

DD - FUN - 040 Enterprise Structure Design

1. Overview

This page offers a thorough and detailed overview of all the enterprise structure objects used within Syensqo, covering key areas including Finance, Sales, Procurement, and Supply Chain. Additionally, it also outlines the numbering rules applied to each of these enterprise structure objects.

- **Finance:** This section includes critical components such as company codes, cost centers, profit centers etc... Each of these elements plays a vital role in financial management and reporting, helping to track expenses, manage budgets, and ensure accurate financial statements and compliance with regulations.
- **Sales:** This section includes sales organizations, Sales groups, divisions, and related entities. These components are essential for structuring sales operations, managing customer relationships, and driving revenue generation. Understanding these elements helps streamline sales processes and align them with overall business strategies.
- **Procurement:** This part focuses on the structures involved in sourcing and acquiring goods and services. Key objects include Purchasing Organisations, Purchasing groups. These elements are crucial for optimizing procurement processes and ensuring efficient supply chain operations.
- **Supply Chain:** This section provides insights into the structures that support the flow of goods from production to delivery. Key objects include plants, warehouses, storage locations, and distribution centers. These elements are integral to managing logistics, optimizing supply chain efficiency, and ensuring timely delivery of products.
- **HR:** This section provides details on the enterprise structure objects used in HR, explaining how organizational units, positions, jobs, and reporting relationships are defined and managed

By understanding these enterprise structure objects, stakeholders gain a holistic view of how Syensqo's operational processes are organized and managed. This comprehensive overview facilitates better alignment with strategic goals, enhances decision-making, and improves overall operational efficiency.

2. Enterprise Structure Objects Numbering

Overview

Currently, there are varied and disjointed numbering rules across multiple enterprise structure objects within the numerous existing ECC/SAP systems. This inconsistency poses a significant challenge when migrating to the S/4HANA system, as the differing number ranges and numbering rules in each of these systems complicate the use of consistent numbering. However, with the ERP Rebuild Hub program, there is an opportunity to align and standardize the enterprise structure definition and numbering to ensure that the new system maintains data integrity and coherence. This program can facilitate the harmonization of number ranges and rules, making the transition to S/4HANA smoother and more efficient. Standardization not only addresses the immediate challenges of migration but also simplifies future system maintenance and scalability, promoting overall operational efficiency and ensuring that all enterprise structure objects are accurately and uniformly numbered in the new environment.

Recommendation

To address the current inconsistencies, it is recommended to align and standardize the enterprise structure definitions and numbering. This process will involve referencing old numbers for search purposes to maintain continuity and ease the transition. A detailed list of the new enterprise structure numbering rules can be found below in the related structure tables.

Impact

Implementing this recommendation will require a one-time mapping and cleansing effort in both upstream and downstream systems and applications that utilize the existing enterprise structure. This step is essential to ensure that all references to the old structure are updated to align with the new standardized numbering system, thereby facilitating a seamless integration into the S/4HANA environment and ensuring consistent data management across all systems.

3. Finance Enterprise Structure

This section will detail the Finance Enterprise Structure objects and the proposed design along with the Rational for the same.

3.1. Enterprise Structure Objects

Enterprise Structure Object	Proposed Design	Options Considered	Detailed Evaluation Required	Design Decision Rational	Requirement to Differentiate GBU?	GBU Differentiation Method	Naming Convention Rule	Naming Details	Additional Information
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Controlling Area	Single 'Controlling Area' for Syensqo	No	No	Provides a consistent approach to cost capturing, inventory valuation and reporting across the organization.	No		AAXX	AA - Alphabetic, 2-chars code ('CO' for corporate objects, 'LO' for local objects) XX - Numeric, 2 digit code (Running Number starting with '01') E.g. CO01 (Corporate Controlling Area)	
Operating Concern	Single 'Operating Concern' for Syensqo	No	No	Provides global profitability analysis by enabling group-wide consistent treatment of transactions and flow of values captured against common characteristics (e.g. product, customer, market).	No		AAXX	AA - Alphabetic, 2-chars code ('CO' for corporate objects, 'LO' for local objects) XX - Numeric, 2 digit code (Running Number starting with '01') E.g. CO01 (Corporate Operating Concern)	
Company	One 'Company' per each legal entity (consolidated & non-consolidated)*	No	No	Setting up companies for every entity enables the consolidation process and allows for consolidated group reporting of Financial results out of S/4 HANA's consolidation system in the future.	No		9999	Numeric, 4-characters (9 representing a digit from 0-9). In the intervals of 10 starting from 1000.	*Exceptions may apply for historic reporting of reporting entities.
Company Code	One 'Company Code' per 1.) each (consolidated) legal entity 2.) JV operator entity (consolidated & non-consolidated)*	Yes	Yes	KDD058 - Finance Enterprise Structure	Yes	Profit Centre Group	1NNN	Numeric, 4-characters (9 representing a digit from 0-9). In the intervals of 10 starting from 1000.	*Exceptions may apply for existing non-consolidated SAP entities from PF1/WP1 but require DA approval.

