



An overview of implementation and configuration of Systems Applications and Products (SAP) ERP with Financial Accounting

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ABSTRACT:

Enterprise Resource Planning (ERP) with Financial Accounting requires careful planning, execution, and customisation to suit organisational objectives while implementing and configuring Systems Applications and Products (SAP). There are several steps involved in this procedure, such as module integration, data migration, system setup, and user training. Aligning SAP ERP with financial accounting standards, optimising reporting capabilities, guaranteeing data accuracy, and optimising corporate processes are important factors to take into account. Collaboration amongst stakeholders, a deep comprehension of organisational needs, and adherence to best practices in SAP setup are essential for a successful implementation. An overview of the complex procedure needed in implementing SAP ERP with Financial Accounting capability is given in this abstract.

KEY WORDS:

SAP ERP, Setup, Analysis, Scope, Chart of Accounts, Company Codes, Cost Centres, Asse, Accounting, Data Migration, User Training, Testing, and Financial Accounting, Integration, Businesses, Processes.

INTRODUCTION:

For companies looking to consolidate and streamline their financial operations, implementing and configuring Systems Applications and Products (SAP) Enterprise Resource Planning (ERP) with Financial Accounting is a strategic endeavour. The all-inclusive SAP ERP software suite makes it possible to manage a variety of company operations, such as sales, human resources, procurement, and finance, with ease. The SAP ERP module's Financial Accounting module is primarily concerned with managing financial transactions, reporting, and compliance.

There are various important steps and factors to take into account while implementing and configuring SAP

ERP with financial accounting. First and foremost, careful planning is crucial, requiring evaluation of the needs of the organisation, its present procedures, and its intended goals. During this phase, important stakeholders are consulted in order to set goals, create schedules, and distribute funds wisely.

Subsequently, the configuration phase comprises customising the SAP ERP system to correspond with the financial structure, chart of accounts, reporting specifications, and standards of regulatory compliance of the organisation. Determining financial master data, setting up cost centres, creating document types for transactions, and configuring general ledger accounts are some examples of this customisation. Another important factor is data migration, which makes sure that current financial data is transferred into the SAP ERP system without any problems. To preserve accuracy and consistency, this process necessitates meticulous data extraction, cleansing, and validation. In the context of an ERP system, integration with other modules like Accounting, Receivables, and Controlling is also essential for comprehensive financial management and reporting.

In addition, extensive testing, training, and change management techniques are necessary to guarantee that end users smoothly adapt and use the SAP ERP system. Employees should leave training programmes with the skills they need to operate the system, complete jobs quickly, and take advantage of its potential to improve corporate results.

To optimise SAP ERP's ability to support organisational financial operations and goals, careful planning, customisation, data migration, integration, and training are required during the deployment and configuration of Financial Accounting.

OBJECTIVES OF THE STUDY:

- To evaluate the difficulties and intricacies associated with setting up and configuring SAP ERP systems using Financial Accounting modules.
- To investigate the effects of implementing SAP ERP on the efficiency, accuracy, and conformity with accounting rules of financial reporting.
- To determine the best methods and approaches for setting up SAP ERP with Financial Accounting and implementing it successfully in order to streamline financial management procedures.

SCOPE OF THE STUDY:

- The study is based on how does SAP Financial Accounting is helping the organisation to develop.
- The study covers the period of 3 months, i.e starting from 17th January 2024 to 12th April 2024.

RESEARCH METHODOLOGY:

- **Population:**

Professionals working on SAP ERP configuration and implementation, with a particular emphasis on Financial Accounting modules, comprise the target demographic.

- **Method of data collection:**

Primary data.

LIMITATIONS OF THE STUDY:

SAP Implementation Complexity: Because of their notorious complexity, SAP ERP systems can be difficult to adopt. It could be challenging for organisations to comprehend and modify the system to fit their own financial procedures, which could cause delays and higher expenses

High Total Cost of Ownership (TCO): SAP ERP implementation and upkeep can be costly, which raises the total cost of ownership. Smaller businesses or those with tighter budgets may not be able to use SAP ERP because of this cost.

LITERATURE REVIEW:

Fethi Saidi, Mustafa Elkasih Abdulkarim and Anam Abdulrahman Ousama (2019)

(Fethi Saidi, (2019))

An examination of how students view the SAP FI module in their education goes into important details about how to incorporate ERP systems into course curriculum. It highlights five key areas of worry about the project's execution and its applicability to potential career paths. The study ensures participant confidentiality by the distribution of a questionnaire, which promotes open and honest responses. The survey is divided into two sections: one collects demographic data, while the other focuses on important SAP FI module statements. The study identifies gaps that need to be filled in order to improve students' educational experiences and better equip them for their future careers. These gaps are mostly related to the knowledge of ERP-SAP and the content and coverage of SAP FI. Furthermore, the results of the study are pertinent. Furthermore, the study's conclusions are applicable not only to Saudi Arabia but also to its neighbours, offering perceptions into the effectiveness of ERP education and how well it fits industrial needs in a larger regional setting. This study fills a need by providing insightful analysis of the efficacy of ERP education programmes and practical suggestions for closing knowledge gaps and improving the educational experience for students interested in professions where SAP FI competence is advantageous.

