

SAP Customer Success Story



Coca-Cola wanted a single environment for making financial data readily accessible to executive management worldwide. mySAP Financials and mySAP BI solutions have given them this environment.

Coca-Cola now uses business consolidation and planning, along with data warehousing, to ensure their senior executives can access global consolidated results and planning information based on consistent, accurate data.



COCA-COLA GOES LIVE WITH GLOBAL CONSOLIDATION, PLANNING, REPORTING AND DECISION MAKING USING mySAP.COM

The Coca-Cola Company is the world's largest beverage company, marketing four of the world's top five soft-drink brands to consumers in nearly 200 countries worldwide, who consume more than one billion servings of its products each day.

Running this global business is not only a daunting operational task – it also involves a mountain of financial information that must be collected, consolidated, and understood to drive financial reporting, planning, and decision making at the \$20 billion company.

Coca-Cola turned to the Strategic Enterprise Management (SAP SEM) capabilities of mySAP™ Financials and mySAP™ Business Intelligence (mySAP BI) to handle the job. Coca-Cola runs the mySAP.com™ platform worldwide. As a part of this corporate information strategy, the SAP SEM solutions integrate tightly with the transaction system to consolidate financials, power financial planning, and provide a comprehensive view of corporate financial performance across the enterprise structure.

“We now have a common tool, a single environment, for making financial data more readily accessible to our executive management across all Coca-Cola Company locations worldwide,” says Becky Glenn, SAP global integration manager at The Coca-Cola Company.

INTEGRATING FINANCIAL CONSOLIDATION AND PLANNING

The key capabilities enabling this financial solution are SAP SEM Business Consolidation (SEM-BCS) and Business Planning and Simulation (SEM-BPS) on the mySAP Financials side, and mySAP BI Data Warehousing for information collection and analysis.

Financial information is submitted for processing within SEM-BCS from field locations via the Coca-Cola intranet. Consolidation processing is then performed at both the legal entity and business unit (profit-center group) level. This information is used to generate consolidated financial statements and internal reports for management. The information is also used to create external reports for statutory requirements and as the foundation for further drill-down for business analysis.

Financial actuals are extracted automatically, on a daily basis, primarily from mySAP Financials Controlling (SAP CO). These actual results are then used to assist in the generation of monthly forecasts.

This enables Coca-Cola to generate financial reports for financial planners and division and regional financial managers at the profit-center level. The information is also used to generate monthly forecasts on sales, cost of sales, operating expenses, and profitability. The forecast data is then summarized and passed to SEM-BCS for consolidation. This enables Coca-Cola to generate consolidated forecast results and comparisons of consolidated actuals to the forecast.

mySAP BI Data Warehousing enables Coca-Cola management to further slice-and-dice and analyze this financial information to support decision making. The solutions are deeply intertwined. The consolidation and planning solutions feed one another data and share the same data, at differing levels of detail.

The business intelligence system works with both to refine information into more value-added form for query, reporting, and analysis.

“Management reporting is the endgame here,” says Becky Glenn. “The SAP Strategic Enterprise Management solution is the foundation for management reporting and our quarterly and annual reports. This is very, very important to Coca-Cola. It ensures that our managers have access to consolidated results and planning information based on the same, accurate data, and that this information is derived from standard, consistent business processes for rolling up financial items and calculating gross profit.”

REPLACING A LEGACY ENVIRONMENT

Previous to the SAP solutions, Coca-Cola used a legacy system for its consolidation function. The system was not user-friendly, generated high costs, and was difficult to maintain. It was also impossible for Coca-Cola to see consolidated results quickly, on a graduated scale, while the consolidation process was taking place.

As for planning, there was no standard planning tool at the Company. Financial planners relied on individual Microsoft Excel® spreadsheets that required manual re-entry from general-ledger data. The information was difficult to consolidate and keep up-to-date. Coca-Cola was dependent on paper reports and did not have interactive reporting capability.

Coca-Cola chose the SAP SEM financial consolidation and planning solutions for their tight integration with the core SAP enterprise system, implemented across the company for more than 6,500 end users in over 20 countries.

“Our whole strategy is to be SAP-centric, so we can leverage SAP solutions worldwide,” Glenn says. “We felt we could achieve a strong synergy between our transaction, consolidation, and planning solutions by having them on the same platform.”

Coca-Cola also chose SAP SEM for its ease-of-use, Web-enabled access, and drilldown reporting. The company determined that this would enable executives to gain better access to global

financial information for continuous planning and decision support.

Coca-Cola launched the implementation in January 2000 and went live in February 2001. The company followed the SAP AcceleratedSAP methodology, moving quickly through the five stages of Project Preparation, Blueprint, Realization, Final Preparation, and Go Live and Support.

The SEM-BCS functionality is fully implemented at Atlanta headquarters; each field location submits financial data via the Coca-Cola intranet to that centralized site. SEM-BPS and mySAP BI Data Warehousing are currently being rolled out across Western Europe as part of the global mySAP.com platform implementation across Coca-Cola worldwide.

