

The webinar will begin shortly.

Thank you for Joining!

Presented by:



CRYSTALLIZE
ANALYTICS®



10 Steps to Reduce
Complexity, Increase
Transparency, and Get Value
from your ERP System

In 2007 eprentise was founded on its original product, FlexField

- Enables customers to make unprecedented changes to their financial chart of accounts while maintaining transactional history and data integrity.



ORACLE | Partner

In 2009 we introduced our Consolidation, Divestiture, and Reorganization products

- Transformational software which can copy, change, filter, or merge all elements of Oracle EBS financial systems to address ever-changing business needs, such as regulatory compliance and growth opportunities.

Transformation to Optimization

One-time usage to subscription model

In 2020 we began expanding to new markets with our C Collection analytics suite, and our Audit Automation software

- C Collection analytics provides transparency and identifies potential problem areas with transactional data. This allows users to reduce costs, leverage opportunities across the enterprise, improve business processes, and increase the confidence level of the users in their data, processes, and operations.



CRYSTALLIZE
ANALYTICS

- Automated Audit provides internal auditors and the finance team with drill-down data from a balance sheet report into the transaction-level detail. The software covers hundreds of substantive procedures for the entire enterprise domain and builds in consistent audit processes and workflows across the organization.

Automated Audit

Upon completion of this webinar, you will be able to:

- ❑ **Objective 1:** Identify how organizations data becomes more complex as companies evolve.
- ❑ **Objective 2:** Explore how IT can add value to the business and reduce costs, even within an existing ERP system.
- ❑ **Objective 3:** Review 10 Steps that will help your organization get the most out of your data.

Information Systems in a Growing Company

- ❑ Information (data) follows the fundamental law of entropy
 - An organization's complex IT systems, like EBS, become more complex as a company grows through the years
- ❑ Companies evolve
 - The larger the organization, the more likely it is that operational or reporting errors will cause major problems or delays and impact the return on the enterprise's vision
 - This is often due to a lack of alignment between the ERP system and business process changes that have occurred through the company's development

Root Causes of Silos in EBS

❑ What are silos?

- Silos are information locked in disparate databases, separate ledgers, different operating units etc.
 - They are the barriers to doing business efficiently and effectively that must be overcome every day through complex workarounds, often resulting in forgone opportunities

❑ How do silos originate?

- Constraints of available technology at the time of implementation
 - Original configuration no longer support the current business – original setups (including history) are abandoned for new setups with no way to communicate between structures
- Mixing EBS configurations, hierarchies, ownership, and security as a means of quick integration of acquired systems during M&A activities
- Incongruent standardization across the enterprise:
 - *Process level*: corporate standards, governance, and controls
 - *Data level*: data formats, naming conventions

Examples of Silos by EBS Structure

Silo Impact	Statutory and Regulatory (SEC) Requirements	HR Management (i.e. Transferring Employees)	Tax Reporting Compliance	Customer Relations	Supply Chain Management (Vendor Relations)	Workflows
Separate Instances	✓	✓	✓	✓	✓	✓
Separate Business Groups		✓	✓			
Separate Ledgers	✓	✓		✓	✓	✓
Separate Operating Units				✓	✓	✓
Separate Inv. Orgs.					✓	✓
Multiple COAs and Calendars	✓		✓			✓

The Problem: Wasted Money

- ❑ IT has a significant impact on the bottom line
 - Operating, maintaining, and synchronizing an array of E-Business Suite configuration items is time-consuming, expensive, error-prone
- ❑ Business value falters with disparate data systems that lack transparency
 - **Costs overrun** (due to higher-than-expected IT service delivery requirements)
 - Valuations suffer, due-diligences become lengthy and sour negotiations, operational overhead increases exponentially due to manual efforts
 - **Customers are lost** (confidence in the business is lost due to consequences arising from working with poor quality data)
 - **Opportunities are missed** (falling behind competitors in the marketplace)

The Problem: Wasted Effort

- ❑ Configurations that support one part of the business may not support another part of the business
 - Misaligned interdepartmental communication and collaboration
 - Different departments problem-solving issues as individual entities rather than implementing a global solution leads to fragmented integration, interdepartmental complexity and further isolation
- ❑ **Business and IT must cooperate**
 - Without collaborative efforts to mitigate these challenges brought about by increasing complexity, the business runs the risk of furthering a negative cycle driving value downwards

❑ **Prioritize Data Transparency**

1. Implement a global chart of accounts
2. Get rid of obsolete data
3. Eliminate Redundant Processes
4. Evaluate customizations

❑ **Leverage Global Advantages**

5. Operate a shared services center model
6. Normalize supply chain management
7. Coordinate technology availability and access

