

Adapting Oracle Financials to a Changing Business Climate

- Changing Calendars and Changing Names -

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The climate in which businesses operate changes constantly. Businesses acquire companies and shed divisions, they reorganize and restructure. These changes create challenges for those who manage the financial applications. Even a change as simple as a new name can cause consternation in an ERP application. Rare indeed is the business in today's world that doesn't face such issues.

Once configured, Oracle applications like most ERP applications are rigid in certain of its features such as calendars, accounts, sets of books, and organization structures. Under certain conditions these are difficult if not impossible to change and this is as it should be because these features go to the core of the ERP system. They are integral to many of the modules and business processes and are key to maintaining transactional integrity. Smooth business process flows and reliable audit trails depend on the stability and unchanging nature of those features.

The integral nature of calendars, accounts, organization structures, and other similar features is one of the characteristics of a true ERP application.

In most implementations much consideration is given to the decisions that influence these configurations because they have direct impact on so many areas of the business. Neither procurement cycles nor order to cash cycles can't be set up without a calendar. Most of the configuration of the financial applications requires the definition of organizations such as operating units and inventory organizations and these are inherently linked to a unique set of books.

So what happens when a significant business transaction such as a merger, restructuring or divestiture suggests that the calendar to which so much attention was given is now obsolete and a new one is needed?

Oracle Support suggests that businesses with requirements to make changes in these areas create a new set of books and use the consolidation feature to move account balances from the original set of books to the new set of books. (This assumes that the periods that need changing already have budget data or have a status other than Never Opened which is usually the case by the time these requirements are to be implemented).

Creating a new set of books is all fine and well if the only application used is General Ledger. If a new set of books must be created, then a new operating units will have to be defined and this means that most of their sub-ledger setups will have to be re-entered all over again. It also means new supplier and customer sites have to be entered. To carry this out one step further, it

also means either a data conversion of all open purchase orders, sales orders, invoices and other business documents OR it means cutting off the continuity of all transaction history.

This is not an appealing proposition. Essentially, it is a re-implementation. There are many organizations that spent a considerable amount of energy and capital on their Oracle implementation and they have no inclination to face such a prospect when the purpose is merely to make a few changes to accommodate their new order of things. There must be a better way.

Oracle Support recognizes that their customers have legitimate business requirements to change calendars and that they must be able to do so without exerting the significant amount of energy that a re-implementation would require. The remainder of this article will discuss how to change calendars and organization names without creating a new set of books or any new operating units or inventory organizations.

DRS Training and Controls Systems – A Case Study

DRS Training and Control Systems (DRS-TCS) is a defense contractor for the US government and uses the full suite of financial and manufacturing Oracle applications as well as Project Accounting and Fixed Assets. They operate on a 4-4-5 calendar with their year-end being December 31. They implemented multi-org but only have one operating unit, one master inventory organization and a second inventory organization for transactions. They only have one set of books.

Prior to their acquisition by DRS Technologies they were known as IDT-Metric Systems. Once the merger was completed in November, 2003 the decision was made to let DRS-TCS continue using their Oracle applications but they had to comply with the DRS Technologies calendar that is a modified 4-4-5 calendar with different month-end dates and a March 31st fiscal year end.

The tasks DRS-TCS needs to accomplish so that they comply with their parent company's policies are:

1. Change the calendar for all their applications to recognize the new fiscal year-end date and the new period end dates required by the 4-4-5 operations.
2. Change the name of the set of books so that their reports and financial statements reflect the new name.
3. Change the names of the various organization units within Oracle.

Analysis

Originally, DRS-TCS defined their calendar to have 12 periods plus one adjusting period. The last year they defined in their calendar was 2004 ending December 31, 2004. The new fiscal year 2005 was set to begin April 1, 2004. They tried to change the periods in the calendar and as expected found that the applications prevented such changes.

The application will prevent you from making changes to calendar the unless you meet the following qualifications:

1. All the periods to be changed have a status of Never Opened.
2. A budget year that includes the periods to be changed is not yet opened.

