



S/4HANA Configuration Case Phase I – Financial Accounting

In this first phase, the basics of Financial Accounting are implemented in S/4HANA according to Global Bike specifications. Enterprise structures and business processes are set up the SAP system, master data is loaded and core processes are tested.

Product

S/4HANA 2023
Global Bike

Fiori 3.0

Level

Intermediate
Advanced

Focus

ERP Configuration
Financial Accounting

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4.3

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MOTIVATION

After the Global Bike executive board has taken the decision to implement S/4HANA, CIO Bianca Cavarini and her team is given the task to start analyzing the Financial Accounting processes in detail and start their configuration in the ERP system.

Similar to phase 0, conversations between Global Bike employees help you understand current issues in the organization and existing systems.

PREREQUISITES

It is highly recommended to have worked through phase 0 of the S/4HANA Configuration Case. In order to relate the ERP implementation of Financial Accounting to real tasks in Global Bike and their mapping to S/4HANA processes it is also recommended to complete the Intro to ERP using GBI curriculum material for the FI module (chapter 7).

NOTES

This case study uses the Global Bike data set which has been created for SAP UA global curricula exclusively.

ACKNOWLEDGEMENT

This case study was prepared with the assistance of student interns at the Seidman ERP program at Grand Valley State University and research assistants at SAP UCC Magdeburg.

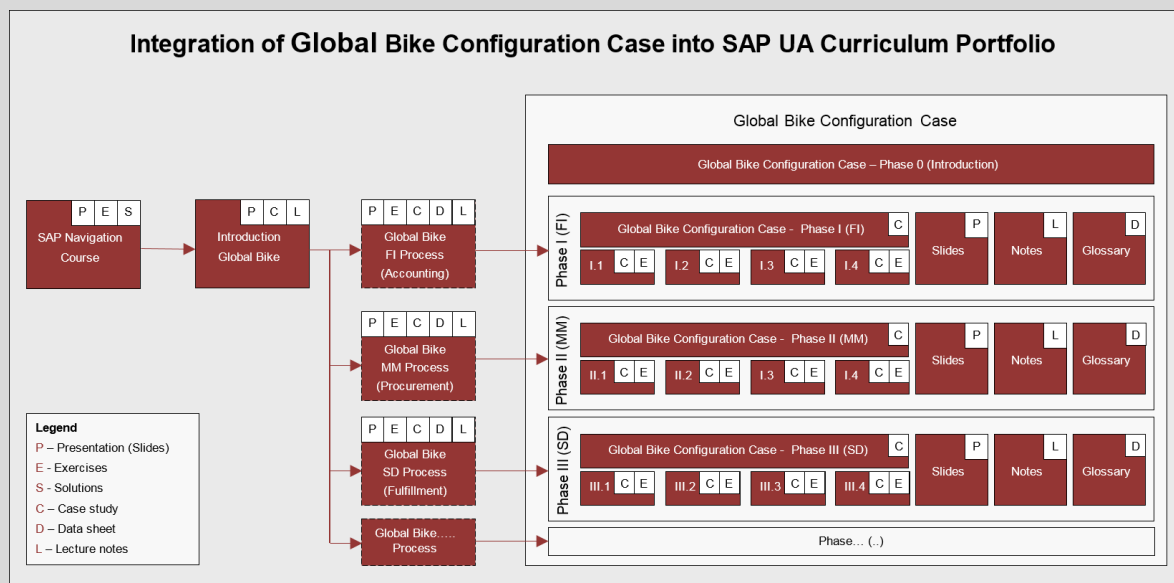
Step 1: Introduction to GBI Configuration Case

Learning Objective Understand objective and structure of ERP configuration case. **Time** 15 min

Overall Case Objective The ERP configuration case intends to develop a basic understanding of ERP implementation projects based on a comprehensive scenario in a fictitious mid-size company (Global Bike). Based on theoretical concepts taught in lectures the case provides real-life conversations within and across Global Bike departments for students to identify and analyze problems in business processes in order to derive possible solutions. After the best solution has been selected it is configured in the S/4HANA system.

