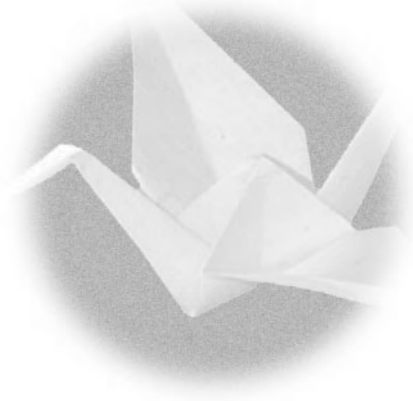




Configuring SAP® ERP Financials and Controlling



Configuring SAP[®] ERP Financials and Controlling

**Peter Jones
John Burger**



WILEY

Wiley Publishing, Inc.

Acquisitions Editor: Agatha Kim
Development Editor: Kim Wimpsett
Technical Editor: Charles Soper
Production Editor: Elizabeth Campbell
Copy Editors: Judy Flynn, Candace English, Liz Welch
Production Manager: Tim Tate
Vice President and Executive Group Publisher: Richard Swadley
Vice President and Publisher: Neil Edde
Book Designer and Compositor: Maureen Forys, Happenstance Type-O-Rama
Proofreader: Amy Morales
Indexer: Nancy Guenther
Project Coordinator, Cover: Lynsey Stanford
Cover Designer: Ryan Sneed
Cover Image: iStockPhoto

Copyright © 2009 by Wiley Publishing, Inc., Indianapolis, Indiana

Published simultaneously in Canada

ISBN: 978-0-470-42328-8

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 646-8600. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permissions>.

Limit of Liability/Disclaimer of Warranty: The publisher and the author make no representations or warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. No warranty may be created or extended by sales or promotional materials. The advice and strategies contained herein may not be suitable for every situation. This work is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If professional assistance is required, the services of a competent professional person should be sought. Neither the publisher nor the author shall be liable for damages arising herefrom. The fact that an organization or Web site is referred to in this work as a citation and/or a potential source of further information does not mean that the author or the publisher endorses the information the organization or Web site may provide or recommendations it may make. Further, readers should be aware that Internet Web sites listed in this work may have changed or disappeared between when this work was written and when it is read.

For general information on our other products and services or to obtain technical support, please contact our Customer Care Department within the U.S. at (877) 762-2974, outside the U.S. at (317) 572-3993 or fax (317) 572-4002.

Wiley also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

Library of Congress Cataloging-in-Publication Data

Jones, Peter, 1953 October 9–

Configuring SAP ERP financials and controlling / Peter Jones, John Burger.—1st ed.

p. cm.

ISBN 978-0-470-42328-8 (cloth)

1. SAP ERP. 2. Accounting—Computer programs. 3. Accounting—Data processing. 4. Investments. I. Burger, John, 1970- II. Title. HF5679.J635 2009 657.0285'53--dc22

TRADEMARKS: Wiley, the Wiley logo, and the Sybex logo are trademarks or registered trademarks of John Wiley & Sons, Inc. and/or its affiliates, in the United States and other countries, and may not be used without written permission. SAP is a registered trademark of SAP AG in Germany and several other countries. All other trademarks are the property of their respective owners. Wiley Publishing, Inc., is not associated with any product or vendor mentioned in this book.

10 9 8 7 6 5 4 3 2 1

Dear Reader,

Thank you for choosing *Configuring SAP ERP Financials and Controlling*. This book is part of a family of premium-quality Sybex books, all of which are written by outstanding authors who combine practical experience with a gift for teaching.

Sybex was founded in 1976. More than thirty years later, we're still committed to producing consistently exceptional books. With each of our titles we're working hard to set a new standard for the industry. From the paper we print on, to the authors we work with, our goal is to bring you the best books available.

I hope you see all that reflected in these pages. I'd be very interested to hear your comments and get your feedback on how we're doing. Feel free to let me know what you think about this or any other Sybex book by sending me an email at nedde@wiley.com, or if you think you've found a technical error in this book, please visit <http://sybex.custhelp.com>. Customer feedback is critical to our efforts at Sybex.

Best regards,

A handwritten signature in black ink, appearing to read 'Neil Edde', written in a cursive style.

