

Leverage SAC Planning to Streamline Core Processes

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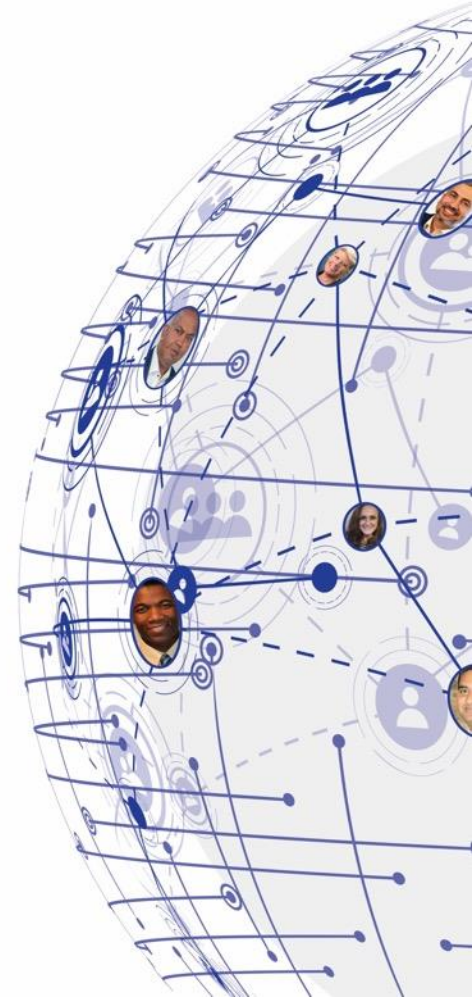
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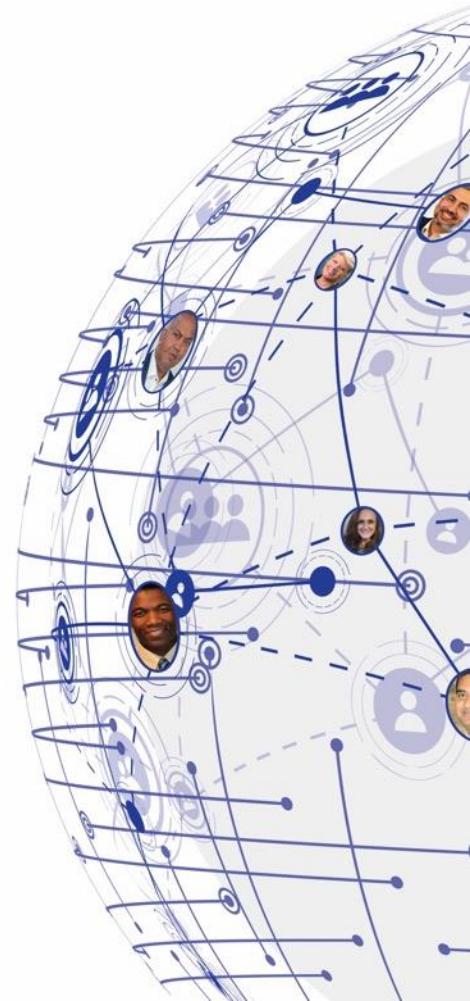
In This Session

- Learn how Protiviti enabled SAP Analytics Cloud Planning (SAC-P) to streamline core FP&A processes from two real world project examples:
 - Accelerator based rapid deployment
 - Tailored solution to transform FP&A during a complex global S/4HANA transformation
- Both projects were implemented in SAC-P using Protiviti xP&A accelerator as a foundation for gross profit planning, allocations and reporting
- Both projects unlocked capabilities & drove process improvement for:
 - Metric-based budgeting
 - Data-driven forecasting
 - Automated & drillable variance analysis



