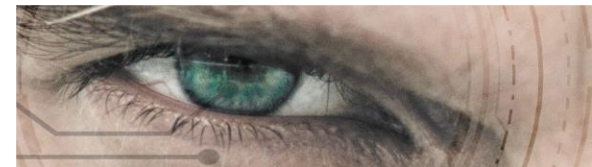




# Harvest the benefit of ERP



# DSB – The FRØ programme

Business implementation of SAP S/4 HANA

**PwC Finance Digital Day 2019**

Harvest the benefit of ERP

21 March 2019





# Legacy SAP R/3 ECC 6



- ERP system built for old organisation and target operating model – support packages not updated
- Large number of enhancements in the system and lack of overview of functionality
- Not a strong focus on release management
- Large number of month-end transactions – settlements between modules
- Lack of segregation of duties – roles developed from introduction of the system – little maintenance
- Design criteria not described in detail
- Test environments were not in full alignment with production environment
- Minimal automation of VAT postings and few automated validations/controls
- Large number of interfaces to databases and legacy systems (not SAP)

# Business challenges



- No systematic view of validation routines
- Lack of overview of internal controls
- Design not documented and approved properly
- Limited process documentation
- High dependency on internal orders that could be initiated by a large number of controllers/specialists
- Large number of organizational units in SAP (some inactive)
- Lack of details in asset management – hardly no supporting details
- Late information on monthly result due to settlements
- Insufficient description of roles and responsibilities
- Testing facilities were insufficient

# Complex business environment





# Success criteria – The FRØ programme

The results of the FRØ programme must support:

- 'One set of numbers' – common to all
- Effective, efficient and business-relevant IT support
- Less time spent on collecting data, and more time spent on analysis (70/30 -> 30/70)
- Common terminology, standards and definitions
- High-quality data, processes, controls and reporting
- Flexible IT solution supporting changing business demands
- Improved service provided by Accounting and Finance
- Flexible and standardized cost-effective IT solution
- Clear roles and responsibilities with respect to processes, data and information
- Cost-effective and transparent operation of the DSB business
- Decision-making support and execution
- Cross-functional and cross-organizational analyses

