Life Sciences · **CASE Study**

CLARKSTON CONSULTING

Global Medical Device Company

Smooth Transition and Better Planning with SAP BPC

SUMMARY

This global medical device company, part of a global conglomerate, was spun off as a separate entity. While most of the business functions had been migrated to their own systems, the final part of the spinoff was to move the financial processes to their own ERP and financial consolidation systems. With Transition Services Agreements (TSAs) in place, the company worked with Clarkston Consulting to complete the setup of the financial operations in SAP's Enterprise Resource Planning (ERP) and Business Planning and Consolidation (BPC) solutions.

CHALLENGES & SOLUTIONS

Challenge 1: *Transition from global conglomerate's financial systems and provide a common tool for financial planning and consolidations that could be used across business units and subsidiaries.*

Solution: Prior to the spin-off, the company used its parent company's financial systems for their financial book of record. Transitioning from this system was complicated for various reasons.

- The project was on an aggressive timeline. From a cost perspective, penalties for not transitioning by the TSA deadline were significant, leaving no room for any timeline slippage.
- From a solutions perspective, moving from the existing landscape (a complex combination of several tools, including SEM – BCS and Cartesis Magnitude for consolidation, and Hyperion and BW – IP for planning) would not be straightforward.
- Adding to the complexity was the process of sourcing financial data from subsidiaries in Excel sheets via email and other modes, and loading them into Magnitude, SAP ERP, and finally SEM – BCS for reporting. Inevitably, this led to inefficiencies and delays in the close process, as well as difficulties in reporting (both statutory and performance).

Clarkston partnered with its client to implement a simple, three-layered architecture to address the challenge. The top layer consisted of SAP BPC, an integrated tool for planning and consolidation, thereby minimizing the complexities and risks associated with a distributed solution landscape. This provided a common process for consolidations across the subsidiaries. The second layer consisted of SAP BW to provide harmonized and mapped financial data for the planning and consolidation functions. The third layer consisted of Business Objects Data Services that could pull data from all the subsidiaries, convert the data, and send to BW.

Challenge 2: *Enable corporate planning of profit and loss (including G&A expenses) and balance sheet.*

Solution: The company did not have a tool for planning P&L, balance sheet and operating expenses. Workforce planning was done in Excel. Our client wanted to use consolidated reporting as the basis for P&L and balance sheet planning.

Clarkston worked with the company to implement Cost Center and Profit Center Planning using SAP Business Objects Planning and Consolidation (BPC). Actual operational expenses were loaded from different systems to BW and to BPC and formed the basis for planning for the budget and monthly forecasts. Month-end consolidated data was transferred from the consolidation tool to planning and was the basis for planning profit and loss and balance sheet budgets and forecasts.

RESULTS

Replacing multiple systems with a single platform for planning and consolidation minimizes the chances for error, fosters a collaborative environment and simplifies ongoing support and enhancements. This provides a consistent user experience and reduces training needs. This also provides a robust platform that can support future changes to the organization in terms of M&A and divestitures.

- By creating a common automated process for consolidation, the company will reduce the time to close by improving the consistency, quality, and availability of information, and by reducing the process time for carrying out intercompany eliminations. This means that finance users will spend more time on decision making and less on transaction processing.
- From a planning point of view, having a single tool for all planning requirements gives the company the capability to better respond to changing and unpredictable business environments. This removes the dependence on an annual budget by providing the capability to carry out continuous planning and rolling forecasts, and reduce budgeting cycle time.
- Implementation of SAP BPC provides the company with the capability to execute changes driven by statutory requirements such as IFRS and SOX. Although they have not transitioned to IFRS yet, the platform provides the foundation to adopt it quickly.
- With a centralized system for planning and consolidation, data security is coordinated from one tool, thereby strengthening and streamlining internal financial controls.

PARTNERING FOR SUCCESS

Through their close partnership with Clarkston Consulting, our client successfully exited their IT Transition Services Agreement without penalty. Leveraging Clarkston's experience, the medical device company used the transition as an opportunity to modernize their financial system landscape. Empowered with BPC, the company can now gather data from global subsidiaries automatically, distribute financial reports with better overall quality, and reduce the cycle time for many month-end activities.

The transition to a new, SAP BW-driven financial system has allowed our client to shift their focus away from supporting the overhead inherent in their aging solution. They are now better equipped to support the strategic, financial decision-making of the company's leadership.

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Clarkston Consulting is a different kind of management and technology consulting firm. We deliver a unique experience for market leaders within the Consumer Products and Life Sciences industries. Considering professionalism, expertise, and value as prerequisites, we take service a step further through our unyielding commitment to the success of people as individuals, both our clients and our employees. By combining integrity, adaptability, and a whatever-it-takes attitude, we have achieved an extremely high rate of referral and repeat business and a 10-year average client satisfaction rating of 97%.

For more information, email us at **info@clarkstonconsulting.com**