

New SAP Strategies for Improving Intercompany Reconciliation and Profit in Inventory Tracking

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2024

SAPinsider

Speaker Introduction



Marc Six
Partner
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- Partner and S/4HANA Practice Leader of TruQua, an IBM Company leading SAP finance transformation to key clients
- 12+ years of experience performing numerous strategic assessments and roadmaps on large impact considerations, especially in SAP S/4HANA.
- Supported SAP on many engagements over the last decade including proof-of-concepts, project planning, business case development, and strategic advice.
- Author of “**Central Finance and SAP S/4HANA**” & “**S/4HANA Cloud for Advanced Financial Closing (AFC)**” published by SAP-Press
- Author of multiple whitepapers on key considerations related to SAP finance and analytics.



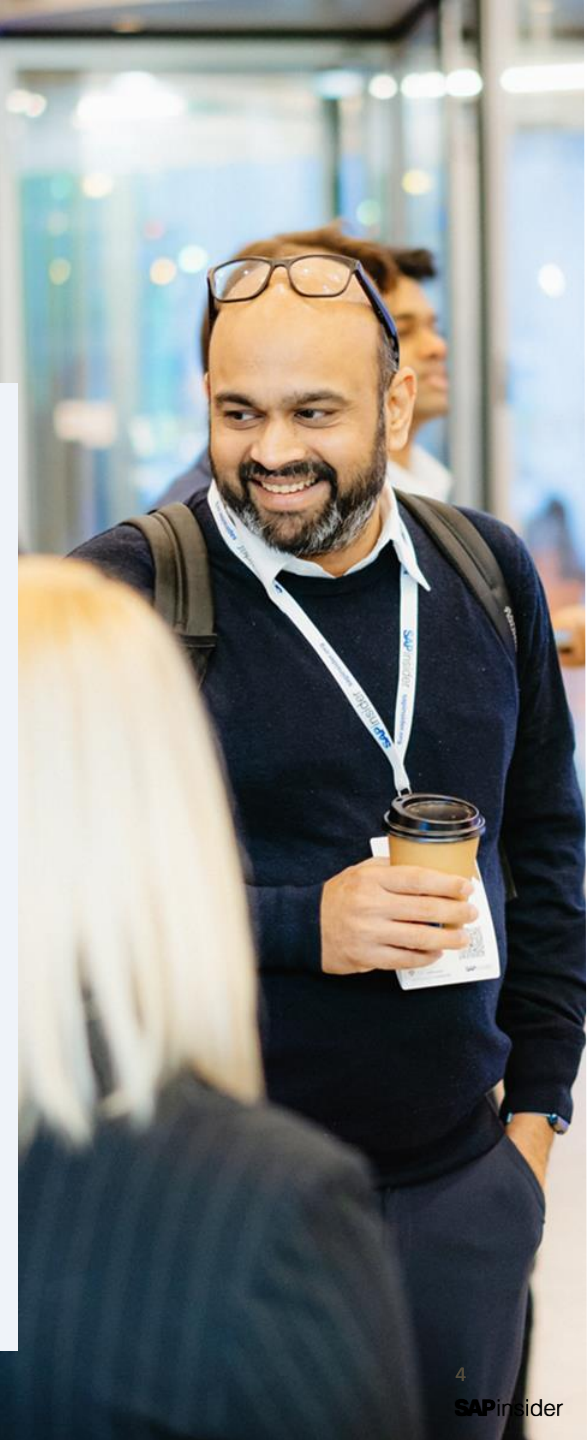
In This Session

Learn about the various SAP solutions like SAP Value Chain Analysis, Intercompany Matching and Reconciliation, and Group Reporting as well as SAP solution extensions like BlackLine and PaPM that address these challenges and the design approach they take to ameliorate the issue with better processes. Attend this session to:

- Get a history lesson of past approaches as compared to new and emerging ones
- See demos of key concepts and functionality
- Compare and contrast various solutions and options after being grounded in the basics

What We'll Cover

- Value Chain Analysis and Intercompany
- Financial Valuation and Ledgers
- Integrated Demo
- Intercompany Matching and Reconciliation
- Non-Trade Intercompany Financial Management
- Profitability with Operational Transfer Pricing
- Wrap-Up



Value Chain Analysis and Intercompany

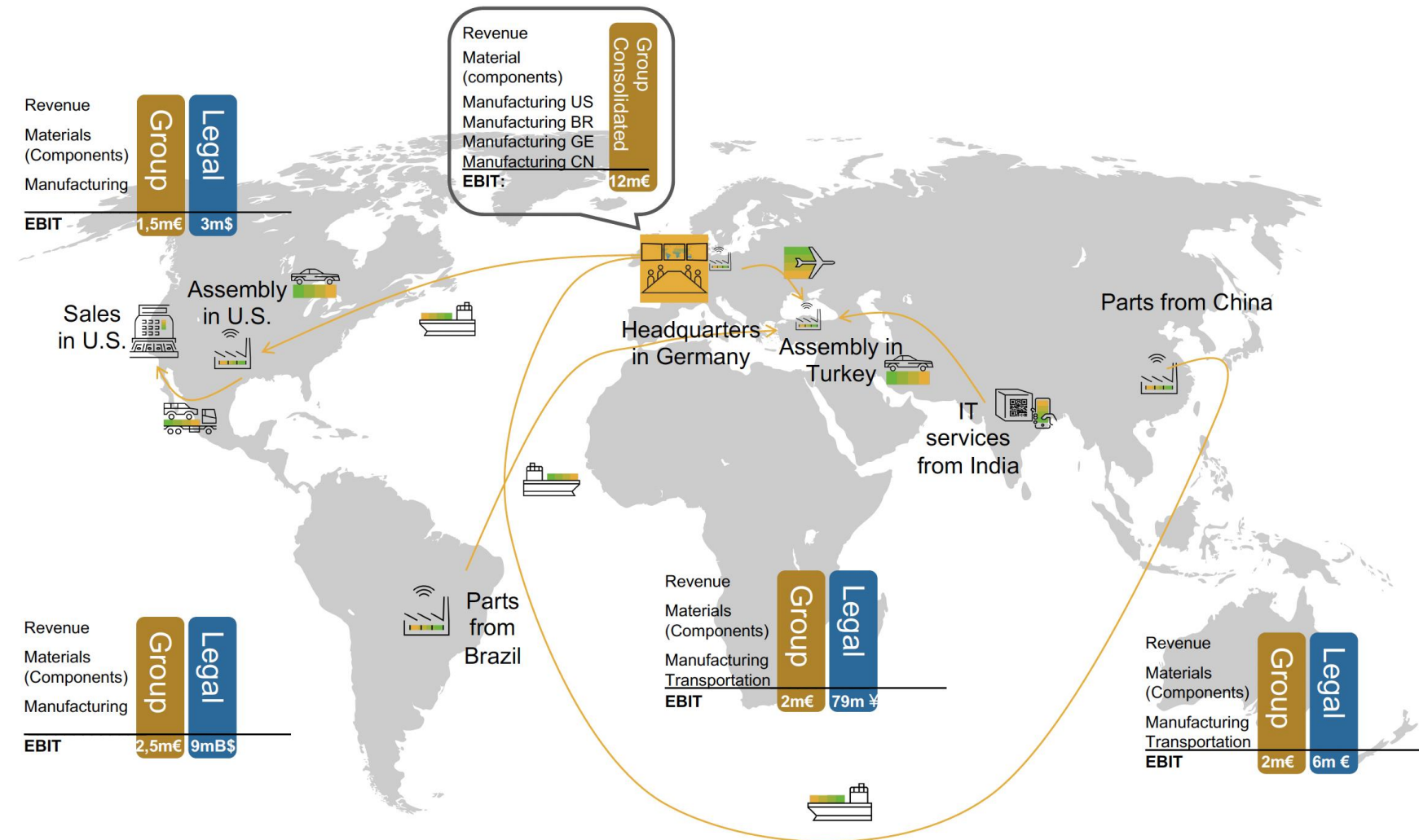


Current State vs. Ideal State

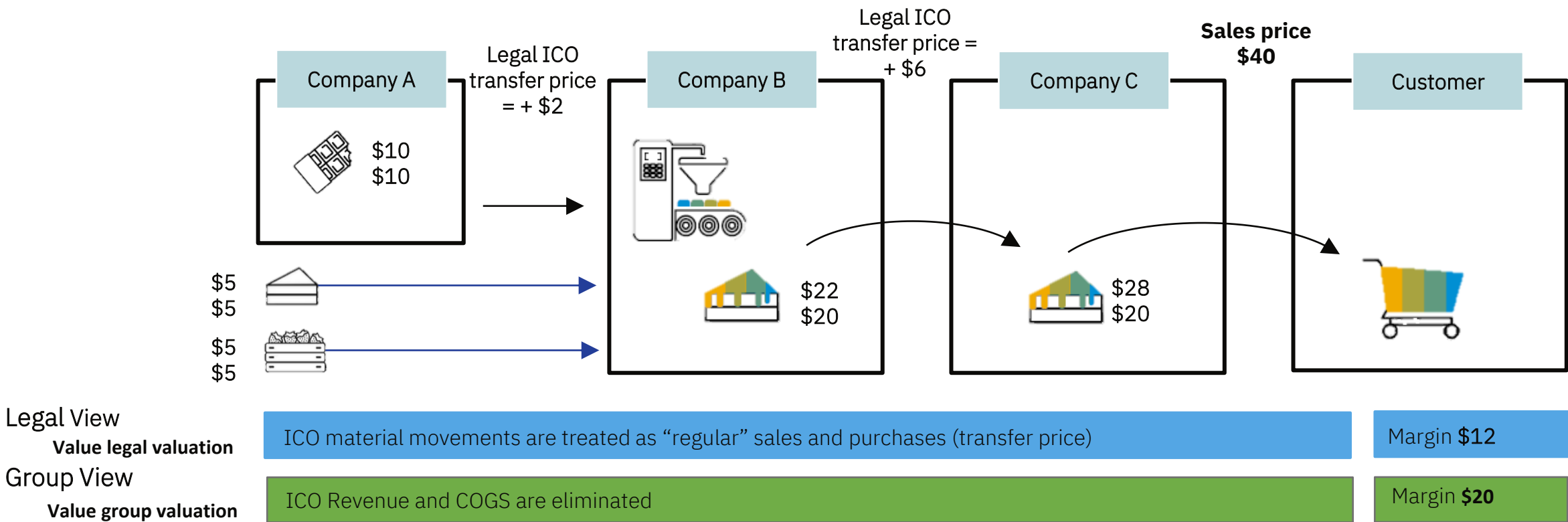
More than ever, the value chain is broken with high effort, inconsistencies, and inaccuracies.

The trade intercompany flows pass through different plants, legal entities, and countries, each with markup and additional cost breakdowns that get summarized and lost in consolidated COGS and inventory

Pictured is the ideal state: to steer entire material and activity value flows in real-time, automated, consistently and instantly for the legal entities, business units and the group at any point



