



MECAR

Established in 1938



MECAR

Presenting today

- Drazen Primorac (PwC) – on behalf of Mecar
- Nicolas Schricke (Scotler) – IBM Cognos Partner

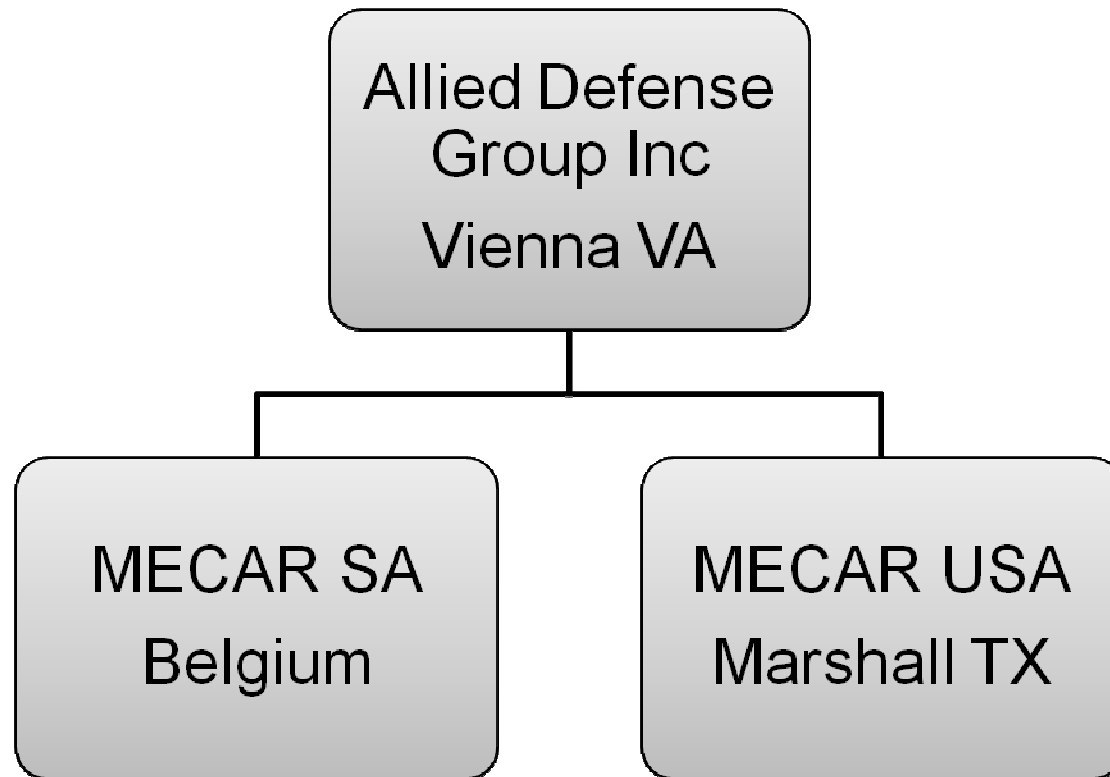


Agenda

- About MECAR
- Case for change
- The solution
- Benefits to MECAR



The ALLIED DEFENSE GROUP, Inc



Allied Defense Group, Inc is quoted on the AMEX Stock Exchange - ADG.



THE BOTTOM LINE

MECAR IS A MEDIUM SIZED VERY AGILE COMPANY

- Fully integrated ammunition design & manufacturing facility.
- Supplier of medium & large calibre ammunition and production solutions around the world.
- Profitably operates with order sizes & delivery times not feasible for larger companies.
- Flexible manufacturing process, with short turn around times between product lines.
- Dynamic technical department with state of the art design & development capabilities.



THE CLIENT BASE

- Typically over 95% of annual revenues are from Exports.
- Over 25 nations in Europe, the Middle East, Africa, the Far East & the Americas.
- First foreign supplier to US Army PM MAS in 15 years.
- 10 new countries in the last 4 years.
- Good long-term client relations, as a supplier of ammunition and as a manufacturing solution provider.
- We listen to our clients.



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Case for change

- All of management control* processes performed through spreadsheets.
- Inherent risk of error
- SOX compliance an issue
- Focus on processing rather than analysing data
- Challenges specific to MECAR (accountability, revenue recognition...)

