

# SAP S/4HANA Central Finance and Group Reporting

Integrate SAP S/4HANA ERP Systems into Your Financial Data and Workflows for More Agility



SUDIPTA MALAKAR





# **SAP S/4HANA**

## **Central Finance**

— and —

## **Group Reporting**

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## **Central Finance and**

## **Group Reporting**

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Your Financial Data and Workflows for More  
Agility*

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**Sudipta Malakar**



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# Dedicated to

*Shreyan*

*My son, who has shown me new ways to live*

## About the Author

**Sudipta Malakar** is an accomplished SAP Practice Area Head, Certified IT Sr. Program Manager, Agile Coach - Advanced level, Harvard Business School, USA, alumnus, patent holder, and an International bestselling author & speaker with more than 18 years of experience in directing SAP DEV teams in supporting many major Global fortune 500 clients in multiple large accounts.

He is a certified Sr. Program Manager (MSP practitioner), a Sr. Project Manager (PRINCE2 Practitioner), PMP, PARP, CSP, ITIL(F), a Certified Agile Leader(CDL), CLMM, CMM, and an Advanced Certified Scrum Master (A-CSM), CSPO, CSM, KMP2, KMP1, ICP-ACC, TKP, ISO 9001 Lead Auditor, Lean Six Sigma Master Black Belt, CMMi (Expert).

He worked in various IT companies like Capgemini, DXC Technology, IBM, Wipro, Satyam, Tech Mahindra, Patni, and Syntel, and he played a crucial sr. management/Agile coach role for various global clients like Sterlite, Bajaj, Lufthansa, Nestle, PMI, Suncor, IPA, Canadian Pacific railways, Sony, Volvo, Allstate, and BOC Linde.

## About the Reviewer

With over twelve years of experience in the IT industry, **Amlan Mohapatra** is an accomplished SAP Lead Consultant, certified in RISE with SAP S/4 HANA Cloud, private edition for Solution Consultant. He has worked on various implementation projects for government sectors, private sectors in S4/HANA 1809, 1909,2020.

He has worked in various IT companies like Accely Consulting India Pvt Ltd, Ernst & Young LLP, Wipro, Tech Mahindra, KPIT, HIGHBAR, Suzlon, etc.

He is also a technical reviewer for BPB Publications. He is now exploring KSA implementation projects in the UAE as well as writing blogs to help make the world a better and more developed place.

## Acknowledgement

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I am the son of a Retired Professor (Shri Ganesh Chandra Malakar). I am indebted to my Father as without his support it was not possible to reach this Milestone. My loving mother (Smt. Sikha Malakar) always provides inspiration to me. My cute loving Son (Master Shreyan Malakar), my elder brother (Shri Sabyasachi Malakar), and my Wife (Smt. Sangita Malakar) are always providing me precious support at their level best.

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Finally, I thank everyone who has directly or indirectly contributed to completing this authentic work.

## Preface

This book is for businesses that aspire to superior business agility, to deliver fit-for-purpose products and services, to delight customers, and to provide the security of long-term survival associated with mature businesses that consistently meet or exceed customer expectations. Learn a Lean approach by seeing how SAP S/4 HANA Central Finance, SAP Group reporting, BPC, and Fiori made a difference in four real-world situations. You'll explore how different teams used SAP S/4 HANA Central Finance, SAP Group reporting, BPC, and Fiori to make paradigm-changing improvements in software development. These teams were struggling with overwork, unclear priorities, and a lack of direction. As you discover what worked for them, you'll understand how to make significant changes in real situations.

This book is appealing to decision-makers, students, SAP Consultants, all people without any technical knowledge, CXOs, Entrepreneurs, Agile Coaches, Managers, Directors, VPs, Architects, Application Consultants, Business Analysts, Business Process Owners/Team Leads/Project Leads/Power Users, project team members who can make use of this guide in improvising the productivity, efficient management of financial hazards and business operations without much of hassle. We do hope this book will be of great interest to all private and public sector IT professionals and Clients/businesses.

The Artefact has been developed as a resource to understand, evaluate, and use agile and hybrid agile SAP S/4 HANA approaches. This practice guide provides guidance on when, where, and how to apply agile approaches and provides practical tools for practitioners and organizations wanting to increase agility.

If you are students, parents, graduate hires, tech developer, IT Consultant, Agile Coach, Scrum Master, Product Owner, Leader, Manager, corporate change agents, CXOs, Sr. Manager, part of the product management team or IT operator/OPS, then this book is perfect for you in order to increase profitability, effective ways to handle different types of agile contracts, exceed productivity goals and elevate work culture through Agile SAP S/4 HANA methodology.

This book is a single-source, comprehensive action guide for Business and IT Leaders that explains how to increase IT delivery capabilities through the use of SAP S/4 HANA. Factoring in constant change, communication, a sense of urgency, clear and measurable goals, political realities, and infrastructure needs, it covers all the ingredients required for success. Using real-world examples, this practical guide illustrates how to implement SAP S/4 HANA Central Finance, SAP Group reporting, BPC, and Fiori in software & non-software project management and development across the entire IT and NON-IT departments. To make things easier for busy students, parents, IT leaders, and executives, this book is an indispensable artifact.

This book promises to be a very good starting point for beginners, experienced folks, and an asset for those having insight towards agility. It also articulates how Agile is mapped to Traditional practices along with critical success factors of adopting business agility.

*Solving a client's issue may require many complex work streams, so we set up a sprint...It's a way of getting people to be collaborative, take accountability and feel empowered.*

– Tamara Ingram

*Chief Executive Officer,*

**J. Walter Thompson Company**

It is said, “**To err is human, to forgive divine**”. Although the book is written with sincerity and honesty but in this light, I wish that the shortcomings of the book will be forgiven. At the same, the author is open to any kind of constructive criticisms and suggestions for further improvement. All intelligent suggestions are welcome and the author will try their best to incorporate such invaluable suggestions in the subsequent editions of this book.

The book is divided into the below sections.

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# Introduction

**C**hange is difficult, and changing culture is even more difficult. Adopting Agile SAP S/4HANA requires a change of culture and mindset. Many organizations and teams have made many SAP S/4HANA implementation mistakes during the transition.

Are you starting your SAP S/4HANA journey? If deploying Central Finance is your first step, get the answers you need to the questions you have! How does Central Finance fit into your IT landscape? How will it impact your finance processes, reporting, and master data? Evaluate the process to deploy it, and explore the finance and IT possibilities that arise when you do. With step-by-step instructions for implementation and tips for project management, this is your one-stop-shop for everything Central Finance!

## **In this book, you will do the following things:**

- See how Central Finance with SAP S/4HANA improves financial processes and reporting
- Set up Central Finance in your IT environment step by step
- Apply best practices for implementation and operations
- Up to date for SAP S/4HANA 2020 and 2021
- Go through BPC Assessment Questionnaires
- Learn how the SAP Central Finance foundation helps companies achieve the benefits of S/4HANA without a full transformation
- Explore how companies are leveraging the tool as a non-disruptive solution and lower risk by using it initially as a sidecar
- See a centralized finance processing and reporting use case
- Discover how SAP Central Finance Transaction Replication by Magnitude can help connect non-SAP systems in as few as 15-20 days

- Identify how some companies “lift and shift” other non-finance areas of the business to the S/4HANA platform.
- Perform financial consolidation in your SAP S/4HANA system
- With this guide to SAP S/4HANA Finance for group reporting, learn about the new group reporting architecture and data model
- Configure your master data and integrate transactional data for consolidation using the Data Monitor
- Walk through your key consolidation tasks, including currency translation, intercompany elimination, financial close, reporting, and more

This is your comprehensive group reporting resource!

## **Key Features**

- Expert-guided techniques for adopting S/4 Central Finance in any organization
- Solution-focused responses on SAP S/4 HANA Central Finance, SAP Group reporting, BPC, and Fiori value propositions for faster, better, and cheaper deployments
- A reference guide to prepare for the Certification exam with more than 500 interview questions and answers on BPC, SAP S/4 HANA Central Finance, and Group reporting

The examples given in the book are user-focused and have been updated, including topics, figures, and examples. The book features a practical approach with more examples covering topics from simple to complex ones, addressing core concepts as well as advanced topics.

## **The book is divided into the following sections.**

- S/4 Central Finance - Introduction
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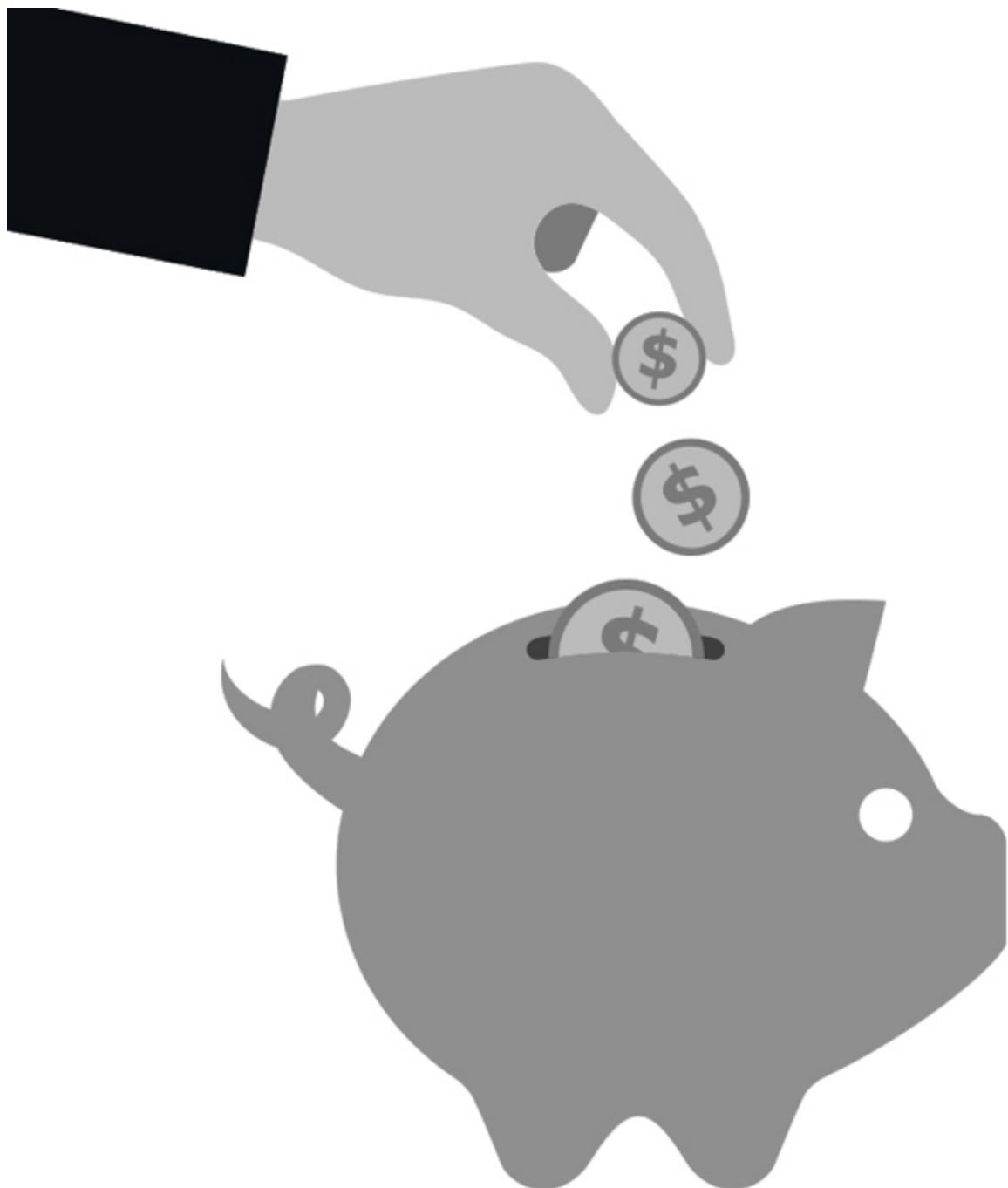
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## CHAPTER 1

# Key Success Factors for Adopting S/4 Central Finance in an Organization

### Introduction

SAP's Digital Business Framework helps SAP customers solve complexity and transition issues that they are facing in their journey into the digital economy as a live business. Digital finance is the power plant that drives the digital ERP core, bringing together transactions and insights.



*Figure 1.1: Digital finance needs*

Typical challenges raised by CXOs are outlined in the following figure:

Business challenges	IT challenges
<ul style="list-style-type: none"> <li>▪ Organizations spend between 40% and 80% of their time on non-value-added activities*</li> <li>▪ Real time data is not available to make appropriate business decision</li> <li>▪ Inefficient Key business processes supported by ERP (e.g. period closure, MRP run)</li> <li>▪ Sub-optimal User-Experience</li> <li>▪ IT makes business process complex</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Multiple Systems to maintain</li> <li>▪ Duplication of data / Housekeeping / Higher TCO</li> <li>▪ Faster growth of data footprint</li> <li>▪ Systems are not agile enough to meet business change quickly</li> <li>▪ Enablement of better User-Experience like role based screen / mobility</li> </ul> 

*Figure 1.2: Typical challenges raised by CXO*

Using the new digital finance capabilities of SAP S/4HANA, customers can anticipate business outcomes and reimagine business processes to accelerate their transition to a live business.

## Structure

In this chapter, we will discuss the following topics:

- Introduction to S/4 Central Finance
- S/4 Central Finance Simplifications
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- S/4 Central Finance Innovations
- SAP S/4 HANA Central Finance Value Proposition Summary
- CFIN requirements
- CFIN Capabilities and S/4 Central Finance version 2021
- SAP S/4 HANA Central Finance Standard Deployment options
- SAP S/4 HANA Central Finance Factors to consider
- SAP S/4 HANA Central Finance options
- How Central finance leads us towards a path to Digital Transformation
- FIORI (UX) – High-end level
- From source replicated objects to S/4 Central Finance
- End-to-end scenarios
- Central Finance Integration
- Central Finance Configuration
- Central Finance Errors
- Error Correction via AIF
- Data Mapping Points in CF
- Replicated FI Document in CF
- Error Handling in CF Scenarios
- CF Scenario in Earlier/New releases enabled by replication of Clearing
- Replication of Document Changes in CF
- CF Approach - Challenges
- Key Takeaways
- Test Yourself

## **Objectives**

After studying this unit, you should be able to perform hands-on activities and confidently resolve tricky issues in SAP S/4 HANA. You can also apply SAP S/4 HANA in your organization/project(s) confidently from day 1. You can implement best practices and field rules of SAP S/4 HANA for faster performance and better results and can help project teams by

delivering result-driven, cost-effective, faster time-to-market quality product(s). You can crack your interviews in the first try and get your dream job.

## Introduction to S/4 Central Finance

Typically, customers with a large, distributed system landscape load financial data from their system into various data warehouses.

In contrast to an ERP system, a data warehouse accepts data without checking whether it is correct.

Many customers build custom logic to do similar checks, like ERP Financials does when a document gets posted, just to improve data quality.

The following figure outlines the introduction to central finance:



*Figure 1.3: Central Finance - Introduction*

The benefits of SAP S/4HANA are clear, but customers face an adoption dilemma.

Many organizations have a legacy of both NON-SAP and SAP ERP systems. These systems have different release levels, different customizing specifications, and some even have different charts of accounts.

For such companies, it would seem like an enormous effort to adopt SAP's latest innovations. The idea may seem too big and expensive to even get through their budget committees.

SAP CENTRAL FINANCE provides a non-disruptive resolution of this issue by acting as a hub into which new entities can be integrated without imposing fundamental changes to the main accounting system. It further helps in the transition strategy to S/4 HANA due to its powerful components designed to harmonize data across various SAP and NON-SAP systems, including the following:

- A SOLID MASTER DATA MANAGEMENT process at the enterprise level
- Simplified reporting and analytics (single source of truth)
- Fewer reconciliations and an optimized month-end closing process
- A standardized and automated process to integrate new acquisitions and shorten the post-merger transition period

The following figure outlines the central finance needs:



*Figure 1.4: Central Finance Needs*

Let's discuss some HANA keywords.

**SAP HANA:** SAP HANA is a analytic appliance; it's an in-memory platform for processing a high volume of data in real-time.

**SAP S/4HANA:** SAP S/4HANA is business suite designed to run processes in the context of a digital economy.

**SAP central finance:** SAP central finance deployment strategy of SAP S/4HANA and a product to build a centralized financial reporting and information hub that inserts disparate accounting systems into the core accounting system of the organization.

**SAP S/4HANA finance:** SAP S/4HANA finance subset of SAP S/4HANA with a focus on financial and accounting solutions, including financial planning, accounting, financial close, treasury, and finance operations.

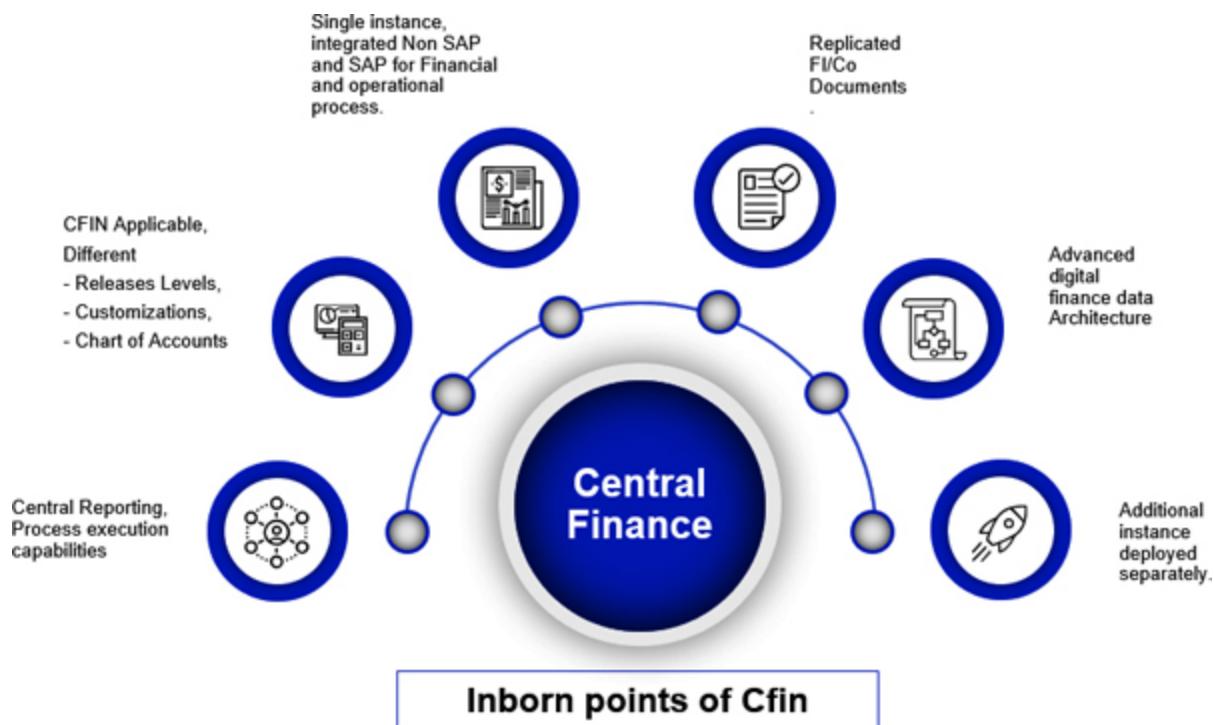
**Central Finance (CF)** benefits from the latest reporting innovation and architectural simplification to gain better access in the reporting.

CF allows companies to repost/replicate fin transactions from several systems into a single instance of S/4 HANA.

CF is a separate product with a dedicated license.

The following figure outlines the inborn points of central finance.

### The Inborn points of CFIN



*Figure 1.5: The Inborn points of CFIN*

*Image Source: SAP SE / AG*

CF is part of S/4 HANA, so no installation is required.

CF has the following features:

- Instant insight (real-time analysis)
- Single source of truth (highest granularity)
- Real-time processes (Closing on the fly)
- Planning, forecasting, and simulation (Integrated, predictive)
- Intuitive user experience (Easy to use)

## Central Journal

Let's look at one central journal problem statement, its objective, and its outcome.

## **Problem statement**

SAP customers with heterogeneous, multi-ERP system landscapes have been facing uphill battles to keep their existing ERP system up to date and in sync.

The following figure outlines the problem statement of the central journal.

### **Central Journal – Problem statement**



*Figure 1.6: Central Journal – Problem statement*

## **Objective**

Deploying simple finance as “*Central Journal*” allows customers to adopt the latest SAP finance innovation without disruptions in their existing ERP systems.

## Outcome

Once financial data is replicated from source systems onto Central Journal, SAP customers can gain the access to:

- Consolidated management and financial reporting
- Integrated transactions processing, planning, and reporting
- Central process execution like intercompany cash management

## Central Finance (CFIN / CF)

If you want should have a complete delivered configuration for central finance.

- **Error Correction and Suspense (ECS)** Accounting for handling errors from FI document replications, apart from AIF in CF
- It requires a separate configuration
- RFC connection is needed from the connected source systems to CFIN for an initial load of posting data and to navigate to accounting documents in the source systems
- Each system should be connected to one logical system for the target central finance system
- A logical system identifies the client of the connected source system in the accounting documents
- CFIN is allowing your organization to create a common reporting
- SAP LT – Collects the data written to the database in the source system and feeds it into the corresponding central finance accounting interface
- SAP recommends using MDG for Mapping in CF
- Once mapping is done, the system uses the error handling AIF

- Modify the errors by loading the mapping, and then repost the data to CF
- By using the DRB from CF, you can see the original Doc posted in the Source system and CF document
- CF errors handling through suspense account
- IBP is combined with CF to provide a consistent view of the planning process
- Planning application can be accessed by Microsoft excel frontend for the look and feel of the report
- IBP Covers
- Expenses Planning
- Profitability Planning
- Profit and Loss Planning

Refer to the “*References*” section for details.

## **Central Finance functions**

Line-item reporting functions:

- Via SLT Real-Time replication
- Via MDG, SLT, BAPI Master data replication
- Replication of cost objects like Prod Order, IO
- Documents changes to CF and replication of AP/AR clearing
- AP/AR reporting - Fiori based
- Via AIF errors corrections
- Interfaces and FI and CO postings to CF
- In inbound COGS (COPA postings) Cost component split

Refer to the following URLs for details:

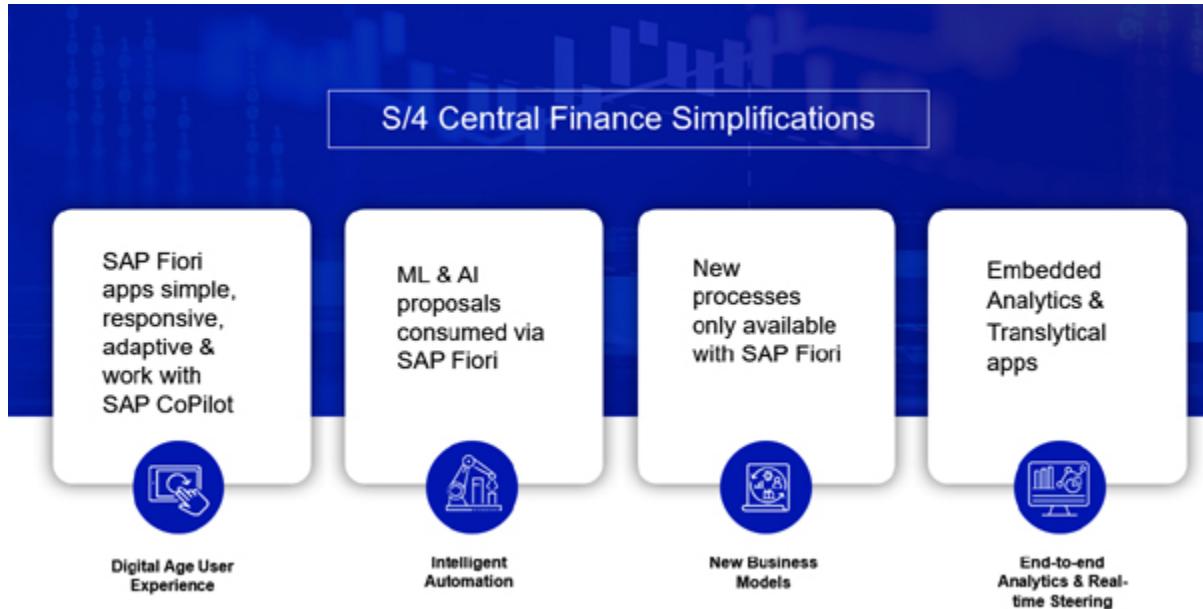
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[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## S/4 Central Finance simplifications

Central Finance provides group reporting, advanced segment, and entity. It provides a transformation platform for the digital organization.

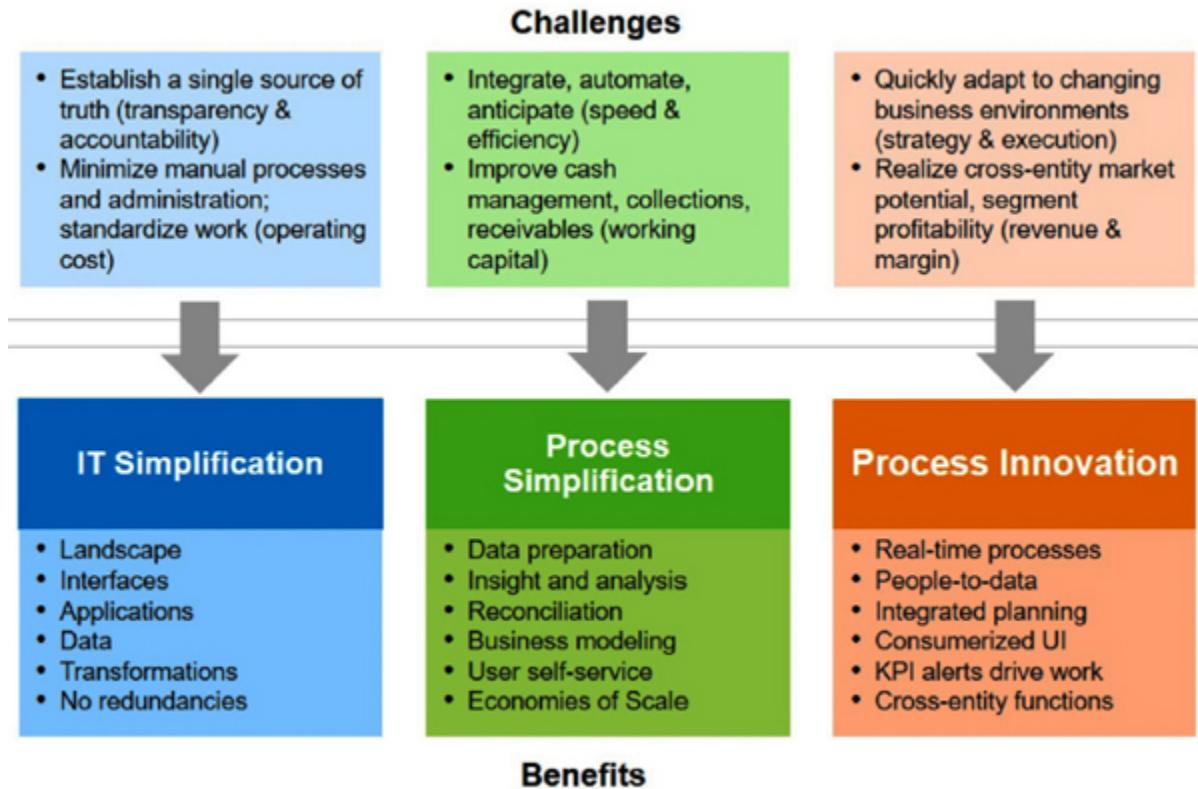
The following figure outlines the S/4 Central Finance Simplifications:



*Figure 1.7: S/4 Central Finance Simplifications*

*Image Source: SAP SE / AG*

The following figure outlines the tangible results of simplification and innovation:



*Figure 1.8: Tangible results of simplification and innovation*

*Image Source: SAP SE / AG*

Refer to the following URLs for details:

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[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## Challenges to prepare consolidate reporting

The following are some common challenges to prepare consolidated reporting out of many:

## Top challenges without using CFIN

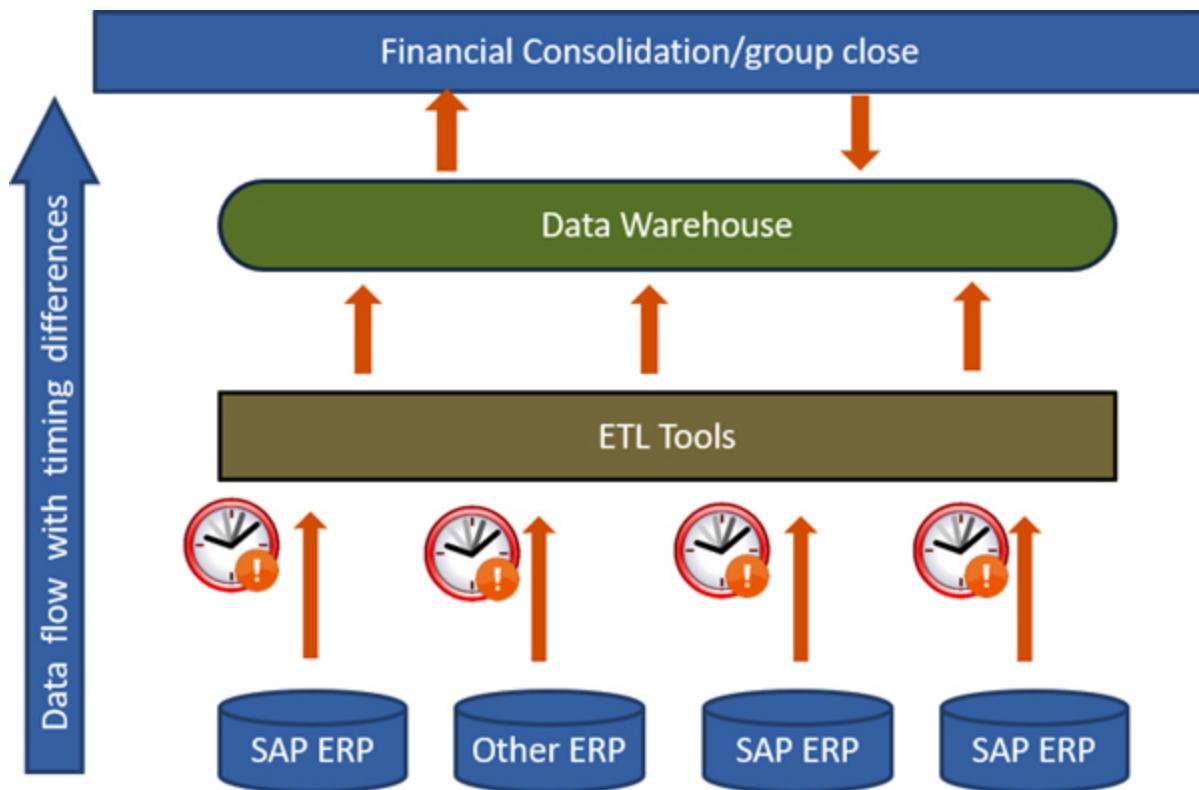
Let's take a look:

- Timing differences in source data for consolidation reporting

- Right information getting difficult.
- Silos between operational and consolidation ledgers
- Inconsistent
- Limited transparency
- Prolonged process execution
- Reconciliation
- Validation of data
- Extraction, transformations, and load

Check out the *References* section for details.

The following figure outlines the Data flow prior to S/4 Central:



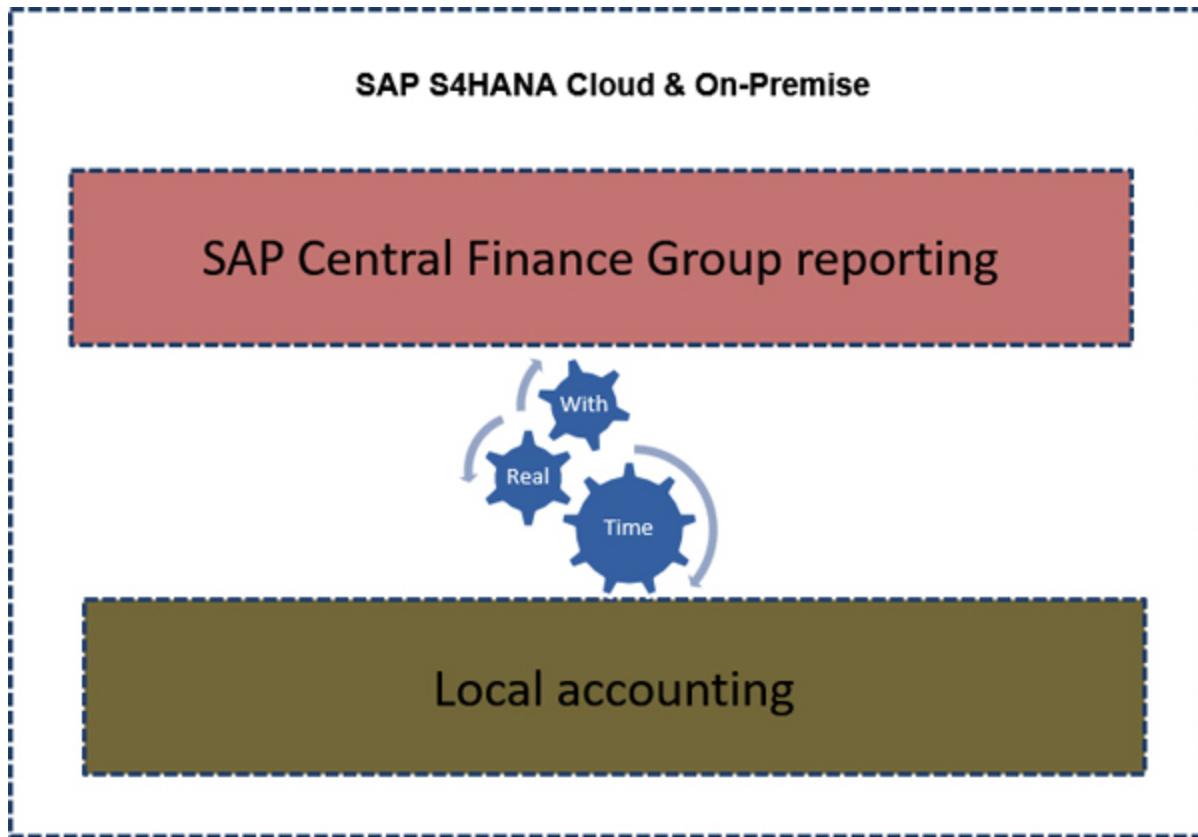
*Figure 1.9: Data flow prior to S/4 Central Finance*

*Image Source: SAP SE / AG*

Many enterprises have a legacy of both non-SAP and SAP ERP systems. These systems have different release levels and customizing specifications, and some even have different charts of accounts. For companies like these, it seems like an enormous level of effort to adopt SAP's latest innovations.

The idea may seem too big and expensive to even get through their budget committees.

The following figure outlines the data flow with S/4 Central Finance:



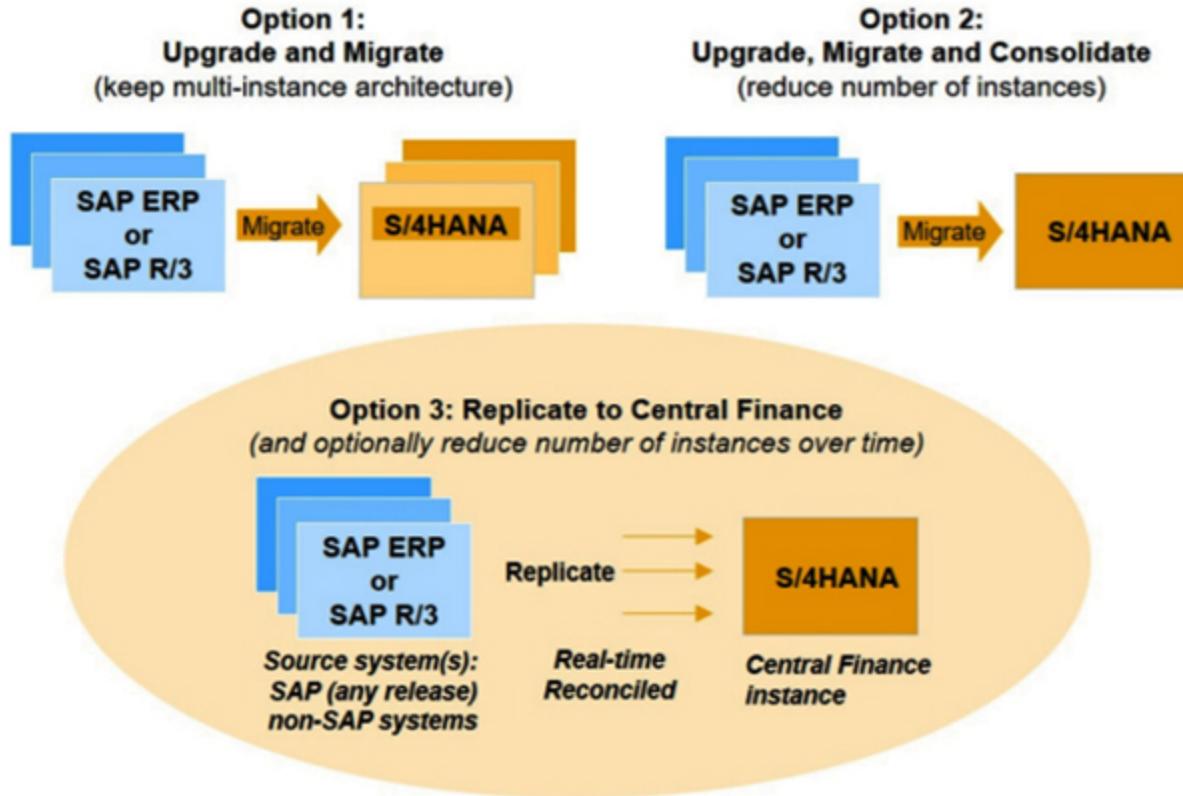
*Figure 1.10: Data flow with S/4 Central Finance*

*Image Source: SAP SE / AG*

Data in on-fly using CFIN.

Central finance in SAP S/4HANA is a replication-based path (also named the “*side-car*” approach). It carves out specific capabilities, along with their posting and master data, from the existing ERP landscape while keeping the rest running unchanged for the time being. This allows for a smooth transition.

The following figure SAP S/4 Innovations:



*Figure 1.11: SAP S/4 Innovations: Three Options*

*Image Source: <https://saplearninghub.plateau.com>*

CFIN comes in two contexts:

- **Deployment options context:**

Central finance enables the replication of posting data. It shortens the path to innovations provided by SAP S/4HANA and SAP S/4HANA Finance.

- **SAP instances context in a system landscape diagram:**

The central finance system is the target instance, running SAP S/4HANA or SAP S/4HANA Finance. Here, selected finance, accounting, and business planning scenarios are operated.

The following figure outlines the selection approach of central finance:



*Figure 1.12: Central Finance – Selection approach*

The crucial factor for selecting a central finance approach over other deployment options is highlighted in the previous graphic.

Customers with a distributed system landscape, who want to adopt SAP S/4HANA innovations, have three choices:

- Migrate all systems to SAP S/4HANA. The number of systems is the same.
- Merge the systems into one (or a few) and upgrade the merged systems to SAP S/4HANA.

Unlike the first option, all data would be consolidated, which would allow financial reporting across the entire group.

The approach should be as follows:

- Keep the AS-IS Systems
- Or a new TO-BE system setup
- Or consider any one of the existing ones

Upgrade this system to SAP S/4HANA and make it the central system.

The following figure outlines the adoption approach of central finance:



*Figure 1.13: Central Finance – Adoption approach*

All **Financials** or **Controlling (FI/CO)** postings would be replicated to the target system and posted again there.

## **Top benefits that Central Finance offers**

The following are some of the top benefits of central finance:

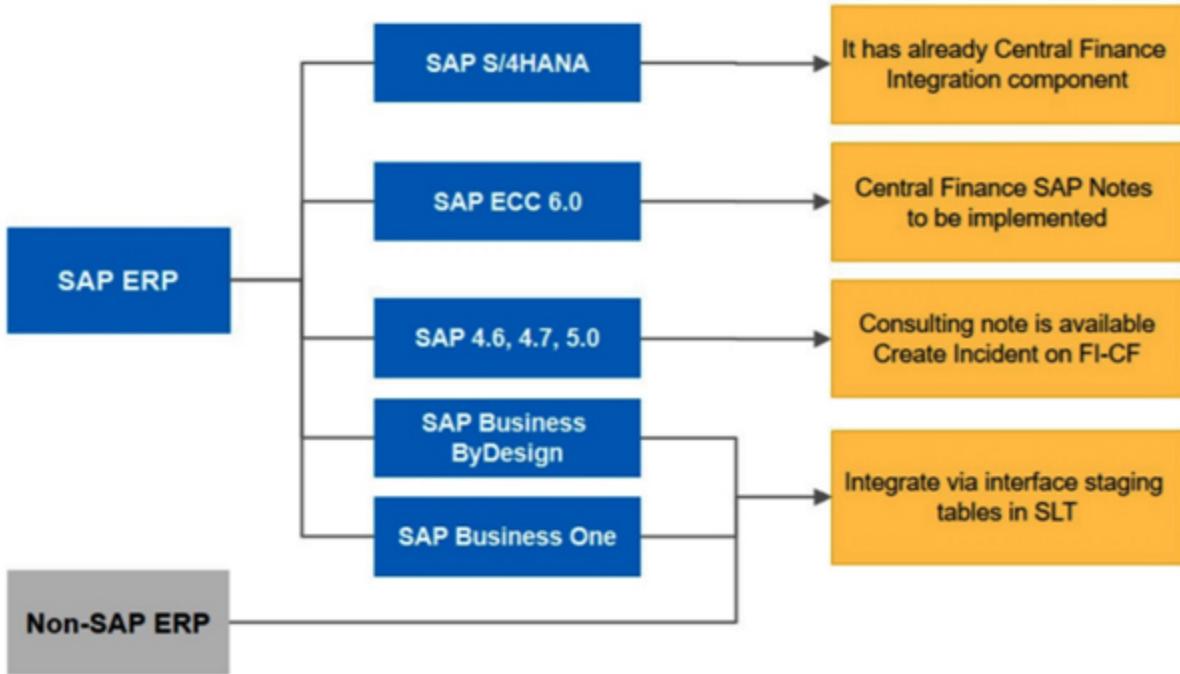
- Scalable local and central process execution in real-time
- Advanced segment, entity, and group reporting
- Single source of truth - transaction, and analytics
- Instant insight
- Planning, forecasting, and simulation

Refer to the following URLs for details:

<https://help.sap.com/doc/4857c0540cf5ef05e10000000a4450e5/3.6/en-US/9354c0540cf5ef05e10000000a4450e5.html>

[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

The following figure outlines the prerequisites for the source systems:

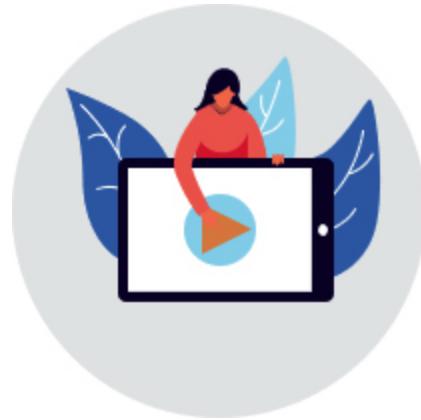


*Figure 1.14: Prerequisites for the Source Systems*

*Image Source: <https://saplearninghub.plateau.com>*

As a source system, any ERP system can be defined for central finance from a technical point of view. The figure above outlines the available options for a central finance environment.

The following figure outlines the central finance prerequisites:



*Figure 1.15: Central finance - Prerequisites*

Integration of SAP S/4HANA and ECC 6.0 as source systems is supported out of the box.

However, ECC 6.0 source systems require additional efforts, such as installing the central finance integration component via SAP notes or upgrading to the latest **service pack (SP)**.

The additional effort, in the form of project work, is required to integrate out-of-maintenance SAP releases (for example, 4.6, 4.7, and 5.0) as source systems with central finance. SAP provides a consulting solution that already contains most of the objects required for a central finance integration, it is abbreviated as “*DOWN-PORTING*”.

The following figure outlines the central finance “*DOWN-PORTING*”:



*Figure 1.16: Central finance - DOWN-PORTING*

Technically, the integration of other SAP ERP (SAP By Design and SAP Business One) is currently only possible through the interface staging table in SLT.

For any non-SAP ERP system, you may apply this approach.

## Source system prerequisites

In general, non-SAP systems or any release of SAP ERP can be connected to central finance.

Starting from ECC 6.0 EHP7, CFIN can be used out of the box with all SAP ERP releases that are still in maintenance.

You can refer to SAP notes (see [note 2323494](#)) instructions or refer to supporting packages for these systems to have referral information and details on how to implement central finance with these systems.

The following figure outlines the central finance “*Central finance - SAP notes (see [note 2323494](#))*”:



**Figure 1.17: Central finance - SAP notes (see [note 2323494](#))**

As a source for central finance, systems on release levels 4.6C, 4.7, and ECC 5.0 can still act, but the implementation has to be done as a customer project and requires manual implementation. It is recommended to perform customer specific implementations and workarounds. To reduce the manual effort, SAP offers coding versions, via consulting notes (see [note 2279674](#)). For support with this scenario, contact SAP Product Management by creating an incident on component FI-CF.

Non-SAP systems, including SAP Business ByDesign and SAP Business One, can be connected to central finance using SLT. Central finance provides SLT content, with the staging tables as the interface to the central finance system (see [note 2300443](#)).

## **Prerequisites – Technical (Hardware)**

Starting from ECC 6.0 EHP7, CFIN can be used out of the box with all SAP ERP releases that are still in maintenance.

You can refer to SAP notes instructions or refer to supporting packages for these systems for referral information and details on how to implement central finance with these systems.

Source system with third-party Database with runtime license.

Replication from Non-SAP ERP system/SAP system using **System Landscape Transformation (SLT)** server.

### **Licensing – Required Software**

Licenses are required for the following:

- Central finance
- SAP Application Interface Framework 3.0 (Or higher version) – AIF 702 (main component)
- Contact your SAP Account executive to verify if you need to purchase this license (things keep on changing)
- SAP Landscape Transformation replication server (SLT)

Refer to the following URL for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

## **Target customers**

Let's look into central finance “*Target Customers*”.

### **1. New Customers (New Implementations)**

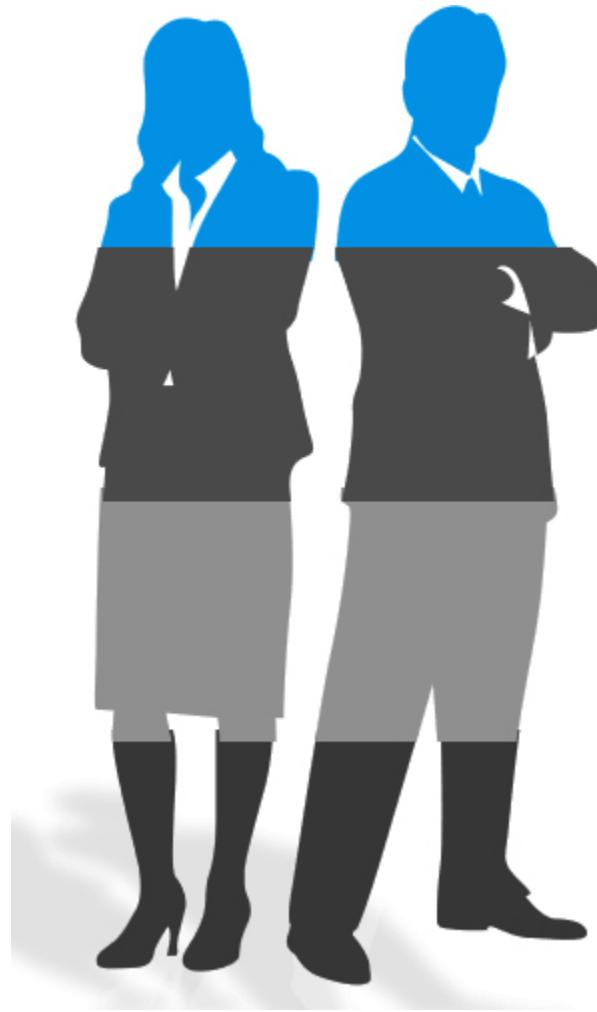
A. On-Premise

B. Cloud

Client/Customer's current SAP or Non-SAP financial systems don't need to be converted (Brownfield) and can remain in their existing environments.

