



SAP
Innovation
Awards 2019



SAP Innovation Awards 2019 Entry Pitch Deck

LISA // IFRS 16 as an SAP add-on: Integration at its best
IKOR AG

THE BEST RUN



LISA - IFRS 16 as an SAP add-on



<https://vimeo.com/305437744>

LISA // IFRS 16 as an SAP add-on: Integration at its best



IKOR AG

“Quote”

“After SAP decided to use the RE-FX module in order to implement IFRS 16, we knew there’ll be a niche for LISA. SAP-Users desire SAP-integrated solutions – and here we are!”

Miklós Hegybíró
(IKOR Products
Sr. Vice President)

Challenge

Our solution “LISA” was intended to implement the new accounting standard IFRS 16 easily and securely on the IT side. LISA should be fully integrated into the accounting of customer's ERP-system, e.g. SAP FI.

Solution

LISA (Leasing according to IFRS 16 Accounting standards) is the only tailor-made solution on the market for this new reporting standard. Designed as a subledger in SAP-FI, LISA combines all services provided by SAP-Standard techniques with an extraordinary flexibility due to its customizable structure.

Outcome

IKOR developed LISA, a Lease Management & Accounting solution for the IFRS 16 Standard. The application automates postings in SAP® FI and supports audit-proof processing.



Number of current running software implementation projects: 6

Low-maintenance and SAP-integrated standard software.

Enables the administration of all lease contracts, makes accounting in accordance with IFRS clear and comprehensible.



Partner Information

Nord LB - NORD/LB is northern Germany's foremost universal bank.
Development partner



- “The relationship between IKOR (and its SAP addons) and NORD/LB has always been successful and sustainable. LISA got to be the next milestone alongside our collaborative partnership. From our first IFRS 16 workshop to the final days of the project we felt safe and confident. IKOR mastered the functionality as well as the technology and the regulatory requirements. LISA allows us to work effectively and compliant within a complex framework.”

NORD / LB



Business Challenge & Objectives

IFRS fundamentally changes the accounting for leases. The new standard has an high accounting and technical impact.

Functional / Accounting:

Leases will increase their fixed asset volume as well as their liabilities (balance sheet extension), Lease expenses according to IFRS 16 will consist of depreciation and interest instead of operating expenditures, Systematic increase of EBIT and Operational Cashflow

Technical / Processual: Increasing divergence between IFRS and local GAAP (HGB) ledger, Higher number of needed postings in order to mirror the correct valuation of lease-based assets and liabilities, Higher complexity while managing content of contract, Handling of contract changes, Handling of service and service-like components (non lease-arrangements)

When designing, LISA meets legal, technical and business requirements.

Connection: The subledger concept ensures easy connection to the general ledger in SAP FI with three major components:

1. Contract Management Suite: Contains the lease contracts with all corresponding master data
2. SAP-Posting Automation Suite: RoU-Asset creation and capitalization, Leasing-Liability posting, Periodic Valuation run
3. Reporting and IFRS 16 Notes: Asset-to-Liability Roll Forward Reporting, Line Item Reporting



Project / Use Case Details

LISA - result of our agile development

After finalizing the requirements with our development partner (and other potential clients) an agile project was set up. After internal PO, SM and Lead Dev were picked together with the development team itself, the task was sliced into several “epics”. These have been structured into user stories which filled the first sprints (one per week). Before the first complete release was planned, four sub-releases were defined in order to solve the main technical and functional tasks one after the other.

First, we decided to build a technical platform (framework) with all the technical basics (authorization, status machine, rule engine, event definition). Then all the functionality was developed/established on this platform, so that – if the platform would turn out to be successful – it could be re-used for further products. The latter is now the case.

During the year – as usual within agile software developments – we presented the sub-releases (first one contained the contract management suite, the second implemented the financial impacts on statistical basis), the third integrated SAP-FI and SAP-FI AA (posting engine) and the fourth finalized it by adding several reports for internal as well as for regulatory requirements.

All releases have been triple tested. Within the sprint, within the sub-release (both internally) and at the client. A IKOR-team of eight people managed the whole addon-development within 12 months: from the start of the first development activities to the go-live at our development partner NORD/LB and five other LISA-clients (including internal development and executing the implementation projects at the sum of 6 clients).

The conversion to the new standard is internationally mandatory, so LISA is currently in use on four continents and in more than 30 countries.



