

PERFORMANCE MANAGEMENT AT ASKOLL

*“How technology Supports the dynamic
needs of a dynamic company”*



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■ 1.1 Introduction

Our inspiration to write this article was to share the experiences that Askoll Group has made in adopting a new software solution for management control. This international corporation has undergone a technological evolution to create a new form of business modeling and a highly pervasive budgeting culture.

The following case study will demonstrate how introducing new tools and technologies can provide an opportunity to support organizational changes and streamline processes.

1.2 The Challenge: *Unifying Reporting Procedures in a Diversified, International Group*

Askoll is a leading global manufacturer of aquariology products and household appliances. In recent years, the group has dramatically expanded its products, offerings and international business.

Askoll comprises many different companies which have varying levels of autonomy. Following a recent acquisition¹, its global footprint grew considerably. In addition to its home market of Italy, the group now has operations in Brazil, Mexico, Slovakia, Romania and China.

Due to this increased complexity, Askoll saw an urgent need to integrate its communication processes and improve collaboration throughout the group.

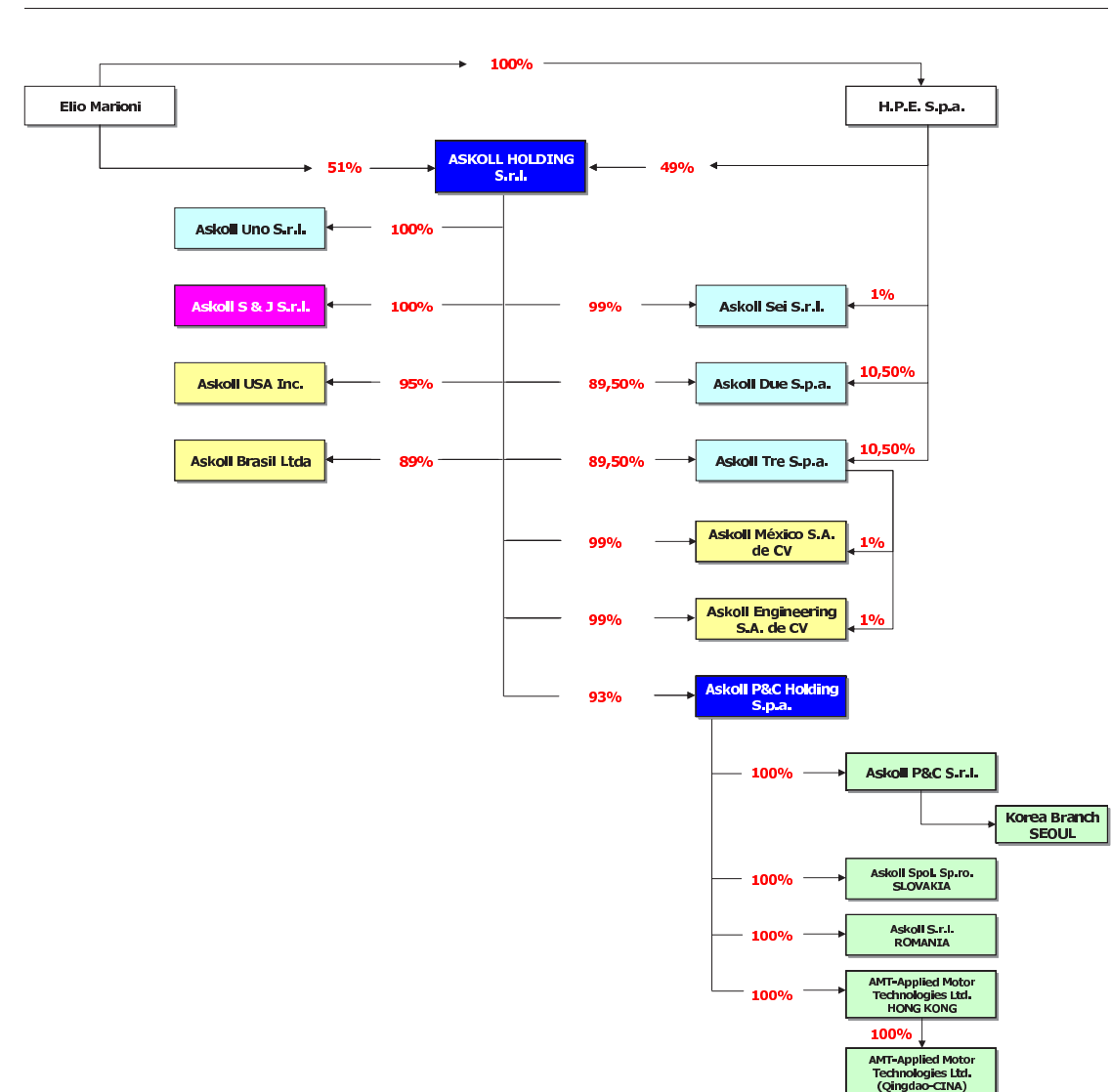
Askoll fosters a very strong corporate culture which values:

