



## Best practices for streamlining financial processes and reporting in SAP environments

Managing key financial processes effectively is clearly critical to any organization's success. But ironically, many organizations have a hard time improving efficiency in finance while maintaining the level of control and oversight required. In this eBook, get expert advice and ideas on how to improve critical financial processes such as order-to-cash, controlling, general ledger, accounts receivable and financial reporting. Learn how and when it makes sense to automate processes, and where to look for new efficiencies. Readers will:

- Read about how finance organizations are evolving in their use of technology and automation
- Get advice on how to improve order management and the order-to-cash process
- Learn how to better use SAP Workflow for automating processes
- Find out new methods and best practices for streamlining financial reporting

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# Best practices for streamlining financial processes and reporting in SAP environments

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## **Greater automation the driving trend in SAP ERP Financials**

By Todd Morrison, News and Features Editor

Companies are using SAP ERP Financials to automate more of their financial processes in an effort to cut costs as well as perform mission-critical tasks, including closing their financial books, in less time, according to experts.

"Everybody's under cost pressure. Everybody's looking at ways they can cut expenses," according to Rohana Gunawardena, SAP practice director for Quality Systems & Software, a consulting firm based in Las Vegas. The need for lower overhead is especially important in tight economic times, he said.

Automating financial processes also allows companies to more effectively outsource work to countries such as India, which means that work continues 24 hours a day. Work gets done faster and more inexpensively than if all of the work stayed only at that company's headquarters.

"To keep [those processes] going, you need to use more technology; you have to have more things automated," he said. That financial data also has to be accessible by a range of financial data teams, from ones located abroad to those that oversee the company's financial operations and consolidations, as well as cost center and profit center managers, to name just a few.

"[Financial data] needs to be shared," Gunawardena said. "The information needs to be visible so that different teams can see it."

### **Faster closing times with SAP financial software**

Given the maturity of SAP ERP Financials, and the customization the system allows, a majority of improvements now include introducing efficiencies into key processes.

One of the financial processes companies are most interested in doing faster is closing their financial books. Whereas years ago companies closed in 10 days, many businesses now consider that timeline archaic, Gunawardena said.

"That was considered a fast close. Now it's standard to say three days. So if you want to close faster, you need to have more things automated, more things prepared in advance, more people working 24 hours a day on closing."

One tool that companies can use for faster closings is SAP Closing Cockpit, he said. "It helps automate jobs and timing of jobs at close. If you need to run your depreciation [and] your revaluation, you can have it set up to say, 'this should run at this time' or 'if this and this dependency is OK, then run the job.'"

### **SAP BusinessObjects embedded analytics**

More companies are taking advantage of embedded SAP BusinessObjects analytics to make better decisions when it comes to financial operations, including credit management, according to Craig Himmelberger, director of systems marketing for ERP financials at SAP. By having more information at their fingertips in one central location, credit managers can often make faster decisions.

In the past, credit managers would get a static credit score for a customer, along with the customer's order, and have to make a decision based on that limited amount of information. Analytics changes that, he said.

"Credit analytics are able to bring in more information than was possible on the static screens because they're accessing external [corporate credit rating] providers like Dunn & Bradstreet. And those things change. You may have rated them as an A customer last month, but something may have happened," he said.

### **Third-party tools for financial processes**

Over the years the number of third-party tools for SAP ERP Financials has grown. Before considering a third-party option, check to see if the functionality is available in the system

“There is a lot of good standard functionality in SAP,” Gunawardena said.

However, for some areas in SAP ERP Financials, third-party tools make more sense because of the sophistication and stability of the products. For example, the standard process for a finance user to enter a journal voucher (JV), a list for financial debits and credits, is time-consuming, he said. Because finance users love working in Excel, two software applications allow users to create their JVs in Excel and then upload the data into SAP ERP Financials. That’s especially useful when JVs are long, which is quite common, he said.

Companies considering third-party tools should speak with reference customers for tips and troubleshooting advice or to determine whether such tools are right for them, Gunawardena added.

## The cash comes in the cash goes out.

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The **accounts receivable and accounts payable processes** are so core to your business that there would be no business without them.

Yet even for large, global organizations, these are slow, opaque processes – labor intensive, bound by paper, fraught with errors, impossible to track and manage. As business leaders look to the **Order-to-Cash** and **Procure-to-Pay** processes to **manage cash flow for optimal performance**, AR and AP can no longer think of themselves as cost centers or data processors.

They must be strategic assets to the organization. And they can be.

