COPA

COPA
Controlling & Profitability Analysis

1. Overview

2. Business scenario

3. Organizational structure

4. Attributes

5. Actual value flow

6. Analysis of profitability data

COPA- Overview

COPA P&L Statement

Revenue	xxxx
Less: Discounts	xxxx
Net Sales	**XXXX**
Less: COGS:	xxxx
Cont. Margin	**XXXX**
Less: OH	xxxx
EBITDA	**XXXX**

=

FI P&L Statement

Revenue	xxxx
Less: Discounts	xxxx
Net Sales	**XXXX**
Less: COGS:	xxxx
Cont. Margin	**XXXX**
Less: OH	xxxx
EBITDA	**XXXX**

Drilldown at any level e.g. profit centre customer product, region, sales employee etc.

Drilldown at only Co. Code and Profit Centres

COPA data can only used for reporting if it is tallied with FI P&L Statement

Business Scenario/Requirements

1. **Multidimensional reporting across elements of the sales force, product lines, customers, dist.channel, divisions, sales districts, etc. For followings,**

    - ✓ **Sales quantity**
    - ✓ **Sales revenue**
    - ✓ **Cost of sales**
    - ✓ **Contribution margin**

2. **Comparatives between particular sales order figures and respective posted billing data against that sales order**

3. **Comparatives of net profit between COPA and Finance, in order to do that following elements need to be posted in COPA over and above contribution margin,**

    1. **Production variance**
    2. **Marketing cost**
    3. **Directly attributable cost to a particular segments**
    4. **Reconciliation items**

4. **Identification of preferred customers and products from the point of net contribution margin,**

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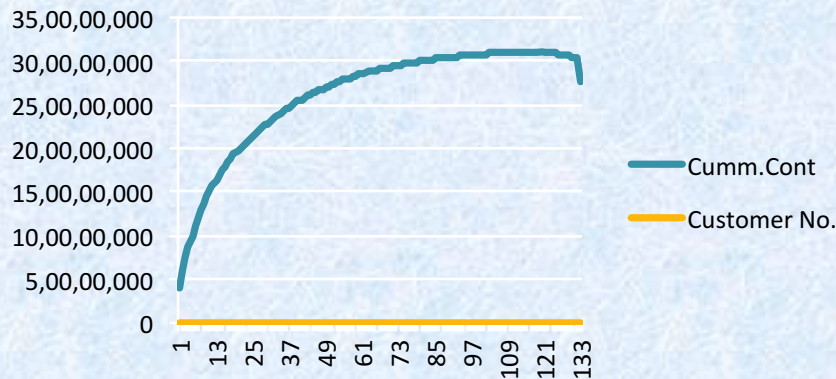
COPA Analysis

Customer wise profitability:
Total contribution: 27.55 Cr
90% of total contribution: 25 .00Cr

Total no. of customers: 129
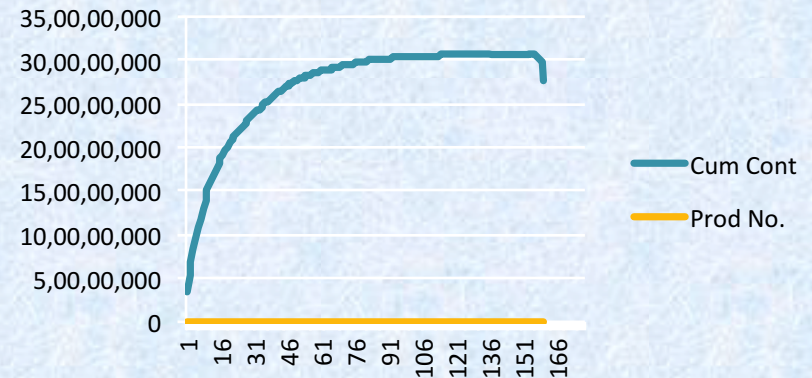Customers for 90% cont.:   33

