



FMT Roadmap Community Cluster Walk-through

SAP Point of View / Point de vue SAP

October 15, 2019

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Agenda

2	SAP Point of View/Point de vue SAP <ul style="list-style-type: none"> • Introduction and assessment goals • Motivation for change • Summary of department pain points 	Stephen Glynn/Laurence Liebel	09:20 – 10:45
	BREAK/PAUSE		10:45 – 11:00
3	SAP Point of View/Point de vue SAP <ul style="list-style-type: none"> • Key Functional Findings: <ul style="list-style-type: none"> ○ Finance and Controlling ○ Procurement ○ Order to Cash ○ Asset Management ○ Human Resources 	Stephen Glynn	11:00 – 12:00
	LUNCH BREAK (Lunch is not provided)/PAUSE DÎNER (le diner n'est pas fourni)		12:00 – 13:00
4	SAP Point of View/Point de vue SAP <ul style="list-style-type: none"> • Delivering Financial Management Transformation : <ul style="list-style-type: none"> ○ New operating model ○ Model company for the GC ○ Implementation Strategy 	Stephen Glynn	13:00 – 14:45
	BREAK/PAUSE		14:45 – 15:00
5	SAP Point of View/Point de vue SAP <ul style="list-style-type: none"> • Conclusion and executive summary 	Stephen Glynn	15:00 – 16:15

Introduction and assessment goals

Engagement objectives

Planning Government of Canada's Digital Transformation

Background

Financial Management Transformation (FMT) is modernizing the financial and materiel management business model across the Government of Canada, to provide more timely access to reliable, consistent GC-wide information, and ensure that financial management services better enable the delivery of programs for Canadians and remain cost effective and sustainable while delivering a business transformation with SAP solutions. A common solution, **the digital core**, GCfm, is being developed in SAP S/4HANA for the 18 government departments currently using FreeBalance systems. Departments will begin onboarding in April 2020.

The intent is to migrate all Canadian Government financial operations to a common solution environment by 2025. This endeavour will impact 92 departments operating under 52 financial management systems, including 18 SAP ECC instances. The vast majority of these departments have not been exposed to the value that S/4HANA or the digital core will provide: as such, they will need to understand the significance of the transformation and change impact in order to engage in discussions regarding possible deployment scenarios.

In preparation for the future beyond the initial deployment, SAP was contracted to:

- Refresh the FMT Strategy
- Define an optimal target architecture for the Digital Core for FMT
- Conduct a current state assessment: needs, pain points, change impact, readiness, etc.
- Recommend architectural guiding principles
- Validate GCfm solution
- Recommend a governance framework
- Create a FMT roadmap, resulting in a single "Point of View"

Build a deployment roadmap with a large number of departments with very different needs

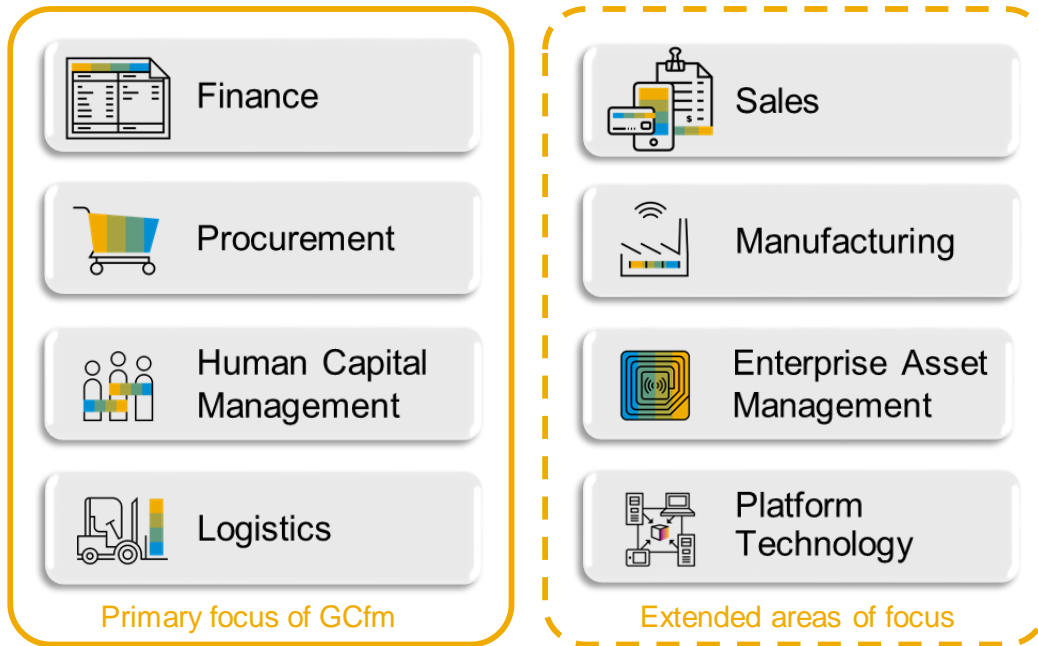
SAP engaged the departments' teams into a **financial management transformation discovery** through a series of workshops, with departments regrouped into clusters.



Note: Notional onboarding timeline

Assessment approach

To support the FMT roadmap, SAP conducted a series of collaborative workshops to engage the GC departments over eight key focus areas



To support the FMT strategy and target architecture, SAP conducted additional workshops and meetings with RG, Travel, Real Property, OCG ASAS, OFM and FMT teams.

The key activities of the engagement were as follows:

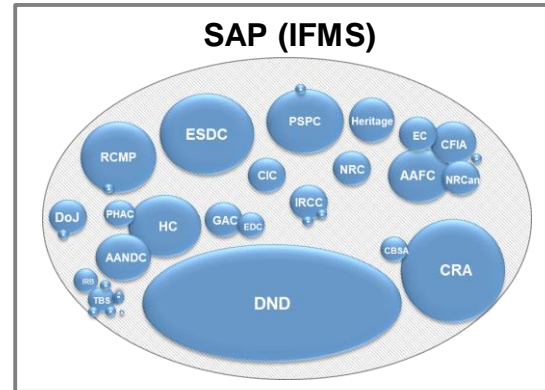
- Understand GC departments' pain points, priorities and pre-requisites
- Create a heatmap of current state capabilities
- Evaluate departments' current state against GCfm and SAP's latest solutions and best practices
- Identify gaps to the GCfm Digital Core and potential opportunities to support the FMT vision
- Prioritize the gaps to identify early wins and benefits for the departments
- Develop an instance strategy and deployment roadmap
- Develop an optimal target solution architecture and development roadmap for the digital core
- Identify program risks, recommend an operational model to position the program for success

Motivation for Change

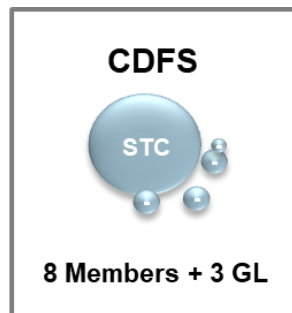
Cluster participation in the discovery workshops



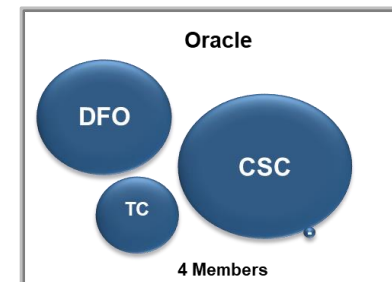
Atlantic Canada Opportunities Agency (ACOA)
 Canadian Human Rights Commission (CHRC)
 Canadian Institutes of Health Research (CIHR)
 Canadian Intergovernmental Conference Secretariat (CICS)
 Office of the Information Commissioner of Canada (OIC) / Office of the Privacy Commissioner of Canada (OPC)
 International Joint Commission (IJC)
 Office of the Auditor General of Canada (OAG)
 Office of the Commissioner of Lobbying of Canada (OCL)
 Office of the Public Sector Integrity Commissioner (PSIC)
 Transportation Safety Board (TSB)
 Western Economic Diversification Canada (WD)
 Status of Woman (SWC)
 Invest in Canada Hub (IIC)
 Parole Board of Canada (PBC)



Agriculture and Agri-food Canada (AAFC)
 Canada Border Services Agency (CBSA)
 Canadian Heritage (PCH)
 Canada Revenue Agency (CRA)
 Canadian Space Agency (CSA)
 Immigration, Refugees and Citizenship Canada (IRCC)
 Global Affairs Canada (GAC)
 Employment and Social Development Canada (ESDC)
 Health Canada (HC)
 Innovation, Science & Economic Development Canada (ISECD)
 Justice (Department of) (DoJ)
 National Research Council (NRC)
 National Defense (Department of) (DND)
 Public Services and Procurement Canada (PSPC)
 Shared Service Canada (SSC)
 Royal Canadian Mounted Police (RCMP)
 Treasury Board (EMS)
 Treasury Board Secretariat (TBS)



Statistics Canada (StatCan)
 Office of the Communications Security Establishment Commissioner (OCSEC)
 Commissioner of Official Languages (OCOL)
 Canadian Center for Occupational Health and Safety (CCOHS)
 National Battle Field Commission (NBC)
 Canadian High Arctic Research Station (Polar)
 Military Police Complaints Commission (MPCC)
 Military Grievances External Review Committee (MGERC)
 Receiver General (RG)
 • General Ledger (RGGL)
 • Payroll System – General Ledger (PSGL)
 • Superannuation (Pension GL)



Transport Canada (TC)
 Correctional Services Canada (CSC)
 Fisheries and Oceans Canada (DFO)
 Telefilm Canada (TF)

Direct participation

Represented by CHRC

Note: FreeBalance departments were not reviewed as they are engaged with the GCFM implementation project

Motivation for **change**

Typical challenge is to **gain visibility into actuals** across organizational silos and fragmented solution landscape

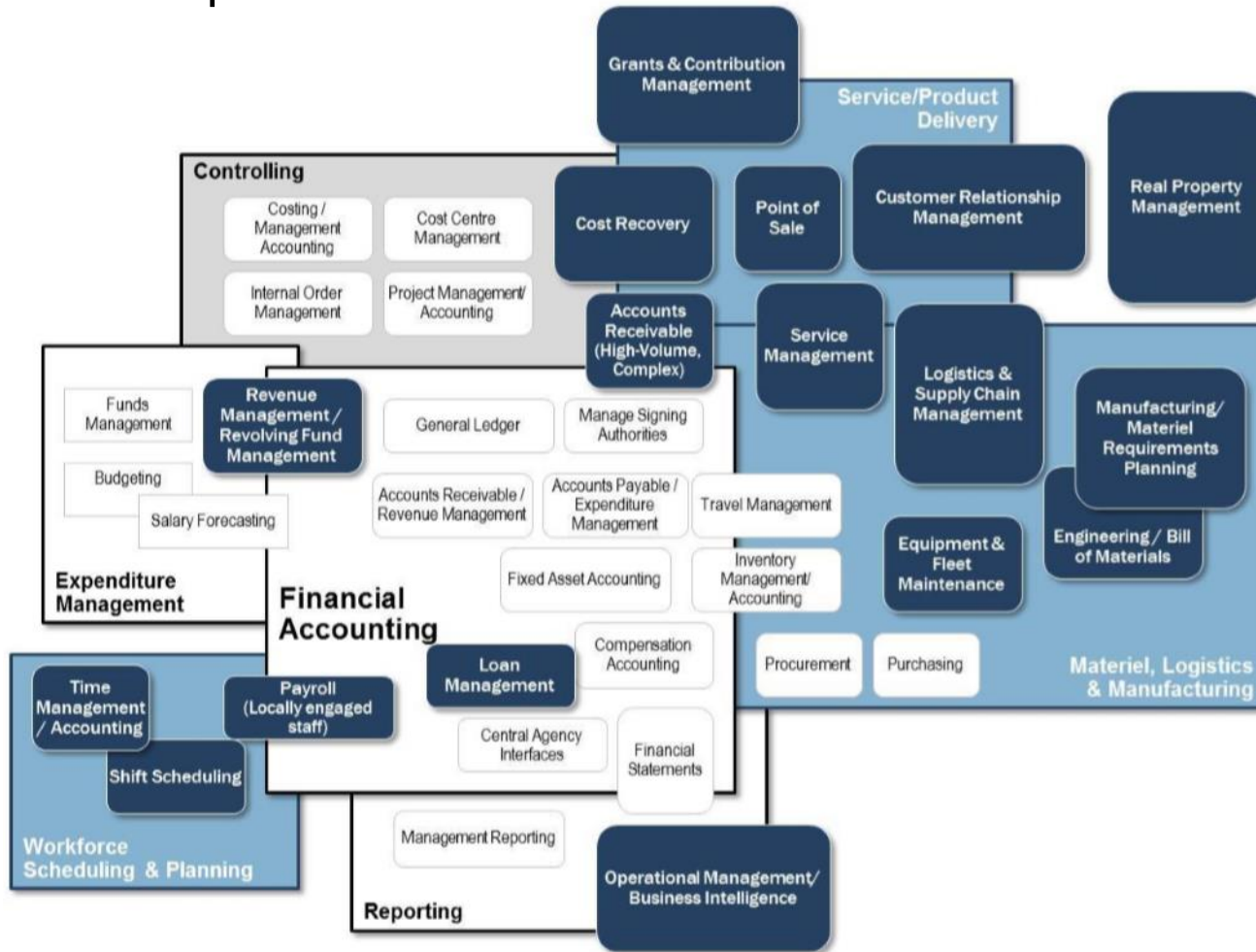


Figure 12: Conceptual Model of Resource and Financial Management Functions Supported by DFMS

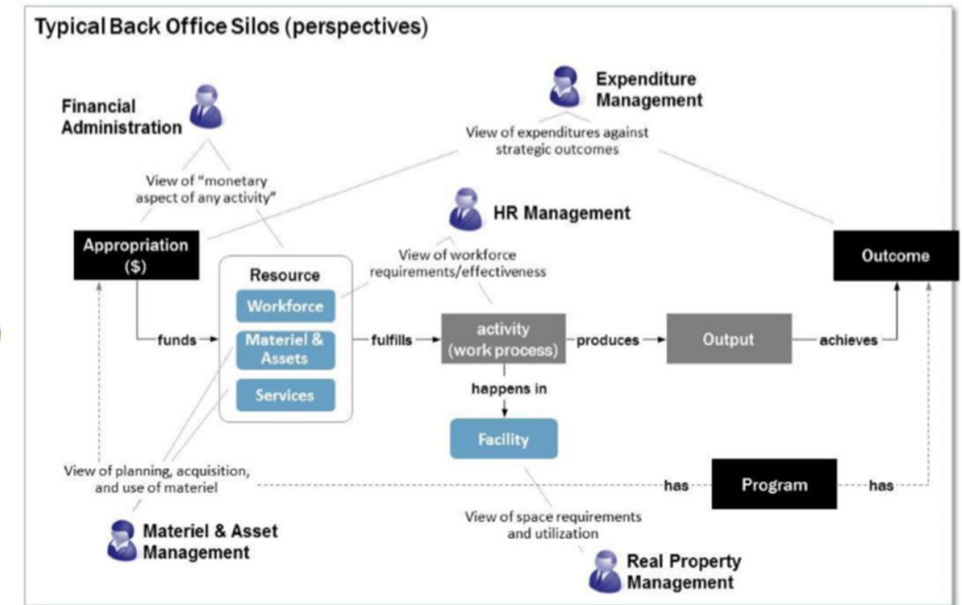


Figure 14: Functional Back Office Perspectives

Drivers for change

Industry trends and industry vision for 2025

Trends

Today

Vision for 2025

Industry priorities



Rising citizen demand



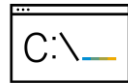
Inconsistent experience,
form based, on request



Digital citizen,
personalized, proactive



Role of IT



Custom-built, siloed applications:
difficult to interoperate and innovate



Intelligent technologies,
open standards



Data



Partially digital, in silos,
not used for decision making



Single source of truth,
data-driven government



Aging workforce



Dedicated to one job
with much manual work



Agile and
augmented by AI



Put the citizen
at the center

Leverage data as
an asset

Reimagine work,
processes and
operating models

Strategic priorities and relevance to GC's FMT program

Strategic priority

Description



Put the citizen at the center

Suggested evolution

Build engaging experiences: Radically simplify complicated processes for citizens and provide personalized, self-managed online services for guiding them, thus enabling governments to be more responsive, efficient and accountable to their citizens. Citizen-centric governments will catalyze civic participation, public innovation and social inclusion.



Primary FMT focus

Leverage data as an asset

Become a data-driven government: Integrate real time financial and operational data and other knowledge source across departments to turn data into actionable insights for analytics-based, transparent and timely decisions. Data-driven governments will anticipate needs and become more pro-active in allocating funds and resources cost-effectively for higher performance levels.



Reimagine work, processes and operating models

Improve efficiency and focus on higher-value outcomes : Reimagine core processes (tax, social, security, HR, finance, procurement, services) and operating models through a modern, government-wide digital core connected to networks. Governments' workforce will benefit from embedded analytics, standard tasks automation and intelligent technologies to focus their work on exceptions and specific cases that require their expertise.

Industry trends







Technology changes how we do business and what experience we expect

Every aspect of the business process can be re-imagined.

Access to continuous flow-through information in real-time changes everything. Business process change can be seen across six areas.

Such capabilities are expected to become the norm, not the exception.

The government should expect that its employees, suppliers, customers and the Canadian population will measure the value of their relationship on their very existence.

