SAP Simple Finance

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About the Tutorial

SAP Simple Finance (S/4 HANA Finance) is one of the important modules to manage SAP Finance and Accounting powered by SAP HANA. It is used to perform financial operations and accounting in real time and reporting using BI tools. SAP Simple Finance helps to analyze the financial conditions of an organization in the market.

This is an introductory tutorial that covers the basics of SAP Simple Finance and how to deal with its various modules and sub-modules.

Audience

This tutorial will be extremely useful for professionals who aspire to learn the ropes of SAP Simple Finance and implement it in practice. It is especially going to help consultants who are mainly responsible for implementing Financial Accounting and Cost Accounting solution powered by SAP HANA solution.

Prerequisites

This is an elementary tutorial and you can easily understand the concepts explained here with a basic knowledge of how a business deals with its Financials. However, it will help if you have some prior exposure to accounting and how to deal with financial data.

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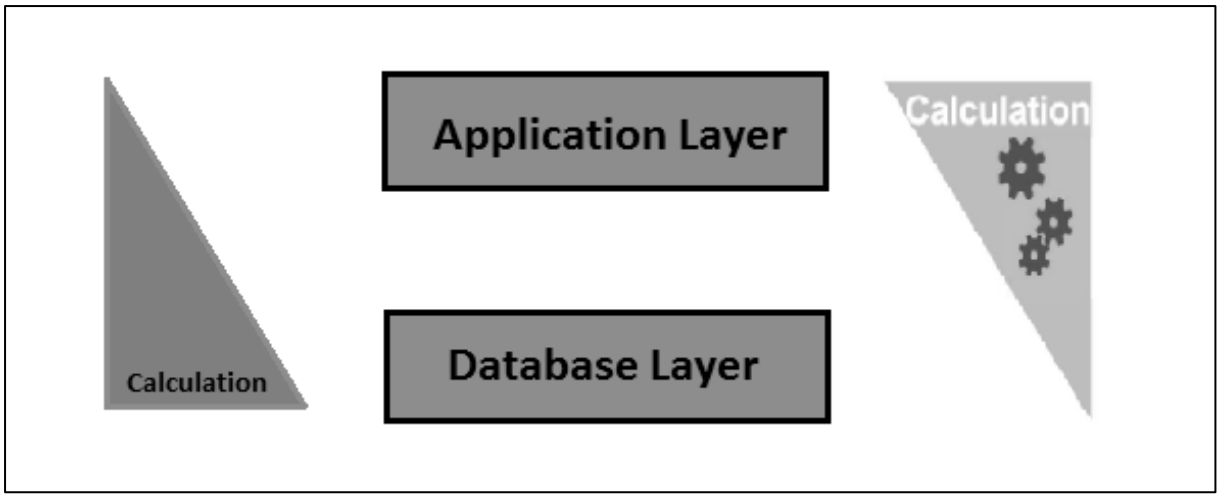
1. SAP HANA – Introduction

In traditional SAP applications, all the data is stored at the database level and calculations are performed. The results are displayed at the application layer. Most of the query processing time involves calculations and aggregations. It is recommended that all application logic should be pushed at the database level to improve the performance of query execution.

SAP HANA based applications provide best application performance by pushing the execution into the database as possible. All the data is stored in in-memory database so the reading data is much faster as compared to a conventional database.

SAP HANA supports real-time data replication and hence removes unnecessary latency and complexity of data load.



Advantages of Using SAP HANA

Following are the advantages of using SAP HANA as underlying database.

