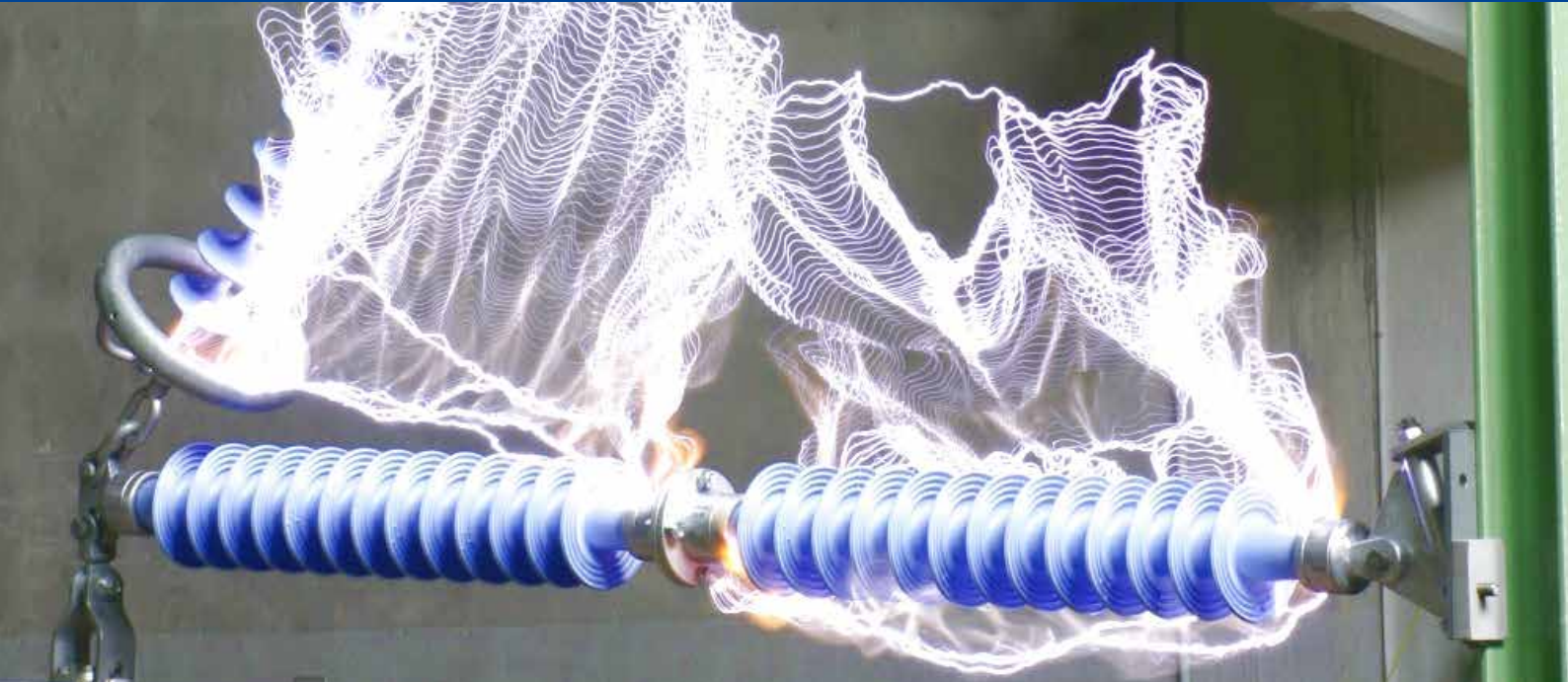


SUCCESS STORY



High-voltage insulators | SAP BPC | LAPP Insulators



LAPP Insulators introduces SAP BPC

LAPP Insulators is using the SAP Business Planning and Consolidation (SAP BPC) application to create a clear view of financial, asset and revenue data, not to mention cash flow, in all companies. It is now possible to assess the companies' performance with even greater precision, and growth can be controlled in a targeted manner. The time required for reporting has also been halved, allowing Controlling to focus more on activities that genuinely add value.



Introducing SAP BPC: LAPP Insulators standardizes and streamlines internal reporting

Ceramic and composite insulators ensure that power lines are fixed, held or guided when electrical energy is transported from A to B through an overhead line or switchgear. Although insulators are subjected to high mechanical stress, not to mention extreme climatic conditions and harmful environmental influences, it is vital that they work perfectly and safely for many years – and sometimes even decades – on end. Product quality requirements are therefore extremely high and are particularly well met by LAPP Insulators – a leading manufacturer and supplier of high-voltage insulators – thanks to patented manufacturing processes, among other things.

LAPP INSULATORS

Head office: Wunsiedel

Products: Insulators of all voltage ranges, especially high-voltage ones

Group companies: 7

Production sites: Germany, Poland, Romania, USA, China

Employees: over 1,000 worldwide

Website: www.lappinsulators.com

Getting a clear view of financial figures

The internationally active company from Wunsiedel in Upper Franconia is expanding; insulators are currently being manufactured at five sites worldwide and sold in more than 70 countries. The economic success – in 2013, LAPP Insulators generated a turnover of more than €123 million – is based on innovations, continuous optimization of production and business processes, and rapid responsiveness. For this purpose, as well as for planning and controlling growth in a targeted manner, the Management team needs up-to-date and meaningful reports from all companies concerning the financial situation, the order backlog down to the product line, or the gross profit at customer and material level.