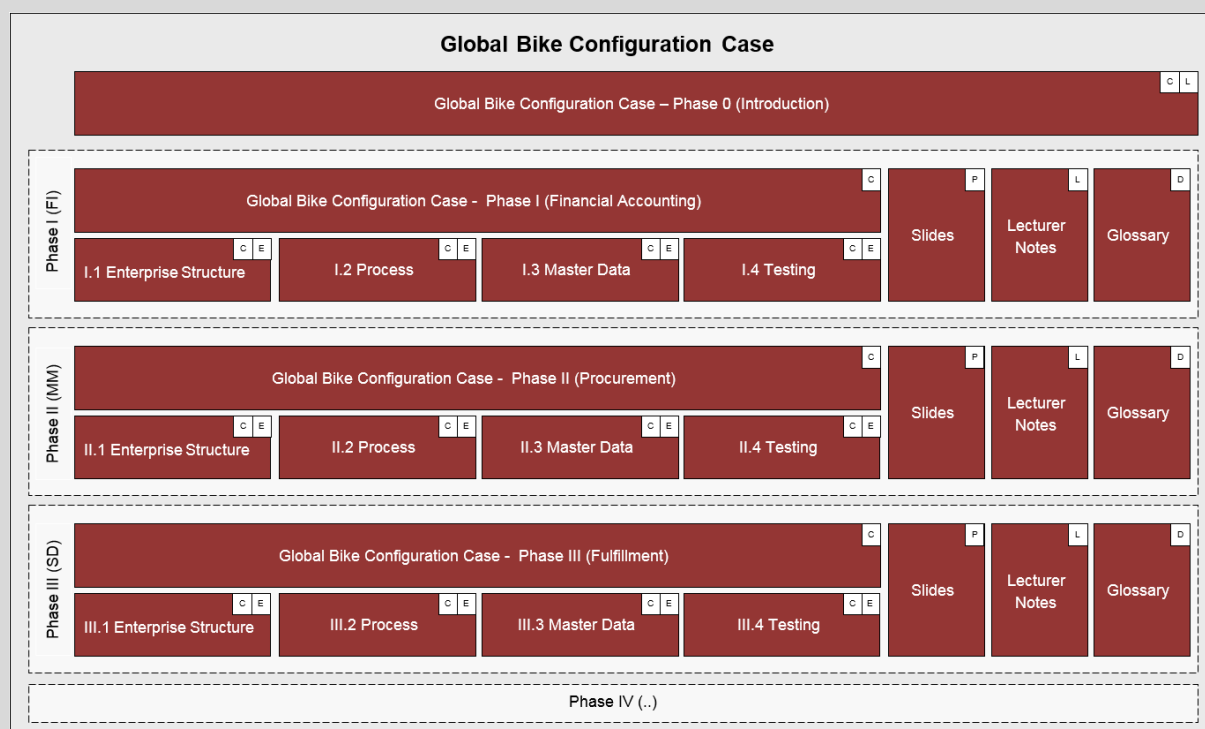
Overall Case Structure As visualized in the graphic below, the introductory part (Phase 0) of the ERP Configuration Case is independent of any specific ERP solution and any functional module. It consists of a case study document and lecturer notes.

The subsequent phases focus on ERP configuration tasks for specific functional areas such as Financial Accounting, Procurement and Fulfillment. They are executed in a particular S/4HANA module like FI (Finance), MM (Materials Management) and SD (Sales and Distribution).



Other than Phase 0 for which no prerequisites are necessary before you start with the actual configuration phases you should have had previous exposure to the S/4HANA system and ERP process execution (presentations, exercises and case studies), preferably using the GBI dataset.

All phases except the introduction follow the same structure (as shown in the detailed graphic below): phase-specific scenario (case study), handbook (exercises) and a glossary (data sheet) together with slides and lecturer notes.



Case Study Objective Whether or not you already have previous ERP knowledge or practical experience, an introduction to the company's organizational structures as well as its business processes is necessary. Thus, it is recommended, but not mandatory to go through the introductory case study (Phase 0) which helps develop scenario analysis, critical thinking and project planning skills in the ERP implementation domain.

This first configuration case study (Phase I) implements Financial Accounting (as well as basics of Managerial Accounting) in an S/4HANA system in order for you to understand financial implications of most business activities. By doing so, you will acquire the following skills:

- ERP proficiency, e.g. **What** is the largest organizational unit in an S/4HANA system?
- ERP configuration skills, e.g.: **How to** create a new organizational unit in an S/4HANA system?
- Project-driven and scenario-based integration of tasks in complex environments, e.g. **Why** do we need to assign a chart of accounts to a company code in S/4HANA?

Case Study Structure This case study is structured in 5 steps as visualized below. Similar to phase 0, it presents a realistic scenario within the Global Bike accounting department for which issues, problems and a reference solution need to be found (Steps 2 to 4).

In contrast to phase 0, this case study provides a detailed description of how to implement units and processes in Financial Accounting in S/4HANA. In order to help you understand different aspects and degrees of detail throughout the case study three separate documents were created.

The *scenario* (this case study document) guides you through the overall learning process along realistic project steps (here steps 2 to 4). It refers to two other documents; the *handbook* and the *glossary*. The handbook consists of a sequence of interdependent tasks to configure the S/4HANA system, to add master data and to test the business process, in this case Financial

Accounting. In order to keep the scenario document lean, all common or technical definitions were compiled in one glossary document which can be used as a reference guide.

Global Bike Configuration Case – Phase I (Financial Accounting)

Part		Input	Deliverable
Case Study Cover Page		Motivation, Prerequisites, Notes	-
Step 1	Introduction to Global Bike Configuration Case	Case Objectives, Case Structure	-
Step 2	Scenario Analysis	Scenario, Conversations	Relevant Symptoms and Issues
Step 3	Problem Identification	Reference Symptoms and Issues	List of Problems
Step 4	Problem Analysis / Solution Finding	Reference Problems	Possible Solutions
Step 5	Implementation	Reference Solution, Handbook, Glossary	SAP ERP Implementation



Step 2: Scenario Analysis

Task Read the scenario and highlight the most important and relevant information.

Time 45 min

Short Description Read through the scenario and critically analyze the challenges employees are facing in this unit. Focus particularly on the core statements during the conversation.

