GST Impact
on Business

➤ **Transportation**

GST will bring in consolidation of the loads and redistributes the transportation volumes, creating a different fleet mix. Identification of these patterns will help framing right transportation contracts.

GST will integrate the Service and Goods tax with a credit mechanism which will makes 3PL services more viable and attractive for companies. With integrated supply chain and tight linkages, the VAS and the SLA's provided by 3PL's would be worth the cost with the services credit available in GST.

➤ **Warehousing**

State level barriers and the CST for interstate movements has led to setting up of warehouses /Distribution Centers across the country (one or more per state). With GST, tax will be levied on the stock transfer and credit will be available on inter-state transactions. This will free the decision on warehousing and distribution from tax considerations and be based purely on operational and logistics efficiency. From Infrastructure point of view this will lead to lesser number but larger warehouses.

➤ **Manufacturing**

The existing tax regime caused sub-optimal inventory decisions, guided more by tax minimization than by customer SLAs. Post GST, strategic inventory placement is possible achieving higher customer service level for the same inventory investment, or lower inventory investment for the same service level.

➤ **Supply Chain**

With GST subsuming multiple central and state taxes, a uniform tax regime will drive restructuring of the supply chain network. The distortions imposed by the taxation will go away and the logistics networks will be designed to support the speed and efficiency required for that particular product.

➤ **Procurement**

With the advent of GST, every tax paying organization will be linked to its suppliers through the GST Network, and will receive tax credits upon tax compliance of its suppliers. This will lead to organizations being very selective and strategic in their choice of suppliers.

➤ **Sales**

With GST subsuming multiple central and state taxes, uniform tax regime will drive restructuring of pricing and dealer margins. Pass through effect of taxes will come in and some benefit might be passed on to the channel and/or to the consumer. Price changes and competitor actions will have an integrated and direct correlation to volume/ market share with an effect across India, making real time pricing strategies a key part of strategic decision making.

In addition changes to supply network and inventory will change product costing, thereby impacting margins as well.

➤ **Finance**

In the post GST environment, there will be a need to have a very strong invoice matching process as part of the SOP. Organizations risk accruing Input tax credits, which in turn will impact the cash flow immediately. Also the reconciliation is expected to be at line item of the invoice.

In the advent of GST, there would be a need to closely monitor and calculate the GST payable and tax credits available. In case of inter-state stock transfer, IGST has to be paid in full in the origin state, which is available as credit in the destination state at the time of sale. This has the impact of blocking of working capital from the time of dispatch till the sale in the destination state.

In the GST environment; there will be a need to use centralized SOP's for various Master datas in the system; tax configurations would need to be centrally monitored and managed.

This is best managed if there is system based governance framework for various SOP implementation.

➤ **Shared Services**

With the implementation of GST, tax filing is expected to be standardized across India via the GST network. Due to this standardization the shared services team can facilitate local units in tax filing procedures. Also, due to standardization of Invoice formats, the automation of invoice processing in a shared services environment becomes extremely feasible and simple. Hence, there are definite benefits for organizations to setup Shared Services units to facilitate Tax filings, Invoice automation and contract management process as part of their business transformation exercise.

How can SAP
Consulting help

IMPLEMENTATION

Configure and
customize
SAP system to comply
with GST

OPERATIONS

Operational process
optimization as per
SAP best practice, to
Maximise benefit from
GST regime

**MAINTENANCE &
SUPPORT**

Support on GST compliance
by enabling timely and
accurate Tax returns
e-filing

SAP S/4HANA

Your trusted partner in the GST journey

All of the above needs are part of the inbuilt capabilities of SAP S/4HANA to accelerate the journey of GST Implementation by businesses. As a cutting edge technology pioneer SAP S/4HANA can provide a comprehensive business solution through —

- Establishment of common infrastructure as per the requirements of GST

- Development of efficient and effective interfaces with the business and tax administration ensuring smooth flow of business data for tax reporting purpose

