



At a glance

Organisation
Scania Australia

Industry
Automotive

Location
Head Office, Melbourne

Solution
Infor BI

Business Objective
In response to rapid company growth, Scania was looking to improve the consistency and accuracy of their budgeting system to enable greater analysis, data interrogation and forecasting capabilities - without having to rely on IT.

Business Benefits

- Increased analysis of data such as labour efficiencies, profit in margin and expenses, branch performance comparisons
- Preparation for budget input and upload into Management reports has been reduced from 19 days to 90 minutes
- Enhanced ability to pick up data anomalies and issues and respond quickly with business insight
- Ability to efficiently share, update and collaborate across multiple divisions

Driving Change in Australia's Heavy Transport Market

Scania is an international company with presence in more than 100 countries. A supplier to the heavy transport industry, Scania manufactures trucks, buses and coaches, industrial, marine and power generation engines.

Within Australia, Scania is headquartered in Victoria. It employs approximately 380 people, operates a network of eleven branches, and provides parts, service and 24-hour roadside assistance through a nationwide dealer network.

Challenging the market

Scania is a prominent brand among Australia's bus fleets, and its fire trucks are heavily used by the nation's fire brigades.

Traditionally in Australia, American manufactured brands have dominated the market. Within the last few years however, there have been signs of a coming shift.

Younger drivers are showing a marked preference for the comfort of European manufactured trucks as opposed to the U.S designed brands. At a time when fatigue management is a major issue for the industry, European safety features and ease of driving are helping brands such as Scania to increase market share.





Planning for growth

With demand on the rise, Scania's management has spent the last few years carefully preparing for growth. This has entailed ensuring the business dynamics match the challenges created when a company is on a growth path.

For Stephen Woodhams, Chief Accountant, Business Development and Control, Financial Control at Scania Australia, one of the most important changes has been the development of a more resilient, flexible and transparent performance management process.

A veteran of many industries, including packaging and transport, Woodhams has significant experience in designing and implementing transformative business systems. For some years he has been aware that as Scania's sales grow, management will come under additional pressure to keep tight control over profitability.

"The margin for error in budget preparation will become smaller. That means we need to be able to look at the profitability of each site and focus on customer profitability. Until recently, it was very easy for us to see what the bottom line was, but it was not so easy for us to see what area of the business had caused this and why," Woodhams explains.

Dealing with reporting complexities

Part of the problem was the connecting of the various parts of the business.

Every office operates a workshop that requires labour and part sales calculation in five states where labour and part sales are consolidated with units, sales value and margin for truck, bus and engines must also be incorporated.

As with other companies, Scania also has a number of Head Office departments that need to be incorporated into budget results.

With a total of eleven workshops to budget and plan for, armed only with a series of spreadsheets, simply coordinating input from all the relevant manager's was a time-consuming task that left little room for analyses of labour, costs and charge out rates.

What's more, the spreadsheets were limited in their ability to slice and dice information. They required multiple links between workbooks, worksheets and formulas. Changes were difficult to implement and, as with any system involving a large degree of manual input, there was always the potential for errors.



Obtaining better information

Woodhams knew if Scania was to maximise its opportunities during this time of market change, the company would need more insight into activity. In particular, it required the ability to fine tune decisions by creating baseline scenarios and exploring alternative projections into the future.

In 2014, he led a project to replace the spreadsheets with a dedicated business intelligence (BI) solution from INFOR, one of the world's leading providers of business applications. The software specialises in situations involving complex operational, structure and financial modelling. It is able to hold easily maintainable reporting and organisational structures, hold and store calculations, KPI's and ratios within its in-memory database, and makes it easy to create simplified, robust models allowing analysis and reporting to the global level.

To deploy the software, develop the dashboards and reports, and support Scania through the change process, Woodhams engaged Infor partner and leading Australian business systems solutions provider, Professional Advantage.

"My main objective was for a system that didn't leave us relying on IT for everything. It had to be simple. I wanted something that we, the accountants in the business, would be able to make changes to."

Daily performance management

The change from spreadsheets to BI solution occurred in mid 2014. Within months it has given Scania's management access to a vast array of new information and the ability to compare data from different parts of the business. It has become much easier for managers to analyse labour efficiencies, profit on margin and expenses, or to compare performance across different branches.

To ensure the information is acted on, Scania has developed a rigorous process of analysis. Woodhams explains, "The business controllers are the people who check to see how branches are going compared to what was projected. They have been in place for a few years and are constantly discussing performance with workshop managers. Part of it is about keeping timely tabs on growth and ensuring profitability. It's a waste of time being six months down the track and then discovering you have a problem."

Woodhams believes the emphasis on daily analysis, and the close involvement of skilled accountants, has been an important step and one that is delivering positive change to the business. "It's only by doing daily follow-up that you



can really keep your finger on the pulse and change things if they need to be changed," he asserts.

Report development time reduces from 19 days to 90 minutes

The use of a business intelligence system has helped to foster greater performance accountability among branch managers. For Scania's Senior Management, it is delivering a high level view of the business, as well as providing answers to complex business questions. And for Woodhams and his peers in the finance team, BI is enabling Scania to engage in analysis of business activities, budget items and their impact on the bottom line. Financial oversight of the business has improved, with views from operations up through the various business hierarchies.

"Information has become much easier to obtain," Woodhams says. It has also become significantly faster to access.

The time required to prepare for budget input, and to upload the budget into management reports has dropped from 19 days to just 90 minutes. This new timeliness is giving Scania the ability to spend more time analysing the data input into the budget system.

It has also allowed the ability to create different versions of the budget for presentation to management, without having to recreate a new set of excel workbooks and ensuring all the links work.

Insights breed more change

The BI system may be small part of Scania's overall growth strategy, but its set to play an important role over the coming years.

With each step, Scania is taking charge of its destiny. Every adaptation and change is part of the effort to identify efficiencies, pinpoint processes ripe for improvement, and build market share in Australia's heavy transport sector. Fuelling all of these decisions are the insights now flowing from Scania's business intelligence system.





Enabling *High Performance* Workplaces

About Professional Advantage

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