Keys to a fast and accurate financial close

Franco Furlan, Middle and Eastern Europe Center of Excellence for Analytics, SAP
Kiev, October 8, 2014
Agenda

- Where financial close fits
- Drivers and barriers for a fast, high-quality financial close
- Your financial close action plan
- SAP solutions for accounting and financial close
  - Entity Close
  - Corporate Close
  - Reporting and Disclosure
- Wrap-Up
Driving Business Results Through Financial Excellence
From the CFO to a Broad Set of Finance Teams

Controller
Head of Corporate Reporting
Corporate Treasurer
Head of Finance Operations
Chief Compliance Officer

FINANCIAL PLANNING AND ANALYSIS
ACCOUNTING AND FINANCIAL CLOSE
TREASURY AND FINANCIAL RISK MANAGEMENT
COLLABORATIVE FINANCE OPERATIONS
ENTERPRISE RISK AND COMPLIANCE MANAGEMENT

3x Lower finance cost as percentage of revenue for top quartile organizations versus bottom quartile organizations
Source: SAP Performance Benchmarking
Line of Business Finance Buying Centers
Holistically addressing your Audiences’ Needs

Planning & Controlling
- Manage Financial Performance
  - Develop and Translate Strategy
  - Planning, Budgeting and Forecasting
  - Profitability and Cost Analysis

Financial Reporting
- Accounting and Financial Close
  - Financial Accounting
  - Entity Close
  - Corporate Close
  - Reporting and Disclosure
  - Financial Close Governance

Treasury
- Treasury and Financial Risk Management
  - Payments and Bank Communications
  - Cash and Liquidity Management
  - Debt and Investments Strategies
  - Financial Risk Management
  - Commodity Risk Management

Finance Operations
- Collaborative Finance Operations
  - Receivables Management
  - Real Estate Management
  - Finance Shared Services
  - Travel Management
  - Collaborative Invoice to Pay

Risk & Compliance & Audit
- Manage Risk and Compliance and Audit
  - Risk and Compliance Management
  - Internal Control & Access Management
  - Global Trade Services
  - Fraud Management
  - Audit Management

Business Insights
Agenda

- Where financial close fits
- **Drivers and barriers for a fast, high-quality financial close**
- Your financial close action plan
- SAP solutions for accounting and financial close
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- Wrap-Up
Barriers and Challenges to a Faster Accurate Close
CFO challenges

- Lack of trust in data and reporting
- Multiple and lengthy financial performance management cycles
- Outperform competitors’ costs and margins
- Mitigate risk
- Lack of alignment between strategy and day-to-day operations
- Disparate data in tools from multiple vendors
- How to be the strategic advisor to the business
- Lack of accountability
- Retaining the right finance talent
- Coping with a compliance marathon
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Barriers to a fast, high-quality financial close

Frequently cited barriers to a fast close

<table>
<thead>
<tr>
<th>Internal politics between HQ and subsidiaries</th>
<th>Late delivery from reporting units</th>
<th>Lack of buy-in from divisions</th>
<th>Staff experience with systems and close processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution of systems and maintenance of metadata</td>
<td>Data transmission problems</td>
<td>Lack of automation</td>
<td>Multiple GAAP and/or charts of accounts</td>
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<tr>
<td>Lack of integration with source systems and manual data input</td>
<td>Intercompany reconciliation</td>
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<td>Integration with plan and budget data</td>
<td>Weak audit trails</td>
<td></td>
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<tr>
<td>Performance of consolidation applications</td>
<td>Delays understanding variances</td>
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<td></td>
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<td></td>
<td>Reconciliation of management and statutory reporting</td>
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<td></td>
<td>Data collection errors and high volumes of late adjustments</td>
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</tbody>
</table>

Added pressure of adopting new regulations such as Sarbanes-Oxley, IFRS, and XBRL
Resource-intensive manual internal control activities

- Regulatory Framework
- Technology Barrier
- Process Barrier
- People Barrier
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Your financial close action plan
Stage 1: Vision

A successful fast financial close project requires:
- A thorough diagnostic that clarifies areas of strength and weaknesses
- Covers the end-to-end process across all key dimensions
- Timetables, organization, policy, processes, systems, quality, content
- Benchmarks against internal and external performance
- Benchmarks against best practices

Key outcomes will include clearly identified project goals
- Target timetables for legal and management reporting
- Key areas for process improvement

Vision
Perform “as-is” review
Define vision and benefits
Obtain executive sponsorship

Change Management
Milestone 1
Completed project plan
Obtain executive sponsorship

Companies with a program to shorten the close, achieve results over those with no process in place. Executive sponsorship and focus is key.

