Solving the tension between local accuracy and *group truth:*

Global Value Chain for corporations with heterogeneous system landscape

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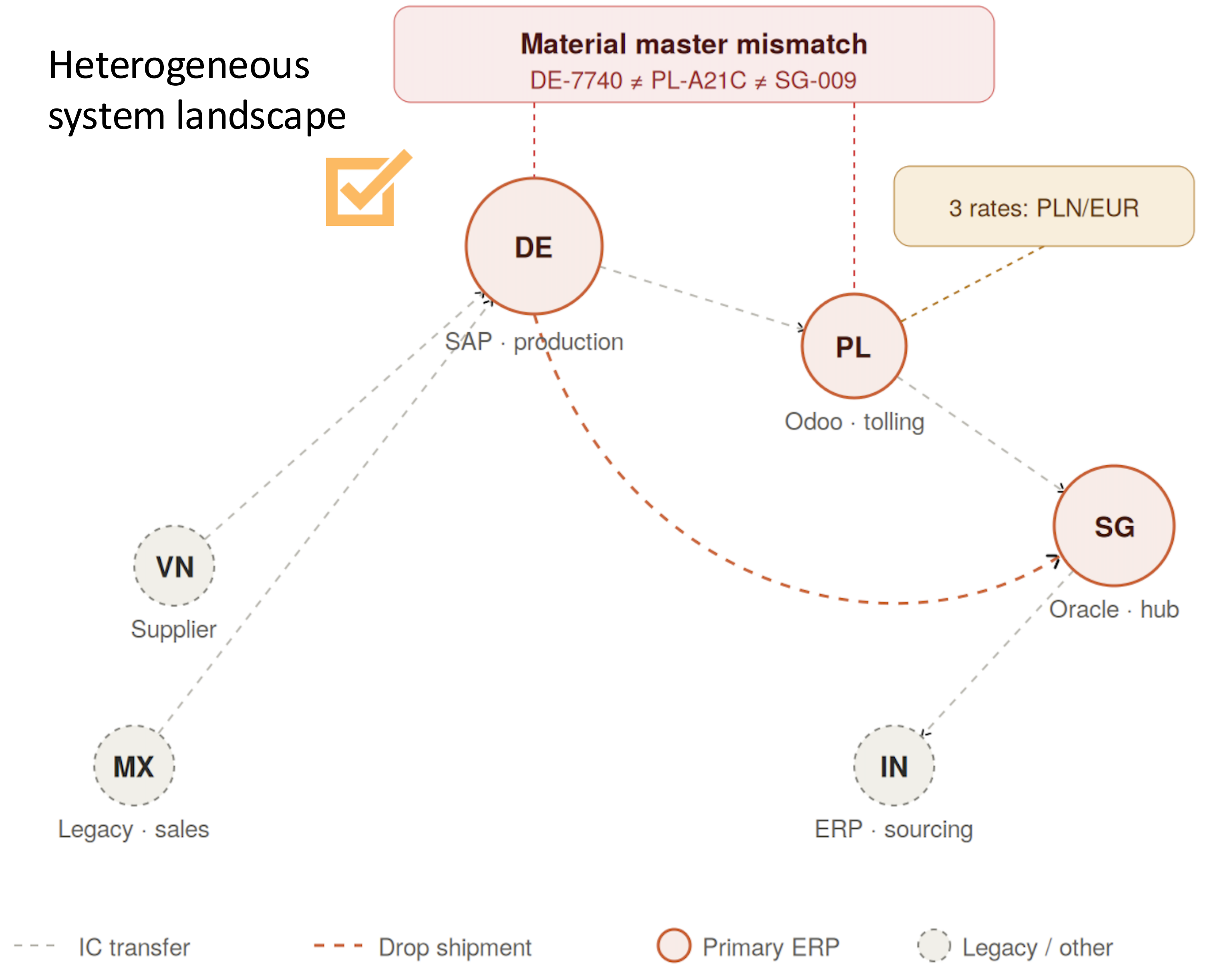
Heterogeneous system landscape



How long will it take your CFO office find out ***true cost*** *?*

Think about your last quarter close. Pick one real product that moved across at least two entities.

