Accruals Management

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PUBLIC

Agenda

Accruals Management Business Context

Accruals Management Roadmap

Purchase Order Accruals Solution Details

Demo

Q&A

Accruals Management Business Context

Why customers want Accruals Management?

“We are searching the tool to automate Accruals for Indirect Purchasing”

Use Case

- For indirect purchasing with two way match, that is PO without Goods receipt, if services/products already received, but invoices late, accruals should be posted at period end. Also for three way match, for pending invoice, unapproved service entry sheet, accruals are needed
- The current process for executing accruals ,manually compiling data from vendors, recording it in a spreadsheet, transmitting the spreadsheet to Accountant, Accountant generates manual Journal Entries for each accrual. This is mostly a manual process requiring repeated data hand-offs with email trails as the only means of workflow/validation.

Pain Points

- High Manual Effort- Around **7 FTE per** company code, for manual data collection and posting
- Low Data Accuracy –Accruals Calculation and postings manually
- Manual Process Control- based on email trials as the validation control

Why customers want Accruals Management?

“We are searching the general tool to handle calculated accruals from multiple external systems”

Use Case

- Customer used several external systems for service purchasing, and for pending/unapproved invoice, submitted not approved time sheet, accruals posting is required
- System A for timesheets submitted, but not accounted for in A/P) based on rate per hour multiplied by hours submitted in the timesheet, accruals should be posted.
- System B to pull in accrual data supplied by law firms. looking for items marked as 'Pending Invoices', 'Unapproved Invoices', and 'Unbilled Estimates' to consider for accrual purposes.

Pain Points

- Multiple Sources for Accruals Postings
- Custom tool for different systems
- Manual Postings- manual upload Journal Entries to S/4HANA
- Manual Process Control

Why customers want Accruals Management?

"We are searching the tool to automate the deferrals calculation and postings"

Use Case

- Customer makes contract with vendor (ex. system maintenance, office rent) and pays the fee in advance. Then, they need to raise expense and consumption tax throughout contract period (ex. 12 months, 24 month)
- Current Process, AP Accountants mark tag in reference field for prepaid invoice and performance periods, filter and download prepaid invoices, calculate deferrals for each periods, prepare recurring entries, and post deferrals in each periods

Pain Points

- Manual Collect Invoice which need deferral postings
- Manual Calculate based on excel for deferred expense
- Manual Post Deferrals for each periods
- Compliance Risk

Why customers want Accruals Management?

“We are searching the tool to handle provision subledger”

Use Case

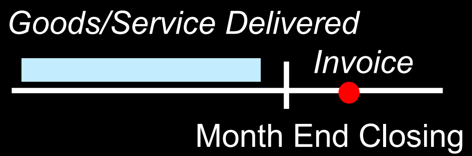
- Individual Provision Cases- Provision Reorganization/ consumption/ Releasing/Adjustment/ Regrouping/ Discounting
- Several Roles involved, approve/process control based on email.
- Warranty for Sales Order – SD Integration High Volume
- HR relevant Provisions

Pain Points

- Complicated Postings- Around **10** accounts used
- Manual Process Control- based on Excel, assignment field used
- Custom tool for warranty provisions
- Period end closing discounting and regrouping – Old Program **F107** **FAGLF101** used
- Parallel Accounting

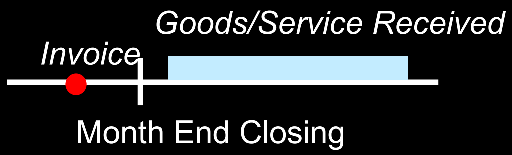
Accruals Management-Business Context

- Accruals



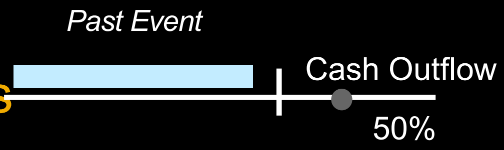
A liability ,goods and services already delivered where the invoice wasn't received

- Deferrals



An asset ,payment to a vendor in advance, benefit is expected to be derived over multiple reporting periods

