Microsoft POC of S/4 Group Reporting Consolidation on S/4 Central Finance
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Session ID: 82506
About the Speakers

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• 6 years @ Microsoft

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• S/4 Finance Engineer
• 16 years Global FI/CO
• 5 years @ Microsoft
Key Outcomes/Objectives

S/4 Group Reporting “Consolidation”

1. Overview
2. Core Capabilities & Scope
3. Adoption with S/4 Central Finance on Azure cloud
Agenda

• Finance Transformation
• S/4 Central Finance Foundation
• S/4 Group Reporting Consolidation POC
• Data Flow & Process Overview
• Lessons Learned EC-CS vs Group Reporting
FINANCE TRANSFORMATION

Re-design opportunities
Finance Transformation Opportunity

Microsoft – Azure Finance Journey
• Large ECC Instance running on “classic GL” on Azure cloud
• Extensive ecosystem surrounding SAP to achieve business goals
• Best in class user experience & flexibility using Azure
• Complex mixed ETL, Data lake, BW environment
• Modern Finance Digital Transformation well underway leveraging Azure

Azure Cloud + S/4 HANA
• S/4 Central Finance POC complete (2018)
• S/4 Central Finance Implementation project in progress
• S/4 Group Reporting – POC in progress

Best in Class Microsoft Tools + Market Leading SAP ERP + Azure Cloud Services
S/4 CENTRAL FINANCE FOUNDATION

CFIN Transaction base
What is Central Finance (CFIN)?

CFIN is an **S/4 implementation approach** – start with Finance modules only

- Multiple SAP systems replicate financial data real-time to a **CFIN S/4 HANA** system
- Non-disruptive side-car approach – runs in parallel to existing SAP systems
  - SLT – System Landscape Replication Server – real time replication of documents
  - MDG – Master Data Governance + AIF for error monitoring & correction
  - Business Mapping Rules – Transforming data when required to new S/4 Universal Journal

Same capability as any full S/4 HANA System
Azure cloud - what's in it for Finance?

Scale
- 440GB → 24TB RAM large instances

Cost
- Right-sizing lowers up-front system cost (OPEX vs CAPEX)
- Tight-sizing for close correlation of system sizes with service demands
- Ability to “snooze” systems during periods of non-use

Agility
- Enables quick creation of sand boxes & proof of concept systems
- Allows on-demand infrastructure

“BYOL”
Bring your own SAP license

IaaS - Flexibility for Cloud Systems
Central Finance Updates the S/4 Universal Journal

- Provides a reconciled G/L foundation before performing financial consolidation
- EC-CS docs do not flow through CFIN

S/4 “CFIN Foundation” for Group Reporting

S/4 HANA – Central Finance System

S/4 Group Reporting (aka Consolidation)

- Universal Journal = data source for integrated G/L actuals
- Data preparation & classification for financial consolidation
- Perform financial consolidation close activity
S/4 GROUP REPORTING

Implementation of Group Reporting
Start with a Proof of Concept

**Goals** – Technical POC to explore the new solution on Azure cloud

- Early knowledge ramp up for IT and corporate finance teams
- Compare & contrast with existing EC-CS consolidation module
- Incorporate correct design into the “CFIN solution” now
- Ensure Universal journal supports future consolidation needs
- Accelerator for a future S/4 financial consolidation project
New Configuration Node – 1809

- Similar data model to EC-CS

i.e.
- Cons Ledger
- Cons Units
- FS Items
- Subitem categories
- Breakdown categories

<table>
<thead>
<tr>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP S/4HANA for Group Reporting</td>
</tr>
<tr>
<td>Global Settings for Consolidation</td>
</tr>
<tr>
<td>Master Data</td>
</tr>
<tr>
<td>Define Consolidation Ledgers</td>
</tr>
<tr>
<td>Display Dimension</td>
</tr>
<tr>
<td>Define Versions</td>
</tr>
<tr>
<td>Create Version from Reference Version</td>
</tr>
<tr>
<td>Define Consolidation Chart of Accounts</td>
</tr>
<tr>
<td>Define Consolidation Master Data Fields</td>
</tr>
<tr>
<td>Maintain Organizational Unit Hierarchies</td>
</tr>
<tr>
<td>Define Subitem Categories and Subitems</td>
</tr>
<tr>
<td>Define Breakdown Categories</td>
</tr>
<tr>
<td>Define Default Values for Subassignments</td>
</tr>
<tr>
<td>Edit Number Range Intervals for Posting</td>
</tr>
<tr>
<td>Define Document Types for Reported Financial Data</td>
</tr>
<tr>
<td>Define Document Types for Manual Posting in Data Monitor</td>
</tr>
<tr>
<td>Define Document Types for Reclassification in Data Monitor</td>
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<tr>
<td>Define Document Types for Manual Posting in Consolidation Monitor</td>
</tr>
<tr>
<td>Define Document Types for Reclassification in Consolidation Monitor</td>
</tr>
<tr>
<td>Define Selections</td>
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<tr>
<td>Consolidation FS Items Configuration</td>
</tr>
<tr>
<td>Data Collection for Consolidation</td>
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<tr>
<td>Currency Translation for Consolidation</td>
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<tr>
<td>Reclassification</td>
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<tr>
<td>Configuration for Consolidation Processing</td>
</tr>
<tr>
<td>Plan Consolidation</td>
</tr>
</tbody>
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Group Reporting Key Concepts

