



SAP S/4HANA Migration

SAP's New Operating Model with Transformative Potential for Corporate Treasury

November 2025

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Introduction

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SAP is a widely used enterprise resource planning (ERP) systems. All over the world, firms rely on SAP's tools to centralize and carry out a variety of business functions. SAP launched their newest version, SAP S/4HANA, in 2015. SAP customers have until the end of 2027 to migrate their systems from the previous version, ECC 6.0, to S/4HANA.

For large global businesses, S/4HANA migration is a potentially complicated process. Depending on the size and complexity of the business, migration can take anywhere from one to four years to complete, and the costs associated with completing the necessary steps could be significant.

At the same time, SAP S/4HANA includes a variety of new capabilities that can help unlock new levels of value for business users, particularly when it comes to treasury management. Migrating to the new ERP system is not just a necessary technical upgrade, but an opportunity for impactful business transformation.

To date, the Citi team has supported more than 1,600 Citi clients on their SAP S/4HANA migration journeys. Read on for insights on navigating the process and taking full advantage of bank connectivity, automation, and other S/4HANA features and capabilities with the potential to transform the corporate treasury function.

SAP S/4HANA Migration Overview

SAP describes S/4HANA as a “future-ready enterprise resource planning (ERP) system with built-in intelligent technologies, including AI, machine learning, and advanced analytics.”¹ Businesses using SAP officially have until 2027 to complete the full migration to S/4HANA. At that time, SAP will phase out support of its previous version (ECC 6.0). Customers that fail to complete the migration will no longer receive software updates, patches, or security fixes, making their ERP systems vulnerable to issues like cybersecurity risks and operational inefficiencies. Companies that need more time to adopt the new system can pay a premium to delay the migration for up to three years (until 2030) and can sign up for extended maintenance support until 2030 (at a premium). SAP has also introduced a new cloud subscription offering, SAP ERP, private edition, as a non-mandatory transition option which includes services to help with the migration to S/4HANA Cloud.

The idea that migrating to SAP S/4HANA is simply a required technical upgrade is a common misconception in the marketplace. In reality, S/4HANA migration represents an opportunity to transform business operations and potentially unlock significant value, particularly where treasury functions are concerned. But the transition to S/4HANA is not an overnight process, and while migration presents a variety of transformative opportunities, it's also a complex undertaking. This requires significant planning to complete in advance of the 2027 deadline (or 2030, for those who have extended maintenance support).

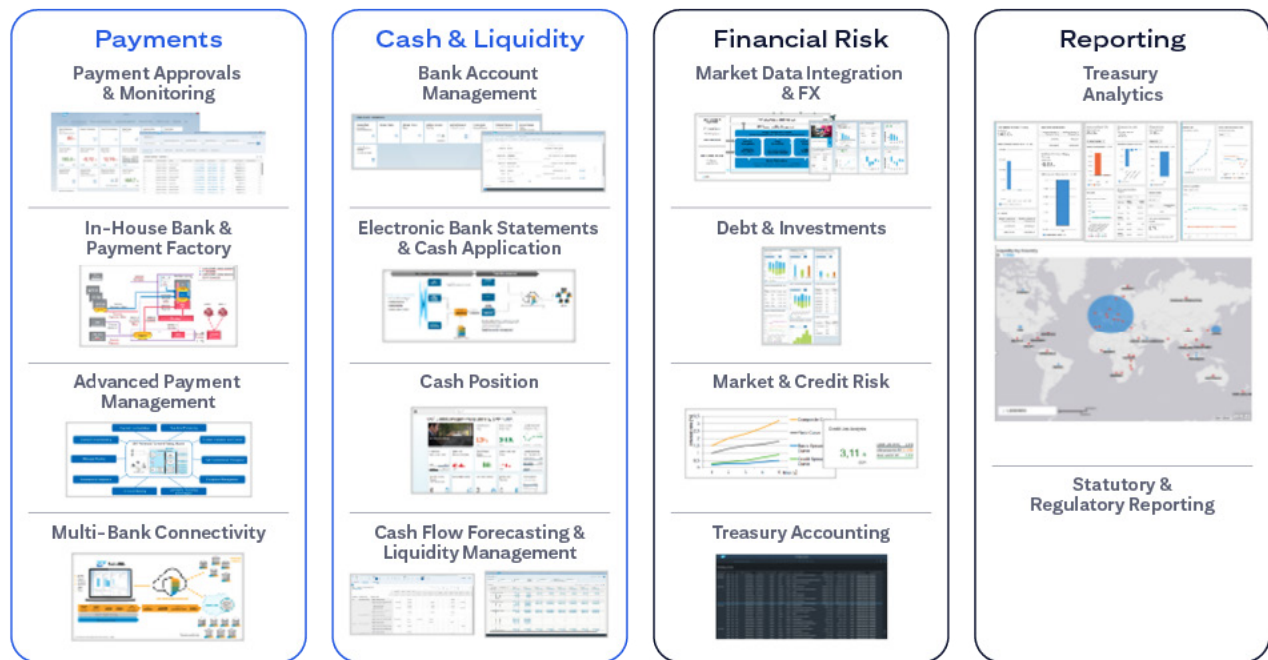
¹ SAP (2025), SAP S/4HANA Overview, <https://api.sap.com/products/SAPS4HANA/overview>