What We'll Cover

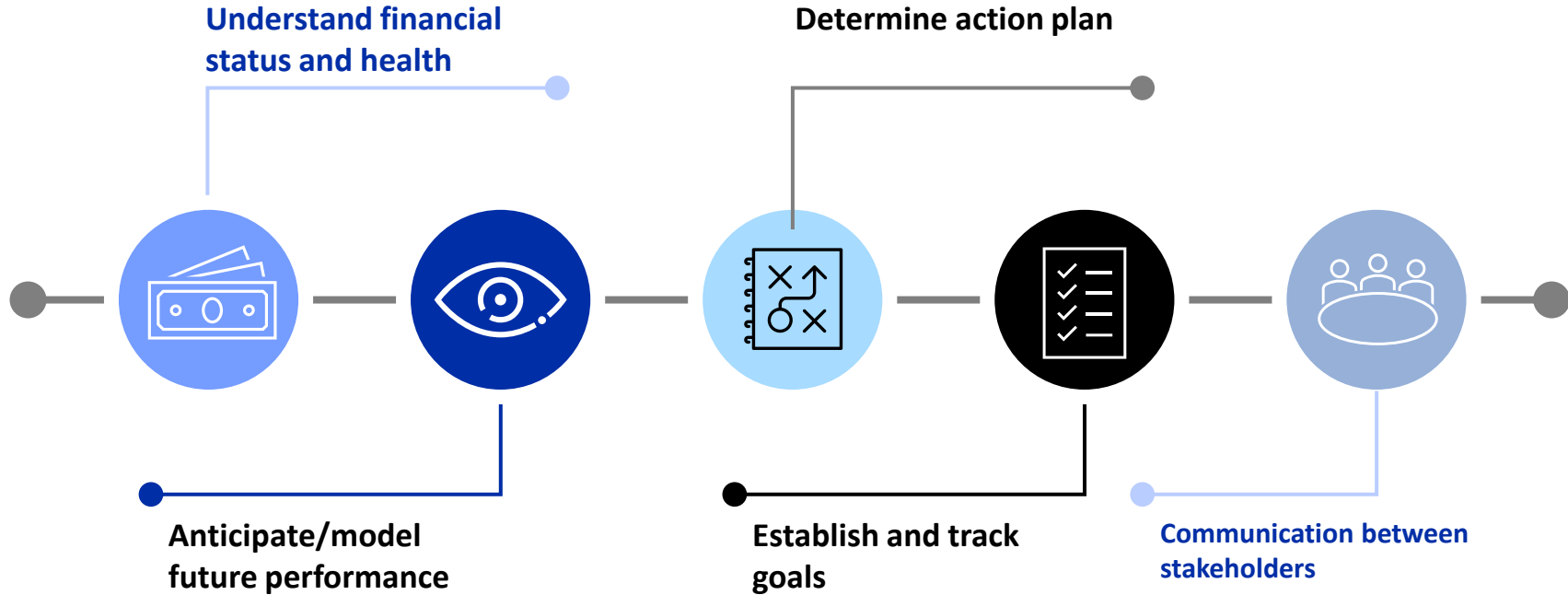
- **Challenge**: Inefficient, labor intensive, and error-prone Excel-based planning & reporting limited the business utility
- **Solution**: SAC-P + xP&A Accelerator + Company Data
- **Results**:
 - Successful implementation in 2+ months (rapid scenario)
 - Strong improvement in Client's ability to drive financial decisions with data-driven Planning and Scenario Analysis
- **Client Value**: Reduced resource investment in budgeting & transition to rolling budgeting & forecasting
 - Created partnerships in key functional areas
 - Ability to quickly deliver insightful variance analysis
- **Wrap-Up**: Delivered a modern solution tailored meeting the client's stated & unique needs



What Does FP&A Do for an Organization?



FP&A Purpose



**Project Scenario 1:
Rapid Deployment
using XP&A Accelerator**



Current Process – Pre XP&A Project Context

- Context: Client was burdened with dated processes and limited investment in new technology.
 - Improvements data architecture allowed for summary-level operations KPIs to be accessed easily in S/4HANA *but...*
 - Permissions and rigidity of the ERP platform largely restricted the ability to query directly – *The ERP is meant to be an ERP not an analytics and forecasting tool!*
- Prior approaches to budgeting and forecasting were primarily “top-down” allocations of a negotiated target
 - *Single version of the annual budget would take 10-people about 4 months to complete.*
 - *Very manual process with many complex Excel workbooks, formulas, and stitched together lookups*

