



Learn How Zurich North America Implemented the Parallel Ledger Solution
with SAP S/4HANA While Transitioning from Classic General Ledger
with Multiple Special Purpose Ledgers

Colleen Zitt, SVP – Corporate Controller, FAR, Zurich North America
Laura Darbro, Vice President – Head of FAR Operations, Zurich North America
ASUG83840

About the Speakers

Colleen Zitt

- SVP – Corporate Controller, Zurich North America
- 25+ years of Insurance and Financial Accounting and Reporting experience; Sponsor of S/4 HANA Transformation project for ZNA

Laura Darbro

- VP - Head of Financial Accounting & Reporting Operations, Zurich North America
- 25+ years in Insurance Financial Accounting and Reporting; Business Lead on S/4 HANA Transformation project for ZNA

Key Outcomes/Objectives

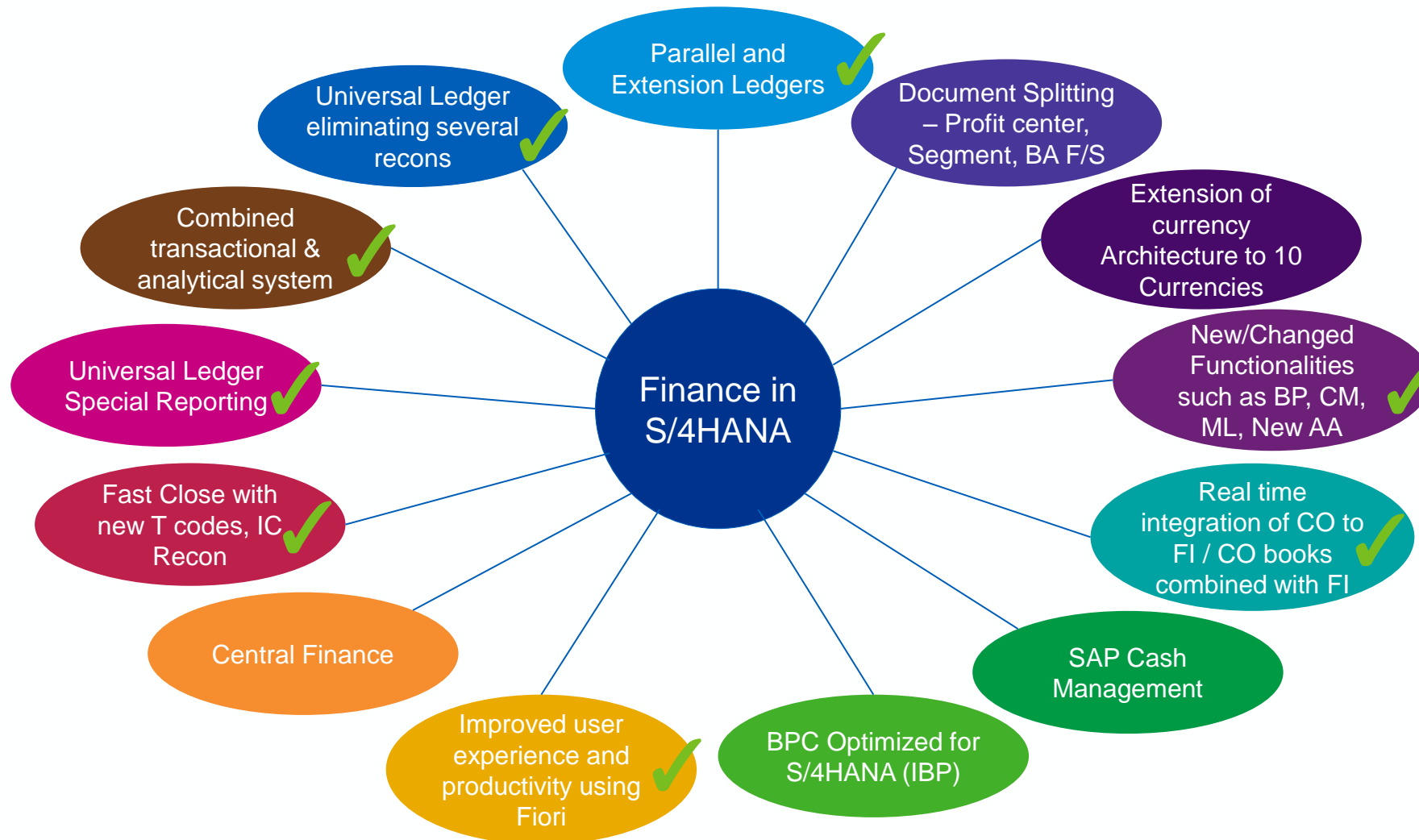
1. Learn new features in S/4HANA finance ledgers - universal, standard and extension ledgers
2. Understand how Zurich North America (ZNA) went through transition from Classic GL with special purpose ledgers to new S/4HANA Parallel ledgers
3. Understand important aspects to be considered during the transition from classic GL with special purpose ledgers to parallel ledgers
4. Learn Tips and Tricks for similar transformation projects

