

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

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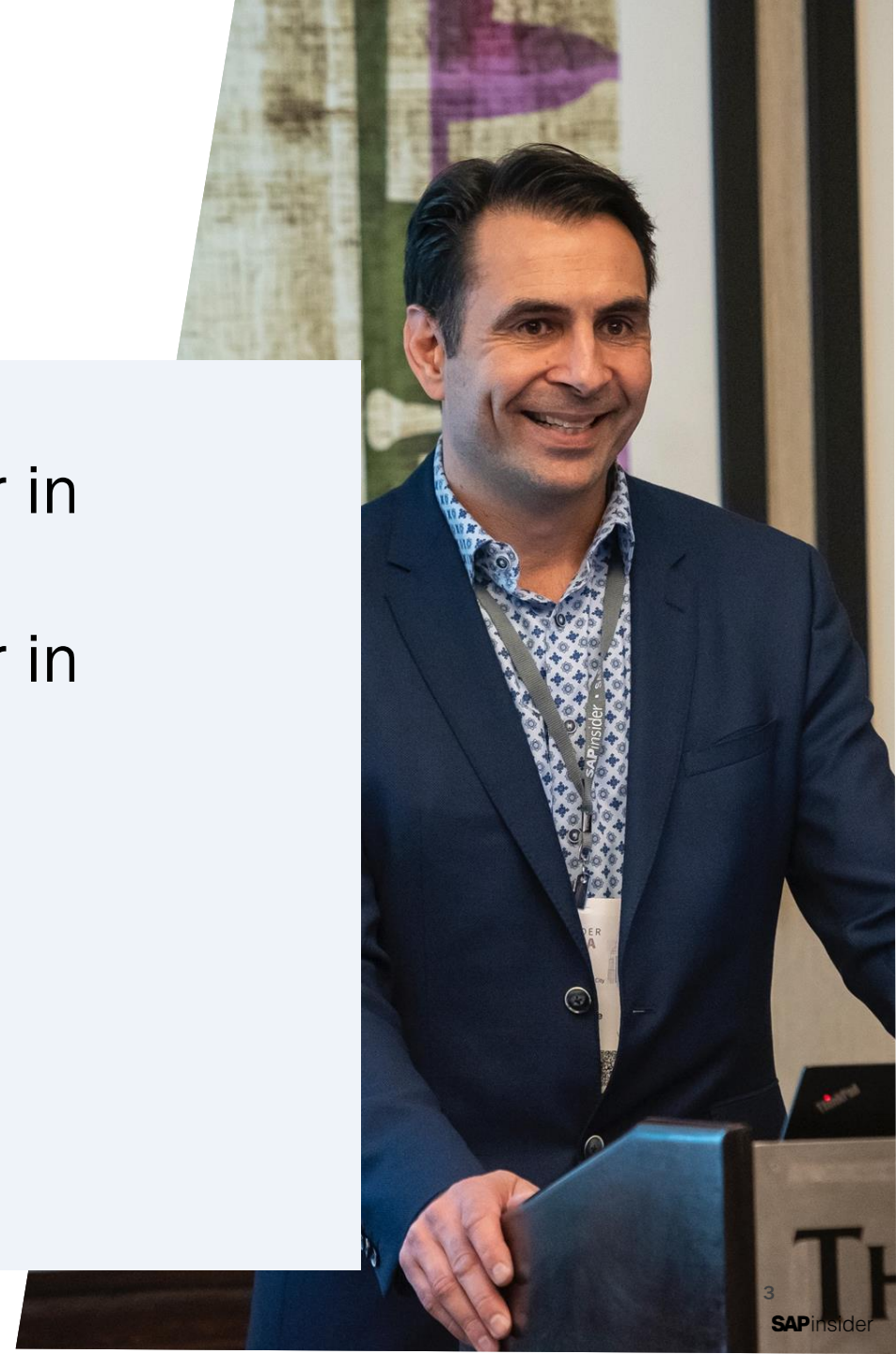


In This Session

- 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 SAP 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