Solution – SAC-P + Protiviti xP&A Accelerator



Video Demo Link: <https://www.youtube.com/watch?v=LkJpilC2ELk>

XP&A Pre-built SAC-P Models: Finance

← → ↺ extended-planning-and-analysis-accelerator

protiviti Global Assumptions Forecast & Planning xP&A Accelerator

MENU

Account Standard Planning Methodologies	
Revenue Domestic - Product	Gross Margin Detail
Cost of Goods Sold (Raw Material w/o C...	Gross Margin Detail
Other Periodic Service	Same as LY * Global
Insurance	Same as LY * Global
Office/Building Rent	Global * Square Footage
Leasing Expense	Global * Square Footage
Depreciation Expense - Buildings	Capex Planner
Payroll Expense - Salaries	HCM Detail
Payroll - Benefits	Payroll * Global
Sales Commissions	% of Sales
Advertising and Sales Costs	% of Sales

2020 Planning Growth Assumptions	
Forecast and Planning Assumptions	
RevenueDomestic-Prod Global	3.00 %
SalesDiscounts-Domes Global	1.00 %
CostofGoodsSold(RawM Global	0.00 %
OtherPeriodicService Global	1.00 %
Insurance Global	2.00 %
Office/BuildingRent Global	1.00 %
LeasingExpense Global	2.00 %
AmortizationExpense- Global	2.00 %
DepreciationExpense- Global	2.00 %
PayrollExpense-Salar Global	1.00 %
Payroll-Benefits Global	2.00 %
Payroll-Bonus Global	1.00 %
SalesCommissions Global	1.00 %
AdvertisingandSalesC Global	1.00 %
PropertyTaxes Global	0.00 %
	%

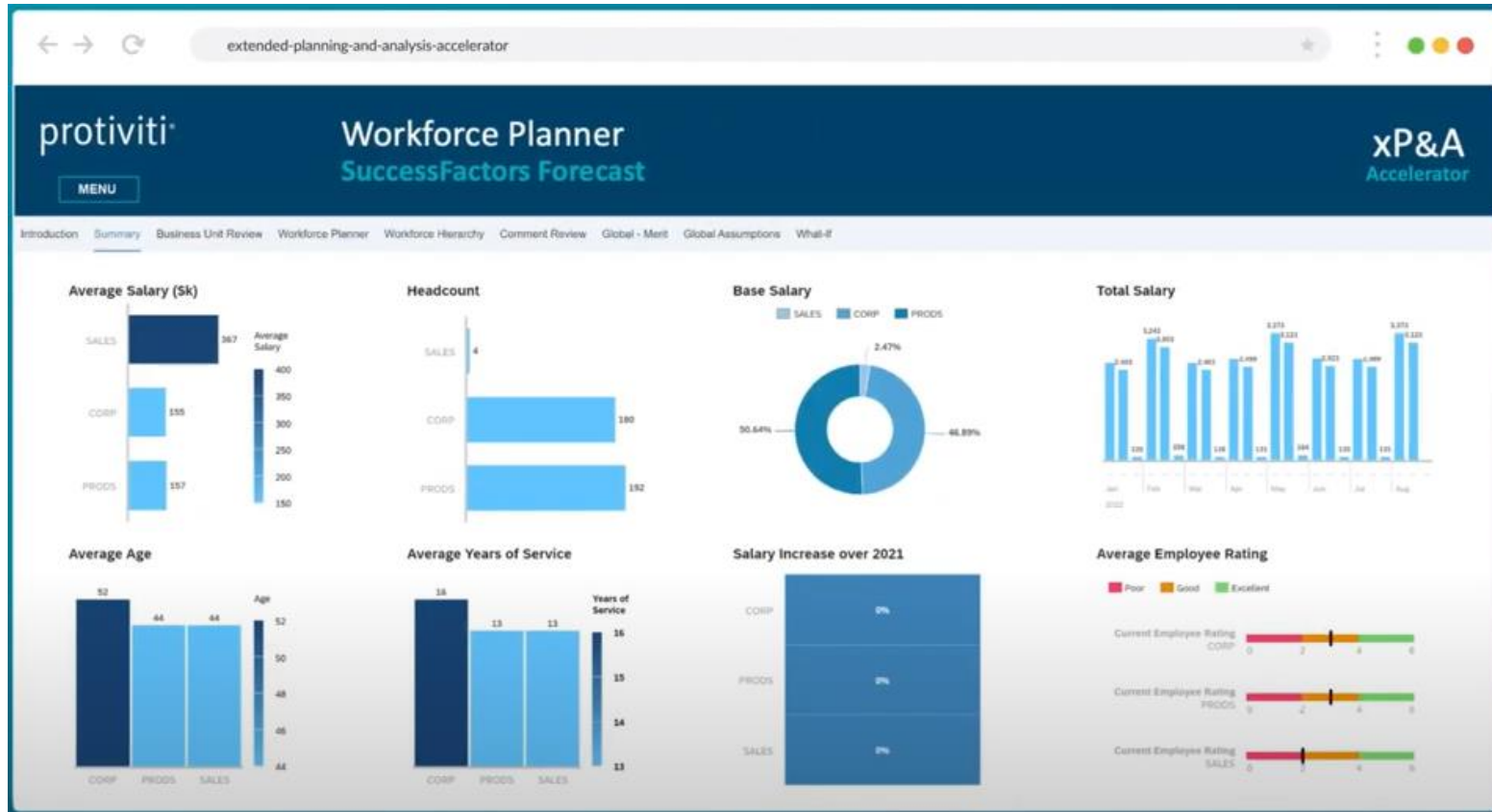
Payroll Assumptions	
Payroll Benefits	Merit
20.00	4.00

