



General Ledger First - Implementation Approach in Enterprise Resource Planning System Upgrades to Cloud

Thejas Prasad

Abstract: The migration from on-premise Enterprise Resource Planning (ERP) systems to cloud-based ERP platforms is a critical step for large multinational organizations seeking to modernize their operations and improve scalability. However, the complexity of such transitions often poses significant risks, particularly when attempting a comprehensive "big bang" approach. This method, which involves migrating all ERP modules at once, can lead to unexpected disruptions, jeopardizing business continuity. To mitigate these risks, a phased implementation strategy, starting with the General Ledger (GL) as the first module to be moved to the cloud, is increasingly recognized as a safer and more strategic approach. This method allows organizations to gradually transition their core financial operations without compromising the stability of their existing systems. Implementing the General Ledger first in the cloud offers several distinct advantages. By keeping subledger operations within the current on-premise ERP systems and integrating these with the cloud-based GL using Accounting Hub Cloud Service (AHCS), organizations can maintain continuity in their financial reporting and compliance processes. This integration ensures that all transactions from subledgers are accurately reflected in the cloud GL, providing a unified financial view without disrupting day-to-day operations. Furthermore, stopping all GL operations in the legacy system and centralizing them in the cloud reduces redundancy and streamlines financial management, enhancing the overall efficiency and accuracy of financial processes. The phased GL-first approach not only minimizes the risk of operational disruptions but also offers a more manageable path to cloud adoption. It allows organizations to address potential integration challenges in a controlled environment, refine their processes, and gradually familiarize their teams with the new cloud-based system. As the cloud GL stabilizes and proves its reliability, organizations can then plan the subsequent migration of subledger modules with greater confidence. This methodical approach supports a smoother, more predictable transition to cloud ERP, aligning with the strategic goals of large enterprises while safeguarding their operational integrity during the upgrade process.

Keywords: Oracle Cloud Fusion General Ledger, Oracle Cloud ERP, Enterprise Resource Planning, Financials, Accounts Payables, Accounts Receivables, Integrations, Disparate Systems.

1. Introduction

In today's complex business environment, upgrading from on-premise Enterprise Resource Planning (ERP) systems to cloud-based ERP solutions has become a critical priority for large multinational organizations seeking to enhance their operational efficiency and scalability. However, this transition is fraught with challenges, particularly when considering the complexity and scale of the systems involved. One of the most significant decisions that organizations face is whether to migrate all ERP modules at once a "big bang" approach or to adopt a more phased, step-by-step strategy. The latter, particularly starting with the General Ledger (GL) as the first module to be implemented in the cloud, has emerged as a prudent and effective strategy for minimizing risk and ensuring business continuity.

The General Ledger serves as the cornerstone of an organization's financial reporting system, aggregating data from various subledgers to provide a comprehensive view of financial health. Given its central role, migrating



the GL to the cloud first allows organizations to leverage the benefits of cloud technology such as enhanced accessibility, scalability, and real-time processing while maintaining control over the more complex and varied subledger operations within the existing on-premise ERP systems. This strategic move not only secures the integrity of the organization's financial data during the transition but also provides a solid foundation upon which the subsequent migration of subledgers can be built.

To facilitate this phased approach, organizations can utilize the Accounting Hub Cloud Service (AHCS), a powerful tool that integrates subledger data from on-premise systems with the cloud-based GL. AHCS enables a seamless flow of financial data, ensuring that all transactions are accurately reflected in the cloud GL without requiring an immediate overhaul of the entire ERP system. This integration capability is crucial, as it allows organizations to continue their day-to-day operations with minimal disruption while gradually transitioning to the cloud environment.