Name (Position)	Silvia Cassano	(Accountant Payable Specialist GBI US)
	Stephanie Bernard	(Billing Clerk Accounts Receivable GBI US)
	Shuyuan Chen	(Chief Accountant GBI US)

Units involved Accounting GBI US

Before you start analyzing the financial accounting scenario you should be familiar with the overall company structure and know gaps that exist in the organizational units prior to this implementation process. Thus, it is recommended to have read and understood the GBI story document (see Phase 0 Step 2).

Global Bike Inc.

Dallas, GBI US. Mid-week. Silvia Cassano (Accounts Payable Specialist) is still dealing with sorting the invoices of 30 defective frames received by Dallas WH. The invoice was paid because Silvia never received a return slip for the defective shipment. Consequently, Silvia is bogged down with more manual document preparation to issue a credit memo in the amount of \$6000.00 to the supplier (Space Bikes Composites in Houston) in order to compensate Dallas WH for the return of defective frames.

Scenario setting I

Although a tedious and time-consuming task, Silvia spends her morning sorting out the steps needed to rectify the problem, once all is figured out; she starts the process by retrieving the invoice number [#5105600122] from the system.

The system however displays an A/R invoice instead of an A/P (12 off-road helmets + 7 kneepads/elbow pads instead of 30 black touring frames).

Silvia is furious when she realized this system error and decides to get a quick break from work. She is stumping towards the kitchen to grab a cup of coffee. Coincidentally, Stephanie Bernard from A/R is also in the kitchen, and she noticed Silvia storming into the room with an unhappy face. This is the conversation that took place in the cafeteria between them.

SILVIA *[mumbling in a rather angry tone]*
“Oh gosh, same problem again. When will this end?”

Silvia Cassano
[Accounts Payable]

Although overwhelmed by Silvia's entrance, Stephanie sympathizes with Silvia and tries to calm her down.

STEPHANIE

“How’s your day going? Looks like you could really use a cup of coffee?”

Silvia is still talking angry; rushing words and mumbling to herself. In the meantime, Stephanie is making every effort to calm Silvia down. So she pulls a chair out for her and offers her to sit down. She preps a cup of coffee for her, and says:

STEPHANIE

“I can’t understand a word you say Silvi. How about you join me, come on, sit down, take a deep breath, and let’s discuss the issue.”

Silvia sits down at the round table; takes a deep breath and starts talking in a more subtle tone describing the problem.

SILVIA

“I am overwhelmed by the tedious process of manual invoice preparation. Yet, here we go again. It is about a month ago when Dallas WH received 2 shipments of 30 black bike frames, one shipment of which was defective and returned to the supplier and A/P is not informed of the return. Meanwhile, I end up with two invoices for the same 30 black frames. Paid the 1st invoice because, incredibly enough, I never received a return slip for the defective frames. Just right now, I receive the 2nd invoice for the same shipment, thanks to my pretty eyes, I discovered it’s a duplicate and so I called Ricardo to get the story straight.”

STEPHANIE *[with a smile]*

“So far so hectic and it’s not even noon yet.”

SILVIA

“Actually, the best is yet to come! Since it’s too late to simply void the 1st invoice, I have to trace the return slip, reverse the 1st invoice, and post a credit memo to the first supplier. Then I can pay the 2nd invoice.”

SILVIA *[after a sip of coffee]*

“Huh! The issue of manual document prep. It’s tedious and time-consuming. Nobody seems to understand that before you process an invoice, it is vital to identify, sort and route the document, these are important steps in the workflow before the actual work on an invoice can begin.”

SILVIA *[shaking her head]*

“Yeah, wait, it gets better!! Shockingly, when I typed in the 1st invoice number, the system displays an A/R invoice for 12 off-road helmets and 7 knee pads – a totally different invoice document. I checked the number, because I thought I did a typo, but no, the invoice number was correct”

STEPHANIE

“Ouch! I have the same problem occasionally. Guess what I do to find the correct invoice? Took me a month to figure out this trick in the system?”

SILVIA

“You have the same problems on your end as well? What is your solution? So far, I always needed to run it by our Accounting Manager Shuyuan Chen. She eventually solved the problem, but never shared the how-to part with me.”

STEPHANIE

“Ok, here is what I do to find the other/correct invoice. I open the multiple invoice overview and key in a range of invoices in a sequence starting with the number in question; only then the system displays all invoices on the number I am looking for. And voilà!”

SILVIA

“Does that mean that some invoice document numbers are not unique? I thought that this is a must in an accounting system.”

STEPHANIE

“Yes, you are right, except ours! I think enough is enough; what do you think we can do about this?”

Suddenly, there is a pause in the conversation, more like a lull between thoughts. Silvia and Stephanie look at each other and try to put ideas together.

SILVIA & STEPHANIE *[screaming their manager's name out loud]*
“Shuyuan!”

SILVIA

“We need to escalate this! She needs to understand that there is a major issue in the system when creating invoice numbers. ”

STEPHANIE

“Let's go together, but please remember to be nice and CALM! Just think of the growing number of invoices recently. I can't imagine continuing solving this issue ineffectively.”

SILVIA

“A friend of mine works in Accounting at another company and she keeps swearing by their software which allows mass invoicing and automates almost everything. Invoicing for them sounds like a piece of cake. Why can't our life be that easy?”

STEPHANIE *[with a relieve]*

“Let's stay realistic and see what Shuyuan will do. Would you like more coffee?”

