SAP **S/4HANA**

Finance in SAP S/4HANA 1610

SAP – November 2016

Customer

Legal disclaimer

The information in this presentation is confidential and proprietary to SAP and may not be disclosed without the permission of SAP. This presentation is not subject to your license agreement or any other service or subscription agreement with SAP. SAP has no obligation to pursue any course of business outlined in this document or any related presentation, or to develop or release any functionality mentioned therein. This document, or any related presentation and SAP's strategy and possible future developments, products and or platforms directions and functionality are all subject to change and may be changed by SAP at any time for any reason without notice. The information in this document is not a commitment, promise or legal obligation to deliver any material, code or functionality. This document is provided without a warranty of any kind, either express or implied, including but not limited to, the implied warranties of merchantability, fitness for a particular purpose, or non-infringement. This document is for informational purposes and may not be incorporated into a contract. SAP assumes no responsibility for errors or omissions in this document, except if such damages were caused by SAP´s willful misconduct or gross negligence.

All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates, and they should not be relied upon in making purchasing decisions.

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
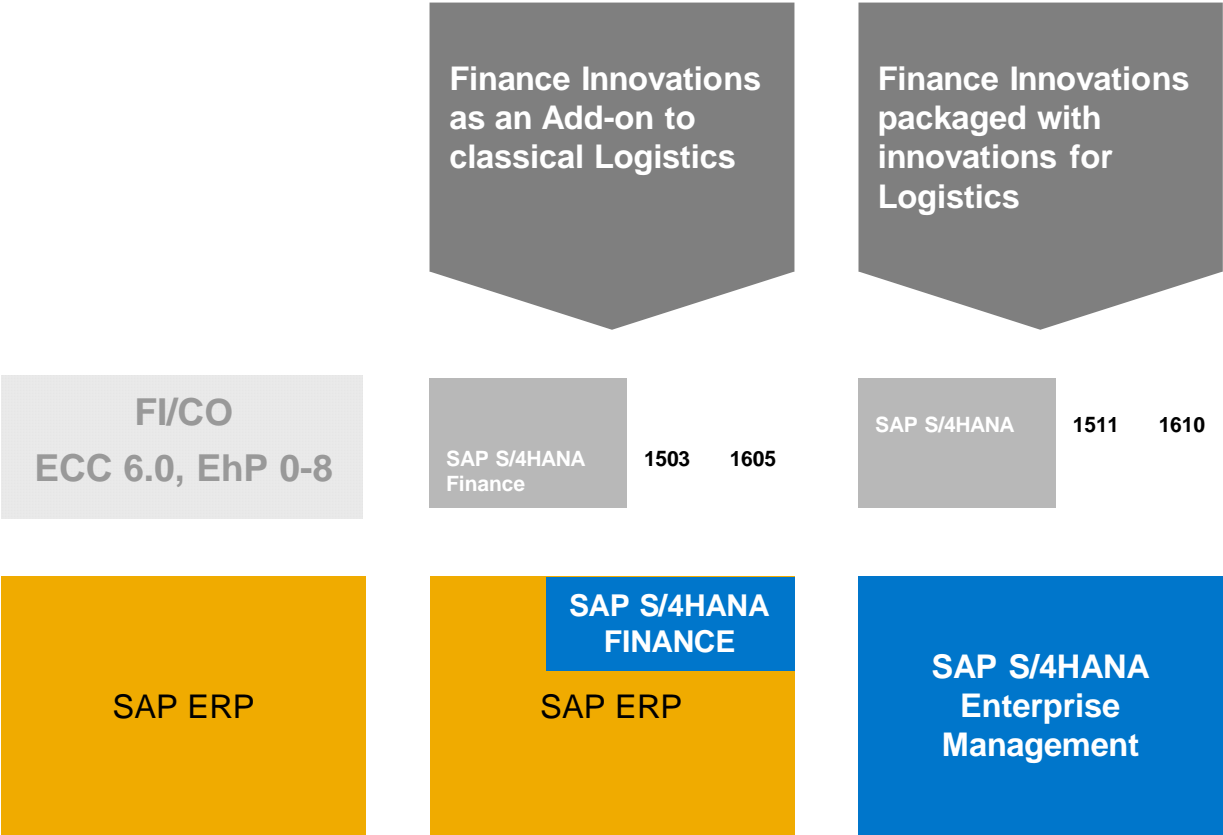- Central Finance

Roadmap and additional information

Understand the basics

SAP S/4HANA Finance
SAP S/4HANA

SAP

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 ERP	

SAP S/4HANA Finance, SAP S/4HANA:
minor structural differences in Finance process setup

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

Automatically, technically converted

SAP S/4HANA Finance   **1503**   **1605**

SAP S/4HANA   **1511**   **1610**

SAP S/4HANA FINANCE

SAP ERP

SAP S/4HANA Enterprise Management
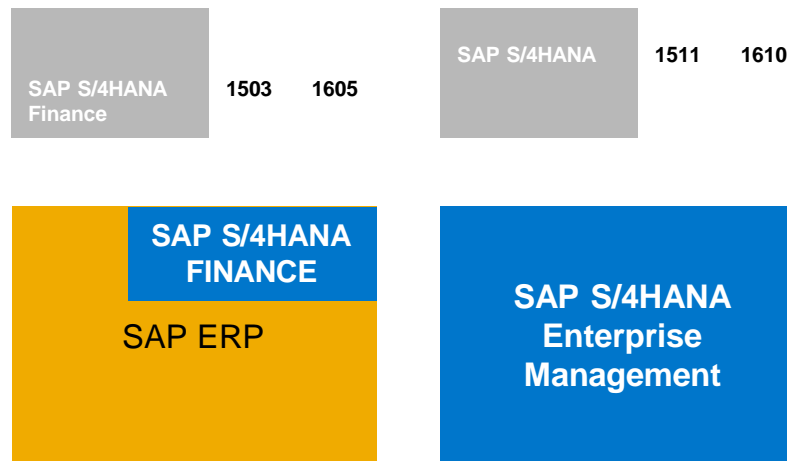
The way to SAP S/4HANA:
via SAP S/4HANA Finance or directly

SAP ERP

SAP S/4HANA FINANCE

SAP ERP

SAP S/4HANA Enterprise Management
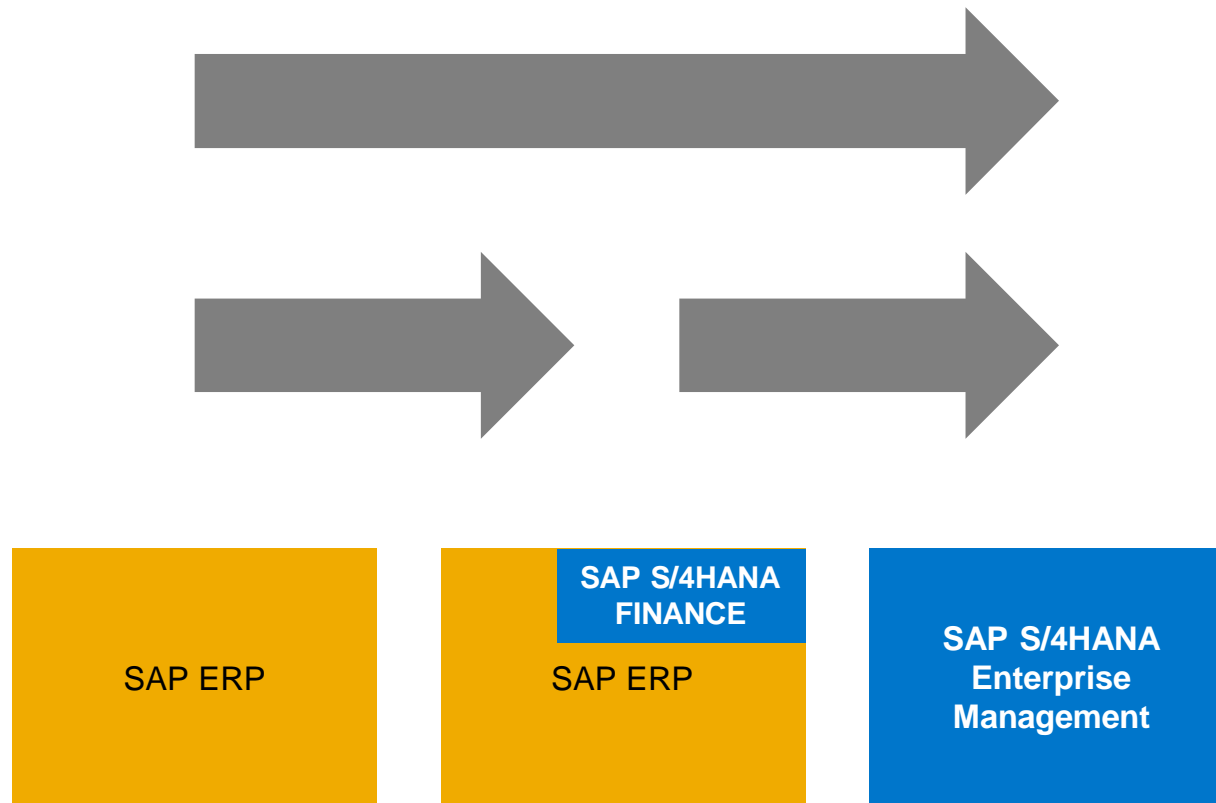
What's new in SAP S/4HANA 1610?

