

A Top Down vs. Bottom Up approach to eBS R12 Implementations

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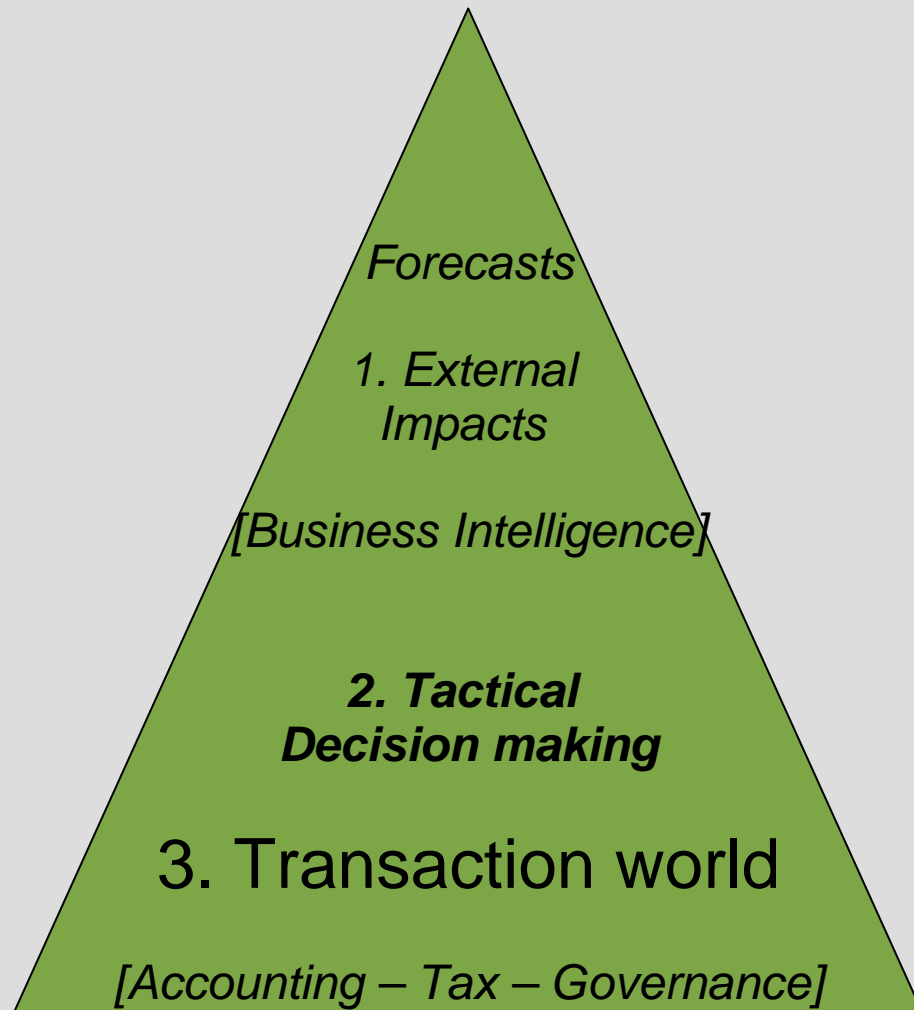
Abstract

- Building the corporate information model before you implement
 - R12 has some new ideas that make the old information model that R11i and prior releases supported. Simple upgrade may not be enough. There are some challenges that may give you pause to re-assess the risks in your upgrade to R12.
 - Taking a Top Down approach may help to right size the work required to upgrade or re-implement your instances)

Agenda

- Information Model
 - Deciding What information to capture & When
- When the Legal & Security World's Collide
 - Multi-Org and System Legal Entities (SLE)
 - Ledger Sets and Compliance Models
 - The Accounting & Tax Hubs
- Migrating to R12
 - Upgrade in place
 - Upgrade and re-implement
 - Fresh Implementation

