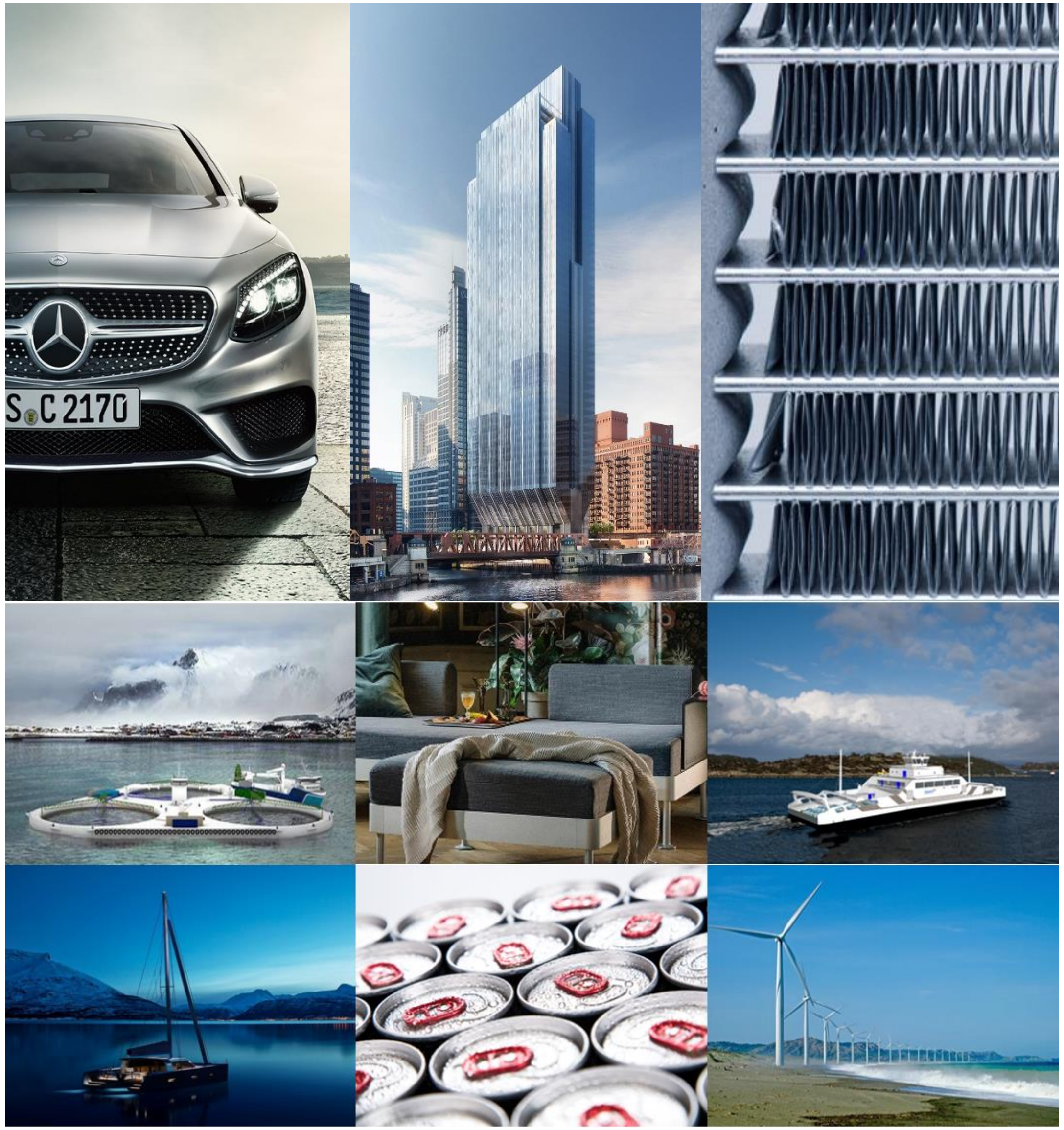
Hydro

BlackLine Smart Close in Norsk Hydro

22 October 2020

SBN Conference 2020

Content



1. Intro to Norsk Hydro and GBS Finance
2. BlackLine Smart Close at Hydro
3. BlackLine Smart Close – payment use case
4. Live demo
5. Q&A