- Facilitating, implementing and setting the best standards across industries and business segments

- Development of a business aligned ecosystem for seamless transition from the current indirect tax system to much awaited GST regime

- Ensuring transition to new GST regime through nil or minimal disruption to existing business process, workflow and data management system

- ·Condition and rule based tax application procedure for maximizing the benefit arising out of GST implementation

- Efficient management of the dual structure across different states, product segments and verticals

- Aggregation of data for management reporting, evaluation and scenario analysis for facilitating quick decision making

- Identification of overlaps between the existing indirect tax system and the GST regime and adequately incorporating insights into the transition plan for timely migration to GST

SAP S/4HANA accelerates your journey through flexible data acquisition tools, integrating the data from wide variety of sources, making available the up-to-date insights, facilitating a predictive analytics capability that makes the implementation process faster, and better.

SAP S/4HANA is well equipped to ensure smooth sailing through the GST for India Inc. The technology solution will enable organizations through transition across various stages.

STAGE	SAP S/4HANA CAPABILITIES & FUNCTIONALITIES
Determination of the applicability of the taxes	- Definition and accurate configuration of the rules for determination of applicable taxes based on target/ destination/receipt of goods and services - Adequacy of the master data and tagging of data to transactions based on the defined rules - Maintenance of tax masters - Allocations and assignment of the tax masters to list - comprehensive business transactions and scenarios
Capturing taxable events	- Capturing taxable events through end to end supply chain (supply of goods and services) - Tracing the movement of the goods across the chain and taxes - applicable thereof - Management of credits/debits and the exceptional transactions - Service management
Computation and recording of taxes	- Formulation and maintenance of process logic for computing the taxes Booking the tax through end to end sequence - Recording of taxes in the financial set of books
Tax returns and payments	- Summarising and reporting of the tax liability — duly linked to each tax authority and category of taxes (composite yet segregated for set off order) - Determination of the tax payment requirement - Generation of the information for filing of various tax returns at set frequency
Compliance management	- Ensuring compliance management through the tax management process - Generation of the compliance reports - Generation of monitoring reports
Business reporting & management decision making	- Generation of multi-layer and multi-dimensional reports - Reporting of business insights - Management information system for macro and micro level decision making - Linkage to prospective business transactions