Neil Edde
Vice President and Publisher
Sybex, an Imprint of Wiley

*I would like to dedicate this effort to my wife,
Lisa, for her unwavering support and help.
Without her sacrifice of the time it took to complete
this process, I would not have been able to focus on
rewriting this book and getting the best possible result.*

—Peter Jones

*To my wife, Christine, who has supported me and has
never questioned why I felt it necessary to write
at the strange hours that I do. Thank you.*

—John Burger

ACKNOWLEDGMENTS



I would like to acknowledge the help and support of SAP during the writing of the second edition of this book. Without the ability to use my experience and knowledge in the FI and CO areas that I developed over the time that I've been with SAP, I would not have been able to complete this book. Nor would I have been able to offer appropriate views of the current system for FI and CO. I would also like to acknowledge Frank Weiss, who was instrumental in my introduction to SAP and the areas of FI and CO.

—Peter Jones

I would like to acknowledge a few of the mentors who I have been fortunate enough to have over the years, without whom I would not have had the experiences that would have permitted me to write this book. They are Richard Groenewald at SafMarine in Cape Town, Robert Schmidt and Michael Spandau at Deloitte Consulting in Southern California, and Alix Zirbel at McKesson in San Francisco.

Lastly, I would like to thank Agatha Kim, the acquisitions editor, who supported me through this interesting and challenging process.

—John Burger

ABOUT THE AUTHORS



Peter Jones is a principal/platinum business applications consultant with SAP Professional Services Consulting specializing in Controlling (CO), Enterprise Controlling (EC), Auditing, Business Intelligence (BI), Strategic Enterprise Management (SEM) and Corporate Performance Management (CPM), Enterprise Information Architecture, and Enterprise Data Warehouses. He has more than 10 years of consulting and educational experience in a variety of strategic and leadership roles, focused on Controlling, Profitability Analysis, Strategic Enterprise Management, Corporate Governance, Data Warehousing, Business Intelligence, and Business Analytics. Peter's diverse professional background includes not only consulting experience but also participation in the academic areas of Finance, Controlling, Data Warehousing, Enterprise Management, and Corporate Governance. He is serving as an SAP principal/platinum business consultant for areas including CO/BW/SEM. He has been involved with numerous implementations for BI and ECC, from the Blueprint phase to the Go-Live Process. His responsibilities include being a subject-matter expert in all the areas listed earlier; an active presenter at conferences including ASUG, BI conferences, and Shappire; and editor/writer for *FICO Expert* and *BI Expert*. Along with consulting, he has been involved with the academic world in developing and presenting numerous topics for the University Alliance, which included topics in the areas of CO, BI, Auditing, and SEM. He has a master's degree from Drexel University in finance and is SAP certified in the areas of FI, CO, BW, and SEM. Prior to SAP, he owned his own business for 15 years working in the area of accounting and finance.

John Burger has a dual finance and law degree from Rhodes University. He has more than 20 years experience in finance and SAP consulting. John's career has spanned the ship fleet and cargo freight management, high-tech, management consulting, and pharmaceutical industries. John has 10 years of experience as a SAP consultant.

As a consultant, John has serviced several Fortune 100 companies and led successful initiatives encompassing major SAP implementations, business process reengineering, and mergers and acquisitions of multibillion dollar companies. The projects resulted in him working in seven countries, across four continents, implementing solutions in all of the modules within FI/CO, including ABC and COPA.

He now works at McKesson, a Fortune 18 company.

CONTENTS AT A GLANCE

.....

Introduction xxiii

| | | |
|------------|--|-----|
| Chapter 1 | Configuration Tools | 1 |
| Chapter 2 | Financial Accounting Enterprise Structure | 29 |
| Chapter 3 | General Ledger | 95 |
| Chapter 4 | Accounts Payable | 171 |
| Chapter 5 | Accounts Receivable | 225 |
| Chapter 6 | Financial Supply Chain Management | 275 |
| Chapter 7 | New GL Accounting | 323 |
| Chapter 8 | Controlling Enterprise Structure | 353 |
| Chapter 9 | Cost Element Accounting | 391 |
| Chapter 10 | Cost Center Accounting | 445 |
| Chapter 11 | Internal Order Accounting | 553 |
| Chapter 12 | Profitability Analysis | 643 |
| Chapter 13 | Profit Center Accounting | 749 |
| Chapter 14 | Investment Management | 803 |
| Chapter 15 | FI Closing Cockpit | 835 |
| Appendix A | Useful Transaction Codes, Tables, and Programs | 885 |

Index 901

CONTENTS

.....