A. Under 30 minutes

B. Half a working day

C. One to two days

D. We would have to reconstruct it

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Topics:

1. Heterogeneous System Landscape. Intro.
2. Structural Tension
3. Reality of Multinational Operations
4. Hidden Flaw : The Numbers balance
5. Six gaps compounding simultaneously
6. The reconciliations nobody owns
7. Gaps are not theorical
8. A layer that sees what systems cannot
9. Legal vs. Group view: Same purpose different angle
10. End to End Transparency for Resilient Value Chain
11. Compliance becomes a byproduct
12. How does the magic happen – Landscape stays as is.
13. Wrap up
14. Take aways

Further detailed demo at the booth DEMO

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Every multinational goods flow creates the same structural tension

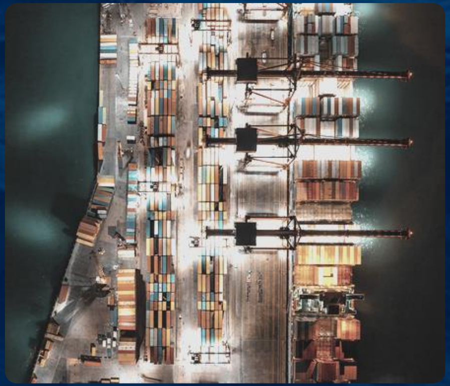
Local Accuracy

Your systems were designed to solve local accuracy.

Group Truth

Nobody designed them to solve both local accuracy and group truth.

ERPs



3–7 ERPs in scope.

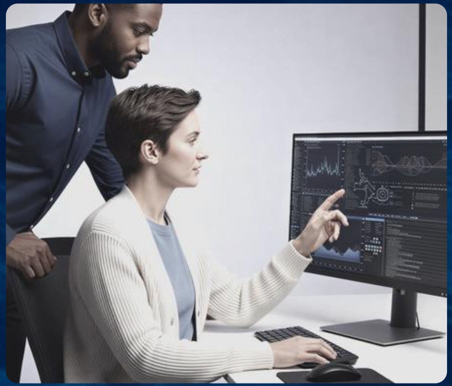
Jurisdictions

12+ Jurisdictions.

Requirement

1 Truth required.

Structural Gaps



PLN/EUR has 3 rates in use; SKU DE-7740 mismatch with PL-A21C or SG-009.

