17th SAP CFO Roundtable - Summary

CFO 2012: Preparing the Organization for New Frontiers

July 5-6, 2012 in Munich, Germany

About this SAP CFO Roundtable:

The CFO has emerged as one of the most important functions within the organization – more so after the global economic crisis. As we are now entering a phase of continuing risk, volatility, and uncertainty, with a possible double-dip looming on the horizon, the role of the CFO is becoming even more critical to shaping the company and to preparing it for the future.

The sovereign debt crisis, the uncertain future of the euro zone, and a still unstable global financial system and uncertain regulatory environment, combined with long-term structural transformation in many industries and in the global economy, create an environment of accelerated change that not many current business leaders have experienced before. CFOs have to face up to these challenges and arm the company for new frontiers. They are required to rethink the role of finance in the organization and to accelerate the process of transforming finance successfully by applying concepts, approaches, and tools that help "make it happen."

At the CFO roundtable in Munich, participants and speakers had been invited to discuss what it means in practice to prepare the organization for new frontiers – and how the CFO and the Finance organization can optimally support it.

1. AGENDA

Thursday, July 5, 2012

12:30 – 13:30	**Enjoy a Networking Reception**
13:30	**Welcome – Introduction to the 17th CFO Roundtable** Phillip Booth, VP, Head of Executive Value Network, SAP
13:45	**CFO 2012: Preparing the Organization for New Frontiers** Jürgen H. Daum, Chief Solution Architect, Executive Value Network, SAP
14:30	**Introduction of Participants – Accelerate Networking** All participants give a short overview of their current issues and projects
15:00	**Challenges and Opportunities of the Financial Industry** Stefan Krause, CFO, Deutsche Bank
16:00	**Enjoy a Refreshment Break**
16:30	**Appetite for Growth at Arla Foods - Navigating in a Volatile World** Frederik Lotz, Group CFO and EVP, Arla Foods
17:30	**Growth Market India: Opportunities, Risks and CFO Challenges** Dr. Jörg Matthias Großmann, Freudenberg Chemical Specialties and Regional Representative for India, Freudenberg Group
18:30	**Enjoy Munich, the Evening Event, and the Gala Dinner**
	Dinner Speech: **Can you Make High Return in a Volatile World of Low GDP?** Michael Phillips, Member of the Executive Committee, Apax Partners

Friday, July 6, 2012

8:30	**Finance as Co-Pilot in a Volatile Environment:** **Integration of Risk Management and Planning** Mag. Dr. Wolfgang Henle, VP Controlling and Risk Management, Austrian Airlines
9:30	**Danone's Road of Sustainability via Efficient Use of Resources:** **Why, Business Case, and Role of Finance** Laura Palmeiro, Finance Director, Danone Nature
10:30	**Enjoy a Refreshment Break**
11:00	**Discussion:** **Preparing the Organization for New Frontiers – Role of Finance** Moderator: Jürgen H. Daum, SAP
12:00	**Technology-Enabled Business Innovation for Value Creation:** **How to Kick It Off and Get Businesspeople and Technologists to Work Together** Kalim Khan, Value Engineering EMEA Core, Dirk Treusch, VP and Head of Value Engineering, DACH
13:00	**Preparation for Next CFO Roundtable – Closing Remarks**
13:30	**Enjoy a Networking Lunch**
14:30	**End of the Event – Have a Safe Trip Home!**

2. PARTICIPANTS

The participating CFOs and executives came from 8 different countries and 16 companies from industries ranging from consumer products, over financial services/banking, chemicals, and telco to the airline industry.

