

# The Power of Planning Ahead: Is an Oracle Upgrade Right for You?

A Systematic Assessment Can Streamline the Shift to Oracle R12

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## Executive Summary

*Oracle R12 has standard features and functions to support and enable global operations, global management, and global decision-making. But upgrading is a step that can affect the organization, processes, and underlying technology.*

*To avoid significant costs and delays and to take full advantage of what the software can deliver, companies need to take a systematic approach to upgrade-related decisions. In this paper, AT&T experts outline key steps to help decision-makers assess readiness for an upgrade, including:*

- *Assessing the business value of upgrading*
- *Determining readiness in regards to skills, documentation, and hardware*
- *Creating an action plan*



## Introduction

For companies across a wide range of industries, business is increasingly global, and the ability to manage operations and suppliers and reach customers around the world is becoming a fundamental competitive necessity. Many companies are considering Oracle E-Business Suite Release 12 (Oracle R12) to help them thrive in this increasingly complex business environment.

### Standard Features and Functions

For companies contending with the challenges and opportunities of doing business worldwide, Oracle R12 may be a good fit because it has standard features and functions to support and enable global operations, global management, and global decision-making. It offers, for example, tools that help companies analyze operations, optimize the supply chain, and manage customer relationships. It provides an improved user experience, dashboards for performance reporting, single sign-on access, and a single global view of the business across boundaries. And the list goes on.

### First, Know Your Goals

“Oracle R12 is a sophisticated, powerful tool, and it has the potential to benefit companies significantly – especially as they operate in increasingly global markets,” says Kirsten Greenfield, Oracle Practice Director with AT&T Hosting & Application Services. “But as with any tool, it’s important that you know up front how to make the best use of it.”

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In reality, an upgrade to Oracle R12 represents a relatively large step that can affect the organization, processes, and underlying technology. To get the most out of the software, then, companies need to understand as fully as possible what it can do for them, where it matches their needs, and what it will take to get where they want to go with the software – before they get started with an actual upgrade.

Companies need to begin by answering a fundamental question: Can we derive enough value from the new functionality in Oracle R12 to warrant an upgrade? “By doing their homework before they decide how and when to move to Oracle R12, companies can position themselves to avoid significant costs and delays, and can target their upgrade efforts to take full advantage of the power of Oracle R12,” says Greenfield.

### The Road to Oracle R12: Three Key Areas

In more than a decade of working on Oracle projects, AT&T has found that companies can take a systematic approach to making upgrade-related decisions and formulating upgrade plans. This approach focuses on three key areas: assessing business value, assessing organizational readiness, and creating an action plan. These areas are discussed in more detail below.

#### Assessing Business Value

Each company needs to begin by understanding the specific potential value that Oracle R12 can provide, given the company’s current situation. An effective business value assessment focuses on

#### Steps for Assessing Business Value of an Upgrade

- **Examine current operations and identify the company’s pain points, issues with controls, and deviations from best practices.**
- **Assess needs against Oracle R12 functionality and identify opportunities to streamline, automate, tighten controls, etc.**
- **Prioritize upgrade efforts to identify which aspects will be most beneficial to the business, which are most urgently needed, and which are less critical.**

determining whether Oracle R12 is right for an organization, when it is right, and how the company can best take advantage of the new software, and then developing a solid estimate of the costs involved in an upgrade. This assessment should be approached in three steps:

- **Examine current operations.** This includes assessing processes, comparing them to Oracle standard processes, and identifying significant opportunities for improvement – essentially, uncovering the company’s problems and pain points, issues with controls, and deviations from best practices.
- **Assess needs against Oracle R12 functionality.** Drawing on experts with deep knowledge of Oracle R12 modules, this step compares the company’s needs with the functions an upgrade could provide. It aims to identify opportunities to streamline or automate processes, tighten controls, and increase efficiencies to save time and money.  
  
The results are then distilled into an “ideal future state” for the company’s applications, which includes a set of recommendations for what to include in an upgrade effort.
- **Prioritize upgrade efforts.** In this step, the technical team works with management and business users to determine which aspects will be most beneficial to the business, which are most urgently needed, and which are less critical. Once these matters are prioritized and the desired upgrade actions are identified, the company can develop a clear sense of what the upgrade will cost.

On paper, this process is straightforward enough. But, says Greenfield, “as is so often the case when dealing with complex issues, the devil is in the details.” AT&T has found that, to a large extent, developing an accurate assessment of potential business value requires a clear understanding of business issues and requirements, which, in turn, relies on close collaboration among business and technical experts.

“It is very important to really probe with users to recognize their issues,” says Greenfield. “They naturally aren’t experts in the technology. So, they may tell you they are having a certain problem with a process, but what they’re describing may be a symptom of something else. What they see as a technical problem may really be a training problem, for example. So you really have to analyze the root cause of the issue.”

In addition to holding in-depth discussions with business users, AT&T often “shadows” those users as they perform their jobs in order to round out the assessment with observations of actual behavior and actions.

### Questions When Assessing Organizational Readiness

- **Do you have the human resources and skills to handle the upgrade? Are there enough business users to conduct thorough testing – and do they have the time? What training support is needed?**
- **Is documentation for the current system up to date?**
- **Is your existing hardware adequate, or do you need more storage and CPU capacity?**

Overall, it is critical to avoid miscommunication between the business and IT in developing an assessment. Often, that requires a certain level of education to ensure that business people understand what is and what isn't involved in an upgrade effort.

For example, executives may have heard about the new Multiple Organization Access Control functionality in Oracle R12 and assume it is “automatically” included in an upgrade – when in reality, it is not, and will require additional configuration before it can be used. Communication that clears up such misconceptions is key to providing a good picture of the value and costs involved in an upgrade.

