



Mitsui-Soko unifies accounting processes across 11 countries with IBM

Overview

■ The Challenge

Mitsui-Soko is a premier distribution service company, contributing to society through its various distribution services, including warehousing, seaport transportation, land transportation, and international logistics services. To speed up corporate business management processes and aid compliance with new regulations (such as the new Financial Products Trading Law, or J-SOX law), Mitsui-Soko is developing a variety of corporation-wide internal control projects, including the creation of a global network system aimed at standardizing business processes, improving efficiency, unifying the level of controls, and enhancing IT governance for domestic and overseas operations. With 18 subsidiaries in 11 countries, it would be a major challenge to implement the new processes and systems as soon as possible.

■ The Solution

Mitsui-Soko worked with IBM Global Business Services to unify corporation-wide controls by introducing a financial accounting system based on the SAP Business All-in-One solution, running on IBM Power Systems hardware. Using the YOURSOFT Real Model template to accelerate deployment, the solution was designed in two and a half months and deployed globally in seven.

■ The Benefits

Centralized accounting systems will provide a global view of information across all countries and subsidiaries, helping the company to make informed business decisions more quickly. Rapid deployment has enabled Mitsui-Soko to achieve compliance with J-SOX in a timely manner. Reliable, high-performance IBM Power systems servers with PowerVM virtualization technology deliver flexibility for future growth.

■ Key Solution Components

Industry: Logistics
Applications: SAP® ERP 6.0 with financial accounting and controlling functionalities, YOURSOFT Real Model for Accounting, a qualified SAP Business All-in-One partner solution
Hardware: IBM® Power Systems™ 510 and 550 servers, IBM System Storage® DS4300
Software: IBM AIX®, Oracle
Services: IBM Global Business Services

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LIT Office Manager
Mitsui-Soko

Mitsui-Soko Co., Ltd. is one of Japan's leading distribution services companies, with interests in warehousing, land and sea transportation, and international logistics.

Distribution is necessarily a global business. As the company expanded into international markets, it built its IT architecture on a localized basis, with each subsidiary selecting the infrastructure and applications that best suited its needs. This was convenient for the individual companies, but caused problems on a group level. It was difficult to get a global view of finances, and the lack of standardized processes across the company created difficulties in terms of risk mitigation and compliance.

Mitsui-Soko decided that it needed to implement a new IT environment to speed up corporate business management. As a secondary consideration, the company realized that the Financial Instruments and Exchange Law (known as J-SOX) would be coming into force in 2008, and would require a much greater level of internal control within the group. This was a challenge, but Mitsui-Soko also viewed it as an opportunity – consolidating to a single accounting system for all the group companies would not only facilitate J-SOX compliance, but would also deliver long-term advantages in terms of transparency and increased efficiency.

Mr. Takeshi Nishimura of the Corporate Planning Office in Mitsui-Soko comments: “Mitsui-Soko had been faced with the need to develop a corporation-wide internal control system for a couple of years. Accordingly, we reviewed various

business procedures in order to standardize them.”

Mr. Osamu Odanaka, LIT Office Manager of Mitsui-Soko, adds: “In order to provide clients with uniform services both inside and outside Japan while maintaining internal controls, it was necessary to unify the basic operational systems. Our accounting systems serve as the basis for many other systems, so the first step was to consolidate them to a single platform. In that sense, the enactment of the J-SOX Law provided us with a good opportunity to implement the project.”

Choosing a solution

Mitsui-Soko launched its Overseas Accounting System Development Project in 2007, and began to look for an ERP vendor that could provide a viable global accounting system. Crucially, the deadline for the new solution was just ten months – as it needed to be in production before the J-SOX legislation came into force.

“We examined a number of products, including SAP Business All-in-One, for our accounting system,” says Mr. Odanaka. “Due to circumstances such as corporate acquisitions among the ERP vendors, we were concerned about the future availability of some of these products. The status of SAP as a well-established company gave us grounds for believing that its software would be a good choice in the long term, as there is a clear road-map for the development of SAP ERP applications for several years to come.”

Globally integrated capabilities

“In this project, we requested implementation proposals from a number of companies,” says Mr.

