



GLOBAL VALUE CHAIN

End-to-End Costing made Transparent

The Solution for Managing Transnational Value Chains

Challenges in Rapidly Changing Markets



How profitable are your products across the entire value chain? How high are your overall material, manufacturing, and logistics costs? How are you affected by fluctuating commodity prices or exchange rates? How can you achieve transparency with regard to real transfer prices and intercompany profits?

These are just some of the questions that central controlling, sales, or product and supply chain management units of international companies are finding increasingly difficult to answer.

This is due to the fact that supply chains are becoming more complex and value chains are rapidly evolving into value networks. Digital networking is increasingly widespread and the number of active market players is rising. The proportion of value created from digital transformation is also growing. Just as the markets are accelerating and becoming more dynamic, so are the decision processes. At the same time, auditors are also demanding much more diverse and complex analyses and reports today than they were a few years ago in response to the more stringent local and global compliance requirements of the various countries, financial supervisory authorities, and the international community.

For companies with global value chains to be successful, it is more important than ever to be able to show, plan, and optimize all the added value. This is the only way of capitalizing on the potential gains from the digital transformation, which amount to an annual figure in the region of 250 billion euros for industrial sector in Europe alone¹. Create the conditions that will allow you to reap the benefits of this potential – combine the knowledge and data from your company into one solution and make the right decisions – based on high quality data.

¹ "Die Digitale Transformation der Industrie" – a Roland Berger study commissioned by the BDI (Bundesverband der deutschen Industrie), 2015

The Solution:

Global Value Chain

Our Global Value Chain solution is intended for international corporations from all industries, whether manufacturing, plant construction or the process industry. The SAP add-on solution enables you to display your group costing and profitability in detail. More specifically, you can display planned and actual costs per division, per product group, and per product across all production locations and systems without having to go through the laborious process of eliminating the intercompany profits manually. As a result, the solution not only provides you with a clear overview of your group costing and profitability, but also enables you to meet global statutory regulations and compliance requirements.



The global cost transparency that this creates can be used for faster and better management decisions, smarter purchasing and production strategies, for greater supply chain efficiency, or for a real assessment of the impact of currency fluctuations on costs and profitability.

To do this, the solution extracts data from live SAP and external systems to a central data structure and transforms it into a special format. This intelligence enables you to work with current data from the entire organization to produce a **dynamically-created**, global bill of materials. Thus, all cost components across the entire supply chain can be split, allowing you to collect information on your material, manufacturing, and logistics costs and analyze it in detail. In this way, you can also calculate and simulate the effects of currency fluctuations and other external factors.

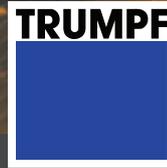
By default, you can use the current version of Global Value Chain to create reports and analyses to do the following:

- ▶ Present a statement of planned and actual costs
- ▶ Calculate consolidated profit
- ▶ Determine intercompany profits
- ▶ Show a clear overview of clearing methods and transfer prices
- ▶ Display currency distribution and simulate the effects of currency fluctuations on profit
- ▶ List unrealized gains in the portfolio

Global Value Chain creates these analyses and reports using standard technologies and interfaces only. It can therefore be integrated seamlessly into existing IT infrastructures. From a technical perspective, you can install the solution on existing SAP ERP or BW systems as well natively on SAP HANA.

Benefits of Global Value Chain

- ▶ Present a global and detailed view of your group costing and profitability beyond ERP and country borders
- ▶ Enjoy complete transparency (end-to-end) in relation to the costs of all products and product groups with options to create reports and drill downs to any level of detail
- ▶ Work with a dynamically-created bill of materials that shows the entire global manufacturing process (global BOM)
- ▶ Collect and calculate your material, manufacturing, and logistics costs on all product levels
- ▶ Simulate the effects of currency fluctuations and other external factors on your profitability
- ▶ Improve your margins through faster decision-making, smarter purchasing strategies, or further optimization of your supply chain
- ▶ Analyze and plan the global transfer costs and identify audit-related deviations early enough to react accordingly



The Trumpf Group, with its head office in the German town of Ditzingen near Stuttgart, is well-known for its high-quality machine tools and lasers. The company also works to extremely precise standards when it comes to its business processes. "Up to now, corporate control was based primarily on the results of value creation islands. The reason for this, among others, is that it was only possible to perform evaluations at the individual company level in the standard ERP system and in SAP CO-PA", explains Heiko Bentner from Trumpf. It was not entirely clear how much profit or even loss the group had made with a product due to intercompany profits, for instance. "Following the implementation of the xPERT project, which introduced Global Value Chain, all costs and revenues can now be analyzed – down to the very last cent, if necessary – along the entire value chain based on many different combinations of features", states a delighted Dietmar Allgöwer, Head of Commercial Application Systems. This means that production, warranty, and goodwill costs as well as planned and actual manufacturing costs can be calculated precisely.

About EXA: EXA is a leading technology provider engaged in delivering customized and niche solutions for Financial Transformation Management, Connected Manufacturing and Product Lifecycle Management. Our close cooperation and co-innovation with SAP in the technology areas of HANA, Analytics and Fiori/UI5 help us to provide customers with cutting-edge solutions. This combination of subject matter expertise and technology strength positions us as a trusted partner to our clients.

Operating globally, EXA offers proven solutions and cost-effective services in the areas of implementation, application development and support. With headquarters in Germany, EXA also has presence across Europe, India and the USA.