* Includes Consolidation, Financial and Management reporting, Budgeting and Forecasting



Potential for improvement

- Introduce a BI/CPM system that would:
 - Reduce the number of errors
 - Increase the speed of processing data
 - Allow more focus on analysing data
 - Distribute reports and KPIs across the organisation
 - Forecast faster



Selection process

- Involved PwC in the selection process
- Created clear functional and technical requirements document and sent out the RFQ
- Evaluated vendor answers in the RFQ
- Saw presentations by the selected vendor
- Scored the vendors according the predetermined criteria
- Negotiation and contract signing



COGNOS selected

- COGNOS solution chosen based on:
 - Strong reporting functionality
 - Strong modelling functionality
 - Established presence in Belgium
 - User demonstration



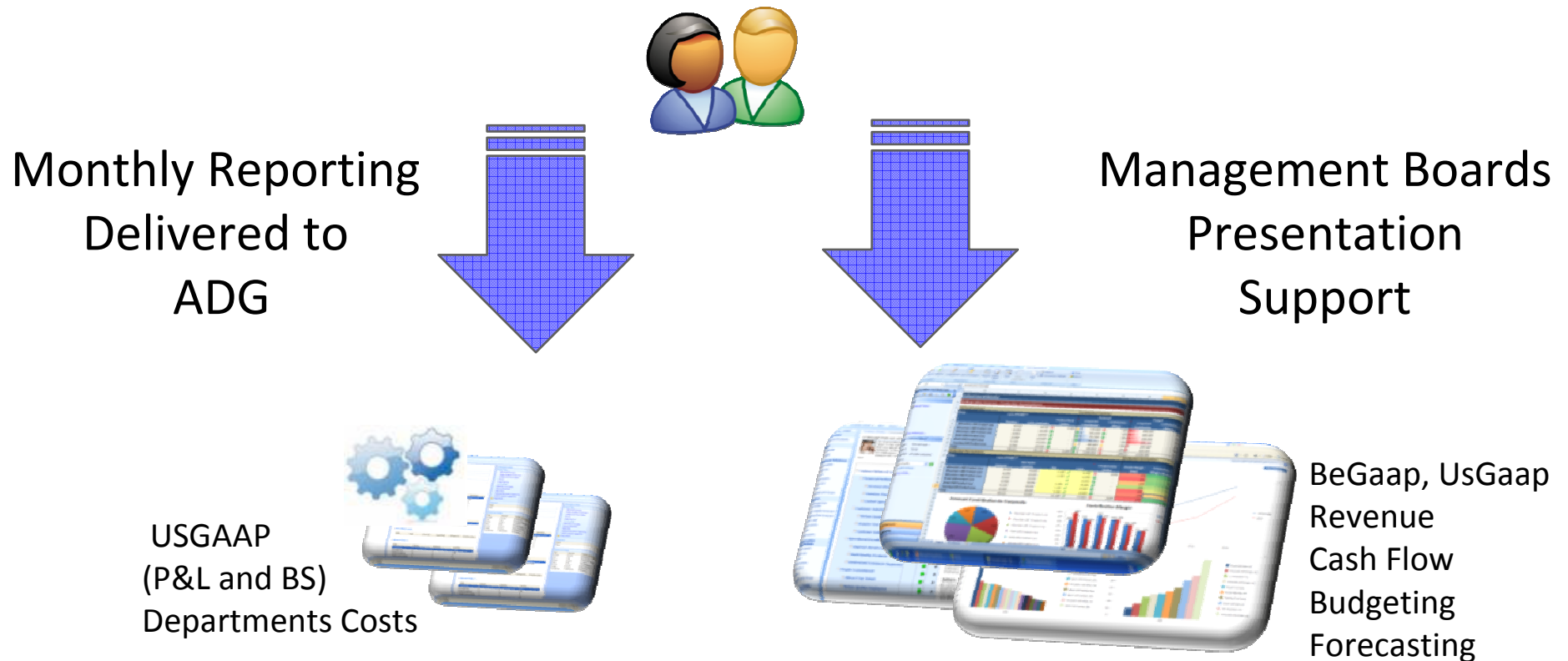
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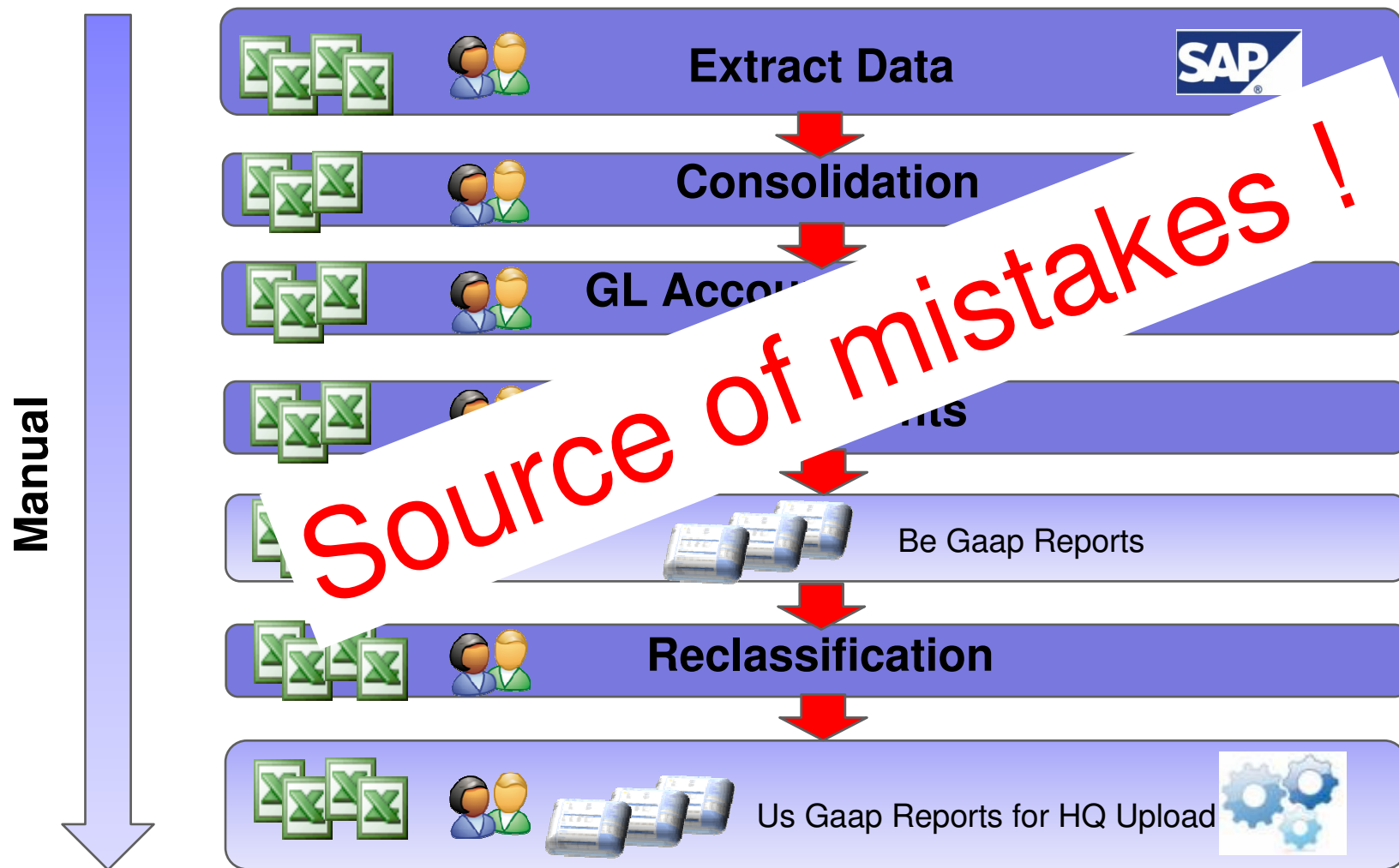