3. An encumbrance year that includes the periods to be changed is not yet opened.
4. The periods to be changed have not yet been copied from the GL Calendar to Project Accounting.

If DRS-TCS had qualified under these conditions, they simply could have made the periods of April-2004 through December-2004 to be adjusting periods and then defined the periods for FY 2005 starting with April, 2004 and ending March, 2005. It wouldn't work to delete the periods the leftover periods from 2004 since their calendar requires that every year use 13 periods. However, the mix of actual periods versus adjusting periods can be changes so long as the total number of periods is 13.

Unfortunately, DRS-TCS elected to have 12 future use periods and so most of the periods for 2004 didn't have a status of Never Opened. Though they had prepared a 2004 budget, they had yet to load it to the General Ledger. And finally DRS-TCS uses Project Accounting and had copied the GL periods to Projects so the system wouldn't allow any changes to the existing periods.

A brief discussion of what happens in the Oracle tables when periods are opened and closed will help be very useful. The status of the periods for all applications is maintained in the `gl_period_statuses` table. There is a record there for every period for every application. The status in this table of the periods being changed must be 'N' Never Opened for every application. All of the subsidiary financial applications have the feature of controlling their own periods and when you inquire as to the status of any module's periods you are looking at records maintained in that table. However, several applications including Project Accounting have additional period status control.

Project Accounting

The status of periods for Project Accounting is maintained in two tables. The data in the `pa_periods_all` table is the source of the period status when inquiring in the Project module. However, the `gl_period_statuses` table also keeps a record for Project periods and when new periods are defined that status is Never Opened. However, it automatically changes to Opened when the periods are copied to Projects. (According to Oracle Support, this is intended functionality to prevent change to the `GL_PERIODS` once they have been copied onto Projects). And so just the use of Project Accounting will also prevent changes to periods in the GL calendar.

Changing the Calendar

Having discovered that they couldn't change the existing periods within the existing forms, DRS-TCS pressed Oracle Support for instructions on making these changes some other way. After satisfying them that the need to change the calendar was legitimate, Oracle Support made several scripts and instructions available. Oracle Support emphasized that the decision to change the calendar should not be done lightly and they advocated thorough testing before making the changes to a production environment.

DRS-TCS had to begin using the new calendar in April, 2004 and so began planning for those changes in January giving them enough lead time to prepare and test the changes before making

them in their production environment. DRS-TCS recognized the need to change the calendar early and began this work in January, 2004. Essentially, the steps that DRS-TCS used to change their calendar from a standard year to a fiscal year were;

1. Hold all transactions with GL dates beyond April 1, 2004 until the changes were complete. DRS-TCS was fortunate in this regard not to have entered their 2004 budget nor use recurring invoices in Receivables or Payables.
2. Verify that no records exist in the gl_balances table for April 2004 or beyond. If there were any, they would have had to have been deleted. DRS-TCS had none but if they did they would have to preserve the source transactions so they could reprocess them at a later date. If April or later journals were posted they would have to change the posting status of those journals to Unposted. If the 2004 budget had been loaded they would have had to have reloaded it.
3. Change the status of the periods for April 2004 and beyond in the gl_period_statuses table to N for all applications. No applications had periods that were opened except Projects and that was because of the standard functionality discussed earlier.
4. Change the calendar. We changed the periods of April-2004 through December-2004 to be adjusting periods with dates from 31-MAR-2004 to 31-MAR-2004. We then added the 13 periods for the 2005 fiscal year. Important Note – be sure to review the “Other - Calendar Validation” report that the system launches when you close the calendar form.

