

ACCELERATING THE FINANCIAL CLOSING PROCESS

WITH SAP® SOLUTIONS

Financial executives need to close their books in an accelerated, streamlined, and accurate way. SAP provides a complete set of solutions to help companies speed closing times, meet external reporting deadline requirements, and reduce errors – all while cutting tangible costs.



Many companies struggle with their financial closing cycles. Accountants perform time-consuming tasks – from creating journal entries to posting periodic accruals – and must manually gather, consolidate, and validate financial data from different software systems. In large, global companies, these challenges are compounded by the fact that accountants must coordinate activities across multiple subsidiaries, divisions, and time zones – not to mention different countries with varied financial and legal requirements. In addition, many companies have nonstandard charts of accounts and incompatible software interfaces that further slow the financial close.

These inefficiencies drive up costs, errors, and the time it takes to complete the periodic financial close. In fact, research from the BPM International network indicates that 48 of the 100 largest U.S. corporations added an average of 5.2 days to their year-end results announcement timetables over the past six years.¹ The U.S. Sarbanes-Oxley Act and other regulatory reporting requirements, such as compliance with International Financial Reporting Standards (IFRS), only exacerbate internal inefficiencies.

To achieve superior financial close performance, companies need to standardize the closing cycle into a series of repeatable steps that follow a highly automated schedule. SAP helps companies integrate, automate, and better manage the financial close process in accordance with financial best practices. Using communication, collaboration, and scheduling tools provided by SAP® solutions, employees involved in the financial closing process can perform

their work more efficiently and with fewer errors. The overall result is a faster, less expensive, and more transparent financial close.

Support the Entire Closing Cycle

To truly optimize the financial close process, you need solutions that not only process postings and produce reports but also tie together and provide control over each step of the closing cycle across your organization. Designed for businesses of all sizes, SAP solutions provide integrated, end-to-end support for a streamlined, more accurate financial close. The applications help you ensure regulatory compliance and gain more confidence in your financial reports.

SAP solutions span the entire closing cycle, from the local to group level, and include highly automated and standardized accruals, reconciliations, and consolidations. Scheduling tools help you sequence, monitor, and control workflows across your organization, so the entire closing process progresses efficiently.

Form a Foundation with the General Ledger

The general ledger in the SAP ERP Financials solution provides the foundation for enterprise-wide accounting and financial reporting. It accelerates the financial closing process by helping employees work more efficiently and by automating many period-end tasks, including accruals and reconciliations. The solution's single, consolidated, multidimensional database features integrated financial and management accounting func-

1. Close Cycle Rankings 2009 – Paragon Consulting Group and BPM.

tionalities that help you spend less time reconciling data and reporting results.

You can configure the system to automatically calculate the value of work in process; recognize revenue and match costs for profitability analysis; and create the appropriate account postings for payroll and benefits. Using robust workflow functionality, you can model the sequence of closing tasks relative to a project or sales order, and create work lists that help you monitor status. To facilitate fast resolution, alerts automatically notify you if an error occurs during processing.

Align Your Close to Get Greater Control

To achieve a fast financial close, you need to complete multiple process steps accurately, on time, and in the correct sequence. Gaps in communication may cause delays that jeopardize closing deadlines. The SAP Financial Closing cockpit, a graphical management tool within SAP ERP Financials, greatly enhances overall management of the closing cycle. The increased transparency facilitates wider collaboration and allows you to spot and resolve problems faster.

The closing cockpit features a single, intuitive interface and displays all key process tasks, dependencies, workflows, task owners, and tasks status. Use the closing cockpit to:

- Comprehensively orchestrate the closing process from start to finish, across multiple organizational units
- Institutionalize closing-schedule best practices

- Gain complete visibility into the close process
- Monitor local closing process for a more secure and controlled close
- Identify and optimize processes to improve future closes

Simplify Intercompany Reconciliation

Reconciling and eliminating intercompany transactions can be a very time-consuming and complicated process. The SAP BusinessObjects™ Intercompany application enables business units to reconcile intercompany balances in real time and allows corporations to close faster. The first intercompany application to work independently of a consolidation system, SAP BusinessObjects Intercompany provides the tools for business units to debate and reconcile balances directly with one another, eliminating extra work and delays at the corporate and divisional levels. This removes intercompany reconciliation from the critical path, improving both the speed and accuracy of the closing process. Matching is automatic and can occur at the balance or invoice level, with the option to attach comments or other documents to facilitate more efficient communication.