System Landscape

Vietnam, Germany (SAP), Poland (Odoo), Singapore (Oracle), Mexico,

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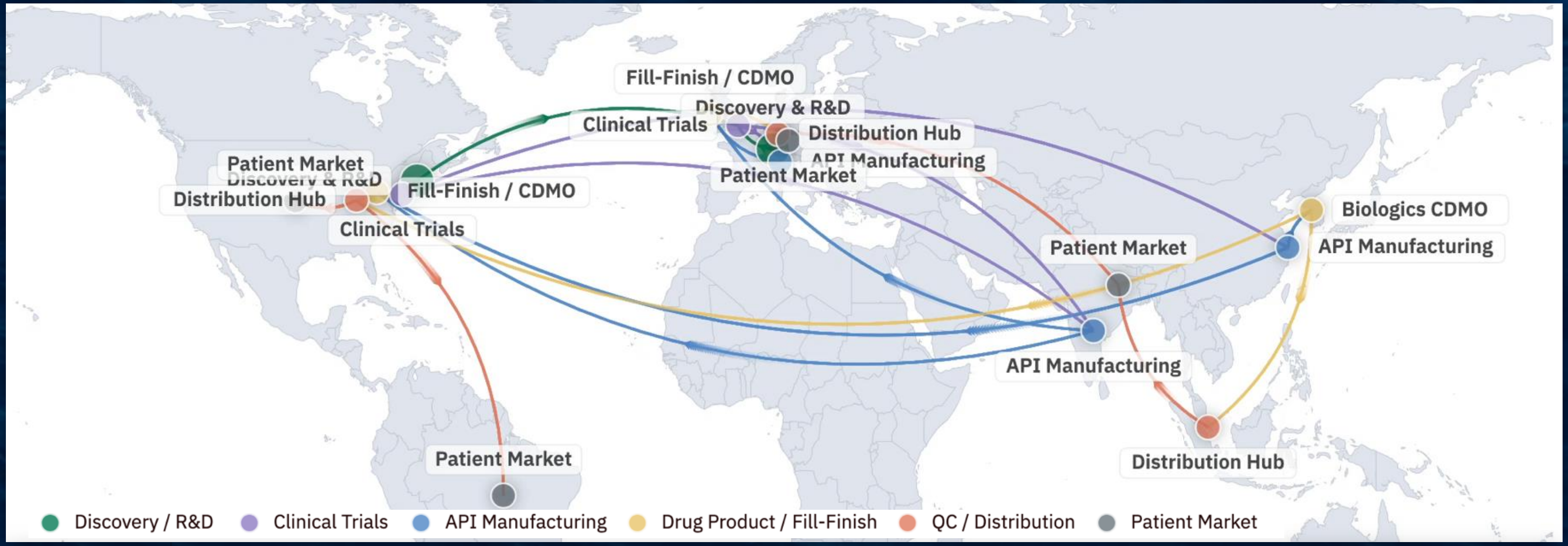
The Reality of Multinational Organizations

Pharma / Life Sciences

Global Value Chain

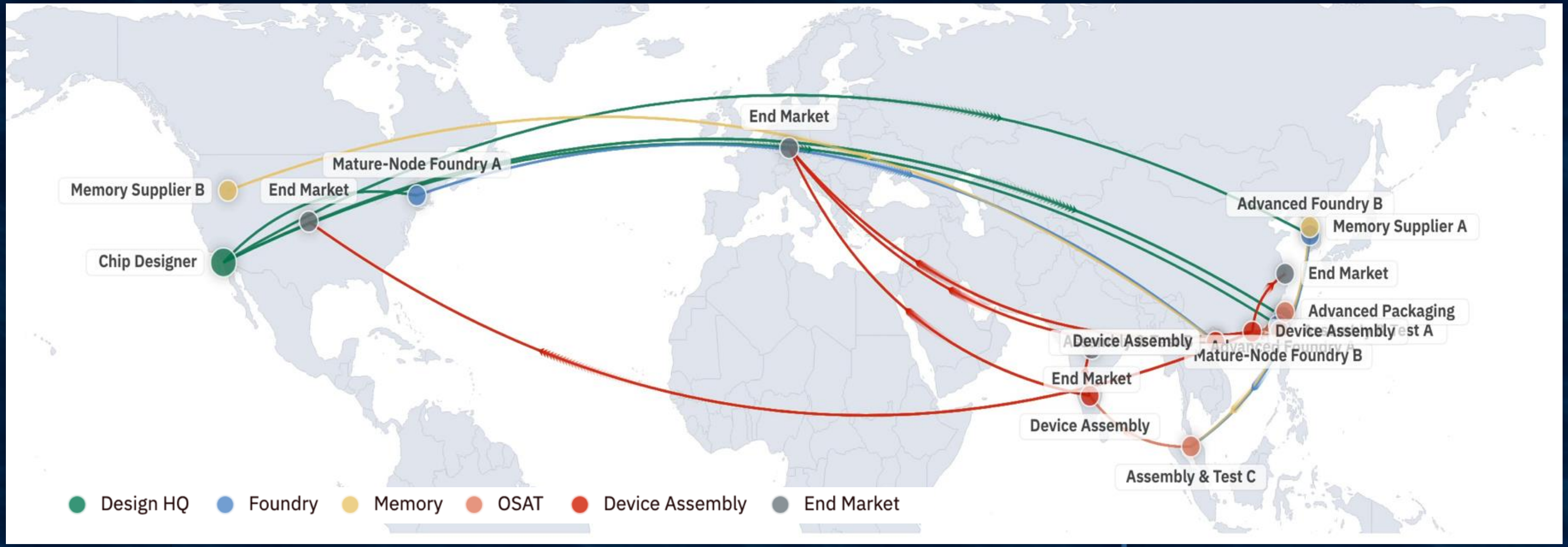
Discovery → Clinical Trials → API →
Drug Product / Fill-Finish → Distribution → Patient



