



Validation Session
Accounts Receivable
December 3-4, 2008

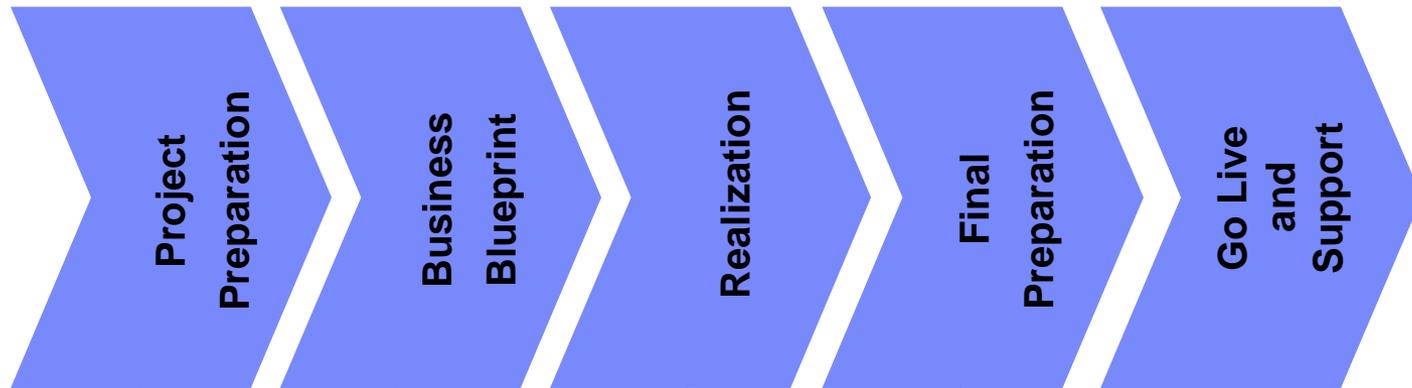
LaGov

Template Version 1.1
Updated: 10/16/2008



Project Phases

■ Five Key Phases



- Strategy & Approach Defined
- Project Team Training

- Business Process Definition
- Development Requirements

- Development & Unit Testing
- Integration Testing
- End-User Training Materials

- User Acceptance
- Technical Testing
- End-User Training
- Conversion

- Go-Live Support
- Performance Tuning



Rationale for the Project

The business drivers for the Louisiana ERP Project are summarized in the five key areas listed below

- 1 Consolidation of Administrative Processing and Reporting**
- 2 Address DOTD Systems Risk**
- 3 Improve IT Maintenance and Flexibility**
- 4 Enable New Initiatives**
- 5 Improve Data Warehouse/Business Intelligence**



Validation Session Agenda

- **Purpose**
- **Work Session Recap**
- **To-Be Processes by Topic**
 - Key Design Elements and Decisions
 - Changes and Challenges
 - Open Issues
 - Benefits/Improvements
- **Supporting Master Data Design**
 - Key Design Elements and Decisions
 - Changes and Challenges
 - Open Issues
 - Benefits/Improvements
- **FRICE-W objects**
- **Conversion Strategy and Interim Solution**
- **Organizational Impacts**
- **Next Steps**
- **Contact Information**
- **Questions**



Purpose of Validation Sessions

- **Validation Sessions are intended to provide feedback to the workshop participants regarding the TO-BE process design:**
 - Review and discuss TO-BE business process design
 - Confirm adherence to Leading Practices inherent in SAP or reasons for differing
 - Ensure the State's business requirements have been addressed
 - Highlight decisions that define the process, approval steps, and integration points
 - Review and discuss Master Data design
 - Address key integration points
 - Support organizational requirements
 - Consistent and appropriate use of data fields
 - Identify areas of changing process, roles, and responsibilities
 - Resolve open issues or identify strategy for resolution
 - Analyze and document the benefits, improvements, and challenges inherent in the TO-BE process design

Note: Validation sessions are an affirmation of work session decisions, and assume the SAP functionality knowledge covered in TO-BE session.



Workshop Session Recap

Business Process	Workshop Codes	Goals	Work Session Date
Process 1	FI-AR-001	<ul style="list-style-type: none">▪ Customer Master Data Maintenance Process	09/09/08
Process 2	FI-AR-002	<ul style="list-style-type: none">▪ Customer Invoice through Payment Process	08/27-28/08
Process 3	FI-AR-003	<ul style="list-style-type: none">▪ Customer Account Management & Period End Close Process	09/22/08



Purpose of Today's Validation Session

- Confirm project scope for the SAP Accounts Receivable module:
 - Legacy systems that will be replaced by SAP AR – initial project roll-out
 - Legacy systems that may interface with SAP AR – subsequent roll-outs
 - Legacy systems that will not be included in the SAP LaGov project for AR and will update SAP Finance on a general ledger basis

- Confirm business design supporting customer master data maintenance: create, change, block/unblock and delete

- Confirm business requirements for customer master design: field use and account numbering schema at a field level

- Confirm business requirements for SAP AR invoicing including: field status requirements, data entry edits and security controls, billing approvals and other quality/business controls

- Confirm business requirements for customer payment process

- Confirm business requirements for customer account management: operational day-to-day account management activities, reporting, period-end activities and debt collection



SAP Accounts Receivable

SCOPE



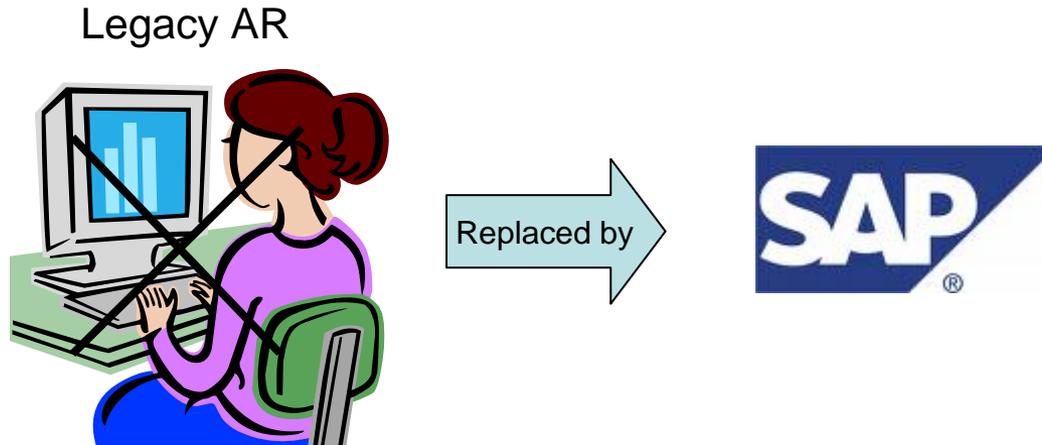
SAP Accounts Receivable – SCOPE

The following questions were raised and discussed in detail to determine scope of SAP AR:

- Which legacy systems will be completely replaced with SAP AR functionality?
- Which legacy systems will not be replaced by SAP AR for AR invoicing but could interface to SAP AR?
- Which legacy systems that could not be replaced by SAP AR nor the AR payment and management functions take place in SAP?



SAP Accounts Receivable - SCOPE



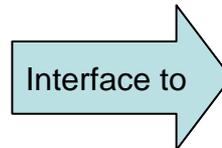
- Which legacy AR systems could be completely replaced by SAP AR?
 - Out of date legacy systems
 - Manual procedures that use Excel, Access or Lotus Notes for data tracking and invoice form production
 - Non integrated third party tools
 - Protégé/LPAA Surplus asset sales to Preferred customers



SAP Accounts Receivable - SCOPE

Legacy AR:

- Customer master maintenance
- Create customer billing
- No customer payments or credits
- No customer account management



SAP AR:

- Interfaced customer master maintenance
- Interfaced customer billing info
- Customer payments or credits
- Customer account management



- Which legacy systems will not be replaced by SAP AR for AR invoicing but could interface to SAP AR?
 - Legacy AR systems, which have complicated billing calculation functionality that requires full fledged SAP Sales and Distribution module functionality
 - Legacy AR systems, which provide input data for other business process that are not slated to be in SAP
 - Agency's customer payment and account management business processes that are NOT required in the legacy AR system and can be done solely in SAP



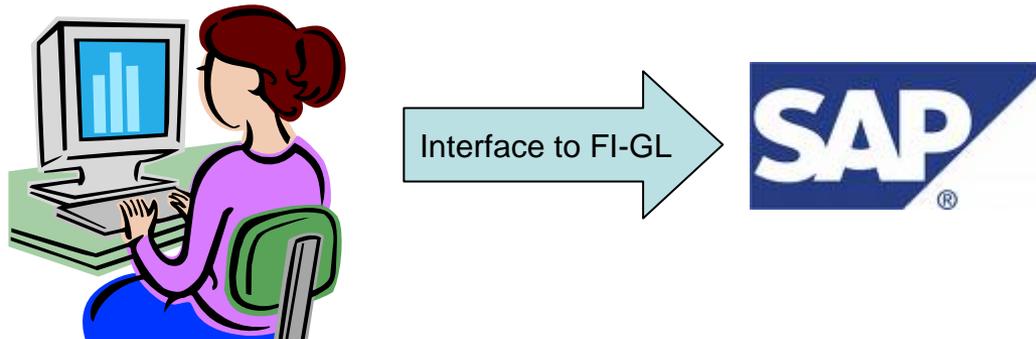
SAP Accounts Receivable - SCOPE

Legacy AR:

- Customer master maintenance
- Create customer billing
- Customer payments or credits
- Customer account management

SAP FI-GL:

- Open Receivables (summary basis)
- Collected Revenue
- Collected Payments (Cash)



- Which legacy systems that could not be replaced by SAP AR nor the AR payment and management functions take place in SAP?
 - Legacy AR systems, which have complicated billing calculation functionality that requires full fledged SAP Sales and Distribution module functionality
 - Customer payment information is required in the legacy system



SAP Accounts Receivable – SCOPE

Key Decisions

The following agencies that participated in the workshops fell into the following categories:

Replaced

1. AREC (DOTD)
2. QuickBooks (DOC)
3. QuickBooks (WLF)
4. Excel/Lotus Notes (Ethics)

Potential Interface to SAP AR

1. SONRISE (DNR)
2. Perba (DOTD)

Legacy Remains

1. Specialized systems (DSS)
2. Reservation System (DCR)
3. Regulatory Systems (LDI)



SAP Accounts Receivable – SCOPE Changes & Challenges

- Training personnel on new system
- Data cleansing and standardizing the data across the different legacy systems
- Quarterly reporting challenges for open receivables since not all systems/areas will be using SAP AR
- Availability of technical resources on legacy side for conversions and interface testing



SAP Accounts Receivable – **SCOPE**

Open Issues

- What is the final decision on LPAA/Protégé AR scope?
- What will be the roll-out timeline for those agencies that were identified as potential AR interfaces to SAP?
- How will the agencies that were identified as ‘out of scope’ for AR update SAP on a general ledger basis?



