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What You Should Know About SAP BPC

by Prasad Manuduri, Principal Consultant — SAP Practice, TekYogi, LLC, Cupertino, CA

With the recent acquisitions of Business Objects and OutlookSoft, many companies are wondering what SAP's strategy is for business planning and consolidation. Find out how SAP is assimilating the OutlookSoft technology into SAP Business Planning and Consolidation and see how these applications compare to existing SAP and Business Objects applications.

SAP Enterprise Performance Management (SAP EPM) is a new module that enhances the integration between financial performance management tools and other SAP applications, such as SAP NetWeaver BI and SAP Governance, Risk, and Compliance (SAP GRC). As part of this initiative, SAP introduced SAP Business Planning and Consolidation (SAP BPC) — formerly OutlookSoft — as the application of choice going forward for budgeting, planning, forecasting, and financial consolidation. (For more information about SAP EPM, see the sidebar on page 4.)

After the acquisition of Business Objects and OutlookSoft, SAP found an overlap of products and decided to place duplicate products in maintenance mode wherever possible, with clearly articulated maintenance rules, migration kits, and declarations of functional parity for most of the solutions. This article is an effort to give a clear picture about SAP BPC, based on currently available information.

The Future of SAP BPC

Within the area of business planning, SAP has evaluated five different application choices:

- Strategic Enterprise Management-Business Planning and Simulation (SEM-BPS)
- BI Integrated Planning (BI-IP)
- Business Objects Planning XI/Business Objects Planning Extended

>> Key Concept

SAP Business Planning and Consolidation (BPC) is a tool that is part of SAP Enterprise Performance Management. SAP BPC is one of several components focused on financial performance management to help companies manage their financial planning, consolidation, and strategic reporting needs. SAP BPC, in its current release 7.0, comes in two versions — one integrated to SAP NetWeaver and one that is a standalone Microsoft version to accommodate the current OutlookSoft customers.

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- Business Objects Planning (Cartesis Planning)
- SAP BPC (previously known as OutlookSoft)

SAP BPC was positioned as the go-forward choice following the acquisition of OutlookSoft last year. **Table 1** shows SAP's current product strategy for business planning.

Similarly, SAP has evaluated three choices for consolidation applications:

- SAP BPC
- Business Objects Financial Consolidation (formerly a Cartesis product)
- Business consolidation functionality in SAP SEM-BCS

Table 2 provides a summary of these options. SAP will continue to support all three of these applications going forward. However, Business Objects Financial Consolidation has richer functionality for statutory reporting and support of the eXtensible Business Reporting Language (XBRL). For some complex consolidation scenarios, SAP wants to keep Business Objects Financial Consolidation in its portfolio of business consolidation products.

Why SAP BPC Is Unique

One bundle: SAP's BPC module, designed to be part of the desktop of any SAP ERP user, is a unique performance management product that unifies predictive analytics, actionable reporting and analysis, and business consolidation in one bundle. SAP BPC gives companies a free hand to implement any of the solutions spanning across performance management — independently or together. This means that you don't have to pay any penalty if you want to expand beyond planning to consolidation and financial reporting. This significantly reduces the implementation

cost and makes it much simpler to design performance management processes.

Common resources: SAP BPC has overcome the big challenge of sharing key ingredients of application design, unlike every other planning and consolidation product (such as SEM-BPS, IP, and SEM-

BCS). All the SAP BPC application components — planning, budgeting, and forecasting; legal or management consolidation; and building financial reports — share the key ingredients of SAP BPC. These key ingredients are metadata, the dimensional model, the business rules, and the user interface.

>> SAP EPM and Financial Performance Management

SAP EPM has a strategic focus of performance management for the entire organization as well as financial performance management (including risk, compliance, and governance). Financial performance management allows you to manage all your financial and operational strategy, planning, budgeting, forecasting, reporting, and analytic requirements — in addition to profitability and cost optimization. Financial performance management supports closed-loop performance management with best-in-class functionality for the core domains: strategy management, business planning, profitability and cost management, and financial consolidation.

