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SAP Material Ledger: New Tips and Key Updates

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Introduction

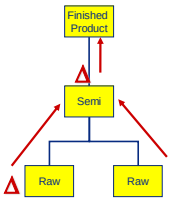
- This webinar will show you why companies decides to use material ledger, what the new functionalities available are, and help to answer some question such as:
  - Is material ledger only used to valuate inventory in 3 different currencies?
  - Is one material ledger enough?
  - What should you expect from EHP5 for Material Ledger?
  - Is Material Ledger ready on HANA ?
  - Which reports are available for Material Ledger?
  - How can I solve basic issues in ML?

Material Ledger Overview

- Material Ledger
  - Actual Costing
  - Parallel Valuation (Multiple currencies)
  - Multiple and alternative Valuation
  - HANA
  - Reporting
  - Material Ledger Tools

Actual Costing

- Material Leger is the SAP functionality to bring actual cost to inventory valuation and COGS
- Multiple levels are the result of one material being used in another material
  - Single-level and multi-level price differences exist
  - If one material is used in another material, and single-level price differences exist for the input material, this results in multi-level price differences
  - Differences are rolled up to finished products
- The standard price, the single-level differences cumulated in the period, the differences between planned and actual prices, as well as input material differences (multilevel differences) are all taken into account.
- Up to 3 currencies valuation



And what else?

FIFO Valuation ?

Different Account Principles

NRV valuation?

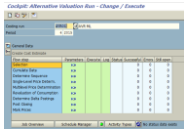
Transfer Price ?

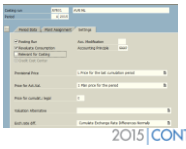
CKM3 Only ?

Custom Inventory /COGS Valuation

Multiple and Alternative Valuation

- CKMLCPAVR
  - Alternative material ledger can be created to calculate, simulate, post different inventory values and COGS
- BADI (ENDING_INVENTORY) to change ending inventory valuation
- Maintain table CKMLPR_EB to use external price ending (NRV or FIFO)
- Use BADI (CKMLAVR_SIM) to manipulate cumulated data
- Use BADI GET_DEFCCS to manual change of material price and cost component split



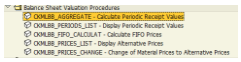


FIFO Valuation

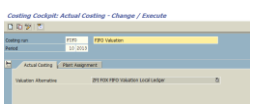
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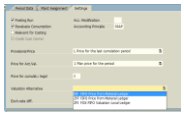


- Transactions



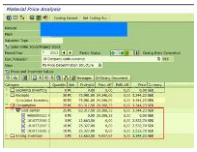
- CKMLCP or CKMLCPAVR

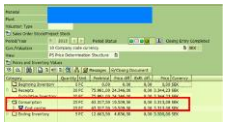




FIFO Valuation

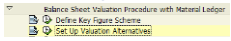
- CKMLCP
  - Leading Ledger
  - 1 run
- CKMLCPAVR
  - Leading Ledger (Acc. Modification)
  - Non-Leading Ledger depending on Account Principle
  - Post to FI or NOT
  - More than one calculation available





NRV and Material Ledger

- Customizing



- Transactions
  - MRY2

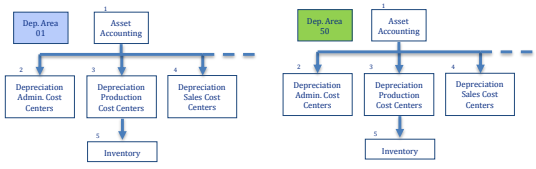


NRV and Material Ledger

- CKMLCP
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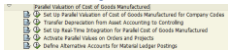
What Can You Expect From EHP5 for Material Ledger?

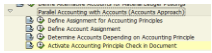
- FIN_CO_COGM
  - Depreciation differences between GAAPs can be allocated to Asset Accounts, Inventory Accounts, P&L Accounts
  - Exclusive version to Calculate Alternative activity rate
  - EHP5 needed



FIN_CO_COGM

- Exclusive ML version
- Account Principle for Material Ledger and Alternative Material Ledger
- Specific depreciation Area to posting to a Local Ledger
- CKMLCPAVR to calculate new Inventory and COGS.
- Customizing





- Example

Category	Quantity	Depreciation
Beginning Inventory	0,000	0,00
Receipts	28.000,000	78.492,37
Cumulative Inventory	28.000,000	78492,37
Consumption	0,000	0,00
Ending Inventory	28.000,000	78.492,37

USGAAP Depreciation

Category	Quantity	Depreciation
Beginning Inventory	0,000	0,00
Receipts	28.000,000	100.049,29
Cumulative Inventory	28.000,000	100.049,29
Consumption	0,000	0,00
Ending Inventory	28.000,000	100.049,29

IFRS Depreciation

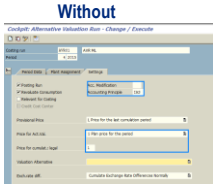
What If Your Company Is Not On EHP5?

