What We'll Cover

- SAP S/4HANA Finance: Overview

- SAP S/4HANA Migration: Tips and Tricks
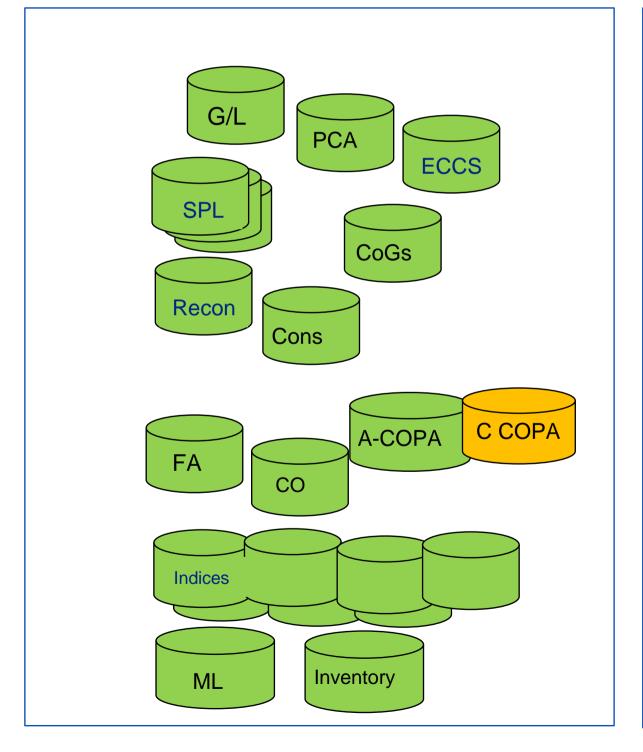
- SAP S/4HANA: Structural Consistency Tips

- SAP S/4HANA: Foundational Consistency Checks

- SAP S/4HANA: Data Consistency Tips and Tricks

- SAP S/4HANA: Audit Controls and Consistency Tips

- Wrap-up

SAP S/4HANA Finance: Overview
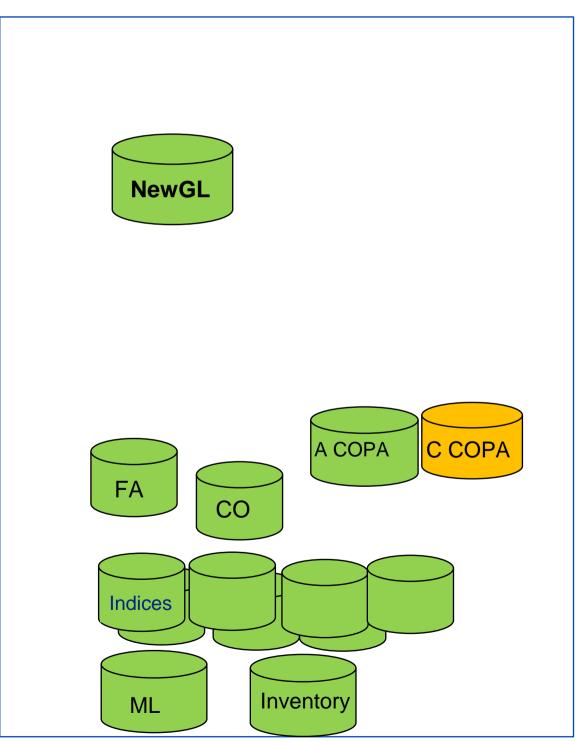
Simplified Data Models and Reduced Data Footprint

Classic G/L

G/L, PCA, ECCS, SPL, CoGs, Recon, Cons, FA, CO, A-COPA, C COPA, Indices, ML, Inventory

SAP General Ledger

NewGL, FA, CO, A COPA, C COPA, Indices, ML, Inventory

SAP S/4HANA Finance

Universal Journal, C COPA

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SAP S/4HANA: Migration Tips and Tricks
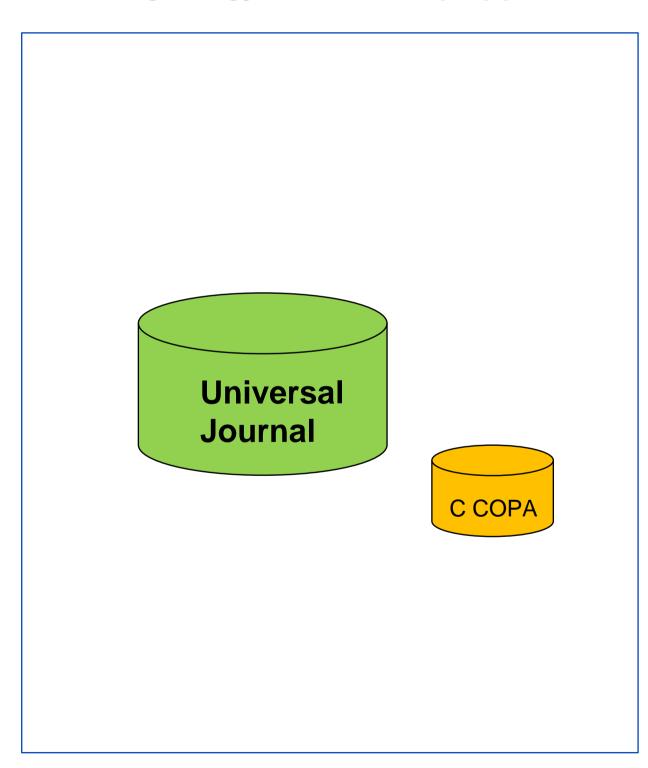
SAP S/4HANA: Migration

