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# Finance transformation 2.0

Hindalco's journey towards becoming a future ready finance organization.





# The vision

In 2016, Hindalco drew up an ambitious plan to digitally transform its business in order to be ready to face the challenges of the future.

- **Harness the power of data**

The company realized that the key to success in the future lay in digitally transforming its business covering the entire company from finance to operations to marketing. And the success of this transformation will depend on its ability to harness the power of data for better and informed decision making.

- **Fuelled with latest digital technologies**

A single version of the truth is a must for analysing the data. Latest cutting-edge technologies like cloud, analytics, and artificial intelligence help in doing much more than that. Hindalco realized that adoption of the latest technologies is a must for it to succeed in realizing its vision.

- **Prepared for the future**

Hindalco realized that the digital transformation journey needs to start from finance – the department with all the data that will be the building block on which the entire digital transformation will rest on. Get this right and half the battle is won.

## About Hindalco

Hindalco Industries Limited, the metals flagship company of the Aditya Birla Group, is a global leader in aluminium and copper. It is the world's largest aluminium rolling company and one of Asia's biggest producers of primary aluminium.

**36**  
Units operated

**36,000**  
Employees

**10**  
Countries

**\$18.7**  
Billion revenue

**70**  
Billion used aluminium  
beverage cans  
recycled annually

**#1**  
Aluminium rolling  
and recycling  
company in the world



# The desire

As a first step towards its digital transformation initiative, Hindalco wanted a fully automated finance solution that will boost productivity and significantly improve data accuracy and reliability. Besides, it wanted a cutting-edge and robust technology to power its finance function.

## **Needed a single source of truth**

The company desired a single source of truth that will enhance data reliability and have the ability to identify changes.

## **Desired an audit trail**

It wanted a system that will support proper audit trails and provide control checks to identify any changes in revised versions of financial statements.

## **Boost productivity**

It wanted to significantly reduce the time taken for closing of accounts, MIS, and taxation reports to avoid any delays, improve productivity, and increase the time spent on analysis, rather than preparing reports.

## **Wanted a fully automated process**

It wanted a solution that will automate the process of preparing key financial reports to eliminate any errors and data unreliability.

## **Alignment of the entire team**

Acquisitions by Hindalco had led to a situation where various teams worked in different ways using distinctive systems. It wanted to change that and have a uniform way of working to ensure better alignment.

## **Empowering users**

The company wanted to empower users with an easy to use and intuitive system that provides timely, accurate, and reliable data for deeper analysis to augment decision making.

What Hindalco needed was a world-class application like Oracle's Enterprise Performance Management System for all its financial applications that can act as a platform to automate the various financial processes and providing a single source of truth with proper audit trails.

**“It was disheartening to see the finance and accounts teams burning the midnight oil just to complete their routine tasks on time. We wanted to change that.”**

Sunita Menon,  
Program Manager, Hindalco.



# The first steps

Realizing the need to automate the various financial processes to improve productivity, eliminate any errors, and get a single source of truth with proper audit trails, the top management of Hindalco came out with a complex set of business requirements:

## On time consolidation

The accounts of the parent company and its subsidiaries should be consolidated on time.

## Seamless data flow

There should be a seamless flow of data between the various finance teams ranging from accounts to MIS to taxation.

## Timely closing

Be it monthly or quarterly or annual, the accounts, MIS, and taxation have to be closed on time.

## Choosing the right solution

Once the scoping of requirements was complete, the next obvious step was to evaluate the various products and solutions available and finalize on the ideal one. After multiple deliberations with the users, the finance teams,

and the top management, which took about two months, Hindalco chose Oracle's Enterprise Performance Management (EPM) Cloud system as it was a complete product in itself and roped in Deloitte as the implementation partner.

## Requirement scoping

While the primary objective was to get the monthly, quarterly, and annual closing done on time, the project quickly extended to cover other departments like MIS and taxation as they came up with their own sets of requirements. As a result, it had to spread to various plants and departments.

This meant extensively scoping out the full requirements and involved detailed discussions with the various finance teams to ascertain their exact needs – a process that took six-seven months to complete.

**“The Oracle EPM stack is a complete product in itself and is a delivery leader in the Gartner Magic Quadrant. Also, we figured that the implementation would be easier since the base systems were already on Oracle solutions.”**

Sunita Menon,  
Program Manager, Hindalco.





# The roll out

A complex solution involving multiple stakeholders and departments and spread across 22 units, 9 mines, and 4 branches was implemented in under a year – a significant achievement considering the complexity and scale of the implementation. While the key requirement from the management was for standalone accounts consolidation, modules for other departments like MIS and taxation were implemented simultaneously.