SAP Accounts Receivable – SCOPE Benefits & Improvements

Benefits of SAP and Accounts Receivable are:

- Consolidation of Administrative Processing and Reports
- Address DOTD System Risk
- Improve IT Maintenance and Flexibility
- Enable New Initiatives
- Improve Data Warehouse/Business Intelligence



SAP Accounts Receivable

Customer Master Data: Data Maintenance



Customer Master Data Maintenance Process Design Considerations

- How will customer master maintenance be done?
- Will we use de-central maintenance or centralized maintenance?
- What will be the system review process for creating new records?
- What will be the procedure used for changing new records?
- What will be the procedure used for blocking/unblocking, marking customer records for deletion?



Customer Master Data Maintenance Process Design Considerations

- How will customer master maintenance be done?
- Will we use de-central maintenance or centralized maintenance?
- Will we need SAP workflow to facilitate requests?



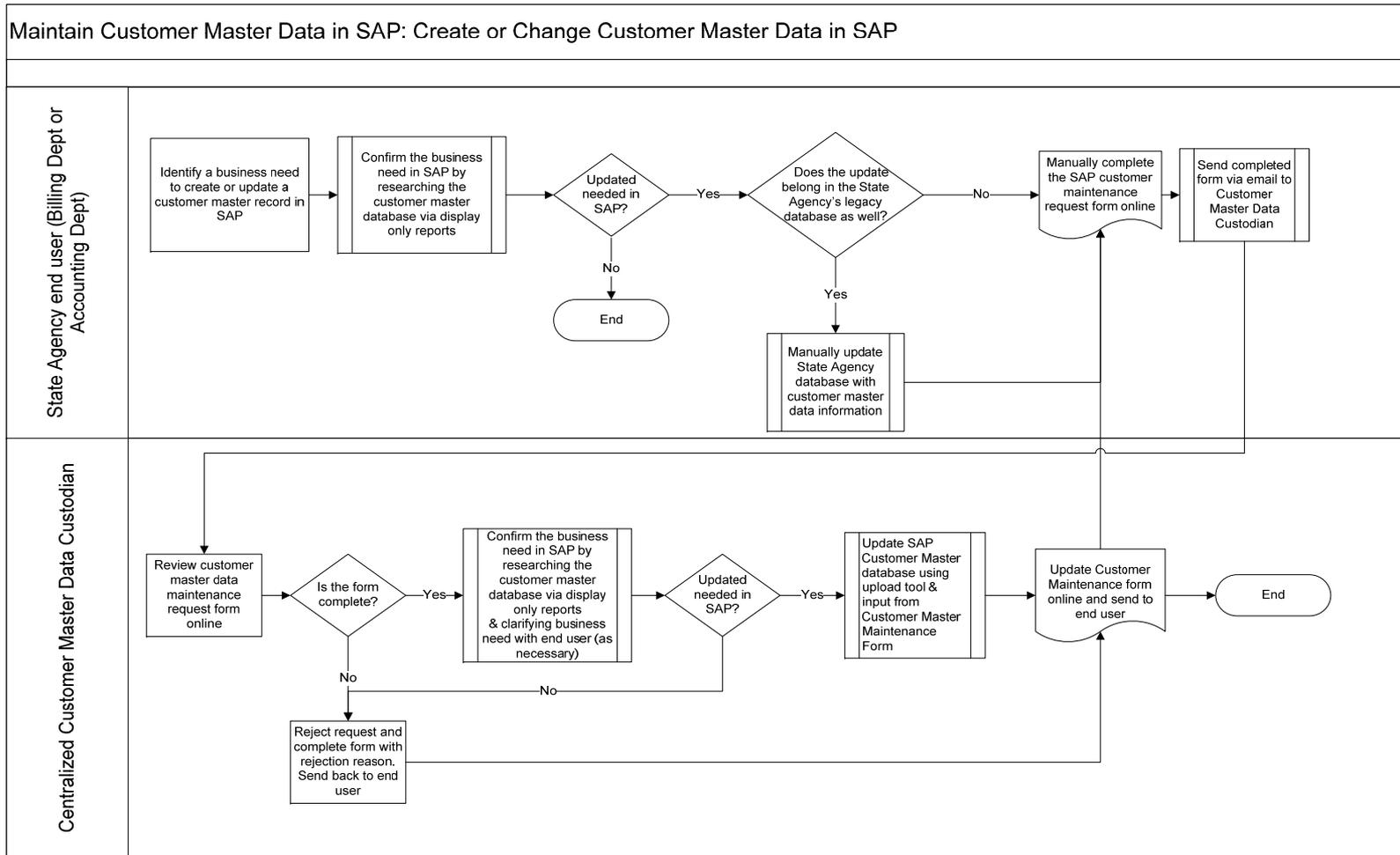
Customer Master Data Maintenance Process

Key Decisions

- We will use a de-central manual workflow process (email based) to receive end-user requests that support: creating new customers, making changes to existing customers, blocking/unblocking customer master records and marking customer master records for deletions.
- Customer maintenance form will be developed with input from GM team
- System update will be done centrally using the input data from workflow request form. It was discussed to leverage the electronic WF that is designed in AP Vendors but the volume in AR is low (it was decided to use manual workflow; cost vs. benefit analysis)
- OSRAP will be central unit that manages customer master management
- For data changes:
 - Confirmation that an address change is not a new business partner
 - Specific fields are not typically changed: recon account
- For master data blocking/unblocking:
 - Open item review is done prior to blocking a record
 - Cross agency agreement is needed prior to blocking a record
- End users will have limited display access to the customer master record and master data related reports
- OSRAP data maintenance personnel will have broader access (create, change, block/unblock, mark for deletion) access to all records



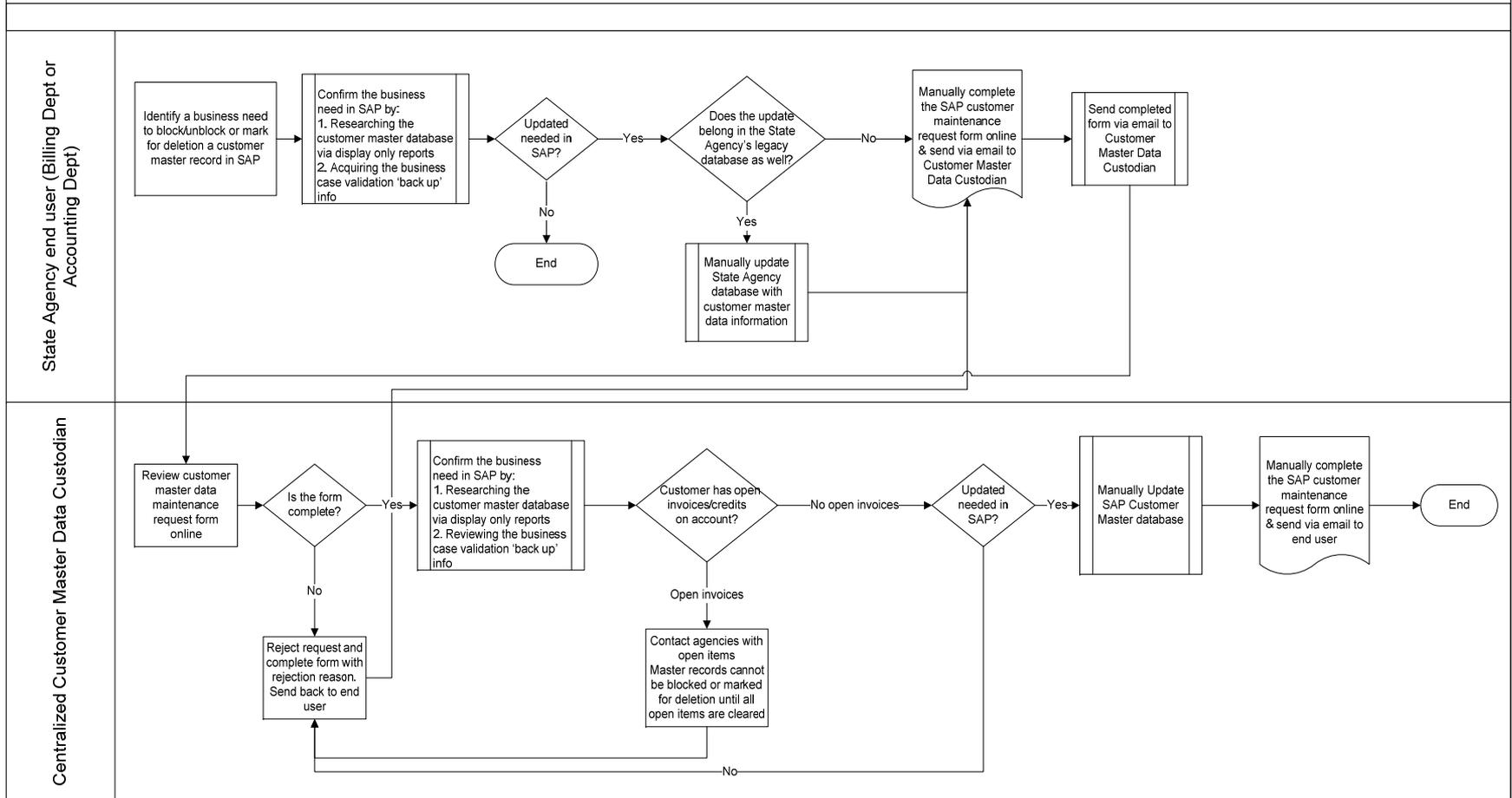
Customer Master Data – Create or Change





Customer Master Data – Block/Unblock and Delete

Maintain Customer Master Data in SAP: Block/Unblock or Mark for Deletion Customer Master Record in SAP