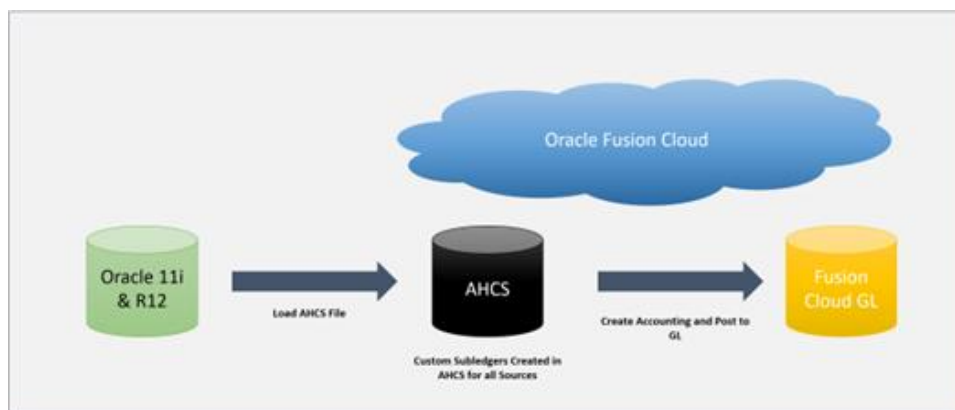


Fig. 1. This figure represents the high level flow of data from on-premise systems to GL Cloud.

One of the key advantages of implementing the General Ledger first in the cloud is the ability to stop all GL operations in the legacy on-premise ERP system. This step not only reduces redundancy but also simplifies the financial reporting process, as all GL-related activities are centralized in the cloud. By removing the need to maintain parallel GL systems, organizations can streamline their financial operations, improve accuracy, and reduce the risk of errors. Furthermore, centralizing the GL in the cloud provides immediate access to advanced analytics and reporting tools, enhancing decision-making capabilities and supporting more agile financial management.

In summary, the phased approach of migrating the General Ledger first, while keeping subledger operations within the current on-premise ERP system, presents a safer and more strategic path for organizations embarking on cloud ERP upgrades. This method allows for a controlled and gradual transition, mitigating the risks associated with a full-scale, simultaneous migration of all ERP modules. By prioritizing the GL and utilizing tools like AHCS for integration, organizations can ensure a smoother, more secure, and ultimately more successful journey to the cloud.

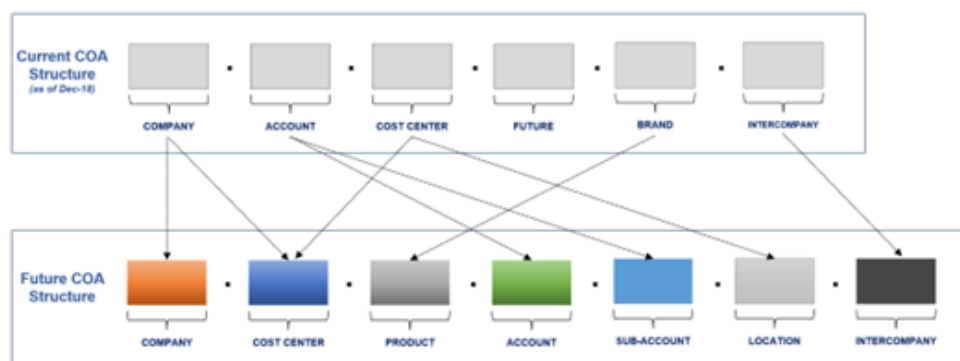


Fig. 2. This figure shows the COA mapping between EBS to Cloud.



2. Challenges Faced by Organizations with Big Bang Approach

Adopting a "big bang" approach to implementing all modules in Oracle Cloud ERP, where an organization transitions all its ERP functions simultaneously, poses several significant challenges. These challenges can lead to operational disruptions, increased risk, and potential failures in the implementation process. Below are some of the key challenges organizations may face with this approach.

A. Complexity and Project Overload

The "big bang" approach involves the simultaneous implementation of multiple ERP modules, which significantly increases the complexity of the project. Managing various modules, each with its unique requirements and dependencies, can overwhelm project teams. This complexity can lead to difficulties in coordinating tasks, ensuring consistent data flows, and aligning business processes across the organization. The sheer scale of the project may result in an overload of tasks, making it challenging to maintain focus and control over the implementation process.

B. Heightened Risk of System Failures

With all ERP modules being migrated at once, the interdependencies between them can create a domino effect, where a failure in one module can trigger issues across others. This interconnectedness heightens the risk of system failures, as a problem in a critical area, such as the General Ledger, could disrupt other financial processes, inventory management, or supply chain operations. The lack of a phased approach leaves little room to isolate and address issues before they escalate, increasing the likelihood of widespread operational disruptions.

