



SOCIÉTÉ GÉNÉRALE GROUP

ACCELERATING INTERCOMPANY RECONCILIATIONS TO ENABLE MONTHLY CLOSINGS

“We have considerably shortened our reconciliation process and changed our statutory consolidation from a quarterly to a monthly basis.”

Guillaume Ries, Consolidation Manager,
Société Générale Group

QUICK FACTS

Company

- Name: Société Générale Group
- Location: Paris
- Industry: Financial services
- Products and services: Retail banking, financial services, and investment banking
- Revenue: €21.9 billion
- Employees: 163,000 worldwide
- Web site: www.socgen.com

Challenges and Opportunities

- Reduce corporate finance workloads by optimizing and accelerating intercompany reconciliations
- Shorten the time to close the books
- Switch to a monthly accounting consolidation
- Minimize errors and business risk

Objectives

- Enable peer-to-peer reconciliations and information sharing in real time
- Provide entities with a centralized database where they can adjust amounts before sending them to corporate
- Integrate multicurrency transaction conversions and handling
- Enforce process controls and automate audit trail generation

SAP® Solutions and Services

- SAP® BusinessObjects™ Intercompany application
- SAP BusinessObjects Financial Consolidation application

Implementation Highlights

- Completed deployment in 52 weeks – from planning to going live
- Accommodated over 100 referenced currencies
- Replaced several communication modes to deliver uniform, modeled information
- Rolled out to 1,000 users worldwide

Why SAP

- Trusted technology
- Support for peer-to-peer reconciliations in real time
- Integration with SAP BusinessObjects Financial Consolidation

Benefits

- Faster intercompany reconciliation process – reduced from 10 days to 5 days
- Prevention of most discrepancies by addressing issues early
- Shortening of the reporting cycle by 5 days, enabling monthly closings
- Elimination of extra work and delays at the corporate level
- Freedom for teams to spend more time on value-added activities
- Reinforcement of internal controls
- Replacement of manual processes with automated processes that are tracked and audited

With 163,000 employees, revenue exceeding €21.9 billion, and 27 million customers in France and worldwide, Société Générale Group is one of the leading financial services groups in the euro zone. Services provided by Société Générale include retail banking, specialized financial services, asset management, private banking, and investment banking. In April 2002, the company deployed the SAP® BusinessObjects™ Financial Consolidation application to address the triple challenge of improving the quality, speed, and reliability of the company's financial communications. But ongoing issues with intercompany reconciliations were holding up closing processes. "We needed to optimize and smooth reconciliation between the entities to shorten the time to close our books and be able to switch to a monthly accounting consolidation," says Guillaume Ries, consolidation manager at Société Générale. "The SAP BusinessObjects Intercompany application enables our entities to exchange information in real time while retaining a level of control at corporate headquarters."

Identifying Bottlenecks and Risks

Société Générale's goals for improving financial communications were clear. They needed to:

- Enable monthly consolidations
- Improve the quality of financial information sent for quarterly results publication by anticipating the differential processing each month
- Ensure greater reliability in establishing group management results through new, clear accounting rules (adhering to French GAAP and International Financial Reporting Standards)
- Speed up quarterly and monthly external financial communication

The project was an ambitious one. The consolidation department needed to significantly reduce exchanges and improve the distribution of workloads. And to move to monthly consolidations, they also needed to rationalize and automate the reconciliation process for intragroup amounts. "The reporting process at headquarters created a major bottleneck," explains Ries. "Entities from all over the world were sending their declarations in through the consolidation software without verifying that they were correct. Corporate staff then printed them out, checked balances, identified discrepancies, and faxed details to the appropriate contacts, and then waited to hear

back, resolve issues, and intervene in disputes." The entire process took up to 10 days – too long to support monthly consolidations.

This process also resulted in too many late adjustments, which had to be handled by the corporate finance department. Ries describes the challenges the company faced: "Everyone was working from different locations and in different time zones – and no one could see what was ahead of the intercompany reconciliation in real time. It was very inefficient." The company was also concerned about the risks associated with its manual processes.