Silvia Cassano (Accountant Payable Specialist GBI US) and Stephanie (Billing Clerk Accounts Receivable GBI US) met with Shuyuan and expressed their concerns about the lengthy workflow of processing invoices and the complexity of the accounting system especially the lack of uniquely assignment of invoice numbers, among other issues. After the meeting, Stephanie and Silvia came out smiling content that their manager Shuyuan will look into the issues they raised further. So they went straight to their desks and started working on the stacks of invoices that piled up. Silvia still had to complete the transaction for the 30 defective bike frames.

Silvia is sitting at her desk staring at this invoice puzzled of what to do next. She has this invoice that she paid to Space Bikes Composites in Houston in the amount of \$6000.00 and needs now to reverse it and issue an A/P credit memo to the vendor to get the money back.

Scenario setting II

Silvia knows in GBI's official Accounting Handbook it is clearly stated that an employee is allowed to reverse an A/P invoice to the maximum threshold amount of \$5,000.00. For any amount thereafter it is mandatory to seek manager's approval to complete the transaction. That is why Silvia went directly to her manager Shuyuan for help when she needed to reverse an invoice above \$5,000.00.

Silvia is over thinking the issue struggling to make an informed decision between doing the right thing (going to her manager) or doing it the easy way (trying to get it done herself). She starts expressing her thoughts out loud to herself.

SILVIA *[in her head]*

"Oh gee! What should I do now? I think the system will stop me at the point when I try to reverse the invoice because the amount exceeds 5,000.00 USD. In addition, there is the problem with the duplicate invoice number. But wait, Stephanie has given me a workaround for that. Why don't I just try it? Let me look in the old A/P manual and try to follow the steps in there. See where that takes me?"

Silvia Cassano
[Accounts Payable]

She reaches out to the old dusty binder on her shelf hoping that there is a procedure for that specific problem. Eventually, she finds the page and talks out loud the steps she needs to take to rectify the error.

SILVIA *[reading out loud to herself]*

"Ah here it is! To reverse an A/P invoice in the system; go to the A/P Credit Memo function. Ok, I can do that."

SILVIA *[flipping the page]*

"Good, now I need the invoice number. Let me see, where is my sticky note? I just had it while talking to Ricardo from Dallas WH. Here it is: 5106600122. I key it in and press Enter. This sounds simple."

COMPUTER *[displaying an error message]*

"No invoice doc number found."

Silvia compares the invoice number displayed on the screen against the invoice number she wrote on the sticky note and finds a typo.

SILVIA

"Uh-oh, what now? Oh, I see what is wrong. I confused the digits 56 with 66."

After modifying the search entry, it took the system a while to retrieve and display the correct invoice document. Nervously, Silvia is tapping her fingers against the desk while she is thinking about the next step.

SILVIA *[rattling to herself again]*

"Hmm, now I remember. I have been here before; because this is the same wrong A/R invoice I talked to Stephanie about. Wait a second, she taught me a way around this. What was it?"

Finally, she remembers Stephanie's technique of keying in a range of invoices in a sequence starting with the number in question. She deliberately makes the entry to find the invoice in question and with a bit of effort she manages to find

the correct invoice in A/P. She reads the steps in the old manual to complete the transaction and quickly keys in the data requested by the system.

SILVIA

“Ok, that was the last entry. Now, SAVE!”

Sitting on the edge of the chair and staring with a frowning face at the screen worried about the display. Her mind was at unease as she was waiting anxiously for the system to save. She started shaking because she had never been this terrified before. Finally, the system displays only a warning message (not an error message) asking for a mandatory text field to be filled.

COMPUTER

“Complete the field Reason for reversal”

SILVIA *[to herself]*

“Ok, what could I use as a legitimate reason for this invoice reversal? Why not the truth, but better keep it simple and informal. So, I put in ‘return of 30 defective bike frames to vendor’. And now, Enter.” *[Contemplating whether the system would accept that or not]*

COMPUTER *[displaying a success message]*

“A/P credit memo 5400000397 created successfully.”

SILVIA *[relieved surprised]*

“Wow, it did work! That was easy.”

SILVIA *[feeling a shudder; realizing the magnitude of what she has just done]*

“Not only have I overstepped Shuyuan’s authority, but the system also recorded my consent by filling in the reason text field. However, the nightmare of this invoice is over. Since I got away with it I can save myself some trips to Shuyuan and deal with this type of issues on my own.”

With a smile on her face, Silvia is going on with normal business including the second invoice from Space Bikes Composites.



Step 3: Problem Identification

Task Revisit the reference symptoms/issues and condense them into the problems **Time** 30 min specific to this case.

Short Description You (in the role Mona Falco) need to come to a clear understanding of the most relevant symptoms in Financial Accounting in order to identify the causes and underlying problems including the issue of duplicate invoice numbers that was just reported by Shuyuan Chen.

Name (Position)	Bianca Cavarini	(Chief Information Officer)
	Mona Falco	(System Design and Development Manager)

After project preparation, **Bianca Cavarini** and **Mona Falco** presented the findings of their business process analysis to Global Bike’s executive board. After careful consideration, both Co-CEOs approve an ERP system implementation project. Now, Bianca has given Mona the task to start analysing the Financial Accounting processes in detail (project Phase I). Based on the reference highlights from the scenario in Step 2 (listed below), identify together with your peers symptoms, causes and effects in Global Bike’s Financial Accounting unit.

