2015 | CONTROLLING

SEPTEMBER 21–24 • SAN DIEGO

2015 | CONTROLLING

SEPTEMBER 21–24 • SAN DIEGO

SAP Simple Finance – Accounting and Controlling Step Closer Together

Janet Salmon, Chief Product Owner
Management Accounting, SAP SE

© 2015 ERP Corp. All rights reserved.

Introduction

- Reinventing SAP Financials
  - What changes with SAP HANA
  - New user interfaces with SAP Fiori
- Reinventing Controlling
  - From multiple transactional tables to the Universal Journal Entry
  - From accounts and cost elements to a single Chart of Accounts
  - Reinventing Profitability Analysis
- Reinventing Reporting and Planning
  - Multidimensional Reporting and Line Item Browser
  - Integrated Business Planning for Financials

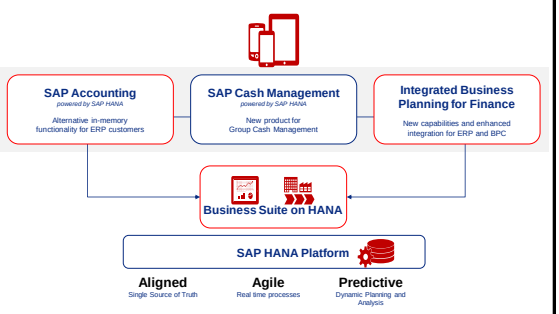
Topics

- Reinventing SAP Financials
- Reinventing Controlling
- Reinventing Reporting and Planning
- Summary

Topics

- Reinventing SAP Financials
  - SAP HANA
  - SAP Fiori
- Reinventing Reporting and Planning
- Summary

SAP Simple Finance Add-On to SAP Business Suite powered by SAP HANA



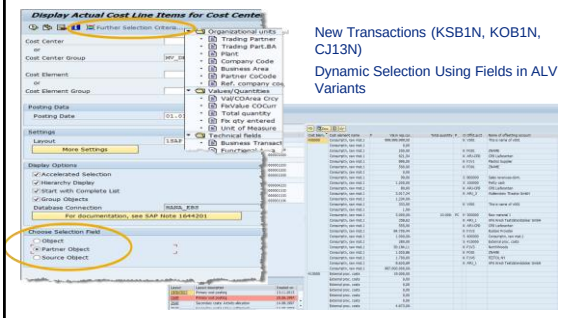
SAP HANA Technology Innovations

Multi-core architecture	**Massively parallel execution**
Up to 2 TB DRAM in commodity servers	**Large data sets in-memory**
In-Memory row and column Store	**Column = Fast queries**
Compression	**5 – 20x**
Partitioning; In-Database computing	**Analyze large data sets; Complex computations**
No aggregate tables	**Flexible modeling; No data duplication**
Real-Time replication insert only on delta	**Fast data loads**

Used in SAP Controlling to query by column, remove totals tables and summarization levels and load line items

2015 | CONTROLLING

New Line Item Reporting for Cost Centers, Internal Orders and Projects



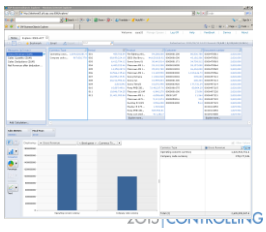
New Transactions (KSB1N, KOB1N, CJ13N)

Dynamic Selection Using Fields in ALV Variants

2015 | CONTROLLING

Profitability Analysis: Aggregation of Line Items

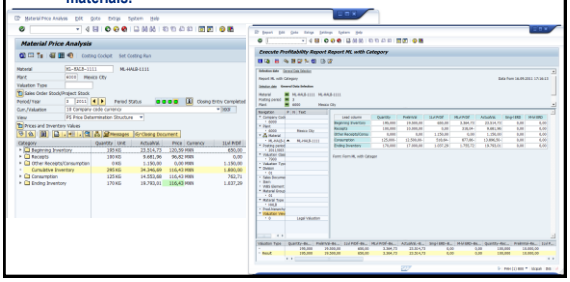
- **Where IT used to predefine summarization levels for e.g. distribution channel, sales organization and material group, now these totals can be calculated on the fly from the line items**
- **The same selects accelerate assessment cycles and top down distributions**



2015 | CONTROLLING

Material Ledger: New Options for Aggregation

- Material Price Analysis (CKM3) aggregates documents by inputs and outputs. New tables allow quick aggregation.
- In this context drill-down reporting (KKML0) is practical for multiple materials.



