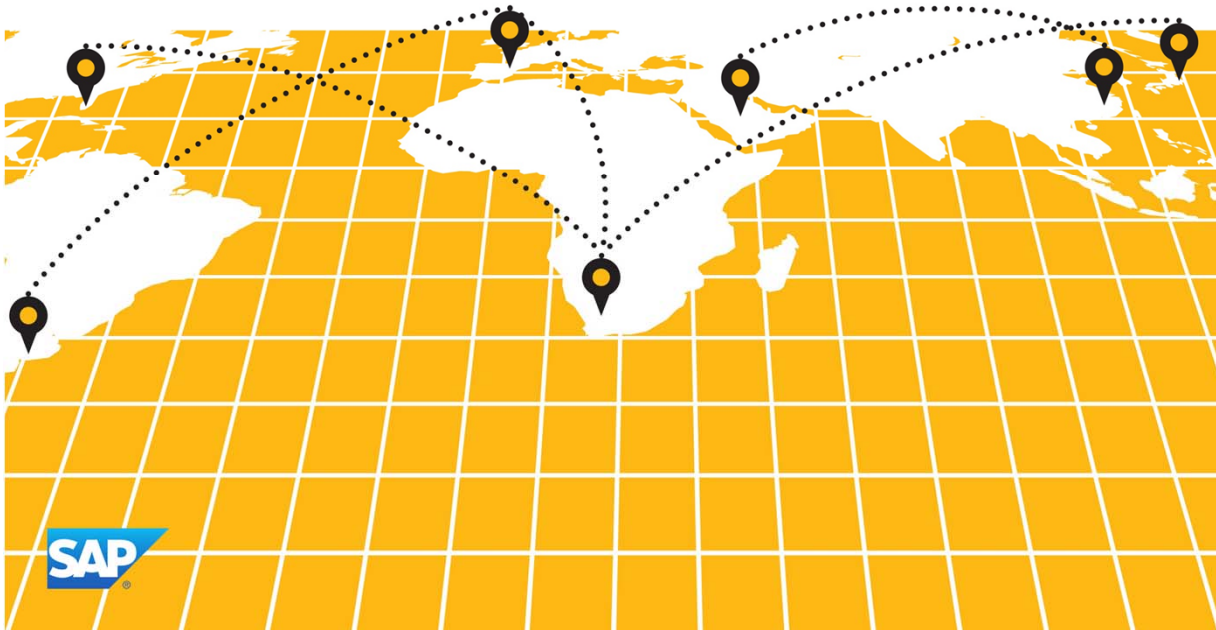# Introduction
The Intercompany Integration Solution for SAP Business One
Version 2.0 for SAP Business One 9.1

- Welcome to the introduction of the Intercompany Integration Solution for SAP Business One.

- In this course, we present the highlights of the basic process for our solution for intercompany integration. We will go into the details of this process along with more information about the solution in the following courses

Topic Objective

At the end of this course, you will be able to:

- Describe the process of working with multiple branches of a company.
- Recognize key terms in the Intercompany Integration Solution.

At the end of this course, you will be able to describe the process of working with multiple branches of a company. You will also be able to recognize key terms in the Intercompany Integration Solution.

The Intercompany Integration Solution

With the Intercompany Integration Solution you can:

- Configure hierarchy between the branches to enable group-wise reporting.

- Utilize the Intercompany trade process between the branch companies.

- Replicate master data between companies.

- Allocate expense and income amounts to other branch companies.

- Centralize payments.

- Get notified about business transactions in the trade process.

- Accept or reject incoming intercompany transactions and notify the sending companies of your decision.

- Run cross company reports and user Queries.

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- In the next slides we will preview some highlights from a typical process of implementing and working with the Intercompany Integration Solution.

The Intercompany Process:
Business Scenario

- OEC Computers has three branches in the US: The head office in New York and branches in California and Texas.

- The company also has branches in two British cities: London and Manchester.

- All branches run SAP Business One.

- They want to manage an inter-company trade process that allows an automatic document flow.