Get ready for major initiative

First, evaluate your key strategic choices and considerations for SAP S/4HANA

Start-state of Financials Classic G/L or New G/L
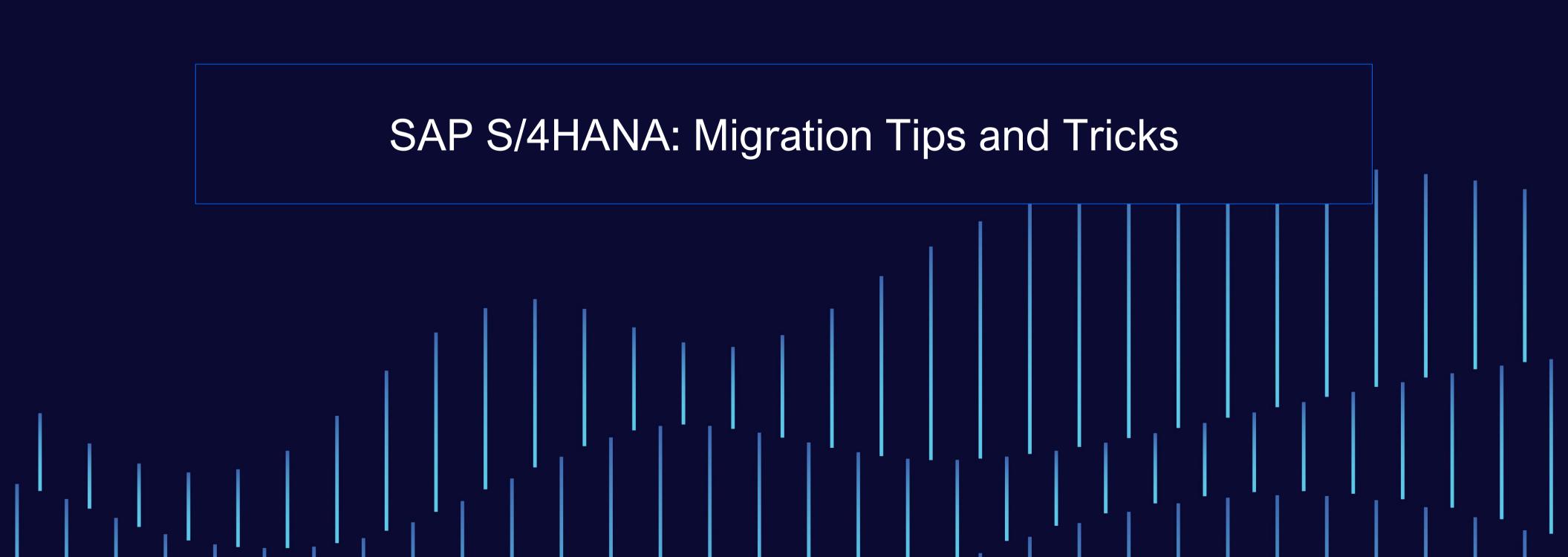
Scope as Simplified Finance or includes Logistics

Technical-only upgrade or Functionalities Enhancements

End-state as on-premise or Cloud

Fresh new implementation or conversion of existing ECC

Note that these are just high-level and representative strategic considerations

You will have to consider such key strategies that are relevant for your organization (depending upon other considerations, such as timelines, budgets, organization impact, organizational appetite for risks-and-rewards and more)

SAP S/4HANA: Migration Preparatory Tasks

Next, prepare the system for the migration

As SAP S/4HANA merges many of the data structures, it is expected to make your underlying data and processes to be consistent prior to migration

In addition to data, you will need be re-engineer the processes to be consistent

Also, you will need to be prepared for the new planned functionalities for SAP S/4HANA

Underlying data must be made congruent and consistent

However, be ready to be surprised how much data clean-up efforts are needed to be ready for Migration

