



## W. R. GRACE

# “ONE GRACE” PROJECT BUILDS SINGLE SOURCE OF TRUTH USING SAP® GENERAL LEDGER

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**Ed Taylor**, SAP Global Financial Team Manager, W. R. Grace & Co.

### QUICK FACTS

#### Company

- Name: W. R. Grace & Co.
- Headquarters: Columbia, Maryland
- Industry: Chemicals
- Products and services: Specialty chemicals and construction products
- Revenue: US\$3.3 billion (2008)
- Employees: More than 6,300
- Web site: [www.grace.com](http://www.grace.com)
- Implementation partner: SAP® Consulting

#### Challenges and Opportunities

- Combine multiple financial systems into a single design
- Eliminate lengthy cross-system financial reconciliations

#### Objectives

- Implement a single general ledger for company-wide financial reporting and decision making
- Improve management reporting at the profit-center level with real-time balance sheets using the document-splitting feature
- Increase working capital visibility across all reporting units
- Eliminate duplication of reporting tasks and result checking in IT and finance

#### SAP Solutions and Services

- SAP ERP Financials solution
- SAP General Ledger application
- SAP NetWeaver® Business Warehouse component
- SAP General Ledger Migration service
- SAP field services consulting support

#### Implementation Highlights

- Combined Grace skills and platinum-level SAP Consulting services
- Employed general ledger migration cockpit functionality to speed up the project and provide a secure, auditable migration road map
- Kept implementation costs to a minimum
- Implemented on schedule and under budget

#### Why SAP

- Single, reconciled source of financial data and foundation for extensive performance management deployment
- Tools to expedite general ledger data migration
- Consulting services skilled in general ledger migrations

#### Benefits

- Single source of financial information for all of Grace
- Enriched profit-center balance sheet reporting
- Granular balance sheet analytics with real-time document splitting
- Migration of several hundred company codes with minimal issues
- Better financial closing efficiency achieved by reducing errors, manual rework, and cycle times
- Foundation for simplifying accounting, improving efficiency, increasing working capital visibility, and cutting IT costs

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Prior to the implementation of the SAP® General Ledger application, W. R. Grace & Co. (Grace) was relying on three separate SAP ledgers as data sources for financial and operational reporting. These three data sources caused reporting inconsistencies between the company's operating segments and the corporate legal reporting requirements. As part of its upgrade to the current SAP ERP Financials solution, the company implemented SAP General Ledger to provide a single reporting data source that would be used for all of Grace's reporting requirements. The implementation of SAP General Ledger was successful and met Grace's requirements for reporting from a single data source.

### **Disparate Financial Systems Cost Time and Effort**

Grace is a premier specialty chemicals and materials producer noted for experienced people, global reach, and strong customer relationships. Grace has two operating segments: Grace Davison, which provides specialty chemicals and formulation technologies, and Grace Construction Products, which produces specialty construction materials, systems, and services that strengthen, enhance, and protect structures. Between them, these segments include 222 company codes – multiple legal entities – spanning 45 countries around the world.

Grace originally implemented three separate SAP ledgers, one each for its legal reporting requirements team and its two operating segments. But these implementations occurred many

years apart, resulting in substantial differences – for example, the three ledgers had different configurations and levels of granularity within the reporting functionality. As a result, the legal reporting requirements were driven by the general ledger data, while the two operating segments' reporting requirements were driven by other data sources. Grace Davison employed profit-center accounting for management reporting, while Grace Construction Products used special-purpose ledgers to gather the same financial information. These three approaches led to many problems for Grace, especially in rolling up the detailed information into consolidated company financial reports. Reconciling financial data for the three reporting sources took substantial time and resources, resulting in lengthy financial close cycles.

“From a financials point of view we were basically three different companies,” states Michael Brown, director of finance productivity for Grace. “We realized that we would not achieve our objective for an improved finance organization unless we implemented a single general ledger throughout the entire company, and that's why we launched the initiative to drive consistency and common reporting standards.”

### **SAP Software and Services Provide Simplification**

Most companies that try to consolidate multiple ledgers face many complexities. Grace greatly simplified the task by implementing the SAP General Ledger application with help from SAP Consulting and the SAP General Ledger Migration service. “SAP General Ledger provided us the flexibility we needed,” says Ed Taylor, SAP global financial team manager at Grace. “Its real-time document-splitting feature allows us to immediately record transactions and changes to the balance sheet accounts, which results in enriched balance-sheet reporting at the profit-center level of detail.”

“SAP Consulting has excellent tools to expedite general ledger migrations and a lot of experience using them,” Taylor adds, “and the SAP General Ledger Migration service is expressly designed to help ensure that historical data is accurately transferred without loss or corruption.”



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## Grace Designs and Implements a Single General Ledger

Grace launched a full global effort that featured close coordination between Grace’s IT experts coupled with strong operational support from other employ-

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ees throughout the company. SAP Consulting provided critical support working in conjunction with the Grace team. Together the team created a single general ledger design for the company based on profit-center accounting, resulting in a common set of data definitions, consistent accounting methods, and a uniform level of detail for reporting. All the company’s 222 company codes were migrated successfully. Despite the magnitude of the project, the team finished on schedule and under budget.

“The tools that SAP Consulting provided made a big difference,” says Taylor. “The migration cockpit was especially valuable. It served as a framework for organizing the whole migration process. We used it as the basis for many tests and dress rehearsals before we went live.”

## A “Single Source of Truth” Is Just the Beginning

Now Grace has achieved its goal of a single general ledger for its entire global enterprise, and this is the sole data source for management and statutory

reporting and financial planning. “The immediate benefits are substantial, and the long-term benefits are going to be huge,” says Taylor. “Now that the whole company has a common accounting infrastructure, our senior executives have a better overall picture of the company’s financial status, and they receive it in near real time. That’s possible because SAP General Ledger is our single source of financial data across the entire company. We’ve also eliminated the lengthy reconciliation processes that were required to consolidate data across all our reporting units. Financial accounting at Grace is vastly simplified.”

“This will provide substantial benefits in the future,” Taylor continues. “Everyone involved in financial planning and accounting is going to be operating

much more efficiently, with significant labor savings. Reports will be available for our executives to review much more quickly, which means our senior management team will have the information it needs to make better and more timely decisions. Also, without all the reconciliations, our month-end and year-end closing periods will be a lot shorter. We’ll have much more visibility into our overall working capital, and we’ll have only one ledger to support in IT rather than three, which will help us reduce our costs.”

In addition, Grace now has the foundation in place for further solutions that will deliver even more benefits. The company is now actively leveraging this foundation and making improvements in its analytics reporting capabilities including business planning, reporting, and consolidations.

“We’re delighted with the success of this project and the financial basis it has established as well as what it will provide moving forward,” Taylor concludes. “One of W. R. Grace’s major corporate objectives is to transform our financial landscape into a ‘global financial standard.’ We view implementing SAP General Ledger as the key foundational step in achieving this goal. Additionally, we will upgrade our current consolidation systems, financial planning, and analytics functions to SAP solutions for enterprise performance management. SAP General Ledger will be the building block for all future financial enhancements.”

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