Narayanan Veeriah

(Veeriah)

The book goes into great detail explaining why SAP ERP Financials Financial Accounting (FI) needs to be customised. It also outlines the different ways that the Implementation Guide (IMG) can be customised to meet the needs of the organisation. In order to guarantee a methodical and effective approach to customisation, it painstakingly walks readers through the steps of starting a customising project, defining the scope, putting together a capable project team, and creating the Project IMG. Through the use of a narrative-driven storyboard technique combined with illuminating case studies, the book takes readers through real-world scenarios to help them get a deeper understanding of SAP FI configuration. Screenshots and visual examples

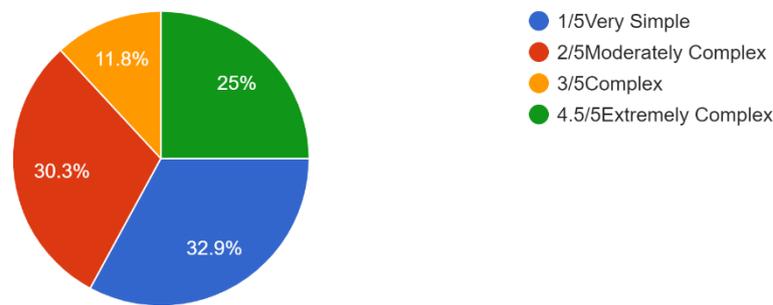
are incorporated throughout the book to improve accessibility and encourage a more intuitive grasp of the customisation process. It also provides readers with insightful advice gleaned from real-world experience, giving them the tools they need to successfully handle challenging customisation tasks. Enterprise structure and address information are essential topics in SAP FI customisation, and they are a major focus of the book's narrative.

ANALYSIS:

Chart 1:

On a scale, how would you rate the complexity of initial setup and configuration of SAP ERP Financial Accounting modules?

76 responses



INTERPRETATION:

According to the statistics, there is disagreement over how difficult it is to set up and configure the SAP ERP Financial Accounting modules. A sizable percentage (32.9%) thinks the process is quite easy, suggesting that the initial setup might not be too difficult for certain people. But the biggest group (25%) finds it extremely complex, indicating that a significant portion of customers face significant challenges during setup and configuration.

Additionally, a considerable percentage of users regard the process to be moderately difficult, requiring a certain amount of work and knowledge, according to the moderate complexity rating of 30.3%. The minority (11.8%) believes it to be in the middle of being both extremely simple and extremely difficult. Overall, these differing viewpoints imply that the complexity of configuring SAP ERP Financial Accounting modules is arbitrary and is dependent on personal experience, system familiarity, and the particular needs of the company. Some users find it easy, while others face major obstacles that point to the need for extensive resources and support to make the deployment and configuration processes go more smoothly for everyone.

TABLE 1:

1/5 Very Simple	32.9%	25
2/5 Moderately Complex	30.3%	23
3/5 Complex	11.8%	9
5/5 Extremely Complex	25%	19

Total: 76 Responses

ANALYSIS:

1/5 very simple	32.9	7.9	62.41
2/5 Moderately complex	30.3	5.3	28.09
3/5 Complex	11.8	-13.2	174.24
4.5/5 Extremely complex	25	0	0
	100		264.74

Mean = Sum of observations / total no of observations

25

Median = As the number of observations is even, the median will be average of 2nd and 3rd observation

21.05

Mode = The category "1/5 very simple" has the highest percentage (32.9%), making it the mode. So, the mode for the complexity ratings is "1/5 very simple"

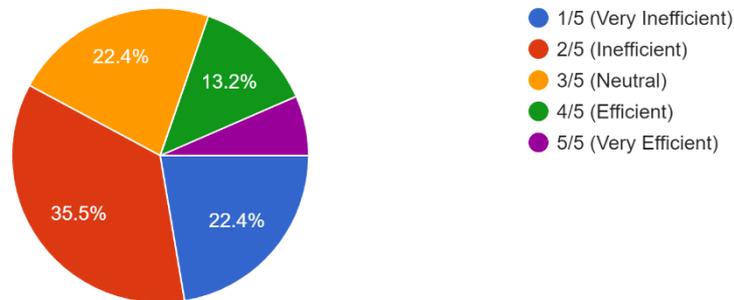
Variance = 66.19

Standard deviation = 8.14

Chart 2:

On a scale of 1 to 5, how would you rate the efficiency of financial reporting processes after implementing SAP ERP?