Because of the enterprise-wide nature and capabilities of SAP S/4HANA, businesses often initially overlook the importance of involving their treasury teams in the early planning stages of the migration process. But the idea that an IT-driven technology update does not require substantive input from the treasury department is another common misconception. The treasury application is an integrated part of the S/4HANA system's digital core and includes end-to-end treasury functionality. Moreover, involving treasury and finance teams in the migration process can help businesses unlock significant value in areas like liquidity management, real-time cash positioning, and end-to-end payment processing.

SAP S/4HANA treasury modules feature four pillars:

1. Payments
2. Cash & liquidity
3. Financial risk
4. Reporting

These pillars support operational tasks including payment, cash and liquidity management, bank reconciliation, transaction management, corporate-to-bank communication, and financial risk management.



As businesses that rely on SAP for ERP systems and treasury management navigate the transition to S/4HANA, they need to be mindful not only of how to leverage the new capabilities it introduces, but also how the decisions they make during the migration process could impact their businesses in the future.

Treasury teams can use the **new advanced payment management capability** to integrate payments from non-SAP systems along with third-party payrolls, and standalone treasury management systems.

Implications for large institutional clients

The transition to S/4HANA will introduce a host of new capabilities which may help deliver significant value to clients operating on a large, global scale, including the ability to manage their entire treasury portfolios within SAP. For example, within payments, the system includes upgrades to payment approvals and monitoring, in-house bank and payment factory, advanced payment management, and multi-bank connectivity. Treasury teams can use the new advanced payment management capability to integrate payments from non-SAP systems along with third-party payrolls, and standalone treasury management systems. This enables corporate treasurers to enrich, validate, repair, and reformat all payment files into a single format before transmitting them to banking providers.

In addition, SAP S/4HANA enables a new level of multibank connectivity via the cloud. When processing payments, customers can track the status of payment messages directly within SAP's systems. S/4HANA also introduces machine learning and AI capabilities, enabling customers to potentially perform new kinds of modeling and data analysis.

Corporate treasurers may also be aware of another major transition happening in the financial realm: the adoption of ISO XML. Effective as of November 2025, the global SWIFT network for financial messaging and communication requires banks and clearing systems to adopt the ISO XML standard. These changes have knock-on effects to corporate treasury teams (for example, the need to provide structured address data in your payment instructions from November 2026) and can be addressed during the SAP S/4HANA migration process.

Large corporate customers of SAP should also be aware of the full range of options available to support their treasury systems during and post-migration, and be mindful about choosing the products that best suit their needs.

Approaches to SAP S/4HANA Migration: Brownfield, Greenfield, and Hybrid

There are three common approaches to SAP S/4HANA migration: brownfield, greenfield, and hybrid. Each approach offers advantages and drawbacks, and which approach a company selects often aligns with which stakeholders are managing the migration.

