

Strategic and Technical Considerations for an SAP S/4HANA Finance Transition

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Leading SAP-expert

Well-known Author & Speaker

Published SAP-press book

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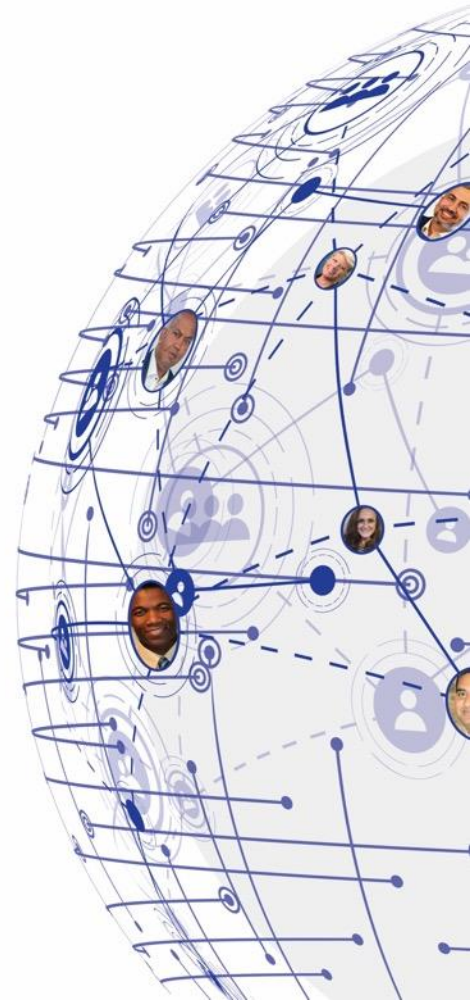
Heads Premier SAP consulting firm

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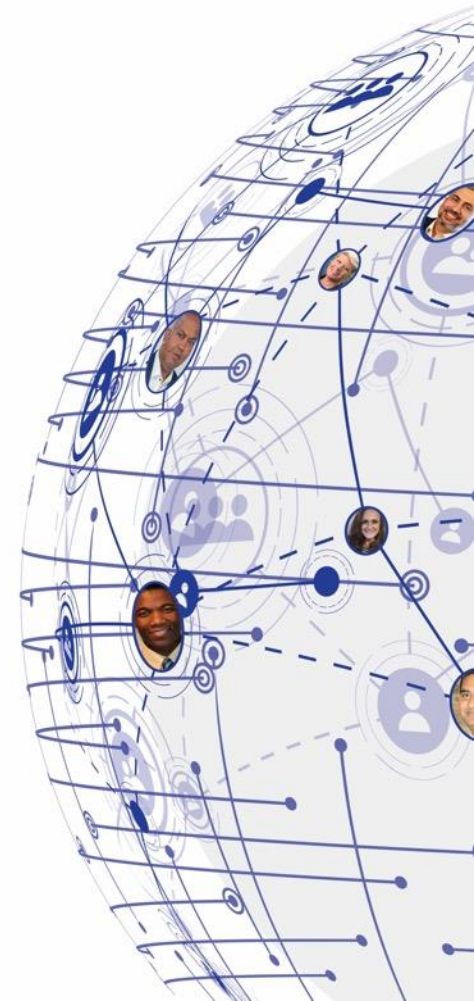
In This Session

- Get an in-depth guide to learn about key considerations when you want to migrate to SAP General Ledger (previously known as the new G/L) and Finance in SAP S4/HANA
- Learn how recent developments in SAP S/4HANA Finance can influence your plans for SAP General Ledger migration
- Learn how to prepare balanced books for any dimension and determine whether document splitting on characteristics such as profit centers or segments is right for your organization
- Get tips and tricks to deploy parallel ledger to support your local and statutory reporting requirements without affecting the corporate reporting needs
- Unearth hidden tips and tricks to ease SAP S/4HANA Finance migration challenges and learn from the hard-won successes and lessons from other companies for a much smoother migration



What We'll Cover

- **Classic G/L and SAP General Ledger: Overview**
- **SAP General Ledger: Considerations**
- **SAP S/4HANA Finance: Overview**
- **SAP S/4HANA Finance: Key Considerations**
- **SAP S/4HANA Finance: Features**
- **Planning the SAP General Ledger project**
- **Planning the SAP S/4HANA project**
- **SAP S/4HANA: Strategic Considerations**
- **Wrap-up**



Classic G/L and SAP General Ledger: Overview

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What is SAP General Ledger?

- Basic task of G/L accounting - a comprehensive picture for external accounting
- Until now, customers had to use multiple ledgers (General Ledger, Profit Center Accounting Ledger, Special Purpose Ledger, Cost of Sales Ledger, and more) to meet the reporting requirements – for both external and internal reporting
- Traditional ledger reporting functions met the specific accounting requirements, but it also caused reconciliation issues, which in turn created an additional ledger – Reconciliation Ledger
- SAP General Ledger is the answer – single ledger to meet all the reporting requirements, for both external and internal reporting
- SAP General Ledger offers all the functions of traditional ledgers in a single ledger without changing the user interface for transactions, providing a smooth transition



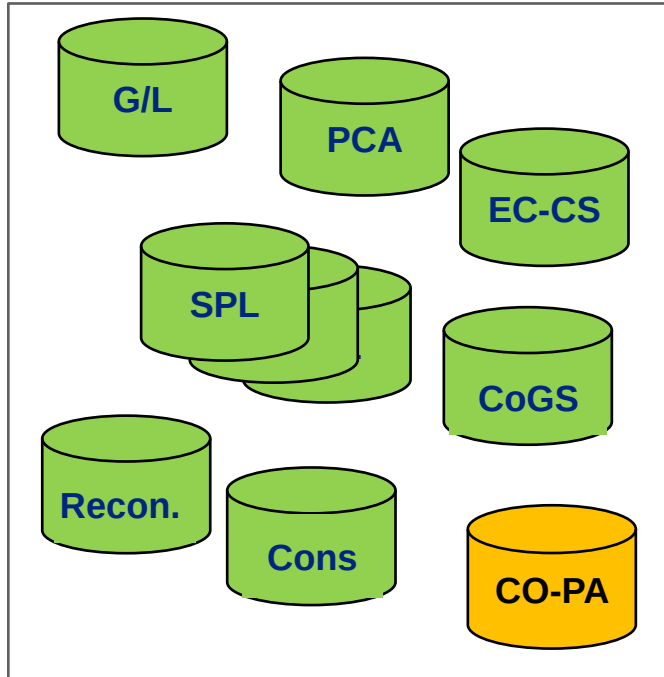
Note

As per SAP's new naming conventions, the New G/L is now called SAP General Ledger

Modules and Ledgers

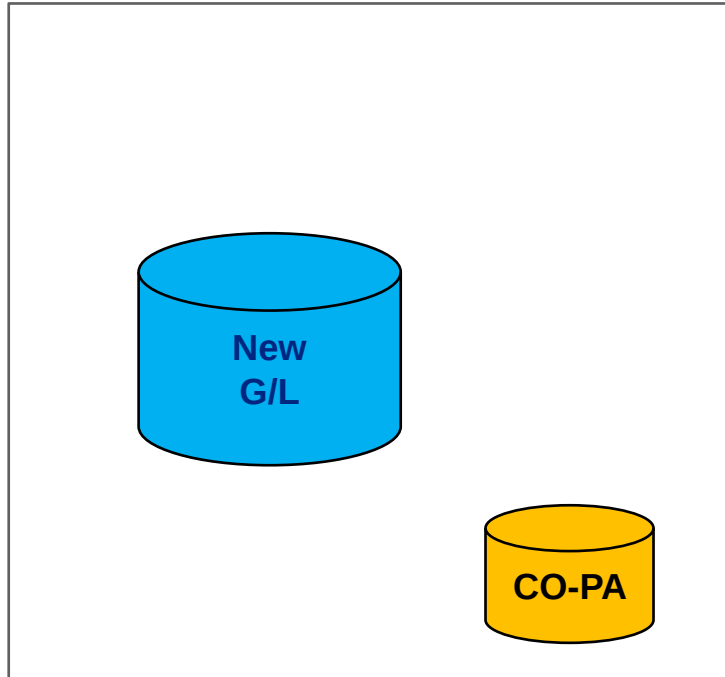
Classic G/L

In the Classic G/L world, there are various sub-modules to support various accounting functions



SAP General Ledger

All these different ledgers are merged into one combined Ledger in the SAP General Ledger (previously known as New G/L)



Technical Coding Block

Classic G/L

Classic GL (00)

CoCd	Account	BusA
1000	400000	3000
1000	400000	4000
1000	400000	7000
1000	400000	9900

CoGS Ledger(0F)

CoCd	Functional Area	Accou...
1000	0400	430000
1000	0100	430000
1000	0400	435000
1000	0400	449000

Recon

CoCd	Cost Elem.	ObT...
3000	894025	REO
3000	474295	CTR
3000	400001	CTR

PCA (8A)

CoCd	Profit Ctr	Account
1000	9999	400020
1000	9999	400020
1000	9999	400020
1000	9999	400020

EC-CS(1C)

Cons unit	FS item
A	130100
A	130100
A	130100
A	130100

SAP General Ledger

You can even “extend” the Standard Coding block with your own customer-specific dimensions

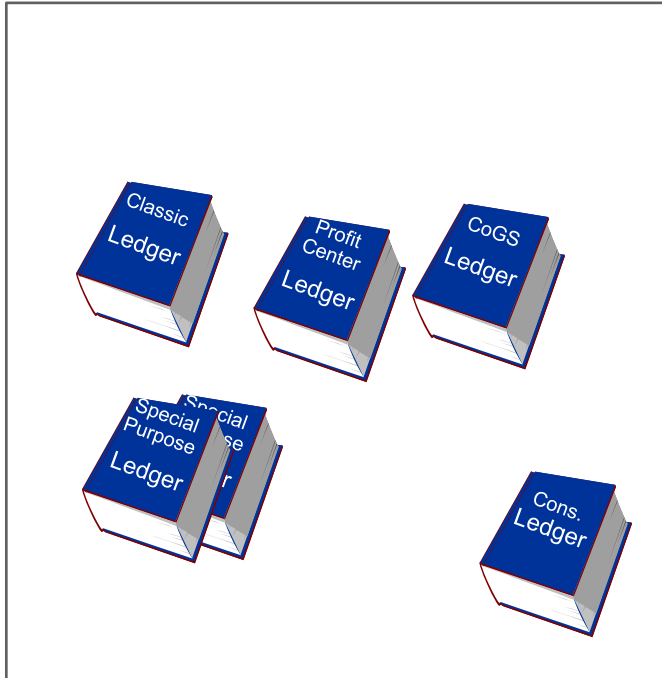
New G/L (0L/L1)

Ld	CoCd	Account	Segment	Profit Ctr	BusA	Functional Area	Cost Ctr	Tr.Prt	Rg	Indus. 1gm.
0L	AA04	230010	SEGB	1000		0680			1000	TRAD
0L	AA04	230010	SEG04	PC04		0680			1000	TRAD
0L	ET00	300002							ET00	FOOD
0L	ET00	300002	RETA	PROFC1					ET00	FOOD
0L	3272	800000							3272	
0L	ATDC	800000	RETA						PKLS	
L6	2300	800003		9999			23-2300		1000	TRAD
L6	3000	800200							2000	
L6	AA04	800200	SEGB	1000		0051			1000	

Definition of Accounting Ledgers

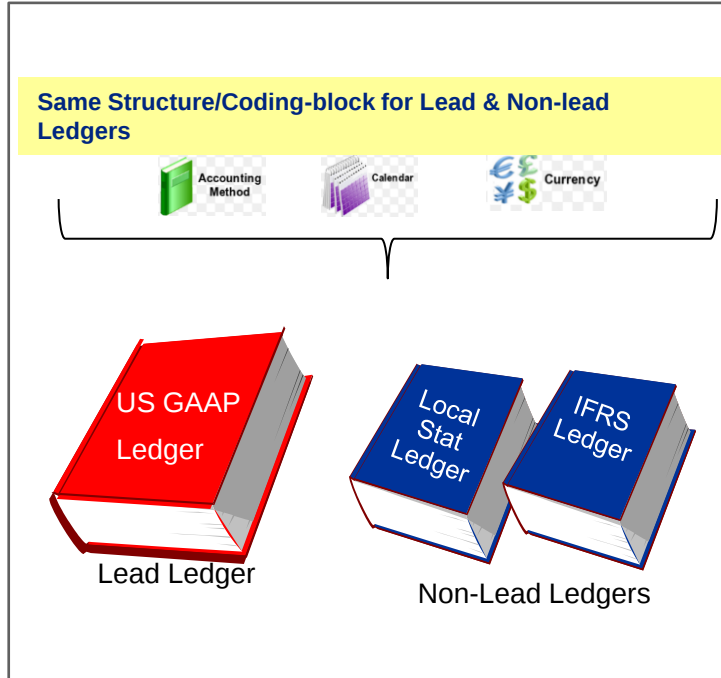
Classic G/L

Separate Ledger structures per
“Accounting-Method + calendar +
Currencies”



SAP General Ledger

Same Consistent Global Ledger structure
to manage “Accounting-Method + Calendar +
Currencies + Valuations”



Multi-Dimensional & Multi-Valuation

Classic G/L

Journal

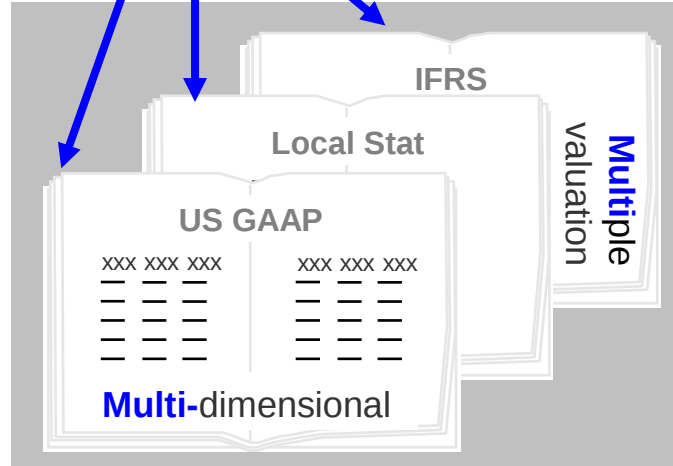
AccNo / SEG	Debit	Credit
-----	100	
----- A		60
----- B		40

SAP General Ledger

Multi-dimensional balancing

AccNo / SEG	Debit	Credit
----- A	60	
----- B	40	
----- A		60
----- B		40

Multi-ledger update



SAP General Ledger – Key Considerations

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SAP General Ledger – Top Benefits

- SAP has introduced “New” General Ledger
- Offers extensive new functions
 - Segment Reporting – Balanced Books by any dimensions
 - Parallel Accounting – Multiple Accounting Principles
 - One Unified Ledger – Merging of multiple “Classic” ledgers

Balanced Books by any dimension

- **Segment Reporting (IFRS-8, IAS-14, US GAAP) requirements**
 - **Balanced books by reportable segments**
- **Customer-defined dimensions**
 - **You can extend the General Ledger with customer-defined fields**
- **SAP General Ledger offers a new object “Segment”**
 - **Segments can represent product lines/geographical areas**
 - **Segment is typically related to profit center**
 - **It can also be filled manually or defaulted**

Balanced Books by Any Dimension

User entry – Vendor Invoice

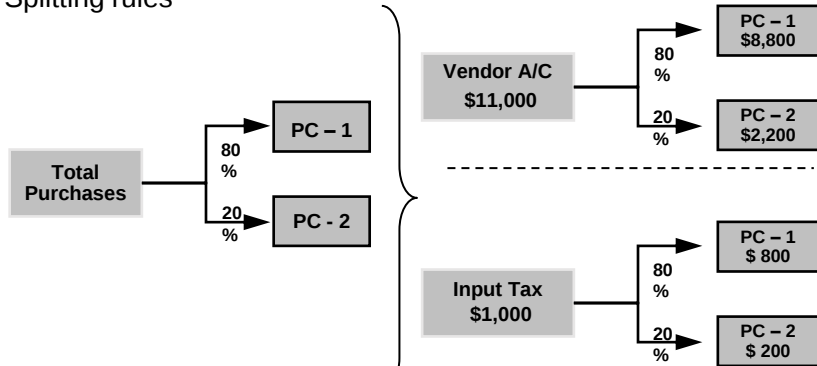
Account Description	Amount	Profit Center
Vendor A/C	-11,000	
Purchases 1	8,000	PC-1
Purchases 2	2,000	PC-2
Input Tax	1,000	

Real-time
Automatic
Document Splitting

G/L view – Vendor Invoice

Account Description	Amount	Profit Center
Vendor A/C	-8,800	PC-1
Purchases 1	8,000	PC-1
Input Tax	800	PC-1
Vendor A/C	-2,200	PC-2
Purchases 2	2,000	PC-2
Input Tax	200	PC-2

Splitting rules



Balanced Books by Any Dimension — Example

Classic G/L – Balancing at Company Code only

Account	Amount	PC
Vendor	-11,000	
Purchases	8,000	PC-1
Purchases	2,000	PC-2
Input Tax	1,000	

Balance Sheet PC-1

Assets	Liabilities & Equity
Input Tax	Vendor
	Earnings -8,000
0	-8,000

Balance Sheet PC-2

Assets	Liabilities & Equity
Input Tax	Vendor
	Earnings -2,000
0	-2,000

New G/L – Balancing at any Dimension

Account	Amount	PC
Vendor	-8,800	PC-1
Vendor	-2,200	PC-2
Purchases	8,000	PC-1
Purchases	2,000	PC-2
Input Tax	800	PC-1
Input Tax	200	PC-2

Balance Sheet PC-1

Assets	Liabilities & Equity
Input Tax 800	Vendor 8,800
	Earnings -8,000
800	800

Balance Sheet PC-2

Assets	Liabilities & Equity
Input Tax 200	Vendor 2,200
	Earnings -2,000
200	200

1. Balanced Book by Segments

- Entry view

Document Overview

Reset Taxes Park Complete Choose Save

Doc.Type : KR (Vendor invoice) Normal document

Doc. Number		Company code	1000	Fiscal year	2007
Doc. date	03.04.2007	Posting date	03.04.2007	Period	04
Calculate Tax	☐				
Doc.currency	EUR				

Itm	PK	Account	Account short text	Assignment	Tx	Amount	Cost Ctr	Profit Ctr	Segment
1	31	1000	C.E.B. BERLIN		1I	11.000,00			
2	40	417000	Purchased services		1I	8.000,00	9030	9990	10000
3	40	473000	Postage		1I	2.000,00	2100	1402	20000
4	40	154000	Input tax		1I	1.000,00			

Expenses are entered for two cost centers from which profit centers and segments are derived. Payables are entered as one total amount. The total tax amount is derived accordingly.

