

# Nordic SAP Treasury Community Event 2023

Welcome - and an introduction to creating a successful project - presented by <b>PwC</b>	13:00
Discovering SAPs latest Treasury capabilities - presented by <b>SAP</b>	13:15
Discussion on SAP Treasury developments and community	13:30
SAP Payment Factory - Presented by Carolin Issa, Transaction Banking, <b>Otto Group</b>	13:45
<b>Break and networking</b>	14:15
SAP Commodity Risk Management – presented by <b>SAP and PwC</b>	15:00
ABB's Transformation in Corporate Treasury - presented by Felix Meyer, Head of Treasury Technology, <b>ABB</b>	15:30
<b>Break and networking</b>	16:00
Optimised risk management - presented by Jean-Baptiste Disdet, Treasury Technology Director, <b>JTI</b>	16:30
<b>Wrap up</b>	17:00
<b>Drinks and light dinner</b>	17:15
<b>Thank you for today</b>	19:00

## Your hosts of today



Casper Borly  
Financial Risk & Treasury



Melania-Margareta Meyer  
Treasury & Risk  
Management





NOVEMBER 20, 2023

# Treasury Transformation Journey at ABB

*Process driven change supported by SAP S/4HANA*

Felix Meyer, Treasury Technology and IS





## Well positioned across global markets

**Employees**

~105,000

**Countries**

>100

**Revenues**

~\$29 bn

**Europe**

~\$10.3 bn

**Americas**

~\$9.6 bn

**AMEA**

~\$9.6 bn

**ABB** is a technology leader in **electrification** and **automation**, enabling a more sustainable and resource-efficient future.

The company's solutions connect engineering know-how and software to optimize how things are **manufactured, moved, powered** and **operated**.