Product wise profitability:
Total contribution: 27.55 Cr
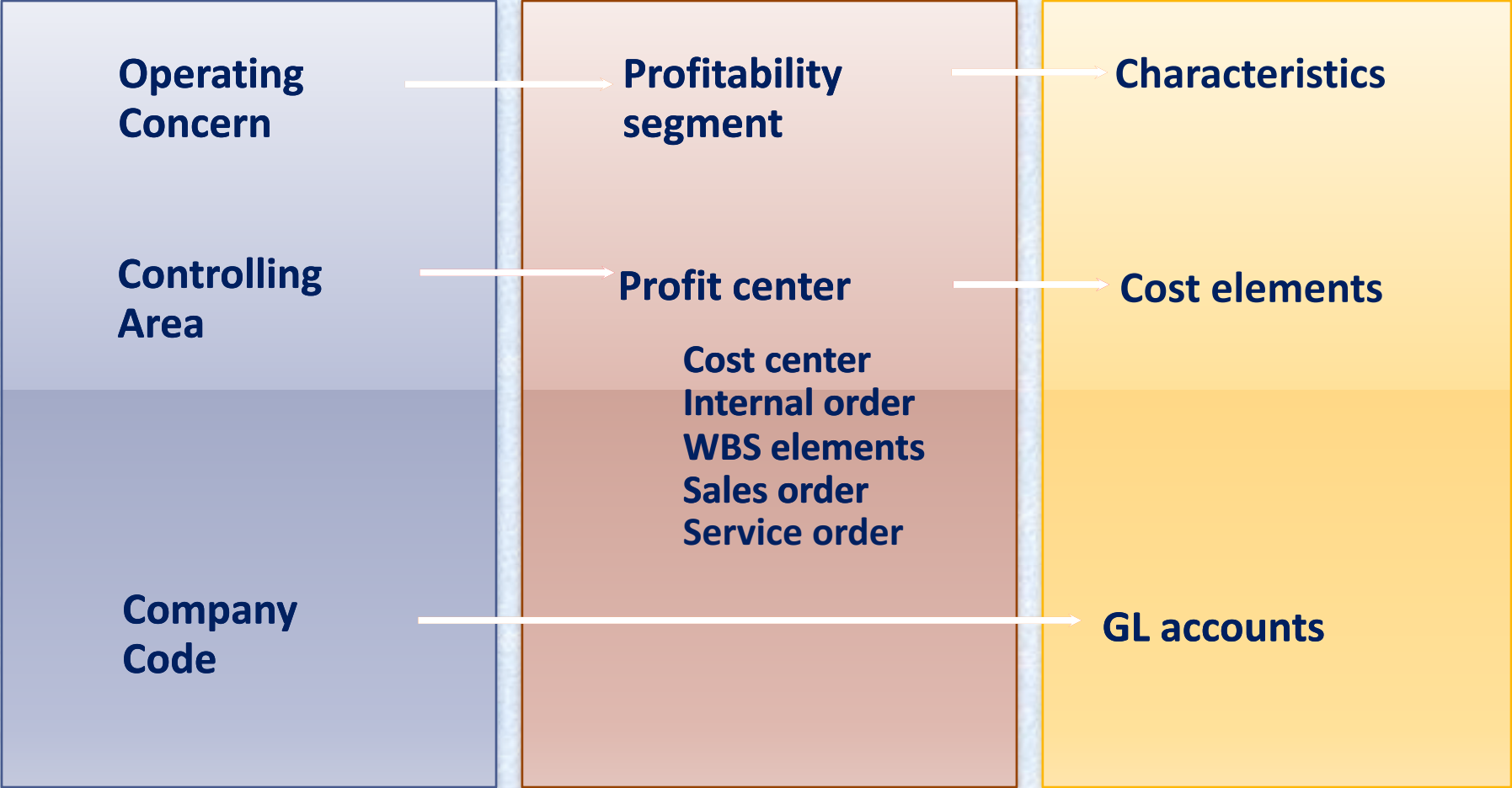90% of total contribution: 25 Cr

Total no. of products: 169
Products for 90% cont.:   32

1. Identification of key customers & products
2. Increase contribution by constant monitoring on key customers and products,
    • Improve sales to key customers
    • Improve production & sale of key products

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Organizational Structures

Operating Concern → **Profitability segment** → **Characteristics**

Controlling Area → **Profit center** → **Cost elements**

Cost center
Internal order
WBS elements
Sales order
Service order

Company Code → **GL accounts**
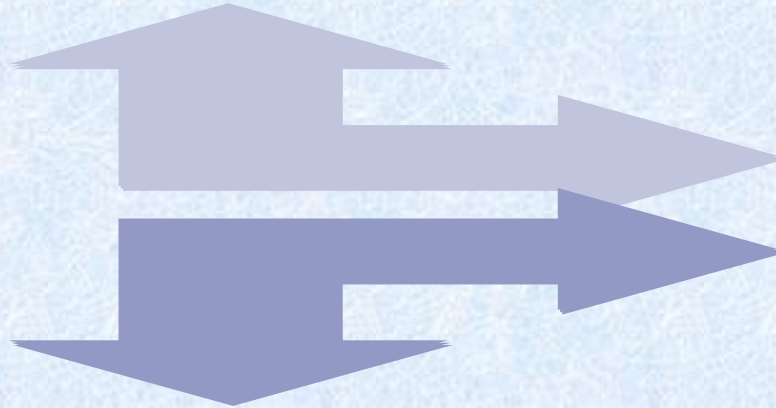
Attributes: Operating Concern

- Fiscal Year Variant
- Currencies
Operating Concern &
Company code

Definition of Attributes

Operating Concern

Attributes : Data Structure

Characteristics

Derivation of Profitability Segments

COPA

Operating Concern

Value Fields

Attributes : Characteristics

User Interface for Defining Characteristics

Customer characteristics

Characteristics from SAP - reference tables

User - defined characteristics

Customer group

Material group

A B
C
A D

Customer - defined characteristics are added to list

SAP characteristics

Predefined characteristics (SAP samples)