Example of the Traceability and Visibility Needed



Source: SAP

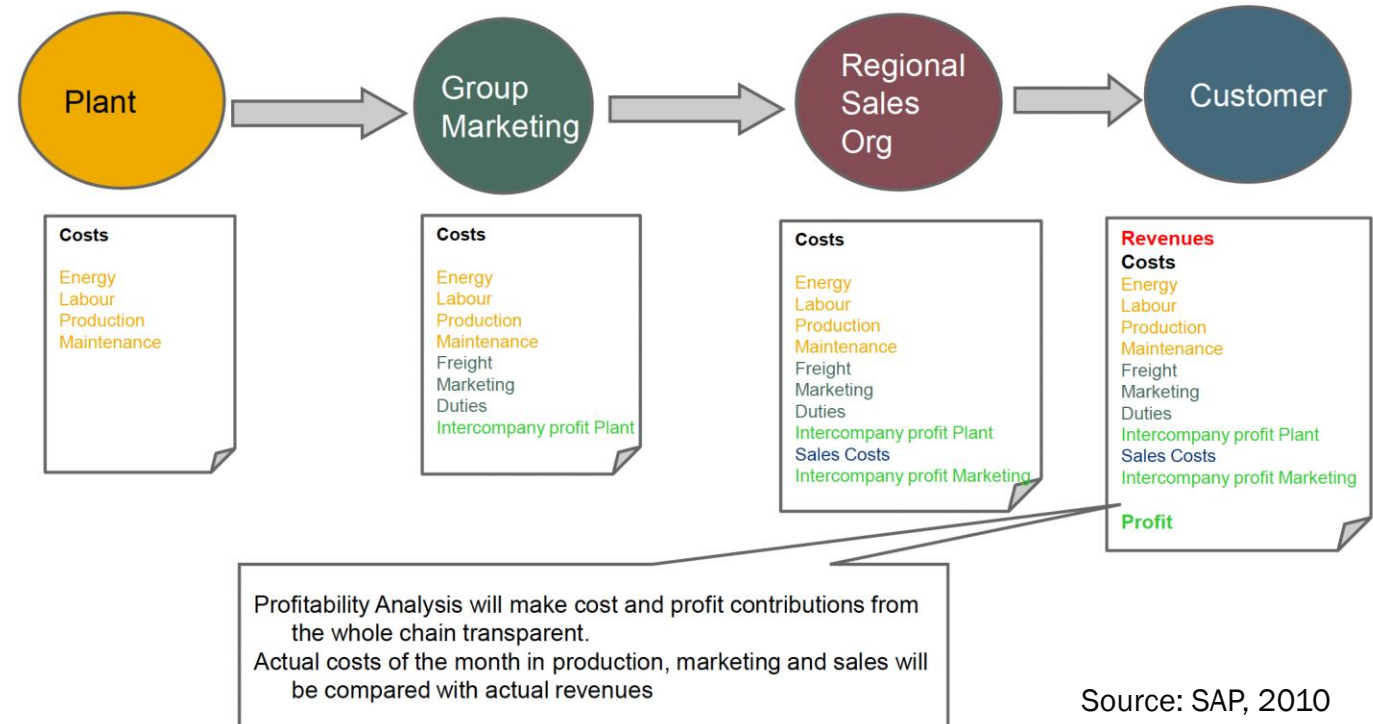
Legacy SAP ECC Solution

- As of ECC 6.0 EHP, an enhancement-based solution was available known as “Cross-Company Actual Costing”
- Material Ledger also supported a group “valuation view” but was not integrated with financial consolidation and the automation of the profit-in-inventory eliminations.
- The financial solution did work in an integrated fashion with stock-in-transit functionality (Business Function LOG_MM_SIT)

Sales Process with enhanced Cross-Company Actual Costing

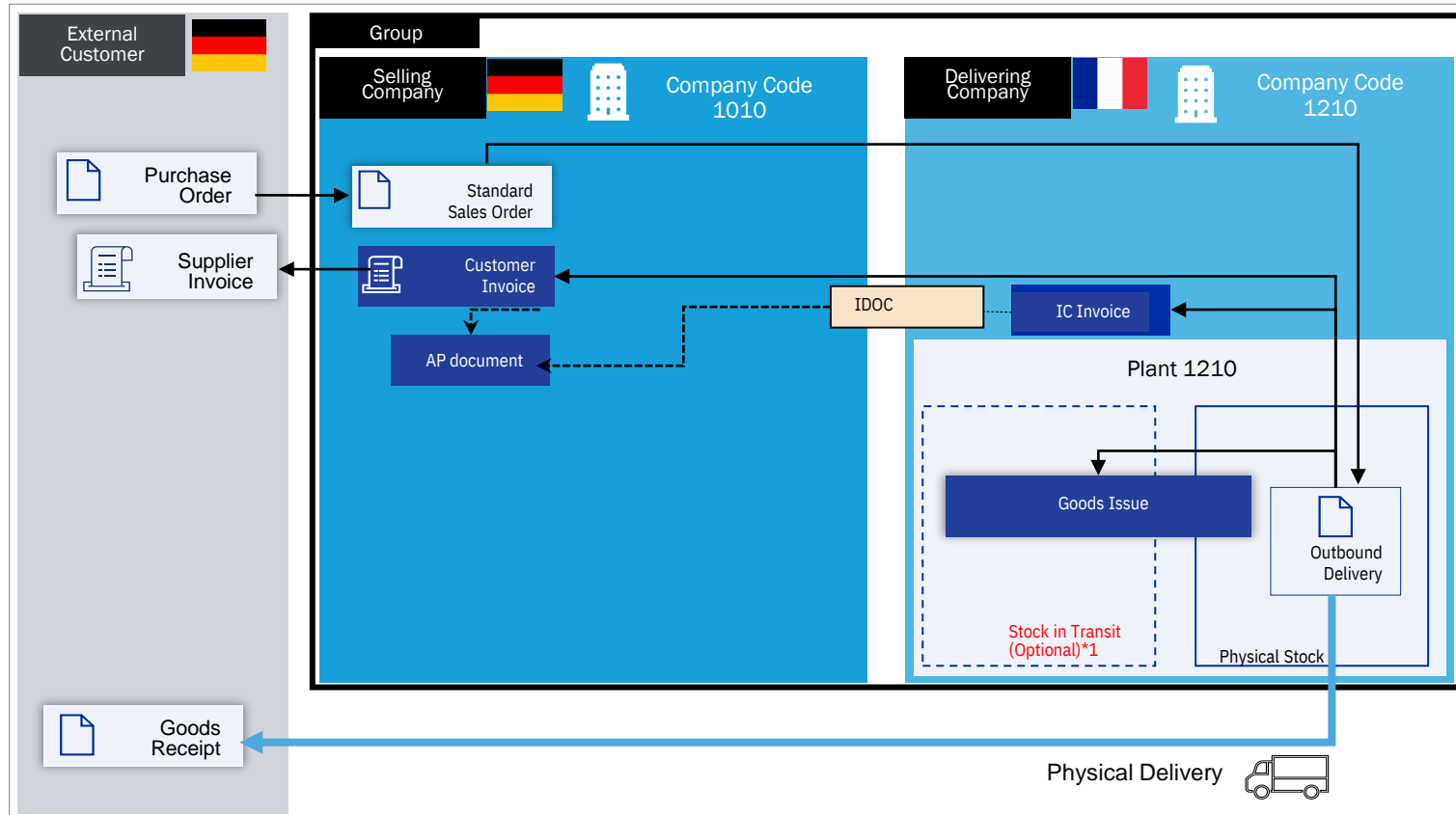


After the enhancement, the full cost information is collected along the group-internal supply chain and can be compared with the revenues achieved.



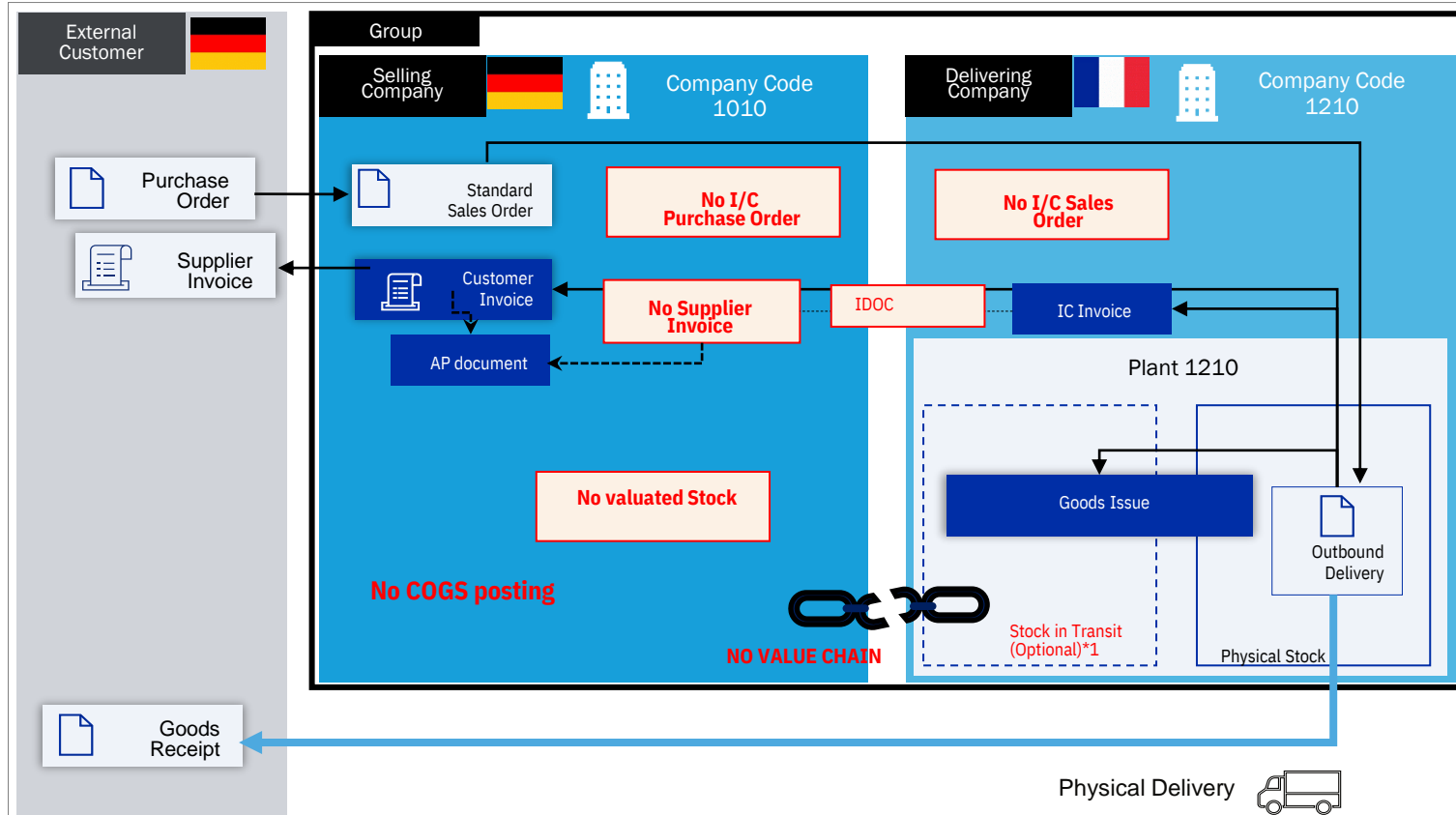
Source: SAP, 2010

Legacy SAP ECC Intercompany Process



- The customer PO triggers a sales order in the selling company 1010
- The selling company triggers the outbound delivery in delivery company 1210
- The customer receives the goods directly from the physical warehouse from 1012
- Customer invoice is issued by the selling company 1010

The Gaps in the SAP Legacy Solution



Issues

- There is no purchase order in the selling company
- There is no I/C sales order
- There is no supplier invoice. Directly posting in AP
- No valuated stock is created in the selling company*
- There is no COGS posting in the selling company code*

Current SAP S/4HANA Solution

Prerequisite Scope Items ()

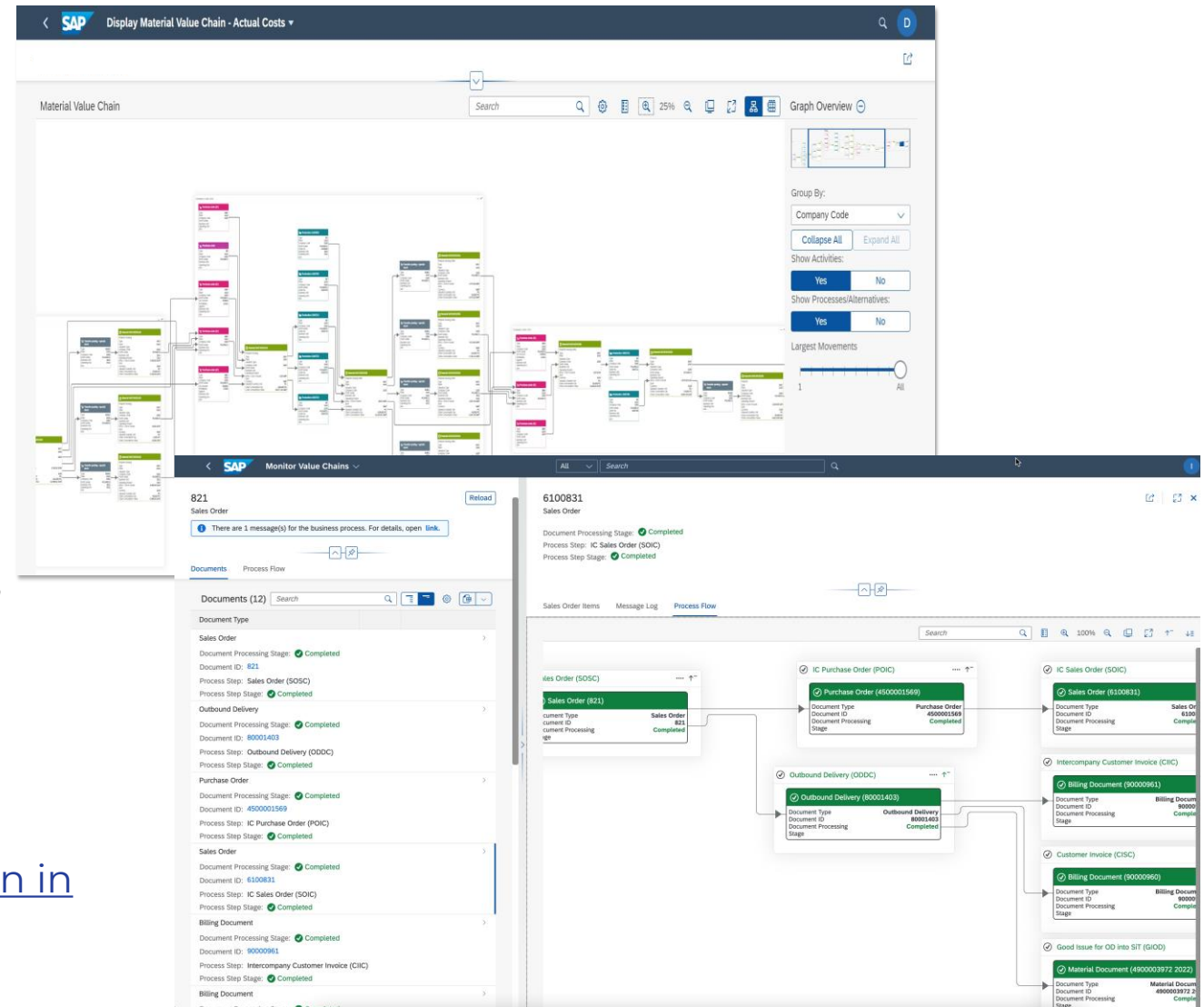
Value Chain Analysis or “VCA”