Introduction xxiii

Chapter 1 Configuration Tools 1

| | |
|---|----|
| Introduction to SAP..... | 2 |
| SAP Products | 2 |
| SAP Terms | 3 |
| A New Approach to System Customization..... | 6 |
| SAP System Environment..... | 8 |
| Transports | 10 |
| The Implementation Guide (IMG) | 14 |
| Other Methods of Table Maintenance and Customizing..... | 17 |
| Finding the Table to Configure..... | 18 |
| The Data Browser and Common Tables to Display..... | 23 |
| The Service Market Place..... | 25 |
| Modifications to SAP Source Code and User Exits | 26 |
| Summary..... | 27 |

Chapter 2 Financial Accounting Enterprise Structure 29

| | |
|---|----|
| Chart of Accounts | 30 |
| Fiscal Year Variant | 35 |
| Posting Period Variant | 40 |
| Company Code Configuration | 42 |
| Creating New Companies by Copying Existing Company Code | 53 |
| Configuring International Companies | 54 |
| Business Areas | 59 |
| FI Validations | 61 |
| Functional Areas | 68 |
| Functional Area Organizational Elements | 68 |
| Functional Area Substitution | 69 |
| Advanced Validation and Substitution Configuration | 80 |
| Validations | 81 |
| Substitutions | 81 |
| Setting the User-Exit Program | 81 |
| Validations and Substitutions..... | 82 |
| Sales and Use Tax..... | 87 |
| Summary..... | 94 |

| | | |
|-----------|---|-----|
| Chapter 3 | General Ledger | 95 |
| | Continuing with the Chart of Accounts | 96 |
| | Account Groups | 96 |
| | Configuring G/L Account Master Records | 100 |
| | Copying and Transporting G/L Accounts | 110 |
| | Field Status Groups | 113 |
| | Posting Key Configuration | 119 |
| | Automatic Account Determination | 124 |
| | Sales/Use Tax Automatic Account Assignment | 126 |
| | Intercompany Posting Automatic Account Assignment | 130 |
| | Materials Management Automatic Account Assignment | 132 |
| | Sales and Distribution Automatic Account Assignment | 136 |
| | Financial Statement Versions | 137 |
| | G/L Display Configuration | 145 |
| | Line Item Layouts | 145 |
| | Special Fields | 151 |
| | Sort Variants | 153 |
| | Totals Variants | 154 |
| | Posting Amount Defaults and Tolerance Groups | 156 |
| | Number Ranges and Document Types | 159 |
| | Number Ranges | 159 |
| | Document Types | 162 |
| | Transaction Default Document Type and Posting Key | 165 |
| | Fast Entry Screens | 165 |
| | Summary | 169 |
| Chapter 4 | Accounts Payable | 171 |
| | House Banks and Accounts | 172 |
| | Bank Account G/L Structure | 178 |
| | Check Lots and Void Reason Codes | 179 |
| | Payment Program Configuration | 182 |
| | Company Code Data | 184 |
| | Paying Company Code Data | 188 |
| | Country Payment Methods | 191 |
| | Company Code Payment Methods | 195 |
| | Bank Selection | 200 |
| | Vendor Master Data | 211 |
| | Vendor Groups | 211 |
| | Summary | 223 |
| Chapter 5 | Accounts Receivable | 225 |
| | Terms of Payment and Interest Calculation | 226 |
| | Interest Calculation | 229 |

| | |
|---|-----|
| Reason Codes | 245 |
| Reason-Code Conversion Versions | 247 |
| Default Account Assignments | 250 |
| Overpayments/Underpayments. | 250 |
| Cash Discounts. | 252 |
| Overall A/R and Employee Tolerances | 254 |
| Credit Management | 257 |
| Customer Master Records | 266 |
| Customer Groups. | 267 |
| Summary | 273 |
| Chapter 6 Financial Supply Chain Management 275 | |
| Biller Direct | 276 |
| Process Integration with Accounts Receivable Accounting | 277 |
| Cash and Liquidity Management | 285 |
| Liquidity Planner | 296 |
| Collections Management | 298 |
| Credit Management | 309 |
| Summary | 321 |
| Chapter 7 New GL Accounting 323 | |
| Overview of the New GL | 324 |
| Initial Configuration Requirements of the New GL | 327 |
| Configuring the New General Ledger Accounting | 327 |
| Configuring Ledgers | 338 |
| Parallel Accounting | 346 |
| Master Data of the New GL | 349 |
| Summary | 351 |
| Chapter 8 Controlling Enterprise Structure 353 | |
| The Controlling Area | 354 |
| Controlling Area Definition | 356 |
| Activating Component/Control Indicators | 363 |
| Assigning Company Codes to Controlling Area | 371 |
| Assigning Number Ranges to Controlling Area | 373 |
| The Operating Concern | 380 |
| Operating Concern Definition | 381 |
| Maintaining CO Versions | 382 |
| Summary | 390 |
| Chapter 9 Cost Element Accounting 391 | |
| Cost Element Types | 392 |
| Primary Cost Element Categories | 393 |
| Secondary Cost Elements Categories | 394 |

