

IBM Performance 2011

Smarter Decisions. Better Results.



IBM PERFORMANCE EVENTS

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Collaborative driver based Financial
Planning

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November 16th



- SCA Packaging presentation
- Challenges & Situation
- Integrated Vision & Objectives
- Approach
- Solution & Results
- Future developments
- Conclusion

SCA Group – Business areas



*external sales figure, excluding all inter company sales

SCA Packaging – *The full service Packaging provider*

- One of Europe's leading suppliers of packaging solutions
- Europe's second largest producer of containerboard paper
- Worldwide 2010 sales amounted to SEK 29,633M (EUR 2.8 bn)*



SCA Packaging – *European coverage*

Close to our Customers

- Close to 200 production units in 25 countries
- 6 containerboard paper mills (2 kraftliner/ 4 testliner)
- 15 Design Centres
- Innovation Centre in Brussels
- 15,200 employees



Latest updated: October 2008

SCA Packaging – Product Portfolio

Documentation

- full colour printed materials
- marketing materials
- kitting



Accessory packaging materials

- foils
- pallets
- adhesive tapes, etc



Inserts

- PaperFoam®
- moulded pulp
- corrugated



Foams

- EPS moulding
- EPE conversion

Conventional Corrugated

- up to 6 colour print
- specialised solutions for trade handling



“Be a **full-service packaging provider** by growing and **differentiating** our core business to offer our customers **increased value**”

Consumer packaging

- litho-laminated printing
- solid board and micro fluting



POS displays

- free standing units
- shelf display units



Plastic moulded packaging

- returnable trays
- blister packaging



Industrial/ Heavy Duty

- large boxes
- heavy grades
- temperature-controlled solutions

Speciality

- anti-corrosion
- Anti-static

SCA Packaging – *Supporting Winning brands*



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Challenges

- **Finance & Planning** department to become a **true business partner** and help the business make better, faster and more informed decisions
- Changing business conditions such as the one experienced in 2009 requires the business to **quickly adapt its plans and strategy**
- To support that we need an **effective financial and strategic planning system** to review plans, assumptions and recommendations



Situation

The **Financial & Strategic planning** process:

- Yearly exercise, 3 years horizon
- Budget and Strategic planning combined
- Covering P&L, Balance Sheet and Cash Flow statements
- High number of business units, wide geographical coverage, different currencies and business types
- Excel based and manual computations
- Upload into consolidation system for review



Situation



Consequence:

- **Complex process**, time consuming and labour intensive
- Quickly **outdated plans** as we advance in the year
- **Poor forecast accuracy** and weak targets
- Differing versions of the “truth”

Limitations:

- Difficult to run “what if analyses”
- Maintain the plans aligned and data consistent



