Streamline Capital Work and Asset Management

The Best-Run Businesses Run SAP™

A new way forward

Managing financial accounting for fixed assets can be quite a challenge – one that's exacerbated by a web of complex reporting requirements. But the company that does it well can drive down costs and redirect resources to core competencies. The question is, do you have what it takes to manage the lifecycle of financial assets in a comprehensive, integrated manner? SAP can help.

To comply with accounting rules, such as those mandated by the Federal Energy Regulatory Commission (FERC), your company may need to maintain a wide range of books and records. And when it comes to fixed-asset accounting, you may need to comply with detailed reporting requirements for asset construction and retirement. With standard asset accounting functionality in the SAP® ERP application, this is no small task.

Many companies attempt to address these challenges with bolt-on third-party solutions. But this leads to a new set of issues – such as maintaining a new product, training your people on it, integrating it with SAP ERP, and managing upgrades in a mixed environment. Third-party products also generate their own data. This makes cross-platform reporting difficult while clouding your financial visibility with multiple data sets.

Fortunately, SAP has a new way forward – one that makes it easier for you to meet your financial compliance objectives in an efficient, cost-effective manner.

Extending SAP ERP

Extending SAP ERP

Linking capital work and fixed-asset management

Reporting capitalized costs

Managing as-built designs

Managing reserve accounting and retirement work

The SAP Asset Lifecycle Accounting application supports an optimized, compliant process for tracking and automating the financial lifecycle of the fixed assets you maintain to run your business. Designed in collaboration with several large utility customers, this application tightly integrates fixed-asset management with work management in SAP ERP – in compliance with regulatory accounting rules. You'll be able to manage, automate, and capture granular details of asset costs and reserves along an asset's complete lifecycle.

SAP Asset Lifecycle Accounting achieves this by integrating assets recorded in SAP ERP with work management functions that help automate the financial lifecycle. Because the application is natively integrated with SAP ERP, you have a fully harmonized solution – one that eliminates complicated user interfaces and the costly integration of third-party systems.

SAP Asset Lifecycle Accounting enables you to automate fixed-asset accounting and compliance. This makes your life easier.

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SAP Asset Lifecycle Accounting introduces a new document called the asset request. An asset request mediates between fixed assets and capital work that may be represented in maintenance orders, projects, or internal orders – any of which may be generated from SAP software for plant maintenance and project management. The asset request represents an entire project or job for assets that will be unitized or retired together and contains attributes that influence how the assets are processed through their lifecycle. Asset requests also provide the anchor point for detailed tracking of capital work for related activities – such as settlement, transfers, unitization, and retirement.

An asset request records all asset-relevant data for planned and as-built work. It also:

- Creates settlement rules based on planned cost allocations
- Creates and identifies all required assets, such as asset under construction, construction complete, not-classified assets, and plant-in-service assets
- Places assets in service
- Unitizes construction cost to in-service assets based on as-built cost allocations
- Processes cost of removal and salvage and retires in-service assets
- Supports mass assets with optional vintaging and quantity tracking

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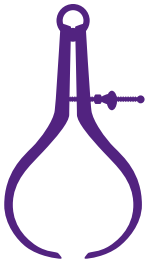
With enhanced integration between work management cost objects and fixed assets, SAP Asset Lifecycle Accounting records asset cost in both summary and detailed forms. The summary form uses a cost ledger that stores aggregated cost by asset, cost category, and calendar month. It also records asset activities, including direct asset transactions like manual acquisitions, transfers, and retirements. The detailed form gives you access to cost items that explain every asset transaction in terms of cost categories. In addition, you get prebuilt reports that show the asset balance breakdown or asset acquisition, transfer, and retirements – both by cost categories for any month (current and historic).

Prebuilt reports give you access to both summarized and detailed asset costs.



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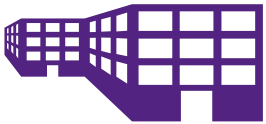
SAP Asset Lifecycle Accounting also helps you deal with the cost allocation rules and quantities that may differ between the planned assets and the as-built design. Here, the application uses the as-built design to automatically create and post the final unitized asset. It also posts all retirement work in progress and final retirement details. In the end, you get a comprehensive process for accepting, storing, and using the as-built design to unitize construction costs for final in-service assets.



With as-built designs you can unitize assets based on final unit estimates.

Managing reserve accounting and retirement work

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SAP Asset Lifecycle Accounting provides a ledger for tracking all asset reserve components related to depreciation, retirements, and retirement work. It also tracks depreciation amounts broken down by asset life, cost of removal, and salvage components based on configured ratios.

Using this ledger, you can define and retain asset reserve components for retirement work in progress – such as cost of removal and salvage. The application also lets you post gains and losses from retirements to the asset reserve and optionally use asset life curves (or "Iowa curves") to calculate an asset's theoretical reserve valuation. In addition, you get comprehensive reporting functionality for all reserve components by calendar month. Reserve detail items are also available to provide a transactional record of all reserve activity.

Better reserve accounting is within your reach.

Better compliance and a single source of truth

Better compliance and a single source of truth

SAP Asset Lifecycle Accounting helps you automate the process for asset construction and retirements related to capital work. You'll be able to streamline otherwise tedious compliance processes, such as those required by FERC. This enables you to reduce compliance cost while minimizing the risk of compliance-related errors.

SAP Asset Lifecycle Accounting also delivers the advantage of a single source of truth for real-time financial data. This gives you the transparency and business insight you need to manage your assets with confidence. And because it is a native application within SAP ERP, you can lower your cost by decommissioning non-SAP asset management applications and increase user productivity – all while maximizing the value of your SAP software landscape overall.

With automation and improved transparency, you can improve asset accounting, streamline compliance, and reduce process costs.

Summary
The SAP® Asset Lifecycle Accounting application supports an optimized, compliant process to track and automate the financial lifecycle of assets. Integrating fixed-asset and work management components in the SAP ERP application, this application captures and tracks the details of an asset's costs and reserves. This enables you to improve insight into asset finances and streamline regulatory compliance.

Objectives
- Automate asset acquisitions and retirements for capital work
- Manage the capital asset lifecycle through planned construction and as-built stages
- Maintain visibility of capital asset cost
- Comply with regulations for asset accounting, such as those mandated by the Federal Energy Regulatory Commission

Solution
- Tight integration with SAP software for plant maintenance and project management
- Automated financial lifecycle for assets in compliance with accounting rules
- Reporting features to track asset cost and reserves
- Calculation of reserves based on asset life curves ("Iowa curves")

Benefits
- Process automation to manage asset construction and retirements
- More effective, cost-efficient regulatory compliance
- Improved transparency and insight with real-time financial data from a single source of truth
- Lower operating costs with a fully integrated solution

Learn more
To find out more, call SAP or visit www.sap.com/services-and-support/custom-application-development/prebuilt-solutions.epx.

CMP16442 (12/08)
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