| | |
|--|-----|
| Creating Cost Elements Automatically | 394 |
| Defining the Default Settings | 395 |
| Defining a Batch Input Session | 398 |
| Executing a Batch Input Session | 401 |
| Creating Cost Elements Manually | 404 |
| Imputed Costs | 409 |
| Cost Element % Method | 410 |
| Overhead Costing Sheet Creation: Copy | 423 |
| Reconciliation Ledger | 424 |
| Activate Reconciliation Ledger | 427 |
| Clearing Account Creation | 428 |
| Maintain Accounts for Automatic Reconciliation Posting | 432 |
| Assign Reconciliation Activity to a Number Range | 436 |
| Reconciliation Ledger Cost Flows | 439 |
| Explanation of CO Updates | 441 |
| Real vs. Statistical Postings | 441 |
| Corrections and Other Topics | 443 |
| Summary | 444 |

Chapter 10 Cost Center Accounting 445

| | |
|---|-----|
| Introduction to Cost Center Accounting Configuration | 446 |
| Cost Center Accounting Standard Hierarchy | 447 |
| Adding New Hierarchy Nodes | 449 |
| Changing, Moving, and Deleting Hierarchy Nodes | 453 |
| Controlling Area/Profit Center Accounting Maintenance | 455 |
| Profit Center Accounting: Creating the Standard Hierarchy | 458 |
| Creating the Dummy Profit Center | 459 |
| Cost Center Basics | 460 |
| Cost Center Categories | 461 |
| Time-Based Fields | 463 |
| Creating and Changing Cost Centers | 465 |
| Establishing a New Analysis Period | 471 |
| Making Additional Changes After New Analysis Period | 474 |
| Activity Types and Statistical Key Figures | 475 |
| Creating and Maintaining Statistical Key Figures | 476 |
| Linking to LIS | 478 |
| Creating and Maintaining Activity Types | 483 |
| Assessments, Distributions, and Periodic Repostings | 492 |
| Periodic Allocations: Overview | 493 |
| Allocation Receiver Types | 494 |
| Assessment Cost Element | 498 |
| Allocation Creation | 499 |
| Allocation Development Issues | 511 |

| | |
|--|-----|
| Cost Center Accounting: Planning | 513 |
| Controlling Area Settings/Version Control | 514 |
| Plan Revaluation | 518 |
| Planning Allocations | 522 |
| Planning Layouts: Overview | 523 |
| Planning Profiles | 538 |
| Planning Profile Miscellanea | 542 |
| Assigning Accounts Automatically in CO | 543 |
| Automatic Account Assignment Table: TKA3A | 544 |
| Default Account Assignment: Cost Element Master Record Maintenance | 549 |
| Account Assignment Summary | 551 |
| Summary | 551 |
| Chapter 11 Internal Order Accounting 553 | |
| Configuring Internal Order Accounting | 555 |
| Controlling Area Maintenance for Internal Order Accounting | 556 |
| Order Settlement Configuration | 557 |
| Settlement Cost Element | 558 |
| Allocation Structure | 559 |
| Source Structure | 569 |
| PA Settlement Structure | 574 |
| Settlement Profile | 576 |
| Maintaining Number Ranges for Settlement | 581 |
| Order Settlement Configuration Overview | 584 |
| Order Planning and Budgeting | 584 |
| Internal Order Planning/Budgeting: Basics | 585 |
| Internal Order Planning/Budgeting: Profile Development | 589 |
| Internal Order Planning and Budgeting Number Range Maintenance | 605 |
| Internal Order Status Management | 608 |
| Order Status Management | 609 |
| General Status Management | 615 |
| Order Type Development | 626 |
| Defining Order Types | 626 |
| Defining an Internal Order | 637 |
| Summary | 642 |
| Chapter 12 Profitability Analysis 643 | |
| Costing-Based vs. Account-Based CO-PA | 645 |
| Operating Concern Development | 647 |
| Operating Concern Attributes | 649 |
| Creating Characteristics for Your Operating Concern | 651 |
| Creating Value Fields for Your Operating Concern | 662 |
| Save, Activate, and Generate | 668 |
| CO-PA Tables | 673 |