- In addition, they would like to run financial reports for each location: the US and Great Britain as well as for the entire organization.
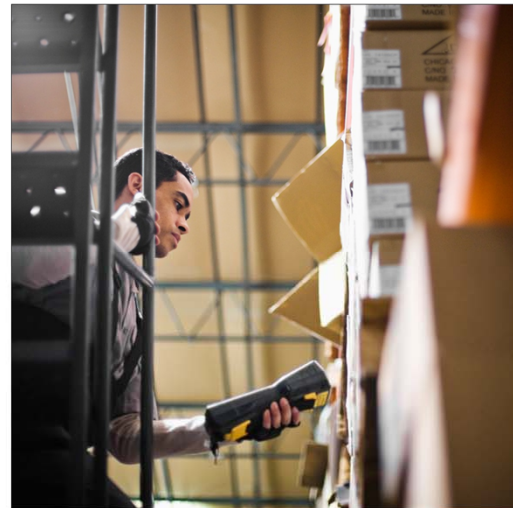
- In this course we look at how the intercompany integration solution would work for a specific business example.

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Terminology

- Branch Company - SAP Business One company database which records the business transactions of a legal entity participating in inter-branch transactions.
- Head Office Company - the branch company that is identified as the main office of the organization.
- Consolidation company – SAP Business One company database that is used only for the purpose of consolidation reporting.
- Sending Company - the branch company that initiates inter-branch transactions.
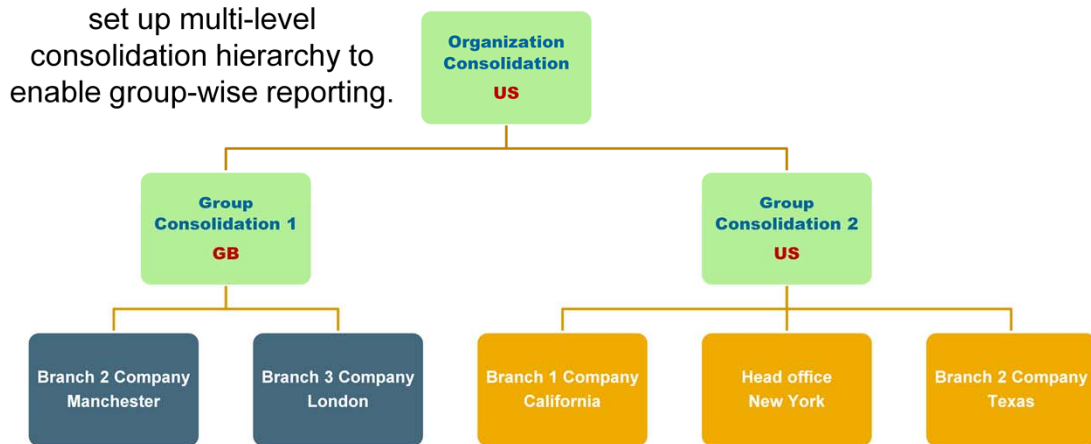- Receiving Company - the branch company that receives incoming inter-branch transactions.

Consolidation

US

| Branch 1 Company California | Head office New York | Branch 2 Company Texas |

Before we go on we need to define some business terms that we will be using in this course:

- **Branch Company** - SAP Business One company database which records the business transactions of a legal entity participating in inter-branch transactions.

- **Head Office Company** - the branch company that is identified as the main office of the organization. Note that whenever the term "Branch Company" is referred, it includes the head office, unless an explanation is explicitly mentioned about the head office company.

- **Consolidation company** – SAP Business One company database that is used only for the purpose of consolidation reporting.

- **Sending Company** - the branch company that initiates inter-branch transactions.

