

International SAP Conference for Treasury Management 2015: Ein Überblick

Jörg Fuß, Braun Consult

www.braunconsult.de



Gliederung

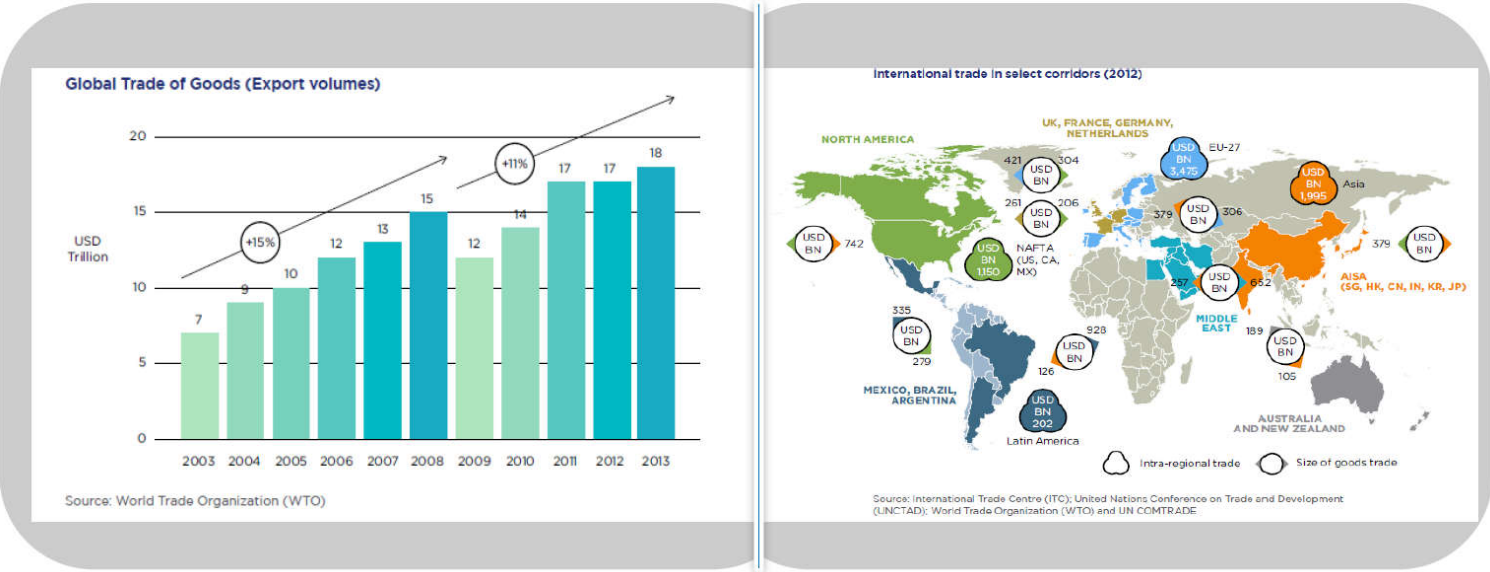
1. Situation und Trends im Bereich Treasury
2. SAP Treasury
 - 2.1. Modul TRM
 - 2.2. Bank account management
 - 2.3. Inhouse bank
 - 2.4. Cash & Liquidity
 - 2.5. Roadmap
3. Benefits of Treasury
4. IFRS9

Gliederung

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1. Situation und Trends im Bereich Treasury

Global Trade Transactions and the relevant of Trade Finance



1. Situation und Trends im Bereich Treasury

77% of all invoices are still paper based

20% of all invoices contain errors

50% of all pre-negotiated rebates expire

1. Situation und Trends im Bereich Treasury

Global trends

Their impact on commodity management

Volatility

- Customer demands are increasing.
- The balance between supply and demand continues to tighten.
- Geopolitical instability further fuels uncertainty.
- Expansion of financial markets for commodities impacts price liquidity.

Risk

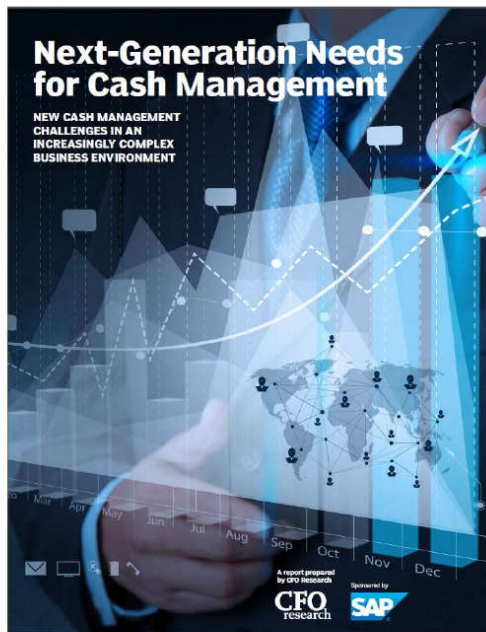
- Risk management demands increased focus by top levels of executives.
- Corporate earnings are impacted by unpredictable margins.
- Availability of operating capital is constrained by global banking liquidity.

Regulation

- Regulatory scrutiny is increasing and changing everywhere.
 - Accounting
 - Derivative clearing
 - Hedging
 - Reporting
 - Cross-border movements
 - Taxes
 - Environmental and safety demands
- There is strong demand for business solutions designed to meet these requirements.

1. Situation und Trends im Bereich Treasury

Today's Challenges in Cash Management



"How would you rate your treasury function on the following capabilities?"