- A Planned Version can be used to Calculate activity rates
- Post to Inventory and COGS values to Delta account or Local Ledger
- OBYC needed for posting in Leading Ledger

- With FIN_CO_COGM



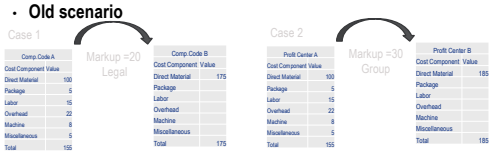
- Without



LOG_MM_SIT

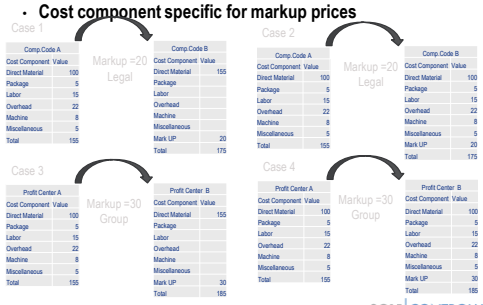
- MM, Stock in Transit and Actual Costing
  - Allow the company to track stock in transit to external customers and stock transfer between plants within same company code or not, in this case keeping the original cost component split + intra company profit

- Old scenario



LOG_MM_SIT

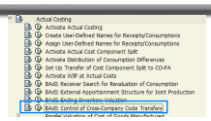
- New scenario
  - Cost component specific for markup prices



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LOG_MM_SIT



- ROLLUP_COST_COMP_SPLIT
  - Using this method you can control that the cost component split is also transferred cross-company code in the legal view.
- REVAL_MARKUP_AT_ACTUAL_COSTS
  - Using this method you can control that the intercompany profit is calculated on the plan costs of the sender and not using the actual costs.
- DISPLAY_COST_COMPONENTS
  - Using this method you can control in Material Price Analysis (CKM3) that all cost components not relevant to inventory valuation are displayed (and not just the cost component for the intercompany profit).
- GET_MARKUP_COMPONENT
  - Using this method you can control that the intercompany profit is assigned to any cost component not relevant to inventory.
- MODIFY_MARKUP
  - With this method, you can calculate the intercompany profit in accordance with a separate algorithm.

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Material Ledger Accelerator :

Scope and benefits

What's included

- Material Ledger Reporting
  - Drill Down Reporting for ML
  - Virtual Info Provider for ML Reporting with SAP BO BI 4.0 tools
  - Accelerated Material Price Analysis (CKM3)
- Material Ledger Period End Closing
  - Accelerated actual costing runs in Costing Cockpit (CKMLCP)
    - Material Selection
    - Post Closing
  - Accelerated BW extraction
- Accelerated Price Difference Balance Monitor

Business benefits

- Usage of the generic tool for drill-down reporting
- Accelerated the navigation on the material ledger document level when showing the pricing determination
- An accelerated reporting on material actual costing data will be possible based on SAP ERP system having new modern user interfaces like Business Objects Explorer or Business Objects Analysis for Microsoft Office.
- Accelerated BW extraction
- Check all values posted to price difference accounts to meet the requirement with very good response times

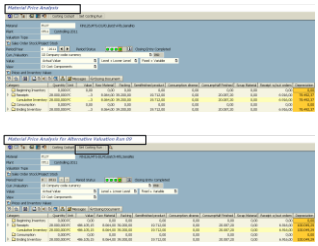
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Benefits

- Material value flow is now possible to run without taking long run time.
- Material leger closing performance increased
- Top down distribution runs faster
- CKM3 document display speed increased

Which Reports Are Available for Material Ledger?

- CKM3N
  - CKMLCP and CKMLCPAVR



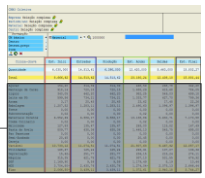
CKM3N for Multiple Materials

- KKML0
  - Drilldown reporting is a powerful and useful report type for flexible online analysis by characteristics available for each area. Ex. Material, Material Type, Production Order, etc.
  - Online
  - Own Defined reports and forms
  - No Cost component Split
- SAP ML Network Graphics
  - Webdynpro report based
  - Own Defined report
  - Not Online need to run transactions to load reporting tables
  - No Cost Component Split

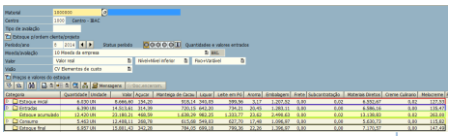
KKML0

- **Report Example**





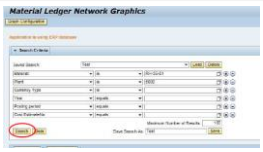
Cost Component can't be displayed using STD functionality, but can be achieved using enhancement



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SAP ML Network Graphics



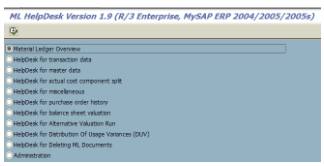


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Material Ledger Tools

- **CKMHELP**
  - **Material Ledger support tool to identify issues and fix problem**
  - **Used by SAP support team to fix issues in material ledger**



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Resources

- http://help.sap.com
  - SAP ERP ➞ SAP ERP Central Component (6.0 SP19) SAP ERP Central Component ➞ Financials ➞ Controlling (CO) ➞ Product Cost Controlling (CO-PC)➞ Actual Costing/Material Ledger (CO-PC-ACT)
- SAP Note
  - 659447 - No process steps in AVR cockpit
  - 996304 - Documentation: BADI GET_DEFCCS
  - 1004899 - External ending inventory valuation
  - 896461 - Documentation: BADI CKMLAVR_SIM
  - 1807147 - Network Graphics in Material Ledger

Questions

- Now:
  - Ask questions now for immediate answers
- Later:
  - rogerio@rogeriofaleiros.com



Controlling 2015

- To learn more from Rogerio, attend the Controlling 2015 conference September 21-24, 2015 in San Diego, CA.
- Rogerio will present sessions on:
  - How to avoid the most common SAP CO-PA customization pitfalls
  - Guidelines for leveraging material ledger to provide parallel product cost for inventory using alternative valuation run and business function FIN_CO_COGM
  - Expert Led Networking: SAP Material Ledger.

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