

PCM Update

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Agenda

Latest PCM use cases

Jérémie – 10'

- Bill of Materials costing
- Transfer Pricing

What's new in PCM 10.0 Service Packs

Dave – 10'

- Performance improvements and bug fixes
- New functionalities - demo

PCM Roadmap update

Dave – 10'

- Data entry in Excel - demo
- Net Margin Analysis on HANA – PCM Reporting Accelerator

HANA Performance Management

Jérémie – 5'

- Call for co-innovation customers

PCM latest use cases

- Bill of Materials
- Transfer pricing



Bill of Materials Explosion/Sales Forecasting

Business case

- Alignment of sales and production planning
- Need to understand impact of sales forecasts on component volumes and component costs
- Need for visibility over the effect of:
 - Supplier price changes
 - Supplier changes
 - Product design changes
 - Make vs. buy decisions
 - Exchange rate fluctuations
- Understand the impact on production processes for detailed Sales & Operations Planning

Pain points of using a planning tool

- needs to be done through scripting...
 - Lack of a visual interface
 - Exploding the product dimension needs every combination to be known
 - Cannot represent common sub-assemblies
 - Harder to set up and maintain
 - Lack of transparency/ Potential performance issues/long calculation times

Benefits of using PCM

- Simple drag-and-drop BOM setup in PCM
- Various units of measure
- Shared sub-assemblies
- Easier to set up and maintain
- Transparency

Working in practice

- FIM as data/master data exchange mechanism
- BOM set up in PCM
- Sales forecasting done in BPC — results pushed to PCM
- BOM explosion done in PCM — results sent back to BPC, both volumes and costs
- EPM add-in for reporting or pulling data from both PCM and BPC into one report or data entry form

Relevant industries

- Manufacturing, Healthcare, Telco, IT services, Any industry where products/services can be identified as a set of other products/services

Transfer Pricing

Business case

- Tax savings opportunities
- Need to set up a company wide transfer pricing policy on:
 - Semi-finished goods
 - Intangible Assets
 - Management Fees and Shared Services
 - Financial Transactions
- Financial compliance for reporting and tax assessment

Pain points

- Global tax inefficiencies, poor working capital forecasting
- Inability to defend transfer prices resulting in tax compliance issues
- Difficulty in auditing transfer prices calculation
- Manual, labor intensive Transfer Price Setting process

Benefits of using PCM

- Repeatable and auditable processes
- Accurate intercompany and chargeback data
- Calculation transparency and integrity
- Accelerated period end close process
- Simulation capabilities

Working in practice

- FIM as data/master data exchange mechanism
- Using PCM multidimensional allocation engine to arrive at fully loaded costs by product or service
- Markup calculation done directly in PCM
- Results sent back to SAP FI for financial accounting and SAP BI for multidimensional slice and dice

Relevant industries

- Discrete manufacturing (Automotive, Hi-Tech), Life Sciences, CPG, Process industries

"Delivering business improvement through SAP's Profitability and Cost Management application and PwC's transfer pricing expertise"



E2E Execution: Implementation of Transfer Pricing

SAP Profitability and Cost Management



What is the
issue?

How can
SAP and
PwC help?

Key
Questions

Demo:
Analysis

Demo:
Maintenance

Demo:
Simulation

Transfer Pricing

Demo Model – Illustrative Example The Swipe Group



The Swipe Group is a manufacturer and distributor of swipe cards and access systems in Europe and the US, specialising in 4 key brands (Blue, Green, Red and Yellow). Swipe has its HQ in Switzerland, with subsidiaries in the US, UK, Germany and Luxembourg. Manufacturing is in the UK.

- All IP is owned in Switzerland
- A sub licence is in place between Luxembourg and the Swiss HQ, which further sub-licences out to the remaining subsidiaries. A royalty is payable by each subsidiary on a tiered scale depending on the brand. Luxembourg then pays a royalty back to the Swiss HQ.
- Global direction and distribution strategy and governance is set by Switzerland – subsidiaries pay a distribution fee to Switzerland for this.
- Management services are undertaken in each of the subsidiaries and are recharged across the Group.