What's new with SAP S/4HANA 1610? Overview

major innovations, compared to SAP S/4HANA 1511

`1605` = introduced in SAP S/4HANA Finance 1605 already

| Area	New capability	Value
User Experience	Fiori 2.0	Increased productivity
Universal Journal	`1605` Multiple functional enhancements `1605` Unified Currencies and Transfer Pricing Subsequent introduction of parallel ledgers	Rich multidimensional, high-performance GL for comprehensive Reporting Facilitated setup and maintenance for increased transparency Enhanced flexibility in adoption
Profitability Analysis	`1605` Visibility of Details and Variances in Universal Journal Revenue Recognition reflected in Universal Journal for project-based services and real-time derivation of characteristics	Soft Close / Continuous Accounting on Entity Level: FI and CO Close match by design Costs and revenues always match, Profitability reporting always up to date
Receivables Management	KPI Cockpit for Managers (FI-CA) Silent Factoring (FI-CA)	Increased working efficiency improved performance, transparency, auditability
Payables Management	Integration to Business Networks	Increased automation, reduced error-handling efforts
Cash Management	`1605` One Exposure `1605` Details for Cash Position and Liquidity Forecast Centralized Bank Account Management	Consistent Cash reporting Consistent banks and bank account data are between central and target system
Planning	Cost Simulation Enhanced Content for Sales and Profitability Planning	Optimized performance Management
Consolidation	Embedded Real-time Consolidation	Support for Continuous Accounting on Group Level
Reporting	Production Cost Analysis Embedded Tax Compliance Apps Statutory Reporting Framework	Improved variance tracking and transparency to identify potential issues Ensure compliance Streamline and bundle reporting obligations
Central Finance	Replication of Changes, Mass Enablement, Reconciliation Reporting	Strengthen central steering capabilities on a secured basis

Public

User Experience

SAP Fiori 2.0

Me Area
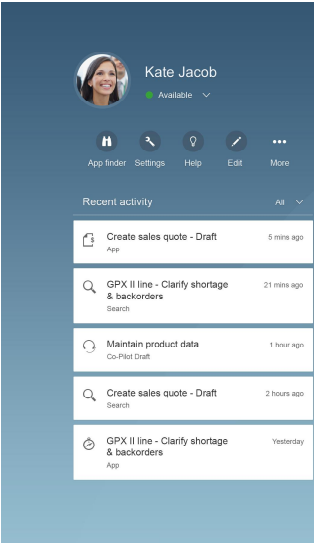
Viewport
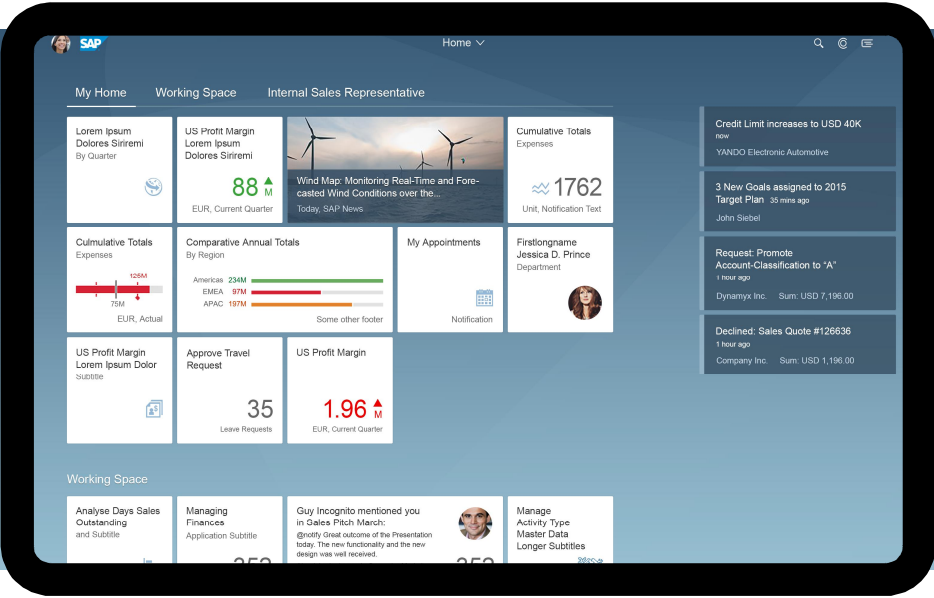
Notifications
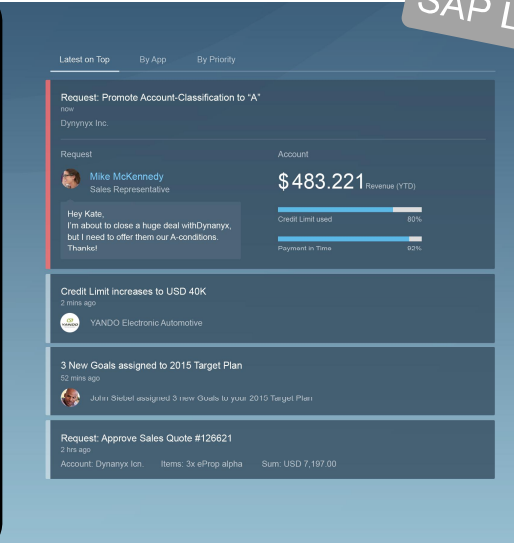
SAP Labs preview

Watch Video

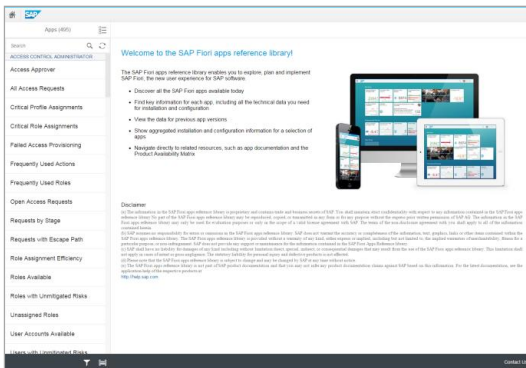**Some aspects shown are Future Direction**

reddot award 2015
winner

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

Planned Innovations / Future Direction

SAP Fiori apps reference library

www.sap.com/fiori-apps-library

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

www.sap.com/roadmaps

Go back

Finance Processes

Universal Journal

SAP S/4HANA: Universal Journal

General Ledger

Ledger	Company	Account	Profit Center	Amount 1	Amount 2	Amount 3	…

Profitability

Operating Concern	Market Segment	…

Management Accounting

Controlling Area	Cost Element	Amount 1	Amount 2	Coding Block	…

Asset Accounting

Company	Fixed Asset	…

Material Ledger

Company	Material	…

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

**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	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

SAP S/4HANA	1511	1610
SAP S/4HANA Finance	1503	1605

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

SAP S/4HANA: Universal Journal

Classic GL in SAP ERP

Migrate to New GL
Parallel Ledgers   Document Split

Universal Journal
Parallel Ledgers   Document Split

Classic GL in SAP ERP

Universal Journal

Subsequent Introduction
Parallel Ledgers* Document Split**

*	SAP S/4HANA	1511	**1610**	
	SAP S/4HANA Finance	1503	1605	planned for SP5

** planned for 1709

Document Split = Online Document Split   Public

Financial Close with SAP S/4HANA: Towards Live Business Insight

Hard Close

Fast Close

Soft Close
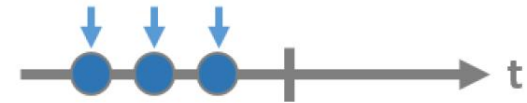
Predicted Close

SAP S/4HANA: Accelerated Hard Close

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
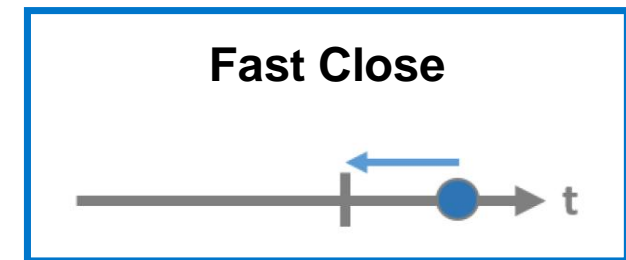
Fast Close

SAP S/4HANA: Enable Soft Close

Continuously 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

Soft Close
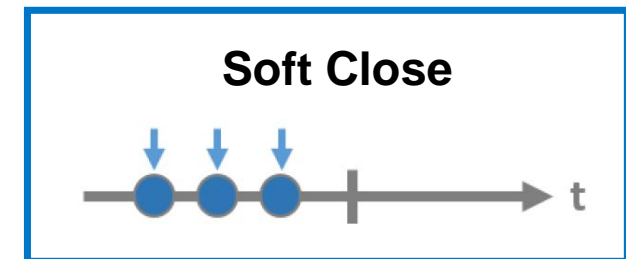
SAP S/4HANA: Predicted Close

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
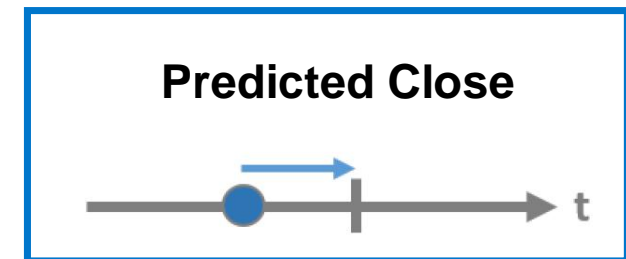
Predicted Close

