

20 years of Intercompany automation - Where do we go from here?

Observations and Recommendations



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Agenda

- What do we have? What has been built? What is missing? How far are we from a complete solution?
- Where is the industry going? What is the future?
- What components are needed, what is your ideal design ?

Down the Memory Lane

Intercompany Accounting – World Wide and Working!

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Introduction

In today's global economy, corporations are driven toward world wide integration of information and operations. The desire to manage business on a global level has motivated companies to fully integrate multinational operations. Tektronix, Inc, a \$2B high tech corporation, is one such company at the forefront of this effort. In April of 1998, Tektronix completed the global implementation of a single instance of Oracle Order Management (Oracle Order Entry, Inventory, Cost Management, Accounts Receivable). Twenty-four subsidiaries in twenty-three countries were united under a single instance. Paramount to success was an accounting engine able to handle the requirements and demands of a global operation. The solution was a Tektronix developed Oracle extension called **ICA** – **InterCompany Accounting**.

ICA extends basic Oracle functionality to satisfy the critical financial application demands of international operations. These requirements include:

implemented solutions. A business case is presented to demonstrate basic functions of the system. Process flow diagrams at both functional and technical levels are presented to aid the understanding of system interactions. The paper concludes with a discussion of future integration plans.

Significant points to emphasize are:

- ICA is a reality. All of the functionality described is used by Tektronix world wide - and it works!
- The term "lights-out-accounting" is frequently used to describe the abilities of the system. Since all accounting is driven from operational processes, there is no manual accounting of any kind. Once configured, the system will automate every accounting entry based on the systematic flow of transactions. For the accountant, everything is "lights-out."
- ICA is a flexible module with the ability to accept front-end interfaces from external systems. The majority of the examples provided reference Oracle Order Entry. However, the same functionality

What do we have ?

- Oracle EBS and Cloud Functions
 - Specific Initiation Events and Adapters (Costing, Projects)
 - Specific I/C relationship and Accounting models /highly delineated around Oracle configuration models (LE, Op Unit, Ledger)
 - Cross-Entity Transportation Model (AGIS)
- Rule based tools (VT, COMRUEN) with flexibility in
 - Initiation Events and Adaptors
 - Relationships, Accounting, and Pricing Models
 - Striving for ERP systems independency
- Stand-alone Intercompany Repository Systems (Blackline...)
 - Intercompany reconciliation and settlements
 - No initiation events, limited adaptors

Where is the industry going

- I don't know

What Elements are needed?

- Adaptors to Initiation Events
- Relationship Models
- Accounting Models
- Pricing Models
- Transportation Models
- Cross-ERP Systems input and output
- Cross-Ledgers, COA, Currencies
- Integration with financial books of record
- With Supply Chain
- With Audit Trail and Reconciliation
- A dedicated I/C Container, a Sub-Ledger to multiple Ledgers of participating entities
- Allow single record of I/C transaction with Sender/Receiver side perspectives
- Allow flexibility in processing of I/C balances, loans, netting, disputes ...

Ideal Design

- Create a Non-Financial Operating Unit without Ledger, functional currency, or accounting
 - Handle Events from Participating entities
 - Rules to configure the Adaptors to entity ledgers
- Modelling the Fusion Cloud “Procurement BU”