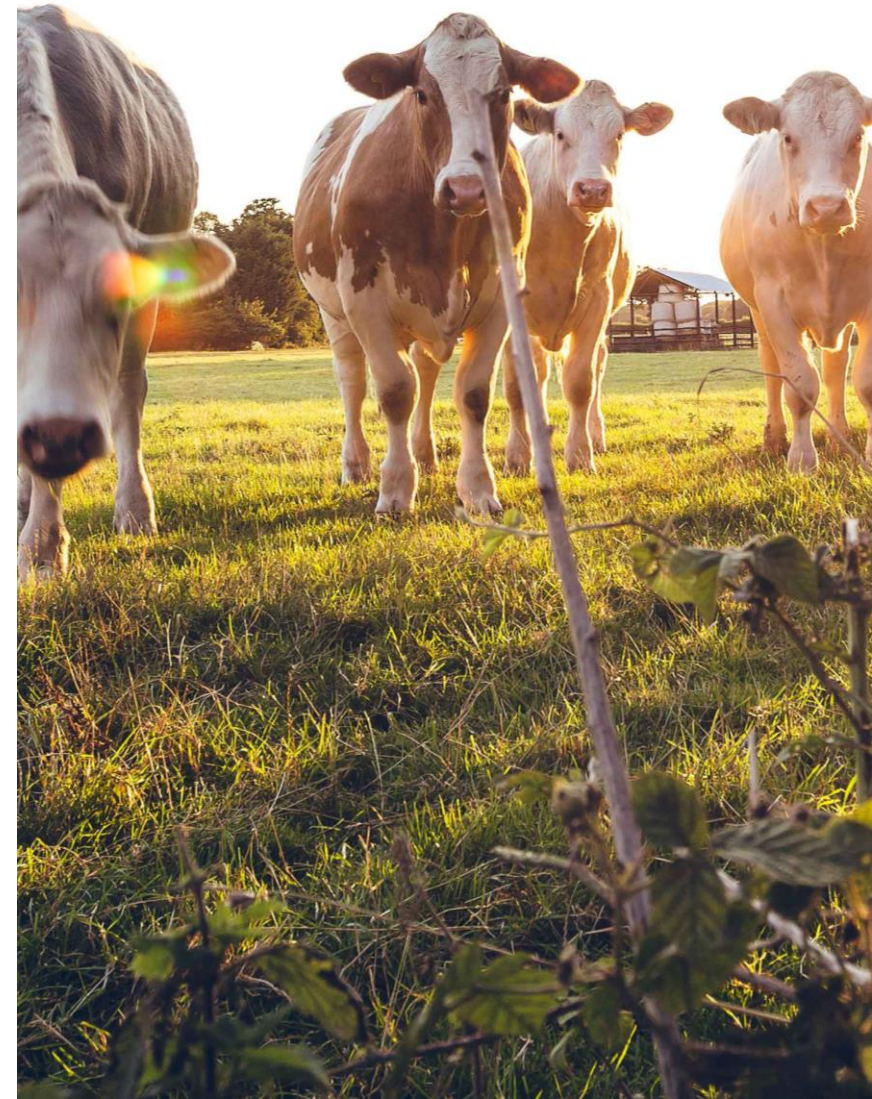# Fonterra: Improving Financial Insight and Decision-Making for Finance, the Business, and Commercial Teams

As the largest dairy exporter in the world, farmer-owned Fonterra Co-operative Group Limited operates in 140 countries across four continents. This makes enterprise-wide financial visibility difficult to achieve. Separate finance systems mean analyzing costs and margins across segments, business units, and countries in real time can be challenging. It was time to **unify finance management and data on a single platform**. Fonterra chose SAP S/4HANA®.

THE BEST RUN **SAP**

Unifying Financial Management and Reporting with
SAP® Solutions

Before: Challenges and Opportunities
- Unify and standardize finance management and reporting
- Provide fast access to one source of real-time data
- Make better, more-informed, data-driven decisions

Why SAP
- SAP S/4HANA® to unify financial and management accounting on one platform
- SAP® Central Finance Transaction Replication application by Magnitude for SAP S/4HANA to connect SAP and non-SAP systems
- SAP Master Data Governance application and SAP Landscape Transformation Replication Server to support cross-system data governance and integration
- SAP BusinessObjects™ business intelligence solutions for flexible, simple, and tailored reporting

After: Value-Driven Results
- Anytime access to real-time data from a single source
- One reporting system and a consistent data model across brands, consumer groups, and regions
- More time to spend on business-critical analysis
- Greater transparency and accuracy
- Quicker organizational restructuring
- Clear road map for future system development

"With SAP S/4HANA at our finance core, we will have **one source of truth**. Agile reporting lets us see both business unit and segment performance at a consolidated level and gives us the ability to drill down to customer and product information all from a single finance data source."

