ESPRESSO TUTORIALS

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Practical Guide to SAP® GTS

Part 1: SPL Screening and Compliance Management

Second Edition

- Tips and tricks for leveraging SAP GTS to automate trade compliance
- Walk step by step through business processes
- Overview of regulatory requirements and compliance suggestions
- Review of SAP GTS for HANA GTS e4H with screenshots

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2 Sanctioned party list screening

One of the most commonly used functions in SAP GTS is *sanctioned party list screening*, or *SPL checking*. SPL checking means that all of your business partners and documents will be checked against known lists of sanctioned or restricted parties. What exactly is a sanctioned/restricted party, and what does it mean for your business?

2.1 Introduction

Everyone understands what a country embargo is; in other words, you may not deal with that country. For example, US companies cannot do business with North Korean companies. However, it is not as well known that government agencies more often embargo individuals and entities than they do countries. For example, the US Department of the Treasury lists entities in certain countries, such as Libya, that it considers a danger to the national interests of the United States. As a result, a US company may not sell to any of the listed companies or individuals. The lists of forbidden or restricted parties are called *Sanctioned Party Lists (SPL)*.

SPL lists are commonly thought of an "export" issue, and most companies understand they must ensure they never export to a listed entity. However, these lists can apply to imports as well as domestic activity. Buying from or selling to a person in your own country could violate certain SPL rules; for example, there are US entities on many of the lists.

It is critical that your business protects itself from liability and screens all of its business partners against the published lists. To do so, a system must be set up that checks *business partners (BP)* as soon as they are created or edited and checks the partners within documents. Any time the system thinks that it has found a match, it will block the partner or document from use until it is reviewed by an authorized user. This user will decide on the block, i.e., is it really a match, or just a close match? If it is simply a close match, they can release the partner/document. If it is a real match, it will remain blocked.

In the next section, we will review the suggested settings, best practices, and user tips for SAP GTS SPL functionality. It is not intended to be exhaus-

tive but rather covers the most commonly used areas of the software, as well as those most likely to cause confusion.

Before we begin, we would like to explain the high-level operation of SAP GTS SPL. To illustrate this, we will look at three simple process flows, including:

- How an SPL match is determined.
- How a business partner block is determined and managed.
- How an order block is determined and managed.

Figure 2.1, Figure 2.2 and Figure 2.3 display these processes in the form of a flow chart. These simple flows are not meant to capture all SAP GTS functionality but rather to provide a high-level overview of its three core competencies: determining a match, blocking a partner that matches, and blocking a document containing a matched partner. For example, there are many more settings available to fine-tune the match logic than what is shown. By reviewing this diagram, you will better be able to understand where the other features fit in and how they affect the outcome of checks.

Let's look at a couple of key terms. When a user reviews a match, they must decide if they are looking at a *true positive* or a *false positive*. A true positive is an actual match, and the business partner is the SPL entity. A false positive means the system found that the two were close enough to warrant a block, but upon review, it has been determined that the match is not real.