Transformation theme		Sample outcomes
	Real-time processes enable optimization and dashboard analysis of the business while executing transactions at very high volumes	<ul style="list-style-type: none">Up-to-date view of the entire organizationContextual citizen & customers informationFaster closing cycles, real-time risk analysis
	Predictive processes integrated with transaction systems help companies move from being reactive to predictive	<ul style="list-style-type: none">Predictive maintenance of critical machineryPrevent outage based on historical demandProactive reallocation of resources
	Collaboration processes connect workforce, suppliers, and business networks in a seamless way to serve customers better	<ul style="list-style-type: none">Reduced process steps internally/externallyImproved insight and decision-makingFaster turnaround of service requests
	Lean processes drive business optimization either through complete automation or significant reduction in process steps	<ul style="list-style-type: none">Automated evaluation, routing, notificationsElimination of non-value adding stepsAnomalies captured at the source
	Content-rich processes leverage data and context from multiple sources to automate and optimize business processes	<ul style="list-style-type: none">Streamlined buying with catalogsGuided maintenance with 3D parts' modelsContextual guidance to improve efficiency
	Self-learning processes leverage machine capabilities to become smarter over time by continuously collecting and analyzing data	<ul style="list-style-type: none">Automatic completion of tasksTighten inventory thresholdsImproved forecasting accuracy

From strategic priorities to **execution**

Enable decision makers with complete, accurate, timely, insightful GC-wide information that ties **appropriations** to results, resources to activities, and budgets & forecasts to actual expenditures



Consistent, end-to-end financial and operational processes

From budget maintenance to activities and reporting

Real-time insights into key performance indicators

Continuous budget and activities monitoring, including alerts









Next-generation **user experience**

Business context awareness, proactive suggestions, and predictive capabilities

Digital assistant with natural language processing to create a human-like experience

Summary of department pain points

Common **pain points** observed across departments

							
Finance	Procurement	Human Capital Management	Logistics	Sales	Enterprise Asset Mgt	Manufacturing	Platform Technology
2 set of books for dept needs & RG: work intensive prep. of trial balance reports	Manual maintenance of suppliers in separate systems	Delays in updates to HR/payroll data result in inaccurate salary forecasts/budgeting	No complete visibility of inventory and location data across locations	Quote to cash process is not integrated	Asset management and accounting processes are largely manual	Manual production scheduling	Dependency on IT for new reporting and analytics
Tight closing schedule, managed manually at each location	No visibility of GC-wide relationship with a supplier, no tracking of supplier performance	Double or triple data entry due to latency of personal change in Phoenix	Finance and Logistics systems not integrated, difficult to maintain in sync	Manual quotations, sometimes quite complex: Master Data & pricing in different systems	No integration between asset management and financial systems	Lack of WIP visibility	Few analytical applications and dashboards available
Complicated inter-dept settlement, offline MOU, manual updates & recon	No single system to manage all sourcing & contracting activity: interactions with suppliers are offline	Challenging to keep security controls updated due to inconsistency from Phoenix	Manual intervention in most business processes	Lack visibility on actuals for cost recovery	Lack visibility of asset lifecycle data, inability to track costs for each asset	Inspection process and results managed manually	Lack tools for simulations, predictive, machine learning, AI
AR and collection not properly tied, no automated dunning	Complexity of working with GC is a challenge for small providers	Incomplete hierarchical org structure, not integrated with DFSA delegation matrix	No ability to track freight costs	Disconnected processes between sales, Production and Procurement systems	Missing asset performance & intelligence (buy/repair)	No manufacturing insights and KPI	Miss a systematic data governance for most depts
Fragmented G&Cs process, difficulty tracking re-payables: illegibility of G&Cs applicants not easy to determine	Buyers spend time on low value items that could be sourced / priced in catalog	No integrated ability for budgeting, forecasting and commitment	Returns not tracked in the system	Systems not capable of supporting multiple delivery & billing scenarios	No complete visibility of all assets and location data in 1 system, majority of assets are not tracked	Manual tracking of labor hours and material WIP for cost recovery	Miss strategy for data purging, cleansing, archiving
Excel based planning, budget allocation and forecasting (for non-SAP depts): manual controls to manage funds	Manual processes and delays of entry impact efficiency of the 3-way match	No ability to accurately budget/plan/forecast salary and travel costs	Warehouse mgt not integrated with supply chain planning for better e2e decisions	Limited ability to monitor the order fulfilment status	Maintenance planning and scheduling managed outside the ERP	No integration with Materials Requirement planning	Most of the interfaces are still flat file based
Manual project planning and resource allocation: lack visibility on project status	Difficult to manage commitment & Pre-approvals with Pcards payment	No ability to assign salary costs via cost distribution		Billing for custom projects is highly manual	Double counting issue with tracking of assets deployed at different locations	No integration with Sales and Procurement processes	Dependency on downloads & manual manipulation, no drill down capabilities
Manual asset entry, no automated settlement of AUC	Manual effort to verify purchase compliance after the purchase is made	Shift scheduling and planning managed outside the ERP		Revenue Recognition is a manual process, calculated outside the system	Inability to gain complete visibility into current and proposed projects		Online/offline connectivity is missing
Manual maintenance of user roles & auth.	No ability to identify delays / anticipate issues, difficult to conduct root cause analysis	Time entry not systematically assigned to WBS or IO cost elements		Difficult to trace credit and debit memos to original documents	No standard process across departments to maintain similar types of equipment		Generally no systematic masking of sensitive data
Approvals mostly managed via email, lack substitute management	Miss spend visibility & procurement analytics: miss-categorization of spend data with Pcards	Multiple, not integrated systems to cover the end-to-end HCM processes		Services contract details not attached to sales contracts and sales orders	Difficult to monitor and optimize space occupancy on real property portfolio		Most finance users do not have self-service BI and analytics tools
No automated SoD check, fraud detection, audit management	No automated alerts for expiration of key documents			Miss visibility in customer activity and account management			Generally no single sign on

Key Pain Point: #1

Integration with Receiver General

- **Current situation**

The Receiver General for Canada is responsible for making payments to the Government of Canada, accepting payments from financial institutions and preparing the Public Accounts of Canada, containing annual audited financial statements of the Government of Canada. To achieve this the departments currently on SAP must utilise Special Purpose Ledger where you can define ledgers for reporting purposes with account assignment objects. The integration to and from RG is complex and requires dedicated resources to maintain and monitor

- **Impacts**

Overall the maintenance of integration to Receiver General and the Special Purpose Ledger is a major pain point for the departments and requires a lot of manual effort and resource time and effort. This element was raised in each of the department assessments as a major pain point

- **Recommendations**

Current solution is not optimal for the departments. To address the pain point, Receiver General should consider a transition to SAP Central Finance on SAP S/4HANA which will allow both SAP and Non-SAP financial data replication without the requirement for SPL or direct integration as the SLT solution in the middleware can resolve the issues

This solution also allows RG to utilize real time replication and move to a maintainable, future proofed solution

To start the program to move to a modern solution, a pilot is recommended (typical timeline for Pilot is 2-3 months)

Key Pain Point: #1

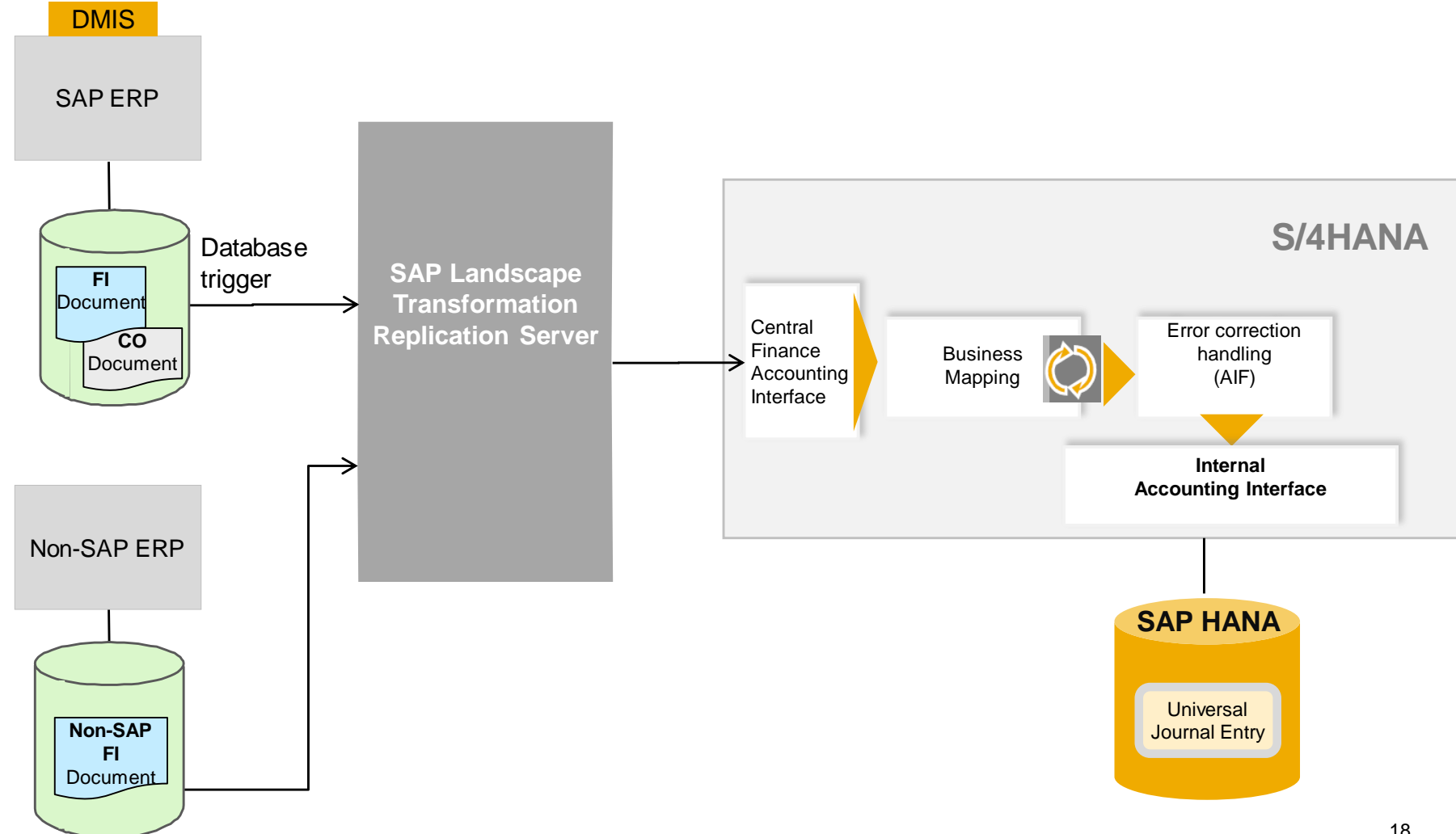
Integration with Receiver General – Recommendation: SAP Central Finance

Central Finance landscape architecture contains mainly 3 systems.

- The first system is the ERP as the source system where the main business processes run and FI and CO documents are posted.
- The second system is the SAP SLT as the integration platform which reads and replicates the FI and CO documents.
- The third system is the SAP Central Finance as the target system on S/4HANA where the FI and CO documents are re-posted

Alongside the financial reporting element, which can report of a different data model to the source system due to the SLT solution, you can also implement central payments solution

A single, central SLT RS can handle the departmental replication



Key Pain Point: #2

Manual process execution

- **Current situation**

Processes across the current solutions are mainly executed manually. Workflow is deployed in some departments across some lines of business but not fully adopted

- **Impacts**

Manually executing processes leads to inconsistency. Longer cycle times are required to execute processes. This also leads to many processes steps executed outside of the system (excel, access, etc.,) due to the inconsistency and longer cycle times

- **Recommendations**

Focus on developing and implementing workflow across all lines of business. With SAP Workflow, the quality of your processes will be assured by sending relevant information directly to the user and cycle time is reduced by providing all the necessary information needed. This is a key area that must be integrated into the ongoing and future design

Key Pain Point: #3

Master data

- **Current situation**

Each department maintains master data differently: many departments utilise free text with service master for materials management to simplify the creation process but the pain in maintenance and auditing is increased, in many cases customers are duplicated many times. Overall the quality of Master Data across the departments is not optimal

- **Impacts**

Lack of transparency in reporting, performance impacts, maintenance effort and cost, time to create new master data elements

- **Recommendations**

A long term roadmap for Master Data Management is required

SAP recommends utilising SAP MDG on SAP S/4HANA as the solution for Master Data governance

Key Pain Point: #4

Sub-optimal reporting

- **Current situation**

Reporting tools and strategy across the departments is inconsistent with a lot of variation. Departments have varied levels of usage of SAP BI tools (BW, BPC, etc.,) and there is a number of custom reports across government departments (Z-Reports)

- **Impacts**

Consistency of reporting is impacted. Heavily text based reporting today which is sub-optimal and does not meet requirements. A lot of manual effort required to create reports (pivot tables, etc.,)

- **Recommendations**

Create an analytics strategy across the departments to define usage of SAP BI tools, BW, Embedded Analytics and SAP Analytics Cloud
Increase usage of SAP BI tools to optimize reporting and analytics for the departments. Focus on business requirements for reporting, data discovery, visualisation and strategic reporting
Evaluate operational reporting with embedded analytics in SAP Fiori

Key Pain Point: #5

User administration

- **Current situation**

Across the departments users are assigned authorisations that are not aligned to the business role or tasks to be delivered. In many cases users change roles or departments but keep the pre-existing authorisations. Improper segregation of duties exists in relation to user authorisation

- **Impacts**

Security vulnerabilities exist, inadequate user controls, maintenance is problematic for user administrators

- **Recommendations**

Define user and authorisation strategy for the departments and implement an Identity Management Solution. SAP recommends utilising SAP GRC and IDM to support improved auditing and user maintenance

Key Pain Point: #6

Security controls

- **Current situation**

Across the departments there is no standard tool for security control, audit and governance. The processes to manage these elements is varied and therefore for the SAP solutions it has been highlighted that there are infrastructure security vulnerabilities

- **Impacts**

Security vulnerabilities lead to possible system attacks

- **Recommendations**

Design a strategy for security across SAP landscape utilising recommended SAP tools and processes.

SAP Governance, Risk and Compliance is now embedded in SAP S/4HANA and must be considered as a core element of the GCfm solution.

Departmental pain points

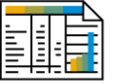
Conclusions

- Many pain points can be handled with the current and long term plans for the digital core as described in the following sections
- Pilot SAP Central Finance to evaluate and plan the modernization for the Receiver General solution
- Increase focus on design for SAP Workflow with SAP S/4HANA and ensure full roll out of workflow across the SAP Landscape
- Explore creation of long term master data management strategy, consider pilot of SAP MDG on SAP S/4HANA to evaluate the core recommended solution
- Define an analytics strategy for the program
- Define security strategy for the program

Key Functional Findings:

Finance and Controlling

Findings and recommendations – Finance



Pain Points

2 set of books for dept needs & RG: work intensive preparation of trial balance reports

Tight closing schedule, managed manually at each location

Complicated inter-dept settlement, offline MOU, manual updates & recon

AR and collection not properly tied, no automated dunning

Fragmented G&Cs process, difficulty tracking re-payables: illegibility of G&Cs applicants not easy to determine

Excel based planning, budget allocation and forecasting (for non-SAP departments): manual controls to manage funds

Manual project planning and resource allocation: lack visibility on project status

Manual asset entry, no automated settlement of AUC

Manual maintenance of user roles & auth.

Approvals mostly managed via email, lack substitute management

No automated SoD check, fraud detection, audit management

Anticipated improvements with current GCfm Digital Core

- Simplified data model with one universal journal entry for most of financial transactions enables reconciliation between subledgers by design.
- Standard finance and management reporting and dashboards, embedded analytics with drill-down to subledger line item level – by department.
- Utilization of profit center hierarchies for profitability analysis and additional master data dimension: opportunity to streamline org. structure.
- Opportunity to align cost center hierarchy with management reporting requirements, eliminating external workarounds.
- Cost accounting reflected in universal journal – single “source of truth” for financial and management accounting data.
- Out-of-box automated financial operations for payables, receivables and cash management.
- Integrated automated planning, budgeting and forecasting functionality. Real-time actual and plan data. Choice of interfaces (e.g.: Excel).
- Integrated Finance and HCM functionality (organizational structure, employee master records) to support financial management.
- Automated processes for managing segregation of duties, business roles, and HR triggered workflow-driven access requests and approvals.

Key gaps in current GCfm Digital Core

1. Automated departmental management reporting
2. Interdepartmental settlement
3. Funds management for revolving funds
4. Grants and contributions reporting and management
5. Portfolio project and program management
6. Real property management

Criticality / Impact

1. High
2. High
3. Very High
4. High
5. Medium-High
6. Medium-Low

Enablers

1. S/4HANA parallel/extension ledger
2. SAP Intercompany Financial Hub
3. FM configuration within GCfm
4. Grants Management (SAP TBPP)
5. SAP Portfolio & Project Management
6. SAP Cloud for Real Estate

Target state improvements

Single integrated platform, supporting end-to-end business processes and GC-wide financial management, simplifying and automating financial operations and internal controls, delivering instant insights into the hands of the business, enabling predictive accounting and closing – with intelligent applications & technologies.

To accelerate time to value

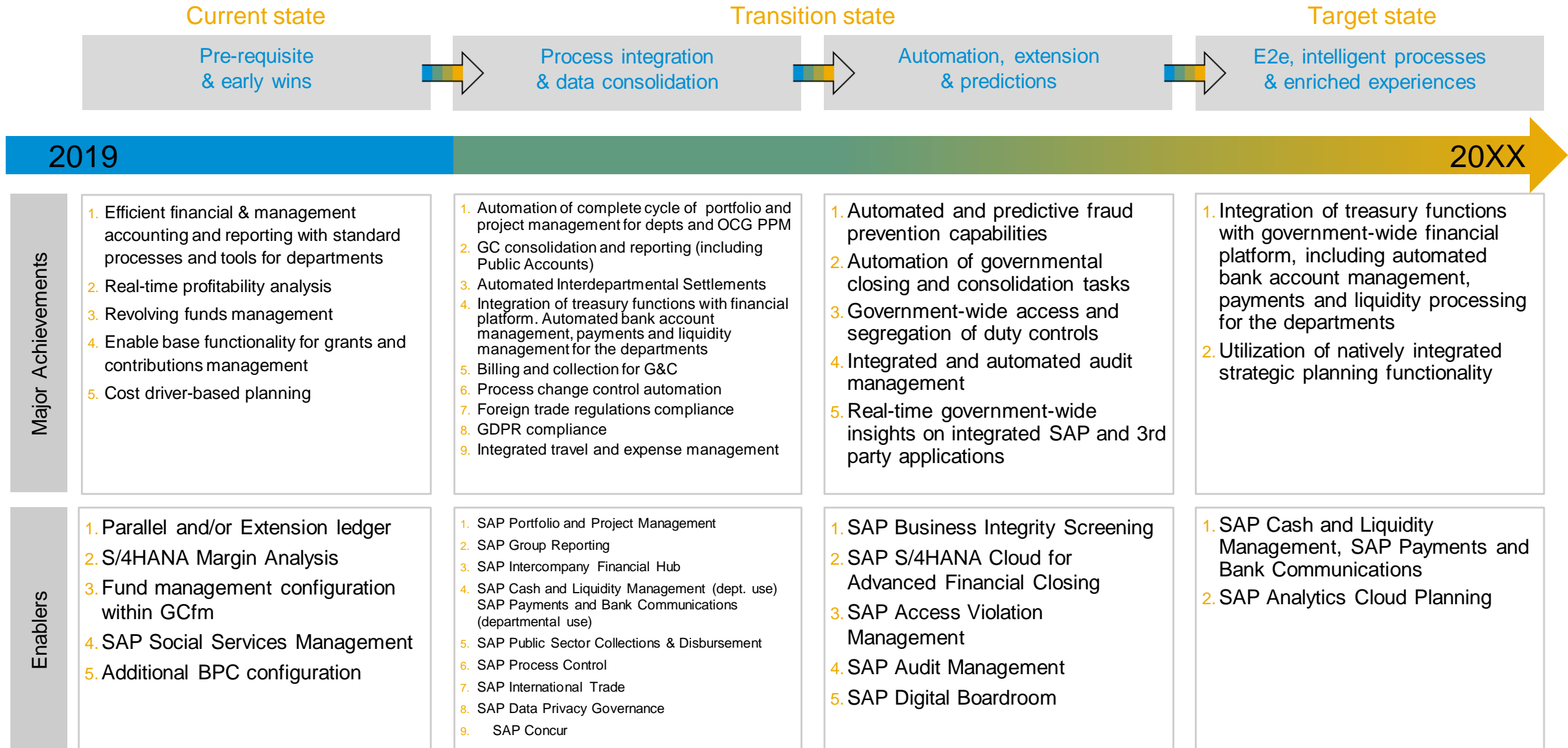
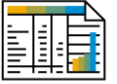
The following activities could run in parallel to accelerate the time to value:

- Facilitate interdepartmental settlement for depts with high trs. volumes
- Creating a central finance instance for GC-wide trial balance reporting
- Enabling group reporting with enhanced disclosure management for GC-wide financial consolidation
- Provide a portfolio and program management solution for GC-wide view
- Provide a solution for end-to-end travel & expense management
- Enable a solution for real property management

Change impact / pre-requisite

- Ensure master data quality: RC, Projects, Chart of accounts, etc., and mapping for GC-wide view
- Design parallel & extension ledgers
- Define how to manage attractive assets – balance between operational / financial needs
- User adoption and organizational change management

Thoughts for the **transformation roadmap** – overall Finance perspective



Key Functional Findings:

Procurement

Discovery findings and recommendations – Procurement



Pain Points

Manual maintenance of suppliers in separate systems

No visibility of GC-wide relationship with a supplier, no tracking of supplier performance

No single system to manage all sourcing & contracting activity: interactions with suppliers are offline

Complexity of working with GC is a challenge for small providers

Buyers spend time on low value items that could be on catalog

Manual processes and delays of entry impact efficiency of the 3-way match

Difficult to manage commitment with Pcards payment

Manual effort to verify purchase compliance after the fact

No ability to identify delays / anticipate issues, difficult to conduct root cause analysis

Miss spend visibility & procurement analytics: miss-categorization of spend data with Pcards

No automated alerts for expiration of key documents

Anticipated improvements with current GCfm Digital Core

- Central vendor maintenance, single data repository: avoid multiple data entry in multiple systems (Supplier Portal self maintenance).
- Reduces “free text” requisitions and PO’s, usage of catalogs (Ariba/EPS) to gain more efficiency for small value items.
- Automated process for requisitions (section 32) and invoice management (section 34).
- Automate the processing of invoices: digital “touchless” exchange of purchasing documents with supplier.
- Complete visibility to sourcing / contracting processes, using dashboards, supplier performance measurement (EPS – GCfm integration).
- Intuitive tile-based user interface for improved user navigation and ease of adoption.