Agenda

- Key improvements of Finance function in S/4HANA
- Deeper walkthrough of universal ledger, standard ledger, extension ledger concepts
- Zurich North America's process for transition from classic GL with special purpose ledgers to S/4HANA Parallel ledgers
- Important aspects to be considered during such transformations
- Wrap-up

Key improvements of Finance function in S/4HANA

Key Improvements in Finance module of S/4HANA



Deeper walkthrough of universal ledger,
standard ledger, extension ledger concepts

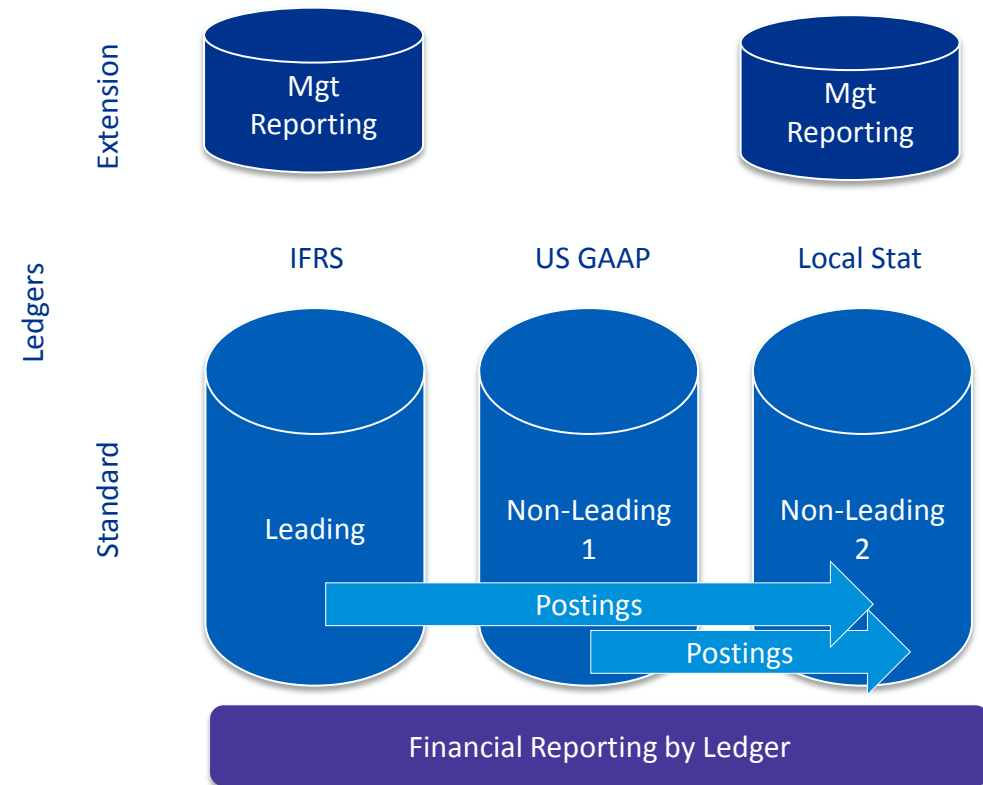
Ledgers of Finance in SAP S/4HANA

- Universal Ledger
- Standard Ledger
 - Leading Ledger
 - Non-Leading Ledger
- Extension Ledgers (also called Appendix Ledgers)
 - Extension Ledger - Regular
 - Simulation
 - Valuation
 - Predication and Commitments

Standard and Appendix Ledgers

In S/4HANA, SAP continued the same leading and non-leading ledger concepts of New GL and added more functionalities in terms of appendix/extension ledgers.

