

SAP's Financial Planning Implementation

BPC 10.1 NW Standard on HANA, Integrated Planning / Planning Application Kit / Cloud for Planning

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Customer

The SAP logo is located in the bottom left corner of the slide. It consists of the letters 'SAP' in a bold, white, sans-serif font, set against a blue rectangular background that has a slight gradient and a shadow effect.

IT today at SAP

A key driver for innovation

Thought leader for IT-driven innovation and best practices

- Powering SAP's transformation in a strategic role
- Supporting end-to-end processes
- Always SAP's first ramp-up customer: "SAP Runs SAP"
- Enterprise analytical platform
- SAP's early adoption and co-innovation for SAP HANA and cloud solutions
 - Business benefits from process improvements and new solutions
 - Excellence in SAP HANA implementation
 - Enhanced product quality and service offering



SAP Runs SAP

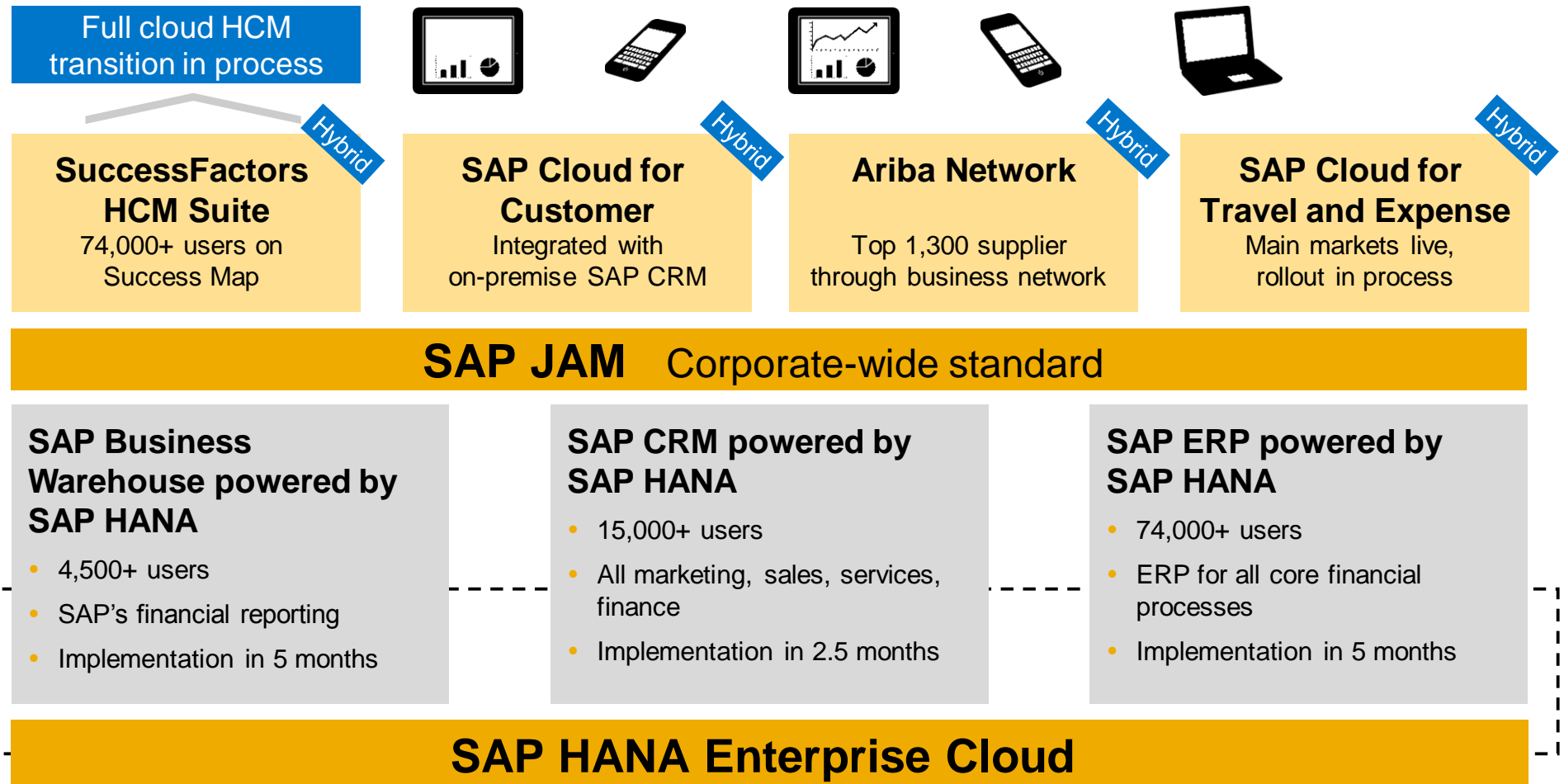
First and best reference customer

Public cloud

- No capital investment
- Cost effective
- SLAs, predictable, reliable
- Pay-as-you-go

