SAP Learning Insights Podcast

Transcript Episode 061 – Update – Finance and Accounting with Stefanos Pougkas

In this episode, David Chaviano met again with Stefanos Pougkas from SAP to talk about the evolution of SAP's financial offerings. They explore the core functions of SAP Financials, the shift to SAP Public Cloud solutions, and the importance of foundational accounting knowledge for newcomers. Stefanos highlights the impact of AI on automating financial processes and encourages embracing a fit-to-standard philosophy in cloud environments. We conclude by discussing the future of finance consultants amidst evolving market demands, offering valuable insights for anyone looking to excel in SAP finance. And of course, at the end of the episode, Stefanos shares some words of wisdom.

Exploring Accounting & Financial Close: https://learning.sap.com/learning-journeys/exploring-accounting-financial-close

Applying End-to-End Business Processes in SAP Business Suite: https://learning.sap.com/learning-journeys/applying-end-to-end-business-processes-in-sap-business-suite

SAP Certified - Implementation Consultant - End-to-End Business Processes for SAP Business Suite: https://learning.sap.com/certifications/sap-certified-associate-implementation-consultant-end-to-end-business-processes-for-the-intelligent-enterprise

SAP Learning site – Performance-based Certification: https://learning.sap.com/get-certified/reimagining-certification

SAP Community Blog: Reimagining Certification: https://community.sap.com/t5/sap-learning-blog-posts/reimagining-certification-for-the-way-we-work-today/ba-p/14261141

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Transcript

David Chaviano: Hello, everybody, and welcome back to the SAP Learning Insights Podcast. We are here with an update on our most popular topic, finance. It's been four years since our first full-length episode, episode three, with Stephanos, where he introduced financial accounting for SAP to us. Stephanos, it has been far too long since we've seen you. For those new listeners who have joined us over the past few years, would you mind introducing yourself once again?

Stefanos Pougkas: Hi, David. It's nice to be back. I cannot believe it's been four years. That must be a mistake, a logistical error or something. But anyway, I'm Stephanos. I'm a learning architect in the product learning area for finance. So I am responsible for designing the courses and the portfolio with others, a lot of others, of course, for the finance area, focusing mostly on financial accounting and management accounting currently.

David Chaviano: All right. And just maybe as a quick refresher, for those of you who have not yet tuned into episode three and had the privilege of listening to the intro to finance there, could you maybe give us a beginner-friendly breakdown of what the financial function of SAP is?

Stefanos Pougkas: Sure. So at its core, you can think of SAP Financials as kind of the company's financial brain. It records any and every money-related event or transaction and records this and transforms it into your finance books and also then for the company to analyze and provide actionable insights, basically. And the two core pillars of finance, at least as the core of the S4HANA finance function, are financial accounting and management accounting. Financial accounting broadly is whatever has to do with what the company has to report externally and inform investors, authorities, and so on. And CO is the internal view, where it shows where money is spent, what things cost actually to produce, which products or customers are actually profitable. So very important insights then for actions.

David Chaviano: Okay, thanks for the explanation. But it sounds to me like you have maybe some classical finance training. So just maybe a quick career focus question. Are you classically trained accountant? Or is this something you picked up along the way while getting into your role? Where did your financial background come from?

Stefanos Pougkas: Yeah, I'm one of the rare consultants that actually started from an accounting and finance background. So I studied it in university in Athens, Greece, and then I became a consultant for SAP Partners for five, six years before finally joining SAP then about 15 years ago, almost not quite yet. Yeah, so I am maybe a little closer to the subject than most coming into the career, but that should not dissuade people because, as I said, I am probably a rare example of somebody getting into this career with that kind of background. Most people have I've had colleagues with physics or chemical engineering or mathematics is quite common. So, yeah, don't don't let your previous life dissuade you from the exciting life of finance in SAP.

David Chaviano: Okay, got it. And thank you for the disclaimer there, because it is a very scary topic. So newcomers, they need to learn SAP and then figure out the finance stuff on top of that. So some words of encouragement is always welcome.