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



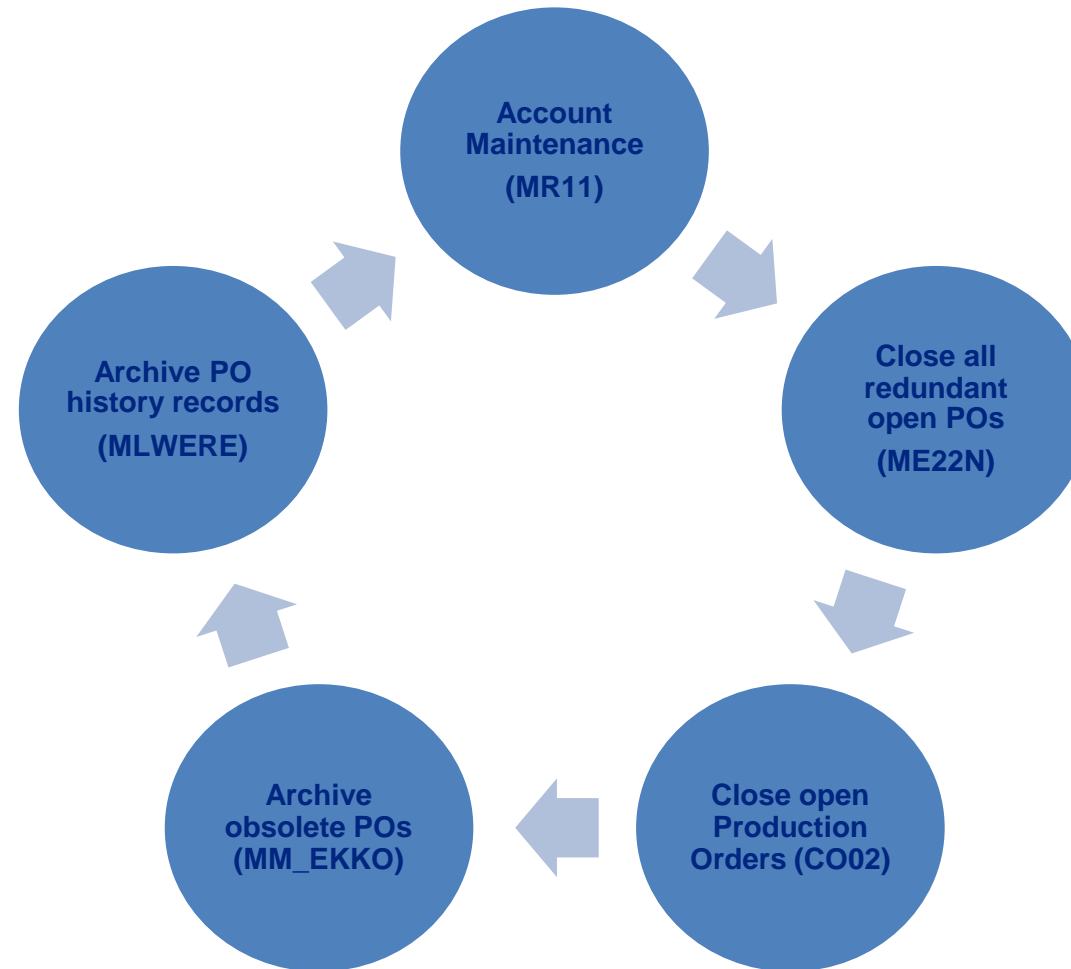
Converting to Material Ledger in the SAP ECC System



Preparing the System for Conversion

- 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



Clearing PO Line Items and History

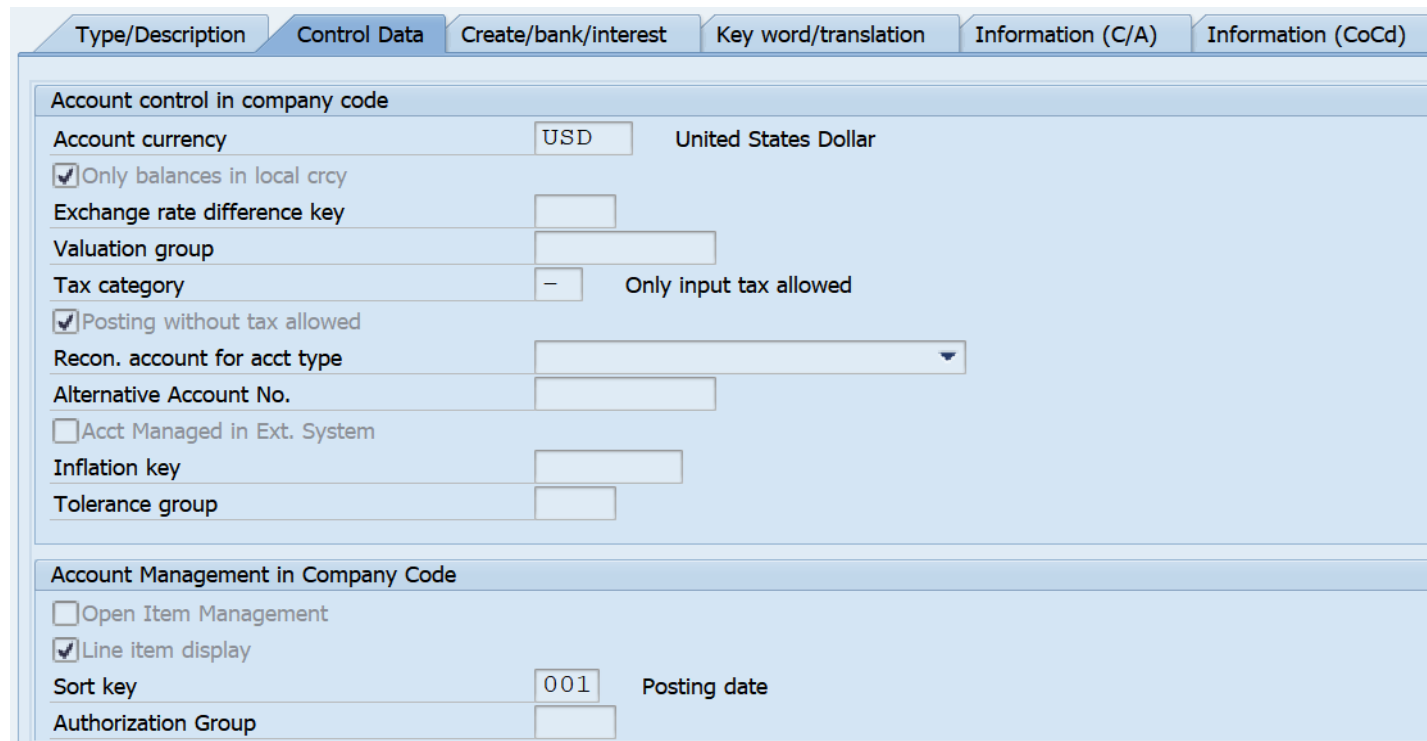
- Purchase order histories are converted from first local currency to parallel currencies
- Note that this only takes effect if you have parallel currencies in material ledger (i.e., ML Currencies are pulled from FI, CO or entered manually)
- If you plan to use only one currency in Material Ledger, the 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

