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SAP Analytics Cloud Case Study: End to End Planning and Financial Reporting for Furniture Manufacturer

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Project Goals and Overview

The overall project goal was to implement an enterprise planning solution on a flexible platform that could also support detailed analysis. The client was using Excel extensively for their current end-to-end planning process and experienced limitations with analysis and reporting. Planning was completed at a product group level due to Excel and provided challenges when explaining actual variances due to the variability of model mix within a product grouping.

The SAC solution would allow model level granularity for both planning and actuals so they could obtain mix analysis within a product grouping. Planning at different levels and using different drivers was important, as well as simulation and scenario planning.

Project Scope

Budgeting Process

The following items were included in scope for the budgeting process:

- Sales and quantity
  - Sales and quantity details uploaded from IBP S&OP process.
  - SAC has templates to allow for modifications or scenario analysis.
  - Other sales deductions (rebates, discounts, pass through) templates and advanced formulas to automate the seeding of the plan.
- COGS Planning
  - Restructured process of Standard Costing from a revenue driver to utilizing historical standard cost drivers.
  - Drivers and calculations to support Other Variable and Fixed Cost of Good Sold accounts.
  - Templates to support modifications of plan and forecast after drivers calculate the base.
  - Allocations to align other variable and fixed cost of goods to a business unit, brand, and model.
- SG&A Planning
  - Fixed SG&A templates and automated seeding of historical actual/forecast data. Different views to include by cost center, account, and internal order.
  - Allocations for business unit reporting to move Global and Enterprise solutions overhead expenses.
  - Variable SG&A templates and automated seeding based on historical averages.
- HR Planning
  - Templates to support employee and position level planning. Global assumptions template to allow for drivers to be managed all at once.
  - Advanced formulas to drive salary and benefit calculations based on different employee classification types.
  - Cross model copy to allow summarized salary and benefit as part of financial data.
- Operational Excellence
  - Model to capture project-based forecasting that supports savings within operations (standard COGS).
  - Upload process to capture forecast detail, template to allow modifications or adjustments.
  - Automated process to update savings forecast as volume/quantities fluctuate in the S&OP forecast.
  - Cross model copy to allow summarized savings as part of financial forecast.

Financial Reporting

The following items were included in scope to support the monthly reporting package:

- 15+ report views created between all 4 models in SAC.
- Static reports with specific formatting (e.g. requirement to have bps labels) to be used for monthly leadership meetings.
- Reporting accounts created to support specific reporting requirements that did not align with main account hierarchy.
- Ratio calculations (i.e. Working Capital).

Technical Scope

The following items were included in scope to support the data integration process:

- Master data integration using SQL dim tables – Cost Center, Internal Order.
- Transactional data integration using SQL data mart tables. Freehand SQL and standard connections were utilized.

Project Challenges

- The company very recently decided to modify how they would look at management/business unit level reporting. The current method to break out business units for management reporting was completely done in an excel environment, and therefore during validation there was no exact way to tie back GL and ECCS consolidated data to a business unit level.
- Transactional data did not exist in BW, but rather a replicated SQL environment. In addition, they had SQL Data marts established, and several SSAS cubes where the business currently was pulling their information. The decision on which source to connect to was made 4-5 weeks into the development phase of the project. If this decision was made sooner, data validation might have been a smoother transition.

Project Wins

Several benefits were recognized with the implementation of SAP Analytics Cloud:

- Financial forecast is aligned with S&OP process. Forecast is updated in SAC with S&OP forecast from IBP.
- Detailed analysis is now at a level where comparisons can be done between plans and actuals at a model/sku level.
- Automated drivers to support COGS planning, People Planning, Opex Savings.
- One source of truth and allows to easily combine Budget and Actual data together for reporting and planning purposes.
- Automated approach to delivering business unit level reporting.
- Version and Scenario analysis is easier – what if scenarios using different assumptions.

Future Use

Expansion of SAC functionality in the future would include the following:

- Planning/Reporting
  - Capital Planning.
  - Balance Sheet /Cash flow planning.
  - Enhancements or further detailed analysis including actuals to HR Planning.
  - Board Reporting with use of SAC formatted templates and distribution functionality.
- Daily or Executive Dashboards
  - Extend reporting capabilities into visualizations.

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