

This is Ericsson



1. Intro
2. Closing flows
3. GPEC
4. Balance Sheet Reconciliation



From copper wire to artificial intelligence



140

Years of
enabling
communication

95%

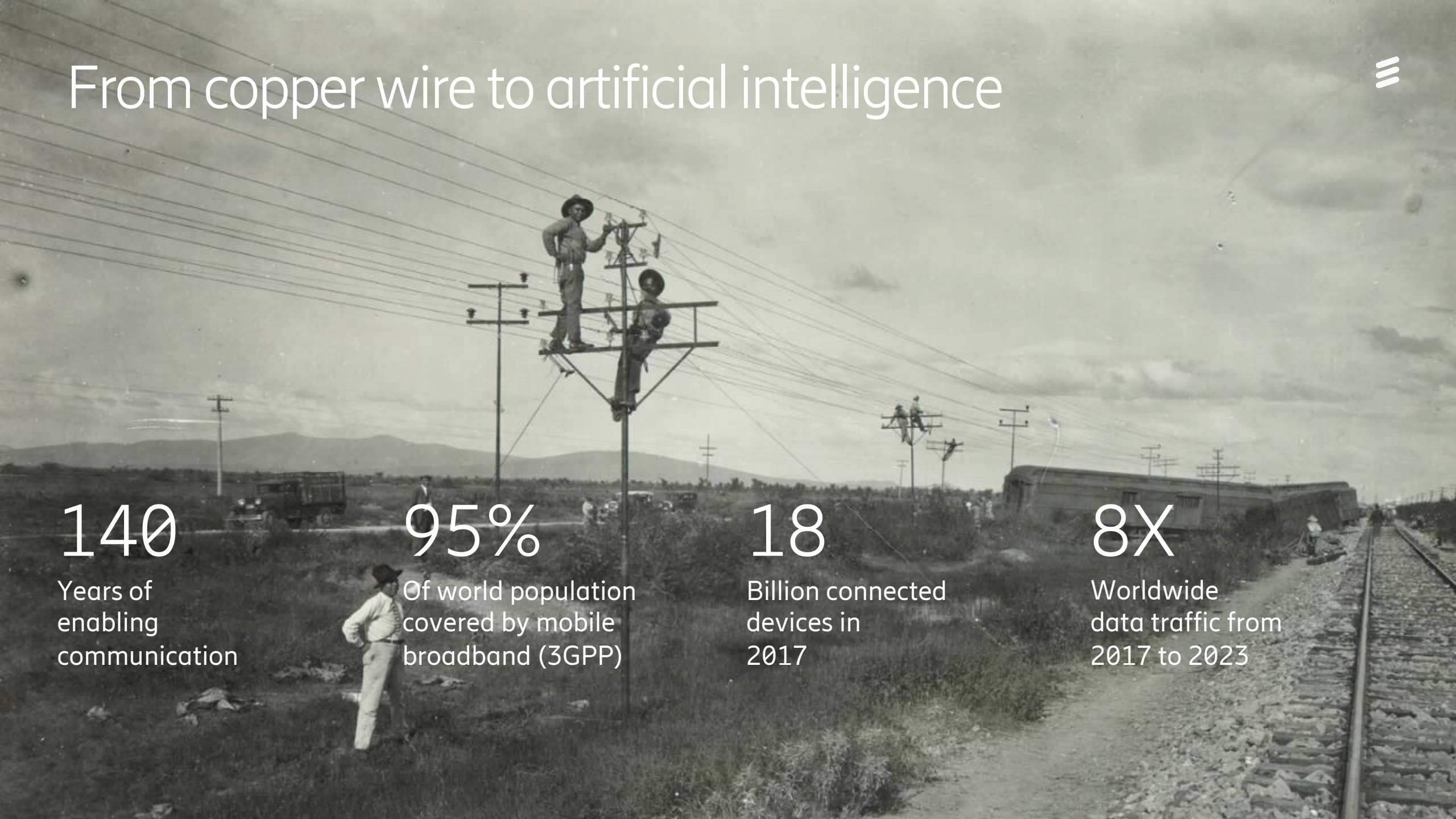
Of world population
covered by mobile
broadband (3GPP)

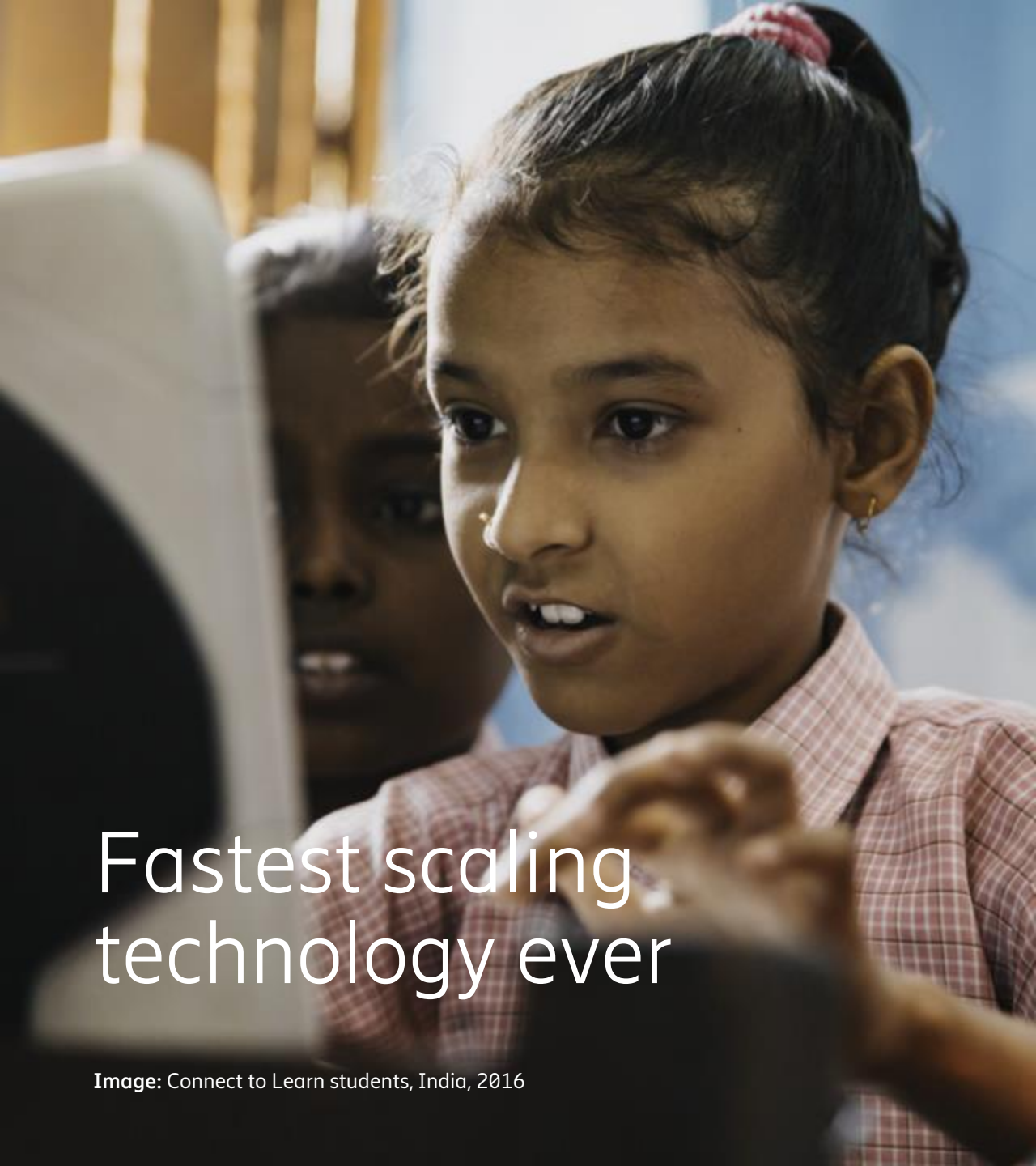
18

Billion connected
devices in
2017

8X

Worldwide
data traffic from
2017 to 2023



A close-up photograph of two young girls, likely of South Asian descent, looking intently at a computer screen. The girl in the foreground is wearing a red and white checkered shirt and has her hair tied back. The girl behind her is partially visible. The background is slightly blurred, showing what appears to be a classroom or computer lab setting.

