

# USING THE SAP® ERP FINANCIALS SOLUTION

## GAINING EFFICIENCY IN WHOLESALE DISTRIBUTION FINANCE

Financial executives require streamlined, accelerated closing cycles. The SAP® ERP Financials solution allows wholesale distribution companies to meet external accelerated reporting deadline requirements and internal cost-reduction mandates. A fast close raises investor confidence and reduces resource costs.

Many wholesale distribution companies struggle with the periodic closing cycle. The cycle typically involves time-consuming manual tasks such as creating journal entries and periodic accruals, gathering financial data from different types of software, and consolidating and validating the data for final report production. In multibranch distribution companies, the closing cycle can be more complicated because the work needs to be coordinated across different subsidiaries, divisions, time zones, and at times, multiple countries with varied financial and legal requirements. Each closing task must be performed correctly and in the proper sequence, or delays may result. Complex software environments lengthen the closing cycle because of nonstandard charts of accounts and incompatible software interfaces.

One key to achieving superior financial close performance is to standardize the closing cycle into a series of repeatable process steps that are managed in accordance with best practices and a tightly controlled schedule. Improved communication, collaboration, and task scheduling help ensure that the people involved in a typical financial close perform their work more efficiently and with fewer errors. The overall result will be a faster, more secure, and transparent financial close.

### Automating the Closing Cycle

Most companies use financial consolidation software to help them compile financial data and construct their financial reports. To truly optimize the financial

close process, you need a solution that can tie together each step of the closing cycle across the organization. The SAP® ERP Financials solution provides businesses of all sizes with an end-to-end, integrated solution that supports a faster, more accurate, transparent financial close while ensuring regulatory compliance and providing greater financial reporting confidence. This solution spans the entire closing cycle from the local level to the group level and includes automated accruals, reconciliations, consolidations, and graphical tools that help control, monitor, and coordinate workflows across the business.

### The General Ledger Forms the Foundation

The general ledger in SAP ERP Financials provides distributors with the foundation for enterprise-wide accounting and financial reporting. Users can accelerate the financial closing process through enhanced user efficiency and greater automation of many period-end tasks such as accruals and reconciliations. The single, consolidated, multidimensional database features integrated financial and management accounting functionalities that help you minimize the time spent reconciling data, making financial reporting easier. In addition, the management accounting functionality enables you to automatically recognize revenue for long-term projects and match appropriate costs against the revenue to analyze profitability.

You can also configure the management accounting functionality to automatically calculate the value of work in process



and create the appropriate account postings. Robust workflow functionality enables you to model the sequence of closing tasks relative to a group of objects, such as projects or sales orders, and create a work list that helps you monitor the status. Alerts automatically notify you if an error occurs during processing to facilitate fast resolution.

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With the general ledger's robust partitioning functionality, your company can support the accounting requirements of multiple operating units within a single application. You can configure it to operate multiple specialized ledgers to support cash accounting. In addition, it can simultaneously support the unique needs of different operating units, such as multiple currencies, charts of accounts, and international accounting standards. This functionality eliminates the need to operate multiple, separate ledgers and the inherent problem of reconciling data across them. The general ledger's single, reconciled database makes it much easier for you to reconcile operating-unit data into a corporate view. In addition, finance profes-

sionals in your company can access information on any business dimension at any phase of the accounting cycle without having to wait until the period-end close to validate and analyze data for accuracy.

### **The Benefits of Intercompany Reconciliation**

Reconciling and eliminating intercompany transactions can be a very time-consuming and complicated process. With the SAP ERP Financials solution, intercompany reconciliation is simpler and faster because of the central data repository that brings together data from all types of software. You can easily view data on the company's internal financial transactions for matching, reconciliation, and elimination. You can also configure automatic matching algorithms that reduce the need for manual data manipulation so accountants can focus on exceptions and resolve intercompany month-end balances much faster. Because you have sophisticated document versioning within a graphical environment, the result is date-driven analyses of open items, such as accounts payable and receivable. In addition, you can complete these tasks progressively, prior to the start of the formal closing cycle, thereby reducing the closing workload and the likelihood of errors.

### **Providing Greater Control by Aligning the Closing Process**

To achieve a fast financial close, companies must complete multiple process steps correctly, on time, and in the correct sequence. Gaps in communication

may cause delays that place closing deadlines in jeopardy. With the graphical management tool of SAP ERP Financials – the closing cockpit – the overall management of the closing cycle is improved. The increased transparency facilitates wider collaboration and allows you to quickly spot problems and bottlenecks and resolve them faster.

