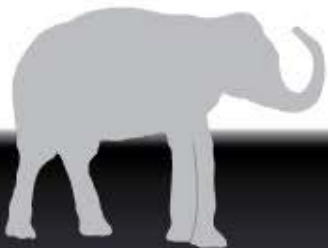# Avoid the Tower of Babel by Structuring Oracle E-Business Suite to Remove Silos

Helene Abrams
eprentise
habrams@eprentise.com
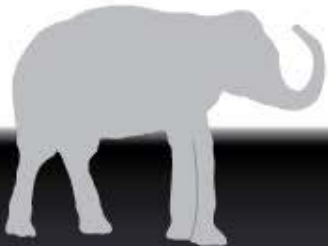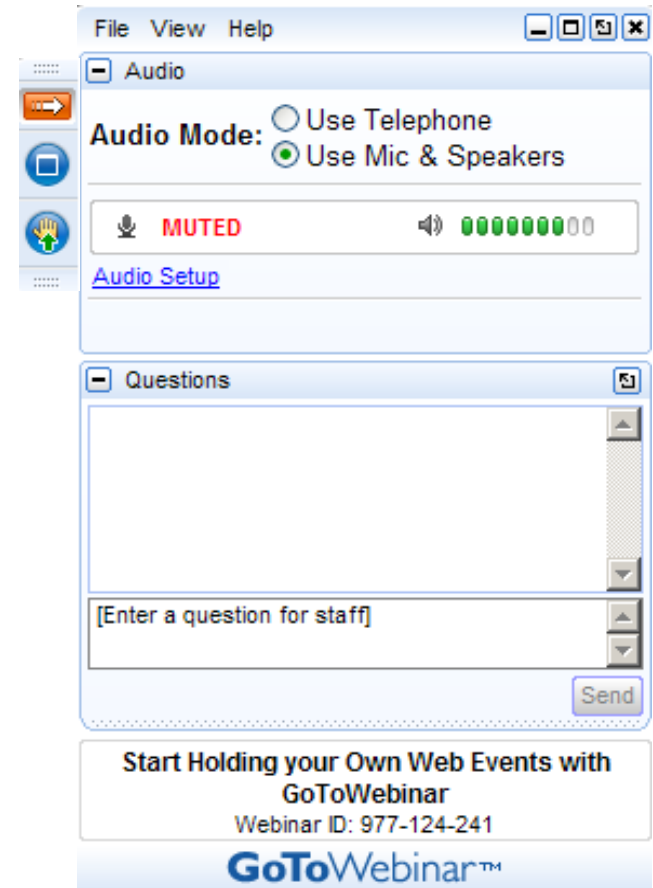
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- Open and close your panel.

- View, select, and test your audio.

- Submit text questions.

- Raise your hand.

- Q&A addressed at the end of the session. Answers will be posted within two weeks on our new LinkedIn Group, EBS Answers: http://www.linkedin.com/groups/EBS-Answers-4683349/about

- Everyone will receive an email within 24 hours with a link to view a recorded version of today's session.

- Polling questions will be presented during the session. If you want CPE credit for this webinar, you must answer all of the polling questions.

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# Learning Objectives

**Objective 1:** Learn the root causes of silos in Oracle E-Business Suite (EBS) implementations.

**Objective 2:** Understand how silos impair financial operations and create barriers to growth and innovation.

**Objective 3:** Explore how a convoluted EBS structure results in silos of data that constrict performance and limit agility.

**Objective 4:** Learn techniques to enable different areas of the organization to work together and eliminate silos of data.

**Objective 5:** See how an enterprise data quality initiative will facilitate breaking down silos.
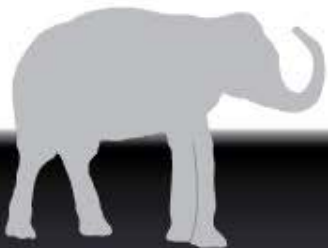
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# Agenda

🐘 Introduction

🐘 The Tower of Babel in Oracle₍®₎ E-Business Suite: Silos

🐘 Root Causes of Silos

🐘 Challenges and Impact of Silos

🐘 Roadmap to Eliminating Silos

🐘 Benefits of Eliminating Silos

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# Introduction:  Finished but not Done

**e*prentise*®** : Transformation Software for E-Business Suite

*Company Overview: Established 2006  ●  Helene Abrams, CEO*

## *eprentise 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
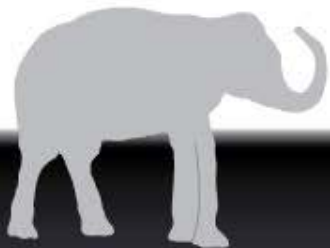
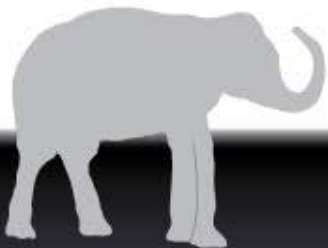*Accelerating the time for change in Oracle E-Business Suite*

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# The Tower of Babel

In the story of the Tower of Babel, people's inability to communicate – they were all speaking different languages - resulted in them being unable to finish constructing the tower.
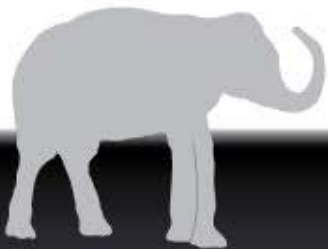


The result: Project failure... all because of **silos**.