- Knowledge sharing
- Strong investments in human resources
- Organizational and technological standards²

The group attributes its success and competitive advantage to this culture and the following factors:

- A strong focus on bottom-line results
- Philosophy and methodology for financial planning and budgeting
- Strong focus on research and development
- Constant improvements in production as well as organizational and information policies

The management control department at Askoll Holding is responsible for meeting the company's growing information needs. This team supports strategic decisions by maintaining and fueling the group's management reporting system and planning tools.



1 - In 2008, Askoll Holding purchased the Emerson Appliance Motors Europe (EAME). EAME was founded after the 2005 merger of two leading Italian companies, Plaset and Ceset, which were acquired by Emerson Electric in the 1990s. The company has been a leader in its industry segments for years. Ceset remains the market leader in electric motors and drain pumps for home appliances while Plaset specializes in washing machines and dishwashers. In 2007, EAME generated revenues of €30 million with a 2,800 employees and five production sites in Italy, Slovakia, Romania and China. [Source: www.askoll.com]

2 - The group places a strong focus on standardization, which has proved to be a competitive advantage for the company especially in light of modernization projects as described in this article.

Although this department was theoretically responsible for all reporting tools within the group, the reality told a different story. The holding, production and sales – especially in the recently acquired companies – all managed their own reporting processes and used different ERP systems.

The IT department, therefore, decided to integrate and standardize their ERP systems on Microsoft Dynamics NAV. The goal was to start in all Italian operations and then roll out the platform internationally.

Since this project took a long time to implement, Askoll had to temporarily deploy a data warehouse to bridge the current and future systems that provide the content for management reports. This ensured that the company could deliver the necessary base of information and functionality to support strategic decisions.

From the onset, the management control department has worked to standardize:

- The chart of accounts and cost centers
- Planning and budgeting processes
- Reporting structures

Due to its larger group structures, Askoll also saw a growing need to better structure and manage its production data. As a result, the company shifted its attention to the process itself by monitoring how it populated its reporting system with data. After that, Askoll focused on consolidating that data and viewing it from multiple angles such as different sublevels of consolidation or product divisions.

The change process and technology evolution, which began in 2007, was broken down into two phases, which are described in detail below.

■ 1.3 Group Management Reporting System

1.3.2 *Starting Point - Microsoft Excel (until 2007)*

1.3.1 *Contents*

The management reporting solution currently used by Askoll comprises different scenarios (i.e. budget, current year, previous year and forecast to year- end) for individual company and group levels. These documents are collected in a monthly briefing book where decision-makers can run various scenarios as well as analyze and discuss this information.

The most significant reports in this briefing book are:

- Income statements broken down by contributions per cost center
- Balance sheets
- Sales analysis (domestic and international)
- Cost analysis by cost centers
- Cash flow statements
- Cash flow analysis of individual financial statement items and budget variances
- Break-even analysis
- Financial KPIs
- Personnel analysis

1.3.2 Starting Point - Microsoft Excel (until 2007)

1.3.2.1 Infrastructure

- Different source systems (MS Dynamics NAV, AS 400, etc.)
- Microsoft Excel for each group company
- No data warehouse

1.3.2.2 Challenges

The controllers at Askoll initially meet their information needs through a spreadsheet-based solution. Despite its versatility, power and functional breadth, the solution quickly became unsuitable for the size and demands of an international group.

In particular, Askoll experienced growing problems with integrating data from different sources as well as dealing with data-entry errors and inconsistencies among the different Excel versions installed throughout the group. As a result, it decided to deploy a new solution and started to evaluate the different performance management and reporting tools on the market.

