

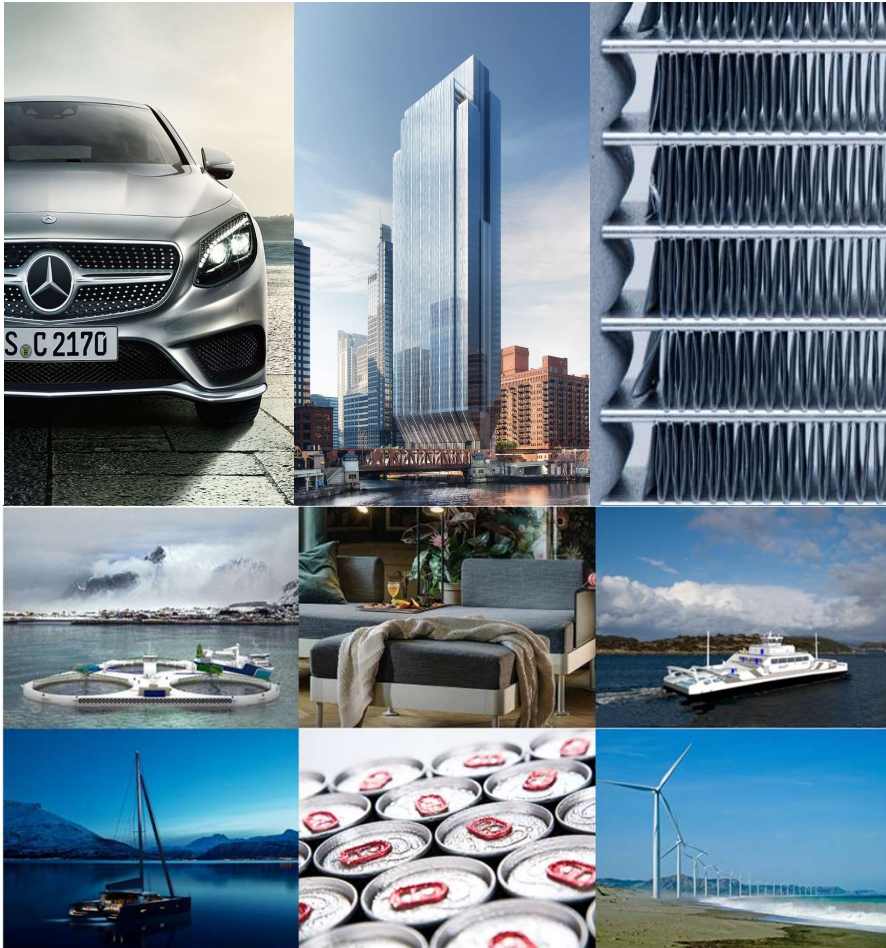


Master data in Norsk Hydro

28 May 2020

SBN Master Data Quality focus day

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2. MD Management in Hydro
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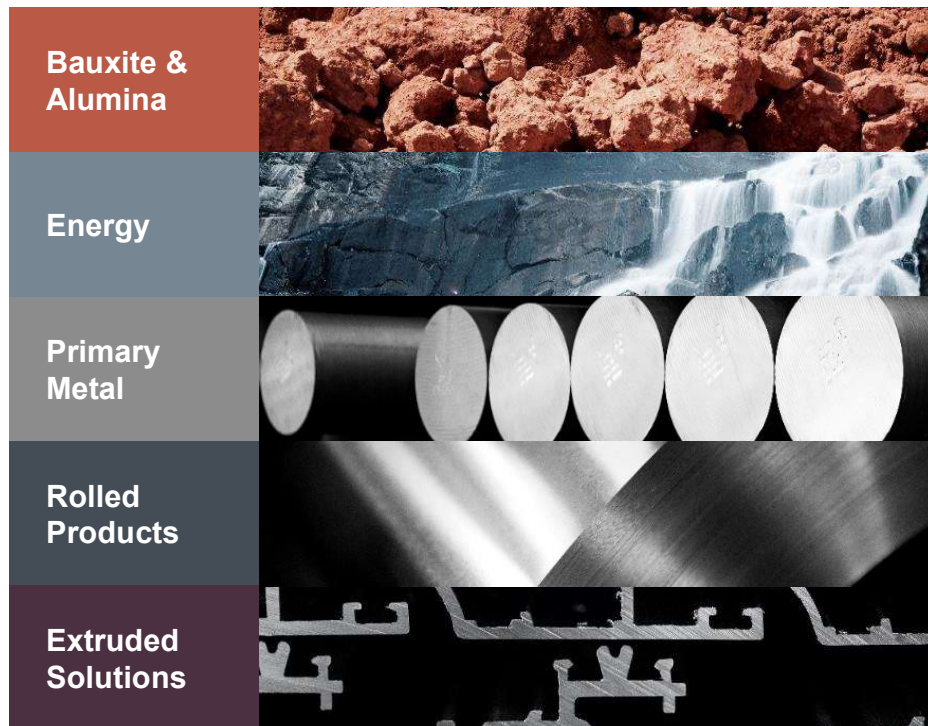
01

