Profitability Analysis

Profitability Analysis:

Profitability Analysis (CO-PA) enables you to evaluate market segments, which can be classified according to products, customers, orders or any combination of these, or strategic business units, such as sales organizations or business areas, with respect to your company's profit or contribution margin.

The aim of the system is to provide your sales, marketing, product management and corporate planning departments with information to support internal accounting and decision-making.

Two forms of Profitability Analysis are supported:

Costing-based and **account-based**

1. **Costing-based Profitability Analysis** is the form of profitability analysis that groups costs and revenues according to value fields and costing-based valuation approaches.

   It guarantees you access at all times to a complete, short-term profitability report.

2. **Account-based Profitability Analysis** is a form of profitability analysis organized in accounts and using an account-based valuation approach.

   The distinguishing characteristic of this form is its use of cost and revenue elements.
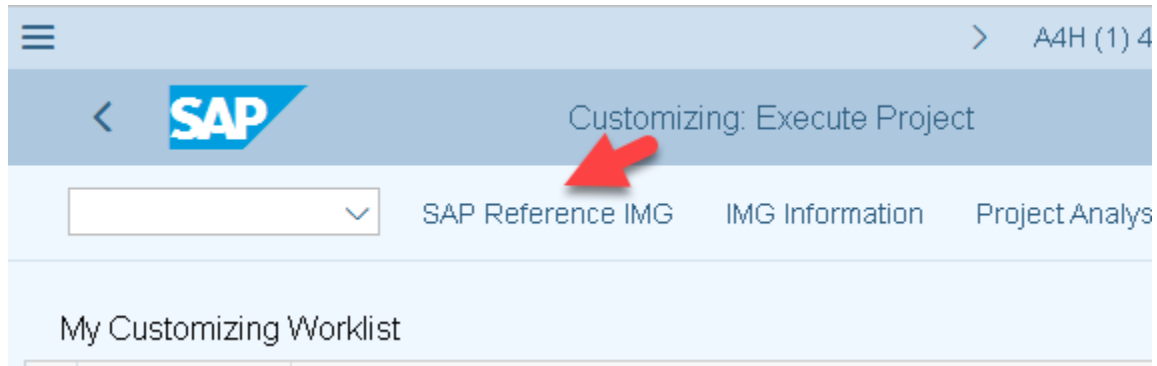
   It provides you with a profitability report that is permanently reconciled with financial accounting.

1. Define operating Concern

On the SAP Easy Access, Enter T-code as SPRO and press enter
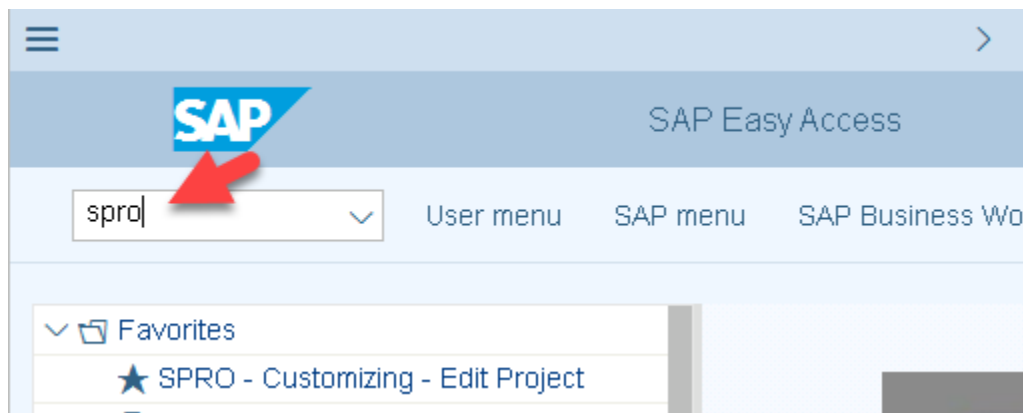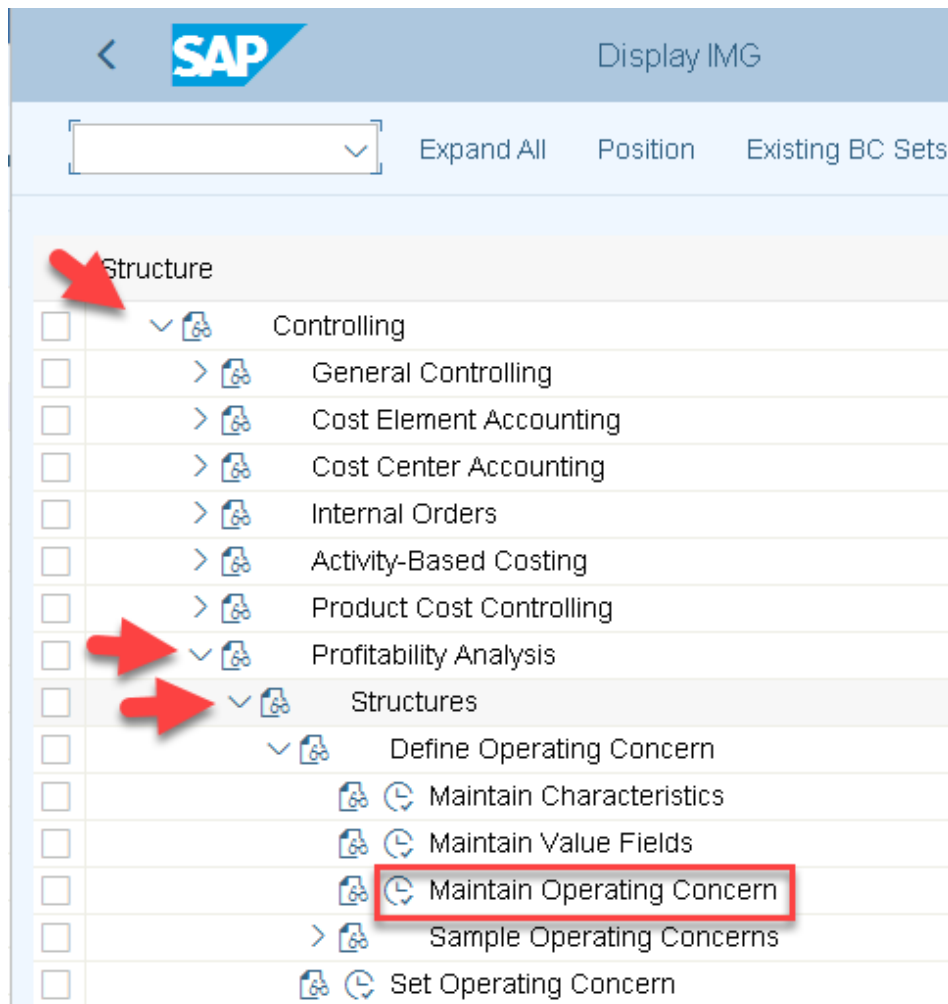
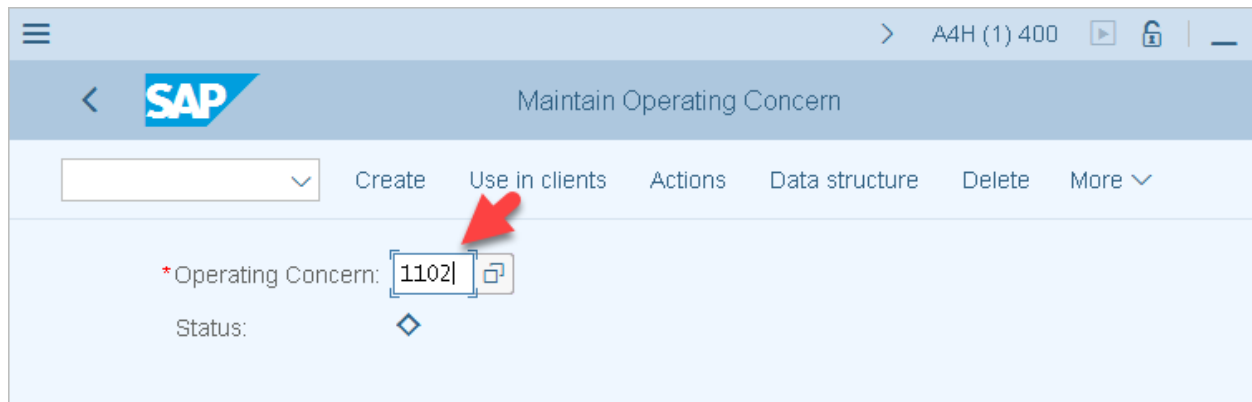Click on SAP Reference IMG button

Path: Controlling→Profitability Analysis→structures→Define Operating Concern→Click on Maintain Operating concern (or)
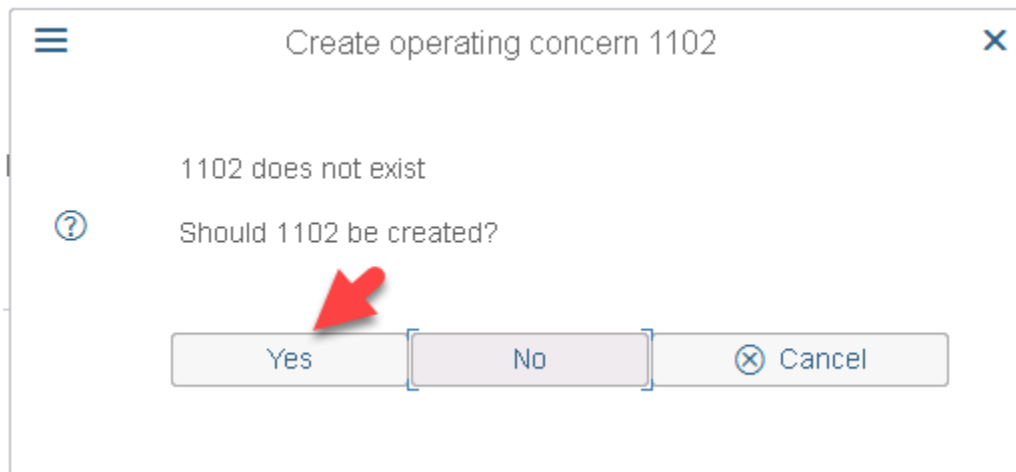
Enter transaction code as KEA0
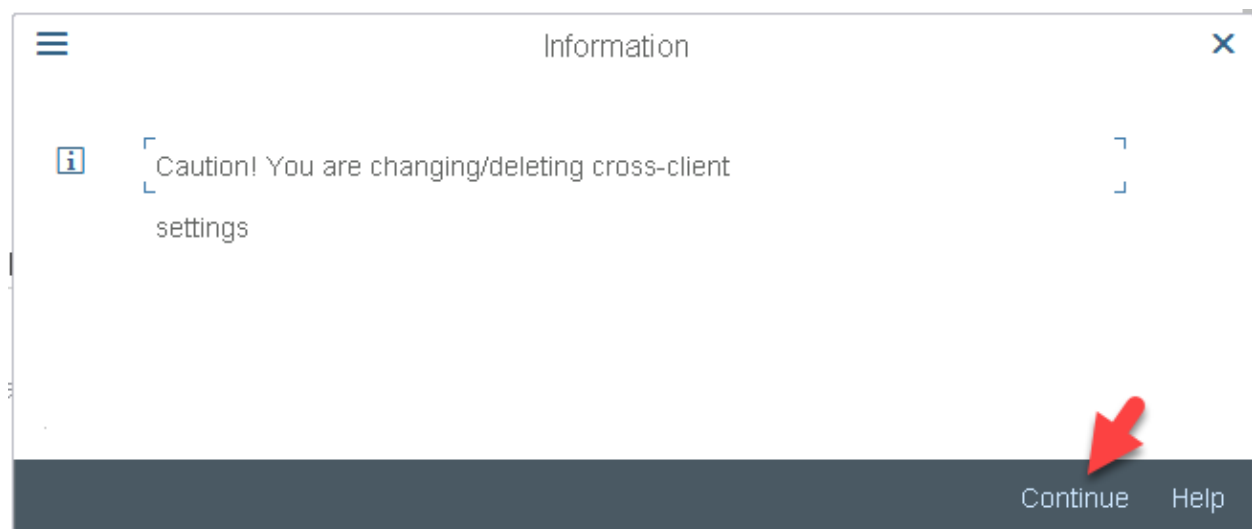
Enter operating concern as 1102 and press enter

Click on yes

Click on continue

Enter description as 1102 operating concern

Select Costing-based and account-based checkboxes

Click on Save

Click on Create button

In Chars tab under Transfer Form select "REGIO-Region" and click on Transfer fields.

So the fields will transfer to "Data structure" window

Now click on Value fields

In the "Value Fields" tab under "copy form" window select the require fields

ABSMG- Sales quantity

ERLOS- Revenue

Select KWMKAD-Advertising

KWSMKT- Sales & Marketing

KWVKPV- Sales Commission

Select VTRGK-Sales Overhead

VV001-COGS

Click on Transfer Fields

So the Field will transfer to "Data Structure" window as below.

Click on Activate button

It shows that all objects for Structure CE1102 activated

Click on Back button

Click on Yes

Generate environment

Do you wish to generate

the operating concern environment?

| Yes | No | ⊗ Cancel |

Click on Continue

Information

The environment was generated, warnings were

issued

Continue   Help
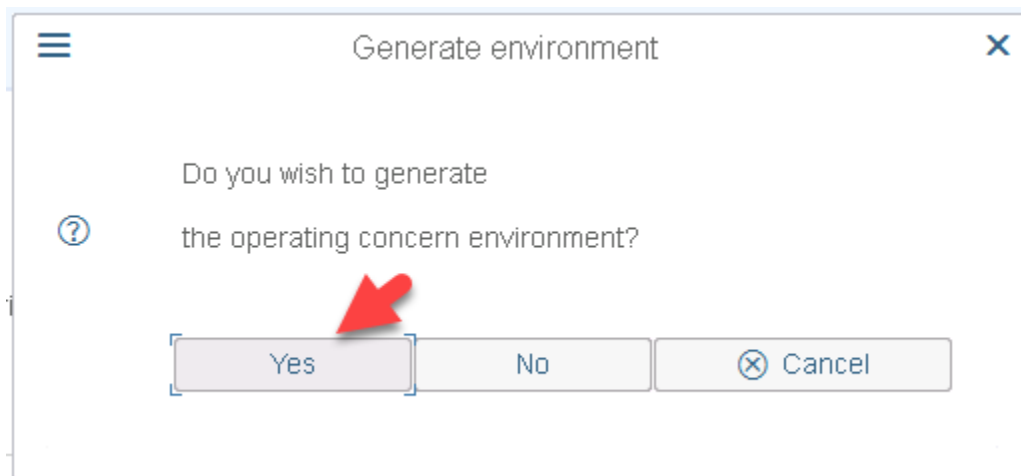
In the Attributes tab, enter the operating concern currency as INR

Enter the Fiscal Year Variant as K4 and click on save

Click on Yes

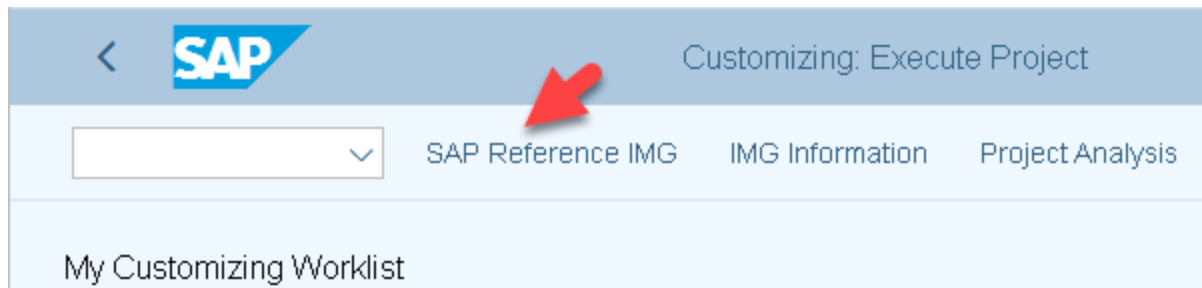Here the environment was generated completely