Fabless Semiconductor

Global Value Chain

Design → Foundry → Memory → OSAT →
Device → Market



The hidden flaw: The numbers balance

Every local book balances. The group picture is built on a hidden assumption.

The core flaw

Intercompany profit embedded in closing inventory does not disappear at consolidation— Though accurate for local ERP, someone must eliminate it for group truth/ group cost.

System visibility

Three balanced local P&Ls (Germany €420/unit, Poland, Singapore €580/unit) but zero visibility into the €38/unit margin recognized by entity A.

The vocabulary shift

Accounting balance is what your ERPs confirm. Cost truth is what your group actually needs

Defending the basis

If the basis for transfer price setting were challenged today, which engine/math was used to defend the figure per unit used?

Six gaps *compounding simultaneously*

Each dimension is a known source of group-level cost distortion in multinational goods flows.

SKU Fragmentation

Diff material IDs in SAP, Odoo, Oracle

Unit Measure Drift

Unit cost untraceable to purchase cost

FX Rate Mismatches

Three different rates per transaction

Tolling Logic

Consolidated COGS vs Local valuation

Multi-Source Buy

No ERP holds weighted average for 3 costs

Drop Ship Divergence

Transfer price/customs value mismatch

Audit Process

The reconciliation nobody owns

The books closed. The audit found a question. Four days later, nobody had the answer.

Q3 Week 1

Quarter Closed

All local books balanced.

Consolidation package

submitted on schedule.

Q3 Week 3

Intercompany Run

Difference of €214K appears.

Manual journal posted without

investigation.

Q3 Audit Day 2

Auditor Flag

Auditor flags consignment

reversal. Requests basis, FX

rate, and tolling fee.

Q3 Days 3-6

Spreadsheet Build

Four people across three

systems build reconciliation. "It

will take until Friday."

Manual Journal

Journal Origin

214,000. Where did it

actually happen ?

Gaps are not theoretical: *they have a price*

Transfer pricing

A challenged price requires reconstructing rationale across every system. Average audit spans 18–24 months of management time.
Having an engine to process it, ***helps!***

Customs valuation

When TP and customs values differ, you hold two exposed positions in independent jurisdictions.

Deferred tax & inventory

Intercompany profit in inventory inflates group assets and creates a deferred tax liability under IFRS 10/ASC 810.

The structural condition

These risks build quarter after quarter until they are found during an investigation.
Having a solution providing visibility of profit in inventory is key.

None of these consequences require negligence to occur.
They require only the absence of a harmonized view.

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A layer that sees *what systems cannot*

Reads from every ERP without replacing any. Translates cost structures into one group model.

Harmonized Cost Intelligence

Sits between systems and consolidation to translate SKUs, units, and FX rates.

SKU harmonization

DE-7740 = PL-A21C = SG-MAT-009 — one component, one cost chain.

FX rate governance

Single rate table applied consistently across all entity pairs and periods.

IC elimination

Intercompany profit identified to provide Transfer Pricing app with the figure to eliminated IC at consolidation.

