



A CFO guide to selecting the right cloud ERP partner

The evolving and expanding role of the chief financial officer now includes substantial responsibility for their organization's digital assets. This includes helping to spearhead the evaluation and selection of a cloud ERP partner – not just because finance is a critical function in ERP, but because the CFO's new role requires them to be an organizational change agent in all ways, especially when it comes to technology.

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Selecting the right cloud ERP partner

Do a Google search on the term the changing role of the CFO and you get striking agreement that chief financial officers' influence and responsibility now span far beyond debits and credits:

- **Journal of Accountancy:** "Management and other stakeholders are increasingly turning to CFOs to be value-adding business partners who can provide greater insights on emerging trends and how best to use financial reporting data in decision-making."¹
- **Deloitte:** "With business and operating dynamics shifting, today's CFOs are required to become more strategic, moving away from the role as financial partner to a more strategic partner to the CEO."²
- **McKinsey & Company:** "The CFO's role is rapidly evolving – expanding in scope, requiring new capabilities, and demanding greater collaboration with C-Suite peers."³

One fundamental element in this shift is the amped-up responsibility the CFO now has in technology decisions – and not just for accounting systems or financial reporting. The CFO now is expected to be a critical decision-maker for digital technology. McKinsey points out that, over a three-year period, organizations' share of digital technology roles reporting directly to the CFO jumped 10 percentage points and the CFO's ownership of roles related to cybersecurity increased by seven percentage points.⁴ And, in many midsize organizations, CFOs often have oversight for such far-flung corporate functions as compliance, governance, human resources, and facilities.

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When it comes to the CFO's role in an organization's technology decisions, the CFO is no longer simply a contributor to financial functionality embedded within systems of record like Enterprise Resource Planning (ERP). Instead, CFOs – shaped by their widely expanded responsibilities as organizational change agents – have taken on leadership roles in making decisions on technology strategy and vendor selection on systems that go far beyond finance-specific tasks such as payroll and cost accounting.

This certainly extends to an organization's key decision on how and where to deploy ERP, especially if a company is looking to switch from an on-prem system to a cloud solution. This means that finance-impacting decisions need to be made – such as whether to focus on Opex vs Capex, where a CFO's input and knowledge is vital.

As a result, it stands to reason that the CFO is now deeply involved in conversations regarding the evaluation and selection of a cloud ERP vendor in order to achieve the key business objectives now set out in the CFO's broadened mandate.

1 Anita Dennis, "The changing role of the CFO," Journal of Accountancy, March 1, 2023.

2 "Navigating the changing role of the CFO: From financial to strategic partner," Deloitte.

3 Ankur Agrawal, et al., "In conversation: The new CFO mandate," McKinsey & Company, April 8, 2022.

4 Ibid.



Why the CFO is essential in making technology decisions

Gone are the days when a few tech-centric executives gathered their direct reports, physically and virtually, to determine what next-generation ERP looked like, after a few perfunctory check-ins with the CFO, controller, treasurer and other business leaders.

Because ERP is now so central and so strategic to every part of the organization, selecting an ERP platform and an ERP provider are among the most considered decisions an organization can make. That puts it dead-center in the bailiwick of non-technical C-suite executives, especially the CFO.

This is particularly the case in midsize and smaller organizations, where the CFO typically takes on an outsized role that transcends financial functions. In those cases, the CFO is the major decision-maker and buying influence for more than financial systems. After all, there are very important decisions to be made when moving to a cloud ERP platform in the first place, such as deciding to shift from a software licensing model to a subscription model or moving from Capex to Opex. The CFO also is keenly interested and deeply involved in decisions to commit fewer IT resources in hosting, maintenance and support for an ERP system.

Why is today's CFO such a big influence in how their organization makes technology decisions? Some reasons are:

- The central importance of all business-related activities to next-gen ERP, not just financial modules.
- The CFO's broadening vision into the organization's strategic direction.
- The need to "keep the tech guys honest" by asking high-gain questions outside the realm of techno-speak.
- The way ERP decisions fit into plans for revenue, profit, market share and even customer experience.

- The need to ensure that systems of record such as ERP properly incorporate and address issues concerning risk management, compliance, forecasting, budgeting and cybersecurity.
- To ensure that the cloud ERP platform under consideration properly pulls and integrates data from other critical systems outside of the accounting and finance suite, such as manufacturing, sales forecasting, operations, engineering and human resources.

Defining the CFO's role in cloud ERP vendor selection

The purchasing roundtable for technology solutions is certainly larger and more diverse than ever, and that is definitely the case with cloud ERP and the solution's vendor. Because ERP touches upon virtually every part of the organization's functions, making the right decision on the solution and a technology partner has huge implications.

These issues go far beyond the CFO's traditional financial responsibilities and closely align with the CFO's expanded role as a strategic business leader focused on a wide range of business objectives.

