

## White Paper



### Implementing Oracle HRMS after Financials

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#### Introduction

Many companies are faced with the situation where they desire to implement Oracle HR/Payroll after they have previously implemented Oracle Financials. This Infosys paper addresses the issues involved in such an implementation such as shared data between Oracle Human Resource Management Systems (HRMS) and Financials. It also discusses the critical factors of configuration and implementation

Fig. 1.0 below provides guidelines for the process to be followed when preparing to implement Oracle HR in an existing eBusiness Suite instance.

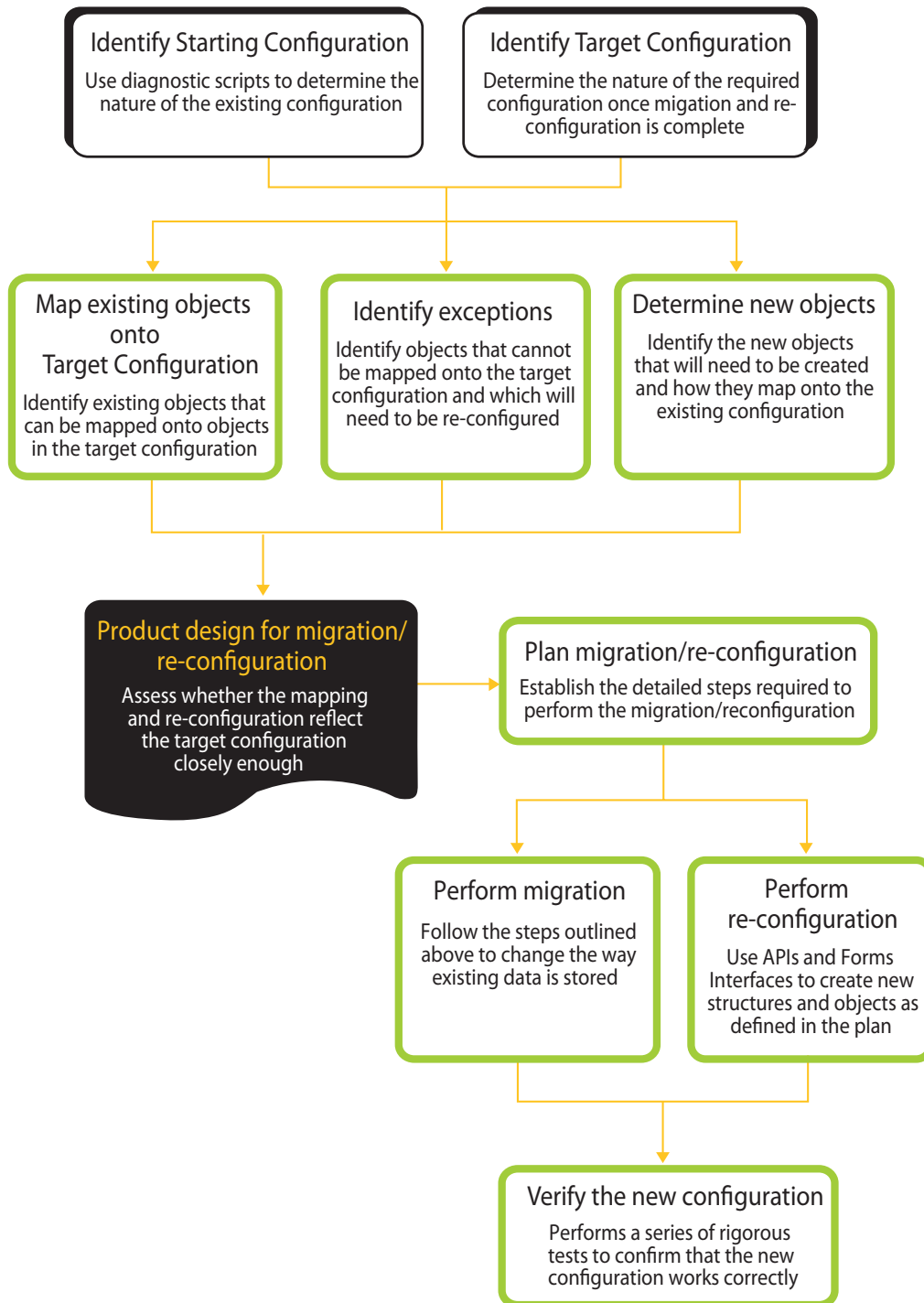


Fig. 1.0: Process guidelines for implementation of Oracle HR in existing eBusiness suite

