

Collaborate

13 - 14 MARCH 2025

CORDIS HOTEL | AUCKLAND

SAC Planning for Budgeting and Forecasting

Automated Balance Sheet

Rudy Gesterkamp & Amanda Forsyth

Powerco

MASTERING SAP



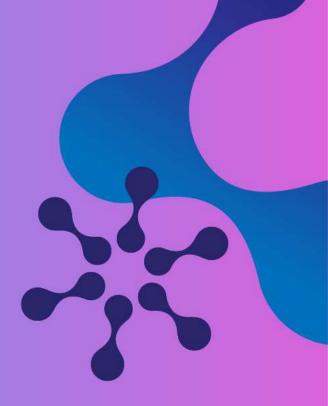
Rudy Gesterkamp Business Lead

Rudy leads the Process, Systems and Continuous Improvement team within Finance at Powerco. Rudy has held various senior roles within Corporate Finance. He was the Finance Lead on the SAP S4HANA implementation and recent projects to extend the solution with Blackline, Concur, Soterion, and SAC Planning.



Amanda Forsyth Project Manager

Amanda has spent the past 5 years working with Powerco in NZ. More recently supporting Rudy Gesterkamp and the Finance team implement their SAP extension solutions, including SAC Planning for Budgeting and Forecasting.









Gas & Electricity Network

28,441

Kilometres of lines and cables covered by our network

345,000

Homes, businesses and industries connected to us

6,100

Kilometres of pipes make up our network

112,000

Homes, businesses and industries connected to us





Largest Electricity/Gas
Distribution Business in
NZ by geographic area,
2nd largest by customer
count (460,000)



Largest Electricity/Gas Distribution Business in NZ by geographic area, 2nd largest by customer count (460,000) Regulated monopoly and make a profit mainly by being granted a % return on our Regulated Asset Base (RAB) value by the Commerce Commission.



There are 4 Companies in the group, and 3 Divisions – Regulated Electricity, Regulated Gas, and Unregulated Business Circa \$600M Turnover, Circa \$3Bn of Assets in our RAB, Circa 520 Employees



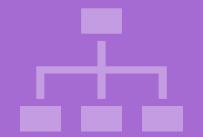




ERP = S4/HANA in a private cloud with AWS – running release 2020. Migrating to RISE in 2025 Upgrading to release 2025 during 2026



ERP = S4/HANA in a private cloud with AWS – running release 2020. Migrating to RISE in 2025 Upgrading to release 2025 during 2026 42 in the wider Finance Team. This includes 4 in my team "Process, Systems, And Continuous Improvement"





61 people submitting to and preparing the Budget across the business (all Licenced in the tool) We previously did all budgeting and forecasting on a "methodology" of Spreadsheets and Email





Strategic Focus Why did we want to change?

New direction for Powerco:

- Significant Growth
- Diversification of our Regulated business
- Diversification of our Unregulated business
- A shift to a Customer Focus
- Increased organisational agility to handle the rapid pace of change in our industry
- An appetite to both lead in the industry, but also to replicate within the industry for efficiency



What Improvements did we want to make?

The Pain Point	Context
Modelling Error	Formula, logic, macro errors hard to detect
Human Error	Transposition, cut and paste, overtyping formulas hard to detect
Effort Expended	In Finance this was huge, and the Cycle Time was slow
Consistency of Judgement	Estimations and assumptions down to the operator (Excel Author) and buried within a formula
IP Risk and Dependency	Only a few people knew the process or the models (at times only 1)
Monitoring Progress	Hard to track with spreadsheets and email
Evidence of Review & Approval	Hard to prove the existence and chronology of both
Consistency of Format	Different looks for the same thing slows comprehension
Version Control	Understanding the evolution of the figures through versions is hard when it's a combination of data and spreadsheet logic changes

Modelling Error (formulas, logic, macros)

Human Error (transposition, cut and paste, overtyping formulas)

Effort Expended in Finance was huge, **and** the **Cycle Time** was slow

Changes to models, data actions, and mapping rules are only made by our 3 Modellers, at the request of and in conjunction with Business SMEs. The knowledge on this work is widely disseminated.

All eliminated – the end user gets data entry ranges to live within and no access to formulas. There is no transferring of data within the tool by an end user.

Inputs from the business were tracked and on time. The previous aggregation work was gone. Approval through the Executive was faster.

We produced our first cut of the P&L and Balance Sheet and got into the analysis before Christmas for the first time.

