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Agenda

Basics and latest updates
• SAP S/4HANA Finance and SAP S/4HANA
• What’s new with SAP S/4HANA 1610?
• User Experience with SAP Fiori 2.0

Finance Processes
• Universal Journal
• Profitability Analysis
• Asset Accounting
• Receivables Management
• Payables Management
• Cash Management
• Planning
• Consolidation
• Reporting
• Central Finance

Roadmap and additional information
Understand the basics

SAP S/4HANA Finance
SAP S/4HANA
SAP ERP, SAP S/4HANA Finance, SAP S/4HANA: different products

- Finance Innovations as an Add-on to classical Logistics
- Finance Innovations packaged with innovations for Logistics

- FI/CO
  ECC 6.0, EhP 0-8

- SAP S/4HANA Finance
  1503 1605

- SAP S/4HANA
  1511 1610

- SAP ERP
- SAP S/4HANA FINANCE
- SAP S/4HANA Enterprise Management
SAP S/4HANA Finance, SAP S/4HANA: minor structural differences in Finance process setup

- Mandatory implementation of:
  - SAP Business Partner instead of Customer/Vendor
  - SAP Creditmanagement instead of Customer Credit Control (no separate license)
  - Material Ledger for Material valuation
  - Material number with 40 digits

Automatically, technically converted
The way to SAP S/4HANA:
via SAP S/4HANA Finance or directly
What’s new in SAP S/4HANA 1610?
## What’s new with SAP S/4HANA 1610? Overview

### major innovations, compared to SAP S/4HANA 1511

<table>
<thead>
<tr>
<th>Area</th>
<th>New capability</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Experience</td>
<td>Fiori 2.0</td>
<td>Increased productivity</td>
</tr>
<tr>
<td>Universal Journal</td>
<td>Multiple functional enhancements</td>
<td>Rich multidimensional, high-performance GL for comprehensive Reporting</td>
</tr>
<tr>
<td></td>
<td>Unified Currencies and Transfer Pricing</td>
<td>Facilitated setup and maintenance for increased transparency</td>
</tr>
<tr>
<td></td>
<td>Subsequent introduction of parallel ledgers</td>
<td>Enhanced flexibility in adoption</td>
</tr>
<tr>
<td>Profitability Analysis</td>
<td>Visibility of Details and Variances in Universal Journal</td>
<td>Soft Close / Continuous Accounting on Entity Level: FI and CO Close match by design</td>
</tr>
<tr>
<td></td>
<td>Revenue Recognition reflected in Universal Journal for project-based services and real-time derivation of characteristics</td>
<td>Costs and revenues always match, Profitability reporting always up to date</td>
</tr>
<tr>
<td>Receivables Management</td>
<td>KPI Cockpit for Managers (FI-CA)</td>
<td>Increased working efficiency</td>
</tr>
<tr>
<td></td>
<td>Silent Factoring (FI-CA)</td>
<td>improved performance, transparency, auditability</td>
</tr>
<tr>
<td>Payables Management</td>
<td>Integration to Business Networks</td>
<td>Increased automation, reduced error-handling efforts</td>
</tr>
<tr>
<td>Cash Management</td>
<td>One Exposure</td>
<td>Consistent Cash reporting</td>
</tr>
<tr>
<td></td>
<td>Details for Cash Position and Liquidity Forecast</td>
<td>Consistent banks and bank account data are between central and target system</td>
</tr>
<tr>
<td>Planning</td>
<td>Cost Simulation</td>
<td>Optimized performance Management</td>
</tr>
<tr>
<td></td>
<td>Enhanced Content for Sales and Profitability Planning</td>
<td></td>
</tr>
<tr>
<td>Consolidation</td>
<td>Embedded Real-time Consolidation</td>
<td>Support for Continuous Accounting on Group Level</td>
</tr>
<tr>
<td>Reporting</td>
<td>Production Cost Analysis</td>
<td>Improved variance tracking and transparency to identify potential issues</td>
</tr>
<tr>
<td></td>
<td>Embedded Tax Compliance Apps</td>
<td>Ensure compliance</td>
</tr>
<tr>
<td></td>
<td>Statutory Reporting Framework</td>
<td>Streamline and bundle reporting obligations</td>
</tr>
<tr>
<td>Central Finance</td>
<td>Replication of Changes, Mass Enablement, Reconciliation Reporting</td>
<td>Strengthen central steering capabilities on a secured basis</td>
</tr>
</tbody>
</table>
User Experience
SAP Fiori 2.0