Click on Save

2. Assign Controlling Area to Operating concern
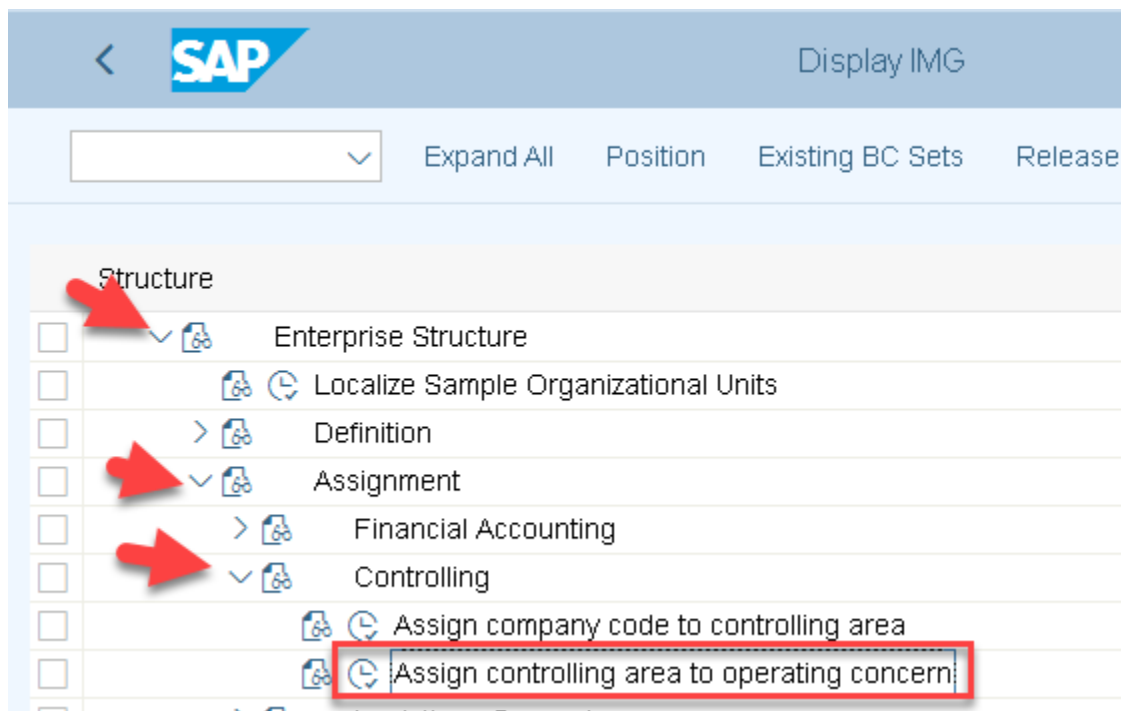
Enter T-code as SPRO in the SAP Easy Access
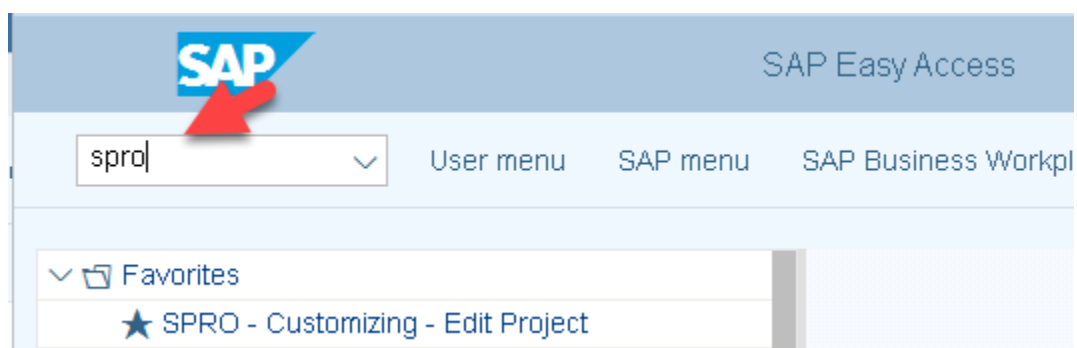
Click on SAP Reference IMG

Path: Enterprise Structure→Assignment→Controlling→Assign Controlling area to operating concern (0r) Transaction code: KEKK

Click on Opco options

Select 1102 Operating Concern and click on continue

Here we see the Operating Concern and click on save

Click on create request

Enter description as below and click on save

Click on continue

Here Data was saved

Click on save

3. Set Operating Concern:

Path: SPRO→Controlling→Profitability Analysis→Structures→Set Operating Concern

Transaction Code: KEBD
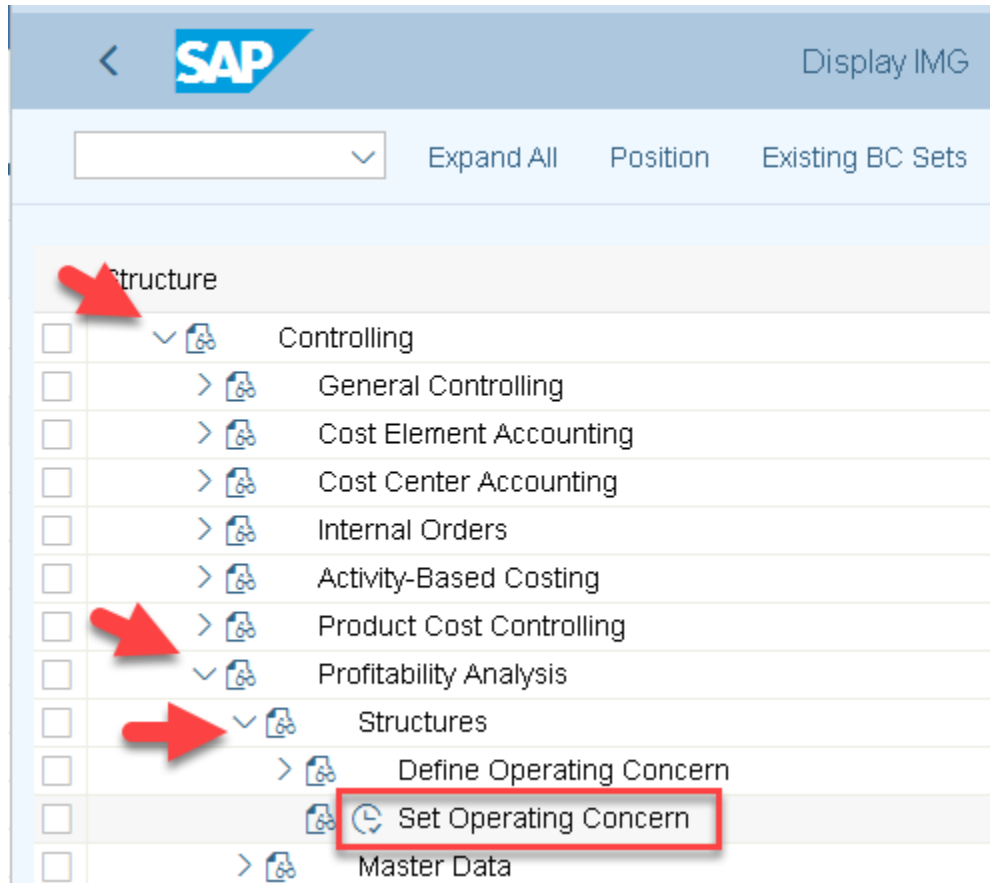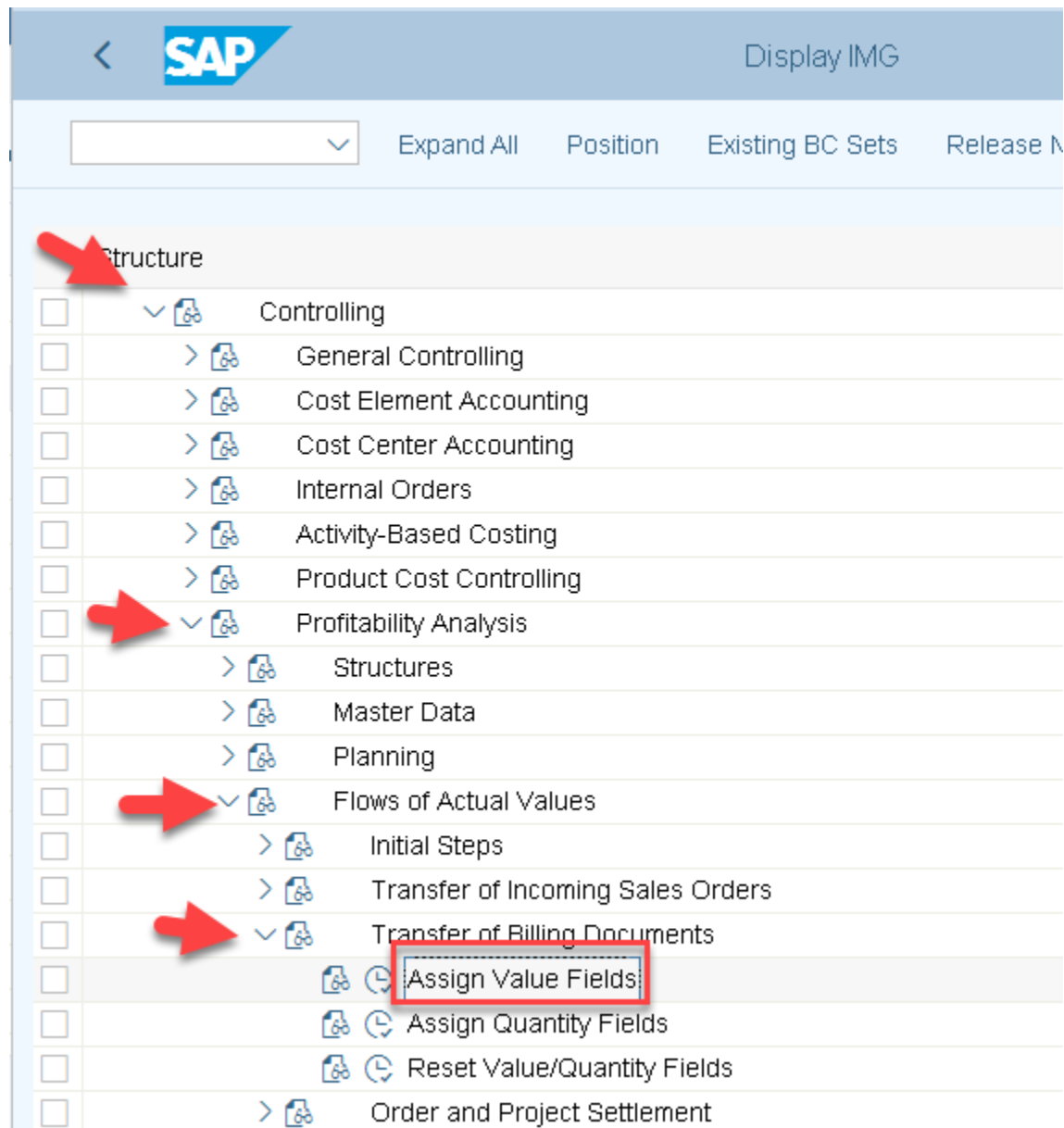

Enter the operating Concern and click on enter

Select Costing-Based check box and click on continue

4. Assign Value Fields:

Path: SPRO→Controlling→Profitability Analysis→Flows of Actual Values→Transfer of Billing

Documents→Assign Value fields

Transaction Code: KE4I

Click on Maintain Assignment of SD conditions to CO-PA Value Fields and click on choose

Click on New Entries

Maintain the below parameters

Click on Save

Click on Create request

Enter description and click on save

Click on continue

Here Data was saved

Click on Back to SPRO screen

5. Assign Quantity Fields:

Path: SPRO→controlling→Profitability Analysis→Flows of Actual values→Transfer of Billing Documents→ Assign Quantity fields

Transaction code: E4MI

Click on New Entries

Enter below parameters

Click on Save

Click on create Request

Enter description and click on save
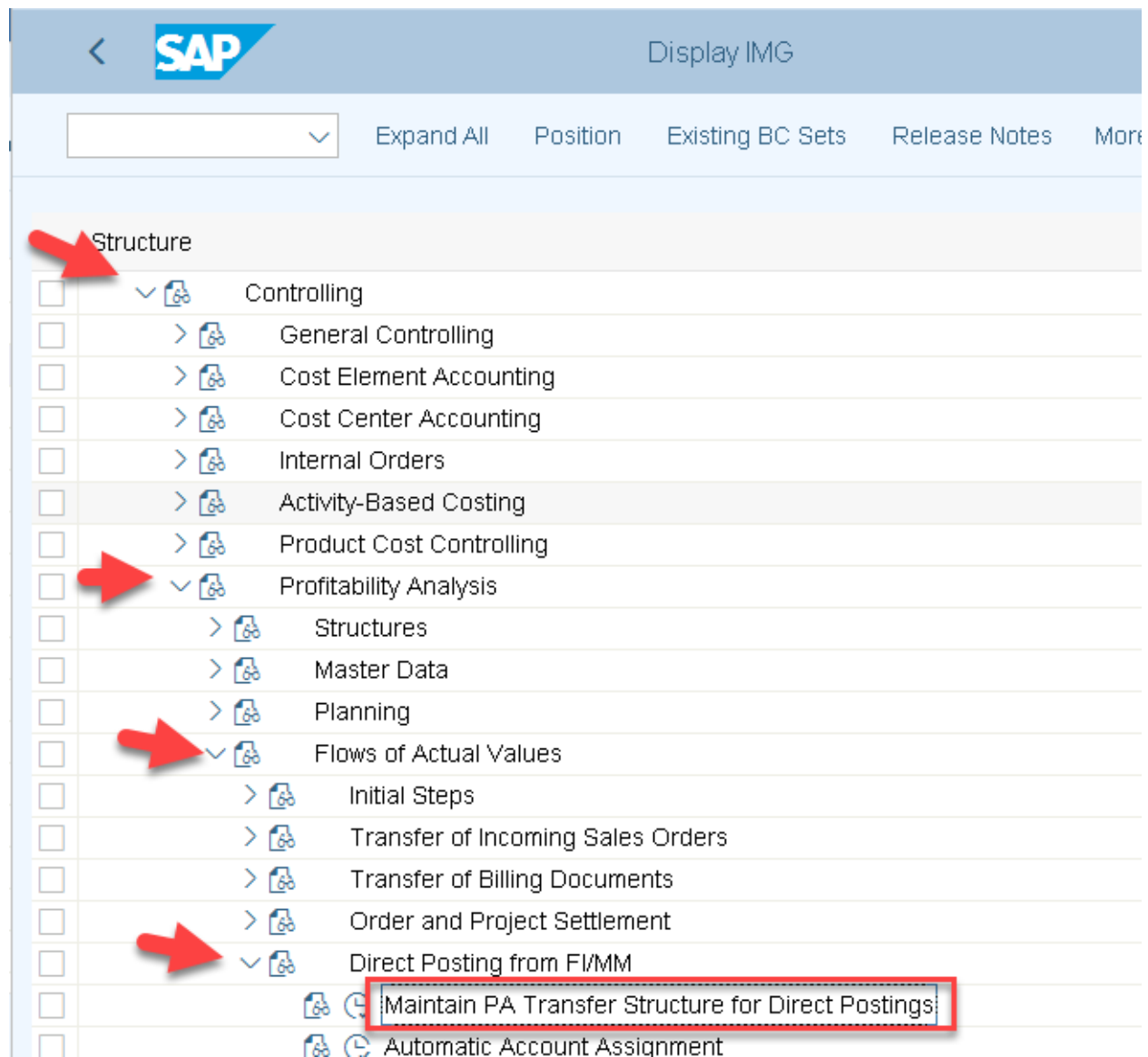
Click on continue

Here Data was saved

Click on back to SPRO Screen

## 6. Maintain PA Transfer Structure for Direct Postings

PA Transfer Structure FI is used to assign Direct MM and FI Revenue/Expenses to the CO-PA Value.