	Needs improvement
Improving accuracy of cash flow forecasts	52%
Improving treasury information systems	51%
Optimizing internal funding across different countries	51%
Developing a "single version of the truth" for cash accounts	48%
Improving yield on short-term/liquid assets	48%
Managing foreign exchange or currency risk	47%
Reducing the internal cost of treasury activities	47%
Optimizing internal funding among operating units	47%
Reinvesting cash reserves in the business	42%
Strengthening liquidity	41%
Improving the efficiency of cash movements within the company	40%

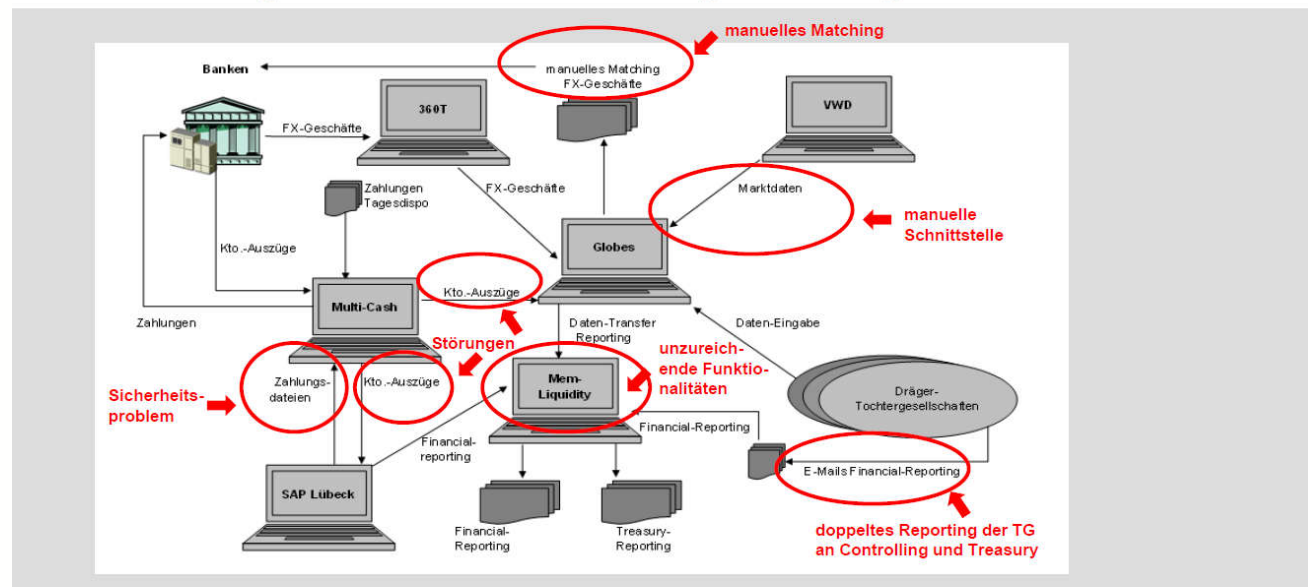
Percentage of respondents

1. Situation und Trends im Bereich Treasury



1. Situation und Trends im Bereich Treasury

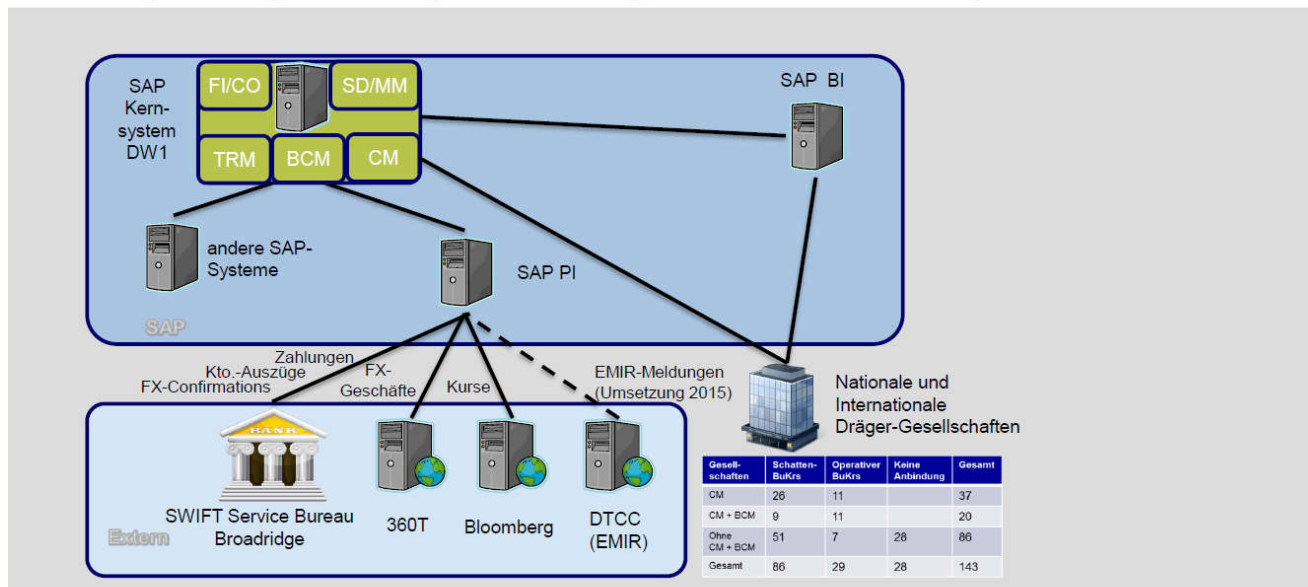
Problemfelder alte Treasury-Systemlandschaft Eine Ablösung war IT-technisch und fachlich dringend notwendig



9 | 19 Einführung von SAP Treasury bei Dräger | Annemarie Decking | SAP-Forum für Finanzmanagement und GRC 13./14.04.2015

1. Situation und Trends im Bereich Treasury

Neue SAP Treasury Systemlandschaft
 Straight Through Processing und höchstmögliche Sicherheit für Zahlungen