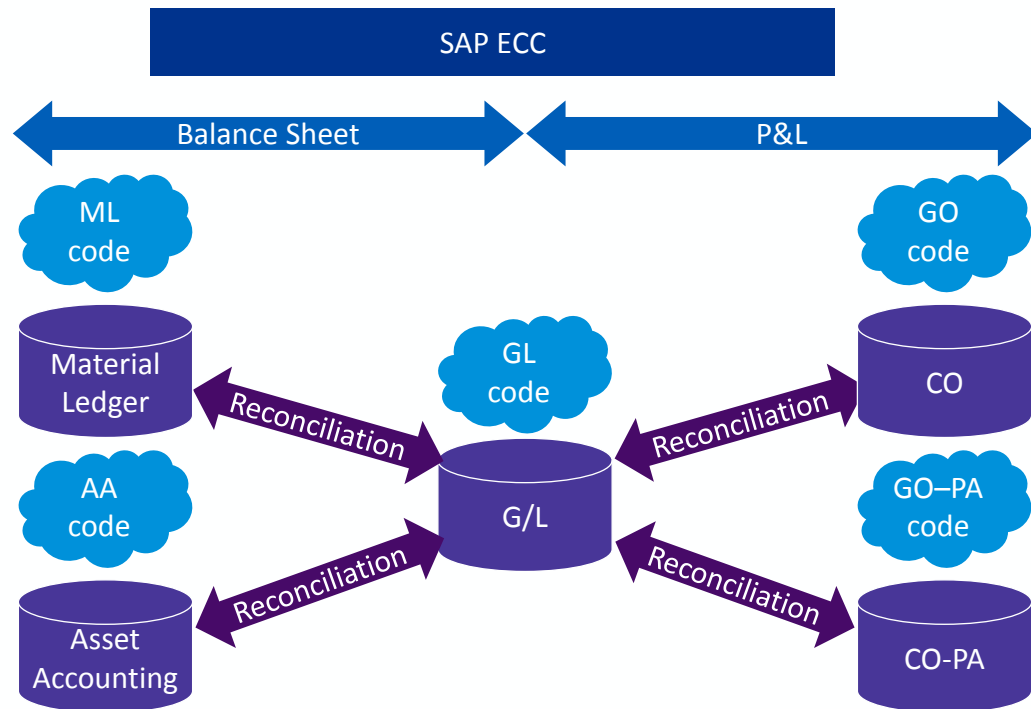
- Standard Ledger
 - Can be leading or non-leading
 - Leading ledger mainly represents the main GAAP
 - Can have multiple parallel GAAPs created as non-leading ledgers
 - Non-leading ledgers can have their own fiscal years and posting period variants.
 - Similar to New GL, non-leading ledgers store both leading ledger data and any corresponding non-leading ledger data
- Extension Ledger
 - Primarily used for management reporting e.g., New Product Introduction
 - Created as an extension to a base ledger which can be either leading or non-leading
 - Extension ledger inherits all settings from its base ledger; however it can have its own posting period variant
 - Extension ledger stores only delta values; however for reporting, it shows the data from both extension and related base ledger