Customer Master Data Maintenance Process Changes & Challenges

- Establishing new role for OSRAP
- Training for end-users on request form
- Training for OSRAP on customer master data maintenance
- Establishing a service level for end-users



Customer Master Data Maintenance Process

Open Issues

- Will OSRAP come aboard and agree to be the central agency maintaining the customer master data?



Customer Master Data Maintenance Process Benefits & Improvements

- More accountability
- Better consolidated reporting by customer (for those agencies using SAP)
- Improved consistency in master data maintenance and values
- Improved audit trail for data management
- Ease of data management and accountability of quality control
- Allows end-users to drive the business need while maintaining data integrity of the system

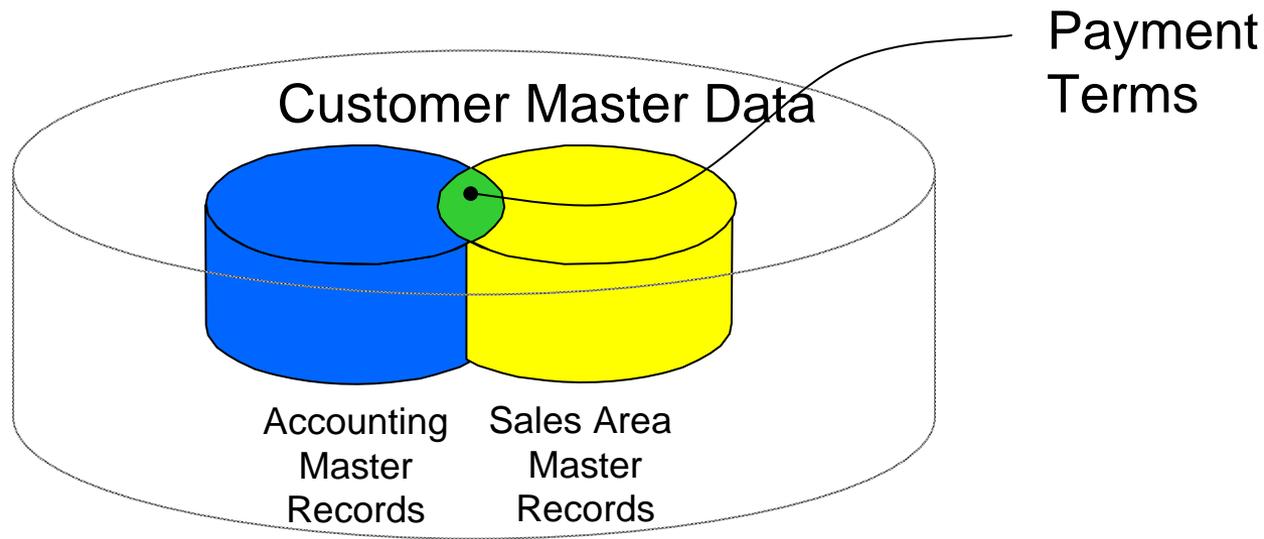


SAP Accounts Receivable

Customer Master Data: Data Design



Customer Master Record Integration

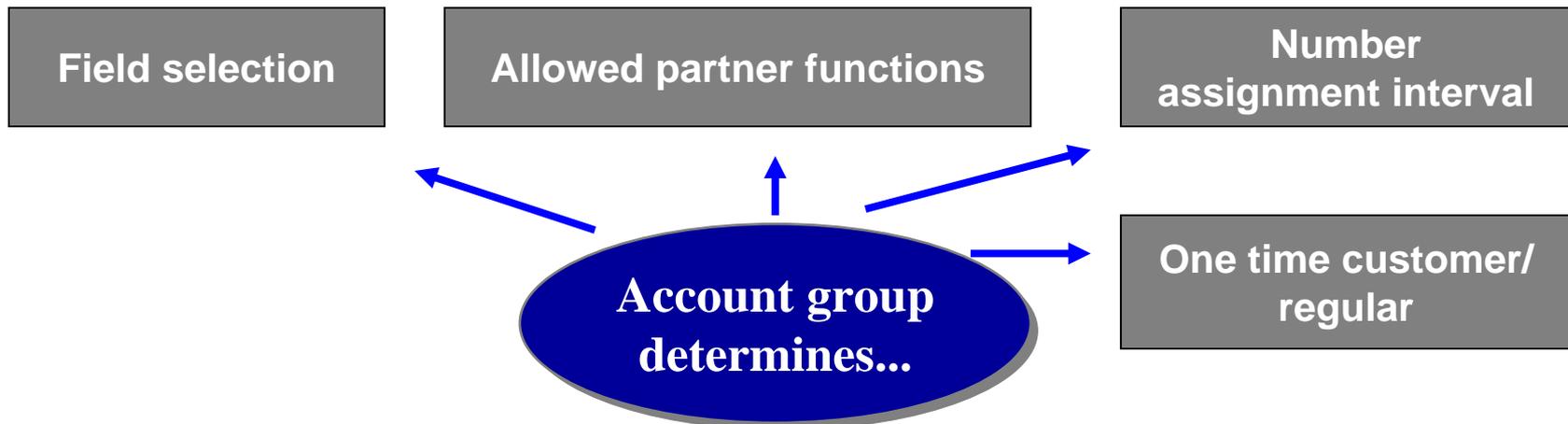


- The Customer Master contains centralized data for both SD and FI
- In Accounting, the customer is regarded as the company's debiting business partner
- When you create a customer master record, you have to maintain a reconciliation account.
 - The reconciliation account is a G/L account in General Ledger accounting.
 - It reproduces a company's assets towards several customers in G/L accounting
 - It is the aggregate of all the sub-ledger (customer) postings. Different reconciliations accounts can be set up to distinguish the types of customers (trade customers, grant customers, employees, etc)



Customer Account Groups

- Account Group controls:
 - The number range of accounts
 - The status of the fields in the master record
 - Whether the account is one-time customer
 - Partner functions





Customer Master Data

Client

General Data
 Name1
 Name2
 Address
 Telephone

Bank Information
 US 456456890 123456789

Co. Code

Company Code Data

Reconciliation acct	XXXXXXX
Terms of Payment	0001
Item Sorting	005
Dunning Procedure	0001
.	
.	

Sales Area Data

Currency	USD
Pricing Procedure	0001
Terms of Payment	001
Partner Functions	SP/BP/PY/SH
.	
.	

Sales Area

Data is grouped into three applicable categories:

General Data: This includes the customer address, contact person and bank details, for example.

Company Code Data: This comprises data such as the number of the reconciliation account, payment methods, terms of payment, and dunning procedure etc..

Sales Area Data: This includes the sales order currency, incoterms, and the customer's tax data.



Customer Master – General Data

- Address
- Control Data
- Payment Transactions
- Marketing
- Export Data
- Contact Person

Display Customer: General Data

Other Customer Company Code Data Sales Area Data Additional Data, Empties Additional Data, DSD

Customer: 300383 Abteilung Chirurgie Hamburg

Address Control Data Payment Transactions Marketing Export Data Contact Person

Preview

Name

Title

Name Abteilung Chirurgie
Thoraxklinik-Hamburg

Search Terms

Search term 1/2 ABTEILUNG

Street Address

House no./street 22 Rhorbacherstrasse

City/State/ZIP Code Hamburg 02 20251

Country DE Germany Hamburg

Jurisdiction code

Transportation zone 000000002 Region south

PO Box Address

PO Box 1024

Postal Code 20251

Company Postal Code

Communication

Language German Other communication...

Telephone 040 Extension 123456

Fax Extension

E-Mail

Data line

Mobile No.