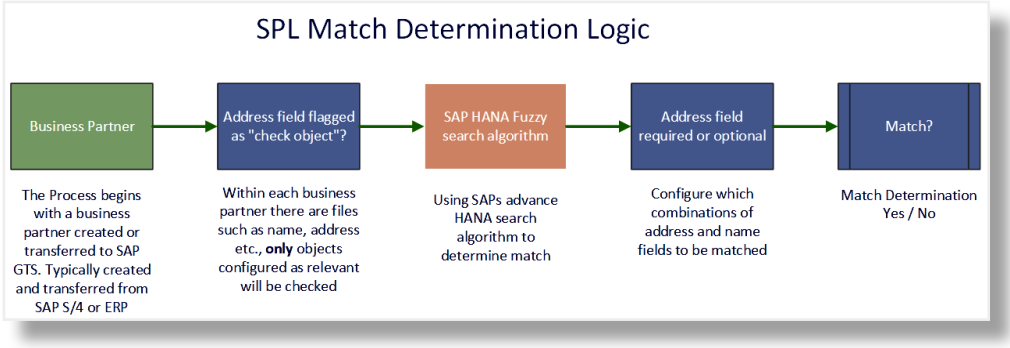

Figure 2.1: SPL Match determination logic

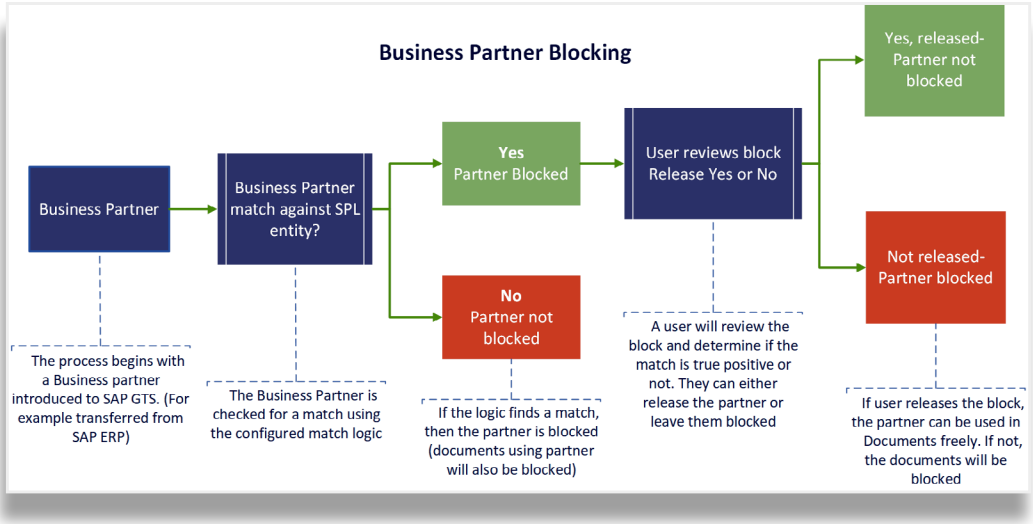

Figure 2.2: SPL Business partner screening flow

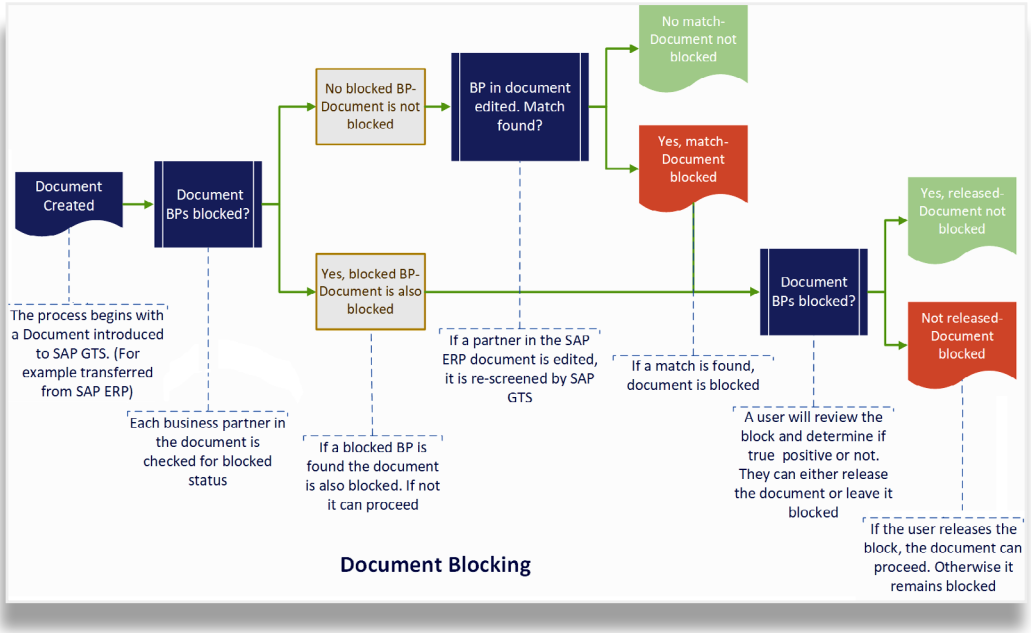

Figure 2.3: Document blocking

This chapter delves into each of these areas in more depth, as well as covering areas not shown in these diagrams. Lastly, it wraps up with a general discussion on SPL compliance and tips for meeting the expected compliance standard.

