

Going to Release 12? Upgrading Is Faster, Better and Cheaper than Reimplementing

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Accelerating the time for change in Oracle E-Business Suite



Learning Objectives

Objective 1: Identify the pros and cons of a traditional migration approach and the remodeling approach.

Objective 2: List the items that require change consideration during the upgrade process.






Objective 3: Identify ten reasons to choose upgrade over reimplementation for your transition to E-Business Suite Release 12.



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Agenda

-  Introduction
-  Oracle ® E-Business Suite (EBS) Trends and Drivers
-  Definitions and Decision Factors
 - Upgrade
 - Reimplement
 - Factors that Contribute to The Total Cost of Ownership (TCO) of EBS
-  Upgrade Considerations and Getting to R12
 - Reducing the TCO of EBS and Leveraging R12
 - Upgrading vs. Reimplementing
 - Scenario Analysis
-  10 Reasons to Upgrade Instead of Reimplement







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Introduction: Finished but not Done

*e*prentise[®]: Transformation Software for E-Business Suite *Company Overview: Established 2006 • Helene Abrams, CEO*

*e*prentise 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

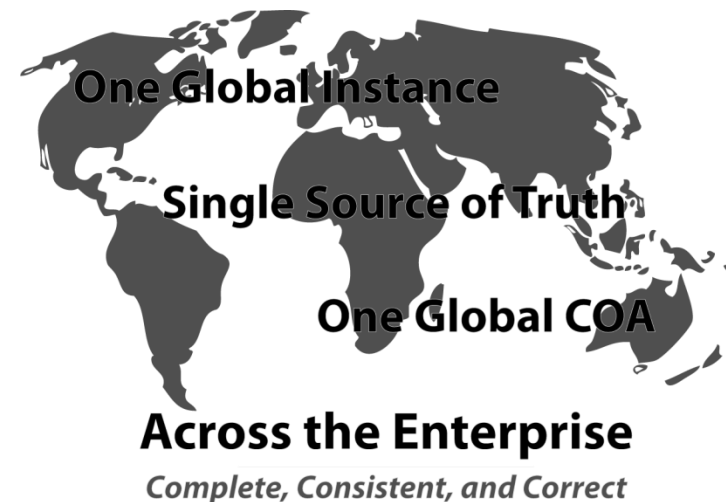


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EBS Customer Trends








-  **Create** a single, global chart of accounts
-  **Reorganize** entities, sets of books and operating units
-  **Consolidate** multiple EBS instances
-  **Resolve** duplicates and standardize data
-  **Eliminate** customizations
-  **Add** new modules or functionality
-  and ... plan or execute **transition from 11i to R12**



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Drivers

-  **Establish** common business processes and standards
-  **Produce** standard reports
-  **Operate** a shared service center or a centralized data center
-  **Rationalize** suppliers, customers, products
-  **Reduce** Total Cost of Ownership (TCO) of EBS
-  **Exploit** new R12 functionality
-  **Establish** a single source of truth



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A Fork in the Road - Definitions

Upgrade Path

- Oracle supplied scripts 'convert' data from current Oracle Applications release to R12
 - Supported tools, utilities, and documentation used
 - Entire data and application available after upgrade
 - Clear, straightforward, proven method

