

SAP Data Conversion and Multiple LE challenges addressed during EMEA rollout

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Introduction

American Tower (AMT) recently integrated their newly acquired German operations into their Single Global Instance of Oracle E-Business Suite R12. To this end they successfully overcame complex, global implementation challenges such as multiple legal entities (LE), local tax requirements and SAP data conversions. Together with implementation partner Apps Associates, we will share our solutions for multiple legal entities, approaches to global patching and testing, highlighting how we built Oracle's eBTax module and share our tips on data conversions from SAP legacy systems.

Challenge 1 : Multiple operating units vs. multiple legal entities

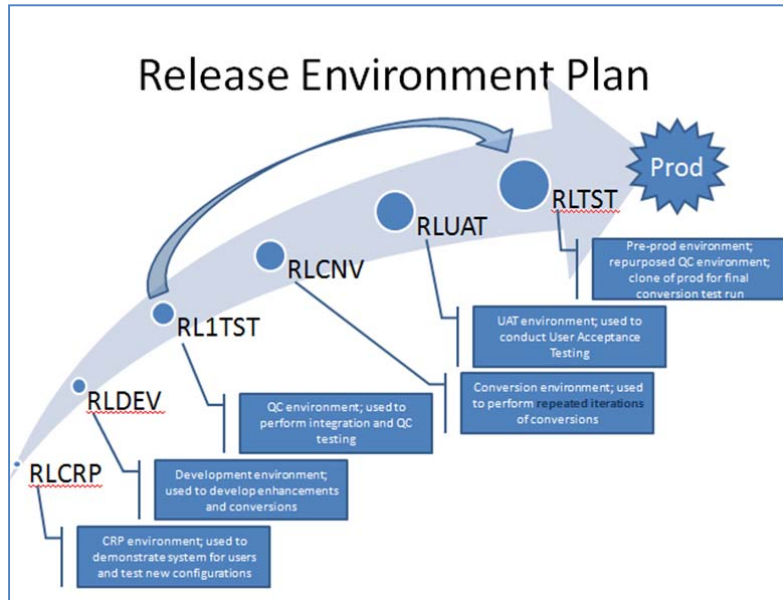
American Tower operates in an environment where many of our business units across the world consist of several LE's. Each business unit is setup as an operating unit in Oracle. Germany, an operating unit, has 4 LE's for instance. There are several benefits to adopting the 'one operating unit – multiple LE' model. Firstly, it reduces the configuration effort. If we had created one operating unit per LE, and considering that sub-ledger applications are generally configured per operating unit, then this would mean configuring each sub-ledger 4 times (e.g. 4 x AP, 4 x PO, 4 x AR, etc). Secondly, maintenance is vastly reduced as there is less duplication of effort. Thirdly, the customer benefits in terms of ease of use. For example the duplication of routine tasks, such as the opening and closing of periods, is reduced. Notwithstanding the benefits mentioned, we did experience some problems due to the above model. Firstly, numerous fields in procurement had to be manually selected for each LE per transaction. AMT stores the LE in the first segment of the Chart of Accounts structure. Users relied on free-form naming conventions to determine the LE and users had to ensure they captured the correct LE for each of the accounts related to procurement. Data entry errors occurred, causing LE mismatches within a single transaction. System defaults for procurement accounts did not provide for accurate LE assignment, also causing mismatches. To avoid these errors and mismatches, we made two changes to the set-up. Firstly, we leveraged forms personalisation by inserting a new field (a descriptive Flexfield attached to a LE value set) in the header of the requisition and purchase order forms. This sets the LE context for the entire transaction, against which the critical LE-related fields are limited and validated. For key account strings, the LE segment is derived from the LE entered in the new field mentioned above. Secondly, the account generator was adjusted to derive the LE segment of the account string from the selected LE. If the LE field was not populated, then the segment value is derived from the supplier site default liability account LE segment. We had to adjust the Project Accounting Account Generator in conjunction with PA AutoAccounting to retrieve the LE value from the project owning organization for all projects used in procurement and purchasing. To ensure that the receiving inspection account derived the correct value for the LE segment, we set the automatic offsets parameter to a value of "Balancing" in the purchasing options for the operating unit.

