

GLENCORE CASE STUDY

Machine Learning
The Bridge to Boost SAP S/4HANA Projects



GLENCORE

Glencore AG – top commodity trader with offices and mines all over the world, founded in the 1970s. One of the world’s largest globally diversified natural resource companies. Listed in London Stock exchange.

Supporting the intercompany reconciliation process on the SAP S/4HANA platform.

Challenges

- How to **standardize the reconciliation** process between SAP and non-SAP entities?
- How to **identify related accounting transactions** inside the organization group and concentrate on the differences only?
- How to deliver a **monthly reconciliation summary** with transaction-level insight?

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“Integrating data-driven intelligence into our intercompany reconciliation process has **significantly enhanced our accounting operations.**

By leveraging machine learning to match transactions item-to-item, we have achieved unprecedented **transparency**, ensuring **compliance** and easing audits.

Not only has this **boosted efficiency** by streamlining reconciliation efforts, but also it has enabled continuous accounting, allowing us to proactively address discrepancies well before month-end closing.”

Maria Koletti - Head of SAP COE at Glencore

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More than **130K**
line items in the
process every month.

Solutions

The availability of **machine learning** libraries embedded in the SAP S/4HANA platform **enabled** a fresh design approach. Instead of implementing static rules, it was possible to provide an **adaptive data-driven approach**. The entire process was fully supported by a simple and straightforward UI built on SAP Fiori and AFO Workbooks.

The project's goal was to provide a single solution for all types of entities (both internal and external). It was made possible through the introduction of a toolset capable of reconciling transactional data within the SAP S/4HANA system, as well as postings from external sources, which are fed into the SAP S/4HANA persistence layer via a unified user interface.

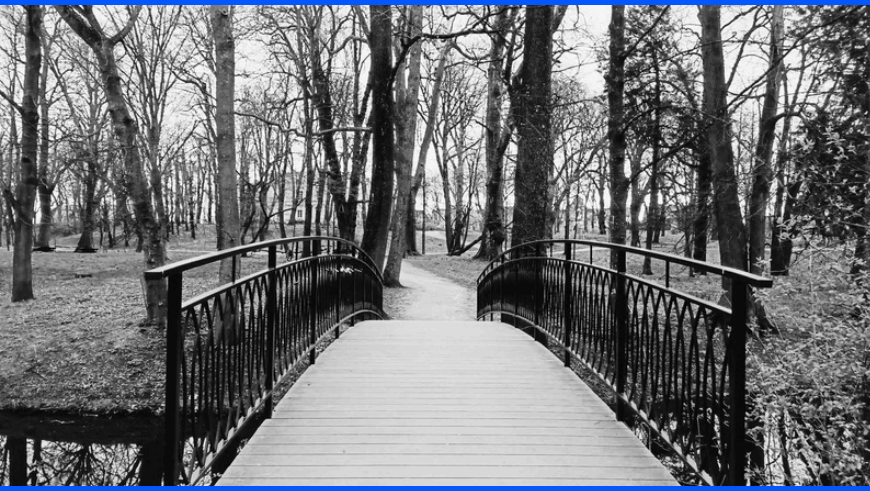
This helped to **avoid time-consuming, spreadsheet-based reconciliation** activities during period-end close.

With a fully customized structure, scenarios can be reconciled between groups of entities (many to many). The approach, which is backed from start to finish by a consistent toolset, has the potential to promote transparency and collaboration among accounting teams.

“Moreover, employing machine learning enables us to rely on dynamically determined matching rules, rather than static definitions, ensuring adaptability to evolving transactional patterns and complexities. This dynamic approach allows us to capture nuances and variations in data, ultimately leading to **more accurate and robust intercompany reconciliation outcomes.**”

Maria Koletti - Head of SAP COE at Glencore

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**Models are trained
using 230
matching dimensions**

The predictive core

The automation of the procedure was enabled by implementation of matching engine entirely based on machine learning PAL library. The range of methods included (by default) in the SAP S/4HANA database enabled data-driven insight into the reconciliation process, allowing users to focus solely on uncommon circumstances.

The system's advised interpretation could be validated and, if necessary, adjusted manually based on user comments. It made the entire process more adaptable and flexible in accordance with business requirements.

The generation of automatic groups for comparable accounting transactions saves time and work for the team by focusing their attention on unmatched items exclusively.

State of-the-art technologies

The entire solution was created using the most recent solution available in the SAP S/4 HANA platform.

Standard PAL libraries provide the matching engine's capabilities and flexibility. The generated models are fully integrated with the ISLM framework. The reconciliation toolset was implemented in a simple and straightforward UI built on SAP Fiori.

Additionally, SAP S/4HANA embedded analytics enhanced the system with a reporting layer on AFO Workbooks. It **provides** users with **insight into** the process at **several levels**, including more general (for auditors) and detailed (if necessary).

**140 ACTIVE
RECONCILIATION
SCENARIOS.**

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**Average matching
level: 95%**



Pains

- **Different** process **approaches** for every location.
- Reconciliation tasks are **labour-intensive** and **spreadsheet-based**.
- **Manual, repetitive, and time-consuming** procedures are error-prone.
- **Reporting** across all entities is **inconsistent**.



Benefits

- **Standardize** reconciliation process across **all** business **entities**.
- **Reduce** pressure during period end closing.
- Allow accountants to **focus on unmatched items**.
- **Improve** reconciliation transparency and team cooperation.
- **Integrate** AI into your organization.

**Machine Learning
Adaptive
Data-driven Approach**

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“This transformation has truly empowered our finance team to operate with precision and agility.”

Maria Koletti - Head of SAP COE at Glencore