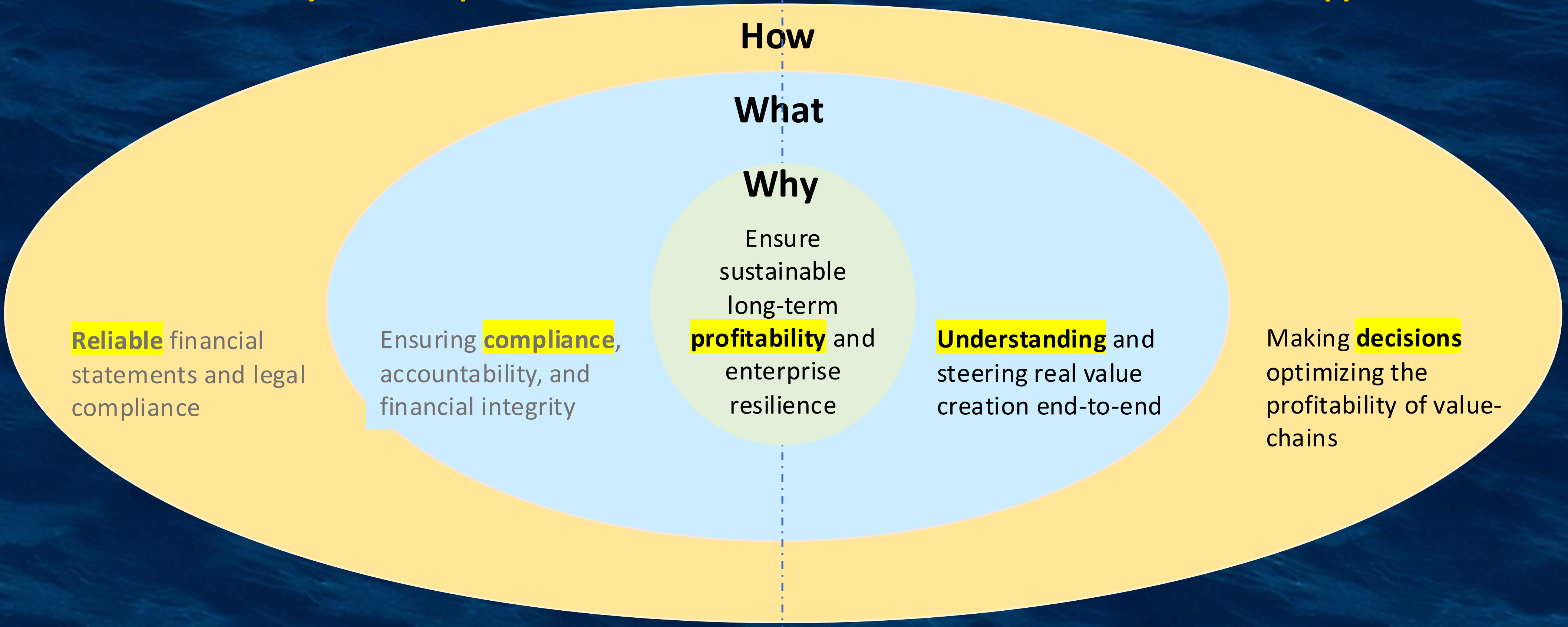
Audit trail

Every cost movement traceable to the source transaction, by entity and period.

Same purpose – different angle

Legal Entity View
Where profit is reported

Global Value Chain View
Where value-add happens



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End-to-End Transparency for Resilient Global Chains