Customer Master – Company Code Data

- Account Management
- Payment Transactions
- Correspondence
- Insurance

Display Customer: Company Code Data

Other Customer | General Data | Sales Area Data | Additional Data, Empties | Additional Data, DSD

Customer: 300383 Abteilung Chirurgie Hamburg
Company Code 1000 IDES AG

Account Management | Payment Transactions | Correspondence | Insurance

Accounting information

Recon. account	<input type="text"/>	Sort key	<input type="text"/>
Head office	<input type="text"/>	Preference ind.	<input type="text"/>
Authorization	<input type="text"/>	Cash mgmt group	<input type="text"/>
Release group	<input type="text"/>		

Interest calculation

Interest indic.	<input type="text"/>	Last key date	<input type="text"/>
Interest cycle	0	Last interest run	<input type="text"/>

Reference data

Prev.acct no.	<input type="text"/>	Personnel number	0
Buying Group	<input type="text"/>		



Customer Master – Sales Area Data

- Sales
- Shipping
- Billing Documents
- Partner Functions

Display Customer: Sales Area Data

Other Customer
 General Data
 Company Code Data
 Additional Data, Empties
 Additional Data, DSD

Customer: 300383 Abteilung Chirurgie Hamburg
 Sales Org.: 1030 Germany Hamburg
 Distr. Channel: 24 Pharm. customers
 Division: 00 Crude Oil

Sales Shipping Billing Documents **Partner Functions**

Partner Functions					
PF	Partner Function	Number	Name	Partner Description	D
SP	Sold-to party	300383	Abteilung Chirurgie		<input type="checkbox"/>
BP	Bill-to party	300383	Abteilung Chirurgie		<input type="checkbox"/>
PY	Payer	300383	Abteilung Chirurgie		<input type="checkbox"/>
SH	Ship-to party	300383	Abteilung Chirurgie		<input type="checkbox"/>



Customer Master Data – Screen Layout

Maintain Field Status Group: Payment transactions

Field check

General Data

Page 1 / 1

Acct group CUST
Customers
Company code data

Payment transactions

	Suppress	Req. Entry	Opt. entry	Display
Terms of payment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bill of exch. charges terms	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payment block	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payment methods	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative payer account	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clearing with vendor	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Bill of exchange limit	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Next payee	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Indicate payment history	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Tolerance group	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
House bank	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Known/negotiated leave	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lockbox	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payment advice via EDI	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payment advice notes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Single pmnt, grp key, PM supl.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Credit memo terms of payment	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Diff. payer in document	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Accts recble pledging ind.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>



Customer Master Data Design Design Considerations

- What will be the account group strategy?
- What will be the accounting numbering strategy?
- How will the business need to classify customers be done?
- What are the key field status requirements?
- How will multiple customer business partners be handled?



Customer Master Data Design

Key Decisions

- What will be the account group strategy? What will be the accounting numbering strategy?
 - There will be one central customer that will be used across all agencies using SAP AR
 - There will be one account group supporting all customers
 - All agencies will use one customer account group and numbering schema will be standard SAP internal number range (ex. 10000000-99999999)

- Field Status
 - Required, optional, display and suppressed fields are identified and noted in separate spreadsheet



Customer Master Data Design

Key Decisions

- Business need to classify customers - Industry
Key fields used:
 - Customer will be grouped according to industry sector fields on customer master
 - Private: Individuals and companies
 - Public: Parish, city, federal governments, non-profit organizations, colleges and universities



Customer Master Data Design

Key Decisions

- Business need to have customer with partner functions:
 - Invoicing partner will use head office and branch functionality
 - Dunning partner will use dunning recipient functionality
 - Multiple business contacts will use contact data on master record



Customer Master Data Design Key Decisions

- There will be one customer account group that is shared across all agencies.
- Customer account group with a standard SAP, 8 digit, internally assigned, numbering schema (10000000 – 99999999).
- Customer master records will be classified using the industry fields. Multiple classifications are allowed.
- Customer's will be classified as Public or Private and have the optional detailed classification of: Individual, Company, Local Government, Parish Government, City Government, Federal Government, Non Profit Organization, College & University.



Customer Master Data Design Key Decisions

- One reconciliation account for all customer master records.
- One tolerance group defined for all customer master records:
 - Grace days used to determine days allowed to extended 'official' due date – 0 days
 - Cash Discount Terms Used for Displaying Items when Clearing – Not applicable because discount terms are not used in any state agency slated for SAP AR
 - Customer invoice due date will be determined using the Document Date on the invoice
- Business partner requirements will be managed using:
 - Invoicing Partner – Head Office/Branch
 - Dunning Partner – Dunning Recipient
 - Business Contacts – Contact Data



Customer Master Data Design Key Decisions

- Text IDs will be used for customer master records classifying maintenance notes:
 - Billing Agency Notes
 - Accounting Notes

- Standard SAP Functionality that will not be used:
 - One-time customer
 - Vendor/Customer integration
 - Credit management
 - Automatic payment variance write-off
 - Bills of exchange
 - Payment advice
 - Enhancements for custom fields



Customer Master Data Design Changes & Challenges

- Training
- Data cleansing for conversion



Customer Master Data Design

Open Issues

- Will OSRAP come aboard and agree to be the central agency maintaining the customer master data?
- For the customer tolerance group, what will be the allowed customer payment differences (variance from amount expected to be paid and actually paid to Agency)
 - To our advantage (Gain) _____ % up to \$_____
 - To our disadvantage (Loss) _____ % up to \$_____



Customer Master Data Design Benefits & Improvements

- Simple design that is easy to learn
- Accommodates business requirements and keeps a standard platform for customer master data
- Gives a good basis for standardized reporting



SAP Accounts Receivable

Customer Master Data: Integration between AR Customer Master Record & GM Sponsor Record



Design Considerations: Integration between FI-AR Customer Master Record and FI-GM Sponsor Record

- How will customer master maintenance be done when there is a request for new/modifications Grant Sponsor (Grant Customer)?
 - The GM and AR team have the same business process for customer master maintenance.
 - Customer master maintenance requests will be manual workflow based (electronic form that can be completed online or printed)
 - SAP has a natural integration between the GM module and the AR module. The customer master essentially has a different 'view': General View, Company Code View (FI), Sales and Distribution View (SD) and Sponsor View (GM).

- How will customer master records be numbered in FI and GM?
 - The customer master record will have one account number that is assigned in FI and 'extended' in GM with the GM data views.

- Customer records will have a detailed review process prior to marking for deletion



Key Decisions: Integration between FI-AR Customer Master Record and FI-GM Sponsor Record

- All customer master record request will start in FI-AR as a customer master maintenance request (new records and updates to records); upon completion request forms are returned to requester. If there is a need to extend the AR record to a GM Sponsor view, the requester has the responsibility of routing the GM requests to the central body responsible for maintaining GM Sponsors.
- GM Sponsors will be externally numbered and take the FI-AR Customer Account number as the GM Sponsor Account number
- Every customer in SAP AR will not necessarily be extended to the GM module; as a result prior to creating new GM record the OSRAP representative must search the SAP AR database to make sure the record is not already created
- GM end users will have limited display access to AR customer master records and reports



Changes & Challenges: Integration between FI-AR Customer Master Record and FI-GM Sponsor Record

- Training
- Shared control of GM views of customer records
- Establishing new procedures for blocking/unblocking records
- Establishing new procedures for marking customer for deletion



Open Issues: Integration between FI-AR Customer Master Record and FI-GM Sponsor Record

- None, as of today



Benefits & Improvements: Integration between FI-AR Customer Master Record and FI-GM Sponsor Record

- Customers will have one account number in SAP so the reporting will be consistent across modules
- One account number across agencies also provides capability of a consolidated view of the customer
- Consistent maintenance policies will help end users learn the new procedures and shorten the customer master data learning curve



SAP Accounts Receivable

Customer Master Data: Data Conversions



Customer Master Data Conversions Design Considerations

- How will legacy data be cleansed prior to data load into SAP?
- Will we use a staging area for data conversion prior to actual load into SAP?
- What part will the agency SMEs play in data conversion?
- Which records will be converted?
 - Only customers with open invoices?
 - Only customers that we have done business with within the last 2 years?



Key Decisions

- Customer master records will be cleansed (as much as possible) in legacy systems
- Customer master records will be loaded into a staging area where further cleansing and standardization routines will be performed via load program
- AR Team and SMEs will need to manually review staged data to remove duplicates and make other corrections
- Customer master records will be loaded into SAP (upon AR Team approval of staged file data)



Customer Master Data Conversions Changes & Challenges

- Converting from manual databases
- Cleansing and standardization of the data



Customer Master Data Conversions

Open Issues

- During Realization it must be decided which customer master records will be converted to SAP



Invoicing and Payments

Invoicing



Review of Invoicing in SAP: What is AR?

■ Accounts Receivable

- Expectation of monetary payment for good or service
- Payment is made sometime in future
- Extension of AR credit is given to customer

■ Interagency Billing

- Payment is made in the form of transfer of funds in accounting
- No AR credit extended

■ Point of Sale

- Exchange of goods or service is made at the same time as payment
- Payment is made in traditional monetary form (cash, check, credit card, etc)
- No AR credit extended



Review of Invoicing in SAP

- What is meant by Accounts Receivable?
 - A transaction between buyer and seller where money (check, wire, etc) is exchanged for goods or services. Goods or services are received by buyer and payment is given to seller at a future date. Payment terms are established up front and obligate buyer for payment.
- What are the type of invoicing available in SAP?
 - Manual
 - Recurring
 - SD Billing
 - Credit Memos
- How are invoices entered into the system?
 - Manual data entry into AR Module
 - Recurring entry program
 - Standard integration with SD Module
 - Interfacing with legacy systems or Excel upload



Invoicing: Design Considerations

- Is there a need to include SAP workflow for AR invoicing approvals prior to sending invoices to customers?
- Is there a need to provide de-central or field access to the SAP system for invoice data entry?
- Will parking functionality be used for AR invoicing?
- Will the recurring entry functionality be used for AR invoicing?
- Will SD billing functionality be used?



