

# Effective Receivables Management with Automated Credit Evaluation, Proactive Collections and Dispute Management

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**SAP**insider



## In This Session

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- Understand how to manage credit risks, improve cashflows and increase customer satisfaction with SAP Receivables Management using:
  - Automatic evaluation of customer credit risk
  - Proactive determination of future due and overdue receivables, and prioritization of collections
  - Systematic dispute management

# What We'll Cover

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- Use cases
- SAP Credit Management
- SAP Collections Management
- SAP Dispute Management
- Wrap-Up



# Use Cases

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- What is my customer credit worthiness, what is my business risk exposure? How to manage and reduce my business risks?
- How bad are my receivables? How to improve cash flow? Reason my accounts receivable are not converting to cash flow as expected?
- Reason for overdue collectibles? How to resolve disputes for faster collections?



# SAP Credit Management (FIN-FSCM-CR)

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Basic Credit Management



Advanced Credit Management



SAP S/4HANA Cloud for Credit Integration

# SAP Credit Management (FIN-FSCM-CR)

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## Basic Credit Management

- Business Partner (BP) – Roles/Credit Profile/Credit Segment
- Manual Credit Limits
- Manual Internal Credit Scores
- Manual Risk Class determination
- Credit check of Sales Orders
- Review and Release blocked orders using Document Credit Decisions (DCD)
- BP Relationships

# SAP Credit Management (FIN-FSCM-CR)

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## Credit checks and Payment Behavior Key Figures

- Static credit check
- Maximum Document Value
- Highest Dunning Level
- Oldest Open Item
- Last Payment
- Average Arrears for Payments
- Sales of Last 12 months
- Percentage of Due items sent for collection

# SAP Credit Management (FIN-FSCM-CR)

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## Advanced Credit Management

- Credit Rules/Formula Maintenance
- Credit Events and follow-on processes
  - Score changed → Create DCD/Determine Risk Class
- External Rating information (Transunion, Experian etc.)
- Automated Credit Limits
- Automated Internal Credit Scores
- Automated Risk Class determination
- Credit Analytics



# SAP Credit Management (FIN-FSCM-CR)

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## Sample Parameters for Credit Formulas

- External Rating information
- Negative/Premium Customer Lists (Black/White)
- Foreclosure/Bankruptcy proceedings
- Insolvency
- Legal Form
- Industry
- Country
- Date Founded
- Customer Financial KPIs (Profit-Sales Ratio, Stockholders' Equity, Operating Margin etc)