Finding the Right Solution

Faced with these issues, Société Générale decided to seek out a collaborative tool, common to all entities, to support the reconciliation of intragroup amounts. Management knew that if reporting units could deal directly with one another, the corporate office would no longer be a bottleneck, and the intercompany process would fall away from the critical path of the monthly close. The company needed a solution that could:

- Help ensure efficient information sharing and reduce the workload during the monthly closing process
- Enable subsidiaries to enter their declarations in a centralized database and carry out adjustments on the amounts prior to sending them to corporate headquarters
- Integrate multicurrency transaction conversions and handling
- Enforce proper controls and enable corporate visibility at all times



“Now reporting units can debate and reconcile transactions away from the critical path of the monthly close. Everyone can see the intercompany position and the difference between what has been declared in real time. This prevents most discrepancies from occurring, shortens the reporting cycle, and eliminates extra work and delays at the corporate level.”

Guillaume Ries, Consolidation Manager, Société Générale Group

Pleased with its success with SAP BusinessObjects Financial Consolidation, Société Générale decided to implement the SAP BusinessObjects Intercompany application – a new product that offered unique functionality not available from other vendors, such as support for peer-to-peer reconciliation. “We knew that we could save time if our reporting units could communicate and resolve differences directly with one another. This would move the responsibility for getting the right data from the central finance function to the reporting units themselves,” comments Ries. The units could then use process improvements – enabled through automation – to eliminate errors and improve the accuracy of reported figures.

A Rapid Deployment

Société Générale deployed SAP BusinessObjects Intercompany to over 1,000 users across 798 entities (including subconsolidation sites). It completed the entire project in May 2002. The application provided the company with an electronic information

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flow that minimized reliance on manual processes and automatically generated an audit trail. The software also provided a central intercompany reconciliation database so that everyone could work with one version of the financial “truth.”

The deployment team worked to ensure that the software met the company’s goals to:

- Optimize and smooth the reconciliation of intragroup amounts
- Enable real-time exchanges between entities
- Give corporate headquarters ongoing control and visibility into progress made via summaries
- Integrate into the company’s existing environment (without the need for custom development)
- Accommodate over 100 referenced currencies
- Deliver uniform and modeled information using a single application by replacing several communication modes previously in use
- Reinforce internal controls to minimize risk

The Power of Peer-to-Peer Reconciliations

Now entities can exchange information in real time while giving the corporate office an appropriate level of visibility and control. Ries summarizes the improve-

ments the company has experienced since installing SAP BusinessObjects Intercompany: “Now reporting units can debate and reconcile transactions away from the critical path of the monthly close. Everyone can see the

intercompany position and the difference between what has been declared in real time. This prevents most discrepancies from occurring, shortens the reporting cycle, and eliminates extra work and delays at the corporate level.”

Exceeding Expectations

By handing the responsibility for intercompany issues over to the entities, the reconciliation process has been trimmed to five days. “Thanks to SAP BusinessObjects Intercompany, we have considerably shortened our reconciliation process and changed our statutory consolidation from a quarterly to a monthly basis,” says Ries.

In addition, intercompany discrepancies for the company’s 798 entities have decreased significantly. Differentials are processed upstream, substantially reducing the consolidation work at the corporate level. Société Générale has also benefited from:

- Faster financial applications and on-target closing schedules
- Automated processes that reduce workloads and minimize human error risks
- More time for teams to spend on value-added activities
- Reinforced internal controls

Notes Ries: “One of the biggest advantages with this software is that you no longer have manual processes with no audit trail. Now everything is automated and tracked. It’s easier to achieve and maintain compliance.”

Looking Ahead

Société Générale is planning to upgrade its SAP BusinessObjects Intercompany software in 2009 to take advantage of functionality in the new release, such as tighter data integration between SAP's intercompany and financial consolidation software, improved reporting, and increased control. States Ries: "We are very satisfied with the software. At this stage of maturity, it's not a question of whether or not we need it. We wouldn't be able to perform consolidations without it."

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