

KEYS TO SUCCESSFUL
ORACLE APPLICATIONS
CHART OF ACCOUNT CONVERSION

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The Challenge of Changing Oracle Chart of Accounts in a Production Environment

It is common that a business wishes to change their Chart of Accounts (COA) in their Oracle production environment. The reason could be to support tracking of Key Business Indicators support business strategies, or to support the business growth since the original design of the current COA.

The challenge is a change to a current COA in a production environment is not recommended or supported by Oracle. Changes to a COA in a production environment can have serious impacts to your Oracle Support Agreement even to the point of nullification of the support agreement in place. Many companies struggle as they grow and acquire other companies to accommodate the variations in multiple COA's among its many businesses. Oracle suggests a complete reinstall of its modules to modify the COA. To many companies, this cost would be very significant and time consuming for each of its business units and user communities.

One of Motion International's clients expressed interest in making this change to their COA structure. They created a small project task force to research and identify all options for modifying the COA. Through this research, the team found technical consulting firms willing to modify the tables, but they could not gain approval from Oracle to support the agreement in place. Furthermore, these projects often started in the hundreds of thousands of dollars to perform and results were unknown.

Motion International assisted our client research alternative methods to make changes to their chart COA in their production Oracle environment. We identified a solution incorporating a third party tool that allowed Motion International to design a new COA and migrate historical data without having to perform a re-implementation of Oracle. The cost of this third party tool, combined with the project estimated cost was a fraction of other technical solutions being offered, so our client decided to pursue this option further. It is also important to note that Oracle fully supports this third-part tool and therefore Oracle support agreements would not be jeopardized.

Case Study

Motion International's client is a large international manufacturer. Due to growth in their international operations and recent merging of business operations, they decided their COA needed restructuring. They had recently brought their Canadian operations to the Oracle ERP platform and their European operations migrated to Oracle a short time prior to the implementation in Canada. Their North American corporate headquarters in the United States installed Oracle Applications in 1999. At that time, they created a six segment COA that reflected their current operations as follows (along with the number of characters in each segment):

- Company – 2
- Account – 5
- Department - 4
- Product Family – 3

- Product Detail – 4
- Product SubDetail - 3

These six factors at the time of implementation met all of their current reporting needs for Finance and Sales.

When companies implement Oracle, they often base their COA on their current business operations and financial reporting needs. Often times little or no thought is given to future acquisitions and growth beyond five years of business. Many companies create future segments, anywhere from one to three, and place them at the end of their chart of accounts to use at some point to track part of their business they may have missed during implementation or a change in business altogether. These future segments are not necessarily the answer for all companies to account for new acquisitions or a change in businesses direction or growth.

If the future segments were disabled or not displayed during the original implementation, they may cause issues in Oracle Financials when they are either enabled or displayed in the General Ledger.

Motion International's client's European operations created an eleven segment COA to utilize throughout their organization. When the European and United States operations consolidated, to more readily look at financials consolidate reports, they realized they must adopt their COA to accommodate the differences in segment mapping changes and issues often seen between two sets of varying COA. The eleven segments for the European operations were as follows (along with the number of characters in each segment):

- Company – 6
- Account – 6
- Cost Center – 6
- Profit Center – 4
- Product Application – 3
- Product Family – 5
- Project – 8
- Intercompany – 6
- Future – 8
- Future – 3
- Future – 3

Although the first three segments are the same in their current COA and the future COA, you can clearly see they have varying lengths of each segment.

