurement through to accounts payable. Machine learning (ML) pattern matching systems can automate approvals, and process controls can be automated, too.

Fraud detection can be improved. This is another area in which ML pattern matching can help. Companies can also set up autonomous data set scans to identify patterns, and detection of discrete error types that bypass traditional controls and audits can be automated.

The payment process is also improved, with automated alerts for early or dynamic discounting; automated pay schedules that are integrated into the ERP system; automated remittance advice; and protection of working capital by automating the identification of overpayments and fraud before the pay run.

Finally, artificial intelligence (AI) can be brought to key AP processes. Service desk functions can be automated, using natural language processing (NLP), ML, and other smart technologies to resolve supplier queries automatically.

Also, AI can be incorporated into an AP Control Tower that can, among other things, measure performance efficiency benchmarks, provide prescriptive analytics and strategic analysis, and enable real-time insights on payables data, including retrospective reporting, spend analytics, and data modeling.

The pursuit of happiness

So, then – to return to the question with which I started. Is business all about money?

Well, it's true that in accounts payable, everything could indeed be interpreted that way, and it's equally true that a Frictionless Enterprise approach to finance can help to lower costs, protect sales, and so, ultimately, maintain and even boost margins.

But in fact, and in spite of what I said at the outset, it's not just about money. Sure, you could measure supplier and customer goodwill in purely financial terms – but this goodwill also has emotional value. It's good for a business to know it's doing things right, and it's good to know that it's treating people well. It's good, too, to know that by streamlining processes and removing hassle, it's also making life better for employees.

Business is about more than money. And the Frictionless Enterprise is about more than efficient processes. It's about making, and keeping, people happy.



Arush Kumar
Director, Capgemini's
Business Services

FRICTIONLESS ACCOUNTS PAYABLE – INCREASE YOUR EFFICIENCY AND WORKING CAPITAL

New technology, a digital operating model, and a reliable, frictionless roadmap can transform your account payables process from a nightmare of backlogs and challenges to a touchless dream.

Anyone that works in finance and accounting or procurement knows that inefficient accounts payable (AP) process can create a range of challenges for your organization.

These include invoice processing delays that can lead to increased vendor queries, missed discounts, significant impact on working capital, not to mention dissatisfied customers and suppliers.

How do you create frictionless finance processes that drive enhanced outcomes for your customers while enabling your employees to focus on higher-value tasks?

The challenge of accounts payable technology

Firstly, it is important to understand that the implementation of tools and technologies to automate the various stages of your AP process alone may not be enough to drive a frictionless AP process.

This is especially true if you continue to process significant volumes of transactions manually.

Despite leveraging state-of-the-art e-invoicing and intelligent character recognition (ICR) tools, non-standard and low-resolution invoices, as well as continued manual invoice submission, can slow down your AP processing and fail to deliver the results you are looking for.

What's required is a systematic and structured program of process standardization, optimization, and change management to create the pathway to frictionless finance processes.

This combination of cutting-edge technologies and digital operating model serves as a reliable roadmap to transform your AP process, and implement – what we call – the Frictionless Enterprise.



Increased efficiency and working capital

Tangible business outcomes from a frictionless AP process can be achieved through implementing:

- **E-invoicing** – encourage or incentivize your vendors to submit electronic invoices through the implementation of portals, for example, Ariba, Taulia, or Tungsten
- **Intelligent character recognition** – implement tools such as Celaton inSTREAM™, Abbyy, or Algonox to automate data extraction from your paper invoices. Implementation should include vendor training and change management to eliminate frictions during the transition
- **Change management** – drive change management with vendors and internal departments to minimize the number of exceptions, such as purchase order and goods receipt mismatch. Exception routing and posting can be automated through your workflow or through leveraging robotic process automation (RPA). In addition, process mining tools, such as Celonis, provide a detailed analysis of delays for applying corrective actions
- **Vendor portal** – enable self-service by making your vendor account details, including invoice status, available on the vendor portal. Leverage chatbots and intelligent automation to provide automated responses to manual queries
- **Electronic payment transfer** – automate your payments on scheduled dates and via electronic transfer
- **Evaluated Receipt Settlements** – reduce your invoice processing volumes by moving low-value purchases to either a Purchasing Card (PCard) or Evaluated Receipt Settlements (ERS).

Going frictionless

Through the right combination of technology implementation and process transformation, a streamlined, frictionless AP process can increase your efficiency by 30–70% and deliver working capital savings of 5–7%.

It also drives spend management savings through leveraging real-time analytics, improves controls, reduces the risk of fraud, and improves supplier relations to help deliver frictionless business operations across your organization.



A streamlined, frictionless AP process can increase your efficiency by 30–70% and deliver working capital savings of 5–7%.”

Arush Kumar
Director



Robert Piotrowski,
Record to Analyze Global
Process Owner, Capgemini's
Business Services

FRICITIONLESS, AI-DRIVEN RECORD-TO-ANALYZE

Embedding AI in the record-to-analyze function enables accounting to be processed continuously. This eliminates the burden of month-end pressures to allow people to spend time on what they do best – analyzing and thinking.

Next year, you tell yourself, will be different. Next year you'll be better organized. You won't leave things to the last minute.

But the months pass, other things take priority, and before you know it, it's that time of year again, and you're no more prepared than usual.

I refer, of course, to annual tax returns. There aren't many of us who carefully file and log each item of information away when it comes in, and make an early submission to the tax office as soon as we have the last piece.

No. Most of us delay. There's a deadline, so we work to that, instead – and as a result, there's way more last-minute stress in our lives than there needs to be.

The once-a-month mindset

In business, finance functions tend to be the same. A once-a-month mindset prevails: when the monthly close comes round, there is a rush to draw information together, to reconcile data from ledgers held on disparate systems, to execute checks and controls on transactions coming from upstream processes, resulting in people having to work late to meet the deadline. Compliance depends upon it.

The difference, though, is that the problems with personal tax returns are largely of our own making – but for month-end close, a number of factors are at work. High on that list is the disparity I just mentioned: data sources are all too often mutually inconsistent and disconnected, and until these mismatches are resolved, they are going to create work each and every time the deadline comes round.



AI-driven record-to-analyze

What's needed is a permanent fix. When processes are re-engineered, when systems are interconnected, when accountants are augmented with artificial intelligence (AI) and intelligent automation, when the data from different sources and ledger are orchestrated and consistency is established, the effort involved in closing the month reduces substantially.

In fact, it's possible to do away with the month-end process altogether.

How so? By embedding intelligent automation and AI into the record-to-analyze (R2A) function. At Capgemini, we have what's termed AI.Controllershship. This is an integrated R2A platform with embedded AI controls, real-time journal entries, continuous certifications, a virtual controller, and AI accounting insights, that delivers a seamless, continuous accounting and close.

With AI.Controllershship, everything can be posted seamlessly and completely – and in real time. It's rather like that example I just gave of logging and filing your personal tax data as soon as you receive it: it happens straight away. There are no gaps, and no accruals – and what's more, no one needs to wait until month-end to see how things stand. Instead, they have information that can be pulled up on demand, and at any time.

The difference this approach makes is quite stark. Traditionally, R2A involves identifying and locating errors in upstream processes, and those errors are often the result of the data integrity and inconsistency issues I mentioned.

Within what we at Capgemini call the Frictionless Enterprise, the flow of data is seamless, because controls have been put in place at source, and not retrospectively. We eliminate the siloes between the process towers and operate as one frictionless finance function.

If any errors do occur, they are identified and corrected as they happen, and not at month-end, and so the data entering general ledger and ERP systems in real time is dependable.

