

Margin Analysis with SAP S/4HANA®

- › Configure margin analysis in SAP S/4HANA with step-by-step instructions
- › Perform profitability planning with your data
- › Run key profitability reports using SAP Fiori apps and SAP GUI transactions

3rd edition, updated and revised

Kathrin Schmalzing

Contents

Introduction	13
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1 Introduction to Profitability Analysis 19

1.1 Purpose of Profitability Analysis	19
1.2 Profitability Concepts	21
1.2.1 Profitability Segments	21
1.2.2 Characteristics	24
1.2.3 Value Fields	26
1.3 Types of Profitability Analysis	27
1.3.1 Margin Analysis (Account-Based Profitability Analysis)	27
1.3.2 Costing-Based Profitability Analysis	30
1.3.3 Comparison of Profitability Analysis Types	34
1.4 Technical Setup	36
1.4.1 Technical Setup of Costing-Based Profitability Analysis ...	36
1.4.2 Technical Setup of Margin Analysis	37
1.5 Summary	38

2 Configuring the Operating Concern and Basic Settings for Profitability Analysis 41

2.1 Creating the Operating Concern	41
2.1.1 Assign a Controlling Area to the Operating Concern	41
2.1.2 Create Operating Concern	42
2.1.3 Maintain Further Settings for the Operating Concern	43
2.1.4 Define Operating Concern Currency	45
2.1.5 Assign Value Fields to Operating Concern	48
2.2 Activating Profitability Analysis	52
2.3 Currencies in the Operating Concern	54
2.4 Creating an Extension Ledger for Profitability Analysis	56
2.5 Creating Number Ranges for Profitability Analysis	59
2.6 Assigning Versions to the Operating Concern	62

2.7	Setting the Operating Concern	65
2.8	Transporting the Operating Concern	66
2.9	Summary	69

3 Configuring Characteristics 71

3.1	Characteristics	73
3.1.1	Creating, Changing, and Updating Characteristics	73
3.1.2	Creating a Characteristic from an SAP Table	76
3.1.3	Creating Characteristics with Your Own Value Maintenance	80
3.1.4	Creating Characteristics Without Value Maintenance	83
3.1.5	Creating Characteristics with Reference to Existing Values	86
3.1.6	Assigning Characteristics to the Operating Concern	88
3.1.7	Maintaining Characteristic Values	91
3.2	Characteristics Derivations	92
3.2.1	Creating Characteristic Derivations with Derivation Rules	92
3.2.2	Creating Characteristic Derivations with Table Lookup	98
3.2.3	Creating Characteristic Derivations with Moves	103
3.2.4	Creating Characteristic Derivations to Clear Fields	109
3.2.5	Creating Characteristic Derivations with Enhancements	112
3.2.6	Sequence of Characteristic Derivation Rules	113
3.2.7	Derivation Analysis	116
3.2.8	Realignment of Characteristics	119
3.3	Summary	126

4 Value Flows of Margin Analysis 127

4.1	Predictive Accounting	128
4.1.1	Predictive Accounting: Incoming Sales Order	128
4.1.2	Predictive Accounting Commitment Management	138
4.2	Billing Data Transfer	141
4.2.1	Price Determination in the Sales Order	141
4.2.2	Create Sales Order	142

4.2.3	Account Determination	145
4.2.4	Activate Transfer of Statistical Sales Conditions	147
4.2.5	Create Billing Document	147
4.2.6	Review Accounting Documents	148
4.3	Costs of Goods Manufactured in Margin Analysis	150
4.4	Splitting the Cost of Goods Sold	151
4.5	Variance Calculation	159
4.5.1	Production Order	161
4.5.2	Define Variance Categories	164
4.5.3	Create General Ledger Accounts for Variance Split	168
4.5.4	Check Production Order	172
4.6	Order Settlement	178
4.7	Overhead Allocation	187
4.7.1	Advantages of Universal Allocations	187
4.7.2	Types of Cost Centers	188
4.7.3	Create an Overhead Allocation Cycle	189
4.7.4	Execute the Overhead Allocation Cycle	196
4.8	Direct Account Assignment	198
4.9	Top-Down Distribution	202
4.10	Summary	208
5	Costing-Based Profitability Analysis	209
5.1	Value Fields	212
5.2	Quantity Fields	216
5.3	Assigning Value Fields and Quantity Fields to the Operating Concern	218
5.4	Transferring Incoming Sales Orders	218
5.5	Transferring Quantity Fields	223
5.6	Billing Data Transfer	230
5.6.1	Transferring Cost of Goods Sold	230
5.6.2	Assigning Value Fields to Pricing Conditions	232
5.6.3	Assigning Quantity Fields to Quantities	235
5.6.4	Reviewing Profitability Document	238
5.6.5	Resetting Value and Quantity Fields for Credit and Debit Memos	240