- Real-time data analysis
- Elimination of unnecessary complexity of hardware
- No latency in database due to nightly ETL jobs
- In-memory database
- Column store supports calculations on the run
- Parallel processing
- Data compression

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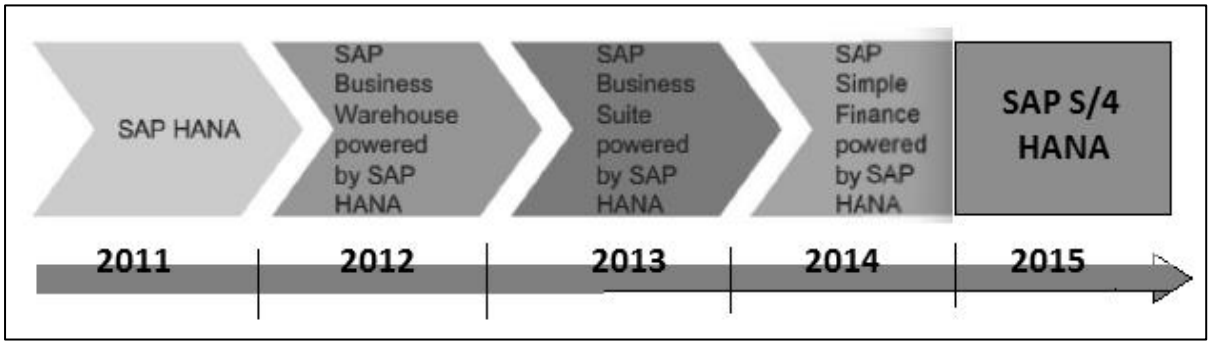
SAP HANA Roadmap to S/4 HANA

SAP HANA developed interest by mid-2011 and various *Fortune 500* organizations started considering it as an option to maintain their Business Warehouse needs. In 2012, SAP Business Warehouse powered by HANA was introduced to support real-time analysis and real-time reporting was introduced.

In 2013, SAP Business Suite powered by SAP HANA was introduced that supported real-time business, OLAP, and Transaction on the same system.

In 2014, SAP Simple Finance powered by SAP HANA was introduced for instant financial insight, no aggregates, and single source of data for reporting.

In 2015, SAP S/4 HANA was introduced that provided a simplified data model, new user experience, advance processing, and multitenancy.



S/4 HANA – Overview

S/4 HANA Business suite is based on the native HANA platform to support simplified data models, no aggregates, no indices, etc. It has an integrated Fiori-based user interface and role-based access for different purposes.

S/4 HANA is based on advanced in-memory platform and offers a personalized Fiori-based user experience to access role-based solution. It can be deployed over cloud environment or on-premise solution. There are many customers which are moving from SAP Business Suite to S/4 HANA and for 75% customers, it takes an average 6 months for migration project.

SAP also offers SAP rapid deployment project to perform a fast migration to HANA platform and to SAP Simple Finance solution. Various SAP partners provide fixed price integration for few clients.

Customers can use the customization even after migration of the system. Migration of SAP Business Suite to S/4 HANA is done via implementation package in the form of SAP Simple Finance and Simple Logistics, and many more.