❑ **Standardize Practices**

8. Set guidelines for data stewardship, governance, and control
9. Identify data anomalies and potentially fraudulent activity
10. Ensure that financial records are correct

1. A Global Chart of Accounts (COA)

- ❑ Accounting policies are standardized across the entire enterprise
 - Common account definitions
 - Fosters consistency while remaining flexible to different requirements
 - Improve enterprise governance with commonly defined metrics and reporting structures
- ❑ Reduce complexity of configurations and eliminate redundancies
 - Ranging your values logically promotes streamlined reporting, security, and maintenance
 - One type of information in each segment facilitates:
 - Cross validation rules
 - Security Rules
 - Eliminations of overlapping information
- ❑ Data has full drill-down and roll-up capability, auditability, and visibility into all activity for the entire ledger set
 - Maintain compliance with statutory and regulatory requirements in performing financial reporting consolidation
 - No conversions necessary for third-party systems, data warehouse queries, ad-hoc reporting

1. Global COA Design Recommendations

- ❑ Add an intercompany segment – take advantage of AGIS
- ❑ Add a segment to accommodate local requirements
 - Ranges, rollups defined for each country to use
 - Local bank accounts
 - Statutory reporting
 - Location segment (optional) but helps with security, cross validation
- ❑ Implement other modules for detailed tracking at a local level (through an OU)
 - Project Accounting
 - Collections
- ❑ Implement Multiple Reporting Currencies, secondary ledgers to report in different currencies
- ❑ Don't rely on spreadsheets

2. Get Rid of Obsolete Data

- ❑ Over time, as companies grow by acquisition and sell parts of their business, EBS accumulates data that the current business does not need
 - Historical data from an acquired system that does not belong to the current company
 - Data from divisions that have been divested
 - Modules that are no-longer in use or have been replaced by another system
 - Localizations that are not needed for the new company
- ❑ Ledgers, operating units, inventory orgs are redundant and make EBS more complex
 - Data that exists after a “start-over” when a new ledger or legal entity or operating unit was created and the old, historical data is beyond the required retention period
 - Migration is more complex when there are duplicate business processes
 - The “garbage-in”, “garbage-out” means that reporting and operations in the new system will inherit the same issues that you had within your EBS environment that made your close cycle longer, reconciliation more complex, and required extensive use of spreadsheets and third-party systems
 - Data in the new system will not be complete, consistent, and correct

3. Eliminate Redundant Processes

- ❑ Standardizing processes enable a global team to:
 - Reduce duplication of administrative efforts
 - Simplify reporting processes
 - Consistent financial reporting
 - Faster close
 - Increased regulatory compliance
 - Streamline supply chain
 - Leverage supplier relationships
 - Identify inventory valuation problems
 - Focus R&D efforts
 - Respond quickly to business changes such as acquisitions or divestitures

4. Evaluate Customizations

- ❑ Customizations are often the result of a need to quickly adapt the data to a specific business need
- ❑ They can be problematic for the following reasons:
 - Transparency is limited, thus workarounds must be put in place to manage reporting
 - They were implemented to solve a current business problem, but often hinder long term data agility
- ❑ Identifying and eliminating customizations that the business has outgrown is an excellent way to:
 - Standardize processes
 - Generate savings
 - Position the business for future growth
- ❑ Evaluate the customizations to determine whether the customizations can be replaced by out-of-the-box functionality of the application

5. Shared Service Centers (SSC) as a Solution

□ Reduce costs and improve efficiency

- 20% to 40% annualized cost reductions with a payback generally in >2 years
- Use low-cost locations, consolidate repetitive data-centric processes, leverage economies of scale, and reduce headcount
- Eliminate redundant efforts that were common when many corporate procedures, such as month-end close and expense reimbursement, were regionalized
- Reduce operating/maintenance costs to improve bottom line
- Enable revenue optimization when/wherever possible to improve top line
- Simplify audit requirements, align finance operations with corporate strategy and create a single source of truth to improve business processes and intelligence

□ Create additional capacity for growth

- Reduce operational complexity and implement processes from a centralized authority
- Improve cash flow with better visibility and cross-selling opportunities
- Generate financial reports directly from the system of record
- Capitalize on enterprise-wide synergies to leverage purchasing and better understand customer demand
- Obtain access to new markets and scale opportunities

5. Getting Started with a Shared Services Center

- ❑ Identify the information that exists.
- ❑ Determine what information needs to be shared.
- ❑ Determine what information needs to be maintained separately.
- ❑ Identify common business processes.
- ❑ Must be championed from the top.

