How Do You Eat an Elephant? One Byte at a Time.
Session # 12229

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eprentise
eprntise Can…

- Consolidate Multiple EBS Instances
- Change Underlying Structures and Configurations
  - Chart of Accounts, Other Flexfields
  - Inventory Organizations
  - Operating Groups, Legal Entities, Ledgers
  - Calendars
  - Costing Methods
- Resolve Duplicates, Change Sequences, IDs
- Separate Data

…So Our Customers Can:

- Reduce Operating Costs and Increase Efficiencies
  - Shared Services
  - Data Centers
- Adapt to Change
  - Align with New Business Initiatives
  - Mergers, Acquisitions, Divestitures
  - Pattern-Based Strategies
    - Make ERP an Adaptive Technology
- Avoid a Reimplementation
- Reduce Complexity and Control Risk
- Improve Business Continuity, Service Quality and Compliance
- Establish Data Quality Standards and a Single Source of Truth
Objective 1: Identify challenges in E-Business Suite (EBS) that cost money but don’t support the business.

Objective 2: Learn how to manage growth with an existing EBS instance.

Objective 3: Identify short-term projects and low-hanging fruit that can make your EBS more agile.
How Oracle E-Business Suite (EBS) became the elephant in your office

Challenges

Teaching the elephant the hootchy-kootchy

Managing growth one byte at a time

• Eliminate information silos

• Consider remodeling projects to reduce complexity and costs and to make the EBS elephant more agile
Successful companies aren’t static – they continually evolve and change.

ERP systems like Oracle® E-Business Suite (EBS) are cumbersome, overgrown and poorly suited to handle changing business needs.

Support of EBS consumes upwards of 65% of the IT budget.

Despite their inflexibility, businesses can’t abandon outdated systems – it’s too costly and time-consuming.
Different Approaches

• Big Bang – Everything is done at once (full reimplementation)

• Limited Scope (Small projects with short duration)

• Combination of both approaches – roll out some changes that are small and easy to do along with other changes that bring a huge benefit
Risks of Big Bang Approach

• More difficult for users to test

• Higher risk of failure that affects the whole business

• Huge amount of change happening all at once

• Impact of change difficult to determine
With Growth Comes Challenges

Typical challenges a growing business experiences on EBS:

• Multiple production instances
  • Higher infrastructure costs
  • More resources required for support, maintenance and upgrades
  • Complexity through customizations, interfaces and application integration

• Poor quality data
  • Weak governance – results in disparate business intelligence (BI)
  • Customer and supplier inconsistencies – negatively impacts the bottom line
Typical challenges a growing business experiences on EBS:

- Reliance on multiple chart of accounts
  - Financial reconciliation complexities
  - Long close cycles
  - Reliance on spreadsheets
- Lack of common business practices
  - Increased training costs
  - Lack of visibility
  - Redundant processes
## Common EBS Projects Vary in Complexity

<table>
<thead>
<tr>
<th>Type of Project</th>
<th>Complexity</th>
<th>Stakeholders</th>
<th>Cost</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation and Reimplementation</td>
<td>High</td>
<td>Entire Business</td>
<td>High</td>
<td>1-5 years</td>
</tr>
<tr>
<td>Upgrade</td>
<td>Low</td>
<td>Technical Team</td>
<td>Low-Med</td>
<td>3 months – 1 yr</td>
</tr>
<tr>
<td>Patching</td>
<td>Low</td>
<td>Technical Team</td>
<td>Low-Med</td>
<td>1-3 months</td>
</tr>
<tr>
<td>Changing Configurations or EBS Structures</td>
<td>Medium</td>
<td>Business Users</td>
<td>Low-Med</td>
<td>2-5 months</td>
</tr>
<tr>
<td>Implementing New Functionality or New Products</td>
<td>High</td>
<td>Usually a Business Area</td>
<td>Med-High</td>
<td>3 months – 1 yr</td>
</tr>
<tr>
<td>OBIEE or Hyperion</td>
<td></td>
<td>(Finance, Procure-to-Pay, Compliance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Regulatory Requirements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Changes</td>
<td>High</td>
<td>Entire Business</td>
<td>Med</td>
<td>4 – 18 months</td>
</tr>
<tr>
<td>Mergers, Acquisitions, or Divestitures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simplifying EBS Footprint</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Shared Services Center</td>
<td></td>
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</tbody>
</table>