In addition to their traditional role of evaluating the financial terms of suppliers' offers, CFOs are now deeply involved in:

- Evaluating the cultural fit of potential vendors with the organization, especially in a cloud-based engagement.
- Determining if the ERP vendor's security frameworks mesh with those of the organization's overarching IT environment and ensure smooth interaction with business stakeholders' needs.
- Business process automation. From record-to-report, quote-to-cash, procure-to-pay, and hire-to-retire, ERP has a major impact on business processes and an organization's ability to automate traditional manual-intensive processes.
- Projecting TCO and ROI metrics on a vendor-by-vendor basis.
- Providing a reality check on the vendor's long-range viability to ensure continuity in the face of market changes and shifting business conditions.
- Assessing system reliability and performance beyond what is in the service-level agreement.

This means a CFO has an integral role in identifying and selecting a vendor that can provide best practices for key processes, especially industry-focused best practices.

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Top questions CFOs should ask potential cloud ERP vendors

CFOs that find themselves deep into discussions with potential cloud ERP vendors will have their own set of questions and concerns that must be addressed in order to make a go/no-go decision on that vendor. Here are a few questions that can help CFOs get the answers they need in order to make the call.

- How can you demonstrate innovation and best practices around critical business processes?
- Can your system support our anticipated expansion to new territories and service or product lines? Does your system scale and integrate with other business functions, adapt to new business models?
- What is your vision for what your ERP functionality will be over the next year. Over the next 2-4 years? What kind of roadmap do you have for meeting organizations' evolving business objectives?
- What has been the most challenging compliance scenario you've had to address in the past year? How did your ERP solution help enable a successful resolution?
- What security protocols are you building into the system beyond zero trust and the shared-responsibility model of cloud computing?
- How will you make deployment and implementation as fast and cost-effective as possible for us?
- Cost predictability is important to us. How will you help make that a reality?
- How easy is it to integrate with third-party solutions?



How SAP helps CFOs make smart, successful decisions

As the market leader in enterprise applications software, SAP has a long association with financial executives in organizations of all sizes and in all industries. Now with its highly regarded cloud platform, SAP S/4HANA Cloud Public Edition, CFOs are deeply involved in evaluating and purchasing SAP's cloud ERP solution.

SAP S/4HANA Cloud Public Edition appeals to CFOs by offering cost-effective, scalable and technologically advanced solutions that enhance financial management, streamline processes and improve decision-making capabilities. These benefits ultimately help CFOs shape their organization's financial success and agility.

Additionally, CFOs benefit from SAP's cloud ERP solution in such ways as:

- Real-time financial insights. SAP S/4HANA's in-memory computing capabilities provide real-time access to financial data and analytics.
- Automation and efficiency. The automation features within SAP S/4HANA Cloud Public Edition can streamline financial processes, reducing the need for manual data entry and reconciliation.
- Compliance and security. SAP S/4HANA Cloud Public Edition offers robust security features and helps organizations stay compliant with evolving financial reporting standards.
- Mobility and accessibility. The cloud nature of SAP S/4HANA Cloud Public Edition allows for remote access and mobility.
- Analytics and business intelligence. The solution provides advanced analytics and business intelligence capabilities for deeper insights into financial performance all within the same platform.
- Collaboration and integration. SAP S/4HANA Cloud Public Edition integrates seamlessly with other SAP and non-SAP applications using the SAP Business Technology Platform.

SAP also understands that many emerging and midsized organizations would like to take advantage of SAP's cloud ERP solution, so the company has developed the GROW with SAP offering to help them better leverage the solution's extensive capabilities.

GROW with SAP is targeted at fast-growing organizations to help them run an agile and efficient business with an affordable ERP foundation that scales with the business. In doing so, it helps secure an organization's long-term success, go live with predictability and run the business with confidence. GROW with SAP achieves this by:

- Simplifying everyday work by helping CFOs make decisions faster with sophisticated analytics and artificial intelligence tools. It also helps them gain control and improve visibility across the entire organization, while providing low-code tools that reduce the need of specialized, expensive programming expertise.
- Growing the business by adopting a fully featured ERP solution that is ready to run out of the box, with a full array of industry best practices that improve efficiency and functionality. By taking advantage of preconfigured business processes, CFOs can accelerate expansion into new markets, new business models and new product and service revenue streams.
- Securing the organization's success by achieving predictable results and ensuring flexibility and agility as business conditions shift. Additionally, guided tools facilitate the solution's rollout to key stakeholder groups, building skills and improving adoption with flexible learning and training.

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Conclusion

The days are gone when the CFO cared about technology only if it affected their accounting and other financial systems. Today, the CFO and other senior financial executives – especially in dynamic, fast-growing organizations – are integral to the process of identifying ERP solutions, evaluating potential suppliers and determining its key ERP technology partners.

This is especially true when selecting partners for cloud ERP solutions since the cloud is a game-changer in systems of record such as ERP. The flexibility, scalability, agility, resiliency and cost efficiency of the cloud are matters of deep concern to the CFO who understands how cloud ERP benefits the entire organization, not just the finance department.

SAP has a keen appreciation of the challenges faced by CFOs in ensuring that cloud ERP delivers on its potential and promise. That's why the GROW with SAP offering helps CFOs make smarter decisions that simplify everyday work, grow the business and secure the organization's success for both today's needs and future requirements.

For more information on SAP's ability to help CFOs and other finance leaders get the most from their ERP solution, please visit:

[GROW with SAP | Finance](#)

Download your copy of the solution insights: [Managing the present, predicting the future. Finance in the cloud](#)