Revisions were quicker to process, as we went through multiple rounds (same day turnaround within Finance). **Consistency of Judgement** – everything is rules driven

IP Risk and Dependency – only a few people knew the process or the models

Monitoring Progress – hard to track with spreadsheets and email flying around

All Balance Sheet and Cashflow calculations are Rules driven – for mapping of P&L items to Balance Sheet accounts, and conversion of Balance Sheet items to cash.

The rules are all clearly visible in the tables for all to see, were set by consensus, and are easy to review/revise. The final "plugs " page is clearly visible double entry accounting.

We previously had 2 people who understood the full process – one new and in training, and one who had done it all once before.

We now have a team of 4 who understand how SACP has been built and is operated (plus the system documentation and implementor support in behind that) and they have already used it end to end three times for P&L and once for Balance Sheet.

Dashboard views over build tasks progress and approval tasks progress. Aggregation is instant so no need to track progress on that.

Evidence of Review and Approval – hard to prove the existence and chronology

Version Control – Finance could work on different figures than the Business Units through versioning and communications confusion

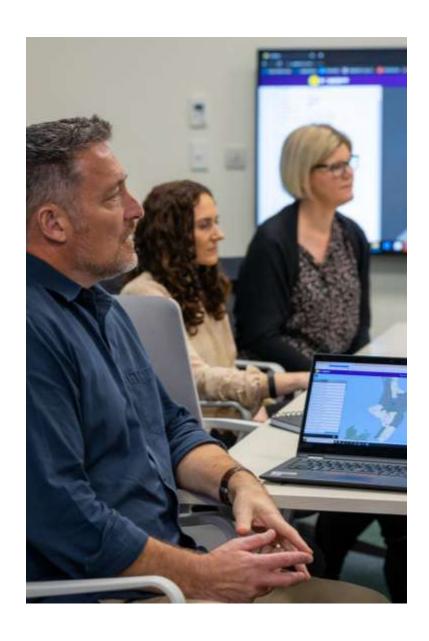
The calendar tracks and records the issuance and completion of all tasks and approvals by time and by user.

Only one version of the model is out on issue and editable at any one time. All earlier versions are locked and archived (but still reportable).

We are all working in the same tool, and the Balance Sheet is no longer a stand alone model but an integrated part of the same Core Finance Planning model, so feeding the Balance Sheet the wrong P&L or Capex Inputs is not possible.

Any changes to logic through the archived versions to make it to final is reportable.





How did we get the approval to carry on and do the Balance Sheet when only about 10% of clients do this?

Phase 2 about as much as Phase 1

For us, Phase 2 was a whole lot of enhancements to the P&L model and process, improved reporting and an automated Balance Sheet.

Agility more important than \$ efficiency

For us it was the capability for more agile forecasting, entering a phase of great change and growth, that was the deal maker.

Phase 2 scope amended to suit our current priorities

Facilitate that speed of scenario modelling & Reporting

Runs on the Board (Phase 1 was In Spec/On Time/On Budget)

SAC Roadmap

Release 3 - LTP AMP and Automation

Full Automation, Reporting & Enhancements:

- Long Term AMP Planning (10 Year view)
- Automation & Driver Based Planning
- Reporting Release 3



Focus on Discovery, detailed design, build of structures, integration with S/4HANA and BW/4HANA and initial reports. Predominantly manual planning:

- Workflow
- P&L Planning
- Scenario Modeling (What-if scenarios)
- AMG Recoveries (Release 1)
- Reporting Release 1
 - Cost Centre Variance Analysis
 - Self Service Reporting





Release 4 – Financial Reporting

Focus on Reporting & Enhancements:

- Balance Sheet Automation
- Cashflow Automation
- Other Planning Enhancements
- Reporting Release 4: Replace AFO & BW Embedded Datastore with SAC



Focus on additional Planning Areas, Automation, further integration and other Enhancements:

- CAPEX Planning Model
- AMG Recoveries (Release 2)
- Maintenance Planning Model
- Reporting Release 2 (CAPEX and Maintenance information)







Approach

Assemble the team!

Timing

Phase1:

1 May 2023 to 30 Nov 2023,

including post go live support.

Phase 2:

1 May 2024 to 30 Nov 2024.

Scope

Phase 1 Profit & Loss for Powerco only. 2nd Phase in 2024 added the Capex, Treasury, and Balance Sheet.

Blended virtual in person engagement

2 site visits by Bluetree – Design and Testing.

Agile Scrum methodology, fortnightly sprints.

Project Stand up meetings twice a week initially and daily towards and through the go live.

Phase 1

Profit and Loss Only for Powerco trading company.

