

KDD070 - Deployment Approach for In-House Bank (IHB)

Status	Approved
Owner	Antonio Zappone
Stakeholders	Gilles Madjarian, Selim Ulhasan

Issue

A decision is required as to when to deploy the new S/4HANA In-House-Bank that will replace the existing solution in the separate PI1 SAP system.

Recommendation

Option E: Defer the deployment of In-House Bank functionality for all GBUs and Entities until after the second group go-live.



This Conceptual Design recommendation will be re-assessed during Detailed Design when more information will be available to support a decision. Options B, C, and E will form part of the reassessment. Any long lasting impacts on S/4HANA from the legacy interim IHB requirements will also be considered at this time.

Example: (below is an indicative timeframe to illustrate the deployment option).

Activity	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Existing IHB operating in PI1\ECC												
Overall ERP Go-Live - Group 1 Entities	★											
Stabilisation - Group 1 Entities												
Overall ERP Go-Live - Group 2								★				
Stabilisation - Group 2 Entities												
IHB Production Simulation - All Entities												
IHB Deployment - Deferred												★

This is the lowest-risk option in an area that is considered higher risk. Payments and cash collection are critical processes. There are additional layers of complexity which include running an in-house-bank, and developing and proving the correctness of the complex custom solutions to support the internal factoring process.

The recommended option has a fallback and contingency option with the ECC/PI1 IHB, allows time for integrated process to stabilize, and also allows for production simulations. This is relevant for all entities.

Interim interfaces are required, which adds complexity, however these interim interfaces are required in most of the deployment options. The interim interfaces in this option will be developed based on the existing interfaces from PF1/WP1 to PI1, hence they are not new design, although they will have to be adapted for the new S/4HANA system. Where interim interfaces between PI1 and S/4HANA would have already been built for group 1, extending these interfaces for group 2 will be easily manageable.

Deferring the deployment requires project resources for a longer period of time, which equates to additional cost. Required resources will be largely limited to IHB consultants and technical developers. This cost may be mitigated to some extent, however this will be determined within the roadmap and overall project planning. Any additional cost will be outweighed by the risk mitigated.

Payments outside of IHB will go-live with the groups as per the release plan. These payments will continue via Bank Communication Management (BCM), and they will draw out any issues prior to the larger volume/value payments commence via IHB.

Being outside of the go-live of the main group/s, it can be expected that the cut-over outage will be shorter, resulting in a shorter payment outage which will be easier to manage.

Defer period of 3 to 6 months, alignment with the deployment roadmap and business available months will also be required.

Further details on this option, and how it compares to alternatives is available in the evaluation section.

Background & Context

This KDD is focused on the deployment approach for the new S/4HANA IHB. The IHB processes and customization are in scope for the ERP rebuild project. These processes will be reviewed in the detailed design phase, with the aim to streamline and simplify where possible.

For clarification purposes, the Treasury application Quantum is out of scope for the ERP rebuild project. Where required, interfaces between S/4HANA and Quantum are in scope.

In-House Bank

The existing IHB within ECC resides in PI1, within the legal entities Syensqo SA (SSA), and Solvay Finance America (SFA).

All entities are mandated to participate in the IHB process, except where it's not legally possible (for example China).

Interfaces are currently in place to link PF1 and WP1 to the IHB in PI1.

SSA also reside in PF1 for all non-IHB processes.

Internal Factoring

A high level of complexity exists with IHB largely due to the internal factoring process.

Internal factoring is not a common process and not supported by standard SAP, hence the current solution requires numerous complex custom developments. The "to-be" design will aim to streamline and simplify, however it is expected that some level of custom developments will still be required.

Risk

Cash movements related to payments and receipts is a higher risk area of any ERP implementation. The internal factoring complexity increases the risk.

Risk is a major factor in the recommendation and decision of this KDD.

Assumptions

IHB and internal factoring will continue in S/4HANA.

Entities not operating within the IHB will go-live with Bank Communication Management (BCM) in line with Overall project release/s.

Constraints

Nil

Impacts

The recommendation will require the creation of interfaces from S/4HANA to the PI1 system that is hosting the legacy In-House Bank functionality. These interfaces are only required for the duration between the S/4HANA go-lives and the replacement of the IHB functions in PI1 with S/4HANA. Following the go-live of IHB in S/4HANA, these interfaces become obsolete and their code must be removed from S/4HANA. Their design and implementation must therefore be done in a way that facilitates clean removal.

The new Consolidations tool will go-live with the second group. Considerations is required for the Consolidation of the entities and processes within PI1.

Business Rules

Participation in the IHB will continue to be mandatory unless not legally supported.