| | |
|---|------------|
| Characteristic Derivation | 677 |
| The Derivation Table | 677 |
| Derivation Structures and Rules | 682 |
| User-Exit Characteristic Derivation | 688 |
| Assigning Values to Value Fields | 689 |
| Mapping SD Condition Types to Value Fields (the SD Interface) | 690 |
| PA Settlement Structure | 695 |
| Cost Center to CO-PA Assessments | 700 |
| CO-PA Planning | 703 |
| Planning Versions | 704 |
| Planning Revaluation | 705 |
| Planning Layouts | 705 |
| Planning Profiles | 706 |
| External Data Transfer | 706 |
| The Planning Framework in CO-PA | 711 |
| Integrated Planning in CO-PA | 715 |
| Planning Number Ranges | 717 |
| Activating CO-PA | 717 |
| CO-PA Reporting | 718 |
| Key Figure Schemes | 719 |
| Forms | 728 |
| Creating the Report | 738 |
| CO-PA Transports | 745 |
| Summary | 747 |
| | |
| Chapter 13 Profit Center Accounting | 749 |
| PCA Configuration Overview | 750 |
| Basic Settings and Master Data Review | 752 |
| Controlling Area Maintenance | 753 |
| Analyze and Update PCA Settings | 755 |
| Master Data Settings | 758 |
| Assignments in Profit Center Accounting | 761 |
| Material Master Assignment | 761 |
| Fast Assignment | 763 |
| Sales Order Substitution: Creation | 768 |
| Sales Order Substitution: Activation | 770 |
| PCA Assignment Monitor | 772 |
| Actual Posting Maintenance | 773 |
| Set Control Parameters | 774 |
| Define Document Types: Actual | 776 |
| Number Range Assignment: Actual | 779 |
| Assign Revenue Elements to Profit Centers | 781 |
| Choose Additional Balance Sheet and P&L Accounts | 782 |
| Balance Carry Forward Indicator Maintenance | 784 |

| | |
|--|-----|
| Profit Center Accounting: Planning | 785 |
| Plan Version Maintenance | 785 |
| Define Document Types: Plan | 790 |
| Number Range Assignment: Plan | 791 |
| PCA Planning Parameters | 792 |
| Planning Parameter Creation | 796 |
| Summary | 801 |
| Chapter 14 Investment Management 803 | |
| Investment Management Configuration | 804 |
| Program Types, Investment Measures, and the Investment Profile | 806 |
| Creating the Program Type | 807 |
| Investment Measures | 813 |
| Investment Profile | 814 |
| Investment Management Planning and Budgeting Profiles | 824 |
| Investment Management Plan Profile | 825 |
| Investment Management Budget Profile | 827 |
| Summary | 834 |
| Chapter 15 FI Closing Cockpit 835 | |
| Overview of the FI Closing Cockpit | 837 |
| Using Variants in the FI Closing Cockpit | 838 |
| Development of Organizational Hierarchies | 842 |
| Creating Closing Cockpit Templates | 846 |
| Creating Tasks | 855 |
| Notes | 858 |
| Transactions | 861 |
| Programs | 861 |
| Flow Definitions | 868 |
| Creating the Task List | 875 |
| Summary | 882 |
| Appendix A Useful Transaction Codes, Tables, and Programs 885 | |
| <i>Index</i> 901 | |

INTRODUCTION

.....

The purpose of this book is to serve as an introduction to configuring (a form of customizing functionality) the Financials and Controlling modules within SAP. The FI (Financials) and CO (Controlling) modules are the backbone of most, if not all, SAP implementations. The reason is that most business events culminate in a financial impact. One of SAP's biggest selling points is its integration capabilities. *Integration*, in this context, means that for any business event SAP automatically updates the related metrics, be they financial or management accounting metrics. Not only will you learn the foundational configuration elements involved in implementing the core of FI/CO functionality, but you will also learn configuration principals that can be utilized throughout SAP.

Another of SAP's strengths is its incredible breadth of functionality that it offers, both in terms of functions covered (business processes) and in terms of industries catered to. It is for these reasons that it is practically impossible to cover all the functionality or all the configuration options within the FI/CO modules. Instead, we illustrate the configuration theories and steps through the use of a hypothetical business scenario. We use Extreme Sports Inc. to define the business requirements that are configured and presented throughout the book. The "Case Company Background" section later in this introduction explains Extreme Sports's business and organizational structure.

As the configuration takes place, keep in mind that the screen shots and menu paths that are presented are based on version 6.0. It is important to note that the functionality covered in this book is generally transferable across SAP versions. The reason is that a lot of the functionality covered is typical to most companies and has been offered through many releases of SAP (a.k.a. the core functionality). In addition, this book focuses on the configuration principals that enable you to understand the logic behind them, regardless of SAP version.

Is This Book for You?