Reimplementation Path : New Implementation

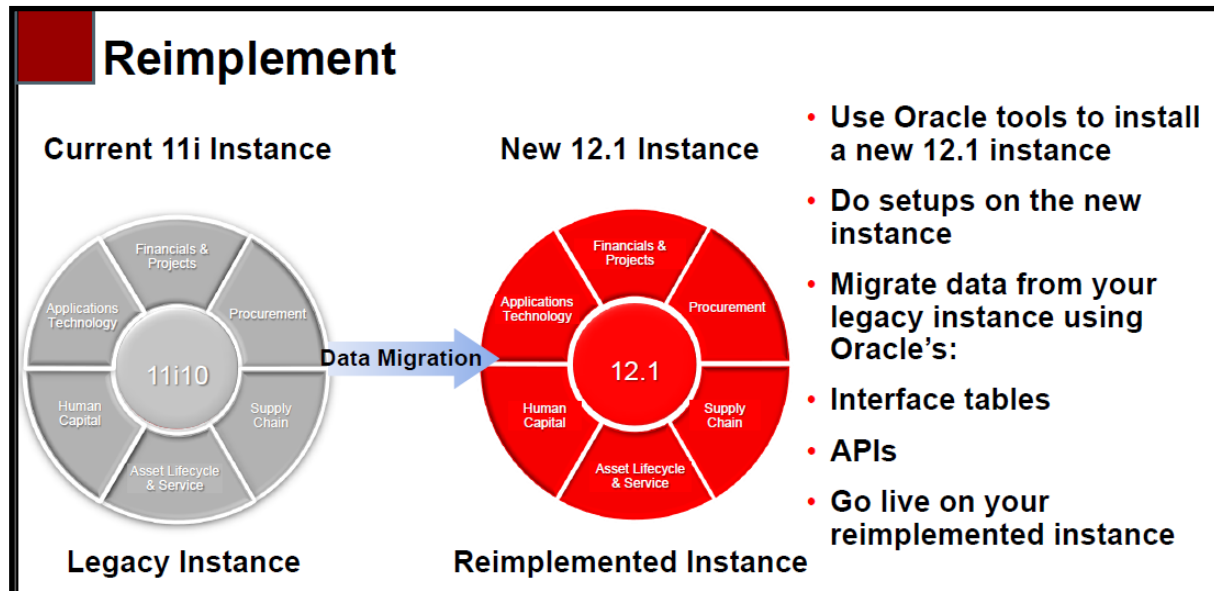
- Configure a new instance
- Write scripts to extract data from existing instance, transform it to new configuration parameters, write scripts to load into new R12 instance
- Generally bring over a year's worth of data and maintain "old" instance for history



Why Some Consultants Recommend Reimplementation

- 🐘 Elimination of customizations
- 🐘 Desire to consolidate multiple EBS instances
- 🐘 Early instability of Oracle upgrade process
- 🐘 Difficult to change underlying structures
 - Chart of accounts, calendar, currency
 - Business group, ledger, legal entity, OU structure

Oracle – Planning Your Oracle E-Business Suite Upgrade, 2012 OpenWorld



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What are the Choices?

	R12 Technical Upgrade Pure 'Like for Like'	R12 Upgrade Plus Upgrade + Optional R12 features and/or new applications	R12 Reimplementation
Fastest Timeline	1	2	3
Upgrade of their current Oracle 11i EBS Production environment to R12x	Yes	Yes	No
Update Mandatory R12 Feature Configurations	Yes	Yes	Yes
Configure Optional R12 Feature Configurations	No	Yes	Yes
Retrofit existing broken CEMLI's	Yes	Yes	Yes
Retire existing CEMLI's with new R12 Feature functionality	ONLY if it does not impact the Project Timeline or Resources	Yes	Yes
Large Design / Build Phase	No	Yes	Yes

From Oracle Consulting R12 Upgrade Guidance, 2011

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But... Reimplementation is Not Always a Good Choice

- 🐘 Long project duration
 - Generally 1-2 years
- 🐘 Resource Intensive
 - Technical resources to write extract scripts, transformation code, and load scripts
 - Technical resources to unit test the code
 - Functional resources to make all new configuration decisions, understand the new functionality of R12
- 🐘 Can cost upwards of \$20,000,000 for a global company



The Cost of a Reimplementation

Reimplementation Tasks	To Implement or Reimplement (person days)	Cost based on \$800/day	Assumptions
Configuration of New Instance	60		3 Business Cycles (purchase-to-pay, order-to-cash, hire-to-retire), One month, 2 functional resources per business cycle
Create Extract Scripts	240		2 technical resources, 2 months per business cycle
Create Transformation Code	180		3 technical resources, 1 month per business cycle
Create Load Scripts	240		2 technical resources, 2 months per business cycle
Unit Test Scripts/Code	180		3 technical resources, 1 month per business cycle
Resolve Exceptions	90		3 technical resources, .5 month per business cycle
Implementation Conference Room Pilot I	60		One month, 2 functional resources per business cycle
Changes for Conference Room Pilot I	30		One month, .5 functional resource per business cycle
Integration Testing	60		One month, 2 functional resources per business cycle
Implementation Conference Room Pilot II	60		One month, 2 functional resources per business cycle
Changes for Conference Room Pilot II	30		One month, .5 functional resource per business cycle
UAT	180		One month, 3 functional resources per business cycle
Production Go Live Cutover	45		3 resources 15 days
Total Person Days	1455	\$1,164,000.00	Duration approximately 14 months