C. Resource Strain and Allocation Challenges

The simultaneous migration of all ERP modules requires a significant allocation of resources, including IT personnel, business team, financial investment, and time. Organizations must manage the demands of configuring, testing, and deploying multiple modules concurrently. This strain on resources can lead to overextension of staff, reduced focus on critical tasks, and potential delays. Moreover, the need to allocate resources across various areas may result in inadequate attention being given to essential modules, compromising the overall success of the implementation.

D. Prolonged Downtime and Business Interruptions

The transition to a new ERP system often necessitates a period of downtime, during which the old system is decommissioned, and the new system is brought online. In a "big bang" approach, this downtime can be prolonged, as multiple modules need to be configured and tested simultaneously. Extended periods of business interruption can be particularly detrimental for organizations that operate in fast-paced industries or across multiple time zones, where continuous operations are critical. The longer the downtime, the greater the potential impact on customer satisfaction, supply chain management, and financial reporting.

E. Increased Risk of Data Migration Errors

Data migration is a complex and critical aspect of ERP implementation. In a "big bang" approach, the volume of data being migrated across multiple modules simultaneously increases the risk of errors. These can include data loss, corruption, duplication, or misalignment, particularly when dealing with large and complex datasets. Errors in data migration can have serious consequences, such as inaccuracies in financial reporting, compliance breaches, and operational inefficiencies. Addressing these issues post-implementation can be time-consuming and costly, further complicating the transition.

F. Difficulty in User Training and Change Management

Transitioning to a new ERP system requires extensive training for end-users to ensure they are proficient with the new tools and processes. In a "big bang" approach, the need to train users across multiple modules simultaneously can overwhelm the organization's training resources. This may lead to insufficient or rushed training sessions, resulting in users who are not fully prepared to operate the new system effectively. Poorly managed change management can also lead to resistance from employees, further complicating the adoption of the new system and reducing overall productivity.



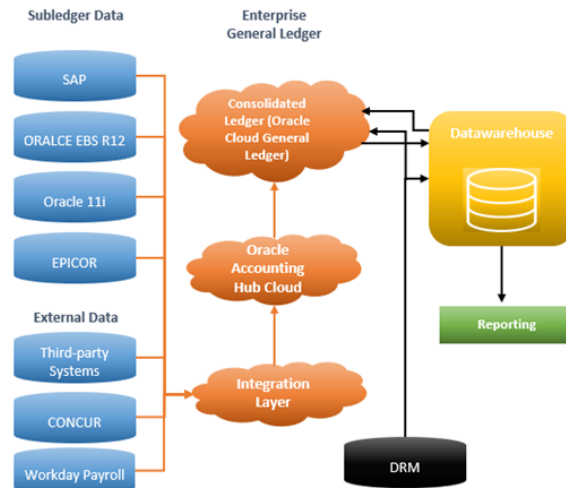


Fig. 3. This figure represents the GL first workflow.

G. Limited Flexibility in Addressing Issues Post-Go-Live

Once a "big bang" implementation goes live, there is limited flexibility to make adjustments or corrections without affecting the entire system. If significant issues arise after the transition, the organization may face the daunting task of rolling back the entire system, which can be both time-consuming and costly. The inability to isolate and address individual module issues limits the organization's ability to make incremental improvements, leading to prolonged periods of instability and reduced confidence in the system's reliability.

H. Challenges in Maintaining Business Continuity and Compliance

Business continuity and regulatory compliance are critical concerns for any organization, particularly during major system transitions. The "big bang" approach increases the risk of disruptions that can impact an organization's ability to meet regulatory deadlines, maintain accurate financial records, and ensure ongoing compliance with industry standards. The complexity of simultaneously migrating all modules can lead to gaps in data, delays in reporting, and challenges in maintaining consistent business processes, all of which can threaten the organization's ability to operate smoothly and meet its compliance obligations.

3. Approach to General Ledger First Implementation in Oracle Cloud ERP

By adopting a phased approach that begins with the migration of the General Ledger (GL) to the cloud, organizations can strategically address the challenges associated with a full-scale ERP system upgrade in a more manageable and controlled manner. This approach allows organizations to tackle the complexities of the migration process incrementally, focusing on one critical component at a time rather than overwhelming the entire system with a simultaneous transition. By isolating the General Ledger as the first module to be moved to Oracle Cloud ERP, companies can mitigate the risks that come with a "big bang" implementation and ensure that their financial backbone remains stable and secure throughout the transition.

