Americas' SAP Users' Group

Axalta's Journey Implementing S/4 HANA Central Finance

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About the Speaker

Ankur Banga

- Solution Architect, Axalta Coating Systems
- Extensive experience in planning and execution of SAP finance transformations since 2006
- MBA in Finance and certified in 5 SAP modules
- Love to bike in the summer and ski in the winter

Key Outcomes/Objectives

1. Learn about Axalta and its reasons to implement S/4 HANA Central Finance

2. Highlight the 11 month journey from project approval, design, build, test and all the way to go-live

3. Highlight key successes and areas of improvement for future CFIN implementations

Agenda

- Axalta Overview
- Why Axalta chose Central Finance
- Benefits realized
- Our corporate reporting landscape
- Axalta's journey to a successful implementation
- Key Success Factors
- Areas of Opportunity
- Central Finance Run & Maintain requirements

Axalta's Global Breadth and Scope

$4.7 Billion in Revenue

100,000+
Customers

4,000+
Distributors

~14,000
People

130
Countries

50+
Brands

50
Manufacturing Centers

47
Training Centers

4
R&D Technology Centers

30+
Laboratories

150+
Years in the Industry

Durable coatings that protect, enhance productivity and add beauty

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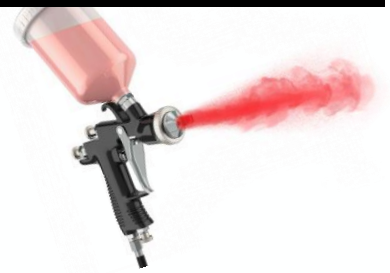
Customer Segments and End-Use Markets

	TRANSPORTATION COATINGS		PERFORMANCE COATINGS	
SEGMENTS				
END MARKETS	**LIGHT VEHICLES** ▪ Automotive Interiors ▪ Automotive Parts and Components (APC) ▪ Original Equipment Manufacturers (OEM)	**COMMERCIAL VEHICLES** ▪ Aviation ▪ Bus ▪ Heavy and medium duty trucks ▪ Marine ▪ Rail ▪ Recreational & off-road ▪ Trailers and utility trucks	**INDUSTRIAL** ▪ Electrical insulation systems ▪ Architectural & decorative ▪ Oil & gas pipelines ▪ Valves & rebar ▪ Automotive components & specialized coatings ▪ Metal furniture & playground ▪ General industrial ▪ Agriculture, construction & earth moving equipment ▪ Coil / extruded metal ▪ Industrial wood coatings	**REFINISH** ▪ Multi-shop operators ▪ Independent body shops ▪ Light vehicle / car dealerships ▪ Commercial Vehicle aftermarket
POSITION	Global leading supplier to OEMs	#1 Global supplier to heavy duty truck and bus segments	#2 Global supplier to the electrical insulation sector #2 Global supplier to the powder coatings sector #2 North America supplier of industrial wood coatings	#1 Global supplier to refinish sector

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Why Axalta chose Central Finance

Axalta is planning a multi-year business transformation initiative to transition from disparate processes to standard, global, harmonized and efficient processes leveraging a single instance SAP S/4HANA as the technology enabler

First step in this transformation journey was to develop a financial reporting platform based on

- SAP S/4 HANA Central Finance
- BPC Optimized for S/4 HANA Planning

Axalta selected CFIN as the solution of choice to

- Replace a summarized management reporting system focused on month-end reporting
- Provide a platform for seamless integration of mergers & acquisition
- Establish the foundation of a global transactional system, both technically and functionally

Benefits Axalta realized

Platform-inherent benefits

Real-time reporting

- Caution – some process like depreciation, payroll and translation are still periodic

Granular Reporting

- At customer, vendor and material level

Segment Reporting

- Accounting and reporting by Segments

Modern Interface

- Fiori

Benefits from Axalta's Process-Redesign

Dimensionality switch

- Redefined profitability characteristics with no impact to core transactional systems

