

PUBLIC

Podcast: Inside SAP S/4HANA Cloud

Episode 129: Finance leaders' guide to Cloud ERP transformation with Mickaël Quesnot

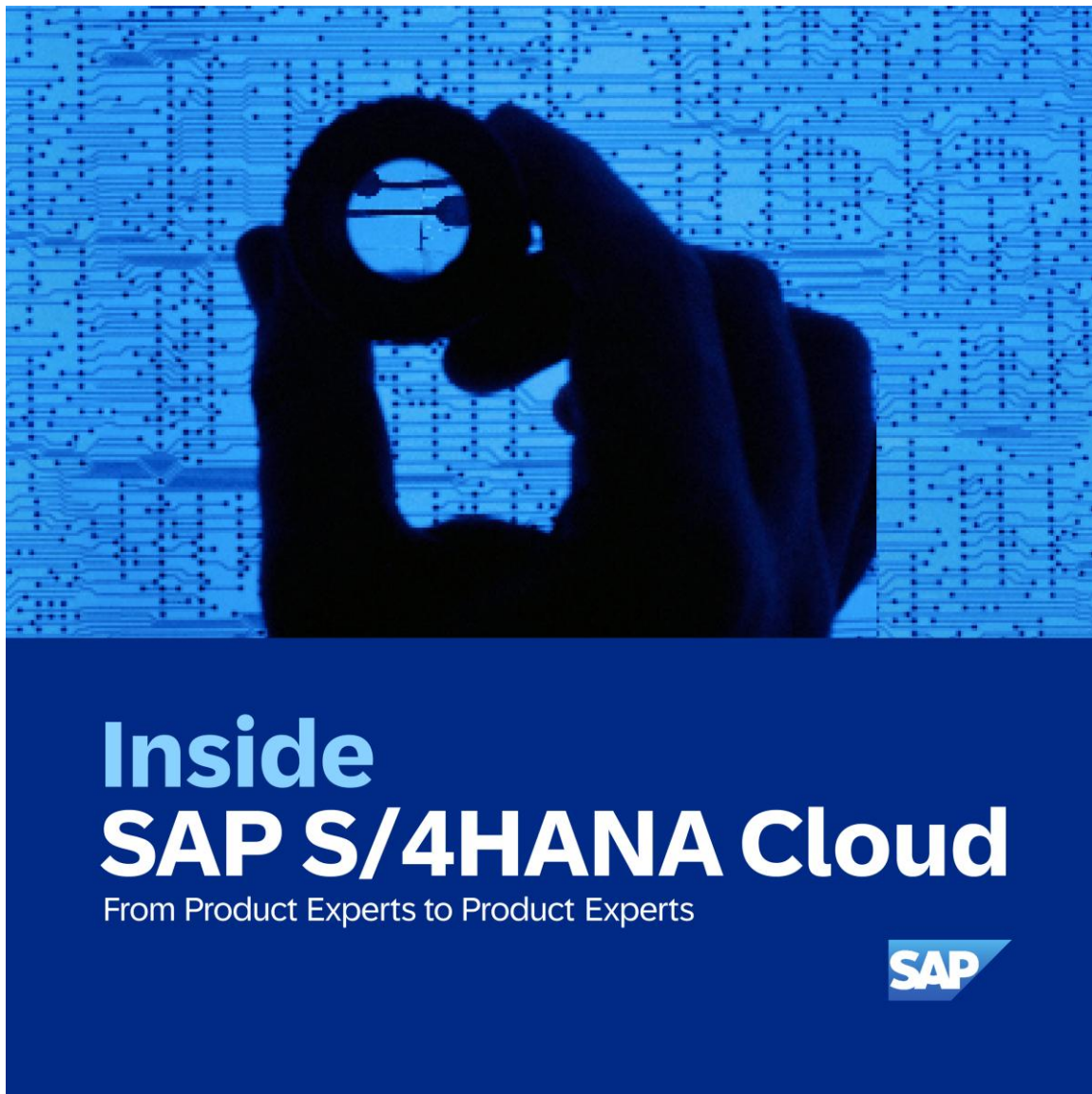


Fig. 1 – Cover art of Inside SAP S/4HANA Cloud podcast

Figure description – An image with a silhouette of a hand holding up a loupe over a blue circuit board. A solid blue block featuring the title “Inside SAP S/4HANA Cloud From Product Experts to Product Experts” and SAP logo is under the image.

