SAP Fioneer

Why the best starting point for finance modernization will be unique for every organization

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Executive summary

Finance modernization is not limited to the CFO or the finance department. It spans accounting, risk, treasury, IT and data.

No universal checklist for modernization works, because every bank and insurer begins from a different position. Some already have a central subledger but struggle with fragmented data inputs. Others have consistent upstream data but no subledger at all.

Before declaring "we're modernizing finance," financial institutions need to clarify what functions are really in scope as they vary widely from bank to bank and insurer to insurer. This means modernization is always a cross-functional, enterprise-wide effort. SAP Fioneer helps institutions see the full picture and decide the best starting point for their modernization programs.

Based on our work with leading banks and insurers, this guide shows:

- Why the best starting point varies by institution
- What leadership alignment must decide up front
- How to pinpoint the right entry path
- How to design the target and the transition together so progress sticks

Why the best starting point varies by institution

Every bank or insurer begins from a different position, and each faces different constraints. Some start with the subledger, others with the data foundation. Some focus on accounting first, others on risk or treasury.

The right starting point is the one that **clears the biggest obstacle and creates a foundation of better data, stronger controls and standardized processes**, so that finance modernization delivers efficiency, compliance and resilience that lasts.

With SAP Fioneer's experience across global banks and insurers, institutions can choose the entry point that matches their maturity, plan the transition alongside the target and align leadership across domains.

Why leadership alignment determines the starting point

A finance modernization must support daily operations, ensure regulatory confidence, align financial domains and enable future AI and analytics use cases. Achieving this depends on decisions made by the leadership team and how well they coordinate their domains. Each member of the leadership team has a role to play in modernization, and the benefits depend on choosing the right starting point.

For the **Chief Finance Officer** (CFO), the gain is reliable numbers and the ability to shift time from reconciliations to forward-looking analysis. This might mean shortening the close or publishing product and customer profitability packs on a fixed weekly basis.

The **Chief Information Officer** (CIO) owns the roadmap that makes systems work together. This includes setting data standards, managing interfaces and planning decommissioning. Delivery has to be structured so that subledger and data initiatives interlock. This could mean choosing a canonical data model, retiring duplicate data stores and funding controls at ingestion to prevent downstream fixes.

The **Chief Data Officer** (CDO) sets the governed data foundation that modernization relies on. This includes standardizing KPI and data definitions, enforcing lineage from source to report and stewarding the semantic model that serves finance, risk, treasury and reporting. This can mean harmonizing product hierarchies, closing ownership gaps and embedding data-quality controls at ingestion with the CIO, reducing downstream reconciliations.

The **Chief Operations Officer** (COO) focuses on where work stalls between domains and removes the cause. For example, fixing contract enrichment at the source ensures that finance does not have to rework transactions later.

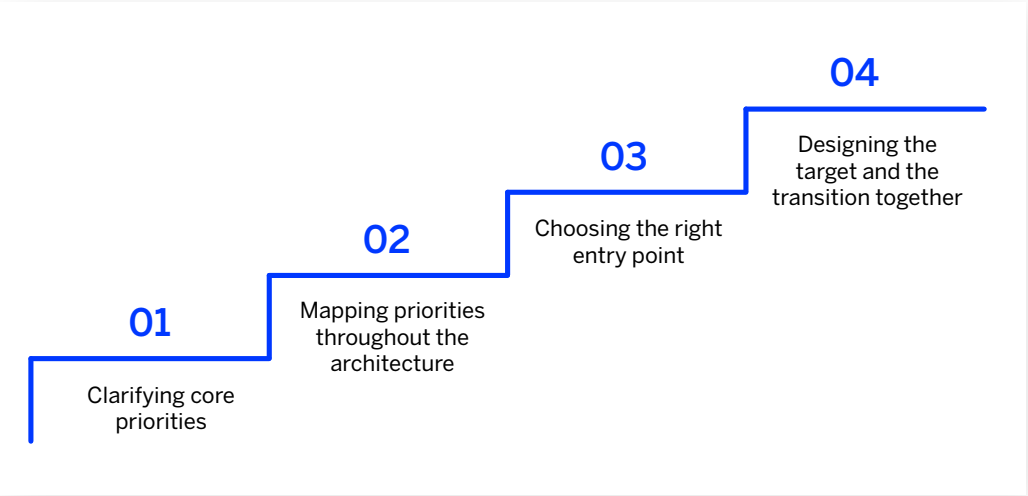
For the **Chief Risk Officer** (CRO), alignment with finance is critical. Capital ratios, stress tests and risk-adjusted returns must line up with the accounts. This requires using the same event set and market data for both risk and financial reporting.