Focus on **benefits** of the FRØ programme

Reporting,  
management  
and follow-up

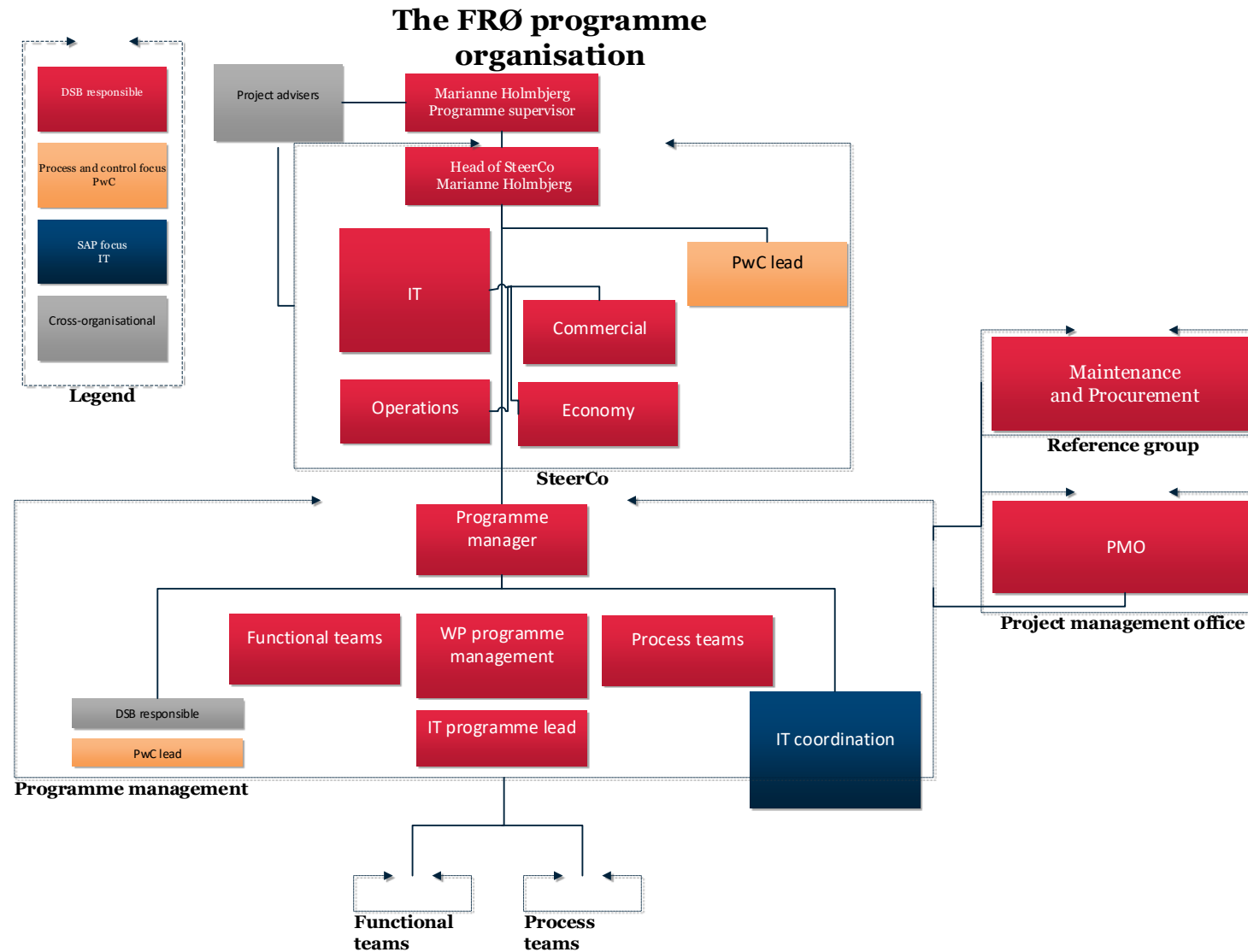