5.7	Costs of Goods Manufactured	246
5.8	Cost of Goods Sold Transfer and Split	249
5.8.1	Defining Valuation Strategies	253
5.8.2	Setting Up Valuations Using Material Cost Estimates	256
5.9	Variance Calculation	269
5.9.1	Cost Center Types	269
5.9.2	Variance Calculation and Settlement of Process Order	272
5.10	Cost Center Assessment	276
5.11	Direct Account Assignment	277
5.12	Summary	283

6 Planning 285

6.1	Planning in Margin Analysis	286
6.2	Sales Planning	289
6.3	Cost of Goods Sold Planning	293
6.4	Overhead Cost Planning	294
6.5	Summary	294

7 Reporting 295

7.1	Profitability Analysis Reporting Basics	295
7.2	Predictive Accounting	298
7.2.1	Displaying Predictive Documents	298
7.2.2	Displaying the Profit and Loss and Balance Sheet Report	299
7.2.3	Monitoring Predictive Accounting	303
7.2.4	Incoming Sales Order Report	305
7.3	Showing Line Items for Margin Analysis	312
7.4	Profitability Analysis Reporting	317
7.4.1	Gross Margin	317
7.4.2	Sales Accounting Overview	319
7.4.3	Product Profitability with Production Variances	320
7.4.4	Profit and Loss Statements	321

7.4.5	Market Segments Actual	323
7.4.6	Report Writer	324
7.5	Other Reporting Possibilities with Development	324
7.5.1	ABAP Reports	324
7.5.2	Core Data Services Views	325
7.5.3	SAP Datasphere	326
7.5.4	SAP Business Technology Platform	327
7.6	Summary	328

Appendices 329

A	Changes to the Data Model	331
B	Additional Sources of Information	333
C	The Author	335
Index		337

Chapter 6

Planning

This chapter provides useful information on the future of planning in SAP S/4HANA Finance. It describes the changes for planning in margin analysis and explains how these planning strategy changes affect your business processes.

The planning functionalities in margin analysis and costing-based profitability analysis allow you to plan sales, cost of goods sold (COGS), and overhead costs on different levels and dimensions. You can plan your contribution margin with any characteristic combination, under the assumption that the characteristic is created and assigned to the operating concern. This allows you a lot of flexibility in your planning process.

The planning in margin analysis and costing-based profitability analysis is integrated, meaning you can create your plan data in margin analysis and costing-based profitability analysis, but you can also receive data from other modules such as internal order settlements, cost center assessments, or standard cost for materials from different material cost estimates.

Integrated planning

You can also create your planning in different versions. Every version reflects a different scenario with different assumptions. The planning in margin analysis and costing-based profitability analysis isn't time specific. You can plan for multiple years in the future, and, in costing-based profitability analysis, you can even plan based on the calendar week level. A lot of planning tools also allow you to roll over the planning from the previous year as a starting point. Along with these, many more tools are available, such as top-down planning, that help you create your planning scenarios. We'll introduce these tools in this chapter.

Planning with different versions

With SAP S/4HANA Finance, the planning strategy in the SAP system changes. This particularly affects margin analysis as well as the components for financial accounting and controlling in the SAP system. The go-to tool for planning in financial accounting and controlling is SAP Analytics Cloud. Planning in costing-based profitability analysis will still take place in the SAP S/4HANA core functionality. As there are no further developments to costing-based profitability analysis expected, there have been no changes to the planning functionalities either. We won't describe planning functionalities in costing-based profitability analysis in this chapter.

