

SAP's New General Ledger in ECC 6.0: Document Splitting - Part I

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SAP®'s New General Ledger in ECC 6.0: Document Splitting - Part I

By Anurag Barua, The Washington Post

Editor's Note: *There's a lot to love about the new General Ledger found in mySAP® ERP 2005—most particularly; document splitting. Anurag Barua presents this new feature in a two-part series. In this first article, he'll give us the 411 on the new G/L and a quick peek at what document splitting is and what it can do for you. Next time, the nitty-gritty on document splitting!*

If your company is considering an upgrade to mySAP ERP 2005 (and its core component, known as the Enterprise Core Component or ECC 6.0), you are likely to have already done a thorough analysis of some of its most important features. And, if you have upgraded to this latest release, you may already be using some of these features. One such “key” feature is document splitting, which in simple terms is the ability to split line items in a document, based on selected dimensions and a splitting procedure that you configure in the IMG.

This is the first article in a two-part series that discusses the document splitting functionality in ECC 6.0. This issue, we will go into some major concepts and new features in the “new G/L” and introduce you to the concept of document splitting. The second part will delve deep into the world of document splitting in the New G/L.

Even though a lot of the functionality contained in the New G/L was available in its immediate predecessor, this series, including all examples and screenshots, will be based on ECC 6.0 and the mySAP ERP 2005 release.

Some Basic Facts about the New G/L

1. The new G/L was introduced for the first time in the mySAP ERP 2004 release (and ECC 5.0). A lot of the features that we will be discussing were available in this earlier release. There is no doubt that the number scheme followed in these releases can get quite confusing. The easiest way to remember is to follow this principle: when someone refers to ECC 6.0, (s)he is referring to the mySAP ERP 2005 release, and any reference to ECC 5.0 should be interpreted as a reference to the mySAP ERP 2004 release.
2. There is no extra cost in implementing the new G/L when you upgrade to mySAP ERP 2005 or are installing it for the first time.

In other words, if you are a new customer and installing mySAP ERP 2005 and own a mySAP ERP license, there is no extra charge for using the new G/L. If you are upgrading to the new release from an earlier release, assuming you have purchased a mySAP ERP license, there is no extra charge for using the new G/L.

3. The availability of the new G/L does not mean that the old (or “classic G/L” to use SAP terminology) G/L goes away. You can continue using classic G/L. In fact, in the IMG, you will see both options (the classic as well as new). They are provided within the Financial Accounting and Financial Accounting (New) hierarchies. Figure 1 illustrates this.

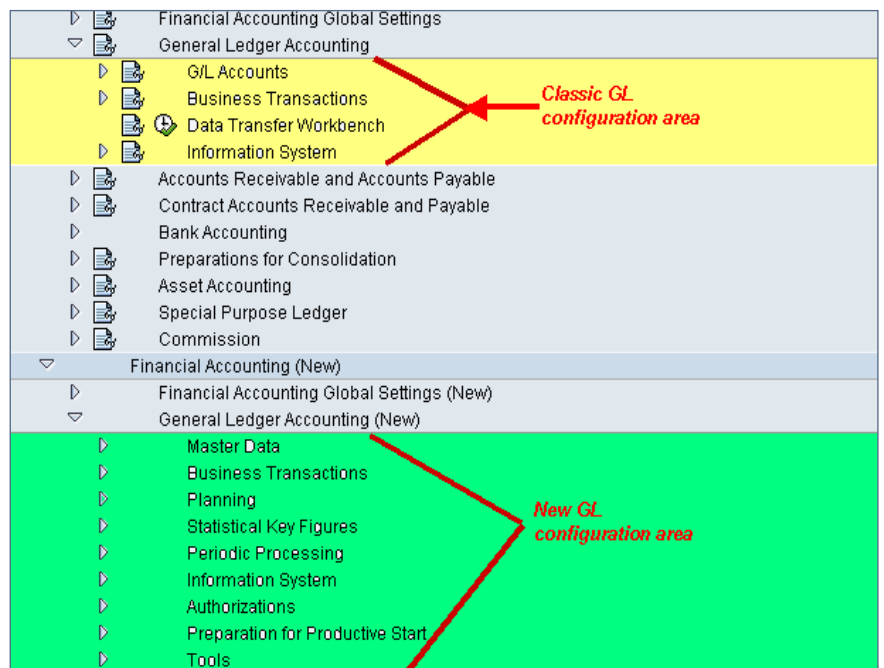


Figure 1: Classic and New G/L Configuration Areas in the IMG

4. Regardless of whether you are using the classic or the new G/L, the user posting an accounting document will be practically unaware of what is happening in the background. And therein lies the truth about this new paradigm – the majority of the changes occur behind the scenes and are not transparent to the user. There are a few new things the user will notice and/or will have to do when posting a document, but the impact is almost entirely on the back-end.