Prefix	Type	Year	Quarter	Num	From	To	Name	Adjusting
DEC-04-FY	Fiscal Month	2005	3	9	29-NOV-2004	31-DEC-2004	DEC-04-FY-05	<input type="checkbox"/>
JAN-05-FY	Fiscal Month	2005	4	10	01-JAN-2005	30-JAN-2005	JAN-05-FY-05	<input type="checkbox"/>
FEB-05-FY	Fiscal Month	2005	4	11	31-JAN-2005	27-FEB-2005	FEB-05-FY-05	<input type="checkbox"/>
MAR-05-FY	Fiscal Month	2005	4	12	28-FEB-2005	31-MAR-2005	MAR-05-FY-05	<input type="checkbox"/>
JAN	Fiscal Month	2004	1	1	01-JAN-2004	30-JAN-2004	JAN-04	<input type="checkbox"/>
FEB	Fiscal Month	2004	1	2	31-JAN-2004	27-FEB-2004	FEB-04	<input type="checkbox"/>
MAR	Fiscal Month	2004	1	3	28-FEB-2004	31-MAR-2004	MAR-04	<input type="checkbox"/>
APR	Fiscal Month	2004	2	4	31-MAR-2004	31-MAR-2004	APR-04	<input checked="" type="checkbox"/>
MAY	Fiscal Month	2004	2	5	31-MAR-2004	31-MAR-2004	MAY-04	<input checked="" type="checkbox"/>

DRS Fiscal Year Calendar

Note in the screen shot above of the calendar that APR and MAY of 2004 are now adjusting periods as were all the remaining periods of 2004. The year 2004 was a short year for DRS-TCS consisting of only the months of January, February and March so all those new adjusting periods had begin and end dates 31-MAR-2004. Also note that the screen shot shows the last few periods of the 2005 fiscal year. The accounting department decided to expand the name of the period to identify the calendar year the month belonged to as well as the fiscal year. They decided on the longer name because it eliminated all confusion as to which year the period belonged.

5. Delete the periods of April-2004 and beyond that are in the pa_periods_all table.
6. Change the status of project periods in the gl_period_statuses table to Open.
7. Copy the periods from the GL Calendar to Projects. This is standard functionality within the Projects application.

The calendar was then ready for use by all the financial applications.

Oracle Assets

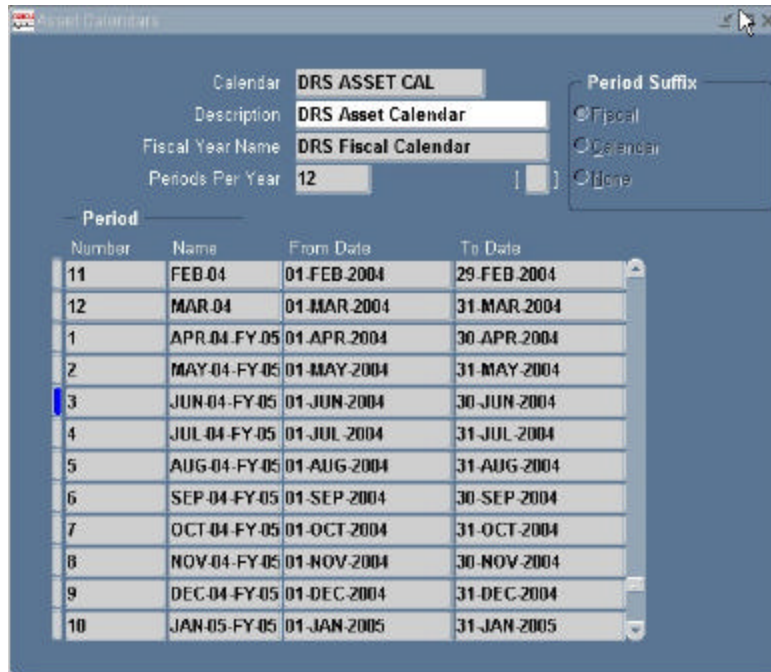
DRS-TCS uses Oracle Assets and has a calendar starting with January, 1976. They have about 2,000 assets in their corporate books and have not set up a federal tax book or any other books. If they had implemented a federal tax book, they would have had to consider Oracle's methodology for calculating depreciation for federal income taxes in a short year. Fortunately that wasn't an issue but Oracle has published guidelines on using a short tax year in Assets. After considering several alternatives including not doing anything, they decided it best to create a new calendar. They couldn't adjust their current calendar and they didn't want to deal with a short year in their corporate book because of implications to the depreciation calculation so they created a new set of years starting with April 1, 1975.

