Use of Settlement Management and Combined CO-PA for Gross-to-Net Revenue Analysis

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About the Speakers

VIJAY PAL

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- First time ASUG Attendee

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- Director, Clarkston Consulting
- Over 20 years SAP Finance and Controlling Experience
- Former NBA Draft Pick

About Clarkston Consulting

Headquarters in Research Triangle Park, NC, with offices across the U.S.

Focused on the life sciences and consumer products industries

Success measured by client and employee satisfaction

70%

KEY MEASURES OF CLARKSTON'S SUCCESS:

70% repeat clients and referrals

+

18-year average client satisfaction rating of 97%*

97%

* As measured by: The Conference Board, Client Opinions Online Business Research

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Key Outcomes/Objectives

1. Settlement Management is the key solution within S/4 HANA to handle subsequent settlement of Customer and Vendor rebates.
2. Condition Contract Management provides a central, standardized solution for administration of supplier and customer conditions.
3. Accruals can be calculated and posted as a statistical condition in an Extension Ledger in FI.
4. Pricing conditions can be mapped to value fields in Combined CO-PA to provide detailed Gross-to-Net Revenue analysis.

Agenda

SETTLEMENT MANAGEMENT

CONDITION CONTRACT PROCESS

COMBINED CO-PA

EXTENSION LEDGER

GROSS-TO-NET ANALYSIS

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Settlement Management

Settlement Management functionality supports all types of settlement processes, including core business processes that need to be fully integrated in the OTC cycle or within in a PTP scenario, such as condition contract settlement (rebate settlement), as well as standalone processes, whereby you provide special financial settlement services for your business partners.

Significantly Enhanced Functionality (SAP Settlement Management) for S/4HANA Sales and Procurement

More Flexibility as Rebate Index needs not to be rebuilt when new customers become eligible for rebates and previous business can be retroactively considered.

Significantly reduced data footprint and memory

Settlement Management is part of S/4 Core, No additional activation is required.