76 responses

**INTERPRETATION:**

According to the statistics presented, there is a significant variation in the effectiveness of financial reporting procedures throughout organisations after SAP ERP was implemented. A sizeable percentage—35.5%—rates the efficiency at a 2 out of 5, meaning that they believe the financial reporting procedures are inefficient now that ERP is in place. This indicates that even with the implementation of SAP ERP, a significant portion of organisations may still have significant issues or problems with their financial reporting. Furthermore, 22.4% of respondents rank the efficiency as neutral (3/5), and as extremely inefficient (1/5) respectively. This dual rating indicates that opinions within the organisation are divided, with some claiming significant inefficiencies and others reporting little to no improvement in the effectiveness of financial reporting procedures after the ERP was implemented. Furthermore, a small percentage of organisations see considerable gains in financial reporting efficiency following the introduction of SAP ERP, as evidenced by the fact that only 13.2% assess the efficiency as 4/5 and only 6.6% rate it as extremely efficient (5/5). This implies that, despite certain success stories, the overall effect on the effectiveness of financial reporting may not be as revolutionary as most organisations had hoped. Overall, these results show how difficult it is to deploy SAP ERP efficiently and increase financial reporting efficiency. They also emphasise how crucial it is to continuously evaluate and improve processes in order to overcome obstacles and achieve better results.

Table 2:

1/5 (Very Inefficient)	22.4%	17
2/5 (Inefficient)	35.5%	27
3/5 (Neutral)	22.4%	17
4/5 (Efficient)	13.2%	10
5/5 (Very Efficient)	6.6%	5

Total: 76 Responses

ANALYSIS:

1/5 (Very Inefficient)	22.4	2.4	5.76
2/5 (Inefficient)	35.5	15.5	240.25
3/5 (Neutral)	22.4	2.4	5.76
4/5 (Efficient)	13.2	-6.8	46.24
5/5 (Very Efficient)	6.5	-13.5	182.25
	100		480.26

Mean = Sum of observations / total no of observations

= 20

Median = As the number observations is odd, therefore the middle value will be the median

= 22.4

Mode = The category "2/5 (Inefficient)" has the highest percentage (35.5%), making it the mode. So, the mode for the efficiency rating is "2/5 (Inefficient)."

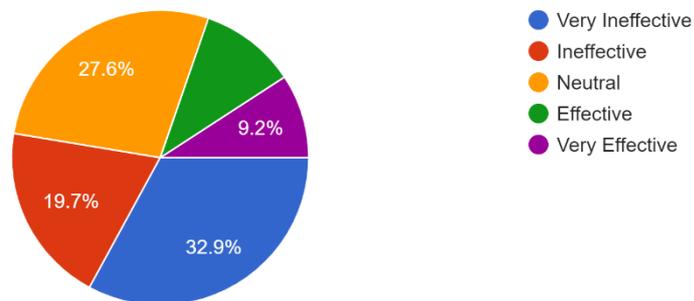
Variance = 96.05

Standard deviation = 9.80

Chart 3:

How would you rate the effectiveness of SAP ERP training programs provided to employees involved in Financial Accounting setup and implementation?

76 responses

**INTERPRETATION:**

The opinions expressed by staff members engaged in the setup and execution of Financial Accounting regarding the efficacy of SAP ERP training courses are not all the same. A considerable proportion of participants, specifically 52.6% (32.9% categorised as "Very Ineffective" and 19.7% as "Ineffective"), conveyed their discontentment over the training initiatives. This implies that a significant portion of staff members felt the training did not sufficiently prepare them for their positions inside the SAP ERP system, which could have caused problems or inefficiencies when it came to setting up and implementing financial accounting. Furthermore, almost a third of respondents (27.6%) had no opinion, indicating that they were neither very satisfied nor unsatisfied with the training programmes.

This could mean that although some workers didn't think the training was all that helpful, they also didn't think it would have a big impact on their output. Fortunately, a total of 19.7% of respondents said they were satisfied with the training programmes, with 10.5% describing them as "Effective" and 9.2% as "Very Effective." This shows that a small percentage of staff members think their training helped them set up and execute financial accounting effectively and sufficiently prepared them for their positions within the SAP ERP system. The data as a whole indicates that, in order to solve the issues brought up by the majority of respondents and to pursue more efficient training techniques, a critical evaluation of the SAP ERP training programmes is necessary.

Table 3:

Very Ineffective	32.9%	25
Ineffective	19.7%	15
Neutral	27.6%	21
Effective	10.5%	8
Very Effective	9.2%	7

Total: 76 Responses

ANALYSIS:

Very Ineffective	32.9	12.9	166.41
Ineffective	19.7	-0.3	0.09
Neutral	27.6	7.6	57.76
Effective	10.5	-9.5	90.25
Very Effective	9.3	-10.7	114.49
	100		429

Mean = 20

Median = 27.6

Mode = The category "Very Ineffective" has the highest percentage (32.9%), making it the mode. So, the mode for the effectiveness rating is "Very Ineffective".

Variance = 85.8

Standard deviation = 9.2

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