3x models only:

- Workforce Planning (WFP)
- Network Maintenance Planning (NMP)
- Core Financial Planning (CFP)

4x Load templates for:

- Interest Costs
- Property Costs
- Vehicle Fleet Costs
- Depreciation and Loss on Disposal

FY24 Reforecast P&L in October 2023 FY25 Budget P&L in November 2023 FY26 Budget P&L in October 2024

Phase 2 scope established

Phase 2

Add Balance Sheet for Powerco trading company only.

1x New Model:

Capital Projects Planning (PRJ)

1x Revised Model:

Core Financial Planning (CFP)

6x Load templates added to CFP:

- Opening Balance Sheet values
- Treasury Debt Drawdowns and Retirements
- Prepayments via Cash
- Tax Payments via cash
- Working Capital Adjustments
- Balance Sheet Adjustments

FY26 Budget in Oct 2024

Phase 2B added at the end, to utilise contingency to enhance a number of aspects of Phase 1 and 2 to improve the user experience.

Powerco Partners

- Bluetree
- Tussockline

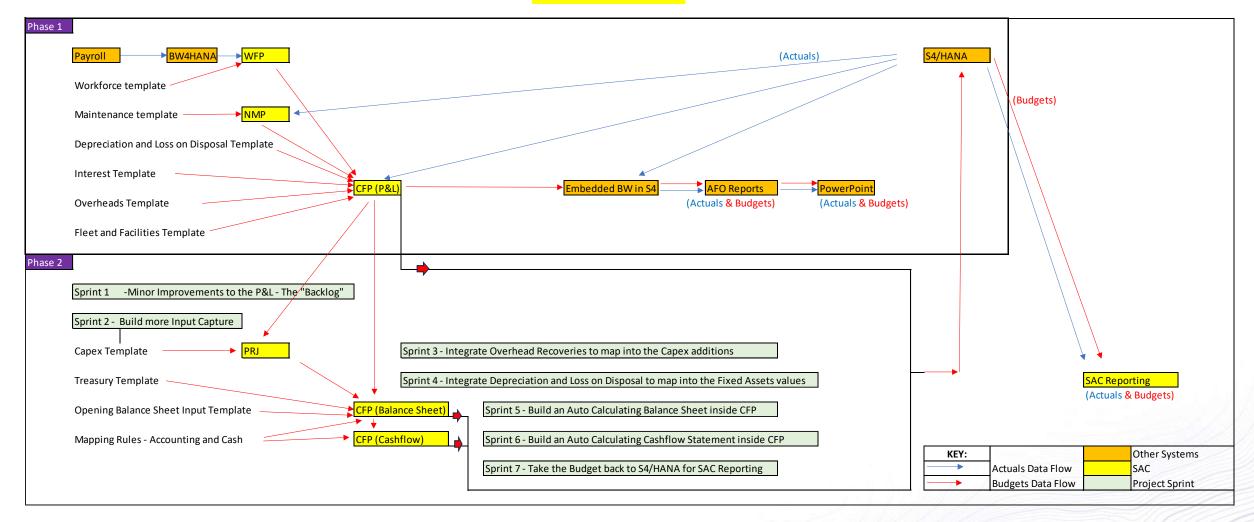


Powerco Team

- Finance
- InformationServices



Architecture in 2024 – Phase 2





Double Entry Accounting Rules

You need to specify a mapping rule for EVERY P&L account, of which Balance Sheet GL Account to post the inverse amount to in that period. This keeps the Balance Sheet balanced at all times.

Conversion to Cash Rules

Every P&L Account is given a rule for when to convert from the Balance Sheet destination account into cash.

Opening Balance Sheet Conversion to Cash Rules

Every Balance Sheet account is also given a rule for if and when to convert to cash the Opening Balance that the model is calculating forward from.



Flows and Audit Trails

The system uses differently labelled Flows and Audit Trails to keep values and calculation results in distinguishable buckets.

All of these calculation and flow results are then visible on reports so you can understand the journey for any account in any/all periods.

Careful Design

You do not want to be wading through the results reports trying to figure out why an account is what it is if you can avoid it.

Keep the rules simple, and know the mapping rules inside out.



The need for a plug page

Bluetree advised that despite good design, always give yourself an escape valve with an adjustments input template. It turned out to be good advice

It allows you to handle those scenarios where building an auto rule is not practical, or it is a one off not suitable for a rule.