*Note: Stakeholders and Cost are relative estimates.*
Implementing Across an Organization

• EBS is built from database tables, thousands of them, that programmers and end users must set to match their business processes; each table has a decision "switch" that leads the software down one decision path or another.

• By presenting only one way for the company to do each task—say, run the payroll or close the books—a company’s individual operating units and far-flung divisions are integrated under one system.

• There are thousands of decisions that affect how EBS behaves in relation to the business activities.

“The inherent difficulties of implementing something as complex as ERP is like, well, teaching an elephant to do the hootchy-kootchy.”
One of the most often-cited studies of the total cost of ownership (TCO) of ERP was completed by Meta Group in 2002. (Gartner acquired Meta Group in 2005.)
This TCO study accounted for hardware, software, professional services and internal staff costs.
Costs included initial installation and the two year period that followed, which is when the real costs of maintaining, upgrading and optimizing the system for your business are felt. Among the 63 companies surveyed—including small, medium and large companies in a range of industries—the average TCO was $15 million (the highest was $300 million and lowest was $400,000).
The TCO for a "heads-down" user over that period was a staggering $53,320.
Implementing Complex Solutions
Big Bang Approach Instead of a Byte at a Time is a Leading Cause of Project Failure

**Reasons**
- Reimplementation instead of minor changes
- Installing un-needed modules, localizations
- Implementing solutions across multiple instances
- Customizing to fit business practices instead of changing obsolete business practices
- Doing process reengineering without regard to standard functionality of EBS
- Generating reports or spreadsheets instead of fixing underlying problems

**Solutions**
- Remodel instead of reimplement
- Consolidate multiple instances vs. using third-party reporting and cumbersome customization
- Change processes in order to avoid customizations
- Adopt common business processes
- Break projects into smaller projects
<table>
<thead>
<tr>
<th>Criteria / Driver</th>
<th>Suggested Answer</th>
<th>Approach Direction</th>
<th>Updated Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower TCO (licensing, hardware, integration and maintenance costs):</td>
<td>High</td>
<td>Single Instance vs. Dual Instance</td>
<td></td>
</tr>
<tr>
<td>How important is a factor is lower TCO?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Reporting:</td>
<td>Medium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How important a factor is it to have all Global Reporting being driven out of one instance?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Source of Truth:</td>
<td>Medium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How important a factor is having one single source of truth?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Business Processes:</td>
<td>Dissimilar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How similar are current processes across geographies / business units?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Standardisation of Processes:</td>
<td>High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How important is it to try and standardise global processes further?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single View to and from Customers / Suppliers:</td>
<td>Medium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How important is it present a single face to and have a single view of Suppliers and Customers?</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
How can an ever-growing and changing company handle the challenges that come with ERP systems?

✓ del!
## You Don’t Have to Reimplement to Make your EBS Elephant More Agile

<table>
<thead>
<tr>
<th>Reasons That Customers Used To Think That Reimplementing Was The Only Option</th>
<th>Condition Removed by Remodeling Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correct or update prior 11i setups “that are not easily changed”</td>
<td>✔</td>
</tr>
<tr>
<td>Multiple instances</td>
<td>✔</td>
</tr>
<tr>
<td>Obsolete non-global COA</td>
<td>✔</td>
</tr>
<tr>
<td>Want global COA</td>
<td>✔</td>
</tr>
<tr>
<td>Multiple COAs and want a single one or fewer COAs</td>
<td>✔</td>
</tr>
<tr>
<td>Multiple different business processes. Want to realize benefits of standard global business processes</td>
<td>✔</td>
</tr>
<tr>
<td>Data is inconsistent or dirty</td>
<td>✔</td>
</tr>
<tr>
<td>Data administration standards have not been enforced</td>
<td>✔</td>
</tr>
<tr>
<td>Many customizations and enhancements</td>
<td>✔</td>
</tr>
</tbody>
</table>
New Implementation vs. Remodeling Risk Assessment