Main Objectives

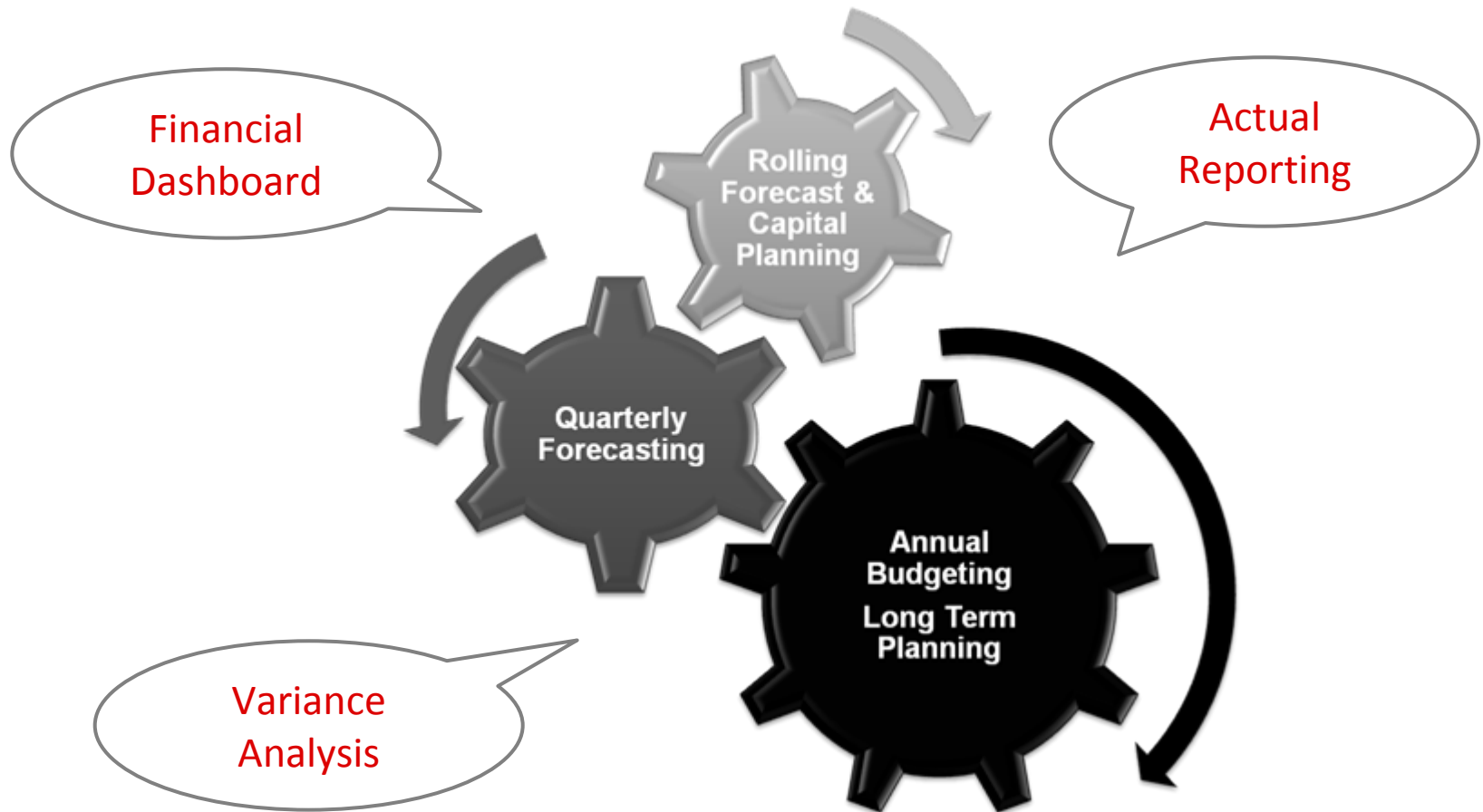
- Reduce complexity of the process
- Increase the very quality of data
- Improve forecasting accuracy
- Increase flexibility
- Run scenarios and “what if analysis”



Solution:

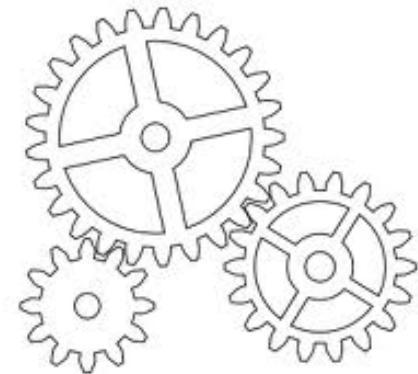
- **Integrated planning cycle** linking monthly, quarterly and yearly forecasts
- **KPI driven model** to instantly see the impact on key strategic objectives
- **Bottom up** and **Top down** process combined

Integrated Planning cycle



KPI driven model

- Calculated financials based on **driving KPIs**
- Financial statements can be **instantly updated** to see the **impact on key strategic objectives**
- Possibility to run **multiple scenarios** by changing only a few key drivers



