

2003 Forums

2003 Financial Management & Business Analysis Forum

Advanced Budgeting with SAP SEM

Session Code: 307

Presenters: Mary Huang, Ralf Sauter, Christian Wagner

Agenda

- Introduction to Advanced Budgeting
- Introduction to SEM-BPS
- Case Study - SEM-BPS in Budgeting
- Acknowledgements
- Q & A Session with SEM Resource List

History and Context of the Discussion around Planning and Budgeting

Advanced Budgeting

Significant and sustainable enhancement of the **management processes** and reduction of resource input for continuous planning

A combination of **selected** management tools gets used

Reduced importance of budget and if necessary reformatting budget (forecast)

Step by step implementation without changing the entire company; benefit **high**



Beyond Budgeting

Radical change of the management framework and redesign of the management processes

Comprehensive use of management tools

The **budget less** organization

Hard to implement; success **questionable**



Better Budgeting

Incremental decrease of planning effort

No fundamental changes of the way how management tools are used

Budgets stay

Easily realizable; benefit **low**

For further information got to www.advanced-budgeting.com

Source: Horváth & Partners



...An ASUG & SAP Collaboration

In Many Companies, The Traditional Planning and Budgeting “Exercises” Provide Little Value

Traditional Planning & Budgeting does **not motivate people** to act in the best interest of the company

Traditional Planning & Budgeting processes are **inefficient, take too long** and consume too many **management resources**

Traditional Planning & Budgeting is **backward oriented** and does **not help to predict changes** in the marketplace so that companies can react quickly

Traditional Planning & Budgeting is focused on **managing the next year-end** rather than supporting medium-term **strategy execution**

*"The budget is the **bane of corporate America**. It never should have existed. A budget is this: if you make it, you generally get pat on the back and a few bucks. If you miss it, you get a stick in the eye - or worse...." **

*Jack Welch, CEO, GE Fortune, 29 May 1995
Source: Horvath & Partners

What Happens if Compensation is Primarily Tied to Fixed Budgets?

In a traditional budgeting process
Managers are motivated to...

- *Lowball targets*
- *Make “the numbers”, whatever it takes*
- *Over estimate required resources (they will be cut back)*
- *Use your budget, or lose it*



Resulting In:

- Negotiations on superficial targets, not on initiatives or the business
- “Cooking the books”
- Push to “book orders” at year-end, despite customers’ true needs
- Budget wasting

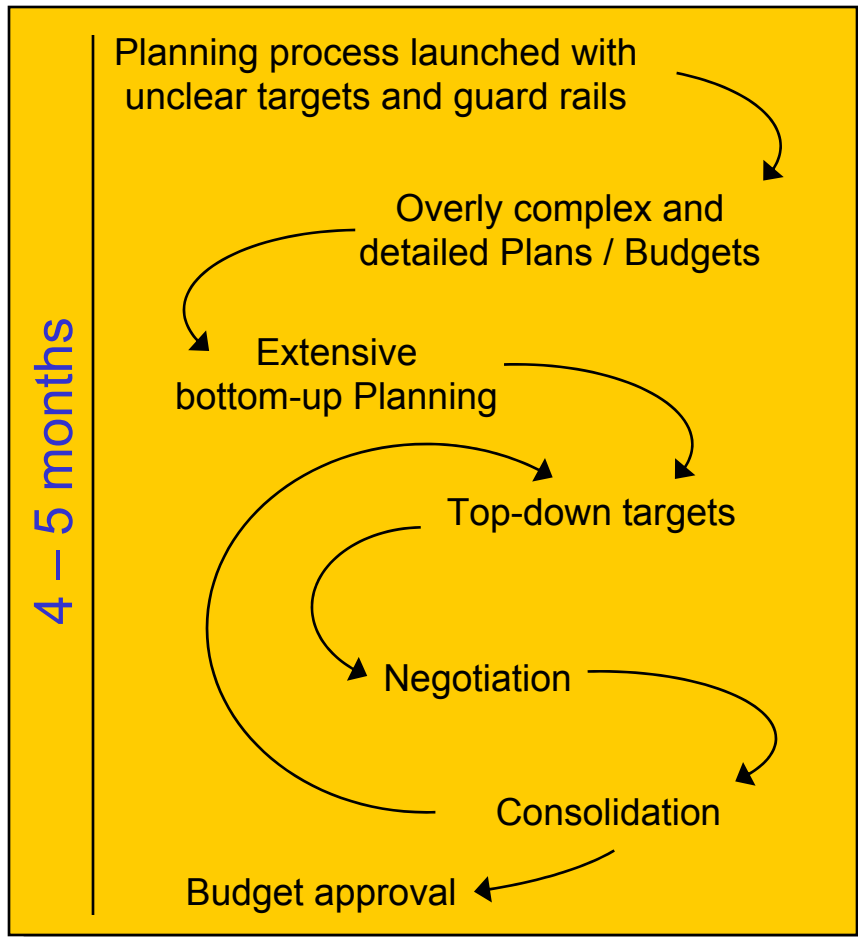
Traditional Planning & Budgeting does **not motivate people** to act in the best interest of the company

The Planning & Budgeting process is a traditional process that is not designed to motivate people to act in the best interest of the company.

...

External Benchmarks, Internal Best Practices and Improvement Targets are a better way to motivate people; instead of budget contracts fixed 12 -15 months out

Why Does the Planning & Budgeting Process Take so Long in Most Companies?



Traditional Planning & Budgeting processes are **inefficient, take too long** and **consume too many management resources**

- The average time consumed for the budgeting and planning process is between **four and five months**.
- “Most sizeable businesses spend weeks or **months preparing their budget**. This is unnecessary, and a great **waste of time**.”*
- Managers spend **up to 20%** of their valuable time on Planning and Budgeting**.

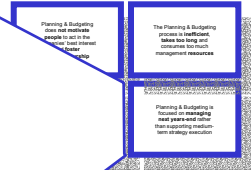
Less detailed, robust Planning & Budgeting which is done in a **simultaneous**, not sequential, way helps to reduce cycle time and save management time for more valuable activities.

* Larry Bossidy, Ram Charan, Execution - The Discipline of getting things done, P. 231

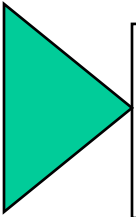
** Horváth & Partners Database

Why are Traditional Plans & Budgets so Often Disconnected From Reality?

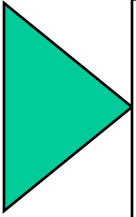
Planning & Budgeting is **backward oriented** and does not help to **predict changes** in the marketplace so that companies can **react quickly**



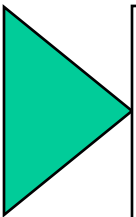
- Budgets often have little to do with reality ...they're numbers and **gaming exercises**, ...people spend months figuring out how to protect their interests...
-instead of focusing on the **business's critical issues**.*
- How would you expect a plan / budget defined almost a year ago to be realistic?



In today's world of uncertainty Budgets & Plans should state the **Most Likely Outcome** and not **unrealistic Stretch Goals**



Use the Planning & Budgeting process for a robust discussion of **high level financials, KPIs** and **action plans** to achieve the goals



Simplified continuous planning & budgeting (**Rolling Forecast**)

What Happens to Strategy Execution if the Annual Budgets are Not Linked to Strategy

What would you do if you were as a Call Center Manager and you had to decide between the achievement of the financial or the loyalty target?

Traditional Planning & Budgeting

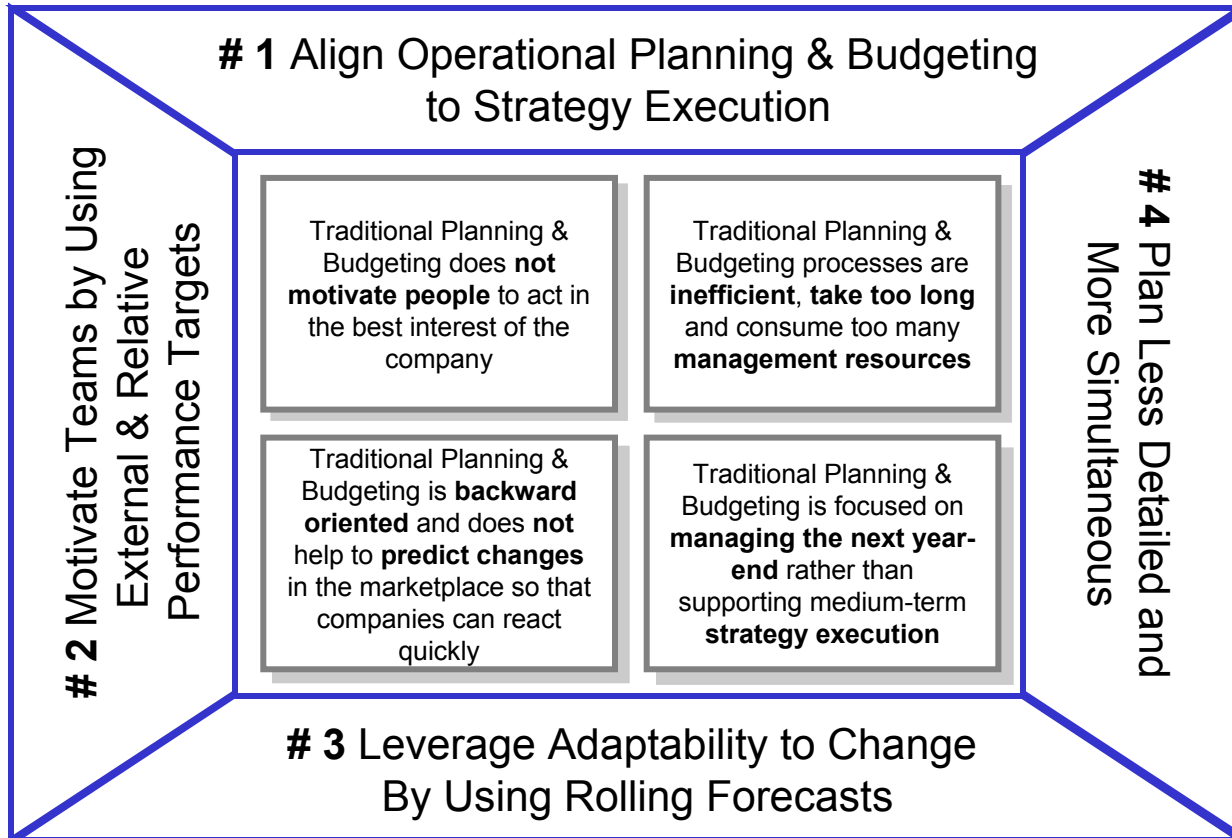
| MBO-Agreement | | Date: 12/15/02 |
|---|---------------|----------------|
| Manager: Peter Smith | | |
| Department: Customer Relationship Mgmt / Call Center | | |
| Objectives: | | Target |
| Financial: Contribute to profit goals | Budget | \$ 20 MM |
| Customer: Increase Loyalty | Done-in-One % | 98.5 % |
| Process: Improve Inbound Process | | (n.a.) |
| Learning & Growth: Train Relationship Managers upfront on new products etc. | | (n.a.) |

Traditional Planning & Budgeting is focused on **managing next year-end** rather than supporting medium-term **strategy execution**