Fixed characteristics
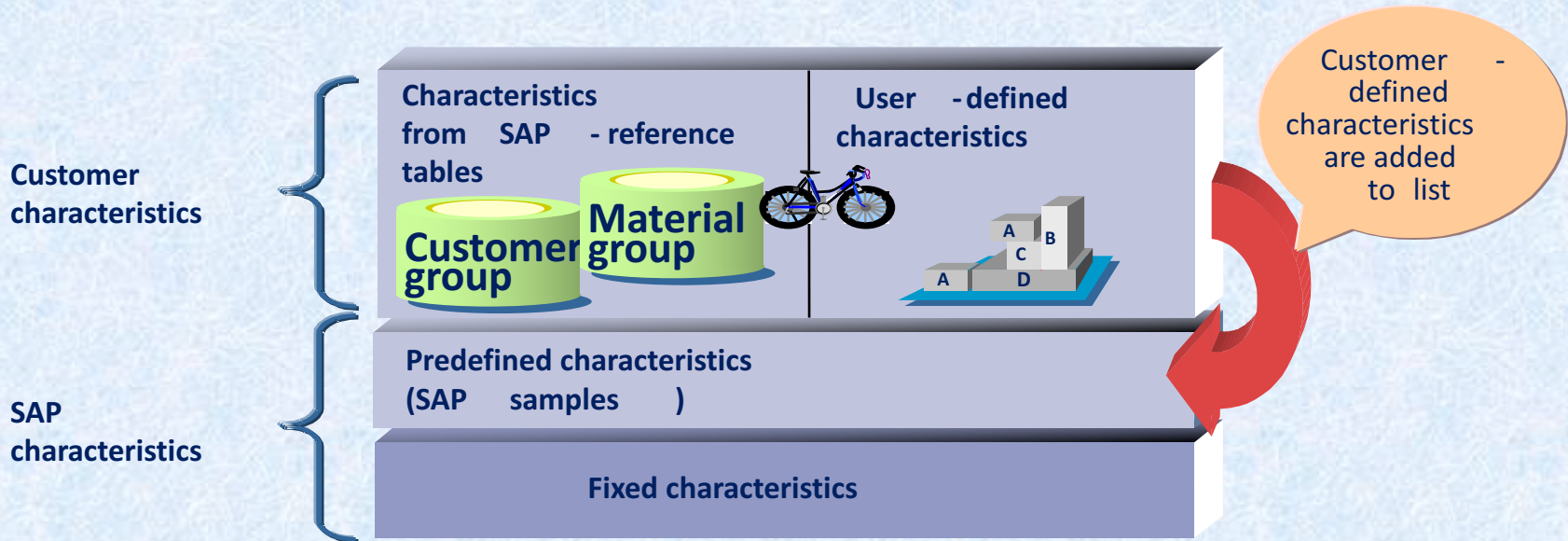
Important

Characteristics are valid for all Clients

Characteristics are available for all Operating Concerns

Characteristics in COPA

Fixed

1. **Product**
2. **Company Code**
3. **Billing Type**
4. **Business Area**
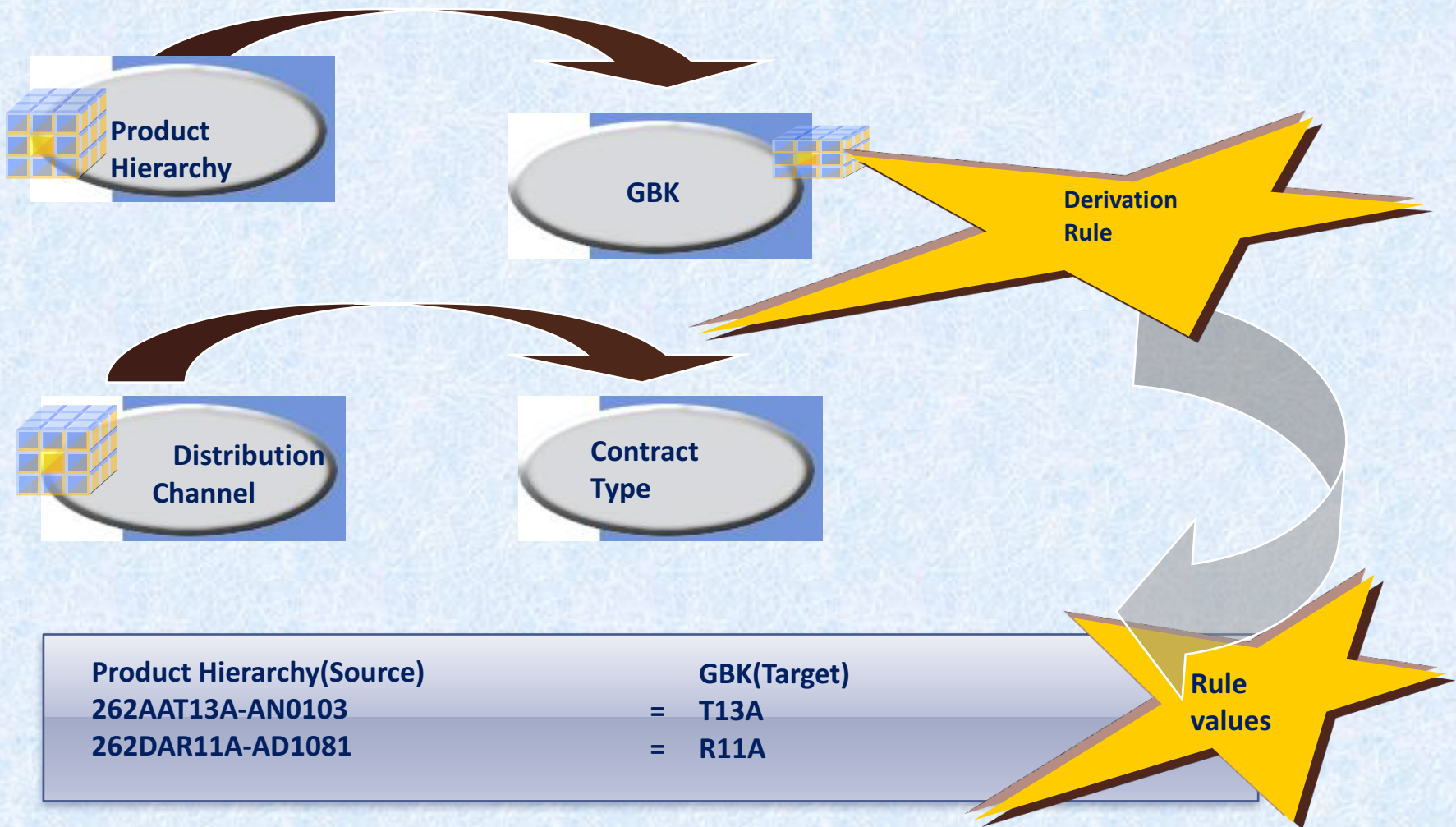5. **Sales Order**
6. **Sales ord. item**
7. **Customer**
8. **CO Area**
9. **Cost Object**
10. **Partner Profit Centre**
11. **Profit Center**
12. **WBS Element**
13. **Order**
14. **Division**
15. **Version**
16. **Sales Org.**
17. **Record Type**
18. **Distr. Channel**
19. **Plant**