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**Objective 1:** Learn the root causes of silos in Oracle E-Business Suite (EBS) implementations.

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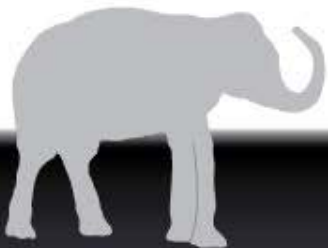
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# What are Silos?

Silo's are information locked in disparate databases, separate ledgers (SOBs), different operating units etc.

They are the barriers to doing business efficiently and effectively that are overcome everyday through workarounds or forgone opportunities.

Daniel Vasconcellos

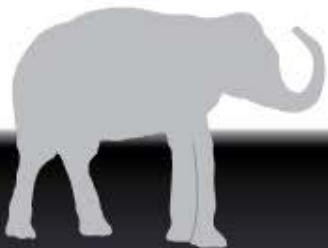Accelerating the time for change in Oracle E-Business Suite

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# Root Causes of Silos in EBS

Existing silos in EBS originated in several ways.

*Most of these were due to a lack of:*

- Available technology at the time of implementation.
- An understanding of how a global business should operate,
- Knowledge of EBS configurations, hierarchies, ownership, and security.
- A solution for quick integration of acquired systems (M&A activity).
- Interdepartmental communication and collaboration.
- Standardization:
  - *Process level*: corporate standards, governance, and controls
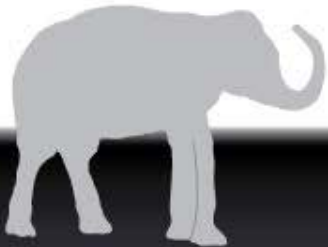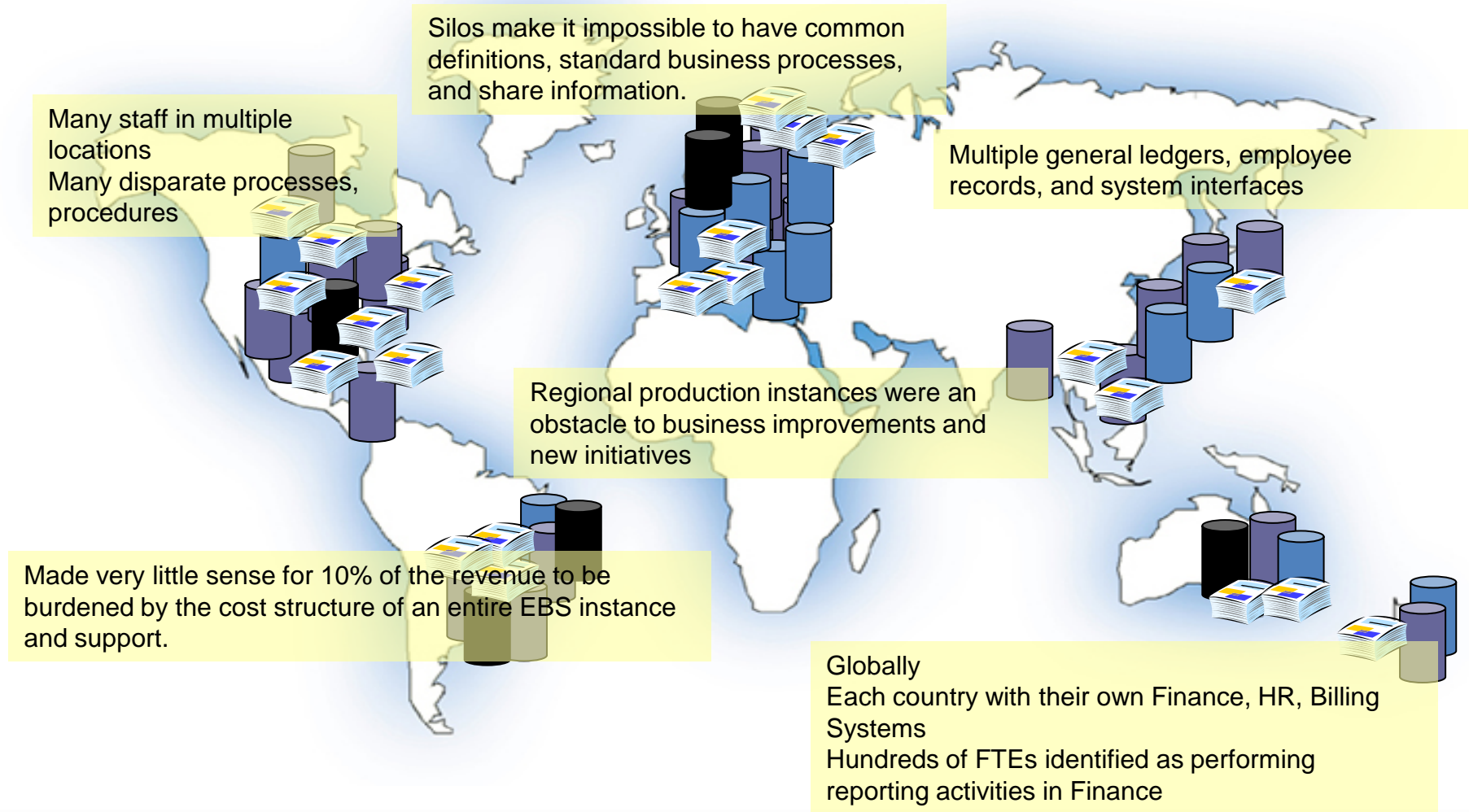  - *Data level*: data formats, naming conventions

# Root Causes of Silos in EBS

- Different divisions within a company were allowed to setup their own operating units to meet their requirements eventually leading to fragmented integration, more complexity and isolation.