The following figure outlines the central finance "*Target Customers*":

Different landscape/different organization structures and required consolidated financial reporting.



*Figure 1.18: Central finance – Target Customers*

## **2. Existing Customers (Roll Outs)**

A. On-Premise

## B. Cloud

Client/customer already on Central finance and planning to bring the rest of the system (Rollouts).

### **Top benefits that Central Finance offers**

The following are some of the top benefits that central finance offers:

- Scalable local and central process execution in real-time
- Advanced segment, entity, and group reporting
- For transaction and analytics, it offers a single source of truth
- Instant insight
- Planning, forecasting, and simulation

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

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[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

### **Benefits – S/4 Central Finance version 2020**

The following are some of the top benefits that S/4 central finance 2020 offers.

### **Processes**

The following are some S/4 central finance 2020 processes:

- Centralized payments
- Intercompany reconciliation
- Centralized credit management
- Centralized dispute management

- Centralized collection management
- Central budgeting (internal orders)
- Shared services
- Central bank account management
- Central cash applications

## **Reporting**

The following are some S/4 central finance 2020 reporting processes:

- Corporate reporting and planning platform on a single source of truth
- Group reporting
- Drill-down reporting
- AP/AR centralized reporting
- Advanced segment, entity reporting
- Embedded planning, real-time consolidation reporting
- Marginal analysis reporting
- Central Tax reporting

## **Others**

The following are some other S/4 central finance 2020 processes:

- Intelligent technologies (AI, ML)
- For transactions and analytics, it offers a single platform/single source of truth
- Existing systems remain untouched
- Simplified IT landscape
- Supports classic profit center accounting
- Ledger-specific postings
- Document splitting can be in CFIN even though not in source

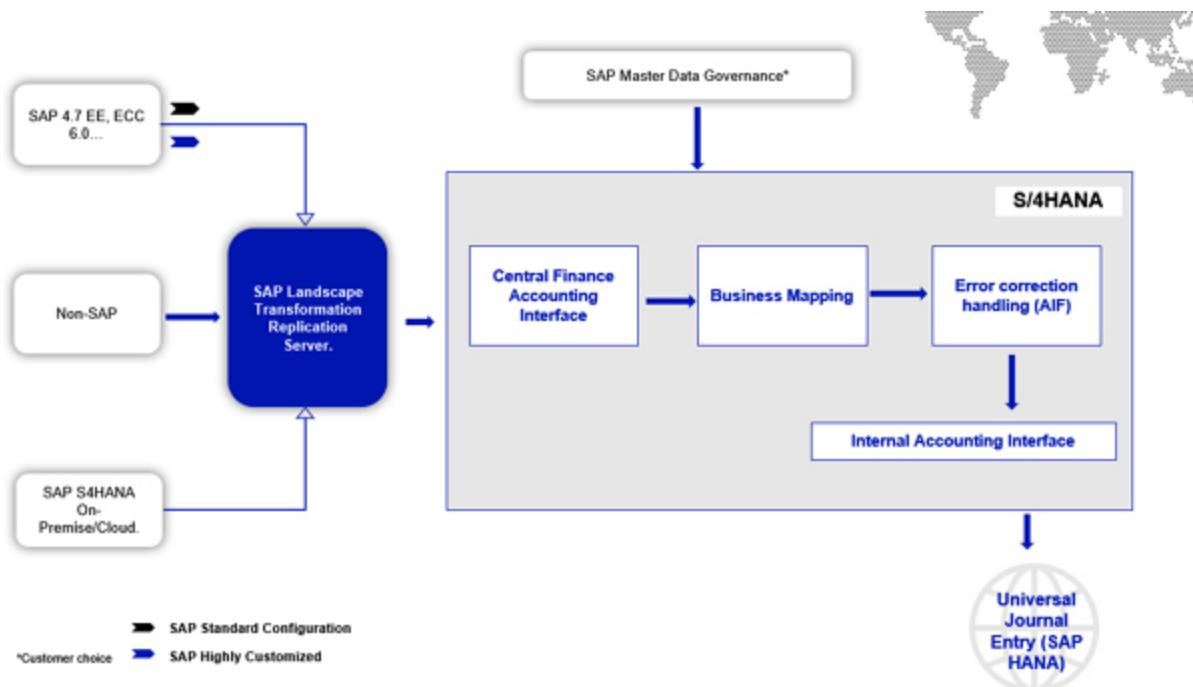
Refer to the following URLs for details:

<https://blogs.sap.com/2020/10/07/highlights-for-finance-in-sap-s-4hana-2020/>

<https://blogs.sap.com/2020/02/14/different-views-on-what-is-central-finance/>

## SAP S/4 Central finance solution map

Let's find the following figure:



**Figure 1.19: SAP S/4 Central Finance Solution Map**

**Image Source:** <https://saplearninghub.plateau.com>

A new standard interface for connecting third-party systems with a Central Finance system has been delivered in SAP S/4HANA.

The following figure outlines the central finance “*Interface*”:



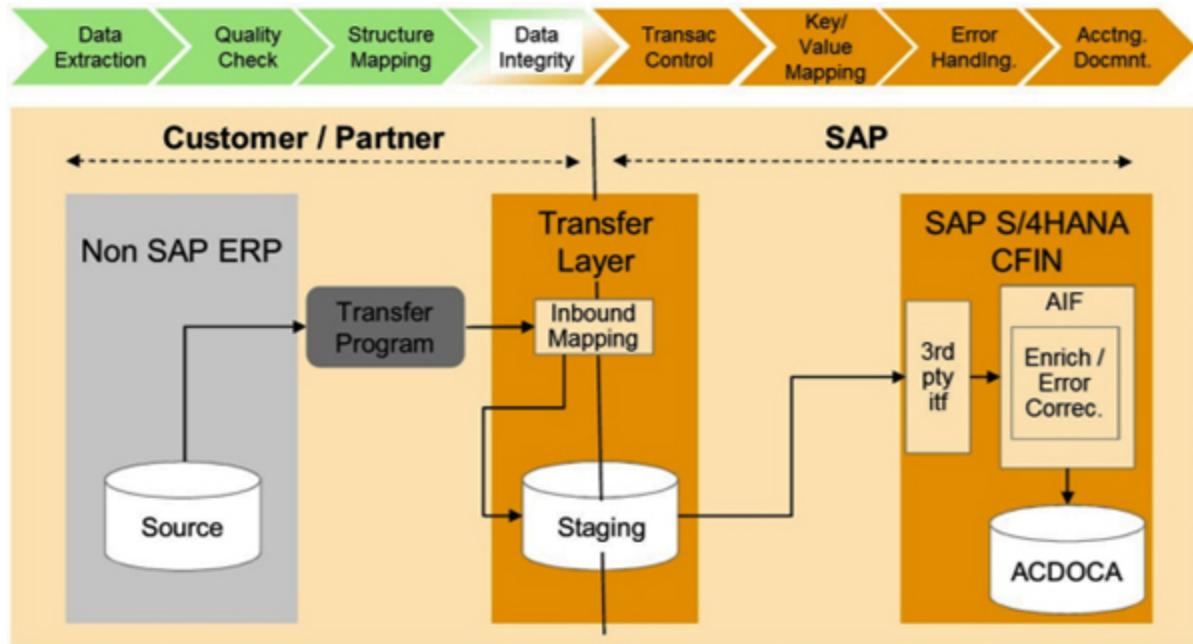
**Figure 1.20:** Central finance – Interface

Developing a robust interface enabling replication of FICO docs from a legacy system to CFIN was the main goal. It resembles the SAP-to-SAP replication interface.

A transfer layer has been created between the legacy systems and the CFIN system.

## **Third-party system connection to Central Finance - Solution overview**

The following figure outlines the “*Third-party system connection to Central Finance – Solution Overview*”:

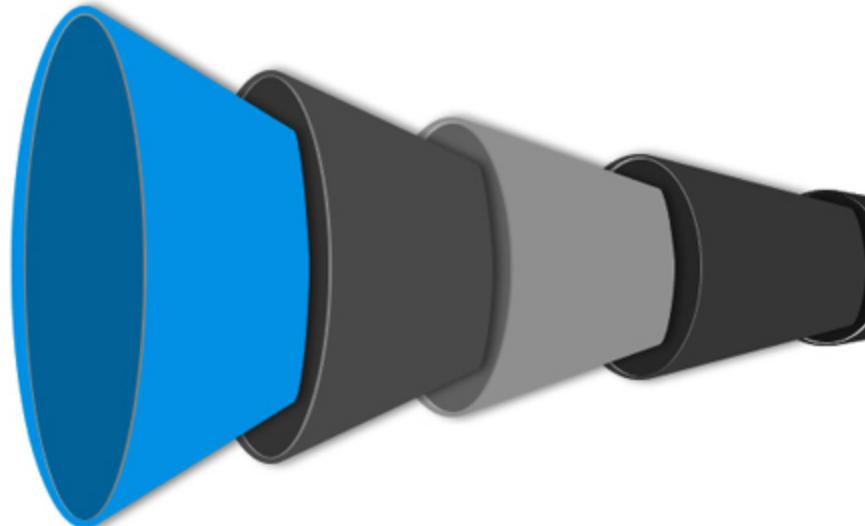


**Figure 1.21:** Third-party system connection to Central Finance – Solution Overview

**Image Source:** <https://saplearninghub.plateau.com>

Business partners are responsible for transferring the data from the legacy system to the staging tables in the transfer layer (SLT). SAP is responsible for replicating the data from the transfer layer (SLT) to the CFIN system.

The following figure outlines the “*Business Partners*”:



**Figure 1.22:** Business Partners

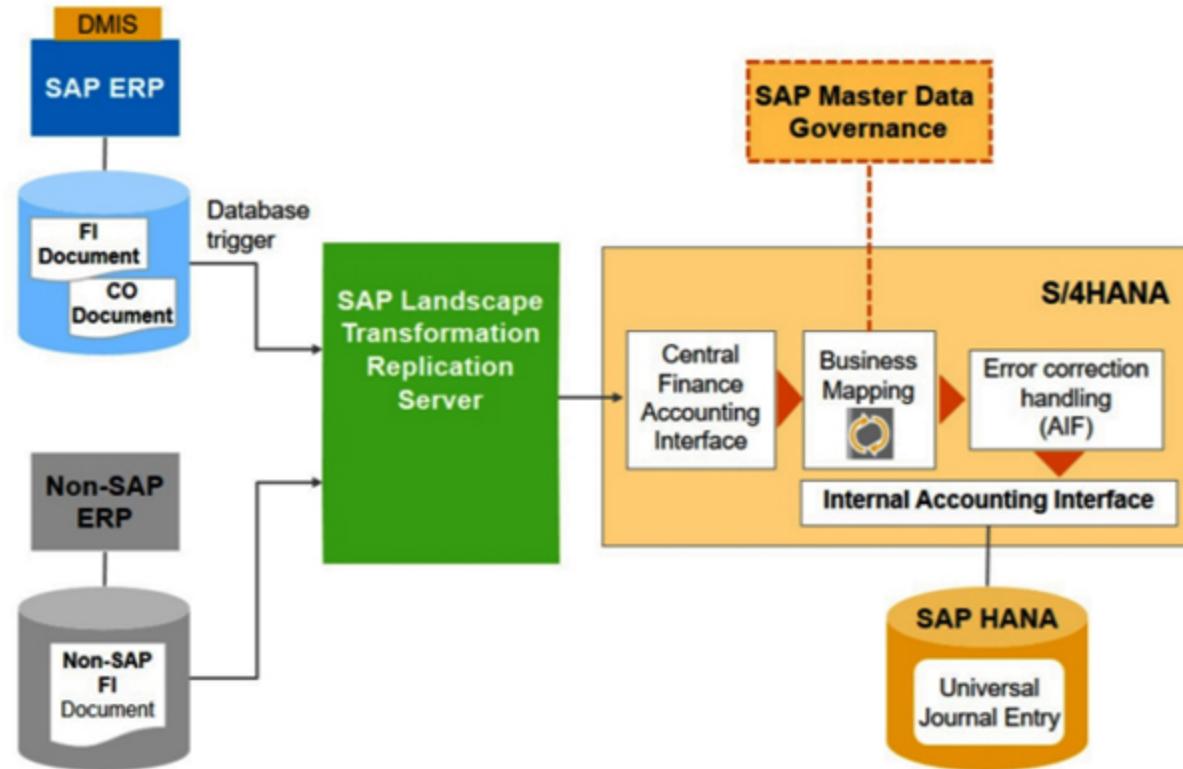
Thus, the data is received by a new interface, runs through the mapping process, and is finally posted in the CFIN system. The SAP AIF tool is used for monitoring, similar to SAP-to-SAP replication.

SAP Delivers Staging area, master data transfer tool with SLT and Central Finance specific Posting interface. The customer should engage the partner to deliver the connection to a third-party system, and mapping structure to CFIN Posting Interface Usage of transfer layer ensures clear separation of responsibilities and standard tools for monitoring (AIF).

## **S/4 Central Finance - Architecture and systems**

The CFIN architectural design is based on data replication at the application level. However, in traditional data transfer technologies, data replication happened at the database layer, which is used by traditional data transfer technologies. The application-level data replication is executed in real-time and at the line-item level with embedded data harmonization functions. These functions enable faster reporting, given the elimination of redundant data, and increase the extent and depth of real-time analysis of financial information.

The following figure outlines the “*Understanding SAP S/4HANA Central Finance Architecture*”:



**Figure 1.23: Understanding SAP S/4HANA Central Finance Architecture**

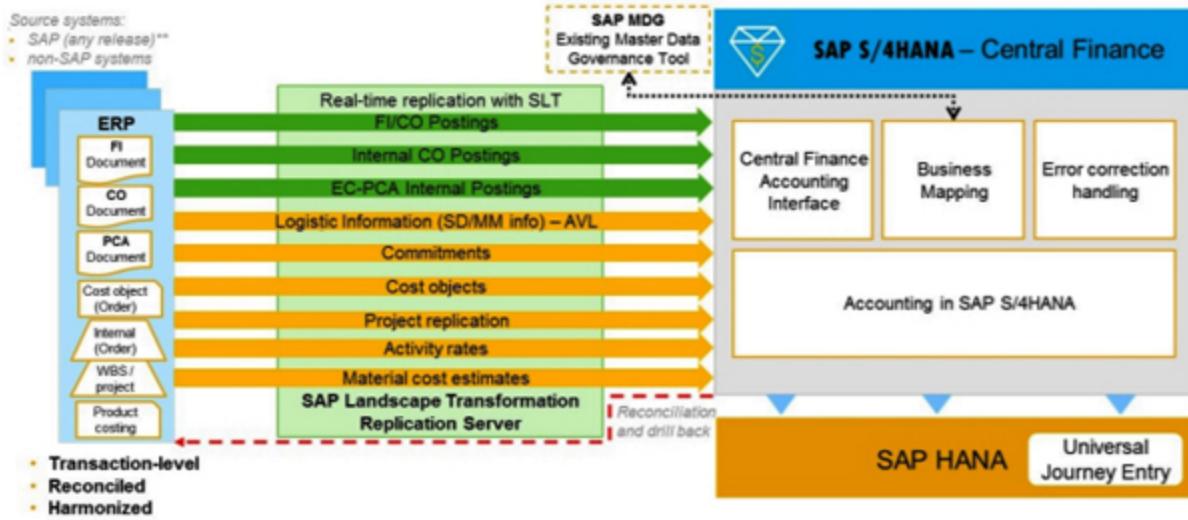
**Image Source:** <https://saplearninghub.plateau.com>

Central Finance landscape architecture contains mainly three systems:

1. The source system is ECC. It works as the first system. Here, the main business processes run. and FI and CO documents are posted accordingly.
2. The second system is the SAP SLT as the integration platform, which reads and replicates the FI and CO documents.
3. The third system is the SAP central Finance as the target system on S4HANA, where FI and CO documents are reposted.

Check out the “*References*” section for details.

The following figure outlines the “*Central Finance – Functional Overview and Capabilities*”:

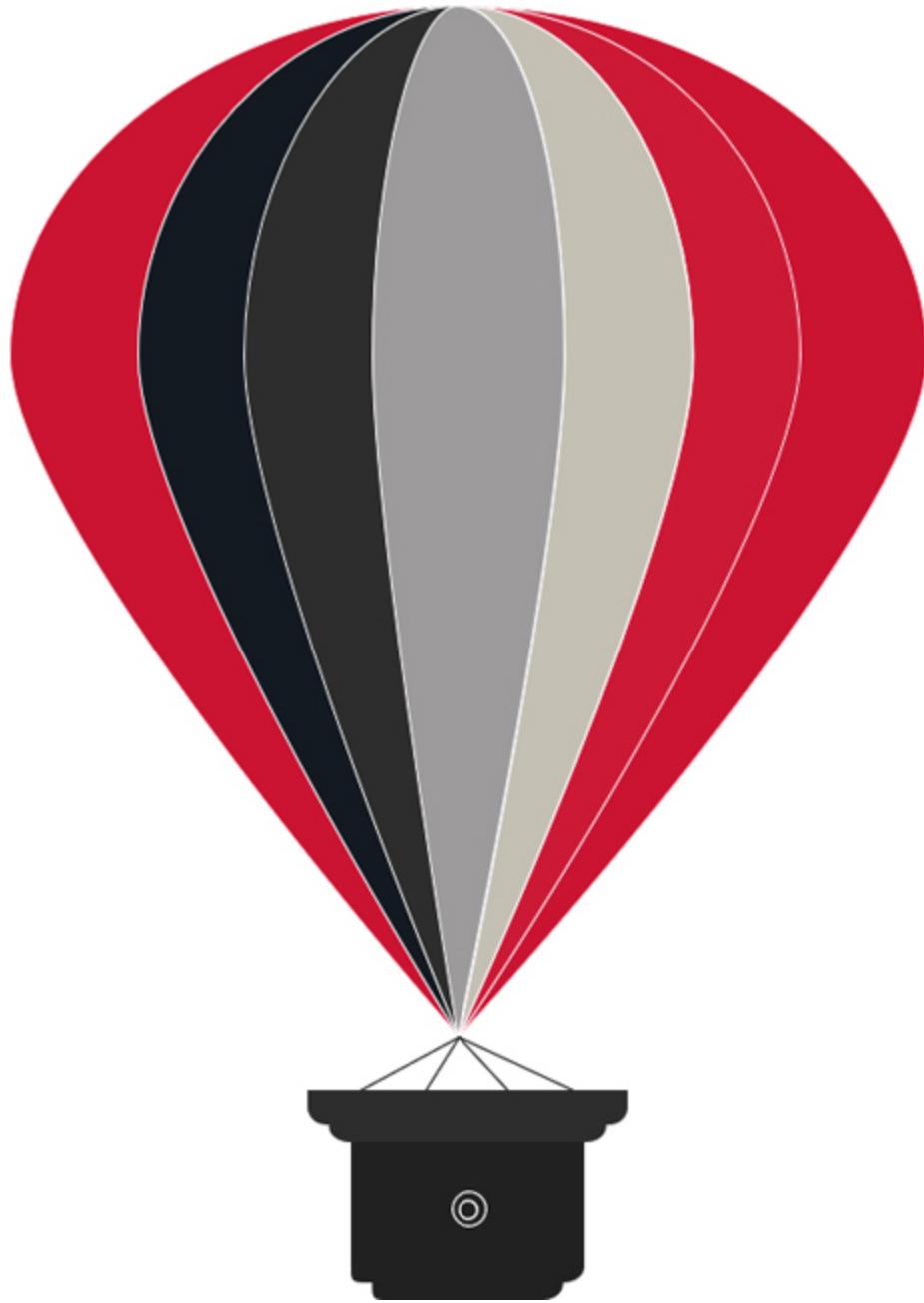


**Figure 1.24: Central Finance – Functional Overview and Capabilities**

**Image Source:** <https://saplearninghub.plateau.com>

The SAP S/4HANA system, installed as a side-car, receives financial accounting transactions via real-time replication from SAP or non-SAP ERP systems with a set of enabling technologies (logging, prerequisite replication, mapping, digitization, posting, error correction, and reconciliation) that allow any enterprise, SAP or not, to start using S/4HANA Finance innovations.

The following figure outlines the “*Central finance interfaces*”:



*Figure 1.25: Central finance interfaces*

The interfaces are supported with the central finance deployment option. Documents are replicated at a transaction level, from source system to Central Finance system. The following are the interfaces available to replicate data from the source system:

- FI/CO postings
- Secondary CO postings

- Cost objects
- PCA postings
- Commitments
- Subset of logistics information
- Activity rates
- Material cost estimates

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

<https://help.sap.com/doc/4857c0540cf5ef05e10000000a4450e5/3.6/en-US/9354c0540cf5ef05e10000000a4450e5.html>

[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## **S/4 Central Finance innovations**

Depending on the specific scenario and business need of different customers, the benefits offered by Central Finance in SAP S/4HANA are spread over various options.

### **Fast closing**

A re-engineered closing process, including central finance, provides the flexibility to run financial activities, see the intercompany reconciliation value scenario, and “*pre-close*” (batch-input free).

The finance closing cockpit (coupled with CFIN) provides a new centralized view to organize the sequence and governance of closing tasks across multiple ERP systems.

A single repository of all financial transactions, across multiple applications, allows central finance to perform mapping and harmonization at the point of transaction - on a granular level and pre-consolidation.

## Cash flow management

Replication of all bank-related open items (statements, and so on) into Central Finance provides global bank balances and cash position reports.

Real-time replication of all A/P and A/R open items into Central Finance provides liquidity forecast reports, based on SAP ERP and non-SAP systems, across all sectors.

## Group financial processes and system standardization

In order to get a common view on data, setting up Central Finance with harmonized structures (cost center hierarchy, chart of accounts, vendors, customers, etc.) is prerequisite(s).

Central Finance offers the ability to drill down information to the source system, providing an overview of financial document relations across SAP modules and full traceability of postings.

Pre-consolidation processes can be performed in the central finance system so as to accelerate consolidation and reduce the time required to close books.

## Profitability analysis

Redesigned and improved accounting-based COPA is available on SAP S/4HANA and central finance.

The universal journal entry of central finance is a single dataset across multiple applications. Reconciliation is ensured at the point of posting a financial accounting-related document.

Minimal time and effort are needed for reconciliation. Data is available for reporting instantly as there is no reconciliation between COPA and FI.

Reporting can be based on the most granular transaction data, including all possible dimensions - providing additional options to analyze profitability.

## **Budgeting and planning**

BPC on SAP S/4HANA enables perform planning on a group level, based on common structures across the group. Real-time planning data is available.

The following planning levels are available: cost center, project internal order, profit and loss, balance sheet, and liquidity.

## **Intercompany reconciliation**

Intercompany reconciliation has turned from a batch process at the end of the month to a process that can be executed during soft-close and small delta work in order to finalize closing.

Improved user experience, with enhanced data drill down and automated matching criteria, to reduce manual reconciliation effort.

## **Merger and acquisition**

Central finance as an of performing a full logistic and financial migration, simplifies the integration of new entities while offering agility and flexibility.

## **Legal entity does business in different sectors**

Centralized financial data of multiple company codes into a single entity in the central finance system (even if these entities are currently managed in multiple ERP systems), with no impact on the business operation teams.

Every financial transaction from multiple local instances is instantly available in the global management report in central finance.

The following figure outlines the “*Central Finance – Key Innovations*”:

Key Innovations	Central Financial Close & Consolidation Financial statements.
	Group reporting. (SAC, AFO and Embedded Analytics)
	Reporting could be done FIORI/digitalize user experience.
	COPA replication from costing based to universal journal
	SAP Shared Services Framework.
	Intelligent technologies (AI/ML)
	SAP Model company in Central finance

*Figure 1.26: Central Finance – Key Innovations*

*Image Source: <https://saplearninghub.plateau.com>*

Refer to the following URLs for details:

<https://blogs.sap.com/2020/10/07/highlights-for-finance-in-sap-s-4hana-2020/>

<https://blogs.sap.com/2020/02/14/different-views-on-what-is-central-finance/>

## **SAP S/4 HANA Central Finance value proposition summary**

SAP Central Finance allows companies to deploy a single instance of SAP S/4HANA Finance and then integrate some or all their financial and operational processes back through that instance. A company's current SAP or non-SAP financial systems don't need to be converted and can remain in their existing environments with the following insights:

- **Stepping stone:** Central Finance is frequently used as a first step—an efficient mechanism for beginning broader ERP deployments. It allows business units to transact in legacy systems uninterrupted during implementation.
- **Centralized services:** Central Finance enables centralized service delivery models to report, model, and analyze data within a single system and across a common information model, further driving value from the shared service center.

- **Data Bridge:** Central Finance is frequently thought of as the least invasive hub to bring data together in a common information model across multiple ERPs. This gives companies visibility into transaction data that would otherwise be masked in aggregated summary data tables or be in a completely different format.
- **Accelerator:** Central Finance acts as a hub to accelerate merger integration or separation by allowing companies to continue to transact in legacy systems.

Corporate finance can't give us a simple and complete view of corporate financial information. This involves pulling information from multiple systems and finding some way to integrate it, which is intensive, manual, error-prone work that often falls short of the objectives of simplicity and completeness.

The following figure outlines “*Central finance – Value Propositions*”:



*Figure 1.27: Central finance – Value Propositions*

Central finance is capable of solving these issues.

## **CFIN requirements**

Note that where SAP ECC is the source system, many of these integration requirements are met by pre-built SAP integrations. However, there are no such pre-built integrations for third-party ERPs. For most Central Finance implementations, there will be more than one non-SAP source system, so consideration of the following requirements is essential.

### **a. Source data extraction**

Follow the steps given here.

#### **Activity Involved**

- Analysis of Legacy System and volume of data
- Creating the strategy for converting the data into SAP-compatible mode
- Data Quality check
- Data Cleansing

### **b. Upload to SAP and Master data harmonization**

The transformation (or conversion) of the extracted data to the data format of the new software platform.

This usually involves more than just data mapping: mandatory data may, for instance, have to be supplied to the new software platform that is unknown in the legacy system, or checks need to be made in the migration tool in the transformation.

#### **Activity Involved**

The following are some common activities involved:

- Creation of data mapping templates (Legacy to SAP)
- Create-data-cleansing-and-data-transformation-logic
- Transform data into sap compatible mode
- Data quality check

### **c. Load**

Loading the transformed data into the target system, meaning writing the data to the database tables of the new software platform.

### **Activity Involved**

The following are some common activities involved:

- Preload validation of data
- Load the data
- Post load validation of data

Using CFIN, you can do a transaction-level drill down. It also has write-back capability.

## **CFIN Capabilities and S/4 Central Finance version 2021**

In the context and harmonized view of all financial transactions executed in different systems on a real-time basis.

The following figure outlines the “*Central finance 2021 version – Value Propositions*”.

### **Central finance 2021 version – Value propositions**



*Figure 1.28: Central finance 2021 version – Value Propositions*

Central finance enables the organization to perform the following:

- a. CFIN generates and monitors the financial statements of the entire group from one system
- b. Perform financial consolidation through the Group reporting module
- c. CFIN enables drill down into the account balances at a transaction level
- d. Enable monitoring and reconciliation of inter-entity transactions
- e. Monitor the Actual vs Budget spend at a centralized level

- f. Ability to monitor group-wide liquidity forecast and cash positions through SAP Cash Management
- g. Ability to set up centralized treasury function central finance through SAP Treasury and risk management
- h. Streamline and automate tax compliance checks to reduce risk
- i. Detect the inconsistencies in the application of the taxation rules to the financial transactions through SAP Tax compliance
- j. Minimize false alerts and make it easy for tax managers to investigate and rectify potential compliance issues by implementing robust tax rules
- k. Ability to build a centralized payment platform for executing the payment requests emanating from different systems
- l. You may leverage CFIN as a stepping stone to S/4 HANA finance
- m. Set up centralized leasing accounting engine aligned with IFRS 16 on the central finance system through SAP Contracts and lease management
- n. Ability to track closing processes at every stage, including manual steps, transactions, programs, jobs, workflows, and remote tasks through SAP Financial Closing Cockpit

In traditional approaches deployed over the last 15-20 years, a central ERP system was deployed and custom integrated with source systems; integration used the **extract, transform, and load (ETL)** tools and was batch-oriented, and the coding block was limited and inflexible. Reporting may have been performed in separate data warehouses, and consolidation performed in separate, parallel applications outside the central ERP. Finally, due to timing and latency issues and on-the-fly personal macros in Excel spreadsheet-based reporting, finance information was rarely consistent, true, or trusted.

The following figure outlines the “*Central finance system*”:



**Figure 1.29:** Central finance system

Today's centralized finance systems are different from technological innovations like in-memory databases, predictive analytics, machine learning, and virtualized reporting and analysis. With today's technologies, a central finance system can—in one system, regardless of the number of records or size of the coding block—be the digital twin of all the financial records in your entire organization, enterprise-wide, across systems, and agnostic with regard to business models—in other words, harmonized.

The following figure outlines the “*Central finance Group Reporting – Value Propositions*”:



*Figure 1.30: Central finance Group Reporting – Value Propositions*

With finance processes built into the central system, moving data to separate applications for finance processes like reporting, planning, and consolidation is no longer required.

The following figure outlines the “*Summary of current key capabilities of S/4HANA Group Reporting*”:

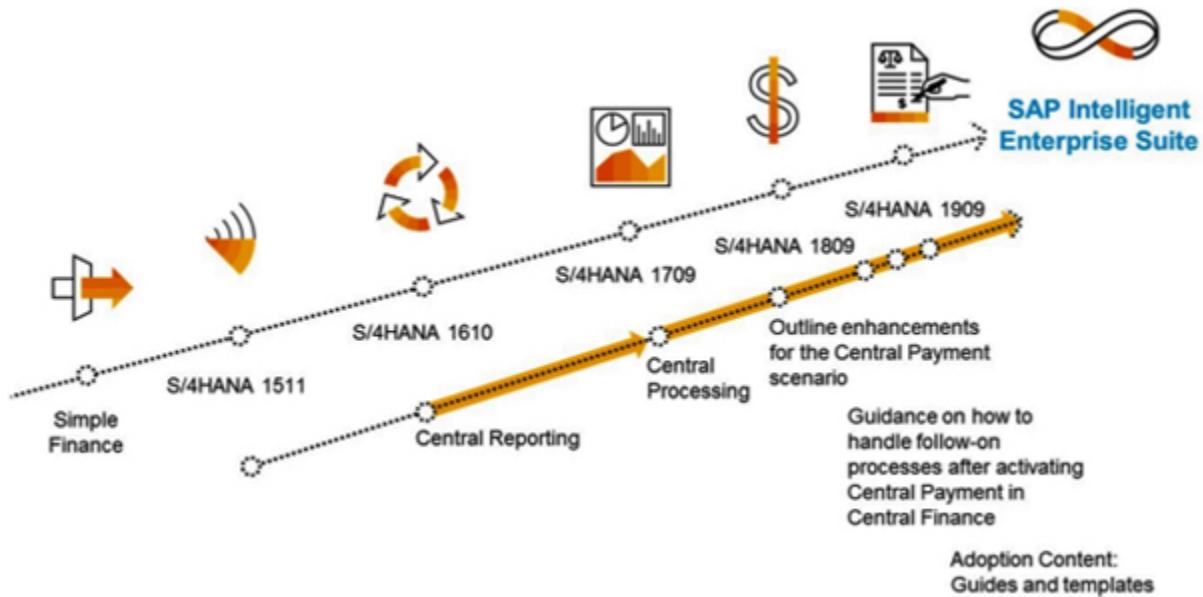
## Summary of current key capabilities S/4HANA for Group Reporting

Topic	Available with 1808 release of S/4HANA Group Reporting - Public Cloud
Data Collection	Real time Integration from S/4HANA accounting, file upload, manual data entry, API
Currency Translation	Cumulative and periodic translation, average / spot / historic rates, rounding rules, carry over translation from accounting
Data Validation	Local data, translated data, consolidated data, master data combinations (a.k.a. breakdown) checks
Manual journal entries	Direct entry or file upload including deferred tax calculation
Eliminations	Rule-based eliminations driven by master data (similar to BPC), Intercompany Reconciliation report with drill-down to accounting document
Consolidation of Investments	Rule-based approach (similar to BPC) for main activities (first cons, subsequent minority calculation, ...) but based on Activity Concept
Reporting	Fiori Analytics, rule-based reports for e.g. cash flow or other comprehensive income, flexible extension to accounting details, integration with SAP Analytics Cloud
Planning	Multi-period consolidation, flexible versions, bottom-up reading from ACDOCP / SAP Analytics Cloud
Restatements	Via versions and data copy
Collaboration	Basic co-pilot scenarios, commentary in validation
Data model and master data	Wide data model covering business fields of delivered universal journal, consolidation-specific master data for non-S/4HANA companies and simulation, time-dependent hierarchy and account mapping
Process control	Dedicated monitor for subsidiary steps + central consolidation

*Figure 1.31: Summary of current key capabilities of S/4HANA Group Reporting*

*Image Source: <https://saplearninghub.plateau.com>*

The following figure shows the evolution of SAP Central Finance from the Simple Finance release to the SAP Intelligent Enterprise Suite release; it outlines the “Central Finance Evolution”:



*Figure 1.32: Central Finance Evolution*

*Image Source: <https://saplearninghub.plateau.com>*

SAP's Central Finance represents yet another step in the evolution of central systems for finance, based on next-generation technologies and innovations in process execution that are substantially different from the traditional, central ERP systems for finance of the past. Central Finance can consume finance transactions from the following:

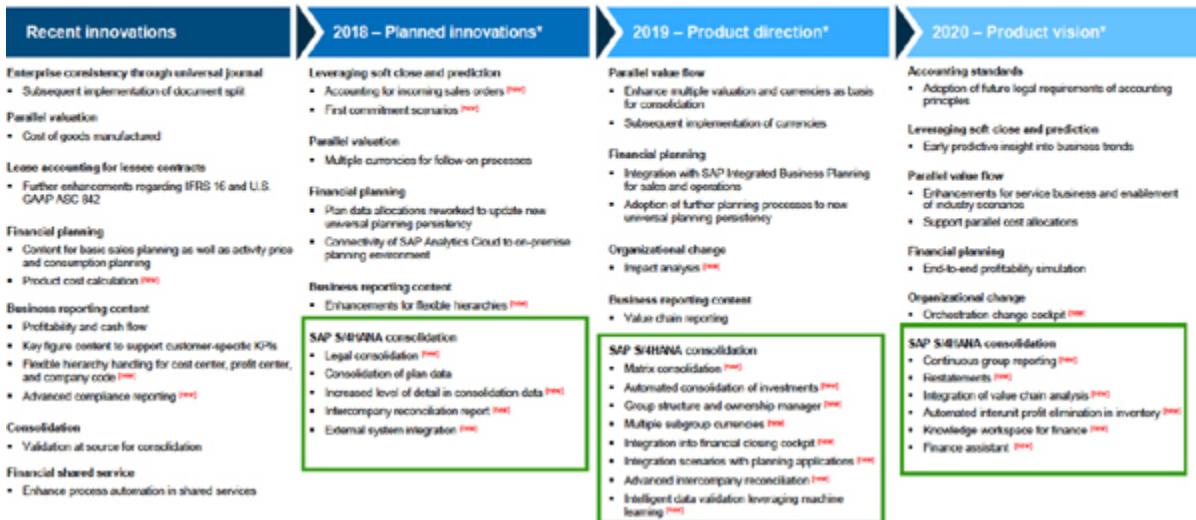
1. Multisystem ERP landscapes
2. Single-instance ERP systems
3. Divestitures
4. Future M&A systems

Financial transactions are replicated in Central Finance on a line item level. As a result, you can avoid aggregations or the loss of dimensional detail, unlike with traditional central ERP systems for finance.

The following figure outlines the “*Central Finance – Key Process innovations*”:

### **Finance in SAP S/4HANA**

#### Product road map overview – key process innovations



**Figure 1.33: Central Finance – Key Process innovations**

**Image Source:** <https://saplearninghub.plateau.com>

With data replicated on the line-item level, you'll have full auditability and drill-down access to the line items making up an account balance. These capabilities add a level of reliability to your aggregated data that was previously not available.

The following figure outlines the “*Central Finance – Product Roadmap overview*”:

SAP S/4HANA 1709	SAP S/4HANA 1809	S/4H 1809 FPS 01	S/4H 1809 FPS 02	SAP S/4HANA 1909
Central Payments	Transfer COGS split and price difference split for central profitability analysis	Handling of reconciliation accounts	Central payments enhancements: SD and MM down payments, historical open items	Central Clearing, Group Currency and Profitability Data for 3 <sup>rd</sup> Party Interface
Reporting on Projects	Group reporting for consolidation	CFIN onboarding improvements (initial load, locate root error messages etc)	External tax engines in Central Finance	Central Indirect Tax with Advance Compliance Reporting
Central Profit Center Accounting	Down payment processing for central payments	Accounting views: Vendor invoices & sales condition types	Retrigger replication of individual documents & reverse and repost	Optimizations for the Initial Load and for Central Payments
Central Commitments	Central withholding tax reporting	Guidance for central payments activation (in note 2346233)	Replicate custom fields for WBS elements	Cost planning for distributed value chains
Central Finance Information for users in local systems with Side Panels	Activation of clearing transfer	New checks for the configuration consistency	Enhancements to standard mappings	Intercompany Reconciliation and Matching
Improvements for implementation & operation, e.g. configuration consistency checks	Simulation and comparison reports for central profit center accounting	EC-PCA replication enhancements (enter start period, deletions)	Automatic reload of missing cleared items	Replicate Projects from SAP S/4HANA Cloud to Central Finance
	New side panels for MM and SD documents	Accounting views: Purchase orders	Accounting views: Purchase orders	Finance Business & IT Operations Monitor with SAP Focused Run
	Configuration consistency checks	EC-PCA balance comparison reports	Initial load: added flexibility and improvements	Central Finance Adoption Content – Knowledge Base for Accelerated Implementation
	Accounting views for logistics data in Central Finance: Customer orders & invoices			

**Figure 1.34: Central Finance – Product Roadmap overview**

**Image Source:** <https://saplearninghub.plateau.com>

Additionally, SAP S/4HANA Finance for group reporting 2021 inherits from the innovations delivered in the 2011, 2102, 2105, and 2108 releases of our cloud version. The following new and enhanced functionalities have been included (see [figure 1.35](#)).

The following figure outlines the “*SAP S/4HANA Finance for group reporting 2021*”:

Key Features	1909	2020	2021
Collaborative SAP Fiori web user experience (UX)	●	●	●
Simplify your landscape and run continuous accounting	●	●	●
Unify local close and group close	●	●	●
Complete set of consolidation functions	●	●	●
Microsoft Excel add-in	●	●	●
Integrated planning, budgeting and data visualization with SAP Analytics Cloud	●	●	●
Open connectivity for hybrid cloud and on-premise	●	●	●
Consolidation validation result analysis	●	●	●
Drill through from consolidation validation logs to the SAP S/4HANA company level	●	●	●
Time dependent mapping between financial statement items and G/L accounts	●	●	●
Account driven consolidation rules	●	●	●
Integrated data collection on the SAP Cloud Platform	●	●	●
Integrated report designer on the SAP Cloud Platform	●	●	●
Intelligent Reporting Logic	●	●	●
Group Data Analysis apps	●	●	●
Matrix Consolidation	●	●	●
Group Structure apps	●	●	●
Streamlined master data maintenance with the Import Consolidation Master Data app	●	●	●
Data Mapping apps to transform and load data from non-SAP systems	●	●	●
Easier selections with the new Fiori Define Selections app	●	●	●
Improved Data and Consolidation Monitors	●	●	●
Enhanced preparation for consolidation group changes	●	●	●
Advanced intercompany matching and reconciliation apps	●	●	●
Enhanced integration with SAP Analytics Cloud	●	●	●
Activity-based consolidation of investments	●	●	●
Data mapping apps	●	●	●
Improved data collection	●	●	●
Additional master data attributes	●	●	●
Support of multiple fiscal year variants	●	●	
Parallel data entries from multiple users	●	●	
Data Mapping from ACDOCU to ACDOCU	●	●	
More embedded SAP Analytics Cloud story and analytics	●	●	
Increased number of digits after decimal for the Quantity field	●	●	
Integration of Group Reporting Data Collection GRDC with S/4HANA on-premise & cloud	●	●	
Extension of the consolidation table ACDOCU	●	●	
Time and version-dependent Financial Statement item attributes	●	●	
Enhanced calculation of the Annual Net Income	●	●	
New UI for the Enter Group Reporting Data app	●	●	
Consolidation of Investments data entry report	●	●	
Enhanced data mapping	●	●	
Substitution and validation in journal entries	●	●	
Attachments in the Post Journal Entries app	●	●	
Consolidation master data: new global hierarchy type "Consolidation Material Group"	●	●	
Consolidation master data: master data settings for aggregation during Data Release task	●	●	
Use of custom fields extension in Group Reporting Data Collection apps	●	●	
Preparation for consolidation ledger removal	●	●	
New Consolidation of Investments activities: transfer of investments	●	●	
Integration of Intercompany Matching and Reconciliation (ICMR) with consolidation eliminations	●	●	
New Consolidation of Investment activities to help you handle vertical and horizontal mergers	●	●	
New "Define Consolidation Units" app, providing transparency on master data	●	●	
Consolidation ledger removal	●	●	
GRDC Data Mapping improvements incl. the ability to store source file in the cloud	●	●	
GRDC Manual Data Collection improvements incl. split screen, find and freeze	●	●	
Equity Pickup Automation (2020 FPS1)	●	●	
GRDC Load data from any external system (2020 FPS1)	●	●	
GRDC New form designer for manual data collection (2020 FPS1)	●	●	
Consolidate with multiple group currencies (2020 FPS1)	●	●	
Multiple data collection tasks in the data monitor (2020 FPS1)	●	●	
Consolidation of investments processing fields in manual posting (2020 FPS1)	●	●	
Enhanced consolidation master data (2020 FPS1)	●	●	
Substitution and validation functionalities embedded in flexible upload (2020 FPS1)	●	●	
Consolidation with multiple group currencies	●		
GRDC new form designer for manual data collection	●		
Multiple data collection tasks in the data monitor	●		
Consolidation of investments' processing fields in manual posting	●		
Enhancement of the consolidation master data	●		
Substitution and validation functionalities embedded in flexible upload	●		
GRDC strengthened data mapping capabilities	●		
Sign change for Financial Statement items	●		
Improved "Define Selections" app	●		
Multiple group currencies and custom fields in the "Import Group Journal Entries" app	●		
GRDC Data Mapping import data from SAP ECC in SAP S/4HANA for group reporting	●		
New options and UX enhancements in the Data Monitor app	●		
Improved Equity Pickup automation incl. currency translation adjustments on OCI	●		
Integrate data from remote systems in ICMR	●		
Support for the "compound" type in total data validation rule	●		
New tile/report to compare group manual journal entries	●		
New analytics query views for comparative reports on old and new reporting logic	●		
More flexibility on customer-specific configuration with new self-service configurations	●		
Automation of elimination of unrealized profit on inventory	●		
Manual journals with multiple consolidation groups	●		
GRDC Collect texts for financial reporting	●		
GRDC Front-end formula calculations during manual data collection	●		
Extensibility of financial statement item master data attributes	●		
Increased data and consolidation monitors' configuration flexibility	●		
Performance improvements on analytics	●		
GRDC Data Mapping traceability logs	●		
GRDC Forms comments can be edited and deleted	●		
GRDC Forms conditional formatting to improve visual controls	●		
GRDC Forms improved selection modes for more guided data entry	●		
GRDC Forms choose row/column size	●		
GRDC Forms define cells, blocks or the entire form as read-only	●		

**Figure 1.35:** SAP S/4HANA Finance for group reporting 2021 (Image Source: <https://blogs.sap.com/>)

Central Finance enables a central business execution operations model. In this mode, financial data from decentralized systems are brought together in a central system for financial reporting and process execution executed in the central system rather than locally, in the source system(s). Specifically, Central Finance provides advanced segment, entity, and group reporting as well as scalable local and central process execution. At the core of a Central Finance system is SAP S/4HANA, which provides the execution layer (business processes) in Central Finance.

The following figure outlines the “*SAP S/4HANA Finance scenarios*”:



**Figure 1.36:** SAP S/4HANA Finance scenarios

Three different scenarios are available for local and central process execution in the context of Central Finance: executing central processes,

executing local processes in a central system, and executing processes in a shared services model.

## **SAP S/4 HANA Central Finance standard deployment options**

This layer consists of CFIN-specific content, SAP products, and best practices. This layer allows for the execution of finance processes in the central system and supports the integration of (but also the operations of running) a Central Finance system. The standard deployment includes the following activities:

1. Initial data load
2. Data logging
3. Real-time replication
4. Business mapping
5. Data digitization
6. Inbound posting
7. Error correction
8. Data reconciliation

In summary, Central Finance is the key enabler for any organization to set up a standardized and harmonized platform that will provide a consolidated view of the finance of the entire group and enable you to run key processes centrally.

## **SAP S/4 HANA Central Finance factors to consider**

Here are some of the main factors:

- a) Month-end reconciliation process - SAP S/4HANA provides an additional level of detail through its Universal Journal capabilities, allowing complete transparency to a reconciled ledger that enables accounting and corporate shared services to manage an “*anytime*” close and possibly eradicate the need for a month-end close.

- b) Can you look at true product costs without the noise of messy intercompany transactions and mark-ups? SAP S/4HANA's valuation process allows you to "*see through*" your cost to the underlying components.
- c) Does your team struggle with time-consuming forecasting that is out of touch with actuals, leaving little time for analysis? SAP S/4HANA's embedded planning offers a unified information model with prebuilt forecasting methods.
- d) Do you have one source of record to support consolidated, management, and statutory reporting? SAP S/4HANA lets you drill down from your consolidated financial statements to the business transaction.

Refer to the following URLs for details:

<https://blogs.sap.com/2020/10/07/highlights-for-finance-in-sap-s-4hana-2020/>

<https://blogs.sap.com/2020/02/14/different-views-on-what-is-central-finance/>

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

<https://help.sap.com/doc/4857c0540cf5ef05e10000000a4450e5/3.6/en-US/9354c0540cf5ef05e10000000a4450e5.html>

[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## **SAP-S/4HANA-Central-Finance-options**

Here are some of the main factors:

- a) Risk is the first factor. Companies already moving to SAP S/4HANA will get the benefits sooner, and those benefits can be substantial. Additionally, there are risks in waiting as SAP will end support of legacy versions at the end of 2027.
- b) A second factor is the degree of growth and business complexity you foresee. If your future includes acquisitions, divestitures, and

evolving business models, SAP S/4HANA can help make life easier.

- c) A third factor is the quality of your current SAP installation and other enterprise systems. Companies that have their SAP house in order and their systems fully integrated may not feel immediate pressure to get on board the SAP S/4HANA train.
- d) Quality of data is the last factor. Many companies are still struggling to get their data acts together. For those with multiple instances of SAP or other ERP systems, SAP S/4HANA is an opportunity to pull the entire enterprise into financial alignment around a tested set of simplified processes.

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## **How Central Finance leads us toward digital transformation**

The following are a few common driving forces of central finance toward digital transformation:

### **1. Transparency**

A single central source of truth of harmonized financial data is present in central finance. It enables you to increase transparency for local entity and group reporting.

### **2. Flexibility**

Implement your own growth activities and business model changes by quickly adapting to changing business environments.

### **3. Efficiency**

Process efficiency increases by integration, standardization, and automation of business processes.

### **4. Service Level**

Service-level improvement is provided to interested parties. It also provides improved service quality, speed and timeliness, accuracy, and optimality in self-service scenarios.

## 5. Cost Reduction

Reduce maintenance of multiple systems, applications, and interfaces, improve and innovate local, and introduce centralization and economies of scale (shared services) to process execution.

## 6. Working

Improve your working capital and simplify your cash, collections, and receivables management.

