



SAP® ERP Financials

SOLUTION OVERVIEW

EFFECTIVE FINANCIAL MANAGEMENT



“Even before Sarbanes-Oxley was passed, SAP ERP Financials gave us the capabilities we needed to ensure our financials were well controlled, documented, and reconciled.”

John Barron, Chief Financial Officer, Cole Haan

SAP® ERP: SIMPLIFY, OPTIMIZE, INNOVATE

SAP is known for providing businesses like yours with the enterprise resource planning (ERP) software needed to gain strategic insight, increase productivity, and respond flexibly to changing markets to compete better. SAP® ERP software has been instrumental in increasing employee productivity and enabling informed decisions that set businesses apart from their competition. Yet the SAP ERP application demonstrates how the SAP vision has broadened. Increasing efficiency within an organization is still of critical importance. However, SAP's concept for ERP software has transcended the organization's walls to enable automation of end-to-end business processes that extend to the entire business ecosystem, including partners, suppliers, and customers.

Powered by SAP NetWeaver®

SAP ERP is powered by the SAP NetWeaver® platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business applications rapidly using enterprise services. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.

SAP ERP Financials Provides a Solid Foundation to Expand Your Business

The SAP ERP Financials solution, which is part of SAP ERP, delivers complete, integrated financial management software to ensure compliance and predictability of business performance. SAP ERP Financials is an essential building block of your enterprise business strategy – providing a solid foundation to expand your business, realize greater efficiencies across key processes, and ensure compliant and accurate accounting and financial reporting.

FINANCE IS CHANGING – WILL YOUR FINANCIAL MANAGEMENT SOFTWARE KEEP PACE?

Not very long ago, the scope of a finance organization's responsibility was limited to managing financial transactions and generating periodic financial statements. Today business is more complex, we live in a global economy, and financial professionals must meet the challenges of both.

Your company's participation in the global economy is increasing. As a financial professional, you must



produce accurate, timely financial reports that satisfy accounting and regulatory standards that vary by

industry and by country. As you well know – the Sarbanes-Oxley Act of 2002 has permanently raised the stakes. You are now responsible for enforcing standards for internal controls and governance to ensure transparency of your company's accounting practices. And on top of all that, your consolidation and reporting processes must be executed quickly and efficiently.

Business decision makers today have an urgent need for relevant, accurate information. Out-of-date reports could spell disaster – or worse, smack of fraud – in today's information-driven environment. Your executives, managers, and frontline employees cannot work with anything less. The right easy-to-use

analytic tools will give them the power to quickly identify the factors impacting the business, enabling them to make decisions that improve performance.

Finance professionals need to manage the cash conversion cycle and overall working capital more efficiently. Through automation and greater insight into accounts receivable and accounts payable functions, businesses can optimize cash flow, reduce days sales outstanding, and reduce working capital levels.

In short, the fundamental nature of finance has changed profoundly. SAP offers the software that will help your organization fine-tune its financial management capabilities to make those changes work to your advantage.

INDUSTRY-SPECIFIC FINANCIAL MANAGEMENT

As a result of SAP's experience with thousands of successful customers, the SAP ERP Financials solution boasts industry-specific financial management functionality that supports best business practices in more than 25 industries. For your business, you can use it to implement industry-specific requirements for your core accounting and financial reporting processes. But its reach is much broader.

If your business requires support for joint-venture accounting, for example, SAP industry-based solutions provide seamless integration with your core accounting applications in SAP ERP. For its part, SAP ERP provides a complete analytical platform to consolidate

business data generated in solutions across your company, giving you comprehensive and timely insight into critical business processes. And because SAP ERP is a single, integrated solution, information workers in all areas of your business have superior visibility.