Transcript

Yannick: [00:00:00] Welcome to Inside SAP S/4HANA Cloud. There is no customer success without product success and project success. Hey, finance leaders, listen up. This one is for you. And as you know, digitalization isn't just an option anymore. It's actually a non-negotiable for your survival and the [00:00:30] survival of your company in 2025 and beyond.

But this is complex and you might ask, what is the path to get there? It's a total maze of promises and marketing jargon and many different solutions like SAPs and many, many more. And if you are like my host today from France you may be acquainted with some local solution that makes the total discussions even more complex.

So today with my host, we want to cut through all that noise and provide you with an [00:01:00] evaluator's guide. We are going to cover three non-negotiable questions. You absolutely must press any vendor on. Choose wrong and your company's future, your data integrity, your global agility, your competitive edge is all at risk and on our guard today, a true veteran of financial and supply chain. Mickael Quesnot, SAP senior consultant and mentor. Mickael's got at least 25 [00:01:30] years in the trenches, driving excellence with SAP, running many, many projects very successfully, all documented and unavailable online. And today is with me to share his expertise, his expertise in driving transformation in driving business transformation.

Mickael, since you've been here for more than two decades, you've seen the entire show unfold from on-premise to cloud. Warm welcome. It's a real pleasure to have you on today.

Mickael: Thanks [00:02:00] glad to be there. You are not wrong. I've got to prove it from you remember the green screen of SAP R2? Yes, I remember. I start with R2. It's long time in Bayer German company to today's cloud. But let me be clear. What's happening now is not just another upgrade.

It's a complete paradigm shift. [00:02:30] It's forcing a level of operational honesty that many finance department are not ready for. The old patchwork system. The manual reconciliation, everybody remember that Excel file is the first tool used in finance department. There are not just inefficient anymore.

There are a corporate liability.

Yannick: Very true, very [00:03:00] true. Again, thanks for being with us today, Mickael. I guess a lot of people would know you, but not everyone knows everything about you. And if you are okay with that one, I'd like you to share something that people might not know about you. Probably outside the software world.

Mickael: Well, people see, for example, go to LinkedIn and see the first title is a senior consultant as title. And think I live in a spreadsheet, [00:03:30] Excel, but no. My real obsession both in and out the office is architectural integrity. It started with my work and creating content on LinkedIn and YouTube.



I made some video de-constructing a SAP cloud concept for dummies. But also for experts. But it bleeds directly into [00:04:00] my weekend passion. Yes, it's a real passion. I'm not just a consultant. Like Wolter that, you know, I love to help job seekers and all the other consultants in the world studying the evolution.

For example, automotive design. I will seek to explain automotive link to SAP. I'm fascinated by the difference between retro fitting. An old, chassis for a car design with [00:04:30] an electric motor, versus designing a true electric vehicle from the ground up like a Tesla and, BYD. The retrofitted car works, but it carries all the compromise of it's all design. The weight, the inefficient, play out, the limitation. The Purple Build of electronic vehicles, however, is a complete re-imagining of performance, efficiency, [00:05:00] and intelligence right down to the software that, upgrade the car overnight.

When I say that, I just explained that so many people that, okay, I know SAP, but do you know, really know what is the features SAP right now? It's like, everybody knows a car. Okay, I know. What is a car. But what is a real difference between a whole car, cam car, like a Fiat 500, and, Tesla or [00:05:30] BYD I'll explain later . This parallel is, everything when we talk about, cloud ERP is perfectly explaining the fundamental choice that CFO are facing. Are you buying a compromise or are you buying the features?

Yannick: Beautiful analogy. I'm fascinated by car and car design too, so maybe it would be the topic of another podcast a bit later. And, I think, the car industry is a [00:06:00] massive digital transformation, massive transformation overall. We are happy to serve a few of the big players there and, agree that the complexity is enormous and good that we can, help and guide a little bit.

