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DELIVERING QUARTERLY RESULTS 50% MORE QUICKLY, CUTTING ERRORS 45%, REDUCING COMPLIANCE EFFORT 25%

"SAP BusinessObjects Planning and Consolidation has cut reporting time by 50% and removed blocks to timely, informed, fact-driven decision making."

Björn Wahlborg, Vice President, Group Financial Control, Sandvik AB

QUICK FACTS

Company
- Name: Sandvik AB
- Location: Sandviken, Sweden
- Industry: High tech – engineering
- Products and services: Engineering products, industrial tools, and mining equipment
- Revenue: SKr 82.7 billion (€9.15 billion)
- Employees: 47,000
- Web site: www.sandvik.com
- Implementation partner: Microsoft Services

Challenges and Opportunities
- Simplify auditing and compliance
- Gain real-time, enterprise-wide transparency for decision makers
- Reduce quarterly report processing time and release results sooner
- Improve user response times and avoid bottlenecks at peak times

Objectives
- Upgrade software to a more scalable version to support all users and regions
- Minimize training needs by allowing users to continue using familiar Microsoft Office tools

SAP® Solutions and Services
SAP® BusinessObjects™ Planning and Consolidation application, version for the Microsoft platform

Implementation Highlights
- Implemented in 4 months
- Gained expertise to leverage best practices and configure software to own requirements

Why SAP
- Ability to consolidate reporting, planning, and forecasting in a single, real-time, groupwide software environment
- Rich functionality that meets complex, multidimensional reporting needs of all countries in all languages
- An interface with familiar, intuitive Microsoft Office front-end software

Benefits
- Quarterly results processed 50% more quickly and released on the 10th day
- Data errors reduced by 45%
- Administration time cut by 23%
- Effort required to comply with International Financial Reporting Standards cut by 25%
- Typical user response times cut from several minutes to 10–15 seconds
- Application rated very highly by majority of users for its efficient working processes and lower cycle times

Existing Environment
Previous version of SAP BusinessObjects Planning and Consolidation, version for the Microsoft platform

Third-Party Integration
- Operating system: Windows Server 2008 Enterprise
- Database: Microsoft SQL Server 2008 Enterprise

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World-leading high-tech engineering group Sandvik AB wanted to improve the speed, transparency, and efficiency of its complex global financial consolidation and reporting processes. The company has used the SAP® BusinessObjects™ Planning and Consolidation application, version for the Microsoft platform, to set new standards in performance, availability, and accessibility to finance teams and decision makers. Sandvik now has the ability to manage consolidation, reporting, and forecasting on an integrated, scalable platform.

Building a Globally Transparent, Integrated Business

Sandvik Tooling, Sandvik Mining and Construction, and Sandvik Materials Technology – the group's primary business areas – are global market leaders in their field. By 2009, the success of the group's advanced engineering products, industrial tools, and mining equipment was generating 10% year-on-year revenue growth, and group income had doubled since 2003. The company's existing consolidation tools could only scale with difficulty to its sophisticated, multidimensional reporting needs. The system also lacked the self-service functionality required by Sandvik's financial teams and analysts. In addition, the group wanted to simplify auditing and automate compliance with increasingly stringent and complex international regulatory and reporting requirements.

"Around 1,000 people in 475 reporting entities and 130 countries are involved in financial consolidation and reporting," says Patrik Sköld, manager of process and systems development for group finance control at Sandvik. "For five days each quarter, 300 of them become concurrent users, pushing the system's load to 12 million financial transactions. Response times during peak periods were taking several minutes, and extracting reconciliation statements could take up to 10 minutes or more."

Breaking New Ground in Financial Reporting

Sandvik wanted to increase its focus on real-time business analysis to drive competitive advantage in a dynamic, competitive global arena and required enterprise-wide transparency for fact-based strategy planning and decision making. "We make frequent changes to our company structure and product areas in line with market needs," says Björn Wahlborg, vice president of group financial control for Sandvik. "In addition to a faster global close, we wanted to perform bottom-up, top-down financial and operational planning for each business area, product, and brand. Another goal is to streamline budgeting, forecasting, and planning and integrate these activities with consolidation and reporting."

The group was keen to achieve rapid user adoption with minimal training for any new reporting solution. Sandvik also wanted software that would integrate with its Microsoft operating system. Financial teams and analysts wanted to continue to use their familiar Microsoft Office applications and analysis tools to access and work with live data.