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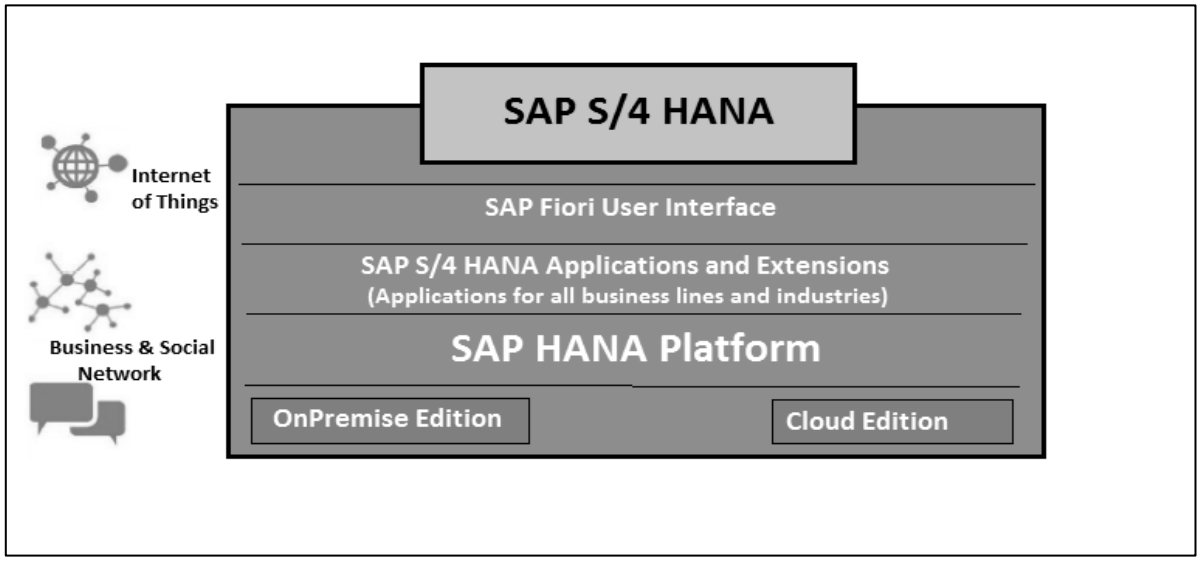
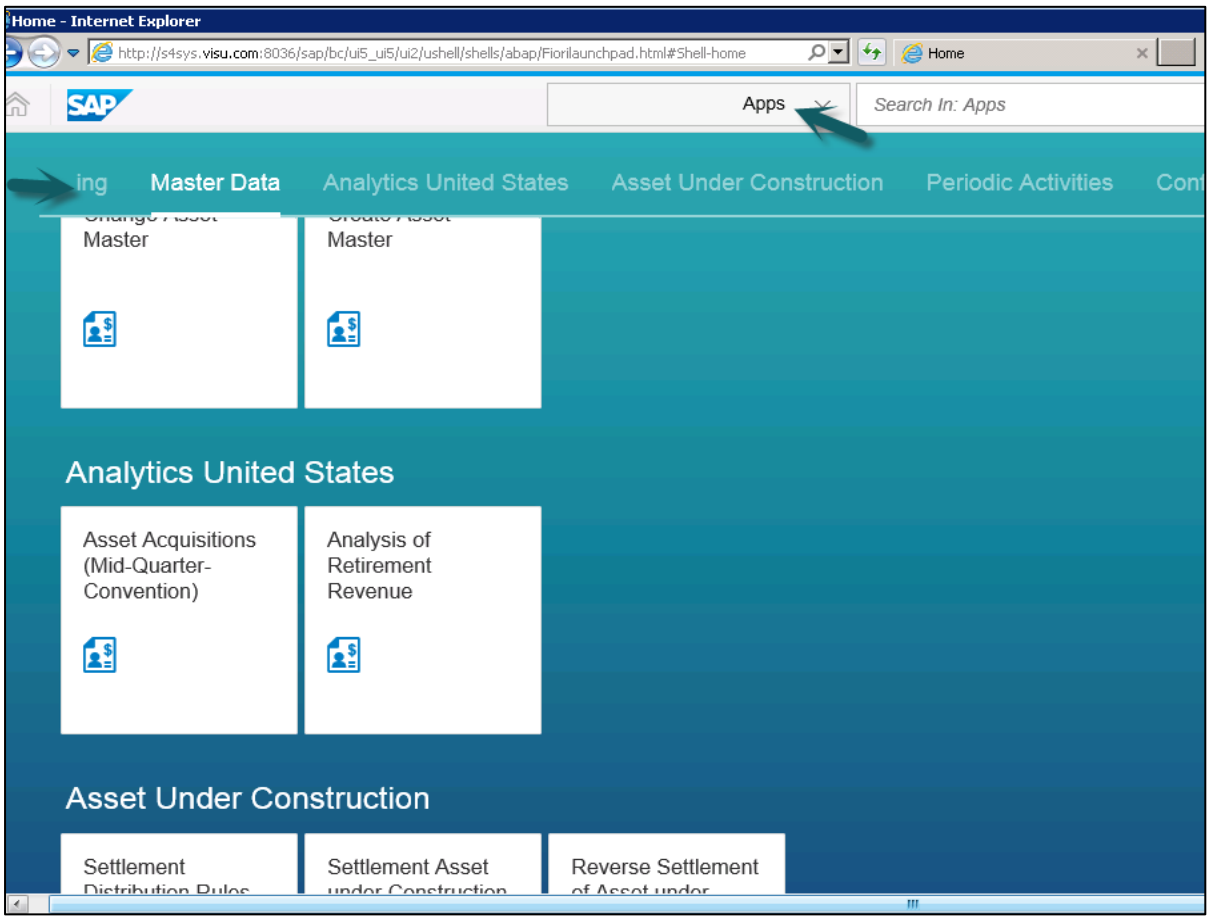
With SAP S/4 HANA, SAP is providing a new product and a next generation of business applications – simple enterprise software for big data and is designed to help you run simple in the digital economy.