Perform Accurate and Timely Group Consolidations

The local closing cycle is completed by the group close, during which you consolidate all local or division-level financial data into a corporate-level view to produce period-end financial reports. Integrating with SAP ERP Financials, the SAP BusinessObjects Planning

and Consolidation and the SAP BusinessObjects Financial Consolidation applications combine results from across your company while helping you maintain compliance with regulatory mandates. The solutions let you:

- Aggregate, reconcile, and consolidate financial data and automatically generate transparent financial statements and management reports
- Convert disparate financial data or charts of accounts into a single, authoritative source for financial and performance management reporting, shaving weeks off group-level consolidations and report generation
- Automate routines to directly load data from divisions and subsidiaries to speed processing and preparation for corporate-level reporting
- Centrally monitor and control the entire group consolidation process through an intuitive graphical interface
- Compress the closing cycle by configuring and automating tasks, such as interunit eliminations, investment combinations, currency conversions, and reclassifications
- Meet all legal and management reporting requirements with robust, automated report generation

Integrate with Source Systems

In organizations where it's not possible to have a single-instance ERP or general ledger application, the integration of consolidation and enterprise performance management (EPM) applications with underlying subsidiary systems is even more crucial. Establishing direct, automated links to these systems not only speeds the process of loading data but helps avoid costly mistakes

and subsequent wasted time resulting from manual data entry, corrections, or errors associated with the batch loading of files.

Integrated with SAP ERP Financials, the SAP BusinessObjects Financial Information Management application provides extensive connectivity to both SAP and non-SAP applications. As a result, you gain robust data collection functionality combined with strong controls, data validation functions, and comprehensive audit trails. Integrated links to source systems maximize productivity, minimize compliance costs, and ultimately increase the overall confidence in the results.

Streamline Communication with XBRL Reporting

Designed for ease of use, speed, and flexibility, the SAP BusinessObjects XBRL Publishing application by UBmatrix gives you greater control over the eXtensible Business Reporting Language (XBRL) generation process for communicating financial and business data to regulators, agencies, and banks. With this software, your business users can create any type of XBRL document you need, tailoring it to meet specific requirements. The solution helps you:

- Reduce the time and effort required to create XBRL documents thanks to integration with Microsoft Excel, taxonomy navigation tools, and drag-and-drop functions
- Lower audit costs because auditors can “slice and dice” financial data quickly, enabling them to perform audits faster and more accurately

- Increase your confidence in financial disclosures because data and mappings are validated as accurate, complete, and in-compliance with business rules defined by third-party taxonomies
- Eliminate the need for XBRL outsourcing services, lowering costs while increasing flexibility and control

Report and Analyze

A business intelligence solution can deliver the information you need on a near real-time basis. SAP BusinessObjects business intelligence software integrates with SAP ERP Financials and SAP BusinessObjects EPM solutions and lets you immediately access information during the financial close process. Use it to leverage ad hoc analysis, role-based dashboards, and other reporting tools to perform more in-depth analysis. Interact with business information and answer questions without needing to understand complex database languages and underlying structures. The result? You gain increased insight and further reduce financial closing times.

Help Ensure Compliance

It is critical that you monitor and document internal controls to address the legal reporting and disclosure requirements of regulations such as IFRS and Sarbanes-Oxley.

SAP BusinessObjects governance, risk, and compliance (GRC) solutions, which integrate with SAP ERP Financials, support comprehensive process control, data access security, and the

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documentation of audit trails, from source to disclosure. Managers can document and attest to both manually performed controls, such as reconciliations and comparisons, and automated controls, such as workflow-based approvals within the software-supported processing environment. SAP BusinessObjects GRC solutions help you continuously monitor your exceptions and handle remediation, providing all your managers with the confidence they need to sign off on financial results.

Learn More

If you would like to know more about how SAP solutions can accelerate your financial close, visit our Web site at www.sap.com/solutions/business-suite/erp and www.sap.com/epm.

Summary

SAP provides integrated financial management applications designed to give simplified access to relevant financial information. SAP® solutions provide company-wide accessibility so you can accelerate an accurate financial closing cycle at any level.

Business Challenges

- Perform closing cycle tasks efficiently and on time across multiple organizations
- Generate accurate financial reports with confidence
- Automate time-consuming, resource-draining manual closing tasks
- Provide access to period-end information at any time for validation and analysis

Key Features

- **Scheduling** – Control task sequences and manage the closing cycle over multiple types of financial software
- **Consolidation** – Pull financial period-end reports together for the applicable corporate level
- **Compliance with regulatory requirements** – Monitor and document manual and automated internal controls

Business Benefits

- **Speed the closing cycle** by reducing manual data manipulation through configurable, automatic workflows
- **Reduce the cost of finance and compliance** by automating and standardizing workflows
- **Improve data accuracy** by matching, reconciling, and eliminating data online
- **Enhance and automate reconciliation** through a central software data repository
- **Minimize closing workload and potential for errors** by completing tasks before you start the closing cycle

For More Information

To learn more about SAP solutions, call your SAP representative today or visit us on the Web at www.sap.com/solutions/business-suite/erp and www.sap.com/epm.

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