Achieving Top Customer Value with Complementary Technologies

Sandvik chose the SAP BusinessObjects Planning and Consolidation application for its rich functionality and support for the group's complex and demanding reporting requirements. The application's multicurrency functionality would support all users and regions. With a version available for the SAP NetWeaver® technology platform and a version for the Microsoft platform, the application could replace Sandvik's three legacy reporting, planning, and forecasting tools with a single solution. This would support inherent integration with Sandvik's Microsoft platform and user tools.

"SAP BusinessObjects Planning and Consolidation could optimize reporting and provide us with a platform for integrating planning, budgeting, and forecasting in the longer term," says Wahlborg. "Continuous investment in product innovation from SAP would enable us to accommodate ongoing changes to business and regulatory requirements."

"We already had strong, long-term relationships with both SAP and Microsoft," says Sköld. "The close partnership

"Close collaboration between the teams from Sandvik, SAP, and Microsoft ensured that expertise was shared at every stage."

Patrik Sköld, Manager, Process and Systems Development, Group Finance Control, Sandvik AB

between SAP and Microsoft would help us capitalize on our existing investments and build an unbeatable global consolidation platform."

Maximizing Security, Fault Tolerance, and Scalability

Sandvik worked with consultants from Microsoft Services and SAP to complete the implementation that runs on the Windows Server 2008 Enterprise operating system within an aggressive four-month timetable. The group's Web-based SAP BusinessObjects Planning and Consolidation application is located at the company's head office in Sandviken, Sweden.

"The SAP team helped us gain stakeholder input, approve system setup before going live, and rework our processes around the application," details Sköld. "Close collaboration between the teams from Sandvik, SAP, and Microsoft ensured that expertise was shared at every stage. This partnership enabled us to implement a consolidation and reporting architecture that is both unrivalled for fault tolerance, security, and ease of scalability and also simplifies IT support and maintenance."

Consolidating from a Single Source

Employees gain secure, role-based access to context-sensitive information via their familiar Microsoft Excel front-end software. The intuitive application required minimal training for Sandvik's users, 90% of whom have rated it highly for its well-designed working processes. It has cut cycle times and improved user productivity.

Data for consolidation is extracted from 14 financial applications ranging from sales to intercompany transactions and pensions and benefits across Sandvik's 475 reporting entities and 3 business areas. The information is then subdivided into 30 segments for further analysis, from which corporate quarterly reports and sales figures for each division, country, brand, or product are compiled.

Around 12 million user requests were transferred during the first-quarter book closing. Average response time was within 10–15 seconds, instead of several minutes using the legacy system, and greatly exceeded the 30-second target. Reconciliation and controller report statements were generated within 20 or 30 seconds instead of up to 10 minutes. The software also scaled readily to accommodate daily and monthly activity peaks without impacting response times to users.

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Benefiting from User-Focused, Process-Centric Reporting

Executives gain a real-time view of each entity's reporting status from an online business planning and consolidation dashboard. A graphical world map monitor displays the same information at Sandvik's head office. Self-service analysis and drag-and-drop interfaces allow teams to create reports on the fly as needed. "We have cut administration effort by 23%, reduced overtime, and given financial managers, analysts, and line-of-business owners more time to spend on strategic issues," observes Wahlborg.

Setting New Performance Standards for Large Installations

Using the SAP BusinessObjects Planning and Consolidation application has enabled Sandvik to confirm results on the 10th instead of on the 20th working day after the end of the quarter. Automated data entry has cut errors by 45%. Improved data collection and setup within the application has reduced the work needed to comply with the International Financial Reporting Standards by 25%. Correct formatting has made financial reporting transparent and simplified external auditing by providing a fully automated audit trail from a single data repository.

"The version of the SAP BusinessObjects Planning and Consolidation application for the Microsoft platform has enabled Sandvik to break new ground in group reporting," praises Wahlborg. "We believe we are among the first in the world to use this architecture for such a complex, large-scale installation, and it has exceeded all our expectations for performance, accessibility, and functionality."

"The combined technologies of SAP and Microsoft have propelled group reporting performance far in advance of where it was before, delivering substantial benefits to IT as well as to business users," affirms Sköld.

Innovating with Vision

Sandvik is considering the possibility of providing key executives who travel globally on a regular basis access to data in SAP BusinessObjects Planning and Consolidation via iPads. The implementation would involve the "iPad-ready" user interface from SAP. The group would also like to enhance its enterprise-wide intelligence platform by implementing SAP BusinessObjects Dashboards software. An intuitive point-and-click visualization tool, the software will allow users to carry out interactive analytics, perform what-if analyses, create dashboards from live data, and share timely insights with colleagues via Microsoft Office. In the longer term, Sandvik has a vision of integrating SAP BusinessObjects governance, risk, and compliance (GRC) solutions into its performance management platform in order to embed real-time intelligence into all business processes.

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