- [Advanced Intercompany Sales \(5D2\)](#)
- [Advanced Intercompany Stock Transfer \(5HP\)](#)
- [Sell from Stock with Valuated Stock in Transit \(5MQ\)](#)

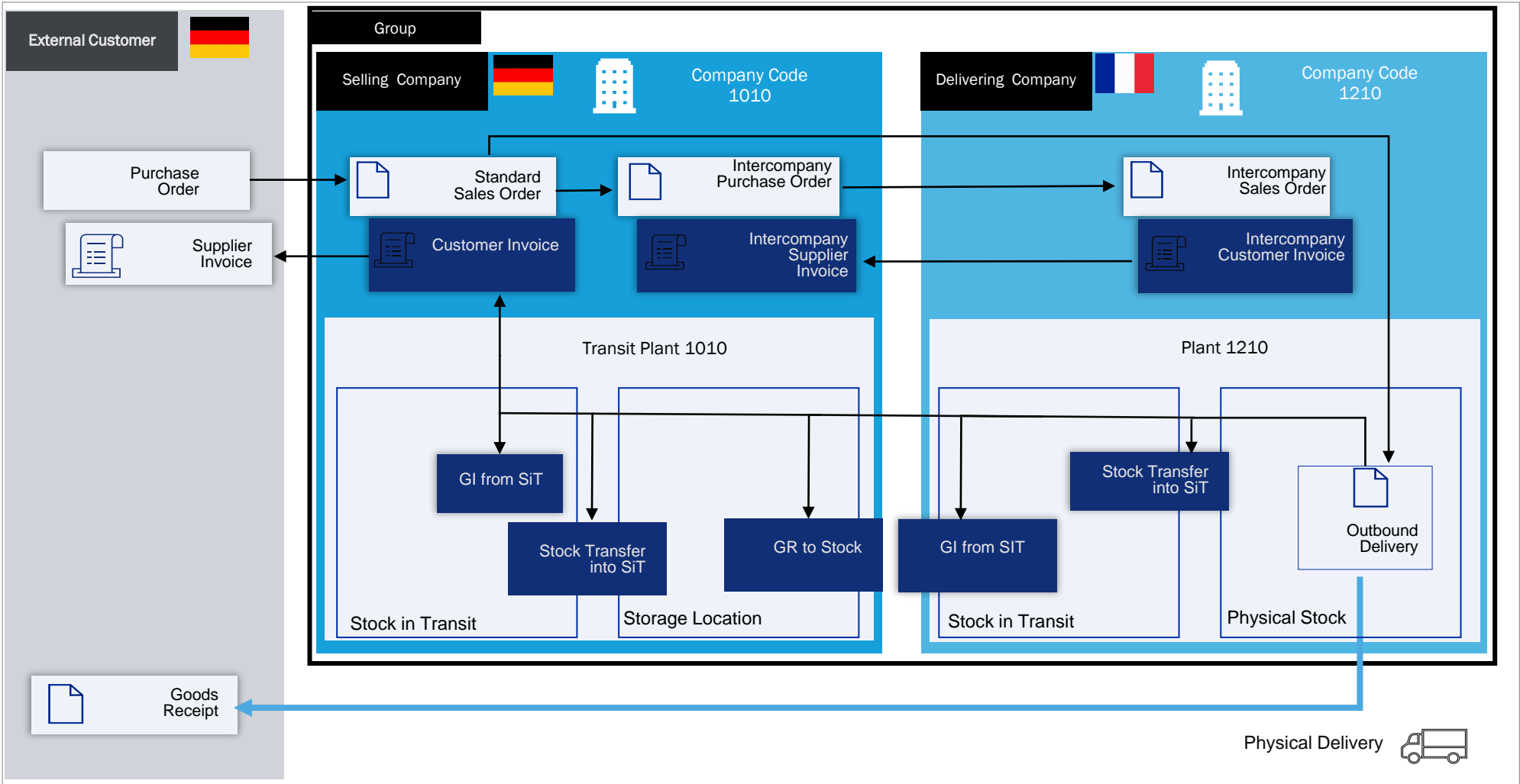
Universal Parallel Accounting or “UPA”

- [Group Valuation \(5W2\)](#)

Refer to [SAP Note 3100892 - Group Valuation in SAP S/4HANA Cloud](#)



Current SAP S/4HANA Intercompany Process



Key Features and Advantages to Current Solution



Seamless E2E process

- Fully integrated and highly automated



Value Stock in Transit

- Seamless change of control between affiliates and customer



Purchase Order In the selling company

- Enabling landed cost in product costing



Value Chain Analysis

- Issue detection and posting services

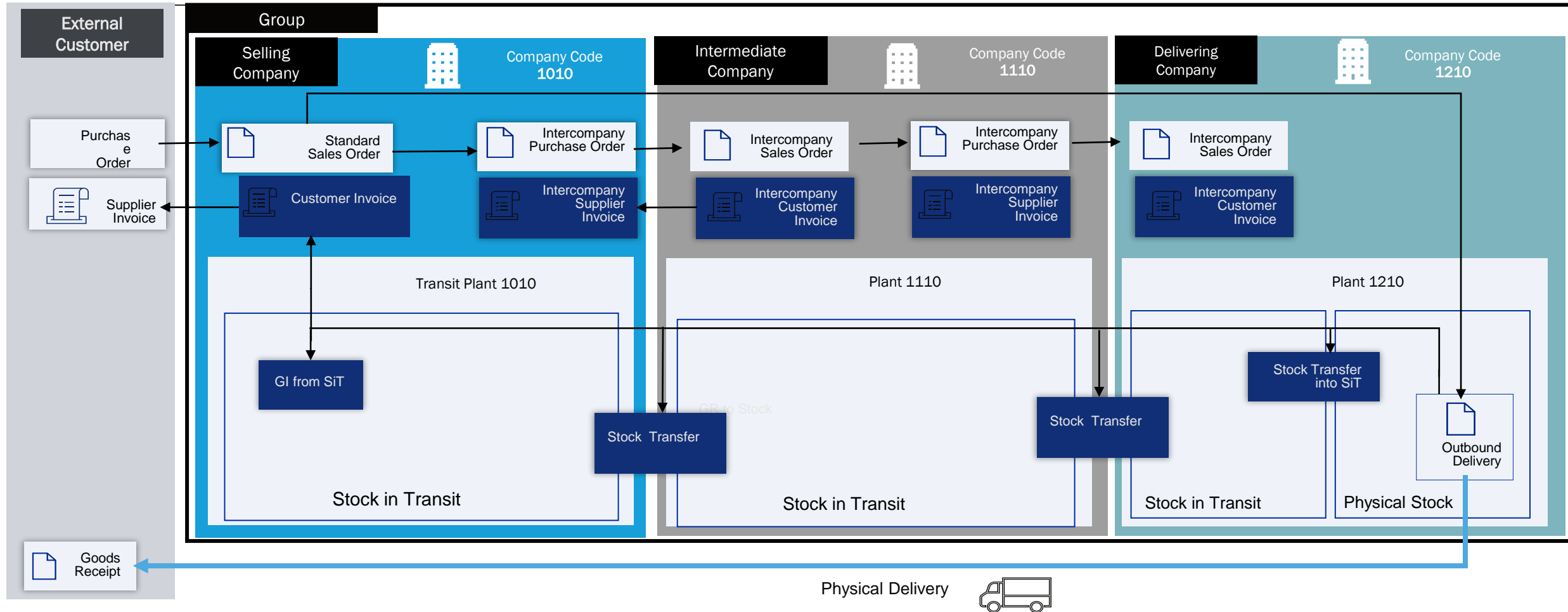


Internal / External transfer of control dates

- Tightly integrated with transportation management
- Stored in the Outbound Delivery header

The Gaps in the Current Solution: Multi-Level Intercompany

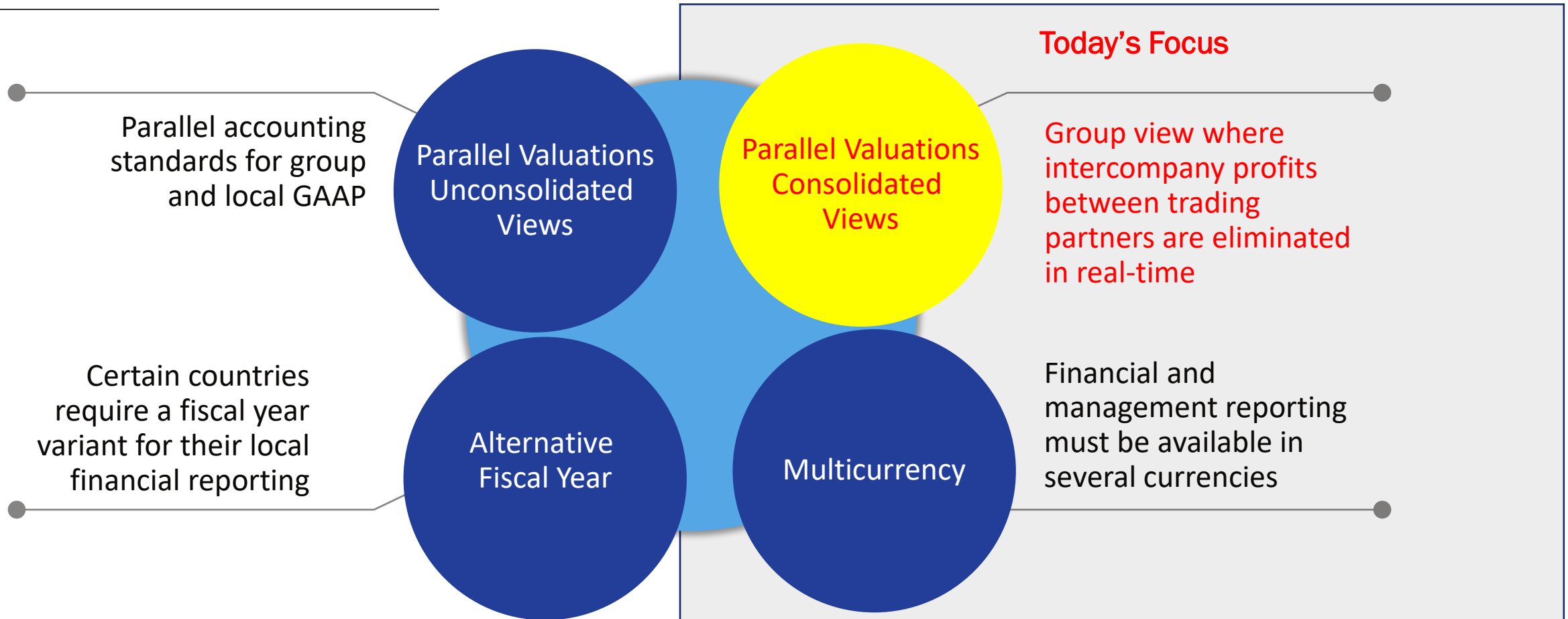
On the SAP roadmap to address but also currently implementing client customizations to bridge



Financial Valuation and Ledgers



Universal Parallel Accounting and Group Valuation



Many future innovations in core areas like asset accounting, inventory accounting, overhead accounting, production accounting, and sales accounting will be based on Universal Parallel Accounting


