



# Move Beyond Spreadsheets for Lease Accounting (ASUG 84509)

Thomas Anderson, SAP  
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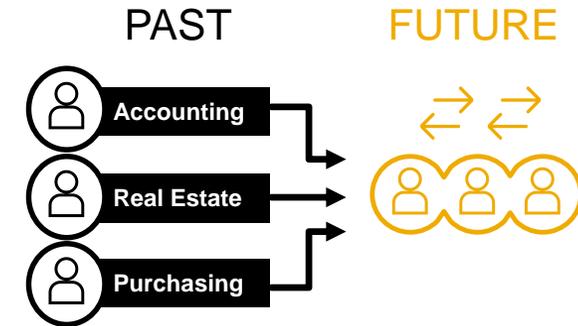
# Agenda

## 1. The new lease accounting standards

2. Compliance – A great milestone
3. Optimize – Leveraging technology to continue compliance
4. Transform – Supporting on-going success
5. Transition options to SAP Contract and Lease Management
6. SAP Contract and Lease Management Road map
7. Summary

# New Common Regulations for Contract and Lease Management

## The Leasing Event of a Generation – Driving Significant Change



### Extensive Impact

- New standard on leasing released by FASB and IASB
- Every IFRS/ US-GAAP reporting company renting real estate or leasing equipment will be impacted
- Large companies with big property portfolio are affected most and need to react quickly to prepare

### Capitalization of Leases

- Need to capitalize most operating leases and record these lease obligations on the balance sheet as assets and liabilities
- US GAAP requires classification of leases of operating or finance lease with different accounting treatments
- Short term and low value leases are excluded from capitalization but must be disclosed

### Transformation of Processes

- Besides affected accounting, new standards will transform corporate business processes in many areas
- Lease Administrators and Accountants must coordinate efforts and operate without business silos

# The Lease Accounting Adoption Journey

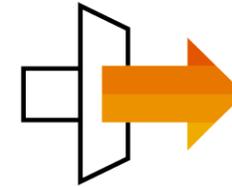
**Comply**  
To meet the needs of today's  
Compliance Standards



**Optimize**  
To improve ROI and position for  
tomorrow



**Transform**  
To drive innovation and  
agility to survive the  
future





# Agenda

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# Comply

Completing the tasks required for compliance



## Comply

- Standardization
- **Do what is needed** to achieve/meet/demonstrate the guidance of the regulations/GAAP
- **Limited change to existing business processes** and/or core technology systems  
- minor adaptation where required
- **Automation where convenient**, not a focus (priority)
- Some to significant **manual intervention anticipated** to achieve/meet/demonstrate
- Limited integration due to time constraint and desire to minimize complexity

# Spreadsheets are the most common compliance tool

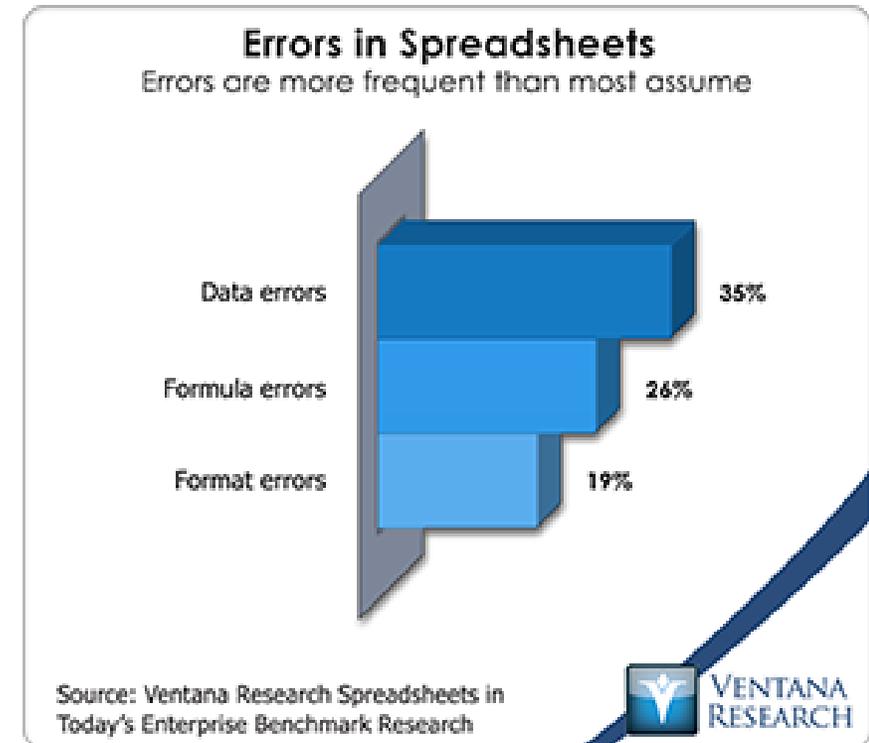
Simplicity lends itself to errors

Plimpton 322 Tablet - even the Babylonian's made copy/paste errors

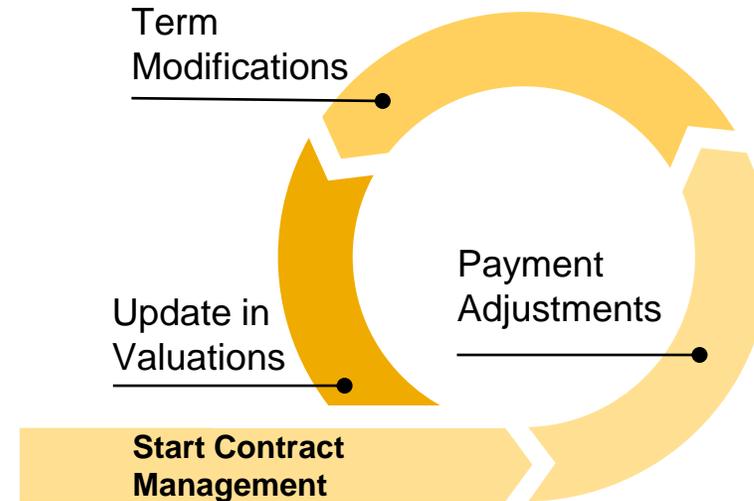
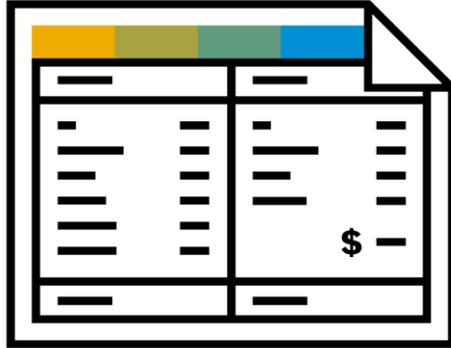


The Plimpton 322 showing Pythagorean triplets: a 'spreadsheet' from c. 1800 BC

But will that protect your organization today?



# Lease accounting is more than just one time compliance



## Compliance (Day 1)

- Calculate valuations for lease
- Create Right of Use Assets and Liabilities
- Post depreciation, interest and repayment of liability
- Generate disclosure reports

## Record to Report (Post Adoption)

- Manage lease modifications ensuring reassessments are accurately reflected
- Manage lease renewals and early terminations, eliminating potential for “evergreen” leases
- Manage CPI adjustments
- Support SOX compliance
- Multi-currency valuations
- Reclassification of short-term and long-term liabilities



