

# **Process Streamlining: Business Processes in Global Software Solutions**

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## **Key Words:**

Business Process Streamlining, Multi-national Rollout, SOX-Compliance, InterCompany Process, Oracle E-Business Suite

## **Summary**

Today's worldwide acting companies differ very much from previous conglomerates. The necessity to optimally capitalize market potentials for long-term consistency on the world market inevitably leads to focusing and global consolidation. Practice shows now that the implementation of business software solutions often fails in such matrix- or network-like structured companies.

The document on hand first names the reasons for such failure, and then introduces the Process Streamlining Procedure afterwards. This procedure enables for fast and cost-efficient implementation of business software in multi-national companies as well. The procedure is independent of specific business software. In this paper it is exemplary presented based upon the Oracle E-Business Suite.

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## **1 Introduction**

In the long term companies can only succeed by exhausting the market potential of their product innovations in global competition. This leads to strong focusing and global consolidation of market participators and results in global enterprises which cannot be compared to the past's conglomerates. In fact it is about intelligent local company units that are steered by a global business process solution. Business processes are standardized as far as possible (Process Streamlining). Process variants only emerge where considerations concerning production are needed or legal or cultural particularities are given.

The paper on hand shows – based on experiences from Oracle E-Business Suite customer projects in more than 20 countries – how business software solutions can be implemented fast and cost-efficiently in such a multi-national environment. The typical initial situation is a productive Oracle E-Business Suite instance with the parent concern (often located within the Anglo-American area), which is rolled out progressively in a Process Streamlining Procedure into country subsidiaries in Europe or Asia. Standardization of business processes under consideration of cultural or legal basic conditions including SOX-Compliance is the superior project objective. This article shows how this objective can be achieved based on business process oriented procedures in connection with Best-practice Models. Special topics are: working with different charts of accounts, global provision of master items and price lists as well as the efficient transaction of InterCompany Processes.

## **2 Matrix- or network-like organized Company groups**

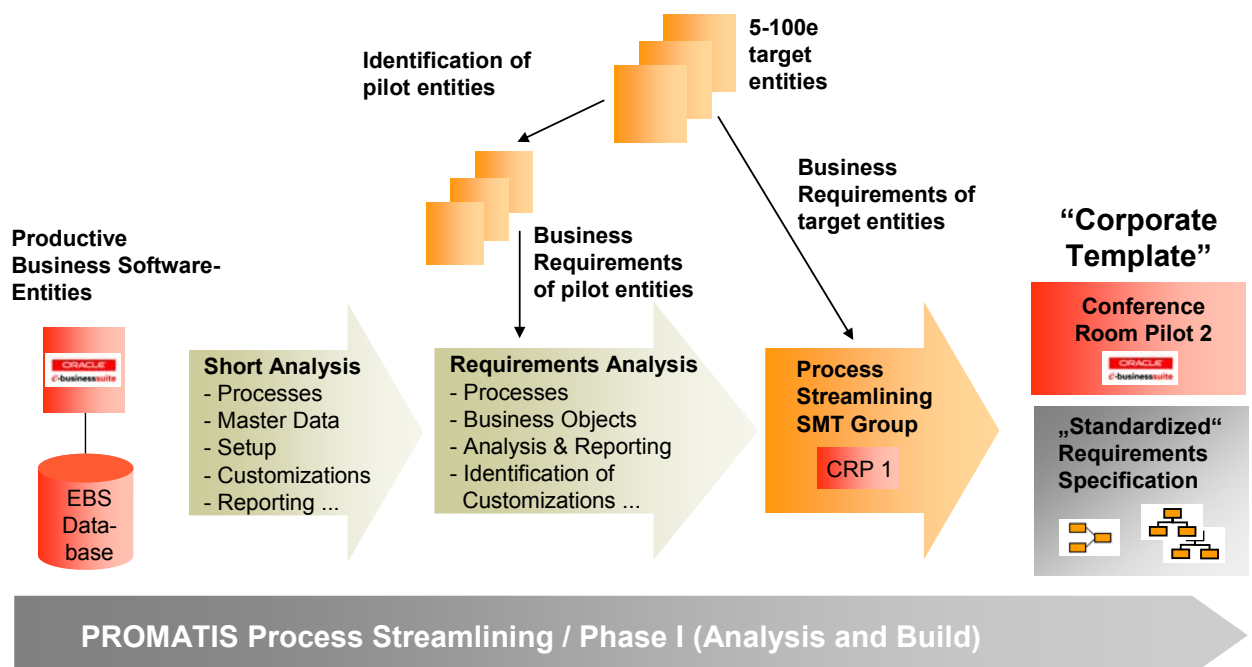
Practice shows regularly that ERP-Implementation procedures, which are tailored to an efficient realization in single companies – eventually with small satellite units – fail in matrix- or network-like organized company groups. That is first of all due to the difficulty to grasp the functional requirements of all company units in the same quality and depth and to consolidate them into one group-wide requirements specification. On the other hand, in such company groups usually a preferably vast unification of processes is aspired to in line with the ERP-Implementation, but nevertheless inevitable cultural and legal differences of the companies are allowed for. Based hereon, PROMATIS has developed a special Process Streamlining Procedure, which is applied in line with company-wide Implementation of the Oracle E-Business Suite.

### 3 Process Streamlining Method

To begin with, the following defines the basic idea of a Process Streamlining Procedure. It is divided into two phases: Phase 1 includes analysis performances and the development of enterprise templates and the second phase the actual system rollout.

