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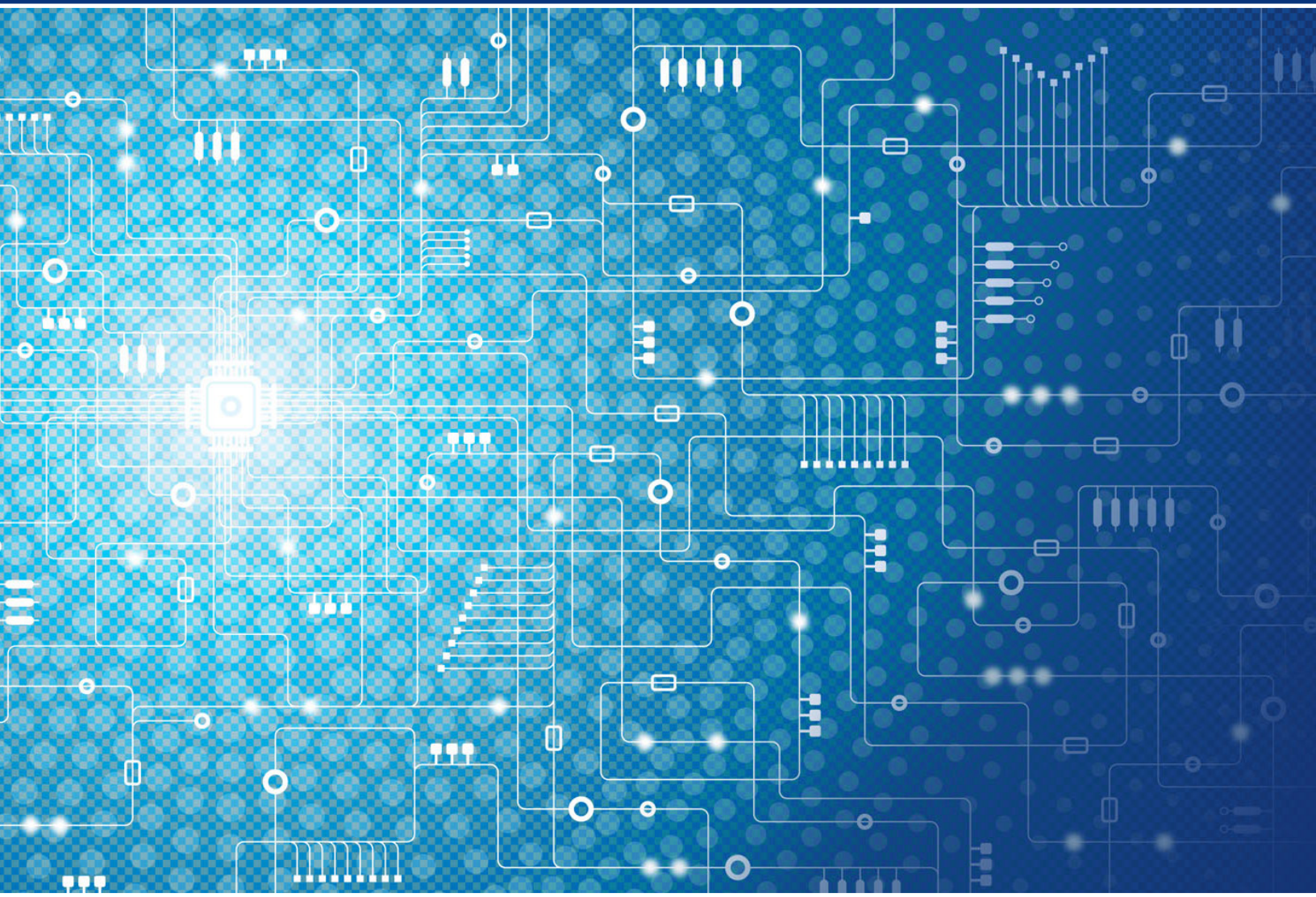

Key Planning Tools for Data Management, Conversion, and Data Integrity During M&A and Divesting Companies

As companies embark on mergers and acquisitions of competing entities, regulatory agencies may require divesting of overlapping business units. Learn what care should be given prior to the merger to ensure that these businesses remain sustainable competitors in the market.