Starting from Scratch – A New Building

• Takes longer than remodeling
  • Project fatigue
  • Organization in constant state of change for extended period
  • Risk of loss of focus
• Costs more
  • More consulting required
• Competing projects
  • Regulatory compliance
  • Acquisitions
• Concentrated effort required for duration of the project
• New system replacing the old one
  • Running in parallel
  • Data consistency
• Complexity is greater, requiring more training

Remodeling One or Two New Rooms

• May require temporary interfaces
  • Temporary interfaces are costly to implement, have no long-term value
• Lots of quick wins that build a positive attitude
• Focus on results rather than the process of the project
• Discover problems early on
• Multiple go-lives
• “Time to Breathe”, master new features
• Need to keep the big picture in mind.
Manage Growth a Byte at a Time by Remodeling

- Remodeling is restructuring existing EBS data without reimplementing
- Reduces maintenance costs, frees up resources, adds business value and streamlines operations
- Add agility by remodeling the EBS environment with these initiatives:
  - Eliminate information silos
  - Change your accounting flexfield
  - Adopt a single, global chart of accounts
  - Consolidate multiple instances
  - Change your calendar
  - Merge organization structures (legal entities, ledgers, operating units, inventory organizations)
Eliminate Information Silos

Silos Impact Performance and Agility

• There is no *single source of truth* for enterprise information

• Leads to a lack of trust in the data, resulting in:

<table>
<thead>
<tr>
<th>Increases in:</th>
<th>Negative impact on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Resource, legal, and audit costs</td>
<td></td>
</tr>
<tr>
<td>• Risks associated with regulatory compliance</td>
<td></td>
</tr>
<tr>
<td>• Risk of potential failures in other initiatives</td>
<td></td>
</tr>
<tr>
<td>• Operations</td>
<td></td>
</tr>
<tr>
<td>• Financial performance</td>
<td></td>
</tr>
<tr>
<td>• Productivity</td>
<td></td>
</tr>
<tr>
<td>• Strategic planning ability</td>
<td></td>
</tr>
</tbody>
</table>
Example of Silos

<table>
<thead>
<tr>
<th>Instance</th>
<th>Sets of Books</th>
<th>Legal Entities, OUs, and Inventory Orgs</th>
<th>Distinct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release</td>
<td>Release</td>
<td>Release</td>
<td>Release</td>
</tr>
<tr>
<td>Size (GB)</td>
<td>Size (GB)</td>
<td>Size (GB)</td>
<td>Size (GB)</td>
</tr>
<tr>
<td>Languages</td>
<td>Languages</td>
<td>Languages</td>
<td>Languages</td>
</tr>
<tr>
<td>Sets of Books</td>
<td>104</td>
<td>48</td>
<td>1</td>
</tr>
<tr>
<td>Calendars</td>
<td>10</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Charts of Accounts</td>
<td>40</td>
<td>43</td>
<td>1</td>
</tr>
<tr>
<td>Legal Entities</td>
<td>120</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>Operating Units</td>
<td>121</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td>Inventory Orgs</td>
<td>137</td>
<td>50</td>
<td>1</td>
</tr>
</tbody>
</table>