- Company grew by acquisition adding new EBS instances with each acquired company.

- Original configuration didn't support the current business – original setup including history abandoned for a new setup with no way to communicate between structures.

- Different departments tackled requirements or problems on their own rather than working together to find a solution that fits everyone.

- Corporate standards, governance, and controls were not in place – changes done "on-the-fly".

# Challenges for Global Businesses

Silos make it impossible to have common definitions, standard business processes, and share information.

Many staff in multiple locations
Many disparate processes, procedures

Multiple general ledgers, employee records, and system interfaces

Regional production instances were an obstacle to business improvements and new initiatives

Made very little sense for 10% of the revenue to be burdened by the cost structure of an entire EBS instance and support.

Globally
Each country with their own Finance, HR, Billing Systems
Hundreds of FTEs identified as performing reporting activities in Finance

# Silos in Your Business

- Many organizations face significant challenges in communication between disparate parts of the business.

- Multiple instances, different charts of accounts, and a lack of governance and control result in silos of information and multiple sources of "truth."

- Eliminate the silos to share data effectively, reduce costs and risks and communicate across the organization.

**Objective 2:** Understand how silos impair financial operations and create barriers to growth and innovation.
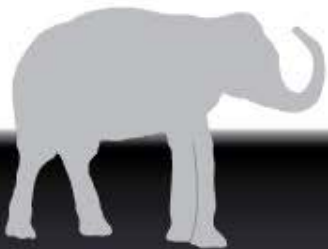
# Examples of Silos By EBS Structure

| 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 Sets of Books | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Separate Operating Units | | | | ✓ | ✓ | ✓ |
| Separate Inv. Orgs. | | | | | ✓ | ✓ |
| Multiple COAs and Calendars | ✓ | | ✓ | | | ✓ |

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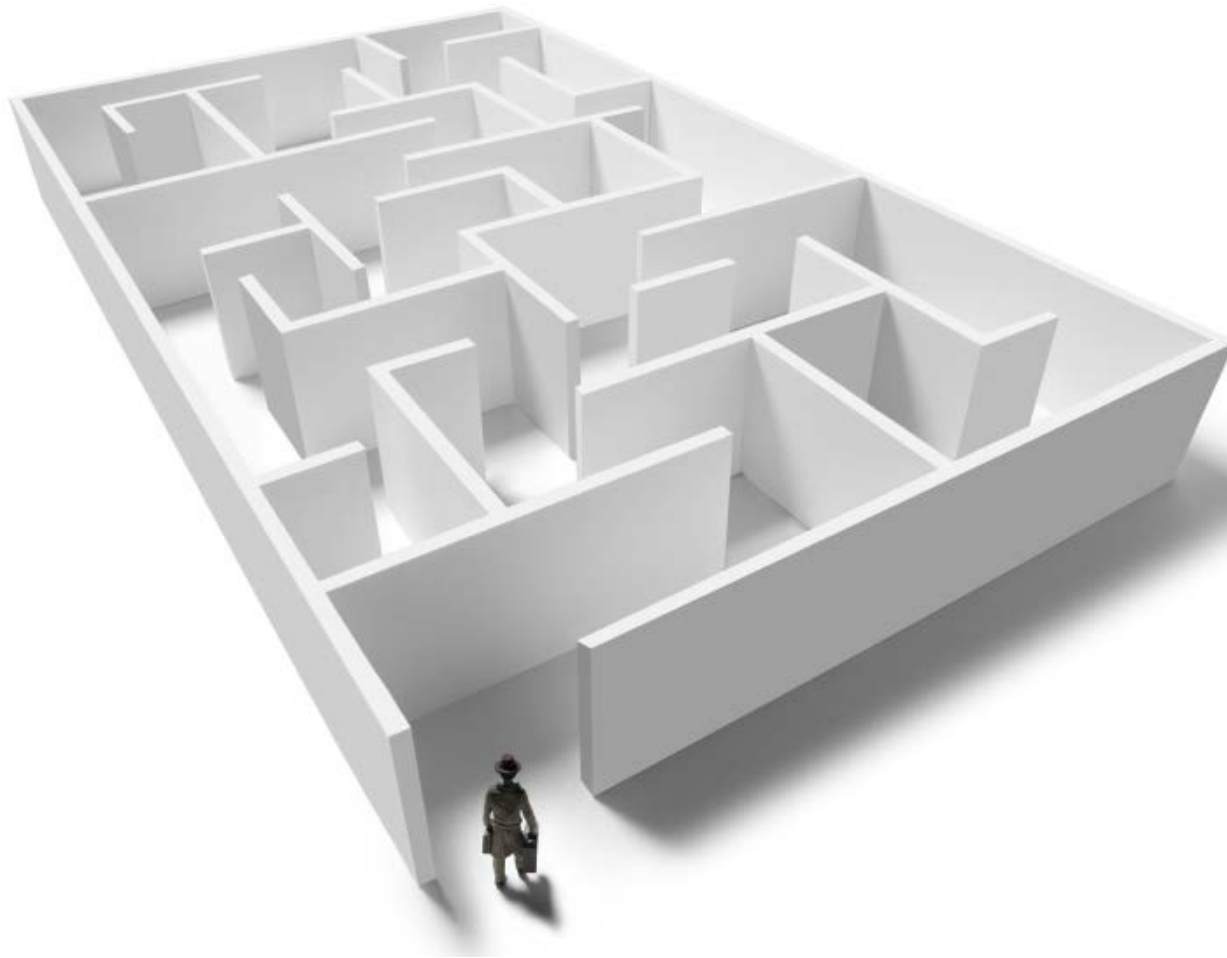
When EBS Silos are Present, Costly Workarounds Must be Developed
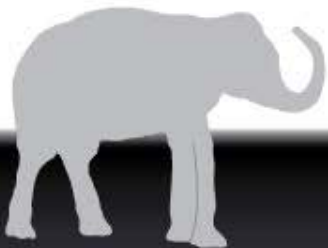
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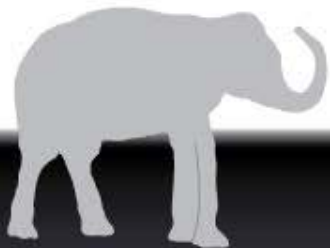
# Silos Impact Timely & Accurate Business Decisions