Gaps in current GCfm Digital Core

S/4 does not support PCard processing standard out of the box. GCfm is planning on developing Pcard processing in S/4. Pcard should only be for indirect & consumables.

Criticality / Impact

Criticality is med/high as the volume & spend for DFO and CSC is significant. Impact can be reduced if processed with standard functionality in Ariba.

Enablers

Ariba solution has Pcard processing of bank files as standard with UI screens and routing of records to be reconciled.

Target state improvements

Suppliers collaboration through an integrated network, exchanging digital documents and increasing touchless transactions. Integrated platform to manage the end to end process for supplier management, sourcing and contracting, purchasing, invoice processing and A/P – enabling guided buying for self-service, process automation, intelligent processing, monitoring and alerts each step of the value chain.

To accelerate time to value

- Address in parallel the following initiatives:
- Data harmonization and rationalization across depts
 - Direct procurement
 - Indirect procurement
 - Commerce automation

Change impact / pre-requisite

Need central hub for harmonizing and rationalizing data, e.g. vendor (supplier), financial (GL) and supporting data (UOM, PGRP).
Change management: having the suppliers maintain their own catalog will be a big change. Also, users taking more responsibility for the entire process including doing some desktop receiving in remote locations will be challenging.

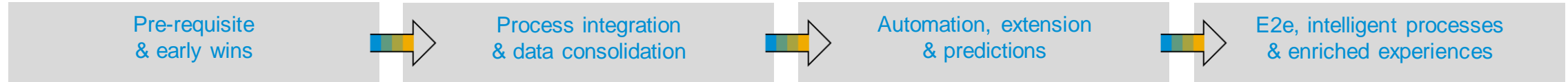
Thoughts for the transformation roadmap – procurement perspective



Current state

Transition state

Target state



2019

20XX

Major Achievements

1. Efficient, compliant e2e Pcard process
2. Catalog usage for all departments
3. Efficient invoice processing with digital collaboration
4. DFSA routing rules enabled for direct and indirect procurement
5. Automated requirements planning

1. Sourcing for Direct Materials
2. Sourcing of S4 Requirements / Reqs.
3. Contract Synch to S4 Outline agreement
4. Invoice against contract: recur. services
5. Supplier performance evaluation & risk qualification across all of GC
6. Analytics and Dashboards by role
7. Services Procurement & Limit PO
8. Service Confirmations

1. Enhanced planning & forecasting requirements processing
2. End user goods receiving for remote locations and home office
3. Support for complex time sheet submittals that include multiple shifts, rate schedules, and rate rules
4. Automated exception-handling
 - i. Expected goods receipts alert
 - ii. Contract usage projections
5. Integration of Asset Procurement
6. Master Agreement collaboration

1. Reduce free-text items using machine learning with SAP S/4HANA
2. Embedded visualization of analytical data (including spend and supplier evaluation score) in sourcing process to facilitate informed decision-making
3. Live KPI calculations based on actual data on a line-item level
4. Overview of multiple KPIs and relevant charts in easy-to-consume cards and tiles

Enablers

1. Standard Pcard processing (Ariba)
2. Ariba Catalogs and Content (APC-OCI)
3. Commerce Automation (S/4 + Ariba) and Document scanning / OCR (VIM)
4. Ariba calls DFSA Web Service
5. Requirements Planning (S/4 MRP)

1. Sourcing and Contracting (**direct**) S/4 unsourced requisitions to Ariba
2. Contract Integration Ariba > S4 (CIG)
3. Ariba Contract Compliance (module)
4. Supplier Risk & Qualification (Ariba)
5. Spend Analytics (Ariba)
6. Embedded Reporting (S4 + Ariba)
7. Service Masters/Hierarchy in S4
8. Service Entry Sheets (Ariba + S4)

1. MRP Live & MRP Monitoring (S4)
2. Desktop Receiving (Ariba Buying)
3. Fieldglass Contingent Labor
4. Machine Learning: AI
5. SAP Analytics Cloud (SAC)
6. Ariba Guided Buying
7. E-Signatures for Contracts & MA

1. S/4HANA 1811-1904 upgrade plan
2. KPI definitions and calculations based on SAP HANA technology using core data services (CDS) views and SAP Smart Business cockpits

Key Functional Findings:

Order to Cash

Discovery findings and recommendations – Sales



Pain Points

Quote to cash process is not integrated

Manual quotations, sometimes quite complex: Master Data and pricing in different systems

Lack visibility on actuals for cost recovery

Disconnected processes between sales, Production and Procurement systems

Systems not capable of supporting multiple delivery and billing scenarios

Limited ability to monitor the order fulfillment status

Billing for custom projects is highly manual

Revenue Recognition is a manual process, calculated outside the system

Difficult to trace credit and debit memos to original documents

Services contract details not attached to sales contracts and sales orders

Miss visibility in customer activity and account management

Anticipated improvements with current GCfm Digital Core

- Streamlined and integrated process with Sales, Billing and Finance.
- Seamless billing and integrated invoicing, billing due lists to notify billing document creation.
- Improvement from current manual processes such as Dunning, etc. and integrate to financial processes more seamlessly.
- Ability to automate functionality to create no-touch processes.

Gaps in current GCfm Digital Core

1. SAP Sales Order Fulfillment (Delivery Processing)

Criticality / Impact

1. High impact - Outbound delivery supporting all shipping activities

Enablers

1. SAP S/4 HANA Enterprise Management

Target state improvements

1. Ability to manage costs and revenues more accurately.
2. Ability to automate functionality to create no-touch processes.
3. Single platform to integrate data from CRM, Finance, HR, procurement and Sales to provide insights and embedded reporting.

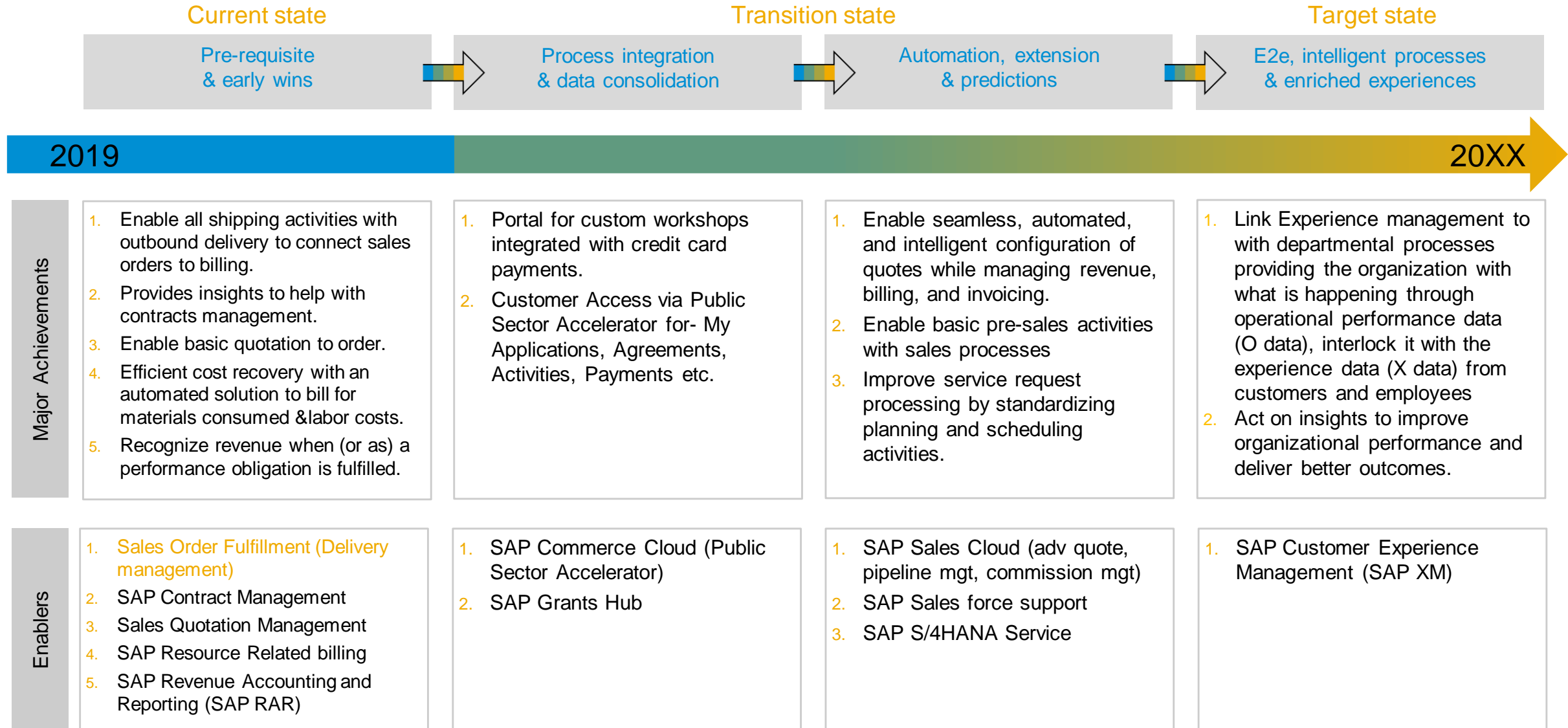
To accelerate time to value

- Connect Front office to back office along with ability to track customer experiences to provide insights into overall customer satisfaction.
- With MDG-C enable customer replication across both front office –CRM and back end ERP systems.

Change impact / pre-requisite

- User adoption
- Standardization of Master Data.

Thoughts for the transformation roadmap – Sales perspective



Key Functional Findings:

Asset Management

Discovery findings and recommendations – EAM



Pain Points
Asset management and accounting processes are largely manual
No integration between asset management and financial systems
Lack visibility of asset lifecycle data, inability to track costs for each asset
Missing asset performance & intelligence (buy/repair)
No complete visibility of all assets and location data in 1 system, majority of assets are not tracked
Maintenance planning and scheduling managed outside the ERP
Double counting issue with tracking of assets deployed at different locations
Inability to gain complete visibility into current and proposed projects
No standard process across departments to maintain similar types of equipment
Difficult to monitor and optimize space occupancy on real property portfolio

Anticipated improvements with current GCfm Digital Core

1. Financial management of the entire life cycle of assets above \$10K according to GC policies and reg., including workflow approval.
2. Reporting includes the asset explorer, asset balance reporting, asset history sheet, asset master data reporting, and AUC reporting.
3. Efficient tracking and tracing of all assets reduces the loss of assets and the need to purchase additional assets.

Gaps in current GCfm Digital Core

No design for maintenance management

Criticality / Impact

High Impact – inability to track entire costs, maintenance, and location of assets/equipment

Enablers

Maintenance Management & Execution

Target state improvements

Single integrated platform, supporting end-to-end operational and financial processes for managing assets during their entire lifecycle, including acquisition, maintenance planning, scheduling and execution, project management of assets under construction, and asset retirement. Augmented maintenance execution and access to asset information via any mobile device while disconnected, visualizing IoT sensor data on 3D model to accelerate decision making, optimize productivity, and improve quality. Integrated cloud-based platform to combine information from manufacturers, service providers, and equipment operators with prescriptive and predictive measures based on current asset performance to optimally manage asset health, up-time and ROI.

To accelerate time to value

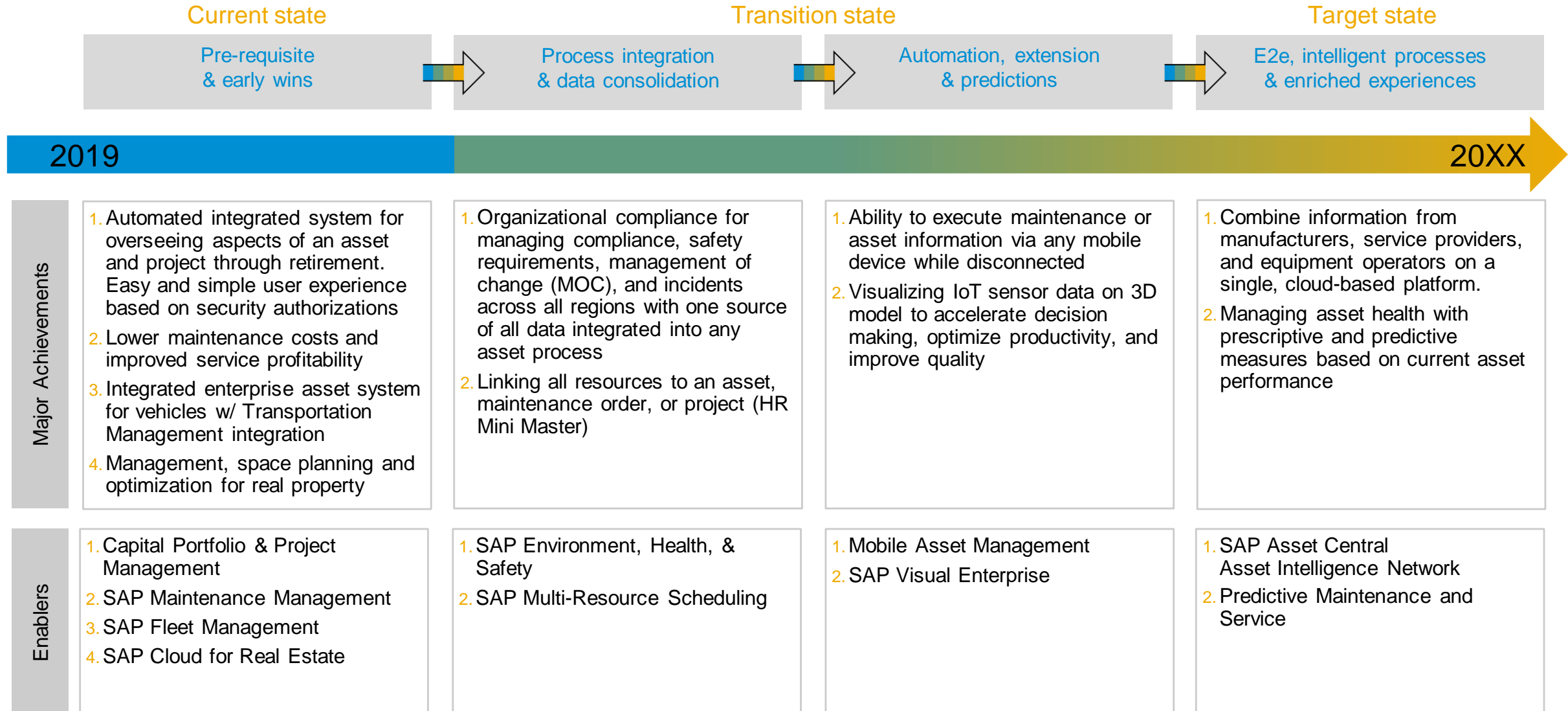
- Align with Finance and Procurement in the beginning to rationalize a common process for decisions such as workflow and automations
- Configure maintenance management areas at onset

Change impact / pre-requisite

Pre-requisites include master data setup: process alignment with finance & procurement: defining an end-to-end standard process

Change Management on user adoption

Thoughts for the transformation roadmap – EAM perspective



Key Functional Findings:

Human Resources

Discovery findings and recommendations – HCM



Pain Points

Double or triple data entry due to latency of personal change in Phoenix

Challenging to keep security controls updated due to inconsistency from Phoenix

Incomplete hierarchical org structure, not integrated with DFSA delegation matrix

No integrated ability for budgeting, forecasting and commitment

No ability to accurately budget/plan/forecast salary and travel costs

No ability to assign salary costs via cost distribution

Shift scheduling and planning managed outside the ERP

Time entry not systematically assigned to WBS or IO cost elements

Multiple, not integrated systems to cover the end-to-end HCM processes

Anticipated improvements with current GCfm Digital Core

- Integrated Finance and HCM systems based on an up to date HCM system of record (enterprise structure, organizational structure, employee staffing actions) to support financial management.
- Automatic updates to GCfm security access and the DFSA application/activation process from employee staffing actions, including qualifications.
- Ability to manage non-employee resources such as contractors.
- Improved post payroll posting to Finance based on a new automated process for employee transfers when pay file is still processed to previous department. The post payroll posting is based on the employee's current org. assignment.
- Improved salary budgeting/planning/forecasting and accruals management through Financial Planning & Analysis.

Gaps in current GCfm Digital Core

N/A

Criticality / Impact

N/A

Enablers

N/A

Target state improvements

Single source of truth for consistent alignment of employee master data to financial structure. Single platform to manage all end-to-end HCM processes, tightly integrated with Finance and enterprise operations to enable automation, support business decisions and improve efficiency, agility, proactiveness, compliance and employee experience.

- One streamlined end to end process that automatically calculates accruals, determine allocations and decreases commitments.
- An integrated timesheet solution that effectively manages shift scheduling and planning through to payroll including time entry for casual employees.

