

FINANCIAL CONSOLIDATION AND REPORTING

ELIMINATE BOTTLENECKS FOR A FASTER CLOSE

As an organization grows, so does the difficulty of its financial consolidation and reporting challenge. Organizations must deal with multiple currencies, various accounting standards, and a host of reporting and compliance regulations. Many grapple with the challenges brought on by mergers and acquisitions, such as the integration of new business units into the reporting chain. Through all of this, the organization must balance the need for precise financial reporting and corporate governance with the need for timeliness in meeting reporting deadlines.

Addressing these consolidation and reporting requirements isn't easy. Too often, companies get tripped up by the intercompany reconciliation process, data quality and collection errors, weak audit trails, poor performance from consolidations applications, or a lack of automation for key processes. Then the IT department has to get involved, and your finance team spends extra time fixing errors – causing overtime expense and longer financial close cycles. When this occurs, critical financial information

isn't available when decision makers or investors need it, and your company suffers from uninformed choices and missed opportunities.

A fast, high-quality close describes a corporation's ability to complete its accounting cycles and close its books quickly and accurately. Organizations that close fast, with the support of a powerful financial consolidation system, reap the benefits of quick access to information. They have more time for value-added analysis, improved control systems and quality, and faster reporting and statutory compliance. And they can reduce costs and strengthen investor relations.

Faster Processing

With patented database processing technology, the SAP® BusinessObjects™ Financial Consolidation application helps you recover critical time in your closing and management reporting cycles. Yet you won't sacrifice any of the controls or auditing needed for today's global compliance environment.

To meet regulatory consolidation and reporting requirements, organizations need an application that gives control to the finance office yet is flexible enough for subsidiaries. The SAP® BusinessObjects™ Financial Consolidation application provides you with the power and confidence to close your books quickly.



High-Performance Consolidation

Some consolidation applications can handle only single-process consolidations, and the time it takes them to perform a consolidation, multiplied by the required iterations and views in a close cycle, can produce a major bottleneck. In other cases, application performance is greatly reduced when full audit features are turned on, forcing companies to sacrifice speed for compliance.

Organizations that close fast, with the support of a powerful financial consolidation system, reap the benefits of quick access to information.

SAP BusinessObjects Financial Consolidation performs simultaneous consolidation processing directly in the database rather than at the application server. The application doesn't compromise the audit trail, and users experience fewer iterations.

Process Automation

The ability to automate as many financial consolidation processes as possible is vital to a fast close. Applications that centralize data and metadata management, automate interfaces with source systems, and automate business rules such as data validation are a start. SAP BusinessObjects Financial Consolidation takes automation to the next level. The application includes built-in rules logic that automates con-

solidation entries. Currency translation adjustments, minority interest and equity calculations, intercompany reconciliations, and automatic cash flows are easily set up through a standard user interface and intuitive wizards.

Agility

SAP BusinessObjects Financial Consolidation can intelligently cope with multiple reporting channels, differing charts of accounts, account flows, and numerous analysis dimensions to retain past reporting frameworks within the system. This enables finance professionals to safely adapt to changing needs without having to rebuild or destroy previous reporting scenarios, saving time and money.

Supported by powerful analytical functionality, the application delivers information to users on a near-real-time basis, with updates flowing automatically from a reliable central data source. This enables your financial analysts to evaluate data more quickly and your finance team to derive more definitive answers to complex business questions. Business leaders can make decisions based on the most accurate and up-to-date information and analysis. Using the advanced benchmarking functionality in SAP BusinessObjects Financial Consolidation, companies can pull in key data about peers and competitors and then use that data to measure and improve performance. Scenario-creation tools help exploit this data for more accurate merger and acquisition planning.



Compliance and Enhanced Reporting

SAP BusinessObjects Financial Consolidation provides access to accurate data, reports, analysis, and simulations. All processes, data, and users are connected to the application's integrated data model, ensuring that all decisions are based on consistent, reliable data and enabling your company to report and analyze information more quickly.

Integration with Source Systems

The integration of consolidation and performance management applications with underlying subsidiary systems is crucial in organizations where it's not possible to hold a single-instance enterprise resource planning system or general ledger. SAP BusinessObjects Financial Consolidation can link to these systems to speed the process of loading data and help avoid the costly mistakes and wasted time associated with manual data entry and corrections.

