Unifying Finance and Controlling Within the SAP® ERP Application

The Best-Run Businesses Run SAP™

Benefitting from a centralized and simplified IT landscape

In a global business world, optimized business processes and streamlined data structures play a key role in helping you cope with changing market requirements. The System Landscape Optimization group of experts from SAP® Consulting can help unify the financial and controlling structures within your SAP ERP application.

Global firms must deal with regional disparities, multiple languages, and the need to comply with state- and country-specific tax regulations – yet introduce consistent business structures company-wide. Local disparities significantly impact firms' overall business operations and argue compellingly for adherence to more widely accepted standards, such as Generally Accepted Accounting Principles (GAAP) in the United States or International Financial Reporting Standards (IFRS) globally.

More than just a set of standards, IFRS can help firms keep a competitive edge. Even private firms can use IFRS to gain global transparency in accounting and financial operations and establish a unified approach for local subsidiaries. However, this is no easy task. Even presenting correct figures in annual reports requires care, discipline, and effective methods. Consolidated financial statements are complicated and, for ready comparison, annual and quarterly statements must comply with certain legal standards.

Company-wide data unification efforts

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Engaging SAP experts to perform the transformation

Harmonization of financial and controlling data

Data alignment and data consistency

Realizing transformation scenarios via proven SAP services

Benefits of a standardized project approach

Firms today seek more transparent financial processes. Introducing global standards often requires the full alignment of data structures and processes, resulting in company-wide unification activities. At the same time, most firms strive to enhance market position; introducing a company-wide financial template can help.

Data quality is critical to the success of a unification project. When data is consolidated and migrated from multiple existing systems, an enterprise has to meet certain technical requirements and ensure support for new business processes. So it is advisable to involve experts at the very beginning of unification activities to ensure that the technical solution matches all business needs.

A unification project requires an in-depth analysis of the firm's financial and controlling software solution and establishing an overall project path that complies with the firm's future accounting standards. It is up to the financial and controlling departments to specify all business-related restructuring requirements, identify data maintenance issues, and specify how data revenue results are to be managed. These requirements might necessitate harmonization efforts such as converting charts of accounts and fiscal years and introducing new tax templates and structures.

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Other possible data-related improvements might include the replacement of diversified local currencies with a single corporate currency, which could help speed up your unification attempts, improve transparency, and help you cope with global competition. Unifying your overall financial and controlling structures in the SAP ERP application can help you update, cleanse, and simplify corporate data and stay in line with legal provisions, such as unification of the chart of accounts or a fiscal year change.

Supporting strategic procurement, centralizing and aligning existing financial layouts, or responding to global demands requires setting up an appropriate project plan. The System Landscape Optimization group of experts can help you analyze your dedicated SAP system landscape and tackle a complex transformation project. The group operates on a software-based transformation platform, incorporating proven methodologies and ready-to-use transformation scenarios.

SAP customers like Grundfos, a global leader in pumps, acknowledge the benefits of the group's expertise. Referring to a project where three controlling areas were merged into one, Christian Ø. Kristensen, IS delivery manager at Grundfos, says, "The merger itself was flawless and met all quality standards. In fact, the implementation ended up 15% below the estimated budget."

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To fully benefit from a unification project, you may need complementary adjustments at the system level to reflect the target scenario. Adapting to a new business structure may require numerous **renaming efforts**, such as changes to operating concerns, valuation classes, depreciation areas, or asset classes. For example, a new corporate policy emphasizing a consolidated financial statement might require a change to the depreciation area. Hallmarking a firm's new business reality might require changing an asset class on different business objects and adapting all asset class IDs.

Your **unification efforts** may require a group-wide naming convention for controlling objects to establish cross-company controlling, or you may be planning to simplify an outdated cost center structure. This may call for the overall alignment of cost center structures and names, profit centers, activity types, internal orders, statistical key figures, and other controlling objects. If you face a conceptual redesign, you may need to replace your existing operating concern structure as a prerequisite. This may require a full check on all business processes relevant for period closing such as assessments, distributions, periodic repostings, and settlement of orders. The System Landscape Optimization group's experts can easily tackle and realize all these needs.

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Maintaining high-quality and consistent data is an extremely important objective for companies as a major prerequisite for running reliable and efficient business processes and, ultimately, for making effective business decisions. Getting your data in shape is also important if your company is planning to comply with international standards. Consequently, if you want to achieve the greatest value from your unification project, it is a good idea to take data cleansing into account at the outset of the project.

As a result of your data unification project, you can expect to have data of the highest quality and consistency, process continuity, and safeguarded historical data. The System Landscape Optimization group can help by analyzing your system, identifying all application data relevant for the conversion, and advising you on the optimal approach for achieving error-free data, including master data, assets, financial data, and controlling data. All related tasks and activities – including those for satellite systems – need to be scheduled and synchronized.

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A decision to streamline internal processes by having all legal entities in your firm use the same chart of accounts can trigger a **data unification project**. By using the System Landscape Optimization group's unique chart-of-accounts conversion service – combining the group's expertise and experience in harmonizing financial accounting structures – you can substitute separate charts of accounts with a corporate one. Before the project, the experts make a preliminary analysis of the chart-of-accounts conversion. This analysis helps detect inconsistencies in existing controlling areas, company codes, general ledger accounts, and primary and secondary cost elements.