To accelerate time to value

Align Finance enterprise structure to HCM enterprise structure

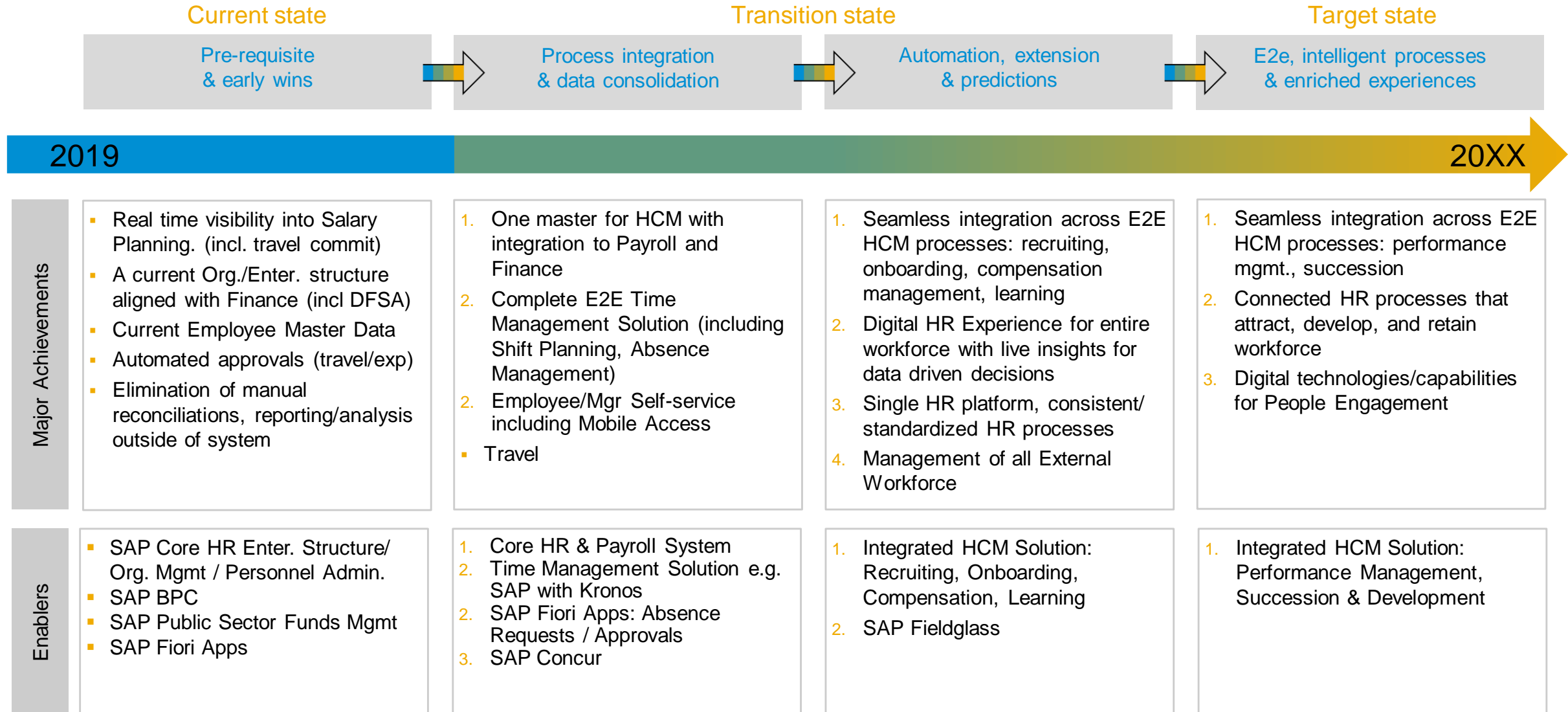
Change impact / pre-requisite

Data preparation to set-up:

- a complete and accurate organizational structure and employee master data for financial management purposes.
- A clean definition and assignment of roles to ensure proper access level & SoD.

Change management to keep the GCfm HCM data up-to-date and adopt GCfm HCM processes.

Thoughts for the transformation roadmap – HCM perspective



Financial Management Transformation

Strategy:

New operating model

Delivering the Financial Management Transformation

To deliver the Financial Management Transformation SAP recommends to operate as a program and shift focus for the program resources from the project.

Today, the focus of FMT is on delivering the GCfm solution for the planned go-live April 2020 which will create programmatic issues such as:

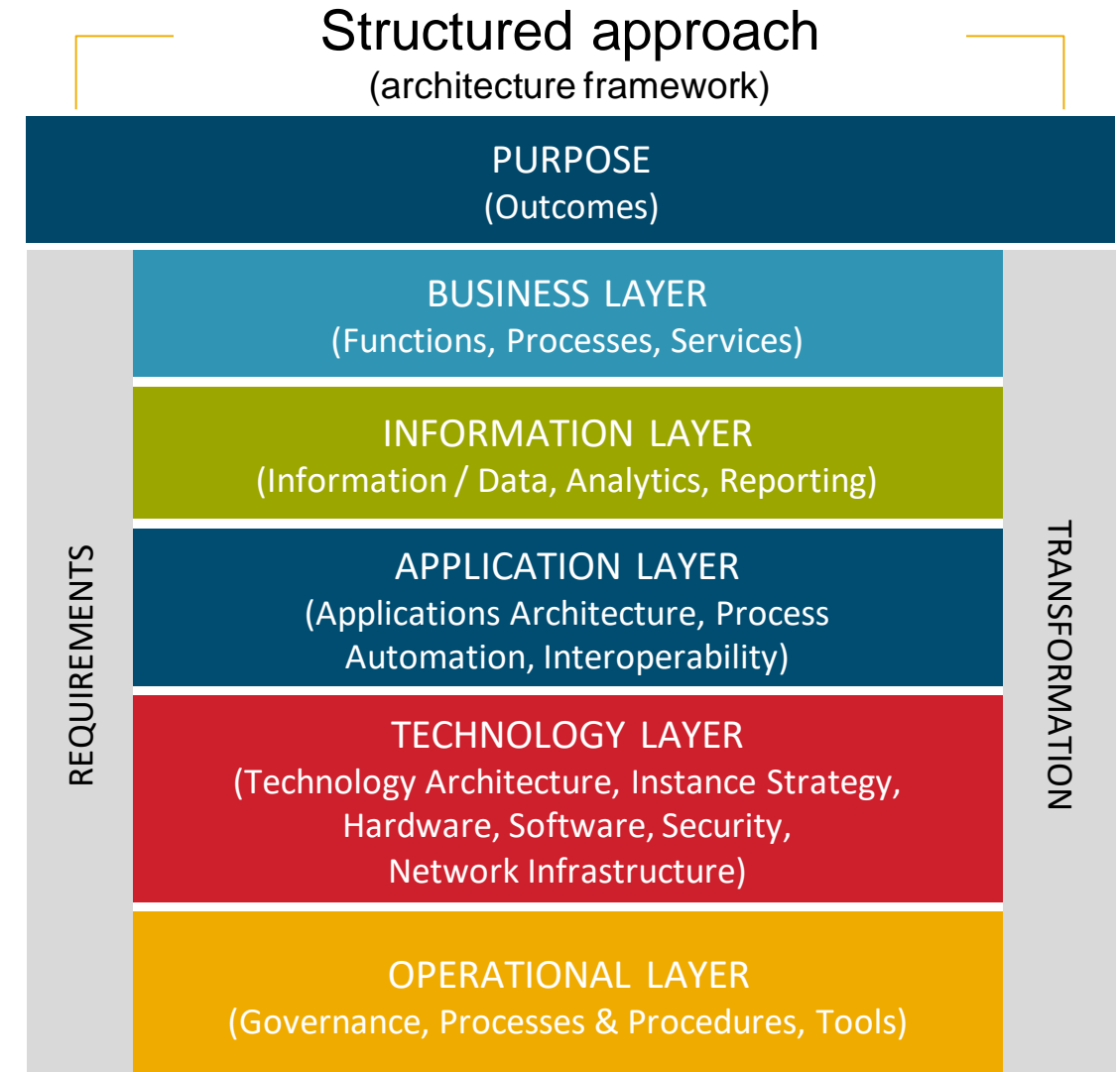
- **Timing:** The end of maintenance for SAP ERP 6.0 is 31st December 2025 which is a key deadline for the IFMS program departments as they will need to replatform. To ensure it is possible to deliver on the goals of FMT, time needs to be considered. Without a programmatic approach, the clusters will need to plan individually to move to SAP S/4HANA to remain in maintenance and deliver on their transformation goals
- **Operations:** Without co-ordinated operations and long term release planning it will not be possible to reuse GCfm: e.g. if there are multiple departments who require a go-live in a particular year, how is sequencing planned?
- **Growing the template:** As the focus is to deliver the project for go-live in April 2020, the wider requirements for a Government-Wide template have not been met: e.g. detailed, reusable documentation, template management solution, test planning and execution suite and scripts, etc., the topics would be a focus for the program

New operational model

To deliver the Financial Management Transformation a new operating model is required

FMT must create a new operational model across the GC Landscape to ensure governance processes, procedures and tools are aligned to successfully deliver the outcomes for business, information, application and technology.

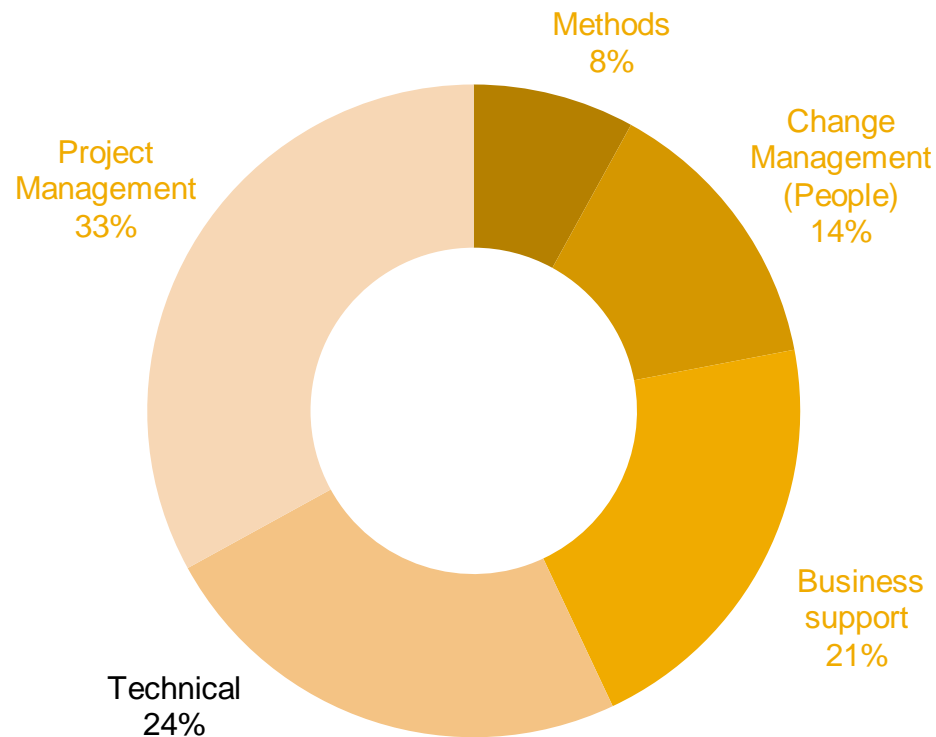
To date the focus of the target has been on the why and what, it is imperative to include the how in the delivery of the transformation.



GC's organizational alignment is required to drive the FMT program success

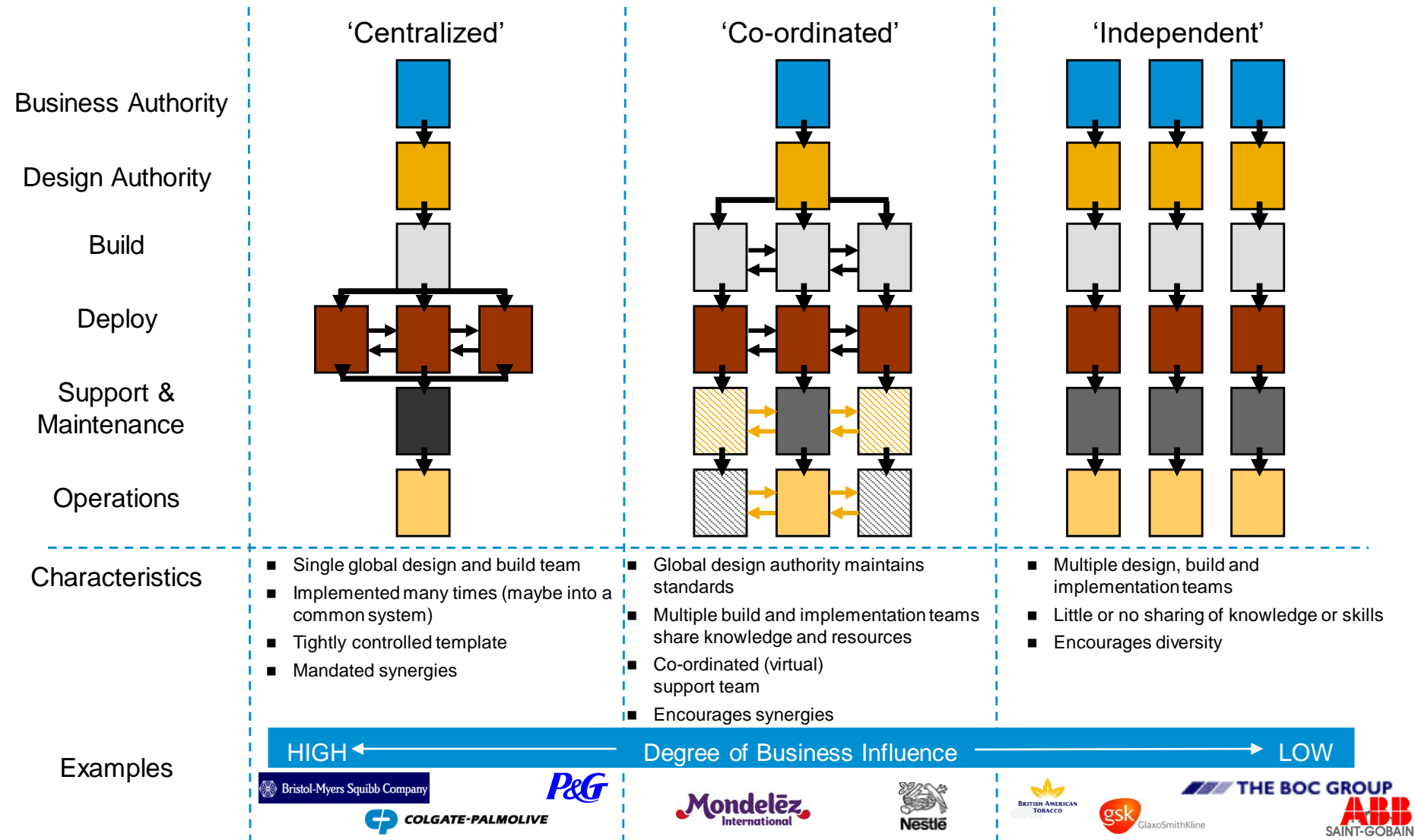
Key success factors

- Business transformations focus on value-based outcome
- Sustainable change requires organizational (re)alignment to most efficiently create the desired outcome









- ▶ **76%** projects fail because of **non-technical reasons**
e.g. non acceptance of the ideas, the solution, skill problems, communication problems, problems with project resources
- ▶ **24%** failure rate because of technical reasons
e.g. demands can not be mapped, sizing problems, problems with connecting legacy systems

Concept for basic SAP operating models



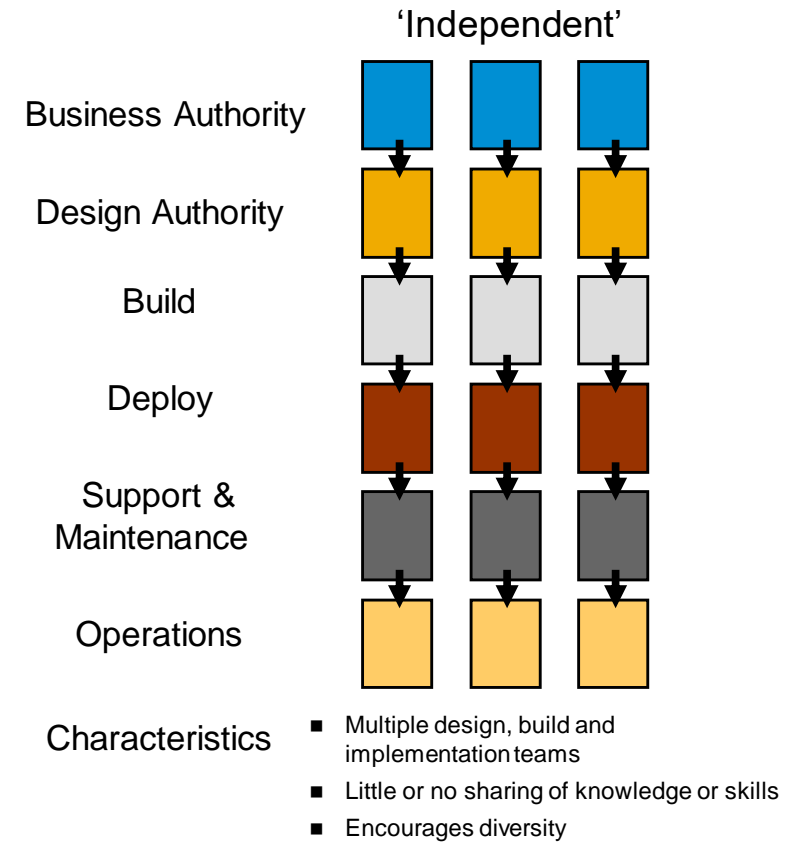
Roles and responsibilities in SAP governance

	Entity	Role	Ownership and Accountability	Skills and Capabilities
	Business Authority	This 'steering committee' represents the board and sets the business agenda. It directs and empowers the design authority	Business ownership. Accountable to the board	<ul style="list-style-type: none"> Business Vision Business Strategy Business Agenda
	Design Authority	This entity defines, manages, and controls how business critical elements such as best business practice, business processes and data standards are encapsulated in the SAP system, and how they are controlled across the SAP architecture as deployed within an enterprise.	Business ownership with comprehensive IT strategy representation. Accountable to the Business Authority	<ul style="list-style-type: none"> IT Architecture Current and new technologies TCO visibility and options
	Build	This entity takes the design specifications and configures the SAP system to reflect defined business processes and data structures	IT Delivery – often in conjunction with third-party Systems Integrator	<ul style="list-style-type: none"> Process mapping SAP configuration and programming Data mapping
	Implementation	This entity takes the configured SAP system and implements the new business system into business organizational elements (division, region ,line of business, etc.). The tasks include data clean-up, user training and managing the change program.	This is business change program. It should have local business ownership assisted by IT	<ul style="list-style-type: none"> Change management Technical project management
	Support and Maintenance	This entity provides post-go live support to the users and makes changes and enhancements to the system. These changes may be minor functional changes or new reports. Often referred to as the SAP Center of Excellence (SAP CoE).	IT – sometimes outsourced	<ul style="list-style-type: none"> Problem management SAP functional skills 'As-desired' knowledge SAP configuration and programming
	Operations	This entity provides the operational IT service and manages the server infrastructure, network, data management and disaster recovery	IT – often outsourced	<ul style="list-style-type: none"> Data Center management

Status quo operating model

Currently the departments operate their IT landscape independently with some alignment for support and maintenance

In the current clustered landscape approach this approach has been the status quo for a number of years with alignment for patches and updates for the IFMS cluster managed centrally: this approach allows each cluster of departments to chose to utilise the centrally delivered patches, etc., as they determine appropriate and to maintain the systems as they require – this approach has led to multiple evolutions in processes that are not aligned although business requirements may be the same



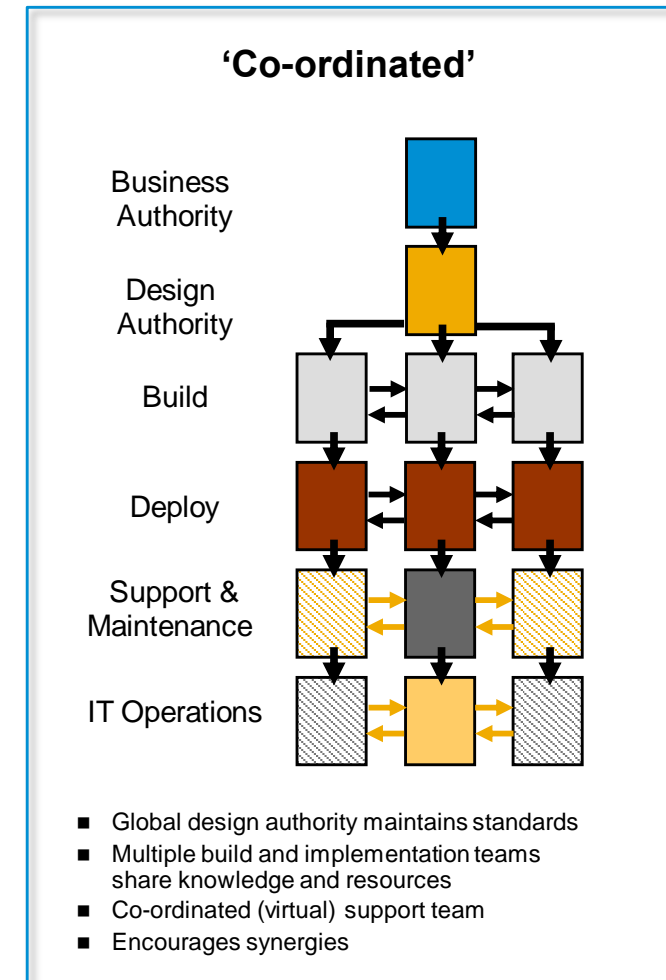
SAP recommended new operating model

SAP recommends for FMT to focus on a co-ordinated operating model for governance

To ensure success, FMT must adopt a co-ordinated model focused on top down delivery.

