

SAP Solution Brief

SAP Solutions for Enterprise Performance
Management
SAP Financial Consolidation

Objectives

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Quick Facts



Streamline Financial Consolidation and Reporting for a Faster Close



The Best-Run Businesses Run SAP™

Balancing speed and accuracy in financial reporting

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The ability to close books quickly – with quality and in full compliance with global regulatory standards – is a critical management challenge that can impact your company’s image. [Streamlining the financial close process](#) not only gets vital decision-making data in your stakeholders’ hands more quickly, but it frees up time for more value-added activities such as analysis.

The SAP® Financial Consolidation application provides you with the power and confidence to close your books quickly and accurately. It enables you to meet regulatory requirements by delivering control to corporate finance while also providing the flexibility to handle local reporting requirements of autonomous subsidiaries and divisions.

The ability to automate as many financial consolidation processes as possible is vital to a fast close. Applications that centralize data and metadata management, automate

interfaces with source systems, and automate business calculations are a start.

SAP Financial Consolidation takes automation to the next level. The application includes built-in rules that automate consolidation entries. Currency translation adjustments, minority interest and equity, cash flow statement, and intercompany elimination and reconciliation calculations are easily set up by your finance team with a standard user interface and intuitive wizards, without complex scripting.



Eliminating bottlenecks in financial consolidation

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Reporting and analysis agility

Compliance and enhanced reporting

Intercompany reconciliation and elimination

Starter kits to speed deployment

SAP solutions for EPM

With patented database processing technology, SAP Financial Consolidation helps you recover critical time in your regulatory and management reporting cycles. Faster access to financial data allows you to determine what impacted the results so you can make better decisions in the future.

Some consolidation applications can only process one consolidation at a time. And the time it takes them to perform a consolidation, multiplied by the required iterations and views in a close cycle, can produce a major bottle-

neck. In other cases, application performance is greatly reduced if full audit features are turned on, forcing companies to sacrifice speed for compliance.

SAP Financial Consolidation performs simultaneous consolidation processing directly in the database rather than at the application server level without compromising the audit trail. With such speed and reliability, business users can run as many simulations as they want to better understand the results.

When it comes to financial consolidation, SAP can help you do it faster and smarter.



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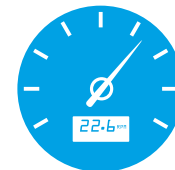
SAP Financial Consolidation supports multiple reporting channels, charts of accounts, and analysis dimensions to retain current and past reporting frameworks. Finance professionals can safely adapt to changing needs without having to rebuild or destroy previous reporting scenarios, saving time and money.

With its powerful analytic functionality, the software delivers information to business users on a timely basis, with updates flowing automatically from a reliable central data source. Your finance team can easily aggregate and disaggregate information, so finan-

cial analysts can evaluate data more quickly and derive definitive answers to complex business questions. And your executives can make decisions based on the most accurate and up-to-date information and analysis.

SAP Financial Consolidation includes an add-in that lets business users perform tasks related to enterprise performance management (EPM) from within Microsoft Office applications. This means they can create reports with drag-and-drop simplicity in a familiar environment – increasing user adoption and ease of use.

Build power, speed, flexibility, and reliability into your financial reporting process.



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The SAP Financial Consolidation application can be integrated into both SAP and non-SAP software environments and can load source data from any general ledger application. SAP Financial Consolidation is fully supported by the SAP Financial Information Management application, allowing you to manage the process of accessing, mapping, and loading information from multiple source systems.

SAP Financial Consolidation helps ensure data quality throughout the reporting cycle. Incoming information respects the timing and expected format; makes sense; is consistent, complete, and commented upon appropriately; and follows the right auditable approval process. This leads to greater quality and a “right the first time” approach to the closing cycle.

The application supports comprehensive process control, data access security, and transparent and auditable change management, including the establishment of audit trails from source to disclosure. It facilitates the publishing of eXtensible Business Reporting Language (XBRL) instance statements by working together with the SAP Disclosure Management application. As a result, companies can more easily address the legal reporting and disclosure requirements of regulations such as International Financial Reporting Standards (IFRS) and local GAAP.