12 | 19 Einführung von SAP Treasury bei Dräger | Annemarie Decking | SAP-Forum für Finanzmanagement und GRC 13./14.04.2015

1. Situation und Trends im Bereich Treasury

Finance IS AT AN INFLECTION POINT

Keeping Up with the Accelerating Pace of Business

Business Trends

Increasing **complexity** of external conditions

Pressure to support **global growth** initiatives

Requirement to drive efficiency and **reduce the cost** of finance



Technology Trends

Instant insight and real time business process enabled by in- memory technology

Millennial work style enabled by consumer grade user experience and mobility

Accelerated adoption of technology innovations through cloud deployments

1. Situation und Trends im Bereich Treasury

Technology Can Support Transformation

Leveraging Technology to Keep Up with the Accelerating Pace of Business

Business Trends

Increasing **complexity** of external conditions

Pressure to support **global growth** initiatives

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Technology Trends

Instant insight and real time business process enabled by **in-memory technology**

Millennial work style enabled by **consumer grade user experience and mobility**

Accelerated **adoption of technology** innovations through **cloud** deployments

1. Situation und Trends im Bereich Treasury

Fazit zu Kapitel 1: Situation und Trends

Treasury steht im **Spannungsfeld** zwischen

- **Volatility** (Marktanforderungen)
Cash Management und Liquidity-Planung werden im Unternehmen immer wichtiger und tragen erheblich zum Gewinn bei.
- **Risk** (interne und externe Einflüsse)
Interne Einflüsse (Genauigkeit und effektive Nutzung) sowie externe Einflüsse (Globalisierung der Märkte und des Unternehmens) müssen berücksichtigt werden.
- **Regulation** (Marktumfeld)
Gesetzgebung (Verbot der Gewinnverlagerung) und Vorschriften der Rechnungslegung (z.B. IFRS 9) greifen immer tiefer in den Geldmarkt ein und müssen eingehalten werden.

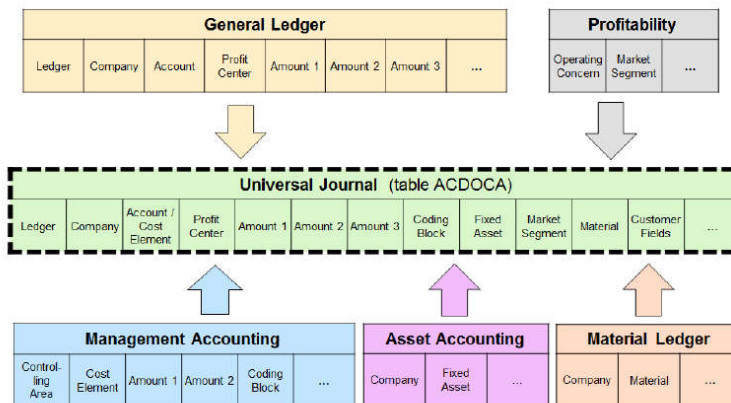
Gliederung

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2. **SAP Treasury**
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2. SAP Treasury: 2.1. Modul TRM

Universal Journal

Single Source of Truth



A universal journal entry can have (technically) up to 999,999 line items → less or no need for summarization (depending on data volume)

New Architecture

- Concept: "Take the best of all worlds" (e.g. ledger, market segment, coding block, etc.)
- **One line item table** with full detail for all applications - for **instant insight & easy extensibility**
- Data stored only once: **no more reconciliation** needed - by design
- **Reduction of memory footprint** through elimination of redundancy.
- **Fast multi-dimensional reporting** possible without replicating data to business warehouse (BW).
- If BW is in place anyway, only one single extractor needed.
- Secondary cost elements are now G/L accounts.

2. SAP Treasury: 2.1. Modul TRM

End-to-End Treasury and Risk Management Treasury Solution Map

Payments and Bank Communications	Payment Operations	Workflow and Signatures	Monitoring and Status Tracking	Payment Factory	Bank and SWIFT Connectivity
Cash and Liquidity Management	Electronic Bank Statements		Cash Position	Liquidity Management	Bank Account Management
Debt and Investment Management	Front Office Deal capture	Mid Office Risk Controlling	Back Office Correspondence & Settlement		Accounting
Financial Risk Management	Risk Identification Type and Origin of Risk		Risk Quantification Exposure Mgmt	Risk Analysis	Risk Management Hedge with Financial Instruments
Suite Capabilities	Shared Service Center	Working Capital Management	Governance Risk and Compliance		Commodity Risk Management
Foundation	Cloud	HANA Platform	Analytics	Mobile	Business Networks

2. SAP Treasury: 2.1. Modul TRM

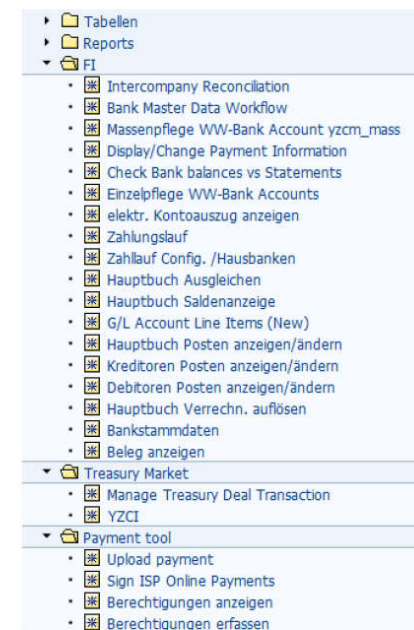
The Treasurer's "favorites list" – today's example and challenge

- **Dozens of transactions to get insight to**
 - FX risk
 - Counterparty risk
 - Liquidity position

- **Many transactions to act and re-act**
 - Post bank to bank transfer
 - Trigger payments
 - Sign payment orders

- **Self developed reports to get transparency about**
 - Bank Account details
 - Current liquidity positions (posting not value date view)
 - ...