Private cloud

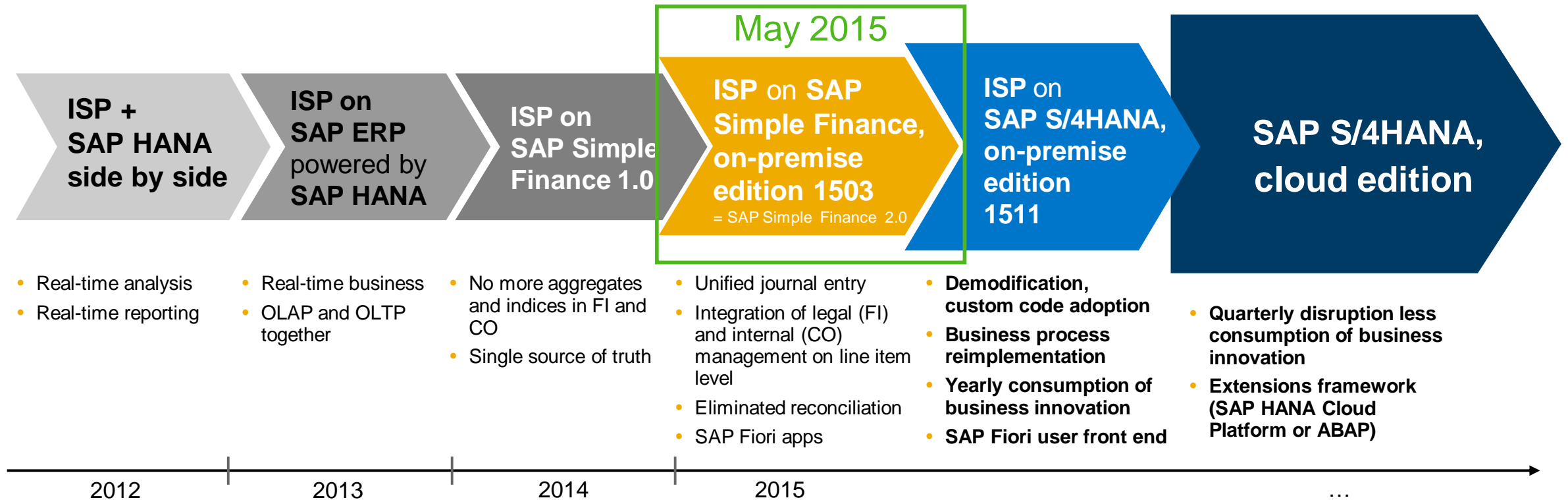
- Dedicated environment
- Control of data location
- Security and control
- Elastic and flexible



SAP's ERP journey: the next step

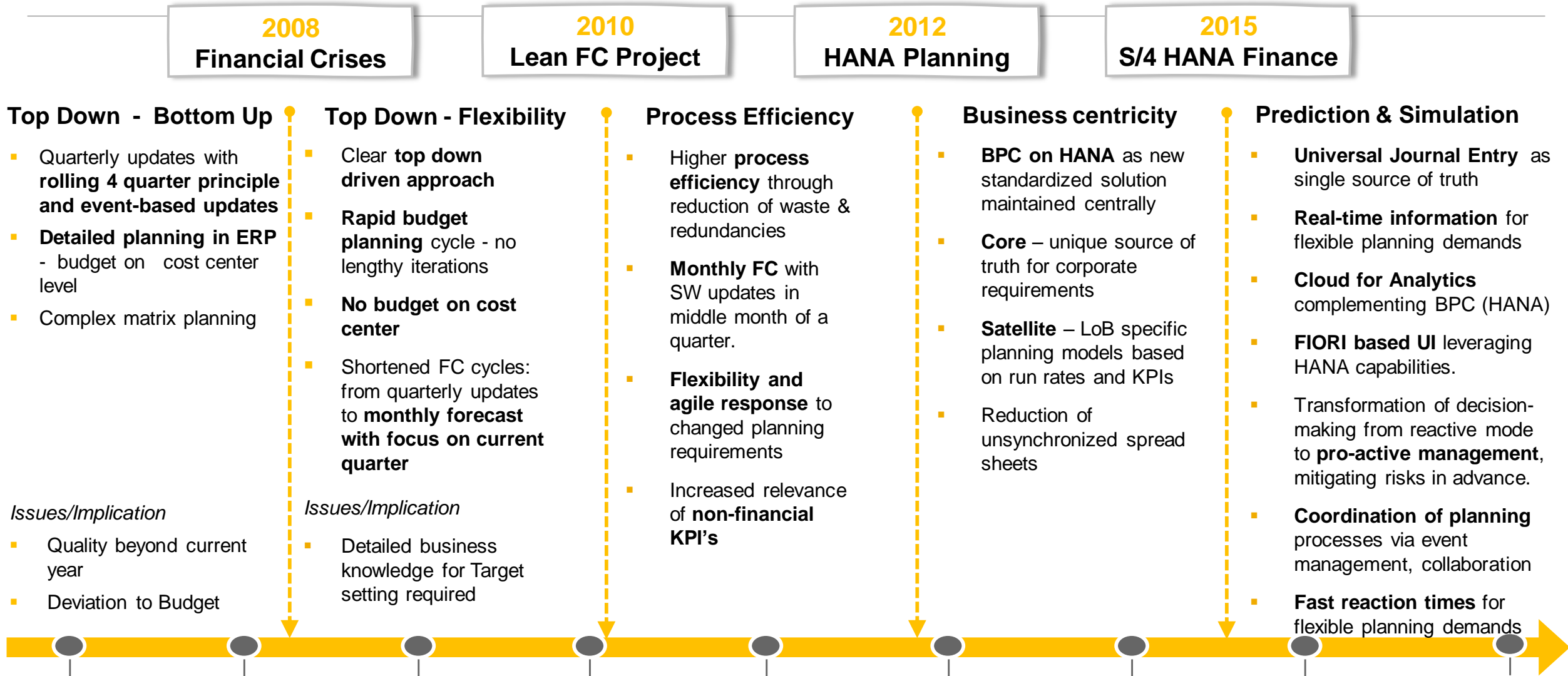
The SAP road to SAP S/4HANA, cloud edition

