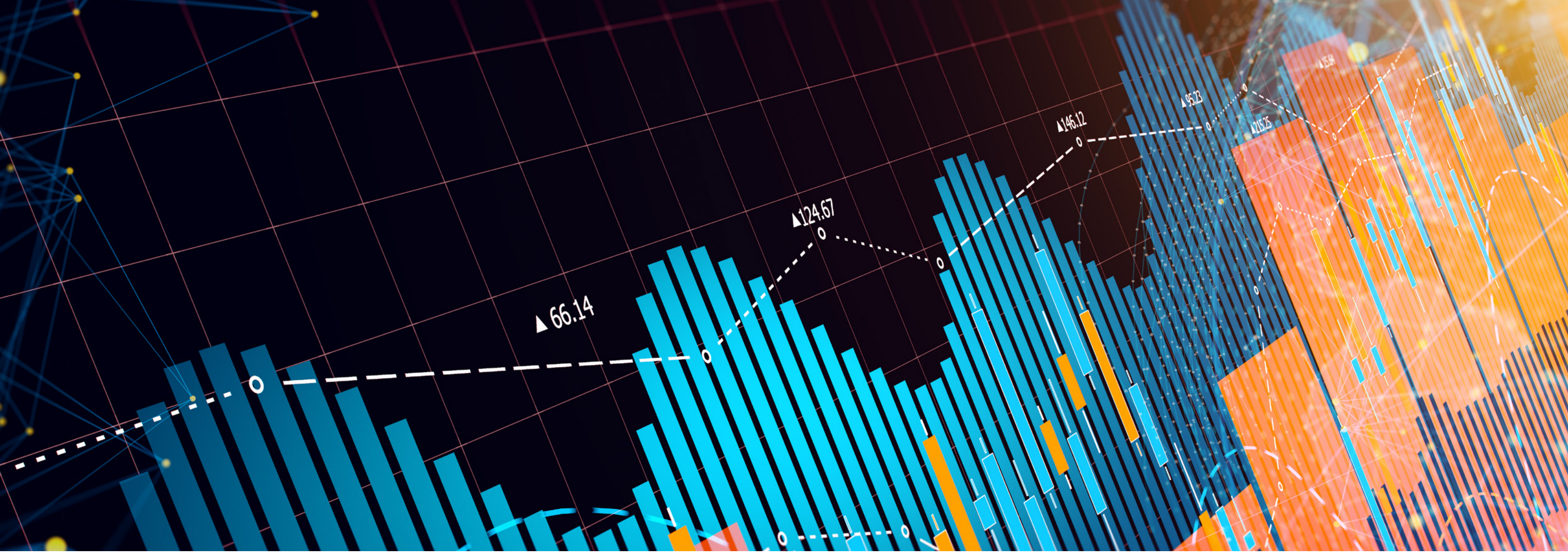
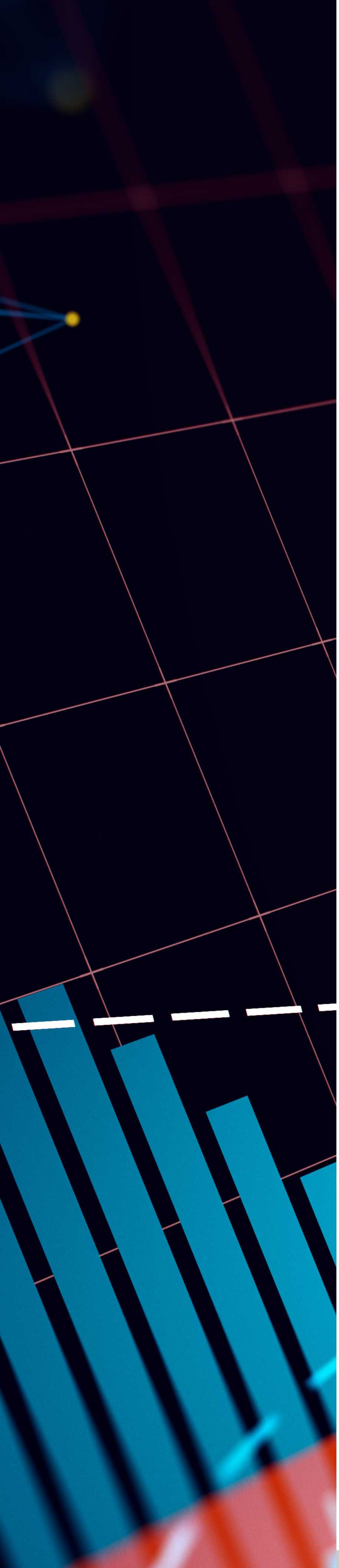