Intro to Hydro and GBS Finance

An integrated and customer-oriented aluminium company



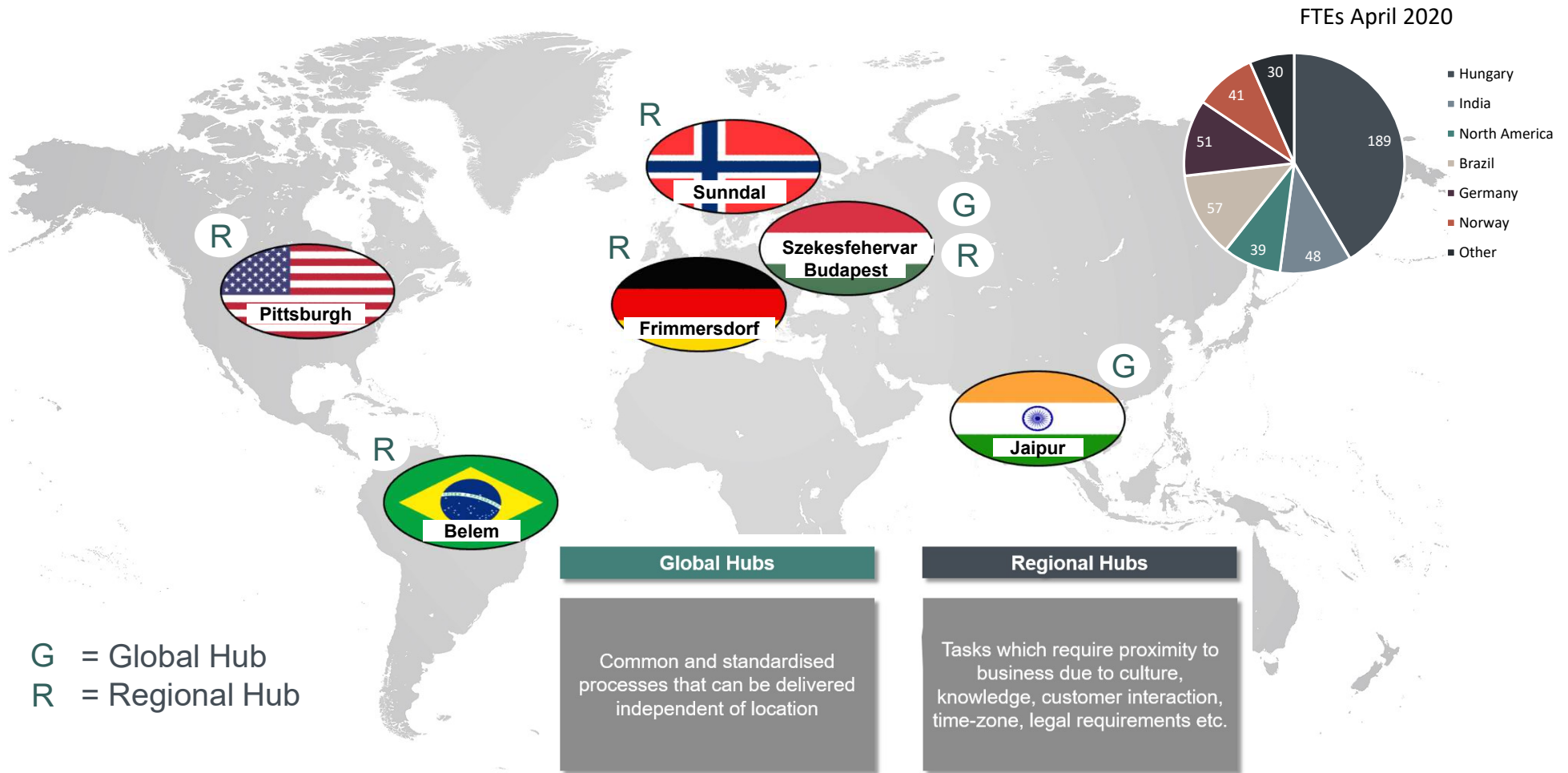
With robust positions across the value chain