Our next steps after SAP Simple Finance: ISP upgrade to SAP S/4HANA, on-premise edition 1511



Our Planning approach evolved during the years...

From “Top Down – Bottom Up” to dynamic steering



Top Down - Bottom Up

- Quarterly updates with **rolling 4 quarter principle and event-based updates**
- Detailed planning in ERP** - budget on cost center level
- Complex matrix planning

Issues/Implication

- Quality beyond current year
- Deviation to Budget

Top Down - Flexibility

- Clear **top down driven approach**
- Rapid budget planning** cycle - no lengthy iterations
- No budget on cost center**
- Shortened FC cycles: from quarterly updates to **monthly forecast with focus on current quarter**

Issues/Implication

- Detailed business knowledge for Target setting required

Process Efficiency

- Higher **process efficiency** through reduction of waste & redundancies
- Monthly FC** with SW updates in middle month of a quarter.
- Flexibility and agile response** to changed planning requirements
- Increased relevance of **non-financial KPI's**

Business centrality

- BPC on HANA** as new standardized solution maintained centrally
- Core** – unique source of truth for corporate requirements
- Satellite** – LoB specific planning models based on run rates and KPIs
- Reduction of unsynchronized spread sheets

Prediction & Simulation

- Universal Journal Entry** as single source of truth
- Real-time information** for flexible planning demands
- Cloud for Analytics** complementing BPC (HANA)
- FIORI based UI** leveraging HANA capabilities.
- Transformation of decision-making from reactive mode to **pro-active management**, mitigating risks in advance.
- Coordination of planning** processes via event management, collaboration
- Fast reaction times** for flexible planning demands

System landscape and Financial Planning at SAP

Facts & Figures

Main systems

- Global shared services on SAP ERP, SAP CRM, SAP ERP HCM, SAP SRM, SAP BW
- Hybrid cloud: for example, SAP CRM powered by SAP HANA + SAP Cloud for Customer
- SuccessFactors + on-premise HCM with 53 country payrolls
- >3 million users on SAP Community Network

SAP Financial Planning overview

- Number of Representative Profit Centers: 3500
- Nodes in Planning Profit Center Hierarchy: 17000
- Number of Planners: 600
- Currencies for planning: 40-45

Planning contents in Corporate Planning

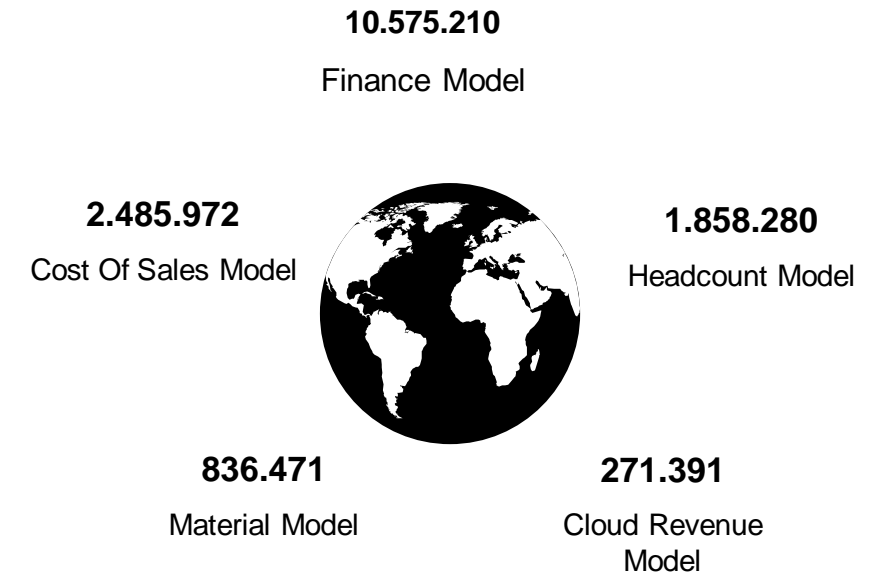
- Period Accounting and Cost of Sales P&L
- Headcount Planning / Headcount Delta Planning
- Capital Expenditure / Investment Planning
- Revenue along Products and other Revenue dimensions