Great take. That's brilliant. Mickael, it ties perfectly with the topic and the understanding of s software engineering evolution of software as, support for digital transformation for our customers. So now let's think about those classic cars. We work on our very own softwares where we spend days and nights [00:06:30] and decades.

Powerful but complex. And similar to the cars, you said actually a lot of separate parts, especially if you look at the landscape of the classical SAP customers, you know, with some standards, a lot of specifics, and then integration to software **component** A and another software component B, feels like a puzzle and complexity.

And then you try to harmonize the UX on top and 20 years later you notice, wow, first of all, no one knows what's in there. Second, performance, probably, not what expected. And [00:07:00] how do we move with that beast to the next level? And how do we b ring that to, let's say the state we need to support our business transformation, and that brings us actually to the first part of the podcast, Mickael, which is about the core architecture.

So let's start with, questions for the finance leaders listening. Are you guys buying a unified financial engine, like a truly integrated EV that Mickael just mentioned. Or are you more working [00:07:30] with a puzzle of financial apps, like a legacy gas, lab patched together with new parts and probably 20 years of history.



Mickael, what's the point of view here? You've seen countless system built like this. Patchwork puzzles, more or less integrated, integration is complex, but comes with costs too, as we all know. this question attacks the fundamental, almost philosophical difference between SAP's approach that of many others, right?

So what does this choice engine [00:08:00] versus apps really mean for the absolute integrity of, CFO's data? Let's start with that one.

Mickael: This is foundational decision. A CFO is a human. A human tech decision is not a decision for, it's like a shi. It's a good example. Also, when you make a shi, it's not just for few months, it's just for 20 years of all the life. I think that is the same thing with an ERP. You invest for the 20 years more or less, but I prefer to say [00:08:30] more, it defines everything that follow.

In my 25 years. Yes. 25. I'm an old man not in retirement for the moment, the singled rit as p oison in any finance department has been, everybody knows, reconciliation. It's a slow soul crushing process that eats up time, long time, introduce [00:09:00] errors and create cultures of deep mistrust in the data. The data is the patrol of tomorrow.

Data. You spend the first week of every first month or head months proving the numbers that you have in your system, right? Instead of explaining what they mean: reconciliation. Your Excel file. Okay. I [00:09:30] crossed the data to be sure that my turnover is good, that the information that I've got in my debit and my credit dashboard are right.

I don't see that SAP ECC is not enough efficient, but before you have ledgers, controlling assets and finance.

Tomorrow, right now, you have got, and in with SAP Cloud Universal Journal, that AC doca, I [00:10:00] say that is a technical, but every CFO in the world know, for example, BE SED, BCID, and so on. Right now just one table that poison is neutralized at the source is not an improvement. Really, it's, I, I think it's a technical eradication, financial accounting, [00:10:30] controlling asset accounting.

It's all written to one single record. This concept of reconciliation does not just become obsolete, it become logically impossible. One source of truth. So you can put right now, excel outside. One single of truth. Again, it's [00:11:00] really important to understanding that there is no other set of books to reconcile to, but it goes deeper because every operational detail, customer project, sales region, is on the same line item at the financial posting.

You gain an incredible level of granularity. Just said it's not just for finance, it's also for supply chain. Right [00:11:30] now we talk the same language,

in different language. We have one source of table. Perfect. Funny. But I think it's also the same thing for the CFO and that supply chain manager. So again, you gain an incredible level of granularity to export. Again, you can use also Excel, but with that you have the detail of all the information. You can [00:12:00] analyze profitability in real time.



Yes, you don't have wait until the end of the week to be sure that the, your, your turnover is good, right? Time. You have the realtime information at the level. That was a pure fantasy before. again, I don't say again that SAC is a problem, that a real difference and the cloud.

Yannick: I just wanted to chime in, couldn't agree more. The culture change in the office of the [00:12:30] CFO, as you said. Mistrusting the data, trying to justify it, is it really correct, and spending a lot of time in, in those faults versus really trusting them, and as you said, using it as a strategic asset, like for profitability analysis, knowing this is the single source of truth, so that that really makes it real.

And this adoc, as we call it in Germany, is definitely by design, simplifying many, many of the processes and a perfect entry [00:13:00] point for all that you can build top of it. So Mickael, what does that huge shift mean in practice for roles like the accounting manager who's joining in month end typically, or my controller who needs an answer yesterday because the CFO is, Hey, it's urgent, and by the way, we need it in an hour.