Custom

1. **Sales Dist.**
2. **Geographical Dist.**
3. **Sales employee**
4. **Region/States**
5. **Sales territory**
6. **Product group**
7. **Product hierarchy**
8. **Other required dimension**

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Attributes : Characteristic Derivation

Product Hierarchy

GBK

Derivation Rule

Distribution Channel

Contract Type

Rule values

Product Hierarchy(Source)		GBK(Target)
262AAT13A-AN0103	=	T13A
262DAR11A-AD1081	=	R11A

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Attributes : Value Fields

Value fields store the different categories of quantifiable information

Value fields

ABSMG – Sales Quantity-Invoice
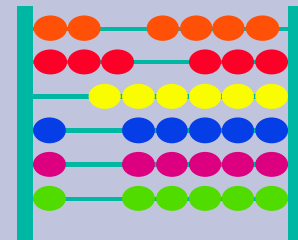
KWSVME - Sales Quantity-Order

VVC10 – Sales Revenue

VVC20 – Cost of Sales

VVC30 – Fixed costs

VVR00 – Production Variances

VVR10 – Marketing Expenses

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Actual Value Flow: Record Type

Definition :

Record types indicate :

❖ **The type of business transaction by which values are transferred to COPA**
❖ **For data transferred from SD, the point within the logistic chain at which the data was transferred to Profitability Analysis.**
❖ **The different time points of value flow to COPA for different business scenarios viz. Product, System and Plant Turnkey business.**

The following are the important Record types

A = Incoming Sales Order
B = Direct posting from FI
C = Order Settlement (Project related orders- settlement from SDI or WBS element)
D = Transfer of cost center costs
F = Billing data