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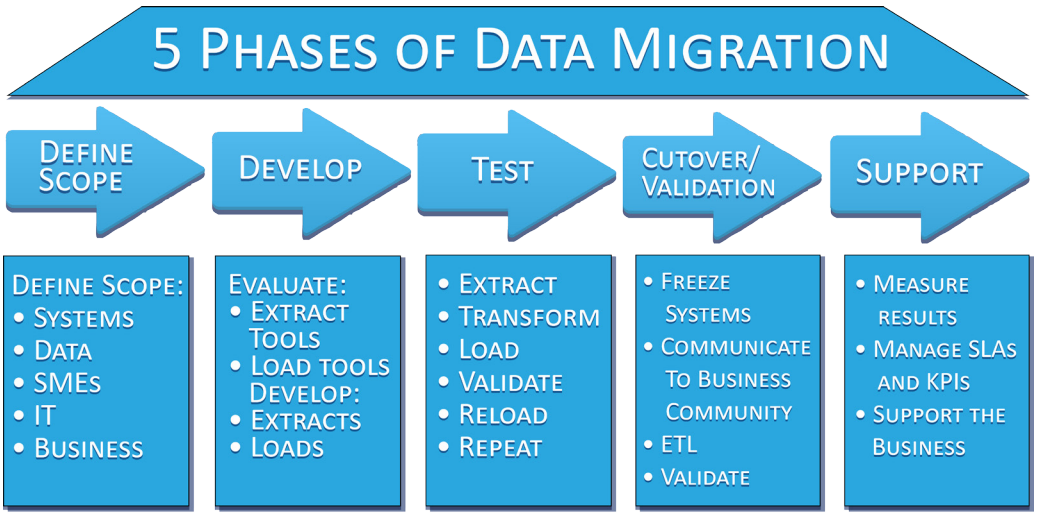
"When embarking on any SAP project, data is the name of the game."

Why is Data Management important during a merger or acquisition?

- Data integrity is a prerequisite for:
  - Reliable business intelligence
  - Any significant supply chain initiative and the effective management of complex supply chains
- Current performance dashboards are key management tools and are only effective with the presence of a data management program and processes to maintain data integrity.

The Five Phases of Data Migration

When embarking on any SAP project, data is the name of the game. Within and outside of the SAP suite of products, each system contains its own unique data and definitions. At the same time, there will be common data elements across the different systems that help in linking them together. For any divesture project, a data migration plan is the starting point. The plan must contain five phases: definition, development, testing, cutover and validation, and support. The plan should be organized by functional area, such as finance and controlling, supply chain, order to cash, asset management and human capital management.



1 Definition Phase

In the definition phase, a global inventory is developed that includes the identification of all of the master data and transactional data elements for each system. It is important to identify both the system of record for each data element and the subject matter experts for each country, system and functional area. The systems list should be organized by functional area and reviewed by local business representatives to determine whether or not each system is needed after separation. As systems evolve to meet various local business needs, the assistance of the IT department and local business representatives is necessary.

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Once the disposition of systems is finalized, it is critical to schedule evaluation meetings. Documenting the systems involves understanding the purpose of the system and creating a spreadsheet or database on the project that includes: common data elements (by subject area,) data volumes, data users, interfaces interdependencies, data governance rules and who will maintain the data moving forward. Designate a reporting champion so that the data may be analyzed for commonality and data incompatibilities. Consistency in running these reports over time is critical for determining changes and identifying financial impacts. Designate a local directory or SharePoint site for storing the reports by data and subject matter area for easy reference.

Specialized systems are necessary for meeting specialized requirements. Effective integration planning and data management policies can help minimize compatibility issues.

2 Development Phase

In the development phase, data projects always contain what we call the ETL process—Extract, Transform and Load. This step involves answering the questions of what data is extracted, from what system and how to extract the data:

- Are there standard tools available in the system, or do we need to develop a program for extraction?
- Once we have the data, do we need to change numbering, or do we need to supplement the data to enforce consistency across systems or across the globe?
- What format is necessary to load the data into a new data store?
- Are there standard tools for loading transactional or master data?

For example, SAP contains several tools for extracting data. There are simple transaction codes that dump table data, such as SE16, where the data extracted can be easily downloaded to Excel, standard query tools where data requires linking together across separate normalized tables, and several other Advanced Business Application Programming (ABAP) reports that can be downloaded to Excel or a business warehouse. Once these evaluative questions are answered, the program development list can be created, as well as a timeline for coding, testing and implementing each program.