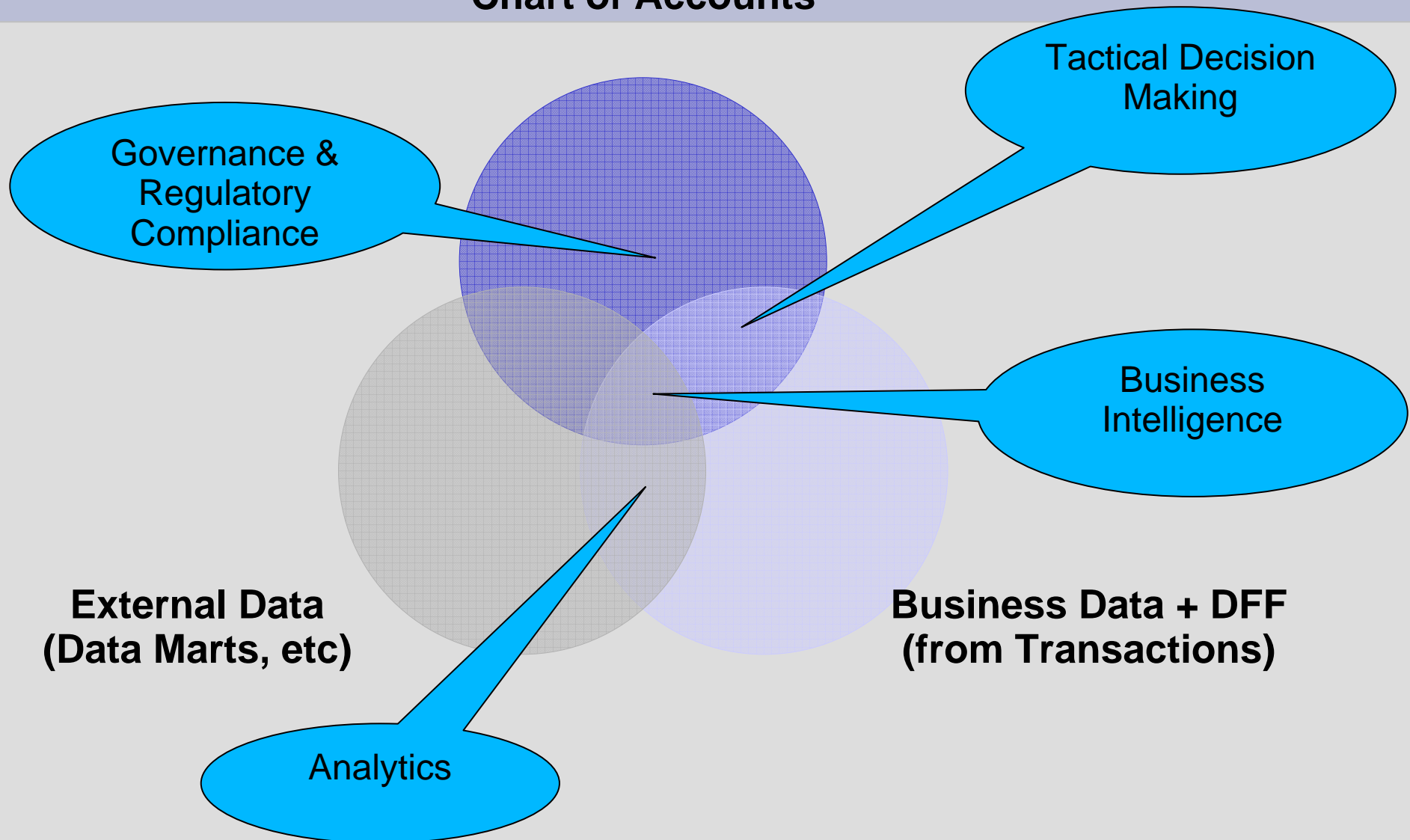
Decision Levels



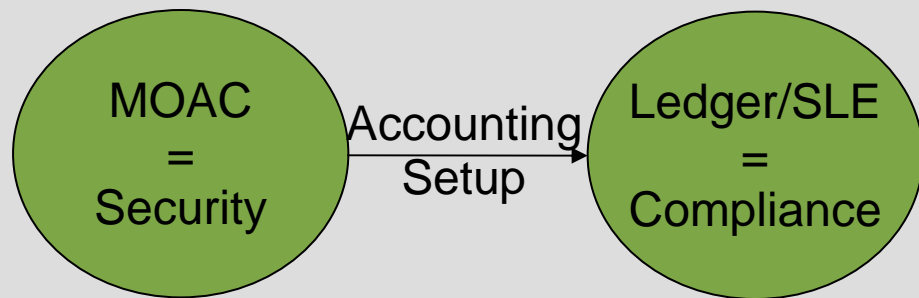
- **1. External**
 - Legal Compliance
 - Market Forces
- **2. Operations**
 - Cash Management
 - Internal Controls
 - Brand/Channel Contribution margin
- **3. Transactions**
 - Fulfillment & Supply Chain efficiencies

Corporate Information Model

Chart of Accounts



When Worlds Collide



- Security
 - Operating Unit
 - AOL User/Employee
 - Responsibility
 - Functional Security
 - Product Role
 - Security
- Compliance
 - Legal Entity
 - Inter-Company
 - Ledger, Ledger Sets
 - Accounting, Tax