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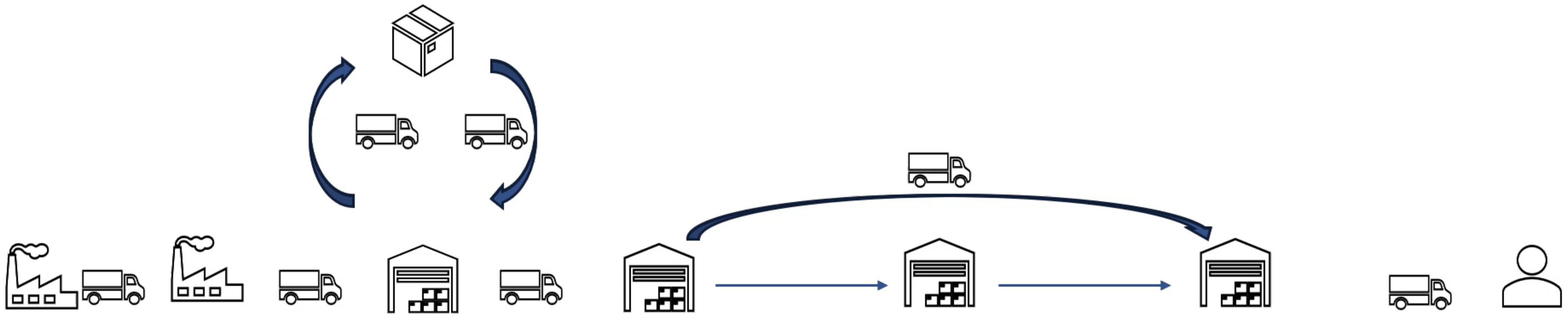
End-to-End Transparency for Resilient and Sustainable Global Value Chains



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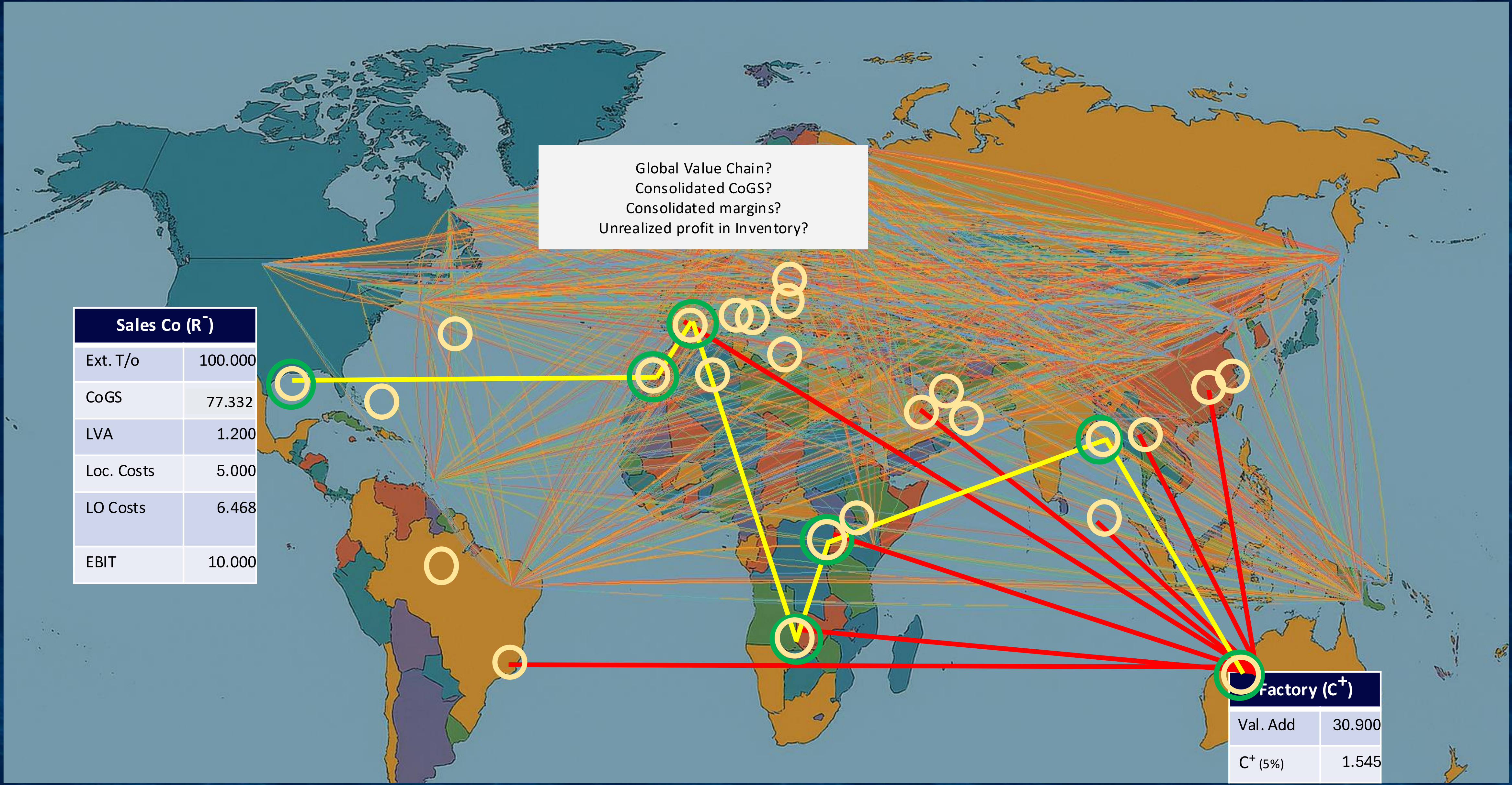

