

AsahiKASEI

Asahi Kasei transforms profit and loss calculations for manufacturing, processing, and sales worldwide

Customer Story

Solution : Finance

Industry : Comprehensive chemical manufacturing

Calculating consolidated profit and loss (P&L) in the Performance Materials Business at Asahi Kasei Corporation could only be done twice a year due to manual, spreadsheet-based processes. Having these important numbers only every six months impeded the company's ability to respond quickly to unexpected marketplace fluctuations. A new platform, built with Anaplan and called JUMP (Joint and Unified Management Platform), transformed Asahi Kasei's ability to visualize integrated P&L in manufacturing, processing, and sales. Calculations are now completed monthly, which gives the company agility when responding to changes in the market. In the future, Asahi Kasei aims to utilize the P&L data accumulated in Anaplan to more flexibly review its business actions and formulate new business models.

Anaplan

Company

Asahi Kasei Corporation: Creating new social value with a variety of products, technologies, and services.

Asahi Kasei Corporation is a comprehensive chemical manufacturer, founded in 1922 with the mission of "improving people's standard of living by supplying an abundance of the highest-quality daily necessities at the lowest prices." The company started in the synthetic chemistry and chemical fiber business, after successfully synthesizing ammonia with the Casale process using hydrogen produced through water electrolysis for the first time in Japan. Currently, the company works in three areas: Material, consisting of the textiles, chemicals, and electronics businesses; Homes, consisting of the housing and building materials businesses; and Health Care, consisting of the pharmaceuticals, medical care, and critical care businesses. Annual sales are 2.1061 trillion yen, and the company has more than 44,000 employees.

Use Case:

- Financial Planning & Analysis: Centralized, consolidated profit and loss (P&L) management and forecasting in manufacturing, processing, and sales for each product on a monthly basis.

Challenges

- Consolidated P&L for each product can be calculated only twice a year, so responding immediately to changes in market conditions and market needs is impossible.
- Data is distributed at many locations around the globe, making it difficult to ascertain the overall picture.
- Competitive pressure to flexibly review business actions and promote business model reforms and respond to market changes in a timely manner.

Goals

- Visualize consolidated P&L for each product on a monthly basis.
- Collect data from multiple sites around the globe in real time.
- Create a platform on which information can be shared by everyone, from corporate officers at headquarters to managers at local operations, to make decisions and take action quickly.
- Accumulate data and use it to review business actions and improve business models.

Why Anaplan?

- Data at each site around the globe can be aggregated quickly.
- P&L scenarios can be generated and tested immediately when parameters are changed.

Supplying engineering plastics globally

Asahi Kasei Corporation started in 1922 in the synthetic chemistry and chemical fiber businesses, and now operates in three sectors: Materials, Homes, and Health Care. Materials, which consists of the textile, chemical, and electronics businesses, has supported the company's growth as a comprehensive chemical manufacturer.

Consumers are familiar with its products such as a plastic wrap for food, and Bemberg, a high-grade lining material made of cotton linter. The company also manufactures and sells materials used for automobile parts, home appliances, and electronic components. One such industrial material is a functional resin product commonly called "engineering plastic."

"Because engineering plastic is lightweight, easy to process and mold, and has excellent strength and heat resistance, it is used in a wide range of applications such as automobile parts," says Ippei Araya, Senior Managing Executive of the Performance Materials Division the Performance Products SBU of Asahi Kasei. "We are expanding our manufacturing, processing, and sales bases globally to provide engineering plastic products to manufacturers around the world."



Ippei Araya, Senior Managing Executive, Performance Materials Division, Performance Products SBU, Asahi Kasei

Although categorized into a single group, engineering plastics include many different types and grades of products. The specifications required for each customer are different, meaning there are thousands of varieties of engineering plastics.

Successfully delivering the specific products that customers want in a timely manner requires Asahi Kasei to select the optimal supply chain. "Our complex commercial distribution and logistics operations often reach across countries," Mr. Araya explains. "For example, we might manufacture engineering plastics in Singapore, process them in Thailand, and sell them in Europe. Being able to flexibly arrange this is one of the strengths of our company and our global network of facilities."

Aggregating data to calculate P&L by product

Automakers and auto parts makers, which are the main customers for engineering plastics, are expanding their production facilities overseas as globalization progresses. Asahi Kasei has expanded its manufacturing, processing, and sales operations worldwide in line with this trend.

