

“IBM Cognos 8 BI meets every one of our management reporting requirements, across all business units and localities. For that reason, and in spite of the fact that SAP is now our primary enterprise platform, we decided to continue working with IBM Cognos and upgrade the system to the latest version. We operate in a very competitive market, which is why we prioritise solid management information above anything else.”

John Møller Therkildsen, Deputy Director, Arla Foods

Arla Foods a.m.b.a.

Arla Foods amba is Europe’s largest dairy company, sourcing approximately 8.5 billion litres of milk a year. Arla’s mission is to provide modern consumers with milk-based food products that create inspiration, confidence, and well-being. The company employs more than 17,500 people worldwide, and its products are sold in more than 100 countries.

Arla Foods has grown aggressively through mergers and acquisitions over the last years. From being the leading Danish dairy company, the company has become a large international enterprise, and today, Arla and its subsidiaries are the largest dairy company in England.

Challenged faced

Arla was created by a merger of MD Foods, Denmark, and Arla, Sweden. When the company merged, it was a merger of two different companies with different systems and practises. For the enterprise to function as one efficient organisation across borders, it is critical to have access to accurate and common management reporting systems.

“Prior to the original merger, management reporting was primarily concerned with identifying and explaining deviations in performance versus budgets,” explains John Møller Therkildsen, Deputy Director at Arla Foods. “As a result of the merger, Arla Foods became a large multinational, which changed management reporting requirements and led to a greater need for adaptability. Furthermore, we realised that our key performance indicators had to be replaced continuously as the company grew. We needed a top-down approach to corporate performance management (CPM) to enable a future-oriented management focus.”

Strategy followed

Arla chose SAP as the primary corporate platform and data warehouse solution. As SAP could not fulfil all Arla’s requirement for management information, and as Arla had previous good experience with IBM Cognos, the obvious choice was to rely on an IBM Cognos solution.

Industry:

- Consumer Products (Dairy)

Geography:

- Europe

Information needs:

- Company-wide performance and market intelligence

Platforms:

- SAP

Solution:

- IBM Cognos 8 BI

Benefits:

- Management reports targeted at the right level with key information
- Common reporting principles and KPIs throughout the organisation
- Greater advantages for future merger or acquisition processes

“Arla wanted a uniform and shared management reporting solution across the company, which would deliver credible measurements of key performance indicators (KPI) and group performance indicators (GPI) to both top and group management. At the same time, we needed to change the existing culture, in which each department defined and measured its own KPIs, partly to improve our resource productivity, but also to create greater transparency across the organisation. We had to make both managerial and cultural changes. What is important for the company as a whole is the ability to define and identify the relevant indicators, and to decide how to move those indicators in the desired direction,” says Michael Vølund, Senior Consultant in Platon A/S and former BI Manager in Arla Foods. “It is important to be able to pinpoint where performance improvements are possible, and identify which levers we can use to realise those improvements. In turn, this demands that all indicators and measurement criteria are carefully thought out.”

Benefits realised

As well as the reporting and performance improvements, the CPM solution gives Arla Foods advantages for future acquisitions and mergers, which are a central part of corporate strategy.

“When we merged MD Foods and Arla, Sweden, neither party had a CPM solution. Four years ago, we came very close to merging with a large Dutch dairy company. The merger did not happen, but it would have been fairly easy to expand Arla’s CPM solution to include the Dutch operation. The tests showed how much easier it will be now to implement future mergers and acquisitions. The financial gains of a shorter and more efficient merger process are substantial,” explains John Møller Therkildsen.

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in [business intelligence](#) and [performance management](#) solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008*. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

**As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.*