The Management Reporting and Consolidation Project at Kibar Holding was successfully put into practice

Kibar Holding’s Financial Affairs and Budget Department team, IT team and Oracle business partner PwC, put an efficient and open-to-improvement “Management Reporting System” into practice with a project which was specifically developed for budget planning and consolidation based on the Oracle Hyperion Financial Management product. With the project, 25 staff members/days were conserved, while the failure rate was minimized.

Mr. Boran, as we begin our interview, could you tell us a little bit about Kibar Holding’s activities and goals?

BAHADIR BORAN (Kibar Holding – Head of the Financial Affairs and Budget Department): Kibar Holding, which makes investments in various sectors, is an export-led organization with 20+ companies. Among Kibar Holding’s companies, which are active in fields such as the metal industry, the energy industry, logistics, the automobile industry, the automotive supply industry, and food and building materials, Assan Alüminyum is the lead company of the group. Assan Alüminyum is the biggest company in its field in Turkey and one of the biggest companies in its field in Europe. Assan Foods, which is lesser known domestically, is the biggest tomato paste exporter of Turkey. Kibar Holding, maintaining its progress at home and abroad in accordance with its strategic goals, is growing rapidly as a group with high recognition and a good reputation abroad.

In creating such an ambitious organization, from what do you draw support in order to establish sustainable success?

BAHADIR BORAN: Setting up systems which were developed with a standardized and disciplined
approach has always been very important for Kibar Holding. Organizational structures are aware of the need for technological support in order to get ahead in the competition, gain productivity and make a difference. As an organization we have paid attention to this in every stage and have come a long way in the installation of technological infrastructures. An important part of this has been ERP infrastructures and management reporting systems which have helped us make quick and correct managerial decisions.

You installed a “Management Reporting System” using the Oracle Hyperion Financial Management product. What was the structure like before the project?

BAHADIR BORAN: Before 2008, we were using an ERP software application developed by Assan Bilişim, one of the group companies. However, because of the rapid progress of technology, emerging requirements which needed to be quickly met, and high maintenance costs, we started looking for different solutions.

In 2008, we started to shift a considerable number of our companies onto a readymade ERP infrastructure, Microsoft Axapta. Two of our companies still use the ERP software developed by Assan Bilişim. These two companies, active in the construction and logistics industries, use different ERP software as they need special solutions. Two of our other companies are switching over to SAP. As a result, we have different ERP platforms, and therefore a platform-independent Management Reporting System which is able to navigate these different ERP platforms became a significant need. For this reason, we launched a project with PwC and decided on using the Oracle Hyperion Financial Management product, trusting it would offer us the best solution.

MEFTUN ÖZTEN (PwC – Senior Manager and Project Leader): Kibar Holding is a very dynamic, fast-growing organization capable of making changes at any time in the group. This means that new companies with very different infrastructures may become a part of this group. For this reason, there was a need to create a management reporting system which is not dependent on a specific database or various sub-systems. The most important feature and advantage of Oracle Hyperion Financial Management, which is the product we decided to use, was that it functions effectively on different systems in a platform-independent manner.

Were there any critical expectations in the reporting other than it being platform-independent?

BAHADIR BORAN: The reporting had to be compatible with the International Financial Reporting Standards (IFRS). As you know, the Turkish Commercial Code was amended and took effect last year. Certain sized companies have to prepare their financial statements in accordance with the Turkish Financial Reporting Standards (TFRS) which are equivalent to the IFRS.

At the moment, the reporting system at Kibar Holding is a practice completely based on the IFRS. We prepare our financial statements in accordance with the TFRS, and by extension, the IFRS. However, as each company’s accounting entry structure must be compatible with the Tax Procedure Law of the country they do business with, and thus have different formats in their sub-systems, we cannot automatically transfer them to the reporting infrastructure. The users create IFRS results with a semi-automatic process from their own balance sheets and upload these results to Hyperion through specially designed data entry displays. In this sense, Oracle Hyperion Financial Management allows us significant flexibility and speed.
In the upcoming period, if Kibar Holding goes public or issues securities, we are now capable of creating and quickly sharing any type of report required of us.

**The reporting system makes up an important infrastructure for the corporate memory as well, doesn’t it?**

**BAHADIR BORAN:** Corporate memory is very important indeed, but what is more important is to catch up to speed for sustainable success. Creating the most accurate financial statements possible with comments and analyses in the appendixes in one go, as fast as possible, and presenting them to the decision makers has become vital for organizations such as ours. We have to establish reliable decision support mechanisms.

For this most basic reason we started looking for solutions. We wanted to accelerate the information flow, put it in a certain format and be able to analyze fast. Consolidating the data under one roof was not the main objective for us. We really wanted to establish a reporting and decision support mechanism, and render this structure utilizable. This is not simply creating financial statements. We carry out profitability and segment analyses, we carry out measurements, and also desire to do these in a fast fashion.

**What was your biggest problem prior to creating this structure?**

**BAHADIR BORAN:** The most important problems were time loss and being in a place more prone to mistakes. As there are more than 20 companies under the umbrella of Kibar Holding, the slightest format change led to great time loss and mistakes. It was a very tiring process, and it wasn’t easy at all to face mistakes after so much work had been done.