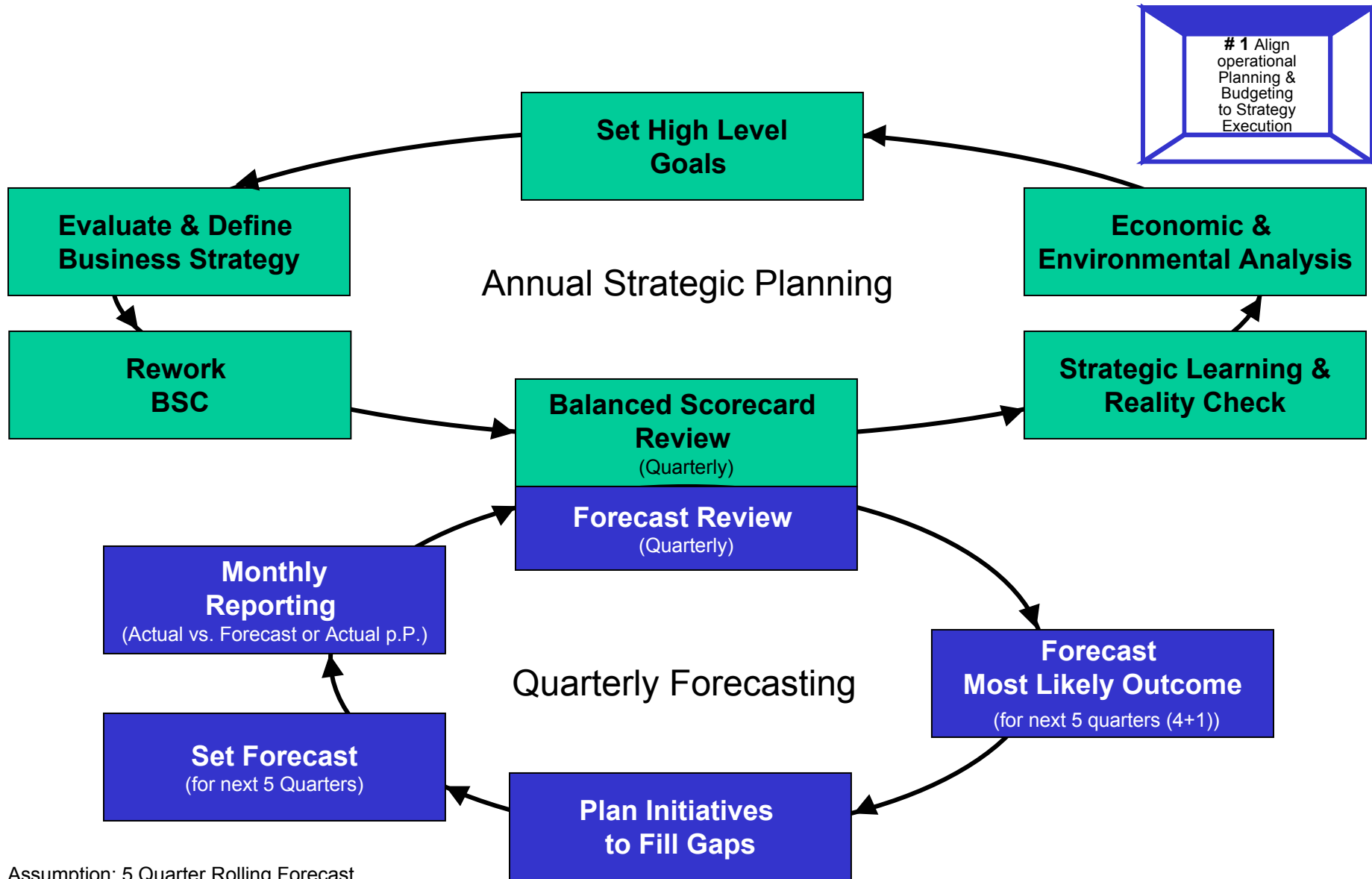
Motivation to **make the budget**, even if a new product yields thousands of additional contacts right before year-end

You would postpone some loyalty programs to next FY to meet the financial plan

Advanced Budgeting is Comprised of Four Major Building Blocks



Synchronizing Strategic and Operational Management Using Balanced Scorecard



Assumption: 5 Quarter Rolling Forecast

How To Motivate Teams Using External & Relative Performance Targets

2 Motivate Teams by Using External & Relative Performance Targets

Traditional Planning & Budgeting

| MBO-Agreement | | Date: 12/15/02 |
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Advanced Budgeting

No fixed Budget,
but relative targets and KPIs:

Call Center Productivity: $\frac{10,560 \text{ Contacts}}{\text{p.a. and FTE}}$

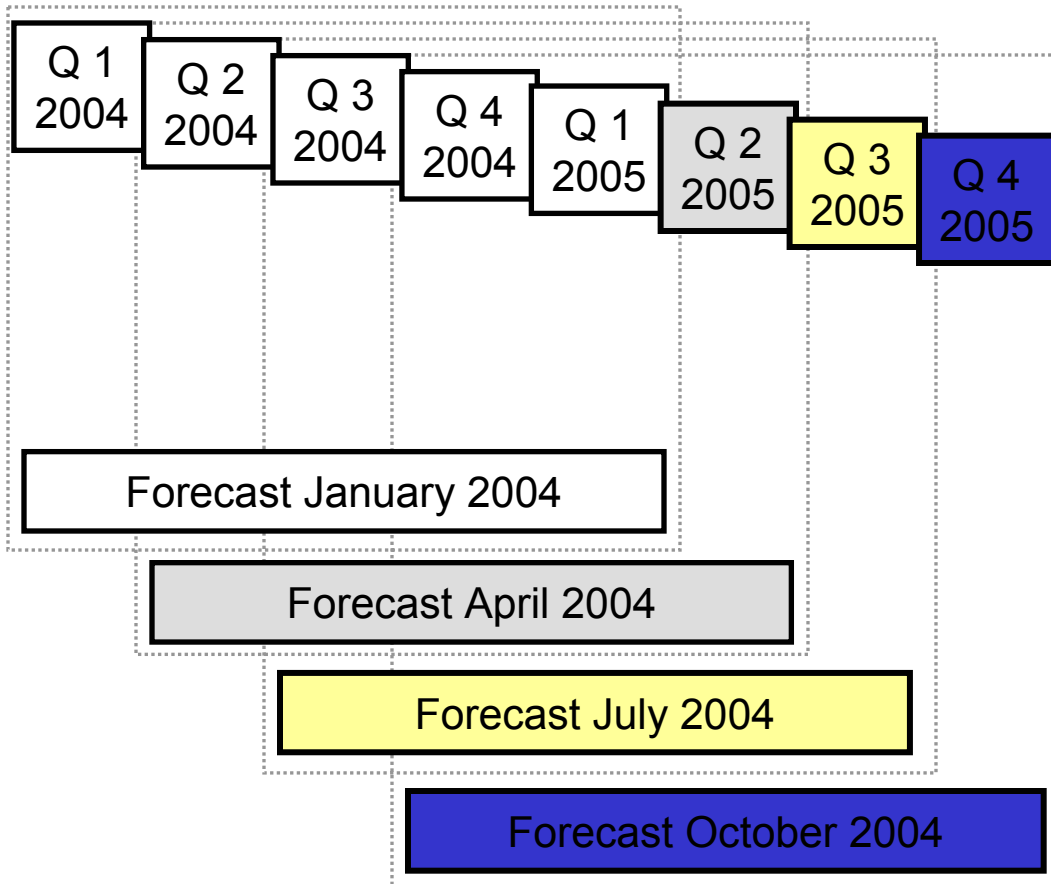
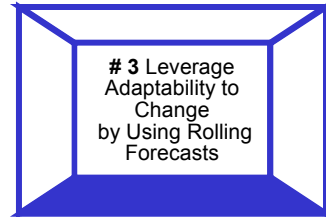
Call Center Performance: $\frac{\$ 6.63}{\text{p.a. and call}}$

Based on

- Best Practice Benchmarks
- Internal Best Practices
- Improvement Targets (“improve Y%”)

Motivation to **beat the competition** and to think of off-shore call centers for peaks, servicing “lower value customers” through the internet,...

The Rolling Forecast Makes Operational Planning a Continuous Process



Planning calendar of a Four Quarter Rolling Forecast

- **Less detailed** quarterly budget forecasting **four quarters** (BS / PL-Statement).
- Focus on **actual vs. actual** (prev. quarter or prev. quarter prev. year)
- Detailed **annual plan abandoned**.
- **YTD vs. Plan** in interim phase still available.
- Number of quarters to be forecasted will be defined based on **Business Turbulence**

In September, instead of focusing on making the traditional annual budget, the **management team** continues to **focus on at least four future quarters**

Example: High-Level Rolling Forecast in the Pharmaceutical Industry

Disguised Example

4 Plan less detailed and more simultaneous

Consolidated P&L

Q1

Q2

Q5

- Sales forecast by local operating units & SBU's
- Detailed forecast for top 5-10 products
- Separate forecast for sales potential of pipeline products

- Tax policy of the group & the local legal entities

Sales

- Cost of Goods Sold (COGS)
- Marketing/Sales Expenses
- R&D Expenses
- Admin & Other Expenses

= EBIT

- Income Tax
- + Depreciation & amortization

= Gross Cash Flow

- Net CapEX
- Net increase of working capital

= Free Cash Flow

- Forecast for **variable & fixed components** of the COGs
- Different approaches for **pipeline** and existing products
- Different assumptions for **different SBU's**

- **“Overhead”** forecast based on the organizational & FTE data

- **Working capital** forecast based on sales forecast and KPIs for working capital management

- **CapEX** forecast based on investment project data base

A rolling forecast, when implemented correctly, will facilitate simultaneous planning activities

Concept of a State of the Art Planning & Budgeting System

Disguised Example

Balanced Scorecard

- Monthly Reporting
- Quarterly Update

Rolling Forecast

- 5-8 Quarters
- Most Likely Outcome
- High Level Financials
- Major & new Products

Strategic Alignment

Operational Directions

BSC Review Meeting = Forecast Review Meeting

Resource Allocation

Decentralized Decisions

Activity Based Costing

- Overhead Processes
- Repetitive Processes
- Major Cost Positions

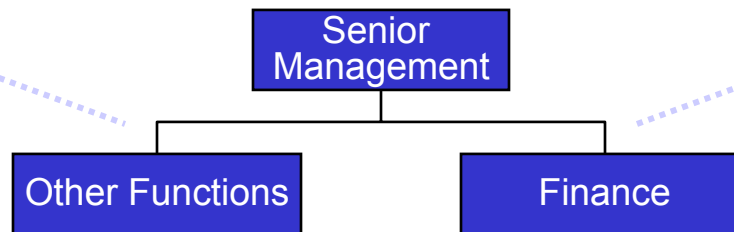
Project & Investment Management

- Product Development Projects
- Key Initiatives

Dynamic Target Agreement

Benefits of Advanced Budgeting

- .. fosters **operational performance** and **strategy execution**
- .. helps to **identify** and **react early to changes** and challenges in the marketplace
- .. provides forward-looking information for **Investor Relations** and **Stakeholder Reporting** on a quarterly basis
- .. focuses on the **competition** and **best practice performance**



- .. **focuses** management time on **Initiatives** and **Key Value Drivers, not on numbers**
- .. ties up **less management resources** in backward-oriented planning & budgeting processes
- .. lays the ground work for more **realistic targets**

- .. helps to **shift resources** from detailed planning and top-down / bottom-up coordination to identifying optimization potential
- .. **integrates** strategic and operational planning
- ... increases **acceptance and buy-in** of planning & budgeting

Advanced Budgeting will transform planning & budgeting into a valuable management process

Summary Of The Major Differences

| | Traditional Budgeting | Advanced Budgeting |
|-------------------------------------|--|---|
| 1. Sequence within the organization | Extensive Bottom up planning | Top Down and Bottom up |
| 2. Target Setting Process | Negotiation over fixed budget contract | Agreement on external & relative measures |
| 3. Leadership Model | Centralized decisions upon resources | Enable decentralized decisions |
| 4. Scope | Detailed and pervasive | Specific but prioritized |
| 5. Periodicity | Annual, more backward oriented | Rolling Forecast, forward-looking |
| 6. Focus of management time | Numbers | Performance Measures, Initiatives |

Agenda

- Introduction to Advanced Budgeting

- Introduction to SEM-BPS

- Case Study - SEM-BPS in Budgeting

- Acknowledgements

- Q & A Session

SAP Strategic Enterprise Management

Business Planning & Simulation (SEM-BPS)

Linking strategic planning and simulation with enterprise planning

Corporate Performance Monitor (SEM-CPM)

Communicate and monitor performance and strategy through Balanced Scorecard, Management Cockpit and Value Driver Trees

Business Consolidation (SEM-BCS)

