

Denso is a leading auto components manufacturing company that provides automotive components to leading global automotive manufacturers.

Hitachi Consulting worked with Denso to streamline their financial planning to improve accuracy, provide integration, and enable a unified view of information across this global company and its subsidiaries.



## Case Study

### Overhaul of Financial Planning at Denso, a Global Automotive Components Manufacturer and Distributor

#### Business Challenge

Denso is a leading global manufacturer and distributor of automobile components to automotive manufacturers worldwide with revenues of \$6.5B in the Americas.

When it came to their financial planning operations with its manufacturing facilities in Arkansas, Michigan and Tennessee, Denso suffered from labor-intensive manual processes stemming from a decentralized, file-based system that was inefficient and inaccurate. Their manual process for financial planning and forecasting was based on monster Microsoft Excel spreadsheets that were not only disparate, but caused ongoing challenges:

- Inflexible and complex calculations
- Little ability to provide complex multi-dimensional analysis or complex data transformation
- No workflow controls
- Inaccuracy due to multiple copies and versions of spreadsheet documents
- Little scalability for enterprise planning
- Difficult to manage, large volumes of data from multiple sources and systems

What Denso needed was a review and tune up of their processes to streamline their financial planning, budgeting, and forecasting across the organization.

#### Solution

The goal was to enhance financial accuracy, provide integration between the many departments throughout the company, and enable a unified view of information. Hitachi Consulting worked with Denso to design and develop a Web-based, BPM-oriented financial planning application that leveraged automated data transformation performed by an SQL database. The Hyperion Planning System 9 and Hyperion Essbase were implemented to enable:

- Automated inter-system product code mapping process (product components, components disintegration, and department mapping)
- Centrally controlled workflow of the financial planning process/steps
- Complex calculations and analysis capability, as well as data consolidation from multiple sources in the multidimensional database
- Flexibility and simplification for expansion to other plants / subsidiaries

The project was conducted in two phases:

**Phase 1**—Document/stabilize current financial planning processes and plan for roll-out of improved processes and systems across manufacturing facilities; including careful change management execution.

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**Phase 2**—Worked in collaboration with the internal team to develop a vision for planning across multiple business functions and extend the use of Hyperion products to automate data management with a centralized system and processes, while still allowing for iterative capabilities (what-if's and versioning of data).

## Business Benefits

By implementing this system, streamlining and standardizing its financial planning processes, Denso saw significant improvements, including:

- Overall financial plan accuracy, efficiency, security, and accountability through more timely forecasting capabilities now in place
- Higher visibility of plan details for increased management buy-in, analysis, and forecasting
- Regional standardization of technology through centralization
- Expansions implemented efficiently and within budget

By executing these improvements, Denso stays responsive to market / industry changes – and is able to more quickly adjust to changing situations. They have noted that they can more easily analyze their current environment, communicate issues and conditions to key executives who can then implement a reporting procedure to view contingency efforts. They can now view an Executive Dashboard that gives visibility to these issues and enable more enlightened decisions.

In addition, Denso executives have reported benefits across the company – from Marketing's use of Web Analysis to review departmental expenses and program ROI, to improved Sales Forecasting at the plant level where the impact of fluctuating production levels can be seen in a timelier manner.

Denso improved its annual planning and iterative process efficiencies by automating many of its manual processes, including its data management. Improvements to Denso's reporting capabilities also allowed for improved sales forecasts and the development of contingency plans.

Denso has experienced significant changes in their business model with the changing economic times within the automotive industry. Their financial plan would have been out of alignment with actual conditions without the visibility and quick actions made possible by this collaborative effort to improve financial processes overall and roll out an integrated system.

## Advanced Business Planning Services

Hitachi Consulting's Advanced Business Planning services work with companies like Denso to link strategy to execution through rolling forecasts, metrics, scorecards and other tools to better manage financial results against strategic intent and market shift.

## About Hitachi Consulting Corporation

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies. With a balanced view of strategy, people, process and technology, we work with companies to understand their unique business needs, and to develop and implement practical business strategies and technology solutions.

Hitachi Consulting's client base includes nearly 25 percent of the Global 100 and many leading mid-market companies. From business strategy development through application deployment, we help clients quickly realize measurable business value and achieve sustainable ROI.

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