- **Receiving Company** - the branch company that receives incoming inter-branch transactions.
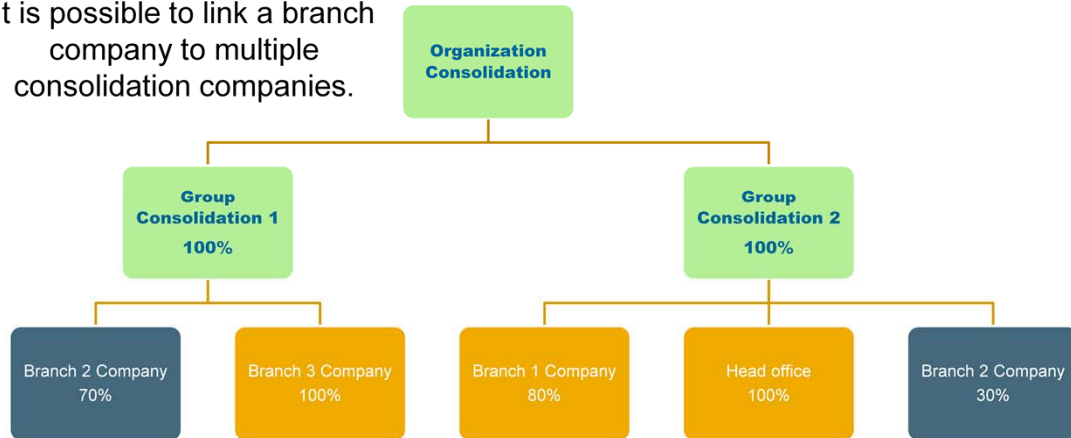
Configure the Consolidation Hierarchy

set up multi-level consolidation hierarchy to enable group-wise reporting.

Organization Consolidation
US

Group Consolidation 1
GB

Group Consolidation 2
US

Branch 2 Company
Manchester

Branch 3 Company
London

Branch 1 Company
California

Head office
New York

Branch 2 Company
Texas

- As part of the initial configuration process you configure the consolidation hierarchy between the companies in the landscape.

- The Consolidation feature allows you to set up multi-level consolidation hierarchy to enable group-wise reporting.

- Using the *Intercompany Landscape* tool you register all Branch and Consolidation companies.

- Then you define the structure and the hierarchies between the companies according to the business structure.

- In the example shown, you can see that OEC Computers grouped their three branches in the US under one consolidation company and the two branches in Great Britain under another consolidation company.

- They also defined a consolidation company for the entire organization.

- Now, the trade process between the companies can start.

Configure the Consolidation Hierarchy
## Multiple Consolidation

It is possible to link a branch company to multiple consolidation companies.

Organization Consolidation

Group Consolidation 1
100%

Group Consolidation 2
100%

| Branch 2 Company 70% | Branch 3 Company 100% | Branch 1 Company 80% | Head office 100% | Branch 2 Company 30% |

- It is possible to link a branch company to multiple consolidation companies.

- In the graphic we see that Branch 2 (shown in blue) is associated with two consolidation companies.

- Each consolidation company receives a percentage of branch 2. This distribution is achieved by defining consolidation percentages for the branch.

- In the example shown, you can see that branch 2 is consolidated to both group consolidation companies: 70 percent to group consolidation 1 and 30 percent to group consolidation 2.

Utilize the Intercompany Trade Process
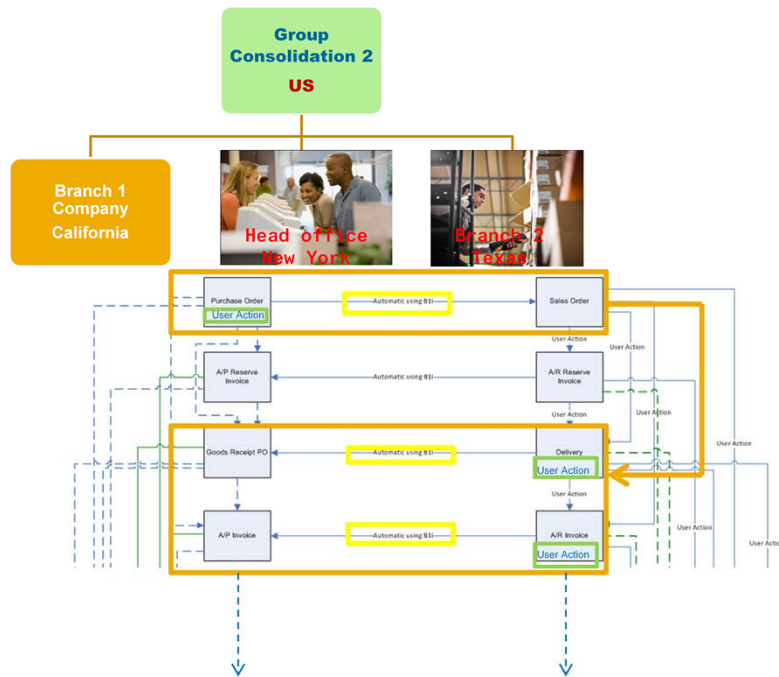
- Once the landscape of the companies is configured, the document flow between the branch companies can start.