Path: SPRO→Controlling→Profitability Analysis→Flows of Actual Values→Direct Posting from FI/MM→ Maintain PA Transfer Structure for Direct postings
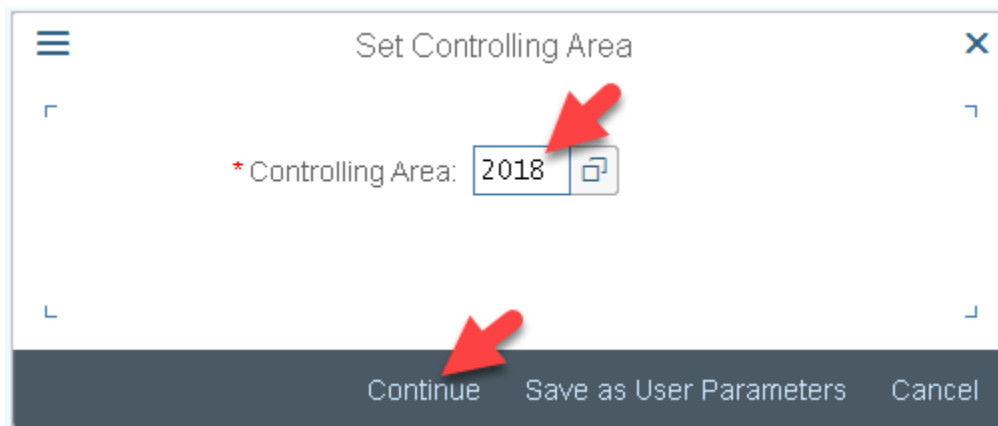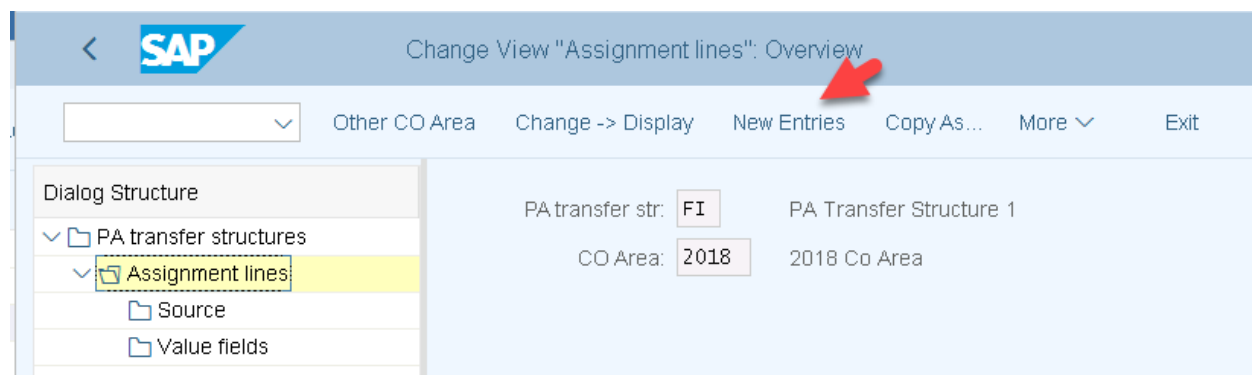
Transaction code as KE12

Select FI Check box and Click on" Assignment Lines" under Dialog Structure
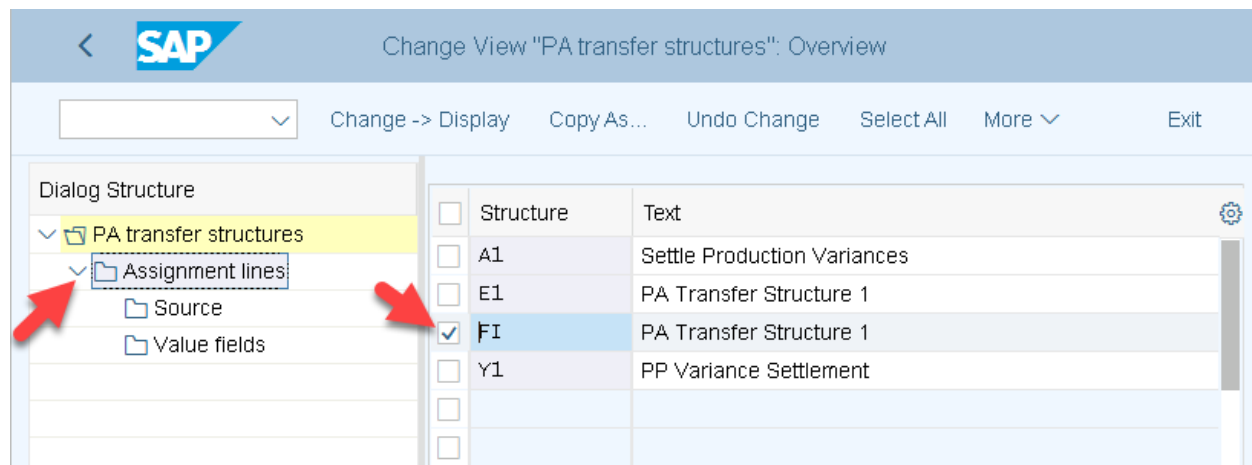
Click on Controlling Area as 2018 and click on continue

Click on New entries

Enter new Assignment values like "60, 70" with Text and save

Select Assignment line "60" and click on "Source" under Dialog Structure

Enter cost element values

Select Cost element tab, controlling area is 2018 and click on Start search
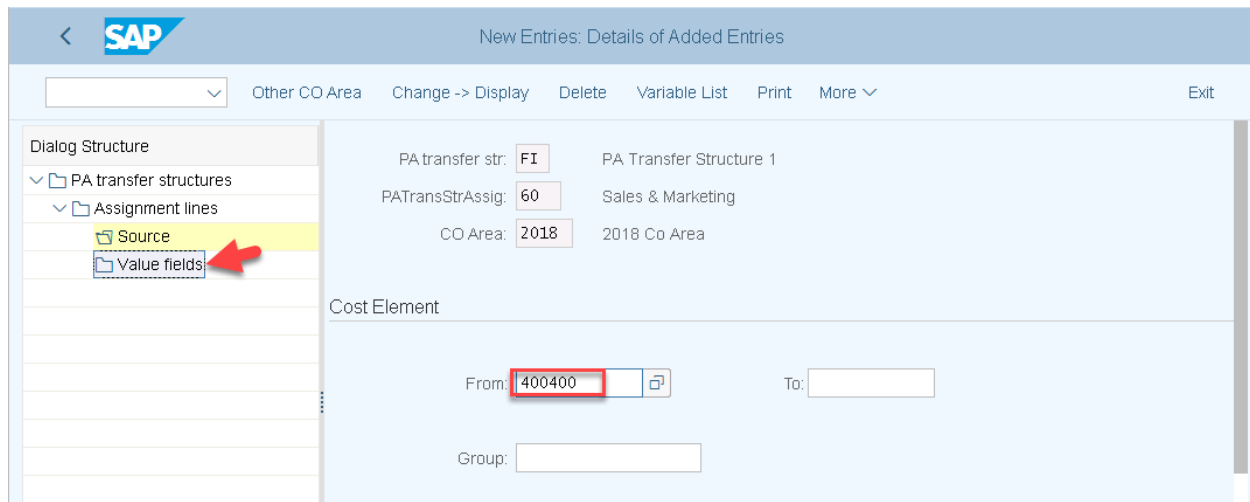
Select the line and click on continue
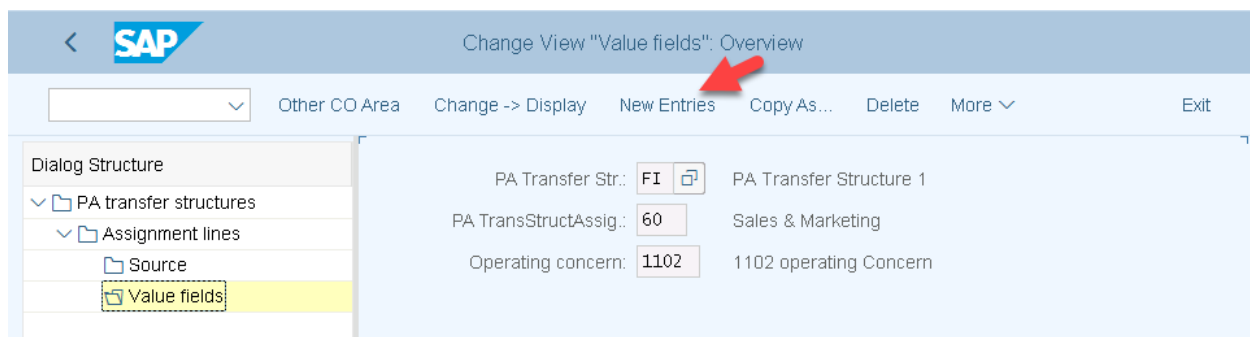
Here we see the Cost element as 400400 and click on "Value Fields" under Dialog Structure

Click on new entries

Enter Quantity /Value as value field

Fixed/Variable as 3 and Value Field as KWSMKT

Select the line and click on "Assignment lines" Under Dialog Structure

Select the 70 Assignment and click on "source" under Dialog Structure

Enter cost element values and click on "Value Fields"

Click on New Entries

Enter below Parameters and click on enter

Click on enter

Click on create request

Enter description and click on save

Click on continue

Here we data was saved

Click on Save

7. Define Structure of Cost Center Assessment Process Cost Assessment

Path: SPRO→Controlling→Profitability Analysis→Flows Of Actual Values→Transfer of overhead→Assess Cost Center Costs/Process costs→Define Structure of cost center Assessment/Process Cost Assessment

Transaction Code: KEU1
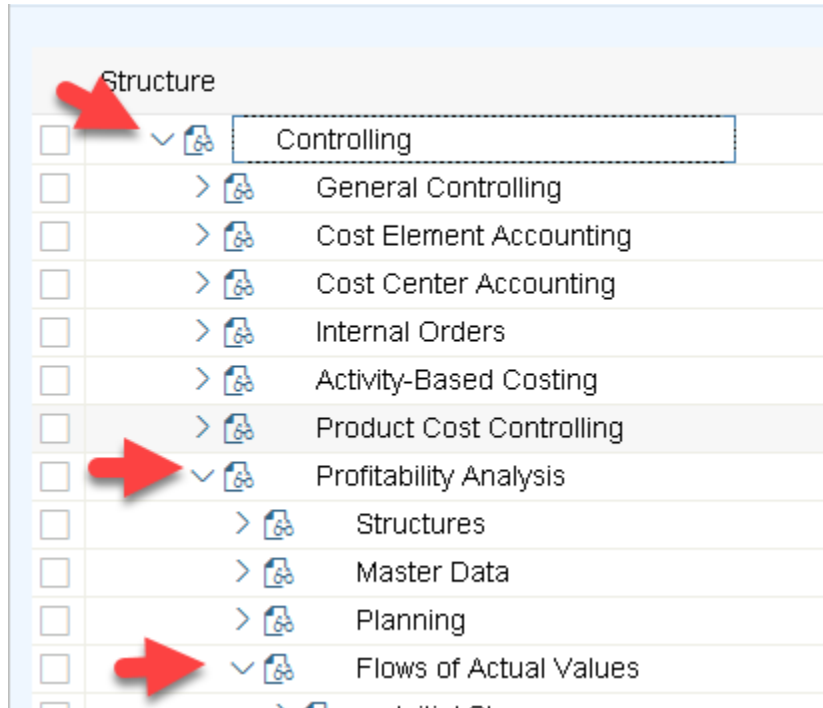
	Structure
☐	> � Structures
☐	> � Master Data
☐	> � Planning
☐	⌄ � Flows of Actual Values
☐	> � Initial Steps
☐	> � Transfer of Incoming Sales Orders
☐	> � Transfer of Billing Documents
☐	> � Order and Project Settlement
☐	> � Direct Posting from FI/MM
☐	> � Settlement of Production Variances
☐	⌄ � Transfer of Overhead
☐	> � Initial Steps
☐	⌄ � Assess Cost Center Costs / Process Costs
☐	� 🕐 Define Structure of Cost Center Assessment/Process Cost Assessment
☐	� 🕐 Define PA Transfer Structure for Assessment
☐	� 🕐 Define Allocation Structure
☐	� 🕐 Display Cycle Overview of Actual Assessment

Click on Create Actual Assessment and click on choose

Enter Cycle as ASS110 and Start Date as 04/06/2018 and click on enter

Enter Text as Process Cost Assessment and enter CO Area as 2018

Click on save

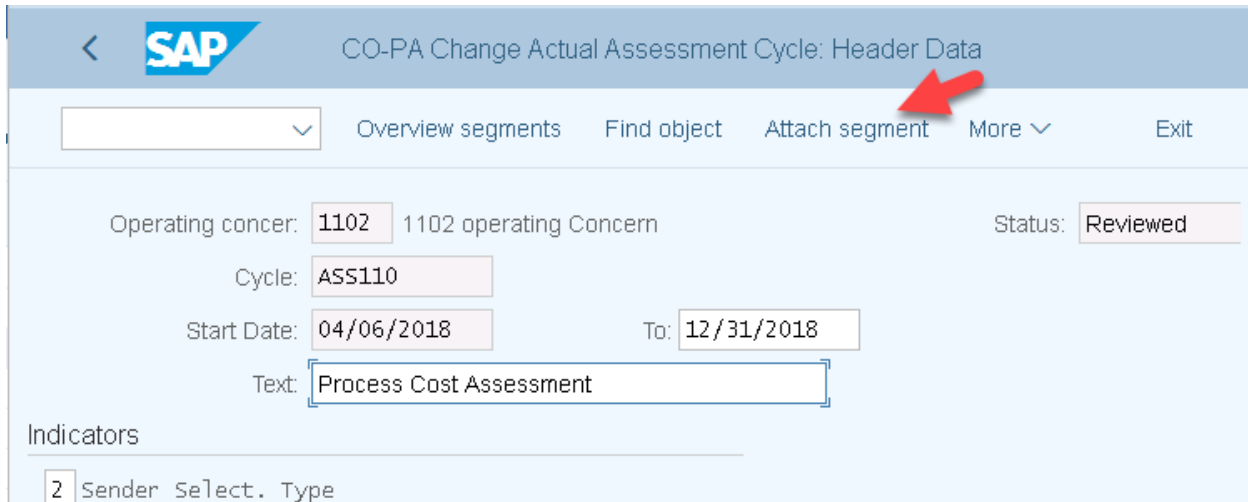Here Cycle ASS110, with starting date has been saved

