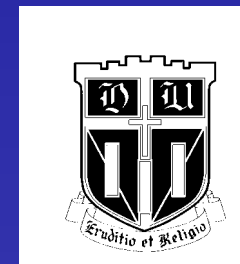


HERUG

2000

PS and AM Integration/Configuration for Higher Education



Presenters: **Jim Luther (Duke University)**
Chris Ownby (Intech Professionals LLC)

Agenda



- Introductions & Purpose
- Duke University - General Overview
- R/3 Implementation Overview
 - Duke's "Project Enterprise" Overview
 - Principles
 - Functionality Overview (General, PS, & AM)
- PS & AM
 - Integration
 - Configuration
- Summary & Questions

Purpose



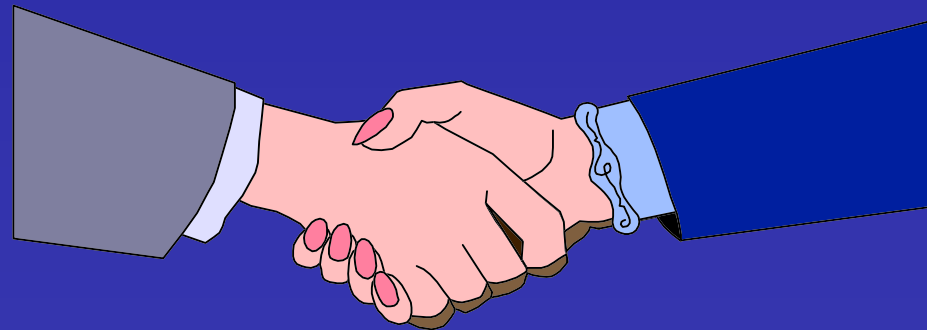
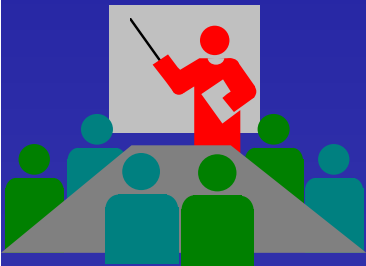
Integrate the capital acquisition and construction/renovation process with asset management while:

- Maintaining key fund “accounting” principles for the University
- Allowing the Health System to move towards a more traditional “corporate” environment
- Improving asset procurement efficiency

