



Surviving Divestiture with Oracle® Hyperion Financial Management™



“(The acquisition firm’s) track record in helping organizations reach their full potential makes them the ideal partner for (us). We’re looking forward to collaborating with their experts to accelerate the repositioning of our automotive and commercial vehicle business for sustainable success.”

—President

This company is the world leader in the design, development and production of high quality electrical and electronic distribution systems for personal and commercial vehicles. With more than 60 locations in 11 countries and 35,000 employees around the world, the company meets the needs of vehicle manufacturers and their component suppliers in the major automotive centers of the world—China, Japan, Asia, Europe and USA. They are dedicated to offering unmatched levels of quality, delivery, and launch performance—providing competitively priced products for customers and lifetime value for the vehicles they produce.

In 2009, the company was divested by a world leader in the production and management of aluminum and acquired by a global merger and acquisition firm focused on acquiring businesses that need operational support. Now, as a wholly-owned subsidiary, the company has the opportunity to create significant long-term value and continue its dedication to customers. Critical to this opportunity, however, is the ability to provide visibility into financial performance to their acquisition parent.

Challenge

After being acquired, this company needed to provide financial information to its acquiring firm. However, they had little capability for financial reporting or analysis. In fact, its previous owner only provided summary consolidated financial results. Furthermore, the company was bound by expensive agreements with its previous parent to provide all financial capabilities and data feeds, on its parent time table. Most critical, the company needed to close its books as a stand-alone entity on October 31st, and it was already June 6th!

Drivers of Business Value

The following business values were also identified:

- Platform for Growth: Global Scalability
- Increased Efficiency and Effectiveness: Reduced Cost
- Robust Control Environment: Quality and Integrity
- Improved Data and Information: Accuracy and Consistency
- Enhanced Reporting: Flexibility and Visibility

In order to provide their owners financial statements and reduce costs, the company turned to a long-time, trusted partner, Key Performance Ideas.

Solution

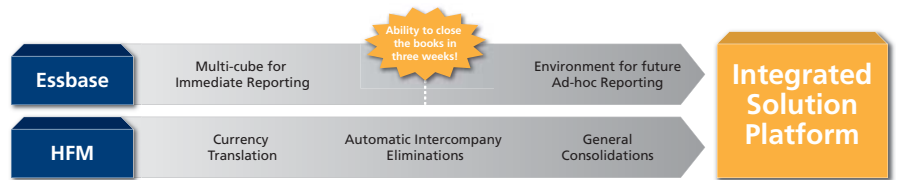
Key Performance Ideas teamed with the company and performed a gap analysis. The analysis documented current capabilities and on-going needs in the financial reporting area. Specifically, the analysis outlined the issues of previous parent reporting, cost of reporting, and report failure, such as the need to reconstruct many of the formulas across various eliminations and conversions to deliver accurate information. These costs, particularly time and resources, provided a business case to the company to fund a new financial reporting solution and platform.

The company reviewed several technologies and selected Oracle Hyperion Financial Management (HFM), a comprehensive, Web-based application. The company selected HFM due to its ability to deliver global financial consolidation, reporting and analysis in a single, highly scalable solution, including multi-currency conversions. Furthermore, the company's finance team was familiar with the software and considered HFM critical since it was built to be owned and maintained by the enterprise's finance team—improving agility to meeting near-term goals and responding to a fast-changing set of requirements. To perform ad-hoc financial analysis and general managerial reporting, the company selected Oracle's Hyperion Essbase™.

Approach Delivers Immediate Needed Visibility

With the two products on-hand, Key Performance Ideas developed an optimal roll-out plan for the company. Knowing that financial visibility was critical, Key Performance Ideas developed a detailed plan to leverage Essbase, a multiple cube environment, to deliver immediate financial reporting while also developing a HFM application to perform currency translation, automatic intercompany eliminations, and general consolidations.

Figure 1: A Concurrent-Approach



Solution Phase: Essbase Reporting and Analysis

Concurrent with the HFM implementation effort, the Essbase environment was critical to deploy quickly and be in production for the October 31st deadline to close the books. It would also create a financial reporting environment independent of its previous parent and provide robust ad-hoc analysis for their new owner. Key Performance Ideas ensured that user interfaces were intuitive and drove efficiency, as well as delivered a scalable solution that the company will continue to leverage as it grows and evolves.

Solution Phase: HFM

In order to enable self-sufficient monthly financial reporting, Key Performance Ideas created a set of core financial reports that could be exported to an Essbase cube for additional reporting and analytics. Furthermore, Oracle's Financial Data Quality Management™ (FDQM), a packaged solution that helps drive standardization of financial data management processes, was leveraged to import data from the Data Warehouse. The Data Warehouse was provided by the company's previous parent. FDQM was used to map and transform data from the warehouse to HFM and allowed for the consolidation of the data, as well as processing foreign currency translations and intercompany eliminations. The company also leveraged Financial Reporting Studio™ to create basic and critical financial reports. Now, all users can access HFM data via WorkSpace™ in a consistent and dynamic fashion and the company can now calculate various rules, including business unit calculations and company metrics.

Solution Phase: SMART for On-Going Support

Finally, the company realized that additional support was needed, particularly post-roll out, while their people were adjusting to the new financial systems environment and new acquisition parent. The company turned again to Key Performance Ideas to provide The SMART Advantage™ (System Maintenance And Remote Troubleshooting Program). Key Performance Ideas created SMART for mission-critical functions, such as consolidation, close, reporting and forecasting. The company leverages SMART to provide on-going support, such as data loading, metadata maintenance, data reconciliation, report maintenance. The experts of Key Performance Ideas provide the application support and process documentation to allow the company to continue to move forward and meet its objectives—provide financial performance information to acquisition parent while creating long-term value and the delivery of competitively priced products for customers.

The SMART Advantage

Since the administrative function of Oracle Hyperion products are susceptible to, and impacted by, unexpected turnover, vacations, and headcount reductions, availability of mission critical systems can be affected. The SMART Advantage ensures maintenance and troubleshooting requirements are covered through staff that augments administrative staff, as needed and customized to client and system needs. Our experts add value, share best practices, document processes and ensure backup.

- *Eliminates Single Point of Failure*
- *Pre-defined Escalation Path*
- *Product Certified Experts*
- *Includes Robust Capacity Monitoring*
- *Leverages Team which Built the Application when Needed*

Benefits Achieved

After being spun off from a major market leader, this company lost its control of financial reporting. Specifically, the company could not deliver consolidated financial results or close their books without expensive support from its previous parent. However, by partnering with Key Performance Ideas, the company has:

- Created an easy to maintain, flexible application owned independent of previous parent
- Reduced time and resources to re-work summary reports and inaccuracy due to manual efforts
- Decreased costs by eliminating agreements with previous parent
- Improved consolidation processes
- Leveraged SMART to allow the finance team to focus on critical goals and objectives

Furthermore, the company can now:

- Provide critical financial data to new acquisition company
- Ensure SOX compliancy and improve transparency
- Deliver ad-hoc financial analysis and perform strategic analysis
- Perform currency translation, intercompany eliminations and accelerate reporting cycle
- Integrate additional information, such as a General Data Warehouse
- Create a close calendar, aligned to business and independent of previous parent company
- Save 1 to 2 days in closing the books



Key
Performance
Ideas

VISION. TECHNOLOGY. SOLUTIONS.