- **Overall challenge:**
 - **Transactions have to be executed first to allow determination of actions, if actions are required at all...**



2. SAP Treasury: 2.1. Modul TRM

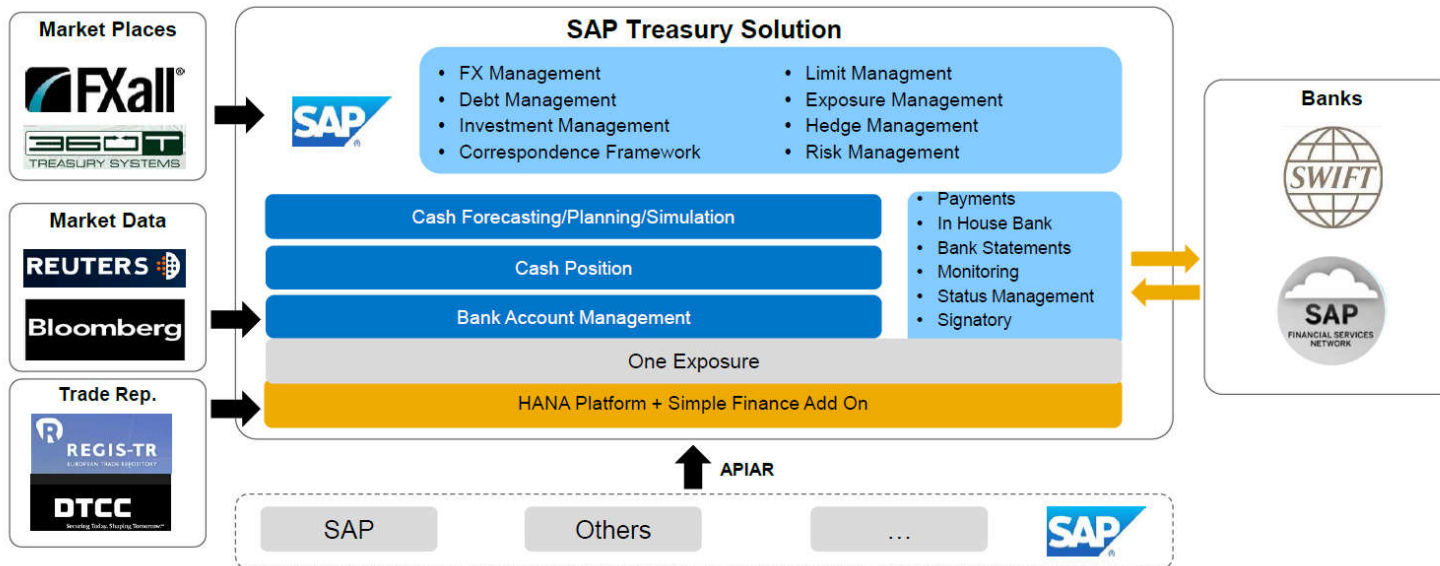
The Treasurer's new "favorite": SAP Cash Management powered by SAP HANA – Problem solved

- **Instant insight about**
 - Cash Positions and Short-Term Cash Forecasting
 - Bank Risk
 - Bank Statement processing status
 - Required Payment Approvals
 - Analytics about Payment Details, and Payment Statistics.
 - Workflow items (i.e. from Bank Account Management)
- **Integration into** with FI, TRM, BCM (Bank Communication Management), and IHC (In-House Cash)
 - **Overall: Problem solved!**
 - **Fast determination of urgently required actions**
 - **Direct access to actions (i.e. Bank Transfer via BCM, Workflow approvals)**