Stefanos Pougkas: Yeah, but on that topic, it is a good idea to get an overview of basic accounting before jumping into the technical courses for an accounting system like SAP, ERP, the business suite is. So yeah, you will get flooded with terms that you might not be familiar with if you started with a blank page on the topic of finance. So for sure, there are many resources online, YouTube and platforms for learning some basic accounting. And I would say that is advisable. It doesn't have to be country specific accounting or IFRS, International Financial Reporting Standards, or something to that level. But an overview of what a balance sheet is, what a profit and loss statement is, cash flow statement, understanding a little about the booking of transactions. These are quite important basics to have, but you can get those in a week or so. It's not, you don't need to spend four years in a university like some people did okay.

David Chaviano: Sounds good. And for those of you who are new to the topic and have listened to episode three i highly recommend you go check that episode out because i think um you go into that a bit more in terms of prerequisite knowledge so maybe we can start picking up from where we left off or maybe covering the gap of what's happened the past few years specifically the sap s1 public cloud topic hitting mainstream maybe you can cover what the implications of this are from the financial accounting perspective.

Stefanos Pougkas: Yeah, so it's really come to the forefront and the public cloud offering now is really to a large extent on the finance topic, quite equivalent to the private cloud or on premise offering that people might be more familiar with, while offering a much more streamlined, both implementation process and also business process, customizing possibilities, which is a nice way maybe of saying that it is not as customizable. As an on-premise or public or private cloud solution. However, that has a lot of advantages for the business. And that's what SAP is trying to promote as a great benefit of the solution. And I must say that I've working now the last four years, mostly in public cloud, actually have come to adopt as well as my mindset here.

Yeah, so with a public cloud system, basically just to explain a little what that means, It's that the system infrastructure is all managed by SAP, of course, which is a cloud infrastructure. And then the system that a customer uses has a limited subset of the customizing functionality of a private cloud system. So it is a little less flexible, but it is supported by the same best practices packages, meaning that all of the core business functions are covered to a large extent.

And so the idea is that instead of a consultancy or a partner from SAP or SAP itself coming to your company and rebuilding the system to match business processes in your company, It's kind of finding more of how can the business processes of a company fit into what the system offers and provides as best practices.

And this helps you rethink a lot of your business, rethink a lot of your processes, and hopefully also greatly simplify some of the processes that built up over time and were supported by a lot of customizations and custom development in your previous systems. Yeah, so that's really the idea at its core to help customers really put the ERP to work for them as is and not have to spend a lot of resources customizing and supporting a system over time. This gives a lot of flexibility to SAP to manage updates. So you get basically a new version of the public cloud system every six months with updated features, especially now with AI, a lot of the features are included and it's the only way to get these AI features currently and be first to use these and reap the benefits of those AI features currently and the ones that are being built. And I can tell you that a lot of the focus of SAP is developing tools for AI that will help businesses in their operation.

So from the education side, what the public cloud has meant is that we have shifted our focus to be, I'd say, public cloud first the last few years with the introduction of learning.sap.com. All of the finance portfolio currently for financial accounting and management accounting is public cloud

focused for beginners, especially. All of the exercises, all of the systems and where the courses are being built are the public cloud systems so that the possibilities for what you can do in the system are covered quite well, both on the business process and the customizing side from a finance perspective. So we have, I don't know exactly, 40 courses now out there under the umbrella of 10 learning journeys or something like this, which can help people learn the solutions for financial accounting and management accounting for the public cloud.

And these are also supported by two certifications, one for financial accounting and one for management accounting. In parallel, of course, we do have the classical portfolio for finance that still exists. And we are currently now investing in building the private cloud portfolio under the universal parallel accounting systems that are recently introduced as well for private cloud on-premise.

David Chaviano: Okay. And just to clarify, if somebody goes on to learning.sap.com and they start looking for courses, and maybe to clarify one thing, when you say private cloud, that's maybe code word for on-prem as well, right? So what you learn on the private cloud learning journey applies to on-prem. But of course, we're encouraging new learners to go study and start with public cloud, because that is certainly the future. That's where the market's headed. and just to clarify if you do start studying public cloud you're not missing out on anything that you would otherwise be getting from the private cloud or aka on-prem learning journeys right because in general from what i've seen is the private cloud learning journeys tend to be a bit longer if i'm not mistaken so i automatically assume i don't know are they more difficult is there more advanced content in the private cloud learning journeys versus the public cloud.