- Global provider of alumina, aluminium and aluminium products and solutions
- Leading businesses along the value chain; raw materials, energy, primary metal, rolled products, extruded solutions and recycling
- 35,000 employees at 150 locations in 40 countries
- Market cap ~NOK 60 billion/ ~USD 6.5 billion^{*)}
- Annual revenues NOK 150 billion (2019)
- Included in Dow Jones Sustainability Indices, Global Compact 100, FTSE4Good

^{*)} 1) As per Jan 28, 2020

GBS Finance – a competent & performance oriented service partner



What we do



GBS Finance mandate in brief

For all business areas mandatory to be executed by GBS Finance, and processes owned by GBS Finance

For Extruded Solutions, processes owned by GBS Finance

Transactional services

- ✓Accounts Payable invoice capture, coding and follow up approval process (non-PO), matching of PO, quality assure postings, A/P detailed ledger
- ✓Payments
- ✓Bank statement management
- ✓Inter-company
- ✓Travel expenses management
- ✓Balance Sheet Reconciliation and Period-end closing tasks for Transactional services

Record to Report

- ✓Journal Entries (GL) and review
- ✓Balances sheet reconciliations
- ✓Fixed assets valuation
- ✓Inventory valuation
- ✓Service Invoicing and dunning
- ✓Periodic closing tasks in the ERP
- ✓HFM reporting, financial forms
- ✓Transactional Tax / VAT
- ✓Intrastat, EC Sales, Statistics
- ✓Statutory Reporting + Tax papers
- ✓Rule based controlling reports (highly automated), for further reviews by Controlling

Financial Master data

- ✓Business Partners, Banks
- ✓Chart of Accounts incl HFM link
- ✓Financial Statement reports
- ✓Fields in tables driving accounting
- ✓Cost elements, Account Groups, Activity, Allocations
- ✓Cost centers, Profit Centers
- ✓Orders, Project elements (WBS),
- ✓Fixed Asset
- ✓Materials agreed with some Business Areas + for all; fields in Materials driving accounting (like valuation class)
- ✓SAF-T Standard Audit File for Tax (prepare for and quality assure files)

A/R and Credit Management Extruded Solutions

- ✓Credit Risk assesment and reporting
- ✓Manage blocked orders
- ✓Monitor Sales invoices
- ✓Accounts Receivable collections
- ✓Dispute management
- ✓Cash allocation
- ✓Accounts Receivable adjustments

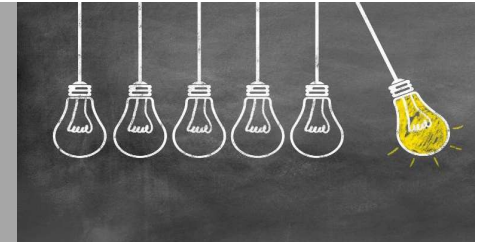
Process ownership, Process Improvement and automation, QA, Innovation and end-to-end perspective, Monitoring, KPI reporting, Transitions