The brownfield approach

Companies that take the "brownfield" approach to SAP S/4HANA migration tend to be looking for a less disruptive or expensive migration process. In many cases, stakeholders from the IT department favor this approach because it allows them to upgrade their system's underlying technology to S/4HANA while maintaining their existing setup, processes, configurations, and customizations.

Rather than starting from scratch, a brownfield approach involves making upgrades and improvements to bring the customer's infrastructure into alignment with S/4HANA's requirements. More than half of Citi customers have begun their journey using this approach, and it appeals strongly to businesses that are just starting the migration process as the 2027 deadline looms large.

While the brownfield approach may look straightforward on its surface, the more customized a company's existing systems are, the more complicated the process becomes. For example, replicating old customizations may require significant data remodeling, and maintaining certain legacy file formats can introduce higher costs and more risk than transitioning to new ones—especially when market demands like the shift to ISO XML will ultimately require adopting new file formats.

The greenfield approach

At the opposite end of the spectrum, the “greenfield” approach to SAP S/4HANA migration entails a complete overhaul of the customer's ERP system to adopt modern best practices. This approach appeals to business stakeholders who have researched S/4HANA's new capabilities and features, and who recognize the opportunity to resolve deep-rooted challenges in their current systems and processes. The greenfield approach also positions customers to take full advantage of automation and standardization using best industry practices.

Not surprisingly, implementing a greenfield approach to migration demands a highly intensive planning process, longer deployment time, more financial resources, and a higher degree of change management to implement.

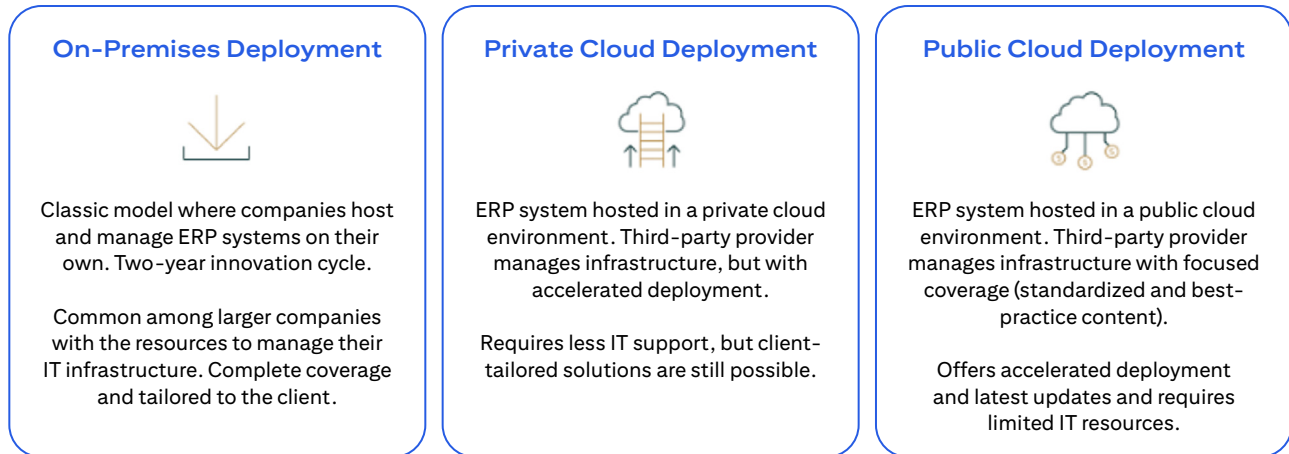
The hybrid approach

A hybrid or “bluefield” approach to S/4HANA migration combines elements of brownfield and greenfield approaches. Clients that opt for a hybrid approach often aim to balance cost and modernization, or aim to avoid disrupting critical systems and processes while improving others (like Treasury processes). These clients may then choose to introduce select SAP standard processes and capabilities. The ability to implement certain features like in-house bank and multi-bank connectivity is particularly relevant to treasury teams, because treasury is an area where S/4HANA has revamped many processes, creating new opportunities to add value.