Invoicing: Key Decisions

- Agencies using SAP AR will use the manual invoicing procedure; entering invoicing data directly into the AR module. AR invoicing includes customer credits.
- There was no business requirement to include a formal SAP workflow for invoice approvals, but we did include the option of using a 2-tier data entry model if the agency wants to have one set of personnel do data entry (via parking only) and another set of personnel do review/approvals (posting) prior to sending bill to customer
- No agency identified a business need to use the recurring invoicing functionality in AR, therefore this functionality will not be configured.
- The SD billing functionality will be limited to the functionality needed for GM related billing only.
- For the initial SAP AR roll-out there will be no AR interfacing from legacy billing systems to SAP AR
- Agencies will have the opportunity to design SAP invoice and credit memo forms, print these forms directly from SAP or create their own forms outside of the SAP AR system



Invoicing: Key Decisions

Customer documents will be entered using standard SAP document types for AR:

- DA Customer document / 1600000000-1699999999
- DG Customer credit memo / 1900000000-1999999999
- DR Customer invoice / 1800000000-1899999999
- DZ Customer payment / 2600000000-2699999999
- R1 Revenue G/L posting / R10000000000-
R19999999999



Invoicing: Key Decisions

- Agencies that currently have specialized billing systems, customer payments and revenue will be manually recorded in SAP using a FI-GL voucher
- Billing Agency personnel who are responsible for invoice and credit memo data entry will be limited in SAP security by business area
- Billing Agencies that include sales tax on customer invoices will manually calculate the sales tax, enter the sales tax as a separate line item on the SAP AR invoice (posting to a separate GL account) and manually remit payment to the appropriate tax authorities when needed
- Similar to sales tax, billing agencies that collect money (as a line item on the customer invoice) but must remit the money to an outside authority (for example court cost) will manually calculate the fee, post as a separate line item on the invoice and manually remit payment as needed
- See attached spreadsheet for invoice and credit memo field status requirements



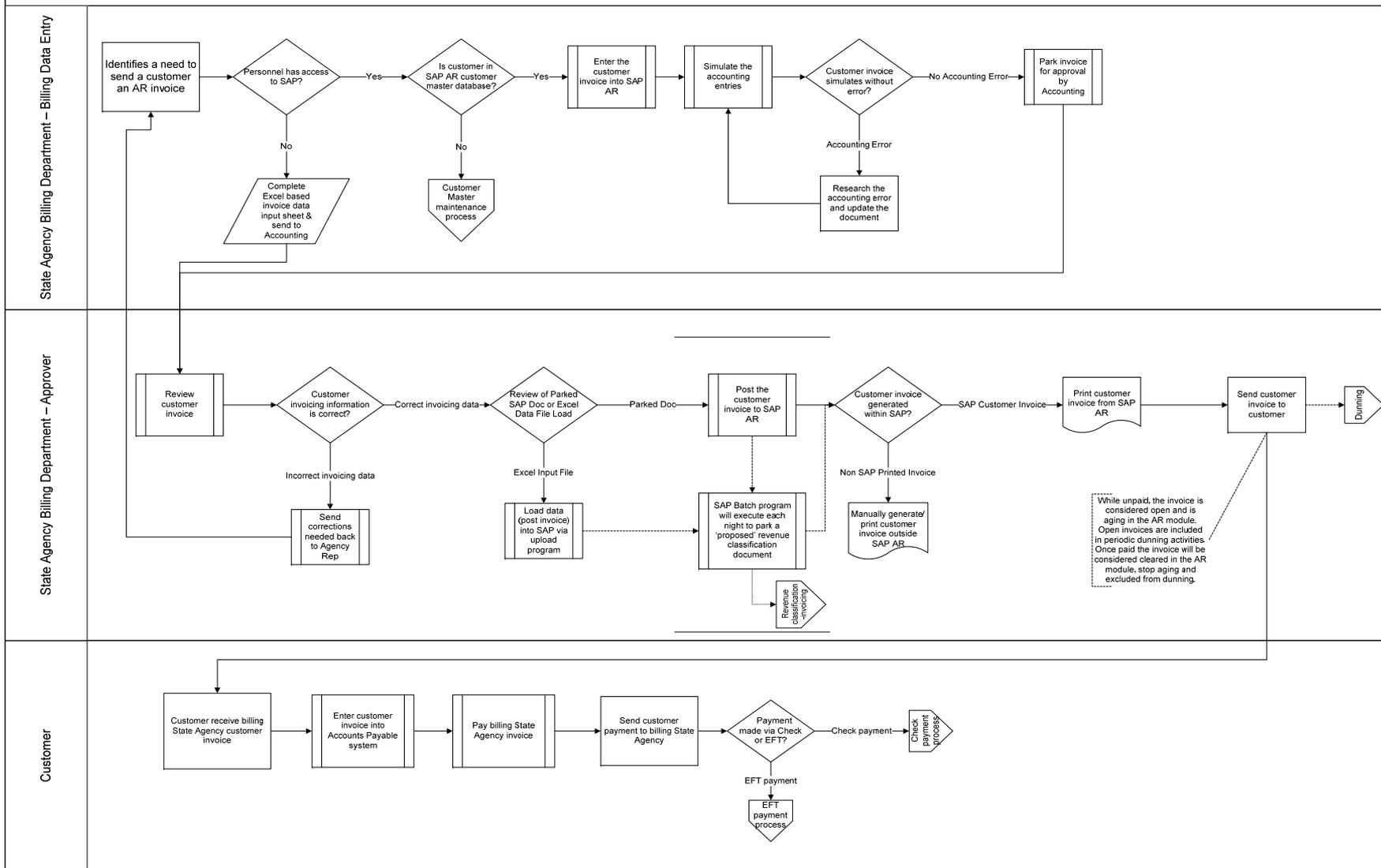
Invoicing: Key Decisions

- Standard AR functionality that will NOT be used for pilot programs:
 - EDI Invoicing
 - Credit Management
 - Recurring Invoicing
 - Customer down payments
 - Net procedure invoice posting for cash discounts
 - Foreign currency translation



Accounts Receivable Invoicing through Customer Payments

Accounts Receivable Invoicing through Customer Payments





SAP Accounts Receivable - Invoice Data Entry

Document Edit Goto Extras Settings Environment System Help

Enter Customer Invoice: Company Code 0010

Tree on Company Code Hold Simulate Park Editing options

Bal. 0.00

Basic data Payment Details Tax Notes

Customer SQL Ind

Invoice date 08/26/2008 Reference

Posting Date 08/26/2008 Period 2

Document Type Customer invoice

Amount USD Calculate tax

Tax amount

Text

Company Code 0010 ISIS-HR Paid Baton Rouge

Lot No.

0 items (No entry variant selected)

St...	G/L acct	Short Text	D/C	Amount in doc.curr.	Loc.curr.amount	T...	Tax jurisdictn code	W...	Assignment n
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				
			Cred...		0.00				

Start SAP System Admin Info SAP Logon Pad 710 Automatic Posting Create Customer: Comp... Enter Customer Invoi... Microsoft PowerPoint - [...]



Invoicing: Changes & Challenges

- Billing State agencies and Treasury must decide the appropriate desk procedures to follow when there is a bottleneck in the process or some other type of error holding back the process from completing.
- Train all employees on the system and standardized processes for A/R processing and billing.



Invoicing: Open Issues

- If there is a need to have some Billing Agencies use a 2-tier de-central data entry process, how many users would need access to SAP AR?



Invoicing: Benefits & Improvements

- Provides a consolidated view of open Accounts Receivables.
- Standardization of invoice processing for those agencies using SAP AR.
- Accounting system of record is updated in real-time during the invoicing and payment processing.
- Billing Agency and Cash Application Department have access to same information; cuts down on sending AR reports between the two groups.



Invoicing and Payments

Payments



Review Customer Payment: Manual Payments

- SAP payments will be entered directly into the system using the standard manual payment transaction
- Accepted payment methods that will be used for SAP AR invoicing:
 - Checks – certified, cashier, money order
 - Cash
- We will use the standard partial payment functionality
 - Key decision to use partial payment functionality rather than residual payment functionality in the case of short payment scenarios
- System allows for manual or automatic 'charge off' functionality for small difference short pay scenarios
 - Key decision to use manual payment functionality only, no automatic charge off functionality
- We will use the standard functionality that automatically accommodates inclusion of credits tied to invoice or on customer account



