

e^{prentise}[®]

CASE STUDY

Automotive Parts Company
Consolidates Regional
Production Instances of
Oracle[®] E-Business Suite to
Achieve Consistent Business
Processes and Reduce
Maintenance and License Fees

EXECUTIVE SUMMARY

Client Major automotive parts supplier

Profile 40 distribution centers serving more than 3,400 distributor-owned and independent jobbers in the US, Canada, and Mexico

Challenges Multiple instances, each of which resided on separate servers, had created an over allocation of hardware and IT resources, creating operational issues, obstacles to growth, and barriers to improve company-wide efficiencies

Solution eprentise Consolidation software for Oracle E-Business Suite to consolidate U.S. and Canadian instances into a single global instance

- Minimal staff involvement: just 5 FTEs
- Zero errors
- Brought over all history
- No configuration required
- Completed in 7 months
- Fraction of the cost of reimplementation
- No coding required

Results

- Reduction in infrastructure costs
- Reduction in IT personnel support costs
- Streamlined business processes
- Ability to leverage suppliers
- Strengthened agility to respond to market demands
- Ability to implement new initiatives more rapidly

Consolidation software from eprentise enabled this auto parts distributor to consolidate two regional production instances into a single, global instance, saving millions of dollars and months of project time. By comparison, a manual migration project for a company with the same challenges caused by multiple instances cost that business between \$12 and \$15 million dollars, took them approximately 18 months and 250 consultants to complete it, and brought over only limited history and balances. Delivering a true consolidation solution for a fraction of the cost and time, eprentise has enabled this organization to fully leverage opportunities in the global automotive industry aftermarket.

The automotive industry aftermarket is worth more than \$250 billion and growing annually. With a booming market such as this, it is no surprise that many distributors of aftermarket automotive products have expanded their operations in order to reach additional markets and become a truly global operation. Global expansion generally requires additional investments in IT to support the add-on operations. As experienced by one aftermarket auto parts company, multiple enterprise resource planning (ERP) environments can be difficult to manage due to the shared aspects of the different systems as well as the disparate aspects between them.

Problems

The company is headquartered in the US but has extended its network to Canada, an initiative that required additional IT support in the form of an additional instance of its Oracle E-Business Suite (EBS) ERP system as that provided the shortest time to a go-live. Both the US and Canadian enterprise-class data centers operated a production instance, a test instance, a development instance, and a project instance in addition to the backup and DR instances. The deliberate over-allocation of hardware resources to accommodate the sporadic peaks in CPU and RAM usage, coupled with the fact that each EBS instance resided on a separate server, exacerbated the cost of maintaining multiple instances.

Concerns

After years of operating with two disparate instances, the company decided to find a solution to the problems of multiple systems maintenance, high infrastructure costs, tedious consolidated financial reporting, and inconsistent business processes that were hindering the company from operating as a truly global business with consistent data and a single source of truth. Using eprentise Consolidation software for E-Business Suite, the company consolidated its US and Canadian instances into a single, global instance that is enabling them to reduce infrastructure costs, to reduce IT personnel previously required to support multiple systems, to streamline business processes and leverage suppliers, as well as to grow with agility and embrace new initiatives.

The two main areas of the business involved with the planning and decision making for the consolidation project simultaneously developed their own business cases for going forward:

Finance / HR:

- » Facilitate efficient and effective decision making with timely and reliable fact based information
- » Obtain a single version of the truth/single system of record
- » Access real-time information at a consolidated level
- » Create Centralized Shared Services (maintenance, setup, centralized processing)

IT:

- » Reduce expenditure on hardware and IT personnel (fewer servers, fewer databases, less storage)
- » Maintain consistent support by eliminating multiple instances
- » Eliminate duplicate integrations and interfaces
- » Reduce testing during patches and upgrade

Clearly both Finance and IT saw reasons that consolidating instances would be beneficial to the business. Regional production instances were simply an obstacle to business improvements and the ability to grow. Additionally, the sales from Canadian operations accounted for a fraction of the company's total revenue, but the level of IT support required to maintain the Canadian instance was virtually equivalent to that required to maintain the US instance. It made very little sense from a financial perspective for a business unit accounting for a minority share of the revenue to be burdened by the equivalent cost structure of the business unit accounting for a much greater share of the revenue because it had its own EBS instance. While the case for consolidation had been laid out, it was clear that a consolidation project of such scope required strong executive sponsorship to become a reality, and seeking sponsorship involved presenting the stakeholders with each of the alternatives.

Evaluating the Alternatives

The auto parts company considered three options for performing the instance consolidation, including keeping separate instances, before deciding to move forward with eprentise Consolidation software. The table on the following page indicates the pros, cons, and benefits of each.