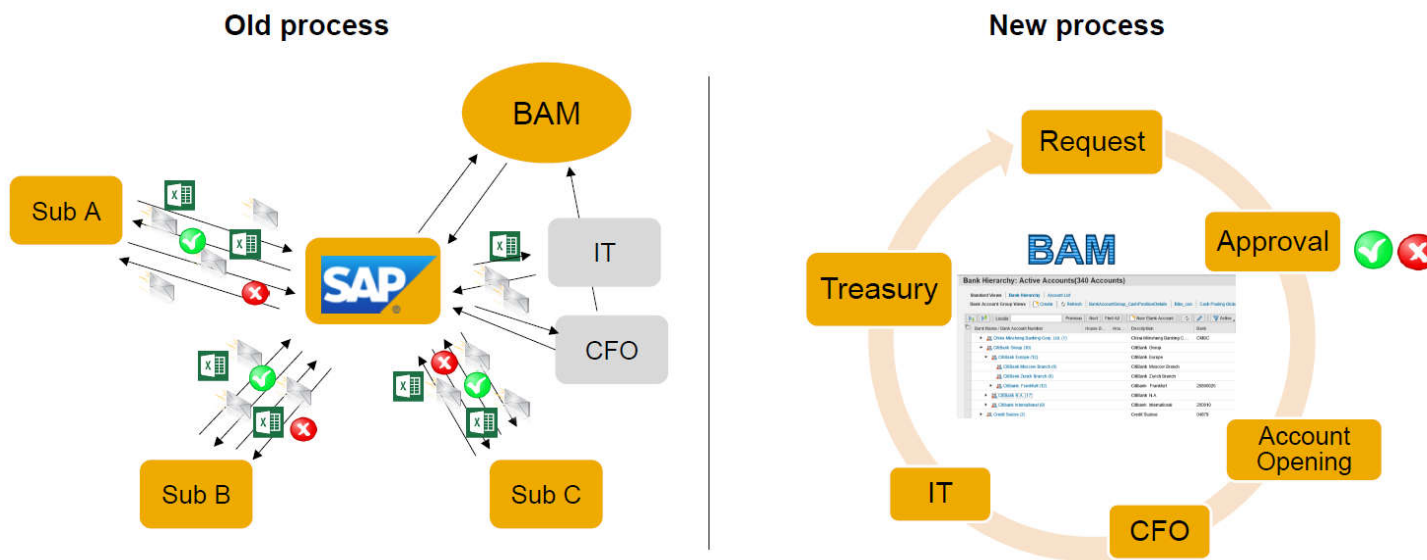
2. SAP Treasury: 2.1. Modul TRM

Integrated Treasury Platform



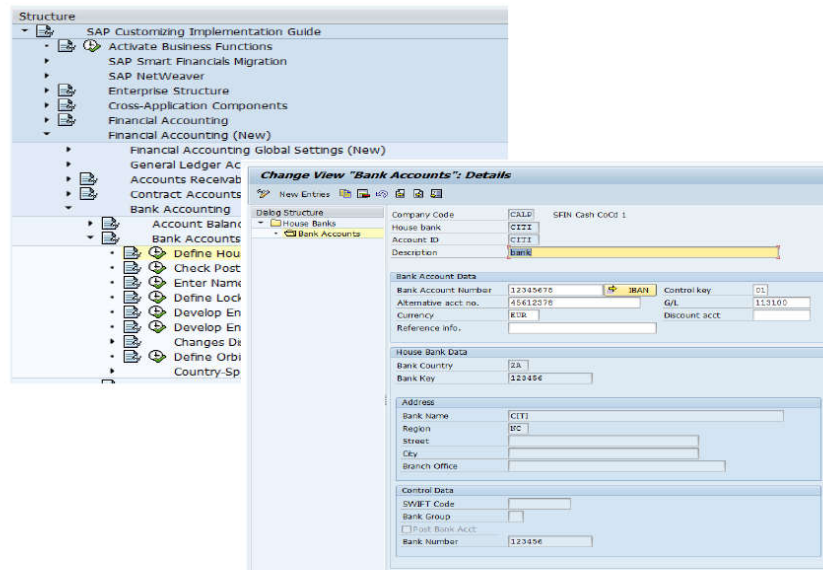
2. SAP Treasury: 2.2. Bank account management

Bank Account Management Accounts Opening and Closing – old vs new process



2. SAP Treasury: 2.2. Bank account management

Bank Account settings in SAP ERP – the old world...

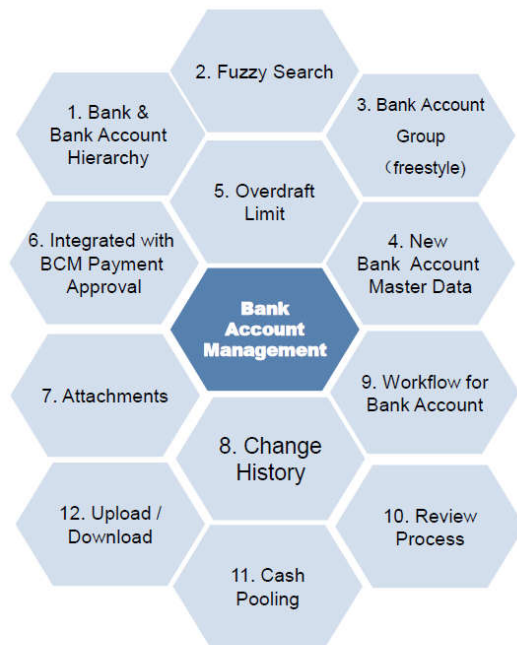


Bank Account related data:

- Only limited number of account related data is captured in SAP ERP
- Additional details of accounts managed outside ERP (in Excel, Access, ...)
- No defined interface to related functions (bank exposure, signature authorizations, ...)

2. SAP Treasury: 2.2. Bank account management

SAP Cash Management powered by HANA Bank Account Management - Function Overview



Bank Hierarchy: Active Accounts(340 Accounts)

Standard Views | [Bank Hierarchy](#) | [Account List](#)

Bank Account Group Views | [Create](#) | [Refresh](#) | [BankAccountGroup_CashPositionDetails](#) | [Bibo_con](#) | [Cash Pooling Global](#)

Locate: Previous Next Find All [New Bank Account](#) [Active](#)

Bank Name / Bank Account Number	House B...	Hou...	Description	Bank
▶ China Minsheng Banking Corp. Ltd. (1)			China Minsheng Banking C...	CMBC
▼ CitiBank Group (38)			CitiBank Group	
▼ CitiBank Europe (12)			CitiBank Europe	
▶ CitiBank Moscow Branch (0)			CitiBank Moscow Branch	

Cash Pooling Global: Active Accounts(3 Accounts)

Standard Views | [Bank Hierarchy](#) | [Account List](#)

Bank Account Group Views | [Create](#) | [Refresh](#) | [BankAccountGroup_CashPositionDetails](#) | [Bibo_con](#) | [Cash Pooling Global](#) | [CashPositionDe](#)

Locate: Previous Next Find All [Active](#) [Cash Pool](#)

Bank Name / Bank Account Number	House B...	Hou...	Description	Bank	Bank Name
▶ Bestrun Headquarter (3)			Bestrun Headquarter		
▶ 10000100	DEFR	1095	Deutsche Bank current acc...	10000010	Deutsche Bank...
▶ 91203000	103	1030	GIRO EUR	47867636	Deutsche Bank...
▶ 0629400550	136	1300	RBS EUR	73068059379	The Royal Bank...