5. If you are upgrading from an older release of SAP R/3 to my SAP ERP 2005, you should treat the migration from classic to new G/L (should you want to do so) as a project in and of itself. SAP recommends a migration path for this and it includes the mandatory purchase of migration services from SAP. For more details, visit the GL Migration Services area in SAP's Service Marketplace at <http://service.sap.com/glmig>.

Please note that you need a valid Service Marketplace user ID to be able to access this information.

Key Features of the New G/L

The new G/L introduces a paradigm shift from the old, stodgy world of the classic G/L approach. The primary charter of the new G/L is to provide a central framework for keeping track of all business transactions in an environment closely integrated with all application areas in SAP that generate postings relevant to the G/L. In other words, the new G/L serves as the central repository of all business transactions. Moreover, since the information that resides here is real-time, any reports that you run (regardless of whether it is on an account level or totals) provide you with not only a complete view, but also the most current one.

There is a standardized look-and-feel to all the ledgers, which makes the process of entering data in various ledgers a convenient one.

Let's look at some key features in more detail:

1. **Segment Reporting** – US GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Standards) rules require companies to report

at the segment level. From a GAAP perspective, a segment is a company within a company (i.e., it is a unit that generates its own revenue and incurs its own expenses). The concept of document splitting (which we will briefly look into in Part I and go into details in Part II) is closely associated with the use of segments in financial reporting.

2. **Parallel Accounting** – In the new G/L, you can use any number of parallel ledgers with one of them serving as the leading ledger. One ledger must be designated as the leading ledger; this ledger is integrated with all the subsidiary ledgers. This means that you can post to either just one ledger or two or more, depending on the combination of ledgers that you've indicated in the IMG. If you are going to be using parallel ledgers, these should be created as non-leading ledgers (also in the IMG). This is displayed in Figure 2.

There is a standardized look-and-feel to all the ledgers, which makes the process of entering data (among other functions) in various ledgers a convenient one. Reporting off of these ledgers is also uniform. You can concurrently post in real time to these parallel ledgers.

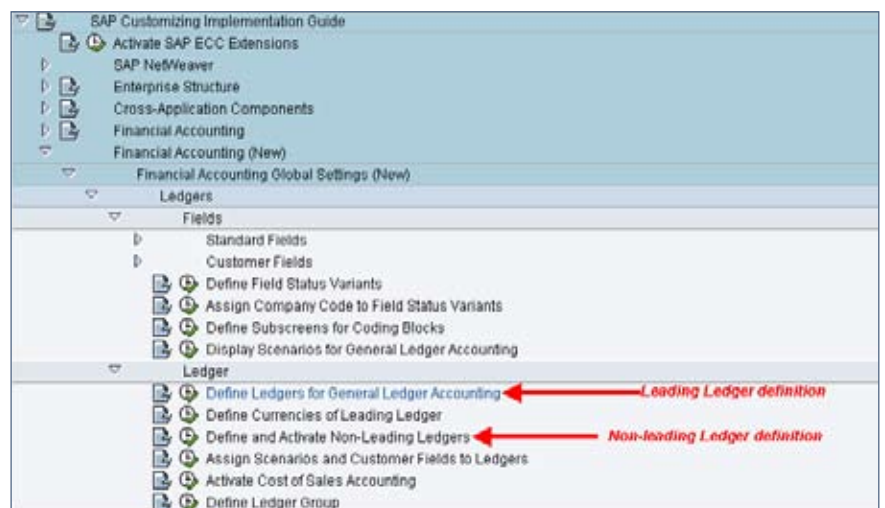


Figure 2: Configuring Leading and Non-leading Ledgers in the New G/L