SAP S/4HANA Preparedness – Tips and Tricks

Structural Consistency	Foundational Consistency	Data/Process Consistency	Audit Controls Consistency
Current setup – Currencies	New Fixed Assets Accounting	Master data consistency	Business Validations
Chart-of-Accounts - rationalization	Business Partners	Transactions data consistency	PRE-POST financials accuracy
Controlling Area merger	CO-PA	Ledger-sub-ledger consistency	PRE-POST financials consistency
Fiscal year conversion	Material Ledger	Cross-modular (FICO, MMGL, SDGL) consistency	PRE-POST business completeness
Fixed Assets Depreciation Areas / Currencies			PRE-POST spot checks
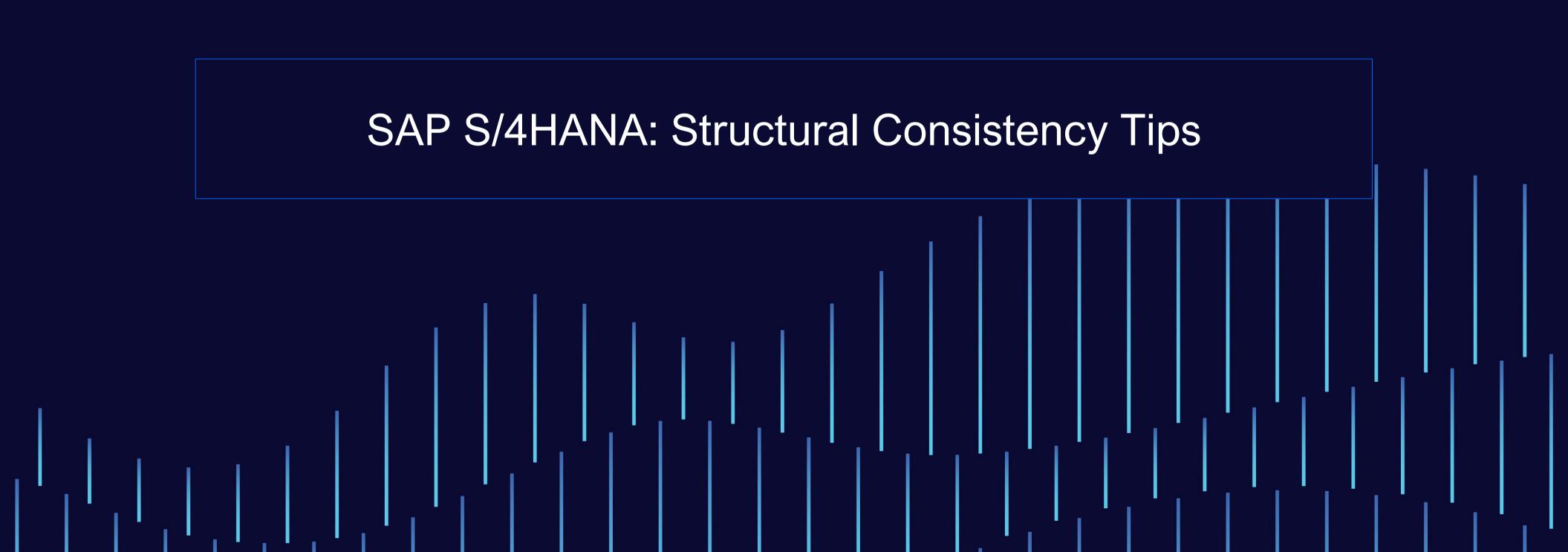
SAP S/4HANA: Structural Consistency Tips

Finance Transformation Initiatives

Structural Consistency

You are a massive global organization with complex system landscape and want to embark upon a New G/L or SAP S/4HANA journey … you want to standardize and harmonize the processes/data across the system landscape before you can start

Your existing currency setup is not consistent across the units and that is stopping you from starting the strategic initiative

You want to standardize the chart of accounts across the organization

Any transformation/re-organization SLO-type initiatives must be done prior to migration/conversion to SAP S/4HANA

Currency Types – ECC Basic Structure

In FI, there used to be up to 3 currency buckets

LC1   Mandatory, Company Code Currency (Currency Type 10)

LC2   Optional, Usually Group Currency (Currency Type 30)

LC3   Optional, Usually Hard Currency (Currency Type 40)

In CO, there used to be 2 currency buckets

LC1   Mandatory, Object Currency (local currency as Currency type 10)

LC2   Mandatory, Controlling Area Currency (as Group Currency)

Currency Setup in FI and CO were not necessarily consistent

Currency Types – SAP S/4HANA Basic Structure

SAP S/4HANA dramatically revamps the classic FI/CO data structures
With the introduction of Universal Journal in SAP S/4HANA, earlier data structures are no longer valid
Basically, Universal Journal combines all different FI CO tables into one combined table

