**SAP Solution Brief**
SAP Services

SAP Currency Conversion

# SAP® CURRENCY CONVERSION SERVICES

## REALIZE CURRENCY CONVERSIONS IN YOUR SOFTWARE LANDSCAPE

Your company may handle several currencies in its IT landscape. However, business-driven changes or legal requirements may necessitate changes to the currencies it uses. The System Landscape Optimization group from SAP® Consulting offers well-proven services to help you realize the required changes.

Companies face currency conversion projects for multiple reasons:

- New legal or economic constraints that require a currency changeover – for example, the country in which the company is located changes its currency
- Compliance with accounting standards such as International Financial Reporting Standards (IFRS), Generally Accepted Accounting Principles in the United States (US-GAAP), or International Accounting Standards (IAS)
- Corporate plans to introduce a global currency maintained in parallel to the local currencies in order to enable reporting in different currencies – for group reporting, for example
- Preparatory measures – for a merger or an acquisition, for example – or harmonization measures when, for example, an introduction of transfer prices is intended

Whatever the reason for initiating a currency conversion project, the System Landscape Optimization group from SAP® Consulting offers SAP Currency Conversion services, which fall into three main service categories:

- Conversion of the company's first local currency in all software components of the SAP ERP application
- Introduction or change of the parallel local currency in the financial accounting and asset accounting components of SAP ERP
- Conversion of currencies of organizational units such as controlling areas, operating concerns, profit center accounting, controlling objects, and material ledgers

In addition to this service offering, further requirements can be met within the scope of customer-specific projects.

### Basic Information on Currency Conversions

The purpose of local currencies is to provide a consistent unit of measure for reporting and business data comparison. To help ensure a local currency is converted with consistent accuracy, the conversion typically covers all historical data. The System Landscape Optimization group developed a database-related method to perform this type of comprehensive currency conversion.

During a currency conversion project, the values of the currency in use are translated by means of an exchange rate to the values of the new currency. Rounding differences occur as a consequence of a currency conversion – even if all values are translated using the same exchange rate. These differences are reconciled based on the standard reconciliation of the SAP ERP local currency changeover functionality.

### Scope of Service

Currency conversions are realized on the client level and cover all historical data. Unlike other transaction-based methods, currency conversion services offered by the System Landscape Optimization group operate directly in the database at the table and field level. This means that no change documents are created during the currency conversion.

In order to maintain data consistency, customer-specific developments should also be converted. During the test conversion, all relevant tables will be identified by the conversion technology and

included in the conversion process. Nevertheless, to successfully convert customer-specific objects – tables as well as programs, reports, and interfaces – input from the responsible staff in the application departments of your company is necessary. Currency values that occur in the following objects are not converted:

- SAP-specific electronic data interchange documents
- Dunning runs and payment runs
- Batch inputs
- Transports
- Other types of flat files

Archives, however, can be converted using additional services from the System Landscape Optimization group.

For performance optimization activities, particularly regarding the operating system and database, we work closely with you to identify and define the necessary steps. If your database is very large or if the test conversion shows that performance bottlenecks are likely to occur during the production conversion, we will recommend additional technical consulting services as well as supportive organizational activities.

## Carrying Out a Currency Conversion

The recommended first step in a currency conversion project is a one-day kickoff workshop. At this event, experts from the System Landscape Optimization group discuss your business case and project scope with your specialists.

Throughout the preparation phase, a high degree of skill and collaboration is required to make sure the currency conversion project runs smoothly. The customer needs to define several test cycles and throughout each test phase a full productive copy is needed to ensure up-to-date conversion results. Each test cycle serves as a revision phase to detect inconsistencies and help prepare for an error-free and smooth final cutover. The duration of these project phases will vary depending on the amount of data to be converted and the performance and settings of your system.

The conversion workbench technology offers a sequenced and controlled approach to guide you through your currency conversion project. The technology offers a clear benefit since it operates directly at the table level to facilitate a reliable and high-performance conversion.

A large part of the project work can be performed over a remote connection. Throughout the project, close collaboration is maintained between the customer and the System Landscape Optimization group experts. The group's own development department is also available to provide support should additional requirements arise.