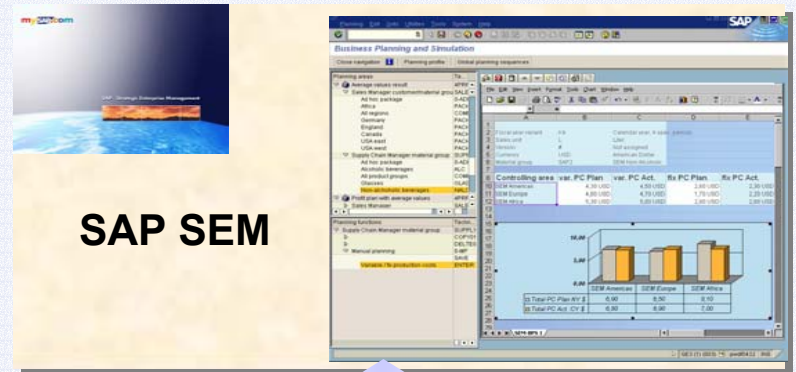
Legal and management consolidation

Business Information Collection (SEM-BIC)

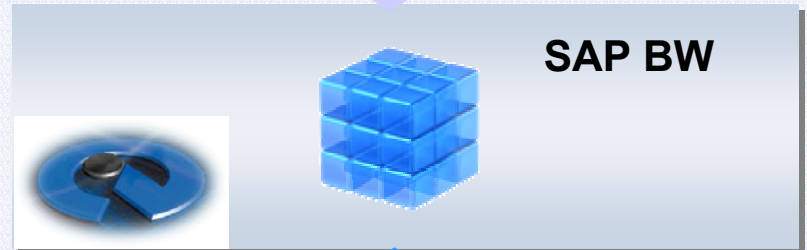
Automatic sourcing of unstructured business information from the web

Stakeholder Relationship Management (SEM-SRM)

Integrate your most important stakeholders into your enterprise management process



BAPI



Extraction

BAPI



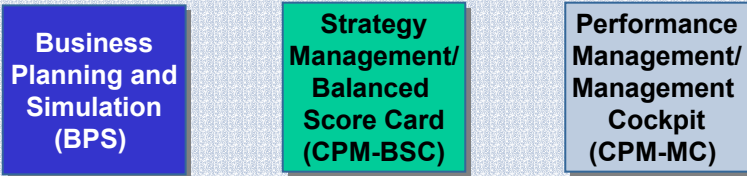
Component View Of SAP SEM

SAP SEM covers both strategic and analytical processes in the double-loop management process:

- Different plans, budgets, forecasts, targets, what-if analysis (BPS)
- Use both top-down and bottom-up planning (BPS)
- Define strategies, initiatives, objectives (CPM BSC)
- Evaluate the operational performance (CPM MC)
- Consolidation company, subsidiary, or business unit results (BCS)
- Execute the plan in operations and collect both internal (BW & Business Analytics) and external (BIC) data for further evaluation
- Analyze processes for further improvement possibilities
- Adapt processes and if necessary strategy according to analysis
- Communicate the results and future goals to stakeholders

The Business Management Process

Strategic Enterprise Management (SEM)



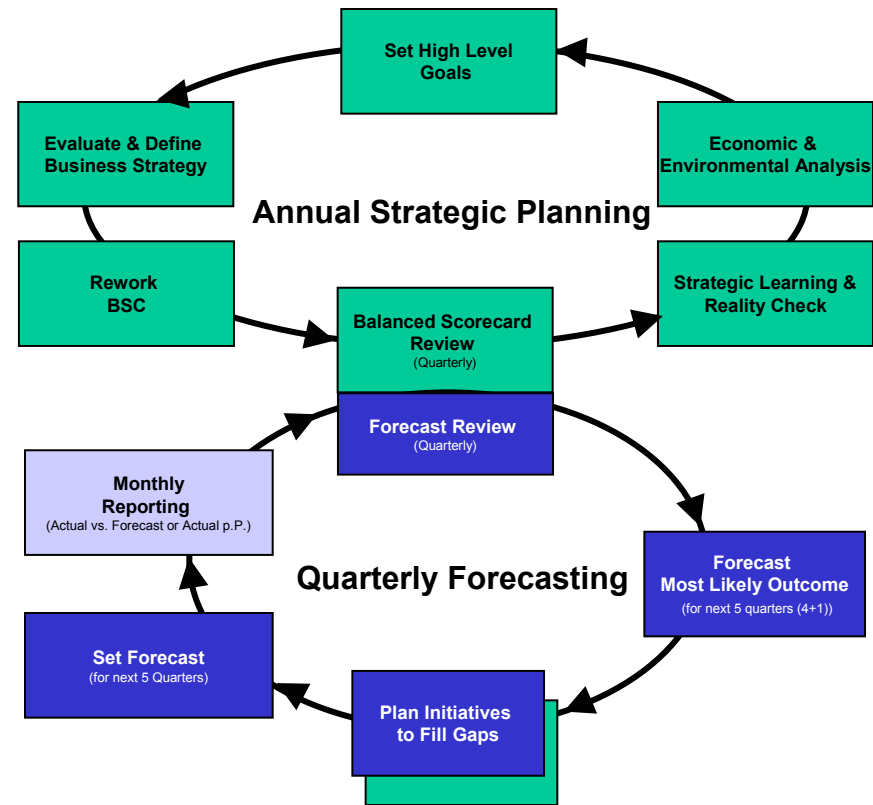
- Manage flexible budgeting and planning process for rolling forecast and perform what-if or scenario analysis
- Manage strategies and initiatives to create long term value
- Manage performance of units to improve short term results

BW & Business Analytics



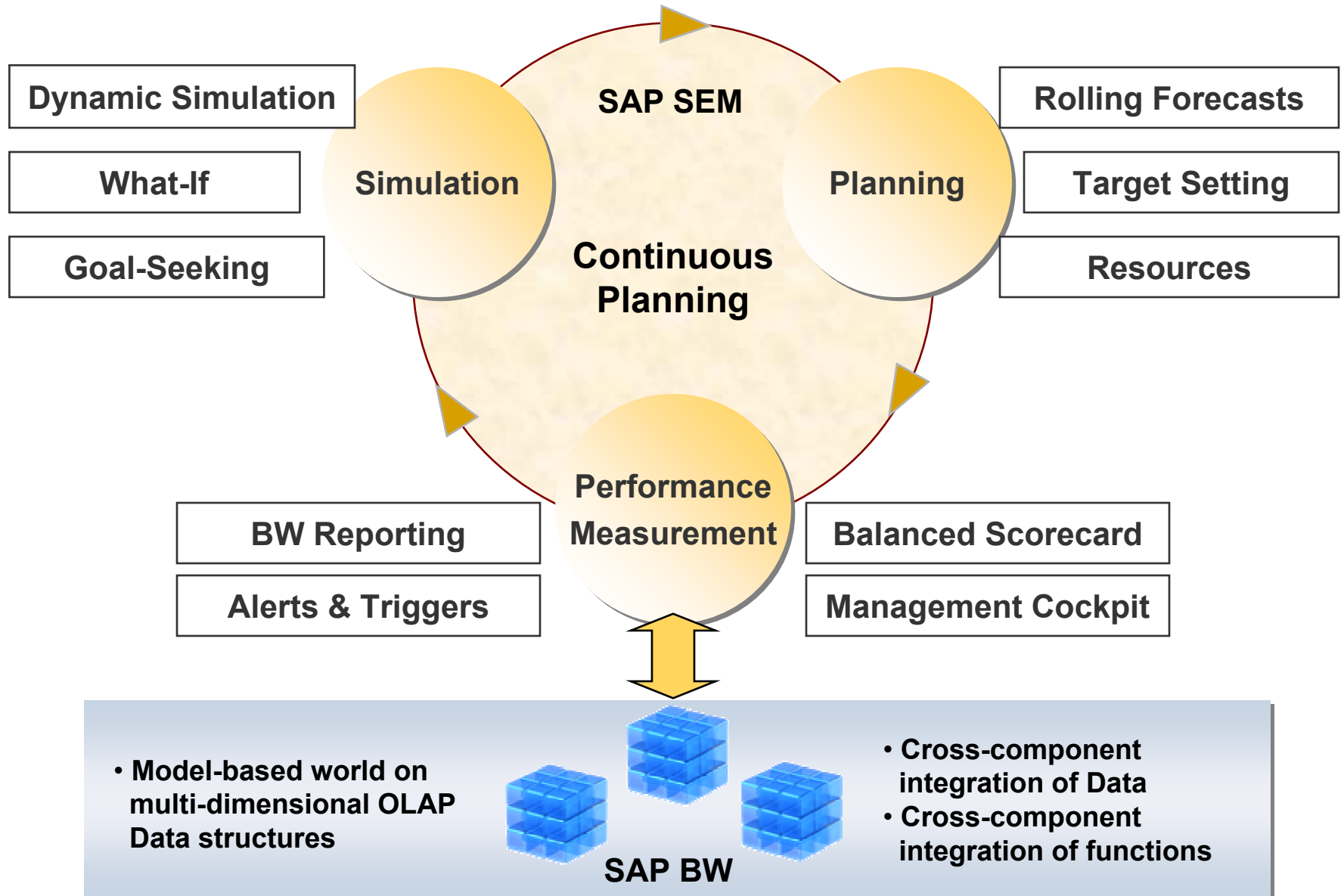
- Optimize operational efficiency across functional areas and improve overall business process performance

R/3 OLTP Business Processes



Business Processes

Continuous Planning As A Closed Loop Process



How Does BW and SEM interact?

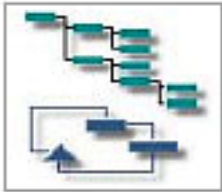
Data modeling and design work you do in BW affects your solution in SEM....

- SEM Actual often comes from BW via R/3 extraction or flat file loads.
- SEM Plan data can be entered manually in SEM-BPS or copied from BW (which may be from R/3) plus generated based on Actuals using planning functions.
- As BW is the foundation and part of SEM, it is able to present or manipulate transactional or summarized data either in the BW cube (in transfer or update rules) or subsequent load to SEM transaction cube.
- SEM performance is related but not the same as BW performance. BW is optimized for read and SEM transaction cube is optimized for writing.
- SEM is a modular system that runs on top of BW, either as an add-on to your existing BW system or run on a separate server from the BW.

SEM has some delivered business content...

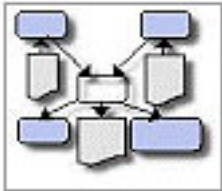
- BW standard business content cubes for SEM as learning template or jump start.
- SEM has sample business planning application content to be used as examples or quickstarts.
- You need more functional and business skills for SEM than the technical for BW.

SAP SEM Planning Content



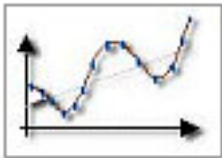
Data Model

- Cube Design, Planning levels and Packages, Plan/Actual comparison, Integration



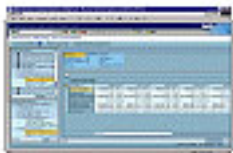
Business Logic

- Balance Sheet, P&L, Cash Flow, Contribution margin, Internal return rate, Depreciation methods, Key figures (EVA, ROI, Working capital,...), Net present value,...



Best use of planning functions

- Using the right generic core functions (functions for simulation, for allocation, manual planning, individual calculations, data conversion,..)
- Business specific planning functions (Investment Planning, Financial Statement Planning, Cost Center Planning, Profitability Planning,...)



