

# Material Ledger Is Required for SAP S/4HANA Finance: What Does That Mean for Your Company?

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SAPinsider  
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## In This Session

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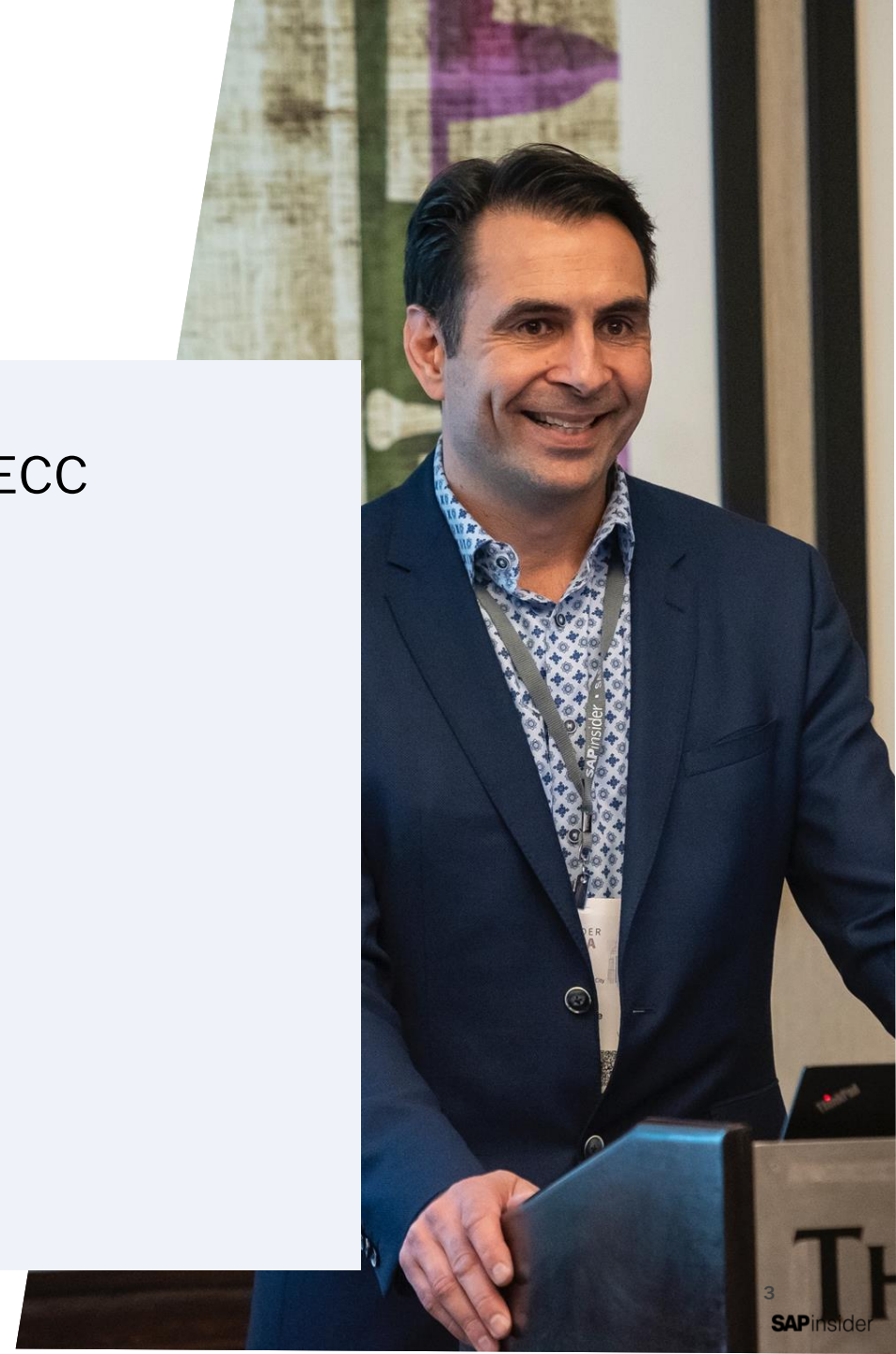
- How to prepare your system for a Material Ledger conversion.
- What questions you need to ask when considering which Material Ledger functionality will be beneficial to your organization.
- What criteria you can use to determine whether to convert to Material Ledger before or after an S/4HANA conversion.
- Typical mistakes that occur with a Material Ledger implementation.
- What is the recommended point in time in the month/year to convert to Material Ledger?



# What We'll Cover

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- Converting to Material Ledger in the ECC System
- Converting to Material Ledger in the S/4HANA System
- Wrap-Up



# Converting to Material Ledger in the ECC System

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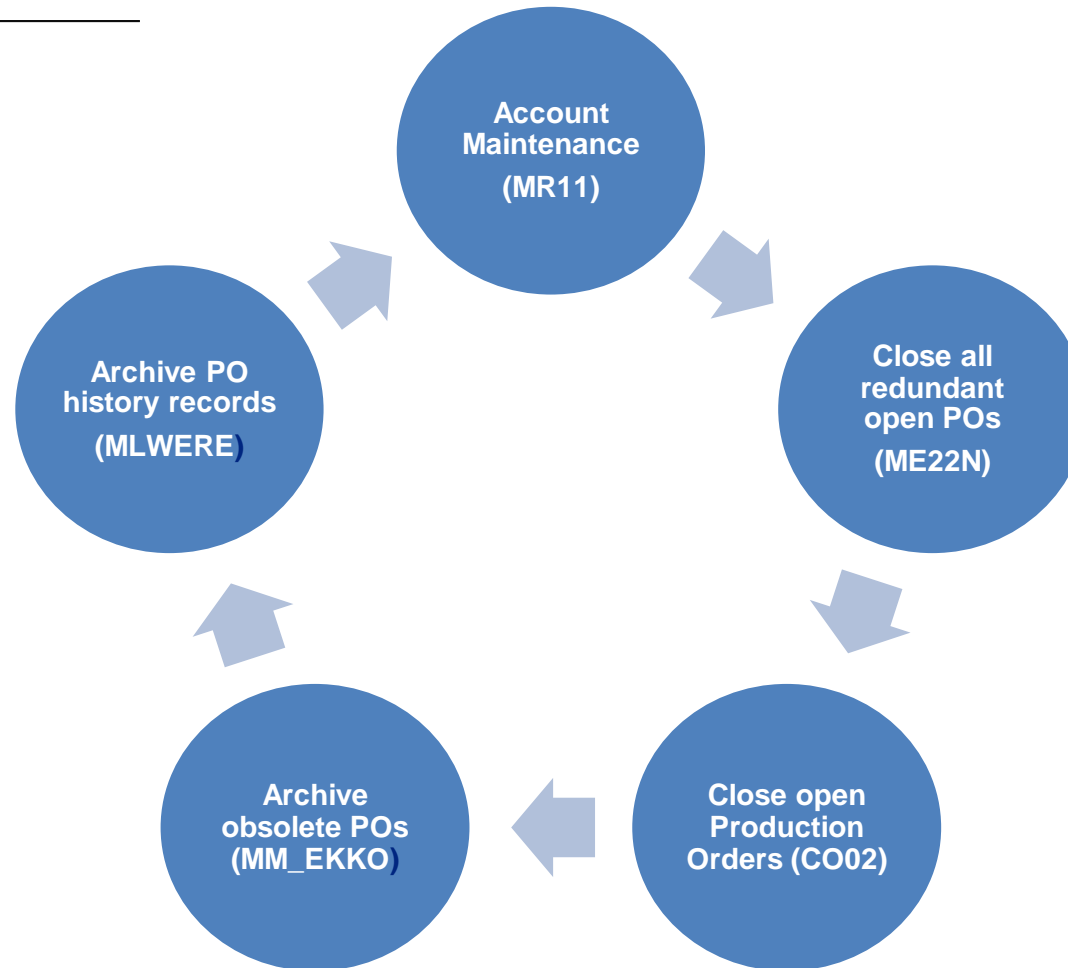
## Preparing the System for Conversion