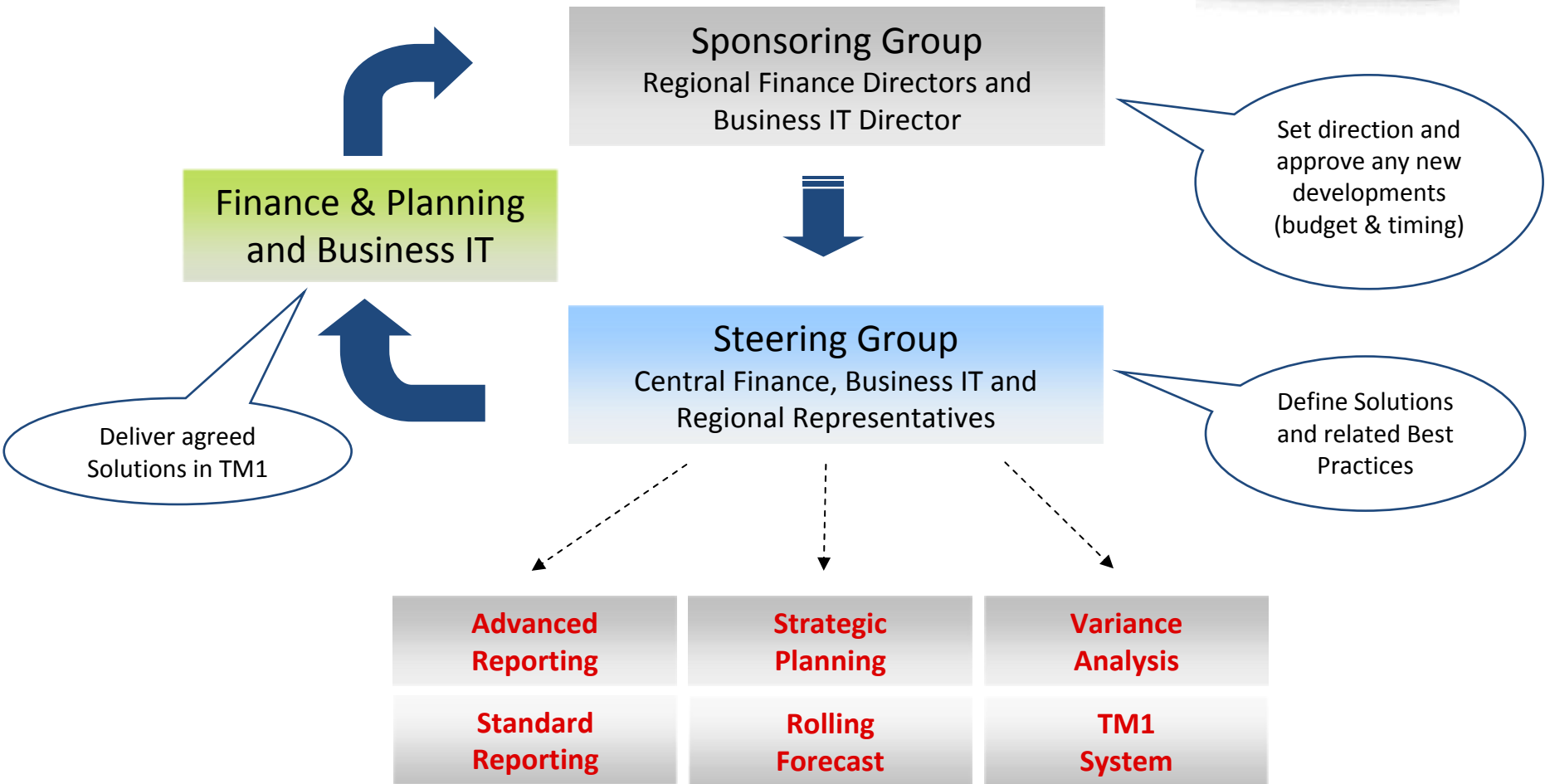
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Collaborative approach

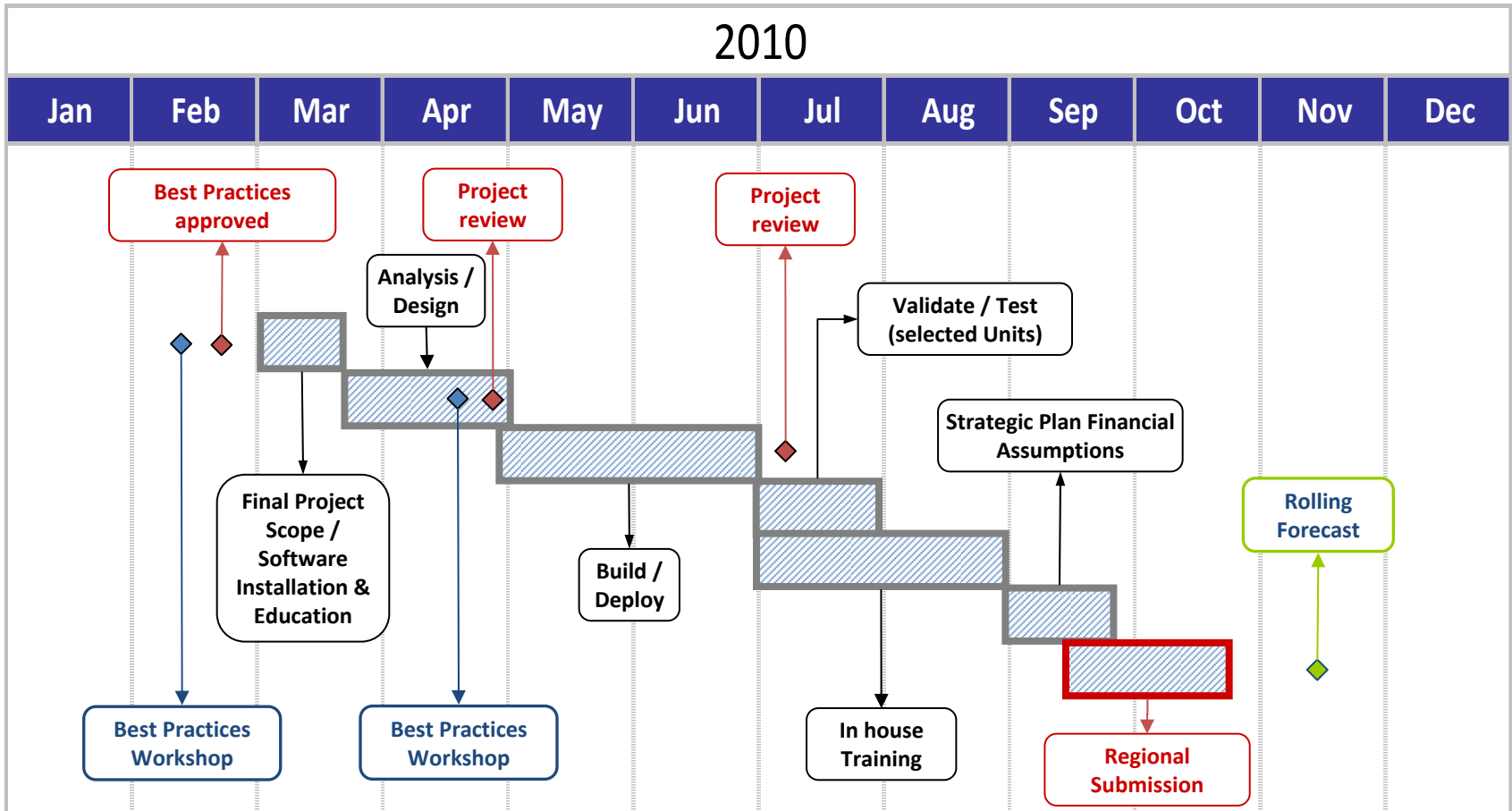
- Reduce the “distance” to the highly **decentralized** finance organization
- Accommodate needs/input from all levels of the organization combining **Bottom up** and **Top down** process
- Alignment with **IT Strategy** at SCA Packaging and existing tools such as **COGNOS 8 BI**
- Implement **Forecasting Best Practices** across SCA Packaging



