

Case Study – Material Ledger Activation

Customer **Major High-tech Company**
Industry **Semi-conductor**

About Customer

A major semi-conductor company based in the Silicon Valley, California and the world’s leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company’s products and services enable integrated circuit manufacturers to manage yield throughout the wafer fabrication process from research and development to final mass production yield analysis. In addition, it provides manufacturing with older technologies and refurbished certified tools. The company also provides other services, such as on-site repair, system installation, and educational services. It sells its products and services through direct sales force and distributors primarily in the United States and Japan, as well as in Europe and the Asia-Pacific region.

Business Challenge

The company has been already using SAP for many years. A major challenge for external reporting was the correct calculation of inventory for companies which were considered USD functional from a FASB 52 perspective, but were configured with their own local currency as company code currency. A large amount of time was taken each month with currency based cost rolls to keep local inventory at constant USD. Often there were timing and locking issues with the cost rolls which caused issues with business transactions such as goods receipt or goods issue. The business community had realized that the current process was inefficient, time consuming and resource hungry.

QS&S Solution

The QS&S team worked closely with the client to implement Material Ledger to provide parallel currency valuation of inventory and opening up of the material master to support parallel currency standard costs. One of the biggest challenges was to turn on Material Ledger in the live productive system. In addition to the extensive configuration required to activate Material Ledger, the conversion had to be optimized to fit into the available system downtime window.

Benefits

The implementation of Material Ledger provided the client with many benefits:

- Eliminating monthly Foreign Currency cost rolls
- Eliminating manual re-measurement adjustment required as part of month end close process.
- Assisted non-USD company codes meet statutory requirements to keep inventory valued with USD.
- It added transparency to goods movements: goods movement quantity and cost any time (historically, etc.) anywhere.
- USD inventory reporting possible at transaction level.

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- Real time reporting is possible: Global part usage, Global Inventory in USD. Improved reporting capability at part/transaction level.
- Material Ledger provided visibility and control into Purchase Price Variance.
- Material Ledger provided reporting benefits to a wide range of different groups: Finance, Global Inventory, Standards Roll team, Purchasing, etc.

Technology

- SAP Enterprise - version 4.7
- SAP Application Modules – CO-ML, FI, MM

Methodology

- Close attention was paid to needs of customers and users as well as the internal IT team to ensure the final deliverable added value to end users
- The project was implemented using the customer-specific project methodology with lifecycle milestones of Design, Build, Test and Evaluate
- The mass data updates were done using QS&S ‘SAP Data Re-organization Optimizer – SDRO’ toolset as well as standard SAP tools
- Considering the sensitivity, as data being changed in the production system, exhaustive testing was done.

Why QS&S?

- Acknowledged Financials Experts in the industry
- Managed, handled many of the most complex Financials projects
- Most qualified team with Business, Functional and Technical Skills
- Deep knowledge and understanding of SAP processes, procedures and functions

About QS&S

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