- Let us focus on the branches that OEC Computers holds in the US: the head office in New York and the branches in California and Texas.

- New York and California are selling the company products, while Texas manufacturers them.

- When one of the retail companies receives an order from a customer (let us assume it is New York this time), they place a back-to-back purchase order to the manufacturing company.

- This initiates the intercompany trade process that allows an automatic document flow.

- A draft sales order is automatically created in the manufacturer branch. In this case that is the Texas branch.

- The warehouse manager in the Texas branch converts the draft sales order to a sales order.

- This is the first step in the Intercompany Trade Process.

Utilize the Intercompany Trade Process
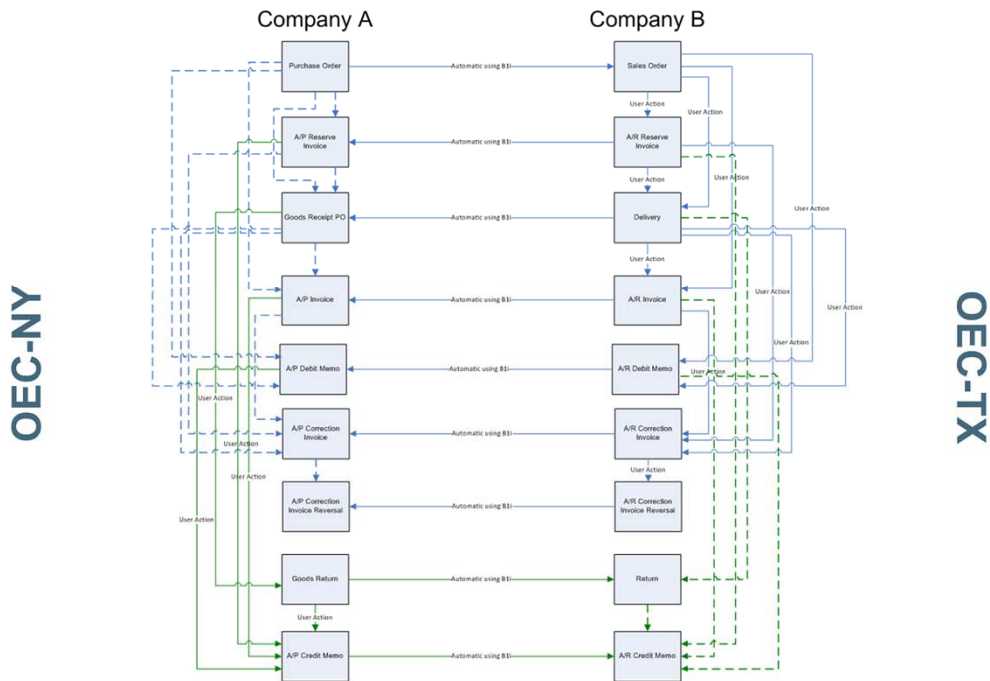
- The intercompany integration solution automates the flow of marketing documents across branch companies for the following documents:
  - Purchase order to sales order
  - A/R reserve invoice to A/P reserve invoice
  - Delivery to goods receipt PO
  - A/R invoice to A/P invoice
  - A/R debit memo to A/P debit memo
  - A/R correction invoice to A/P correction invoice
  - A/R correction invoice reversal to A/P correction invoice reversal
  - Goods return to return, and
  - A/P credit memo to A/R credit memo
- Note that the document flow is unidirectional and not bi-directional. For example, an A/R Invoice should trigger the creation of a draft A/P Invoice, and not vice versa.

Replicate Master Data

■ The intercompany integration solution supports the replication of essential master data between companies.