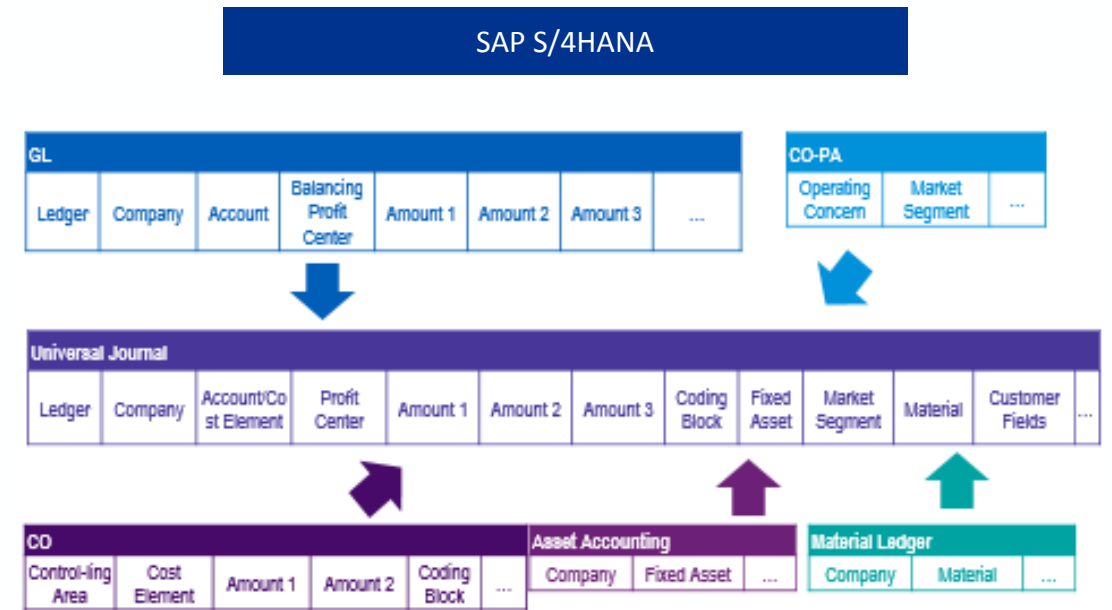
Ledger Group Concept in S/4HANA

Posting Scenarios of Finance in S/4HANA									
Ledger ID	Type of ledger	Ledger name	Base ledger for Appendix ledger	Previously mapped to (Generic example)	Posting to any combination of ledgers (by posting to select ledger groups)				
					Post to all ledgers (Ledger group not specified)	Post to only leading ledger	Post to specific leading and NL ledgers	Post to only specific non leading ledgers	Post to only Extension ledger
0L	Standard Ledger	Leading Ledger – IFRS		Classic GL					
1D	Standard Ledger	NL – US GAAP Ledger		Special Ledger					
1L	Standard Ledger	NL – Spl Ledger 1		Special Ledger					
N1	Standard Ledger	NL – Spl Ledger 2		Special Ledger					
N2	Standard Ledger	NL – Spl Ledger 3		Special Ledger					
E1	Extension Ledger	EL – New Product Impact	0L	Manual					
E2	Extension Ledger	EL – Alternate Rev Dist-Global	0L	Manual					
E3	Extension Ledger	EL – Alternate Rev Dist-Local	N1	Manual					

Universal Ledger in SAP S/4HANA



- Only combined content represents the truth
- Reconciliations needed by design
- Different levels and different capabilities of each component (e.g., customer fields, currencies, multi GAAP etc.)
- Data needs to be moved to appropriate receivers for complete analysis
- Often needs extraction and analysis in BI/BW
- Multiple BI/BW extractors are needed



- No reconciliations across various components
- Single source of truth through a single table that stores all relevant data
- Single BI/BW extractor (if at all necessary)
- Ability to analyze the data in different slicing and dicing
- Memory footprint is reduced significantly
- Easy extensibility for custom fields
- 6 Characteristics for line items and 23 digits for currency field
- Cost elements are transformed into GL accounts

Source: SAP

CO-PA Characteristics Are Now Available Directly in General Ledger

Display Characteristics: Overview

Char.	Description	Short text	DT...	Lgth.	Origin Table	Origin field d
BRSCH	Industry	Industry	CHAR	4	KNA1	BRSCH
BZIRK	Sales District	District	CHAR	6	KNVV	BZIRK
KDGRP	Customer Group	Cust.Group	CHAR	2	KNVV	KDGRP
KUNRE	Bill-to party	Bill to	CHAR	10	PAPARTNER	KUNRE
KUNWE	Ship-to party	Ship-to	CHAR	10	PAPARTNER	KUNWE
LAND1	Country	Country	CHAR	3	KNA1	LAND1
MATKL	Material Group	Matl Group	CHAR	9	MARA	MATKL

