

Breaking through the Multi-Org barrier with R12 & Cloud Apps

René Römbell
gnr-consulting GmbH
Frankfurt/Karben

Hans Kolbe
Celantra Systems
San Francisco

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Introduction

Oracle's E-Business Suite Release 12 has opened the door to a new world of flexibility in your ERP configuration, the Cross-Legal-Entity-Operating-Unit (CLEOU). Our presentation will show how Oracle EBS customers are taking advantage of the R12-Cloud concepts of Legal Entity and Business Unit. Instead of being restricted by the contradictory demands of legal compliance on one hand and operational efficiency on the other - multi-national companies are able to build a single operational space and business unit across multiple legal entities and countries. No more duplication of setups for each legal entity! No more 2-5 months setup and testing time for small international subsidiaries! Learn the new functionality and take advantage of Oracle's direction with EBS 12 and Cloud applications.

Legal entity and Operating Unit

The traditional Multi-Org Design before Oracle's E-Business Suite Release 12 was the Silo model. 1 Ledger-1 Legal Entity-1 Operating Unit.

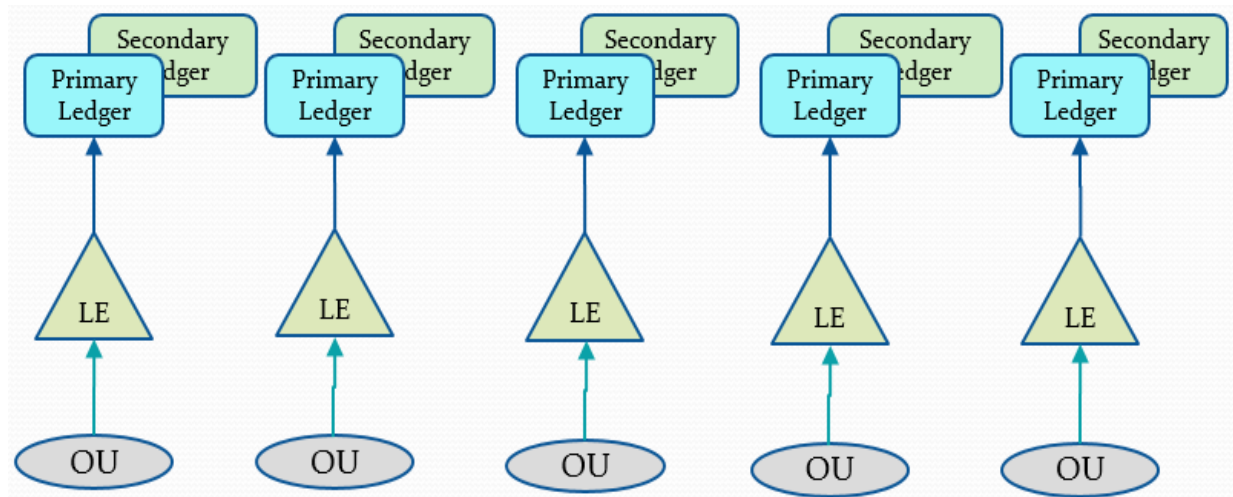


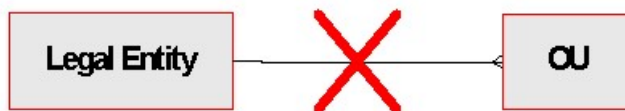
Abb. 1: Silo Model (1 Ledger-1 Legal Entity-1 Operating Unit)

The design was necessary due to the restriction of previous releases which linked the Operating Unit to a legal entity. Today only a default legal entity is defined on an Operating Unit. The owning entity

can be changed on sub-ledger transaction level.

Legal Entity and Operating Unit in R12

- No direct relationship



- Default Legal Context (DLC) - one of the Legal Entities within the Ledger

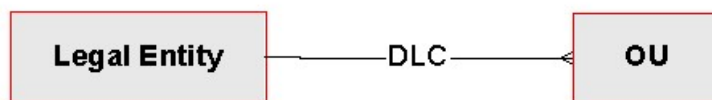


Abb. 2: R12 Default Legal Context (DLC)

This gives the opportunity to simplify the Multi Org structure and share an Operating Unit with multiple legal entities.