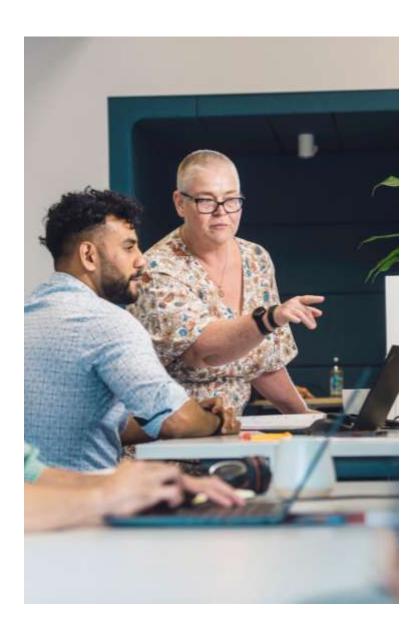
The first time we used it we were under time pressure to get the pack out, so we just did an entry on the adjustments template and got the balance sheet feeling right and out the door.



You may need to alter your Chart Of Accounts

If you have the same basic account type, but different cash profiles transacting within that one account, you may need to split the values out in your budget into 2 accounts, so that they can each have the right mapping and cash rules.

Interest Expense is a classic for this.



What skills do you need?

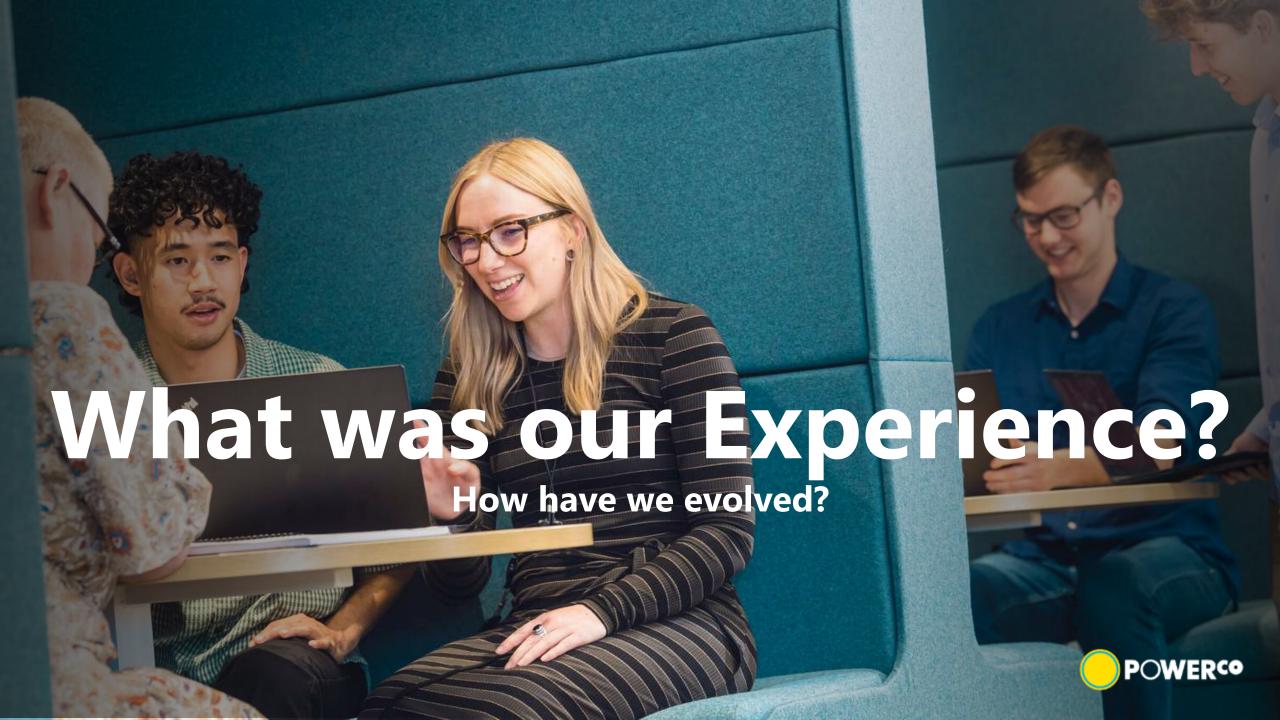
S4 HANA / BW4 HANA skillset and access permissions to be able to set up the imports and build the retraction back to S4 and if any of your data needs to come from BW.

Chart Of Accounts knowledge and how it actually gets used by the different transactions that happen in the business within the actual figures.

A strong accountant who can dive into the coding on the data actions and clearly describe what you are wanting to achieve to the programmers to get the right results.

A modeler who knows Finance we got all our Data Actions built for us, and the Data Action builder needs to understand Finance.

You can't do it without a bit of help from I.T. but you can lead it and do the vast majority of the work.