Dictionary: Display Table

Transparent Table: Active

Short Description: Universal Journal Entry Line Items

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

Field	Key	Ini...	Data element	Data Type	Length	Deci...	Short Description	Group
MATKL	<input type="checkbox"/>	<input type="checkbox"/>	MATKL	CHAR	9	0	Material Group	
KDGRP	<input type="checkbox"/>	<input type="checkbox"/>	KDGRP	CHAR	2	0	Customer Group	
LAND1	<input type="checkbox"/>	<input type="checkbox"/>	LAND1_GP	CHAR	3	0	Country Key	
BRSCH	<input type="checkbox"/>	<input type="checkbox"/>	BRSCH	CHAR	4	0	Industry key	
BZIRK	<input type="checkbox"/>	<input type="checkbox"/>	BZIRK	CHAR	6	0	Sales District	
KUNRE	<input type="checkbox"/>	<input type="checkbox"/>	KUNRE	CHAR	10	0	Bill-to party	
KUNWE	<input type="checkbox"/>	<input type="checkbox"/>	KUNWE	CHAR	10	0	Ship-to party	
KONZS	<input type="checkbox"/>	<input type="checkbox"/>	KONZS	CHAR	10	0	Group key	
.INCLU- PA	<input type="checkbox"/>	<input type="checkbox"/>	INCL_EEW_ACDOC...	STRU	0	0	Extension include for CO-PA fields in Universal Journ. Entry	COPA_EXT