Agile and efficient closing process

- Eliminate complex, sequential Special Purpose Ledger processes
- Eliminate manual file transfers
- Reduce reconciliation efforts

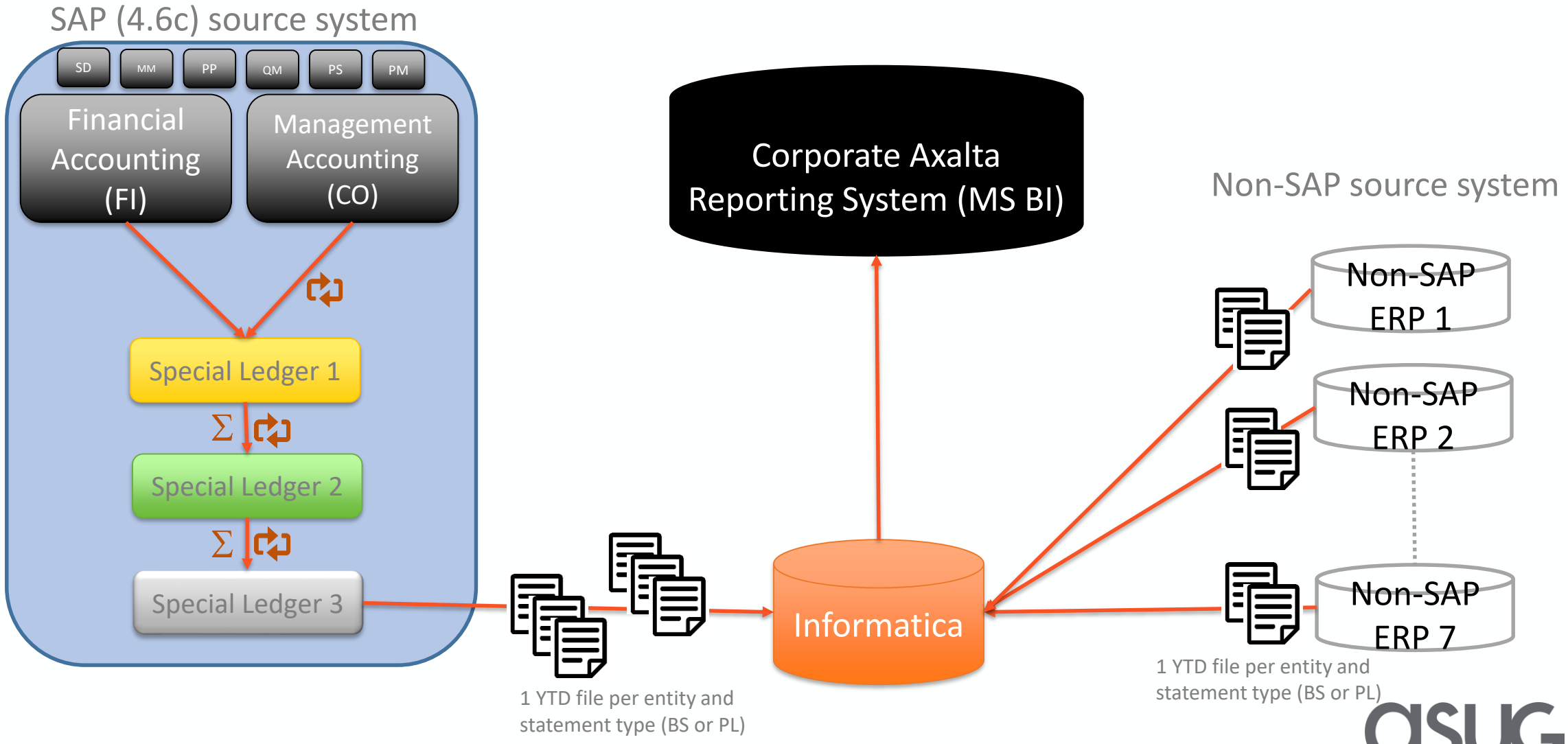
Custom COPA to Standard FI

- Fully utilize all transactional (Allocations, Translations etc.) and reporting requirements