- 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 'Control Data' tab for a GL account in SAP. The interface is divided into 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

Change View "Currency Exchange Rates": Overview											
 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

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)

The screenshot shows the SAP transaction 'Production Startup of Mat. Ledger'. The interface includes a title bar, a toolbar with 'Selection Options', and several input fields and checkboxes. The 'Plant' field is set to '1000'. The 'Parameters' section has an 'Exchange Rate Type' field and a checkbox for 'Immediately After Period Shift'. The 'Processing Options' section has checkboxes for 'Background Processing' and 'Test run'. The 'Parallel Processing' section has a 'Server Group' field and a 'Package Size' field set to '1,000'. The 'PO history' section has radio buttons for 'Master data + PO hist.(normal)', 'Master Data Only (Step 1)', and 'PO History Only (Step 2)', and a 'Purchasing Document' field.

Production Startup of Mat. Ledger

Selection Options

Plant: 1000 to []

Parameters

Exchange Rate Type: []

☐ Immediately After Period Shift

Processing Options

☒ Background Processing

☒ Test run

Parallel Processing

Server Group: []

Package Size: 1,000

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

Material Valuation Tables	Material Ledger Tables
MBEW - Material Valuation OBEW - Valuated Stock with Subcontractor EBEW - Sales Order Stock Valuation QBEW - Project Stock Valuation	CKMLHD - Material Ledger: Header Record CKMLPP - Material Ledger Period Totals Records Quantity CKMLPR - Material Ledger: Prices CKMLCR - Material Ledger: Period Totals Records Values
Purchase Order History Tables	Material Ledger Tables
EKBE - History per Purchasing Document EKBZ - History per Purchasing Document: Delivery Costs	MLWERE - Conversion Table between Purchasing and Material Ledger MLBE - Material Ledger FS Item Table for GR/IR relevant transaction MLBECR - 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. stck', '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 main area is divided into two sections: 'General Valuation Data' and 'Prices and values'.

General Valuation Data

Total Stock	700	Base Unit	PC	Piece
Division		Valuation Cat.		
Valuation Class	7920	<input type="checkbox"/> Valuated Un		
VC: Sale Ord. Stk		<input checked="" type="checkbox"/> ML Act.		Mat. Price Analysis
Project Stock VC		Price Determin.	3	Single-/Multilevel

Prices and values

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

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.