# Critical Configuration Factors

## Use of Scripts

The first step to implementing Oracle HR in an existing eBusiness suite is to identify the data that is used by other Oracle Applications. Oracle has provided scripts to identify these details, providing insights into how the implementation was carried out and the kind of shared data being used by other applications. Some of the issues due to shared data include:

## Business Group

The Setup Business Group created when Oracle Financial is first installed enables applications that use shared HRMS to create objects such as Organizations, Jobs, Positions, Locations, and People without any further setup steps. The use of the Setup Business Group in cases where Oracle HR is not installed means that there may be data from multiple countries stored in a single business group. This factor needs to be considered when migrating to a multiple business group configuration.

The latest HRMS best practice recommends that a business group should represent a country or regional level partition of data. All companies that operate in the country or region should be represented as Legal Employers in the business group.

Another reason for the creation of a separate business group is the future possibility of implanting Oracle Payroll in the feature. This would require the dedicated business group to configure legislation details in order to seeded payroll code to work

In general, if more than one new business group is identified then all business groups should be created anew even if some of them have the same legislation code as an existing business group.

If existing legal entities are to be reused, they should be moved to the appropriate business group by updating the Business Group ID column. This ensures that any foreign key references to legal entities from other applications are maintained. If existing legal entities are to be moved to new business groups, then any operating units that reference them must also be moved.

## Organizations

The organization information used in HR is as follows-

1. Business Group
2. HR Organization

The organization classifications used in the Oracle Financials application are as follows (Fig 2.0 shows the relationships between organizations):

1. GRE/Legal Entity
2. Operating Unit
3. Company Cost Center (Used in Financials DBI)
4. Auditable Unit (Used in ICM module)
5. Asset Organization (Used in Financial Payables: Assets)

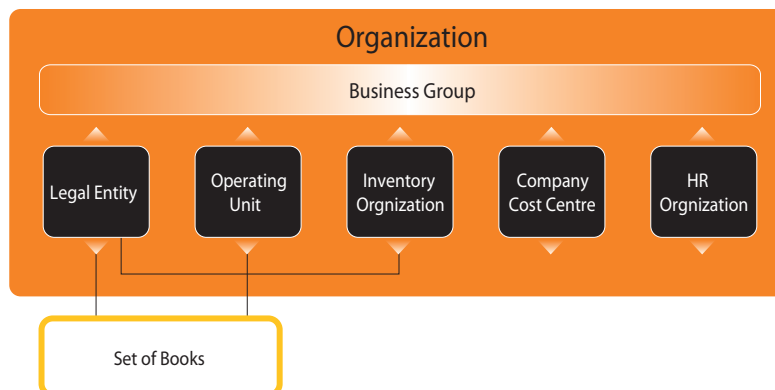


Fig. 2.0: Relationships between organizations with GL cost centers

The following factors must be considered while defining HR organizations after all the financial organizations have been defined –

### 1. Defining Business Groups

The business group drives the legislation used for Human Resources and Payroll purposes. If the implementation involves employees in multiple countries, then it will likely require several different business groups, one for each country where employees are located. This assumes that the company does not seek to customize multiple legislative requirements into one business group.

### 2. One-to-one mapping between GREs and Legal Entities

It is always advisable to keep the number of GREs same as the number of Legal Entities. If there are more Legal Entities it would be advisable to retire some in order to maintain one-to-one mapping between GREs and Legal Entities

### 3. Mapping of HR Organizations to Operating Units and Inventory Organizations

It is best to define the existing HR organizations as Operating Units and Legal Entities. This enables a parallel reporting structure for HR and GL (See Figure 3.0 below). The cost centers in GL can be mapped to the HR cost centers used in payroll costing.

There are also cases when Operating Units double up as Inventory Organizations (within the same business group). If this is the case, then defining them as HR Organizations limits the number of HR Organizations to the number of operating units. This helps avoid data duplication and makes it simpler for accounts personnel by reducing the number of cost centers that need to be managed.

However, in situations where different HR organizations which are not financial organizations need to be created, they must be classified only as HR organizations.