2. SAP Treasury: 2.2. Bank account management

Bank Account Management

A complete solution for managing bank accounts in your ERP system



Process

- Bank Account Opening Process
- Bank Account Closing Process
- Bank Account Adjustment Process
- Quarter / Yearly Review Process (Inventory Process)
- Signatory Change Process
- Based on SAP Business Workflow Engine. Highly configurable and flexible.



Data

- Bank / Business Partner hierarchy for transparency on global bank structure
- Freely defined bank account group
- Cash Pooling structure
- Bank Statement Importing Channel
- Cut-off time on the bank side
- Signatory
- Overdraft Limit
- Internal and external Contact Persons
- Profit Center / Segment
- Attachments
- Customer-defined fields



Report & Analysis

- Bank Account Master Data Report, by Company Code, Bank, Country.
- FBAR for US*
- Signatory Report[|]
- Workflow Report
- Bank Statement Monitor Smart Business
- Bank Relationship Dashboard*



Actions

- Bank to Bank Transfer
- Bank to 3rd-party Transfer
- Cash Concentration
- Memo Record



Control

- Signatory integrated with BCM Payment Approval
- Change history of bank accounts
- Sensitive fields to trigger workflow



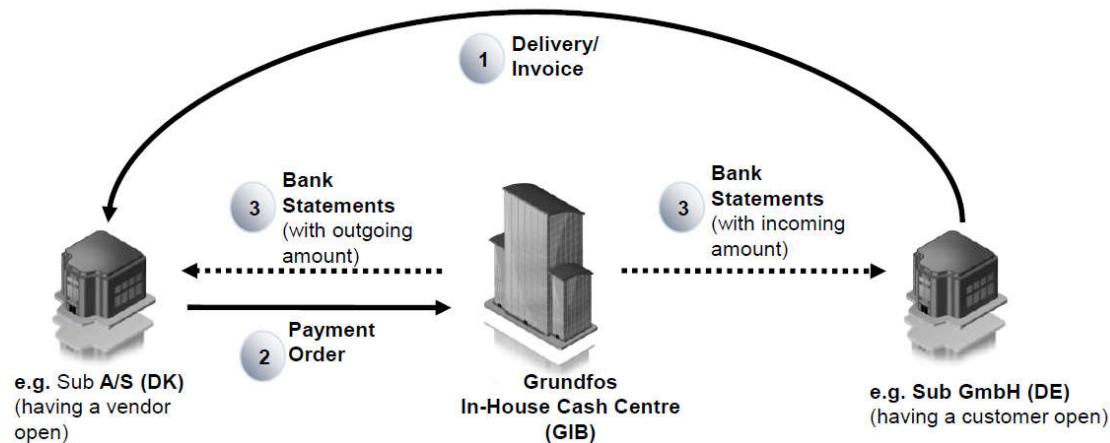
IT

- Migration tool
- Import / Export tool
- Support the centralization of bank accounts by linking to remote bank accounts.
- Payment and bank statement related configurations stays the same as before.

*planned

2. SAP Treasury: 2.3. Inhouse bank

Internal Outgoing/Incoming Payments



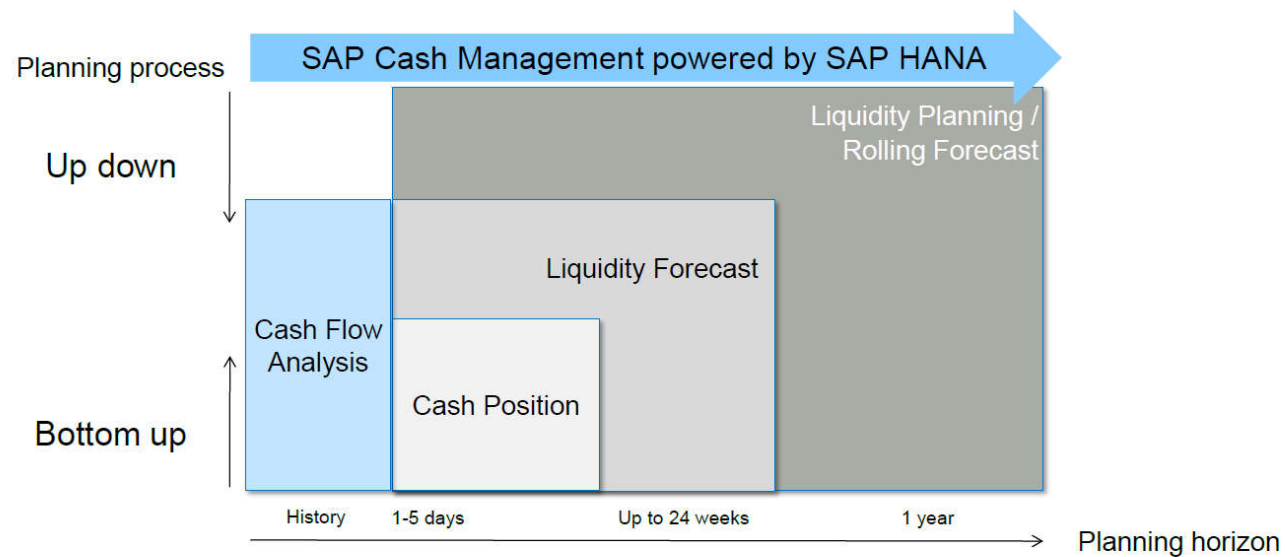
I/C payments are initiated and settled via In-House Cash Centre using the current accounts, which entities hold at the In-House Cash Centre. The transactions do not involve external banks. The invoicing process includes dual postings.