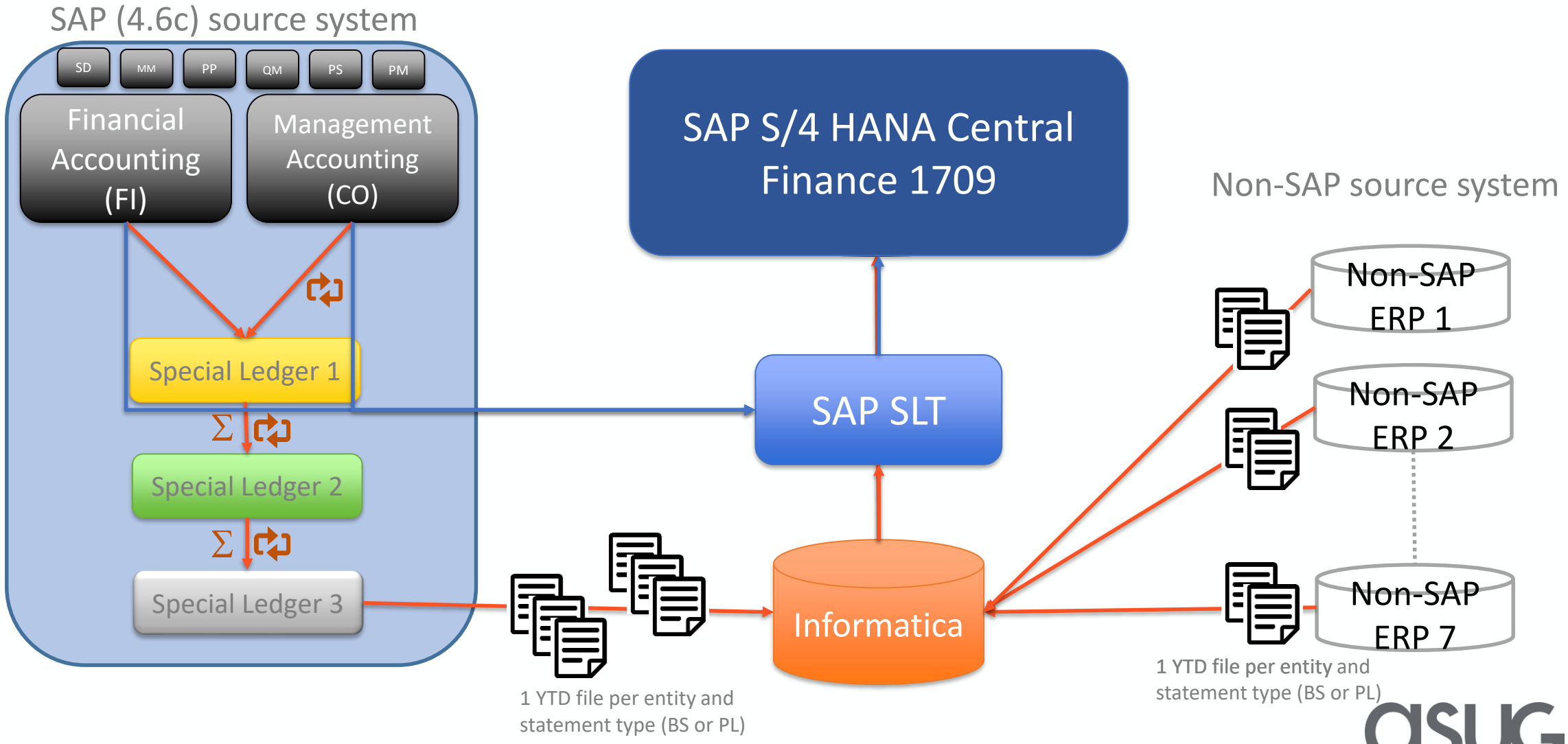
Quantity reporting

- Complement financial values with quantities, converted to standardized global units of measure

