SIMPLEFI

Case Study: Legal Consolidation and Financial Reporting with SAP Analytics Cloud (SAC)

Chris Cap, March 2022

Company Overview

www.sumup.com

Company Name: SumUp
Industry: Payment Processing
Annual Revenue: ~$1B

Project Requirements:

- Financial Consolidation of 60 subsidiaries
- Automated Financial Statements (Balance Sheet, Income Statement, Cash Flow).
- Elimination Entries, Currency Translation (Closing, Average & Historical Rates), Journal Entries, Balance Carryforward
- S/4 General Ledger Integration. Flat file uploads for Companies not running on S/4.

Summary: SumUp Inc. (SumUp) is a financial technology company that was created to give small business owners the ability to be successful doing what they love by taking the hassle out of getting paid. The company offers a range of card readers and financial services (including invoices, gift cards, payment links, and much more) to the millions of businesses that are considered too small to be serviced by most banks and traditional providers. Today, over 3 million businesses rely on SumUp to get paid easily and affordably, no matter their size.

Project Goals and Overview

Since its inception, SumUp had survived its external and internal reporting requirements by exporting trial balances of its various companies and merging them all in a massive excel workbook, where currency translation and elimination entries were performed. Their implementation of S/4HANA Finance in 2018 helped by standardizing data across companies within the organization, which greatly help the standardization of the data used in the consolidation. Unfortunately, just as the fruits of this labor were beginning to be realized, SumUp entered a new and more challenging norm of massive growth from multiple acquisition activities each year, year after year. These companies each came with their own source systems, and while SumUp will eventually bring them onto their global S/4 instance, a better solution than Excel was needed to Consolidate acquisition numbers on Day 1. Their current excel workbook turned into a network of workbooks, and the global reporting team was finding it harder and harder to compile their consolidated numbers without spending lots of time on error correction and manual processing.

Knowing that their current process was unsustainable, SumUp began to investigate SAP's recommended course of action for such a scenario: SAP Group Reporting. After investigating this option, and determining fit long term, SumUp decided they wanted a stand-alone consolidations and reporting solution with quicker time to value in the immediate future. They could not fathom being able to continue and sustain an excel based process for a whole year more.

SimpleFi proposed that by leveraging our internally developed pre-packaged SAP Analytics Cloud Consolidations content we could deliver for them a consolidation solution that would meet their requirements for a fraction of the cost. Even better, SimpleFi could implement this solution for them in just over 2 months as much of the prepackaged content met SumUp requirements out of the box. To add to the value proposition even further, using SAC instead of Group Reporting means that the reporting and analysis tools are built into the solution (all in SAC). Group Reporting, by contrast, is a consolidation "engine" used to derive the consolidated balances with the benefit of real time reporting. Regardless, a reporting and modeling solution like SAP Analytics Cloud is needed on top of Group Reporting. In SumUp's case, at least in the short term, having the consolidation "engine" and reporting all in one single SAC based solution made a lot of sense.

2 months later and slightly under budget, the design, build, and UAT have been completed, and SumUp is embarking on a 2-month parallel. SumUp is incredibly satisfied with the solution and pleasantly surprised with the training, knowledge transfer, and documentation that SimpleFi has provided so that SumUp can own and manage the solution themselves.

Project Scope

Consolidation Process

The following items were included in scope for the consolidation process:

- Direct loading of master and transaction data from SAP S/4HANA general ledger
- Automated upload process via Google Docs for company codes outside of S/4HANA
- Currency Translation from multiple different Functional Currencies to Group Currency
- Currency Translation at a historical rate for certain equity accounts on the balance sheet
- Automated CTA calculations in Group Currency
- Consolidated Intercompany Matching Reporting for all companies (not just those in S/4) with drilldown to account
- Automatic Intercompany Elimination Entries (AR/AP, Sales and Other P&L)
- Fully automated cash flow statement calculation based on balance sheet and income statement movements.
- Topside Journal Entries

Financial Reporting

The following items were included in scope to support the monthly reporting package:

- Financial Statements Package (Consolidated Balance Sheet, Income Statement, Cash Flow Statement)
- Month over month variance for all financial statements
- Commentary capture in SAC for all financial statements by company, region or consolidated
- Consolidating Balance Sheet, Income Statement and Cash Flow Statement by Company Code, with drilldown capability.
- Trended Financial Statements (by Month).
- A normalized version of the income statement (excluding extraordinary items) using a filter on the Internal Order.

Project Challenges

Spreadsheets can be changed at any time. This is how the personnel at SumUp were accustomed to thinking about consolidating their numbers. Just change cell X1 and get the number you want. This flexibility can be hard to say goodbye to, and SumUp, like many organizations had to learn a new way of thinking from what they had become accustomed to. SimpleFi was able to show the value of a reporting solution like SAP Analytics Cloud which has both excel like grids and the visualizations to tell the business stories (such as bridges) that organizations demand for monthly and quarterly reporting. Also transitioning from Excel, SumUp realizes there is some loss of flexibility factored into any business process transformation.