Clients that want to take advantage of these new capabilities may decide to follow the brownfield approach for functions like procurement and sales management, and the greenfield approach for treasury processes. The hybrid approach also offers customers a way to remove or consolidate legacy set-ups for simplicity and improve the overall hygiene of their banking footprint.

Choosing the right path for your business

SAP S/4HANA offers different deployment models to meet varying needs, preferences, and constraints. Each deployment model provides different levels of control, flexibility, and cost implications. Customers can choose between on-premises, private cloud, and public cloud deployment models. The previous ECC system required on-premises deployment, and the cloud-based models are new for S/4HANA.



SAP S/4HANA offers a **variety of migration approaches** which enable customers to configure their ERP and treasury management systems according to their specific circumstances and priorities.

A cloud-based deployment model is hosted by a third-party provider which provides necessary infrastructure and accelerates deployment. A public cloud deployment model does not offer opportunities to customize implementation per individual business requirements, and may suit small companies that can easily adopt the standard system. For customers that need to tailor their S/4HANA implementation to fit their specific business requirements, the private cloud deployment model offers this capability.

In addition to deployment models, SAP S/4HANA offers a variety of migration approaches which enable customers to configure their ERP and treasury management systems according to their specific circumstances and priorities.

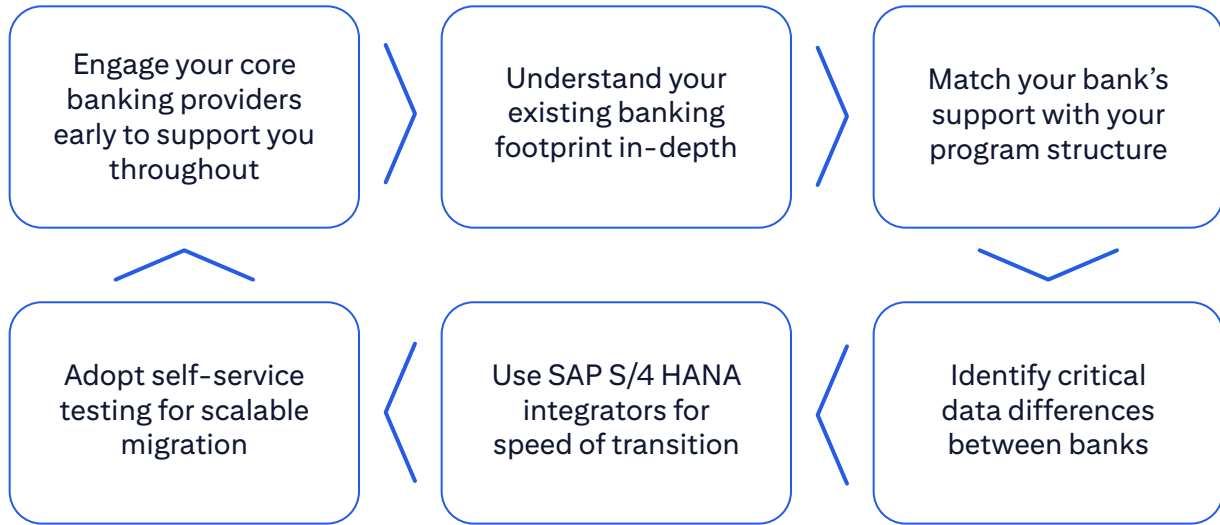
Uncertainty around the migration can lead to delays or opt outs of the migration to the new SAP operating model. An alternative option can be to implement a 'treasury or cash & banking sidecar' which is designed to enable the S/4HANA treasury components connection to an existing system.

Examples of available migration paths include:

- **Cash and banking side-car:** enables the customer to implement relevant modules on S/4HANA while functions like sales, procurement, and reporting remain in their legacy ERP. This migration path may be suitable for customers who have a non-SAP treasury management system.
- **Treasury side-car:** designed for customers looking to centralize cash and banking as well as core treasury capabilities on S/4HANA.
- **Central finance side-car:** centralizes all finance processes on a single S/4HANA system. This migration path may be appropriate for large organizations with multiple systems (SAP and/or non-SAP).

