Modern Financial Consolidation with SAP Group Reporting

Simplifying Compliance, Reducing TCO, and
Rethinking the Unified Consolidation and Planning Platform Myth

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Agenda

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01

The CFO's Mandate & Finance Transformation

Why modernizing consolidation is no longer optional

The Modern CFO's Challenge

Faster Close Cycles

Boards and regulators demand shorter reporting timelines, moving from weeks to days.

Regulatory Complexity

IFRS 17, ESG disclosure mandates, and pillar reporting continue to expand compliance scope.

Architecture Simplification

CIOs are rationalizing tool sprawl; finance must consolidate its own technology stack.

Cost Pressure

CFOs must deliver more insight with fewer resources, reducing license, integration, and operational costs.

02

SAP Group Reporting Architecture & Integration

Native consolidation built into the digital core

What Is SAP Group Reporting?

- SAP's strategic successor to BCS, BPC-C, and EC-CS for financial consolidation
- Built natively into S/4HANA, integrating operational accounting (ACDOCA) with the consolidation journal (ACDOCU)
- Fiori-based UX with embedded analytics and real-time data access
- Supports both statutory and managerial consolidation from one platform

Strategic Successor

Replaces BCS, BPC-C, EC-CS

Single consolidation engine

Full S/4HANA lifecycle alignment

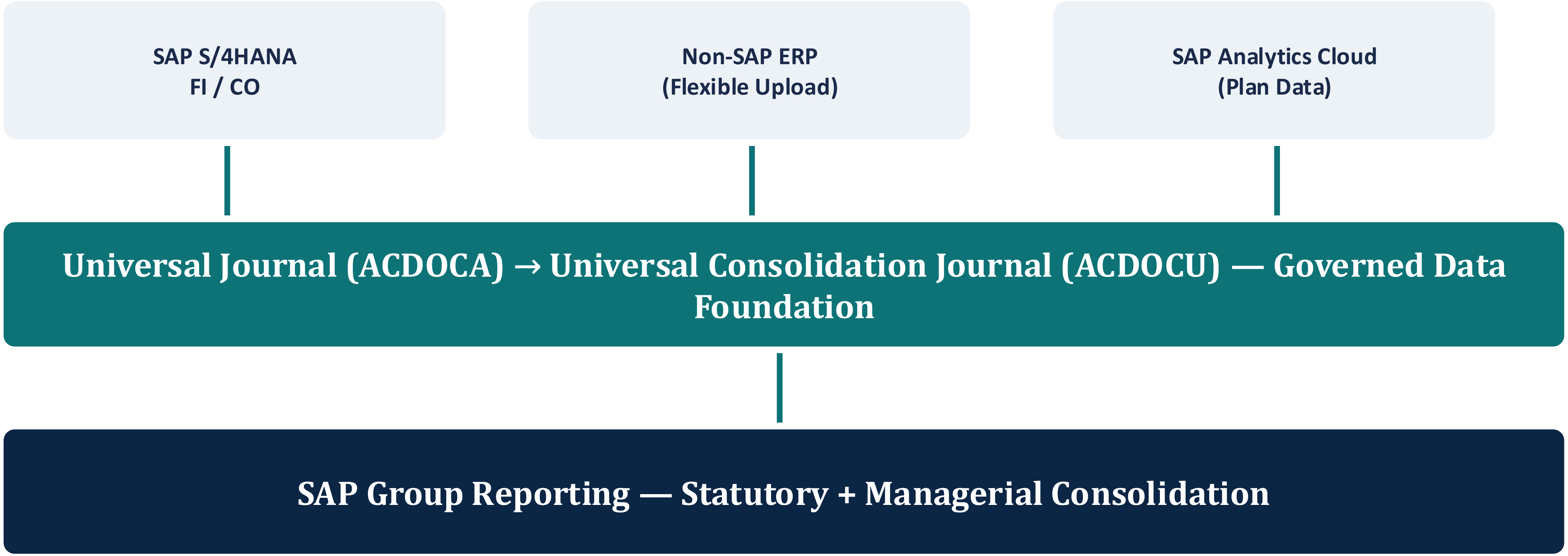
One Version of the Truth

For integrated S/4HANA companies, released accounting data can be traced from ACDOCU back to the originating accounting records in ACDOCA.