Click on back

Click on Change Actual Assessment and click on choose
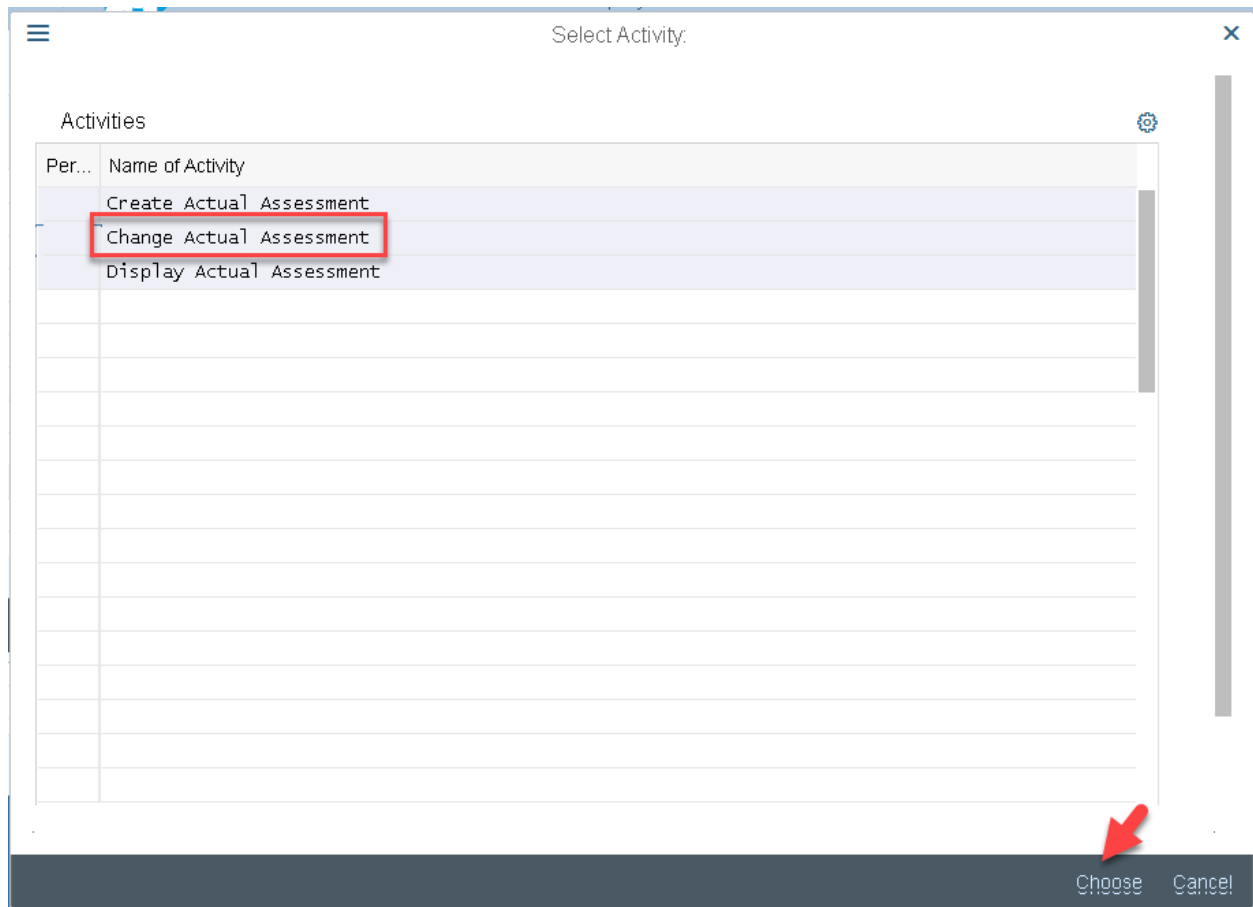
Enter the Cycle as ASS110 and Start date and Click on next
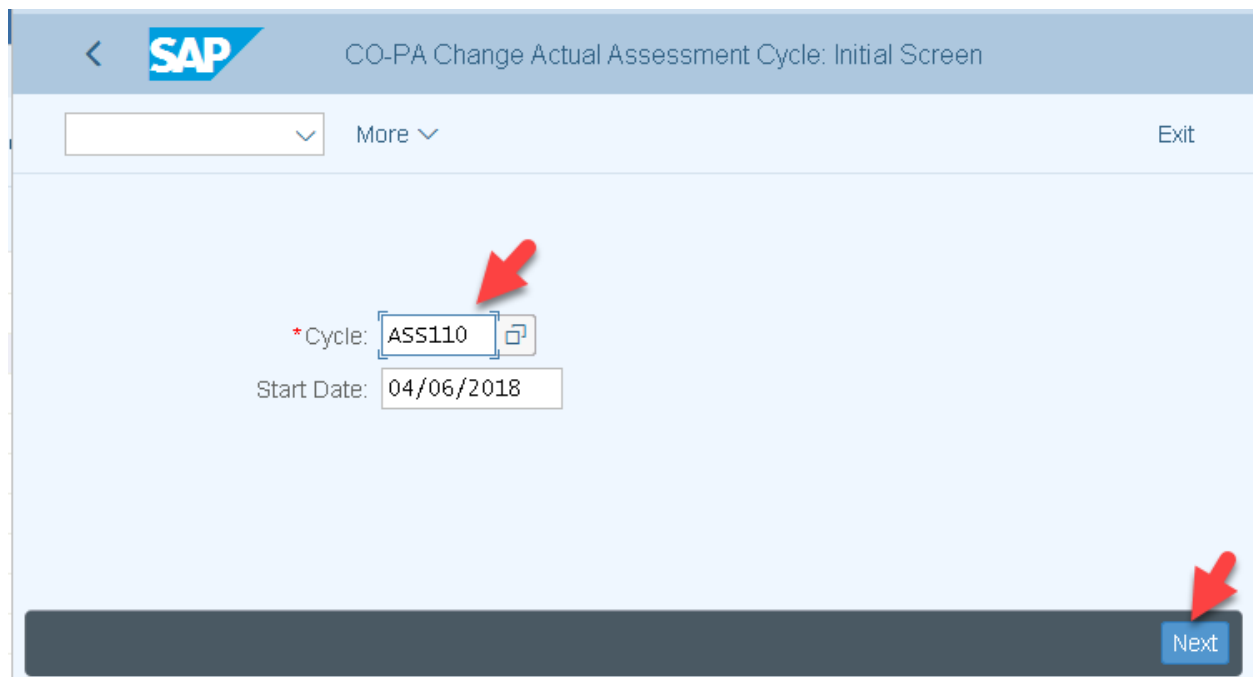
Click on Attach Segment
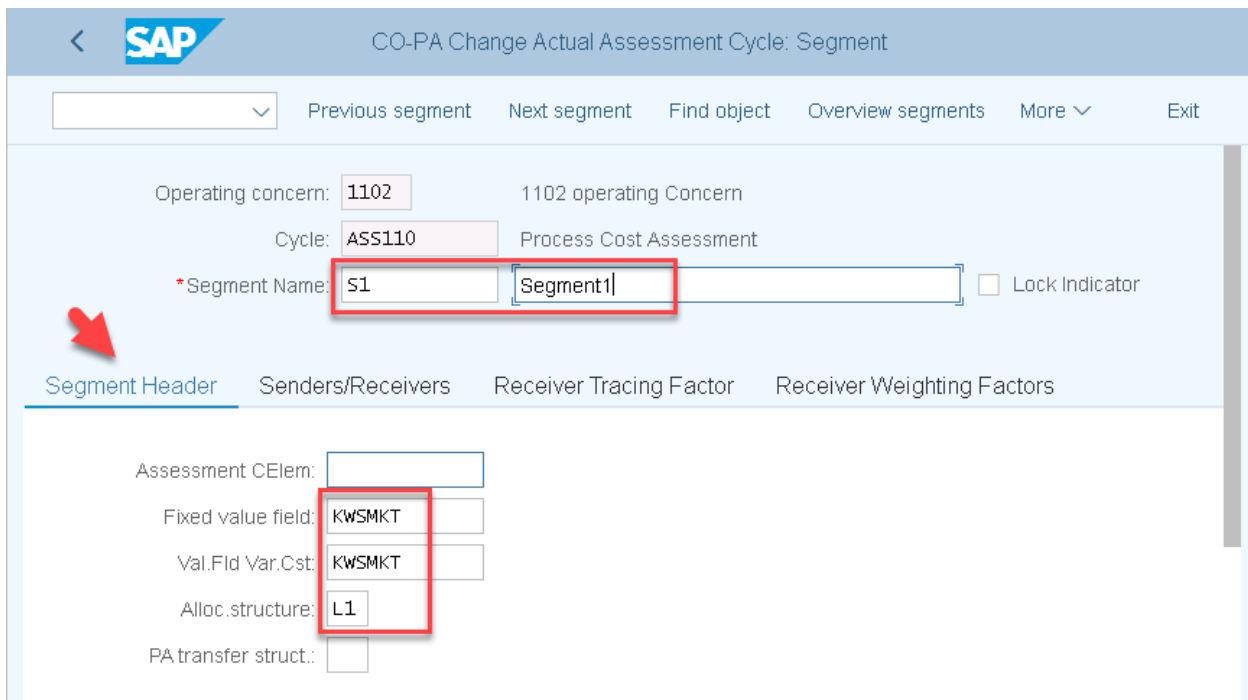
Enter Segment name as s1 (segment1)

In the Segment Header tab, enter the

Field Value field as KWSMKT

Val. Fld Var. Cst as KWSMKT

Alloc. Structure as L1

Enter below details

In the Allocation Structure, Right click on it and click on create allocation structure

Select the L1 Allocation structure and Click on Assignments under Dialog Structure

Click on New entries

Enter below entries in the assignments and click on source under dialog structure

Enter the cost elements and click on Assessment Cost element under Dialog structure

Click on New entries

Enter the assessment Cost element and click on Settlement Cost elements

Click on new entries

Enter below entries

Click on Save

Click on create Request

Enter description as allocation structure and click on save

Click on Continue

Here Data was saved

Click on Back

In the Senders/Receivers Tab, Enter Sender Cost Center and cost element

In the receiver, enter the Company code as 2018

Creating cost center ks01

Country as IN

Division as 00

In the Receiver Tracing Factor tab, Enter Record type as A
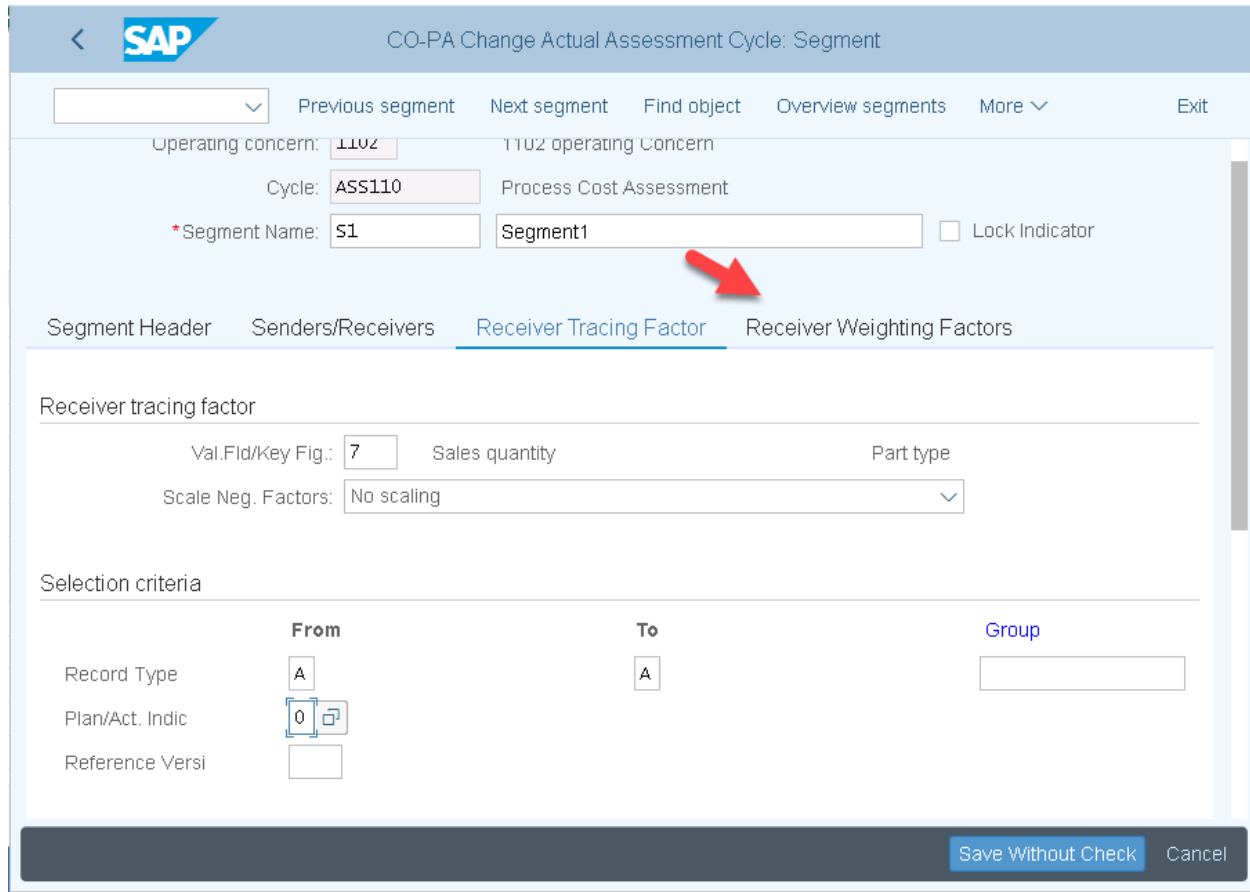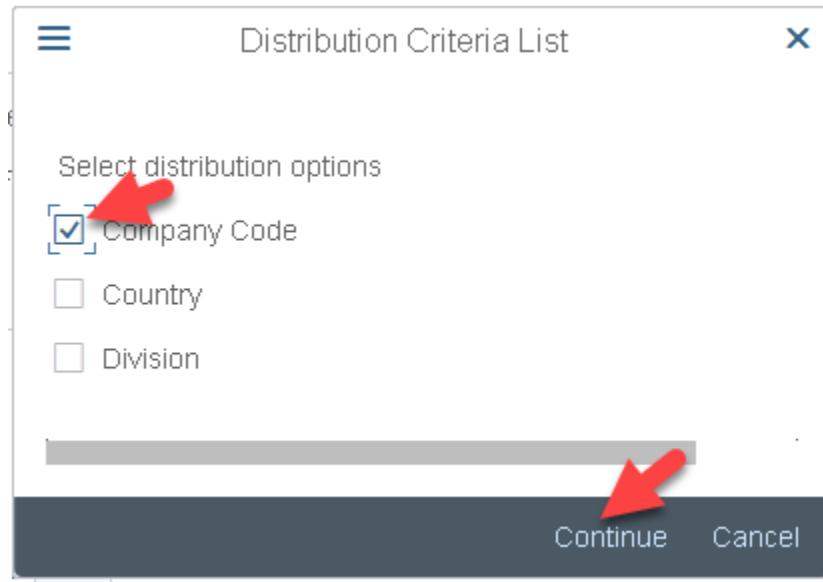
Plan/Act. Indic as 0