🐘 Trusted, uniform, and timely information is inaccessible to business users.

🐘 Inaccurate forecasts, contradictory information, and the inability to address compliance requirements result in increased costs and unnecessary risks.

🐘 "Very few organizations have a real handle on the relationship between a business process…and the underlying I.T. system that powers [it]…And worse yet, if they did…they would probably discover that they have four sets of different systems handling overlapping business processes." - Michael Vizard says in Solving I.T.'s Biggest Challenge.
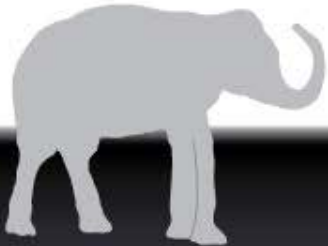
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**Objective 3:** Explore how a convoluted EBS structure results in silos of data that constrict performance and limit agility.

# Example of Silos

| Instance | | | | | Distinct |
|---|---|---|---|---|---|
| Release | | | | | - |
| Size (GB) | | 48 | 51 | 55 | - |
| Languages | | 2 | 1 | 1 | 4 |
| Sets of Books | 104 | 48 | 1 | 30 | **183** |
| Calendars | 10 | 7 | 1 | 1 | **19** |
| Charts of Accounts | 40 | 43 | 1 | 18 | **102** |
| Legal Entities | 120 | 48 | 0 | 47 | **215** |
| Operating Units | 121 | 48 | 0 | 47 | **217** |

**Sets of Books, Legal Entities, OUs, and Inventory Orgs**
**Redundant and configured differently**

Charts of Accounts and Calendars
**Disparate and misaligned**

**Redundant Objects**

**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

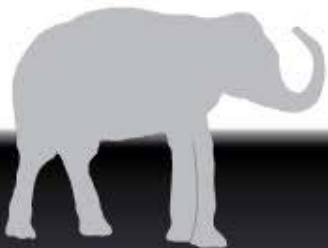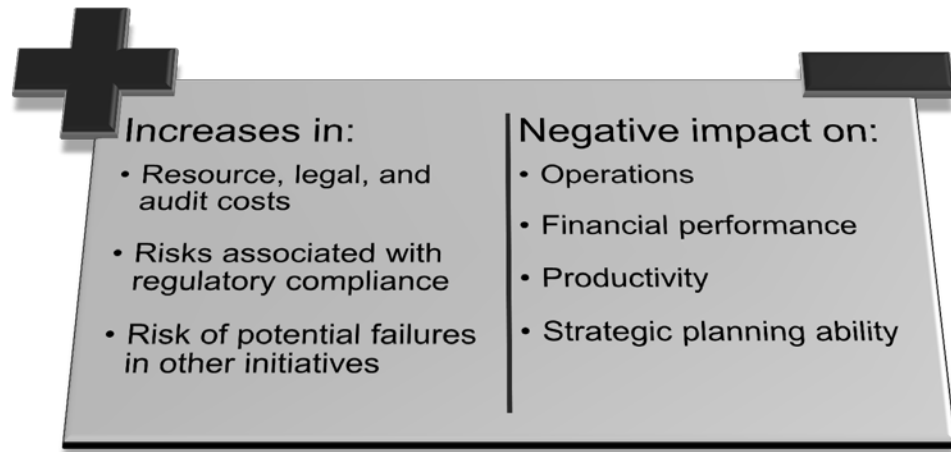**Legal Entities –** Easy to over- or under-pay taxes and misstate financial information

**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)

# Silos Constrict Performance and Agility

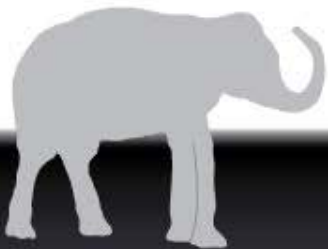- There is no *single source of truth* for enterprise information.