Actual Value Flow @ Sales Order

INFOCOST
Deliver Business Value

SD

Sales Order

On line update

Incoming Sales Orders

CO - PA

Sales orders transferred with record type A

Product Business

Ordered qty	100	units
Revenue	9,000.00	
COGS	6,000.00	
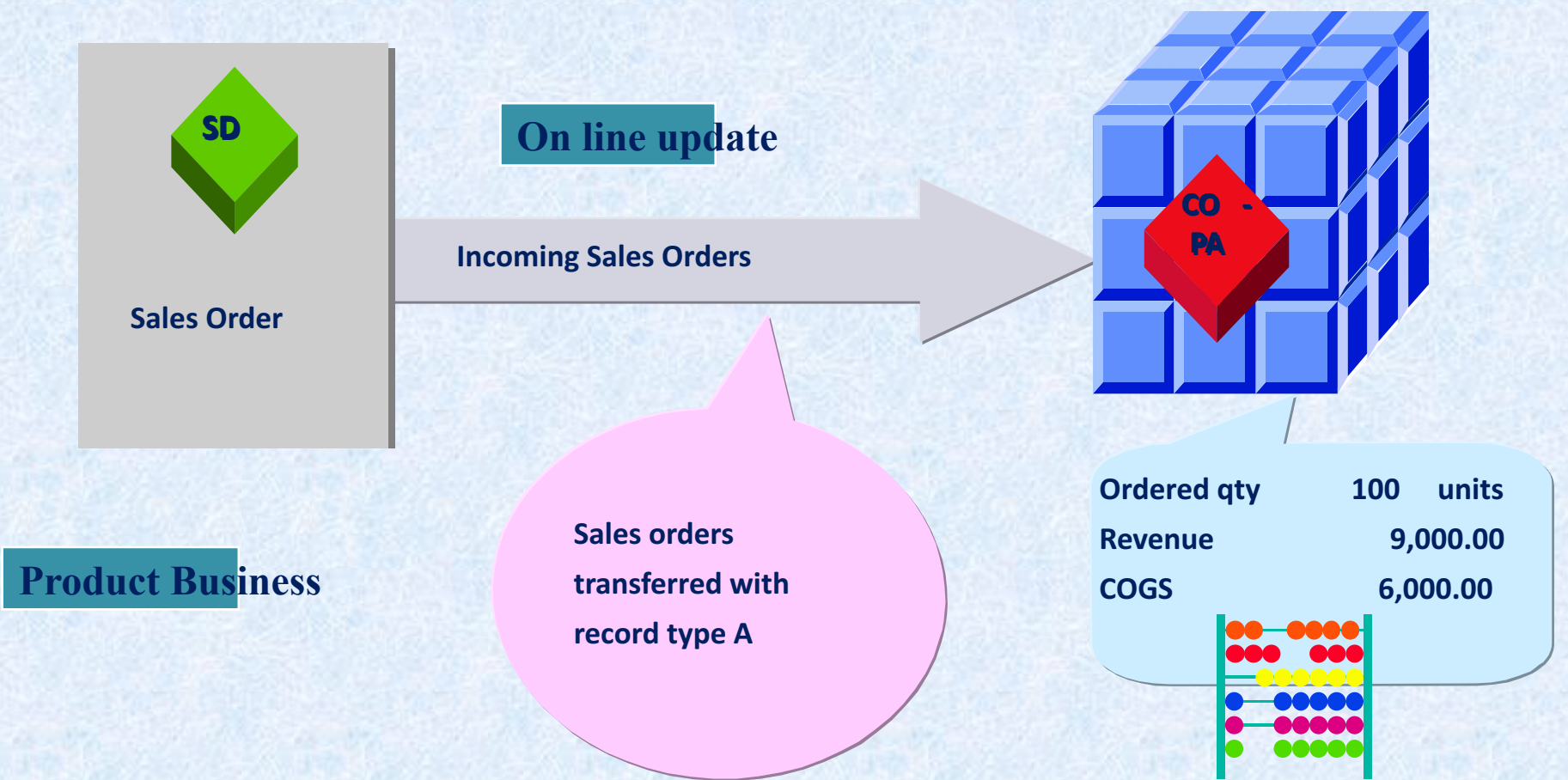
Actual Value Flow @ Billing

