



AGC AUTOMOTIVE

AUTO GLASS SUPPLIER OPENS A WINDOW TO CLEAR FINANCIAL INFORMATION

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Paolo D’Alo, Director, Control and IT,
AGC Automotive

QUICK FACTS

Company

- Name: AGC Automotive, a division of Asahi Glass Company Ltd.
- Location: Tokyo, Japan
- Industry: Automotive – suppliers
- Products and services: Windshields, back windows, side glass, sunroofs
- Revenue: US\$2.5 billion
- Employees: 14,000
- Web site: www.agc-automotive.com

Challenges and Opportunities

- Provide standardized, consistent financial reporting across regions and countries
- Give business leaders better insight into company performance
- Consolidate financial information more quickly, efficiently, and accurately
- Significantly improve closing-cycle times

Objectives

- Build a framework for consolidating financial data from diverse business units, regions, and countries
- Establish a common database for financial information
- Enable creation of reports that provide different views of the business (geography, line of business, time period, budget versus actual, budget versus forecast)

SAP® Solutions and Services

SAP® BusinessObjects™ Financial Consolidation application

Implementation Highlights

- Streamlined implementation by using pre-configured application settings
- Completed project on time and within budget
- Leveraged existing Microsoft Excel data-entry packs to minimize disruption to end users

Why SAP

- Robust, scalable financial consolidation and reporting application
- Ease of integration with existing applications and databases
- Ability to meet the needs of both business and IT users

Benefits

- Clear and consistent variance analysis to identify opportunities for improvement and corrective actions
- Harmonization of accounting and reporting policies
- More flexible view of business performance
- Current, actionable information across the enterprise
- Faster, more accurate closing cycles
- Greater confidence in financial statements

Existing Environment

Custom-built and third-party applications

Third-Party Integration

- Database: SQL Server 2000
- Operating system: Microsoft Windows Server 2003

“When you don’t have confidence in the quality of your data, that’s a sure recipe for confusion,” says Paolo D’Alo, director of control and IT at AGC Automotive. As a leading global provider of glass products for the automotive industry, AGC recently concluded it needed to dispel the confusion arising from inconsistent financial data. With no standardized methodology for consolidating information from its many regions and business units, AGC’s business leaders seldom had a clear picture of how the company was performing. To overcome this dilemma, AGC implemented the SAP® BusinessObjects™ Financial Consolidation application – robust, flexible software that leverages proprietary processing technology to streamline financial consolidation and reporting processes.

Putting the Pieces Together

Based in Tokyo, Japan, AGC Automotive is the world’s largest supplier of automotive glazing. The company manufactures windshields, back windows, side glass, and sunroofs for almost all of the world’s major car companies as well as the replacement market. With revenues of US\$2.5 billion, manufacturing operations in 15 countries, and 3 affiliate companies, AGC has achieved a dominant position in the highly competitive automotive supply market. Recently, however, the company faced challenges stemming from inefficient financial consolidation and reporting processes. Financial managers were finding it increasingly difficult to deal with multiple currencies, accounting standards, reporting guidelines, and compliance regulations.

Consolidation was a particular concern. The process consisted of amalgamating subconsolidations submitted via spreadsheets from many different business units and regions. When the financial staff tried to integrate and standardize the figures, they had trouble applying consistent rules across the overall consolidation process. While financial information was collected monthly, it was treated somewhat differently each time. “With our old application, it was hard to maintain control over the many versions of our financial data,” says D’Alo. “There were limitations to the way we could treat foreign exchange translations, consolidate by business segment, and account for intracompany sales.” Not surprisingly, few executives or managers trusted the accuracy of the financial information, which meant that supplying

consistent data for management presentations was problematic.

Getting a Clearer Picture of Financial Performance

To resolve these issues, D’Alo and his team concluded that the company needed to make several key improvements. The first step: creating a common database of financial information. A second goal was creating a standardized approach for the treatment of financial data. With different accounting policies and reporting cultures in AGC’s many regions and business units, the company needed to harmonize both the data and the processes used to collect and share it. A third objective was to increase the flexibility and accuracy of consolidation and reporting activities. “It’s really important to see free cash flow without the impact of exchange rates, which can be huge,” says Pierre Boitard, a financial analyst at AGC Automotive.

After an in-depth evaluation of competitive products, AGC chose SAP BusinessObjects Financial Consolidation to help streamline and enhance the company’s financial closing and reporting processes. The application is used by AGC’s head-office finance team for financial consolidation and reporting and by one finance person per region. The company leverages the software to track performance versus budget and performance versus prior year – both with full monthly consolidation that includes reports on profit and loss, balance sheet, and cash flow.



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Paolo D'Alo, Director, Control and IT, AGC Automotive

Putting the Software to Work

AGC was able to implement the consolidation software in less than 90 days. The IT team brought the project in on time and within budget by deploying the application with very few changes to its standard configuration settings. End users were pleased that the software accommodated familiar data entry processes with virtually no disruption to their work patterns.

Shortly after deployment, financial leaders noted significant improvements in many aspects of the consolidation process – particularly a newfound ability to standardize financial data across the enterprise. “With SAP BusinessObjects Financial Consolidation we can establish uniform consolidation rules for all our regions,” says D'Alo. “That has helped us make substantial improvements in the consistency

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Pierre Boitard, Financial Analyst, AGC Automotive

and discipline of our reporting.” Equally important, AGC has been able to harmonize policies and standardize reporting formats. “The application gives us a powerful lever for enforcing accounting classifications across the enterprise,” says D'Alo. “It also helps us identify trends and provide an accurate financial picture to senior

management, which we were unable to do previously.” As part of the effort to provide better financial data to senior managers, D'Alo and his team are using the consolidation software to sharpen cash flow calculations. “SAP BusinessObjects Financial Consolidation helps us identify transactional flows, provide an accurate cash flow statement, and track changes in our balance sheet,” says D'Alo. “These are some of the major benefits of our implementation.”

Sharpening the Focus

More flexible views of the business are another benefit. After a recent reorganization, AGC leveraged the software to handle tracking and reporting for newly created business units that hadn't been broken out in the past. “SAP BusinessObjects Financial Consolidation gives us the flexibility to

separate and analyze the data from our business segments,” says D'Alo. “It's now much easier to evaluate a business unit because we can dissect it according to region, country, time period, and actuals versus budget.”

With harmonized reporting and accounting processes, AGC no longer has

to worry about conflicting versions of financial performance. As a result, executives – and other stakeholders such as customers, investors, and regulators – have a better understanding of how the company is performing. “Before implementing SAP BusinessObjects Financial Consolidation we had many ways of translating financial statements, each of which resulted in different figures,” says D'Alo. “Now we have much more confidence when we prepare and present financial data.”

Looking Ahead

AGC Automotive is currently rolling out the SAP BusinessObjects Financial Consolidation application to several of its global entities. As it continues to leverage the application at different levels of the enterprise, AGC benefits from access to consistent financial information, an in-depth understanding of global cash flow, and a clear perspective on all aspects of the business. “We now have a reliable tool to ensure that reporting entities are using the same accounting classifications,” says Boitard. “We can better analyze our business by drilling into any geographical or business segment and isolating the effect of changes in the scope of the consolidation.” From analyzing performance variables to developing a top-level strategy to fine-tuning a sales approach, AGC relies on SAP BusinessObjects Financial Consolidation for accurate, standardized, and comprehensive financial information that management and stakeholders can trust.

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