- 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

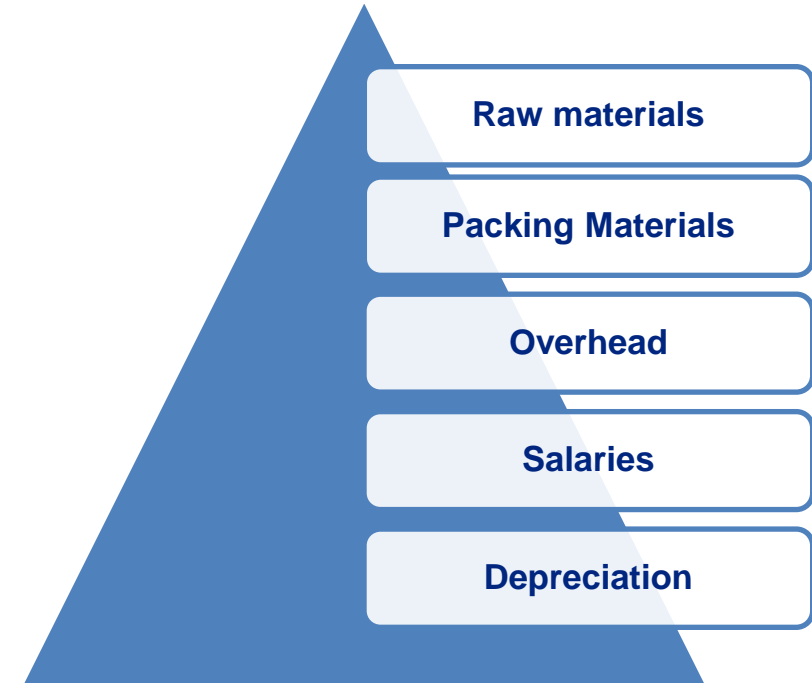
If you plan to use Actual Costing, you will need to change the Price Determination from “2” to “3” by running transaction CKMM

Change Material Price Determination for Material Ledger				
Material		to		
Plant	1000	to		
Valuation Type		to		
Sales Document		to		
Item (SD)		to		
WBS Element		to		
Material Type		to		
Material Group		to		
Valuation Class		to		
Valuation Category		to		
Price Control	S	to		
Restrict Material Stock				
Stock Material	<input checked="" type="radio"/>			
Special Stock	<input type="radio"/>			
Program Definitions				
Old Price Determination	2			
New Price Determination	3			
New Price Control	S			

Actual Cost Components

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 SAP S/4HANA System



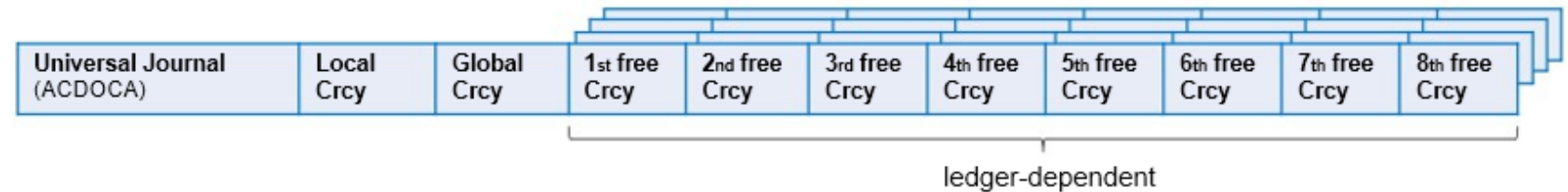
Material Ledger in SAP S/4HANA

- Migration of the Material Ledger is required in the following scenarios:
 - Migration from SAP ERP to SAP S/4HANA 1610 or higher
 - Migration from SAP Simple Finance to SAP S/4HANA 1610 or higher
- You always need to migrate the Material Ledger, even if you were not using the Material Ledger in the source system
- You always need to migrate the Material Ledger, even if you were not using it in the source system
- **Actual Costing is still optional!!**

SAP 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.

SAP S/4HANA Currency Types/Valuation Views

- Up to 8 additional Currency Types can be assigned to Company Codes
- Currency/Valuation Profile can be setup 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?