Finance applications and components

- SAP BPC 10.1 NW Standard on HANA/EPM 10.0 SP 19/21 Patch 3 .Net 4/Office 2010
- SAP BW Planning Application Kit (PAK/IP) integrated with BPC
- SAP Cloud for Planning / Boardroom Redefined

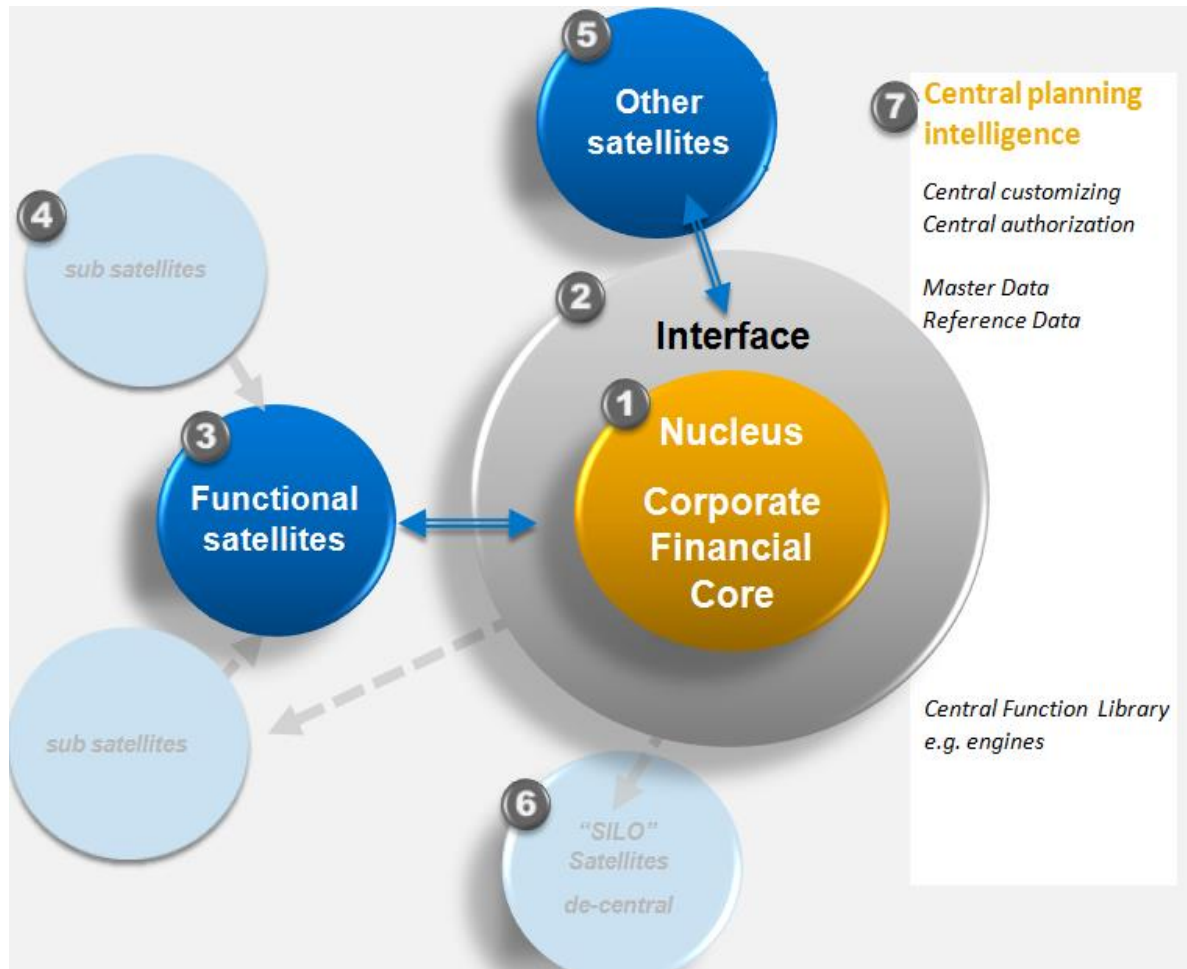


Planning data volume at SAP



Satellite Approach in Financial Planning at SAP

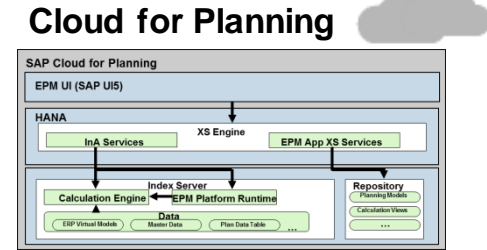
Core, Satellites & Engines



- 1 Nucleus "Corporate financial core"
 - Under corporate responsibility
- 2 Interface
 - Transfer of master data & transactional data
 - De-central interface transfers highly flexible
- 3 Functional satellites / Other satellites
 - Under functional / business owner accountability
- 5
 - Are feeding core nucleus
 - Compatibility to Nucleus through interface
- 4 Sub-satellites
 - Under de-central accountability
 - Are feeding functional / other satellites
 - Only extracting data from the core – no writing back
- 6 Silo satellites
 - can be freely defined / utilized for simulation purposes
- 7 Central planning intelligence
 - storage for general function
 - connectivity to all levels

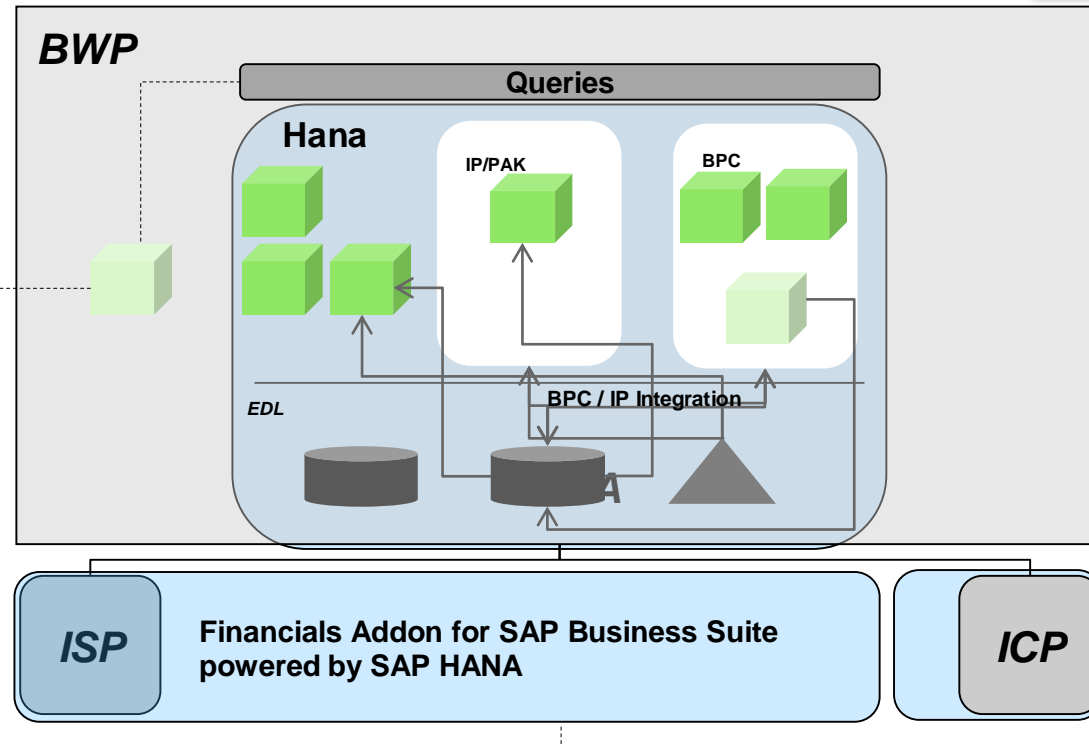
System Architecture for Financial Planning at SAP

Integration and Consistency



Integration of BPC in BW

