



Oracle Property Manager Lease Equipment Module Implementation

IFRS16 / ASC842 Compliance

Client: Global Medical Technology Company

The Situation

Our client, a global medical technology company operating in multiple locations and currencies around the world, selected VIP Apps Consulting to lead their IFRS 16 and ASC 842 lease accounting standards compliance project. With only few months left before the new lease accounting standards to come into force, our client needed to achieve compliance for their financial reporting of their existing and future lease portfolio. We were engaged to deliver the new Oracle leased equipment contract management system integrated within the existing E-Business Suite estate.

The Project

Deliver a new Oracle lease contract management system integrated within the clients existing E-Business Suite estate.

The Challenge

With a tight deadline, achieve compliance in the financial reporting for their existing and future lease portfolio under new IFRS 16/ASC 842 lease accounting standards coming into force January 2019.

The Solution

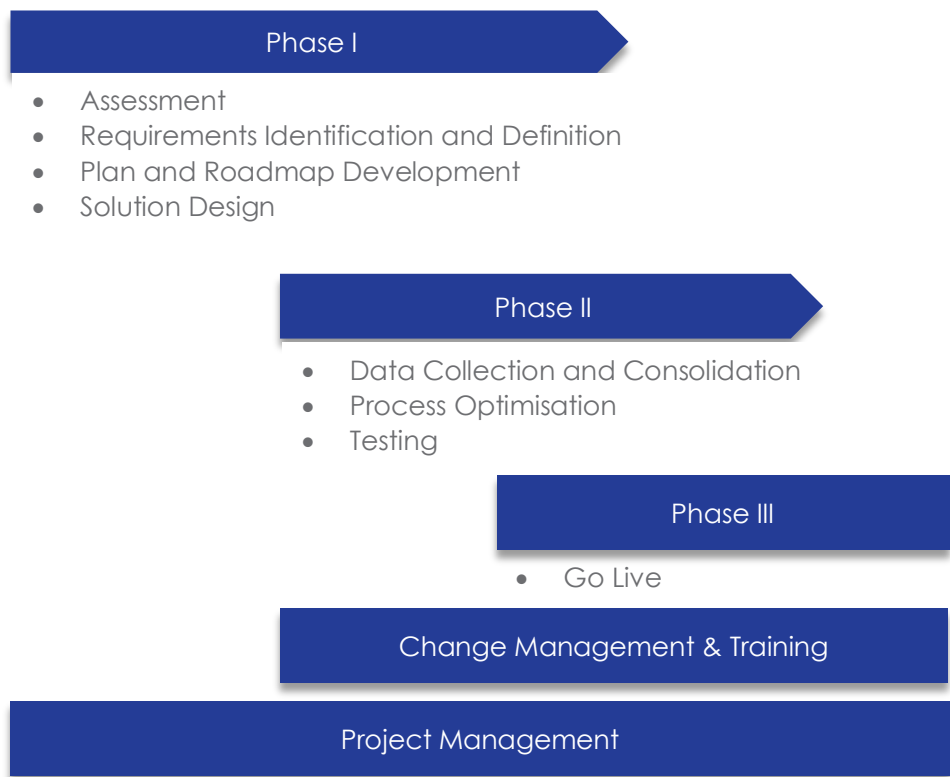
Our 90 days Fast Track Implementation solution supported by our DELIVER project methodology

The Result

The project was successfully completed in time, with a comprehensive solution that supports all leasing requirements under the new standard, and also allows our client to make more informed decisions about their portfolio and can accommodate future business changes.

The Solution

With the deadline for new standards around the corner, and to ensure that the implementation and adoption of the Oracle solution was successful, our client chose our **90 days Fast Track IFRS 16 ASC 842 compliance solution:**



The project delivery was run using our **DELIVER** project methodology. The DELIVER implementation framework combines an iterative approach to design and develop solutions, enabling faster delivery and maintaining quality. A typical DELIVER implementation begins with a business process and requirements gathering phase to define customer needs which can then be traced through all other phases of the project. Included in this phase is a Solution Framework which outlines at a high level the solution to support the subsequent project phases. The following is a summary of the work performed during each project phase using our DELIVER methodology:





The project engagement phase is based on initial client discussions, allocating skilled resources and agreeing on the high-level project structure and governance and terms of engagement.