Me Area

Viewport

Notifications

Watch Video

Some aspects shown are Future Direction

This is the current state of planning and may be changed by SAP at any time.
Overview of SAP Road Map for SAP Fiori innovations

Today

SAP Fiori apps reference library
www.sap.com/fiori-apps-library

www.sap.com/roadmaps

Planned Innovations / Future Direction

- Finance
- Human Resources
- Sales
- Sourcing & Procurement
- Manufacturing
- Supply Chain
- R&D/Engineering
- Asset Management
- Commerce
- Marketing
- Service
- Sustainability
- Industries

Go back
Finance Processes
SAP S/4HANA: Universal Journal

**General Ledger**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Company</th>
<th>Account</th>
<th>Profit Center</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Amount 3</th>
<th>…</th>
</tr>
</thead>
</table>

**Profitability**

<table>
<thead>
<tr>
<th>Operating Concern</th>
<th>Market Segment</th>
<th>…</th>
</tr>
</thead>
</table>

**Management Accounting**

<table>
<thead>
<tr>
<th>Controlling Area</th>
<th>Cost Element</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Coding Block</th>
<th>…</th>
</tr>
</thead>
</table>

**Asset Accounting**

<table>
<thead>
<tr>
<th>Company</th>
<th>Fixed Asset</th>
<th>…</th>
</tr>
</thead>
</table>

**Material Ledger**

<table>
<thead>
<tr>
<th>Company</th>
<th>Material</th>
<th>…</th>
</tr>
</thead>
</table>

Universal Journal ACDOCA
SAP S/4HANA: Universal Journal

All Value flows in one single source

- Multi-dimensional GL
- Parallel Ledger
- Custom defined fields
- Extension Ledger
- 999.999 line items
- Unified, extensible currencies
- Consistent parallel valuation (Transfer Prices)
- Soft Close and Prediction
SAP S/4HANA: Universal Journal

All Value flows in one single source

- Multi-dimensional GL
- Parallel Ledger
- Custom defined fields
- Extension Ledger
- 999,999 line items
- Unified, extensible currencies
- Consistent parallel valuation (Transfer Prices)
- Soft Close and Prediction
SAP S/4HANA: Universal Journal

New GL in SAP ERP
Parallel Ledgers  Document Split

Universal Journal
Parallel Ledgers  Document Split

Classic GL in SAP ERP

Universal Journal

Document Split = Online Document Split
Financial Close with SAP S/4HANA: Towards Live Business Insight
Faster Insight on the basis of certain Improvements

- Elimination
- Real-time Execution
- Continuous Execution
- Acceleration (automatic tasks)
- Automation (manual tasks)
- Higher efficiency (manual tasks)

Enable Faster Close with less effort
SAP S/4HANA: Enable Soft Close

Continuous be able to close the books

- Continuous Closing – enabling to run all tasks fast and easy in an automated series and eliminating period-end tasks

- Profitability characteristics are derived automatically during the posting so management information is available already during the period – no need to wait until month-end settlement is done.

Live Insight is provided automatically
SAP S/4HANA: Predicted Close

Analysis on the basis of “Predicted Actuals”

- Information of processes in progress, previous period data, manual adjustments, statistical methods
- “Predicted Actuals” are derived from these processes to already be able to predict and analyze the results at period end during the period

Prediction on a stable ground
Financial Close with SAP S/4HANA: Towards Live Business Insight
Profitability Analysis
SAP S/4HANA: Profitability Analysis
SAP S/4HANA: Profitability Analysis

General Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Company</th>
<th>Account</th>
<th>Profit Center</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Amount 3</th>
<th>...</th>
</tr>
</thead>
</table>

Profitability

- Operating Concern
- Market Segment
- ...