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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

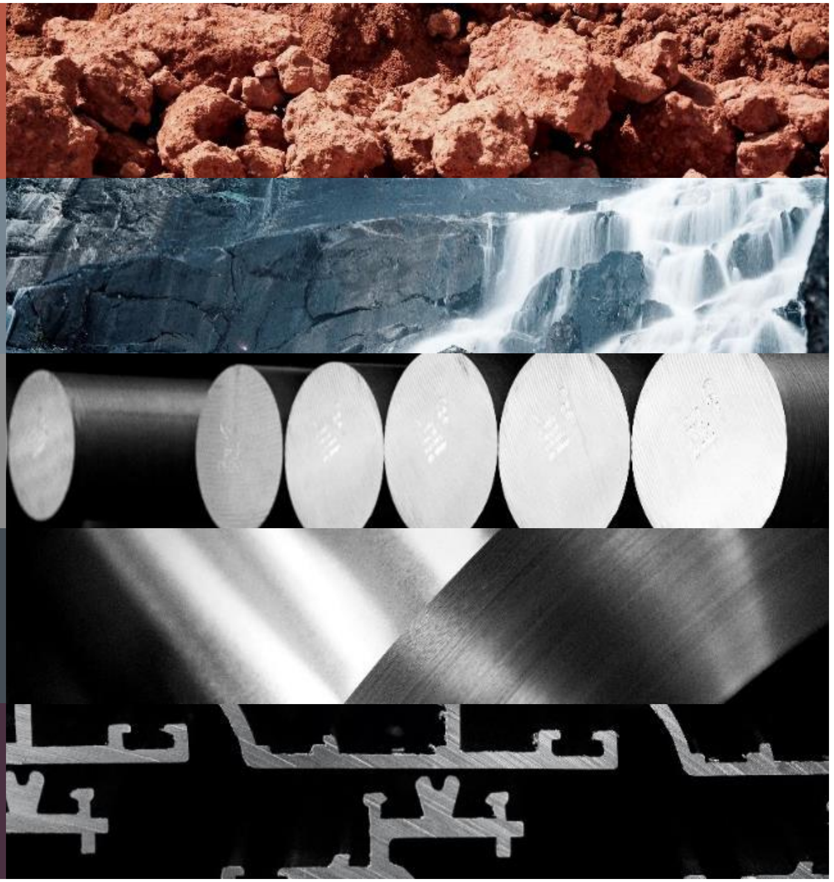
Bauxite & Alumina

Energy

Primary Metal

Rolled Products

Extruded Solutions

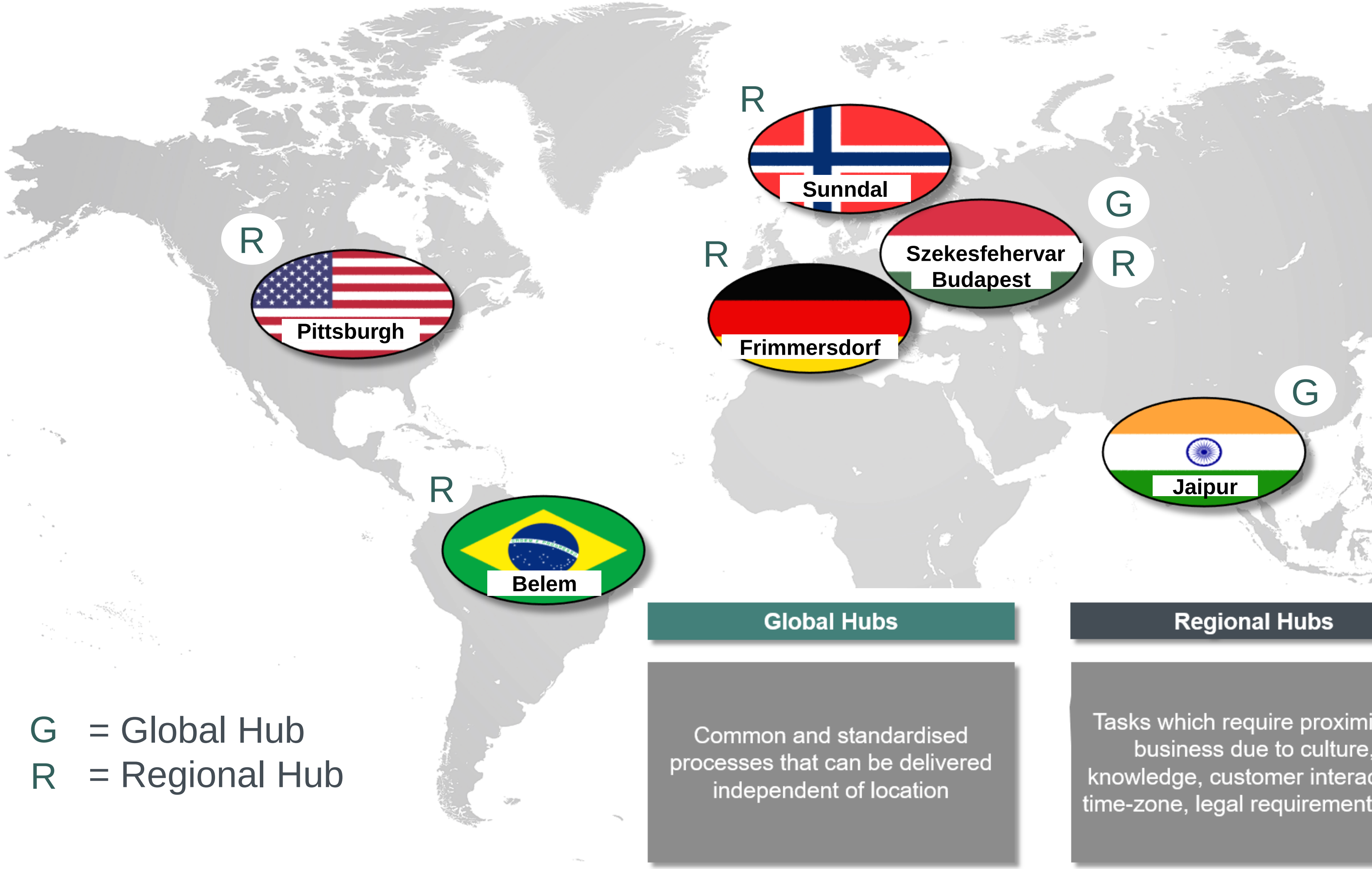


- Global provider of alumina, aluminium and aluminium products and solutions
- Leading businesses along the value chain; raw materials, energy, primary metal, rolled products, extruded solutions and recycling
- 35,000 employees at 150 locations in 40 countries
- Market cap ~NOK 60 billion/ ~USD 6.5 billion[*)]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

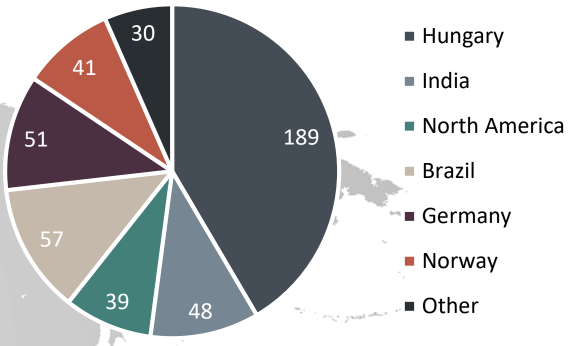
[*)] 1) As per Jan 28, 2020

GBS Finance – a competent & performance oriented service partner

Hydro



FTEs April 2020



G = Global Hub
R = Regional Hub

Global Hubs

Common and standardised processes that can be delivered independent of location

Regional Hubs

Tasks which require proximity to business due to culture, knowledge, customer interaction, time-zone, legal requirements etc.