With the advanced features of SAP HANA, SAP S/4 HANA is designed for real-time business operations, planning, and BI analyses. Following is a SAP Fiori-based user interface of S/4 HANA solution, which provides role-based experience to its users.



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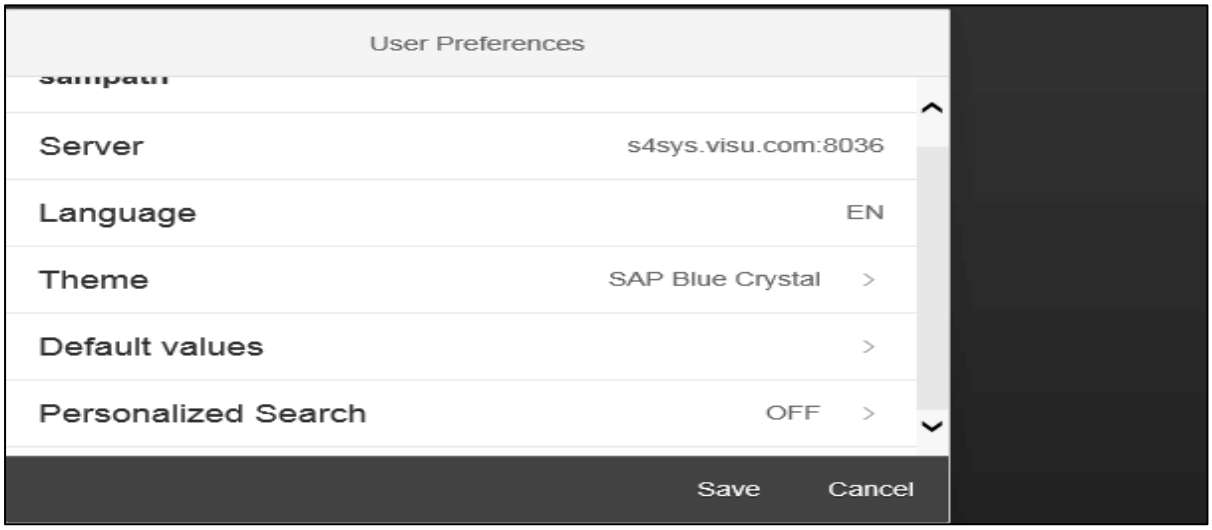
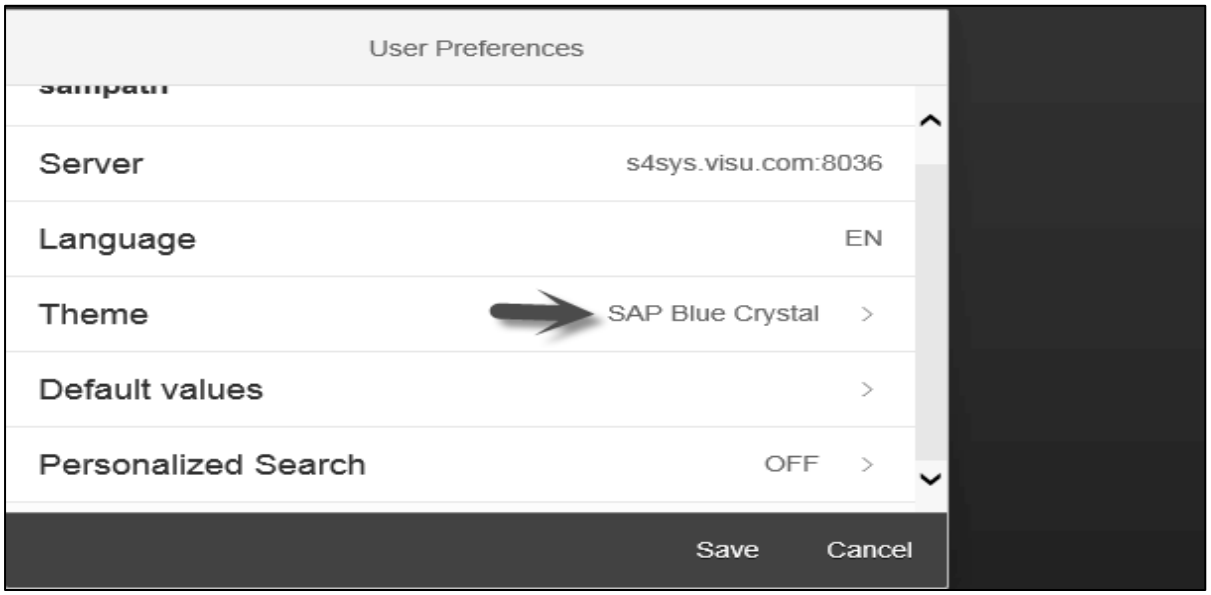
You can also define user preferences like - Language, Theme, Default values and any personalized search. Once you make the selection, click the Save button to save the user preferences.