In Universal Journal, there can be up to 10 currency buckets
2 fixed buckets
- LC1   Fixed, Local Currency (Currency Type 10)
- LC2   Fixed, Global Currency (Currency Type 30)

8 optional currency buckets
- User-defined currency buckets

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Migrating to SAP S/4HANA

- Your existing currency setup is migrated
- You cannot make any changes to the currency setup
- You cannot introduce any new parallel currencies
- As part of technical migration process, it automatically brings the old currency configuration

ECC

	HSL	KSL	OSL
Classic G/L	10	30	40
Classic Fixed Assets	10	30	40
Controlling	10/70	20/30	

S4

	HSL	KSL	OSL	VSL	BSL	CSL	DSL	ESL	FSL	GSL
Universal Journal	10	30	40	50	60	Z1	Z2	Z3	Z4	Z5
BSEG	10	30	40							

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Don't Change Currencies Once System Is Live

- For migrating to the SAP S/4HANA or SAP General Ledger, you require consistent currencies setup in the existing environment
- If the currency setup is not consistent, you can not simply change the currency setup in the environment, once the system is live
  - Configuration change will be effective going-forward only;
  - Existing financials transactions, will not have correct currency values
  - To change/activate additional Parallel Currency in the live SAP system requires conversion of existing Financials transactions

To fully exploit the power of SAP S/4HANA currencies, you will need a Currency Conversion project!

Structural Consistency - Currencies

- **Simply making a configuration change, but without underlying data conversion, will cause serious issues**
- **Your clearing process will not work**
- Example: Earlier Document# 1001 does not have LC2 populated, whereas the newly posted document #2002 has LC2 populated

PRE – Configuration

Document	Date	LC1	LC2
1001	Friday 9-Feb	+100	

POST – Configuration

Document	Date	LC1	LC2
2002	Monday 12-Feb	-100	-120

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Structural Consistency - Currencies

- Using the currency conversion tool, the underlying data is also converted

- The conversion process will convert and populate the currency buckets

- Your clearing process will work!

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Structural Consistency – Currency Conversion

PRE – Configuration

Document	Date	LC1	LC2
1001	Friday 9-Feb	+100	

Currency
Conversion
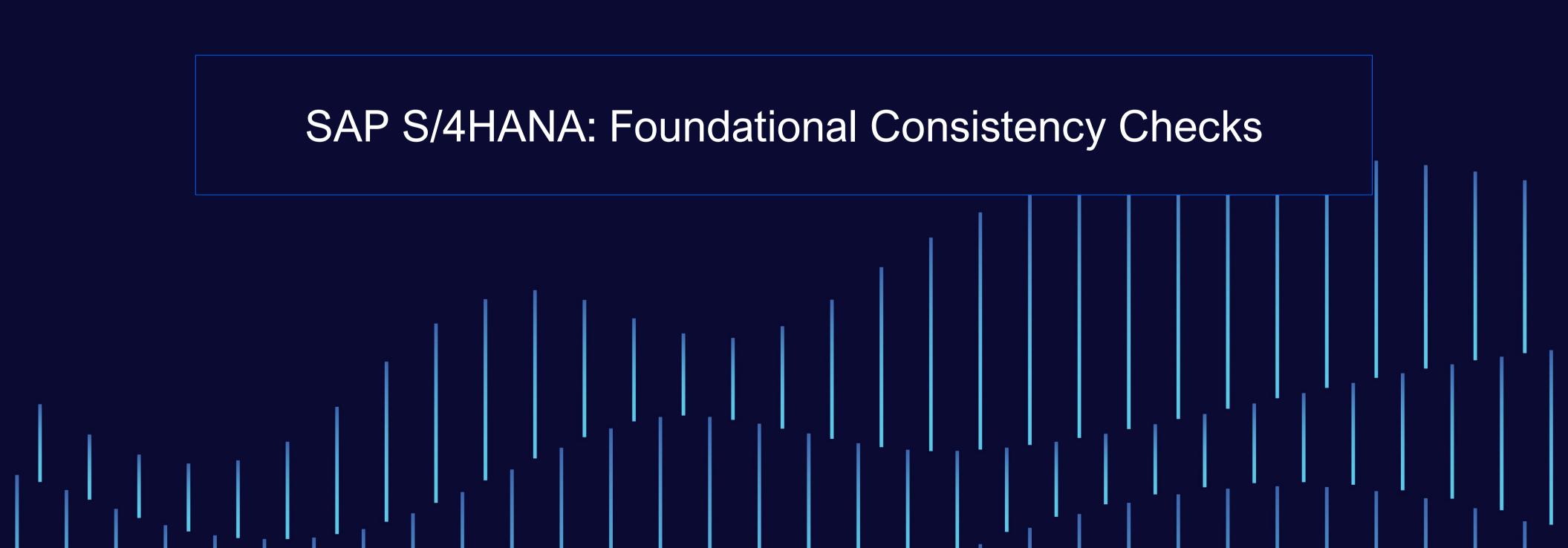
Document	Date	LC1	LC2
1001	Friday 9-Feb	+100	+120