Reporting / Roles

- SEM Management Cockpit, SEM Performance Measurement, BW Web Reports, Alert Reporting, Portal Content



SEM-BPS Business Content in BW

The screenshot displays the SAP Administrator Workbench interface for Business Content. The left sidebar shows navigation options like Modeling, Monitoring, Reporting, and Business Content. The main area is divided into two panes:

- Left Pane (InfoProviders by InfoAreas):** A tree view showing the hierarchy of InfoProviders. Under 'Business Planning and Simulation', the 'Cost Center Planning' folder is expanded, highlighting several objects:
 - Cost Center Planning with BPS (Obsolete) - OSEM_C03
 - Cost Center Planning: Costs and Allocation - OSEM_C18
 - Cost Center Planning: Rates Activity Type - OSEM_C19
 - Cost Center Planning: Rates Cost Centers/Activity Ty - OSEM_C20
 - Cost Center Planning: Cost Drivers - OSEM_C21
- Right Pane (Collected objects):** A table listing the collected objects for the selected InfoProvider. The table has columns for 'I.', 'M.', 'A.', and 'Technical name'.

| I. | M. | A. | Technical name |
|-------------------------------------|-------------------------------------|-------------------------------------|----------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0SEM_C18 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | InfoArea |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | InfoObject |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0CHNGID |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0RECORDTP |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0REQUID |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0FISCPER |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0FISCVARNT |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0FISCYEAR |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0FISCPER3 |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0UNIT |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0ACT_UNIT |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0CURRENCY |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0OBJ_CURR |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0CO_AREA |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0COSTCENTER |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0SEM_POSIT |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0ACTTYPE |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0PART_CCTR |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0PART_ACTTY |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0VTYPE |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0METYPE |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0VTDETAIL |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0VTSTAT |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0DB_CR_IND |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0VERSION |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0COSTELMNT |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0ORGUNIT |

A) How to Transfer SAP delivered Planning Applications from DDIC Client 000 via UPB_APPL_IMPORT

Planungsanwendungen: Import einer Planungsanwendung

All Languages
 Only Language EN

Plng Applications

- Cost Center Planning
 - Cost Center Planning
- Balance Sheet Planning
 - Long-Term Balance Sheet Planning
 - Short-Term Balance Sheet Planning
- Investment Planning
 - Investment Planning
- Personnel Planning
 - Analytical Personnel Planning
- Further Planning Applications
 - Resource Planning
 - Profit Planning
- Sales Planning
 - Sales Planning

| | |
|---------------------|------------------------|
| System | BW3 (1) (000) |
| Client | 000 |
| User | DDIC |
| Program | UPB_APPLICATION_IMPORT |
| Transaction | UPB_APPL_IMPORT |
| Response time | 0.480 |
| Interpretation time | 0.000 |
| Round trips/Flushes | 1/0 |

UPB_APPL_IMPORT SRV2KBW3 INS

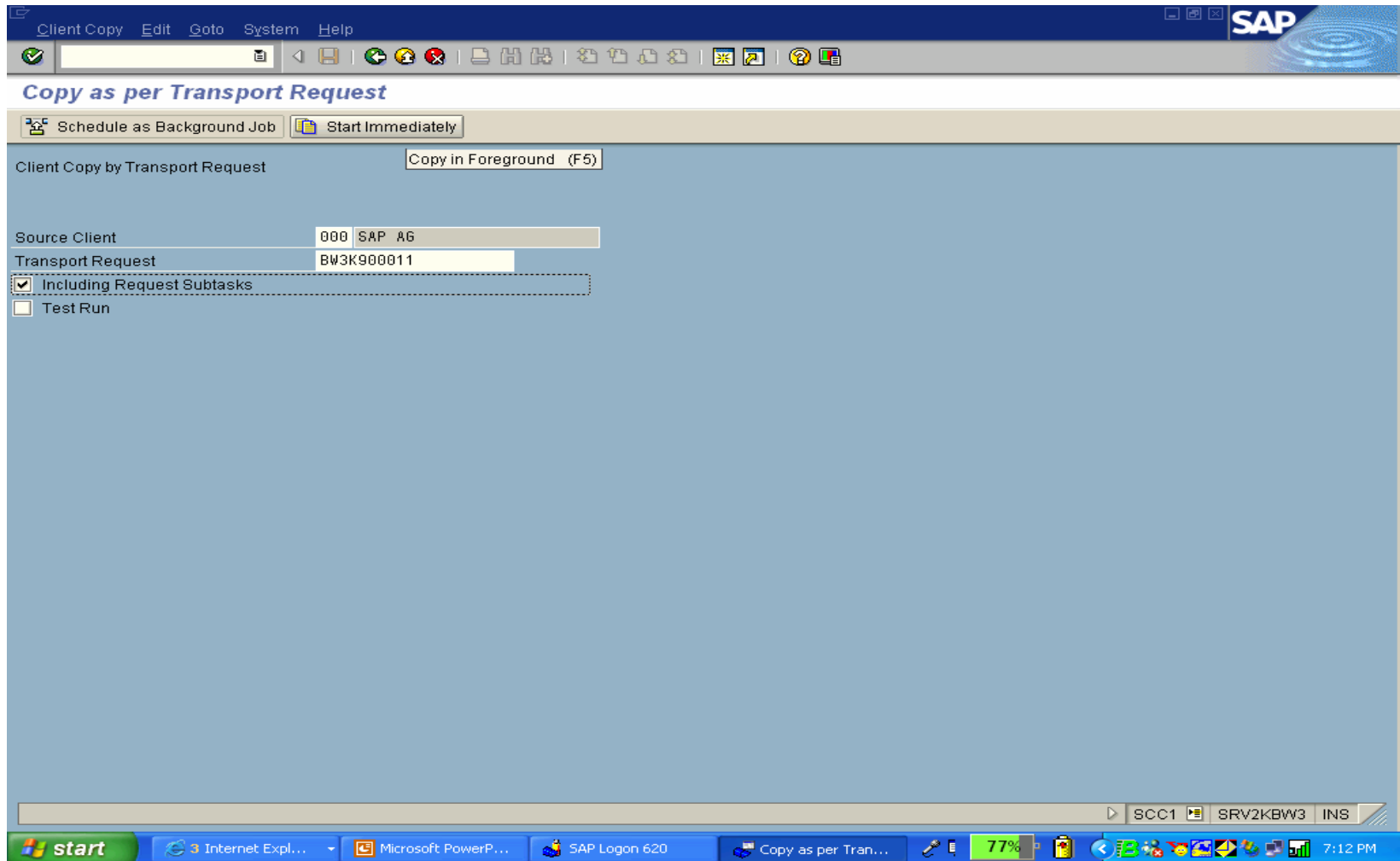
start Administrator Workbe... Planungsanwendung... Microsoft PowerPoint ... 66% 2:10 PM

B) How to Transfer SAP delivered Planning Applications from DDIC Client 000 via Transport

The screenshot displays the SAP Business Planning and Simulation (BPS) interface. A 'Transport' dialog box is open, showing 'Translation' and '??'. The main window shows a list of planning areas on the left and a 'mySAP Financials' banner on the right. The banner includes the text 'SEM BPS - Business Planning and Simulation' and a landscape image. The bottom status bar shows 'BPS0 SRV2KBW3 INS' and the Windows taskbar at the bottom.

| Planning areas | Technical ... |
|--|---------------|
| Cost Center Planning | 4CCP0001 |
| ▶ Planning Absolute Values | 4CCP0001 |
| ▶ Planning Consumption Quantities | 4CCP0002 |
| ▶ Administration | 4CCP0003 |
| ▶ Planning Functions | 4CCP0004 |
| Cost Planning | 4EXP0005 |
| ▶ Primary Costs Orders | 4EXPPL14 |
| ▶ Primary Costs WBS Elements | 4EXPPL15 |
| ▶ Secondary Costs Orders | 4EXPPL16 |
| ▶ Secondary Costs Orders Offset | 4EXPPL18 |
| ▶ Secondary Costs WBS Elements | 4EXPPL17 |
| ▶ Survey: Manager Cost Center | 4EXPPL13 |
| ▶ Cost Driver: Administrator | 4EXPPL06 |
| ▶ Cost Driver: Evaluation | 4EXPPL07 |
| ▶ Cost Driver: Manager Cost Center | 4EXPPL05 |
| ▶ Political Prices: Manager Cost Center | 4EXPPL10 |
| ▶ Political Prices: Central Controller | 4EXPPL12 |
| ▶ Primary Costs: Administrator 01 | 4EXPPL03 |
| ▶ Primary Costs: Administrator 02 | 4EXPPL04 |
| ▶ Primary Costs: Central Controller | 4EXPPL08 |
| ▶ Secondary Costs: Administrator | 4EXPPL11 |
| ▶ Secondary Costs: Manager Cost Center | 4EXPPL09 |
| ▶ Temporary: Core Planning Debug | 4E10TEST |
| ▶ Capacity Planning: Manager Cost Center | 4EXPPL02 |
| ▶ Primary Costs: Manager Cost Center | 4EXPPL01 |
| ▶ Cost Planning: Cost Driver | 4EXP0004 |
| ▶ Cost Planning: Costs and Allocations | 4EXP0001 |
| ▶ Cost Planning: Integr. HR | 4EXP0006 |
| ▶ Cost Planning: Prices Services | 4EXP0002 |
| ▶ Cost Plng: Prices Cost Center / | 4EXP0003 |

Move SAP Delivered Planning Apps via SCC1



The screenshot shows the SAP Client Copy dialog box titled "Copy as per Transport Request". The window has a menu bar with "Client Copy", "Edit", "Goto", "System", and "Help". Below the menu bar is a toolbar with various icons. The dialog box contains the following fields and options:

- Buttons: "Schedule as Background Job" and "Start Immediately".
- Text: "Client Copy by Transport Request" and "Copy in Foreground (F5)".
- Source Client: "000 SAP_A6".
- Transport Request: "BW3K900011".
- Options: "Including Request Subtasks" and "Test Run".

The taskbar at the bottom shows the Windows Start button, several open applications (Internet Explorer, Microsoft PowerPoint, SAP Logon 620, Copy as per Tran...), system tray icons (77% battery, network, volume), and the system clock (7:12 PM). The taskbar also displays the server information: SCC1 SRV2KBW3 INS.

How to Transfer SAP delivered Planning Sample Data via UPB_DATA_IMPORT

The screenshot shows the SAP interface for 'SAP Planungsanwendungen: Import von ausgelieferten Daten'. The window title is 'Execute (F8)'. The main area displays a list of data items with columns for 'Delivered Data', 'Technical Name', 'Language', 'Overwrite', 'Data Records', 'Changed By', and 'D...'. The 'Delivered Data' column contains a tree view of planning applications. Several items are checked, including 'Sales Planning', 'SEM-BPS Demo FOX', 'SEM-BPS Demo Allocations', 'SEM-BPS Demo Top-Down', 'SEM-BPS Demo Layouts', and 'SEM BPS basic technical performance'. The 'Data Records' column shows values such as 3751, 100, 15, 8, 27, and 100020. The 'Changed By' column shows 'SAP' and the 'D...' column shows '2001'. The taskbar at the bottom shows the 'start' button, several open applications, and the system clock at 1:57 PM.

| Delivered Data | Technical Name | Language | Overwrite | Data Records | Changed By | D... |
|---|----------------|----------|-----------|--------------|------------|------|
| Balance Sheet Planning | 4BP0001 | | | | | |
| Short-Term Balance Sheet Planning | 4BPK001 | | | | | |
| Cost Center Planning | 4CCP0001 | | | | | |
| CRM Marketing plan values | 4CRM0001 | | | | | |
| CRM Marketing actual values | 4CRM0002 | | | | | |
| <input checked="" type="checkbox"/> Sales Planning | 4CRMSP01 | | | 3751 | SAP | 2001 |
| Sales Orders | 4CRMSP02 | | | | | |
| Sales Planning: Actual Data Transfer | 4CRMSP03 | | | | | |
| Plan Data to APO | 4CRMSP04 | | | | | |
| Plan Data from APO | 4CRMSP05 | | | | | |
| <input checked="" type="checkbox"/> SEM-BPS Demo FOX | 4DBPS01 | | | 100 | SAP | 2001 |
| <input checked="" type="checkbox"/> SEM-BPS Demo Allocations | 4DBPS02 | | | 15 | SAP | 2001 |
| <input checked="" type="checkbox"/> SEM-BPS Demo Top-Down | 4DBPS03 | | | 8 | SAP | 2001 |
| <input checked="" type="checkbox"/> SEM-BPS Demo Layouts | 4DBPS04 | | | 27 | SAP | 2001 |
| Cost Planning: Costs and Allocation | 4EXP0001 | | | | | |
| Cost Planning: Prices Services | 4EXP0002 | | | | | |
| Cost Png: Prices Cost Center / Services | 4EXP0003 | | | | | |
| Cost Planning: Cost Driver | 4EXP0004 | | | | | |
| Cost Planning | 4EXP0005 | | | | | |
| Cost Planning: Integr. HR | 4EXP0006 | | | | | |
| Asset Accounting | 4FIAA | | | | | |
| Integration Asset Accounting | 4FIAINT | | | | | |
| Corporate IM: Strategic Planning | 4IM0001 | | | | | |
| Corporate IM: Multi-Planning Area | 4IM0002 | | | | | |
| Corporate IM: Operative (Read Only) | 4IM0003 | | | | | |
| PIA: Integration with profitability anal | 4IMPRP01 | | | | | |
| Integration of B/S and Profit Planning | 4INTBPEP | | | | | |
| Liquidity Planner | 4LP0001 | | | | | |
| <input checked="" type="checkbox"/> SEM BPS basic technical performance | 4PERF001 | | | 100020 | SAP | 2001 |

