



ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

Open Event

“1C versus SAP: which is the best solution?”

December 14, 2010
AEB Office, Moscow



From 1C versus SAP: what is the best solution?

1C – software structure, versions and modules

Moscow, December 14, 2010

Lars Flottrøng

Director & Partner

RUSSIA CONSULTING



What is 1C ? ^{1/2}

- **Software for automation of daily business processes:**
 - including accounting, HR management, CRM, SRM, MRP etc.
- **Meets all local legal and tax requirements**
- **Ready-to-use**
- **Permanent update and support according to the changes in local requirements**
- **Low Cost**





What is 1C ^{2/2}

- **Wide range of integration possibilities with all common used applications**





What is 1C ^{2/2}

- **Wide range of integration possibilities with all common applications**
- **One database – many enterprises**
- **Interfaces with other software solutions**
 - Online Banking, SAP, Navision, Axapta
- **PC-Version & Server based platform**



1C is the most common used accounting software in Russia!



Weaknesses of 1C



- **Back dated bookings in closed periods are possible (lack of business transparency)**
- **Interface only in Russian**
- **Source codes can be easily affected by external programming**
- **Corporate process implementation requires huge efforts**



1C products

- **1C Accounting software**
- **1C Payroll and HR management**
- **1C Trade management**
- **1C Complex**
- **1C Manufacturing enterprise management**
- **1C Retail**





1C: Accounting software

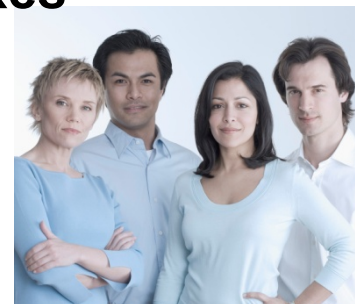
- the simplest version (as PC and server version available)
- adapted for different areas
- possible: one database for many enterprises
- exact compliance with legal requirements
- automatic generation of tax and accounting reports
- automation of labor-intensive accounting transactions
- individual configuration for every user (flexible costumizing)
- easy to maintain and support





1C: Payroll and HR management ^{1/2}

- **Automatized salary calculation (rates, shifts, working time)**
- **Calculation of Personal Income Tax and Social Taxes**
- **Staff list, HR analysis**
- **Company structure**
- **Professional development**
- **Regular reports and data transfer to competent authorities**
- **Transfer of the booking data to other accounting systems**
- **Data protection law (152-FZ Law) – NEW!**
Meets requirements of the data protection law for personal data processing

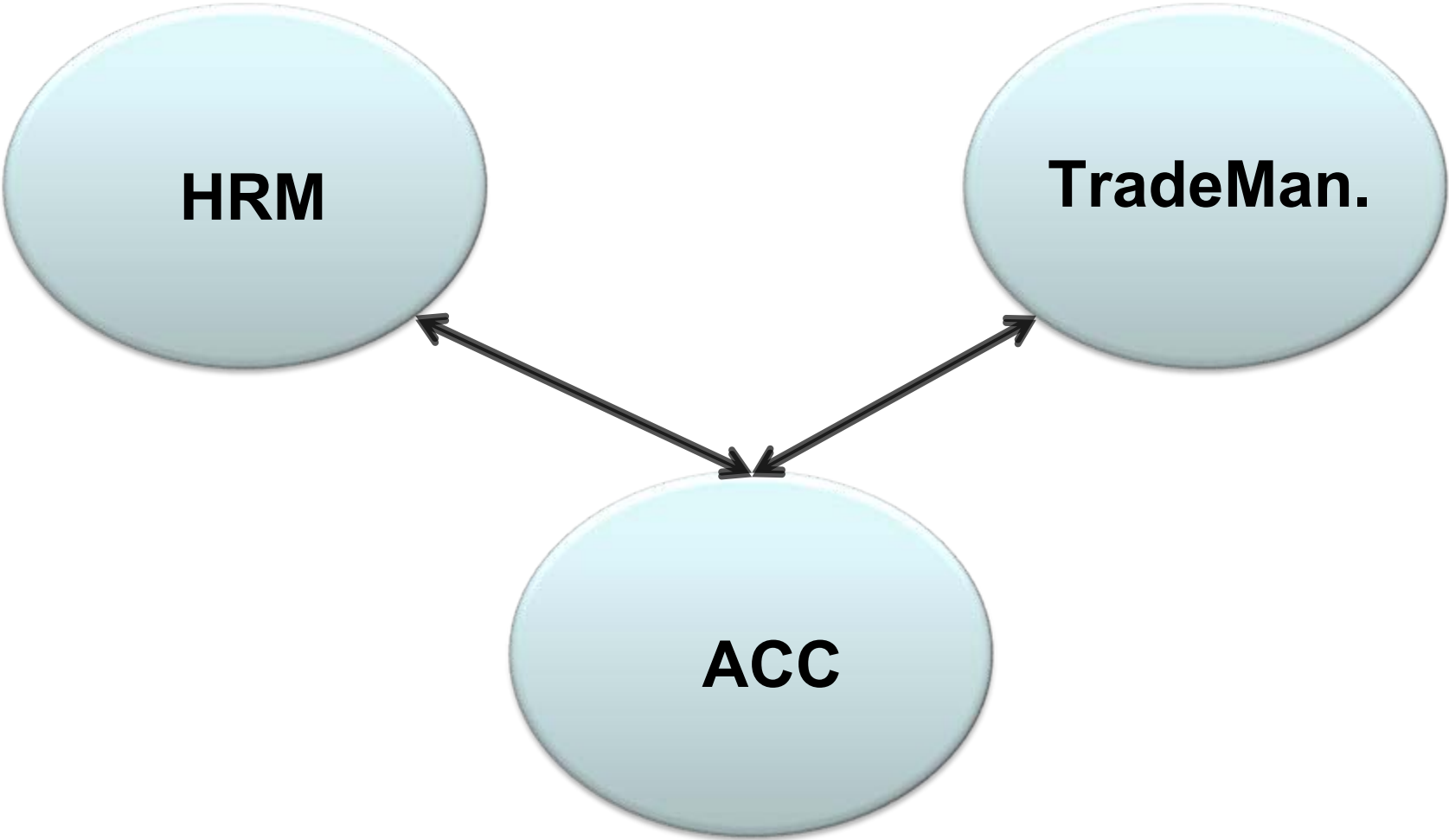




1C: Trade management



- **Stock management**
- **Sales management**
- **Purchase management**
- **Reports**
- **Customer Relationship Management (CRM)**
- **Standard interfaces to all 1C products, but also data exchange with other systems easy to implement**