You can also customize the home page screen of SAP S/4 user experience by clicking the Edit sign at the bottom of the screen. You can select different home screen themes as shown in the following screenshot.



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2. SAP Simple Finance – Introduction

SAP Simple Finance provides an accounting solution powered by SAP HANA. S/4 HANA finance comes with different finance and accounting management processes and supports operations efficiently. With SAP S/4 HANA Finance, you have the following releases:

- SAP S/4HANA Finance 1605
- SAP S/4HANA Finance, On-Premise Edition 1503
- SAP Simple Finance Add-On for SAP Business Suite powered by SAP HANA

Note: SAP Simple Finance is also called SAP S/4 HANA Finance. With the release of 1605, SAP Simple Finance is only known as S/4 HANA Finance and this will be the only name of other releases of SAP Simple Finance.

During the installation of SAP S/4 HANA Finance, various front-end and back-end components get installed.

Software Component Version	Product Version – Instance	Required Product Version – Instance	Required or Optional	Deployment	Scenarios / Applications
SAP_FIN 730 FSCM_CCD 730	SAP S/4HANA Finance (SAP S/4HANA Finance 1605) – Central Applications (FIN)	SAP enhancement package 8 for SAP ERP 6.0 (EHP8 FOR SAP ERP 6.0) – Central Applications	Required	Deployed on the SAP ERP 6.0 system	• SAP Accounting powered by SAP HANA • SAP Cash Management • Integrated Business Planning
XI Content SAP_FIN 730 XI Content FSCM_CCD 730	SAP S/4HANA Finance – XI/ESR Content	N/A	Optional	Deployed on the XI / PI server	• SAP Accounting powered by SAP HANA • SAP Cash Management

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SAP Simple Finance – Key Features

Following features are available for SAP Simple Finance -

Financial Planning and Analysis

Using SAP Simple Finance, organizations can use it to forecast, plan, and budget as an ongoing process. With the use of Predictive Analysis, you can forecast the impact of business decisions on the financial reports of the organization.

Accounting and Finance

With the use of advance Finance and Accounting features, organizations can meet the legal terms and complete the financial reports on time.

Financial Risk Management

Using Predictive Analysis, organizations can find the risk in financial processes at an early stage and device ways to mitigate them. It is easy to find the best possible investment rates as per market standards.