Credit Control Area	Single 'Credit Control Area' for Syensqo	Yes	No	<p>There were 2 options considered of configuring the credit control area</p> <ol style="list-style-type: none"> 1. At a country / company code level 2. Global level <p>Given that Syensqo has an in-house bank which centrally manages receivables for the majority of Syensqo entities and credit policies are uniform across all Syensqo entities, it makes sense to continue with a single controlling area setup as per current practice. Additional credit segments may be introduced during detailed design if more autonomy is required at country /GBU level with regards to credit limits for better customer relationship management.</p>	No		AAXX	<p>AA - Alphabetic, 2-chars code ('CO' for corporate objects, 'LO' for local objects) XX - Numeric, 2 digit code (Running Number starting with '01')</p> <p>E.g. CO01 (Corporate Credit Control Area)</p>	
Segment	One 'Segment' per Operating Segment reported externally by Syensqo.	Yes	No	<p>To support segmental reporting requirements as per IAS, the organizational unit 'Segment' will be used to break down Financial Statement items according to Syensqo's operating segments.</p> <p>The alternate option considered was to define the 'Segment' at GBU level. Within Syensqo, GBUs are subject to reorganizations on regular basis and hence require a flexible reporting instrument. Profit Centre groups are considered a more flexible instrument to represent GBUs in the system as 'Segment' assignments to profit centres can only be changed with substantial efforts once Financial transactions are recorded in the system.</p>	No		AAAA	<p>Meaningful 4-character code with the following base setup: MATE (Materials) CONS (Consumer & Resources) CBSY (Corporate & Business Services)</p>	
Standard Profit Centre Hierarchy	To be decided during the detailed design phase.	Yes	Yes	KDD029 - Reformation of Finance Master Data	No			<p>Naming conventions to be discussed and agreed on during detailed design phase.</p>	It is expected that Profit Centre hierarchy groups align with GBU at some level within the hierarchy.
Standard Cost Centre Hierarchy	To be decided during the detailed design phase.	Yes	Yes	KDD029 - Reformation of Finance Master Data	No			<p>Naming conventions to be discussed and agreed on during detailed design phase.</p>	

Chart of Accounts	To be decided during the detailed design phase.	Yes	Yes	KDD029 - Reformation of Finance Master Data	No		XXYY	Alpha-numeric 4 characters following the below coding conventions: XX: 'CO' for Corporate Chart of Accounts 'LO' for local Chart of Accounts YY: 'CA' for Corporate Chart of Accounts 'YY' representing country code for local Chart of Accounts (e.g. BE for Belgium, CN for China, etc.)	
Chart of Depreciation	One 'Chart of Depreciation' per country	No	No	Fixed Asset capitalization and valuation rules can differ per country legislation. To be able to flexibly respond to changes in the local GAAP accounting requirements for Fixed Assets, it is advisable and best practice to define a Chart of Depreciation at country level.	No		ZXX9	Alpha-numeric 4 characters whereby the following convention shall be followed: Z - Prefix to distinguish custom from SAP standard content XX - ISO country Code 9 - Running Number (starting with 0)	

3.2 Mapping to other Applications

This section describes the applications and modules that the finance enterprise structure objects are mapped to.

Target system / application / Module	Enterprise Structure Object	Source system / Application / Module	Enterprise Structure Object	Comments
S/4 HANA	Company Code	S/4 HANA Project Portfolio Management	Area Code	
		Ariba	Company Code	
		SAP TM	Company organization	
		SAP GTS	Company Code	
		SAP SF	Legal Entity	
		SAP Concur	Company	

4. Sales Enterprise Structure

This section will detail the Sales Enterprise Structure objects and the proposed design along with the Rational for the same.