Click on Receiver Weighting Factors tab

Select the Company Code check box and click on continue

Click on Save

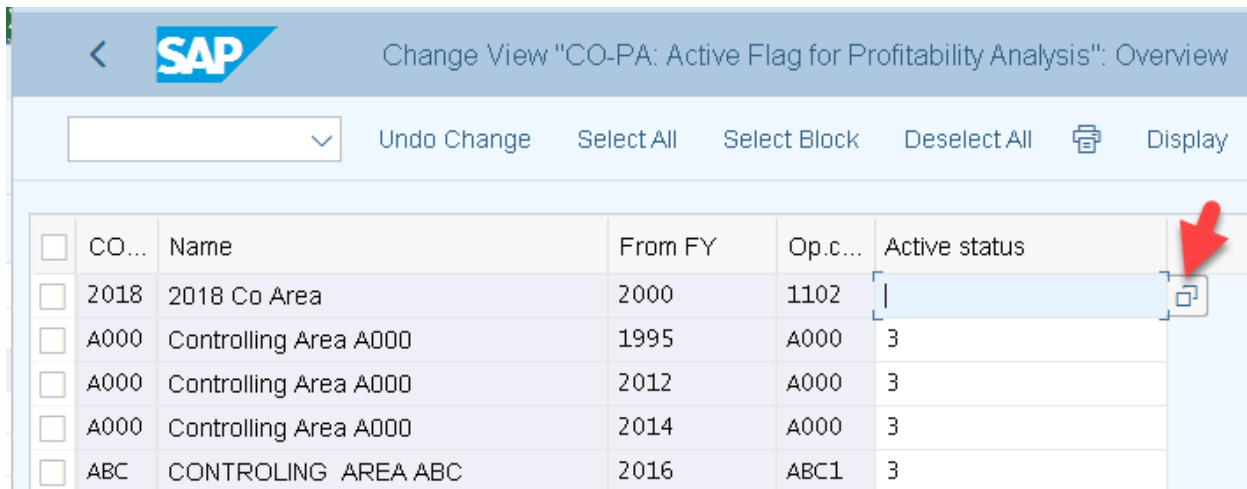Here Cycle ASS110 has been saved

Click on back

8. Activate Profitability Analysis:

Path: SPRO→Controlling→Profitability Analysis→Flows of Actual Values→ Activate Profitability Analysis
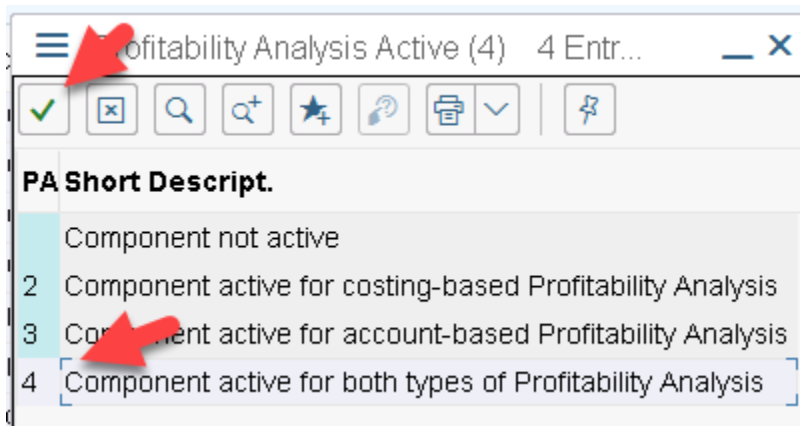
Transaction Code as KEKE
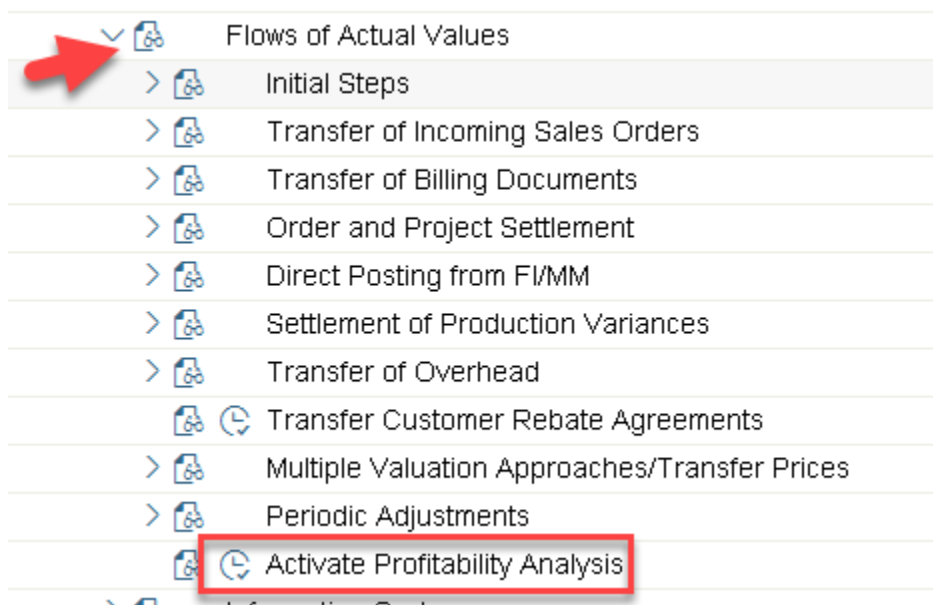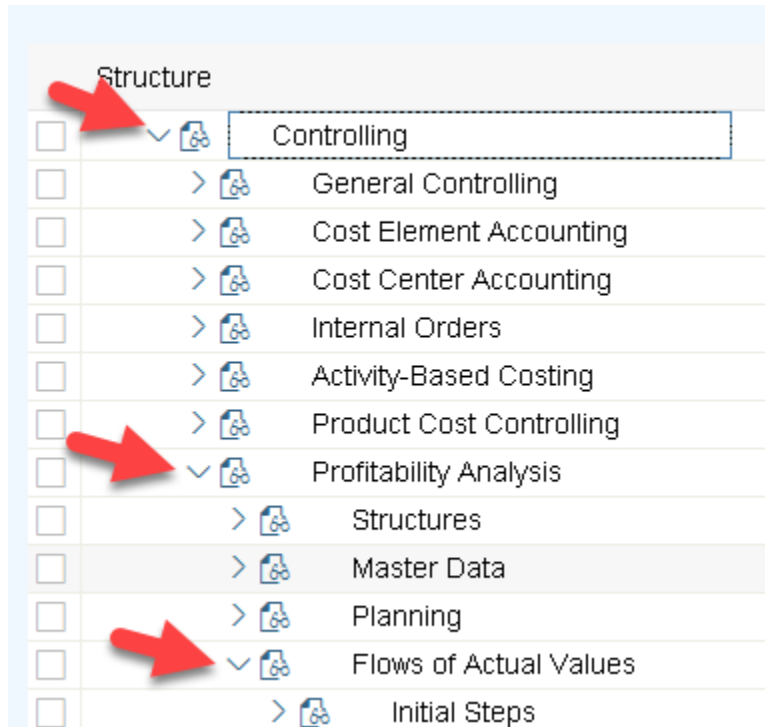
Click on options On the Active Status

Select 4 (component active for both types of profitability Analysis) and click on Continue

Click on Save

Click on Create request

Enter description and click on save

Click on continue

Here data was saved

CO...	Name	From FY	Op.c...	Active status	
2018	2018 Co Area	2000	1102	4	
A000	Controlling Area A000	1995	A000	3	
A000	Controlling Area A000	2012	A000	3	
A000	Controlling Area A000	2014	A000	3	
ABC	CONTROLING AREA ABC	2016	ABC1	3	
ABC	CONTROLING AREA ABC	2017	ABC1		
BCD	BCD CONTR AREA	2016			
BIL1	controlling area BIL1	2017			
H000	Memorial Hospital Corp	2015	H000		
H000	Memorial Hospital Corp	2017	H000	3	
L000	Controlling Area L000	2014	L000	3	

→≣ Position...   Entry 1 of 23

☑ Data was saved View details   Save   Cancel

9. Define Key Figure schemes

Path: SPRO→Controlling→Profitability Analysis→Flows of Actual Values→Information Systems→Report Components→Define Key Figure schemes

Transaction code: KER1
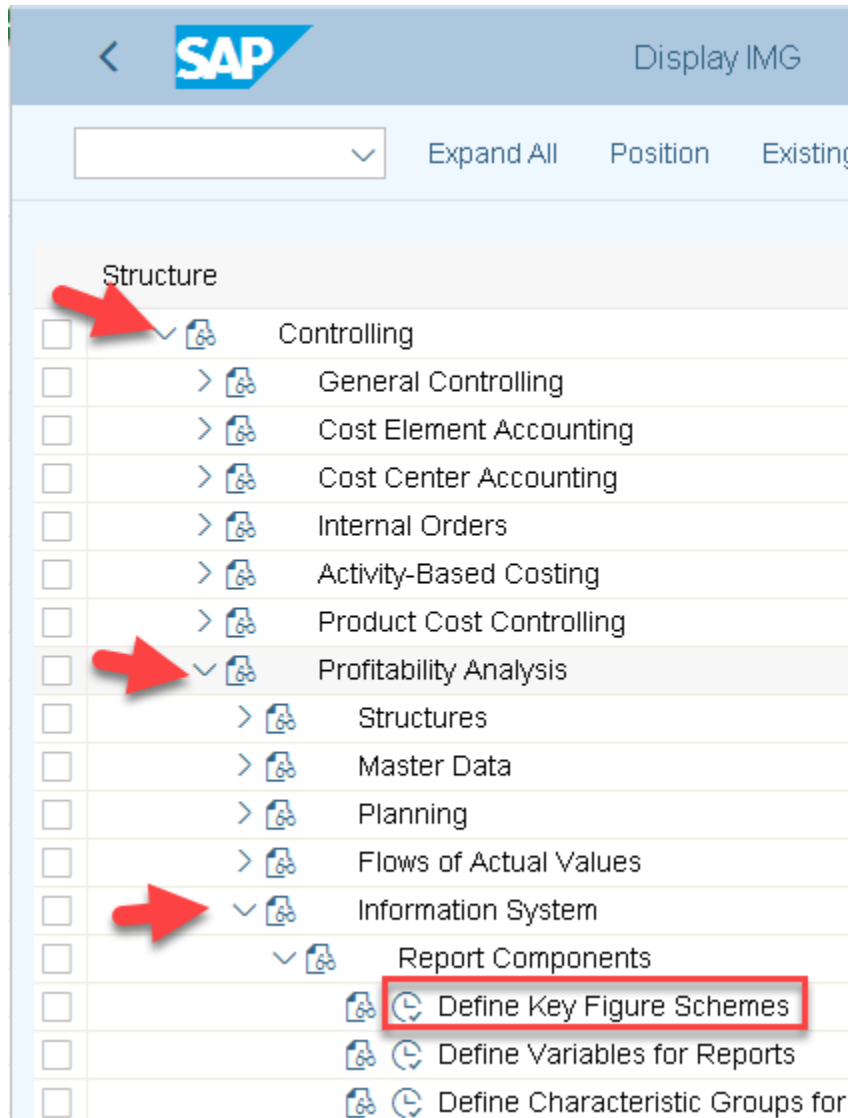
Click on New entries
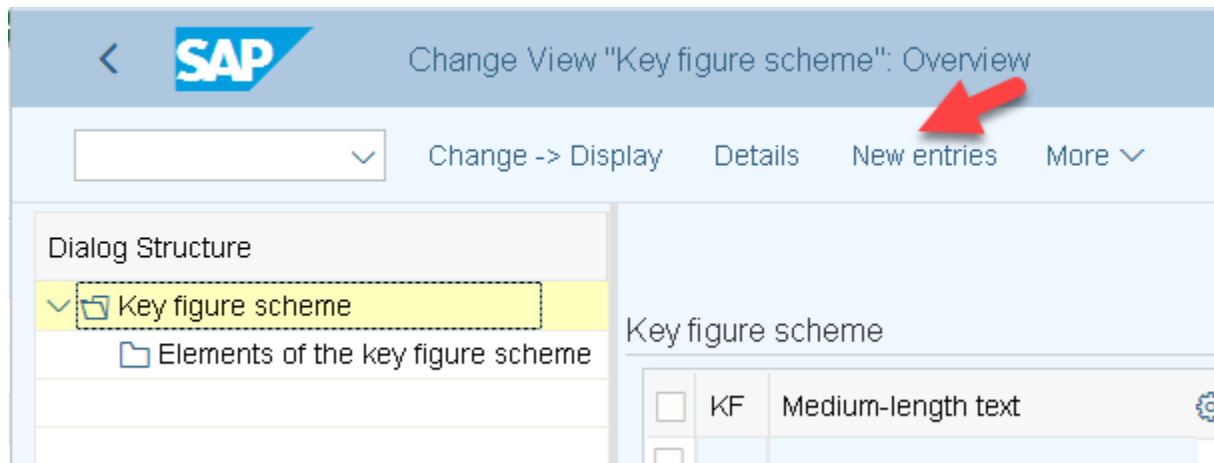
Enter new values for Key figure scheme as 01

Medium-Length Text as 1102 Key Figure and click on Elements of the key figure scheme Under Dialog Structure

Click on New Entries

Enter below details

Enter below details short text, medium-length text, Long Text

Click on formula Editor

In the value field, enter Revenue and click on entry

Here we see Revenue in Formula line and click on [-] this symbol

New Entries: Details of Added Entries

Formula   0001   Contribution 1102   [i]

Formula line

'Revenue'

Formula Element   🗑 Delete   🗑 Delete all   Change view

Enter

Constant: 0   ✓ Entry   +   -

Value field: Revenue   ✓ Entry   *   /

Here we see Formula Line 'Revenue' – and in the Value field, enter COGS and click on entry

In the Formula Line 'Revenue' –'COGS' and click on check

Click on Back

Click on Save

Click on Create Request

Enter description and click on Save

Click on Continue

Key figure Scheme was saved

10. Create Profitability Report

Path: SPRO→Controlling→Profitability Analysis→Information System→Report Components→Create profitability Report

Transaction code: KE31
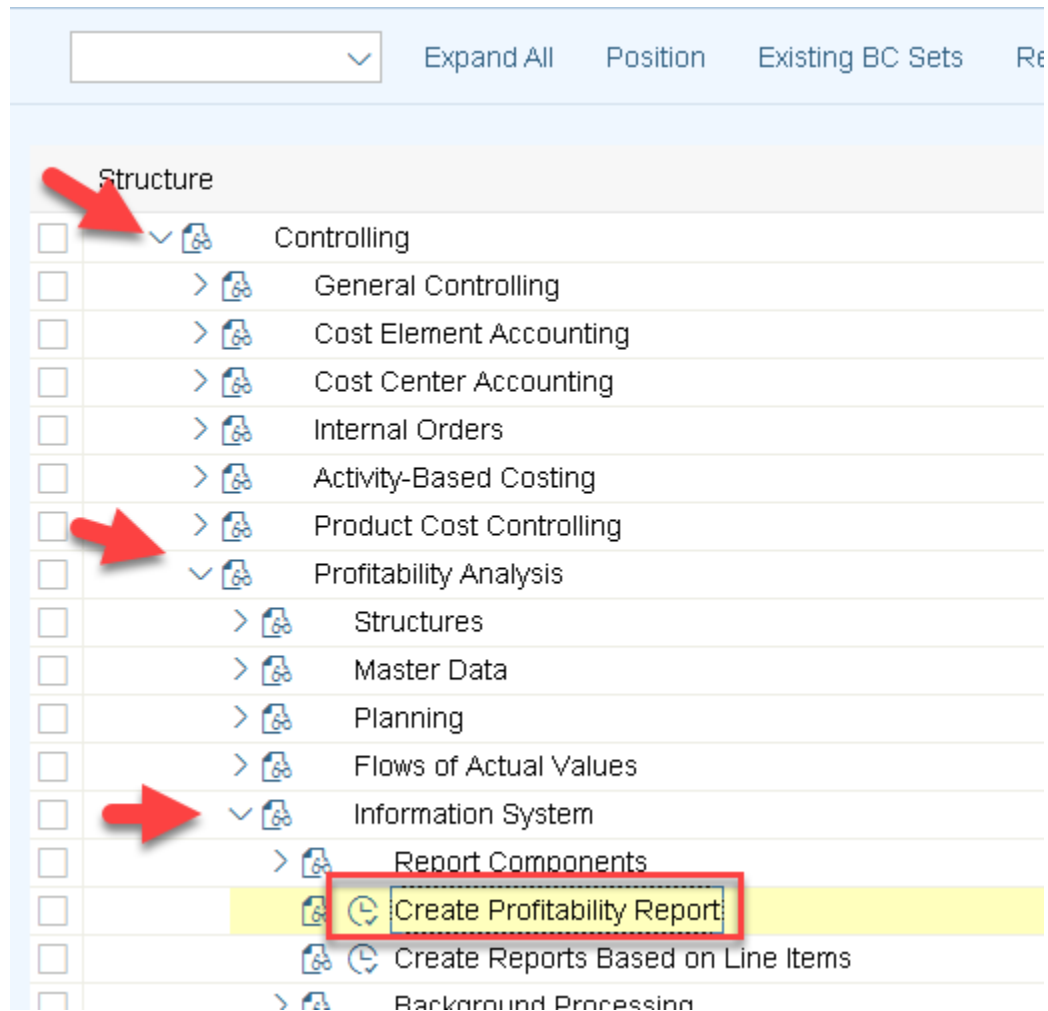
Select Create Profitability Report and click on choose

Enter Report name and select Basic Report and click on create button

Select Country and Region checkboxes in the characteristics tab

Select company code and fiscal year

Click on Transfer fields

Click on check box against "Country"

Enter Local Variable as country and click on continue

Click on Region Check box

Enter Local Variable as Region and click on continue

Click on check box against "Company code"

Enter Local Variable as Comcode and click on continue

Click on check box against "Fiscal Year"