Payments: Design Considerations

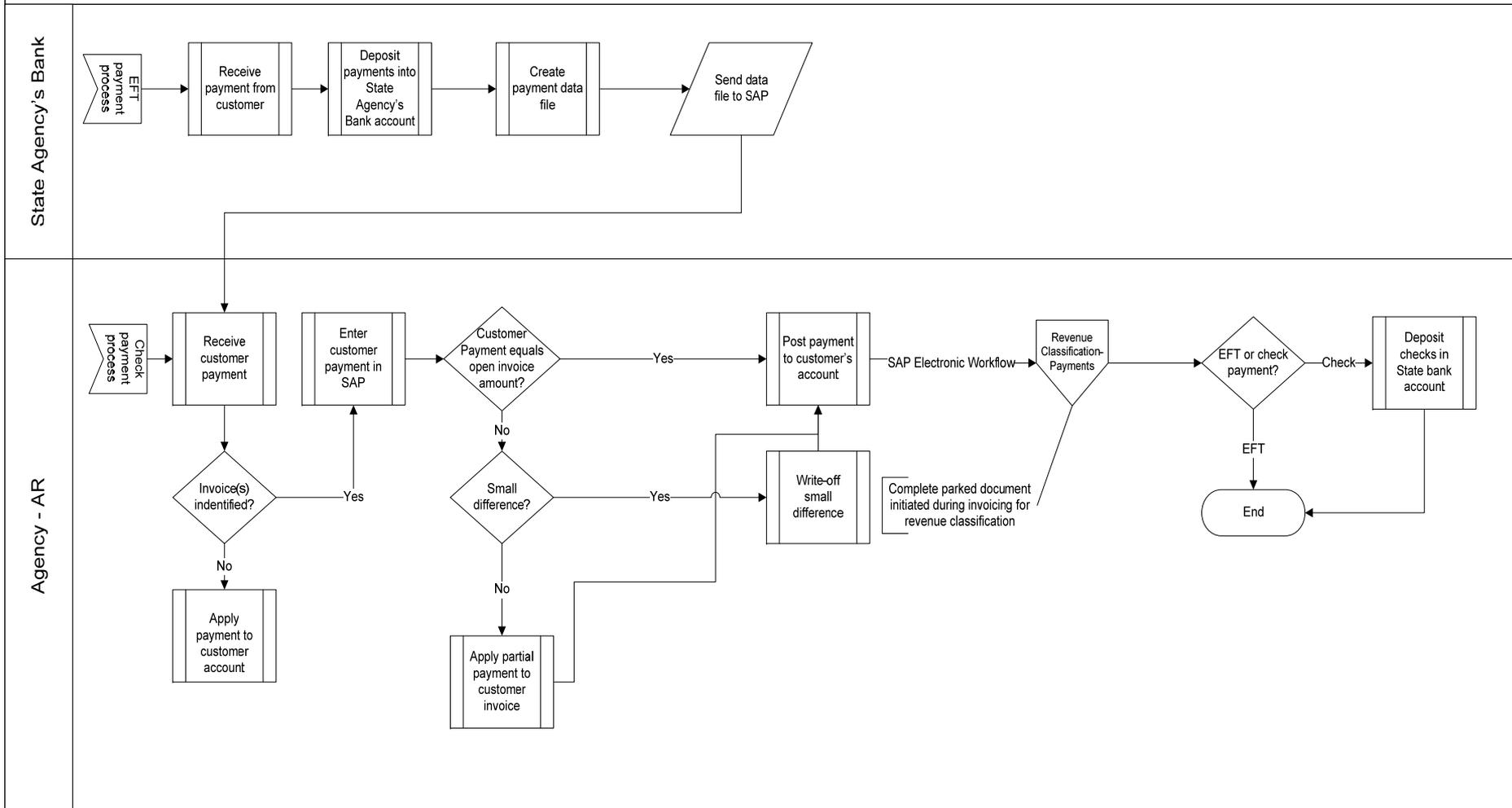
- Typical SAP payment scenarios:
 - Customer payment equals to invoice(s) to be cleared.
 - Customer payment is less/more than open invoice(s) to be cleared; small difference or variance in payment and opportunity to write-off.
 - Customer payment is less/more than open invoice(s); partial payments or refunds.

- After payment has been entered in SAP, workflow trigger will prompt appropriate user to complete revenue GL document.



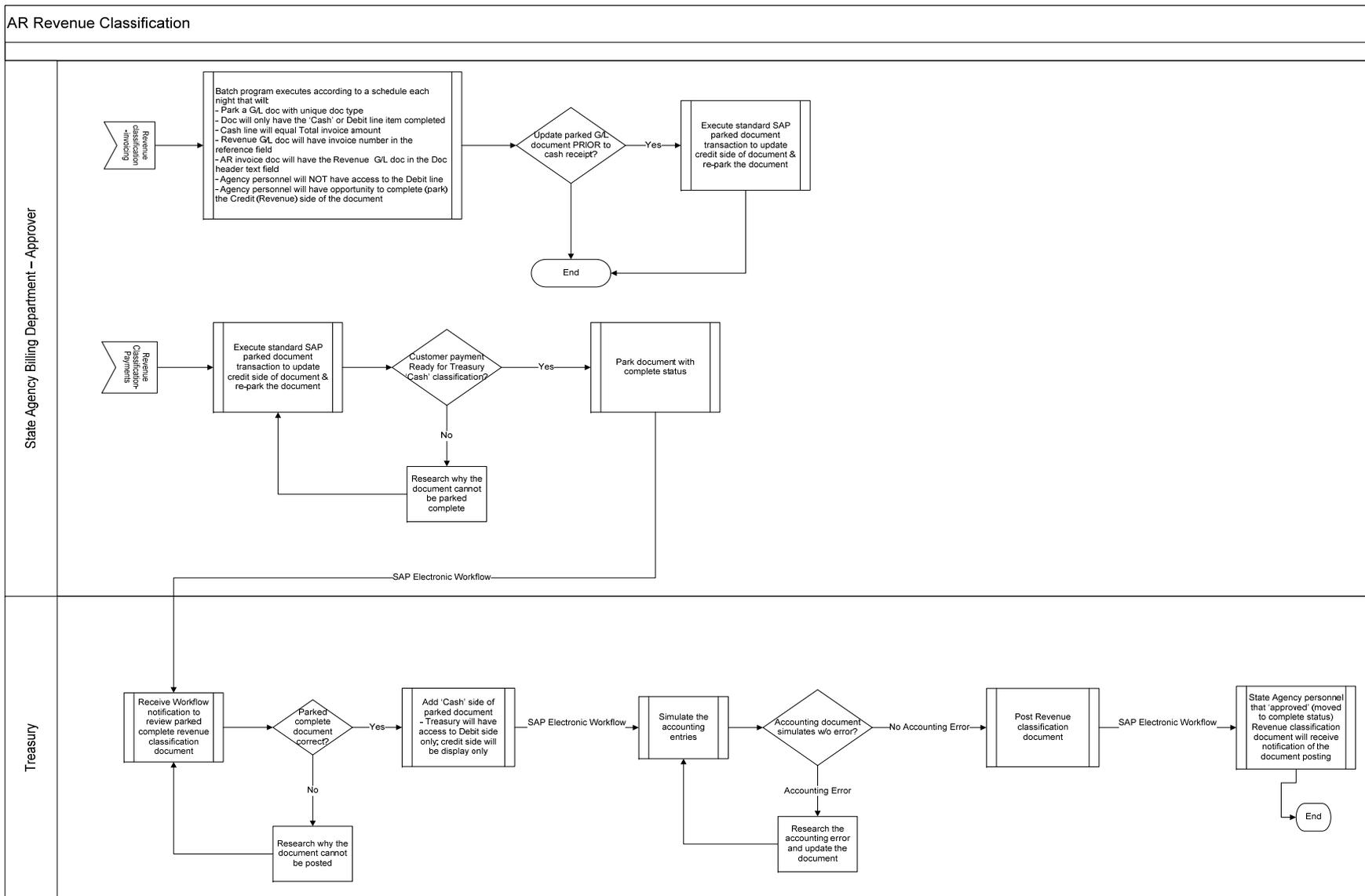
Accounts Receivable Invoicing through Customer Payments

Customer Payments





Accounts Receivable Invoicing through Customer Payments





SAP Accounts Receivable - Payments

Document Edit Goto Settings System Help

Post Incoming Payments: Header Data

Process open items

Document Date		Type	DZ	Company Code	0010
Posting Date	11/26/2008	Period	5	Currency/Rate	USD
Document Number		Translatn Date			
Reference		Cross-CC no.			
Doc.Header Text		Trading part.BA			
Clearing text					

Bank data		Business Area	
Account	<input checked="" type="checkbox"/>	Amount in LC	
Amount		LC bank charges	
Bank charges		Profit Center	
Value date	11/26/2008	Assignment	
Text			

Open item selection		Additional selections	
Account		<input checked="" type="radio"/> None	
Account Type	D <input type="checkbox"/> Other accounts	<input type="radio"/> Amount	
Special G/L ind	<input type="checkbox"/> Standard Ols	<input type="radio"/> Document Number	
Pmnt advice no.		<input type="radio"/> Posting Date	
<input type="checkbox"/> Distribute by age		<input type="radio"/> Dunning Area	
<input type="checkbox"/> Automatic search		<input type="radio"/> Others	

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Payments: Key Decisions

- Each State Billing Agency will define the proper desk procedures supporting how short or over payments will be treated in SAP.
- Each State Billing Agency will define the proper desk procedures supporting check deposits in the SAP.
- Standard SAP A/R functionality will NOT be used for pilot programs:
 - Lockbox, EFT Payment acceptance
 - Credit Card payment acceptance
 - Auto write-off for short/over payments



Payments: Changes & Challenges

- Treasury deposit posting will NOT depend on paper based process but on electronic workflow approvals.
- Standardizing debt collection process across all State Agencies.
- Train all employees on the system and standardized processes for A/R payment processing.



Payments: Open Issues

- Will Treasury agree to electronic approval for revenue classification rather than paper based procedures?
- Will there be a need to configure tolerances for short or over payments?



Payments: Benefits & Improvements

- Customer payment information shared across all State Agencies.
- Standardization of payment and debt collection processing.
- Accounting system of record is updated in real-time during the payment processing.