Refer to SAP Note 3191636: Universal Parallel Accounting

Ledgers in Universal Parallel Accounting

Single-Valuation Ledger Approach

- Use separate ledgers for each valuation
- Transparent separation of postings and reporting of financial results based on different accounting principals

Ledger	Valuation View	USA	France	Switzerland	Austria
0L (Leading) unconsolidated	Legal Valuation	US GAAP – common accounting principle			
2L (Local) unconsolidated	Legal Valuation	US GAAP	PCG	Swiss GAAP	UGB
4G (Group) consolidated	Group Valuation	US GAAP – with additional elimination postings			

< 

Change View "Ledger": Overview

New Entries

All Table Views

More

Dialog Structure

Currency Types

Global Currency Conversion Se

Currency Conversion Settings fo

Ledger

Company Code Settings for th

Accounting Principles for L

Ledger

Ld	Ledger Name	Leading	Ldgr Type	ExtLdgrTy...	Underlying Ledger	Valuation View	Sub...	Man.Pstgs Not Allwd	AcctgPrinc of
<input type="checkbox"/> 0L	Ledger 0L	<input checked="" type="checkbox"/>	Standard Ledger			0 Legal Valuation		<input type="checkbox"/>	IFRS
<input type="checkbox"/> 2L	Ledger 2L	<input type="checkbox"/>	Standard Ledger			0 Legal Valuation		<input type="checkbox"/>	
<input type="checkbox"/> 4G	Ledger 4G	<input type="checkbox"/>	Standard Ledger			1 Group Valuation		<input type="checkbox"/>	IFRS

Making Ledger 0L a Group Reporting Preparation Ledger

Derivation of Group Reporting fields in the coding block during posting and **periodic realignments** for changes in **substitution rules**

Accounting ledger

Group reporting fields

< SAP Manage Journal Entries

Journal Entry (100000031) - Ledger 0L

Header 0 Attachments 0 Notes 0 Related Documents

Journal Entry Date: 31.01.2028
Posting Date: 31.01.2028
Posting Period: 1 / 2028
Journal Entry Type: SU (Intercomp./Clearing)

Company Code: 1010 (Company Code 1010)
Transaction Currency: EUR

Reference: -
Reference Document Type: BKPFF (Actg Doc.Direct Inpt)
Header Text: Test Upload JK
Created: by CB9980000194 at 16.11.2021 15:25:39

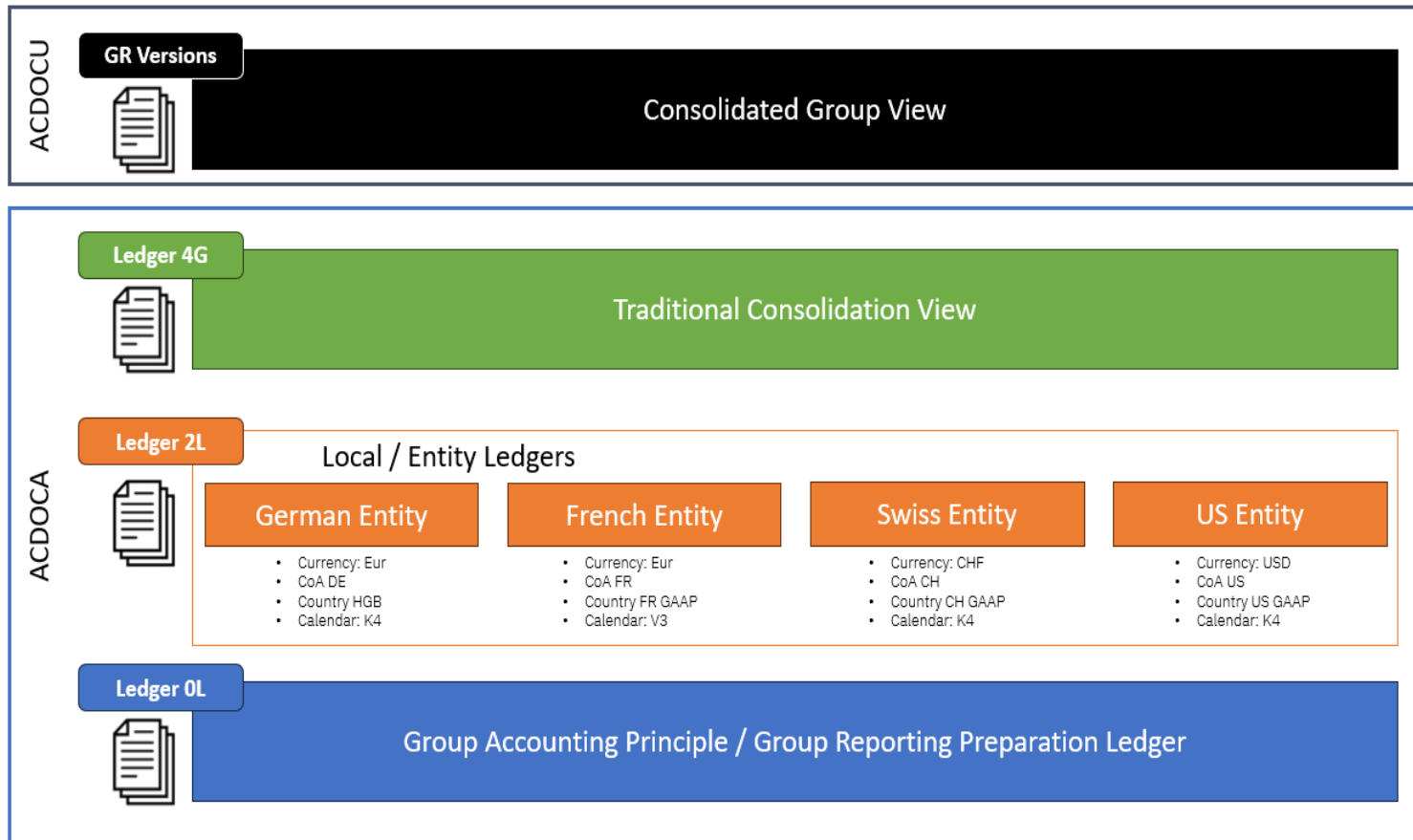
Line Items (2) Default Florian*

Posting View I...	Alternative Account	G/L Account	Profit Center	Cons. Unit	Cons. FS Item	Cons. Partner Unit	Cons. Subitem	Debit	Credit
000001	110000 (Stock in affiliates)	18010000 (Common Stck Invt Sub)	YB900 (Dummy)	1010	&NOMAPBS		915	1,000.00 EUR	0.00 EUR
000002	302000 (Preferred Stock)	31100000 (Preferred Stock)	YB900 (Dummy)	1010	311000		915	0.00 EUR	1,000.00 EUR

Edit Create Correspondence Reverse New Display Changes Select Currency

Profit In Inventory Eliminations with Ledger 4G

Universal Parallel Accounting: Pre-consolidation view allows for real-time group view including Interco elimination (at cost)



Consolidated Group Reporting

- Adding SAP S/4HANA external companies from other sources through flexible file upload, GDRC, etc.
- Currency translation at closing rate
- Eliminations and Consolidations

- Group Management view in real time including interco elimination (at cost)
- Parallel valuation- Multiple valuation principles transferred in this added ledger

Accounting-side entity close

- Following local accounting principles perspective of the single company not intended for company aggregation

- Accounting-side Group Reporting Preparation
- Following group accounting principle, aggregation of companies in a common period definition and core CoA
- GC translated at transaction spot rate
- Group objects filled (consolidation unit, FS item, partner unit, subitem)

Demonstration: VCA and UPA (with Group Valuation)

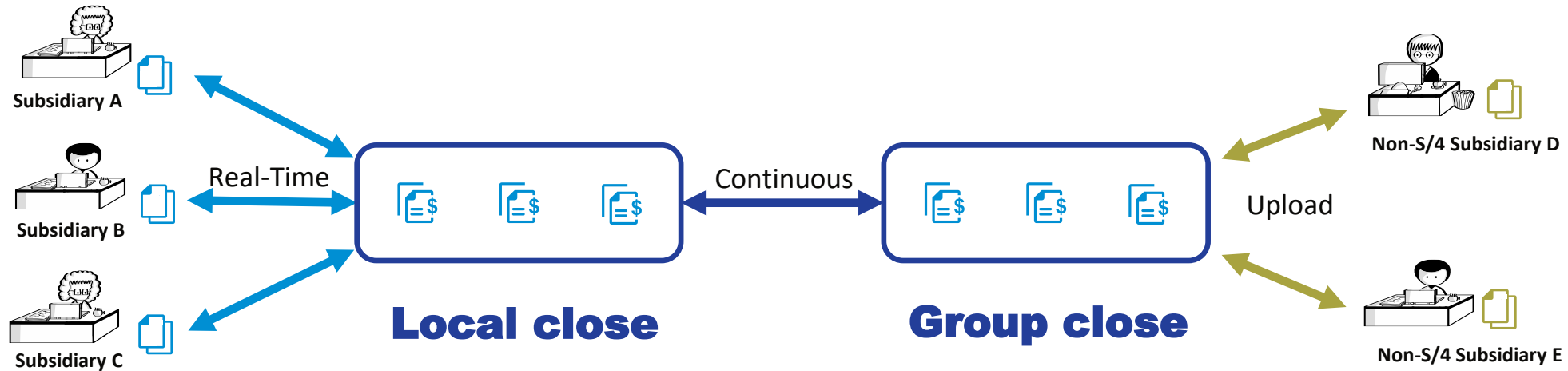
Where to see
the demo:

<https://www.truqua.com/truqua-trade-intercompany-realtime-profit-in-inventory-eliminations-and-value-chain-analysis-in-s-4hana/>

Intercompany Matching and Reconciliation

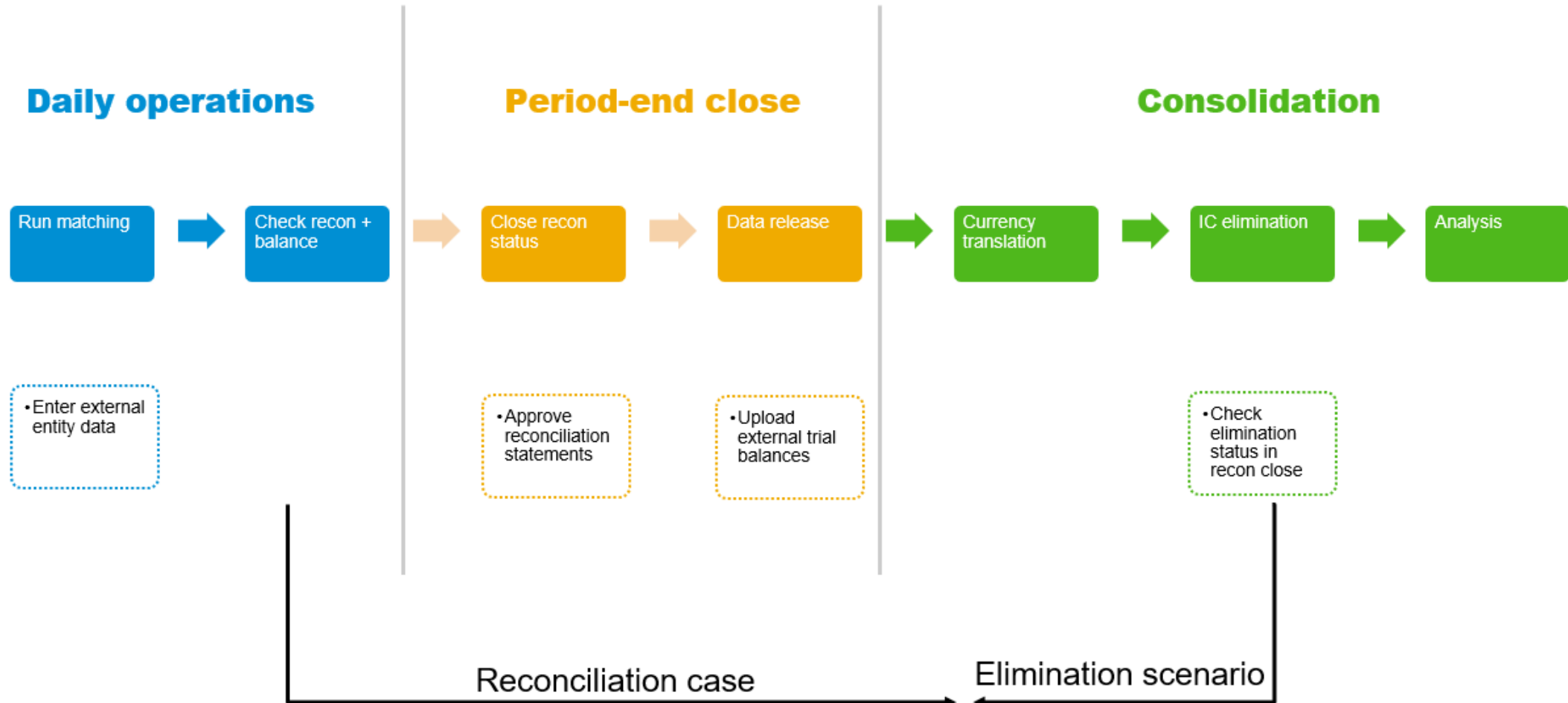


Intercompany Matching and Reconciliation (ICMR)



- **Transactional-level matching in real-time** eliminating cumbersome ETL processes
- Matching and reconciliation rules set up by **finance users** without IT
- **Fully automated** process with built-in **workflow** to facilitate cross-team communication
- **Streamlined** local and corporate close - **continuous accounting**
- High **performance**

Streamlined reconciliation-to-elimination process



Example ICMR Status Monitoring

Reconciliation Balances

Standard

*Reconciliation Case:

SF001 (GL Open Items)

Company (Hierarchy Node):

CS20/ZICA_COMP/0...