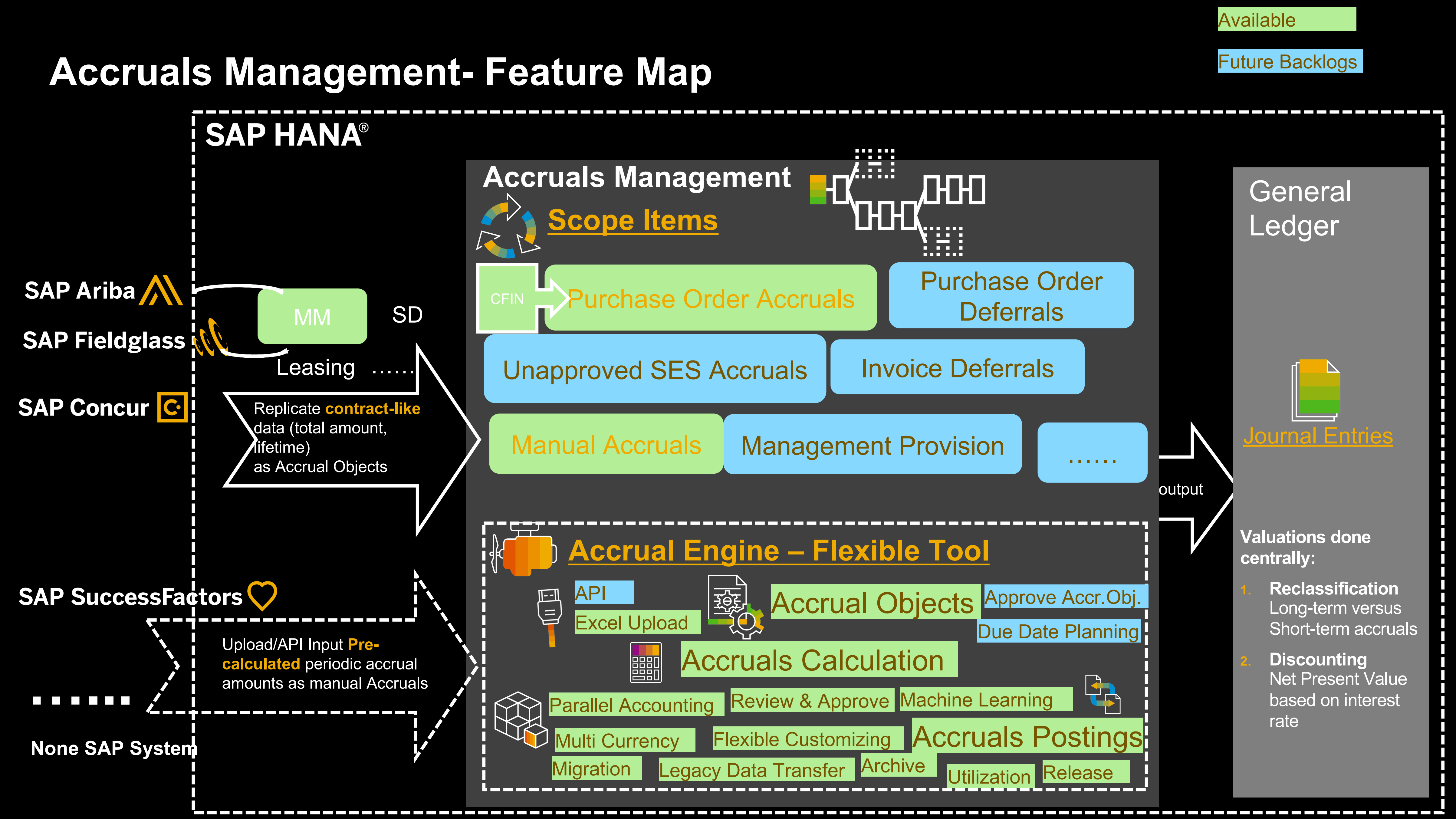
- Provisions



*A liability of **uncertain** timing or amount. IAS 37 the likelihood of occurrence of this obligation higher than 50%.*

Accruals Management Roadmap

Accruals Management- Feature Map



Accruals Management - Roadmap

OP 1809
- Purchase Order Accruals
- Manual Accruals
- Excel Upload
- Parallel Accounting
- Multi Currency
- Migration
- Review & Approve
- Flexible Customizing