Topics

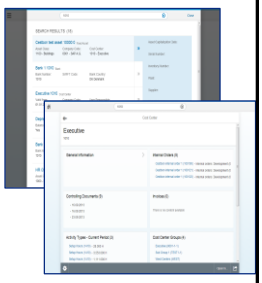
- Reinventing SAP Financials
  - SAP HANA
  - SAP Fiori
- Reinventing Reporting and Planning
- Summary

SAP Fiori UX

© 2015 SAP SE or an SAP affiliate company. All rights reserved.

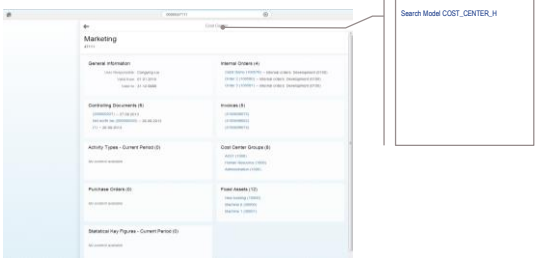
SAP Fiori HANA Search and Navigate

- With the combination of advanced search capabilities, new contextual navigation, and the speed of HANA we create an amazing user experience when exploring the web of business entities in the SAP Business Suite
- Advanced search capabilities such as full text, freestyle, and fuzzy search combined with a beautiful, simple, and intuitive UI
- Contextual navigation capabilities across the whole Business Suite
- Factsheets enable a consistent 360° view on business entities by enriching traditional transactional business data with additional related information such as HANA-based analytic views and further state-of-the-art services (e.g., tagging, feeds, favorites, bookmarking, …)



Example – Cost Center Fact Sheet

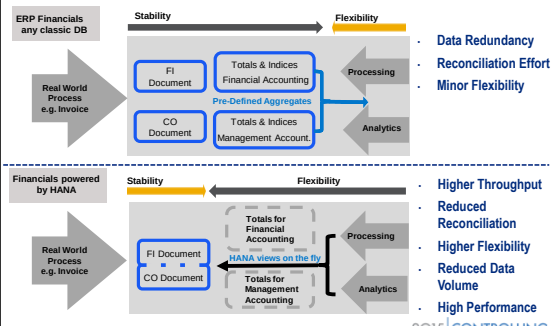
Cost Center Fact Sheet



Topics

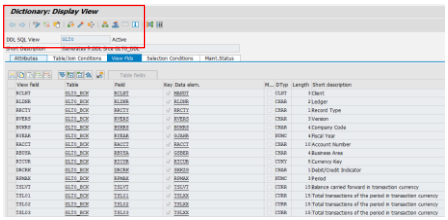
- Reinventing SAP Financials
- Reinventing Controlling
  - Simplifying the Architecture: Removing Aggregates
  - Simplifying the Architecture: Universal Journal
  - Understanding the Posting Logic
  - Profitability Analysis in Detail
  - Material Ledger in Detail
- Reinventing Reporting and Planning
- Summary

Original Architecture with Materialized Aggregates: Now Totals and Index Tables Are Removed



http://www.saphana.com/community/blogs/blog/authors/D000002

Views Replace DDIC Tables (GLT0)

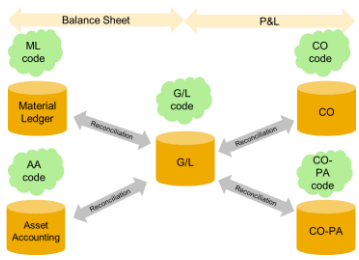


- ABAP Programs that previously read table GLT0 now select directly from BSEG
- Back up tables (GLT0_BCK) are used during the migration progress