- Direct availability of plan-data in BW Reporting – Usage of all Analytics Tools possible
- Consistent Master Data, hierarchies and authorizations automatically transferred from BW
- BW Transaction data automatically transferred to BPC
- Flexible Currency Handling of Reference Data
- Flexible Planning Level (MPU)
- Data exchange between Core and Satellites
- JumpOff to BW Reports with Pre-Selection
- Engines for Pre-Calculations (e.g. Personel Expense Calculation) – prefilled in BPC
- Currently in Evaluation: Data Exchange with Cloud for Planning via pre-defined standard connections – consideration of Cloud for Planning as additional satellite



BPC Layout Features and functions (examples)

- Flexible Content Selection (FC, HB, ACT, FC Simulation) w/o Refresh
- Flexible Structures w/o Refresh
- Display of up to 2 years actual data
- Flexible Copy Function (Cross Content, Cross Periods)
- Overview of planned currencies (Multi Currency Planning)
- Currency Cockpit for Reference Data
- Cross Layout linkage
- JumpOff to BW Reports with Pre-Selection
- FC ad-hoc Simulation
- Flexible Calculation Feature
- User specific KPI definitions
- Steering of Variables according to various logic
- Central Messages shown in Layout
- Central Opening/Closing of Contents, versions, Periods and Planning Entities