Project Governance



Project Timeline



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Solution

Planning process **IBM COGNOS TM1** based:

- Budgeting, Forecasting and Analysis under **one system**
- **Flexible** and **Scalable**
- **Real time** consolidation
- **User friendly** Web and Excel base interfaces
- **Dynamic** and **Automated** computation

Cognos[®]
software

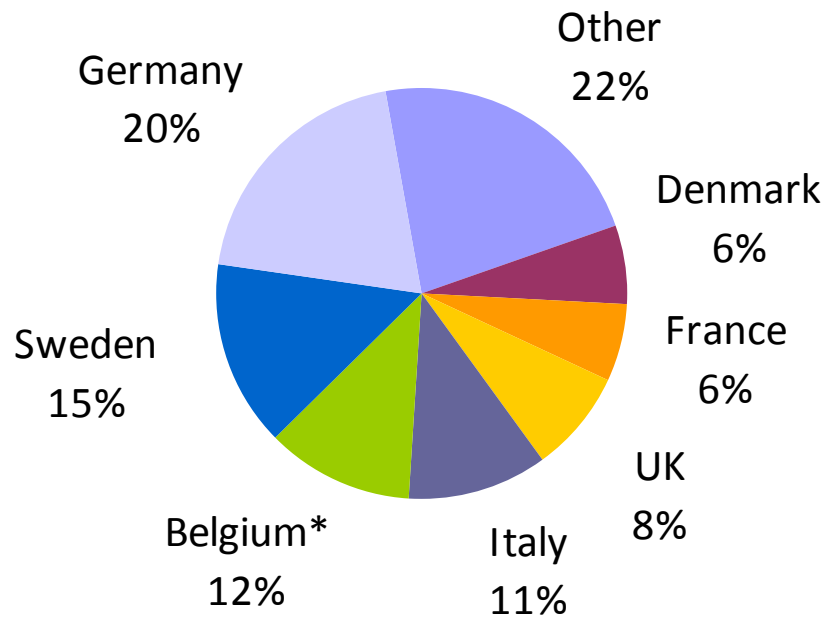


Solution



- Actual, Forecasting and Capex cubes
- 24 Dimensions
- 4 Currencies
- 6 Types and 4 versions available
- 800 accounts for forecasting and 1900 for actual reporting
- 350 KPIs
- 580 Locations (Incl. Eliminations)
- 150 Users

User community



- 150 users across Europe
- The bottom up approach helps capturing the specificities of the different businesses
- User friendly Web and Excel base interface accessible to a broader audience
- Time freed up to perform value added tasks

