



The background

Yule Catto & Co Plc is a leading chemicals group listed on the London Stock Exchange. The company is a trusted partner for manufacturers around the world who use their raw materials to produce a wide range of products that are an essential part of everyday life. Yule Catto’s products form a vital part of coatings, building products, gloves, carpets, paper, PVC, adhesives, plastics and pharmaceuticals. The company has three operating divisions with group companies around the world.

The problem

Ten years ago Yule Catto implemented a reporting system for consolidating their group accounts using a best of breed financial consolidation application. Whilst this system produced the basic accounts reasonably quickly when it was first implemented, as time passed the finance team came to the realisation that they needed to move beyond a simple consolidation system – towards an integrated platform that could provide a real insight into the business and support critical business decisions.

Kevin Roberts, Group Systems Accountant, explains, “The product that we were using was a good product, but after ten years of use it was looking a little long in the tooth. As you can imagine, in a company as diverse as Yule Catto tracking costs is a key aspect of managing our business and we felt that the old system simply didn’t provide us with a sufficient level of detail. Moreover, it lacked the sort of advanced drill-down features that would allow us to analyse trends further, break-down costs and track volumes and margins. It just didn’t help us manage the business to the degree that we needed.”

The other problem that the company faced was that their legacy consolidation system did not leverage

the web as a platform. “The application that we were running was too centralised and not flexible enough,” explains Roberts. “For example, our remote operations had to send us a transmission file each month full of actuals that we would load into the head office system. We often encountered problems with mapping entities in the submissions to those at H.Q.” Similarly, the antiquated architecture of the system placed a burden on remote operations. For example, once the numbers had been loaded and consolidated at head office, the business units would have to re-enter results into their own spreadsheets to prepare their management reporting pack, a process that led to significant frustration and data integrity problems. Moreover, the maintenance of the system was cumbersome. “We had to email out updated files and restate historical data for our users on a regular basis. We’re only a small finance team and so this type of activity consumed a significant amount of time and energy as well as being error prone,” says Roberts.

The consolidation system’s shortcomings and its lack of scalability meant that it was not a good fit with Yule Catto’s longer term strategy to provide a more detailed set of group accounts whilst simultaneously devolving more of the reporting function to its operations. Consequently, the finance team were tasked to replace the existing application with a solution that could take Yule Catto’s management reporting function into the 21st century.

The requirements

Once the decision had been made to move forward, the product selection process was a relatively simple one. “We have been running SAP R/3 at our largest group entity for some time now. Therefore, when it came to select a next generation management reporting and consolidation tool we were looking for

something that would allow us to integrate with that system easily and quickly,” says Roberts, “We found that when we looked at the marketplace that requirement narrowed down the field to the extent that the only product that really fitted our needs was SAP Business Objects Planning & Consolidation (SAP BPC).”

The requirements for the new solution included the delivery of profit and loss, balance sheet and cash flow information for group reporting. Furthermore, the system needed to be able to provide a centralised database that would load the initial submissions, allow consolidation and storage of the group figures and then allow them to be reported to remote operations globally. The system also needed to provide the ability to capture regular forecast information at a different level of detail than that of the actuals and allow advanced cash-flow reporting, profit break-downs and variance analysis.

“We wanted something that would be easy for our business units to use as well as a system that would be simple for us to update. Similarly, we needed a solution that would make use of the latest web technologies so that our users could get easy access to the system. It also had to be able to deal with the scale of the business problem, that meant being able to consolidate around 300 ledger lines for a hundred or so companies into eight different currencies with the minimum of fuss,” says Roberts.

The solution

With the software selected the implementation process began. Roberts explains, “We started work on the replacement system using a team of consultants that had been recommended to us. Initially things progressed well but about 4-5 months into the project we had run into some technical accounting issues that seemed to have the development team stumped. In effect, the project had stalled.”