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- Ensure that all plants in a company code are activated for material ledger
- Between activation and production startup, no material master or inventory transactions should be made
- 24 – 48 hours downtime (normally during a weekend)
- To facilitate reconciliation, all FI currencies should be enabled in material ledger

# Reducing Existing Data Volumes

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## Clearing PO Line Items and History

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- Purchase Order Histories are converted from first Local Currency to Parallel Currencies.
- Note that this only takes effect if you have parallel currencies in material ledger (i.e., ML Currencies are pulled from FI, CO or entered manually).
- If you plan to use only one currency in Material Ledger, the system will still go through all your PO history; it just will not do any conversion.
- Therefore, you need to do the following (if possible) to reduce PO volumes:
  - ❑ Use transaction MR11 to perform account maintenance.
  - ❑ Archive purchase order data that you no longer require (archiving object MM\_EKKO).

## Closing Existing Production Orders

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- Up until recently, Production Orders were not converted with a Material Ledger conversion.
- With SAP Note 1801449, Production Order histories are now converted as well.
- Closing Existing Production Orders will therefore reduce the runtime of the conversion program.
- Even if Production Orders are not converted, it is advisable to close them because of inconsistencies with Goods Movements before and after conversion with Actual Costing.



## “Balance in Local Currency” for GL Accounts

- Make sure that the exchange rates between the company code Local and Parallel currencies are updated.
- Failing to do so may lead to issues with the conversion program.

The screenshot displays the SAP GL Account configuration interface. The top navigation bar includes tabs for 'Type/Description', 'Control Data', 'Create/bank/interest', 'Key word/translation', 'Information (C/A)', and 'Information (CoCd)'. The 'Control Data' tab is active, showing two main sections: 'Account control in company code' and 'Account Management in Company Code'.

**Account control in company code**







- Account currency: USD (United States Dollar)
- ☒ Only balances in local crcy
- Exchange rate difference key: [Empty field]
- Valuation group: [Empty field]
- Tax category: - (Only input tax allowed)
- ☒ Posting without tax allowed
- Recon. account for acct type: [Dropdown menu]
- Alternative Account No.: [Empty field]
- ☐ Acct Managed in Ext. System
- Inflation key: [Empty field]
- Tolerance group: [Empty field]

**Account Management in Company Code**

- ☐ Open Item Management
- ☒ Line item display
- Sort key: 001 (Posting date)
- Authorization Group: [Empty field]

# Update Exchange Rates

- Make sure that the exchange rates between the company code Local and Parallel currencies are updated.
- Failing to do so may lead to issues with the conversion program.

<b>Change View "Currency Exchange Rates": Overview</b>											
68 New Entries      											
	ExRt	ValidFrom	Indir.quot	X	Ratio(from)	From	=	Dir.quot.	X	Ratio (to)	To
	M	03/08/2015	15.45750	X		1MXN	=		X		1USD
	M	03/01/2015	15.27120	X		1MXN	=		X		1USD
	M	02/22/2015	14.97610	X		1MXN	=		X		1USD
	M	02/15/2015	15.00610	X		1MXN	=		X		1USD
	M	02/08/2015	14.91790	X		1MXN	=		X		1USD
	M	02/01/2015	14.80680	X		1MXN	=		X		1USD
	M	01/25/2015	14.84950	X		1MXN	=		X		1USD
	M	01/18/2015	14.64070	X		1MXN	=		X		1USD
	M	01/11/2015	14.64780	X		1MXN	=		X		1USD
	M	01/04/2015	14.64090	X		1MXN	=		X		1USD
	M	12/28/2014	14.78920	X		1MXN	=		X		1USD
	M	12/21/2014	14.70970	X		1MXN	=		X		1USD

# MM-FI Integration OBYC




- Make sure that there are no missing General Ledger accounts in the Account determination between FI and MM (transaction OBYC).
- For example, an account that exists for a Valuation Class that has not been used, may not have been set up.

Configuration Accounting Maintain : Automatic Posts - Accounts		
◀ ▶ 📄 📑 🗑️ Posting Key 🗺️ Procedures Rules		
Chart of Accounts	INT	Sample chart of accounts
Transaction	BSX	Inventory posting
Account assignment		
Valuation modif.	Valuation class	Account
0001	3000	300000
0001	3001	300010
0001	3030	303000
0001	3031	303500
0001	3040	304000
0001	3050	305000
0001	3100	792000
0001	7900	790000
0001	7920	792000







# MM-FI Balance Reconciliation

- Before running the Material Ledger conversion program, make sure that the Inventory balances in FI and MM are reconciled by using transaction MB5L (or program RM07MMFI)

**List of Stock Values: Balances**

**Database Selections**

Material		to		
Company Code	1000	to		
Valuation Area		to		
Valuation Type		to		
Valuation Class		to		
G/L Account		to		

**Period**

☒ Select Balance, Current Period  
☐ Select Balance, Previous Perio  
☐ Select Balance, Previous Year

**Scope of List**

☒ Totals Only  
☐ Negative Stocks  
☐ Materials with Zero Stock  
☐ Valuation Area Level Only  
☐ Extended Check  
☐ Display Indiv. Matl Lines

**Display Options**

Layout





# Convert Existing Data into the Material Ledger

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Once the Material Ledger configuration has been done, the transaction CKMSTART will need to be run, and this will do the following:

- Convert Material Master
- Convert PO History into Parallel Currencies
- Activate Actual Cost Component Split (if needed)

**Production Startup of Mat. Ledger**

Selection Options

Plant  to

**Parameters**

Exchange Rate Type

☐ Immediately After Period Shift

**Processing Options**

☒ Background Processing

☒ Test run

**Parallel Processing**

Server Group

Package Size

**PO history**

☒ Master data + PO hist.(normal)

☐ Master Data Only (Step 1)

☐ PO History Only (Step 2)

Purchasing Document  to

# Material Ledger Table Replication in ECC

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Material Valuation Tables	Material Ledger Tables
<b>MBEW</b> - Material Valuation <b>OBEW</b> - Valuated Stock with Subcontractor <b>EBEW</b> - Sales Order Stock Valuation <b>QBEW</b> - Project Stock Valuation	<b>CKMLHD</b> - Material Ledger: Header Record <b>CKMLPP</b> - Material Ledger Period Totals Records Quantity <b>CKMLPR</b> - Material Ledger: Prices <b>CKMLCR</b> - Material Ledger: Period Totals Records Values
Purchase Order History Tables	Material Ledger Tables
<b>EKBE</b> - History per Purchasing Document <b>EKBZ</b> - History per Purchasing Document: Delivery Costs	<b>MLWERE</b> - Conversion Table between Purchasing and Material Ledger <b>MLBE</b> - Material Ledger FS Item Table for GR/IR relevant transaction <b>MLBECR</b> - Material Ledger Currency Table for GR/IR relevant transact.