In insurance, the **Chief Actuary** connects pricing and reserving to finance and risk outputs. A practical outcome is making sure Solvency II reports use the same projected cash flows and assumptions that feed the ledger.

For the **board**, a single version of performance and risk changes the quality of discussion. Reports line up across functions, questions focus on choices rather than data disputes and decisions on capital, portfolio mix and cost take less time. Progress is visible through hard metrics: shorter close, fewer manual journals, fewer reconciliation breaks, higher lineage coverage and faster time to add a product or report.

How SAP Fioneer helps institutions identify where to start

SAP Fioneer's experience is that **the order of steps in a modernization program matters as much as the technology itself.** Institutions that choose a starting point suited to their current position and align all domains around it, build better data, stronger controls and standardized processes. This is the foundation for efficiency, compliance and resilience that can scale over time.



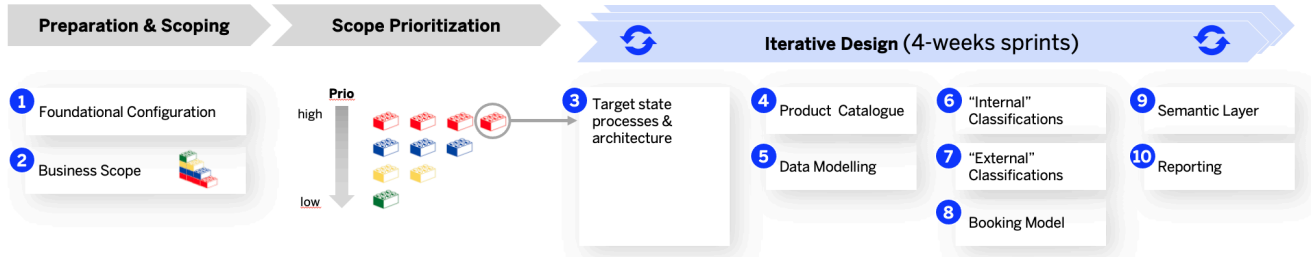
01. Clarifying core priorities

Leaders in complex organizations must juggle endless demands, but effective architecture design should start with core priorities then build outward.

For example, a bank or insurance leader has multiple tasks, but they don't all carry the same weight. We often find it helps to imagine these tasks as LEGO bricks of different colors to understand the varying levels of importance:

- **Red bricks** are the core priorities, such as accounting – the CFO's bread and butter.
- **Blue bricks** are important but supporting tasks, like integrating risk key figures to enrich accounting.
- **Green bricks** represent secondary requirements, often mandated by the bank or regulators, but lower on the priority list.

An example of SAP Fioneer's approach that iteratively designs the desired architecture using prioritized, coherent scope items of business outcomes



For a CFO, COO, CIO, CDO, or CRO, the focus is first on the "red line" of core processes, designed front-to-back with precision. All other requirements should align with and support that red core, rather than distract from it. This way, the most essential processes are designed well first, and less critical requirements are still incorporated in a structured way.

SAP Fioneer's expert teams work with leaders to help them identify this red line and ensure modernization starts where it matters most.

Once priorities are clear, the next step is to structure the scope in a way that makes progress possible. This means breaking the target into pieces that are big enough to guide business decisions but small enough to deliver quickly. Each piece should represent a concrete business outcome, such as a report or a regulatory requirement. These pieces are then worked through in short cycles, with each cycle focused on settling the main design choices. Later dependencies are kept in view so that early choices do not cause problems down the line. At the end of each cycle, results are reviewed with senior leaders to keep progress on track and aligned to the overall target state.