2022 figures

**ABB**



# Technology and Transformation in its DNA


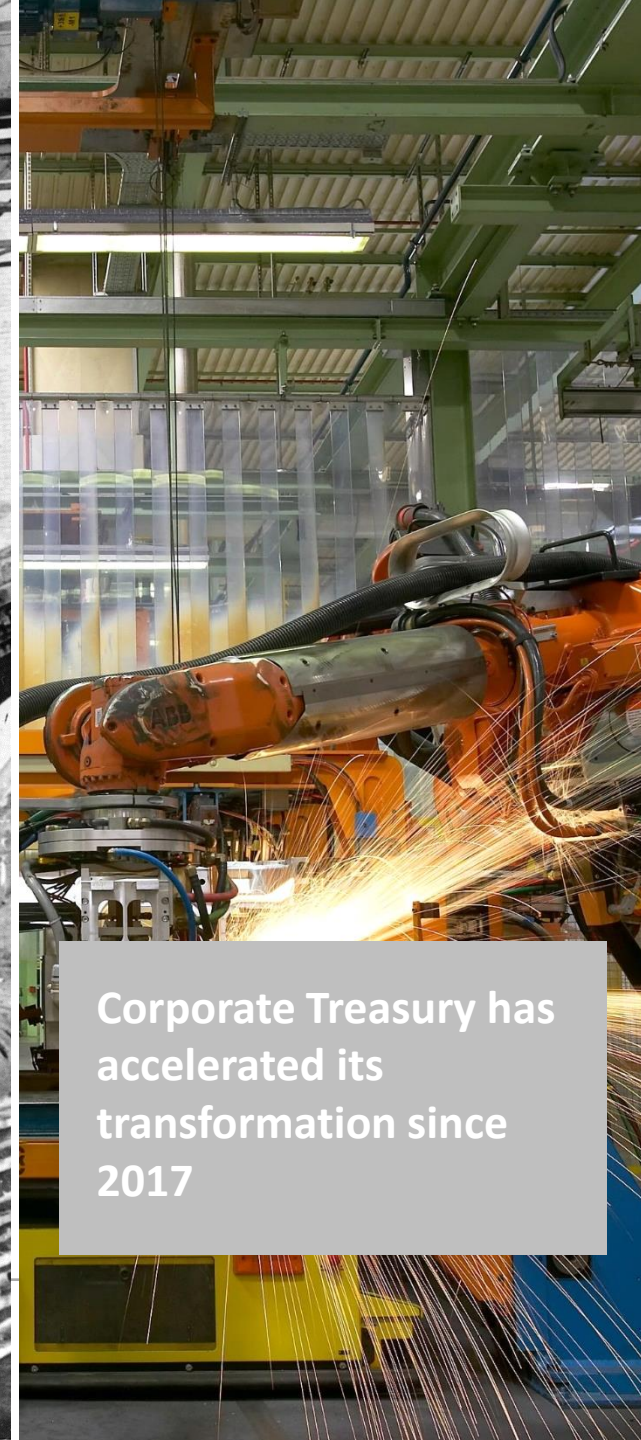



ABB has been leading  
technology innovation for  
130+ years



Corporate Treasury has  
accelerated its  
transformation since  
2017

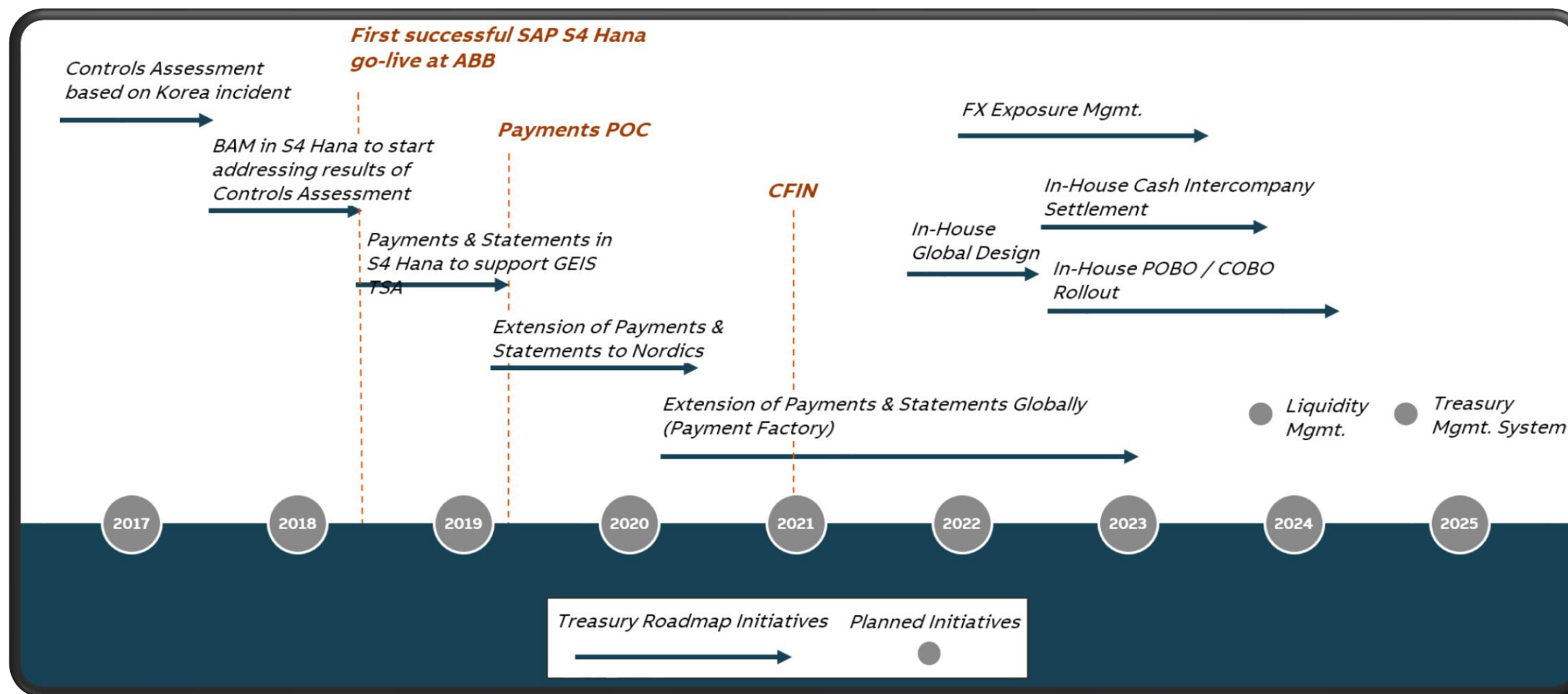


Technology has played  
a central role  
supporting this  
transformation



# Treasury Transformation Journey

The in-house-bank vision supported by S/4HANA





## Acronyms:

A2S – adapt to standard

FTP – finance transformation program

# Treasury Transformation Journey

Process: From Decentralized/Heterogenous to Centralized/Homogenous

## Legacy

- Large number of banks and bank accounts; no incentives to rationalize bank accounts (a feast for banks!)
- No central independent visibility on bank balances, payment types flowing through the accounts, account modification or signatory process
- Localized business responsibility to identify and manage FX exposures; partially automated
- Suboptimized IC netting process; external settlement of residuals



220+



2500+

## Current

- Central ownership and management of accounts
- A2S for banking landscape
  - Elimination of non-essential bank accounts
  - Review process approved centrally for all mutations
  - Secure payment infrastructure and single channel and source for bank accounts statements
- Push to centrally funnel payments and statements (90%) through one channel



110+



1400+

## Future

- Clearly defined Treasury policies and compliance
- Comprehensive, accurate and real-time data supporting treasury processes and business decisions
- Further drive to rationalize banking landscape (supported by ABB FTP)
- Push to implement virtual account (Finance Transformation Program) in a global in-house cash setup for POBO, COBO, ROBO