SEM-BPS Delivered Planning Applications

Planning Edit Goto Utilities Tools System Help

Display planning layout 4EXPLY01

Close navigation | Planning profile | Global planning sequences | Set Variables

Layout 4EXPLY... Description Service/Primary Layout

Layout Category

- Key Figs in Data Columns
- Key Figures in Data Columns, Rows Defined Individually
- Key Figures in Lead Column

Additional Settings

Settings for Characteristics

| Characteristics | Header | Lead Column | Data Column | Char. Text |
|---------------------|----------------------------------|----------------------------------|----------------------------------|------------|
| Activity Type | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | Medium |
| Activity unit | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | Medium |
| Controlling area | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Cost center | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Cost Element | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | Medium |
| Currency | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | Medium |
| Fiscal year | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Fiscal year variant | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Object currency | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | Medium |
| Partner Activity | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | Medium |
| Partner Cost Center | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | Medium |
| Posting period | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | Medium |
| Sender/receiver | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | Medium |
| Unit of measure | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | Medium |
| Value Type | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |

Continue

SEM-BPS Delivered Planning Profiles

The screenshot shows the SAP SEM-BPS interface for displaying a planning profile. The title bar reads "Display planning profile ZCCATEST". The main window is divided into several sections:

- Left Panel:** A list of planning profiles with their technical names. The "CCA Test Profile" with technical name "ZCCATEST" is selected and highlighted in yellow.
- Center Panel:** A tree view showing the structure of the selected profile. The "Cost Planning: Cost Driver" node is highlighted in yellow. Other nodes include "Survey: Manager Cost Center", "Cost Driver: Administrator", "Cost Driver: Evaluation", "Cost Driver: Manager Cost Center", "Political Prices: Manager Cost Center", "Political Prices: Central Controller", "Primary Costs: Administrator 01", "Primary Costs: Administrator 02", "Primary Costs: Central Controller", "Ad hoc package", "Primary Costs: Cost Elements (Hier.)", "Secondary Costs: Administrator", "Secondary Costs: Manager Cost Center", "Temporary: Core Planning Debugging", "Capacity Planning: Manager Cost Center", "Primary Costs: Manager Cost Center", "Cost Planning: Costs and Allocation", "Cost Planning: Prices Services", "Cost Plng: Prices Cost Center / Services", and "Exchange Rate Information".
- Right Panel:** Two empty panels labeled "Planning areas" and "Planning functions".

At the bottom of the window, there are buttons for "Sequences" and "Variables". The SAP logo is visible in the top right corner of the interface.

SEM-BPS Planning Functions

The screenshot displays the SAP SEM-BPS Planning Functions interface. The main window is titled "Display planning layout 4EXPLY01". It features a menu bar (Planning, Edit, Goto, Utilities, Tools, System, Help) and a toolbar. Below the menu bar, there are tabs for "Close navigation", "Planning profile", and "Global planning sequences".

The left pane shows a tree view of "Planning areas" and "Planning functions". The "Planning areas" section includes:

- Cost Center Planning (4CCP0001)
 - Planning Absolute Values (4CCP0001)
 - Planning Consumption Quantities (4CCP0002)
 - Administration (4CCP0003)
 - Planning Functions (4CCP0004)
 - Ad hoc package (0-ADHOC)
- Cost Planning (4EXP0005)
- Cost Planning: Cost Driver (4EXP0004)
- Cost Planning: Costs and Allocation (4EXP0001)
 - Re: Costs and Allocations (4EXPPL01)
 - Primary Costs (PAKPM01)
 - Re: Costs and Allocations (4EXPPP01)
 - Ad hoc package (0-ADHOC)
- Cost Planning: Prices Services (4EXP0002)
- Cost Plng: Prices Cost Center / Services (4EXP0003)
- Exchange Rate Information (KURSINFO)
- FTE from HR (4PPLHR03)

The "Planning functions" section includes:

- Re: Costs and Allocations (4EXPPL01)
 - Manual planning (0-MP)
 - Service/Primary Layout laypr01 (LAYPR01)
 - Re: Costs and Allocations (4EXPF01)
 - Re: Costs/Alloc. (4EXPP01)
 - Re: Activity Inputs (4EXPPF12)
 - Re: Act. Inputs (4EXPPG12)
 - Re: Primary Costs (4EXPPF14)
 - Re: Activities (ZPA01)
 - Re: Primcost (4EXPPG14)

The right pane, titled "Create Planning Function", shows a list of "All Functions" with checkboxes for selection:

- Accumulate balances
- Allocation
- Amortization
- Copy
- Copy to Several Target Objects
- Currency translation
- Currency translation (account-based)
- Delete
- Delete (Invalid Combinations)
- Distribute according to keys
- Distribute by Keys from Sender to Recipient
- Distribute by Reference Data from Sender to Recipient
- Distribute with reference data
- Exit function
- Forecast
- Formula
- Internal Rate of Return
- Net present value
- Offsetting entry
- Repost
- Repost (Characteristic Relationships)
- Revaluation
- Rounding
- Time lag functions
- Unit conversion
- Valuation
- Balance Sheet Plng
- Investment Planning

At the bottom of the right pane, there are checkboxes for "OK" and "Cancel", and a paperclip icon.

SEM-BPS Planning Functions for Planning Model

- Manual Planning
- Top-Down Distribution
- Copy Function
- Forecast Function – Constant, Trend, Seasonal, Seasonal Trend
- Reposting Function
- Revaluation Function
- Valuation
- Annual Depreciation
- Net Present Value
- Internal Return Rate
- Offsetting Entry
- Time Lag
- Allocation
- Currency Translation
- Rounding
- Formula Extension (FOX)
- EXIT Function (ABAP)

Quarterly Forecast vs Rolling Forecast in SEM-BPS

Quarterly Forecast

- Copy to create new version with known Actuals plus remaining months from Annual Budget or other Forecast
- Actual changes need Forecast synchronization or reconstruction
- Different Quarterly Forecasts can be kept for more analysis
- Actual / Plan Comparison by comparing versions.

Rolling Forecast

- In Manual Layout – can use Actual and Forecast versions and respective Actual periods and Forecast periods time variable for dynamic fiscal year / period.
- Data Slice to lock real Actuals (i.e. Value Type 10, Version 0)
- Interim versions of Forecasts may be lost or multiple versions
- Version Comparison in BW reporting more complex.

Rolling Forecast Example

Planning Edit Goto Utilities Tools System Help

Change planning level CCPL0001

Close navigation Planning profile Global planning sequences Set Variables

Planning areas

| Planning areas | Technical name |
|--|-----------------|
| Asset Accounting | 4FIAA |
| Average values result | 4PRP0002 |
| Balance Sheet Planning | 4BP0001 |
| Breaking Down Itemization Prices | 4RES0002 |
| Breaking Down Itemization Quantities | 4RES0001 |
| CCA Cost Center Planning - Multi | CCPA0010 |
| Plan Next Fiscal Year | CCPL0002 |
| Ad hoc package | 0-ADHOC |
| Rolling Forecast | CCPL0001 |
| Ad hoc package | 0-ADHOC |
| CCA Costs - Actuals | CCPA0001 |
| CCA Costs - Plan Cube | CCPA0002 |
| CCA SKF - Actual | CCPA0003 |
| CRM Marketing actual values | 4CRM0002 |
| CRM Marketing plan values | 4CRM0001 |
| Corporate IM: Multi-Planning Area | 4IM0002 |
| Corporate IM: Operative (Read Only) | 4IM0003 |
| Corporate IM: Strategic Planning | 4IM0001 |
| Cost Center Planning | 4CCP0001 |
| Cost Planning | 4EXP0005 |
| Cost Planning: Cost Driver | 4EXP0004 |
| Cost Planning: Costs and Allocation | 4EXP0001 |
| Cost Planning: Integr. HR | 4EXP0006 |
| Cost Planning: Prices Services | 4EXP0002 |
| Cost Plng: Prices Cost Center / Services | 4EXP0003 |

Planning functions

| Planning functions | Technical name |
|--------------------|----------------|
| Rolling Forecast | CCPL0001 |
| Manual planning | 0-MP |
| Rolling Forecast | CCMP0001 |

Planning level CCPL0001 Rolling Forecast

Characteristics Selection Key figures Description

Selection

| Characteristic | S... | From | To | More |
|---------------------|-------------------------------------|----------|----|------|
| Controlling area | <input type="checkbox"/> | 2000 | | → |
| Cost Element | <input checked="" type="checkbox"/> | | | → |
| Cost center | <input type="checkbox"/> | COSTCTR | | → |
| Currency Type | <input type="checkbox"/> | 20 | | → |
| Currency | <input type="checkbox"/> | USD | | → |
| Fiscal year/period | <input type="checkbox"/> | FPERFCST | | → |
| Fiscal year variant | <input type="checkbox"/> | K4 | | → |
| Plng Area | <input type="checkbox"/> | CCPA0002 | | → |
| Value Type | <input type="checkbox"/> | 20 | | → |
| Version | <input type="checkbox"/> | VERSIONF | | → |

BW3 (1) (001) SRV2KBW3 INS

start BBSM Toolbar - ... 2 SAP Logon F... Microsoft Excel ... Microsoft Power... 18% 4:52 PM

Rolling Forecast Example Layout

Change planning layout CCMP0001

Close navigation | Planning profile | Global planning sequences | Set Variables

Layout: CCMP00... Description: Rolling Forecast

Layout Category:

- Key Figs in Data Columns
- Key Figures in Data Columns, Rows Defined Individually
- Key Figures in Lead Column

Characteristics Combinations:

- From Transaction Data
- All Possible Characteristic Combinations

Lead Columns:

Dynamic for: [] Text Replacement: []

Data Columns:

Dynamic for: Fiscal year/period Text Replacement: Medium

Settings for Characteristics

| Characteristics | Header | Lead Column | Data Column | Char. Text |
|---------------------|----------------------------------|----------------------------------|----------------------------------|------------|
| Controlling area | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Cost center | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Cost Element | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | Medium |
| Currency | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Currency Type | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Fiscal year variant | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | Medium |
| Fiscal year/period | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | Medium |

Planning areas | Technical na... | Planning functions | Technical name

Rolling Forecast | CCMP0001

Rolling Forecast | CCMP0001

Continue

BW3 (1) (001) | SRV2KBW3 | INS

start | BBSM Toolbar - ... | 2 SAP Logon f... | Microsoft Excel ... | Microsoft Power... | 15% | 4:58 PM

Rolling Forecast

CheckB

SAP

Planning Edit Goto Utilities Tools System Help

Change planning layout CCMP0001

Close navigation Planning profile Global planning sequences Set Variables

Layout CCMP00... Description Rolling Forecast

Header area Lead columns Data columns

Configuration of data columns

| Item | Comp. | No units | Dyn. | Heading | Key figure | Fiscal year/period |
|------|-------------------------------------|-------------------------------------|-------------------------------------|----------|------------|--------------------|
| 1 | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 0FISCPER | 0AMOUNT | 0FPERACT |
| 2 | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 0FISCPER | 0AMOUNT | 0FISCPER |

Back Continue

BW3 (1) (001) SRV2KBW3 INS

start BBSM Toolbar - ... 2 SAP Logon f... Microsoft Excel ... Microsoft Power... 15% 5:00 PM

BW-SEM Reality

SEM and BW are not magic bullets !!!