ACDOC COPA EEW ...	<input type="checkbox"/>	<input type="checkbox"/>	DUMMY	CHAR	1	0	Dummy function in length 1	

CO-PA Characteristics Now Available for Dynamic Reporting Directly from General Ledger Itself

The screenshot displays the SAP NetWeaver Business Client interface for a 'Trial Balance Comparison' report. The left sidebar contains a 'Navigation Panel' with a search bar and a list of dimensions and available fields. A red circle highlights this panel. The main area shows a configuration table for the report, including fields for Ledger, Company Code, Posting Date, and G/L Account. Below this, there are sections for 'Account Assignment', 'Partner Fields', and 'Public Sector Management Fields'. At the bottom, a 'Data Analysis' section shows a table with columns for Company Code, G/L Account, and Amount in CC Crcy.

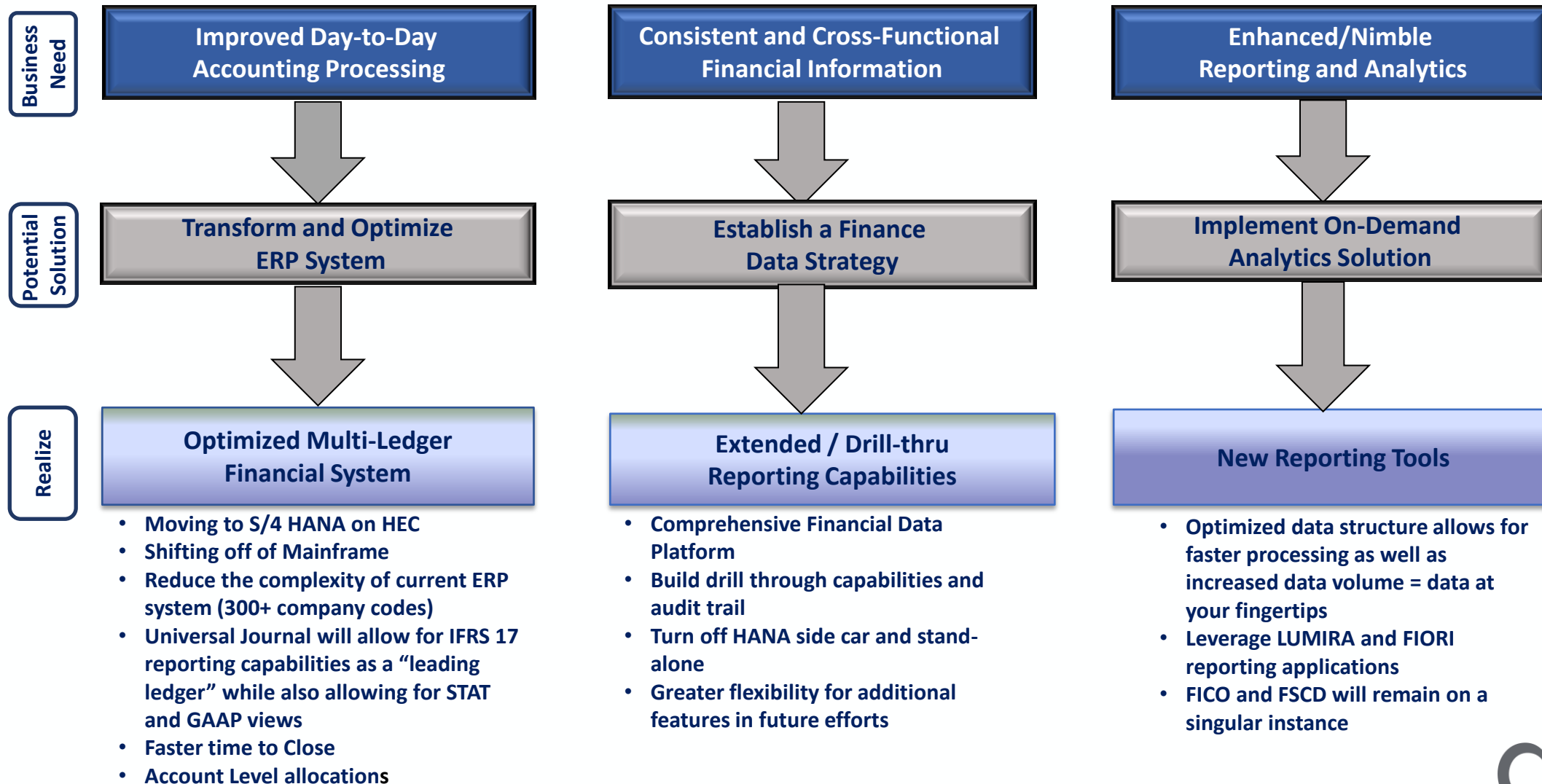
Company Code	G/L Account	Amount in CC Crcy	Comrpn Amount in CC...
		\$ 1.806,95	\$ 0,00
	YCOA/11001080 Bank1 Cash Receipt	\$ 1.806,95	\$ 0,00
		\$ 1.806,95	\$ 0,00
		\$ 0,00	\$ 0,00
	YCOA/12100000 Rcvbls Domestic	\$ 0,00	\$ 0,00
		\$ 0,00	\$ 0,00
		\$ 9.119,70	\$ 0,00
	YCOA/13100000 Inventov Raw Mat	\$ 9.119,70	\$ 0,00