## 7. Simplification

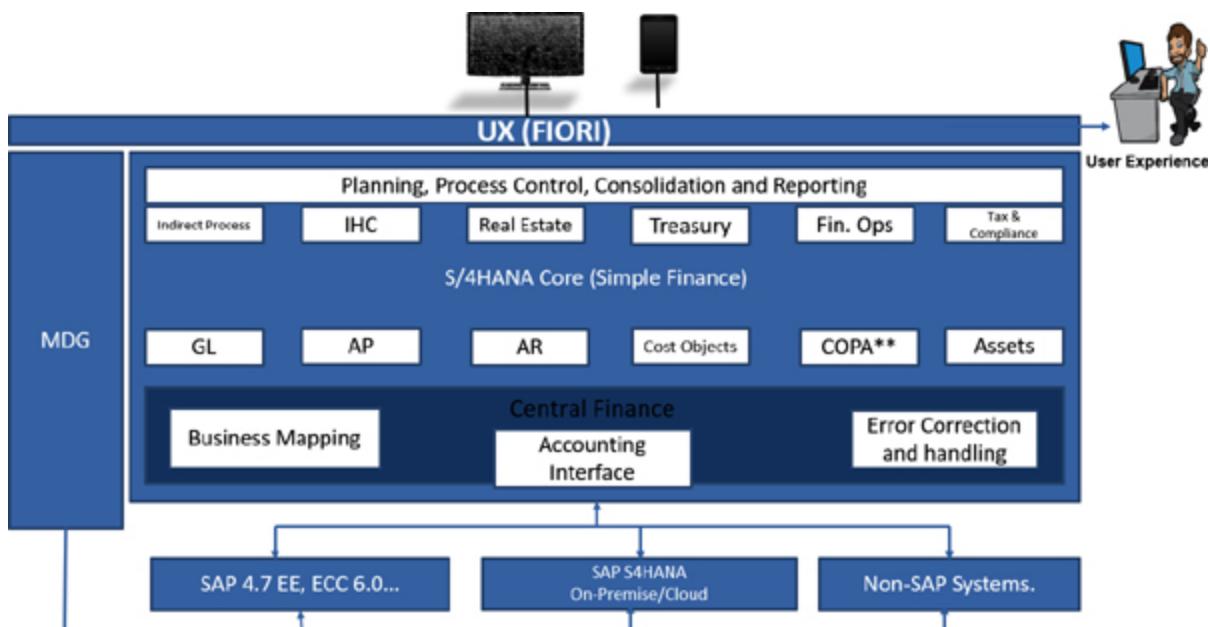
Run simple and live with one rationalized and consolidated solution for transaction recording, reporting, planning, and consolidation.

## 8. Business Continuity

To run as a digital business, the SAP and non-SAP ERP landscape is being connected without disruption to S/4 to capture market and transformation potential via cloud and subscription options.

# FIORI (UX) – High-end level

The following figure outlines the “*FIORI (UX) – High-end level*”:



**Figure 1.37: FIORI (UX) – High-end level**

**Image Source:** <https://saplearninghub.plateau.com>

The preceding figure depicts an example of replicated FI document with mapping.

You can check out the “*References*” section for details.

## **From source replicated objects to S/4 Central Finance**

The following figure outlines “*From source replicated objects to S/4 Central Finance*”:



**Figure 1.38: From source replicated objects to S/4 Central Finance**

**Image Source:** <https://saplearninghub.plateau.com>

Please refer references to have details.

## **End-to-end scenarios**

The following figure outlines “*S/4 Central Finance - End to End scenarios*”:



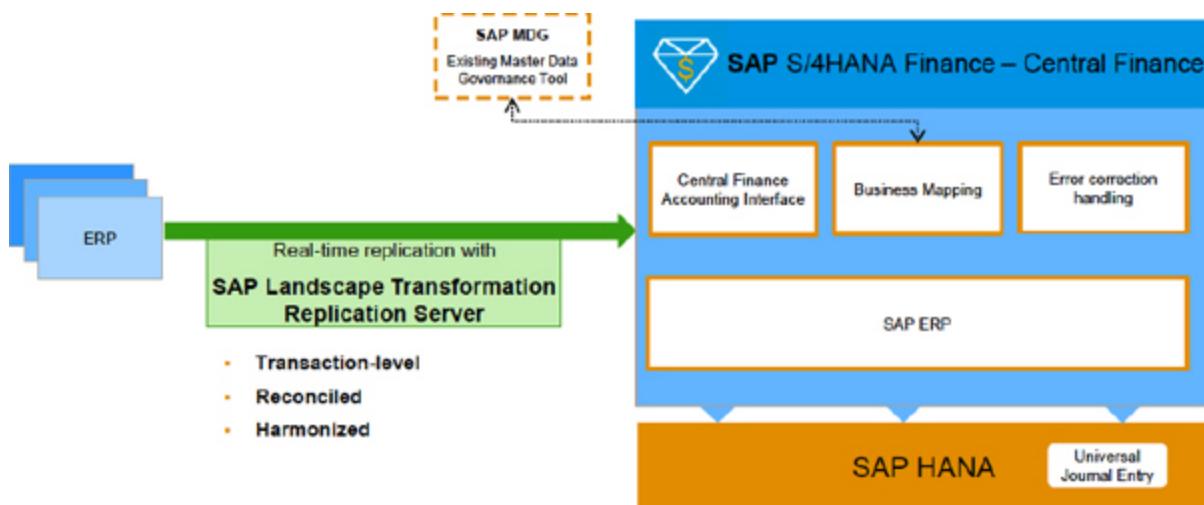
**Figure 1.39:** S/4 Central Finance - End to End scenarios (**Image Source:** <https://saplearninghub.plateau.com>)

The preceding figure depicts an example of replicated FI document with mapping.

Check out the “*References*” section for details.

## Central Finance integration

The following figure outlines “*Central Finance Integration*”:



**Figure 1.40:** Central Finance Integration

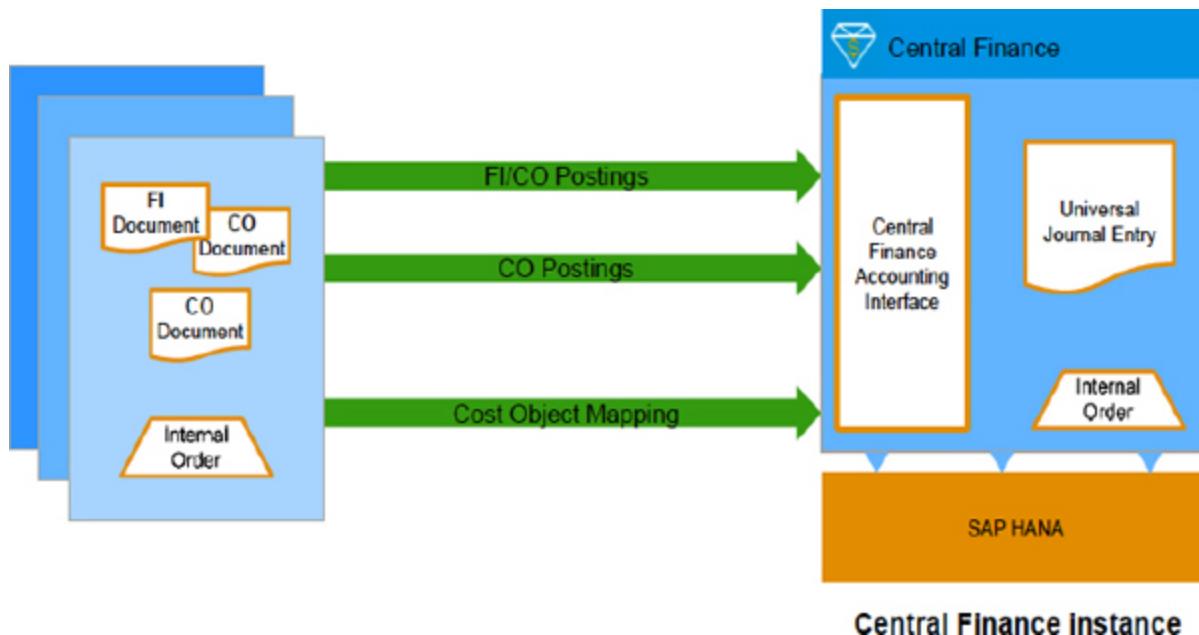
*Image Source:* <https://saplearninghub.plateau.com>

The following needs to be considered.

- Non-Disruptive step toward system consolidation
- Functionalities like MDG supporting Central Finance

The preceding figure depicts an example of replicated FI document with mapping.

The following figure outlines “*Central Finance Integration 2*”:



**Figure 1.41: Central Finance Integration 2 (Image Source: <https://saplearninghub.plateau.com>)**

The following needs to be considered.

- Central Finance Accounting Interface
- Harmonizing data through reposting

The preceding figure depicts an example of replicated FI document with mapping.

Check out the “*References*” section for details.

## Central Finance configuration

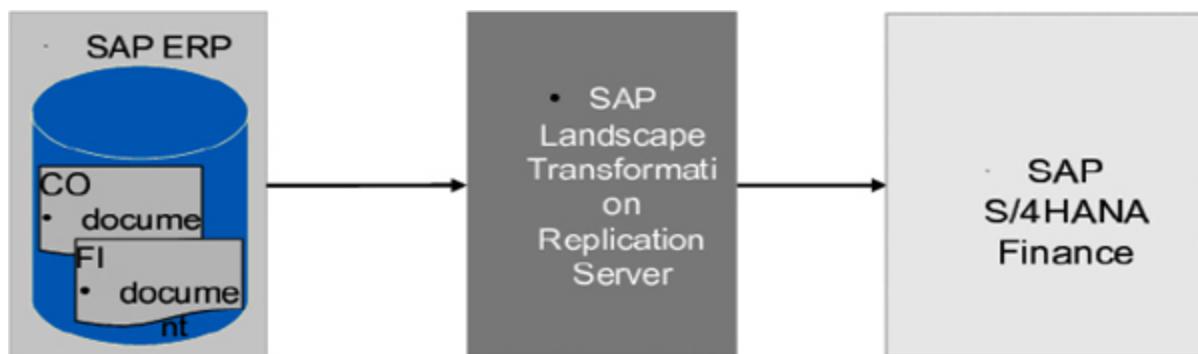
The following are some common central finance configuration steps:

- FINS\_CFIN business function activation
- IMG: Setup for RFC –Connections for UI integration
- IMG: Configuration for Logical Systems for Mapping
- Configure error handling AIF
- Configure mapping
- Special configuration for postings with currencies having a mismatching number of decimals configured in the source and target system

Sap Note:

- 2318183: Wrong number of decimals for amounts in replicated documents.
- 2325587: Wrong number of decimals for amounts in replicated CO.

The following figure outlines the “*Central Finance Configuration*”:



*Figure 1.42: Central Finance Configuration*  
Image Source: <https://saplearninghub.plateau.com>

For the following categories, mapping is being defined as follows:

- Mapping for business objects like (Customer ID, Vendor ID, Material ID, G/L account)
- Mapping for Codes (Company Code, Business Area, Profit Center, Country Code)
- Mapping for short-term Cost Objects (Production orders or Internal Order)
- Mapping for Cost Objects (Cost Element, Cost Centers, WBS)

Refer to the following URLs for details:

<https://eursap.eu/2018/11/23/blog-sap-s-4hana-central-finance-cfin/>

<https://help.sap.com/doc/4857c0540cf5ef05e1000000a4450e5/3.6/en-US/9354c0540cf5ef05e1000000a4450e5.html>

## **Central Finance errors**

Three possible categories errors are being defined:

- Incomplete mapping of master data. This must be corrected in the Central Finance system.
- Incomplete configuration of customizing settings. This must be corrected in the Central Finance system.
- Errors that can be corrected directly in ECS/ Mapping corrections.

You can refer to the “*References*” section for details.

## **Error correction via AIF**

AIF is used as the tool in Central Finance for:

- Errors during FI posting replication (New Doc and Doc Changes)
- Errors during CO-document replication
- Errors during cost object replications (new cost of object and cost object changes)
- Errors during the initial load of Cost Objects
- Errors during the initial load of CO internal postings

Usually,-AIF-is-a-separate-license, but it is included in the CF license for delivered CF scenarios.

## **Data Mapping Points in CF**

The following are some data mapping points of central finance:

- Company Code (BUKRS)
- GL Account (HKONT, SAKNR)

- Cost Elements(KSTAR)
- Cost Centers (KOSTL)
- Profit Center (PRCTR)
- Business Area (GSBER)
- Functional Area (FKBER)
- Customer (KUNNR)
- Supplier(LIFNR)
- Material (MATNR)
- Plant (WERKS)
- Purchasing Organization(EKORG)
- Sales Organization(VKORG)
- Sales Group (VKGRP)
- Sales Office (VKBUR)
- Tax Code(MWSKZ)
- Company (VBUND)

Refer to the following URL for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

## **Replicated FI Document in CF**

The following outlines the “Replicated FI Document in CF”:

## Real-time Replication of Commitment

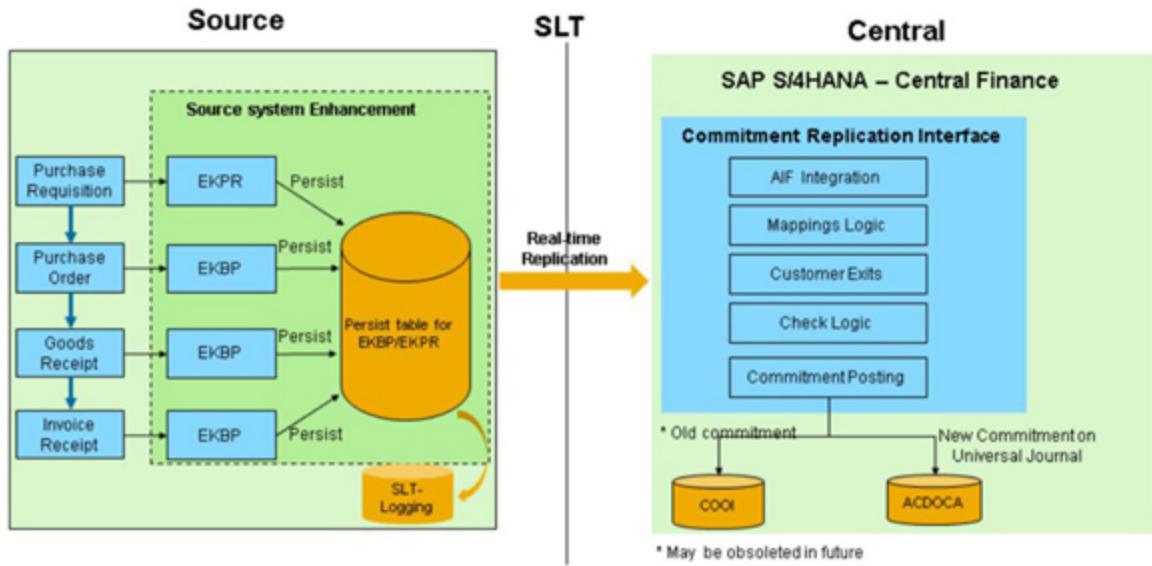


Figure 1.43: Replicated FI Document in CF

Image Source: <https://saplearninghub.plateau.com>

The preceding figure depicts an example of replicated FI document with mapping.

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

<https://help.sap.com/doc/4857c0540cf5ef05e1000000a4450e5/3.6/en-US/9354c0540cf5ef05e1000000a4450e5.html>

## Error Handling in CF Scenarios

AIF provides the following features:

- A single place for error handling of all central finance replication scenarios
- Quick overview
- Role-based overview
- Users can toggle e-mail notifications
- Show and confirm alerts

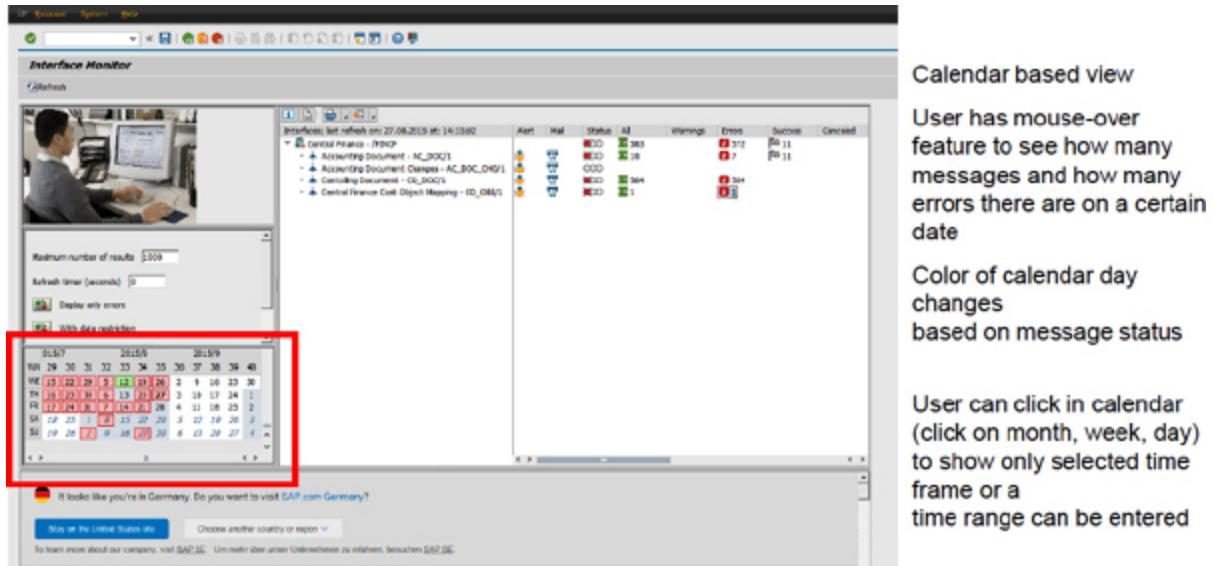
- Precalculated and role-based statistics

**AC\_DOC/1:** only for accounting documents

**CO\_DOC/1:** only for controlling documents (internal)

**CO\_OBJ/1:** only for objects

The following figure outlines the “Error Handling in CF Scenarios”:



**Figure 1.44: Error Handling in CF Scenarios**

Image Source: <https://saplearninghub.plateau.com>

The preceding figure depicts an example of error handling in CF scenarios.

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

<https://help.sap.com/doc/4857c0540cf5ef05e10000000a4450e5/3.6/en-US/9354c0540cf5ef05e10000000a4450e5.html>

## **CF scenario in earlier/new releases enabled by replication of clearing**

The following are some common CF scenarios in earlier/new releases enabled by replication of clearing.

## General Ledger Accountant

The following are some instances:

- Trial Balance
- Display Financial Statement
- Display G/L Account Line Items
- Display G/L Account Balances

## Financial analyst

The following are some instances:

- Cost Center –Plan / Actual
- Internal Orders –Plan / Actual
- Market Segments –Plan / Actual
- Profit and Loss –Plan / Actual
- Projects –Plan / Actual

## Cost manager

The following are a few instances:

- My spend
- My unusual items

## Global cash manager

The following are some instances:

- Cash Flow Analysis
- Liquidity Forecast (based on AP/AR)

## Accounts payables/receivables accountant

The following are some instances:

- Display vendor balances
- Display customer

## **Balances account payables/Receivables manager**

The following are some instances:

- Future payables
- Aging analysis
- Dunning-level distribution
- Days beyond terms
- Future receivables
- Overdue receivables
- Total receivables
- Days payable outstanding
- Vendor payment analysis (Open payments)
- Vendor payment analysis (Manual and automatic payments)

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## **Replication of document changes in CF**

In SAP S/4HANA, SAP follows the approach of a single source of truth where all information is stored in the Universal Journal. So, all postings that hit EC-PCA in the source system will be posted into the Universal Journal of the Central Finance system.

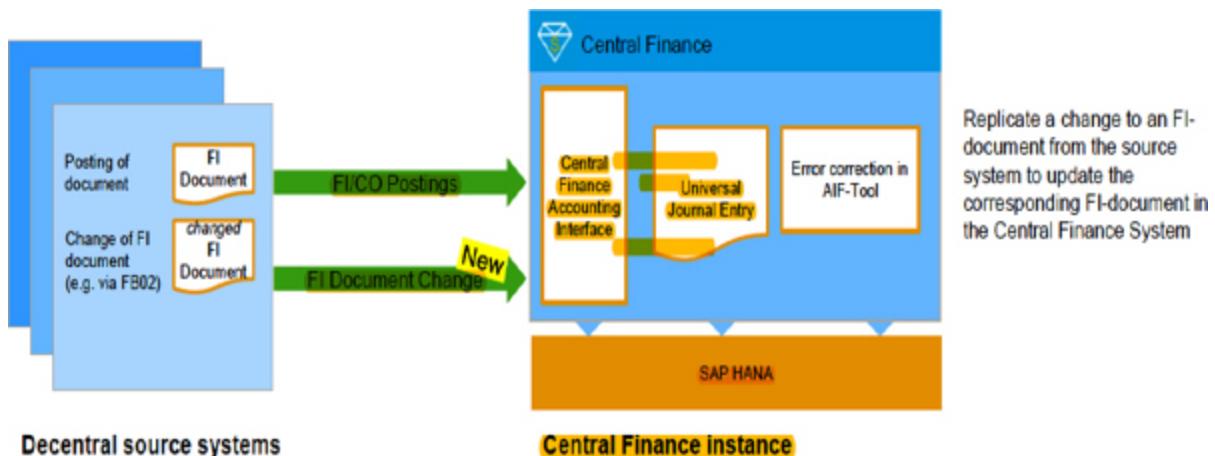
FI postings that carry a profit center were already covered by the FI document replication. The profit center gets automatically filled in the line items of the universal journal.

CO postings that carry a profit center were already covered by the CO document replication. The profit center gets automatically filled in the line items of the universal journal.

What was not covered before S/4HANA 1709, FPS01, is postings that were done inside EC-PCA only, for instance, postings done by transactions 4KE5, 3KE5, 9KE0, 1KEL, and so on.

With a new scenario; these postings get replicated and fed into a dedicated ledger in the target system.

The following figure outlines the “*Replication of Document Changes in CF*”:



*Figure 1.45: Replication of Document Changes in CF*

**Image Source:** <https://saplearninghub.plateau.com>

The preceding figure depicts an example of replication of document changes in CF.

Refer to the following URLs for details:

[https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN\\_CF\\_ADMIN\\_GUIDE\\_306.pdf](https://help.sap.com/doc/0df468e85e8244fca9cd0ac473c4a7b0/3.6/en-US/SFIN_CF_ADMIN_GUIDE_306.pdf)

[https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL\\_OP2020.pdf](https://help.sap.com/doc/e8f908b4892d44ad90e8c582b0cd1866/2020/en-US/SIMPL_OP2020.pdf)

## **CF approach - Challenges**

An additional cost is being incurred for running two systems to reflect financial transactions rather than just one.

Dual maintenance is mandatory for both legacy and new central finance systems for a period of time.

The license cost is more as the Central Finance system will be running on S/4 HANA.

If all source systems are on recent releases and support packages are up to date, this shouldn't be a challenge if there are no dependencies.

Refer to the “*References*” section for details.

## **Key takeaways**

This is a gateway for customers to adopt SAP S/4HANA solution and benefit from the digital platform, integrate with other Cloud solutions, and establish an intelligent enterprise suite. Customers can integrate the digital core with other latest innovations like customer experience, people management, and spend management. Customers get an opportunity to consume these innovations faster and need not wait till all the source systems are upgraded to SAP S/4HANA.

The following figure outlines the “*Central Finance – Key Takeaways*”:



*Figure 1.46: Central Finance – Key Takeaways*

SAP's Digital Business Framework helps SAP customers solve complexity and transition issues that they are facing in their journey into the digital economy as a Live Business. In CFO offices, all roles are aligned with it.

Digital finance is the power plant that drives the digital ERP core, bringing together transactions and insights.

Using the new digital finance capabilities of SAP S/4HANA, customers can anticipate business outcomes and reimagine business processes to accelerate their transition to a live business.

The following figure outlines the “*Pillars of digital strategy*”:



**Figure 1.47: Pillars of digital strategy**

Across these five pillars, digital strategy is being developed for all organizations:

- Outcome-based customer experience
- Using IoT and big data enables the streamlined integrated business process to be faster, smarter, cheaper, and simpler

- Across all employees and contractors, it provides a smarter and engaged workforce
- Growth innovation is being accelerated using supplier collaboration

SAP S/4HANA is the digital core powered by SAP digital finance capabilities.

The following figure outlines the “*SAP Digital Finance capabilities*”:

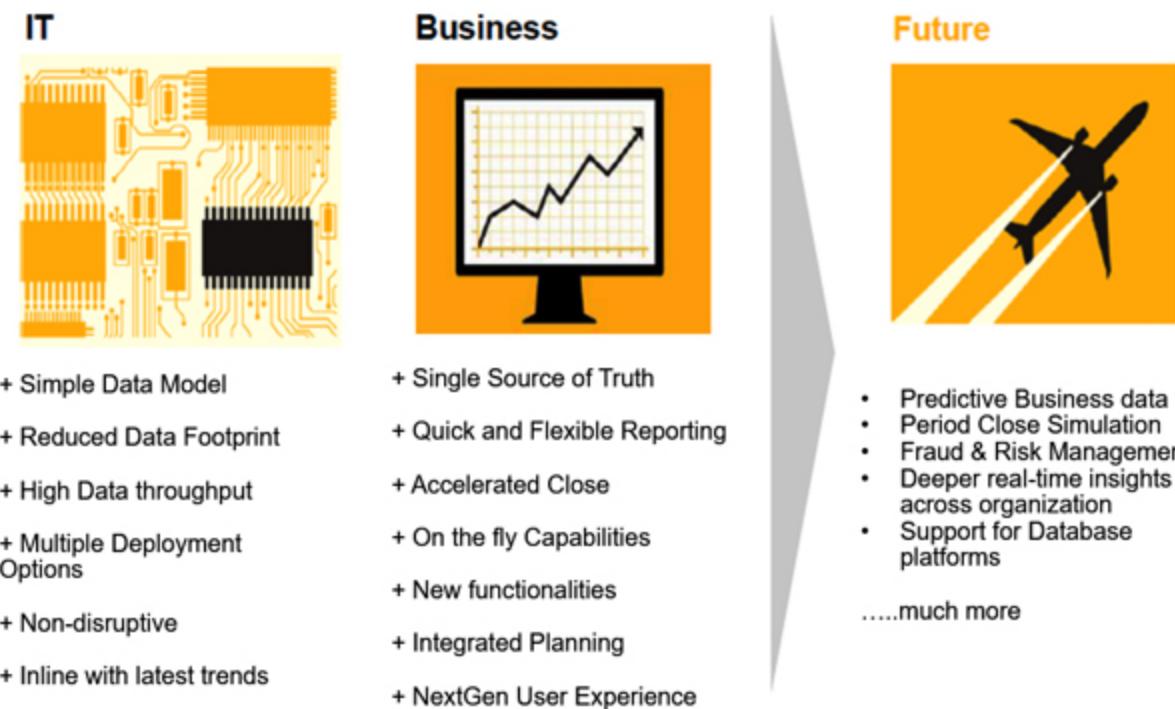


**Figure 1.48:** SAP Digital Finance capabilities

Central Finance Solution offers a compelling deployment option for customers. This section covers the main benefits of Central Finance, which enables customers to move at their own pace while avoiding a big bang approach; it also offers less risk and minimal change management.

The following figure outlines the “*Next Generation – SAP S/4 HANA Finance*”:

### What's in it for ..... Next Generation – SAP S/4 HANA Finance



*Figure 1.49: Next Generation – SAP S/4 HANA Finance*

The following are a few pointers.

#### **Transparency:**

Increase transparency with a single, central source of truth of harmonized financial data for local, entity and group reporting.

#### **Flexibility:**

Quickly adapt to changing business environments and implement your own growth activities and business model changes.

#### **Efficiency:**

Improve process efficiency by integration, standardization, and automation of business processes.

#### **Service level:**

Improve the service quality, accuracy, speed and timeliness optimally in self-service scenarios to the stakeholders.

**Cost reduction:**

Reduce maintenance of multiple systems, applications, and interfaces; improve and innovate local; and introduce centralization and economies of scale (shared services) to process execution.

**Working capital improvement:**

Improve your working capital and simplify your cash, collections, and receivables management.

**Simplification:**

Run simple and live with one rationalized and consolidated solution for transaction recording, reporting, planning, and consolidation.

**Business continuity:**

Connect your SAP and non-SAP ERP landscape without disruption to SAPS/4HANA to run as a digital business and capture market and transformation potential via cloud and subscription options.

The following figure outlines the “*Central Finance roadmap*”:



*Figure 1.50: Central Finance roadmap*

The Central Finance roadmap intends to guide the project team in an implementation project for SAP S/4HANA Central Finance. This Roadmap comprises Phases, Deliverables (or Activities), and Tasks in accordance with the SAP Activate. In addition, accelerators are linked to the relevant tasks for more details.

This roadmap is a one-stop-shop providing end-to-end visibility and shares all you need to know before starting a Central Finance Project Implementation. You will find step-by-step guidance on Project tasks, project plan templates, guides to set up the systems, lessons from recent projects, most important notes, product roadmap details, and various SAP service offerings provided by SAP Services and Support.

The following figure outlines the “*Central Finance Project Implementation guide*”:



**Figure 1.51:** *Central Finance Project Implementation guide*

This roadmap puts all the expertise that SAP has around the world running Central Finance projects in one place and is available for customers, consultants, and partners.

Customers can check the Central Finance Roadmap before starting the project to get familiar with the end-to-end picture and understand what tasks need to be performed in which phase of the project. This roadmap provides details on what you need to know before starting a Central Finance

Project and how to navigate each phase successfully. Details are added for each task that are easy to consume, follow, and implement.

The following figure outlines the “*Central Finance Project Implementation*”:



**Figure 1.52: Central Finance Project Implementation**

It is important to note that this roadmap is prepared and recommended based on multiple Central Finance Project implementations.

### **Phases:**

Let's discuss some phases.

#### **1. Discover**

In the first step, customers should become familiar with the value of SAP S/4HANA in general (e.g., the new and simplified functionality in SAP S/4HANA, the new UI based on FIORI, agile customer innovations using SAP Cloud Platform, etc.)

In the next step, customers should extend their understanding of Central Finance and become familiar with the roadmap and use cases, and they should potentially review the SAP Central Finance Overview (S4F60) class.

In the third step, a validation workshop is conducted with the output serving as an input into the subsequent phase for determining the Central Finance strategy, vision, business and IT objectives, and use cases for Central Finance.

## **2. Prepare**

*The overall strategy and vision for central finance are established in the prepare phase.*

The SAP Solution Manager should be prepared to support project execution and the functional design work (e.g., with “*Focused Build*” functionality). The prepare phase ends with a first Quality Gate to ensure proper project preparation.

## **3. Explore**

Once the prepare phase has been finalized considering detailed planning for the functional and technical work streams, the explore phase will be kicked off.

The explore phase is subdivided into three distinct parts:

Scope definition to identify functional and non-functional scope for both SAP and legacy systems, business workshops, and strategy finalization for test strategy and data migration strategy.

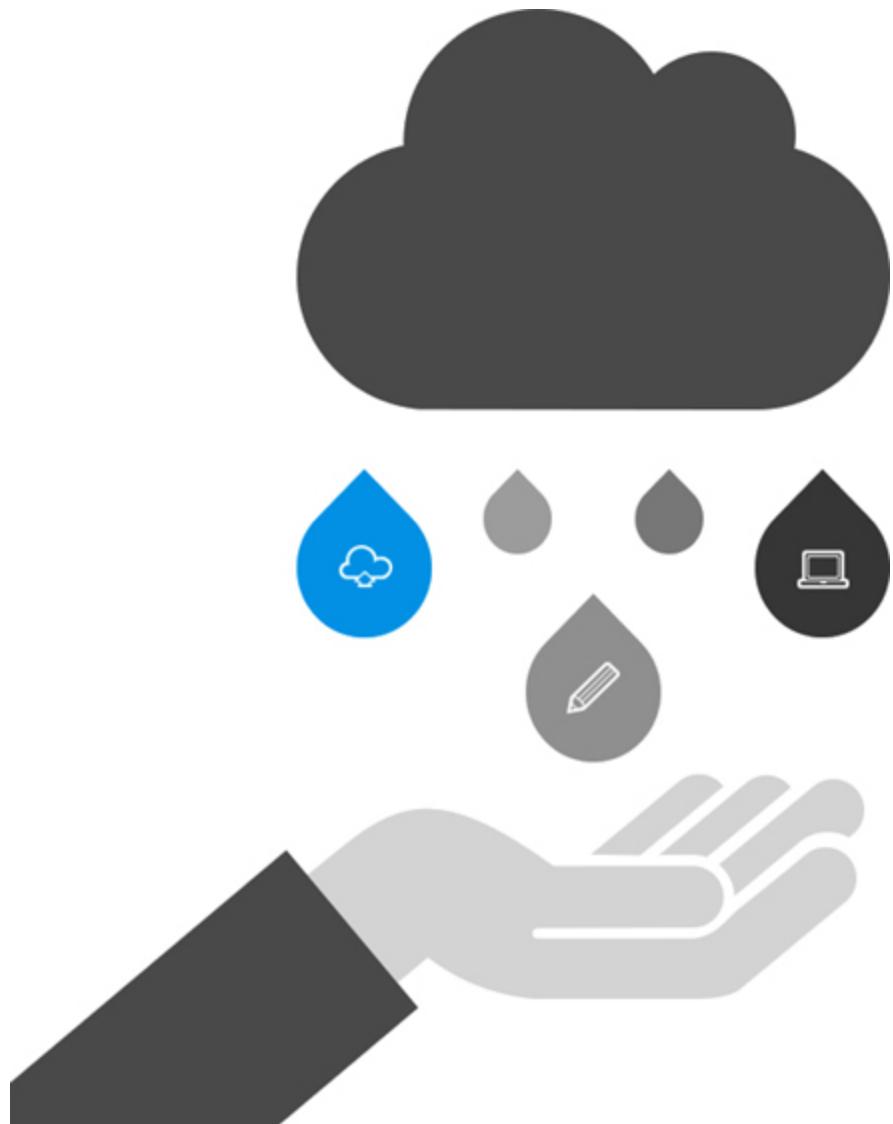
The Explore phase ends with a second Quality Gate to ensure proper design and other considerations have been taken into account.

## **4. Realize**

In the realize phase, the focus is on the various systems’ setup, execution of the configuration, master data setup, readiness checks, and running multiple test cycles.

During the setup of the systems, both SAP and non-SAP systems need to be addressed, along with SLT, MDG, Gateway (for Fiori), and any additional third-party add-ons. As a final step, consistency checks and readiness checks are run.

The following figure outlines the “*Central Finance Implementation Phases*”:



*Figure 1.53: Central Finance Implementation Phases*

Testing is divided into three parts: unit testing, system integration testing, and UAT. Each of the test cycles should have specific entry and exit criteria, which was defined in the test strategy in the Explore phase. Unit testing brings with it the initial load, *real-time replication, verification, and reconciliation*. During this time, troubleshooting guides are started and carried forward to the deploy and run phases. Additionally, the cutover plan is initiated with further refinement in the subsequent test cycles.

In integration and user acceptance testing, end-to-end test scenarios are run with additional data volumes. As part of the process, the cutover plan is practiced and refined, along with the existing

troubleshooting guides. More stringent exit criteria are defined for each of the subsequent test cycles.

The cutover plan is finalized, and the Realize phase ends with a third Quality Gate to ensure that the system works as expected.

## 5. Deploy

Ensure customer organization PRD readiness.

### Deploy Activities

The following are some common deploy activities:

- Ensures zero crucial open issues
- Conduct system tests
- Cutover activities
- Data migration
- Production support processes
- Exceptional business monitoring processes
- Extraordinary technical support
- System enhancements
- Value delivery tracking and reporting

## 6. Run

In the Run phase, the system is safely and securely operated by IT. Functional innovations in SAP S/4HANA are either implemented in an incremental way (e.g., by implementing feature packs) or as part of the next upgrade project.

## SAP S/4HANA Central Finance rollout

The following are some key pointers:

### Rollout

During the rollout, there will be a mix of already replicated transactional data and new data posted via the initial load.

Master data might already exist (partially) on the client level, but company code data needs to be added.

## Operating model

The following are a few key aspects:

- System governance and ownership
- **Global data and process ownership:** Depending on the scenario, the full potential of a central finance instance will only be achieved by an adequate customer organization that can manage day-to-day processes as well as master data governance and configuration.
- **Authorization concept:** The introduction of Central Finance likely will raise the need for an aligned role and authorization concept to access the global data (especially in reporting scenarios).
- **System landscape and transportation path:** Most likely, the Central Finance system will be a separate system, which requires a typical three-tier landscape of Development > Quality/Test > Production.
- **Continuous synchronization of configuration:** Changes in the sender systems configuration can produce errors in replication, which means continuous governance and alignment are mandatory.
- **Refresh of quality/test systems during testing:** Once the data replication or initial load has started, it is strongly recommended to avoid a refresh of the sender or receiving systems and client because it will destroy the history of (partial) replication, and the test cycle cannot proceed.

## Daily operation

The following are a few key aspects:

Depending on the process and reporting scenarios applied in the Central Finance instance, some data must be maintained and aligned between sender and central systems, such as the following:

- Month End: Open/Close period
- Exchange rates

- Authorization updates
- Manually maintained tables

Customers might request a continuous possibility of reconciliation between the sender and the central finance system.

## Conclusion

In this chapter, we mainly discussed how to apply SAP S/4 HANA Central Finance in your organization/project(s) confidently from day 1. You learned how to crack your interviews in the first try and get your dream job and understood how to implement best practices and field rules of SAP S/4 HANA Central Finance for faster performance and better results and to help project teams by delivering results-driven, cost-effective, faster time-to-market quality product(s). You can also pass your CFIN exam on the first try with flying colors.

The application consultants, business analysts, business process owners/team leads/project leads/power users, decision-makers, students, SAP Consultants, everyone without any technical knowledge, CXOs, Entrepreneurs, Agile coaches, managers, directors, VPs, architects, project team members, and professionals closely associated with SAP S/4HANA Central Finance projects can further improve their knowledge of Central Finance with valuable pragmatic insights.

Entry-level professionals and SAP S/4HANA enthusiasts with relevant experience can also acquire in-depth knowledge of the concepts discussed in the Central Finance tutorial.

In the next chapter, you should be able to understand how to apply field rules of SAP S/4 HANA Central Finance, Group-reporting, Fiori, and BPC for faster performance and better results.

You can also learn how to reuse and implement the lessons learned and pragmatic approach of SAP S/4 HANA Central Finance on complex projects/programs confidently from day 1.

Let's take a look at some review questions.

## Test yourself

**1. What is Central Finance?**

- a. An accelerated SAP S/4HANA Finance deployment option.
- b. A method to migrate legacy FI systems to SAP S/4HANA

**2. Central finance roadmap and S/4HANA finance roadmap are one and the same thing.**

- a. True
- b. False

**3. What does the central finance roadmap indicate?**

- a. Planned Innovations
- b. Future Direction
- c. Recent Innovations
- d. All of the above

**4. With sap central finance, the existing systems remain untouched.**

- a. True
- b. False

**5. SAP Central Finance solution offers customers a single source of truth.**

- a. True
- b. False

**6. If a customer has multiple SAP Systems and Non-SAP Systems as a heterogeneous landscape, how can they consume S/4HANA Innovations faster with SAP Central Finance?**

- a. Upgrade all ERP Systems to SAP S/4HANA
- b. Upgrade ERP Systems one by one to SAP S/4HANA
- c. Consume innovations without disrupting the existing system setup
- d. Non-SAP Systems are not supported in a Central Finance Deployment

**7. The Central Finance solution is a Finance approach to consume innovations faster.**

- a. True

b. False

**8. With Central Finance, only SAP ERP systems can be connected.**

a. True

b. False

**9. What are the prerequisites for SAP ERP systems to be used out-of-the-box for Central Finance?**

- a. Releases starting from SAP ERP 6.0 that are in maintenance can be used out-of-the-box as source systems.
- b. Releases starting from SAP ERP 4.6C can be used out-of-the-box as source systems.

**10. SAP Central Finance moves financial documents from source systems in two steps. Initial load to bring history over and real-time replication for bringing documents.**

a. True

b. False

**11. The SAP Central Finance solution uses SLT System to perform the Initial load of FI Documents.**

a. True

b. False

**12. With reference to data flow between SAP ECC Source system and Central Finance system, which of the following are true?**

- a. Documents are replicated in real-time and posted to universal Journal in Central Finance system if there are no errors.
- b. If the replicated documents have errors, AIF can be used to check these documents.
- c. If a new configuration is added to the source system, this change is automatically in sync with the Central system as well.
- d. Cost objects are created automatically in the Central Finance system using the Cost object Mapping framework.

**13. The Central Finance mapping tool is part of Central Finance and is available in the target (Central Finance) system only.**

a. True

b. False

**14. What is the recommended landscape for a Central Finance system?**

- a. A separate 3-tier landscape (Development or Q-system or Production) with an additional 2-tier SLT landscape
- b. A 2-tier landscape (Development or Production) with an additional 1 tier SLT landscape

**15. In SAP S/4HANA, SAP follows the approach of a single source of truth, where all information is stored in the Universal Journal.**

- a. True
- b. False

**16. Which of the following roles are required to deliver a Central Finance project?**

- a. Project Manager
- b. Business Architect
- c. Solution Architect
- d. Business Processes Consultant

## Answer Key

- 1. a
- 2. b
- 3. d
- 4. a
- 5. a
- 6. c
- 7. a
- 8. b
- 9. a
- 10. a
- 11. b

**12. a, b, d**

**13. a**

**14. a**

**15. a**

**16. a, b, c, d**

## CHAPTER 2

# Pragmatic Approach- BPC, Fiori, S/4 Central Finance and SAP Group Reporting

### Introduction

Do you ever worry about not following the lessons learned and pragmatic approaches of BPC, Fiori, S/4 Central Finance and SAP Group reporting, and so on best practices in your-organization(s)/project(s)? Or are you/your team always happy in learning only the theoretical aspects of BPC, Fiori, S/4 Central Finance and SAP Group reporting, etc.?

### Structure

In this chapter, we will discuss the following topics:

- S/4 Central Finance scenarios in nutshell
- S/4 Central Finance – High-level functional data flow
- SAP value proposition
- S/4Central Finance Use cases
- BPC key pain points and group reporting advantages
- S/4 Central Finance Group reporting – Introduction
- S/4 Central Finance Group reporting main features
- S/4 Central Finance – Group reporting data flow at a high-end level
- S/4 Central Finance group reporting key concepts
- S/4 Central Finance group reporting high-level consolidation process
- S/4 Central Finance accounts receivables centralization – bigger picture

- S/4 Central Finance accounts payables centralization – bigger picture
- S/4 Central Process – integration with SD
- Corporate Finance processes – vendor open item management
- Corporate Finance processes – customer open item management
- S/4CFIN– Types-of-replications
- S/4 Central Finance – credit management
- S/4-Central-Finance–collection management
- S/4Central Finance – dispute management
- Challenges in intercompany reconciliations in SAP ERP
- S/4 Central Finance – **Intercompany Matching & Reconciliation (ICMR)**
- S4 Central Finance Group reporting new configuration node and master data
- SAP Finance Strategy: Continuous accounting - key capabilities in finance
- S4 Central Finance group reporting – types of reporting
- Local reporting
- Consolidation reporting
- SAP analytical cloud
- Document flow functionality in Central Finance
- Fiori – Drill-Back to source document
- KPI Tiles: no more looking for work
- Central finance – market view
- SAP LT replication server
- Types of source systems and prerequisites - SAP source system
- SAP Group reporting proof of concept
- Central Finance – packages
- Master data setup and data mapping
- Group reporting – tools
- BPC assessment questionnaire

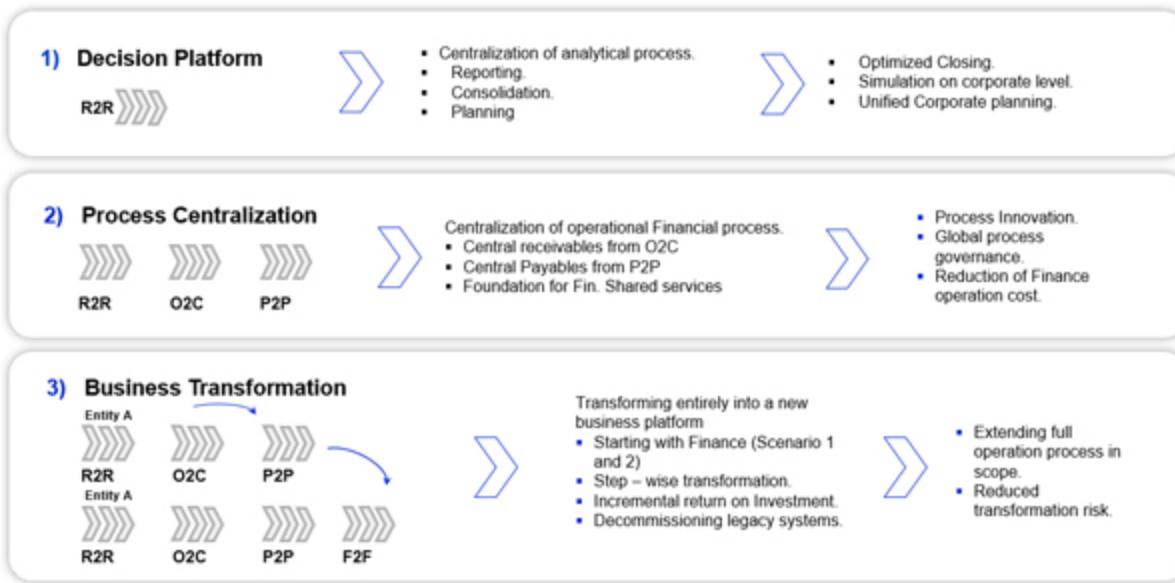
- Key takeaways
- Test yourself

## Objectives

After studying this unit, you should be able to perform hands-on activities and resolve tricky issues confidently in SAP S/4 HANA Central Finance, Group-reporting, Fiori, and BPC. You can also apply SAP S/4 HANA in your organization/project(s) confidently from day 1. You can implement best practices and field rules of SAP S/4 HANA Central Finance, Group-reporting, Fiori, and BPC for faster performance and better results and help project teams by delivering results-driven, cost-effective, faster time-to-market quality product(s). You can crack your interviews in the first try and get your dream job.

## S/4 Central Finance scenarios in nutshell

The following figure outlines the “*S/4 Central Finance Scenarios in Nutshell*”:



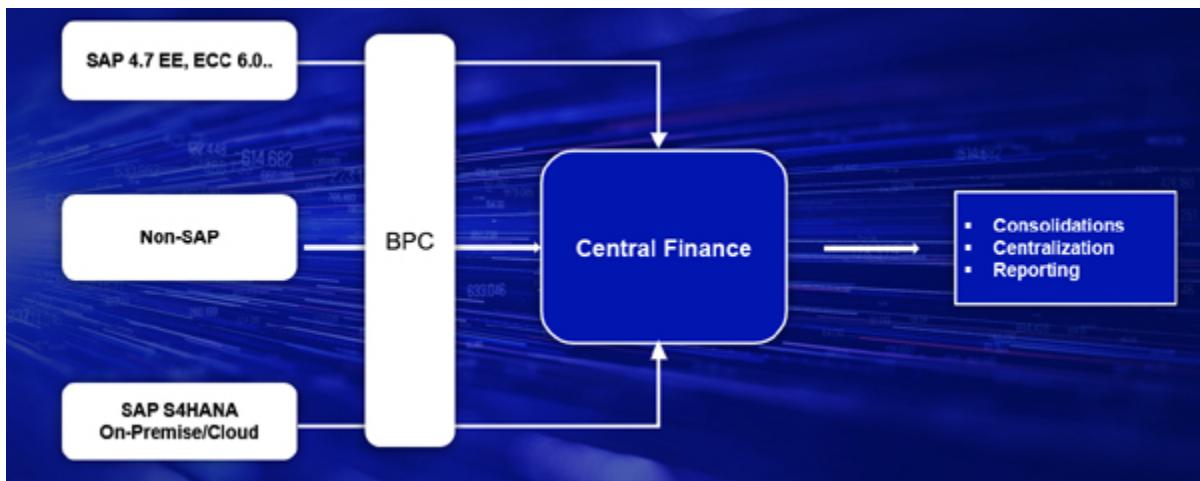
**Figure 2.1: S/4 Central Finance Scenarios in Nutshell**

**Image Source:** <https://saplearninghub.plateau.com>

*SAP Central Finance solution enables customers to set up a single source of truth.* This is a gateway for customers to adopt the SAP S/4HANA solution and benefit from the digital platform, integrate with other Cloud solutions, and establish an intelligent enterprise suite. Customers can integrate the digital core with other latest innovations like customer experience, people management, and spend management. They get an opportunity to consume these innovations faster and need not wait till all the source systems are upgraded to SAP S/4HANA.