Consolidation Ledger
- Defines Group Reporting currency & valuation

Consolidation Group (group close)
- Group roll up of consolidation units

Consolidation Unit (local close)
- Reporting Unit / Legal Entity

Financial Statement Item (aka FSItem)
- Group account (basis for the Consolidation chart of accounts)
  - Breakdown categories
    - Sub Item Category (B/S transaction type or P&L Functional Area)
    - Sub Items (Consolidation Transaction Types “movements”) drives translation, elimination & reporting logic

Consolidation
Chart of accounts “FSItems”
Categorize transactions to drive consolidation activities
Define Consolidation Ledger

Line Items in SAP S/4HANA

Starting Year for LIs in SAP S/4HANA: 2017

Settings for Configuration Control

- Reclassification: Seln Object in Trigger
- Online Entry: Line Items in SAP S/4HANA
- Validation in SAP S/4HANA
- Breakdown Category: Seln.Obj. in Max.Sel.
- Currency translation: Seln.object in method

Cons. COA: 01
Version: 1

Ledger: CL: Company Legal cons ledger

e.g. Group Currency = 30

Ledger currency: USD
Group Reporting Master Data

- Create Consolidation Chart of Accounts (top node)

Step 1
- Create “FSitems” + related attributes
  - Assign Breakdown categories
  - Elimination & Translation attributes

Step 2
- Map “FSitems” to Operational G/L accounts

Fiori App Import templates with Excel
Step 1 – Import FSItems from Excel Template
Display FSItem + Breakdown Category

- FSItem detail display
Step 2 – Map FSitems to G/L accounts

- Map Operational Chart of Accounts to Group Chart of Accounts
Validation Rules i.e. A = L+E

Define Validation Rules then assign to a Cons Unit

Assign Validation Rule to a Validation Method
Consolidation Groups + Units Hierarchy

- Establish a hierarchy to manage the consolidation activity
DATA FLOW & PROCESS OVERVIEW

Implementation of Group Reporting
High Level Consolidation Process

G/L Operational Close
ECC systems + S/4 CFIN

“Cons Unit Tasks”

Data Release + prep

“Cons Group Tasks”

Consolidate

Group Reports

Data Monitor (CXCD)
- Balance Carry Forward
- Release from Universal Journal
- Validation of “FSitems” structure
- Post Manual Entries
- Post Retained Earnings
- Perform Currency Translation

Consolidation Monitor (CX20)
- Inter Unit Eliminations
- Manual Eliminations
- Equity Consolidations
- Validation of Consolidated data
- Integrate in Consolidation Group
Opening Balance Cutover Approach

Opening Balances (BCF) → Release task from ACDOCA to ACDOCU

- Consolidated Balances as of P12/2018*
  - Flexible Upload to S/4

2017 → 2018 → 2019 → 2020 → 2021

- ECC Consolidations – Legacy Solution
- S/4 Periodic Release from Universal Journal
- S/4 Group Reporting Bal Carry Forward P1/2019

*Assuming period frequency is 12 months in each fiscal year
Data Monitor - “cons unit tasks” i.e. data release, cur trans.
Release from Universal Journal Task

“Imports data” from ACDOCA to ACDOCU – no ETL required

- Timestamp “release of data” – controls the flow to avoid a moving target for consolidation
- Reported Financial Data (difference) = preview of Totals data with delta values
- Data from Prior Period (without Release) = previous period data not yet loaded
Reported Financial Data (release task ACDOCA → ACDOCU)
Currency Translation Task

- Translate Local Currency to Group Currency
- Fiori App to analyze posted differences by FSitem
Consolidation Monitor – “cons group tasks” e.g. I/C elimination

Tasks are executed at consolidation “Group level” only e.g.