Growth Assumptions		
Sales Growth	COGS Growth	SGA Growth
2.00	3.00	2.00

Square Footage	
	1,000.00

	Std Cost	Price	Gross Margin Unit Price and Cost %
✓ Total Products	\$129.42	268.10	51.7 %
✓ Products	\$55.36	122.77	54.9 %
Product 1	\$12.24	28.13	56.5 %
Product 2	\$9.10	15.60	41.65 %
Product 3	\$9.51	26.00	63 %
Product 4	\$24.51	53.04	53.8 %
✓ Applications	\$74.05	145.33	49.04 %
Application 1	\$19.38	36.07	49.04 %
Application 2	\$29.19	57.28	49.04 %
Application 3	\$8.11	15.91	49.04 %
Application 4	\$19.38	36.07	49.04 %

XP&A Pre-built SAC-P Models: Payroll



XP&A Pre-built SAC-P Models: Capital Expenditures



XP&A Standard Reports: Financial Statement

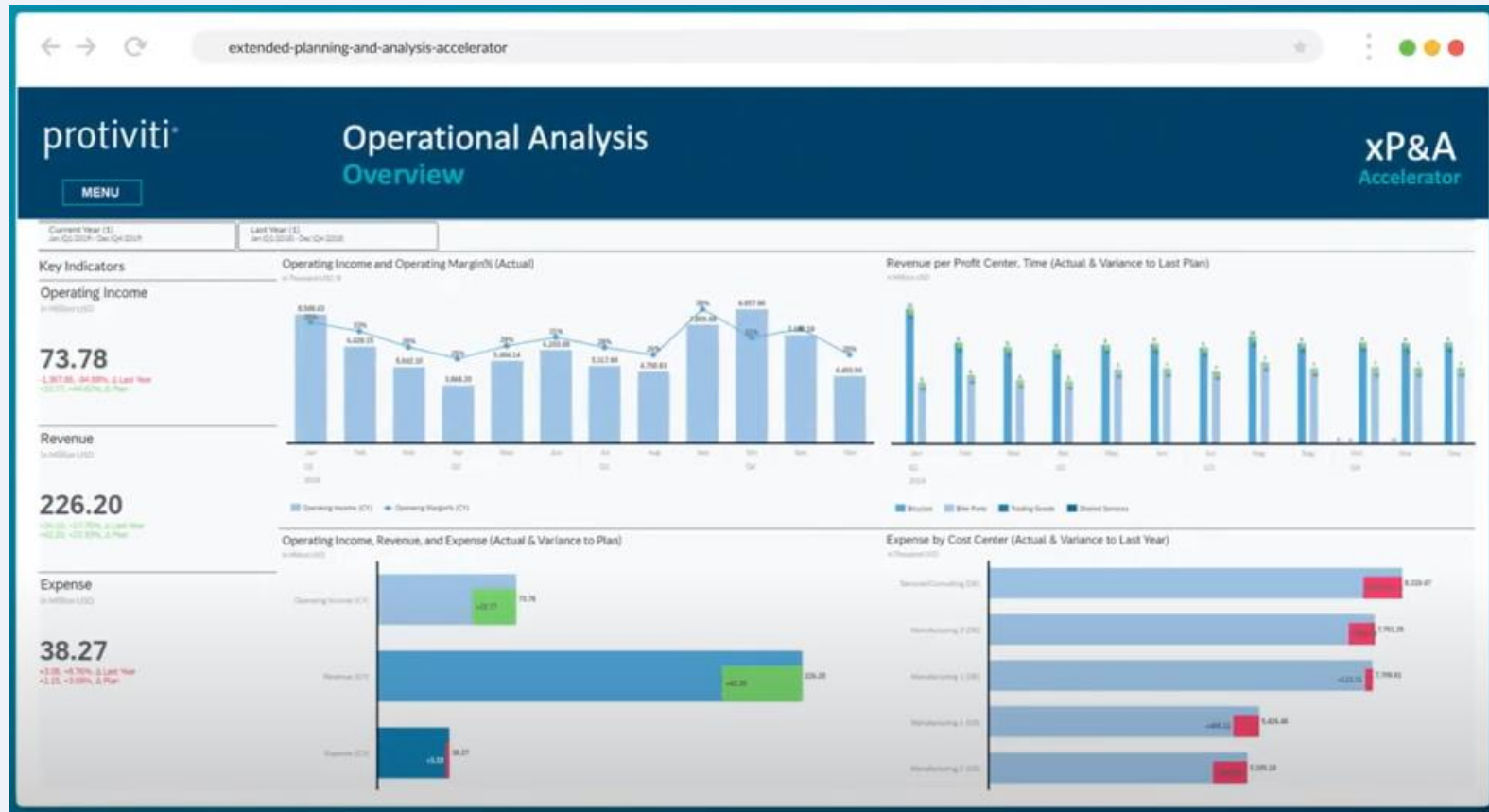
← → ↺ extended-planning-and-analysis-accelerator ☆

protiviti[®] Financial Statements
Income & Balance Sheet

MENU xP&A Accelerator

	Actual > 2017	Plan > 2018	% Difference	
Net Revenue	778,108,795.49	551,436,011.95	41 %	761,925,674.35
Contribution Margin	564,922,808.57	389,512,183.33	45 %	540,001,179.75
EBIT	454,886,091.85	334,731,905.38	36 %	497,794,236.79