Mickael: Imagine electric vehicle is not just a new engine. It's you re-designed completely your, electric vehicle. You cannot compare, for [00:13:30] example, a Tesla with Renault or Mercedes, sorry for Mercedes behind that. You have the same car before and after, but the manufacturer change the engine. I just want to explained, that I said ok Is not just a change of the engine, it's integrated completely in a new solution.

So for your accounting manager, the months and close transform yes, transform a long, weak [00:14:00] archeological code dig into a streamline, predictable processes. We have also had with the artificial intelligence, the predictive that we don't have in the ECC, that is a real information that we can provide right now to the CFO, that we are some tools, not only in finance, but also in logistic.

We have predictable the information process. So this I will term perhaps worst term organizing. [00:14:30] Organizing, task simply v anish. We have also I was talking about, but another tool that you can use also, the financial closing cockpit become there a common center, not a list of score. I made some video to explain these beautiful tools. You just have to, again, it's like your heart in your plane. and you'll have all the features to drive your handoff month. You become a [00:15:00] navigator. You are, be sure that you are the not lost in the handoff month. Again, you spent on a lot of time when you are, or end of month.

And remember it's still, again, be careful. We are the end of the month, so during the three next days the SAP will be dumb when I say dumb. Okay, slow. Slow because I run a lot of job to extract and reconcile [00:15:30] again, and okay, I remember I have done 50 transaction to execute it one by one to plan a final job.

But what happens in the job is concern or dumb again. We have to wait. I have to call the EMS to resolve the issue and finish the hand close. Again, I do not say that S/4HANA provides the solution of all your issue. But I just say, okay, it's better for reconciliation and your [00:16:00] right now a real cockpit to follow your activity end of month when, for example, the head of sales ask about the margin of a new subscription service in a meeting the controller able to answer at that meeting. Okay, I've got the answer, not just that, wait a



minute. I go to my Excel file, I execute my macro, and I will be able to tell you the answer in five hours. Again, that c [00:16:30] an model the impact of a price change on the fly with confidence.

Again, source of truth. I'm confident on the system. Again, I do not say that you cannot trust on SAP ECC because we have right now one source of information you have right now with the cloud the intelligence of the system, and you have HANA, that is a real difference. [00:17:00] The new base, HANA, I know it's a technical tool.

I don't wanna enter in the detail of the, base HANA, but finance finally move from a reactive reporting function to a proactive strategic partner. You are not in the reaction. You are proactive and you are able to save in time. In the real time. Okay? I provide you a real information and I'm sure I do not to execute another [00:17:30] report to say you that the turnover is good.

That is the main difference.

Yannick: Absolutely true. I

think we know that most of our customers still stuck in this, you know, month and closing, and as you said, the job. Did the job run? Did the job run successfully? And if not, what do we do and what's the implication? If it doesn't end on time, is it triggering another job that has to run subsequently, blah blah.

So now I think the architecture is clear actually, not only because it's way simplified in SAP S/4HANA Cloud, but because you explain clearly [00:18:00] what it is and how it's adding benefit and advantage for the customer, the entire tier for office as we served different kind of customers, you know, from smb especially to large enterprise.

I'd like touch topic Mickael, if you want. The operational model and always the balance act between a global template that is here for efficiency and fast rollout possibly versus, local specialists or local needs [00:18:30] eventually, because you have some local legal requirements, you know, from operations to reporting.

And let's zoom to this area now, and let me start again with the questions for the finance leaders listening. Are you buying a system that is designed for global standardization first, or one that is primarily a local specialist, but you then definitely try to switch together for global control? Mickael, what's your view on that one?

Mickael: I think [00:19:00] again a CFO of a multinational or a local company, when I say a local company, for example, the intermediate company for SMB Market, they buy a solution that looks great in their own country, but when they try to roll it out globally, they discover it's just a collection of disparate local system barely held together. You get house of cards, so [00:19:30] I'll take an example.