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# Optimize

Reducing manual intervention using technology



## Optimize

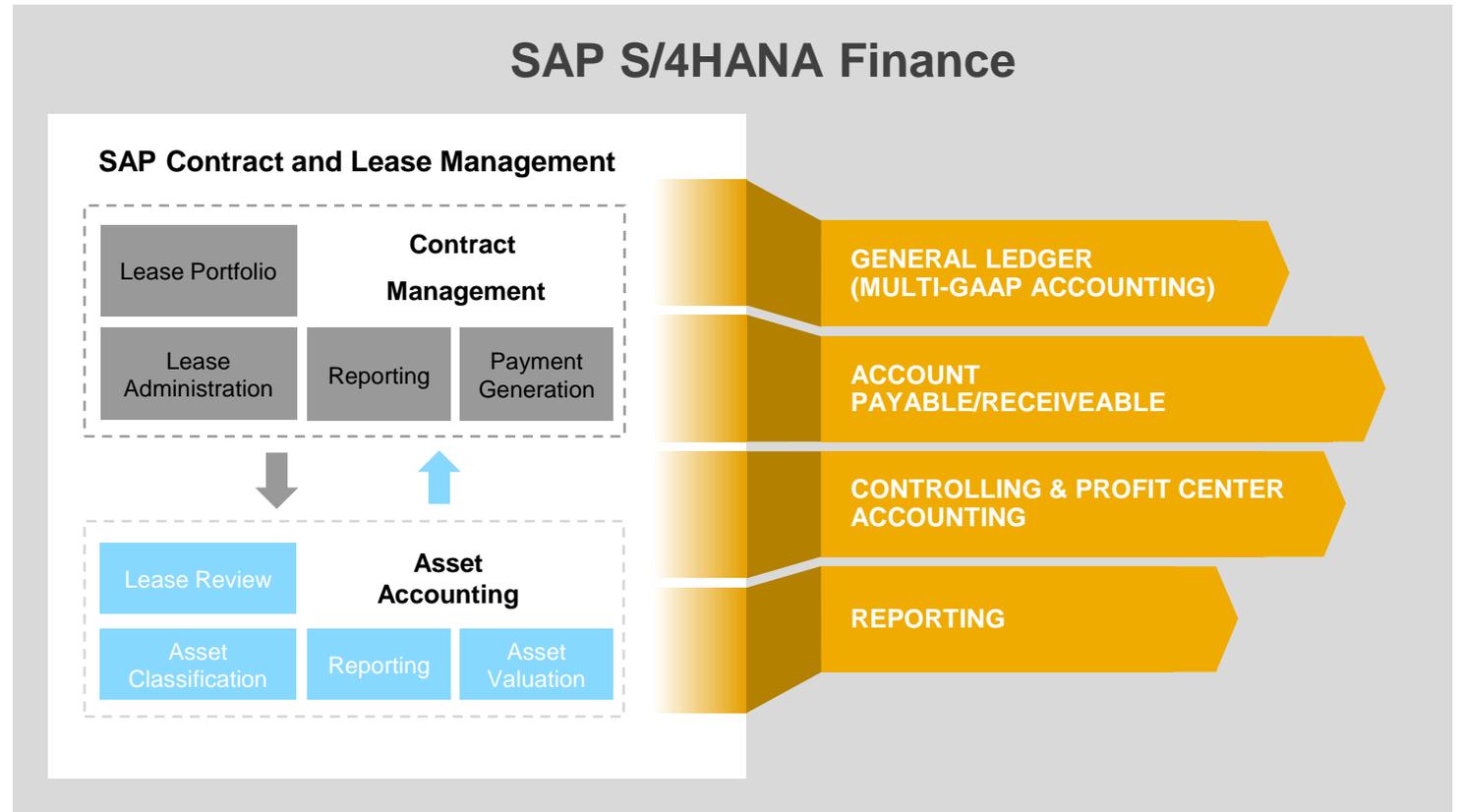
- **Review existing processes/technologies** and seek to improve using lessons learned from implementation
- Little to some manual intervention - a **focus on reducing manual workarounds** and interventions
- **Increased automation** with key external systems
- Use of data to **look retrospectively** and improve and optimize processes going forward to include execution, visibility, transparency, controls, and role responsibilities

# SAP Contract and Lease Management

Natively Integrated Leasing Solution with SAP S/4HANA Finance

SAP Contract and Lease Management Solution is part of SAP Finance – enabling the transformation of your leasing processes:

- Unified platform for lease administrators and asset accountants
- Standardized leasing processes
- Real-time valuation of finance leases
- Elimination of financial interfaces



Coordination between the **Lease Administrator** and **Asset Account** is critical for proper classification and valuation. Sharing a common platform eliminates operational silos between these critical players.

# SAP Contract and Lease Management

Leveraging a Proven Solution Used by Customers Globally

## Contract Management

- Different lease types for lease in and lease out
- Leasing partners
- Subject of agreement like cost center, property, WBS Elements, equipment, internal Orders, etc...
- Terms and conditions for notice and renewal options (validity)
- Lease payment cash flow with full integration
- Critical dates and reminders
- Document management



## Multi-GAAP Posting

- Multi-GAAP enabling (IFRS, US GAAP, HGB)
- Manage right-of-use assets and liabilities
- Customer / Vender accounting
- Post depreciation and repayments
- Lease payments
- Controlling / Profit center accounting

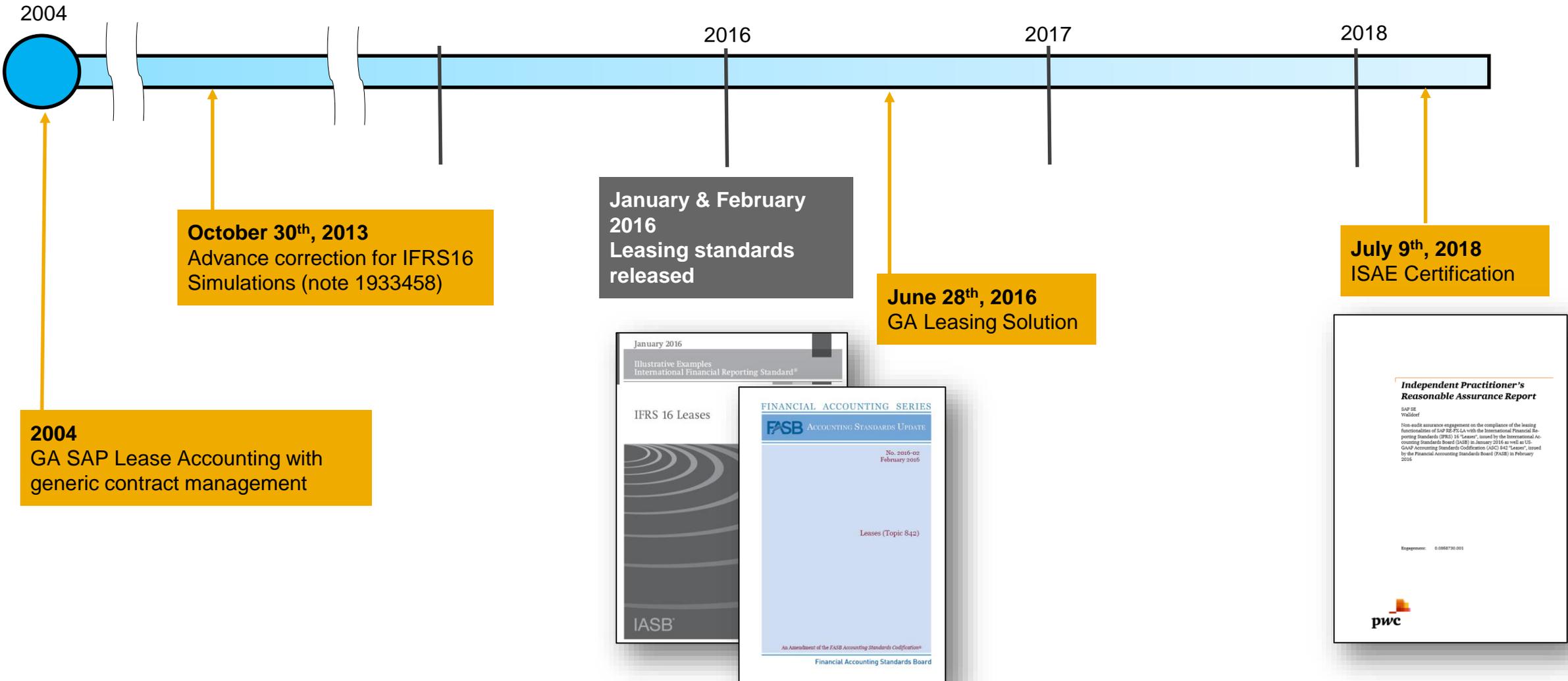
## Valuation and Classification

- Classification and valuation rules
- Calculate and report on net present value, depreciation, repayment and interest rate
- Lease Modification, Re-Assessments
- Statistical Valuation for non SAP Company Codes
- Support transition scenarios
- Create / Link to fixed assets