Stefanos Pougkas: Yeah, so that's a good question. So we have built our courses, as I said, based on systems that are public cloud. However, all of the beginner level courses, the first courses people would be introduced to are system agnostic in their content. So actually, the content inside is fully valid for both public cloud and private cloud. And as you said, on premise as well, private cloud equals on premise. You can assume whenever I mentioned private cloud, it does mean on-premise as well and includes on-premise as well. So all of our, again, beginner portfolio and all of the beginner learning journeys would be the introductory point for all of our learning, whether public or private cloud.

David Chaviano: Okay.

Stefanos Pougkas: So it's a great way to get into the topics and understand the business processes and all of that. And then all of the interface and the processes described, the master data, the organizational units, and all of these are very similar and can be reused as knowledge in both. Yeah, so our idea moving forward is then on the intermediate level is where probably you would start separating your focus. So if you're currently in a private cloud type project already, for example, and you need the specific knowledge for private cloud, then after going through the beginner learning journeys, you would start learning for the specifics of the intermediate level for the private cloud, for example, right? Now, if you do learn the public cloud, and currently I would propose that because it is the newest stuff, our private cloud courses are not all, but most of them older. So the content is not actually outdated, but it just doesn't include some of the newer functions and so on. So I would start with public cloud as a newcomer and then maybe get that certification. For example, first, the knowledge is not lost. You just with our private cloud, you have more customizing options.

So they are more complex courses in that the system possibilities are more complex. It's not driven by the level of the course necessarily.

David Chaviano: Okay, understood.

Stefanos Pougkas: In addition, our public cloud course and learning journey has a section which is kind of more generically the implementation of public cloud because there is a whole mindset that people have to be aware of as consultants, either as new consultants or consultants transferring from a like on-premise mindset to the new one, which I would also highly recommend going through. So yeah, those combined are basically the differences there.

David Chaviano: Okay. And towards the end of your initial answer on public cloud, you mentioned a term that I forgot, something parallel something. Yeah. What's that?

Stefanos Pougkas: Yeah. The universal parallel accounting. So that is kind of a technical term and it is on the system architecture. So SAP introduced S4 HANA, what was it now, 10 plus years ago, essentially. And the big change to the architecture there was the introduction of a single table for 99% of the finance data, which is the universal journal, it was called. And as part of that transformation now, the last few years, there is a new architecture also taking even more advantage of the universal journal and the possibilities of that offers with universal parallel accounting. And this really brings the idea of multiple ledgers as parallel accounting ledgers in the forefront in a core architectural way. So it's actually a very big shift.

And this was introduced to public cloud first, and actually all public cloud systems now use this new architecture. For on-premise, it is a little slower, the uptake, because it still has some limitations that customers should be aware of. However, most of the new development of the core finance and management accounting functions are being implemented for systems that do have universal parallel accounting. This does not include a lot of the AI functionality, which are kind of on top possibilities, but some of the more core and close to the base functionalities for the ERP are being developed for systems with universal parallel accounting. And as the system changes, so will our portfolio to focus more on universal parallel accounting. So we have kind of these legacy, I would call them courses, which are our current core for the on-premise certification for financial accounting and management accounting. And these are not based on a universal parallel accounting S4 HANA system.

And we are currently underway building our new portfolio based on universal parallel accounting, and we hope to finalize a certification level availability of materials for next year. So that is the idea there. And I would recommend you to, if you're already somehow knowledgeable, to maybe search in our community, the SAP community, on universal parallel accounting and its implications. I know Janet Salman, for example, if you want to search for a specific author, has a lot of articles on the specifics of what the delta is because of this universal parallel accounting and also what the limitations might be for a customer to to use this new architecture, for example.

David Chaviano: Okay. All right. Sounds good. So I've also had some homework to do then to look that up because I didn't want to go too far into the weeds and go into that because you mentioned a key hype word, AI, specifically around SAP Jewel, perhaps, or outside of that context as well. So you covered public cloud, what the implications are. The next big thing was the emergence of AI and SAP Jewel for consultants. Um can you over do like a quick overview of some of the impacts from the financial perspective here like what's been made easier or i guess more complicated potentially.