INFOCOST
Deliver Business Value

SD

↓

Billing

On line update

Actual Turnover & Cost

CO - PA

Sales orders transferred with record type F

Product Business

Billed qty	100 units
Revenue	9,000.00
COGS	6,000.00
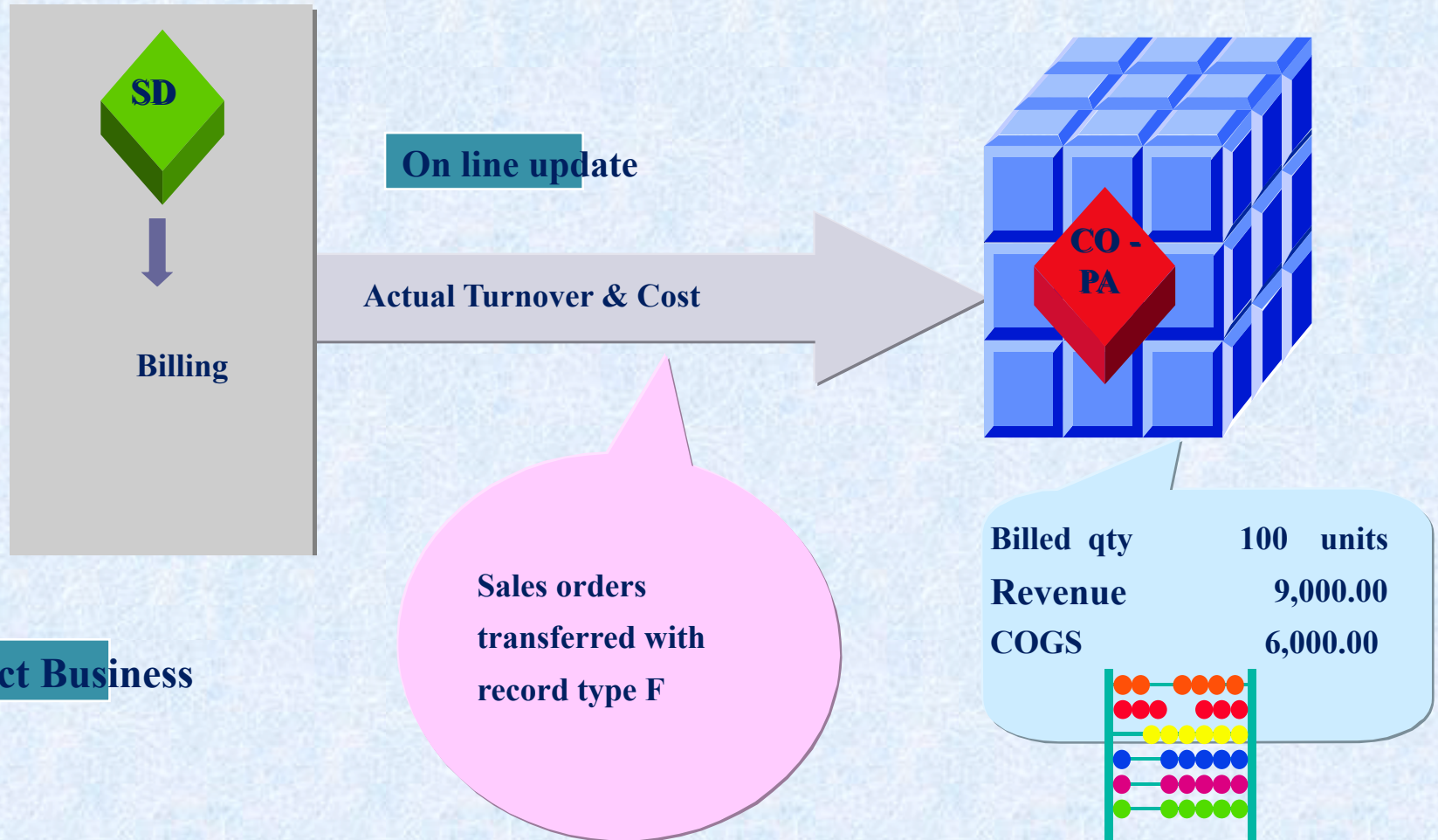
Actual Value Flow @ Settlement of Order, FI Posting and CO Allocation

PA Transfer Structure

Source	Assignment Lines	Value Fields
Cost Element Group: **Revenues/ Costs**	10 **Revenues** 20 **Cost of Sales**	**Turnover** **CoS**