The screenshot shows the 'Asset Fiscal Years' window in Oracle Assets. At the top, the 'Fiscal Year Name' and 'Description' are both set to 'DRS Fiscal Calendar'. Below this is a table with columns for 'From Date', 'To Date', and 'Fiscal Year'. The table lists fiscal years from 1975 to 1985, each starting on 01-APR and ending on 31-MAR. A vertical scrollbar is visible on the right side of the table.

From Date	To Date	Fiscal Year
01-APR-1975	31-MAR-1976	1976
01-APR-1976	31-MAR-1977	1977
01-APR-1977	31-MAR-1978	1978
01-APR-1978	31-MAR-1979	1979
01-APR-1979	31-MAR-1980	1980
01-APR-1980	31-MAR-1981	1981
01-APR-1981	31-MAR-1982	1982
01-APR-1982	31-MAR-1983	1983
01-APR-1983	31-MAR-1984	1984
01-APR-1984	31-MAR-1985	1985

Asset Years

They also created a new asset calendar to take advantage of the fiscal asset year calendar.



Asset Calendar

Creating a new calendar also meant they had to:

1. Create a new Corporate Book.
2. Create a new set of Prorate Conventions.
3. Create a new set of Asset Categories that were linked to the new corporate book.
4. Re-load all the assets to the new corporate book.

DRS-TCS did not want to reload these assets manually and had at their disposal the means to create a report with all the required fields for a re-load that could be exported to MS Excel. After a few modifications such as making the YTD Depreciation zero, the data was ready for upload to the new book using ADI.

It is important to do this in a test environment and because in verifying the results, they found they had changed the asset life of several individual assets in the original book and in the new book those assets assumed the life based on the life defined in the asset category. A quick change to the life of those assets before running depreciation in the new book took care of that problem

Changing Organization Names

Another important aspect of the acquisition is that the company name changed from IDT Metrics to DRS Training and Control Systems, Inc. and management wanted their new name reflected on their reports and throughout the system. This meant changing the name of the set of books, the asset enterprise and several organizations such as the business group, legal entity, and operating unit.

Set of Books

Oracle allows the short name of the set of books to be changed but it doesn't allow changes to the name of the set of books. The name of the set of books appears by design on most of the standard financial reports and on all of the financial statements produced by Oracle but it is only natural for management to want to use the new name. Oracle Support offered a solution and though they didn't necessarily support it, it worked without any consequences for DRS-TCS.

The solution was to navigate to the set of books and use the Diagnostics tool available under Help\Diagnostics\Examine to actually change the name. The Block is called BOOKS and the field is called NAME. Simply change the name as desired but remember that the field only allows 31 characters. Of course, this can only be done by someone who has the database password and it should be done and tested in a test environment first.

Afterwards, they ran several reports and some financial statements and they all printed with the new name. All of the other modules have a link to the set of books and they confirmed that the link also carried the new name.

Asset Enterprise

DRS-TCS changed the name of their Asset Enterprise to DRS Training and Control Systems simply by navigating to the System Controls form as shown below.

