

Kesko Corporation Accelerates Financial Close, Drives Richer Reports with New System



Kesko Corporation
Helsinki, Finland
www.kesko.fi

Industry:

Retail & Distribution

Annual Revenue:

US\$10.4 billion

Employees:

21,603

Oracle Products & Services:

Oracle Hyperion Financial
Management
Hyperion Analyzer

“Oracle Hyperion Financial Management lets us extend data entry capabilities to every country. Every unit can now enter its own data into the system. In addition, Hyperion software makes it easier to process inter-company items. With Hyperion, we’ve reduced the monthly consolidation process from five days to two or three days.” – Heikki Kemola, Project Manager, Kesko Corporation

Kesko Corporation is the most versatile provider of trading sector services in the Baltic Sea region. In cooperation with retailer and other partners, it delivers highly valued retail and wholesale services. Kesko has 50 business units across 12 divisions, and the company continues to grow.

As Kesko gained market share outside Finland, it realized it needed better, more efficient tools for financial consolidation and reporting. But any new solution had to work well with Kesko’s SAP enterprise resource planning (ERP) applications. The company selected Hyperion Financial Management from Oracle to help it analyze and report on business performance across its growing global enterprise.

Growing Company Gets Analytical

Initially, Kesko used SAP with Microsoft Excel to report on its financial numbers. But the company still lacked the advanced reporting capabilities it needed to adequately monitor performance across the organization.

“We were using manual processes with many Excel spreadsheets for reporting,” recalled Heikki Kemola, project manager for Kesko. “That was a time-consuming, error-prone approach. Our goal was to spend less time on processing financial data and allow more time for analysis. And in light of our rapid growth, we needed a scalable platform that would continue to support our reporting activities.”

Key Benefits:

- Gained the ability to easily extract data from SAP R/3 for reporting and analysis
- Minimized bottlenecks by decentralizing data entry
- Gained the ability to deliver Web-based weekly sales reports to management
- Established 12 dimensions for International Financial Reporting Standards (IFRS) reporting
- Gained the ability to efficiently integrate financials of acquired companies
- Managed all training with two employees
- Automated manual processes
- Streamlined and decentralized the data entry process

In early 2004, Kesko began to evaluate consolidation and reporting tools, and Oracle Hyperion Financial Management stood out from all other offerings on the market. Today, about 180 Kesko employees around Europe use Oracle Hyperion Financial Management to streamline and enhance the monthly reporting process. Within the accounting department, five users perform consolidations through the Hyperion system. Other employees throughout Kesko use Hyperion applications for reporting and data entry.

Automated Feeds Connect SAP to Hyperion

Before implementing the Hyperion system, Kesko employees often entered manual journals into SAP just for reporting purposes. Kesko now uses automatic feeds to transfer data from its SAP solutions directly into Oracle Hyperion Financial Management, enabling the company to make better use of its financial data. Oracle Hyperion Financial Management also enables Kesko to integrate separate reporting processes into a single process—delivering one version of financial data.

“Across our enterprise, we use more than 10 RP systems, but SAP is our mainstay in Finland,” Kemola said. “We get about 70% of our overall data from SAP. That’s why it is critical to have a system that can help us consolidate and report on data from SAP. The Oracle Hyperion Financial Management system delivers.”

Kesko uses both the SAP R/3 ERP system and SAP Business Information Warehouse (BW), but takes its financial data from SAP R/3. A program within SAP extracts data and prepares data files to be sent to Oracle Hyperion Financial Management. Kesko loads data into Hyperion on the fifth day of each month, making it available for reporting and analysis.

Faster Consolidations, No More Bottlenecks

With Oracle Hyperion Financial Management, Kesko has streamlined and decentralized the data entry process. Kesko’s data entry process used to be the domain of two or three employees—creating an information bottleneck. By replacing spreadsheets with Web data-entry forms, Kesko has placed data entry capabilities at the fingertips of employees at every location. Employees can validate and consolidate their own data at the point of entry, saving time for the accounting staff at company headquarters in Finland.

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Heikki Kemola
Project Manager
Kesko Corporation

“Oracle Hyperion Financial Management lets us extend data entry capabilities to every country,” Kemola said. “Every unit can now enter its own data into the system. In addition, Hyperion applications make it easier to process inter-company items. With Hyperion software, we’ve reduced the monthly consolidation process from five days to two or three.”

Hyperion software also helps Kesko create weekly sales reports. After consolidating results for its business units to the corporate level, Kesko uses Hyperion Analyzer to deliver powerful, intuitive Web analysis to management. Executives use a user-friendly interface to view their data models in ways that make sense to them—giving them the visibility they need to make fast, informed decisions.

Meeting Global Reporting Standards

The International Financial Reporting Standards (IFRS), a set of accounting standards issued by the International Accounting Standards Board, provide broad rules for reporting and financial statements. Companies across Europe and Scandinavia, including Finland, have adopted the IFRS. As a company headquartered in Finland, Kesko felt a need to enhance its reporting capabilities and bring itself in line with the standards. Oracle Hyperion Financial Management helps Kesko produce the sophisticated, multi-dimensional reports it needs to maintain compliance.

“Oracle Hyperion Financial Management streamlines the process of meeting IFRS requirements,” Kemola said. “Where previously we could only create two dimensions, now we can create 12. This allows us to separate out local numbers, which would be a critical feature for us regardless of international standards.”

Taking the Headaches Out of Acquisitions

As Kesko continues to grow its global market share, corporate acquisitions will play a big part in its strategy. Oracle Hyperion Financial Management makes it easier to integrate the financials of newly acquired companies. The solution is designed to integrate with a company’s existing infrastructure.

“We acquire about two or three companies per year,” Kemola said. “Oracle Hyperion Financial Management makes legal consolidations quite a bit easier. Using Hyperion we have been able to automate the interfaces with our SAP operational system in Finland.”

“With Hyperion software, we’ve established a very good process for data consolidation,” Kemola concluded. “We’re confident that Hyperion applications will support our needs to go deeper, enabling us to drive better performance at the business unit level.”

Implementation Process

Although Oracle Hyperion Financial Management provides Kesko with comprehensive global collection reporting and analysis features, the solution did not require extensive end-user training. Two Kesko employees perform all training for the entire company. When Kesko went live with Oracle Hyperion Financial Management, it held 10 training sessions across Scandinavia to familiarize employees with the solution. Since then, there has been little need for additional training.

Kesko Corporation is the most versatile provider of trading sector services in the Baltic Sea region. In close cooperation with retailers and other partners, it produces highly valued retail and wholesale services. Kesko operates approximately 2,200 stores across Finland, Sweden, Norway, Estonia, Latvia, Lithuania, and Russia. The company has seven business divisions ranging from groceries to the car trade.