SCOPE OF WORK: Finance Consolidation on a Centralized Digital Platform Solution

1. Background

All Transnet Operating Divisions (ODs), as well as the Transnet Corporate Centre (TCC), and Human Capital (HC), have current standalone deployments of *SAP ECC6* installed and managed in an on-premises environment.

SAP is primarily used as an Enterprise Resource Planning (ERP) platform and forms the bedrock of the organization's, Financial, Asset Management, Procurement, and People Management systems.

2. RFP Purpose and Objective

Transnet seeks to appoint a competent and qualified Service Provider for the provision of technical services for the development and deployment of a **Finance Consolidation Solution (FCS)** based on the already completed blueprint. The blueprint envisions a solution that will act as a consolidation engine that will ingest data from 6 disparate SAP instances and have capabilities of consolidating and reporting on the financial data that is consumed from the various ERP systems.

The purpose of the RFP is to obtain responses from the market for the development of a transversal FCS cloud-based solution. **Design work and blueprinting is included as Annexure J.**

The primary objectives of this RFP are to:

- Identify a finance consolidation tool/software that can integrate with multiple SAP instances.
- Enable real-time reporting and consolidation of financial data.
- Improve the accuracy and efficiency of financial reporting across Transnet's Operating Divisions (OD's)

3. Agile Methodology

To have assurance in the FCS implementation project, the principles of agile project methodology, will be used to execute this project. The Service Provider is expected to be familiar with the Agile Methodology of implementation and execute the project with adherence to the Agile phases.

The project will be divided into four main phases over a 12-month period:

3.1 Phase 1: Design

During this phase, the Service Provider will be expected to execute all activities that will result in the implementation strategy detailing the implementation plan with the implementation scenarios best suited per Operating Division or functional area. A first version of an implementation plan is expected to set the stage for the entire project. Depending on the scenario, there could be additional preparation activities which are planned in detail, and ideally completed at an early point in time, to keep the downtime during cutover short. Finally, general project preparation, such as staffing, governance, and reporting requirements, is also carried out in this phase. At this Phase, the Service Provider should perform activities involved in officially initiating the project, planning and executing activities aligned to the implementation plan and set up of the demo system that would be used in the next phase.

The Service Provider will also be required to perform a detailed risk analysis as well as share lessons learnt from previous implementations to mitigate identified risks and ensure a successful implementation with minimal disruptions.

By the end of this phase, all technical and functional aspects of the implementation project (for example, solution scoping and content activation, TO-BE design, functional gaps, etc.) are fully planned, documented in detail, and ready to be executed by the Service Provider.

Expected Deliverables:

- Business requirements gathering and analysis.
- Development of detailed project plan and timelines.
- Finance business processes mapping (To-Be)
- Project Charter
- Change management strategy
- Test Strategy and test plans
- Detailed Functional specification document

3.2 Phase 2: Build

Development/Configuration of the finance consolidation tool/software and implementation based on the technical and functional specifications.

This phase involves configuring/developing the system to centralize and harmonize financial data from multiple source systems. Continuous testing is conducted to verify that configurations meet business requirements and do not introduce errors. This includes unit tests, integration tests, and user acceptance tests specific to financial workflows.

As part of the agile methodology, this phase is expected to be highly collaborative and iterative, focusing on delivering functional increments of the system that can be tested and reviewed frequently. This approach helps in adapting to changes quickly and ensures that the final system aligns closely with business needs and expectations.

Expected Deliverables:

- Configuration and /or development completed
- Testing of integration with multiple SAP instances.
- Initial testing and quality assurance.
- Migration scripts (Migration script from development to QA and from QA to production)
- System Integration Testing scripts and results
- User Acceptance Testing (UAT) scripts and results
- Training Plan and training materials
- UAT Sign-off
- Detailed technical specification document

3.3 Phase 3: Deploy

The Deploy Phase will see the Service Provider finalize the readiness for the FCS and business processes for production go-live. This includes final testing, rehearsing the cut-over, and finalizing the IT infrastructure and operations. End-user training sessions are delivered by the enabled Key/Super users and by the Service Provider's trainers. Finally, and depending on the scenario, the production instance of the FCS is implemented or converted on the Go-Live weekend. After going live, FCS is available for business users to log in and for productive use.

Expected Deliverables:

- Deployment of the tool/software in the production environment.

- Final Key/Super User training and onboarding (70 Key/Super users)
- Technical Specification Documentation
- Pre-deployment document / Cutover Plan
- Training material (Electronic material using e-learning platforms
- User Training Report

3.4 Phase 4: Support

Operations is further stabilized and optimized in the Support phase with the help of the Service Provider. IT operations are further optimized (for example, bug fixing, system availability, and performance) with the help of the project team. This phase is referred to as "hyper care" and occurs before operational responsibility is fully transferred to the production support team.

