



Driving Process Improvements with ERP Systems

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Agenda

- Background
- Project Approach
- New Processes and Policies
- First Year Operating Results
- Lessons Learned
- Future Initiatives
- Questions

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Background

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Shared Services Center Creation - Background

- In 1998, BellSouth had multiple legal entities (over 40), many with multiple systems, multiple processes, for transaction processing
 - Telecommunications entities
 - Multiple growth entities (International, Wireless, Advertising & Publishing)
 - Start-ups, Holding Companies, and Cost Centers
- Sept. 1998- April/1/2000 SSC Project
 - *Process, People & Technology*

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Shared Services Center Creation

- In-Scope Processes

Financial Services

- General Ledger
- Fixed Assets
- Project Accounting
- Accounts Payable
- Travel & Expense
- Treasury Disbursements

HR Services

- Payroll
- Employee Data Maintenance (EDM)
- Time & Attendance

Customer Payments

- Remittance Processing / Lockbox

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Shared Services Center Creation

- New Technology Platforms Implemented
 - Oracle Financials 11.3
 - PeopleSoft Payroll/EDM
 - Ceridian Time & Attendance

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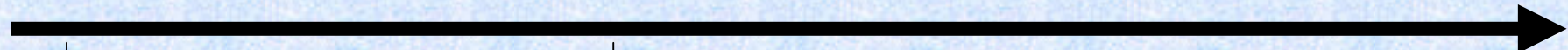


SSC Transaction Processing Migration Timeline

1/1/00

4/1/00

6/00



Wave 1: 30+cos

Wave 1A

- BellSouth Holding Co.,
- Start-up Entities
- Cost Center Entities
- International Headquarters

- Telecommunications Legal Entities
- >SSC functions move to SSC with existing systems

- SSC New Location
- Staff for Wave 1
- Operate Legacy Systems & Processes transferred to SSC (Orcl 10.7 & Customs :Fin. Svs)

- New SSC Organization
- New System & Processes
- Unplug legacy systems

- Staff to SSC Location
- New SSC Organization
- Transfer and use existing systems

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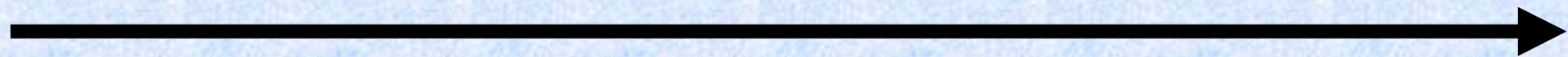




SSC Transaction Processing Migration Timeline

1/1/01

2001 - Forward



Wave 2

Future

- Advertising and Publishing Entities
- Work Group Migrations

- Telecommunications Entities
- Work Group Migrations
- Remaining Small Entities

- Staffing
- SSC Organization
- Convert to New Systems & Processes

- Convert to New Systems & New Processes

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Project Approach

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Future Business Design - Conference Room Pilots (CRPs)

- CRPs Activities:
 - ERP systems process flow maps reconciliation to Best Practice process flows for “To Be” Vision
 - *If gaps in ERP, manual workarounds or Extensions*
 - “To Be” process flow vision compared to business unit processes to determine process/policy changes
 - CRPs conducted over 30 day period, per process with Project members and Business Unit SMEs
 - CRP deliverables included “Future Business Design” document

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Project Phases

- Conference Room Pilot
 - > *Future Business Design*
- Functional and System Specifications
- System Development, Configuration, & Testing
- Transition Activities
 - > *Data conversions, User Procedures, Training, Organization Staffing & New Location*

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New Processes & Policies

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New Processes and Policies

- All Processes - Enhanced Query Capabilities, Report Distributions, & Access to Procedures
 - > Web based User Procedures integrated with ERP systems
 - > New query tools for special data analysis and reports, integrated with ERP systems
 - > Financial Reports published on the Web versus manual report distribution
 - > Web based forms and queries for checking financial codes, P-Card applications, etc.
 - > SSC Web Site for access to forms, applications, procedures, helpful hints, etc.

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New Processes and Policies

- General Ledger / Financial Reporting (GL)
 - > One integrated technology platform and financial language
 - > Standardized set of financial reports (Standard Package, FSG, Special Queries)
 - > One mechanized template integrated with applications for preparing and importing journal entries (ADI)
 - > Simplified cost allocations using generic application functionality

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New Processes and Policies

- Fixed Assets (FA)
 - > Utilization of “Workflow” technology to collect asset details
 - > Automation of mass additions
 - > “Use” tax consistently applied on asset transfers
 - > Standardized depreciation lives and mid-month convention for asset depreciation
 - > Standardized asset tracking at appropriate level

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New Processes and Policies

- Project Accounting (PA)
 - > Detailed project cost tracking and billing via separate PA module integrated with other financial modules versus storage in GL
 - > Standardized development and application of overhead rates for affiliate cost billing
 - > Auto-accounting to generate posting to GL accounts, etc.