Data Validation

Data coming into financial consolidation applications must be intelligently checked and filtered based on the reporting framework and rules defined by central finance. Generally accepted accounting principles (GAAP) presentation, required information breakdowns, and starting and end dates are examples of automatic checkpoints. By employing SAP BusinessObjects Financial Consolidation, finance centers can ensure data quality throughout a reporting cycle. They can be sure that incoming information not only respects the timing and expected format but also makes sense; is consistent, complete, and commented appropriately; and goes through the right auditable approval process. This leads to greater quality and a “right first time” approach to the closing cycle.

Legal Reporting and Disclosure

The application supports comprehensive process control, data access security, the eXtensible Business Reporting Language (XBRL) specification, and transparent and auditable change management, including the establishment of audit trails from source to disclosure. This way, companies can more easily address the legal reporting and disclosure requirements of regulations such as International Financial Reporting Standards (IFRS) and the Sarbanes-Oxley Act.

Key Benefits

Having the right IT architecture and more automated compliance systems helps businesses ensure lower compliance costs and reduces the frequency

of material weaknesses and other problems requiring more frequent restatement of earnings. This, in turn, protects corporate reputations and stock prices. For example, according to *CFO Magazine*, “U.S. public companies made a record 1,420 restatements overall last year, according to investor research firm Glass, Lewis & Co. . . . The 2006 total – more than 12 times higher than in 1997 – now represents 1 of every 10 public companies.”¹

With SAP BusinessObjects Financial Consolidation, your organization gains the following benefits:

- **Power for a faster close** – With patented database technology, and through process automation, SAP BusinessObjects Financial Consolidation helps you recover critical time and cost from your closing and management reporting cycles – without sacrificing any of the controls or auditing needed for today’s global compliance environment.
- **Agility** – The application provides the control your organization needs to deliver reliable data to stakeholders, resulting in better-informed decisions and the ability to adapt quickly to change. It is also flexible, allowing divisions and business units to run operations in a way that makes business sense.
- **Confidence and corporate compliance** – In addition to giving corporate finance full process control, the application provides data transparency and traceability to enable timely and accurate public disclosure and compliance with corporate governance requirements.

Finance centers can overcome the barriers to a fast, quality close by using the powerful features in SAP BusinessObjects Financial Consolidation and supporting them with best-practice processes. Customers have followed this path to dramatically reduce their reporting cycles by up to 75%.

SAP BusinessObjects EPM Solutions

SAP BusinessObjects Financial Consolidation is part of SAP BusinessObjects enterprise performance management (EPM) solutions – a comprehensive set of solutions that help your company capitalize on the value of your existing data assets. With these solutions, your organization becomes more agile, gaining organizational alignment, visibility, and greater confidence to give you optimal control and competitive advantage. These applications can work with SAP Business Suite software; SAP BusinessObjects governance, risk, and compliance solutions; SAP BusinessObjects business intelligence solutions; and SAP BusinessObjects information management solutions. As a result, you can maximize business profitability; manage risk and compliance; and optimize corporate systems, people, and processes.

For More Information

For more information about how you can benefit from these and other SAP BusinessObjects EPM solutions, visit www.sap.com/sapbusinessobjects/epm.

1. Roy Harris, “Say Again?” *CFO Magazine*, April 1, 2007.

Summary

To meet strict regulatory consolidation and reporting requirements, organizations need an application that gives control to the finance office yet is flexible enough for subsidiaries. The SAP® BusinessObjects™ Financial Consolidation application provides you with the power, agility, and confidence to close your books quickly.

Business Challenges

- Multiple currencies, accounting standards, and reporting and compliance regulations
- The barriers to a fast, quality close, such as data quality and collection errors, weak audit trails, poor performance from consolidations applications, and a lack of process automation
- Integration of new business units and other organizational changes into the reporting chain
- The consequences of having to restate earnings

Key Features

- **Legal consolidation and reporting** – Gain the power, financial intelligence, process control, and transparency to comply with global reporting requirements
- **Management reporting** – Take advantage of timely and reliable information and analysis to address all of your performance management reporting requirements

Business Benefits

- **Power** – Faster close through streamlined financial consolidation and reporting processes – without sacrificing data quality
- **Agility** – Enables finance professionals to safely adapt to changing needs without having to rebuild or destroy previous reporting scenarios, saving time and money
- **Confidence and corporate compliance** with reliable data for legal reporting and management decisions

For More Information

Call your SAP representative or visit us online at www.sap.com/sapbusinessobjects/epm.

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