Fastest scaling
technology ever

Image: Connect to Learn students, India, 2016

A woman in a white lab coat is seated in a factory or industrial setting, wearing a head-mounted display (HMD) with blue-tinted lenses. She is holding a small, rectangular object in her hands, possibly a component or a tool. In the background, there is a robotic arm and other industrial equipment. The lighting is dim, with some blue highlights from the HMD.

The 4th industrial
revolution

Image: Manufacturing

Ericsson at a glance



Enabling the full value of connectivity
for service providers

Business areas:

- Networks
- Digital services
- Managed services
- Technologies and new businesses

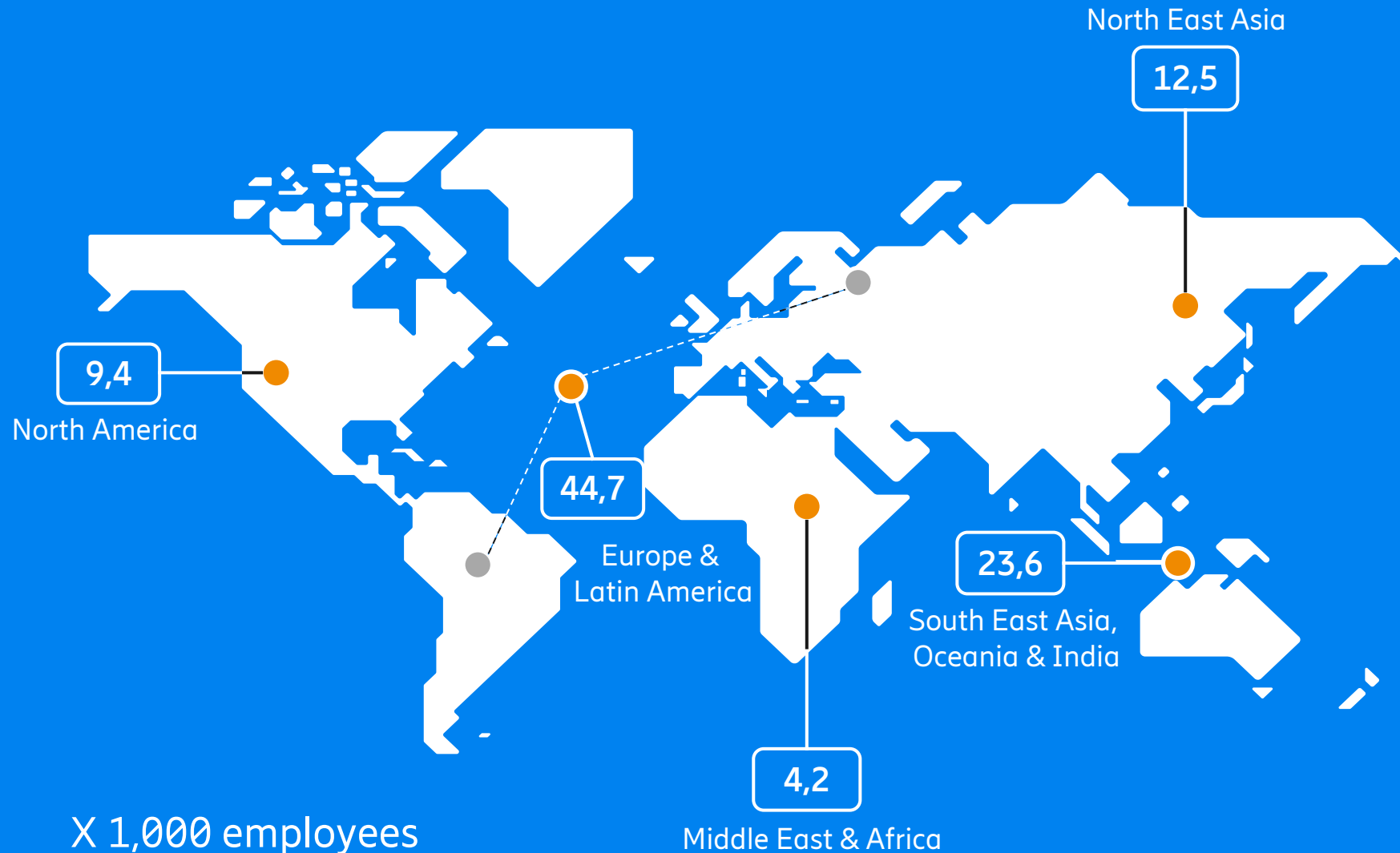
By the numbers:

- 180+ countries
- 53.8 b. SEK in sales
- 94,499 employees
- 45,000 patents

Image: Ericsson headquarters, Kista, Sweden

Third quarter 2018 figures

Global presence

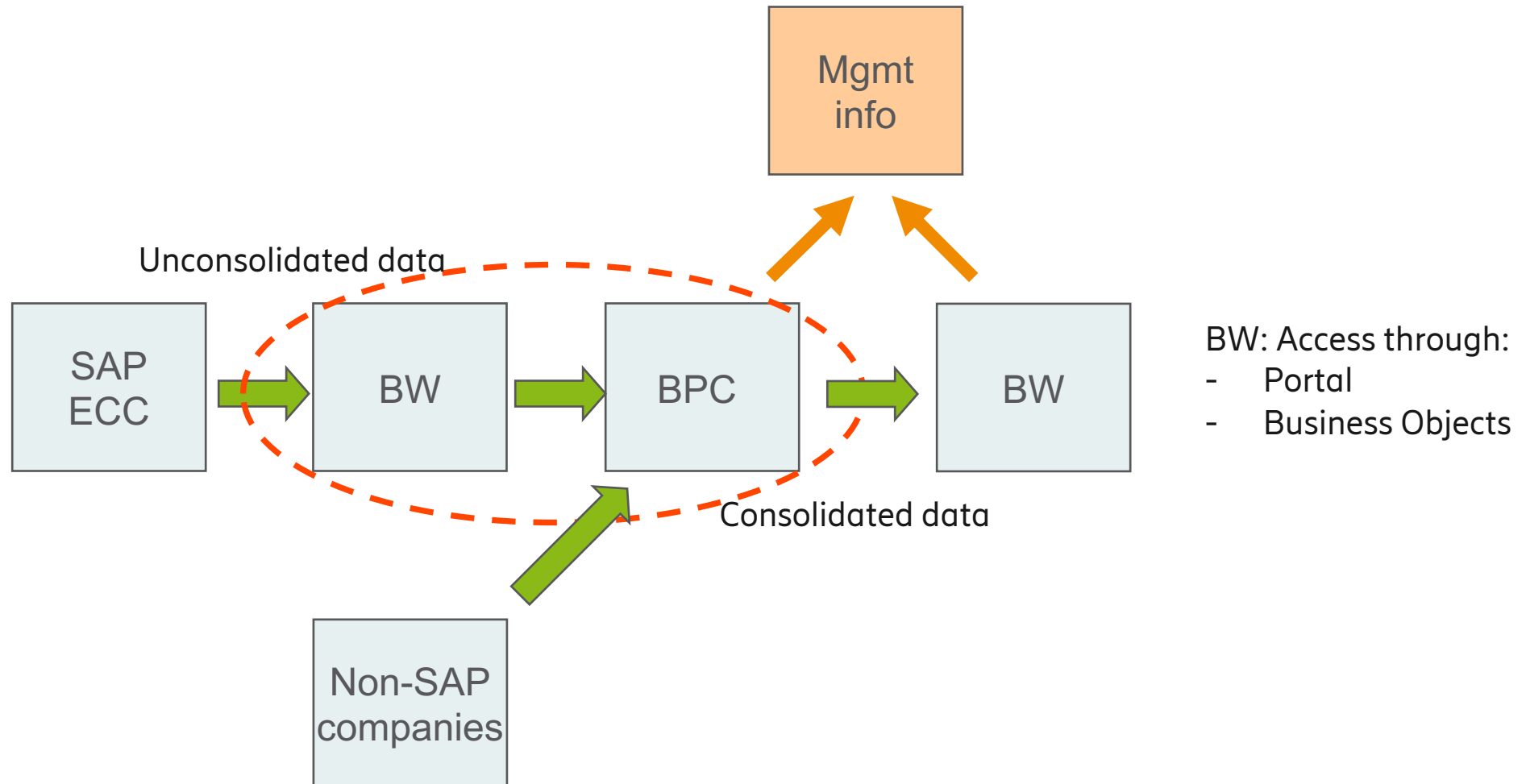


94,499
employees worldwide

55,000
of our employees are
active within Services

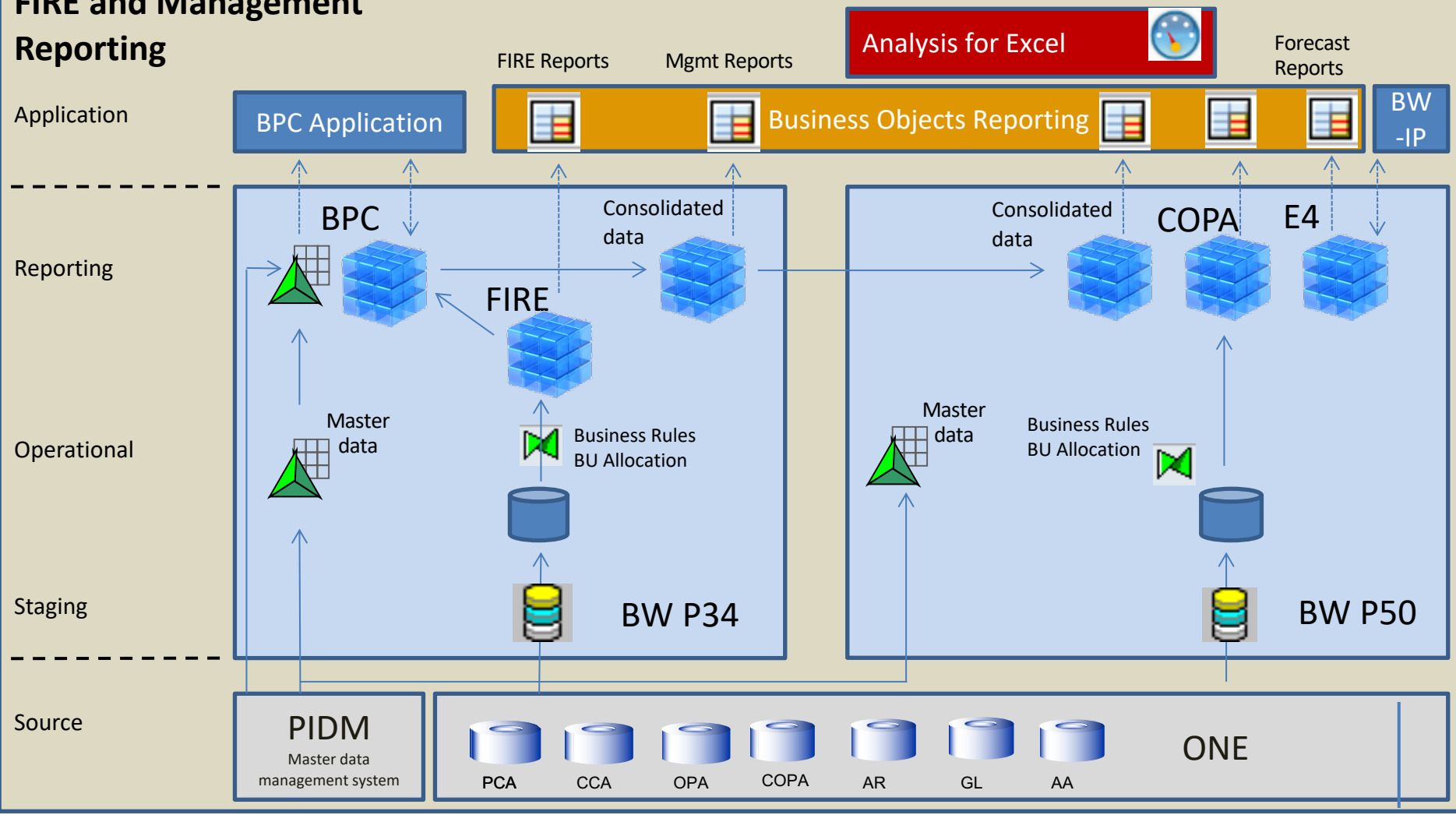
23,600
of our employees are
dedicated to R&D

Closing flow





SAP BPC FIRE and Management Reporting



Units involved in closing



- GPEC
- General Accounting & Closing
 - Day-to-day accounting work, including variety of checks and controls, creating journals, maintenance of assets, maintenance of account balances
- Company Control, Business Control
 - Regularly analysing data posted throughout the ERP system
 - Controlling the business
- External Reporting
 - Monthly reporting of the Ericsson group (using BPC and some analytics through BW)

BPC logics



- Choice of dimensions — based upon our reporting need

ACCOUNT BAL_SHEET - Balance sheet	AUDITID A1000 - Audit Total	COMPANY C2166 - ETM	CONS_GROUP LME_GRP - LME Group	
CURRENCY LOC - Local Currency	CUSTOMER K10 - CU PARENT	FLOW F999 - Closing balance	INTERCO I_C9903 - IE_TOT	MARKET M10 - All Market Area
PRODUCT P711 - Technical for NON segment in ECB5	TIME 2018.12 - Dec 2018	VERSION 001 - Recurring entries	MEASURES YTD - Year To Date	Model:Consolidation

- Next to some “standard” dimensions, ours are:
- Customer
- Market
- Product, this one contains:
 - Product code
 - which rolls up into: Business Line
 - which rolls up into: Business Area

BPC consolidation logics

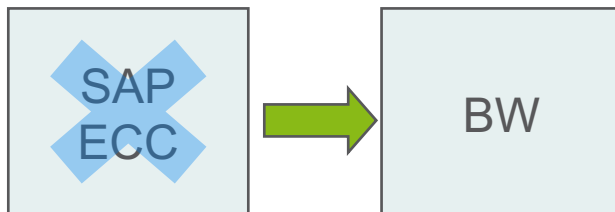


- Elimination of Intercompany A/P and A/R
 - + elimination of some directly posted Intercompany Revenue and Costs
 - Loadings of A/P and A/R based upon Trading Partner logic in SAP-ECC
- Intercompany Profit elimination
 - Runs through Script logics within BPC
 - › IPE on:
 - › Business Area
 - › Market Code
 - › Customers

Allocations in BW



- In Ericsson we are running operational allocations on an extremely limited scale in SAP-ECC
 - In SAP-ECC: Only some Intra-company Real Estate and ISIT costs
- All other allocations are performed in BW
 - Benefits:
 - Standardisation
 - Reduction of maintenance
 - Faster
 - Less postings in SAP-ECC



- Here the same dimensions are returning:
 - Business Area
 - Market
 - Customer

BU Key											Fiscal year/period	FEB 2019
BU Key	Business Area		Market Code		CRG Code	Product Area		FIRE Product Code		FIRE Account		BU Allocation Split
20361050	ALL1	ALL1	BE	Belgium	OTHER	#	Not assigned	#	Not assigned	5113131	SELLING EXPENSES - MARKET	15,00
	BDGS	BDGS	BE	Belgium	OTHER	#	Not assigned	#	Not assigned	4112141	OTHER ADJUSTMENTS TO COST OF SALES - MARKET	14,00
	BMDA	BMDA	BE	Belgium	OTHER	#	Not assigned	#	Not assigned	4112141	OTHER ADJUSTMENTS TO COST OF SALES - MARKET	1,00
	BNEW	BNEW	BE	Belgium	OTHER	#	Not assigned	#	Not assigned	4112141	OTHER ADJUSTMENTS TO COST OF SALES - MARKET	70,00
	Result											100,00
20361053	ALL6	ALL6	BE	Belgium	OTHER	#	Not assigned	#	Not assigned	4112141	OTHER ADJUSTMENTS TO COST OF SALES - MARKET	100,00
	Result											100,00
20361054	ALL6	ALL6	BE	Belgium	OTHER	#	Not assigned	#	Not assigned	4112141	OTHER ADJUSTMENTS TO COST OF SALES - MARKET	100,00
	Result											100,00
20361055	BNEW	BNEW	BE	Belgium	ORANGE BE	#	Not assigned	#	Not assigned	5113111	SELLING EXPENSES - PRE SALES CUST	50,00
					PROXIMUS	#	Not assigned	#	Not assigned	5113111	SELLING EXPENSES - PRE SALES CUST	7,00
					TELENET	#	Not assigned	#	Not assigned	5113111	SELLING EXPENSES - PRE SALES CUST	43,00
	Result											100,00