Centralizing Reporting on a Distributed Oracle ERP Landscape Based on SAP's Central Finance Solution

FIELD REPORT

early adopter research



CONTENTS

Introduction 3

Why you should consider centralization 4

What can be done with a centralized view? 4

What does centralization look like in reality? 5

- Cargill's rationale 5
- What Cargill's consolidated view is like with SAP's Central Finance 6
- How centralization works 6
- What are some of the best features of cFIN? 7
- What's the value of the consolidated view? 7
- What are the positive and negatives of the process? 8

Conclusion 9

INTRODUCTION

The challenge is that most companies of a significant size have a heterogeneous ERP landscape for many reasons, but especially due to mergers and acquisitions.

As part of the **Escape Hatch from Oracle Research Mission**, this field report explores ways to gain power in your Oracle relationship. The most fundamental strategy is to create the ability to make choices. Ensuring your business has options is the best way to set your own course with Oracle.

As everyone knows, implementing ERP systems or other enterprise applications is a major undertaking, and moving from one architecture to another is never simple or easy. Having said that, effective approaches are evolving that offer more flexibility and less risk.

In this field report, we examine one of the first steps toward understanding and reshaping your ERP landscape into a more flexible form:

- Creating a centralized view across multiple ERP systems.

The challenge is that most companies of a significant size have a heterogeneous ERP landscape for many reasons, but especially due to mergers and acquisitions.

This means that there may be an SAP ERP system running one business, an Oracle ERP instance running another, and a PeopleSoft or JD Edwards in a third and so on. Even if there is only one vendor involved, often the ERP systems may be running different versions.

SAP's Central Finance solution (cFIN) was created to solve this problem for heterogeneous landscapes, including those in which all the ERP systems are licensed from Oracle.

Centralization is more appealing than migration or consolidation because it is nondisruptive and can be executed quickly.

WHY YOU SHOULD CONSIDER CENTRALIZATION

For companies dealing with multiple ERP systems, centralization offers a way to reduce complexity and improve efficiency.

Centralization is more appealing than migration or consolidation because it is nondisruptive and can be executed quickly. It can also be an easier starting point for a larger process that ultimately results in consolidation once centralized systems are in place. Additionally, companies are eager to obtain a unified view of all their financials across all systems. According to Martin, that was one of the main reasons for Cargill to adopt cFIN.

Businesses are recognizing the need for centralization in large part to address the limitations of much of their legacy technology. Without centralization, organizations cannot get consolidated information, support better decisions, or streamline operations without a tremendous amount of effort because they have multiple systems that do not function together.

For companies in the process of migrating from a legacy system like Oracle, centralization allows them a way to obtain a centralized view of all their financials while also completing the migration. Additionally, centralization offers many advantages to companies, with the best technology offering both a high-quality and powerful transactional and analytics system to manage all (and not just some) financials.

WHAT CAN BE DONE WITH A CENTRALIZED VIEW?

Centralization provides the following advantages:

- A unified view with minimal business disruption
- Innovation without upgrading old systems
- Integration of all legacy systems through a centralized instance
- Detailed financial reporting and analysis across all systems
- Better performance and scale with a system like SAP's Central Finance

WHAT DOES CENTRALIZATION LOOK LIKE IN REALITY?