Core to co-ordinated operating model is a centralized Program that is responsible for Business Authority, Design Authority, Build – Template team, etc. where Co-ordinated Virtual Project Build teams share knowledge and resources

This model supports FMT operating as a program with projects aligned to deliver the overall target

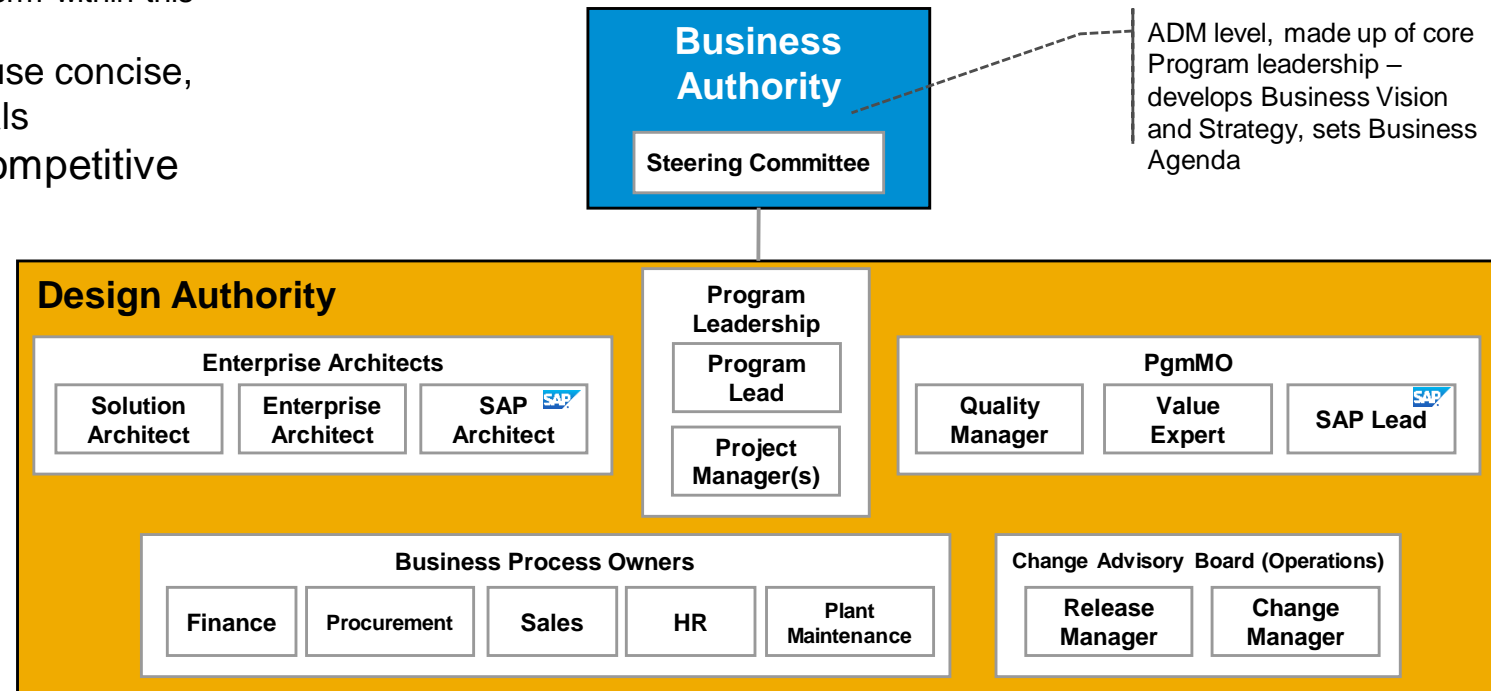


SAP recommended new operating model – Business Authority

Organisational structure for the program to align to co-ordinated model starts with business authority:

The business authority is responsible for the program vision, strategy and agenda:

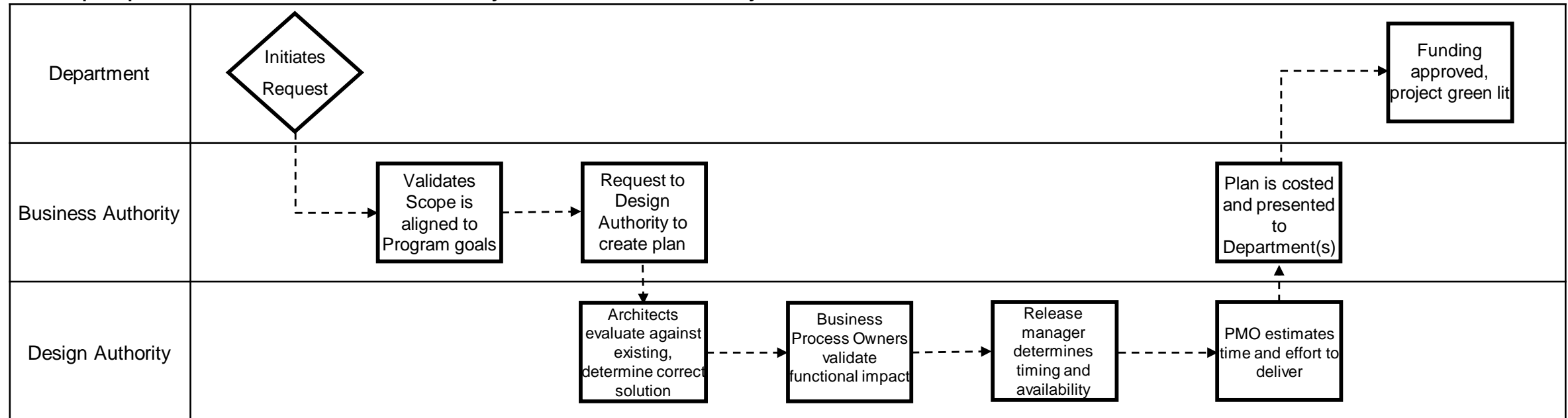
- **Vision:**
 - As the current key date is 31st December 2025, the key focus of the vision should be delivery of the transformation to the digital platform within this timeframe
 - The vision must use the present tense and must use concise, jargon-free language and aligned to business goals
- **Strategy:** Must cover objective, scope and competitive advantage
- **Agenda:** What is the purpose



SAP recommended new operating model – Business Authority

The business authority must take in the request for new functionality from business, determine new projects and underlying programs and utilise the design authority to determine feasibility, validity and approach for delivery and ultimately fund the project.

Example process for Business Authority for new functionality

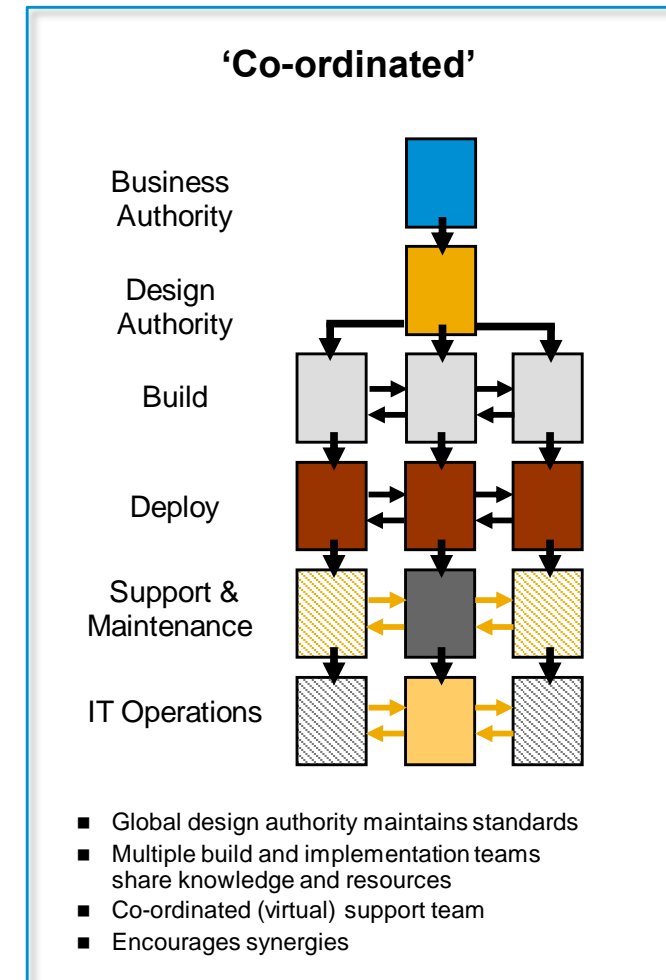


SAP recommended new operating model – Design Authority

This entity defines, manages, and controls how business critical elements such as best business practice, business processes and data standards are encapsulated in the SAP landscape, and how they are controlled across the SAP architecture as deployed within an enterprise.

Key elements in the Design Authority:

- **Program Lead:** The program lead is ultimately accountable to deliver the co-ordination of the design authority with the lower tiers and communication to the business authority. This person is an escalation path for the design authority and below and ensures that each area of the design authority is resourced effectively
- **Architecture:** The architecture team includes
 - Solution architect with an overall understanding of how the functionality fits together in the SAP landscape
 - Enterprise architect who is responsible to understand the technology underlying each solution in the landscape and how they operate
 - SAP Architect is the SAP representative who ensure the roadmap is aligned to SAP's long term strategy and to ensure the correct solutions are selected for the requirements
- **Business Process Owners:** Each end to end business process area must have an overall business process owner to determine how each process is design across the wider landscape and to ensure business requirements are always met
- **Program Management Office:** The team responsible to plan, estimate and validate all projects in the program and to ensure quality and value realization across the program

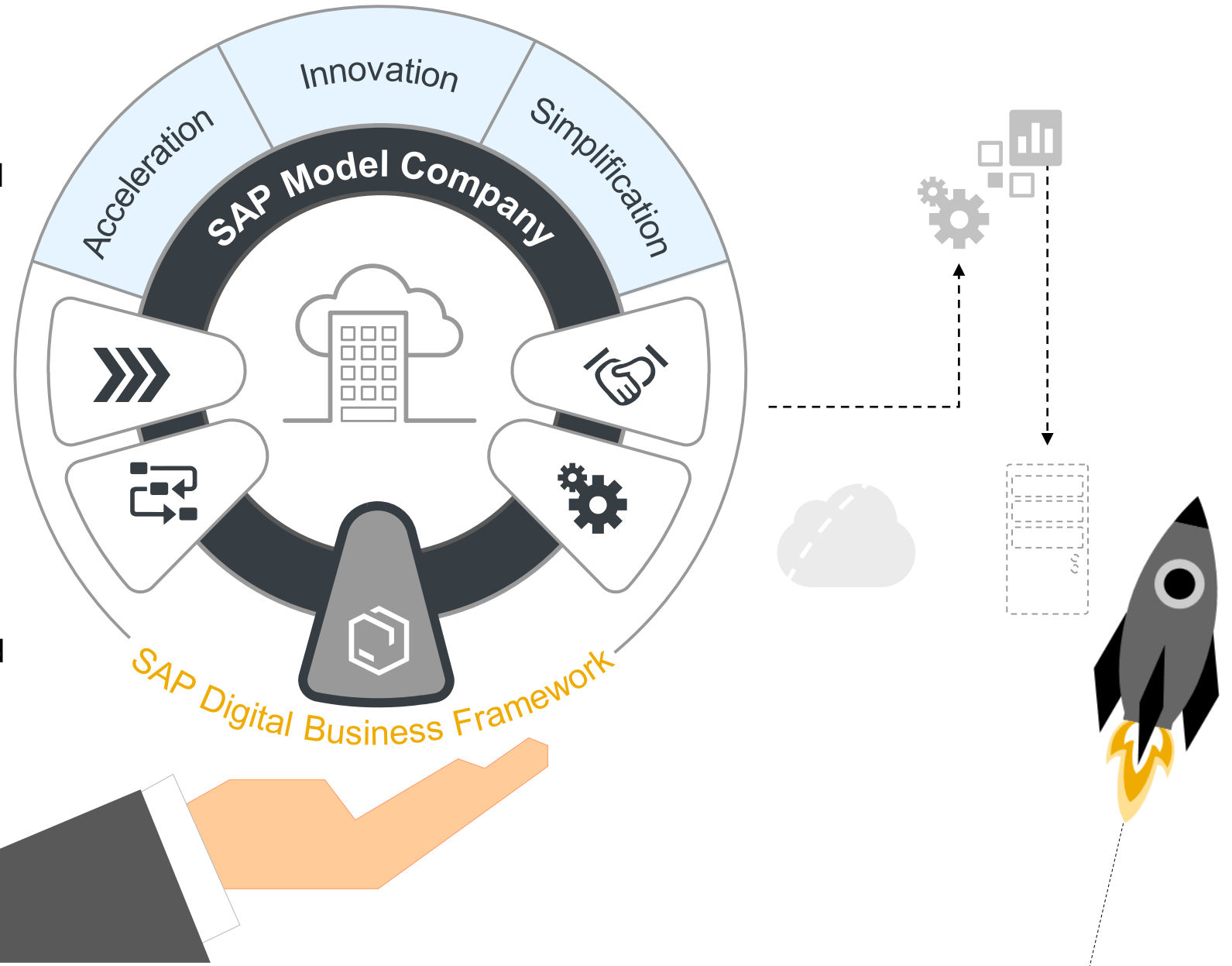


Financial Management Transformation Strategy:

Model company for the Government of Canada

SAP Model Company

- A SAP Model Company is a **pre-packaged, ready-to-use, end-to-end reference solution**, tailored to an industry or line of business.
- It comprises **state-of-the-art applications and proven best practices** and encapsulates the experience from successful, real-life digital transformation projects.
- **Embedded in an overall transformation road map**, a model company driven approach enables you to reduce cost, decrease risk, and accelerate adoption during discovery, preparation, exploration, and realization activities.



Model Company for Government of Canada

As part of the SAP Activate approach to new implementations, SAP recommends starting with an active solution. To achieve this approach, SAP recommends utilising SAP Model Company, tailored to industry or line of business and offer end-to-end, ready-to-use reference functionality delivered as a service.

The result:

- **Fast time-to-value** - accelerate project decisions and simplify SAP implementation
- **Predictable results** – rely on proven solutions, best practices, and expertise
- **Quick adoption** – get fast, cloud based access to complete reference solutions

SAP Model Company comes with the following building blocks:

Prepackaged or assemble-to-order solutions

- Gain all the applications, customization settings, and sample data you need in a pre-packaged, ready-to-use, comprehensive reference solution for a specific industry or line of business, or use combinations of SAP Model Company offerings in an assemble-to-order approach to a custom edition.