# Convert Existing Data into the Material Ledger

Once the conversion is done, the Material Master changes are:

- Multiple tabs in Accounting 1 view for different periods
- “ML Active” Indicator is set
- Price Determination field is populated
- Multiple Currencies/Valuation for Standard Cost

The screenshot displays the SAP Material Master Accounting 1 view. The top navigation bar includes tabs for 'Plant data / stor. 2', 'Accountin...', 'Accounting 2', 'Plant stock', 'Stor. loc. stk', 'WM Execution', and 'W...'. Below this, a row of tabs shows 'Period 002/20...', 'Period 001/2018', 'Period 012/2017', 'Future costing run', 'Current costing run', and 'Prev. cstng run'. The 'General Valuation Data' section contains fields for 'Total Stock' (700), 'Division', 'Valuation Class' (7920), 'VC: Sale Ord. Stk', 'Project Stock VC', 'Base Unit' (PC Piece), 'Valuation Cat.', 'Valuated Un', 'ML Act.' (checked), 'Price Determ.' (3 Single-/Multilevel), and 'Mat. Price Analysis'. The 'Prices and values' section is a table with columns for 'Currency', 'EUR', 'USD', and 'USD'. The rows show 'Standard Price', 'Price Unit', 'Prc. Ctrl', and 'Inventory Value'.

Currency	EUR	USD	USD
	Company code currency	Group currency, group valu..	Group currency, profit cente..
Standard Price	150.00	100.00	100.00
Price Unit	1	1	1
Prc. Ctrl	S	S	S
Inventory Value	105,000.00	70,000.00	70,000.00

## Translation to Parallel Currencies

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**Reconcile first local currency to parallel currencies and display inconsistencies**

**Material inventory values are translated on a key date from local to parallel currencies**

**Transaction CKMADJUST is used to reconcile inventory values in parallel currencies to the G/L**



**This transaction can be run even after inventory movements have been made**

## Reconciliation of Inventory Balances cont.

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- If you plan to have parallel currencies in Material Ledger, the conversion program reconciles the first local currency to the second and third local currencies.
- Transaction CKMADJUST (or FAGL\_ML\_ADJUST if you have New G/L) is used to reconcile these Currency Types.

**Reconciliation of Material Subledger and General Ledger**

Company Code

**Parameters**

Account: Stock Corr.

**Processing Options**

☒ Background Processing

☒ Test run


☐ Ignore Business Area














# Change Price Indicator in the Material Master

- If you plan to use Actual Costing, you will need to change the Price Determination from “2” to “3” by running transaction CKMM

**Change Material Price Determination for Material Ledger**



Material	<input type="text"/>	to	<input type="text"/>	
Plant	1000	to	<input type="text"/>	
Valuation Type	<input type="text"/>	to	<input type="text"/>	
Sales Document	<input type="text"/>	to	<input type="text"/>	
Item (SD)	<input type="text"/>	to	<input type="text"/>	
WBS Element	<input type="text"/>	to	<input type="text"/>	
Material Type	<input type="text"/>	to	<input type="text"/>	
Material Group	<input type="text"/>	to	<input type="text"/>	
Valuation Class	<input type="text"/>	to	<input type="text"/>	
Valuation Category	<input type="text"/>	to	<input type="text"/>	
Price Control	S	to	<input type="text"/>	

**Restrict Material Stock**

Stock Material ☒

Special Stock ☐

**Program Definitions**

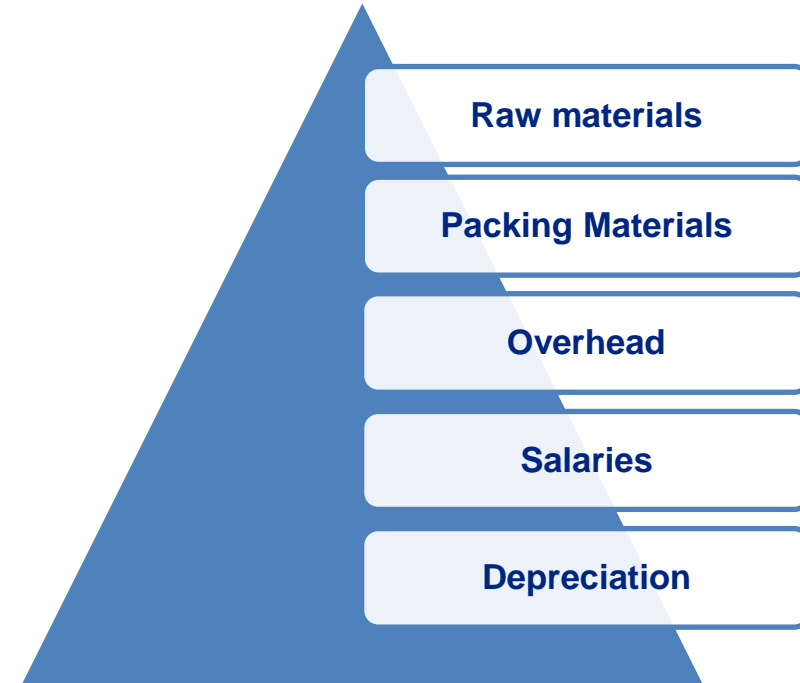
Old Price Determination	2
New Price Determination	3
New Price Control	S

# Actual Cost Components

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Cost components break down the cost estimate into various factors

- Initialized by executing program MLCCS\_STARTUP in transaction SE38
- All materials with price determination “3” get an initial cost component split by standard price



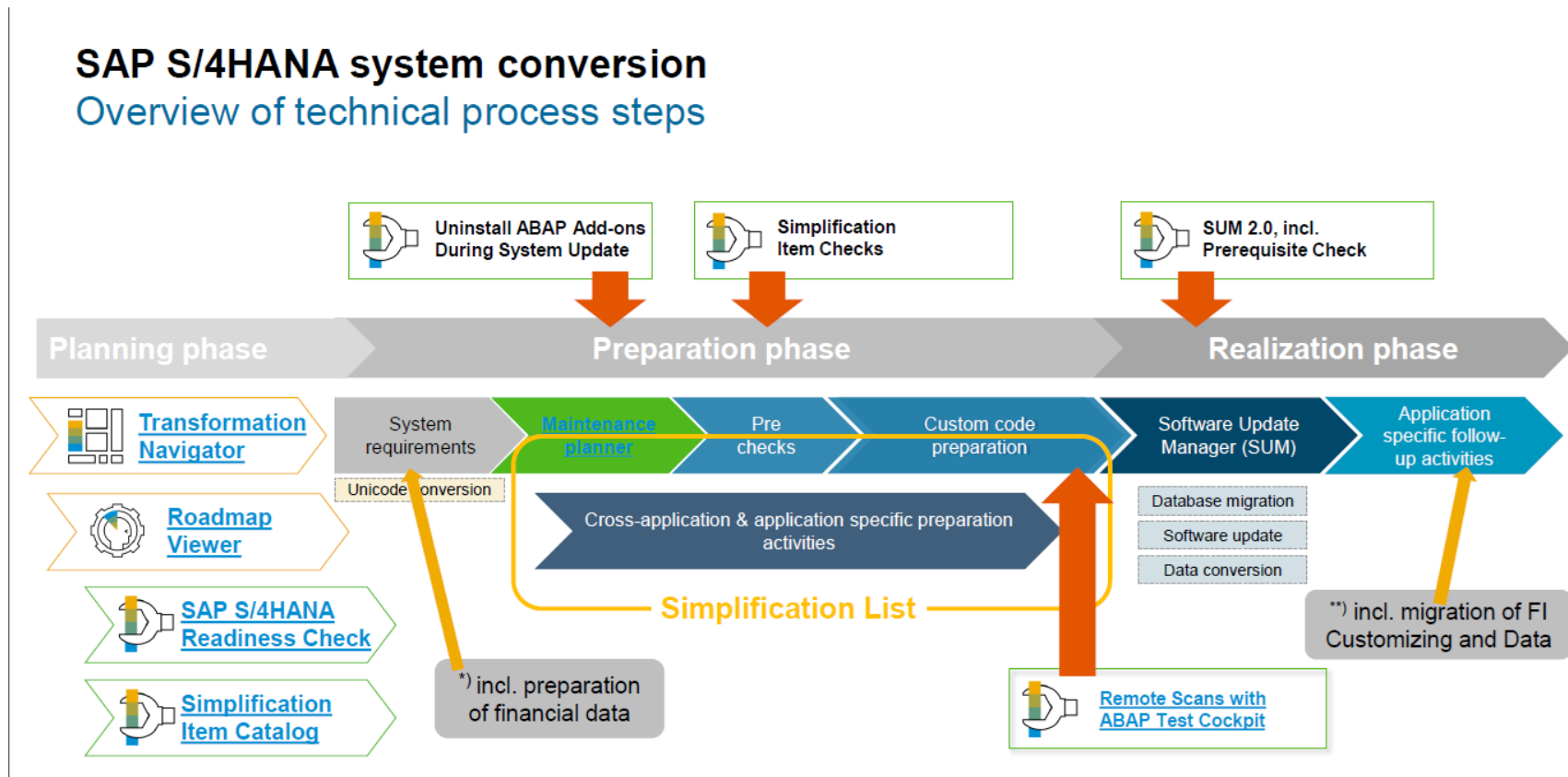
# Converting to Material Ledger in the S/4HANA System