What's new in the latest PCM 10.0 Service Packs



SP06 New Features

Grid Styles:

- Background colors for cells that hold various types of values.
- Background colors for selected cells.
- Colors and fonts for cell text.
- The colors for decorative elements such as borders and shadows.
- The size and color of blank lines in a grid.

Advanced Rules Manager:

- View all the rules for a model in one screen
- View and edit the code for rules.
- Perform syntax checks on rules.
- View a list of all grid values that may be related to a rule.
- Time and test a rule.
- Time and test the retrieval of grid values that may be related to a rule.
- Configure the context in which rules are tested and timed.

New grid style example

Desktop - Citrix Receiver

http://cldvmxwi00112:1080/PCM/

SAP BusinessObjects Profit... SAP BusinessObjects Financial... SAP BusinessObjects Financial...

Snagit Convert Select

Profitability and Cost Management

Login Logout Model PCM DSI 0. 1.1 Resource costs View

SAP SOLUTION DSI

Charges Coût des comptes Activités Temps passés Objets de coûts Actifs Facturation Autres données d'entrée

Suivi Budgétaire

Suivi budgétaire : suivi des dépenses, comparaison par version et par période

2013 Total DSI

Comptes	Total DSI					
	Realise		Budget	Prévisionnel	Rea/Bud	Prev/Bud
	2012	2013	2013	2013	%	%
Charges informatiques	49,397,256	50,000,000	51,440,470	50,000,000	-3 %	-3 %
Personnel	16,855,114	17,500,000	17,891,870	17,500,000	-2 %	-2 %
Prestation externe	4,994,530	5,000,000	5,149,000	5,000,000	-3 %	-3 %
Matériels	9,142,250	9,000,000	9,425,000	9,000,000	-5 %	-5 %
Logiciels	6,512,095	6,500,000	6,713,500	6,500,000	-3 %	-3 %
Telecom	5,495,050	5,500,000	5,665,000	5,500,000	-3 %	-3 %
Structure	6,398,217	6,500,000	6,596,100	6,500,000	-1 %	-1 %

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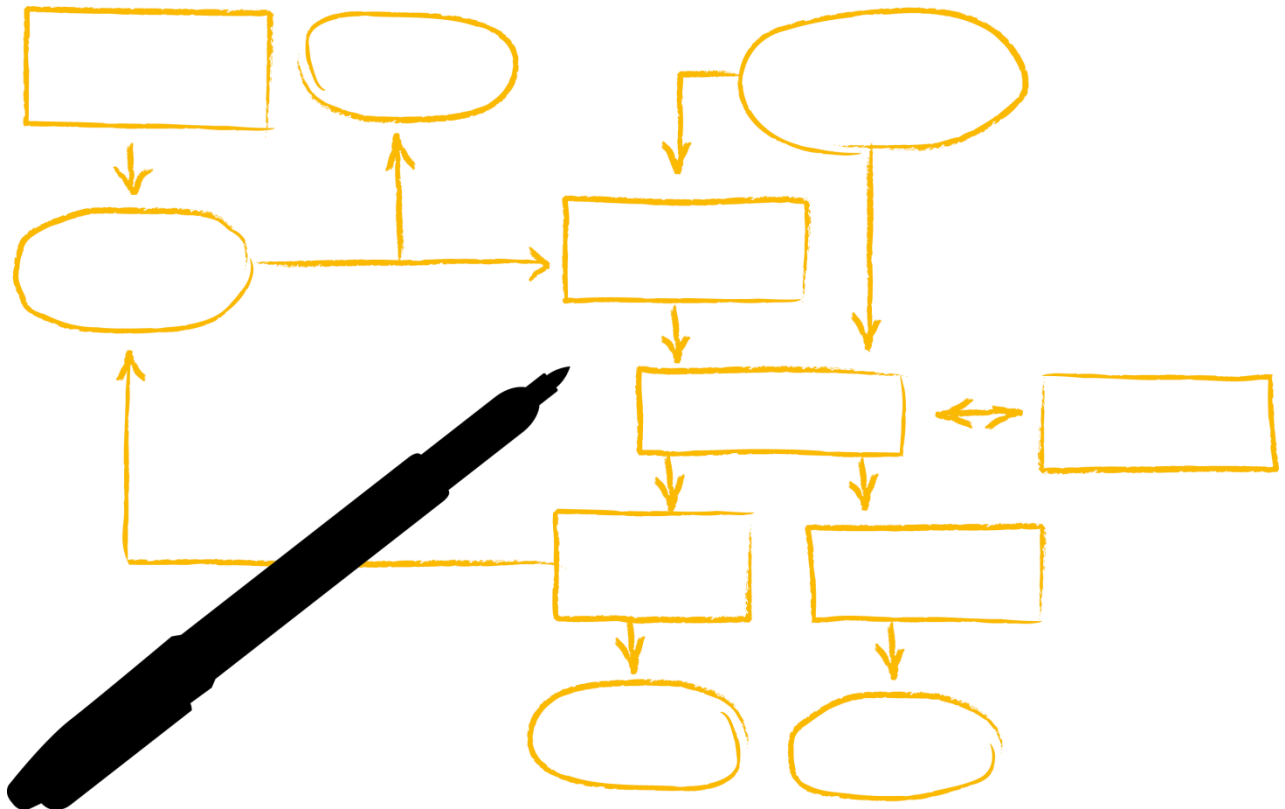
SP07 New Features

