SAP Simple Finance
The Future of Finance

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Center of Excellence, SAP LAC
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Today’s Volatile World Needs Strong CFOs

“How profitable is our new global business unit?”

“The balance sheet shows unusual growth of an item. What’s behind it?”

“Where should we invest next to accelerate growth?”

“Until when can I get an answer to my questions?”

“The quarter ends in a week. How are we doing?”

“How we could leverage and optimize our current investment on SAP?”

“What is the contribution of my newly acquired business?”
Key Take Aways

- Technology innovations like in memory computing or cloud will trigger a new process revolution, enabling Real Time Finance

- For this purpose, SAP is providing a renewed Finance solution portfolio on the basis of the SAP HANA platform

- SAP supports customers to flexibly choose their own non-disruptive evolutionary path towards real time
Strong CFOs Transform Their Organizations

Regulatory Compliance | Stakeholder Needs
Report Generation | Internal Controls
Manual local Processes | Risk Management

Data Governance
Information Self Service
Strategic Advisory

Global Processes
Collaboration
Service Quality
Today’s Barriers

Legacy platforms and ‘silos’ applications

‘Slow pedaling’ business applications

Need to understand the ‘art of the possible’

40% of IT managers required more than two days to prepare financial data for monthly reporting

25% of LoB end users indicate that faster access to information would have a significant impact on their organization

70% of effort in analytics is preparing data for analysis
SAP Simple Finance

Higher Business Value

Single Source of Truth
real-time information for personalized insight

Real-Time Business Processes
real-time processes for higher agility

Unmatched Business Transformation and Innovation
platform to drive business innovation for future performance

Provide one-stop access to all financial and non-financial data

Ensure harmonized data without manual reconciliation

Enable flexible data drill-down to actionable information

VIDEO
SAP Accounting powered by SAP HANA
Next Generation Accounting Fully Leveraging in-Memory Processing

Single Source of Truth
- One source for financial and management accounting
- Real time reporting w/o replication to SAP BW

Highest Granularity
- Line item based and extensible *
- Not limited by totals or pre-configuration

Reporting & Analysis
- Fast and flexible
- Self-service analytics

Closing on the Fly
- Accelerated month-end closing processes and postings
- Intra-month processes and simulations *

User Experience
- Beautiful user interfaces *
- Availability on multiple devices *

* planned
Introducing SAP Accounting powered by SAP HANA

From …

Stability

FI Document

Totals & Indices Financial Accounting

Pre-Defined Aggregates

CO Document

Totals & Indices Management Account.

Flexibility

Processing

Analytics

Customer benefits

- Harmonized internal and external reporting
- Account driven data model
- Significantly reduced reconciliation effort
- Higher flexibility in reporting and data customization
- Significantly reduced memory consumption

… To

Stability

FI Document

CO Document

HANA views on the fly

Logical document

Processing

Analytics
SAP Accounting powered by SAP HANA
Reduction of Reconciliation Time and Effort

Reconciliation by Design

- Obsolete – Reconciliation of multiple ledgers **
- Obsolete – Reconciliation Ledger **
- Obsolete – Reconciliation of totals vs. line items
- Obsolete – Reconciliation of OLTP and OLAP
- because redundancy has been eliminated
- due to real-time integration from CO to FI
- because totals are dropped
- due to real-time analytics on OLTP

Continuous Reconciliation

- Drastically simplified – FI versus CO
- Drastically simplified – FI versus CO-PA *
- due to 1:1 link on line item level
- due to link to CO-PA characteristics table

Faster availability of trusted financial insight

* for account-based CO-PA and primary cost elements
** already available with New G/L in SAP ERP
SAP Accounting powered by SAP HANA
Financial Close and Reporting Acceleration

Financial Close Acceleration
- Material ledger close, accrual and overhead calculation *
- Allocations in overhead management and profitability analysis *
- Results analysis (POC method and revenue method)
- Variance calculation for production orders/cost centers
- Work in process calculation
- Settlement of orders and projects

~ 2x faster

Reporting Acceleration *
- Profitability analysis reporting
- General ledger and profit center reporting
- Asset reporting
- Line item browsers in financial and management accounting
- ...

