



## Sanden: Standardizing Accounting Globally with SAP® ERP in a Cloud Environment

Sanden Corporation is a global business focusing on compressors for car air conditioners and commercial systems for vending machines and store showcases. With sales outside Japan exceeding 60%, the company **replaced its accounting system** with the SAP® ERP application delivered in the cloud, implemented at its Polish subsidiary in 2011, with plans to expand it worldwide by 2015.

#### Company

Sanden Corporation

#### Headquarters

Isesaki City, Gunma, Japan

#### Industry

Industrial machinery and components

#### **Products and Services**

Development, manufacturing, and sales of car air conditioners, vending machines, refrigeration and cold-storage showcases, and heaters

#### **Employees**

Approximately 9,700

#### Revenue

Approximately ¥217 million yen (US\$2.7 million)

#### **Web Site**

www.sanden.co.jp

#### **Partners**

NEC Corporation ABeam Consulting Ltd.

#### **BUSINESS TRANSFORMATION**

#### The company's top objectives

- Promote business innovation via a standard IT model
- Establish a strong Japan-centric manufacturing structure
- Accelerate groupwide financial closing
- Integrate individual systems for global optimization

#### The resolution

- Use a "cloud-oriented accounting service" for early system implementation
- Construct a global template based on the SAP® ERP application using the model of the Polish subsidiary
- Promote an overseas business expansion project under a strong project leader

#### The key benefits

- Accounting efficiency improvement and real-time visibility of information
- Realization of "management by not owning" using cloud services
- Service-level standardization through global optimization

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"Our mission is to promote business innovation by taking advantage of the speed of IT as our most effective weapon. In the future, we will rapidly expand the global template to 19 countries."

Hiroshi Takahashi, General Manager, Production Control and IT Headquarters, Sanden Corporation

#### **TOP BENEFITS ACHIEVED**

13 days
Fewer required for financial closing

270%

Increase in global information availability

40%

Decrease in accounting system costs

See more metrics

#### **Company objectives**

Resolution

Business transformation

Future plans

## Strengthening the business globally with a standard IT model

Based in Gunma, Japan, Sanden Corporation runs operations at 54 offices and 27 factories in 23 countries, primarily producing compressors for car air conditioners. The percentage of its sales to Europe, the United States, Asia, and other regions overseas exceeds 60%, and 70% of its employees work abroad. A company-wide campaign, "Sanden's total quality management (STQM)," is fundamental to business management, with a culture represented by the motto "challenge & innovation." In an effort to strengthen its business globally and strive for excellence, Sanden coined the slogan "use IT as our business weapon" for the 2009 midterm IT plan.

"To realize strong manufacturing operations concentrating on Japan and other regions, we have to take advantage of IT," says Hiroshi Takahashi, general manager of production control and IT headquarters. "Our mission is to take an aggressive position toward

advancing innovations for speed in business management, development, and consolidated closing. The IT department is responsible for working out strategic IT schemes and taking leadership in promoting the strategy."

One key high-priority task is faster consolidated closing. Companies listed on the Tokyo Stock Exchange average 40 days from closing to announcing financial results, while leading companies average about 20 days. To equal its peers, Sanden management determined that the best approach was to build a new accounting system that globally integrates individual infrastructures. The IT team specifically designed the system based on the company's midterm investment strategy for IT globalization: "Globally integrated systems that take local characteristics into consideration."



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## A global template design based on a model case

To optimize the accounting systems built individually at offshore subsidiaries, Sanden management decided to use the SAP® ERP application as the global accounting infrastructure, with NEC Corporation's "cloud-oriented accounting service" as the platform. "The development team strongly requested SAP," explains Yuri Tsuji, general manager of the system management department at IT headquarters. "They not only recognized SAP's global achievements, but they also highly valued the SAP brand and the quality of the software." Another reason was that NEC would provide know-how about business process innovations, verified by the implementation of SAP ERP at NEC. ABeam Consulting, an NEC group company, would provide support.

The project began at Sanden's Polish subsidiary, Takahashi explains, which had a shorter history than other local subsidiaries and conducted a relatively simple business – ideal for creating the global template. Tsuji adds, "Since the project was to optimize our global accounting systems, risk assessment was an indispensable step."

Nevertheless, as many as nine companies participated in the development, which presented challenges including the time difference between Japan and Poland – and communications in English, French, Polish, and Japanese. Takahashi says, "The project was successful because the Web conference system was available 24 hours a day. And the project leader had a good understanding of local cultures and was committed to driving the project."

"Our existing system was complex, and our sales size was about 200 billion yen. But we installed the SAP software system without worry by using 'cloud-oriented accounting services' with NEC's know-how."

Yuri Tsuji, General Manager, System Management Department, IT Headquarters, Sanden Corporation



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# Streamlined closing and accurate global business management

In late 2011 the global accounting system based on SAP ERP was launched at the Polish subsidiary as scheduled. Despite some initial reluctance, front-line staff members have come to value the system highly, and other European subsidiaries have asked to visit for a look at it.

While SAP ERP is running only at the Polish subsidiary, the consolidated closing cycle has plummeted from 43 to 30 days through drastic reduction in workloads required for information collection, sum-

mation, and processing. The global business information available to the head office has increased by 270%, allowing management to grasp sales results and costs in early stages of the reporting cycle. Reports are available for manufacturing and labor costs, productivity, pretax profits, inventory assets, and more for each strategic business unit. Use of cloud services has slashed IT costs and reduced CO<sub>2</sub> emissions to zero; integrating systems has led to unified service levels.

#### **KEY BENEFITS**

13 days

Fewer required for financial closing

**270**%

Increase in global information availability

40%

Decrease in accounting system costs

**50**%

Reduction of IT costs via cloud services

0 emission

Of CO<sub>2</sub> via use of cloud services



Company objectives

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**Future plans** 

# **Expanding to 19 countries for faster decision making**

Sanden Corporation plans to expand the global template to 35 bases in 19 countries by March 2015, which includes the head office in Japan and 34 consolidated overseas subsidiaries. The ultimate purpose is to speed up decision making to strengthen the business overall.

"There are many factors that significantly influence business, such as sharp exchange-rate fluctuations, the European crisis and other changes in the global situation, and natural disasters," Takahashi says. "Top management is expected to accurately and speedily develop and implement management, business, and growth strategies – and to do that by effectively utilizing IT systems as the decision-making engine. For this purpose, the IT department needs to create and provide additional value that will support decision making, and that's where the NEC Group and SAP will continue to play key roles."