. . . STARTS WITH SOUND BUSINESS PROCESSES



A SOLUTION THAT HELPS YOU MANAGE FINANCE MORE EFFECTIVELY

Financial professionals, executives, and managers need tools that adapt easily to the way they work and the needs of their business. They want intuitively designed solutions that require minimal training and respond flexibly to the change inevitable in the business world today. And they require software that supports innovative business processes to gain competitive advantage. Whether you are a regional business or a multinational corporation, the SAP ERP Financials solution gives you that and more. Because its foundation is enterprise SOA, SAP ERP Financials enables you to deploy service-oriented business solutions quickly to manage your company's vital financial processes in a variety of ways.



Improve Performance Management

Get support for the entire life cycle of corporate performance management. Give your executives, managers, and information workers access to timely, personalized information and performance indicators in their own work context. Make sure they have the insight they need to make decisions that make a difference. Take advantage of a platform that supports analytical solutions provided by a rich selection of SAP software and non-SAP software alike.

Extend Financial Management to Include Analytics and Governance

Extend your financial management activities with the SAP Strategic Enterprise Management application, the SAP xApps™ composite applications for analytics, and the SAP NetWeaver Business Intelligence component to run best-in-class financials operations that include:

- Consolidation and reporting
- Planning, budgeting, and forecasting
- Performance management and scorecards
- Governance, risk, and compliance

Put the power of integrated performance management and enterprise-wide analytic functionality on the desktops of your information workers to improve decision making on all organizational levels. Serve the specific needs of your finance professionals – your accountants, financial analysts, credit managers, and accounts receivable managers – by using personalized analytical applications that deliver role-specific key performance indicators (KPIs) and performance information.

Financial and Management Accounting

Ensure sound financial accounting and reporting through embedded internal controls and greater visibility, increasing the confidence of your corporate executives, who must personally account for the accuracy of financial reports. Avoid the necessity of having to restate financial results. Save on auditing fees and reduce the cost and effort of generating consolidated financial statements.

Comply with accounting standards as a matter of routine. Adhere to such standards as the U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) without extra effort. Extend your general ledger functionality to include the generation of balanced and reconcilable financial statements by any dimension of the business – unit, profit center, or geographical location. Reduce the complexity and cost of parallel accounting. Manage multiple sets of books – by region, industry, or regulatory reporting statute.

Financial Supply Chain Management

Accelerate your receivables collection. Enhance the performance of your organization by expediting the flow of its most precious resource for growth and innovation – cash. Manage your cash-flow cycle more effectively. Gain end-to-end process support for credit management, electronic bill presentment and payment, collections management, dispute management, in-house cash management, cash and liquidity management, bank relationship, and treasury and risk management processes – all in a single solution.

Corporate Governance

Work with the applications and tools that can help you meet the greatest challenge today's corporate financial managers face: corporate governance and compliance with regulations such as the Sarbanes-Oxley Act of 2002. Ensure compliance by introducing an intuitive mechanism that collects, documents, assesses, remediates, and



attests to the internal controls built into your company. Define rules and processes for your business in areas such as information security, reporting, and error prevention. Provide monitoring of user rights and enforce segregation of duties for financial management and reporting. Document your internal control processes for easy evaluation by corporate executives, auditors, and regulators.

SAP ERP FINANCIALS SUPPORTS YOUR NEEDS



SAP® ERP Financials Supports Key Business Activities

Performance Management

The SAP® ERP Financials solution supports the entire performance management cycle, helping you to:

- Manage business performance by defining overall company goals and departmental objectives and monitoring performance against them during execution
- Generate consolidated financial and managerial reports for globally distributed businesses by aggregating financial data from SAP and third-party software
- Develop scorecards that support popular methodologies – including Balanced Scorecard and widely accepted performance metrics such as Economic Value-Added (EVA) – to assess alignment of operational activities with corporate strategies and manage financial and human performance measures
- Perform ad hoc queries and measure operational performance using real-time transactional data and metrics
- Analyze cash flow and customer payment performance and forecast working capital requirements
- Jump-start operational planning tasks such as cost-center planning, sales planning, traditional budgeting, and collaborative express planning

Financial and Management Accounting

The accounting functionality of SAP ERP Financials enables your organization to:

- Determine inventory value according to country-specific accounting standards
- Record goods movements in up to three currencies and carry inventory values in two additional currencies
- Generate a balanced set of books by business unit, profit center, or any other organizational reporting dimension
- Analyze profitability by various dimensions such as product, market, customer, service, or channel
- Improve management consolidation and settlement of intercompany profit and losses

Financial Supply Chain Management

Customer-facing financial processes and the entire financial supply chain are optimized by SAP ERP Financials, which helps you to:

- Collaborate more effectively to resolve billing disputes and account collections
- Reduce the complexity of interunit cash transfers and international banking transactions

- Enable the corporate treasury function to more effectively manage risk through modeling the current and future market environment, performing a thorough risk analysis before making investment decisions, and measuring hedging effectiveness
- Automate the receivables and payment processing using Web and electronic payment standards

Corporate Governance

SAP ERP Financials helps improve corporate governance by enabling you to:

- Reduce the risk of noncompliance by identifying internal control gaps more quickly and effectively
- Reduce duplicate work by integrating automated control testing results into control reporting
- Provide auditors and management with increased visibility and easy access to control tests, results, and remediation plans

SAP ERP SOLUTION MAP: UNDERSTANDING BUSINESS VALUE

SAP ERP supports your most important business processes and provides tools to help you to understand how these processes work. One of these tools is the SAP solution map.

SAP solution maps are multilevel blueprints of processes constructed from customer and industry analysts' input, plus the technical expertise SAP has acquired through extensive business experience and research. By showing what processes SAP and SAP partner solutions support, the solution maps

help you visualize, plan, and implement a coherent, integrated, and comprehensive information technology solution that covers all your critical business processes. You can review the solution map for SAP ERP online at www.sap.com/businessmaps.

	End-User Service Delivery						
Analytics	Strategic Enterprise Management		Financial Analytics		Operations Analytics		Workforce Analytics
Financials	Financial Supply Chain Management		Financial Accounting		Management Accounting		Corporate Governance
Human Capital Management	Talent Management		Workforce Process Management		Workforce Deployment		
Procurement and Logistics Execution	Procurement		Inventory and Warehouse Management		Inbound and Outbound Logistics		Transportation Management
Product Development and Manufacturing	Production Planning		Manufacturing Execution		Product Development		Life-Cycle Data Management
Sales and Service	Sales Order Management		Aftermarket Sales and Service			Professional-Service Delivery	
Corporate Services	Real Estate Management	Enterprise Asset Management	Project and Portfolio Management	Travel Management	Environment, Health, and Safety Compliance Mgmt.	Quality Management	Global Trade Services

SAP NetWeaver®

Figure 1: SAP® ERP Solution Map

INTEGRATE, INNOVATE, AND GROW

SAP ERP Financials provides a complete, integrated platform to effectively fulfill the most complex accounting, financial supply chain, and corporate governance requirements. It supports integrated financial and performance management, smart decision making, and collaboration among financial professionals, executives, and managers. As a facilitator of financial transformation, SAP ERP Financials reduces transaction processing and administrative workloads, allowing financial professionals to concentrate on value-adding activities.

Here is just a sampling of how you can maximize your return on investment when you use SAP ERP Financials.

Increasing Insight for Better Decision Making and Predictability

- Leverage performance management tools to deepen understanding of activities across the entire value chain
- Improve the quality of business planning, decision making, and performance analysis
- Gain access to relevant and timely information
- Identify performance issues early and correct them proactively to ensure better business performance predictability

Improving Productivity, Efficiency, and Responsiveness

- Automate financial and managerial accounting processes and financial supply chain management
- Reduce operating costs of the finance function

- Significantly improve operational efficiency and productivity by extending the reach of business processes to more people within and beyond the enterprise – including customers, suppliers, and partners
- Decrease collections costs through improved collaboration and workflow – an improvement that can account for 60% of total finance function costs