While having multiple facilities around the world helps to build an optimal supply chain for each customer, the problems caused by having many operations in different regions have also become apparent.

"The biggest challenge of our global operations is that it is difficult to see the consolidated profit and loss for each product," says Takehiro Sakita, Manager of the Performance Materials Planning & Coordination Dept. Performance Products SBU at Asahi Kasei. "Of course, we keep a total of the profits at each location, but it was difficult to see how much money a product made through the entire manufacturing, processing, and sales activities, company-wide."



Takehiro Sakita, Manager, Performance Materials Planning & Coordination Dept., Performance Products SBU, Asahi Kasei

Conventionally, the only way to calculate consolidated P&L for each product was for the head office to collect numbers from each facility and aggregate them during the settlement of accounts twice a year. "Since we were using a system developed from scratch, it took a considerable amount of time to tabulate, and we had to limit it to twice a year so that the person in charge at each site would not be

overwhelmed," recalls Mr. Sakita. "Moreover, since we were only able to aggregate marginal profits excluding fixed costs, it was difficult to determine how much net profit was being made."

Therefore, Mr. Araya requested the construction of a mechanism that would enable the consolidated P&L of each product to be calculated on a monthly basis. "Ascertaining P&L only once every six months is too slow, because the market conditions for raw materials and product needs are changing rapidly," he says. "We wanted to create a system that would detect changes in the situation as quickly as possible so we could take prompt action."

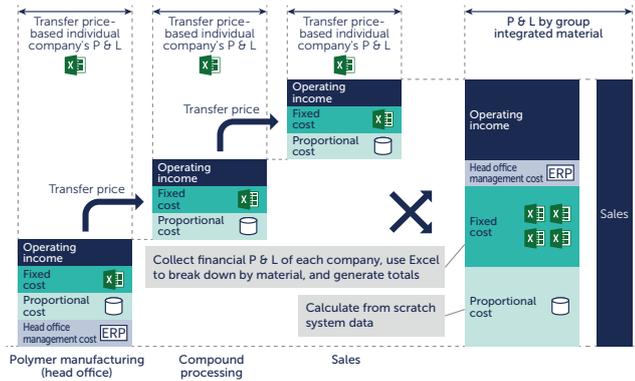
In response to this, Mr. Sakita and others launched a project team in August 2018 to build an information platform they called the "Joint and Unified Management Platform," or "JUMP." After a 12-month study period, Anaplan was implemented as the foundation for JUMP.

JUMP: Joint and Unified Management Platform

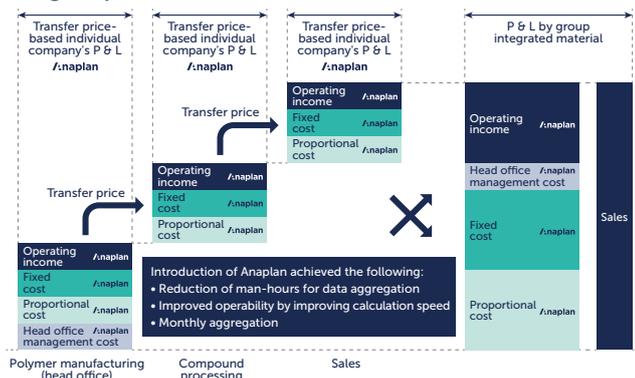
Scope	Background for Anaplan selection	Efforts to date
<ul style="list-style-type: none"> Management accounting system Calculating consolidated profit and loss globally Simultaneous introduction at facilities worldwide Budgeting Ascertaining monthly results Simplification and reduced time required for monthly reports Calculation of transfer price Formulation of medium-term plan 	<ul style="list-style-type: none"> Agile development/development speed Knowledge of development partners Future in-house expansion capacity Scope coverage Computational power/capacity/speed 	<ul style="list-style-type: none"> Identification of issues Definition of requirements Selection of solutions Development of budget input function Implementation of budgeting Incorporation of achievements Ascertaining monthly profit and loss

Before and after implementing JUMP

Before JUMP, the spreadsheet format for each tabulation was different, so it took a lot of time to calculate integrated profit and loss.



Using Anaplan



With the JUMP project using Anaplan, the integrated consolidated profit and loss for each product could be immediately ascertained.



Calculations completed faster than conventional systems

Anaplan is a platform that quickly aggregates data from multiple locations and departments and transforms it into information that supports rapid analysis and decision-making. Anaplan collects the data and uses pre-built models to process data into the desired information.