According to the Ventana Research Trends in Fast Clean Close Benchmark Research, companies that have a process to shorten the close achieve results over those with no process in place. The chart below illustrates the data:

- **Has a process**:
  - 28% shortened 3 days
  - 20% shortened 2 days
  - 29% shortened 1 day
  - 22% same time

- **Has no process**:
  - 4% 3 or more days longer
  - 9% 2 days longer
  - 76% 1 day longer
  - 9% same time

Compared to two years ago, how much longer or shorter is your quarterly/semiannual closing process?

Source: Ventana Research Trends in Fast Clean Close Benchmark Research
Your financial close action plan
Stage 2: Quick wins

Vision
Perform “as-is” review
Define vision and benefits
Obtain executive sponsorship

Quick Wins
Create close scorecard
Peer-to-peer intercompany reconciliation
Right-first-time close
XBRL publishing

Create close scorecard to coach best and worst performers
Conduct peer-to-peer intercompany reconciliation process
Leverage data integration tools, validations, and controls for right-first-time close
In-house publishing of financial statements in XBRL

Change Management
Milestone 1
Completed project plan
Milestone 2
Immediate timetable reduction
Your financial close action plan
Stage 3: Big wins

Vision
- Perform "as-is" review
- Define vision and benefits
- Obtain executive sponsorship

Quick Wins
- Create close scorecard
- Peer-to-peer intercompany reconciliation
- Right first-time close
- XBRL publishing

Big Wins
- Disclosure and Reporting
- Introduce financial statement reporting app
- Corporate Close
- Renovate consolidation app
- Entity Close
- Organize entity close, improve ERP apps

Disclosures and Reporting
- Introduce financial statement reporting app
- Corporate Close
- Renovate consolidation app
- Entity Close
- Organize entity close, improve ERP apps

Ensure consistent corporate master data
- Automate internal control processes

Change Management
- Milestone 1: Completed project plan
- Milestone 2: Immediate timetable reduction
- Milestone 3: Vision achieved
Your financial close action plan
Stage 4: Post project review

**Vision**
- Perform “as-is” review
- Define vision and benefits
- Obtain executive sponsorship

**Quick Wins**
- Create close scorecard
- Peer-to-peer intercompany reconciliation
- Right first-time close
- XBRL publishing

**Big Wins**
- Disclosure and Reporting
- Introduce financial statement reporting app
- Corporate Close
- Renovate consolidation app
- Entity Close
- Organize entity close, improve ERP apps

**Post Project Review**
- Continuous improvement framework
- Extend to planning, budgeting, and forecasting

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**Change Management**

- **Milestone 1**
  - Completed project plan
- **Milestone 2**
  - Immediate timetable reduction
- **Milestone 3**
  - Vision achieved
The result of your financial close action plan

Faster cycle times to close books and report on financial performance

Reduced cost of finance and compliance

Improved data quality

Robust audit trails

Better informed decision making

Minimized risk of restatements

Increased stakeholder confidence
Specific Benefits Realized by Companies when Leveraging Technology in Financial Close and Reporting

<table>
<thead>
<tr>
<th>Customer Benefits Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Henkel</strong></td>
</tr>
<tr>
<td>Reduced reporting resource required by 33%</td>
</tr>
<tr>
<td>Reports created 30% faster</td>
</tr>
<tr>
<td><strong>Autodesk</strong></td>
</tr>
<tr>
<td>Reduced financial statement prep time by 20%</td>
</tr>
<tr>
<td>Shortened period-end closes by 2 days</td>
</tr>
<tr>
<td><strong>GRACE</strong></td>
</tr>
<tr>
<td>Greater closing efficiency by reducing errors, manual rework, and cycle times</td>
</tr>
<tr>
<td>Used SAP GL as single-instance data source</td>
</tr>
<tr>
<td><strong>Roche</strong></td>
</tr>
<tr>
<td>Reduced reporting cycle time from 20 to 5 days</td>
</tr>
<tr>
<td>Roche HQ consolidation cut from 12 to 2 days</td>
</tr>
<tr>
<td><strong>Societe Generale</strong></td>
</tr>
<tr>
<td>Reduced intercompany reconciliation process from 10 days to 5 days</td>
</tr>
<tr>
<td>Reporting cycle cut by 5 days enabling monthly closings</td>
</tr>
<tr>
<td><strong>Old World Industries, Inc.</strong></td>
</tr>
<tr>
<td>Cut month-end closing time by 2 to 3 days</td>
</tr>
<tr>
<td>Dropped daily business reporting time from 10 person-hours to seconds</td>
</tr>
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</table>
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Accounting and financial close
Improve speed, accuracy, and compliance while reducing costs