Company:

*Fiscal Year:

2019

*Fiscal Period:

006

Hierarchy View (23)

Company	Description	Matching Status	Reconciliation Balance Status	Cutoff Time	New Posting
▼ ZICA_COMP	ZICA_COMP (IC Company Hierarchy)				
E1	Subsidiary - United Kingdom 1	Initial			Not Detected
E3	Subsidiary - United States 1	Initial			Not Detected
C1000	RTC phase I C1000 Main	Not Assigned (73)		24.05.2019, 18:28:14	Not Detected
▼ GROUP1	GROUP1 (Group 1)				
▼ GROUP11	GROUP11 (Group 11)				
C1010	RTC phase I C1010 Main	Not Assigned (73)		12.06.2019, 14:21:43	Not Detected
C1006	RTC phase I C1006 Main	Not Assigned (28)		24.05.2019, 18:28:14	Not Detected
C1007	RTC phase I C1007 Main	Not Assigned (33)		24.05.2019, 18:28:14	Not Detected
C1008	RTC phase I C1008 Main	Not Assigned (201)		24.05.2019, 18:28:14	Not Detected
C1009	RTC phase I C1009 Main	All Assigned		24.05.2019, 18:28:14	Not Detected
C1001	RTC phase I C1001 Main	Not Assigned (87)		29.05.2019, 14:45:35	Not Detected
C1002	RTC phase I C1002 Main	Not Assigned (47)		29.05.2019, 14:45:35	Not Detected
C1003	RTC phase I C1003 Main	Not Assigned (69)		24.05.2019, 18:28:14	Not Detected
C1004	RTC phase I C1004 Main	Not Assigned (99)		24.05.2019, 18:28:14	Not Detected
C1005	RTC phase I C1005 Main	All Assigned		24.05.2019, 18:28:14	Not Detected
▼ GROUP2	GROUP2 (Group 2)				
C1011	RTC phase I C1011 Main	Not Assigned (90)		12.06.2019, 16:30:50	Not Detected
C1012	RTC phase I C1012 Main	Not Assigned (22)		24.05.2019, 18:28:14	Not Detected

Reconciliation Balances

ICMR - Consolidation Models

Reconciliation Case:

SGR01 (Consolidatio...

Display Group:

Counts AR/AP) x

Cons. Unit:

DEC1 x

Partner Unit:

Period/Year:

012/2020

Consolidation Version:

Y10

Consolidation COA:

Y1

Standard

Netting View

Cons. Unit	Partner Unit	Display Group	Currency	Up to Last Matching (YTD)	Up to Now (YTD)	Difference	Leading Unit Amount	Partner Unit Amount	Difference	Leading Unit Amount
DEC1		All IC Accounts ARIAP (10...	EUR	0.00 EUR	0.00 EUR	0.00 EUR	3,629,066.99 EUR	0.00 EUR	3,629,066.99 EUR	0.00 EUR
DEC1	AUC1	All IC Accounts ARIAP (10...	EUR	0.00 EUR	0.00 EUR	0.00 EUR	931,946.51 EUR	-824,287.10 EUR	107,659.41 EUR	0.00 EUR
DEC1	USC1	All IC Accounts ARIAP (10...	EUR	0.00 EUR	-191,961.61 EUR	-191,961.61 EUR	506,678.88 EUR	-191,961.61 EUR	314,717.27 EUR	0.00 EUR
			EUR	0.00 EUR	-191,961.61 EUR		5,067,692.38 EUR	-1,016,248.71 EUR		0.00 EUR

Data is shown
in real time
split by data
already
processed by
ICMR and data
yet to be
processed

Transactional-level matching in real-time without ETL processes

<

SAP

Manage Assignments

Standard

*

>

*Matching Method:

SF001 (Matching Met...

*Company:

1010

*Fiscal Year Period:

002

2020

Hide Filter Bar

Filters (2)

Go

Leading Unit: Unassigned (7)

SF001/Demo

Partner Units: Unassigned (2)

SF001/Demo

All

	Proc. Status	Comm. Status	Comp...	Accounting Do...	Original Posti...	Assignment Ref.	Acct Number
<input type="checkbox"/>	00 (New)	(Not Started)	1010	100000206	02/17/2020	Frankfurt	21102000
<input type="checkbox"/>	00 (New)	(Not Started)	1010	100000207	02/17/2020	Berlin	21102000
<input type="checkbox"/>	00 (New)	(Not Started)	1010	4900000053	02/16/2020		13600000
<input type="checkbox"/>	00 (New)	(Not Started)	1010	4900000053	02/16/2020		51600000
<input type="checkbox"/>	00 (New)	(Not Started)	1010	4900000054	02/16/2020		13600000
<input type="checkbox"/>	00 (New)	(Not Started)	1010	4900000054	02/16/2020		51600000

Selected Amount

	Proc. Status	Comm. Status	Comp...	Accountin...	Original Postin...	Assignment Ref.	Acct Number
<input type="checkbox"/>	00 (New)	(Not Started)	1710	100004925	02/17/2020	Frankfurt	12102000
<input type="checkbox"/>	00 (New)	(Not Started)	1710	100004926	02/17/2020	Berlin	12102000

Selected Amount

Assignments (77)

Show Created in Last 30 Days

Process

Unassign

Assign

Communicate

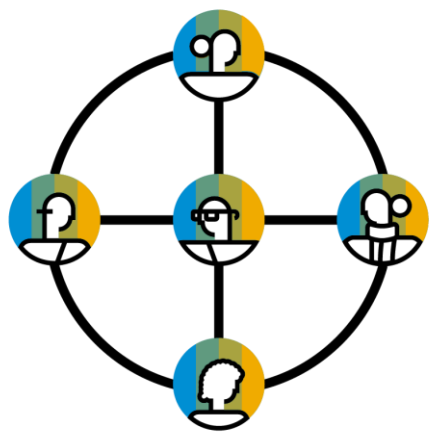
Auto Match

	Assignment Number	Proc. Status	Matching ...	Match Type	Reason Code	Workflow Status	Adjustment Log	Te...	Created By	Created On	Changed By	Changed On
<input type="checkbox"/>	100000000854	20 (Assigned)	0108	GA (Group as Assig...	S22 (One-side grouping...			Yes	CB998000...	02/16/2020, 10:48:55 AM	CB998000...	02/16/2020, 10:48:57 AM
<input type="checkbox"/>	100000000853	20 (Assigned)	0108	GA (Group as Assig...	S22 (One-side grouping...			Yes	CB998000...	02/16/2020, 10:48:55 AM	CB998000...	02/16/2020, 10:48:57 AM
<input type="checkbox"/>	100000000852	20 (Assigned)	0108	GA (Group as Assig...	S22 (One-side grouping...			Yes	CB998000...	02/16/2020, 10:48:55 AM	CB998000...	02/16/2020, 10:48:57 AM

Matching performed on-line item level automatically with follow-up embedded workflow actions to resolve matching variances

Built-In Workflow

- Facilitate cross-team communication
- Add notes for approver to explain discrepancies
- Approval/rejection in inbox with automatic posting of discrepancies



Manage Assignments

*Matching Method: SF001 (Matching Met... *Company: 1010 *Period/Year: 010 2019

Assignments (61) Show Created in Last 30 Days

	Assignment Number	Proc. Status	Matching ...	Match Type	Reason Co...	Workflow Status	Adjustment Log
<input type="checkbox"/>	100000000297	20 (Assigned)	1080	GA (Group as Assig...	S22		
<input type="checkbox"/>	100000000296	20 (Assigned)	1080	GA (Group as Assig...	S22		
<input type="checkbox"/>	100000000294	20 (Assigned)	1020	SA (Auto-Assign)	Z10	In Process	
<input type="checkbox"/>	100000000290	20 (Assigned)	1030	XA (Auto-Assign as...	S31		
<input type="checkbox"/>	100000000289	20 (Assigned)	1020	SA (Auto-Assign)	Z10		
<input type="checkbox"/>	100000000283	20 (Assigned)	1030	XA (Auto-Assign as...	S31		
<input type="checkbox"/>	100000000282	20 (Assigned)	1020	SA (Auto-Assign)	Z10		

Current Processors
CB9980001711 Finance Close Manager

My Inbox

ICA Assignment Approval (1)

Search

REFRESH

Check Variance Adjust. for Company 001010/Assignment...

SAP Workflow Runtime Medium

Check Variance Adjust. for Company 001010/Assignment...

SAP Workflow Runtime

Created on Oct 29, 2019, 10:24 PM

By Date By Type By Priority

Posting Approval for 100000000294

24 minutes ago

Approve Reject

Task Execute Settlement for AuC (Id:2079) is complete

Tasklist: Monthly/Yearly (09/30/2019)

19 hours ago

Task Execute Settlement for AuC (Id:2079) is

Please click Open Task on footer bar to check detail of the assignment. Then decide whether to Approve or Reject.

Assignments (61) Show Created in Last 30 Days

	Assignment Number	Proc. Status	Matching ...	Match Type	Reason Co...	Workflow Status	Adjustment Log
<input type="checkbox"/>	100000000297	20 (Assigned)	1080	GA (Group as Assig...	S22		
<input type="checkbox"/>	100000000296	20 (Assigned)	1080	GA (Group as Assig...	S22		
<input type="checkbox"/>	100000000294	30 (Matched)	1020	SA (Auto-Assign)	Z10	Completed	Success (1)

Reconciliation Approval

My Inbox

All Tasks (1)

Search

REFRESH

Approve Reconciliation Close for SGR01 of S915/USC1 in 012/2019

SAP Workflow Runtime

Medium

Approve Reconciliation Close Request

Reconciliation Details

SGR01 (Consolidation Model: All IC B/S Accounts) : 1000 (All IC Accounts AR/AP)

Period/Year: 012/2019

Consolidation COA: Y1

Consolidation Version: Y10

Reconciliation Close Status: Pending Approval

Close Reopen

Reconciliation Overview

Difference Breakdown by Reason Code

Leading Unit

Cons. Unit: S915 (USA West)

Data Cutoff At: 01/22/2021, 15:16

Convert with Closing Rate: 3,333.33 EUR

Partner Unit

Partner Unit: USC1 (VELOTICS - US)