Customer Reporting and Analysis

Customer Account Management: Reporting



Customer Reporting and Analysis

- Confirm the key reporting requirements for operational day-to-day reporting used to manage customer's open items
- Confirm operational day-to-day account management activities
- Confirm operational period-end account management activities
- Confirm bad debt collection procedures including debt write-off

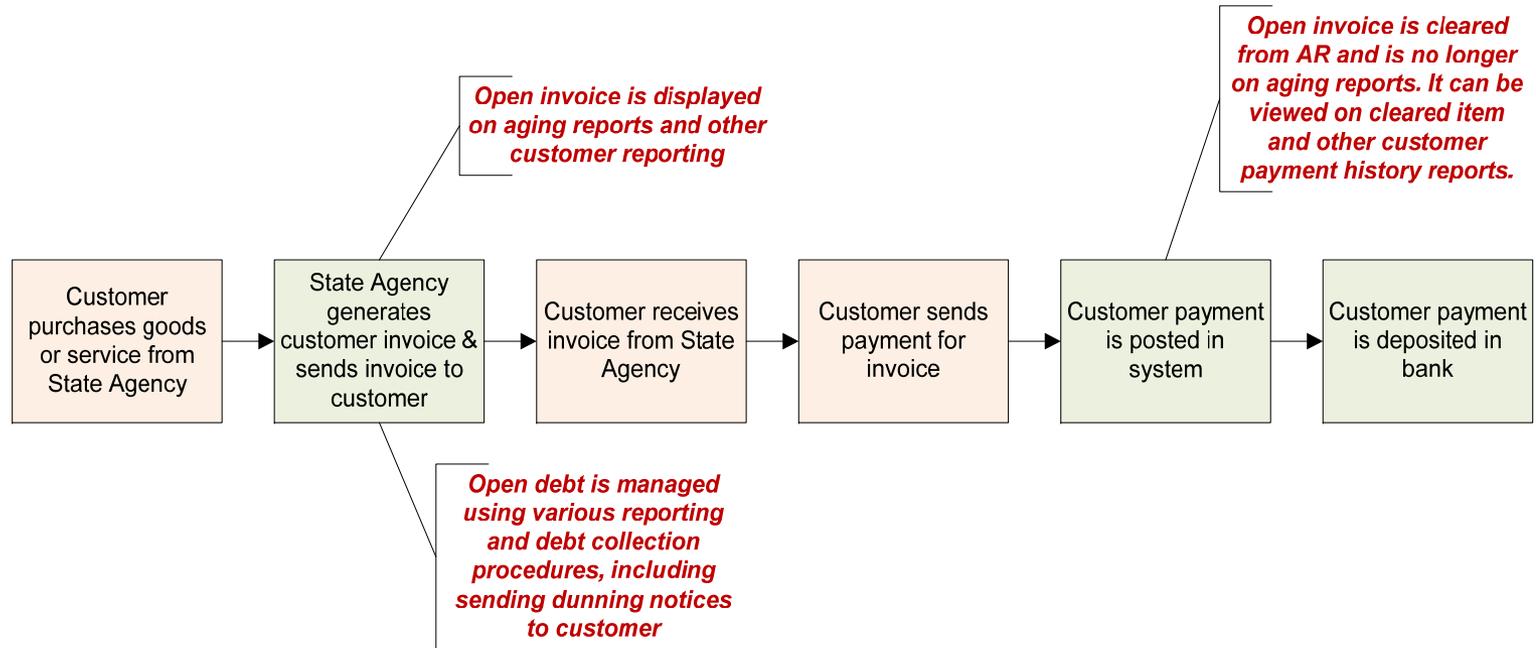


Executing Operational Customer Reporting and Account Management

- Key operational day-to-day reporting used to manage customer's open items (ECC reports)
 - Customer line item report (FBL5N)
 - Due date analysis (S_ALR_87012168)
 - Customer payment history (S_ALR_87012177)
 - Open Items: Customer Due Date Forecast (S_ALR_87012175)



High Level Process Overview: Managing Open Receivables





Executing operational customer reporting and account management **Design Considerations – Standard Reports**

- The standard reports that will be used will center on line item related reporting for open and cleared documents, payment history and dunning.
- Standard BI cubes will be used for AR reporting



Executing operational customer reporting and account management

Key Decisions – Standard Reports

- Key ECC reports include: Customer line item report (FBL5N), Due date analysis (S_ALR_87012168), Customer payment history (S_ALR_87012177)
- Reports can be generated by business area or across business areas but security will not limit reporting access by business area
- Security limitations will be set by job responsibility at a transaction level
- ECC query tools will not be used for custom query reports
- BI queries will be developed and used for user defined query requests
- Standard BI cubes will have SAP data only, only exception will be the cube used to generate the quarterly aging report
- Key personnel in each billing state agency and supporting accounting departments will be 'super users' in BI and have the ability to define custom queries



Executing operational customer reporting and account management

Design Considerations – Custom Reports

- Quarterly Aging report (Agency specific)
- Monthly customer statement



Executing operational customer reporting and account management

Key Decisions – Custom Reports

- Quarterly Aging report will be generated using BI reporting tools
- Billing State Agencies and agencies conducting AR outside of SAP will send their AR data to BI to construct a consolidated report
- Account statements will be generated in BI
- There will be one customer account statement format for all billing State Agencies
- The general account statement can be generated for the entire State (across business areas) or for a specific agency (business area)
- Account statements will include open invoice, credits, partial payments and payments on account



Executing operational customer reporting and account management **Changes & Challenges**

- Getting the billing State Agencies to use account statements
- Designing a general customer account statement format



Executing operational customer reporting and account management

Open Issues

- General account statement format design
- Will the BI design include non SAP data
- Will the non-SAP agencies be able to provide their open receivable data periodically to BI



Executing operational customer reporting and account management

Benefits & Improvements

- Utilize standard system
- Ease of reporting for OSRAP
- Provides timely consolidated view of statewide AR
- Provides an additional reporting and correspondence avenue for account management
- Provides opportunities for custom reporting queries on demand



Executing operational customer reporting and account management

Customer Account Management: Clearing credits and payments



Clearing open credits and payments

Design Considerations

- How will customer communications (phone calls, letters, etc) be recorded in SAP?
- How will partial or unknown payments be handled in SAP?
- How will customer credits be issued in SAP?
- How will customer credits and partial payments be cleared in SAP?



Clearing open general credits and payments

Key Decisions

- SAP provides long text notes on the customer master and each AR document, oral correspondence with customers should be documented using these fields
 - It will be up to each agency to decide how text will be used
 - Hard copy correspondence generated outside of SAP should be filed
- Partial payments will typically be applied to a specific open invoice(s); however agencies have the opportunity to apply unknown payments to the customer's account
 - Residual payments functionality will be available to use
- Credit memos will typically be applied to a specific open invoice; however general credits may be created/applied to customer's account
 - Manual and auto credit clearing functionality will be used to clear open credits
- Each accounting office will decide desk procedure used to clear open credits



Clearing open general credits and payments **Changes & Challenges**

- Training
- Each agency must develop desk procedures for credit and partial payment clearing



Clearing open general credits and payments

Open Issues

- None, as of today



Clearing open general credits and payments

Benefits & Improvements

- System provides a real-time view of open items on customer's account so that a qualified business decision can be made

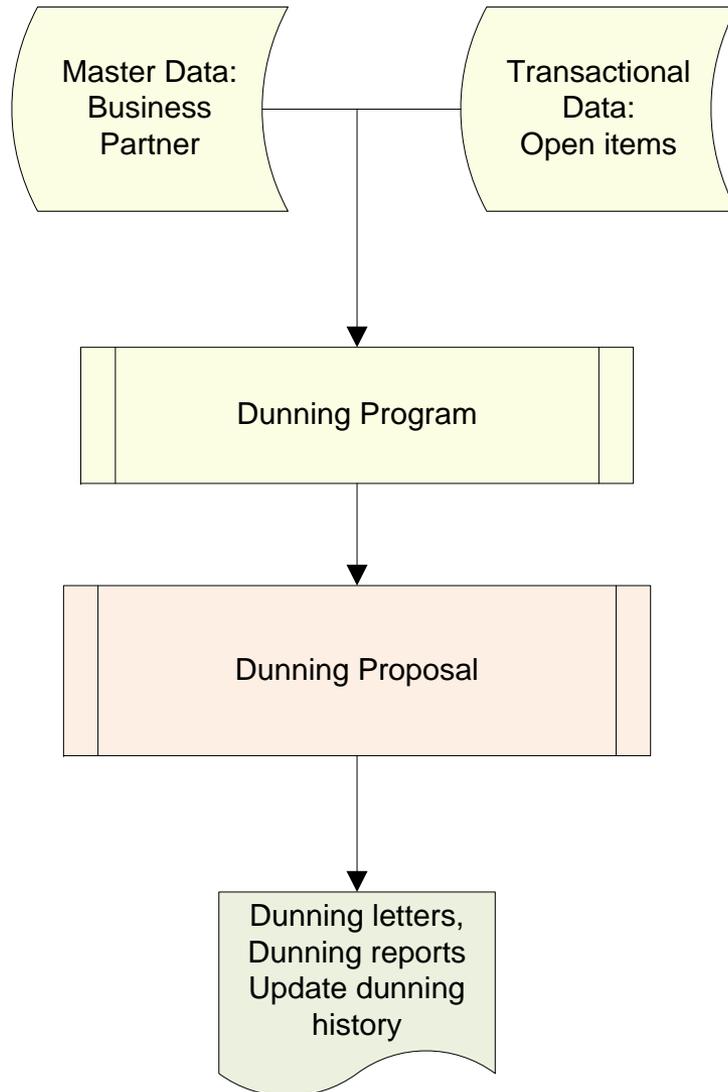


Debt Collections - Dunning

Customer Account Management: Executing Periodic Dunning



SAP Dunning Functionality



1. Create dunning proposal
2. Edit dunning proposal
3. Print dunning notices



Debt Collections - Periodic Dunning

Design Considerations

- What will be the standard dunning frequency for each billing state agency? (i.e. dunning procedure for each business area)
- What will be the agency specific dunning letters for each dunning level within a procedure?
- What dunning actions (desk procedures), interest or penalties will be defined by each agency per dunning level?
- How will dunning letter be produced?
 - Centralized per agency and printed in mass/mailed to customers
 - Centralized at OSRAP or some other controlling agency where one letter is sent to a customer and contains all open state agency invoices?