This is precisely why the SAP Business Planning and Consolidation (SAP BPC) application has been introduced. The solution fits seamlessly into the existing SAP landscape, a central SAP ERP system and an SAP Business Warehouse (SAP BW), and works in conjunction with SAP BW. “We were looking for a solution that, as a first step, would enable us to uniformly and faultlessly consolidate monthly reporting throughout the company. This task could no longer be completed satisfactorily with Excel,” explained Veronika Capek, Managing Director and CFO at LAPP Insulators.

Creating a single source of truth

SAP BPC has allowed the company to make good progress in standardizing, automating and streamlining internal reporting throughout the company. “The application is also impressive due to its ease of use, especially since colleagues in Controlling can continue working with the Excel interface they are already familiar with,” remarked Christof Rottmann, Head of Group Controlling at LAPP Insulators. Despite the high specialist and technical requirements, the solution was implemented both on time and on budget thanks to the cooperative partnership with ORBIS AG (the implementation partner) and its excellent project coordination.

The individual companies’ financial data flows into a central business warehouse, where it is harmonized and made available to the SAP BPC application or the central Controlling Department as quickly as possible. Standardizing the database creates a single source of truth (i.e. a clear view of the financial figures and corporate performance of the five production sites and the two management companies). Not only does this increase the quality of financial planning; at the same time, it gives Management meaningful reports that enable them to take strategic business and investment decisions.

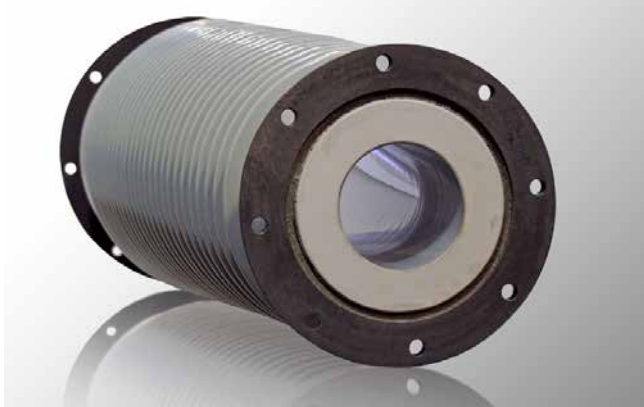
A wide range of management reports



The range of evaluations and reports for monthly reporting is comprehensive. It ranges from analyses of changes to the order backlog per company, product line and strategic business unit, to the determination of EBITDA per product line, and even to reports on gross profits at customer and material level.

Particularly active use is made of the reports with the sales figures at customer level. There are also reports on the profit and loss (P&L) statement and the balance sheet, not to mention scorecard reports for performance analysis. The extensive and differentiated mapping rules for internal reporting are conveniently managed with the SAP BW Administration Cockpit. If a rule is changed, the

press of a button is all that's needed now to reload the data for group reporting.



Creating cash flow reports automatically

“With the help of SAP BPC, even cash flow reports based on account activity can now be generated automatically, relieving the strain of manual work on controllers,” Mr. Rottmann pointed out. Intercompany elimination has been simplified too, since the reconciliation of internal account balances between the individual companies – for the likes of expenses, income, receivables and payables – is also performed automatically.

In-depth target/actual and forecast comparisons down to each individual business unit also provide Controlling and the Management team with detailed insights into how sales, profit margin or operating result are developing. Based on the forecasts, LAPP Insulators knows exactly which insulators are produced at which margin, and can therefore check the internal monthly reports in a targeted manner for deviations.

Budget planning can also be carried out with greater clarity and efficiency. As soon as the individual companies' target figures are entered into SAP BPC, Central Controlling can view them immediately, compare them with the current specified values, and make corrections as appropriate. During this process, the default values for each budget plan are recalculated based on defined business rules.

Reports in three days instead of six

In addition to the strategic benefits of centralized and integrated financial planning and consolidation, there are operational benefits too. “Nowadays, we prepare the required reports in three days instead of six, as was previously the case, since there's no longer any need to go through the time-consuming process of coordination using Excel files by email or over the phone,” Mr. Rottmann clarified. This means controllers at head office can now devote more of their energy to value-adding

activities such as analyzing and interpreting financial figures. Companies already using SAP ERP simply upload the required financial data to SAP BPC with the click of a mouse. The production sites in the USA and Poland, which store report-relevant figures in local third-party systems, can also send them directly to the application by means of the file upload feature. The currency is converted from US dollars to euros automatically.

Controlling is also always informed about the current reconciliation status and can intervene in the processes early on if necessary, since the locally recorded financial data is directly available in SAP BW and can be viewed at any time. Based on the reconciled reporting data, the consolidated group reports are prepared according to precisely defined work steps, and each individual stage is logged and documented by means of the audit trail. This ensures a high level of auditing acceptability, because all processes or changes are completely traceable.

Mobile access to financial data in the future

“SAP BPC has enabled us to centrally pool access to our financial figures and made internal reporting far faster and more effective,” remarked Ms. Capek, positively summing up the company's experience.

And the company's experience is ongoing, because the solution is being gradually expanded. For example, the company would like to transfer certain key sales figures from the newly installed CRM application – Microsoft Dynamics CRM – to SAP BPC for internal reporting. There are also plans to give Management mobile access to financial, planning and budget data.



Christof Rottmann, Head of Group Controlling at LAPP Insulators *Veronika Capek, Managing Director and CFO at LAPP Insulators*



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