Example for a single instance



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The Cost of an Upgrade

Phase 3 - Technical Upgrade to R12	Duration (work days)	Total Tech & Func Staff Needed for Phase	Functional Days	Technical Days	Functional Cost	Technical Cost	Staff Resource Cost
Technical Upgrade Instance: 11.5.10 to R12	20	5	30	60	24,000	48,000	72,000
Subtotal - Resource Costs							72,000

Example for a single instance



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Decision Factors – 11i to R12

- **Reimplement – what do you do with:**
 - Existing business history data in the 11i instance(s)?
 - Legacy instance(s) after R12 go-live?
- **Decision Factors**
 - Each has widely accepted goals for the result in R12
 - 11i environment may already align with the R12 target
 - 11i factor may be **upgraded** easily
 - Some conditions cannot be changed with the Oracle **upgrade** software **by itself**
 - Non-issues if you implement R12 – because you are not changing the 11i environment
- Ideas from Oracle's **R12: Upgrade vs. Reimplement (Financials)**
 - Evaluate conditions; see what complicates achieving the target goal
 - Upgrading is better, if you can



New Route: Remodeling an 11i Instance

- 🐘 Change chart of accounts
- 🐘 Change calendar, currency
- 🐘 Restructure business group, sets of books, legal entities, operating units
- 🐘 Consolidate instances
- 🐘 You end up with just what you need to change



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Pros and Cons

Traditional Migration Approach (Reimplementation)		Remodeling Approach (Upgrade)	
Pros	Cons	Pros	Cons
Common approach, often recommended by consulting organizations.	No standard extract/transform scripts. Very similar to a custom development project requiring a more formal development and testing methodology including documentation, error handling, and development standards.	Shorter project duration with fewer resources translates to lower costs. Project can easily be completed in 3-8 months. That means that the savings of a single instance are available sooner.	Not widely understood among Oracle professionals. Customer needs strong sponsor.
No need to upgrade Current 11i to New R12 due to straight data migration into an R12 instance.	More risk in extract, transform, and load (ETL) that will not be supported by Oracle.	Only testing that is required is functional testing.	For consolidation, instances need to be at the same version/patch level

Migration and Upgrade: Pros and Cons

Traditional New Implementation/Migration Approach – Cons	Remodeling+ Upgrade Approach – Pros
Oracle does not support creation of custom extract, transform, and load scripts.	Oracle Support not compromised.
History is not fully converted. Generally a historical entity is required for reporting, reconciliation, business intelligence, and audits. Every time the historical operating unit is accessed, data must be transformed to align with the migrated structure.	All history is converted so there is no need to reference and maintain historical structures for reporting, reconciliation, etc. All the data is complete, consistent, and available within in a single operating unit.
APIs do not exist for all tables. There is a risk of compromising the data integrity by extracting and loading data incorrectly.	All data integrity is maintained because the code is automatically generated.
More risk in extract, transform, and load (ETL). Scripts are written for the current state of the data. Any changes require re-writing of the scripts. Change control process may not be documented. It is easy for a developer to perform a quick fix without documenting it or determining the impact of the change.	Only testing that is required is functional testing. Full audit trail of changes made.
No standard extract/transform scripts. Very similar to a custom development project requiring a more formal development and testing methodology including documentation, error handling, and development standards.	Shorter project duration with fewer resources translates to lower costs. Project can easily be completed in less than 8 months.
Requires technical expertise of all tables and usage in the E-Business Suite. Developers who are not experienced in a particular type of migration or the business processes generally do not understand the complexity of the data structures in EBS.	Repeatable results, reusable as requirements change. As requirements change, only need to add/change rules.