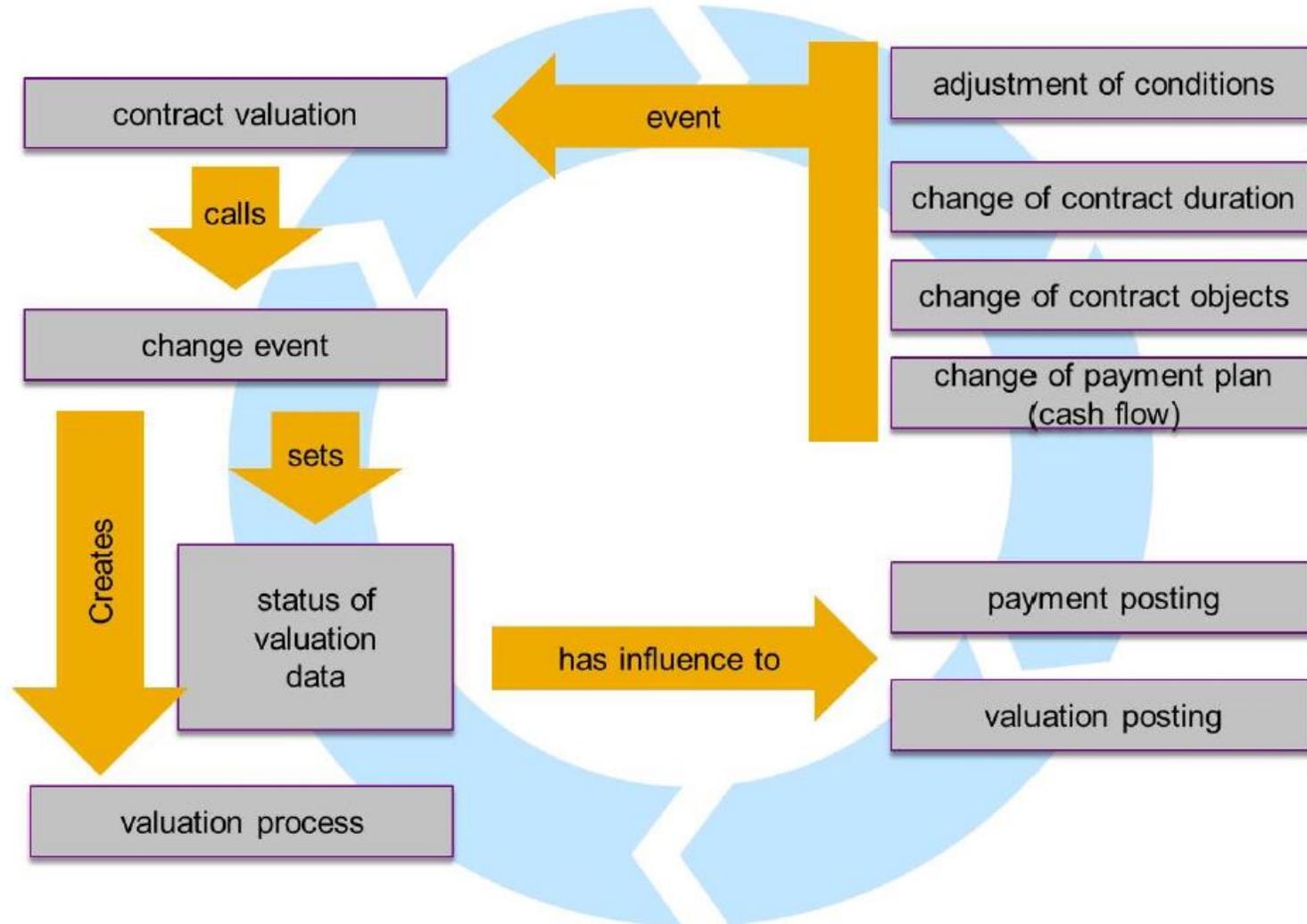
# SAP Lease Accounting Timeline

Solution built on a proven platform

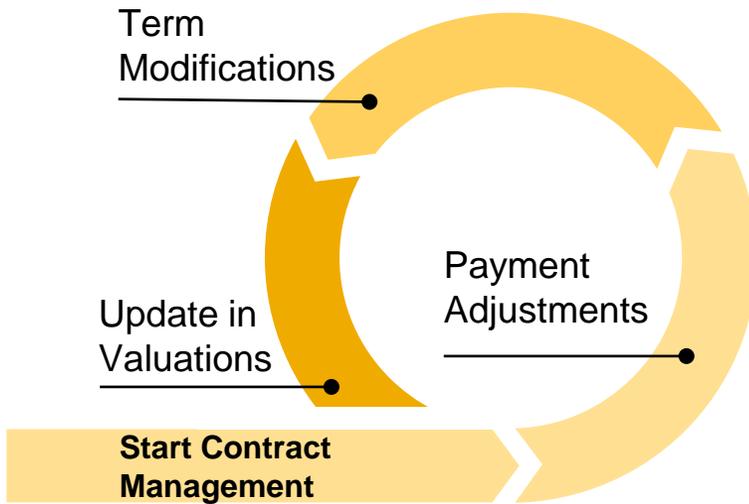
Developed with four Innovation Customers in different regions and with cooperation with global SAP Partners



# Change Events Impact Valuation Process



# Payment change impact on valuation



## Prior to modification

Valuation Result

Valuation Rule:\* International Financial Reporting Standards (IFRS16) ( IFRS16 )

Present Value: 31.167,32 / EUR

Contract Value: 33.000,00 / EUR

Assets Depreciation Clearing Interest

ValAccountAssignment	Due Date	Assets	Crcy	Status	FType	Flow Type Name
FXA LRE1/300032/0	01.01.2019	31.167,32	EUR	+	I110	RoU/Present Value (AA)
		<b>31.167,32</b>	<b>EUR</b>			
		<b>31.167,32</b>	<b>EUR</b>			

## After modification

Valuation Result

Valuation Rule:\* International Financial Reporting Standards (IFRS16) ( IFRS16 )

Present Value: 21.571,70 / EUR

Contract Value: 22.200,00 / EUR

Assets Depreciation Clearing Interest

ValAccountAssignment	Due Date	Assets	Crcy	Status	FType	Flow Type Name
FXA LRE1/300032/0	01.01.2019	31.167,32	EUR	+	I110	RoU/Present Value (AA)
	01.01.2020	194,34	EUR	++	I111	RoU/Present Value (AA) (+)
		<b>31.361,66</b>	<b>EUR</b>			
		<b>31.361,66</b>	<b>EUR</b>			

# Automatic update of all financial calculations and postings

REC Lease In Accounting LRE1/1000008 Display: Overviews

Contract: LRE1/1000008 Sapphire Change in Price Modification Exa...

General Data with Fast Entry Partners Term Objects Differing Measurements Posting Parameters Conditions Valuation Parameters Valuation Adjustment Resubmission **Overviews**

Overview: Valuation Cash Flow

No.	Val.Rule	Calendar Year	Period	Contr.Val.	Pres.Val.	Assets	Opening Balance	Depreciation	Closing Balance	Opening Balance	Clearing	Interest	Closing Balance		
1	IFRS16	2018	1	33.000,00	31.167,32	31.167,32				31.167,32	11.000,00		20.167,32		
			12				31.167,32	10.389,11	20.778,21	20.167,32		1.210,04	21.377,36		
		2019	1								21.377,36	11.000,00		10.377,36	
			12	20.778,21	10.389,10	10.389,11	10.377,36		622,64	11.000,00	11.000,00		✓		
		2020	1								11.000,00				
			12	10.389,11	10.389,11	✓									
						31.167,32	31.167,32		33.000,00	1.832,68					
						31.167,32	31.167,32		33.000,00	1.832,68					

Contract: LRE1/1000008 Sapphire Change in Price Modification Exa...