POST – Configuration

Document	Date	LC1	LC2
2002	Monday 12-Feb	-100	-120

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Structural Consistency Checks

- Similarly, there are some situations where you will need to perform structural changes prior to SAP S/4HANA
- Examples of Transformation/Re-organization conversions
    - Chart-of-Accounts Rationalization/Conversion
    - Controlling Area mergers
    - Fiscal year conversions
    - Fixed Assets Depreciation areas and currencies
    - Standardization of SAP Objects
    - Profit Center, Cost Centers, Sales Orgs/Plants, etc.

Any Transformation/Reorganization SLO-type conversion must be done prior to migration/conversion to SAP S/4HANA

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SAP S/4HANA: Foundational Consistency Checks

Mandatory Foundational Consistency Checks

- SAP S/4HANA conversion mandatory requirements

- System conversion must occur at a fiscal period end

- System downtime is required

- Migration must occur for all active company codes together in the system

- It is not possible to only migrate certain company codes

- All controlling areas and operating concerns associated with those company codes must also be migrated

- Archived documents cannot be migrated

Mandatory Foundational Consistency Checks

- Consistent Currency Types in AA and GL
  - FI-GL Currency Types must be congruent with AA Currency Types
- Ledger for the parallel Valuation consistent Fiscal Calendar
  - Fiscal year variant for the ledger that is used for the parallel valuation, must be consistent with the Lead Ledger
- New Asset Accounting
  - Implementing New Depreciation Calculation is mandatory
- Business Partners
  - Activating Customer/Vendor Integration is mandatory
- Material Ledger
  - Inventory Valuation is mandatory

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New Asset Accounting Consistent Currency Types

- Consistent Currency Types in AA and GL
- Basic Rule – Currency Types defined in FI-GL must be congruent with Currency Types of the Depreciation Areas
- Update Chart-of-Depreciation (COD) and assigned Depreciation Areas with the same currencies and currency types as available in FI-GL

- If currently you have been using parallel currencies in General Ledger, and have not defined "corresponding" parallel currency areas for all depreciation areas
- You will need a separate project before you start SAP S/4HANA Finance
- This project, you must first define/create Depreciation Areas for every combination of Currency-Type and Ledger

SAP S/4HANA: Data Consistency Tips and Tricks

Data/Process Consistency

Data Consistency Checks: Major Preparatory Tasks

- ## Data consistency

Consistency check for GL (RFINDEX_NACC)

Consistency checks AR/AP/GL (TFC_COMPARE_VZ/SAPF190)

Consistency checks AA/GL (ABST2/ABST)

Ledger consistency checks (GCAC)

- ## Cross-module consistency checks

Reconcile MM/GL (RM07MBST/RM07MMFI)