Expected Deliverables:

- Post-deployment support including troubleshooting, bug fixes, handholding and addressing user questions for a period of three (3) months.
- Ongoing maintenance and updates during the implementation.
- Performance monitoring and optimization. Continuously tracking, analysing, and improving the efficiency and responsiveness of a system. This includes monitoring key performance indicators like response time, resource utilization, and error rates to identify bottlenecks
- System configuration document
- Review business benefits
- System handover document
- Project Close Out report as per Transnet standards

4. Development of the Finance Consolidation System

With the development of a Finance Consolidation Transnet aims to meet the following key goals for the organization:

- Simplified consolidated reporting across the Transnet Group of Operating Divisions
- Harmonization of financial data across Transnet Group of Operating Divisions.
- Single view of the truth with uniform financial reporting across the organisation. To be provided through the use of standard dashboard capabilities built into this solution.
- Enablement of shared service environment for finance consolidation
- Finance consolidation business process standardisation.
- Enablement of finance master data harmonisation from various source systems into a central finance system across the organisation.
- Enablement of faster reporting and month end close processes by through automation and

discontinue manual consolidation through spread sheet.

The appointed service provider will work with Transnet and its Partner – PricewaterhouseCoopers (PWC) (which was responsible for the blueprinting phase) to build the new Finance Consolidation System.

5. Exclusions

The following exclusions do not form part of the scope of this RFP:

a) The provision of the vendor-specific infrastructure is outside the scope of the RFP.
b) The fundamental design and architectural aspects of the Finance Consolidation System is excluded from this tender, they form part of the developed Blueprint

6. In-Scope Summary:

1) Scoping and Planning - Development of key deliverables, identification of stakeholders including outline of timelines. Development of project schedule
2) Readiness Assessment - Evaluate the Transnet's current state, including systems, processes, and resources, to determine preparedness for the finance consolidation project. Identify gaps, risks, and mitigation strategies.
3) System Landscape Preparation - Define and prepare the technical environment, including servers, databases, and network configurations, to support the consolidation solution. Ensure compatibility and scalability. Configuration of FCS on Sandbox environment.
4) Backup and Recovery Planning - Develop and document strategies for data backup and disaster recovery to ensure business continuity and data integrity throughout the project lifecycle.
5) Master Data Mapping - Maintain mappings between source system master data and their equivalents in the Central Finance system. Track changes, deletions, and additions to key mappings through change log
6) Data Replication - Replicate financial and management accounting postings from source systems to the Central Finance system. Ensure data integrity and real-time replication using Application Interface Framework (AIF) for error handling. The service provider to develop and implement the data replication strategy from the source to the central finance solution.
7) Interface analysis and checks - Review and validate all interfaces between the consolidation system and other systems (e.g., ERP, HR, CRM) to ensure seamless data flow and integration.

8) Relevant SAP Module checks across the OD's -Assess and validate the configuration and usage of relevant SAP modules (e.g., FI, CO, BPC) across organisational divisions (ODs) to ensure alignment and readiness.
9) Functional Optimization by streamlining and harmonizing data from various sources into the central finance system.
10) Customization and configuration - Tailor the consolidation solution to meet specific business requirements through system configuration and minor customisations, ensuring compliance with financial policies.
11) Development Box - Set up a development environment for building and testing customisations, reports, and interfaces before moving to testing or production environments.
12) QA Box conversion - Set up quality assurance environment for testing customisations, reports, and interfaces before moving to production environments.
13) System Testing - verify that the system meets its specified requirements and functions correctly as a whole, including interactions between components.
14) Unit testing - Test individual components and configurations in isolation to verify that each unit performs as expected.
15) Integration testing - Conduct end-to-end testing of the entire system, including interfaces and workflows, to ensure all components work together seamlessly.
16) User Acceptance Testing - Enable end-users to validate the system against business requirements and confirm that it meets their needs before go-live.
17) User Training (includes training material development) - Develop and deliver training programs and materials to ensure users are proficient in using the new system and processes. Train the trainer approach will be adopted for this solution. Virtual training will be the acceptable means of conducting training.
18) Production Box - Set up the live production environment with finalised configurations, data, and security settings, ready for go-live.
19) Go-Live Preparation - Finalise all go-live activities, including user readiness, data validation, and system checks, to ensure a smooth transition.
20) System checks - Perform technical and functional checks to validate system performance, data integrity, and configuration accuracy before and after go-live.
21) Cutover planning - Develop a detailed cutover plan outlining the steps, responsibilities, and timelines for transitioning from legacy systems to the new solution.
22) System cutover for go-live - Execute the cutover plan, including final data migration, system switch-over, and validation activities to officially launch the new system.