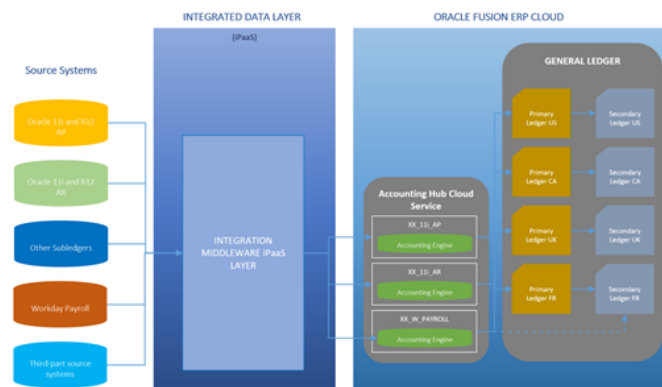


Fig. 4. This figure shows the detailed architecture of the source to Oracle General Cloud ERP.



A. Comprehensive Planning and Assessment

Assess Current and Future State Systems: Begin by conducting a thorough assessment of the current on-premise ERP system, focusing on identifying the specific data, processes, and reporting that currently reside in the General Ledger (GL) and subledgers. This assessment should include an understanding of how these elements will be managed in the future state, where subledgers remain on-premise and GL functions are moved to the Cloud.

Align Objectives with Future State Architecture: Define clear objectives for the migration that align with the organization's future state, where subledgers continue to serve as the primary source systems. Ensure that the phased GL-first approach supports the continued operation of these subledgers and that all necessary data and reporting capabilities are available in the Cloud.

Develop a Phased Migration Plan: Create a detailed migration plan that outlines the sequence of activities, resource allocation, risk mitigation strategies, and key milestones. This plan should account for the ongoing need for data access and reporting during the transition, ensuring that business operations are not disrupted.

B. Data Governance and Integrated Data Layer Setup

Establish a Robust Integrated Data Layer (IDL): Implement an Integrated Data Layer that organizes and processes all relevant data from the subledgers. The IDL will serve as the central hub where data is treated with business rules, mapped according to the new Chart of Accounts, and directed to support accounting, reporting, or analytics. This data can be routed either directly to the Accounting Hub or to a Data Mart, depending on its intended use.

Chart of Accounts Mapping: In the IDL, perform comprehensive mapping of the Chart of Accounts from the old on-premise ERP system to the new Cloud GL. This mapping is crucial for ensuring consistency and accuracy in financial reporting and compliance across the organization. Fig. 1. shows the pictorial representation of the COA mapping.

Ensure Data Availability for Reporting: Given that all GL work will be transitioned to the Cloud, it is essential to ensure that all necessary data and attributes from the subledgers are available for reporting in the Cloud GL. Validate that the IDL effectively supports the data needs for both US GAAP and Local GAAP reporting, as well as any additional analytics or reporting requirements.

C. Leverage Accounting Hub Cloud Service (AHCS)

Map and Integrate Subledgers through AHCS: Utilize Oracle's Accounting Hub Cloud Service to integrate data from on-premise subledgers and third-party systems into the Cloud GL. Create new custom subledger sources within AHCS to map the data from current on-premise subledgers and ensure that the accounting rules are accurately applied. Fig. 4. represents the architecture of data flow from source systems to Oracle GL Cloud.

Apply Accounting Rules via AHCS: Ensure that all data elements and transactions pass through AHCS for the application of standardized accounting rules. This process will ensure consistency across all financial reporting and compliance efforts within the organization. Fig. 1. shows a high level data flow via AHCS from Oracle EBS to Cloud.

Test and Validate AHCS Configurations: Conduct thorough testing to validate that AHCS correctly applies accounting rules and integrates data from all relevant sources. This should include testing for various scenarios, such as different transaction types and compliance requirements across regions.

D. Design and Implement Cloud GL Structure

Set Up Cloud GL as the Central Ledger: The Cloud GL will be the primary General Ledger for the entire organization. Each country will maintain both a primary ledger and a secondary Local GAAP ledger to meet statutory requirements. Fig. 3. represents the consolidated Cloud Ledger design.

