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Chapter 1 : Profitability Analysis General Overview - ERP Financials - SCN Wiki

In order to used functionality of CO-PA (Profitability Analysis), the operating concern must be create which is highest hierarchical unit in combined FICO module. The structure and assignment of operating concern, controlling area and company code is shown in the figure below.

In addition to this new functionality for parallel currencies and quantities are provided by SAP. I will look into these new functions as well. Below is a walkthrough of the additional configuration steps needed to setup cPA: Cross client as well as client specific environment needs to be generated after activation. We will look into the tables and the use of these tables with some actual examples based on transactions in the system. Currency Types and Translation t. The values for a currency type are determined in three steps: Transfer the values of the required currency type from the source document interface. If the currency is identical, copy the values from another currency type. Translate the values from the currency of another currency type. This error message leads to termination of the transaction. Standard settings It is mandatory to update currency type 10 company code currency. If no entry exists, the system generates a proposal for currency type 10 and all defined record types when the environment for the operating concern is generated. To update a currency type in the combined profitability analysis, the following configuration steps must be completed. Generate an entry for the required currency type. On the detail screen of the record type, specify how the currency translation is to be executed. This creates the necessary parameters for steps 2 and 3 see below. The system processes the rules in the sequence specified until a value has been calculated or transferred. With the currency translation settings you will be able to update currency types with different exchange rate types, making it possible to eliminate exchange rate impacts on profitability reports in the cPA tables. Example from one translation into group currency: Quantity views and Quantity fields t. The calculation can be controlled in a number of different ways. First step is to create one or more quantity views. After defining the quantity view, the conversion logic must be defined. The details of the quantity rule calculation is defined within each step. Customer defined steps starts at number Below example to look up gross weight from material master: SAP provides the following methods: Access Material Master The system can look up quantity fields on material master: Sales unit, Base unit, Unit of issue, Net weight, Gross weight Convert to fixed unit Use the alternative unit of measure setting on material master to convert from any sales unit into a uniform unit of measure. Beverage Sales is made in bottles, cans, kegs and crates, parallel volume needs to be tracked in liters. Flexible Assignment of Valuation Strategy t. For cases in which control of the valuation based on the point of valuation and record type is not flexible enough, you can flexibly assign a valuation strategy based on additional CO-PA characteristics. In the costing-based profitability analysis, the flexible assignment is only evaluated if no valuation strategy assignment has been defined for a given combination of point of valuation and record type in the Define and Assign Valuation Strategy step. In contrast, in the combined profitability analysis, the determination of a valuation strategy using flexible assignment always takes priority over an assignment made in the Define and Assign Valuation Strategy step. Flexible assignment takes place by means of user-defined assignment tables. Assignment rules are defined in the assignment tables, based on which the relevant CO-PA valuation strategy is determined. In the combined profitability analysis, the various currency and valuation views of an operating concern can be valuated using different valuation strategies. Classify Condition Types t. The sign logic is managed for record type A and F. The logic for the configuration table is: The configuration menu is meant to be used for statistical condition types from sales, materials management, and SAP CRM into costs or revenues. In the example below the standard COGS condition is classified: The logic here is slightly different. Assignment of Value fields to Cost Elements t. Dedicated cost elements are used for this purpose, these cost elements are created with secondary cost element category The prerequisite for this to be useful is that Virtual infoproviders for cPA has been generated from the CO-PA configuration menu as these Reporting cost elements are passed on to the Virtual infoprovider reporting on cost elements: This ways accounts and value fields are provided in the same data structure. We will go through a standard Sales order from stock and look at the various documents as well as the table content generated for cPA. The Controlling document contains the posting in controlling on a reconciliation object, as Account Based CO-PA is not activated, the cPA document is generated separately. The new part here is the cPA document. This way we have the possibility to shift between the 2 currencies: Billing document Billing document generates the following documents: The cPA document holds the following information: The characteristics tab is similar to the posting from the goods issue. The tab contains the characteristics combinations posted to in Profitability Analysis The Value tab page contains the following information: It is possible to shift between currencies: The news here is that the values are stored with any currency defined in the currency translation configuration step on value fields similar to the logic of Costing Based CO-PA. In addition, it was not possible to control the currency conversion calculation as it is with cPA â€" this is a major improvement for any SAP client working in a global multicurrency environment. The quantity tab page contains the quantity figures in transaction quantity and derived quantity in the configured quantity view 1; 10 KG is derived from material master basic view: The cPA tables are available for reporting in automatically generated Virtual infoproviders. Afterwards Virtual infoproviders will be available for online reporting Embedded BI: This information is passed on to the Virtual infoproviders, and can this way be used as a basis for Profitability reports in a much more flexible and transparent way.