Enter Local Variable as Fiscal year and click on continue

Here all check boxes are selected

Click on Key figure tab

Enter the report description as region wise Profitability Report

Enter key Figure Scheme as 1102 Key Figure

Select the contribution as 1102 and click on Transfer fields

Click on Variables tab,

Enter below details

Click on save

Report was saved

Click on back

11. Set Control Parameters for Actual Data
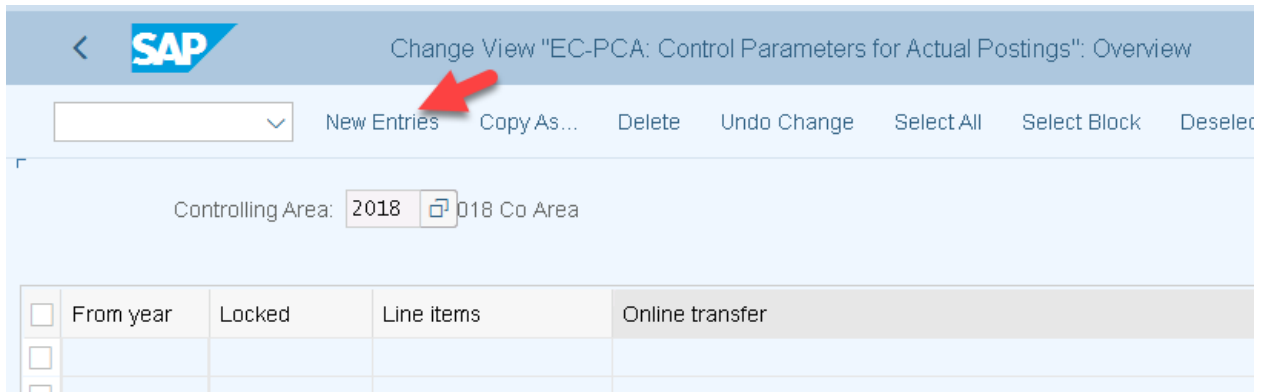
Path: SPRO→ Controlling→Profit center Accounting →Controlling Area Settings→Activate Direct Postings→Click on Set Control Parameters for actual data
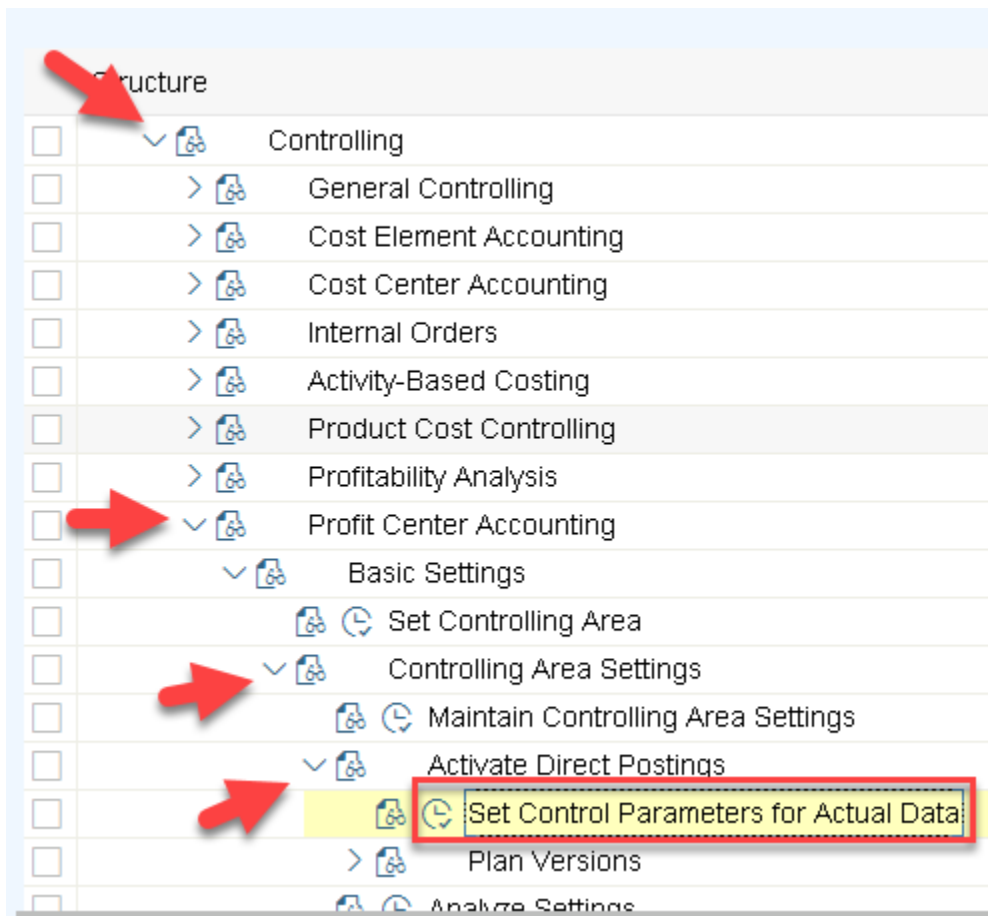
Enter controlling area as 2018 and click on continue
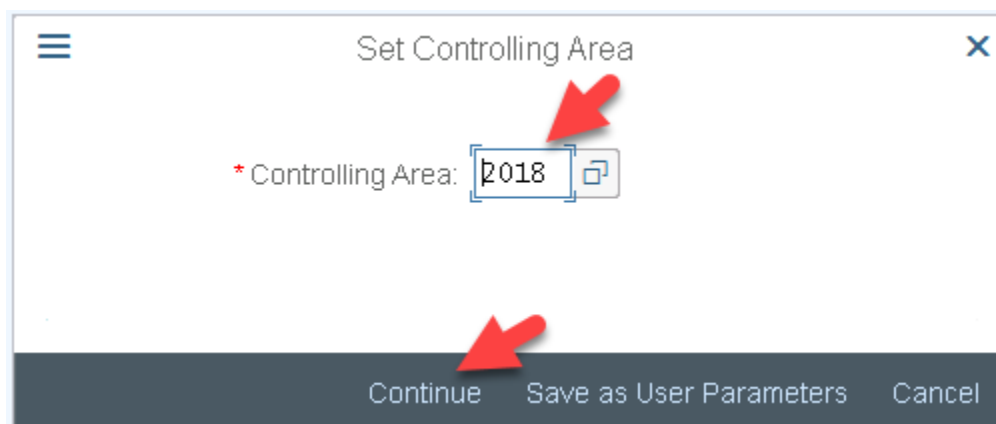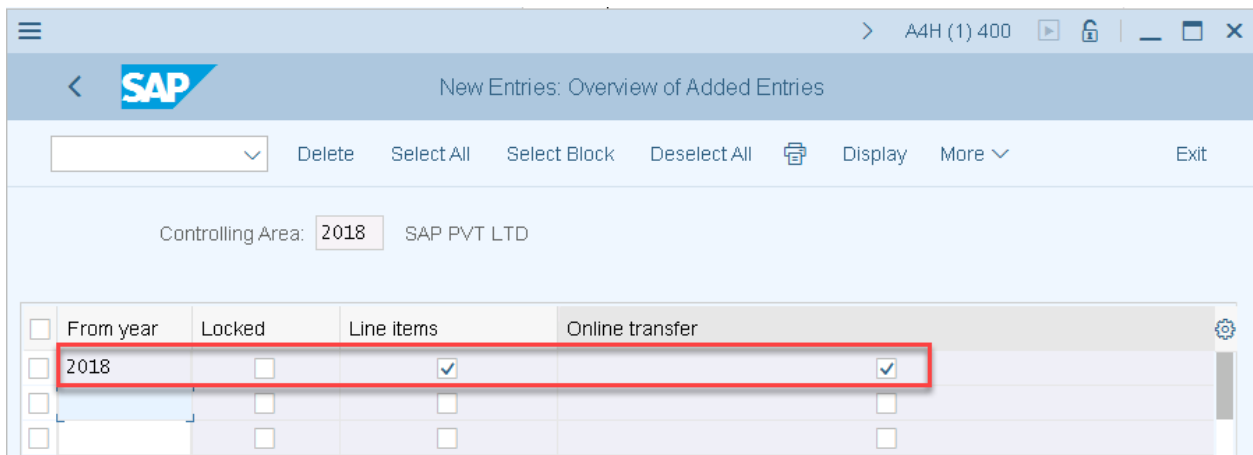
Click on New entries

Enter below details from Year 2018, Select the line items and online transfer checkbox

Click on save

Here data was saved

12. Maintain Plan Versions

Path: SPRO→Controlling→Profit center Accounting→Basic settings→controlling Area Settings→Activate Direct postings→Plan Versions→Maintain Plan Versions

Transaction Code: OKEQ
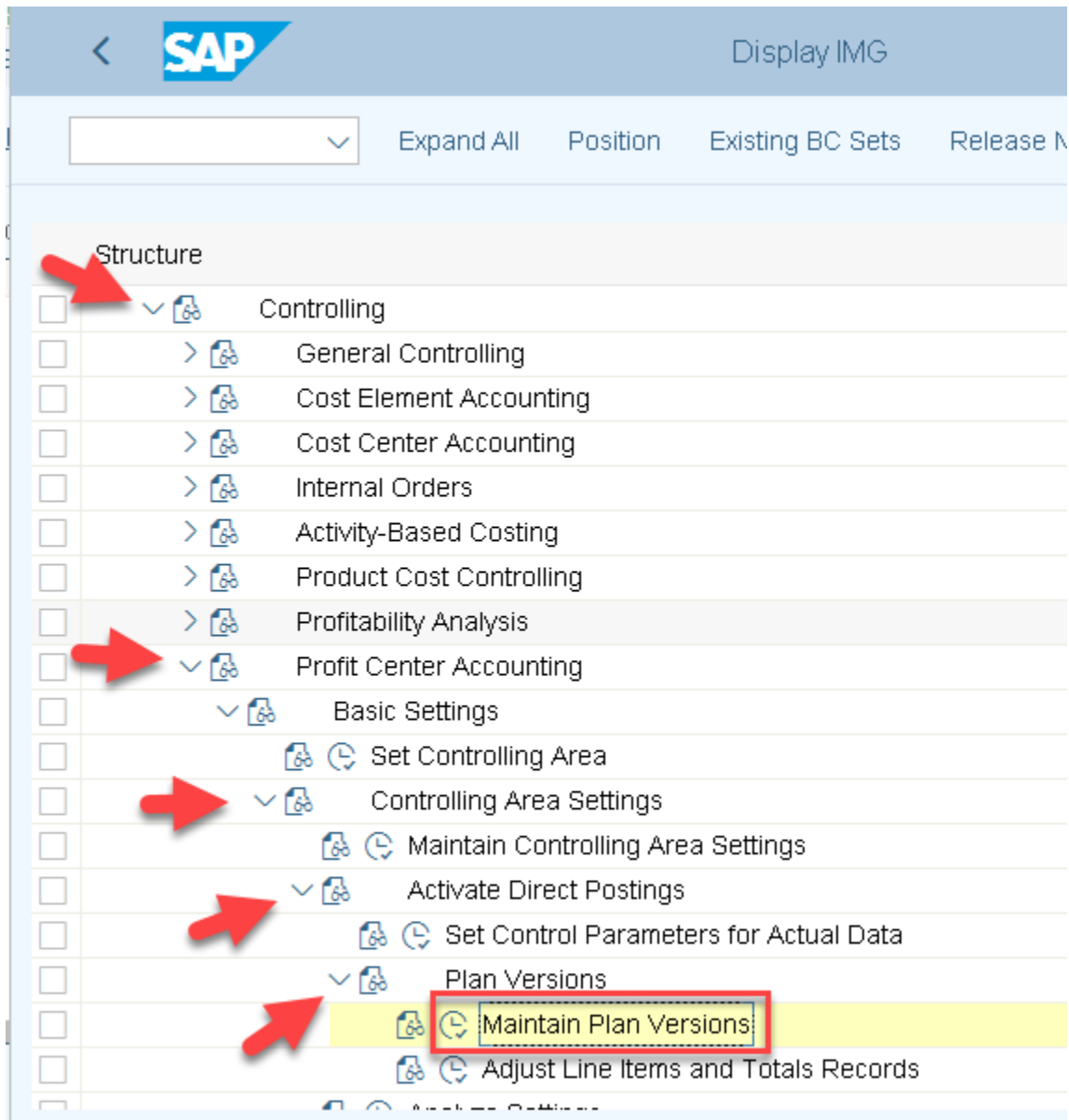
Select '0' version and click on Settings for profit center accounting

Click on New entries

Enter below details and select online transfer and Line items check box and Enter ExRateType as M

Click on save

Click on create Request

Enter Description as Maintain plan versions and click on save

Click on Continue

Here data was saved

13. Define Number ranges for local Documents

Path: SPRO→Controlling→Profit center Accounting→Actual Postings→Define number ranges for local documents

Transaction code: GB02
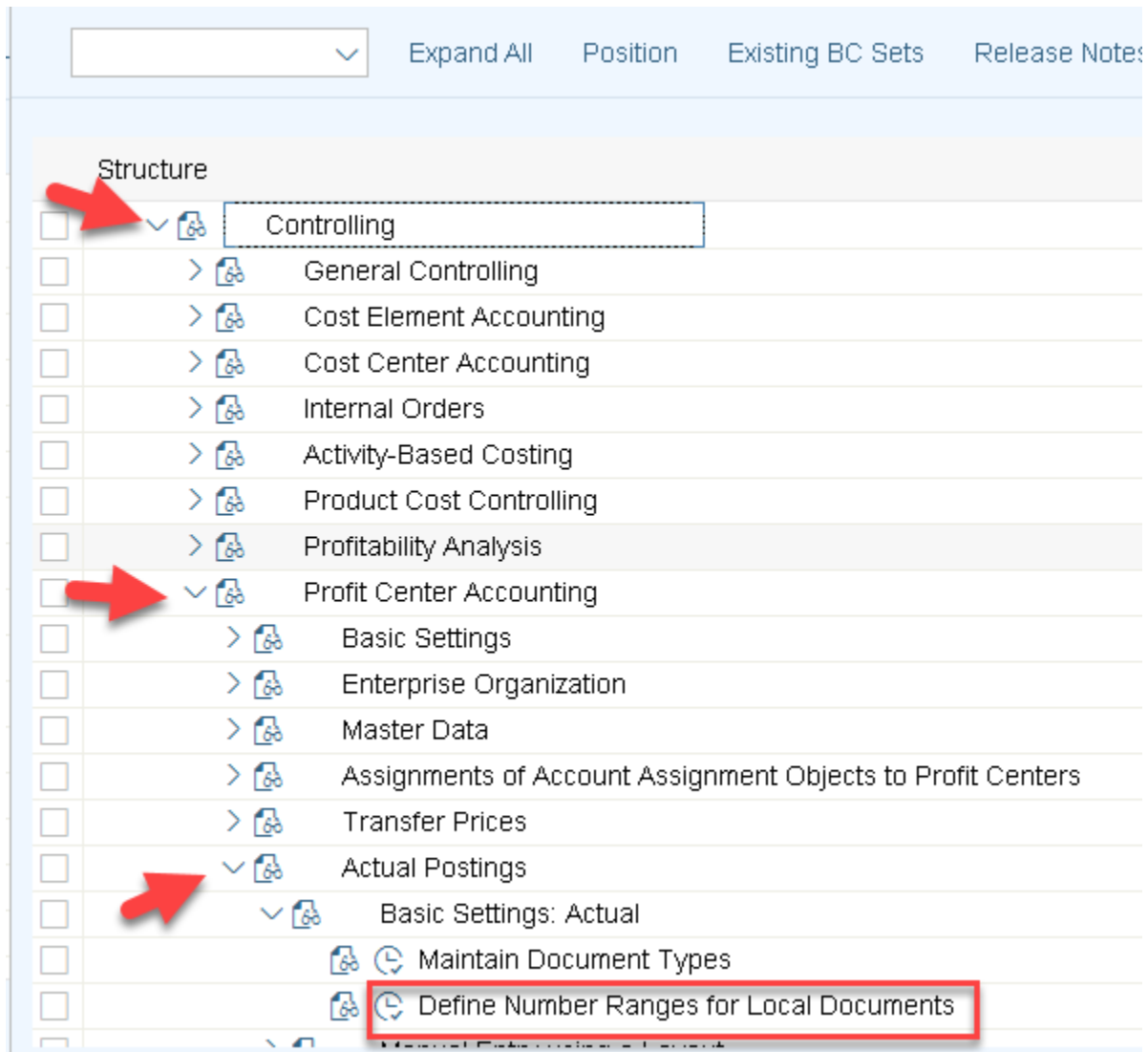
Click on define groups
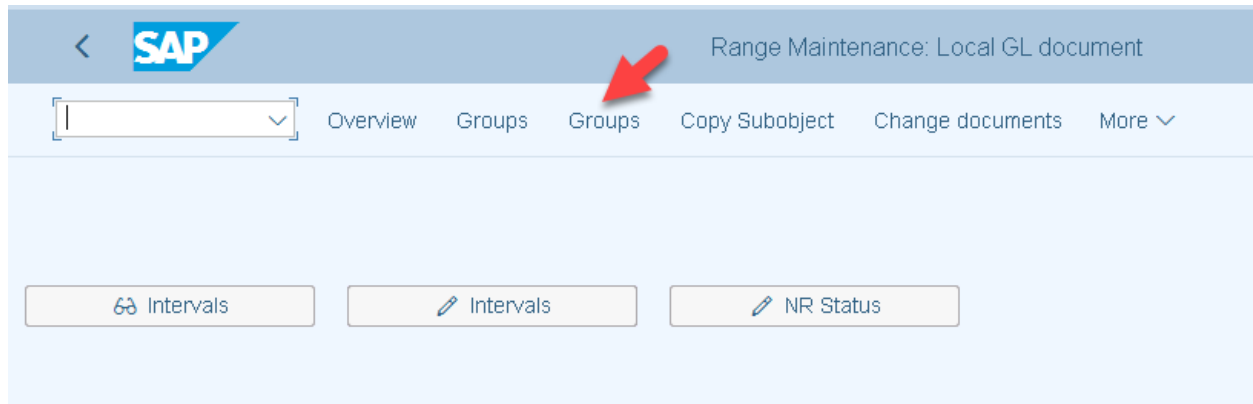
Click on create
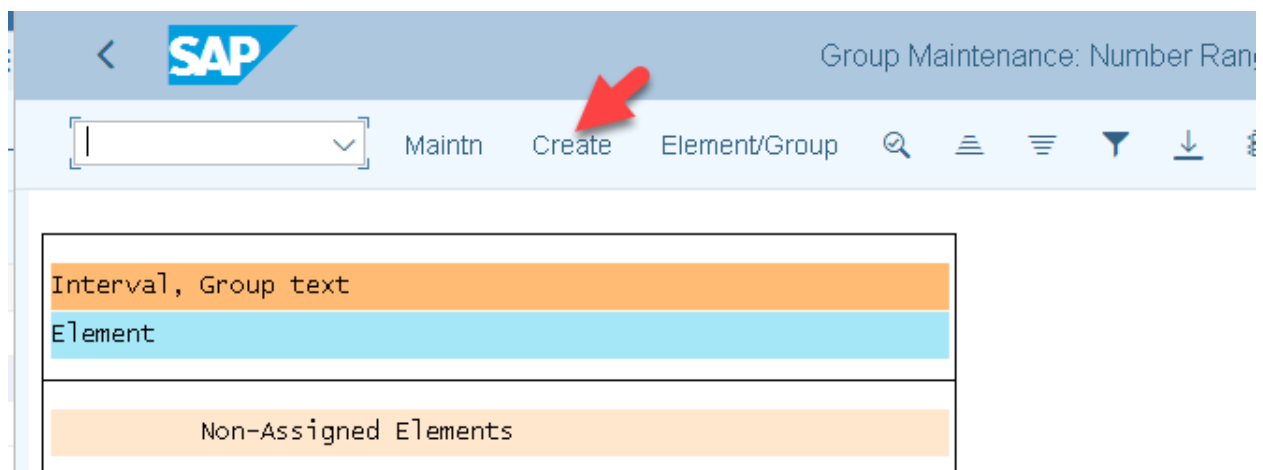
Enter the company code as 2018 and click on get
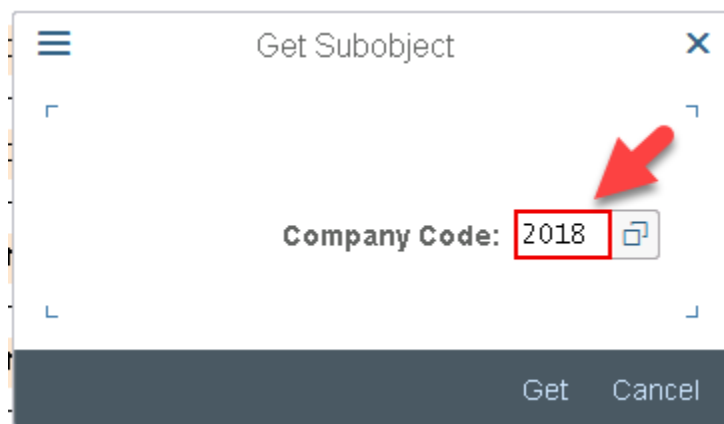
Enter group as 1102 number ranges and enter below details