1. Balanced Book by Segments (cont.)

- G/L view

General Ledger Simulation



Document Date04.04.2007

Posting Date04.04.2007

Fiscal Year2007

Reference

Cross-co. code no.

Posting Period4

CurrencyEUR

Ledger Group

Ledger0L

Co...	Item	L.item	PK	S	G/L Account	G/L account name	ε	Amount	Curr.	Profit Center	Segment
1000	1	000002	31		160000	AP-domestic		8.800,00-	EUR	9990	10000
1000	2	000003	40		417000	Purchased services		8.000,00	EUR	9990	
1000	4	000006	40		154000	Input tax		800,00	EUR	9990	
								0,00	EUR		10000
1000	1	000001	31		160000	AP-domestic		2.200,00-	EUR	1402	20000
1000	3	000004	40		473000	Postage		2.000,00	EUR	1402	
1000	4	000005	40		154000	Input tax		200,00	EUR	1402	
								0,00	EUR		20000
								0,00	EUR		

In the G/L view, payables and taxes are split **online** by profit centers and segments. The ratio is picked from the expense items.

Balanced Books by any dimension – Key Considerations

- Splitting characteristic – “Profit Center” or “Segment”
- Carefully consider the impact of defining splitting characteristic as “Profit Center” or “Segment”
- The level of granularity will influence the key processes
- For example, if your SAP system has 50,000 Profit Centers, defining the “Profit Center” as a balancing characteristic may cause significant issues
- Each Accounting transaction will need a Profit Center
- All the key financial processes will need to be carefully reviewed & analyzed with potential changes to existing processes

It's important to determine the right level of Balancing dimension that's right for your organization



Parallel Accounting – Options

- **Parallel accounting options – Parallel accounts or parallel ledgers?**
- **Parallel accounts – Using the parallel accounts approach in SAP General Ledger is still available but no longer recommended, as Parallel Ledger option offers more robust and standardized features**
- **Recommended Option - using Parallel Ledger**
- **Parallel ledgers – The parallel ledgers approach in SAP General Ledger is much better than the SAP R/3 approach of using Classic G/L plus the special ledger application**

Parallel Accounting Options

- Various options exist for Local/IFRS Reporting in SAP

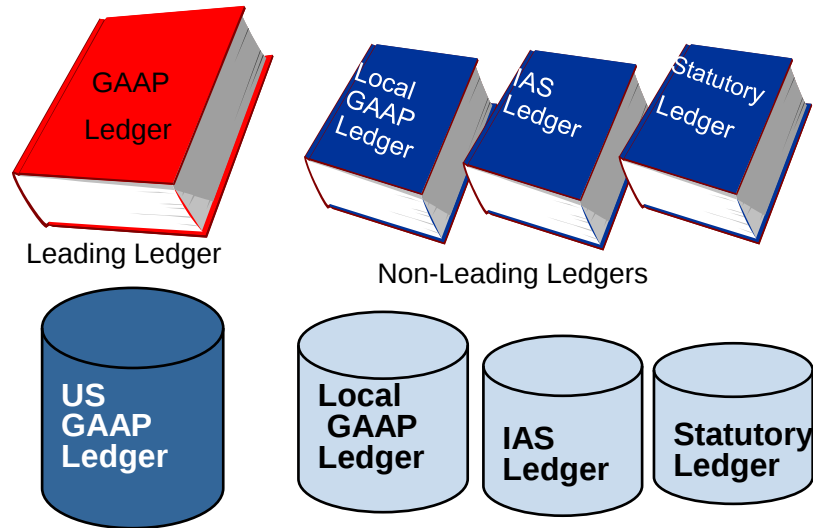
Solution Approach		Features
Parallel Accounting with Parallel Accounts		■ Easiest to implement ■ Can lead to unmanageable COA
Parallel Accounting with Parallel Ledgers		■ Most efficient, effective approach ■ Can increase database size
Parallel Company codes		■ Not a Recommend Solution anymore and No additional functionality planned
Special Purpose Ledgers		■ Not a Recommend Solution anymore and No additional functionality planned

**Recommendation: Use Ledger Approach introduced from
“New G/L” tool for Local/IFRS reporting**

Parallel Accounting with Parallel Ledgers

- **Parallel Accounting – Leading Ledger**

- One leading ledger
- Multiple parallel ledgers

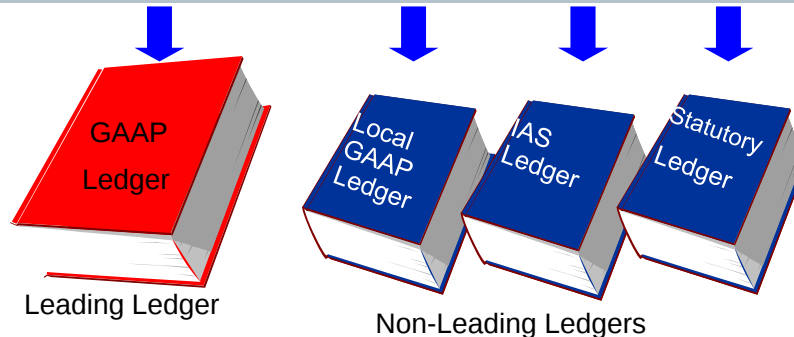


Parallel Ledgers - Posting to ALL Ledgers

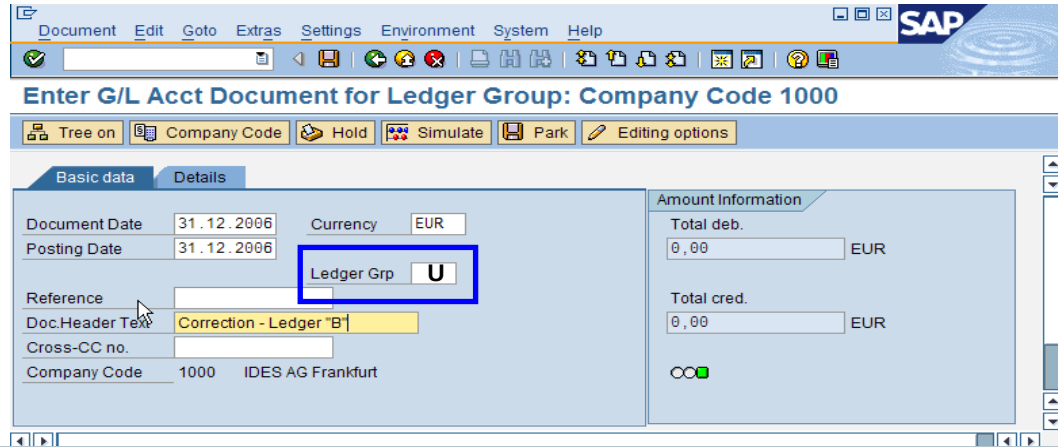
Document Date: 31.12.2006
Posting Date: 31.12.2006
Currency: EUR
Ledger Grp:
Reference:
Doc.Header Text: Correction - All Ledgers
Cross-CC no.:
Company Code: 1000 IDES AG Frankfurt

Amount Information
Total deb.: 0,00 EUR
Total cred.: 0,00 EUR
COG: ☒

If the Ledger is not specified at time of document entry: Posting to all defined G/L
Typical transactions: Incoming invoice, Outgoing invoice, Payment



Parallel Ledgers - Posting to ALL Ledgers



Document Date 31.12.2006 Currency EUR

Posting Date 31.12.2006 Ledger Grp U

Reference

Doc. Header Text Correction - Ledger 'B'

Cross-CC no.

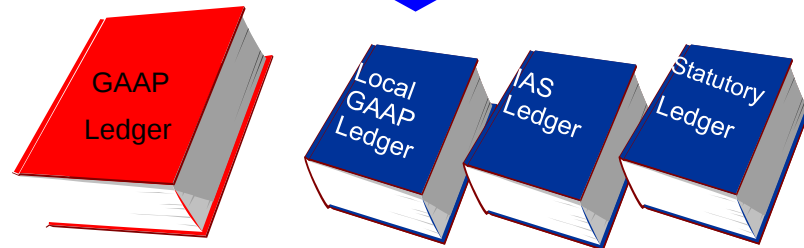
Company Code 1000 IDES AG Frankfurt

Amount Information

Total deb. 0,00 EUR

Total cred. 0,00 EUR

If the Ledger is specified at time of document entry: Posting to the specified Ledger only
Typical transactions: Valuation postings, Period-end postings



Parallel Accounting – Key Considerations

- Carefully consider definition and nature of Non-Lead Ledgers
- You can have as many Non-Lead Ledgers; but, consider the underlying criteria as Accounting Principle, Fiscal Calendar, Currencies
- Specific Non-Lead Ledger can support local statutory reporting requirements without impacting the corporate setup
- Local ledger can have their own Posting Period Variants – again offers mechanism without impacting the Global/Corporate setup

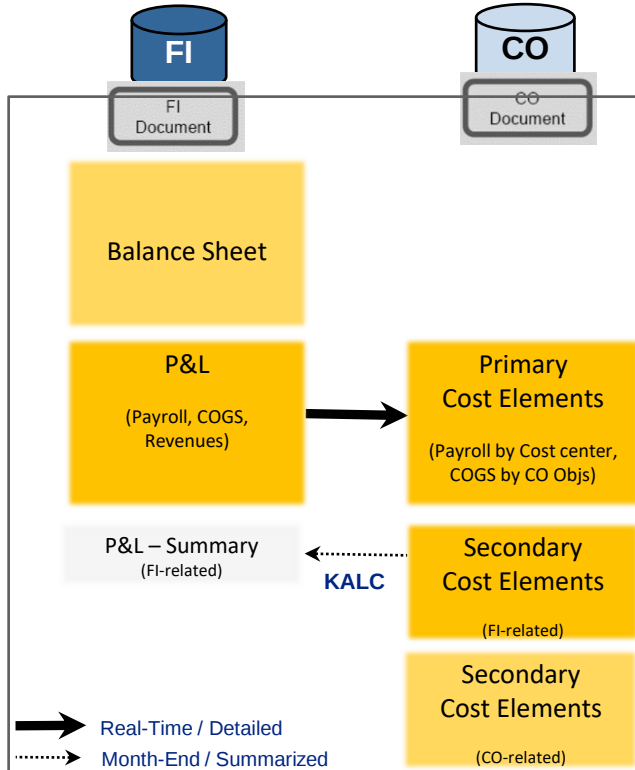
One Ledger – Merging of multiple Classic ledgers

- **SAP General Ledger replaces multiple existing ledgers**
- **Carefully evaluate the impact of replacing the existing ledger**
- **For example, if currently Group Currency is not set up in FI-GL and Group Currency reporting is currently provided by other modules**
- **Consider the timeline factors for migrating the SAP General Ledger**
- **Strategically evaluate the options of transition to SAP S4/HANA Finance**

FI-CO Relationship

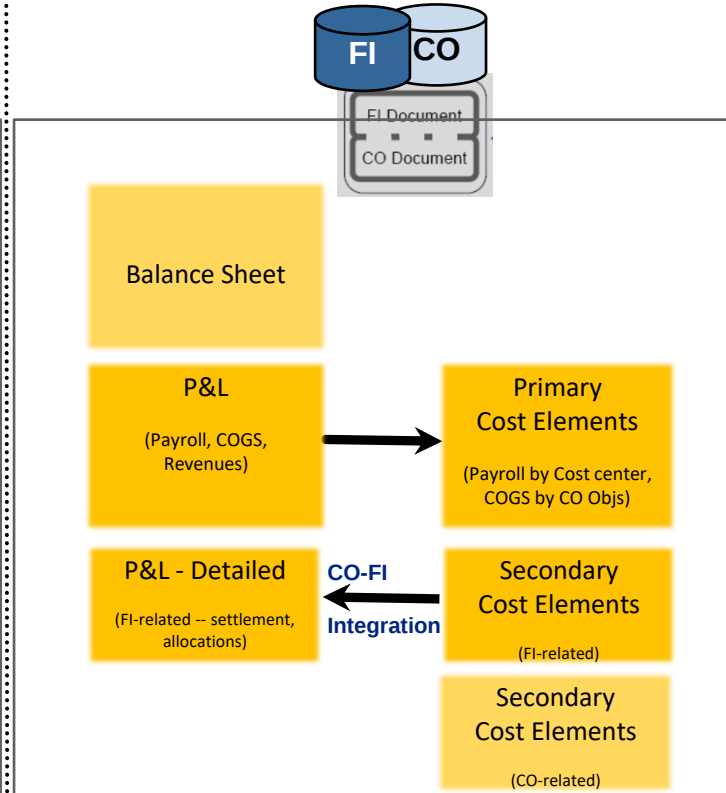
Classic G/L

FI and CO are completely separate and independent modules



New G/L

FI and CO are very tightly integrated

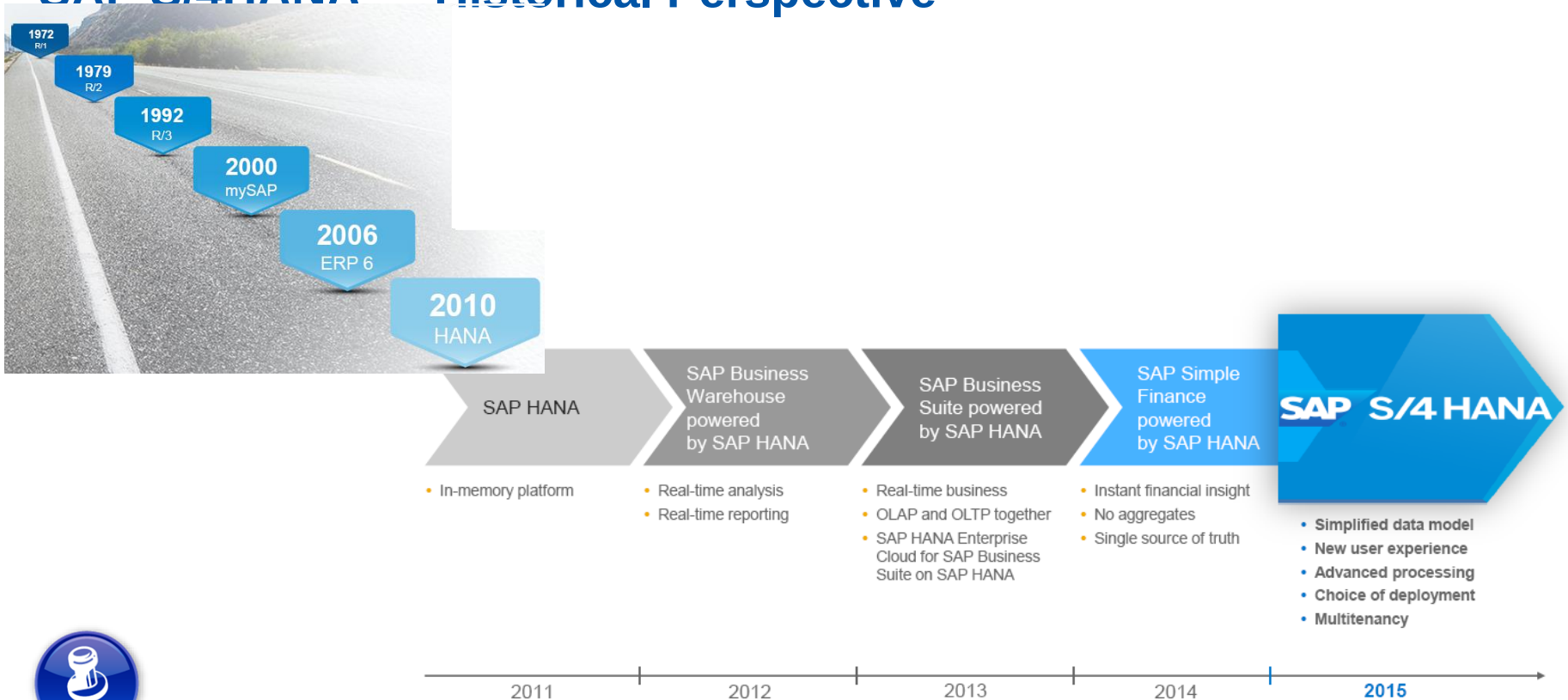


S/4HANA Finance – Overview

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SAP S/4HANA — Historical Perspective



Note

SAP Simple Finance is now called SAP S/4HANA Finance

Source: SAP

Simplified Finance

- Dramatically “simplified” design based on SAP HANA
 - No redundancy
 - Smaller data footprint
 - Unified FI and CO
 - Universal Journal
 - Non disruptiveness due to compatibility views



