

CASE STUDY: General ledger rationalisation with SAP SLO toolset



Alinta gains improved financial reporting and streamlined general ledger

A Chart of Accounts (CoA) rationalisation project undertaken by Oxygen for Alinta, one of Australia's leading energy companies, has improved the company's financial reporting processes and allowed it to implement more effective controls around the operation of its General Ledger (GL) accounts

In recent years, Alinta has grown significantly through multiple acquisitions and mergers. Each new acquisition was migrated into a single SAP 4.6C environment with limited business process re-engineering or standardisation.

As a result, performing financial and management reporting was time consuming and difficult. Basic tasks, such as drill downs into individual company results and overall point-in-time financial views were difficult to determine and required considerable manual intervention.

"Due to the pressures of continual M&A activity we had bolted a large number of companies onto a single CoA with limited design consideration as to how the CoA should be structured," says John McCallum, Finance Improvement Manager for Alinta.

Alinta's Group Finance department embarked on a project with Deloitte and Oxygen to design and fully implement a more streamlined and consistent CoA for

the company, implemented using the SAP System Landscape Optimisation (SLO) toolset. Significant improvements around intra-company confirmations and consolidation reporting were also implemented as a key component of the project.

Oxygen provided design and SAP implementation expertise to convert Alinta's old state CoA, and also provided change management, conversion and user acceptance testing. "Oxygen used the SAP SLO toolset to make the system appear as if we had always used the new CoA," says McCallum. "All historic transactions appear as though they have always been posted to the brand new GL accounts."

This change has given the company an instant view of historic balances, which matches the current view and has helped the company undertake year-on-year comparisons.

"It has provided a platform from which we can move forward with respect to end of month processing, budgeting and forecasting."

"Oxygen had a deep understanding of the SAP functional landscape and a clear understanding of our accounting requirements. It was the right combination for the job."

John McCallum, Manager -
Finance Improvement, Alinta

“Oxygen managed the relationship with SAP and provided superb change management skills throughout the project, which led to a successful post go-live audit.”

John McCallum, Manager – Finance Improvement, Alinta

THE BUSINESS CHALLENGE

- Design and define a new Chart of Accounts (CoA) in line with current business processes, legal, taxation and statutory reporting requirements
- Reduce the number of GL accounts which had ballooned following an intense period of corporate merger and acquisition activity
- Deliver an improved CoA system so financial reporting and consolidation processes could become less time consuming and labour intensive
- Improve the visibility of current and historic information by removing duplicate GL accounts and put in place a centralised management structure for the CoA

THE OXYGEN SOLUTION

- Review the existing CoA; design, define and convert to a new CoA using the SAP System Landscape Optimisation (SLO) data conversion toolkit
- Addition of extra data to all historical transaction line items which numbered in excess of 15 million lines
- Reduce the number of GL accounts by 75% from 3500 to around 850 and change the GL number format from six digits to five

- Update the existing system interfaces for the new CoA and undertake testing to ensure all integration points between the GL and other SAP modules operated correctly
- Deliver change management regarding the impact of the new CoA and user acceptance solution testing through to sign-off by all Alinta stakeholders

RETURN ON INVESTMENT

- Logical account groupings and a reduction in the number of GL accounts has ensured consistency across all Alinta group companies
- The CoA project has ensured the provision of more effective controls around the operation and amendment of GL accounts via a formal and centralised creation process
- Correct disclosure categories allow vastly improved disclosure and financial reporting
- With all transactions appearing to be part of a single CoA, visibility of current and historic data has improved helping improve year-on-year comparisons

CUSTOMER PROFILE

ANNUAL INCOME: Approx A\$1.5 billion

BUSINESS PROFILE: Alinta is a leading Australian energy company with operations and investments that span five states of Australia and New Zealand. An ASX Top 100 company with a market capitalisation of A\$5.8 billion, Alinta manages, operates or owns a diversified portfolio of energy assets worth A\$14 billion. Alinta's operations and management services now span every link in the energy delivery chain from generation, transmission, distribution wholesale and retail sales.