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

… and to have Record to Report and total I2P process in GBSF teams

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

Hydro

Master data

ASSIST4 · rdc Smarter Screening · servicenow · BLACKLINE · WINSHUTTLE · D&B Onboard · Bankers ALMANAC

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

Invoice to Pay

OPENTEXT · SEEBURGER Business Integration · SAP Concur · BLACKLINE

- ✓ Global solution AP
- ✓ Globalization
- ✓ Highly automated
- ✓ Drive for touch-less
- ✓ Auto-payments
- ✓ Full transparency
- ✓ Simplified approval
- ✓ Simplified Travel Expense

Record to Report

BLACKLINE · ZOption · SOVOS · WINSHUTTLE · SEEBURGER Business Integration · meridian

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

AR and Credit Management

mx mendix · WINSHUTTLE · BLACKLINE

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

All processes

SAP S/4 HANA · servicenow · celonis · UiPath · Power BI

Standardization
Simplification
Automation

drive

Efficiency & Compliance

Improves:
- ✓ *Quality*
- ✓ *Cost*
- ✓ *Speed*

02

BlackLine Smart Close at Hydro

BlackLine Smart Close

Quick overview

- Fully integrated in SAP
- Checklist form with tasks to be done to complete the process
  - Dependencies
  - Teams (responsible users for tasks)
  - Deadlines / flexible schedule
  - Workflow notifications
- Automations are possible
  - Run program (T-Code) with predefined parameters
  - Verify report output based on executed program
  - User can be notified when any exception occurs

BlackLine Smart Close

Quick overview

Scenario execution: 119 MONTH_END 2020_9

Refresh | Filter | Save filter | Delete filter variant | Icon legend | Attachments

Entity	119	Hydro Extrusion Spain S.A	**Comments**
Scenario	MONTH_END	Month end closing activities	
Execution ID	2020_9		
Base Date	30.09.2020		
Frequency			
Posting Period	2020-09		

Owner	SMART CLOSE ADMIN	**Global**	Yes	**Locked**	

Exec	Status	Ta..	Pre...	Next	Description	Team	Type	Instr	Note	IC	Log	Earliest start time	Scheduled start time	Start	Scheduled end time	End	Links	Notif	Start user
		1010	Mult	1050	Check FSS Fixed Asset mailbox for completeness of transactions	GL_ACCT_HU						2020.09.28@06:00:00	2020.09.28@18:00:00		2020.09.28@23:59:00				A201638
		1020		1050	Run KO88/KO8G and reclass asset under construction - WD-3	GL_ACCT_HU						2020.09.28@08:00:00	2020.09.28@18:00:00		2020.09.28@23:59:00				SYB_SMART
		1021			Run KO88/KO8G and reclass asset under construction - WD-2	GL_ACCT_HU						2020.09.29@08:00:00	2020.09.29@18:00:00		2020.09.29@23:59:00				SYB_SMART
		1022			Run KO88/KO8G and reclass asset under construction - WD-1	GL_ACCT_HU						2020.09.30@08:00:00	2020.09.30@18:00:00		2020.09.30@23:59:00				SYB_SMART
		1023	3091	1024	All FA/PA entry is ready, last settlement run can start	GL_ACCT_HU						2020.10.01@08:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				A201638
		1024	1023	Mult	Run KO88/KO8G and reclass asset under construction - WD1	GL_ACCT_HU						2020.10.01@08:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1030	1024	1040	Check settlement account balance (55700000) for Internal Orders_0L	GL_ACCT_HU						2020.10.01@08:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1031	1024		Check settlement account balance (55700000) for Internal Orders_LO	GL_ACCT_HU						2020.10.01@08:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1032	1024		Check settlement account balance (55700000) for Internal Orders_TX	GL_ACCT_HU						2020.10.01@08:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1034	1024	1140	Dies Capitalization	GL_ACCT_HU						2020.10.01@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				A201638
		1035	1024		Reclassification of dies settlement	GL_ACCT_HU						2020.10.01@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				A201638
		1040	1030		Send confirmation to Financial Analyst about settlement is done	GL_ACCT_HU						2020.10.01@08:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1050	Mult	1060	Run depreciation (test run) for assets	GL_ACCT_HU						2020.09.28@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1060	1050	1070	Confirm depreciation	GL_ACCT_HU						2020.09.28@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				A201638
		1070	1060	Mult	Post depreciation	GL_ACCT_HU						2020.09.28@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1120	1070	1160	Run Asset History	GL_ACCT_HU						2020.09.28@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				A201638
		1140	Mult	Mult	Close FA in OB52	GL_SUPER_HU						2020.09.28@06:00:00	2020.10.01@18:00:00		2020.10.01@23:59:00				SYB_SMART
		1160	Mult	Mult	Attach FA reports to Smart Close	GL_ACCT_HU						2020.09.28@06:00:00	2020.10.02@18:00:00		2020.10.02@23:59:00				A201638
		1161	1160		Email to location that FA reports are attached to Smart Close	GL_ACCT_HU						2020.09.28@06:00:00	2020.10.02@18:00:00		2020.10.02@23:59:00				SYB_SMART
		1300	Mult		Fixed Assets - Closed!							2020.09.28@06:00:00	2020.10.02@18:00:00		2020.10.02@23:59:00				