Enterprise Structure Object	Proposed Design	Options Considered	Detailed evaluation required	Design decision rational	Requirement to differentiate GBU?	GBU Differentiation method	Naming Convention Rule	Naming Details	Additional Information
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Sales Organization	One Sales Org per company code and GBU	Yes	Yes	KDD060 - Sales Enterprise Structure - Sales Organization	Yes	Sales Org	4NNN	Sequential Numeric code related with the company code Ex: Company code : 1000 Sales Org 1 : 4001 Sales Org 2 : 4002	
Distribution Channel	One distribution channel per external sale channel One Intercompany Sales Channel	No	No	Used in Syensqo take care of different types of sales in a sales organization ex: External Sales, Intercompany etc.	No	No	NN	Numeric running number starting from 10 in interval of 10's 10 - External Sales 20 - Intercompany	
Division	To be determined during the detailed design based on the product grouping	No	No	KDD060 - Sales Enterprise Structure - Sales Organization	No	No	NN	Numeric running number starting from 01 Example: 01 - HYFLON PELLETS [EL] 02 - POLYMIST [EW]	Division is considered as a option to achieve the GBU differentiation. Please refer to KDD060 - Sales Enterprise Structure - Sales Organization for more details
Sales Office	The Sales Office will represent Syensqo's sales territories and geographic locations - The actual values will be determined during the detailed design	No	No	N/A	No	No	NN	Numeric running number starting from 1000 interval of 10	
Sales Groups	A sales group will be a group of people (or an individual) who are (is) responsible for selling certain products or services. To be determined during the detailed design	No	No	Used for reporting	No	No	NNN	Numeric running number starting 001	
Sales Unit							NNNNN	Numeric running number starting 10001 ex: 10001 - Batteries	
Service Organization							NNNN	Numeric Running code aligned with the sales organization in interval of 10's Ex: Sales Org : 1010 Service Org : 1010	

This section describes the applications and modules that the Sales enterprise structure objects are mapped to.

Source system / application / Module	Enterprise Structure Object	Target system / Application / Module	Enterprise Structure Object	Comments
SAP S/4 HANA	Sales organization	SAP TM	Sales organization	
		CX*	Sales organization	
	Sales Area		Sales Area	

	Sales Office	Sales Office	
	Sales Group	Sales Group	

5. Supply Chain Enterprise Structure

This section will detail the Supply Chain Enterprise Structure objects and the proposed design along with the Rational for the same.

Enterprise Structure Object	Proposed Design	Options Considered	Detailed evaluation required	Design decision rational	Requirement to differentiate GBU?	GBU Differentiation method	Naming Convention Rule	Naming Details	Additional Information
Plant	To set-up as a plant, after evaluating the steps in the decision tree for managing plant.	Yes	Yes	KDD059 - Supply Chain Enterprise Structure	Yes - Inventory value	Plant decision tree has a step to create a separate plant to differentiate the GBU (Only in case valuation is different in both GBU's). Profit Center Allocation if more than one GBU exists in the same plant	2NNN	2NNN - Natural numbers iterate from 2001 and upwards to 2999. Example: 2001, 2002, 2003 etc.	
Maintenance Plant	A Maintenance Plant will be established for each Logistics Plant where asset maintenance management activities are carried out	No	No	KDD059 - Supply Chain Enterprise Structure	No		2NNN	NNNN - Natural numbers iterate from 2001 and upwards to 2999. Example: 2001, 2002, 2003 etc.	
Planning Plant	One planning plant for manufacturing centers and one for the rest of the plants in the company code (if maintenance activities exist in the company code)	No	No	KDD059 - Supply Chain Enterprise Structure	No		2NNN	NNNN - Natural numbers iterate from 2001 and upwards to 2999. Example: 2001, 2002, 2003 etc.	
Storage Location	A storage location is created to represent the physical stock. There are exception scenarios where partner storage locations are created ex: Unpacking for a HU location	No	No	The primary criteria to create a storage location is based typically on a physical representation of where inventory is stored	No		8NNN	Partner Storage Location NNN - Natural numbers iterate from 001 and upwards to 999. Example: 8001 to 8999	
							5NNN - 7NNN	Other Storage Locations NNN - Natural numbers iterate from 001 and upwards to 999. Example: 5001, 5002	
Warehouse numbers	To set-up as a Warehouse, after evaluating the steps in the decision tree for managing Warehouse.	Yes	Yes	KDD014 - Future-proof Warehouse Operations	No		WNNN	NNN - Natural numbers iterate from 001 and upwards to 999. Example: 001 to 999	

Shipping Points / Goods Receiving Points	At least one shipping point per plant. A new shipping point in a plant if new address or when pre-defined loading or pick/pack times are different (e.g. Export shipping point vs domestic shipping point.as Export shipping point might load into containers and domestic only loads into truck.	No	No	Shipping points are created based on the goods receiving points for inbound deliveries and goods issuing points based on the outbound deliveries in the plant	No		NNNN	NNNN - Natural numbers iterate from 1001 and upwards to 9999. Example: 1001, 1002, 1003 etc.	
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This section describes the applications and modules that the Supply Chain enterprise structure objects are mapped to.

