Accelerating the Financial Closing Process with SAP® Solutions

Quick Facts

Summary

SAP provides integrated financial management applications designed to give simplified access to relevant financial information. SAP® solutions provide company-wide accessibility so you can accelerate an accurate financial closing cycle at any level.

Business Challenges

- Perform closing-cycle tasks efficiently across organizations
- Generate accurate financial reports
- Provide access to period-end information for validation and analysis
- Increase automation, visibility, and control of regulatory disclosures and financial statements

Key Features

- **Accounting** – Automate your financial close to comply with International Financial Reporting Standards and local GAAP
- **Monitoring** – Control task sequences and manage the closing cycle over multiple types of financial software
- **Consolidation** – Compile financial period-end reports for specific corporate levels
- **Disclosure** – Manage production, filing, and publication of financial statements and reports and eXtensible Business Reporting Language (XBRL) submissions
- **Regulatory compliance** – Monitor and document manual and automated internal controls

Business Benefits

- **Speed the closing cycle** with configurable, automatic workflows
- **Reduce the cost of finance** and compliance by automating processes
- **Improve data accuracy** by reconciling data online
- **Automate reconciliation** with a central data repository
- **Minimize closing workload** by completing tasks before the closing cycle starts
- **Reduce the time and cost** of regulatory disclosures and electronic filings

For More Information

To learn more, call your SAP representative today or visit us at www.sap.com/erp, www.sap.com/epm, and www.sap.com/lines-of-business/finance.

Financial executives need to close their books in an accelerated, streamlined, and accurate way. SAP provides a complete set of solutions to help companies speed closing times, meet external reporting and compliance requirements, and reduce errors – all while cutting costs.

To achieve superior financial-close performance, companies need to standardize the closing cycle into a series of repeatable steps that follow a highly automated schedule. SAP helps companies integrate, automate, and better manage the financial close process in accordance with financial best practices. Using communication, collaboration, and automation tools provided by SAP® solutions, employees involved in the financial close process can perform their work more efficiently and with fewer errors. The overall result is a faster, less expensive, and more transparent financial close.

SUPPORT THE ENTIRE CLOSE CYCLE

To truly optimize the financial close process, you need solutions that provide control over each step of the close cycle in addition to processing postings and producing reports. Designed for businesses of all sizes, SAP solutions support a streamlined, more accurate financial close. They help you meet regulatory compliance and gain confidence in your financial reports.

SAP solutions span the entire close cycle, from the entity to corporate level. They include highly automated, standardized functionality supporting accounting, reconciliation, and consolidation activities. Scheduling tools help you sequence, monitor, and control workflows across your organization, so the entire close process moves along efficiently.

FORM A FOUNDATION WITH THE GENERAL LEDGER

The SAP General Ledger application provides the foundation for enterprise-wide accounting and financial reporting. It accelerates the financial close process by helping employees work more efficiently and by automating many period-end tasks, including accruals and reconciliations. The application's single, consolidated, multidimensional database features integrated financial and management accounting functions that help you spend less time reconciling data and reporting results.

You can configure the subledgers of the SAP General Ledger application to automatically depreciate your assets, calculate the value of work in process, recognize revenue and match costs for profitability analysis, and create the appropriate account postings for payroll and benefits. Using robust workflow functionality, you can model the sequence of close tasks relative to a project or sales order and create work lists that help you monitor status. To facilitate fast resolution, alerts automatically notify you if an error occurs during processing.

ALIGN YOUR CLOSE TO GET GREATER CONTROL

To achieve a fast financial close, you need to complete multiple process steps accurately, on time, and in the correct sequence. Gaps in communication may cause delays that jeopardize close deadlines. The SAP Financial Closing cockpit, a graphical management tool within the

SAP ERP Financials solution, greatly enhances overall management of the close cycle. The increased transparency facilitates wider collaboration and allows you to spot and resolve problems faster.

The financial closing cockpit displays all key process tasks, dependencies, workflows, task owners, and task status in a single, intuitive interface to help you:
- Orchestrate the close process from start to finish, across multiple organizational units
- Establish close-schedule best practices
- Gain visibility into the close process
- Monitor the entity-close process for a more secure and controlled close
- Optimize processes to improve future closes

SIMPLIFY INTERCOMPANY RECONCILIATION

Reconciling and eliminating intercompany transactions can be time-consuming and complicated. The SAP Intercompany application enables business units to reconcile intercompany balances in real time so corporations can close faster. The software provides the tools for business units to debate and reconcile balances directly with one another, eliminating extra work and delays at the corporate and divisional levels. Removing intercompany reconciliation from the critical path improves the speed and accuracy of the close process. Matching is automatic and can occur at the balance or invoice level, with the option to attach comments or other documents to facilitate more efficient communication.

