The webinar will begin shortly.

Thank you for Joining!

Presented by:

*e*prentise®

CRYSTALLIZE
ANALYTICS®

*e*prentise®

Mergers & Acquisitions: Building an ERP toolkit for Smooth Transitions

eprentise®

After completion of this presentation, you will be able to:

○ **Objective 1:** Mapping the Route: understand and align calendar periods and dates

○ **Objective 2:** Steering Through Change: navigate chart of account changes and fixed asset revaluation

○ **Objective 3:** Smooth Drive through Data Separation: consider and assess the risks and detours in divesting data

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.

➤ 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.

C COLLECTION®

**CRYSTALLIZE ANALYTICS®**

Automated $Audit®

- ❑ Why?
- ❑ The Merger, Acquisition, and Divestiture Challenges
- ❑ Transition
- ❑ Building a New Company
  - ➤ Processes
  - ➤ Technology
- ❑ Products and Services That Can Help

❑ Acquired organization comes with an ERP database

- ➢ Financials
- ➢ Employees
  - ▪ PII (Personal Data)/Addresses
  - ▪ Payroll/Benefits
- ➢ Customers
  - ▪ Orders/Terms/Pricing/Contracts/Contacts/Receipts
- ➢ Suppliers
  - ▪ Purchasing/Quotes/Contracts/Sourcing Rules/Payments
- ➢ Items
  - ▪ Costing/Bills Of Material/Customer Items/Transaction History

❑ A TSA, or Transaction Service Agreement, likely specifies a duration of time and services where the ERP system is likely managed if only a piece of the business is sold

➢ Long Term Plan for acquired systems
➢ Short Term Plan for acquired systems and processes

❑ If acquiring part of a business, the copy/cleanse/move approach to currently deployed business systems (ERP)

❑ If acquiring part of a business, TSA to support current business process until new ERP/solution in place

Organization Structure: Partial Acquisition
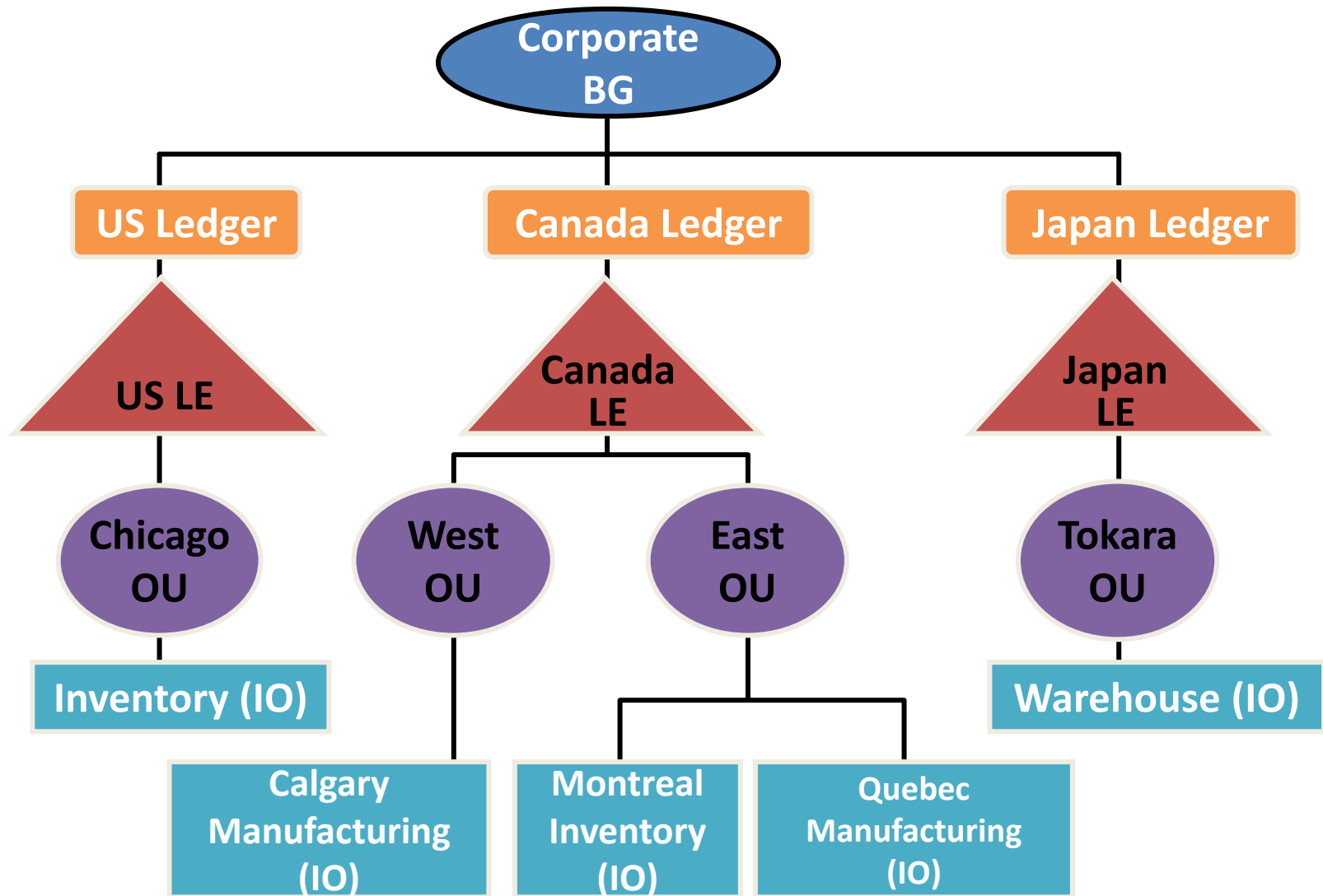
- ❑ Can you report financials on the new organization?