Source system / application / Module	Enterprise Structure Object	Target system / Application / Module	Enterprise Structure Object	Comments
SAP S/4HANA	Plant	Ariba	Plant	
		GTS	Legal Unit	
SAP S/4HANA	Storage Location	GTS	Legal Unit	
SAP S/4HANA	Warehouse Number	SAP EWM	Warehouse number	

6. Procurement Enterprise Structure

This section will detail the Procurement Enterprise Structure objects and the proposed design along with the Rational for the same.

Enterprise Structure Object	Proposed Design	Options Considered	Detailed evaluation required	Design decision rational	Requirement to differentiate GBU?	GBU Differentiation method	Naming Convention Rule	Additional Information
Purchasing Org	One purchasing org per country + One global purchasing org	No	No	One Purchasing Org per country fulfils all the purchasing requirements for Syensqo. The global purchasing org can be used to negotiate group wide contracts Design closely aligns with the existing Org Structure	No	N/A	4NNN	NNNN - Natural numbers iterate from 4001 and upwards to 4999. Example: 4001, 4002, 4003 etc.
Purchasing Group	To be decided after detailed design	No	No	N/A	No	N/a		

This section describes the applications and modules that the Procurement enterprise structure objects are mapped to.

Source system / Application / Module	Enterprise Structure Object	Target system / Application / Module	Enterprise Structure Object	Comments
SAP S/4 HANA	Purchasing organization	Ariba	Purchasing organization	
	Purchasing organization	TM	Purchasing organization	
SAP S/4 HANA	Purchasing Group	Ariba	Purchasing Group	

7. HR

This section will detail the HR Chain Enterprise Structure objects and the proposed design along with the Rational for the same. This reflects the Enterprise Structure for HR in scope of Release 1 of the SyWay program

Enterprise Structure Object	Proposed Design	Options Considered	Detailed evaluation required	Design decision rational	Requirement to differentiate GBU?	GBU Differentiation method	Naming Convention Rule	Naming Details	Additional Information
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Legal Entity	One Legal Entity created per Company Code	No	No	There is a 1:1 relationship between Company in SAP ECC and legal entity in SAP SuccessFactors (SF). Only an employing entity needs to be created as Legal Entity in SuccessFactors	No	N/A	Name and Code from SAP ECC are used in SuccessFactors	Name and Code from SAP ECC are used in SuccessFactors	Company created in ECC, manually updated in SF
Business unit	One Business Unit can be associated with multiple Legal Entities One Business Unit can have multiple Divisions	No	No	There is a 1:many relationship between Business Unit and Legal Entity in SF. Selection of legal entity filters list of Business Units	No	N/A	No specific rule in use currently	Created manually from info in ECC but names could be different in ECC and SF	Created in ECC and created in SF (manually) with different names
Division	One Division can be associated with one Business Unit	No	No	There is a 1:many relationship between Division and Business Unit and Legal Entity in SF. Selection of Business Unit filters list of Divisions	No	N/A	No specific rule in use currently	Created manually from info in ECC but names could be different in ECC and SF	Created in ECC and created in SF (manually) with different names
Department (=Org Unit)	One Department can be associated with multiple Divisions	No	No	There is a 1:many relationship between Department and Division in SF. Selection of Division filters list of Departments	No	N/A	No specific rule in use currently	Created manually in SF. Not related to ECC currently.	Not related to ECC currently. Not associated with cost center currently. There is a long list of Departments in SF currently that is not used for its intended purpose. The definition of departments, hierarchy and the list ideally needs to be cleansed for R1 however this needs to be evaluated in line with R4 design for departments
Location	One Location per Legal Entity and Location Group	No	No	Location is derived from Legal Entity and Location Group	No	N/A	Name and Code from SAP ECC are used in SuccessFactors	Name and Code from SAP ECC are used in SuccessFactors	Created in ECC, manually updated in SF
Location Group	One Location Group per Site	No	No	Location Group can be selected independently	No	N/A	Name and Code from SAP ECC are used in SuccessFactors	Name and Code from SAP ECC are used in SuccessFactors	Created in ECC, manually updated in SF