Risk and Compliance Management

Using strong financial processes, it is easy to prevent unauthorized access to sensitive data in the organization. It is easy to detect fraud and abuse, and organizations can proactively balance the risk for all the financial processes.

Technical System Landscape

SAP S/4 HANA Finance is developed based on SAP NetWeaver and SAP ERP Business suite. Following is the minimum system landscape for backend of S/4 HANA Finance (without SAP Fiori and Smart Business application).

SAP S/4 HANA Finance involves ERP 6.0 to be updated to SAP ep8 for SAP ERP 6.0 and it is tightly integrated with other ERP applications like Material Management, and Sales and Distribution.

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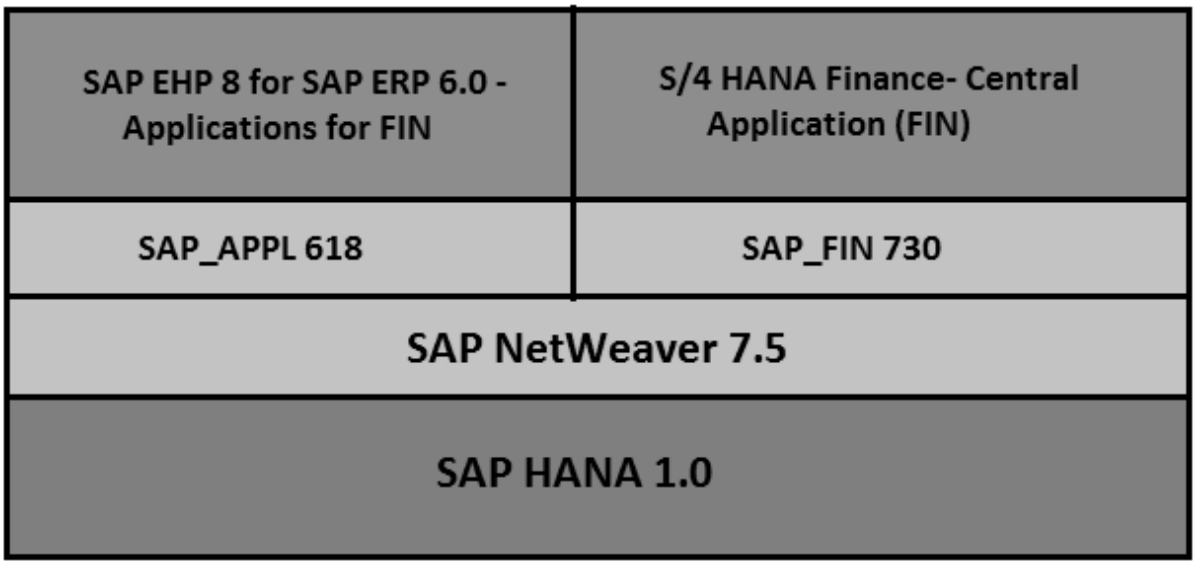

SAP S/4 HANA comes with a simplified data model. The tables and indexes are removed and replaced with HANA views in the underlying database.

SAP S/4 HANA Finance uses an in-memory computing power of HANA. To run SAP S/4 HANA, you have to use the latest features of ABAP technology that comes with NetWeaver 7.5.

Central Finance

Central Finance is used to transition to SAP S/4 HANA Finance without impacting the current system landscape. Using Central Finance, you can implement a common reporting structure by mapping the common entities in the local system to a common set of master data in the Central system.

For data replication from source system to Central Finance, you have to use SAP Landscape Transformation Replication Server.

You can use Software Update Manager (SUM) to perform the installation of SAP S/4 HANA Finance and to perform system upgrades as well as enhancement package installations.

Note: It is not possible to install SAP S/4 HANA Finance with classical database and you have to ensure that migration happens to SAP HANA before installation. You can't migrate to SAP HANA once the installation of S/4 HANA Finance is done.