Closing days



- Technical Closing is performed between day-5 and day+5 each month (in practice: periods in SAP-ECC is closed on day+3 in the morning)
- All recurrent / central transactions (mainly within SAP-ECC, but also some within BPC) are being executed by a very small team, called GPEC
 - Think about:
 - RA & settlement (already during month)
 - CATS transfer (every working day)
 - Open & close periods as well as other standard parameters
 - Maintenance of allocation keys *)
 - Month-end revaluation
 - Etc., many more...
- The same team is also responsible for data loads from SAP-ECC to BW and to BPC
- And the same team is performing month-end downloads for reconciliations

Master list Technical Close						February 2019 Closing																	DEADLINES	
								all times are CET times now												Weekend/I				
								Fri, Feb 22nd	Sun, Feb 24th	Mon, Feb 25th	Tue, Feb 26th	Wed, Feb 27th	Thu, Feb 28th	Fri, Mar 1st	Mon, Mar 4th	Tue, Mar 5th	Wed, Mar 6th	Thu, Mar 7th						
Related activity #	#	Task/activity	System as is	Org.	Period End (Week, Day, Hour at Starting day and																			
					W -3	W -2	D -5	D -	D -4	D -3	D -2	D -1	D +1	D +2	D +3	D +4	D +5	Start hour	Finish hour					
	72	Close MM module Fri 1st Mar	ONE	GPEC										F						2:00				
	73	Automatic account clearing	ONE	GPEC										F						5:30				
D	74	Make Parked Documents Financial and change posting date/Enter accrual	ONE	PTP APS										F						6:00				
	75	Update ZOCCR11 (ONE) , Removal of CC	ONE	GPEC										F						8:00				
	76	GR/IR regrouping	ONE	GPEC										F						8:00				
	77	Extract ICM_A & ICM_B to BPC Final load for ICM_A	ONE	GPEC										F						6:00 11:00				

One global system, Global processes, Global standard roles



One Global Core ERP System

- SAP 'mandatory' for all entities – "All in"
- "One Controlling Area", running ~200 company codes
- One global Chart of Accounts with central maintenance
- Company codes which in almost all cases are representing a legal entity

Requires ...

- Alignment between many functions
- Global coordination and processes
- Strong and competent global process & IT management

Enables ...

- From local steering to global transparency and control
- From 'local' reporting into global 'push'



Global Period End Closing (GPEC)

Introduction

Who We Are

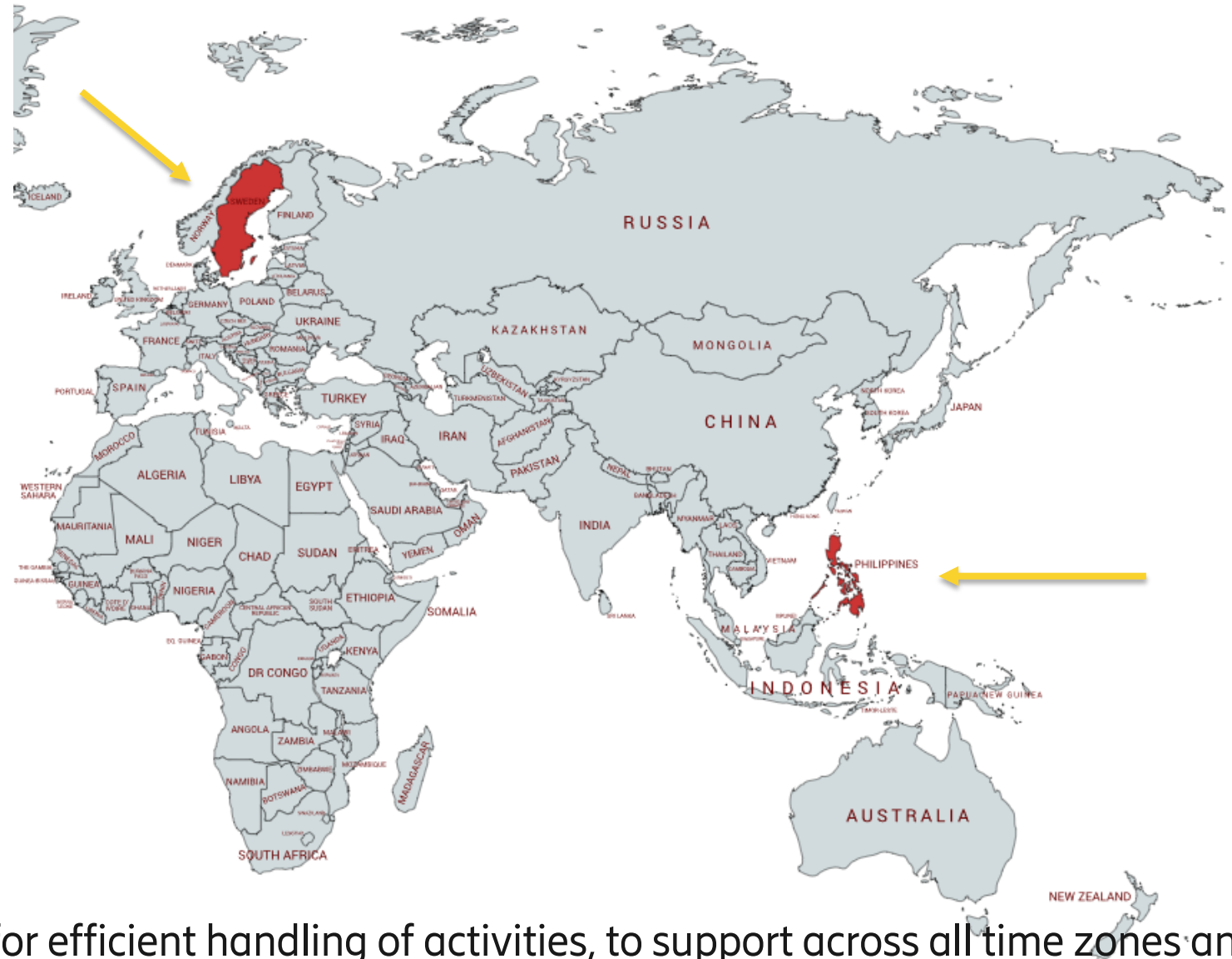
Manager Global Period End Closing

Team in Stockholm Kista, Sweden

4 employees

Team in Manila, Philippines

4 employees



GPEC operates in two locations, for efficient handling of activities, to support across all time zones and to meet business continuity requirements.

Global Period End Closing



- **Our scope** is to perform and control the “technical” closing for all companies using ONE, and to provide expert support to General Accounting & Closing centers and local companies worldwide.
- To support our task to run the technical closings for all Ericsson companies in SAP-ECC (named as “ONE”), we use standard tool in SAP called Financial Closing Cockpit (Transaction FCLOCOC).
- In this tool we set up all the jobs to be run for each company for each of the closing days. We then schedule all the jobs in one go per each closing.
- We interact with the broader finance community but closest to External reporting, MDM, FBS GAC, PSPs & IT

