Grupo Aço Cearense Forges Ahead with SAP® Analytics Cloud and Customer First

Brazilian steel distributor increases productivity by 70% with a simplification of its global budget process

Grupo Aço Cearense (GAC) has been in the Brazilian steel market for 40 years and is the regional leader in the sector, with 16,000 active customers and 5,000 employees. Its mission is to be recognized as the best company for steel production, commercialization, and distribution in Brazil while upholding its sustainability values. GAC sought to streamline the company’s budget processes and operations across all administrative, commercial, and industrial business areas within five companies of the GAC group. With the help of SAP, GAC rolled out the SAP® Analytics Cloud solution to its management and end users across sales, supply chain, and finance and controlling, integrating multiple data sources into a single, robust analytics platform. The company was able to improve efficiency, agility, and reliability in the budget planning process, enabling employees to shift focus from administrative tasks to scenario analysis aimed at improving sales and margin.
**Customer**
Grupo Aço Cearense (GAC) is a steel distributor headquartered in Fortaleza, Brazil. The group contains five companies: Aço Cearense Industrial, Aço Cearense Comercial, Siderurgica Norte Brasil S.A. – SINOBRAIS, SINOBRAIS Florestal, and Instituto Aço Cearense. It is known as the biggest distributor of steel and derived products of iron and steel in Brazil, with a broad product line supplying to about 16,000 active customers. Currently, it employs 5,000 employees and holds a production capacity of 1,000,000 tons per year of steel and had a turnover of more than R$2.7 billion in 2018. The group uses sustainable practices within its steel production, resulting in high process performance and differentiated services.

**Objectives**
To establish a unified, efficient budgeting process, GAC wanted an analytics solution with enhanced performance, functionality, and usability as well as seamless data integration to:

- Consolidate all auditable information in a single system, allowing for the creation of a historical information base
- Improve the agility and efficiency of the entire budgeting process to reduce total cost of ownership and increase productivity
- Develop budget versions that deliver planned income statements and cash flow reports on a regular basis
- Set clear, aggressive goals for maximizing resource utilization and earning opportunities
- Improve accountability, credibility, and confidence in the budget for all participating parties
- Provide leadership with multiple budget versions in a timely manner for informed decision-making

**Challenges**
Prior to the transformation of its budgeting processes, GAC experienced:

- Cumbersome and time-consuming budgeting activities using spreadsheets to collect data across five different companies and various operating areas (three months to create one budget version)
- Inability to leverage historical data and lack of integration with external systems, which limited the company’s access to insights and its ability to make data-driven decisions
- A lack of credibility, accountability, and auditing within its distributed budget planning process, involving 130 participants, which led to unreliable budget reports
“Grupo Aço Cearense uses SAP Analytics Cloud to manage and streamline the company’s budget processes and operations. Thanks to this unique platform, we’re able to spend less time on budget processes and more time on scenario analysis, so we can improve future sales and margin results.”

Manuel Robalinho, SAP Analytics Cloud Consultant, Grupo Aço Cearense
Partnering with SAP Using a Customer First Approach Across Grupo Aço Cearense’s Analytics Transformation Journey

In early 2019, GAC was assigned an SAP customer engagement executive (CEE) as a single point of contact committed to its success. The CEE implemented a structure to manage accountability and foster a strong partnership between GAC, the partner, and SAP. She orchestrated tight collaboration across the SAP team, including analytics solution experts, sales, and product management, to assist the customer with each aspect of its analytics project. Project meetings, enablement sessions, best-practice sharing, and technical troubleshooting sessions were scheduled with GAC and its partner. The CEE also provided GAC with visibility into and guidance on the product road map, the release of new features, and best practices.

With the use of SAP Analytics Cloud, GAC gained efficiencies in its budgeting process and now experiences:

• Empowered employees with increased transparency and a powerful, easy-to-use, integrated analytics solution, resulting in high user adoption (82%)
• A 66% decrease in time required to draft a budget, freeing up time for strategic scenario analysis to improve sales and margin
• Multiple budget versions created in less time, enabling leadership to make more-informed decisions
• A 60% increase in flexibility in the evaluation of new scenarios, allowing GAC to make multiple game-plan versions to adapt to steel production and trade scenarios within the global market
• Consolidation of all auditable values into one system and 100% integration into IT processes
• The creation of a historical information base, which would ordinarily have been formed incrementally over months and years
• An increase in budget reliability by 40% and greater accountability and collaboration in the participatory budget process due to improved visibility into the source of data and clear role definition
• Improved transparency and insights on personnel data that have led to increased effectiveness and efficiency in the HR budget process and better people management

“In the past, we used only Microsoft Excel files, and we needed around three months to create one version of the budget. Now, we create three versions in one month, and leadership decides which is the best version to pick for the budget,” says Manuel Robalinho, SAP Analytics Cloud consultant at Grupo Aço Cearense.

“The SAP team worked closely with us to help us address challenges and listened to our product feedback. We consider SAP part of our team, and we are so grateful for its support.”

Manuel Robalinho, SAP Analytics Cloud Consultant, Grupo Aço Cearense
Role of Change Management in Grupo Aço Cearense’s Transformation

To facilitate the transformation, GAC built a team of top representatives from each area of the business, including sales, logistics, payroll, and production, who were responsible for creating budgets and business plans. Ongoing communication with this team of key users created awareness and understanding of the new technology, resulting in strong support for the project. Following enablement sessions led by the partner, the IT team within GAC prepared training plans and material, defined new activities, and assigned tasks. IT delivered training to the key users and then scaled enablement to more than 100 employees using a train-the-trainer approach, which resulted in high user adoption. SAP also offered a workshop on the capabilities of SAP Analytics Cloud and hosted weekly sessions with a solution expert to discuss issues and educate on how to best use the solution. While GAC’s participatory budgeting approach involving 130 participants remained unchanged, the system and processes were significantly more efficient and effective, which eased internal resistance to the new technology.

Lessons Learned on Grupo Aço Cearense’s Analytics Journey

GAC faced many challenges throughout its analytics journey, which began in 2017. The support of a strong implementation partner and of SAP resources proved to be critical to its success.

Some lessons learned include the following:
- A clearly defined project scope and a partner with strong product expertise and knowledge are essential to a smooth implementation.
- Rigorous technical tests help avoid errors and identify potential issues before they have an impact.
- During implementation, using a test tenant alongside the production environment helps to mitigate issues.

What’s Next?

The impact of SAP Analytics Cloud on Grupo Aço Cearense’s budgeting operations has inspired additional use cases. GAC will expand its SAP Analytics Cloud use by deploying SAP S/4HANA® and machine learning to automate metal scrap classification. This will improve resource utilization in its steel and iron scrap process, resulting in increased production efficiency and lower costs. The company is also working with SAP on using AI and machine learning in customer credit control.