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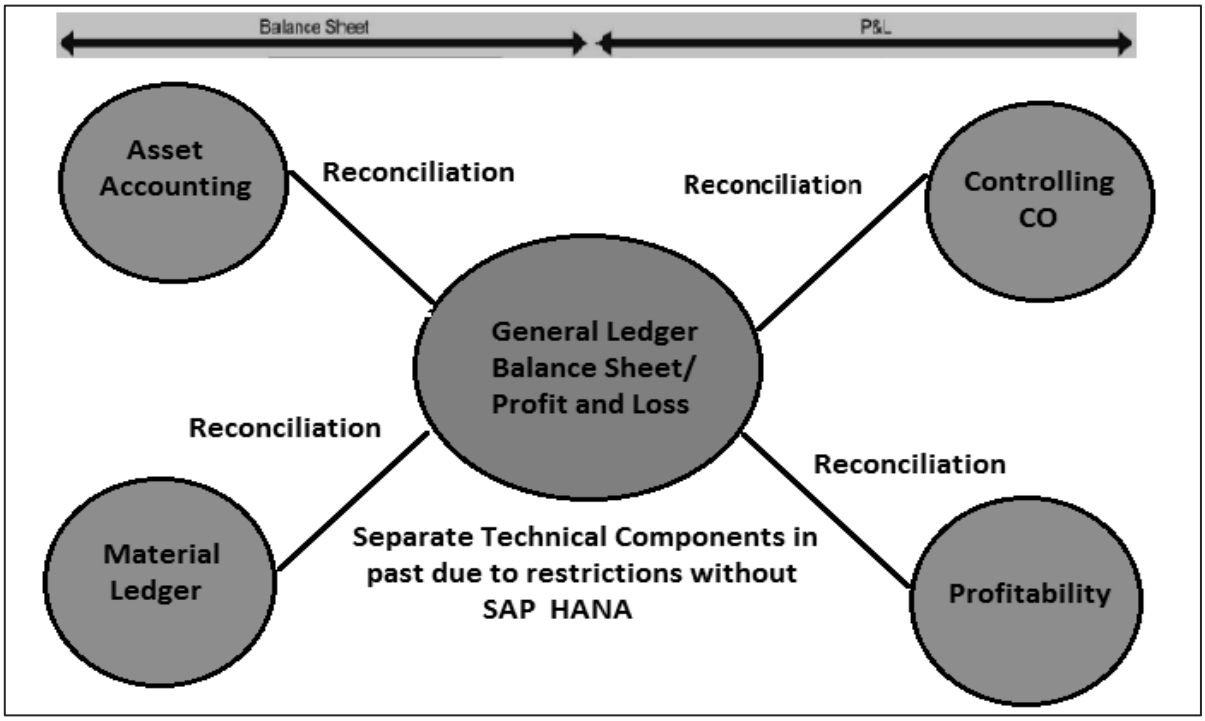
3. SAP Simple Finance – Architecture

SAP Simple Finance provides huge cost and time saving to manage finance and accounting by leveraging the computing power of SAP HANA. Universal journal combines all the good qualities of accounting components. In the previous SAP Finance Accounting tool, all the components are separately managed due to technical restrictions without HANA platform.

Before SAP Simple Finance there were a lot of challenges, such as -

- Different level of details stored in respective components/tables
- To move the data to appropriate table for reporting purpose
- Multiple BI extractors to analyze full data in BI
- Reconciliation needed for all components



With the new architecture of SAP Simple Finance, Universal Journal serves as a single source for all components with one line item table.

Key Features of the New Architecture

Following features are provided with new SAP Simple Finance architecture -

- Multidimensional reporting on Universal journal without performing data replication to BI.

- Universal Journal as one-line item table with full detail for all the components. No reconciliation is required and data is stored only once.

