AKZONOBEL

TREASURY APPLICATIONS FROM SAP HELP SPEED CASH FLOW AND LOWER OPERATING COSTS

"SAP Treasury and Risk Management has completely fulfilled our expectations."

Peter van Rood, Group Treasurer, AkzoNobel N.V.

QUICK FACTS

Company
- Name: AkzoNobel N.V.
- Headquarters: Amsterdam, the Netherlands
- Industry: Chemicals
- Products and services: Paints, coatings, and specialty chemicals
- Revenue: €14.6 billion
- Employees: 55,590
- Web site: www.akzonobel.com
- Implementation partner: Zanders Treasury and Finance Solutions (Bussum, the Netherlands)

Challenges and Opportunities
- Unify treasury operations of newly merged companies
- Speed cash flow and increase financial transparency
- Establish standardized connection to multiple banking partners

Objectives
Install single treasury solution to cut operating expenses across worldwide operations

SAP Solutions and Services
- SAP® Treasury and Risk Management application
- SAP Cash and Liquidity Management application
- SAP In-House Cash application
- SAP Bank Communication Management application
- SAP Integration Package for SWIFT

Implementation Highlights
- Rapid – 12 months
- Single rollout of all functionality
- Use of standard processes supported by SAP software
- Tight project management and quality assurance via audits

Why SAP
- Corporate standard
- Leading treasury applications
- Software suitable for a global organization
- Reasonable annual maintenance costs

Benefits
- Reduced operating expenses dramatically
- Increased process automation for faster cash flow
- Gained ability to see near-real-time payment status
- Eliminated manual intervention and rekeying of data
- Redeployed resources to greater value tasks
- Established platform for further improvements in procure-to-pay and order-to-cash processes
- Provided single interface with banks

Existing Environment
- Disparate legacy systems for treasury functions
- SAP ERP application

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When AkzoNobel N.V. – a global market leader in paints and coatings and a major producer of specialty chemicals – merged with Imperial Chemical Industries, it had to quickly streamline cash processing and ensure financial transparency across two previously separate organizations. The Amsterdam, Netherlands–based Fortune 500 company chose treasury applications from SAP to handle the mission, with the SAP® Treasury and Risk Management application playing the leading role.

AkzoNobel implemented the SAP software in 12 months, in a deliberate, six-phase process, for faster, straight-through processing of payments, better cash visibility, reduced costs, and more. The rollout time was especially impressive because it included 417 business units and all of the treasury applications from SAP.

SAP Treasury and Risk Management Is Primary Focus

AkzoNobel first focused on SAP Treasury and Risk Management to remove multiple manual steps from the payments process. As a result, the treasury department can now see near-real-time payment status, and it has just one interface with all its banks. The new software is also structured with standardized contracts, interfaces, and formats, so AkzoNobel can easily link to banking partners. The overall result in addition to streamlined processes: lower costs.

"Using SAP Treasury and Risk Management, we reduced operating expenses dramatically," says Peter van Rood, group treasurer with AkzoNobel. "We achieved considerable process automation in payment processing, lowering manual intervention. We have been able to redeploy resources to tasks that add greater value to the business. The software is a great platform for further improvements in our procure-to-pay and order-to-cash processes. SAP Treasury and Risk Management has completely fulfilled our expectations."

AkzoNobel was just as pleased with the other applications. The company achieved end-to-end security for its payment files via the SAP Bank Communication Management application, which streamlines corporation-to-bank communications and provides straight-through processing, while helping to improve payment control and lower processing costs. AkzoNobel also adopted the SAP Cash and Liquidity Management application to monitor and manage cash flow and liquidity and generate comprehensive and timely cash forecasts and plans; the SAP In-House Cash application to enable centralized control of banking balances, cash management, and payments; and SAP Integration Package for SWIFT (Society for Worldwide Interbank Financial Telecommunication) to allow direct connection to SWIFTNet, the bank payments network, for a single point of connectivity to multiple banks.

Merger Leaves Multiple Legacy Systems

After merging with Imperial Chemical Industries, AkzoNobel found itself with a disparate array of treasury systems. The legacy environment, which included multiple interfaces, was partly based on obsolete technology and was difficult to maintain. It was also clear the software would not be able to handle new, larger transaction volumes and complexities. And due to lack of integration between the systems, AkzoNobel often had to rely on manual processes and reconciliations, increasing the risk of error.

AkzoNobel's goal was treasury transformation. The company wanted to establish integrated, standardized, and effective treasury processes group-wide and create a world-class treasury department that ranked in the top quartile of its peers. To get there, it needed a full range of capabilities and a high degree of automation. "We had to reduce IT costs, since they had become very substantial," van Rood says.

SAP Software Is the Corporate Standard, Functional Choice

AkzoNobel's treasury department evaluated its choices. The company has an ongoing strategy to implement

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SAP software – each department uses SAP solutions unless business reasons dictate otherwise. "We needed software that could process large volumes of transactions, and we had to integrate cash management across our subsidiaries," van Rood says. "SAP Treasury and Risk Management and the other treasury applications addressed these needs. The software was in line with our corporate IT strategy and one of the best in the treasury solutions market. And it was available at a reasonable annual maintenance cost."

For AkzoNobel – a globally dispersed organization already using SAP business software – deploying the treasury solutions made perfect sense. Comments van Rood, "For companies like ours that have the SAP ERP application as the backbone for their business processes, treasury solutions from SAP should be the first choice due to ease of integration and a lower total cost of ownership."

Large-Scale Rollout Speeds Time to Value

When it came time to implement the software, AkzoNobel faced a classic dilemma: roll out the applications in stages or in parallel. A sequential implementation would lessen project complexity but delay value realization; the parallel approach would bring value more quickly but require unforgiving alignment of all project elements. The company decided to deploy the treasury applications from SAP all at once to get a faster ROI and maintain project momentum during a tight time frame. AkzoNobel adapted its processes to the standard SAP software where possible.

The company cites strong quality assurance as a key success factor for the 12-month implementation. "Internal and external audit teams reviewed our progress," van Rood says. "This added work and time, but ultimately it ensured better quality and stronger control."

Others agree; AkzoNobel has received international recognition for the success of the project. It won The Treasury of the Year Award at EuroFinance in Geneva and was also awarded the Treasury Technology Implementation Project of the Year – and Treasury Team of the Year – at the gtnews Global Corporate Treasury Awards.

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Single Interface Simplifies Bank Connectivity

A key benefit of the project was the introduction of a single, standardized interface to multiple electronic banking systems. AkzoNobel realized it would add complexity and weaken control if it had to maintain multiple interfaces. Streamlined, best practices–based processes and straight-through processing via a SWIFT service bureau resolved that issue.

"We use SWIFTNet for making payments, retrieving statements, and matching confirmations," van Rood says. "The key elements to the integration between SAP Treasury and Risk Management and SAP Integration Package for SWIFT are the SAP NetWeaver® Process Integration offering and SAP Bank Communication Management. In particular, SAP Bank Communication Management has been essential in achieving the seamless integration and electronic banking functionality that we need."

AkzoNobel now has the tools in place to easily access other banks as well as banking partners in the United States, Asia, and Latin America. "The treasury applications from SAP are scalable, enabling us to add further capabilities in the future," van Rood says. "For example, we recently implemented an electronic trading platform with automated deal logging using the SAP software. This is but one of many innovations to come."

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