

Bachem Holding AG

Overview

■ Challenges:

After migrating to a Movex ERP system to counter the Y2K issue, the weakness of the system was that it had no analysis tools. This shortcoming led to the implementation of an earlier version of IBM Cognos for analyzing sales data based on criteria such as customer, country and the number of connections.

■ Solutions:

- IBM Cognos 8 BI
- IBM Cognos 8 Controller

■ Benefits:

- Fast, simplified consolidation, with all financial statements according to stock market requirements, internal and external
- Professional reporting with drill-down capability and ad-hoc analysis functions
- Efficient monthly inventory valuation involving thousands of batches and products
- Professional and efficient cost-centre and cost-unit accounting



Bachem is an independent, technology-based, public biochemicals company that provides a full service to the pharma and biotech industry. Bachem specialises in the process development and manufacture of peptides and complex organic molecules as active pharmaceutical ingredients (APIs), as well as innovative biochemicals for research purposes. With its headquarters in Bubendorf, Switzerland, and a total of nine production and marketing companies in Europe and the USA, Bachem works on a global scale and holds a leading position in its field.

“Our ERP system had no integrated analysis functions. With IBM Cognos 8 BI, we can report and analyse ERP data perfectly in purchasing, sales, and logistics. In particular in the logistics area, the latest version has simplified and streamlined our processes.”

*Dr. Thomas Früh
Executive Vice President and COO
Bachem AG Switzerland*

Bachem has introduced IBM Cognos 8 BI in the sales and logistics departments of its Swiss branch to analyse ERP data, and the IBM Cognos 8 Controller solution has been implemented at the holding company for consolidation and controlling. IBM Cognos solutions were selected independently for both projects, winning through against the competition. At Bachem, IBM Cognos 8 BI and IBM Cognos 8 Controller are increasingly working together at different levels and playing a more important role.

Challenges faced

Like many other companies, Bachem was forced by the Y2K issue to migrate to a new ERP system. However, the Movex ERP solution, chosen mainly on the basis of its strength in the logistics area, had no analysis tools. The ensuing brief evaluation, and a recommendation by the ERP manufacturer, led to the decision to implement an earlier version of IBM Cognos for analysis of sales data according to various criteria, such as customer or country, and to analyse connections.

Strategy followed

Later, as part of an upgrade, some new functions and add-ons were incorporated into the ERP system, in particular in cost accounting and an SQL-based data warehouse was created. These innovations led the company to consider upgrading to IBM Cognos 8 BI. After a brief comparison of other solutions, the company opted for IBM Cognos once again.

Bachem AG Switzerland, which accounts for around 60% of the group's activities, is now using IBM Cognos 8 BI, with IBM Cognos 8 Data Manager for its ETL tool, and Framework Manager, Analysis Studio, and Report Studio. Analyses are carried out in analysis models using the Movex data aggregated in an intermediate step. The main focuses are analyses of sales figures according to various criteria, an inventory valuation—a very complex process involving the monthly evaluation of 36,000 batches and thousands of products—and a logistics model with suppliers, prices, and batches. In the past, just a few employees in management and business development used the earlier IBM Cognos solution.

The introduction of the new functions and options in IBM Cognos 8 BI has increased this number to around 25 in management, sales, and logistics. Throughout the entire project, the IBM Cognos partner iNFORMATEC, with extensive Movex expertise, was responsible for analysis, installation, training, and support.

Bachem Holding AG encompasses a total of nine production and marketing companies in Switzerland, the UK, and USA. The holding company monitors and gathers figures and consolidates them for reporting. After an initial phase involving manual entry of figures and the use of a Frango solution for consolidation, Michael Hüsler, CFO of Bachem Holding AG, initiated a new

evaluation. The new solution needed to offer more functions, while the takeover of Frango by IBM Cognos opened up the opportunity for a new direction. The additional requirements for the new consolidation solution were:

- *Decentralised, Web-based capture in the companies*
- *Functions such as technical consolidation and automatic creation of IFRS annual accounts, including automatic creation of cash flow accounting and information for the appendix to the annual accounts*
- *Advanced reporting*

During the evaluation phase, the company examined the manufacturers SAP and Hyperion in addition to IBM Cognos, quickly finding the SAP ECCS solution to be less relevant without the SAP ERP system. Of the two remaining suppliers, the deciding factor proved to be the simpler customising philosophy supported by Frango and developed by IBM Cognos, as opposed to Hyperion's customer-specific programming. In addition, the selected IBM Cognos BI solution promised more future synergies at Bachem AG Switzerland.

Benefits realised

Group-wide reporting is now carried out in IBM Cognos 8 Controller, the central consolidation and reporting tool. Reports are generated automatically on the basis of figures captured locally and validated in the system—from monthly reports and company budgets through to annual and multi-annual planning.

Hüsler says, "IBM Cognos 8 Controller has brought huge improvements in the process. Monthly financial statements are available faster, the risk of errors has been reduced, and the accuracy of estimates has been increased. All companies now have access to their reports as the basis for standardised monthly COO reporting at each company."

Between one and three people are now using the tool at each group company, including finance managers at the holding company, which amounts to a total of 15 to 20 users. Throughout the entire project, the IBM Cognos partner Addedo was responsible for technical implementation, training and support. iNFORMATEC remains responsible for technical implementation and support.

The use of IBM Cognos 8 BI at Bachem AG Switzerland and IBM Cognos 8 Controller at Bachem Holding AG has accelerated and streamlined analysis, consolidation, and presentation of figures. The next step involves the creation of a quotation database to help the company produce its quotations faster and more accurately, and various Crystal reports will also be migrated to the IBM Cognos 8 BI platform.

Subsequent group-wide use of IBM Cognos 8 BI is possible, following on from the implementation at Bachem AG Switzerland.

About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

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IBM Canada
3755 Riverside Drive
Ottawa, ON, Canada K1G 4K9

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