# SAP Credit Management (FIN-FSCM-CR)



## Credit Events and Follow-on processes

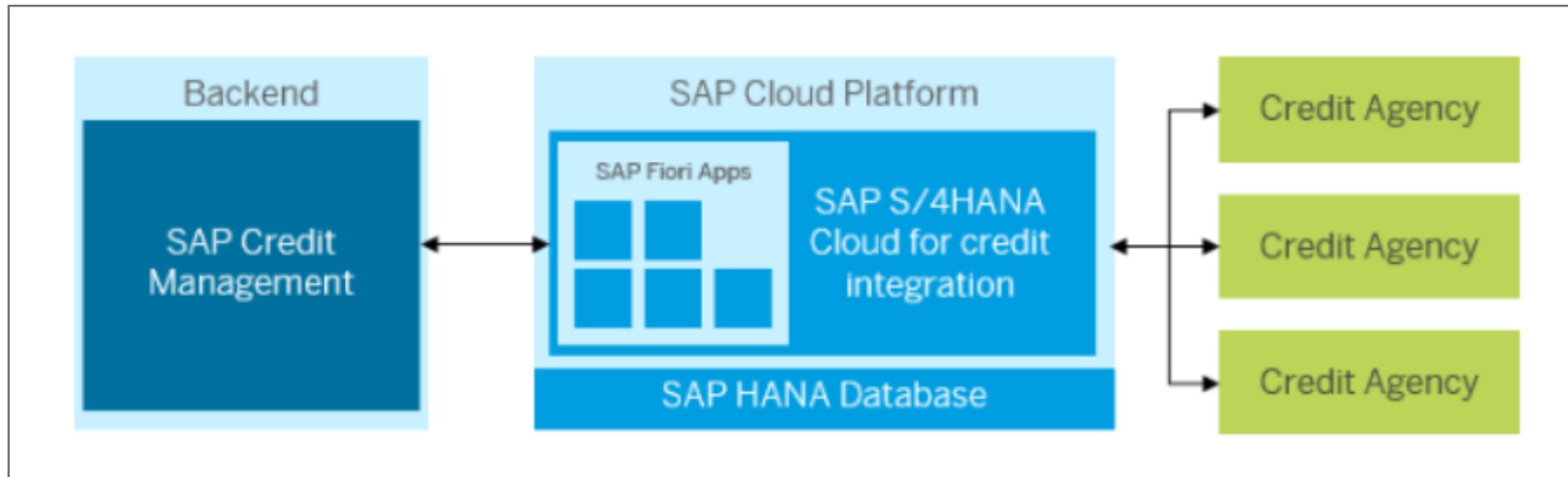
	Event	Start Workflow (WF)	Set "Special Attention" Indicator (SET_FLG)	Set "Blocked in Credit Management" Indicator (SET_BLOCK)	Create Documented Credit Decision (DCD_CR EATE)	Run Credit Check (with delta commitment = 0) (CRD_REC HCK)	Determine Credit Exposure of Item Again (RSEQ_ITEM)	Check Request for Limit Change (LIMIT_REQ)	Invalidate Credit Limit of Account (INV_LIM T)	Invalidate Credit Limit of All Accounts of Partner (INV_LIM TS)	Determine Credit Limit of Account (EVL_LIM T)	Determine Credit Limit of All Accounts of Partner (EVL_LIM TS)	Invalidate Score (INV_RAT NG)	Determine Score (EVL_RAT NG)	Determine External Rating(s) (EVL_EXT_RT)
1	Score Invalid (IS)	x								x				x	
2	Score Changed (IC)	x			x					x		x			
3	External Rating Invalid (ES)												x		x
4	External Rating Changed (EC)	x			x					x			x	x	
5	Credit Limit Invalid (CL)	x	x								x				
6	Credit Limit Changed (LC)	x	x		x	x									
7	Change to Credit Limit Requested (LR)	x						x							
8	Credit Refused (CR)	x	x	x											
9	Payment Behavior Summary: Dunning Data Invalid (VD)	x	x												
10	Payment Behavior Summary: Due Date Data Invalid (VO)	x	x												
11	Payment Behavior Summary: Payment Data Invalid (VP)	x	x												
12	Payment behavior summary: Payment Behavior Index Invalid (VX)	x	x												
13	Payment Behavior Summary Changed (VC)	x				x			x	x	x	x	x	x	
14	Generic Event Occurred (GE)	x	x	x		x			x	x	x	x	x	x	x
15	Procedure for Scoring and Credit Limit Calculation Changed (RC)	x								x		x		x	x
16	Risk Class Changed (XC)	x			x				x	x	x	x			
17	Limit Utilization Changed (UC)	x		x							x				
18	Limit Utilization Exceeds 100% (UU)	x	x	x					x	x	x				
19	Limit Utilization Below 100% Again (UD)	x									x				
20	Check Procedure Changed (TC)	x				x									
21	Error Occurred During Credit Exposure Update (CE)	x													
22	Error in Sequence of Credit Exposure Update (CS)														
23	Blocked by Credit Management (BL)	x			x										
24	"Special Attention" Indicator Is Set (SP)	x			x										
25	Credit Limit Request Rejected (LP)	x			x										