The French E-invoicing mandate, which is a massive challenge right now here in France, the perfect limits test. Don't just ask a vendor if they support it, ask them how. It's superficial bold on module question because on a bold on, create a new point of failure. So when the government portal the PP, sorry for the technical French word [00:20:00] on a certified PDP returned deposit.

Does it update a separate table that your team now has to reconcile back to the core invoice, or does it natively update the status of the single Universal Journal document yourself? One approach is stable, auditable, and futures proof. The other is a taking [00:20:30] time bond for the compliance team compliance. The answers reveals that entire philosophy. When I say that, when you take, for example, SAP, you are sure that everything respect the local rule for each country. I am sure that in Luxembourg, in Belgium, in U.S., in Brazil, in [00:21:00] France and other country, that my system is compliant and respect the law and not just an add on. That is a difference.

Take account that I know, I do not set any other ERP, but I know it. I know them. Just add on that is a real difference. Again, take this account when you are CFO.

Yannick: Great advice. Great advice. So Mickael, I'm trying to recap a bit. We've talked about architecture first. We've talked [00:21:30] about regulations focused on e-invoicing, but overall, of course, there are a lot of mandatory things you just have to cover. I'd like to come to the fun part now after regulation, which is the business value.

So what's the business value for the office of the CFO? Having options of, you know, the integrated process that we depicted versus what you called with the car analogy, the assembled parts. And that leads to the final questions, almost final [00:22:00] questions to our finance leaders. Are you buying a pre-integrated business process?

Or are you buying a box with different parts that might be quite powerful, but you need to assemble them by yourself? Your team has to do that for you before you run end to end. What is your take on that one, Mickael?

Mickael: This question cuts to the earth of TCO and long-term value. The best of bread approach is a [00:22:30] siren, a long song that leads you to the rock of integration, cost and maintenance nightmare. You become a system integrator, not a business leader. To use the car analogy one time and to be sure the last time, many vendor are simply cloud washing their old on-prem systems.

There are stuffing a battery and an iPad or beautiful screen [00:23:00] on into a lot test, Fiat 500 and calling up an electric car, electric vehicle, but the car is still old . A true cloud platform like S/4HANA Cloud was generated from the ground up to evolve. You are not just buying today's futures we, or you're subscribing to an innovation platform.

You'll heard Business Suite when SAP embeds a [00:23:30] new AI model Joule for cash application or predictive analytics for liquidity. You don't start a new IT project. You just have to make an update. It gets delivered in a release. You activate it. Sometimes you never do anything. It's automatically the value of your system increases over time.



When retrofitted system like the famous Fiat 500, its [00:24:00] value only depreciates from the day of you go live the next day not obsolete, but you see what I mean?

Yannick: Exactly, I really like what you said, like do you want to be a system integrator or do you want to be a business leader? Right. And to make it even more exciting, let's say, I'd like talk about you mentioned Joule and AI, the cloud revolution. That's accelerating everything.

We are on our system, from alert system to machine learning [00:24:30] scenarios to AI scenarios. Now, agentic AI powered by Joule in the SAP architecture, so the consultant's role is now quite different, right? So are we still building those engine or that you used to say or what is for you now the next step for the office of the CFO with all this AI cloud revolution.

Mickael: Radically, my role as a consultant has been turned on this we or I, when I [00:25:00] say we all the consultant right now, we're no longer custom quarter I remember. Okay. I have a question that cannot solve with my customer. Don't worry. I use a ABAP code. Beautiful building, bespoke engines, it's not. It's a bullshit.

We are now performance driving instructor. Again, the, the good terms performance, not okay. I just want to be, adopt and adapt. We adopt the solution [00:25:30] and adapt with not the meaning. Adapt is not ABAP code. The customer adapt all the process, so we are fit to standard. The high performance machine is already built in the system, so my job is to help.

The customer unlock his full potential through Smart configuration data, again, data strategy and change management. For the finance team, the [00:26:00] value proposition must shift from the how to the so what and the what's next. The critical skills are now deep commercial acumen, data fluency, and strategic influence.

They must have the confidence to use data to guide and sometime challenge the rest of the business. We are no longer training at contents. We are developing strategic partner for the [00:26:30] CEO. We have a beautiful machine. We just have to drive it correctly. Just that we are just an instructor.