Scenario setting

- 2 invoices received in accounts payable and both are about the same 30 black frames (one paid and one pending).
- First invoice related to 30 defective frames which were actually sent back to Dallas Bikes Composites. The return slip was never sent to accounts payable so it was paid.
- Since it is too late to simply reverse the first invoice because the payment was issued, a credit memo must be issued to get the money back for the returned inventory.
- The A/P individual is bogged down with the manual data entry to locate the correct invoice. When retrieving the invoice, there is a known system problem of A/P & A/R invoices with the exact same invoice number, they are not uniquely assigned to different FI documents.
- Her colleague from A/R tells her about a workaround she found to locate the correct invoice document which prevents her from going to her manager to fix it.
- Both decide to officially report this reoccurring issue to their manager.
- The A/P clerk starts the process of creating a credit memo to Space Bikes Composites in the amount of \$6,000.00. The threshold, however, is only \$5,000.00. Therefore, to reverse an invoice and create a credit memo Silvia must seek approval from her manager.

Reference symptoms and issues

- Because she has just been to her manager and would like to avoid another visit, she gives it a first attempt on her own (assuming that the system would not allow it)
- The A/P employee is able to reverse the invoice and issue a credit memo without the system warranting or flagging the transaction.



Step 4: Problem Analysis / Solution Finding

Task Revisit the reference problems and identify possible solutions for Global Bike. **Time** 30 min

Short Description In the role of Mona Falco (System Design and Dev Manager) and Sarah Garcia (Business Analyst 2), analyze relevant Accounting problems and find possible solutions.

Name (Position)	Mona Falco	(System Design and Development Manager)
	Sarah Garcia	(Business Analyst 2)

Mona Falco and **Sarah Garcia's** (Business Analyst) task is to revisit the problems and come up with a detailed structure for this project phase.

Scenario setting

Based on the reference problems you identified in Step 3 (listed below), track, together with your peers, the connection between these symptoms across the accounting unit, identify the source of each issue and its effects.

Symptoms

Reference problems

- “Triple-invoicing” of 30 black frames (30 returned, 30 reshipped, 30 reordered). Tedious manual process to correctly identify an FI document with a duplicate invoice number. System allows invoice reversal of \$6,000.00 which is above the threshold of \$5,000.00.

Particular effect

- Delayed processing of invoices, two identical invoices for the same purchasing order lead to chaos because of unnecessary processing of multiple invoices in Accounting, unnecessary financial transactions, extra personnel effort and user frustration

Underlying cause/problem

- No procure-to-pay cycle control as well as no automated integration to FI;
- Not well-executed continuous improvement cycle:
 - No well-documented business processes
 - No sufficient testing
 - No instant feedback communication channels to improve system effectiveness over time.
 - Inadequate implementation / bug-fixing in the system

Corporate effect

- Lack of org unit and management integration/communication leads to
 - Ineffectiveness
 - Too many system exceptions

- Double effort and manual flow of documents
- System implementation gap.
 - Entails invisible wrongful process execution and
 - Allows fraud which leads to incorrect/unreliable data
- Ineffective/poor/slow work procedures induce hidden costs due to increased processing cycle time on both operational and managerial level, e.g. cost of late payment, higher personnel cost etc.
- Lack of process monitoring allows undetected user misbehavior which leads to lack of control/compliance
- Lack of simple error reporting hinders process improvement and innovation
- Isolation of data (processing) results in overall incorrect/unreliable data which may lead to incompetent decisions eventually affecting cash flow negatively.
- Incorrect/unreliable data prevents interpretation to meaningful information
- Without meaningful information on past/present business transactions no accurate forecasting is possible



Step 5: Implementation Phase I

Task Revisit the reference solution and come up with a concrete implementation plan. **Time** 10 min

Short Description In order for Mona Falco and Sarah Garcia to start implementing the ERP solution for the financial business processes at Global Bike, they need to structure their project by defining steps and milestones.

Name (Position)	Mona Falco	(System Design and Development Manager)
	Sarah Garcia	(Business Analyst 2)

Using a criteria catalogue, the Global Bike executive board has selected the S/4HANA solution from a wide list of software vendors. A consulting company was identified and hired to help orchestrate the project and contribute functional and technical SAP expertise. Although the functional modules of S/4HANA are highly integrated and interdependent, Global Bike has followed the advice of the external consultants to start with the S/4HANA Finance (FI) module and to implement the US company first (and Germany later).

Based on the results of steps 2 to 4 and the reference solution (find below) this document presents the detailed project scenario. It offers links to the *handbook* with particular configuration steps in the S/4HANA system. Although optional it is highly recommended to do these exercises to gain hands-on work experience in a live system. Please refer to the  *glossary* for detailed definitions of terms that are frequently used in this case study.