## **S/4 Central Finance – High-level functional data flow**

The following outlines the “*S/4 Central Finance – High-Level Functional Data Flow*”:



**Figure 2.2: S/4 Central Finance – High-Level Functional Data Flow**

**Image Source:** <https://saplearninghub.plateau.com>

SAP’s Digital Business Framework helps SAP customers solve complexity and transition issues that they are facing in their journey into the digital economy as a live business. Digital finance is the power plant that drives the digital ERP core, bringing together transactions and insights, serving as the platform for innovation and business process optimization to allow the entire value chain to be digitized.

The following figure outlines the “*S/4 Central Finance capabilities*”:



*Figure 2.3: S/4 Central Finance capabilities*

Using the new business outcomes and reimagine business processes to accelerate their transition to a live business.

SAP S/4HANA is the digital core powered by SAP digital finance capabilities.

## SAP value proposition

The following section outlines the SAP value proposition for a central finance environment.

## Strategy enablement

The following are a few prime pointers:

- Accelerating new business-model
- New revenue-generation
- Automation
- Business process transformation
- Working capital improvements

## **IT benefits and TCO**

The following are a few prime pointers:

- Introduce Intelligent Robotic Process Automation (iRPA)
- Machine Learning
- Artificial Intelligence increases innovation adoption and decreases time to value through agile and lean principles

## **Empowered employees**

The following are a few prime pointers:

- Higher productivity through UX
- Scope of automation
- Reduced training cost
- Decision on time

## **Business benefits**

The following are a few prime pointers:

- In-time reporting
- On-line reconciliations
- Centralized processes
- Transparency and insight

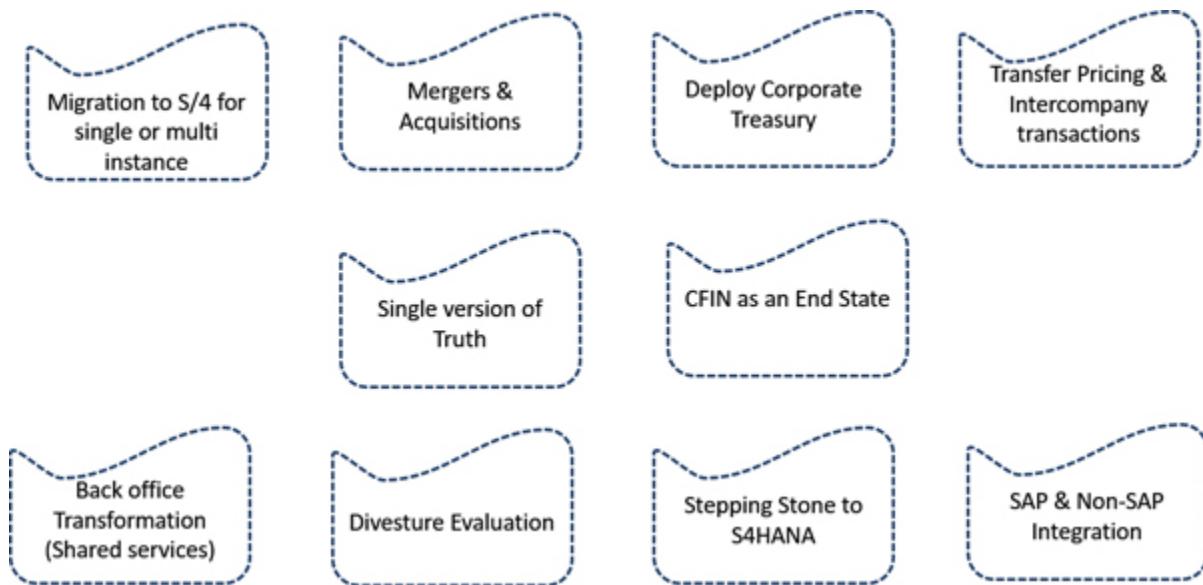
Check out the “*References*” section for details.

## S/4Central-Finance–Use-cases

The following section outlines the use cases for a central finance environment.

### Central Finance – Use cases – 1

The following figure outlines the “*S/4 Central Finance – Use Cases - 1*”:



*Figure 2.4: S/4 Central Finance – Use Cases - 1*

*Image Source: <https://saplearninghub.plateau.com>*

The following are a few prime pointers:

- Migration to S/4 for single or multi-instance
- Mergers and acquisitions
- Deploy corporate treasury
- Single version of truth
- CFIN as an end state
- Back-office transformation (shared services)

### Central Finance – Use cases – 2

The following key capabilities are being provided by CFIN, and it operates on the target system centrally. So, the business can have a flavor on SAP S/4HANA features while using the current version of the ERP system:

1. Central payment
2. Central AP/AR reporting
3. Inter-company reconciliation
4. Integrated planning
5. Shared services framework

The following are a few prime pointers:

- Migration to S/4 for single or multi-instance
- Mergers and acquisitions
- Deploy corporate treasury
- Single version of truth
- CFIN as an end state
- Back-office transformation (shared services)

## **Central Finance – Use cases – 3**

The following are a few prime pointers out of many:

- Divesture evaluation
- Stepping stone to S4HANA
- SAP – Non-SAP integration

## **Central Finance – Use cases – 4**

The following are a few prime pointers:

### **Problem**

SAP customers with heterogeneous, multi-ERP system landscapes have been facing uphill battles to keep their existing ERP systems up to date and in sync.

## Objective

Customers are deploying SAP S/4HANA finance as a “*central finance*” scenario, and it allows them to adopt the latest SAP innovations without disrupting their existing ERP systems.

## Outcome

Once financial data is replicated from the source systems onto the central finance system, SAP customers can have many business value-adds.

Check out the “*References*” section for details.

## BPC key pain points and group reporting advantages

There are various pain points of BPC, and group reporting has many advantages. The following are some prime pointers.

Let's look into it.

The following table outlines some group reporting advantages:

Topic	BPC	Group reporting – On-premise	Group reporting – Cloud
<b>Reconciliations</b>	A lot of reconciliation due to different systems have been involved.	No reconciliation since all reporting is done on a single source of truth.	No reconciliation since all reporting done on a single source of truth.
<b>Financial Closing</b>	Lag in corporate close since data is flowing from application system to BPC periodically.	Fast corporate close since data is on the fly and in real-time.	Fast corporate close since data is on the fly and in real-time.

<b>Topic</b>	<b>BPC</b>	<b>Group reporting – On-premise</b>	<b>Group reporting – Cloud</b>
<b>Financial Data Status</b>	Not up-to-date financial data.	Financial data is always in real-time since data has been stored in a single source of truth.	Financial data is always in real-time since data has been stored in a single source of truth.
<b>SAP strategic planning</b>	Support will not be available after 2027*.	SAP future road map.	SAP future road map.
<b>Human resources support</b>	High skilled human resources are required specially to transform the data.	Resource costs are saved as you may not need to transform the data.	Resource costs are saved as you may not need to transform the data.
<b>Maintenance</b>	Huge infrastructure cost and for maintenance of BPC and BI.	BPC can be replaced with advanced group reporting and SAC.	BPC can be replaced with advanced group reporting and SAC.
<b>Transformation of Data</b>	Transforming data is time-consuming.	Data transformation is not needed.	Data transformation is not needed.

*Table 2.1: BPC key pain points and Group reporting advantages - 1*

The following some BPC key pain points and group reporting advantages:

<b>Topic</b>	<b>BPC</b>	<b>Group reporting – On-premise</b>	<b>Group reporting – Cloud</b>
--------------	------------	-------------------------------------	--------------------------------

Topic	BPC	Group reporting – On-premise	Group reporting – Cloud
<b>Capabilities</b>	<ul style="list-style-type: none"> <li>• Financial consolidation</li> <li>• Planning, budgeting, and forecasting</li> </ul>	<ul style="list-style-type: none"> <li>• Financial consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• Financial consolidations</li> </ul>
<b>Integration</b>	<ul style="list-style-type: none"> <li>• SAP SAC</li> </ul>	<ul style="list-style-type: none"> <li>• SAP S4HANA Finance real-time release to “ACDOCU”/data replication</li> <li>• SAP Analysis for Office</li> </ul>	<ul style="list-style-type: none"> <li>• SAP S4HANA cloud real-time release to “ACDOCU”/Data replication</li> <li>• SAP Analytical cloud</li> </ul>
<b>Deployment</b>	<ul style="list-style-type: none"> <li>• ON-PREMISE</li> <li>• CLOUD</li> </ul>	<ul style="list-style-type: none"> <li>• ON-PREMISE</li> </ul>	<ul style="list-style-type: none"> <li>• CLOUD</li> </ul>
<b>Key differentiators</b>	<ul style="list-style-type: none"> <li>• High flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Fully enabled drill-through from consolidation to line item of the entity</li> <li>• Extreme Integration with S4HANA</li> <li>• Real-time data access</li> <li>• Pre-delivered consolidation process</li> </ul>	<ul style="list-style-type: none"> <li>• Fully enabled drill-through from consolidation to line item of the entity</li> <li>• Extreme Integration with S4HANA</li> <li>• Real-time data access</li> <li>• Pre-delivered consolidation process</li> </ul>

*Table 2.2: BPC key pain points and Group reporting advantages - 2*

Refer to the “References” section more details.

## S/4 Central Finance group reporting – Introduction

The following are a few prime pointers:

### **Business example**

Your organization wants to install SAP S/4HANA Finance for group reporting to streamline its processes so that it can focus on profitable growth.

### **Group reporting features**

The following are a few prime pointers:

- New consolidation solution on S4HANA
- Deployment option (Cloud, On-Premise)
- Runs on financial data without transferring the data to other application
- If part of your organization is not working in the S4/HANA Finance system, the data can be loaded via the SAP Group Reporting Data Collection module
- SAP Group Reporting retrieves its data directly from your S/4HANA system, possibly supplemented with external data

### **Tools**

The following are a few prime pointers:

- SAP analytical cloud
- Analysis for office
- Embedded analytics

Check out the “*References*” section for details.

## S/4 Central Finance group reporting main features

A seamless process is provided by group reporting between the local and group closing activities since both are in the SAP S/4HANA core.

## SAP S4HANA database

The following are a few prime pointers:

- Real-time
- No ETL is needed between transaction system and consolidation system

## FS items

Financial statement items replace the group chart of accounts.

## Validation

Predefined rules of data validation and for automatic inter unit eliminations.

## Reporting

The following are a few prime pointers:

- User-friendly Fiori reports
- Breakdown items as desired

SAP S/4HANA Finance for group reporting is inspired by other SAP consolidation solutions such as **Financial Consolidation (FC)**, **Enterprise Controlling-Consolidation System (EC-CS)**, **Business Consolidation Systems (BCS)**, and **Business Planning and Consolidation (BPC)**.

SAPS/4HANA Finance for group reporting 2021 is available.

## Improved transparency with new GRDC data mapping traceability log

The following figure outlines the “*SAPS/4HANA Finance for group reporting 2021*”:

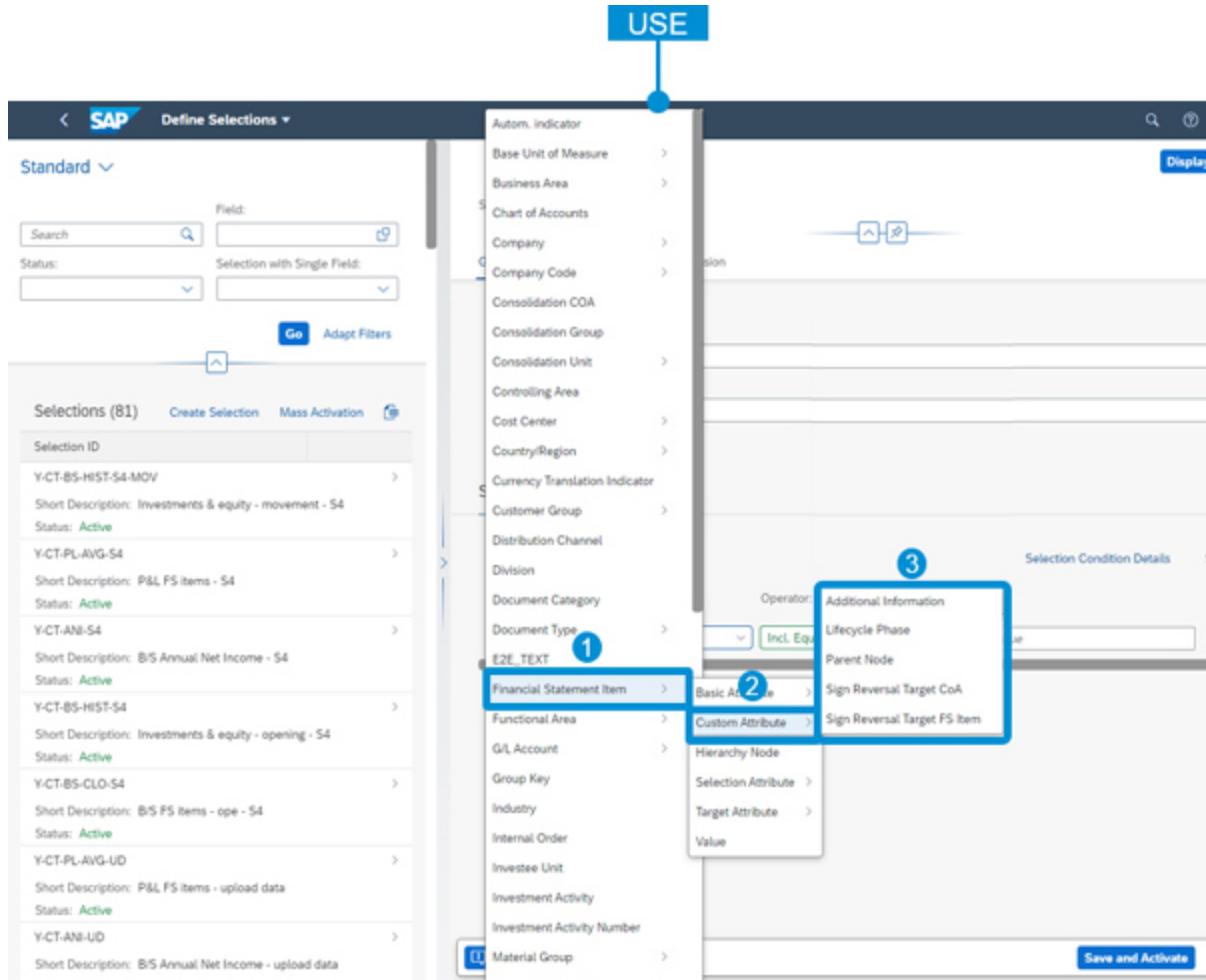
The screenshot shows the SAP S/4HANA Finance group reporting 2021 interface. At the top, there's a header with the SAP logo, a 'Run' button, and a 'Demo - traceability log /' link. Below the header, there are four main sections: 'Run Information', 'Global Parameters', 'Process Overview', and 'Import Information'. A large blue 'NEW' button is positioned at the top right. In the 'Import Information' section, there are two buttons: 'For Selected Items' and 'For All Items', which are highlighted with a red box. Below these buttons, there are status messages: 'Import Status: Success', 'Update Mode: Delete All FS Items and Subassignments', and 'Period Mode: Periodic'. Under 'Import Information', there's a 'Task Log' link. At the bottom, there are tabs for 'Mapping Log' (which is selected) and 'Import Log'. The 'Mapping Log' tab displays a table with a single row of data:

Message	Type	Source Row
<input type="checkbox"/> The mapping definition to be run is Demo - traceability log.	Information	
<input type="checkbox"/> The source file uploaded is Data CAL Y1 Y10 2021 12 5000.csv.	Information	
<input type="checkbox"/> Job has been sent to queue at position 1.	Information	
<input type="checkbox"/> Import web service called.	Information	
<input type="checkbox"/> Mapping finished.	Information	
<input checked="" type="checkbox"/> Column localcurrency accepts values with 3 characters.	Mapped Data	2
<input checked="" type="checkbox"/> Row 4 does not match any rates.	Source Data	4

**Figure 2.5: SAPS/4HANA Finance for group reporting 2021**

**Image Source:** <https://saplearninghub.plateau.com>

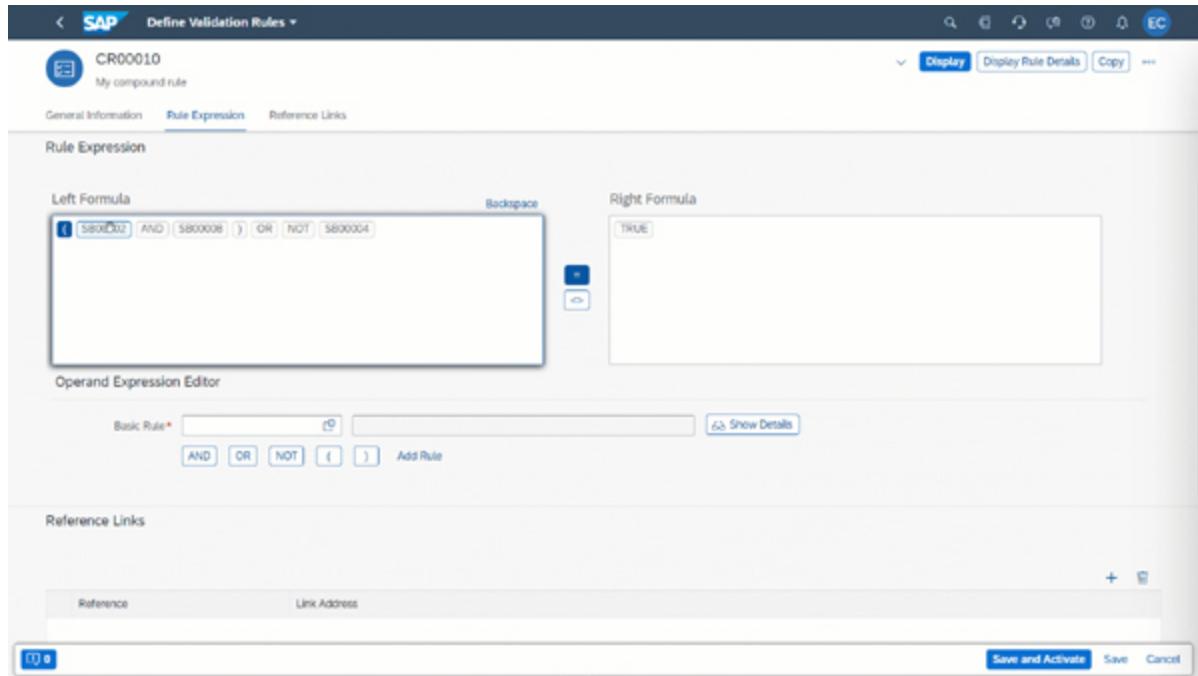
The following figure outlines the “*New features inherited from the 2108 cloud release*”:



*Figure 2.6: New features inherited from the 2108 cloud release*

*Image Source:* <https://saplearninghub.plateau.com>

The following figure outlines the “*New features inherited from the 2105 cloud release*”:



**Figure 2.7: New features inherited from the 2105 cloud release**

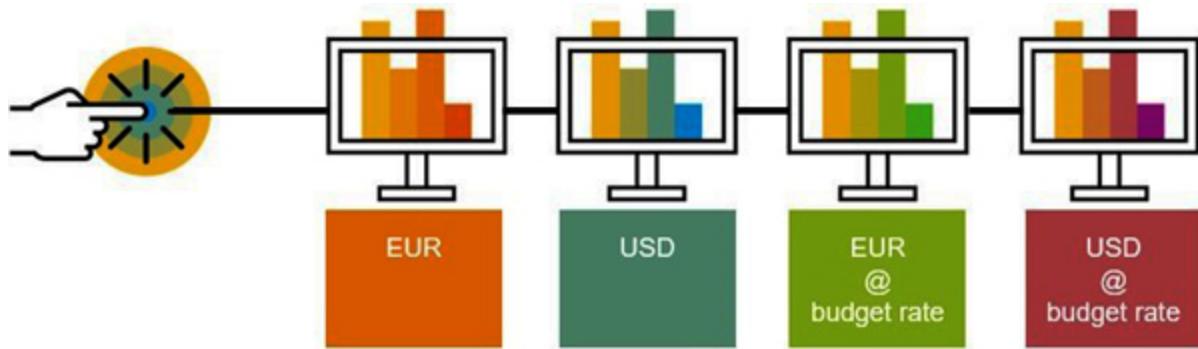
**Image Source:** <https://saplearninghub.plateau.com>

The following figure outlines the “*New features inherited from the 2102 cloud release*”:

**Figure 2.8:** New features inherited from the 2102 cloud release

**Image Source:** <https://saplearninghub.plateau.com>

The following figure outlines the “*New features inherited from the 2011 cloud release*”:



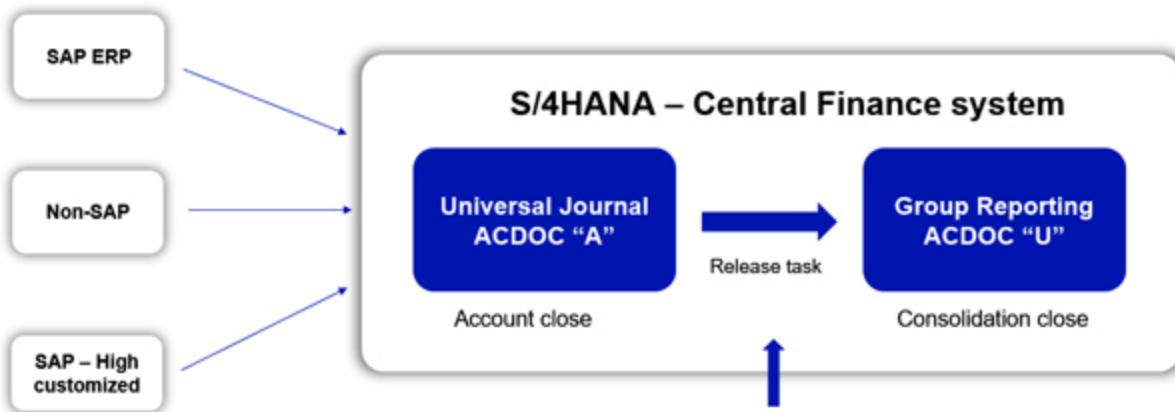
**Figure 2.9:** New features inherited from the 2011 cloud release

**Image Source:** <https://saplearninghub.plateau.com>

Refer to the “*References*” section for details.

## S/4 Central Finance – Group reporting data flow at high end level

The following figure outlines the “*Group reporting data flow at high end level*”:



**Figure 2.10:** Group reporting data flow at high end level

**Image Source:** <https://saplearninghub.plateau.com>

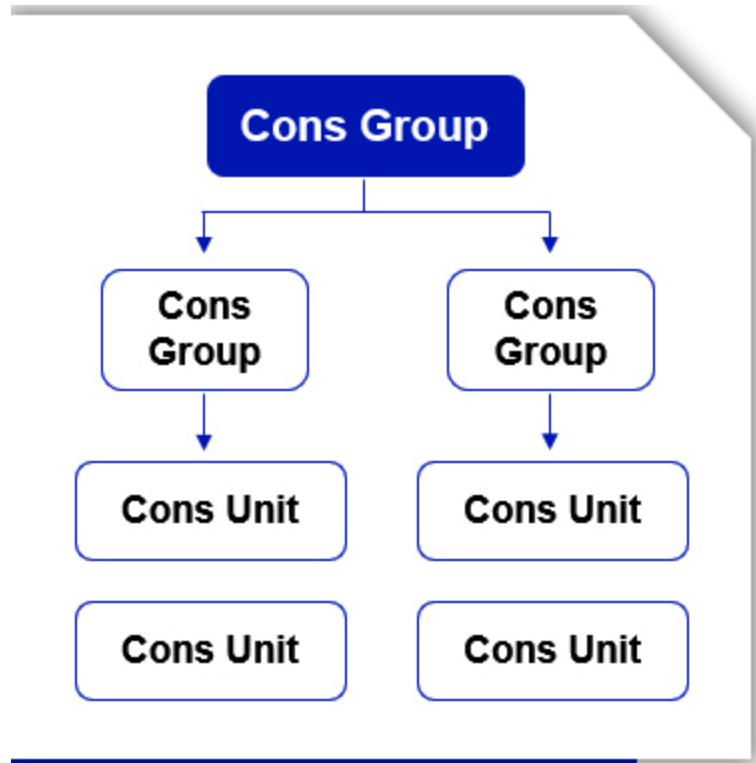
The following are a few prime pointers:

- Legal/statutory reporting and group accounting/reporting
- Eliminated intercompany reconciled transactions/runs on financial data without transferring the data/pre delivered consolidation process
- Translate local currency to group currency/direct integration with S4HANA universal journal
- If part of your organization is not working in the S4/HANA Finance system, the data can be loaded via the SAP group reporting data collection module
- Fully enabled drill-through from consolidation to line items of the entity
- SAP group reporting retrieves its data directly from your S/4HANA system, possibly supplemented with external data
- Extra license is required for group reporting and **SAP analytical cloud (SAC)**, but we can eliminate BPC

Check out the “*References*” section for details.

## **S/4 Central Finance group reporting key concepts**

The following figure outlines the “*Group Reporting Key Concepts*”:



*Figure 2.11: Group Reporting Key Concepts*  
*Image Source: <https://saplearninghub.plateau.com>*

## Consolidation ledger

Define group reporting currency and valuation

## Consolidation group

Group roll up of consolidation units

## Consolidation unit

Reporting unit/legal entity

## Financial statement Item. (Aka FS item)

Group account (Basis for consolidation Chart of Accounts (Group))

Breakdown categories.

Sub Item Category. (B/S transaction type or P&L Functional area)

Sub Items: Drives translation, elimination and reporting logic.

Check out the “*References*” section for details.

## **S/4 Central Finance group reporting high level consolidation process**

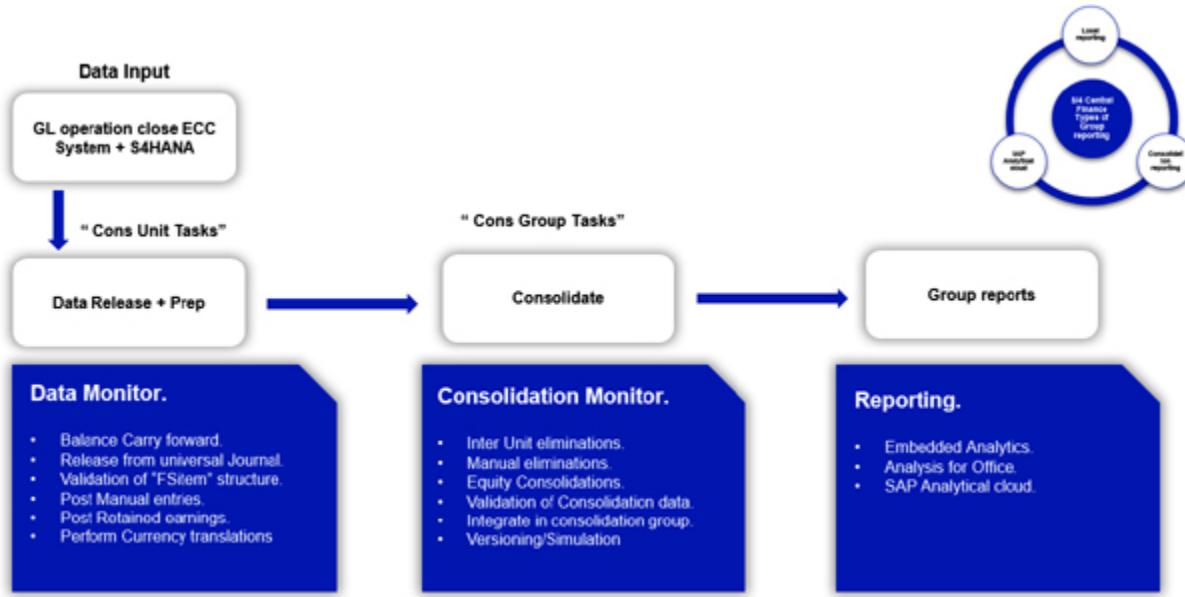
The following figure outlines the “*S/4 Central Finance Group Reporting High Level Consolidation Process*”:



**Figure 2.12: S/4 Central Finance Group Reporting High Level Consolidation Process**

**Image Source:** <https://saplearninghub.plateau.com>

The following figure outlines the “*S/4 Central Finance Group Reporting High Level Consolidation Process details*”:



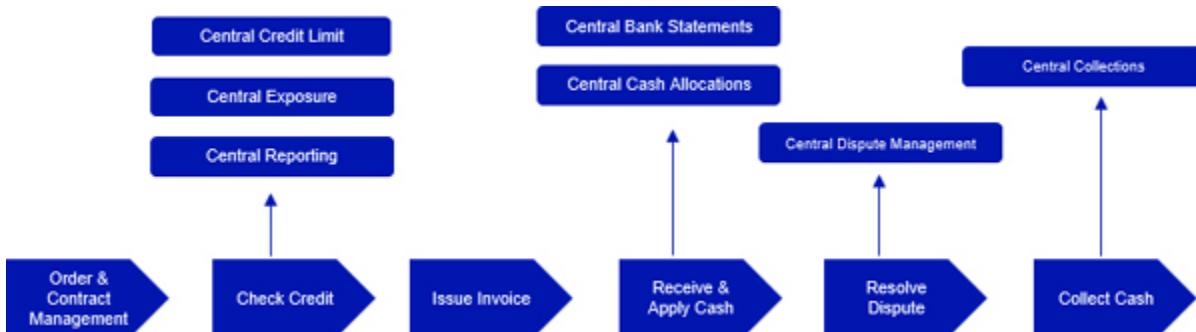
**Figure 2.13: S/4 Central Finance Group Reporting High Level Consolidation Process details**

**Image Source:** <https://saplearninghub.plateau.com>

Refer to the “*References*” section for details.

## S/4 Central Finance accounts receivables centralization – bigger picture

The following figure outlines the “*S/4 Central Finance Accounts Receivables Centralization – Bigger Picture*”:



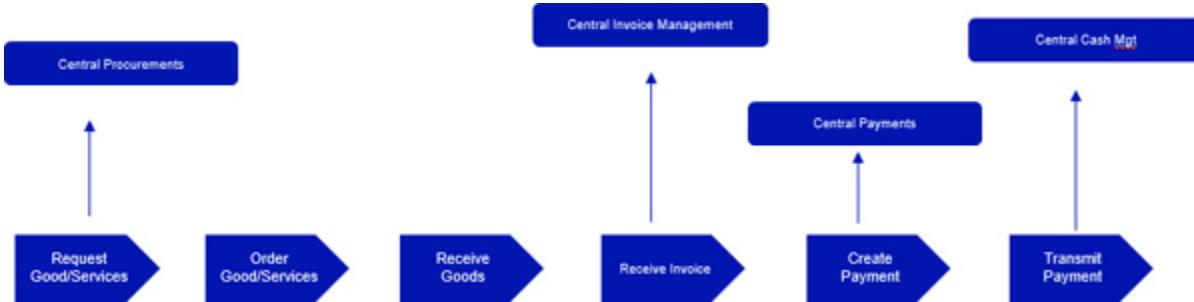
**Figure 2.14: S/4 Central Finance Accounts Receivables Centralization – Bigger Picture**

**Image Source:** <https://saplearninghub.plateau.com>

Refer to the “*References*” section for details.

## S/4 Central Finance accounts payables centralization – bigger picture

The following figure outlines the “*S/4 Central Finance Accounts Payables Centralization – Bigger Picture*”:



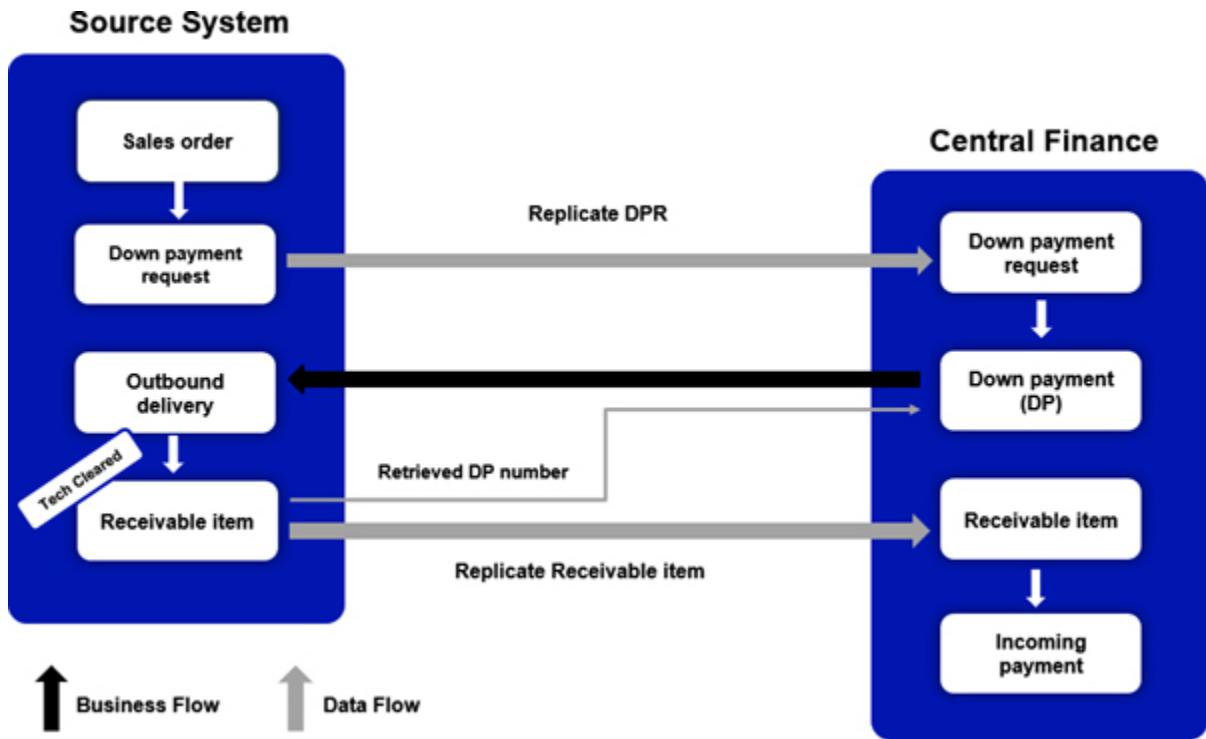
**Figure 2.15: S/4 Central Finance Accounts Payables Centralization – Bigger Picture**

**Image Source:** <https://saplearninghub.plateau.com>

Refer to the “*References*” section for details.

## S/4 Central Process – Integration with SD

The following figure outlines the “*S/4 Central Process – Integration with SD*”:



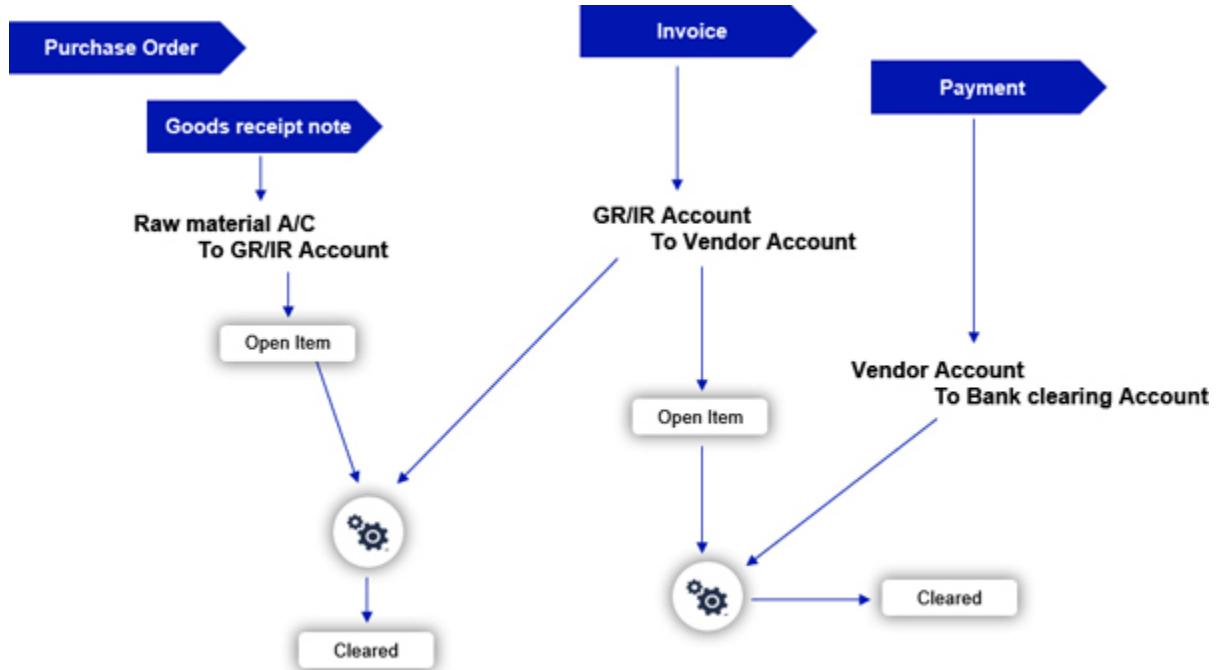
**Figure 2.16: S/4 Central Process – Integration with SD**

**Image Source:** <https://saplearninghub.plateau.com>

Refer to the “*References*” section for details.

## Corporate Finance Processes – Vendor open item management

The following figure outlines the “*Corporate Finance Processes – Vendor Open Item Management*”:



*Figure 2.17: Corporate Finance Processes – Vendor Open Item Management*

*Image Source: <https://saplearninghub.plateau.com>*

Check out the “*References*” section for details.

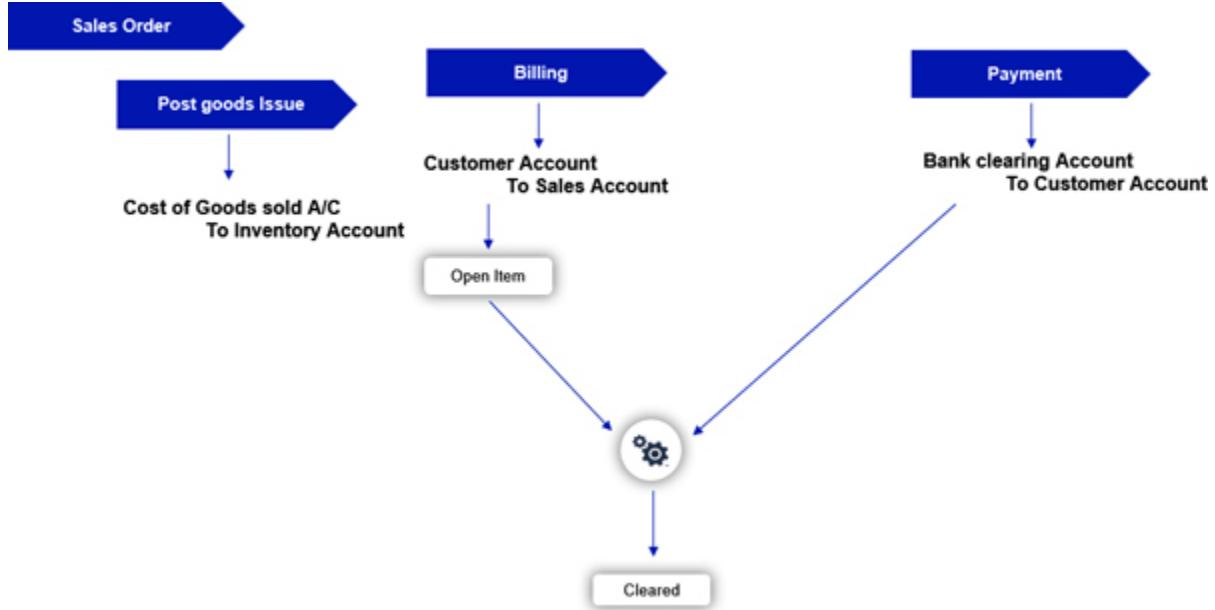
## What is an open item?

Open items arise from every posting transaction in a contract account and reflect unfinished business transactions.

The facility to manage line items on an open item basis enables you to check which receivables and payables are outstanding.

## Corporate Finance Processes – Customer open item management

The following figure outlines the “*Corporate Finance Processes – Customer Open Item Management*”:



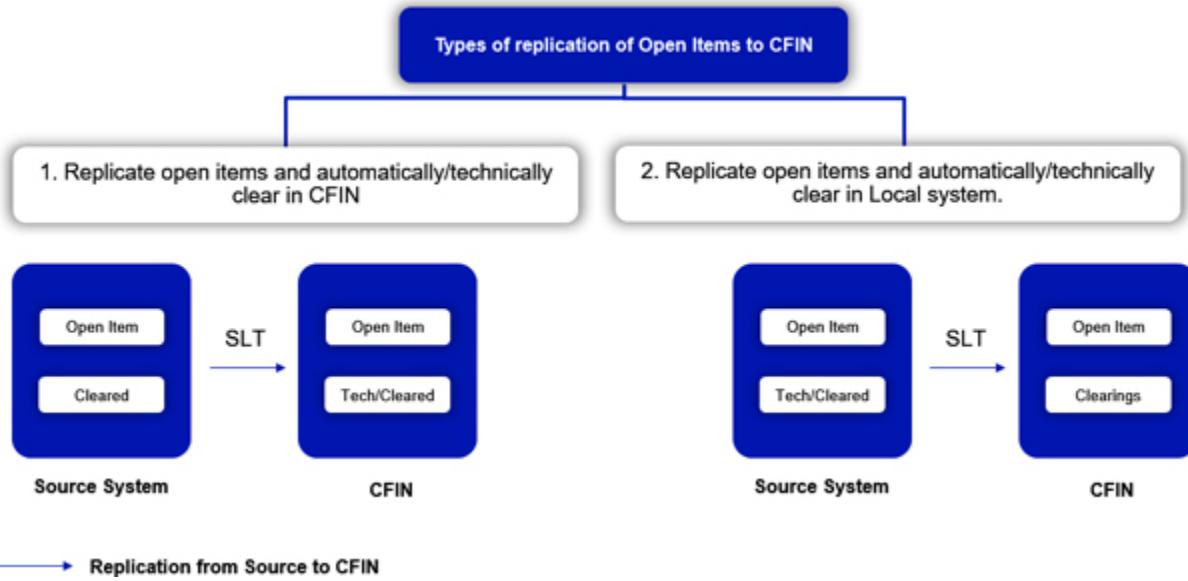
**Figure 2.18: Corporate Finance Processes – Customer Open Item Management**

**Image Source:** <https://saplearninghub.plateau.com>

Refer to the “*References*” section for details.

## S/4CFIN – Types of replications

The following outlines the “*S/4CFIN – Types of replications*”:



**Figure 2.19: S/4CFIN – Types of replications (Image Source: <https://saplearninghub.plateau.com>)**

SAP advised to go second option for central reporting or central processing.

## **S/4 Central Finance – Credit management**

This scenario refers to cases when payments are still received and processed in the local systems. This means we have to update the exposure information in the Central Finance system, apart from the financial data transferred by the Central finance interface.

As long as the invoices are not cleared in the Central Finance system, the integration of Central Credit Management has to be processed in the classic way: using web service, either by PI or by Web service.

Since central finance stores only finance data, XML messages are exchanged for the credit check (on SD object like sales order and delivery) and for SD-related exposure updates.

Due to the nature of credit management, two additional scenarios are possible to handle processes in distributed landscapes: credit management with central payments and credit management with mixed scenario.

Fiori analytics can be utilized for credit limit analysis. Credit checks performed in local systems refer to limits in the central system, and exposure updates occur via web services.

For restrictions, refer to OSS note 2292043 - Central Finance: enable learning transfer in source system→  
<https://launchpad.support.sap.com/#/notes/2292043>.

All open items are replicated via SLT into CF instance. The relevant exposure info from local system (orders, deliveries) is pulled into the Central Finance system.

Replicated open item status in Central System means that exposure, risk rating, and calculated limits take into consideration all open items and their status (regardless of which local system has the source document).

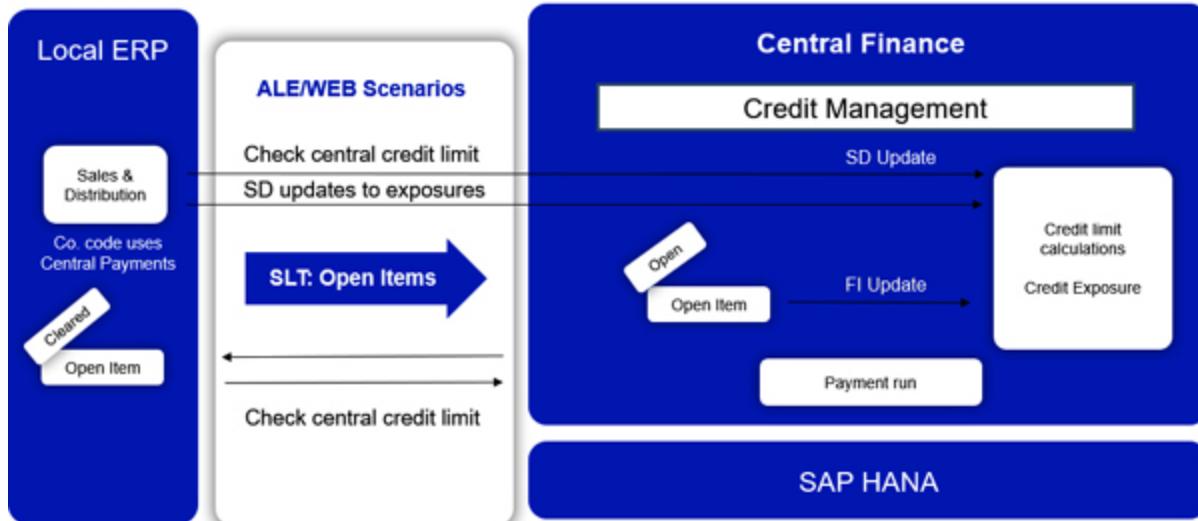
Local credit checks refer to centrally calculated limits.

Mixed migration scenario: If local system has Credit Management in place and the Central Finance system also has Credit Management active,

distribution settings (like Web Service or PI setup) used to determine which credit limit would be checked.

The following figure outlines the “*S/4 Central Finance – Credit Management*”:

**If Central Payments is active.**



*Figure 2.20: S/4 Central Finance – Credit Management*

*Image Source: <https://saplearninghub.plateau.com>*

## What is Credit Management?

SAP Credit Management enables companies to control risk via real-time credit allocation and monitoring, make faster credit decisions, lower transaction costs by automating credit application and approval processes, reduce DSO by reducing payment delays and bad debt, and decrease the rate of credit refusal and improve relationships by focusing on profitable customers.

The list of business issues includes slow credit evaluations, frustrating both customers and sales staff; legal compliance requirements around documenting reasons for credit blocks; delayed or lost sales orders, or delayed or missed order suspensions or cancellations; inconsistent credit methods and policies; no overall view of risk exposures; and excessive bad debt write-offs.

The list of business benefits includes faster, more reliable credit decisions with full documentation and easy audit trail; reduced sales order delays, order suspensions, and cancellations to worthy customers; lower costs and resource demands; and reduced bad debt write-offs.

## S/4 Central Finance – Collection management

This graphic provides Central Finance with Collections Management.

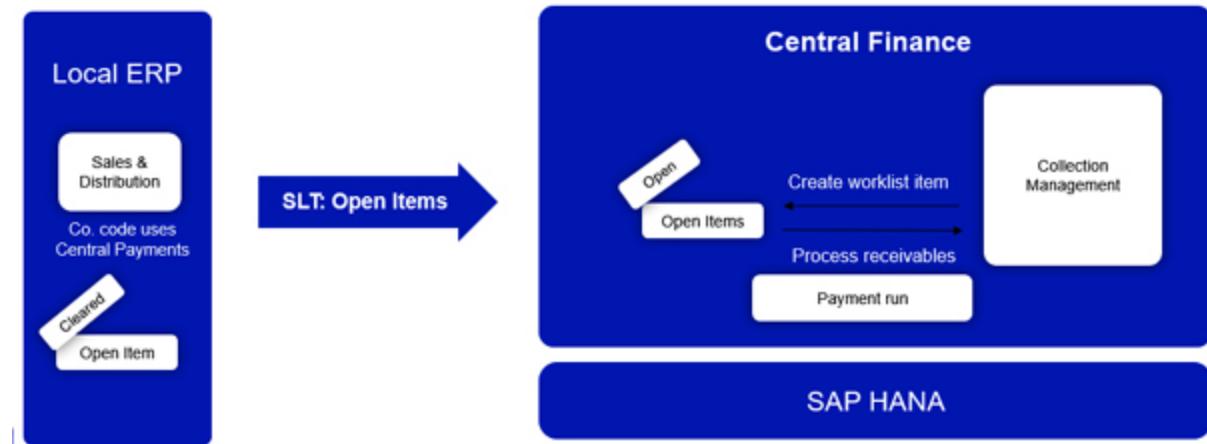
Depending on how open items are cleared and whether central payments is in scope, we can imagine different scenarios.