Efficient  
workflows

Future-  
proofing

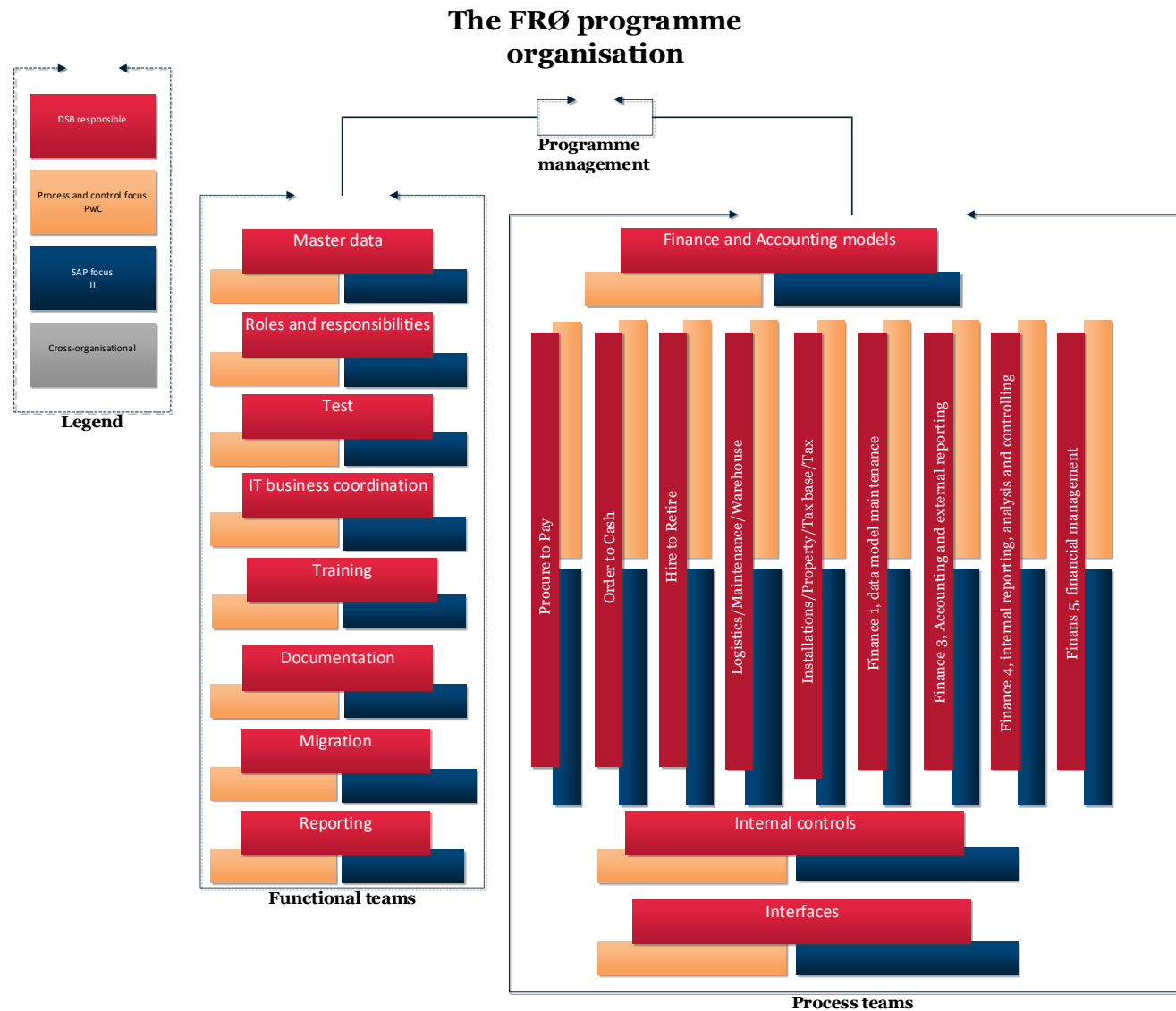
Better data  
and shared  
point of  
reference