Planning application	Status
SEM-BPS	Entered maintenance mode in 2005
BHP	Focus on customers who invested in BHP already. Goes into maintenance mode in 2013 with extended maintenance through 2016.
Business Objects Planning XI/ Business Objects Planning Extended	In maintenance mode through 2011 with premium extended maintenance through 2013
Business Objects Planning (Cartesis Planning)	In maintenance mode through 2011 with premium extended maintenance through 2013
SAP BPC	Primary budgeting application going forward. SAP is rolling this into the Business Objects universe.

Table 1 Business planning applications currently available through SAP

Consolidation application	Status
SAP BPC	Primary consolidation application going forward. SAP plans to keep enhancing BPC Consolidation and Business Objects Financial Consolidation, eventually unifying them. The unified version is expected by 2010 as a part of financial Performance Management version 8.0.
Business Objects Financial Consolidations (Cartesis Finance)	Has richer functionality for statutory reporting and support of XBRL. Used for complex consolidation scenarios.
SEM-BCS	Enhancements through 2008. In maintenance mode through 2011 with premium extended maintenance through 2013. SAP will continue to offer SEM-BCS as a possible consolidation offering because it has much deeper consolidation functionality than either SAP BPC or Business Objects.

Table 2 Current consolidation applications offered through SAP

Ease of use and design: SAP BPC is built around Microsoft Office tools, mainly Excel. In addition to an admin module, SAP BPC has Web, Excel, Word, and PowerPoint as main modules. It is easy for users to apply their Microsoft Office skills to build and operate SAP BPC without having to learn or use custom add-ins or software. SAP BPC uses Excel to its maximum extent, and therefore the application is more user friendly.

Business process flows (BPFs): SAP BPC combines the technical and functional steps of data processing into a process framework called BPF. A BPF provides users a real-time picture of a given process' status at any level, spanning multiple groups, deliverables, and activities.

BPFs are distinctly different from workflow or managed business processes. They are structured processes that provide measurable value for performance management initiatives and facilitate rapid expansion beyond the finance aspects of an organization into the day-to-day operations of an organization.

Standard BPF content consists of templates — for example, monthly budgeting, management consolidation, legal consolidation, and profit and loss planning. You can automate the data operations using BPFs by packaging together operational steps for dimensions, user roles, and input schedules, for example.

Service-oriented architecture (SOA) support: BPC is capable of adapting SOA to provide a high degree of flexibility and interoperability with other applications. For example, in the BPF capability of BPC, you can use messages through any Web service supported by Web Services Description Language (WSDL) to integrate complex application processes using standards-based technology. This avoids the building and maintenance of complex custom interfaces and thus eases the

implementation and reduces TCO.

Rich templates and business content: As with any of the other SAP planning and consolidation applications, SAP BPC also comes with customizable business templates, report templates, input schedule templates, and consolidation rules. However, you do not need to activate standard business content in SAP BPC. You can start a project by simply copying the standard content and modifying it. This not only significantly reduces the implementation time, it also makes the implementation easier.

SAP BPC Release Strategy

You can use SAP BPC 5.1 on the Microsoft platform and it is available as standalone software. In August 2008, SAP BPC 7.0N became available in SAP Ramp-Up. This release is tightly integrated with SAP NetWeaver, allowing both read and write functionality directly to SAP NetWeaver BI 7.0. SAP BPC 7.0M, for users who are running SAP BPC on the Microsoft platform, also entered the SAP Ramp-Up phase in August 2008.

By the end of 2008, SAP plans to release a new version of SAP BPC that will add data services to the SAP NetWeaver BI tools and begin adding an integrated data model. Ultimately, by the end of 2009 SAP plans to unify BPC with the other financial performance management products, including SAP Strategy Management and the Business Objects Profitability and Cost Management application.