Chief Financial Officer

Financial Accounting
- Support multiple standards and requirements efficiently
  - Compliance
  - Automation
  - Integration
  - Efficiency

Entity Close
- Provide timely reporting with existing resources
  - Compliance
  - Speed
  - IC matching
  - Efficiency

Corporate Close
- Quickly supply consolidated multi-standard financial data
  - Compliance
  - Speed
  - Automation
  - Efficiency

Reporting and Disclosure
- Streamline reporting and adhere to regulations
  - Efficiency
  - Insight
  - Transparency
  - Control

Financial Close Governance
- Ensure transparency and consistent master data
  - Standardization
  - Consistency
  - Transparency
  - Control

Financial Accounting
Corporate Close
Reporting and Disclosure
Financial Close Governance

Chief Financial Officer

Accounting and financial close applications

Chief Financial Officer

- Financial Accounting
  - SAP General Ledger
  - SAP ERP Financials – Sub Ledgers
- Entity Close
  - SAP Financial Closing cockpit
  - SAP Central Process Scheduling by Redwood
  - SAP Intercompany
  - SAP Financial Information Management
- Corporate Close
  - SAP Business Planning and Consolidation
  - SAP Central Process Scheduling by Redwood
  - SAP Intercompany
  - SAP Financial Information Management
- Reporting and Disclosure
  - SAP BusinessObjects BI Solutions
  - SAP Financial Consolidation
  - SAP Notes Management
  - SAP Starter Kits
- Financial Close Governance
  - SAP Process Control
  - SAP Master Data Governance for Financial Data
SAP accounting and financial close

Financial Close Governance

<table>
<thead>
<tr>
<th>Process Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Data Governance for Financials</td>
</tr>
<tr>
<td>Financial Close Management</td>
</tr>
</tbody>
</table>

- Accounting
  - General Ledger
  - Sub-Ledgers

- Entity Close
  - Intercompany Reconciliation
  - Account Reconciliation
  - Financial Closing cockpit

- Corporate Close
  - Consolidation
  - Notes Management

- Reporting and Disclosure
  - Reporting and Analysis
  - Disclosure Management
Accounting and financial close

Financial Accounting

Entity Close
- Intercompany Reconciliation
- Entity Close Management

Corporate Close
- Consolidation
- Notes Management

Reporting and Disclosure
- Reporting and Analysis
- Disclosure Management

Financial Close Governance
- Internal Controls
- Master Data Governance for Financials
Accounting and Financial Close

- General Ledger
- Sub-Ledgers
  - Intercompany Reconciliation
  - Account Reconciliation
  - Entity Close Management

- Consolidation
- Notes Management
- Disclosure Management

- Reporting and Analysis

- Process Controls
- Master Data Governance for Financials
- Financial Close Management

Financial Close Governance
SAP financial close management solutions
Entity close: Traditional intercompany reconciliation process

Corporate headquarters responsible for reporting unit discrepancies

Done at the end of the close – Matching reports

Inefficient vertical flow of information

Time-consuming manual escalation procedures

Corporate bottleneck: Lack of direct contact between reporting units

### Traditional

**Close Book**

- **D - 5**: Reporting unit A
- **D - 0**: Reporting unit B

**Intercompany reconciliation**

- **D + 0**: Manual escalation procedures

**Consolidation**

- **D + 5**: HQ

**D + 10**
SAP financial close management solutions
Entity close: Peer-to-peer intercompany reconciliation process

Units deal directly with one another in a peer-to-peer fashion (central database)

Enter intercompany balances

Intercompany process removed from the close’s critical path

Frees central finance staff from time spent on non-value-added tasks

Independent of the consolidations systems

Peer-to-Peer

Intercompany reconciliation

Uses for Saved Time

<table>
<thead>
<tr>
<th>Uses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redeploy staff / resources</td>
<td>62%</td>
</tr>
<tr>
<td>Meet deadlines</td>
<td>13%</td>
</tr>
<tr>
<td>Work fewer hours</td>
<td>7%</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>8%</td>
</tr>
<tr>
<td>No value</td>
<td>10%</td>
</tr>
</tbody>
</table>
SAP Solutions for Intercompany Reconciliation

During a financial close, activities between reporting units (companies) must first be reconciled (i.e., matched), then eliminated.