Richard Whiteman, GM Financial Performance Reporting and Planning, Fonterra Co-operative Group Limited

<1 hour   **>100 entities**

To answer enterprise-wide sales and profitability questions

Consolidated into one standardized reporting system, enabling consistent performance comparisons

Fonterra Co-operative Group Limited
Auckland, New Zealand
www.fonterra.com

Industry
Consumer products

Products and Services
Dairy products

Employees
21,400

Revenue
NZ$19.23 billion (US$12.59 billion)

Featured Solutions
SAP S/4HANA, SAP Central Finance Transaction Replication by Magnitude for SAP S/4HANA, SAP BusinessObjects business intelligence solutions, SAP Master Data Governance, and SAP Landscape Transformation Replication Server

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Unifying Finance Data and Reporting Across Global Finance

Milk, cream, butter, yogurt, cheese. When you think New Zealand, it's time to start thinking dairy. That's because the nation's largest company is a dairy co-operative owned by around 10,500 farmers. Fonterra Co-operative Group Limited transacts nearly one-third of the world's dairy exports – processing more than 23 billion liters of milk per year, nourishing a billion people per day, and shaping the global dairy market in 140 countries with innovative farming and processing operations.

Suffice to say, that all adds up to complicated finance operations. Adding to the complexity, however, was Fonterra's siloed collection of finance-related reporting systems.

The plan was to streamline its finance operations, transactions and data across its global business operations so it could better analyze and compare performance, costs, and profit and loss across global regions.

Fonterra **knew it was time to unify its ERP in order to connect finance operations, transactions, and data enterprise-wide**. The goal was to improve reporting and provide fast access to a single source of standardized data. This would give finance and commercial teams the real-time information they need to analyze and compare performance, costs, and profit and loss across global regions and business segments.

~30%
Of the world's dairy exports

Connecting and Reporting in Real Time from All Transactional Systems

To achieve the agility and efficiency it was striving for, Fonterra put SAP S/4HANA® at the core of its finance architecture, thus **unifying financial and management accounting and enabling consistent performance measurement** calculations. It also implemented the SAP® Central Finance Transaction Replication application by Magnitude for SAP S/4HANA to act as a bridge for transaction replication between SAP and non-SAP systems.

The SAP Master Data Governance application lets Fonterra centrally create, change, distribute, and consolidate master data across the enterprise system landscape, while SAP Landscape Transformation Replication Server allows data to be loaded and replicated in real time onto the SAP HANA® database.

Finally, SAP BusinessObjects™ business intelligence solutions enable **flexible, simple, and tailored** reporting for users

By providing a single platform and source of data for finance reporting, as well as an enterprise-wide finance data model based on a master set of definitions, standards, rules, and policies, Fonterra is making it easier for finance and commercial teams to make **data-driven decisions**.

"SAP Central Finance Transaction Replication connects all our finance systems to provide a **real-time view of actuals and enable consistent performance tracking** and global reporting within SAP S/4HANA."

Craig Jessep, Head of Reporting Systems, Fonterra Co-operative Group Limited

1 system
To manage finance operations enterprise-wide

Gaining the Insight to Make Faster, More-Informed Decisions

Now that Fonterra teams and business partners have **fast, anytime access to meaningful, rich data**, they are better able to make more-informed decisions about products, revenues, margins, customers, and more. One reporting system and consistent performance measurements make it possible to track and compare key indicators for brands across consumer groups and regions. Plus, since eliminating manual data gathering and report generation, there is more time to spend on business-critical analysis – with enterprise-wide sales and profitability reporting in particular being much faster than before.

Standardization is another major benefit of Fonterra's centralized finance infrastructure. Because all financial data is managed in a consistent way across the enterprise and all statutory, management, and finance analytical reporting comes from a single data source, the company has **better, more reliable data** on which to base business strategy. It also provides full transparency into underlying financial transactions – making it possible to share insight and best practices across business areas.

Finally, having a single enterprise finance system allows for far **quicker organizational and reporting restructuring** because siloed systems are no longer a constraint. It also enables a clear road map for future finance and reporting process simplification, application deployment, and cost-saving measures.