1C: Complex

- **Combines functions of 3 products:**
 - **Accounting enterprise**
 - **Trade management**
 - **Payroll & HR management**
- **Resource planning**
- **Enterprise management**
 - **Extensive reporting**
 - **Extended management of customers' orders**
 - **Wide range of settings for customers and suppliers**
 - **Detailed cost analysis**
 - **Numerous Aging Reports**
 - **Flexible allocation of cost**
 - **Cost control**





1C: Complex

BUT:

- **For complex cost control an additional query must be added (RAUZ)**
- **Manual additional bookings for commission business are necessary at the end of the period**
- **Additional cost in UE must be manually allocated**
- **VAT by deals with advance payments and payments in UE must be manually corrected at the end of the month**



1C: Manufacturing enterprise management

Contains functionality of 1C Complex

- **Production management**

- Production planning
- Planning of production in shifts
- Cost management and prime cost calculation
- Management of product data
- Fixed assets managements and repair planning

- **Budget planning – reconciliation - control**

- **Transformation of Russian accounting data to IFRS**

- **PC and server compatible**



30news.ru - novostey.com



1C: Manufacturing enterprise management

BUT:

- IFRS CoA not flexible
- More complex booking procedures
- Very often there is lack of knowledge of the program





1C: Retail



- Discount cards, Progressive discounts
- Management of retail chains, management of stocks in all stores
- Transfer of goods and fund resources among stores
- Goods inventory
- Print of price tags and labels
- Acquiring Systems, payment cards
- Support of different trade equipment





ITAN



- **Already includes full mapping, incl. balance, Profit&Loss statement, Capital flow report**
- **Flexible mapping**
- **Can be used with all 1C solutions for both enterprise and business unit levels**
- **Can be used for SME and Blue Ships**
- **Flexible allocation of costs and re-booking**
- **Additional tools for finance and business analysis: kinds of activities, subdivisions, branches, product groups, management of expenses**
- **Controlling functions and cross check**



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Thank you very much for your attention!

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Reporting & Consolidation

Moscow, December 14, 2010

**Auditors
Tax advisors
Legal advisors**

Content

- Goals and difficulties of reporting and consolidation
- Major differences and their influence on the reporting process
- Use of ERP-systems for reporting
- Summary

Goals and difficulties of reporting and consolidation

Reporting

- Timely information on the financial, economic etc. status of the subsidiary
- Fast and as close to accounting as possible
- Local accounting closed?
- Local abilities (knowledge, systems etc)?

Goals and difficulties of reporting and consolidation

Consolidation (year-end reporting for consolidation purposes)

- Information on the financial status of the subsidiary according to group-accounting-standards
- Early and as close to accounting as possible
- Local accounting closed?
- Local abilities (knowledge, systems etc)?

Major differences and their influence

Differences in accounting approach

- Usually substance-over-form
- Other concepts for:
 - Recognition of income and expenses
 - Financial assets
 - Intellectual property
 - Accruals
 - etc.
- Second set of financial statements/chart of accounts

Major differences and their influence

Differences in valuation

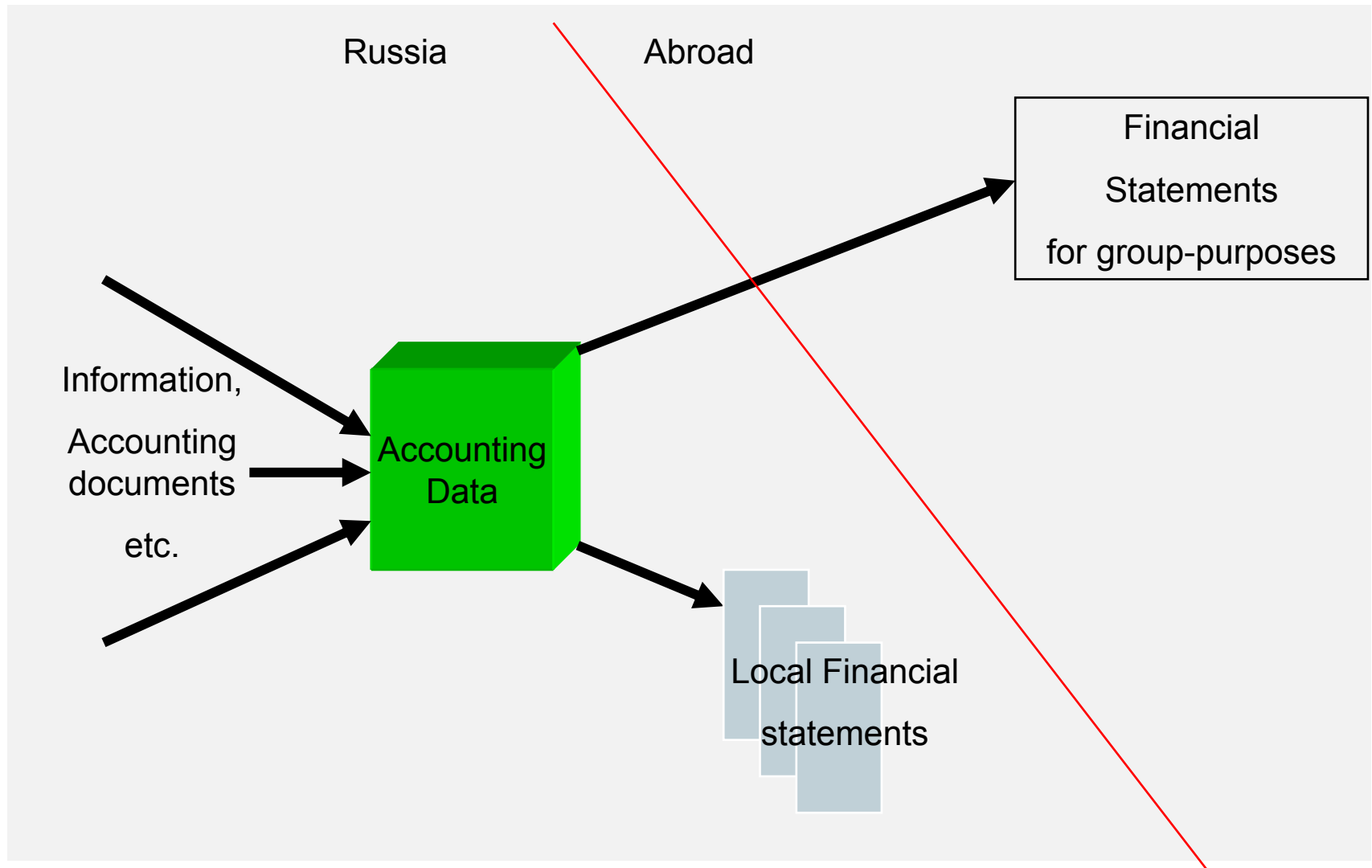
- Usually less formal
- Other concepts for:
 - Revaluation
 - Exchange rate differences
 - Reporting currency
 - etc.
- Additional calculations, supporting accounts