Scenario setting

Handbook

 for Glossary

Overall solution

Reference solution

The benefits of implementing an ERP system for Financial Accounting are

- Increase efficiency by streamlining and partially/fully automating business software processes for staff to focus on business operations and delays from correcting data.
- Consolidate all accounting master and transactional data within global bike in one database as a foundation for reliable enterprise analytics.
- Implement accounting business rules enterprise-wide and control them across other departments.
- Increase transparency by monitoring the process cycle in real-time to provide management and key decision makers with concise and consistent data to make business plans, informed decisions, and produce more reliable forecasts.
- Improve cash management by better sales projections and inventory management.

According to best practices for ERP implementation projects, the S/4HANA system will be configured in the below order.



Project structure

Phase 1.1 – Enterprise Structure

Task Define the Global Bike enterprise structure for Financial Accounting and prepare its configuration in the S/4HANA system. **Time** 30 min

Short Description Review Global Bike's organizational structure and identify all relevant organizational units in Financial Accounting. Then, map them to the organizational units available in S/4HANA.

Name (Position)	Mona Falco	(System Design and Development Manager)
	Sarah Garcia	(Business Analyst 2)

The enterprise Global Bike Group comprises two financially independent subsidiaries; one is located in the US and the other in Germany. The company in the US (Global Bike Inc.) is located in Dallas at 5215 N O'Connor Blvd, 75039 TX. The company does all its business in US Dollars. The main language is English. The second subsidiary in Germany (Global Bike Deutschland GmbH) is out of scope for this implementation project and may be added after the US part is successfully configured in the S/4HANA system.

Scenario setting

The main area of operation is bicycles. All General Ledger (G/L) accounts are listed in one global chart of accounts. Customer credit limits are defined on a global level as well. Global Bike uses months as periods, plus one correction period.

From a managerial accounting perspective, Global Bike is organized in two regions: North America and Europe. Again, the focus of this project lies on the US. The specifics of profitability analysis are set up on a global level.

When setting up an enterprise in S/4HANA, the largest organizational unit beneath the **G** system itself is the **G** client. Within the client, one or many **G** company codes can be set up to represent financially independent subsidiaries. The enterprise uses one global **G** chart of accounts which is a list of G/L accounts classified systematically and is used by one or more company codes.

S/4HANA terminology

A **G** business area is an organizational unit within Financial Accounting that corresponds to a defined business operation in a company. A **G** credit control area is an organizational unit that specifies and controls customer credit limits. It comprises single or several company codes.

The **G** fiscal year variant is divided into posting periods and each posting period is distinct by a start and finish date. A **G** controlling area is an organizational unit within an enterprise and is used to represent a closed system for cost accounting purposes. It may include single or multiple company codes.

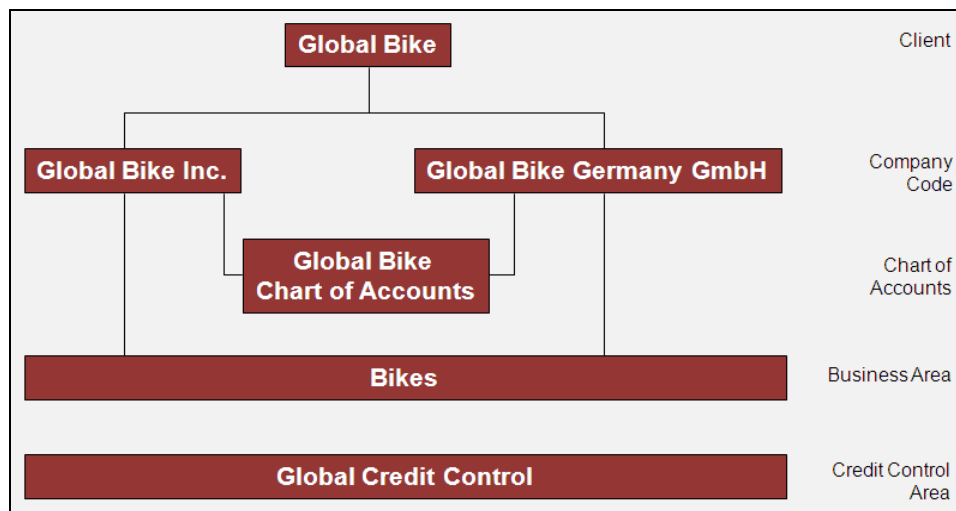
By comparing cost against revenue, the **G** *operating concern* measures the company's profitability. One operating concern may be assigned to one or more controlling areas.

After Mona and Sarah analyzed and modeled Global Bike's organizational structure and made themselves familiar with the SAP terminology, they are now in the process of linking both worlds in order to start the integration process. Again, for this part of the implementation project Mona and Sarah were asked to focus on the US region.

The two modules in S/4HANA that are closely related to Accounting are FI (Financial Accounting) and CO (Controlling), also known as Managerial Accounting. Due to its integrative nature, the FI module needs to be configured first.