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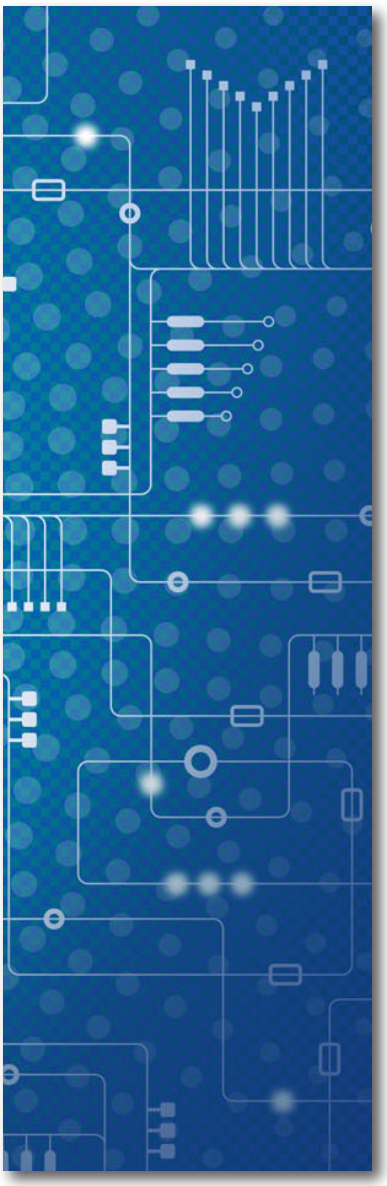
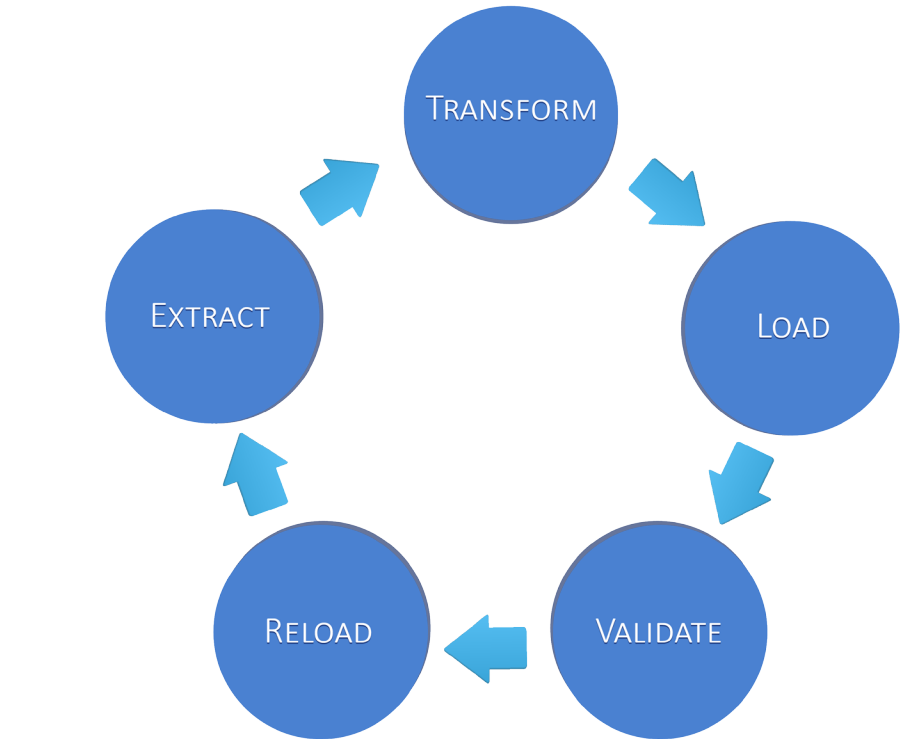


3 Testing Phase

The testing phase can begin as early as when the first system is ready for extract. Due to the nature of data, it is best if the ETL process is repeatable and consistent. Tools are available to automate this process, but a review of the toolsets are beyond the scope of this article. The testing phase provides critical value to ensure data integrity and testing of the process, extraction and load. Each day that a system is used, both master data and transactional data can change. The data present in the system on day one is not the same data that is present on the cutover date. Volumes may change, data items may become obsolete, and other data may have been deleted.

It is critical to define extracts and reports to validate against to ensure the quality and consistency of data.



4 Cutover and Validation Phase

In the cutover and validation phase, the plan must allow for time to extract, transform, and load each master and transactional data element, identify the subject matter experts necessary to validate the data and determine a timeline and duration. This part of the plan evolves over time and is dependent on volumes of data, numbers of systems, complexity of data, ease of extract and loading tools. Planning this phase requires collaboration with the IT Department, and with the business, as a snapshot of the production systems is taken and either no additional data may be changed, or if it is changed, it must be recreated manually after the automated conversion. If the data size and effort is small, the system(s) may be shut down for a period of time.

"A solid data migration plan is your key to success."

Change management is important at the cutover and validation phase to communicate the snapshot and implications of manual work-arounds until the cutover is complete.

A dry run, or mock cutover, is critical to determine timing of the extracts and loads and will help determine the timing of the snapshot period or system downtime required prior to resuming business activities in the system(s).

This mock cutover also helps to hone the plan, allowing the various functional areas to practice hand-offs from one area to another as data stores are built and transaction data is loaded. For example, the Finance and Controlling areas must load enterprise data, general ledger accounts, profit centers, cost centers, activity types, etc., and that must precede loading of the customer, material and asset masters and personnel data. This is then followed by transactional data. Each step is choreographed in the mock cutover for a seamless production cutover.

5 Support Phase

After cutover, the support phase begins. The business community has validated and provided sign off on the converted data. The systems are now ready for use. Project management establishes and acquires sign off on service level agreements and data governance standards. Key performance indicators are established to measure success. At this point, there are two versions of each system. Change management and training is important to ensure that each person is working in the correct system and updating the correct documents within the systems.

In summary, a solid data migration plan is your key to success, along with project management that understands the value of a strong data management strategy.

Planning for a repeatable, tested process for the extract, transformation and load for your data conversion allows for a smooth transition with minimal business impacts.

Contact us for more information on Key Planning Tools for Data Management, Conversion, and Data Integrity During M&A and Divesting Companies:

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As a Senior Project Manager/Consultant specializing in SAP, Gwen's experience focuses primarily on human capital management, payroll, master data conversion and governance, order-to-cash and systems integration. With over 26 years of experience in IT, including 21 years with SAP, Gwen has managed multiple SAP project teams through full project life cycles and has a proven ability to effectively communicate ideas to senior management and other decision makers through business development activities, written correspondence and oral presentations.

About SolomonEdwards

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