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Oracle tackles ERP consolidation internally

By [Ann Bednarz](#)

Network World Fusion

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Software maker Oracle is four years into a massive project to consolidate its internal ERP systems. The effort grew out of a simple query from CEO Larry Ellison: He wanted to know how many employees Oracle had worldwide.

"Guess what we had to do? We had to go out and pull information from 70 different systems," says Bret Fuller, senior vice president of information technology for applications at Oracle.

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At the time, Oracle was running 70 instances of its financials software – basically one instance per country, Fuller says. Each instance ran on separate hardware with its own database. By the time the staff information was extracted from the systems and pooled together, a few days had passed and no one was sure if the employee headcount was still accurate, Fuller says.

Today Oracle has whittled its systems down to three instances: its soon-to-be-solo master instance, which today serves Oracle offices in the Americas, Eastern Europe and most of Asia Pacific from the company's Austin, Texas data center; a Western Europe instance serving offices in Western Europe, Africa and the Middle East; and a Japan instance.

By October the Western Europe and Japan instances will be migrated to the master instance, and Oracle will have a single,

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global database for all of its financial systems, Fuller says.

Oracle decided to consolidate its ERP systems for three primary reasons: to improve the quality and availability of information; to reduce hardware, facility and personnel costs; and to move to standardized processes and shared services.

Since starting the project, the company has made significant progress migrating to common processes, Fuller says. When Oracle first started its consolidation efforts, the company had 12 standard business flows. The company now has close to 50. And whereas different countries once had different application portfolios, today all offices are outfitted with a company-standard 42-module application footprint, Fuller says.

"Everybody worldwide is running the same products and using the same processes," Fuller says. For example, revenue recognition rules are consistent from country to country, as are expense approval hierarchies. This makes it easier on financial staff, as well as on IT staff, Fuller says. "When there's an application problem, it's much easier to diagnose and correct," he says.

In years past, finance used to be a country-level operation, Fuller says. Converting to standard processes required not only technology changes but also cultural changes. Oracle had to overcome the mindset that every country needs unique systems, Fuller says. "Countries are special in terms of some local legal issues and customs," he says. "But in general, business processes can be implemented on a global system while still supporting the unique requirements of any given country."

Having standardized its financial processes, Oracle worked to set up regional service centers to consolidate tasks that previously were handled by individual offices – such as booking of orders, accounting, cash management and expense processing.

That, too, required cultural acceptance. Country finance directors were initially resistant to the idea of shared service centers, but warmed up once they saw the migration would allow them to offload certain financial functions while gaining new application functionality, Fuller says. "In the beginning it was, 'not me, not me.' And then when they saw the benefits to other countries, they were saying 'take me next,'" he says.

In the end, accounting consistency among regions lets Oracle close its financial books more quickly. "We know that all the countries are running the same processes, so we don't have to do any kind of deciphering. It's apples and apples," Fuller says. "In a matter of days, we know exactly what happened worldwide."

In addition, Oracle gains more secure financial controls, Fuller says. "When you're running standard processes it makes it very

difficult if anybody had, shall we say, the inkling to do something improper. The controls are there – they can't," he says.

In the process of consolidating its ERP systems, Oracle downsized its hardware infrastructure. It replaced five midsize Sun servers with 18 Linux servers, Fuller says. "We went from somewhere in the vicinity of \$750,000 worth of hardware to a little over \$100,000 worth of hardware," Fuller says. "We're spending less, but getting better performance."

IT staff are much more productive, he says. Before, the staff was spread across 70 systems. Now they are focused on specific processes and very few systems. "It allows us to do an enormous amount of work with the same resources," Fuller says. "The concept is pretty hard to argue with."



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