It's worth summarizing the benefits:

- **Continuous accounting** – move away from “once a month” approach to create a balanced workload
- **Continuous analysis** – identify errors at source, when transaction occurs. Act earlier, rather than later. Predict
- **Imperceptible period-end close** – minimal interference to the Business
- **Finance intelligence** – generate insights supporting business and CFO strategy to enable informed business decision-making
- **Confidence** – ensure compliance, minimize the risks, and provide assurance to completeness and accuracy of financial statements

One of the most important advantages on this list is implicit in the point about insight. When everything can be processed on demand, and the whole burden of month-end pressures goes away, people can instead spend time on what they do best – analyzing and thinking. Instead of striving to put the numbers on the page, they have them right there in front of them, and they can focus on what they mean, on what they suggest as a course of action for the business. That's a way more productive use of their time.

Incremental benefits

One last thought. I said just now that achieving the fix of cross-functional consistency may be a permanent proposition. But that doesn't mean it has to be monolithic. It's possible to introduce elements of frictionless incrementally, one process at a time. As new elements come on-stream, so the benefits will multiply.

The R2A function is a pretty good place to start. Last year, in this area alone, a major multinational in the media and entertainment business achieved efficiency savings of more than 30%, with a significant portion of achieved through enabling touchless journal entry processing, which is one of the paradigms for continuous accounting.

It's worth considering, not just because of the immediate benefits it delivers, but because of the implications of extending frictionless principles across the entire finance operation. With less time fighting fires, you'll have more time to think, and plan – and maybe more time, too, to address the way you approach your own tax return.



Arush Kumar

Director, Capgemini's
Business Services

HOW TO DRIVE A FRICTIONLESS FINANCIAL CLOSE

Financial close periods can be stressful but they don't have to be. Implementing a frictionless approach to your close process can lead to a 40–50% reduction in cycle times and enhanced, insights-driven decision-making.

There are increased expectations from CFO's for faster financial and management report delivery – not only to meet regulatory requirements which are becoming more stringent but also to enable quicker responses to business needs.

The goal of the one-day financial close or continuous close is no longer limited to a few organizations – it is increasingly becoming a CFO objective across all industries. This puts greater responsibility on the record-to-analyze (R2A) team to reduce financial close cycle times in addition to enhancing the accuracy of reported figures.

The close process is challenging as stakeholder inputs are required across a variety of departments based on data housed in different systems.

Activities also need to be completed within the close period, which requires a great deal of follow up emails and team coordination – often in a highly stressful environment.



Proven ways to improve your close process

With this in mind, how can you ensure that your financial close process is frictionless? These five key points can help you reduce the cycle time of period-end activities, and help you transition to – what we call – the Frictionless Enterprise:

- **A solid close calendar** – agree, sign-off on, and strictly follow an entity-level close calendar at the beginning of the year, with only minimum exceptions by stakeholders
- **Enhanced workflow, tracking, and scheduling** – track all close tasks with a defined responsibility matrix through leveraging BlackLine or Trintech Cadency technology instead of Excel spreadsheets. These tools can also be used to trigger actions, automate follow up, and provide status updates without having to use email. Building the dependencies between the tasks and allowing automated task scheduling is a great way to speed up the close and free up resources for more analytical activities
- **Rationalize close tasks** – move all non-close-based tasks outside the month-end close period as much as possible; process journals before the month-end close period, and complete reconciliations in continuous manner rather than during the close or post the close. Move away from once a month mindset towards continuous accounting activities
- **Leverage automation** – move towards touchless journals with workflow driven approvals, leveraging robotic process automation (RPA) and/or BlackLine or Cadency technology to automate close activities such as accruals, reversals, allocations and depreciation run's.
- **Enhanced reporting** – standardize and automate financial and management reporting by leveraging tools such as Power BI and Tableau along with natural language generation (NLG) technology.

In addition to the above end-to-end transformation that integrates your systems across the organization, a single ERP platform supported by multiple BlackLine or Cadency modules – and a rationalized chart of accounts and entity structure – can help you streamline your end-to-end R2A processes, leading to a truly frictionless financial close.

What frictionless finance can really offer

Implementing a frictionless approach to your close process can reduce your cycle time by 40–50% and lead to improved statement accuracy.

This, in turn, can free up your finance teams to concentrate more on business-critical tasks and enable your CFO to focus more on the strategic priorities that really matter to them.

On top of this, removing the friction from your R2A process can help you implement continuous analysis and finance intelligence to enable informed business decision-making.

This can lead to a confident, imperceptible period-end close with greater regulatory compliance, improved investor confidence, and enhanced market response.

What's not to love about frictionless?



A single ERP platform supported by multiple BlackLine or Cadency modules can help you streamline your end-to-end R2A processes, leading to a truly frictionless financial close."

Arush Kumar
Director

The background is a dark blue gradient. Overlaid on this are several light blue geometric shapes: a large, rounded, abstract shape on the right side, and a smaller, angular shape on the left side. The text is positioned in the lower-left quadrant, overlapping the dark blue background.

**DRIVE ENHANCED
VALUE FROM
FINANCE
OPERATIONS**



Lee Beardmore

Vice President and
Chief Innovation Officer,
Capgemini's Business Services

DIGITAL TWINS AND BUSINESS PROCESS TRANSFORMATION

Digital twins are not only able to transform the efficiency of current business processes, they can also help organizations reimagine their operating models to adapt to the changing circumstances.

Necessity is often said to be the mother of invention, and the story of Apollo 13 in 1970 is a prime case in point.

After lift-off, an oxygen tank explodes in the side of the spacecraft, depleting its oxygen supply and power. The ground crew issue guidelines to the astronauts, which prove to be irrelevant because they bear no relation to the real-world circumstances.

At Mission Control, a fellow astronaut realizes the problem and organizes a team to replicate as exactly as possible the conditions being experienced in space.

They equip their own physical twin replica of the spacecraft with only the tools and materials available to the Apollo 13 crew, carrying out experimentation in a safe, offline environment to find ways round the problems not in the manual.

Almost 50 years later, we're increasingly seeing the development of non-physical, digital twins for the same purpose.

Driving the virtuous circle

As a digital replica of potential and actual physical assets, processes, people, places, systems, and devices, digital twins are quickly becoming established in domains heavily based on the Internet of Things (IoT).

Digital twins provide a playground for human and artificial intelligence (AI) minds to meet, pulling in the data needed to train AI models that can bring huge benefits to domains of finance and accounting (F&A), human resources (HR), and supply chain management (SCM). In this realm, the data-heavy process itself is the asset – in effect, a production line for processing data.



Part of the usefulness of a digital twin lies in its capacity to be modeled on reality but developed in isolation from the real world until it approaches the best possible performance in its current and anticipated circumstances.

Capturing the “as is” metadata of an organization, its activities, people, and systems, drives a virtuous circle of business mining, modeling, and improvement that provides a clear perspective on how things are operating, and helps shape and define a model of the digital twin.

This model can then be used to simulate any number of scenarios that explore hypotheses and opportunities for change.

Testing the limits

On top of a cyclical sequence of steady, incremental improvement, digital twins enable organizations to test scenarios to their heart’s content. By taking things to the max, businesses can simulate radical changes to operations to see what happens, in a way no one would dare attempt in real life.

While the cyclical approach aims to achieve steady improvement in a stable environment and the extreme approach addresses cases of unlikely triumphs and disasters, a third application provides a means of developing an appropriate reaction to possible or even probable scenarios before they happen.

On top of this, machine learning (ML) can be applied to the mining data received from the company’s systems to make predictions for key metrics and service level agreements (SLA) that will improve over time. This gives organizations foresight over business operations, enabling considered and prepared responses.