The IHC intercompany process can also handle direct debit (if customer issues the payment)

2. SAP Treasury: 2.4. Cash & Liquidity

Cash Management with SAP

Terminology



2. SAP Treasury: 2.4. Cash & Liquidity

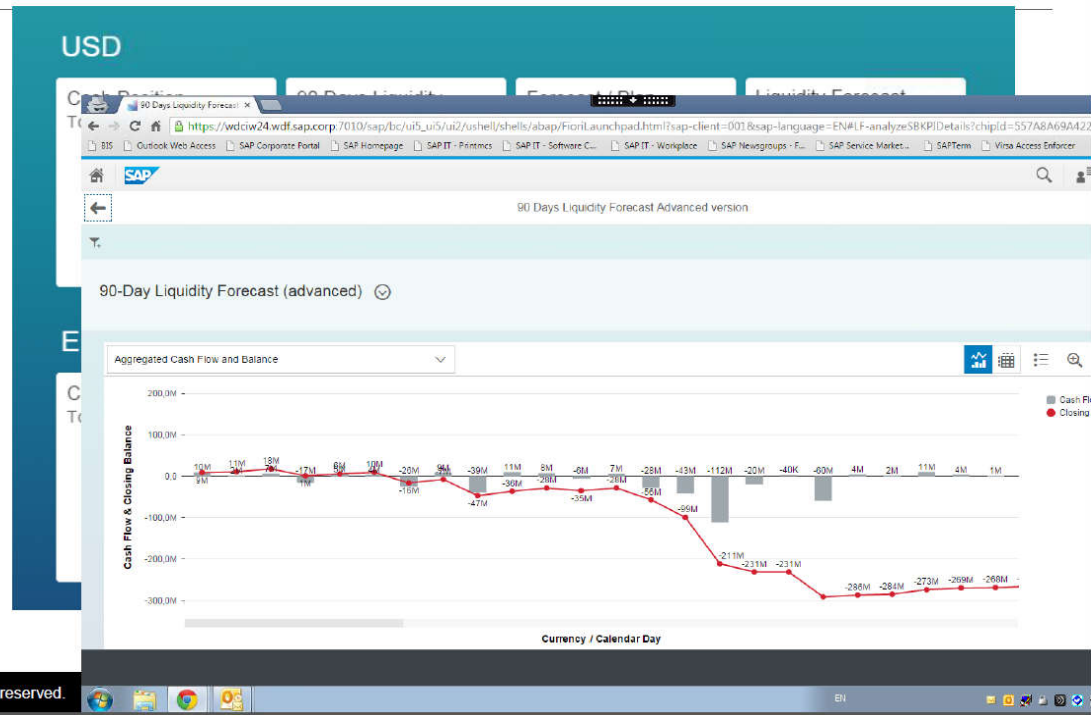
Liquidity Forecast

High-level Liquidity Forecast on different currencies.

Both balance and net cash flows are shown in the chart

Forecast based on:

- AR/AP
- Payment
- TRM / CML
- Memo Records
- SD/MM (planned by end of 2015)

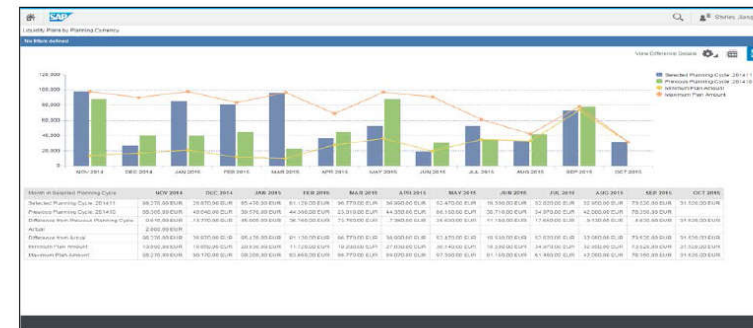


2. SAP Treasury: 2.4. Cash & Liquidity

Liquidity Planning

Develop Liquidity Plans and achieve global control and visibility

- Manage planning cycles centrally
- Get reference data as planning reference. The reference sources can be:
 - Liquidity Forecast
 - Previous Cycle Plan
 - Last Year Actual
- Auto-fill with reference or planning data
- Plan hedging of operating activities
- Enter or adjust the planning data in planning currencies based on the reference data and submit
- Review planning data by planning currency or aggregation currency and approve or reject liquidity plans
- Track the planning status of subsidiaries by planning unit hierarchy
- Plan – Plan, Plan – Forecast, and Plan – Actual comparison



2. SAP Treasury: 2.5. Roadmap

Roadmap for SAP Simple Finance Treasury and Financial Risk Management

- SAP Cash Management powered by SAP HANA
- SAP Fiori apps for cash managers
- SAP Treasury and Financial Risk: Management credit and debit value adjustments
- SAP Treasury and Financial Risk: New yield curve framework

- Further enhancements to SAP Cash Management powered by SAP HANA
- More information sources integrated to One Exposure
- Further improvements of bank relationship management towards bank fee analysis
- IFRS9 Hedge Accounting, Reporting
- Trade Finance
- Enhanced Treasury Analytics

- Embedded Analytics for Treasury and Financial Risk Management
- SAP Fiori apps for treasurers
- Trade Finance
- Predictive Liquidity Forecast

Recent Innovations

Planned Innovations

Future Direction

2. SAP Treasury

Fazit zu Kapitel 2: SAP Treasury

- Nachdem SAP in der Vergangenheit wenig Aufmerksamkeit auf die Treasury-Module gelegt hat, ändert sich dies im S/4HANA.
- Als eines der ersten Module wird das Bank Account Management (BAM) auf die HANA-Umgebung umgestellt und die Funktionalität bei jeder HANA-Migration als „BAM light“ verpflichtend gemacht.
- Die anderen Treasury-Module sind ebenfalls neu designt worden und bieten mehr Funktionalität als die bisherigen ECC6-Versionen.
- Auch in Zukunft werden Treasury-Module mit hoher Priorität behandelt werden.