In the first architecture, the company used Central payments.

In the second architecture, the company does not use Central payments, or it has a mixed scenario. For the systems and company codes that do not use Central payments, customer-specific interfaces have to be built beside the standard central finance replication.

The following figure outlines the “*S/4 Central Finance – Collection Management*”:

If Central Payments is active.



**Figure 2.21: S/4 Central Finance – Collection Management**

**Image Source:** <https://saplearninghub.plateau.com>

## What Collection Management does

The cash collection against due and overdue items has become a very important function in competitive global marketplace for most organizations. We follow up on the receivables based on the priority (pre-defined rules), and collection strategies are the basis for the automatic creation of daily work list for the collection specialists. Work lists ensures evolution, identification, and prioritization of customers according to collection strategy.

## S/4Central Finance – Dispute management

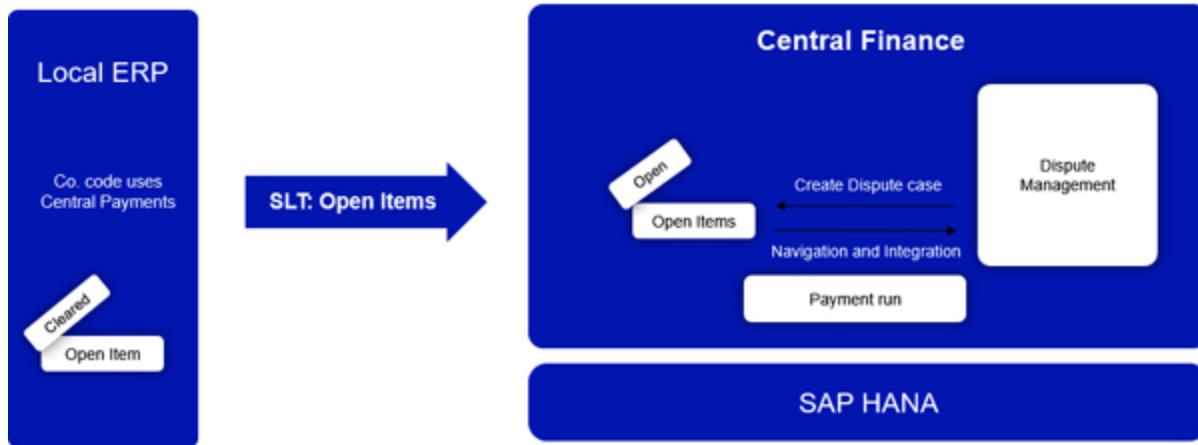
One of the scenarios dispute management with central finance is via the central payments functionality.

In this scenario, the AP/AR open items are created as technically cleared in the source system and are transferred as opened into central payments. The payment will be executed on the central finance system.

The data replication interface between source and central finance enables fully centralizing dispute management on central instance.

The following figure outlines the “*S/4Central Finance – Dispute-Management*”:

**If Central Payments is active.**



**Figure 2.22: S/4Central Finance – Dispute Management**

**Image Source:** <https://saplearninghub.plateau.com>

## What dispute management does

SAP Dispute Management provides functions for processing receivables related dispute cases. Automatic, self-service creation of dispute cases.

One of the scenarios of integration dispute management with CFIN is via central payments functionality.

## **Challenges in intercompany reconciliations in SAP ERP**

There are huge differences between theoretical concepts and real-life hiccups in intercompany reconciliations in SAP ERP.

### **Top challenges without using S4 CFIN**

**Process 1 – GL Open items reconciliations**

**Process 2 – GL Account reconciliations**

**Process 3 – Customer/vendor open item reconciliations**

The following figure outlines the “*Challenges*”:



**Figure 2.23:** Challenges

## Challenges

The following are a few prime pointers:

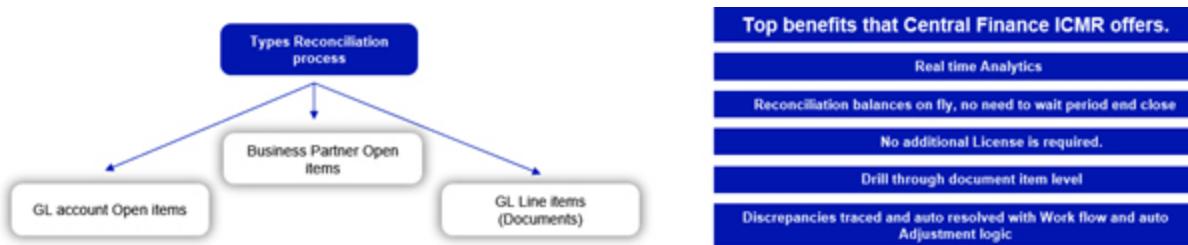
- The above-mentioned process has to be performed manually
- Productivity may be negatively affected

Refer to the “*References*” section for details.

## S/4 Central Finance – Intercompany Matching and Reconciliation (ICMR)

The reconciliation process from company close to corporate close in order to achieve high degrees of automation and continuous accounting. It saves time and improves the visibility and transparency of your reconciliation process.

The following figure outlines the “*S/4 Central Finance – Intercompany Matching & Reconciliation (ICMR)*”:



**Figure 2.24: S/4 Central Finance – Intercompany Matching & Reconciliation (ICMR)**

**Image Source:** <https://saplearninghub.plateau.com>

Lets have some pointers out of many.

- Central finance supports ICR and increases efficiency/accuracy
- All receivables and payables replicated to central finance system
- With Central Finance, once the transaction data is transferred, ICR between open accounts payables and accounts receivables across all business units is done centrally and automatically

Using Central Finance ICR, a business can also do intercompany eliminations.

## S4 Central Finance Group reporting new configuration node & master data

Reconciliation case has a one-to-one mapping relationship with matching method. It consists of one or more display groups, which are used to filter and display the data in the reconciliation overview and balance detail

reports. It aims to provide aggregated views of the data set defined by the matching method.

A **accounts receivable (AR)** of the partner unit (trading partner company). You can also define the opposite display group with AR of the leading unit and AP of the partner unit. To sort out the differences more easily, you can define subgroups, for example, to subdivide AR items by product or service account. However, one display group should be defined as the leading display group, which is used to calculate the overall balance status in the Reconciliation Status Overview app.

There are many niche features that are business value added to customers.

## Customizable Objects

The following are a few pointers:

- Cons Ledger
- Sub item categories
- Consolidation dimension
- Document type
- Consolidation version
- Task
- Breakdown category
- Task group

The following figure outlines the “*S4 Central Finance Group reporting new Configuration node & Master Data*”:

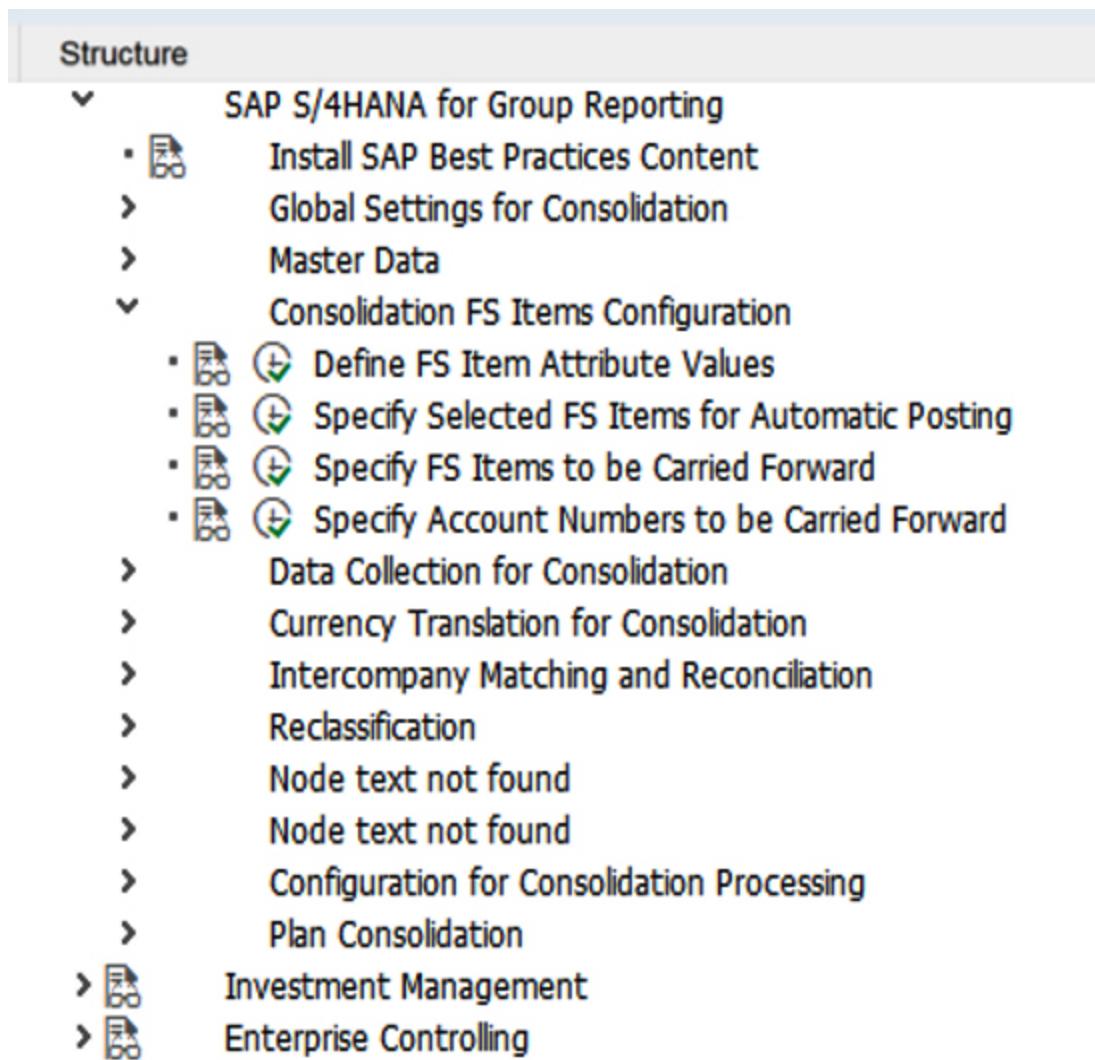


Figure 2.25: S4 Central Finance Group reporting new Configuration node & Master Data

Image Source: <https://saplearninghub.plateau.com>

## Master Data Objects

- Financial statement (FS) item
- Consolidation unit
- Consolidation group
- Validation rule
- Validation method

Refer to the “*References*” section for details.

## SAP Finance Strategy: Continuous Accounting - Key capabilities in Finance

There are many niche features. You can implement the best practices and field rules of SAP S/4 HANA for faster performance and better results and help project teams by delivering result-driven, cost-effective, faster time-to-market quality product(s).

### Live

The following are a few prime pointers:

- Built with real-time access to the Universal Journal
- Provides single source of truth to predict the P&L well ahead of the period end

### Trusted

The following are a few prime pointers:

- Regulatory compliance, harmonized, and clean data structures, real-time checks
- State-of-the-art security auditability and data privacy and protection

### Open

The following are a few prime pointers:

- Provide appropriate stable APIs
- Extend the digital core with applications built in the SAP platform utilizing the universal journal

### Simple

The following are a few prime pointers:

- Easy onboarding and smooth lifecycle management

- End-to-end architectural concepts

Refer to the “*References*” section for details.

## **S4 Central Finance Group reporting – Types of reporting**

The following figure outlines the “*S4 Central Finance Group reporting – Types of Reporting*”:



***Figure 2.26: S4 Central Finance Group reporting – Types of Reporting***

***Image Source:*** <https://saplearninghub.plateau.com>

## **Consolidations monitor**

The following are a few pointers:

- InterCoEliminations
- Minority Interest Calculation
- Adjustments to Consolidated Financials

## **Master data**

The following are a few pointers:

- Consolidated chart of accounts
- Consolidation units
- Group hierarchy
- Company ownership %age

## Data monitor

The following are a few pointers:

- Direct load from Universal Journal
- Flexible third-party upload
- Calculate retained earnings
- Adjustments to reported data
- Foreign currency translation
- Validations

## Local reporting

The following figure outlines the “*Local Reporting – Item Hierarchy*”:



**Figure 2.27: Local Reporting – Item Hierarchy (Image Source: SAP SE / AG)**

The following figure outlines the “*Local Reporting – Dimensions*”:

## Local Reporting

Standard ▾

Show Filter Bar Filters Go

The screenshot shows the SAP Local Reporting interface. On the left, there is a navigation tree under 'DIMENSIONS' and 'ROWS'. Under 'ROWS', there is a section for 'FS Item'. The main area displays a table with columns: Cons. Unit, FS Item, LC YTD, GC YTD, Total, and Grand Total. The table data represents a balance sheet:

Cons. Unit	FS Item	LC YTD	GC YTD	Total	Grand Total
BS	Balance Sheet	\$ 0.00	0.00 EUR	\$ 0.00	0.00 EUR
T0000	Assets	\$ 143,300.00	127,678.57 EUR	\$ 143,300.00	127,678.57 EUR
TAC000	Current assets	\$ 143,300.00	127,678.57 EUR	\$ 143,300.00	127,678.57 EUR
T11100	Cash and cash equivalents	\$ 143,300.00	127,678.57 EUR	\$ 143,300.00	127,678.57 EUR
111100	Cash on hand	\$ 29,000.00	-25,892.86 EUR	\$ -29,000.00	-25,892.86 EUR
> T12100	Trade and other current receivables	\$ 29,000.00	-26,765.71 EUR	\$ -29,000.00	-26,765.71 EUR
> T33100	Inventories	\$ 202,000.00	180,357.34 EUR	\$ 202,000.00	180,357.34 EUR
TLE000	Liabilities & Equity	\$ 143,300.00	127,678.57 EUR	\$ 143,300.00	127,678.57 EUR
TL0000	Liabilities	\$ 156.00	-139.29 EUR	\$ 156.00	-139.29 EUR
> TLC000	Current liabilities	\$ 156.00	-139.29 EUR	\$ 156.00	-139.29 EUR
> TLNC00	Non-current liabilities	\$ 0.00	0.00 EUR	\$ 0.00	0.00 EUR
TDE000	Total equity	\$ 143,144.00	127,539.28 EUR	\$ 143,144.00	127,539.28 EUR
> T38000	Equity attributable to owners of parent	\$ 143,144.00	127,539.28 EUR	\$ 143,144.00	127,539.28 EUR
	Not Assigned FS Item (x)	\$ 0.00	0.01 EUR	\$ 0.00	0.01 EUR

Figure 2.28: Local Reporting – Dimensions (Image Source: SAP SE / AG)

## Consolidation reporting

The following figure outlines the “*Consolidated Reporting – Consolidated Balance Sheet*”:

### Consolidated Reporting

The screenshot shows the SAP Consolidated Reporting interface. On the left, there is a title 'Consolidated Balance Sheet'. The main area contains a search bar and a list of filter criteria:

- Version: Y10 (Actuals) x
- Consolidation COA: Y1 (Consolidation Chart of Accts) x
- Fiscal year: 2020 x
- Posting period: B x
- Cons. Group: CG2 (Corp.Group SIT) x
- Item Hierarchy: BS\_PL x
- Cons. Unit:
- FS Item (Node):
- Subitem Category:
- Subitem:
- Partner Unit:
- Posting Level:
- CT Indicator:
- Document Type:
- Record Type: O (W/o Reporting Logic) x

At the bottom right, there are 'OK' and 'Cancel' buttons.

Figure 2.29: Consolidated Reporting – Consolidated Balance Sheet

Image Source: SAP SE / AG

The following figure outlines the “*Consolidated Reporting – Posting Level*”:

## Consolidated Reporting

Posting Level	Amount in Group Ccy	Standardizing entry	Two-sided elimination entry	Consolidation amount
FS Item	0.01 EUR	0.00 EUR	6.00 EUR	
BS, PL	-113,539.29 EUR	0.00 EUR	9.00 EUR	
BS		0.00 EUR	26,785.71 EUR	-26,785.71 EUR
T/A0000		-113,539.29 EUR		
Assets				
TL0000		-113,539.29 EUR		
Liabilities & Equity				
TE0000		-113,539.29 EUR		
Total equity				9.00 EUR
PL	113,539.29 EUR			
Profit and loss				
799000		113,539.29 EUR		
Net incomes/losses				
TI0000	113,539.29 EUR			0.00 EUR
NET INCOME / LOSS				
TC0100				0.00 EUR
Profit/(loss) from continuing operations				
TBT000		Profit/(loss) before tax		0.00 EUR
Not Assigned FS Item (s)				
		0.00 EUR		

**Figure 2.30: Consolidated Reporting – Posting Level**

*Image Source: SAP SE / AG*

The following figure outlines the “*Consolidated Reporting – Financial Close Overview*”:

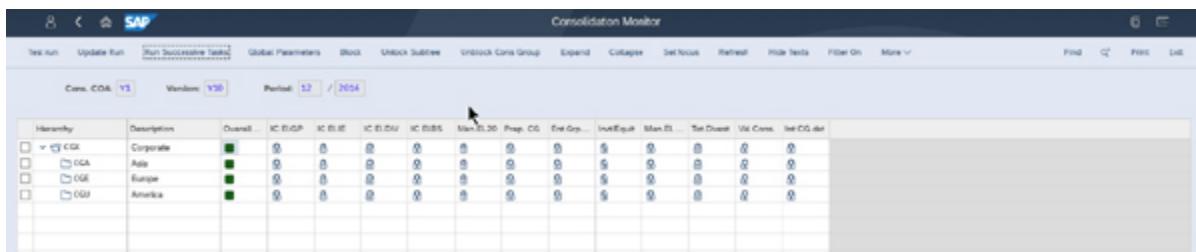
Task	Task Responsible	Days Overdue
CHUCK_DEMO-1-2079...	Finance Close Manager	-160
IFRS GAAP-1-1809...	Finance Close Manager	-98
LOCAL GAAP-1-1809...	Finance Close Manager	-98
DEMO 1-1-2079 (EXECU...	Finance Close Manager	-98
DEMO1SH-2-2079 (EXECU...	Finance Close Manager	-97

Task List	Task Responsible	Number of Errors
MONTHLY-1 (EAVCSATES)		44

**Figure 2.31: Consolidated Reporting – Financial Close Overview**

*Image Source: SAP SE / AG*

The following figure outlines the “*Consolidated Reporting – Consolidation Monitor Overview*”:

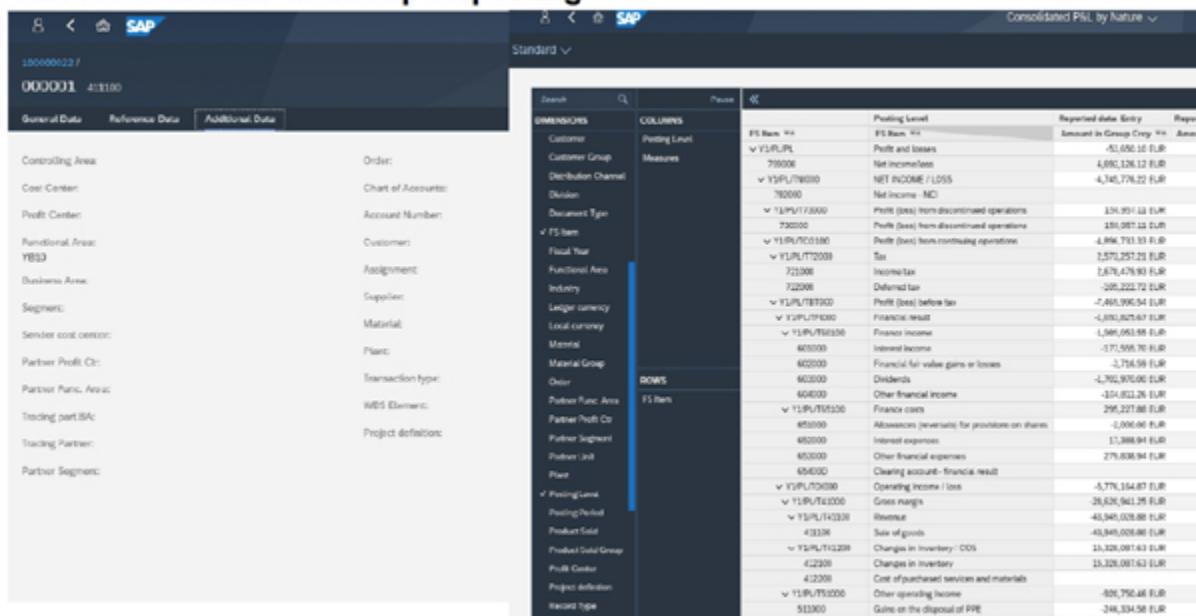


**Figure 2.32: Consolidated Reporting – Consolidation Monitor Overview**

**Image Source:** SAP SE / AG

The following figure outlines the “Universal Journal in Group Reporting Overview”:

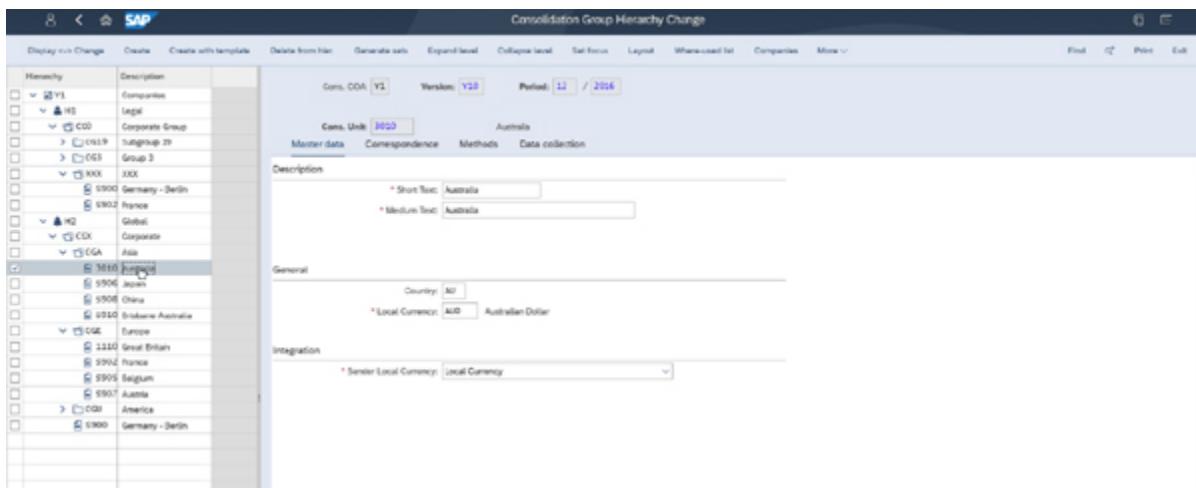
### Universal Journal in Group Reporting



**Figure 2.33: Universal Journal in Group Reporting Overview**

**Image Source:** SAP SE / AG

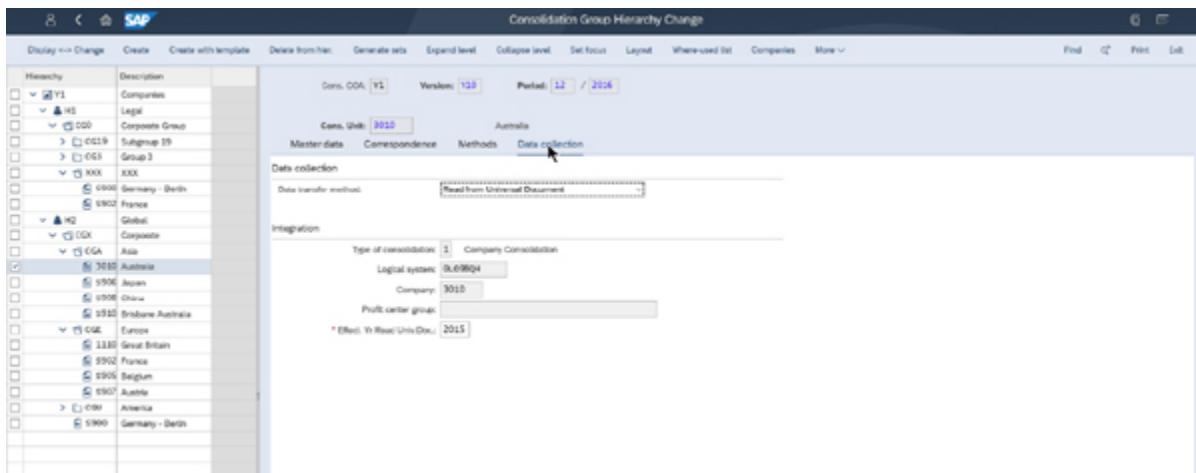
The following figure the “Consolidation Group Hierarchy Change – Master Data Overview”:



**Figure 2.34: Consolidation Group Hierarchy Change – Master Data Overview**

*Image Source: SAP SE / AG*

The following figure outlines the “*Consolidation Group Hierarchy Change – Data Collection Overview*”:



**Figure 2.35: Consolidation Group Hierarchy Change – Data Collection Overview**

*Image Source: SAP SE / AG*

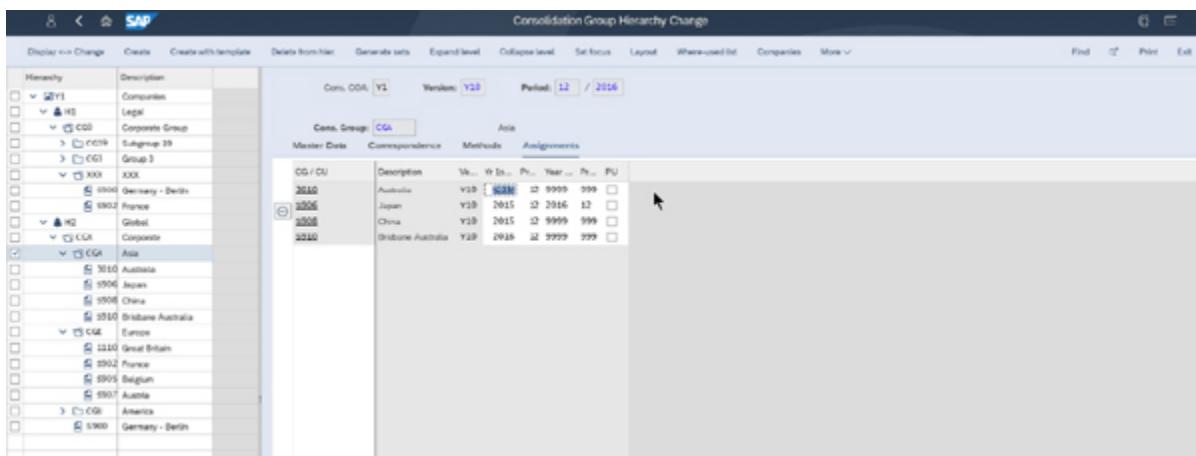
The following figure outlines the “*Consolidation Group Hierarchy Change – Data Collection internal Overview*”:



**Figure 2.36: Consolidation Group Hierarchy Change – Data Collection internal Overview**

**Image Source:** SAP SE / AG

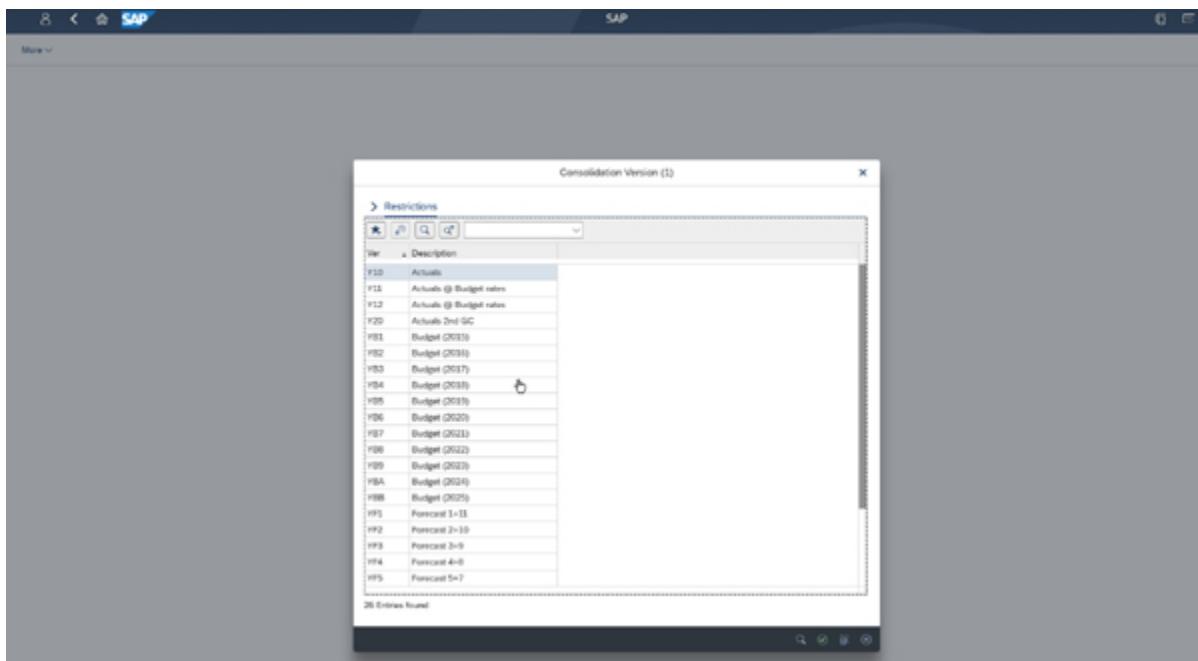
The following figure outlines the “*Consolidation Group Hierarchy Change – Assignments Overview*”:



**Figure 2.37: Consolidation Group Hierarchy Change – Assignments Overview**

**Image Source:** SAP SE / AG

The following figure outlines the “*Consolidation Version Overview*”:



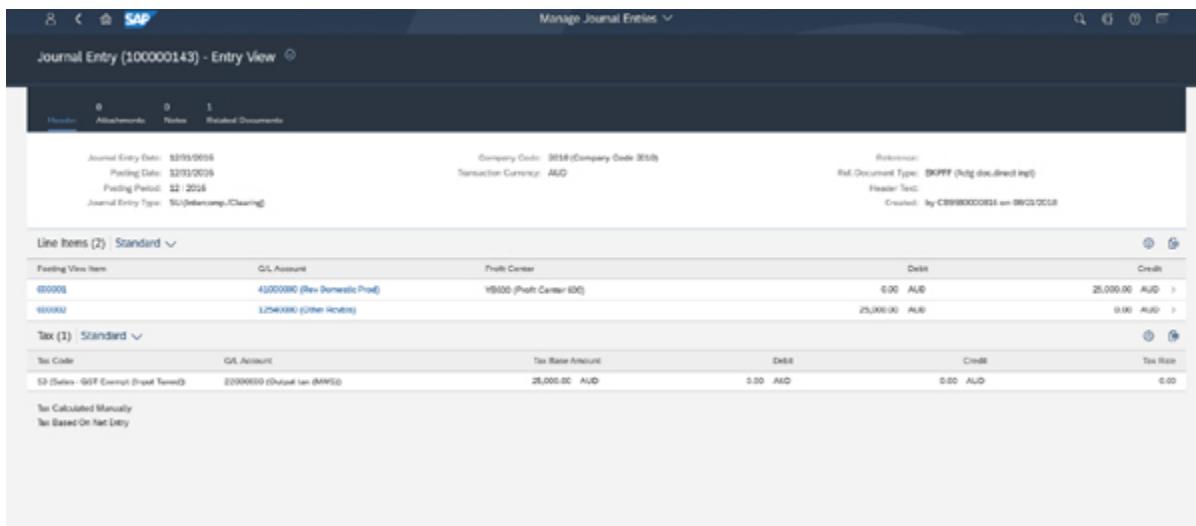
**Figure 2.38:** Consolidation Version Overview

*Image Source:* SAP SE / AG

The following figure outlines the “*Data Monitor Overview*”:

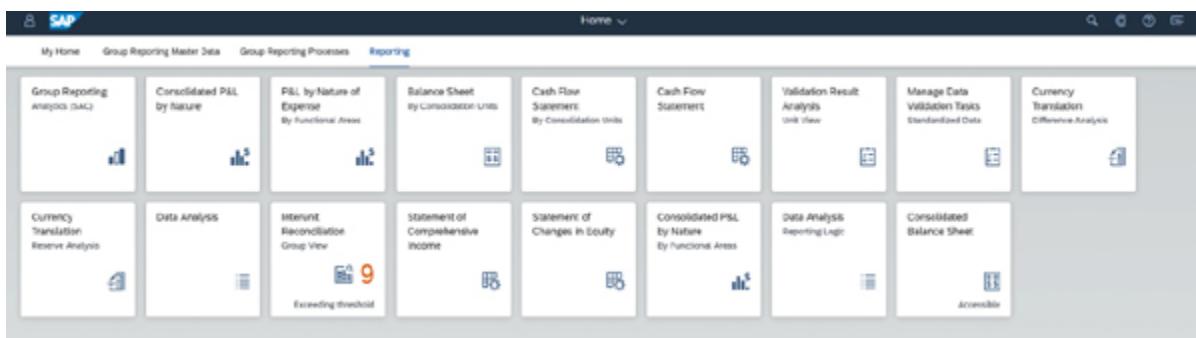
**Figure 2.39:** Data Monitor Overview (Image Source: SAP SE / AG)

The following outlines the “*Manage Journal Entries Overview*”:



**Figure 2.40:** Manage Journal Entries Overview (Image Source: SAP SE / AG)

The following figure outlines the “*Reporting Home Overview*”:



**Figure 2.41:** Reporting Home Overview (Image Source: SAP SE / AG)

The following figure outlines the “*Consolidated Balance Sheet Overview*”:

The screenshot shows a SAP Fiori application titled "Consolidated Balance Sheet". The main area is a table with columns for Posting Level, Reported data: Entity, Standardizing entry, Two-sided elimination, Consolidation entry, Realtime update, Overall Result, and Amount in Group Cr... (partially visible). The table rows represent different financial items like Balance Sheet, Assets, Current assets, etc., with their respective values in EUR.

Posting Level	Reported data: Entity	Standardizing entry	Two-sided elimination	Consolidation entry	Realtime update	Overall Result	Amount in Group Cr...
FS item	Amount in Group Cr...						
- Y1/B5/BS...	-163,665,218.62 EUR		0.00 EUR	0.00 EUR	163,665,218.62 EUR	0.00 EUR	
- Y1/B5/TAC0...	134,049,829.16 EUR		-1,833,095.65 EUR	-1,621,600.00 EUR	245,663,131.53 EUR	377,074,660.04 EUR	
- Y1/B5/TA...	185,390,492.87 EUR		-1,838,999.65 EUR		245,663,131.53 EUR	349,994,524.75 EUR	
+ Y1/B5/M...	185,348,492.87 EUR		-1,838,999.63 EUR		245,663,131.53 EUR	349,992,824.73 EUR	
+ Y1/B5/M...	2,000.00 EUR					2,000.00 EUR	
+ Y1/B5/TA...	28,699,424.29 EUR		5,214.00 EUR	-1,621,600.00 EUR		27,096,040.29 EUR	
- Y1/B5/TLC0...	-297,712,047.70 EUR		1,833,095.65 EUR	1,621,000.00 EUR	-92,917,912.91 EUR	-377,074,660.04 EUR	
+ Y1/B5/PE...	-272,160,226.61 EUR		0.00 EUR	1,621,600.00 EUR	5,695,672.47 EUR	-264,442,847.54 EUR	
+ Y1/B5/TL...	-15,551,820.97 EUR		1,833,095.65 EUR		-97,733,591.38 EUR	-112,231,717.79 EUR	
+ REST_H	162,262,333.54 EUR	0.00 EUR	0.00 EUR	0.00 EUR	162,262,333.54 EUR	0.00 EUR	

**Figure 2.42: Consolidated Balance Sheet Overview**

**Image Source:** SAP SE / AG

The following figure outlines the “*Consolidated Balance Sheet Statement Overview*”:

The screenshot shows a SAP Fiori application titled "Consolidated Balance Sheet Statement". The main area is a table with columns for Opening and Closing. The table rows represent different financial items like Assets, Current Assets, Non-Current Assets, Property, plant and equipment, Investment property, etc., with their respective values in EUR.

	Opening	Closing
Balance Sheet	0.00	0.00
Assets	93,433,093.46	377,118,777.82
Current assets	74,673,349.90	350,038,737.53
Current assets <than incl.in disposal	74,671,349.90	350,034,737.53
Cash and cash equivalents	42,324,299.62	294,540,529.42
Trade and other current receivables	41,361,735.77	52,173,203.17
Current tax assets		37,200.00
Other current assets	61,607.69	-245,325.64
Inventories	-9,270,044.19	3,310,288.35
Other current financial assets	194,170.01	120,842.23
NC assets or disp. groups classified HFS	2,000.00	2,000.00
NC assets HFS	2,000.00	2,000.00
Non-Current assets	18,759,743.56	27,080,040.29
Property, plant and equipment	9,071,104.16	12,714,104.49
Lands/buildings	14,285,276.93	10,716,943.60
Lands/building	-7,290,082.03	-4,231,104.27
Tang Assets UC	905,594.61	966,293.73
Office equip	761,126.15	1,373,232.82
Office equdep	239,962.95	543,714.07
Vehicles	495,600.00	1,220,400.00
Vehicles, Dep	-343,800.00	-711,200.00
Machinery	339,980.00	1,098,951.33
Machinery, Dep	-144,790.00	169,092.00
Other PPE	8,027,400.67	4,883,477.22
Other PPE, Dep	-2,759,950.00	-2,726,216.67
Investment property	608,035.00	734,361.46
Imp.property	729,620.00	862,153.33
Imp.prop.Dep	-121,385.00	-127,791.67
Intangible assets	6,064,764.94	4,918,840.96

**Figure 2.43: Consolidated Balance Sheet Statement Overview**

**Image Source:** SAP SE / AG

The following figure outlines the “*Consolidated Profit & Loss Statement Overview*”:

	Current Year Periodic	Prior Year Periodic	Current Year YTD	Prior Year YTD
Net income/(loss)	(3,731,301.01)	(3,976,167.45)	(31,290,451.96)	(3,976,167.45)
Discontinued	12,099,739.05	(182,900.00)	66,847,924.66	(182,900.00)
- Profit/(loss) from discontinued operations	12,099,739.05	(182,900.00)	66,847,924.66	(182,900.00)
Income tax	(8,356,799.62)	(10,896,200.35)	(101,413,848.26)	(10,896,200.35)
Deferred tax	118,631.00	129,455.62	1,423,572.00	129,455.62
- Tax	(6,230,160.42)	(10,764,744.72)	(99,999,276.24)	(10,764,744.72)
> Finance income	1,459,402.51	1,051,292.41	16,467,107.86	1,051,282.41
> Finance costs	(5,140,571.22)	(5,777,426.99)	(13,727,516.28)	(5,777,426.99)
- Financial result	328,831.29	(726,144.58)	2,739,491.58	(726,144.58)
> Gross margin	103,081,845.74	154,993,897.20	1,372,653,095.33	154,993,897.20
> Other operating income	1,663,904.87	643,426.35	19,566,858.20	643,426.35
> Personnel expenses	(421,510.64)	(556,773.81)	(12,220,553.48)	(556,773.81)
> Other operating expenses	(84,344,252.60)	(122,480,619.62)	(1,027,026,157.43)	(122,480,619.62)

**Figure 2.44: Consolidated Profit & Loss Statement Overview**

*Image Source: SAP SE / AG*

The following figure outlines the “*Consolidated Cash Flow Statement Overview*”:

DEMO STANDARD File / DEMO\_11760\_SAPHANACloud\_Group\_Reportin\_Analytics

File Tools Data Display Consolidated BS Consolidated P&L **Consolidated CF** P&L by Function Changes in Equity Comprehensive Income P&L by Function of Exp... Cash Flow Statement ... Balance Sheet (Act. Vs ...)

**BestRun**

**Consolidated Cash Flow Statement**

Version: Actuals Group: VELOCITICS GROUP Period: 2018.12

In EUR ⓘ Reporting Item Filter ⓘ

	YTD Amount	Periodic Amount
> Adjustments for reconcile profit (loss)	394,128,002.51	34,101,993.93
Interest paid	(761,295.33)	(46,038.47)
Income taxes (refund) paid	(103,997,168.49)	(8,996,430.79)
Other inflows (outflows) of cash	68,880.00	5,740.00
- Net cash flows from (used in) operating activities	<b>289,438,478.79</b>	<b>25,481,183.76</b>
Cash flows from losing control or subsidiaries	7,875,900.00	656,330.00
Cash flows used in obtaining control of subsidiary	20,160.00	1,680.00
Other cash receipts/hands of equity or debt inst.	(1,335,120.00)	4,240.00
Other cash payments to acquire equity or debt inst.	(1,874,900.00)	(1,60,580.00)
Proceeds from sale of property, plant and equip.	3,007,854.55	(792,103.03)
Purchase of property, plant and equipment	(10,463,367.28)	(786,720.02)
Proceeds from sales of intangible assets	13,906,326.55	908,777.22
Purchase of intangible assets	(1,357,745.45)	(113,145.45)
Proceeds from sale of other assets	327,330.90	27,277.57
Purchase of other assets	(263,527.27)	(23,627.27)
Repayments of loans and adv. made to other parties	1,129,381.82	93,781.82
Advances and loans made to other parties	(1,969,854.54)	(184,154.54)
Cash receipts from future contracts	106,056.00	8,330.00
Dividends received	5,749,209.00	495,419.00
Interest received	3,220,507.45	299,205.78
Other inflows (outflows) of cash	(2,050,400.00)	(170,866.87)
- Net cash flows from (used in) investing activities	<b>13,999,871.73</b>	<b>584,952.41</b>
Proceeds from issuing shares	0.00	0.00
Payments to acquire or redeem entity's shares	(300,000.00)	(25,000.00)

**Figure 2.45: Consolidated Cash Flow Statement Overview**

**Image Source:** SAP SE / AG

The following figure outlines the “*Consolidated P&L by Function of Expenses Overview*”:

DEMO STANDARD File / DEMO\_11760\_SAPHANACloud\_Group\_Reportin\_Analytics

File Tools Data Display Consolidated BS Consolidated P&L **P&L by Function** Changes in Equity Comprehensive Income P&L by Function of Exp... Cash Flow Statement ... Balance Sheet (Act. Vs ...)

**BestRun**

**Consolidated P&L by Function of Expenses**

Version: Actuals Group: VELOCITICS GROUP Period: 2018.12

In EUR ⓘ Reporting Item Filter ⓘ

	YTD Amount	Periodic Amount
Revenue	(2,078,445,787.80)	(172,520,790.46)
Cost of sales	1,525,773,085.89	121,304,498.13
Other income	(969,418.16)	(80,784.86)
Distribution costs	113,418,841.22	9,111,842.32
Administrative expenses	29,082,654.55	2,380,221.22
Other expenses	91,776,095.14	7,675,191.73
- Operating income / loss	<b>(321,784,528.18)</b>	<b>(32,219,821.87)</b>
Financial income	(34,938,380.06)	(3,008,575.09)
Financial costs	13,856,529.03	1,151,313.65
- Financial result	<b>(21,081,851.04)</b>	<b>(1,857,361.14)</b>
Tax	90,000,276.26	8,238,368.62
Profit from discontinued Operations	2,120,432.00	176,701.00

**Figure 2.46: Consolidated P&L by Function of Expenses Overview**

*Image Source: SAP SE / AG*

The following figure outlines the “*Consolidated Comprehensive Income Statement Overview*”:

The screenshot shows a SAP Analytical Cloud dashboard titled "BestRun". The top navigation bar includes links for DEMO/STANDARD, File, Tools, Data, Display, Consolidated I&L, Consolidated P&L, Consolidated CF, P&L by Function, Changes in Equity, **Comprehensive Income**, P&L by Function of Exp..., Cash Flow Statement ..., Balance Sheet (Act. vs ...), Control, and Edit. The main title is "Consolidated Comprehensive Income Statement". Below it, a sub-header reads "Version: Actuals - Group: VELOCITIES GROUP - Period: 2016.12" and "In EUR | # Reporting Item Filter | ⌂". The table has three columns: "YTD Amount", "Periodic Amount", and "Periodic Amount". The data rows include various financial items such as Profit (loss) for the period, Gains (losses) on revaluation, before tax, Income tax relating to gains (losses) on revaluat., and so on.

	YTD Amount	Periodic Amount
Profit (loss) for the period	(323,570,382.62)	(24,170,308.09)
Gains (losses) on revaluation, before tax	(3,724.00)	(303.05)
Income tax relating to gains (losses) on revaluat.	22,343.91	1,818.18
~ Other comprehensive income, net of tax, gains (los	18,619.91	1,515.15
Remeasurements of defined benefit plans	110,700.00	9,225.00
~ Other comprehensive income, net of tax, remeasurem	110,700.00	9,225.00
~ Total other comprehensive income that will not be	129,319.91	10,740.15
Gains (losses) on FX differences, before tax	15,781,019.06	7,842,067.98
~ Other comprehensive income, net of tax, exchange d	15,781,019.06	7,842,067.98
Gains (losses) on reasuring fin assets at FVTOCI	11,171.97	900.09
~ Other comprehensive income, net of tax, available-	11,171.97	900.09
~ Total other comprehensive income that may be recla	15,792,161.43	7,843,577.97
~ Other comprehensive income, net of tax	15,823,521.54	7,854,337.22

**Figure 2.47: Consolidated Comprehensive Income Statement Overview (Image Source: SAP SE / AG)**

## SAP analytical cloud

The following figure outlines the “*SAP Analytical Cloud Overview*”:

## SAP Analytical Cloud

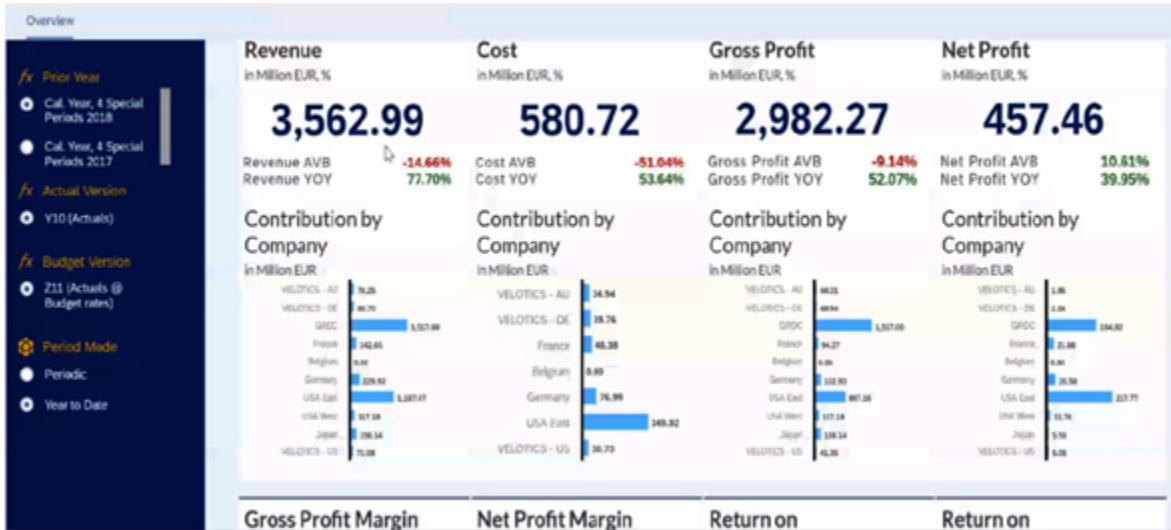


Figure 2.48: SAP Analytical Cloud Overview

Image Source: SAP SE / AG

## Document flow functionality in Central Finance

The following picture shows audit using SAP GUI.