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Condition Contract Process

CUSTOMIZATION

Split Criteria's Header and Item Level | Condition and Scale Base

Business Volume Table | Transfer Rules for Document creation

Settlement Calendar

CONDITION CONTRACT

Business Volume Selection Criteria

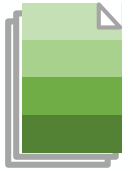
SETTLEMENT PROGRAM

Business Volume Determination | Calculation via Pricing

Settlement Document creation

Detailed Statement Settlement Information

SETTLEMENT DOCUMENTS



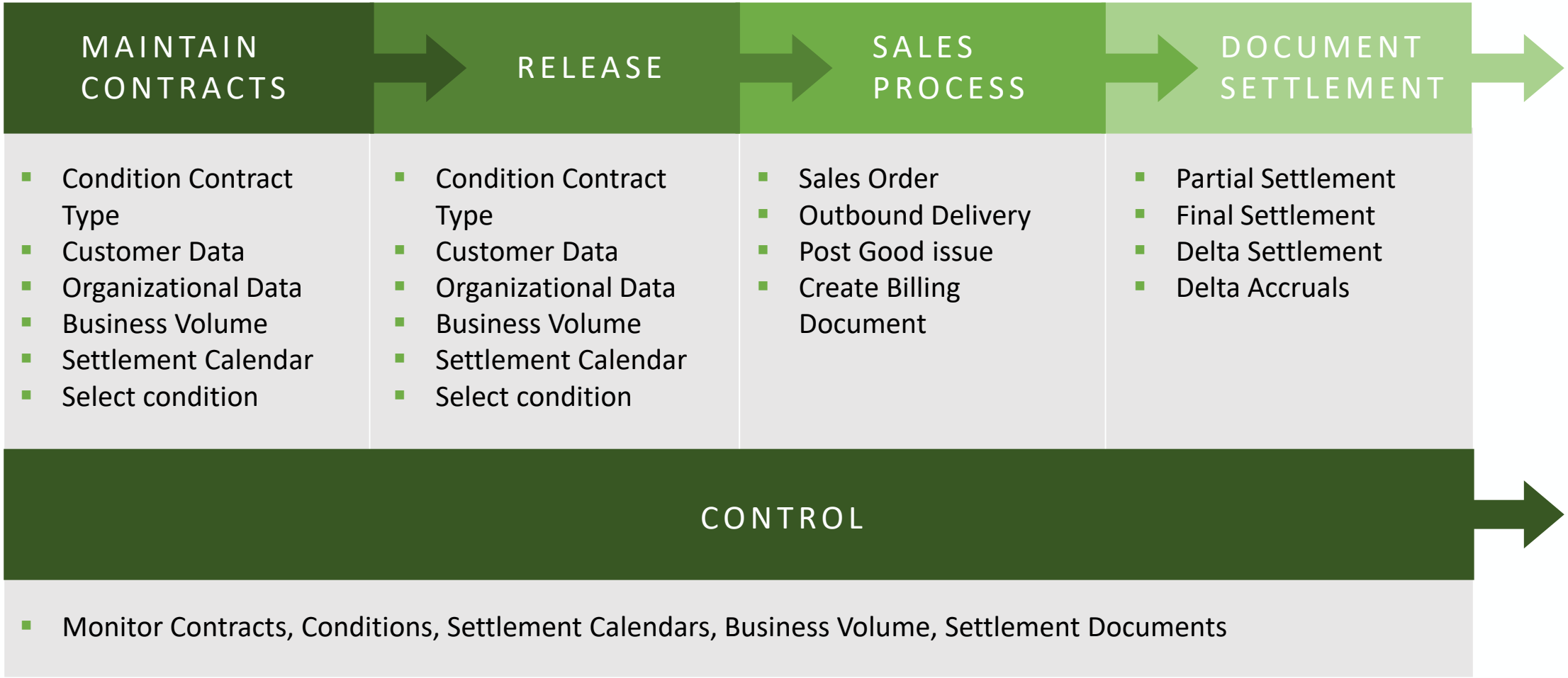
Document Collection Output | FI/CO Messaging

