



KBC GROUP NV
POWERFUL ANALYTICS IMPROVE
VISIBILITY FOR BANKING
AND INSURANCE GROUP

QUICK FACTS

Company

- Name: KBC Group NV
- Location: Brussels, Belgium
- Industries: Banking, insurance
- Products and services: Banking and insurance services, asset management
- Revenue: €13.3 billion
- Employees: 57,000
- Web site: www.kbc.com
- Implementation partner: SAP® Consulting organization

Challenges and Opportunities

- Improve visibility into enterprise financial data
- Enable and standardize IT costing processes
- Standardize activity-based costing (ABC) methodologies
- Compare financial data among business units in the group and across national boundaries using different currencies
- Make sophisticated analytics and powerful reporting tools available to nontechnical users

Objectives

- Deploy a unified ABC solution to standardize metrics and practices in IT and finance units
- Improve visibility into finance and IT processes across the enterprise
- Consolidate and centralize data to create a "single version of the truth" for the entire organization

SAP Solution and Services

SAP® BusinessObjects™ Profitability and Cost Management application

Implementation Highlights

- Accomplished initial deployment for IT and finance in 10 months
- Enabled user adoption with effective employee training
- Gained knowledge from SAP experts and consultants

Why SAP

- Combination of powerful, user-friendly software and SAP consulting and training expertise
- Clear understanding of KBC Group's business and IT goals
- Fast development of proof-of-concept demonstration

Benefits

- Enabled cost savings with improved visibility into enterprise financial data
- Improved IT efficiency and effectiveness by facilitating and standardizing costing processes
- Delivered powerful ABC analytics functionality and practices to nontechnical users
- Enabled payments comparison across national boundaries by standardizing financial processes
- Freed IT experts from writing rules and code, saving time and resources
- Reduced licensing fees and maintenance costs for point solutions and customized applications

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Terence Gryson, Senior Costing Analyst,
KBC Group NV

Providing retail banking and insurance services to companies across Europe and the world presents a full ledger of unique and complex challenges. KBC Group NV, a market leader in Belgium and across Europe, offers insurance, asset management, and other services to a clientele made up chiefly of private banks.

Headquartered in Brussels, KBC Group has expanded from its base in Belgium throughout central and eastern Europe. The company employs some 57,000 people and has added business units and subsidiary companies to the organization through organic growth as well as through mergers and acquisitions.

The company's success and expansion have led to a proliferation of business processes, technology infrastructure, and software. Across its organization, KBC Group had a mix of disparate data silos and IT practices as well as disconnected software solutions, from home-grown applications to stand-alone office productivity software, such as Microsoft Office. KBC Group executives asked themselves how to make sense of the untapped business information – information the company already had in its possession – throughout the organization.

Crunching Numbers for Business Insight

Like many other distributed organizations, KBC Group recognized that it was missing out on valuable insights that could be mined from its business data. Without the right software and business practices, business information was just an unwieldy, unrealized potential asset. The company saw too

that heterogeneous solutions and data were creating inefficiencies that affected performance – and profits.

KBC Group identified two principle areas it wanted to address: finance and information and communication technology. With business units throughout the group using different activity-based costing (ABC) methodologies and solutions, KBC Group had difficulty comparing figures and analytical results across the organization. This was compounded by the need to work across national borders, with the challenge of numerous currencies and languages. Simply put, the company needed a way to compare apples to apples and oranges to oranges – in Belgium and across eastern and central Europe.

KBC Group wanted a technology solution that would drive its financial processes and facilitate and enforce standardization of analytics methodologies, practices, and activities. “What we needed was a solution to enable a standardized approach to ABC,” says Bert De Valck, domain responsible for activity-based costing for KBC Group. “We wanted a solution with standard methodologies and metrics, a solution that could be deployed across the enterprise without expensive and time-consuming overcustomization.”

Standardizing ABC Practices

KBC Group wanted to consolidate and centralize its data so that the entire organization could work from a “single version of the truth.” By aligning and standardizing analytics activities and software tools, the company could give business units throughout the enterprise the tools they needed to drive efficiency and enhance profitability.