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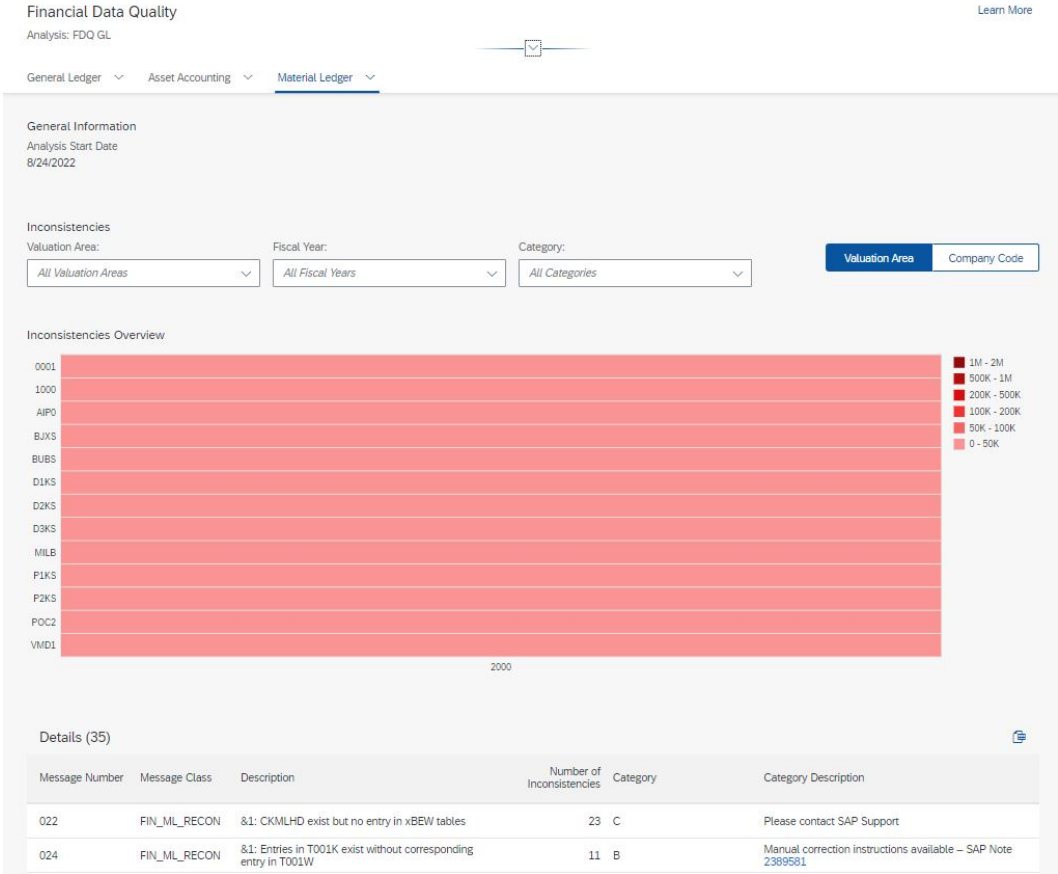
# S/4HANA System Conversion

- Material Ledger Master data is created for all valuation areas/materials (CKMLHD, CKMLPP, CKMLCR)
- MATDOC combines **MSEG**, **MKPF**, plus information from MARC, MARD, MCHB,



# Material Ledger Reconciliation Report

- Part of SAP Readiness check is the Financial Data Quality
- Identifies inconsistencies in ECC Financial Data

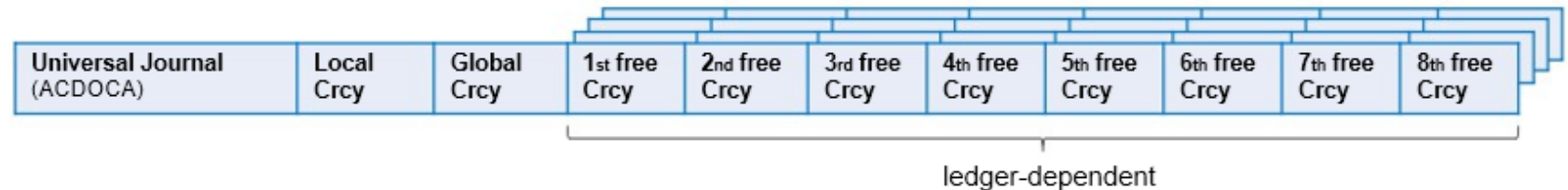




# S/4HANA Currencies

## SAP ERP

- 3 local currencies in FI (including New GL)
- 2 currencies in CO
- 3 currencies in Material Ledger



## SAP S/4HANA Finance

- Local currency: ACDOCA field name = HSL, currency type 10
- Global currency: ACDOCA field name = KSL, currency type of controlling area
- Freely Defined Currencies 1 - 8
  - You can configure any currency type.
  - There is no dependency on the currency types of the leading ledger.
  - ACDOCA fieldnames OSL, VSL, BSL, CSL, DSL, ESL, FSL, GSL
- If you activate parallel valuations with transfer prices, then additional rules / constraints apply.

# S/4HANA Currency Types/Valuation Views

- Up to 8 additional Currency Types can be assigned to Company Codes
- Currency/Valuation Profile can be set up for Group and/or Profit Center Valuation

Dialog Structure

- Currency Types
- Global Currency Conversion Setting
- Currency Conversion Settings for C
- ▼ Ledger
  - ▼ Company Code Settings for the
  - Accounting Principles for Ledg

Ledger:  Ledger 0L

Company Code Settings for the Ledger

	CoCd	Company Name	Local Curr. Type	Global Curr. Type	FreeDef Crcy 1	FreeDef Crcy 2	FreeDef Crcy 3	FreeDef Crcy 4
<input type="checkbox"/>	I710	Company Code 1710	10	30	31	32	11	12
<input type="checkbox"/>	I720	Company Code 1710	10	30	31	32	11	12

- If you had Group/Profit Center Valuation in ECC, the relevant currency type(s) will automatically transfer to S/4HANA.
- You cannot introduce Group/Profit Center Valuation with a Brownfield implementation!