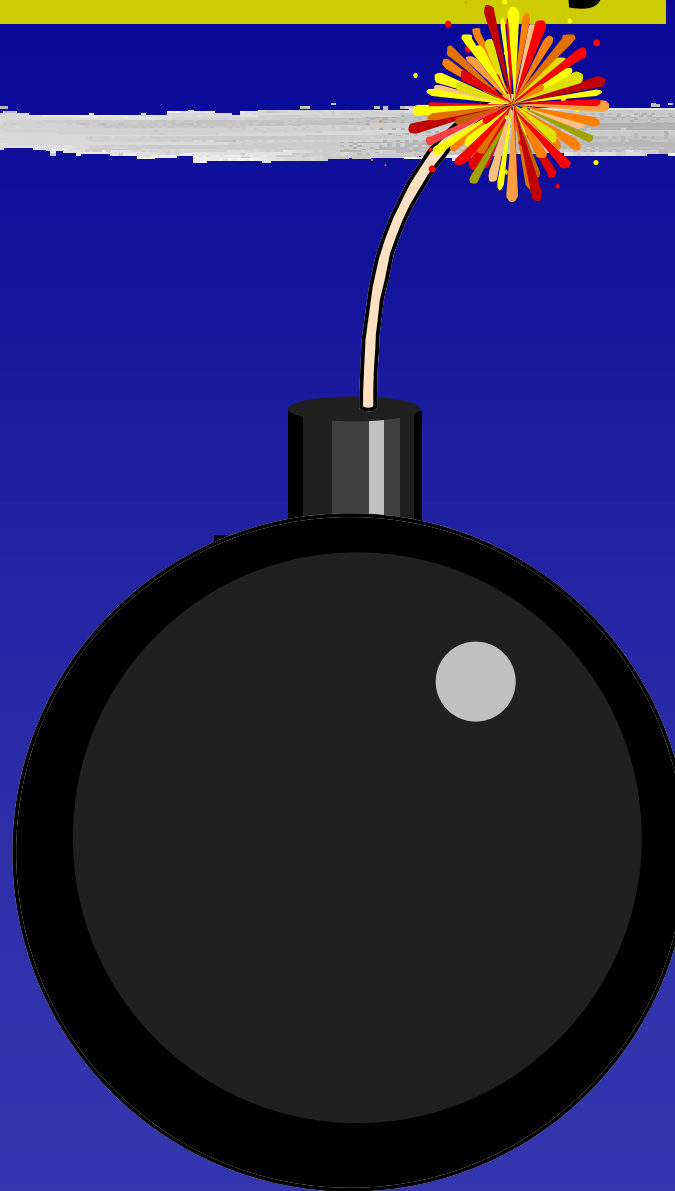
Integration vs. Flexibility



Faculty
Researchers
Hospital Management
Senior Management
Departmental Users
etc.
etc.



Integration vs. Flexibility



Duke University General Overview



Duke University and Health System

- Corporate Annual Budget: \$2.0 billion
- Research Base (MTDC): \$135 million
- 11,000 Students (2 Undergraduate & 8 Graduate Schools)
- 22,000 employees
- Duke University Health System
 - 3 Hospitals, 40 Off-site clinics, etc. etc.
 - Inpatient Days: 300,000 / Outpatient Visits: 1,000,000
 - Average Adult Daily Census: 850



Project Enterprise R/3 Implementation



➤ In-Production

- Financial Modules (FI, CO, PCA, PS, FM)
- Procurement system (MM)
- Asset Management system (AM)

➤ Currently Being Configured

- Payroll system
- Human Resources system

1750 active users



Project Enterprise Timeline



- Development & Configuration February 98
- Financial & MM Roll-out March 99
- Upgrade 4.0 to 4.5B September 99
- Added two additional companies July & Nov 99
- Add additional companies August 00 (plan)
- HR/PR Roll-out July 00/Jan 01 (plan)



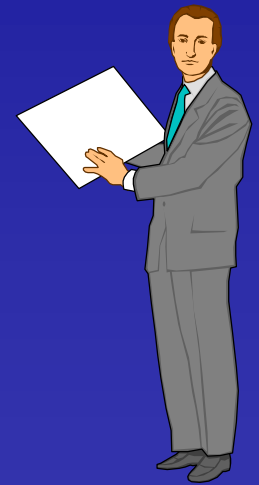
Functionality Overview

General



➤ Master Data

- Controlling Area: 1
- Companies: 10 (and counting)
- Cost Centers: 13,000 (& 8,000 "dummies")
- Profit Centers: 2,400
- Projects: 16,000 & WBS Elements: 430,000
- GL Accounts 1,600
- Funds: 27,000 & Fund Centers: 1,000
- Assets: Fixed (12,000) & Moveable (131,000)



Principles



- Integrate Processes
- Retain Flexibility
 - Multiple Procurement Methods
 - Multiple Construction/Renovation Processes
- Allow Organizational Differences
 - Between DU and DUHS
 - Between Departments
- Minimize Change Impact on Departmental Users

Functionality Overview

Project System - Master Data



➤ Master Data

- ATTRIBUTES –
 - Project Type, Applicant, Responsible person
Priority, User Defined Fields, Indicators, etc.
- PROJECT STRUCTURE –
 - DU – single level
 - DUHS – multi-level with budget “buckets”
 - DCRI – multi-level based on deliverables
 - Construction/Renovation – single level