Data Cutoff At: 01/22/2021, 15:16

Convert with Closing Rate: -3,877.77 EUR

Difference

-544.44 EUR

Difference Breakdown by Reason Code

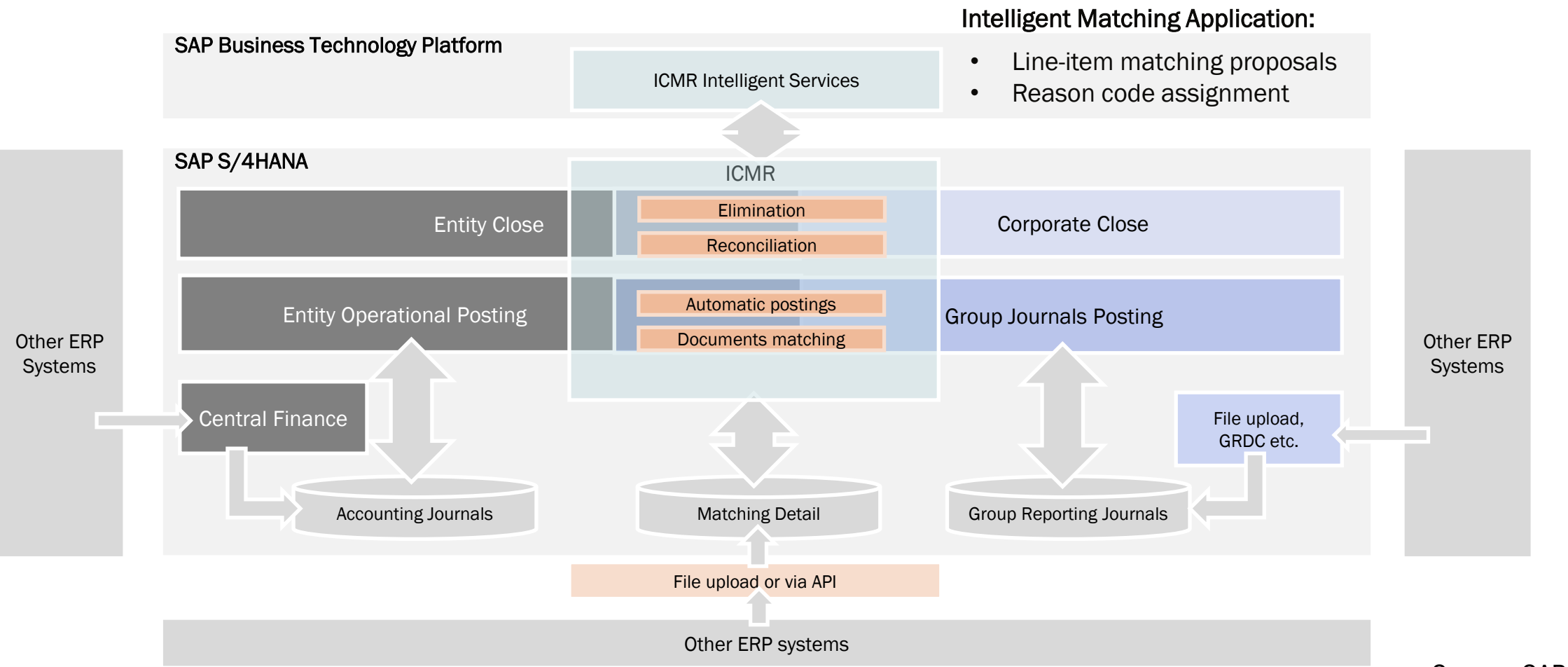
Difference Reason Code	Leading Unit Amount	Partner Unit Amount	Difference	Comments
S00 (Data matched without further action)	1,388.88 ...	-1,388.88 ...	0.00 EUR	
S51 (Two-side matching, duplicate postings i	1,555.55 ...	-1,944.44 ...	-388.88 E...	
S52 (Two-side matching, amounts not match	388.88 EUR	-544.44 E...	-155.55 E...	
Total:	3,333.31 ...	-3,877.76 ...	-544.43 E...	

Type here to search

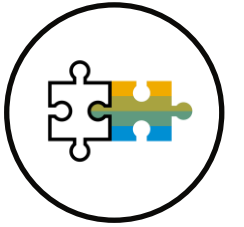
8:41 PM

1/22/2021

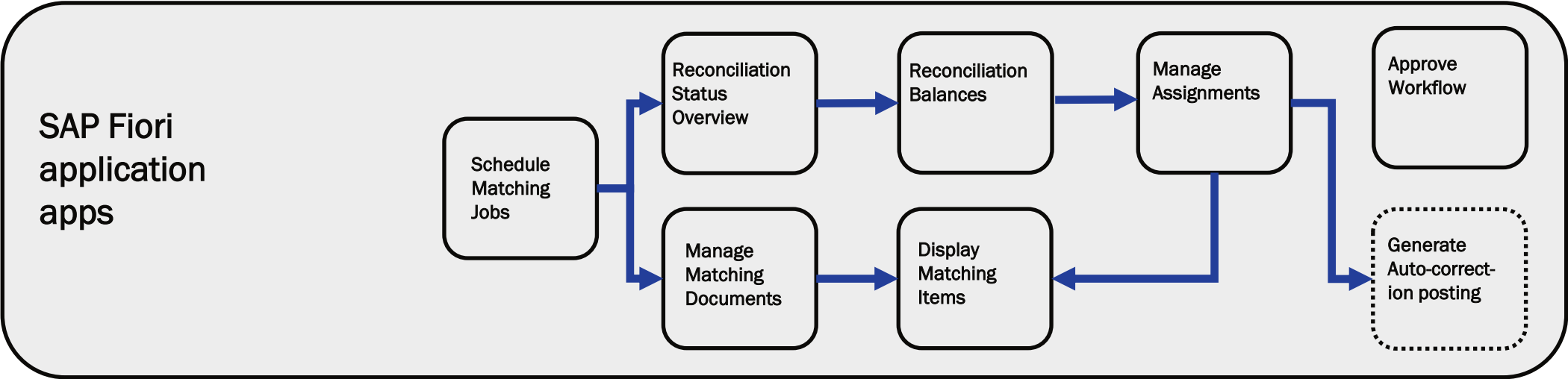
ICMR Solution Overview



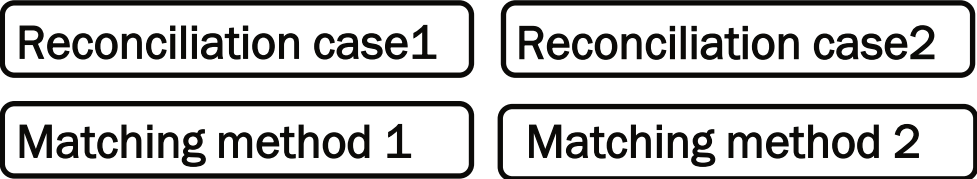
Source: SAP



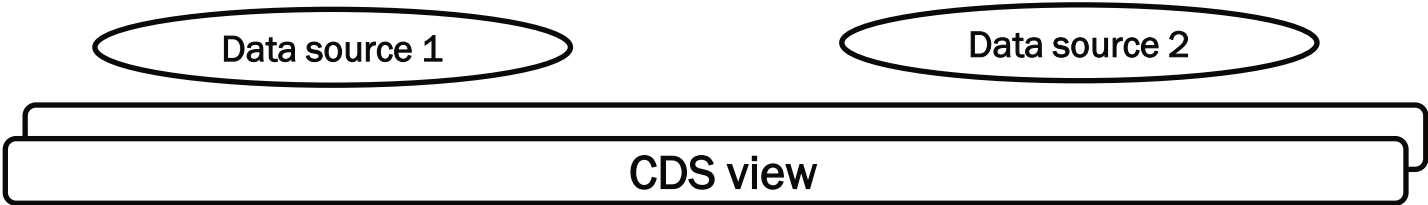
Application Apps and Data Model



Reconciliation
and matching
(customer config.)



Data Model
(SAP delivery +customer
config.)



CDS views



ACDOCA



ACDOCU



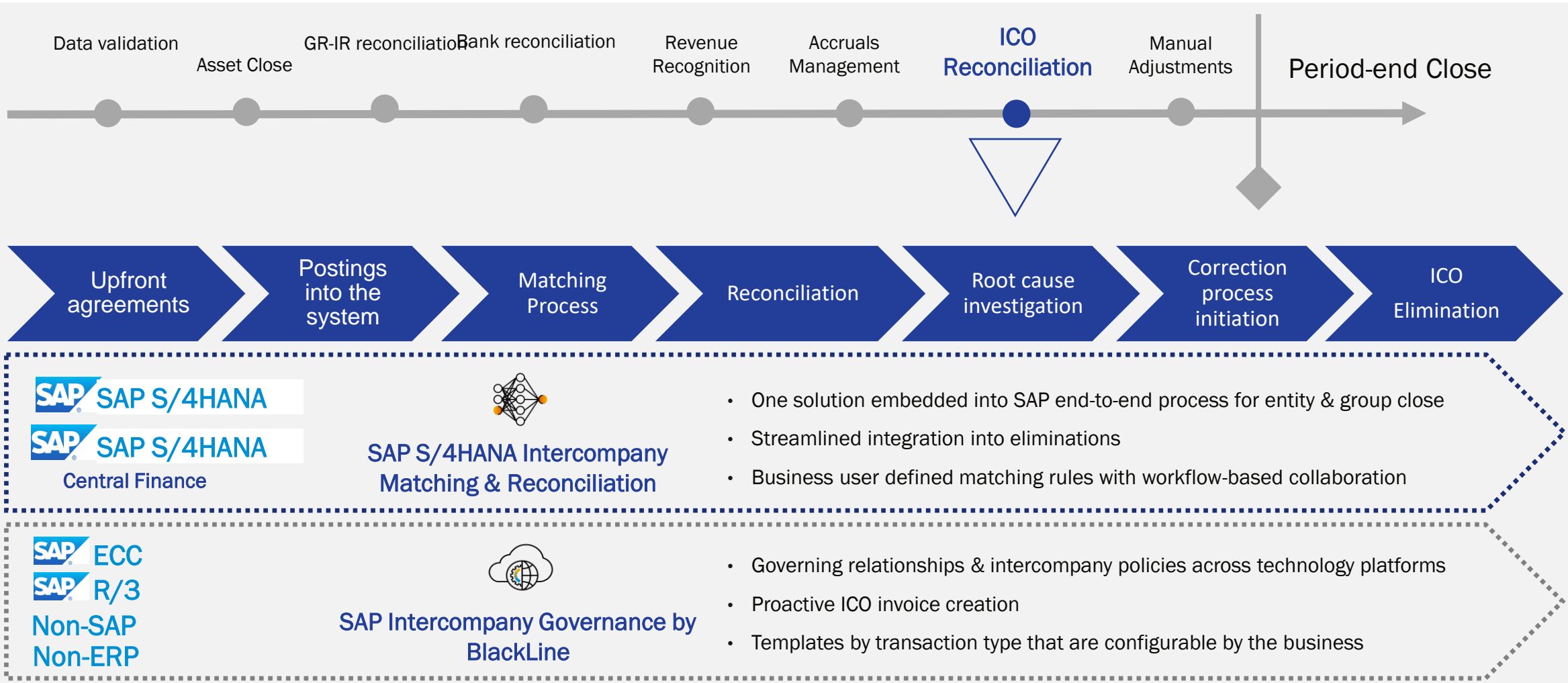
XXX

Tables

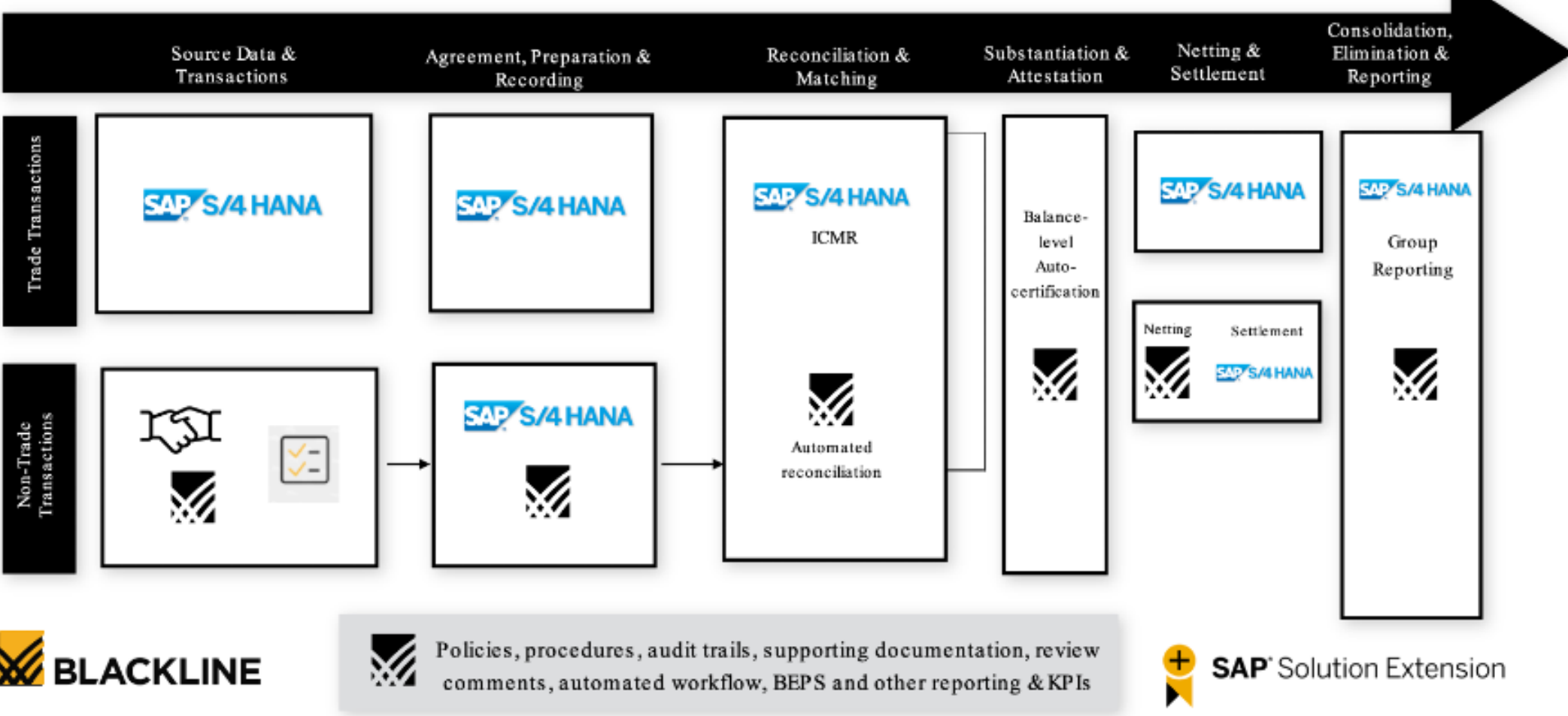
Extended Intercompany Financial Governance



Positioning of BlackLine Functionality vis-à-vis ICMR



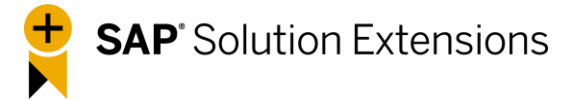
Positioning BlackLine vis-à-vis S/4HANA for Intercompany



Framework for End-to-End Intercompany Governance



SAP Intercompany Governance by BlackLine



BlackLine complements SAP S/4HANA and other SAP software as a part of an end-to-end offering for Finance.