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One of the most time-consuming steps during a consolidation process is the reconciliation and elimination of intercompany data. During the financial close process, business organizations must eliminate intercompany activity so as not to overstate account balances. For example, revenue collected by one reporting unit from another within the same organization should not be reported in the organization's total revenue.

SAP Financial Consolidation easily automates sophisticated intercompany calculations. The application creates automatic calculation rules through a wizard-driven process. It then tracks and traces all layers of the calculation to facilitate the audit process. The application fully supports intercompany reconciliation and elimination at the account level.

The SAP Intercompany application, which is included with the license rights of SAP Financial Consolidation, introduces a Web-based, peer-to-peer communication channel between your reporting units that post intercompany balances and transactions against each other. In addition to creating a lateral flow of information and improving collaboration, SAP Intercompany enables automatic reconciliation at both the transaction and account level. As a result, it helps ensure faster agreements – easing the burden on corporate finance and further reducing the closing process.



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SAP offers starter kits that help you streamline the installation and exploit the full potential of SAP Financial Consolidation. Starter kits provide preconfigured content in the form of prebuilt input documents, automated calculations, control reports, and financial statements that can help you speed and smooth the transition to IFRS. Built by an SAP team of experts with hands-on implementation experience, the starter kits incorporate their expertise and support best practices. The starter kits also provide detailed process guidance for business users, defining the steps needed to execute data collection, consolidation, and documentation processes.

The SAP rapid-deployment solution for financial close and disclosure management combines implementation services with the starter kits. The rapid-deployment solution can enable you to quickly standardize your closing processes – from data collection to XBRL reporting – to help boost profitability, reduce risk, and comply with the latest IFRS and local GAAP standards.

Get up and running quickly with starter kits containing preconfigured content.



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SAP Financial Consolidation is one of the SAP solutions for EPM – a comprehensive set of solutions that helps your company capitalize on the value of your existing data assets. With these solutions, your organization becomes more agile, gaining organizational alignment, visibility, and greater confidence to give you optimal control and competitive advantage. These applications can work with SAP

Business Suite software; SAP solutions for governance, risk, and compliance; SAP BusinessObjects™ business intelligence solutions; and SAP solutions for enterprise information management. As a result, you can maximize business profitability; manage risk and compliance; and optimize corporate systems, people, and processes.



**Faster close, greater agility,
higher-quality reporting**

Faster close, greater agility, higher-quality reporting

The right IT architecture and automated compliance system can help lower compliance costs and reduce the frequency of material weaknesses and other problems requiring more frequent restatement of earnings. This, in turn, protects corporate reputations and stock prices.

With patented database technology and process automation, SAP Financial Consolidation helps you recover critical time and cost from your closing and management reporting cycles – allowing you to better understand your financial situation and make sound decisions.

The application provides the flexibility your organization needs to deliver reliable data to stakeholders, resulting in more informed decisions and the ability to adapt quickly to change. It also allows divisions and business units autonomy for local reporting while still complying with corporate standards.

In addition to giving full process control to corporate finance, the application provides data transparency and traceability to enable timely and accurate public disclosure and compliance with corporate governance requirements. Finance centers can overcome the barriers to a fast, quality close by using the powerful features in SAP Financial Consolidation that significantly reduce reporting cycles while supporting best-practice processes.



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Summary

To meet management and regulatory consolidation and reporting requirements, organizations need an application that gives control to corporate finance yet is flexible enough for subsidiaries and divisions. The SAP® Financial Consolidation application provides the power, agility, and confidence to close your books quickly.

Objectives

- Deal effectively with multiple currencies, accounting standards, and reporting and compliance regulations
- Overcome barriers to a fast, quality close, such as data accuracy and collection errors, weak audit trails, poor performance from consolidation software, and a lack of process automation
- Integrate new business units and other organizational changes into the reporting process

Solution

- Financial intelligence, process control, and transparency for quality consolidation, reporting, and compliance
- Timely, reliable information and analysis to meet all your performance management reporting needs

Benefits

- Faster close through streamlined financial consolidation and reporting, without sacrificing data quality to make more informed decisions
- Safer adaptation to changing needs without having to rebuild or destroy previous reporting scenarios, saving time and money
- Greater data reliability for legal reporting and management decisions

Learn more

To find out more, call your SAP representative today or visit us online at www.sap.com/epm.