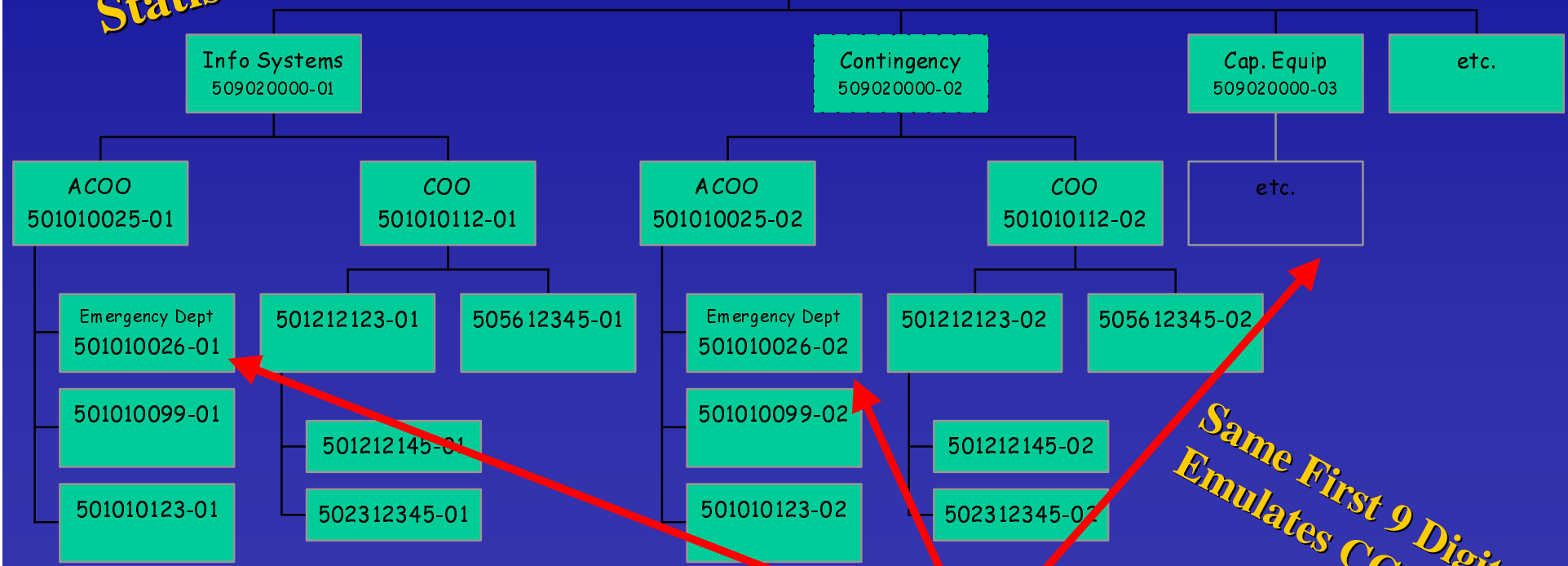
DUHS Capital Acquisitions Project Structure



Statistical Postings Only

1800 WBS Elements

Capital Acquisition
New 509020002



*Same First 9 Digits
Emulates CC Hierarchy*

Emergency Dept

Functionality Overview

Asset Management/Controlling

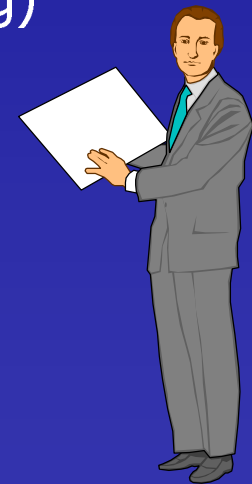


➤ AM

- Basic Master Data
- Functionality
 - Custom Program (reconciliation for Fund Acctg)

➤ CO

- Master Data
 - Statistical Cost Element for B/S (Type 90)
 - Cost Element Groups
- Functionality
 - Reports (DU/DUHS)