Currency Type	Description
10	Company Code Currency/Legal Valuation
11	Company Code Currency/Group Valuation
12	Company Code Currency/Profit Center Valuation
30	Group Currency/Legal Valuation
31	Group Currency/Group Valuation
32	Group Currency/Profit Center Valuation

## What Are the New Material Ledger Tables?

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- Material Ledger Master data is created for all valuation areas/materials (CKMLHD, CKMLPP, CKMLCR)
- MATDOC combines **MSEG, MKPF**, plus information from MARC, MARD, MCHB, MKOL, etc.
- MBEW, EBEW, QBEW, OBEW, MBEWH EBEWH, QBEWH, OBEWH values and quantity migrated to ACDOCA, meaning one single source of data.
- MLDOC = MLHD, MLIT, MLPP, MLPPF, MLCR, MLCRF, CKMLPP, CKMLCR, MLCD, CKMLMV003, CKMLMV004, CKMLPPWIP etc.
- MLDOCCCS = MLKEPH, CKMLKEPH, (CKMLPRKEKO)
- MLDOC\_EXTRACT
- MLDOCCCS\_EXTRACT (cost component split report)
- CKMLCR still source for Standard Price, Periodic Unit Price, and Price Control
- CKMLPRKEKO and CKMLPRKEPH still valid for cost component split
- MLRUNLIST replaces CKMLMV011


## Technical Changes in Material Ledger

- Core information is now retrieved from ACDOCA.
  - ♦ V-2 Materials
- Custom ML Type must now be defined as no default is available.  
Type 0000 is not supported anymore.

 ML type 0000 referencing FI or CO is not allowed

- ♦ The main reason is that you can assign > 3 currencies to a company code and ML still has limit of 3.

**Change View "Define individual characteristics": Overview**

New Entries 

Dialog Structure

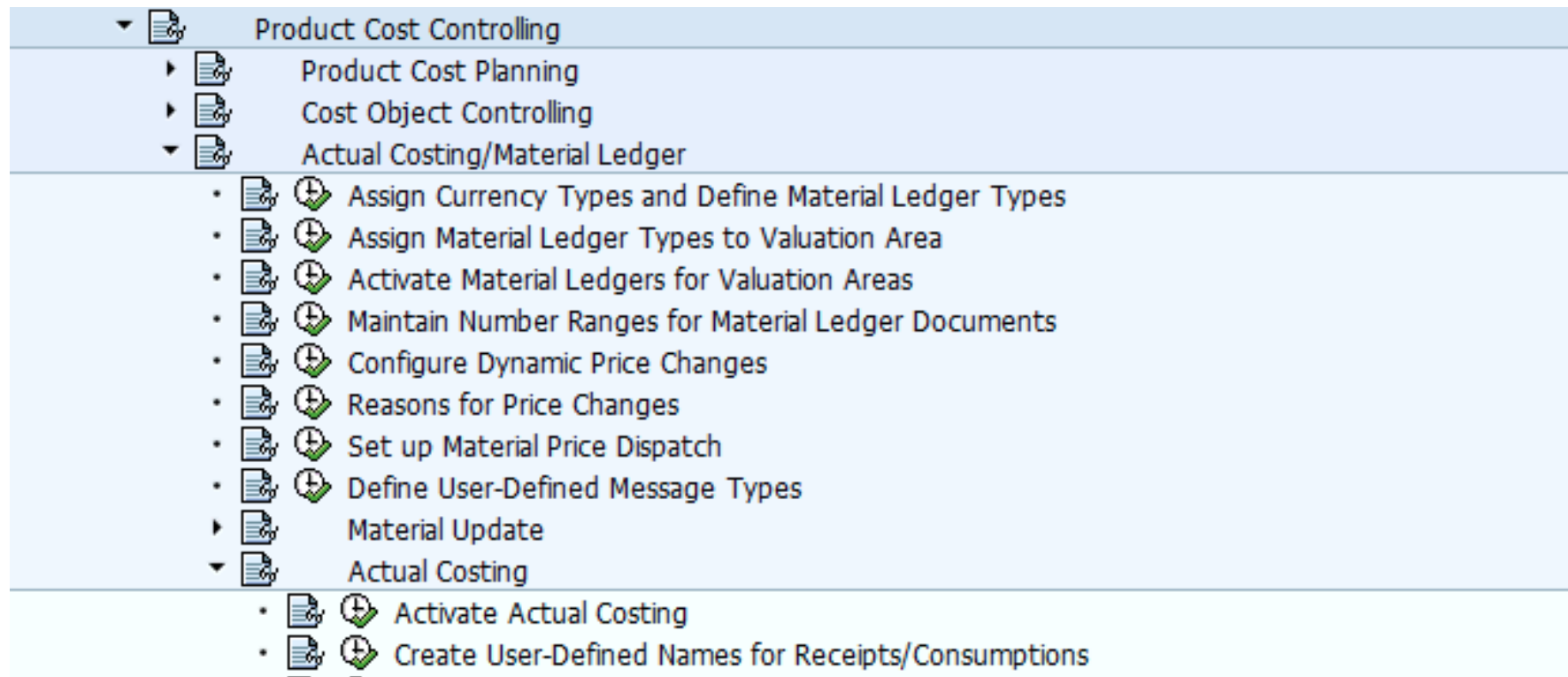
- ▾ Define material ledger type
  - Define individual characteristics

Mat. Ledger Type

Crcy type	Short Descript.
10	Company code currency
32	Group currency, profit center valuation
40	Hard currency

## Is Actual Costing Mandatory in SAP S/4HANA?

- Material Ledger is mandatory in SAP S/4HANA
- Actual costing is not mandatory





# Is Actual Costing Mandatory in SAP S/4HANA?

- Actual costing
  - ♦ Not mandatory
  - ♦ CKM3 is available with limited functionality
  - ♦ N actual cost component split

**Change View "Activate actual costing": Overview**

Plnt	Name 1	Act. Costing	ActAct	CreditCct
1010	Werk 1 - DE	<input type="checkbox"/>		
1110	Plant 1 GB	<input type="checkbox"/>		
1210	Plant 1 FR	<input type="checkbox"/>		
1310	Plant 1 CN	<input type="checkbox"/>		
1510	Plant 1 JP	<input type="checkbox"/>		
1710	Plant 1 US	<input checked="" type="checkbox"/>	2	

**Material Price Analysis**

Material: M2-TG-A14 Bike Cover  
Plant: 1010 Werk 1 - DE  
Valuation Type:   
Sales Order Stock/Project Stock  
Period/Year: 7 2017 Period Status: Period Opened  
Curr./Valuation: Company code currency EUR  
View: Price History

Prices and Inventory Values

Transaction	Object	Unit	ChgTotInv.	Value Ch...	Price Mov.	P...	TotalSto...	Total Value	New Pric...
Period Opening	PC		0	0,00	0,00	1	662.000	70.448.000,0...	106,42

**Material Price Analysis**

Costing Cockpit Set Costing Run

Material: FG226 Cross Racer 3.0  
Plant: 1710 Plant 1 US  
Valuation Type:   
Sales Order Stock/Project Stock  
Period/Year: 6 2017 Period Status: Not Relevant for Settlement  
Curr./Valuation: Company code currency USD  
Value: Actual Value Level + Lower Level Fixed + Variable ☒ Relevant for Stock Valuation  
View: Price Determination Structure Main Cost Component Split

Prices and Inventory Values

	Quantity	ValQtyUnit	PrelimVal	PriceDiff	ExRateDiff	ActualVal.	Price
Beginning Inventory	0	PC	0,00	0,00	0,00	0,00	0,00
Cumulative Inventory	0	PC	0,00	0,00	0,00	0,00	0,00
Ending Inventory	0	PC	0,00	0,00	0,00	0,00	0,00

# Activating Actual Costing Retroactively

- To activate actual costing after moving to S/4HANA:
  - Activate Actual Costing for the relevant plant(s)
  - Execute program FCML4H\_STARTUP

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Set ML Actual Costing as Productive (retroactively)

Save as Variant...