<table>
<thead>
<tr>
<th>Levels of Intercompany Matching</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Balance</td>
<td>E.g., Accounts Receivables and Accounts Payables</td>
</tr>
<tr>
<td>Invoice/Transactional</td>
<td>Account balances are sums of transactions</td>
</tr>
</tbody>
</table>

* Differences may occur for many reasons, including timing of recording transactions, exchange rates, or mistakes.

SAP Reconciliation Solutions

<table>
<thead>
<tr>
<th>SAP Intercompany</th>
<th>Balance and Invoice</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP ERP Intercompany Reconciliation</td>
<td>Invoice</td>
</tr>
<tr>
<td>SAP solutions for Consolidation</td>
<td>Balance</td>
</tr>
</tbody>
</table>
Intercompany accounting
Eliminating the biggest bottleneck to the financial close

Faster intercompany reconciliation
- Web-based real time reconciliation
- Enables faster close
- Central rules, FX rates

Full audit trail and reporting
- Collaborative matching process
- Sophisticated status tracking
- Status reporting and email alerts

Rapid implementation
- Intuitive user interface
- Low TCO and high ROI
Account Reconciliation
SAP Endorsed Business Solution: **BlackLine Financial Close Suite**

**BlackLine Account Reconciliation**
- Standalone, on-demand solution
- Extraction of source data from all relevant systems, roles-based approach
- Automatic matching of extracted data with configurable business rules
- Dedicated process and workflow management organized around accounts
- Auto-certification for low risk accounts, templates-based reconciliation, etc.
- Management dashboards and extensive reporting

**SAP Financial Closing cockpit + Automation Component**
No dedicated solution for account reconciliation, but leverage if available
- Planning, execution, monitoring, documentation of reconciliation tasks
- Combine reconciliation tasks with “normal” closing tasks
- Manual, semi-automatic or automatic evaluation of results

**SAP ERP**
- Reconciliation functionality, accrual engine,
- Bank communication management, ...

**SAP ERP**

**Other ERP**

**Other Data**
Accounting and Financial Close

<table>
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Financial Close Governance

- Process Controls
- Master Data Governance for Financials
- Financial Close Management
Planning, Execution, and Monitoring of the Entity Financial Close

**Governance and compliance**
- Define a centralized game plan for the entity close
- Leverage it for multiple org units and closing cycles
- Full audit trail, logging of results, documentation

**Closing efficiency**
- Automated closing tasks, even in remote systems
- Powerful, user-friendly application for manual tasks
- Collaboration and workflows for approvals

**Transparency and insight**
- Real-time insight into the closing status
- Monitoring by subsidiaries and headquarter
- Identify and analyze process improvements
The status and progress of the entity close can be reported via SAP NetWeaver BW queries that provide real-time information.

These reports provide insight across subsidiaries, years, periods, and multiple tasks lists.

This enables managers, at headquarter, shared service centers, or subsidiaries to monitor the closing process on their levels of responsibilities.
Dashboard for Entity Close Management
Using a dashboard to monitor the legal entity close by region

The delivered SAP BW queries can be leveraged in custom-specific dashboards built with SAP Business Objects Business Intelligence.
The SAP Financial Closing cockpit along with SAP Central Process Scheduling from Redwood allow us to build the global close schedule with one template and implement that globally throughout Dow. We really wanted to go to one place to see where we were in our close schedules. The ease and the flexibility of the financial closing cockpit is actually fantastic.