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

**Increases in:**
- Resource, legal, and audit costs
- Risks associated with regulatory compliance
- Risk of potential failures in other initiatives

**Negative impact on:**
- Operations
- Financial performance
- Productivity
- Strategic planning ability

**Objective 4:** Learn techniques to enable different areas of the organization to work together and eliminate silos of data.
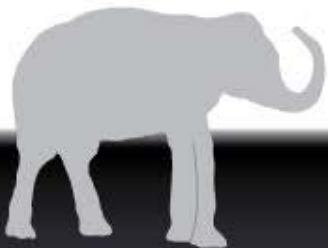
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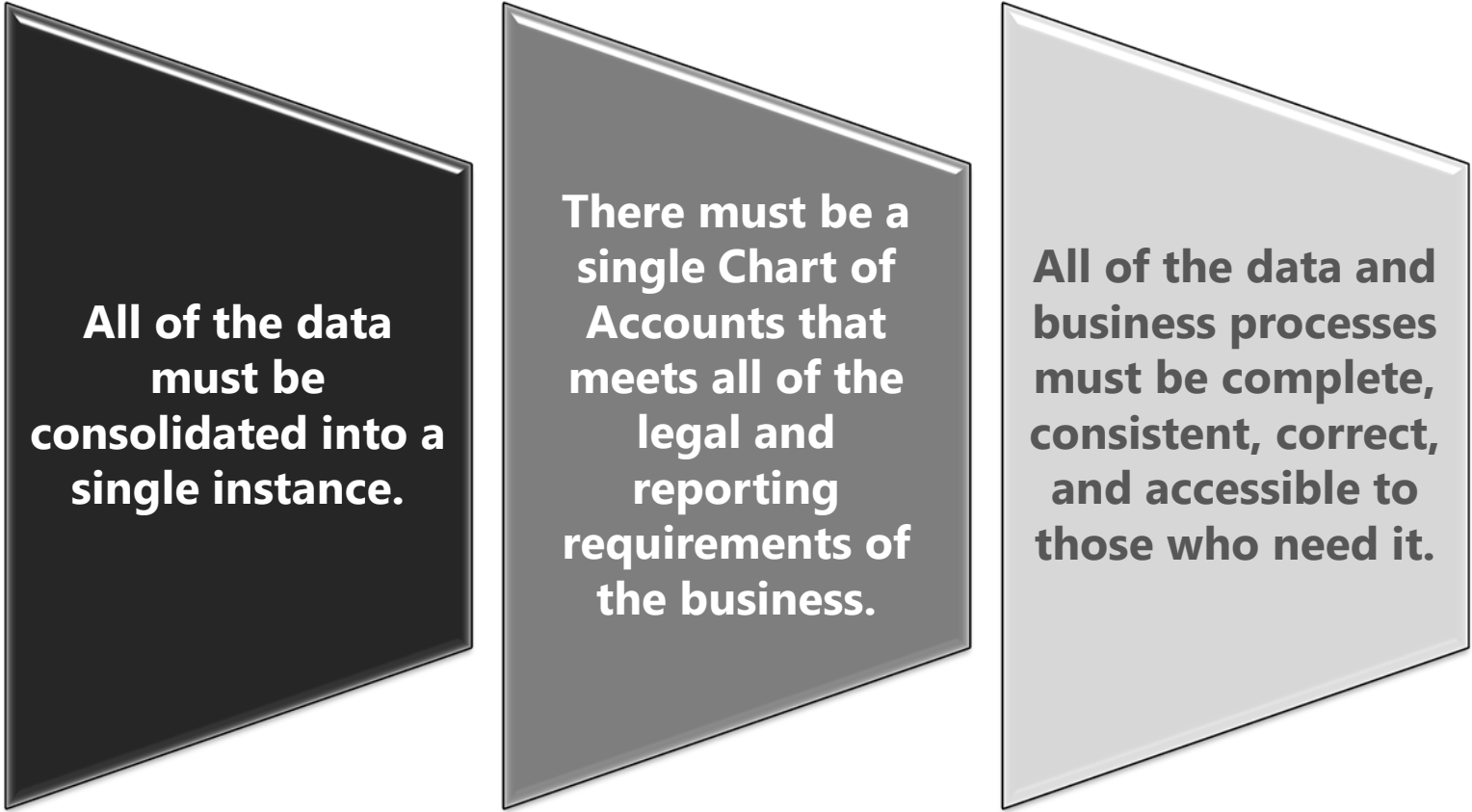eprentise

# Steps for Eliminating Silos

1. Identify the information that exists.

2. Determine what information needs to be shared.

3. Determine what information needs to be maintained separately.

4. Identify common business processes.

5. Must be championed from the top.

# Roadmap to a Global Business – 3 Imperatives to Remove Silos

**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.**

# 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

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

Reduce testing during patches and upgrades

Lower license and support fees

Reduction in personnel to support multiple systems

Access real-time information at consolidated level

Facilitate efficient and effective decision making with timely and reliable fact based information