BlackLine intercompany solutions proactively structure and automate intercompany transactions to maximize operational efficiency.

THE CHALLENGES

- ✗ Increasingly complex operating environment including M&A activity, tax and regulatory changes, globalization, and sophisticated supply chains
- ✗ Large volumes of financial data across numerous systems that are not comprehensive or end-to-end
- ✗ Manual, non-standard & disaggregated processes
- ✗ Lack of standard workflow with finance, accounting, tax, and treasury dispersed across the globe

A FRAMEWORK FOR END-TO-END INTERCOMPANY

- ✓ **CREATE** - Ensure consistent regulatory and tax compliance by automating non-trade transactions and invoices while enforcing trading relationships, policies, as well as required taxes and transfer pricing.
- ✓ **BALANCE & RESOLVE** - Seamlessly integrate all intercompany systems and data sources to automatically identify intercompany exceptions and underlying transactions causing out-of-balances with rules-based solutions to resolve discrepancies quickly.
- ✓ **NET & SETTLE** - Facilitate and streamline netting, settlement, and clearing to optimize working capital and reduce FX exposure.

KEY SOLUTION DESIGN COMPONENTS

- **Proactive Governance** – Codified trading relationship and data elements between buyers and sellers
- **Configured Service Type** – Configured service types for over 300 types of services being provided by the seller to the buyer
- **Embedded Tax Logic** – Embedded tax rules and logic across all 195 countries based on global, regional, and entity-specific regulations
- **Global Intercompany Subledger** – Structured and centralized intercompany data with buyer/seller transaction data across disparate ERP systems and data sources

BUSINESS VALUE

Improve Operational Efficiency

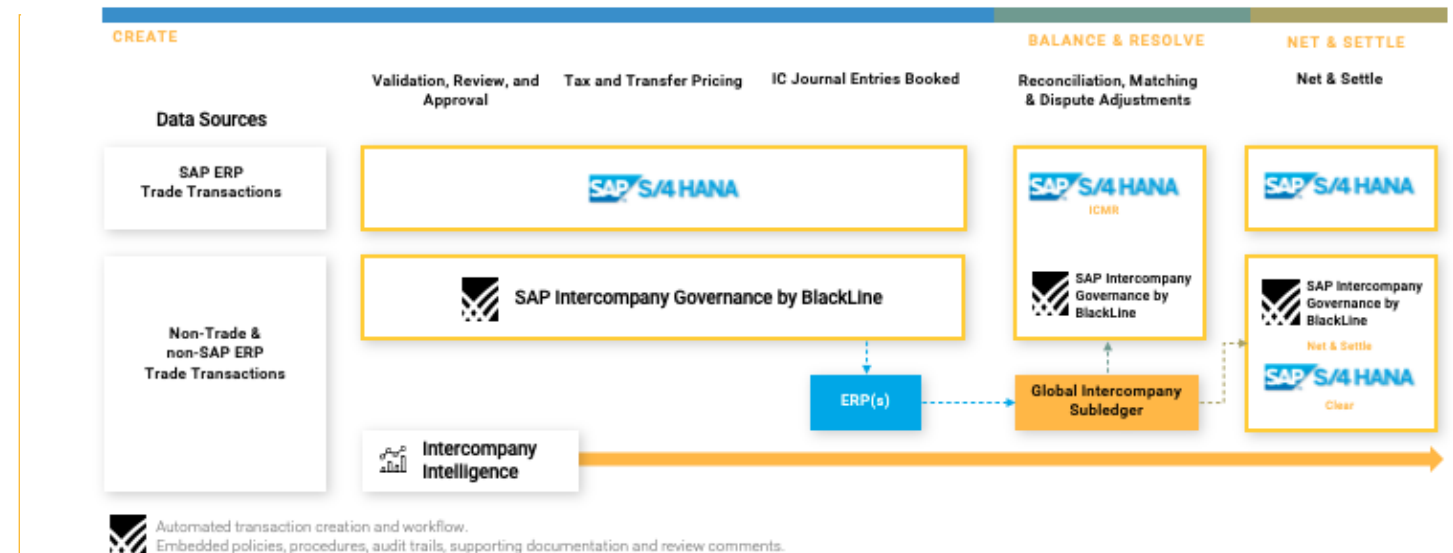
Leading food and beverage company reduced intercompany imbalances **20x to 30x**

A Proactive End-to-End Solution

“[Users] have to do a **validation before they can certify** the transaction. BlackLine looks at the intercompany relationships and the type of service being charged, and in Europe, determines automatically if the VAT rate or code they used was correct or incorrect.”

-Leading food and beverage company

INTERCOMPANY OPERATIONS EXCELLENCE WITH SAP & BLACKLINE



Profitability with Operational Transfer Pricing



PaPM with Operational Transfer Pricing Content Overview

The screenshot displays the SAP PaPM Visual Modeler interface, which is used for designing and managing Operational Transfer Pricing (OTP) models. The interface is divided into several key areas:

- 1. The palette to design a model:** Located on the left side, this palette contains various building blocks for the model, including Calculation Unit, Process Templates, Description, Allocation, Offset Allocation, Periodic Allocation, Iterative Allocation, and Periodic Iterative.
- 2. Drag & drop elements into the diagram, to use them in your model:** This action is demonstrated by a large blue arrow pointing from the 'Allocation' element in the palette to the main diagram area.
- 3. Connect functions via links to define the processing sequence:** The main diagram area shows a complex flowchart of functions and their interconnections. Functions include 'Integrate Data Sources', 'Apply Steering Tables', 'Tax Compliance Adjustments', 'Reset P&L for Tax Purposes Comparison', 'Processing-P&L Generation', 'Transfer Pricing Method Determination', 'IC Recharging', 'Shared Services Activities', 'Join All Results', 'Data Review and Update', and 'Reporting'. Arrows indicate the sequence of processing.
- 4. Select an element to edit details in the properties panel:** A callout points to a specific function in the diagram, indicating that clicking on it will open the properties panel on the right.
- 5. The properties panel gives access to the details of a selected element:** The right-hand side of the interface features a properties panel. It includes a 'Description' section with fields for 'Function' (set to 'DSPRO') and 'Description' (set to 'Processing'). It also has an 'Icon' section with a placeholder for an image and a 'Scale' dropdown set to '1'. Below this is a 'Documentation' section with a rich text editor containing the word 'Processing'.
- 6. Save, execute and other actions:** At the top of the interface, there is a toolbar with icons for saving, undo, redo, and other actions. A callout points to the 'Save' icon.
- 7. Message panel:** At the bottom of the interface, there is a message panel for displaying system messages or warnings.