Market standard content

- Access localized, preconfigured content in SAP Model Company that encompasses experience and expertise in your industry or line of business, including workflows, reports, business process hierarchies, end-to-end scenarios, process diagrams, roles, and more

Accelerators

- Quickly implement and run your applications with help from our accelerators, including configuration and how-to guides, test and demo scripts, project plans and data migration templates

The model company approach is an important concept for the FMT strategy and overall program

Time to value is key in assuring a successful digital transformation

THE challenge

Long and costly implementation times

Line-of-business (LoB) and industry-specific know-how recognized as a need, not a nice to have

Fast-changing business challenges requiring a flexible solution

THE solution

SAP Model Company to deliver **preconfigured, end-to-end SAP reference solution**

Tailored to an industry or line of business with **end-to-end business processes**

Enriched with real life experience, delivered as an **engineered service**

THE outcome

Accelerated innovation adoption and simplification of the digital transformation



Transform to SAP S/4HANA



Accelerate implementation for faster time to value



Adopt early and fast, and free up resources for innovation

Time to value is key in assuring a successful digital transformation

OUR ambition



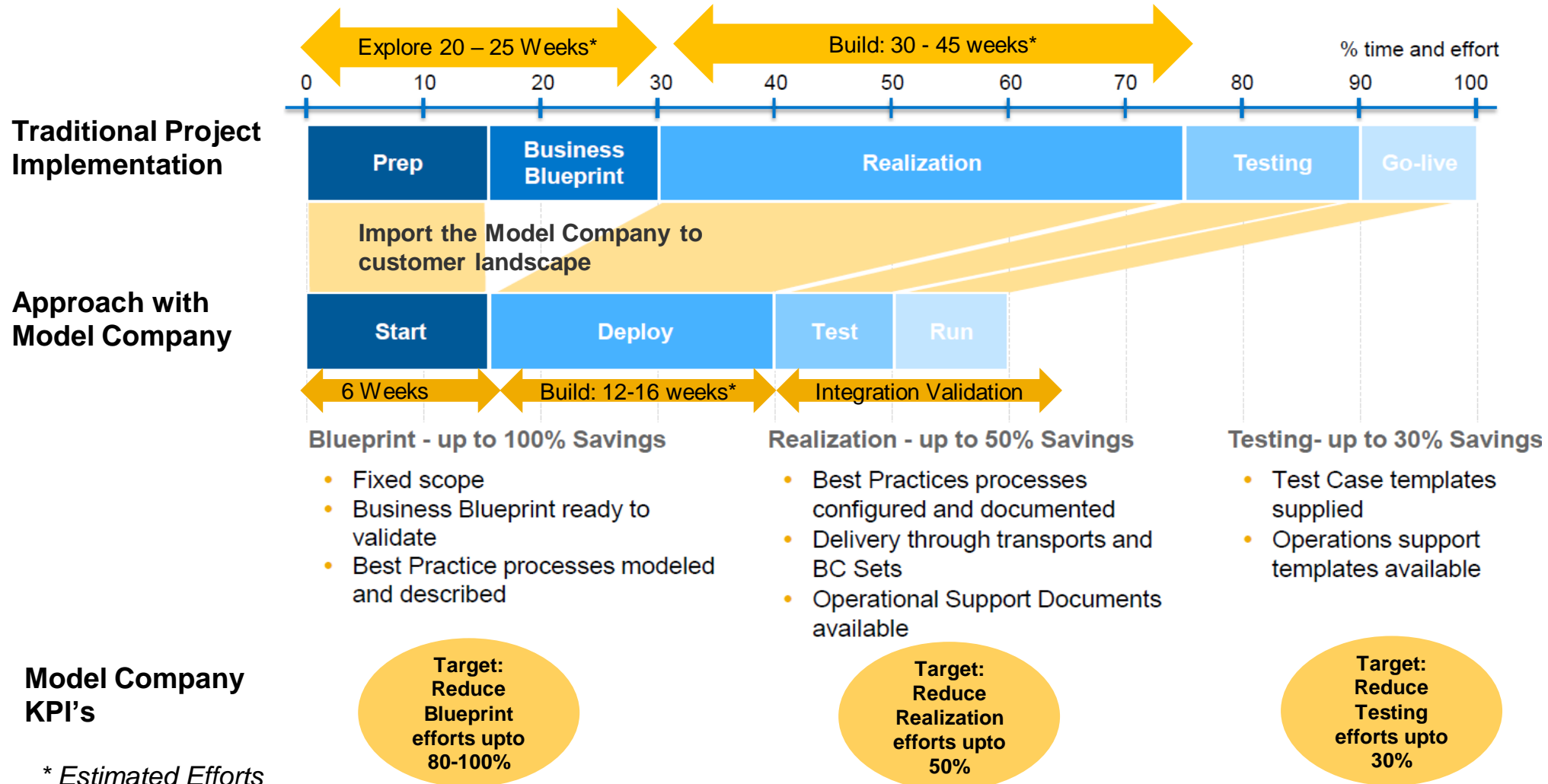
**Accelerated innovation adoption
and
Simplification of the
Digital Transformation**

OUR answer

**Pre-configured, end-to-end
SAP reference solutions**

- Tailored to an industry or LoB
- Enriched with real-life experience
- Delivered as a service

Projected reduction in effort using Model Company approach



Model Company for Government of Canada

Currently, SAP does not have a Model Company for Public Sector for Canada.

For the Financial Management Transformation, **GCfm is planned to be considered the Model Company for the Government of Canada.**

To be considered as the Model Company for Government of Canada, the program will need to maintain the following reference accelerators:

- **Implementation documentation**
- **Training material and How-to guides**
- **Configuration Guides**
- **Test scripts**
- **Business process documentation**
- **Role oriented process diagrams**
- **Multi-level End-to-End process documentation hierarchies including process steps and modular processes**
- **Functional specifications (not the objects itself) for**
 - **enhancements,**
 - **interfaces,**
 - **reports and**
 - **forms**
- **Sample workflows**

Template for Government of Canada

To achieve the timelines and requirements for the FMT Strategy, a template is recommended for the GC

The template management approach allows customers with multi-site SAP installations to efficiently manage their business processes across deployments – from initial template definition to template implementation and template optimization, such as in a significant rollout

Template Management approach comprises the following activities:

- The template is created by the template team, in a template project which serves as a container for your template definition
- The template is rolled out to the local sites, e.g., departments, and implemented by the local rollout teams using implementation projects, supported by the template team to control the core processes
- Over the course of time, requirements for changes (e.g functional enhancements, increased productivity, business process merge or split) result in updates to the template. The updated template is to be rolled out once more to local sites, who now transfer the delta changes via a comparison and adjustment mechanism, into their project

To achieve this, minimum criteria must be met, this criteria is required for reuse and to ensure quality a template:

- Creation of a template project in SAP Solution Manager
- Template management processes
- Requirements maintained in SAP Solution Manager to support ongoing requirements for changes
- Business Process Maps for the processes to be utilised in the fit/gap approach
- Detailed, quality solution documentation to support the delta designs and for future roll outs
- Test scripts and test management processes

For a viable template as the approach for future roll outs, the following must be considered:

- The business processes in the template should include the standard, reusable processes required by the departments to allow for the FMT program to achieve the required transformation
- The scope must be sufficient such that the departments can utilise the template as an accelerator to their implementation

Template for Government of Canada

The template must be built iteratively and maintained centrally to maximise efficiency.

For GCFM to be utilised as the template for government the planned GCFM solution to go live April 2020 must be considered the first iteration or version 1.0 with many iterations planned to increase the scope to meet departmental needs.

SAP recommends the concept “build once, use everywhere” for the Financial Management Transformation and to utilise a template, iteratively building the solution with each project, on boarder and functional change.

For this concept to be implemented and for GCFM to be utilised as the template, key prerequisites must be met:

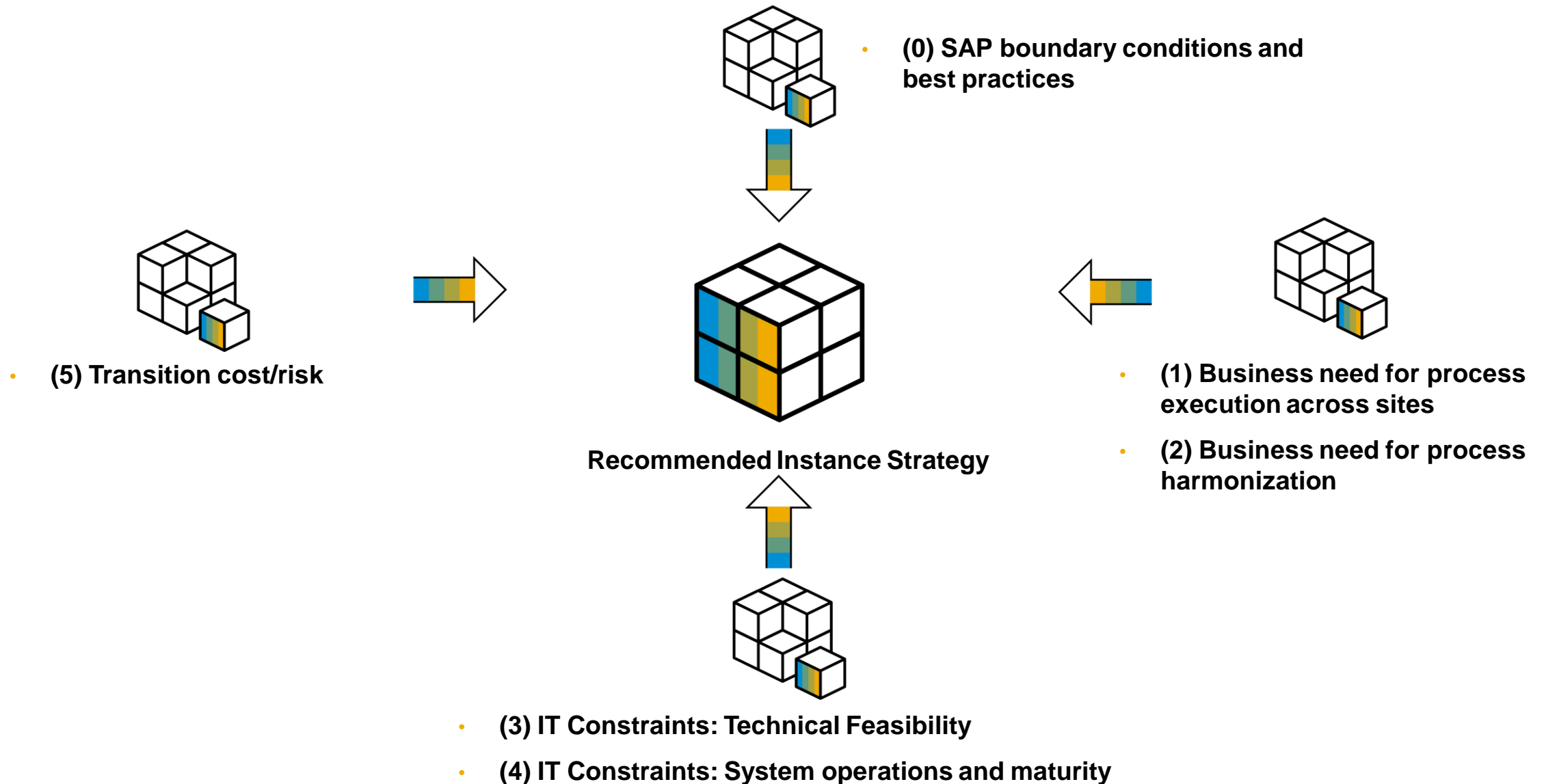
- The Financial Management Transformation program must take ownership of the solution and plan the solution architecture and scope for the coming years
- GCfm’s processes must align to the new standard processes envisioned as part of the FMT strategy
- The reference accelerators listed on the previous slides must be of extremely high quality and effectively maintained, ensure they are always up to date
- The operational model must reflect both the approach for a model company build with each department onboarding to FMT utilising GCfm and to maintain GCfm as a template

Financial Management Transformation

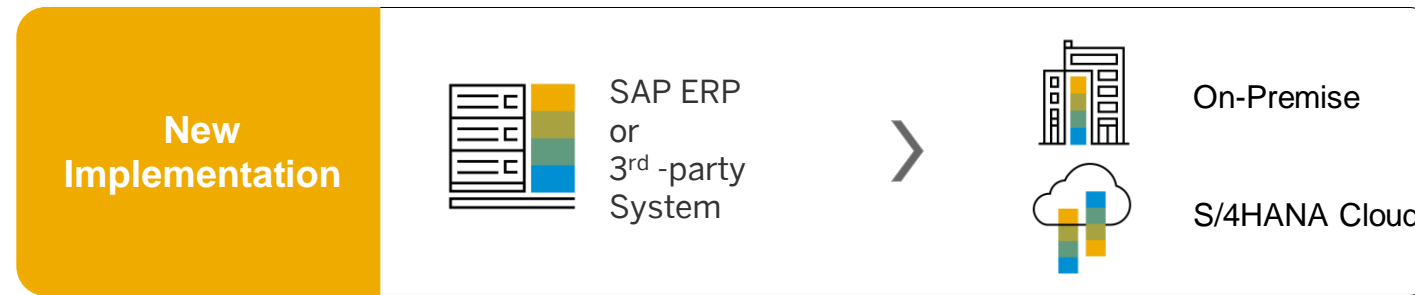
Strategy:

Implementation Strategy

Decision path to an instance strategy



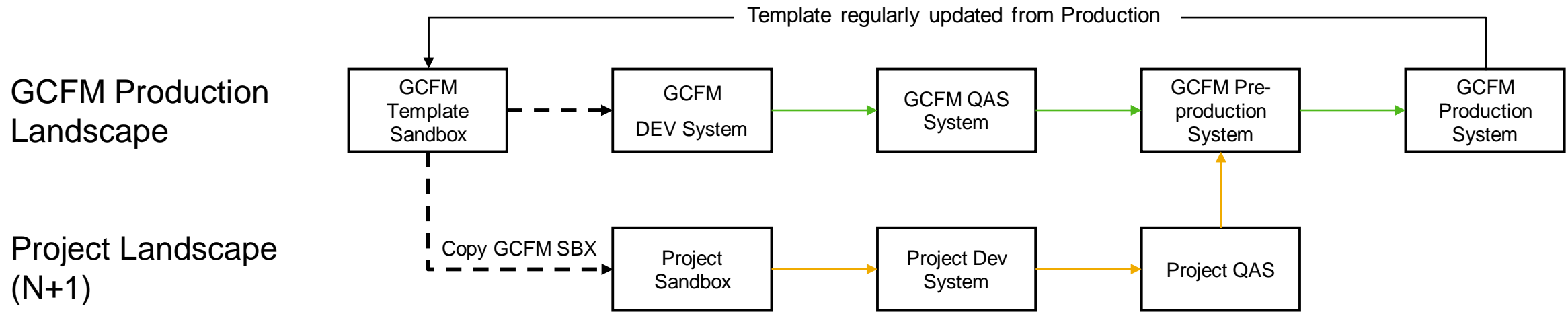
Implementing GCfm as a greenfield implementation of SAP S/4HANA



New implementation using the Government of Canada Model Company: GCFM

To achieve the goals of the financial management transformation, each department will need to align to standard streamlined processes across the government. To achieve a greenfield implementation of SAP S/4HANA. Based on the model company concept, GCFM follows this implementation approach and has designed a “model company for the government of Canada”.

Implementation strategy – Example Project Approach

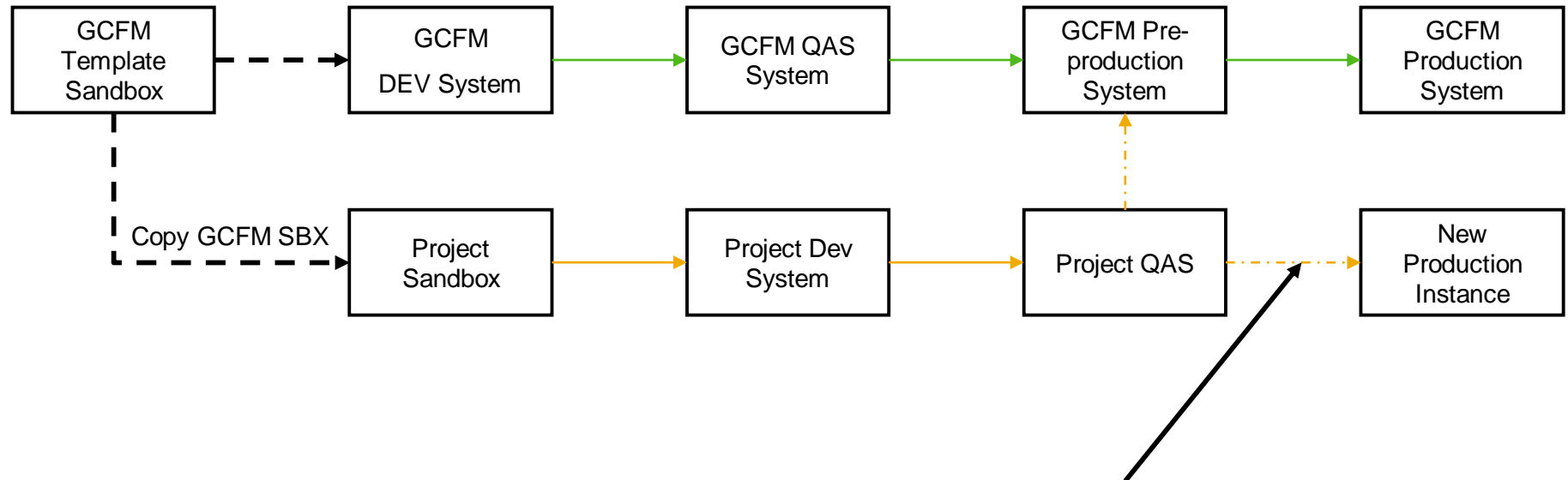


- A GCFM project would require an N+n landscape for the new implementation and would start with a copy of the GCFM template which would require the template for both project and production to remain in sync.
- Once the GCFM template is copied, each department would do a fit/gap against the GCFM design and identify gaps/delta's to configure.
- Once the project is finished the project landscape becomes the new N+n for the next project or utilised in the transport landscape for GCFM

Implementation strategy – Single Instance/Shared Instance

GCFM Production Landscape

Project Landscape (N+1)



- To simplify the instance strategy decision, departments should agree go/no go criteria with the FMT Program to onboard onto the shared instance(s). The criteria can include technical requirements, ability to deploy on in the new operating model, cost based criteria, etc.,
- As such each project makes the decision for instance strategy as part of the deployment.

Conclusion and executive summary

Key business drivers in Public Sector

86%

respondents think there is
Accountability challenge
in government today².

9.7B

Connected devices to be used
by smart cities, by 2020⁵

>47%

Estimated to be living under
water scarcity by 2030^{2,4}, median
of 85% respondents believed
health to be a problem²

Strategic Priorities

Digital Government

- Change operational models connecting across traditional silos in real time
- Use insight to identify, predict, and address issues to improve effectiveness and efficiency for all

Data Driven Government

- Enable Real time decision making
- Manage buyer-supplier collaboration
- Leverage data as a strategic tool across the entirety of your agency

End User Engagement

- Make end user interaction more inclusive and easier
- Provide personalized, self-managed, online services



*Quickly adapting to change –
foreseen and otherwise –
is the critical, central capability
for every organization.*

*Systems and technology must
be an enabler to this change,
not an impediment.*

Simon Ellis

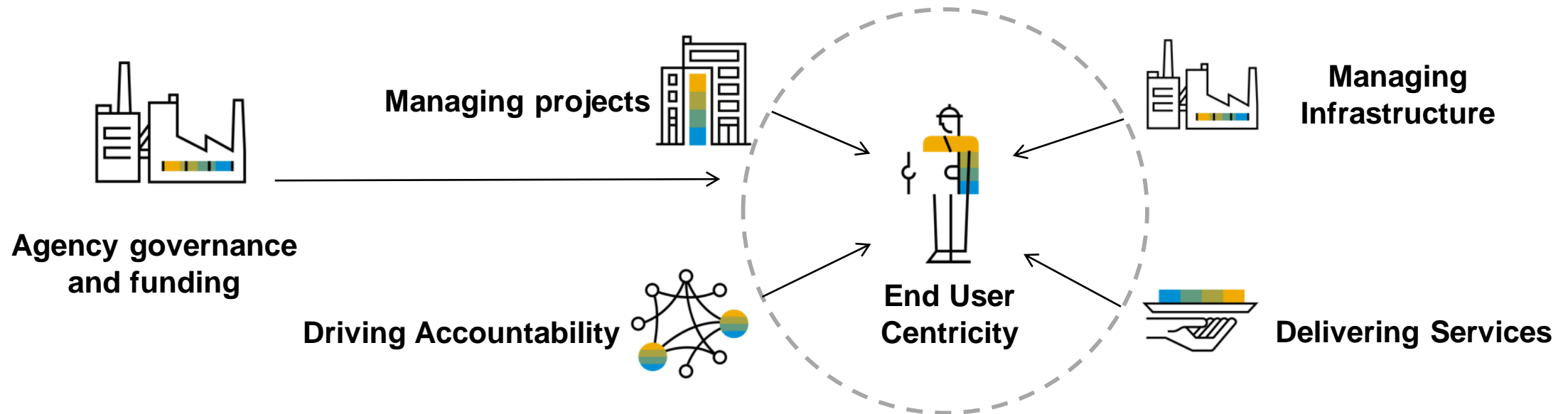
Program Vice President, IDC

¹ AT Kearney Global Economic Outlook 2015-2020 – Beyond the New Mediocre?; ² World Economic Forum Outlook on Global Agenda 2015; ³ <http://www.reuters.com/middle-class-infographic>;

⁴ calculation based on world population estimate of 8.3B by 2030 (UN Population Fund estimate); ⁵ [Smart cities expected to use 1.1 Billion connected devices in 2015, 9.7 Billion by 2020 : Gartner](#)

New models for public sector engagement and accountability

Public Sector organizations have changed, relying on data and digital engagement to drive new levels of citizen engagement and accountability. Adapting to **new management models** that provide new opportunities for sustained, value-added relationships with citizens, employees, funding and delivering on societal needs.