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New Processes and Policies

- Accounts Payable
 - > Centralized vendor maintenance file driving improved vendor management
 - > Imaging of invoices and attachment to a transaction, facilitating electronic filing and retrieval
 - > Electronic invoice interfaces for high volume transactions versus costly manual invoices

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New Processes and Policies

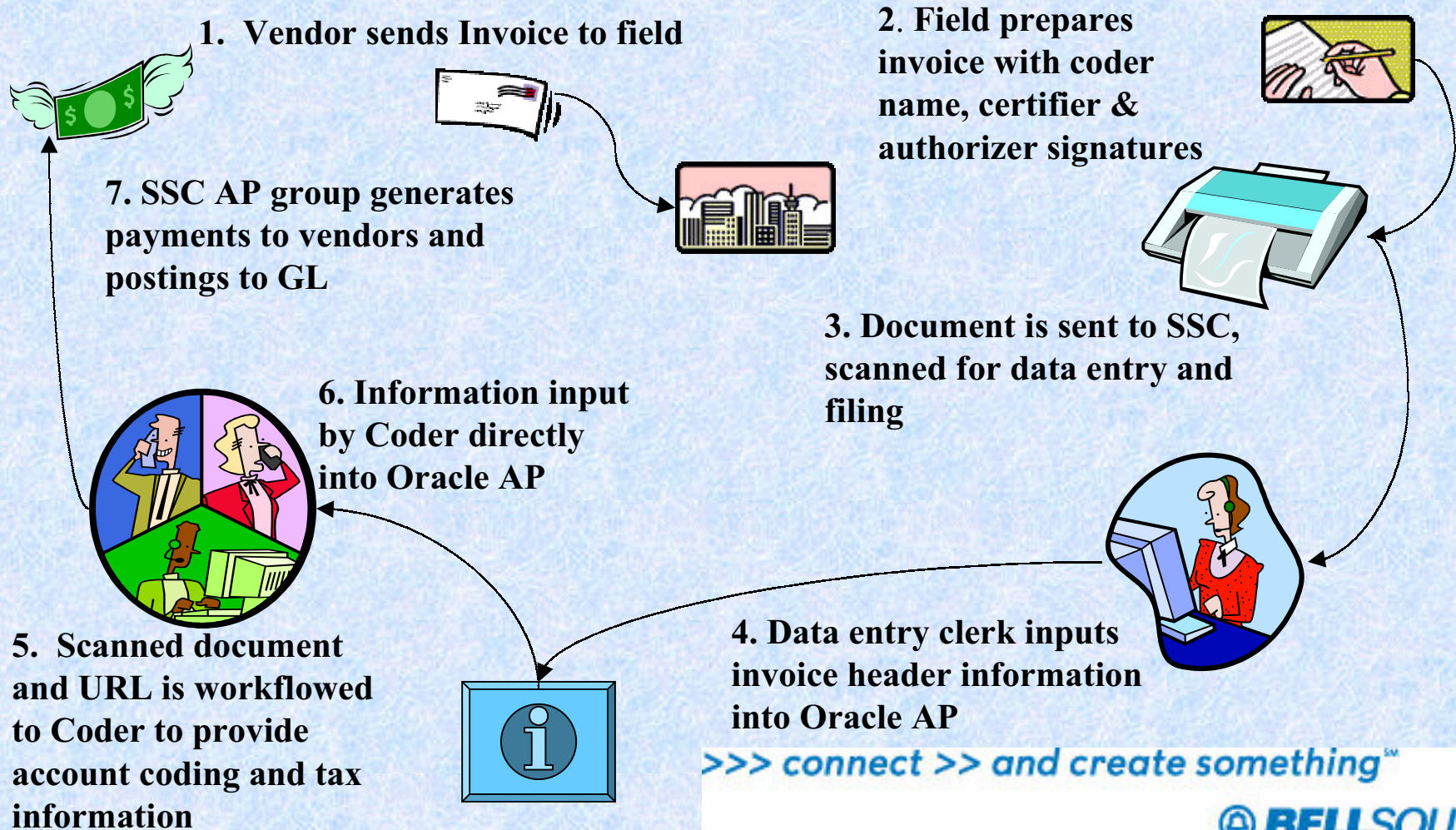
- Accounts Payable
 - > Use of a single bank account for each payment type
 - > Implementation of the purchasing card versus costly manual invoice processing
 - > Automated sales and use tax to ensure proper vendor billing

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Accounts Payable Process





New Processes and Policies

- Travel & Expense

Year 2001: Implemented Oracle Web Self-Service Expense (SSE)

- > User accesses Web SSE, and inputs expense on-line, and workflow technology is used for approval
- > Automatic upload of AMX transactions via Web SSE
- > Selection of payment to AMX, or employee direct deposit, or paycheck
- > Eliminated collection of receipts if AMX used, or if less than \$75 (except lodging)

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SSC Financial Services - First Year Results

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SSC Financial Services- First Year Results

- Customer: Survey ratings over 4.4 out of 5.0 overall
 - > 4.6 score from Telecommunications entity clients
 - > 3.6 score from other entities using new systems & processes
- Financial:
 - > Double digit percentage year/year declines in unit costs
 - > Elimination of multiple systems
- Employee:
 - > 28 % of the employees changed jobs
- Innovation:
 - > Continued migrations, reports design, and modules

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Lessons Learned-Critical Components

- Information Technology Vendors: Availability, Accountability, and Reliability
- Standards (PC configuration, passwords, security)
- Staff and train help desk professionals on applications, processes, and customer service before go live date
- Plan and staff resources for post-live stabilization period
- Timely resolution of problems
- Expect the past “dirty laundry” to be exposed

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Future Initiatives

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Future Initiatives

- Integration with Supply Chain initiatives
- Migrations and conversions of remaining legal entities into SSC platforms
- Utilize web technology
 - Inventory reconciliation
 - Self Service Expense
 - Purchasing & Supply Chain
- Reporting Warehouse (OFA, etc.)

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Questions???

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