SAP S/4HANA planning strategy

Sections in this chapter In this chapter, we'll discuss the changes in the planning strategy in SAP S/4HANA Finance and its impacts on margin analysis as well as the future road map. Then, we'll show you how to create plan data in margin analysis. By the end of this chapter, you should understand how to create plan data in margin analysis. You'll also have gained an overview of all available planning tools to support your planning process.

6.1 Planning in Margin Analysis

Universal Journal for plan data: table ACDOCP Planning in SAP S/4HANA is changing dramatically from the classic planning transactions that we know from SAP ERP. SAP S/4HANA introduced table ACDOCP, which is the planning equivalent to Universal Journal table ACDOCA for the actuals. Table ACDOCP is a step toward providing full integration between planning and actuals in SAP S/4HANA. With the SAP Fiori app Import Financial Plan Data (F1711), you can import plan data into table ACDOCP. However, this data isn't automatically available for all controlling transactions, such as plan allocations, activity planning, and so on, which is why users were still using classic plan transactions from SAP ERP. All controlling planning functionalities are available in SAP Analytics Cloud and replicate into table ACDOCP for further processing in SAP S/4HANA.

SAP Analytics Cloud The strategic road map for planning in SAP S/4HANA identifies SAP Analytics Cloud as its planning tool. All planning functionality that we know from SAP ERP is retiring. The classic planning transactions, such as Transaction KPO6 for cost center planning, are already deactivated in SAP S/4HANA. You can reactivate them (see SAP Note: 2474069 – Reactivate G/L Planning) because, to date, not all functionalities are accounted for in SAP Analytics Cloud, but with every release, more functionalities are being added to SAP Analytics Cloud to provide at least the same functionality as in SAP ERP if not more.

Note that the classic planning functionalities can only be reactivated in SAP S/4HANA—not in SAP S/4HANA Cloud. It's not recommended to reactivate the classic planning functionalities (used in SAP ERP) if you're implementing SAP S/4HANA but to implement your planning functionalities in SAP Analytics Cloud instead.

Architectural landscape So how does SAP Analytics Cloud fit into the architectural landscape of SAP S/4HANA? In Figure 6.1, you can see that SAP Analytics Cloud sits on top of SAP S/4HANA with live data connection with SAP Analytics Cloud to give you access to transactional data in real time. SAP Analytics Cloud also allows you to import data from other SAP sources (e.g., SAP Ariba and SAP SuccessFactors), as well as non-SAP sources. As you remember, the actual data of the margin analysis is saved in the Universal Journal (table ACDOCA), and the planning data is saved in the planning Universal Journal

(table ACDOCP) together with all other financial data. There are no separate planning tables for margin analysis, which is why you don't see any additional planning tables in Figure 6.1.

