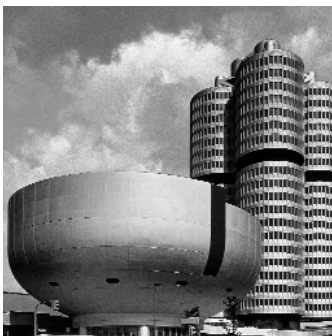


SAP Customer Success Story

Although the **BMW Group** is one of the most successful car manufacturers worldwide, it also wants to ensure profitable growth well into the future. **mySAP™ Financials business planning and simulation capabilities, along with the data warehousing solution in mySAP™ Business Intelligence, provide part of the company's formula for continued success. With integrated information and streamlined planning and analysis, BMW can manage its enterprise more flexibly and stay closer to the market.**



BMW GROUP

INTEGRATED PLANNING AND ANALYSIS IMPROVE SALES AND PROFIT PLANNING

The BMW Group has more than 100,000 employees and is the only multibrand manufacturer that exclusively concentrates on the premium segments of the worldwide automobile and motorcycle markets. In 2002, the company increased its revenues (before taxes) to €3.297 billion by selling more than 1,000,000 automobiles and more than 100,000 motorcycles with a turnover of €42.3 billion.

However, in spite of impressive figures, the company wants to continue to increase its sales and turnover. To do this, it must constantly revise and adapt its processes and structures to changing customer expectations – and eventually link all areas of business activities both internally and externally.

TIME-CONSUMING DATA MANAGEMENT

Today, the BMW Group works in a worldwide network of 23 production and assembly plants in 14 countries. The vehicles arrive at the dealers and end customers through 27 group-owned sales companies and some 100 importers worldwide. In recent years, this growing global presence and strategy for expansion began to place heavy demands on sales and profit planning.

For example, based on the sales of specific models (for example, BMW 325i) and related costs to produce each model, BMW must perform product profitability analysis for all cost elements involved in the sale and production of the car – including production costs, sales costs, service costs, marketing costs, and other overhead costs.

“We have considerably optimized our sales results planning with mySAP Financials; unified methods and integration speed up the process and lead to consistent data and better data analysis.”

Bernhard Gerstl, Group Controlling/Profit Management, BMW Automobiles, BMW Group

This process was extremely time-consuming. And, because planning was not automated, each department or business unit was using different methods, definitions, and processes. Reconciliations proved to be complex for all those involved at headquarters, in the various regions, and for all the local sales companies. This was due in large part to a heterogeneous and nonintegrated system landscape. Planning data was on different platforms (for example, IBM DB2, MS Access, MS Excel). Manual interfaces led to inconsistent data. Furthermore, the existing system could not meet BMW’s demands for real time information. Bernhard Gerstl from group controlling at the BMW Group sums up the situation: “Because data management required a lot of time, the actual data analysis was inaccurate.”

EXPANDING PRODUCT RANGE

The BMW Group also wanted to streamline profit planning for sales, which meant eliminating about 50% of the steps involved. The group needed an integrated planning, management, and

reporting system that would offer more transparency, help centralize processes, and enable better analyses. Plus, BMW wanted to link all processes at its headquarters, sales departments, and sales companies through an integrated platform.

The new IT system also had to accommodate sales and profit planning for the group’s expanding product range. Along with the need for verifiable, accurate data, processes had to be speeded up and become more transparent.

The BMW Group decided on standard software that offered a planning component along with integrated data warehouse technology – not least because this approach promised more freedom and flexibility in process design and in reporting. After the company checked the solutions of several providers, it chose SAP on the basis of several factors – including platform independence and scalability.

SUCCESS FACTORS: DATA MODELING AND SYSTEM SIZING

Data modeling played a major role in the project because of the group’s aim to integrate data entry, reporting, and analysis. In order to achieve this, BMW had to address some issues: It needed

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Klaus Kaltenbrunner, Information Processing, Financials, BMW Group

to determine (1) the level of planning and reporting, (2) what it wanted to achieve using the reports and analyses, and (3) how to effectively perform data entry and planning, as well as reporting.

Sizing and system performance presented other challenges, in that BMW lacked relevant experience, for example, regarding response time behavior and memory size, due to the extensive nature of the project.

After the start of the project for short-term planning, BMW began running the first planning processes with mySAP™ Financials – parallel to its legacy systems – in spring 2002. For budget planning

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for fiscal year 2003, the BMW Group replaced its existing applications for group information and management. In August 2002, the group replaced its applications for sales and profit planning (both of which were developed in-house) with the mySAP™ Business Intelligence data warehouse and with mySAP Financials planning and simulation capabilities.

When developing the report and analysis scenarios, the BMW Group relied on the predefined business content that is available with all SAP solutions. The reports are presented using Business Explorer (BEx) and MS Excel. “Our planners and controllers are familiar with MS Excel. For that reason we formed the menu and function tree in this application and thus considerably improved the usability in comparison to the legacy systems,” says Klaus Kaltenbrunner, who was responsible for the project’s information technology. In addition to standard reporting, users now have

access to comprehensive, easy-to-use analysis tools. Planners and controllers in the headquarters, sales departments, and in the sales companies make up the approximately 150 users in short-term planning. For fiscal year 2003, more than 1 million data records went into budget planning. In future, around 0.5 million data records will be used for long-term planning.

OPTIMIZED SALES AND PROFIT PLANNING

Today the BMW Group plans on using a groupwide unified data model and a uniform process – both prerequisites for higher data quality, quicker processes, and more transparency. “We have considerably optimized our sales and profit planning with the help of SAP; unified methods speed up the process and lead to consistent data and a better analyses,” says Gerstl. Interim steps are no longer necessary because of the unified online platform. For example, entries made by a planner in the United States are immediately visible to headquarters in Munich.

“We now work with central master data and without redundant data storage in the sales departments and sales companies,” adds Kaltenbrunner. “We have combined country-specific calculation schemas with price and sales variables at the regional and central level.” As a result, the BMW Group has more time to concentrate

“The standardization of methods forces an increased reconciliation effort of the group areas to be planned, which requires less overall effort – but in favor of better data and planning quality.”

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on actual data analysis. Furthermore, the company can react more flexibly to new requirements as it continues to grow – for example, when legal changes occur in individual markets.

“Thanks to SAP, we can better plan the sales results for the expanding product range with the existing staff, carry out plan/actual comparisons, and thus support enterprise management,” explains Gerstl.

Planning with mySAP Financials also takes into consideration country-specific revenues, costs, and contribution margins. And, the system only allows entries and values that correspond to the fixed methods and definitions and that support careful and realistic planning. “The standardization of methods forces an increased reconciliation effort of the group areas to be planned, which requires less overall effort – but in favor of better data and planning quality,” says Kaltenbrunner.

NEXT STEP: VOLUME PLANNING

After the successful start of short-term planning, long-term planning was slated to go productive in October 2002. In 2003, BMW plans to replace its legacy system, which means some 300 employees will be working with the SAP solution. The BMW Group also wants to use the mySAP Financials planning and simulation capabilities for simulation scenarios based on changing volume and exchange rate values.