- Leverage FX, IHC and IC initiatives to optimize settlement, netting, liquidity forecasting and hedging process

From decentralized, non-standardized and manual to a more centralized, standardized, simplified approach

## Acronyms:

CFIN – SAP central finance

GCM – Global Cash Management Solution

# Treasury Transformation Journey

Technology: From heterogenous/distinct to an enabler of a more centralized/core landscape

## Current

- **Cash Management** - implementation of SAP S/4HANA solution for Corporate Treasury (GCM – Global Cash Management box)
  - Bank Account Management – BAM module
  - Payments/Statements – APM and MBC modules. Leverage CFIN to integrate directly to GCM, instead of individual connectivity(35+ ERPs, Payroll solutions, etc)
  - In-house cash – IHC module implemented for DE/EUR

**FX Hedging** – implementation of FX exposure management 2.0 for balance sheet flows into core TMS solution (for external hedging); partially automated process remains

**Intercompany Netting** – centralized external netting solution, intensive process for loading and clearing of invoices

## Aspired (Q1 2025)

- **General** –
  - tighter integration with CFIN S-4 instance; potential merge with CFIN; support via SAP RISE
  - Higher degree of automation
- **Cash Management** -
  - Global rollout of IHC (POBO, COBO, ROBO), thereby optimizing settlement process, IC netting process and settlement related to hedging process
  - Integrate 'grey spots' into payment factory
- **Hedging**
  - Core capture of hedges in Exposure Management 2.0 (all countries) for common offset mechanism to TMS

- **Distinct solutions** (ebankings, local TMS, H2H connectivities, solutions supporting hedging/IC process)
- **Grey spots** (missing integrations (incl DINO, distinct solutions), technology readiness, ERPs out of scope)