GBS Finance GPDI and Hubs - Roles & Responsibilities



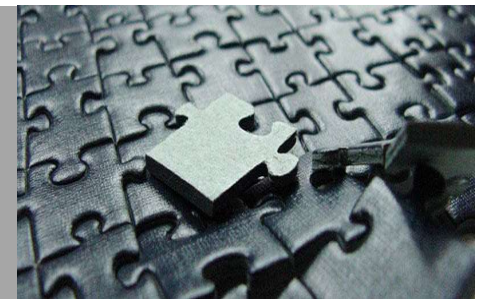
GPDI – Global Process Design and Improvement team

- Global process design and tools, forming Sm@rt GBS Finance
- Ensure Sm@rt GBS Finance is within requirements and external trends
- Map and measure Sm@rt GBS Finance, head to close the gaps
- Head Global projects across Hubs
- Deliver support as requested in special projects or ad-hoc reviews
- Monitor performance across Hubs, give input to further optimizing



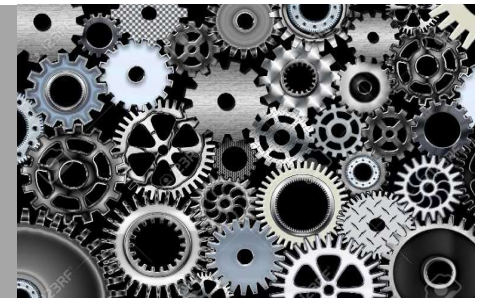
GBSF Hubs, Projects and Process Improvements

- Key involvement in ERP roll-outs and major projects re. TOM
- Support the Hubs to deploy Sm@rt GBS Finance, and further develop
- KPI measurement and monitoring of operations, follow up root causes
- Contribute in implementing GBSF Business System in each Hub
- Support in Transition from local accounting and between GBSF Hubs
- Business Partnering