## 1 Financial consolidated accounts

The implementation initially started at the parent company – Hindalco Industries on a standalone basis without its subsidiaries – but was very quickly extended to the various subsidiaries. This module allows uploading the trial balance from the various plants in the format required by the system. The system then automatically consolidates the accounts and generates reports based on the defined rules.

## 2 Transfer pricing

Perhaps the most complex module to implement, this required programming in a complex set of rules to determine the price of the goods when they are moved between two units. The objective was to have the ability to value every plant as a business unit and look at the profitability of every plant. However, at the corporate level, these intra-company profits need to be eliminated. Every month this module generates a journal entry and pushes it into the consolidation module, thus completing the integration between the two.

### ► Benefits

- A unified system to do the consolidation & closing.
- Reduced the required time from 9 days to 5 days.
- A single source of truth and a proper audit trail.

### ► Benefits

- Ability to understand the logic & rationale for every transfer between units.
- Complete transparency of data flow.
- Capability to analyse the performance of individual plants as well as at a corporate level.



### 3 Current & non-current accounts

Though not initially planned, this module was implemented as the requirement came along the way. Since companies are supposed to bifurcate their assets and liabilities into current and non-current, this process was earlier done manually and centrally consolidated it in a spreadsheet. Now, these details can be entered from the plants into the system, which is linked to the consolidation module.

### 4 Management information system (MIS)

This module put in place a system to dynamically share data from the consolidation module to the MIS module to prepare key management reports. In addition, this module allows the various plants to share their respective costs, which are necessary in preparing the MIS reports. The MIS reports, which used to be made manually using spreadsheets, are now system generated, thus saving the team precious time and resources.

#### ► Benefits

- A system to ease the previously manual process of bifurcation into current and non-current.
- A single repository capturing the all data.
- Reduced the time taken from 3 weeks to 2 days.

#### ► Benefits

- Automated the previously manual system of preparing MIS reports.
- Reduced the required time by 70%.
- More time available to do analysis rather than just producing reports.





## 5 Taxation

This module automatically pulls data from the consolidation and MIS modules for generating various tax reports. These reports are not only needed for payment of taxes but also for tax provisioning and audit purposes. This process, which was completely manual, is now automated with the implementation of this module and has resulted in saving significant time while eliminating errors.

### ► Benefits

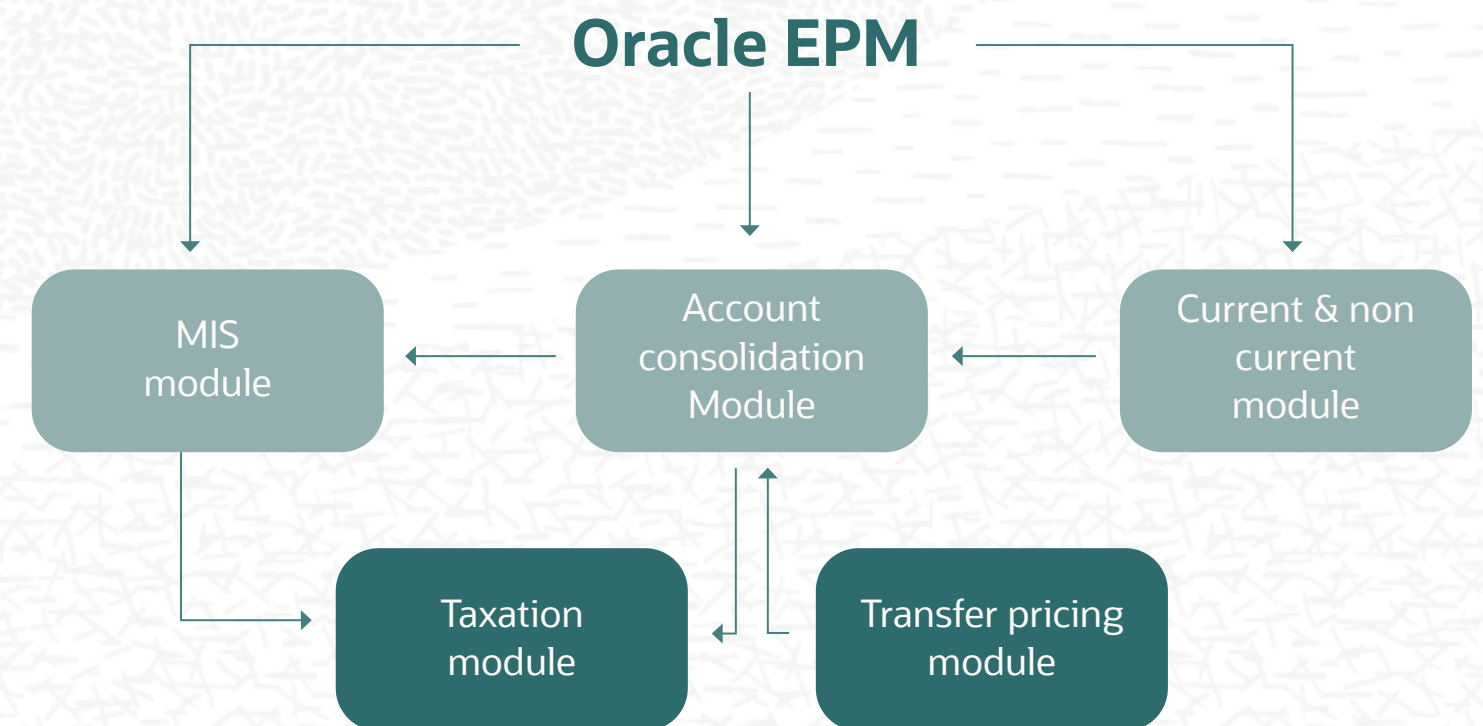
- Automated the previously manual system of preparing taxation reports.
- Since it's a system driven process, data integrity is assured.