Capital Employed	2,055,823,918.99	2,539,504,743.69	-19 %	-
ROCE	22.13 %	13.18 %	68 %	-
COGS	213,185,986.92	161,923,828.62	32 %	COGS 32 %
Gross Profit	564,922,808.57	389,512,183.33	45 %	Version Time Actual % Difference
Gross Profit Margin	72.60 %	70.64 %	3 %	
Operating Profit	456,467,302.29	336,696,498.49	36 %	
Operating Margin	58.66 %	61.06 %	-4 %	
ASSETS	2,074,150,755.57	2,562,437,455.58	-19 %	
> Outstanding capital contributions	-	-	-	-
> Start-up and business expansion expenses	-	-	-	-
> Fixed assets	1,945,983,126.43	2,405,054,356.41	-19 %	-
> Current assets	128,167,629.14	157,383,099.17	-19 %	-
> Accruals for advance tax return	-	-	-	-
> Prepaid expenses and accruals	-	-	-	-
> Net loss not covered by equity	-	-	-	-
LIABILITIES	1,390,367,391.95	1,718,364,853.69	-19 %	-
> Stockholders' equity	1,372,040,555.37	1,695,432,141.80	-19 %	-
> Special dep. reserve with reserve funds	-	-	-	-
> Provisions	-	-	-	-
> Payables	18,326,836.58	22,932,711.89	-20 %	-
> Prepaid/deferred items	-	-	-	-
Profit and loss statement	422,800,377.54	307,170,802.31	38 %	497,794,236.79