Major differences and their influence

Effects

- Double work
- Uncertainty on the quality/accuracy
- Timing problems
- Higher costs

Use of ERP-systems



Use of ERP-systems

Current situation

- Divided data-base
- Parallel accounting with/without interface
- Western ERP + local sub-systems (e.g. 1C for HR)
- Local systems with manual reporting (the auditor's horror – Excel)
- Fully integrated ERP-systems of western origin

Summary

- Integrated systems
 - One set of data
 - Adoption of local and group-standards
 - All-in-one for modules (warehouse, HR, taxes etc.) or, at least, automated interfaces
- Proper scheduling, training and use of local language
- Internal control: Regular and tight by headquarter/central controlling
- External control: Audit of the ERP-system after implementation

Do you have questions?



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Managing Partner Russia/CIS

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German-Russian Chamber of Commerce on Moscow



IFRS Reports on the basis of 1C-Program

Rainer Stawinoga

Moscow, December 2010



Essential differences between RAS and IAS:

- **No reserves or accruals**
- **Another method of revenues recognistion**
- **No transfer of expenses to future periods**



That is why IT solutions are needed.

There exist different tools.



Possibilities:

- **Special Standard Programs
(with limited costs)**
- **in Excel (reporting Tools)**



Possibilities:

- **Starting from a certain size of a daughter company the usage of a special program is the only practical and serious solution**



SPECIAL PROGRAMS FOR IFRS

- **IFRS-Module in 1C: UPP**
- **BIT: IFRS**
- **ITAN: IFRS**



Which Options these Programs offer

- **second chart of accounts (Mapping)**
- **Transfer of all bookings from RAS**
- **Reports in IFRS (Balance, P&L, Cash flow)**
- **Reserves only in IFRS**
- **Management of different reporting data RAS and IFRS**