Yannick: So, Mickael, thanks a lot and I like very much what you said about the adopt and adapt and the importance of the fit to standards. And actually that gives the ability of the CFO and the office of the CFO to really focus on the business needs and the why do we really need to solve that versus the how do we fix this and [00:27:00] how do we make the pieces of the puzzle connect well and speak well together? Because sometimes they really speak different languages and you always need a translator in between, and the translator costs you some money too in the end.

Unfortunately, we now close to the end and it is a pity, but I'm sure we'll meet again. Before I leave you for your weekend. Hopefully very soon. Still a couple hours to go. I want to play that game with you. We call that the Fast five game. It's very short and it's very [00:27:30] easy, and you've showed that you can give long answers.



So the challenge for you, Mickael now, is to give short and concise answers. Are you ready for that one?

Mickael: Yeah, let's go.

Yannick: Good. Biggest lie finance leaders believe about cloud ERP?

Mickael: That is just outsource IT. It's fundamental business model transformation.

Yannick: [00:28:00] A very personal question now, Mickael Coffee or Energized drink to kick off a brutal week.

Mickael: Espresso, black, no sugar, like a shot of vodka. A lot of all day.

Yannick: Love that ! One piece of advice you'd tell at your younger self about your ERP. Not saying you're old, but.

Mickael: Stop trying to burn the system to a broken process. Fix the dumb process first. [00:28:30] Customer. Customer need first.

Yannick: And last one. Beyond the SAP software, what is, according to you, the next big financial tech disruptor in five years?

Mickael: Autonomous finance Joule. That does not just suggest, but execute routine financial decisions, free ing up humans for a pure strategy, [00:29:00] copilot, a gain, car and driver for me again, AI helps you not drive the car.

Yannick: Thanks for that one! Mickael, it was a real pleasure. I enjoyed a lot listening, synthesis of your 25 years' perspective, that you distilled into that framework. This is really pure goals to all the ERP experts, especially the finance expert listening here. And we all know that every customer has at least [00:29:30] an finance led ERP. So it'll really reach out to many, many years that will certainly appreciate, you know, the very simple approach in the three step.

And let me repeat the three steps you recommended. Think about the architecture. The architecture is an unified engine that eliminates reconciliation by design. It's completely re-engineered electric car. It's not a retrofitted old model. Second point you brought is the operational model to really put some [00:30:00] thoughts early in the operational model.

So is it built for global control with deep local compliance moving into the core? Last but not least, of course, the business value, right? It deliver a fully engineered, intelligent end-to-end business process that gets, can evolve and support the business transformation that is needed and mandatory to survive for all customer you're talking to, or are you still playing with a puzzle toolkit of parts that you might build [00:30:30] and maintain by yourself? Demands, direct answers. I mean, I know you are available to guide our customers on this



journey. This is really about the company's ambition, you know, for the next decade. And Mickael, thank you for giving us this simple but essential guide. Very much appreciated.

Mickael: You're welcome. It's always a pleasure to talk to you not only on LinkedIn or somewhere else, [00:31:00] and. I hope so to start a new collaboration with SAP, like an structure for everyone and not only for the finance and CFO, because we have the finance, we have logistics. That is a two parts that both works together.

Yannick: Thanks a lot. no spoiler here, but for our audience, especially the Francophone and the French community, you'll be surprised that Mickael and [00:31:30] I have some very special plans for you guys.

Mickael again was a pleasure. Thanks for bringing with a lot of hearts and thoughts and diligence, all this information into our podcast today.

Sorry we don't have much time on that, but was great to have you on. Thanks to our audience. If you like it, comment, share, give your feedback, what can we do better? What can we do next? And don't forget to subscribe to sap.com/podcasts to see the [00:32:00] entire library of podcasts we have. As said, please send us your comments, suggestions for next topic for me and Mickael, for Mickael and me via insides4@sap.com.

And I said, if you enjoyed give a five star on Spotify and Apple Podcasts. Your feedback is super valuable to us. Until next time, keep exploring and be Inside SAP S/4HANA Cloud . Bye everyone. Bye Mickael and thank you again.

Mickael: Thank you so much, all for this beautiful [00:32:30] journey.

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