

Consumer Electronics Company

A household name company providing a wide range of consumer electronic goods.

The Business Issue

With operations across Europe, and a Head Office in Japan, the newly formed European office was finding it hard to keep track of the monthly information being requested by HO and reported by the countries. Each country had a different GL from different vendors. There was no standard reporting mechanism and no common chart of accounts. The European consolidation was done at a very high level in spreadsheets.

Further, there was no integration at all between the sales and marketing view (product reporting and budgeting), and the financial view.

The Solution

Rockport Software proposed a solution which would satisfy the reporting requirements of the local countries within Europe, the European management team, and the international management team in Japan.

The initial implementation was built in Oracle Financial Analyzer (OFA) in the UK, using the local accounting structure to report the P&L and Balance Sheet. This was rolled out to the European countries, with the only modifications being to the local organization structure, accounts, and customers. The company implemented a European chart of accounts, consistent with the local accounts and with Japan. Data loading, calculation, translation and consolidation was then possible in the new centralized OFA model.

The product level budget was also developed and consolidated in OFA, removing the need for complex spreadsheets, and enabling the company management to view the consolidated budgets quickly and easily as they were developed.

The Benefits

The company could now view their local and consolidated financial results on a monthly basis, without manual consolidation in spreadsheets. The local country and European management could now work from the same set of numbers. Also, the reporting to Japan was greatly simplified, as the output required by the Japanese could be created automatically as part of the consolidation process.

The time to produce the final monthly pack was reduced from many days to a single day. As the consolidated figures included product and customer detail, local country and European management had instant access to sales data consistent with their P&L and Balance Sheets.

The performance of countries and products could be more easily compared in local currency and in two reporting currencies (euros and yen, translated at a number of different rates, such as budget, average monthly, period end). The effects of currency fluctuations on business unit performance could therefore be removed where necessary, while at the same time retaining the true statement of results in the reporting currencies.

Customer profitability could now be assessed, and pricing and discount schedules could now be prepared more consistently than before, particularly for those customers who operated across Europe.

As the budget was also developed in OFA, the management team could now assess performance against last year, and against budget in the same single source, providing faster, more reliable reporting and a better platform for understanding where and why variances occur in order to take appropriate

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action more quickly. This is particularly important in the assessment of actual selling price versus target, as immediate action is normally required to adjust pricing (and inventory) in local stores where necessary to respond to competitor actions.

A greater understanding of the implications of movements in pricing and volumes of products over time enabled the company to develop more accurate forecasts, and consequently to reduce expensive inventory. Products performing less well in one country could more easily be redirected to a more successful country, allowing for localizations. The company treasurers also benefited from the more accurate cash forecasts and were better able to hedge currencies.