Redundant Objects

- **Charts of Accounts** – Reports and data extracts must be done 40 times
- **Calendars** – With 10 calendars, the company is depreciating assets in 10 different ways and closing periods at different times
- **Sets of Books** – Difficult to comply with local and statutory regulatory requirements
- **Legal Entities** – Easy to over- or under-pay taxes and misstate financial information
- **Operating Units** – Difficult to leverage supplier relationships (terms, discounts, etc.)
- **Inventory Orgs** – Impossible to know if a product is actually in stock (or where it is on the shelf)
Benefits of Eliminating Silos

• Saves money
• Improves processes
• Adds value
• Simplifies reporting
• Streamlines operations
• Have a single source of truth
Change Your Accounting Flexfield

• Standardize your accounting structure in your COA
  • Reduces the need for general ledger (GL) consolidations among sets of books
  • Allows for more thorough analysis with standard reports
  • Minimizes maintenance of allocations, cross-validation rules (CVRs), security rules, financial statement generator (FSG) reports and summary accounts

• Put values in clean ranges in your chart of accounts
  • Simplifies FSG reports
  • Streamlines budgeting
  • Simplifies queries in BI applications
Adopt a Single, Global COA

- Restructures transactions to accurately reflect changes in the business
- Improves accuracy and speed of reporting
- Routine tasks that would have taken a month can be reduced to days
- Within a single instance, a single COA reduces the time spent compiling, reconciling and consolidating financial data from disparate systems and spreadsheets and reduces the close time between the different modules and GL
A Single COA Reduces Costs and Complexity
Consolidate Multiple Instances

- Maintaining multiple instances requires numerous patches and increases costs for maintenance, hardware and licensing.
- On the other hand, having a single instance:
  - Forces consistent configuration and master data
  - Decreases the pain of enabling future business changes
  - Enables changes to be completed only one time
  - Forces the adoption of common data structures, common business practices and centralized support
- The IT savings resulting from consolidating instances are substantial – as much as 40%
Reducing Costs: Multiple Instances into a Single Global Instance

- **Reduction in infrastructure costs** (hardware, maintenance, licenses)
- **Global Reporting/Analytics**
- **Consistent Business Processes**
- **Provision of better customer service and the ability to operate globally**
- **Create Centralized Shared Services** (maintenance, setup, centralized processing)
- **Eliminate duplicate integrations and interfaces**
- **Agility to grow and to embrace new initiatives**
- **Lower license and support fees**
- **Access real-time information at consolidated level**
- **Operation of a single business with consistent data, streamlined processing and the ability to leverage markets, suppliers of other parts of the business**
- **Reduction in personnel to support multiple systems**
- **Facilitate efficient and effective decision making with timely and reliable fact based information**

One World, One System, A Single Source of Truth -
Real Results from Consolidation

One company reported that after consolidation, the average time to register supplier invoices was reduced from seven days to three. The percentage of supplier invoices received and processed electronically has risen from 16% to more than 35%, and 99% of customer invoices were raised and auctioned within two days (a reduction from over 4 days). The consolidated instance led to better visibility and improved governance of finance and accounting processes, including better purchase order controls and reductions in both manual payments and accounts receivable reconciliation.
One Byte at a Time

• Break projects into modular sections (different remodeling projects)
• Identify the areas of stability and the areas of change. Design the changed items to be as autonomous, transparent, and safe as possible
• Incrementally add new features and additions, testing for stability at every turn
• Deliver small stuff fast and predictably to gain the trust of the organization
• Keep an existing instance running to help with decisions and validation
Conclusions

• Oracle E-Business Suite doesn’t have to be an elephant in your office
• Byte-sized projects allow you to focus on low-hanging, low-risk initiatives to make significant changes in EBS
• Remodeling EBS can reduce costs, streamline the business, and make your company more agile
• Taken a byte at a time, EBS changes extend the life of your systems and reduce the need for external systems to get the data you need across the organization
• Get real and measurable results by realigning your EBS with your constantly-changing business
Questions?
Comments?
THANK YOU

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If there is an elephant in your office, visit eprentise at booth 1323!