Nishimura. “Among the companies that satisfied our demanding requirements – including an extremely tight schedule and the need to implement simultaneously in subsidiaries in 11 countries outside Japan – IBM Global Business Services submitted the most realistic proposal.”

IBM Global Business Services recruited a team from 12 countries to work on the project. IBM Japan was in charge of the design of the global model and the overall management of the project, while the local IBM teams provided direct support for the implementation of the SAP applications at their respective local sites.

There was a need to implement a unified accounting system despite differences between these countries in regulations and business practices related to accounting. Without the understanding of local circumstances provided by the IBM and Mitsui-Soko teams in each country, it would not have been possible to implement the project smoothly and effectively.

Mr. Odanaka comments: “Only a global organization like IBM Global Business Services can manage a project in which staff members in different countries participate to collaborate with one another at their respective local sites. No company other than IBM would have been able to create a project system like this.”

Mr. Nobuyuki Okada, IBM Business Transformation Consultant and Project Manager, adds: “IBM Global Business Services has a global methodology for the implementation of SAP applications, and the supporting project management. In other words, we have a common basis for the

implementation and management of projects, which enables IBM staff members in all countries to successfully collaborate with one another.”

Accelerating deployment

To accelerate deployment of the solution, Mitsui-Soko decided to leverage a pre-built template known as Real Model for Accounting, a qualified for SAP Business All-in-One partner solution developed by YOURSOFT, an SAP partner. This would reduce the amount of custom development required, and ultimately increase the speed of the rollout.

“We were informed of the qualified SAP Business All-in-One partner solution known as Real Model in a SAP lecture session on overseas implementation,” explains Mr. Nishimura. “We were extremely impressed with the presentation on examples of rapid system implementation. Since it was obvious from the beginning that our project was seriously restricted in terms of available time, it didn’t take us long to decide to use Real Model for the implementation.”

With a solution such as Real Model, the installation of SAP Business All-in-One can be accelerated considerably. During the installation process, all the basic information about the company and its processes can be entered using simple forms, helping to configure the software without custom development. This not only speeds up the implementation process, but also eliminates the risk of introducing poorly written code that may be unreliable or slow to execute.

Mr. Okada adds: “Apart from making full use of Real Model for the

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implementation, we also tried fresh approaches to performing project tasks. Quick and decisive action from the Mitsui-Soko team was of crucial importance in implementing the system in line with the tight schedule.”

Flexible hardware infrastructure

The new solution runs under IBM AIX on IBM Power Systems servers, leveraging PowerVM virtualization technologies to run the SAP applications and databases in separate logical partitions (LPARs). As workload changes over time, these LPARs can have CPU and memory resources dynamically allocated to them to meet demand and maintain consistent response times.

Increased transparency, reduced risk

With the new solution in place, Mitsui-Soko is already benefiting from improved transparency in its accounting processes. Instead of long delays while reports from different countries were compared and collated, the company can now generate a clear view of global operations. Since there is now a single system for all the subsidiary organizations, the company has a single source of accurate financial data.

“The purpose of the current project is not simply to implement a unified accounting system,” says Mr. Odanaka. “Its major purpose is to provide a means of obtaining needed information from all overseas companies through the same procedure at the same level of accuracy. The important point is to establish corporation-wide internal controls through the implementation of unified business processes, and the accounting system is only a tool required to achieve this purpose.”

“There is no doubt that the development of a common accounting system based on SAP Business All-in-One will enable us to make improvements in corporation-wide unified business processes in the future.”

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As a secondary advantage, improved financial management also means that Mitsui-Soko is now able to comply with the J-SOX law more easily, and having tighter control of finances also mitigates risk for the business. As the business adapts to the new system, Mitsui-Soko also believes that it will achieve considerable improvements in administrative efficiency.

Mr. Odanaka comments: “We have just started using the system and we are still learning the most efficient ways to operate it. But there is no doubt that the development of a common accounting system based on SAP Business All-in-One will enable us to make improvements in corporation-wide unified business processes in the future.”

Mr. Nishimura concludes: “We intend to improve our skills with SAP Business All-in-One by learning as much as we can about its capabilities and adapting our business processes accordingly. We are looking forward to working with IBM as we train our users to get the most out of the solution.”



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