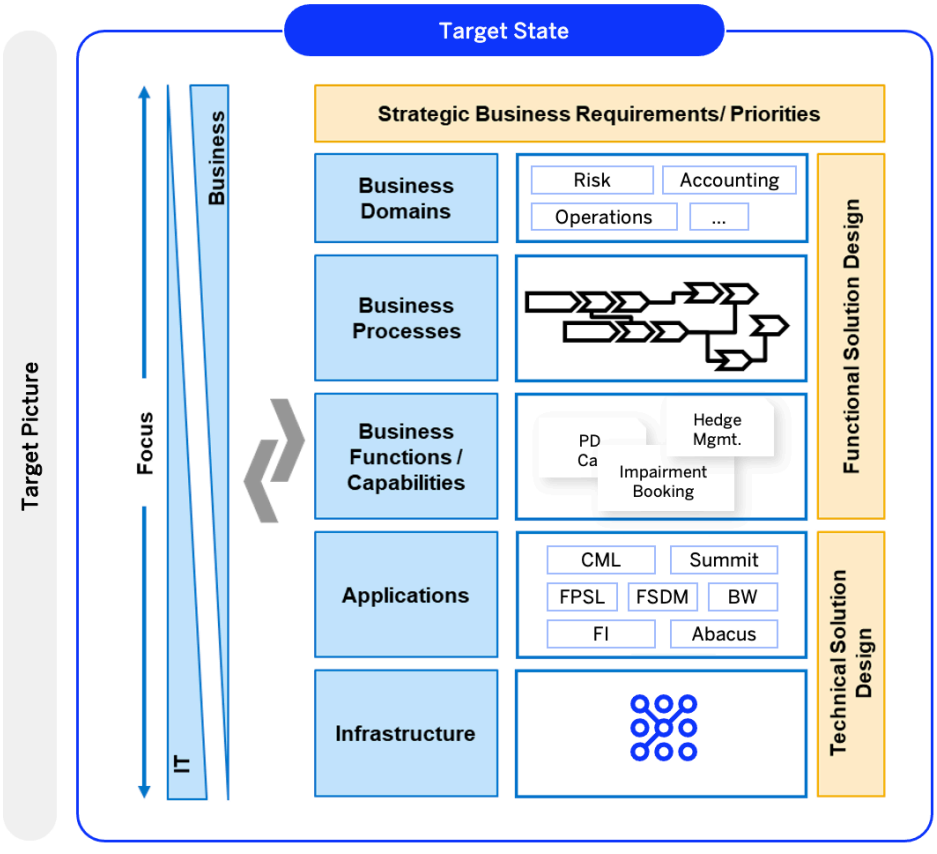
But priorities on their own are not enough. To succeed, institutions must see how those priorities flow through the layers of the organization, from business processes to IT infrastructure, and manage the complexity where the two meet. This is where SAP Fioneer **helps clients map priorities into design and technology** so that the red line is preserved across the architecture.

02. Mapping priorities throughout the architecture

The various business domains (i.e., accounting, risk, credit) that make up a financial institution must interconnect. Accounting needs to provide information to risk teams. Then risk needs to provide indicators back to accounting and reporting, and so on.

These processes depend on business functions, which are provided by applications, and those applications in turn run on infrastructure. A simple action, like pressing a button in an application, triggers the server that carries out the process. Each layer has its own complexities: the top layers are driven by business needs, the bottom layers by IT and the middle layer—where business functions are translated into technical solutions—is where **complexity and misalignment most often appear.**

Tracing finance priorities through the full architecture



Take loan loss provisions as an example. When an accountant calculates provisions for the quarter, the work is governed by accounting rules and regulatory standards such as IFRS 9. To complete the calculation, the accountant relies on system capabilities like risk models to estimate losses, aggregated data pulled from loan systems and rules engines that apply accounting logic. These capabilities are delivered through applications such as a subledger, risk engine or reporting tool.

This is the middle layer: the business requirement of "we need loan loss provisions" must be mapped to the right system processes and made consistent across departments.

At the bottom layer, those applications run on infrastructure, whether that is a Microsoft Azure server, Oracle database, or SAP S/4HANA.

SAP Fioneer helps institutions work through this mapping, so they know what needs to change, which software to use, which processes to adjust and how to define their KPIs. Without this clarity, modernization planning has no direction because leaders risk focusing on symptoms (like a subledger replacement) without addressing the real scope of the finance domain.

> Organizations first need to be clear on the functions they want to scope. Otherwise, you end up in the classic discussion of 'I want to replace my subledger,' without first agreeing on what you actually mean by subledger and what part of the finance domain you are addressing.

Daniel Pehnec
SAP Fioneer Senior Solutions Manager

03. Choosing the right entry point

Once institutions see the architecture clearly, the question becomes where to begin. The answer depends, and this is where differences between organizations become most visible. Some need to relieve pressure in accounting quickly, while others need to resolve upstream data issues before anything else will work.

Many organizations choose the subledger as the starting point because reconciliation delays and reporting pressure are most acute there. In SAP Fioneer's architecture, this role is performed by FPSL, which translates financial events into accounting entries. Modernizing the subledger can provide quick relief, especially for insurers or banks that have no central subledger at all.

But a subledger-led modernization may not solve the root problem. FPSL, like any subledger, depends entirely on the quality of contract, risk and market data it receives. Where inputs are inconsistent, outputs will be flawed. In those cases, the stronger path is to begin with the data foundation. SAP Fioneer's Financial Services Data Management (FSDM – available to banks only) standardizes input from hundreds of source systems and provides one version of the truth across finance, risk and operations domains. By forcing alignment at the input level, it eliminates much of the reconciliation work that clogs downstream processes.