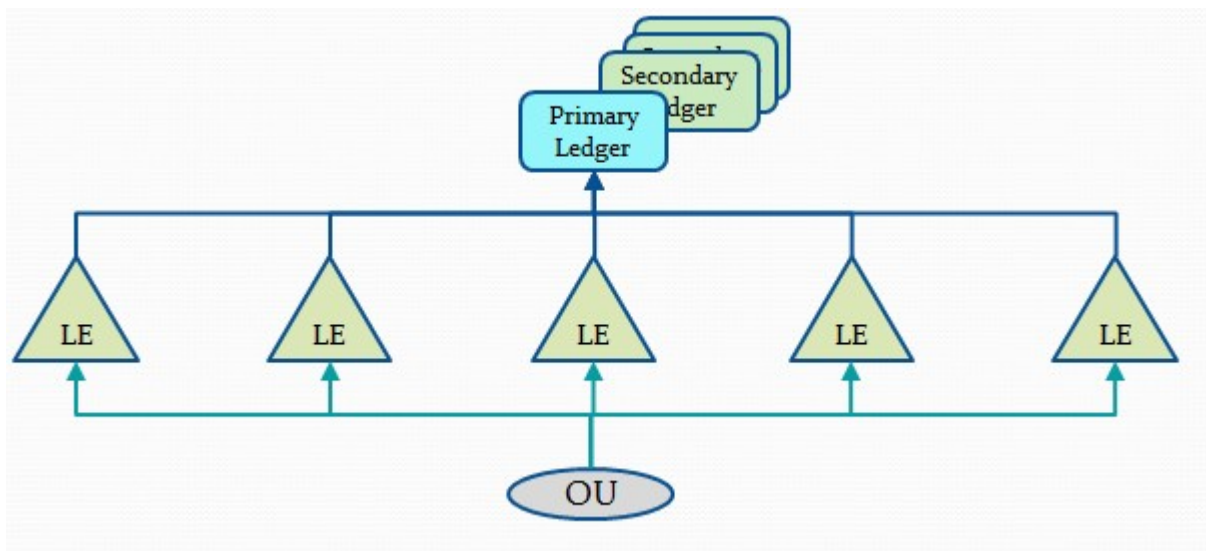


Abb. 3: Cross Legal Entity Operating Unit (CLEOU)

Benefits of Cross Legal Entity Operating Unit (CLEOU)

Depending on the companies structure the CLEOU model will have the following benefits:

- Simplified Design – Single Ledger, Single OU
- Simplify ongoing maintenance (no duplication and continual synchronization of setups)
- Simplify implementation process, roll-out, CRPs, testing. Operating unit parameter need to be setup only once in all operational modules. GL setup is not simplified - local GL books required.
- Simplify shared service centers (customer service, procurement, finance) - no changing responsibilities
- Simplify and speed up monthly closing
- Reduce time to integrate acquisitions and roll-out new modules and functionality
- Ensure global processes by reducing number of configurations and synchronizations challenges
- Improve global data quality - reduce duplication

Looking at Key R12 functionality used for CLEOU

To implement CLEOU the R12 legal entities functionality is used

- In conjunction with accounting setup
 - to support your corporate and local reporting
- In conjunction with EB-Tax
 - to fulfill the regional transaction tax (VAT etc.) requirements
- In conjunction with subledger document sequencing
 - to fulfill country specific transaction sequencing requirements
- Simplify shared service centers (customer service, procurement, finance) - no changing responsibilities
- To default Payables and Receivables transaction ownership
- To support your payments and receipts with correct legal ownership assignment
- To identify intercompany transactions and implications

The following diagram shows how legal entities are assigned and defaulted within e-business suite.

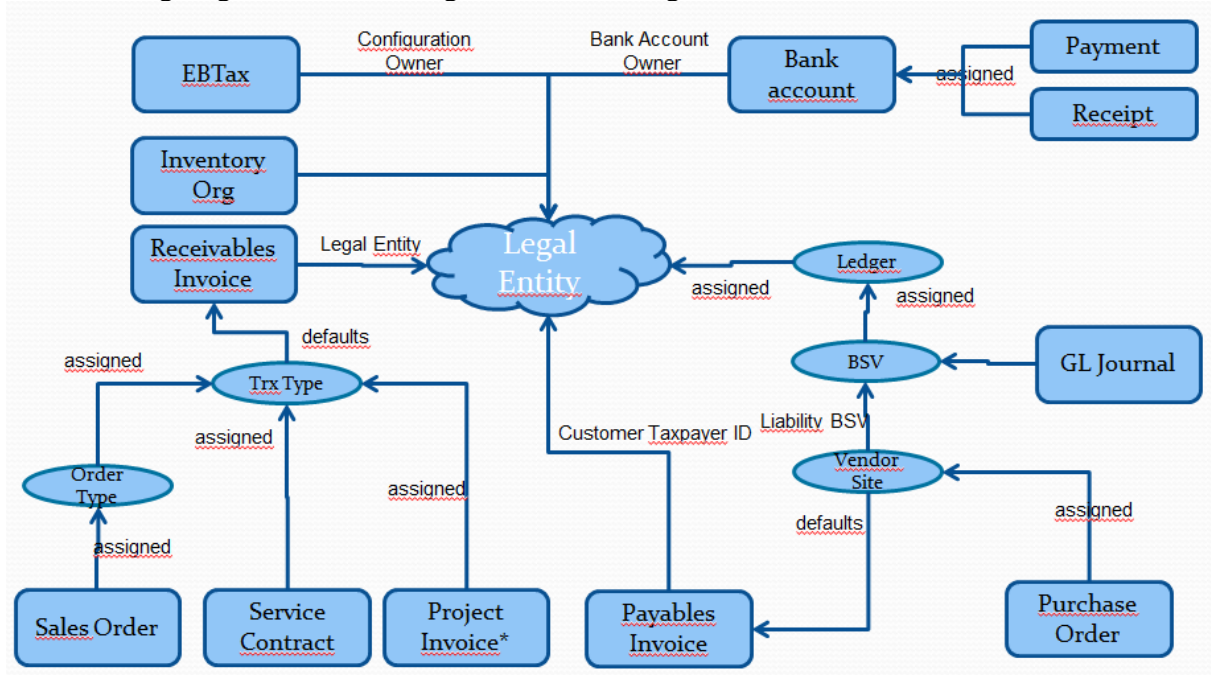


Abb. 4: Legal Entity assignment and defaulting.

Summary

Kontaktadresse:

Rene Römbell
 gnr Consulting GmbH
 Christinenstrasse 7a
 61184 Karben

Telefon: +49 (0) 160-7033232
 E-Mail: rene@roembell.org