Whatever deployment model and migration approach a customer ultimately chooses, it's important to engage with banking providers early in the migration process so they can provide support, guidance, and insights, as well as help the client navigate challenges they may encounter during their S/4HANA migration.

Bank Engagement Best Practices



Navigating Common S/4HANA Migration Challenges

For most businesses planning or executing the migration to SAP S/4HANA, the primary concern is the cost due to the extensive time and resources needed. Modernizing an ERP system is a major undertaking, which is influenced by its scope and target architecture. For instance, it may last anywhere from two to four years to set up treasury and cash banking processes using the S/4 HANA side-car approach. Largely, the timeline may vary depending on the size and complexity of the business.

Beyond the technical challenges, a transformation like migrating to SAP S/4HANA also requires thoughtful change management. Business users need to be trained on adapting to operational changes in their jobs that result from implementing S/4HANA, including how to use new systems and capabilities.

Communication between teams and stakeholders about the migration process can also be a challenge. Teams need to balance realistic expectations with the desire to achieve every item on a long wish list of transformative updates. It's also important that IT teams consult with colleagues to identify new features that can help drive efficiencies and achieve other business goals (especially in the treasury department), rather than treating migration strictly as a technology initiative that does not warrant cross-collaboration with other teams.

A project of this magnitude also demands thoughtful buy-in from the organization's leadership. From potentially making systems less vulnerable to cybersecurity threats, to

efforts to give the company a competitive edge by taking advantage of innovative new capabilities enabled by AI and machine learning, executives and board members need to understand the long-term implications of SAP S/4HANA migration and invest in the process according to the organization's broader overarching priorities and goals.

Finally, in addition to working closely with their banks towards the adoption of new treasury management tools and systems, clients may opt to engage with a third-party consultant to help them mitigate the challenges and take advantage of the potential opportunities with migration.

Looking Ahead: New Opportunities and Capabilities

The SAP S/4HANA migration is a necessary technical upgrade for businesses that rely on SAP's ERP systems. In addition to supporting those systems, migrating to S/4HANA can potentially unlock a variety of new capabilities and features that can help deliver value in the form of improved efficiencies, automation, data analytics, and more. This is especially true when it comes to corporate treasury management.

The most popular new treasury features and capabilities available to companies migrating to SAP S/4HANA include:

- **Multibank connectivity:** SAP maintains connectivity via host-to-host, API, or SWIFT/EBICs.
- **In-house bank:** Use payments-on-behalf-of (POBO) and receivables-on-behalf-of (ROBO) structures to centralize payments and liquidity, supporting efficiency through reduced utilization of accounts and transactions fees.
- **ISO XML 20022 for payments:** Migrate from legacy formats such as IDOC, EDIFACT, and bank proprietary to a global messaging standard in ISO XML.
- **ISO XML 20022 for statements:** Migrate from MT940, MT942 and BAI2 formats to CAMT-(XML-)based statements to provide more structured data to assist with auto matching.
- **Supply chain finance:** Introduce supply chain financing to help optimize working capital and improve cash flow.
- **SAP treasury:** Full/partial migration away from a segregated Treasury Management System (TMS) in favor of SAP Treasury and Fiori-based applications.
- **Enhanced liquidity management:** Advanced analytics are designed to enable treasuries to anticipate cash shortages and surpluses and seeks to optimize working capital management.
- **Real-time cash positioning:** Close to instance access to data enables treasury to track cash flows across multiple bank accounts.
- **Advanced Payment Management:** Improved payment processing by consolidating payment requests and transmitting them to banks through secure channels in an effort to accelerate transaction processing.

These and other features available within SAP S/4HANA can enable treasury teams to transform operations and potentially take advantage of innovative new functionalities with material, long-term business impact.