Sales Co (R^-)	
Ext. T/o	100.000
CoGS	77.332
LVA	1.200
Loc. Costs	5.000
LO Costs	6.468
EBIT	10.000

Factory (C^+)	
Val. Add	30.900
C^+ (5%)	1.545

Where Real Profit Is Generated – Bringing Transparency to Global Value Chains

Legal Entity View

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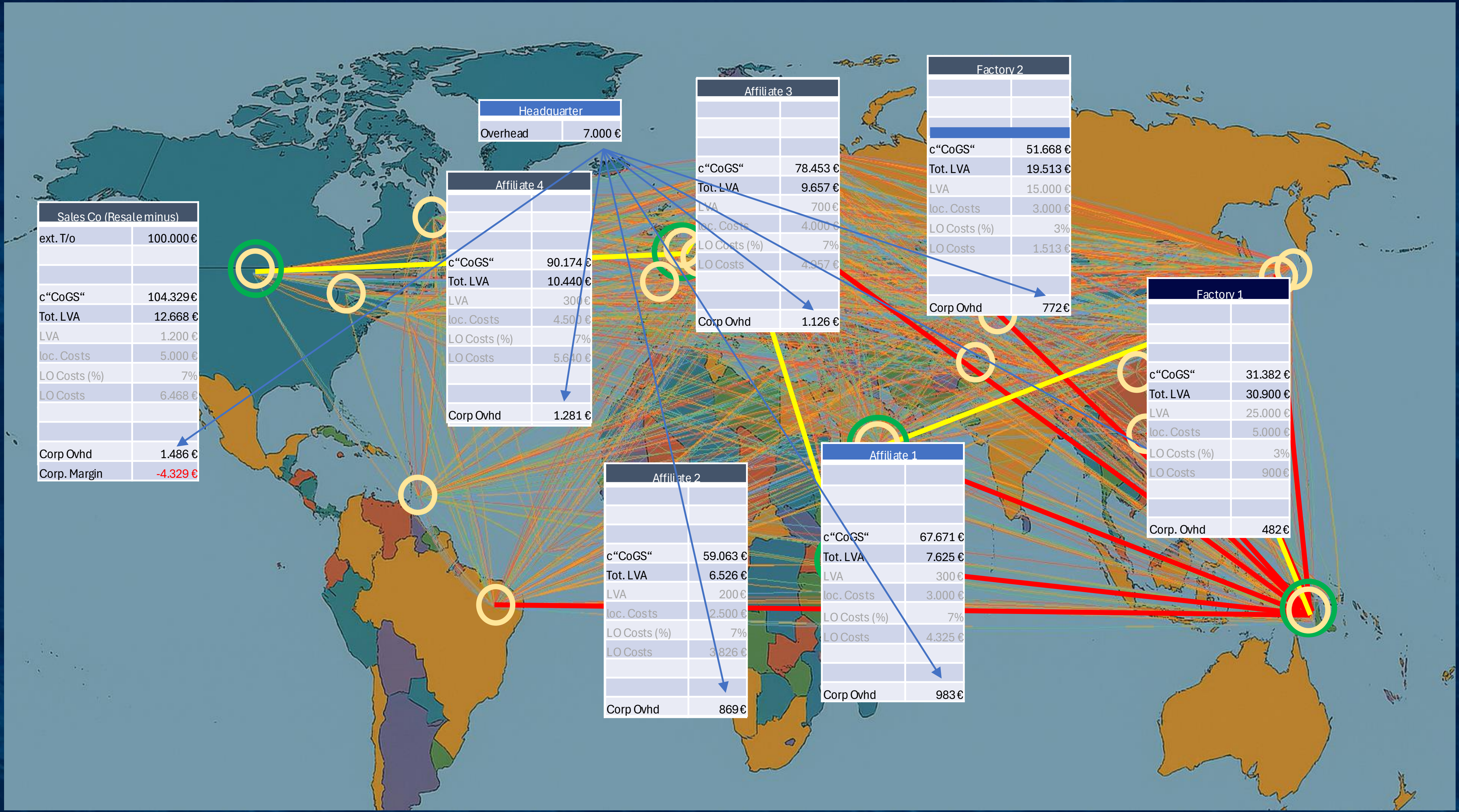