## Locations

Locations are used in Oracle HRMS to represent a place, site or office where an employee works. If the same locations set up for Financials are planned for use by HRMS, it must be ensured that each location has an address.

Further, locations should be moved to the correct business group. Any locations that need to be used outside of their business group, for instance to ensure that they are still available for other financial modules, should be flagged as global locations.

## Jobs

Oracle HR nearly always requires changes to jobs set up for use in Oracle Financials. This is for better management and government reporting requirements.

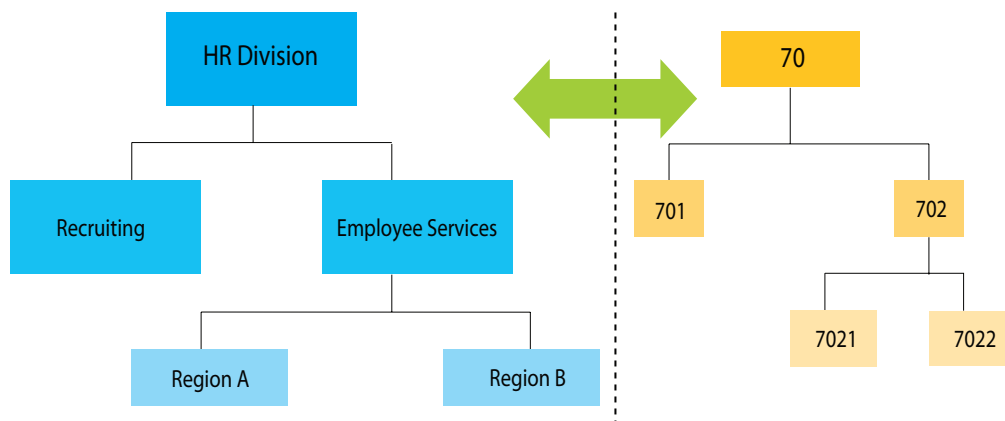


Fig. 3.0: One-to-one mapping of HR organizations with GL cost centers

If an existing business group is being reused, then it is possible to extend the existing Flexfield structure to enable additional segments. Following this, existing jobs are assigned to employees. These assignments can be corrected/modified by running a script and updating the PER\_ALL\_ASSIGNMENTS\_F table.

Alternatively, a new Job Flexfield structure can be created and updated on the business group using SQL. In this case, a whole new set of jobs will be required and the same additional segments need to be updated in People Assignments, Applicants details, etc. This raises the risk levels in terms of multiple changes in the database and must be accompanied by rigorous testing.

The creation of new business groups provides the opportunity to correctly define the Job Flexfield structure required by HR. Infosys recommends that new jobs be created instead of attempting to move jobs from existing business groups. This will ensure that any foreign key references to existing jobs remain intact. While configuring the new jobs, the following issues need to be considered for the future use and scalability:

- Should jobs be defined locally or globally?
- What will be the Job Flexfield structure so that the same job can be used across multiple business groups if the same structure is required in multiple business group?

## Positions

In certain instances, position structures are defined with a limited number of segments that will not fulfill the needs of the HR implementation. If this is the case, then the position structure should be redefined and, if necessary, new Position Key Flexfield structures created.

If an existing business group is being reused, then the existing Position Flexfield structure needs to be reworked to enable the additional segments. For this, an exercise similar to that used in jobs for existing assignments can be undertaken.

The definition of new positions will in part depend on the decisions made on restructuring of job definitions. If the jobs have been completely re-defined then the corresponding positions will also need to be redefined.

Because positions are defined as the instance of a job within an organization, positions that existed in the setup business group prior to migration may have to be duplicated in new business groups. This will be required if the job and the organization have been replicated in a new business group.

## Addresses

In most implementations where Financials was implemented before HR, the address style selected should be US International. The address style needs to be changed based on the business requirements. If multiple business groups are used, then the address style specific to the legislation should be configured. It is a good practice to have local address style if the payroll module is also being implemented.

## Critical Implementation Factors

Beyond the technical issues involving shared data between Oracle Financials and HR/Payroll, the greatest challenges to achieving a successful Oracle HR/Payroll implementation relate to some critical implementation factors:

### Upgrade Strategy and Customization

A key issue that needs to be addressed before implementing HR is upgrades (Version 10.7 to Version 11i) carried out to the existing system along with the customization. Since very few HR APIs were available previously, most of the inbound and outbound interfaces used custom codes. All these interfaces should be checked to verify if data integrity is being maintained.