All of the respondents to our survey feedback said that they plan to attend again.
And respondents rated (on a scale from best, 1, to 5, worst) the value of the content of the event for their work on average with 1,7. Selected participant statements (from survey):

“I especially liked: the selection of topics and the high quality of the participants”
Laura Palmeiro, Finance Director Nature, Danone

“Interaction was very good, good participation”
Frédéric Devienne, VP Finance, AGCO International

“High quality presentations”
Dieter Enkelmann, CFO, Julius Bär

“I especially liked: the caliber of participants, the very good atmosphere, and the level of intensity”
Alex Filippovskiy, CFO, LLC SIBUR

Company	Name	Job Title
Adidas	Robin Stalker	CFO
AGCO International	Frédéric Devienne	Vice President Finance
Apax Partners	Michael Phillips	Member of the Executive Committee
Arla Foods	Frederik Lotz	Group CFO and EVP
Austrian Airlines	Mag. Dr. Wolfgang Henle	VP Controlling and Risk Management
Bundesdruckerei	Christian Helfrich	CFO
Danone Nature	Laura Palmeiro	Finance Director
Deutsche Bank	Stefan Krause	CFO
Freudenberg Special Chemicals	Dr. Jörg Matthias Großmann	CFO
Heineken	Hubert Tretter	CFO Central Europe
Julius Bär Group	Dr. Dieter Enkelmann	CFO
LLC SIBUR	Aleksey Filippovsky	CFO
Mediterranean Shipping Company	Yannick Anselme	CFO
Mobile Telesystems MTS OJSC	Alexey Kaurov	CFO
SAP	Luka Mucic	CFO Global Sales and Head Global Field Finance
Xerox	Craig Albright	CFO Europe

3. Welcome - Introduction to the 17th CFO Roundtable

Phillip Booth, VP, Head of Executive Value Network/EVN, SAP

Phillip introduced the EVN for Finance and the EVN for HR - business communities of practice for CFOs and senior finance executives and finance professionals as well as for Chief HR Officers, and senior HR executives and HR professionals. The purpose is to facilitate a holistic exchange about finance and HR best and next practice and about practical experiences in finance and HR transformation. For member companies it's a key element of their journey to transform their finance and HR organization successfully.

Information about the speaker:
Phillip Booth is VP and Head of Executive Value Network at SAP since July 2011 and is based in Walldorf, Germany. Before joining the Executive Value Network he was responsible at SAP for the ERP initiative across EMEA and then for Business Process Outsourcing (BPO). Phillip joined SAP in 1994 in South Africa as a consultant and has held various roles in presales, sales & business development before he moved to SAP's head office in Germany in 2002.

4. CFO 2012: Preparing the Organization for New Frontiers

Jürgen H. Daum, Chief Solution Architect, Executive Value Network, SAP

The world is changing fast. How can businesses respond and survive? And what is the role of the CFO? Jürgen Daum introduced the audience to the theme of this CFO roundtable:
The term 'New Frontiers' stands for a future of yet unchartered areas of new opportunities and threats (as business are experiences it in today's fast changing world) – and for a firm will for innovation and pioneering. John F. Kennedy picked up the term during his presidential campaign to inspire America to confront the challenges of the 1960s and to inspire the American people for change. Is the world in 2012 again on the edge of New Frontiers? It seems so if we look at all the fundamental change that is going on in the world. Only change leaders, that see change as an opportunity, will survive in times of rapid change – as Peter Drucker once stated. Innovation has therefore become the number one topic on the CEO's agenda (outcome of the CEO challenges 2012 survey of The Conference Board). As a result, CEOs are confronted today with a range of challenges they have to master in parallel and where they need support from the CFO and the Finance organization: Making sure that strategic change programs are executed successfully while achieving also operational and short term financial targets; master volatility and introduce a more dynamic approach in performance management and control; manage effectively innovation investments and better manage trade-offs in the innovation portfolio; turn sustainability into a business: improve processes, pursue growth and add value to the company rather than focusing on reputation alone; fully leverage emerging markets and effectively combine global capabilities with local opportunities.

But is Finance prepared to support it? Juergen gave a summary of the finance transformation efforts of the members of the SAP Executive Value Network for Finance over the past 8 years and concluded: the fundamentals to approach these new challenges are in place. But now it's time to move to the next level in Finance innovation and to enable Finance and Finance people to better support the business in meeting a range of strategic and operational challenges successfully in parallel by moving beyond the traditional finance approach and become true business partners and co-pilots for the business.

