Accelerate Your Financial Close with Peer-to-Peer Intercompany Reconciliation

The Best-Run Businesses Run SAP™

Eliminate the bottlenecks in intercompany reconciliation

Intercompany reconciliation has been cited for many years as one of the most common and frequently occurring barriers to a fast, high-quality close. The SAP® Intercompany application lets reporting units reconcile intercompany balances earlier and liberates central finance from labor-intensive involvement.

During the financial close process, organizations must eliminate intercompany activity so as not to overstate account balances. For example, revenue collected by one reporting unit from another should not be reported in the organization's total revenue. Intercompany activity must be reconciled between reporting units; only then can it be eliminated.

Traditionally, the reconciliation process is managed by corporate headquarters, which collects data, checks balances, corrects errors, contacts reporting units, and resolves issues. However, this process is better handled by the reporting units involved in the original counterparty transactions.

Many organizations rely on financial consolidation systems as their intercompany reconciliation tool. Yet such systems are usually designed to capture account balances, rather than the transactional detail required. As a result, headquarters becomes overwhelmed managing reconciliations rather than other closing tasks for which it is better suited.

Optimize the intercompany reconciliation process

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Create a comprehensive, collaborative reconciliation process

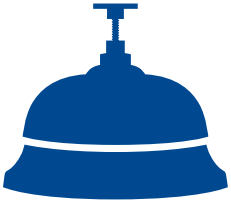
Lower total cost of ownership with a centralized approach

SAP solutions for EPM

SAP Intercompany enables your reporting units to reconcile intercompany balances in real time and allows your corporation to close its books faster. The first intercompany application to work independently of a consolidation system, SAP Intercompany provides the tools for your business units to debate and reconcile account balances and transactional-level detail directly with one another. That means it eliminates extra work and delays at the corporate and divisional levels. The application also helps improve your close process by removing intercompany reconciliation from the critical path, increasing both speed and accuracy.

SAP Intercompany introduces a Web-based, peer-to-peer communication channel between your reporting units that post intercompany balances and transactions against each other. This lateral flow of information and automatic matching helps ensure faster agreements – easing the burden on corporate finance and eliminating days from the time-consuming closing process.

Reduce the time and cost of intercompany reconciliations.



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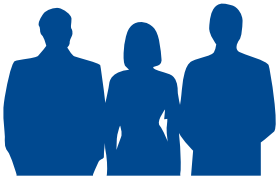
SAP Intercompany offers sophisticated status tracking, e-mail summaries, alerts on significant events, and a complete audit trail. You can also leverage a comprehensive set of reconciliation reports that enable individual reporting units as well as corporate headquarters to fully automate and follow their global intercompany process.

Effective collaboration is key when reconciling intercompany balances. The typical reconciliation process involves e-mails and phone calls that cannot be easily traced or documented. The collaboration features in SAP Intercompany enable users to attach comments and other documents to facilitate more efficient communication.

SAP Intercompany allows your corporate or divisional headquarters to monitor the collaborative matching process continuously, using standardized exchange rates and materiality levels and dedicated reconciliation views. This enables at-a-glance status checks of the global reconciliation process. A "freezing" feature prevents users from making additional changes after a cycle has ended.

Improve the quality of intercompany reconciliation with peer-to-peer collaboration and global monitoring tools.



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A centralized deployment fosters rapid implementation and ease of use and maintenance. When combined with a highly intuitive user experience, this centralized approach drives down total cost of ownership to further increase user acceptance and ROI. You gain a real-time view of the reconciliation process, regardless of a reporting unit's location or time zone. Matching is performed in either the local reporting or transaction currency, with built-in support for multiple languages.

SAP Intercompany can integrate with both SAP and non-SAP software and load source data from any general ledger or consolidation application. SAP Intercompany is fully supported by the SAP Financial Information Management application, letting you manage the process of accessing, mapping, and loading information from multiple source systems. In addition, SAP Intercompany can be accessed directly from the SAP Financial Consolidation application.

To enhance security, SAP Intercompany provides centrally managed and easily configured access rights. It is also compatible with existing security infrastructure investments such as firewalls, public key infrastructures, Secure Sockets Layer (SSL), and virtual private networks.

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SAP Intercompany is one of the SAP solutions for enterprise performance management (EPM) – a comprehensive set of solutions that help your company capitalize on the value of your existing data assets. While SAP Intercompany can be licensed separately for use with non-SAP consolidation software, it is included with the license rights of the SAP Financial Consolidation application and the SAP Business Planning and Consolidation application (both the version for the SAP NetWeaver® technology platform and the version for the Microsoft platform).

With SAP solutions for EPM, 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 solutions for governance, risk, and compliance; SAP BusinessObjects™ business intelligence solutions; and SAP solutions for enterprise information management. As a result, you can maximize business profitability; manage risk and compliance; and optimize corporate systems, people, and processes.

Give your financial consolidation a boost

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SAP Intercompany helps companies reconcile intercompany balances without extra work and delays at the corporate and divisional levels. According to data provided by our customers, those that deploy this application on an open technology platform alongside their financial consolidation system can:

- Improve the accuracy of their intercompany transactions
- Reduce the length of their reporting cycles
- Free up their finance staff and resources, giving them more time to analyze data, not just gather and reconcile it
- Get up and running faster and at relatively low cost

Reduce the time for your inter-company reconciliation process – and close your books faster.

Summary
Remove the biggest barrier from your financial close process by tackling intercompany reconciliation outside the critical reporting path. The SAP® Intercompany application enables reporting units to reconcile intercompany balances earlier and liberates central finance from labor-intensive involvement.

Objectives
- Avoid delays and extra work needed at both the corporate and divisional levels to resolve intercompany discrepancies that extend the financial reporting cycle
- Remove the burden on central finance of having to check balances, follow up with reporting units, and correct errors
- Identify errors in the intercompany reconciliation process and ensure that reporting deadlines are met

Solution
- Streamlined intercompany reconciliation that lets reporting units resolve disputes at a peer-to-peer level
- Centralized approach and intuitive Web-based user interface that lower total cost of ownership

Benefits
- Faster reporting with tools that let business units resolve differences earlier in the process
- Higher productivity by freeing corporate finance for more valuable activities, such as analyzing data and measuring performance
- Rapid implementation thanks to a centralized deployment and ease of use and maintenance, which together increase ROI

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

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