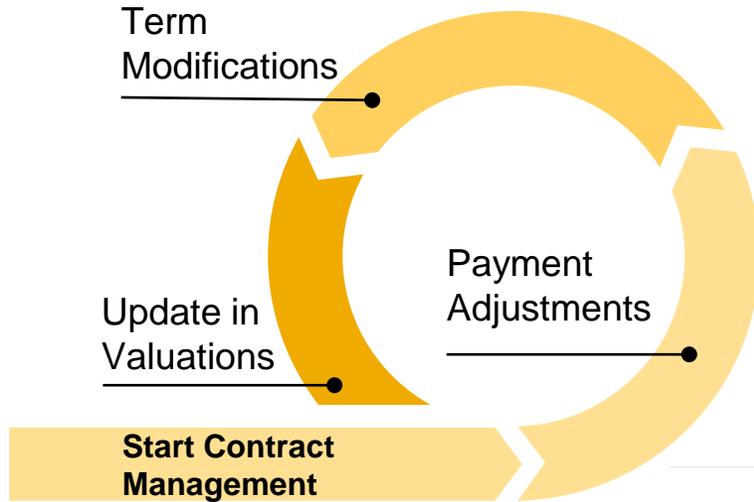
General Data with Fast Entry Partners Term Objects Differing Measurements Posting Parameters Conditions Valuation Parameters Valuation Adjustment Resubmission **Overviews**

Overview: Valuation Cash Flow

Display (Newest Level)

No.	Val.Rule	Calendar Year	Period	Contr.Val.	Pres.Val.	Assets	Opening Balance	Depreciation	Closing Balance	Opening Balance	Clearing	Interest	Closing Balance	
1	IFRS16	2019	1	33.000,00	31.167,32	31.167,32				31.167,32	11.000,00		20.167,32	
			12			31.167,32	10.389,11	20.778,21	20.167,32		1.210,04	21.377,36		
		2020	1	22.200,00	21.571,70	194,34	21.571,70	11.100,00		10.471,70				
			12	20.972,55	10.486,28	10.486,27	10.471,70		628,30	11.100,00	11.100,00		✓	
		2021	1								11.100,00			
			12	10.486,27	10.486,27	✓								
						31.361,66	31.361,66		33.200,00	1.838,34				
						31.361,66	31.361,66		33.200,00	1.838,34				

# Term change impact on valuation



Valuation (1): International Financial Reporting Standards (IFRS16)

Valuation + Conditions Memo **Addition of Probable End Date**

Number: 1 International Financial Reporting Standards (IFRS16)

Valid\*: From 01.01.2021

Object: COB 0010 Building #1

Asset: LRE1 300033 0 Building #1

Start of Consid: 01.01.2021 End of Usage RoU:

Probable End: 31.12.2026 Absolute End: 31.12.2021

Interest Rate: 6,0000000000 Val. Behavior: Absolute Difference

## After modification

Valuation Rule\*: International Financial Reporting Standards (IFRS16) ( IFRS16 )

Present Value: 67.760,73 / EUR

Contract Value: 78.000,00 / EUR

Assets Depreciation Clearing Interest

ValAccountAssignment	Due Date	Assets	Crcy	Status	FType	Flow Type Name
FXA LRE1/300033/0	01.01.2019	33.890,71	EUR	+	I110	RoU/Present Value (AA)
	01.01.2021	54.760,73	EUR	++	I111	RoU/Present Value (AA) (+)
FXA LRE1/300033/0		88.651,44	EUR			
		88.651,44	EUR			

# Automatic update of all financial calculations and postings

REC Lease In Accounting LRE1/1000009 Display: Overviews

Contract: LRE1/1000009 68 Sapphire Change in Term Modification Exa...

General Data with Fast Entry Partners Term Objects Differing Measurements Posting Parameters Conditions Valuation Parameters Valuation Adjustment Resubmission **Overviews**

Overview:\* Valuation Cash Flow

No.	Val.Rule	Calendar Year	Period	Contr.Val.	Pres.Val.	Assets	Opening Balance	Depreciation	Closing Balance	Opening Balance	Clearing	Interest	Closing Balance	
1	IFRS16	2019	1	36.000,00	33.890,71	<b>33.890,71</b>				33.890,71	<b>11.000,00</b>		22.890,71	
			12				33.890,71	11.296,90	22.593,81	22.890,71		<b>1.373,44</b>	24.264,15	
		2020	1				24.264,15	<b>12.000,00</b>		12.264,15				
			12	22.593,81	11.296,91	11.296,90	12.264,15		<b>735,85</b>	13.000,00				
		2021	1				13.000,00	<b>13.000,00</b>						
			12	11.296,90	11.296,90									
								<b>33.890,71</b>	<b>33.890,71</b>		<b>36.000,00</b>	<b>2.109,29</b>		
								<b>33.890,71</b>	<b>33.890,71</b>		<b>36.000,00</b>	<b>2.109,29</b>		

Overview:\* Valuation Cash Flow

Display (Newest Level)

No.	Val.Rule	Calendar Year	Period	Contr.Val.	Pres.Val.	Assets	Opening Balance	Depreciation	Closing Balance	Opening Balance	Clearing	Interest	Closing Balance
1	IFRS16	2019	1	36.000,00	33.890,71	<b>33.890,71</b>				33.890,71	<b>11.000,00</b>		22.890,71
			12				33.890,71	11.296,90	22.593,81	22.890,71		<b>1.373,44</b>	24.264,15
		2020	1				24.264,15	<b>12.000,00</b>		12.264,15			
			12	22.593,81	11.296,91	11.296,90	12.264,15		<b>735,85</b>	13.000,00			
		2021	1	78.000,00	67.760,73	<b>54.760,73</b>	<b>67.760,73</b>	<b>13.000,00</b>		54.760,73			
			12				54.760,73		<b>3.285,64</b>	58.046,37			
		2022	1				58.046,37	<b>13.000,00</b>		45.046,37			
			12	55.048,02	11.009,60	44.038,42	45.046,37		<b>2.702,78</b>	47.749,15			
		2023	1				47.749,15	<b>13.000,00</b>		34.749,15			
			12	44.038,42	11.009,60	33.028,82	34.749,15		<b>2.084,95</b>	36.834,10			
		2024	1				36.834,10	<b>13.000,00</b>		23.834,10			
			12	33.028,82	11.009,61	22.019,21	23.834,10		<b>1.430,05</b>	25.264,15			
		2025	1				25.264,15	<b>13.000,00</b>		12.264,15			

# Disclosure Slide

Overview of Liabilities Grading

More ▾

Valuation R...	Name of Valuation Rule	CType	Contr.type text	G/L acct	Name	01.01.2019 - 31.12.2019	Crcy	01.01.2020 - 31.12.2023	01.01.2024 -
FASB842 FL	FASB842 - Finance Lease	YLV2	Lease In	167000	Lease Liability	1.716.858,00	EUR	6.867.432,00	55.498.740,00
FASB842 OL	FASB842 - Operating Lease	LRE2	Lease In Accounting	167000	Lease Liability	228.519,00	EUR	557.544,00	255.600,00
		YLV2	Lease In	167000	Lease Liability	60.000,00	EUR	240.000,00	120.000,00
IFRS16	International Financial Reporting Standards (IFRS16)	LRE1	Lease In Accounting (Simple)	167000	Lease Liability	6.600,00	EUR	7.200,00	
		LRE2	Lease In Accounting	167000	Lease Liability	267.519,00	EUR	725.544,00	255.600,00
		YLV2	Lease In	167000	Lease Liability	9.764.104,44	EUR	12.103.931,64	670.311,12
						<b>12.043.600,44</b>	<b>EUR</b>	<b>20.501.651,64</b>	<b>56.800.251,12</b>