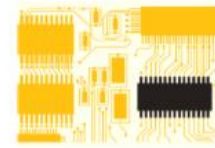
Single source of truth

- One source for Financial and Management Accounting



Line item based

- Highest granularity
- Not limited by totals or pre-configuration



All relevant dimensions

- All reporting information on line-item-level is available



Easy to adapt

- Customer-specific dimensions can be added easily and consistently



Reporting

- Quick and flexible
- Beautiful User Interface



Closing on the fly

- Reduce month-end closing process and postings
- Intra-month simulations



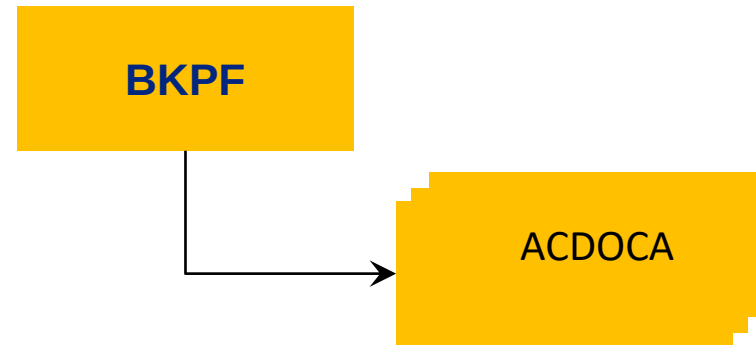
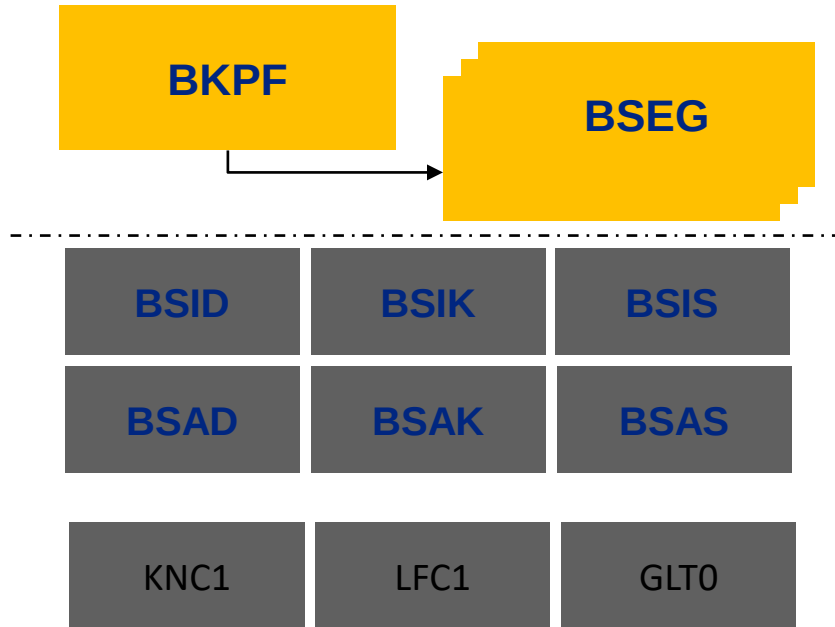
Consolidation

- Based on single source of truth
- No data replication necessary
- Consolidation methods are available where needed

Source: SAP

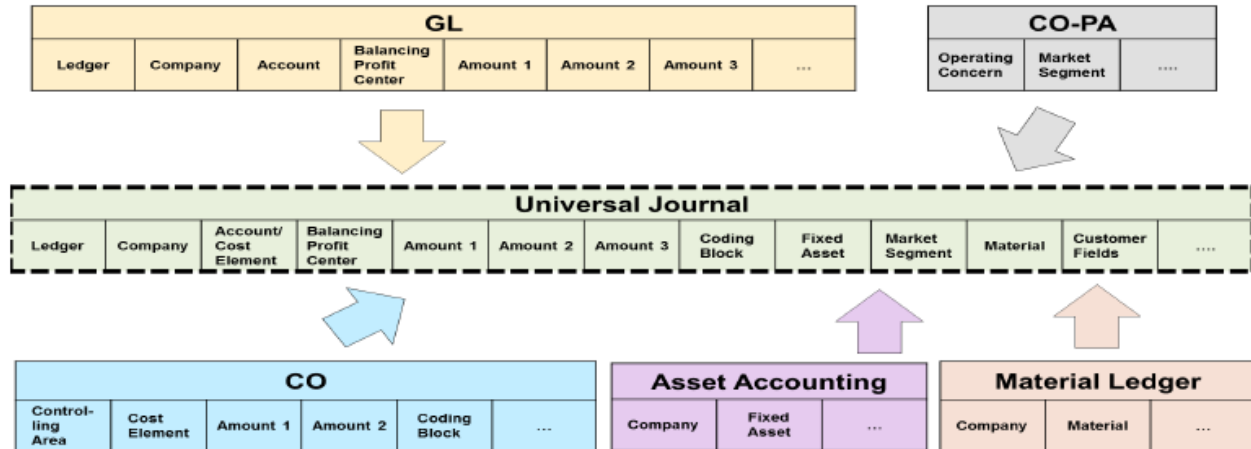
Simplified Footprint

- Dramatically “simplified” footprint



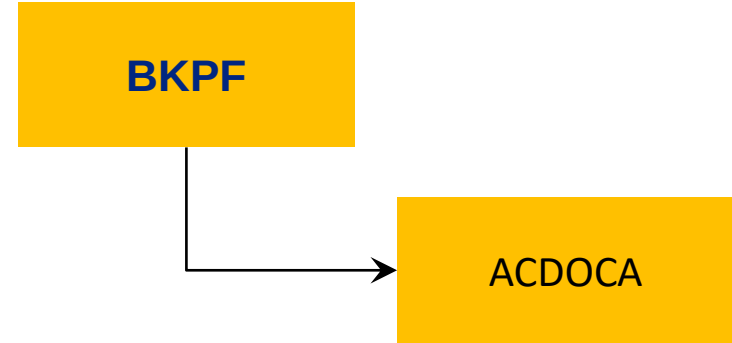
Accounting with Simplified Finance — Universal Journal

- Single source of truth
- One Line Item with all the details
- No differentiation between FI and CO
- Significantly reduced footprint
- Pretty “simple”



Universal Journal

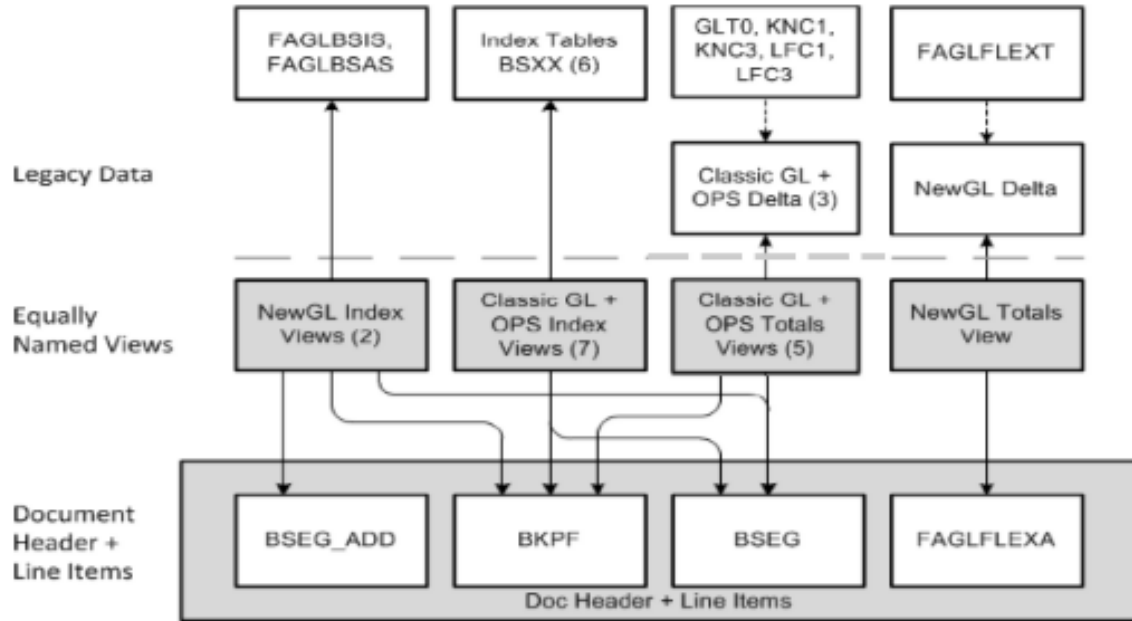
- “Simple” journal
- FI document consists of a header (BKPF) and line items (ACDOCA)
- The line items (ACDOCA) contains “all” the information – for FI, CO, AA, ML, and COPA
- Multi-dimensional
- Multi-valuation



Transparent Table	ACDOCA	Active					
Short Description	Universal Journal Entry Line Items						
Attributes	Delivery and Maintenance	Fields					
Entry help/check	Currency/Quantity Fields						
1 / 369							
Field	Key	Incl...	Data element	Data Type	Length	Deci...	Short Description
RCLNT	☒	☒	MAND1	CLNT	3	0	Client
RLDNR	☒	☒	FINS_LEDGER	CHAR	2	0	Ledger in General Ledger Accounting
RBUKRS	☒	☒	BUKRS	CHAR	4	0	Company Code
GJAHR	☒	☒	GJAHR	NUMC	4	0	Fiscal Year
BELNR	☒	☒	BELNR_D	CHAR	10	0	Accounting Document Number
DOCLN	☒	☒	DOCLN6	CHAR	6	0	Six-Character Posting Item for Ledger
RYEAR	☐	☐	GJAHR_POS	NUMC	4	0	General Ledger Fiscal Year
RRCTY	☐	☒	RRCTY	CHAR	1	0	Record Type
.INCLUDE	☐	☒	ACDOC_SI_00	STRU	0	0	Universal Journal Entry: Transaction, Currencies, Units
RMVCT	☐	☐	RMVCT	CHAR	3	0	Transaction Type
VORGN	☐	☐	VORGN	CHAR	4	0	Transaction Type for General Ledger
VRNG	☐	☐	CO_VORGANG	CHAR	4	0	CO Business Transaction

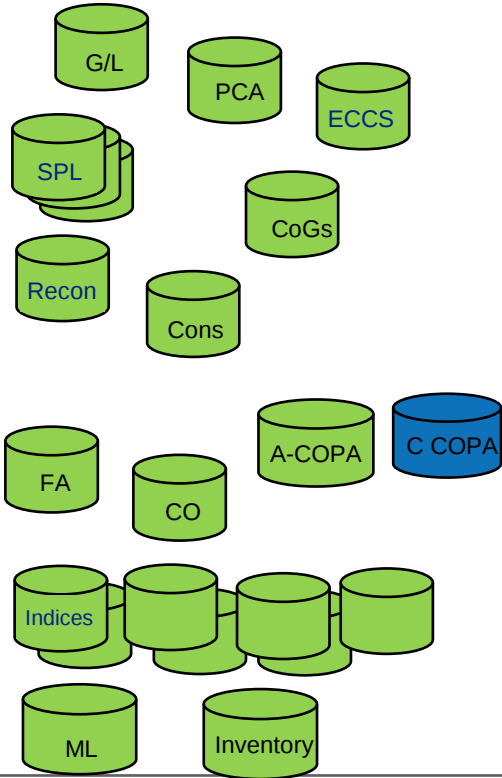
Simplified Finance — Data Models

- New data models – based on the base document/line items only
- No need for Summary/Index tables → Reduces the overall database size!
 - Remember, the totals are calculated “on the fly”
 - These Summary/Index tables are replaced with compatibility “views”
 - For example, if you have a Z-table accessing GLT0 or a BSIS table, it will still work perfectly fine!

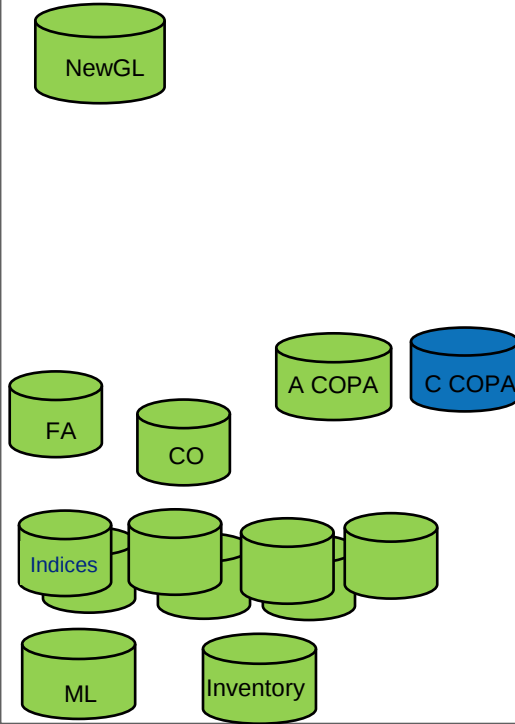


Simplified Data Models and Reduced Data Footprint

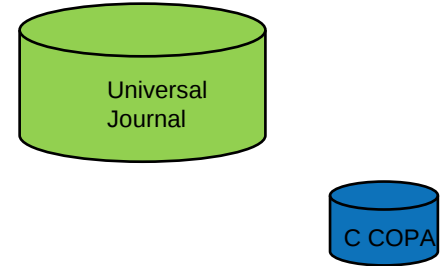
Classic G/L



SAP General Ledger



S/4HANA Finance



FI-CO Relationship

Classic G/L

SAP General Ledger

S/4HANA Finance



Balance Sheet

P&L

(Payroll, COGS,
Revenues)

Primary
Cost Elements

(Payroll by Cost center,
COGS by CO Objs)

P&L – Summary
(FI-related)

KALC

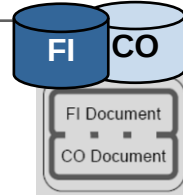
Secondary
Cost Elements

(FI-related)

Secondary
Cost Elements

(CO-related)

➔ Real-Time / Detailed
➔ Month-End / Summarized



Balance Sheet

P&L

(Payroll, COGS,
Revenues)

Primary
Cost Elements

(Payroll by Cost center,
COGS by CO Objs)

P&L - Detailed

(FI-related -- settlement,
allocations)

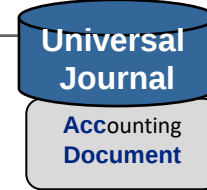
CO-FI
Integration

Secondary
Cost Elements

(FI-related)

Secondary
Cost Elements

(CO-related)



Unified Account

(X B/S)

Unified Account

(X Non-op)

Unified Account

(P Primary)

Unified Account

(S Secondary)

S/4HANA Finance – Key Considerations

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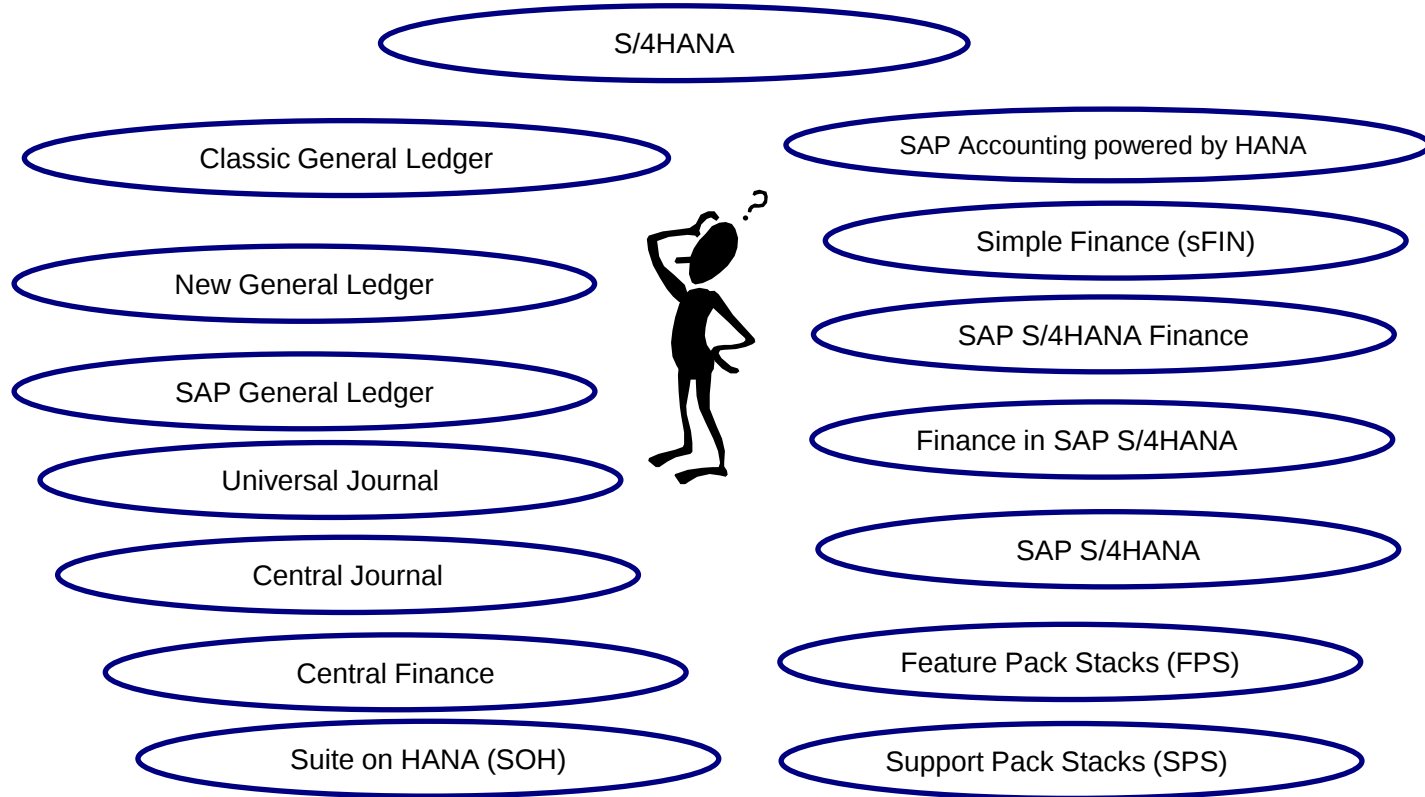
Core Benefits of SAP S/4HANA