New Microsoft platform support:

- Windows Server 2012
- Windows 8
- SQL Server 2012
- Internet Explorer 10
- Office 2013

Note that PCM remains a traditional desktop mode application on Windows 8

PCM Roadmap update



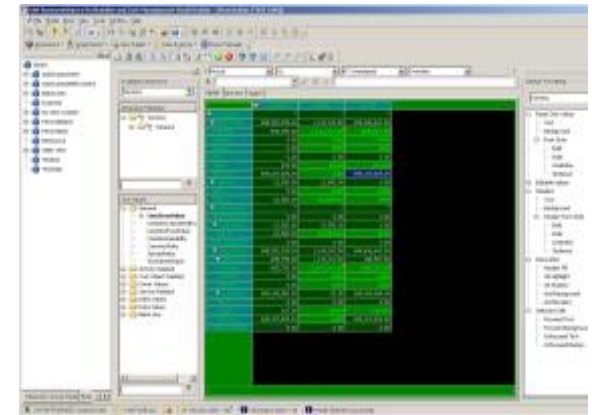
SAP Profitability and Cost Management

Scope

- Advanced formatting for user-defined reporting grids
- Enhanced Rules Manager to view and debug all existing rules in a model.
- Extend platform support
- Standardized integration with bill of materials (BOM) in product cost controlling (CO-PC)
- Report acceleration leveraging SAP HANA
- Enhancements with SAP EPM Add-in for Microsoft Office to support write-back to SAP Profitability and Cost Management

Key benefits

- Compliance with visual identity guidelines and advanced formatting requirements
- Reduced model calculation time and grids display time by easily troubleshoot bottlenecks in models with complex rules
- Allow enterprises to migrate PCM to latest MSFT infrastructure
- Saved time synchronizing structure tables (such as cost centers, accounts, and products) with SAP ERP or other sources
- Enhanced real-time reporting for accelerated decision making
- Increased usability and productivity with SAP EPM Add-in for Microsoft Office
- Accelerated data flows and delivery of month end reports; improved traceability of queries on large data volumes



What's coming in PCM SP08 (Q4)