SAP BPC Architecture

SAP BPC has four main components:

- BPC Administration
- BPC Data Manager
- BPC for Web
- BPC for Microsoft Office

BPC Administration: This has two interfaces: the client administration console, which requires a small footprint, and the Web administration tasks, which is a zero footprint client. The console client is a Microsoft Explorer-like window where you manage design components such as application sets, applications, dimensions, business rules, business process flows, journal configuration, user security, and data work status. The browser client allows you to control application sets and application properties and maintain BPC Web.

BPC Data Manager: Data Manager is used to manage the data movement to and from SAP BPC. Data Manager supports mapping and any necessary transformations of data. Data Manager uses data packages (a set of specific tasks) to perform operations such as initial data loading, currency translations, and distributions. These tasks are based on information provided either by entering information in Data Manager Package prompts or by modifying the package directly through SQL Server.

Data Manager is based on Microsoft Data Transformation Services (DTS) and SQL Server Integration Services (SSIS). You can use DTS to manage your SQL Server 2000 packages and SSIS to manage your SQL Server 2005 packages. SAP BPC is delivered with a set of standard packages to meet typical data management needs.

BPC Web: This is a zero footprint client that allows you to publish reports and unstructured documents, create and analyze live reports, view KPIs on a dashboard, and perform predictive analysis. You can also use BPC for Web for administrative tasks, managing the content library, and live reporting.

BPC for Microsoft Office: This combines the power of SAP BPC with the functionality of Excel, Word, and PowerPoint. With BPC for Microsoft Office, users can directly link their usual office

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tools — such as worksheets, documents, and slide shows — to the BPC database that houses the company's reporting data. BPC for Microsoft Office allows you to collect data, build and distribute reports, perform real-time analysis, and publish reports in a variety of formats. SAP BPC for Microsoft Office also allows users to save reports to allow access to them when disconnected from the database. Additionally, users can take reports completely offline and distribute them based on user access rights.

Implementation Considerations

SAP BPC is decoupled from the Enterprise Data Warehouse (EDW) — even in the latest SAP NetWeaver release — to keep it more independent of SAP NetWeaver BI. SAP BPC is less cumbersome and easier to implement when the end-user focus is maintained. SAP BPC's user-friendly interface for administration and development allows power users to perform technical tasks such as generating user roles and BPFs.

The Microsoft Office integration allows users to build their own reports and enter schedules without having to depend much on the technical team. As with any new product, SAP BPC is still evolving into a great user-friendly product and it is slowly being integrated into the SAP NetWeaver platform. In the presently available form, there are not as many bells and whistles as there are in the traditional SEM product suite. For example, you must enhance user security and integrate it into SAP NetWeaver for centralized role/authorization maintenance for all SAP systems.

Furthermore, you may need to integrate BPFs into SAP's workflow or tracking system. For example, currently the input schedules in SAP BPC are in a reactive mode rather than a workflow-driven proactive mode. In large planning models, processes driven by workflow would be a major advantage when ensuring a project's success (such as meeting the deadlines). Business content that is inherited from Outlook-

Soft is not as elaborate as typical SAP users would expect. However, I believe that SAP is doing a good job in allocating resources and time to bring the product to maturity.

The implementation periods depend on many factors. Because of SAP BPC's simplicity, the typical design and development for a single planning model is around a few weeks, not including the change management and implementation logistics. However, traditional SEM planning and consolidation knowledge is very useful when implementing the application.

The recommendation is to implement SAP BPC for all new planning and supervisory/high-level reporting, taking into account the core focus of the component: being a decentralized planning tool. Current SEM-BPS/IP customers can work with BPS for the time being — however, they should consider slowly migrating to BPC. SAP will continue to offer SEM-BPS, based on clients' needs, and support is available until 2012. ■



Prasad Mavuduri is the principal consultant at TekYogi, LLC, which is an SAP services company based out of Cupertino, CA. With more than 12 years of experience with SAP technologies, Prasad holds several certifications from SAP, including one in SAP-SEM (Planning & Consolidation). Prasad holds an M.S degree in engineering and is currently pursuing his MBA from the Kellogg School of Management. You may contact him via email at prasad@tekyogi.com.