# SAP Credit Management (FIN-FSCM-CR)

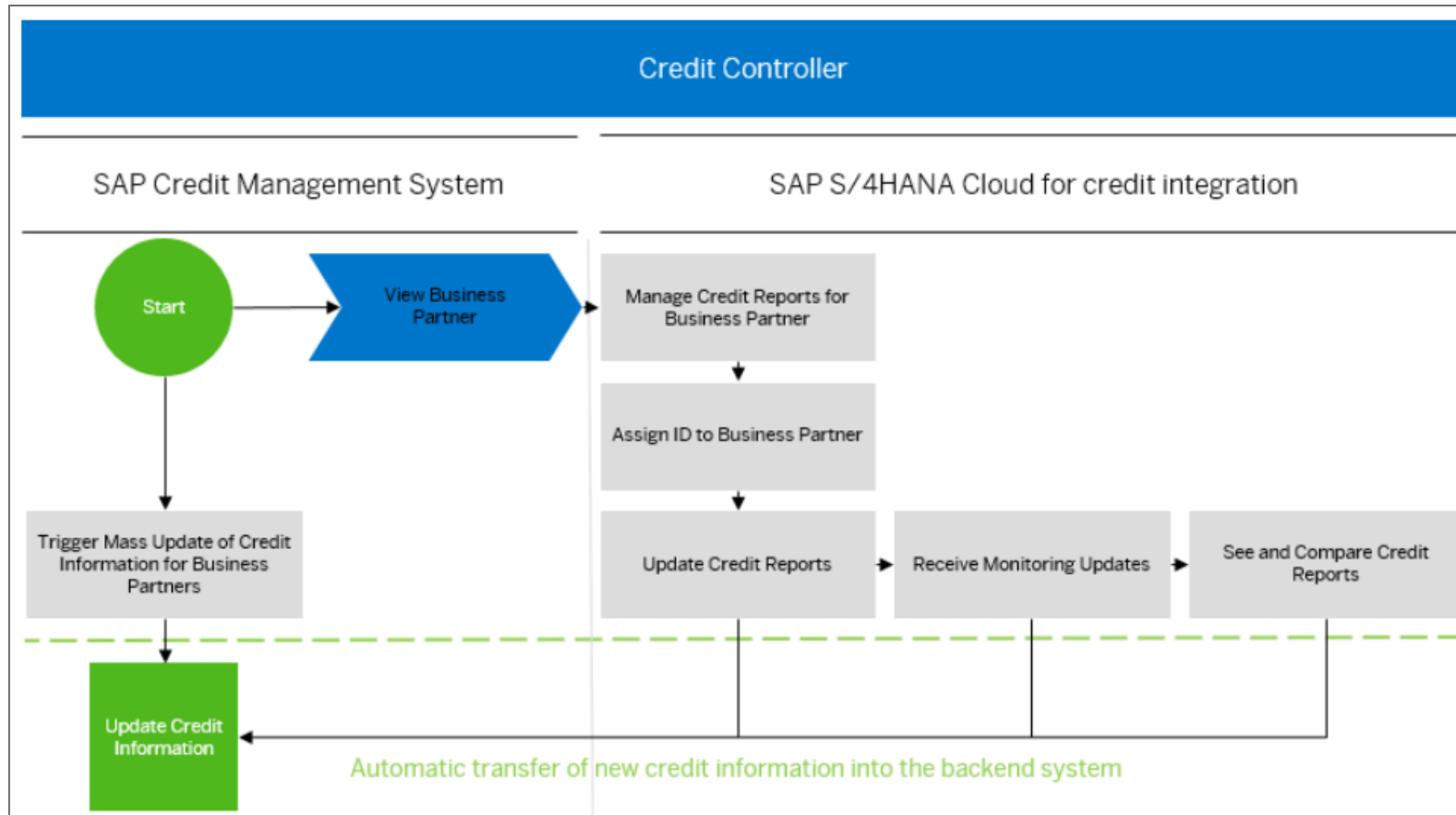


## SAP S/4HANA Cloud for Credit Integration

- Hub between SAP Credit Management and the Credit agencies (on SAP BTP Cloud Foundry)
- Allows use of external credit risk information
- Automatic calculation of internal score based on external credit data
- Faster and better credit decisions based on most recent data
- Additional license



# SAP S/4HANA Cloud for Credit Integration – Process overview



- Source: SAP Product User Guide - [https://help.sap.com/docs/SAP\\_S4HANA\\_FINANCE\\_CLOUD\\_FOR\\_CREDIT\\_INTEGRATION/59309636eb7f46688cbe3ccaadace5ab/2828177885304f228b35e23e2e160c50.html](https://help.sap.com/docs/SAP_S4HANA_FINANCE_CLOUD_FOR_CREDIT_INTEGRATION/59309636eb7f46688cbe3ccaadace5ab/2828177885304f228b35e23e2e160c50.html)