Operation of a single business with consistent data, streamlined processing and the ability to leverage markets, suppliers of other parts of the business
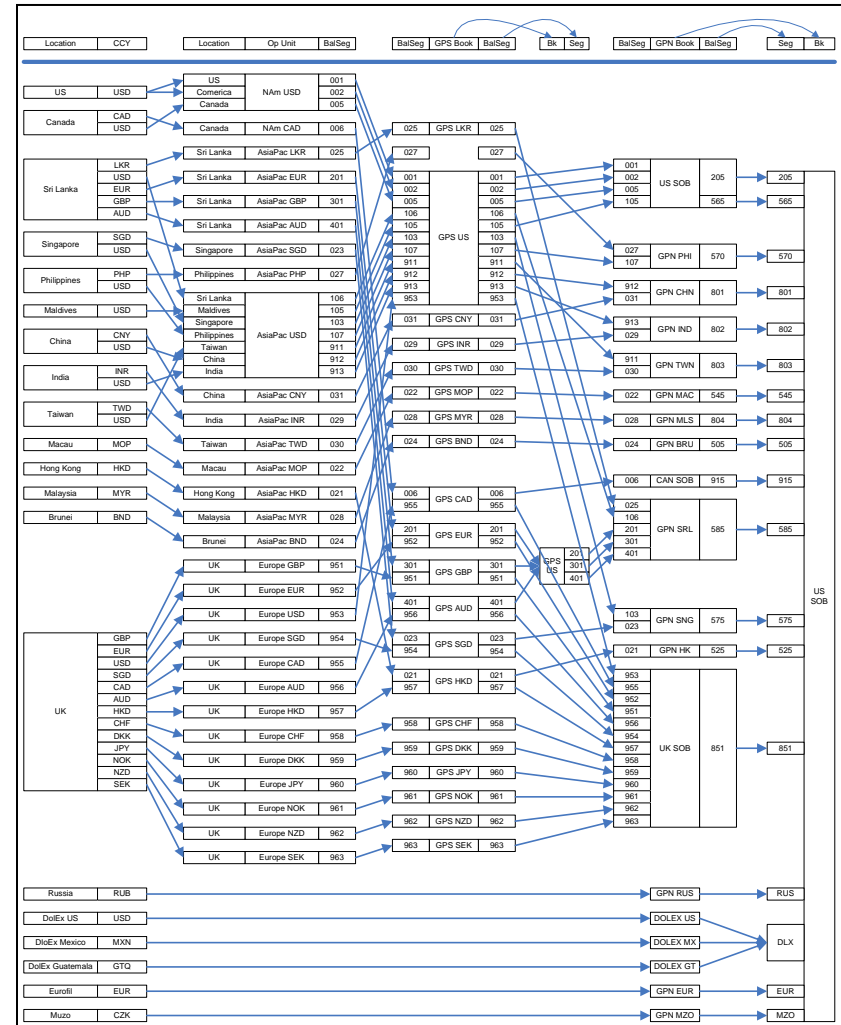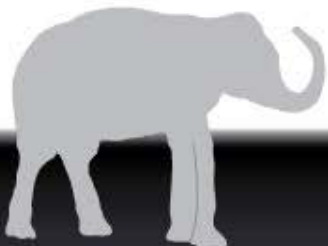
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# A Single COA Reduces Complexity

- Streamline the month- and year-end closing processes.

- No more messy financial consolidations using spreadsheets.

- R12 eliminates the need for using and maintaining multiple charts of accounts.
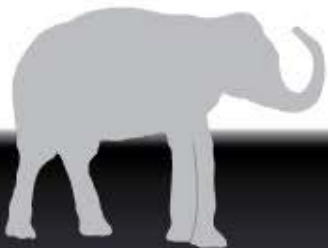
# Benefits of Adopting a Single, Global COA

- Restructures transactions to accurately reflect changes in the business.
- Improves accuracy and speed of reporting.
- Numerous routine tasks that would have taken up to a month can be reduced to days and in many cases be automated.
- Within a single instance, a global 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.
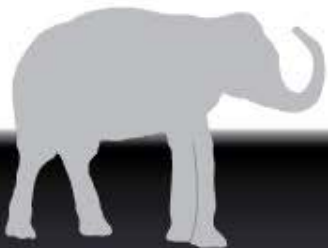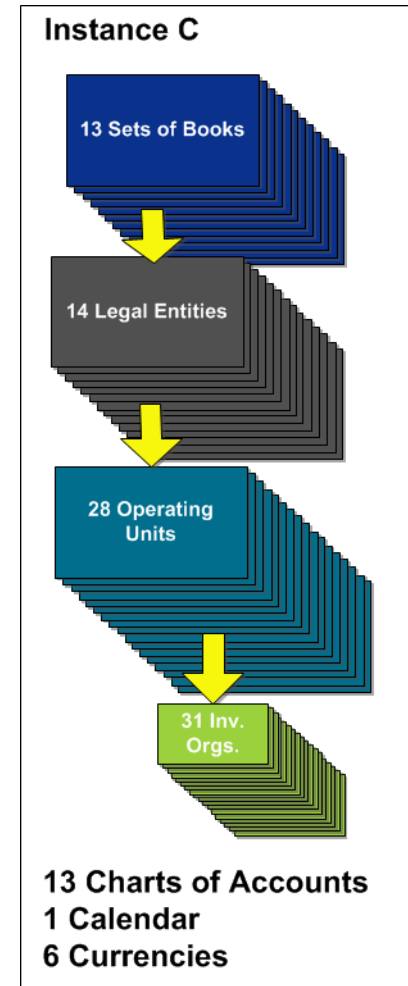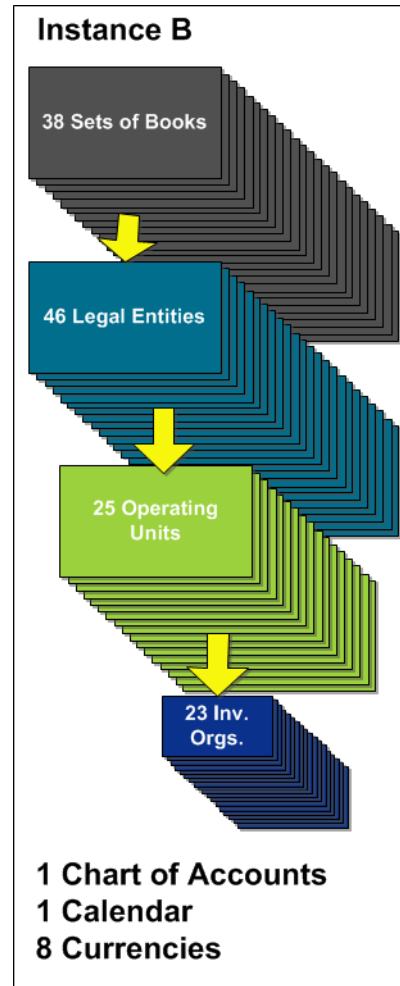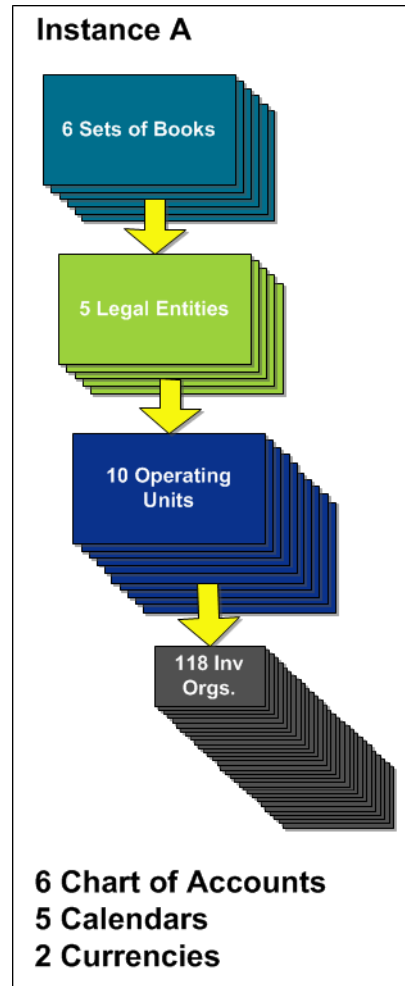
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# Case Study: Global Supply Chain Management