Financial Close with SAP S/4HANA: Towards Live Business Insight
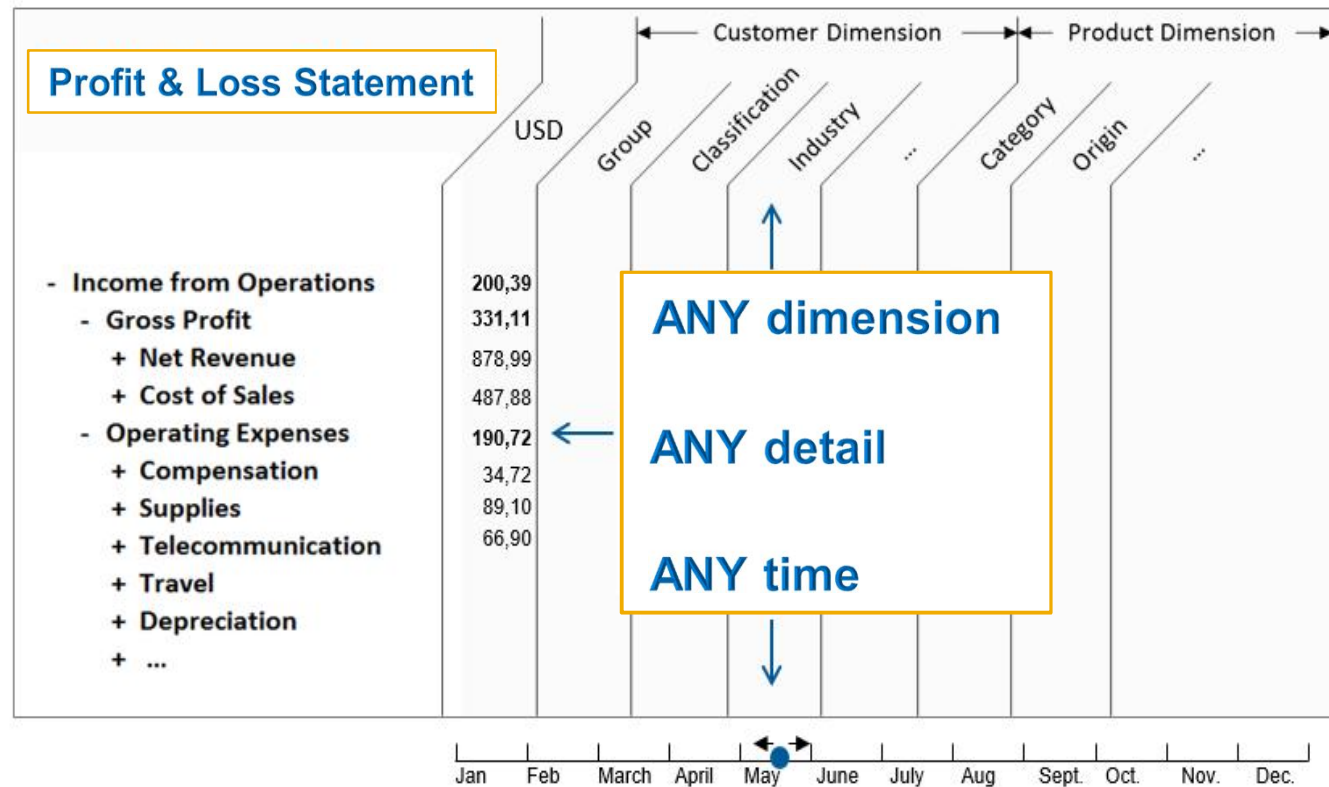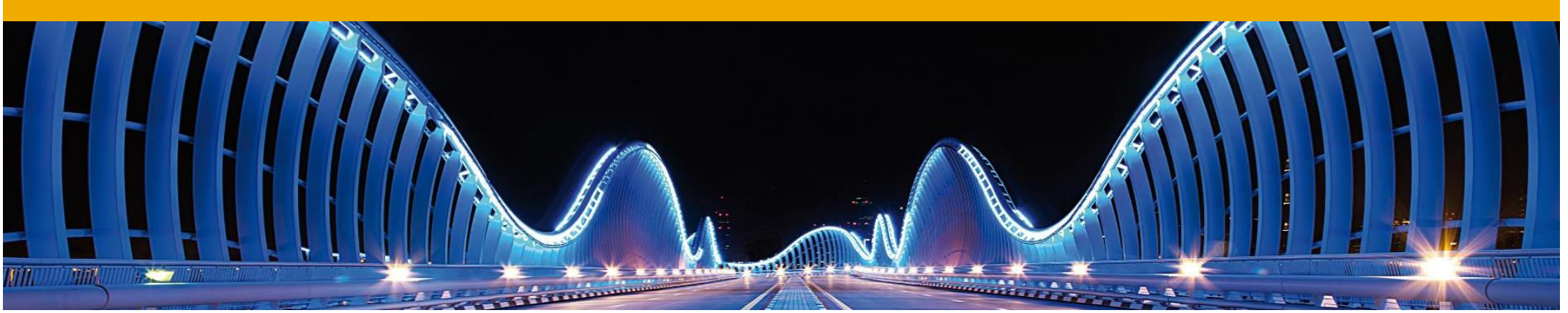
Profitability Analysis

SAP S/4HANA: Profitability Analysis

Income Statement ≠ **Income Statement**

GL   **CO-PA**

Income Statement = **Income Statement**

Universal Journal

SAP S/4HANA: Profitability Analysis

General Ledger

Ledger	Company	Account	Profit Center	Amount 1	Amount 2	Amount 3	...

Profitability

Operating Concern	Market Segment	...

Universal Journal ACDOCA

Income Statement

Period → Close → **Income Statement**

Period → Close
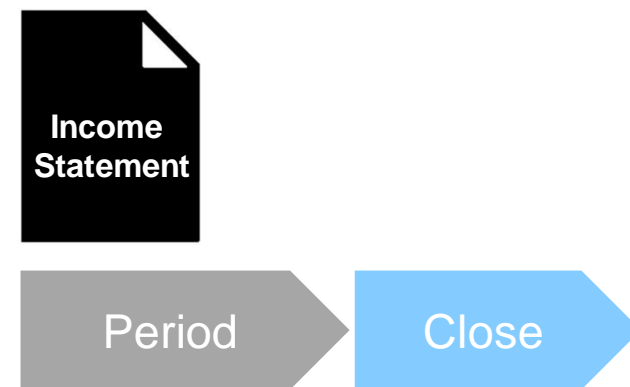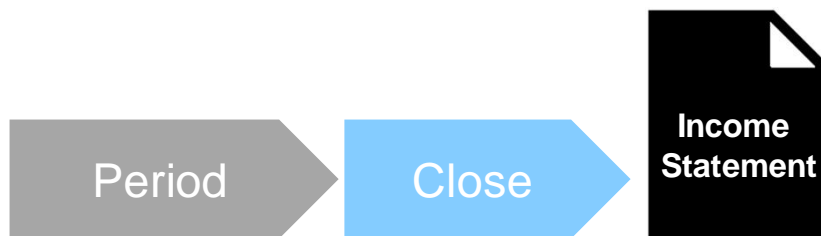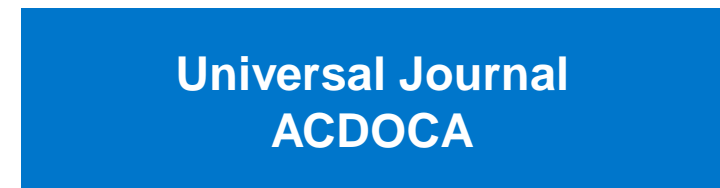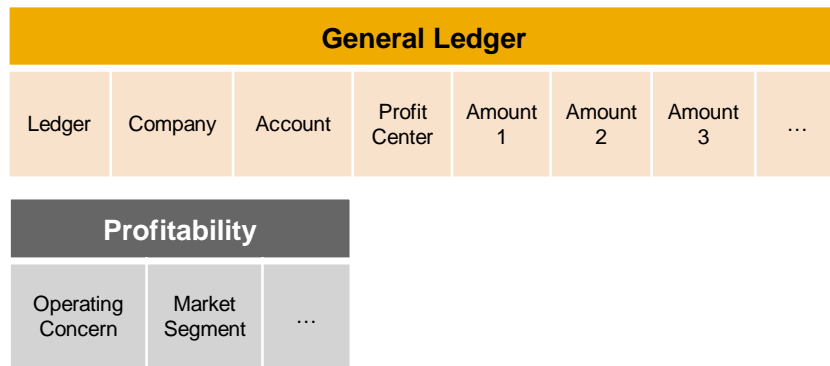
SAP S/4HANA: Profitability Analysis

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

Universal Journal ACDOCA

Income Statement

Period → Close

Public
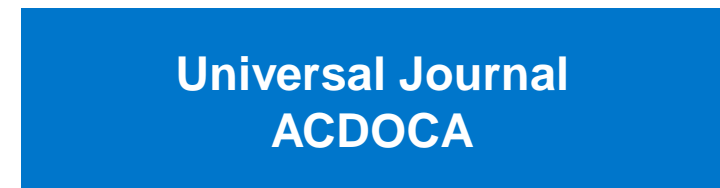
SAP S/4HANA: Profitability Analysis
Refinement of Cost of Goods Sold (COGS)

Income Statement

Revenue	1.900
- Cost of Sales Goods Sold	1.200
Gross Margin	
- Marketing Cost	
- R&D Cost	
- Administration Cost	
+/- Other Revenue / Other Expenses	
+/- Amortization / Depreciation	
EBIT	

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

Revenue	1.900
- Cost of Sales Goods Sold	1.200
- Production Variance	100
Gross Margin	
- Marketing Cost	
- R&D Cost	
- Administration Cost	
+/- Other Revenue / Other Expenses	
+/- Amortization / Depreciation	
EBIT	

Details – Costing-based CO-PA

Input Price Variance	40
Input Quantity Variance	40
Resource-Usage Variance	0
Remaining Input Variance	0
Scrap	5
Lot Size Variance	15
Total	100