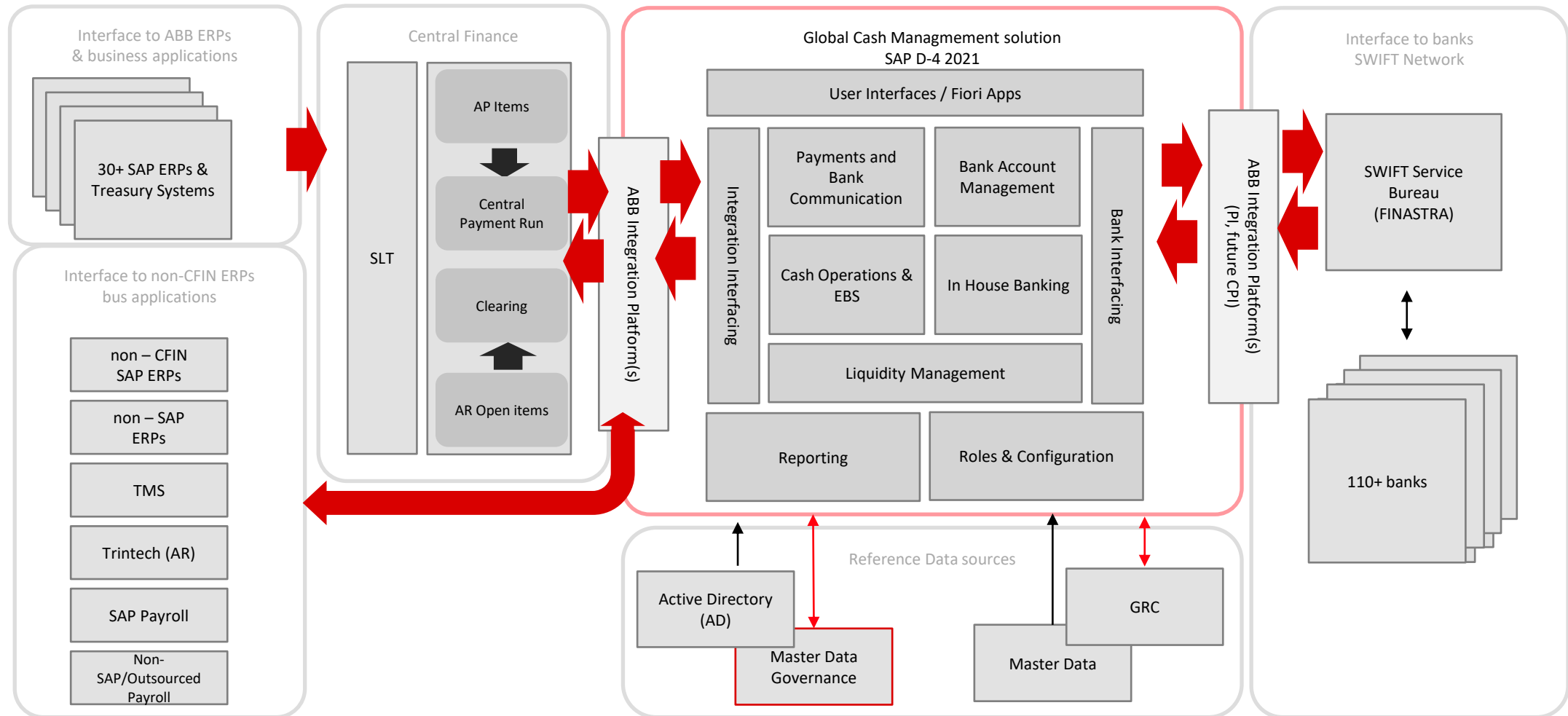
# Treasury Transformation Journey

End Game 2025: SAP S/4HANA as a central enabler of the transformation

## Acronyms:

CFIN – SAP central finance

SLT - \*Landscape Transformation Replication Server





# Treasury Transformation Journey

2019: The payment/statement integration journey restarts with APM, as an integration game changer