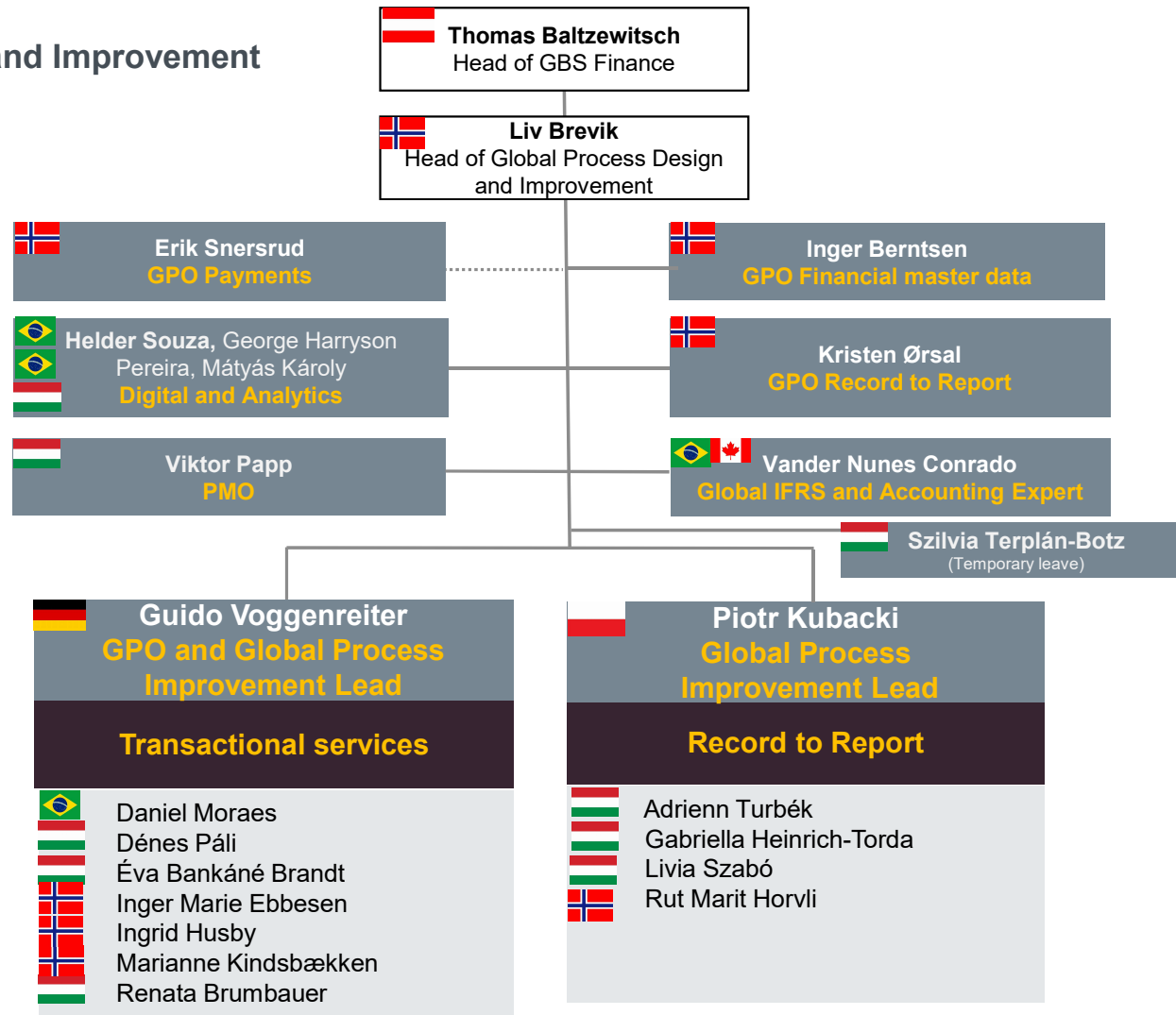


GBSF Hubs, BAU

- Delivery according to Sm@rt GBS Finance concept and business needs
- Delivery according to KPI's and contribute in improvement projects
- Optimize delivery model across GBSF Hubs
- Identify tasks for automation
- Identify areas to improve end-to-end process, related to TOM area



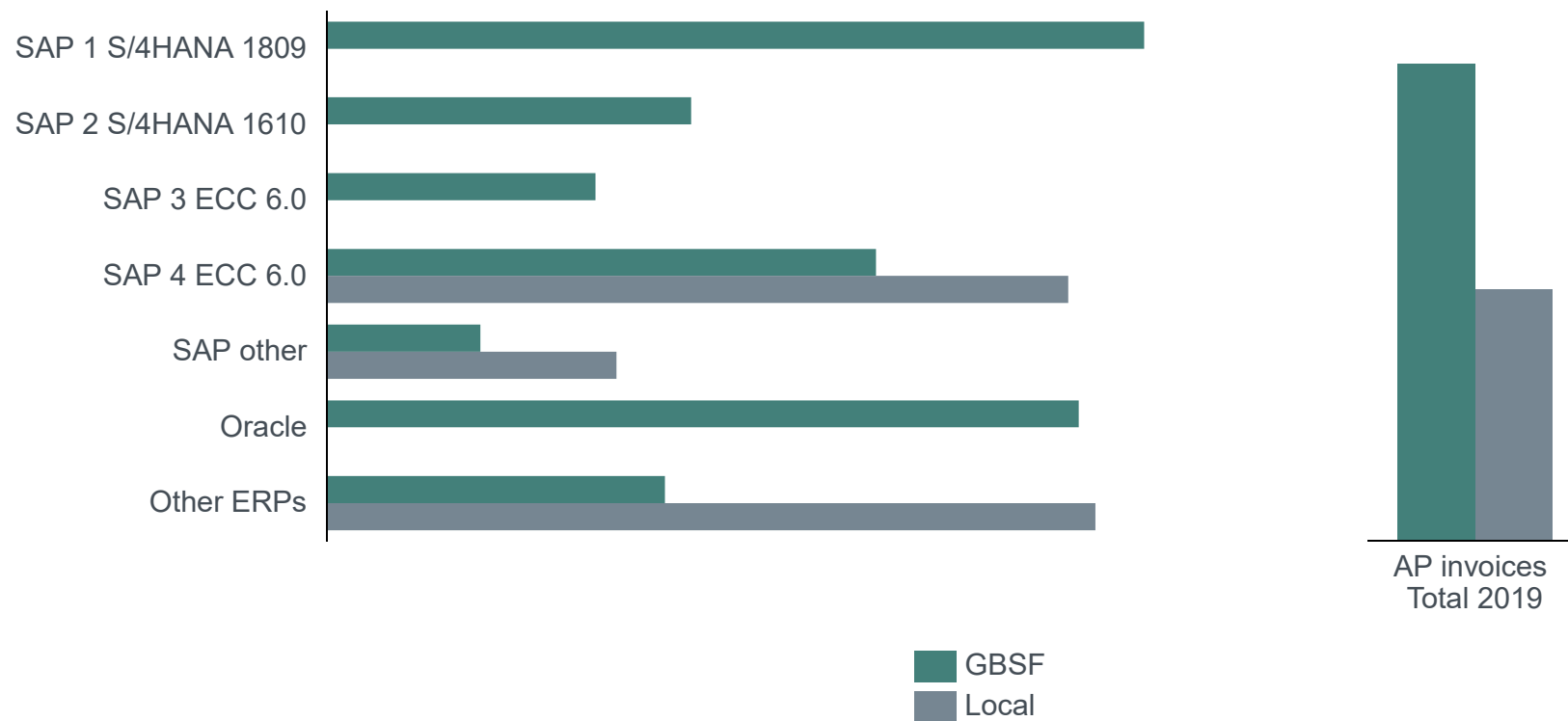
GBS Finance Global Process Design and Improvement