XP&A Standard Dashboard: Operational Analysis



High Level Solution Wins – Post XP&A Project

- End-result: *Due to substantial market uncertainty due to COVID numerous scenarios were needed to truly understand the business outlook.*
- Using SAC-P & the XP&A accelerator:
 - The FP&A team was able to complete 10+ versions during the single annually planning timeframe!
 - They partnered with Operations leadership, Marketing, Risk, HR, and Execute leadership to test numerous forward-looking assumptions
 - Implementation was done DURING the annual budget process:
 - *Partnership from the client allowed for multiple work-streams to happen and the overall team to hit the stated Board deliverable deadline!*

Result – Successful Project Implementation in 2+ Months Time

What was achieved?

- Fully integrated with core ERP system, various Oracle-based data sources, ready integration for off-prem and cloud-based data
 - S/4HANA – Core financial and gross margin totals
 - Oracle – Operations KPIs, portfolio details, & underlying payroll support
 - Cloud Connector – Pending inclusion of Snowflake, other cloud native data
- Speed-to-market driven by existing conceptual but not scalable models
 - Vetted metrics with available data
 - Mutual desire to create something special

Result – Successful Project Implementation in 2+ Months Time (Cont.)

How did we get here?

- **Client Provided:** Vetted and accurate model construction, formulas, and data-connection details
- **Example of Revenue Calculation:**
 - **Operations KPIs:** Activity Count (A) , Dollar Value (B)
 - **Financial Measure:** Total Revenue from Activity (C)
 - **Gross Revenue Forecast = History [C / (A x B)] x Forecast A x Forecast B**
 - History metric results in a percentage ex: $[\$1,000 / (20 \times 500)] = 10\%$
 - Forecast A & Forecast B are assumptions based on a business target or expectation given history
 - $10\% \times 30 \times 500 = \$1,500$

Reducing Resource Budgeting & Forecasting Investment Improved Finance Partnership Across the Organization

- Data & metric driven budgets communicated to all Leaders improving dialogue and buy-in
- Future alignment discussions focused on linking trends to Leadership observations
- Available resources allowed the FP&A to get involved in other initiatives to deliver near-term business transformation

	Before	After
Resource Investment	10 People	4 People
Time Investment	4 Months	2+ Months
Scenarios Produced	One	10+
Driver Details	Top-Down Allocation	KPI-Based Forecast
Other Project Impacts	Full Stop	Continue

**Project Scenario 2:
Global Finance
Transformation in a
Very Large Organization**



SACP Project Metrics (Subset of Global S/4 Rollout)



Scope

Actuals

12 submissions

Forecasts

12 submissions

Annual Plan

4 submissions

Strategic Plan

1 submission

Product Costing



Size

170 Markets

8 hierarchy levels

250 Product Planning Groups

10 Levels

70 P&L, Working Capital & Cashflow

500 Planners

200 Report Users

Outcomes & Benefits

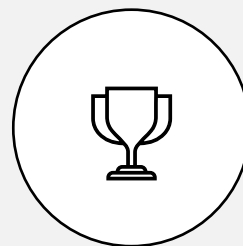
Business Outcomes

Less manual data movement
Less report development and maintenance
Efficiency of centralized processes
More time for analysis
Quick scale enhancements
More actionable details, consistent across the Enterprise
Faster access to information



SAC Benefits

Planning integration with BI reporting
integration with material ledger for product costing (standards and planning)
Rapid Scenario capability
Predictive and Rapid Insights
Process automation



Example of Report Templates

**Finance
Executive
Summary**

Management P&L

Topline Growth

**Operating Profit
(OP)**

**Analysis of
Change (AOC)**

Cost of Sales

Cost Savings

**Operating
Expenses**

**Foreign
Exchange (FX)
Rates**

**Customer
Profitability**

**BU Capital
Efficiency**

**Enterprise Free
Cash Flow**

Analysis of Change

This dashboard provides the overall snapshot of the key metrics such as:

- AOC Version Comparison
- AOC Sequential Period (Month and Quarter)
- AOC Drivers Trend
- Detailed AOC Root Cause:
 - Volume
 - Price
 - Gross to Net
 - Mix
 - Cogs/Distribution

Statistics to note:

Original AOC development in Anaplan took **one year to complete** for **one large market**

Even revisions of this took 6 months in the legacy platform

Development in SAC-P was ready for testing in **One Month**, and fully tested 3-4 weeks later!