■ Selective replication is possible for the following types of master data records by checking the "Global" field:

- ■ Item Master Data.
- ■ Business Partner Master Data.
- ■ Bill of Materials.
- ■ Price Lists.

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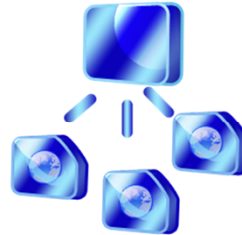
- ■ Bill of Materials

- ■ Price Lists

■ Choosing this option, allows a user to specify which master data is replicated across branch companies.

■ The **Global** field is added to the master data windows in SAP Business One when you implement the Intercompany Integration solution.

Allocate Expense and Income Amounts to Other Branch Companies

- At the end of each month the head office branch (NY) allocates expense and income amounts to the other branch companies (California and Texas).

- The head office branch allocates expenses such as travel, payroll, and audit.

- The head office also allocates income earned from Interest to the branch companies.

- With the Intercompany integration solution you can allocate amounts across branch companies.

- Let us look at a business example:
  - At the end of each month the head office branch (NY) allocates expense and income amounts to the other branch companies (California and Texas).
  - The head office branch allocates expenses such as travel, payroll, and audit.
  - The head office also allocates income earned from Interest to the branch companies.

- The allocation process can work in the other direction too: the branch companies can allocate amounts to the head office branch.

Centralize Payments

- At the end of each month the head office branch (NY) centralizes the outgoing payments and pays the company vendors on behalf of the other branches (California and Texas)

- For this process, the branch companies (California and Texas) need to delegate outgoing payment lines to the paying branch (NY).
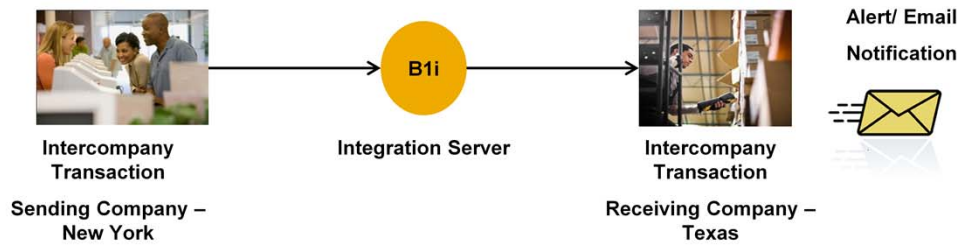
- You can also centralize the company payments to vendors.

- Let us look at a business scenario:
  - At the end of each month the head office branch (NY) centralizes the outgoing payments and pays the company vendors on behalf of the other branches (California and Texas)

- For this process, the branch companies (California and Texas) need to delegate outgoing payment lines to the paying branch (NY).

Get Notified About Business Transactions

- For all intercompany transactions, branch companies are notified in real time with alert messages and emails.

- In case of intercompany trade, the originating documents are emailed as an attachment to the outgoing email notification.

B1i

Intercompany Transaction

Integration Server

Intercompany Transaction

Alert/ Email Notification

Sending Company – New York

Receiving Company – Texas

- For all intercompany transactions, branch companies are notified in real time with alert messages and emails.

- In case of intercompany trade, the originating documents are emailed as an attachment to the outgoing email notification.

Get Notified About Company Decision

■ The intercompany workflow feature enables the branch companies to accept or reject incoming intercompany transactions and to notify the sending companies of their decision.

Workflow Notification

Intercompany Transaction
Sending Company – New York

B1i
Integration Server
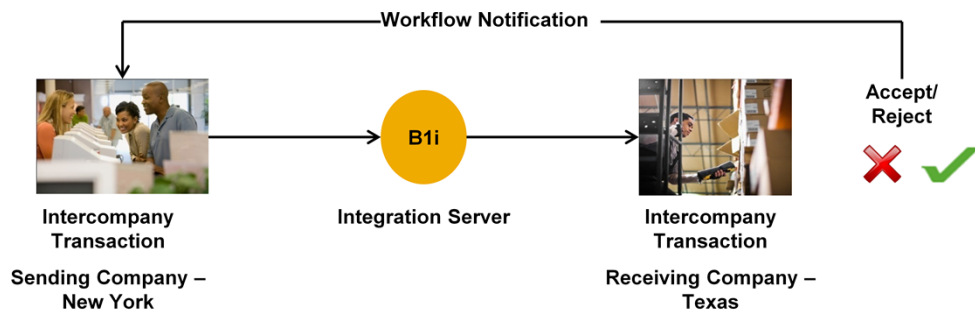
Intercompany Transaction
**Receiving Company – Texas**

Accept/Reject

The intercompany workflow feature enables the branch companies to accept or reject incoming intercompany transactions and to notify the sending companies of their decision.