A $22 billion global manufacturing company's supply chain was split between three instances, fifty-seven sets of books (w/ 20 COAs),sixty-six legal entities, sixty-three operating units, and one hundred seventy-two inventory orgs.

# Case Study: Global Supply Chain Management

# Case Study: Global Supply Chain Management



**Tenants** (center circle)

Circle segments:
- Buy Globally
- Supply Chain Visibility (Order, Inventory, Transportation)
- Global Order Fulfillment Flexibility ("Ship from any warehouse")
- Supplier Collaboration
- On-demand Decision Support (Business Intelligence)
- Manufacturing Execution
- Transportation Management (independent of carrier) & Global Customs Doc's
- Plan Globally

Arrows (pointing inward):
- Lack of Global Visibility
- Sub-optimal demand / supply synchronization
- Fragmented view of supplier spend and performance
- Inefficient & redundant processes
- Additional premium freight costs
- High sustaining/development costs for legacy systems
- Inability to make "real-time" sourcing and fulfillment decisions
- Long Order Status Response Time
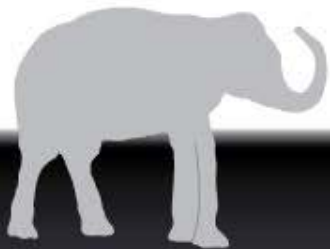
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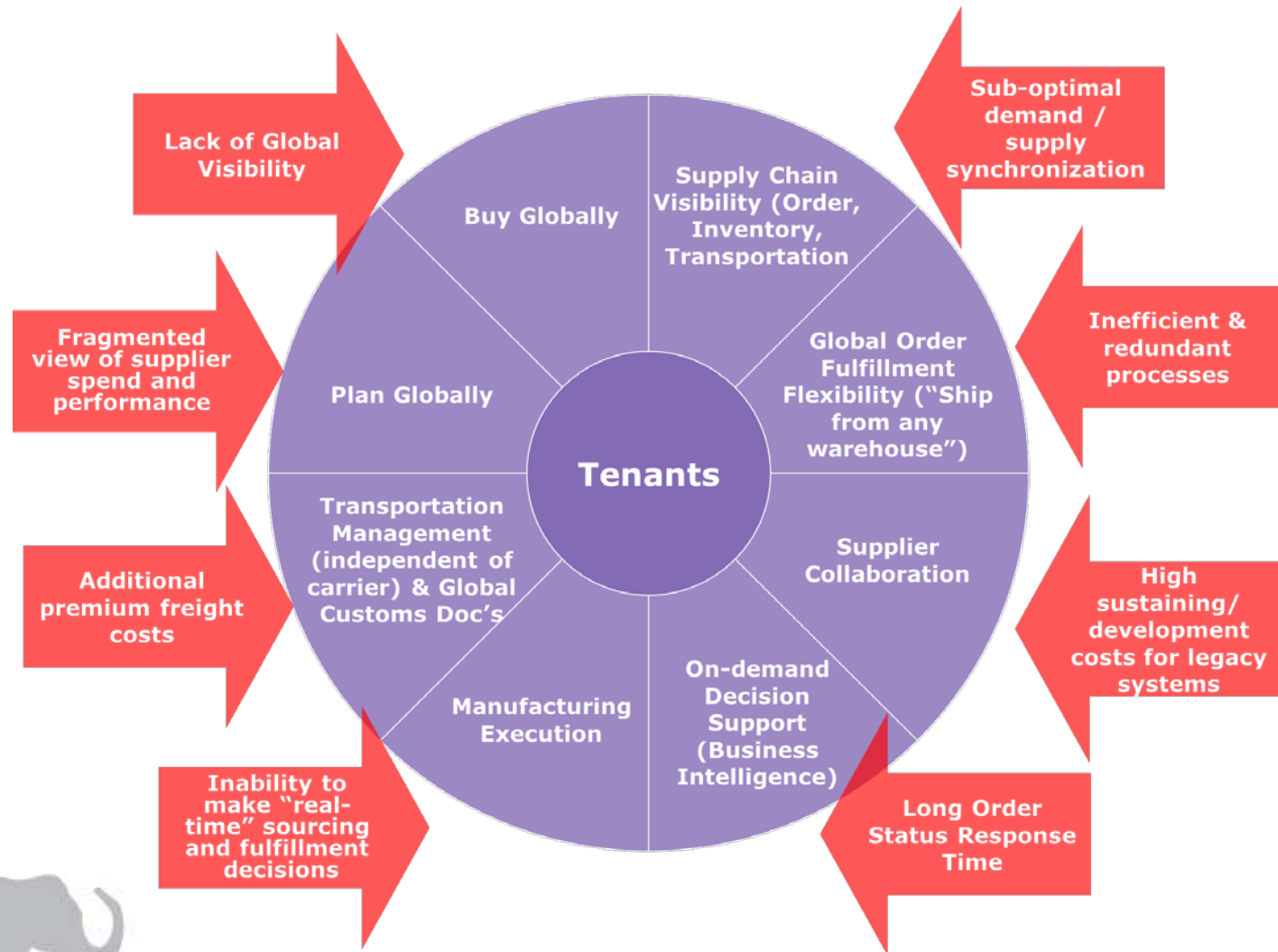
# Case Study: Global Supply Chain Management- Strategy to Overcome Silos