FINANCIAL CONSOLIDATION SOLUTION

The SEM-BCS functionality enables Coca-Cola to accelerate corporate accounting by automating the legal and management consolidation process. SEM-BCS creates consolidated financial statements – including balance sheets, income statements, cash-flow statements, and appendices – in order to provide timely information to management and for external reporting. The SEM-BCS system supports value-based accounting, data collection, validation, currency translation, elimination of interunit transactions, and automated generation of consolidation of investments entries, all according to internal procedures and statutory accounting requirements.

The consolidation process begins at the end of each month with Coca-Cola collecting actual results, consolidating these results, then generating the required reports. A week later, the company collects and generates its forecast results and marketing data. Coca-Cola also devotes part of the monthly cycle to master-data maintenance, such as including new companies.

Coca-Cola's 200 global locations use a Web GUI to submit data – information such as P&L statements and balance sheets – via the Company's intranet.

“We receive this data from the field, then go through a series of processes in SEM-BCS to eliminate intercompany transactions

and make certain adjustments,” Becky Glenn says. “The solution's Consolidation Monitor feature provides visibility into where we are at each step of the consolidation process. It allows us, along with our management, to view which locations have completed the process, which ones have not submitted, and so forth. This is an excellent tool for monitoring the consolidation process across Coca-Cola worldwide.”

Consolidated information is extracted by mySAP BI Data Warehousing to generate reports. These reports are made available to the field locations, in case they want to make additional adjustments through journal vouchers. Coca-Cola then runs the entire SEM-BCS process again – with the updated eliminations and adjustments – and transmits the new information to mySAP BI.

A key element of the process, in particular during the month-end closing, is the ability to perform the consolidation quickly. For Coca-Cola, the benefits are clear.

“We have really achieved more control from an accounting point of view,” Glenn says. “SEM-BCS has introduced more discipline into our consolidation process.”

BUSINESS PLANNING AND SIMULATION

The consolidated data provides key baseline information for SEM-BPS, in conjunction with other financial information that is extracted daily from mySAP Financials. SEM-BPS then provides Coca-Cola with a complete suite of planning functions for modeling, simulation, integrated budgeting, target setting, forecasting, scenario planning, resource allocation, and risk evaluation. This enables the company to perform business planning at the strategic and operational level around all financial issues, like sales, price, cost, headcount, profitability, and financial statements.

“The financial planners use SEM-BPS to look at trends over the past few months for each brand, then project forward for the remainder of the planning period,” Glenn says. “Together with reporting, this is an interactive process with our management to generate an accurate forecast. These forecast numbers and other summarized data are submitted to SEM-BCS to initiate the consolidation process during the next monthly cycle.”



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The SEM-BPS functionality is easy to use.

“SEM-BPS provides an Excel-type front end,” Glenn says. “This is a very familiar way of working for our people. This minimized the business change while providing for maintenance of master data and enhanced information handling capabilities.”

Using SEM-BPS, Coca-Cola can now integrate actual data into its planning process for their annual budget and monthly rolling estimates. This is the foundation to be able to use dynamic business-strategy models and analysis and simulation tools to identify the impact of possible actions on the P&L, Balance Sheet, and overall corporate strategy.

BUSINESS INTELLIGENCE TIES IT TOGETHER

Coca-Cola implemented the Data Warehousing solution of mySAP BI as the infrastructure and reporting engine for the overall SEM implementation.

“We are looking for mySAP BI as a common repository of information – visible across all Coca-Cola locations worldwide – and a consistent tool to enable value-added analysis in support of decision making,” Glenn says.

Coca-Cola next plans to continue its global rollout of SEM-BPS in Western Europe and North America. The company also wants to automate the extraction of information from the transaction system into SEM-BCS.

“We spend a lot of time and resources collecting and summarizing data for the information feed from the field locations to SEM-BCS,” Glenn says. “By automating this process, we will be able to spend more time analyzing data. This will help us recognize new business opportunities.”

At a Glance

SAP solution components	mySAP Financials, mySAP BI
Hardware platform	IBM servers
Operating system	AIX
Database	Oracle
Number of users	80
Number of sites	4
Length of implementation	14 Months
Implementation partners	SAP

Coca-Cola wanted an integrated solution to consolidate its financial statements, drive financial planning, and provide a comprehensive view of corporate financial performance across the enterprise.

Coca-Cola also plans to expand the use of Data Warehousing as a reporting tool throughout the company worldwide.

This will enable Coca-Cola financial planners and analysts to add even more value.

“Previously, we have relied on people ‘eyeballing’ rows and columns and pages of data,” Glenn says. “These SAP solutions provide consistent, high-quality information across Coca-Cola globally. This enables us to compare, in an exception-based way, locations, brands, and accounts. mySAP Financials, along with mySAP Business Intelligence, allow us to compare one part of the world to another, one brand to another, to answer crucial questions about our business and continually improve our competitive position.”