History – Finance Transformation Journey

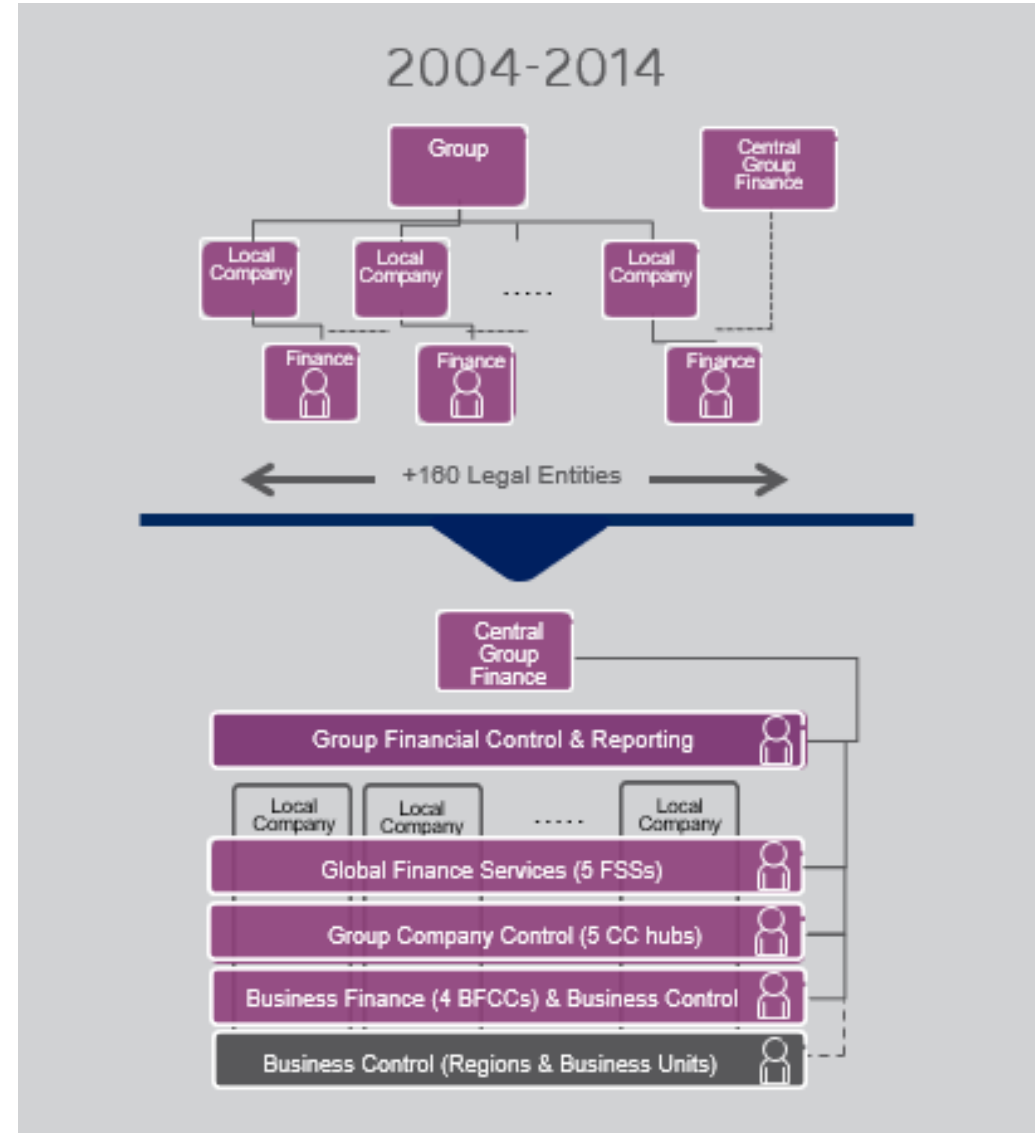


Organizational transformation ...

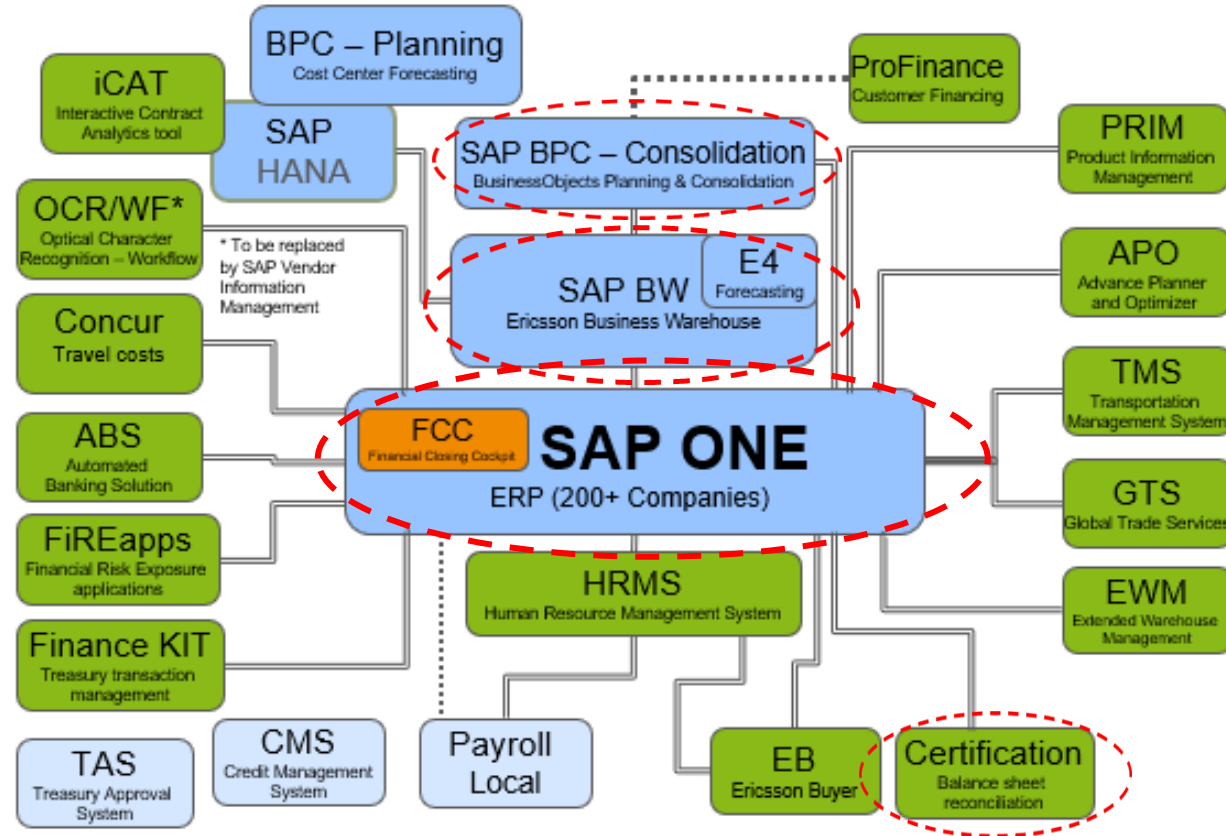
From 160+ local, independent and multifunctional Finance units to 3 global and specialized functions.

Synchronized with ...

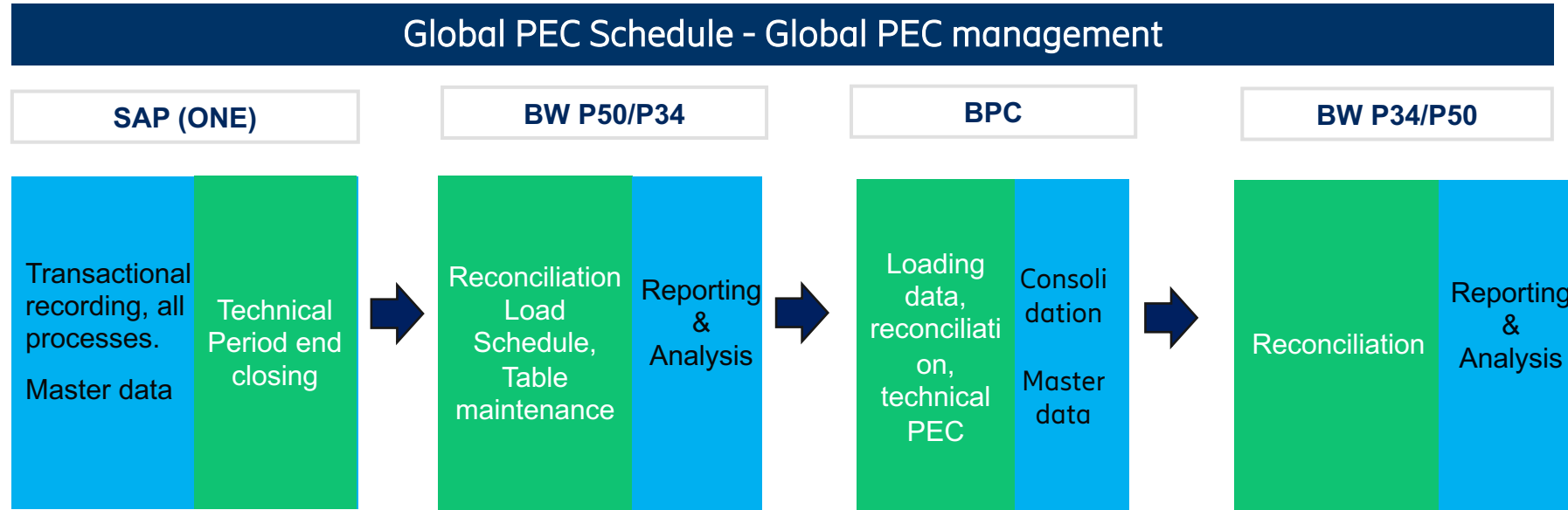
- Consolidating local Finance systems into few upgraded global systems
- By implementing and automating global processes and a global SOX controls framework
- Centralizing global closing
- Introducing global roles
- Establishing global support centers for AP (Manila) and T&E (Beijing)