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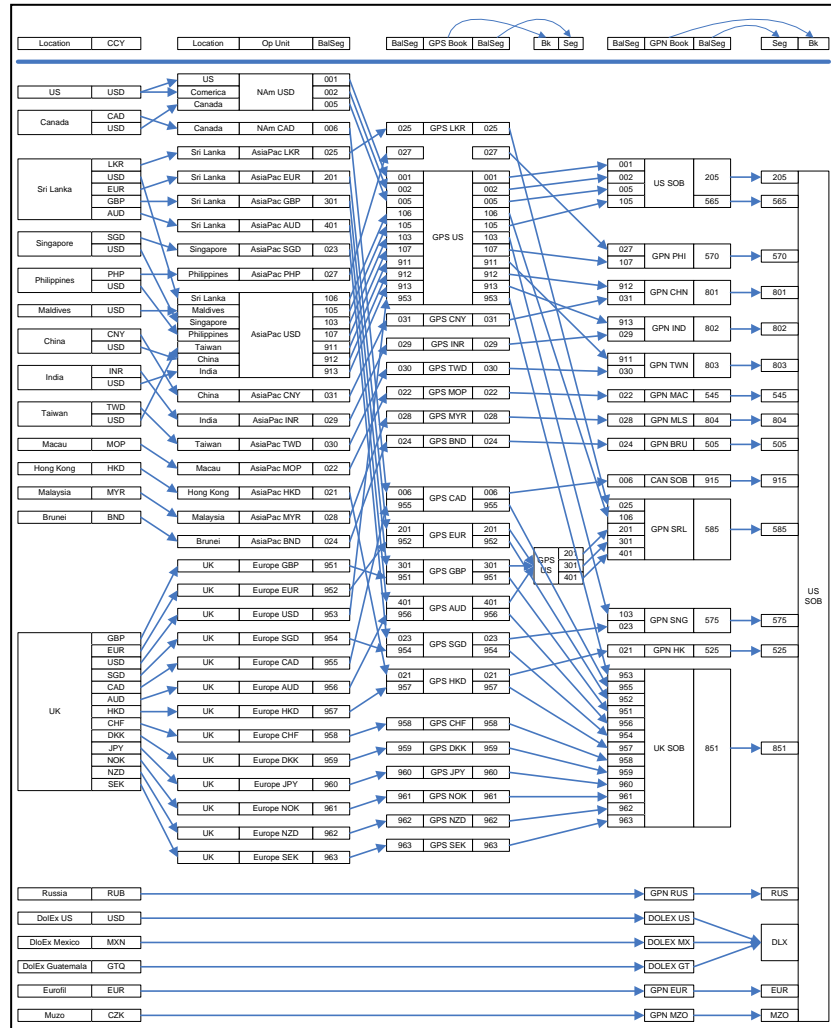


Upgrade Considerations: *What Needs to Change?*

- Fundamental configuration setups
- Legal entity, set of books, calendar, and operating unit structures
- Org units structure
- Number of EBS instances
- Chart of accounts structure (COA)
- Number of COAs
- Business processes
- Data cleanliness and standards
- Customizations and enhancements
- Obsolete data
- Business Intelligence (BI) environment