The first test case was conducted using a third party solution which consisted of completing the following:

1. Back-up a copy of Production
2. Create Test Environment from Production copy
3. Set-up Oracle Applications
 - Create FFIELD schema tablespace as required by third-party solution
 - Create new Chart of Accounts
 - i. Create new Accounting Key Flexfield
 - ii. Setup segment structure
 - iii. Create value sets – assign to segments in KFF

- iv. Define Flexfield qualifiers (balancing segment, natural account, intercompany, cost center)
4. Install third-party software on computer to be used for conversion process
5. Perform App Pres-steps (may vary based on company)
 - For each sub-ledger and Sets of Books associated with the current COA, clear all sub-ledger transactions from all temporary tables and interface tables
 - Run Journal Import to import all journal entries in the GL_INTERFACE table. This interface table is used to import journals from external systems as well as from Oracle sub-ledgers such as AP, AR, etc...
 - Clear all interface tables
 - i. INV
 - ii. PO
 - iii. AR
 - iv. AP
 - v. FA
 - Clear the Fixed Asset interface tables:
 - i. Run Post Mass Additions to completely clear the Mass Additions interface tables and move all assets into the FA module
 - ii. Run import programs (for Multi-Org instances run import program for each organization)
 - Post all other sub-ledger transactions to GL
 - Close accounting periods for sub-ledgers
 - Delete summary templates, account hierarchies and rollup groups, cross-validation rules, and security rules
 - Turn off Concurrent Manager
 - Turn off Oracle Applications Server to prevent others from logging on to the database

The third-party software tool main functionality was to perform the actual data conversion from the old COA to the new COA structure. The time for the conversion using the software will vary based on the size of your Oracle database and the number of records that it will update through the process. Motion International's client's data conversion took approximately six hours to complete.

After the conversion into our test instance, a number of post steps were required to complete the process. The post steps will vary by company based on the number of modules included in your licensing agreement and utilized by your company. The following tasks were included in the post step processing, but they may not be all inclusive based on your company's use of the Oracle Applications (vanilla vs. custom installs):

1. Create Financial Statements⁽¹⁾
 - All FSGs are deleted out of the system as part of the conversion, this effort may be time consuming for companies with hundreds of FSGs, but I have found an alternative to recreating each of the FSGs instead
2. Run Financial Reports to verify conversion was successful and reconcile amounts
 - AP trial balance
 - GL Trail Balance Summary
 - FSGs (Profit/Loss and Balance Sheet)
3. Create Row Orders⁽²⁾
4. Create Content Set⁽²⁾
5. Cross Validation Rules Set-up
6. Set of Books – verify translation and retained earnings accounts
7. Allocation Rules Setups
8. Security Rules

9. Rollups Setup
10. Budget Allocations
11. MRO Codes and Aliases⁽²⁾
12. Location Flexfield changes
13. Re-create Parent/Child reporting Values⁽²⁾
14. Re-create Report Sets⁽²⁾
15. Disable all conversion values or old values in each segment

ACCOUNTS PAYABLE

16. Verify trade liability defaults in options – AP Set-ups – Options - Financials
17. AP Tax Codes – Setup – Tax - Codes
18. Verify AP - Setup Financial Options - PO Rate Var Gain/Loss
19. Change reporting entities for New Company Values (AP Super User – Setup – Tax – Reporting Entities)
20. Modify the vendor sites for both US and Canada to pick up the correct liability and intercompany segments for each site

iSUPPLIER

Internet site – Validate the internet link is still connected

ACCOUNTS RECEIVABLE

21. All Auto Accounting rules must be updated for defaults
22. Validate Transaction Type segments/values for accounts
 - On Revenue Account – for US to CAN and CAN to US transaction types – update the intercompany segment to correct value accordingly
23. Receivable Activities verification
24. Verify System Options accounts
 - Trans And Customers – Autoinvoice default account segment
 - Tuning Segment on Trans and Customer tab – change from FIR_Account to CLIENT_ACCOUNT

PURCASHING

25. Update Approval Groups – Setup – Approvals – Approval Groups (Both US and CAD)
26. Verify Financial Options, Receiving and Purchasing Options
27. Verify Email Notifications are working at Go Live

FIXED ASSETS

28. FA Book Controls – default accounts for all books (tax and corporate books)
29. Asset Categories – validate all expense account defaults

HUMAN RESOURCES

30. Organization Name changes that include department #
31. Hierarchy name changes that include department #
32. Position Names – only active ones
33. 3rd party payroll system – required significant changes with inbound, outbound interfaces