**What kind of transformation is happening these days?**

**BAHADIR BORAN:** We now use ERP infrastructures as platforms of data entry, and run the formatting, consolidation, analysis and comments sections via Oracle Hyperion Financial Management. Consolidation will be run parallel for a time. However, we immediately made the switch to companies reporting directly.

Ms. Küçük, you were in contact with the users during the process of popularizing the project among the group companies. What were your experiences and observations during this process?

**TUĞBA SEZGİN KÜÇÜK** (Kibar Holding-Planning and Reporting Specialist):
We first created the format in February, and retrieved various data from Hyperion to create the management report. In March we organized training seminars for all the group companies, and expected them to upload February’s data onto the system themselves and create their own management reports. We continued to provide support throughout the month of April. By May they were able to use the system effectively, upload the data on their own, and create their management reports without the need for support. Their speed in doing so has increased steadily to this day, and the mistake rate has decreased significantly. Also, the reports we are preparing are excelling with each new one.

**How much time or labor force have you conserved?**

**BAHADIR BORAN:** We used to set aside time in our division for each company, and have one person be in charge of this process. We would set aside 1 or ½ a day per company.

As a result, we have now conserved 25 staff members/days per month through this structure we’ve created with Oracle Hyperion Financial Management.

**TUĞBA SEZGİN KÜÇÜK:** We also expect that the contributions of this system will gradually increase. We have uploaded a lot of data regarding the budget and continue to upload more. For example, in the near future we will also be implementing the “Forecasts” section. In this way, we will be able to comparatively retrieve the data we want, whenever and however we wish. Doing this using MS Excel, as we used to, was quite a troublesome and time-consuming process. With this new system, a great database is also created for all the companies.

**What do you think has played the largest role in your success?**

**BAHADIR BORAN:** This success is first and foremost due to the harmony accomplished by the teams under our organization and the teams we have worked with outside our company. I thank the teams involved in the project under the umbrella...
“The Financial Affairs and Budget Department team of Kibar Holding, one of Turkey’s most export-ambitious organizations, the IT team and the team from PwC, Oracle’s business partner, have come together to accomplish a true project of productivity. By transferring the old data to Oracle Hyperion, they were able to create management reporting compatible with the IFRS in a very short time. Not only that, but they were able to conserve 25 staff members/days per month… We are extremely proud to have been a part of such a successful project.”

AYGÜL ÖZKAYKI  Sales Manager, Oracle

of Kibar Holding, and I especially thank Assan Foods Finance Director Ferhat Oral, as well as the PwC team, who has always been by our side when needed, for their support.

Could you tell us a little bit about the topic of intercompany consolidation?

MEFTUN ÖZTEN: Process management and verification is very important at this point. Having a central command of all the processes and functionalizing the verifications makes intercompany consolidation naturally possible.

TUĞBA SEZGİN KÜÇÜK: Our goal is that certain reports are uploaded to the system on certain business days. For example, we expect the intra-group transactions of each company to be uploaded to Hyperion on the sixth business day. On the seventh business day, we expect the companies which have entered their data reciprocally to make their agreements. We aim to minimize the number of non-agreement situations. On the eighth business day, each company creates their own reports. Once the financial statements have been uploaded to the system, they need to activate certain processes and verifications. This used to be a separate work load for us. We tried to do it all from the central unit here. Now the companies do this work themselves. We receive financial statements which have been verified and are 90% accurate. Then we consolidate all the financial statements here via Hyperion.

In a total of three months you have finished the first phase of the project. What goals do you have now for the future?

BAHADIR BORAN: Financial statements are not actually only three or four pages long. There is a 90 page report set and a long list of footnotes. We want to process all of these, including their footnotes, via Hyperion. Yes, there is a legal obligation, however, creating a platform with which we can measure our operational goals and financial goals, as well as quickly follow them, is the actual added value to our company.

Our work is not limited to these jobs. Up until now we have focused on creating financial statements and the follow-up processes. However there are also the processes prior to creating the financial statements. For the processes prior to creating the financial statements, there will be decisions we will have to make by getting together with different teams regarding IT strategies which we will determine with the IT department. If needed, we will discuss our ERP systems again, work to improve, and enable new tools to come into play. To summarize, we still have a lot of work to do in terms of financial processes. For example, transferring the current reports to a mobile environment, and adapting the practices related to detecting or preventing erroneous transactions known as GRC (Governance, Risk and Compliance) to the financial processes on time are only two of the jobs that lie ahead of us.

Lastly, could you tell us a little bit about why you chose PwC?

BAHADIR BORAN: As an organization, we are focused on taking strategic steps, and growing bigger with new investments and improvements. We need fellow travelers who will walk this road with us, show us the way by looking from the outside, and provide us with timely and quality support.

Upon investigation, we have come to believe that PwC and Oracle, with their specialists, technologies and advisors, are organizations capable of meeting our expectations. Their approach to the project and the fact that they were by our side at all times, as well as their proficiency in troubleshooting proved to us that our decision was the correct one.