- Simplified data model
- Reduced data footprint
- Non-disruptiveness
- Single source of truth
- Flexibility
- Instant insight
- User experience
- Process optimization

Business Suite

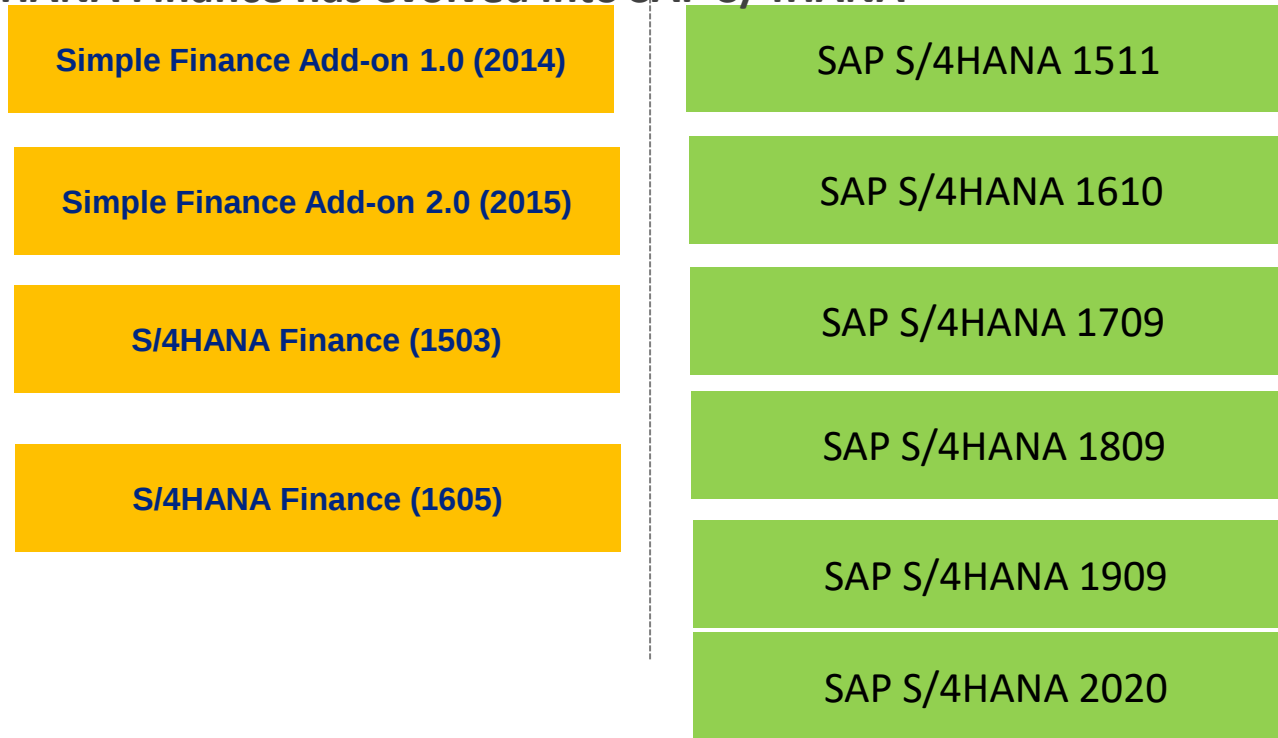


Terminology



The Evolution of SAP S/4HANA Finance to SAP S/4HANA

- SAP S/4HANA Finance has evolved into SAP S/4HANA



SAP S/4HANA Finance 1605 is the last release of finance-only SAP S/4HANA



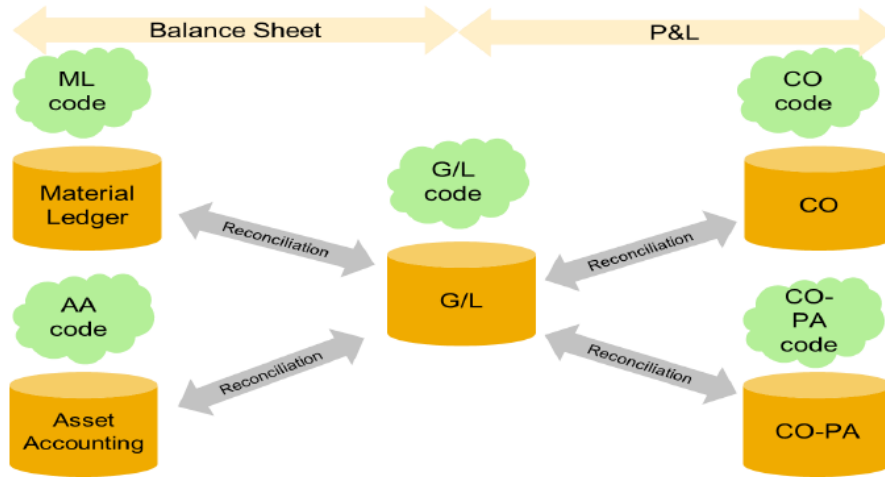
Note

SAP S/4HANA: Features

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Universal Journal – Before



The combined content of several tables represents “the truth.” Reconciliation efforts are enforced by design

❑ Need “to move” data to the appropriate table for reporting (e.g., “settlement”)

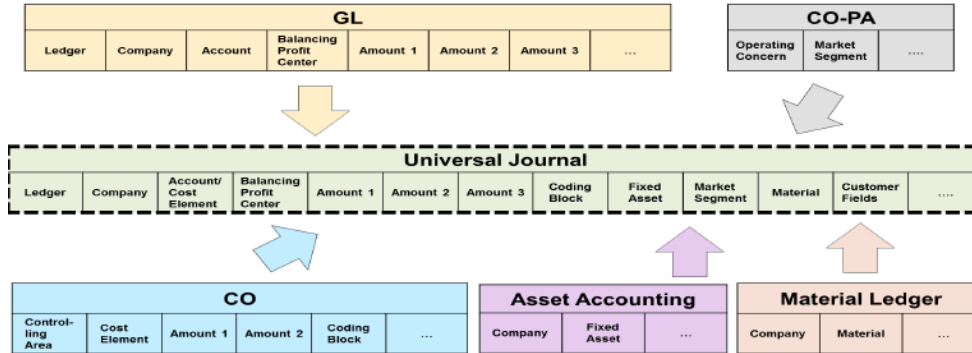
❑ Different level of detail stored in the respective components/tables

❑ Components are structured differently (e.g., fields/entities differ)

❑ Different capabilities in the components (customer fields, currencies, multi-GAAP, etc.)

❑ Multiple BI extractors needed to cover the complete truth in BI.

Universal Journal — New

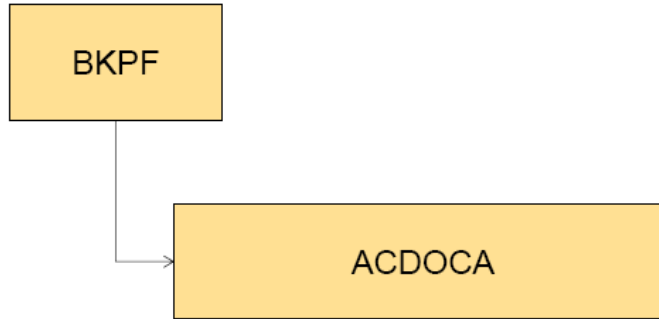


The New Architecture

Motto: "Take the best of all worlds" (e.g., ledger, market segment, coding block, etc.)

- ❑ Secondary cost elements are G/L accounts
- ❑ One line item table with full detail for all components
- ❑ Data stored only once: no reconciliation needed by architecture
- ❑ Reduction of memory footprint through elimination of redundancy.
- ❑ Fast multi-dimensional reporting on the Universal Journal possible without replicating data to BI.
- ❑ If BI is in place anyway, only one single BI extractor needed (instead of many today)
- ❑ Technical preparation done to enhance important structural capabilities of the Financials solution (e.g., multi-GAAP, additional currencies)

Universal Journal — New Journal Entry



Transparent Table	ACDOCA	Active
Short Description	Universal Journal Entry Line Items	
Attributes	Delivery and Maintenance	Fields Entry help/check Currency/Quantity Fields
<		

The New Architecture

The new journal entry consists of a header (table BKPF) and the respective items (table ACDOCA)

There are rare cases, where entries in ACDOCA are written without a document header (e.g., carry forward, corrections in migration). These entries do not represent standard business processes.

The corresponding line items have 'artificial document numbers' beginning with letters (e.g., 'A').

Table ACDOCA contains all fields needed for G/L, CO, AA, ML, PA

Multi-GAAP capability through "RLDNR" dimension

6 digit field for line item numbering

23 digits for currency fields

Types of Ledgers: Standard

- **Standard ledgers represent an accounting principle**
- **Leading Ledger – ex. GAAP, IFRS etc.**
 - There must be exactly one leading ledger
 - It is assigned to all company codes
 - Defines document number for all ledgers
 - Ledger 0L is delivered with as default leading ledger
 - It is in sync with FIN OP processes; FI, CO, MM, SD, etc.
 - Basis for actual CO data
 - Contains full set of line items

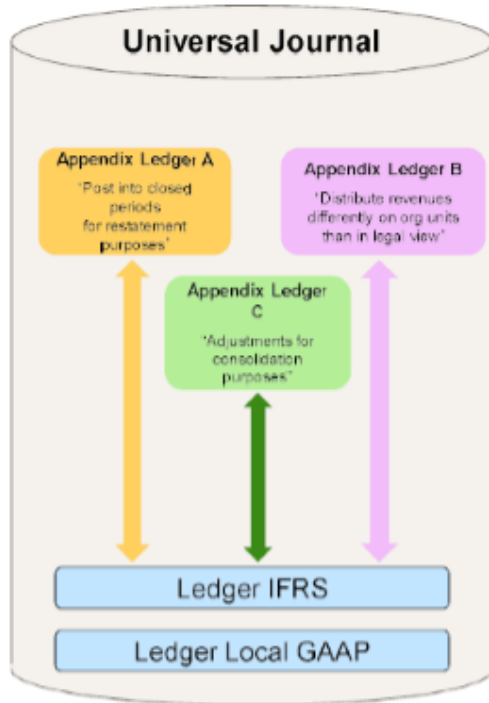
Types of Ledgers: Standard (cont.)

- **Non-leading Ledgers – ex. Local GAAP, Tax**
 - Can be assigned to selected company codes
 - Contains full set of line items as basis
 - Requires delta postings to adjust basis of postings
 - Automated FX and depreciation postings
 - Inherits currency configuration of leading ledger
 - Deviating fiscal year variant/open period variant possible

Types of Ledgers — Extension

- **Extension/appendix ledger**
 - Is defined on top of a base ledger, which is a standard ledger
 - Inherits in reporting all transaction data of underlying base ledger
 - Contains physically only line items posted to extension ledger only
 - Inherits currency settings and fiscal year variant of base ledger
 - Separate company code assignment (subset of base ledger)
 - Separate Open Posting Period Variant
 - Can be used, e.g., to create management views without influencing the data in the base ledger; ex. audit adj.
 - Cannot be part of ledger groups, except generated group containing the ledger itself
 - Only manual postings are allowed to the Extension ledger
 - You can define several Extension ledgers onto the same base ledgers

Types of Ledgers



- An Extension (Appendix) Ledger stores delta values and points to another ledger – thus providing a flexible mechanism for adjustments and reporting
- An important use case are management views on top of legal data
- Besides creating master data, appendix ledger need no additional configuration
- Reporting on the appendix ledger always includes data on the base ledger
- Multiple Extension/Appendix ledger can point to the same Base Ledger
- Extension/Appendix Ledgers can be stacked – pointing to another Extension/appendix ledger instead of base ledger
- Benefit of reduced data footprint
- Benefit of reduced reconciliation as only delta postings are maintained in the appendix ledger
- Extension/Appendix ledgers are stored in the Universal Journal – same as “normal” “standard” ledgers

Ledger Postings — All Ledgers

Display Document: General Ledger View

Display Currency | Entry View

Data Entry View

Document Number: 100000040 | Company Code: 1710 | Fiscal Year: 2016
Document Date: 08/15/2016 | Posting Date: 08/15/2016 | Period: 8
Reference: TEST2 | Cross-Comp.No.: |
Currency: USD | Texts exist: ☐ | Ledger Group: |

Ledger 0L

Fiscal Year: 2016 | Period: 8

Co.	Item	L.item	PK	S	Account	Description	Amount	Curr.	Tr.prt	Cost Center
1710	1	000001	40		61400000	Training Education	750.00	USD		1710120
	2	000002	50		10010000	Petty Cash	750.00-	USD		

Display Document: General Ledger View

Document | Edit | Goto | Extras | Settings | Environment | System | Help

Display Currency | Entry View | Other Ledger

Data Entry View

Document Number: 100000040 | Company Code: 1710 | Fiscal Year: 2016
Document Date: 08/15/2016 | Posting Date: 08/15/2016 | Period: 8
Reference: TEST2 | Cross-Comp.No.: |
Currency: USD | Texts exist: ☐ | Ledger Group: |

Ledger 2L

Fiscal Year: 2016 | Period: 8

Co.	Item	L.item	PK	S	Account	Description	Amount	Curr.	Tr.prt	Cost Center	Profit Cent
1710	1	000001	40		61400000	Training Education	750.00	USD		1710120	990
	2	000002	50		10010000	Petty Cash	750.00-	USD			990

Ledger Postings — Ledger-Specific

Document Edit Goto Extras Settings Environment System Help

Display Document: Data Entry View

Display Currency General Ledger View

Data Entry View

Document Number 7000000000 Company Code 1710 Fiscal Year 2016

Document Date 08/15/2016 Posting Date 08/15/2016 Period 8

Reference Cross-Comp.No.

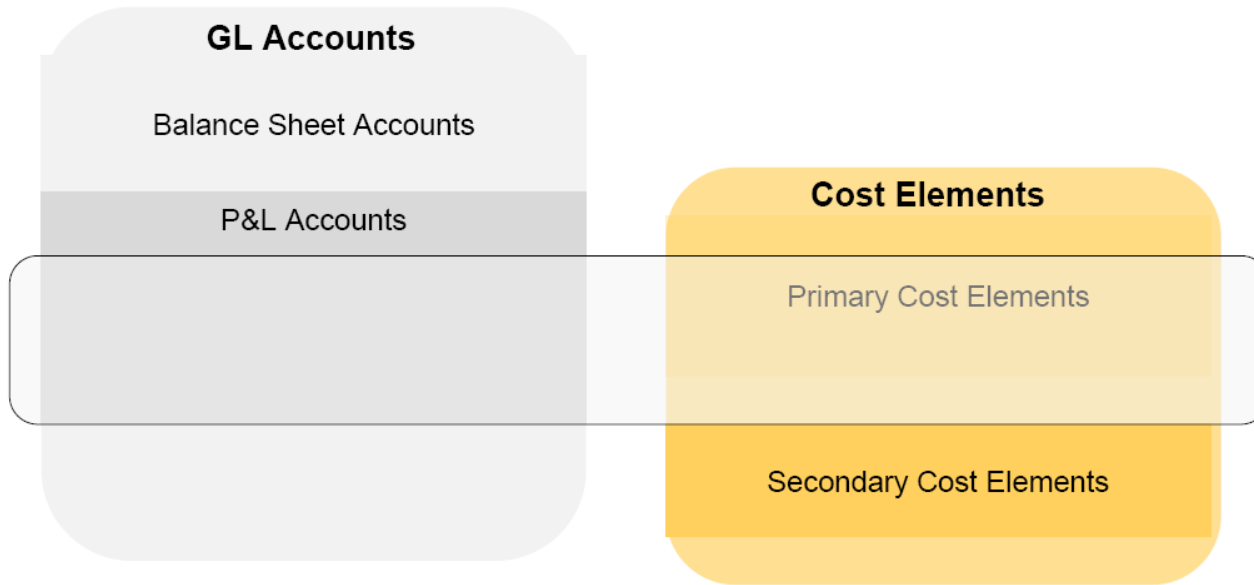
Currency USD Texts exist ☐ Ledger Group 2L

Co... Itm PK S Account Description Amount Curr. Tr.prt Cost Center Profit Center Tx Text

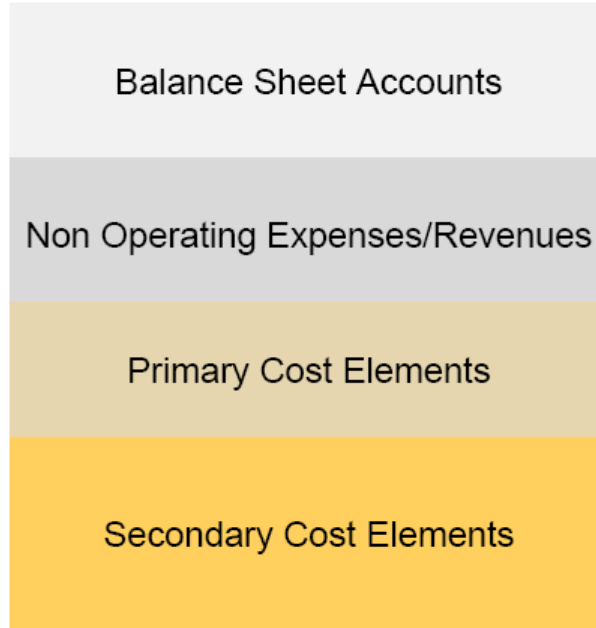
1710	1	40	61400000	Training Education	500.00	USD		1710120	990		
	2	50	10010000	Petty Cash	500.00	USD					

GL Accounts and CO Cost Elements — Before

- **G/L accounts – Before**



GL Accounts and CO Cost Elements — After



Merge of GL Accounts and CO Cost Elements



Account Types:

- X: Balance Sheet
- N: Non-operating Expenses/revenues
- P: Primary costs/revenues
- S: Secondary cost elements

Unified GL Account and CO Cost Element: Account Types

- **X: Balance Sheet**
 - Balance Sheet Account – Account that is posted from business transactions. The balance of a balance sheet account is carried forward at fiscal year-end.
- **N: Non-operating Expenses/revenues**
 - Non-operating Expense or Income – Income statement account that records expenses or gains from activities that are not part of the main purpose of the company, such as gains realized from financial investments by a manufacturing company
- **P: Primary costs/revenues**
 - Primary Costs or Revenue – Income statement account that functions as a cost element for primary costs or revenue. Primary costs reflect operating expenses such as payroll, selling expenses, or administration costs.
- **S: Secondary cost elements**
 - Secondary Costs – Income statement account that functions as a cost element for secondary costs. Secondary costs result from value flows within the organization, such as internal activity cost allocations, overhead allocations, and settlement transactions

Unified Accounts

- One account

Display G/L Account Centrally

Edit financial statement version Edit set Time-Dependent Attributes

G/L Account **100100** Plant & Machinery
Company Code 2498 Company Code 2498 With Template

Type/Description Control Data Create/bank/interest Key word/translation I...