Supporting All Global Services on a Single Digital Core

Fonterra's central finance management system is a work in progress. Already complete is the core infrastructure for a single system and global design, as well as an enterprise-wide finance data model. Connectivity across all applications provides a real-time view of actuals and consistent reporting on global key performance indicators.
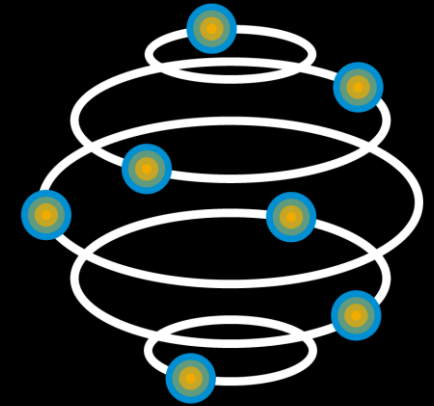
Currently, Fonterra is enhancing global finance reporting, including commercial, management, group, and intercompany reporting. Soon, all accountants will be working on a single system for month-end closing and other financial reporting, making it possible to fully decommission all legacy reporting applications.

Going forward, Fonterra will focus on global finance operations, with an eye on transforming processes to maximize the benefit of its central finance system. This will include leveraging intelligent technologies such as AI and machine learning as well as improving user experience – all in an effort to increase **efficiency and productivity**.

The ultimate goal is to have all global business services working on one digital platform. As Fonterra moves toward this milestone and beyond, SAP systems and technology will be there to support it every step of the way.

"Technology is key to supporting our farmers and bringing wholesome, high-quality dairy products to the world. With SAP as our partner and SAP S/4HANA at our core, **Fonterra is ready for the future**."

Toby Granwal, CIO, Fonterra Co-operative Group Limited

Central Finance Architecture at Fonterra

Fonterra's finance architecture is based on SAP S/4HANA. SAP Central Finance Transaction Replication for SAP S/4HANA supports transaction replication across systems. SAP Master Data Governance and SAP Landscape Transformation Replication Server support cross-system data governance and integration, and SAP BusinessObjects business intelligence solutions are used for reporting.
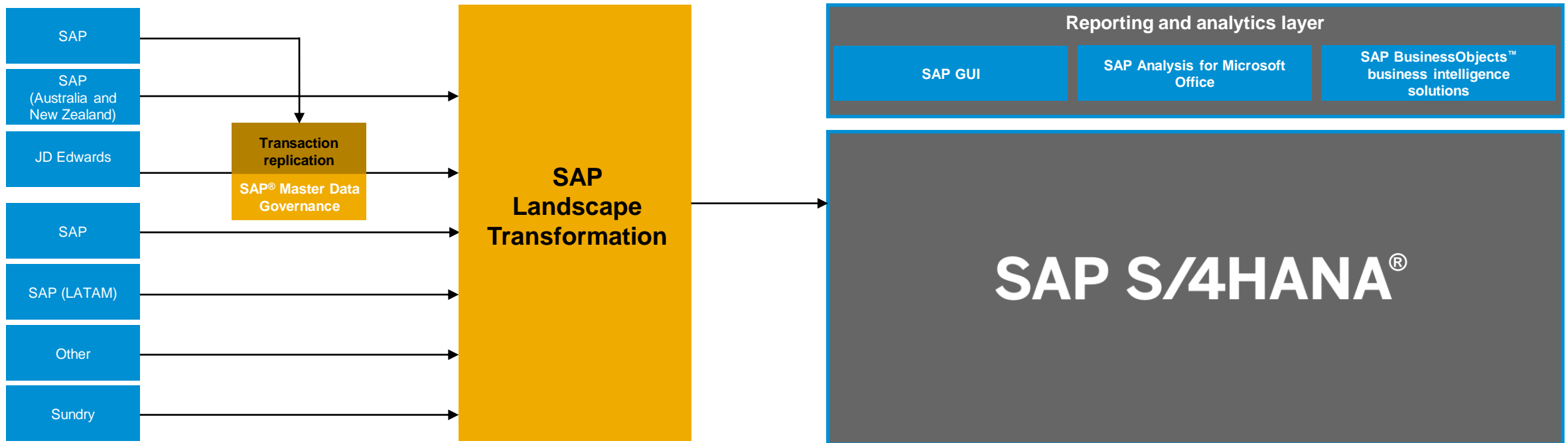
Figure: SAP Solution Architecture at Fonterra Co-operative Group Limited

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