The following figure outlines the “*Document flow Functionality in Central Finance*”:

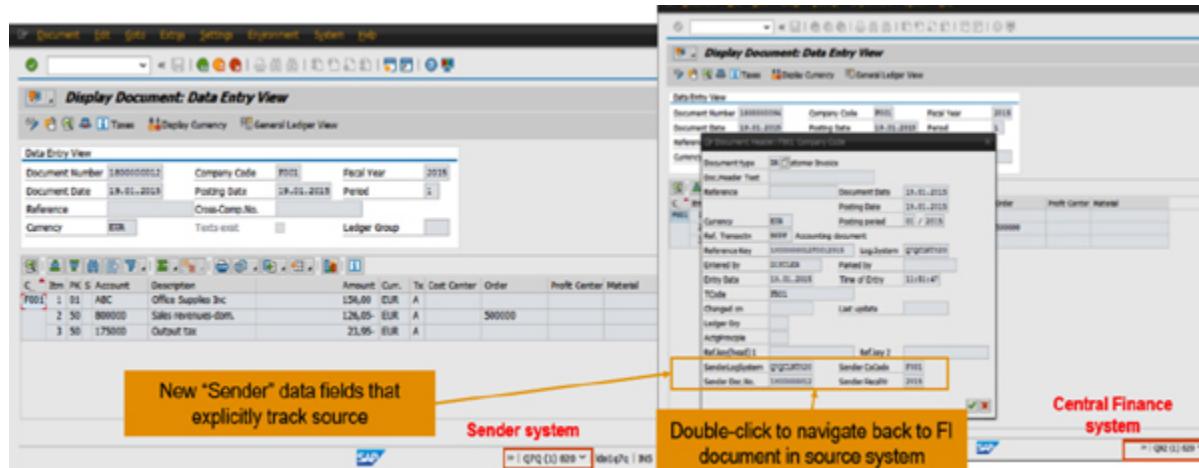


Figure 2.49: Document flow Functionality in Central Finance

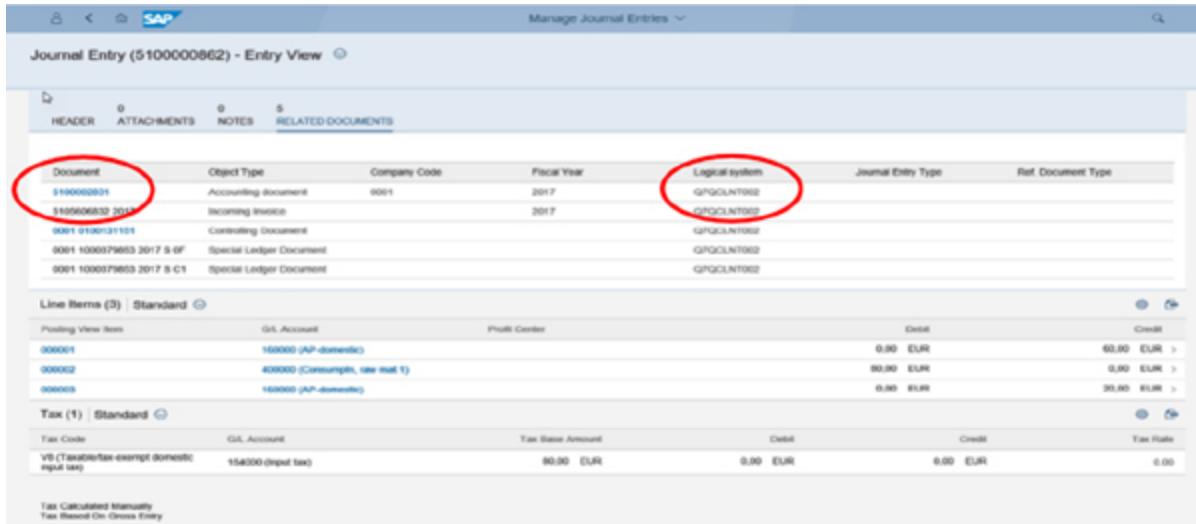
Image Source: SAP SE / AG

Refer to the “*References*” section for details.

## Fiori – Drill-Back to source document

The following are a few pointers.

The following figure outlines the “*Fiori – Drill-Back to source Document*”:

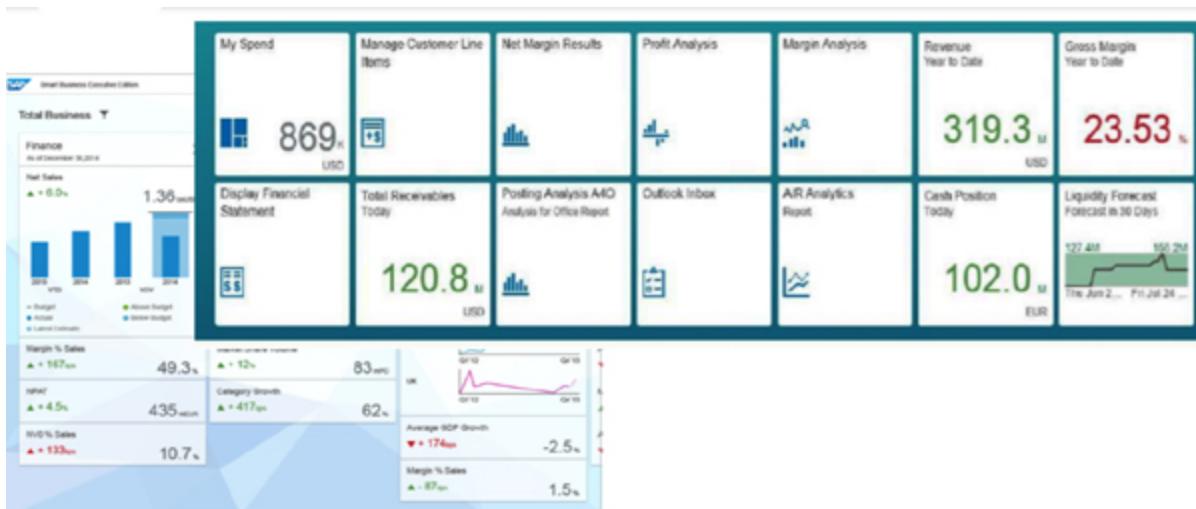


*Figure 2.50: Fiori – Drill-Back to source document*

*Image Source: SAP SE / AG*

## KPI Tiles: no more looking for work

The following figure outlines the “*KPI Tiles: no more looking for work*”:



*Figure 2.51: KPI Tiles: no more looking for work (Image Source: SAP SE / AG)*

Refer to the “*References*” section for details.

## Central finance – Market view

The following outlines the “*Central finance – Market view*”:

### **S4/HANA / Central Finance: 2020 Market Presence (Fortune Global 500)**

Central Finance helps customers in various market segments. In the Global 500 market segment, as defined by Fortune magazine, we have customers represented (live, implementing, licensed) as follows:

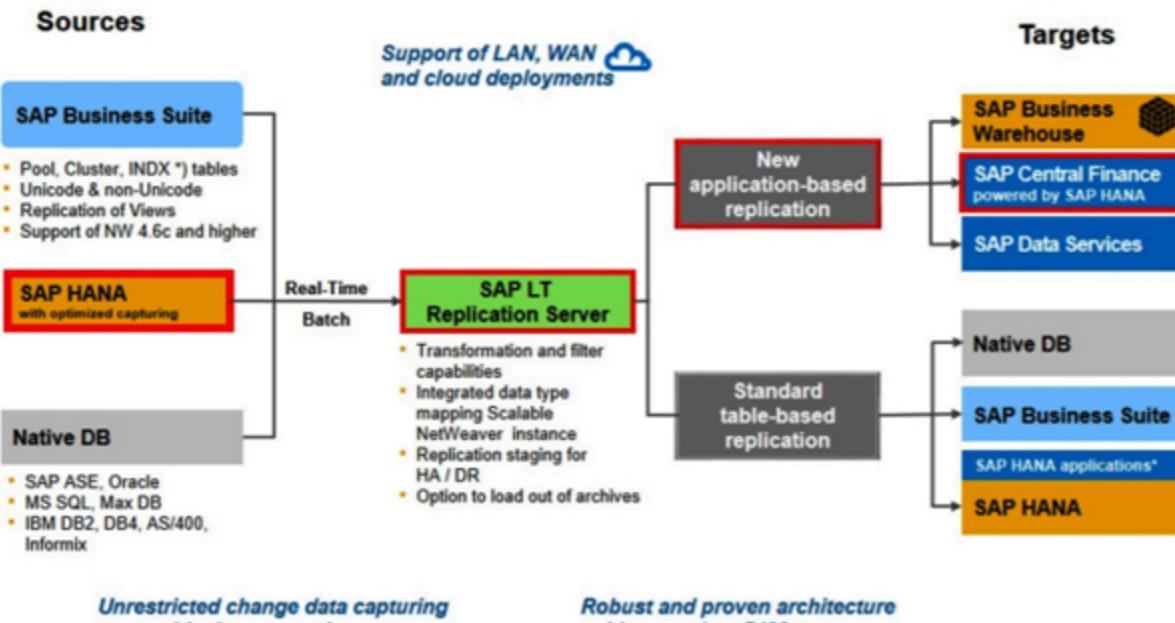
- **4 of top 10**
- **9 of top 20**
- **18 of top 50**
- **35 of top 100**

*Figure 2.52: Central finance – Market view*

Check out the “*References*” section for details.

## SLT as technical integration platform

The following figure outlines the “*SLT as Technical Integration Platform*”:



\* available on a project basis

*Figure 2.53: SLT as Technical Integration Platform (Image Source: <https://saplearninghub.plateau.com>)*

The following are a few pointers:

1. SLT loads data from relevant source tables to SAP HANA.
2. If data is added, deleted, or updated, SLT detects the delta in the source system.
3. In real-time, the delta information is replicated from SLT to the target system.

**Two types of replications are supported:** table-based replication and application-based replication.

4. The SAP SLT Replication Server is embedded as middleware in your landscape and can be deployed without disrupting your existing operations.

The following SAPHANA applications are there:

- SAP Customer activity repository
- SAP HANA Live
- SAP high performance applications
- Suite Accelerator, and more apps

## SLT – Connections

The following are a few important pointers:

- If your source system is a non-SAP system, choose database connection.
- If it is a SAP system, choose RFC connection.

The above-mentioned settings could be done in an SLT-configured system.

## SLT – Deployments

There are three technical options to deploy SLT for central Finance:

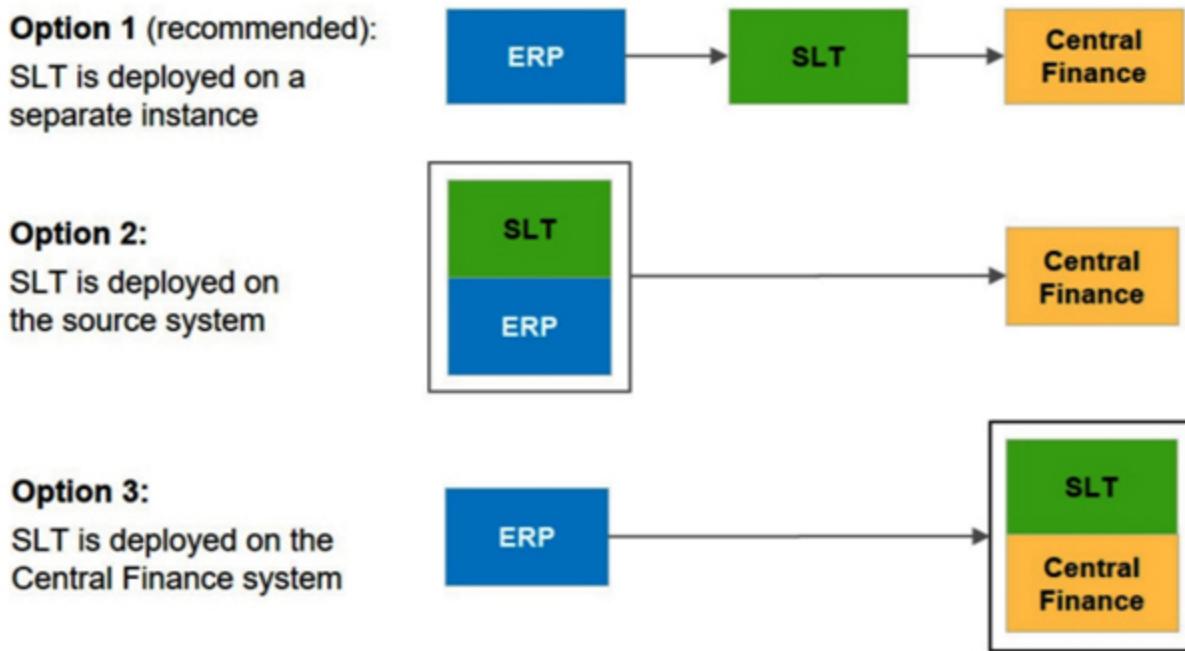
- Option 1 (Recommended)  
SLT is deployed on separate instance.
- Option 2

SLT is deployed on the source system.

- Option 3

SLT is deployed on the central finance system.

The following figure outlines the “*SLT – Deployments Options*”:



*Figure 2.54: SLT – Deployments Options*

*Image Source: <https://saplearninghub.plateau.com>*

Let's discuss the three technical options to deploy SLT for central finance integration.

### **Option 1 – SLT is deployed on a separate instance**

This option is recommended.

#### **Advantages of option 1**

Additional source systems can be integrated with SLT without impacting the other source systems and the Central Finance system.

It is not affected by any upgrade or update of the source systems and the Central Finance system.

## Disadvantages of option 1

SLT does not have direct access to the data, neither in the source system nor in the Central Finance system.

## Option 2 – SLT is deployed in the source system

This option is only valid for supported ERP systems.

## Advantages of option 2

SLT has direct access to any data in the source system.

Better performance on read, because there is no network connection required to the source system.

## Disadvantages of option 2

Upgrades and updates to the source system with SLT impact the replication of other source systems.

## Option 3 – SLT is deployed in the central finance system

## Advantages of option 3

SLT has direct access to any data in the central finance system.

Better performance on replication.

## Disadvantages of option 3

SLT can have negative impact with respect to performance on the Central Finance system as many source systems get connected.

## SAP LT Replication Server: Highlights

SAP LT uses a trigger-based approach.

Transformation and filtering capabilities are present.

Scheduled real-time data replication is present.

HANA studio full integration is present.

## **Initial Load**

The initial load is used to transfer postings from a particular period, for example, the current fiscal year, from your source systems to your Central Finance system. After the initial load of data has taken place, new postings are transferred to the Central Finance system via online replication.

Sequence of the Initial Load:

1. Initial Load for Cost Object Mapping (Optional)
2. Extract Data for Initial Load
3. Monitor Data Extraction
4. Post Initial Load Data
5. Monitor Posting
6. Initial Load for CO Posting Documents
7. Cross company code postings

The following types of postings are not transferred as part of the initial load and online replication:

- a. Postings to CO FI reconciliation-Ledger (GL Reconciliation Postings)
- b. Year-end closing postings
- c. Clearings
- d. Clearing resets
- e. Recurring entries
- f. Sample documents
- g. Noted items
- h. Parked documents
- i. Balance carry-forward items
- j. Closing operations.

## **Prepare for initial load in Source system**

The following are a few important steps:

1. Execute all scheduled jobs and do not schedule any new jobs.
2. Perform closing for periodic asset postings using program RAPERB2000.
3. Execute the periodic depreciation posting run using program RAPOST2000.
4. Check for update terminations in your system and correct any that you find.
5. Lock all periods, apart from the current one, in Financial Accounting and Controlling.

## **Types of Initial Loads**

Here are the two types of initial loads:

1. Real initial load
2. Empty initial load (as a proof of concept)

## **Order of execution of initial load**

The following are some execution types of initial loads:

- Initial load of cost objects
- Initial load of FICO posting
- Initial load of co secondary posting documents (internal postings)

### **1. Initial load of FICO posting**

The following are a few important steps:

- A. Can be done initial load for selected company codes or all company codes. Data relating to all the company codes that you have specified in the source system (transaction CFINIMG) is extracted.
- B. Extract data for the initial load of FICO posting.

- C. Simulate postings of FICO documents.
- D. If simulation of postings is successful, the initial load can be posted.

## **2. Initial load of Cost Objects and secondary postings**

The following are some important steps:

- A. The initial load of cost objects and co internal postings uses SLT to load and replicate data. This means the selection happens via SLT.
- B. Smoke test of cost objects.
- C. Simulation of Cost objects/Internal CO postings, and then initial load of cost objects/Internal CO postings.

### **Testing – Initial load**

The initial load of FICO postings is completely a different process as compared to the initial load of cost objects and Co internal posting.

The initial load of FICO postings does not use SLT. It uses master data framework. The process is triggered by the central finance system.

There are two tools to test the initial load of Cost Objects and CO internal posting, like, smoke test, simulation of cost object.

### **Real-time replication**

Activation of real-time replication for cost object and CO internal postings is automatic from SLT.

Activation of real-time replication for FICO postings happens only if the initial load extraction is already done or “*initial load finished*” flag is set. This setting always company code-specific.

### **Recommendation**

Start the real-time replication if there is very less or no error any more from initial load.

Here is how the real-time replication is done in central finance:

1. An Internal order is created via KO01.
2. When IO is committed to the database in the AUFK table, the DB trigger automatically creates an entry with AUFNR in the logging table.
3. A monitoring job is running in SLT to constantly check whether there are any entries in the logging table.
4. If there is an entry, it will read the entry and table with the AUFNR.
5. Then, it reads the AUFK and all dependent tables with the AUFNR.
6. After that, SLT does the mapping from the retrieved data to the central finance interface structure.
7. Then, the functional module of central finance interface is handled.

Additionally, it can be used in source system UI and to extend the display to include information from the central finance.

## **Real-time replication – Errors and their handling**

Let's take a look at some scenarios:

1. **Application Interface frame work (AIF)**
  - Check AIF with status “errors” and “in process”
  - Check AIF message processing
2. **SAP landscape transformation replication server (SLT)**
  - Check whether SLT configuration is active
  - Check SLT application log
3. **Issues in Source system**
  - Check whether the logging table is populated
  - Check whether the new data is created

As part of digitalization, more and more devices and machines are becoming linked to information hubs.

Central Finance supported scenarios (Roles) include the following:

- General Ledger Accountant
- Financial Analyst

- Cost Manager
- Global cash manager
- Accounts payables/receivables accountant
- Accounts payables/receivable managers
- Accounts payables/receivables accountant
- Accounts payables/receivable managers

Refer to the “*References*” section for details.

## **Types of source systems and prerequisites - SAP source system**

The following are some important pointers.

### **Types of Source Systems**

The following are some types:

- SAP system (Ex: ECC 6.0, 4.7 EE, S4HANA simplified core with standard functionality)
- SAP system (Highly customized business suite)
- Non-SAP systems

## **Prerequisites for SAP source system**

The following are some prerequisites:

1. Apply SAP notes to enable SAP source system for central finance integration.
2. Assign authorization for SLT user.
3. Source system configuration.
4. Prepare for initial load.

Check out the “*References*” section for details.

## **SAP Group reporting proof of concept**

S/4 Central Finance set up for a selection of company codes.

Configured S4HANA group reporting for the same company codes.

Reporting could be done with FIORI. (see [references](#) for details)

Release data from Universal journal (ACDOCA) to group reporting (ACDOCU).

Perform basic reconciliation tasks abd reporting scenarios as a proof of concept.

## Central Finance – Packages

The following are a few important pointers:

- Mergers and acquisitions
- System consolidations
- Subsidiary onboarding
- Instance consolidations

**Source:** SAP help material and [SAP.com](#)

## Master data setup and data mapping

Some important pointers are listed here.

### Master data setup (Mapping)

Here are some steps:

1. When accounting documents are posted in Central Finance, business mapping is used to harmonize the master data in the documents.
2. Identifiers and code in the documents must be mapped, that is, the relationship between an identifier or a piece of code used in the source system and the one used in Central Finance must have been defined.
3. After you have harmonized your master data, you can replicate primary **financial accounting (FI)** and management accounting (CO) postings, including secondary CO postings, in real-time.

4. While doing FI/CO document replication, the cost object in the source document is automatically replaced by a corresponding cost object in the central system. If necessary, the system creates a new cost object in the central system.

## **Ways to Map master data**

The following are some steps:

1. Company codes and company IDs must be either mapped manually as part of your Customizing or using SAP MDG.
2. Master data relating to cost objects, such as production orders and internal orders, is mapped using the cost object mapping framework.

## **Data mapping**

Data mapping has to be configured, so it can be carried out when accounting documents from sender systems are posted into the Central Finance system.

## **Data mapping types**

The following are some data mapping types:

1. Define Key Mapping (ID Mapping)
2. Define Value Mapping (Code Mapping)

## **Data Mapping categories**

The following are some data mapping categories:

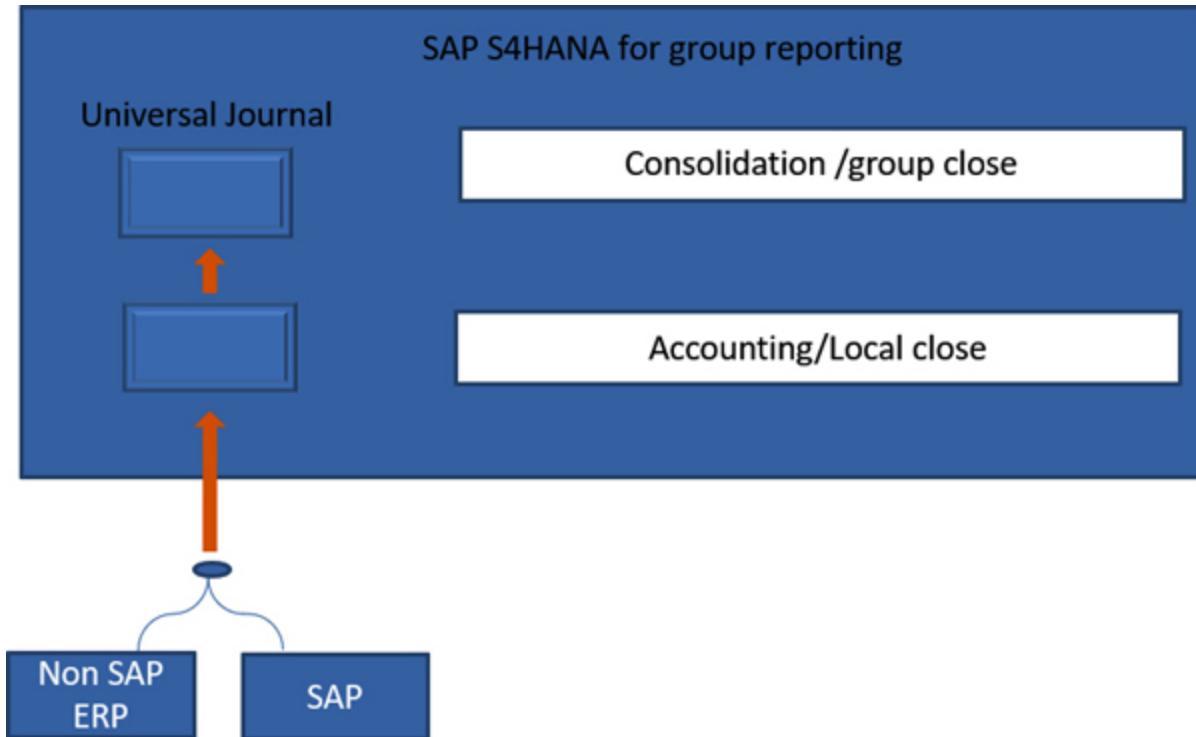
1. Mapping for business object identifiers (for example, customer ID, vendor ID, or material ID).
2. Mapping for codes (for example, company code, business area, or country code).
3. Mapping for short-living cost objects (for example, production order or internal order). This is done in Customizing of Central Finance.

Refer to the “*References*” section for details.

## Group reporting – Tools

The following are a few important pointers.

The following figure outlines the “*SAP S4HANA for group reporting*”:

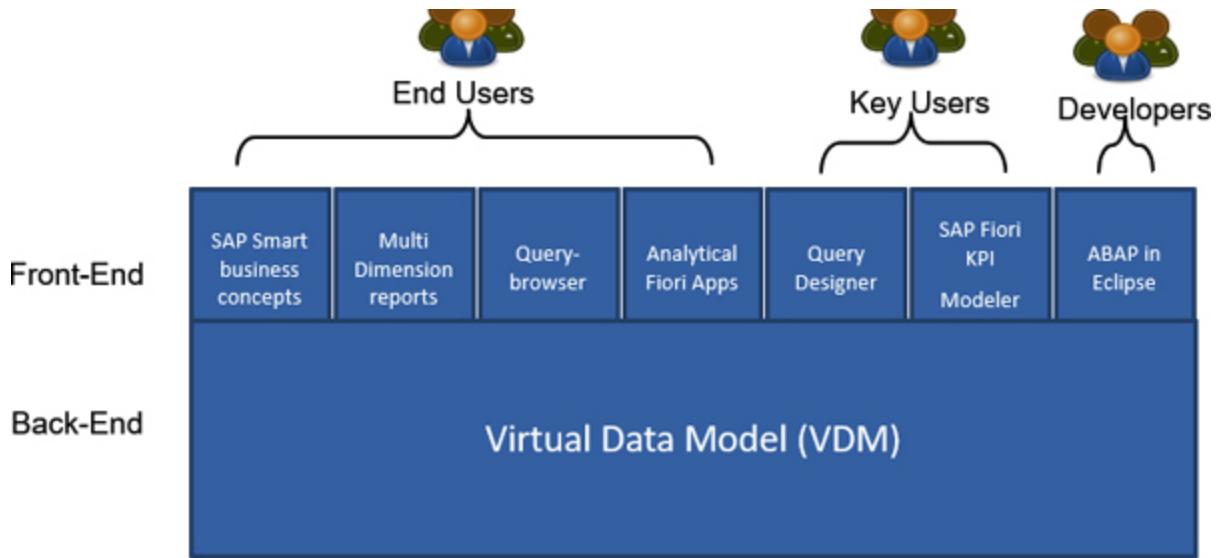


*Figure 2.55: SAP S4HANA for group reporting*

*Image Source: <https://saplearninghub.plateau.com>*

Several ERP systems can be combined with Central Finance to bring data to Universal Journal and from there, it will be leveraged for group reporting.

The following figure outlines the “*SAP Group Reporting – Virtual Data Model (VDM)*”:



**Figure 2.56: SAP Group Reporting – Virtual Data Model (VDM)**

**Image Source:** <https://saplearninghub.plateau.com>

The preceding picture depicts “*SAP Group Reporting – Virtual Data Model (VDM)*”.

## **SAP S4HANA Embedded Analytics**

The following are a few important pointers:

- A. This function enables users (not just analytical data experts but any users) to create and carry out real-time analyses based on SAP S/4HANA application data.
- B. Standard reports and analytical SAP Fiori apps are also delivered by SAP S/4HANA.
- C. The analytical data is displayed via the new SAP Fiori Launchpad, which is based on SAP Fiori technology.
- D. On the basis of CDS views, users can run queries on transactional data in real-time.

Refer to the “*References*” section for details.

## **BPC assessment questionnaire**

The following table outlines some BPC planning section questions:

Sr. No	Questions
1	What are the different sources for planning (SAP & Non-SAP)?
2	What is SAP Landscape?
3	What is the granularity of different planning applications? (like Profit Centre, Cost Center, etc.)
4	What is the frequency of planning/budgeting?
5	What approach would you prefer for planning (top - down or bottom - up)?
6	What key functional areas are you targeting for planning (Finance, HR etc.)?
7	What are the key reporting requirements?
8	Is corporate/higher management adjustment required?
9	What are the important KPIs for higher management?
10	Who are the stakeholders/users/departments of different planning applications and processes?
11	What is the higher management's expectation from this application?
12	What is the current organization structure and expected growth?
13	What is the dynamic behaviour of the organization (like change or addition of departments, products, etc.)?
14	How many templates and reports are present?
15	How many planning calculations are present?
16	What is your Existing process for Planning?
17	Can you share the sample workbook that you use for planning and budgeting?

**Table 2.1: Planning**

You can refer to the “*References*” section for more details.

The following table outlines some BPC consolidation section questions:

Sr. No	Questions
1	Which financial consolidation are you looking for: legal,

	management, or both?
<b>2</b>	What is your organisation (ownership) structure?
<b>3</b>	Do all companies have SAP system or any other system?
<b>4</b>	Do all the above-mentioned companies have the same chart of Accounts?
<b>5</b>	Do all the above-mentioned companies have same currency? If different, mention details of group currency and company code currencies.
<b>6</b>	What is the frequency of consolidation? ( Monthly/Quarterly/Annually)
<b>7</b>	What is the method of consolidation? (Equity, Proportionate, etc.)
<b>8</b>	What kind of elimination is required as part of consolidation (for example, Intercompany, Investment, etc.)?
<b>9</b>	Do you have trading partner setup in Finance?
<b>10</b>	Any Goodwill calculation exist in the current scenario?
<b>11</b>	What is the number of formats for consolidation reporting?
<b>12</b>	What is the expected number of reports, templates, Schedules, Notes, etc.?
<b>13</b>	What are the number of calculations required?
<b>14</b>	Please specify if you have only 1 group consolidation or have sub groups as well, and if so, specify the number of sub groups.
<b>15</b>	Share the sample workbook which you use for consolidation.

*Table 2.2: Consolidation*

The following table outlines some BPC support section questions:

Sr. No	Questions
<b>1</b>	What is your SAP System landscape?
<b>2</b>	What version of SAP BPC and BW are you using?
<b>3</b>	Is there any integration with other non-SAP systems?
<b>4</b>	What is the number of environment for planning and consolidation?

<b>5</b>	What is the number of models for planning and consolidation?
<b>6</b>	What is the number of users for SAP BPC?
<b>7</b>	What is the granularity of different planning applications? (like Profit Centre, Cost Center, etc.)
<b>8</b>	What is the frequency of planning/budgeting?
<b>9</b>	Who are the stakeholders/users/departments of different planning applications and processes?
<b>10</b>	What are the current challenges faced by business users?
<b>11</b>	What is the current organization structure and expected growth?
<b>12</b>	What is the dynamic behaviour of the organization (like change or addition of departments, products, etc.)?

*Table 2.3: BPC Support*

The following table outlines some BPC functional section questions:

Sr. No	Questions
<b>1</b>	How are you going to implement hierarchy?
<b>2</b>	What are the group reporting currencies and local currency, and are they the same or different?
<b>3</b>	What is the data frequency for planning/forecasting/actual for displaying the data?
<b>4</b>	What is the frequency of data loading?
<b>5</b>	What is the frequency of budget data, yearly or quarterly?
<b>6</b>	How are you going to load the data? (Manually or automatically)
<b>7</b>	Do we have any input template for budget input?
<b>8</b>	What type of data are you going to load and create reports (like Actual/Plan/Forecast)?
<b>9</b>	All type of data greeting from only source, from FICO, or any other system you are using?
<b>10</b>	Do you have any existing Report templates?
<b>11</b>	What is the Source system, and what the is Target system like (ECC->BW->BPC or ECC->BPC) Embedded/Classic?

<b>12</b>	What is the tool you are going to use, like EPM or Analysis office (Add-in)?
<b>13</b>	What is the BPC version 10/10.1/11?
<b>14</b>	What is the BW version 7/7.5?

*Table 2.4: Functional*

Refer to the “*Reference*” section for more details.

## **Key takeaways**

SAP S/4HANA Group Reporting

The unique value proposition from SAP for consolidation.

## **Built with the Universal Journal**

Consolidate on real-time plan and actual data both before and after closing. Necessary adjustments can be done locally and results provided immediately for consolidation.

## **Reduced total cost of ownership**

Single environment, significantly less data movement to manage, elimination of time-consuming reconciliation processes, and analysis of data inconsistencies.

## **Unified consolidation and transactional activities**

Shared master data, reporting, business functions, and security. Drill through from local consolidation to the line.

## **Single source of truth and book of record**

Ability to post and correct at the source for fully consistent data across the entire finance function.

## **Reduced time to close**

Less time lapse from closing of books to availability of fully consolidated, signed-off statements, giving staff more time to analyze.

## **Continuous accounting**

Support for soft close and continuous accounting, with no need to wait for the period end to identify and correct issue.

## **Conclusion**

In this chapter, we mainly discussed how to apply the field rules of SAP S/4 HANA Central Finance, Group-reporting, Fiori and BPC for faster performance and better results. You can also learn how to reuse and implement lessons learnt and pragmatic approach of SAP S/4 HANA Central Finance on complex projects/programs confidently from day 1.

The application consultants, business analysts, business process owners/team leads/project leads/power users, decision makers, students, SAP Consultants, everyone without any technical knowledge, CXOs, Entrepreneurs, Agile Coaches, Managers, Directors, VPs, Architects, project team members and professionals closely associated with SAP S/4HANA Central Finance projects can further improve their knowledge of Central Finance with valuable pragmatic insights. Entry-level professionals and SAP S/4HANA enthusiasts with relevant experience can also acquire in-depth knowledge of the concepts discussed in the Central Finance tutorial.

In the next chapter, you should be able to understand interview questions and answers on BPC, SAP S/4 HANA Central Finance, and Group reporting.

Let's take a look at some review questions.

## Test yourself

- 1. The SAP Application Interface Framework is:**
  - a. a framework for interface implementation.
  - b. a framework for error handling.
  - c. a tool to manually send single posts to the target system.
  - d. an alerting system.
- 2. The SAP Application Interface Framework is using:**
  - a. BAPIs
  - b. eCATTs
  - c. Standard functions
  - d. Customer functions
- 3. It is not possible to change values directly in SAP AIF tool.**
  - a. True
  - b. False
- 4. Which system is considered the book of record in a Central Reporting scenario?**
  - a. Source System
  - b. Central System
  - c. Both Source and Central System
  - d. Customers have the option to choose between source system and central system
- 5. Central Reporting should always be considered as a Foundation phase.**
  - a. True
  - b. False
- 6. Central Payments allows you to centralize payment and clear activates in the Central Finance system instead of each source system.**
  - a. True

- b. False
- 7. Which system is the book of record in a Central Payment scenario?**
- a. Source System
  - b. Central Finance System
  - c. System where the FI documents are created manually
  - d. System connected to BW
- 8. What are the advantages of SAP Credit Management with Central Finance?**
- a. Cross-enterprise and cross-system credit evaluation
  - b. Customer scoring based on your rules
  - c. Automated blocking of business partners company-wide when credit limit is reached
  - d. Easy access to credit information for your sales team
- 9. Credit Exposure is maintained in the Central System in the case of Central Credit Management.**
- a. True
  - b. False
- 10. The Collections Management functionality can remain in the source system in a Central Payment scenario.**
- a. True
  - b. False
- 11. Which steps are necessary for the setup of the target (Central Finance) system?**
- a. Activate Central Finance business function
  - b. Setup RFC destination for source system
  - c. Define logical system for source system
  - d. Assign RFC destination to logical system for source system
  - e. Check logical system assignment for Central Finance client
  - f. Run Initial Load

- 12. Which of the following are parts of the Initial Load of FI postings?**
- a. General preparations
  - b. Configuration in source system
  - c. Extract
  - d. Delta Extract
  - e. Mapping
  - f. Simulation Runs
- 13. Which of the following reports are part of the Reconciliation reports?**
- a. FI Documents Count
  - b. FI Documents Comparison
  - c. FI Deleted Documents
  - d. CO Balance Comparison
- 14. Real-time replication works with any SAP ERP release and non-SAP system.**
- a. True
  - b. False
- 15. Which of the following are replicated in real-time replication?**
- a. FI postings (FB01)
  - b. Changes to financial documents (FB02)
  - c. Displays of financial documents (FB03)
  - d. Clearing of open items
  - e. AP and AR
  - f. Management Accounting (CO) postings
- 16. What are the advantages of document flow with Central Finance?**
- a. “Sender” data fields that explicitly track source
  - b. Double-click on Sender document number to drill back from target system to source system

- c. Edit postings from source system directly in the Central Finance system

**17. Real-Time Replication can be started whenever needed, without any prerequisites.**

- a. True
- b. False

**18. Which of the following are use cases indicating that central finance can help accelerate intercompany reconciliation?**

- a. Central finance manages intercompany reconciliation earlier in the closing process with the help of alerts and analytics.
- b. Additional data can be stored in the central finance system.
- c. All payables and receivables are replicated to the Central finance system.
- d. The Central finance system has a system landscape directory that configures intercompany reconciliation.

**19. Central Dispute Management: For companies using central payment functionality, the dispute case is created in the Central Finance system and tied to the open item in Central Finance.**

- a. True
- b. False

**20. Which of the following is true of SAP collections management?**

- a. It is used for the ongoing replication of data to central finance and collection of CO postings.
- b. It provides strategies that allow you to select and prioritize customers for the collection of receivables.
- c. It ensures that the initial load of cost objects has been successfully completed.
- d. It is used for capturing missing documents when the packaging step of the initial load takes more than 24 hours.

**21. In Central Finance, the variance categories details resulting from the production order settlement are replicated from the source system to the Central Finance system.**

- a. True

b. False

## Answer Key

1. a, b, d
2. a, c, d
3. b
4. a
5. b
6. a
7. b
8. a, b, d
9. a
10. b
11. a, b, c, d, e
12. a, b, c, d, f
13. a, b, d
14. a
15. a, b, d, e, f
16. a, b
17. b
18. a, c
19. a
20. b
21. a

## CHAPTER 3

# Interview Questions and Answers on BPC, Central Finance and Group Reporting

### Introduction

Certified SAP S/4HANA Central Finance Practitioners are in high demand. Organizations seeking to adopt a more agile method or SAP S/4 HANA always choose SAP S/4HANA Central Finance best practices along with Scrum or KANBAN as their framework. Thus, a large part of the team's success depends on skilled professionals. Whether you are new to SAP S/4HANA or already an expert, it is always recommended to use SAP Best Practices to help project teams by delivering result-driven, cost-effective, faster time-to-market quality product(s) or to enable people to get focused/collaborative with enjoyable work environment with frequent user feedback and reduced risks, facilitating quick decision-making.

The following figure outlines job interviews.

### **Job Interviews**



*Figure 3.1: Job interviews*

Nervous about your interview? You are studying day and night but are still very nervous, wondering how to crack job interviews?

The following figure outlines job interview tips.

## **Job Interviews Tips**



*Figure 3.2: Job interview tips*

This artefact uncovers the different areas under which questions are asked and the most commonly asked questions. We hope these will help you while preparing for your job interview.

The examples given in this artefact are user-focused and have been updated, including strategies, best practices, and real-life examples.

## **Structure**

In this chapter, we will discuss real-life BPC, SAP S/4 HANA Central Finance and Group reporting job interviews questions and answers.

## **Objectives**

After studying this unit, you should be able to perform hands-on activities and confidently resolve tricky issues in SAP S/4 HANA Central Finance, Group-reporting, Fiori, and BPC. You can also apply SAP S/4 HANA in your organization/project(s) confidently from day 1. You can implement best practices, field rules of SAP S/4 HANA Central Finance, Group-reporting, Fiori, and BPC for faster performance and better results and can help project teams by delivering result-driven, cost-effective, faster time-to-market quality product(s). You can crack your interviews in the first try and get your dream job.

## **SAP S/4HANA Interview Questions**

Let's discuss some interview questions.

### **1. What are the benefits of central finance?**

The following is a list of benefits that central finance offers:

- Advanced segment, entity, and group reporting
- Business model agnostic, roll up reporting, and growth (re-org/M&A)-extrapolations
- User front end agnostic/self-service, real-time reporting, including MS Excel
- Scalable local and central process execution
- Alternative complement to process execution in source ERP systems
- Process-centralization (cross-organization, shared-service); economies of scale
- Cycle-time reduction, Fiori-based, and HANA-optimized process execution
- Advanced digital finance data architecture (universal journal)
- Same (single) platform/single source of truth for transactions and analytics
- Digital core (workforce, network, customer, IoT) cloud connectors, HCP ready

### **2. How many choices are there for Customers with a distributed system landscape who want to adopt S/4HANA innovations?**

Customers with a distributed system landscape who want to adopt S/4HANA innovations have three choices:

- **Migrate-all-systems-to-S/4HANA**

The number of systems would remain the same.

- **Merge the systems into one (or a few) and upgrade the merged systems to S/4HANA**

Unlike the first option, all data would be consolidated, which would allow financial reporting across the entire group.

All FI/CO postings would be replicated to the target system and reposted there.

### 3. What are the three elements of the central finance approach?

The baseline of the central finance approach consists of these three elements:

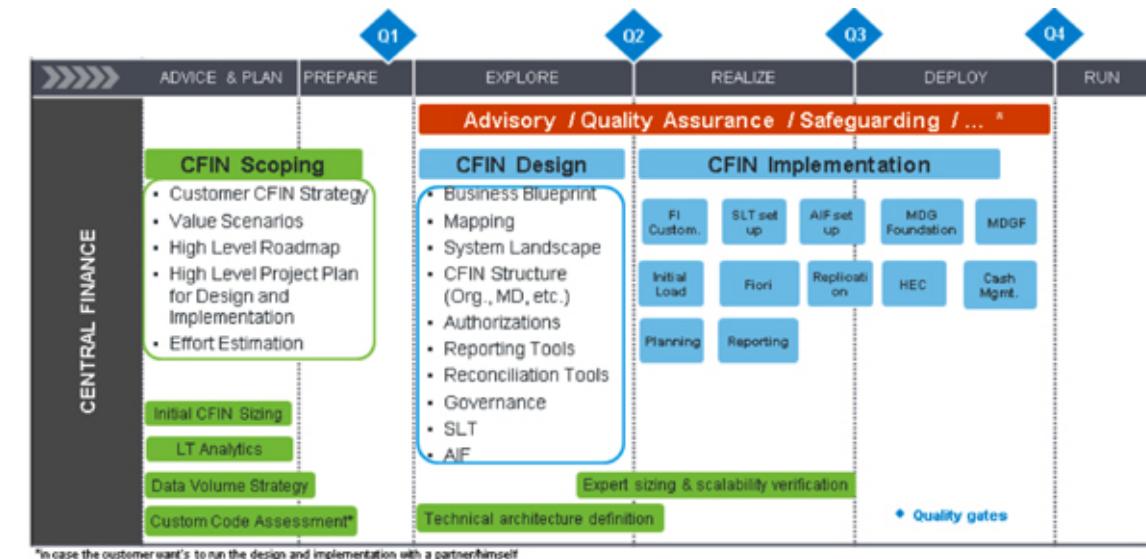
First, the target client is operating multiple ERP systems, which can continue to be the ERP systems of record.

Second, the client has identified a short list of business scenarios and master data to be consolidated and centralized by its operations.

Third, the client has stated a priority to consolidate and simplify selected processes, ensure the quality of master data and organizational unit data, and post rules for documents.

### 4. What are the SAPS/4HANA Central Finance project phases?

The following diagram illustrates the phases of Central Finance project:



*Figure 3.3: SAP S/4HANA Central Finance project phases*

*Image Source: <https://saplearninghub.plateau.com>*

The high-level assessment gives customers a deep understanding of Central Finance and how it can solve their problems.

The objective of the assessment is to enable the customers to take a strategic decision for Central Finance.

SAP recommends the PoC/Prototype/Pilot approach, as Central Finance is a very new product.

The technical implementation represents the activities to build the PoC/Prototype/Pilot in the landscape following the focused and limited scope of the project.

In the value realization, customers can see the benefits of Central Finance and can also plan to integrate more systems or bring more reporting and processes to the Central Finance system.

## **5. What are the different SAP Roles available for a Central Finance Project?**

The following are some of the SAP roles:

- SAP Project Manager
- Central Finance Business Architect
- Central Finance Solution Architect
- FICO Business Process Consultant
- SAP Technical Expert

It is recommended all these roles shall also work with the system in order to understand the complexity of bringing distributed harmonized systems into one harmonized Central Finance system.

## **6. What are the groups impacted during a Central Finance Project?**

The following groups are impacted:

### **FI/CO User**

The following are some R&R:

- Responsible for system validations
- Executes **User Acceptance Tests (UATs)** and reports incidents

- End users must participate in training to learn new processes that come with Central Finance

## Shared Service Center

The following are some R&R:

- SAP Central Finance and the SAP Shared Service Framework are complementary.
- Shared services improve **Accounts Payable (A/P)**, **Accounts Receivables (A/R)**, and Payroll and Document Management.

## Business Process Owner

The following are some R&R:

- Designs, blueprints, and functional documents
- The business process owner is involved in all phases of the project, starting from the blueprint and ending with assisting end users during validation

## Master Data Governance and Owner

The following are some R&R:

- One of the challenges when moving to Central Finance is the question, “Which master data needs to be harmonized in the central system?”.
- During the blueprint phase, the object mapping logic (1:1 or n:1) and additional conditions must be defined.

## Authorization and Controls

The following are some R&R:

- The introduction of Central Finance will raise the need of an aligned role and authorization concept to access global data (especially in reporting scenarios).

## IT Architects Strategy

The following are some R&R:

- A Central Finance project is possible in an entirely non-disruptive manner.
- The end result is a simplified IT landscape from multi ERPs which can be SAP (any release) or non-SAP.

## **Business Unit Controller and Management**

The following are some R&R:

- The communication channels are: regular project status meetings, workshops, e-mails, and change control meetings.

## **Corporate Controller and Management**

The following are some R&R:

- Communication is done through corporate management meetings, governance review meetings, regular status calls, and e-mails.

## **Corporate CFO/CIO**

The following are some R&R:

- After a Central Finance implementation, the corporate CFO has access to real-time financials, and real-time analytics about operation data and instant insight into key financial data and cash management.
- The corporate CIO gains a simplified IT system with in-memory processing capabilities without any disruption in the source landscape.

### **1. What are the change enablers in a Central Finance Project?**

The following are some common change enablers in a central finance project.

## **Focus on Benefits and Outcomes**

The following are some pointers:

- Develop a vision and outline the key benefits that lead to a commitment to the project by all persons involved.
- KPI tracking is responsible for the visibility of the results leading to the aligned strategy in the organization.

## **Lead, Communicate, and Engage**

The following are some pointers:

- The value of Central Finance replication requires full support of all stakeholders involved both at system level as well as data level.
- A communication plan helps obtain a greater buy-in from various stakeholders at an early stage and minimize resistance.

## **Develop Capability and Capacity**

The following are some pointers:

- This approach avoids confusion and overlapping of activities, which may result in conflicts for the project.
- The training strategy must include a knowledge transfer process to all instances that participate in design and mapping exercises.
- New processes need to be followed, so efficient user training is required.

## **Design Organization and Governance**

RACI, Program governance, OBS, and team charter is mandatory. Each project member should perform only authorized duties relevant to their respective job and position.

## **Align Individuals and Teams**

The following are some pointers:

- The ultimate goal of change management is to drive organizational results and outcomes by engaging employees and inspiring their adoption of a new way of working.
- The attitude and actions of the manager will directly impact how the team members perceive the change, i.e., whether they embrace or

oppose it.

**2. Mention one prerequisite of SAP S/4HANA central finance real-time replication works (explanation not required).**

One prerequisite is that the Central Finance SLT configuration for the replication needs to be active. It is the prime prerequisite.

**3. How does SAP S/4HANA central finance real-time replication work?**

Here's how the real-time replication in Central Finance works:

- An internal order is created via transaction KO01.
- When the internal order is committed to the database in the AUFK table, the DB trigger automatically creates an entry with the AUFNR in the logging table.
- A monitoring job is running in SLT to constantly check whether there are any entries in the logging table.
- If there is an entry, it will read the entry and take the AUFNR.
- Then, it reads the AUFK and all dependent tables with the AUFNR.
- After that, SLT does the mapping from the retrieved data to the Central Finance interface structure.
- Then, the Function Module of Central Finance interface is called.

**4. How can you handle SAP S/4HANA central finance real-time replication errors?**

The following are some approaches.

**1. AIF**

- Check AIF with status “error” and “in process”
- Check AIF message processing

**2. SLT**

- Check whether SLT configuration is active
- Check SLT application log

**3. Source system**

- Check whether the logging table is populated
- Check whether the new data is created

## **5. Illustrate replication of Profit Center-related postings in SAP S/4HANA Central Finance.**

Many customers use the classic Profit Center Accounting (EC-PCA) in their source systems.

In SAP S/4HANA, SAP follows the approach of a single source of truth, where all information is stored in the Universal Journal. So, all postings that hit EC-PCA in the source system will be posted into the Universal Journal of the Central Finance system.

FI postings that carry a profit center were already covered by the FI document replication. The profit center gets automatically filled in the line items of the universal journal.

CO postings that carry a profit center were already covered by the CO document replication. The profit center gets automatically filled in the line items of the universal journal.