Stefanos Pougkas: Well, the complication comes from introducing a slew of additional apps now, right? So SAP is great at having a very expanded portfolio with a lot of apps that you can add on and so on. So that definitely has not become easier now with AI. I mean, with AI, everybody probably uses it somehow in their work now with at least the chatbot function, right, for the generative AI component. And that is where, let's say, the first iterations of AI in S4HANA were focused on with Juul, as you mentioned. So that is like an assistant type application on S4HANA that works in Fiori and can read data from the system and provide it to you as you type in questions about functions in the system. And then can also launch applications and so on and so forth. So that's one thing. There's also specific AI apps being developed for specific areas in lines of business.

And where the focus really is now is actually trying to implement actual AI agents, which is a huge buzzword in the business world where agentic AI is now the hot topic. Because yes, okay, AI can analyze data and bring you back an answer perhaps, but with agentic AI, the focus is to, let's say, automate processes then and bring things to the user kind of proactively so you would have an ai agent and this is in beta currently as far as i know that would help you with the collections management for example right so anything that has to do with interfacing with a customer and understanding why maybe a payment is late and all of these things and tracking all of those things and being proactive about bringing stuff to the forefront for the user.

Yeah, so in our portfolio, we tackle AI in our learning portfolio, I should say. We tackle AI two ways. One is we have a separate course, which kind of gives an outline, an overview of all of the AI solutions currently available for finance. And this is updated quite often because there's new stuff introduced often. And then inside our normal kind of portfolio of courses where a process can be and is supported by some kind of specific AI function, we also mention this as a possibility. Yeah. And SAP had AI before even the generative AI explosion and hype with a lot of machine learning apps and so on. Those are still valid and available in a big part of the SAP AI portfolio as well.

David Chaviano: Okay. All right. So that was a lot of info. And maybe just to do a quick zoom out from the perspective of somebody who's more experienced and also the newcomers. And I want to focus on the Delta again over the past years. So when it comes to somebody who's an on-prem finance expert, who is just suddenly having the prospect of their first public cloud or implementation coming around the corner, and they start to encounter SAP Jewel for the first time, what are some of the things they should look out for? So they obviously have all the contextual information. I think you mentioned the fundamentals are basically the same. Is there like a massive jump they need to make in order to get moving on a public cloud implementation or are they just 80% of the way already?

Stefanos Pougkas: What a current consultant from the on-premise world has to do to move to the public cloud is to get an understanding of the cloud mindset that is core and key. We're going from, as I mentioned earlier, a blueprinting type interaction with a customer where we understand their requirements and build the system around those requirements to a more fit to standard type logic where this is what the system does. And let's see how we can make your processes work within this framework of operation. Right. So I think that's the core of that. From a pure systems side, we do not offer courses with a Delta logic. So we do not say, oh this was possible on-prem private cloud, but.

In public cloud and so on. So the way we build our portfolio is our public cloud courses cover everything you can do in public cloud. And the private cloud courses would cover things that can be done then in the private cloud. I would say if you need more a specific understanding and you're already experienced, then really the help portal is more your friend. And also we mentioned AI, the generative AI components like SAP Joule or SAP Joule for Consultants that you mentioned. That is a great tool to understand the specifics of what maybe could be done one way for private

cloud, but is now a little more limited or has to be done a little differently in public cloud, for example.

David Chaviano: Okay, got it. And for a newcomer, it sounds like there might be an advantage of them starting with a fresh perspective here, starting fit to standard first, not having to worry too much, I hope, about the on-prem processes. Would you say that's an advantage in terms of, I don't know?

Stefanos Pougkas: Yeah, I mean, obviously, experience as a consultant is key and primary. So I would not say that, you know, somebody with five years of SAP because they did on-prem now is disadvantaged. That would be a disservice to those five years, right? Obviously, it matters a lot. But yeah, I mean, obviously also parts of what those five years of experience and interaction with the customer brought maybe developed some habits in the interaction that were more of a different mindset than the more aggressively, let's say, boxed in public cloud mindset that is required. So on that, yes, a newcomer building directly skills in a cloud mindset has an advantage for sure.

