

# Norsk Hydro wins Best New Technology award for real-time data, cash forecasting in SAP



## Adam Smith Awards

*Highly Commended – Best ‘New’ Technology*

The global aluminum and renewable energy company won the Adam Smith award for integrating real-time data within its SAP enterprise resource planning system - increasing global visibility, improving financial performance and facilitating growth.

### About

Norsk Hydro is an aluminium and renewable energy company with a track record of being at the forefront of innovation. With operations across all continents, the company wanted to add real-time visibility into its global liquidity, while prioritizing financial performance and company growth. Norsk Hydro also wanted to gain access to real-time reconciliation information from their J.P. Morgan bank accounts, regardless of time zone or geographical location. With a traditional treasury setup, however, the Norwegian company received conventional account statements from the house bank only once per day—which only covered the previous day’s transactions. Through collaborating with J.P. Morgan and fintech, the company successfully co-created an award-winning custom solution.

### The challenge

Norsk Hydro needed an innovative solution to create real-time reporting natively embedded within their existing SAP enterprise resource planning (ERP) system. The company’s objective was two-fold:

1. Build and deploy a tool with real-time reconciliation capabilities, superior liquidity management and cash forecasting.
2. Incorporate real-time balance and transaction reporting from their J.P. Morgan accounts directly into their SAP systems via APIs.

As a result, Norsk Hydro aimed to increase visibility, make decision-making faster and improve the company’s control of risk.

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## The solution

Norsk Hydro joined forces with J.P. Morgan and Findroids to develop a real-time reconciliation package that seamlessly integrated into SAP and connected to J.P. Morgan via API. The solution includes:

- Ready-built SAP adapter to connect to J.P. Morgan's real-time APIs
- Real-time transaction reporting
- Real-time automated reconciliation in SAP ledgers
- Automated update of cash forecast report during the day
- Faster access to data, which helps Norsk Hydro to compile their audit report to ensure automated day-end reconciliation

The solution provides real-time visibility into their global bank account balances and transactions while also reconciling against their ledger.

## Components of the solution



A ready built SAP adapter to connect to J.P. Morgan's reporting APIs



Audit report to ensure automatic day-end reconciliation



Real-time postings/reconciliation of Hydro's SAP FI<sup>1</sup> books

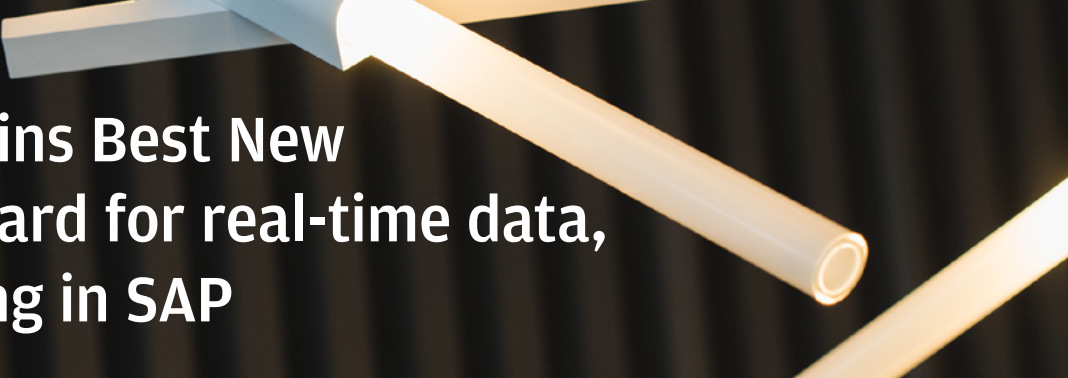


Cash forecast report updated intra-day/on demand

*“This project proves that the digital transformation of treasury doesn't need to involve lengthy, expensive and difficult implementations. In just two weeks, we have significantly improved the speed of our reconciliation process and achieved real-time cash visibility across our global accounts. In the same way we shared our learnings from the ransomware cyber-attack we suffered in 2019, for the benefit of others, I hope this solution will serve as a new standard for other corporates to follow.”*

- Christian Lindgård, Head of Cash Management, Norsk Hydro

<sup>1</sup> A financial accounting module in SAP.



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## The results

As a result of applying the innovative strategies to enhance the real-time reconciliation capabilities and resolve past challenges, the solution helps Norsk Hydro to:

### 1. Support business growth:

- Enhanced credit management, allows them to focus on bad debt
- Smoother collaboration between AR and Business

### 2. Improve financial performance:

- Reduced Days Sales Outstanding, freeing-up liquidity
- Improved cash forecasting, allows for more active management of balances
- Faster handling of unreconciled items helps improve KPIs

### 3. Minimize technical disruption:

- Limited technical resource requirements
- No disruption to reconciliation rules pre-defined in SAP s/4hana®
- No changes required to existing master data

### Additional benefits include:

- Instant visibility of global bank account balances and transactions makes for better and faster decision making.
- Seamless integration of real-time data retrieval into the existing process and data flow, further enhancing the ease of use.
- Accelerated release of goods and services based on early credit check approval.
- Early reporting of sweep transactions saves time and now allows internal bank day-end processes to start four hours earlier than before.

Through collaborating with J.P. Morgan and Findroids, Norsk Hydro seamlessly implemented advanced real-time reconciliation capabilities - placing them at the forefront of digital innovation. By adopting a fast and inexpensive digital reporting package, the company enhanced the quality and speed of their real-time cash visibility process while minimizing risk.



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