Navigate the future

The implications for organizations extend beyond simply process improvement, and can result in some exciting prospects:

- A continuous data stream that maintains the digital twin in perfect synchronicity with an organization’s business operations
- More advanced monitoring that improves compliance and isolates key data to support root cause analysis
- A world of prediction that helps the organization reinvent its digital operations
- An active feedback loop between strategy and execution that brings new evidence to performance management
- A means to test and evaluate change scenarios that enliven a continual cycle of improvement
- Divisional and enterprise-level modeling for enhanced visibility of business operations through combining digital twins
- Predictions of business-impacting events that can lead to less reactive management of SLAs
- Creation of an AI playground by collecting training data used to seed any number of AI algorithms.

The digital twin is already transforming the efficiency of current business processes, but can also enable organizations to transform their current models to adapt to the changing circumstances – benefiting the organizations, their suppliers, and customers alike.

Apollo 13 had a happy ending – the space crew all returned safely to Earth. The story of digital twins will also be a happy one – but here, there won’t be a splashdown. The journey is just beginning.



Elle Sanchez

Digital Transformation Leader,
Capgemini's Business Services

THE FOUR STAGES OF DIGITAL TWINS IN STANDARD BUSINESS PRESSES

A digital twin isn't just a virtual replica of a physical thing. It's true that in manufacturing, for instance, a digital twin can replicate part of a production line, enabling planners to gauge the effect of changes in production runs before taking them live on the factory floor. But digital twins can be used for so much more. They also mirror intangible routines, such as business processes, including finance and accounting.

In this short series of articles, I look at the four stages implicit in the development and use of the digital twin:

- **Business mining** – capture the current state of your processes
- **Modeling** – define your ideal business processes
- **Simulating** – a risk-free way to assess your options and establish a business case for process implementation
- **Improving** – a virtuous cycle of continuous improvement.

Stage #1: business mining – capture the current state of your processes

The first stage of digital twin development in business is perhaps the most obvious, but that doesn't mean it's easy.

Before you can develop a virtual replica of something, you need a detailed idea of what it is. Which means you need to capture as accurately as possible how processes are currently being handled – not what the manual says, but how things are really being done.

Identifying the starting point

Conducting this analysis and logging the results is what we call business mining. Until fairly recently, information was gathered in a series of in-depth interviews, sometimes backed by questionnaires. In fact, sometimes this approach is still useful as a support.

But these days, much of the hard work can be done digitally. At Capgemini, for example, we use Celonis, an industry leading process mining tool. Within defined data security and procedural boundaries, it enables us to monitor, visualize, and measure key business processes – helping to identify key pain points in the form of bottlenecks, process violations, and exceptions, and therefore areas for potential improvement.

It's the real-world element of this process that makes it so valuable. It means we can pick up on variants of the same process, because different departments, and teams, and yes, individual people too, do the same things in different ways. Our analysis enables us to identify the variants that affect around 80% of the total transactions. By focusing on these most common variants, we find we can create a comprehensive business case for the improvements identified, and mop up the rest as exceptions. We use this analysis to create a replica of digital processes.

However, before we begin to model our twin – we'll come to that in the next step, which will be covered in the next article – before then, as I say, we start to take stock of what we've learned, and we apply a process reengineering methodology to eliminate redundancy, and then standardize optimize, automate, and robotize processes. At this early stage, it enables us to see opportunities either for general improvement, or for digital transformation, or both.

Business mining in action – a major European utilities organization

Here's a case in point. This major utilities business sought to improve its procurement process – all the way from vendor onboarding to invoice payment. We put the Celonis tool to work, with a focus that included purchase-to-pay (P2P) and accounts payable (AP).

Working closely with our client, we looked for improvement opportunities, including shifts to touchless processing, and compliance enhancements. We then quantified these opportunities, to establish where savings could most efficiently be made.

Our process reengineering approach identified 36 opportunities in the end-to-end P2P process to drive touch-free processing, improve compliance, and enhance the customer experience. The benefits included processing transactions from purchase order to invoice by an average of two days faster – and all this, remember, is still at the early stage of process mining.

In the articles that follow, we'll see not just how digital twins are developed and put to work. As with this example, we'll also see what the results can be. We'll also look at how digital twins can help organizations transition to – what we call – the Frictionless Enterprise.

Elle Sanchez creates target operating models for finance and accounting with an automation first focus to improve transaction cycles, reduce manual effort, and increase capacity within teams. She also designs end-to-end transformations from process and policy enhancements to touchless processing.

Stage #2: modeling – define your ideal business processes

In the first stage of digital twin development, we looked at business mining. It's important, because organizations need a clear real-world picture of the processes in practice in their organization before they can start planning improvements.

This process view is sometimes called the “as-is,” because it defines how an organization operates today. The “as-is” can be defined through process mining, digital process surveys, or a combination of both.

From “as-is” – to “to-be”

At the second stage, which is modeling, organizations start to scope their direction of travel, and to define how their ideal business processes should look. In other words, they compare the “as-is” to what we might term the “to-be.” The “to-be” model is the destination.

At Capgemini, to start building it, we use the identified process engineering improvements from business mining and our Digital Global Process Models (DGPM), embedding process best practice and pre-identified transformation opportunities to define the process steps that will need to form part of the “to-be.” As part of this, we make use of the BusinessOptix platform, within which we prepare the process flows jointly with the client, combining both “as-is” and “to-be” views.

This, in turn, means the model will be streamlined to deliver the best possible performance. It's at this point that we set benchmarks for the KPIs we'll be using. During this phase we integrate the client's current or future technology landscapes into process modeling, which often involves aligning their processes to new ERP platforms such as SAP S/4HANA.

Some of our clients use this stage as an opportunity to model new processes, and not just to improve current ones. For instance, a multinational logistics business developed a common framework for roles, controls, and systems to be used consistently in a new global process model, and as a result was able to identify opportunities to implement industry best practice and to make improvements.

Modeling in action – an international engineering company

Here's a modeling case in point. This multinational engineering business wanted to build an operating model platform that would enable it not just to benefit from the SAP S/4HANA landscape, but to keep on doing so through organizational changes in the years to come.

Working closely with the business, we developed an SAP S/4HANA process library on the BusinessOptix platform, comprising all key business processes, including procure-to-pay (P2P), credit-to-cash (C2C), and record-to-analyze (R2A). We customized the global process model, assigning activity owners, ERP transactions, and controls to it that would function as a working guide for the client. We also prepped the process maps for the build and deployment of SAP S/4HANA.

At the same time, we identified opportunities for further automation across the end-to-end process, and we used process design workshops to measure the impact of change, and to guide the overall management.

The result was a fully deployed cloud-based operating model platform, with detailed process flows that were ready to go. The client organization is now able to merge the migration of the SAP system with its organizational changes, and to move from its “as-is” to its “to-be” model.

In the next stage, we'll take a look at how digital twins can be used in business process simulation. We'll also look at how digital twins can help organizations transition to – what we call – the Frictionless Enterprise.



Stage #3: simulating – a risk-free way to assess your options and establish a business case for process implementation

In the first two articles in this series, we looked at business mining and at modeling. Let's assume, therefore, that we've reached a point where we've mapped our current business, all our ideas are in place, and we've modeled potential improvements to our finance and accounting processes. All of which means we're now ready to run simulations.

Testing the effect

What we're simulating, of course, is the "to-be" model we've defined. In other words, what we expect will be our new, improved approach to a process vs. our "as-is" what we currently do today. Will it work – and will it deliver the benefits we anticipate?

Let's say it's an invoice processing routine. We can input the number of invoices we might expect in a given timeframe, and also the metrics that might apply, such as the length of time it typically takes to handle one such invoice. This, in turn, will be conditioned by whether the process is deemed to be constrained (i.e., by factors such as the necessity for working-hours human input) or unconstrained (i.e., automatable) resources.