Functionality Overview

Asset Procurement Methods

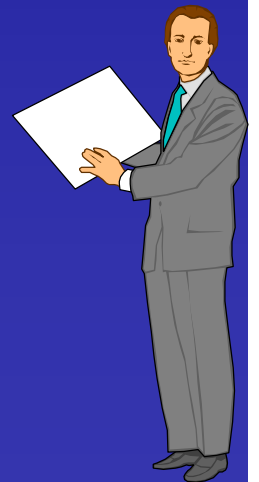


- Procurement Methods
 - Purchase Requisition
 - Construction/Renovation
 - In-House acquisition
 - (P-card, Internal requisition, etc.)

Asset Procurement Purchase Requisition

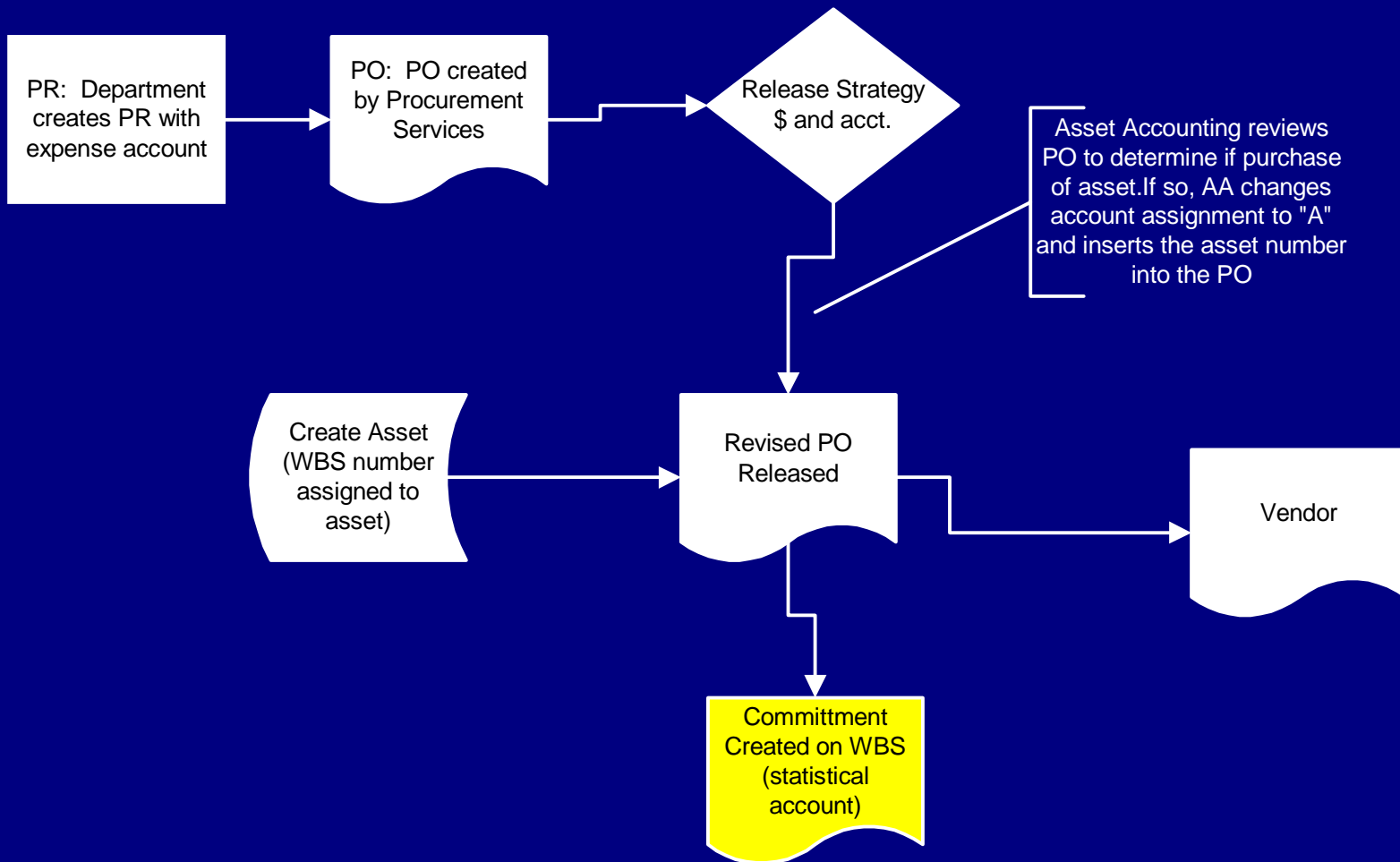


- PR/PO
 - Acct Assignment Indicator
 - Release strategy and routing (Workflow in future)
- University vs. Health System differences
 - Custom program
 - Statistical postings



Asset Acquisition Process

Purchase Requisition/Order



Asset Acquisition Process

Asset Valuation



AP: Invoice
Received/Verified

AM: Asset valued
per invoice amount

Accounting Entry

Dr: Asset G/L Account (Asset Class)
Cr: Accounts Payable
Dr: **Statistical Actual on WBS**

Statistical Actual
on WBS

This process could also be
performed via a Goods
Receipt transaction

PROCESS FINISHED FOR HEALTH SYSTEM

Asset Acquisition Process

University - Fund Accounting Entry



➤ AM Custom program runs nightly

- If designated transaction occurs within the University company, journal entry is automatically generated

DUHS & University

	<u>Debit</u>	<u>Credit</u>
Asset	\$100	
A/P		\$100
WBS (statistical)	\$100	

University (same as above plus.....)