2.2 SAP HANA Search Overview

SAP HANA search is a robust search feature that delivers speed and fault tolerance, providing an efficient and reliable solution to businesses. It covers the majority of functionalities found in SAP GTS search and SAP TREX search, making it a powerful tool for searching through large amounts of data. With SAP HANA search, businesses can experience a range of benefits, including improved performance, simplified SPL setup, and a streamlined SPL screening process.

One of the significant advantages of using SAP HANA search is the *performance improvement* it offers. With its in-memory database system, SAP HANA enables users to process large amounts of data in real-time, allowing for faster and more efficient search results. This can be especially beneficial for businesses that need to search through vast amounts of data quickly and accurately.

Another benefit of SAP HANA search is the *simplified SPL setup*. The system makes it easy to set up and configure the search feature, enabling businesses to begin using it with minimal hassle. The simplified setup process ensures that businesses can implement SAP HANA search quickly and efficiently, reducing the need for extensive IT support and troubleshooting.

Finally, SAP HANA search also offers a *streamlined SPL screening* process. The system allows businesses to screen transactions against multiple lists, ensuring that they remain compliant with regulatory requirements. This simplified screening process reduces the risk of errors and improves the overall efficiency of the screening process, enabling businesses to meet their compliance obligations more effectively.

SAP GTS Edition for HANA now supports two options for SPL Screening:

- Classic SPL algorithm within SAP GTS (“SAP GTS Search”)
- SAP HANA Search

Note

In this book we will see all the settings and details about SAP HANA search option. We will also highlight any standard configuration that is applicable for traditional SAP GTS Search and not applicable for SAP HANA Search

2.3 Configuration—SPL HANA Search

SPL screening involves screening your business partner (BP) against lists of SPL uploaded to SAP GTS as XML files. Third party companies provide this content as a service and send out updates when the government updates the list. SPL involves screening text or characters, which is very performance intensive. To address this, SAP GTS allows the user to build an index of denied party list (SPL) content using the latest SAP HANA Search. Business partners use this index to improve screening performance.

SAP GTS provides many options and flexibility for SPL Screening. It can adjust to match the business needs of any organization based on its risk exposure and business activity. This sort of flexibility is available through multiple settings from which each installation can choose. There are two key areas of configuration that determine these settings: (a) control settings, which influence the way SPL functionality functions, and (b) control procedures, which allow certain rules to be set within user control, such as exclusion, alias, etc.

All of the content and screens shown in Section 2.2 are configured and accessed through the following menu path: SPRO • SAP Reference IMG • SAP Global Trade Services, edition for SAP HANA • Compliance Management • Sanctioned Party List Screening Service.

2.3.1 Control settings

To maximize the comparison index effectiveness, it is important that you ensure that the SPL controls for the index are set correctly. Use transaction SPRO or follow menu path SAP Reference IMG • SAP Global Trade Services, edition for SAP HANA • Compliance Management • Sanctioned Party List Screening Service • Control Settings for Sanctioned Party List Screening.

Once in the Control Settings area, highlight the SPL Legal Regulation (i. e., SPLUS) and click on Details . Let's review the key sections in this area.

Scope of check

In the Consider Validity field, select the third option from the drop-down menu Include Both VALID FROM And VALID TO Date (see Figure 2.4). This validity check keeps track of SPL entries that drop off the SPL list. This se-

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