	Use eprentise Software to Consolidate	Reimplement	Keep Separate Instances
Pros	<ul style="list-style-type: none"> » Software » Reusable » A fraction of the cost of reimplementing » Staged rollout » Shorter duration » Industry expert » Reduces risk » Brings over all history » Accurate, consistent results (no need to worry about different coding styles, standards, skill levels, corrupting database, differences in different versions) » Generates code automatically without technical knowledge 	<ul style="list-style-type: none"> » Industry standard procedure » Recommended by Oracle 	<ul style="list-style-type: none"> » No initial investment required
Cons	<ul style="list-style-type: none"> » Early Adopter Stage 	<ul style="list-style-type: none"> » Expensive » Complex, multi-year effort » Limited carry-over of historical data » Standards, data quality, consistency not enforced » Requires data conversion » Human capital requirements are large » Extensive setup time 	<ul style="list-style-type: none"> » Multiple interfaces to third-party systems » No single source of truth » High cost of ongoing maintenance » Maintain multiple environments for development, testing, DR, and others
Benefits	<ul style="list-style-type: none"> » Results in a single, consolidated instance » Benefits IT organization as well as operational and business side of business » Minimizes maintenance and increases data quality – establishes a single source of truth » Enables the company to rationalize suppliers » Resolves inconsistencies (different HR configurations, duplicate suppliers, sequences, organization units) » Opportunity to reconfigure and streamline existing processes » Opportunity to streamline existing data 	<ul style="list-style-type: none"> » Results in a single, consolidated instance » Benefits IT organization as well as operational and business side of business » Minimizes maintenance and increases data quality – establishes a single source of truth » Enables the company to rationalize suppliers » Resolves inconsistencies (different HR configurations, duplicate suppliers, sequences, organization units) » Opportunity to reconfigure and streamline existing processes » Opportunity to streamline existing data 	<ul style="list-style-type: none"> » Users are familiar with the current state of IT

Solution and Project Planning

After the decision was made to use eprentise Consolidation software to get to a single, global instance, the planning for the project began with the following considerations:

- » RICE Activities
 - Data warehouse integration
 - Reporting requirements
 - OFA – Oracle Financial Analyzer impact
 - Interfaces/Integration to and from third party systems
 - Tax requirements
- » New functionality in R12
- » Upgrade to R12

Because the company decided on a software solution, the personnel resources required were minimal and limited to the following:

- Project sponsor
- Project management
- DBA
- Testing team
- Technical resources for interfaces, customizations, reports, integration of non E-Business Suite modules
- Standard EBS support and maintenance (clones, backups, access, security)

Project Roadmap

The consolidation project was done in three stages. The first stage involved running eprentise Metadata Analysis to discover the scope of the project and identify the rules that needed to be created by eprentise Consolidation software. The second stage of the project moved all of the data, including history, from the Canadian instance into the US instance. The third phase of the project focused on standardizing all configurations, resolving duplicates, and restructuring operating units and inventory orgs to allow the business to leverage suppliers, execute common business processes, and do business as a truly global enterprise. Figure 1 represents the project roadmap and timeline, including an upgrade to R12 at a future time.

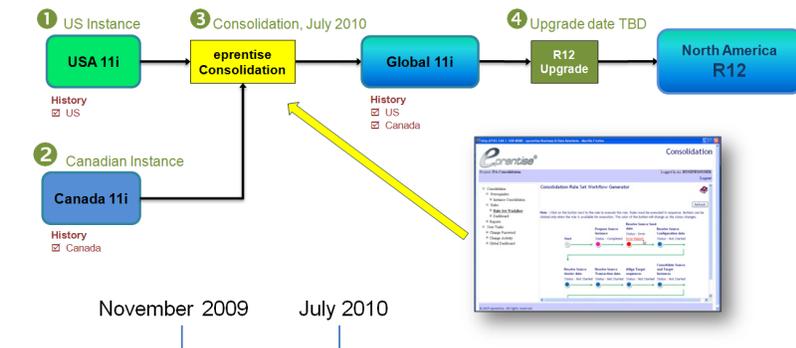
Results

By using eprentise software to consolidate two regional instances to a single, global instance, the company saved millions of dollars and months of project time compared to a similar company's alternative approach of hiring consultants to do a manual data migration. Without using eprentise software, the other company manually migrating their instances into a single instance used approximately 250 consultants, spent approximately \$12 - \$15 million, and took 18 months just to migrate the data, only bringing over balances and limited history.

During the process, eprentise software enabled the auto parts company to standardize on currencies, abbreviations, and business processes, among others, in order to obtain a single source of truth and easier consolidated financial reporting, as well as to eliminate duplicate data that may not have otherwise been discovered as duplicates. Other benefits included:

- » Reduction in IT costs from decreased IT footprint
 - Elimination of duplicate efforts across various teams (SA, DBA, QA, Chg Mgmt, Apps)
 - Single project for fixes, enhancements, patches, project work, and upgrades
 - Consistent support for development, test, project, and production instances
 - Elimination of duplicate integrations and interfaces
 - Reduced testing during patches and upgrades
 - Elimination of duplicate disaster recovery environment
 - Optimal use of hardware resources and costs (CPU, storage)
- » Operation of Shared Services for financial processing
- » Expanded functionality without increasing headcount
 - New modules, new third-party applications expanded to cover all operations without additional license fees
- » Efficient and effective decision making with timely and reliable fact-based information for both the US and Canada

Figure 1: Consolidation Roadmap



- Access to a single version of the truth from a single system of record
- A central repository for all customer and supplier information
- Consolidated financial, HR, and supply chain data
- Forced data standardization simplified the period-close and reporting process
- Improved consolidated reporting
- Enhanced global operations
- » Agility to adopt new technologies and undertake new business initiatives
- » Significant time and cost savings over reimplementation alternative
- » Retention of all history

Conclusion

Using eprentise Consolidation software to consolidate instances was both time and cost effective. The resulting environment has positioned the company to choose the best future directions without being constrained by their former rigid environment. Without eprentise software, the project would most likely still be in process consuming valuable capital resources and severely limiting the company's ability to implement key business strategies.

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