WBS Expense Acct	\$100	
Net Investment in Plant		\$100

Asset Procurement Construction/Renovation



➤ Settlement

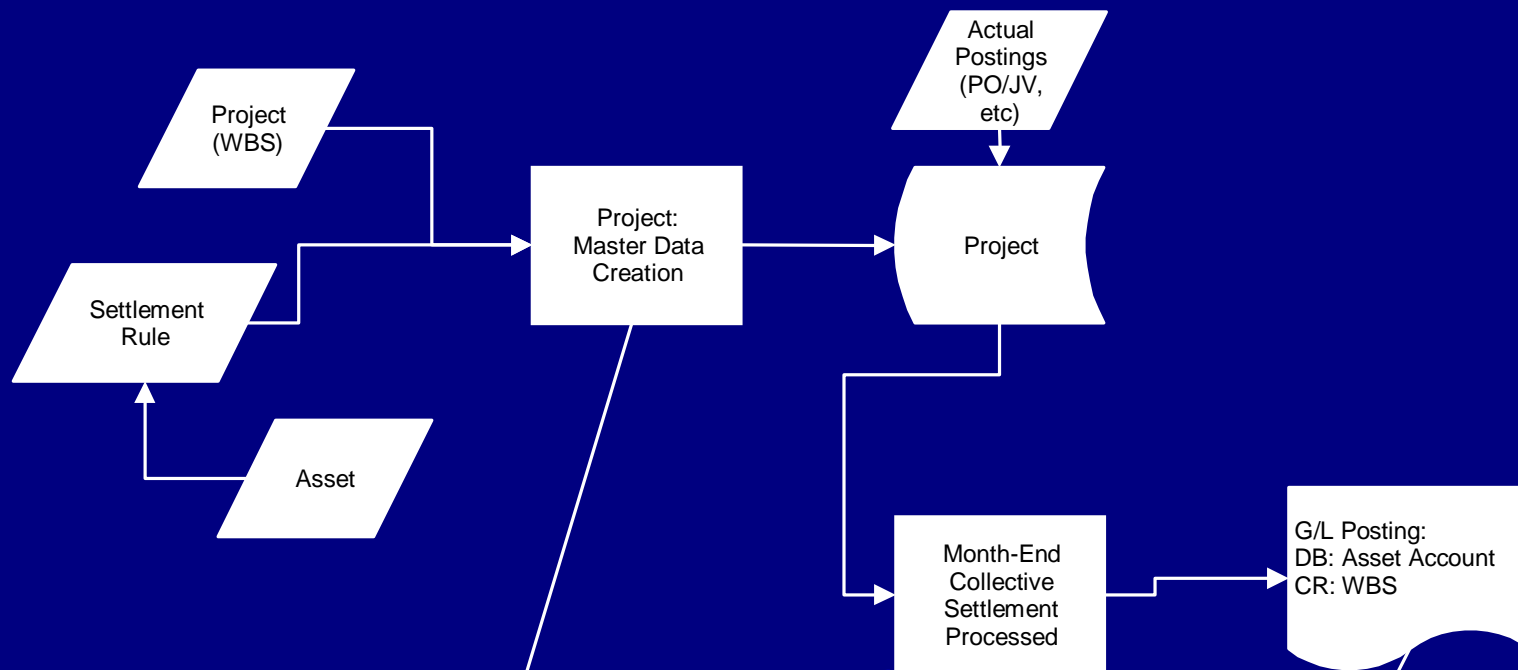
➤ Capital

- Renovation/Construction

➤ Non-Capital

- Project Closeout to Cost Center (Renovation)
- Project Closeout remaining balance (DCRI)

Capital Settlement Construction/Renovation



Process: A single level project is created to track expenses for each capital project.

Process: After settlement, all capital construction costs are reflected in the asset value per the settlement rule. Each project is zeroed out in total but detail remains for reporting

PROCESS FINISHED FOR HEALTH SYSTEM

Asset Acquisition Process

University - Fund Accounting Entry



➤ AM Custom program runs nightly

- If designated transaction occurs within the University company, journal entry is automatically generated