# Credit Cloud – some available Credit Agencies



Credit reform



Credit Risk Monitor



Dun & Bradstreet

Source: SAP Product User Guide -

[https://help.sap.com/docs/SAP\\_S4HANA\\_FINANCE\\_CLOUD\\_FOR\\_CREDIT\\_INTEGRATION/59309636eb7f46688cbe3ccaadace5ab/da263d0fcf6349dbb39dc776a54b3551.html](https://help.sap.com/docs/SAP_S4HANA_FINANCE_CLOUD_FOR_CREDIT_INTEGRATION/59309636eb7f46688cbe3ccaadace5ab/da263d0fcf6349dbb39dc776a54b3551.html)

Credit Agency	Default Name of the Credit Product
Bureau van Dijk	Orbis
Creditreform	Premium Report
Creditreform	Commercial Report
Creditreform	Commercial Report
Creditreform	Compact Report
Creditreform	Traffic Light Report
Creditreform	Brief Report (PD)
Creditreform	RisikoCheck
Creditreform	Company Report Premium
Creditreform	Company Report Premium
Creditreform	Company Report Compact
Creditreform	Report (w/o supp.)
Creditreform	Traffic Light Report (Portfolio)
Creditreform	Brief Report (PD Portfolio)
Creditreform	Commercial Report (w/o rep.)
Creditreform	Company Report Premium (w/o rep.)
Creditreform	Signal Solvency
Creditreform	Signal Address
Creditreform	Signal Universal
CreditRiskMonitor	CreditRiskMonitor Long Report
CreditRiskMonitor	CreditRiskMonitor Medium Report
CreditRiskMonitor	CreditRiskMonitor Short Report
CRIF (SkyMinder)	Compliance Check Report
CRIF (SkyMinder)	Credit Report
CRIF (SkyMinder)	Credit Report with Monitoring
CRIF (SkyMinder)	Credit Report with Planned Revision
CRIF (SkyMinder)	Cyber Risk Report
CRIF (SkyMinder)	Due Diligence Field Visit
CRIF (SkyMinder)	Extended-Check Report
CRIF (SkyMinder)	Extended-Check Report with Planned Revision
CRIF (SkyMinder)	KYC Report
CRIF (SkyMinder)	KYC Report with Planned Revision
CRIF (SkyMinder)	Slim Report
CRIF (SkyMinder)	Slim Report with Monitoring
CRIF (SkyMinder)	Slim Report with Planned Revision
CRIF (SkyMinder)	RiskCheck Business Report
Dun & Bradstreet	Business Information Report
Dun & Bradstreet	Financial Risk Assessment Report
Dun & Bradstreet	Financial Risk Assessment Monitoring
Informa D&B Portugal	Relatório Comercial
Informa D&B Portugal	Relatório Completo
Informa D&B Portugal	Monitoring
Schufa	SCHUFA Kompaktauskunft
Schufa	KA_V2.1_NachmeldeService
Serasa	RELATO SINTETICO
Serasa	RELATO TOP SCORE
Serasa	RELATO TOP SCORE MAIS COMPLETO

# SAP Collections Management (FIN-FSCM-COL)

- Improved Days Sales Outstanding (DSO)
- Faster Collections
- Reduce Write-offs
- Collection strategies to Evaluate and Prioritize Collections (Basic/Collection Rules)
- Collection Worklists
- Customer Correspondence

Collection Rules: used as criterion for Customer Prioritization in Collection Worklists		
	CR00000001	Risk Class
	CR00000002	Total of All Items Overdue Since n Days
	CR00000003	Amount of Individual Item Overdue Since n Days
	CR00000004	Total of All Items Due within n Days
	CR00000005	Amount of Individual Item Due within n Days
	CR00000007	Credit Limit Utilization
	CR00000008	Amount to Be Collected
	CR00000013	Broken Promises to Pay
	CR00000014	Total of Amounts from Dispute Cases to Be Collected
	CR00000015	Customer has paid less than minimum amount since n days
	CR00000016	Customer is Not Direct Payer
	CR00000017	Dunned Amount Still To Be Collected n Days after Dunning
	CR00000018	There is a resubmission due for the customer
	CR00000019	No Successful Customer Contact in Last n Days
	CR00000020	Successful Customer Contact in Last n Days
	CR00000021	Customer has items in legal dunning procedure
	CR0000002A	Risk Class/Total of All Items Overdue Since n Days
	CR0000015A	Amount To Be Collected/Less than Minimum Amount Paid
	CR0000015A	Amount To Be Collected/Less than Minimum Amount Paid