Map the Branches and the Consolidation Chart of Accounts
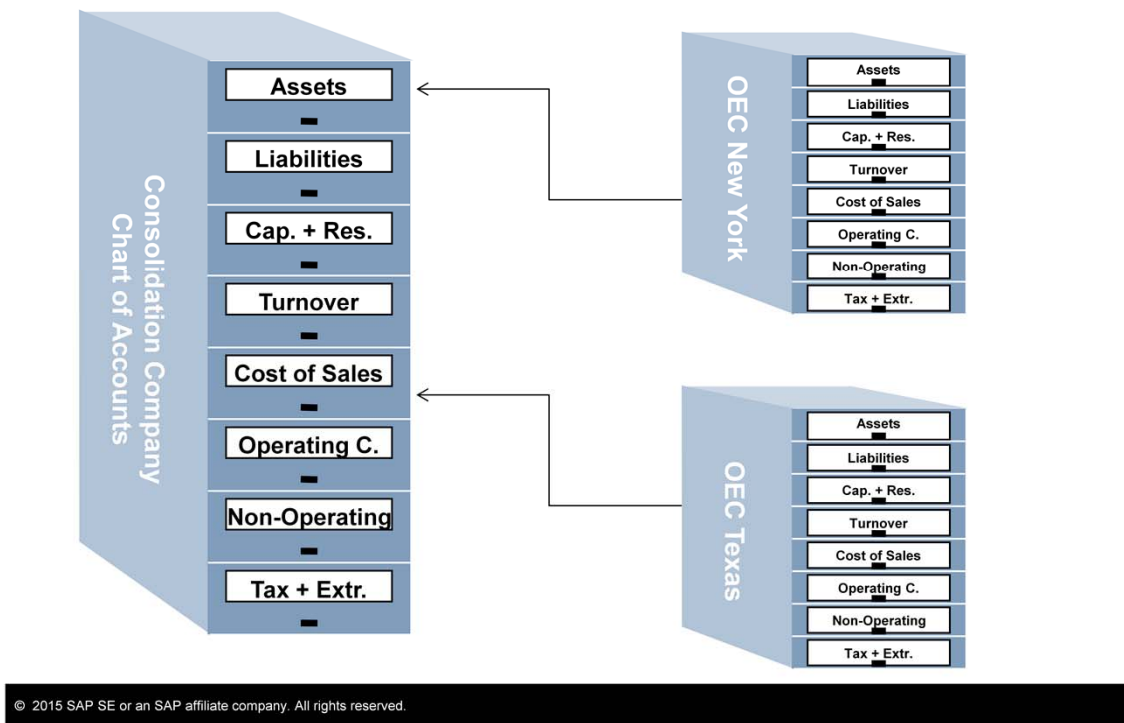
■ With the Intercompany Integration solution you can run different chart of account structures for each branch and consolidation company.

■ You then map all active G/L accounts in the branches to the consolidation chart of accounts.

■ If the chart of accounts structure in a branch company is identical to the chart of accounts in the consolidation company, you can use the *Auto Map Account* option to automatically map the G/L accounts to the consolidation chart of accounts.