~ 30x faster through code push-down

~ 1.5x faster

from 1 to 100+ faster depending on data volume and scenario

Lab preview from SAP test systems – results may differ in other environments
SAP Accounting powered by SAP HANA
Real-Time Visibility into Business Performance

Real-Time Alerts and User-Defined Reporting
• KPI framework providing real-time insight to the user and supporting immediate action
• Real-time access to highest granularity (line items)
• Users can explore data on the fly by defining or restricting financial reports leveraging all dimensions

Reporting and Analysis Tools
• SAP Fiori applications
• SAP BusinessObjects BI solutions (e.g. Excel add-in)
• SAP Smart Business cockpits (configurable KPIs)
• Web Reporting
Single Source of Truth

Central journal
Replicate accounting records from legacy systems in real-time into a virtual central journal

Shared data and methods
Share data, data models, and methods that are stored within SAP HANA across solutions

New accounting architecture
Reporting on the fly based on individual records with one logical document for both FI and CO
Central Journal

Finance data is copied from source systems onto a central journal instance. Source systems can remain in place and continue with local transaction processing.

The central journal is used for
- Central reporting
- Central processes and use cases
- New and improved functions in latest SAP Finance release

Source systems can be migrated onto the central journal instance over time

Replication
- via SAP SLT
- Transaction-based
- Table replication not recommended

Requirements
- System configuration and customizing
- Master data synchronization (chart of accounts etc.)

Restrictions
- Centrally executed processes must not result in back-postings to the source systems in order to maintain the integrity (completeness etc.) and legacy system status of those systems
- The amount of configuration, customizing, and master data synchronization required in the central instance depends on the type of process desired. Many scenarios, especially core GL scenarios, are achievable with limited effort. More complex scenarios, or scenarios beyond (core GL) Finance might be challenging or in selected cases not feasible

* requires respective SAP products and licenses (e.g. SAP Accounting powered by SAP HANA, SAP Business Planning)
<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
<th>BW system</th>
<th>Central Journal *</th>
</tr>
</thead>
<tbody>
<tr>
<td>System consolidation</td>
<td>• SAP ERP instances</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Non-SAP ERP instances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralized reporting</td>
<td>• Financial reporting</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Management reporting</td>
<td></td>
<td></td>
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<tr>
<td>Real-time BI</td>
<td>• Real-time reporting</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Role / Business user interaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central process execution</td>
<td>• Closing oriented (non-operational)</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Cross-client processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Corporate / group processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big Data entrenched</td>
<td>• Exposed SAP-wide data attributes</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Enclosure of external statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Predictive Finance</td>
<td>• Trends and forecasting</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Correlation analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Classifications, decision tree’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Business Planning</td>
<td>• Embedded Planning</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• Integrated Business Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code innovation</td>
<td>• Smart Cash Management</td>
<td>✗</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>• FI/CO Code pushdown</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One logical FI/CO document</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* based on Suite on HANA with Financials Add-on and corresponding SAP planning, consolidation, and reporting capabilities
The central journal approach can be realized via upgrade of an existing SAP ERP system to become the “host” or by standing-up a separate central journal instance.

- Provides lower initial TCO but comes with more complexity and delayed time-to-value.
- OR
- Additional Central journal instance stood up as temporary or transition platform provides immediate time-to-value and cost reduction potential.

**Source system(s):**
- SAP (any release)
- non-SAP systems

**Upgrade**
- Financials Add-on’s
- Suite on HANA
- SAP HANA

**ERP**

**SAP HANA** (platform)

**plan and report**

**Additional Central journal instance**

**Financials Add-ons**

**OR**

**ERP**

**Requires respective SAP products and licenses (e.g. SAP Accounting powered by SAP HANA, SAP Business Planning)**
Predictive

Dynamic Planning and Analysis

Recognize trends and anticipate future risks earlier

Better understand the impact of changes to your business

Adapt more dynamically to external shifts with a joint plan
Dynamic Planning

- One rolling plan for the entire group
- Plan autonomy for the businesses
- Demand signals and smart forecasts
- Update of the group plan on the fly

Volatile World

- Rapidly changing customer demand
- High volatility of market prices
- Disruptive external shocks
- New untested business models
Dynamic Planning Through Integrated Business Planning

- Strategic Planning
  - Production Planning
  - Investment Planning
  - Procurement Planning
  - Cost Planning
  - Headcount Planning
  - Marketing Planning
- Sales Planning
- Price Planning
- Revenue Planning
- Profitability Planning
- Balance Sheet and Profit & Loss Planning

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How is Integrated Business Planning for finance (IBP) related to SAP Business Planning and Consolidation, version for SAP NetWeaver (BPC NW)?

