Key Performance Indicators for SAP Asset Accounting (FI-AA)

Many of our consulting clients approach us for assistance with performance measuring. So called **Key Performance Indicators** (KPI) can be used to measure the performance of:

- individual SAP users
- groups of SAP users (i.e. Finance/Accounting Department)
- the SAP system/modules itself (system performance)

This document is a collection of KPIs we have used and implemented for our clients in the past as well as results from a short survey we have conducted among our subscriber base. The following KPIs seem most appropriate when measuring performance for SAP's Asset Accounting module.

Please note, however, that these KPIs are not necessarily applicable to all clients alike. Use this document as a guide but consider your own business requirements and currently used system functionality when establishing your own list of KPIs.

Most commonly used KPIs

We have used these KPIs many times in the past for our clients and based on our survey feedback these seem to be the most commonly-used indicators.

- **Aging of the AuC account balances**
  Age the open AuC/CIP account balances by i.e. 30, 60, 90 days and compare to the previous period. Look for increasing AuC balances which could indicate a problem with closing out capital projects.

- **Number of open Purchase Orders**
  Count the number of POs and compare to the previous reporting period. Look for trends of increasing numbers of PO which could indicate receiving/closing issue on the purchasing side.

- **Transaction count by department, user and month**
  Count the number of transactions for each category you want to measure (i.e. acquisitions, retirements, transfers, etc.) and compare to the previous period. Also, sub-total transactions by user ID to get transactions by user/month. Benchmark average number of transactions by user by period.

- **Transaction count for correction entries**
  Count the number of correction entries as identified by certain transaction types (i.e. write-up or unplanned depreciation) and compare to previous period. Look for increased correction activities which could indicate problems in processing certain asset transactions and a need for specific user training.

- **Capture month-end closing date/time**
  Capture the date/time of the actual close of the period and compare to the previous period. Look for trends that indicate increasing closing times and address delays early by examining the closing schedule.

- **Runtime of key reports & transactions to measure system performance**
  Measure the runtime of key recurring reports and transactions (i.e. monthly depreciation run or monthly Asset History Sheet report, etc.) and compare to the previous period. Look for a trend indicating increasing runtimes and address with the technical team. Long runtimes may indicate the need for archiving, report-execution training and/or faster hardware.

- **Number of unposted assets**
  Run the 'Directory of Unposted Assets' report to find all empty asset shells without values. Look for these assets to indicate issues from the purchasing side. Also, delete assets as appropriate.

- **Number of incomplete/incorrect assets**
  Run the 'Incomplete Assets' report to find all assets marked as incomplete. Also, run appropriate reports to find assets with missing/incorrect information per business requirement. Compare to previous month and correct as appropriate.

Related KPIs

These KPIs aren't exactly measured in the Asset Accounting module but are related to asset capitalizations so we mention them here separately.

- Number of open Projects, Internal Orders or Purchase Orders
- Late project close-out or the opposite (On-time close outs)
- Projects over budget/committed
- Idle Projects/AuC (projects/internal orders without activity for XX days)

Other interesting KPIs

These KPIs were not commonly mentioned in our survey but nonetheless, I found them rather interesting and wanted to mention them here.

- Fixed asset utilization (Sales to Fixed Assets Ratio)
- Fixed Assets Turnover (This ratio is calculated by dividing Sales by Net Fixed Assets)
- Total Assets Turnover (This ratio is calculated by dividing Sales by Total Assets)
- System usage by application/transaction (transaction codes ST03 and ST07)

Related activities

The following activities are not measuring performance per se but are important related activities.

- Monthly reconciliation between sub-ledger and General Ledger (see our custom asset History Sheet report by Month for this task: http://www.michaelmanagement.com/files/ragitt.pdf
- Review accuracy of depreciation amounts for book and tax areas
- Mid-Quarter Alert reporting – monitor and execute change if necessary. Implement OSS note # 770263 (pilot release) for improved reporting numbers.

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