- ## Custom code checks

Custom codes accessing GLT0/FAGLFLEX

Data Access/SELECT or UPDATE

- ## POST-conversion audit checks

PRE- and POST-comparisons

PRE-POST Financials Accuracy

PRE-POST Process Consistency

Data Consistency Checks: Best Practices
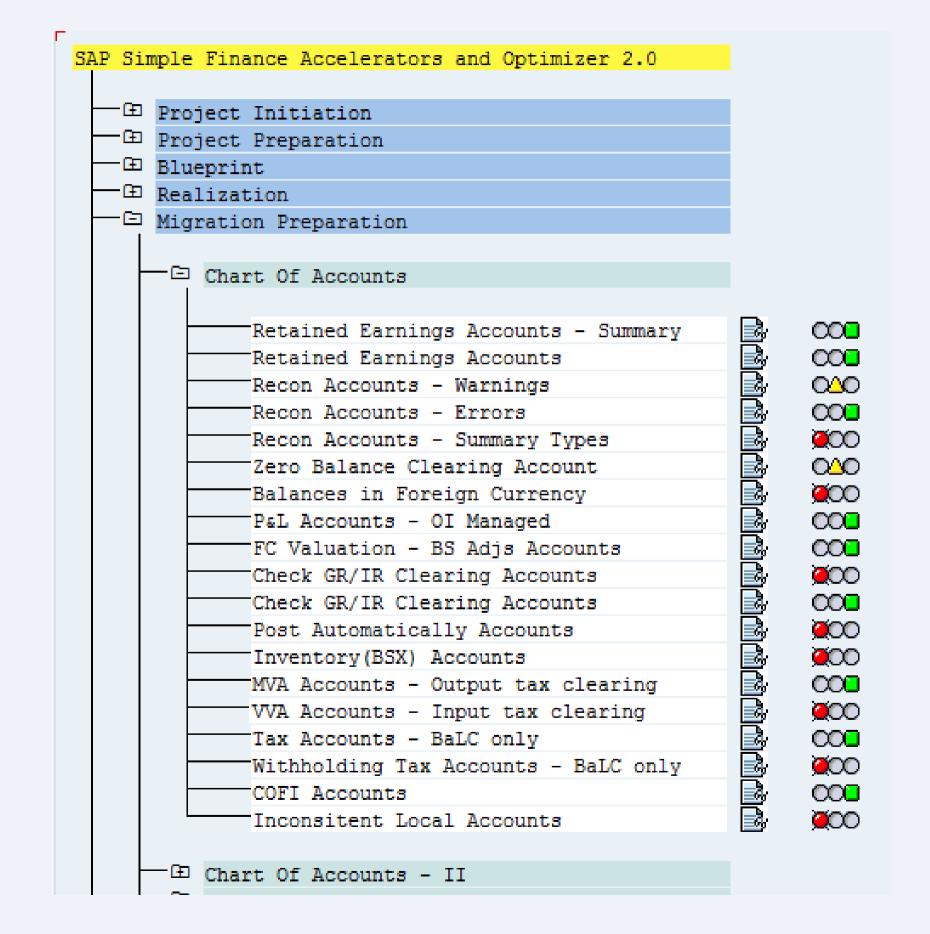
- Plan on spending a lot of time on PRE checks
  - SAP S/4HANA Enterprise management, PRE checks are using R_S4_PRE_TRANSITION_CHECKS

  - For SAP S/4HANA Finance, execute FINS_MIG_PRECHCK_CUST_SETTNGS
  - For Asset Accounting, execute RASFIN_MIGR_PRECHECK

- Data consistency checks
  - Master Data consistency
  - Transactions Data consistency
  - Ledger-Sub-Ledger consistency
  - Cross-modular (FICO, MMGL, SDGL) consistency
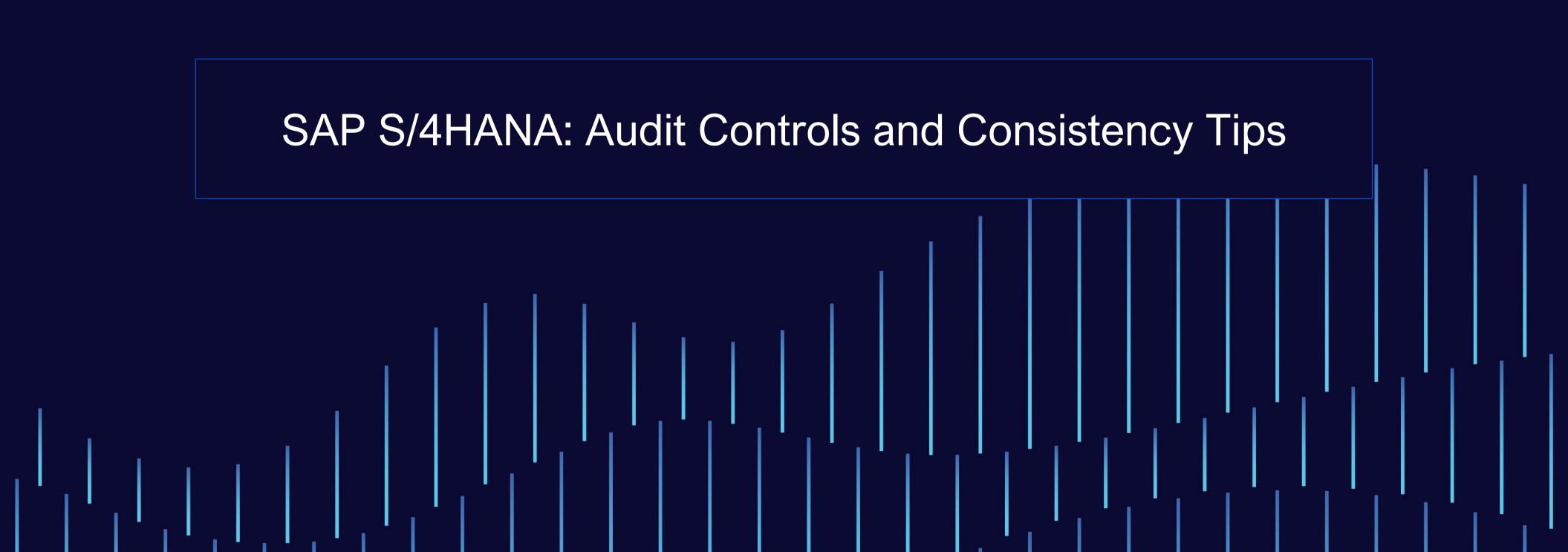
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G/L Accounts Consistency