Dolphin's platform **lowers costs, increases visibility and streamlines accounts receivable and accounts payable**. Our experience driven solutions leverage a business' existing SAP investment by utilizing the SAP Business Workflow engine, ArchiveLink and NetWeaver web components instead of imposing a new platform on the IT infrastructure. They are certified and reside in their own namespace within the SAP application so users never need to leave the SAP application. Our unique approach gets you to the right solution...*your solution*...faster.

Our goal is to optimize customers' **Order to Cash** and **Procure-to-Pay** processes, with expertise and a platform that enables process tracking, dashboard-style **analytics** and capture mode integration such as scanning, OCR and e-invoicing. These combine with features like **AR cash application management** and AP dynamic discounting. It's all about the process.

The cash comes in, the cash goes out...and you're in control.

Dolphin has been lowering costs, improving performance, and optimizing cash management in SAP business process management since 1995. Learn more at <http://www.dolphin-corp.com> or email [contact@dolphin-corp.com](mailto:contact@dolphin-corp.com).

To learn more download our Whitepapers around Business Process Optimization:

1. [Optimizing the Order-to-Cash Process: Managing Documents throughout the Process](#)
2. [Managing Exceptions in SAP Accounts Receivable Cash Application](#)
3. [Realizing the Benefits from Accounts Payable Optimization in SAP](#)

**Dolphin** makes crucial business operations like accounts receivable, accounts payable and order management run better and smarter for organizations using SAP solutions. Focused on improving business performance through Business Process Management, Dolphin produces the right solution for each customer, faster, through its unmatched experience in SAP technologies, and its proven best practices, tools and SAP add-on applications. Dolphin solutions improve business and IT performance, lower total cost of ownership and deliver high return on investment.

## **Efficient SAP order management critical in tough economic times**

By Todd Morrison, News and Features Editor

While required in any business climate, an effective SAP order management system takes on added importance in slow economic times, when companies have to operate more efficiently, according to one consultant.

A major part of that equation is taking advantage of financial tools within SAP order management, which can help ensure that companies get paid faster and more accurately, according to Rohana Gunawardena, SAP practice director for Quality Systems & Software, a consulting firm based in Las Vegas. Those tools include SAP applications in billing, credit, collections and dispute management, he said.

In SAP order management, the customer data, including leads and other marketing information, resides in the SAP CRM system. The order moves to SAP ERP for tasks ranging from order fulfillment to billing. Order management is integrated with SAP Supply Chain Management (SCM) for more sophisticated products. Financial tools within order management can also minimize credit risks that companies face when doing business with new partners whose stability may not be clear.

"There's a lot of emphasis around these areas from CFOs [chief financial officers]," Gunawardena said, "given the state of the economy."

### **SAP Credit and Collections Management**

Wise use of SAP Credit Management starts with deciding how much credit to give new customers -- if at all, according to Gunawardena. After that, it's a matter of monitoring those clients to see if that credit rating should be changed, he added.

The SAP BusinessObjects analytics that are embedded in SAP Credit Management and other applications across the order management portfolio help make that happen, according to Craig Himmelberger, SAP's director of systems marketing for SAP ERP Financials. By pulling

in real-time credit ratings information, companies can make better credit decisions, thereby minimizing any potential risk associated with granting too much credit to a company that may not deserve it.

"Embedded analytics can refine the scoring of an applicant based on past payment history and behavior [or] external credit rating data, [the customer's] importance to profitability margins and provide insight to the credit manager in order to make the decision 'on the spot' rather than after exiting the financial system and accessing other external records," Himmelberger said.

Analytics plays an important role in collections and dispute management, Himmelberger said.

In the past, he said, collection agents would get a partial list of customers with outstanding receivables, "and then get on the phone and start calling blindly."

SAP collections and dispute management applications take that worklist and put it behind a prioritization analysis, he said. That helps make sure that a company's collections department only sees accounts that truly need its attention, Himmelberger said.

"With collections teams, the challenge is to take the finite resource of the collections agent's time and apply it against a seemingly never-ending list of potential actions," such as phone calls, dunning letters and inquiry research, he said.

"Calling a customer who always pays after 10 days on the ninth day is not an effective use of time. Embedded analytics can alert agents to this kind of payment behavior, or better still, automatically adjust the worklist so that such customers never show in the to-be-called list until after the 10th day," Himmelberger said.

Companies can also use SAP BusinessObjects analytics can to evaluate the performance of their collection agents, including which agents are most effective at collecting on outstanding accounts. "It can also be used to analyze what your customer rating satisfaction is, compared with how efficient the agent is, and see the correlations between those two," Himmelberger added.



## **SAP Biller Direct**

The SAP Biller Direct portal is a part of SAP Financial Supply Chain Management. It includes functions for electronic invoice and bill presentment and payment (EIPP/EBPP), which companies can employ to gain better visibility into the status of their accounts receivables, according to SAP.