### Existing Data Quality

If an existing Setup Business Group is being used, data accuracy and integrity is an important factor. Data integrity audits should be planned and performed to check the consistency of the existing data. Similar checks on the accuracy of the data are essential. The integrity audit should ensure that integrity of data is maintained in all the tables like HZ\_PARTIES, PER\_ALL\_PEOPLE\_F, PER\_ALL\_ASSIGNMENTS\_F, etc. There should be a comprehensive plan to deal with any inconsistencies that may have crept in due to badly written inbound interfaces with direct insert into base tables or improper upgrade from previous versions of the application.

## People/Assignments

In shared HR it is likely that all employee and contingent worker records are held in a single business group. When the complete HRMS is implemented, it will be necessary to ensure that people are managed in the appropriate business group, i.e., the one in which they work. At the same time, it will be necessary to ensure that any existing transactional records, such as expenses or approvals, are maintained.

Further, the data in shared HR is not date tracked. It is generally the latest assignment data of an employee. So, when HRMS is implemented, the assignment data has to be verified and the assignment history of an employee needs to be uploaded. In Oracle HR, an employee can exist in many business groups at once. These records can be associated with each other using a common PARTY\_ID.

It is important to identify the business group that the employee's record will be moved to. The existing record should be examined to determine whether it correctly represents the person's employment history. Any corrections should be made to the start and end dates of the periods of service or placement.

If it is determined that an employee should be in a new business group, then their details should be copied to that business group and the periods of service and assignment data should be corrected prior to any transactions.

The assignment should be updated with the correct Organization, Job, Position and Location, bearing in mind that these may have been created as new records in the new business group.

If a person was part of a supervisory hierarchy for reporting or approval purposes, then this will need to be reestablished once the new people and assignment records have been created. It is possible to have supervisors from outside the business group if the HR: Cross Business Group profile option is set accordingly. The audit trail from these new people records back to any original transactions is via the PARTY\_ID.

## Migration of Data

The implementation team as planned should migrate people, assignment, period of service, salary, address and other required data from the legacy HR system. Even though employee-related information is already available in the system, it may be neither comprehensive nor accurate. The interfaces should be designed in such a way that history is built for every employee using the APIs provided by Oracle. Corrections to the start and end dates, organization, job, and other data should reflect the latest changes in employee data. The quantum of history to be migrated depends on the business requirements. Care should be taken when changing or correcting the supervisor hierarchy as this can impact the approvals in financials.

## Parallel Testing

A vital component of Oracle HR implementation is a comprehensive test strategy. All stakeholders in the project such as HR core users and financial core users should be part of the testing. At least two rounds of testing are essential to validate the configuration, touch points between HR and Finance (like address, supervisor hierarchy, etc.), data integrity, and accuracy of data.

If payroll is also being implemented, then parallel testing is necessary to identify test results that do not match the results produced by the legacy system. In addition, the parallel test provides hands-on training to end users who will operate the production system.

As a rule, three full parallel runs over a three-month period are par for the course. Essentially, the first couple of weeks of each month are devoted to performing the parallel tests and the rest of each month to resolving the resulting problems and issues besides preparing the system for the next parallel test.

## Pitfalls during Implementation

Apart from the challenges mentioned, the following factors are essential ingredients for a successful implementation of Oracle HR:

- Executive sponsorship and support to the implementation
- Involvement and ownership from HR and Finance
- Clear requirements and documentation of the same
- Change management
- Training

## Critical Shared Factors

### Shared Mode

Before Oracle HR is installed, the HR data used by other Oracle Applications is maintained through the HR Foundation responsibility or the 'shared mode' of HR. This consists of the set of HR objects that is common to several non-HR Oracle Applications. Because the HR application owns and maintains some of the fundamental components of the applications suite – for instance Organizations, Locations and People – there is need to provide a subset of HR functionality when other Oracle applications are installed.

The full set of HR features and functions delivered with the Oracle Applications eBusiness Suite available to licensed HR users is the Full Install of HR.