Account control in company code

Account currency **INR** Indian Rupee

☐ Only balances in local crcy

Exchange rate difference key

Valuation group

Tax category

☐ Posting without tax allowed

Recon. account for acct type **A Assets**

Alternative Account No.

☐ Acct Managed in Ext. System

Inflation key

Tolerance group

Account Management in Company Code

☐ Open Item Management

☐ Clearing Specific to Ledger Groups

Sort key **018** Asset number

Authorization Group

Accounting clerk

Account Settings in Controlling Area 2498 Controlling Area for 2498

☒ Apply Acct Assignments Statistically in Fixed Asset Acct / Material Acct

Multi Currency Accounting

Line item indicator has been removed as every account is now line item managed

NOTE: KA01 – KA06 (secondary cost element definition change/display) now takes you to FS00

New FSG SECC defined for SCE's, ALL fields are optional.

Cost Element Category setting now part of FS00

Unified Accounts (cont.)

- One account

Display G/L Account Centrally

Edit financial statement version Edit set Time-Dependent Attributes

G/L Account **450012** COGS Labour

Company Code 2498 Company Code 2498 With Template

Type/Description Control Data Create/bank/interest Key word/translation I...

Recon. account for acct type
Alternative Account No.
☐ Acct Managed in Ext. System
Inflation key
Tolerance group

Account Management in Company Code

☐ Open Item Management
☐ Clearing Specific to Ledger Groups
Sort key 001 Posting date
Authorization Group
Accounting clerk

Account Settings in Controlling Area 2498 Controlling Area for 2498

CElem category 1 Primary costs/cost-reducing revenues
☒ Record Quantity
Int. meas. unit

Unified GL Account and CO Cost Element

- Chart of Accounts covers balance sheet and all P&L accounts
- Cost elements move into GL account logic
- No time dependency for cost elements any longer
- No default account assignments in cost element master
- P&L accounts can be classified as cost elements that means cost elements became GL accounts with a specific semantic
- Cost element type remains
 - So secondary cost elements are still only posted from CO allocations
- Default account assignments maintained in cost element master are migrated to OKB9

Unified GL Account and CO Cost Element (cont.)

- Secondary cost elements appear in GL reporting
- Postings on secondary cost elements are always balanced to zero
- In the past postings on secondary cost elements effecting GL reporting entities (e.g., profit center, functional area) created real-time integration postings
- The real time integration mapped secondary to primary accounts
- In the past, postings on secondary cost elements appeared in GL reporting on primary accounts
- With SAP Accounting, postings on secondary cost elements appear directly on the secondary cost element in GL reporting
- The P&L versions must be updated accordingly

COGS Components Split

- COGS can now be split during PGI/PGR based off the cost component split

▼	General Ledger Accounting (New)
▶	Master Data
▶	Business Transactions
▶	Statistical Key Figures
▼	Periodic Processing
▶	Check/Count
▶	Multi Currency Accounting (New)
▶	Valuate
▶	Reclassify
▶	Allocation
▶	Rollup
▶	Document
▶	Report
▶	Carry Forward
▶	Closing/Opening Postings (Specific Countries Only)
▼	Integration
▶	Asset Accounting
▼	Materials Management
•	  Define Accounts for Materials Management
•	  Perform Document Summarization for Materials Management
•	  Carry Out Enhanced Document Summarization for Materials Management
•	  Define Accounts for Splitting the Cost of Goods Sold
•	  Define Accounts for Splitting Price Differences

COGS Components Split (cont.)

- COGS components – an example

Change View "Detailed COGS Accounts": Overview

New Entries

Splitting of Cost of Goods ...

- Splitting Scheme
 - Detailed COGS Accou
 - Company Code Assignme

COGS Split Scheme 2498

CO Area 2498

Chart of Accts 2498

Cost Comp. Str. Z1

Detailed COGS Accounts

COGS Acct	CComp	Name of Cost Compon...	Target Acc	Short Text	Default
450000	1	Raw Materials	450011	GS RM	☒
450000	2	Human Resources	450012	COGS Labour	☐



Tip

The Default checkbox groups all unassigned cost components to a single cost account

CO-PA — Account-Based and Costing-Based CO-PA

- There are two flavors of CO-PA
 - Costing-based CO-PA – based on Matching-Revenues principle
 - Account-based CO-PA – based on Period-Accounting principle
- In S/4HANA, the focus is Account-based CO-PA
- The Account-based profitability analysis is integrated in the Universal Journal
 - Offering custom-characteristics as part of the core Account-code block
- Now you can have break-down of COGS by cost components such as material, internal activity, overhead, labor, etc.
- Multiple (up to 3) Quantity fields allowed now

Currencies in ECC

- In the Business Suite (ECC), there used to be up to 3 parallel currencies in FI
 - (table T001A/tx OB22)
- 2 parallel currencies in CO (TKA01/tx OKKP)
 - CO area currency and object currency
- The currencies of non leading ledgers in New G/L (T882G) were a subset of the currencies in the leading ledger (T001A)
- One of the CO currencies needed to be the local currency (CT 10), but it was not necessary that the other currency in CO was also configured in FI

Currencies in SAP S/4HANA

- With the Universal Journal and the common line item table ACDOCA for FI and CO, there is also a central currency configuration for the Universal Journal. As the currency configuration depends on the Universal Journal ledgers, there is a combined view cluster for ledgers and currencies, transaction code **FINSC_LEDGER**.
- Starting version 1610, you can configure all currency types for each ledger and assign up to eight freely definable currency types supplementing the two fixed SAP currency types (local and global currency)
- The new currencies are converted in real time for each journal entry according to the specified currency conversion settings

Currencies in SAP S/4HANA (cont.)

- New installations
 - You can configure the new currencies in the Universal Journal
 - Carefully consider which currencies are integrated with BSEG, FI-AA, CO, ML, FI-AA, and which is generically converted
- Migration of customer installations
 - Old currency configuration is migrated to Universal Journal without changes of the used currencies
 - SAP S/4HANA Migration is not able to introduce new currencies
 - ERP installations using transfer pricing make use of the new currency fields, as all currencies/valuations combinations are migrated to the same ledger
 - Usage of additional currencies is not possible without a conversion project. You must not simply configure additional currencies, as the existing data does not contain the new currencies, and some open processes would not work properly, if the currency configuration was changed.

Sample Currency Setup

[illegible]

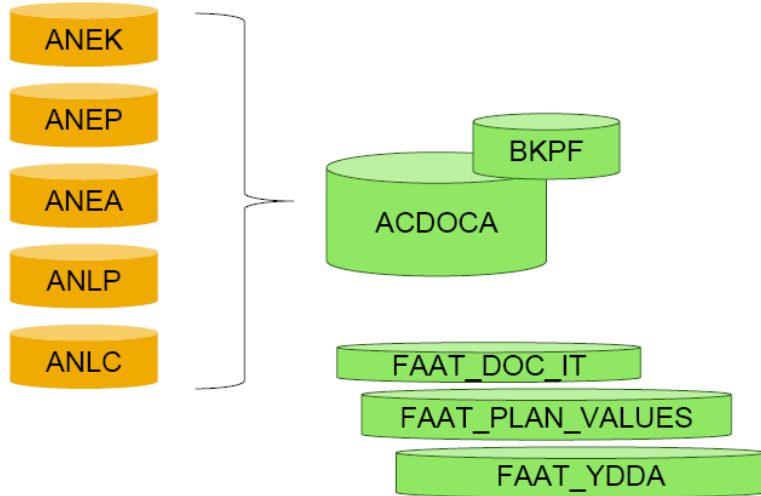
Sample Currency Setup (cont.)

ACDOCA Fieldname	Description	Description
WSL	Amount in Transaction Currency (Document Currency)	Original currency of the transaction, not contained in balances, as it might happen that different currencies cannot be aggregated; corresponds to BSEG-WRBTR.
TSL	Amount in Balance Transaction Currency	Amount converted to the currency of the G/L account, in order to allow aggregation on G/L account level; corresponds to BSEG-PSWBT.
HSL	Amount in Company Code Currency (Local Currency)	Currency of the company code; corresponds to BSEG-DMBETR in FI and object currency in CO (except co area currency type is local currency)
KSL	Amount in Global Currency	Currency type configured in the controlling area (TKA01-CTYP)
OSL	Amount in Freely Defined Currency 1	Currency configured per ledger and company code in tx finsc_ledger
VSL	Amount in Freely Defined Currency 2	Currency configured per ledger and company code in tx finsc_ledger
BSL	Amount in Freely Defined Currency 3	Currency configured per ledger and company code in tx finsc_ledger
CSL	Amount in Freely Defined Currency 4	Currency configured per ledger and company code in tx finsc_ledger
DSL	Amount in Freely Defined Currency 5	Currency configured per ledger and company code in tx finsc_ledger
ESL	Amount in Freely Defined Currency 6	Currency configured per ledger and company code in tx finsc_ledger
FSL	Amount in Freely Defined Currency 7	Currency configured per ledger and company code in tx finsc_ledger
GSL	Amount in Freely Defined Currency 8	Currency configured per ledger and company code in tx finsc_ledger
CO_OSL	Amount in Object currency of CO	Object currency of CO, only if it is really the object currency (70)

New Asset Accounting

- The new architecture prerequisites are:
 - Usage of New Depreciation Calculation Engine is mandatory
 - Universal Entry is active (automatic migration)
- The new architecture does not support:
 - Joint Venture Accounting (JVA) (officially released for ledger-solution via Business Function as of EhP6) (2)
 - Lease Accounting Engine (LAE)
 - Real Estate Classic (RE Classic)
 - Public Sector Management – Funds Management (PSM-FM) using requests (1)
 - Application Link Enabling (ALE): transfer of assets
 - Transaction ABUB
- Transition to new Asset Accounting by migration of:
 - Customizing data
 - Transactional data
- Can be activated after period-end tasks are completed

New Asset Accounting (cont.)



Actual items

☐ Actual data of ANEK, ANEP, ANEA, ANLP, ANLC is now stored in table ACDOCA. ANEK data is stored in BKPF.

☐ Compatibility views

FAAV_<TABLENAME> (e.g., FAAV_ANEK) are provided to enable non-disruptive reporting on old tables

☐ After migration: access to content of old tables is still possible via views FAAV_<tablename>_ORI.

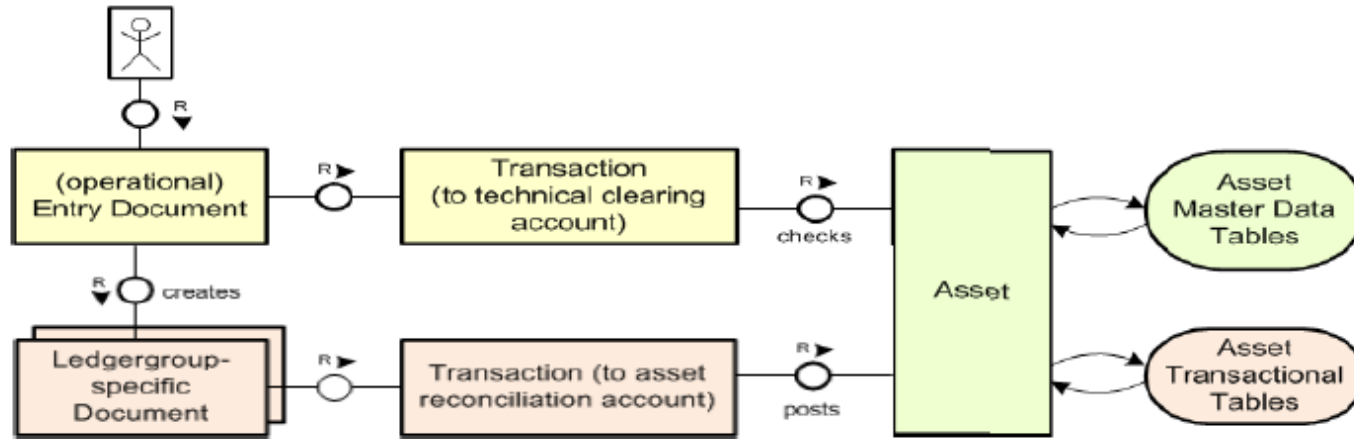
Non actual items:

☐ Statistical data (e.g., calculation or tax purposes) is now stored in table FAAT_DOC_IT.

☐ Plan data (previously ANLP and ANLC) is now stored in FAAT_PLAN_VALUES

☐ Year-dependent attributes of Fixed Assets are now stored on FAAT_YDDA.

New Asset Accounting (cont.)



Source: SAP

Rules

Operational Entry Document posts to technical clearing account.

❑ Operational Entry Document never updates the asset, asset is used for checks only

❑ The entry document triggers the creation of (1 to n) accounting principle specific documents.

❑ The accounting principle specific documents

❑ clear the technical clearing account in each view (balance zero)

❑ post to the asset reconciliation account and update the asset sub-ledger

Integration Acquisition with Ledger Approach

- Asset Postings now have new button, “Asset Accounting”

Display Document: Data Entry View

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Data Entry View

Document Number	1900000012	Company Code	2498	Fiscal Year	2016
Document Date	26.11.2016	Posting Date	26.11.2016	Period	8
Reference	300012	Cross-Comp.No.			
Currency	INR	Texts exist	☐	Ledger Group	

Co...	Itm	PK	S	Account	Description	Amount	Curr.	Order	Cost Center	Profit Center	Segment	Tx	Quantity
2498	1	31		111	ABC LTD	10,000.00-	INR						
	2	70		100700	000000300012 0000	10,000.00	INR			3001	2498		1

Integration Acquisition with Ledger Approach (cont.)

- Asset Postings are divided into operational and valuation postings
- Operational postings are same across all ledgers and accounting principles
- Valuation postings are ledger specific postings
- Example above for ledger 0L

Display Document: Data Entry View

Accounting Principle: Display Currency: Line Items: Addit. Acct. Assignment Line Item

Document Header Info

Document Date: 26.11.2016 Document type: KR Company Code: 2498 Accounting Principle: Indian GAAP for 2498
Posting Date: 26.11.2016 Period: 08 Fiscal Year: 2016 Display Currency: Company Code Currency

Line items

Type	Period	Ledger G...	Ref. doc.	DocumentNo	Item	PK	Bu...	Segment	Profit Ctr	G/L Acc	Short Text	Σ	Amount	Crcy	Cost Ctr	Order	WBS Ele...	Asset	A
KR	8		1900000012	1900000012	1	31				200600	Accounts Payable Dom	10,000.00-	INR						K
KR	8				2	70		2498	3001	100700	000000300012 0000	10,000.00	INR					300012	A
												0.00	INR						
KR	8	0L		1900000013	1	70		2498	3001	100100	000000300012 0000	10,000.00	INR					300012	A
KR	8	0L			2	75		2498	3001	100700	000000300012 0000	10,000.00-	INR					300012	A
												0.00	INR						
												0.00	INR						

Integration Acquisition with Ledger Approach (cont.)