Cash Flow Data for Valuation

More ▾

Calendar Year	Period	Valuation R...	Valuated Contract	No.	Linearization	Opening Balance	Depreciation	Closing Balance	Opening Balance	Settlement	Interest	Closing Balance
2019	6	FASB842 OL	REC LRE1/10000006	1		58.448,86	2.991,99	55.456,87	58.448,86	3.162,00	170,01	55.456,87
			REC LRE1/10000008	1	1.000,00	420.067,96	12.804,66	407.263,30	316.734,61	11.000,00	1.528,67	307.263,28
			REC LRE1/1007	3		358.930,17	4.115,17	354.815,00	358.930,17	5.000,00	884,83	354.815,00
		FASB842 OL			<b>1.600,00</b>	<b>1.302.575,65</b>	<b>23.704,15</b>	<b>1.278.871,50</b>	<b>1.199.242,30</b>	<b>24.487,00</b>	<b>4.116,18</b>	<b>1.178.871,48</b>
		IFRS16	REC LRE1/10000003	7	100,00	63.795,25	619,38	63.175,87	65.511,09	750,00	215,87	64.976,96
			8	100,00	63.795,25	619,38	63.175,87	65.511,09	750,00	215,87	64.976,96	
			9	100,00	76.554,24	743,24	75.811,00	78.613,26	900,00	259,04	77.972,30	
			10	100,00	76.554,24	743,24	75.811,00	78.613,26	900,00	259,04	77.972,30	
			11	100,00	80.807,30	784,54	80.022,76	82.980,71	950,00	273,44	82.304,15	
			12	100,00	91.439,86	887,77	90.552,09	93.899,25	1.075,00	309,41	93.133,66	
			REC LRE1/10000004	1	50,00	10.770,93	566,90	10.204,03	10.903,63	600,00	51,52	10.355,15
			REC LRE1/10000006	2		56.856,31	2.992,44	53.863,87	58.448,86	3.162,00	170,01	55.456,87
			REC LRE1/10000008	2	1.000,00	416.251,72	13.427,47	402.824,25	316.734,61	11.000,00	1.528,67	307.263,28
			REC LRE1/10000010	1		99.880,12	1.816,01	98.064,11	100.687,83	2.000,00	328,96	99.016,79
			REC LRE1/10000011	1		74.910,11	1.362,00	73.548,11	75.515,90	1.500,00	246,72	74.262,62
			REC LRE1/1007	1		346.655,17	4.388,04	342.267,13	358.930,17	5.000,00	884,83	354.815,00
		REC LRE1/12	1		13.168.859,99	693.097,90	12.475.762,09	13.807.495,27	748.680,17	43.529,38	13.102.344,48	
		REC LRE1/168	1	1.000,00	882.399,39	13.170,14	869.229,25	942.100,14	16.500,00	4.628,00	930.228,14	
		REC LRE1/169	1		2.527.039,32	40.048,17	2.486.991,15	2.542.429,51	43.495,20	6.247,34	2.505.181,65	
		IFRS16			<b>2.650,00</b>	<b>18.036.569,20</b>	<b>775.266,62</b>	<b>17.261.302,58</b>	<b>18.678.374,58</b>	<b>837.262,37</b>	<b>59.148,10</b>	<b>17.900.260,31</b>
	6				<b>5.250,00</b>	<b>20.221.544,24</b>	<b>812.140,91</b>	<b>19.409.403,33</b>	<b>20.819.717,02</b>	<b>878.249,37</b>	<b>67.892,28</b>	<b>20.009.359,93</b>
					<b>5.250,00</b>	<b>20.221.544,24</b>	<b>812.140,91</b>	<b>19.409.403,33</b>	<b>20.819.717,02</b>	<b>878.249,37</b>	<b>67.892,28</b>	<b>20.009.359,93</b>

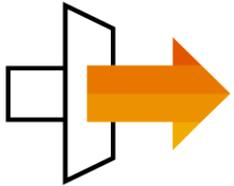


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# Transform

Strategic focus on optimizing leasing processes



## Transform

- Prioritize organizational needs – capabilities matrix/maturity profile/**strategic focus**
- Greater use of **standardized processes** aligned to desired performance
- Understand and actively utilize “Compliance Lens” through repeatable use of **dashboards and analytics** to improve insights and drive actions
- Maximum/Optimal integration among systems and processes
- **Continuous management** and improvement of data quality and management as an enterprise asset
- Continuous close and constant insight into compliance

# Portfolio Overview

Overview Country View Critical Dates Valuation

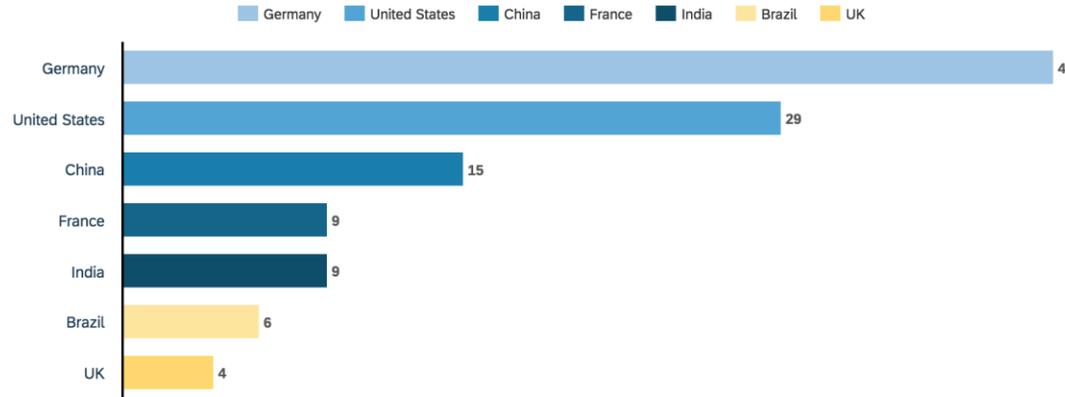
## Contract & Lease Management - Country View