1.3.2.3 Reasons for Switching

Askoll wanted to replace its spreadsheet-based system with a more structured, specialized solution. The main requirements on the new system were:

- Optimizing the processes of collecting, managing and analyzing budget and actual data
- Creating high-level and detailed views for different target groups
- Unifying reporting on both individual company and group levels

Through this new solution, Askoll hoped to foster more:

- Autonomy for departments and executives in how they use information and generate individual reports
- Involvement of departmental managers in collecting data and generating reports
- Collaboration with human resources, marketing, purchasing and other departments in the reporting process

1.3.3 Phase 1: Microsoft Excel to Data Warehouse (2008 - End of 2009)

1.3.3.1 Software Infrastructure

- Different source systems (MS Dynamics NAV, AS 400, etc.)
- Microsoft SQL Server as an enterprise data warehouse
- Microsoft PerformancePoint Server 2007 (planning)
- Microsoft PerformancePoint Add-in for Microsoft Excel

1.3.3.2 Objectives

The main goals of this first phase of the project were to:

- Set up tools for collecting actual data from ERP and other source systems and populating the data warehouse
- Normalize and consolidate actual and budget data into a common hierarchical structure
- Rebuild the previous reporting system on the new platform

1.3.3.3 Background

With the support of Excent, an Italian IT and management consultancy, Askoll compared various solutions from OutlookSoft, Hyperion, Business Objects and Microsoft. The choice fell for Microsoft PerformancePoint Server based on the combined requirements from IT, controllers and project management with regards to performance, scalability, integration, functionality and the total cost of ownership.

"We needed more standardization in our management reporting as well as new functionalities for reporting and analysis to support strategic decisions," explained Alessandro Beaupain, Director of Corporate Services at the Askoll Group. "Besides receiving ample support from the vendor, we wanted a solution that could seamlessly integrate into the existing application infrastructure, scale with our growing needs, and apply common data collection procedures for the different business functions that are involved in this process."

1.3.3.4 The First Solution

Based on its knowledge of Askoll's processes, Excent carefully analyzed the former reporting system as well as the underlying business rules to define the data transformation process for the new data warehouse solution. Excent used the Planning Administration Console, Planning Business Modeler, Add-In for Excel and PerformancePoint Server Analytics. The database engine was built using Microsoft SQL Server 2005 Enterprise on a Microsoft Windows Server 2003 with Microsoft Virtual Server and Microsoft SharePoint Server for collaboration capabilities.

After mapping and replicating the previous reporting system, the project team created new analytical models with mechanisms for loading transactional data from Microsoft Dynamics NAV and budget data from Microsoft Excel spreadsheets. The formulas for calculating the balance sheet and cash flow were translated into Office PerformancePoint Server Business Rules, thereby creating a new instrument for preparing financial budgets.

The new reporting models were immediately adopted by the Italian companies within the Askoll group. The foreign entities, which first needed to customize their individual currency exchange rates and financial rules, followed shortly thereafter. During the first phase of implementation, Excent provided training for all users.

"Since the consultants at Excent quickly immersed themselves into our business model and rules, they were able to solve arising technical and functional problems," explained Beaupain. "Microsoft technology is widely used throughout our group and the new solution is fully integrated with our application infrastructure and management system. In fact, we have a very stable, high performance solution even though the underlying hardware is not very powerful."

1.3.3.5 New Challenges and Goals

Following the successful end of this first stage of the project, Askoll now saw the opportunity to strengthen its management and statutory consolidation processes as well as enable real-time monitoring of production data. As a result, the group decided to further develop the solution into an enterprise performance management platform.

In late 2008, Microsoft also announced a change in its Business Intelligence and Performance Management strategy. The analysis and dashboarding capabilities in PerformancePoint Server 2007 would be integrated into Microsoft SharePoint 2010 while its planning features would be supported until 2018.

"We wanted to develop skills for the future and invest in a product that has a global reach," recalled Alex Beaupain. "At this point, however, we realized that we would need to switch our strategy sooner or later."

Microsoft and Excent suggested migrating to Tagetik 3.0 Enabled By Microsoft® SharePoint®. This solution would allow Askoll to leverage its existing software and IT investments to minimize the total cost of ownership.

In order to capitalize on the investments it previously made in its enterprise data warehouse, Askoll chose a performance management platform that was fully integrated with the company's existing technology stack.

Askoll Group

Tagetik 3.0 - Gerarchia Dimensione Azienda

Gerarchia CORP - Per Linea di Business/Divisione

Codice	Liv. 1	Liv. 2	Liv. 3	Liv. 4
CORP	Organizzazione			
AACQ	Acquariologia			
	A1	Askoll Uno		
	A2	Askoll Due		
AAPL	Appliance			
	A3	Askoll 3		
	A3	Askoll Tre		
	A3_6	Askoll Tre - Divisione 36		
	A3_7	Askoll Tre - Divisione A7		
APCH	Askoll P&C Holding			
	APC	Askoll P&C SRL		
	APC	Askoll P&C		
	APC_C	Askoll P&C - Castell'Alfero		
	APC_M	Askoll P&C - Moncalieri		
	AAMT	Askoll China		
	AROM	Askoll Romania		
	ASLK	Askoll Slovakia		
ABRA	Askoll Brasile			
AMEX	Askoll Mexico			
AUSA	Askoll USA			
AH	Askoll Holding			
	AH	Askoll Holding		
	AH_10	Askoll Holding - Divisione A10		
	AH_4	Askoll Holding - Divisione A4		
	AH_5	Askoll Holding - Divisione A5		
	AH_E	Askoll Holding - Divisione Elettronica		
ARISC	Riscaldamento			
	A6	Askoll Sei		