- SAP Business Planning and Consolidation 10.1, version for SAP NetWeaver includes two modeling types: Standard & Embedded
- Integrated Business Planning for finance is based on the SAP Business Planning and Consolidation Embedded modeling type
- Integrated Business Planning for finance delivers content (templates, queries, planning functions) not available with SAP Business Planning and Consolidation
- Integrated Business Planning for finance unlike the SAP Business Planning and Consolidation Standard model is NOT an add-on
What is the “Embedded” BW?

What is an Embedded BW?

- Since NetWeaver 7.0, BW technology is automatically included inside a NetWeaver ABAP installation. This is true for ERP systems e.g. ECC 6.0 and higher and also others, e.g. CRM 7.0 and higher, etc. The BW technology that exists inside such an ABAP based system is called ‘Embedded BW’

- The Embedded BW is used in a few Business Suite scenarios such as:
  - a business process (1) e.g. integrated business planning in the Financials Add-On for SAP Business Suite powered by SAP HANA
  - or an embedded analytic scenario (2) e.g. use of BW VirtualProviders for OLAP scenarios

- From an outside perspective, the product that is sold to and installed at a customer is the SAP Business Suite
What is some of the content delivered with Integrated Business Planning for finance?

Integrated Business Planning for finance includes templates that provide support for:

- Cost Center Planning
- Internal Order Planning
- Project Planning
- Profit Center Planning
- Cost of Sales Planning
- P&L Planning
- Market Segment Planning
- Liquidity Planning

Integrated Business Planning for finance also includes:

- Queries
- Planning Functions
- Sequences
- Info-Objects
- Info-Providers
Integrated Business Planning for finance
Eliminate Organizational Silos

**ABC Company**

**Profit & Loss Statement**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$5,000</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>3,000</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>2,000</td>
</tr>
<tr>
<td>Operating</td>
<td>400</td>
</tr>
<tr>
<td>Payroll</td>
<td>300</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>250</td>
</tr>
<tr>
<td>Depreciation</td>
<td>50</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td><strong>1,000</strong></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>50</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$950</strong></td>
</tr>
</tbody>
</table>

Financial Plan/Budget/Forecast

Plans impact all areas of the business
How different P&L related planning steps are connected in Real Time

<table>
<thead>
<tr>
<th>Plan P&amp;L</th>
<th>Planned Profitability</th>
<th>Planned Functional Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Code: F010</td>
<td>Company Code: F010</td>
<td></td>
</tr>
<tr>
<td>Fiscal Year: 2015</td>
<td>Fiscal Year: 2015</td>
<td></td>
</tr>
<tr>
<td>Version: REALISTIC1</td>
<td>Version: REALISTIC1</td>
<td></td>
</tr>
</tbody>
</table>

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<th>Plan P&amp;L</th>
<th>Planned Profitability</th>
<th>Planned Functional Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>G/L Account</td>
<td>G/L Account</td>
<td>G/L Account</td>
</tr>
<tr>
<td>Total Actual 2014</td>
<td>Total Plan 2015</td>
<td>Difference Plan - Actual</td>
</tr>
<tr>
<td>+ Total Actual 2014</td>
<td>+ Total Plan 2015</td>
<td>Difference Plan - Actual</td>
</tr>
</tbody>
</table>

- Revenue: INT OAS-INT, INT OAS-REVEI, INT OAS-PERS1, INT OAS-CONRAW, INT OAS-SECOS
- Percos: INT OAS-PERS1
- Consumpt, raw and aux: INT OAS-CONRAW
- Miscellaneous costs: INT OAS-MISCOMO, INT OAS-MISCON
- Secondary costs: INT OAS-SECOS