Topics

- Reinventing SAP Financials
- Reinventing Controlling
  - Simplifying the Architecture: Removing Aggregates
  - Simplifying the Architecture: Universal Journal
  - Understanding the Posting Logic
  - Profitability Analysis in Detail
  - Material Ledger in Detail
- Reinventing Reporting and Planning
- Summary

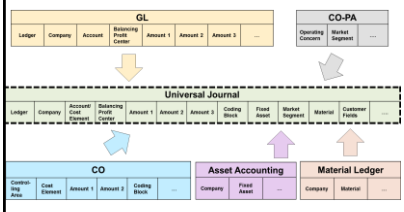
Original Architecture: Multiple Transactional Tables



Challenges

- The combined content of several tables represents "the truth". Reconciliation efforts are enforced by design
- Need "to move" data to the appropriate table for reporting (e.g. "settlement")
- Different level of detail stored in the respective components/tables
- Components are structured differently (e.g. fields/entities differ)
- Different capabilities in the components (customer fields, currencies, multi-GAAP etc.)
- Multiple BI extractors needed to cover the complete truth in BI.

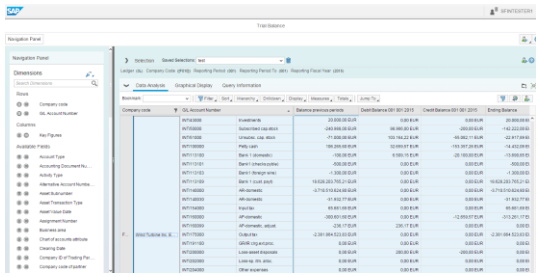
SAP Simple Finance: Universal Journal as the Single Source of Truth



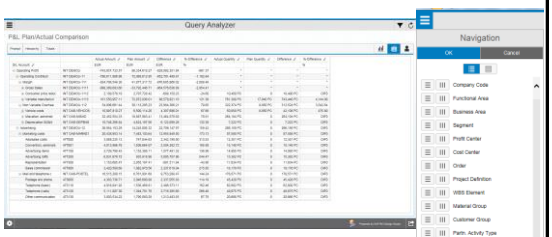
The new architecture

- Motto: "Take the best of all worlds" (e.g. ledger, market segment, coding block etc.)
- Secondary cost elements are G/L accounts
- One line item table with full detail for all components
- Data stored only once: no reconciliation needed by architecture
- Reduction of memory footprint through elimination of redundancy.
- Fast multi-dimensional reporting on the Universal Journal possible without replicating data to BI.
- If BI is in place anyway, only one single BI extractor needed (instead of many today)
- Technical preparation done to enhance important structural capabilities of the Financials solution (e.g. multi-GAAP, additional currencies)

Result: Trial Balance with Many Drill-Downs



Result: Multi-Dimensional Income Statement



P&L Statement by Account (structured by financial statement version)

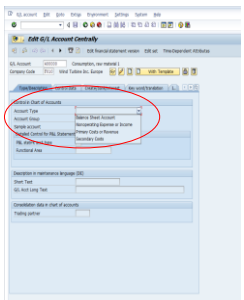
Drill-down options provided by SAP Simple Finance

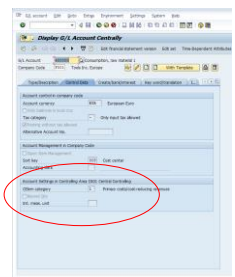
Topics

- Reinventing SAP Financials
- Reinventing Controlling
  - Simplifying the Architecture: Removing Aggregates
  - Simplifying the Architecture: Universal Journal
  - Understanding the Posting Logic
  - Profitability Analysis in Detail
  - Material Ledger in Detail
- Reinventing Reporting and Planning
- Summary