Issues

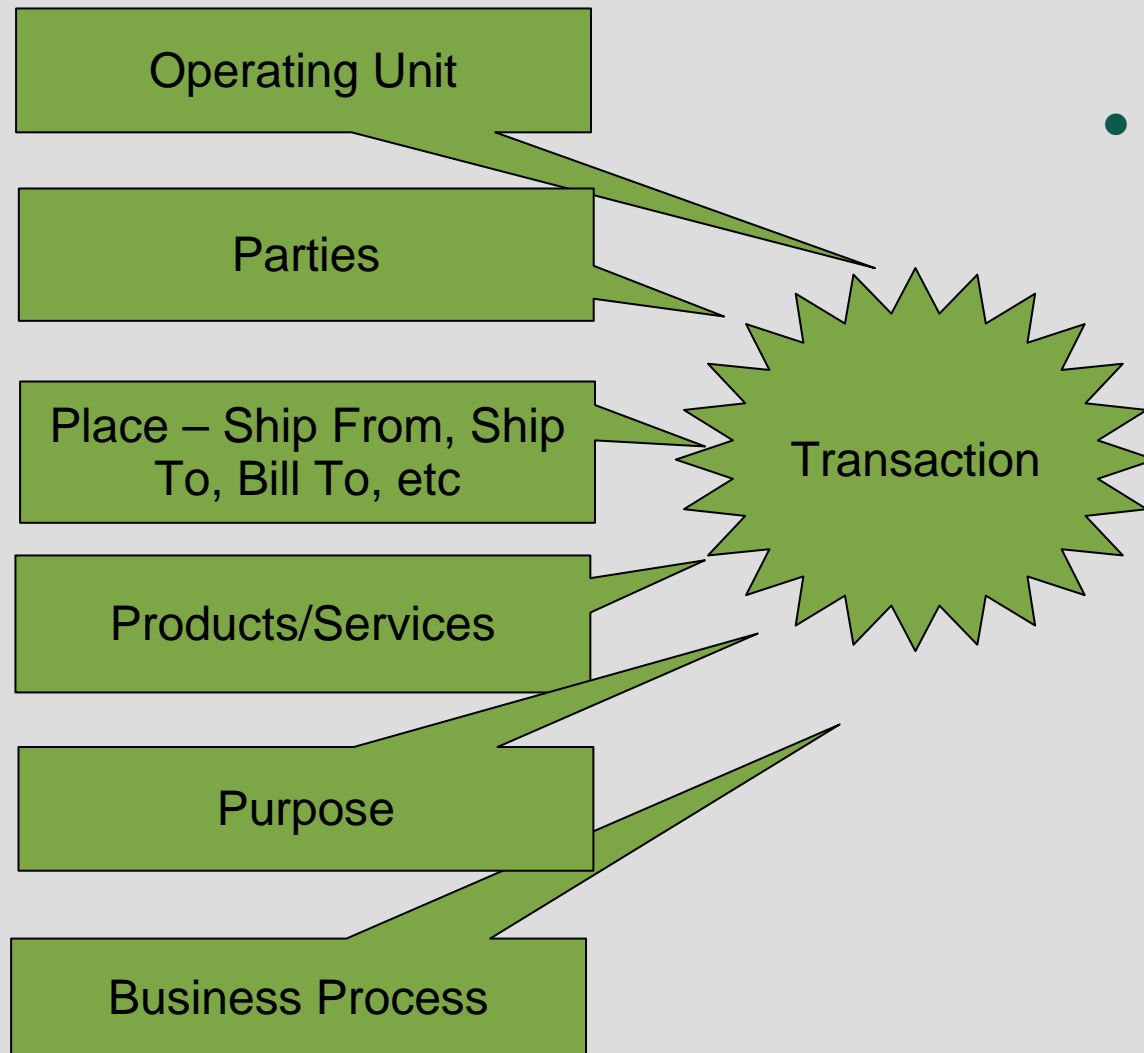
- **Accounting & Tax Hubs**

- Upgrading 'as is' does not leverage the full capabilities of R12
 - Central Tax hub has new features
 - Tax Code upgraded to Tax Classifications as a default
 - Central Accounting
 - hub encapsulates GAAP rules from all the participating modules

- **Operating Unit Security**

- Uses virtual data partitioning as the primary means of securing data access
 - Shared Services is a means of overcoming this deficiency
- Best used when compartmentalization of corporate data is required to manage
 - a) internal security &/or
 - b) local compliance needs