Processes supported in Smart Close at Hydro

- Month End process
  - GBS Finance Month End closing plan
  - Controlling Month End closing plan
- Payment process
- Dunning process
- Master Data quality checks
- Daily/Weekly/Monthly routines checks and tasks:
  - AP related
  - Consolidation related
  - GL related
  - BlackLine Recs balance upload
  - TRUE Reconciliation preparation cycle
  - Inventory related

03

BlackLine Smart Close – payment use case

Payment process before automation

- Manual preparation and processing of payment run in T-Code F110
  - Reuse prepared variants
  - Update with current parameters
  - No fixed time for payment run
  - Not all units run every day
  - Different run for internal and external vendors
- Review payment proposal
  - Manual identification and review of error messages
  - Manual follow up of items that should not be paid
- Execute payment run
  - Manual start of execution
- Manual file transfer to TCMS (Treasury and cash management system)
  - Verify amount and number of payments (manual)
  - Authorize external payment in TCMS for further transfer to external banks (manual)
- Follow up status and error messages in TCMS
  - Verify that all payments are received by external banks
- Manage error messages from banks

Payment process after automation

- Daily payment run for all units
  - All payment methods included
  - All invoices approved, open for payment (not blocked) and where due date is within range of “pay-through date” are included
  - Value date ahead +7 days (pay-through date) – will be paid on due date
  - Separate variant for AR direct debit and credit balance payment
  - Fixed time every day
- No payment proposal review
  - All vendors managed through AP ledger in SAP
    - Block invoices that should be excluded from payment / unblock when ok
  - Error messages from payment run sent to Finance Portal (ServiceNow)
    - Managed and corrected before next payment run (next day)
- Automatic file transfer to TCMS (Treasury and cash management system)
  - Verify amount and number of payments (manual)
  - Authorize external payment in TCMS for further transfer to external banks (manual)
- Follow up status and error messages in TCMS (Treasury and cash management system)
  - Verify that all payments are received by external banks
- Manage error messages from banks

Benefits from payment process automation

- Streamlined process accross SAPs
- One standard integrated payment process across all GBSF organizations involving workflow-based invoice control with an adequate approval process
- Payments are generated through AP (and AR) - manual payments are in principle not allowed
- Timely and cost-saving payment process that ensures high STP (Straight Through Processing) and security end-to-end

