

ROCHE ACHIEVES FAST CLOSE WITH BUSINESSOBJECTS™ FINANCIAL CONSOLIDATION

“Using BusinessObjects Financial Consolidation, Roche’s ‘Fast Close’ project has cut our reporting cycle from 20 to five workdays, allowing our top management to make business decisions much more quickly.”

Susanne Erkens-Reck, Head of Corporate Finance Informatics, Roche



Industry
Pharmaceuticals

Challenge
Protracted monthly consolidation period and delayed reporting hindered effective decision-making

Why Business Objects?
Business Objects, an SAP company, offers a web-based architecture and the integrated financial consolidation and reporting capabilities Roche needs for effective enterprise performance management.

Business Objects Products and Services
BusinessObjects™ Financial Consolidation application

CHALLENGE¹

The BusinessObjects™ Financial Consolidation application helps dramatically reduce reporting time at the world’s leading pharmaceutical company.²

With 68,000 employees and \$27 billion in revenues, Roche is a leading pharmaceutical company offering a broad spectrum of innovative products and solutions that are developed, manufactured, and sold worldwide. Headquartered in Switzerland and maintaining 180 subsidiaries worldwide, in recent years Roche has adopted increasingly stringent Swiss and European accounting standards, and adheres to International Financial Reporting Standards (IFRS).

Roche struggled with a slow, decentralized reporting process. The lack of up-to-date financial information resulted in staff making decisions at monthly management meetings based on month-old figures. Additionally, managing ad hoc requests for supporting information was a drain on time and resources. “By 2001, we had been a customer of our previous system supplier for 10 years, and our system was completely decentralized,” explains Susanne Erkens-Reck, head of corporate finance informatics at Roche. “Installation CDs had to be distributed worldwide; they were individualized to each local entity and thus each rollout was a major effort. The local branches sent the reported data back through an email-based system. Files were then uploaded at headquarters, and subsequently processed. Patches or changes could only be applied twice a year.”

Determined to improve the reporting process, Roche launched its ‘Fast Close’ initiative. The scope of the Fast Close initiative was sweeping—everything had to be re-examined and re-engineered. Roche decided that it wanted to build a single, universal reporting system that would be available online and have the capability of providing continuous help desk support during reporting cycles. Additionally, Roche set the goal of reducing the closing and reporting cycle to five days.

APPROACH

Roche sought to cut its closing and reporting cycle from 20 workdays to five, with the goal of providing management with a full report on the morning of the sixth day. Local companies were given three days to close and deliver a full report. Headquarters then had to gather and consolidate the data within the following two days. The application needed to be centrally accessible and uniform in use, and it needed to address the problem of time lapses due to different time zones. Additionally, local subsidiaries needed full assistance available continually during reporting times.

Following a three-round evaluation process, Roche selected BusinessObjects Financial Consolidation from Business Objects, an SAP company, for financial data collection and consolidation, which is based on a single, integrated data model. Some 800 local users, working in over 180 subsidiaries across the globe, are now using the same web-based

¹ Initially created by Cartesis, this document was updated by Business Objects following its acquisition of Cartesis in June 2007.

² BusinessObjects Financial Consolidation was formerly known as BusinessObjects Finance.

application. Erkens-Reck says, “BusinessObjects Financial Consolidation was preferred over other consolidation applications.”

Alexandre Mary, head of management and information systems at Roche, adds, “BusinessObjects Financial Consolidation is a very powerful, high-performance consolidation engine. It allows users to add text commentary directly onto the data, which other users can subsequently interpret rapidly. As a result, figures have not only become available more quickly, but are now presented with valuable background information.”

RESULTS

BusinessObjects Financial Consolidation offers improved speed and data quality to 800 users in 180 global locations. During the reporting cycle, help-desk assistance is available 24/7 in Australia, Switzerland, and the United States. Roche achieved its target of closing within five workdays from end of period to financial report publication. The company enjoys numerous benefits as a result of deploying the application—including time-savings, lower cost of ownership, consistent and reliable information (resulting in better-informed management and shareholders), and a finance team refocused on analyzing the business. The new solution also provides Roche with a range of reporting capabilities that include quantitative and qualitative data collection, financial reporting, consolidation, ad hoc reporting, including tax reporting, statutory reconciliation, credit management, insurance reporting, treasury forecast, and sustainability reporting.

Roche now uses a single, global consolidation for the group, without separate steps or sub-consolidation sites. Several additional sub-consolidations are handled centrally, based on the same data. Roche’s subsidiaries report monthly, with increasing data granularity building towards the year-end. The group publishes results twice a year, for the half-year and year-end closing periods.

Additionally, management receives financial figures one month earlier. As planned, reporting time was reduced from 20 to five workdays. Local subsidiaries now take three days to report, and after the San Francisco subsidiary sends the final figures at 3:00am Basel-time on the third workday of the month, Roche headquarters gathers and consolidates all data in just two days instead of 12. Support teams in Australia, Switzerland, and the United States ensure a smooth process. Comprehensive financial statements, including profit and loss (P&L) and balance sheet with full commentary, are available to Roche’s top executives on the sixth workday of the month—roughly one month earlier than it took before the Fast Close initiative. The benefits for Roche are considerable—accurate management decisions because of faster reporting and an improved reputation with shareholders and analysts, thanks to increased data quality.

Peter Stöcklin, group consolidation leader at Roche, says, “The web architecture of BusinessObjects Financial Consolidation gives us full control over a short, five-workday reporting cycle. Headquarters and subsidiaries now benefit from the scope and interactivity of the application, while quick and accurate figures help management focus on strategic issues.”

Roche continues to use BusinessObjects Financial Consolidation for both data collection and as a powerful consolidation engine. Following the completion of Roche’s Fast Close project, the application continues to show its usefulness in the new Cash Flow project for the Roche Group CFO. BusinessObjects Financial Consolidation also has been used to model de-merger scenarios within the Roche group, offering security to prospective buyers.

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