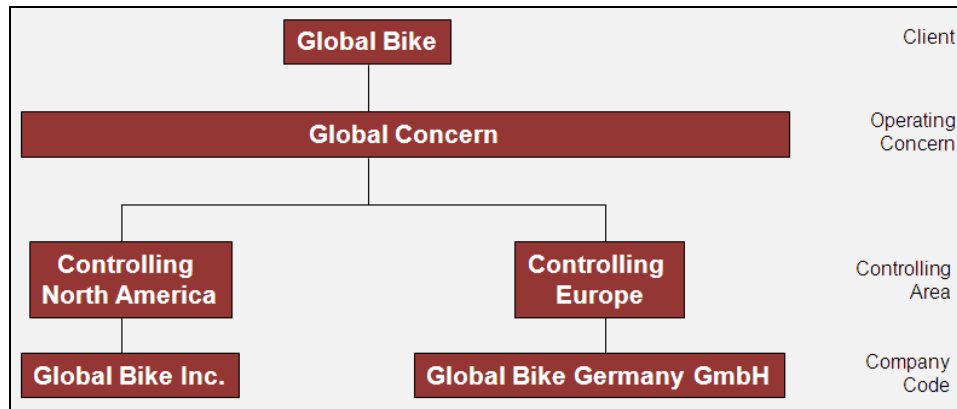
In the SAP system, the Global Bike group is represented by a client with bikes being the main business area. In S/4HANA, the two subsidiaries in Dallas (US) and Heidelberg (Germany) are symbolized as company codes. Both companies are using the same global chart of accounts. Customer credit limits are defined and controlled by the use of one global credit control area.

Linking Global Bike to SAP terminology



GBI organizational chart
Financial Accounting

For the Controlling module, two more organizational units need to be defined for Global Bike. Each controlling area (North America; Europe) is assigned to its company code (US; Germany). As Global Bike is analyzing its profitability on a global level, one operating concern is created in the SAP system.



GBI organizational chart
Controlling

Next, all organizational units identified above are integrated in one model. In addition, each unit is given an alphanumeric ID.

As you can see all numbers for accounting units in the SAP system (except for client) have four unique characters. The first two characters are always mnemonic and describe the unit, e.g. GL for global. The last two digits are used for numbering purposes (not in this document).



Organizational chart
S/4HANA
Global Bike Accounting

GL00	Global	US00	United States
NA00	North America	DE00	Deutschland/Germany
EU00	Europe	BI00	Bikes

Legend

As displayed in the graphic above the client forms the framework for all other Global Bike organizational units. According to the Global Bike story and the introduction at the beginning of this step, the operating concern, the credit control area and the chart of accounts have global relevance. In contrast, company codes and controlling areas are created for one given country or region. One single business area (bicycles) is operable in all locations.

After Sarah Garcia has identified the organizational structure for Global Bike's accounting department and mapped it to SAP terminology she

presents the results in her next meeting with the external consulting team. The team has already installed and licensed an S/4HANA development system of the most current **G** release and with the latest **G** enhancement package. The first concrete configuration steps are agreed upon and executed in the ERP system.

[Optional] If you have access to an S/4HANA system with the GBI dataset you may now ask your instructor for login details, open the handbook and go through the tasks listed below.

- Introduction Phase I – Financial Accounting
- General Notes and Cautions
- Phase I.1 – Enterprise Structure
- Tasks I.1.1 to I.1.5

After Sarah and the external consultants have set up the basic enterprise structure including company code and controlling area they need to define more details of these organization units including variants for open posting period.

In an S/4HANA system, a **G** period in Financial Accounting is a unit of time into which a fiscal year is subdivided. Company data can be analyzed on a particular date in each period. The table below summarizes examples of period definitions used in the industry.

Time span	Description	Example
Day	Daily periods in Accounting must be closed and balanced on a daily basis.	High-volatile businesses, e.g. oil and gas industry
Month	Periods are closed on a monthly basis. Most common period time span used in mid- to large-sized enterprises.	Typical enterprises.
Year	There exists only one posting period for the whole year.	Low-volatile businesses

Period settings

The table below lists some of the options for fiscal year variants which can be used to set up periods in the S/4HANA system.

Variant	Description	Explanation
C1	1 year (1 period)	No month-end closing; only year-end closing
F1	366 days (366 periods)	365 or 366 period-end closings respectively
K1	12 months + 1 special period for posting operations (13 periods)	12 month-end closings (January - December)
K4	12 months + 4 special period for posting operations (16 periods)	16 month-end closings (January - December)
Q1	4 quarters (4 periods)	4 period-end closings (Mar; Jun; Sep; Dec)
V9	12 months + 4 special period for posting operations (16 periods)	16 month-end closings (October - September)

Fiscal year variants

Handbook
[Time: 40 min]

For this implementation project, the team has decided to use K1.

In an S/4HANA system, a **G** *field status variant* groups field status groups. A **G** *field status group* allows the assignment of specific screen layouts to G/L accounts and company codes. For Global Bike, the following groups need to be created.

Field status group	Description
ZEXP	Expense Accounts
ZGBS	General Balance Sheet Accounts
ZMMA	Material Management GR / IR Accounts
ZRAA	Reconciliation Accounts
ZREV	Revenue Accounts

Field status groups

[Optional] Now, log back on to the S/4HANA system, open the handbook and go through the tasks listed below.

Handbook
[Time: 20 min]

- Tasks I.1.6 to I.1.8

After all relevant organizational units were defined and initialized, they need to be assigned to each other to complete the Global Bike enterprise structure. Sarah's organizational chart for Global Bike Accounting (above) may help you verify all ERP configuration tasks.

Settings for transactions that post to Controlling are defined and in the last step, you initialize the posting period for your new company code by entering the current month.

[Optional] Log back on to the S/4HANA system, open the handbook and go through the tasks listed below.