This book is for anyone who wants to understand how to implement FI/CO, a central module to SAP's Enterprise Central Component (ECC), formerly known as SAP R/3. The primary audience to benefit from this book are project implementation team members, developers, and SAP support organizations. We also encourage

people who have expertise in other SAP modules to read this book, because it will help tremendously in terms of the understanding integration points. In addition, this book makes an excellent textbook companion for those colleges and universities whose curricula covers SAP design and development. It will take you from the basic concepts all the way through to advanced configuration topics and techniques.

How This Book Is Organized

This book begins with an explanation of the FI module and its configuration. The similar but different CO module is covered in the same fashion. Each chapter is about a specific submodule within FI/CO.

The chapters have been logically ordered so that prerequisite configuration has occurred before you begin configuring a new submodule. If you are new to configuration, it is a good idea to begin with Chapter 1 and proceed through the rest of the chapters in order. If you already have configuration experience, you can use the table of contents and chapter headings to skip to the appropriate subject matter.

Conventions Used in This Book

Throughout this book, we have used some basic conventions to help you understand our instructions. The menu path for configuration steps is included in the text of each chapter. In the appendix, you'll find all the configuration transaction codes relevant to the topics discussed in book. We have based our project on one business model, Extreme Sports, for ease and continuity.

Reference is made to standard SAP commands and button bars (green arrow, Save, Create, and so on). In each case, when we refer to a button, we'll provide a screen shot that shows the button in question. The SAP course material is an excellent source for more information on the standard SAP nomenclature.

Case Company Background

One of SAP's biggest selling points is the software's flexibility in handling multiple industries and organizations regardless of the complexity of the business solutions.

To accommodate this flexibility, it must allow for numerous solutions using the standard platform of tables and structures. And by introducing unique configuration settings for each implementing company, it addresses the need for complex solutions.

It would be an impossible task to document the necessary configuration settings for every industry and every business solution. However, it is not inconceivable to provide insight into how to interpret the options available to you when configuring the various modules in FI and CO.

To assist in this endeavor, we will describe the configuration for a fictitious company, Extreme Sports, as you progress through the book. Although the company's configuration will be documented, the discussion will not be limited to that specific solution. We'll discuss many options and field settings. When configuration must occur in a specific order, we'll provide the proper sequence.

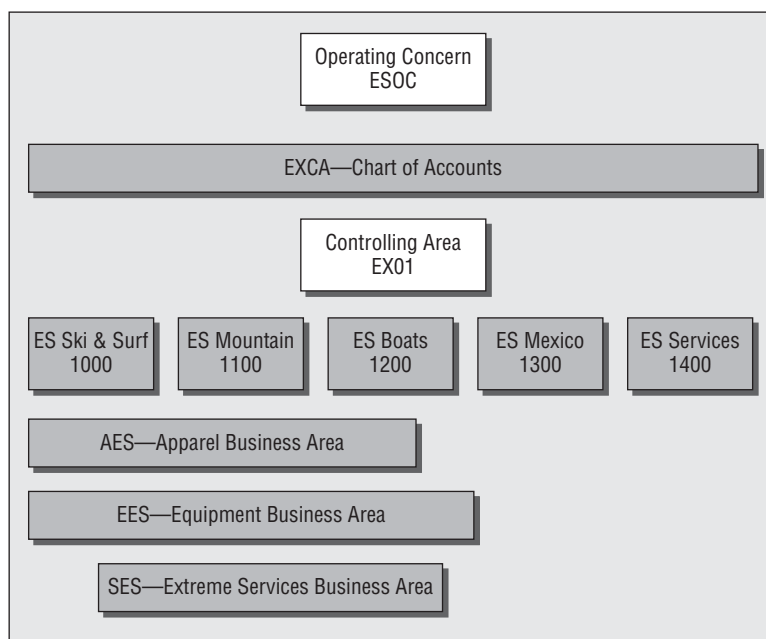
We will now give you some background information about Extreme Sports and an example of its hierarchy solution. Extreme Sports is a U.S.-based manufacturer of sporting equipment and apparel. Founded in 1999, the company has seen its business grow 60 percent a year over the past three years. The revenues for 2008 were \$1 billion.

Extreme Sports's sales organization consists of six regionally based offices located in New York, Chicago, Los Angeles, Atlanta, Seattle, and Kansas City. The sales organization employs approximately 250 sales representatives who sell six distinct product lines: ski equipment, ski apparel, mountaineering/hiking equipment, surfing equipment, surfing apparel, and custom boats.

To compensate for the extraordinary growth it has enjoyed, Extreme Sports has expanded its manufacturing base from four to six plants. The last two plants have both been constructed in Mexico, and the company is considering building a third next year.