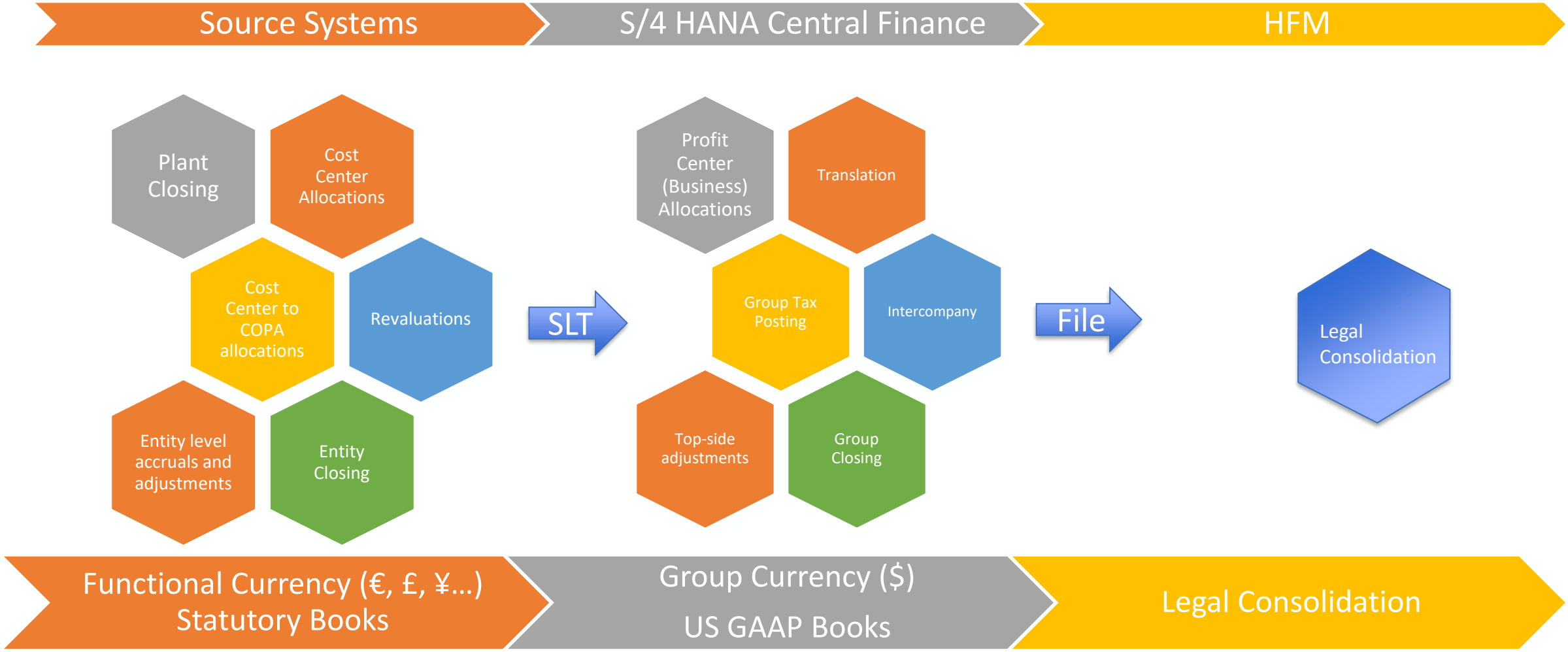
Corporate Reporting System Landscape - Before



