



Sector_ Utilities
Title_ Financial operation automation and integration

After implementation of SAP SEM BPS and SAP CFM, Enagás achieved integration of information from Treasury with the corporate back office, reducing operational risk with financial instruments and improving information quality.

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“SAP Corporate Finance Management (CFM) allows to computerize and integrate with financial and analytical accounting, the main business processes in the Enagás Treasury. In this sense, the main functions performed in this area are: Debt Management, Financial Risk Management and Treasury Management and Budget. Debt Management allows to manage, monitor and adjust the long-term financing needed of Enagás. Financial Risk Management is responsible for assessing and limiting exposures and manage the necessary tool coverage. Finally, the Treasury Management budget is to calculate and monitor the cash flow with an annually, and ensure consistency with the Analytics Budget. “

Enagás is the leading gas transporter in Spain and has over 7,200 km. of high pressure pipeline, three degasification plants (Barcelona, Cartagena and Huelva), and ownership or management of natural gas storage, among its assets.

In addition, Enagás has been appointed Technical Manager of the Gas System (GTS). Its main responsibilities include ensuring the continuity and security of natural gas supply and proper coordination between access points, storage, transportation and distribution.

Technology Status

Enagás has the support of mySAP Business Suite as a back office of its business core, and uses the functions of the MM, SD, PM, HR, SAP FI and CO modules of SAP for financial and logistics management. Additionally, all scorecard processes, economy and budget information management, are supported by SAP Business Intelligence, through the SAP SEM components (Strategy Enterprise Management) and SAP BW (Business Information Warehouse).

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In this context, there were two business-critical processes which are Debt Management and implementation, monitoring and Treasury-Budget control, which were not supported in the SAP platform and still works in external applications.

The following SAP solutions have been implemented to cover these processes:

- SAP CFM (Corporate Finance Management), as a support tool to cover debt management.

- SAP SEM BPS, to control and monitor the treasury budget, such as tools that allow seamless integration of data from planned and real corporate back office data.

The Project

The project lasted six months and both the design and implementation has been carried out by a team of consultants from DMR Consulting, in conjunction with the Enagás Information Systems Management, and users from the area of Enagás Finance and Management Control.

The phases of the project were the following:

Business Model

The requirements were determined and all the transactions were analyzed to define the following processes for products within the scope:

- Front Office: Data of financial and nonfinancial operations.
- Back Office: accounting flow and operation timing. Inspection and results reports.
- The financial instruments supported by the solution are the following:
 - Loans. Loans from group companies. Credit lines. Insurance exchange.
 - FRA's.
 - COLLAR 's.



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The Treasury budget defined the budget report and cash criteria to apply to items for their exchange to the cash budget. It also closes a scope that includes a tool to perform an annual cash treasury budget from the Enagás economic budget. This tool has the following features:

- Monthly Re-planning Capability.
- Manual Adjustments.
- Deviation Control Plan - Real.
- Monitoring and Management Reports.

Implantation

To support the defined processes on the following modules:

- CFM Loans, loans management.
- CFM Transaction Manager, for managing exchange derivatives and insurance.
- TR-CM (Cash Management), for Credit Line management.
- SAP BW as Data Warehouse for the collection and storage of SAP R/3 data and to compare it with the planned data. Its features are also used for reports.
- SAP SEM BPS for data processing and adjustments.

Goals

Some of the goals achieved with the solution are:

- Offering a comprehensive solution covering the complete cycle of financial debt management: asset (investments) and liabilities (financing), both short and long-term, first with the markets and financial intermediaries (Front-office), and with the accounting department (Back-office).
- Provide financial analysis of the overall situation of a corporation's debt, gathering data from multiple systems, adding and standardizing the information, reporting, with flexibility and in real-time, the various stakeholders involved in decision making.
- Automatic Transfer of operations flow at the Treasurer's annual budget and monthly checks.

- Simplifying the treatment of internal financial operations (intergroup loans,...), so that the entry of this type of operation is performed only once, even though it affects several organizations in the group.
- Setting the relationships within the financial operations between different forms of investments, financing, speculation and coverage, to ease the joint treatment of these structures

for accounting and tax impact.

To Have a fully integrated tool that allows monthly review and deviations controls for budgeting.

Benefits

Some benefits of the solution adopted by Enagás are:

Information integration from Treasury to the rest of the corporate back office by automating the accounting processes of financial transactions.

Reducing operational risk in the treatment of financial instruments.

Improving the quality of information.

Minimize manual data processing.

Excess capacity in advance/cash defects, allowing appropriate decisions to optimize cash flow.
Budget deviation control, allowing corrective action.

Scalability of the solution towards the use of financial instruments other than those already employed.

AT A GLANCE	
SAP Solution:	SAP CFM (Corporate Finance Management) SAP SEM BPS
Áreas:	Debt Management Treasury Budget
Hardware Platform:	HP
Operating System:	HP-UX
Database:	Oracle
Number of users:	6
Installation Partner:	DMR Consulting