Controlling Area

Operating Concern

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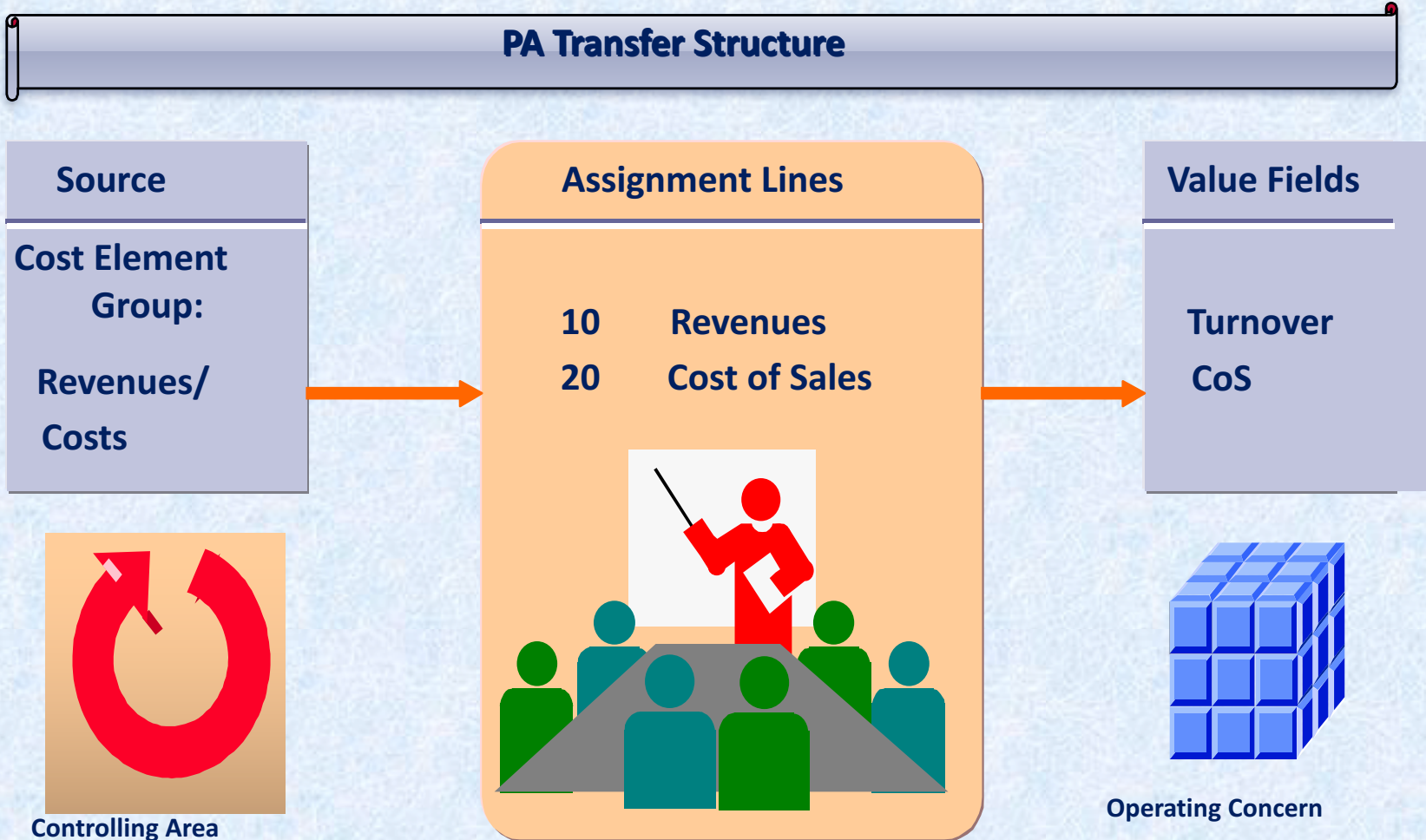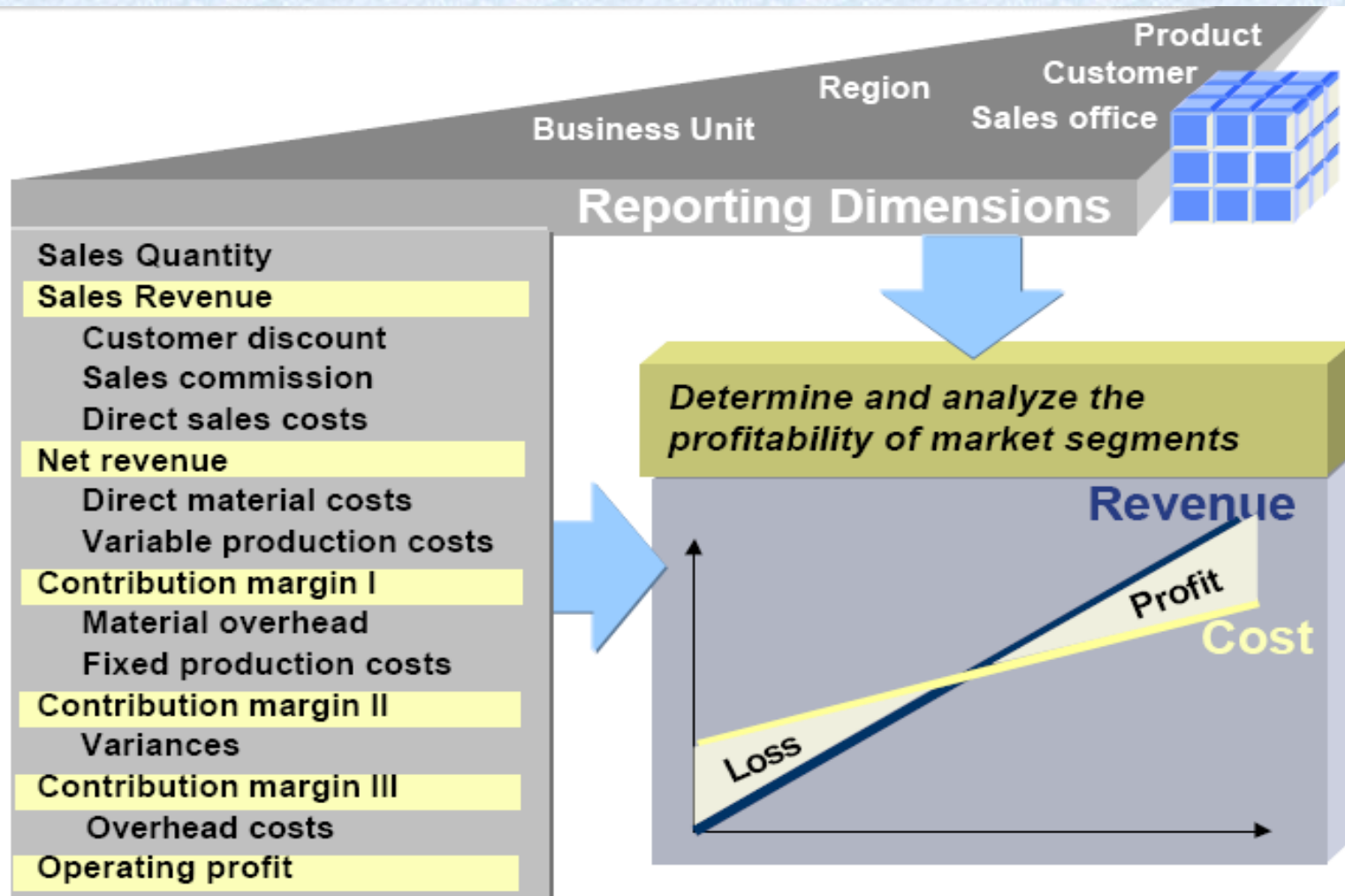
COPA Reporting