# Steering committee











# Programme organisation





# Various possibilities exist for SAP to customize its solutions

Possibilities for customizing SAP solutions

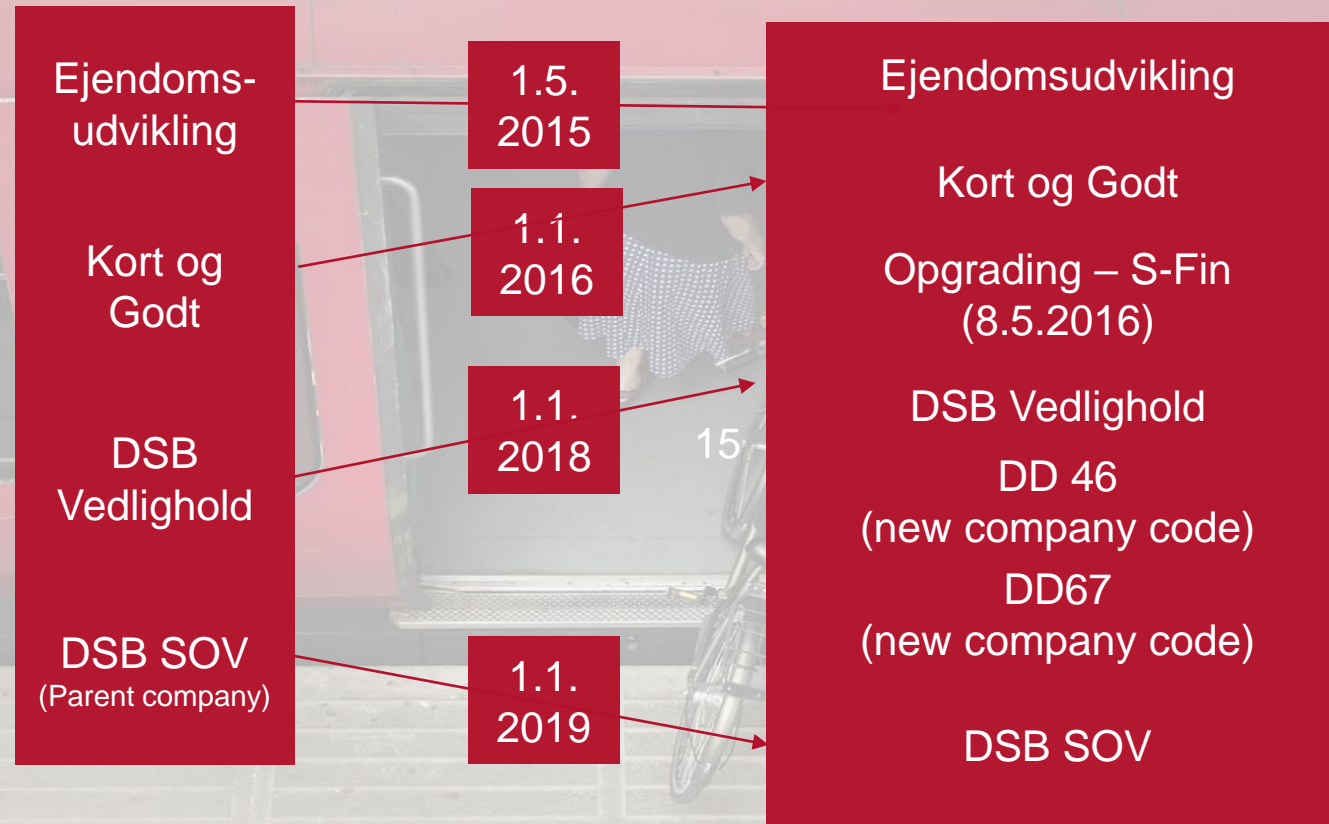
Customization	Description	Complexity/Risk	
<u>SAP unchanged</u>	<ul style="list-style-type: none"><li>No customization of SAP functionality</li></ul>	<b>Minimum</b>	
<u>SAP best practice</u> <u>Pre-customization</u>	<ul style="list-style-type: none"><li>SAP offers pre-customization with documentation that allows you to accelerate implementation</li><li>All pre-customized functionality is retained when SAP is upgraded</li></ul>	<b>Minimum/Low</b>	
<u>SAP standard</u> <u>Customization and personalization</u>	<ul style="list-style-type: none"><li>Application of SAP's standard options for customizing 'out-of-the-box SAP' according to the customer's needs</li><li>All settings are retained when SAP is upgraded</li></ul>	<b>Low</b>	
<u>SAP standard additions:</u> <u>Enhancements</u>	<ul style="list-style-type: none"><li>When SAP cannot meet the customer's needs by customizing and personalizing functionality, enhancements may be an option:<ul style="list-style-type: none"><li>Business add-ins</li><li>Customer/User exits<ul style="list-style-type: none"><li>Menus</li><li>Screenshots</li><li>Fields</li><li>Functionality modules</li></ul></li></ul></li><li>All 'exits'/add-ins are retained when SAP is upgraded. However, individual additions do not necessarily work after an upgrade</li></ul>	<b>Low</b> <ul style="list-style-type: none"><li>Few business add-ins or user exits</li><li>No functionality modules</li></ul>	
		<b>Moderate</b> <ul style="list-style-type: none"><li>Few business add-ins or user exits</li><li>Few functionality modules</li></ul>	 
		<b>High</b> <ul style="list-style-type: none"><li>Several business add-ins or user exits</li><li>Several functionality modules</li></ul>	
<u>Not SAP standard:</u> <u>Modifications</u>	<ul style="list-style-type: none"><li>Customer-specific changes to SAP's standard codes and tables</li><li>Not supported when SAP is upgraded</li></ul>	<b>Very high</b>	