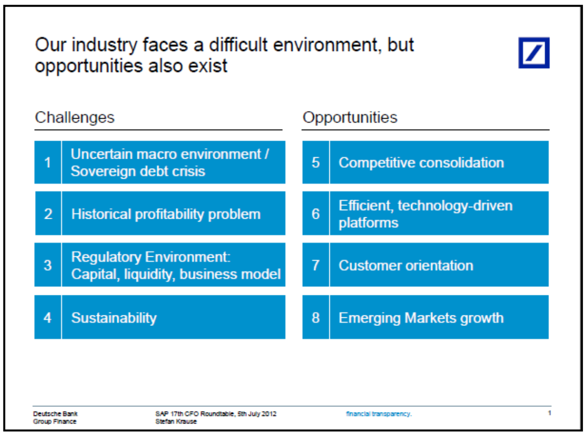
Information about the speaker:
Jürgen H. Daum is Chief Solution Architect and cofounder of the SAP Executive Value Network. He is based in Walldorf, Germany. He is a management advisor, an expert on finance and enterprise management, has written several books and is a regular event speaker. Before, he held various local (Germany), regional (European), and global positions at SAP in sales, presales support, and as a product manager in product development. Before joining SAP he was CFO and COO at a midsize IT company.

5. Challenges and opportunities of the Financial Industry

Stefan Krause, CFO / Member of the Management Board and Executive Committee, Deutsche Bank

The business environment for banks is changing dramatically. Regulation becomes stricter, market conditions become more difficult. This requires adaptations in several areas: of the business model, of capitalization, cost structure and liquidity. Stefan Kraus introduced the audience to the challenges and opportunities of the Financial/Banking Industry and what it means for the CFO to provide the means for the business to be able to maximize revenues, avoid costs and reduce risks at the same time:

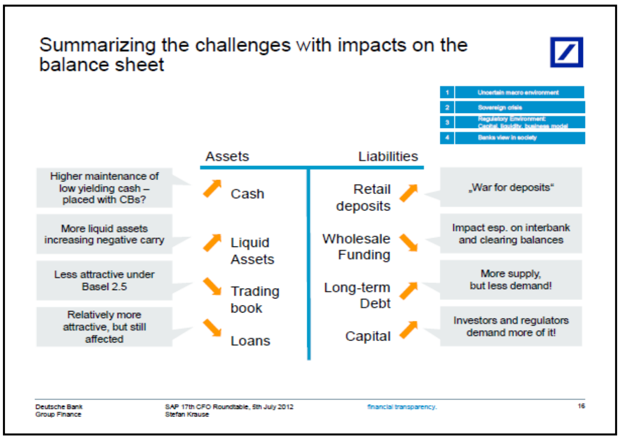
One challenge is an uncertain economic macro environment. At Deutsche Bank they expect this crisis to be different from other crisis because many underlying issues remain unsolved (such as government finances and high unemployment in peripheral countries in Europe) and recovery has been more subdued as in previous recessions.



Another challenge is that the banking industry has a historical profitability problem: long-term performance of the banking sector is ranking very low compared with other major industries and for investors banking has not been an attractive industry in recent years. Delivering shareholder return is therefore among the main concerns of top executives of banks. Because most banks' economic profit is driven by a number of crown jewels this will force to make strategic choices.

But this is increasingly challenged by regulation, such as new regulatory requirements around capital, liquidity, funding, business model and tax of which Stefan Krause gave an overview as well as of the consequences for clients, shareholders, debt holders and the economy. He summarized the consequences of these challenges for the bank by demonstrating their impact on the balance sheet and its business consequences (see chart below).