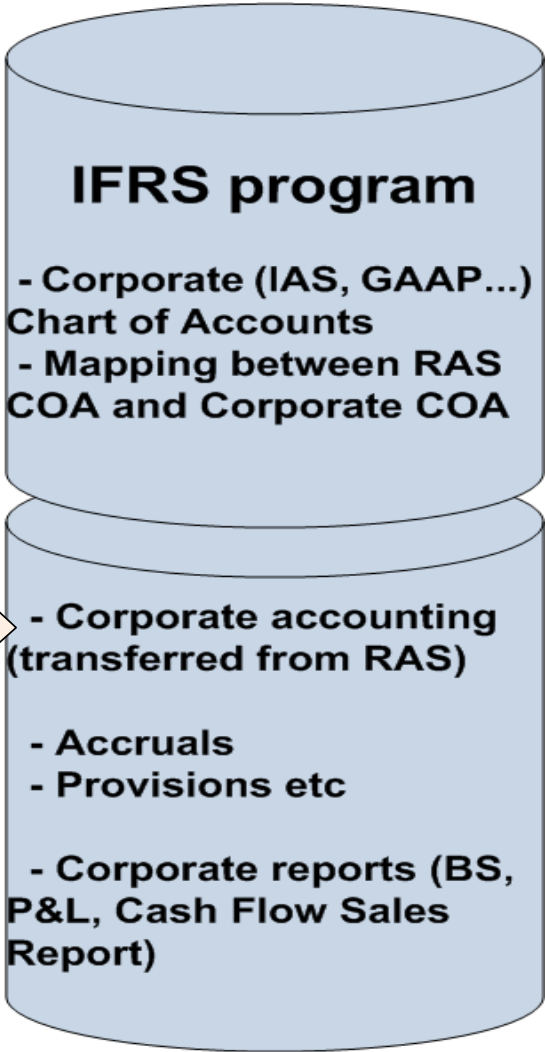
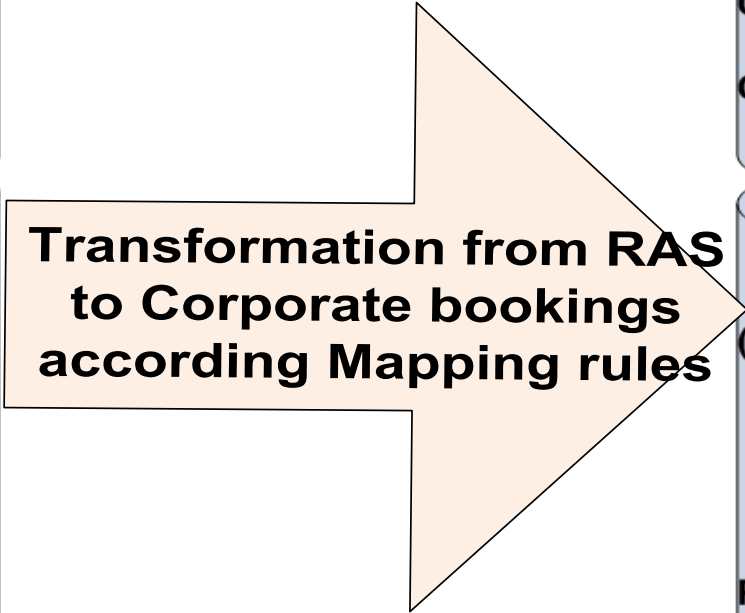
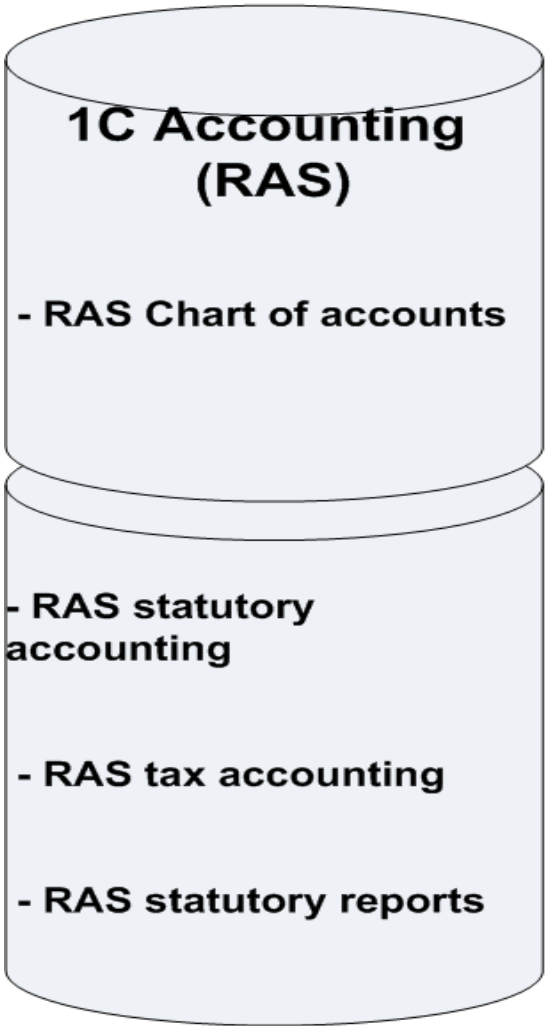


COMPARISON OF IFRS PROGRAMS

Functionality	IFRS module in 1C:УПП	BIT:IFRS	ITAN:IFRS
Implement without changing RAS configuration (without removal from the support of a typical configuration)	✓		✓
Without changing RAS configuration to add additional dimensions and analysts (CC, Project, etc.) for transformation to IAS			✓
Control the completeness of translation from RAS to IAS			✓
Online transformation from RAS to IAS			✓
Transformation for period (day, month, year)	✓	✓	✓
Possibility of manually correction of transferred transactions			✓
The implementation of the various terms in the closing period of RBU and IAS		✓	✓
Manual IAS transaction (without RAS transactions analog): Accruals, Deferred etc	✓	✓	✓
Flexible finance reports Designer		✓	✓
The possibility of decoding up to the primary business operation		✓	✓
Data consolidation by IAS	✓		✓
Ability to output reports in any currency, with the selected conversion rate (the average of the beginning, end, etc.)			✓



How does it function?





План счетов бухгалтерского учета

Действия Перейти Журнал проводок

Chart of accounts and Mapping

Управленческий план счетов (УБИ)

Действия Сортировать по порядку

Настройка связи счетов (УБИ) МС000002 от 01.01.2009 12:00:00 *

Действия Перейти Настройка плана счетов

Номер: МС000002 от: 01.01.2009 12:01 Модель УЧ: Учет по МСФО 070208
План счетов: План счетов бухгалтерского учета План счетов УЧ: Управленческий план счетов (УБИ)
Виды субконто УЧ: Виды субконто (УБИ)

Бух...	Наименование	№	Упр. ...	Наименование	Ум	Способ трансформации	Объект реклассификации
19.07	НДС по товарам, реализованным...	01	2616	НДС, уплачиваемый по ставке 0%	<input type="checkbox"/>	Все (Все части)	
41.01	Товары на складах	00	2151	Goods in Warehouse	<input type="checkbox"/>	Все (Все части)	
44.01	Operation expenses in Trade Compa...	01	7310	Depreciations of Fixed Assets in use ...	<input type="checkbox"/>	Дт (Дебетовая часть)	Счет БУ.Статьи затрат
44.01	Operation expenses in Trade Compa...	02	7221.01	Marcom Deduct Normir	<input type="checkbox"/>	Дт (Дебетовая часть)	Счет БУ.Статьи затрат
44.01	Operation expenses in Trade Compa...	03	7230.01	Storage	<input type="checkbox"/>	Дт (Дебетовая часть)	Счет БУ.Статьи затрат
44.01	Operation expenses in Trade Compa...	04	7240.01	Transportation to customers	<input type="checkbox"/>	Дт (Дебетовая часть)	Счет БУ.Статьи затрат



ITAN : Tool for financial reports

Ensures:

- Reports (turn-overs, results) are made without programming**



ITAN : Tool for financial reports

Ensures:

- Reports (turn-overs, results) are made without programming
- Unlimited number of analytical sections



ITAN : Tool for financial reports

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- Unlimited number of analytical sections**
- Reports preparation in other languages**



ITAN : Tool for financial reports

Ensures:

- Reports (turn-overs, results) are made without programming**
- Unlimited number of analytical sections**
- Reports preparation in other languages**
- Arrangement in any currency**