Handbook
[Time: 40 min]

- Tasks I.1.9 to I.1.16



Phase 1.2 – Process Configuration

Task Configure business processes for Financial Accounting in the S/4HANA system. **Time** 15 min

Short Description Make yourself familiar with basic S/4HANA process configuration settings for Financial Accounting by defining Global Bike values and make changes in the system.

Name (Position)	Mona Falco	(System Design and Development Manager)
	Sarah Garcia	(Business Analyst 2)
	[external]	(Senior SAP FI/CO consultant)

After defining the enterprise structure for financial accounting (and basics of controlling) in the S/4HANA system, the project team is now revisiting the problems identified in the preparation phase and configuring the ERP system to avoid issues like inconsistent number ranges and missing system checks for posting tolerances.

Scenario setting

Besides specifying company code US## as the paying and sending entity for automatic outgoing payments in the system, you are also defining the following  *G/L account groups*.

Account Group	Name
00	Capital Asset Accounts
01	Current Asset Accounts
02	Property Capital Accounts
03	Outside Capital Accounts
04	Revenues
56	Operating Expenditure
07	Other Revenue and Expenditure
08	Secondary Costs
09	Carry-Forw., Capital & Statist

G/L account groups

In order to prevent the issue of duplicate document numbers in Accounts Payable and Accounts Receivable in the new system,  *number ranges* for every financial accounting document type are precisely defined. Then, you are creating number ranges for documents in Managerial Accounting.

In the last ERP configuration task, you are defining tolerance groups for employees which can be nominal \$ values or percentages. This ensures that the system verifies for the value of every accounting document before posting it.

[Optional] Log back on to the S/4HANA system, open the handbook and go through the tasks listed below.

- Tasks I.2.1 to I.2.5

Handbook
[Time: 45 min]



Phase 1.3 – Master Data

Task

Load Financial Accounting master data into the S/4HANA system.

Time 15 min

Short Description

In order to load existing accounting master records from the old system to the S/4HANA system, collect, analyze and migrate these data records.

Name (Position)	Mona Falco	(System Design and Development Manager)
	Sarah Garcia	(Business Analyst 2)
	[external]	(Junior SAP FI/CO consultant)

Before the posting can be tested in the new system, accounting master data records need to be created.

For Financial Accounting,  *G/L accounts* are defined.

For Managerial Accounting, the  *standard hierarchy*, primary and secondary  *cost elements*, and  *cost element groups* are created in the system.

[Optional] Log back on to the S/4HANA system, open the handbook and go through the tasks listed below.

- Tasks I.3.1 to I.3.7

Handbook
[Time: 80 min]

In the last two tasks you learn how posting periods are opened (initialized) and closed (at the end of the month).

[Optional] Log back on to the S/4HANA system, open the handbook and go through the tasks listed below.

- Tasks I.3.8 to I.3.9

Handbook
[Time: 10 min]



Phase 1.4 – Process Execution

Task Test business processes in the S/4HANA system.

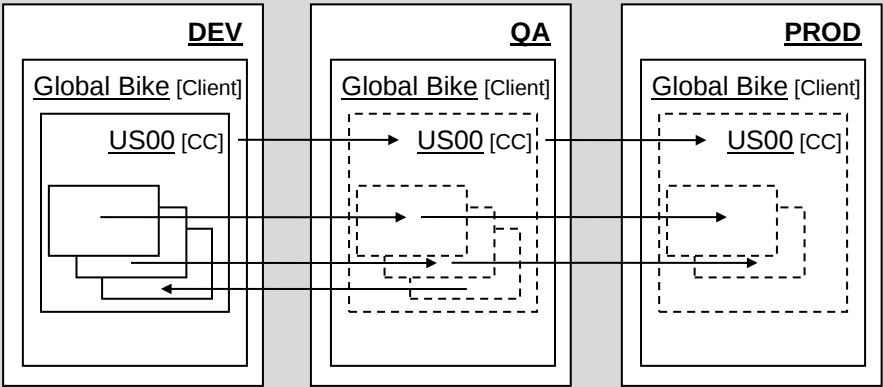
Time 15 min

Short Description Use pre-defined General Ledger Accounting test cases to verify that the basic Financial Accounting configuration was successful.

Name (Position) Sarah Garcia (Business Analyst 2)

Testing is very important in ERP implementation projects as it ensures that changes made to the system (whether initial or incremental) are properly tested. Following software development principles, in our Global Bike scenario a minimum of three S/4HANA systems would have been installed: DEV (development), QA (quality assurance), and PROD (productive).

Motivation



Three -system landscape

As shown in the graphic above, changes (whether configuration or data) would be manually developed in the DEV system, then transported into the QA system, and – after approval – transported into the PROD system.

After the IT department has transported all configuration changes to the QA system and loaded all master data into the QA client, Sarah can start testing General Ledger core processes.

First, she displays G/L accounts in Global Bike to verify that they were loaded successfully. Second, she checks the current balance of the Global Bike bank account. Then, she is posting two G/L accounting documents. At the end, she checks the bank account balance again.

[Optional] Log back on to the S/4HANA system, open the handbook and go through the tasks listed below.

- Tasks I.4.1 to I.4.4

Handbook
[Time: 35 min]