As a consequence, Yule Catto contacted Rinedata in order to carry out a diagnosis of the problems facing the project. “We had a short initial meeting with their team and then they came in and completed a longer, more in-depth analysis of the system design and the development work that had already been done,” says Roberts.

In very little time Rinedata had ascertained what the issues were. Roberts continues, “They concluded that the original design was over-complicated. Consequently, they suggested some simple, elegant solutions to problems that had seemed insurmountable during the early stages of the implementation. Within about three days of working with them we knew that they were the team we needed to take the project forward.”

Kirit Patel, Partner at Rinedata continues, “Our primary function in this engagement was to redefine the existing BPC framework to better suit Yule Catto’s business requirements. We redesigned the management reporting application and set about rebuilding a simplified, more fit-for-purpose solution. Once we had that in place we worked with them in the design, development and delivery of the final solution. Something that Rinedata was able to do within about a two month time frame.”

Rinedata’s unique blend of pragmatic system design based upon sound accounting knowledge played a key role in the redevelopment of the system. “The thing that struck us most about Rinedata’s implementation team was that they were all accountants,” says Roberts. “That meant that, unlike the more technical approach that we had been used to, they were able to see and diagnose potential business issues straight away.”

“Another key aspect about working with Rinedata was that their consultants were very much part of our finance team. There was none of the ‘us’ and ‘them’ mentality that sometimes pervades systems implementations and they worked with us in a very flexible way. They were able to put resources into the project at short notice when it mattered. Given the size of our finance team it would have been impossible to have internal resources dedicated to the project full-time and so their ability to work around us was absolutely invaluable.”

The benefits

The flexibility of the BPC product coupled with the Rinedata solution design has increased the reach of the original consolidation and management reporting process. “One of the great benefits of this new solution is that we will be able to roll out amendments to 20-30 entities in 10 different locations, much more efficiently. This is something that we simply couldn’t even think about doing quickly before,” explains Roberts.

In a similar way, the tight integration of new solution with its underlying data source has streamlined the month-end process. “It’s a lot easier for us to manage incoming submissions now,” says Roberts. “In the past the data collection process was manual and very time consuming. It would take us anything up to 3-4 days to collect submissions, massage them, load their data, and then consolidate them. With the new system that whole process can take as little as 3-4 hours. With the introduction of BPC we have enhanced our reporting process to include variance and constant rate analysis so it’s not really a like by like comparison. However the variance analysis is not something we could quickly have done using FDC so it’s fair to say that it’s a big improvement time wise, to the extent it allows us to

produce more useful management data as part of the monthly reporting process rather than as an additional process as was with FDC. The benefit of that extra time to us is enormous.”

The centralised nature of the new solution has also reduced the amount of time that the finance team has to spend on maintenance. The BPC system holds all of the structural information for the consolidation centrally and uses a web enabled architecture to make reports available to users. This means that the finance team are freed up to focus on analysing the numbers rather than simply adding them up. “The new system lets us swap the time that we would have spent number crunching into supporting the business to make better decisions,” says Roberts.

Similarly, from the reporting units we have rolled out to date, they are also benefiting from the centralised and integrated aspects of the new solution. “This has been very well received by our users,” says Roberts. “Firstly it has completely eliminated the necessity for re-keying figures during the

preparation of the management reports, so we no longer have any of the data integrity issues that used to plague us. Secondly, the new solution provides a much more comprehensive set of reports and analytics. Now, instead of wrestling with a spreadsheet, our users just press a button and the system produces all of the reports that they need. That sort of instantaneous insight is hugely beneficial to us.”

About Rinedata

Rinedata specialise in the selection, development and support of corporate performance management solutions. For over ten years Rinedata has delivered successful CPM solutions to numerous blue chip organisations across a wide range of industries. Our portfolio of experience encompasses SAP BPC, Infor PM, Oracle Hyperion, IBM Cognos and a selection of independent vendor solutions including Tagetik CPM and KCI Control.