- ❑ Commingled Data issues and requirements

- ❑ New Legal Entities/Organizations are defined/updated to use new structure for reporting

❑ What system am I getting – platform?

❑ What data does it contain?

❑ What will be my integration strategy?

❑ How will this system fit within my organizational IT strategy?

❑ **What do I need to do to manage short term expectations?**

❑ What do I need to do to manage long term expectations?

❑ What additional work will be required after getting the divested system from seller?

- ❑ What happens to the system containing data for divested entities?
- ❑ What happens to the system containing data for "un" divested entities?
- ❑ What are the buyer requirements from system perspective?
- ❑ What are the seller limitations from system perspective?
- ❑ Are there clear requirements on who gets what data – seller v/s buyer?
- ❑ What happens to historical data?
- ❑ What happens to master data?
- ❑ Does IT organization have tools to be able to meet both seller's and buyer's requirements?

❑ Accurate and timely reporting of financials is complicated by deltas between parent and child calendars

❑ Chart of accounts structure may vary in structure

❑ Assets of acquired organization must be revalued with new "date in service"

❑ Mitigating risks associated with data not related to the transaction (might be a TSA issue)

❑ Long term goal of acquired ERP and technology stack

❑ TSA Considerations

❑ Period Start/end dates

- ➢ Monthly Periods
- ➢ 4-4-5 Periods

	Child Calendar January-December 4-4-5 with Adjusting Period								Parent Calendar July - June Monthly with Adjusting Period							
	PERIOD_SET_NAME	PRD_NAME	ST_DATE	ED_DATE	PERIOD_YEAR	PERIOD_NUM	QUARTER_NUM	ADJ_PERIOD	PERIOD_SET_NAME	PRD_NAME	ST_DATE	ED_DATE	PERIOD_YEAR	PERIOD_NUM	QUARTER NUM	ADJ_PERIOD
21	CHILD CALENDAR	'Aug-24'	28-JUL-24'	24-AUG-24'	2024	8	3	N	PARENT CALENDAR	'Aug-24'	01-AUG-24'	31-AUG-24'	2024	8	3	N
22	CHILD CALENDAR	'Jul-24'	30-JUN-24'	27-JUL-24'	2024	7	3	N	PARENT CALENDAR	'Jul-24'	01-JUL-24'	31-JUL-24'	2024	7	3	N
23	CHILD CALENDAR	'Jun-24'	26-MAY-24'	29-JUN-24'	2024	6	2	N	PARENT CALENDAR	'Jun-24'	01-JUN-24'	30-JUN-24'	2024	6	2	N