Extreme Sports has made the decision to convert to SAP because of the fragmented nature of its current financial, profitability, and manufacturing systems. The corporation consists of four legal entities: ES Ski & Surf, Inc.; ES Mountaineering, Inc.; ES Custom Boats, Inc.; and ES Mexico, S.A. In addition, Extreme Sports has decided to create a shared services organization to support the accounting, human resources, purchasing, accounts payable, and IS functions. The vehicle for this organization will be a fifth company called ES Services, Inc.

The corporation has moved all its legal entities to a calendar fiscal year, removing the 4-5-4 calendar previously held by ES Custom Boats, Inc. Here's an illustration of the corporation as it was developed in SAP.



Throughout the book, we will be providing you with the configuration settings to support Extreme Sports's organization.

Configuration Tools

FEATURING:

- ▶ **INTRODUCTION TO SAP**
- ▶ **A NEW APPROACH TO SYSTEM CUSTOMIZATION**
- ▶ **THE IMPLEMENTATION GUIDE (IMG)**
- ▶ **THE SERVICE MARKET PLACE**

Configuring SAP® ERP Financials and Controlling
by Peter Jones and John Burger
Copyright © 2009 Wiley Publishing, Inc.

Before you undertake your first SAP configuration project, it is important to understand the concepts behind table-driven customization as well as some of the tools, tips, and tricks that can be used. The purpose of this chapter is to provide the foundation for successfully carrying out SAP Finance and Controlling (FI/CO) configuration. We'll give you an overview of SAP, talk about the new approach to system configuration, discuss how to use the implementation guide, and introduce you to the Service Market Place.

Although this chapter is a must-read for people new to configuration, configuration "old-timers" can also pick up a trick or two from reading it.



NOTE The terms *customization* and *configuration* are used interchangeably throughout this book.

Introduction to SAP

SAP stands for Systems, Applications, and Products in Data Processing. Founded by five German engineers in 1972, SAP is the world's leading provider of business software, offering applications and services to companies of all sizes across more than 25 industries. SAP offers an integrated system, which means that all SAP modules are designed to share information and automatically create transactions based on various business processes.

SAP Products

SAP has slowly evolved in terms of its product offerings. You will still come across SAP consultants who refer to the SAP system as SAP R/3, but as SAP's product offerings have broadened, the reference to R/3 has been dropped. R/3 initially referred to SAP's only product, the Enterprise Resource Planning (ERP) system, but today SAP offers a host of products of which SAP ERP Central Component is the heart (often referred to as SAP ECC). The SAP ERP Central Component is where the original ERP (R/3) functionality is housed, and it is where all the data processing/business process transacting takes place. This book is focused on the Financial (FI) and Controlling (CO) modules found in SAP ECC version 6.0.

The goal of this book is not to teach you how to implement one specific solution but to teach you how to configure the SAP system. Attempting to cover every possible

configuration scenario you might encounter would be an impossible task, but after reading the book, you will be able to apply what you have learned and configure your system based on your business requirements.

SAP has now introduced many areas of functionality from its data warehouse—often referred to as its *business warehouse* (BW) or, now more correctly, *business intelligence* (BI)—which includes a host of reporting tools and functionality, not limited to business objects.

SAP also offers the following software suites:

- ▶ Supplier Relationship Management (SRM)
- ▶ Strategic Enterprise Management (SEM)
- ▶ Catalog Content Management
- ▶ Compliance Management for SOA
- ▶ Supply Chain Management (SCM)
- ▶ Product Lifecycle Management
- ▶ Customer Relationship Management (CRM)

SAP Terms

Now that you understand how the different SAP products break down, you'll need to become familiar with some common terms that explain different parts of the SAP system; you will see the following terms used throughout the book:

ABAP (ABAP/4) ABAP/4 stands for Advanced Business Application Programming/4th Generation Language. SAP is coded in ABAP. ABAP is also used for extensions and extra programs that are written for SAP. ABAP is similar to other fourth-generation languages and is a first cousin of COBOL, without the JCL.

Basis Generally, SAP projects, and the folks who work on them, are lumped into two groups—technical and functional. The technical system includes ABAP, database administration, transport management, security, authorizations, and so on. Basis is a subset of the technical group and consists of the folks who take care of all technical components of the system except for ABAP. The Basis group, in more common terms, consists of your project database administrators (DBAs) plus more.

Variant A variant is a specific setting that is saved when a program is executed. Some data input screens allow you to save and execute variants. Variants can also be created in the program maintenance screen of the program. Using variants is a good way to save time because they allow you to execute a routine transaction without having to enter all of the parameters needed by the program every time.