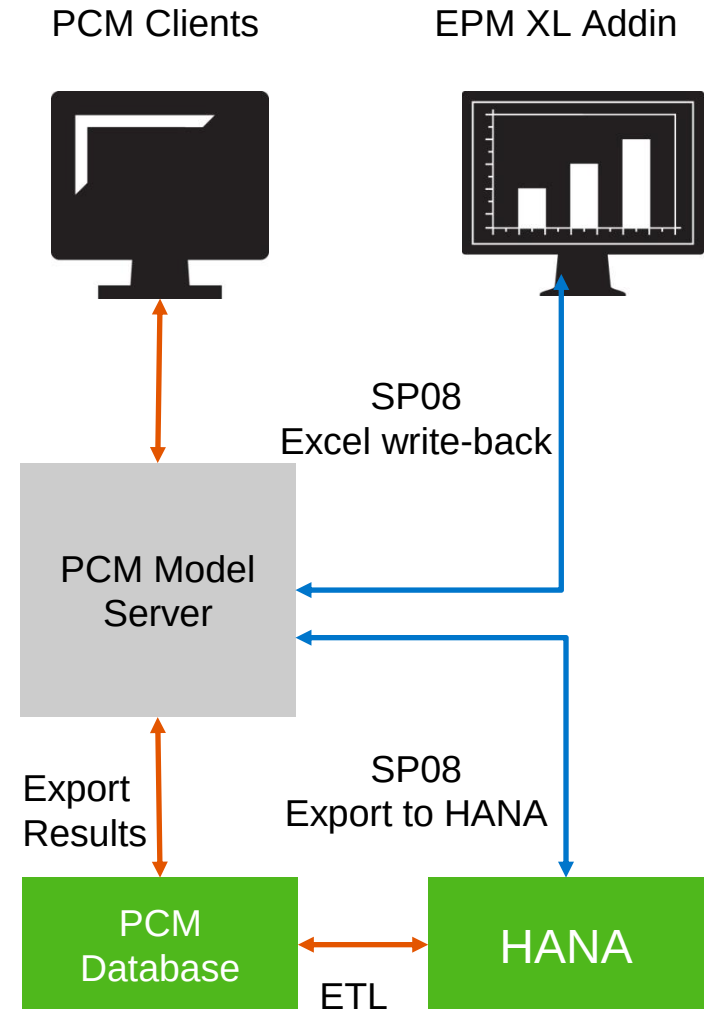
- SAP PCM SP08 should be available end of 2013
- **2 new features requested by our customers:**

1. Export of PCM results to HANA

- No need anymore to write back data from PCM application server to PCM DB and then to export the results from PCM DB to HANA
- SP08 will provide the ability to export results from the PCM app server directly to HANA. It will leverage the Net Margin Analysis schema built in HANA.
- This should improve the reporting time and overall analytics calculations in HANA using PCM data

2. Excel write back

- Possibility for the end user to work in Excel directly by using the EPM XL add-in. Data can be transferred from BPC to PCM easily by using copy/paste. This should simplify significantly the overall budgeting process.
- Some rules that are currently done in PCM can now be done directly in Excel (e.g. calculation of drivers)