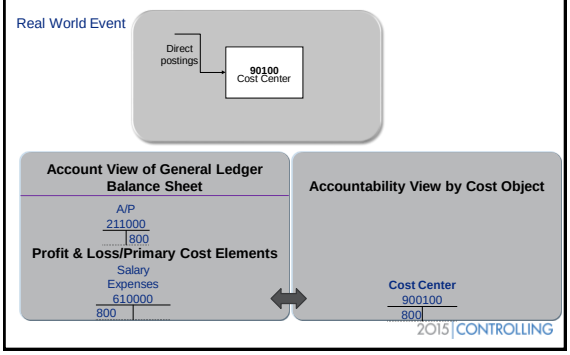
Merge of GL Account and Cost Element

Account Type and Cost Element Specific Attributes



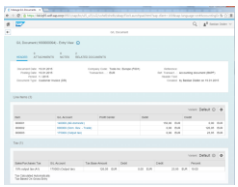


Original Posting Logic

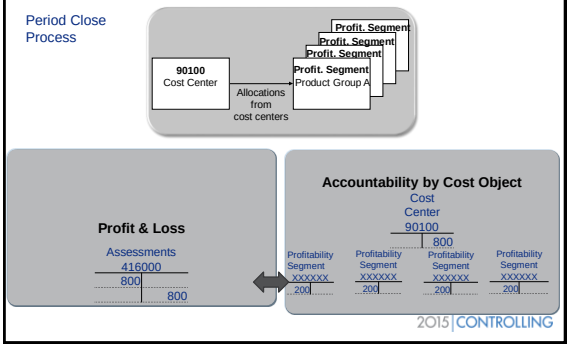


Posting Logic in SAP Simple Finance

- Merge of accounts and primary cost elements (salaries, material expenses, revenues, sales deductions,….)
- Posting lines per account and account assignment (cost center, order, WBS element, business process, CO-PA characteristic,…)
- Posting enriched by profit center, segment, functional area, and so on (derivations)
- Same granularity for all postings (no need to summarize e.g. materials, cost centers,…)



Original Allocation Logic



Allocations and Settlement in SAP Simple Finance

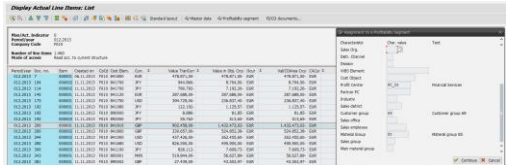
- Merge of secondary cost elements and accounts (accounts for assessment of marketing costs, direct activity allocation for machine hours, settlement of research and development costs, …)
- Posting lines to credit sender(s) and debit receiver(s) in the universal journal
- Enriched by profit center and partner profit center, segment and partner segment, functional area and partner functional area, and so on
- Reconciliation accounts for real-time integration in new General Ledger no longer needed

Topics

- Reinventing SAP Financials
- Reinventing Controlling
  - Simplifying the Architecture: Removing Aggregates
  - Simplifying the Architecture: Universal Journal
  - Understanding the Posting Logic
  - Profitability Analysis in Detail
  - Material Ledger in Detail
- Reinventing Reporting and Planning
- Summary

Account-Based CO-PA

- Account-based CO-PA involves extending the primary cost element for revenue and sales deductions by the relevant profitability segment.
- Any allocation will also update the relevant profitability segments. It is up to you how deep you go – either remaining e.g. at distribution channel or division or going down to the product or customer.



Types of Profitability Analysis

Costing-Based

Value Fields

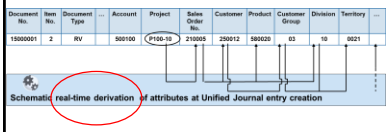
Revenue	1,000,000
Sales Deductions	100,000
Net Revenue	**900,000**
Variable Mat. Costs	400,000
Variable Prod. Costs	190,000
Production Variances	10,000
Contribution Margin 1	**300,000**
Material Overhead	50,000
Production Overhead	50,000
Contribution Margin 2	**200,000**
Res & Development	10,000
Marketing Costs	50,000
Administrative Costs	40,000
Contribution Margin 3	**100,000**