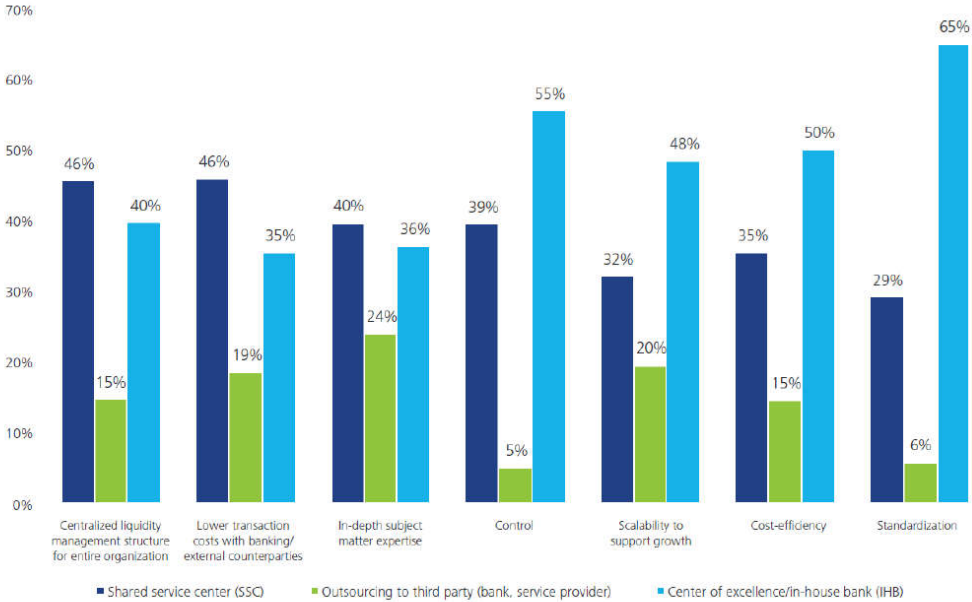
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3. Benefits of Treasury

Benefits of Centralized Treasury Organizations

Organisations are acknowledging the benefits to the centralization of treasury, particularly standardization of strategic and tactical activities, controls and liquidity management.



3. Benefits of Treasury

Fazit zu Kapitel 3: Benefits of Treasury

Treasury in der S/4HANA-Version unterstützt weitaus besser als vorher die Arbeit der Treasury-Abteilung:

- **Volatility** (Marktanforderungen)
Cash Management und Liquidity-Planung sind detaillierter durchzuführen. Shared Services, Outsourcing und InHouse-Banking werden verstärkt unterstützt.
- **Risk** (interne und externe Einflüsse)
Interne Einflüsse (Genauigkeit und effektive Nutzung) sowie externe Einflüsse (Globalisierung der Märkte und des Unternehmens) können auf Grund der Standardisierung einfacher berücksichtigt werden.
- **Regulation** (Marktumfeld)
Gesetzgebung (Verbot der Gewinnverlagerung) und Vorschriften der Rechnungslegung (z.B. IFRS 9) können auf Grund der Standardisierung einfacher implementiert werden.

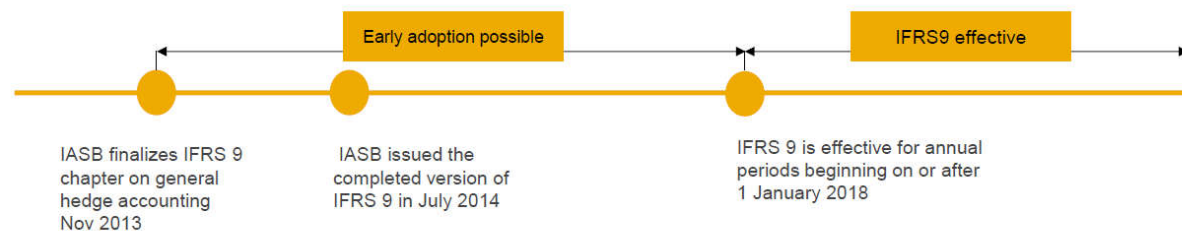
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4. IFRS9

Why IFRS9 hedge accounting regulations matter for commodity businesses

- Companies who have to manage significant commodity price exposure in many cases were previously not able to apply hedge accounting according to IAS39.
- With IFRS9 these companies can benefit largely from more flexibility and in many cases will be able to apply hedge accounting for risk components of non-financial items.
- Business Drivers: avoid income statement volatility, transfer hedge results to the material acquisition cost and now align accounting with risk management objectives.



Fazit

Fazit zu S/4HANA Treasury

- Auf Grund der konsequenten Neu- und Weiterentwicklung im Bereich Treasury für S/4HANA ist für die Treasury-Abteilung leichter, die internen und externen Anforderungen zu erfüllen.
- Durch die Zentralisierung des Bank Account Management und einer einheitlichen Oberfläche mit einem Management Cockpit wird die tägliche Arbeit mit Banken erleichtert.
- Das Modul ist wegen neuer und verbesserter Schnittstellen stärker integriert in die SAP-Landschaft und angrenzende ADD-Ons und Systeme.
- Hiermit trägt SAP der wachsenden Bedeutung von Cash und Liquidity Management Rechnung.

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Alle Folien zum Thema SAP Treasury Management basieren auf den Vorträgen im Rahmen der SAP Treasury Konferenz November 2015.

BRAUN CONSULT GmbH

Sägewerkstr. 3

D-83395 Freilassing

Locations: Salzburg – Munich

Phone: +49-(0)-1803-739739

Fax: +49-(0)-1803-739738

Internet: www.braunconsult.de

e-mail: info@braunconsult.de