- 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

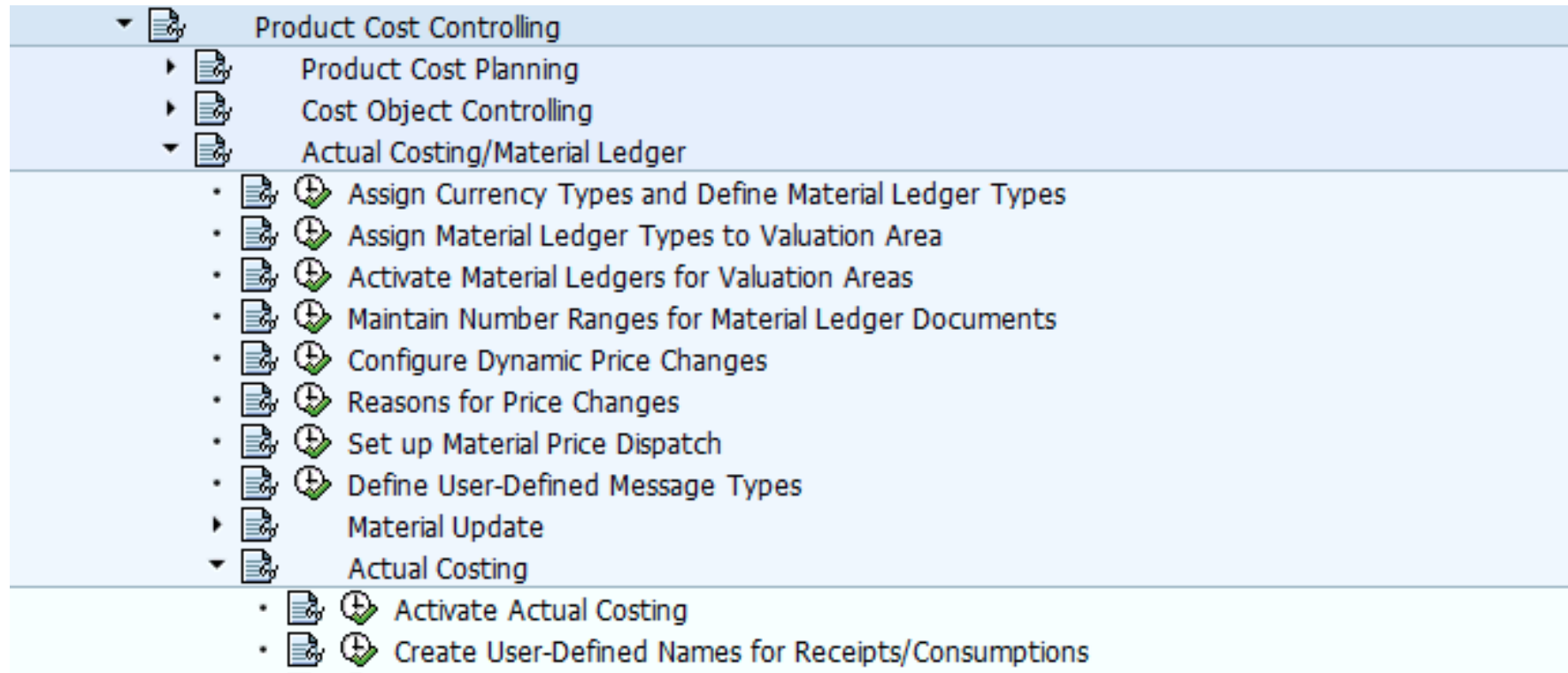
- Define material ledger type
 - Define individual characteristics

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
 - ♦ Not 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

Material: FG2226 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 SAP S/4HANA:

- Activate Actual Costing for the relevant plant(s)
- Execute program FCML4H_STARTUP

< SAP

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

< SAP

Set ML Actual Costing as Productive (retroactively)

More

Ty	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 is set to '1710' and the 'Period' is set to '6 2017'. The 'Actual Costing Run' radio button is selected. Other options include '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 screenshot shows the 'Costing Cockpit: Actual Costing - Change / Execute' interface. The 'Costing run' field is set to '1710' and the 'Period' is set to '6 2017'. The 'Application' dropdown is set to 'Actual Costing'. The 'General Data' section is expanded, showing the 'Processing' table.

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

Buttons at the bottom: Job Overview, Schedule Manager, 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