DATA SOURCE

Sales Orders | Purchase Orders | Deliveries | Invoices | Goods Movements

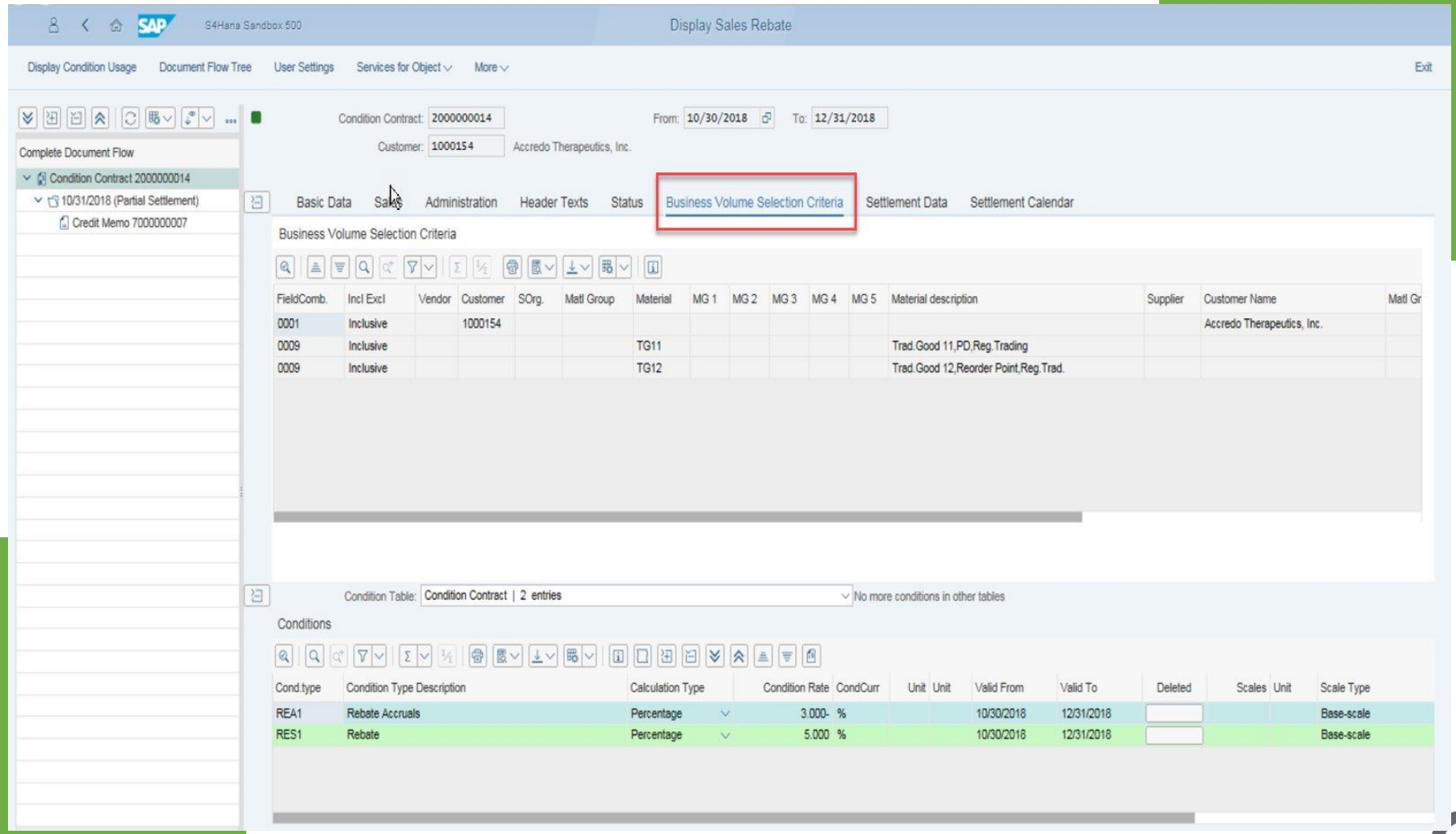
Settlement Management Documents | External Systems | POS Data

Condition Contract – Sales Process



Condition Contract

EXAMPLE



Business Volume for Condition Contracts

CondContr	Date	Settlement Date Type	Customer	Quantity	UoM	Currency	REBV
2000000014	10/31/2018	Partial Settlement	1000154	20	PC	USD	2,015.100
2000000014	12/31/2018	Final Settlement	1000154				

FIORI APPs for Condition Contracts Example

FIORI APP	GUI TRANSACTION CODE	ROLE(S)
Maintain Contracts	WCOCO	Contract Manager/Sales Manager/Purchasing Manager
Display Business Volume	WB2R_BUSVOL	Settlement Clerk/Purchaser/Billing Clerk
Settle Condition Contracts (Customer)	WB2R_SC	Settlement Clerk/Billing Clerk
Settle Condition Contracts (Vendor)	WB2R_SV	Settlement Clerk/Purchaser
Display Settlement Documents	WB2R_AB_DOCS	Settlement Clerk/Purchaser/Billing Clerk
Display Contracts	WCOCOALL	Sales Manager/Purchasing Manager/Contract Manager

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Cost and Profitability Analysis (CO-PA)