What was not covered before S/4HANA 1709, FPS01, is postings that were done inside EC-PCA only, for instance, postings done by transactions 4KE5, 3KE5, 9KE0, 1KEL, and so on.

With a new scenario, these postings get replicated and are fed into a dedicated ledger in the target system.

## **6. What are the restrictions during handling of EC-PCA internal postings in SAP S/4HANA Central Finance?**

The following are the restrictions and further hints:

- Initial load of FI balances does not transfer balances on profit center level
- Writing line items must be activated in EC-PCA in the source system (customizing view: V\_TKA00PCA-EPSKZ)
- Segment always gets rederived in the central system
- Reversals from (deprecated) GB06 transaction are not transferred
- No handling of postings triggered by transaction 1KEK
- If transfer pricing is active in the source system, currency type 32 must be configured as a currency in the universal journal
- Deletions carried out by transaction 0KE1 are not reflected

## **7. What are the features of the side panel in Central Finance?**

Features of the side panel in Central Finance include the following:

- Side panels are used in the source system UI and extend the display to include information from the central system. They are context sensitive and relate to existing SAP GUI transactions in a separate screen area of SAP Business Client.
- This concept was created to improve the way users review related information while they are working with a specific business item.

## **8. What are the side panel CHIP transaction codes for CFIN FI documents?**

Side panel CHIP transaction codes for CFIN FI documents are as follows:

- FI Document FI Document-Header FB03/MIR4/VF03
- FI Document-Line Items FB03/MIR4/VF03
- FI Document-Clear Status FB03/MIR4/VF03
- FI Document-Account Mapping FB03/MIR4/VF03
- FI Document-Customer Mapping FB03/MIR4/VF03
- FI Document-Cost Center Mapping FB03/MIR4/VF03
- FI Document-Vendor Mapping FB03/MIR4/VF03
- FI Document-Cost Object Mapping FB03/MIR4/VF03

Side panel CHIP transaction codes for CFIN master data are as follows:

- G/L-Account-Master-Data-FS00
- Customer Master data XD03
- Vendor Master Data XK03

## **9. What is the use of side panel for MM Invoice?**

If a user displays an MM invoice using transaction MIR4 on the host screen, the side panel displays information from the replicated accounting documents in Central Finance for the accounting documents of this invoice.

## **10. What is the use of side panel for SD Invoice?**

If a user displays an SD invoice using transaction VF03 on the host screen, the side panel displays the replicated accounting documents for the source accounting documents of the invoice.

## **11. How can you use the side panel for MM and SD invoices?**

To use the side panel for MM and SD invoices, you should add transaction codes MIR4 and VF03 to the user's role for the side panel.

For a detailed description of how to set up the side panel, refer to Setting Up Side Panels on the SAP Help Portal.

Role in source (copied from template SAP\_SFIN\_CFIN\_SP\_MENU in CFIN) contains mapping between transaction and side panel.

SAP Business Client opens the side panels in the CFIN system (target system as defined in the role).

Screen fields from the transaction in the source system are passed as parameters to the side panel in the CFIN system.

**12. What is the function module name to read central finance document info in SAP S/4HANA Central Finance (explanation not required)?**

**FINS\_CFIN\_ACDOC\_READ** is the function module name.

**13. What is the BADI name to display document flow in SAP S/4HANA Central Finance (explanation not required)?**

**BADI\_SD\_DOCUMENTFLOW** is the BADI name.

**14. What is the CLASS name to display document flow in SAP S/4HANA Central Finance (explanation not required)?**

**CL\_IM\_FIN\_CFIN\_SD\_DOCFLOW** is the CLASS name.

**15. What are the SAP Notes be applied to the source system for SD Document Flow enhancement in SAP S/4HANA Central Finance?**

The following SAP Notes have to be applied to the source system:

2615018 Central Finance: SD Document Flow enhancement source (generic code changes)

2662515 Central Finance: SD Document Flow enhancement UDO objects for Note 2574028

2574028 Central Finance: SD Document Flow enhancement source (CFIN specific)

As a limitation, it only works for company codes with already activated central payment.

**16. What is the data model used for actual data in SAP S/4 HANA Central Finance and Group reporting (explanation not required)?**

ACDOCA is the data model used.

**17. What is the data model used for plan data in SAP S/4 HANA Central Finance and Group reporting (explanation not required)?**

ACDOCP is the data model used.

**18. What is the data model used for Consolidated data in SAP S/4 HANA Central Finance and Group reporting (explanation not required)?**

ACDOCU is the data model used.

**19. What is the different data accounting document actual (ACDOCA) table consolidating?**

The **accounting document actual (ACDOCA)** table consolidates data that was traditionally stored in separate tables:

- General ledger
- Profitability analysis
- Controlling
- Asset accounting
- Inventory

**20. What is “FS Item Fields” in SAP S/4 HANA Central Finance and Group reporting?**

**Financial statement (FS)** item type is a required property that indicates the nature of FS items. The following item types are available:

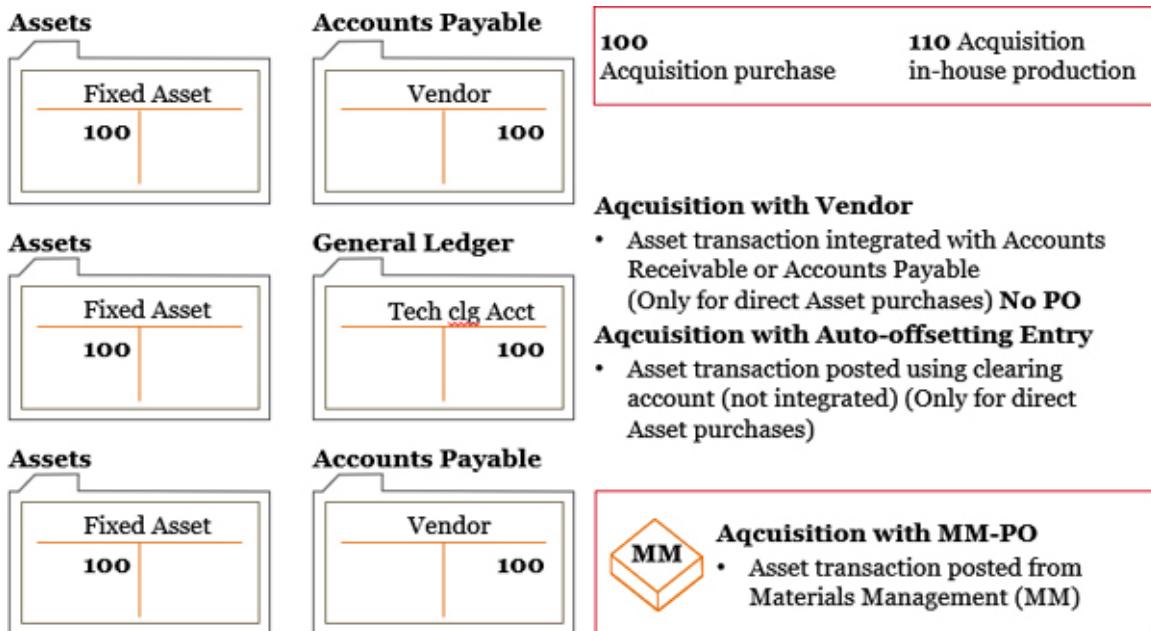
- **INC:** Income statement items.
- **EXP:** Expense statement items.
- **AST:** Asset items in balance sheets.
- **LEQ:** Liabilities and equity items in balance sheets.
- **STAT:** Statistical items that can be used to record financial and non-financial data. This data is not directly linked into P&L statements or balance sheets, such as headcount information.
- **REPT:** Dedicated hierarchies can be defined for reporting items, and respective reporting rules can be defined to derive values of the reporting items.

The item type settings for FS items are used by balance carry forward and the annual net income calculation, for example.

- **Consolidation item:** These items are consolidation-specific, such as goodwill. They do not require a mapping to GL accounts.
- **No Posting:** Use this setting to block postings.
- **Breakdown category:** This controls transaction data field updates.

## 21. What do you mean by “Asset acquisition – Integration” (explanation not required)?

The following figure outlines the “Asset acquisition – Integration”:



*Figure 3.4: Asset acquisition – Integration*

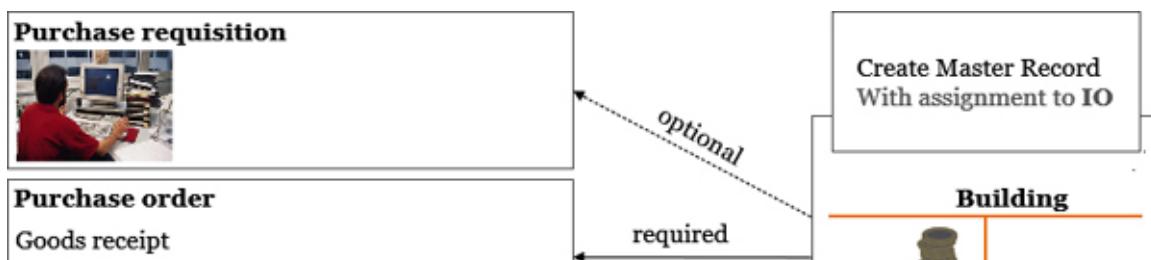
*Image Source: <https://saplearninghub.plateau.com>*

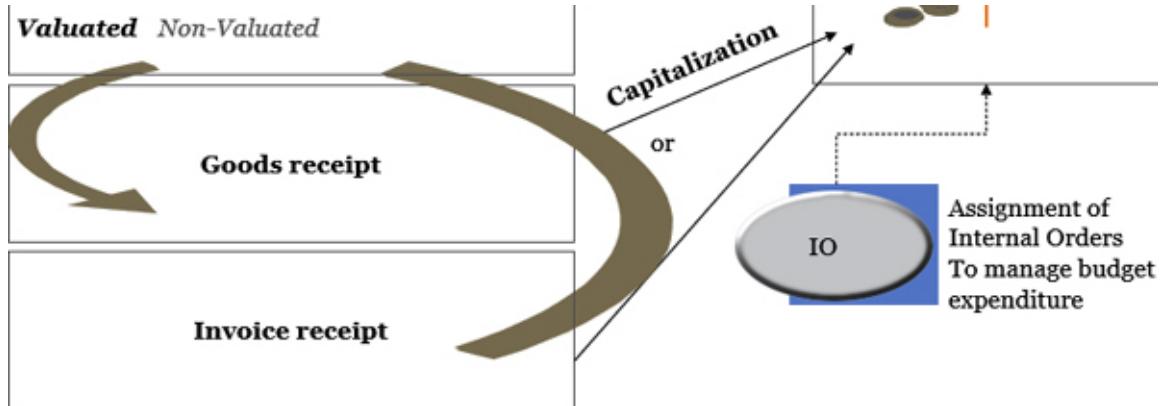
The acquisition posting can be created in the department that is primarily responsible for this business transaction.

Acquisition of an asset from a business partner => External acquisition

## 22. What do you mean by “Asset acquisition – MM integration” (explanation not required)?

The following figure outlines “Asset acquisition – MM Integration”:





**Figure 3.5: Asset acquisition – MM integration**

**Image Source:** <https://saplearninghub.plateau.com>

The example shows an asset acquisition with MM integration. It shows the following activities:

- Purchase requisition (PR)
- Purchase order (PO)
- Goods receipt (GR)
- Invoice receipt (IR)
- Creation of an asset

Invoice receipt:

If the goods receipt was non valued, the asset is capitalized, line items are created, and the value fields are updated.

### 23. How many types of asset retirement are there?

Assets can be retired:

- With Revenue
- Without Revenue (scrapped)

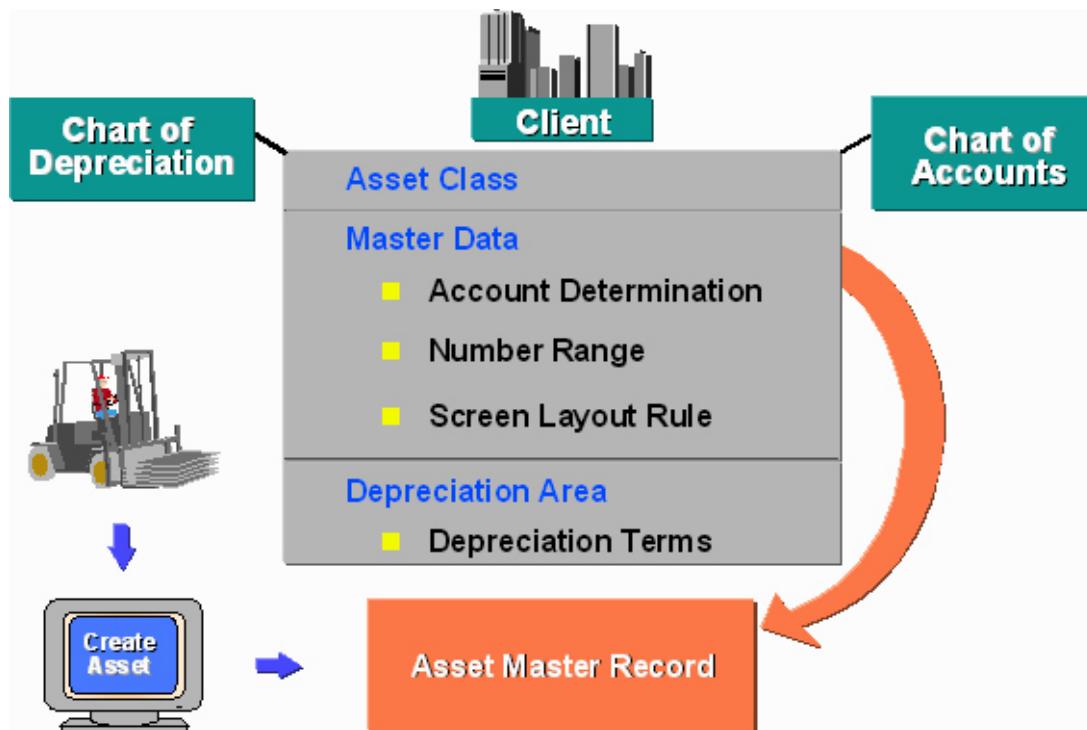
**Retirement with revenue:** Selling of an asset at a market price, net book value, or other settlement price.

**Retirement without revenue:** Writing off an asset that is no longer productive or has no residual value.

## 24. Define Asset class.

The asset class is the main criteria for defining the asset. Each asset has to be assigned to an asset class. In the asset class, you can define certain control parameters and default values for depreciation and other master data.

The following figure outlines the “*Asset Class Overview*”:



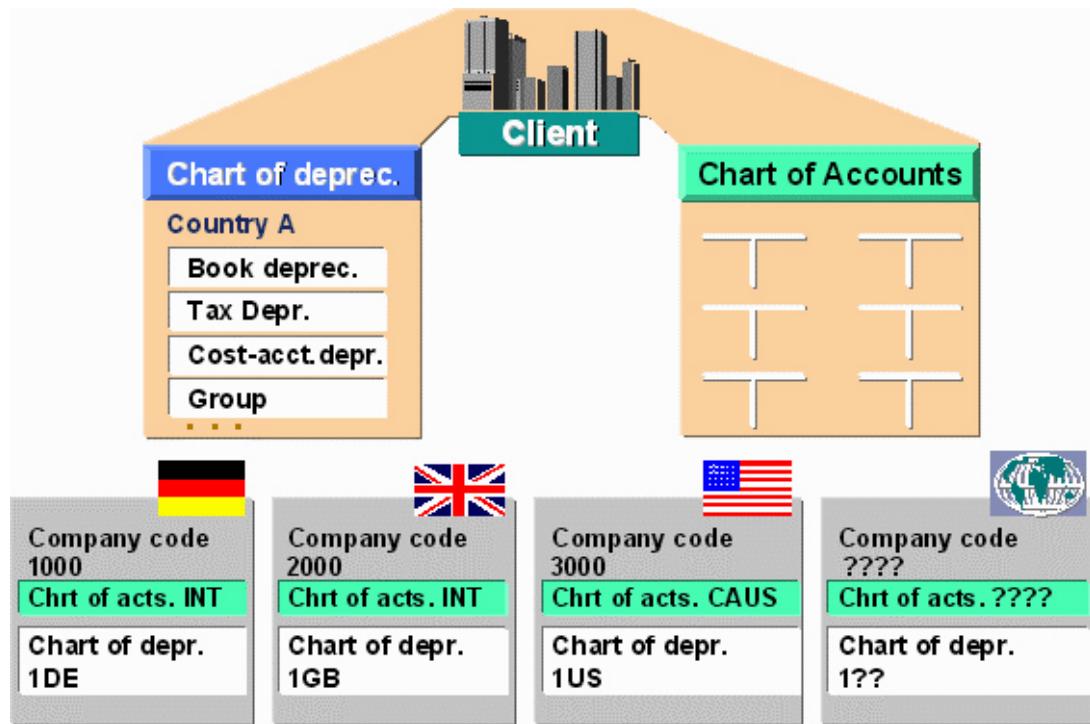
*Figure 3.6: Asset Class Overview*  
Image Source: <https://saplearninghub.plateau.com>

Assets that do not appear in the same line item of the balance sheet (such as buildings and equipment) have to be assigned to different asset classes. Additionally, there is at least one special asset class for assets under construction.

## 25. Define chart of depreciation.

The chart of depreciation is a list of depreciation areas arranged according to business and legal requirements. It enables you to manage all rules for the valuation of assets in a particular country or economic region.

The following figure outlines the “*Chart of Depreciation Overview*”:



*Figure 3.7: Chart of Depreciation Overview*

Image Source: <https://saplearninghub.plateau.com>

You must assign a chart of depreciation to each company code that is defined in Asset Accounting.

## 26. Define zero balancing (explanation not required).

The following figure outlines the “**Zero balancing entry view Overview**”:

Account	Dr/Cr	Amount	Profit center
Balance sheet A/c 1	Dr	120	PCo1
Balance sheet A/c 2	Cr	120	PCo2

Account	Dr/Cr	Amount	Profit center
Balance sheet A/c 1	Dr	120	PCo1
Clearing Account	Cr	120	PCo1
Clearing Account	Dr	120	PCo2
Balance sheet A/c 2	Cr	120	PCo2

**Figure 3.8:** Zero balancing entry view overview (Image Source:  
<https://saplearninghub.plateau.com>)

Zero Balance Clearing account is defined per company code; as the name suggests, the balance of this account is zero at company code level.

## 27. Define document splitting.

With document splitting, accounting line items are split according to specific characteristics. For example, Business Area, Profit Center, Segment.

The characteristics need to be defined at which complete financial statements are desired, viz., Business area, Profit center, Segments.

These characteristics, once defined, are then acted upon using the document splitting functionality.

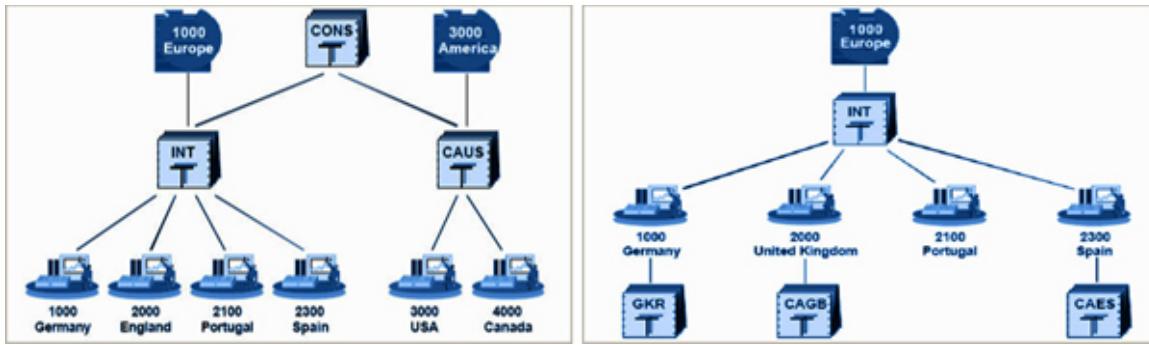
Three types of splitting functionalities:

- Active
- Passive
- Zero Balancing

Apart from this, SAP has a feature of inheritance that works in tandem with these splitting types.

## 28. Define chart of accounts types (explanation not required).

The following figure outlines the “*Chart of Accounts Types Overview*”:



*Figure 3.9: Chart of Accounts Types Overview*

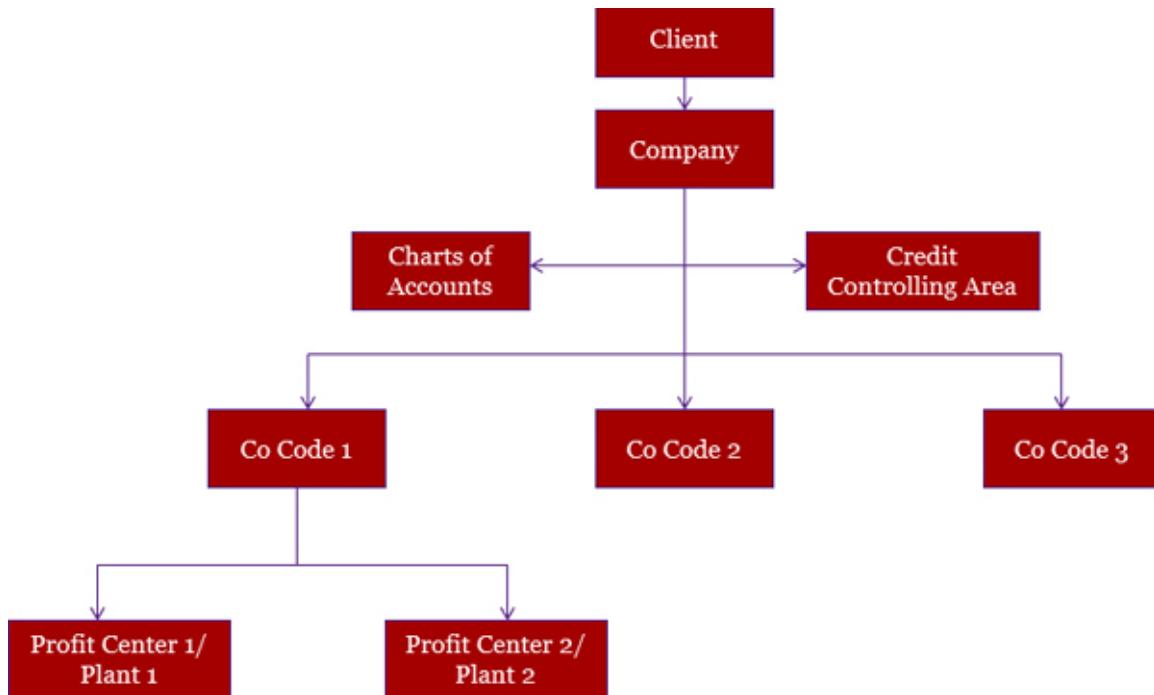
*Image Source: <https://saplearninghub.plateau.com>*

The **chart of accounts (COA)** contains the definitions of all G/L accounts in an ordered form. The three types of COA are as follows:

- Operating COA
- Group COA
- Country COA

## 29. Draw “Finance Organizational Structure” (explanation not required).

The following figure outlines the “*Finance Organizational Structure overview*”:

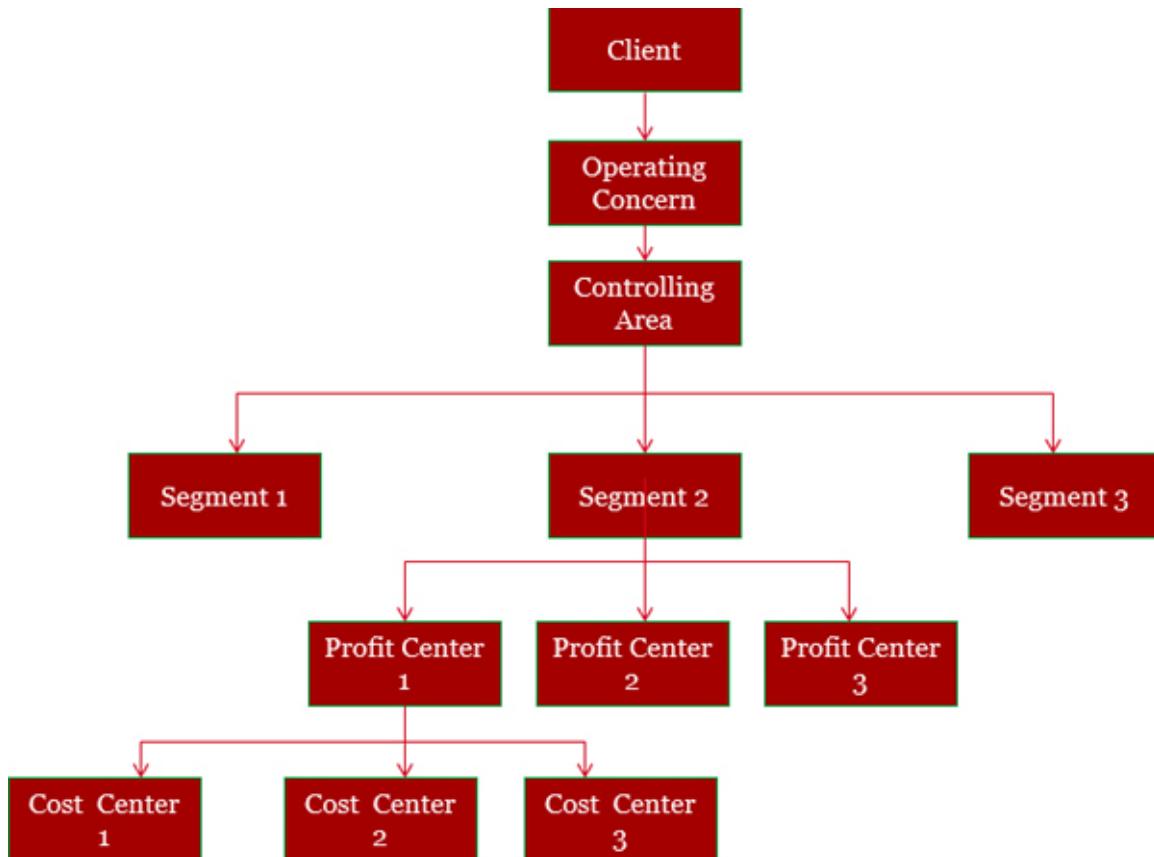


*Figure 3.10: Finance Organizational Structure Overview*

*Image Source: <https://saplearninghub.plateau.com>*

**30. Draw “CO Organizational Structure” (explanation not required).**

The following figure outlines the “*CO Organizational Structure overview*”:

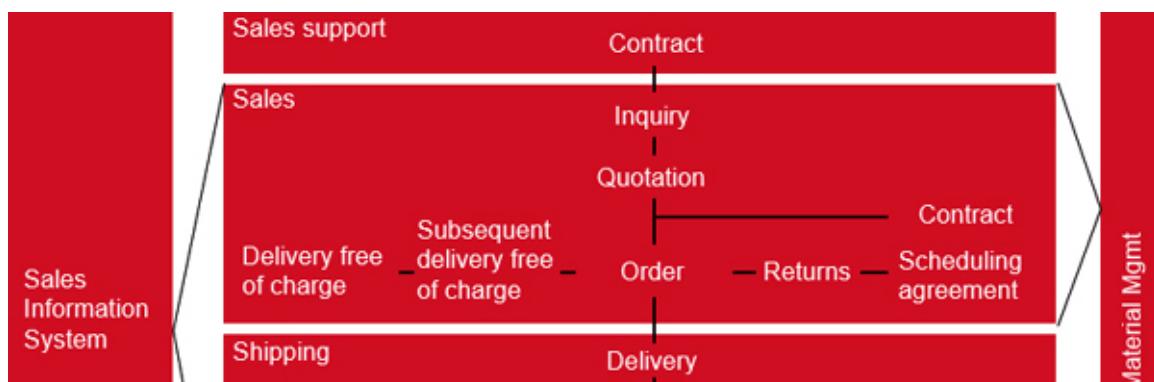


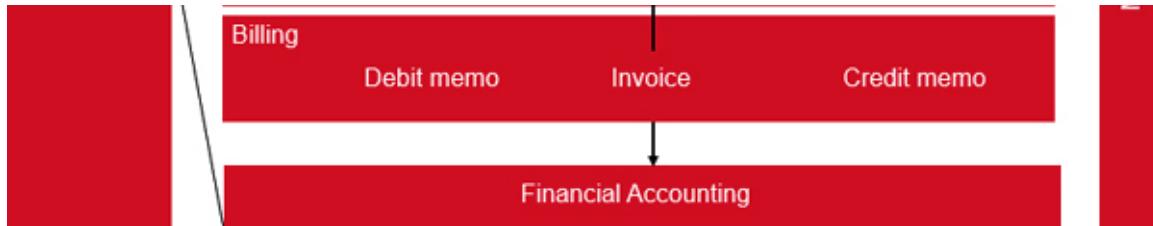
*Figure 3.11: CO Organizational Structure Overview*

*Image Source: <https://saplearninghub.plateau.com>*

**31. Draw “SD integrated environment” (explanation not required).**

The following figure outlines the “*SD integrated environment overview*”:

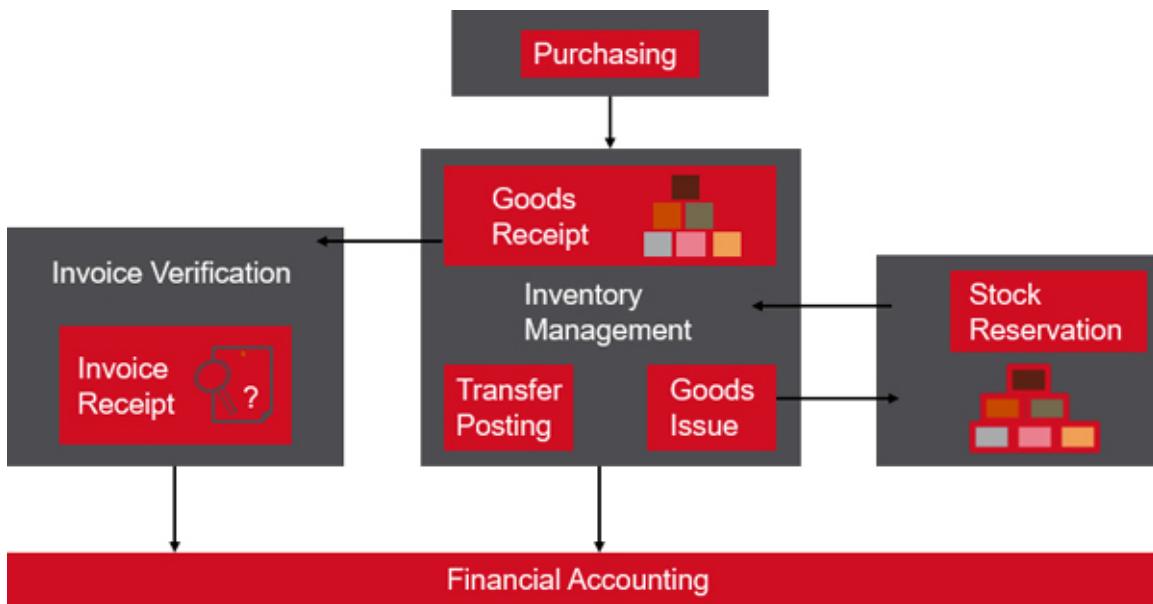




**Figure 3.12: SD integrated environment Overview**  
**Image Source:** <https://saplearninghub.plateau.com>

**32. Draw “MM integrated environment” (explanation not required).**

The following figure outlines the “MM integrated environment overview”:



**Figure 3.13: MM integrated environment overview**  
**Image Source:** <https://saplearninghub.plateau.com>

**33. Draw “HCM integrated environment” (explanation not required).**

The following figure outlines the “*HCM integrated environment overview*”:

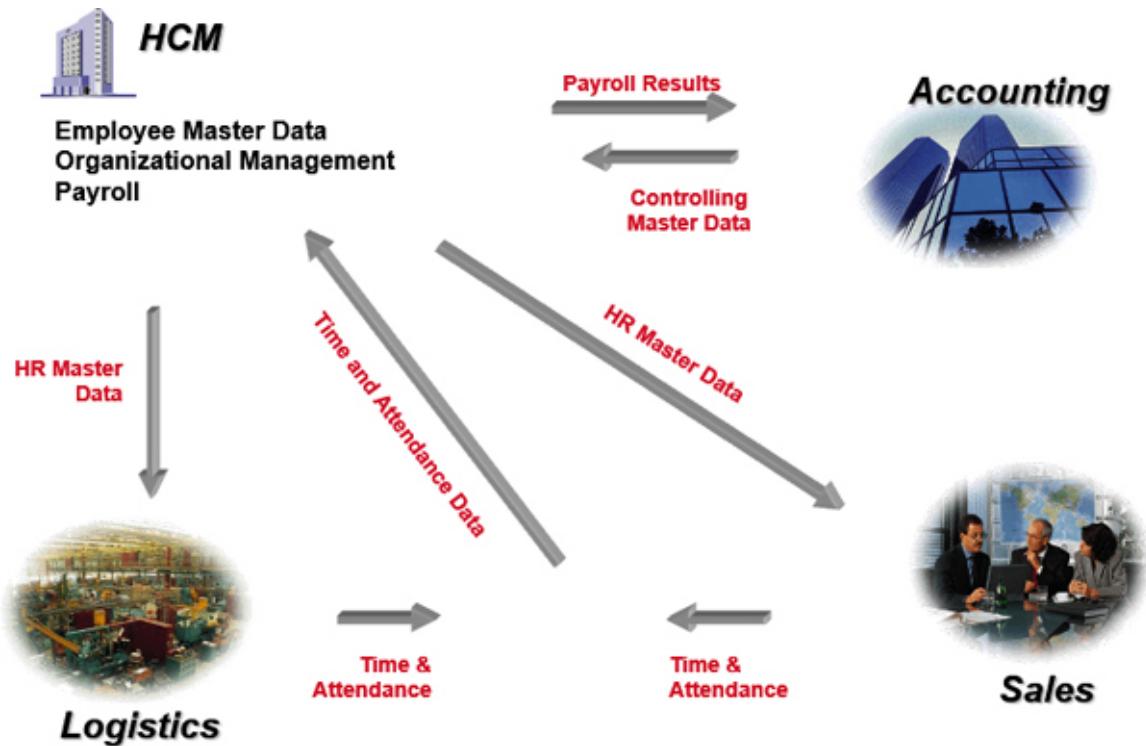
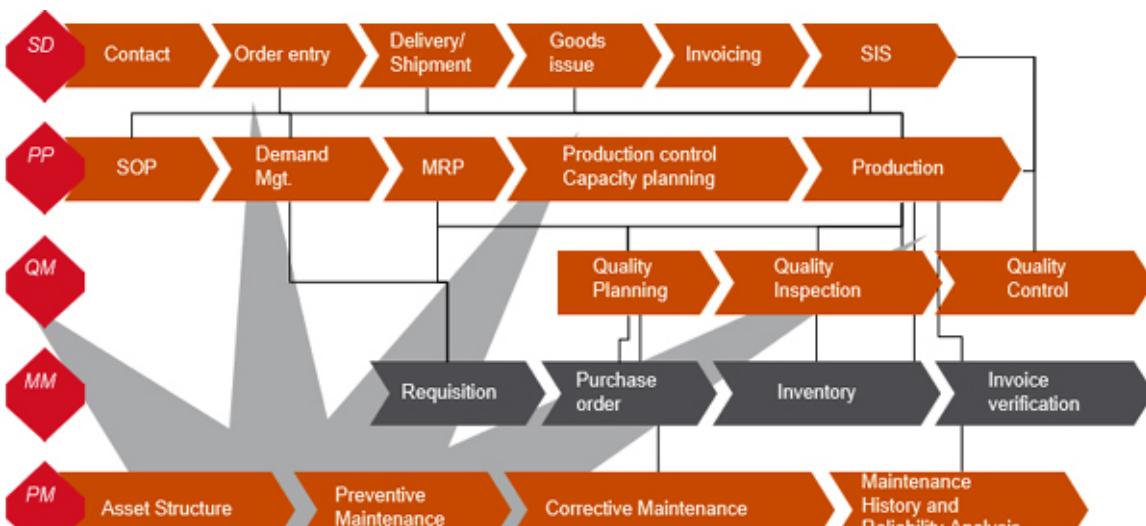


Figure 3.14: HCM integrated environment Overview

Image Source: <https://saplearninghub.plateau.com>

#### 34. Draw “S4 Hana logistics integration overview” (explanation not required).

The following figure outlines the “*S4 Hana logistics integration overview*”:



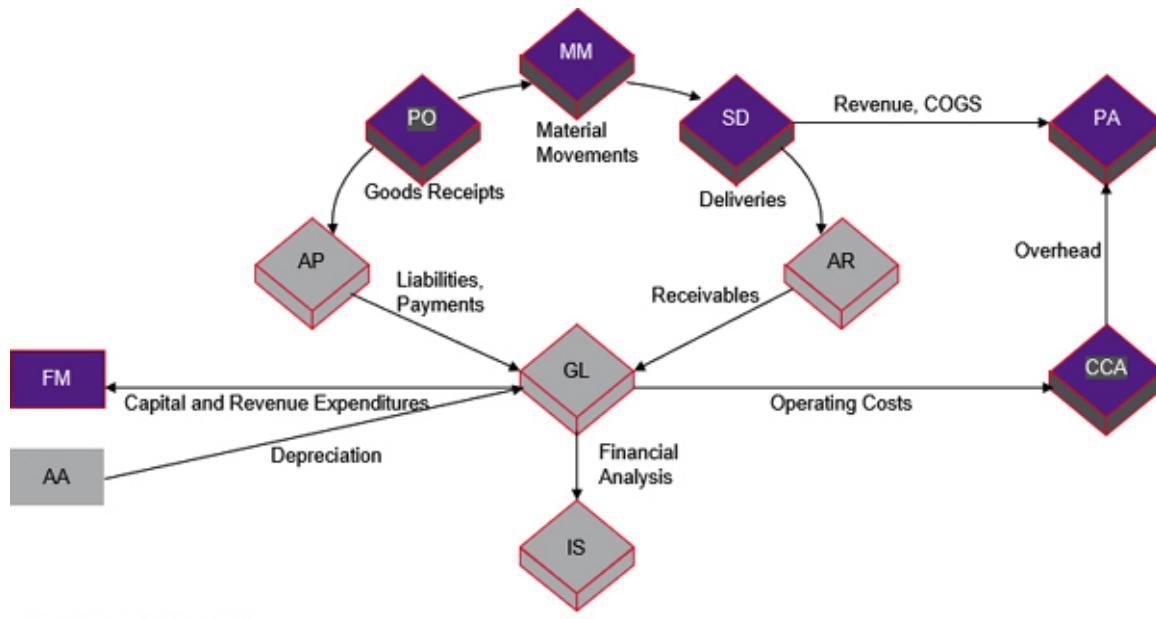


*Figure 3.15: S4 Hana logistics integration overview*

*Image Source: <https://saplearninghub.plateau.com>*

### 35. Draw “Financials integrated environment” (explanation not required).

The following figure outlines the “*Financials integrated environment overview*”:



*Figure 3.16: Financials integrated environment overview*

*Image Source: <https://saplearninghub.plateau.com>*

## 36. What is the SAP standard reports available in SAP Central Finance?

The following report types are available.

### **Basic Reports**

The following are some important pointers:

**General accounting:** Trial balance, financial statement, general ledger account line items, and general ledger account balances

**Financial analysis (plan vs. actual):** Cost center, internal orders, market segments, profit and loss, and projects

**Cost management:** Spend, unusual items

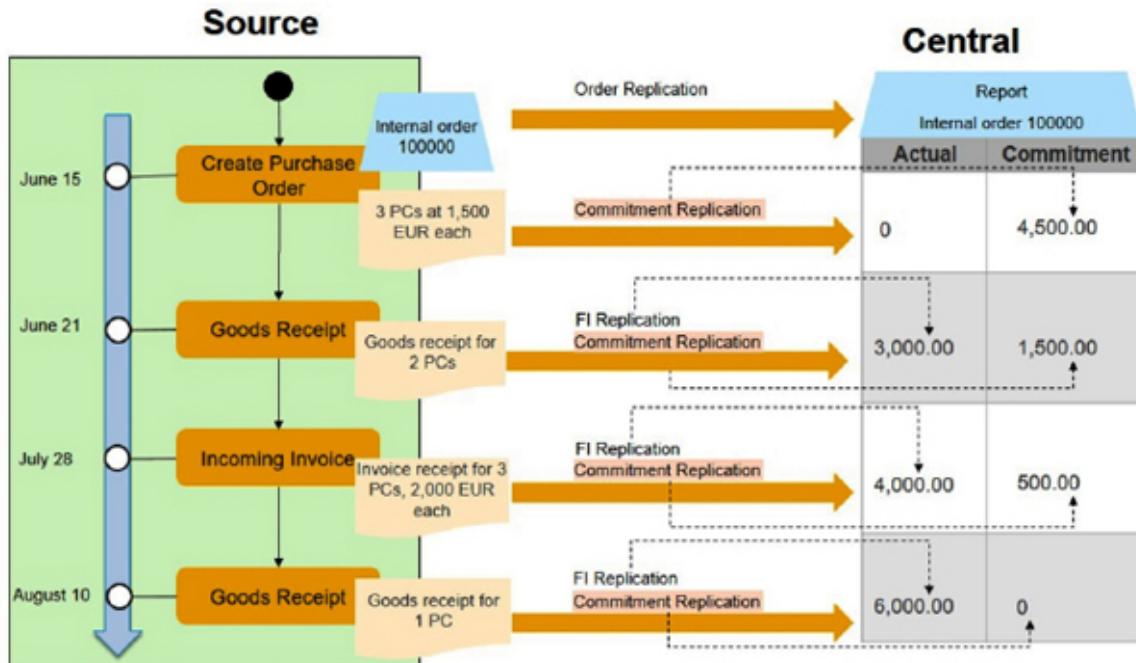
### **Advanced Reports**

The following are some important pointers:

**Clearing-based:** Global cash management, cash flow analysis, accounts payable and accounts receivable, future payables, aging analysis, dunning level distribution, days beyond terms, future receivables, overdue receivables, days payable outstanding, vendor payment analysis (open payments), and vendor payment analysis (manual and automatic payments).

## 37. Draw “Central Commitment Reporting - Procure to Pay Example” (explanation not required).

The following figure outlines the “*Central Commitment Reporting - Procure to Pay Example*”:



**Figure 3.17: Central Commitment Reporting - Procure to Pay Example**

**Image Source:** <https://saplearninghub.plateau.com>

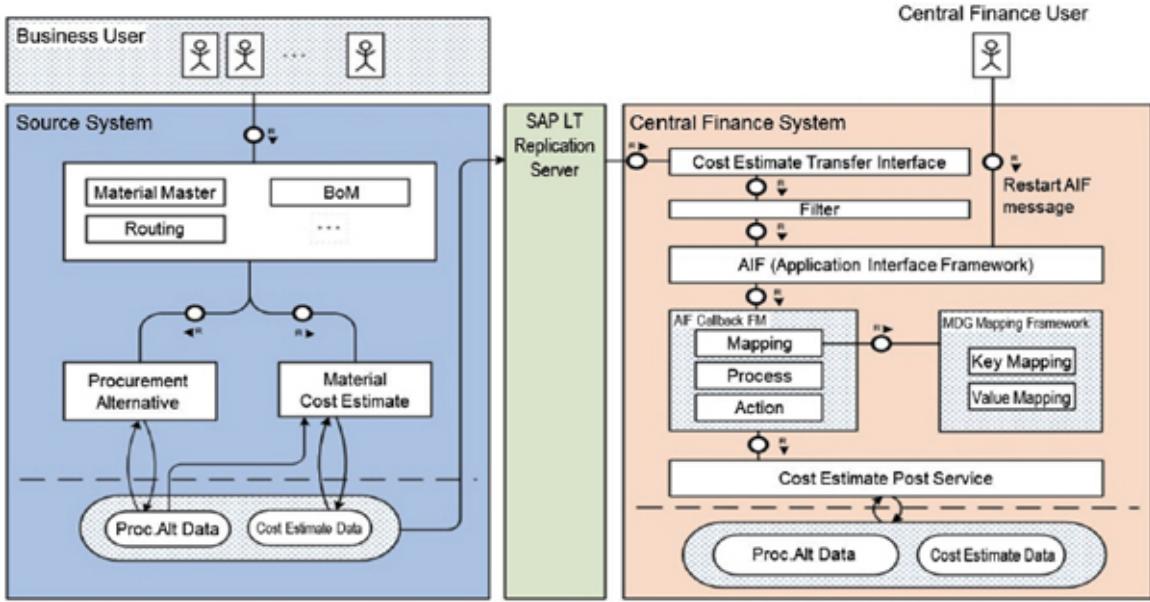
Here, you can see how the regular process steps are correlated to the process simulation.

On the left is the process flow over time. This is only a simple example, and the order of the process steps may deviate. For instance, the invoice can be received before the goods.

On the right, we can see the report in the Central system where we are interested in FIN documents only, not, for instance, in a material document.

### 38. Draw “Architecture for Material Cost Estimate Replication” (explanation not required).

The following figure outlines the “*Architecture for Material Cost Estimate Replication Overview*”:



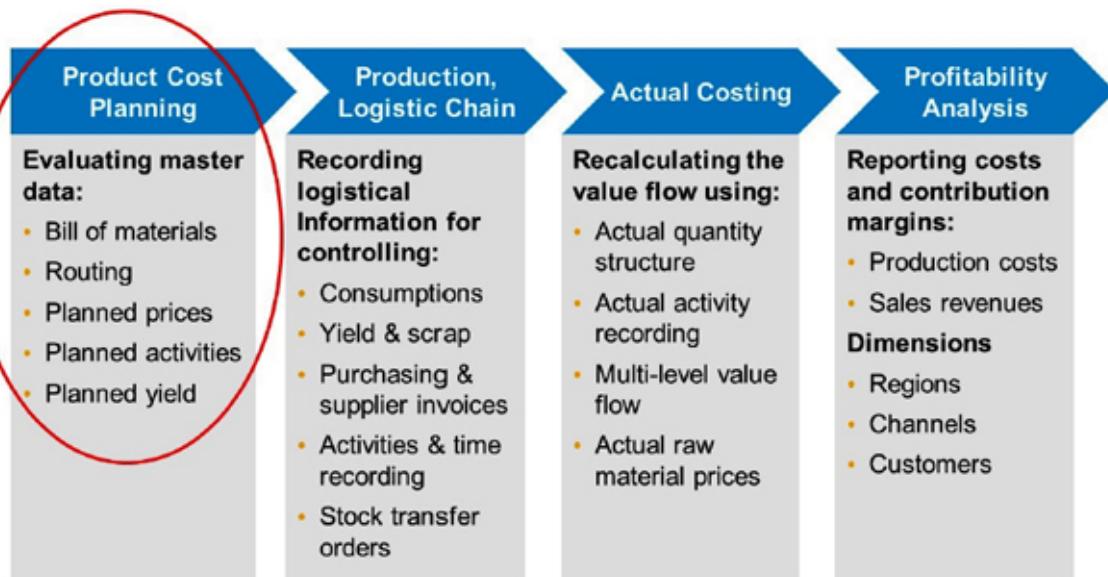
**Figure 3.18: Architecture for Material Cost Estimate Replication Overview**

**Image Source:** <https://saplearninghub.plateau.com>

In source system, when there is a cost estimate created or updated, SLT will retrieve this data from relevant tables and transfer it to Central Finance system. The data will be checked with the transfer rules in filter table, and then the valid data will be mapped and processed in AIF and finally, posted by cost estimate post service.

**39. Draw “Material Cost Estimate Replication – Background” (explanation not required).**

The following figure outlines the “*Material Cost Estimate Replication – Background*”:



*Figure 3.19: Material Cost Estimate Replication – Background*

*Image Source: <https://saplearninghub.plateau.com>*

#### 40. What is the business use case?

The material cost estimates function enables you to calculate the cost of your finished and semi-finished materials and update the material master data with the calculated costs. Customers with distributed source systems require centralized cost estimate information to get a consolidated value chain across different company codes/plants.

#### 41. What is the problem that is addressed and solved?

When the company codes/plants are distributed across different systems, the customer doesn't have an overview of the whole value chain of the production.

#### 42. How is the problem solved?

Replicate the cost estimates from sources systems to one centralized system in real-time.

#### 43. How many steps does the group reporting process consist of?

The Group Reporting Process consists of four main steps:

- 1. Data collection:** Load data from SAP S/4HANA and outside sources.
- 2. Preparation:** Perform currency translation if needed, adjust the data to align with corporate accounting standards, and match intercompany.