Core Capabilities

- Data collection & validation
- Currency translation
- IC elimination
- Consolidation of investments
- Multi-GAAP parallel reporting

Native Integration with S/4HANA



Integrated release from ACDOCA to ACDOCU • External data via collection interfaces • Rich dimensional detail • Real-time visibility for native SAP companies

Beyond Statutory: Managerial Consolidation

How Managerial Consolidation Works

1. Segments derived from profit centers in core S/4HANA (ACDOCA)
2. Company codes grouped into consolidation segments for managerial views
3. Full coding block inherited: profit center, segment, cost center, functional area
4. Legal and management reporting can leverage the same Group Reporting data foundation with logic appropriate to each view
5. Management views by segment, geography, or product line — native capability

Full Coding Block Inheritance

Profit Center → Segment → Cost Center → Functional Area

For integrated S/4HANA companies, relevant dimensions can be released from ACDOCA into Group Reporting; derivation and mapping may still be required by design.

One Version of the Truth

Legal and management reporting can share the same Group Reporting data foundation while reducing the need for separate managerial consolidation processes.

Segment and profit center structures can support management reporting views in Group Reporting when designed and mapped appropriately.

Why Native Integration Matters

Dimension	Separate Consolidation Platform	S/4HANA + Group Reporting
Data Movement	Typically interfaces, ETL, staging, and batch loads	Native accounting integration reduces external interfaces
Reconciliation	Cross-system reconciliation required	Tighter accounting-to-consolidation traceability
Timeliness	Dependent on interface frequency and source availability	Integrated collection can enable earlier visibility
Audit Trail	Traceability spans multiple applications	Strong linkage between accounting and consolidation data
Upgrade Cycle	Independent regression testing	Unified lifecycle with S/4HANA
Coding Block	Mapping tables for dimensions	Rich dimensions released from ACDOCA

03

The Month-End Close & Compliance Advantage

Where Group Reporting accelerates the close process

Group Reporting in the Month-End Close

1 Local Close & Validation

2 Auto Data Collection

3 IC Matching & Elimination

4 Consolidation Rules

5 Review & Approval

6 Statutory Reporting

Steps 1-2: Integrated / Automatable

For integrated S/4HANA companies, accounting data can be released from ACDOCA to ACDOCU without file-based transfer; other sources use collection interfaces.

Steps 3-4: Rule-Based

IC matching, currency translation, equity method, proportional consolidation — all configured once, executed consistently.

Steps 5-6: Governed

Workflow-driven approvals with role-based controls. Output: IFRS, local GAAP, multi-standard.

By reducing manual data movement and automating consolidation activities, Group Reporting can materially shorten close-cycle effort and improve process consistency.

Compliance, Transparency & Auditability

Multi-Standard Compliance

- Parallel ledger support for IFRS and local GAAP
- Multi-currency consolidation with real-time rates
- Regulatory reporting aligned to jurisdiction
- ESG and sustainability reporting readiness

Audit-Ready by Design

- Full drill-down from consolidated to journal entries
- Every consolidation posting traceable to source
- Change logs and workflow approvals embedded
- Fewer external transformation layers for integrated S/4HANA data

Governance & Control

- Role-based access and segregation of duties
- Status management ensures process discipline
- Validation rules prevent incomplete submissions
- Consistent chart of accounts across entities

04

Total Cost of Ownership
The Business Case

Quantifying the financial advantage of native consolidation

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Reducing Total Cost of Ownership