Consolidate three instances into two; reorganize legal entities, op. units, and inv. orgs. by business process; and establish consistent charts of accounts to leverage global visibility:
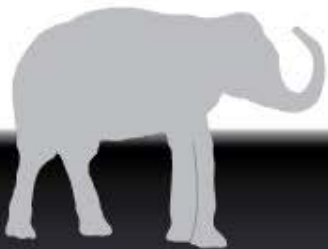
- Go-to-Market Instance

- Global Supply Chain Instance

**Objective 5:** See how an enterprise data quality initiative will facilitate breaking down silos.
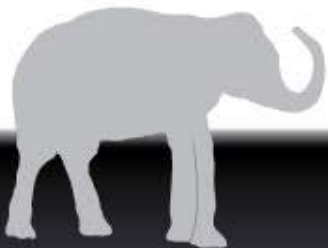
# Breaking Down Silos

1. Begin with a plan

   - Consolidate instances by business process into either a Go to Market Instance, or a Global Supply Chain Instance.

2. Define the scope and articulate the expected business results.

   - Isolate key data Silos and quantify the value lost through their continued existence.

   - Identify redundant business processes to be collapsed into one another.

   - Define global quality standards and uniform conventions.
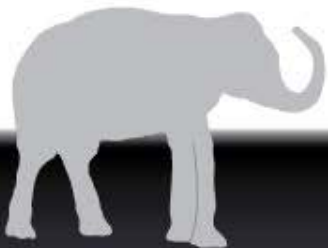
# Breaking Down Silos

3.    Execute, Implement, and Manage.

   ▪  Nominate and stand behind a benevolent dictator.

   ▪  Establish consensus.

   ▪  Align Instances, Calendars, COA, Operating Units, Inventory orgs, etc. to facilitate the flow of key data necessary to accelerate business processes.

4.  Measure the Results.

   ▪  Ensure accurate data is quickly and easily accessible to requisite parties with enough time to capitalize on its value.
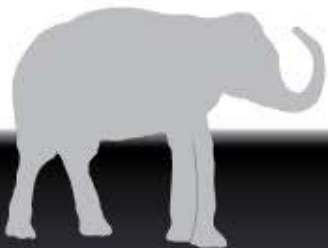
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# Benefits of Eliminating Silos

By taking these steps to eliminate silos within Oracle E-Business Suite, companies are able to:

- Save money.

- Improve processes.

- Add value to existing operations.

- Create an environment of complete, consistent, and correct information.

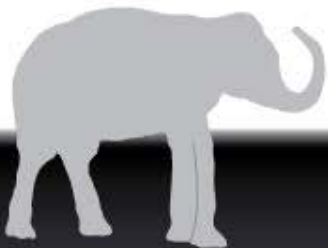Accelerating the time for change in Oracle E-Business Suite

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# Conclusions

- Many organizations face challenges to communicate between disparate parts of the business due to silos

- Silos create the problem of knowing whose version of the "truth" is correct.

- Lack of confidence in the quality of the data impacts operations and financial performance, increases resource, legal and audit costs and increases risks associated with regulatory compliance.

- Bridging the silos starts with a shared data quality initiative.

- Consolidate systems and structures that provide similar businesses processes (multiple instances, charts of accounts, and calendars for example) and resolve duplicate and incomplete data to eliminate multiple sources of "truth".

- Eliminating the silos will enable companies to share data effectively and communicate across the organization.

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# Questions?

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# Thank You!

Helene Abrams

CEO

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Answers from this session will be posted within two weeks on our new LinkedIn Group, EBS Answers: http://www.linkedin.com/groups/EBS-Answers-4683349/about

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

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