24	CHILD CALENDAR	'May-24'	28-APR-24'	25-MAY-24'	2024	5	2	N	PARENT CALENDAR	'May-24'	01-MAY-24'	31-MAY-24'	2024	5	2	N
25	CHILD CALENDAR	'Apr-24'	'31-MAR-24'	27-APR-24'	2024	4	2	N	PARENT CALENDAR	'Apr-24'	01-APR-24'	30-APR-24'	2024	4	2	N
26	CHILD CALENDAR	'Mar-24'	25-FEB-24'	30-MAR-24'	2024	3	1	N	PARENT CALENDAR	'Mar-24'	01-MAR-24'	'31-MAR-24'	2024	3	1	N
27	CHILD CALENDAR	'Feb-24'	28-JAN-24'	24-FEB-24'	2024	2	1	N	PARENT CALENDAR	'Feb-24'	01-FEB-24'	29-FEB-24'	2024	2	1	N
28	CHILD CALENDAR	'Jan-24'	01-JAN-24'	27-JAN-24'	2024	1	1	N	PARENT CALENDAR	'Jan-24'	01-JAN-24'	31-JAN-24'	2024	1	1	N
29	CHILD CALENDAR	Adj-23'	31-DEC-23'	31-DEC-23'	2023	13	4	Y	PARENT CALENDAR	Adj-23'	31-DEC-23'	31-DEC-23'	2023	13	4	Y
30	CHILD CALENDAR	'Dec-23'	26-NOV-23'	31-DEC-23'	2023	12	4	N	PARENT CALENDAR	'Dec-23'	01-DEC-23'	31-DEC-23'	2023	12	4	N
31	CHILD CALENDAR	'Nov-23'	29-OCT-23'	25-NOV-23'	2023	11	4	N	PARENT CALENDAR	'Nov-23'	01-NOV-23'	30-NOV-23'	2023	11	4	N
32	CHILD CALENDAR	Oct-23	01-OCT-23'	28-OCT-23'	2023	10	4	N	PARENT CALENDAR	Oct-23	01-OCT-23'	31-OCT-23'	2023	10	4	N
33	CHILD CALENDAR	'Sep-23'	27-AUG-23'	'30-SEP-23'	2023	9	3	N	PARENT CALENDAR	'Sep-23'	01-SEP-23'	'30-SEP-23'	2023	9	3	N
34	CHILD CALENDAR	'Aug-23'	30-JUL-23'	26-AUG-23'	2023	8	3	N	PARENT CALENDAR	'Aug-23'	01-AUG-23'	31-AUG-23'	2023	8	3	N
35	CHILD CALENDAR	'Jul-23'	02-JUL-23'	29-JUL-23'	2023	7	3	N	PARENT CALENDAR	'Jul-23'	01-JUL-23'	31-JUL-23'	2023	7	3	N
36	CHILD CALENDAR	'Jun-23'	28-MAY-23'	01-JUL-23'	2023	6	2	N	PARENT CALENDAR	'Jun-23'	01-JUN-23'	30-JUN-23'	2023	6	2	N
37	CHILD CALENDAR	'May-23'	'30-APR-23'	27-MAY-23'	2023	5	2	N	PARENT CALENDAR	'May-23'	01-MAY-23'	31-MAY-23'	2023	5	2	N
38	CHILD CALENDAR	'Apr-23'	02-APR-23'	29-APR-23'	2023	4	2	N	PARENT CALENDAR	'Apr-23'	01-APR-23'	30-APR-23'	2023	4	2	N
39	CHILD CALENDAR	'Mar-23'	26-FEB-23'	'01-APR-23'	2023	3	1	N	PARENT CALENDAR	'Mar-23'	01-MAR-23'	31-MAR-23'	2023	3	1	N
40	CHILD CALENDAR	'Feb-23'	29-JAN-23'	25-FEB-23'	2023	2	1	N	PARENT CALENDAR	'Feb-23'	01-FEB-23'	28-FEB-23'	2023	2	1	N
41	CHILD CALENDAR	'Jan-23'	01-JAN-23'	28-JAN-23'	2023	1	1	N	PARENT CALENDAR	'Jan-23'	01-JAN-23'	31-JAN-23'	2023	1	1	N