OLD

Costing Cockpit: Actual Costing - Change / Execute

Costing run: 042017
Period: 4 2017

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

NEW

Costing Cockpit: Actual Costing - Change / Execute

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

General Data

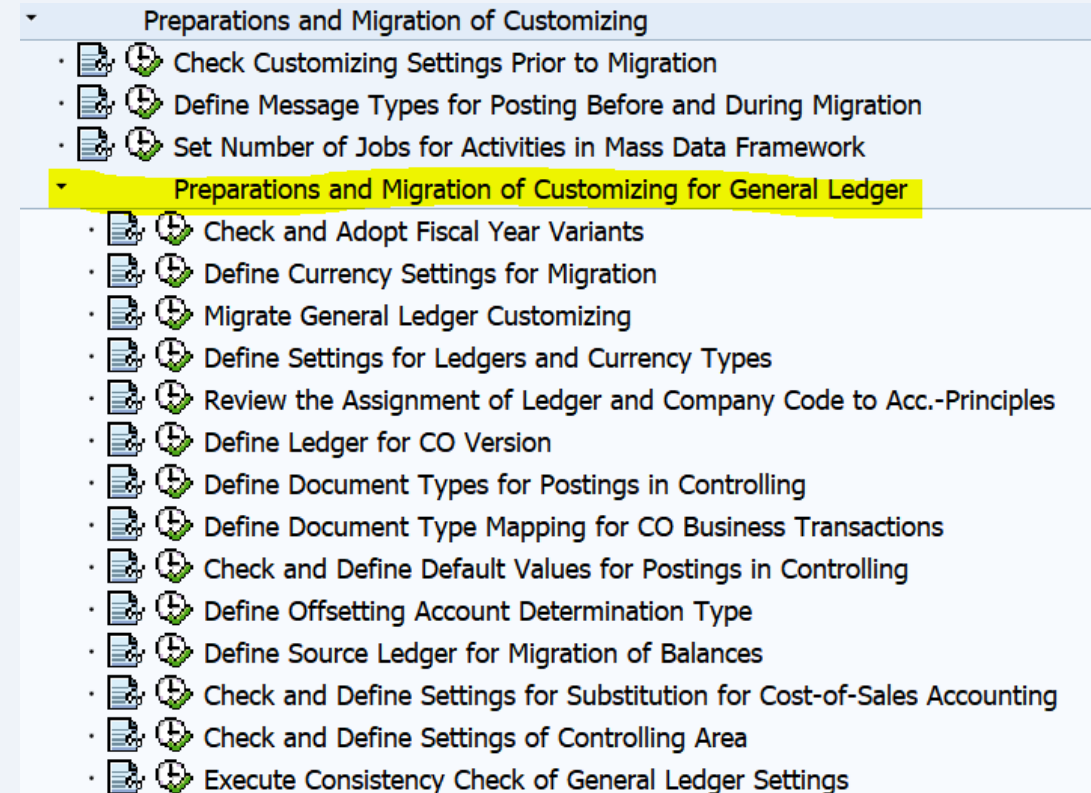
Processing

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

- 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”



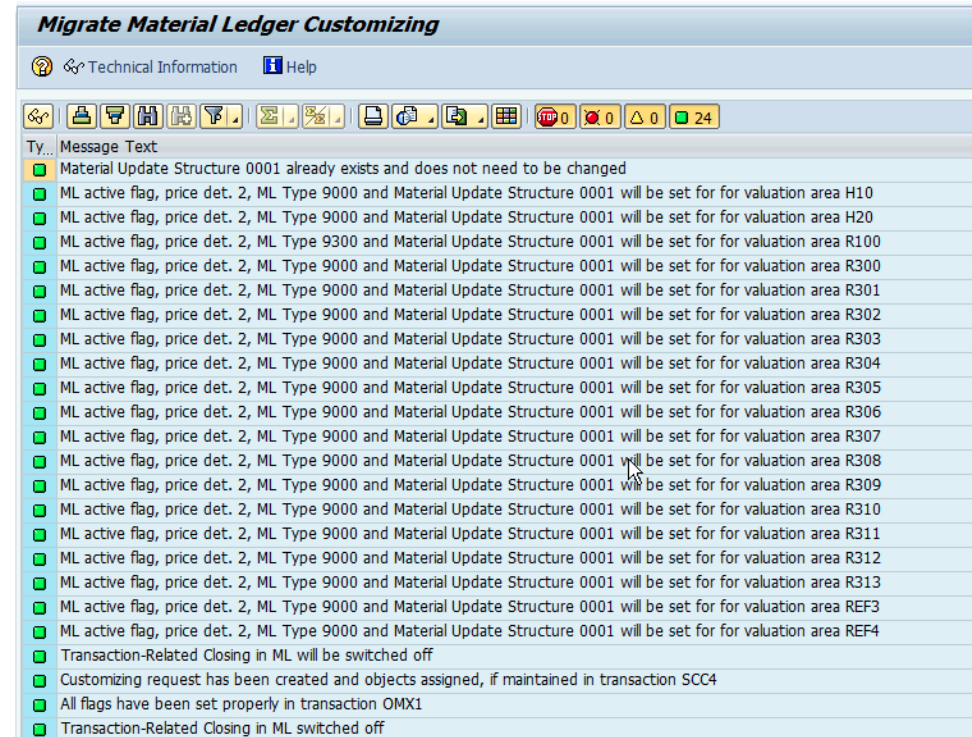
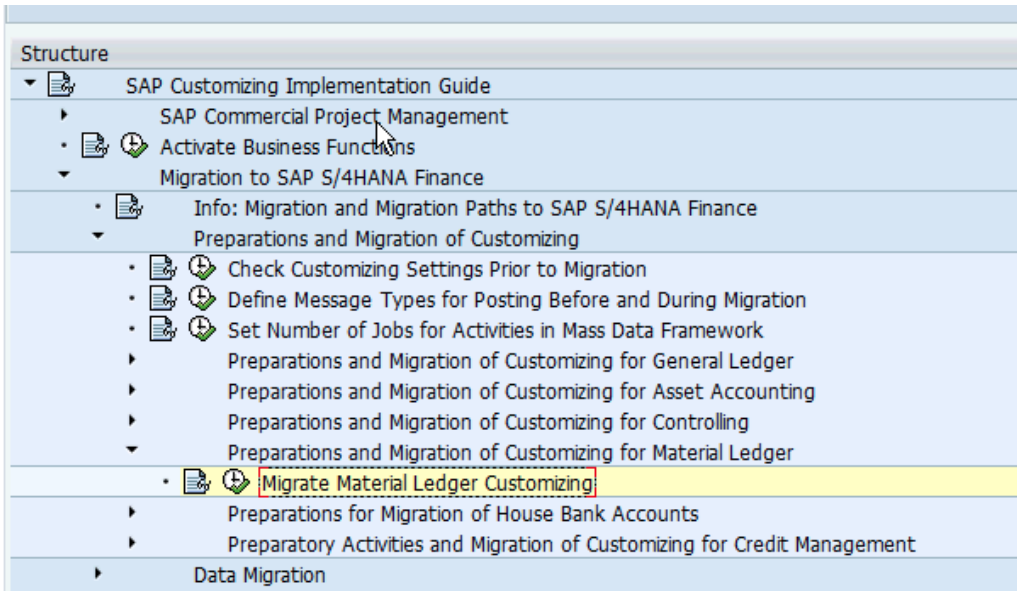
Preparing Migration of Customizing for Material Ledger