Transactions are Data Rich



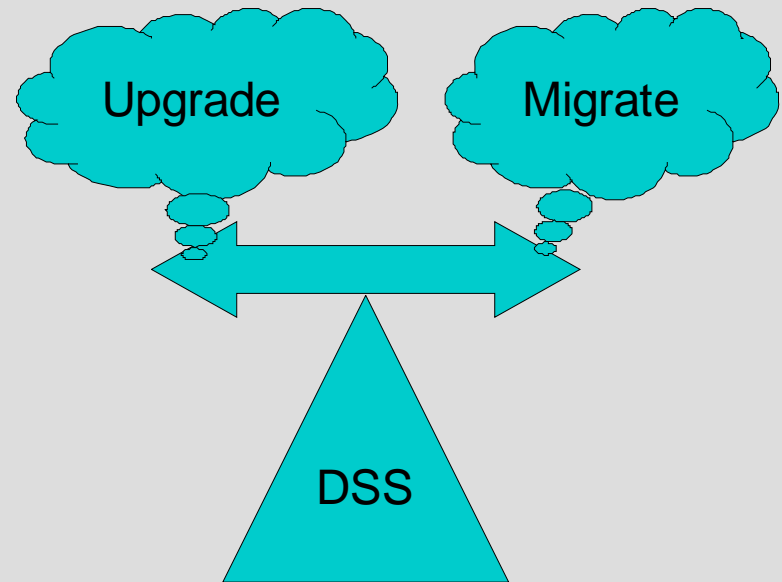
- Defaults for local compliance:-
 - Accounting (SLA)
 - GAAP
 - MARs for foreign jurisdictions
 - Governance (GRC, ICM)
 - Taxation (eBTax)
 - Tax regimes
 - Recoverable Taxes
 - Performance

Functional Model

- Implementation Architecture
 - Ledgers
 - System Legal Entities
 - Accounting, HR
 - Chart of Accounts
 - Other Business Data
 - Product
 - Process
 - Project
 - Business Intelligence
 - Key Performance Indicators
 - Security
 - Operating Units
 - Responsibilities
 - Functions
 - Management Segment
- Functional Architecture
 - Compliance & Regulatory Risks
 - Financial Performance
 - Business data is automatically collected during the transaction life cycle, defaulting from key transaction data elements
 - Analytics should be maintained outside the compliance ledger
 - DBI and drill downs through sub-ledgers drive information value back to the transaction secured by User & Role

Risks

- Upgrade the Old
 - May not be able to use to new tax, accounting & compliance models
- Create New Ledger
 - Complexities for migration to new ledger
- Cost Benefit of a true transformation is the key



Technical Model

- Data inputs derived and defaulted as much as possible
- Integration points pass across key data and transform it appropriately
- System resources are deployed to maximize access to and usage by decision makers
 - Capacity planning considerations become more important
 - Manage multiple security models
 - System Loads
 - Multi-tier deployments
 - Reporting may be exponentially heavier

Migrating to R12 – Upgrade

- Upgrade in place and modify the function set up 'in place':
- Advantages:
 - Changes are gradual and less likely to disrupt current operations
 - Shared Services will work as prescribed
 - Least expensive option
 - Not required to consider data quality
- Disadvantages
 - Continue use of tax codes
 - May continue to handle most foreign compliance issues off-line
 - Secondary Ledger
 - Limited ability to change configuration
 - Not required to consider data quality
- Requirements
 - Current patch levels
 - Acceptable data and configuration
 - Existing resources capable of supporting R12

Upgrade and Re-implement

- Upgrade current instance and implement a new and comprehensive Ledger structure
- Advantages
 - Build Primary and Secondary Ledgers to meet both business and compliance needs
 - Use System Legal Entities to build compliance structures by
 - Simplify data migration for complex and/or large data sets
 - Possibly reduce cost of data migration
 - Opportunity to change configuration and improve data quality
- Disadvantages
 - Most complicated and resource intensive option
 - Possibly most expensive option
- Requirements
 - Resources capable of supporting the upgrade and the implementation

Fresh R12 Implementation

- Create a new instance and build new Ledger and Legal structure
- Advantages
 - Build to suit from the ground up
 - Can leverage the new features in Ledger, CoA, Legal, Accounting, Tax, and Security
 - Opportunity to change configuration and improve data quality
 - Avoid 'catch-up' patching
- Disadvantages
 - Must migrate existing data to new instance
 - More complex and resource intensive than upgrade
 - Possibly most expensive option depending on data migration
- Requirements
 - Resources capable of supporting the implementation

Summary Considerations

- Leverage the new Legal, Tax and Business features of R12 to optimize compliance and business efficiencies
- Ensure capacity plan meets your scalability & performance forecast models
- Build BOTH a functional and a technical implement plan

Questions

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