Universal Journal

ACDOCA

Period Close Income Statement

Period Close Income Statement
SAP S/4HANA: Profitability Analysis

Integrated, instantly harmonized profitability Analysis

- On the basis of the account-based CO-PA all values are stored in the Universal Journal
- Real-time derivation of characteristics
- Enriched income statement item with more characteristics
- Soft Close and Prediction
SAP S/4HANA: Profitability Analysis
Refinement of Cost of Goods Sold (COGS)

<table>
<thead>
<tr>
<th>Income Statement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1.900</td>
</tr>
<tr>
<td>- Cost of Sales Goods Sold</td>
<td>1.200</td>
</tr>
<tr>
<td>Gross Margin</td>
<td></td>
</tr>
<tr>
<td>- Marketing Cost</td>
<td></td>
</tr>
<tr>
<td>- R&amp;D Cost</td>
<td></td>
</tr>
<tr>
<td>- Administration Cost</td>
<td></td>
</tr>
<tr>
<td>+/- Other Revenue / Other Expenses</td>
<td></td>
</tr>
<tr>
<td>+/- Amortization / Depreciation</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
</tr>
</tbody>
</table>

Details – Cost Estimate
Costing-based CO-PA
- Labor: 150
- External Labor: 250
- Material fix: 300
- Material variable: 250
- Overhead: 180
- Administration: 70
- Total: 1,200

SAP S/4HANA Profitability Analysis

Sales & Sales Deductions: 1,900
Net Sales
- COGS Labor: 400
- COGS Material: 550
- COGS Overhead: 250
Standard Margin
- Production Variance
Gross Margin
# SAP S/4HANA: Profitability Analysis

## Production cost variances

### Income Statement

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
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</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td></td>
</tr>
<tr>
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<td></td>
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<td><strong>EBIT</strong></td>
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</tr>
</tbody>
</table>

### Details – Costing-based CO-PA

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Price Variance</td>
<td>40</td>
</tr>
<tr>
<td>Input Quantity Variance</td>
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</tr>
<tr>
<td>Resource-Usage Variance</td>
<td>0</td>
</tr>
<tr>
<td>Remaining Input Variance</td>
<td>0</td>
</tr>
<tr>
<td>Scrap</td>
<td>5</td>
</tr>
<tr>
<td>Lot Size Variance</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

### SAP S/4HANA Profitability Analysis

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>- COGS Material</td>
<td>550</td>
</tr>
<tr>
<td>- COGS Overhead</td>
<td>250</td>
</tr>
<tr>
<td><strong>Standard Margin</strong></td>
<td></td>
</tr>
<tr>
<td>- Input Variance</td>
<td>80</td>
</tr>
<tr>
<td>- Lot Size Variance</td>
<td>15</td>
</tr>
<tr>
<td>- Scrap</td>
<td>5</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td></td>
</tr>
</tbody>
</table>
Receivables Management
SAP S/4HANA: Receivables Management
SAP S/4HANA: Receivables Management

Automation and Machine Learning
• Focus on exception handling and customer care

Embedded Analytics
• Improved operational steering

Online access for employees and business partners
• Reduction of DSO

Working Capital optimization
• Factoring and Discounting
How Machine Learning transforms Big Data into Business Value

Input data
- Tabular
- Text
- Video
- Image
- Speech
- Time

Machine Learning
- Prepare data
- Train model
- Apply model
- Capture feedback

Applications & Services
- Apps
- Services
Computers learn from data without being explicitly programmed

What is Machine Learning?

Data is transformed into Business Value by Machine Learning

Example: Cash Application Intelligence

Match incoming payments with invoices by learning from actions of accountants
Existing use cases

**Existing Use Cases**

- Cash Application Intelligence
- CV Matching
- Brand Monitoring
- Social Media Customer Service
- Real-Time Recommender
- Automated Sales Forecast

**Example: Cash Application Intelligence**

Match incoming payments with invoices by learning from actions of accountants.
Business Problem

- Manually matching incoming payments to open invoices is a labour-intense process in today's accounting departments.
- Currently, automatic matching rates vary from 30% to 90% depending on customer and country.
- Process improvement and automation ranks top 2 challenges for Share Service Centres*.

Key Message

- SAP boosts process efficiency by automating tedious and repetitive manual tasks, improving both service quality and accountant productivity.

Supporting Key Messages and Business Benefits

- Automatically learns from accountants’ actions and applies it to future payments.
- Enables substantial reduction of labor cost per invoice and faster clearing.
- Automation shifts effort towards better service quality.

* The 2013 Winshuttle Shared Services Survey
AR Accountants have multiple challenges to match invoices with payments

- Payment and invoice not matching.
- AR accountant needs to manually match them.
- This process is too time consuming.

Payment number 10003, the payment amount is $2000.
I assume this should be for: 
Invoice F5132 + Invoice F2672 + … = $2000?

Hi! We received this payment 10003. Is this meant for these Invoices F5132 + F2672 + … ?