Балансовый отчет (Balance sheet)

Период с 01.01.2009 по 28.02.2009

Dictionaries and translation of reports

Выбрать отчет ▾ ▶ Сформировать

Основная Словарь

Словарь ▾

Русский

Актив

Основные средства

Недвижимость

Производственное оборудование

Офисное оборудование

Транспортные средства

Прочие основные средства

Приобретение и строительство

Инвестиционная собственность

Нематериальные активы

Расходы на разработку

Деловая репутация

Balance sheet

01.01.2009 - 28.02.2009

Основные средства

Недвижимость

Производственное оборудование

Офисное оборудование

Транспортные средства

Прочие основные средства

Приобретение и строительство

Инвестиционная собственность

Нематериальные активы

Расходы на разработку

Деловая репутация

Отложенные налоговые активы

Active	January 2009	February 2009
Fixed assets	10000,00	10000,00
Fixed property	10000,00	10000,00
Production equipment	0,00	0,00
Office equipment	0,00	0,00
Transport	0,00	0,00
Other FA	0,00	0,00
Acquisition and Building	0,00	0,00
Investment property	0,00	0,00
Intangible assets	0,00	0,00
Development costs	0,00	0,00
Goodwill	0,00	0,00
Deferred tax assets	4 930,60	3 786,32



ITAN : Tool for financial reports

Very limited costs :

-- we can install a standard version for 2.000 Euro



ITAN : Tool for financial reports

Very limited costs :

-- we can install a standard version for 2.000 Euro

-- very quick start up



ITAN : Tool for financial reports

Difficulties and Costs are mostly related to:

- **cost and profit centers**
- **details about turnover**
- **interfaces to other systems**



Experience of RUSSIA CONSULTING

- **We prepare IAS Reports for more than 200 enterprises**



Experience of RUSSIA CONSULTING

- **We prepare IAS Reports for more than 200 enterprises**
- **We have already used ITAN or UPP in many cases for it**



Experience of RUSSIA CONSULTING

- **We prepare IAS Reports for more than 200 enterprises**
- **We have already used ITAN or UPP in many cases for it**
- **Or we developed special IT solutions**



Experience of RUSSIA CONSULTING

- **We have vast experience in connecting with other systems**
- **SAP, Hyperion...**



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SAP Roll-Out Project



MANAGEMENT & IT CONSULTING
Competence. Experience. Solutions

Our core competences

SAP Services

- SAP consulting & implementation services
- SAP Roll-out competency and methodology
- SAP License and Maintenance services
- SAP Best Practices solutions
- SAP Application support

Training

- Management Training
- Sales Training

Business Consulting

- Management Consulting in areas:
 - Strategic Management
 - Corporate Performance Management
 - Structure and Business Process Changes
 - Management accounting and Budgeting
- Retail Consulting
 - Business concept development
 - Business restructuring
 - Market entry support,...



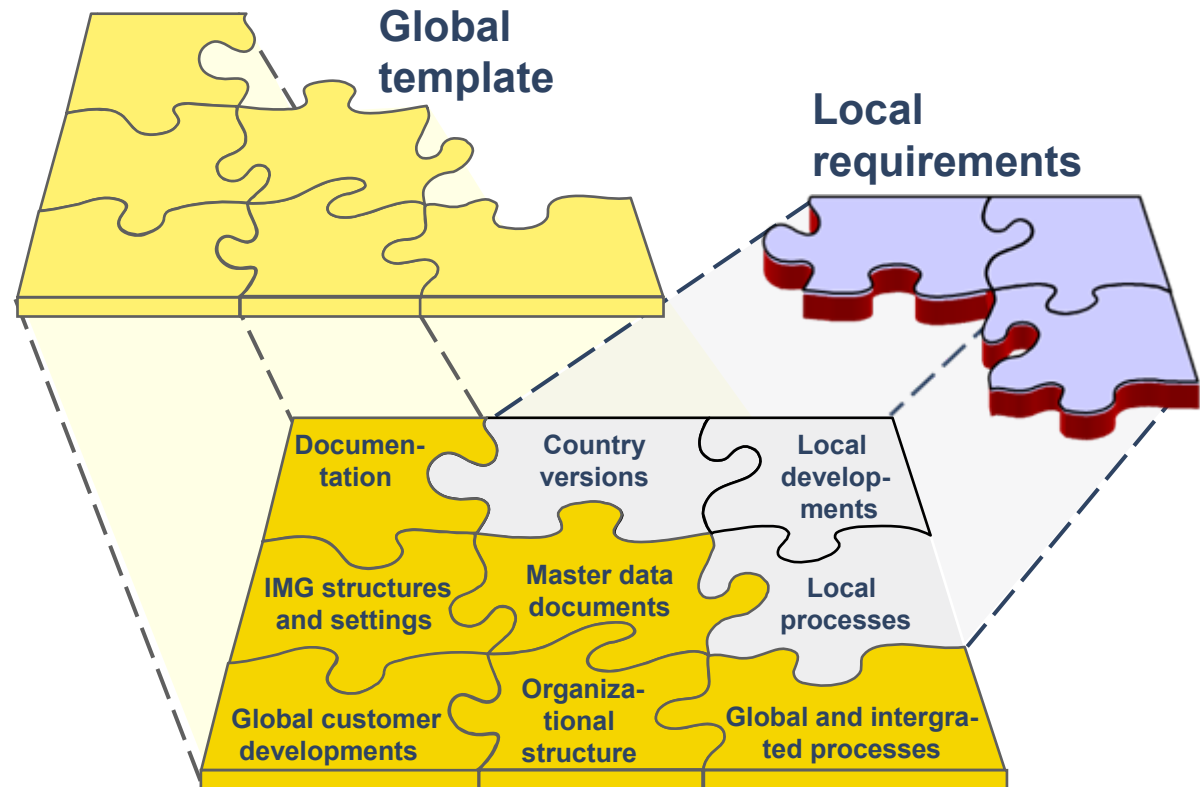
SAP in Russia



- **Turnover in 2009 >12 bln Euro**
 - More than 43.000 companies working on SAP in more than 25 industries
 - Approx. 45.000 Employees worldwide
- **> 12 million users in over 120 countries**
- **SAP in Russia since 1992**
 - Offices in all over Russia
 - Market share of 51% in Russia (in financial terms)
 - Major Russian companies working on SAP (throughout all industries)
 - fully localized solution for Russia
 - Own development team in Moscow
 - Solution for Small and Medium Enterprises