Account-Based

Cost/Revenue Elements

800000 Revenue	1,000,000
808000 Sales Deductions	100,000
Net Revenue	**900,000**
893000 Cost of Goods Sold	690,000
893000 Cost of Goods Sold	– 690,000
893010 Variable Mat. Costs	400,000
893020 Variable Prod. Costs	190,000
893030 Material Overhead	50,000
893040 Production Overhead	50,000
231000 Price Difference Account	10,000
651000 R & D Costs	10,000
671000 Marketing Costs	50,000
655000 Administrative Costs	40,000
Operating Profit	**100,000**

Account-based CO-PA – Real-Time Derivations



Schematic real-time derivation of attributes at Unified Journal entry creation

We get richer data faster:

- Profitability characteristics are immediately derived at the point in time of each "primary" document.
- Approach: Take all information that is available and known at this point in time. Post to a "CO-object" and fill market segment attributes in one step.
- No settlement run needed to show relevant market segment information in profitability
- We write a market segment information to each P&L line immediately
- Example on the left: Immediate assignment of a market segment to salary costs

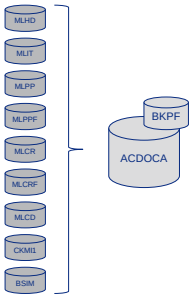
Example: Posting of salaries and immediate assignment of the respective market segment

G/L Account	Cost Center	Market Segment	Credit	Debit
Salaries and wages	1000 (Development Financials)	HANA	20000 €	

Topics

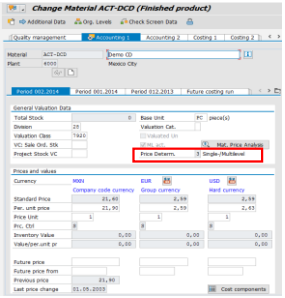
- Reinventing SAP Financials
- Reinventing Controlling
  - Simplifying the Architecture: Removing Aggregates
  - Simplifying the Architecture: Universal Journal
  - Understanding the Posting Logic
  - Profitability Analysis in Detail
  - Material Ledger in Detail
- Reinventing Reporting and Planning
- Summary

Material Ledger: Technical Changes with SAP Simple Finance Ad-On 2.0



- **Usage of Material Ledger for parallel currencies and parallel valuation purpose**
  - **Contents of tables MLIT, MLPP, MLPPF, MLCR, MLCRF, MLCD, CKMI1, BSIM is now stored in ACDOCA. MLHD data is stored in BKPF**
  - **Compatibility views V_<TABLENAME> (e.g. V_MLIT) are provided in order to reproduce the old structures**
  - **Access to old data in tables still possible via the views V_<TABLENAME>_ORI (e.g. V_MLIT_ORI)**
  - **MLHD, MLIT, MLPP, MLCR still keep prima nota information, in case of manual price changes or material debit/credit.**
- **Usage of Material Ledger for Actual Costing purpose**
  - MLIT, MLIT, MLPP, MLPPF, MLCR, MLCRF, MLCD are used as before SAP Simple Finance Add-On 2.0

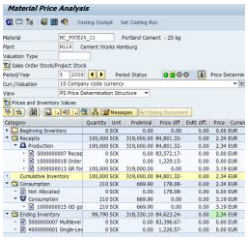
Types of Material Ledger



- **Multiple Valuations – Price Determination 2**
- Prices and Values shown in Material Master are selected from Universal Journal
- **Multilevel Actual Costing – Price Determinaton 3**
- No Change – Costing Run Needed to Update Inventory Values at Period Close

Material Price Analysis

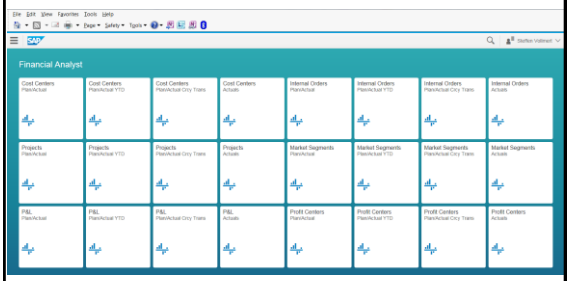
- **Material Price Analysis (CKM3) is widely used to analyze all factors contributing to the cost of a material.**
- Material Price Analysis initially displays data from aggregated data sets (MLCD) and then drills down to the document level (MLIT, MLPP)
- You can switch between valuations and currencies and navigate between periods in this view. In SAP Simple Finance this data is read from the universal journal.