Complex system landscape, on our way to 3-4 SAP systems



... and to have all master data management and total I2P process in GBSF teams



„SM@RT GBSF“ – Global Process Owner Design & Toolbox

Master data









- ✓ Compliance
- ✓ Screening
- ✓ Transparency
- ✓ Quality of data
- ✓ Efficiency
- ✓ Harmonized

Invoice to Pay






- ✓ Global solution AP
- ✓ Globalization
- ✓ Highly automated
- ✓ Drive for touch-less
- ✓ Auto-payments
- ✓ Full transparency
- ✓ Simplified approval
- ✓ Simplified T&E

*Standardisation
Simplification
Automation*

drive

*Efficiency &
Compliance*

Record to Report








- ✓ Business comp.
- ✓ Harmonized
- ✓ Highly automated
- ✓ Quality reviews
- ✓ Fast close

AR and CM





- ✓ Invoicing or interface
- ✓ Credit limits
- ✓ Order release
- ✓ Dispute management
- ✓ Collection
- ✓ Highly automated
- ✓ Customer analysis

All processes







02

MD Management in Hydro

Master data in scope for SAP Finance MD (TOM)

	Business Partners	Finance	Controlling	Material
Master data	Vendor (client/company level) Customer (client/company level) Bank	Chart of accounts Financial statement Cost element/account group Asset	Internal order Cost center (CC group) Profit center (PC group) Activities WBS projects	
Reference data	Payment terms Payments method	Asset class		Valuation class
Tables in SAP	OBB8 Payments terms	Account determinations table: Quality OB09 Currency Quality T095 Asset Quality T095B Asset	Quality OKB9 Default acc ass.	Quality OBYC (T030)
Migration projects	• Process playback • Data migration workshop – Field mapping • Rules for data quality • Data enrichment • Value mapping • Duplicate check/quality field check upload file • Reconciliation/Validation			

SAP Finance Master data Management

Day to day operations/Migration projects



Master data	Global Team Operation	Regional Team Operation (ERP level)	Migration projects Regional Team
Vendor	X		X
Customer	X		X
Bank	X		X
GL accounts/cost element		X	X
Financial statement/group		X	X
Asset		X	X
Internal order		X	X
Cost center/cc groups		X	X
Profit center/pc groups		X	X
Activity		X	X
Allocation key		X	X
WBS element		X	X
Tables in SAP		X	X