SAP S/4HANA Profitability Analysis

Sales & Sales Deductions	1.900
Net Sales	
- COGS Labor	400
- COGS Material	550
- COGS Overhead	250
Standard Margin	
- Input Variance	80
- Lot Size Variance	15
- Scrap	5
Gross Margin	
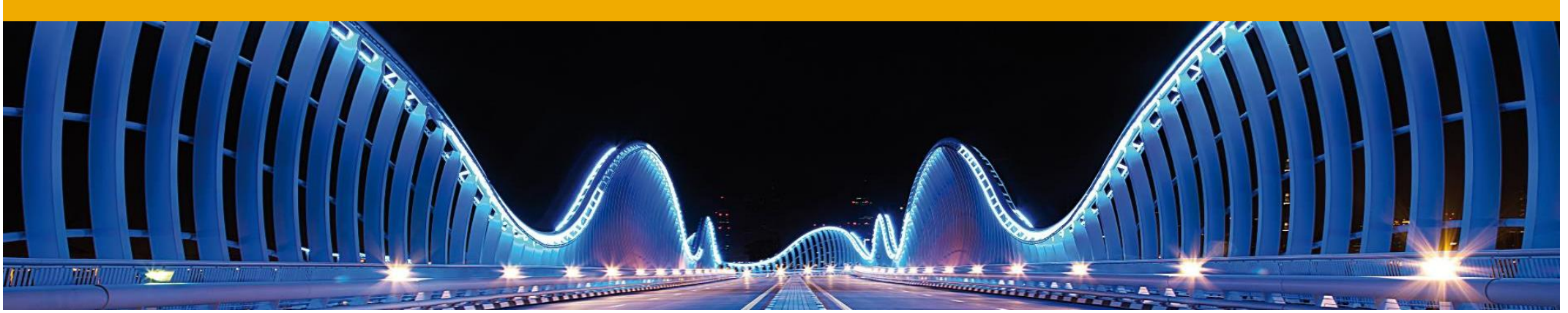
Receivables Management

SAP S/4HANA: Receivables Management
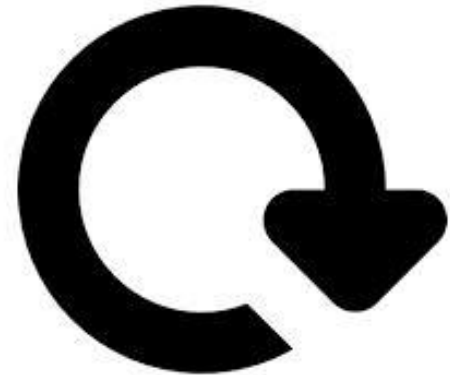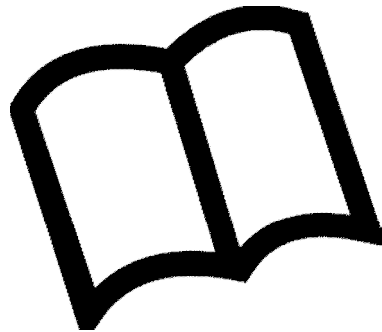
SAP S/4HANA: Receivables Management

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
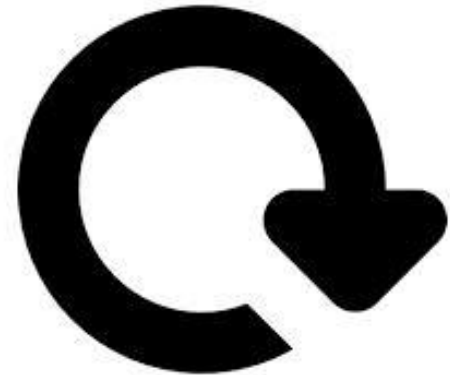
How Machine Learning transforms Big Data into Business Value

SAP Labs preview

Input data

- Tabular
- Text
- Video
- Image
- Speech
- Time

Machine Learning

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

Applications & Services

- Apps
- Services
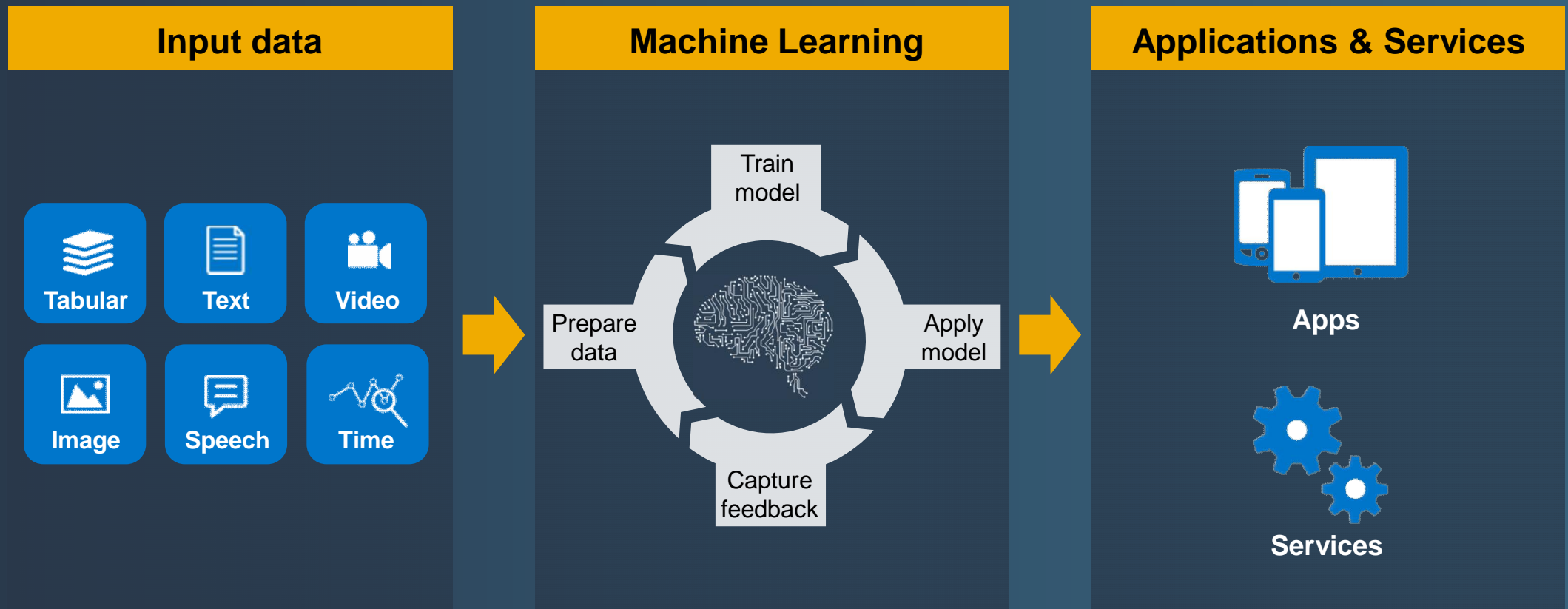
Data is transformed into Business Value by Machine Learning

SAP Labs preview

Example: Cash Application Intelligence

Match incoming payments with invoices by learning from actions of accountants
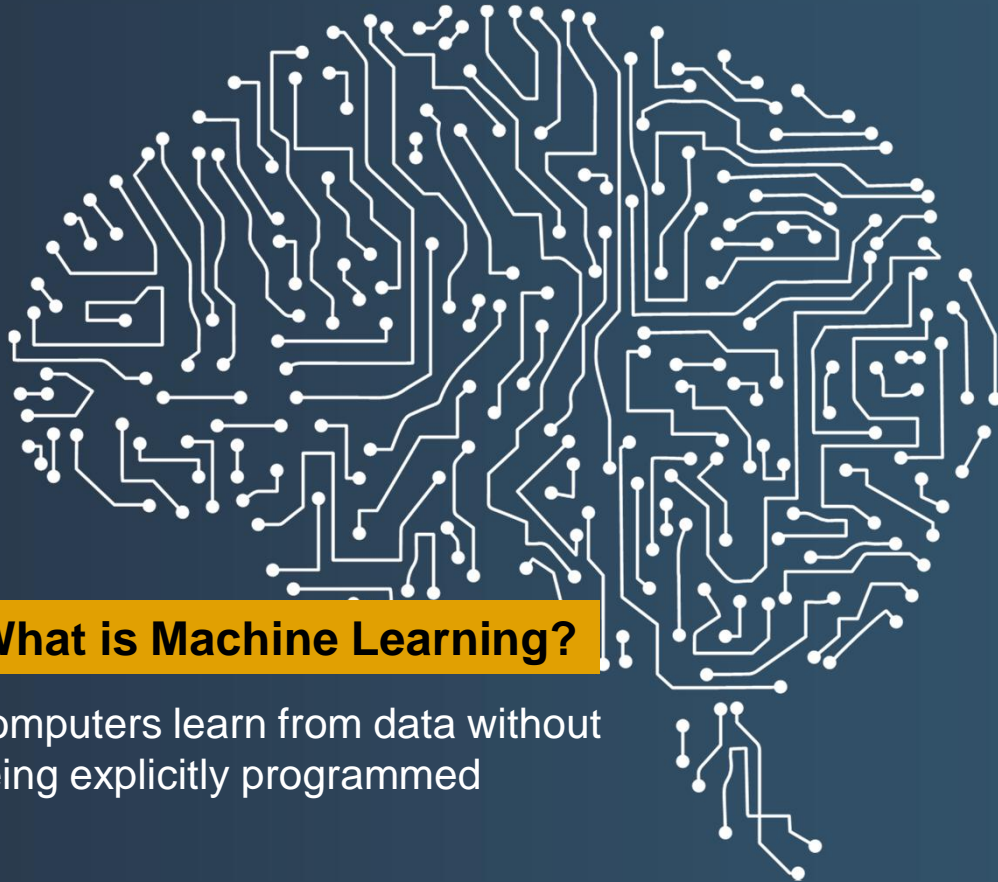
What is Machine Learning?

