

DANONE IMPROVES ITS REPORTING THANKS TO INTERNET

In order to simplify cash reporting at its head office and in its subsidiaries, Danone introduced software using Internet technology which proved to be time-saving for its reporting teams.

Until very recently, Danone and its 150 subsidiaries, which have a central treasury department, used cash reporting software which finally showed that it was no longer up to the task. "The software was neither stable nor reliable enough for technical reasons," explained Valérie Ramé-Lavigne, Information Systems Manager in the Danone group treasury department. "When problems arose, maintenance had to be done in the subsidiary concerned. In addition, the subsidiaries had to send their data to head office in files. This was a laborious task for both head office and the subsidiaries." So Danone decided to install a new system which would limit the amount of work that head office requested from the subsidiaries and would simplify the reporting task. The objective was to have a reliable system that was easy to maintain and could be used in its subsidiaries.

Tried and tested software

At the start of 2003, the group launched an invitation to tender which ended with the selection of DataLog Finance. Contrary to rivals who were prepared to develop a specific product, the selected publisher proposed an existing product. As such, the DataLog Finance software could be easily adapted to Danone's requirements and there was no need for many hours of development since the publisher's software had already proved its worth. "The product was adapted to our requirements and not the opposite," stated Valérie Ramé-Lavigne. Another factor played in its favour. Danone already used two of the publisher's products, CashPooler for payment pooling, and Netting, an intra-group payment netting system. CashReport was introduced gradually, with the three software modules (financial position, foreign exchange position and bank reporting) being installed one after the other. In charge of both transfer of the department to new premises and installation of the software, Valérie Ramé-Lavigne, three employees and a DataLog Finance consultant worked for eight months before the first module (financial position) was implemented in order to make a study of requirements, personalize the system, configure it and deploy it. The second module was implemented a few weeks later. Finally, the bank reporting module was used for the first time by the subsidiaries in March 2004.

Easy to use

In line with the advantages sought, no installation was necessary in the subsidiaries since the software was available on the intranet. "Use of the intranet simplified exchanges since the subsidiaries enter the data directly in the central base. They don't need to have the application installed on their local workstation and, therefore, there is no system to be maintained. The software database only has to be maintained at central level," underlines Valérie Ramé-Lavigne. Each month, the subsidiaries use the intranet to enter all the information requested by head office in matters of financial position and foreign exchange position, as well as data relative to borrowings, loans and the foreign exchange positions of subsidiaries per currency. Contrary to the old system where positions in regard to other subsidiaries had to be indicated, this is no longer necessary since Danone Finance imports the intra-subsidary positions directly into the central database. In addition, the subsidiaries can add comments in order to explain any major change of tendency, for example. With the new system, communication is much more fluid between head office and the subsidiaries. While the software simplifies the work of the subsidiaries, particularly in terms of system maintenance, it also has advantages for head office. "Files are no longer exchanged with the subsidiaries. Data from the subsidiaries are entered directly into the central base and the treasurer no longer has to do additional processing of all the positions of the subsidiaries in order to obtain a total position," explains Valérie Ramé-Lavigne who also appreciates better error management thanks to the software. These processing operations could take several hours and had to be restarted each time there was a change or when data from a subsidiary were received late. In the case of incorrect entry by a subsidiary, the operation can be rejected. The subsidiary then receives an e-mail indicating rejection and the reason, which may then be corrected. Thanks to the standardization of information received by the subsidiaries and the automatic coherence checks done by the software, Danone has more accurate information. "We have gained in speed and reliability thanks to the software. This has enabled us to improve our hedging policy even more," considers Valérie Ramé-Lavigne. Thanks to the successful introduction of CashReport, which facilitates data transmission from the subsidiaries to the central treasury department, Danone is now planning to use Internet technology to transmit information from central level of the subsidiaries, like the account statements of each entity or interest scales. Violaine Grange.

CashReport software

- Financial position: the subsidiaries send the head office information about bank balances, loans, and borrowings. The group uses this report to assess its interest rate risk
- Foreign exchange position: the subsidiaries send head office information about their foreign exchange position per currency. In this way, the group's foreign exchange risks can be assessed.
- Bank reporting: this is done annually and not monthly like the previous two. In the context of this report, the subsidiaries should indicate the turnover with each bank along with the interest charges and should rate the service from each bank. In this way, head office can get an overall vision of its exposure to each bank, thus enabling it to renegotiate with certain banks.
- Comments: in each report, the subsidiaries can explain the main changes in their reporting which, for example, could be due to a change in output or to restructuring.
- Price: the price of CashReport ranges from €150,000 to €300,000 depending on certain criteria like the number of companies connected and the number of modules used.

Financial Management (Corporate and Finance)