# Design criteria – business

- Final data capture as close to the source as possible
- No usage of internal orders – PSP element, cost centre and RE object are main cost carriers
- Final transaction at data entry – no value added
- Transparency of transactions – data entry for all areas
- No settlements
- Near real time reporting
- Bear in mind that end users are not accounting specialists
- Strong business model – designed up front and maintained throughout the programme
- Universal data model – operational model – directive for any decision throughout the programme
- Agile operating model – building blocks
- Built-in data collection for future use



# Migration of company codes and establishment of new company codes



# Migration strategy



- No impact on customers – security is the top priority – NO issues
  - No trains in garage – orders must be prepared in order to ensure right amount of kilometres between mandatory overhauls
  - Step 1: Master data
  - Step 2: New transactions
  - Step 3: Migration of balance sheet transactions
  - Step 4: Close old company codes
- 
- No P/L transactions from closed periods were migrated to new platform



# Data cleaning



- Data cleaning of material masters
- Updating of info record
- Validation of data from old ERP to S/4 HANA – file by file
- Three sets of migration – ETO – EQ1 – EP0
- Internal controls incorporated in the IT processes
- Artificial Intelligence (A.I.) part of the data cleaning process
- Supporting the new business model

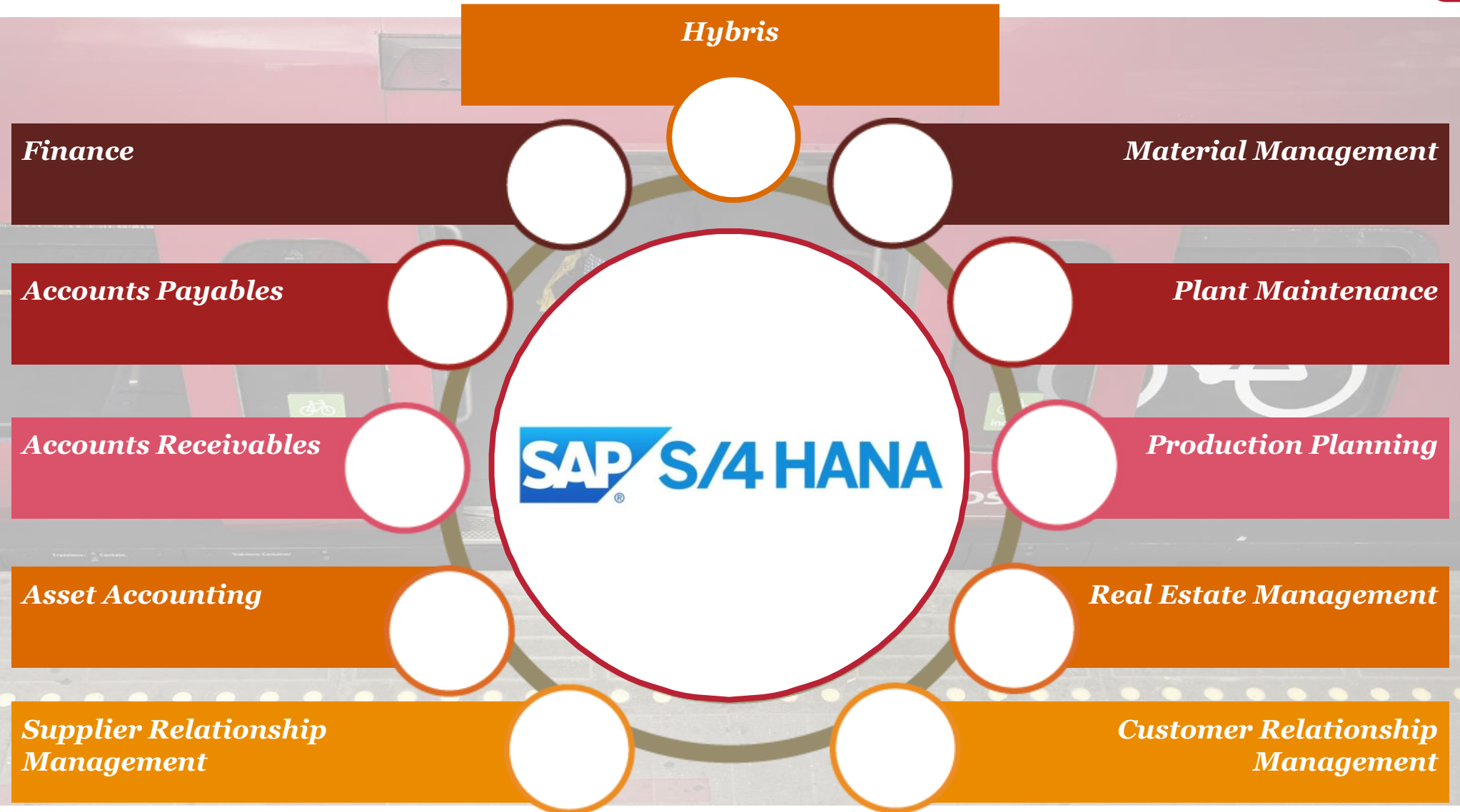
Numbers:

40,000+ material masters

2,500+ suppliers

25,000+ service orders created the first year

# SAP modules in use



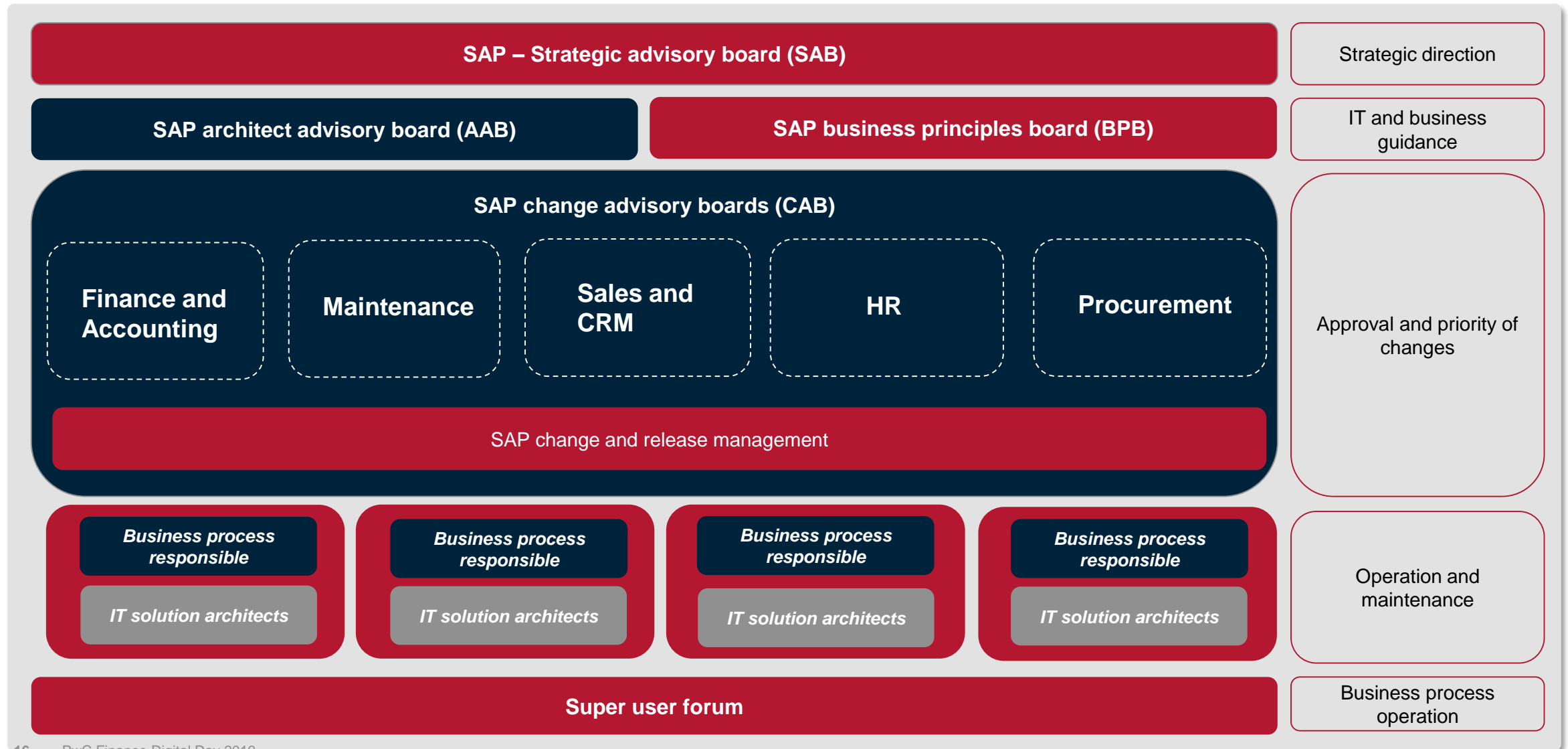


# Lessons learned – to be repeated



- Programme organisation designed to be migrated into permanent organisation
- Clear responsibility for ERP system
- Clear roles and responsibility of the programme
- Strong accounting and design principles maintained throughout the programme
- Strong focus on roles in the system – authorization criteria determined from the beginning
- Simple 'transportation rules' – one problem – one transport
- Business involvement in IT-logic and strong demands for flexible deliverables
- Less dependencies between SAP transports
- Large involvement of the business
- Detailed planning, 2,500+ actions in the plan for DSB Vedligehold
- No internal trade within a company code
- Introduction of E, I and K codes
- Strong risk focus – 'no risks in the process'
- Future Governance Model

# SAP embedded in the future organisation





# Future S/4-Hana



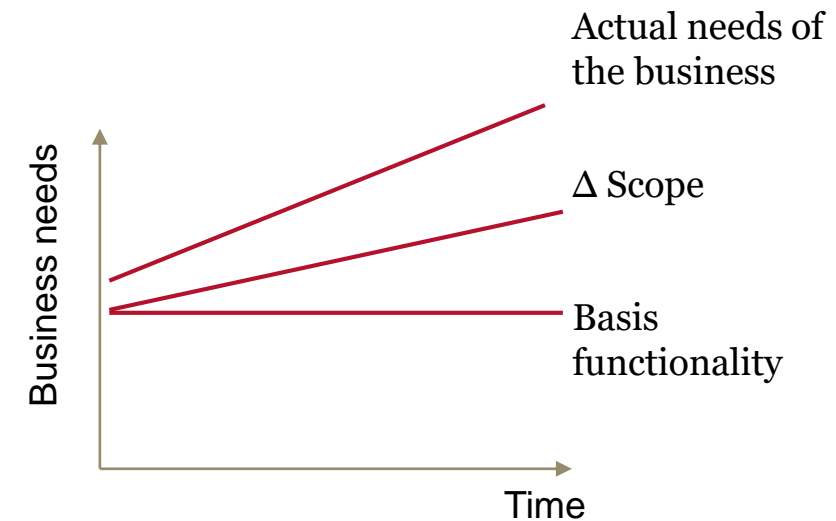
*1. Closing the gap*

*2. Protection/Governance*

*3. Support business development*

*4. Ensure correct and optimal use of data (input)*

*5. Ensure correct and optimal use of data (output)*



# New Insights



- Introduction of DSB-specific reporting fields (company-wide contract no/VAT solution/class type/class number/equipment number/train number)
- Cost allocation to the actual cost drivers
- Predictive maintenance
- Valuation of stock – depreciation method
- Mandatory security control system – train security
- MRP – optimization – goods needed
- Optimization of production resources – capacity
- Requirements of future suppliers (outsourcing of maintenance)
- Work Force Performance Builder (education)
- Data Analysis



# Closing comments



- Successful implementation, demands focused programme participants
- Full time job for chairman of the steering committee
- Full time programme manager
- Project manager teams per end-to-end process
- Strong alignment between business and IT
- Dedicated teams with clear mandates
- Continuous focus on steering/business model
- Continuous focus on business principles and design criteria
- Alignment with changing business model
- Education – change management – in a changing environment
- Standardized functionality for all company codes