Process

- Cycle time reduced.
- Aggregation at Cost Centre, Divisional, Executive Team, and Board levels is instant once data is 'Published' from your play pit area to the public models.
- Sequence of the steps is critical to a clean run, especially now that we have added the balance sheet.
- Uses roles and access control to do away with sharing of spreadsheets and passwords.

User Experience

- Cycle time reduced.
- Less time spent producing balance sheet so more time can be spent on budget analysis leading to more accurate budgeting.
- Modellers can quickly customise mapping rules to adjust phasing.
- **Key personnel risk reduced.** Dissemination of the knowledge about how to do a budget at Powerco to many now rather than a few before.

Product

- Dashboard visibility. Uses Workflow to notify tasks, and track status and completion of both preparation and approval tasks.
- Version Control is in place with an archive copy reportable of "As Issued", 1st Submission from the Business, 2nd revision, 3rd revision, Final etc.
- Errors in past spreadsheet methodology
 exposed and remedied by the new build.

Platform

- Runs in the cloud with no performance issues.
- Automated S4HANA Master Data and Transactional Data import in use.
- Automated Payroll information import in use.
- Single Sign On.
- 'Data Actions' (think Macro in Excel) need to be well understood.

Execution

- Project was on time and on budget- a good reflection on the product, our implementation partner, and our team.
- Many curve balls were faced needed a lot of flexibility from Bluetree and our internal team.

Management

Our knowledge grew hugely in Phase 2 with the hands on experience of Phase 1 under our belt, and a conscious focus on weaning ourselves off Bluetree. Wherever possible we adopted a 'do it together' approach in Phase 2.

We have taken over the administration of users, roles, access security, data load, workflow, and reports but still need help with data action modifications and new model build.



Learnings for adopting SAC Planning



Watch out for SAAS Accounting Treatments –

carefully research this BEFORE asking for funding, putting it in your budgets, and structuring the record keeping and cost tracking in your Project. Its nothing like the IT Capex projects of old.

Understand licensing costs as you need SAC BI first to be able to add Planning.

A proper "Test Tennant" client (as recommended) would have served us much better than the 2nd Production client that we had to use (for Powerco operational reasons).

Learnings for adopting SAC Planning



Key staff taking holidays at key times really knocked us about and we were a bit kind at the projects expense.

This was compounded by unplanned sickness, bereavement and storms preventing travel. It got a bit hectic in the last 2 months and we had to roll with the punches and dig deep.

Bluetree were right about the support estimate - quantum and cost.

where we are now comfortably before tackling Phase 3 and 4.

We put it aside as contingency in the budget for Phase1, but did not put it in the Project Plan. In the end we bought the service and used up the contingency to do so, to be able to make the go live deadline.

In Phase 2 we chose to use unspent contingency on enhancements that will enable us to live



Watch out for the Integration piece.

This took longer than planned in elapsed time for both S4/HANA and Payroll imports in Phase 1, and for data retraction back to S4 in Phase 2.



Data

Learnings for adopting SAC Planning



- Test, Test we underestimated and under-resourced this in Phase 1, & paid the price in bug fix work, before and after the first go-live. For Phase 2 we planned and budgeted more testing and used it all but faced a different issue our testing was too individual step focused and needed to be more end to end.
- Process change needs focus and testing too, it's not just whether the tool can get the right result, but whether the team will know how to get it to do that, through workflow and handovers.
- The Bluetree methodology and advise worked well (e.g. use Agile project methodology, good Weekly Status Reports, build the plug-in page!).
- Bluetree and Powerco were a good fit of cultures and methodologies/technologies as we all used the same already coming into this project (Agile, Jira, SharePoint/Teams, Miro Boards).
- Flexibility of both teams was awesome and called on frequently.
- You can't do it without a bit of help from I.T., but you can lead it and do the vast majority.

Where do we go from here?



Future Phases

- **Phase 2 Consolidation in 2025** stand on our own two feet to do Reforecast 1, Reforecast 2, and Budget FY2027, all including the Balance Sheet.
- Phase 3 more complex Calculating Models to replace Input Templates and do away with more spreadsheets:
 - Maintenance Expense,
 - Interest Expense,
 - Depn & Loss on Disposal,
 - Capex Spend,
- Phase 4 Move on to Long term Capex Planning and 10-year Asset Management Plans (AMPs)
- Beyond Rolling 24 Month budget?

Questions?

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And remember, we value your feedback too – let us know how we can improve the experience for you.

Meet the Speakers

In the Expo are there is a special designated area called "Meet the Speakers".

Please go there at the next meal break after your presentation if you have further questions.







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