



## CASE STUDY

### Company

METRO AG

### Industry

Commerce

### Key data

- Listed trading group in wholesale and direct food distribution
- Over 150,000 employees
- Annual turnover: approx. € 37.1 billion

### Use of CCH Tagetik

Consolidation, Reporting

### Requirements

- Replacement of an aging legacy system for consolidation
- Strong focus on flexibility due to corporate law challenges
- Connection of the pre-systems
- Optimization of processes around consolidation

"The consistent overall package of functionality, technical requirements, intuitive operation and flexibility convinced us of CCH Tagetik." »

**Bjorn Hoffmann**

Head of Consolidation System, METRO AG

### Solution overview

Due to its group structure, the international retailing company METRO faces many challenges when it comes to mapping changes in corporate law. In order to achieve more flexibility and to increase the degree of automation, the listed company replaced the previously used consolidation solution. With the introduction of CCH Tagetik, METRO has been able to optimize the consolidation steps, significantly shorten the financial reporting process, and is now able to respond much more flexibly to finance requirements through simulations and scenarios.

### Initial situation

METRO AG is one of the leading international specialists for wholesale and direct food sales. In the various sales divisions and companies, which range from the METRO/MAKRO Cash & Carry division to Real supermarkets and supply providers for the upscale catering trade, the listed group employs around 150,000 people.

In view of this diversity, which also includes the most diverse pre-systems, languages and currencies, the representation of corporate law challenges within METRO already played a major role in the past. Since the turn of the millennium, an SAP-based solution has been used as part of the consolidation process. However, the system, which has grown over the years, increasingly posed problems for finance employees, recalls Björn Hoffmann, >Head of Consolidation System, METRO AG. Reasons for this included a relatively low degree of automation and a lack of flexibility.

"We have reached the limits of our capacity with this product over time. The amount of work has gradually increased, as much of it could only be done manually. Due to the corporate structure at METRO, there is practically no standstill - we are required to reflect changes in company law relatively frequently and to carry out simulations. With the legacy system, this was often only possible via additional postings and additional calculations and the analysis of historical data was very time-consuming. In addition, only limited restatement functions were available for adjusting the previous year, as an example."

## Results and benefits

- Introduction of CCH Tagetik as a new focal point of consolidation
- Elimination of time-consuming manual interventions and additional calculations
- Significantly higher speed in the individual consolidation steps
- Extended options for scenarios and simulations

## Wanted: A new "core" for consolidation

**The finance managers of METRO AG therefore started looking for a new, more flexible solution for consolidation.** It was explicitly not about changing the entire reporting process within the group. Rather, the component of consolidation - the "core", so to speak - had to be removed as quietly as possible and replaced by a new system with greater functionality.

In addition to mapping changes in the company structure, simulations and restatements, aspects such as inter-company reconciliation were of particular importance. **More transparency was required** here as well as in the area of data flows and commenting options. In order to guarantee the quality of the data supplied by the companies on site, the subject of validation was also put to the test.

The requirements were specified in the form of a specification sheet with important points and around 400 additional questions. At the beginning, there were five possible consolidation systems to choose from, with the first step focusing primarily on the potential degree of fulfillment compared to the legacy system. CCH Tagetik, initially only brought into play by METRO AG's auditing company as a supplement to the solutions of major ERP manufacturers, also emerged as an interesting alternative in the course of the following live demos. CCH Tagetik also scored well with the feedback from business users.

"The **harmonious overall package of functionality, technical requirements, intuitive operation and flexibility** sold us on CCH Tagetik," explains Hoffmann. "Of course, in a strongly SAP-dominated company, it is not always easy at first and not free of resistance to convince all instances of the introduction of a third-party solution. However, in the end the extremely positive vote from the specialist department was the decisive factor for CCH Tagetik.

## Optimization of processes

Together with the specialist implementation partner, Alper & Schetter Consulting GmbH, METRO started the implementation of the new consolidation solution. A particular challenge was the migration of existing data, especially in view of the heterogeneity of the pre-systems in the group.

In order to make optimum use of as many of CCH Tagetik's automation options as possible, Metro and Alper & Schetter put the individual process steps for data acquisition and consolidation to the test. In order to make the system really fit for the future, it should not simply be attempted to map the old system 1:1. Instead, many relevant processes were rolled out and optimized around CCH Tagetik's rules and regulations, for example in the areas of IFRS presentation, automatic deconsolidation and segment reporting.

**Today, CCH Tagetik is primarily used in the METRO Group for the consolidation of actual figures as well as planned figures including forecasting and budgeting.** Reporting also takes the form of standard reports on the solution. Above all, employees in the Controlling and Consolidation departments work with the system every day when recording and evaluating business data; up to 250 users can access it in parallel for reporting purposes.

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## Uniform data source with high flexibility

In practice, **the main advantages of the new solution are the optimization of consolidation steps and significantly higher flexibility.** Many processes that used to run in Excel or had to be processed in parallel by email could be stored and documented in the system in a structured manner. These include the cash flow statement, letter of representation and presentation of deferred taxes at group level.

"The improvement is clearly noticeable and also has an effect, but not only on speed," says Hoffmann. "We recently had a successful test in the form of mapping a split - with the old system, we would have reached the limits. A segment changeover could also be implemented very quickly. The advantage here is that we can use CCH Tagetik as a uniform data source. Whereas in the past needed documents had to be gathered from different folders, we can now find everything at a glance in a comprehensible and system-supported manner. This also eliminates unnecessary duplicate work, which contributes significantly to acceleration."

For the future, METRO is examining the introduction of CCH Tagetik Analytics in order to further expand its reporting division. There are also plans to integrate disclosure management within the group even more closely with CCH Tagetik.

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