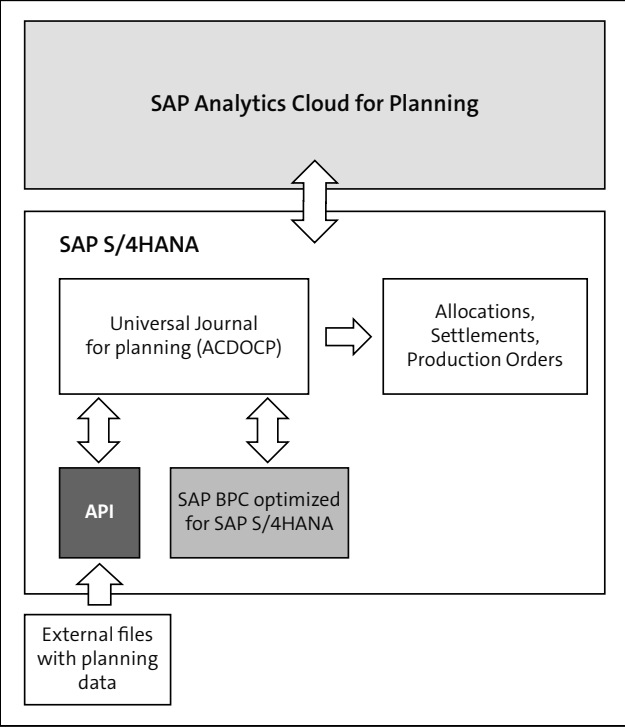


Figure 6.1 Architecture of SAP Analytics Cloud and SAP S/4HANA

The update of plans and forecast occurs in near real time and offers a full integration of various planning models. A lot of planning input templates are delivered with SAP Analytics Cloud that help you enter your planning data at different levels of detail. SAP Analytics Cloud comes with different predictive algorithms and planning capabilities that allow you to analyze your data and adjust your planning with predictive insight on the fly. So what planning functionalities are actually available in SAP Analytics Cloud? In Figure 6.2, you can see a business process overview of financial planning. SAP Integrated Business Planning (SAP IBP) will continue to be the central planning tool for supply chain planning. SAP Analytics Cloud and SAP IBP are integrated and allow both the receiving and sending of data for revenue and production cost planning.

Functionalities of
SAP Analytics Cloud

Note

To learn more about how to integrate SAP Analytics Cloud with SAP IBP, check out SAP Note: 2721602 – Connection to IBP with SAP Analytics Cloud.



Controlling planning functionalities

As mentioned earlier, all planning functionalities in controlling have been added to SAP Analytics Cloud, so there's no more reason to continue planning with the classic planning functionalities that we know from SAP ERP. Although not related to planning, creating budgets for cost centers and activating an availability control on cost centers are also relatively new functionalities with SAP S/4HANA.

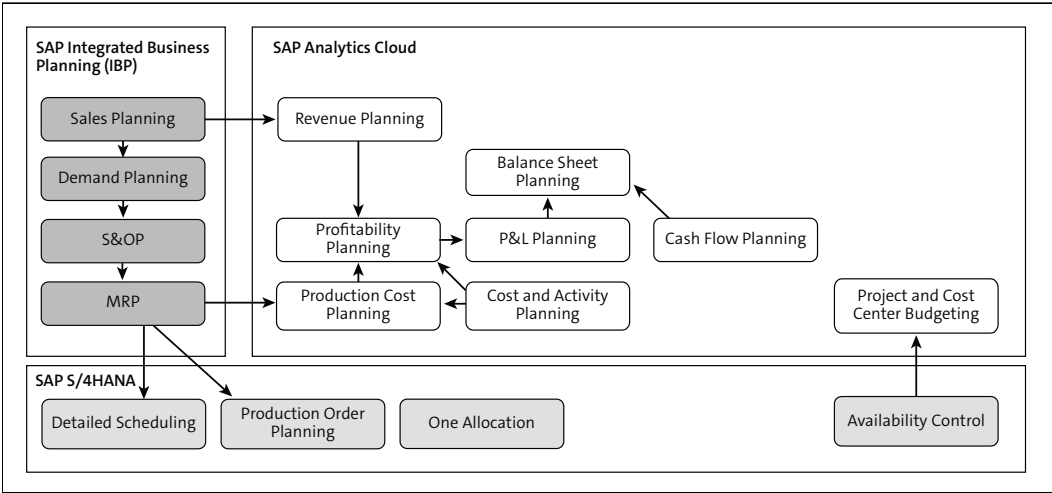


Figure 6.2 Business Process Overview of Financial Planning

- Benefits of SAP Analytics Cloud

In the next sections, we'll show you how the planning functionalities for margin analysis look in SAP Analytics Cloud. Before we move on, here's a summary of the benefits of planning in SAP Analytics Cloud:

 - Faster decision-making**

Integration with the Universal Journal and other SAP systems allows you to have immediate insight and react quickly to predictions/adjusted forecasts.
 - Simplified planning**

The planning templates are intuitive and include analytic functionality that allows you to finish your operating planning in a shorter time so that you can focus on your strategic planning.
 - Instant insight**

SAP Analytics Cloud updates your forecast in real time.
 - Predictive forecasting**

SAP Analytics Cloud uses historical data to forecast likely future business scenarios.

- **Increased collaboration**
SAP Analytics Cloud has a calendar functionality and allows you to create tasks and communicate with each other via notifications.
- **Visualization**
Preconfigured dashboards give you an immediate overview of the planning and allow you to identify possible errors or gaps.

We'll show you these benefits in detail in the next sections.