Debt Collections - Periodic Dunning

Key Decisions

- Dunning frequency will be 30, 60, 90, and 120 for all business areas
- At a minimum, the text will include fees charged for NSF checks, interest on unpaid balance per month, attorney or collection agency fees, and/or late penalty fees where applicable
- Dunning letter production will be agency specific (i.e. by business area)
 - SAP security will limit dunning transaction including printing letters by business area
- Each agency must develop their own desk procedures that will be used in addition to the SAP generated dunning notices



Debt Collections - Periodic Dunning **Changes & Challenges**

- Training on dunning functionality in SAP
- Establishing formal dunning procedures



Debt Collections - Periodic Dunning

Open Issues

- Each billing state agency must provide example text, seals, etc for each dunning level
- Will agencies supporting their own dunning or will dunning be done centrally at OSRAP?
- Each billing state agency must decide what will be the minimum open invoice amount for dunning
- Each billing state agency must decide if interest or some other type of penalty expense is applicable for their dunning procedure



Debt Collections - Periodic Dunning **Benefits & Improvements**

- Standardized customer dunning procedures
- Customer records are updated in real-time with dunning

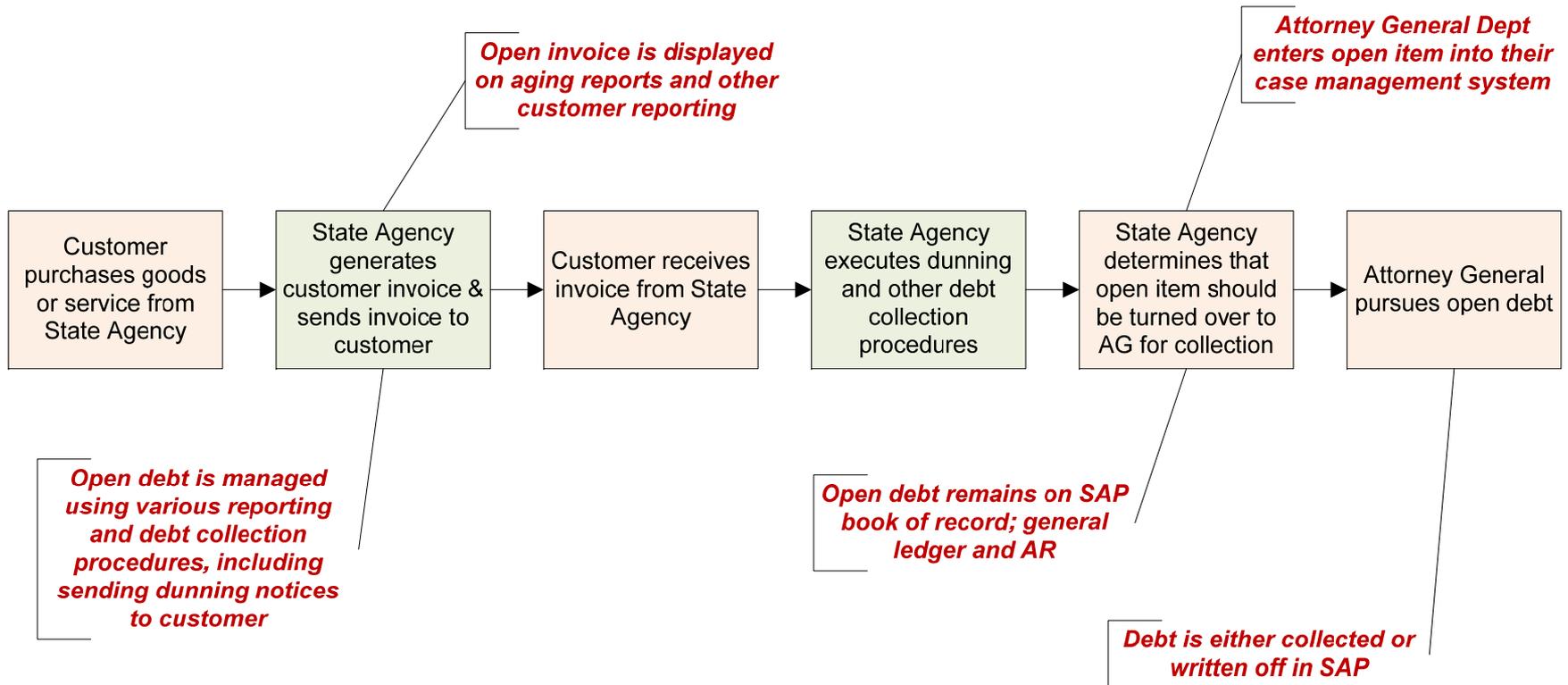


Debt collections

Debt collections by Attorney General Office Transfer Posting to Doubtful Accounts



High Level Process Overview: Uncollectable Debt Procedure





Debt collections by Attorney General Office

Design Considerations

- When are invoices turned over to AG?
- What paper work is sent to AG office?
- How are the invoices treated in SAP when turned over to AG?
- What happens when payments are not collected?
- What happens when payments are collected?



Debt collections: Attorney General Office

Key Decisions

- When are invoices turned over to AG? What paper work is sent to AG office?
 - Each billing state agency must establish a desk procedure that will be used support sending uncollectable debt to AG office
- How are the invoices treated in SAP when turned over to AG?
 - The customer invoice(s) are blocked from dunning with a special dunning block indicator
 - Customer's invoice is updated with long text explaining the transfer



Debt collections: Transfer Postings to Doubtful accounts

- Functionality that allows open items to be automatically reposted from the traditional AR reconciliation account (defined on their master record) to a special reconciliation account used to classify doubtful accounts
- Functionality allows for the open item to remain outstanding on the customer's account
- Open item can be cleared using the normal payment process if payment is collected
- Functionality requires account determination, payment deadline and open amount configuration
- Functionality may also require special coding to handle fund accounting requirements



Debt collections: Attorney General Office

Key Decisions

- What happens when payments are not collected?
 - Open invoice(s) are transferred to a doubtful account in the G/L, open invoices remain blocked from dunning but the item remains in AR
 - Transfer will be done by appropriate personnel in the billing state agency.
 - Key personnel in OSRAP will also have access to the transfer transaction
 - Manual procedures are used to collect the debt (i.e. collection agency)
 - Customer is blocked from doing business with the business area by establishing a validation rule in configuration
 - Customer's account is noted with collection history

- What happens when payments are collected?
 - If payment is received for an invoice(s) that has been written off (transferred to doubtful account), payment is applied to invoice. If revenue is from different fiscal year it is classified as Income Not Available.
 - AG Office must give explanation (break down) of customer payment to Billing State Agency so that open invoice and revenue classification can take place



Debt collections: Key Decisions

Manual procedures used to collect the debt:

- Each billing state agency must establish their own internal procedures and communicate their requirements to the LaGov team
- Request to transfer to doubtful accounts form will be generated from SAP and include: customer name, age of invoice(s), nature of amount owed (short text), collection efforts (dunning history) and any customer account notes recorded in SAP AR
 - Based on dollar amount, some invoice requests are sent to the applicable board/committee
 - Invoice(s) over a specified amount are approved by agency/department secretary/undersecretary
- Dunning blocks will be defined according to debt collection phase: turned to AG, requested for transfer to doubtful accounts (board/committee), requested for transfer to doubtful accounts (secretary/under secretary), approved doubtful accounts transfer



Debt collections: Changes & Challenges

- Each state Billing Agency must establish a doubtful accounts allowance method that includes the timeframe used to classify an account as eligible for this procedure
 - This is not a current practice across agencies so this is a new process (transfer to doubtful accounts) for many agencies
- Establishing the deadline and guidelines for transfer to doubtful accounts



Debt collections: Open Issues

- When should the customer be blocked from doing any business with the state?
- What will be the transfer to doubtful account allowance method (configuration details) across agencies?
- When payments are collected, who should enter the payment into SAP AG Office or Billing State Agency?



Debt collections: **Benefits & Improvements**

- Standard debt collection practice established in the system
- Allows the debt to be re-classified and continue reporting in AR



Technical Objects

FRICE-W Objects



FRICE-W Objects

- Forms:
 - Customer master data maintenance form
 - Invoice forms per agency
 - Credit memo forms per agency
 - Transfer to doubtful accounts request form
 - Dunning notices

- Reports:
 - BI AR Reports
 - Customer account statements

- Interfaces:
 - Customer master data interface from Ethics candidate database, lobbyist database and financial disclosure database (TBD)
 - Past due late fee interface from open AR to Ethics website
 - Batch program for revenue classification
 - Upload tool (Excel based) used to post customer invoices or credits



FRICE-W Objects (cont.)

- Conversion of legacy customer master records from legacy systems:
 - AREC
 - QuickBooks
 - Excel spreadsheet / Lotus notes
 - Protégé
- Conversion of legacy open invoices, credits and partial payments
 - AREC
 - QuickBooks
 - Excel spreadsheet / Lotus notes
 - Protégé
- Enhancements:
 - Custom field for invoice (Ethics)
- Workflow:
 - Revenue classification



Legacy Conversion Strategy

- Legacy Data Element:
 - Strategy (will be discussed during Realization Phase)



Overall Organizational Impact

- Training and establishment of desk procedures for agencies moving from individual manual processes to a standardized process in SAP
- Support for 'go-live' of each Billing State Agency



Next Steps - General

- Current Blueprinting Phase (Nov '08 – Jan '09):
 - PDDs for Accounting Receivable Master Data, Invoicing & Payments and Customer Reporting & Analysis

- Realization Phase (February 2009+):
 - System Configuration
 - Unit and Confirmation Testing
 - Document Business Process Procedures (BPP's)
 - Define and Develop FRICE objects
 - Integration Testing
 - User Acceptance Testing



Next Steps – Process Specific

- Discussion with pilot agencies regarding systems to be replaced, master data conversion, etc.,



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Questions?