# SAP Dispute Management (FIN-FSCM-DM)

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## Dispute creation through

- Accounts Receivable
- Collections Management
- Dispute Management



## Automatic creation and resolution of Dispute cases

# Wrap Up

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- Understanding customer credit worthiness using internal and external customer credit data is important for limiting business risks
- Having a collection strategy improves overall cashflow by proactively identifying over dues
- Faster identification, creation, reporting and resolution of dispute cases through automation results into customer satisfaction leading to more business
- Realtime credit data through credit cloud integration with S/4HANA provides most recent data for more consistent and faster credit decision processing







**Sample full image  
with text overlay**

**4800,000**  
Members

**Your Event Package includes:**

- Personalized Content and
- In-Person and Virtual Networking
- Member hubs to connect with your colleagues
- Unlimited access to all Sessions

Stop by the registration desk to activate your membership

# Where to Find More Information

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- SAP Best Practices Scope IDs for S/4HANA
  - Basic Credit Management (BD6)
  - Advance Credit Management (1QM)
  - Collections and Dispute Management (BFC)
- SAP Receivables Management help  
[https://help.sap.com/docs/SAP\\_S4HANA\\_CLOUD/918bca53037f408f91a2295d04ac16bc/b0ed9756646a4e0ee1000000a4450e5.html](https://help.sap.com/docs/SAP_S4HANA_CLOUD/918bca53037f408f91a2295d04ac16bc/b0ed9756646a4e0ee1000000a4450e5.html)
- SAP Cloud for Credit Integration Product User Guide  
[https://help.sap.com/docs/SAP\\_S4HANA\\_FINANCE\\_CLOUD\\_FOR\\_CREDIT\\_INTEGRATION/59309636eb7f46688cbe3ccaadace5ab/1576da61c5b145dba73c7a4f2079ea77.html](https://help.sap.com/docs/SAP_S4HANA_FINANCE_CLOUD_FOR_CREDIT_INTEGRATION/59309636eb7f46688cbe3ccaadace5ab/1576da61c5b145dba73c7a4f2079ea77.html)
- Available Credit Agencies and Features  
[https://help.sap.com/docs/SAP\\_S4HANA\\_FINANCE\\_CLOUD\\_FOR\\_CREDIT\\_INTEGRATION/e3ad5952845848508854776be1fca22d/1f774baca633411ca76f0e3c227a0a0d.html](https://help.sap.com/docs/SAP_S4HANA_FINANCE_CLOUD_FOR_CREDIT_INTEGRATION/e3ad5952845848508854776be1fca22d/1f774baca633411ca76f0e3c227a0a0d.html)
- SAP Collections Management help  
[https://help.sap.com/docs/SAP\\_S4HANA\\_CLOUD/918bca53037f408f91a2295d04ac16bc/7401d553088f4308e1000000a174cb4.html](https://help.sap.com/docs/SAP_S4HANA_CLOUD/918bca53037f408f91a2295d04ac16bc/7401d553088f4308e1000000a174cb4.html)
- SAP Dispute Management help  
[https://help.sap.com/docs/SAP\\_S4HANA\\_CLOUD/918bca53037f408f91a2295d04ac16bc/8da9f12a614545bebca8a7f6af11663d.html](https://help.sap.com/docs/SAP_S4HANA_CLOUD/918bca53037f408f91a2295d04ac16bc/8da9f12a614545bebca8a7f6af11663d.html)

# Key Points to Take Home

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- SAP S/4HANA Receivables Management helps
  - Credit control and management with realtime data
  - Through collections management monitoring and streamlining collections
  - Improve customer satisfaction by automation of dispute life cycle
- Evaluation of customer credit worthiness using internal and external rating information
- Integration of some external credit agencies through credit cloud
- Using collection strategies for prioritization and proactive monitoring of collections
- Creation, tracking and resolution of a dispute in multiple ways manually as well automatically

# Thank you! Any Questions?

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session evaluation.

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