Wrap Up



Where to find more information

- [How to Accelerate SAP Analytics Cloud for Planning Implementation:
sapblog.protiviti.com/2021/03/10/how-to-accelerate-sap-analytics-cloud-for-planning-implementation/](https://sapblog.protiviti.com/2021/03/10/how-to-accelerate-sap-analytics-cloud-for-planning-implementation/)
- [What is Your Planning and Analytics Strategy?
sapblog.protiviti.com/2020/11/17/what-is-your-planning-and-analytics-strategy-sap-analytics-cloud-sap-business-planning-and-consolidation-or-a-hybrid-approach/](https://sapblog.protiviti.com/2020/11/17/what-is-your-planning-and-analytics-strategy-sap-analytics-cloud-sap-business-planning-and-consolidation-or-a-hybrid-approach/)
- [Planning for the Unplanned: Predictive Forecasting with SAC Planning:
https://sapblog.protiviti.com/2020/06/22/planning-for-the-unplanned-predictive-forecasting-with-sap-analytics-cloud-planning/](https://sapblog.protiviti.com/2020/06/22/planning-for-the-unplanned-predictive-forecasting-with-sap-analytics-cloud-planning/)
- [National Vision Enhances SAP Business Planning and Consolidation with SAC
https://www.protiviti.com/US-en/client-story-national-vision-financial-reporting-sap-business-planning](https://www.protiviti.com/US-en/client-story-national-vision-financial-reporting-sap-business-planning)
- protiviti.com/xpaaccelerator

Key Points to Take Home

- Replacement of inefficient, labor intensive, and error-prone process can be done quickly & efficiently
- Protiviti's xP&A accelerator for gross profit planning, allocations and reporting can unlock capabilities & drive process improvement
- Metric-based budgeting, data-driven forecasting, and automated & drillable variance analysis delivers value beyond current core capabilities
- SAC Planning is a capable mature solution that can handle and scale to even the largest and most complex organizations!

Thank you! Any Questions?

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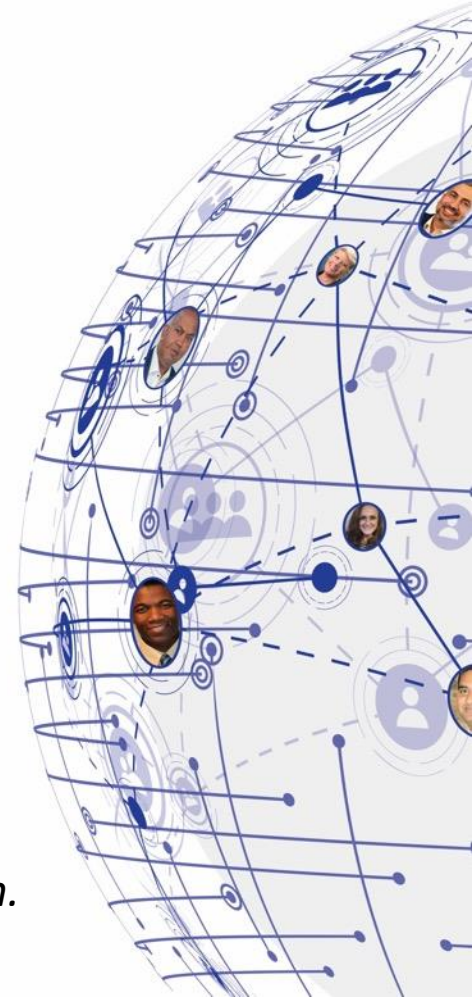
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