CE 1811
2VB:

PO Accruals

CE 1905
3NF:

Machine Learning

OP 1909
- CFIN Integration
- Legacy Data Transfer
- Utilization
- Release
- Archive

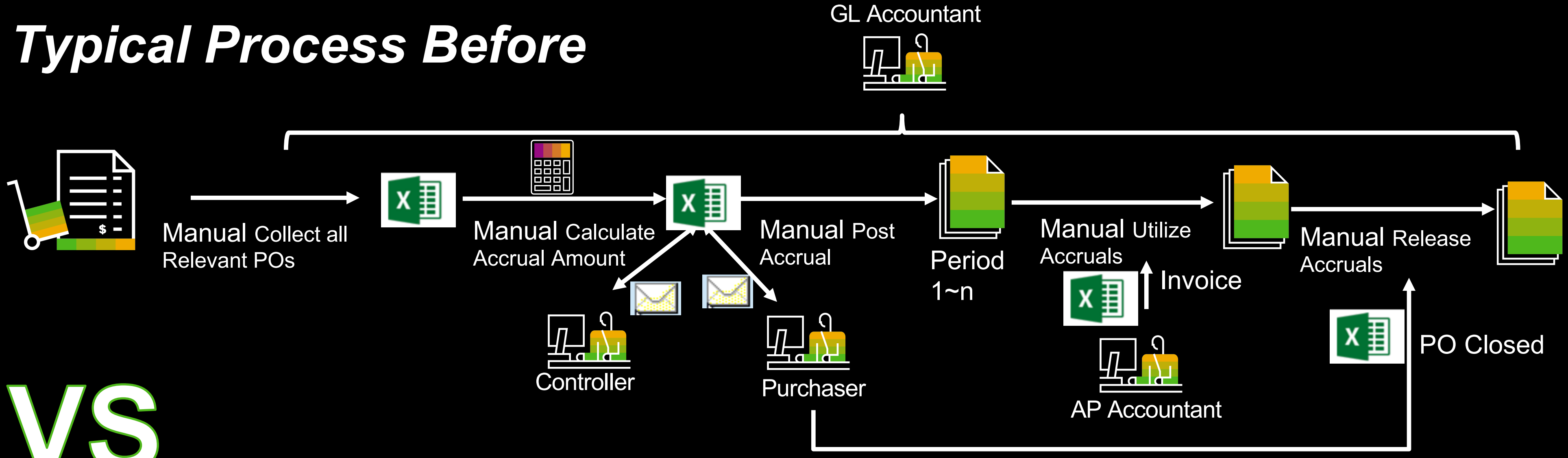
OP 2020
- Purchase Order Deferrals
- API