Project Wins

The Company can recognize several benefits with the implementation of SAP Analytics Cloud:

- From a project management perspective, the project was completed On Time and Under Budget in about 9 weeks.
- Users have an easy launchpad via Google Chrome to access all relevant aspects of their SAC system in one place (Reports, Input Forms, Dashboards and Documentation).
- SumUp uses GSuite for their enterprise email and file management (rather than the more traditional Microsoft Outlook, Sharepoint, Office suite). GSuite integrated seamlessly with the Google Docs features delivered in SAC. Any google document can be easily linked to from any SAC Story through the delivered SAC hyperlink functionality, and the result is quite seamless. Additionally, loading data from a flatfile maintained and compiled in a google document is a seamless experience as well.
- SimpleFi created detailed process flows built in SAC stories to guide end users through each step of the consolidation process. Each step has links to the relevant forms, reports, data actions, etc. so the user can easily find them and follow the same consistent process (from opening the period, loading data, consolidating, reporting, closing the complete period) month after month.
- SumUp was consistently pleased with how SimpleFi acted as an educator and constantly explained how and why certain decisions had been made, as well as the best practices underlying those decisions. This all while simultaneously considering requirements that were required by and specific to SumUp. The result is a solution that merges SumUp's processes with time tested best practices.
- SumUp no longer spends time doing all the things that were prone to cause errors in their excel based process (such as moving cells around when new companies are acquired, or accounts are created). They no longer need to chase after formula errors when subtotals don't foot correctly. Instead, SAC is their one source of truth and allows them to easily combine Budget and Actual data together for reporting and planning purposes. The reporting capability is far beyond that which could have been achieved under the old excel process and their results can be viewed at any level of granularity we have included (e.g. profit center, cost center, country, internal order, company code).
- SumUp has levels of granularity in their consolidation that were not possible in a spreadsheet-based provcess, which increases their ability to quickly identify business drivers. For example, it is now possible to drill down into details behind a cash flow balance to determine the largest drivers. Or drill into variances between actual and budget.
- SumUp and SimpleFi were able to deliver a cost-effective solution with minimal resource commitment from the Company's IT and on an abbreviated timeline. This approach offered tremendous cost savings. With this approach, this solution can scale between small and medium sized organizations, as well as large ones whose complexity is not sufficient to warrant a large investment in SAP Group Reporting.
- The company previously had tools built in S/4 HANA to allow them to reconcile intercompany balances, but the limitation of this was that it only had visibility over companies that had be onboarded within S/4 HANA, and that more and more of their newly acquired companies were not yet at this point. The Intercompany Matching report in SAC encompasses all data from all company codes regardless of where the data is sourced, give a global view to the state of intercompany reconciliations, including the companies where further attention is needed.

Value realization

The SAC Consolidation solutions does the following automatically (each of which replaces a process that was formerly labor intensive):

- Loads General Ledger Data from S/4 – No more dumping G/L data to a network of spreadsheets
- Rolls forward previous balances – No more manual excel formulas to do so.
- Translates functional currency into their group currency – Replaces the need to maintain a network of spreadsheets to perform these calculations
- Shows intercompany balances that are out of balance – Previously, only companies on S/4 could be easily reconciled. Any larger reconciliation was a manual endeavor.
- Posts elimination entries - Replaces the need to maintain a network of spreadsheets to perform these calculations
- Validates data – Replaces the need to maintain a network of spreadsheets to perform these validations
- Generates Cash Flow Statement data automatically – Replaces a spreadsheet based process.
- Generates basic financial statements (Balance Sheet, Income Statement and Cash Flow Statement) – These statements were previously created manually.
- Collects commentary by company code/region – Replaces a process where this commentary was entered in spreadsheets, emailed back and forth, and compiled manually)

All of these automations mean that analysts can spend time doing what they were hired to do: analyzing and providing value to key stakeholders, rather than comiling data and fixing errors and broken links. This is the single largest benefit realized by the Accounting and Finance organizations at SumUp.

Future Use

One of the attractive points with SAP Analytics Cloud, is the additional functionality it provides beyond that which SumUp utilized in this initiative. This goes for both existing functionality that SumUp looks forward to utilizing in their planning, analytics, and BI use cases, as well as new functionality that will continue to be released on a regular basis as SAP continues to invest heavily in this platform.

With SimpleFi's future help, SumUp plans to add additional automated functionalities to their consolidation solution. A few ideas currently being considered:

- Automated income tax calculations for balance sheet and income statement.
- Automated transfer pricing and intercompany profit adjustments and eliminations
- Automated consolidation entries around goodwill and intangible asset amortization
- Different reporting requirements for different tax jurisdictions

SumUp will also continue to experiment with how to best utilize the planning capabilities of SAC in their Finance organization. Some areas of interest:

- End to End Financial Planning
- HR Workforce Planning and Analytics
- Capital Expenditure Planning
- Operating Expense Planning
- Profitability Planning

SAC is the perfect tool for FP&A enablement, allowing organizations to get the financial information they need to make value added contributions to key executives and stakeholders.

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SIMPLEFI

318 W Adams St, Suite 1604
Chicago, IL 60606

4388, rue St Denis, Suite 200 #410
Montréal, Qc H2J 2L1
Canada

Contact@SimpleFiSolutions.com
1-800-985-9430