



Cosan

Building a rock-solid financial infrastructure to support rapidly expanding global operations

Overview

The need

Organic growth and multiple acquisitions sparked a rapid increase in the size and complexity of Cosan's operations, pushing existing spreadsheet-based financial processes to the brink of infeasibility.

The solution

Cosan replaced spreadsheets with a sophisticated solution from IBM that automates budgeting, financial consolidation and reporting, enabling the company to complete essential tasks faster and more accurately.

The benefit

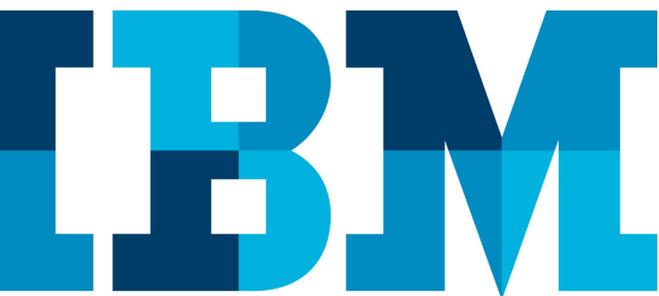
Accelerates budgeting by 63 percent. Advanced scenario modeling enables smarter financial decision-making. Simplifies provision of accurate figures to management, shareholders and stock exchanges.

“Smart businesses place great value on having efficient processes and controls in place, so that any increases in revenue aren't automatically consumed by rising overheads,” says João Arthur Souza, Finance Director at Cosan. “IBM Cognos solutions enable our staff to work more efficiently, helping us run a more profitable and well controlled business.”

Cosan – one of the leading energy and infrastructure providers in Brazil – focuses on providing the essential services Brazil needs to support the growth of the national economy.

As Cosan spotted new commercial opportunities, it expanded internationally and entered many new industries through a combination of organic growth and acquisition. Today, the company serves a wide range of industries including logistics, sugar and ethanol production, natural gas and fuel distribution, lubricants manufacturing and marketing, electricity generation, and agricultural real estate management.

“When you manage a company that has operations in multiple industries and countries, maintaining agile and efficient operations is vital for entrepreneurial success. With IBM Cognos solutions, we can optimize our financial analysis and reporting, and drive profitability,” says João Arthur Souza, Finance Director at Cosan.



Solution components

Software

- IBM® Cognos® Controller
- IBM Cognos Disclosure Management
- IBM Cognos TM1®

Applications

- SAP ERP

IBM Business Partner

- CTI Global
-

As the business flourished, processes in the finance department began to strain under the weight of the growing enterprise.

João Arthur Souza explains: “Our previous approach to tasks such as budgeting and financial reporting relied on manual processes and a network of spreadsheets. As the company grew, providing accurate figures to managers, shareholders and stock exchanges became increasingly challenging, as all numbers had to be checked and re-checked. Operational costs threatened to creep upwards and dull Cosan’s competitive edge, so we set out to find a better way of working.”

Choosing an enterprise-class solution

To solve its challenges, Cosan deployed IBM® Cognos® TM1® enterprise planning software for budgeting, and IBM Cognos Controller financial software for consolidation. CTI Global, an IBM Business Partner, provided support throughout the implementation.

“In major IT projects, choosing the right partner is crucial for success,” adds João Arthur Souza. “CTI Global provided top-notch support from day one, and always works hard to meet our tight deadlines.

“We decided that Cognos was the best fit for our business because it offers an intuitive interface, and can easily adapt to support all parts of our operations. Together with CTI Global, we designed and implemented separate budget models that address each part of our business with its specific particularities. The system also consolidates these parts to produce the budget for the whole company.”

Developing a streamlined approach to budgeting

First, Cosan turned its attention to fine-tuning the budgeting process.

“In the past, managers submitted budgets for their respective departments to the finance team using spreadsheets,” says João Arthur Souza. “Since each manager maintained their own set of spreadsheets, mistakes and inconsistencies could arise.

“Today, managers enter figures directly into Cognos TM1 using the solution’s web interface. The solution enables them to examine the effect of their numbers on the balance sheet, cash flow, and the profit and loss statement. The figures are then discussed at the first pass budget meeting, after which managers have two weeks to make any changes before the second pass budget meeting. After that, the finance team performs any final adjustments and publishes the budget. When managers meet to discuss the budget, there are no more debates over who has the correct numbers, because figures from all divisions are held in Cognos.”