Later
- Invoice Deferrals
- Management Provision
- Unapproved SES Accruals

Purchase Order Accruals

Purchase Order Accruals Process Automation

Typical Process Before



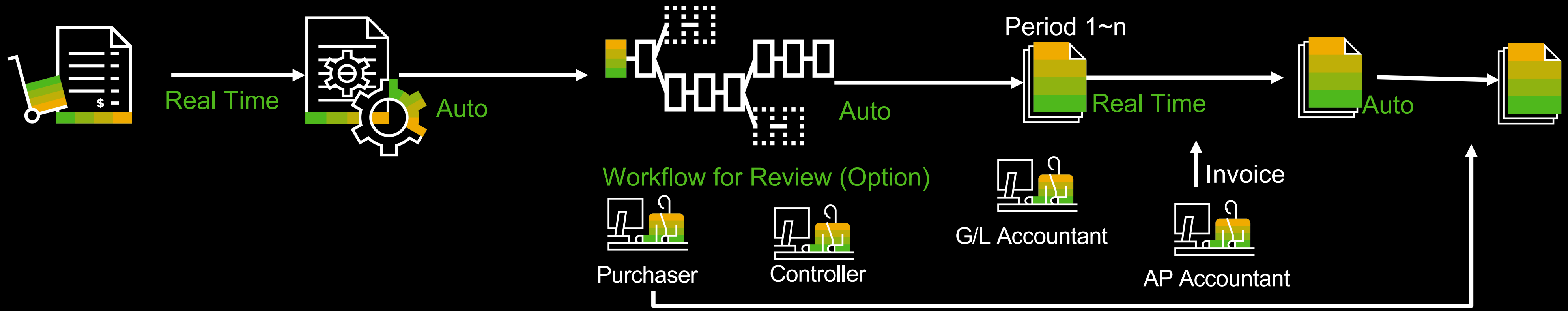
5 Manual Steps

4 Excel files Used

4 Roles involved

VS

Intelligent Purchase Order Accruals



Integration

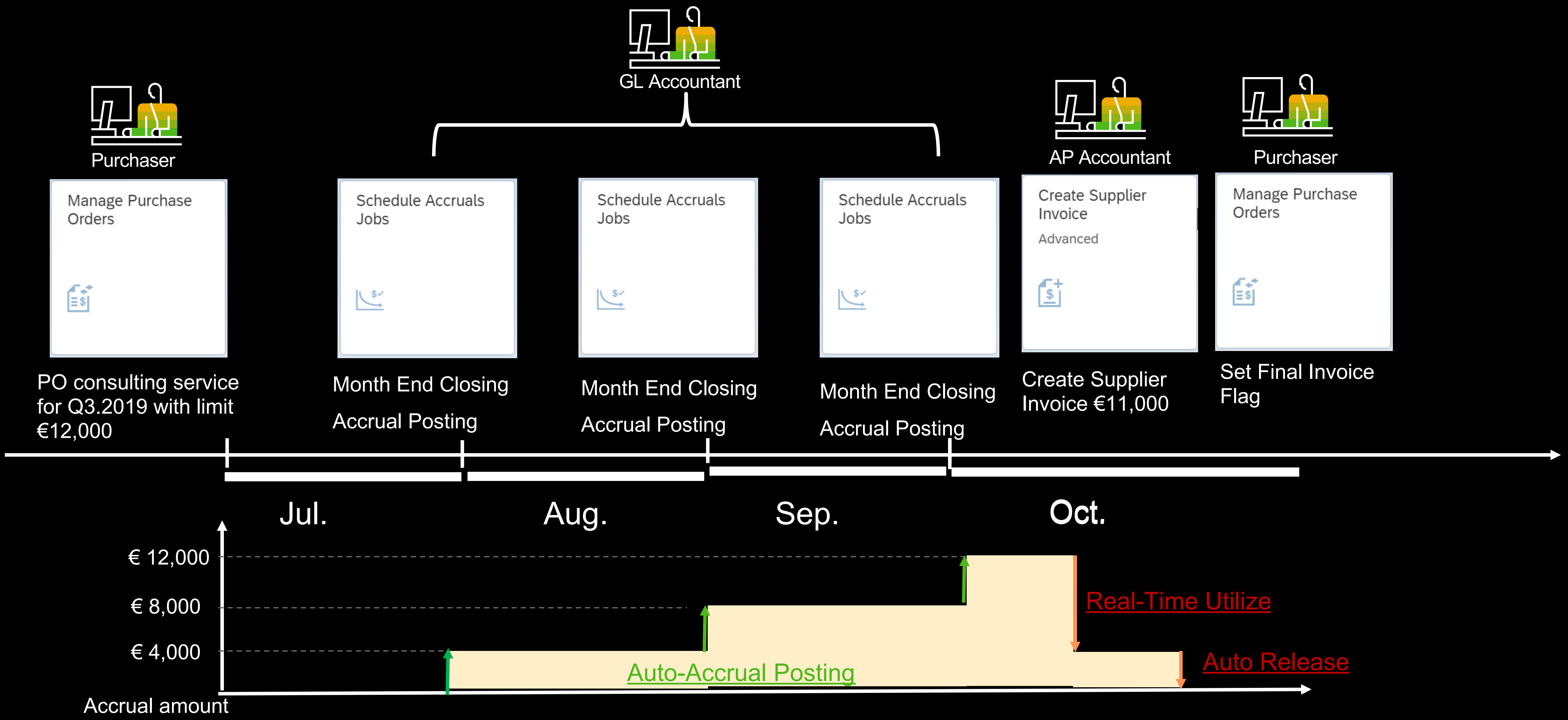
Automation

Realtime

Workflow

Reliable Posting

Steps of the Demo



Thank you.

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Partner logo

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