Cost Category	Third-Party Approach	SAP Group Reporting
Licensing	Separate consolidation tool license + SAP ERP license	Licensing depends on edition and commercial agreement; native deployment can reduce separate platform costs
Integration	ETL tools, connectors, middleware, mapping maintenance	Native S/4HANA integration can reduce middleware and interface requirements
Infrastructure	Separate servers, databases, environments	Embedded deployment uses the S/4HANA environment; architecture varies by edition
Personnel	Dedicated team for consolidation tool administration	Leverages SAP platform skills, while consolidation configuration still requires specialist expertise
Upgrades	Independent upgrade cycles, regression testing	Aligned with S/4HANA release calendar

05

SAP Analytics Cloud Planning & Forecasting

The managerial accounting lens for planning

SAP Analytics Cloud (SAC) for Planning

Financial Planning	P&L, balance sheet, and cash flow planning with driver-based models
Predictive Forecasting	Built-in ML algorithms for automated time-series forecasting
Workforce Planning	Headcount, compensation, and organizational planning
Collaboration	Comments, tasks, and version management built into the workflow
S/4HANA Integration	Supported integration to actuals for plan-vs-actual analysis, depending on the planning architecture

How SAC Merges Actuals with Plans

1. SAC can access S/4HANA actuals through supported live or acquired-data integration scenarios
2. Planning data entered or imported alongside actuals
3. Variance analysis (plan vs. actual vs. forecast) in real time
4. Rolling forecasts blend actuals with forward estimates
5. Consolidated management views by segment, region, product line

06

FP&A and Consolidation Convergence

How plan data flows through Group Reporting

Plan & Forecast Data Flows: SAC and Group Reporting

Group Reporting can consolidate plan and forecast data — not just actuals. Two common integration patterns are:

Scenario A: Integrated Financial Planning — SAC → ACDOCP → ACDOCU / Group Reporting

SAC Planning (Plan/Forecast) — Write-Back to ACDOCP — Group Reporting (Plan Consolidation) — Consolidated Plan & Variance Analysis

Plan data can be stored in ACDOCP and transferred to ACDOCU for group planning and consolidation using aligned structures.

Scenario B: Group Financial Planning — GR actual/master data → SAC → ACDOCU → SAC reporting

SAC Planning (Plan/Forecast) — Group Reporting (Plan Consolidation) — Consolidated Plan Flows Back to SAC — SAC Reporting (Variance Analysis)

Depending on the scenario, SAC planning data can be mapped into ACDOCU and consolidated results can be analyzed back in SAC.

Data Governance: One Governed Finance Foundation

When consolidated actuals and plan/forecast data converge on a governed finance foundation, finance can serve internal and external stakeholders with consistent context.

Internal Stakeholders

- CFO / FP&A: Consolidated plan-vs-actual variance
- Business Units: Segment-level performance tracking
- Controllers: Rolling forecast accuracy monitoring
- Board: Strategic planning scenario comparisons

External Stakeholders

- Investors: Earnings guidance backed by consolidated forecasts
- Wall Street Analysts: Forward-looking segment reporting
- Regulators: Statutory filings with audit-ready trail
- Rating Agencies: Consolidated financial projections

The Governed Foundation Advantage

One version of financial truth does not require one monolithic finance application. A common governed finance data foundation can support statutory reporting, management reporting, planning, forecasting, and analytics while preserving fit-for-purpose applications for each process.

07

Planning vs. Consolidation Audience & Purpose

Understanding the fundamental difference

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Planning & Forecasting: The Managerial Lens

Planning serves internal decision-makers — the CFO, business unit leaders, and operational managers. The purpose is forward-looking.

Meeting Financial Objectives

Revenue targets, EBITDA goals, cost reduction programs — planning quantifies what management expects.

Management Consolidation

Consolidation by segment, geography, product line — structured for internal consumption.

Scenario Modeling

What-if analysis, best/worst case, sensitivity testing — helping leadership decide under uncertainty.

Rolling Forecasts

Continuously updated projections blending closed-period actuals with forward-looking estimates.