All of the data must be consolidated into a single instance.

There must be a single Chart of Accounts that meets all of the legal and reporting requirements of the business.

All of the data and business processes must be complete, consistent, correct, and accessible to those who need it.

5. Critical Success Factors of a SSC

- ❑ Data and Process Standardization
 - Calendars, Charts of Accounts
 - Standardize key flexfields
 - Similar processes (matching, cutting checks, payroll processing, closing process, depreciation, costing, etc.)
 - Single instance
 - Automated end-to-end processes
- ❑ Governance
 - Different parts of the organization may not be accustomed to sharing their data
 - Data accessibility
- ❑ Understanding local and statutory requirements of each location
- ❑ Supporting infrastructure
 - Volumes
 - Time zones
 - Maintenance windows
 - Escalation management
- ❑ Training
- ❑ Communication
- ❑ Setting up organization structures for visibility and transparency (ledgers, legal entities, operating units, business groups, inventories)

6. Normalize Supply Chain Management

- ❑ Minimize number of suppliers
- ❑ Maintain a single item master
 - Periodically review the item master to be sure it is updated and correct
 - Use the same items in and among various operating units, as appropriate
- ❑ Periodically perform analysis of purchases specific to identify unintended purchase price variances
- ❑ Leverage discounts and purchasing power across the organization
- ❑ Reassessing pricing and costing models should be done regularly, and globally
- ❑ Have a single inventory organization configured as the item master

6. Purchase Price Variances

- ❑ Types of unintentional purchase price variances
 - Same item, same supplier, different price(s)
 - Same item, different suppliers, different price(s)
 - Same item, same supplier, same price(s)
- ❑ Analyze vendor pricing by item
- ❑ Analyze pricing by item for the same item, different suppliers
- ❑ Uncover cost-savings or recovery opportunities with periodic analysis of price fluctuations among suppliers

7. Coordinate Technology Availability and Access

□ Availability

- Prearranged level of operational performance during a period of time
- To a user, it means the ability of the user community to access the system
- Scheduled vs. Unscheduled downtime

□ Access/security

- Governance and processes
- What is an "allowable" system change, and who can implement

Types of Availability

Support

Change Request

Release Management

Types of Security

Governance

Controls

8. Data Stewardship, Governance, and Control

- ❑ Data Stewardship is akin to accountability
 - Maintain accuracy of data
 - Validates that data in a source is consistent with a target
 - Responsible for the creation, updates, deletion, and reconciliation of data
- ❑ Three steps to formalize data stewardship roles
 - Create a system of record of the names of the people and the data that they steward
 - Write the steward responsibilities into their job descriptions
 - Evaluate the people on their executed ability to be responsible for the data
- ❑ Data is what makes your company unique and gives it its competitive advantage
 - Data is the new currency in valuation of the company
 - Common definitions, standards, formats, and domains

8. Data Stewardship, Governance, and Control

□ Governance

- Effective management of shared enterprise assets is necessary for an effective global strategy
- Collaboration
- Implementation of effective controls

□ Idea of the “benevolent dictatorship”

- There can be no wavering about where the finish line is placed (a single global instance)
- Anything less than success or short of completion is not acceptable (no special exceptions)
- Obstructionism is not tolerated

9. Data Anomalies and Potentially Fraudulent Activity

□ Internal control approaches

➤ Prevent

- Access control
 - Vendor master file
 - Invoice and payment processing
- Three-way matching
- Multiple approvals required based on thresholds
- Duplicate payment controls
- Segregation of duties

➤ Detect

- Reconciliation with third party documentation (bank statements)
- Analytics
 - Duplicate payments
 - Unauthorized changes (vendor, customer, and other master data)
 - Ghost vendors/employees
 - Other analytics

10. Ensure That Financial Records are Correct

- ❑ Make sure that the financial records are a fair and accurate representation of the transactions they claim to represent
 - Produce assurance around the numbers to support the assertion that there are no material misstatements in regard to completeness, correctness, and consistency
- ❑ By utilizing standard procedures with a controlled review and approvals workflow companies can get a complete and accurate view of their financial data
- ❑ Automate the substantive procedures to assert existence, validity, completeness, occurrence, accuracy, etc.
 - Reconciling subledger to general ledger
 - Reconciling and verifying physical inventory count
 - Searching for unrecorded liabilities
 - Confirming calculations on inventory valuation reports
 - Matching customer orders to invoices billed

- ❑ As companies grow and evolve, their data and ERP practices must too
- ❑ Business value and cost reductions can be obtained by implementing IT solutions within their ERP

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Thank You!

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- One World, One System, A Single Source of Truth -

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