SAP Fioneer

Starting finance modernization

Strategic implementation approaches

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Introduction

Finance modernization in financial institutions starts with a reliable data foundation, then moves in planned waves across finance, risk, treasury and reporting. This guide outlines the strategic approaches that keep daily operations stable while you scale modernization, embed controls and prepare for AI.

Key takeaways

Strategic Principle	Why It Matters
Build a daily data production cycle	Supports AI, reporting and compliance
Treat it as a 3–5 year modernization program	Aligns expectations and delivery capacity
Enable domain convergence (Finance + Risk)	Produces explainable KPIs and audit confidence
Embed control and quality early	Prevents downstream rework
Architect for AI enablement	Unlocks predictive and automation value
Use PoCs to prove value, align stakeholders	De-risks long-term program and builds trust

01. Treat modernization as a daily, multi-domain data assembly line

Far from building a static architecture, modernization is more about enabling a daily, repeatable data production cycle.

Each day, institutions must produce a current financial view—incorporating calculations, adjustments, controls and validations—then distribute it across accounting, risk, actuarial and reporting functions.

This requires **continuous data flow across domains** that periodic batch processing cannot provide. Performance management, compliance and AI rely on the ability to generate and consume fresh, reconciled data every day, whether for IFRS 17 reporting in insurance or intraday liquidity monitoring in banking. The organization must shift from a monthly snapshot model to a real-time data pipeline.

Strategic takeaway: Design for end-to-end, daily production of high-quality, reconciled data.

02. Approach modernization as phased program that delivers value at every stage

Modernization at the scale of a global bank or multinational insurer takes three to five years.[1] This reflects the complexity of global operations, overlapping regulatory regimes and the need to manage change across IT, finance, risk and actuarial functions simultaneously. And modernization must be executed while the business continues to run.

Short timelines and oversized expectations often lead to scope collapse or lift-and-shift migrations that preserve old inefficiencies. Programs that succeed are phased, milestone-driven and continuously deliver value while building toward the target state.

Strategic takeaway: Plan for a phased program with clear milestones and iterative value.

03. Focus on domain convergence: accounting, risk, treasury and controlling

Domain silos are no longer viable. KPIs such as expected loss, amortized cost, fair value and insurance metrics like combined ratio or claims reserves span multiple functions. Inconsistent methods across domains produce misaligned metrics and erode trust in financial data.

Cross-domain orchestration is required to meet regulatory and performance expectations. Platforms must allow corrections and logic to flow across accounting, risk, treasury and actuarial domains. Environments governed by IFRS 9 and Basel IV for banking, and IFRS 17 or Solvency II for insurance, **require these connections to be explicit and traceable.**

Supervisors continue to stress effective risk data aggregation and reporting. A 2023 BCBS progress report found banks still at varying compliance levels, underscoring the need for consistent, explainable data with full lineage.[2]

This convergence matters to CFOs, CROs and actuaries alike as each depends on consistent definitions to trust and act on the numbers.

Strategic takeaway: Implement a finance platform like SAP Fioneer that supports cross-domain data orchestration and harmonization.

> You need to be honest with yourself. Ask: Is this achievable? What is our capacity? What is the outcome we want? There's no point saying, 'After all this, I want to run like an Olympian'—if you're still fixing a bad knee.

Wan Ting Lee
SAP Fioneer Solutions Partner Banking and Insurance

04. Embed financial control and data quality into the workflow

Controls, data quality checks and lineage tracking must be embedded from the beginning. AI, forecasting and compliance all depend on finalized, explainable data, including actuarial valuations in insurance and capital adequacy reports in banking.

Upstream control reduces the need for manual intervention later. Without it, teams spend time cleaning data rather than analyzing it. Regulatory reporting and audit standards like Basel IV stress testing and Solvency II disclosure demand traceable and controlled data processes. These controls must be present throughout the operative data cycle.

Strategic takeaway: Use tools like SAP Fioneer's Financial Control and Financial Services Data Quality early in the modernization implementation to reduce reconciliation cost and risk.

05. Build for AI enablement

Adding AI to legacy data flows will not produce results. As we've mentioned in a previous article, AI needs high-quality, daily produced data. If it receives historical snapshots or partial logic, it generates incorrect insights.

AI must also be embedded in the data lifecycle, from detecting unusual reconciliation patterns in banking to predicting claim development trends in insurance. When the platform supports dynamic learning and participates in reconciliation and forecasting, AI can contribute to value creation. This requires planning for AI from the start.

Compliance concerns should also be taken into account. For example, insurance regulators are formalizing expectations for AI governance. This includes data governance, record-keeping, explainability and human oversight.[3]

Strategic takeaway: Design the platform with AI in mind, as a co-creator in the daily data production process.

06. Use Proof-of-Concept (PoC) phases to build momentum and validate architecture

Successful programs often begin with targeted proof-of-concept phases. These use real data in limited-scope simulations to test architecture and identify issues early. Use cases like expected loss, amortized cost, subledger reconciliation or IFRS 17 contract service margin calculations help validate logic and integration.

These early phases demonstrate the platform's impact and expose hidden dependencies. They also build support from stakeholders by showing tangible results linked to strategic goals.

Strategic takeaway: Start with PoC use cases that align with strategic goals and demonstrate platform potential quickly.

Strategy and mapping phase: An overview

Strategic Approach	Discover	Design	Deploy	Optimize
Treat modernization as a daily data production challenge	✓	✓	✓	✓
Use Proof-of-Concept to align stakeholders	✓	↻		
Embed quality and control into the architecture		✓	✓	✓
Enable domain convergence (finance + risk + treasury)	✓	✓	✓	↻
Design for AI enablement from the beginning	✓	✓	✓	✓
Plan for phased rollout over 3–5 years	✓	✓	✓	↻

Modernization succeeds when it produces a daily, explainable picture of the institution and scales it across domains. The programs that work are phased, value-led and built on standardized data, embedded controls and tight orchestration between finance, risk, treasury and actuarial. For banks and insurers, this is also the path that makes AI credible as models learn from current, validated data and operate within controlled workflows.

With SAP-native integration and embedded banking and insurance logic, SAP Fioneer helps institutions plan the order of change, prove value early and scale confidently. The result is automation, intelligence and enterprise-grade scalability—so finance runs efficiently, remains compliant and stays future-ready for financial, regulatory and ESG requirements.

Map your modernization phases with our specialists – request an SAP Fioneer session

Sources:
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SAP Fioneer

About Fioneer

SAP Fioneer provides software solutions for banks and insurance companies: built on rock-solid technology and bold creativity.

In 2021, a group of financial services experts at SAP realized their clients needed a faster, more flexible partner that could move at their pace, adapting to the fast-changing landscape. Joining forces with entrepreneurial investor DEDIQ, SAP Fioneer was born – a start-up with the weight of a global software company behind it.

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