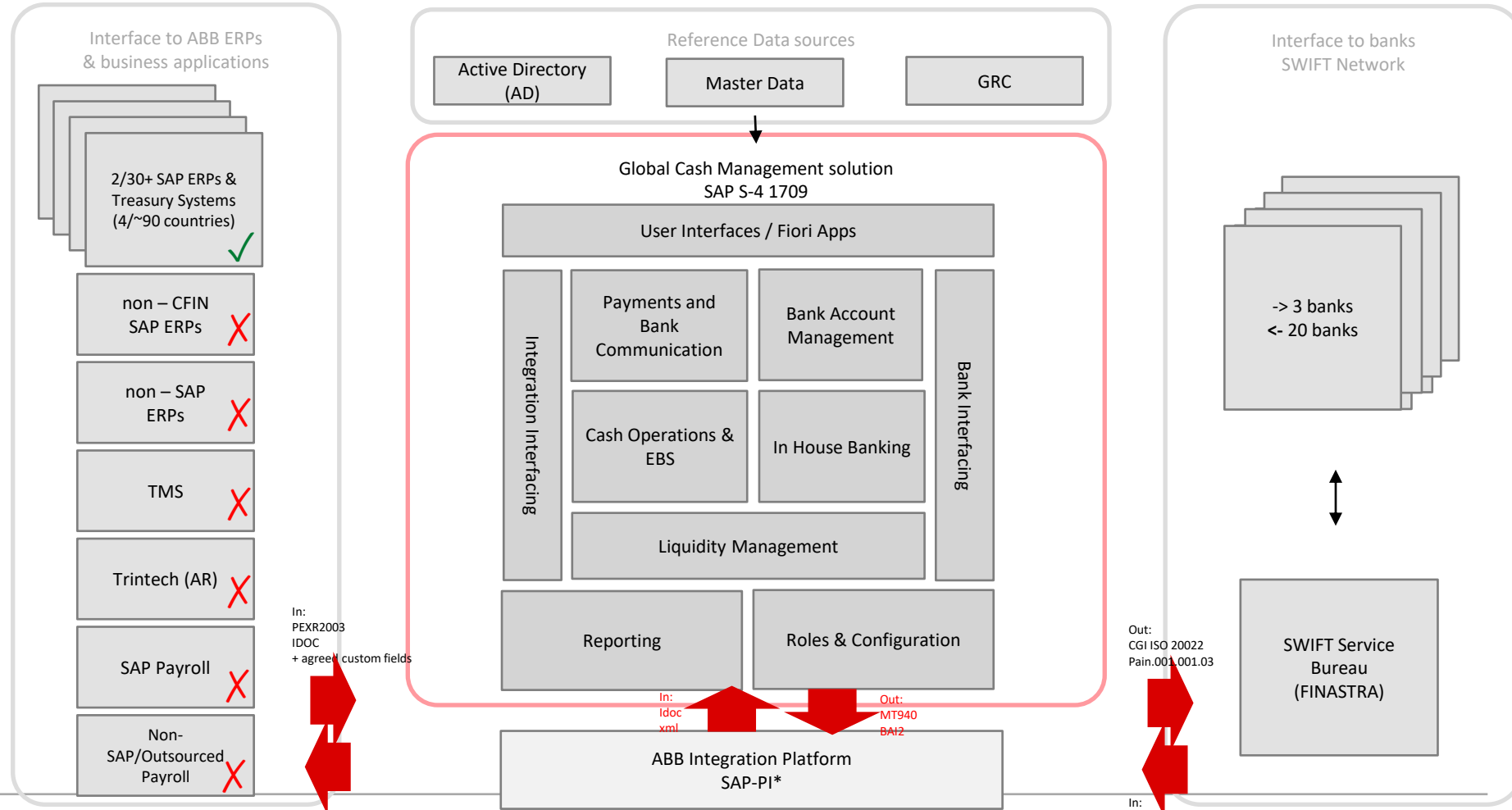
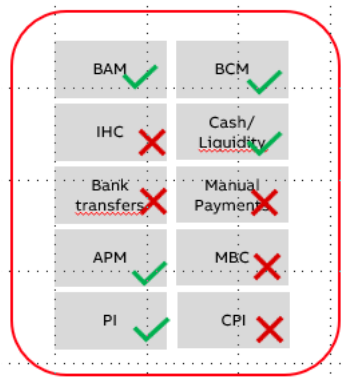
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### Challenged by:

- Local vs Global: Specialized support/understanding requirements from local teams/skillset issues with payment specific topics
- Integration and mapping challenges, also linked to specialized
- Immaturity of APM solution
- Support of S-4 in an ECC environment (GCM as the second S-4 box in the ABB environment)
- Connectivity gaps