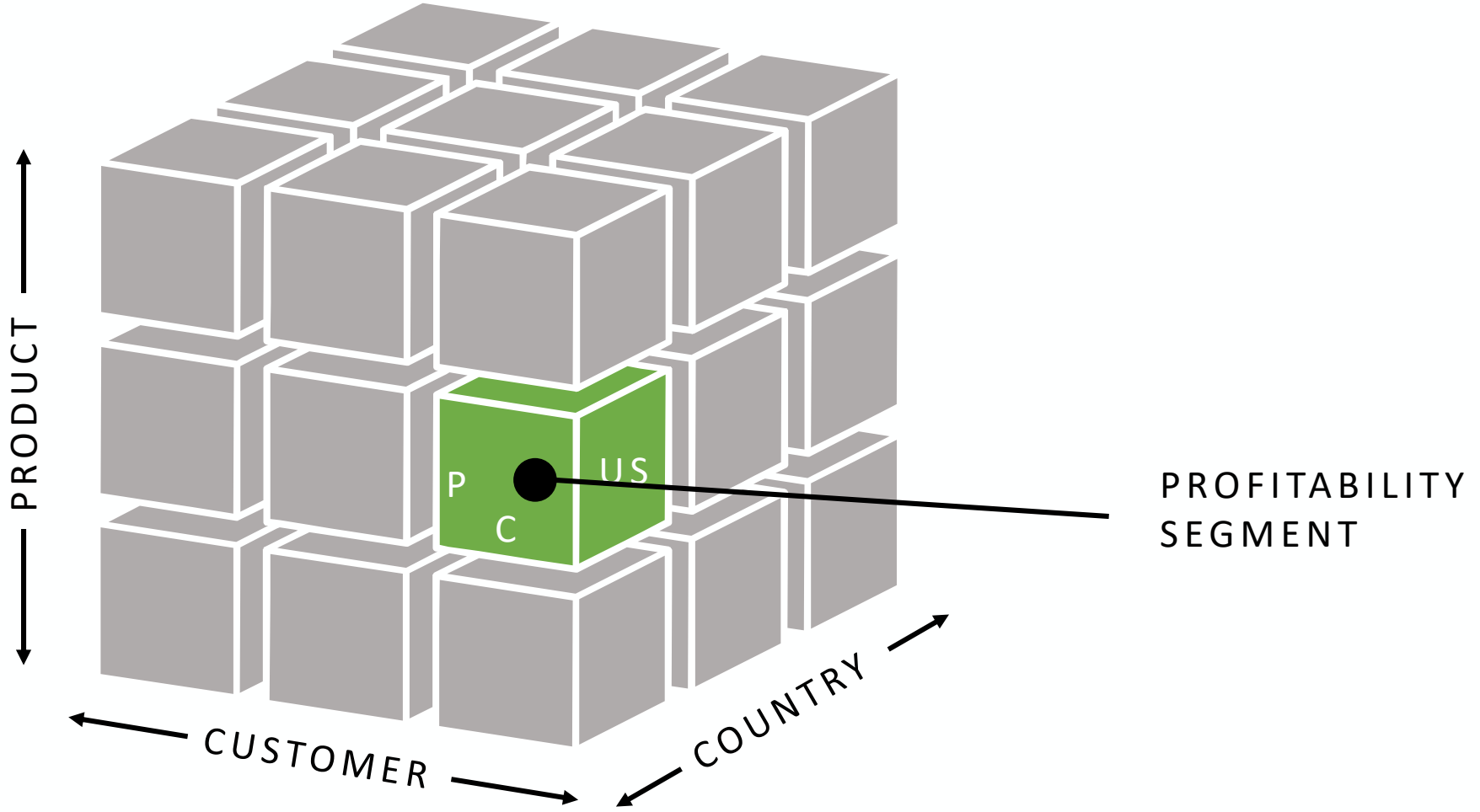