Reporting features and functions

Transparency, Flexibility and Simulation Capabilities

Screenshots



Features and functions (examples)

- Intuitive analysis
- Navigation down to line item level
- Flexible ad hoc reporting – slice and dice data across all elements during analysis
- “Boardroom Redefined” – empowers leaders to understand the past, predict the future, and drive execution in a digital economy at their fingertips

Satellite Approach in Financial Planning at SAP

Cloud for Planning Satellite – Sample Cloud Bookings Renewal Planning & Reporting

Objective

- Provide analytical asset which meets the requirements for Renewal Reporting & Planning to replace current dispersed manual process.

Requirements

- Cloud Bookings Renewal Rate: Up for Renewal ACV and Renewal ACV

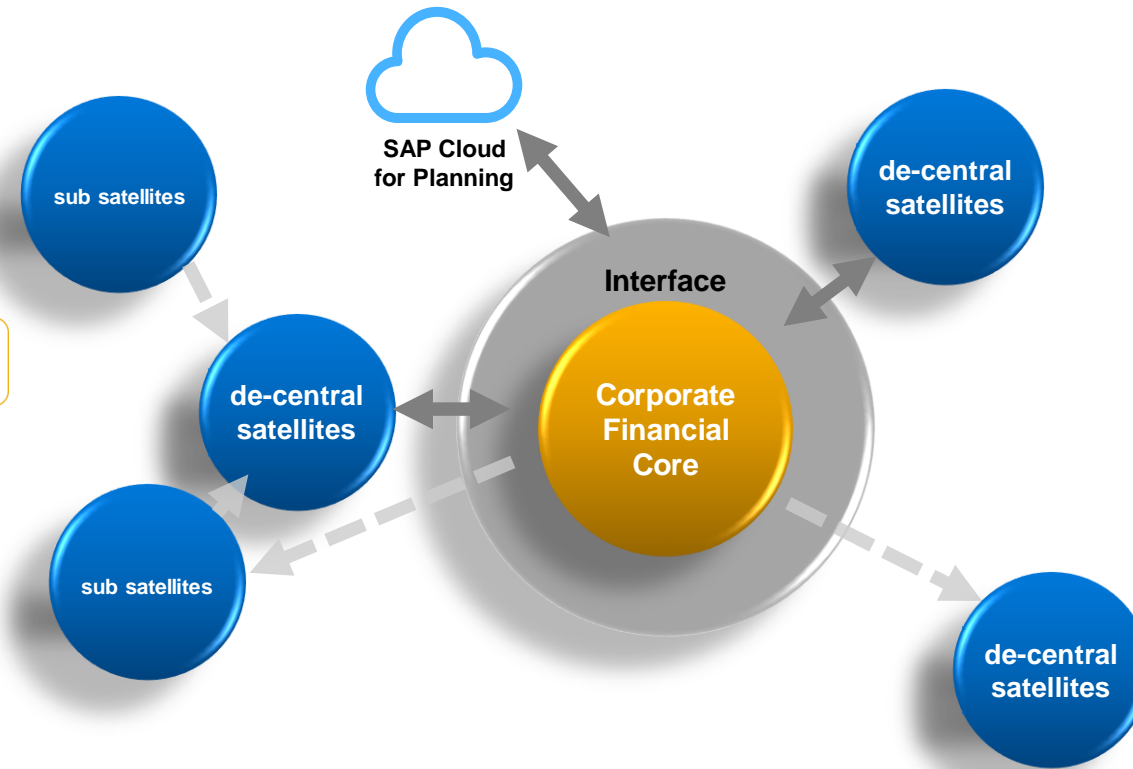
$$\text{Average Contract Value (ACV)} = \frac{\text{Total Contract Value (TCV)}}{\text{Contract duration}}$$

$$\text{Bookings Renewal Rate} = \frac{\text{Renewal ACV}}{\text{Up for Renewal ACV}}$$

- Actuals, Budget and Forecast figures
- Planning and Reporting dimensions on Regions and Lines of Businesses

Status Quo and Pain points

- Manual excel-based data compilation of Actual and Plan values based on data downloads from respective system, provided by multiple Controllers.
- This process is very time-consuming and error-prone



Business Benefit

- Provide a system-enabled single source of truth for the Cloud Renewal Bookings Reporting and Planning
- Processes enablement for Actual data consolidation, Forecast and Budget
- Replace various Excel files and their consolidation and preparation overhead
- Relieve Controlling colleagues from manual and complex data compilations
- More qualitative time for business partnering