Global IT tools

Purpose	IT Tools	
Request tool	ServiceNow	Global request handling tool in Hydro
Screening of BP	AEB Assist 4	AEB – weekly screening of BP
Screening of BP	RDC	Daily screening prior to BP creation
Verification of Bank data	Bankers Almanac IBAN	Valid bank, correct address, SWIFT code IBAN
Verification of company	D&B Onboard	Valid DUNS number – add on every BP
Verification of VAT	VIES	Validate VAT number
QA Program	Blackline/Smart Close	Follow up QA work – manual/automated controls
Mass update/migration	Winshuttle SAP Migration Cockpit	Migration Cockpit – Operated by GBS IT

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MD Global Requirements / GPO Design

Overall key requirements Finance Master Data management

Key requirements	Area
Clear ownership of master data objects	Governance
Segregation of duty	Compliance
Request tool (role based – audit trail – SLA)	Compliance
Quality program for each master data (MD life cycle management)	Data quality
Business rule for each MD field • Content and rule for each field (SOP) • Consistent data across Hydro • Standard field settings (length, alphanumeric, naming conventions) • BA specific business rules to be approved	Data quality
Meet ICFR, IFRS and GDPR requirements	Compliance
Analytics and dashboards to monitor MDM performance	Governance
Monitor key requirements	Compliance

Example: Key requirements Business Partners

Key requirements	Area/Risk
All BP to be created by GBSF	SOD/data quality
AEB weekly screening of all BP	Compliance
RDC screening for each new BP (defined level CPI and FSI index)	Compliance
Process for Red flag reporting	Compliance/fraud
All BP to be created as unique records (also beneficiary)	Compliance
Customer to be credit checked before created	Customer requirements
Required documentation in request: scanned image of the invoice (documentation rules for bank data)	Compliance
Validate any bank change on BP – own process to verify if valid bank change	Data quality/Fraud
Duplicate check	Data quality
Identify risk BP (as Agents)	Compliance/Transparency
Validate company information, and add D&B on BP by using D&B Onboarding (only SAP)	Data quality
SLA - agreed response time with customers (opening hours global Hub, bank holidays differs from country to country)	Customer requirements
No use of “one-time” BP (exception: cash sale over the counter/ES)	Compliance/Transparency
Life cycle for BP – same VAT number	Data quality/Compliance
Complaint to EU VAT reform	Compliance
SOP established, implemented and understood in the daily work at GBSF	Data quality
QA program (including ICFR)	Compliance

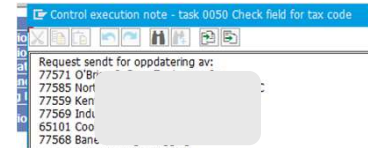
EURUKM	EU - Russland-Embargo: Beschränkungen des Zugangs zum Kapitalmarkt
LADP	US - List of Administratively Debarred Parties (Department of State)
LSDP	US - Statutorily Debarred Parties (Department of State)
NPS	US - Nonproliferation Sanctions (Department of State)
OFAC - CSL	US - Consolidated Sanctions List (OFAC)
SDN	US - Specially Designated Nationals List (OFAC)
UL	US - Unverified List (BIS)

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MD Quality Assurance by Blackline Smart Close