Finance Systems



Responsibility Areas



Global PEC management

Global / Regional General Accounting & Closing / Company Control Hub / Business finance / External Reporting / Ericsson Group Analytic unit

Maintain the technical part of global closing schedule



ONE — Open and Close periods(FI,CO,MM), ONE — Update exchange rates, daily and closing — Update global standard parameters (used in variants) — Update OCR table — Results Analysis and Settlements ,incl. Rev rec, OH, progress analysis, OB corrections. — Transfer of CATS hours (TCS) — GR/IR Regrouping — Execute Depreciations — Transfer Balance sheet items to PCA — Revaluation of balance sheet items in foreign currency — Run and maintain allocation cycles — Automatic clearing	BPC — Load FIRE forms from BW to BPC — Open period/run carry forward — Run/Schedule Consolidation packages in BPC Quality and control — Secure system performance — Interface towards IT for all system related issues in Closings — Reconciliation ONE-BPC-BW Certification — Create files from ONE and upload to Certification. — Reconcile source-Certification on total level — 2nd line Support Other — Run settlement for R&D forecast monthly and daily jobs — Run programs for status change on SD orders
BW — Coordinate load schedule — Reconcile BW loads with ONE — Follow up performance on BW loads — FIRE reporting table maintenance	

Closing cockpit structure



The screenshot displays the SAP Closing Cockpit interface. On the left, the 'Closing Structure' tree is expanded, showing the hierarchy from '0 Final Customizing Client' down to '291 EDD - Automatic clearing for OIM'. The right pane shows a table of tasks with columns for Task ID, Type, Task Description, Predecessors, Successors, Technical Identification of Task, Variant for Job, and Ign. error.

Task ID	Type	Task Description	Predec.	Successors	Technical Identification of Task	Variant for Job	Ign. error
291	▶	EDD - Automatic clearing for OIM			SAPF124	ZEDD-OIM-CL	@
331	▶	EDD - Revenue Recognition Update SD documents			SDRRAV54	ZEDD-RR-UP...	@
332	▶	EDD - Revenue recognition			SDRRAV01	ZEDD-REV-R...	@
333	▶	EDD - Settlement CS		Multiple	RK07K08G	ZEDD-CS-SE...	@
334	▶	EDD - Earned value analysis PS		292	RKAZCNE2	ZEDD-PS-EV...	@
335	▶	EDD - Internal order settlement		Multiple	RK07K08G	ZEDD-OPA-S...	@
326	▶	EDD - Internal project settlement		Multiple	RK07CJ8G	ZEDD-PS-INT...	@
337	▶	EDD - Foreign currency valuation, A/P		1165	SAPF100	EDD-AP	@
338	▶	EDD - Foreign currency valuation, A/R Internal		1166	SAPF100	EDD-AR-INT	@
339	▶	EDD-AP - Download Revaluation Spool			ZDOWNLOAD_SAPF100	EDD-AP-SPL	@
340	▶	EDD-AR-I - Download Revaluation Spool			ZDOWNLOAD_SAPF100	EDD-AR-I-SPL	@
341	▶	EDD - Calculate balance sheet adjustments			SAPF180A	ZEDD-FI-RAI	@

Below the table, there are tabs for 'Details', 'Dependencies', 'Documents', and 'Changes'. The 'Details' tab is currently selected.

Dependencies in Closing cockpit



- We create a chain of jobs that are dependent of each other. Only the first job in the chain is scheduled.

Dependencies	Status	Task
Dependencies		
1239 EDD - RA and Settlement jobs ready		FCC_TEST_REPORT
Predecessors		
330 EDD - Update OB Ericsson contracts		ZKOSF250X
325 EDD - Correction of orders booked		ZKRPA010
294 EDD - Settlement PS		RKO7CJ8G
310 EDD - Settlement SD		RKO7VA88
326 EDD - Internal project settlement		RKO7CJ8G
333 FDD - Settlement CS		RKO7K08G

- When first job is ready a background job will trigger the next one
- Dependencies is securing that jobs won't start before a required job is finished.
- Limited lead time between jobs.

Closing cockpit



Automatic monitoring, we have more than 12 000 individual tasks per closing

- E-mail notification (in outlook)
- On cancelled jobs (all)
- Jobs with error (selected jobs only)
- Change in the triggering of dependent jobs
- Background program searches for dependent jobs and start successors when predecessors are ready
- Download/upload functionality (export/Import)

Closing Day-by-Day



Day-6

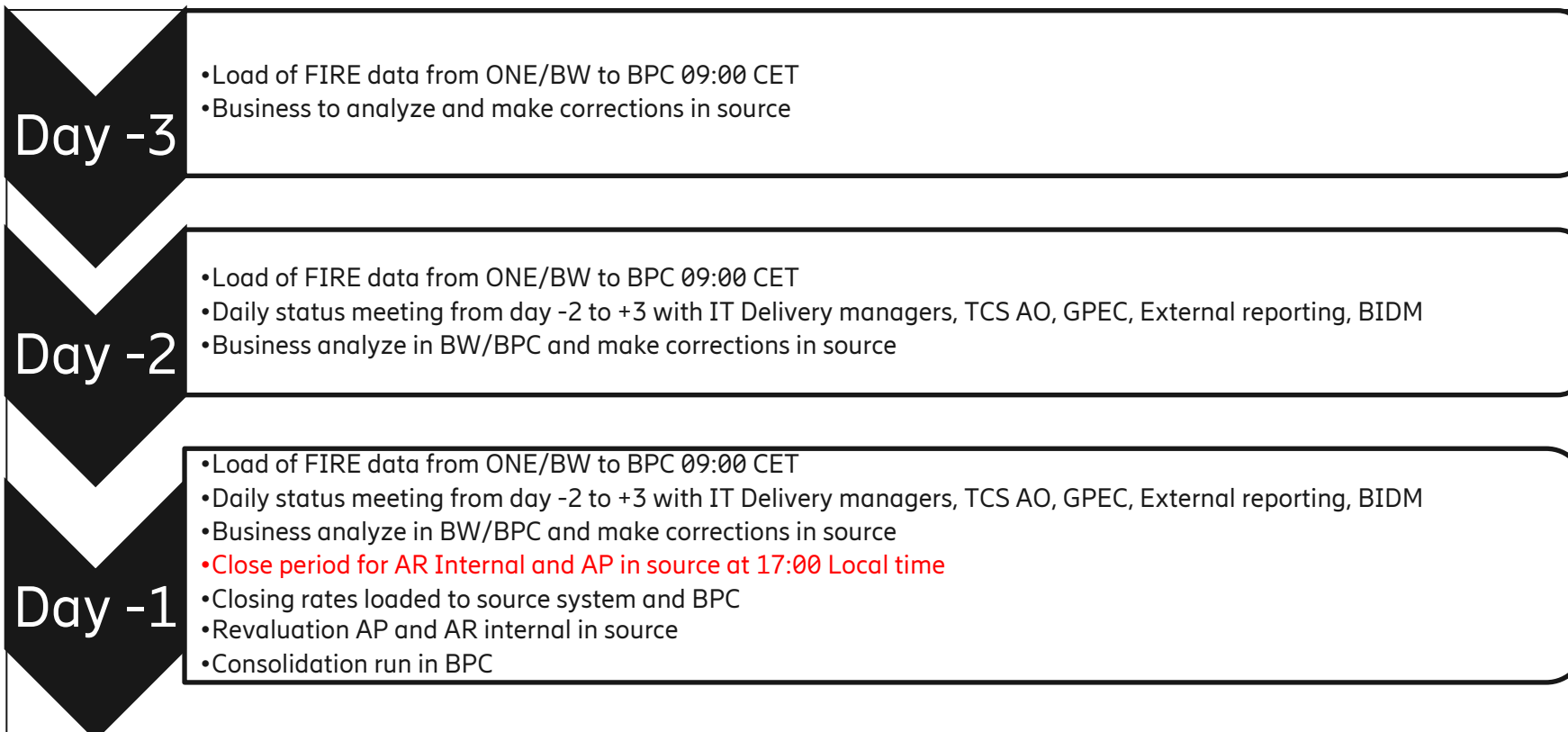
- BW and BPC prepared with master data (SSO and TCS)

