Multi-subsidiary Company Consolidates Operations with Sage ERP X3

La Rochette is a packaging and pulp paper manufacturer with headquarters in Paris, France. Comprised of 25 different subsidiary companies, La Rochette reports consolidated revenues of more than 3 billion French Francs or $425M.

The packaging branch manufactures corrugated cardboard exclusively and includes two main entities:

- **La Rochette Vénizel:** manufactures paper intended for corrugated cardboard
- **La Rochette Cempa Ondulé (RCO):** manufactures corrugated cardboard

With four manufacturing units, RCO manages many smaller subsidiaries that have processing activities. The packaging and pulp activities are completely independent within the group. La Rochette Vénizel, for example, manufactures all the pulp it requires for its operations.

Since the beginning of the 1980s, the subsidiaries of La Rochette have operated on a decentralized basis, allowing each unit to run their own financial accounting system. Up until 1999, two accounting software packages were used: one by the pulp branches, and the other by the holding company and packaging branches. The software was neither Year 2000 nor Euro compliant. Therefore, it was essential to acquire a new financial accounting software package.

"At the end of '97," explains Christian Dauber, VP of Finance at La Rochette, "We started to take this problem seriously. The pulp branches decided to keep their old software and invest in making it Euro-compatible and Y2Kcompliant. For the packaging and holding branches, we elected to search for a new product. We did not force them both to conform.

"In 1995, we had already decided to abandon the pulp activity, which was too cyclical and unpredictable. With the economic situation being so favorable at this time, we hope to conclude this restructuring project in a relatively brief amount of time. In any event, this explains why we concentrated our strategic efforts on the packaging sector.

"The various branches of our company had the same need for a new accounting solution. However, we didn't expect to make a decision for a common solution. Instead we tried to accommodate the interests of all groups."

(continued)

> "Sage ERP X3 has more than enough capabilities to meet the specific requirements of our holding company."
>
> – Christian Dauber
> VP of Finance
> **La Rochette**

Headquarters
Paris, France

Industry
Packaging and pulp paper manufacturer

Revenues
$425 million

Employees
1,063

sage

After consulting with a number of software selection consultants (such as CXP Publications, one of France's pre-eminent consulting groups), Christian first listed the main Euro-compatible and Y2K-compliant accounting software packages available on the market. This list was submitted to the three main contacts concerned with the project. Each one studied the features of the pre-selected products in comparison with their specific requirements, and a short-list of five software packages was compiled. The selected vendors were contacted and given an expected implementation plan.

"The choice was not easy," stated Dauber, "because each of the three entities had very different requirements. The accounting requirements for the holding structure was limited enough: we only have about 20 employees! The activity of La Rochette Vénizel involves heavy industry requirements: one manufacturing site, with two large machines that produce paper from wood, and another using recycled paper. It has few customers, 275 employees and revenues of approximately 400 million French Francs or $60M. The case of RCO is completely different: four factories, 788 employees and revenues of one billion French Francs or $145M. Overall, the analytical accounting of La Rochette Vénizel is simple. RCO has many workshops and is much more complex. Therefore, it was not easy to choose a common tool! However, since RCO had the most specific requirements, we obviously gave them priority."

From the start, RCO's management liked Sage ERP X3 software because it could easily adapt to their financial structure. Previously, each of the four factories had a different accounting system, but the organization became too complicated and it was essential to be able to process account transaction more quickly. RCO wanted to work from a common database installed in Paris so the new accounting system must be able to manage many inter-site accounts. Sage ERP X3 is inherently designed to accommodate these conditions. Moreover, the factories only manage purchasing and sales, since financial operations are centralized in Paris. This means that thousands of entries are sent automatically to Paris each day, which decreases the chance for posting errors.

"RCO chose Sage ERP X3," concluded Dauber, "and we followed their decision. Sage ERP X3 has more than enough capabilities to meet the specific requirements of the holding company, and we wanted to have a common system. Moreover, having the same accounting software as our subsidiaries enables us to better understand the overall needs of our customers which allows us to better coordinate our business processes with theirs.

"We signed a multi-site contract with Sage: 20 users for RCO, six for La Rochette Vénizel and three for the holding company. The holding company has been operational since November 1999.

"Working in a Windows environment with an Oracle database provides us with a lot of flexibility. For example, setting up interfaces with other programs in order to avoid double entries is much easier because of the ability to create temporary G/L entries.

"La Rochette Vénizel's went live in January 2000. There are still minor details to work out – particularly with business partner management and payments in foreign currency – but our Sage ERP X3 support representatives are very qualified to fix the problems when they arise. I am completely confident that the installation at RCO will be very successful."

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