Payment run by BlackLine Smart Close

Scenario example

Hydro

Scenario execution: ADN PAYMENTS_B 20201007

Filter | Save filter | Delete filter variant | Icon legend

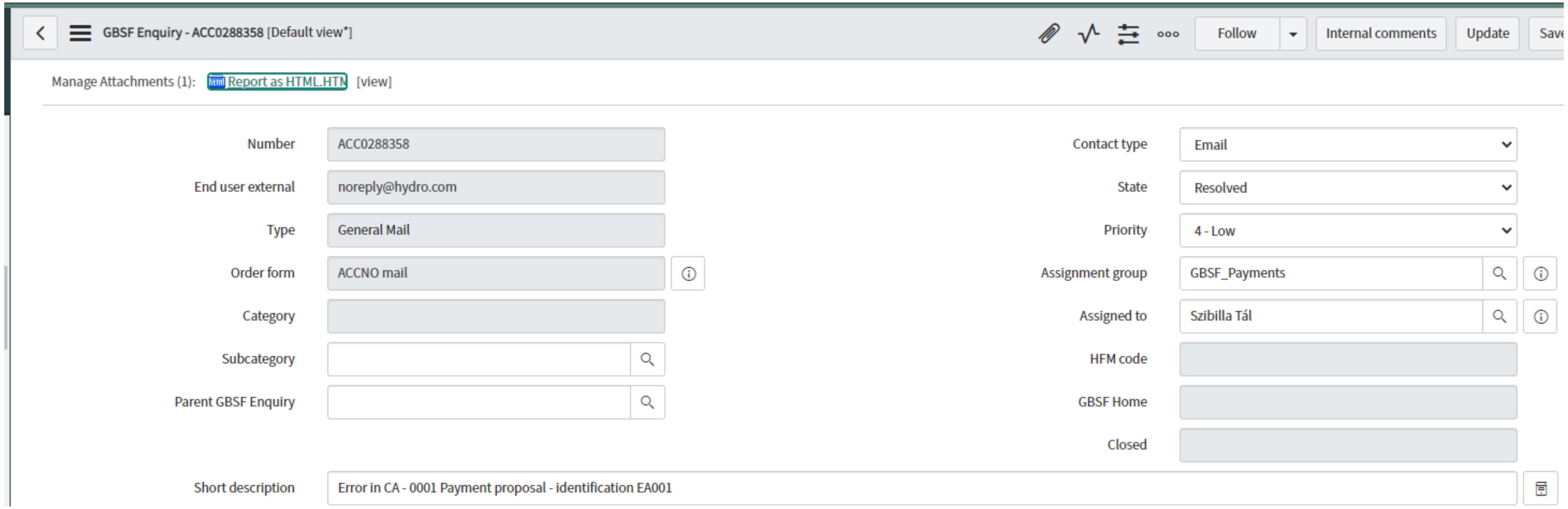
Entity	ADN	Alunorte Alumina do Norte
Scenario	PAYMENTS_B	Brazil Payment scenario - daily schedule (working days)
Execution ID	20201007	
Base Date	07.10.2020	
Frequency		
Posting Period	2020-N.A.	

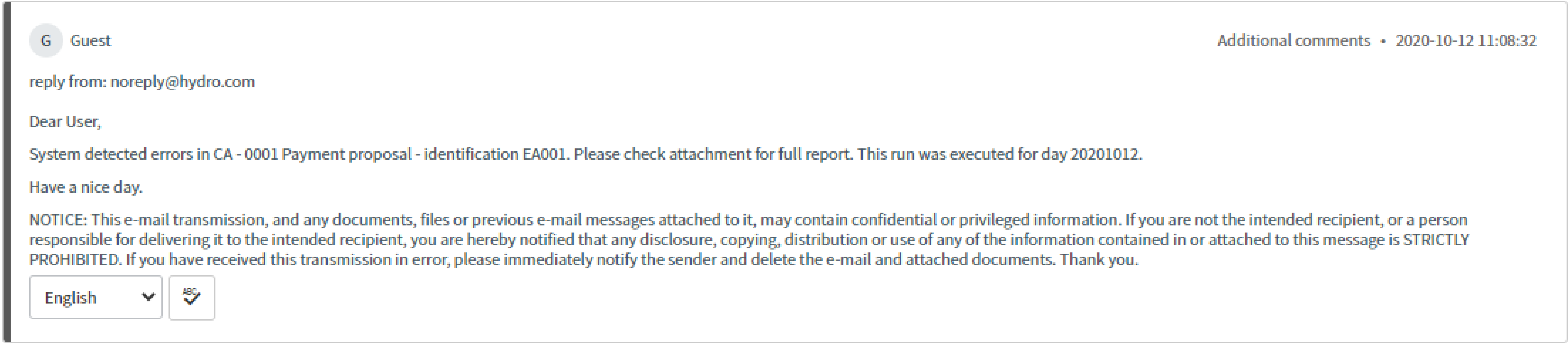
Comments					
Owner	KUBACKI P	Global	Yes	Locked	No