To show the power and utility of centralization, it's worth examining the experiences of a company that has actually gone through the process. Cargill is an international food, agricultural, industrial, and financial products company that helps to produce large quantities of the food in the U.S. Ross Martin, an IT Architect at Cargill, shared his experience. This field report describes Cargill's process of using SAP's Central Finance solution to create a centralized view from multiple ERP systems from Oracle and SAP.

Cargill's rationale

In speaking with Martin for this field report, it became clear that the primary driver for Cargill was to gain a centralized view of all financials. Achieving a complete and detailed view of reporting from multiple ERP systems had been extremely difficult. In some cases, even though many business divisions were on SAP, they were using different versions, which made unified transparency a challenge.

Producing a unified view of all financials had been cumbersome in large part because the business's current consolidation tools did not have the hyper specific level of granularity it needed. For instance, Cargill could not break out accounts receivable by business partner or see what was overdue versus on time — it only had a summarized perspective. Cargill needed that to change.

To gain this centralized view, Cargill adopted SAP cFIN while at the same time migrating its Oracle ERP systems such as JD Edwards to instances of SAP ERP. The company is migrating from Oracle to SAP from a commercial operation perspective while also implementing SAP's Central Finance from a finance perspective. One of the main benefits of the consolidated view from cFIN is that it would be durable across this migration.

While Cargill needed some technical customization for postings that impact multiple profit centers, mainly, they were able to achieve goals with cFIN out of the box.

What Cargill's consolidated view is like with SAP's Central Finance

Upon consolidating data across its heterogeneous environment with cFIN, Cargill immediately gained the line-item level (rather than account level) detail it desired.

Cargill was able to harmonize its master data by first mapping source data from different systems to the target in Central Finance — this meant mapping business partner and account data, as well as call centers, profit centers, company codes, and other data sources.

Once this data was mapped into the system, Cargill did an initial load of the data and could see balances for the fiscal year, as well as open items and accounts, all of which could be traced back down to the line item level. After that, they turned on ongoing replication of all changes from the source systems into Central Finance. This gave Cargill the comprehensive centralized view it wanted.

And while Cargill needed some technical customization for postings that impact multiple profit centers, mainly, they were able to achieve goals with cFIN out of the box.

How centralization works

According to Martin, once the centralized implementation has occurred, Cargill's main task is to monitor the pipeline of data for any failures. The monitoring ensures that the ongoing replication of transactions is occurring and is accurate and that those replications remain in-sync with the source ERP systems and cFIN.

cFIN includes the Application Interface Framework (AIF) tool, which monitors all transactions that come in and offers up messages that help to explain any failures that occur.

Data is loaded into SAP cFIN through the SAP System Landscape Transformation (SLT) server. For non-SAP ERP systems which are not as easily compatible with cFIN, Cargill uses Magnitude SourceConnect, which funnels transactions from non-SAP systems into the SLT server and then into Central Finance.

With the consolidated view, Cargill can run General Ledger–based reports on a consolidated system across multiple data sources.

SourceConnect takes data and reformats and massages it to look the same as data coming from SAP source systems. It can then be mapped like other data sources. So for Cargill's JD Edwards system, Magnitude SourceConnect transforms the data so it looks like it came from SAP.

SourceConnect is now available globally through SAP as a Solution Extension, under the name **SAP Central Finance Transaction Replication by Magnitude for SAP S/4HANA**.

What are some of the best features of cFIN?

Cargill found that centralization with SAP provided the company with the benefits it needed. In addition to the power of features like SAP's AIF, the mapping capabilities that come with cFIN have proven especially potent.

SAP Master Data Governance (MDG), a tool which is part of the Central Finance package, maintains the mapping of all tables. SAP MDG allows Cargill to get a three-column mapping table for a large number of data objects that helps to delineate the source system, source value, and target value of transaction data. These finance master data objects can then be mapped to whatever target value Cargill desires.