WORK IN PROCESS

34. Verify WIP Accounting Classes under Setup for mapping validations

ORDER MANAGEMENT

35. Validate the following:
 - o Shipping – Setup-Shipping Parameters – Shipping Trans tab
 - o Shipping – Setup-Org Parameters – inter org information

INVENTORY

36. Items – Validate sample of items for changes to COGS and Sales accounts

BILL OF MATERIAL

37. Validate Costed Resources – Routings – Resources (Absorption and Variance Accounts on all resources used)

COST MANAGEMENT

38. Verify Overhead Absorption CCIDs (Pipe Overhead)
39. Verify Cost Groups
40. Verify WIP Accounting classes
41. Verify Subinventories Summary accounts
42. Verify shipping networks (Transfer Credit and Receivable defaults)

REPORTING (DISCOVERER, CRYSTAL, CUSTOM THAT REFERENCE ACCOUNT DETAILS)

We kept a separate worksheet for all Custom items related to the project that needed updating during the post step processing effort.

⁽¹⁾ – Part of this program to move FSGs is custom and proprietary to this project

⁽²⁾ – The tool used to make this more efficient is propriety to Motion International

The end to end effort included six rounds of testing and took approximately six to eight months to complete.

The rounds of testing included:

1. Initial test of software
2. 2nd round of testing with software and identification of pre and post step processing efforts along with custom objects, reports, etc.
3. Unit and Integration Testing
4. User Acceptance Testing
5. Regression Testing
6. Final Round prior to Production cutover

Only rounds 3, 4 and 5 involved users completing their own tests. The other rounds of testing involved only IT staff and a consultant. Training was provided to key Finance Department users and to those that actually coded invoices or reported using the GL segments. The client's Finance Department requested to not provide formal

training to users as they preferred to provide them with the new company, department and account values due to previous issues they had encountered with improper coding.

Project Lessons

Overall, Motion International's client had a vanilla environment and did not demand as much effort compared to the effort to re-implement Oracle COA to accomplish the same goals we did on this project. Essentially Motion International performed this project with one full time consultant for three months. Business users were required in many of the early efforts and testing on a limited basis. However, after the initial testing, they were not required until the last validation of results. The following activities took the most time and effort by the project team as part of the COA conversion:

- Segment Mapping – do not allow too many hands in this effort as everyone wants to see data in multiple ways to get the information they need. This effort was by far the most difficult and took the longest of any
- Financial Statements
- Identification of custom objects, reports

Project Benefits

Motion International's client was able to implement a new COA to better track financial performance in a consolidated global organization. We accomplished this goal in a fraction of the normal cost relative to a new implementation.

Motion International's client also enjoyed the following benefits:

- All line drill down/back capability works after conversion from module to module
- No loss of history of any kind
- Less costly and more efficient than re-install of Oracle Applications
- Very minimal user impact outside of learning new segment mapping values
- Oracle support contracts not violated

Conclusion

This project was a success! Now Motion International has a road map, tools, and templates for other clients to follow who wish to accomplish the same goals.

Has your company outgrown your current COA? Does consolidation require a new COA structure? Before now, you would have to wait for your next major upgrade to consider changes to your COA. You no longer need to delay the business benefits of updating your COA.

About the Author

Matthew Adelman is a Senior Financial Analyst with Motion International. Mr. Adelman has over 7 years experience in designing and implementing Oracle ERP systems and redesigning business processes for numerous companies in retail, service and manufacturing industries. Mr. Adelman has served as Trainer, Project Lead and Subject Matter Expert on several Oracle Applications projects.

About Motion International

Motion International is an experienced, exclusively Oracle professional services company that works with manufacturing and retail firms with international operations. One of very few firms that offers high-caliber multinational Oracle expertise worldwide, it has developed several proprietary best practices, tools and methodologies to ensure successful delivery. Headquartered in Minneapolis, Motion has delivered Oracle projects on five continents. Its clients include some of the world's largest global companies.

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