#### Assessing Organizational Readiness

After developing a view of the potential value that Oracle R12 can provide, companies should take a deep look at the practical aspects of an upgrade and determine just how ready the organization is for the new software.

This step typically involves examining and documenting the current infrastructure – everything from number of users and the size of the company's database to the modules in the existing Oracle footprint, any extensions made to the software, the flow of transactions, and the third-party applications and interfaces in use.

Through this effort, companies can create a comprehensive architecture diagram that depicts the ideal future state of their systems. As a result they can make fundamental decisions about buying or retiring equipment, where to replace third-party applications with Oracle applications, what instances should reside on which servers, any changes that need to be made in preparation for the upgrade, and whether outsourcing application management is the best option.

AT&T has found that several key factors need to be considered in this organizational readiness assessment.

- **Human resources and skills.** The company needs to determine whether it has the technical skills to handle the upgrade as well as enough business users to conduct thorough testing – and whether those business users will have the time to do so. Training, too, is a key consideration: Does the company have the right trainers in place, or will it need to look outside for training support?
- **Documentation.** Often, the documentation for existing systems and processes is not up to date, making it difficult to establish a baseline for the upgrade. Documentation should be gathered or created for things such as business processes, current test scripts, customizations, extensions, and interfaces.

Current documentation is needed for a clear analysis of the modifications required for the upgrade and the ways they can be executed efficiently.

- **Hardware.** Depending on the version of the current Oracle application in place, companies may find they will not be able to perform an upgrade on their existing hardware due to higher requirements for storage and CPU capacity.

If so – and if they choose to maintain the software in-house rather than through an external hosting partner – they need to know precisely what hardware is needed and what it will cost. They also must consider lead times for the necessary hardware, which can easily run 8 to 10 weeks, to be sure that the new equipment can be acquired and installed in time.

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– Kirsten Greenfield, Oracle Practice Director, AT&T

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#### Creating an Action Plan

Armed with the insights developed in the business-value and organizational-readiness assessments, companies can create plans for how to proceed. Each company's plan will depend on its own situation in terms of both business needs and technological realities.

But whatever the situation, planners need to be thorough. “Your plans – the project plan, the cutover plan, the testing plan – need to cover as many details as possible,” says Greenfield.

Companies should begin by determining just how they are going to perform the upgrade. Often, it can be done in one big-bang step, but AT&T has found it is usually better to break the effort down into two or more phases to limit risk and minimize downtime for the business.

Similarly, AT&T has learned it works best to first complete the basic Oracle R12 upgrade and then implement any desired new Oracle R12 functionality on top of that – as opposed to making the entire leap all at once.

“If you can wait to implement new functionality, you can avoid some delay with your go-live for the upgrade,” says Greenfield. “It can also be less confusing to do the two separately, because if you run into issues as part of the upgrade, you know it's because of the upgrade, not because of the implementation of some new functionality.”

Companies need to remember several rules of thumb in formulating their plans, which they tend to pass over in practice. These include:

- **Be realistic about testing.** “It's easy to underestimate the level of testing that you will need to do,” says Greenfield. “You need to really test your business processes thoroughly. So instead of testing with, say, a few invoices or purchase orders, you should enter perhaps 25, with different scenarios, and run them through the entire process. Perform a true business simulation test, not just a little here and a little there.”

- **Keep an eye on the business.** In looking at the production cutover, companies need to determine how much downtime will be needed and what the impact on the business will be. If the impact is too great, it might be worthwhile to consider breaking the upgrade into small initiatives.

The business calendar also needs to inform decision-making. Is there a period where downtime would be more acceptable? When will business users be available to participate in the cutover? Are there periods with month-end closings, sales events, product launches, etc., that should be avoided?

- **Think outside the system.** Project plans for upgrades typically focus on tasks that relate directly to the software, but a number of other actions – large and small – should be included. “For example, you might need approval for design documents from the CFO, who wants to make sure the system will support Sarbanes-Oxley compliance. That should be included on the plan, because you can’t proceed with the project without it,” says Venkat Peri, Project Manager, Oracle Consulting, at AT&T Hosting & Application Services.

“There are a number of little but important things to factor in. Backup tapes may need to be moved to a headquarters location for storage; additional memory may have to be ordered; key personnel may have personal vacation time coming up. So you need to think about all those tasks and all the stakeholders and what they do.”

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### The Payoff of Doing the Homework

Although these assessment and planning activities need to be thorough, experience has shown that they can often be completed in a matter of weeks – and that they are well worth the time. By conducting these activities properly, companies can gain insights and information such as:

- How an upgrade, based on standards and best practice methodologies, can help the business.
- The most efficient and cost-effective combination of software applications.

### Rules of Thumb in Creating an Action Plan

- **Be realistic about testing and test all business processes thoroughly, running them through different scenarios.**
- **Determine how much downtime will be needed and what the impact on the business will be. If the impact is too great, consider breaking the upgrade into small initiatives.**
- **Think outside the system to consider approvals you may need along the way, items to be ordered, tasks carried out by others, planned vacations, and other things that can affect how smoothly the project proceeds.**

- What functional and technical expertise will be needed to perform a successful upgrade.
- The strengths and weaknesses of their current applications and whether an upgrade will allow them to streamline and improve business processes.
- Whether in-house or outsourced application maintenance is right for them.
- How to minimize disruptions to the business during an upgrade.

Assessment and planning efforts provide a valuable, fact-based look ahead. This view can guide decision makers to help ensure that the company is fully prepared for an upgrade; that it is able to focus energy, resources and funds on the right functions and technology; and that it can maximize its return on investment in Oracle R12.

Ultimately, these efforts can help the company make cost-effective use of this powerful new software as it competes in a complex and challenging era of global business.

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