In the portal, companies keep electronic records of just about every part of the company's business relationship with its customers, so that either side can access that information at any time. That allows customers to see their account balance with the company, make payments and view credits as well as past payments and bills, credits or payments. It also enables real-time integration between the SAP back-end system and the Internet without any data redundancies, according to SAP.

More and more companies are looking to pay electronically in order to reduce their financial cycles and reduce the cost of doing business, according to R. "Ray" Wang, an analyst and CEO of Constellation Research Inc., all of which helps "minimize the friction of the transaction."

SAP Biller Direct was also created to make it easier for companies and their customers resolve payment disputes in less time by providing the capability to work off the same financial information.

"The big hassle in the past was that one company's accounts receivable and another company's accounts payable department would spend days, weeks, if not months, dancing around one number they both could agree on before the payment could be completed," Himmelberger said. "And it's nobody's interest to waste effort in that regard."

## **SAP Workflow an underutilized savings source with SAP ERP Financials**

By Jacquely Howard, Executive Editor

SAP Workflow is standard functionality with SAP ERP -- yet experts such as Matt Christensen, managing partner at Phoenix Endeavors LLC, say it's often underutilized for financial processes, where it can help organizations save time and improve auditing.

SAP Workflow automates repeatable, mundane processes, enabling organizations to set up prebuilt workflows with automated triggers. In finance, it can be particularly useful for standard processes such as accounts payable, according to Christensen. In addition, it helps coordinate processes across globally dispersed organizations -- as regional financial teams can incorporate scanned documents into a global workflow, allowing them to efficiently handle routine processes. Utilizing SAP Workflow in finance frees employees to focus on the most important business processes, Christensen said.

Some organizations have been reluctant to implement SAP Workflow because of their sensitivity to automating any financial processes. These companies fear that with the automation, they lose control over the crucial approval process, making it more difficult to ensure that they remain in compliance with company and legal policies. However, other companies have embraced the automation for error prevention. The key to success is to have fully documented, accurate business processes before setting up SAP Workflow for financial processes, Christensen said.

"You must make sure you understand all your business rules, particularly complex ones, to ensure your workflow is set up properly," Christensen said. "Pay close attention to the user names assigned to each stage in the workflow to make sure the correct person is in the correct part of the workflow."

Christensen said the Basis team should be able to set up basic, standard workflow items for SAP ERP Financials "in about an hour."

“You can also use customization to incorporate your specific business rules.” Standard SAP workflow offers a number of places to add customization or, if you use SAP ERP Human Capital Management you can use your human resources organizational chart to set up the approval processes.

Several areas within SAP ERP Financials lend themselves well to SAP Workflow, Christensen said, including:

- Accounts Payable (AP)
- General Ledger (GL)
- Asset Accounting (AA)
- Auditing
- Materials management (MM)
- Sales and Distribution (SD)

However, there are a few best practices to incorporate and pitfalls to avoid when using SAP Workflow for SAP ERP Financials:

1. Keep financial workflow data accessible for auditing. As with any financial transaction, it is important to keep track of the audit data retained when using workflows. As a result of the volume of financial transactions, data can build up quickly. According to Christensen, data teams are often tempted to archive this data, or worse yet, delete it after it's been in the system for a few months.

A better approach, according to Christensen, is to pull the data from the workflow system and move it into an SAP NetWeaver Business Warehouse (SAP NetWeaver BW) InfoCube or a custom table. Then if needed for an audit, you can easily find the data you need.

2. Carefully analyze the business processes in the financial workflow. François Logier, an SAP consultant, cautions that “workflow will be a pain in finance if you don't first analyze the entire involved business process.” That includes pulling in the subject matter experts to figure out the way a process really works. For example, accounting

clerks are often part of the overall business process but are sometimes overlooked when it comes to setting up workflows.

Ahsan Majeed, senior development consultant at Descon Engineering Limited, agreed, saying, "make sure the business process flow is clearly defined in terms of roles and authorizations. Workflows are not intended for on-off processes."

3. Put the right financial workflow team together. Logier suggests, "You should try to find an experienced consultant who is able to analyze, implement and follow it" and who is also familiar with the workflow concept in general. "In other words, find someone conceptual, functional and technical. Such a person should be able to clearly explain the main objectives and KPIs to the users and the team," Logier said.

## **Want faster SAP financial reporting? Experts share how to get it**

By Todd Morrison, News and Features Editor

Companies looking for a higher degree of control when it comes to SAP financial reporting should look to the close calendar function with SAP's General Ledger Accounting (FI-GL) module, according to Lynn Arnn, a corporate controller and former director of his company's SAP support center.