VIP Apps Consulting team worked with the client to agree project deliverables, timelines and strategies for requirements, process mapping, data migration and testing. The project scope included:

- Requirements gathering from the business and IT functions
- Fit and Gap analysis against the standard product
- Design, test and delivery of custom enhancements identified as required from Gap analysis (FDD/TDD)
- Definition of module configurations (BR100)
- Management of Unit and System Test phases with test plans, results and defect tracking using test management tools, before handing over to the business for UAT phase (TE010 to TE080)
- Creation of configured test instances with test lease contracts for selected Operating Units

To leverage our existing project toolset, we decided to use a leading Requirements Lifecycle Management tool to enhance our ability to track functional requirements for custom enhancements, and testing phases provide high-quality tracking and reporting of testing progress, requirements coverage, defect tracking and final test phase results to meet the clients project management and audit requirements.

Utilising a ready-configured 'blueprint' DELIVER project structure, we could apply a standardised set of tasks, deliverables and milestones and quickly tailor these to the specific parameters of the project.



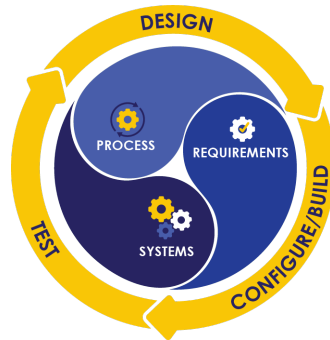
This particular engagement did not require any 'as is' process mapping, as the adoption of accounting using Oracle Property Manager for the new lease accounting standards would create new processes within the finance function. Working with both the business and Finance Systems IT functions, VIP Apps Consulting project team defined the detailed deliverables for:

- Technical and Functional requirements
- Gap analysis for requirements not met using standard system functionality – this included an automated lease upload utility for both the migration of lease data at cutover and ongoing use for mass uploading of new leases and a custom lease portfolio report.
- Systems Integration requirements (within existing R12 E-Business Suite Production environment)
- Testing requirements with test entity and existing lease data sample sets
- Data migration requirements

To accelerate an early view of the lease equipment module functionality and the 'look and feel' to the IT and business stakeholders, an initial test instance was configured for a solution design workshop. The feedback from this session was used to further refine the deliverables as above before the Iterate phase.



Using **agile** methods to rapidly implement configured test environment with sample lease contract data, frequent review iterations of the custom component functionality to enable feedback by the business and IT stakeholders for incorporation into the progressive design and build cycles. Iteration phases follow successive agile rounds of development, review and feedback:



The iteration phases cycle through rapid successive create/unit test of development for Customisations, Extensions, Interfaces, Configurations. For the test management we use a leading Requirements Lifecycle Management tool to quickly set up and apply our DELIVER methodology to the project delivery. We could easily provide our client with project testing progress, track and manage defects and also assist the client test team who were not familiar with the application in test scenarios and functional test steps, which also saved the client time and improved testing consistency and quality.

Once Acceptance testing was concluded and signed off by the user base according to the exit criteria, including defect levels according to ranked severity, the following deliverables could be finalised:



- Configuration documentation
- Custom component Functional and Technical designs
- Test phase results and reports (project audit compliance)
- Deferred issues and requirements agreed for addressing post go-live ('Phase 2')



As a precursor to final cutover and go-live, the following deliverables were created:

- Cutover plan and Schedule of Events
- Go Live Support Plan and post go-live hyper care support model



Support at cutover was provided per the agreed deliverables from the Execute phase.



Results and Benefit to the Client

The project objective was to implement Oracle Property Manager system to allow setup of ROU Asset and Lease Liability balance sheet balances for the existing lease contract portfolio, for all entities with active leases, by the January 2019 financial close position.

IT Project governance was met using a leading Requirements Lifecycle Management tool test result reports, with signed off documented configuration documents and custom component functional/technical designs.

The project was successfully completed in time for the company to comply with the new lease accounting standard with a comprehensive solution that supports all asset classes and multiple currencies and can deliver the balance sheet and reporting requirements that best reflects the new representation of leased equipment contract obligations. A flexible solution that also enhances visibility of their portfolio across the lifecycle of their leases to make more informed decisions and can also accommodate future business changes.