Benefits and Outcomes

Business / Social

- Compliance with the regulatory requirements of IFRS 16
- Improvement of data quality (security) of lease contracts regarding their mapping within SAP ERP.
- Optimized process regarding communication business units at their frontline (local), regional and global units
- Optimized posting process
- High transparency of financial impacts of contracts
- Faster monthly closing and year end reporting

IT

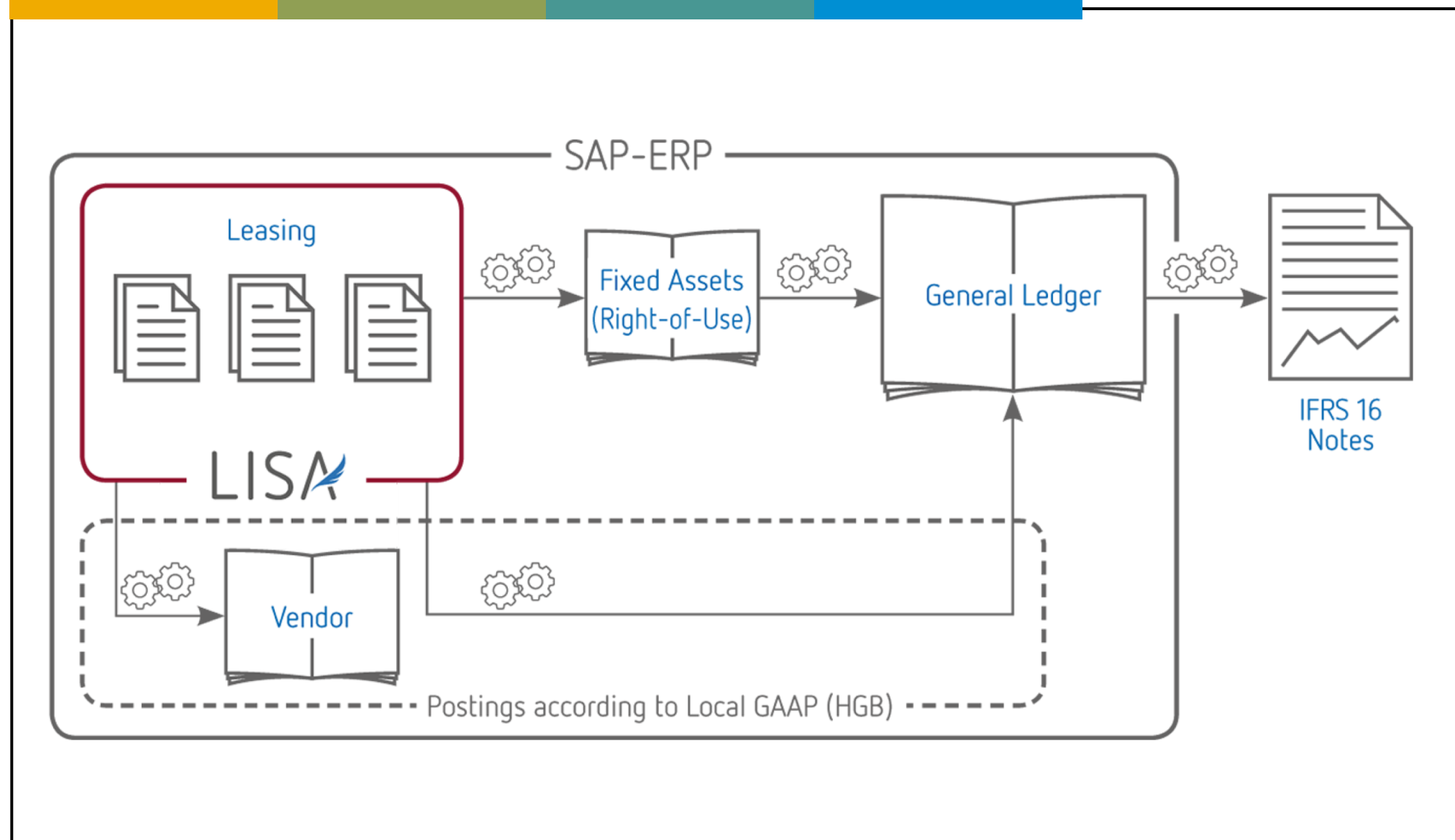
- Fully SAP-integrated solution
- No further interfaces required
- Used SAP standards lead to very low costs/efforts regarding the implementation project (standard software)
- Safe due to standard authorization model and process (two-man rule or three-man rule for approvals)

Human Empowerment

- High complexity reduced by transparent process and monitoring options. User can now control the process and is not controlled by it.
- Greater transparency (for present and future due to a planning component function)
- Greater comparability of contracts and their financial impacts
- Implementation efforts regarding administration, maintenance and user trainings will be low
- automates large portions of business processes for IFRS 16 – including journal entries