On this single, intuitive interface, all key process tasks, dependencies, workflows, task owners, and the status are displayed. You can do the following:

- Comprehensively orchestrate the closing process from end to end and across many organizational units
- Institutionalize closing-schedule best practices and monitor progress during the closing cycle
- Utilize the user interface that provides complete visibility and monitoring throughout the entire close process, which results in a more secure and controlled close

### **Using Central Process Scheduling**

One challenge companies face in closing the books is a lack of scheduling and monitoring ability over multiple types of financial software. Complex software landscapes can exacerbate problems when closing tasks are conducted without adequate coordination and monitoring. The likelihood of errors and schedule delays is increased. You can extend the closing cockpit's functionalities by using the central process scheduler. It integrates with SAP and non-SAP software systems to control processes, correct task sequencing, and manage the closing cycle across multiple types of financial software.

## Making Accurate and Timely Group Consolidations

The group close, where all local or division-level financial data is consolidated into a corporate-level view to produce period-end financial reports, completes the local closing cycle. The SAP Business Planning and Consolidation application, which integrates with SAP ERP Financials, combines results from across company units while ensuring compliance with regulatory mandates. This functionality provides:

- The ability to aggregate, reconcile, and consolidate financial data and automatically generate transparent financial statements and management reports
- Powerful data transformation that can shave weeks off group-level consolidations and report generation by rapidly converting disparate financial data or charts of accounts into a single, authoritative source for financial and performance management reporting

### Confidence in the Solution

Over 3,000 distributors rely on SAP® financial management solutions for their accounting and reporting requirements.

- Automated routines to directly load data from divisions and subsidiaries via the Web to speed processing and preparation for corporate-level reporting
- An intuitive graphical interface that allows your company's corporate accountants to centrally monitor and control the entire group consolidation process
- The ability to compress the closing cycle by configuring and automating tasks, such as interunit eliminations, investment combinations, currency conversions, and reclassifications
- Robust, automated report generation that meets all legal and management reporting requirements

When you integrate the business consolidation functionality with the general ledger and power it with the SAP NetWeaver® Business Intelligence component, it helps ensure data integrity. It can also facilitate the delivery of timely and accurate reports to information workers throughout your company.

SAP NetWeaver Business Intelligence is part of the SAP NetWeaver technology platform, which helps IT organizations become more strategic to their business. As the technical foundation for a service-oriented architecture (SOA), SAP NetWeaver helps IT organizations evolve their existing IT infrastructure into a more cost-effective business process platform that improves efficiency, insight, and flexibility.

## Ensuring Compliance

For every company, the monitoring and documentation of internal controls is critical to the financial close cycle. The SAP GRC Process Control application, which integrates with SAP ERP Financials, enables financial managers to document and attest to controls. Managers can address both manually performed controls, such as reconciliations and comparisons, and automated controls, such as workflow-based approvals within the software-supported processing environment. When you have complete integration with the SAP ERP Financials solution, your exceptions will be continuously monitored with integrated remediation handling, providing managers with the confidence they need to sign off on financial results.

## Improving Financial Close

SAP ERP Financials allows you to gain deep financial insight by delivering an integrated financial management solution that ensures compliance and predictability of business performance. The automation of financial management accounting helps you tighten control of finances.

## Find Out More

If you would like to know more about SAP ERP Financials – and learn what this solution can do for your wholesale distribution company – visit our Web site at [www.sap.com/solutions/business-suite/erp](http://www.sap.com/solutions/business-suite/erp).

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## Summary

The SAP® ERP Financials solution is an integrated financial management solution designed to give simplified access to relevant financial information. It provides company-wide accessibility so you can expedite accurate closing cycles at any level.

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## Business Challenges

- Perform closing cycle tasks efficiently and on time across multiple organizations
- Generate accurate financial reports with confidence
- Automate time-consuming, manual financial and accounting tasks
- Provide access to period-end information at any time for validation and analysis

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## Supported Business Processes and Software Functions

- **Compliance with regulatory requirements** – Monitor and document manual and automated internal controls
- **Scheduling** – Control task sequences and manage closing cycle over multiple types of financial software
- **Consolidation** – Pull financial period-end reports together for the applicable corporate level

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## Business Benefits

- **Enhance reconciliation capabilities** through a central software data repository
- **Improve data accuracy** by matching, reconciling, and eliminating data online
- **Reduce manual data manipulation** by configuring automatic algorithms
- **Minimize closing workload and potential for errors** through ability to complete tasks before start of closing cycle

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## For More Information

To learn more about SAP ERP Financials, call your SAP representative today or visit us on the Web at [www.sap.com/solutions/business-suite/erp](http://www.sap.com/solutions/business-suite/erp).

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