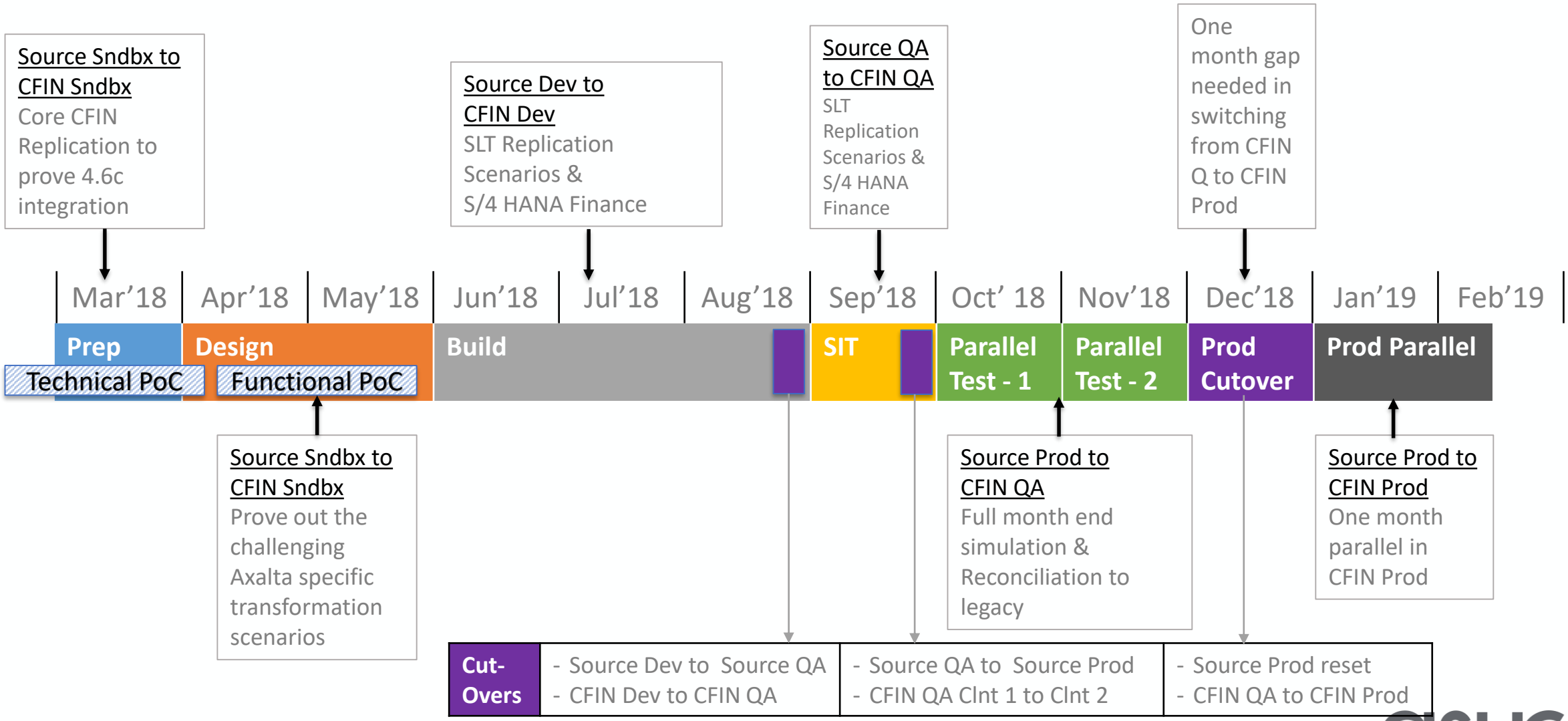
Corporate Reporting System Landscape - After



Process Architecture



Axalta's journey to a successful implementation



Success Factors – Program level

- Executive sponsorship and effective governance structure
- Business/Finance ownership
- Timely decision making
  - Timely analysis to facilitate escalation and executive decision making
  - It's a democracy, but not everyone gets a vote
- Adherence to fit-to-standard principles
  - Gaps approved by Operating Committee
- Adherence to scope guidelines
- Technical PoC prior to project launch
- Testing/Validation Methodology

Success Factors – Solution Level

- Flexibility to amend source system
  - Support pack update on source
  - Adding Trading Partner to GL accounts master data
  - Replicating some source system Special Ledger postings to source system FI, instead of creating custom interface from source SPL to CFIN
- Limited Master Data setup
  - Customer/Vendor: only minimum required fields for Client and Company segments
  - Material: only minimum required fields for the Basic Data segment
  - Maintaining flexibility for master data design with full ERP implementation
- Data Migration Cockpit for simple master data loads
- SLT filters for local-Gaap document types and posting date
- Simplified, yet more detailed intercompany master data and postings

Success Factors – Solution Level (contd..)