The differences between Shared HR and Full Install of HR are as follows:

Function	Differences with Full HR
Organizations	No difference
Jobs	Limited functionality – only Job Evaluation, Requirements, Valid Grades and Extra Information
Positions	Positions are not date tracked
Grades	No difference
Locations	No difference
Career Management	No difference
People and Assignments	<p>Only Employees and Contingent Workers are supported.</p> <p>No support for Applicants or Contacts.</p> <p>The data that can be entered for a person is limited to basic details such as Name, Gender, Social Security Number, Birth Date, and Contact Details.</p> <p>Employees can be terminated but only the end can be entered. The Actual Termination Date is set to be the same as the Final Process Date.</p> <p>An employee assignment is limited to basic details. Organization, Job, Position Supervisor. No further information can be entered, for instance salary information.</p>
Addresses	The generic address form is used, so there is no country specific layout of address format.
Security	No difference
Datetrack	<p>Datetrack is simplified in HR Foundation.</p> <p>Although the data is stored in the same tables, e.g., PER_ALL_PEOPLE_F, PER_ALL_ASSIGNMENTS_F, PER_ALL_POSITIONS_F, the behavior of the forms ensures that there is only a single dated row for each distinct person, assignment or position.</p>
APIs	Limited set of APIs
Reports	There are no standard reports, only security list maintenance programs
Legislative Validation	Legislative checks are disabled when running HR Foundation

## Cost Allocation

From an Oracle Payroll perspective, things are fairly easy. Payroll requirements will not require a change to the costing decisions already established by GL. In essence, it is easier if GL is implemented before Payroll because the GL team does not need to change the requirements for the Accounting Key Flexfield. The Cost Allocation Flexfield must contain all the segments required by the General Ledger Account String. General Ledger does not accept blank segments as valid entries and will reject all strings with blank segments during the import process.

## Payroll to GL Segment Mapping

Segment #	Cost Allocation Segment	GL Chart of Accounts Segment
Segment 1	Company	Company
Segment 2	Cost Center	Department
Segment 3	Labor Distribution	Sub-Account
Segment 4	GL Code	Account
Segment 5	Product	Product
Segment 6	Job Code	
Segment 7	State	

Infosys recommends that the payroll Cost Allocation and GL Accounting key flexfields use the same value sets for validating the individual segments. This eliminates dual maintenance and ensures the same values are used for both payroll and GL.

After go-live with Oracle HR/Payroll, GL may request a future change to the Accounting Key Flexfield. In this case, the following steps can be considered. However, some of these steps must be accomplished through the System Administrator. It is not advisable to attempt these steps in the production environment until it has been thoroughly tested in another database environment:

1. Change Cost Allocation Key Flexfield Value Sets to point to new GL value sets.
2. Ensure that GL Flexfield Map is now only referencing the correct segments based on the new GL requirements.
3. Change the costing values for Oracle HR/ Payroll Organizations, Element Links, and Payrolls for every organization and element to ensure that the new GL values are selected.
4. Change Cost Allocation Key Flexfield Qualifiers.
5. Change Cost Allocation Key Flexfield displayable segments if necessary.
6. Confirm that Oracle HR/Payroll Organizations, Element Links appear properly.
7. Run payroll for one employee or small group of employees.
8. Run Costing.
9. Run Transfer to GL.
10. Analyze the GL\_INTERFACE table.
11. Get GL team import records to identify any further problems.

In addition to shared data with Oracle Payroll, the issues involving Oracle HR are more challenging. The following areas of shared data must be addressed:

## Shared Concurrent Manager Processing

Before going live with the new payroll system on Oracle Payroll, it is vital to prepare for detailed system testing including both Financials and HR/Payroll. This type of testing is not merely a review of the processing time of the Oracle Payroll system. The focus in this section is on the competing processing requirements for the Concurrent Manager. The Oracle Payroll calculation engine can be quite system intensive. It is important to understand the system processes and reports to gauge the impact on Financials users when Payroll is running. Conversely, the impact on the payroll system of processes being initiated by Financials users also needs to be measured. Additionally, it is essential to review the typical financial processes such as month end close and the impact on these of Oracle HR and Payroll reports and processes.

Solutions to these issues can be found by researching various options within Oracle Concurrent Manager. An excellent example is the GL consolidation that can happen only after the Payroll has been run and all costing details transferred to the GL. It is possible to establish Concurrent Manager calendars providing higher priority to certain users or processes in the queue. On a practical note, it may make sense to establish a business procedure running certain payroll and financial processes at night to balance the resource demand on the system.

### About the Authors

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