This trade-off between fixing the visible pain in accounting and addressing root data issues is **one of the most common decisions in finance modernization.**

These contrasts show why the best entry point cannot be prescribed in advance. A subledger-first path may suit an insurer without central accounting, while a data-first path may be essential for a bank with systemic inconsistencies.

Insights from real-world experience

One global Tier 1 bank wanted to begin its modernization with FPSL, focusing on accounting improvements. But during our early testing, it became clear that the source data was inconsistent. The new system couldn't deliver accurate outputs.

The bank shifted course, implementing FSDM and adding layers for financial control and data quality. Only after this foundation was in place could FPSL operate effectively. What started as an accounting upgrade became a full architecture modernization.

This illustrates a broader truth: the implementation path matters as much as the technology itself. The right entry point depends on where the biggest obstacle lies, and modernization success comes from addressing those steps in the right order.

> Organizations may start with FPSL because that's where the pain is... but to solve the real problem, they could need a unified data layer.

Daniel Pehnec
SAP Fioneer Senior Solutions Manager

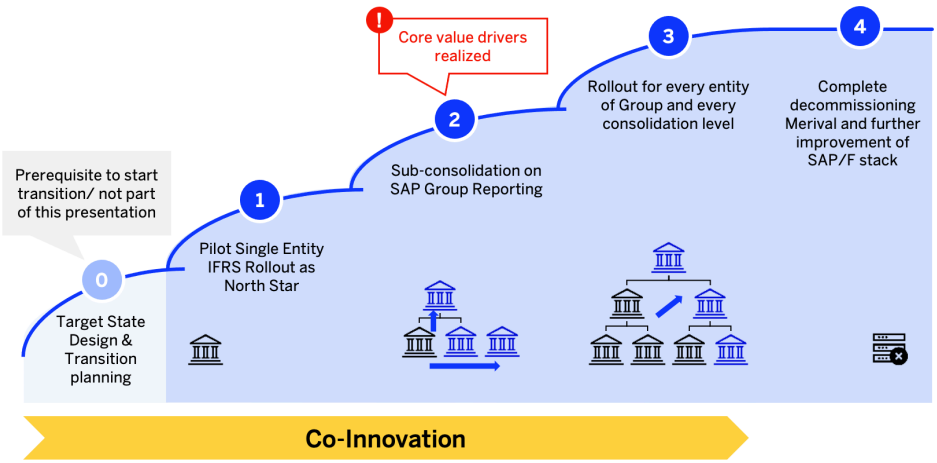
04. Designing the target and the transition together

Modernization is not only about defining the target architecture. Institutions also need to plan how they will move from today's setup to that target. This includes release planning, cutovers, the order of changes and the criteria for readiness at each step. Every layer—business, functions, applications, infrastructure—has its own complexities, and they cannot be planned in isolation. Decisions about the target influence the steps needed to get there, while the realities of the transition may also require adjusting the target.

For example, a bank might choose a new subledger as part of its target state, but the timing of cutovers or the readiness of source data could mean the rollout has to be phased. This means the target and the transition plan are designed together, not one after the other.

At SAP Fioneer, we help institutions **design the target and the transition together**. This means sequencing changes across business and IT, building realistic release and cutover plans and mapping dependencies so that constraints are visible early. The result is a roadmap that balances ambition with what is achievable, giving leadership clarity on what to deliver, when and how the pieces fit together.

Example of a phased rollout: modernization moves in waves, from pilot domains through to entity-wide adoption and full decommissioning of legacy systems



Roles and responsibilities also differ by institution. Some functions sit with the CFO, others with treasury, risk or other departments, and the split is never exactly the same. This makes it difficult to map business processes neatly onto software and architecture.

The finance platform covers the full set of domains that steer and control the institution: accounting and financial reporting, risk management and controlling, regulatory reporting and compliance, capital and liquidity management and the data management that underpins them all. Because of this, finance modernization always cuts across functions. It cannot be told as a CFO story alone.

Turn finance modernization priorities into a scalable plan with SAP Fioneer

There is no universal first step in finance modernization. The right starting point is the one that clears your biggest obstacle and creates a foundation of **better data, stronger controls and standardized processes**. For banks and insurers, that usually means aligning leaders on scope, mapping priorities across the full architecture and sequencing change in the order that protects daily operations and regulatory confidence.

With SAP-native integration and embedded banking and insurance logic, **SAP Fioneer** helps institutions choose a starting point that matches their maturity, then scale to the target state with **automation, intelligence and enterprise-grade scalability**—so finance runs efficiently, remains compliant and stays future-ready across financial, regulatory and ESG requirements.

Pinpoint your best starting point and request a SAP Fioneer starting-point assessment. Get in touch.

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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