Sandra Hartman-Holbrook, Finance Manager, The Dow Chemical Company

The Dow Chemical Company
A Faster, Less Costly Financial Close Process

750+
Subsidiaries world-wide with almost 50,000 employees

1000
Financial close jobs each month

Tangible benefits
Increased efficiency, improved visibility, and reduced costs
Accounting and Financial Close

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SAP Business Planning and Consolidation
Streamlined planning and a faster, compliant close

Familiar and easy to use
- Increased user adoption
- Reduced reliance on IT
- Designed for business users

Process-centric
- Configurable business process flows
- Drives process consistency
- User owned and managed

Unified
- Single, integrated solution
- Low maintenance, improved integrity
- Simplifies deployment

Available in versions for the Microsoft platform and SAP NetWeaver
SAP Business Planning and Consolidation supports a complete consolidation business process

- Step 1: SAP Business Planning and Consolidation Master Data Maintenance
- Step 2: Balance Carry Forward / Period Initialization
- Step 3: Data Collection
- Step 4: Reclassification net income into current retained earnings
- Step 5: Adjustments to Reported Data
- Step 6: Standard Entries
- Step 7: Data Validation #1
- Step 8: Currency Translation
  * Only subconsolidation
- Step 9: Inter Unit Eliminations
- Step 10: Final Adjustments
- Step 11: Data Validation #2
- Step 12: Reporting & Analysis
Business process flows
Monitoring and orchestration of close tasks

Step-by-step guidance as well as monitoring, available centrally

The BPF (Business Process Flow) Desktop provides a personalized overview on the Consolidation tasks to be performed and the status of each process step.

Process monitoring capabilities provide visibility into the progress of all activities throughout the organization.

In summary, the BPF Desktop provides:

- One central point for everyone within the organization to access information or begin a specific process.
- Easy, intuitive, and controlled navigation through the consolidation process steps.

Data Loading
Leading Practices: Integration and automation (eliminate manual activities)

First step in a consolidation is data collection

Data can be loaded from:

- Centralized or de-centralized systems
- SAP ERP, SAP NetWeaver BW, or non-SAP systems

Multiple alternatives for loading of data, including automated extraction, transformation, and loading

- Utilize native BW/BPC/FC capabilities to support automated data collection
- Utilize SAP FIM to support automated data collection
- Manual update via file upload or direct data entry

<table>
<thead>
<tr>
<th>Data Input and load</th>
<th>Controls</th>
<th>Group Structure</th>
<th>Currency Translation</th>
<th>Consolidation Processes</th>
<th>Financial Statements</th>
</tr>
</thead>
</table>
SAP Financial Information Management
Powerful connectivity, mapping, and loading designed for the business user

Easy and repeatable
• Easy to use, speedy, and simple to deploy
• Simplified data integration
• Reliable, repeatable, consistent solution

Quality, confidence, and compliance
• Improve insight with lower compliance costs
• Drill-to-origin/drill-to-source in SAP ERP
• Trusted data collection, map, and load

Superior connectivity
• Integration with SAP and non-SAP data
• EPM-to-EPM integration
• Reduce cycle times, facilitate compliance
Controls ensure the quality of data and control monitoring provide the ability to track control status

Flexible and powerful set of parameters improve data accuracy

- Controls can be blocking or non-blocking
- “Thresholds” allow for setting of tolerance levels
- Controls can be defined as cross-category controls (e.g., plan vs. actuals) or refer to a given time period

Control monitoring provides complete visibility into the control status of entities for which you are responsible

Controls can contain links to documents, which can help users solve failed controls

Eliminates manual analysis focusing specifically on exceptions
Group Structures
Statutory and management reporting based on single source of truth, single global system supporting both local and group consolidation

Ability to create multiple hierarchical consolidation views in the Ownership Manager
The Ownership Manager provides for the ability to create time-dependent entity hierarchies
Supports staged consolidation
Support for multiple-GAAP consolidation
Support for multiple currency consolidation
Support for multiple alternative consolidations (legal vs. management)
Currency Translation
Flexible, automated currency translation

Exchange rates can be entered manually or uploaded

Multiple currency translation methods (average rate, closing rate, historical rate, …)

Automatic currency translation adjustment (CTA) calculations

Dedicated Equity/Reserves accounts
Consolidation Processes
Automated calculation and posting of Consolidation Entries / Adjustments

Elimination of Intercompany Transactions
Elimination of Investments
Elimination of Dividends
Elimination of Internal Provisions
Elimination of Goodwill
Equity: Group/Minority split
Currency Translation Adjustment (CTA) Reserves

Consolidation Methods
- Holding company
- Proportional
- Global (Acquisition Method)
- Disposition – Beginning of year
- Disposition – End of year
- Equity

Additional support for non-consolidated Parent Company reporting with investments at equity
Audit
Complete and verifiable audit trail

Using the Audit Trail dimension, Activity, and Data Audit

A dedicated dimension called “Audit ID” tracks the different types of data (data entry, manual adjustments, automatic eliminations)