Click on save

Click on continue

Number Range Interval Transport

The number range intervals are not included in automatic recording of customizing changes. Transport of all the changes made within number range interval maintenance must be triggered manually.

In the initial screen for number range interval maintenance choose the function Interval -> Transport.

Please note the information that you get when transporting number range intervals.

Number ranges were saved

14. Maintain Automatic Account Assignment of Revenue Elements

Path: SPRO→Controlling→Profit center Accounting→Actual postings→Maintain Automatic account Assignment of Revenue Elements

Transaction code: OKB9
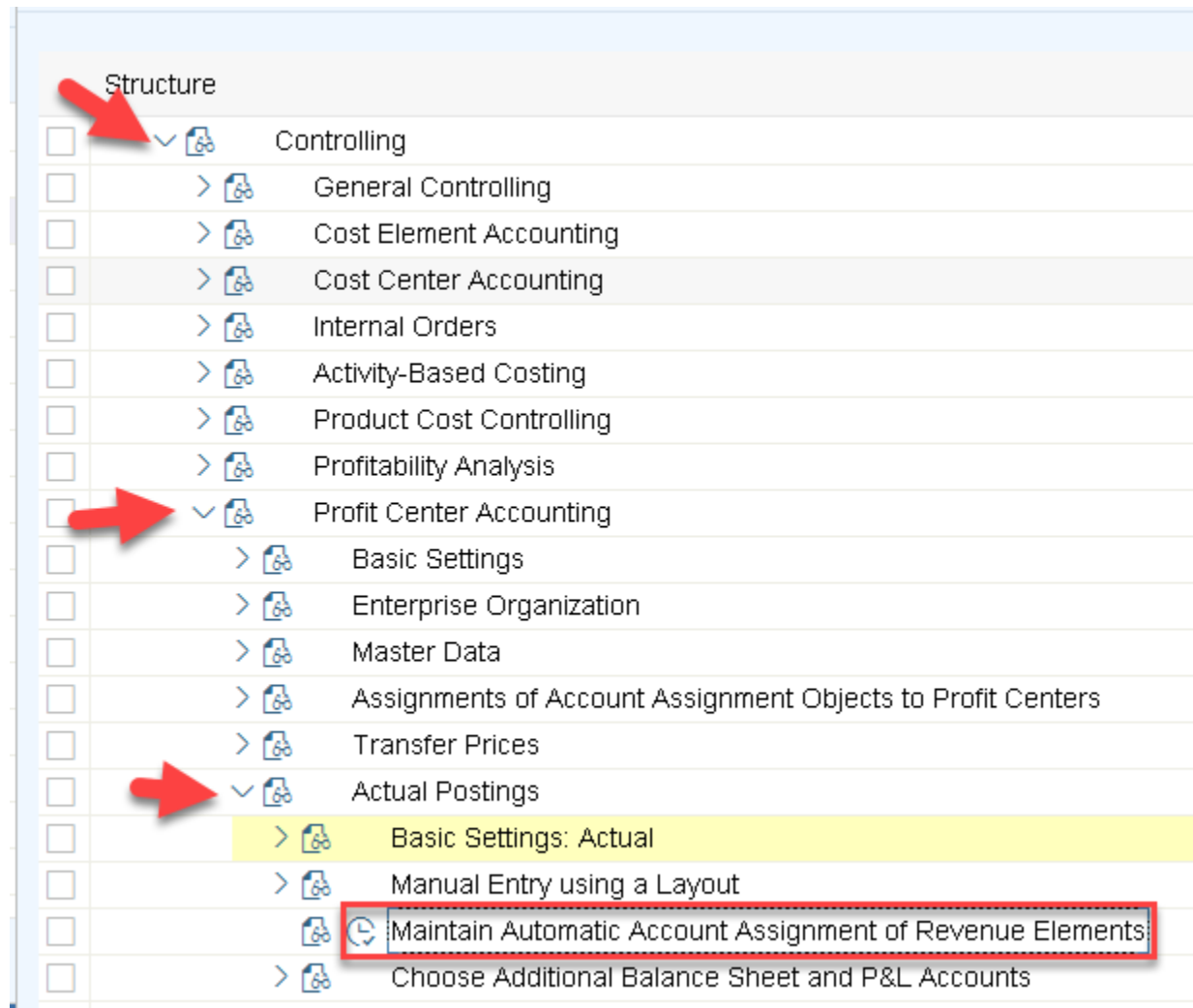
Click on New entries

Enter below details and click on enter

Select the line and click on detail per business area/valuation area

Click on New entries

Enter below details and click on save

Click on Create request

Enter below description and click on save

Click on continue

Here data was saved

15. Choose Additional Balance Sheet and P&L Accounts:

Path: SPRO→Controlling→Profit center Accounting→Actual postings→Choose Additional Balance Sheet and P&L accounts→Choose Accounts
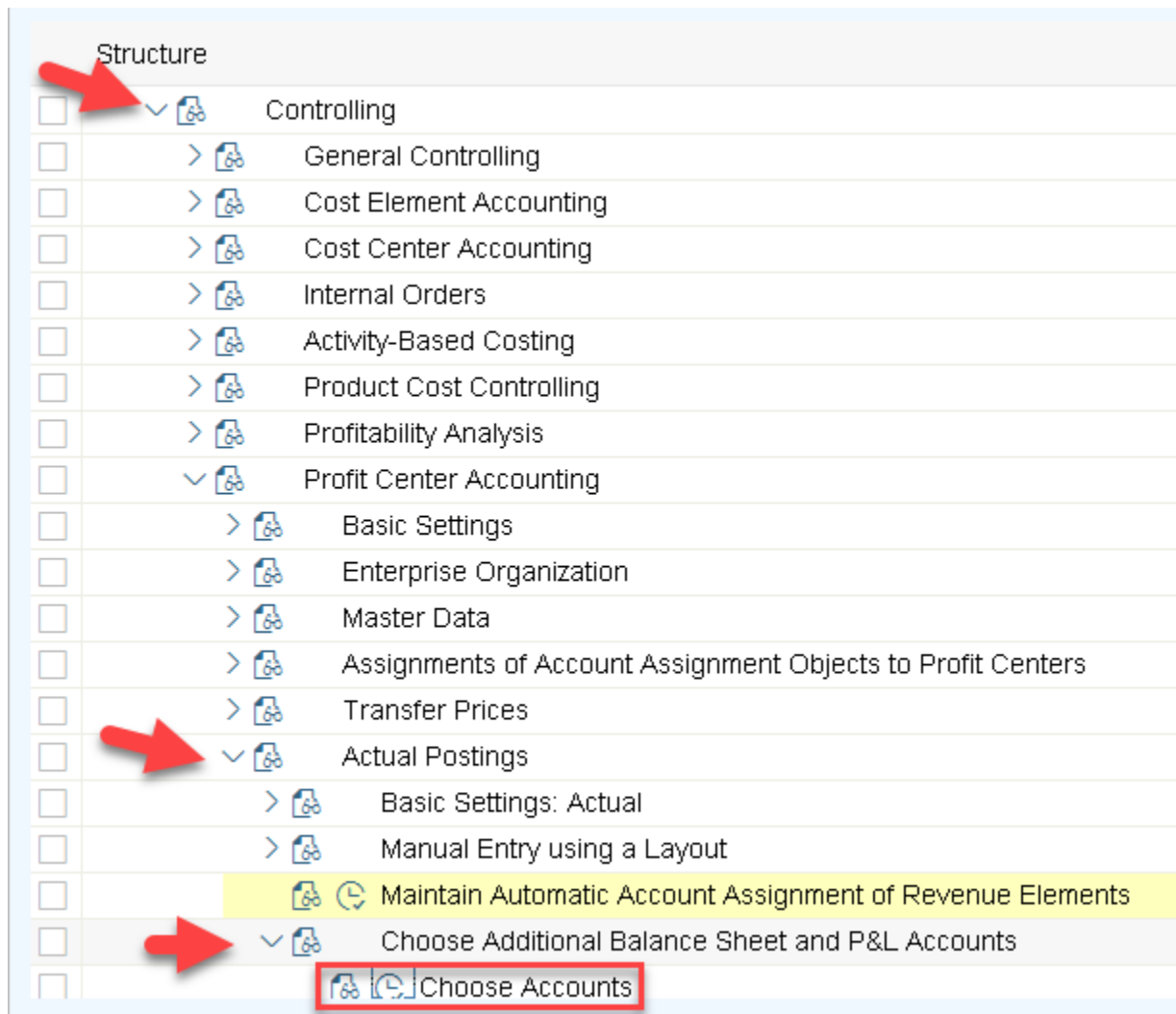
Click on new entries

Enter the below details

Click on Prctr Det icon

Click on create step

Enter below description

Enter below details and click on Maintain Rule Values

Click on Save

Enter below details and click on enter

Click on save

Here Data was saved

16. Raise an sales order

Path: Logistics→Sales and Distribution→Sales→VA01-Create

Transaction code: VA01
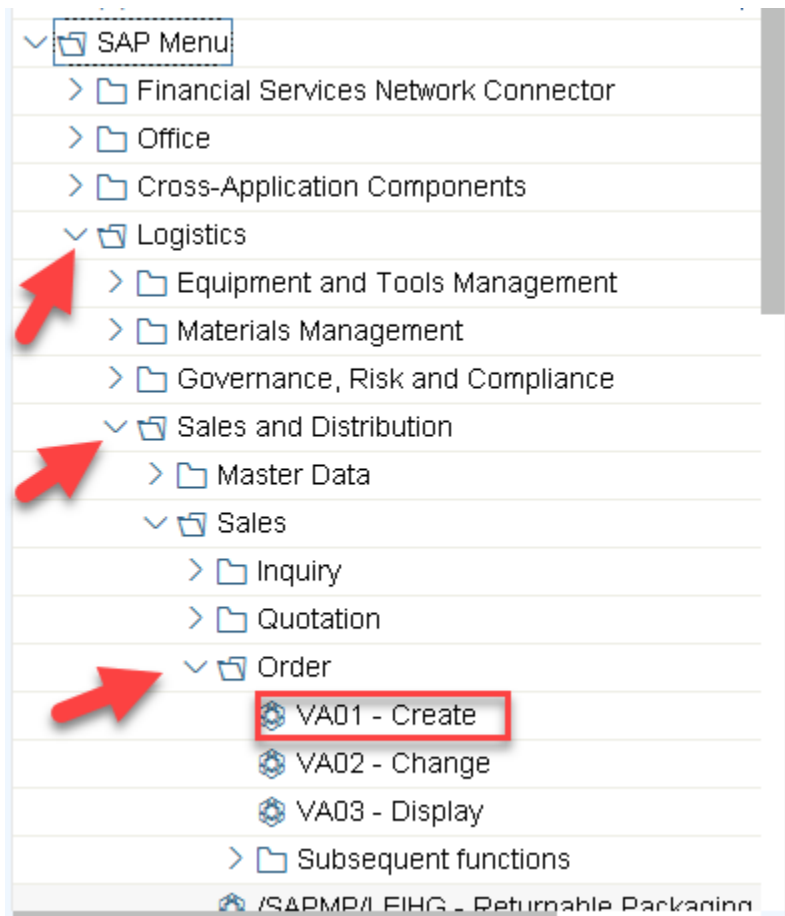
Enter below details and click on next