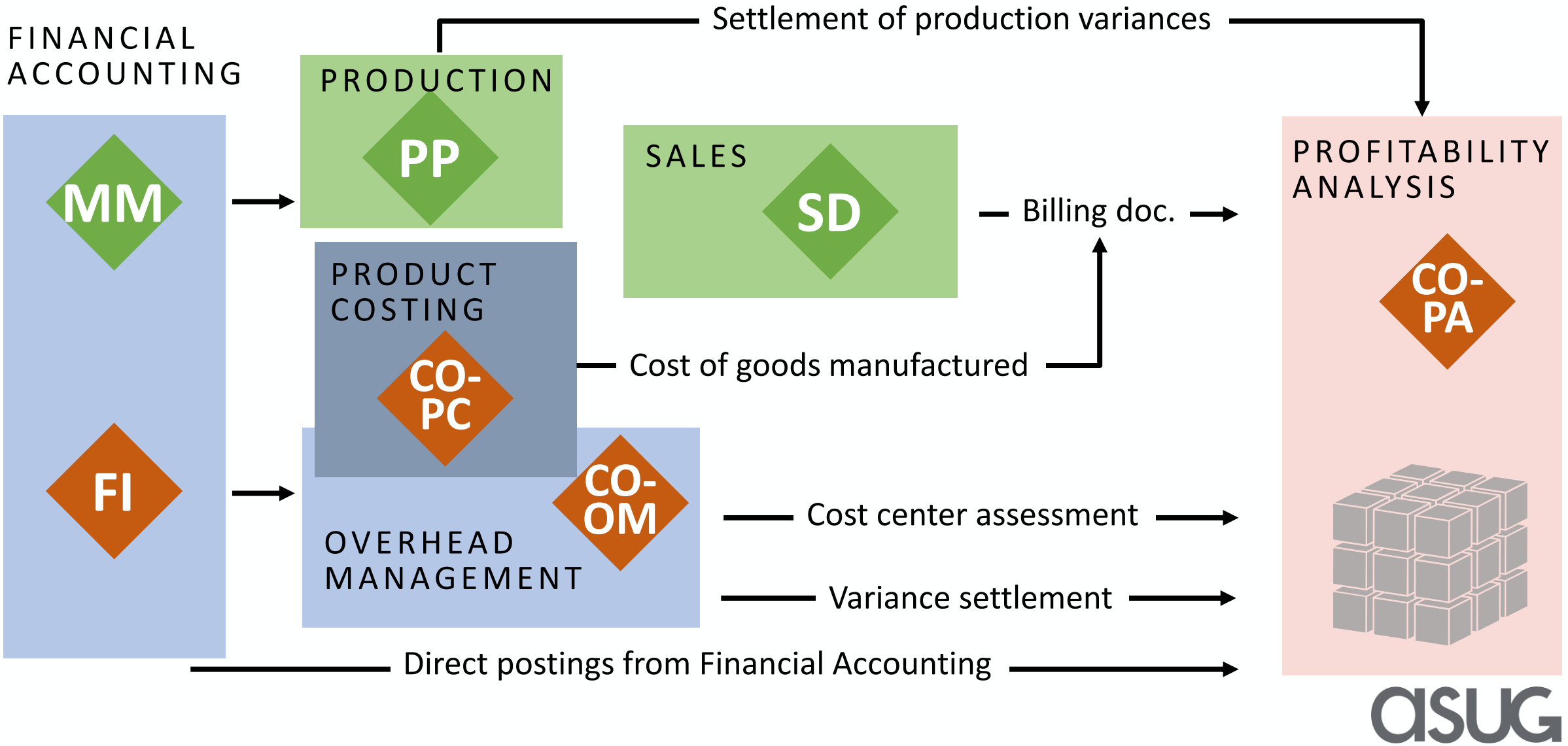