Options considered

Early deployment (prior to the main S/4 HANA releases) of IHB was considered, however due to the impact of extending the overall ERP project timeline, and earlier transfer of master data, this option was not reviewed in this KDD.

IHB is a high risk, mitigating that risk is a critical factor as when compare options.

Option A: Deploy IHB for all GBUs/entities along with **the first group** of the phased deployment.

This option entails the new IHB being deployed for all entities, and execution with the first group of the release plan.

Example: (below is an indicative timeframe to illustrate the deployment option).

Activity	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Overall ERP Go-Live: Group 1	★											
IHB Deployment - All Entities	★											
Overall ERP Go-Live: Group 2							★					

Main Points (further details are in the evaluation section).

- Higher risk option, with no ECC/PI1 fall back / contingency option, no time for overall system and process stabilization and no opportunity for production simulations.
- New interfaces required from ECC to S/4 HANA. These will be newly designed interfaces and not replication of existing interface functionality.

Option B: **Deploy IHB** for live GBUs/entities **in-line** with the **groups** of the phased deployment (**Two IHBs**).

This option entails deploying the new IHB in-line with the groups in the release plan. One/existing IHB in PI1 for entities still on ECC, and a second /new IHB for GBUs/entities that have transitioned to S/4 HANA.

Example: (below is an indicative timeframe to illustrate the deployment option).

Activity	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Overall ERP Go-Live - Group 1	★											
IHB Deployment - Group 1 Entities	★											
Existing IHB operating in PI1\ECC for Group 2 Entities												
Overall ERP Go-Live - Group 2							★					
IHB Deployment - Group 2 Entities							★					

Main Points (further details are in the evaluation section).

- Higher risk option, with no ECC/PI1 fall back / contingency option, no time for overall system and process stabilization and no opportunity for production simulations.
- Running two IHB will increase complexity and possibility of errors.
- Additional business resources will be required.

Option C: Deploy IHB for all GBUs/entities along with **the second Group** of the phased deployment.

This option entails the new IHB being deployed for all entities, and execution with the second group of the release plan.

Example: (below is an indicative timeframe to illustrate the deployment option).

Activity	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Existing IHB operating in PI1\ECC												
Overall ERP Go-Live: Group 1	★											
Stabilisation - Group 1 Entities												
IHB Production Simulation (Group 1 Entities)												
Overall ERP Go-Live: Phased Group 2							★					
IHB Deployment - All Entities (Group 1&2)							★					

Main Points (further details are in the evaluation section).

- This was seen as a viable alternative, however the recommended Option E is preferred due to additional de-risking.

De-risk level Robust contingency / fallback option	PI1 not a possible fall back.	PI1 is not a possible fall back. Phased transitioned entails less entities go-live in first phase is a lower risk. if there is a significant issue, it will only impact the entities which have transitioned to S /4HANA.	PI1 IHB will be available to as a contingency should there be significant issues with the S /4HANA IHB. (only for group 1 entities)	PI1 not a possible fall back.	PI1 IHB will be available to as a contingency should there be significant issues with the S /4HANA IHB.	Low	Medium	Medium	Low	High	
De-risk Level Stabilization of integrated processes (Sales /Accounts Receivable, Payments /Accounts Payables)	No additional time for integrated processes to stabilize, and higher probability of integration issues.	No additional time for integrated processes to stabilize, and higher probability of integration issues.	Integrated processes will have had time to stabilize, (for GBUs/Entities from group 1).	No additional time for integrated processes to stabilize, and higher probability of integration issues.	Integrated processes will have had time to stabilize.	Low	Low	Medium	Low	High	
De-risk Level Payments outside of IHB will draw out issues	IHB and BCM will go-live together. No opportunity for BCM to draw out issues in advance.	IHB and BCM will go-live together. No opportunity for BCM to draw out issues in advance.	Non-IHB payments via BCM will draw out issues prior to IHB deployment. Relevant for group 1 entities.	IHB and BCM will go-live together. No opportunity for BCM to draw out issues in advance.	Non-IHB payments via BCM will draw out issues prior to IHB deployment. Relevant for all entities.	Low	Low	Medium	Low	High	