SAP Roll-out Competence

- Standardization of global business processes
- Optimization of business processes among organizations
- Increased information transparency



Customer References of Roll-out Activities



SAP – fully localized

SAP meets Russian legal requirements

legal accounting




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04.03.2003 № 16-00-14/98

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Принимая во внимание решение Президентского Совета Института профессиональных бухгалтеров России о соответствии методологического обеспечения программного продукта SAP R/3 фирмы SAP AG правилам нормативного регулирования системы бухгалтерского учета, что подтверждается сертификатом программного продукта SAP R/3, Департамент методологии бухгалтерского учета и отчетности Министерства финансов Российской Федерации рекомендует использовать пакет программ SAP R/3 на предприятиях и организациях различных отраслей народного хозяйства и в сфере государственного управления.

Руководитель Департамента
методологии бухгалтерского
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А.С. Бакаев



SAP Roll-out Project

- Implementation of the corporate ERP solution with adoption of Russian legal requirements
 - Implementation of a solution and not the Add-on!
- Methodology
 - Also a roll-out project must be regarded as a usual ERP project
 - Preparation
 - Requirements
 - Project Plan, Milestones, Processes
 - Resources (human resources, budget)
- SAP Team (from both sides / client and service provider)
 - Project Sponsor
 - Project Manager
 - Business Owner
 - Consultants (FI, CO, ...)
 - Programmers (ABAP,...)

Success Factors of a Roll-Out Project



- Clear commitment of the project sponsor to support the project
- Involvement of the whole project team (Management, Key-user, IT,...)
- Fast decision making process
- Availability of the customers key-users (business process owners)
- Active cooperation with the corporate SAP competence center!!
- Open Communication
- Experts in Russian accounting and tax requirements
- Use of standard solutions as much as possible and programming only where this is necessary
- Proper project preparation from core team
- Clear definition of responsibilities within project team
- Authorization to the project team to access the system
- Preparation of Master Data

Evaluation of possible ERP solutions / Example

Option	I	II		III		IV	
	Option 1	Option 2		Option3		Option 4	
	FI/CO/SD/MM tax BS in SAP HR in 1C	FI/CO/SD/MM tax BS in Excel HR in 1C		SD/MM partially FI/CO/MM part/HR in 1C			
Technical feasibility/complexity of implementation	!	2	h	1	!	4	b
Manage complexity of integration/interfaces		4	b	1	!	2	h
Flexibility / adaptability to new legal requirements		2	h	4	b	4	b
Implement/set-up standard Companies processes		4	b	2	h	1	!
Transparency on business		4	b	2	h	1	!
Labour market condiditions		2	h	4	b	4	b
PM support/supervision (incl. organization, access)		4	b	2	h	2	h
Transparency about changes (amend vs. cancelation)		4	b	2	h	2	h
Technical Support		3	n	3	n	3	n
Authority concept		3	n	3	n	3	n
IT Infrastructure (server, backup, archive, ...)		4	b	2	h	2	h
Bilingual version available (engl/russ)		4	b	0	i	0	i
Sum		40		26		28	



SAP Roll-Out Project (rough Project Plan, Sales Company)

Kick – Off Workshop	1 – 2 Days
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Adaptation of Business Blueprints	2 – 3 Weeks
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Implementation and Tests	2 – 3 Months
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Go – Live	1 Weeks
------------------	----------------

User Trainings	> 1 Week
-----------------------	--------------------

After Go-Live Support	
------------------------------	--



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Back Up Slides

Some of our Roll-out customers



Mazda Motor Rus, full implementation – FI, CO, MM,SD, integration



IKB Leasing, Roll-out – FI, FI/AA, CO, integration



Magna Technoplast Kaluga, implementation – FI, CO



AstraZeneca Pharmaceuticals, Core system Roll-out – FI, FI/AA, SD



Rockwool, implementation, FI, FI/AA



WestfaliaSurge GEA, full implementation - FI, CO, SD, MM

DeLonghi, Roll-out – FI, FI/AA, CO



Metro Cash&Carry, support of implemented solution - FI



Interprint Rus, implementation - FI

Some of our International Customers



MAGNA Cosym SPb, Full Implementation – FI, CO, MM, SD, PP



BEKO Rus, Roll-out Support - FI, CO, MM,SD, Trainings



ENKA Rus, Roll-out – RE (Real Estate Management)



Brenntag CEE, Roll- out in Russia and Ukraine – FI, CO



Wago Kontakttechnik, Core system Roll-out – FI, FI/AA



Pirelli, Roll-out Support - FI, FI/AA



degussa.