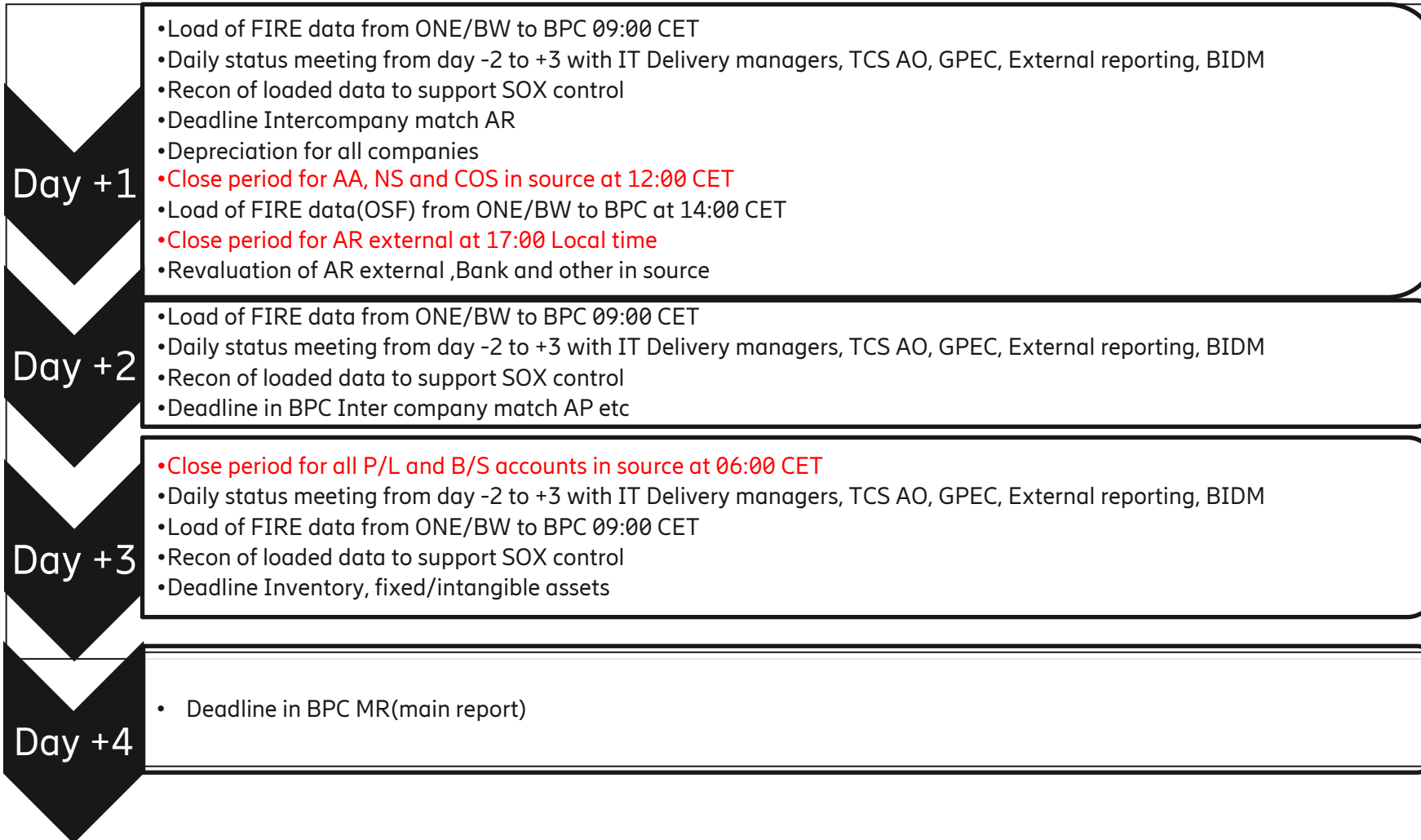
Day-5

- Daily RA & Settlement jobs in FCC from day -5 to -1, start time 18:00 Local time