FIGURE 1

An example of a multidimensional profitability segment

CO-PA Value Flows



Combined CO-PA Data Structure

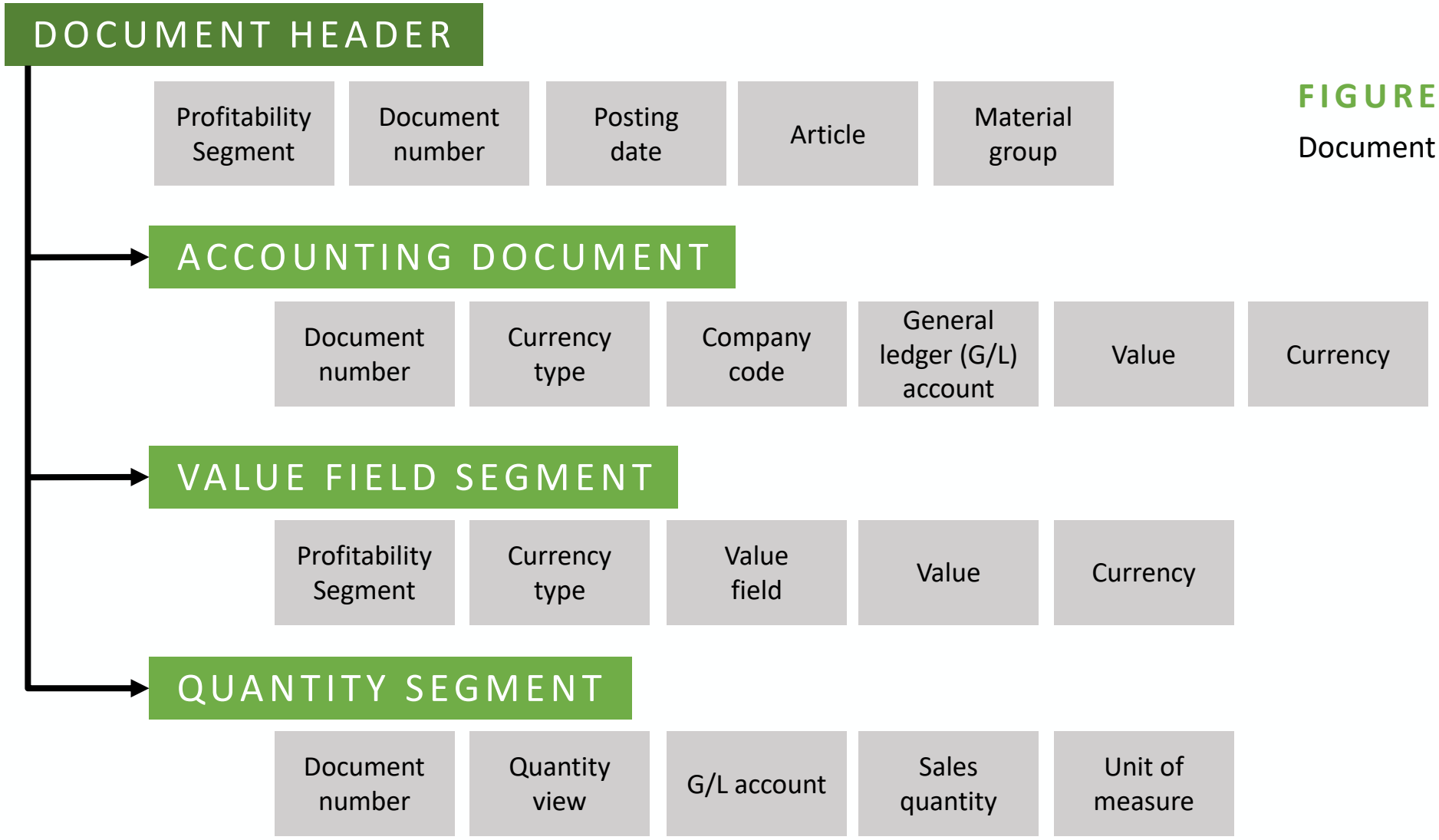
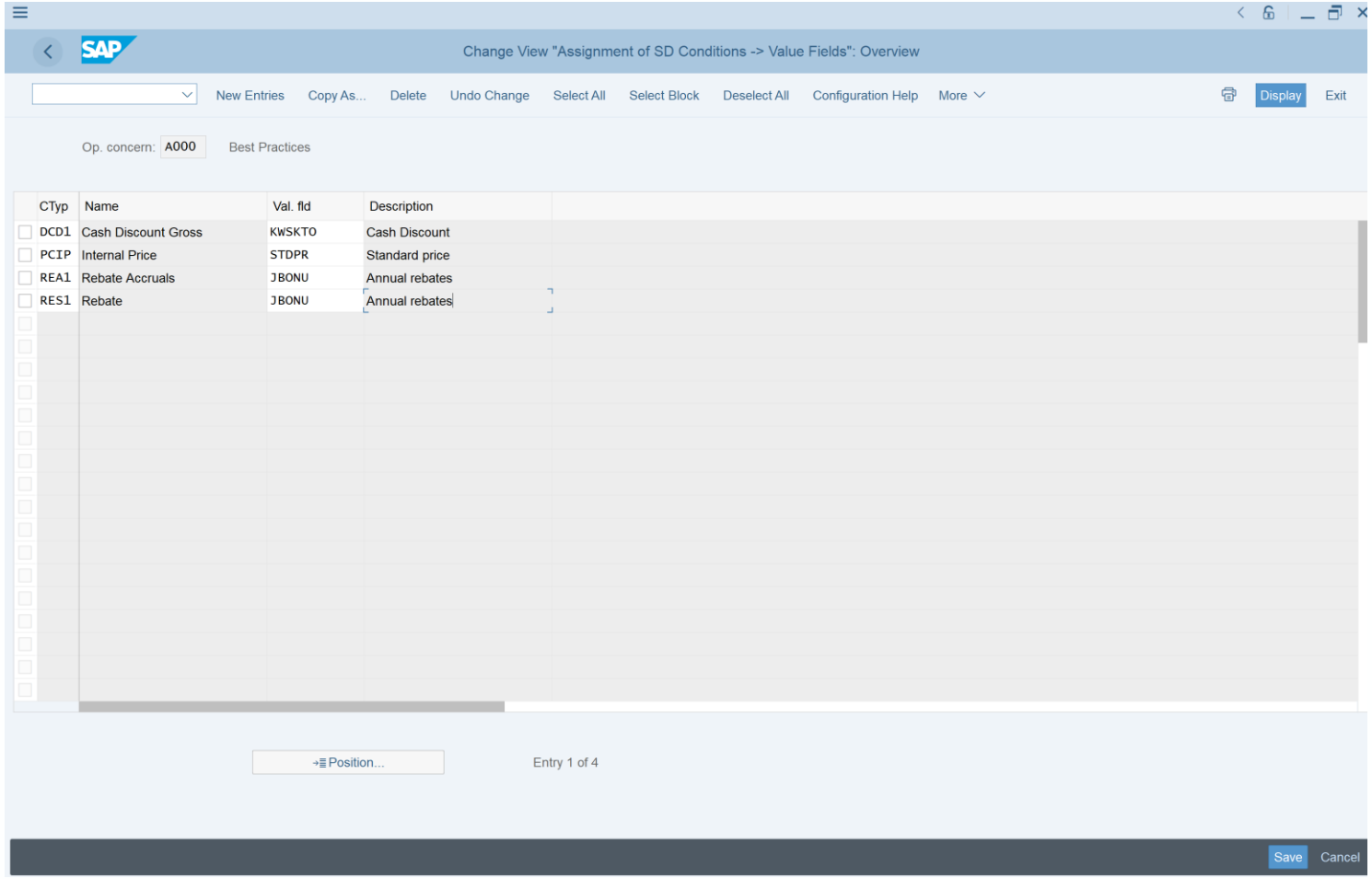