Zurich North America's (ZNA) transition from classic GL with special purpose ledgers to S/4HANA Parallel ledgers

Why ZNA did the S/4HANA Implementation?

- To upgrade from old and outdated technology to the new SAP S/4HANA platform – Implemented SAP R/3 approximately 20 years ago (1999)
- For enhanced reporting and analytical capabilities
- To improve cross functional data integration capabilities across various systems (ie. Back-office to SAP)
- For enabling the adoption of IFRS 17

Why did ZNA decide to implement S/4HANA?



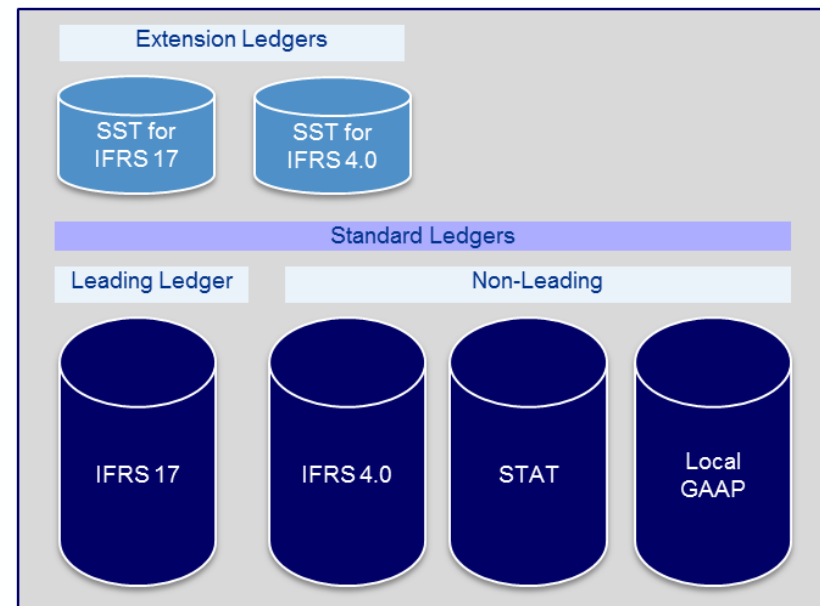
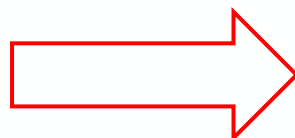
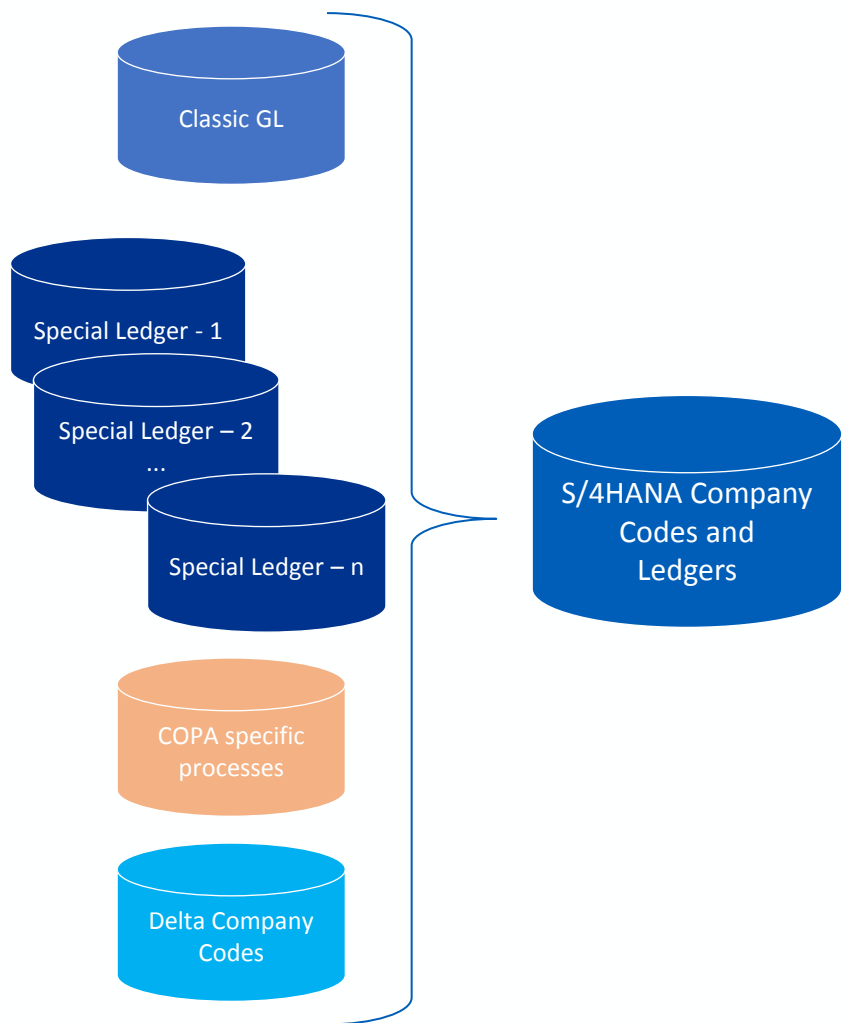
ZNA's S/4HANA Project Quick Hits

- ZNA is continuing on its Finance Transformation journey by upgrading to the latest SAP solution S/4HANA – **Live as of Jan 1st 2019!**
- Implemented multi-ledger architecture to enable IFRS 17 reporting capabilities as the “leading ledger” while also allowing for STAT and GAAP views
- Revisited code block elements and aligned to new IFRS17 requirements and in some cases eliminated non-value added dimensions
- Upgraded to new reporting toolsets, providing flexible and integrated analytics
- Adopted a single, consolidated data source to enhance data transparency, availability, and uniformity
- Implemented a new and improved document management and workflow tool (J/E Compliance and A/P)
- Improved the Customer Experience via enhancements to the FSCD module
- Moved SAP Security Access provisioning from an old system to GRC identity management solution

ZNA process for transition from classic GL with special purpose ledgers to S/4HANA parallel ledgers - ECC set up before go-live