2 hours later…
Solution! – Cash Application Intelligence

Every Account Receivable (AR) team member handles a set of customer accounts differently.

Every historical AR clearing from all the AR team becomes an important asset for Machine learning.

For payments that cannot be automatically cleared, AR team member can see a list of invoices with the suggested ratings.
Learning from historical data

**Historical Information as Input**
- Electronic Bank Statements
- Accounting Documents
- Payment Advices
- Customer Master Data
- Bank Master Data
- House Banks
- Payer bank account information
- Clearing data for electronic bank statement line items

**Training**
- Automatically select and arrange decision criteria & values

**Optimal model**
- Note contains exact reference number
  - yes
  - no
- Invoice due since
  - < 71 days
  - >= 71 days

Currently supporting 48 matching criteria & growing
# What we are looking for and what we offer

## Call for Co-Innovation

### What we are looking for

- Co-Innovation customers to provide feedback on business requirements for our projects
- Co-Innovation customers who share their data sets with us to participate in an early stage of product development

### Planned activities

- Regular status update calls/meetings
- Test-run Machine Learning algorithms on customer data
- Review and discussion of the results with customer
- Virtual or on-site Design Thinking activities to gather and validate requirements, e.g. interview with subject matter experts or workshops

### What’s in it for you

- Assess latest algorithms with your own data to validate business benefit
- Convert your data into valuable assets
- Unlock the power of your own data for increased automation
Payables Management
SAP S/4HANA: Payables Management

End-2-end automation
- Native connection to Business Network (Ariba)
- Full automation of entire invoice process
- Increase productivity
SAP Invoice Management in a Digital Economy

For the teams doing Invoice Management Reconciliation this means:

- Increasingly higher Invoice volume is handled through business networks
- Transactions have detailed digital records that can be used for process automation
- Collaboration expectations are higher than ever to optimize the business
Cash Management
SAP S/4HANA: Cash Management

Cash Position
Liquidity Forecast
Actual Cash Flow Report
Planning

One Exposure
SAP S/4HANA: Cash Management

Integrated, instantly harmonized Cash- and Treasury Management

- Detailed insight into daily cash positions
- Dynamic Liquidity Forecast and Cash-Flow-Analysis
- Central Bank Account Management

One Exposure
SAP Cash Management
Enhanced Functionality

Cash Position Details
- Multiple day view in one page
- More dimensions (planning level, G/L account, summarization term, planning group)
- Allow end user to personalize the layout for analysis
- Simplify the backend for better performance

Bank Account Management
- Improved usability for countries only using IBAN
- Configuration to split mass change signatory request per country/per account type
- Easier configuration of field status group

Liquidity Management
- Pre-configured app “Liquidity Forecast Detail”

One Exposure
- Integration to MM and SD
Planning
SAP S/4HANA: Planning

Planning

Actual Data

Planning

Actual Data
SAP S/4HANA: Planning
SAP BusinessObjects Planning and Consolidation for S/4HANA

Planning, Budgeting, Forecasting entirely integrated, while remaining flexible:

- Direct access to all data (actuals, master data)
- Flexible planning
  Level, Periods, preliminary master data, Workflow, comments, Excel-Frontend
- Simulation, Scenarios

“Planning is coming home”
SAP S/4HANA: Planning/Simulation

- Maintain primary costs of cost centers
- Maintain the input/output relations in a network of cost centers based on fixed amounts or quantities
- Simulate the final distribution of costs as part of the planning cycle
- High speed of simulation via planning function SAP HANA

Cost Simulation – Example Scenario

[Diagram showing a network of cost centers and their relations, including nodes labeled 'Rockets', 'Space Ships', 'Production 1', 'Production 2', 'Board', 'Sales', 'Research', 'Facility', 'Energy', 'Purchase', 'Facility Primary Costs', 'Energy Primary Costs', 'Purchase Costs']
**Integrated Planning**

**Recent / Planned Innovations**

**Recent Innovations***
- Simulation of cost allocations
- Cost center tariff planning
- Activity consumption planning
- Cost center fixed consumption planning
- Sales & Profitability Planning (First version)
- End-to-end Extensibility

**Planned Innovations**
- Profitability Planning
- End-to-end Profitability Simulation incl. product cost simulation
- “Object based” planning on ACDOCP

**Future Direction**
- Integration of Business Objects Cloud for Planning
- Integration with IBP for S&OP

---

This is the current state of planning and may be changed by SAP at any time.