- SEM or BW implementation would not fix inefficient / problematic business processes.
- BW and SEM does not fix problems in R/3 configuration.
- Need both users with the process knowledge and people with the business and functional knowledge on the team.
- High level management sponsorship and business champions facilitate buy-in by the users.
- Parallel process re-engineering & change management.

BW-SEM has the foundation and building blocks with some delivered business content templates plus SEM-BPS standard functionality to help design a solution.

SEM Design Consideration

Some technical considerations in designing your SEM solution are:

- Strategy for Value type and Version to represent Actual, Plans, Budgets, Forecasts, Rolling Forecasts, Targets, Stretch Targets, etc. for SEM-BPS and SEM-CPM. Also for What If analysis and scenarios as required.
- Limit of 9,999 rows in SEM-BPS manual planning layout.
- Design Planning Levels to keep down the number of Characteristics Combinations under 500,000.
- Performance issues with large hierarchies so preferably work with smaller hierarchies or lower nodes in the hierarchy in SEM-BPS.
- Large or complex FOX (Formula Extension) in SEM-BPS can have performance challenges so consider ABAP Exit under some conditions or planning sequence using standard planning functions.
- Develop Planning Level and Planning Packages to facilitate security.
- Security is an integral part of you SEM solution so don't leave it till the last minute and SEM security is in addition to BW security.

Agenda

- Introduction to Advanced Budgeting

- Introduction to SEM-BPS

- Case Study - SEM-BPS in Budgeting

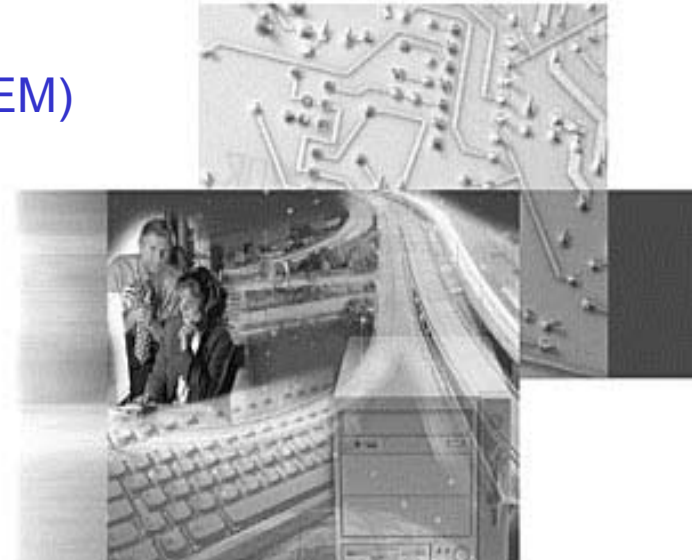
- Acknowledgements

- Q & A Session

MULTINATIONAL EUROPEAN TELECOM: Implementation of budgeting functionality using

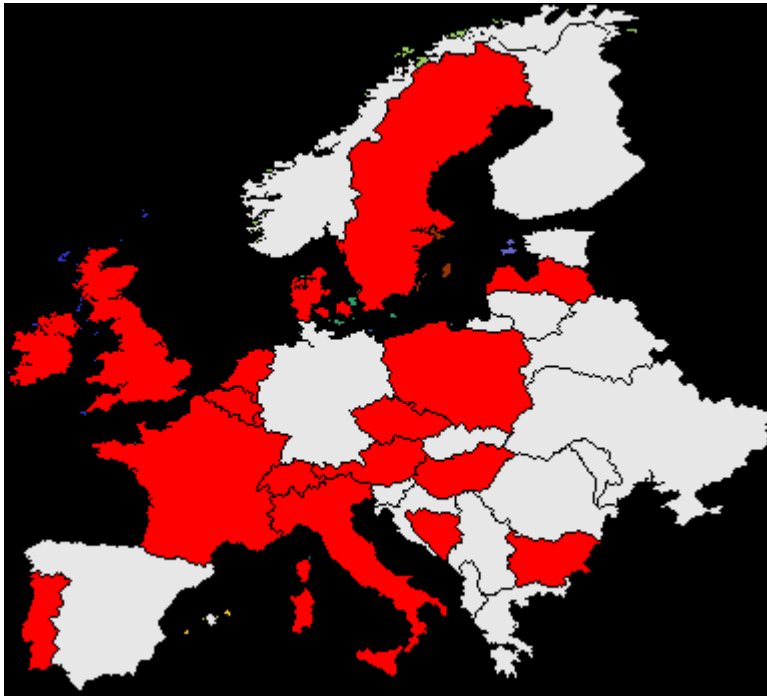
Disguised Example

- Strategic Enterprise Management (BW/SEM)
- Investment Management (IM)
- Project Management (PS)
- Service Management (SM)
- Custom interfaces to a subsidiary (FI/CO, MM)
- Advanced Planning & Optimization (APO)



The Situation

Disguised Example



The Company

- Rapid growth in Europe by acquisitions
- Each affiliate had originally its own unique IT systems
- Affiliates are at different stages of adoption of SAP

The Industry

- Capital Intensive
- Major investments in technology upgrades (e.g., copper to fiber optic)
- Continuous price pressure reducing margins

The Challenge

Surprise expenditures causing budget overruns

- Acquired companies had been State owned
- Several years of under investment and poor maintenance
- Poor documentation of the status of the assets

Different budgeting processes by country jeopardizing visibility and control

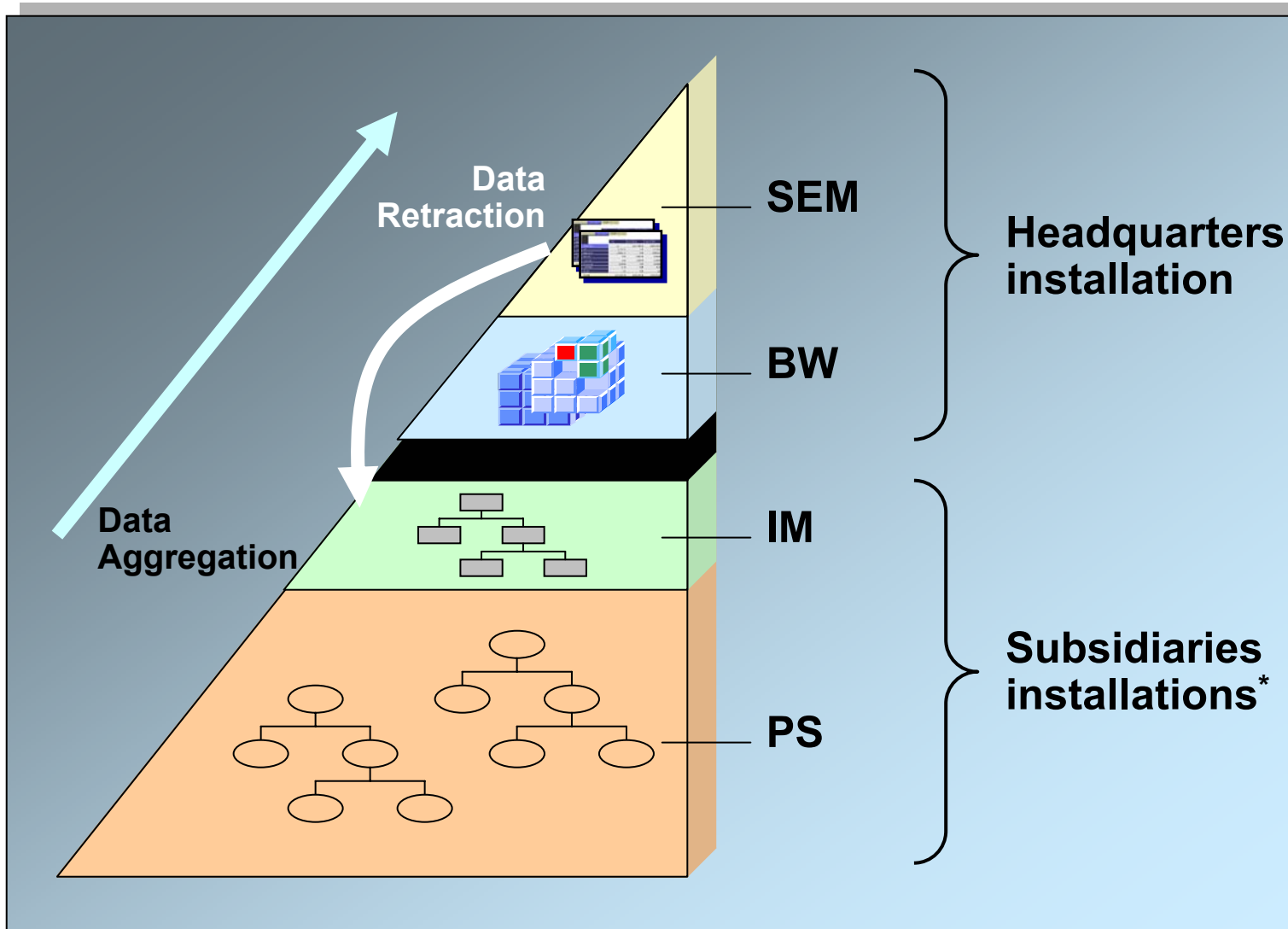
- Excel spreadsheet based budgeting summaries with different assumptions and formats compromised aggregation/consolidation quality
- Various lead times in capturing actuals and commitments prevented consistency within periods



The Solution

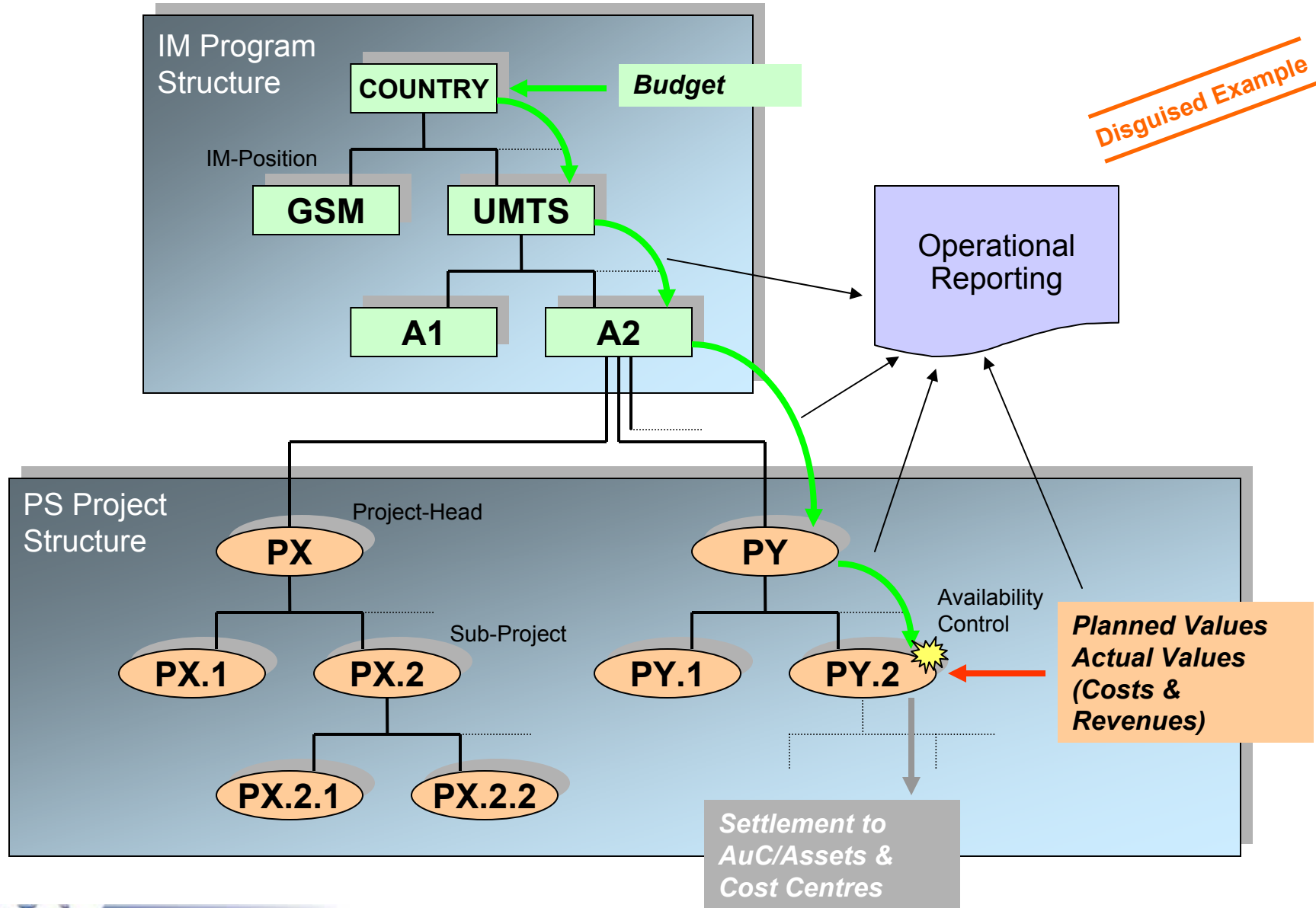
- Harmonize processes across the board
- Improve budget quality by capturing feedback to estimates on a project level
- Improve actuals and commitment information flow using Investment Management in each country
- Allow periodic assessment of actuals vs. budget
- Improve detection of budget supplement needs and tracking its use
- Allow top down reallocation of available budget across units