Additionally, with SAP SLT server between SAP and non-SAP sources, Cargill is able to do data change capture (CDC) on tables.

Finally, but perhaps most importantly, Cargill is then able to use SAP Analytics and Reporting to thoroughly investigate, probe, and analyze its centralized view of data. It's a better reporting system than Cargill ever had in the past, with a near instantaneous response time.

What's the value of the consolidated view?

With the consolidated view, Cargill can run General Ledger–based reports on a consolidated system across multiple data sources. Using the mapping tool in cFIN, the company maps all of its data in mapping tables. These create finance master data objects that, based on their source system and value, can then be linked to any desired target value.

Prior to adopting the consolidated view, Cargill relied on a litany of spreadsheets, which could result in inaccuracies or multiple contradictory versions of the data. The consolidated view allows Cargill to do in-depth analysis of the data quickly, while still enabling the company to begin migration off legacy systems without impacting their reporting.

Even with huge datasets, with entries in the millions, users get a near instantaneous response to their queries. Cargill now has a single version of truth for its financial data.

The result is that instead of a mess of spreadsheets, Cargill now has a single reporting view of all finance data. Cargill's ultimate strategy has been to combine SAP and Oracle using cFIN while in the process of migrating off all Oracle systems in the long-term.

What are the positive and negatives of the process?

For Cargill, the benefits of the centralization process have far outweighed the negatives and surprises that come with the implementation of any new technology.

On the positive side, Cargill has been able to gain the deeper analytics the company desired with less effort than trying to consolidate with other tools in the past. Long-standing spreadsheets could be retired, and the speed and performance at which data could be analyzed was greatly accelerated. Even with huge datasets, with entries in the millions, users get a near instantaneous response to their queries. Cargill now has a single version of truth for its financial data.

Cargill was also pleased with the streamlined modern user experience they got from using the SAP Fiori front-end.

There were, however, some surprises to the implementation process. For one, because the source and target model for SAP is so detailed, Cargill did experience some challenges to get all the mappings in place in cFIN. Additionally, because the product is still so new, Martin also said that the speed at which problems were fixed could be improved.

However, these drawbacks were dwarfed by the positives of the experience. Overall, Cargill was able to finish its implementation in a relatively short amount of time. It took Cargill around six months to plan the process and then an additional eight months to get all the necessary data in the cFIN system.

In hindsight, Martin recommends that companies skip the planning step and first focus on getting the data into the system. Once the data is in, companies can then identify what other data sources or mappings they need. They can achieve a better understanding of their current data reality and how it can be put to work for the business. Data implementation will help to unlock larger insights into the system as a whole so that centralization can truly be a success.

As Cargill's experience demonstrates, SAP's cFIN offers a streamlined way to create a central view of all your financial systems, no matter how complex and heterogeneous your current ERP landscape.

Martin said that Cargill's implementation involved a simultaneous centralization using SAP's Central Finance solution and migration from Oracle ERP systems to SAP. This makes their case more challenging than centralization projects that keep incumbent ERP systems in place.

CONCLUSION

As Cargill's experience demonstrates, SAP's cFIN offers a streamlined way to create a central view of all your financial systems, no matter how complex and heterogeneous your current ERP landscape.

Companies can achieve a unified, detailed view of all their financial transactions and systems, from all sources, regardless of how many different ERP systems they currently use. This unified financial view provides immediate benefits and allows companies greater freedom as they decide whether to continue with their existing systems or migrate away from them.

With SAP's Central Finance, a migration from various Oracle ERP systems can occur while having a unified view, offering a greater degree of freedom than companies have had in the past. The movement away from legacy systems can happen without disruption and over time. This means that businesses can finally adopt a modern financial platform in a way that aligns with their resources and time schedule, all while supporting their business decisions with insights from a detailed view of finances across their entire organization.