23) Post Go-Live Support - Provide hypercare support to resolve issues, answer user queries, and stabilize the system after go-live.
24) System Optimization/tuning - Analyze system performance and usage post go-live to identify and implement improvements for efficiency and effectiveness.
25) Change Management (Throughout the project) - Develop and Implement Change Management plan for the deployment of FCS
26) Documentation and Reporting (Throughout the project)- Provide technical and functional documentation. Development and Implementation of Archiving strategy and supporting activities. Provide regular status reports to stakeholders.
27) Ability to Integrate with Transnet's (future) enterprise architecture, i.e., SAP S/4Hana. - Ability to Integrate with Transnet's enterprise architecture, i.e., SAP S/4Hana, SAP Governance Risk & Control, Procurement Process Digitilisation, SAP Master Data Governance
28) Review of completed work against the design are excluded from this tender; this will be conducted by PricewaterhouseCoopers (PwC).
29) The provision of licenses - Provision of software licenses include support and maintenance.

7. Prequalification

The following criteria is mandatory and will be required before bidders can proceed to the technical evaluation phase of the tender.

- If a bidder is a reseller, the Bidder to submit a competency and specialization certification in **Azure Cloud, Private/Public Edition** – Minimum Essential Competency tier, **or**
- If a bidder is an OEM, it must provide a signed letter on the company letterhead confirming ownership of the proposed solution.

And

- Bidder to submit a **SAP Partner Competency Certification**, **or**
- If a bidder is an OEM, it must provide a signed letter on the company letterhead confirming ownership of the proposed solution.

8. Finance Consolidation Solution Detailed Scope Requirements

The detailed scope of work for the Finance Consolidation entails building solution in line with detailed blueprints completed.As such, the purpose of this tender is specific to the build phase of this solution.

9. High level Requirements for the Finance Consolidation Solution

The following tables highlight the core processes that will be enabled on a finance consolidation solution. Below are the capability areas and key requirements that must be met by the proposed solution of the bidder

Finance Consolidation Solution

Capability Area	Key Requirement
Financial accounting and entity close (local/OD level)	• Ability to consolidate financial transactions at OD level where different company codes exist. • Real-time processing to reduce the need for end-of-period batch processing - accelerating closing activities. • Real-time replication of master and transaction data from the source system. • Allow for centrally maintained master data to reduce data reconciliation efforts.
Financial Performance reporting and analytics	• Single version of the truth, available live and at the most granular level, for instance, plan-actual variance analysis, prediction, and simulation. • KPI data repository to enable extraction of data to perform analyses. • Reports and/or dashboards can be configured and owned by the business. • Facilitate real-time reporting across the OD's.

Table 1

Shared Services Center Operations Requirements

Capability Area	Key Requirement
Invoice/Payment management	• Manage Centralized payments processing from a central system.
Receivables management	• Enable and control the central management and oversight of collections.
Cash and liquidity management	• Central bank account management and integrated liquidity planning and forecasting.

Drill Back Functionalities	• Ability to drill back from the Finance Consolidation Solution (FCS) back to the source system (SAP), i.e.: drill back on a vendor invoice in the source to determine the purchase order linked to it

Table 2

Consolidated Reporting Requirements

Capability Area	Key Requirement
Financial Reporting	• Enable end-to-end financial reporting across multiple Operating Divisions.
Risk, Compliance and ESG Reporting	• Enable end to end reporting across the Operating Divisions and Functions. • Consolidation across all Operating Divisions and Functions to achieve a single version of the truth.
Integration	• Central bank account management and integrated liquidity planning and forecasting.

Table 3

10. Architectural Design for Finance Consolidation Solution

The Architectural Design as depicted in Figure 1 below underpins the core elements of the finance consolidation solution and forms part of the blueprinting completed for the solution. Core elements of the intended architecture include the following:

- The Finance Consolidation Solution (FCS) capabilities will be built as a transversal (common across all OD's) solution and hosted on a central solution environment.
- Integration will be required to all OD SAP ERP systems and at the time of the publication of this tender the architectural diagram correctly depict the version of SAP each OD is on.
- Real time replication is fundamental to ensuring a centralised finance capability and forms part of the build phase of the solution.
- Consolidated reporting is fundamental to ensure that a single instance or version of the truth is always maintained in the proposed solution.
- Infrastructure provisioning is outside the scope of the tender and is incumbent on Transnet to provide the requisite infrastructure for all SAP environments.
- A selective data transition strategy will be implemented for the solution, as such the service provider will be required to assist Transnet in developing and implementing such transitionnot required for the online\production FCS environment(s) (Transnet will acquire all archival tools for this initiative.