Computers learn from data without being explicitly programmed

Existing use cases

Existing Use Cases
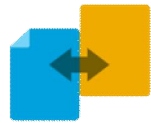
Cash Application Intelligence

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

Cash Application Intelligence
Automatically matching payments to open customer invoices

Account Receivable Team

Issue Invoice

Receive Payment

Clear Payment
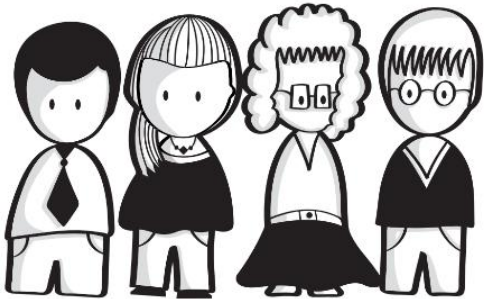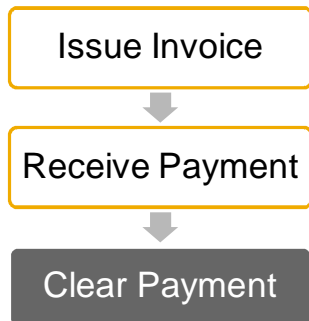
Business Problem

- Manually matching incoming payments to open invoices is a labour-intense process in todays 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 £ → Invoice €

Payment $1,200 → Invoice $1,300

Payment → Invoices

Customer Details
PAYMENTS

Invoice Details
PAYMENTS

Joni Chen, 34
AR Accountant

Payment number *10003*, the payment amount is *$2000.*

I assume this should be for: *Invoice F5132 + Invoice F2672 + … = $2000?*

2 hours later…

Hi! We received this payment 10003. Is this meant for these Invoices *F5132 + F2672 + … ... ?*
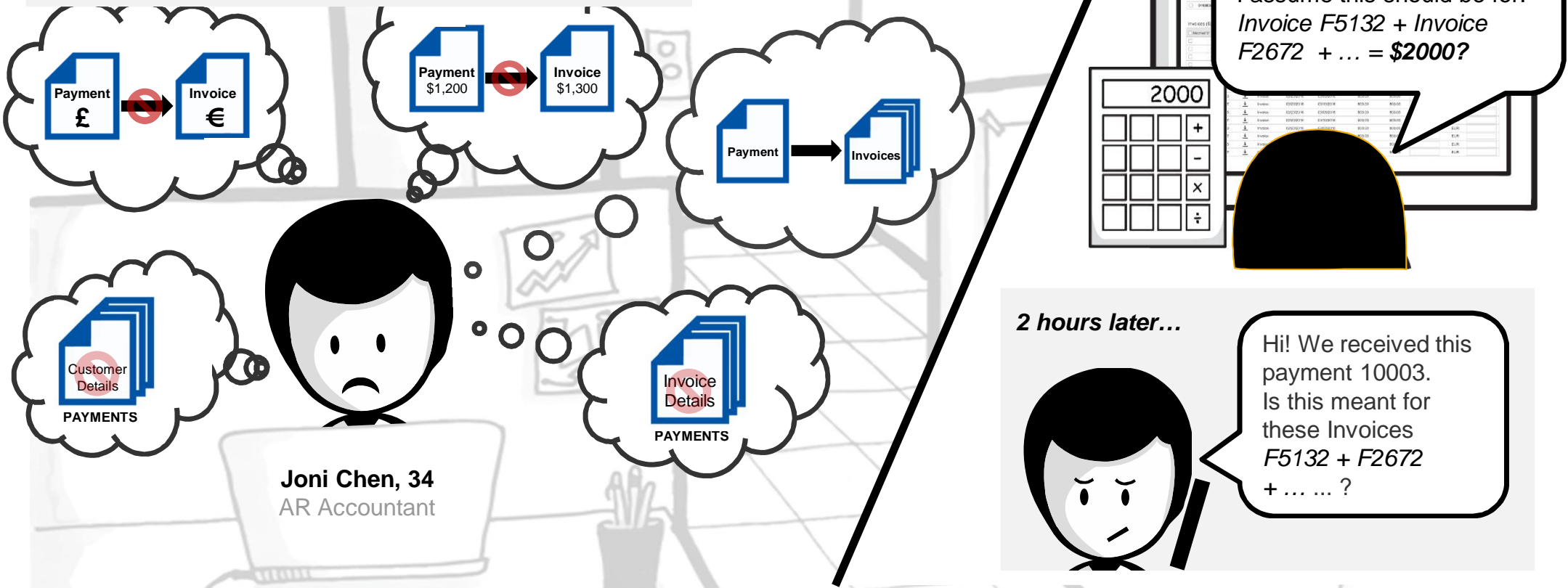
Solution! – Cash Application Intelligence

SAP Labs preview
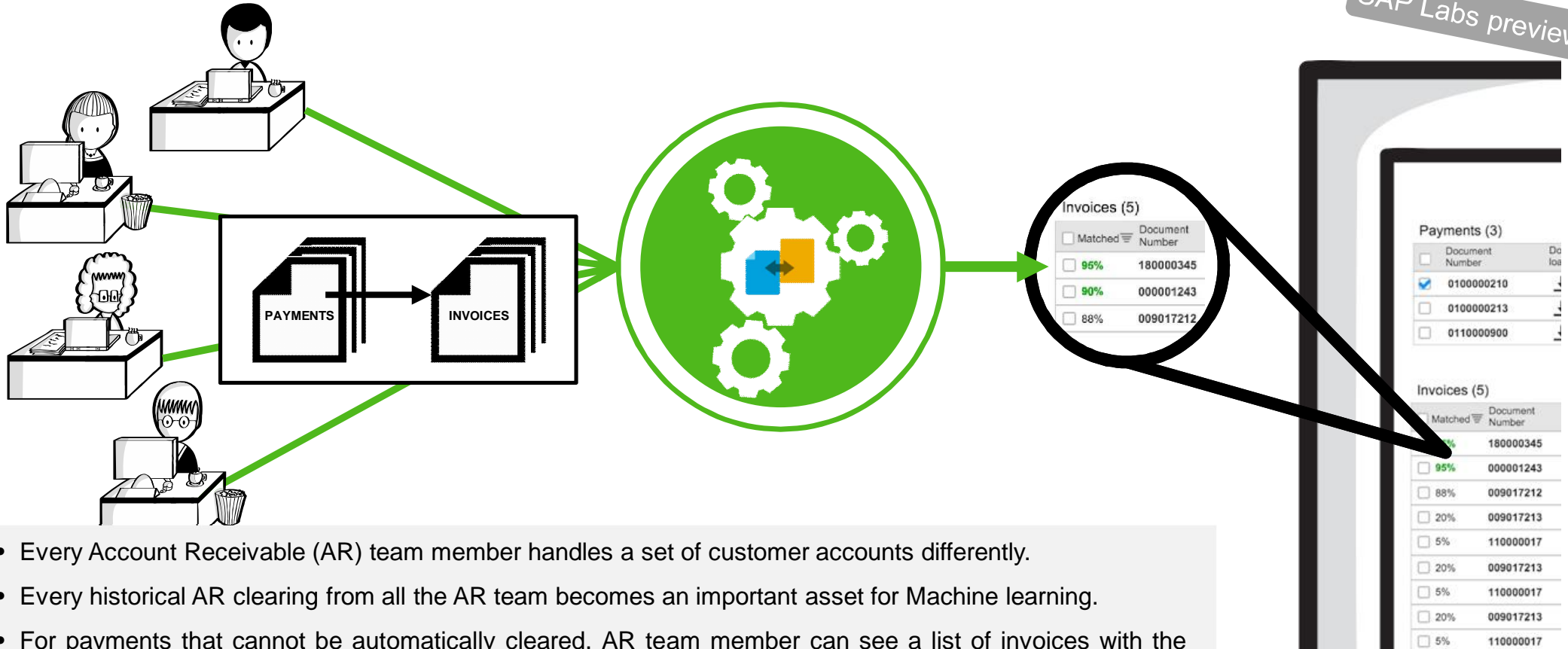
- Every Account Receivable (AR) team member handles a set of customer accounts differently.
- Every historical AR clearing from all the AR team becomes an important asset for Machine learning.
- For payments that cannot be automatically cleared, AR team member can see a list of invoices with the suggested 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
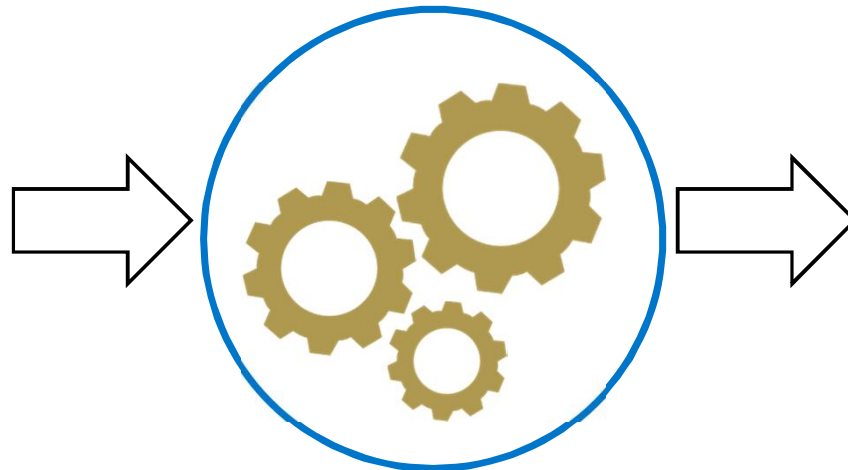
Automatically select and arrange decision criteria & values