- Asset can be capitalized in one accounting principle and expense in another accounting principle
- Requires depreciation area in asset class to be de-activated

Change View "Depreciation areas": Overview

68

Dialog Structure

- Asset class
 - Depreciation areas

Asset Class: 300001 Plant & Machinery Freight 2498
Chart of dep.: 2498 Chart Of Depreciation 2498

Ar.	Dep. area	Deact	DepKy	Use	Per	Index	Layout
01	Book deprec.	☐	IN01	10			1000
15	Tax bal.sht.	☐	IN01	10			1000
30	IFRS 2498	☒					1000

Account assignment of cost portions not capitalized

Cost elem. for settlmt AuC to CO objects

Capital. difference/Non-operatng expense 450003 Price Difference

SAP S/4HANA Other Modules: Customer Vendor Master

- Starting with S/4HANA 1511, (mandatory) target approach in S/4HANA is Business Partner
- Until SAP S/4HANA Finance 1503, Customer/Vendor Masters (CVM) can be used as before
- On-premise start release needs to have a minimum release level; e.g., SAP ERP 6.0, EHP 0-8
- CVMs and Business Partners will be created from transaction BP [BP replaces earlier transactions like (x)KO(n) and (x)DO(n)]
- If you try to enter transaction-code XD03, it will redirect you to BP
- Recommendation: Matching BP ID and Customer/Vendor ID

SAP S/4HANA Other Modules: Material Master

- **SAP S/4HANA Finance 1503** still supports Material number of length **18** characters
- Starting **S/4HANA 1511**, (optionally) material number field length can be extended up to **40** characters
- The relevant SAP development entities (domain, structures, table types, transparent tables, external and internal interfaces, user interfaces, BW extractors, and so on) have been adapted
- Custom code may have to be adapted for the material number field length
- New material type **SERV** introduced for Services (reduced views and fields)

SAP S/4HANA Other Modules: Inventory Management

- MATDOC table
- MATDOC comprises 289 columns
- 32 columns from MKPF (Material Document header table)
- 204 columns from MSEG (Material Document item table)
- 53 additional columns for fast calculations/analytics
 - Warehouse stock grouping fields, e.g., stock categories (special stock, unrestricted, ...)
 - Additional units and key figures, e.g., stock quantities stored with sign for fast on-the-fly aggregation
 - Two sets of stock identifying fields (source and target)Transfer postings
 - Periods and time information, e.g., year-month combination for comparison of stock time series
 - Data footprint: 25% ... 38% of total table size

SAP S/4HANA Other Modules: MATDOC Table

Dictionary: Display Table

Transparent Table **MATDOC** Active

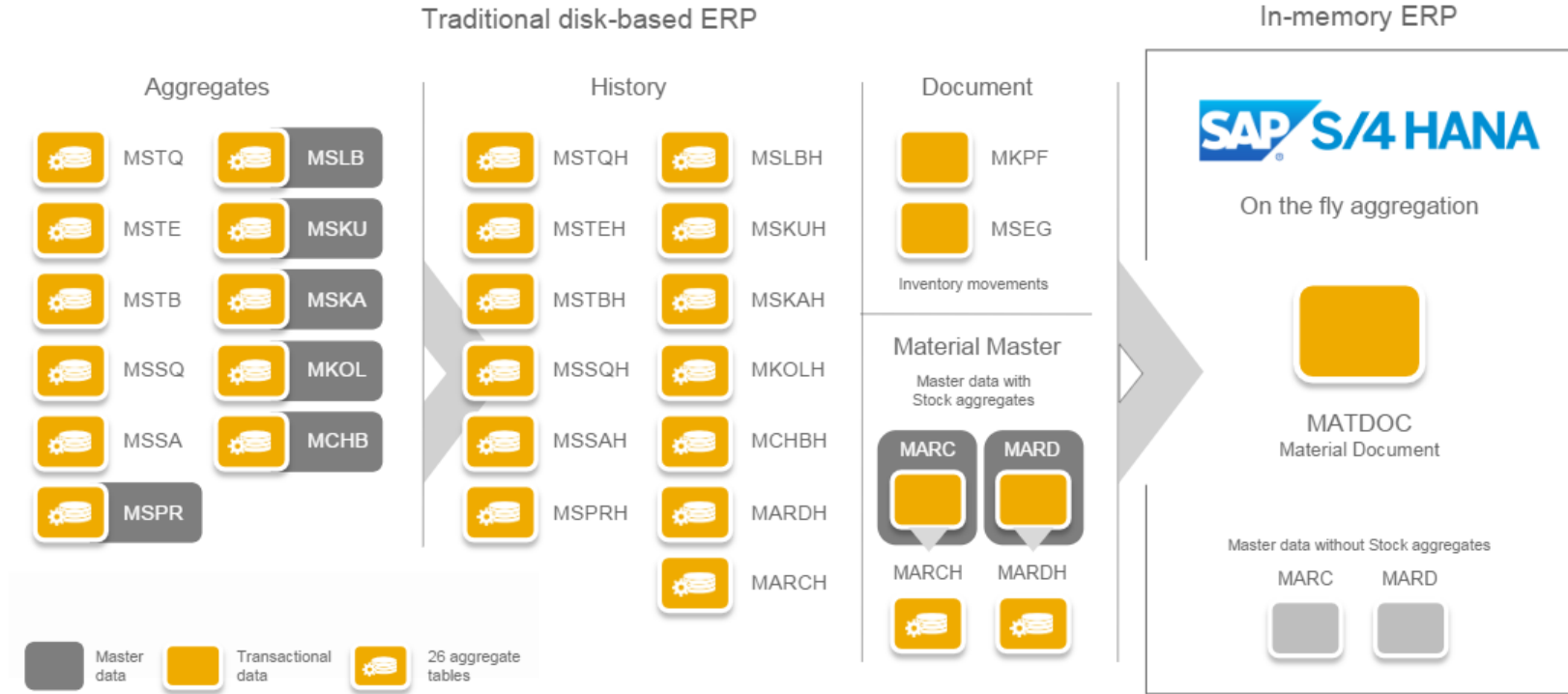
Short Description: Material Documents

Attributes | Delivery and Maintenance | **Fields** | Input Help/Check | Currency/Quantity Fields

1 / 297

Field	Key	Incl...	Data element	Data Type	Length	Deci...	Short Description	Group
<u>.INCLUDE</u>	☒	☒	NSDM_S_MTDCSA_K...	STRU	0		0Key structure	KEY
<u>MANDT</u>	☒	☒	MANDT	CLNT	3		0Client	
<u>.INCLUDE</u>	☒	☒	NSDM_S_MTDCSA_G...	STRU	0		0Splitted GUID	
<u>KEY1</u>	☒	☒		RAW	4	0		
<u>KEY2</u>	☒	☒		RAW	4	0		
<u>KEY3</u>	☒	☒		RAW	5	0		
<u>KEY4</u>	☒	☒		RAW	1	0		
<u>KEY5</u>	☒	☒		RAW	1	0		
<u>KEY6</u>	☒	☒		RAW	1	0		
<u>.INCLUDE</u>	☐	☐	NSDM_S_MTDCSA_N...	STRU	0		0Material transaction data main structure	MAIN
<u>.INCLUDE</u>	☐	☐	NSDM_S_ORIGIN	STRU	0		0Type of contributed data	
<u>RECORD_TYPE</u>	☐	☐	NSDM_RECORD_TYPE	CHAR	30		0Record Type	
<u>HEADER_COUNTER</u>	☐	☐	NSDM_HEADER_COU...	INT4	10		0Material Document Counter	
<u>.INCLUDE</u>	☐	☐	NSDM_S_STOCK_ID	STRU	0		0Warehouse stock identifier (changes -> precompacting)	
<u>MATBF</u>	☐	☐	MATBF	CHAR	40		0Material in Respect of Which Stock is Managed	
<u>WERKS</u>	☐	☐	WERKS_D	CHAR	4		0Plant	
<u>LGORT_SID</u>	☐	☐	NSDM_LGORT	CHAR	4		0Storage Location (Stock Identifier)	
<u>CHARG_SID</u>	☐	☐	NSDM_CHARG	CHAR	10		0Batch Number (Stock Identifier)	
<u>LIFNR_SID</u>	☐	☐	NSDM_LIFNR	CHAR	10		0Account Number of Supplier or Creditor (Stock Identifier)	
<u>MAT_KDAUF</u>	☐	☐	MAT_KDAUF	CHAR	10		0Sales order number of valuated sales order stock	
<u>MAT_KDPOS</u>	☐	☐	MAT_KDPOS	NUMC	6		0Sales Order Item of Valuated Sales Order Stock	
<u>MAT_PSPNR</u>	☐	☐	MAT_PSPNR	NUMC	8		0Valuated Sales Order Stock WBS Element	

SAP S/4HANA Other Modules: Inventory Management — Simplification



SAP S/4HANA Other Modules: Sales and Distribution

- Elimination of Status Tables VBUK/VBUP. Status fields are moved to corresponding Header and Line Item tables (VBAK/VBAP, LIKP/LIPS, VBKP).
- Document flow Table VBFA simplified
- SD Document Category field length extended from 1 to 4 and Extended Document category field removed
- Elimination of redundancies:
 - Document Index Tables VAKPA, VAPMA, VLKPA, VLPMA, VRKPA,VRPMA
 - Rebate Index Table VBOX
- Refer to SAP Note 2198647 for adapting customer objects to the data model changes
- Pricing result Table KONV replaced with PRCD_ELEMENTS

SAP S/4HANA Other Modules: Sales and Distribution (cont.)

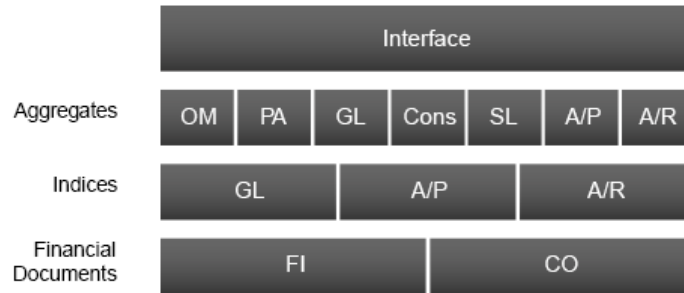
- SD Credit Management now works with FIN-FSCM-CR (not FI-AR-CR)
- ERP SD Revenue Recognition replaced by “SAP Revenue Accounting and Reporting” (supports the new revenue accounting standard as per IFRS15)
- The new “SAP Revenue Accounting and Reporting” does not offer full functionality of erstwhile solution in its first release
 - Before conversion to S/4HANA, evaluate if it suits the business need
- Prior to the conversion to S/4HANA, all sales orders and contracts must be migrated that
 - Are not fully delivered and invoiced
 - Have deferred revenue still to be realized
 - May need follow-on like increase quantity, create credit memo, or cancel invoice
- SD Rebate Processing (still required for CRM TPM) replaced by Settlement Management

SAP S/4HANA Other Modules: Custom Code

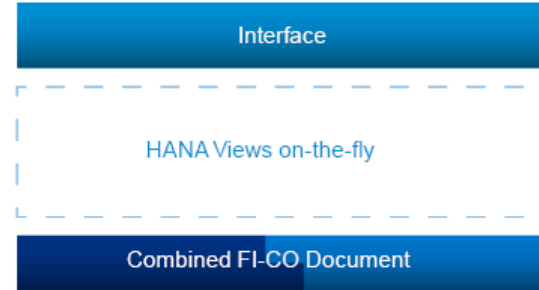
- **S/4HANA Finance: Technically, an Add-on on top of Suite of HANA**
 - Series of Aggregate and Index Tables made obsolete, replaced with views
 - Disruption free approach to custom reports
- **S/4HANA: Technically, a new product**
 - Changes the application layer in SAP (SAP_APPL) by a lot of simplified features
 - Impact on custom code must be assessed before the conversion
- **Various tools/options available**
 - CCLM (Custom Code Lifecycle Management) in Solution Manager
 - CDMC (Custom Development Management Cockpit)
 - Ordering a CCMC (Custom Code Maintainability Check) Service from SAP

Simplified Data Models

- **Reduced Data Footprint**



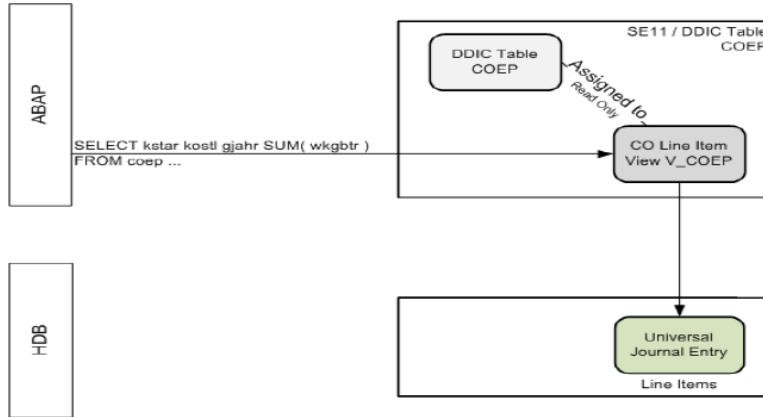
Separate systems with objects created in advance and updated in batch



Consolidated financial system with no need for precomputed aggregates or ETL replication

No Disruptiveness — Compatibility Views

CO Compatibility View in SFIN 2.0



Safeguarding customer investments:

❑ We provide so called “compatibility views.”

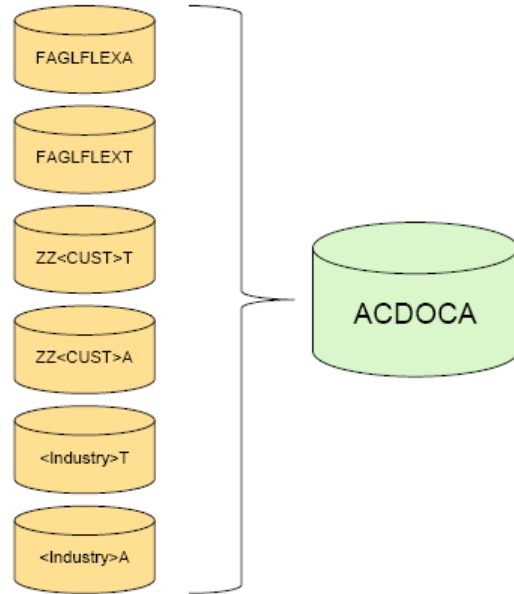
❑ Via this views the select is redirected to the new persistency in HANA

❑ In the example given, an access to table COEP is redirected via the view V_COEP to the new Universal Journal Entry

❑ Effect: Customer ABAP programs that read directly “COEP” via select statements continue to run as before

❑ From the perspective of an ABAP program “COEP” exists as before (read access)

General Ledger — Technical Changes



Data previously stored in FAGLFLEXA, FAGLFLEXT (carry forward) is now stored in table ACDOCA.

Data of New G/L industry tables for Public Sector and Joint Venture Accounting (FMGLFLEXA/T, PSGLFLEXA/T, JVGLFLEXA/T) is now stored in table ACDOCA.

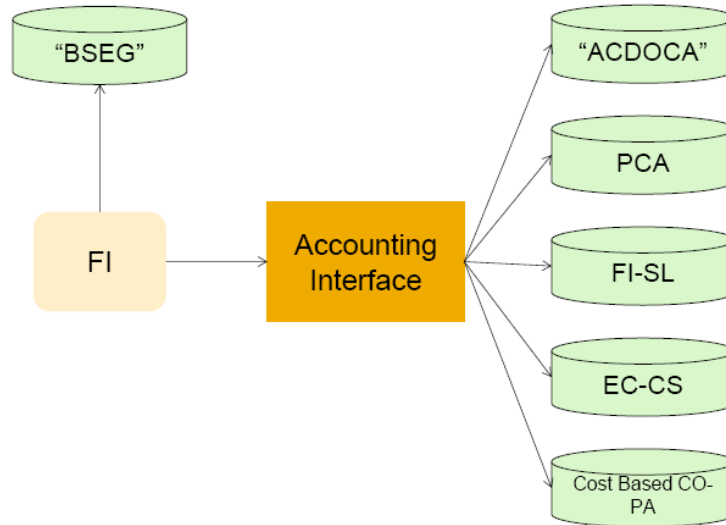
Data of customer created New G/L tables ZZ<CUST>T, ZZ<CUST>A is now stored in table ACDOCA.

A compatibility view is provided for table FAGLFLEXA: FGLV_FAGLFLEXA. This compatibility view redirects select statements to FAGLFLEXA to ACDOCA.

Compatibility views for the New G/L industry tables are provided: V_<Industry>A, V_<Industry>T

Compatibility Views are provided for customer created New G/L tables. The views are numbered sequentially: ZFGLV_GLTT_Cx (totals) and ZFGLV_GLSI_Cx (line items), where x is a number.

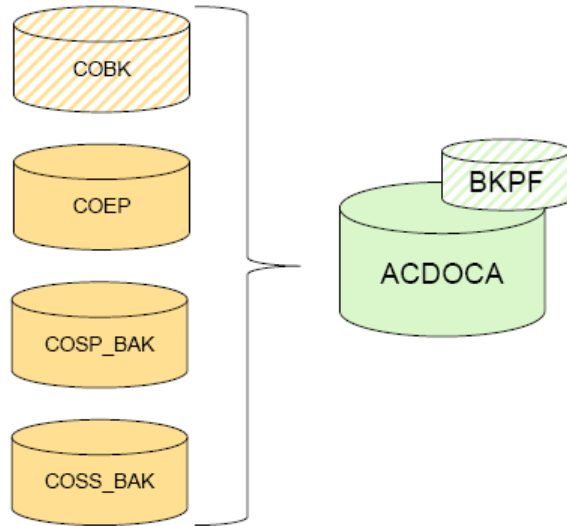
FI Postings



ACDOCA posted via the Accounting Interface similarly to FAGLFLEXA (New G/L) in the past. ACDOCA stores full detail.

- Former COEP, FAGLFLEXA, ANEP, MLIT, etc. data are stored in ACDOCA.
- BSEG as before Simple Finance 2.0
- PCA, FI-SL, EC-CS technically untouched and work as before.
- Components that have been build with FISL technology like Joint Venture Accounting, Public Sector etc. are untouched and work as be fore.
- Cost based CO-PA works as before.

Controlling (CO) – Technical Changes



Actual Items

Actual data of COEP (WRTTP = '04' and '11') is now stored in ACDOCA

Needed actual data for long running orders/projects from COSP_BAK, COSS_BAK is stored in table ACDOCA.

Currently, COBK is written as before. Target is to replace COBK through BKPF.