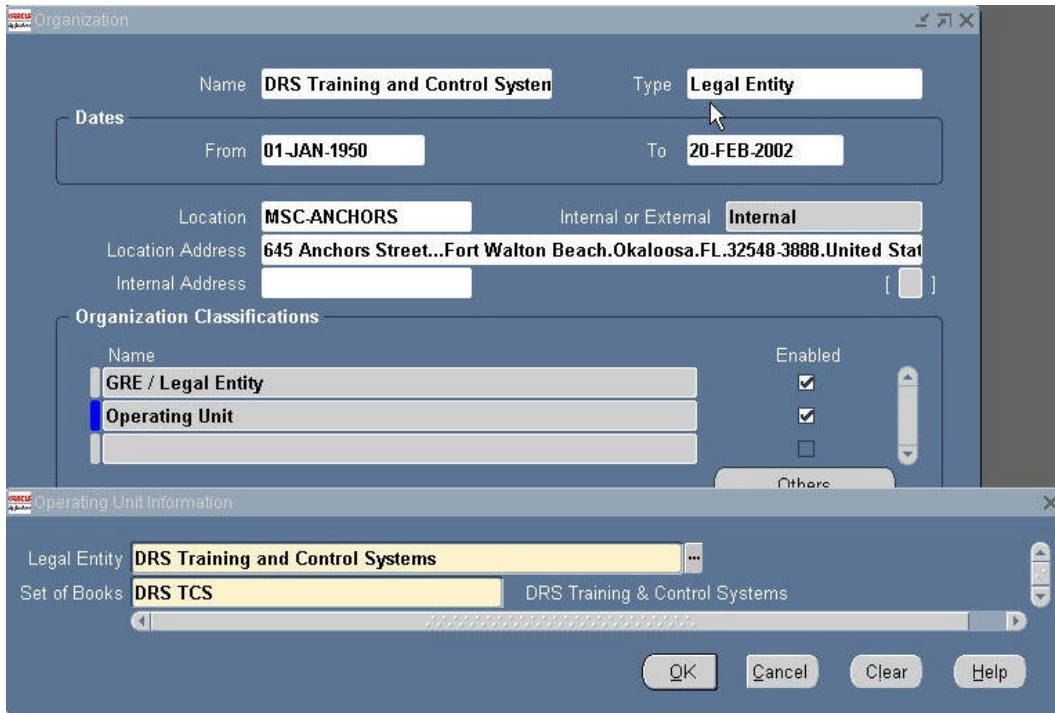


The screenshot shows the Oracle System Controls form for Asset Enterprise. The form has a title bar that says "System Controls". The main content area is divided into several sections. The first section is "Enterprise Name" with a text box containing "DRS TRAINING & CONTROL SYSTEMS". Below that is "Oldest Date Placed In Service" with a date picker showing "01-JAN-1976". The next section is "Flexfield Structures", which contains three rows: "Category Flexfield" with a text box containing "Category Flexfield", "Location Flexfield" with a text box containing "Location Flexfield", and "Asset Key Flexfield" with a text box containing "Asset Key Flexfield".

Asset Enterprise

Organizations

DRS-TCS also wanted to change the name of some of their organizations such as the business group and operating unit. This was simply a matter of going to the organization form and changing the names entered in the various organization classifications of Business Group, GRE/Legal Entity, and Operating Unit. Note in the following screen shot that the operating unit is linked to the legal entity and set of books where the names have been changed to DRS Training and Control Systems.



During they found some unexpected consequences. The AutoAccounting in Projects wasn't working as before. Several of the Intermediate Values in the Segment Value Lookups of the AutoAccounting Lookup Set referenced the old organization name and had to be changed to mirror the new name.

Financial Statement Generator

DRS-TCS or now DRS using their new name had several financial statements that provided month-by-month financial information. They recognized that in between MAR-04 and APR-04-FY-05 were 10 adjusting periods so every column set with a column offset that referenced a period of MAR-04 or earlier would have to be increased by ten and changed monthly as the year progressed. Only when the earliest period on the statements became APR-04-FY-05 would this maintenance not be required.

DRS-TCS performed comprehensive testing of all these changes in their test instance prior to implementing them in production.

Summary

It is possible to change core application setups such as the calendar, set of books and organization names. Many these changes involved instructions and scripts from Oracle Support and though they were time consuming because of the testing involved they allowed IDT-Metrics now called DRS Training and Control Systems to operate their Oracle applications under their new name and financial calendar.