Currently supporting 48 matching criteria & growing

Optimal model

Note contains exact reference number

yes — no

Invoice due since

< 71 days — >= 71 days
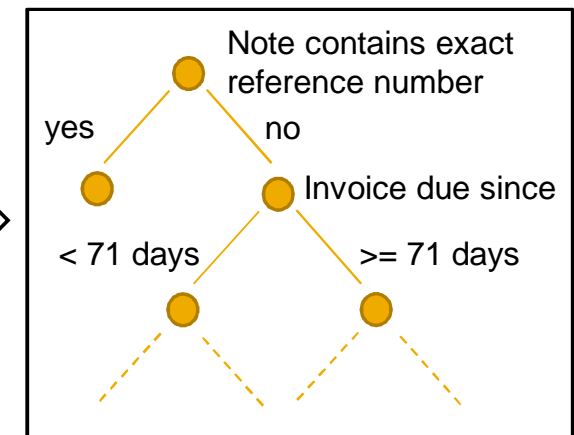
What we are looking for and what we offer

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

Suppliers & networks

Digital Core

SAP S/4 HANA
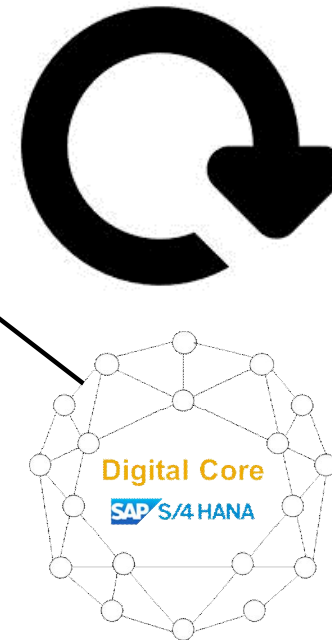
SAP Invoice Management in a Digital Economy