Compatibility views V_<TABLENAME> (e.g., V_COEP) are provided in order to reproduce the old structures. Access to old data in tables still possible via the views V_<TABLENAME>_ORI (e.g., V_COEP_ORI)

Non actual items

- Value types other than '04' and '11' are still stored in COEP, COSP_BAK, COSS_BAK

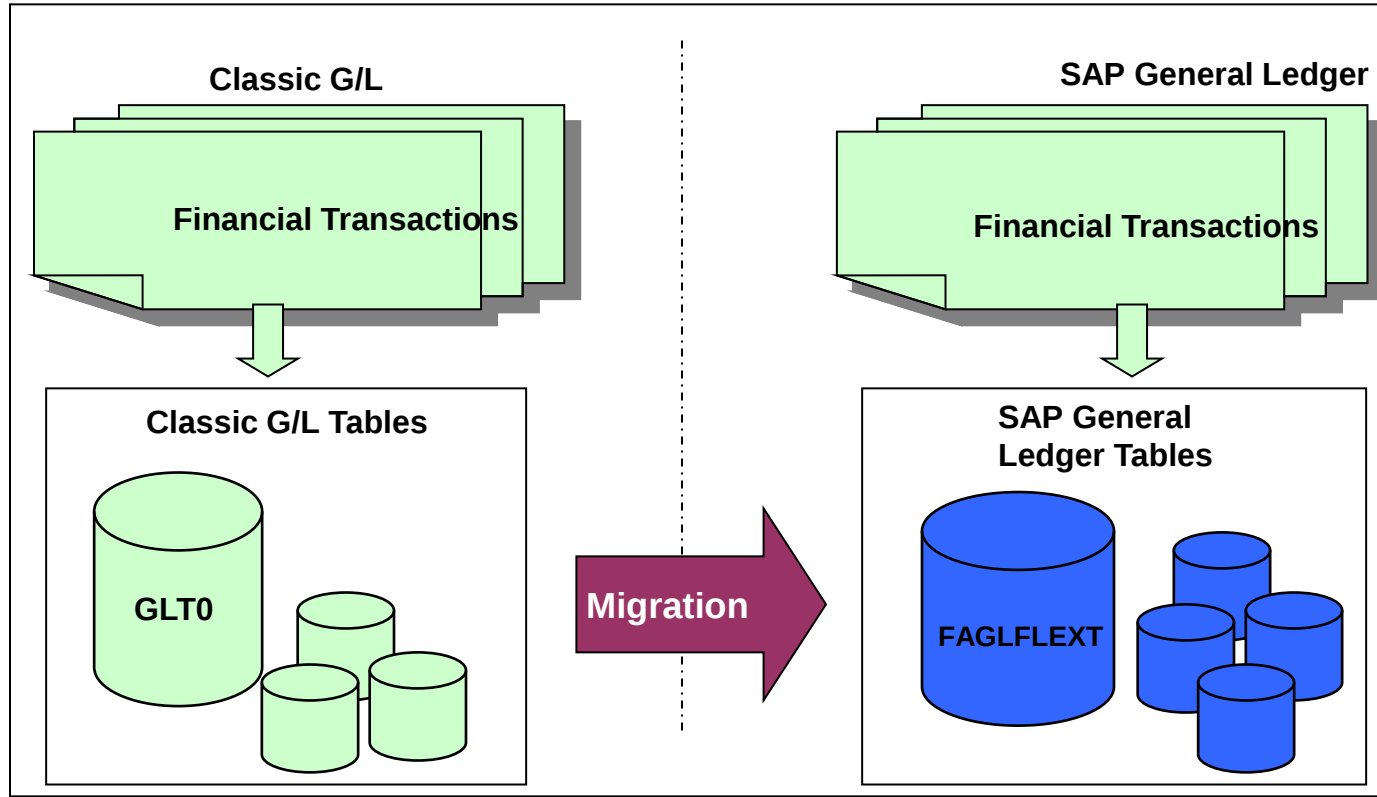
Planning the SAP General Ledger project

Click to edit Master text styles



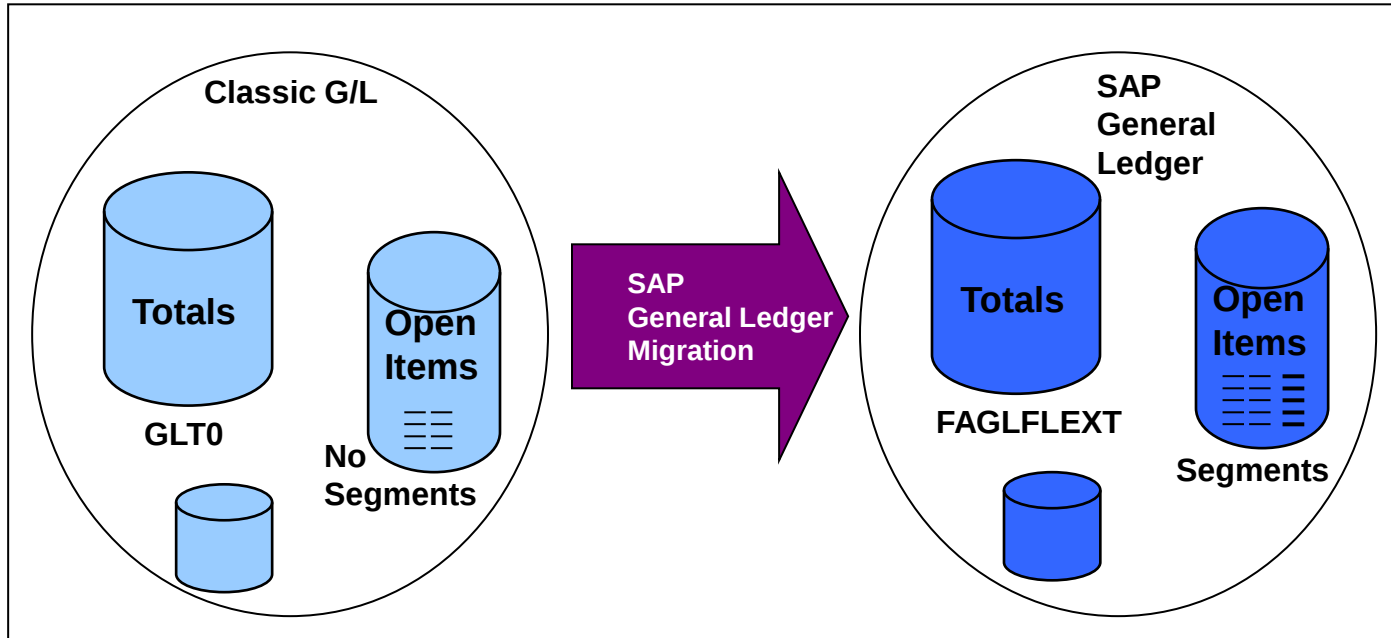
Migration to SAP General Ledger

- Migration involves migrating existing data from Classic G/L to SAP General Ledger



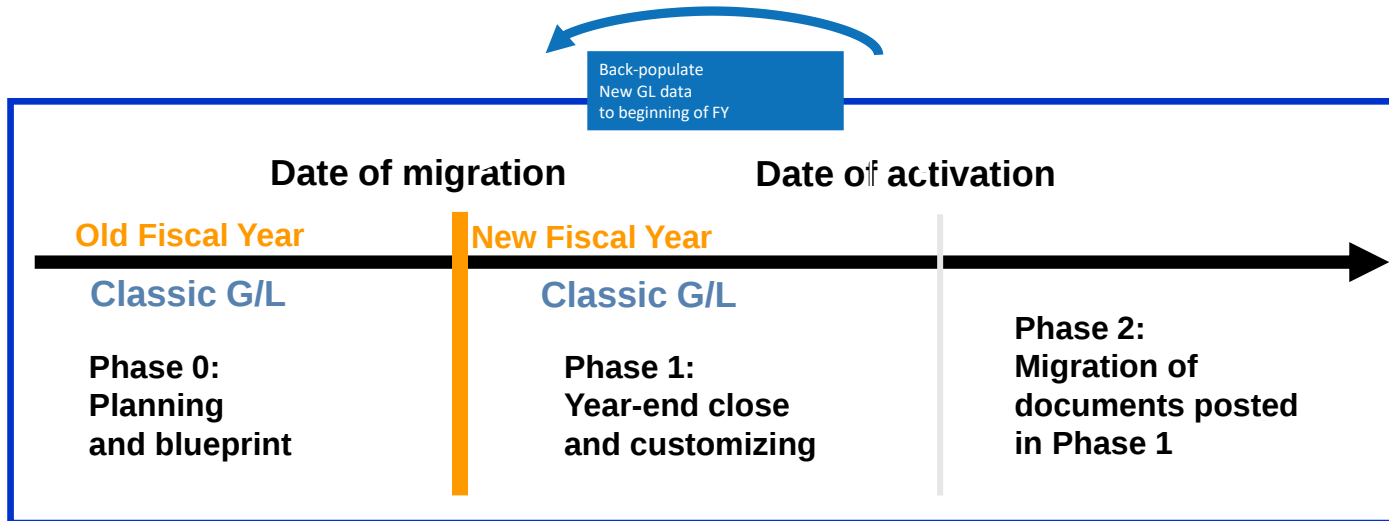
Migration to SAP General Ledger (cont.)

- SAP provides migration tools to perform the migration



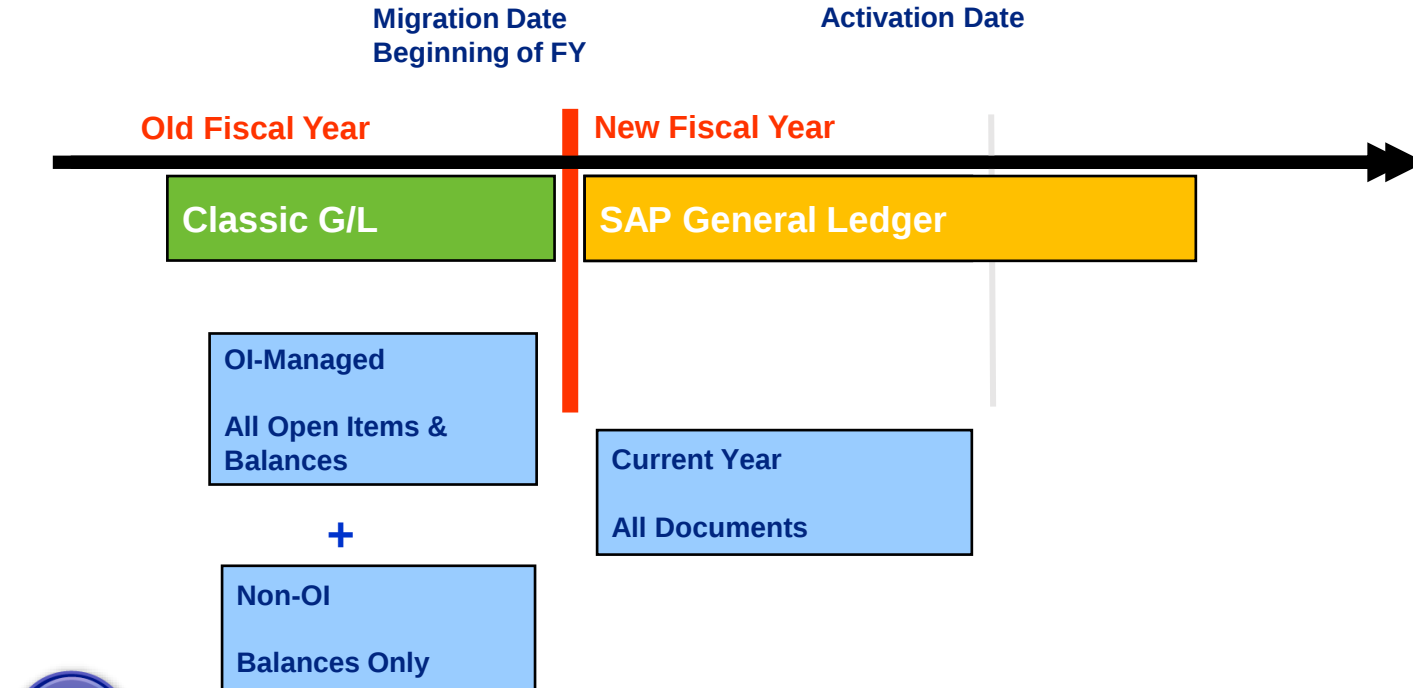
Migration Process

- Migration date
 - The start of the fiscal year for which migration is performed
 - Year-end closing must be completed prior to activation of SAP General Ledger
- Activation date
 - Date SAP General Ledger is activated



Note

General Ledger Migration Phase Model



Note

Although the SAP General Ledger is actually switched ON on activation date, all the financials data is migrated to SAP General Ledger at the beginning of the fiscal year

Planning the New G/L Migration Project — Key Considerations

- Migration scenarios
- Parallel currency setup
- Volume of processes/company codes/data volume
- Data consistency
- Migration weekend
- Landscape requirements

Migration Scenarios — SAP General Ledger

- **SAP General Ledger Migration Service supports scenario-based migration**
- **Migration scenarios represent the cases depending upon the customer's current setup and the target expected setup in SAP General Ledger**

Scenario		Description
1	Merge of FI Ledger	Merging of Classic G/L, consolidation preparation ledger and cost-of-sales ledger
2	Merge of FI, PCA, and/or SL Ledger	Scenario 1 and additional merging of PCA and SPL
3	Scenario 2 + Document Splitting	Scenario 2, plus document splitting by, for example, profit center, segment, or business area
4	Scenario 2 + Change from account solution to ledger solution for parallel accounting	Switch from parallel accounting by parallel account to parallel ledger
5	Scenario 3 + Change from account solution to ledger solution for parallel accounting	Scenario 3, plus switch from parallel accounts solution in the Classic G/L to parallel ledgers solution in the SAP General Ledger
6	Subsequent implementation of document splitting	SAP General Ledger has been activated without document splitting and now it has to be implemented subsequently
7	Subsequent implementation of a further ledger	Extend an existing SAP General Ledger by a further non-leading ledger. Introduction of a non-leading ledger while no parallel accounting was in use before
8	Subsequent change from account solution to ledger solution	Implementation of ledger solution in SAP General Ledger for parallel accounting and replacement of existing account solution

Parallel Currency Setup, Volume of Processes/Company Codes/Data Volume

- **Parallel currency setup**
 - Currency setup must be consistent across ledgers
 - Additional parallel currencies can not be introduced as part of migration
 - Currency conversion will be required if you wants to have consistent parallel currencies
- **Volume of processes/company codes/data volume**
 - All active company codes must be migrated
 - For opening balances, all open items will be migrated for OI-managed accounts
 - For opening balances, account balances will be migrated for non-OI-managed accounts
 - All current year data will be migrated
 - Amount of data volume will play a role in data clean-up efforts

Data Consistency, Migration Weekend, and Landscape Requirements

- Data consistency
 - Global Chart-of-Accounts level consistency
 - Consistency of line items – open items
- Migration weekend
 - Plan the migration weekend extensively
 - System downtime is required
 - Multiple migration plans with different fiscal year dependencies?
- Landscape requirements
 - Separate sandbox for SAP General Ledger system
 - Separate sandbox for testing the migration
 - Periodic and frequent system refreshes required to simulate real-life productive environment