More

Selection

Valuation area: CA51 to:

Processing Options

Test: ☐

Package Size: 400

Server Group:

Maximum Number of Tasks: 10

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Set ML Actual Costing as Productive (retroactively)

More

T	Message Class	Nu.	Message Text
I	FINS_ML_MIG	21	Processing of valuation area CA51
I	FINS_ML_MIG	84	Total 1 plant(s) found and 1 updated successfully. ()

Activate actual costing

	Plnt	Name 1	Act. Costing
<input type="checkbox"/>	CA51	Toronto Plant	<input checked="" type="checkbox"/>

## Additional Features with SAP S/4HANA

- CKMLCP
  - ◆ Same transaction for actual closing and AVR, instead of CKMLCP and CKMLCPAVR
  - ◆ New process called preparation
  - ◆ Single Level Price Determination, Multilevel Price Determination, Revaluation of Consumption and WIP Revaluation have been replaced by the new step settlement

The screenshot shows the 'Create ML Costing Run / Run Reference' dialog box. The 'Costing run' field contains '1710' and the 'Period' field contains '6 2017'. Below these fields, there are several radio button options: 'Actual Costing Run' (selected), 'AVR with Run Reference', 'Classic AVR (No Parallel COGM)', 'Run Reference for Single Period Run', 'Run Reference for Year-To-Date Run', and 'Run Reference for Rolling Run'. The dialog box has a blue header bar and a green checkmark icon in the bottom right corner.

The screenshot shows the 'Costing Cockpit: Actual Costing - Change / Execute' interface. It displays the same 'Costing run' (1710) and 'Period' (6 2017) as the previous screenshot. Below the input fields, there is a 'General Data' section and a 'Processing' table. The 'Processing' table shows the status of various flow steps.

Flow step	Authorizn	Parameters	Execute	Log	Mat St...	Successful	Erro...	Still open	Act Stat	Successful	Erro...	Still open
Selection						135	0	0		0	0	0
Preparation						0	135	0		0	0	0
Settlement						0	0	135		0	0	0
Post Closing						0	0	135		0	0	0
Mark Prices						0	0	0		0	0	0

At the bottom of the interface, there are three buttons: 'Job Overview', 'Schedule Manager', and 'Results'.

## Additional Features with SAP S/4HANA cont.

- CKMLCP
  - ◆ Selection (program FCML4H\_SELECTION)
  - ◆ Preparation (program FCML4H\_PREPROCESSOR)
  - ◆ Settlement (program FCML4H\_SETTLEMENot)
  - ◆ Post Closing (program FCML4H\_POST\_CLOSING)
- Does not distinguish anymore between single and multilevel price difference in accounting
  - PRV and KDV are obsolete
  - AUI must be without valuation class
  - New Key PRL

**Costing Cockpit: Actual Costing - Change / Execute**

Costing run: 042017  
Period: 4 2017

**OLD**

General Data

Create Cost Estimate

Flow step	Authorizn	Parameters	Execute	Log	Status	Successful	Errors	Still open
Selection						816	0	0
Determine Sequence						816	0	0
Single-Level Pr. Determination						816	0	0
Multilevel Pr. Determination						1	0	0
Revaluation of Consumption						816	0	0
WIP Revaluation						816	0	0
Post Closing						0	0	816
Mark Material Prices						0	0	0

Job Overview Schedule Manager Activity Types Status Data From 26.05.2017 18:35:15

Costing Results

**Costing Cockpit: Actual Costing - Change / Execute**

Costing run: 1710  
Period: 6 2017  
Application: Actual Costing

**NEW**

General Data

Processing

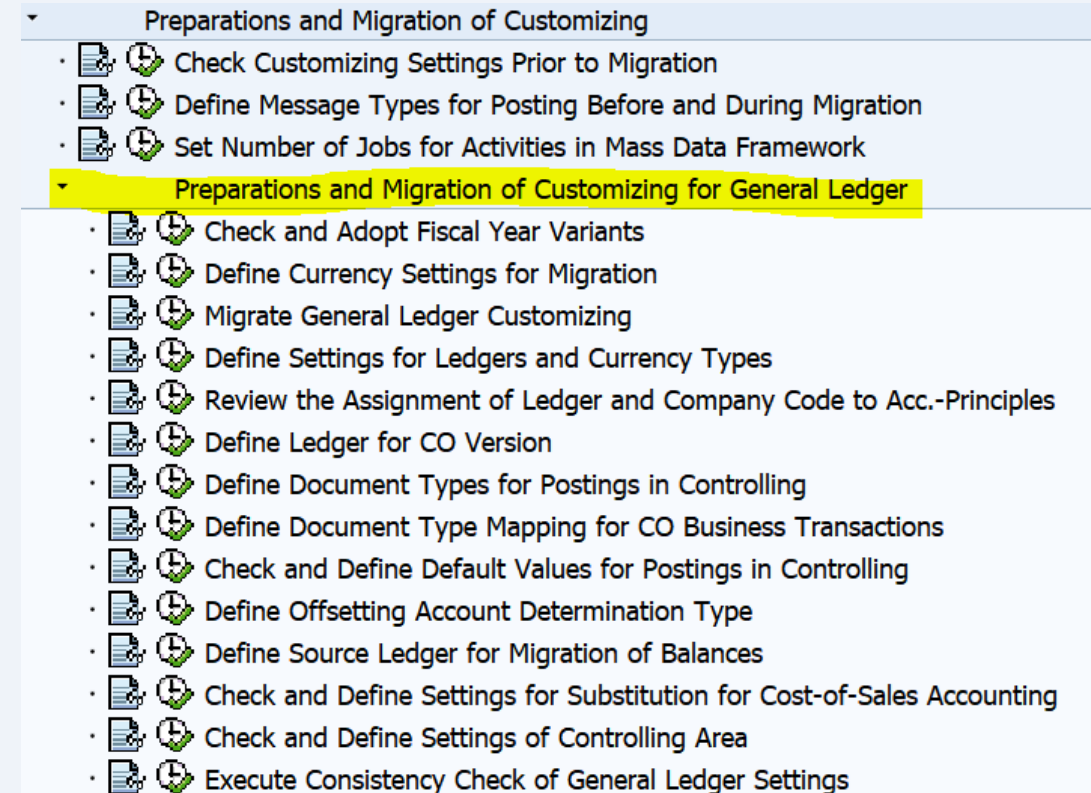
Flow step	Authorizn	Parameters	Execute	Log	Mat St...	Successful	Erro...	Still open	Act Stat	Successful	Erro...	Still open
Selection						135	0	0		0	0	0
Preparation						0	135	0		0	0	0
Settlement						0	0	135		0	0	0
Post Closing						0	0	135		0	0	0
Mark Prices						0	0	0		0	0	0

Job Overview Schedule Manager Results

# Preparations and Migration of Customizing for General Ledger

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- There are two Data Preparation activities that need to be completed before you start the process for converting to Material Ledger
- The first is the “Preparations and Migration of Customizing for General Ledger”