Implementation

- First Live customer on C4P (GoLive 08.09.2015)
- Close collaboration between BI&IT and P&I
- 2 month effort including build, training and user rollout
- Users: 30 controllers (LOB, Regional, Group Controlling)

Tool Highlights

- Planning and Analytics fully integrated in one platform
- Innovative workflow and collaboration features
- Intuitive and modern UI5 interface
- Financial planning built-in features

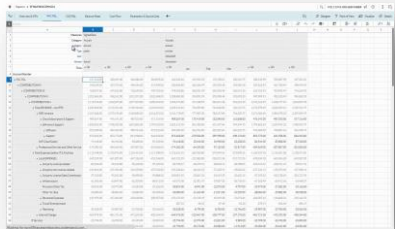
New & Upsell Bookings (ACV): The committed Order Entry of a new or upsell cloud subscription deal measured in terms of its average contract value (ACV). The metric is the base for internal and external reporting and compensation purposes.
Bookings Renewal Rate: Rate of customer renewal in percent as measured by order entry value (ACV). It expresses the extent to which existing Cloud contracts have been renewed at the contract end date.

System Architecture for Financial Planning at SAP Cloud for Planning Architecture



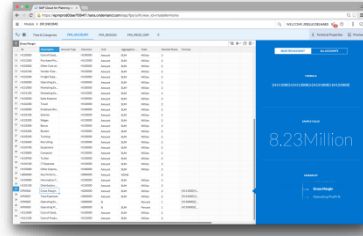
Homescreen, Dashboards & Stories

- Interactive Tiles – Flexible visualization & Drill-down capabilities.
- Professional business charting.
- Collaboration & Timeline Panel – Organize & structure your work with build-in chat and workflow functionality.



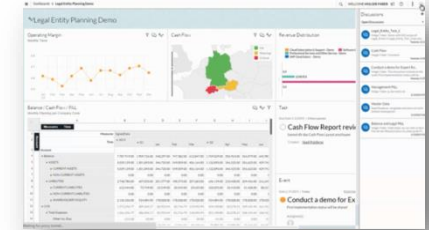
Reports

- Version Management – Create and copy versions of data and define access rights.
- Conditional Formatting – Create, Personalize and monitor KPIs.
- Visualization – Context specific visualization proposals.



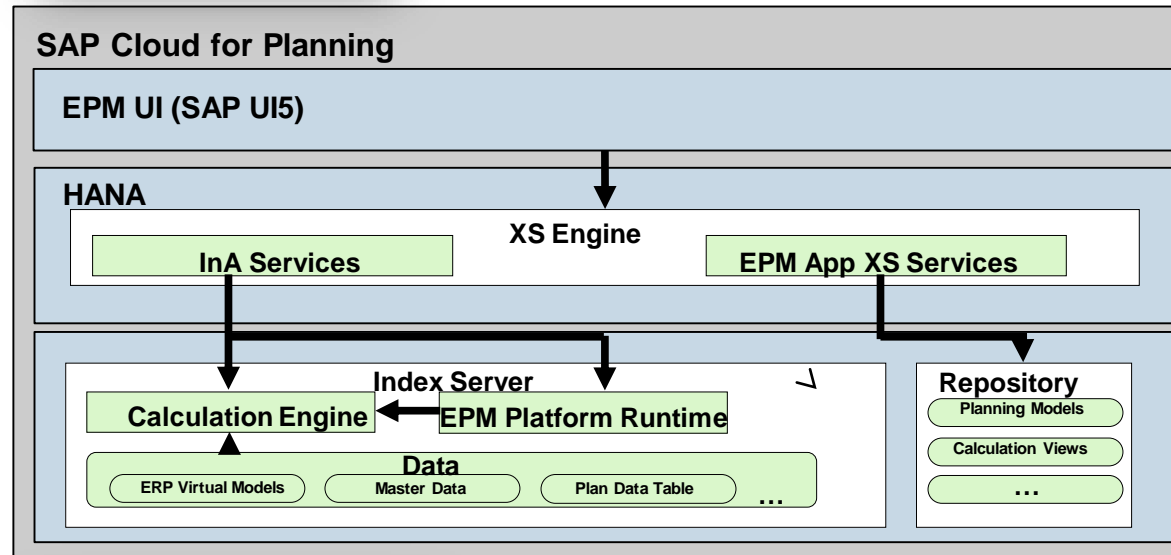
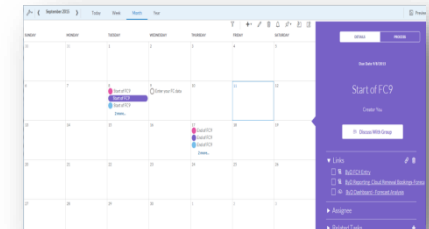
Prepare and Model Data

- Easy set up – Models with multiple perspectives are easy to create in an excel like interface.
- Preview Panel – Visual representation of your modeled data.
- Automatic Data Model Creation – Optional data modelling – automatically create model based on dataset



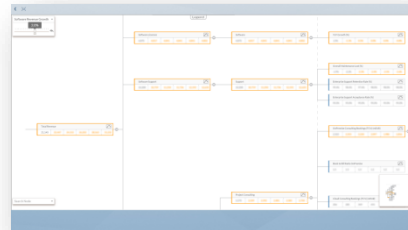
Collaboration

- Stay in context – Collaborate directly on your plans instead of having to use yet another application and send offline data.
- Access from anywhere – Share report versions, discuss on cells, assign tasks and attach any file you uploaded.