- Interunit Elimination of Intercompany AR & AP
- Integrate Data to Cons Group Reports

![Transaction code – CX20](image-url)
Interunit Eliminations Task

• “Reclassification Tasks” in S/4 Group Reporting

- Trigger – Selection criteria i.e. FSitems = I/C Recon a/c's

- Source – Where should the offset be posted
- Destination – Where does the entry/balance need to post to
Integrated Consolidation Group Task

- Moves the reported data + cons entries into the Consolidation groups.
- Identifier = Record Type “R” Totals
- Without executing this task, the “Cons Group Reports” will not return results
Proof of Concept Status

- S/4 Central Finance set up for a selection of company codes
- Configured S/4 Group reporting for the same company codes
- Release data from Universal Journal (ACDOCA) to Group Reporting (ACDOCU)
- Perform basic reconciliation tasks & reporting scenarios as a Poof of Concept
- All running on Azure cloud infrastructure
Reporting Overview
Reporting – Global Hierarchies

Manage Global Accounting Hierarchies

MSCONS - Consolidation Financial Statement Item
MS Consolidation FS Item Hierarchy

Hierarchy List (1)
MSCONS, Consolidation Financial Statement Item

Created On: 03/19/2019

Nodes
MSCONS (MS Consolidation FS Item Hierarchy)

Search
Version:
Consolidation COA:
Fiscal year:
Posting period:
Cons. Group:

Highlighted Node: MSCONS

Prompts
Currency Translation:
Document Type:
Record Type:

Active
Consolidated Balance Sheet

- Reporting Hierarchy of FSItems drives structure
Consolidation Reporting – by Movements

- Subitems/Transaction Types classify “movements” – open, additions etc.
Balance Sheet: Fiori + Excel share the same S/4 Odata service

**Fiori**

<table>
<thead>
<tr>
<th>Posting Level</th>
<th>FS Item</th>
<th>Amount in Group Crty</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS Item</td>
<td>FS Item</td>
<td>Realtime update</td>
</tr>
<tr>
<td><strong>01/MSCONS/MSCONS</strong></td>
<td>MS Consolidation FS Item H...</td>
<td>$ 0.00</td>
</tr>
<tr>
<td><strong>01/MSCONS/BS</strong></td>
<td>Balance Sheet</td>
<td>$ 5,986,019,245.17</td>
</tr>
<tr>
<td><strong>01/MSCONS/LC&gt; 9</strong></td>
<td>Total Liabilities</td>
<td>$ -1,324,418,487.78</td>
</tr>
<tr>
<td><strong>01/MSCONS/LC&gt; 9</strong></td>
<td>Total Assets</td>
<td>$ 7,305,161,287.39</td>
</tr>
<tr>
<td><strong>01/MSCONS/LC&gt; 9</strong></td>
<td>Total Equity</td>
<td>$ 5,276,445.56</td>
</tr>
<tr>
<td><strong>01/MSCONS/IS</strong></td>
<td>Income Statement</td>
<td>$ -5,986,019,245.17</td>
</tr>
</tbody>
</table>

**Excel**

![Excel screenshot](image_url)
LESSONS LEARNED ON S/4 + EC-CS VS GROUP REPORTING

Compare EC-CS vs Group Reporting
Lessons Learned

- Universal Journal is the source for Group Reporting Ledger
  - Release of ACDOCA data to ACDOCU (not real-time) – allows a freeze period

- FSItems
  - Maintained & tagged via Fiori Apps and Excel Upload

- Profit Center & Segment
  - Available as dimensions in consolidation, but not custom fields at this stage

- Data & Consolidation monitor
  - Re-used from EC-CS/SAP GUI – also accessible via Fiori App

- Fiori UI Reporting Suite – fast performance on Azure
  - Balances, Line Items, drill-down & formatted reports more detail + flexibility
Lessons Learned

Eliminations

- Business rules are attached to FSItems more efficient than EC-CS to reduce customizing
- Similar to BPC using account attributes + master data - i.e. I/C AP & AR, I/C Rev & COGS

Rule Based Reporting + Global Hierarchies

- Reporting items concept is flexible + drill down to source documents

Predefined Dimensions can be used like EC-CS

- No additional “BW data modelling” required like BPC
- Simple configuration activity to add additional dimensions

Challenges

- **No auto migration** from EC-CS to S/4 Group Reporting – use Flexible Upload for open balances
- **Ledger Currencies Types** limited to 3 i.e. TC, LC & Group vs Universal Journal
- **Currency** - additional currency views require additional Ledgers & duplicate data
- **Restatements** - require a full copy of data as a separate version & re-consolidating
RESOURCES

S/4 on Azure Cloud

Useful Transaction Codes
- **CX8S4H** – Consolidation System Status “Activation”
- **CXE9N** – Group Reporting IMG Node
- **CXGP** – Set Global Parameters
- **CXCD** – Data Monitor
- **CX20** – Consolidation Monitor
- Other Useful Transaction codes also start with **FINCS***
  - **FINCS_SELECTION** - Define selections
  - **FINCS_ADDLFLD_SEL_A** – Additional consolidation master data fields

Tables to Know
- **FINCS*** Tables drive group reporting
  - **FINCS_FSITEM** – Financial statement item
  - **FINCS_FSIMAPITM** – assignment of GL a/c to FSitem
Q&A

For questions after this session, contact us at
rleathem@microsoft.com
ravipura@microsoft.com
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