## Preparing Migration of Customizing for Material Ledger

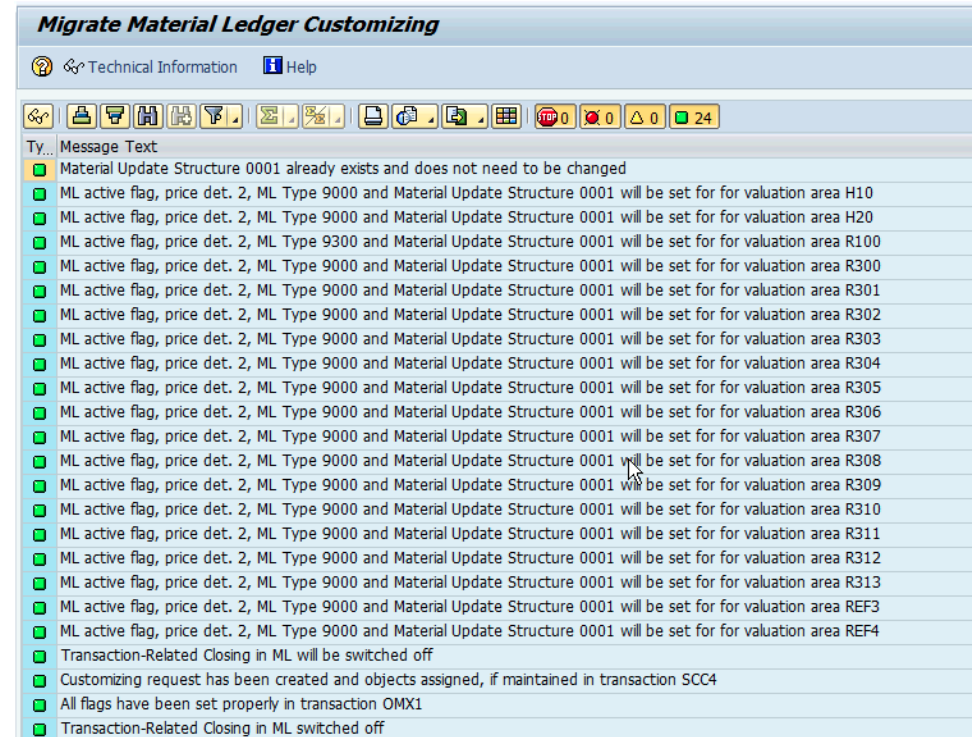
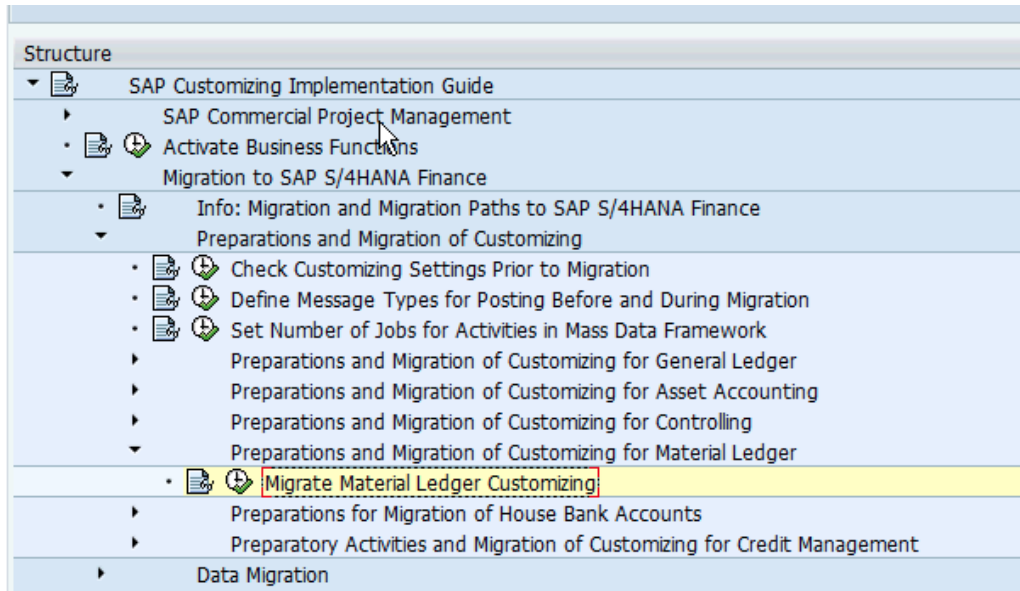
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- The second step is the “Preparations and Migration of Customizing for Material Ledger”

▾	Preparations and Migration of Customizing
•  	Check Customizing Settings Prior to Migration
•  	Define Message Types for Posting Before and During Migration
•  	Set Number of Jobs for Activities in Mass Data Framework
▸	Preparations and Migration of Customizing for General Ledger
▸	Preparations and Migration of Customizing for Asset Accounting
▸	Preparations and Migration of Customizing for Controlling
▾	Preparations and Migration of Customizing for Material Ledger
•  	Migrate Material Ledger Customizing
•  	Check Assignment of Material Ledger Types to Valuation Areas

# Migration Step for Material Ledger

- Archive prior to migration is suggested
- Activate ML in ECC before moving to SAP S/4HANA also suggested to reduce the impact and also get knowledge of functionality before changing















## Preparing Migration of Customizing for Material Ledger

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- Once these preparation activities are completed, then you can run the steps to Start and Monitor the Data Migration

 **Data Migration**

-  Partitioning of Universal Journal Entry Line Items Table
-   Regenerate CDS Views and Field Mapping
-   Analyze Transactional Data
-   Display Status of Analysis of Transactional Data
- ▶ Documentation of Data Migration
-   Start and Monitor Data Migration

## M10: Migrate Material Ledger Master Data

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- This activity populates data in the Material Ledger tables CKMLHD, CKMLPR, CKMLPP and CKMLCR in all Material Ledger currencies, from the last period of the previous year to the current period and activates Material Ledger in all Valuation Areas (Plants).
- Also, all the data in the Inventory Valuation tables xBEW(H) and Material Ledger tables CKMLPP and CKMLCR (if you already use Material Ledger) are migrated into the universal journal entry tables ACDOCA and ACDOCA\_M\_EXTRACT, from the last period of the previous year to the current period.

## Existing tables to be replaced with the new tables

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Old Table	New Table	Explanation
MLHD, MLIT, MLPP, MLPPF, MLCR, MLCRF, CKMLPP, CKMLCR, MLCD, CKMLMV003, CKMLMV004, CKMLPPWIP etc.	MLDOC & MLDOC_EXTRACT	These tables will be populated from Material Ledger transactional data updates and settlement.
MLKEPH, CKMLKEPH, (CKMLPRKEKO)	MLDOCCCS & MLDOCCCS_EXTRACT	These tables will update the cost component split in actual costing.
CKMLMV011	MLRUNLIST	This table will contain the material and activity type status from a costing run.

## Existing tables to be replaced with the new tables cont.

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Old Table	New Table	Explanation
MKPF, MSEG	MATDOC	This table will hold the header and item data of a material document
MBEW, OBEW, QBEW, MBEWH, OBEWH, EBEWH	ACDOCCA	This table will contain the inventory valuation transactional data