Evonik, Roll-out support - FI, CO, SD, MM



Wincor Nixdorf, Roll-out – FI, SD



Rational, Roll-out - FI

Mazda

Core system Roll-out project

- Project Scope:** FI, CO, MM, SD, PP
- Project duration:** November 2007 – August 2008 (ongoing support and project enlargement)
- Tasks:** Corporate roll-out, integration with corporate logistic solution
- Solution / Results:**
- Mazda received a system covering all business requirements of the company
 - Prompt receipt of accounting reports in RAS and IAS
 - Full integration of external systems (e-cars and e-parts) shortens go through time and reduces number of mistakes
 - First implementation of logistic modules within Mazda Europe.
 - Full integration with external systems



AstraZeneca Pharmaceuticals

Core system Roll-out project

Project Scope: FI, CO, MM, SD

Project duration: March 2007 – July 2007 (Go-Live)

Tasks: Installation, implementation and after go-live support of the Russian Financial Accounting module including asset accounting

Solution / Results:

- Implementation of an SAP based business model based on the business model of the HQ
- consolidated reporting in accordance with corporate standards
- integration of SAP with external systems
- AZ received a system covering all business requirements of the company



Core system Roll-out project



Project Scope: FI, CO, MM, SD, PP

Project duration: November 2007 – August 2008

Tasks: Corporate roll-out, integration of Russian accounting (FI, CO) with corporate logistics processes (SD, MM, PP)



Solution / Results: Accounting tools complying with Russian and Corporate standards
Multicurrency accounting
Data interchange with central office
Faster data input, processing and retrieval



Core system Roll-out project



Project Scope: FI, CO, FI/AA

Project duration: April 2006 – August 2006

Tasks: Implementation and adaptation of FI module according to Russian legal requirements, profit tax solution implementation (March – July 2009)

Solution / Results: ALPE consulting was responsible for the FI part of the implementation including asset accounting and all reports (including Russian profit tax accounting – in a separate project).
Running SAP system, covering the business needs of the Russian subsidiary of BRENNTAG.

Roll – out of SAP also to the Ukraine branch of Brenntag based on the corporate model



GEA Westfalia-Surge

Core system Roll-out project

Project Scope: FI, MM, SD, CO

Project duration: March 2009 – October 2009

Tasks: Customizing of all mentioned modules, business processes reengineering and after Go-Live support

Solution / Results:

- implementation of FI/CO modules in accordance with corporate blueprint including Russian legal requirements
- implementation of MM/SD
- Profit Tax solution implementation

The project successfully started on the 1st of October, 2009

After Go-Live support and further development of the system



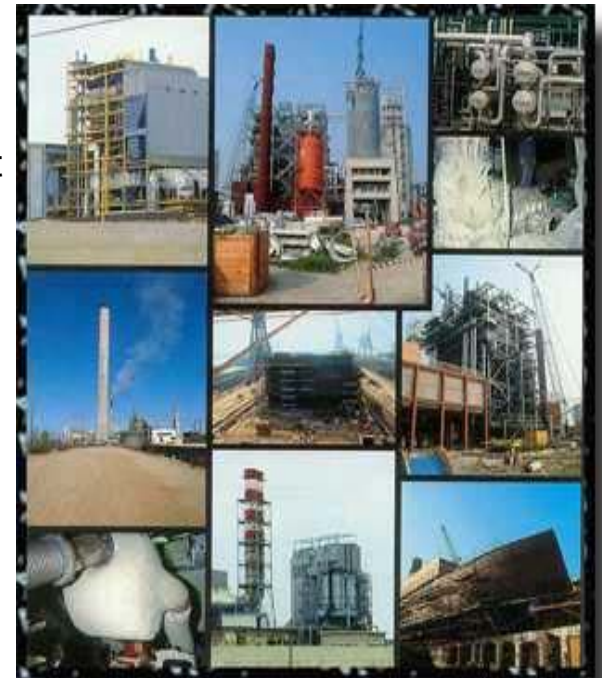
Core system Roll-out project

Project Scope: FI, CO, MM, SD, PP

Project duration: August 2006 – April 2007

Tasks: Implementation and adaptation of FI module according to Russian legal requirements

Solution / Results: ALPE consulting was responsible for the FI part of the implementation including asset accounting and all reports (except Russian profit tax accounting).
Running SAP system being integrated with the European template. Unified chart of accounts, finance consolidation



Core system Roll-out project



Project Scope: FI, CO, MM, SD

Project duration: Oct. 2008 – May 2009

Tasks: Implementation of the FI module according to Russian legal requirements
Consolidation with companies headquarters in Italy
Training of key and end users

Solution / Results: SAP deployment enabled the consolidation of the Russian and international standard accounting practices
Prompt presentation of accounting and management statements
Reduction of data input and processing time



Core system Roll-out project



Project Scope: FI, CO, MM, SD, PP, CO-PA

Project duration: October 2009 – January 2010

Tasks: Implementation of SAP according to Russian legal requirements

Solution / Results:

- First SAP implementation within Magna Group in Russia.
- FI implementation within a very short timeframe
- System will be used as master template for further SAP projects at Magna in Russia (Nizhnij Novgorod and St. Petersburg)



Statutory Requirements Realization

- To meet the statutory requirements SAP offers a specific Add-On package for each country – CIS Add-On is to be purchased separate of the main SAP licenses
- For Russian Federation the CIS Add-On contains the following programs and reports:

Petty Cash/Banks

- Incoming and outgoing petty cash orders
- Cash Book
- Payment Advice

Materials Accounting

- Form M-4
- Form M-11
- Form M-15
- Form 1-T
- Form TOPF-12
- Invoice

Fixed Assets

- Asset Inventory card
- Print Open Interface Forms

VAT

- Sales Ledger
- Purchases Ledger
- VAT declaration
- VAT calculation scheme TAXRU

Reporting

- Balance Sheet
- Income Statement
- Cash flow statement
- Flow of financial funds statement
- Account Correspondence Subsystem

Tax Accounting

- Profit tax declaration
- FI-SL Typical Project Solution for profit tax
- Transport tax and property tax programs and output forms

Realization of Parallel Accounting

Options for realization of parallel accounting under Russian Accounting Standards and IFRS:

- Real-time parallel accounting
- Partial parallel accounting
- Parallel accounting outside SAP system, with further integration on flat-file level



Options for realization of Tax accounting (Profit Tax):

- Via FI-SL functionality (real-time and full-cycle tax accounting)
- Via FI-AA functionality and usage of specific reports (partial tax accounting)
- Tax accounting within an external application

Localization Projects Specifics: Russia

Relying on ALPE consulting experience, the most time-consuming issues within localization projects are the following:

- Development of the chart of accounts, containing both local specifics, international accounting standards as well as SAP technical features
- Implementation of tax accounting – VAT and Profit Tax
- Configuration of print out forms and specific report layouts, which are statutory required
- Settings for export operations
- Account Correspondence Subsystem for Russia
- Bank Statement configuration and processing, recognition of bank layouts
- Payroll accounting
- Foreign currency revaluation and operations

Potential problems of integration with Core Template

- Specifics for realization of the Russian language interface and Cyrillic fonts.
- Differences in goods and materials accounting
 - Price variances accounting
 - Difference in time of materials write-off under Russian accounting standards and IFRS.
 - Cost of goods sold calculation specifics
 - Necessity to realize Customs State Declarations Numbers and Batch Management
 - Shared settings for pricing methods (FIFO/LIFO/Moving average)
 - Pricing procedures in Sales and Distribution and Gross Revenue specifics
- Asset Accounting:
 - Classification of fixed assets;
 - Difference in APC (acquisition) value under different standards;
 - Difference in Useful life periods under RAS and IFRS;
 - Depreciation start and finish dates
 - Depreciation methods and rules
 - Asset Movements Account Correspondence Principles (specific acquisition accounts for RAS)
 - Asset acknowledgement (Intangible Assets, etc.)
- Price and sum differences accounting
- Doubtful debts accounting
- Financial result and closing procedures



SAP implementation in «Mazda Motor Rus»: Roll out

Artem Romanov,
Head of International Project
Department

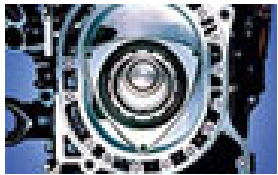
Moscow, 2010



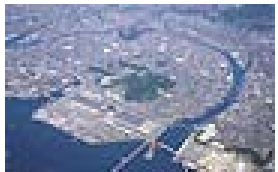
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Mazda's major facilities in Japan



Mazda's Research and Development facilities



Introduction to Mazda's production Sites in Japan



Introduction to Mazda's overseas production facilities



Mazda's overseas affiliates and subsidiaries





Before the project:

- **A number of external logistic systems:**
 - ✓ E-Motive
 - ✓ E-Parts
 - ✓ E-Finance...

- **Each company's department used different systems:**
 - ✓ Accounting department– 1C
 - ✓ Sales department – Excel
 - ✓ Purchase department – Excel, Access

- **Problems with reporting and documentation:**
 - ✓ Different formats of information from the different systems complicated consolidation and reporting
 - ✓ 1C didn't allow to make the reporting in IFRS standards at that moment

- Bringing Russian business processes to the common corporate standards
- **Integration of SAP with the external systems**
- Operative information input from dealers for cars and parts
- **Optimization of logistic processes of cars delivering from the factory to dealers**



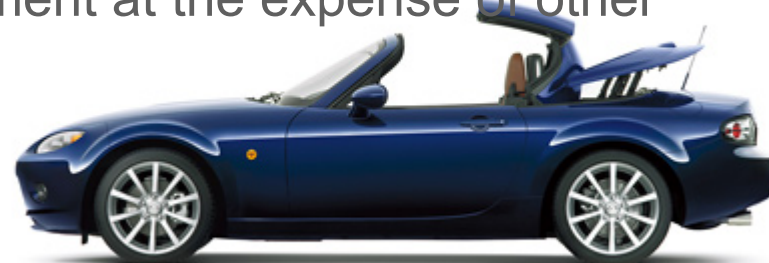
- Corporate standard
- Leader of ERP market
- Considerable quantity of successful projects in Russia
- Availability and accessibility of consulting
- Rich content of the system
- SAP – **good chance to check the effectiveness of company's business processes**
- Prestigiousness of SAP





Technical advantages:

- Flexible system with a wide range of modules, allowing to change the functionality according to the requirements of business and market
- Powerful and highly-performed system
- Availability of 24 hours 7 days a week
- The prospects of permanent development at the expense of other SAP products





General information about the project

Project scope:	SAP FI, SAP CO, SAP MM, SAP SD
Business processes:	Planning, sales, purchasing, transport logistic, accounting, controlling, CRM
Duration:	11 months
Go-live:	01/06/2008
Users:	Around 30
Implementation methodology:	ASAP



Budget

- Consulting (paid locally from Russian office)
- Licenses (part of corporate agreement in Europe)
- Hardware (installation in Belgium)
- Help Desk (corporate Helpdesk in Belgium)





Risks:

- Remoteness of the core-team and responsible persons
- Very long decision making process
- Contradictions and misunderstandings between project participants
- Time difference between Russian and European offices





Factors increasing the effectiveness of implementation:

- Simultaneous training of all users
- Usage of real data and real business situations while testing and training
- Proper integration testing
- Active participation of CFO in the customizing and testing
- Specialists exchange (business-trips of Russian team to European office and vice-versa)





Special features of the project:

- ✓ Accounting in IFRS or GAAP standards
- ✓ Russian accounting in parallel
- ✓ Mapping of chart of accounts





Special features of the project (no typical Roll-out):

- ✓ Logistic modules implementation in Russia – **first and unique experience**, for Mazda in the world
- ✓ Project duration - equal to standard SAP project as there were no common blueprint (conceptual project)
- ✓ External system integration





Implementation results:

CREATION OF A UNIQUE CORPORATE SYSTEM

- ✓ Checking and reengineering of business processes
- ✓ Higher level of management and business control
- ✓ High speed of personnel development (as a result of communication with implementation team)
- ✓ New possibilities for creating the mutual informational space with business-partners (dealers)
- ✓ High speed of information exchange between SAP and external systems





Implementation results :

Increase of effectiveness of corporate processes:

- Business processes optimization
- High quality of operative data
- Higher planning quality
- Precise cost analysis

The speed of logistic documentation and information processing increased considerably which in its turn improved the cooperation with dealers and had a reflect in financial results of company's activity.

What are the main risks?

- **Users**
- **External environment changes**
- **Internal company's changes**
- **Mutual misunderstanding**





Thanks for your attention!

Questions?

Artem Romanov,
Head of International Project Department