Digital
Imperative

Digital Imperative We are at the dawn of the next big technology change where everything is connected and software is embedded in our lives. This technology change is bringing new opportunities and new threats. Cycle time for innovation is 5–10X faster, and enterprises can no longer compete unless complexity is reduced, business is re-invented and data becomes the fuel for value creation for customers and shareholders. With SAP S/4HANA, you can now enable your digital enterprise and drive this value creation.
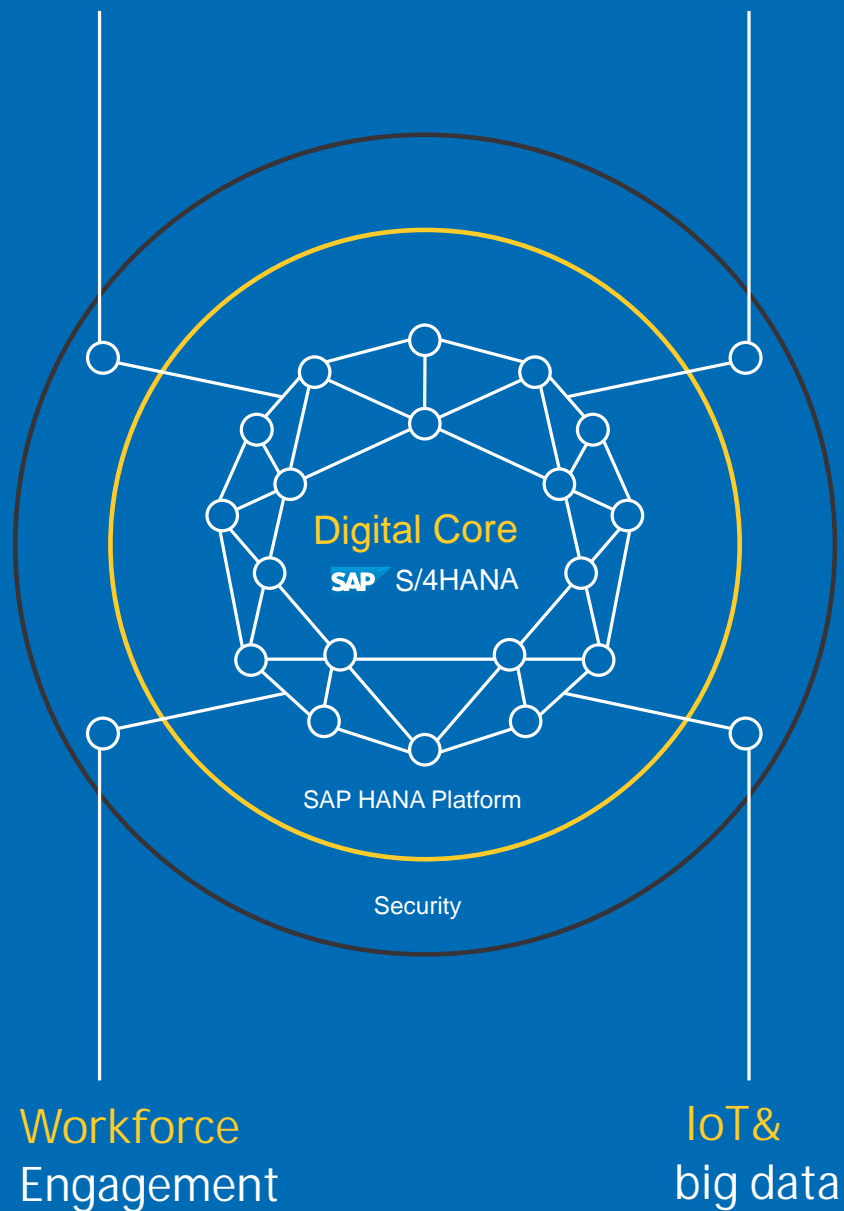
The future is here with SAP S/4HANA: A Digital Core designed for 21st century business needs To thrive and stay relevant, companies need to rethink business models, business processes and how people work. This requires a breakthrough technology that finally bridges the gap between transactional and decision making systems. To achieve this, SAP invented the most disruptive pure in-memory column store business platform, SAP HANA. With SAP HANA we can finally re-imagine business. Built on SAP HANA, SAP S/4HANA is a break-through, next generation business suite, a "Digital Core" that provides immediate insight, intelligence beyond automation, and integration not only between departments but connected to the world. SAP S/4HANA is also complemented with an entire set of solutions to drive business value on the edge of the enterprise.

Digital
Core

Suppliers
& Networks

Customer
Experience

Digital Core

SAP S/4HANA

SAP HANA Platform

Security

Workforce
Engagement

IoT&
big data

21st Century Architecture
Capabilities you need

SAP S/4HANA

Enhanced core processes including procurement, manufacturing, supply chain, asset management, sales and distribution, services, and digital boardroom

Personalized and consistent end-to-end customer experience

Immediate insight in the moment at all levels of granularity

Predictive, IoT-driven capabilities to optimize asset utilization

Engaging user experience with near zero response times

Step change in productivity

Agility to adjust business models on the fly

Landscape simplification

TYPICAL MIGRATION PATHS

NEW CUSTOMER to SAP or ready for a fresh start, migrate data from your legacy system to a new installation of SAP S/4HANA with SAVIC integrated data management and quality tools.

CONVERT your existing SAP system to SAP S/4HANA, and adjust customization and business flows to take advantage of innovation without re-implementation.

SIMPLIFY your system landscape to carve out selected processes/functions, moving gradually to SAP S/4HANA innovations. Improve M&A activities by consolidating rapidly, delivering predictive capabilities.