6.2 Sales Planning

The revenue planning functionality in SAP Analytics Cloud is fully integrated with SAP IBP and allows data to be sent and received between the two systems. SAP Analytics Cloud delivers preconfigured sales and revenue plan input templates for sales prices, sales quantity planning, and revenue and deduction calculation. The master data and transaction data from SAP S/4HANA can be loaded in SAP Analytics Cloud to create plan data to reference actual data. Sales planning can be executed on a high level to a very granular level, in which every characteristic that you assigned to your operating concern is readily available for the creation of your plan data.

Revenue planning

Let's look at some input forms within SAP Analytics Cloud. There are several input forms for the different planning areas. Figure 6.3 shows the input form for the sales **Price Planning** based on the base unit of measure. You could include more characteristics in the planning layout if you want to create your planning data on a more detailed level. You can also copy prices or increase prices by a certain percentage to do simulations.

Plan data input forms

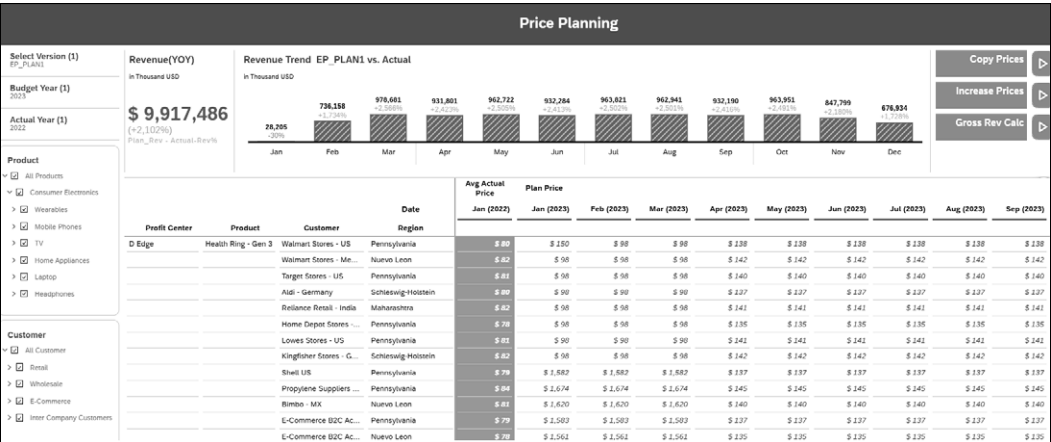


Figure 6.3 Sales Price Planning

Quantity
planning and
analysis

After the sales **Price Planning**, you can go to the **Quantity Planning and Analysis** template, as shown in Figure 6.4, to plan your sales quantities.



Figure 6.4 Sales Quantity Planning

Discount planning

Then, you can move on to the **Discount Planning** template. In Figure 6.5, you can plan absolute or percentage sales deductions. You can also create formulas to add more detailed logic to determine the sales deductions.

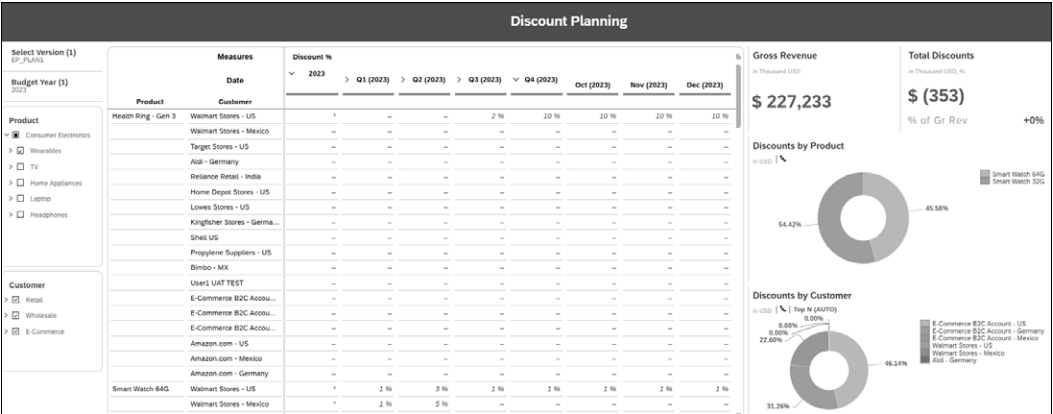


Figure 6.5 Discount Planning

P&L planning

Next, let's check the result of the planning for sales price, sales quantity, and sales deductions in the **Marginal Contribution Report** shown in Figure 6.6. From the inputs in the previous planning templates, the **Net Sales** is being calculated.