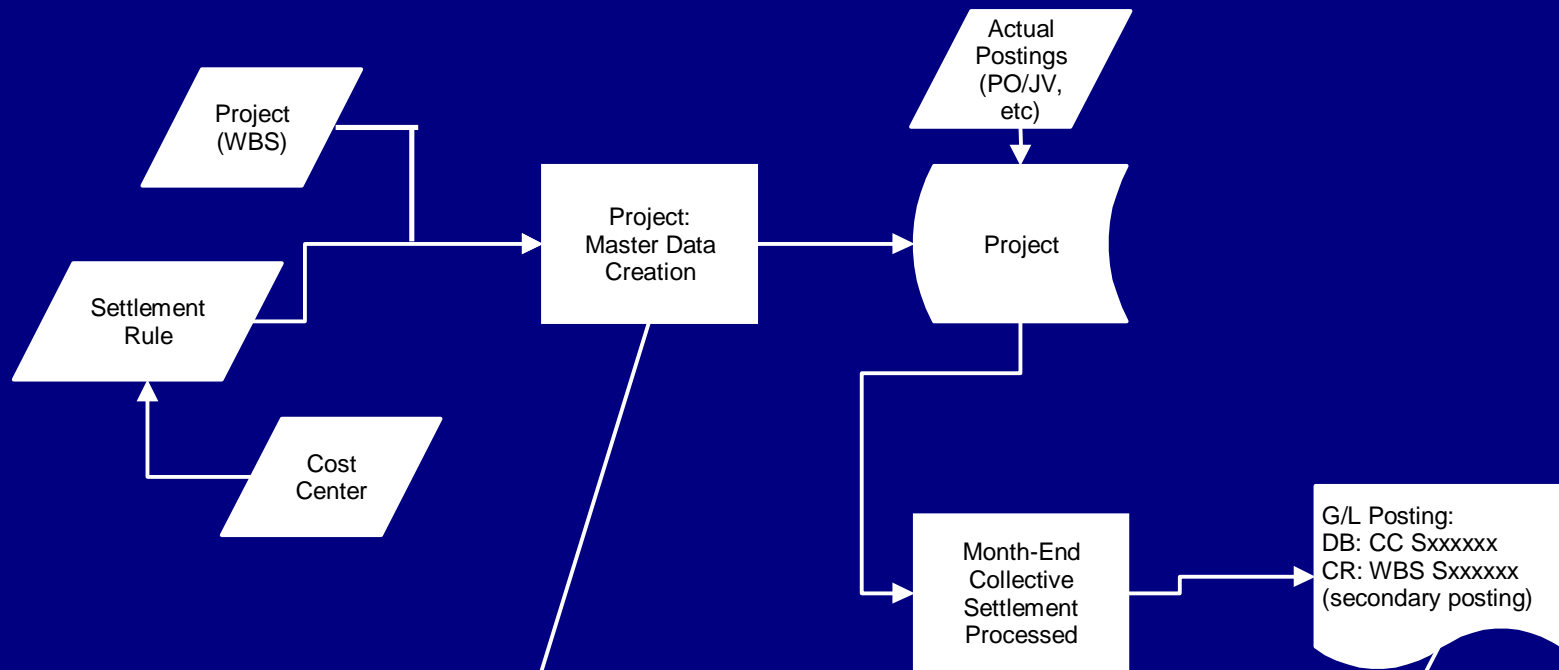
DUHS & University

	<u>Debit</u>	<u>Credit</u>
Asset	\$100	
Settlement Acct		\$100
WBS (statistical)	\$100	

University (same as above plus.....)