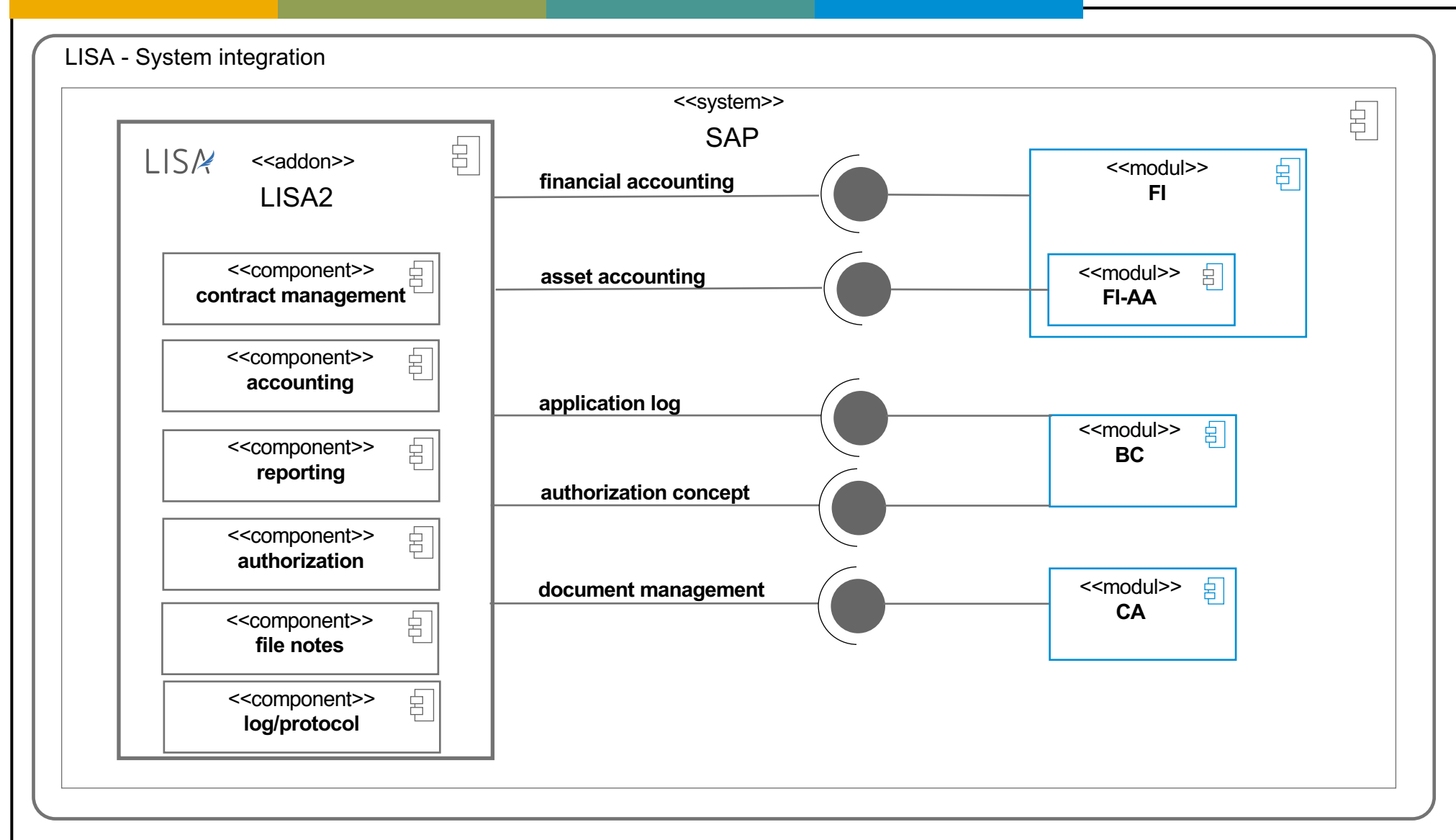


Architecture





Architecture





Deployment

Date of Deployment or POC: 2018/2019 (Tech Go Live Q4/2018, Functional Go Live Q1/2019)

Number of live users:

> 50 SAP users working with LISA, but many more affected by its processes within the business units and contract management departments

SAP Technologies Used:

SAP FI

In production

SAP FI-AA

In production

Server Processor: All platforms capable of running SAP Netweaver AS 7.31 and higher

Linux Distribution: All platforms capable of running SAP Netweaver AS 7.31 and higher



Emerging Technologies and Use Cases

The following Emerging Technologies and use-cases are part of the project and describe the contribution

	Technology or Use Case	Yes/No	Contribution to Project
1.	Machine Learning / Artificial Intelligence	no	
2.	IoT	no	
3.	3D printing	no	
4.	Blockchain	no	
5.	API Economy / Integrate the Intelligent Enterprise	no	
6.	Cloud Native / Event Based Architectures	yes	The combination of ABAP OO usage and the event based architecture leads a performant and user friendly process within the usage of the tool.
7.	Extending the digital core with SAP CP / ABAP in SAP CP	yes	Developed within own name space /IKOR/
8.	SAP Leonardo Application (extending SAP application, using Industry Innovation Kits or result of Design Thinking workshop)	no	