Challenge 2 : Local tax requirements

As a result of having multiple LE's within one set of books, our main challenge here was to determine the correct LE for the tax accounting distribution line(s). Whilst entering transactions into the system, the tax engine had to determine both the tax type (i.e. standard, reduced, zero, EU, non-EU, Germany, etc.) and the related tax accounting distribution line. The tax accounting distribution line is part of the setup of a tax rate. As the LE is part of our accounting string, we had to find a solution where the tax engine in all cases determines the tax rate applicable to the LE concerned. One approach was to set up each tax rate once which would result in a default tax accounting distribution line per tax rate. Sub-ledger accounting (SLA) account derivation rules (ADR) would then need to be setup to replace the LE segment on the distribution lines. In this case however, the invoice distributions visible on the invoice would differ from the accounting generated by SLA. The client was not comfortable with this solution. After weighing up the various options, the approach selected was to setup fiscal classification codes and tax rates for each LE. However, this solution meant that we had to set up each tax rate four times (i.e. one per LE), which incurs additional system maintenance. Although this solution required additional setup, the maintenance and effort for the users was reduced for the capturing of transactions.

Challenge 3 : Release Management, Global patching and testing intricacies

AMT's approach to release management incorporates 3-4 releases a year. Each release could consist of a number of geographies and/or new patches and functionality that will all go live on each specified release date. Each release has its own set of instances, including CRP, DEV, SIT, UAT, CNV, and Pre-prod. This enables other projects due in other releases to continue without affecting the release that our project was part of. With regards to global patching, considering this was AMT's first European implementation, our approach was to apply the German localization patches in our DEV instance at the beginning of the implementation so that we could make sure all consequent changes and testing were performed on these updates. Together with these, we included the multi LE forms personalization changes. This allowed us the time to evaluate the impact of the global patches on any of the modules and customized programs. It was also important to make sure we had a comprehensive global regression testing cycle to assess the impact of these patches and LE changes on the other geographies. Our tax engine provided the most challenging aspect of the all our testing. The test matrix included each sub-ledger transaction type, with each tax rate, for each LE, making this test set very time consuming. The result of this was that it took the implementation team fewer iterations for testing and issues were identified early on in the project lifecycle giving more time to correct these without jeopardising the go-live date.



Challenge 4 : Conversions from SAP legacy systems

Our main challenge here was that the SAP legacy system, which was the source of our conversion data, had been upgraded a number of times over the past few years. This resulted in a number of data discrepancies. Firstly, data elements such as suppliers and their banking details were stored in a number of different tables, and it was unclear which one was the latest and most accurate source of truth. Secondly, suppliers were duplicated, with slight differences in spelling, and once again, it was difficult to uncover which one was the correct one. These data elements were used in other data extracts such as lease contracts within the Property module. The result was that the inconsistencies affected more than one conversion file. To complicate matters, the SAP system was controlled by a 3rd party IT company. Each time we required updated data extracts, our client had to request these through the third party vendor. This took time and had a cost element to it. The entire conversion effort proved to be one that we underestimated at the start of the project due to these unforeseen reasons, and in hindsight, should have been kicked off right from the beginning of the implementation. We essentially had to put a full-time team in place, with one business resource and one Oracle functional resource per conversion file. We then put a formal process in place for each test cycle. The teams were responsible for maintaining the master templates. The process involved obtaining specific data extracts from SAP in Excel spread sheets. These files included Tower Assets, Suppliers, Customers, Property leases and Fixed Assets. Our team would then transfer the information into American Tower's predefined master Excel templates. We had existing conversion programs that were used to then upload the data in our templates into Oracle EBS. We spent time on the client's site with the 3rd party team to reconcile each conversion test cycle with the source data and resolve any discrepancies. We had four test cycles in total. A formal process and a dedicated team are crucial in ensuring a successful data conversion. We could measure this by our first month end close that was completed successfully with accurate financial figures.

3 Big Don'ts

Don't assume the solution requiring the least configuration and maintenance is the best. Ease of use for business is often a significant factor in deciding which way to go.

Don't assume because conversion data is coming from a legacy ERP system, that it will be any better quality than from any other source.

Don't underestimate the time needed for data conversion. It should be run almost as a separate project within the implementation project, with dedicated resources, both from business and IT.

Other lessons learnt

Having our developers and data conversion teams together on-site at the client during our Pre-prod week proved invaluable in ensuring we went live on time. Plan for onsite resources from the start of the project.

UAT should be conducted on an instance where conversion data has already been uploaded prior to the testing.

We had a global implementation team. Time zone challenges cost us time especially with regards to document approvals and troubleshooting issues. We minimized the effects here by scheduling formal meetings well in advance and potential bottle-necks were prioritized to reduce lag time.

Don't underestimate the time needed for testing the tax engine. The test matrix includes each sub-ledger transaction type, with each tax rate, for each LE.

Don't underestimate the power of team work and the determination to succeed.

Be prepared for stressful times. This is normal and the users need to be made aware that this will happen and is a normal part of any implementation project.

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