Marginal Contribution Report																
Select Version (3) EP_PLAN1	Version Date	EP_PLAN1 *														
		Jan (2023)				Feb (2023)				Mar (2023)				Apr (2023)		
		Net Sales	COGS	Gross Profit	Gr Margin %	Net Sales	COGS	Gross Profit	Gr Margin %	Net Sales	COGS	Gross Profit	Gr Margin %	Net Sales	COGS	Gross Profit
Product (1) P01	Product Customer															
Customer (1) 001	> All Products															
	> All Customer	\$ 28,520,388	\$ 3,801,989	\$ 24,718,373	87 %	\$ 738,434,916	\$ 23,386,809	\$ 715,048,107	97 %	\$ 979,094,063	\$ 30,550,123	\$ 948,543,940	97 %	\$ 932,209,342	\$ 28,989,950	\$ 903,219,392
	> Retail	\$ 52,794	\$ 7,042	\$ 45,752	92 %	\$ 230,261,059	\$ 7,326,051	\$ 222,934,008	97 %	\$ 321,028,014	\$ 9,724,317	\$ 311,303,696	97 %	\$ 310,655,129	\$ 9,410,630	\$ 301,244,499
	Walmart Stor...	\$ (75,175)	\$ 0	\$ (75,175)	100 %	\$ 52,933	\$ 0	\$ 52,933	100 %	\$ 50,459	--	\$ 50,459	100 %	\$ 41,924	--	\$ 41,924
	Walmart Stor...	\$ 44,211	\$ 0	\$ 44,211	100 %	\$ 42,289	\$ 0	\$ 42,289	100 %	\$ 41,955	--	\$ 41,955	100 %	\$ 47,894	--	\$ 47,894
	Target Stores...	\$ 46,672	\$ 0	\$ 46,672	100 %	\$ 48,243	\$ 112,035	\$ (63,792)	(132) %	\$ 49,710	--	\$ 49,710	100 %	\$ 50,620	--	\$ 50,620
	Aldi - Germany	\$ 44,596	\$ 0	\$ 44,596	100 %	\$ 42,264	\$ 0	\$ 42,264	100 %	\$ 54,469	--	\$ 54,469	100 %	\$ 48,668	--	\$ 48,668
	Resiance Reta...	\$ 32,489	\$ 7,842	\$ 24,647	76 %	\$ 24,199	\$ 0	\$ 24,199	100 %	\$ 22,463	--	\$ 22,463	100 %	\$ 31,770	--	\$ 31,770
	Home Depot ...	\$ 0	\$ 0	\$ 0		\$ 77,289,034	\$ 2,414,934	\$ 74,874,100	97 %	\$ 104,137,312	\$ 3,294,911	\$ 100,842,401	97 %	\$ 100,771,134	\$ 3,149,913	\$ 97,621,220
	Lowe's Stores ...	\$ 0	\$ 0	\$ 0	100 %	\$ 80,077,400	\$ 2,359,084	\$ 77,718,315	97 %	\$ 107,862,254	\$ 3,178,288	\$ 104,683,966	97 %	\$ 104,382,288	\$ 3,075,762	\$ 101,306,526
	Kingfisher Sto...	\$ 0	\$ 0	\$ 0	100 %	\$ 80,718,788	\$ 2,441,788	\$ 78,277,000	97 %	\$ 108,790,184	\$ 3,391,118	\$ 105,398,066	97 %	\$ 108,380,823	\$ 3,184,954	\$ 105,198,869
	> Wholesale	\$ 137,537	\$ 0	\$ 137,537	100 %	\$ 242,279,513	\$ 7,144,704	\$ 235,134,810	97 %	\$ 326,504,082	\$ 9,649,417	\$ 316,854,665	97 %	\$ 315,989,475	\$ 9,260,726	\$ 306,708,750
	> E-Commerce	\$ 20,290,020	\$ 3,794,143	\$ 16,495,885	87 %	\$ 255,893,744	\$ 8,995,255	\$ 246,898,489	97 %	\$ 331,560,667	\$ 11,258,390	\$ 320,302,278	97 %	\$ 305,504,730	\$ 10,890,595	\$ 294,604,145
	> Inter Company ...	\$ 0	--	\$ 0		\$ 0	--	\$ 0		\$ 0	--	\$ 0		\$ 0	--	\$ 0