Topics

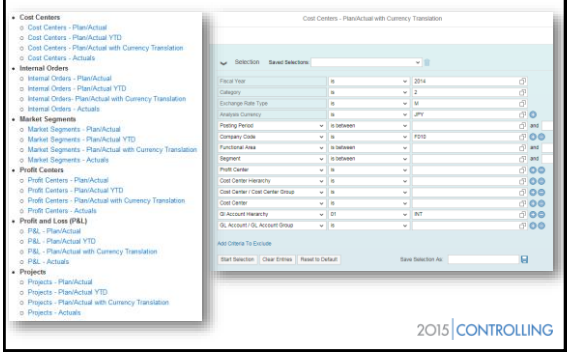
- Reinventing SAP Financials
- Reinventing Controlling
- Reinventing Reporting and Planning
  - New Reporting
  - Integrated Business Planning for Financials
- Summary

Fiori Launchpad with Sample Reports

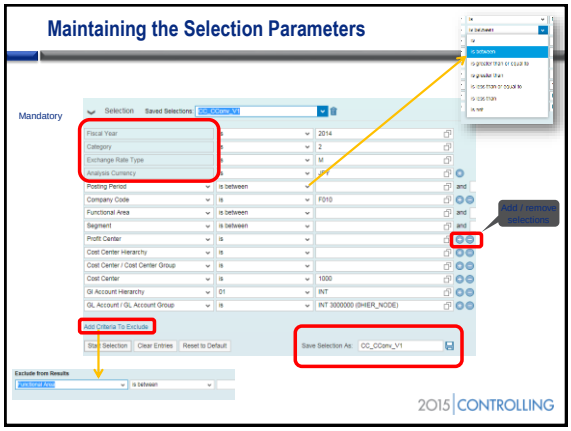


The user needs the role SAP_SFIN_BCR_CONTROLLER to access this Fiori launchpad

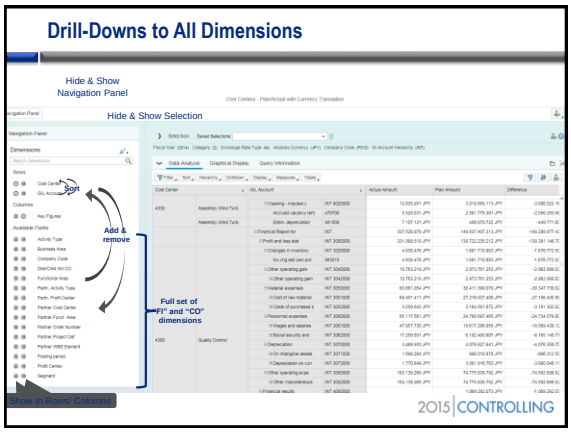
List of Reports with Selection Screen



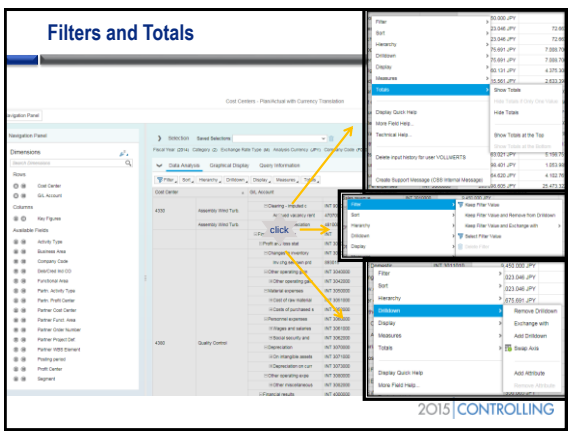
Maintaining the Selection Parameters



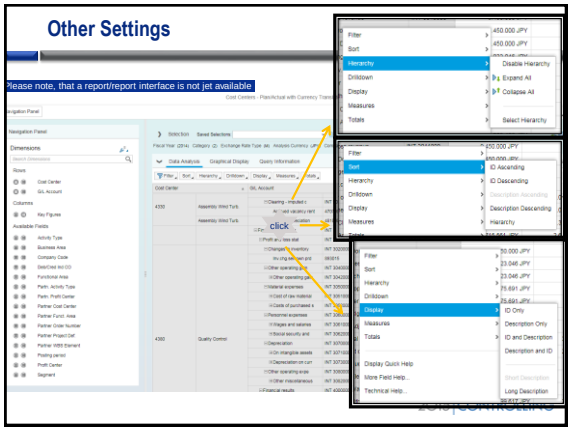
Drill-Downs to All Dimensions



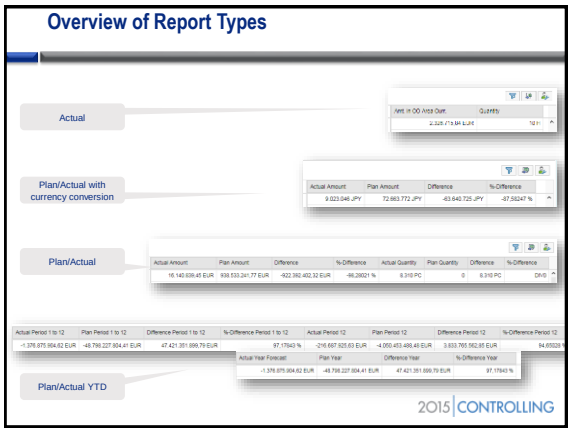
Filters and Totals



Other Settings



Overview of Report Types



Topics

- Reinventing SAP Financials
- Reinventing Controlling
- Reinventing Reporting and Planning
  - New Reporting
  - Integrated Business Planning for Financials
- Summary

2015 | CONTROLLING

Integrated Business Planning for Finance

- SAP BPC 10.1, version for SAP NetWeaver, powered by SAP HANA 'embedded' in SAP Business Suite on SAP HANA
- First "content" to use the SAP BPC 10.1 embedded model technology
- Alternative to current planning capabilities within SAP ERP FI&CO
- Allow plans to access actuals data and master data real time from SAP ERP without data replication

2015 | CONTROLLING

Why did we Re-Invent Financial Planning ?

Planning: Functional Advantages

·Hana Driven Line Items

- Fast plan data reporting and plan/actual comparisons
- Fast plan data processing through planning functions of PAK (Planning Application Kit)

·Integrated FI and CO

- Unbeatable bottom-up and top-down planning capabilities integrating data from high level expense group level down to most detailed market segmentations
- Plan data are available at any level without the need of replication between applications

·Seamless upgrade possible:

- CO Historic Plan Data can be migrated to the new solution (currently not GL).
- Existing Plan Data processes remain unchanged (Tariff Calc., Allocations & Distributions, …)

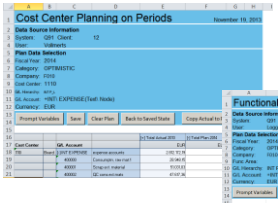
·Enhanced Reconciliation Capabilities

- Same granularity as in General Ledger: Every plan data record (even if it has been recorded at a higher level) is stored on company & account level.
- No distinction between G/L Accounts and Cost Elements: Reconciled by Design

2015 | CONTROLLING

Cost and Revenue Planning

SAP delivers a set of sample XLS workbooks. You are encouraged to use them as a reference when creating your own workbooks.