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Chapter 2 : SAP CO Profitability Analysis

With this E-Bite, you'll learn how to configure costing-based Profitability Analysis (CO-PA) in SAP Controlling. Start with the master data: value fields, characteristics, and operating concerns. Then configure the interfaces between CO-PA and other SAP ERP components, and set up the valuation and planning processes.

If we want to post to dual cost object like cost center and profitability segment, in that case the profitability segment is the real object and cost center is statistical. Similarly, as in case of FI direct posting, the characteristic found in the financial document generated from Material Management module updates the profitability segments in CO-PA module. If we want to allocate any costs from cost centers like Marketing Cost center to the any CO-PA characteristic like product e-g Sedan cars we use assessment cycle to allocates costs. Notice that here you transfer the valuated process quantities and not the activity type quantities as with cost centers. When you create the process allocation, you can specify a profitability segment as the receiver by selecting the Profit segment field. Then, when you press ENTER, the system displays a dialog box in which you can specify the characteristic values to which you want to allocate the process. The process quantity is then valuated using the planned price for that process and credited to the cost center as actual data with the allocation cost element that was assigned to the relevant business process. In account-based CO-PA, the costs are debited with the same allocation cost element. Top Down Distribution for Actual Data: Top down distribution of actual data is a periodic function that enables you to distribute this aggregated data to extensive levels, such as the division level or the customer level in CO-PA, based on reference information, such as the data from the previous year. This splitting of summarized costs would be done through Top Down distribution. The PA transfer structure consists of one or more lines called assignment lines. In these lines we define the source cost element group and variance category for a value field of the operating concern. All Cost elements can either group into a cost element group or we can define a number of groups for materials, internal activities, business processes, and other overhead costs elements. The cost component of the standard cost estimate is linked to value fields. So, make sure that current standard cost estimate is selected for valuation in CO-PA. Also, the variance flag must be selected in settlement profile assigned to relevant Production Order. CO-PA Characteristic Derivation Derivation supplements or overwrites certain automatically mapped characteristic values. A derivation strategy is a sequence of steps, where each step uses one derivation technique to calculate one or more values for one or more characteristics, respectively. Some derivation steps are created by the system at generation time, of which some are modifiable.

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Chapter 3 : Controlling-Profitability Analysis with SAP, PDF Book in SAP FICO

SAP Profitability Analysis Configuration guide. Learn SAP Profitability Analysis Configuration in 5 days Your Key to Super Success. Our track record in the Sap fico training market is that, we have been able to reduce the learning curve of SAP Consultants real fast.

Profitability Analysis CO-PA allows to evaluate market segments or sales organizations or business areas, etc. Market Segments can be classified according to products, customers, orders or any combination of these. The system objective is to provide sales, marketing, product management and corporate planning departments with information to support internal accounting and decision-making. Profitability Analysis two types - Costing-based Profitability Analysis: Used to group costs and revenues according to value fields and costing-based valuation approaches, both. It promises you access at all times to a complete, short-term profitability report. Used to provide you with a profitability report that is permanently reconciled with financial accounting. The distinguishing characteristic of this form is its use of cost and revenue elements. It uses an account-based valuation approach. The profitability analysis key components are â€" Actual Postings: Additionally, it transfers the costs from cost centres, orders and projects, as well as costs and revenues from direct postings or settle costs from CO to profitability segments. Incoming sales orders or billing documents can be valuated automatically to determine expected sales deductions or costs. The Information System analyse the existing data from a profitability standpoint using the drill down reporting tool functions. Navigation through a multidimensional data cube using drill down or switching hierarchies can be performed. The display parameters can be changed online directly from the displayed report. Report structures, number formats etc can be stored and executed online or in the background at any time. There is no common source of planning data and both types of Profitability Analysis can receive actual data in parallel. Using the same, it can display reference data in planning, calculate formulas, create forecasts, and more. Planning can be performed at any level of detail. To create production plan, planned sales quantities can be transferred from costing-based to Sales and Operations Planning.