Reducing Costs and Complexity

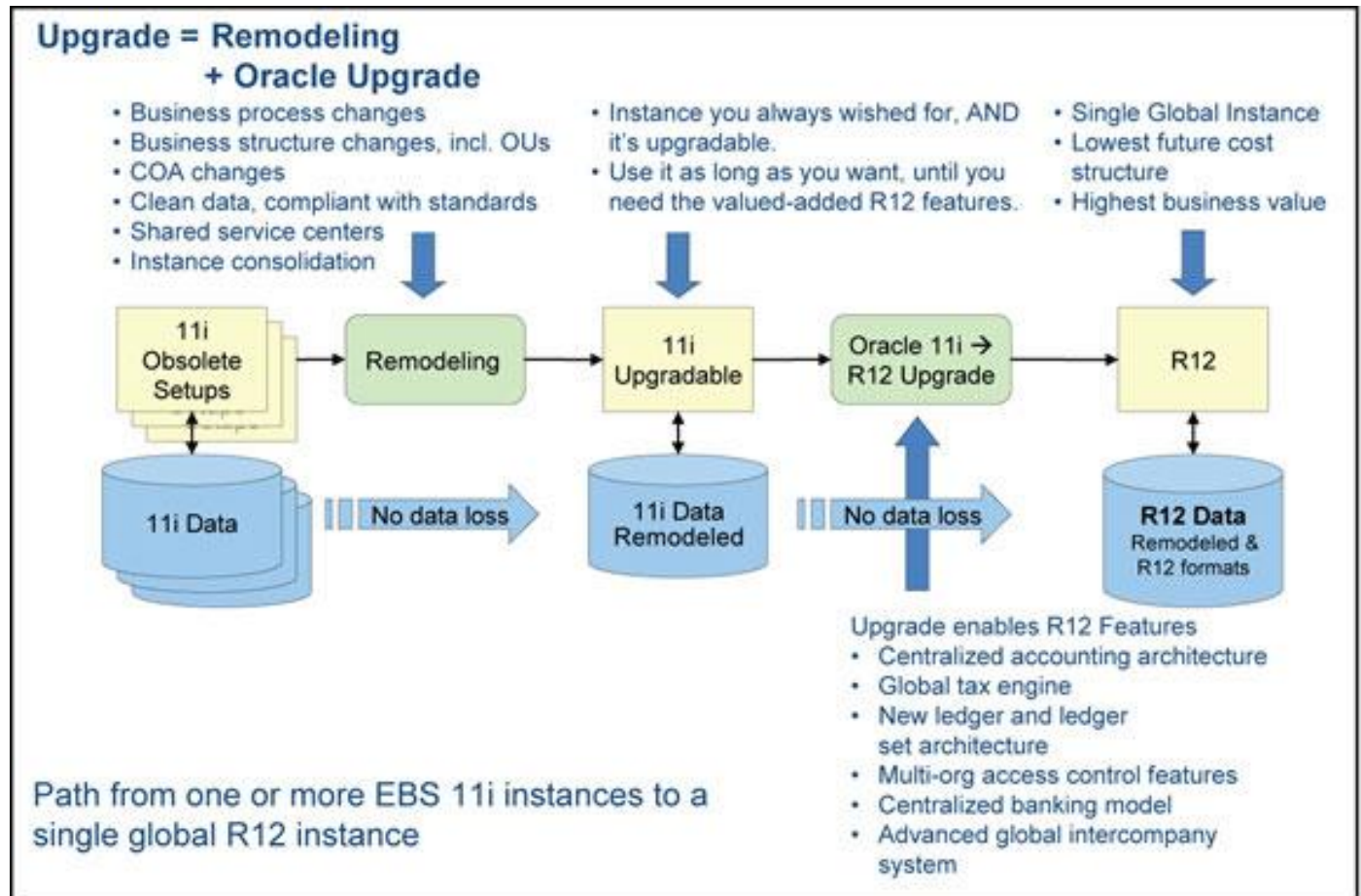


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Getting to R12 by Upgrading/Remodeling