3. **Consolidation:** Eliminate intercompany transactions and post ownership-related adjustments.
4. **Reporting:** Analyze the results.

#### **44. Define SAP Analytics Cloud.**

SAP Analytics Cloud is a single solution for business intelligence and enterprise planning, augmented with the power of predictive analytics and machine learning technology. It helps everyone in your organization make fast, confident decisions for better business outcomes.

#### **45. Define Financial Statement (FS) item.**

A **Financial Statement (FS)** item represents the fundamental account assignment in the consolidation system. It forms the basis for consolidation data collection, posting, and reporting along the consolidation process.

#### **46. Define Breakdown category.**

Breakdown categories classify sub assignments that are required for FS items to perform consolidation tasks.

For each FS item, the breakdown category determines which sub assignments must be recorded into the ACDOCU table. If the source records do not contain consolidation transaction type, then it will be derived assuming that the breakdown category allows it.

#### **47. Explain the main benefits of central finance solution.**

Central Finance Solution offers a compelling deployment option for customers. This answer covers the main benefits of Central Finance. Central Finance enables customers to move at their own pace while avoiding a big bang approach, and it offers less risk and minimal change management.

##### **Transparency**

Increase transparency with a single, central source of truth of harmonized financial data for local, entity, and group reporting.

##### **Flexibility**

Quickly adapt to changing business environments and implement your own growth activities and business model changes.

##### **Efficiency**

Improve process efficiency by integration, standardization, and automation of business processes.

### **Service Level**

Improve the service level provided to stakeholders; service quality, accuracy, speed and timeliness, optimally in self-service scenarios

### **Cost Reduction**

Reduce maintenance of multiple systems, applications, and interfaces, improve and innovate and introduce centralization and economies of scale (shared services) to process execution.

### **Working Capital Improvement**

Simplify your cash, collections, and receivables management, and improve your working capital.

### **Simplification**

Run simple and live with one rationalized and consolidated solution for transaction recording, reporting, planning, and consolidation.

### **Business Continuity**

Connect your SAP and non-SAP ERP landscape without disruption to SAP S/4HANA to run as a digital business and capture market and transformation potential via cloud and subscription options.

## **48. What are the BADI available in central finance?**

Below are some examples out of many.

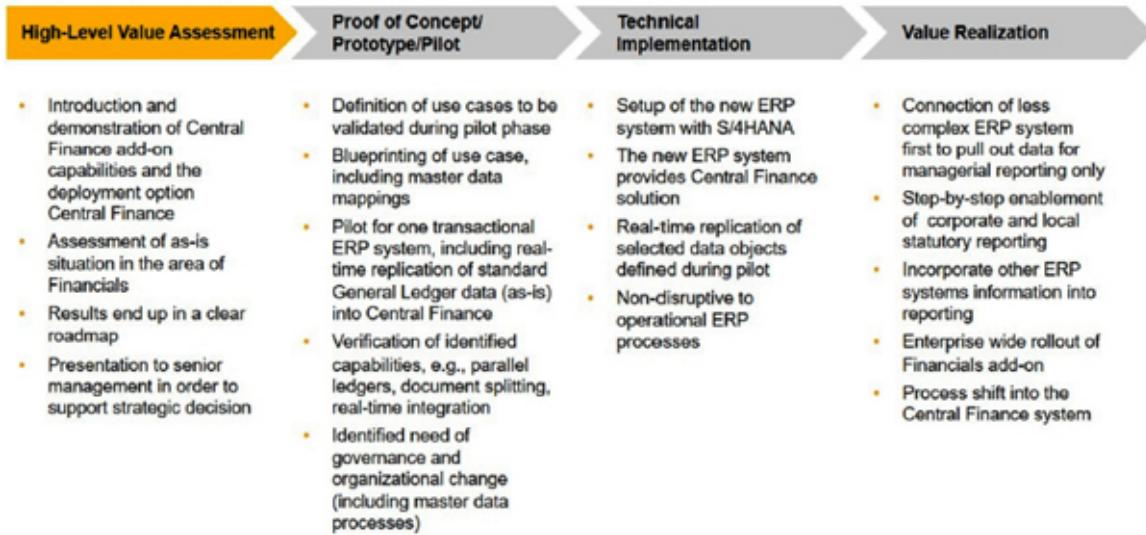
- **BADI\_FINS\_CFIN\_MAPPING\_RULE:** This can be used if the mapping action for a mapping entity is not static.
- **BADI\_FINS\_CFIN\_AC\_INTERFACE:** This is the BADI called in the CFIN in FI/CO interface.
- **BADI\_FINS\_CFIN\_CO\_INTERFACE:** This is the BADI called in the CFIN CO internal interface.
- **BADI\_FINS\_CFIN\_CO\_OBJECT\_ASSIG:** This is the BADI called in the CFIN Cost object interface.
- The **BADI\_FIN\_CFIN\_DOCUMENT** BADI has been added to the IMG menu for Central Finance source systems (transaction CFINIMG).

The IMG activity also contains the BADI documentation.

The BADI is delivered via SAP Note 2543899  
<https://launchpad.support.sap.com/#/notes/2543899Figure>.

**49. Draw “Project approach to central finance” (explanation not required).**

The following figure outlines the “*Project approach to central finance*”:



*Figure 3.20: Project approach to central finance*

*Image Source: <https://saplearninghub.plateau.com>*

The high-level value assessment gives customers a deep understanding of Central Finance and how it can solve their problems.

SAP recommends the PoC/Prototype/Pilot approach as Central Finance is a very new product.

The technical implementation represents the activities to build the PoC/Prototype/Pilot in the landscape following the focused and limited scope of the project.

In the value realization, customers can see the benefits of Central Finance and can also plan to integrate more systems or bring more reporting and processes to the Central Finance system.

**50. Draw “Central Finance Adoption Content” (explanation not required).**

The following figure outlines the “*Central Finance Adoption Content Overview*”:

<b>Value</b>		
Central Finance project implementation accelerators: Configuration, how-to guides, and implementation tools		
Use rights included in Central Finance software license as of July 2019; available to past and future Central Finance license customers		
Complements customer and system integrator methodologies, tools and templates		
Can combine with SAP model company for industries & line of businesses		
<small><a href="https://www.sap.com/services/implementation/preconfigured-industry-solutions.html">https://www.sap.com/services/implementation/preconfigured-industry-solutions.html</a></small>		
	<b>Management &amp; resources:</b>	Guides and templates:
	Landscape definition	▪ Functional and technical
	Project assumptions	▪ Business blueprint
	High level scoping	▪ Enterprise structure
	Sample project plan	▪ Business partner configuration
	Effort estimate sheets	▪ Finance / accounting
	Directory of Fiori apps	▪ Controlling / cost management
	Customer learning plan	▪ Source system set up
		▪ CFIN configuration
		▪ SLT integration
		▪ PO integration
		▪ AIF error correction

**Figure 3.21: Central Finance Adoption Content Overview**

*Image Source: <https://saplearninghub.plateau.com>*

Based on the previous SAP Model Company for Central Finance content, Central Finance Adoption content consists of different types and categories of assets that can help increase and accelerate the adoption of Central Finance for all customers.

Some examples are as follows:

- **Category 1:** Documentation Assets
- **Category 2:** Coded Assets (sample program or sample enhancement)
- **Category 3:** Tools with focus on specific functionality (delivered as service)

For more information, visit <https://www.sap.com/services/implementation/preconfigured-industry-solutions.html>.

## 51. Draw “SD Document Flow Enhancement – Function Description” (explanation not required).

The following figure outlines the “SD Document Flow Enhancement – Function Description”:

Document Flow			
<a href="#">Status overview</a> <a href="#">Display document</a> <a href="#">Service documents</a> <a href="#">Additional links</a>			
Business partner C_GG6 Customer gg6			
			
Document	On	Time	Status
Standard order 0000067751	22.03.2018	02:25:22	Completed
Outbound Delivery 0081024488	22.03.2018	02:27:54	Completed
Picking request 20180322	22.03.2018	02:28:13	Completed
GD goods issue:delv 4900021730	22.03.2018	02:29:03	complete
Invoice 0090028567	22.03.2018	02:29:27	Completed
Accounting document 0010000456	22.03.2018	02:29:27	Technically Cleared
Central Finance document 1800000586	22.03.2018	02:29:27	Cleared

**Figure 3.22: SD Document Flow Enhancement – Function Description**

Image Source: <https://saplearninghub.plateau.com>

### Function description:

- In SD document flow, the replicated documents are being retrieved from Central Finance system under the source documents.
- The information displayed includes document number in CFIN, and its clearing status.
- For the source accounting documents, the status should have been set to a special status as ‘Technically Cleared’.

The following notes have to be applied to the source system:

- 2615018 Central Finance: SD Document Flow enhancement source (generic code changes)
- 2662515 Central Finance: SD Document Flow enhancement UDO objects for Note 2574028
- 2574028 Central Finance: SD Document Flow enhancement source (CFIN specific)

### 52. Draw “SD Document Flow Enhancement - Solution Architecture” (explanation not required).

In the source system, if Central Payment is activated, when users display the accounting documents in SD Document Flow, they may want to know the corresponding CFIN documents and their clearing status. To support

this business scenario, SD Document Flow needs to be enhanced to display the documents from the CFIN system.

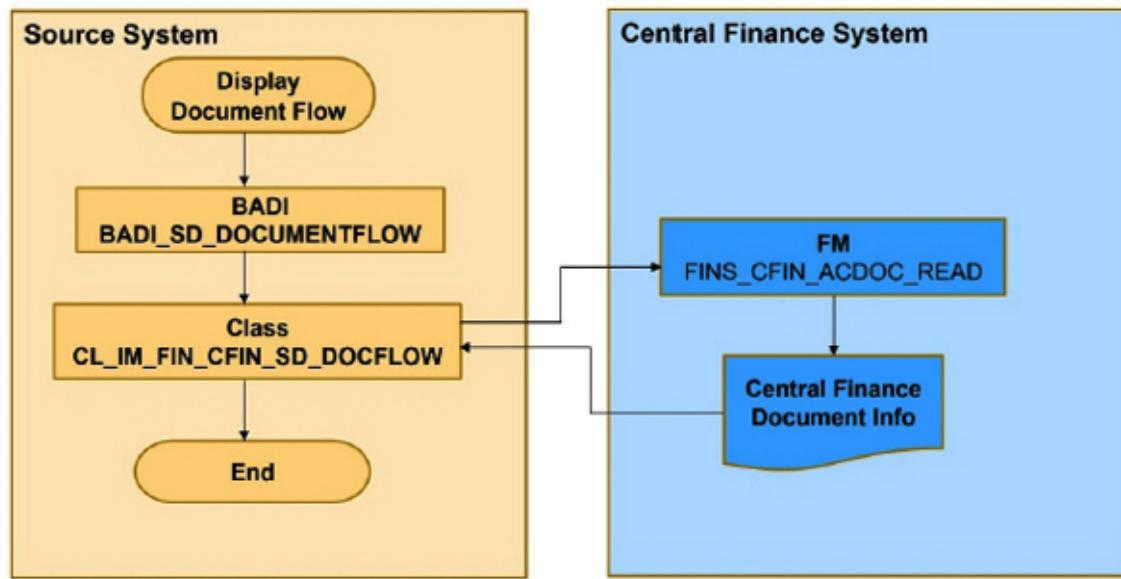
Function description is given as follows:

In SD Document Flow, the replicated documents are being retrieved from Central Finance system under the source documents.

The information displayed includes the document number in CFIN and its clearing status.

For the source accounting documents, the status should have been set to a special status: Technically Cleared.

The following figure outlines the “*SD Document Flow Enhancement - Solution Architecture*”:



*Figure 3.23: SD Document Flow Enhancement - Solution Architecture*

*Image Source: <https://saplearninghub.plateau.com>*

In order to support this business scenario, SD Document Flow needs to be enhanced to display the documents from CFIN system.

**Limitations:** Only works for company code with already activated Central Payment.

53. Name the “Side panel CHIP transaction codes for CFIN FI documents”.

Side panel CHIP transaction codes for CFIN FI documents are as follows:

- FI Document FI Document-Header FB03/MIR4/VF03
- FI Document-Line Items FB03/MIR4/VF03
- FI Document-Clear Status FB03/MIR4/VF03
- FI Document-Account Mapping FB03/MIR4/VF03
- FI Document-Customer Mapping FB03/MIR4/VF03
- FI Document-Cost Center Mapping FB03/MIR4/VF03
- FI Document-Vendor Mapping FB03/MIR4/VF03
- FI Document-Cost Object Mapping FB03/MIR4/VF03

**54. Name the “Side panel CHIP transaction codes for CFIN master data”.**

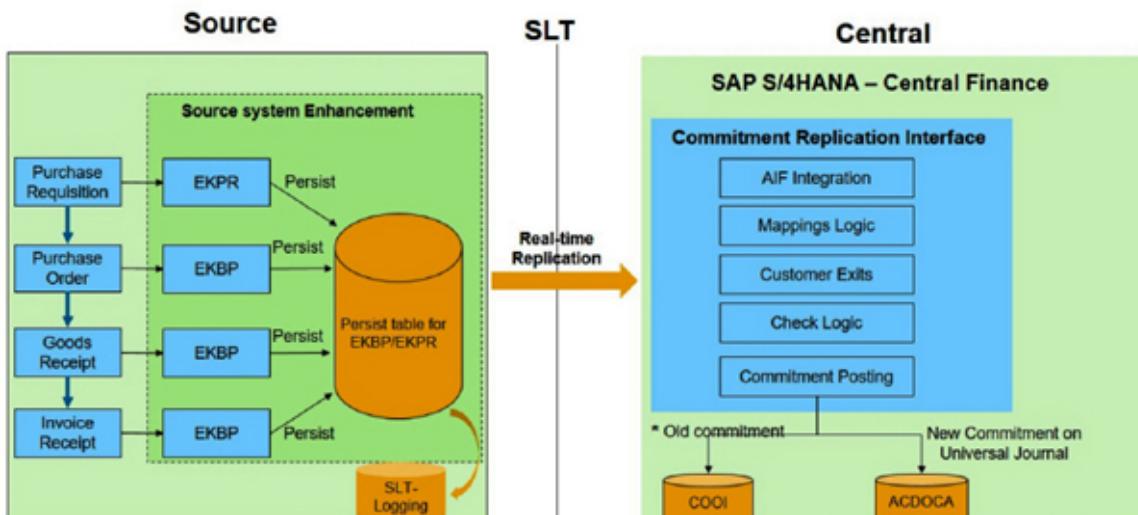
Side panel CHIP transaction codes for CFIN master data are as follows:

- G/L-Account-Master-Data-FS00
- Customer Master data XD03
- Vendor Master Data XK03

**55. Draw “Real-time Replication of Commitment” (explanation not required).**

In the source system, a persist table is created for Central Finance usage. Every time a commitment is updated from purchasing processes, the persist table is updated with the full context of commitment posting (structure EKPR/EKBP).

The following figure outlines the “*Real-time Replication of Commitment*”:



**Figure 3.24: Real-time Replication of Commitmen**  
(Image Source: <https://saplearninghub.plateau.com>)

In the central system, a new commitment concept is introduced, which is based on the universal journal (ACDOCA).

During commitment posting, both COOI (old CO commitment table) and ACDOCA will be updated if new commitment is configured in the central system.

The old commitment table (COOI) could be obsolete in future release.

## 56. Draw “Replication of Profit Center-Related Postings” (explanation not required).

In SAP S/4HANA, SAP follows the approach of a single source of truth, where all information is stored in the Universal Journal. So, all postings that hit EC-PCA in the source system will be posted into the Universal Journal of the Central Finance system.

The following figure outlines the “*Replication of Profit Center-Related Postings*”:



In source systems, classic Profit Center Accounting (EC-PCA) is often active

In S/4HANA, the recommendation is to do profit center reporting based on the Universal Journal  
The universal journal is updated:

- For FI postings if the line items carry a profit center
- For CO postings if the line items carry a profit center

Until now, postings that happen solely in EC-PCA have not been replicated  
New functionality replicates EC-PCA internal postings from:

- Allocations (distribution, assessment) (transaction codes 4KE5, 3KE5)
- Manual postings (transaction codes 9KE0, 1KEL, ...)



**Figure 3.25: Replication of Profit Center-Related Postings**

**Image Source:** <https://saplearninghub.plateau.com>

FI postings that carry a profit center were already covered by the FI document replication. The profit center gets automatically filled in the line items of the universal journal.

CO postings that carry a profit center were already covered by the CO document replication. The profit center gets automatically filled in the line items of the universal journal.

What was not covered before S/4HANA 1709, FPS01, is postings that were done inside EC-PCA only, for instance, postings done by transactions 4KE5, 3KE5, 9KE0, 1KEL, and so on.

With a new scenario, these postings get replicated and feed into a dedicated ledger in the target system.

## 57. What is the general Central Finance OSS note for reference?

2184567 is the referral OSS note.

## 58. For Central Payments, what is the central finance OSS note?

2346233 is the referral OSS note.

## 59. What is the OSS note for disaster recovery scenarios?

2504938 is the referral OSS note.

## 60. Is central finance part of the S/4 License?

No. It is a separate licensable product.

**61. What data model is used in Central Finance (explanation not required)?**

It is an S/4HANA based product. The data model is aligned to S/4HANA finance. For example, it uses the universal journal.

**62. Does Central Finance store its own data (explanation not required)?**

No. Data is always stored in the S/4HANA finance application, i.e., the Universal Journal.

**63. Does Central Finance need S/4HANA (explanation not required)?**

Yes. It is deployed automatically in S/4HANA but needs configuration and connectivity.

**64. During the installation of Central Finance, what are the main phases (explanation not required)?**

Install S/4HANA, install SLT, install and activate OSS notes, connect SLT with Source & S/4HANA, and secure network connections (this is not an exhaustive list).

**65. Do you need SLD for Central Finance (explanation not required)?**

Yes, it needed as part of best practice, but you can technically do without it.

**66. To deploy S/4HANA using Central Finance, what are the options available?**

The following options are available:

Use an end state side cart for finance transformation

Use as a stepping stone to full S/4HANA as a single instance of a mixed scenario

Use as an acquisition/divesture accelerator

Use as a shared service for indirect back office processes (i.e., HR, Indirect Procurement, etc.)

Use as a new company integration without changing the existing systems

Use as a data lake for finance as a single version of the truth

**67. Can Central Finance work on HEC and on Premise (explanation not required)?**

Yes, either fully or in a hybrid scenario.

**68. Can Central Finance work on S/4HANA public cloud (explanation not required)?**

No, CFIN is not coming under public cloud.

**69. Can you move Central Finance from HEC to on Premise at a future date?**

Yes. You can contact the HEC team on how to move the system from one host site to another.

**70. Does Central Finance Replicate Master Data independently?**

In general, it does not. However, it can be replicated using standard SAP tools (i.e., IDOCS, LSMW, etc.).

A consulting solution for PS can be procured from the value prototyping team.

**71. Does Central Finance replicate master data at transaction level?**

Yes, as it is part of the line item.

**72. What are the main mapping options for master data?**

The following are some of the main mapping options:

- Mapping of orders based on order type
- Key Mapping for other cost objects
- Exist-based mapping for rules-based mapping

**73. Is mapping of master data time-dependent?**

No. The mapping is not time-dependent using key mapping. However, time dependency can be added using the exit based on custom mapping tables that are time-dependent.

**74. Does Central Finance require golden records?**

It can work with golden and non-golden records based on a customer's master data scenarios.

**75. Do you need full MDG as part of Central Finance deployment?**

No. Central finance can be deployed using MDG foundation mapping capabilities manually. Initial master data loads can be carried out using standard tools or third-party tools.

**76. What is the advantage of using MDG for Central Finance?**

Ability to author, validate, approve, and replicate to source systems is an advantage. Key mapping can also be carried out by MDG for Central

Finance mapping.

**77. Is full MDG part of the license for Central Finance (explanation not required)?**

No. This is a separate licensable product.

**78. Can we use MDG to carry out additional mappings for project-specific scenarios (explanation not required)?**

Yes. However, note that there may be licenses implication for MDG.

**79. At what level does Central Finance replicate data (explanation not required)?**

For SAP data, it is at the document level, depending on the cutover parameters defined in the project landscape.

For non-SAP, it is recommended at document level to ensure data lineage and audit trail.

**80. From SAP and non-SAP systems, how does data take happen (explanation not required)?**

For SAP systems, SLT connects to a source system. For non-SAP, data services take the data and send it to the SLT staging area.

**81. How are errors in replication shown in Central Finance (explanation not required)?**

These are visible at the lowest replicated level using **Application Interface Framework (AIF)**.

**82. How can one drill down from Central Finance into the source system?**

Central finance captures the source system, company code, and document number for SAP systems, which allows the drill down transparently all the way back to a purchase order or a sales order.

For non-SAP systems, an end point can be deployed using a service or a partner/project solution.

**83. Does Central Finance replicate logistics data (explanation not required)?**

Scope of Central Finance is accounting data. Any logistics information captured in the accounting document is also available to the replication subject to scope and current roadmap of Central Finance.

**84. Does Central Finance store material number?**

Yes it does, provided the accounting document contains the material number and material number needs to be maintained as master data in Central finance instance.

Alternatively, map the material number to a custom universal journal field for reporting purposes.

**85. Can we switch cost center in source to a WBS element in central finance (explanation not required)?**

Technically yes. However, there is potential license impact.

**86. How can Central Finance control duplicate postings in S/4HANA (explanation not required)?**

Central Finance captures the original accounting document number by company code and source system.

**87. Can we load AR/AP line items?**

As of 1709, Yes. You can see OSS note for restrictions and contact solution management for specific queries. Go through what's new in 1709, etc. for more details.

**88. Can we have cash management and BAM in Central Finance (explanation not required)?**

Yes. This is subject to AR/AP scope as per OSS note on AR/AP.

**89. Can a customer deploy liquidity management in Central Finance (explanation not required)?**

Yes. It has the same basis as AR/AP as per OSS note.

**90. Is In house Cash available for Central Finance?**

Yes. It has the same basis as AR/AP as per OSS note.

**91. How do IS solutions work with Central Finance?**

This is a project/opportunity-specific activity to assess. You can contact solution management.

**92. Can Central finance replicate Asset transactions?**

Only at the GL level as per current features. However, it is possible to have a workaround to use the SAP based on best practices and where the books are to be closed. You can contact solution management.

**93. Can Bills of Exchange be replicated to Central Finance?**

Yes, project activity for design and configuration.

**94. Can we have COPA when deploying Central Finance?**

Yes, as S/4HANA is account-based COPA.

For customer-specific scenarios, contact solution management.

**95. What about replication of special purpose ledgers (SPL)?**

Today, replication of special purpose ledgers is a roadmap item.

However, many SPL scenarios can be recreated using universal journal with Central Finance. Contact solution management for project-specific solution and approach.

**96. Can Central finance be used to implement document splitting?**

Yes. For details on project specifics, contact solution management.

**97. Can Central finance work with Classical ledger or New GL?**

Central Finance will work with S/4HANA new GL. The source can be classic or New GL.

**98. Can we use the existing custom code from the source system in central finance to manage/report transactions?**

This will directly depend on custom code analysis and detailed workshop.

**99. What happens to the transaction currency of source?**

Transaction currency is copied into Central Finance document header.

**100. Can we have more than two parallel currencies or change local currency in Central Finance?**

Yes, we can.

**101. Can we change to a new chart of account in Central Finance?**

Yes, at operational, local, and/or group level.

**102. What happens to inter-company reporting?**

As long as the scope of the project is right and the mappings are correct, data is available for inter-company at line-item level for reconciliation, settlement, and reporting.

**103. What is back posting?**

Back posting is the ability to post a debit or credit from Central Finance into a source system.

It is a process management issue and not a method of posting back to source system.

**104. Is back posting needed?**

In all discussion with customers and solution management, no customer has requested this after detailed analysis with solution management.

Accounting integrity needs to be explained to the customer.

You can contact solution management for a detailed workshop, or use the JAM site for guidance on how to analyze and convince the customer on how SAP manages the process.

**105. Can a customer develop their own back posting?**

Yes, they can do this using SAP standard development tools and environment.

Contact solution management for customer-specific scenarios and deployment.

**106. How is the initial data loaded from source system into S/4HANA using Central Finance?**

The source system needs to have the cut-over approach in terms of balances and line items.

SAP-recommended approach is to minimize the history of line items for data loads to control cutover times and performance.

**107. Name the minimum data cutover approach.**

Balances and open items on date of go-live. Full line-item replication from day of go-live.

**108. For Central Finance, name the list of objects that need to be mapped.**

All objects could require mapping based on project scope for reporting or processes.

**109. Can a customer have non-standard objects?**

Yes. This is within the universal journal and can be mapped using Central Finance features.

**110. Can we map hierarchies?**

This cannot be done as part of the master data foundation of S/4HANA, but it can be created very easily using the master data set up in Central Finance.

**111. What is the typical list of master objects that get mapped?**

It is project scope-specific, but the following are common but not exhaustive for standardization and harmonization.

GL Account, Cost Centre, Profit Centre, Customer, Vendor, WBS element, Orders, Activity Types, Statistical Key Figures, Material Number.

#### **112. What are the main disaster recover scenarios for Central Finance?**

- Source system goes down but SLT and S/4HANA are working
- SLT goes down but Source system and S/4HANA are working
- S/4HANA system goes down but Source and S/4HANA are working
- All systems go down

#### **113. How can we manage DR?**

The following are some common user options:

- Best practice implementation of mirrored environments with hot stand-by
- Read OSS note in general section of this presentation
- Operational acceptance testing is recommended with hot or cold stand-by

#### **114. Can we copy from production to Quality Systems?**

Yes. Read OSS note in general section of this presentation, and work with Basis teams and solution management when appropriate.

#### **115. When can you start the consolidation of investments?**

You can run consolidation of investments (C/I) for a consolidation group in the final period of a reporting time frame. Consolidation takes place for the period entered in the global parameters.

#### **116. Can you run the consolidation of investments to fulfil different statutory requirements?**

When you define the method, you need to set up the treatment of goodwill and negative goodwill that is legally required for your group. If you are consolidating a multiple-level group, you can specify whether you want to use group shares or direct shares as a basis for calculation. When you run C/I, you do not need to make any additional specifications to take account of legal requirements. You just need to ensure that you

have assigned the FS item role for the relevant FS items, which is used to determine FS items in C/I postings. For more information, see FS Item Attributes.

**117. How do you run a consolidation of investments?**

You run C/I from the consolidation monitor. It is recommended that you initially run C/I in test mode so that you can use the resulting audit trail to analyze the postings that the system generates in an update run. C/I entries are only posted when you run C/I in update mode for a consolidation group.

All tasks for a consolidation group must be completed and blocked in the data monitor before you can run C/I for that group in update mode in the consolidation monitor. You can perform a test run with original list regardless of the statuses in the data monitor. However, before you do this, you still need to have entered all the relevant additional financial data for C/I. The statuses in the consolidation monitor show the consolidation groups for which C/I has been run.

**118. What happens if you run C/I again in update mode?**

The system recognizes that C/I entries have already been posted for the consolidation group using the special C/I document type (3B). It reverses all documents from the previous run and then posts new ones. The new C/I run is posted to the database.

**119. Do you need to post any manual entries for the consolidation of investments?**

The C/I program generates entries automatically for a variety of activities.

If necessary, you can post consolidation entries manually by choosing the manual posting function in the application menu.

**120. Can I see how the system carries out the postings?**

Once the processing is finished, a detailed audit trail is displayed in the form of a hierarchical list that you can expand and collapse by consolidation group, consolidation unit, activity, and item.

**121. How can you create aggregated financial statements?**

The C/I methods assigned to the individual consolidation units determine whether and to what extent their financial data is included in the aggregated statements.

C/I is accomplished by means of entries automatically posted for various activities. In order to process each activity, the system reads the relevant additional C/I control data. When you run C/I, all activities are processed in the default sequence, taking into account your specifications for investee unit activities. If changes in investments or investee equity are entered more than once during the time period for which a first consolidation is run, the cumulated amounts for these values are used in C/I.

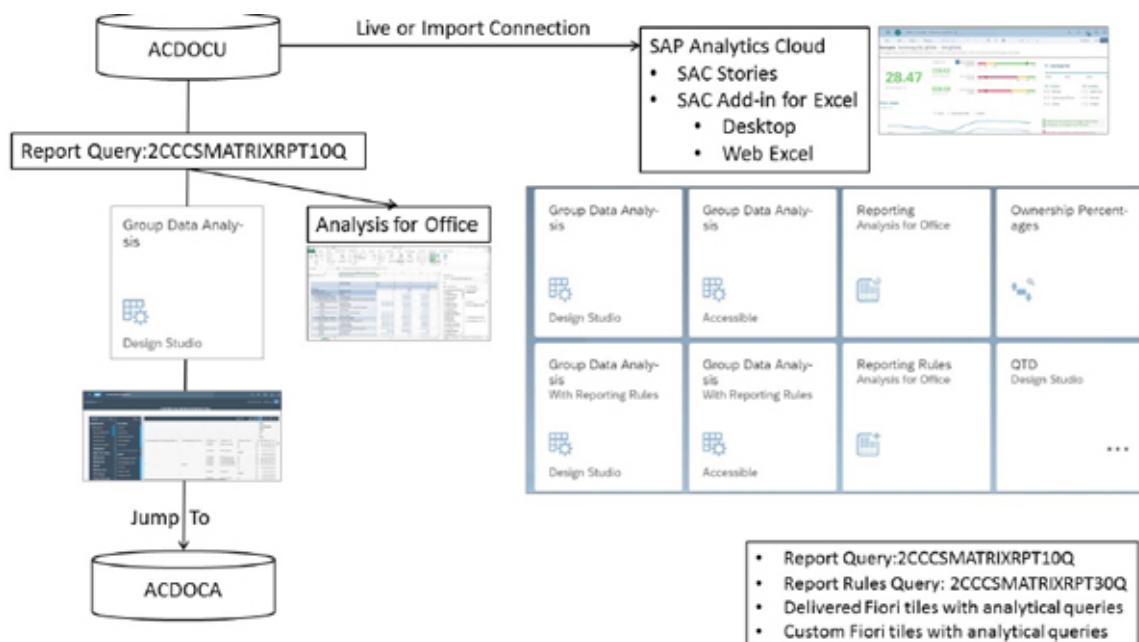
From the changes in investments data, the system automatically determines the applicable investment structure for the consolidation. You can specify whether you want to run C/I on the basis of direct shares or group shares. The C/I method assigned to the consolidation units determines how consolidation entries are posted.

## 122. Draw “Reporting Options” available (explanation not required).

Custom reports can be created based on business requirements, such as when different dimensions are needed or when QTD and Ownership reports are required.

SAC data can be accessed into off-the-shelf stories via live connections, or the group reporting data can be imported into SAC (essential for planning).

The following figure outlines the “*S4 Central Finance - Reporting Options*”:



*Figure 3.26: S4 Central Finance - Reporting Options*

*Image Source: <https://saplearninghub.plateau.com>*

## **Reporting Options - Key points**

There are two types of Fiori apps that are delivered off the shelf:

- Design Studio
- Web Dynpro (labelled as Accessible)
- Customers can use one or both apps based on personal preference

Analysis for Office can be run from a Fiori app, or it can be opened and then CDS queries can be inserted.

## **Conclusion**

Now that the Agile SAP S/4HANA's profession is in such demand, this career ranks fourth on the list of the most promising jobs. A SAP S/4HANA professional's salary ranges from \$207,280 to \$236,748 per annum, and having a certification adds value to an applicant's résumé.

Many interview questions do not have a right or wrong answer. It all depends on the organization and the applicant's perspective when resolving the situation. Hence, one should also be prepared for general questions.

# Glossary

## SAP HANA

SAP HANA is a high-performance analytic appliance and an in-memory platform for processing high volumes of data in real-time.

## SAP S/4HANA

SAPS/4HANA is the business suite designed to run processes in the context of a digital economy.

## SAP central finance

SAP central finance is both a deployment strategy of SAP S/4HANA and a product to build a centralized financial reporting and information hub that inserts disparate accounting systems into the core accounting system of the organization.

## SAP S/4HANA finance

SAP S/4HANA finance is a subset of SAP S/4HANA with a focus on financial and accounting solutions, including financial planning, accounting, financial close, and treasury and finance operations.

## Posting Level

Differentiator between reported financial data (00), standardized (10), interunit eliminations (20), and group-dependent consolidation postings (30).

## **Document Type**

Audit trail of automatic and manual consolidation entries.

## **Consolidation Unit**

Legal entity or management reporting entity.

## **Consolidation Group**

A group of consolidation units on which you create a consolidated result.

## **Partner Unit**

The partner consolidation unit relating to intercompany transactions and eliminations., commonly known as trading partner.

## **Financial Statement item**

Group account for consolidation.

## **Version**

Differentiator between Actuals/Plan/Forecast/... or different rules applied to the same raw data.

## **Transaction type**

Used for balance sheet data for opening balance, variation, etc.

## **Intercompany Reconciliation Process (40Y)**

This scope item covers the process of reconciling the accounting documents that describe the accounting transactions within a corporate group in accordance with the predefined matching method. It allows early analysis in the closing process to avoid differences altogether and reduce the deadline pressure that normally arises during the end of a closing period.

## Client

Client is the highest hierarchical level in an SAP system. It is a complete database containing all the tables necessary for creating a fully integrated system. Master records are created at the client level.

## Segment

The business segments or verticals or the line of business in which a group operates can be set as the business segment in the S/4 System. They provide an additional evaluation level for the purpose of segment reporting.

## Cost Center

A cost center is a unit within a company distinguished by an area of responsibility, location, or accounting method. Cost centers originate activities, incur costs, and represent individual company accounting unit.

## Document Splitting

With document splitting, accounting line items are split according to specific characteristics. For example, business area, profit centre, segment.

The characteristics need to be defined at which complete financial statements are desired, viz., Business area, Profit centre, Segments.

These characteristics, once defined, are acted upon using the document splitting functionality.

Three types of splitting functionalities:

- Active
- Passive
- Zero balancing

Apart from this, SAP has a feature of inheritance that works in tandem with the above splitting types.

## Cash journal

SAP allows individual cash journal for each cash bucket.

New SAP note allows you to post to Special GL directly through transaction Types.

Problem persisting – Account Clearing still has to be done separately.

Splitting functionality allows you to post multiple cost center in a single payment.

## Posting Level

Differentiator between reported financial data (00), standardized (10), interunit eliminations (20), and group-dependent consolidation postings (30).

## Document Type

Audit trail of automatic and manual consolidation entries.

## Consolidation Unit

Legal entity or management reporting entity.

## Consolidation Group

A group of consolidation units on which you create a consolidated result.

## Partner Unit

The partner consolidation unit relating to intercompany transactions and eliminations, commonly known as trading partner.

## Financial Statement item

Group account for consolidation.

## Version

Differentiator between Actuals/Plan/Forecast/... or different rules applied to the same raw data.

## Subitem

There two types of subitems:

- **Transaction type:** Used for balance sheet data for opening balance, variation, etc.
- **Functional area:** Used for income statement data; for example, administration, sales, and marketing.

## References

### Central Finance

- Note 2148893 – Central Finance: Implementation and Configuration  
→ <https://launchpad.support.sap.com/#/notes/2148893>.
- Note 2184567 – Central Finance: Frequently Asked Questions (FAQ)  
→ <https://launchpad.support.sap.com/#/notes/2184567>.
- Note 2027411 - Central Finance: Enable central finance scenario for COGS split → <https://launchpad.support.sap.com/#/notes/2027411>.
- Note 2234696 - Central Finance: Mapping of Cost Component Structure / Cost Component for Cost of Goods Sold Split → <https://launchpad.support.sap.com/#/notes/2234696>.

### AIF for Central Finance

- Note 2196783 – Central Finance: Error handling with AIF→Corrections  
→ <https://launchpad.support.sap.com/#/notes/2196783>.
- Note 2202650 – Central Finance: Error Handling in AIF for Replication of FI Documents → BC-Sets → <https://launchpad.support.sap.com/#/notes/2202650>.
- Note 2202691 - Central Finance: Error Handling in AIF for Replication of CO documents and Cost Objects → BC-Sets → <https://launchpad.support.sap.com/#/notes/2202691>.
- Note 2298936 - Central Finance: Error Handling in AIF for Simulation of Initial Load for CO Documents and Cost Object → <https://launchpad.support.sap.com/#/notes/2298936>.
- Note 1530212 - SAP Application Interface Framework FAQ → <https://launchpad.support.sap.com/#/notes/1530212>.

- Note 2179803 - Register Functions: Add Custom Specific Functions to views in /AIF/ERR → <https://launchpad.support.sap.com/#/notes/2179803>.

## SLT for Central Finance

- Note-2154420-SAP-LT-Replication-Server-for-SAP-Central-Finance → <https://launchpad.support.sap.com/#/notes/2154420>.  
Special case: The source system uses a third-party database with a runtime database license.  
For this constellation, “business integration” scenario in SLT must be used, which requires certain steps to be taken, as explained here:
- Note 2223621 - Central Finance: Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2223621>.
- Note 2223801 - SLT - Central Finance: Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2223801>.
- Note 2223808 - SLT remote - Central Finance: Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2223808>.
- Note 2234337 - Table Activation fails due to trigger for Central Finance Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2234337>.
- Note-2154420-SAP-LT-Replication-Server-for-SAP-Central-Finance → <https://launchpad.support.sap.com/#/notes/2154420>.

## SLD for Central Finance

- Note 2225086 - Enabling Central Finance Business Mapping without the need to set up Systems Landscape Directory (SLD) → <https://launchpad.support.sap.com/#/notes/2225086>.
- **Group Reporting on-line help:** <https://help.sap.com/viewer/4ebf1502064b406c964b0911adfb3f01/1909.002/en-US/c27c73226dac4e07ac8aa59a45f92fd8.html>
- Find latest official roadmap at: <https://www.sap.com/products/roadmaps.html>

- For information on SAP Disclosure Management: [https://help.sap.com/viewer/product/SAP\\_DISCLOSURE\\_MANAGEMENT/DM%20Stack%2017xx/en-US](https://help.sap.com/viewer/product/SAP_DISCLOSURE_MANAGEMENT/DM%20Stack%2017xx/en-US)
- S4HANA Finance for group reporting: <https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/1909.000/en-US/c27c73226dac4e07ac8aa59a45f92fd8.html>
- 2659672 - FAQ About SAP S/4HANA Finance for group reporting (on premise): <https://launchpad.support.sap.com/#/notes/2659672>
- 2659656 - FAQ About SAP S/4HANA Cloud for group reporting: <https://launchpad.support.sap.com/#/notes/2659656>
- SAP Central Finance in SAP S/4HANA: <https://training.sap.com/course/s4f04-sap-central-finance-in-sap-s4hana-classroom-011-g-en/>
- Getting the most recent SAP Best Practices content: [https://help.sap.com/viewer/S4HANA1909\\_AdminGuide/c156f7d72c3a4a40963e9e12257da29f.html](https://help.sap.com/viewer/S4HANA1909_AdminGuide/c156f7d72c3a4a40963e9e12257da29f.html)
- Transition from EC-CS to SAP S/4HANA for Group Reporting: <https://launchpad.support.sap.com/#/notes/2833748>

## Central Finance

- Note-2148893-Central-Finance:-Implementation-and-Configuration- → <https://launchpad.support.sap.com/#/notes/2148893>.
- Note-2184567–Central-Finance:-Frequently-Asked-Questions-(FAQ)- → <https://launchpad.support.sap.com/#/notes/2184567>.
- Note 2027411 - Central Finance: Enable central finance scenario for COGS split → <https://launchpad.support.sap.com/#/notes/2027411>.
- Note 2234696 - Central Finance: Mapping of Cost Component Structure / Cost Component for Cost of Goods Sold Split → <https://launchpad.support.sap.com/#/notes/2234696>.

## AIF for Central Finance

- Note-2196783-Central-Finance: Error-handling-with-AIF → Corrections →

<https://launchpad.support.sap.com/#/notes/2196783>.

- Note-2202650-Central-Finance:-Error-Handling-in-AIF-for-Replication-of-FI-Documents → BC-Sets → <https://launchpad.support.sap.com/#/notes/2202650>.
- Note-2202691-Central-Finance:-Error-Handling-in-AIF-for-Replication-of-CO-documents-and-Cost-Objects → BC-Sets → <https://launchpad.support.sap.com/#/notes/2202691>.
- Note 2298936 - Central Finance: Error Handling in AIF for Simulation of Initial Load for CO Documents and Cost Object → <https://launchpad.support.sap.com/#/notes/2298936>.  
Note 1530212 - SAP Application Interface Framework FAQ → <https://launchpad.support.sap.com/#/notes/1530212>.
- Note 2179803 - Register Functions: Add Custom Specific Functions to views in /AIF/  
ERR → <https://launchpad.support.sap.com/#/notes/2179803>.

## SLT for Central Finance

- Note-2154420-SAP-LT-Replication-Server-for-SAP-Central-Finance → <https://launchpad.support.sap.com/#/notes/2154420>.  
Special-case:-source-system-uses-a-3rd-party-database-with-a-runtime-database-license.  
For this constellation “business integration” scenario in SLT must be used, which requires certain-steps-to-be-performed-that-are-explained-in-the-following.
- Note 2223621 - Central Finance: Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2223621>.
- Note 2223801 - SLT - Central Finance: Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2223801>.
- Note 2223808 - SLT remote - Central Finance: Interface for Business Integration → <https://launchpad.support.sap.com/#/notes/2223808>.
- Note 2234337 - Table Activation fails due to trigger for Central Finance Interface for Business Integration →

<https://launchpad.support.sap.com/#/notes/2234337>.

## SLD for Central Finance

- Note 2225086 - Enabling Central Finance Business Mapping without the need to set up Systems Landscape Directory (SLD) → <https://launchpad.support.sap.com/#/notes/2225086>.

Important notes for source systems:

- 2323494-Overview-of-notes-relevant-for-source-system → <https://launchpad.support.sap.com/#/notes/2323494>.
- 2111634 - Enable sender systems for a Central Finance Scenario → <https://launchpad.support.sap.com/#/notes/2111634>.
- 2279674 - Central Finance: Source system (4.6c, 4.7, and 5.0) → <https://launchpad.support.sap.com/#/notes/2279674>.
- 2292043-Central-Finance:-Enable-Clearing-Transfer-in-Source-System- → <https://launchpad.support.sap.com/#/notes/2292043>.
- 2274701 - CFIN: Downport preparation for document change transfer for 4.6c, 4.7, 5.0 → <https://launchpad.support.sap.com/#/notes/2274701>.
- 2224363 - Repository Object required for note 2223621 → <https://launchpad.support.sap.com/#/notes/2224363>.
- 2228844 - Central Finance: Reversal of active invoice are not transferred → <https://launchpad.support.sap.com/#/notes/2228844>.
- 2027411 - Enable central finance scenario for COGS split → <https://launchpad.support.sap.com/#/notes/2027411>.
- 2147776 - Central Finance: Source System enhancements needed for document change transfer <https://launchpad.support.sap.com/#/notes/2147776>.
- 2261648 - Create object FIN\_CFIN\_CO\_SIMULATE → <https://launchpad.support.sap.com/#/notes/2261648>.
- 2256528 - Source System Data Provider for Cost Object and CO Document Simulation → <https://launchpad.support.sap.com/#/notes/2256528>.

The following note is relevant for CO-internal postings:

Note 2103482 - Features of Function Module  
FINS\_CFIN\_CO\_CENTRAL\_POSTING:

<https://launchpad.support.sap.com/#/notes/2103482>.

To implement the central finance scenario for a source system that uses a third-party database with a runtime-database license, use the business integration scenario in SLT. To do so, you must implement the changes detailed in the following SAP Notes:

- SAP Note – 2223621:  
<https://launchpad.support.sap.com/#/notes/2223621>
- SAP Note – 2223801:  
<https://launchpad.support.sap.com/#/notes/2223801>

Architectural-Concept – Replication-from-non-ABAP-source-system.  
SAP-Note – 2300443:

<https://launchpad.support.sap.com/#/notes/2300443>.

Central Payments is a functionality available from Pilot note 2346233  
(<https://launchpad.support.sap.com/#/notes/2346233>).

2264491 - Central Finance - Central Payment: Implementation in  
Central System <https://launchpad.support.sap.com/#/notes/2264491>

2267824 - Central Finance - Central Payment: Implementation in  
Source System <https://launchpad.support.sap.com/#/notes/2267824>

For more information about Financial Statement Items, visit

<https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/2021.000/en-US/33e57a9f475c4aab8748e178af0f2b7c.html>

For more information, refer to

<https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/2021.000/en-US/aed5eca9c8294b398ab968c54abd4fed.html>

In the current period, you can release the universal journal multiple times.

For more information about consolidation planning, follow this link:

<https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/2021.000/en-US/6817703d2d4241f98e078b0bec858079.html>

SAP 2659672 contains a standard template. For more information, visit

<https://launchpad.support.sap.com/#/notes/2659672>

## SAP Group Reporting Data Collection

[https://help.sap.com/viewer/product/SAP\\_Group\\_Reportin...\\_Collection/1.0/en-US?task=discover\\_task](https://help.sap.com/viewer/product/SAP_Group_Reportin..._Collection/1.0/en-US?task=discover_task)

For more information, see GRDC integration with S/4HANA Group Reporting on premise at

<https://help.sap.com/viewer/e29950571a2b4065b1dacaf881c67413/1.0/en-US>

For more information, see GRDC integration with S/4HANA Group Reporting cloud at

<https://help.sap.com/viewer/60055cf8f72644eb82a6f3bdc9be6e2b/1.0/en-US>

For more information about the Data Monitor, visit

<https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/2021.000/en-US/7f023b8f3d00435b8973c5ba49b46e9f.html>

COI - Consolidation of Investments.

For more information, refer to

<https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/2021.000/en-US/4cd20a30dd35426a9a15e3e91d61acc4.html>

Integrated with intercompany eliminations.

- For more information, visit

<https://help.sap.com/viewer/DRAFT/4ebf1502064b406c964b0911adfb3f01/2021.000/en-US/a8172f85383947bd8538bf778e771874.html>

The S4F15 Financial Closing in SAP S/4HANA course includes ICMR from a central journal perspective. For more information, visit

<https://training.sap.com/course/s4f15-sap-financial-closing-in-sap-s4hana-classroom-017-us-en/?>

Group Reporting (FIN-CS) 1909 (Sep 2019) Quick Start

<https://help.sap.com/viewer/4ebf1502064b406c964b0911adfb3f01/1909.000/en-US/abf612512980408a9c242c273f0490dc.html>

For more information about the Manage Reconciliation Close app, refer to the following link:

<https://help.sap.com/viewer/4ebf1502064b406c964b0911adfb3f01/2020.000/en-US/26167a064a84434589dd9e997a2204e7.html>

## Source System Prerequisites - Important notes for source systems

2323494 - Overview of notes relevant for source system →  
<https://launchpad.support.sap.com/#/notes/2323494>.

2111634 - Enable sender systems for a Central Finance Scenario →  
<https://launchpad.support.sap.com/#/notes/2111634>.

2279674 - Central Finance: Source system (4.6c, 4.7, and 5.0) →  
<https://launchpad.support.sap.com/#/notes/2279674>.

2292043 - Central Finance: Enable Clearing Transfer in Source System →  
<https://launchpad.support.sap.com/#/notes/2292043>.

2274701 - CFIN: Downport preparation for document change transfer for 4.6c, 4.7, 5.0 →  
<https://launchpad.support.sap.com/#/notes/2274701>.

2224363 - Repository Object required for note 2223621 →  
<https://launchpad.support.sap.com/#/notes/2224363>.

2228844 - Central Finance: Reversal of active invoice are not transferred →  
<https://launchpad.support.sap.com/#/notes/2228844>.

2027411 - Enable central finance scenario for COGS split →  
<https://launchpad.support.sap.com/#/notes/2027411>.

2147776 - Central Finance: Source System enhancements needed for document change transfer →

[https://launchpad.support.sap.com/#/notes/2147776.](https://launchpad.support.sap.com/#/notes/2147776)

2261648 - Create object FIN\_CFIN\_CO\_SIMULATE →  
[https://launchpad.support.sap.com/#/notes/2261648.](https://launchpad.support.sap.com/#/notes/2261648)

2256528 - Source System Data Provider for Cost Object and CO Document Simulation → [https://launchpad.support.sap.com/#/notes/2256528.](https://launchpad.support.sap.com/#/notes/2256528)

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