



*Our partnership with Capgemini has yielded strong results due to a combination of collaboration, innovation and automation”*

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# Danfoss drives accurate financial reporting with standardized accounting processes and smart automation

Customized SAP solutions empower Danfoss to transform its financial processes, streamline operations, and improve financial controls

## Overview

**Client:** Danfoss

**Region:** Denmark

**Sector:** Manufacturing

**Client challenge/Business need:**

Danfoss needed to consolidate and standardize its existing finance operations to achieve greater efficiency and transparency.

**Solution:** Danfoss leveraged

Capgemini’s Global Enterprise Model© (GEM), including the Global Process Model© (GPM), to standardize its accounting processes across all regions.

**Benefits:**

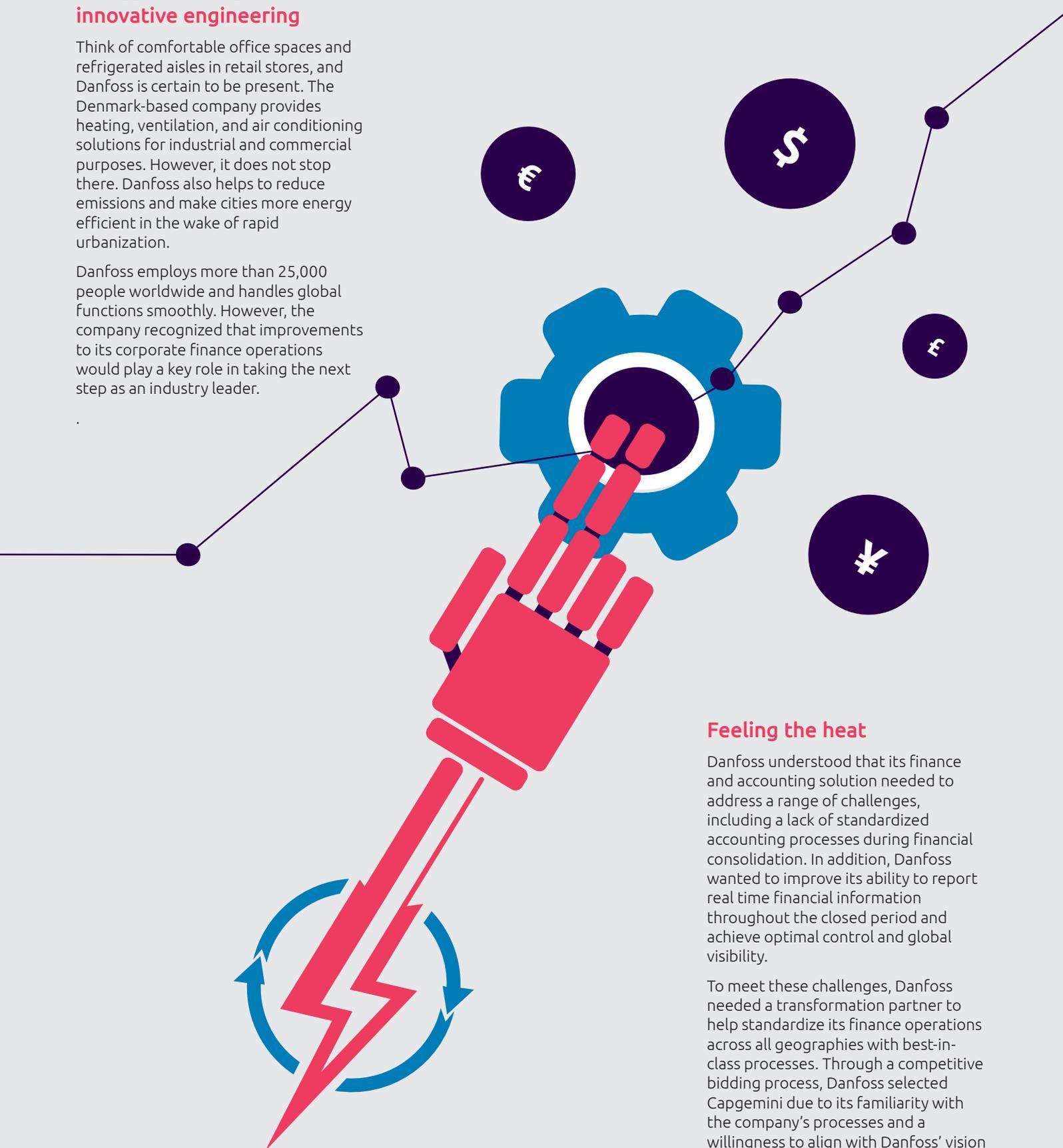
- Best in class vendor payments
- Improved customer collections on global level
- Improved accuracy for all accounting processes
- More accurate and faster financial reporting



## Energy efficiency with innovative engineering

Think of comfortable office spaces and refrigerated aisles in retail stores, and Danfoss is certain to be present. The Denmark-based company provides heating, ventilation, and air conditioning solutions for industrial and commercial purposes. However, it does not stop there. Danfoss also helps to reduce emissions and make cities more energy efficient in the wake of rapid urbanization.