Data and Activity audit allow tracking all changes that occur in each model
Consolidation Monitor
Central monitoring and approval of consolidation processes; support for iterative consolidations

Consolidation monitoring to track the status of consolidation processes
Track information for a given group, sub-group, or entity (Control status, Work status, Currency conversion, Consolidation status)
Select consolidation tasks directly from the Consolidation Monitor (run currency translation or consolidation)
Improve consolidation performance and save time with incremental consolidation and parallel processing
Reporting
End-user managed, real-time consolidated

**Contribution and Consolidation reports**
P&L, Balance Sheet, Cash Flow, Equity, Fixed Assets, Long-Term Liabilities

**Activity reports**
Balance Sheet, Equity, Fixed Assets, Long-Term Liabilities

**Other reports**
Trends, variances, what-if (scenario analysis)

**Analysis Reports**
- By Level (Local to Contribution)
- By Entity
- By Flow (opening to ending balance)
- By Scope (Entity hierarchy)
Our new SAP software has helped us accelerate financial consolidation and provided regular and timely visibility into holding performance. It has also reduced the risk of inconsistencies in tailored reporting to outside stakeholders.

Petr Dobersky, Financial Director, Czech Aeroholding
SAP Financial Consolidation
Eliminate bottlenecks for a faster close

**Speed**
- Unrivalled single and parallel processing
- Simultaneous legal and management views
- High performance audit trail

**Power and agility**
- More dimensions and extensible data model
- Financial intelligence for flexible reporting
- Self-service, user-oriented analysis

**Compliance, trust, reliability**
- Powerful connectivity, mapping, and loading
- Intelligent controls and validations
- Faster legal compliance
Using the financial consolidation software and services of the experienced consultants provided by SAP, Titan was able to increase financial excellence while reducing costs.

Thanasis Danas, Senior Manager, Group Financial Consolidation and Accounting, Titan Cement Company S.A.
SAP FINANCIAL CONSOLIDATION 10 on HANA
Major Benefits on Reporting

REAL TIME and BIG DATA Navigation:
Between 1 and 3 seconds to navigate into report dealing with 1 billion rows of FC consolidated data (30 simulations in 2 years)

Reinvent your Reporting Strategy and Give real time consolidated figures access to a larger number of business users
Accounting and Financial Close

- Accounting
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  - Account Reconciliation
  - Entity Close Management
- Corporate Close
  - Consolidation
- Reporting and Disclosure
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  - Disclosure Management

Financial Close Governance
- Process Controls
- Master Data Governance for Financials
- Financial Close Management
Overreacting markets
Uncontrolled financial communication gets punished!

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Google Inc. Announces Third Quarter 2012 Results

MOUNTAIN VIEW, Calif. — October 18, 2012 — Google Inc. (NASDAQ: GOOG) today announced financial results for

PENDING LARRY QUOTE

Q3 Financial Summary

Google Inc. reported consolidated revenues of $14.10 billion for the quarter ended September 30, 2012, an increase of

basis. In the third quarter of 2012, TA sales were $17 billion, or 36

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The Challenge of Regulatory Disclosures
Lack of automation, visibility and control

- Many data sources
- Manual data consolidation
- Numerous document versions
- Difficult workflow and collaboration
- Lack of audit trail of approvals
- Little opportunity for last minute changes
SAP Disclosure Management

Leading practice: Addressing the “Last Mile of Finance” within an appropriately controlled and auditable workflow-based environment

<table>
<thead>
<tr>
<th>Input</th>
<th>SAP BusinessObjects Disclosure Management</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity Close Data (e.g., General Ledger)</td>
<td>Workflow</td>
<td>Word Processor</td>
</tr>
<tr>
<td>External Files (e.g., Spreadsheets)</td>
<td>Data Repository</td>
<td>Output Processor</td>
</tr>
<tr>
<td>Business Intelligence (e.g., Data Warehouse)</td>
<td>Document Mgmt</td>
<td>XBRL (eXtensible Business Reporting Language)</td>
</tr>
<tr>
<td>Corporate Close Data (e.g., Consolidations, Notes)</td>
<td></td>
<td>&lt;HTML&gt;</td>
</tr>
</tbody>
</table>

External Files (e.g., Spreadsheets)

Entity Close Data (e.g., General Ledger)

Business Intelligence (e.g., Data Warehouse)

Corporate Close Data (e.g., Consolidations, Notes)
SAP Disclosure Management
Addressing the last mile of finance