## The Benefits

The data now moves seamlessly between the various departments, thus enabling dynamic consolidation, simplified reporting, automated MIS and taxation reports, and ensuring minimal time for management reporting. All this is accomplished while ensuring there's a single source of truth.



Plants Units & Subsidiaries





# Overcoming hurdles

Implementing any new system across locations and involving multiple stake holders is always tough as companies need to overcome the inherent human resistance to change. Add to that the complexity of the system and Hindalco had to show ingenuity to cross these hurdles and succeed.

- **Change management**

Acquisitions by Hindalco had led to a situation where various teams worked in different ways using distinctive systems comprising home grown systems and Excel. Hence, there was a need to align the team to the new way of working in the new software. This realignment involved rigorous and extensive sessions with the team to understand their concerns and addressing them by software. This helped in greater and rapid adoption.

- **Evaluation of additional features**

As the implementation progressed, there were requests for additional features. These requests were evaluated by understanding their needs, their impact on the overall program, and their benefit in the future. And those requests that passed the evaluation were implemented as part of the roll out. This helped in further increasing the buy-in from the teams.

- **Adoption and acceptance**

Since the implementation of the system was over multiple locations, training sessions and workshops were conducted not only centrally, but also across locations. This not only helped in addressing the concerns of the users, but also in effective user training.

## ► ProTip

**Sunita Menon, Program Manager,  
Hindalco.**

### Share the vision

It is important to share the complete vision with the teams to get their support and buy-in. Once people understand and accept the vision, resistance will diminish and acceptance will increase.

### Identify process champions

Identify and appoint process champions for each location. They will not only be the torchbearer for that location but will also help in resolving intermittent issues in that location.

### Build extensive manuals

Extensive and detailed manuals including user manuals, user guides, and administrative manuals should be built and shared to supplement the process of change management.

### Closed loop feedback

User feedback is key to a successful implementation. A regular feedback process, review mechanism, and timely implementation of suggestions will greatly help in implementing a program within the timeline.





# The journey continues

Hindalco's march towards digital transformation doesn't stop at digitizing and automating just its finance functions, but continues to evolve by adopting future proof technologies to further automate other processes and cover the entire organization over the next few years.

- **Digital manufacturing powered by ERP Cloud**

Next on the drawing board is a mission to implement a mega ERP solution that would align all of Hindalco's businesses together on a single platform. This would not only integrate the entire organization even more closely, but also provide valuable data for generating better insights and improve its overall competitiveness. This will be combined with digital initiatives for aligning its overall manufacturing operations for which a roadmap is currently being prepared.

- **Investor relations and compliance**

To further strengthen its investor relations and compliance functions, Hindalco is automating the process of generating quarterly and annual reports. For this the company has zeroed in on Oracle's Enterprise Performance Reporting Cloud Service (EPRCS), which integrates with Oracle EPM Cloud.

The annual report generation has been automated — in a record time of 8 weeks — after due diligence from the auditors for ensuring compliance on data residency. Hindalco is now in the process of extending the system to other departments.

**“These initiatives will not only automate previously manual processes, but also generate valuable data to glean better and valuable insights to improve our decision making capabilities and overall competitiveness.”**

Sunita Menon,  
Program Manager, Hindalco.







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# Oracle EPM

Oracle Enterprise Performance Management (EPM) Cloud gives you the agility you need to respond quickly in fast times. See why Gartner has named Oracle a leader for Cloud Financial Planning and Analysis Solutions and for Cloud Financial Close Solutions.

Use your data to outpace change



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