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Finmeccanica: Better Information for High Performance

Company Profile

Finmeccanica is a leading global aerospace and defense group that operates a number of companies and joint ventures. Together, these operations make Finmeccanica a leader in the design and manufacture of helicopters, defense and security electronics, civil and military aircraft, aerostructures, satellites, space infrastructure and defense systems, as well as in the transportation and energy sectors. With headquarters in Italy, a large industrial base in the United Kingdom and production facilities in the Europe and the United States, Finmeccanica has a workforce of more than 73,000 people and annual revenues of more than \$21 billion. To help maintain its leadership position, the group spends 20 percent of its revenues from its core businesses on research and development, and maintains laboratories staffed by approximately 3,000 highly specialized researchers.

Business challenge

The Finmeccanica corporate group had traditionally been a financial holding company with interests in a number of operating companies that more or less worked as independent businesses. As Finmeccanica expanded its global presence in an increasingly competitive industry, it decided to transform itself into an industrial holding company. This more operationally oriented structure would enable greater integration and rationalization across companies and increase efficiency and agility for the group as a whole. It would also allow Finmeccanica to more effectively share and leverage innovations across its various operating companies.

As part of this shift, Finmeccanica examined its reporting processes—and found that they did not fit with the new, integrated approach it planned. Except for basic financial data, management information was typically housed in the various operating companies in different formats and using varied definitions for data. During Finmeccanica management review meetings, each operating company reported its data to the corporate group in Microsoft PowerPoint presentations. Because of the decentralized nature of the data, different areas of the corporate finance group might request information at various times, meaning the operating companies often had to report the same data again, which was inefficient and time-consuming.

Meanwhile, integrating this data at the corporate level for management reporting was a time-consuming manual process that involved re-keying data into reports and transferring information from PowerPoint to Excel files. It was also difficult to get a complete view of projects across their life cycles, because bid and commercial offer information—such as projected margins—was stored separately from data on the outcomes of projects. With such decentralized data, Finmeccanica found it difficult to perform analyses and explore historical trends to better understand the business and its performance.

Finmeccanica executives decided that they wanted a better way to manage the reporting process—one that would give decision makers more comprehensive information and provide deeper insight into business performance.

How Accenture Helped

Finmeccanica selected Accenture to help it move to an enterprise performance management process that would fit with the group's new focus on integration as an industrial holding company. The selection was based on Accenture's ability to bring both technology and business knowledge to bear in a turnkey approach, and also on Accenture's earlier work with Finmeccanica operating companies on various initiatives.

The two companies began by reviewing and redesigning Finmeccanica's reporting processes. This effort included the definition of a financial data governance model that would work across the group's varied operating companies to bring greater consistency and a "common language" to groupwide reporting. It also included the creation of a road map depicting how Finmeccanica could move forward to implement its new approach.

With the new model defined, Accenture implemented the Oracle Hyperion performance management software to support Finmeccanica's new process. For this effort, Accenture drew on its close working relationship with Oracle, which provided Hyperion systems expertise to support Accenture's business knowledge and systems-integration and change-management capabilities.

The Hyperion platform gave Finmeccanica's corporate group a single planning, consolidation and reporting system, as well as a central repository for financial performance data. With the new process and enabling technology in place, the operating companies still provide their information in the familiar PowerPoint format, but it is automatically fed into the central Finmeccanica repository. Workflow-management capabilities help ensure that data has gone through the proper approvals at the operating company and group levels, and the system reconciles values and tracks changes to help ensure that data remains accurate. With the central repository, data can easily be integrated, analyzed and automatically put into Excel or PowerPoint formats for use by group executives.

The new enterprise performance management processes were put in place in just 10 months—and since then, Accenture has been maintaining the Hyperion solution on an outsourced basis. Under this arrangement, Accenture is responsible for ongoing improvement as well as day-to-day maintenance, giving Finmeccanica a cost-effective way to keep the solution in step with the business.

High performance delivered

With the new EPM processes, Finmeccanica quickly saw improved data integrity and consistency, thanks to the groupwide data-governance model and the automatic collection of data. Data management has been streamlined, allowing the company to focus on analyzing data rather than on the set up and preparation of reports. And, information from the various companies can now be easily gathered and combined, without the need for re-keying data or numerous redundant requests for operating company reports.

In essence, this adds up to better information for Finmeccanica decision makers. With the new EPM processes, they can access a wide range of data—everything from business unit revenues and profitability to the cost of overhead and R&D for specific projects. The systems also provides an end-to-end view of projects, from the first bid through to the execution of the project and the final outcome, providing greater visibility into budgets versus actual costs, margins and overall performance.

What's more, with the centralized repository, Finmeccanica is now in a position to use business intelligence tools to analyze historical data. "That is especially important to us," says Dr. Valentina D'Addario, Group Budget and Reporting Service lead at Finmeccanica. "As we build up our historical database over time, we will be able to identify trends and patterns, and use those insights to drive ongoing improvements in performance."

With access to better, more consistent data, executives from Finmeccanica and the operating companies can have a solid, shared perspective of performance across the group. This provides a foundation that enables them to work together to find synergies and adjust plans and strategies to keep the performance of Finmeccanica companies on track.

Based on the success of the EPM effort, Finmeccanica and Accenture have applied the technology to other areas within the corporate organization, such as procurement and the management of offset programs, which are vital in the industry. The two companies are also exploring the use of the approach with a number of the group's operating companies.

Overall, the initiative has given Finmeccanica a capability that is enabling its transformation to an industrial holding company and, ultimately, to a high-performance business. Says Dr. Valentina D'Addario, "Our new approach to enterprise performance management gives us information and tools that allow us to work proactively to manage performance across the group—which ultimately helps all Finmeccanica companies compete more effectively in a changing industry."

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 181,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com.

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