**Speed and flexibility**
- Accelerate the generation of disclosure statements
- Integrate data for a single view of the organization
- Optimize the close from source to digital disclosure

**Collaboration**
- Assign disclosure responsibility to distributed teams
- Automate integration and data flow
- Designed for ownership by finance professionals

**Compliance and control**
- In-house production of trusted financial statements
- Support multiple financial and regulatory statements
- Enable creation of XBRL-based statements
Metcash
Delivering the Goods in Corporate Governance with SAP Disclosure Management

Higher
Levels of monitoring and collaboration in financial close processes

Faster
Processing and completion of reports

More
Accurate information displayed in final reports

“Metcash has a lot of different regulatory reporting needs. SAP Disclosure Management aligns with other processes to satisfy all our corporate governance responsibilities.”

Robert Morris, Project and Support Manager – Finance Systems, Metcash Ltd.
Accelerating the “last mile” of Finance reduces costs

“Tools that can help coordinate the financial statement, regulatory reporting and investor report production activities in one central product that can provide a collaborative environment for all contributing parties can reduce process costs by up to 30%.

Gartner Research
Financial Statement Production Solutions
Increase Market Penetration
John E. Van Decker
November 2010
Starter kits
Faster legal compliance – Reduce implementation time, effort, and risks

Fast implementation
• Prepackaged content reduces implementation times
• Dynamic configuration enables easy customization to specific requirements
• Complete, generic reference implementation

Rapid and trusted legal compliance
• Best practice in financial consolidations and internal controls
• Detailed guidance for business users

Comprehensive scope
• Full support for GAAP to IFRS transition
• Preconfigured IFRS/GAAP consolidation rules, controls, and calculations
• Publishable financial statements
## Fast implementation
Prepackaged content reduces implementation times

### Financial close starter kits available today

<table>
<thead>
<tr>
<th>Application</th>
<th>Starter kit</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP Business Planning and Consolidation, version for SAP NetWeaver</td>
<td>IFRS &amp; US GAAP</td>
</tr>
<tr>
<td>SAP Business Planning and Consolidation, version for the Microsoft platform</td>
<td>IFRS</td>
</tr>
<tr>
<td>SAP Financial Consolidation</td>
<td>IFRS &amp; JGAAP</td>
</tr>
<tr>
<td>SAP Disclosure Management</td>
<td>IFRS &amp; US GAAP</td>
</tr>
</tbody>
</table>
SAP rapid deployment solution for financial close and disclosure management

Full support for GAAP to IFRS transition
The financial close starter kit for IFRS includes features to help customers transition to IFRS

Preconfigured IFRS consolidation rules, controls, and calculations
Consolidation processing, extensive set of automatic business rules, analysis and audit trail, and control and validation are some features that support pre-configuration

Publishable financial statements
• Pre-configuration delivered with a set of key financial statements based on IAS 1 for financial close
• Preconfigured financial reports mapped with IFRS taxonomy for use with SAP Disclosure Management, allowing you to pull data from the consolidation application into ready-made XBRL documents for reviewing, analyzing and preparing financial data

https://websmp207.sap-ag.de/rds-epm-fcdm
SAP Financial Results Insight on iPad
Following the Closing process when traveling

- Consolidation of data
- CFO financial results check
- Disclose Financial Data and KPIs
- External filing publication
- Management reporting & dashboard
- Detailed ad hoc Analysis

- SAP Financial Consolidation, SAP Business Planning & Consolidation, SAP Intercompany, SAP Financial Information Management
- SAP Financial Results Insight on iPad
- SAP BusinessObjects Web Intelligence
- SAP Starter kits (Pre-configured US / IFRS / JP input schedules, consolidation rules, controls, analysis & audit trail, output reports)

SAP HANA

ERP/Ledger closing
Entity Closing

SAP Business Suite / General Ledger
SAP Financial Closing Cockpit
Financial Results Insight on iPad

EPM + BI + Mobile = Instant Value to CFOs

- Connects SAP Business Planning and Consolidation with iPad/iOS through SAP BusinessObjects BI 4.0
- Includes full security on corporate data
- Provides visibility to CFOs on key financial indicators
- Financial indicators available on current/constant currency and with/without M&A effects
SAP Business Planning and Consolidation, starter kit for mobile Financial Results Insight: Sample Reports