At Capgemini, we use the BusinessOptix platform, a tool that leverages the Monte Carlo simulation model to simulate the path of transactions while they're taking place. It simulates and monitors the performance of the proposed improvements – but of course, it also simulates and monitors the status quo. We ensure the metrics for these two process models – for the "as-is" and for the "to-be" – are consistent with one another. This means that, as processes are put through their paces, we can switch between them at will, watch the gauges rise and fall, and see which current bottlenecks disappear, which ones reduce (and by what degree), and which ones might need further attention.

As we're all often told, information is power, and the findings from these simulations enable us to establish a business case for next steps in the real-world

implementation. We can see what will make the biggest and fastest difference. We can also establish likely costs, and calculate potential savings over current methods. We can use all this knowledge to decide what we'll do first, what should come next, and what, based on information received, is perhaps not worth doing at all.

Simulating in action – a national tax and revenue body

Here's an example of what simulation can do. This European national tax and revenue organization was running a number of different journal processes across different departments. All of them were manual, there was no proper documentation, the interdepartmental mismatches were numerous, and the metrics were insufficient.

Modeling and simulation in BusinessOptix enabled us to map current processes and pain-points, and also to propose future standardization. Simulation routines showed the potential reduction in preparation and processing time for the journals, and also demonstrated how automation would reduce bottlenecks.

As a result, we were able to propose improvements in both the process and technology areas. Metrics for best practice were established, including areas of potential process standardization and automation. We also suggested new process flows that could be introduced immediately.

Measurable benefits we were able to demonstrate included potential reductions in: journal preparation, from 11 minutes to 5 minutes; and also in journal processing time, from 57 minutes to 45 minutes for non-rule-based processing, and from 57 minutes to as little as 24 minutes for rule-based processing.

In summary, it's this the simulation stage that gives digital twins their real business value, because it marks a risk-free way for organizations to assess their options.

In the next stage, we'll consider the scope digital twins provide to continue to make improvements. We'll also look at how digital twins can help organizations transition to – what we call – the Frictionless Enterprise.



Stage #4: improving – a virtuous cycle of continuous improvement

So far in this short series of articles on the use of digital twins in finance and accounting, we've looked at business mining, modeling, and simulating.

It would be tempting to think that in those three topics, we've covered all the bases. After all, once you have a model that can simulate both how things are, and how you want them to be, you'll have reached the point at which you know what will work, where you want to go, and how to get there – right?

Well, yes, indeed. But that doesn't mean the job is done. As with many things in life, it will always be work in progress.

From better – to better still

For instance, let's say we've used a digital twin to model a new approach to invoice processing. The model has been developed and implemented in the live system, and it's reduced a major bottleneck in the previous process – but not to the extent we expected. We still have our digital twin, though, so we can revisit the simulation cycle, and try out various "what-if" tweaks to see what might help. We can do this, of course, without disruption to the live system, which is still delivering better results for us – results that we may now be able to improve.

Here's another instance. In this case, the implementation is indeed delivering the expected results – but that doesn't mean things are the best they can be. For one thing, it's likely that our new model was designed on 80/20 principles, to address the biggest process bottlenecks.

Which means there are still other, lesser points of friction that can be addressed. Revisiting the business mining stage will help identify them, and modeling and simulation can help resolve them.

Even if the new process model has addressed everything, completely and perfectly, there are still other issues to tackle. First, there is the human factor. People are likely to interact with live systems in different and possibly quirky ways. What starts out as a personal shortcut can become an inconsistency, which can in turn become a new bottleneck that needs fixing.

Second, things can change. The perfect new model may have been designed to address circumstances that no longer apply. It needs to be adapted. Similarly, changes that weren't made previously because they were too expensive may now, as a result of developments, be not only more cost-justifiable, but actually desirable.

In short, the digital twin process should be seen not as linear, but as a cycle. There is always room for improvement.

Improving in action – a global logistics organization

This logistics business is a household name. It was running credit-to-cash operations across three global regions, partly in-house, and partly on an outsourced basis. Each region had a different process models, making it difficult to introduce a single approach to automation, and thereby leading to overall inefficiency.

The digital twin brought together best practices from all the regions, and by consulting widely and using the BusinessOptix platform, we were able to develop a common framework for roles, controls and systems to be used consistently in the new global process model.

Transition to the new platform has been smooth – but the work continues. We have continued to gauge real day-to-day implementation of the process, to ensure it remains commensurate with global and regional needs. We've also continued to monitor industry-wide best practice, so we can recommend improvement opportunities.



Elle Sanchez

Digital Transformation Leader,
Capgemini's Business Services

A FRAMEWORK FOR INNOVATION AND CONTINUOUS IMPROVEMENT

Capgemini's Transformation and Innovation Office leverages the digital twin to drive innovation and continuous improvement in a manageable, quantifiable, and efficient way.

In previous articles on the use of digital twins in finance and accounting, we've looked so far at the main stages in their development and implementation – in other words, at business mining, modeling, simulating, and continuous improvement.

In this article, we're going to consider what a Transformation and Innovation Office (TIO) can contribute. I suppose it's not a stage, as such – at least, not in the sense of the sequence covered in the preceding articles.

Instead, the TIO has an important role to play in driving innovation and continuous improvement in a manageable, quantifiable, and efficient way.

TIO-as-a-service

I should start, of course, by defining terms. Capgemini's own Transformation and Innovation Office helps clients foster innovation through measuring the value of new ideas and opportunities, become architects of change through improving communication and collaboration, and generate thought leadership through workshops and sharing best practices.

Essentially, it delivers end-to-end transformation and innovation as a service – leveraging the digital twin approach to mining, modeling, simulating, and improving. This, in turn, helps clients transition to – what we call – the Frictionless Enterprise.



In previous articles in this series, I described how the development and implementation of digital twins for business processes should be seen as cyclical, rather than linear, and this is the principle that underpins our TIO. Its core framework comprises this circle of steps:

- **Idea generation** – using business mining and our process engineering approach to map “as-is” processes, to start streamlining them, and to capture ideas for innovation
- **Modeling and simulation** – using the BusinessOptix platform to design the architecture of the digital twin, and to build the business case for the “to-be” model, including metrics for success
- **Complexity and prioritization** – assessing anticipated changes implicit in the “to-be” model, managing them, establishing priorities for implementation, and prioritizing against all other ongoing transformation in the pipeline
- **Innovation pipeline** – signing off on initiatives, and developing and initiating a project management approach
- **Implement** – rolling out the transformation, providing project status updates, and re-prioritizing remaining pipeline activities as necessary
- **Measure** – assessing benefits against the predetermined metrics, and feeding them back into the process engineering database in the first stage above, as part of the commitment to continuous improvement.

Improving in action – a global entertainment business

Applied to finance processes, digital twins offer a real opportunity. In the light of growing online competition, this global entertainment organization needed to make significant changes to its business model.

It took advantage of the Transformation and Innovation Office approach to bring together SAP workflow automation and robotic process automation, as well as KPI dashboards and CFO insights.

To achieve all this, our TIO team worked closely with the organization, supporting operations in locations across North and South America, Europe, and Asia.

Services delivered include cash apps, billing, invoice digitization, report elimination, disputes RPA, recon automation, and overall enterprise financial services.

Since its introduction, 41 projects were implemented across three process towers, and \$16.9 million savings were delivered in 2020–2021.

Purchase-to-pay (P2P) outcomes have included:

- **80%** improvement in optical character recognition (OCR) efficiency
- **95%** reduction in process exceptions
- **48%** improvement in Days Payable Outstanding (DPO)

Record-to-analyze (R2A) outcomes have included:

- **22%** savings on billing
- **70%** automation of ad hoc journal entries
- **45%** improvement in turnaround time in reconciliation preparation

In general, the TIO is felt to have proven itself to be resilient to changing business priorities, and it continues to retain its efficacy, despite the “new normal” ways of working.