Exec	Status	Ta...	Pre...	Next	Description	Team	Scheduled end time	Earliest start time	Comments 4	Temp	Notif	Instr	Links	Note	IC	Log	Scheduled start time	Start user	Start	End	Comments 1
		120		Mult	Domestic AP - payment run	PAYMENTS	2020.10.07@18:00:00	2020.10.07@17:00:00	PMT_01 - skips last 3 working days								2020.10.07@17:30:00	RB_BATCH			01 - Payment run
		130	0120	0199	Domestic AP - paid items list	PAYMENTS	2020.10.07@18:00:00	2020.10.07@17:00:00	PMT_01 - skips last 3 working days								2020.10.07@17:30:00	RB_BATCH			02 - Save evidence
		140	0120		Domestic AP - error check	AP	2020.10.07@18:00:00	2020.10.07@17:00:00	PMT_01 - skips last 3 working days								2020.10.07@17:30:00	RB_BATCH			03 - Send message if error
		199	Mult		Domestic AP - payment completed		2020.10.07@18:00:00	2020.10.07@17:00:00	PMT_01 - skips last 3 working days								2020.10.07@17:30:00				04 - Milestone
		220		Mult	Domestic AP - payment run	PAYMENTS	2020.10.28@16:00:00	2020.10.28@15:00:00	PMT_02 - works last 3 working days								2020.10.28@15:30:00				01 - Payment run
		230	0220	0299	Domestic AP - paid items list	PAYMENTS	2020.10.28@16:00:00	2020.10.28@15:00:00	PMT_02 - works last 3 working days								2020.10.28@15:30:00				02 - Save evidence
		240	0220		Domestic AP - error check	AP	2020.10.28@16:00:00	2020.10.28@15:00:00	PMT_02 - works last 3 working days								2020.10.28@15:30:00				03 - Send message if error
		299	Mult		Domestic AP - payment completed		2020.11.04@16:00:00	2020.11.04@15:00:00	PMT_02 - works last 3 working days								2020.11.04@15:30:00				04 - Milestone
		500		0520	Ext and Int Foreign Currency AP - preparation - update PM to Z	PAYMENTS	2020.10.13@19:00:00	2020.10.13@18:00:00	Planning Profile - works Mondays								2020.10.13@18:30:00				00 - Payment pre-check
		520	0500	Mult	Ext and Int Foreign Currency AP - payment run	PAYMENTS	2020.10.13@21:00:00	2020.10.13@20:00:00	Planning Profile - works Mondays								2020.10.13@20:30:00				01 - Payment run
		531	Mult	Mult	Ext and Int Foreign Currency AP - ZPYORDA list	TREASURY	2020.10.13@21:00:00	2020.10.13@20:00:00	Planning Profile - works Mondays								2020.10.13@20:30:00				01 - Payment run
		540	0520		Ext and Int Foreign Currency AP - error check	AP_INTERCOMPANY	2020.10.13@21:00:00	2020.10.13@20:00:00	Planning Profile - works Mondays								2020.10.13@20:30:00				03 - Send message if error
		599	Mult		Ext and Int Foreign Currency AP - payment completed		2020.10.09@21:00:00	2020.10.09@20:00:00	Planning Profile - works Mondays								2020.10.09@20:30:00				04 - Milestone
		600		0620	Ext and Int Foreign Currency AP - preparation - update PM to Z	PAYMENTS	2020.10.07@16:00:00	2020.10.07@13:00:00	Planning Profile - works Wednesdays								2020.10.07@15:30:00	RB_BATCH			00 - Payment pre-check
		620	0600	Mult	Ext and Int Foreign Currency AP - payment run	PAYMENTS	2020.10.07@16:00:00	2020.10.07@15:00:00	Planning Profile - works Wednesdays								2020.10.07@15:30:00	RB_BATCH			01 - Payment run
		631	Mult		Ext and Int Foreign Currency AP - ZPYORDA list	TREASURY	2020.10.07@16:00:00	2020.10.07@15:00:00	Planning Profile - works Wednesdays								2020.10.07@15:30:00	RB_BATCH			01 - Payment run
		640	0620		Ext and Int Foreign Currency AP - error check	AP_INTERCOMPANY	2020.10.07@16:00:00	2020.10.07@15:00:00	Planning Profile - works Wednesdays								2020.10.07@15:30:00	RB_BATCH			03 - Send message if error
		699	Mult		Ext and Int Foreign Currency AP - payment completed		2020.10.14@16:00:00	2020.10.09@20:00:00	Planning Profile - works Wednesdays								2020.10.14@15:30:00				04 - Milestone