Chapter 4 : CO-PA news in S/4HANA: Combined Profitability Analysis â€“ SAP FI-CO and more

SAP CO Profitability Analysis is used to analyze the market segments classified as products, customers, sales area, business area, etc. SAP CO Profitability Analysis (CO-PA) is used for the evaluation of Market segments which is classified according to products, customers, and orders â˜' You can.

The results of Profitability Analysis can be analyzed with a multidimensional reporting tool, which allows the dynamic sorting and rearranging of data to provide multiple perspectives within a single report. Consequently, the products sold are transferred to CO-PA in accordance with the cost-of-sales accounting method and provide information on the sales revenue and sales deductions. This net revenue is then compared with the cost of sales. These costs consist of the cost of goods manufactured of the products sold or services rendered plus any production variances known. To round off the profitability data, overhead costs can also be assigned to profitability segments in the course of period-end closing activities. Views of Profitability Management Sales Reporting: CO-PA allows analyzing the profitability of segments of the market segments structured according to products, customers, orders, and summarizations of these and other characteristics as well as organizational units such as company codes or business areas. The aim is to provide sales, marketing, planning, and management organizations with decision-support from a market-oriented viewpoint. EC-PCA allows analyzing internal profit and loss for profit centers. This makes it possible for evaluation of different areas or units within the company. Profit centers can be structure according to region branch offices, plants , function production, sales , or product product ranges, divisions. Profit Center Accounting is a component of the module "Enterprise Controlling". Features In the application component CO-PA, users can define own master data, the basic structures of this form of profitability analysis. This master data includes both, units that are desired to be evaluated characteristics and the categories in which values analyzed. In costing-based CO-PA, "value fields" to store data for analysis are defined. In account-based CO-PA, the values are structured by account. Using the SAP master data customer, product, customer hierarchy or CO-PA derivation rules, the system can derive additional characteristics based on the ones entered manually or transferred from primary transactions. The combination of characteristic values forms a multidimensional profitability segment, for which profitability can be analyzed by comparing its costs and revenues. If company is reorganized into smaller units, such as sales districts or customer hierarchies, the assignments between characteristics for data that has already been posted can be changed. The actual postings represent the most important source of information in CO-PA. In costing-based CO-PA, incoming sales orders or billing documents can be valuated to automatically determine anticipated sales deductions or costs. The data can also be revaluate periodically to adjust the initial, real-time valuation or add the actual costs of goods manufactured. Whereas both types of Profitability Analysis can receive actual data in parallel, there is no common source of planning data. In costing-based CO-PA automatic valuation can be used to calculate planned revenues, sales deductions and costs of goods manufactured based on the planned sales quantity. With this reference data in planning can be displayed, formulas calculated, forecasts created and more. Planning can be performed at any degree of detail. For example, it can be at a higher level, and have this data distributed top-down automatically. Information System The Information System lets interactive analysis of existing data from a profitability standpoint using the functions of the drill down reporting tool. Navigation through a multidimensional "data cube" using a number of different functions such as drill down or switching hierarchies can also be performed there. The system displays data in either value fields or accounts, depending on the currently active type of Profitability Analysis and the type to which the report structure is assigned. Each report structure is assigned to either costing-based or account-based CO-PA. The display parameters can be changed online directly from the displayed report. Report structures with predefined sort orders, number formats and so on can be stored, and executed online or in the background at any time. Both of these applications can be used --and consequently both methods--at the same time in your organization. Both of these types of CO-PA can be used simultaneously. Therefore, this accounting method displays profit and loss information in a manner optimized for conducting margin analyses, and as such it is optimal for the sales, marketing, and product management areas. In cost-of-sales accounting, the cost of sales is set off against revenue using either direct costing or full absorption methods contribution margin accounting. Fixed costs can be allocated on a proportional basis or en bloc to any level s of a hierarchy. Standard costs can be used to valuate the cost of sales for the purpose of obtaining a preliminary profit analysis. Or the variances of production orders and cost centers can also be transferred to Profitability Analysis in order to reconcile CO-PA with Financial Accounting FI on the basis of actual costs. Costing-Based Profitability Analysis This type of Profitability Analysis is primarily designed to allow analysis of profit quickly for the purpose of sales management. Its main features are, firstly, the use of value fields to group