Solution Design

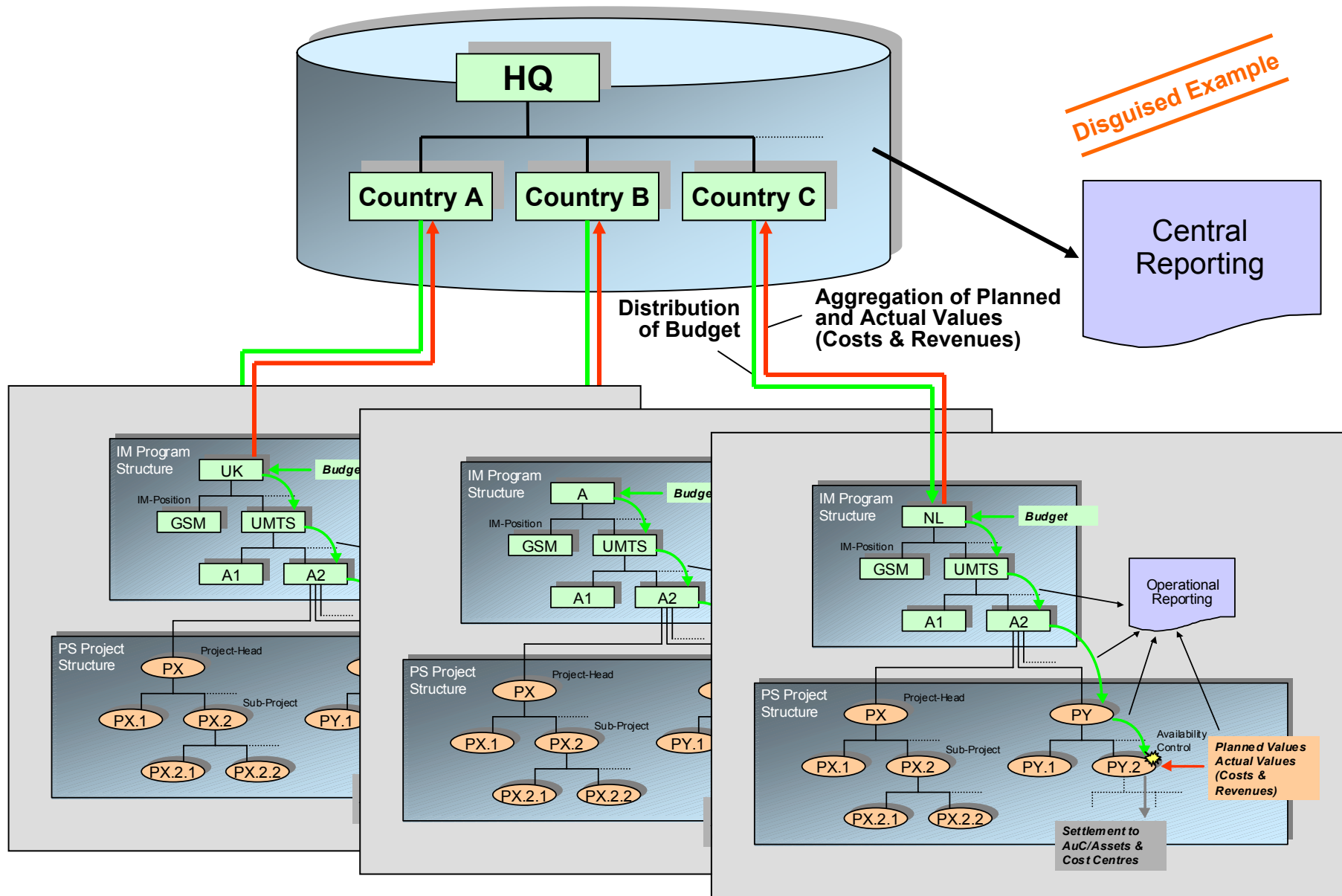


Disguised Example

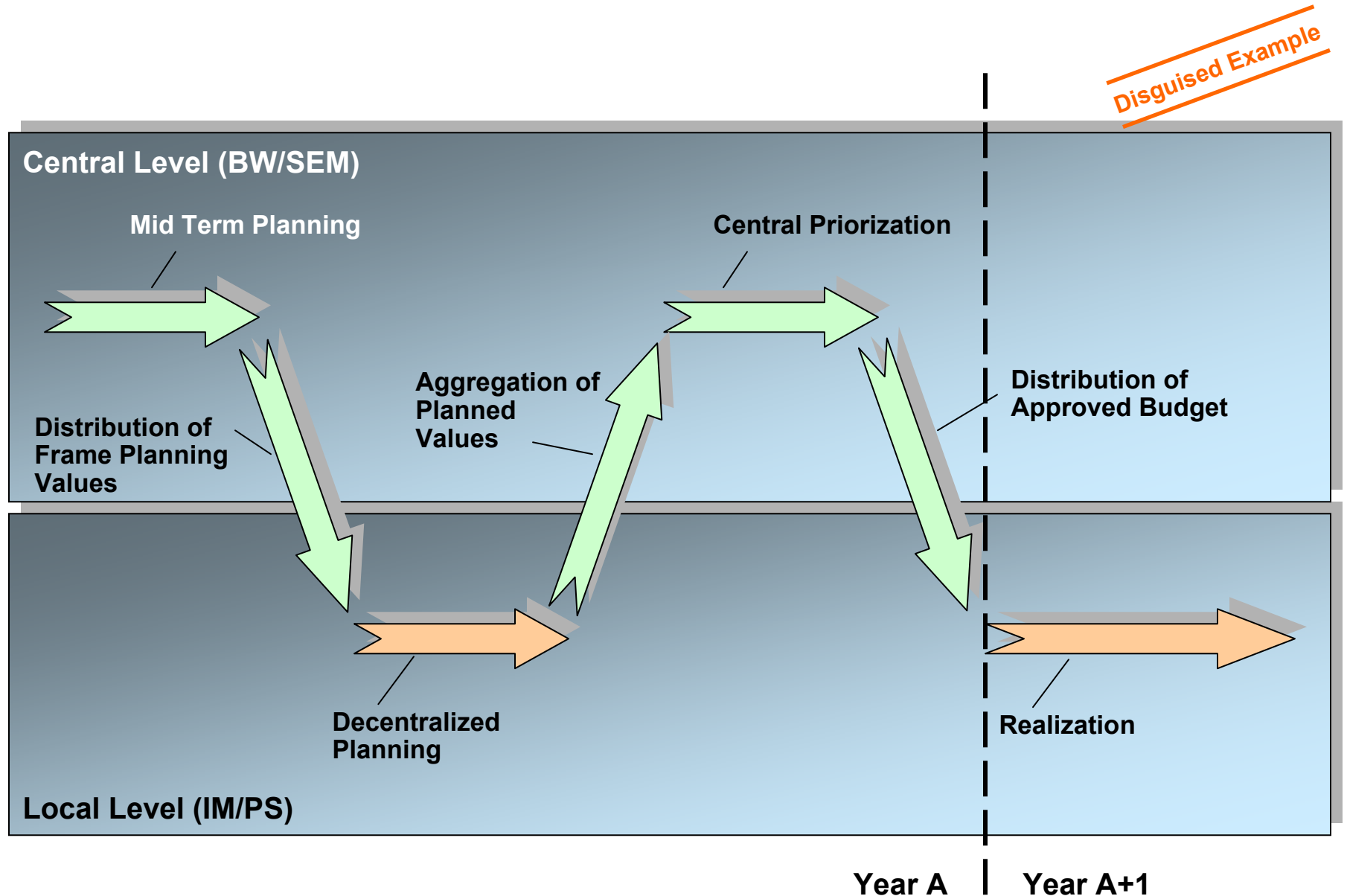
Local Implementation: IM/PS



Central Implementation: BW/SEM

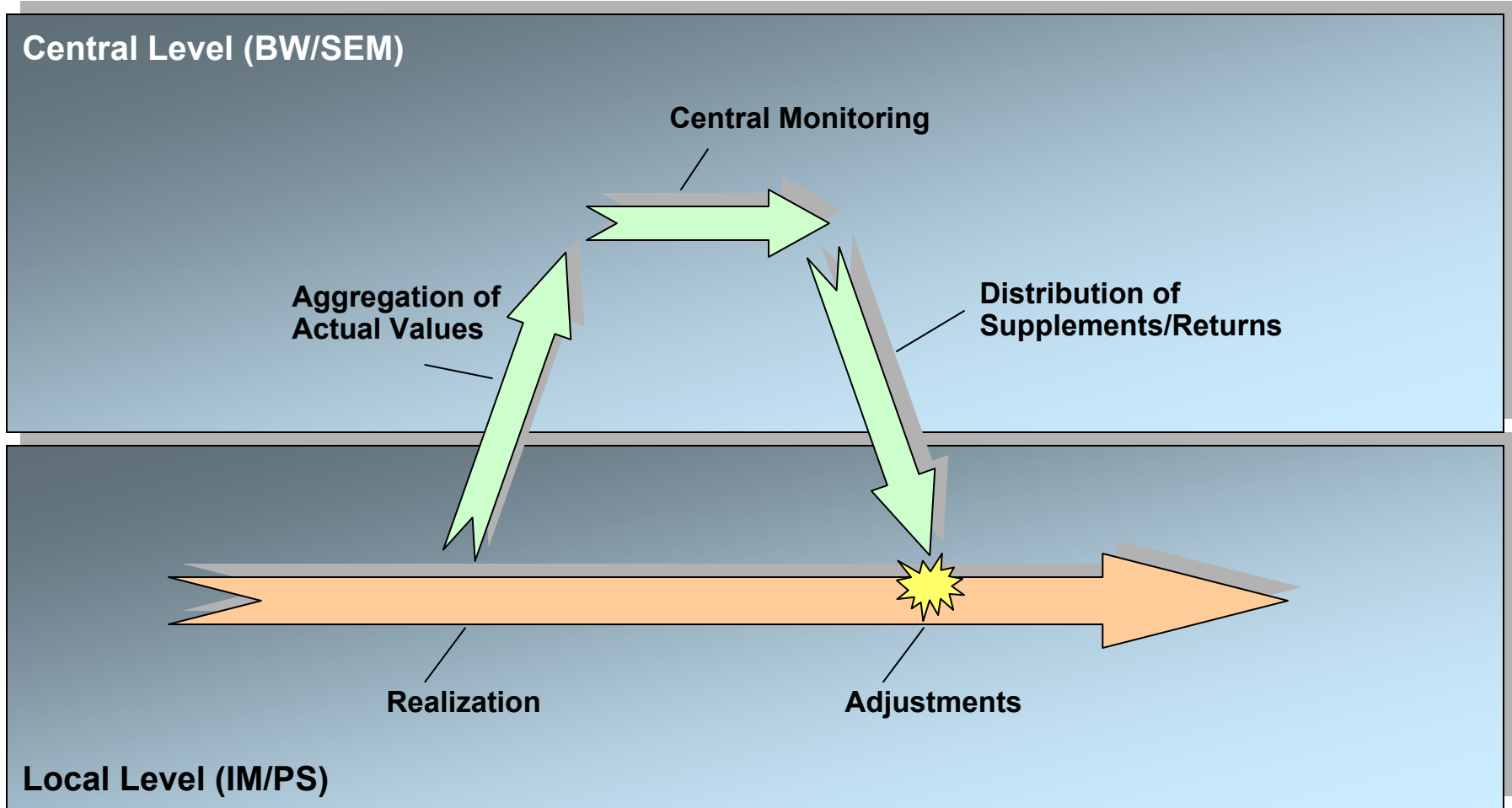


Central Budgeting Process



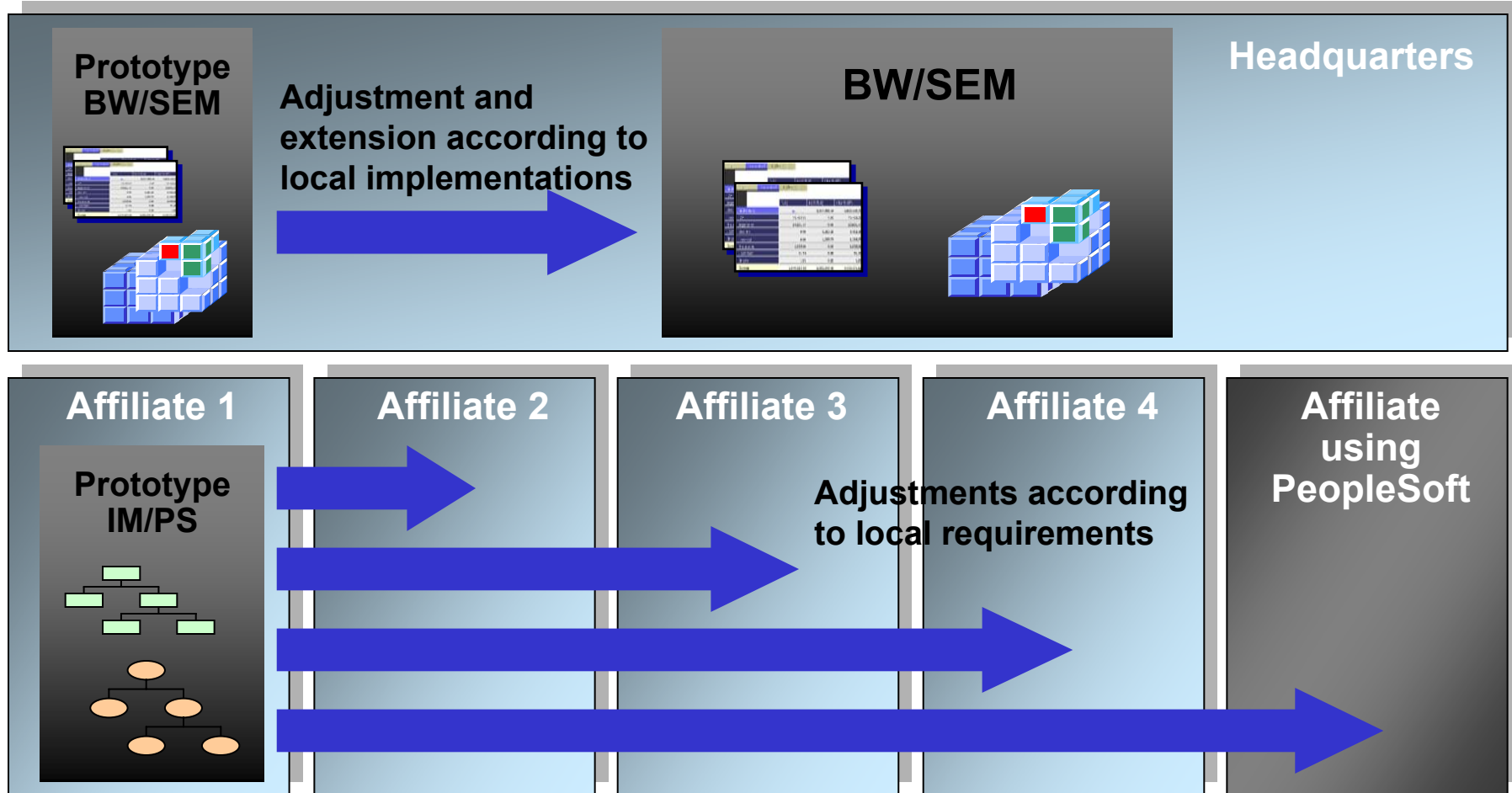
Central Controlling Process

Disguised Example



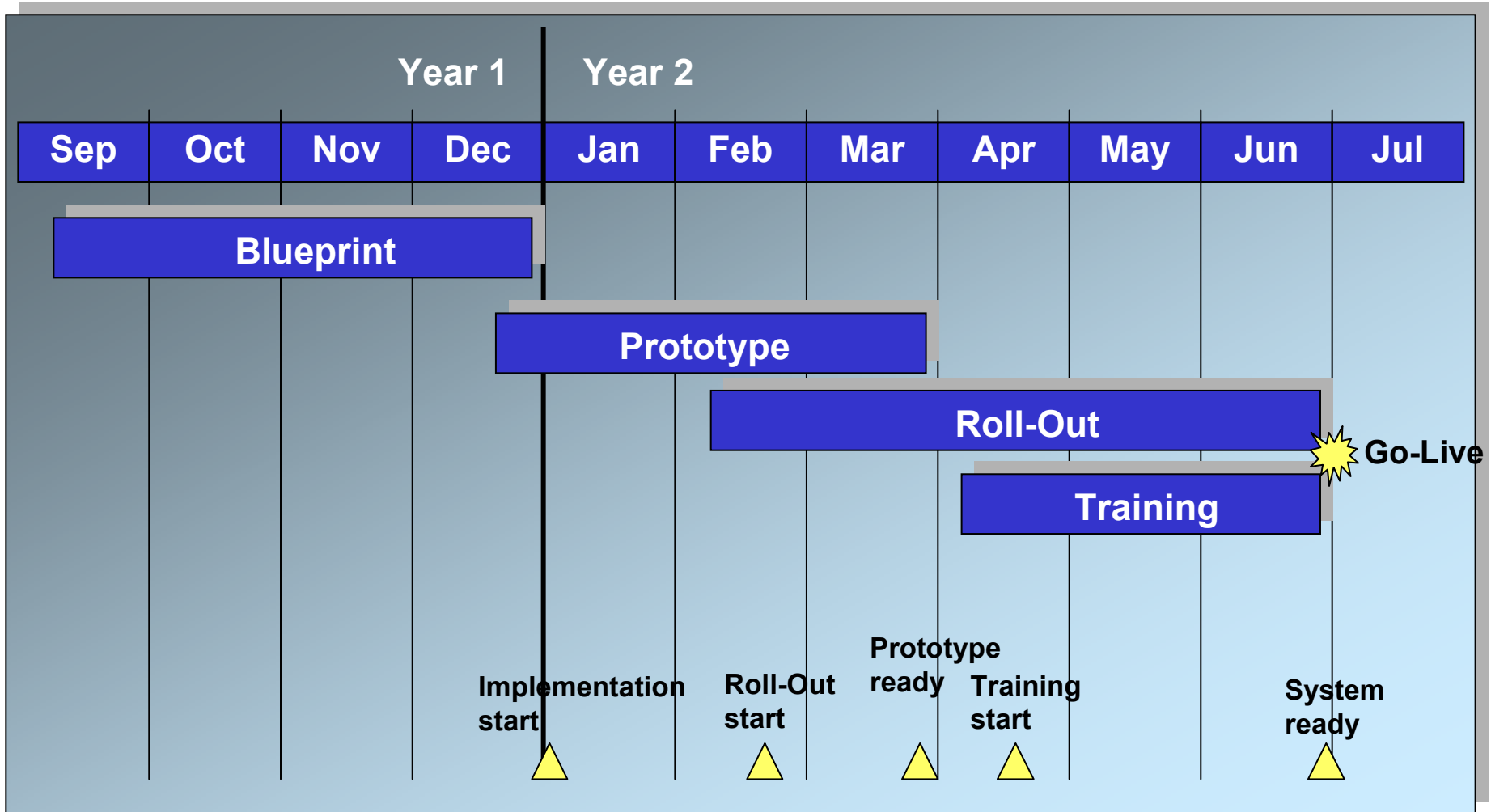
SEM Enables Integrated Budgeting Across Installations and ERP Systems

Disguised Example



Project Planned Timeline is 10 Months Long

Disguised Example



Agenda

- Introduction to Advanced Budgeting
- Introduction to SEM-BPS
- Case Study - SEM-BPS in Budgeting
- Acknowledgements
- Q & A Session

Acknowledgements

This presentation has been put together through the collaboration between Westernacher and:

- **Horváth & Partners - Management Consultants**, Mr. Ralf Sauter
- **Globe Data**, Ms. Mary Huang

We would like to acknowledge these partner companies have provided critical support and content to this presentation. Without their help this presentation wouldn't be the same.

APPENDIX

- SEM Resources/References
- Background information on the presenter's companies

Agenda

- Introduction to Advanced Budgeting
 - Introduction to SEM-BPS
 - Case Study - SEM-BPS in Budgeting
 - Acknowledgements
- Q & A Session

Additional Questions?

If you have any additional questions please do not hesitate in contacting us:

| | Phone | e-Mail |
|------------------|----------------|--------------------------------------|
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| Ralf Sauter | (617) 331-1387 | rsauter@horvath-partners.com |
| Mary Huang | (613) 294-4430 | mary@globedata.com |

Thank You For Attending!

Please remember to complete
and return your evaluation form
following this session.

Session Code: 307

APPENDIX

- SEM Resources/References
- Background information on the presenter's companies

SEM Resources / References

Some available sources of SEM information are:

1. SAP <http://www.sap.com/SEM>