Guidance, Support, and Solutions for S/4HANA Migration

At Citi, we have supported more than 1,600 clients during their SAP S/4HANA migrations. Based on firsthand experience, our team can help provide perspective and actionable insights on how corporate clients are approaching the migration, which treasury features and functionalities are most impactful for their businesses, and what kind of feedback clients have about the new systems once their migrations are complete.

In addition to providing guidance on the migration process, Citi offers a variety of solutions that can help customers' treasury teams prepare for and execute the transition to SAP S/4HANA, including connectivity platforms that help clients boost efficiencies and reduce manual processing. The Citi toolkit for S/4HANA migrations includes CitiConnect® and CitiDirect®, the Citi Developer Portal, and Citi's ERP integrator solution.

CitiConnect® and CitiDirect®

Citi offers interoperable channels including CitiDirect® (Online Banking Platform) and CitiConnect® for Files/Swift/API to help support clients' reporting, visibility, payment, and collection requirements. With CitiConnect® for Files, clients can establish direct host-to-host connectivity between their ERP systems and Citi to support treasury digitalization and automated, straight-through processing of payment instructions.

To support ISO XML adoption, CitiConnect® also features a test environment which enables clients to test their payment files via a direct host-to-host connection or CitiDirect®. The CitiConnect® Testing Portal generates detailed, intuitive reports in minutes and is accessible 24 hours a day, five days a week (Monday through Friday of a regular work week, subject to planned or unplanned maintenance & downtime).

Challenges Faced by Clients

Speed of Test Results

Long turnaround times delay overall project delivery and results in inefficient use of technical resources



Full Automations

Testing Portal is fully automated, reducing manual touchpoints and delivering test results in minutes

Accuracy of Test Results

Inaccuracies / Discrepancies in test results pose a higher risk of issues occurring in the Production environment



Production Grade Validation

CitiConnect testing portal provides production grade validation and feedback

Ease of Understanding

Difficulties in understanding and remediating errors due to unclear or ambiguous explanations



Easy-to-use Result Artefacts

Generates intuitive test reports accompanied by corrected sample files and visual side-by-side comparisons

Availability of Technical Resources

Inefficient liaising between technology teams based in different geographies



24 Hour Access¹

Enhances accessibility by allowing Testing Portal access 24h a day, 5 business days a week

