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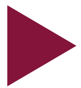
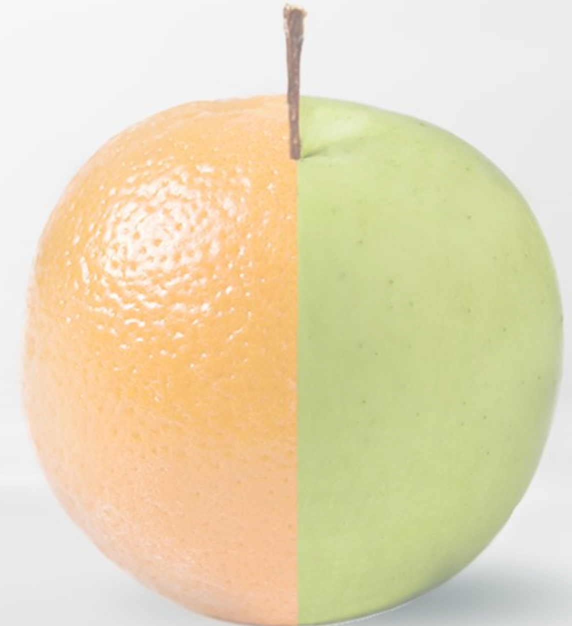
FAQ

Integrated Corporate Planning with msgFinance

The Solution with SAP S/4HANA





1. Does the use of account-based profitability analysis mean that contribution margins are not shown?
2. Is it true that when calculating the cost of sales, it is not possible to differentiate between fixed and variable production costs?
3. In account-based profitability analysis, are sales revenue and cost of goods manufactured posted at different times as before, which affects the accuracy of the contribution margins?
4. Can costing-based Profitability Analysis also be activated?
5. Is it possible to use costing-based valuation approaches even if you do not use costing-based Profitability Analysis?
6. Is it still possible to guarantee control via target/actual deviations?
7. Are there possibilities to simplify integrated corporate planning?
8. Do the traditional transactions for automatic price calculation no longer apply?
9. Does using traditional transactions for cost center planning mean foregoing the advantages of the new solutions?

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Does the use of account-based profitability analysis mean that contribution margins are not shown?

Decision-makers will continue to need customer- and product-related contribution margins for successful corporate management. With SAP R/3, this information was provided by costing-based Profitability Analysis, since account-based Profitability Analysis was unsuitable for this purpose. With the introduction of the Universal Ledger (FI and CO store their plan and actual data in the same tables), account-based Profitability Analysis is automatically available, which in the early days of SAP S/4HANA worried many experienced SAP users. However, numerous new functionalities have turned the "old" account-based Profitability Analysis into a new, powerful controlling instrument that makes it easy to set up a multi-level contribution margin accounting system. To improve confidence in this new solution, the term "account-based Profitability Analysis" has now been replaced by "Margin Analysis".

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Is it true that when calculating the cost of sales, it is not possible to differentiate between fixed and variable production costs?

According to the classic understanding of CO, the possibility of displaying contribution margins requires the cost of goods manufactured (the quantity sold) to be divided into fixed and variable costs. The transaction provided by SAP in Customizing allows you to assign the cost components of the cost estimate to G/L accounts that are used to transfer the inventory change posting. Only the total value of a cost component can be assigned to a G/L account. However, with a minor enhancement in the costing sheet, you can ensure that each cost component contains either only fixed or only variable costs, so that the desired division of the cost of goods manufactured into fixed and variable costs of goods manufactured can be achieved.

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In account-based profitability analysis, are sales revenue and cost of goods manufactured posted at different times as before, which affects the accuracy of the contribution margins?

No! That problem is solved. Transaction-based revenue accrual ensures that sales revenue and cost of goods manufactured are always posted at the same time.

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Can costing-based Profitability Analysis also be activated?

Costing-based Profitability Analysis can also be activated. However, this is not advisable. The numerous advantages of the Universal Ledger can only be realized by using account-based Profitability Analysis (Margin Analysis):

- Data access to the Universal Ledger has been set up for numerous analytical apps that are used for evaluations in FI and CO. These analytical apps do not display data from costing-based Profitability Analysis.
- The simplification for integrated business planning would be omitted, as the transition from value fields to G/L accounts would have to be made again.

The fact is, therefore, that sticking with costing-based Profitability Analysis results in an enormous amount of additional work, which is usually not matched by any corresponding benefit.

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Is it possible to use costing-based valuation approaches even if you do not use costing-based Profitability Analysis?

If you do not use costing-based Profitability Analysis, this does not mean that you do not use costing-based valuation approaches. In the standard SAP system, you can store costing-based valuation approaches by activating an additional ledger. We have developed a solution that works without this additional ledger. With our solution, you can display imputed depreciation in Cost Center Accounting and imputed cash discounts, freight costs, and so on in the billing documents, while always ensuring that the results are reconciled between FI and CO.

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Is it still possible to guarantee control via target/actual deviations?

Many companies control their production area with the help of target-performance deviations, among other things. No target costs are stored in the Universal Ledger. This does not mean, however, that there are no options for target/actual variance analyses. You can still use the traditional reports for cost center analyses. There are already analytical apps for the analysis of manufacturing orders.

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Are there possibilities to simplify integrated corporate planning?

Joint data storage for FI and CO is only possible by sharing the G/L account as a criterion for displaying expenses (costs) and revenues (revenues) and by dispensing with imputed value fields. This creates ideal conditions for simplifying integrated business planning for the first time.

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Do the traditional transactions for automatic price calculation no longer apply?

Automatic price calculation is still very important for many manufacturing companies. The traditional transactions and the "old" CO tables are still available for this purpose. With a simple transfer of planning data to Universal Leder, it is possible to take full advantage of the benefits of the "new world", despite sticking with the "old" solution.

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Does using traditional transactions for cost center planning mean foregoing the advantages of the new solutions?

Classic transactions get their input from the traditional CO tables and store their output in these "old" tables as well. However, this is not an isolated solution, as there are standard functions for transferring planning data between the "old" and "new" tables. There is therefore no need to recreate the assessments created in the ERP system in the new planning tools with a lot of effort. A clever combination of old and new transactions and planning functions with the exchange of plan data between the old and new tables enables planning with little implementation effort. The best of two worlds.

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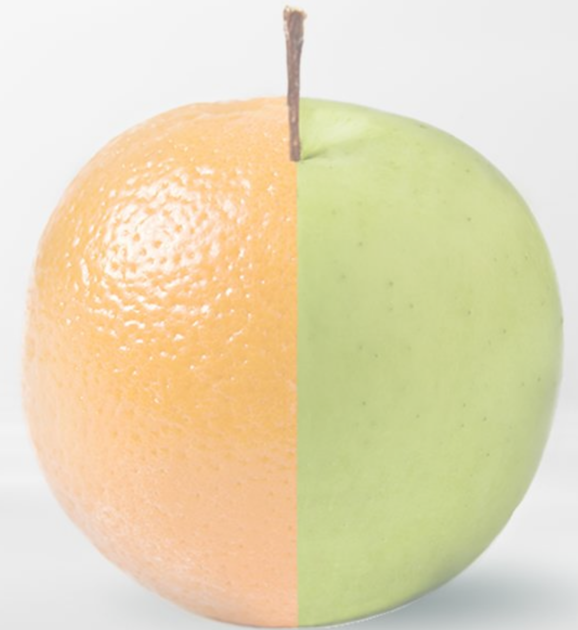

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