Consolidate Journal Entries and Journal Vouchers
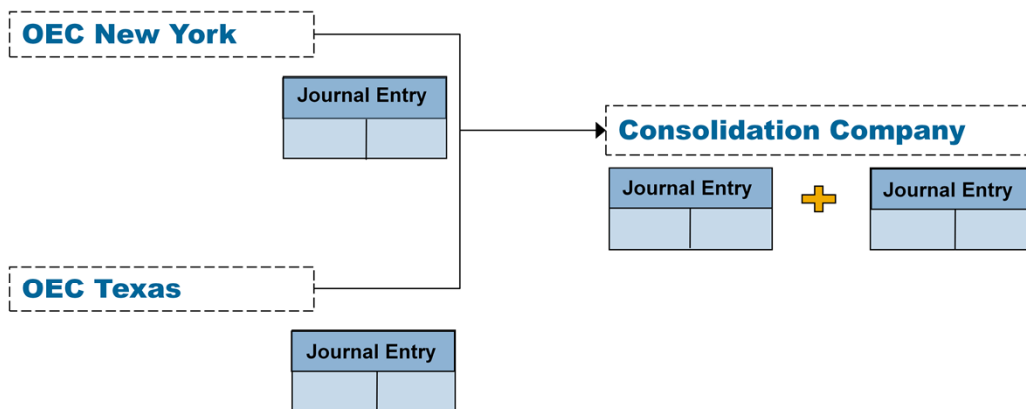
OEC New York

Journal Entry

Consolidation Company

Journal Entry ➕ Journal Entry

OEC Texas

Journal Entry

- You have two consolidation options:
  - Manual Consolidation
  - Automatic Consolidation

- On a regular basis you export journal entries and journal vouchers from the branch companies and import them to the consolidation company.

- You have two consolidation options:

  - Manual Consolidation

  - Automatic Consolidation that enables you to run the consolidation process based on defined schedules.

- In case of multi-level consolidation, the process should be repeated for all consolidation companies. These steps are executed for each consolidation company in a hierarchical manner, that is – bottom up.

Run Consolidated Financial Reports
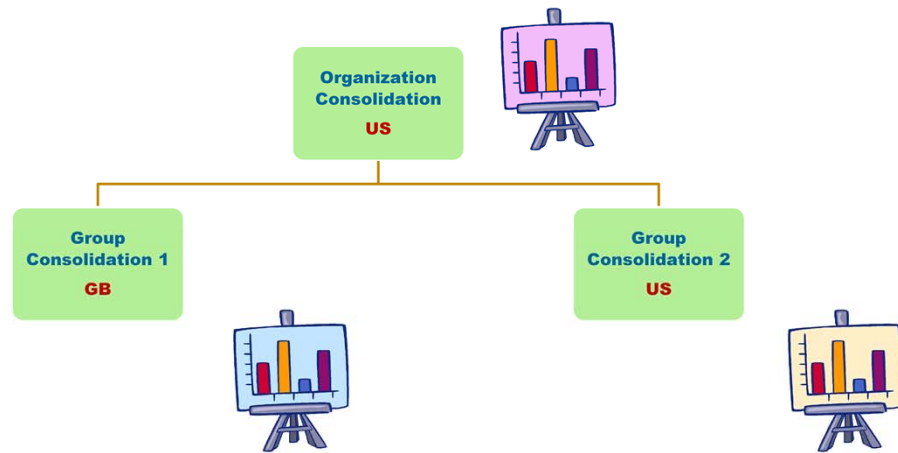
The consolidated data in the consolidation company enables the CEO to run SAP Business One financial reports (such as the balance sheet and the profit and loss) for each location and for the entire organization.

Run Cross Company Reports and User Queries

- **Run multiple reports that extract data from one or all branch companies:**

  1. Consolidated Balances by Business Partner

  2. Branch Balances

  3. Branch Inventory in Warehouse

  4. Branch Sales Analysis Report

  5. Un-Posted Intercompany Transactions Report

  6. Intercompany Transaction Report

- **Use the Remote Query Execution option.**

- You can run multiple reports that extract real-time data from one or all branch companies. These reports include: Consolidated Balances by Business Partner, Branch Balances, Branch Inventory by Warehouse, the Branch Sales Analysis Report, the Un-posted Intercompany Transactions Report, and the Intercompany Transaction Report.

- The reports can easily be exported to Microsoft Excel.

- You can also use the Remote Query Execution option. This is another tool that allows data analysis across branch companies. It extends ad-hoc reporting functionality provided by the Query Wizard and the Generator tools in SAP Business One. Queries can be used to design customized, client-specific reports. The tool also enables remote execution of standard SAP Business One queries.