Audience: Internal — CFO, FP&A, Business Unit Leaders, Controllers

Statutory Consolidation: The Compliance Lens

Statutory consolidation primarily serves external stakeholders — regulators, auditors, investors, and tax authorities. The purpose is backward-looking: accurate, auditable financial statements. Group Reporting can also support management consolidation views.

Statutory Reporting

Consolidated financial statements under IFRS, US GAAP, or local GAAP — legally mandated, externally filed.

Auditability & Traceability

Every number traceable to a source transaction. Auditors require a clear, unbroken chain of evidence.

Intercompany Elimination

Legally mandated elimination of IC transactions, profits, and balances to present the group as one entity.

Regulatory & Tax Compliance

Country-specific filing requirements, tax consolidation, transfer pricing documentation.

Audience: External — Regulators, Auditors, Investors, Tax Authorities, Boards

Planning vs. Consolidation: A Clear Distinction

Dimension	Planning & Forecasting	Financial Consolidation
Primary Purpose	Decision support & target setting	Legal/statutory consolidation and governed group reporting
Audience	CFO, FP&A, business unit leaders	Regulators, auditors, investors, tax authorities, boards
Time Orientation	Forward-looking (budgets, forecasts)	Backward-looking (actuals, closed periods)
Consolidation Type	Management consolidation (segment, geo)	Legal/statutory consolidation; management views where required
Accounting Basis	Managerial accounting principles	IFRS, US GAAP, local GAAP
Flexibility	High — adapts to business needs	Governed — driven by standards, law, and group policy
SAP Solution	SAP Analytics Cloud (SAC)	SAP Group Reporting (S/4HANA)

Different purposes. Different audiences. Different solutions. Both essential. Both converge on one data foundation.

08

Debunking the Unified-Platform Myth

Why planning and consolidation don't need to be one monolithic system

Unified CPM: Powerful Model, Not the Only Model

> *"Best-of-suite beats best-of-breed. Put planning, consolidation, and reporting on one CPM platform for a single version of the truth."*
>
> — Common CPM vendor messaging

The Architectural Tradeoffs to Evaluate

1	**Data Replication**	A unified CPM platform may still require extracting actuals from S/4HANA
2	**Governance Compromise**	Planning needs flexibility; consolidation needs control — governance must be designed carefully
3	**Vendor Lock-in**	Deep dependency on one CPM platform for two critical but distinct finance functions
4	**Upgrade Coupling**	Tight coupling can increase regression and change-management complexity

The Case for Composable Finance Architecture

Instead of forcing every process into one monolithic tool, composable architecture pairs fit-for-purpose solutions through a shared governed finance foundation.

SAP Analytics Cloud

Planning & Forecasting

- Financial planning & budgeting
- Predictive forecasting (ML-driven)
- Management consolidation by segment/geo
- Scenario modeling & what-if analysis
- Variance analysis on consolidated results

SAP Group Reporting

Statutory + Managerial Consolidation

- Statutory consolidation (IFRS/GAAP)
- Managerial consolidation (segment/geo)
- Plan & forecast data consolidation
- Intercompany elimination & currency
- Audit-ready regulatory reporting

Integrated via S/4HANA (ACDOCA) — shared actuals, bidirectional plan data flows

Independent upgrade cycles • Right tool for each purpose • Reduced cross-vendor integration complexity in SAP-centric landscapes • Plan data consolidation built in

09

Why SAP-Only ERP Landscapes Should Choose Group Reporting

The case for native consolidation in the era of AI and data governance

If S/4HANA Is Your Core ERP, Group Reporting Deserves Strong Consideration

Reduced Data Movement

For integrated S/4HANA companies, accounting data is released from ACDOCA into ACDOCU with strong traceability, reducing separate ETL and reconciliation effort.

Data Governance & AI Readiness

A native architecture keeps finance data close to SAP governance and semantic structures, creating a stronger foundation for Joule, analytics, and AI-enabled scenarios.

Plan + Actuals Convergence

Group Reporting can consolidate both actuals and plan/forecast data using aligned consolidation structures. Forward-looking guidance can be supported by a governed finance data foundation.