- Revenue
- Profit and Loss
- Profit and Loss trends
- Profit and Loss map
- Cash flows
- Other key financial indicators
- Portfolio
- Tax Impact
Empowering more efficient Finance with SAP HANA

The Most Modern Platform for Real-Time Financial Excellence
Impacting the new business environment
Accelerating finance with SAP HANA

Manage Financial Performance
- Develop and Translate Strategy
- Planning, Budgeting, and Forecasting
- Profitability and Cost Analysis
- Monitoring and Reporting

Accounting and Financial Close
- Financial Accounting
- Entity Close
- Corporate Close
- Reporting and Disclosure
- Financial Close Governance

Treasury and Financial Risk Management
- Payments and Bank Communications
- Cash and Liquidity Management
- Debt and Investments Strategies
- Financial Risk Management
- Commodity Risk Management

Collaborative Finance Operations
- Receivables Management
- Collaborative Invoice to Pay
- Travel Management
- Shared Services Framework

Manage Enterprise Risk and Compliance
- Enterprise Governance, Risk, and Compliance
- Access Risk Management
- Global Trade Compliance
- Sustainability Reporting

Powered by SAP HANA
Agenda

- Where financial close fits
- Drivers and barriers for a fast, high-quality financial close
- Your financial close action plan
- SAP solutions for accounting and financial close
  - Entity Close
  - Corporate Close
  - Reporting and Disclosure
- Wrap-Up
Wrap-Up
In summary …

- A streamlined, efficient and high-quality financial close is a key ingredient of financial excellence.
- The dynamic regulatory landscape in conjunction with the demand from management for even more timely and accurate information are key drivers for a fast high-quality financial close.
- Set your objectives, diagnose and benchmark. Implement “quick wins” then “big wins”. Seek long-term sustainable progress and systems.
Key Points to Take Home

### Key Points

1. **Best Practices** for achieving a faster more accurate close include: system consolidation, automation and elimination of manual processes in data transfer; workflow-based processes with appropriate monitoring and approval; “single source of truth” supporting both management and external reporting; automated calculation and posting of adjustments; iterative consolidation; use of “last mile of finance solutions” and reporting tools appropriate to the specific needs of different users.

2. SAP delivers an **end-to-end set of financial close solutions** facilitating the leading practices noted above.

3. The **SAP Financial Closing cockpit** provides a complete workflow-based solution for orchestration of the planning, execution, monitoring, and analysis of the **entity close process**.  
   **SAP Business Planning and Consolidation** provides workflow-based business process flows and dedicated monitoring designed to support the planning, execution, monitoring and approval of the corporate close process.
4. Major enhancements have been made to the consolidation functionality of SAP BPC, version for SAP NetWeaver release 10.0 to support leading practices. These include new controls and control monitoring capabilities, dedicated consolidation monitoring, enhanced journal and reporting capabilities; incremental consolidation to facilitate an iterative consolidation process.

5. **SAP Financial Consolidation** remains a core component of our EPM portfolio of solutions and a strong alternative to SAP Business Planning and Consolidation.

6. **SAP Disclosure Management** provides a complete “last mile of finance” solution streamlining and simplifying the creation, filing and publication of financial statements and other regulatory reporting within an appropriately controlled and auditable environment.

7. **SAP Financials on HANA, SAP BPC NetWeaver on HANA and SAP Financial Consolidation** will further enhance SAP’s financial close capabilities providing a modern platform for real-time financial excellence based on a user-driven experience.
Further information

CFO and Financial Leadership Center
- Our pages dedicated to the CFO and Financial Leadership, a single information source with cutting edge material to help CFOs benchmark their performance in key areas that span performance management, financial close, risk and compliance, shared services, treasury and accounts payable, and receivables functions:

www.sapcfo.com/

Enterprise Performance Management
- Visit the Enterprise Performance Management overview pages on the SAP global website for thought leadership papers, solution briefs, demos, and customer stories:

www.sap.com/epm

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- www.facebook.com/saepem
- www.facebook.com/sapifrs
- www.facebook.com/sapfinancialmanagement

- www.linkedin.com/groups?gid=1851849&mostPopular=&trk=tyah
- www.linkedin.com/groups?gid=2327383&mostPopular=&trk=tyah

- http://cfoknowledge.wordpress.com/

- SAP COMMUNITY NETWORK

- www.sdn.sap.com/irj/bpx/financial-excellence

- http://blogs.sap.com/analytics/

- www.youtube.com/playlist?list=PLB3220A879856DD4E
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