FIGURE 2

Document structure in combined CO-PA

Combined CO-PA Example

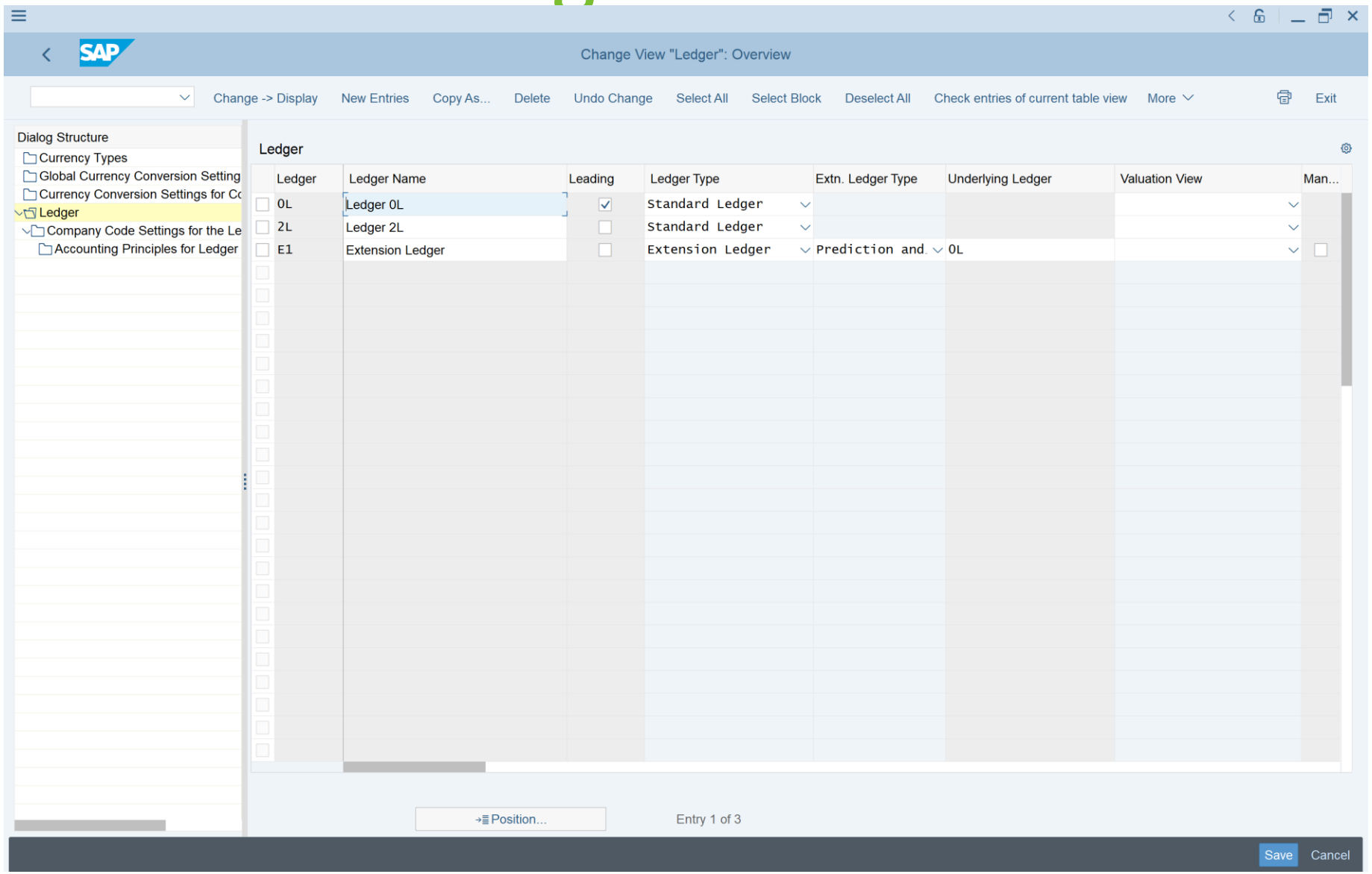


Combined CO-PA Prerequisites

- S4CORE Level SP1 or above
- Implement SAP Note 2370683

(SAP S/4 HANA Finance 1610 or higher version)

Extension Ledger



Gross To Net Analysis Forecast

(LEADING LEDGER)

ACCOUNT	CURRENT PERIOD	PRIOR PERIODS	CURRENT BALANCE
Gross Revenue			100
Rebates and Chargebacks	(20)	(5)	(25)
Prompt Pay Discounts	(2)	-	(2)
Allowances for Sales Returns	(1)	-	(1)
Distributor Fees	(5)	-	(5)
Net Revenue			67

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Gross To Net Analysis Forecast

(EXTENSION LEDGER)

ACCOUNT	FUTURE PERIOD	PRIOR PERIODS	FUTURE BALANCE
Gross Revenue			110
Rebates and Chargebacks Accrued	(22)	(5)	(27)
Prompt Pay Discounts	(2)	-	(2)
Allowances for Sales Returns	(1)	-	(1)
Distributor Fees	(5)	-	(5)
Net Revenue			75

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Key SAP Notes

- 1955893 - cPA: The combined profitability analysis
- 2344093 - cPA: Combined profitability analysis - implementation guide
- 2635566 - FAQ on Combined Profitability Analysis (cPA)

Q&A

For questions after this session, contact us at vpal@clarkstonconsulting.com and vsison@clarkstonconsulting.com or at Booth #1234 Clarkston Consulting.

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