WBS Settlement Acct	\$100	
Net Investment in Plant		\$100

Non-capital Settlement Construction/Renovation

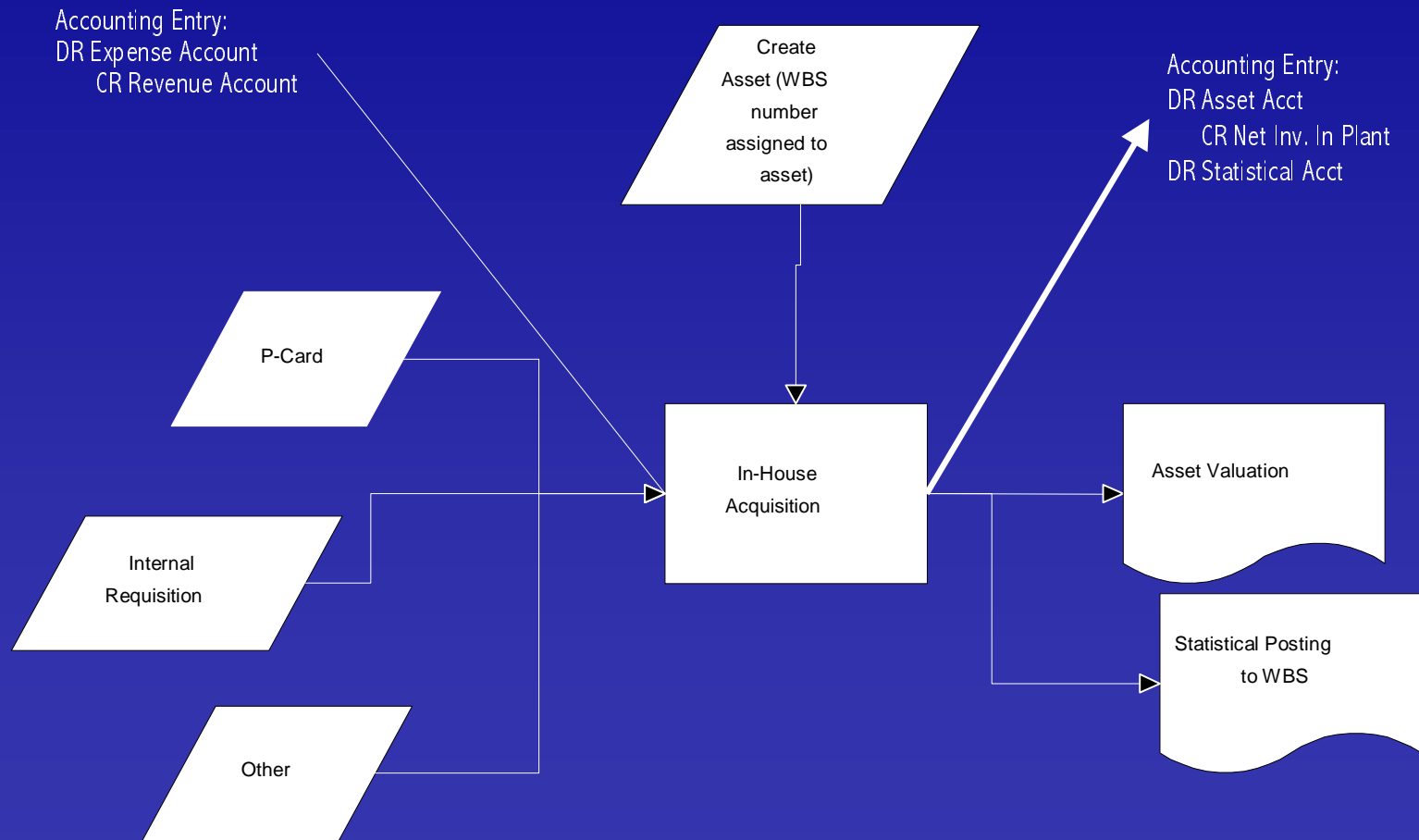


Process: A single level project is created to track expenses for each non-capital project.

Process: After settlement, all non-capital construction costs are reflected in a single cost center per the settlement rule. Each project is zeroed out in total but detail remains for reporting

Health System Only

Asset Procurement In-House Acquisition



Asset Acquisition Process

Health System - Fund Accounting Entry



- **AM Custom program runs nightly**
 - If designated transaction occurs within the Health System company, journal entry is automatically generated

DUHS & University

	<u>Debit</u>	<u>Credit</u>
Asset	\$100	
Net Invest. Plant		\$100
WBS (statistical)	\$100	

Health System (same as above plus.....)

Net Invest. Plant	\$100	
Expense		\$100

PS & AM Integration Summary



- Integrate Processes
- Retain Flexibility
- Allow Organizational Differences
- Minimize Change Impact

Duke University Blue Devil



