UNE

FLEXIBILITY AND INTEGRATION WITH SAP® BusinessObjects™ PROFITABILITY AND COST MANAGEMENT

"The project was conceived as a great opportunity to improve the company's information about product profitability and assess process cost. This is the first phase of a large project, which will be followed by the deployment of SAP BusinessObjects Planning and Consolidation."

Andrés Vélez Vieira, Corporate Finance Director, UNE EPM Telecomunicaciones S.A.

QUICK FACTS

Company

- Name: UNE EPM Telecomunicaciones S.A.
- Location: Medellin, Colombia
- Industry: Telecommunications
- Products and services: Telecommunications services, information technology and communication services, information services and complementary activities
- Revenue: US$700 million
- Employees: 2,350
- Web site: www.une.com.co
- Implementation partners: Capgemini, SAP® Consulting

Challenges and Opportunities

- Use SAP software not only to capture information but also for distribution, assignment, and reporting
- Transfer financial knowledge among company segments to expand costing model and profitability analysis

Objectives

- Build a flexible tool to support business opportunities
- Support, define, design, build, and deliver an improved cost management and profitability analysis model
- Certify staff responsible for profitability and cost management on the SAP BusinessObjects™ Profitability and Cost Management application
- Build profitability and cost management model and other elements within SAP software architecture

SAP Solutions and Services

- SAP BusinessObjects Profitability and Cost Management
- SAP BusinessObjects Business Intelligence solutions
- SAP ERP application
- SAP NetWeaver® Business Warehouse component

Implementation Highlights

- Implemented on time and within budget, despite unexpected events that came up
- Launched to support processes that have been reorganized, meaning the implementation had to be adjusted

Why SAP

- Clear proposal
- Full use of everything the software has to offer
- Capability to integrate with future deployments (SAP BusinessObjects Planning and Consolidation application)

Benefits

- Administrative and financial analytic platform for managerial reporting, maximizing the value of SAP ERP licenses
- An intuitive tool for releasing timely operating, analytical, and managerial reports without incurring development costs
- Removal of new ABAP™ programming language–based reports
- More agility in information analyses with multiple views

EPM Telecomunicaciones

In 2005 Empresas Públicas de Medellín, operating through its brand UNE EPM Telecomunicaciones S.A., reoriented its home public utilities market and set up three strategic business groups: electrical power supply, water supply, and telecommunications. Now UNE is a fully publicly held corporation that renders IT and communications services to its clients all over the country.

The Need to Connect

In its quest for excellence in serving its clients, UNE performed several organizational studies to help assess the performance of the company's accounting department. At that time, the financial forecasting group was using SAP® software only to capture the information; the remaining processes (distribution, assignment, and reporting) were carried out with other tools, such as Microsoft Access and Microsoft Excel. Using these different tools caused an increase in operations, greater information risk, time delays, and additional work spent on reprocessing.

In order to implement a costing and profitability model that could improve and optimize the process, UNE considered different solutions, including Oracle's software, but it did not offer similar functionality. The SAP BusinessObjects™ Profitability and Cost Management application was chosen with the secondary aim of transferring knowledge company-wide, so, in the future, UNE could replicate the same model to other segments in the company.

Intertwined Opportunities

The changing scenario at UNE triggered the need for a flexible solution that could adapt to the changes in the business. With SAP BusinessObjects Profitability and Cost Management, it was possible to come up with the necessary updates in the SAP ERP application to record initial information and then use the SAP NetWeaver® Business Warehouse component for data warehousing, applying the business intelligence principles in SAP BusinessObjects software.

The main challenges posed by this project were assessing the current costing and profitability management model, redesigning it in detail for further development and information load, certifying the staff in charge of using SAP BusinessObjects Profitability and Cost Management, and building and delivering the model and other tools that were up and running on SAP BusinessObjects Profitability and Cost Management as well as the processes established in the project's technical specifications.

Related Solutions

Additionally, to crown the already-achieved benefits, UNE decided further to deploy SAP BusinessObjects Business Intelligence solutions for extraction and reporting, which will be used not only by the corporate finance department but by the whole company.

Although the main effect has been in cost management, all areas have witnessed modifications in metric definition as well as in cost and revenue assignment, as it was a cross-company deployment, covering all company processes.

Current and Future Benefits

The project allowed UNE to analyze the costing model used by the company, which led to the decision of using time-driven activity-based costing (TDABC), a way of measuring and linking a company's costs with the goods and services it offers, taking into account time as a variable.

> "The tools and costing model we had in place were not flexible enough to catch up with the business dynamics. Each modification could take four months, whereas today it can take as little as a week. Information transparency favors decision making."
>
> **Lliana Páramo,** Deputy Director of Financial Forecasting, UNE EPM Telecomunicaciones S.A.

With this variable in mind, the largest benefits UNE has gained by deploying SAP BusinessObjects Profitability and Cost Management are innovation, flexibility, timeliness, and improvement in not only transactional management but also strategic management of the business. On the other hand, implementing SAP BusinessObjects software enables integration with other tools in the portfolio that will be implemented this year, such as the SAP BusinessObjects Planning and Consolidation application.

"The tools and costing model we had in place were not flexible enough to catch up with the business dynamics," says Lliana Páramo, deputy director of financial forecasting for UNE. "Each modification could take four months, whereas today it can take as little as a week. Information transparency favors decision making."

For More Information

For more information about how the SAP BusinessObjects Profitability and Cost Management application can help your business, contact your local SAP representative or visit us online at www.sap.com/solutions/sapbusinessobjects/index.epx.

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