From...

Siloed projects and services
Static, one-size-fits-all experience
Reactive projects
Limited analytical capabilities

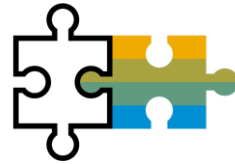
To...

Delivering optimized outcomes
Engaged citizen and all party experience
Coordinated projects and investments
Real- and full-time analytics

Executive summary



The Financial Management Transformation will deliver a modern business model for the financial and material management across the Government of Canada built on SAP's next generation SAP S/4HANA achieving digitalization, improving operational effectiveness and efficiency and increasing transparency and accountability



Increase transparency and accountability

- Ensure **business outcomes** are the key focus for success
- Continually analyze program performance through **a new coordinated model**

Digitalize

- Establish a **digital core** as the foundation to run real-time transactions and analytics
- Deliver the **Model Company** for Government modernization

Operate more efficiently and effectively

- Digitalize and **transform operational models and processes**
- Develop **common** data structures and processes
- Utilise common data structures to minimize data transformation to support **enhanced interoperability across the GC**

Executive summary



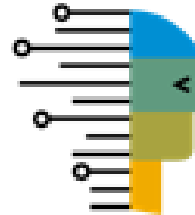
Digitalize

SAP S/4HANA unlocks the intelligent ERP for the Government of Canada: transitioning to public servant engagement through multiple device options on a modern, application based platform, enabling real time operational analytics for improved decision making and unlocking new intelligent technologies such as machine learning and artificial intelligence.



Cell phone enabled public servant engagement

SAP Fiori delivers the user experience for SAP S/4HANA delivering one look and feel across devices for a simplified, modern, browser based user interface



Real time, embedded analytics

Embedded analytics delivers users a real time view of key operational data in the same screen as their transactional tasks to increase productivity and improve decision making



Intelligent technologies

SAP S/4HANA introduces machine learning in the core with SAP S/4HANA to move from resistive tasks to high value tasks

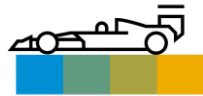
Executive summary



Digitalize

To deliver the financial management transformation, **SAP recommends the financial management transformation program to utilise an SAP Model Company for Public Sector aligned to the processes and design elements of the planned GCFM solution as the digital core for the Government of Canada.**

The digital core should be utilised as **both a template and accelerator** for the FMT roadmap to deliver the digital transformation.

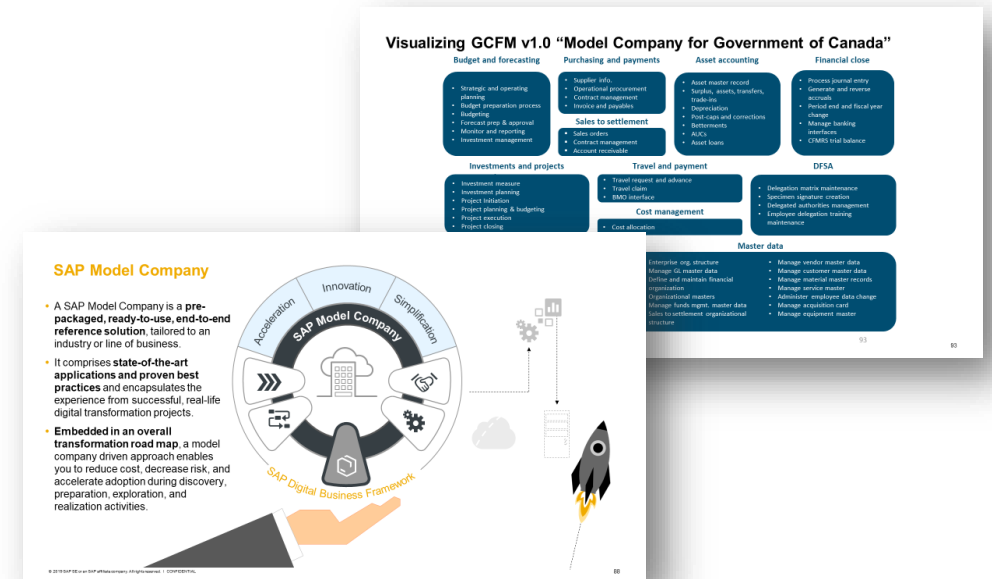


Faster time to value

- Increase implementation time with SAP Model Company, the preconfigured, end-to-end SAP reference solution aligned to GCFM

Lower total cost of ownership

- Deliver a Model Company for the government to decrease the amount of instances and simplify maintenance and operations



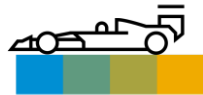
Executive summary



Operate more efficiently and effectively

Utilise the latest developments and best practices in technology to **develop common processes across the Government of Canada**. SAP S/4HANA unlocks new capabilities with intelligent processes and a simplified data model.

Align with the SAP recommended roadmap to evolve the digital core with each implementation to tackle common pain points across the departments and improve operational efficiency and effectiveness



Increase operational efficiency

- Enable Real time decision making
- Leverage data as a strategic tool across the entirety of the GC



Digital Government

- Change operational models connecting across traditional silos in real time
- Use insight to identify, predict, and address issues to improve effectiveness and efficiency for all

Common pain points observed across departments

Finance	Procurement	Human Capital Management	Logistics	Sales	Enterprise Asset Mgmt	Manufacturing	Platform Technology
<ul style="list-style-type: none"> 2 set of books for debt needs & RCI with intensive prep of full balance reports Tight closing schedule, managed manually at each location Complicated inter-dept settlement, often MSOL manual updates & reconciliation 	<ul style="list-style-type: none"> Manual maintenance of suppliers in separate systems No visibility of GC-wide relationships with a supplier, no tracking of supplier performance No single system to manage all activity & contracting activity, information with suppliers are offline 	<ul style="list-style-type: none"> Issues in systems to integrate data result in inaccurate salary forecasting/budgeting Double or triple data entry due to security of personal change in Phoenix Challenging to keep security controls updated due to inconsistency from Phoenix 	<ul style="list-style-type: none"> No complete visibility of inventory and location data across locations Finance and Logistics systems not integrated, difficult to maintain in sync Manual intervention in most business processes 	<ul style="list-style-type: none"> Quote to cash process is not integrated Manual quotations, sometimes some controls, Master Data & pricing in different systems Lack visibility on actuals for cost recovery 	<ul style="list-style-type: none"> Asset management and accounting processes are highly manual No integration between asset management and financial systems Lack visibility of asset lifecycle data, inability to track costs for each asset 	<ul style="list-style-type: none"> Manual production scheduling Lack of ODP visibility Inspection process and results managed manually 	<ul style="list-style-type: none"> Dependency on IT for most reporting and analytics Few analytical applications and dashboards available Lack tools for simulations, predictive, machine learning, AI

Recommended* digital core evolution (1/2)

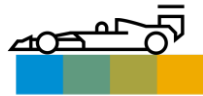
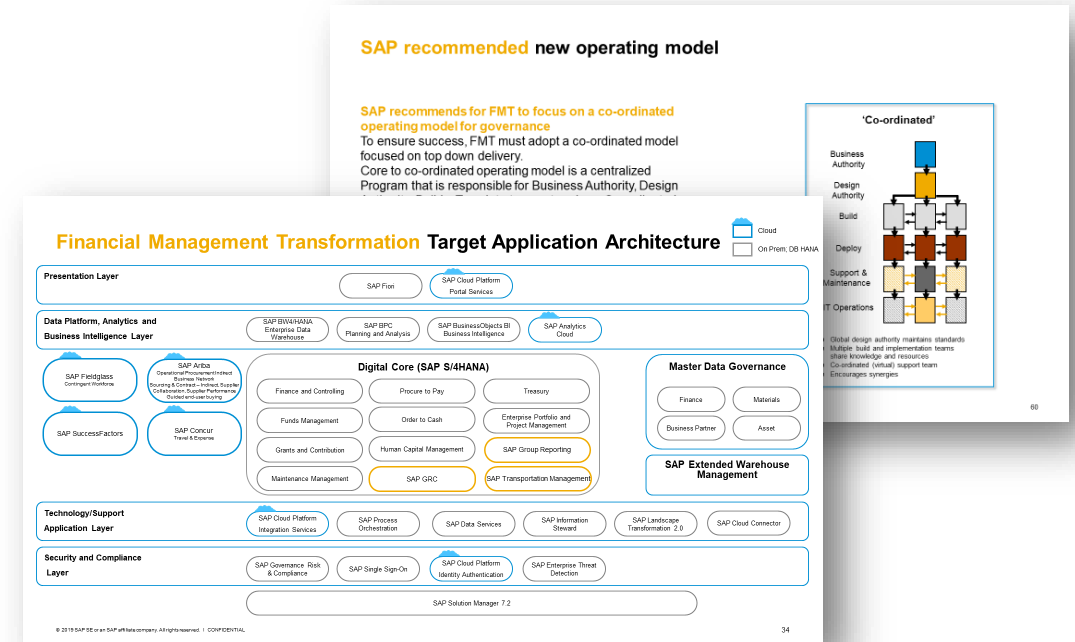


Executive summary



Increase
transparency
and
accountability

Delivering the FMT program with a new, coordinated, operating model will lower the cost of the transitions across the government departments and support a collaborative model for maintenance and change across the SAP landscape



Faster time to value

- A centralised program for transformation allows for the reuse of key resources and skills to increase implementation efficiency

Lower total cost of ownership

- Transition to less instances through coordinated support and maintenance

Executive summary

GCfm scope fit/gap against departments' needs



The GCfm Digital Core was designed to **meet the functional needs** of the FreeBalance departments, and from the blueprint review and discussion with GCfm team, it seems to fit the needs of most departments. However, the wider scope for departments requires the digital core to be **augmented in the short term**:

- To enable its utilization as a GC-wide template in a coordinated operating model
- To meet the functional needs of other GC departments (current state requirements)
- To include integration with key applications to enable seamless, end-to-end process flows
- To develop high quality, reusable documentation and operational process: such as change and release management, test tools and scripts, etc.,

As such, SAP recommends FMT to move forward with an SAP developed SAP Model Company for Public Sector, aligned to GCFM with SAP delivered accelerators.

Executive summary

Financial Management Transformation



SAP recommendations are broken into key topic areas to support the Financial Management Transformation in delivering the strategic objectives of the program. The key topic areas are:

- **Strategic recommendations** for the Financial Management Transformation Program
- **Functional recommendations** to enable the digital core for the Government of Canada to support the departmental needs
- **Technical architecture** recommendations to ensure foundation for success

The recommendations within the summary are linked to details within the report that can be reviewed for more information or additional recommendations to support the FMT program

Executive summary

Strategic recommendations for the Financial Management Transformation program



Recommendation: FMT must operate as a program ([link](#) to section)

To deliver the Financial Management Transformation SAP recommends to operate as a program.

Currently the key focus for the program is to complete the project for GCFM for the planned April 2020 go-live. In parallel the IFMS departments and many of the non-SAP departments must make decisions on the future of their solutions, timing is a critical issue:

Timing: The IFMS cluster must transition to **SAP S/4HANA before 31st December 2025**, this time constraint is critical as it will be difficult to transition the departments to SAP S/4HANA in such a short time frame without a joined up, programmatic approach. The non-SAP sites also have maintenance windows that are extremely tight. If the program does not shift focus to deliver the government wide transformation there is a critical maintenance risk.

Executive summary

Strategic recommendations for the Financial Management Transformation program

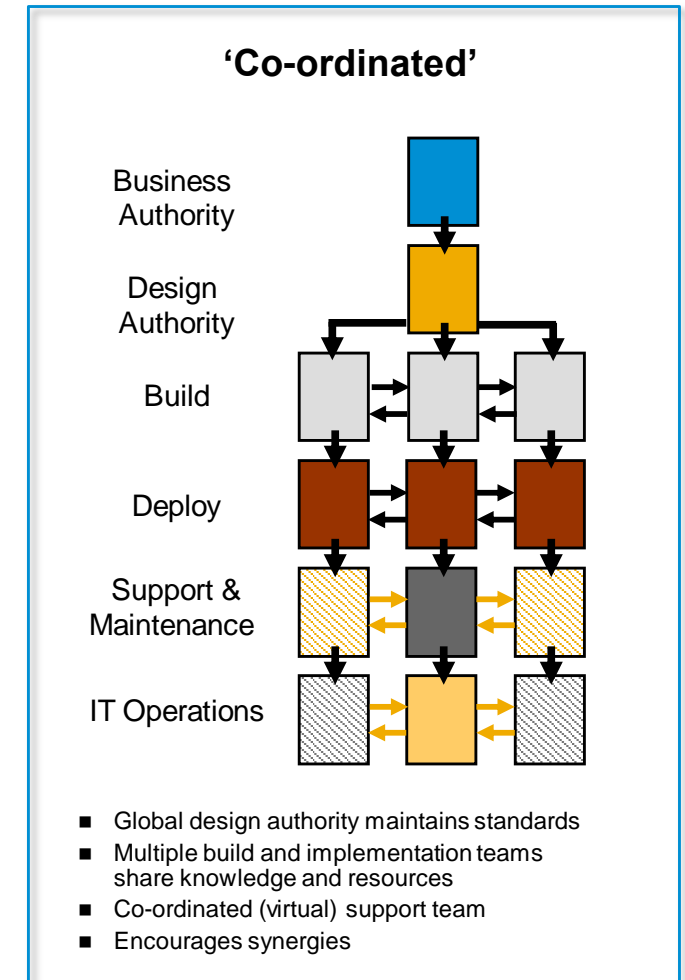


Recommendation: A new operational model is required ([link to section](#))

SAP recommends FMT to implement a co-ordinated operating model across the government of Canada departments to ensure the success of the program. The new model must focus on business value and operate from a business authority down.

To move to a co-ordinated operating model the FMT program will need to establish the following as soon as possible:

- Establish a business authority with key departments
- Establish a design authority – starting with key resources and iteratively building



Executive summary

Strategic recommendations for the Financial Management Transformation program



Recommendation: Utilise a Model Company to deliver the transformation to departments ([link to section](#))

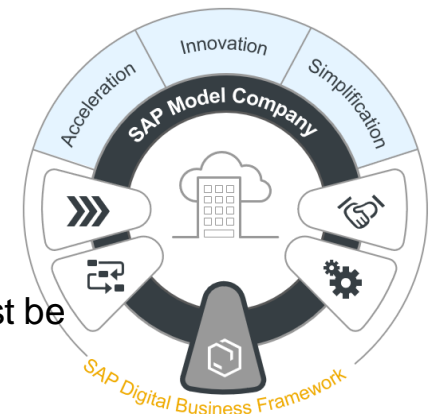
As part of the SAP Activate approach to new implementations, SAP recommends starting with an active solution (the Model Company for the Government of Canada). This approach delivers the fastest time to value and allows the Government of Canada to optimize implementations as the scope of the digital core is increased.

The approach achieves a reduced effort in blueprint, realization and testing and therefore saves time and lowers the cost of the implementation.

GCfm is currently planned as the Model Company for the Government of Canada. To support GCfm as the Model Company for the Government of Canada, the following must be in place before a future roll out to ensure the solution meets the goal to increase time to value:

- High quality solution documentation: detailed design documentation, functional specification documentation
- Role oriented business process diagrams maintained in Business Process Modelling Notation 2.0 format for reuse
- High quality test scripts for reuse with SAP Solution Managers test suite for maximum time to value
- Scope sufficient such that it is superior to readily available accelerators (e.g. SAP Best Practice scenarios)
- Functional specifications for enhancements, interfaces, reports and forms

At the point in time this report was presented (as at August 1st 2019) the above criteria are not met by GCFM and must be considered by FMT



Executive summary

Strategic recommendations for the Financial Management Transformation program

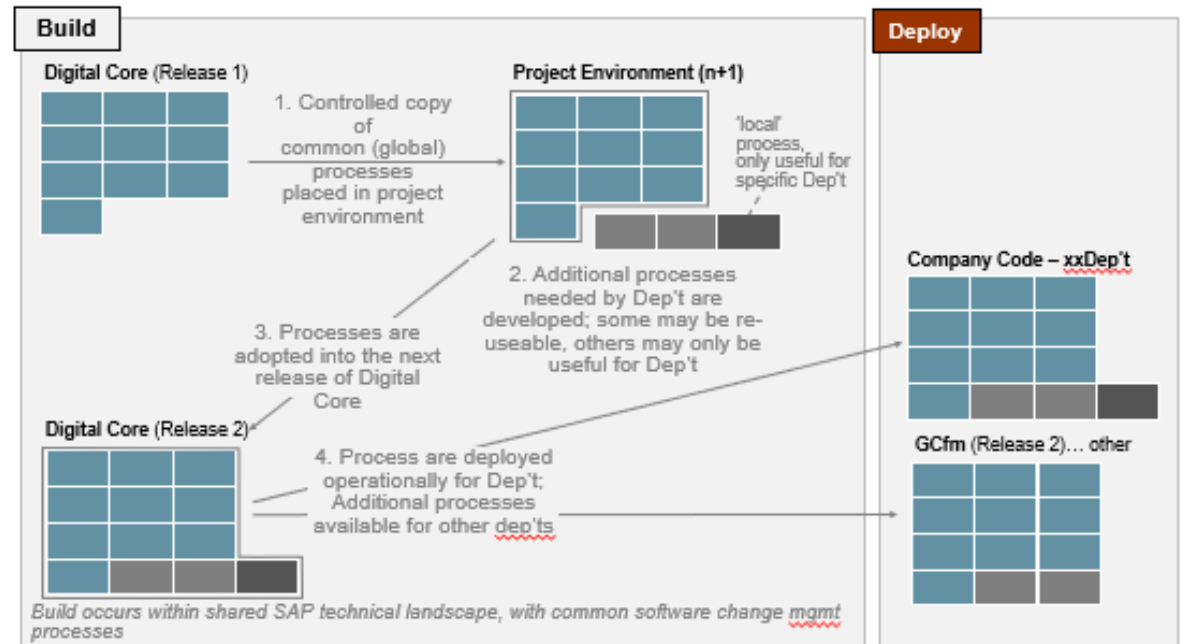


Recommendation: Deliver and build the template (the digital core) for the Financial Management Transformation ([link](#))

To achieve the timelines and requirements for the FMT Strategy, a template is recommended for the GC. This template is the digital core for the FMT program

The template management approach allows customers with multi-site SAP installations to efficiently manage their business processes across deployments – from initial template definition to template implementation and template optimization, such as in a significant rollout, to long term iterative development

For the Government of Canada, a template, built iteratively is the optimal solution to deliver the FMT goals and also allows for the best return on investments: as new functionality is delivered, all departments linked to the template can deploy the new functionality without the requirement to design and build



Executive summary

Strategic recommendations for the Financial Management Transformation program



Recommendation: SAP recommends to add the following focus to FMT strategic objectives

The FMT business strategy was defined 5 years ago and set a comprehensive direction, identifying the foundational components to enable the GC-wide transformation. It may now be enriched with the latest insights gathered from the public sector trends, and with the opportunities offered by the technology innovations delivered over the last few years

To this effect, SAP recommends to add the following focus to FMT strategic objectives:

- **Reimagine work:** position the GC workforce at the core of the transformation, ensuring that the build and onboarding activities include the experience design components necessary to understand how people will transform the way they work: what they need to start/stop/continue doing – focusing them on higher-value outcome to achieve the vision
- **Create the 'intelligent enterprise':** embed the intelligent technologies readily available to efficiently create the next generation of business capabilities beyond traditional process automation
- **Build engaging experiences:** the impact of 'back-office' transformation reaches well beyond back-office, and enables new experiences with citizens, customers, suppliers – and employees – who are now expecting more real-time, collaborative, predictive, content-rich, transparent interactions.