Figure 6.6 P&L Planning

As in the classic planning, SAP Analytics Cloud also has planning aids:

■ Prepare Actuals

This planning aid is used to calculate the P&L. You’ve seen previously that we made entries in different planning templates such as sales price, sales quantities, and so on. With the **Prepare Actuals** functionality, those planning templates are used to calculate and create a plan P&L/Marginal Contribution.

■ Copy Actuals to Plan

With this planning aid, you can copy actuals in a planning version to use them as a basis to create plan data.

Many more planning aids are available as well. You can also do the following with your planning data in SAP Analytics Cloud:

■ Data action (including an advanced formula)

You can apply from easy to very complex formulas in every input planning sheet.

■ Data lock

You can lock data so that it’s no longer changeable.

■ Smart copy

You can copy data sets or only single values.

■ Version management

You can work with different versions and therefore save different simulations of your plan data.

■ Undo/redo steps and undo/redo history

You can easily undo/redo steps even in the history if the data has already been saved.

■ Input task

You can create a task and assign it to a coworker who can submit the task after it’s resolved. You’ll get a notification if the task has been submitted.

Planning aids in
SAP Analytic Cloud

Planning functional-
ity in SAP Analytic
Cloud

- **Data point comment**
You can add a comment at any data point level that explains the planning data.
- **Advanced filter**
You can create a filter with multiple conditions.
- **Member on the fly**
You can create master data that isn't available in SAP S/4HANA, for example, to display new products or new customers for the year you're planning.
- **Value driver trees**
This functionality is delivered out of the box and allows you to create what-if scenarios in your planning models.
- **Predictive**
After you upload historical data into SAP Analytics Cloud, the machine learning capabilities will look for trends and include those in their predictive analysis.
- **Forecast/rolling forecast**
You can create forecasts based on actuals that update themselves according to trends. In the rolling forecast, you limit the data range of the system to look back/look ahead to analyze data and include it in the forecast.
- **Advanced planning**
Advanced planning comes with three functionalities that help you modify your plan data:
 - **Spreading:** Assign costs that you planned on a higher hierarchy level to lower levels. The costs are spread equally to the lower level if done automatically, but you can also spread your data manually.
 - **Distributing:** Move costs within the same hierarchy level to other characteristics which just a few clicks.
 - **Assigning:** Add or replace values in planning. The system assigns an amount based on criteria and logic you defined.

As you can see, there are a lot of different possibilities to play with your planning data and make the planning process more efficient. Let's look at the reporting of the plan data that is delivered with SAP Analytics Cloud. In Figure 6.7, you see the **Sales Performance** report, which gives you an overview by key figure and allows you to see other plan versions and historical data. That way, you get a quick overview of your plan and also see important key figures at a glance. The report also allows you to execute what-if analysis.