- Prior to transition to S/4HANA, Zurich North America (ZNA) was operating in the classic GL environment with various special purpose ledgers created for code block extensions, reconciliations, interface processing and financial reporting to group
- COPA was used for P&L data mainly to allocate expenses from cost centers to various profit centers, lines of business, etc.
- Multi-GAAP reporting was mainly achieved through the use of delta company codes
- Several delta company codes parallel to main company codes were maintained for each relevant accounting principle (e.g. IFRS, Local GAAP, Swiss Solvency Test)

ZNA process for transition from classic GL with special purpose ledgers to S/4HANA parallel ledgers – Future State



Ledgers	Ledger Type
IFRS 17	Standard – Leading
IFRS 4.0	Standard – Non-Leading
STAT	Standard – Non-leading
Local GAAP	Standard – Non-leading
SST for IFRS 17	Extension – Base IFRS 17
SST for IFRS 4.0	Extension – Base IFRS 4.0

Important aspects to be considered during such transformations

Important aspects to be considered during such transformations - Functionality

- In S/4HANA, **usage of “business partners” is mandatory**. Plan ahead of the time if you don't have BP approach implemented as it will take relatively more time.
- **Capabilities of Parallel ledgers have been enhanced** further than what it was in New GL. Leverage these native capabilities for multi-GAAP (including Tax) accounting.
- GL allocation functionality allows for **different types of allocations by ledger**. Leverage those functionalities to perform cost allocations differently for various ledgers/GAAPs as necessary.
- **Rationalize your Chart of Accounts** and reduce number of accounts by following established leading practices.

Important aspects to be considered during such transformations - Data

- **Consider appropriate Data validation tools** for large data sets such as GL balances and line items ahead time. Depending upon number of code block elements used the number of records could run into hundreds of thousands / millions of records
- Consider various **complexities around GL open items** in terms of new features such as “ledger specific clearing” and as well the data that is processed by key interfaces such as FSCM
- **Fixed Asset migration is tricky.** Consider all elements such as availability of various tax depreciation area values, approaches for loading AuC line items, implementation of new concepts such as Sub-assets, Group assets etc. Also consider the “take-over date” approaches for functional testing and as well for the data migration practice runs
- **Business Partner (BP) volumes and the transformations required could be very complex** - Start working on various aspects of mandatory BP approach in S/4HANA and numbering scheme for various types of BPs (internal vs external) for conversion vs regular post-live activity

Important aspects to be considered during such transformations

- Data (Cont..)

- In the case of some data objects, **S/4HANA functional changes may require additional data transformation** (e.g., GL Master data, business partners for AP, AR etc.) – Consider these changes ahead of the time for proper conversion of data into new architecture
- Identify the **data object owners and supporting validation teams** ahead of time, involving them in validation of data object for each practice run, and adopting proper sign-off procedures will help in the overall data conversion process
- **Starting “Data Migration” track in parallel to configuration / development** will give more time for practice runs and thus helps to increase the accuracy of conversion data
- **Data cleansing** in terms of correction and harmonization of master data (vendors, customers, GL accounts, fixed assets etc.) takes time. Depending on the quality of data in your system, identify the need and start acting on the data clean up much early.
- **Leverage new Data Migration capabilities** such as BODS, RDM, Migration Cockpit offered in S/4HANA. They generally tend to reduce the implementation timeline.

Summary

Summary

- SAP has continued the concept of leading and non-leading ledgers for parallel accounting and has renamed them as standard ledgers
- Extension ledger concept has been introduced for uses cases covering management reporting, valuation, prediction accounting & simulation of foreign currency postings
- Through merger of several financial ledgers into Universal ledger, SAP has enabled real time and dynamic reporting right out of General Ledger at much granular levels
- New S/4HANA reporting tools such as S/4HANA Analytics, Multi-dimensional reporting, Analysis for Office provide more dynamic and real time reporting right out the transactional system

Take the Session Survey.

We want to hear from you! Be sure to complete the session evaluation on the SAPPHIRE NOW and ASUG Annual Conference mobile app.



Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:

<http://info.asug.com/2019-ac-slides>

Q&A

For questions after this session, contact us at laura.darbro@zurichna.com and colleen.zitt@zurichna.com

Let's Be Social.

Stay connected. Share your SAP experiences anytime, anywhere.

Join the ASUG conversation on social media: **@ASUG365 #ASUG**