Future-Proof Investment

Group Reporting follows SAP's S/4HANA innovation roadmap, with capabilities evolving alongside SAP finance, analytics, sustainability, and AI services.

Data Governance & AI: The New Differentiator

Separate Consolidation Platform

- SAP data leaves the operational finance environment through interfaces
- Additional mappings and reconciliation controls may be required
- AI architecture requires governance across system boundaries
- Plan data integration depends on the chosen CPM architecture
- Lineage spans multiple platforms and control layers
- Consistency depends on data governance and reconciliation design

SAP Group Reporting

- Integrated S/4HANA data is released from ACDOCA to ACDOCU
- Fewer transformation layers for integrated S/4HANA data
- SAP Business AI can leverage SAP finance context where supported
- Plan + actuals can be consolidated through aligned rules and structures
- Strong lineage from group reporting back to source accounting data for integrated S/4HANA companies
- One governed finance foundation for reporting and analytics

In the AI era, data proximity is a strategic advantage — not a nice-to-have

10 AI, Copilots & the Changing Role of User Experience

Why finance architecture decisions are becoming less UI-driven

Why Companies Historically Chose Third-Party Tools

For decades, companies chose third-party consolidation tools over SAP's native offerings. The reasons were real — at the time.

1. **Superior User Interface**

   Excel-like grids, drag-and-drop, intuitive navigation — SAP's legacy UI couldn't compete

2. **Better Reporting & Visualization**

   Third-party tools offered polished, boardroom-ready reports out of the box

3. **Faster Implementation**

   Lighter footprint, faster deployments, lower initial cost

4. **Multi-ERP Support**

   Organizations with diverse ERP landscapes needed cross-platform consolidation

These were valid reasons. But the landscape has fundamentally changed.

AI Changes the UX Equation

The Old World: UI-Driven Selection

- Users needed pretty grids because they interacted with the tool's interface daily
- Report formatting mattered because teams manually built board decks inside the tool
- Excel integration was the killer feature because controllers lived in spreadsheets

The Emerging World: AI-Assisted Interaction

- SAP Joule introduces natural-language assistance across supported SAP finance scenarios
- Microsoft Copilot can assist with analysis and content creation when connected to governed enterprise data
- Emerging copilots and agents can assist with navigation, information retrieval, content generation, and selected workflow activities as SAP Business AI evolves

The Implication for Tool Selection

As AI-assisted interaction expands, user experience remains important but becomes one selection criterion. Data governance, lineage, integration depth, controls, and fit-for-purpose functionality become increasingly important in consolidation architecture decisions.

The Modern SAP Finance Architecture

SAP Joule • AI-Assisted Workflows • Predictive Analytics • Microsoft Copilot

Natural-language interaction across the entire finance stack

SAP Group Reporting

Statutory + Managerial Consolidation
Plan Data Consolidation
External & Internal Reporting

Plan data + consolidated results

SAP Analytics Cloud

Planning & Forecasting
Variance Analysis on Consolidated Data
Scenario Modeling

SAP S/4HANA — ACDOCA + ACDOCU + ACDOCP — Governed Finance Data Foundation

Key Takeaways

1. SAP Group Reporting supports statutory and managerial consolidation. Integrated S/4HANA data can be released from ACDOCA into ACDOCU with rich dimensional detail and traceability.

2. Native integration can reduce TCO across interfaces, infrastructure, reconciliation, and operations; licensing and savings depend on the customer landscape and commercial model.

3. Planning (managerial, forward-looking) and consolidation (statutory, backward-looking) serve different audiences — but converge on one data foundation.

4. The composable architecture — Group Reporting + SAC, connected through SAP finance data structures including ACDOCA, ACDOCP, and ACDOCU — supports a governed management and reporting story.

5. In the AI era, data governance, lineage, integration, controls, and user experience all matter. Joule and Copilot increasingly reduce reliance on traditional UI-driven interaction.

Resources & References

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Thank You

Questions & Discussion

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