Payment run by BlackLine Smart Close

Error messages sent to Finance Portal





Payment run by BlackLine Smart Close

Error messages sent to Finance Portal

```
Production                 Payment settlement list for payment run 12.10.20/EA001         Time 11:03:02     Date  12.10.2020
Karmøy.                                                                                   RFZALI00/RB_BATCH Page           1
```

Err.no.	Error text
001	No pymt possible because items with a debit bal.still exist; see job log
003	Item is blocked for payment
004	Account is blocked for payment
020	+/- sign for local/for.curr.balances are different, pmnt not possible
032	Payee flagged for deletion

14.10.2020

Payment Run - list items with errors

Run On	ID	Paying CC	Vendor	Customer	Payment	CoCd	Year	DocumentNo	Itm	Doc. Date	Pstng Date	Doc. Type	AccTy	PK	PM	Err	PBk	L
14.10.2020	ADN	ADN	3070001			ADN	2019	100526681	001	04.11.2019	29.11.2019	AB	K	31	B	003	9	
14.10.2020	ADN	ADN	3070001			ADN	2019	100532912	001	02.12.2019	02.12.2019	AB	K	31	B	003	9	
14.10.2020	ADN	ADN	3070151			ADN	2020	4900298723	001	01.07.2020	09.07.2020	KR	K	31	B	003	9	
14.10.2020	ADN	ADN	3070432			ADN	2020	4900308691	001	03.09.2020	23.09.2020	RE	K	31		003	9	
14.10.2020	ADN	ADN	3070501			ADN	2020	4900311425	001	07.10.2020	14.10.2020	KR	K	31	B	016		
14.10.2020	ADN	ADN	3070508			ADN	2020	4900309371	001	21.09.2020	26.09.2020	RN	K	31		003	8	
14.10.2020	ADN	ADN	3070508			ADN	2020	4900309373	001	18.09.2020	26.09.2020	RN	K	31		003	8	
14.10.2020	ADN	ADN	3070667			ADN	2020	4900310310	001	16.09.2020	02.10.2020	RE	K	31		016		
14.10.2020	ADN	ADN	3070667			ADN	2020	4900310311	001	16.09.2020	02.10.2020	RE	K	31		016		
14.10.2020	ADN	ADN	3070667			ADN	2020	4900310312	001	16.09.2020	02.10.2020	RE	K	31		016		
14.10.2020	ADN	ADN	3070710			ADN	2019	100458528	001	17.04.2019	17.04.2019	KZ	K	29		003	A	
14.10.2020	ADN	ADN	3070815			ADN	2015	100129284	001	16.10.2015	16.10.2015	AB	K	34	T	003	1	
14.10.2020	ADN	ADN	3070820			ADN	2020	4900309632	001	23.09.2020	29.09.2020	RE	K	21		001		

Payment run by BlackLine Smart Close

Paid items send to TCMS team for approval

Hydro

Smart Close AMP - ADN - Domestic AP - paid items list for day 20201016

RU

Runbook user RB_BATCH <noreply@hydro.com>

Report as HTML.HTM
169 KB

This is automated e-mail please do not respond to it

Dear User,

System executed task Domestic AP - paid items list for ADN. Please check attachment for full report. This run was executed for day 20201016. This list contains items send to TCMS.

Have a nice day,

Smart Close Team

04

Live demo

Q&A