

The Thales logo is displayed in a white box on a teal background. The word "THALES" is written in a bold, blue, sans-serif font.

Who

Thales Canada

Problem

Need to evaluate, select and implement a solution for impending IFRS 15 compliance deadline.

Solution

- SAP Revenue Accounting and Recognition solution
- A proof of concept to identify product strengths and gaps

Result

- Project running on time
- Reduction of custom functionality in SD and PS modules

How Thales is Managing IFRS 15 Compliance With SAP RAR

Thales Background

Thales Canada is a global company specializing in cutting edge technology and developing innovative solutions for a wide range of industries such as aerospace, defence, security and transportation.

Most revenue generation comes from long running projects in which Thales implements its technology for customers. As such, they are particularly affected by the incoming IFRS 15 rules. At Thales Canada, SAP/Primavera Manager Duncan McEwan was charged with procuring and implementing a revenue recognition solution for IFRS 15.

“It was a pleasant surprise having GroupeX come on board – what an opportunity!”

Time Sensitive Issue

In the summer of 2016, Thales corporate headquarters released guidance to the regional operating entities on how to address Thales-specific revenue recognition under IFRS 15. It was time for Duncan to choose a solution and kick off the project.

Duncan sought support from consulting firms, but found that none had direct experience with the new standard. Realizing that a search for IFRS 15 specialists would fall short, Duncan looked instead for an SAP Solution

Finding the Perfect Solution

With GroupeX's advisors, Duncan quickly settled on the SAP RAR solution as it would be the best fit for the business's needs. Beyond that, Duncan was able to examine the total system, look at the architectural changes that would be coming and identify how everything was going to fit together. Making errors at this stage could put Thales further behind, which was not the preferred option.

Uncovering Gaps

Overlooking vital pieces of the total solution could escalate into major problems down the road. With this in mind, the team reviewed the overall process flow and identified the key upstream process steps that would need to be adjusted to support the IFRS 15 revenue recognition process. Interface and data changes would also be required.



“GroupeX came in unbiased and helped us look at all possible solutions.”

Architect with enough experience to lead a team through the learning and exploration needed to provide a solution for a brand new requirement.

“Without GroupeX’s help, we would probably be months back in our deliverables.”

“If we had not engaged GroupeX, we would not have realized this until too late in the project.”



Returning to Standard SAP

Thales' SAP system contained a web of customizations added over the years to accommodate changes in the core business. The design team needed to understand how that custom code was used and how it would need to change. With GroupeX's help, Thales was able to identify opportunities to

return much of the project forecasting and Estimate-to-Completion calculation process back to standard in the SD and PS modules. In addition, proposed changes in data management meant that SAP would become the system of record for all project forecasting data.

Sticking to Your Principles

Approaching the problem from an holistic, architectural perspective helped Thales deliver on their main guiding principles:

- Return to SAP standard where possible
- Future proof the technical architecture
- Use best practices

The move back to standard opens the door to further remediation of custom code in the future, lowers the cost of ongoing system maintenance, and will immediately improve customer project cost forecasting and decision support. Using SAP RAR means that Thales will be able to leverage SAP's support

for regulatory changes without having to update a custom solution. And the out-of-the-box integration between RAR and existing SD and PS functionality means that Thales can leverage more of the standard processes and scenarios provided by SAP as best practices.

“Now we have an ability to reduce long-term maintenance as well as have a more standard solution.”

Working with Your Business

Duncan's team has strong technical resources. However, they have challenges when it comes to translating business requirements into detailed, technical plans. GroupeX worked with the Thales team and the business to bridge that language gap, reinforce the benefits of the selected solution, and communicate the business advantages. As a business partner, GroupeX brought the

experience required to give all stakeholders the confidence they needed to go forward to success.

“They were able to speak to business in a way that would make them confident in the solution.”

What's in Store?

Within the next few years, Thales will be looking to transition their ERP platform to the new SAP S/4HANA ERP solution. GroupeX is ready to help when it comes time for Duncan to explain the benefits and implications to the business, and to help the Thales IT team plan for a successful implementation.

“We're confident, the business is confident. We're going to succeed. And we're looking forward to engaging GroupeX again.”

The GroupeX team looks forward to working with Thales Canada in the future to continue our partnership and help them to grow their SAP system and overall business plan.