The feature allows IT staff to prevent anyone from posting in months once they've been closed, Arnn said. This avoids complications that undermine confidence in the accuracy of the data and can slow the closing process. Using the feature gives him more assurance that the statements are accurate.

And since it resides in the SAP General Ledger accounting calendar, it serves as a central reference point for other modules and functions, including those in order management and financial reporting.

"I'm sitting here, October 3rd, and I'm trying to prepare reports for September 30th, and I want to freeze any posting into the September, because September is over," said Arnn, who is based outside of Dallas.

### **BI not the end-all**

Despite the popularity of business intelligence (BI) tools, SAP customers also need to remember that they're not the end-all to reporting, according to Nathan Genez, an SAP ERP Financials and BI consultant with Serio Consulting LLC in Atlanta.

There's something to be said for maintaining reports in the ERP system, including custom ABAP reports, he said.

"Sometimes it's going to make the process more efficient for nightly extractions or hourly extractions, and bypassing BEx [Business Explorer] front end or whatever [a company is using]," according to Genez.

"If you're going to be doing any processing around something like a purchase order or a financial entry, then you're going to want the reporting right there, because you're already in that system. You've already got that GUI [graphical user interface] launched. You're touching that document at that moment. It doesn't make sense to move to a totally different system. "

Using BI for all reporting is the most common mistake companies make, Genez said. "People need to continue to invest in basic ERP reporting."

### **Go with standard reports -- when you need them**

Companies should rely on custom financial reports only when it's absolutely necessary, Arnn said.

"ECC has tons of reports, but a lot of them may not work for your external reporting," he said.

Companies may require specialized reports that meet company- or industry-specific needs, he said. "But you want to go live with as few of those reports as possible."

John Jordan, a controlling expert with ERP Corp. in San Diego, agreed. For one, much-needed support may not be there if things go awry, he said.

"When you're using standard reports, you have the full support of SAP if you have any problems or are trying to figure out how it works," Jordan said. "And there's a lot of standard documentation on the standard reports. As soon as you have a custom report, you're on your own. It's up to you to maintain."

Arnn also suggested using as few reports as possible, looking for overlaps in reporting, and then doing due diligence to make sure all of the data within the reports are accurate.

"Come up with a rationalized list of reports that you want out of BW, and test them," Arnn said. "You load historical data into SAP and then do a parallel run of the income statement, for example. You just want to test the heck out of them."

### **Cross-application reporting**

SAP users interested in cross-application reports should be aware of the time and effort that's involved before they start down that path, Genez said.

"The notion of cross-application reporting has always been extremely difficult," Genez said. "SAP ERP obviously is highly integrated, but the data still exists in separate modules. It's recorded there and to marry them, backup has always been difficult. Procurement data is different from financial data," he said.

If customers are intent on creating a cross-application report, such as a comprehensive procurement-to-pay that includes procurement as well as invoicing information or the date payment was received, they should make sure they have the skills on board to manage that kind of process, whether it's coding an ABAP report or a creating a BW report, which needs to be modeled correctly.

"Sometimes you have a difficult procurement scenario and you have business events occurring at different times; they just need to make sure they're modeled or recognized correctly. And that's always been a bit difficult to do," Genez said.

### **'Post mortems'**

Companies should also consider implementing some kind of "post mortem" evaluation after a financial close to review any problems or questions that might have come up during the process, according to Tim Cooper, a principal with DataXstream LLC, a systems integration and consulting firm that focuses on SAP technology.

"If there were any kinds of issues or problems, then you can look at what happened, what was the underlying cause, and if there's something that can be done differently to improve

it or change it so that there aren't any doubts or ambiguity about the information that is generated or used in reporting," Cooper said.

"I think that one of the toughest things with any reporting is, 'Do I believe the data? Do I believe the underlying data?'" Cooper said. "And if people have doubts about that, then the whole thing gets called into question."



## Resources from Dolphin



[Managing Exceptions in SAP Accounts Receivable Cash Application](#)

[Optimizing the Order-to-Cash Process: Managing Documents throughout the Process](#)

[Automate and Optimize SAP Accounts Payable](#)

## About Dolphin

Dolphin makes crucial business operations like accounts receivable, accounts payable, and order management run better and smarter for organizations using SAP solutions. Focused on improving business performance through Business Process Management and Information Lifecycle Management, Dolphin produces the right solution for each customer, faster, through its unmatched experience in SAP technologies, and its proven best practices, tools and SAP add-on applications. Dolphin solutions improve business and IT performance, lower total cost of ownership and deliver high return on investment.

The company was founded in 1995 and has offices in Philadelphia, PA and San Jose, CA. Dolphin solutions are implemented across North America and around the world.