# Treasury Transformation Journey

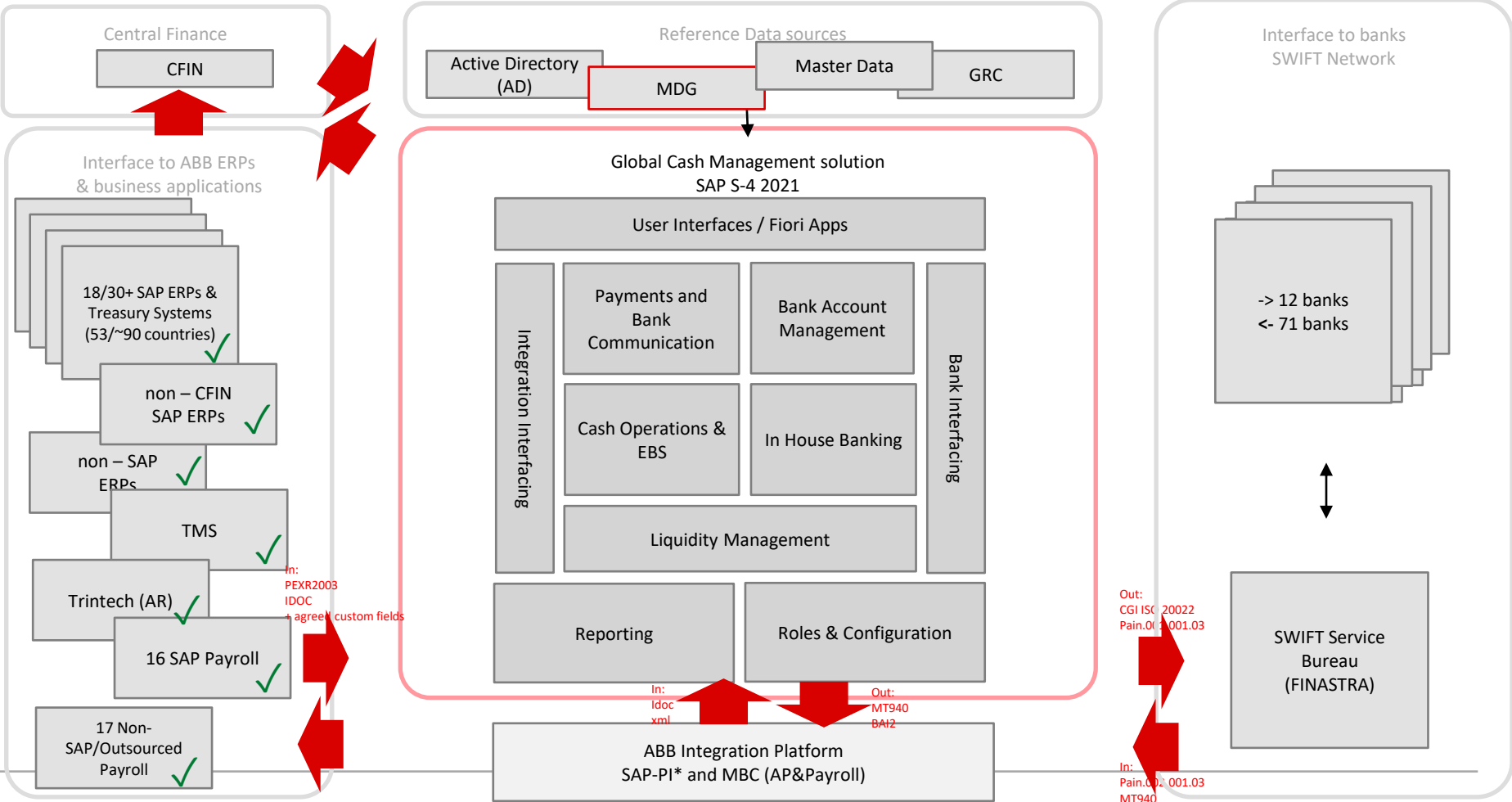
2023: Payment integration with APM shifts gears aligning to CFIN (expanding external reach, tightening internal integration, upgrade to 2021, offering new services under IHC (POBO, COBO, ROBO), FX and IC

**Acronyms:**  
 CFIN – SAP central finance  
 SLT - \*Landscape Transformation Replication Server

### Challenged by:

- Mapping: Country/bank/type specific formats, also based on systems (ie. No local formatting, standard ISO file)
- Volume of integrations/testing
- Balancing bulk against granular payment requirements
- Exception handling (payment process)
- Connectivity gaps

BAM ✓	BCM ✓
IHC ✓	Cash/ Liquidity ✓
Bank transfer ✓	Manual Payments ✓
APM ✓	MBC ✓
PI ✓	CPI ✗