Executive summary

Strategic recommendations for the Financial Management Transformation program



Recommendation: SAP recommends to establish a formal value realization work stream in the short term to deliver the envisioned framework

The objective is to initiate value realization activities in parallel to the deployments, coordinating program-level and departmental efforts to:

- Conduct a financial and operational benchmarking at the GC-wide and departmental level, to support the quantification of business cases for the incremental build and the departmental on-boarding activities
- Create value maps to clearly communicate the most important business outcome, and related operational levers for each department to focus the delivery
- Prioritize the organizational change management effort on the process areas and workers expected to deliver the most value from their change in the way they work day-to-day
- Design and implement the value realization dashboard(s), defining and baselining the key performance indicators - GC-wide and department-specific - to get a prior and after measurement of the expected outcome
- Define the value realization governance, to create regular, transparent and trusted results on the program performance.

Executive summary

Functional recommendations to enable the digital

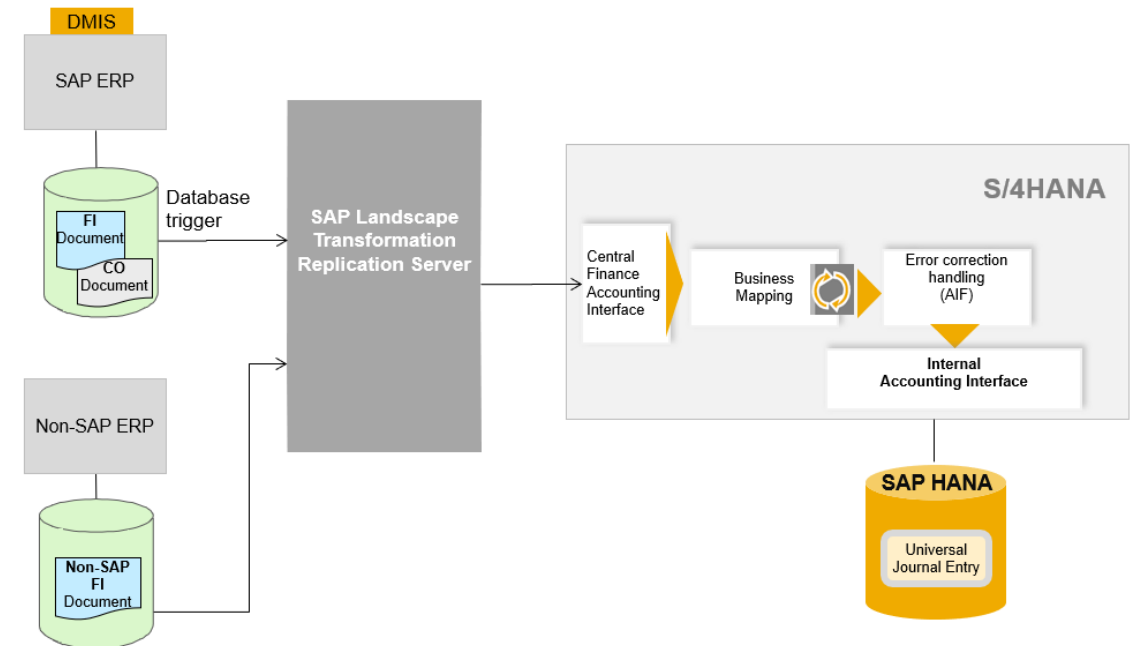


Recommendation: Modernize Receiver General ([link](#) to section)

A key pain point across departments is the requirements to integrate to Receiver General. For the IFMS departments the maintenance of the integration to RG requires a lot of overhead, alongside this there is a requirement to maintain a special purpose ledger which is a major pain point and requires the duplication and manipulation of data in the source system. Departments have a high workload to maintain the integration with the Receiver General currently which is a key pain point.

The government of Canada should focus on modernizing RG as new solutions allow for the required functionality.

SAP recommends to pilot SAP Central Finance to evaluate a replacement for the current RG solution.



Executive summary

Functional recommendations to enable the digital



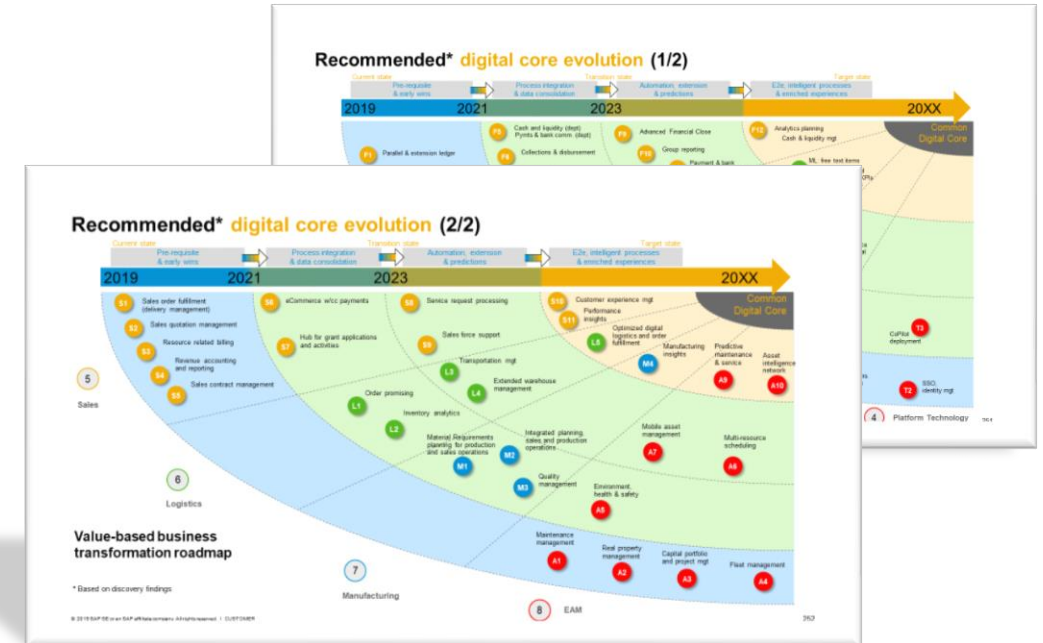
Recommendation: Additional functionality to be added to the digital core ([link](#) to section)

Per line of business, SAP has evaluated each department and recommended functionality that is required for FMT to be rolled out. SAP recommends FMT to review the section by line of business and to incorporate the recommendations into future planning.

As part of the roadmap development, a roadmap for the evaluation of the digital core with key recommended functionality has been delivered ([link](#) to roadmap slides). The recommended iterations can be used as a basis for future release planning

Longer term, SAP recommends a value-based roadmap for digital core evolution to enable the proposed business process transformation.

Increase scope of Finance and Controlling, Funds Management, Grants and Contributions and Plant Maintenance to allow for the deployment of the IFMS departments



Executive summary

Functional recommendations to enable the digital

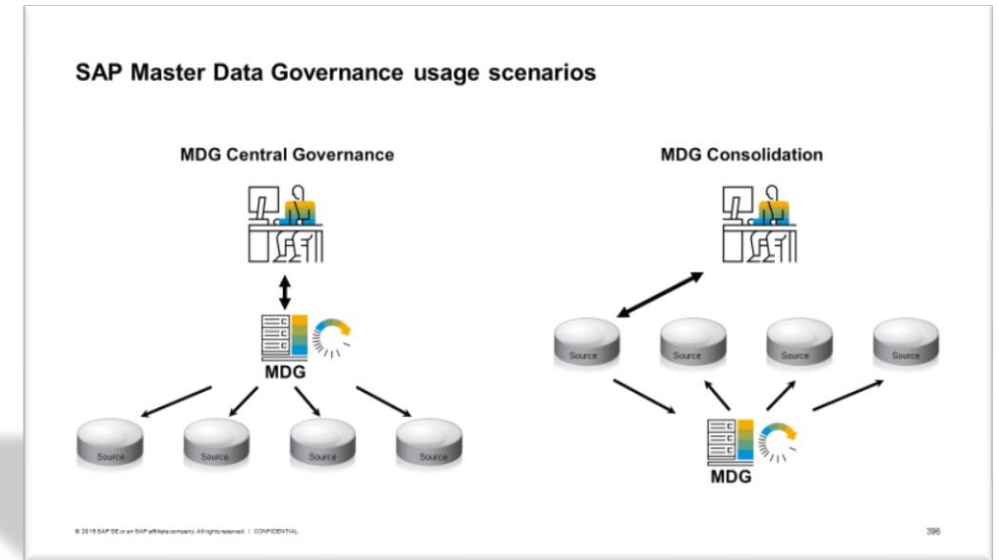


Recommendation: Develop a master data strategy ([link](#) to section)

A key pain point across the departments is the inconsistency and poor quality of master data. This area is a key driver for business improvements (improved insights, data reliability and consistency)

SAP recommends the development of a program wide master data strategy and to consider deploying SAP Master Data Governance, supported by SAP Information Steward and SAP Data Services to maintain data quality across the departments.

Recommendations for the architecture is included in the report ([link](#))



Executive summary

Functional recommendations to enable the digital



Recommendation: Develop an Analytics strategy ([link](#) to section)

Reporting tools and strategy across the departments is inconsistent with a lot of variation. Departments have varied levels of usage of SAP BI tools (BW, BPC, etc.,) and there is a number of custom reports across government departments (Z-Reports)

Create an analytics strategy across the departments to define usage of SAP BI tools, BW, Embedded Analytics and SAP Analytics Cloud

Increase usage of SAP BI tools to optimize reporting and analytics for the departments. Focus on business requirements for reporting, data discovery, visualisation and strategic reporting

An example of the architecture for analytics is included in the report ([link](#))

Executive summary

Functional recommendations to enable the digital

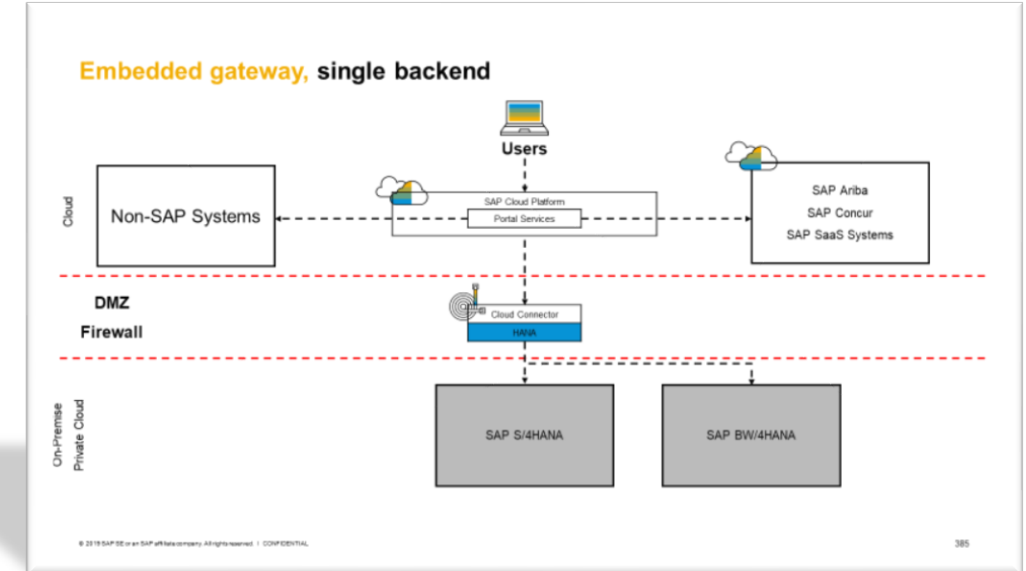


Recommendation: Define a user experience (UX) Strategy strategy ([link](#) to section)

A key business enabler is the new UX for SAP delivered through SAP Fiori. To achieve the true value of SAP Fiori, a UX strategy must be developed to include both the landscape deployment, authorisation approach and the overall look and feel for the employee portal.

SAP recommends SAP Cloud Platform portal services as the central access point to the SAP landscape supported with the backend SAP Fiori Gateway

Key recommendations for the high level architecture and deployment are maintained in the presentation layer section



Executive summary

Technical architecture recommendations to ensure foundation for success



Recommendation: Sizing and capacity management must be conducted before each deployment on the digital core

To ensure optimal performance and that technical restrictions are considered, detailed sizing exercises must be conducted ahead of each roll out is planned.

Sizing is an iterative process, SAP recommends that FMT follow best practices for iterative sizing throughout each project.

Sizing can be an instance restriction based on certified hardware/scale out preference, etc.,

Executive summary

Technical architecture recommendations to ensure foundation for success



Recommendation: SAP recommends a target architecture to enable the value-based transformation roadmap and deployment scenario

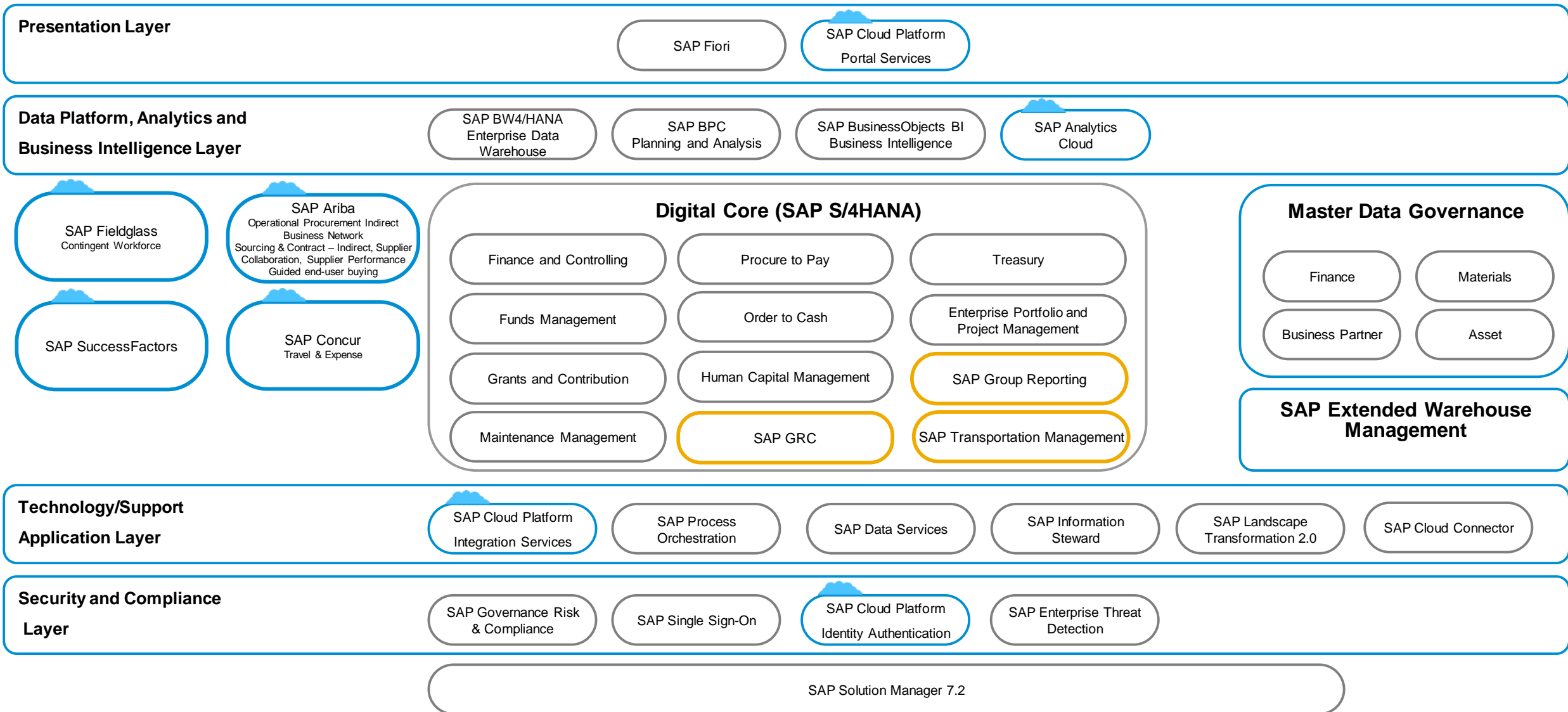
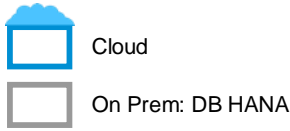
To achieve FMT's strategic objectives, SAP recommends a new implementation approach in current SAP departments' transition to S/4HANA. From a landscape perspective, the digital core will most likely need to enable multiple concurrent build and onboarding projects over the next 5+ years. A N+1, N+2 or larger parallel landscape is recommended in this case.

To simplify the instance strategy decision, departments should agree on go/no go criteria with the FMT Program to onboard onto the shared instance(s). SAP's framework for considering instance requirements is provided in this document.

SAP reviewed these criteria with the departments during the engagement. Preliminary results indicate that there is an opportunity to adopt a common design and significantly decrease the number of DFMS instances GC-wide from 52 to less, plus RG:

- From the participating departments not on SAP today, there is no requirement for running on a separate instance.
- There may be specific requirements for some departments which did not participate in the workshops.
- A single instance is required for the central finance RG needs.

Financial Management Transformation Target Application Architecture



Thank you.

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