### Select Dimension

- Country
- Contract:1st Partner
- Company Code
- Profit Center

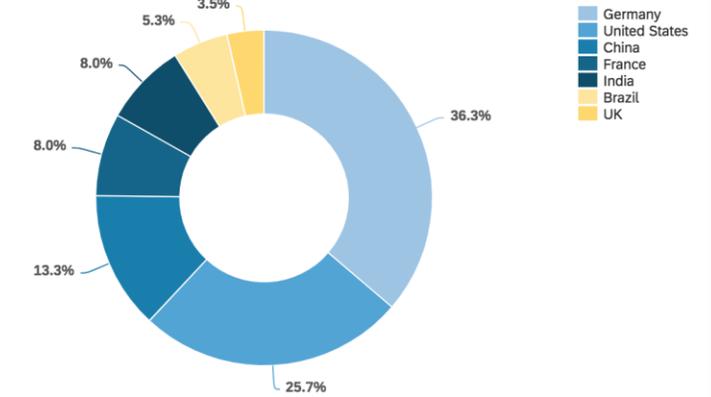
### Number of Contracts per Country

Country Filter | Top 7



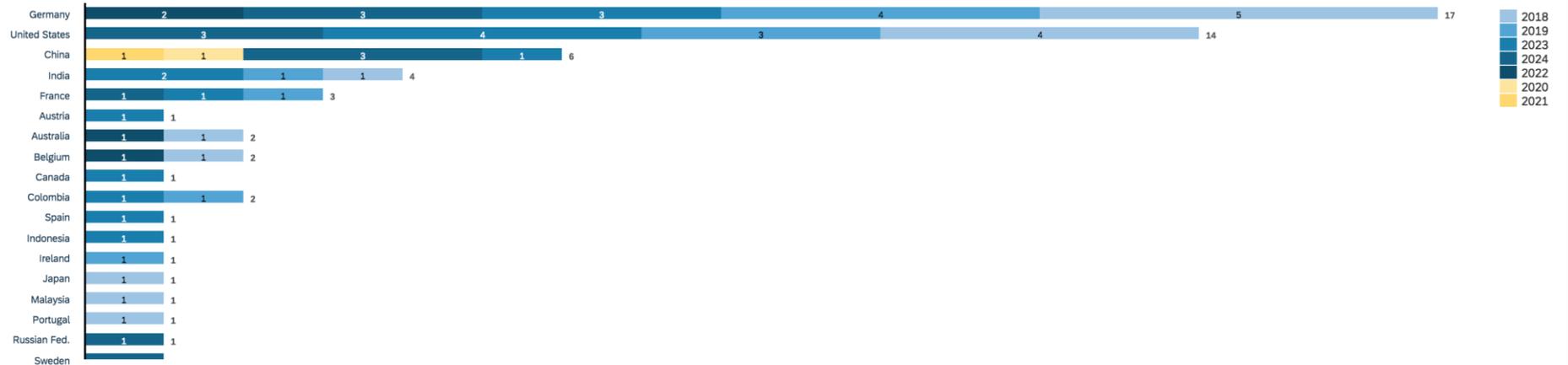
### Number of Contracts per Country

Contract:1st Partner Filter | Top 7



### Leases by Expiry Date for

Number | 2 Filters applied



# Critical Dates Management

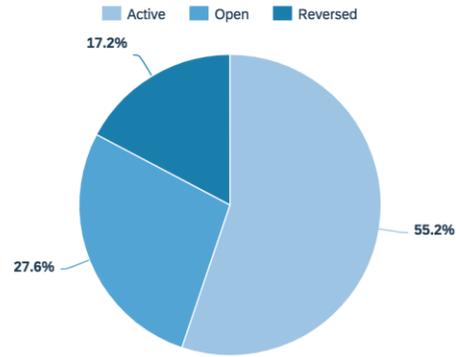
Overview Country View Critical Dates Valuation

## Contract & Lease Management - Critical Dates

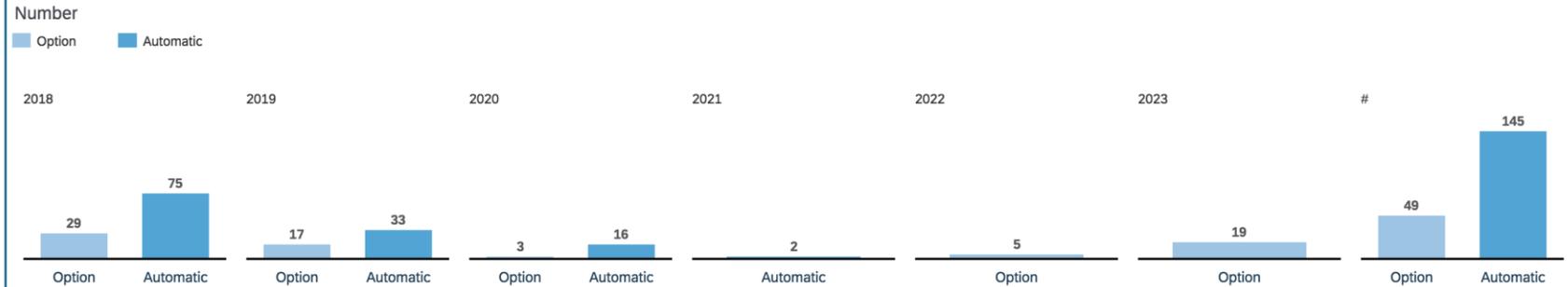
Timefilter for Notification Date



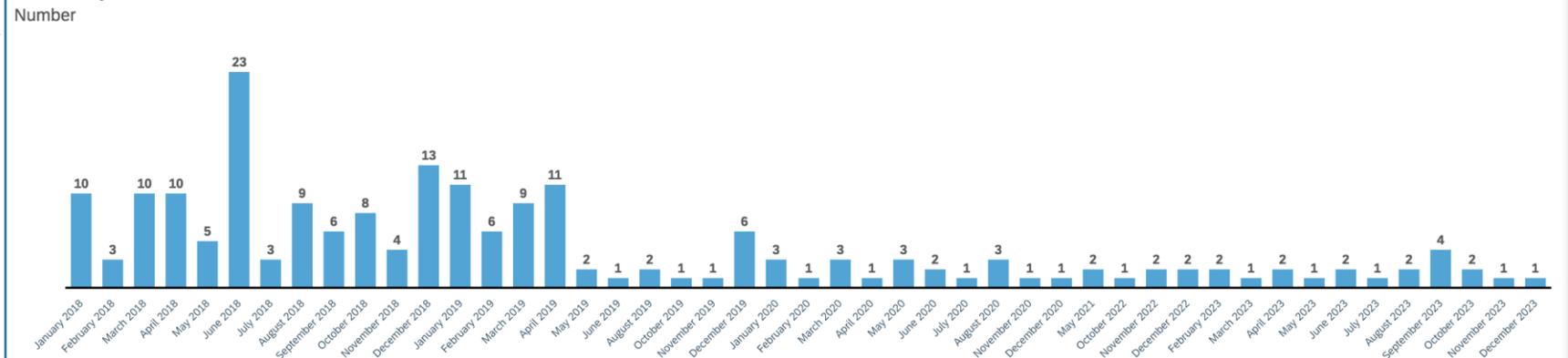
Leases per Renewal Status for 2018 - 2023  
in %



Leases per Rule Type for 2018 - 2023



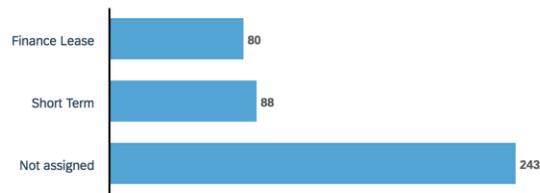
Leases by most Critical Date for 2018 - 2023



# Analysis of Lease Valuations

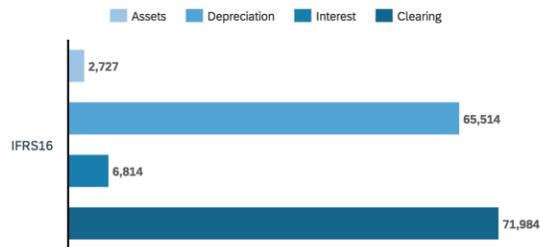
## Contract & Lease Management - Valuation

### Number of Records per Valuation Relevance



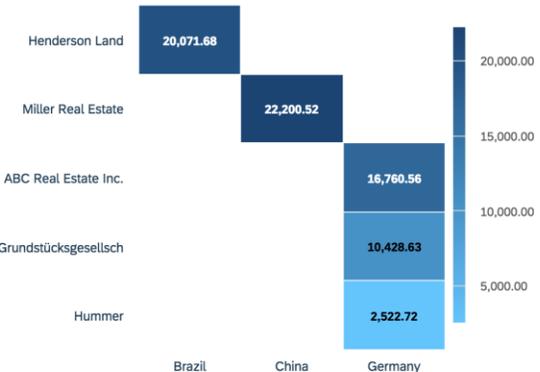
### Contract Portfolio by Cash Flow Type