1.3.3 Phase 2: From a Data Warehouse to Collaborative Performance Management (2010 - Present)

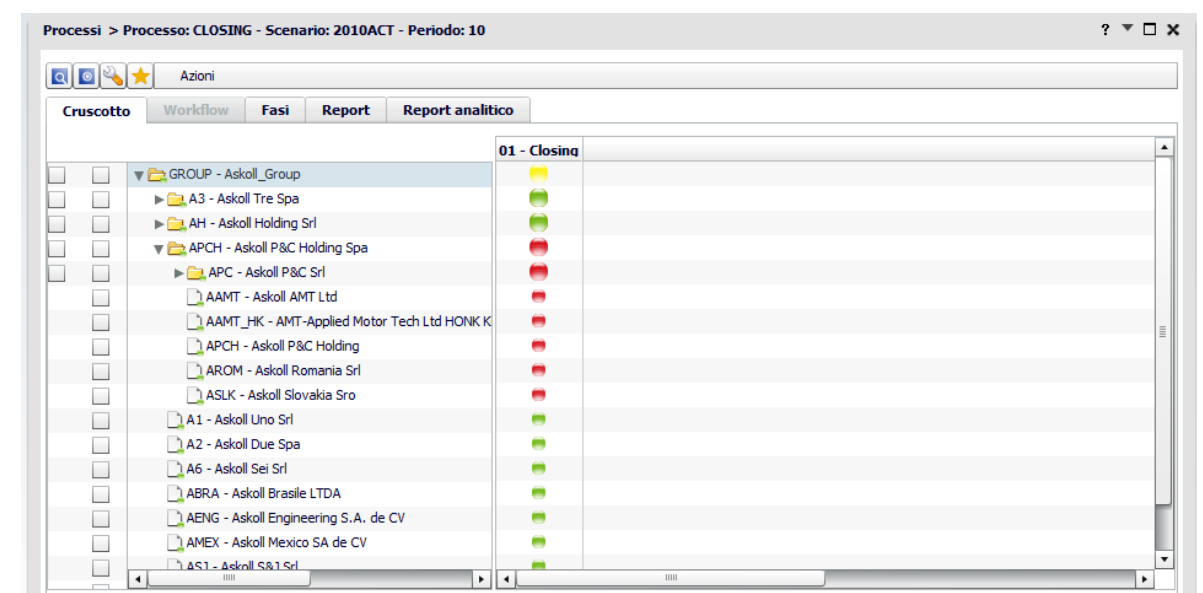
1.3.4.1 Infrastructure Software:

- Different source systems (MS Dynamics NAV, AS 400, etc.)
- Microsoft SQL Server as enterprise data warehouse
- Tagetik 3.0 Enabled By Microsoft SharePoint
- Tagetik Add-in for Microsoft Excel

1.3.4.2 The Second Solution

In late 2009, Askoll decided to migrate its planning solution from Microsoft PerformancePoint Server to Tagetik 3.0 Enabled By Microsoft SharePoint.

Since it already implemented its ETL process in Microsoft SQL Server and could completely reuse its structures, Askoll experienced a very efficient migration as well as a smooth rollout to the new companies in the group.