Link to SAP Net Margin Analysis on HANA

NMA is an Analytical Application

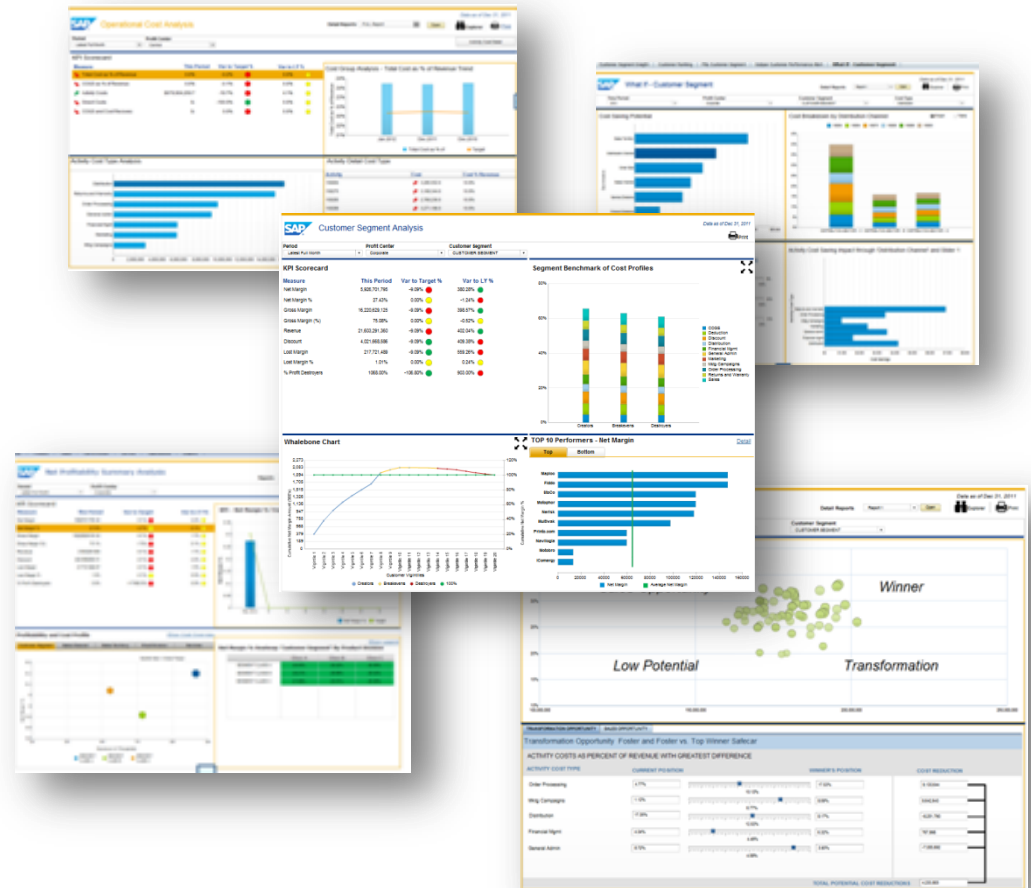
- Pre-defined
- Purpose-built

Extends CO-PA and PCM with:

- Profitability dashboard
- Segment analysis dashboard
- Cost savings simulator

Drive financial excellence with HANA today

- Built with SAP BI platform (Dashboards, Explorer, Web Intelligence, Data Services)
- Runs within Mobile BI
- End-to-end HANA business process
- High “business value”



HANA Performance Management

Customer Engagement Initiative



SAP's vision for EPM



One solution for all EPM processes

- Combine strategy management, planning, profitability analysis, financial consolidation and disclosure management capabilities in a single solution



Next generation user experience

- Provide common interfaces across processes leveraging mobile, web and Microsoft Office (Excel) for better productivity across the organization– in Finance and beyond



In the cloud and on premise

- Support on-premise, cloud and hybrid deployment models to meet the needs of any organization



Embedded and standalone

- Embed within SAP transactional processes for real-time performance management and provide standalone platform for non-SAP ERP and heterogeneous environments



High performance, real-time platform

- Enable ability to collect, analyze, plan, predict and report on Big Data without having to wait

Future direction

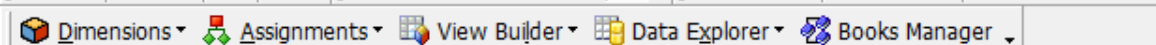


Thank you

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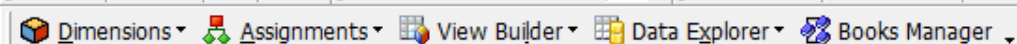
Backup Slides



$$f_x \quad \downarrow \quad \checkmark \quad \times \quad =$$

	Pacific Northwest	Pacific Northwest	Bay Area Sho...
--	-------------------	-------------------	-----------------

Default



f_x

	Pacific Northwest	Pacific Northwest	Bay Area Sho
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Dave