2. help.sap.com <http://help.sap.com>
 - mySAP.com Cross Industry Solutions
 - mySAP Financials
 - SAP Strategic Enterprise Management
 - SAP SEM-BW or SAP SEM-BCS 3.xx
3. service.sap.com <http://service.sap.com/sem> (OSS ID required)
 - mySAP Financials in Detail
 - Strategic Enterprise Management
 - SEM in Detail or
 - Media Library
4. ASAP BPS <http://service.sap.com/sem> (OSS ID required)
 - Media Library above
 - > Help to use SEM
 - > SEM-BPS ASAP
5. OSS Notes <https://websmp201.sap-ag.de/notes> (OSS ID)
 - Under component / area FIN-SEM-*

SEM Resources / References

Some available sources of SEM information are:

6. YahooGroups <http://groups.yahoo.com/group/sapsem/>
SAPSEM technical discussion group
7. ASUG http://www.asug.com/groups/group.cfm?group_pk=60
SEM(BI) SIG –
Financial Management & Business Analysis (FMBA)
(ASUG membership required)
8. SAPFAQ-SEM <http://www.sapfaq.com>
subscribe to SAPFAQ Technical Support Forum
9. sap-r3-sem <http://www.ittoolbox.com>
subscribe to SAP R/3 SEM discussion group
- 10.SAPFANS <http://www.sapfans.com>
SEM Forum in SAPFANS

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- Bring a team of highly trained and motivated professionals.
- Find creative solutions to the business problems.
- Turn IT into business results



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SAP

...An ASUG & SAP Collaboration

About Globe Data

- Specialists in working with clients to implement BW and SEM solutions within mySAP.com.
- Our consultants have worked on projects in US, Canada and South East Asia with both Fortune 500 customers and SMEs.
- Our lead consultants averages 5+ years of R/3 experience and 2-3 years of BW.
- Some of our consultants have hands on project experience in integrating BW with APO, CRM and SEM with Enterprise Portal.
- Industry and business knowledge include consumer packaged goods, electronics, retail, pharmaceutical, high tech, manufacturing, utilities, transportation, service, financial, and public sectors.

