# Real-Time-Consolidation with SAP BPC – It's in striking distance now

**What has long been considered a far-away vision seems to become reality now: The consolidation of the most up-to-date financial data on a button-click. With the implementation of S/4 HANA and BPC Optimized, SAP is currently paving the way for Real-Time Consolidation (RTC). This whitepaper will focus on the functional aspect to make RTC a reality.**

The ERP-world is currently changing. Companies are starting a transition from SAP ERP towards SAP S/4 HANA. This switch also has major impacts on the available planning and consolidation functionalities.

S/4 HANA aims to avoid data duplications/replications (like between FI and CO or between ERP and BW) and to significantly speed-up the historically long-running ETL batch processes. S/4 introduced the concept of the universal journal to merge the previously separated FI/CO datasets into one single dataset. The data in the universal journal can be leveraged directly by "SAP BPC Optimized" both for the purpose of planning and also for Real-Time-Consolidation (RTC).

## About the author

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Marcel Frey has been working in IT and Business consulting for more than 15 years. He holds a Master in Business Economics from the University of Lausanne. Mr. Frey has been working with the SAP BPC solution since it's early days (as part of the Outlooksoft company), then in an expert level job in the SAP EMEA organization for several years before joining Stampa Partners, where he currently leads the SAP BPC practice.

Before we dig into more practical aspects, let's get an understanding of what real-time consolidation means. If we take the meaning literally, you can have a consolidated view of your company at any point in time (considering the small delay due to the execution of the consolidation process itself).

What is implied by this statement is that the data in the source system is ready to be consolidated at any point in time, this means for example that:

- Intercompany data are constantly matched at any point in time.
- Data are available in the group Gaap in the local system.
- All postings by the local accountants need to be done on the correct accounts and the correct movement types.
- Historical value related to equity transactions need to be provided.

The fulfillment of the requirements above would, for most companies, lead to a re-definition of the local accounting processes and responsibilities. This approach is known as "continuous accounting", where accurate and up-to-date financial data should be ready to be consumed at all point in times and not only after a month-end closing process.

To achieve this, a mix of system and personal skills are required. S/4 HANA, as underlying platform of RTC, helps by removing many batch jobs that were executed overnight in classical ERP systems. Up to now any BI-based consolidation had to first transfer data out of the ERP systems into a separate physical environment, where it was then run through a consolidation engine. This detour is not required anymore once a direct read access to SAP HANA as a database of the central S/4 HANA system is established. Instead of expensive and time-consuming transfer processes, data in the central universal ledger of SAP S/4 HANA can be accessed directly. This speeds up processes like intercompany matching.

**Continuous Accounting is a critical prerequisite for RTC**
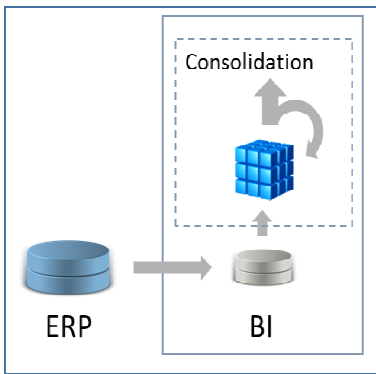


BI-based consolidation today
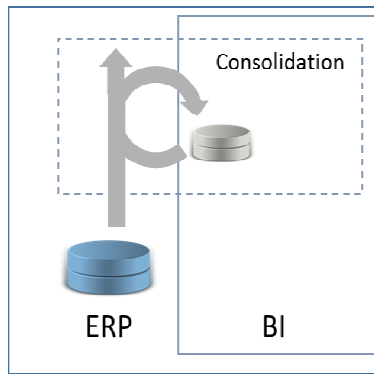
Realtime consolidation tomorrow

The system on the one side helps to reduce lead times, but the other crucial aspect is data quality. The local accountant will need to be trained in group accounting principles to perform the postings correctly from a local and group point of view.

Based on the points identified above, it might be more realistic to talk about "real-time management consolidation". Real-time legal consolidation might be more challenging to achieve, but the tools offer the possibility to significantly shorten the month/period end consolidation process.

Before we dive into real-time consolidation, we need to understand why consolidation is not considered a real-time process today.

**Real-Time-Management-Consolidation is realistic already now.**

Let's consider a classical data collection process of a group with entities on different ERP:

- **Data collection**

    - ✓ Import from SAP ERP (via SAP BW)
    - ✓ Import from flat files from other ERP systems
    - ✓ Manual data input (additional data and/or transition from local to group Gaap)

- **Intercompany Matching**

    - ✓ Intercompany Matching is performed
    - ✓ Adjustments to the local data are made (ideally in the source ERP system) and local data are reloaded

- **Data validation**

    - ✓ The local entity validates the data according to the validation rules in the consolidation system

- **The group checks and validates data**

For most companies, more time is spent on the collection and validation steps than on the consolidation itself (not taking into account things like appendixes for the year-end or the production of a yearly report).

Delays can be due to the technical nature of the data import process (e.g. if the data warehouse is only refreshed overnight or maybe 3 times a day) or inconsistencies because some corrections were done directly in the consolidation in the previous month and were not properly reflected in the ERP (which will lead to problems in the current period).

If you ask consolidation responsibles in finance departments which of the tasks above is the most time consuming, you would often get the same answer: it is the Intercompany Matching process, mainly because the process starts quite late in the closing process (only once all the entities have delivered their data).

Today most time is spent on data collection and validation.

## How can real-time consolidation help me with the challenges identified above?

Real-Time consolidation facilitates the integration of Actual data, as the data are directly taken from the S/4 HANA's Universal Journal. This also means that subsequent corrections would be much faster. A data release mechanism controls the integration of the ERP data into the consolidation tool.

The integration of transaction data is quite seamless into the consolidation solution. But RTC goes even further in the integration, as RTC also support the creation of validation rules that will be executed directly on the S/4 HANA postings.

S/4 HANA also allows transaction based intercompany matching. Even the currency conversion could be pushed down from RTC to S/4 HANA. The deep integration of the consolidation solution into the ERP really helps to reduce the time from local postings to group consolidation.

## How can I leverage these functionalities?

Your company might already have rolled-out a central S/4 HANA system and could therefore start with the implementation of real-time consolidation.

Your company might already have an S/4 HANA system for part of the group, might be currently implementing one or might be using legacy SAP ERP systems with a separate Business Warehouse. If you are planning a new group consolidation system, SAP RTC consolidation should be considered. If S/4 HANA is not on your immediate roadmap, a SAP BPC embedded based solution should be considered and designed in a way that it can be integrated into a future RTC application. This is possible as both share the same consolidation engine.

If you are in one of the situations above, please do not hesitate to contact us.

Stampa Partner is a leading implementation partner of SAP based consolidation solutions and has over 10 years of track-record in successful SAP BPC and SAP BFC solution implementations from small to large companies in the EMEA region.

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