Day-4

- Load allocation keys to BW (TCS)
- Open period and run carryforward in BPC

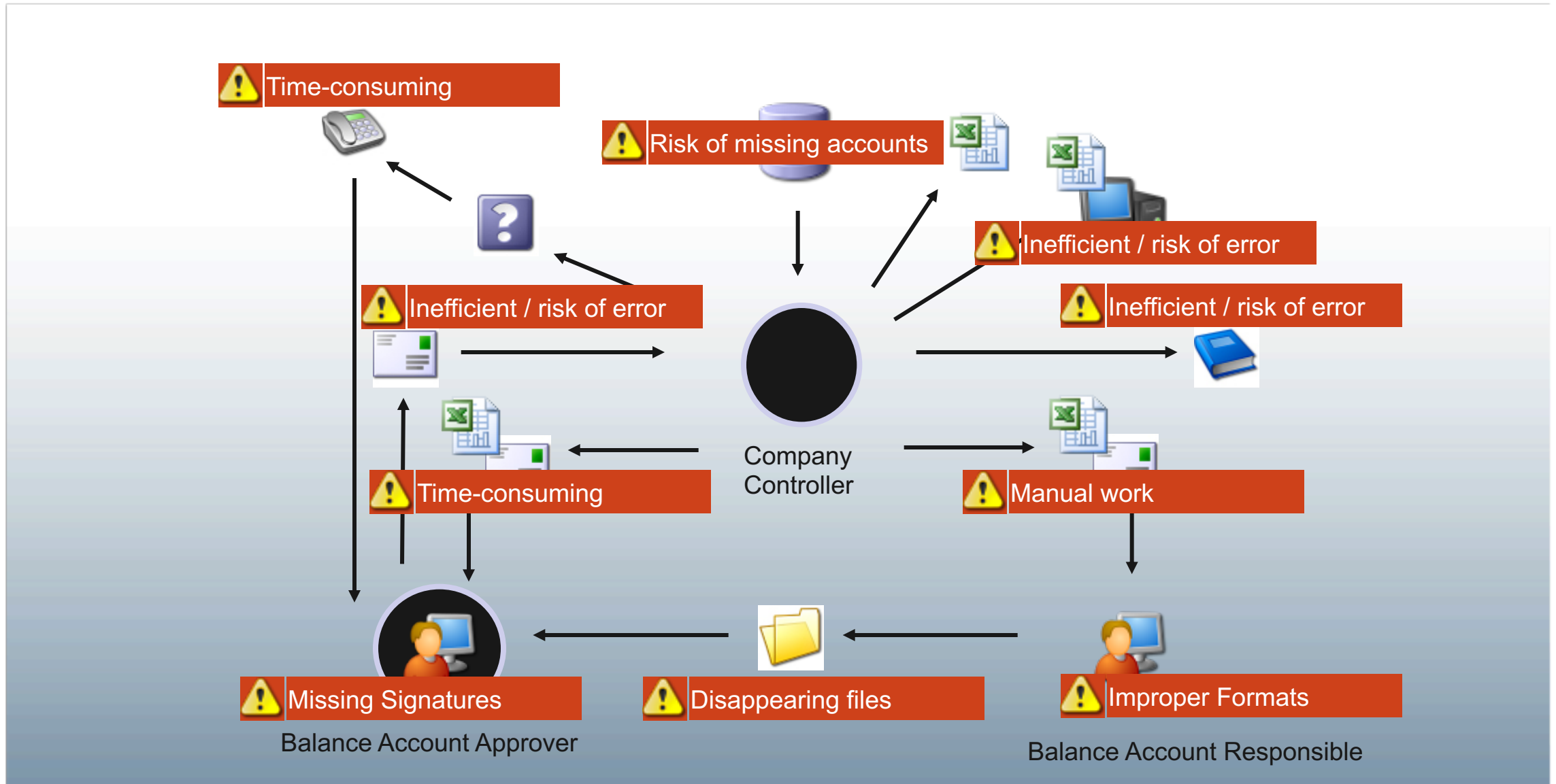




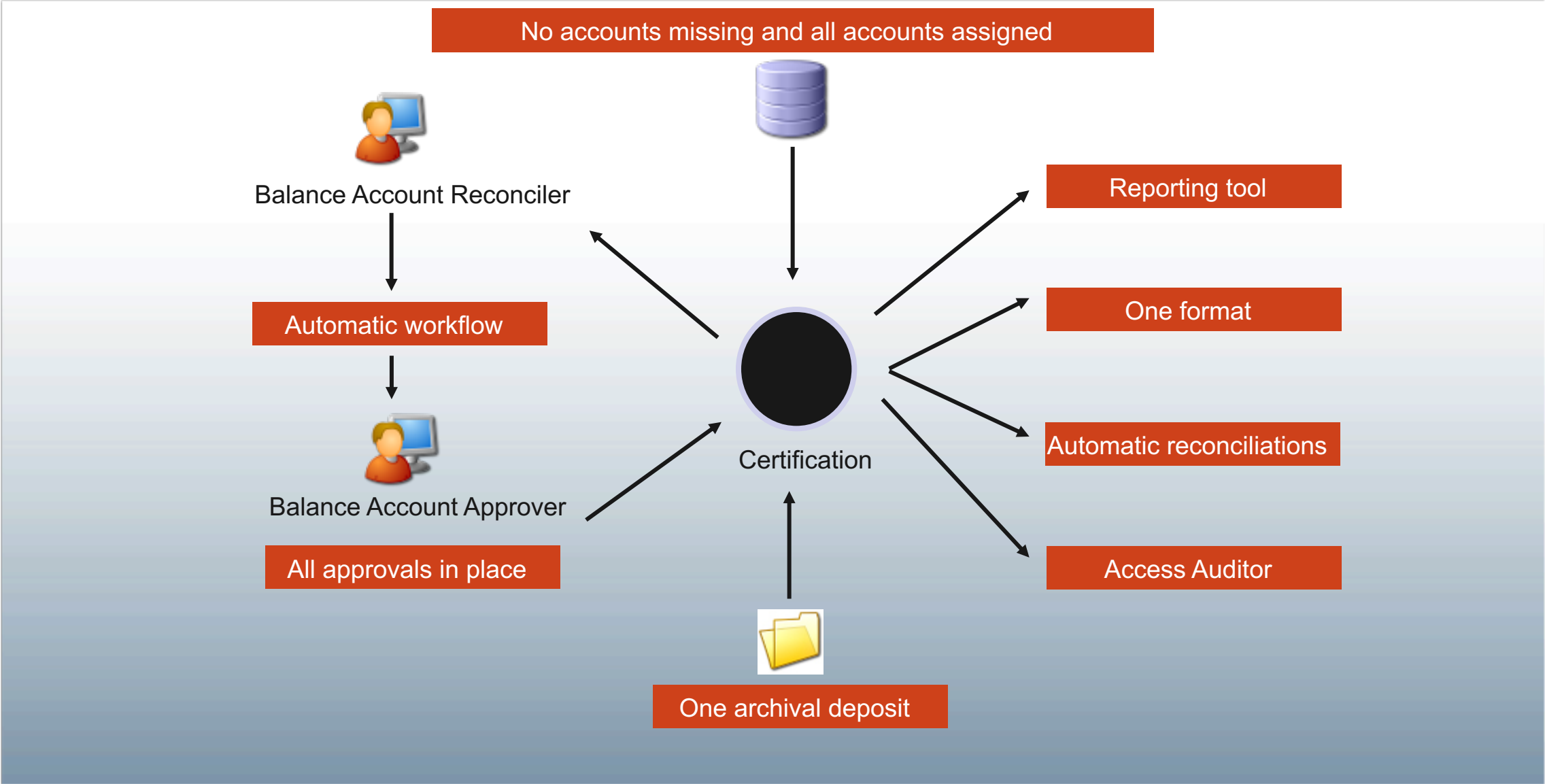


Balance Sheet Reconciliation Process - Ericsson

Before Certification



After Certification





“Reconciling the Balance Sheet is very important for a business; it confirms and ensures that everything on the Balance Sheet is accurate.

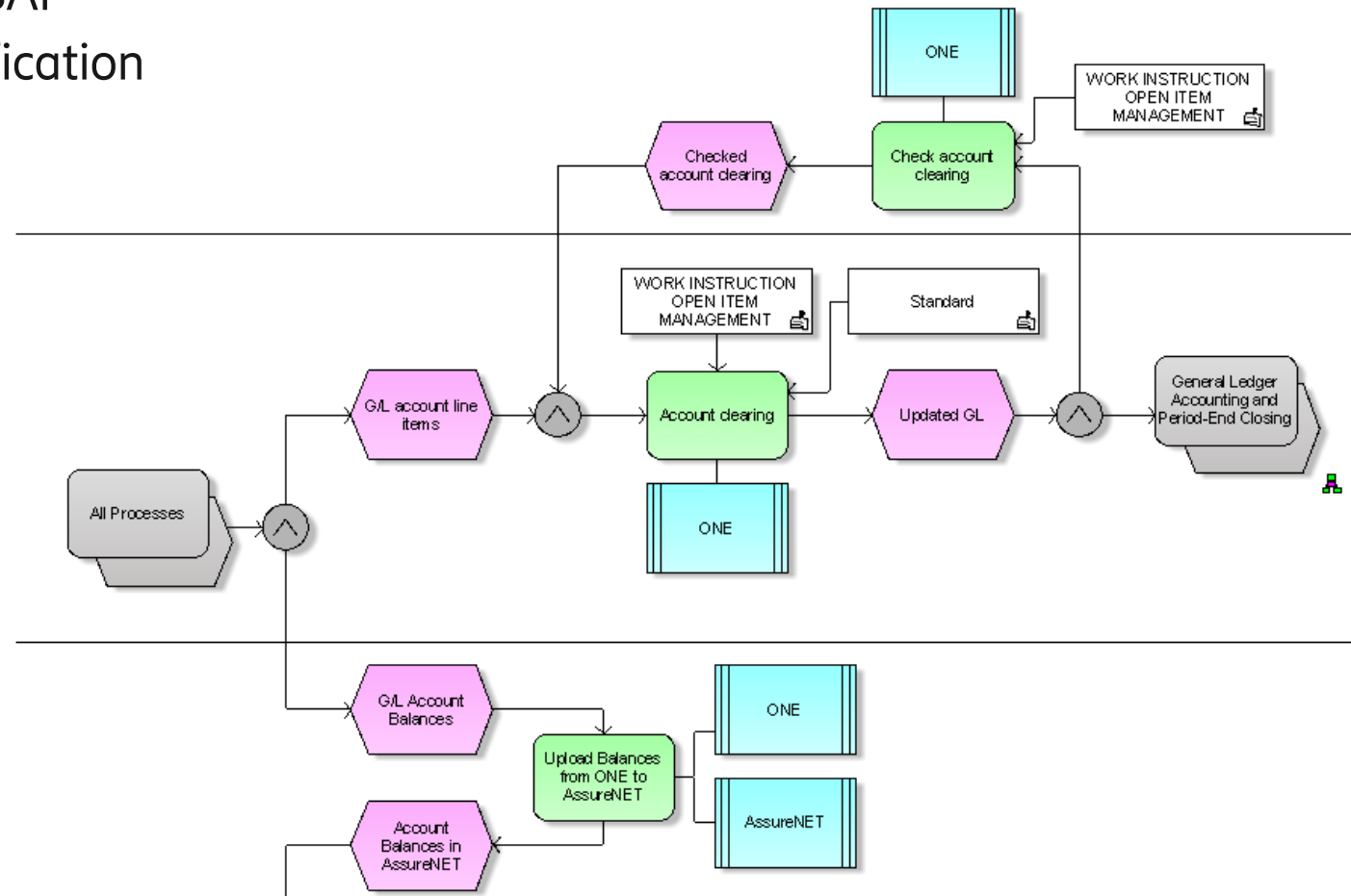
Business owners need an accurate Balance Sheet to clearly understand the company’s financial position”

Tool makes the reconciliation process efficient but actual reconciliation is still human work



BS Reconciliation Process

- Open Item Management in SAP
- Loading from SAP into Certification
- Reconciler
- Reviewer
- SOX



Standardization

- Central loading of balances and new companies
- Who reconciles -> standard job roles
- When -> fixed schedules based on Risk classification and size of company
- How to reconcile, global work instructions
- Grouping of accounts because of same nature and same supporting documentation
- Bulk reconciliation of GL/SL, Zero balance and no movement



How to reconcile: Reconciler responsibilities

- Feels responsible for the transactions on GL account
- Performs Open Item Management in SAP
- Reconciles in Certification
- Follows up on open items
- Escalates if needed.



How to review: Reviewer Responsibilities

Reviewer checks:

- If he/she understands the reconciliation
- The reconciliation meets the reconciliation requirements
- The issues created or missing
- Possible risks from aged and material items
- Reviewer supports in escalation



Any questions?