Before SAP PS/AM Integration



After SAP PS/AM Integration



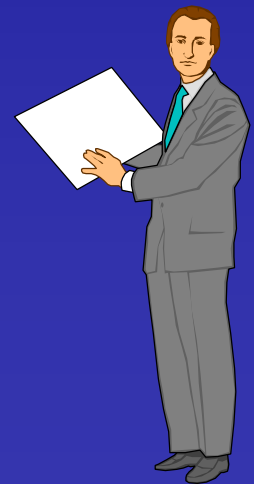
PS & AM Integration



- Intech's PS Solutions and Technology Newsletter

- See it at:

<http://www.Intech-Pro.com>



Presenters:



■ Jim Luther

■ Senior Finance Director

- | Responsible for Plant Accounting, Sponsored Programs, & Cost Accounting

■ Team Lead for Project System Module - Duke Univ. Project Enterprise

■ Project Manager for co-development initiative with SAP on the Grants Management module.

■ Chris Ownby

■ International Paper Co. – Business Analyst/Asst. Controller (8 years)

■ Intech Professionals LLC - Consultant

- | Previous Projects include Duke University and Anheuser-Busch.

- | SAP certified trainer for PS class. Participated in 4.6b release testing in Waldorf.

■ Backsoft Corporation – eBusiness Implementation Manager

- | eBusiness application development - web enabling SAP systems. Clients include Hyundai Electronics America, Ericsson Canada, Anheuser-Busch, iChem, Interactive Apparel, Aventis Pasteur - USA

Questions?