### System Analysis

Except when a standard local currency changeover is planned, a system analysis is performed to estimate feasibility of the conversion as well as the time and cost required for the project. For the analysis, experienced consultants use tried-and-tested technologies and work with the responsible people in the customer's business departments to analyze all relevant areas and determine whether all prerequisites for the planned currency conversion have been met. Based on the results, the team provides the customer with a recommendation on the optimal solution for the conversion as well as a detailed list of the items requiring special attention. After that, the SAP experts draw up a quotation for the complete project and a project plan.

Unlike other transaction-based methods, currency conversion services offered by the System Landscape Optimization group operate directly in the database at the table and field level.

### Prerequisites

Some prerequisite actions must be performed before a currency conversion project can be carried out. Because currency conversion projects take a cross-application approach, a wide range of authorizations is required for the duration of the project. A major factor is appointing a responsible contact person from IT and one from your business department (in particular, from accounting) to serve for the length of the project. Typical tasks in a conversion project for your IT and business department contacts would be:

- Produce a copy of your production system
- Make data backups
- Create checklists to verify the conversion results
- Carry out conversion-specific transports
- Run tests

Furthermore, all fiscal years need to be closed and signed prior to the conversion. This is because, in general, postings in former years will not be possible after the conversion. If the conversion affects your financial accounting, make sure to involve your auditor in the project to help determine what further reporting requirements may apply.

The currency conversion services from the System Landscape Optimization group help ensure sustained, undisrupted business operations throughout the conversion process.

## Testing

Testing is a fundamental element of success. However, before any testing can take place, the test environment must be set up correctly. In order to do this, the following conditions must be fulfilled:

- The test system must be based on an up-to-date copy of the production environment and available exclusively for testing the results of the conversion project.
- The hardware used for the test conversion must be similar to the hardware used in the production environment.

Please allow sufficient time and engage enough staff from your business department to allow for full regression testing after the test conversion. This includes verifying that all objects have been converted correctly, that there are no inconsistencies in business data, and that all processes work as they did before the conversion.

### Production Conversion

As soon as you confirm that the test results are satisfactory, the conversion in the live software can be realized. In order to maintain full data consistency, the production environment has to be locked for all users, which requires system downtime. To affect daily business as little as possible, going live with the conversion usually takes place on a weekend.

To help ensure a smooth conversion, please make sure the required people from your IT and business departments are available when needed and that the cutover activities that have to be performed are well coordinated.

Throughout the project, close collaboration is maintained between the customer and the System Landscape Optimization group experts. The group's development department also provides support should additional requirements arise.

## Business Benefits

The currency conversion service offerings from the System Landscape Optimization group provide you with major advantages, such as:

- Sustained, undisrupted business operations throughout the conversion process thanks to an approach based on a well-proven and standardized conversion technology
- Compliance with legal and reporting requirements
- Heightened data consistency as a result of using a proven reconciliation method
- A controlled and sequenced currency conversion methodology

### The System Landscape Optimization Group

If you are interested in our service offerings for currency conversions and would like more information, please contact us at slo.consulting@sap.com or visit us at www.service.sap.com/slo.

# QUICK FACTS

www.sap.com/contactsap


**Summary**

Fulfilling legal requirements, complying with international accounting standards, and enabling reporting in different currencies are all objectives that require companies to carry out currency conversion projects. The System Landscape Optimization group of SAP® Consulting can help you make the necessary adaptations. The group's predefined and proven services assure that the currency conversions are carried out securely, reliably, and efficiently.


**Business Challenges**

- Fulfill legal requirements
- Comply with accounting standards such as International Financial Reporting Standards (IFRS), Generally Accepted Accounting Principles in the United States (US-GAAP), and International Accounting Standards (IAS)
- Enable reporting in different currencies (for group reporting, for example)
- Cover historical data and make sure all relevant data is changed in a consistent way

**Key Services**

- **Conversion of the company's first local currency,** covering all software components of the SAP ERP application
- **Introduction or change of parallel local currencies** in the financial accounting and asset accounting components of SAP ERP
- **Conversion of currencies of organizational units** such as controlling areas, operating concerns, profit center accounting, and material ledgers

**Business Benefits**

- **Sustained, undisrupted business operations** throughout the conversion process thanks to a well-proven and standardized conversion technology
- **Compliance** with legal and reporting requirements
- **Consistent, accurate, reliable, and high-performance currency conversions**

**For More Information**

If you are interested in our service offerings for currency conversions and would like to receive further information, contact us at slo.consulting@sap.com. We will gladly send you a quote. Or visit us at www.service.sap.com/slo.


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