KBC Group executives knew they needed to improve visibility into financial data so business units could turn this potential asset into profits. KBC Group also wanted a solution that was straightforward to implement and maintain and easy to use – to encourage adoption, communication, and collaboration throughout the organization. To gain visibility into its financial data and a deep understanding of the levers affecting its efficiency, costs, and profitability, KBC Group chose the SAP® BusinessObjects™ Profitability and Cost Management application.

While ABC has long been recognized as a valuable tool for managing costs and improving performance, the SAP application provides comprehensive functionality for additional value that goes beyond traditional ABC solutions. KBC Group realized that SAP BusinessObjects Profitability and Cost Management could help the company align and standardize different enterprise solutions to fit its plans for expansion and further acquisitions.



“The SAP application helps us better understand costs and opportunities, and it makes us more efficient. For example, with the software’s fast calculation times, we can perform a full, detailed European cost simulation in less than two minutes.”

Terence Gryson, Senior Costing Analyst, KBC Group NV

SAP Software Fits the Bill

At the outset of the project, SAP consultants provided a proof-of-concept demonstration that showed SAP understood the challenges KBC Group faced, the goals the company had set, and the direction the company wanted to take. With the rapid completion of the proof of concept, the company could quickly move ahead with the implementation.

With built-in logic and guidelines, the user-friendly application provides the functionality KBC Group needed to enhance and standardize its analytics processes – without the need for IT

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specialists to spend time and other resources writing code and business logic. The application opens up powerful analytical tools and resources to nontechnical users, helping spread efficiency and effectiveness across the organization.

“SAP offered a good combination of powerful software with the functionality we needed – along with great support from consultants and the collective expertise of SAP,” adds Terence Gryson, senior costing analyst for KBC Group.

Implementation by the Numbers

In addition to the functionality and framework KBC Group was looking for, the application provides a standard approach that could be adopted across the enterprise with little or no customization for different countries and business units.

The company rolled out the solution for its information and communication technology and finance processes. By taking a groupwide approach, KBC Group was able to implement standard ABC practices across the enterprise, a critical step to improving visibility into financial data.

The initial implementation, for information and communication technology processes, was accomplished in just 10 months. At the start, SAP consultants handled the deployment and training. With the transfer of knowledge and skills, KBC Group took over. The training of new users unaccustomed to dealing with anything but spreadsheets was critical to the success of the project.

The company implemented the new application, with new practices, processes, and functionality, first in Belgium and then in business units in central Europe. KBC Group was able to adopt best practices and hone processes

and then share them across the organization – spreading the means to increase efficiency and effectiveness through deeper insights into the business.

Bottom-Line Benefits

With costing processes standardized, KBC Group now can compare budgets and costs in different countries and currencies, improving visibility into shared services costing across the enterprise. In addition to providing insight and visibility, the application has enabled KBC Group to greatly improve the efficiency of cross-charging for IT and other shared services.

With the enhanced tools and functionality in the SAP application, business users in cost centers across the enterprise stopped using spreadsheets and other paper-based tools to prepare and track budgets and create financial reports. Automated and streamlined processes have eliminated errors and redundancies caused by manual data entry and stand-alone data sources. As a result, budgeting and costing are now more accurate and efficient – and reliable. For example, the company eliminated a total of 2,250 Microsoft Excel worksheets at 15 information and communication cost centers in 10 business units.

“The SAP application helps us better understand costs and opportunities, and it makes us more efficient,” states Gryson. “For example, with the software’s fast calculation times, we can perform a full, detailed European cost simulation in less than two minutes.” From an IT perspective, the application has enabled KBC Group to cut costs

by reducing licensing fees for point solutions and decreasing maintenance costs for homegrown solutions and legacy software.

Looking Forward

The company will continue to deploy the SAP BusinessObjects Profitability and Cost Management application to enable activity-based costing in its business units in Europe and across the globe. With the application and its powerful ABC functionality, KBC Group plans to continue to standardize and enable costing and budget calculation processes as well as to improve data integration and reporting activities throughout its organization.

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