Examples

Exec	Status	Ta...	Pre...	Next	Description	Team	Comments 4	Temp	Notif	Instr.	Links	Note	IC	Log	Scheduled start time
	OO	11			Check reconciliation account 201103	CMT GROUP 300	Vendor								2020.04.29@23:59:00
	OO	12			Check reconciliation account 201109	CMT GROUP 300	Vendor								2020.04.29@12:00:00
	OO	30			Check account group ZNPF to vendor	CMT GROUP 300	Vendor								2020.04.29@12:00:00
	OO	40			Check field for DUNS	CMT GROUP 300	Vendor								2020.04.29@12:00:00
	OO	50			Check field for tax code	CMT GROUP 300	Vendor								2020.04.29@12:00:00
	OA	240			Authorization control for asset - Create	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OA	241			Authorization control for asset - Change	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OO	250			Authorization control for cost element - Create	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OO	260			Authorization control for cost element - Change	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OO	270			Authorization control for internal order - Create	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OO	271			Authorization control for internal order - Change	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OO	280			Authorization control for cost center - Create	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OA	290			Authorization control for cost center - Change	CMT GROUP 200	Authorization								2020.04.29@12:00:00
	OO	452			Check depreciation key 0000	CMT GROUP 200	Asset								2020.04.29@23:59:00
	OO	490			Check date for capitalization on new asset sub numbers	CMT GROUP 200	Asset								2020.04.29@12:00:00
	OO	500			Check acquisitions/retirements in asset accounting	CMT GROUP 200	Asset								2020.04.29@12:00:00
	OO	540			Check validity of activity prices	CMT GROUP 200	Activity								2020.04.28@12:00:00
	OO	550			Check current language versions	CMT GROUP 200	Activity								2020.04.28@12:00:00
	OO	600			Check classification expenses vs. capitalization	CMT GROUP 200	WBS								2020.04.28@12:00:00
	OA	620			INVOICING Check contracts	CMT GROUP 1000	WBS								2020.04.27@12:00:00
	OO	660			Check WBS with profile type PI	CMT GROUP 200	WBS								2020.04.15@12:00:00
	OA	670			INVOICING Check DIP-profile to material 650200	CMT GROUP 1000	WBS								2020.04.27@12:00:00
	OO	700			Check profit center on order	CMT GROUP 200	Internal order								2020.04.29@12:00:00
	OO	735			Check cost center groups CC_	CMT GROUP 400	Cost center								2020.04.30@23:59:00
	OO	742			Investment reason	CMT GROUP 200	Internal order								2020.04.30@23:59:00
	OO	831			Check reconciliation account 121109	CMT GROUP 600	Customer								2020.04.29@23:59:00
	OO	832			Check reconciliation account 121125	CMT GROUP 600	Customer								2020.04.29@12:00:00
	OO	890			Check account assignment in sales area	CMT GROUP 800	Customer								2020.04.29@12:00:00
	OA	1010			Embargo status Check Vendors in Process	CMT GROUP 800	Integrity risk								2020.04.28@12:00:00
	OO	1011			Embargo status Check Vendors for Blocked	CMT GROUP 800	Integrity risk								2020.04.28@12:00:00
	OO	1100			GL- Check OB09 and official groups for new accounts	CMT GROUP 900	GL								2020.04.20@12:00:00
	OO	1300			Finished Goods Valuation class ZEI 7010	CMT GROUP 1003	Finished Goo...								2020.04.29@12:00:00



04

Experiences S/4 upgrade project

S/4 upgrade (HAMP SAP) 17. November 2019

Preparations **before** S/4 upgrade – Finance Master data (Controlling and Business Partners)

- SLO - System Landscape Optimization
 - Controlling area merge - 10 to 1
 - Affected all CO master data
 - Identified and cleaned up duplicates across Controlling area (cost centres, profit centres, activity codes, cost elements)
 - Unique number for each Cost object
 - Harmonized the use of cost element category for cost elements
 - Clean profit center/cost center groups
- CVI - Customer Vendor Integration
 - Business Partner is the leading object in SAP S/4 HANA
 - CVI synchronization to be completed in SAP ERP before starting the technical conversion of the system to S/4 HANA
 - Our approach was to move the Customers and Vendors as-is – no cleansing before CVI
 - No customers and vendors were merged into one Business Partners if it was the same company
 - All account groups were kept
 - Reviewed tailor made fields on customer and vendor
 - Authorization concept tested
 - Create/maintain BP tested

S/4 upgrade (HAMP SAP) 17. November 2019



After S/4 upgrade – Finance Master data (Chart of account)

- Maintenance of GL account and Cost element is merged
 - Old transactions for Cost element create / change / display (KA01 / KA02 / KA03) now redirects to FS00 «G/L Account Maintenance»
- Financial statement version to be updated with “secondary cost elements”
- “Secondary cost element” to be updated with Group account (HFM link)
- New transaction to activate/deactivate Open Item Management on GL account
- OB09 set-up
 - Balance sheet adjustment account can not be set-up as Open Item management



Q&A