PaPM Process for Profitability with Operational Transfer Pricing

1. Review and Update Input Data



2. Steering Table Configuration



3. Manufacturing and Overheads process flow



4. Shared services process flow



5. Product & Service transfer (transfer price calculation)



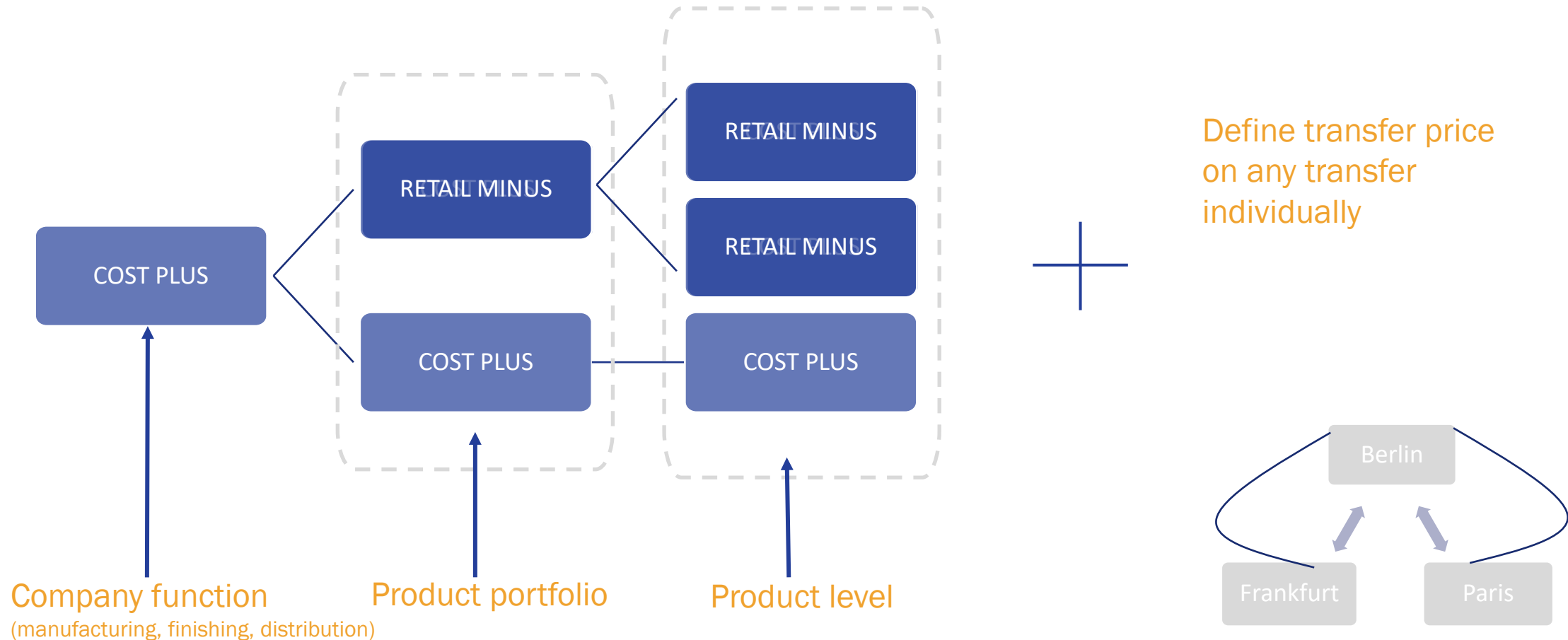
6. P&L for Tax Purposes Generation



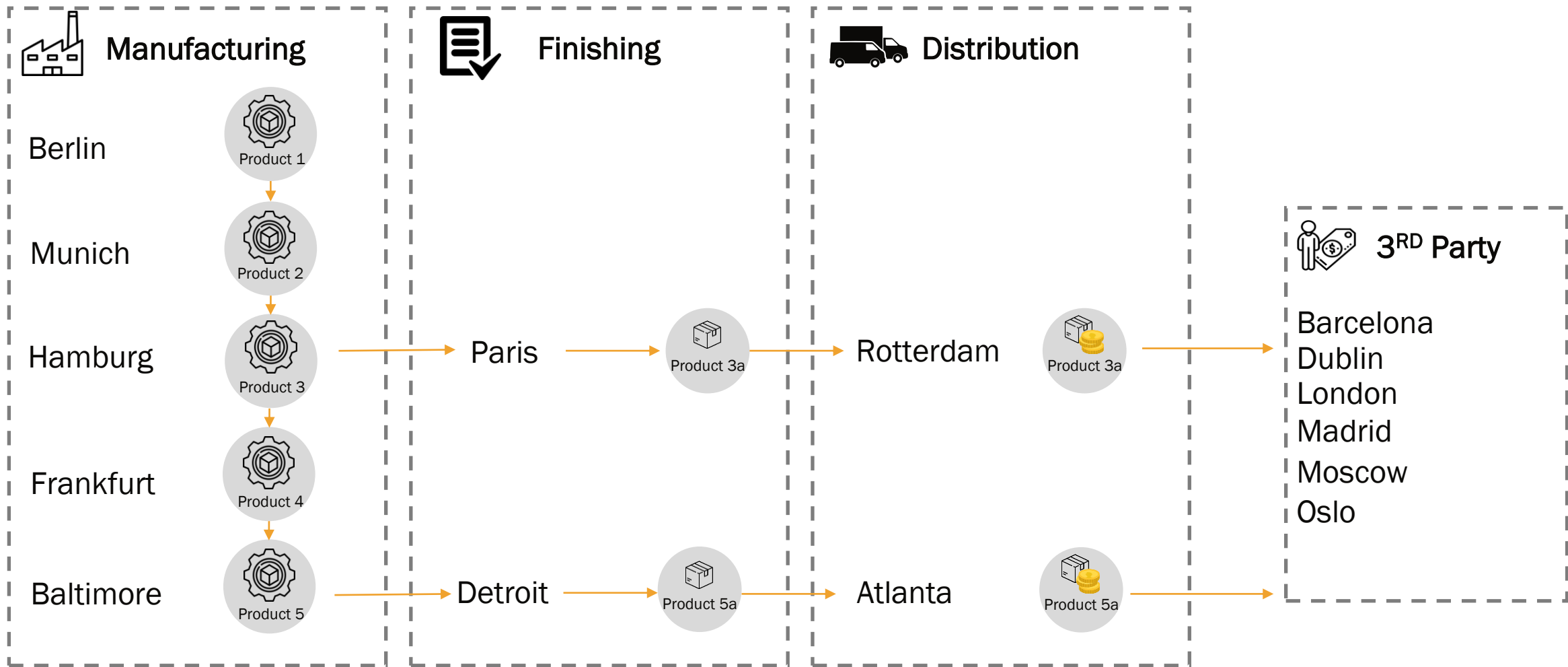
7. Review Final Results – Reporting & Simulations



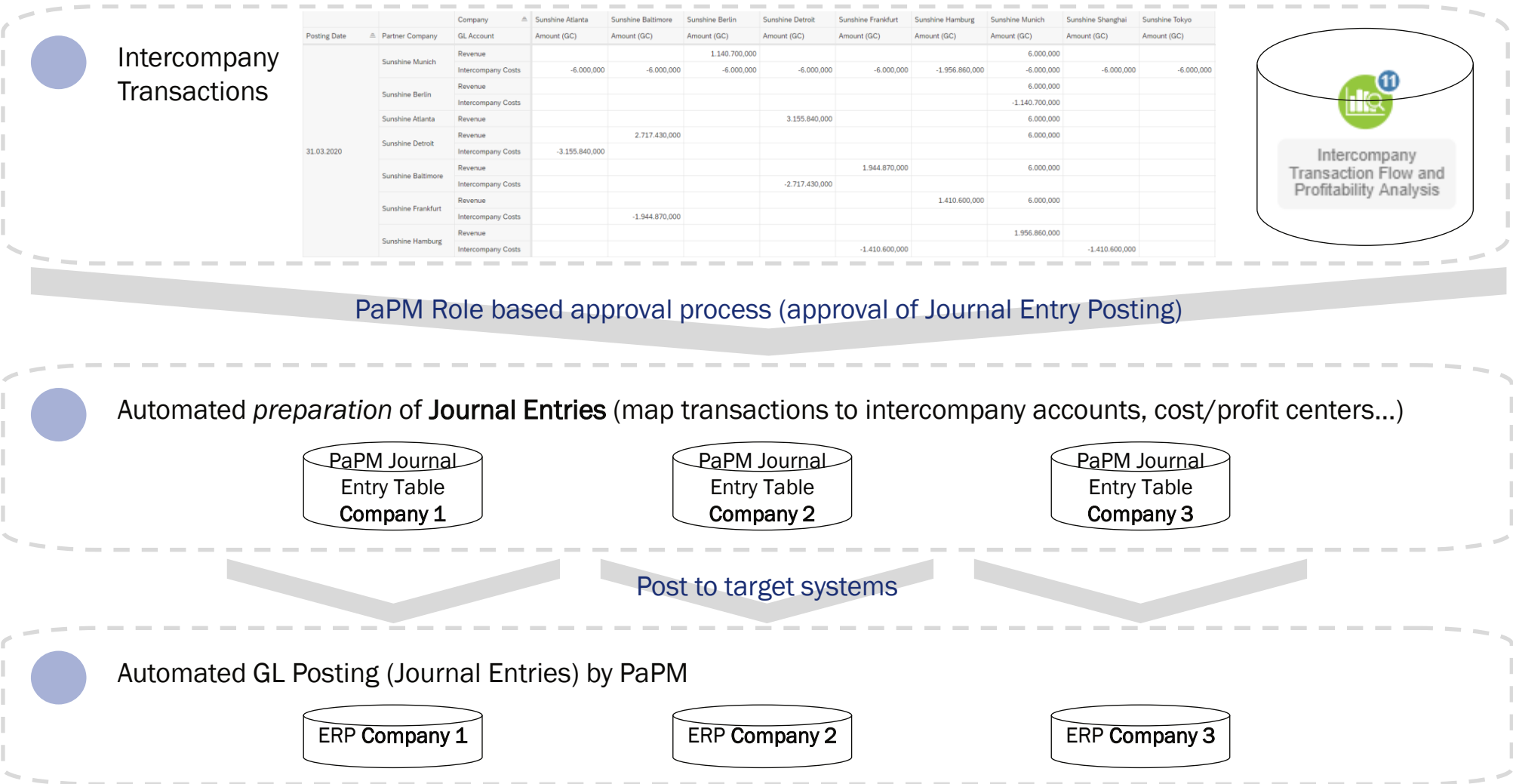
Transfer Pricing Calculation Configuration



Transfer Route Configuration



Intercompany Processing and Posting Example



PaPM

PaPM

native S/4HANA & ECC integration, using SAP transactions and RFCs

ERP

Reporting and Simulations

Reports

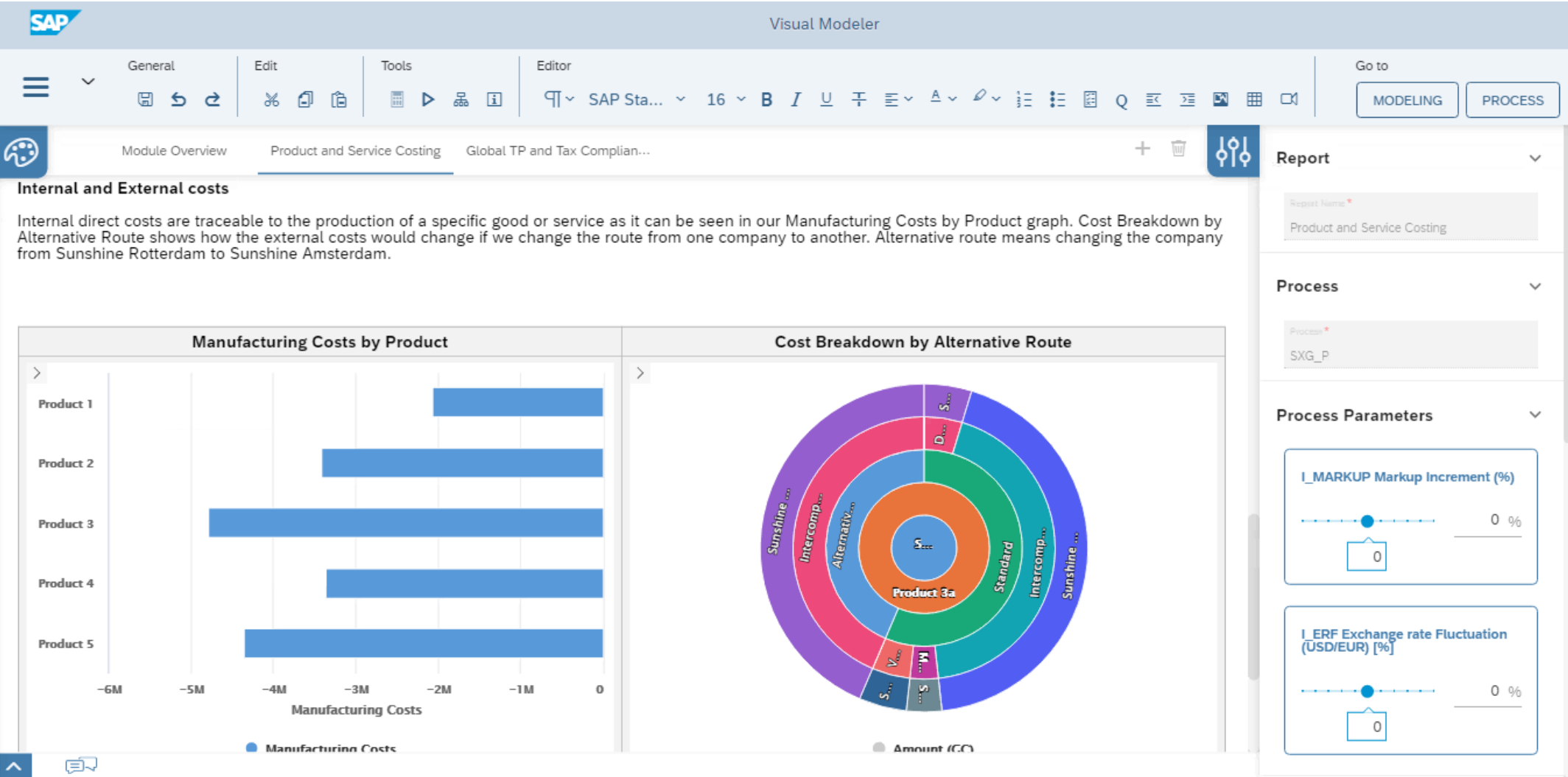
- Net Margin per Company
- Manufacturing costs per product
- Product profitability
- Intercompany transaction flow
- P&L for Tax Purposes Generation
- Cost Break Down by Alternative Route



Simulation

- Markups and Taxes
- Resources price
- Alternative supplier
- Bill of materials
- Tax Compliance Target Margins
- Change of Partner Company

Profitability Analysis with Operational Transfer Pricing Example



Wrap Up

- Enterprise operations are moving ever faster to that of a distributed, multi-cloud, or multi-source operating model.
- Finance needs enhanced visibility across all points within the value-chain.
- SAP S/4HANA Universal Parallel Accounting fulfills this enhanced visibility to trade transactions within SAP, but is only available in the Greenfield solution approach.
- Bridging technologies help to fill the gaps where S/4HANA UPA is limited. These include SAP ICMR, BlackLine, and SAP PAPM.
- The total end-to-end solution is likely going to be an amalgamation of fit-to-purpose solutions, strategically enabled within each organization depending on their circumstances, objectives, and technology.
- Visibility to the value-chain and optimizations in the intercompany design and execution are going to continue to evolve and become more and more critical as the global supply chain evolves, and is disrupted by future market factors like Regulatory or Technology disruptions.

Where to Find More Information

Universal Parallel Accounting Demo with voice-over as shown:

- <https://www.truqua.com/truqua-trade-intercompany-realtime-profit-in-inventory-eliminations-and-value-chain-analysis-in-s-4hana/>

Intercompany Accounting with Universal Parallel Accounting in SAP S/4HANA 2022

- <https://community.sap.com/t5/enterprise-resource-planning-blogs-by-sap/inventory-accounting-with-universal-parallel-accounting-in-sap-s-4hana-2022/ba-p/13529230>

BlackLine Intercompany Create Space

- <https://www.blackline.com/solutions/intercompany/create/>

Key Points to Take Home

- SAP Value Chain analysis is a strategic topic for finance enabled through an evolving SAP roadmap – namely Universal Parallel Accounting.
- Where technology gaps might exist, SAP partner product solutions can be deployed to bridge these gaps.
- ROI and Time-to-Value do not necessarily need to be prolonged in this space thanks to hybrid-cloud solutions and SAP BTP.
- Out-of-the-box solutions which fill all aspects of the value-chain analysis are probably unlikely. Plan to leverage multiple best-in-breed solutions to provide the best solution overall.

Thank you! Any Questions?

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[TruQua, an IBM Company](#)

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your session evaluation.

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