Value Driver Tree-Based Simulation

- Create a value driver tree with powerful financial formulas (account hierarchy summation logic, waterfall calculations, basic calculations, ...)
- Simulate based on a multi-dimensional model
- See the impact of simulation across different areas on overview dashboards

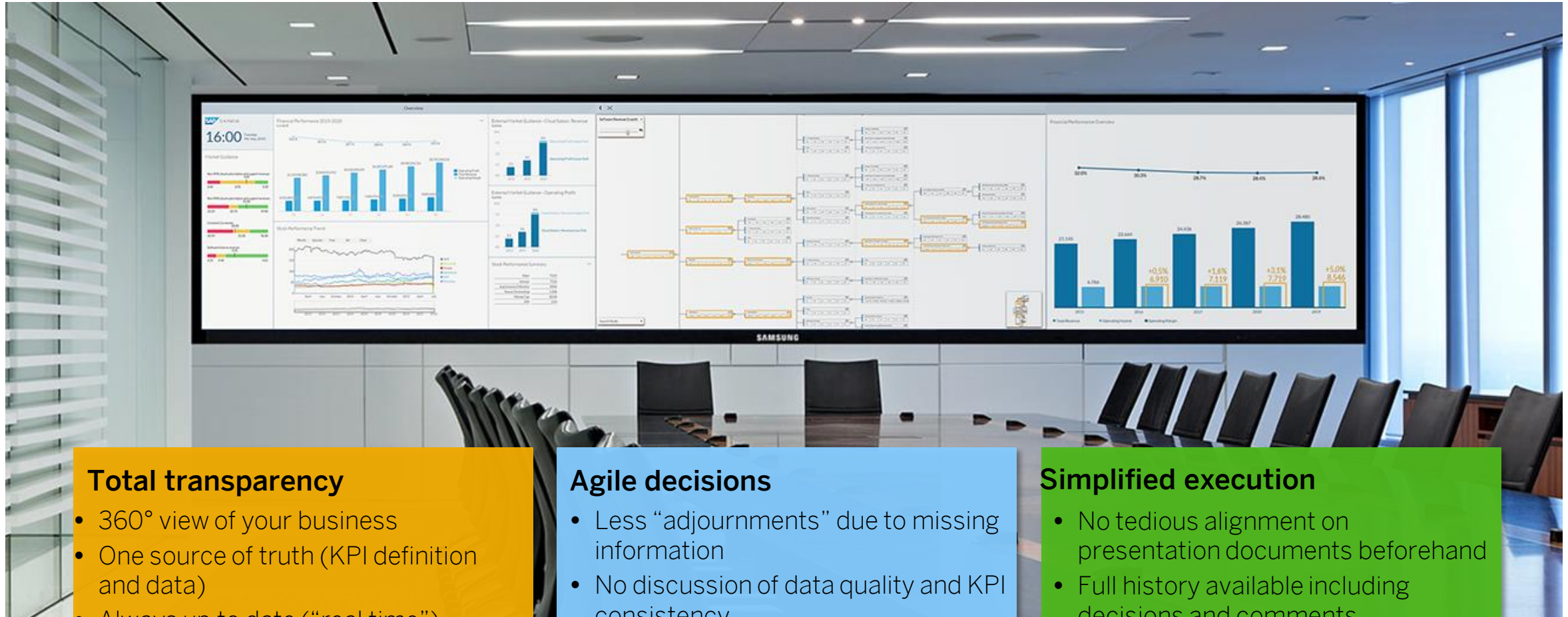


Events

- Content & Reminders – Add content such as documents, plan or versions and set reminders for upcoming events and tasks.
- Multi-Step Approval – Define assignee(s), reviewer(s) and approver to a specific task.

Reporting features and functions – SAP Digital Boardroom

Powered by SAP Cloud for Analytics



Total transparency

- 360° view of your business
- One source of truth (KPI definition and data)
- Always up to date (“real time”)
- Any detail available

Agile decisions

- Less “adjournments” due to missing information
- No discussion of data quality and KPI consistency
- Instant simulation of alternative scenarios e.g. along value driver trees

Simplified execution

- No tedious alignment on presentation documents beforehand
- Full history available including decisions and comments
- Consistent tracking of follow-up's



Invitation to connect



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