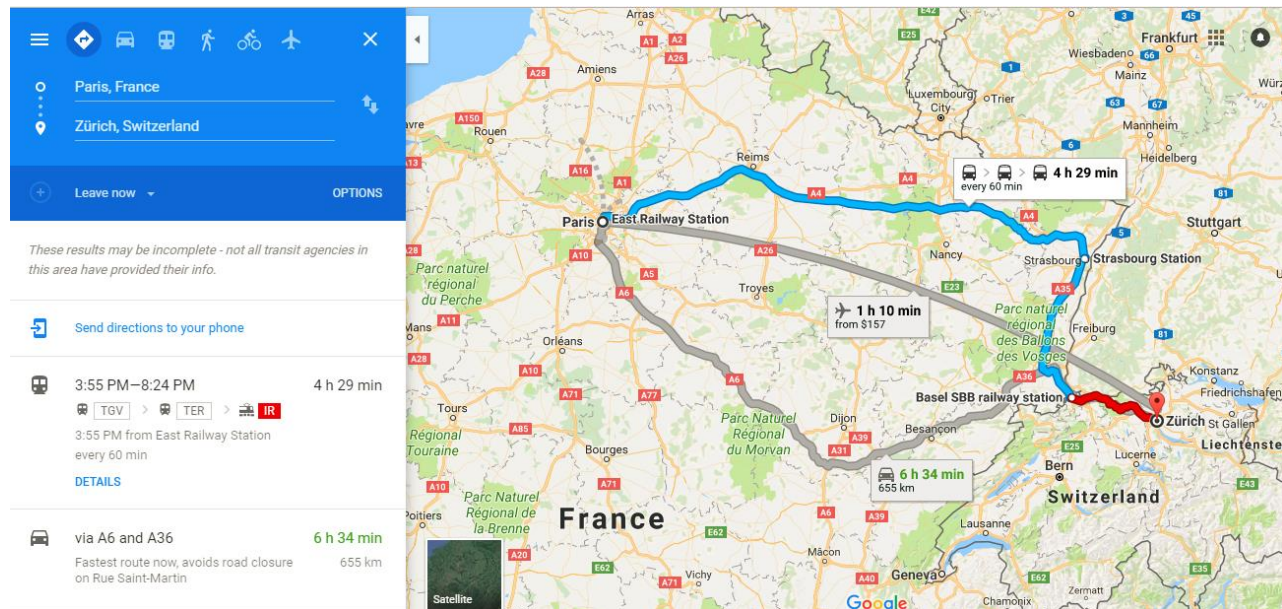
Planning the SAP S/4HANA project

Click to edit Master text styles



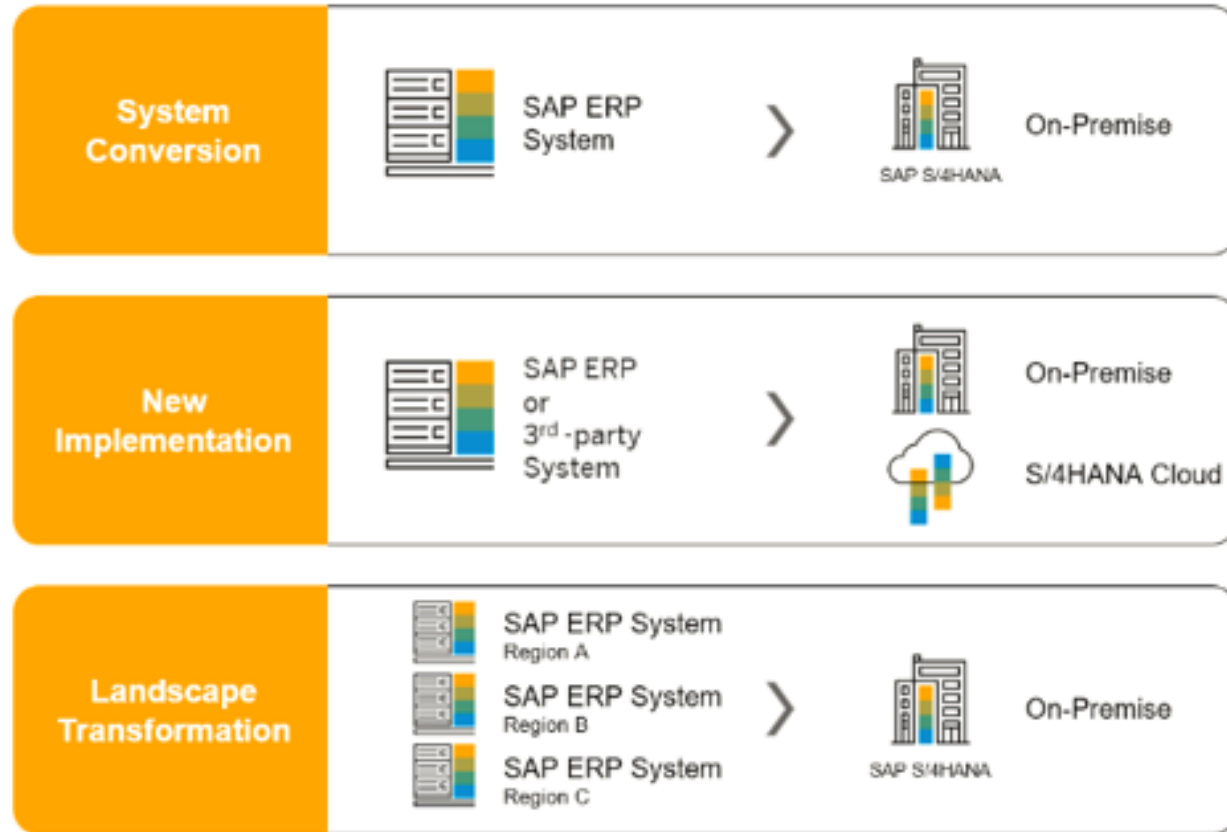
Plan Your SAP S/4HANA Trip

- Many options to evaluate
- It's a long journey
- Plan and prepare for your trip!



HANA Deployment Options (cont.)

- Greenfield
- Brownfield
- System landscape



HANA Deployment Options — Central Finance

- **“Central Finance” is another possibility for deploying SAP S/4HANA Finance**
- **Formerly known as “Central Journal”**
- **The Finance and Controlling (FI/CO) modules/applications are implemented in a “Central” place using Application Link Enabling (ALE) as a “sidecar”**
- **It is a way to implement SAP S/4HANA Finance without disrupting your existing source SAP ERP systems**

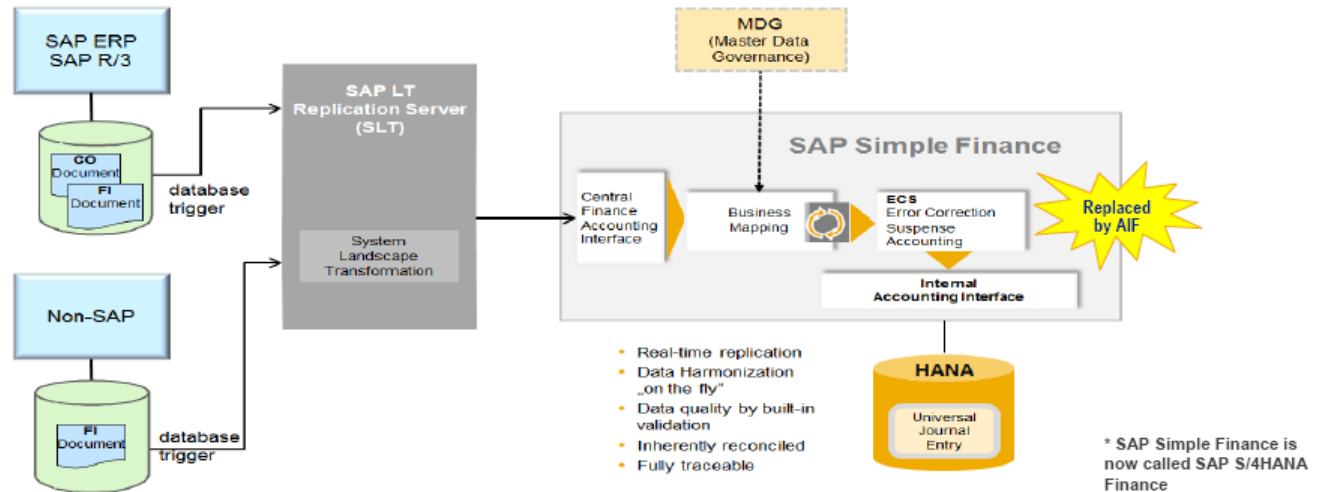


Note

Primarily suitable for Distributed Systems

HANA Deployment Options — Central Finance (cont.)

- SAP and non-SAP data can be integrated via SAP Landscape Transformation (SLT)
- Master data management is handled by Master Data Governance (MDG)
- Errors/corrections are managed by the Application Integration Framework (AIF)



Source: SAP

SAP S/4HANA Finance — Key Strategic Considerations

- S/4HANA Choice – Greenfield, Brownfield, or System-Landscape
- S/4HANA deployment – On-premise, cloud, or hybrid
- Roadmap pathway based on the current setup (Classic G/L or SAP General Ledger)
- Timeline considerations
- Technical pre-requisites (Hardware, EHP)
- Preparatory Tasks (Data clean-up, functionality, existing setup such as currencies)
- S/4HANA Scope – Simple Finance, Logistics
- Additional new functionality
- Considerations – strategic, technical, people and processes factors
- Preparedness checklist

SAP S/4HANA Finance — Strategic Considerations (cont.)

- Current data-system setup
- Migration to SAP General Ledger (New G/L) or Conversion to S/4HANA Finance
 - Existing currency setup must be retained
 - Existing Accounts and Chart-of-Accounts setup must be retained
 - Existing master data setup must be retained
- Transformation/re-organization
 - Any transformation/re-organization SLO-type conversion must be done prior to migration/conversion to S/4HANA



Caution

SAP S/4HANA Finance — Strategic Considerations..

- **Classic-GL customers**
 - Implementing SAP General Ledger (aka, New G/L) is not mandatory (however, carefully consider the limitations)
 - Migration can happen at any period-end
 - Migration to S/4HANA activates new database structures, similar to SAP General Ledger (New G/L)
 - During migration, parallel ledger and document splitting is not activated
 - Migration similar to SAP General Ledger Migration scenario 1 (think like New G/L “Lite”)
 - SAP General Ledger Migration at the year-end; S/4HANA conversion at period-end
- **SAP General Ledger (New G/L) customers**
 - Migration can happen at any period-end
 - Migration to S/4HANA activates new database structures (FAGLFLEX(AT) become obsolete)

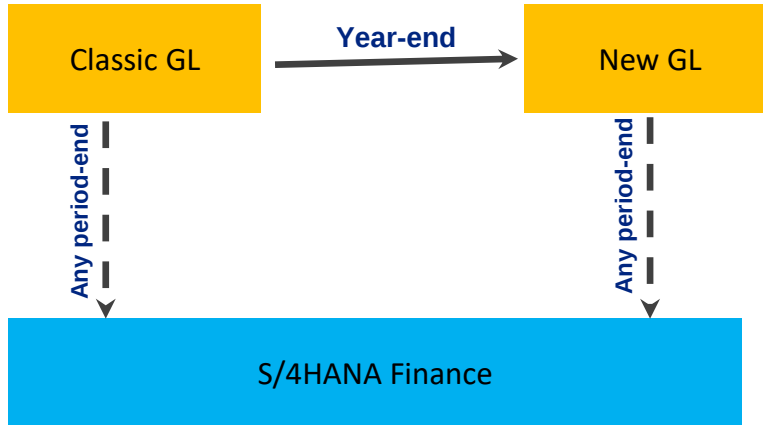
SAP S/4HANA Finance — Strategic Considerations (cont.)

- Conversion directly from Classic G/L to S4/HANA Finance limitations
 - Unlike a migration to the new General Ledger Accounting using the SAP General Ledger Migration Service, migration to S4/HANA has some restrictions:
 - Implementation of document splitting (Subsequent supported from 1809)
 - As document splitting was not supported, complete balance sheets at the profit center (other dimension) level are not possible
 - Migration from special purpose ledger to new General Ledger Accounting
 - After the migration, you can continue to use any special purpose ledgers that existed prior to the migration as usual
 - New implementation of parallel valuation
 - Implementation of the ledger approach for parallel accounting (replacement of parallel accounts)
 - Change in chart of accounts and conversion of chart of accounts



S/4HANA Finance Roadmap

- New G/L at Year-End
- S/4HANA Finance at Period-End



Classic G/L — New G/L Quick Comparison

Criteria	Classic G/L	New G/L
Chart-of-Accounts settings consistency	Locally – at Company-code level	Globally – at Chart-of-Accounts level
Sub-ledger Consistency	Company-code level (If an account is an A/R account for one company code then it need not be A/R account for another company code)	Global Chart-of-Accounts level (If an account is an A/R account for one company code then it must be an A/R account for ALL company codes)
Open-Item accounts – Master/Line-items consistency	No (consistency checks for account and items was loose)	Yes
Open-item totals of Line-items & Balances consistency	No (trial balance consistency check is done at totals level)	Yes
Document Types consistency (one doc-type one process)	No (same doc-type can be used as “mixed-bag” -- Customer Invoice, Liability, Payment, Adjustment etc.)	Yes
Consistent Closing of Posting-Periods across various FI/CO modules	No (you can keep CO/ECCS/SPL open independently; even when FI is closed)	Yes
Ease of Reconciliation; single-source of truth	No	Yes
Consistent Global processes across the organization	No (Consistency at individual legal entity-level)	Yes

SAP S/4HANA Options — Quick Summary

Functionality	ECC 6	Suite on HANA	Simple Finance	S/4HANA
Core SAP ECC processes	Yes	Yes	Yes	Yes
Core SAP ECC modules/functionalities	Yes	Yes	Yes	N/A
HANA Database	No	Yes	Yes	Yes
Simplified Finance Data models	No	No	Yes	Yes
Simplified Logistics Data models	No	No	No	Yes
SAP Fiori Availability	Yes	Yes	Yes	Yes
Optimized Fiori Apps	No	Some	Some	Yes
Embedded BW	No	No	Yes	Yes
Embedded BPC	No	No	Yes	Yes
Core Component	SAP_APPL	SAP_APPL	SAP_APPL	S4CORE
Deployment Option	N/A	Upgrade	Conversion	Conversion
Go-Live Date	N/A	Week-end	Period-end*	Week-end*
Technical Efforts	N/A	Low	Medium	High
Project Efforts	N/A	Medium	High	Very High

SAP S/4HANA Preparedness — Checklist



- **Structural Consistency Checks**

- Current setup – Currencies
- Current setup – Chart-of-Accounts
- Controlling Area merger
- Fiscal year Conversion
- Fixed Assets Depreciation Areas and Currencies

- **New G/L Functionality Checks**

- Document Splitting
- Parallel Ledgers

- **Foundational Consistency Checks**

- New Fixed Assets Accounting
- Business Partners



- **Data Consistency Checks**

- Master Data consistency
- Transactions Data consistency
- Ledger-Sub-ledger consistency
- Cross-modular (FICO, MMGL, SDGL) consistency

- **Audit Controls & Consistency Checks**

- PRE-POST financials accuracy
- PRE-POST financials consistency
- PRE-POST business consistency
- PRE-POST spot-checks

Migration/Conversion Roadmap — Strategic Considerations

- “Migration/Conversion Assessment”
 - Considerations – Strategic Technical Processes
 - Overview of SAP General Ledger S/4HANA Finance functionalities
 - Differences between SAP General Ledger vs. Classic G/L vs. SAP G/L vs. S/4HANA Finance
 - Overview of the migration/conversion process and options available
 - System dependencies and considerations
 - Review of current environment – Systems, applications, and processes
 - Testing requirements, data validation
 - Critical considerations – Specific to customer environment
 - Initial S/4HANA Finance or SAP General Ledger requirements scoping and design validation
 - High-level scope, resources requirements, and estimates
 - Tools/technologies requirements
 - “Top 30 Things” to think about
 - And more ...



Migration/
Conversion
Assessment
Report



Summary of Key Findings

	Technical Setup		Data Volume & Open Items
	 SAP Release >= 6.0 with Recommended Enhancement Packs >= 6.X  Recommended Business Functions activated		 Data Volume  Oldest Open Items Analysis
	 Single client setup		 OI Accounts Analysis
	 IT and Business Team Awareness		 Periodic Clearing of Open Items
	Financials Footprint and Global Settings		 Regular and Automatic OI Clearing Trend
	 Consistent Financials Footprint		Chart-of-Accounts and Master Data Consistency
	 Global Chart-of-Accounts		 Trial Balances consistency
	 Global Fiscal Year Variants		 Chart-of-Accounts Consistency
	 Global Controlling Area & Operating concern		 Business Partners
	Currencies Setup		 Fixed Assets Accounts Consistency
	 Consistent Group Currency setup		 Fixed Assets Accounts Consistency
	 FI-GL and FI-AA Parallel Currencies		 Foreign Currency BS Accounts
	 Currency Setup in CO, PCA, CO-PA Ledgers		 FI and CO consistency

Roadmap Considerations



Options / Scope	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth
1-Green-field	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth
2-Natural	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth
3-Accelerated	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth
4-Accelerated Natural	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth	Seg	Ldr	HDB	sFIN	sLog	Oth

Option 1 – Phased via New GL



Option 2 – Big Bang direct to S/4 HANA



Wrap Up



Where to find more information

- Other sessions presented by Mitresh Kundalia
 - Strategic and technical considerations for an SAP S/4HANA Finance transition
 - Tips and tricks to ease SAP S/4HANA Finance migration challenges
 - Planning to migrate to SAP S/4HANA Finance? Move from classic G/L to SAP S/4HANA directly or via new G/L?
- SAP S/4HANA Finance on the SAP Help Portal
 - https://help.sap.com/viewer/p/SAP_S4HANA_FINANCE
- Financials Expert articles
 - “Achieve Balanced Reporting by Automating Document Splitting in the SAP General Ledger” (June 2007) by Mitresh Kundalia
 - “Quick Tip: Don’t Make the Mistake of Activating Group Currency in the Productive Environment” by Mitresh Kundalia
 - “Reasons to Perform a Controlling Area Reorganization” (February 2013) by Rohana Gunawardena
 - “Unearth the Hidden Secrets of Zero-Balancing in the SAP General Ledger” (July/August 2007) by Mitresh Kundalia

Key Points to Take Home

- What started as a modest performance improvement initiative, SAP S/4HANA has grown into superfast machine that offers huge business value
- SAP S/4HANA is just not Simplified Finance (with Universal Journal), it also means Simplified Logistics and more
- Migrating to SAP S/4HANA is a massive undertaking with lots of options and many key considerations
- Be prepared to break down a massive program into smaller, manageable projects
- Before you embark upon your SAP S/4HANA journey, you must be ready with consistent structural foundation
 - Any transformation SLO-type re-organizations must be done prior to migration/conversion
- Post-migration validations should offer most granular audit controls and business validations
- Follow the best practices for a very detailed cutover plan with a detailed step-by-step guidance

Thank you! Any Questions?

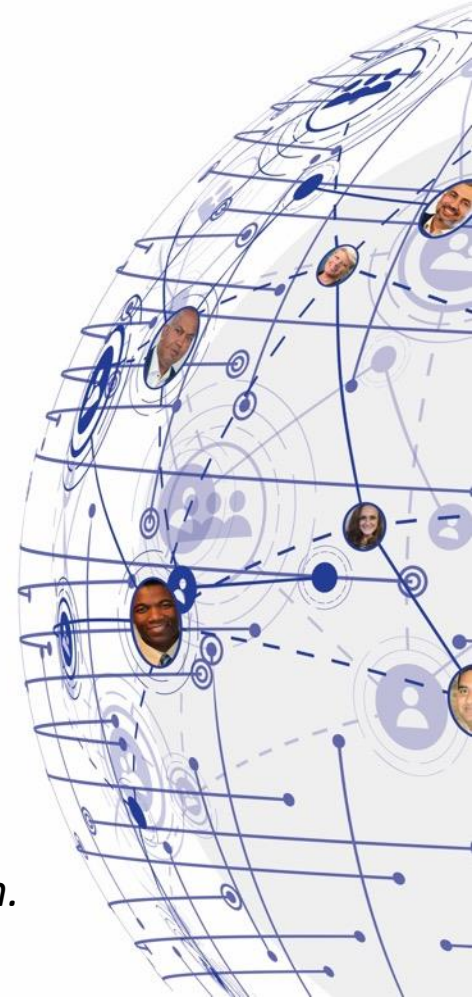
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