Capgemini's own Transformation and Innovation Office delivers transformation and innovation as a service – leveraging the digital twin approach to mining, modeling, simulating, and improving.”

Elle Sanchez
Digital Transformation Leader



Daniel Jarzecki

Finance Intelligence Global Process
Owner, Capgemini's Business Services

DRIVING INTELLIGENCE INTO FINANCE OPERATIONS

Smart, frictionless analytics gives structure and meaning into data. When data has meaning, it's not only actionable – it's also valuable.

Data is at the heart of every organization. But without structure, and without understanding, it's simply, well, data. A jumble of everything and nothing. Just as, without structure, Shakespeare's Hamlet is simply words.

What gives data meaning is analytics – which in turn can shape business operations, thereby giving organizations a clear competitive advantage.

However, achieving these benefits is easier said than done. CFOs and process owners are often overwhelmed with the amount of high quality, accurate data that needs to be accumulated and used in real time across multiple sources.

What they need is an automated, digital data system that automatically collects, organizes, and analyzes data, using appropriate metrics.

Armed with something like this, they will be able to enhance their decision-making, accountability, and financial health, while enabling their employees to predict and prevent losses and monitor performance.

Actionable, frictionless business insights

An automated analytics model of this kind becomes truly useful only when the data it interprets is drawn from across an integrated organization – what we at Capgemini call the Frictionless Enterprise.

Becoming a frictionless enterprise is about seamlessly connecting your people and processes to break down the silos within finance operations across data, functions, and ownership to eliminate friction. In turn, this can deliver next-generation, enterprise-level outcomes, including reduced operational risk, enhanced agility, increased revenues, improved margins, and improved sustainability.

But how can this be achieved within your finance function? What's needed is a self-service analytics platform with best-in-class metrics that transforms data into actionable business insights based on historical trends and predictive models. Armed with these insights, CFOs and process owners can achieve frictionless decision-making in real time across their organizations.



Application areas

Let's put some specifics on those insights in finance areas. They include:

- **Improved service excellence** – businesses can gain actionable insights from their operational performance, predict SLA and KPI trends, reduce risk through leveraging anomaly detection algorithms and predictive analysis, and provide AI controllership to ensure financial statements compliance
- **Enhanced benchmarking** – CFOs can focus on the metrics that matter to them, measure the efficiency and health of their finance processes, simulate the benefits of improvements, and measure the speed to value of their transformation and innovation initiatives
- **Improved business insights** – organizations can take advantage of predictive analytics that deliver powerful insights into their P&L, revenue, sales, and working capital, resulting in informed decision-making and enhanced value.

Finance intelligence in action

The benefits of this smart, frictionless approach can be considerable. Here are a few real-world examples that we at Capgemini have delivered for our clients:

- **For a global FMCG company** – we identified actions for a €45 million working capital opportunity, improving DSO by seven days and DPO by one day
- **For a global agriculture business** – we used analytics to support business decision-making through cost

and resource optimization, enabling an increase in profitability, productivity, and efficiency

- **For a global FMCG company** – we provided visibility into the cost for customer replenishment – leading to an improvement of 0.5% to 2% in logistics costs
- **For a global agriculture business** – improved controllership, providing financial planning and analysis encompassing activities around budgeting, forecasting, financial reporting, and analysis.

All these instances illustrate the point we made at the outset. Data without structure or understanding is just data. What gives it meaning is smart, frictionless analytics – and when it has meaning, it's not only actionable: it's valuable, too.



Data without structure or understanding is just data. What gives it meaning is smart, frictionless analytics."

Daniel Jarzecki
Finance Intelligence Global Process Owner



Thierry Frechet

Transformation Director,
Capgemini's Business Services

FRICITIONLESS FINANCE CONTROLS – EMBED AI TO DRIVE END-TO-END GRC OPERATIONS


Embedding AI into controls in an integrated GRC platform enables organizations to eliminate business process risks around the clock and in real time across all process data.

Organizations these days have to comply with an increasingly complex regulatory environment. Among many other regulations, the range extends from Control Objectives for Information and Related Technology (COBIT) and Payment Card Industry Data Security Standard (PCI DSS), to General Data Protection Regulation (GDPR) and the Sarbanes-Oxley Act (SOX).

At the same time, businesses are operating under growing transaction volumes, and they are running more sophisticated financial processing routines, too.

The concerns don't stop there. Fraud examiners estimate that organizations lose an equivalent to 5% of their revenue to digital fraud, equating to €3.7 trillion each year. Internal and external audits detect only 19% of fraud, with organizations having to rely on whistleblowing to prevent 43% of it.

What all this means is that organizations' governance, risk management, and compliance (GRC) functions are heavily reliant on the expertise of stretched employees who receive very limited technology support.



Frictionless, end-to-end GRC operations

Artificial intelligence (AI) can be of substantial help to businesses in meeting these obligations. It's especially useful when the processes to which it is being applied are drawn from across an integrated organization – from what we at Capgemini call the Frictionless Enterprise.

What's needed is seamless, end-to-end GRC operations that combine a set of autonomous, AI-augmented business process controls developed for control interventions, built with AI architecture patterns and machine learning algorithms, and embedded within an integrated GRC platform.

This approach enables an organization to centralize all of its controls and eliminate key business process risks that can impact P&L and balance sheet.

In turn, this can transform the finance function to achieve frictionless business outcomes, strengthened brand reputation, enhanced operational efficiency, improved fraud and revenue protection, and improved compliance.

I've given examples of measurable benefits at the end of this article.



What's needed is seamless, end-to-end GRC operations that combine a set of autonomous, AI-augmented business process controls developed for control interventions, built with AI architecture patterns and machine learning algorithms, and embedded within an integrated GRC platform."

Thierry Frechet
Transformation Director

Application areas

Let's expand a little on some of the outcomes a smart and enterprise-wide, AI-based GRC solution can deliver:

- **Enhanced controls monitoring** – businesses can improve the quality of their controls on a real-time basis, and reduce audit duplications, too
- **Improved business processes** – CFOs and finance and compliance teams can put in place best-in-class, cost-efficient, and effective processes and controls
- **Enhanced risk management** – organizations can integrate their process risk identification, assessment, response, and controls framework functions
- **Improved fraud management** – they can also enhance their fraud prevention, detection, and investigation as and when required

AI.GRC in action

The benefits of an AI-based approach to GRC are considerable. Here are real-world examples that we at Capgemini have delivered for a global FMCG client:

- Up to \$3 million reduction in negative P&L risk per control
- 167% increase in data coverage per control.

Cost savings and efficiency improvements are of course highly desirable – especially at the kind of scale we see in the figures here.

But sometimes, it's the less tangible factors that are really telling. For governance, risk management, and compliance, what perhaps matters most of all is also one of the hardest things to quantify – and that's peace of mind.



Thierry Frechet

Transformation Director,
Capgemini's Business Services

AUTOMATING CONTROLS DRIVES FRICTIONLESS PROCESS RE-ENGINEERING

The implementation of a controls' automation solution can lead to a significant reduction in process activities and time spent completing the process.

The finance community is witnessing a surge in client demand for advice and support in raising their control environment maturity and identifying opportunities to enhance the efficiency of their process controls through leveraging automation.

There are two main factors behind this market change:

- Increasingly demanding local compliance regulations
- Process controls are still organized in an archaic and manual way by most organizations.

The latter factor is even more surprising when one considers the pace of finance and accounting (F&A) core process automation. It's almost as if process controls had been left behind, before the finance community realized this, too, should be allowed to enjoy the benefits of automation like the rest of F&A.