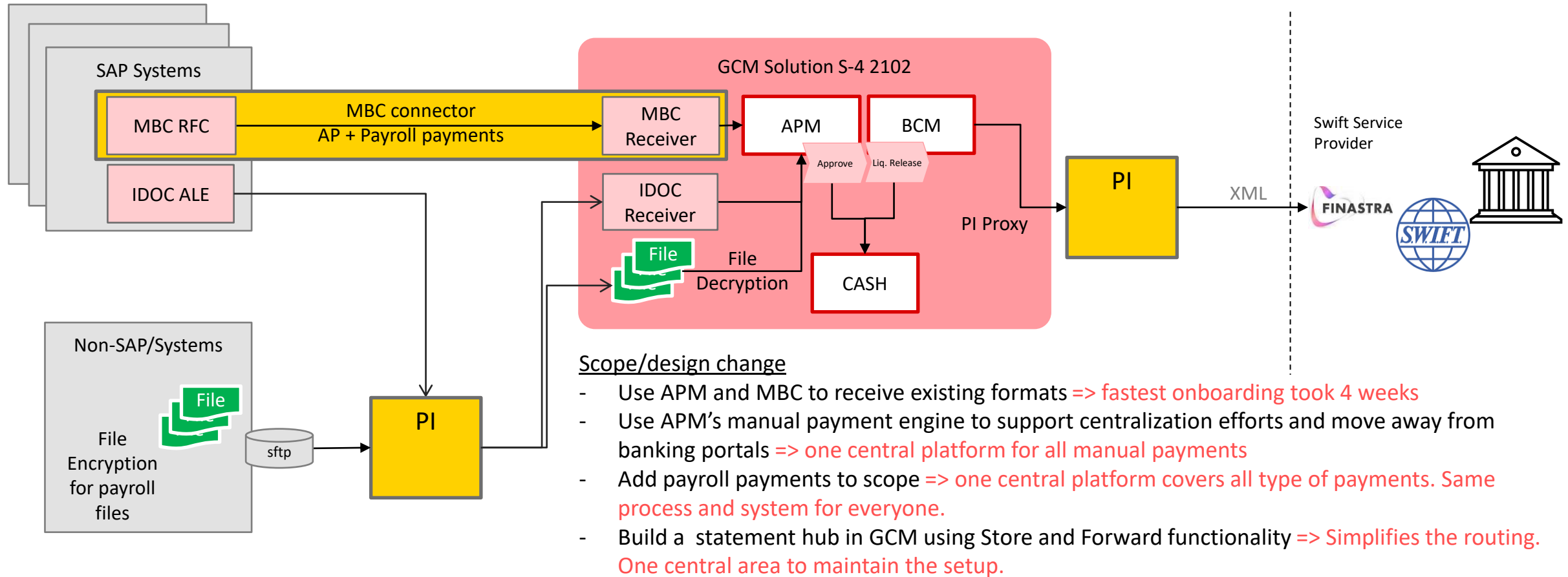




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# Treasury Transformation Journey

How APM can support/enable rapid payment integration – make a comment about CPI (PI EOL); pre-CFIN; reflects where we came from under pure APM <> GCM integration





# Treasury Transformation Journey

How APM can support/enable rapid payment integration

## What works well

- Highly flexible, supports various in- and outbound formats
- With MBC its a seamless integration into the existing payment process
- One common platform for all type of payments and stakeholders
  - Standard process for everyone
  - Central manual payment platform (supports: no e-banking for payments initiative)
  - In control of all outgoing payments (many features, e.g. duplicate check, value date change, ....)
- High performance, extremely fast response time
- If inbound format is equal to desired outbound format  
=> besides connecting the source system, no additional configuration required, only master data setup is needed

## What to consider

- Who is responsible for the payment file content (pure forwarding, mapping in APM, amendment of wrong instructions...). If something goes wrong.
- Who is responsible ensuring correct value date execution (maintained cut-off times, holiday calendars....), special focus on payroll payments
- APM converter or DMEE trees for manual payments
- Repair functionality is available, but brings new challenges
- If new configuration is required, roll-outs must be coordinated carefully
- Lead time is highly dependent on coordination between different teams rather than system readiness

- Overall, highly accepted platform by users
- Fastest onboarding of a regional SAP ERP done within 4 weeks