The project team has taken advantage of this feature to create a system that automatically aggregates the consolidated profit and loss for each product after every manufacturing, processing, and sales facility worldwide inputs their own data. While the old semiannual process could only aggregate the financial data to determine marginal profit, the JUMP platform with Anaplan can also aggregate fixed costs such as equipment depreciation, repairs, labor, and selling, general, and administrative (SG&A) expenses in order to calculate operating income.

Although it is necessary for each site to enter data every month, Anaplan can process this data much faster than Asahi Kasei's conventional bespoke systems. This has led to an increase in the frequency of aggregation.

"For example, when forecasting profits, calculations took about 10 to 20 minutes with conventional systems if changes were made to parameters such as cost. Anaplan can do this in about five seconds," says Toshiki Kidokoro of the Performance Materials Planning & Coordination Dept., who was involved in the introduction of Anaplan as a member of the project team. "The process is so much faster, we can easily get numbers monthly."



Toshiki Kidokoro,
Performance Materials
Planning & Coordination
Dept., Performance Products
SBU, Asahi Kasei

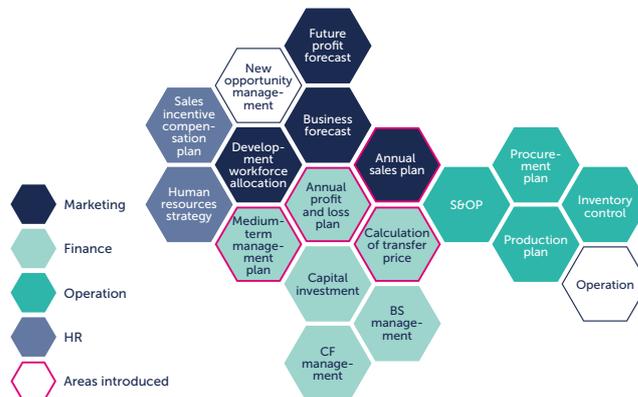


Yuri Nakatsuka, Compound
Planning & Coordination
Dept., Performance Products
SBU, Asahi Kasei

"To encourage cooperation from manufacturing facilities in the United States, we explained that changes would be reflected in Anaplan in real time, which has the advantage of reducing the frequency of inquiries from the head office," says Yuri Nakatsuka of the Compound Planning & Coordination Dept, who is also a member of the project team. "I think the key to promoting the introduction and utilization of this system is to explain exactly what advantages each facility can expect."

Changing business models based on data

The JUMP project team divided the project into Stage 1 and Stage 2. Stage 1 introduced the ability to visualize the consolidated P&L for each product on a monthly basis.



In Stage 2, the company aims to create medium-term management plans and transform business models, based on the data accumulated in Anaplan.

"Not only is it possible to calculate the consolidated P&L for each product now, but it is also possible to grasp operating income, which has dramatically improved the accuracy of profit forecasts," says Mr. Araya. "I would like to make full use of the data in this well-organized environment to promote digital transformation of the business itself."

In addition, Anaplan has made it possible to display major budget and actual result data on the dashboard. "Anaplan allows me to see movements that I couldn't see before, so the axis of judgment has changed," says Mr. Araya. For example, it is now possible to analyze in detail the profit that is being achieved for each product grade and each customer, which enables managers to take more precise, targeted action in response to changes.

"In the future, I would like to link Anaplan with our Customer Relationship Management (CRM) system and use it in our prospect management and our manufacturing processes," says Mr. Sakita, the project leader. "In addition, we will endeavor to roll out Anaplan so that it can be utilized not only for management decisions, but also for the work performed at each facility."

The JUMP project has dramatically improved the accuracy of business management in the engineering plastics business at Asahi Kasei. There is no doubt that Anaplan will play an even more active role in the realization of further data-driven management based in a well-organized environment.

About Anaplan

Anaplan, Inc. (NYSE: PLAN) is a cloud-native enterprise SaaS company helping global enterprises orchestrate business performance. Leaders across industries rely on our platform—powered by our proprietary Hyperblock® technology—to connect teams, systems, and insights from across their organizations to continuously adapt to change, transform how they operate, and reinvent value creation. Based in San Francisco, Anaplan has over 20 offices globally, 175 partners and approximately 1,700 customers worldwide. To learn more, visit anaplan.com