<table>
<thead>
<tr>
<th>Overall Result</th>
<th>Overall Result</th>
<th>Planned Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Result</td>
<td>Overall Result</td>
<td>Overall Result</td>
</tr>
<tr>
<td># Not assigned</td>
<td># Not assigned</td>
<td># Not assigned</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>+ Revenue</td>
<td>+ Revenue</td>
<td>+ Revenue</td>
</tr>
<tr>
<td>+ Percos</td>
<td>+ Percos</td>
<td>+ Percos</td>
</tr>
<tr>
<td>+ Consumpt, raw and aux</td>
<td>+ Consumpt, raw and aux</td>
<td>+ Consumpt, raw and aux</td>
</tr>
<tr>
<td>+ Miscellaneous costs</td>
<td>+ Miscellaneous costs</td>
<td>+ Miscellaneous costs</td>
</tr>
<tr>
<td>+ Secondary costs</td>
<td>+ Secondary costs</td>
<td>+ Secondary costs</td>
</tr>
</tbody>
</table>

Save | Recalculate | Save | Recalculate | Save | Recalculate
Agile

Real Time Processes

Run event-driven processes with real-time execution

Provide instant insight to action based on real-time information

Enable comprehensive process oversight and risk management
Towards Real Time Finance Processes

- Real time process execution
  - Continuous intra-period execution
  - Elimination of batch execution
  - Acceleration of bottleneck steps

- Real time reporting
  - Intra-period simulations
  - Personal analytics

- Instant insight to action
  - Real time process oversight

- Process status analytics
- Transaction monitoring
- Control and risk analytics
Period End Close
Intercompany Reconciliation on the Fly

New user experience

Improved data drill down

Reduced time to close books
• Improved and accelerated automated matching
• No more batch jobs, real time analysis supports continuous intra-period process execution
• Improved user experience and enhanced data drill down reduce manual reconciliation effort
• Better process oversight through new management dashboard
Real Time Working Capital Management

Real Time Cash and Liquidity Management

How much cash do I have and how much will I need to fund the business?

Real Time Working Capital Analytics

What is the status of my key drivers of working capital like DSO or DPO?

Real Time Receivables Management

How can I accelerate cash collection to improve DSO?
Daily Cash Operations
- Cash Positions and Short-Term Cash Forecasting
- Bank Transfer, and Payment Approval
- Analyze Payment Details, and Payment Statistics.

Bank Account Management

Liquidity Management
- Mid-term Liquidity Forecast
- Actual Cash Flow Analysis
- Embedded Liquidity Plan and Variance Analysis

New Fiori (HTML5) user interface, and KPI cockpit – SAP Smart Business for Cash Management.

Integrated with FI, TRM, BCM (Bank Communication Management), and IHC (In-House Cash).
Receivables Management
Transition to Continuous Process

Challenges
- Resource intense
- Manual preparation
- High error rate
- Multiple process flows
- No situation context for resolution
- Low resolution rate

Benefit Drivers
- Executive management cockpit
- Field alerts & payment status in real-time
- Integrated field & AR team collaboration
- Proactive field resolution
- Automated payment matching

Expected Benefits
- 25% Lower DSO
- 10% Lower Overdue A/R
- 22% Lower A/R Write-offs
- 35% Reduction in FTE's for A/R
Receivables Management
System Support for Continuous Process

SAP Receivables Manager

supporting the Receivables Manager in Finance to monitor a continuous process

SAP Customer Financial Fact Sheet

enabling sales representatives to resolve open issues directly with the customer

Mark and Sons PLC

Key Facts

- Days in A/R: 37
- Payable Year On Year: 5%
- Credit Score: 640/800
- Days in A/P: 27

Charts (3)

- Sales Volume: €27,345,000
- Days in A/R: 100
- Days in A/P: 30

Real time
Smart Business Cockpits

Planned Cockpits

- Chief Financial Officer
- Financial Close Manager
- Cash Manager
- Receivables Manager
- Payables Manager
New User Experience for Finance Expert Roles

Planned Expert Roles

- General Ledger Accountant
- Accounts Payable Accountant
- Accounts Receivable Accountant
SAP Business Suite
SAP HANA as side-by-side scenario

SAP Business Suite
Central journal on SAP HANA

SAP Business Suite
powered by SAP HANA

Adopt Innovation at Your Own Pace
Starting your Journey towards SAP HANA
Thank You