Sample COPA Reports

Profitability Statement

TCMOL GROUP(Rs'000)	Current	Cumulative
Revenue	269,978	528,992
Less: Discount & Free Issue		
Dist Discount	1,080	2,297
Cash Sales Discount	6-	68
Special Discount	0	0
Cust Discount	43,449	87,560
Value of Free Issue	10,116	10,116
Total Discounts	54,639	100,042
NSP without Taxes	215,340	428,950
Add: NBT Revenue		
NBT Revenue	0	0
A/C Sales Prices	215,340	428,950

Navigation: Plant, Province, Geographicl District, Product

Per unit Profitability

TCMOL GROUP(Rs'000)	Curr.Value	Cumm.Value
NBT Expenses	0	0
VAT Expenses	0	0
Net Recovery/Revenue	215,340	428,950
Revenue / Unit (Rs.)	50	52
Less: Variable Cost		
Material Cost	85,753	170,870
Depreciation Cost	1,322	2,617
Energy Cost	1,457	2,886
Maintenance Cost	1,030	2,030
Total Cost of Sales	89,562	178,402
COS / Unit (Rs.)	21	22
Contribution	125,778	250,548
CS Ratio (%)	58.409	58.410
Cont / Unit (Rs.)	29	30

Navigation: Plant, Material Type, Sale unit of Measure, Country

Product wise Profitability

Navigation: Province, Geographicl District, Customer, Sales District — Plant 3001 International Cosmet

Product Displayed in		Revenue Current 1000 LKR	Revenue Cumulati 1000 LKR	Dist Discount Current 1000 LKR	Dist Discount Cumulati 1000 LKR	Cash Sales Discou Current 1000 LKR	Cash Sales Discou Cumulati 1000 LKR	Special Discount Current 1000 LKR	Special Discount Cumulati 1000 LKR	Cust Discount Current 1000 LKR	Cust Discount Cumulati 1000 LKR	Value of Free Iss Current 1000 LKR	Value of Free Iss Cumulati 1000 LKR	Total Discounts Current 1000 LKR	Total Discounts Cumulati 1000 LKR	NSP without Taxes Current 1000 LKR	NSP without Taxes Cumulati 1000 LKR
3000000531	Nivaran Sachets (600	4,795	10,728	15	39	0	0	0	0	959	2,146	0	0	974	2,185	3,821	8,543
3000000532	Neralu Hair Oil 45ml	364	700	1	3	0	0	0	0	63	122	0	0	65	125	299	575
3000000533	Neralu Hair Oil 90ml	1,407	2,838	5	8	0	0	0	0	249	506	0	0	254	515	1,153	2,323
3000000534	Neralu Hair Oil 200m	956	1,980	4	6	0	0	0	0	171	360	0	0	175	366	781	1,614
3000000535	Paspanguwa Card (120	2,173	3,960	9	16	0	0	0	0	380	719	142	142	532	878	1,641	3,082
3000000536	Paspanguwa Box (24x1	370	759	1	1	0	0	0	0	93	194	11	11	104	206	266	553
3000001514	AVENGER A/SHAVE 50ML	95	142	0	0	0	0	0	0	17	25	0	0	17	25	78	117
3000001515	AVENGER A/S 100ML (NE	133	133	0	0	0	0	0	0	25	25	0	0	26	26	107	107
3000001516	AVENGER COL.SPR 50ML	654	1,406	2	6	0	0	0	0	114	248	0	0	117	253	537	1,153
3000001517	AVENGER COLSPR 100ML	430	911	1	4	0	0	0	0	77	161	0	0	79	165	352	746
3000001518	AVENGER TALC 100GM (	710	1,777	7	16	0	0	0	0	108	270	0	0	115	286	594	1,491
3000001519	BK ORI A/SHAVE 50ML	618	1,270	2	5	0	0	0	0	97	200	0	0	100	206	518	1,065
3000001520	BK ORI A/SHAV 50ML P	323	581	1	2	0	0	0	0	49	88	0	0	50	90	273	490
3000001521	BK ORI A/SHAVE100ML	806	1,659	2	6	0	0	0	0	141	294	1	1	145	302	661	1,357

Profitability Analysis on Actual Costs

Actual values in Profitability Analysis

➤ *Contribution Margin Accounting*
➤ *Cost of sales split into cost components*
➤ *Plan/Actual Variance analysis*

| Sales Quantity: | 1,000 pc |
| Revenues: | 100,000 US$ |

	Plan	Actual	Var. %	Var. Abs.
Raw Materials	50,000	45,000	5,000	10 %
Labor variable	4,000	5,000	-1,000	- 25 %
Machine variable	4,000	4,500	- 500	- 13 %
Logistic Processes	10,000	7,000	3,000	30%
Material Overheads	5,000	5,500	- 500	- 10 %
Contribution Margin I	27,000	33,000	6,000	22 %
Labor fix	10,000	10,000	0	0 %
Machine fix	7,000	7,000	0	0 %
Contribution Margin II	10,000	16,000	6,000	60 %

Thanks