

• CASE STUDY



IT COSTS THAT CAN BE CALCULATED AND PLANNED

## MAN Nutzfahrzeuge AG bills IT services according to customer and origin

› Initial Situation and Aim

*MAN Nutzfahrzeuge AG is the largest company within the MAN Group and one of the leading international manufacturers of commercial vehicles. In the fiscal year 2004, the company's over 33,800 employees achieved turnover amounting to 7.4 billion euros, with approximately 64,500 trucks and 6,300 buses sold. Since January 1, 2005, MAN Nutzfahrzeuge has been using the service accounting system from USU AG to do the accounting for their company-wide IT services.*

Until 2004, the various European production locations within the MAN Nutzfahrzeuge Group were largely independent. Whether Steyr, Vienna, Nuremberg, Salzgitter, Gustavsburg, Ankara, Starachowice or Munich – each factory had its own software, prices and method for billing IT services. For this reason, the various departments and the central controlling requested IT costs that could be benchmarked and a detailed depiction of process costs. The distribution of costs from a standardized IT service accounting was to be done according to the costs-by-cause principle, presented in a way that can be understood by customers and including measurement categories that can be influenced. At the factory in Munich, MAN Nutzfahrzeuge has been using a system called LUKAS since the 90's, which the company developed itself and which ran on the mainframe computer. Because the application could no longer keep up with the increase in demands over the course of the years, MAN Nutzfahrzeuge decided to implement a standard solution in 2002. Above all, the increasing number of SAP projects and their uses were to be depicted with the new software. Furthermore, a standard interface to SAP-CO was required in order to be able to present the monthly results of the IT service accounting in the overhead expenses. This was supported by a board remit with the goal of company-wide standardization of IT service accounting methods: these were to be transparent and calculable for the departments due to a standardized price list.

After evaluating various systems, and following a successful test run and a reference visit at a customer with a similar IT infrastructure, MAN Nutzfahrzeuge decided

on the Costing/Charging Manager from USU in the spring of 2003. The reasons for their decision were on the one hand the software (flexibility, range of functions and performance) and on the other USU's years of expertise in the field of IT cost management.

› Realization and Project Work

Several stages were planned to realize the project. After a conceptual analysis of the processes, the project team developed a specific accounting model. In doing so, it was important that measurement categories firmly rooted in technology such as drive space, CPU seconds, etc. be translated so that they could be easily understood and comprehended by internal customers (the various business units). Standardized, company-wide prices were set for these general service types. The prices were valid for 12 months. The general accounting formula was „Quantity received x Price“. Flat fees were only defined for the maintenance of applications and batch runs. Due to the large volumes, it was necessary to keep manual tasks to a minimum.



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An asset management system for the terminals, licenses and diverse interfaces to various systems (e.g. Host, Unix, User Administration, etc) are available as sources of data. The interface to SAP is bi-directional and, on the one hand, supplies the CO module with data for service accounting and, on the other, supplies Valuation with the valid cost centers and cost center hierarchies. The billing of devices such as PCs, laptops, servers, printers, telephones, mobile phones or projectors is a main focus of the accounting method. Based on the current inventory in the asset management system, billing to the cost centers is done based on the price taken from the price list, and allocation in the system is done according to the „Quantity received x Price“- principle. The offsetting of amortizations on devices is determined using the installation dates stored in the asset management system. This is because amortization values are only offset for devices which have not yet reached the end of their amortization period. For the other main groups (online transactions, batch runs, Unix applications, software licenses, communication and general services), similar accounting schemes were defined. The online transactions were subdivided into 10 price classes, e.g. according to CPU and storage requirements. Monthly billing also results from the frequency of use and the list price.



TGA high-performance truck

The new system – dubbed HERMES – has been running successfully in productive operation since January 1, 2005. Currently, 43,700 devices, 75 million transactions, 15,000 licenses and 280,000 telephone units are charged monthly to approximately 50 customers within the MAN Group and the MAN Nutzfahrzeug Group with a total of approximately 2,000 cost centers.

#### > Conclusion

MAN Nutzfahrzeuge currently allocates IT costs in the amount of 80 million euros each year to departments and business units according to the cost-by-origin principle. After only six months, the first positive effects could be seen: „The departments are increasingly and intensively aware of the costs for IT services. They are more conscious of how they use their services. Furthermore, the master data in the asset management system is in consistently better shape than before,“ Rudolf Schönlé, head of the department for IT Controlling at MAN Nutzfahrzeuge, explains.

Another important milestone will be realized within the next few months: improved planning and budgeting of IT investments and costs. The Planning/Budgeting Manager will replace the individual planning tools in Microsoft Excel and Access which have been used so far. By using USU software, planning and price determination processes are to become more transparent. A mid-term goal is to meet the wish of the departments and offer flat rates for certain services, instead of volume-dependent transaction accounting. A prerequisite for this, however, is a broader foundation of experience about volumes of services received by individual departments.