Centralize Manual Journal Entries: All manual journal entries should be processed directly within the Cloud GL. Establish processes and controls to manage these entries, ensuring they align with the GAAP requirements and are properly reflected in financial reports.

Optimize the Cloud GL for Reporting and Compliance: Configure the Cloud GL to support advanced reporting and compliance needs. Ensure that it provides comprehensive financial visibility across all regions and can easily generate reports in the desired formats, meeting statutory requirements for each country.



E. Iterative Testing and Parallel Validation

Conduct Iterative Testing Phases: Implement iterative testing phases that gradually increase in complexity. Start with testing the basic functionality of the Cloud GL and then expand to include the full data flow from subledgers through the Integrated Data Layer and AHCS to the Cloud GL.

Validate Across Business Units: Perform parallel validation across different business units, ensuring that the Cloud GL accurately reflects the data from all subledgers. This step is critical to ensure consistency and accuracy in financial reporting across the organization during and after the migration.

Simulate Real-World Scenarios: Simulate real-world financial scenarios, such as month-end and year-end closings, to ensure the Cloud GL can handle these processes effectively without disruptions. Include scenarios that require complex reporting and compliance tasks to test the system's robustness.

F. Targeted User Training and Change Management

Deliver Specialized Training Programs: Develop and deliver specialized training programs that focus on the specific functionalities of the Cloud GL, the use of AHCS for integrating subledger data, and the operation of the Integrated Data Layer. Tailor training to different user roles and ensure that it covers all aspects of the new system.

Implement Ongoing Change Management: Establish a dedicated change management team to support users throughout the transition. This team should provide ongoing support, address user concerns, and ensure that new processes are well understood and adopted across the organization. Continuous communication will be essential to manage expectations and build confidence in the new system.

Communicate Benefits and Manage Expectations: Regularly communicate the benefits of the Cloud GL and AHCS integration to all stakeholders. Provide realistic timelines and progress updates to maintain transparency and manage expectations effectively.

G. Phased Go-Live and Continuous Support

Pilot and Phased Go-Live Strategy: Start with a pilot go-live for selected regions or business units to validate the Cloud GL's performance in a live environment. Gradually expand the go-live to include more regions and units, ensuring a controlled and smooth transition with minimal disruption to business operations.

Post-Go-Live Monitoring and Support: Implement continuous monitoring immediately after go-live to ensure the stability and performance of the Cloud GL. Establish a rapid response team to address any issues that arise during the stabilization period, ensuring that the system operates smoothly.

Flexible Rollback and Contingency Plans: Develop and document flexible rollback plans that allow the organization to revert to the on-premise GL if critical issues arise during the go-live phase. Ensure that the project team is prepared to execute these plans quickly if necessary.

H. Incremental Subledger Migration and Continuous Improvement

Plan and Prioritize Subledger Migration: After the successful migration of the Cloud GL, develop a prioritized plan for migrating subledgers. Start with less complex subledgers to refine the migration process, then proceed to more critical and complex subledgers.

Utilize Agile Methodologies for Subledger Migration: Apply agile methodologies during the migration of subledgers, allowing for iterative improvements and quick adjustments based on lessons learned from each phase. This approach ensures that the organization can adapt to challenges as they arise.

Continuous Review and Optimization: Regularly review and optimize the performance of the Cloud GL, AHCS integration, and the Integrated Data Layer. Identify areas for improvement and implement changes to enhance efficiency, reduce costs, and improve user satisfaction. Ensure the system remains aligned with the organization's evolving business needs and future technology upgrades.

4. Impact

The GL-first implementation approach in transitioning to Oracle Cloud ERP offers significant benefits by reducing operational risks, ensuring financial data integrity, and providing a controlled, phased migration. By focusing on migrating the General Ledger first, organizations can stabilize their financial reporting structure in the cloud while maintaining subledger operations on-premise, thereby avoiding the complexities and potential disruptions of a simultaneous "big bang" migration. This approach allows for incremental testing, better



resource allocation, and comprehensive user training, all of which contribute to a smoother transition, enhanced compliance, and improved readiness for future growth and innovation in the cloud environment.