- ➢ FA Calendar Must match GL Calendar (Impact to FA Books)

Your chart of accounts or calendar does not match the buyer's chart of accounts or calendar

❑ Definitions and reporting are inconsistent causing redundant processes, difficulty complying with statutory and regulatory requirements, and lack of transparency

❑ You need many external products/modules/features (HFM, custom reports, GL Consolidation, secondary ledgers, etc.) to close each month

❑ Different charts of accounts and calendars make it difficult to prepare the required financials within the deadlines in the TSA or issued for public companies.

❑ A common Chart of Accounts and the same calendar structure leads to better collaboration and cooperation among the finance teams of different organizations

❑ **Period Start/end dates**

➢ New Ledger creation with required calendar and use of consolidation feature to transfer amount from existing to new ledger

➢ New Secondary ledger and use of journal level conversion to transfer data from primary to secondary ledger

➢ Reverse all future deferred revenue from future periods (ALL), then change calendar, then re-create and re-post transactions

➢ Use a toolset to change calendar

❑ Calendar Year Change (different start/end calendar year)

➢ Use a toolset

➢ If calendar is not defined too far out in the future, it may be possible to align calendar in future years

➢ The calendar must maintain the same number of periods it always had (so if the calendar never had an adjusting period, it never will without the use of a toolset – consider use of Secondary Ledger as an "Adjustment Ledger")

- ❑ **Assets are revalued as part of any M&A Transaction**
  - ➢ End date old FA Book
  - ➢ Create new FA Book
    - ▪ Asset in-service-date is Date of Determination
    - ▪ Typically, the asset value is not going to be Net Book Value, but a new value/life provided by an audit team
  - ➢ Asset Tags must be unique (not unique to the FA Book, but unique – so asset tags for new FA Book must differ)
- ❑ **Tax Books/Old Assets**
- ❑ **Calendar Year Changes – impact to FA Book Calendars**