*including Headquarters

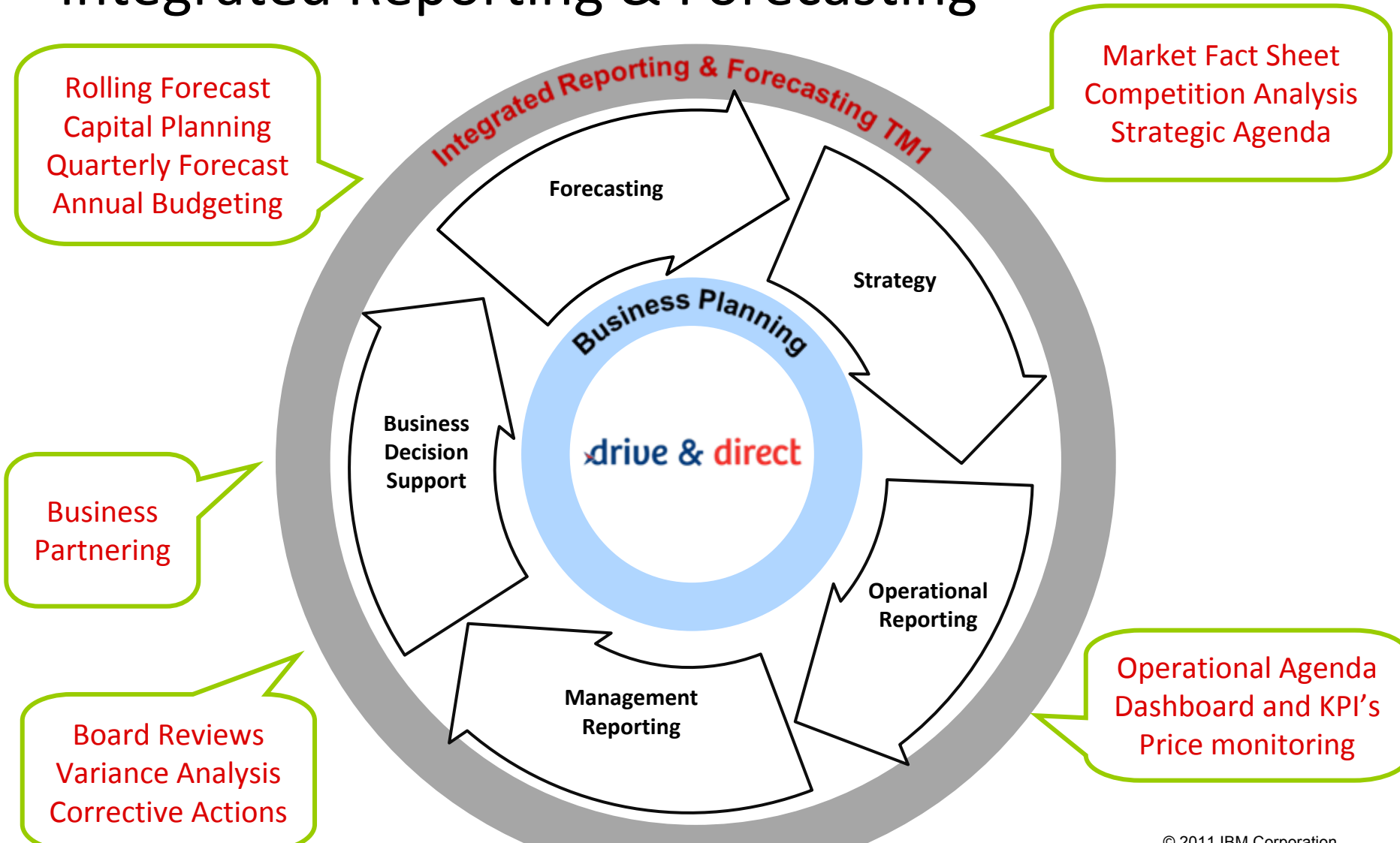
Benefits

- Streamlined and faster process
- Better alignment of targets and metrics to measure business success
- Improved forecast accuracy
- Increased flexibility and ability to create scenario analysis
- Improved data consistency
- Improved investment decision process
- Mindset from backward to forward looking



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Integrated Reporting & Forecasting



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Conclusion



- **Cognos TM1** now has the potential to deliver a **complete business intelligence** and **performance management** system for SCA Packaging Europe in the near future
- It will allow for joint efforts in planning, analysis, business modelling, **collaborative decision-making** and will increase the use of **real-time information**
- “This is a **Culture Change** opportunity for the **Finance function** to be **forward looking** and more **business partnering** to the organisation”

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