Optimizing Cash Flow

- Improve cash flow through better credit and collections processes and more efficient portfolio management
- Utilize powerful analytics treasurers to model future cash flows, more accurately forecast liquidity, and reduce banking costs by pooling global cash positions
- Introduce enhanced data connectivity to manage your organization's banking relationships
- Use streamlined information exchange to benefit from up-to-the-minute visibility into cash positions and accelerated cash reporting

Improving Financial Compliance and Corporate Governance

- Give managers better visibility into company performance to help them improve profitability and better manage risk
- Support global requirements such as IFRS
- Provide a mechanism for documentation, testing, workflow, and sign-off on the quality of internal process controls for financial reporting

The Right Application Architecture

The SAP NetWeaver platform enables organizations of any size to implement an enterprise SOA as the basis for innovative business processes – resulting in better planning, improved performance management, and faster reaction to changing business requirements by supporting the following actions:

- Deploy analytical applications tailored to the individual user's role
- Integrate electronic payment and invoicing services into portals, enabling secure self-service and collaboration for customers, partners, and suppliers
- Modify general ledgers without impacting financial consolidation and reporting processes
- Organize consolidation processes according to the needs of individual business units
- Coordinate budgeting and planning processes intuitively, eliminating the need for end-user training and simplifying individual spreadsheet consolidation
- Enable process owners and managers to document, test, and report on the effectiveness of the organization's internal controls
- Manage relationships with banks to track payment life cycle and reduce the number of exceptions
- Ensure that credit managers can control credit risk by monitoring overall credit limits without impacting customer relationships

IDENTIFY OPPORTUNITIES, SET STRATEGY, AND EXECUTE

Activity	Benefit
Performance Management	<ul style="list-style-type: none"> Develop winning strategies to expand the business more effectively Improve business performance by monitoring performance against KPIs and external and internal benchmarks Streamline reporting, financial consolidation, and forecasting processes for greater efficiency and lower costs Enable better and faster decision making by delivering up-to-date information to employee desktops, embedded in their business applications Improve business efficiency by analyzing direct and indirect product costs along the entire value chain
Financial and Management Accounting	<ul style="list-style-type: none"> Accelerate financial closes and increase the accuracy of financial reporting Improve the ability to maintain a set of balanced books reflecting any business dimension Reduce risk of noncompliance through support for international and local accounting standards Gain deeper insight into organizational performance by analyzing revenue and cost information for customers, products, projects, and services
Financial Supply Chain Management	<ul style="list-style-type: none"> Streamline order-to-cash and purchase-to-pay processes to optimize cash flow Increase automation and decrease costs for billing, collections, and payment activities Reduce receivables risk by improving credit and collections management Integrate business processes and enable more efficient data exchange via Extensible Business Reporting Language Increase customer, partner, and supplier satisfaction by providing self-service account management Improve cash flow by reducing billing and processing costs Manage financial risk more effectively by integrating financial and treasury reporting and measuring hedging effectiveness Streamline and optimize bank communications to achieve higher straight-through processing rates
Corporate Governance	<ul style="list-style-type: none"> Improve management of internal controls including documentation, assessment, and testing Improve the ability of executives, auditors, and regulators to review internal controls Lower cost of compliance by supporting financial reporting regulations in any country or industry

A Proven Financial Management Solution for Organizations in Every Geography and Industry

SAP ERP Financials enables you to manage your business more effectively by supporting improved decision making, performance analysis, corporate governance, and regulatory compliance. With over 26,000 installations

worldwide, SAP ERP Financials is the proven choice for best-run businesses. Regardless of size or industry, all companies gain from powerful benefits including a platform for growth, better visibility and control over all financial management processes, support for global business requirements, and a framework for sustainable corporate governance.

“With SAP ERP, we have realized the complete automation of our accounting process. Now we can perform monthly closing within one to two hours, instead of one to two days of manual work required before we implemented the solution.”

Zhenhai Wang, CIO, Phenix Optics Co. Ltd.

For additional information on how SAP ERP Financials can help your company become a best-run business, please visit www.sap.com/financials.



THE BEST-RUN BUSINESSES RUN SAP™



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