David Chaviano: Okay. And staying on the topic of newcomers, any newcomer potential student who's listening to this, Where do they start? Like, what are the key things they need to do to start approaching this topic? You mentioned, obviously, familiarizing oneself with finance at the very beginning. So hitting YouTube, maybe, and getting briefed on that. And from there, say they want to achieve a certification in SAP finance, which I think is quite ambitious. What do they do there? And is there anything they need to look out for coming out in the future? Because this is a rapidly changing topic, specifically around certification, right?

Stefanos Pougkas: Yeah. So starting from zero and wanting to get certified without specific experience, consulting experience is a pretty tall ask for sure. So the certification is really focused around and targeted to people, we say with one to three years of some kind of experience in implementation, or at least some contact with the system. So our learning journeys for finance, I would go to learning.sap.com and search for either financial accounting or management accounting. That is a decision you should make fairly early on. Most people start with financial accounting, and I would probably suggest that be your first introduction and check the first learning journey for financial accounting.

And after going through the overview, you can check if you want to continue with financial accounting or go towards management accounting. And then there are overview courses for management accounting. So after that decision, you would go through further learning journeys. There's quite a lot of content to go through. Unfortunately, this cannot be simplified. There's just a pretty large core knowledge that has to be accumulated to be able to understand the functions, right? Right. So there's a steep learning curve for a newcomer in any case. And yeah, you mentioned the certification. So currently all of the certifications from now on provided by SAP and specifically for finance are practical knowledge based. And that means that we expect people to go into a system and perform specific tasks according to some scripted tasks and exercises that we've built for the certification. Yeah. So that is a big change now that we've been working on the last period to transform the certification experience going from maybe something purely theoretical and moving to a practical exam.

David Chaviano: Okay. All right. So it sounds like a pretty tough route to start with maybe, but nonetheless, we can drop into the show notes, the links to the appropriate learning journeys. And if it all is maybe too, too scary, I would also recommend as an alternative, the end-to-end business

processes and the business suite certification, because that's, I guess, going to be a nice, more of a general overview of what SAP is doing overall in the business suite. You get a nice chunk of finance in that as well, but nothing too intensive compared to the pure finance track.

Stefanos Pougkas: Yeah, that will give you a good understanding of the end-to-end, as is in the name as well. So, That also leads to a certification, if I'm not mistaken. So that could be a possibility, especially for newcomers who haven't really landed in a specific area as their area of expertise and start with the end-to-end and then see which area looks interesting. Any way, in any case, what you will actually be doing when you start your career as a consultant might be somewhat different as well.

David Chaviano: Okay. Sounds good. And thanks for sharing that information. Before closing out, maybe it'd be helpful if you could share where people can reach out and contact you because I'm sure there's a lot of questions out there in the SA community, for example. Would you be able to share where you're most active online and willing to answer people's questions if available?

Stefanos Pougkas: Yeah. So some of you might know we had on the SAP Learning Hub, a learning room for finance, and that was where most direct contact was within my function in SAP with customers. And now we're moving away from that. And there's going to be a new logic with an integration with SAP communities. But I do not know specifics for that yet. But definitely on SAP communities, I do get informed when there are questions that I might be able to answer. And also I check things out every once in a while there. I'm also active on LinkedIn somewhat and yeah you can reach me there as well so just use my name and there's not others with the same name in the world so it's, just me. So you'll find me quite easily if you search.

David Chaviano: Perfect. All right. And we'll have your name, of course, in the show notes. So people can check you out and ask you there. They're burning questions.

Thank you so much for your time. Thanks for joining us on the podcast. As always, we always want to close with some final words of wisdom from your side to newcomers, to experienced people, to any piece of the audience you feel you should address. What do you got?

Stefanos Pougkas: Final words of wisdom. Yeah. So I don't know if I can provide actual wisdom, but I would say, you know, the current market and the AI revolution and hype and all of this is definitely unsettling some of the standard way of thinking. So yeah, nobody can tell you how things will be in five years for consultants or for the learning function and all of this. But I think building expertise and learning and doing hard things such as becoming certified in finance always pays off. I mean, it's not time wasted and proving to yourself that you did it is an achievement that you should be proud of. So it's a goal that you should strive for even in times of uncertainty as are today.

David Chaviano: Very well said. Thank you so much, Stefanos.

Stefanos Pougkas: Thank you, David.

David Chaviano: And thanks to everybody else listening out there. Until next time, keep learning, folks. Bye.