cost and revenue elements, and, secondly, automatic calculation of anticipated or accrual data valuation. The advantage of this method is that data is always up-to-date and therefore provides an effective instrument for controlling sales. Account-Based Profitability Analysis This type of Profitability Analysis enables reconciliation of cost and financial accounting at any time using accounts. In contrast to costing-based Profitability Analysis, this type uses cost and revenue elements, which gives a unified structure for all of accounting. The system posts all revenues and costs to both Financial Accounting and Profitability Analysis at the same time and using the same valuation method. This means that the cost of sales is posted to Profitability Analysis at the point of goods issue. Account-Based Profit Center Accounting Using the Period Accounting Method With this method, the emphasis is on summarizing the activity and situational change over a period of time, for a given organizational unit. Therefore, this accounting method presents the revenues and primary expenses that have been incurred during a given period of time and the changes in stock value levels, work-in-process, and capitalized activities. As such, it is optimal for the production and profit center areas. In period accounting, the performance of a particular business unit profit center - that is, its revenues, changes in inventory and capitalized services - is set off against the total costs of the period. This gives a uniform structure of report data and allows reconciliation of the data of cost and financial accounting on the basis of cost elements. Data can also be revaluated periodically to adjust the initial, real-time valuation or add the actual costs of goods manufactured. Since reporting margins and other profitability figures along marketing lines as defined by these profitability segments is the primary purpose of CO-PA, its design has been optimized for producing profit and loss statements under the cost-of-sales accounting format and philosophy. Parallel Currencies in Profitability Management In costing-based CO-PA, all amounts are stored at minimum in an operating concern currency, which is specified in the operating concern attributes. It is also possible to configure the attributes to store values in the local currency as well; this has the effect of doubling the stored transaction data, though. Account-based CO-PA stores all transaction in three currencies, the transaction currency, the local currency, and the controlling area currency. This includes both units to be evaluated characteristics and the categories in which values are analyzed. Thus master data provides the fundamental data and content within the structures and is determined by characteristics and value fields. To create the structures, the following need be defined: Thus master data is closely linked to the structures in Profitability Analysis. Master data consists of the individual values that the characteristics and value fields can take. The combination of the latter specifies the valuation level. One or more controlling areas are assigned to an operating concern when organizational structures are defined. Often, corporations have only a single operating concern, which is recommended for the sake of simplicity and convenience if all controlling areas and company codes share the same fiscal calendar. In a first step, the characteristics have to be defined for the operating concerns. Characteristics are defined in the Customizing activity Maintain characteristics. For costing-based Profitability Analysis, value fields also need to be defined. This is done using the activity Maintain value fields. These characteristics and value fields can be used in several operating concerns. Their definition applies to all clients. After this, the structure of the operating concern has to be defined, by selecting the desired characteristics and adding them to the data structures of the operating concern, in the activity Maintain operating concern. If costing-based Profitability Analysis is active, the required value fields also need to be selected and added. The structure of an operating concern is valid in all clients. In the step "Maintain operating concern", the attributes of the operating concern fiscal year variant, currencies are also specified. By maintaining the attributes, an operating concern is made "known" in the current client. The attributes are client-specific. Company codes are assigned to controlling areas when organizational structures are defined. However, a controlling area can also incorporate several company codes to take cross-company cost allocations into account. The company code is an independent accounting unit within a client. The legal requirements of a balance sheet or profit and loss statement are fulfilled on the company code level. Plants are assigned to company codes when organizational structures are defined. The plant represents a production facility.

Chapter 5 : Profitability Analysis Structure in SAP CO: Concept and Use - SAP Materials, Documents, Tuto

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Chapter 6 : SAP Library - Profitability Analysis (COPA)

How profitability Analysis is used in SAP CO? All the market segments like products, customers, sales area, business area are analyzed using Profitability Analysis facilitated by SAP CO.

Chapter 7 : SAP COPA Configuration in SAP Controlling | How-To Guide - by SAP PRESS

With S/4HANA, SAP has introduced new ways of running profitability analysis. The use and application of the "classic" Account Based Profitability Analysis has already been covered in a previous post on this topic.

Chapter 8 : SAP CO-PA (Profitability Analysis) | SAP Blogs

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