PERFORM ACCURATE AND TIMELY CORPORATE CONSOLIDATIONS

The entity-close cycle is completed by the corporate close, during which you consolidate all entity- or division-level financial data into a corporate-level view

to produce period-end financial reports. Integrating with SAP ERP Financials, the SAP Business Planning and Consolidation and the SAP Financial Consolidation applications combine results from across your company while helping you maintain compliance with regulatory mandates. The applications let you:

- Aggregate, reconcile, and consolidate financial data and automatically generate financial statements and management reports
- Convert disparate financial data or charts of accounts into a single, authoritative source for financial and performance management reporting, shaving weeks off corporate-level consolidations and report generation
- Automate routines to directly load data from divisions and subsidiaries to speed processing and preparation for corporate-level reporting
- Centrally monitor and control the entire corporate consolidation process through an intuitive graphical interface
- Compress the close cycle by configuring and automating tasks, such as interunit eliminations, investment combinations, currency conversions, and reclassifications
- Meet all legal and management reporting requirements with robust, automated report generation

REDUCE THE TIME, RISK, AND COST OF REGULATORY DISCLOSURES

The SAP Disclosure Management application enables a collaborative, flexible disclosure process across distributed teams and multiple data sources to facilitate an auditable, compliant workflow. This can reduce the time, risk, and cost involved in producing and approving financial and nonfinancial regulatory statements, disclosures, and corresponding eXtensible Business Reporting Language (XBRL) submissions. The application forms a key part of the end-to-end support SAP software provides for the financial close – from source transaction to digital disclosure.

STREAMLINE COLLECTION AND MANAGEMENT OF FINANCIAL NOTES

The SAP Notes Management application offers a flexible, compliant process to support the collection, aggregation, reporting, and analysis of structured and unstructured information at any point in the financial reporting hierarchy. It helps you collect, validate, and manage descriptive and other supplementary data you need to describe financial results. It helps in the preparation of footnotes and narrative information, so your financial and regulatory statements and management reports are more meaningful.

INTEGRATE WITH SOURCE SYSTEMS

Some organizations don't have a single-instance enterprise resource planning (ERP) or general ledger application. For them, the integration of consolidation and enterprise performance management (EPM) applications with underlying subsidiary software systems is even more crucial. Establishing direct, automated links to this software speeds the process of loading data and helps avoid costly mistakes. It eliminates the need for manual data entry, corrections, and errors associated with the batch loading of files, which can consume valuable time better spent on value-adding tasks.

Integrated with SAP ERP Financials, the SAP Financial Information Management application provides extensive connectivity to both SAP and non-SAP applications. As a result, you gain robust data collection functionality combined with strong controls, data validation functions, and comprehensive audit trails. Integrated links to source software maximize productivity, minimize compliance costs, and ultimately increase the overall confidence in the results.

Using communication, collaboration, and automation tools provided by SAP solutions, employees involved in the financial close process can perform their work more efficiently and with fewer errors.

REPORT AND ANALYZE

A business intelligence (BI) solution can deliver the information you need on a near-real-time basis. SAP BusinessObjects™ BI solutions integrate with SAP ERP Financials and SAP solutions for EPM and let you access information immediately during the financial close process. Use them to leverage ad hoc analysis, role-based dashboards, and other reporting tools to perform more in-depth analysis. Interact with business information and answer questions with no need to master complex database languages or underlying structures. You gain increased insight and can further reduce financial close times.

FULFILL COMPLIANCE REGULATIONS

It is critical that you monitor and document internal controls to address the legal reporting and disclosure requirements of regulations such as International Financial Reporting Standards and the Sarbanes-Oxley Act.

SAP solutions for governance, risk, and compliance (GRC) , which integrate with SAP ERP Financials, support comprehensive process control, data access security, and the documentation of audit trails, from source to disclosure. Managers can document and attest to both manually performed controls, such as reconciliations and comparisons, and automated controls, such as workflow-based

approvals within the software-supported processing environment. SAP solutions for GRC help you continuously monitor your exceptions and handle remediation, providing all your managers with the confidence they need to sign off on financial results.

LEARN MORE

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