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Consolidation
SAP S/4HANA: Consolidation

Consolidation → Actual Data → Consolidation

Actual Data

Consolidation
SAP S/4HANA: Consolidation
SAP BusinessObjects Planning and Consolidation for S/4HANA

Statutory and Management Consolidation:
• Direct access to all data (actuals and master data)
• Support to facilitate process steps (data acquisition, validation, intercompany)
• Simulation, Scenarios

= heading for „Continuous Accounting“ from entity to group close
What are the advantages of Real-Time Consolidation?

**Data Quality**

Postings can be checked **continuously** against **central validation** rules

**Shared Master Data** and Rules for entity and group closing

**Speed**

Necessary **adjustments** can be done locally and results are provided **immediately for consolidation**

Certain consolidation steps can be performed **before** the consolidation (e.g. currency translation)

**Transparency**

Fully enabled Drill-through from consolidation to the line-items of the entity (instead of transformation in multiple systems)

„**Single Source of Truth**“

Consolidation of free-of-choice dimensions
# Real-Time Consolidation

## Basics
- Enhancements of operative master data for consolidation
- Direct read and write access
- Accrual step to freeze data set

## Data preparation
- Continuous data validation on local postings
- „Pre“-currency translation in local postings
- Additional data load
- Intercompany-Reconciliation

## Consolidation
- Eliminations after Intercompany-Reconciliation
- Continuously driven eliminations, e.g. in P&L
- ...
Reporting
SAP S/4HANA: Production Cost Analysis

Business reporting content for Instant insight and improved decision making

- The centralized cockpit-like approach to viewing KPIs supports variance tracking to identify potential issues.
- The improved variance tracking helps you to isolate causes and ensure costs are being captured correctly in all processes and orders.
- Additional information helps you to analyze both overall and detailed costs to make sure actual production costs are close to target costs.
SAP S/4HANA: Tax Reconciliation Account Balance

Business Compliance reporting content for Instant insight and improved decision making

- Overview tax relevant postings filtered by number of filters including Company Code, Tax Code, Fiscal Year or Posting Dates
- Verify that tax relevant accounts are posted with tax attributes
- Verify that posted tax amounts correspond with app-calculated VAT amounts
- Identify the source of inconsistencies in Tax postings
SAP S/4HANA: Statutory Reporting Framework (SRF)

Streamline and facilitate statutory Reporting

- Compliance Monitor
- Unified user experience
- Various formats – XML, XBRL, TXT, PDF forms
- Audit trail
- Online submission to authorities
- Enhancements for custom needs
Central Finance
Central Finance offers Harmonized & Trusted Data

FOR BETTER FINANCIAL CONTROL

Corporate Reporting and Planning Platform
“Quality insights not possible before”
- Central Finance as facilitator for the single source of truth
- Across entities and units with harmonized master data
- Using the new SAP S/4HANA Finance data model
- With new reporting tools and the speed of HANA

Centralization of Processes
“Central control for critical finance processes”
- Value of central finance processes
  - Through standardization and harmonization
  - With central control over cash flow and risks
  - By simplifying the Shared Services functions
  - Through simplification of the IT landscape

Real-Time Consolidation
“One source for management & legal reporting”
- Financial Consolidation in Central Finance
  - Based on one single source for Legal & Management Consolidation
  - Consistent internal and external reporting
  - Reduced data redundancy
New functionality compared with the first release - S/4HANA 1511, SPS 00
Overview of delivery dates

Mapping Maintenance (mass uploads) (new with 1610)
Reconciliation Reports (new with 1610, downported via note)
Improvements in Error Handling (AIF) (new with 1610)
Replication of clearings (available with restrictions - since 1511, FPS02)
Replication of document changes (available in lower releases via note)
Replication of changes to cost objects (available since 1605)
Tools supporting the Initial Load (available since 1605)
Support of mismatching currency decimals definition (available since 1605)
Roadmap and Information
Roadmap and links

www.sap.com/roadmaps  → Line of Business → Finance → Solutions/Products
  → Cross topics → SAP Fiori


  (z.B. Simplification List, Compatibility Packs)

http://help.sap.com/
s4hana_op_1610
Strong customer adoption of SAP S/4HANA (Finance) (as of October 24th, 2016)

1,433 Active customer projects

309 Live customers
   25 industries
   All regions
   New implementations and conversions
What do you think?

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