Where Real Profit Is Generated – Bringing Transparency to Global Value Chains

Switch to (Simplified) Consolidated View

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Compliance becomes a *byproduct*

Compliance is not a separate workstream. It is the output of a process that was going to happen anyway.

Data inputs

Cost events from every ERP (POs, production orders, invoices) and group reference data (SKU maps, FX rates).

Transfer pricing

TP documentation must be produced by dedicated app like OTP. Operational Transfer Prices

Customs

Declared value is auto-reconciled to TP basis and divergence is flagged before authorities ask.

Consolidation

IC profit is auto-eliminated at the transaction level—no manual journals required.

Audit

Full transaction history is always retrievable with complete history and FX records with OTP.

How does the magic happen

Every local book balances. The group picture is built on a hidden assumption.

Transactional Data Model

Single item structure

Master Data Model

Master data structure.

Building the value chain

Post-processing in GVC host system.

Global BOM

Based for valued added identification

Your landscape
stays *exactly as it is*

The question your board is asking is not which ERP to run. It is what it costs to make and move what you sell.

1. No ERP is replaced

   SAP stays SAP; Odoo stays Odoo; Oracle stays Oracle. No migration or retraining.

2. Local autonomy preserved

   Entities continue to operate in their own systems; the layer does not write back.

3. Full upgrade path maintained

   No custom code in ERPs ensures no side effects on future S/4HANA migrations.

4. Implementation scoped to reality

   Configured around your specific entity pairs, SKU maps, and cost structures.

Wrap up

From complexity to clarity

- Global value chains are here to stay - and so is intercompany complexity.
- Transparency is essential to balancing autonomy, control, and compliance.
- Rules-based, scalable approaches reduce risk and manual effort.
- End-to-end visibility enables better decisions, stronger governance, and improved profitability.

The ultimate objective is confidence - in the numbers, compliance, and in the decisions, we make as finance leaders.

Five Takeaways

- Strategic decision making based on facts provided by global value chains.
- Consolidated profit margins calculated by steps of the value chain of a product.
- Understand impacts due to UPI, SiT and WiP
- Automated value chain generation.
- GVC is a mature solution for real-world IT landscapes of incompletely standardized SAP and non-SAP applications.

Resources

- Global Value Chain
- EXA-AG.COM

Questions & Answer

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