## Other Migration Steps

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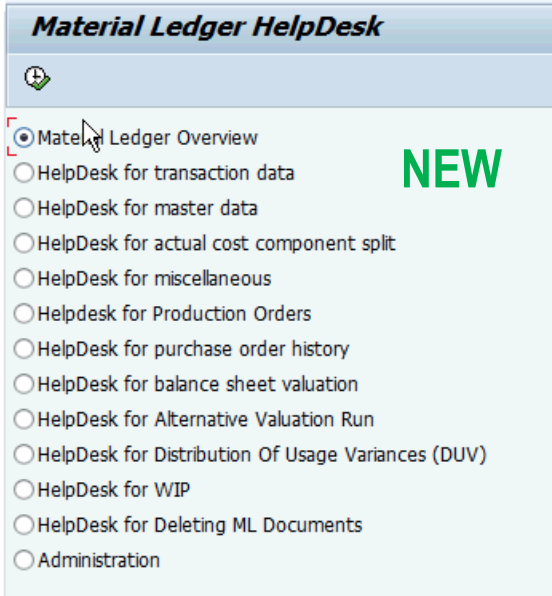
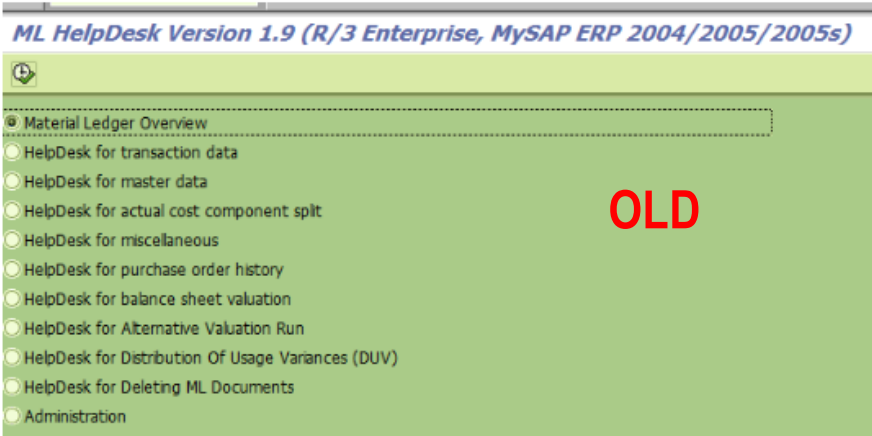
- M11: Migrate Material Ledger Order History:
  - ◆ This activity converts all existing purchase order history tables (EKBE, EKBEH, EKBZ, EKBZH) and production order history tables (MLAUFCR and MLAUFCRH) into the Material ledger currencies.
- M20: Check Material Ledger Master Data:
  - ◆ This activity checks and verifies the migrated data by comparing values from the inventory and material ledger tables with the Universal Journal table ACDOCA.
- M21: Check ML Production Order and Purchase Order History:
  - ◆ This activity verifies that all production and purchase order history records have been converted into the material ledger currencies.

# Material Ledger Help Desk

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- Prior to S/4HANA 1610
  - ♦ SAP Note 364368 - Material Ledger help desk
  - ♦ CKMHELP
- SAP S/4HANA 1610
  - ♦ 2433733 - ML Helpdesk tool in SAP S/4HANA
  - ♦ Require password or debug access to change mode in execution
  - ♦ FCMLHELP

# Material Ledger Help Desk cont.





## Questions You Need to Ask Before Converting to Material Ledger

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- What currencies do we want to value inventory with, at a historical rate?
- Do we need to use transfer pricing and parallel valuation?
- Do we want our products to be valued at Actual Cost?
- Should we revalue our inventory at a FIFO, LIFO, or some other basis?
- Should we value our inventory according to multiple GAAP approaches?
- Do we want our Cost of Sales to be valued at standard or actual cost?
- Can we reduce the impact of foreign exchange differences on our inventory values?

## Timing Your Material Ledger Conversion

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- Look out for other projects (particularly relating to inventory) that could take place around the same time
- If you are activating Actual Costing plan for a 3 – 6-month project
- If you are activating Actual Costing, it is best to do it at the beginning of the month, otherwise not all variances will be used in calculation
- Allow a couple of months to work through kinks
- If you are not planning to move to S/4 in 2 or more years, and there is a business justification, then consider activating Material Ledger sooner





## Universal Parallel Accounting

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New SAP features that allows end-to-end view of parallel accounting across different functions such as Asset Accounting, Overhead Accounting, Inventory Accounting, and Product Cost Accounting.

### Functionality

- Allows separate Valuation Views (Legal and Group) per Ledger (i.e., Single Valuation Ledger approach)
- Uses same Accounting Principle for Leading Ledger (for Legal Valuation) and Parallel Ledger (in Group Valuation)
- Consolidated View (in Group Valuation) eliminates intercompany revenue and COGS as well as intercompany profit in inventory (Advanced Intercompany Sales process)

### Limitations

- Only available for greenfield implementations
- Only available in S/4HANA Cloud (from 2105) and S/4HANA 2022

# Wrap Up

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# Your Comprehensive Guide to the Material Ledger in SAP S/4HANA!

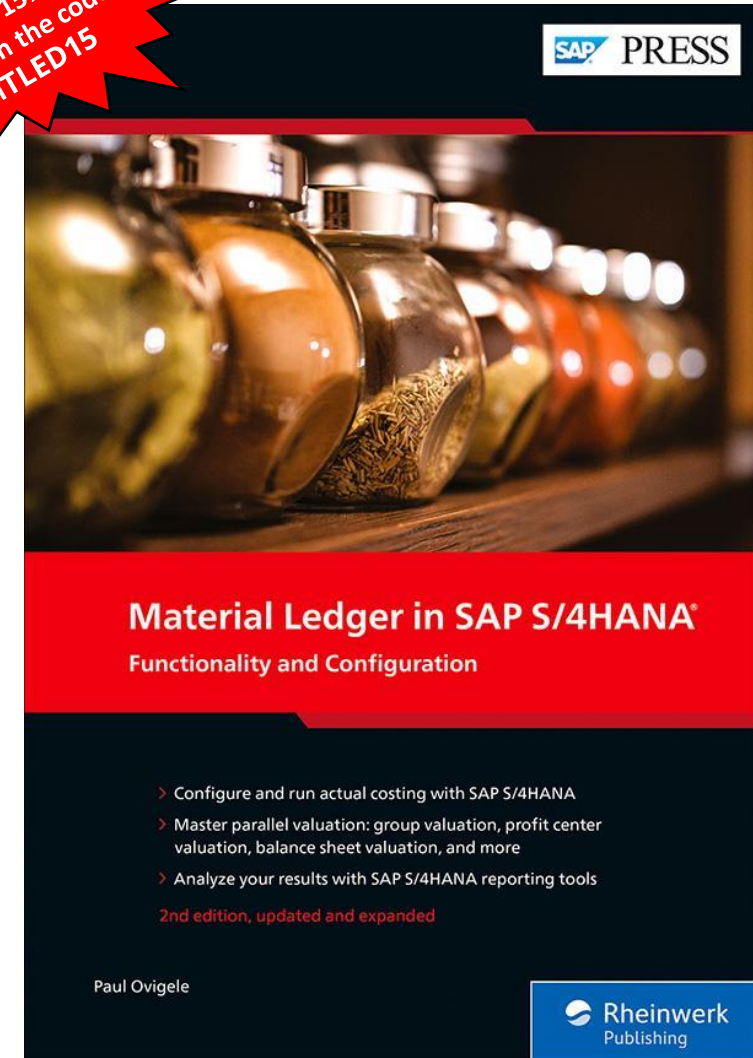
- Configure and run actual costing with SAP S/4HANA
- Master parallel valuation: group valuation, profit center valuation, balance sheet valuation, stock-in-transit, and more
- Analyze your results with SAP S/4HANA reporting tools

**Purchase the print or e-book at [sap-press.com/5565](https://sap-press.com/5565)**  
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## Material Ledger in SAP S/4HANA: Functionality and Configuration

Written by: Paul Ovigele

535 pages | 11/2022 | **E-book:** \$84.99 | **Print:** \$89.95 | **Bundle:** \$99.99



## Where to Find More Information

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- <https://www.erpfixers.com/blog-series>
- ERPfixers Resources Page - Various blogs and articles on SAP S/4HANA and other topics
- <https://www.erpfixers.com/ask-a-fixer-webcast>
- ERPfixers Webcast Page – Monthly Webcasts on various SAP topics including Universal Allocation



# Key Points to Take Home

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- All Plants in a Company Code should be activated with Material Ledger in ECC
- Reduce as much data as possible before converting to ML in ECC
- Even in S/4HANA a reduction of ML data will help the Migration process
- Material Ledger is mandatory in S/4, Actual Costing is optional
- Material Ledger conversion is one of the Migration Steps in S/4HANA





# Thank You! Any Questions?

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Paul Ovigele

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