6-10
Month
Project for
"Simple"
New
Instance

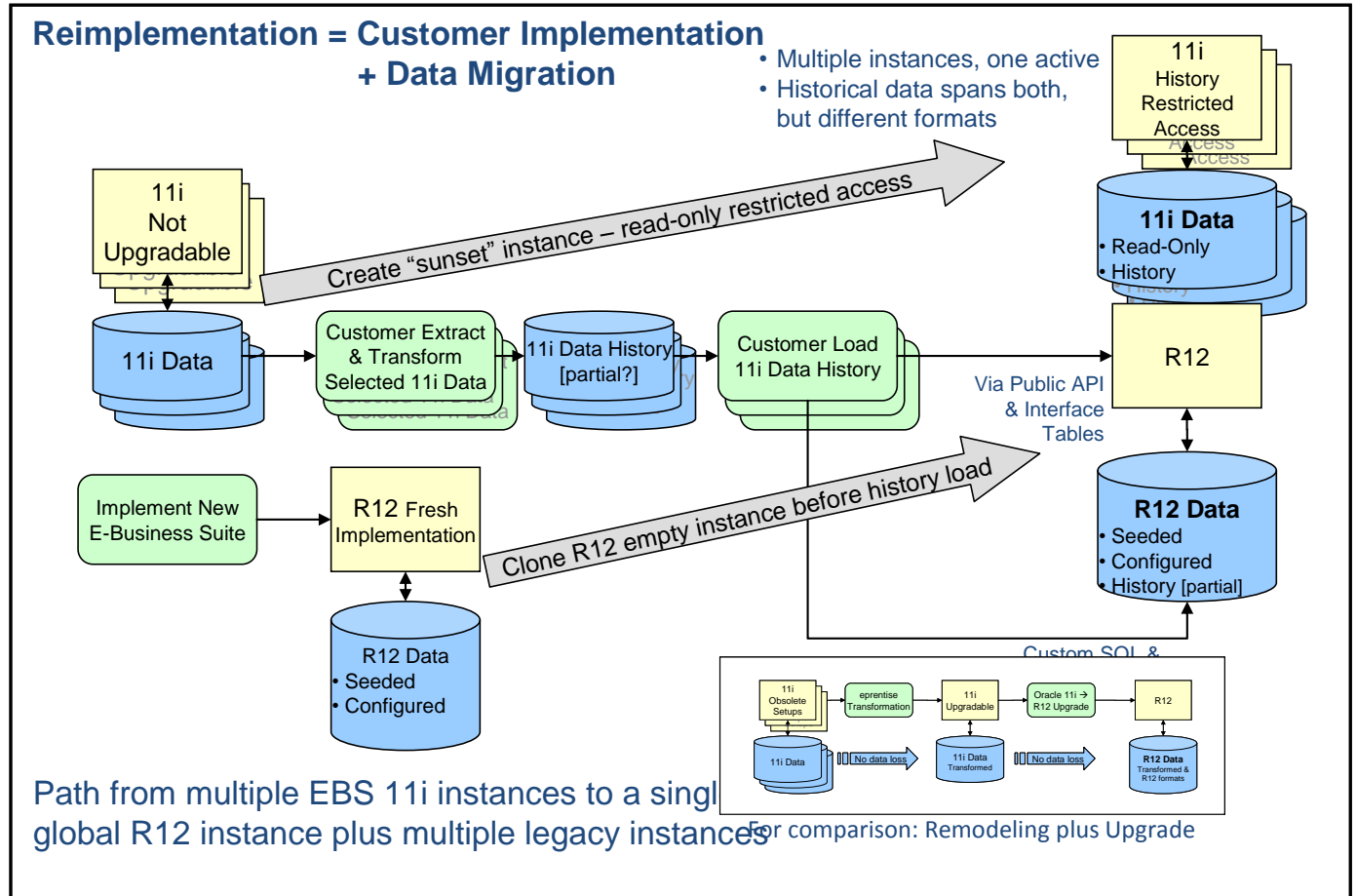


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Getting to R12 by Reimplementing