5. Scope

The process of implementing the General Ledger first in an Oracle Cloud ERP system migration or upgrade is in the scope of this article. This article focuses solely on the advantages and the solution approach to successfully complete the phased implementation.

6. Conclusion

The phased approach of implementing the General Ledger (GL) first in a cloud-based Enterprise Resource Planning (ERP) system offers a strategic pathway for large multinational organizations to transition from on-premise ERP systems to Oracle Cloud ERP. By prioritizing the GL migration while maintaining subledger operations in the current on-premise systems, organizations can significantly reduce the risks associated with a full-scale, simultaneous migration of all modules. This approach allows for a more controlled and gradual transition, minimizing potential disruptions to business operations and ensuring continuity in financial reporting and compliance.

Central to this strategy is the integration of subledger data with the cloud GL through the Accounting Hub Cloud Service (AHCS). AHCS acts as a vital bridge, enabling seamless data flow between the on-premise subledgers and the cloud-based GL. This integration ensures that all necessary financial data is accurately captured and reflected in the cloud GL, maintaining the integrity and consistency of financial reporting. The use of an Integrated Data Layer (IDL) further supports this process by organizing and applying business rules to the data, ensuring that the transition to the cloud does not compromise the quality or accessibility of financial information.

Moreover, the GL-first approach allows organizations to test and validate the cloud environment incrementally, addressing challenges and refining processes before moving on to more complex subledger migrations. This phased testing and validation process ensures that the cloud GL is fully functional and reliable, reducing the likelihood of errors and system failures that could arise from a "big bang" implementation. By focusing first on the GL, organizations can stabilize their financial backbone in the cloud before undertaking the more intricate task of migrating subledgers.

Another significant advantage of the GL-first approach is the enhanced ability to manage change within the organization. By migrating one critical component at a time, the organization can allocate resources more effectively, ensuring that each phase of the migration receives the attention it needs. This focused approach also facilitates more comprehensive user training and change management, allowing employees to adapt gradually to the new system, reducing resistance and increasing overall system adoption.

In conclusion, the GL-first implementation approach provides a safer, more manageable, and strategically sound pathway for organizations looking to upgrade to Oracle Cloud ERP. It enables organizations to reap the benefits of cloud technology such as improved scalability, real-time processing, and enhanced financial reporting—while maintaining control over the migration process and minimizing operational risks. By leveraging tools like AHCS and the Integrated Data Layer, organizations can ensure a smooth transition that supports ongoing business operations, compliance, and financial integrity. This approach not only mitigates the risks associated with a full-scale ERP migration but also positions the organization for future growth and innovation in the cloud.

References

- [1]. M. Lombard. Fusion Analytics - Fusion Accounting Hub Cloud Integration - Reference Architecture For Inbound Data Flows, 2022. Available: <https://www.ateam-oracle.com/post/fusion-analytics---fusion-accounting-hub-cloud-integration---reference-architecture>
- [2]. Oracle Help Center. Oracle Fusion Cloud Applications Suite Available: <https://docs.oracle.com/en/cloud/saas/index.html>



- [3]. Authors: R. MacIsaac, A. Alim, T. Brand, G. D'Aloisio, W. Gardipe, E. N. Jirman, M. Kalway, B. Kostelec, C. A. Lapeyrouse, D. Myers, M. Nanda, P. S. G. V. Sekhar, B. Snyder, K. Wahnoutka. Oracle Fusion Applications Financials Implementation Guide Part Number E20375-08, 2013.
- [4]. Oracle Corporation. Using External Data Integration Services for Oracle ERP Cloud, Release 13, 2017. Available: https://www.metaformers.com/wp-content/uploads/2020/04/Using-External-Data-Integration-Services-R13_Oracle.pdf
- [5]. S. Devireddy, V. Poddar. Accounting Hub Cloud, 2020.
- [6]. N. Ramsay. Subledger Accounting vs Fusion Accounting Hub, 2022. Available: <https://blogs.oracle.com/erp-ace/post/what-is-the-fusion-accounting-hub>
- [7]. K. Katta. Automating Accounting Hub Cloud Integration with Oracle Integration, 2022. Available: <https://paascommunity.com/2022/06/09/automating-accounting-hub-cloud-integration-with-oracle-integration-by-kishore-katta/>