in Thousand EUR



### Clearing per Contract Partner and Country

in Thousand EUR



### Valuation - Cash Flow Overview

in EUR Hidden 5 sorts applied

FISCAL YEAR / PERIOD	COMPANY CODE	CONTRACT	COUNTRY (DI...)	COUNTRY (SH...)	CONTRAC...	CONTRA...	END OF TERM	MEASURES			
								Assets	Depreciation	Interest	Clearing
October 2018	LRE1 LRE1	REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.31	53,095.84	274,763.27
		REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.45	51,089.68	435,304.38
		REC LRE1/23	DE	Germany	Grundstück...	26.12.2010	31.12.9999		252,621.84	24,204.91	267,400.74
November 2018	LRE1 LRE1	REC LRE1/25	BR	Brazil	Henderson ...	26.12.2010	31.12.9999		293,295.59	63,585.15	329,043.93
		REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.30	52,541.67	274,763.27
		REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.44	50,129.15	435,304.38
December 2018	LRE1 LRE1	REC LRE1/23	DE	Germany	Grundstück...	26.12.2010	31.12.9999		252,621.85	23,596.93	267,400.74
		REC LRE1/25	BR	Brazil	Henderson ...	26.12.2010	31.12.9999		293,295.59	62,921.50	329,043.93
		REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.31	51,986.12	274,763.27
January 2019	LRE1 LRE1	REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.45	49,166.21	435,304.38
		REC LRE1/23	DE	Germany	Grundstück...	26.12.2010	31.12.9999		252,621.84	22,987.42	267,400.74
		REC LRE1/25	BR	Brazil	Henderson ...	26.12.2010	31.12.9999		293,295.59	62,256.20	329,043.93
February 2019	LRE1 LRE1	REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.30	51,429.18	274,763.27
		REC LRE1/169	DE	Germany	Hummer	26.12.2010	31.12.9999	2,727,280.00	40,048.17	6,709.46	43,495.20
		REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.45	48,200.86	435,304.38
March 2019	LRE1 LRE1	REC LRE1/23	DE	Germany	Grundstück...	26.12.2010	31.12.9999		252,621.85	22,376.38	267,400.74
		REC LRE1/25	BR	Brazil	Henderson ...	26.12.2010	31.12.9999		293,295.59	61,589.23	329,043.93
		REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.31	50,870.84	274,763.27
April 2019	LRE1 LRE1	REC LRE1/169	DE	Germany	Hummer	26.12.2010	31.12.9999		40,048.16	6,617.50	43,495.20
		REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.44	47,233.10	435,304.38
		REC LRE1/23	DE	Germany	Grundstück...	26.12.2010	31.12.9999		252,621.84	21,763.82	267,400.74
May 2019	LRE1 LRE1	REC LRE1/25	BR	Brazil	Henderson ...	26.12.2010	31.12.9999		293,295.59	60,920.59	329,043.93
		REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.31	50,311.11	274,763.27
		REC LRE1/169	DE	Germany	Hummer	26.12.2010	31.12.9999		40,048.17	6,525.30	43,495.20
June 2019	LRE1 LRE1	REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.45	46,262.93	435,304.38
		REC LRE1/23	DE	Germany	Grundstück...	26.12.2010	31.12.9999		252,621.85	21,149.73	267,400.74
		REC LRE1/25	BR	Brazil	Henderson ...	26.12.2010	31.12.9999		293,295.59	60,250.28	329,043.93
July 2019	LRE1 LRE1	REC LRE1/138	DE	Germany	ABC Real E...	01.01.1995	31.12.9999		242,288.30	49,749.98	274,763.27
		REC LRE1/169	DE	Germany	Hummer	26.12.2010	31.12.9999		40,048.17	6,432.88	43,495.20
		REC LRE1/17	CN	China	Miller Real ...	30.12.2007	31.12.9999		405,264.45	45,290.32	435,304.38

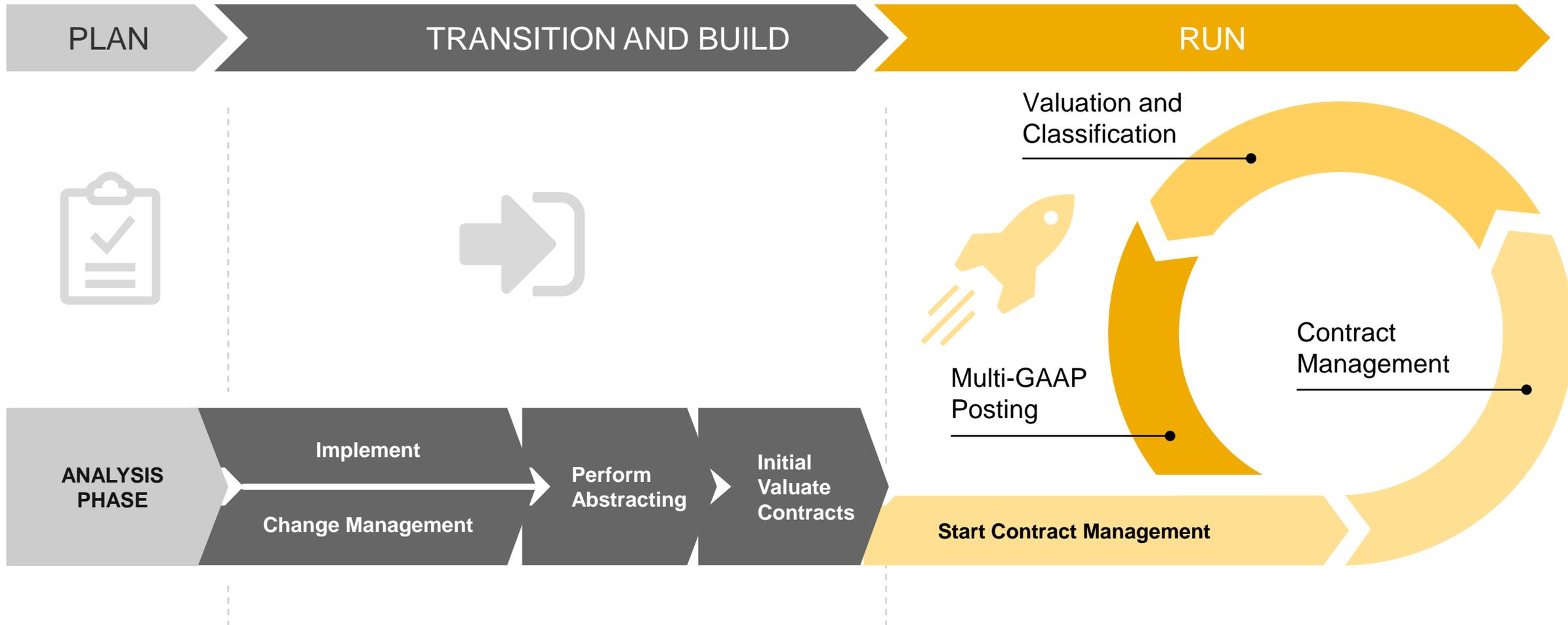


# Agenda

1. The new lease accounting standards
2. Compliance – A great milestone
3. Optimize – Leveraging technology to continue compliance
4. Transform – Supporting on-going success
- 5. Transition options to SAP Contract and Lease Management**
6. SAP Contract and Lease Management Road map
7. Summary

# SAP Contract and Lease Management

## Get ready for the new Standards



# Special Transition Cases

For special transition cases – Please refer to OSS Note 2544232. Within this note, the following scenarios are defined:

- Transferring Financial Leases that Existed Prior to Date of Application
- Retrospective Approach with Transfer of External Values
- Retrospective Approach Fully within SAP Real Estate Management
- Start of Date of Actual Application with Actual RoU Specification
- Implementation of RE-FX following first application of IFRS 16/US-GAAP 842
- Proforma Restatement

# Implementation of RE-FX following first application of IFRS 16/US-GAAP 842

## Background

Use the asset transfer transaction to move the previous assets to a new Right of Use asset. Make sure that the new assets have the correct depreciation key (**SAP Note 2297363**).

## System Set Up

On the contract, do not use the "First Posting" function. Set the relevant date of application as the start of valuation.

Number	1	International Financial Reporting Standards	
Object	CTR 0001/LEASING-CA	Leasing	
Asset	LEAS 100460	Leasing	
Start of Consid	01/01/2019	1st Postg	End of Usage RoU
Probable End			Absolute End 12/31/2019
Interest Rate	<input type="text" value="8.0000000000"/>	Val. Behavior	3 New Start
Frequency Term	  <Standard>		
Acct Assignment			
Memo			

# Implementation of RE-FX following first application of IFRS 16/US-GAAP 842

## System Set Up

For the contract, maintain a new "Net Worth Val. Spec. Leg. Data" condition (see SAP Note 2536673) with the net book value of the old right of use asset.

Det TRel	PsS Purp.	Name	Condition Type	Calculation Object	Calculation Obj. Name	ClcFrmName	Unit Price	Valid From	Valid to	Σ	Per Day	Σ	Tax per Day	Σ	Per Month	Σ	Tax
		Statistical, One-Time	Asset Default Value	CTR 0001/LEASING-CA	Leasing	Fixed Amount	500,000.000000	01/01/2017			500,000.00		95,000.00		500,000.00		95,000.00
										500,000.00		95,000.00		500,000.00		95,000.00	

1 Asset Default Value - 0001/LEASING-CA - 01/01/2017

Condition    Terms    + Calculation    + Distribution    + Valuation    ○ Memo

Name of Term	No.	Valid From	Valid To	Consider	Cond. Val. Property	Cond. Consideration	B. Status	Cond. Rule	Perc.Share	Abs.Share	Note	Note	Object ID
International Financial Reporting Standards	1			<input checked="" type="checkbox"/>	Net Worth Value Specified	Full Consideration	Maintenance Incomplete		100.0000	0.00			CTR 0001/LEASING-CA

Manually assign the new Right of Use asset from step 1 to the valuation rule.  
 Manually write off the old leasing liability (for example, against asset clearing).