#### 3.1 Phase 1: Analysis and Build

Figure 1 shows the necessary steps during the conception. It is considered that there could be productive business software instances in productive operation in the concern. In that case these are ideal initial points for the procedure. First the productive instances are briefly analyzed by examining the supported processes, Master Data-Structures, special setup-varieties, customizations and the reporting. The focus is laid on aspects that are of concern-wide interest as well.



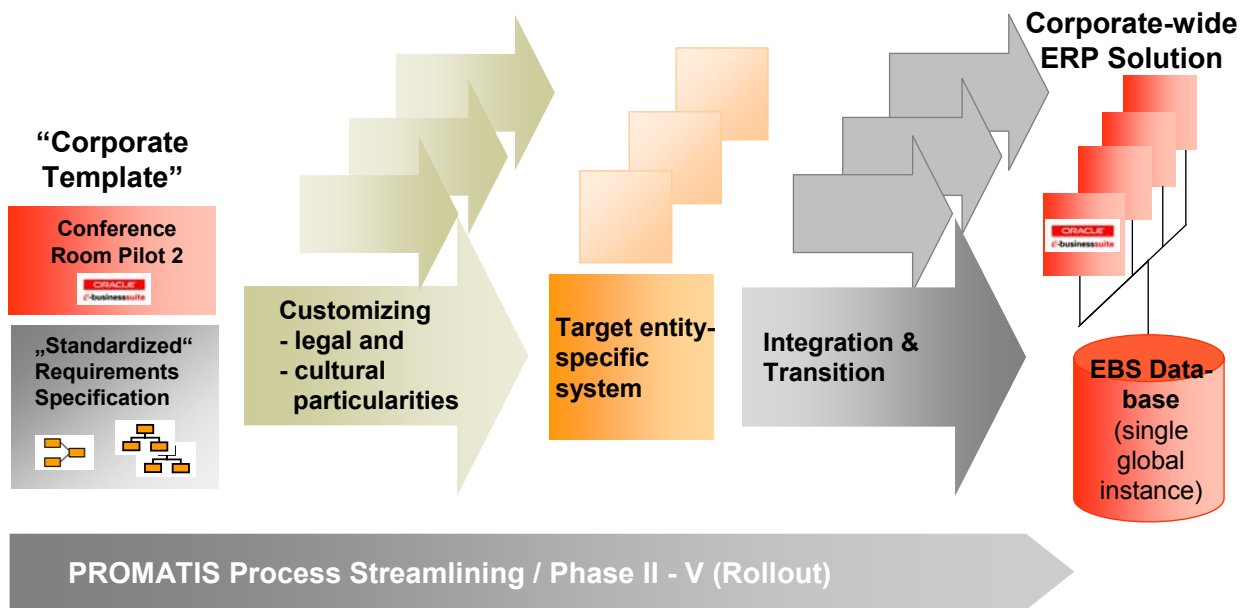
**Figure 1:** Process Streamlining / Phase I (Analysis and Build)

In practice it has to be assumed that during the set-up of already productive instances the technical requirements were determined with a local focus and not yet with a sufficient global point of view. In addition, often many requirements have changed in the time elapsed. For those reasons it is important to focus on the technical requirements of the entire company group when streamlining processes. If there are no productive instances available, the procedure starts at this point.

In a conventional implementation process all involved departments would be involved by their key users to the same degree. This would result – especially for the requirements analysis – in an extraordinary interminable, and for the customer in an expensive procedure with a hard to control complexity. To avoid this, we would first identify the so-

called Pilot Entities, which means companies of the group, for which a detailed requirements analysis is performed. Based hereon often a first prototypical implementation of the future Business Software System is done in terms of Conference Room Pilots (CRP 1).

The actual basis for the Process Streamlining is made up of the specification of the Pilot Entities' business requirements in connection with the CRP 1, which means the definition of the "standardized" requirement specification valid for all companies within the group. The most important part of the Process Streamlining are KeyUser-Workshops, where especially the KeyUsers from non-Pilot Entities are requested to bring in their specifics into the enterprise template.



**Figure 2:** Process Streamlining / Phase 2 (Rollout)

Since it is usually difficult for KeyUsers and the Management to review the enterprise template only from documents and presentations and to finally accept them, a Conference Room Pilot 2 (CRP 2) will be set up after the workshop. This will also be the basis for training KeyUsers. They will receive a founded insight into the enterprise template, which in the following will be the basis for the rollout (see Fig. 2) into the various enterprise units.

### 3.2 Rollout

During the rollout the standardized SMT template will be modified with cultural and legal particularities of the according target entity and if necessary, extended. Particularities are regularly varying local legal-, fiscal-, and social systems, but also cultural differences in performance and administration processes.

The rollout is performed in phases, so that the startup does not have to happen as a "big bang" at the end of the entire project, but in many steps. This does result in a higher effort concerning Transition and GoLive, but also in a significantly lowered project risk.

## 4 Product Specific Aspects

In large parts the introduced Process Streamlining Procedure should be seen totally independent from the application software to be implemented. However, for the practical realization of the procedure some product specific aspects have to be regarded. For the Oracle E-Business Suite these aspects have to be considered:

- Working with multiple charts of accounts
- Global provision of master items and price lists
- Handling of InterCompany Processes

### Information

The listed products are trademarked and are property of the trademark owners. Version of documentation: May 2008

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