Re-engineering controls' processes for automation

In the UK, local compliance regulations are expected to change drastically in the near future. The white paper "Restoring trust in audit and corporate governance" is the UK government's response to independent reviews. Although this is not law yet, it is a matter of when not if this requirement will become law. In view of the level of effort required to be ready for a UK Brydon regime – the equivalent of SOX in the US – companies are starting preparations immediately.

My experience of working on identifying automation improvements for clients' process controls has led me to the conclusion that, very often, the processes themselves need to be redesigned in order for controls' automation solutions to be successfully implemented.

In fact, solutions that automate controls can be so powerful that I recommend clients start their finance process re-engineering efforts from the controls' automation angle. Similarly, I don't recommend performing finance process redesign without taking into account the automation of controls. Both cases represent a lost opportunity to make processes even more efficient and frictionless.

However, the greatest impact of controls' automation on processes is to transform controls from being detective to becoming preventive. This means that recommended automated controls occur at the process start gateway instead of during or at the end of the process in a semi-automated or manual way. In many cases the existing processes are designed to enable the completion of these "old fashioned" controls.

Eliminate risk through implementing frictionless AI-enabled controls

Let's consider a simple control where a non-purchase order (PO) invoice can only be processed once approved by an authorized person as per a delegation of authority matrix. An ERP report is generated, on a daily basis, by an accountant and reviewed to identify any exceptions.

Typically, my recommendations for automating the control would be to implement artificial intelligence (AI) or robotic process automation (RPA) at the beginning of the process. This validation control is performed to automatically block exceptions and route them to an escalation path.

Of course, automation recommendations depend on each individual client's ERP and applications environment. If a client uses a market-leading ERP such as SAP or Oracle, the control automation recommendation would be to use the ERP workflow functionalities.

In both cases, the process flow will have to be redesigned, as the manual control activities are replaced by the automated control positioned at the process entrance gateway.

The bottom line is, implementation of a frictionless AI-enabled controls' automation solution can lead to the number of process activities being divided by three or four, thus reducing the time spent on completing the process and the time saved on the control itself.

An abstract graphic design featuring a large, bold, light blue number '4' on a dark blue background. A thin white line starts from the left edge, curves slightly, and then extends horizontally across the text area. The text 'OPTIMIZING THE DIGITAL CORE' is written in white, uppercase, sans-serif font, positioned over the white line.

**OPTIMIZING
THE DIGITAL
CORE**



David Lumley

Global Head of the F&A Practice,
Capgemini's Business Services



Alex Bennell

UK Head of SAP Corporate
Finance and Procurement,
Applications

SAP S/4HANA – RENEWING THE ENTERPRISE

S/4HANA represents an opportunity for organizations to impose shape and direction on their business that will carry them into the future.

Generally speaking, organizations are constantly undergoing an evolution – gradually, and in response to circumstances – and their support systems accordingly reflect and accommodate these changes.

But every now and then, a significant event can threaten to interrupt this development. Organizations take stock. They might reconsider their entire course of action.

One such occasion is the forthcoming discontinuation of the current SAP ERP platform, and its replacement by SAP

S/4HANA. Major businesses can't continue as they are; but on the other hand, they can't start with a clean sheet – especially if they are long-established multi-national enterprises. So what do they do?

The answer isn't "improvise," and nor is it "panic." Instead, they should see it as an opportunity to reorganize – to simplify, standardize, and renew their current enterprise systems, so as to make them comprehensively and renewably fit for purpose in a digital business world.



The way forward

Of course, there are challenges implicit in this opportunity. Finance teams need to shape the right roadmap. They need to determine what the rest of their business is doing about the transition, so they can coordinate. They then must decide how to start; what to prioritize; how to engage the business in their approach; and how to create and sustain momentum.

I'd argue that the way to address these challenges and to make the most of the opportunity is to recognize that SAP S/4HANA doesn't provide all the answers on its own. It can, or should, be part of something bigger.

Central to this effort is a core of mission-critical applications that run the business. It's part of what at Capgemini we term the Renewable Enterprise, which aims to reduce that core to its essentials; to introduce intelligence; to integrate, standardize, and protect its key elements; and to link it to the cloud.

In short, it aims to bring together the technology, the process, and the operating model to sustain digital transformation and enable rapid innovation.

It's a real-world approach, because while organizations are implementing it, it doesn't require things to stop, or for changes to be made offline. It increases productivity and revenue-earning potential while organizations are doing business, and while they are exploring new revenue streams – and it also builds momentum in the new levels of efficiency it brings.

Implementing a Renewable Enterprise can include architectural change, SaaS products, upgrades, team changes, and more. One means by which we deliver it at Capgemini – for line-of-business finance, in particular – includes the application of our Digital Global Enterprise Model (D-GEM).

With D-GEM, as organizations make the transition to SAP S/4HANA, they will be better able to:

- Identify the business value and IT benefits they seek
- Revert to standard application functionality
- Build the right application suite
- Facilitate the move by streamlining and improving processes and controls using our process re-engineering approach
- Embed artificial intelligence (AI) in processes, and
- Increase efficiency at a lower cost.

Potential applications for F&A

When things are considered in this way, the obligatory move to SAP S/4HANA becomes part of a bigger solution, with greater potential.

In finance and accounting (F&A) operations, for example, organizations will be able to achieve a continuous “virtual close” – reporting faster, analyzing more deeply, acting more promptly, and predicting more accurately, to add immediacy and value to the business.

They will be able to streamline journals and also introduce robotic process automation (RPA) to key finance tasks, deriving more from their resources (human and otherwise).

In addition, they'll be able to integrate processes end-to-end, so as to optimize financial performance by using machine learning and artificial intelligence to identify and address predicted late payments, for instance.

In the next article, we'll discuss practical considerations for CFOs and CIOs as they look to renew the enterprise.



David Lumley

Global Head of the F&A Practice,
Capgemini's Business Services



Alex Bennell

UK Head of SAP Corporate
Finance and Procurement,
Applications

SAP S/4HANA – KEY CONSIDERATIONS FOR CFOS AND CIOS

Practical considerations for CFOs and CIOs as they look to renew the enterprise and move to SAP S/4HANA.

In the previous article, we looked at the opportunity that the transition to SAP S/4HANA represents. It's an opportunity to move beyond a simple migration, and entirely reshape key areas of the enterprise, to ensure they can take full advantage of the new world of digital.

In this article, we're going to present a few points that are worth bearing in mind when embarking on this significant shift:

- First, take stock of what you already have, and of what needs to be part of your protected core (see previous post)
- This process is partly about achieving long-term agility – and that, in turn, should be driven by the needs of the individual organization, and informed by the market or markets in which it operates

- The best approach isn't always the best-in-class option. All organizations have their own characters, their own expectations and their own drivers. For some, early and incremental results will be more important than price, for example. For others, the long-term benefits may justify the up-front investment. What's important is what's fit for purpose in individual circumstances – which is why, in addition...
- ... it's also important to establish common KPIs, for instance on revenues and on margins. Metrics need not only to be consistent across the enterprise, but to be appropriate to the requirements of that enterprise
- Data, and data quality, are critical. It ought to be a given to say so, but it's the bedrock on which the enterprise is built – and the digital enterprise, in particular. Its proper governance is essential, for without it, operations such as predictive analytics in a SAP S/4HANA context will lose value.



For CFOs in particular, considerations include:

- The need to establish a business case with clear outcomes that goes beyond the mere imperative to migrate
- Optimization and efficiency: the need to make best use of assets (SSC), people and knowledge, as the basis for creating a new culture in finance that increases professional curiosity, agility, and dynamism
- The need for real-time information, from which to make better, faster predictions and decisions.