Menu pathSAP, like most client/server applications, utilizes menus to allow a user to navigate through the system. When we refer to or list menu paths in the book, we are starting from the root menu and progressing down through each menu hierarchy to reach the needed transaction. When we refer to only the menu path, we are talking about the Implementation Guide (IMG) menu path. SAP application menu paths are explicitly noted.

Transaction code A transaction code (tcode) is generally a four-character code (later versions of SAP have introduced longer tcodes) that is entered in the command field on the toolbar. Transaction codes are not case sensitive. SAP provides two ways of executing a transaction, via a menu path and a transaction code.



NOTE Although it may be tempting for you to use tcodes to get to a specific screen/transaction, it is useful to use the menu paths. The benefit is that you can get a better grasp of how SAP has logically laid out the options in configuration and the functionality in the functional menu paths. SAP has developed a large array of options to cater to almost any imaginable business scenario, and using the menu paths will allow you to see these options, which results in a broader set of options.

It is important to note that, unless you are at the main SAP menu or the main menu of a submodule such as G/L, it is necessary to include /N or /O before the transaction code in order to execute a transaction in a different module. For example, if you are currently in the Cost Center accounting module in the screen used to create cost centers and you want to enter a G/L document (transaction code FB01), you must enter /NFB01 or /OFB01 to execute the transaction. /N takes you back to the root menu and then executes the transaction code. /O opens up a new session and then executes the transaction code. Remember, you can have only six open sessions of SAP at once.



TIP As stated earlier, unless you are at the main SAP menu, or a submodule main menu, it is necessary to include /N or /O before a transaction code in order to execute a transaction in a different module.

Parameter ID A parameter ID is a special identifier given to some fields in SAP. It can be stored in your user profile with its default values. For example, the parameter ID for company code is BUK. A user who is responsible only for entering documents in company code 1000 would set up the BUK parameter ID with a default of 1000 in their user profile. By specifying this parameter ID, the user will never have to enter the company code in a transaction; the company code will automatically default to 1000. Parameter IDs are stored in the Technical Information field box. An explanation of how to display the Technical Information box is included in “Finding the Table to Configure” later in this chapter.

Batch input session A batch input session stores values to be entered during a normal system transaction. Some transactions automatically create batch input sessions because of the heavy processing required. To complete the transaction, you must select the batch input session and then run the batch input session manager. Most data transfer programs are executed via batch input sessions. A good way to think of a batch input session is to think of it as a macro. A macro uses standard functioning to input data that is stored to automate a repeated task. You can use transaction code SM35 to run and manage batch input sessions.

Jobs A job is similar to a batch input session in that it executes a standard SAP transaction in the background, usually at night. Jobs are set up and scheduled for processor-intensive transactions and reports. If you do not correctly specify the print parameters on a print request, your print request will be stored as a job. This means that when you start a print transaction from within SAP and you do not check the Print Immediately box the print request is stored in the print spool as a job and has to be manually released through the job manager to print. Your company's Basis group usually manages jobs.

User menus You can create your own user menu with your most commonly used transactions. Then you can assign this personalized menu to your user ID in your user preferences. If you are developing a system to be used by a client site, user menus can also be set up for a group of users with limited access to the system. This includes users who might not use the system often enough to remember the menu paths they need to use to execute a transaction.

Distributed systems (ALE) Some SAP installations have more than one productive instance of SAP running at any one time. SAP provides a tool called Application Link Enabling (ALE) to allow two different SAP systems to share data with each other.

- [click Nothing Special: Living Zen](#)
- [read Prodigy \(Legend, Book 2\)](#)
- [read online Dreamland](#)
- [Lovey book](#)
- [download online The Cosmos: Astronomy in the New Millennium \(4th Edition\) online](#)
- [download online Arielle Immortal Awakening \(The Immortal Rapture, Book 1\)](#)

- <http://pittiger.com/lib/Nothing-Special--Living-Zen.pdf>
- <http://cavalldecartro.highlandagency.es/library/Java-Software-Structures--Designing-and-Using-Data-Structures--3rd-Edition-.pdf>
- <http://bestarthritiscare.com/library/The-Arab-Awakening--The-Story-of-the-Arab-National-Movement.pdf>
- <http://nexson.arzamaszev.com/library/Kindle-Paperwhite-for-Dummies.pdf>
- <http://jaythebody.com/freebooks/The-Cosmos--Astronomy-in-the-New-Millennium--4th-Edition-.pdf>
- <http://nexson.arzamaszev.com/library/Ukulele-Mastery-Simplified--How-Anyone-Can-Quickly-Become-a-Strumming--Chords-and-Melodic-Uke-Ninja.pdf>