Also, new requirements can trigger a **currency conversion project** – potentially an enormous undertaking. Whether you face a country-specific currency reform or new legal requirements compel you to introduce a corporate currency, there are sensitive challenges. Firms dealing in multiple currencies know that domestic currency fluctuations will cause the value of assets, liabilities, and operating incomes represented in that currency to fluctuate as well. So each currency conversion project – whether a local currency conversion, decimal point correction, or introduction of group currencies – requires intensive expert guidance.

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To help ensure maximum data security during the changeover of the production system, various test runs are carried out in close cooperation with the System Landscape Optimization group. The testing process involves one or more test iterations in a dedicated test system. After each test conversion, the SAP experts help you:

- Check data consistency of data structures
- Check data access after conversion run
- Verify test results
- Verify changeover prerequisites
- Audit conformity

The System Landscape Optimization group has a proven track record conducting conversion projects for SAP customers. "Following SAP's proven, best-practice conversion procedures gave us peace of mind throughout the entire process, from planning through to testing and implementation," says Hans Mesken, project manager for SAP financials at NextiraOne. "During the six months following our chart-of-accounts conversion, we have not experienced any problems relating to the process."

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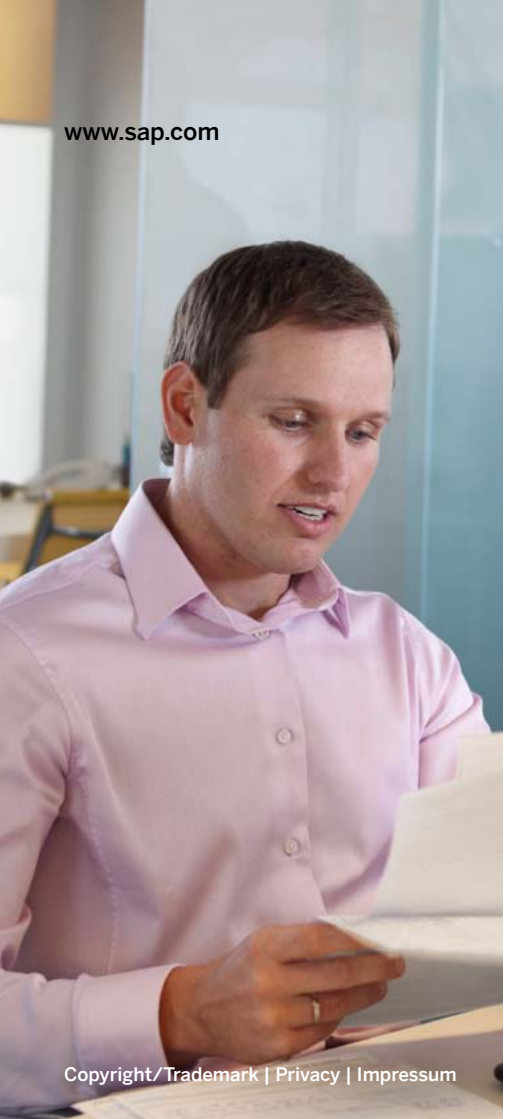
The benefits of experience

Unifying your financial and controlling structures can enable you to redefine your existing business setup. In addition, it can help streamline your business operations, reduce administrative complexity, and speed up IT responsiveness to users. With a unification project, you can improve the speed of reporting and provide a set of corporate best practices for all your business units.

Over the last 18 years, the System Landscape Optimization group has engaged in more than 10,000 migration, harmonization, and consolidation projects worldwide. The group offers a comprehensive service suite that addresses various SAP landscape transformation requirements and provides both a high degree of standardization and the flexibility to fulfill special customer requirements. For all its services, the group applies proven methodologies and software-based technologies.

Because all changes are performed at the database level, a detailed cutover plan is required. Multiple feasibility checks, an in-depth performance analysis, and an initial assessment help you keep your business secure and allow a smooth production conversion.

For recurring, less complex transformation needs, you can also use the standard SAP Landscape Transformation software – enabling firms to plan, analyze, sequence, and realize transformation projects on their own.



Summary
The System Landscape Optimization group can help you unify financial and controlling structures in SAP ERP, providing transparency, a streamlined reporting structure, and optimized business performance.

Objectives
- Manage disparities such as multiple languages and state- and region-based tax regulation requirements
- Implement corporate-wide reorganization activities
- Establish standard global reporting guidelines for transparent accounting and financial operations
- Centralize and align existing financial and controlling structures
- Comply with legal provisions such as Generally Accepted Accounting Principles (GAAP) in the United States or International Financial Reporting Standards (IFRS) globally

Solution
- System analysis by evaluating all business-related restructuring requirements
- Unification of financial and controlling structures via standardized and productized services
- Data quality and consistency to boost reliability and efficiency of business processes

Benefits
- Adherence to global standards through corporate-wide alignment of data structures and business processes
- Transparent global reporting through unification of controlling and financial data

Learn more
To find out more, call your SAP representative or visit us online at www.service.sap.com/slo.

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