- ❑ If only part of the business is sold, determine how to deal with data that is not part of the business
  - ➢ Employee Data
  - ➢ Procurement History/Contracts
  - ➢ Projects
  - ➢ Item Master/Bills of Material
- ❑ Determine the "carve-out-criteria"
- ❑ Convert to new ERP (extract scripts/ETL)
- ❑ Utilize Transaction Purge Features embedded in ERP
- ❑ Utilize Oracle PDRT (Personal Data Removal Tool)
- ❑ Use of Toolset
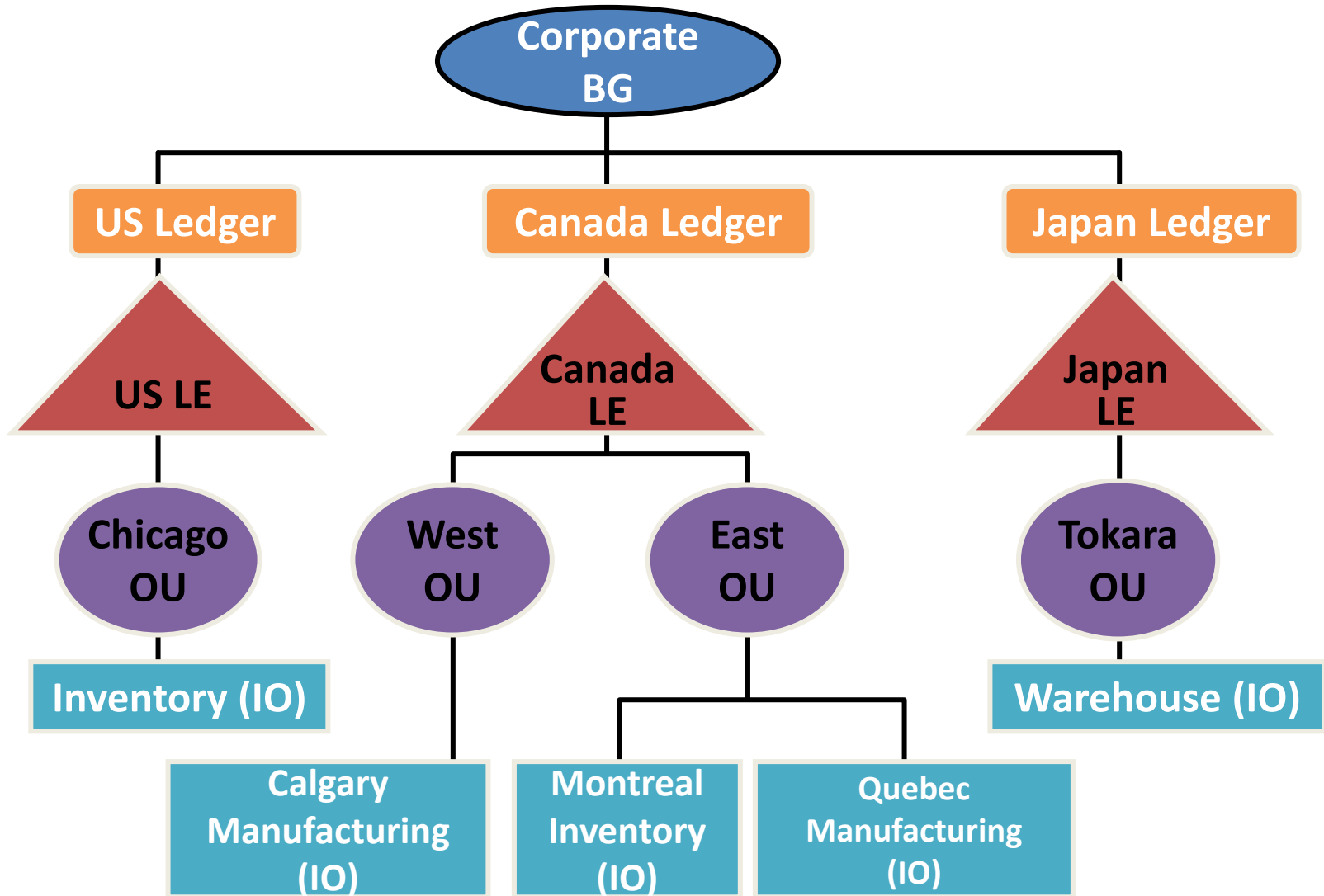
❑ Top Down
- ➢ Ledger Based (best case)
- ➢ Legal Entity/Operating Unit

❑ Bottoms Up
- ➢ Balancing Segment Value (BSV)
- ➢ Commingle data considerations

❑ Lists
- ➢ Employee Retention/Purge Lists
- ➢ Asset Lists

❑ Time Based
- ➢ Never Possible – foreign key/primary key plus journal transactions (that create a balance) will cause you issues

❑ Seeded Purge Routines in Oracle

  ➢ Mostly transactional

❑ SQL Scripts

  ➢ Common approach to custom data/modules

  ➢ Risky with EBS tables (foreign keys easily broken)

❑ End Dating

  ➢ This helps secure data from the front end

  ➢ Database still has the data

❑ Tools

  ➢ Repeatable approach

  ➢ Waterfall configuration approach