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

Suppliers

Incoming Invoices

Invoice Data Capturing

Ariba Business Network

SAP **S/4HANA Finance Invoice Management**

98+ % Auto Match
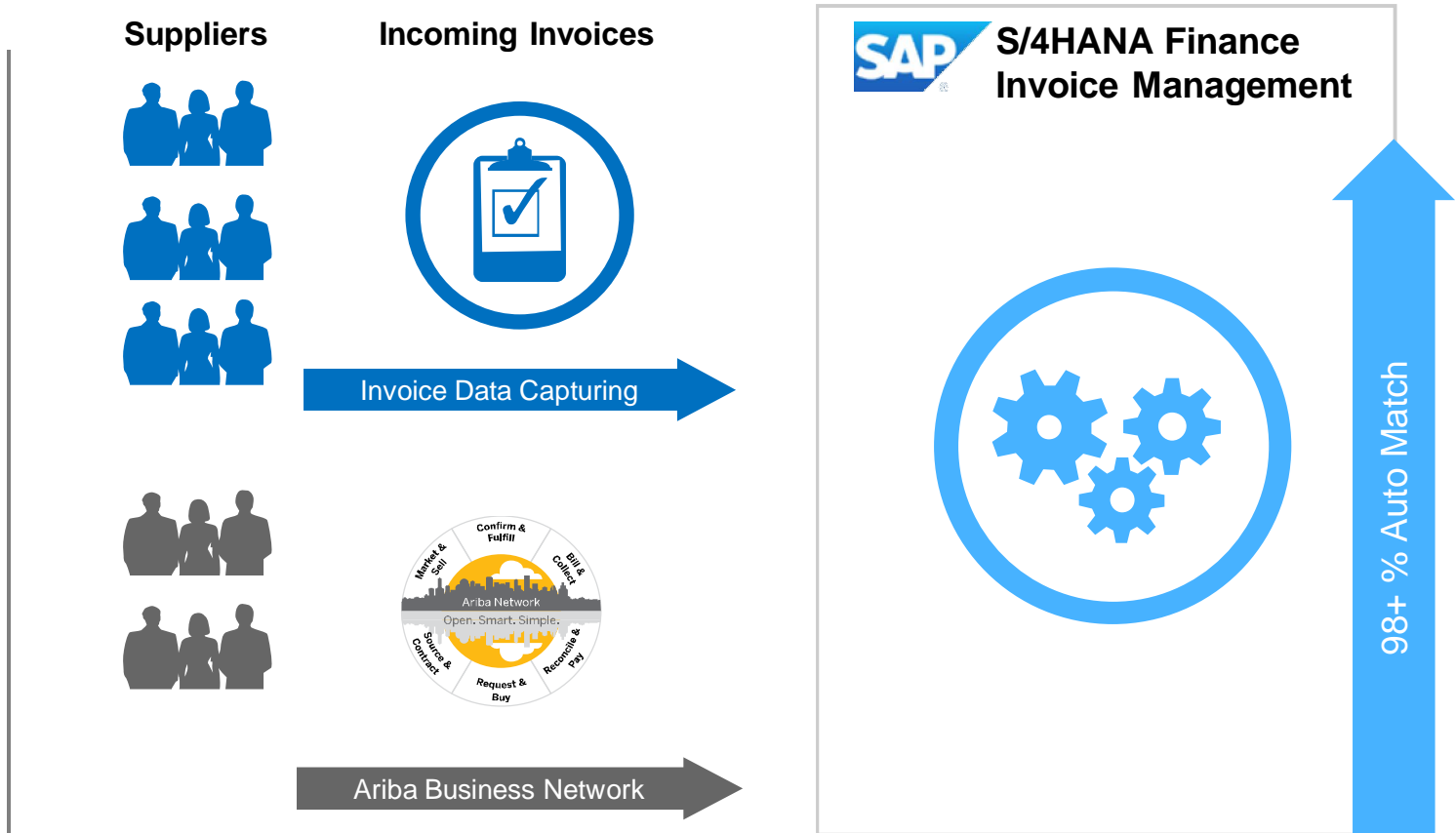
Cash Management

SAP S/4HANA: Cash Management

Cash Position

Liquidity Forecast

Actual Cash Flow Report

Planning
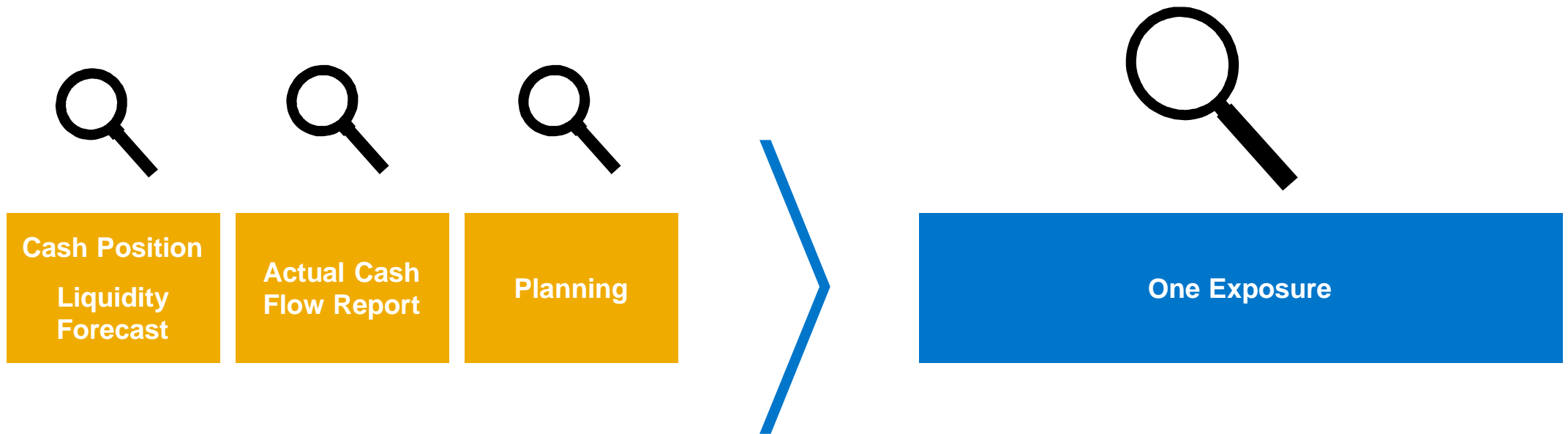
One Exposure

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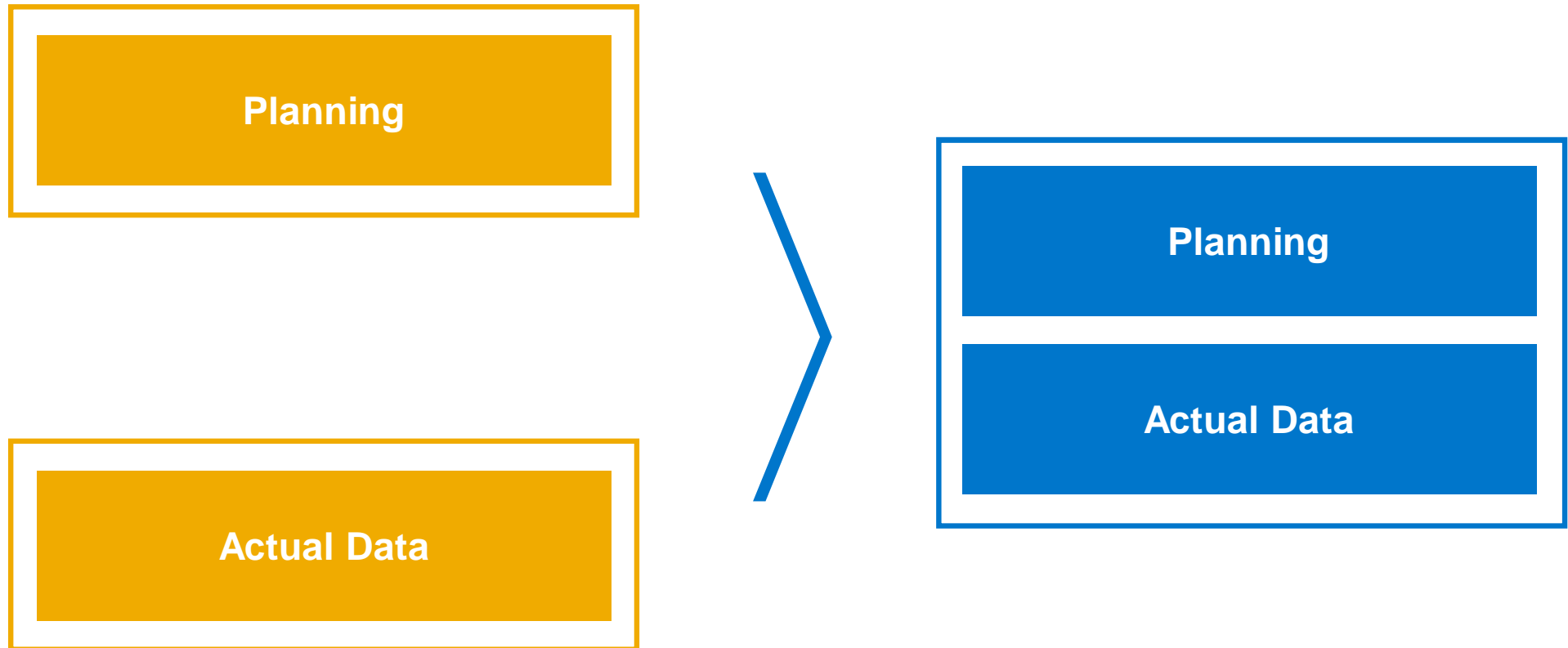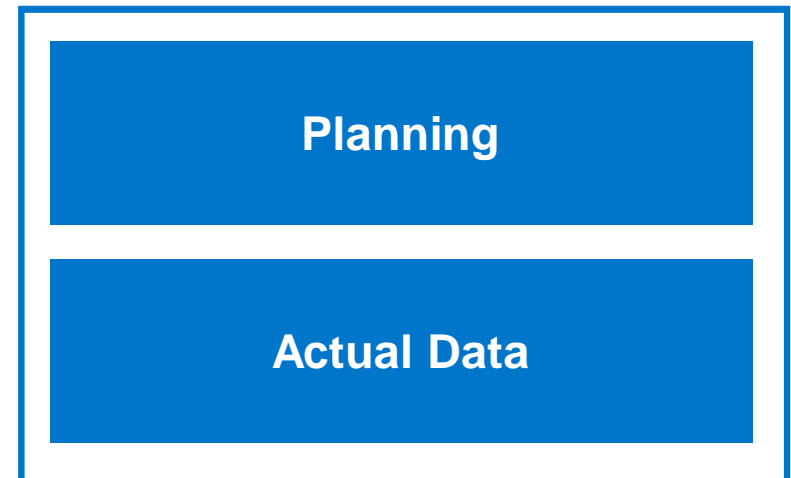
SAP S/4HANA: Planning
SAP BusinessObjects Planning and Consolidation for S/4HANA

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"

Planning

Actual Data

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
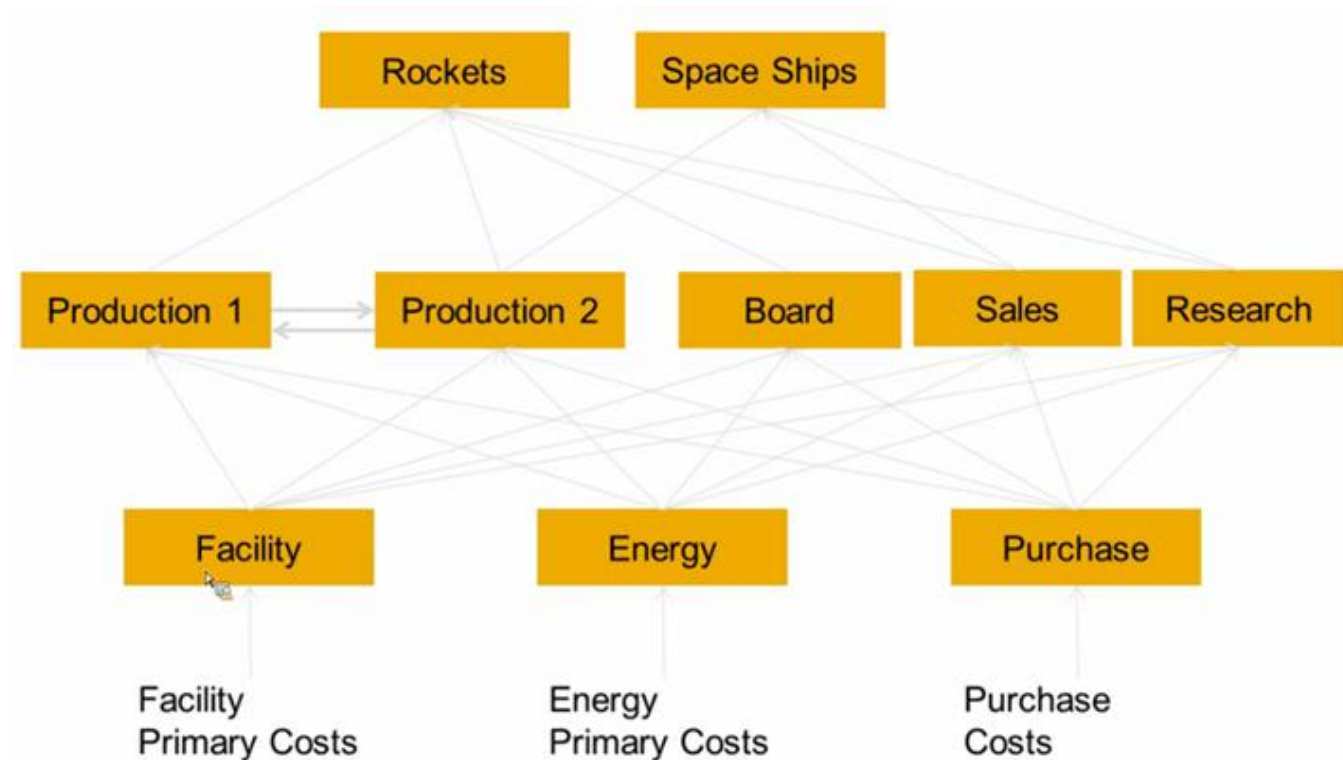
Integrated Planning
Recent / Planned Innovations

Recent Innovations*

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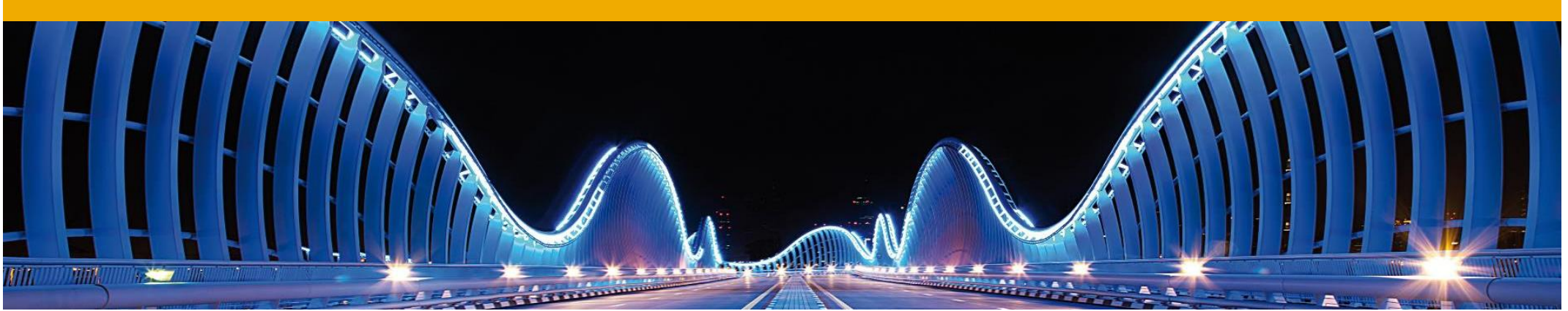- End-to-end Extensibility

