FSCM General Overview

Notes on SAP Financial Supply Chain Management (FSCM)

General introductory notes

SAP's intention is to provide business benefit through improving working capital. The chief thrust is to increase the speed of customer payments, and reduce the amount of number of debtors who have a reason not to pay.

The main components are Credit Management, Collections Management, Dispute Management, and Electronic Invoicing.

Credit Management

It's different from traditional SAP credit management because it aims to become a central function in a distributed environment. The old system used SD and FI on the same R/3 system. FSCM Credit Management brings in CRM systems, external logistics systems (both distributed SD and non-SAP systems), and can present the results through a BI system and a Portal.

Features

- Credit limit for the customer (and order limit, risk class)
- Credit Rules Engine, which takes information and automates credit scoring, credit decisions and calculations of credit limits
- Credit score, determined from externally and internally-collected information. Both automated and manual updating of credit scores are possible. Each customer has a credit scoring procedure, and a mass recalculation can be run to re-evaluate scores.
- Note function, for credit controller to record additional information
- Document storage, to attach any external items (bank records, credit reports)
- Automated credit decisions for most cases allow you to concentrate on the exceptions.
- Communication with external rating agencies via XML

Analysis

- Credit decision support function, consolidates data from several systems, summarised on a customer credit fact sheet, which can be accessed through the credit manager cockpit in the Portal.
- Credit scoring to identify risk from customers and their debt
- Monitoring of customer payments, to identify problems quickly
- Concentrate marketing effort on low-risk customer groups.

Dispute Management

This module aims to reduce the time spent handling disputes between companies and their customers. Often, a credit control clerk can spend 50% of their time dealing with these cases. It also aims to speed up the time to collect the cash from the customer.

Features

- Create a new dispute case from the list of open items, or within a specific transaction (e.g. Process Incoming Payment, if it's been reduced below the invoice amount).
- Assign roles to the dispute case, each role having different tasks. The case notes can hold questions for colleagues, or comments about the dispute, and add up to the complete case history.
- Cases become classified, and managed according to processing status, and the reason for the dispute.
- The important documents can be attached to the case, both SAP documents and external ones.
- The case may be escalated to the next management level if an action isn't carried out.
- The case may hold actions, which can be flagged for follow-up. The case may be escalated to the next management level if an action isn't carried out.

Electronic Invoicing (Biller Direct)

This module aims to reduce the eliminate inefficient techniques (and the costs) of packaging and mailing paper invoices to customers. It also provides vendors with online visibility of their invoices on the SAP system.

- It is the web-based invoicing engine of SAP FSCM.
- Customers can execute payments for open invoices using direct debit or credit card. These are not standard, delivered functions, but
require configuration work.

- Customers can view images of their invoices through the Portal, but only if some programming effort is used to generate PDF images for storage on the document server. This technique can be used to make available images from non-SAP invoicing modules.
- It can save the work of the AP department in answering vendor queries over invoices, whether they have been blocked, and when they will be paid.
- Customers can be given the ability to create dispute cases on their own invoices, if they have grounds for withholding payment.
- Biller direct has facilities allowing customers (and vendors?) to access the portal, and request user profiles.
- It can provide the access via SAP Enterprise Portal, or any other portal using single sign-on tickets. It can also be integrated into the Supplier Portal. It can be run as a stand-alone application based on J2EE.
- Vendors do not need to install any SAP software in order to use this, merely a standard internet browser.
- SAP recommend the use of Secure Network Communicator to make the communication between WebAS and ERP secure.
- In some countries (probably the UK) the Data Protection Act requires that you obtain authority from customers to capture and hold their details (e.g. bank & credit card details) on your computer.

**Collections Management**

The Collections Management module allows organisations to manage individual AR accounts, in cases where bulk dunning will not be effective. It's an efficiency tool for AR clerks, and aims to create prioritised work-lists of key customer accounts for action.

**Features**

- Target "delinquent" accounts for action, offer discounts more intelligently, and retain the best payers.
- Automatically selects the customer accounts needing action, and prepare work lists for action. The application is based on a collection strategy for customers, identifying how the priorities are set up. AR clerks are given information on why the contact is necessary, and what previous contacts have been made.
- The AR clerk may log the customer's promise to pay, or a dispute case (for Dispute Management). If the clerk cannot make contact, or the customer wants calling back, the clerk enters a "resubmission".
- Once a clerk has made contact with the customer, SAP Collections Management removes them from the worklist.
- SAP Collections Management monitors whether the customer keeps their promise to pay, and if not, they get put back on the work list.

**Analysis**

- The AR Supervisor has functions to control and supervise the work of debt collection. The system provides statistics on how many work list items have been completed (successfully or unsuccessfully), and how many are still open. The supervisor has the ability to re-assign the work lists over the AR clerks.