- Other than Integration to OD SAP systems, integration will also be required to core Transnet systems including the following.
    - CLM - Contract lifecycle management
    - Procurement Process Digitalisation
    - Fixed Asset Management on SAP.
    - Invoice to Statement reconsolidation system – BEST.
    - MDMR8 (Pilog) for master data.
    - SAP GRC
    - Data warehouses
    - Procurement Process Automation (currently being implemented)

Finance Consolidation Solution and Procurement Target Architecture

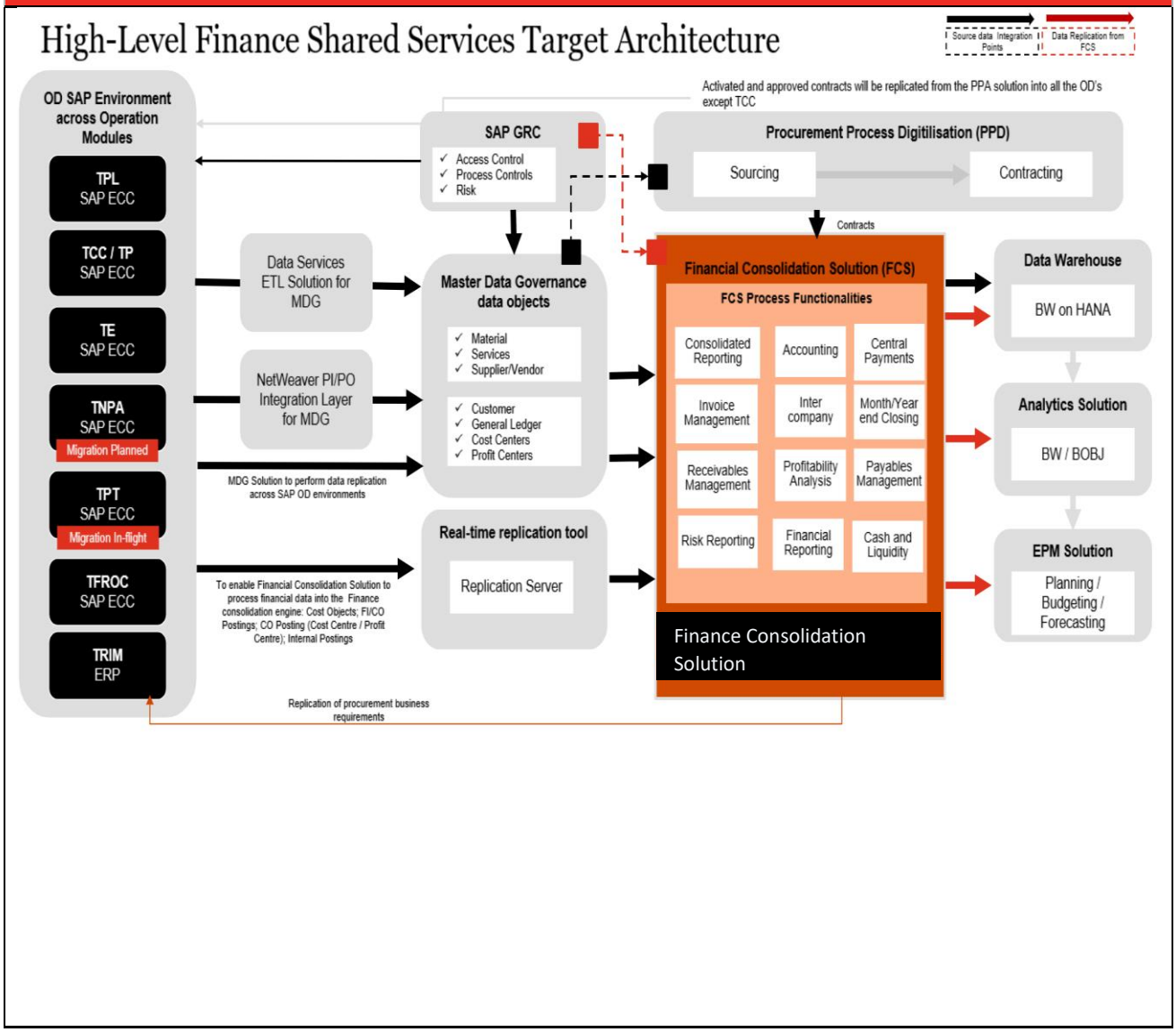

Figure 1

11. Project Timelines

Extensive work has already been completed during the blueprinting phase of the project which should have a positive impact on the project schedule. In line with this view, the envisaged target is to have a solution fully deployed within a period of 12 months.

Service providers are required to submit a project schedule outlining a 12-month or less project schedule for the building and deployment of their proposed solution.

12. Travelling to site when required

All project related activities will happen in Transnet's Johannesburg office. There may be a requirement to travel for meetings with the end-users. Service providers will be required to provide travelling cost for the kilometre travelled.