Item

- 1 Detailed Re...
- Utilisation Level ...
- 1 Detailed Re...
- Activity Drivers
 - Activity Drivers
 - All Activity Drivers
 - # High-End Sales
 - 1 Detailed Rule
 - # Offloaded cars
 - 1 Detailed Rule
 - # Other sales
 - 1 Detailed Rule
 - # Part Ex
 - 1 Detailed Rule
 - # Sales
 - 1 Detailed Rule
 - # Sales with Oth...
 - 1 Detailed Rule
 - # Sales with Visio...
 - 1 Detailed Rule
 - Items For Reporting
 - Direct Costs
 - 1 Detailed Rule
 - Margin Lux
 - 1 Detailed Rule
 - Revenue %
 - 1 Detailed Rule
 - Units Sold
 - 1 Detailed Rule
 - User Defined Rules
 - User Defined Rules
 - TimeLinePreviousVe...
 - 1 User Defined R...

Description

```

01 Function CellValue
02   If CurrentCostObject1 = CostObject1Code("PL2300 Luxury C
03     CellValue = ActivityDriverValue(,,, "# Sales", "PL2300 L
04   Else CellValue = 0
05   End If
06 End Function

```

Syntax Check

Run

Save

| Dimension | Current Item |
|------------------------|------------------|
| Versions | Actual |
| Periods | June |
| Responsibility Cent... | Los Angeles S... |
| Line Items | LP110 - Stock... |
| Activities | Spare Resource |
| Products | CO1 Unassign... |
| Customers | CO2 Unassign... |
| Revenue Types | Car Revenue |
| Currencies | Currencies |
| Resource Drivers | RD Unassigned |
| Activity Drivers | Revenue Acti... |
| User Defined Rules | User Defined ... |
| Target Responsibili... | Los Angeles S... |
| Target Activities | Spare Resource |





Dimension Group Panel B...

Item

- 1 Detailed Re...
- Utilisation Level ...
- 1 Detailed Re...
- Activity Drivers
 - Activity Drivers
 - All Activity Drivers
 - # High-End Sales
 - 1 Detailed Rule
 - # Offloaded cars
 - 1 Detailed Rule
 - # Other sales
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 - 1 Detailed Rule
 - Revenue %
 - 1 Detailed Rule
 - Units Sold
 - 1 Detailed Rule
 - User Defined Rules
 - User Defined Rules
 - TimeLinePreviousVe...
 - 1 User Defined R...

Code Value Timings

| TableField | Value | Time | |
|--|-------|-----------|--|
| ☒ ActivityDriverValue | 0.00 | 3.01 ms | |
| ☒ ActivityDriverDeltaValue | 0.00 | 2.28 ms | |
| ☒ ActivityDriverOriginalValue | 0.00 | 104.11 ms | |
| ☒ ActivityDriverTargetValue | 0.00 | 1.00 ms | |
| ☒ ActivityDriverDataValue | 0.00 | 1.24 ms | |
| ☒ PrimaryDriverVolume | 0.00 | 2.52 ms | |
| ☒ PrimaryDriverUnitRate | 0.00 | 2.96 ms | |
| ☒ DirectPrimaryDriverVolume | 0.00 | 2.76 ms | |
| ☒ DirectPrimaryDriverUnitRate | 0.00 | 2.29 ms | |
| ☒ CostObjectActivityUnitRate | 0.00 | 1.16 ms | |
| ☒ CostObjectActivityFixedUn... | 0.00 | 1.00 ms | |
| ☒ CostObjectActivityLineIte... | 0.00 | 1.29 ms | |
| ☒ CostObjectActivityLineIte... | 0.00 | 1.56 ms | |

Fetch Values

Halt

Context

| Dimension | Current Item |
|------------------------|------------------|
| Versions | Actual |
| Periods | June |
| Responsibility Cent... | Los Angeles S... |
| Line Items | LP110 - Stock... |
| Activities | Spare Resource |
| Products | CO1 Unassign... |
| Customers | CO2 Unassign... |
| Revenue Types | Car Revenue |
| Currencies | Currencies |
| Resource Drivers | RD Unassigned |
| Activity Drivers | # High-End S... |
| User Defined Rules | User Defined ... |
| Target Responsibili... | Los Angeles S... |
| Target Activities | Spare Resource |