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
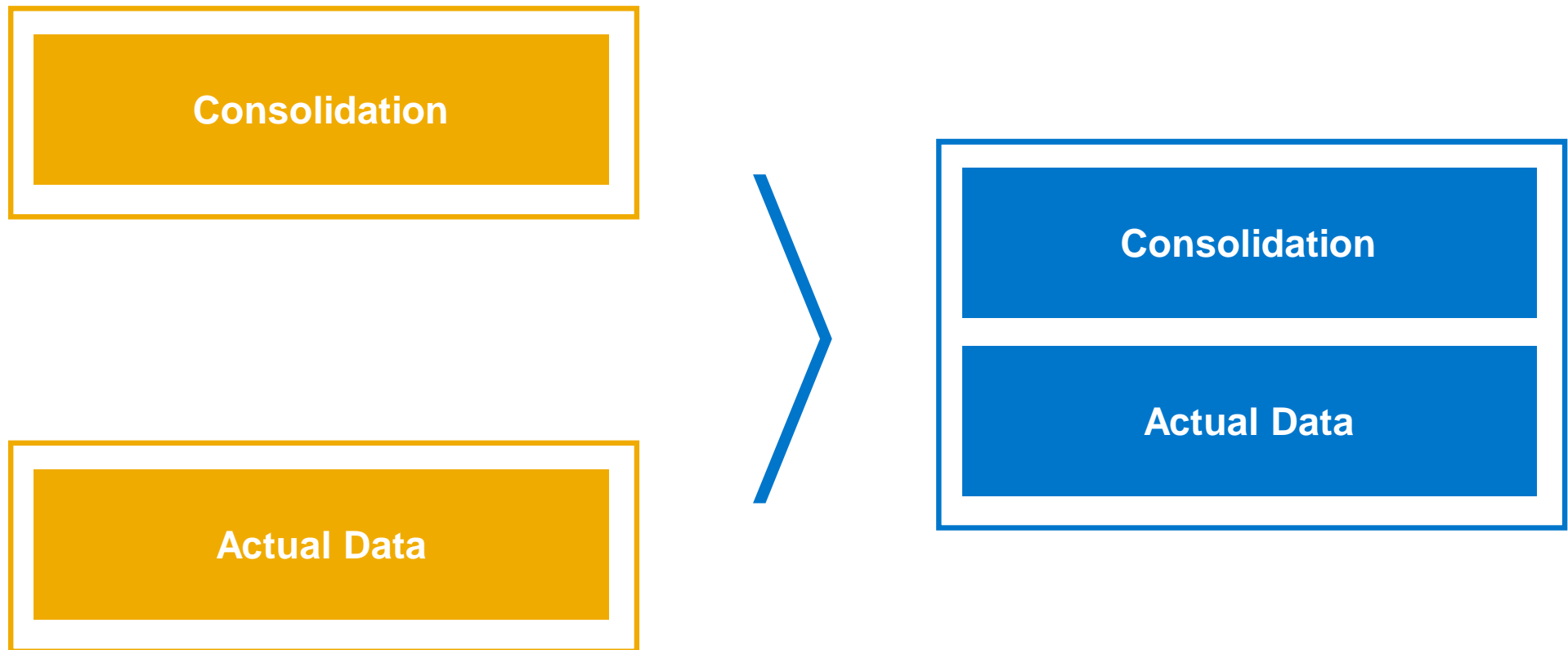- Integration with IBP for S&OP

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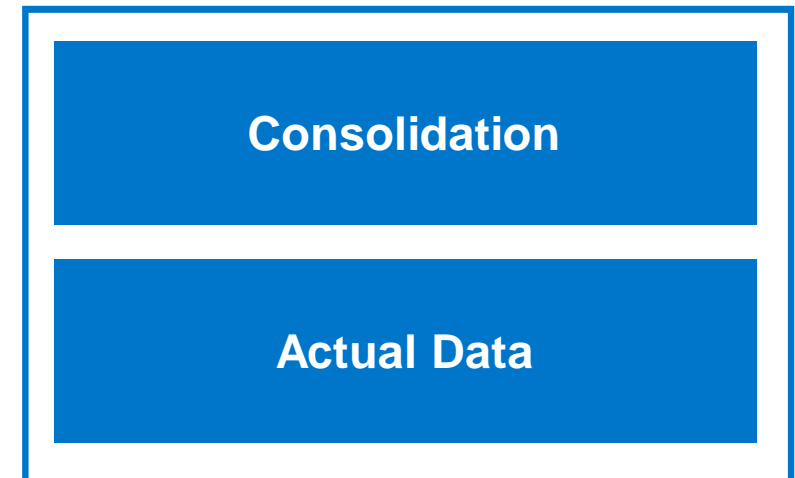
Consolidation

SAP S/4HANA: 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**

Consolidation

Actual Data

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 entitiy 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**
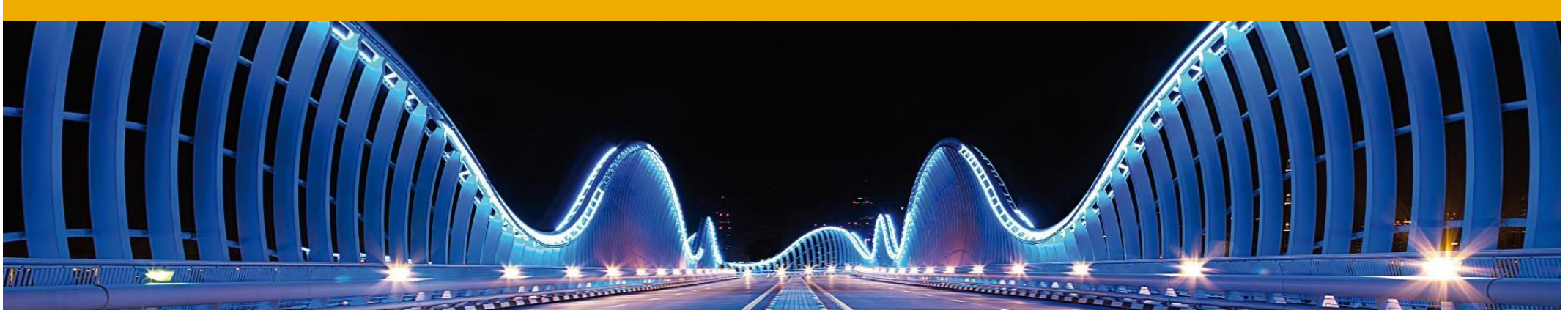
- **Additional data load**

- **Intercompany-Reconciliation**

Consolidation

- **Eliminations after Intercompany-Reconciliation***

- **Continuously driven eliminations, e.g. in P&L***

- **...**

SAP BPC optimized for SAP S/4HANA - Consolidation
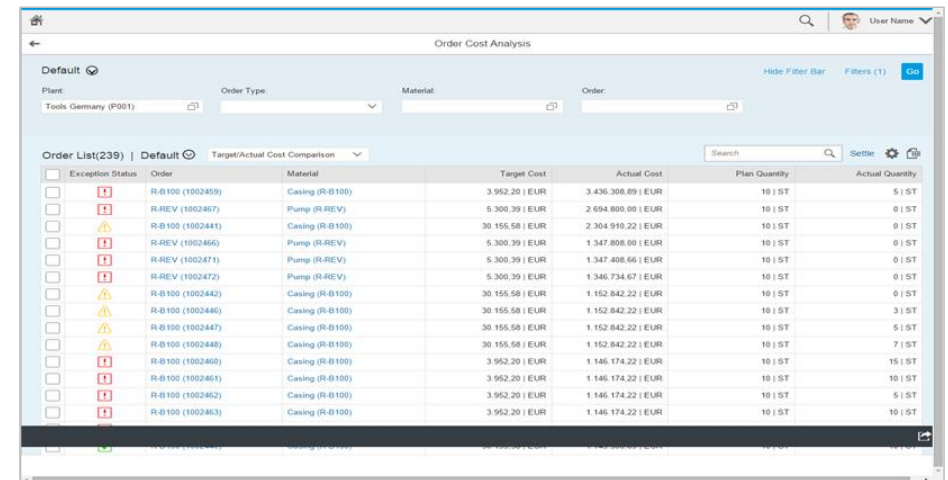
---

* planned enhancements in the future

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

SRF
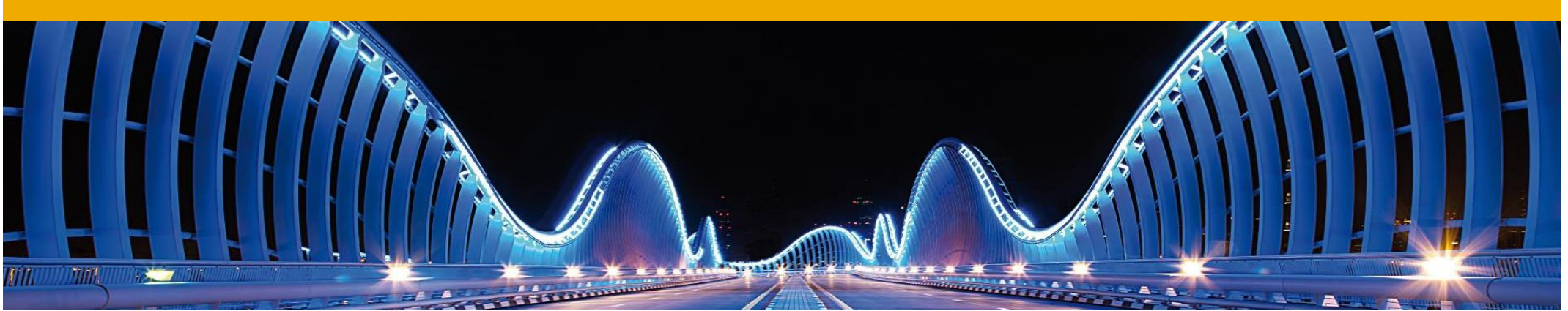
Central Finance

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**

http://help.sap.com   → **Financial Management → SAP S/4HANA Finance**

http://help.sap.com   → **Enterprise Management → SAP S/4HANA**
  (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

Bloomberg · Bristow · COLGATE-PALMOLIVE · Convergentis · FLORIDA CRYSTALS · innovabee · LA TROBE UNIVERSITY · NEW YORK LIFE · PROMEDICO · SAP · SCHOLA EUROPAEA · TÜRK TELEKOM · UNIORG

What do you think?

Kontakt:

Dr. Christoph Ernst
Senior Director
Finance Solutions
SAP SE

+49 160 9081 9609
Christoph.Ernst@sap.com