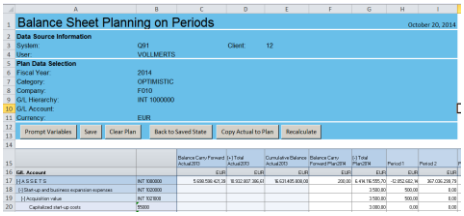


·Cost Center / Internal Order / Project Planning

Market Segments, Profit Center Planning, COS (Functional Area) Planning, P&L Planning

2015 | CONTROLLING

Balance Sheet Planning

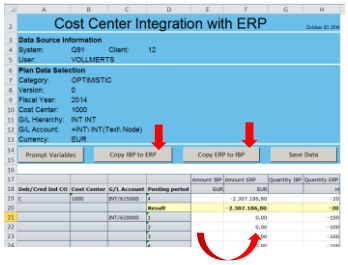


-As of sFIN1.0 SP3, Balance Sheet Planning is available on Periods and on Years

Retraction and Extraction

V2.0

-In order to copy plan data from BW to the ERP table, SAP provides a dedicated XLS workbooks.



Topics

- Reinventing SAP Financials
- Reinventing Controlling
- Reinventing Reporting and Planning
- Summary

Resources (1)

Jens Kruger and others, "SAP Simple Finance"
https://www.sap-press.com/sap-simple-finance_3793/

- Introduces SAP's new flagship product

http://www.sapdatacenter.com/article/sap_runs_sap/
http://scn.sap.com/community/sap-runs-sap/blog/2015/02/12/what-sap-s4hana-means-for-cios

Resources (2)

- **SAP Note 1968568 – Release Scope Information SAP Simple Finance add-on 1.0 for SAP Business Suite powered by SAP HANA**
- **https://go.sap.corp/finance**
- **http://help.sap.com/sfin200**
- **http://sapexperts.wispubs.com/Financials/Articles/SAP-Simple-Finance-New-Options-in-Profitability-Analysis?id=E50C2DC3AB7F49338918823FCD43E871#.VK_UwyvF-y4**

Resources (3)

How-to-Guide: **Enhancing an Input-Ready Query with a Comments Column**
https://scn.sap.com/docs/DOC-59001

How-to-Guide: **Provisional Master Data**
https://scn.sap.com/docs/DOC-59000

Resources (4)

- Janet Salmon, "Controlling with SAP – Practical Guide" https://www.sap-press.com/controlling-with-sap-practical-guide_3625/
- Provides general information on Controlling processes

- Janet Salmon and Ulrich Schlueter, "SAP HANA for ERP Financials" http://www.amazon.com/SAP-HANA-ERP-Financials-2nd-ebook/dp/B00OJDJHMQ/ref=sr_1_1?ie=UTF8&qid=1419240780&sr=8-1&keywords=janet+salmon
- Explains how SAP HANA works in the context of Finance

Five Key Ideas

- **SAP HANA allows new paradigms to deal with big data in Controlling**
- **SAP Fiori includes new fact sheets and search models in Controlling**
- **Universal Journal merges all transactional tables (general ledger, controlling, material ledger, asset accounting)**
- **Accounts and Cost Elements are merged though you will still use cost elements throughout the CO configuration**
- **Compatability views will ensure that your existing reports continue to run but consider implementing some of the new reports and testing the new planning options**

Controlling 2015

- **To learn more from Janet, attend the Controlling 2015 conference September 21-24, 2015 in San Diego, CA.**
- **Includes sessions on:**
  - **SAP Overhead Accounting**
  - **SAP Product Costing**
  - **SAP Reporting/SAP HANA**
  - **SAP Planning**
  - **SAP Simple Finance**
  - **SAP Material Ledger**
  - **SAP CO-PA**

Questions

2015 | CONTROLLING

SEPTEMBER 21–24 • SAN DIEGO

Disclaimer

SAP®, R/3, mySAP, mySAP.com, xApps, xApp, SAP NetWeaver®, Duet®, PartnerEdge, and other SAP® products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned are the trademarks of their respective companies. ERP Corp is neither owned nor controlled by SAP.