The solution

● Mecar's Financial Reporting



Monthly Reporting : A manual Process



The solution

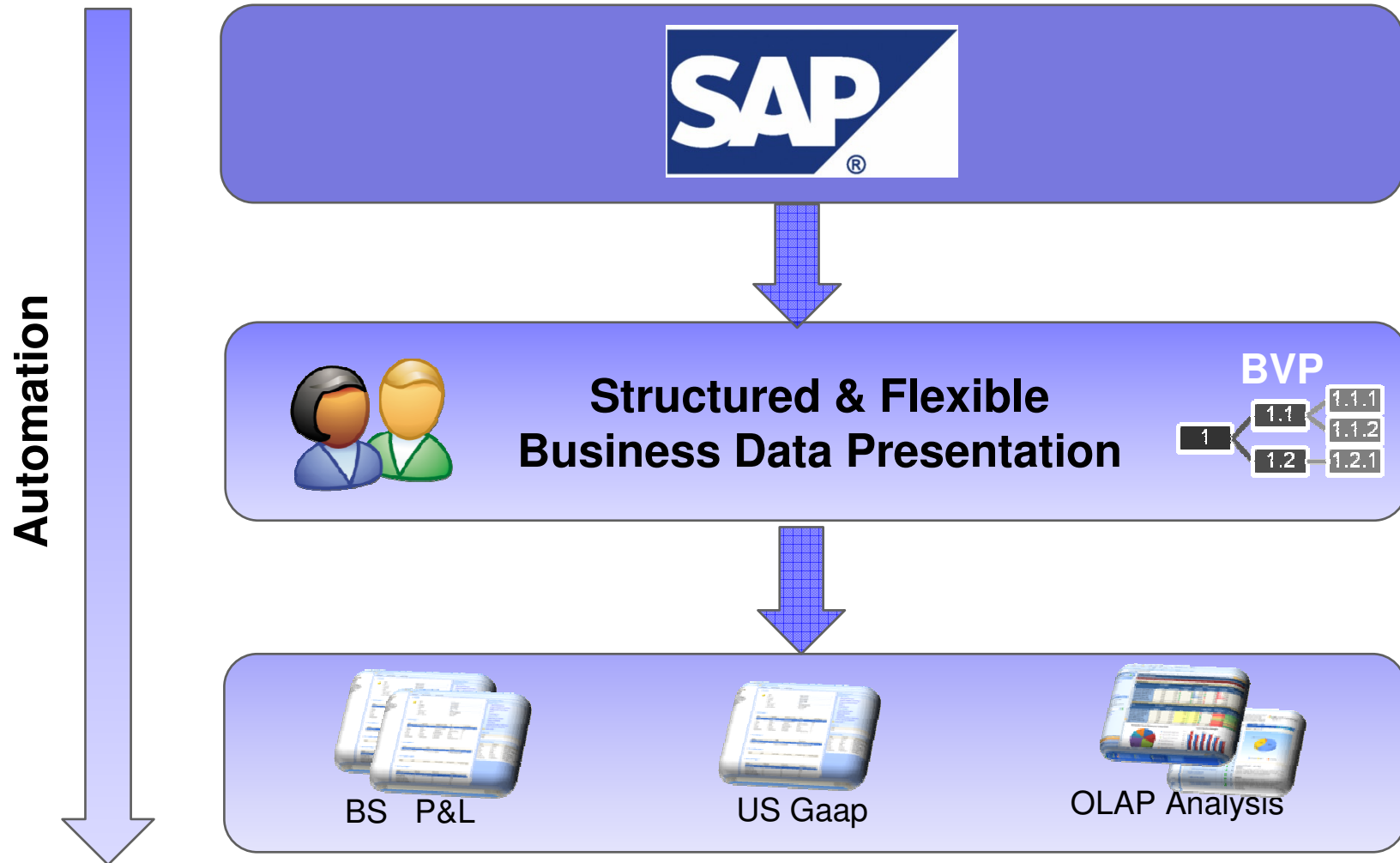
CPM Application (phase 1)

Monthly Financial reports automation

Expenses Analysis Tool



Financial Reporting



IBM Cognos - Virtual View Manager

- Metadata Layer accessing heterogeneous and distributed information sources
- Create a unified view of the business information
- Oracle, MSSQL, DB2, Siebel, Sybase, SAP R/3 ...
- Direct Link between DB resources and Cognos

=> Allow Executing SAP ABAP reports on Demand

=> Use SAP as source for Cognos Planning



IBM Cognos – Business ViewPoint

- Business Hierarchy Management Tool
- Capture and Manage multiple hierarchies, structures and definitions in a centralized store
- Replace manual, error-prone efforts with fully transparent, automated and auditable process
- Share approved viewpoints across the decision-making process



The solution

CPM Application (Part 2)