De-risk level	Unable to execute production simulations prior to go-live.	Unable to execute production simulations prior to go-live.	Production simulation possible, for group 1 entities, which contributes to lowering the risk.	Unable to execute production simulations prior to go-live.	Production simulation possible, for all entities, which contributes to lowering the risk.	Low	Low	Medium	Low	High	
• Ability to run Production Simulations											
Less Complexity	New interfaces are required for integration of ECC (WP1) with S/4HANA, for GBUs/Entities transitioning in Group 2. New interfaces need to be designed and built for Group 2 entities in order to match ECC with the new S/4HANA design.	New interfaces are not required for P11 to S/4HANA	New interfaces are required for integration of P11 with S/4HANA, for GBUs/Entities transitioning in group 1. Interfaces will be based on existing ECC interfaces already in place.	New interfaces are not required for P11 to S/4HANA	Requires interfaces to be built for integration of P11 with S/4HANA. Interfaces are required for all GBUs/Entities. Interfaces will be based on existing ECC interfaces already in place. Interfaces for Group 1 would already be built, extension to Group 2 will be required.	Low	High	Medium	High	Medium	
• Less Interfaces or lower complexity interfaces											
Less Complexity	One IHB Operating Less complex, less chance of errors	Two IHBs Operating More complex, high chance of errors	One IHB Operating Less complex, less chance of errors	One IHB Operating Less complex, less chance of errors	One IHB Operating Less complex, less chance of errors	High	Low	High	High	High	
• One IHB Operating is less complex than two IHBs in operation											
No additional Resource Cost	No additional project resource costs.	No additional project resource costs.	No additional project resource costs.	No additional project resource costs.	With the go-live of IHB deferred, relevant project resources will be required for an extended period.	High	High	High	High	Low	

Lower business resource impact	No additional /adverse impact on business resources	Additional resources likely required to run two IHBs. Business resources will likely need to perform manual clearing to payment sub-ledgers.	No additional /adverse impact on business resources	No additional /adverse impact on business resources.	No additional /adverse impact on business resources	High	Low	High	High	High	
Ease of Consolidation	Consolidations will follow the normal "interim" process for <u>BFC</u> Consol.	Consolidations will follow the normal "interim" process for <u>BFC</u> Consol. Challenge is that there are two IHB entities (PI1 and S /4HANA) to consolidate. This is similar to the existing process with PI1 & PF1.	Consolidation will follow the new Consolidation process, no interim process required.	Consolidation will follow the new Consolidation process, no interim process required.	Consolidation of the entities on PI1 will require an interim solution, for the <u>new</u> Consolidations Tool. Standardized process to load into Consolidation system expected to be utilized. Challenge is that SSA will existing in PI1 and S /4HANA	High	Medium	High	High	Medium	
Lower Cut-over impact (less payment s outages).	One payment outage as only one cut-over is required.	Two payment outages to manage.	One payment outage as only one cut-over is required.	One payment outage as only one cut-over is required.	One payment outage as only one cut-over is required. A shorter cut-over outage for payments.	High	Low	High	High	High	

See also

File	Modified
PDF File Workspace Mail - Fwd_ Approved.pdf	Nov 27, 2024 by FALL-ext, Cheikh

Change log

Version	Published	Changed By	Comment
CURRENT (v. 82)	Nov 14, 2024 08:01	ZAPONNE-ext, Antonio	
v. 81	Nov 14, 2024 05:58	ZAPONNE-ext, Antonio	
v. 80	Nov 14, 2024 03:47	ZAPONNE-ext, Antonio	
v. 79	Nov 14, 2024 03:23	ZAPONNE-ext, Antonio	
v. 78	Nov 13, 2024 16:33	ZAPONNE-ext, Antonio	
v. 77	Nov 13, 2024 16:32	ZAPONNE-ext, Antonio	
v. 76	Nov 13, 2024 09:12	ZAPONNE-ext, Antonio	
v. 75	Nov 07, 2024 16:25	WENNINGER-ext, Sascha	
v. 74	Nov 07, 2024 16:23	WENNINGER-ext, Sascha	
v. 73	Nov 06, 2024 15:43	ZAPONNE-ext, Antonio	

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Workflow history

Title	Last Updated By	Updated	Status
There are no pages at the moment.			

Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

Nov 27, 2024	Actor	Type	Activity	Version
Approved	 FALL-ext, Cheikh	State	changed state to Approved at 2:23 pm	v82
Pending SteerCo Review	 FALL-ext, Cheikh	State	gave <i>Final Approval</i> approval at 2:23 pm	
Nov 14, 2024				
Pending Stakeholder Review	 FALL-ext, Cheikh	State	changed expiry date to '28 Nov, 2024 09:56 am' at 9:56 am	
		State	changed state to Pending SteerCo Review at 9:56 am	v82
	 FALL-ext, Cheikh	State	gave <i>Stakeholder Review</i> approval at 9:56 am	
		State	changed expiry date to '21 Nov, 2024 09:56 am' at 9:56 am	
Edited following DA Endorsement	 FALL-ext, Cheikh	State	changed state to Pending Stakeholder Review at 9:56 am	v82
		State	gave <i>Minor change</i> approval at 9:56 am	