And for CIOs:

- The disentangling of IT support teams from business-as-usual. All too often, they are drawn in, and effectively become an extension of financial services. This is not what they should be doing. Their expertise can and should be put to better use from the center – for instance, in managing data, in regression testing, and in handling upgrades across the enterprise
- A reduced cost of ownership
- A better relationship with the business, and a deeper understanding of how to meet its requirements and resolve issues, including avoiding the potential scattergun procurement by finance of “sticking plaster” tooling in analytics, data transformation and automation.

Cost and control

For both financial services and IT, there are two further considerations, and they are among the most important of all.

The first is the need to improve the total cost-to-serve. Yes, it’s an obvious yardstick; but in the midst of the upheaval of enterprise-wide change, it’s good to maintain a simple focus.

The second is control. Isn’t that, really, absolutely fundamental to the renewal of the enterprise? Without it, the other benefits – of increased efficiency, of manageability, of cost-effectiveness, of agility, and insight, and more – all these will uncertain.

In summary, a judicious and comprehensive approach to the opportunity afforded by the SAP S/4HANA transition can help finance teams assess where they are and focus on priority areas – understanding that there are different levels of maturity. These can be reviewed in detail against criteria that include:

- Establishing the right team structure
- Optimizing the geographical configuration of the business
- Achieving the right mix of skills
- Aiming for best-in-class processes
- Focusing on areas in which automation can deliver substantial productivity improvements
- Orchestrating pricing to affect customer behavior and streamline transformation
- Managing governance to meet external expectations, increase value and create new opportunities.

The transition to SAP S/4HANA is not so much an obligation, as a chance for organizations to do something bigger – to impose a shape and a direction on their business that will carry them into the future.

If they decide this uncharted territory is too daunting a challenge to face alone, they may wish to work with an experienced external services provider, who can help them articulate the business case, and then shape and execute the roadmap – and thereby transform the prospects of the enterprise.

It’s a roadmap that can take them all the way to the Renewable Enterprise.



A judicious and comprehensive approach to the opportunity afforded by the SAP S/4HANA transition can help finance teams assess where they are and focus on priority areas.”

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Capgemini's Business Services



Alex Bennell

UK Head of SAP Corporate
Finance and Procurement,
Applications

SAP S/4HANA MIGRATION – A PLANNED APPROACH

No matter what your starting point, your migration to SAP S/4HANA needs the right structure and methodology.

There's an old joke in which some people out walking ask a farmer the way to the nearest village. The farmer sighs and says: "Well, I wouldn't start from here."

It's a ridiculous answer, because the walkers have no choice but to start from where they are.

Similarly, in an established business, no one begins from the best place. And so, when something new comes along, it's not likely to be a simple trip. Instead, it's a journey – and a journey with baggage.

Step one – simplify the core

ERP platforms are a case in point. The obligatory transition to SAP S/4HANA is beset by a huge amount of legacy SAP custom code, which is most probably where the unique business value of the enterprise resides. It's code that's built on an ageing platform, that is inflexible, and that provides no easy use of the technology enablers that are available now.

In two previous articles, we've considered the opportunities the shift to SAP S/4HANA provides for a radical rethink of finance, admin and technology functions. But first, organizations need to take stock of where they are – and of how they're going to deal with all that baggage.

The first step could be to simplify the legacy core. This means removing bolt-ons, workarounds, and redundant processes that have crept in over time, and moving innovation and customization outside the core.

It means strengthening what's left – in other words, retaining in the core anything that works for the organization, and that is aligned with industry practices. It also means that the organization makes a new promise to itself, and sticks to it – and that is to be more selective henceforth about what really constitutes a core process, and to keep it clean.



Step two – build layers

With the groundwork done, organizations can start to build.

This means exploring opportunities currently outside their core that may form a useful part of the design they have defined.

Such opportunities might include digital applications, third-party tools, other systems, other applications, and developments tailor-made for individual organizations by a knowledgeable services provider.

They then need to consolidate these into the strong architecture they have established in order to stop it turning into chaos. (Remember: they have a new sense of determination now, and they need to maintain it.)

Layering in this way will enable an enterprise to prepare for constant change. It's an approach that embraces not just the ERP architecture, but also the organization's entire business landscape.

As the process continues, enterprises need to ensure that events and stages along the way don't distract them from the path they have set for themselves – and that is to develop and sustain a core that is strong, safe, and intelligent, and that retains sufficient flexibility to evolve in line with the needs of the times and of their organizations.



The first step could be to simplify the legacy core. This means removing bolt-ons, workarounds, and redundant processes that have crept in over time, and moving innovation and customization outside the core."

David Lumley
Global Head of the F&A Practice

Do it in stages – and look for support

There's one further point that needs to be made about implementation, and it's an important one. Moving from SAP to SAP S/4HANA might seem to be a huge and daunting undertaking if it were conducted as one big "lift and shift." But it doesn't have to be this monolithic. With support and guidance, it can be handled incrementally, gradually creating a renewable enterprise along the way, in one integrated architecture.

In a way, this brings us back to the analogy with which we started. Yes, it's a journey, and with baggage to carry – but if you make the trip in stages, and if you have knowledgeable travelling companions who know the way, and who can help to share the load, it's nowhere near as daunting.

And you won't need to speak to any unhelpful farmers, either.



With the groundwork done, organizations can start to build. This means exploring opportunities currently outside their core that may form a useful part of the design they have defined."

Alex Bennell
UK Head of SAP Corporate
Finance and Procurement, Applications



Sanket Solanki

Global SAP S/4HANA Transformation
Lead, Capgemini's Business Services

THE DIGITAL TWIN AND SAP S/4HANA

A digital twin can simplify your S/4HANA transition.

As SAP plans to discontinue the mainstream maintenance of its existing ERP solutions by 2027, organizations are considering various methods in their transition to SAP S/4HANA®.

This presents a golden opportunity to transform and digitize operating models, processes, data, and technology to create an organization that adapts easily and with agility, while also accelerating the value of their S/4HANA roadmap.

The “S” in S/4HANA is for “simple”

Efficient, effective, and secure migration starts with data harmonization and end-to-end business process standardization, before launching a new, digital core.

It's best to approach this strategically:

- Design a frictionless, agile operating model, where global end-to-end processes are standardized and designed towards a common S/4HANA-enabled template
- Assess digital opportunities to streamline, optimize, and automate processes, with AI-enabled controls and automation zones
- Establish and integrate best practices and KPIs
- Review existing SAP and technology architecture, with a view to minimizing customizations and assessing other digital tools (including platforms, workflow, robotic process automation (RPA)/artificial intelligence (AI) integration, data management, knowledge management etc.)
- Enable simplification of the core by aligning with the overall business and IT roadmap to gain adoption
- Conduct appropriate cost benefit analysis of future opportunities and prioritize, with assigned ownership.



Enter the digital twin for S/4HANA

As the tools of innovation improve, the capabilities of digital twins are enabling more companies to enhance performance and drive stronger business outcomes.

A digital twin of an organization is a virtual replica of an actual and potential processes, products, or services that enables you to analyze and optimize those processes, products, or services in a digital instance to simulate the impact of change before they become reality.

The impact on business operations is to simulate the impact of change for any organization, using metrics, volumes, and data that can be integrated into the model.

Capgemini delivers digital twin

Capgemini recently worked alongside an organization on such a program. The aims were to:

- Design an S/4HANA-enabled operating model to enable the client to recreate its process landscape and adjust to organizational changes over the years to come
- Identify, evaluate, and prioritize opportunities for transformation in line with the business's SAP S/4HANA migration roadmap.