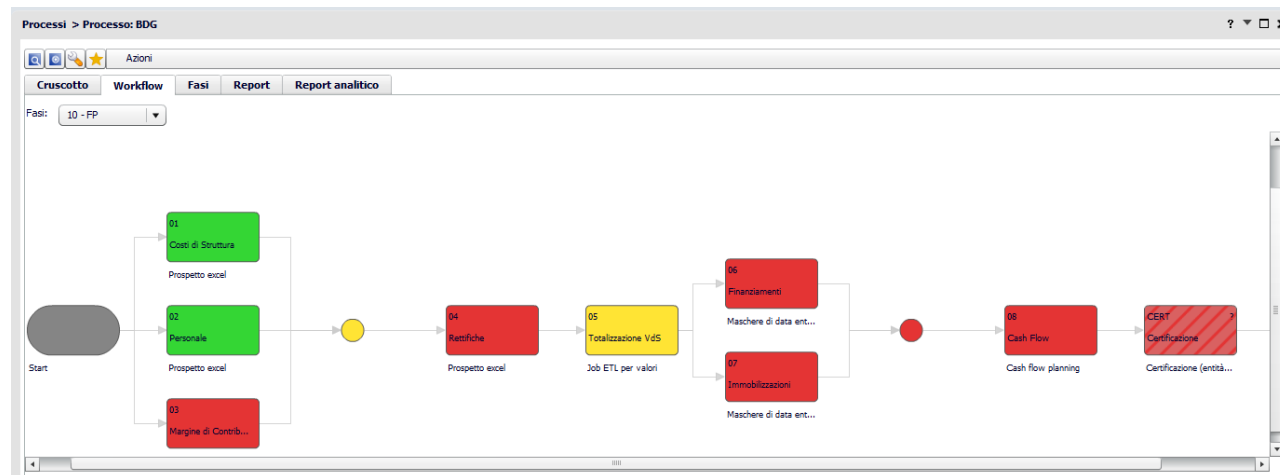
No special analysis of the architectural platform was required to switch to Tagetik 3.0 Enabled By Microsoft SharePoint. To create rules for transforming data, for example, the company simply used the software's built-in functionality.

■ 1.4 Benefits and Conclusions

Thanks to the Web-based platform and the usage of standardized tools such as Microsoft Excel, the Askoll Group was able to quickly attain the necessary buy-in from users throughout the enterprise.

Through the workflow cockpit in Tagetik 3.0, the group has also gained real-time insight on the current status of its planning processes. The controllers can manage this workflow from various points of view and monitor the entire process of approving or rejecting budget proposals.

Since the group can now fully trace the origin of data back to its 'owners', the system facilitates the audit process and helps the company take on full responsibility for its information.



Using the built-in support provided in Tagetik 3.0 Enabled By Microsoft SharePoint, Askoll can effectively ensure compliance with the regulatory requirements of Italy's Law 231/01 relating to administrative liability.

From a reporting standpoint, users can now access data through a single, centrally managed interface. They can individually view, browse and analyze their data on different levels of detail depending on their access rights.

"Another advantage of this solution is the native handling of double entries," explained Maurizio Dal Cengio, Manager of Corporate Control at Askoll. "This allows us to track the cash flow from operations as well as eliminate intercompany bookings during the consolidation process – which was especially reassuring for our CFO."

In addition to analyzing the reasons and dynamics related to financial or cash flow forecasts, the new solution also enables the management team to regulate the logic behind the projections more accurately.

"Another positive aspect is that we can drill down to the details from any aggregated item in our reports," Dal Cengio concluded. "This really comes in handy when we are presenting information and even helps us reduce the number of paper reports, which is good for the environment as well."

Performance Management at Askoll

About Tagetik

Tagetik – a Microsoft Gold Certified Partner – delivers a unified software solution to support **Performance Management** and **Financial Governance** plus extended **Business Intelligence, Collaboration and Communication**. Tagetik 3.0 creates value by **simplifying complex business processes for CFOs and CIOs**: budgeting, planning and forecasting, consolidation and reporting, financial governance, strategy management, profitability modeling, working capital analysis and compliance/industry requirements. Tagetik 3.0 is the solution to translate strategy into operations, manage and control overall performance down to business transactions, and improve decision-making across the whole organization while achieving faster ROI and lower total cost of ownership (TCO).

Tagetik operates in 13 countries leveraging a close partnership with Microsoft. Its market experts are totally committed to the success of **400 worldwide customers**, including some of the largest Fortune 1000 companies and representing all industries, as well as to foster synergies with system integrators, technology leaders and local consulting specialists. To learn more: www.tagetik.com

Corporate Headquarters

Tagetik Corporate

Via Farnesi, 141
55100 Lucca - ITALY
Ph +39 0583 96811
Fax +39 0583 91199
info@tagetik.com

Regional Headquarters

Tagetik North America

1055 Summer Street - 3rd floor
06905 Stamford, CT - USA
Ph +1 203 391 7520
Fax +1-203 355 2628
usa@int.tagetik.com

Tagetik France

33, rue Galilée
75116 Paris - FRANCE
Ph +33 144 435 241
Fax +33 144 435 256
france@int.tagetik.com

Tagetik UK

8 The Square, Stockley Park
Uxbridge - Middlesex - UB11 1PW
Ph +44 (0)8708 510540
Fax +44 (0)8708 510541
unitedkingdom@int.tagetik.com