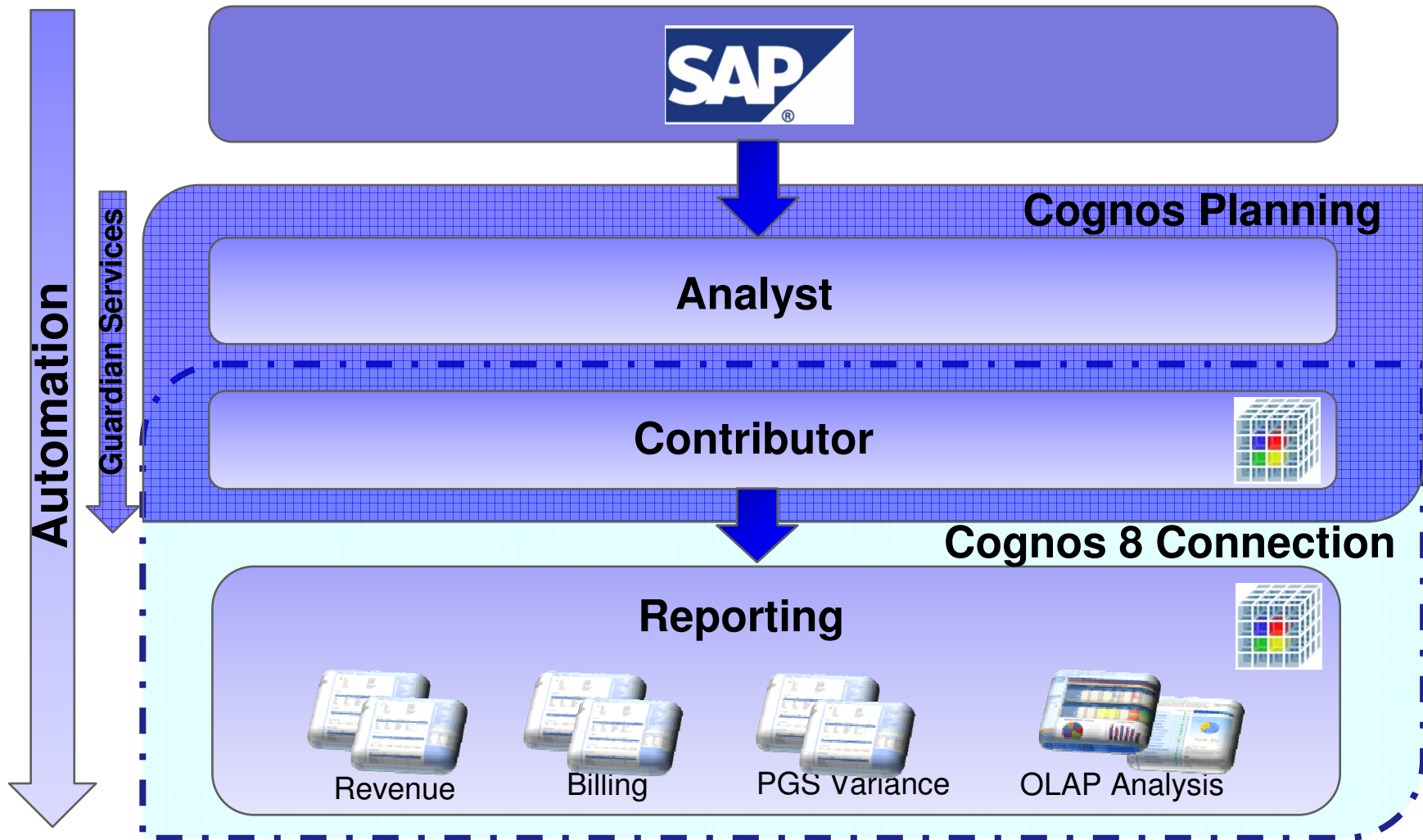


Revenue Recognition and Associated Costs

- Retrieve Orders and Ongoing Data from SAP
- Allow management completing production data
- Calculate Overhead and ratios from Wip report at order level
- Calculate Margins per order, per calibre, per contract
- Evaluate Monthly revenue



Revenue Recognition and associated costs



The solution

CPM Application (Part 3)



The solution

- Budgeting (annual cycle)
- Forecasting (12-month rolling forecast)
- Cash Flow Projections (weekly)



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Benefit to Mecar

“Manual model were so complex that we have discovered mistakes in calculation while designing the solution in Planning” (Bruno Casamassa, Mecar CFO assistant)

● Improved Productivity

- The implementation of this CPM environment improves productivity by making it easier for people to locate, identify and analyze data.

This improvement is achieved for report builders at finance staff level where they perform analysis on regular basis.

● Improve Staff efficiency

- In this case it enables Mecar to improve staff efficiency by analyzing hours spent on the different production lines by commands.



Benefit to Mecar

“The tool the company had been using was Excel and it was no longer sufficient for the organization’s needs” Bruno Casamassa (Mecar CFO assistant)

● Reduce Purchases

- Mecar uses IBM Cognos to reduce and simplify inventory, accounts receivable, and other assets they maintain on their balance sheet.

● Increase profitability

- It enables line-of-business managers to analyze their operating environments and identify changes they can make to increase or reduce cost by forecasting.



Benefit to Mecar

● Conclusion

- The most significant returns to Mecar have come in the form of improved reporting and data collection. Cognos tools automate data gathering and analysis, drastically reducing the time needed to generate management reports.
- Specifically, Mecar had previously relied on Excel spreadsheets for their reporting function indicated that by using Cognos solutions they were able to reduce the personnel time associated with reporting by as much as 50 percent



Thank You for your attention

Feel free to ask any questions