- Cost object conversion
  - WBS conversion to IOs
  - PP/QM/PM Order and IO many to one mapping, by order type and company code
  - Certain 1:1 order mapping as well
  - Enhancement to derive PC from source posting, for CO internal postings
  - Enhancement to change business transaction type as certain PP Order transaction types are not allowed for Internal Orders
- COPA replication from FI-integrated postings in source
- CO document replication – Cost Center assessments, distributions (including interco) and Cost Center to COPA assessments worked out of the box
- Custom program to toggle AIF message status to be able to re-process documents for testing

Success Factors - Knowing the limitations

For all SAP source systems

- ≠ Document Splitting is not supported
- ≠ Key and Value mappings don't have effective-date feature capability

For ECC 5.0 and lower source systems

- = Source systems below ECC 5.0 are not supported
- = Source system 4.6c needs to be at patch 58 or higher to utilize SAP's source system CFIN code
- ≠ Clearing replication is not supported
- = One-time accounts are not supported
- ≠ Cost component split is not supported
- = CFIN Reconciliation Reports are not supported

≠ Axalta did not implement this feature

= Axalta customized for identified limitations

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Areas of Opportunity – Program Level

Do not underestimate performance requirements

- Replication: number range buffering, bulk processing, non-synchronous updates and fine-tuning of different memory parameters were effective in remediation
- Reporting: avoiding use of certain (performance impacting)front-end features of AFO provided a work-around

Plan, simulate and consider contingencies on design aspects from end to end

- There might be legacy dimensions that you may require full reporting on, decide on coding block accordingly

Plan ahead for conversion to Business Partner

- Overlapping number ranges between customer and vendor in source systems require consideration and appropriate action plans

Historical Load complexity and resource requirement

- As our historical data source was a reporting system and not the source transactional systems, we loaded historical data through CFIN External Interface.
- AR, AP (alternate recon accounts) open items and Cash balance loads added significant complexity to the GL balance conversions
- Special handling of special characters in text fields required due to use of BPC Optimized / Embedded BW

Tail end business processes like FP&A need special attention during the project

Working with ECC 5.0 or lower source systems means you cant expect available CFIN notes to solve known issues

- Manual down-porting and implementation of CFIN notes might be necessary

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Areas of Opportunity – Solution Level

- Complexity with handling dependency of reference documents in replication
  - Reversals, clearings and document changes in source system
- Document summarization vs document splitting (999+ items) present significant complexity
- Need to implement the same CFIN transformation/code in up to 3 enhancement spots – FI document, CO document and Non-SAP
- Adding and transferring custom fields (COPA characters) to SLT replication presents technical and master data challenges
- Additional enhancements are required for Non-SAP SLT Interfaces
  - Certain mapping entities are not available i.e. Trading Partner
  - Not all standard coding blocks elements are available in Non-SAP AR/AP interfaces

Central Finance Run & Maintain requirements

CFIN *environment maintenance* in addition to transactional system maintenance

- Maintaining configuration in sync
  - Limited to replicated Org Units and some document posting configuration
- Maintaining master data in sync
  - Manual upkeep for certain master data
    - Example in Axalta case: GL Accounts
  - Automated interface maintenance
    - Example in Axalta case: Customer, Vendor & Material
- CFIN regression testing for any source system changes that impact document posting
- Environment refresh plans keeping CFIN in perspective

Plan and budget on *continuous improvement*

- New granular, real-time reporting presents new opportunities for deeper and more meaningful insights

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Presentation Materials

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

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Q&A

For questions after this session, contact me at ankur.banga@axalta.com

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