“We can challenge and work together with business managers to develop plans that provide excellent results for the company.”

— João Arthur Souza, Finance Director, Cosan

Remarkable accuracy in record time

“Removing manual work from the budgeting process saves time,” says João Arthur Souza. “A few years ago, when Cosan was purely a sugar and ethanol business, it took eight months to create the annual budget. Now, it takes only three months – a 63-percent acceleration – even though our operations are much larger and more diverse.”

Standardizing on a single solution has dramatically reduced the risk of errors, resulting in accurate budgets.

João Arthur Souza continues: “In 2014, our budget for the headquarters’ general and administrative expenses was over 98 percent accurate – this is truly outstanding for a company of our size. Managers use the figures to forecast business performance, so it is important to ensure their correctness.

“Each month, we compare our actual performance to our predictions, and identify the cause of any deviations – helping us stay on track. For example, if we see that working capital is different from expected, we can investigate the root cause and take corrective action.”

Now that employees in the finance team spend less time compiling and checking the figures, they can focus on refining their plans.

“We can challenge and work together with business managers to develop plans that provide excellent results for the company,” adds João Arthur Souza.

The Cognos solution offers sophisticated scenario modeling, which enables managers to predict the impact of potential strategic changes on the company’s bottom line. The result is optimized financial decision-making that drives greater profitability.

“We trust IBM Cognos Controller to deliver correct data from our SAP ERP systems to shareholders and stock exchanges first time, every time.”

— João Arthur Souza, Finance Director, Cosan

Ultra-fast provision of accurate figures

Next, Cosan introduced automation and integration to deliver ground-breaking improvements to financial consolidation.

“Previously, employees extracted data from the SAP systems of each Cosan subsidiary, then consolidated the results manually using spreadsheets,” recalls João Arthur Souza. “The company’s expansion meant that we had to start providing financial results for our five publicly-listed subsidiaries to two different stock exchanges each quarter, which caused the reporting workload to skyrocket. We must deliver correct results to shareholders and stock exchanges, so we needed to reduce the risk of human error.”

Today, Cosan uses SAP ERP to close the result of each company, then consolidates the results in Cognos Controller. This tight integration between SAP ERP and Cognos gives the company a single source of reliable data, and eliminates the risk of human error.

“We trust IBM Cognos Controller to deliver correct data from our SAP ERP systems to shareholders and stock exchanges first time, every time,” continues João Arthur Souza. “Cognos Controller helps us manage our complex organizational structure, and makes tasks such as consolidation much less painful than they used to be. Moreover, because we now spend less time on validating the underlying data, we can focus instead on uncovering actionable insights for the business.”

Ready for the future

Building on its success, Cosan is now working on innovative ways to further improve efficiency. For example, the firm is planning to upgrade from IBM Cognos Financial Statement Reporting to IBM Cognos Disclosure Management reporting software. This transition will unleash a massive improvement in performance that will enable staff to compile detailed financial reports for senior managers and shareholders much faster than ever before.

João Arthur Souza concludes: “The IBM Cognos solutions have transformed our approach to financial management, helping us work more efficiently and become more agile. As Cosan continues to grow and diversify, CTI Global will help us migrate any new acquisitions to the Cognos platform – ensuring that our financial processes keep pace with the evolution of the business.”

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About Cosan

Cosan is one of the largest corporations in Brazil, specializing in providing energy and infrastructure services. The company has operations in Brazil, Uruguay, Paraguay, Bolivia and the United Kingdom, employs 30,000 people, and generates annual revenues of around USD16 billion.

To learn more about Cosan, please visit www.cosan.com/en

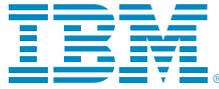
About CTI Global

CTI Global is an IBM Business Partner specializing in performance management solutions that combine expertise in finance with IT. The Brazilian company was given Latin America Business Partner Excellence Awards by IBM in 2010, 2011, 2012, 2013 and 2014.

To learn more about products, services and solutions from CTI Global, please visit www.ctiglobal.com

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