Danfoss employs more than 25,000 people worldwide and handles global functions smoothly. However, the company recognized that improvements to its corporate finance operations would play a key role in taking the next step as an industry leader.



## Feeling the heat

Danfoss understood that its finance and accounting solution needed to address a range of challenges, including a lack of standardized accounting processes during financial consolidation. In addition, Danfoss wanted to improve its ability to report real time financial information throughout the closed period and achieve optimal control and global visibility.

To meet these challenges, Danfoss needed a transformation partner to help standardize its finance operations across all geographies with best-in-class processes. Through a competitive bidding process, Danfoss selected Capgemini due to its familiarity with the company's processes and a willingness to align with Danfoss' vision as part of its collaborative approach.

In 2014, Danfoss and Capgemini partnered to launch the Danfoss Finance Program. The main objective of the project was to standardize processes in accounts payable (AP), accounts receivable (AR) and general ledger (GL) across all of Danfoss' business units. This also involved updates to travel and expenses in 35 locations. To meet these project goals, Capgemini designed and implemented the Global Process Model® (GPM), which standardized these processes.

Building upon the success of this project, Danfoss again partnered with Capgemini to launch Project One ERP in 2016. With this program, Danfoss wanted to align and standardize different SAP platforms into SAP S/4 HANA. As the partnership moves forward into 2018 and beyond, the standardization of processes and integration of an ERP platform will be implemented in parallel.

## Delivering a smooth flow of financial information

For both of these projects, Danfoss leveraged Capgemini's Automation Drive, a unified approach on automation, and Global Enterprise Model® (GEM), including GPM, to transform its business operations, expedite its financial transformation, and realize cost savings quickly.

Built on a strong, 17-year foundation and the Automation Drive suite, GEM introduced automation and enhanced accuracy to Danfoss' financial processes while also minimizing costs and risks. The Global Danfoss Model (GDM), which was built on GEM, enabled Danfoss to create a global calendar that included all milestones, global tasks, and local tasks, as well as a reporting deadline and hard close process to enforce discipline.

Capgemini and Danfoss partnered with world-class accounting tools such as Runbook Closing Cockpit® and Runbook Balance Sheet Reconciliation® to automate closing and financial reporting processes. These tools enabled Danfoss to capture financial data at every step of its vendor and customer transactions, resulting in substantially smoother AP and AR functions.

Closing and reconciliation of the balance sheet is now an easier process for Danfoss' accountants. This translates into a seamless record-to-report (R2R) function that delivers timely financial reporting due to the implementation of these tools. This also resulted in a reduction of the closing period from 7 to 5 working days and minimization of the need for manual error correction.

An important component of the solution's overall success was the implementation of appropriate automation and robotics for a variety of processes. This includes the verification process, foreign exchange rate updates, and intercompany reconciliations, all of which resulted in reduced manual interventions and error rates.

## The benefits delivered

With the driving force of GDM behind its financial transformation, Danfoss achieved significant improvements to its financial reporting, including:

- Best in class vendor payments
- Improved customer collections
- Improved accuracy in all accounting processes
- 56 standardized R2R processes
- Alignment of processes and tasks to Capgemini's offshore and nearshore delivery centers based on location strategy
- Creation of an intercompany hub, leading to faster closing of all transaction types globally and a reduction in closing period from 7 working days to 5 working days.

### In Summary

Capgemini's solution provides accurate, real-time financial information that enables Danfoss to navigate the complex and dynamic global financial environment, meet statutory and regulatory reporting requirements, enhance financial controls, and enjoy better decision-making.

In addition, Capgemini's Rightshore® model enables Danfoss to tap into a global delivery model that combines efficiency, talent, collaboration, and scalability.



## About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

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## About Danfoss

Danfoss engineers technologies that enable the world of tomorrow to do more with less. Learn more about how Danfoss is involved in engineering tomorrow at

[www.danfoss.com](http://www.danfoss.com)

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