# SAP Contract and Lease Management

## How to get started

### Information Materials

- [SAP.com](https://www.sap.com)
- Overview note 2255555
- [SAP help](#)
- [Partner JAM page](#)

### Training Materials

- SAP Training RE050
  - Classroom
  - Virtual Training
- SAP Press: Leasing with SAP RE-FX
- SAP Demo Cloud
  - [Demo 15341 - SAP S/4HANA Cloud REFX Equipment Leasing IFRS16](#)
  - [Demo 13721 - S/4HANA: Lease Valuation for New Accounting Standards](#)

### Implementation Support

- Delivered example customizing:
  - 2403881 - BC set delivery customizing
- Consulting notes:
  - 2580277 - Account determination
  - **2544232 - Handling transition scenarios**
  - 2568784 - Integration with FI-AA
  - 2555105 - Explanation of calculations
  - 2662137 – Frequently Asked Questions





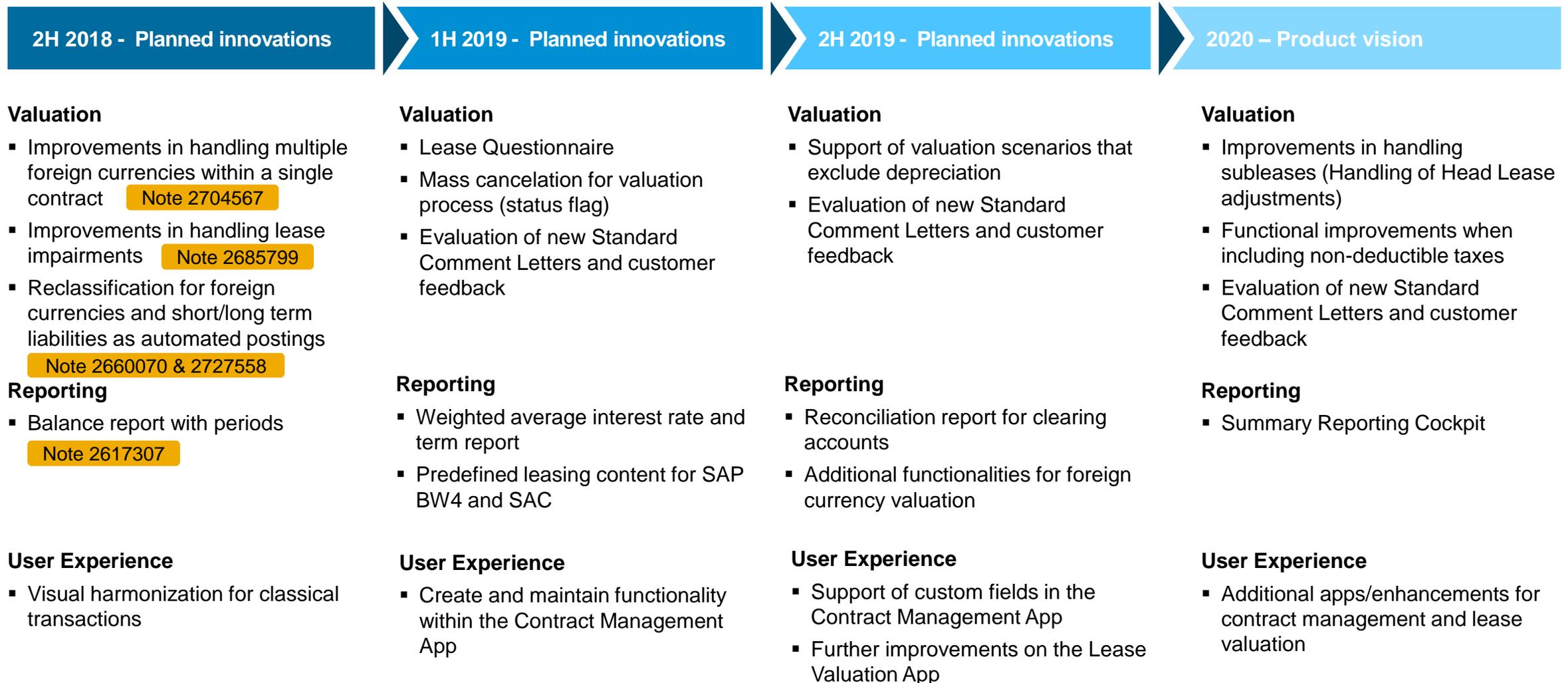
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# SAP Contract and Lease Management

## Road map overview – in Detail

This is the current state of planning and may be changed by SAP at any time without notice.





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## **7. Summary**

# SAP Contract and Lease Management

## Enabling the transformation of lease accounting

### Comply



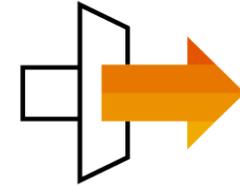
- ASC842/IFRS16 Compliance
- Built-In Basic Disclosures Sync'd with FASB
- Basic Support of PTP
- Integrated with ECC and S/4
- Integrated to ECC to provide strong audit trail to support ICFR
- SOX Compliance

### Optimize



- Automated Lease Processing
- Simplified Lease Modifications
- Ability to update and do Lease Buy Decisions
- Multi-jurisdictional capability to improve filings
- Ability to Balance Views Across Real Estate and Movables
- Integration to Sourcing Networks

### Transform



- Integrated to SAP S/4
- Advanced Analytics via SAP Analytics Cloud
- Dashboards to Provide Real-time Insights for proactive management
- Allows for real-time What If analysis for Lease/Buy Decisions
- Integration With Treasury to Manage Capital Structure

# Finance topics on YouTube and on the Virtual Finance Summit platform

## [Virtual Finance Summit \(external\)](#)

[Superior Steering with Intelligent Accounting and Financial Close \(Virtual Summit Christoph Ernst 13 min\)](#)

[Automating Closing and Consolidation \(Virtual Summit Elizabeth Milne 14 min\)](#)

[Start your Finance Transformation with Central Finance \(Virtual Summit David Ormerod 15 min\)](#)

[Machine Learning in Finance \(Virtual Summit Sebastian Schroetel 17 min\)](#)

[Predictive Accounting \(Virtual Summit Michel Haesendonckx 10 min\)](#)

[Margin Analysis \(Virtual Summit Michel Haesendonckx 19 min\)](#)

... and far more (customer testimonials, panels, whitepapers,...)

Videos SAP Finance playlist on YouTube:

<https://www.youtube.com/playlist?list=PL3ZRUB1AKkpTQscw2i-DjiEv0C-PTQINd>

SAP Offering for Record-to-Report and FP&A in SAP S/4HANA

[Why move to SAP S/4HANA for Accounting and FP&A: An extensive process view](#)

Finance 1809 Overview:

<https://youtu.be/CzPhDejuft8>

Margin Analysis:

<https://youtu.be/TfbthMsYcrc>

Predictive Accounting:

<https://youtu.be/yH-HJWedyXA>

Embedded Analytics:

<https://youtu.be/wpakxWVEQv8>

Accruals Management:

<https://youtu.be/wEru-hqfj1w>

Goods and Invoice Receipt Reconciliation:

<https://youtu.be/jJXqWF1wJkw>

Group Reporting:

<https://youtu.be/mwn3O1rx0l>

Tax Service:

<https://youtu.be/EEhIAJfQjXM>

Treasury:

<https://www.youtube.com/watch?v=cGQuSpdaBS8>

# Thank you.

Contact information:

**Thomas Anderson**

Director Real Estate Management

3410 Hillview Avenue, Palo Alto CA 94304

Tom.Anderson@SAP.com

T: +1.650.461.1683

M: +1.801.425.6570