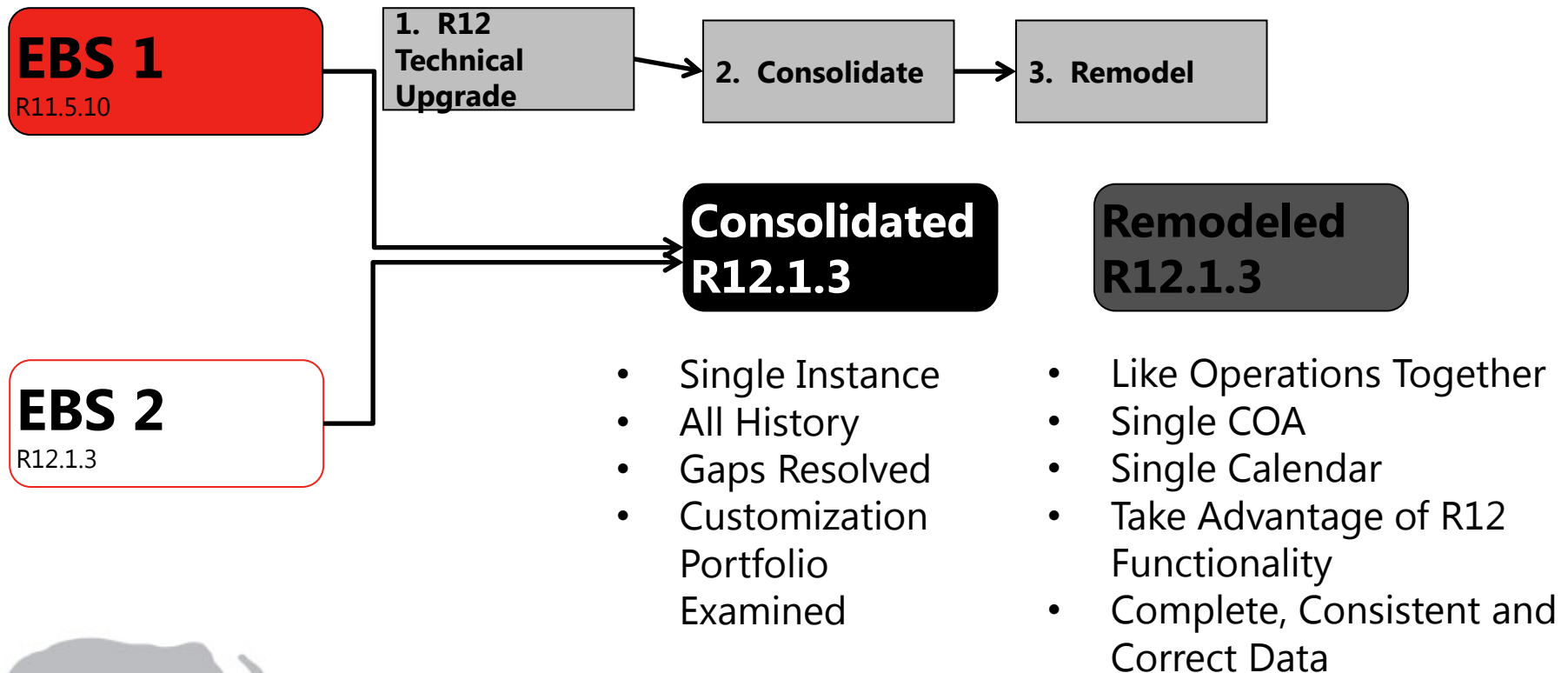
12-18
Month
Project for
"Simple"
New
Instance



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But I've Already Started with a New Implementation...What Do I Do?



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You Don't Have to Reimplement

Reasons That Customers Used To Think That Reimplementing Was The Only Option	Condition Removed by Remodeling Approach
Correct or update prior 11i setups "that are not easily changed"	✓
Multiple instances	✓
Obsolete non-global COA Want global COA	✓
Multiple COAs and want a single one or fewer COAs	✓
Multiple different business processes. Want to realize benefits of standard global business processes	✓
Data is inconsistent or dirty Data administration standards have not been enforced	✓
Many customizations and enhancements	✓



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10 Reasons to Upgrade

1. Reduced schedule and technical risk
2. You can change your chart of accounts
3. You test new EBS setups in familiar 11i
4. Transaction data will be changed, too
5. Your history matters
6. Avoid custom data conversion
7. True single instance for past and future data
8. Avoid multiple custom conversions and legacy instances
9. Upgrade offers the most direct path and shortest time to single instance R12 business value
10. Upgrades cost less



Transformation Software Solutions

Two Product Lines:

FlexField®

- Change chart of accounts in EBS
- Built-in Rules
- Changes data in all subledgers, Add-in for HR Cost Allocation
- Retain all historical transactions
- Quick, easy project, low price point

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- Transformation Software that remodels any setup data or consolidates multiple instances
- Reorganizes configuration, master, and transaction data
- Maintains all history resulting in a single source of truth
- Based on a source that is transformed into a target
- Generates rules and code to resolve conflicts
- Metadata Analysis and intelligent knowledge repository



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