- G/L Accounts Consistency at Chart of Accounts level
- OI-managed Accounts Master <-> Line-Items Consistency

- Sub-ledger <-> Ledger Consistency
- Open-item totals of Line Items and Balances consistency

- Fixed-Assets G/L Balances Consistency

- Document Types Consistency (one doc-type one process)

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G/L Accounts Consistency..

- Reconciliation Accounts must be consistent across all Company Codes

- The Open Item Managed Account must have consistency across Master Record and Transactions

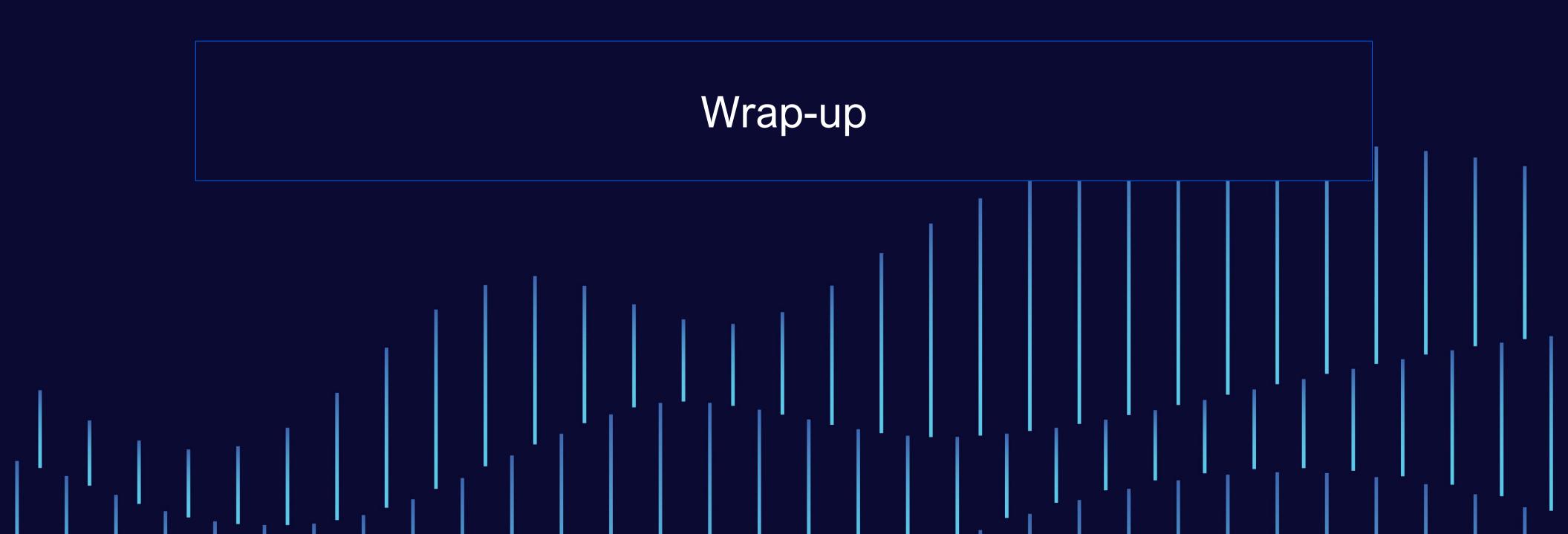- Best practice is to perform such consistency checks for your Chart of Account

SAP Simple Finance Accelerators and Optimizer 2.0

- Project Initiation
- Project Preparation
- Blueprint
- Realization
- Migration Preparation
    - Chart Of Accounts
        - Retained Earnings Accounts - Summary
        - Retained Earnings Accounts
        - Recon Accounts - Warnings
        - Recon Accounts - Errors
        - Recon Accounts - Summary Types
        - Zero Balance Clearing Account
        - Balances in Foreign Currency
        - P&L Accounts - OI Managed
        - FC Valuation - BS Adjs Accounts
        - Check GR/IR Clearing Accounts
        - Check GR/IR Clearing Accounts
        - Post Automatically Accounts
        - Inventory(BSX) Accounts
        - MVA Accounts - Output tax clearing
        - VVA Accounts - Input tax clearing
        - Tax Accounts - BaLC only
        - Withholding Tax Accounts - BaLC only
        - COFI Accounts
        - Inconsitent Local Accounts
    - Chart Of Accounts - II