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

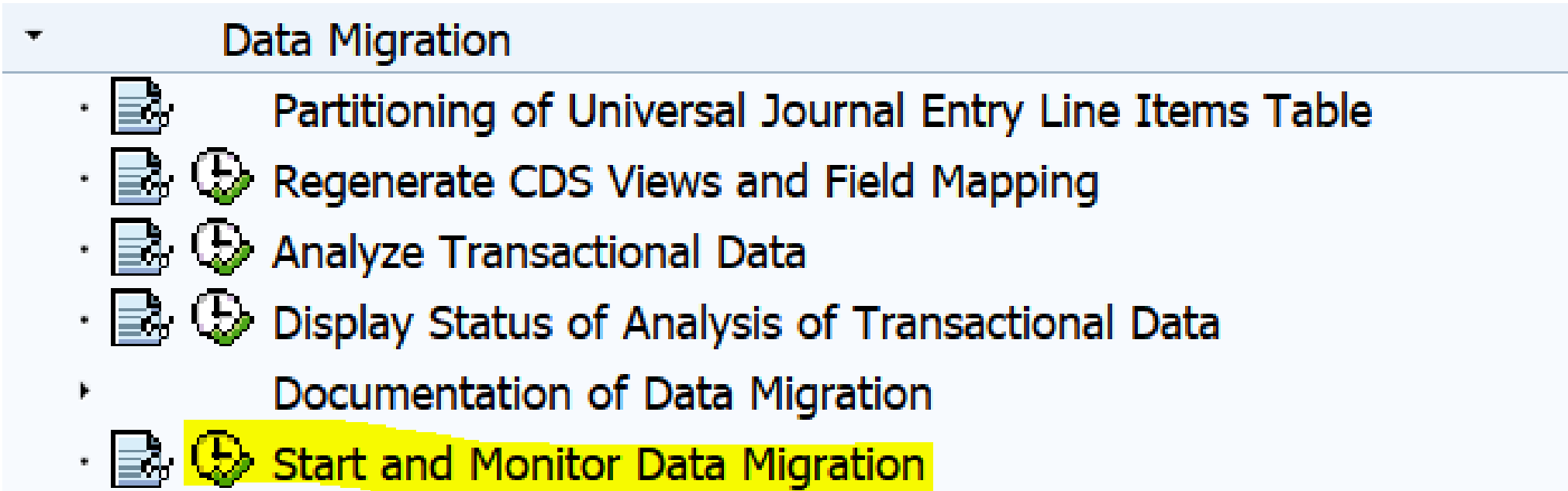
Migration Step for Material Ledger

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



Preparing Migration of Customizing for Material Ledger

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



The image shows a screenshot of the SAP Data Migration menu. The menu is titled 'Data Migration' and contains several items. The last item, 'Start and Monitor Data Migration', is highlighted with a yellow background. The menu items are as follows:

- 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

- 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

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.