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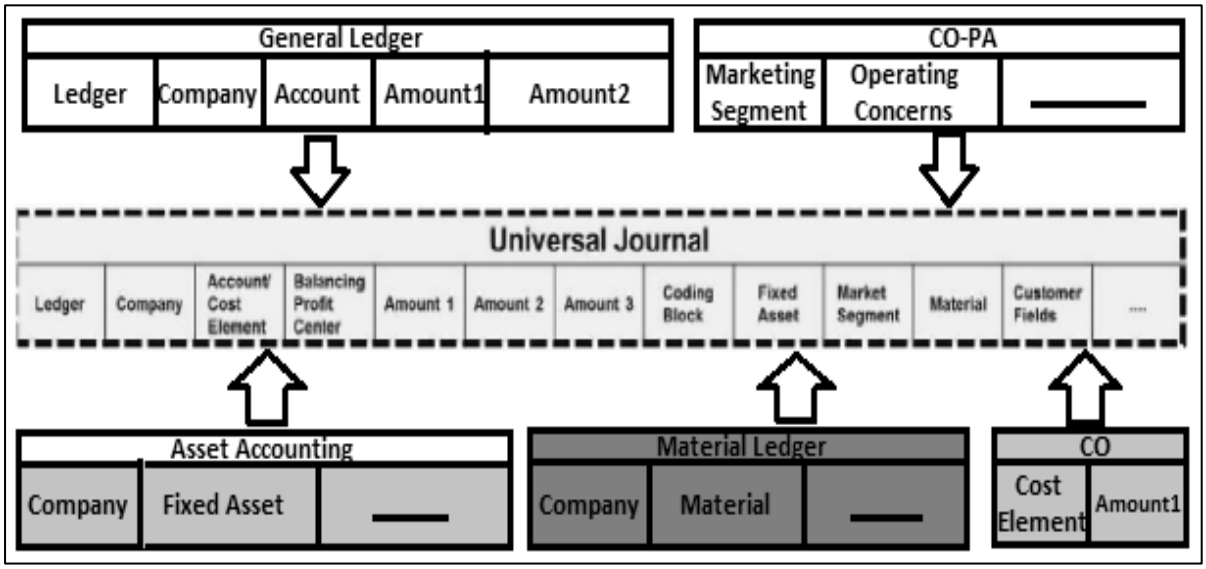
- Improved structural capabilities of the financial solution - multiGAAP, additional currencies, etc.

- Support for the existing ABAP programs or reports to prior tables with read access.



Following tables are replaced by compatibility views in the new architecture -

Index Tables Removed:

- BSIS - Index for G/L account
- BSAS - Index for G/L Accounts (Cleared Items)
- BSID - Index for Customers
- BSAD - Index for Customers (Cleared Items)
- BSIK - Index for Vendors
- BSAK - Index for Vendors (Cleared Items)

Aggregate Tables Removed:

- GLT0 - General Ledger Totals
- GLT3 - Summary Data Preparation for Consolidation
- KNC1 - Customer Master (Transaction Figures)
- LFC1 - Vendor Master (Transaction Figures)

Other Tables Removed:

- COEP - Cost Line Items
- ANEP - Fixed Assets: Line Items

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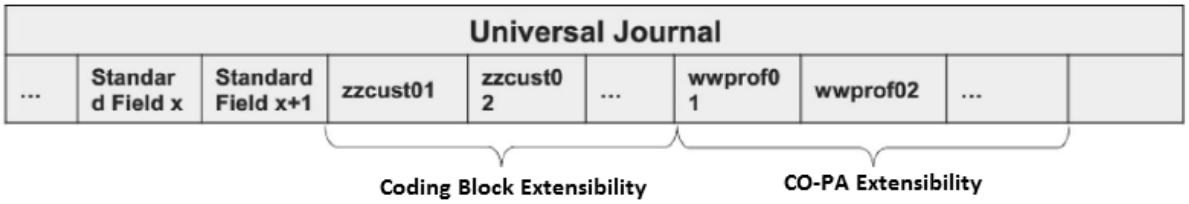
Universal Journal Extensibility in New Architecture

You can easily extend Universal Journal with customer fields. Extensibility is available for all the components that use Universal Journal - G/L, Asset Accounting, and Material Ledger.

Extensibility for General Ledger coding block extensibility.

HANA based reporting of all the components - General Ledger, AA, and Controlling.



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