The digital twin was set up to address the full scope of finance and accounting, supply chain, procurement, master data, and HR. The cloud-based SAP S/4HANA operating environment covered globally standardized processes, all modeled within the BusinessOptix platform.

This model was enriched with AI and RPA-zones, roles and activity owners, S/4HANA Fiori-transactions, and integrated controls, to function as the North Star for our client's organization.

As a result, ready-to-use process flows emerged that the organization could immediately introduce, significantly reducing the time and cost expended on training and onboarding.

The net outcome of all this is that the business is now able to merge the migration of its system landscape with the organizational changes it is making as part of its digital transformation.

The ultimate goal – a frictionless enterprise

In summary, developing a digital twin for SAP S/4HANA enables businesses to remove bottlenecks from current processes, simulate the impact of organizational change and establish a common design towards a digital future.

The ultimate outcome is what we at Capgemini term the Frictionless Enterprise – an organization in which data can flow seamlessly between people and processes, intelligently, and as and when it is needed.

Pre-configured solutions of this approach are available that can save weeks in days sales outstanding (DSO) and reduce total operational costs by 40 to 60 percent.

The sooner businesses embark on the path to digital transformation, the better able they'll be to take advantage of game-changing approaches like this.



“Developing a digital twin for SAP S/4HANA enables businesses to remove bottlenecks from current processes, simulate the impact of organizational change and establish a common design towards a digital future.”

Sanket Solanki
Global SAP S/4HANA
Transformation Lead



**THE FUTURE OF
FRICITIONLESS
FINANCE**



Lee Beardmore

Vice President and Chief
Innovation Officer, Capgemini's
Business Services

SCALING UP THE AS-A-SERVICE MODEL

A business-process-as-a-service is a tool – a much smarter and more versatile tool than a chopping stone, admittedly, but a tool, nonetheless. It's the hand in which it's held that makes things happen.

In a ground-breaking UK radio series in 2010 called 'A History of the World in 100 Objects', the oldest item to be featured was an oddly shaped stone, about the size of a grapefruit. It was – and is – from the Olduvai Gorge in Tanzania, and it's around two million years old.

Visually, it's unremarkable. As listeners were told, if you saw it on the ground, you'd walk past it. But if you picked it up, you would instantly understand its significance.

Why? Because it fits in the hand so well. Its shape obliges you to hold it in a certain way, and you immediately see it for what it is – a chopping tool.

The stone is defined not by its form, but by its function, by what it makes possible – and that's what makes it a good analogy for much of what we do in business. It reminds us that the service is more important than the product, and that the outcome is more important than the delivery mechanism.

From technologies and services...

It's often the case these days that business process outsourcing takes place simultaneously at both these levels. An enterprise may contract out a finance and accounting

operation, and independently a technology-led service such as applications development and maintenance (ADM). In fact, it may outsource many operations and services.

For the next level, let's zoom out a little. Here at Capgemini, we offer a service for developing and maintaining applications. That's its function – but its outcome is to relieve our customers of a bigger operational burden, so they can focus on things that are of more immediate importance.

It's the difference between driving to an inner-city meeting, and taking a cab: with the cab, you decide where you want to go, but the driver picks the best route, delivers you to your destination, removes any need for you to find a parking place – and lets you focus on preparing for the meeting.

This principle works on a number of levels. For instance, an intelligent document processing technology can handle the bulk of invoice processing workload. That's its function, but its outcome is to give accounts teams more bandwidth to handle exceptions and focus on optimizing the accounts payable operation.



... to entire business operations

But you'll remember I said there were several levels. So, zoom out a little more, and you're looking at an entire operational area of the enterprise. Take the supply chain, for instance. Its function is clear – but if it's delivered as a service, its outcome is to raise the role of the organization's management more fully into the strategic space.

Meanwhile, all the tactical necessities, such as market demand assessments, and manufacturing resource planning, and logistics, can be handled by the service provider, who makes best use of the technology to deliver the organization's business objectives.

There are several advantages to running an as-a-service model at this macro level. First, it's simple and cost-effective: instead of juggling several service provider relationships, the organization has to manage only one.

Second, it's consistent: the entire business process will now be driven by a single guiding principle.

Third, it adds value. When the entire business process, with all its individual technologies and functional areas, is brought under the roof of one global service provider, there are greater opportunities to increase cohesion between them all, and to create what we at Capgemini call the frictionless enterprise – connecting people and processes seamlessly, intelligently, and as and when needed, and dynamically adapting to each organization's circumstances and requirements.

By breaking down siloes, removing obstacles, introducing digital intelligence, and increasing visibility from end to

end, the service provider can give the client organization a greater degree of insight, and agility, and control than it has ever seen before.

Fourth, it creates enterprise-level opportunities. When the service provider creates a model that's seamless across the entire business process, it's giving its client an engine with the power to take it anywhere it wants to go. It can optimize current strategies – and with the help of the service provider, it can scope out future ones, too.

For example, it can build risk-free digital twins to explore ideas that could redefine the business.

Identity is defined by strategy, not function

Some people, I suppose, may be uncertain about taking the as-a-service principle to a level as high as this. They may think that when an external provider is executing an entire macro business process, the client organization for whom it's acting will somehow lose its character.

But it's important to remember that the identity of the business is defined by what it does, and what it offers, and that even something as big as a macro process is only a delivery mechanism that fulfils that strategy.

A business-process-as-a-service is a tool – a much smarter and more versatile tool than a chopping stone, admittedly, but a tool, nonetheless. It's the hand in which it's held that makes things happen.

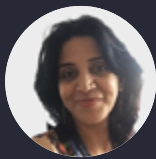
Authors



David Lumley leads a global team that delivers global finance transformation projects for large organizations across a range of industries including CPRD, Financial Services, Utilities, and Telecoms.



Lee Beardmore has spent over two decades advising clients on best strategies for technology adoption. More recently, he has been leading the push in AI and intelligent automation for Capgemini's Business Services. Lee is a computer scientist by education, a technologist at heart, and has a wealth of cross-industry experience.



Priya Ganesh has worked for Capgemini for the last 12 years, first as a Solutions Architect and now as a Vice President leading the solutions and transformation practice across APAC. She enables clients in their transformation journey, leveraging Capgemini's critical assets and collaboration across our Group.



Divya Turner is the global process owner for order-to-cash (O2C), the product owner for AI, Receivables, and has over 15 years of experience in driving innovation in O2C.



Joaquín Vázquez Calvo is passionate about delivering solutions to help clients maximize their working capital through technology, automation, and industrialized process design.



Mahalakshmi Ramakrishnan leads multi-national multicultural teams and transformation projects across the accounts payable.



Arush Kumar is responsible for driving digital transformation of finance processes, adding value to our clients' business operations by implementing best-in-class processes and driving financial savings.



Robert Piotrowski partners with clients in their transformation journeys, leveraging AI and intelligent automation to reimagine their finance functions.



Elle Sanchez creates target operating models for finance and accounting with an automation first focus to improve transaction cycles, reduce manual effort, and increase capacity within teams. She also designs end-to-end transformations from process and policy enhancements to touchless processing.



Daniel Jarzecki is a transformation director with over 18 years of experience in managing Business Services delivery teams, building successful solutions, and running transformation programs for Capgemini clients across multiple industry sectors.



Thierry Frechet designs sustainable F&A target operating models for multinational market-leading clients.



Alex Bennell helps clients develop and deliver their SAP finance roadmaps and prioritize their goals to realize business benefit.



Sanket Solanki advises clients on implementing finance transformation opportunities across their operations that address their future strategic vision, whilst designing and developing agile business and operating models, augmented with AI, to drive sustainable business outcomes.



About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 300,000 team members in nearly 50 countries. With its strong 50-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2020 global revenues of €16 billion.

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businessservices.global@capgemini.com