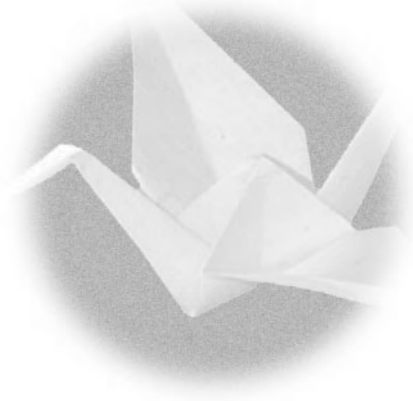




# **Configuring SAP® ERP Financials and Controlling**



# **Configuring SAP<sup>®</sup> ERP Financials and Controlling**

**Peter Jones  
John Burger**



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Best regards,

A handwritten signature in black ink, appearing to read 'Neil Edde', with a stylized, cursive script.

Neil Edde  
Vice President and Publisher  
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*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*

---

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—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.

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—John Burger

---

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He now works at McKesson, a Fortune 18 company.

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# INTRODUCTION

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**T**he 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.

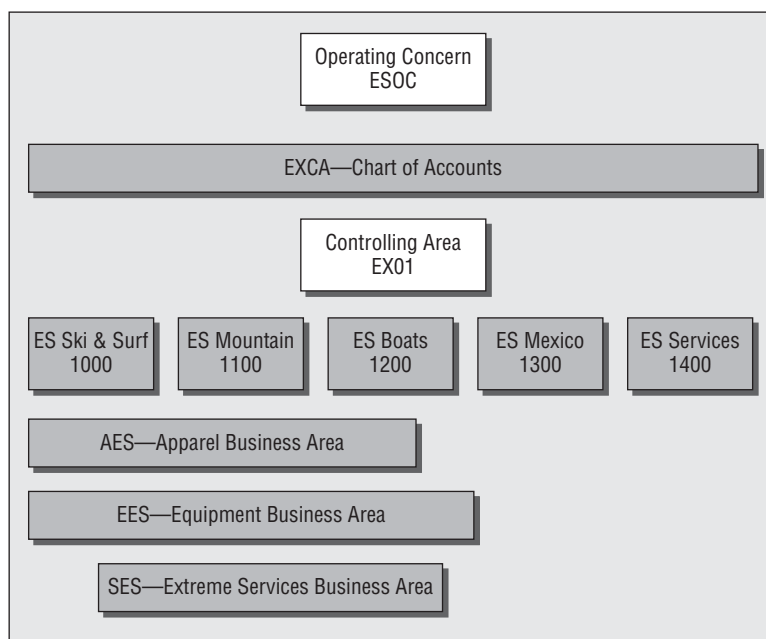
We will now give you some background information about Extreme Sports and an example of its hierarchy solution. Extreme Sports is a U.S.-based manufacturer of sporting equipment and apparel. Founded in 1999, the company has seen its business grow 60 percent a year over the past three years. The revenues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




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**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.

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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.




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**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.

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**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.



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