

JCH Cuts Budget Planning Process from 130 Days to 80 Days with Centralized System



Beijing Jingcheng Mechanical & Electrical Holding Co., Ltd
Beijing, China
www.jcmeh.com.cn

Industry:

Industrial Manufacturing

Annual Revenue:

US\$2.16 billion

Employees:

20,000

Oracle Products & Services:

Hyperion Planning

Oracle Partner:



Beijing Noahark Consulting Co., Ltd
www.noahark.com.cn

“By implementing a centralized budget management system based on Oracle’s Hyperion Planning, our head office has more control over subsidiaries and decision-makers at all levels have access to the information they need for their jobs. The system will be instrumental in ensuring we meet our corporate targets.”
– Bai Fan, Chief Accountant, Beijing Jingcheng Mechanical & Electrical Holding Co., Ltd

Beijing Jingcheng Mechanical & Electrical Holding Co., Ltd (JCH) is a state-owned organization that provides mechanical and electrical products and services, including printing machines, industrial cylinders, power generation equipment, and computer numerical controlled (CNC) tools. The organization is made up of more than 30 manufacturing subsidiaries located across China.

Due to rapid business expansion and intensifying competition, JCH found that its legacy budget management system did not offer the sophisticated features necessary for detailed planning and in-depth analysis. It did not provide the high quality data needed for informed decision-making on strategic and operational matters. This resulted in poor budget control and spiraling costs.

To address these issues, JCH engaged Oracle Certified Partner Beijing Noahark Consulting to implement a new budget management system based on Oracle’s Hyperion Planning. The system integrates operating, capital, and investment budgets to improve the efficiency and accuracy of budget preparation.

The Hyperion solution has enabled JCH to shorten the budget planning process from 130 days to 80 days, reduce the difference between projected and actual profit by 75%, and give head office close to 100% control over the budgets of subsidiaries. JCH is now well placed to fulfill corporate objectives and improve competitiveness.

More Control over Subsidiaries

In the past, the head office was responsible for making decisions on large investment and fundraising projects and guiding the operations of subsidiaries. The subsidiaries were responsible for the day-to-day running of their businesses and those of their

Key Benefits:

- Shortened the budget planning process from 130 days to 80 days
- Reduced the difference between projected and actual profit by 75%
- Gave head office close to 100% control over the budgets of subsidiaries
- Ensured managers at all levels could access the data they needed for informed decision making

subordinate companies. However, the legacy budget management system proved incapable of supporting this managerial structure.

The Hyperion system was designed to reflect JCH's hierarchical structure. It enables the head office to develop the overall corporate strategies, tactical targets, and annual operating plans; examine the major investment and fundraising projects of subsidiaries; and balance key indexes. It can also devise the overall corporate budget, supervise budget management at subsidiaries, and review major budget adjustment applications.

Subsidiaries can decide on their own strategic action plans and annual operation plans based on corporate guidelines, draft their operating budgets according to the tactical targets set by the head office, implement the budget approved by the head office, and apply for any adjustments to the budget within the scope authorized by the head office. The head office provides subsidiaries with guidance on budget management.

Data from subsidiaries is now consolidated in the central Hyperion system. This allows head office to query both consolidated and branch-specific budget data to get specific information for decision making and learn more about how the business is performing. The head office has close to 100% control over the budgets of subsidiaries.

Different Information for Different Needs

JCH is a diverse organization with subsidiaries that vary significantly in terms of their businesses. Consequently, the head office and subsidiaries demand different information and different functions from the budget management system.

Noahark designed the Hyperion system so that it meets the needs of both decision-makers at head office and at subsidiaries. In addition to providing consolidated budget data for the head office based on industry, product category, clients, and suppliers, the system offers budget preparation and analysis tools that accommodate the sales policies, supply chain management, and cost accounting processes of different subsidiaries.

Subsidiaries can now participate in budget development by submitting their funding requirements using the Hyperion system. This has helped shorten the budget planning process from 130 days to 80 days.

The system also allows users at different levels to access the information they need for analysis, ensuring they can make decisions in confidence.

Improving Budgeting Accuracy

Before implementing Hyperion, JCH used Microsoft Excel spreadsheets to draft budget plans, which resulted in poor planning analysis and managerial control. This approach did not present data in a flexible and three-dimensional manner. Moreover, the formulas were complicated and it was easy to make mistakes. Consequently, the budget preparation process was inefficient, inaccurate, and time-consuming. It was also difficult to coordinate the participation of all budgeting units and achieve central financial management.

With Hyperion, JCH has succeeded in unifying the financial management targets of the head office and subsidiaries and facilitating collaboration across the group. The corporate budget and those of key subsidiaries are drafted on the central Hyperion system, ensuring uniformity across the group. Resources are allocated to ensure maximum returns to the business.

The system has significantly improved JCH's budget preparation and analysis efficiency, reduced repetitive work, and freed financial managers for more valuable work. The company has reduced the difference between projected and actual profit by 75%.

Why Oracle?

"Oracle's Hyperion Planning is a world-leading enterprise project management software system, and has a successful track record in many industries at home and abroad," said Bai Fan, chief accountant at JCH. "In view of our complex demands, we believe the Hyperion software would best meet the needs of the head office and subsidiaries for budget management."

The solution is also highly scalable and can be seamlessly integrated with other systems to maximize information sharing.

Why Noahark Consulting?

The complexity of the implementation required JCH to work with a systems integrator that had the experience and knowledge to ensure a smooth, trouble-free deployment.

“We decided to work with Beijing Noahark Consulting because the company had a profound understanding of Oracle’s products and has worked with several large companies on similar implementations,” said Bai. “It won the EPM award from Oracle in 2008 so we felt confident in the company’s abilities.”

Implementation Process

JCH began implementing the Hyperion solution in December 2005 and went live in January 2007.

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