Enter the Sold-to-party and customer reference and click on enter

Enter the material in the all items
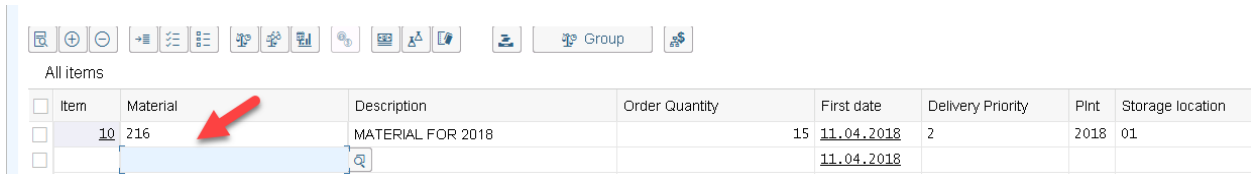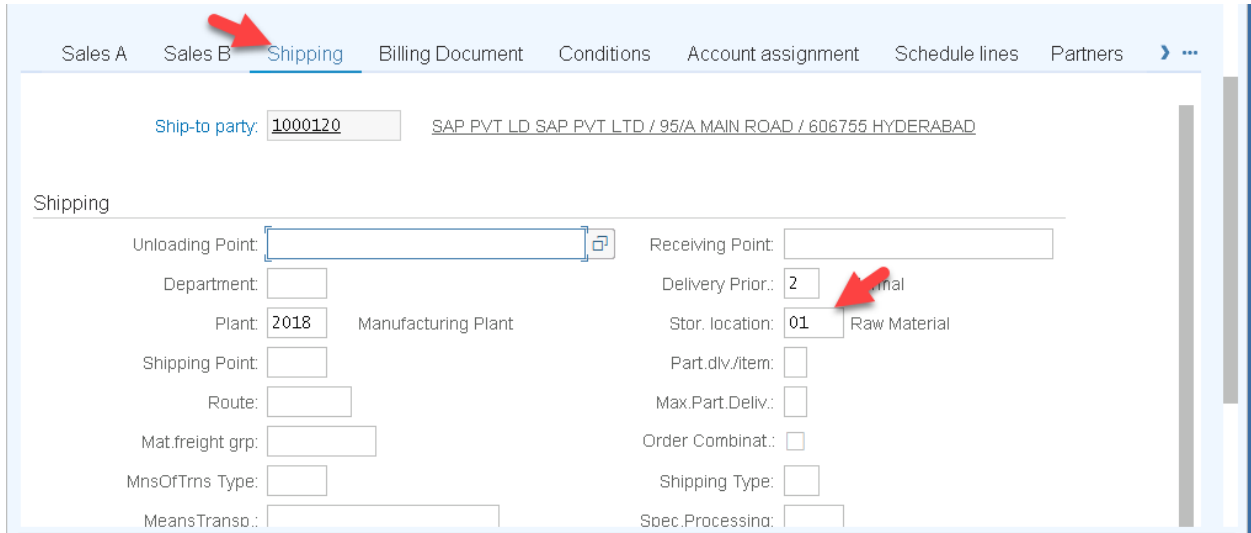
Double click on Material 216

Choose Shipping tab, enter Storage Location as 01

Click on save

Click on Save

Here order was saved
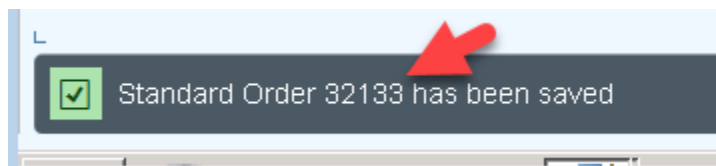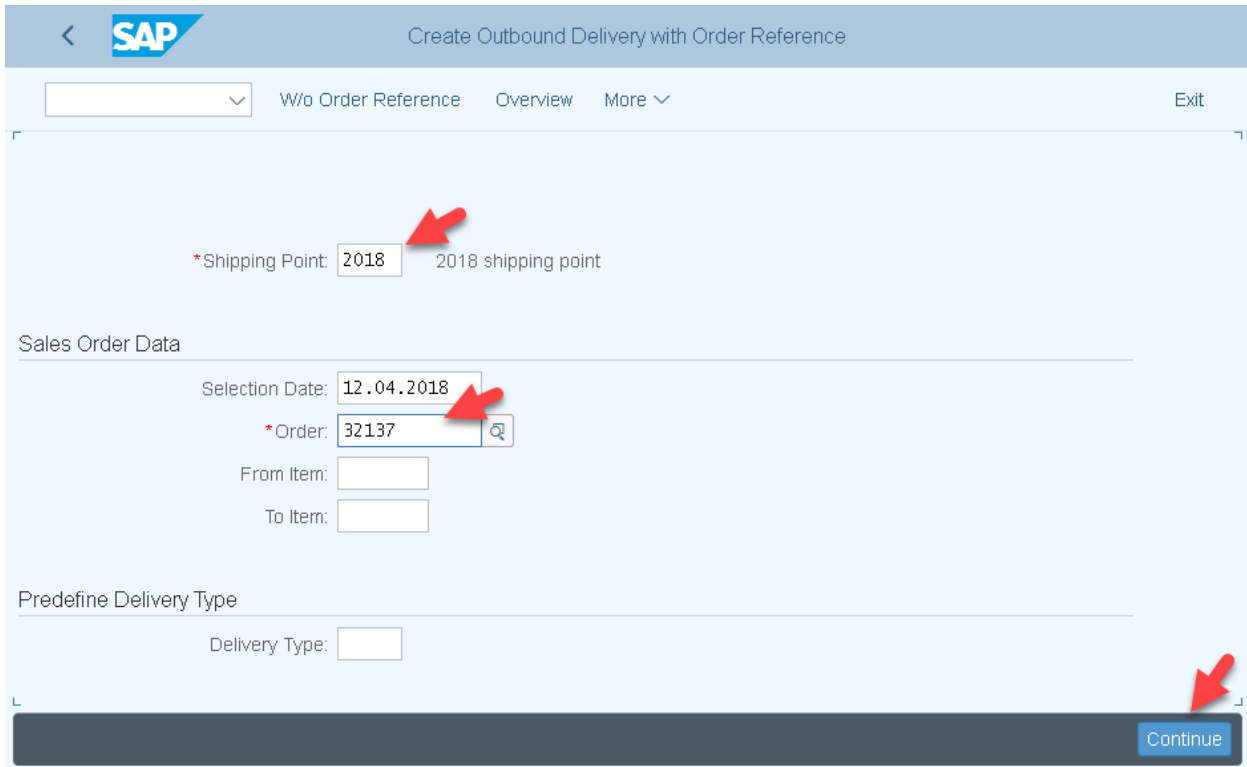
17. Posting outbound delivery

Path: Logistics→Sales and Distribution→Shipping and Transportation→outbound Delivery→create→Single Document→VL01N-with reference to sales order
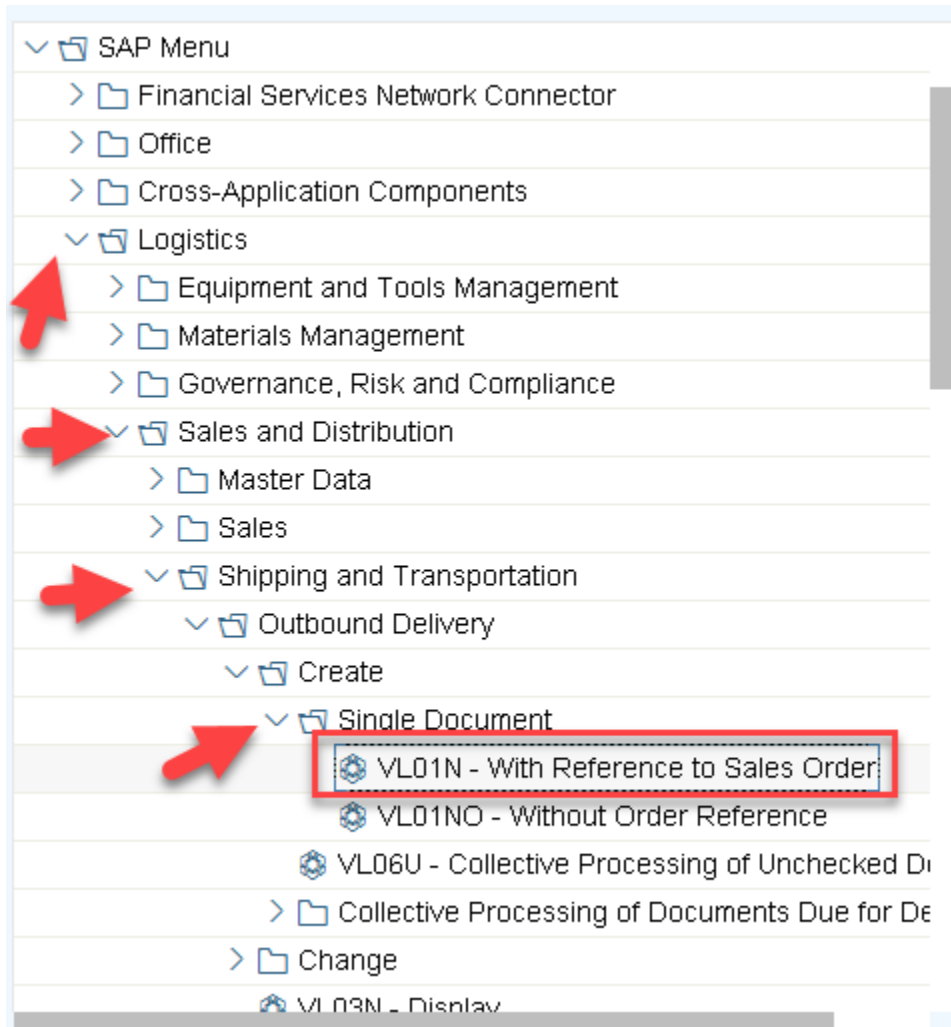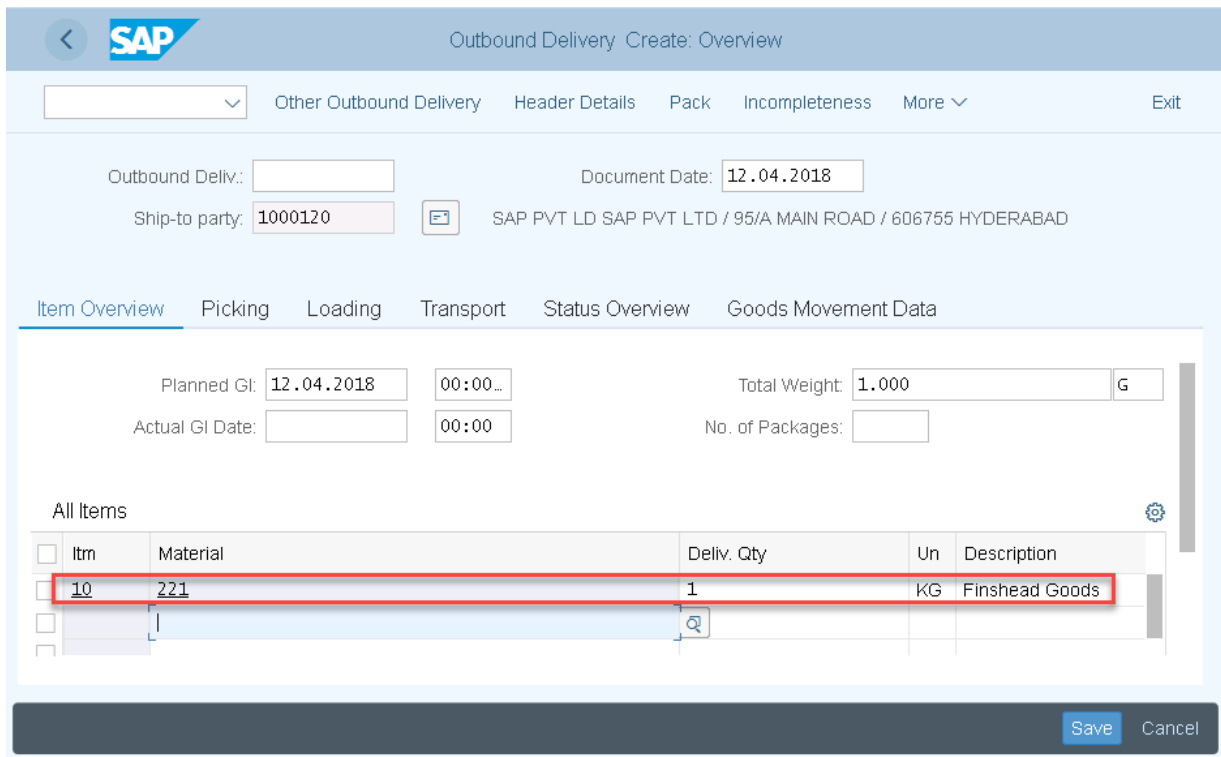
Enter the shipping point as 2018 and order number and click on continue

Here we see our material

In the Picking tab, enter the picked quantity as 1

Enter Post Goods Issue button

Here outbound delivery has been saved
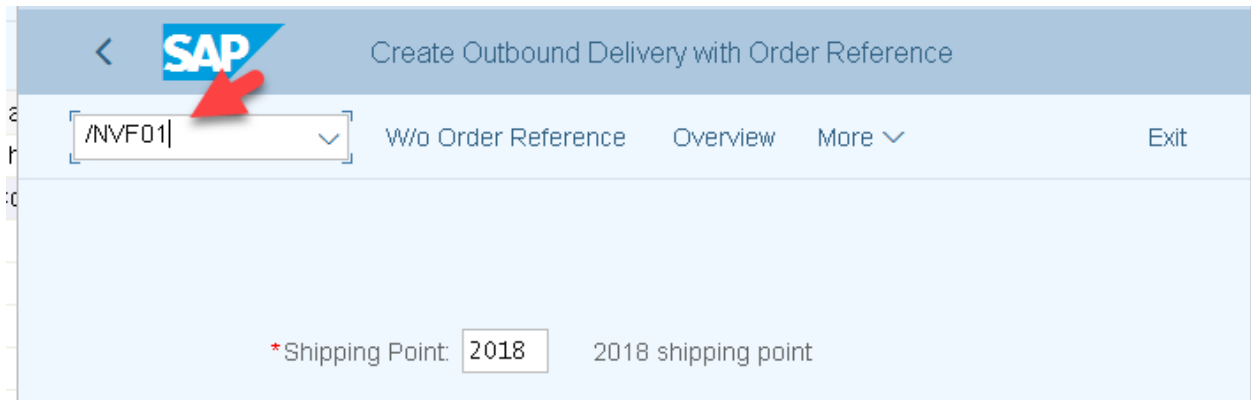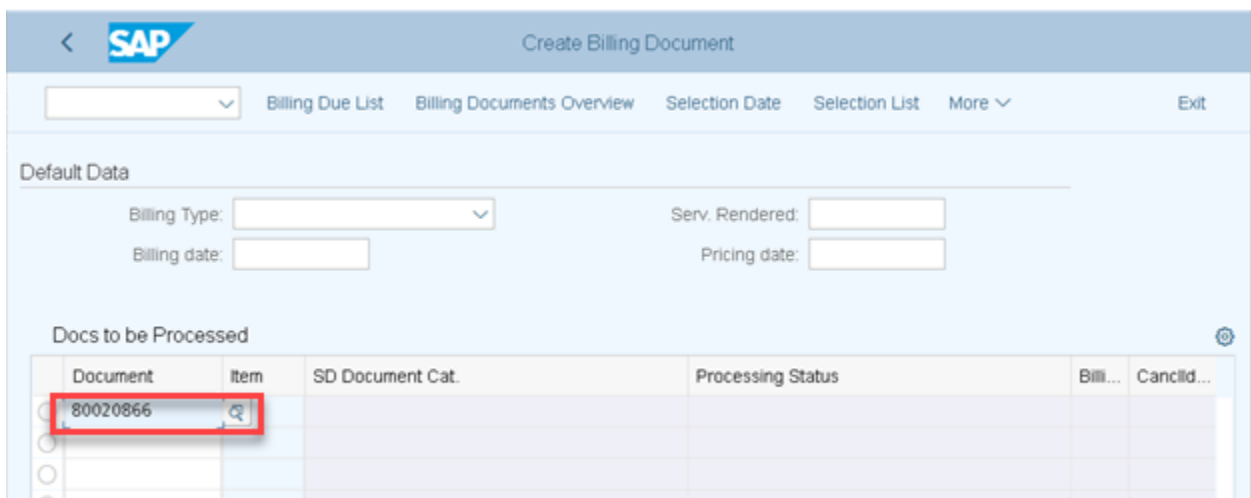

Outbound Delivery 80020866 has been saved

18. Billing the document:

Path: Logistics→Sales and distribution→Billing→Billing document→VF01-create

Transaction Code as VF01

Here we see saved document and click on enter

Click on save

Here Document was saved