Navy’s Current Environment

9 General Ledgers
300 Feeder Systems
1000+ Different Interfaces
$12B Reverted Funds
How We Got Here

System Solutions to Business Problems

“What if we don’t change at all ... and something magical just happens?”
What We Tried to Do to Fix It ...

One Size Fits All Solution

- Single solution that would support all of the Navy
- Whole Navy would be able to utilize standard construct
- ERP had the power, the speed, and the functionality
What We Realized...

One Size *Will Not* Fit All Without Standard Ways of Doing Business!
What We Ended Up With...

- Customized system not functional across the enterprise
- Fragmented processes and unused functionality
Where We are Going Now...

Consolidated General Ledger that simplifies, standardizes, and optimizes financial processes.

1. General Ledger
2. Standard DON Business
3. DON Clean Audit
How We’ll Get To The Future...

It **Won’t** Be Easy
It’s A Transition...

Phase 3: Maximize Capabilities of ERP
FY20 – FY24

Phase 2: Return to Standard
FY19-FY21

GL Consolidation
FY18-FY21

FY18 FY 24
Financial Transformation at an Aerospace & Defense Prime Contractor

Company Profile
-$51 billion annual revenue
-100,000+ employees
-Operations in 52 countries
-14 productive ERP systems

Phase 1—Fix a Problem
- Reporting on international operations required manual consolidation of data from 3 source systems
- Reporting of all activity for a country very difficult, requiring compilation of data from multiple source systems
- Reporting tool primarily Excel
- No ability for real-time reporting and analysis

Approach:
Implement SAP Central Finance to establish a harmonized single general ledger for consolidation, reporting and analysis
- Real-time replication from source systems to Central Finance
- Rules-based transformation of master data into standardized coding structure
- One-to-one link of original transaction to transformed transaction, with full audit trail
- No impact to operational transaction processing
## Phase 1 Project Results

<table>
<thead>
<tr>
<th>TASK</th>
<th>BEFORE</th>
<th>AFTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replication of transactional data</td>
<td>Not available: data at summary level only</td>
<td>Instant and accurate</td>
</tr>
<tr>
<td>Number of systems</td>
<td>3 source systems</td>
<td>1 system</td>
</tr>
<tr>
<td>Consolidated data</td>
<td>Available quarterly</td>
<td>Available real time</td>
</tr>
<tr>
<td>Financials by country</td>
<td>Available annually</td>
<td>Available real time</td>
</tr>
<tr>
<td>Gather taxable data for branches</td>
<td>Manual: 2 days/month</td>
<td>Automated: Run a report in 1 minute</td>
</tr>
<tr>
<td>Recalculation of revenue: GAAP to IFRS</td>
<td>1 day annually per country</td>
<td>Automated: Instantly on demand</td>
</tr>
</tbody>
</table>

Central Ledger provides data **INSTANTLY and ACCURATELY**
Building on Success—What’s Next?

Phase 2—Transform Finance
- Expand Central Finance to US operations
- Incorporate additional source systems
- Enable real-time financial reporting and analysis across the company

Phase 3 (Proposed) — Transform Procurement
- Centralize procurement operations
- Rationalize suppliers
- Leverage aggregate spend
Challenges We Are Facing...

Schedule

Resources

Operational Priorities

Reporting
Our Solution...

**Schedule**
- Remove slack in IMS
- Event-driven schedule

**Resources**
- Iterative waves
- Wave aligned staffing

**Operational**
- Identify operational benefits
- Minimize mission impact

**Reporting**
- Navy BI System (NBIS) extension
- Hana Analytics
Transformation Will Bring...

The right part...
In the right place...
At the right time...
Every time!
Questions?