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

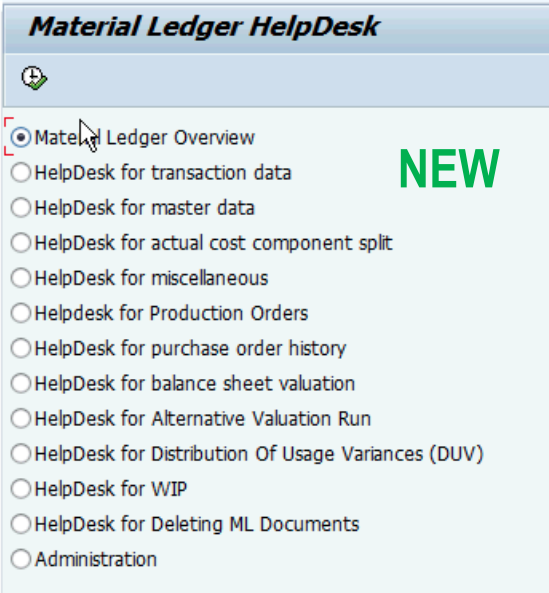
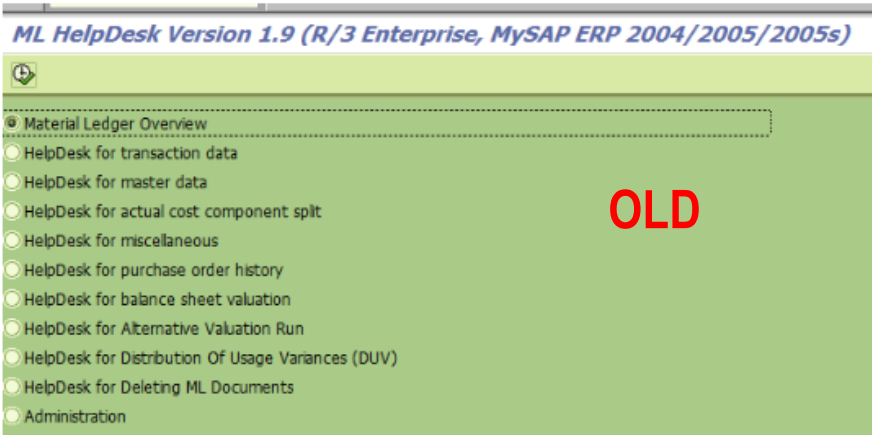
Other Migration Steps

- 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 Helpdesk

- 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 Helpdesk cont.



Questions You Need to Ask Before Converting to Material Ledger

- 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

- 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 SAP S/4HANA in two or more years, and there is a business justification, then consider activating Material Ledger sooner



Universal Parallel Accounting



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 SAP S/4HANA Cloud (from 2105) and SAP S/4HANA 2022

Wrap Up



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

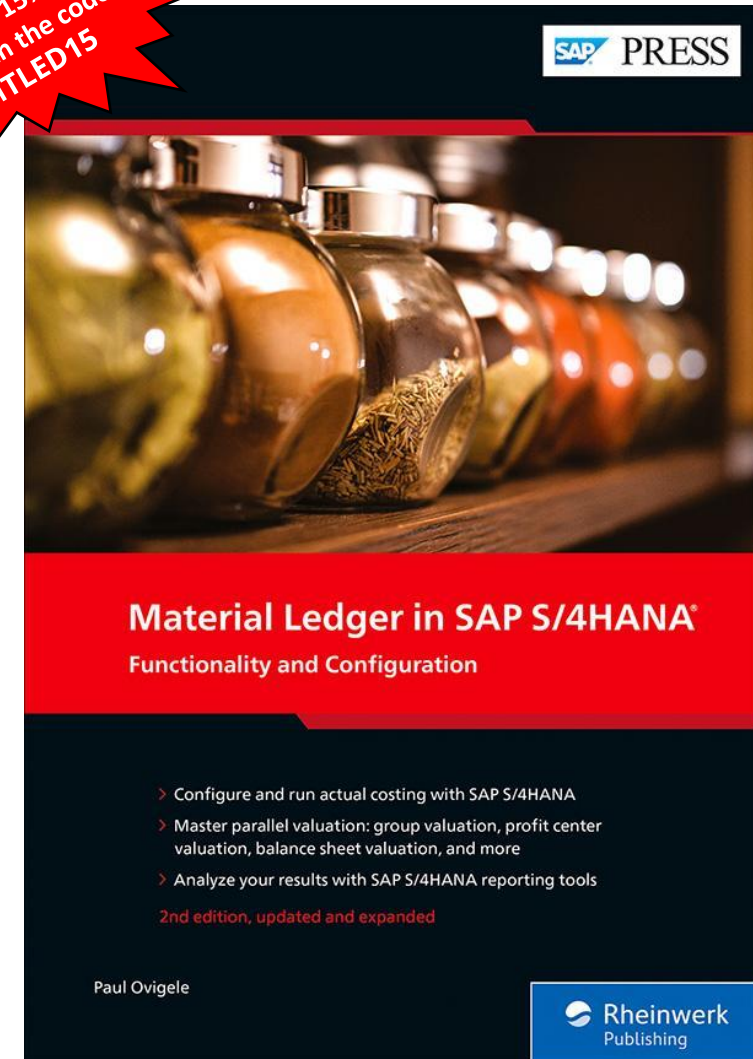
- Configure and run actual costing with SAP S/4HANA
- Master parallel valuation: group valuation, profit center valuation, balance sheet valuation, stock-in-transit, and more
- Analyze your results with SAP S/4HANA reporting tools

Purchase the print or e-book at sap-press.com/5565
Save 15% with the code MTLED15 at checkout.

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

- <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

- 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 SAP S/4HANA a reduction of ML data will help the Migration process
- Material Ledger is mandatory in SAP S/4HANA, Actual Costing is optional
- Material Ledger conversion is one of the Migration Steps in SAP S/4HANA



Thank you! Questions?

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Please remember to
complete your session
evaluation.

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