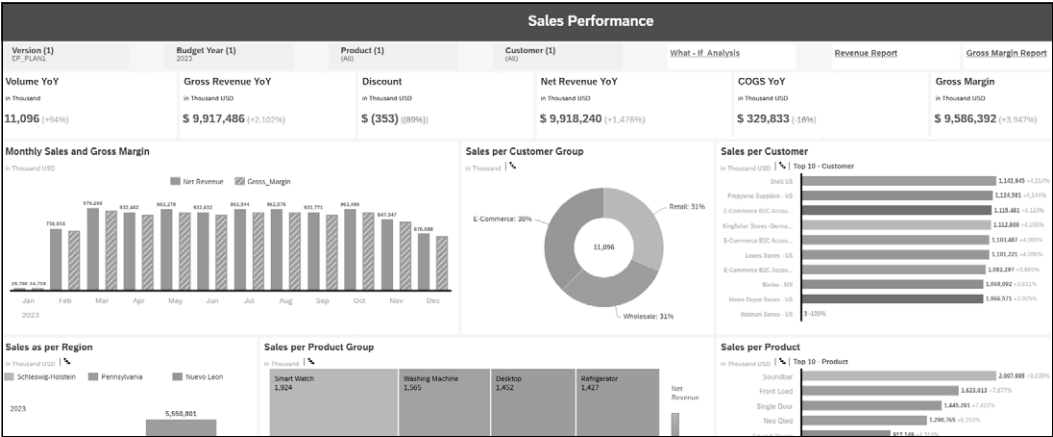


Figure 6.7 Sales Plan Overview

6.3 Cost of Goods Sold Planning

SAP Analytics Cloud also enables COGS planning. As shown in Figure 6.2 earlier, product cost planning interfaces with supply chain planning. In Figure 6.8, you see the COGS planning; however, there's also another scenario in SAP Analytics Cloud that allows you to import cost estimates, evaluate the sales quantities with the cost estimates, and split the cost according to cost components. You have the same possibilities if not more to determine your plan COGS in SAP Analytics Cloud and integrate them in your overall planning scenario.

COGS planning

Standard Cost																		
Budget Version (1) EP_PLANNZ		Copy Std Cost																
Budget Year (1) 2023																		
Ref Month (1) Jan (01/2023)																		

Figure 6.8 COGS Planning

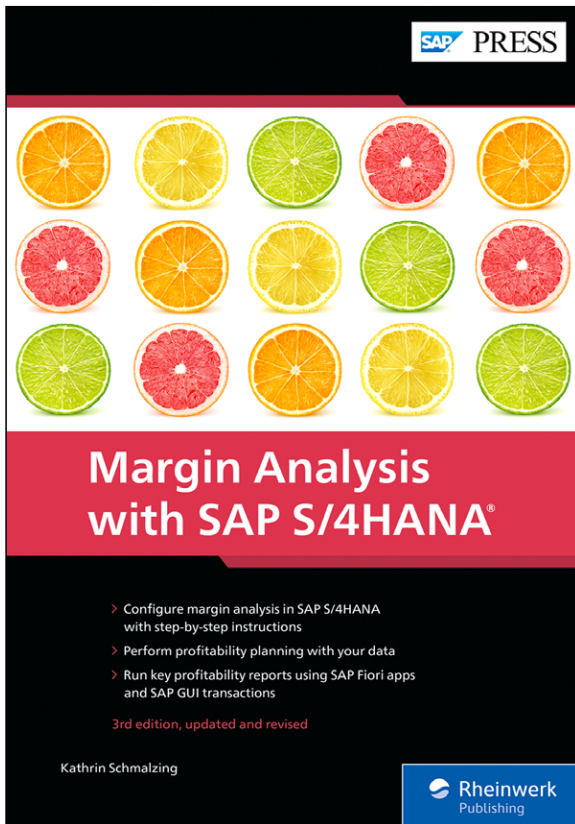
6.4 Overhead Cost Planning

Cost center planning Overhead cost planning also takes place in SAP Analytics Cloud. You can plan your cost centers on a cost center and cost element basis. Usually for margin analysis planning, you'll create a cost center allocation in the SAP Fiori app Manage Allocations, as explained in Chapter 5. You have access to this data and the plan allocations in SAP Analytics Cloud as well and can analyze the impact of the allocations on your plan data.

6.5 Summary

This chapter described the planning in margin analysis. The future tool for planning on the road map has been announced to be SAP Analytics Cloud.

Compared with the classic planning transactions, the planning in SAP Analytics Cloud is much more intuitive, and the calendar functionalities allow a streamlined, integrated process. Available features allow interaction with colleagues and status management for planning tasks that facilitate a smooth planning process. SAP Analytics Cloud offers a great user experience.



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Kathrin Schmalzing is a partner at one of the “big four” consulting firms. She has more than 20 years of experience working with SAP financial solutions. She has been involved in multiple end-to-end implementations of SAP S/4HANA solutions at an international level. Her current focus is on leading global SAP S/4HANA transformations.

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