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SAP S/4HANA: Audit Controls and Consistency Tips

Post-Migration Process/Data Consistency Checks

Audit Controls Consistency

- Post-conversion audit controls and consistency checks

  - Design and develop the checks and validations assure financials consistency of conversion

  - Checks and validations should comprise of comparing post-migration Financial statements with that of before the conversion (PRE)

  - In addition to core Financials, cross-modular consistency checks and validations must include:

    - MM and FI Consistency

    - SD and FI Consistency

- In addition to the core Financials, different sub-modules, such as sub-ledgers should be compared and validated for consistency

    - AR and GL Consistency

    - AP and GL Consistency

Post-Migration Process/Data Consistency Checks

- PRE- and POST-validations and consistency checks based on key statistics
  - Table records count   Number of Table data records before and after
  - $/Qty values   Total amount for data (before and after)
  - Spot checks   Sample and spot checks
  - Positive tests   Only in-scope Company codes are converted
  - Negative tests   No extraneous data values are converted

- Automate the Business Validations and Consistency checks
  - It is very common that you will be performing multiple rounds of tests
  - It is advisable to automate these validations and consistency checks

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Wrap-up

Where to Find More Information

Financials Expert articles

- "Quick Tip Don't Make the Mistake of Activating Group Currency in the Productive Environment" – Mitresh Kundalia

- "SAP General Ledger Consistency Checks: Open-Item-Managed Accounts"– Mitresh Kundalia

- "SAP General Ledger Consistency Checks: Reconciliation Accounts"– Mitresh Kundalia

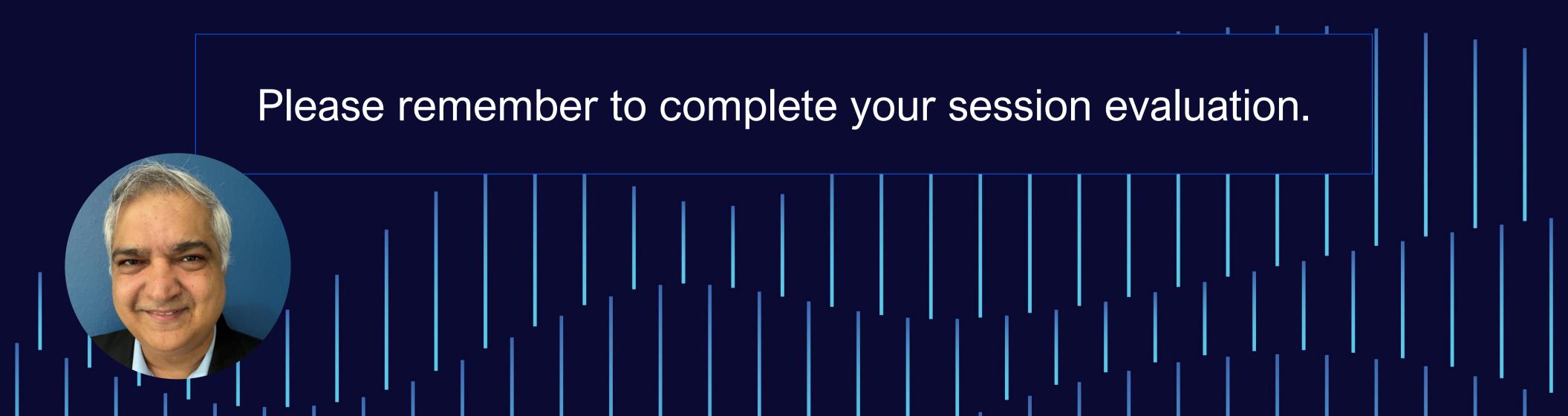**https://help.sap.com/viewer/p/SAP_S4HANA_FINANCE**

Key Points to Take Home

- Before you embark upon your SAP S/4HANA journey, you must be ready with structural transformations

  Any transformations and SLO-type reorganizations must be done prior to Migration/Conversion

- Your current state of General Ledger must be a major consideration for your SAP S/4HANA roadmap

  Whether your starting point is Classic General Ledger or SAP General Ledger (New G/L) will have a major impact on your deployment strategy

- New Asset Accounting offers great simplifications for multi-valuation and multi-ledger setup;

  may require some significant changes to leverage the benefits offered

- Be ready for the pre-migration Fixed Assets project

  making consistent currency setup between FA Depreciation Areas and GL

- Allot significant amount of time for data consistency, data clean up, and validations – you will need it

- Document splitting mandates the GL Master Data consistency at the Chart of Accounts level

- Plan on automating the post-migration validations;

  you want to offer robust and granular audit controls as validations checks

Thank you! Any questions?

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Please remember to complete your session evaluation.

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