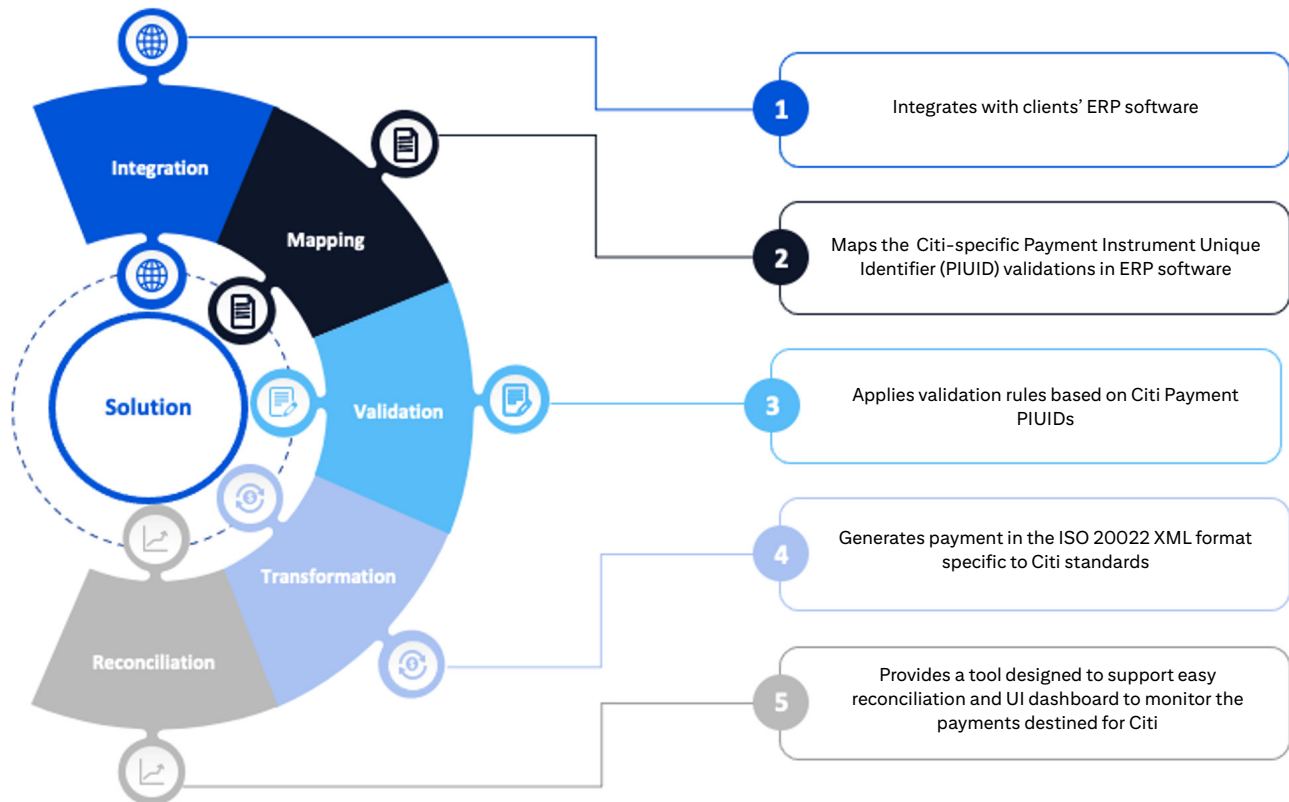
Citi Developer portal

Citi's Developer Portal includes file- and ERP-based content as well as downloadable documentation on file formats and specifications. It also provides clients with access to a "sandbox" testing kit to test uploads via dummy accounts. If a client is, for example, looking to adopt ISO XML as part of their SAP S/4HANA migration, their tech team or business analysts can log into Citi's Developer Portal and download the latest guides, specifications, frequently asked questions and additional information.

ERP integrator solution

Citi's ERP Integrator solution helps significantly reduce the timeframe for implementation of CitiConnect® for Files by reducing payment file development effort. Our specialized teams guide clients on configuring respective settings within their ERP systems. The ERP Integrator solution enables clients to send payment transactions through a secure, bank-agnostic host-to-host connection to Citi and performs data validations for selected Citi payment rules.

Citi's ERP integrator solution also helps clients adopt ISO XML as part of their SAP S/4HANA transition journey with pre-created templates that provide out-of-the-box payment capabilities.



Businesses that approach this migration as an opportunity to embrace new capabilities and transform their systems can potentially position themselves to thrive in a rapidly evolving corporate ecosystem for years to come.

Conclusion

The SAP S/4HANA migration presents an opportunity to reassess and potentially transform your business's treasury and technology landscape. Now is the time to consider these impacts as the deadlines to complete migration are steadily approaching.

Upgrading ERP systems is a complex technical challenge that demands careful planning, stakeholder alignment, and a solid understanding of industry best practices. For large, global companies navigating SAP S/4HANA migration, a dedicated project team (and in some cases, support from an external consulting partner or system integrator) could assist with achieving a successful migration.

IT teams often take the lead in managing the SAP S/4HANA migration process, but treasury teams should be involved in decision-making from the beginning to ensure that companies make sound choices about systems that affect payments, cash and liquidity, financial risk, and reporting. Corporate clients also need to work closely with their banking providers throughout the migration process to help ensure connectivity and minimize disruption.

Technical upgrades are a frequent and familiar element of managing a modern business, but the scale and scope of SAP S/4HANA migration—as well as its potential to have significant long-term implications for corporate treasury—set it apart from an everyday software update. Businesses that approach this migration as an opportunity to embrace new capabilities and transform their systems can potentially position themselves to thrive in a rapidly evolving corporate ecosystem for years to come.

To discuss your SAP S/4HANA migration plans with our experts, contact your Citi representative or client executive. For additional SAP Treasury consultancy advice, contact the Zanders team via their website: [Contact - Zanders](#).

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