

SAP Implementation & Training at Ernst & Young

Capstone Summary – MS Finance – June 2024

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Ernst & Young is global financial services leader among the big 4 since 2013. However due to enormous growth the firm globally had been facing issues with regards to the margin it was earning & the level of profitability. A new system was required the revenue recognition & engagement economics to be done systematically through a globally unified integrated system on SAP. Under the new "SAP Mercury" software implementation throughout MENA region all new & existing client serving executives from associate to partner level needed to be trained through monthly financial procedural training. This project is undertaken through all service lines - assurance (audit), strategy consulting, taxation & people advisory (HR) services. Since MENA region consists of over 10+ offices and 15000+ professionals, all of service lines had separate finance business advisers/partners training & assisting on the engagement economics over the SAP software under project "Mercury". Through this new project the whole procedure would be streamlined once each engagement stakeholder charges their hours when filling the attendance. Hours charged through "time sheets" - an attendance system on SAP software. Engagement economics is the review and management of the economics of all client related work from revenue recognized through time charging, expenses, profitability of engagement & billing. Engagement Economics is the review and management of the economics of our work, including forecasting based on our budget from a single data source (Mercury), enabling accuracy and transparency. Engagement Economics supports our margin focused model, providing partners and client servers with real time visibility into financial metrics. This will enable accuracy and transparency. Engagement Economics on mercury would support margin focused model of most engagement, providing partners and client servers with real time visibility into financial metrics. This new approach to Engagement Economics, as well as the functionality of the system will better position everyone to be successful & more organized. My task is related to make client serving newly hired interns get accustomed to the software & its intricacies. The software training & navigating what tasks should be performed & in what order is the key learning outcome for them. They would also be able to track engagement metrics through a successful training on this SAP system.

Once the new system is integrated seamlessly world-wide it would lead to operational efficiencies. Previously the system was haphazard as such that data of engagements was not integrated or processed from on single point in the system & therefore cannot be accessed as a summary for all service lines hence tracking performance was trivial.

The first task that is essential in this whole process is “Client Onboarding”. It is an important step when dealing with engagement financials under the implementation of this project mercury. If the client does not get on-boarded in the system the engagement cannot be registered. Once client has been on-boarded an opportunity is initiated in the system underlying the scope of work & service level agreement between EY and the client. An opportunity represents a full contractual agreement with a client - spanning multiple countries, service lines, and all subsidiaries involved. Without an existing opportunity in Mercury, client servers cannot create an **engagement code**. This engagement coding is driven through one master list of Service Codes used consistently across EY, simplifying today’s complicated system from manual to global linked automated system streamlined under mercury. Opportunity creation, maintenance, pricing, risk assessment and engagement creation is a seamless and integrated end-to-end process. Opportunities are tracked through the entire lifecycle, capturing “Sold-At” (priced), “Planned-At” (budgeted) and “Delivered-At” (actual) figures. Once after the creation of opportunity client team is trained to initiate risk assessment for the individual engagement. Once this is initiated & passed through risk management the opportunity can be put to “won” “lost” or “declined”. Once the opportunity is set as “won”, the pricing plan that shall be proposed as the budget for the engagement eventually is prepared. The ERP of budget & pricing plan is same therefore this is made for the purpose of approval of margins & setting the right hours along with the resource mix. Main part of the pricing plan is the fee. Engagement creation and then budgeting occurs after an opportunity has been won and it is time to begin delivering the work. The creation of an engagement involves key planning decisions that will establish engagement access and financial metrics. Engagement planning efforts will flow downstream into the forecasting and billing processes. The engagement closing process automates the true up of financial metrics. During the engagement creation and budgeting phase, key financial metrics are established, requiring users to ensure information is accurate and complete. Engagements are linked to “Opportunities” as per the previous section setting up and opportunity had been discussed. Multiple engagements can be linked to one opportunity. The engagement set up process is fed by information previously entered at the opportunity level. Under Mercury, engagements have increased options for controlling time and expense charges. The engagement budget determines the “Planned At” metrics as well the initial “Engagement Adjustment Factor” setting under the default sharing basis. Budgeted information flows downstream for forecasting purposes. Key information about billing arrangements (discussed in detail in next section) is required to be entered during the engagement set up process. The process flow for engagement life cycle is the following:

Results

The team of interns should be well versed with the fundamentals of the system upon this SAP software implementation training. By the end of the training they should be able to provide on-demand advice as “Client Servers” execute their assigned Engagement Economics responsibilities. Furthermore, to help the business to understand how Mercury supports them in monitoring, managing and optimizing margin. Apply the margin focus to every scenario and every interaction with the business (e.g. during the review of price plans, budgets or ETC). Basically after the training these interns can advise on them to navigate through the whole engagement life cycle from entity onboarding to closing the engagement. All the milestones & financial procedures in between should be well versed. They should be able to advise as well as transact on the system on behalf of the engagement partners as mercury support team. The aim of this project essentially is to make the interns grow as trusted financial advisors on the system.

Billing & adjustments made during the process is also an essential process which needs to be comprehensively trained. Through rigorous training by me of these interns specifically on the matter of handling billing, I would be able to fulfill the following learning packages for the interns:

- Explain how engagement billing attributes impact the invoicing process
- Identify the engagement roles associated with billing and the key responsibilities of each one
- Recognize the Mercury invoice types and recall when each type may be used
- List the steps involved in creating a standard invoice
- Differentiate between the types of invoice adjustments available
- Indicate how the AR Aging process is different under Mercury
- Recognize the relation between AR Aging and AR Reserves
- Awareness of Auto AR Reserves, Manual AR reserves and Write off process and the impact on engagement reporting
- Awareness of key changes to the Inter-firm processes

Two teams of newly recruited interns had been successfully trained for the SAP Mercury software as designated by the client.