But also opportunities exist, such as competitive consolidation, which is happening already and is expected further also in the retail segment and which creates more room for the strong players. For those banks that want to leverage this opportunity, technology becomes an important differentiator both to drive efficiency (where banks have to catch up compared with other industries) and to address the new regulations. A second need is to better respond to client needs, helping them to manage the risks they are exposed to (80% of operations in Europe are still financed by banks). Especially the universal banking model helps to address a diverse set of complex financing, risk management and trade client needs. It also provides additional stability and ability to withstand shocks. In addition, economic growth in emerging markets represents a major opportunity for global banks.



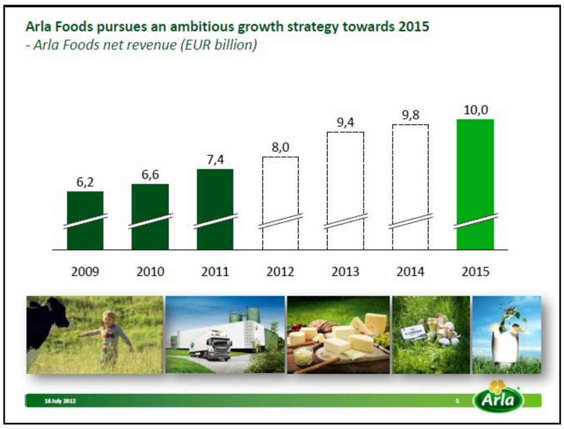
Stefan Krause concluded with the question: What does all that mean for the CFO? It means for the CFO to provide the means for the business to be able to maximize revenues, avoid costs and reduce risks at the same time. This requires coordinated measurement, planning, design and change. It requires a Financial Reporting Architecture across all business units based on agreed common financial data standards that are used also to measure compliance. And Deutsche Bank has made progress in this area and already realized significant efficiency gains from existing and new infrastructure initiatives.

Information about the speaker:
Stefan Krause is since April 2008 Member of the Management Board, Member of the Executive Committee and Chief Financial Officer of Deutsche Bank. Before joining Deutsche Bank he spent over 20 years in the automotive industry at BMW where he started 1987 in the Controlling department, He transferred to the U.S. in 1993 building up and ultimately heading BMW’s Financial Services Division in the Americas. Relocating to Germany in 2001, he became Head of Sales Western Europe. He was appointed Member of the Management Board of BMW Group in May 2002, serving as Chief Financial Officer until September 2007 and subsequently as Chief of Sales & Marketing.

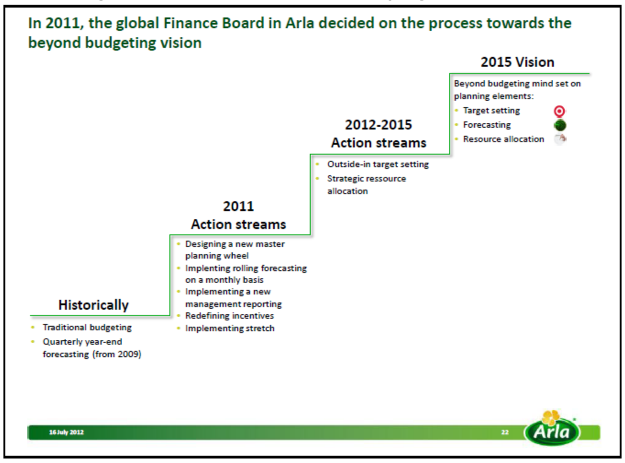
6. Appetite for Growth at Arla Foods – Navigating in a Volatile World
Frederik Lotz, Group CFO and EVP, Arla Foods

Dairy has proved one of the food industry's more challenging areas in recent years with volatile prices, rising production costs – but also with the emergence of new markets such as China. That’s the environment in which Arla Foods has set out for international growth four years ago. But another challenge has to be met as well: managing volatility. The roller-coaster nature of dairy prices over the past years illustrates well that volatility in the sector. Frederik Lotz introduced the audience to Arla’s strategy and route for growth and reported about Arla Foods journey to ‘Beyond Budgeting’ that they started two years ago to enable the company to better navigate in a volatile world:

Arla Foods, the eight largest dairy products business in the world, pursues since 2008 an ambitious growth strategy towards 2015 - both through mergers (in the UK and Germany) / partnerships (in China) and strong organic growth. The objective is to achieve leading positions (1-3) in core markets. Following the M&A agenda in Arla Food, they are working intensively on Post Merger Integration (PMI) across functions and processes. The PMI process is timebound and has a clear start and end. Typically initial focus will be on confirming, taking and finding new synergies. The last phases will focus on building the future business platform and anchor PMI deliverables into operation. In addition to that the impact of upcoming M&As on Arla’s financial ratios and the funding of M&A through various financing channels are another key finance task that is in focus in this area from a fiancé perspective. Current themes in Arla include: consolidation in core markets, driving out synergies in a matrix, efficiency (Arla’s license to play), and a branded strategy (Arla’s license to win). The current agenda in Arla Foods is focusing on efficiency across the entire business – from finance to marketing (including items such as: Global Business Services, consequence of manufacturing footprint, procurement, business process alignment, working capital).



The growth agenda in Arla, driven by globalization and M&A, as well as increasing global market volatility makes the traditional budgeting challenging. Frederik Lotz sees the traditional budget model as fundamentally flawed, because the issue at hand (in today’s volatile environment) is not one of planning: if you cannot project the future, you must learn to roll with. Required is a new approach in performance management ‘beyond budgeting’ which fundamentally re-defines what success is: it insists on measuring performance outside-in, has the guts to articulate super-stretched targets, and aligns all incentives and reporting around these ideas. Thus, in 2011, the global Finance Board in Arla decided on the process towards the beyond budgeting vision (see chart). A key element of the new concept is to segregate



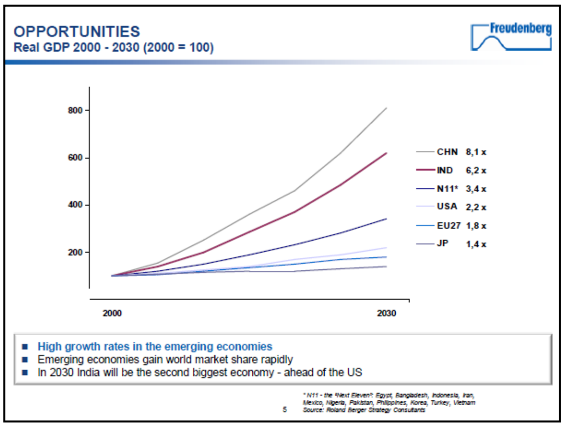
formerly tightly integrated process into separate processes: target setting, forecasting and resource allocation. Implementing beyond budgeting at Arla has led to two types of dialogs internally: a year-on-year performance dialogue (that focuses on growth compared with the past year – similar to what investors do) and a forward-looking, action oriented dialogue (that compares forecast with stretched targets, makes gaps transparent, and invites to action). This required adaption of reporting, incentives and performance management processes.
Going beyond budgeting has strengthened the management dialog in Arla Foods – and ultimately redefined the concept of success: dialog is based on reality and actual challenges and opportunities; focus is action instead of planning; it encourages structural changes through ‘stretch’ and helps to cut waste; future tendencies are captured each month; and quality of forecasting and hence business and resource planning have increased significantly. Frederik Lotz concluded with lessons learned: it’s a leap of faith! it requires top management commitment; systems and processes are not the bottleneck; learn as you go.

Information about the speaker:
Frederik Lotz is since 2010 Group CFO and Executive Vice President at Arla Foods and is based in Viby (Aarhus), Denmark. Before joining Arla Foods, he was, since 2007, Group CFO and Executive Vice President at Danfoss A/S (Mechanical and industrial engineering industry). Prior, since 2001, he was Group CFO of Ferrosan A/S (pharmaceuticals). He started his career with A.P. Møller Maersk (shipping, energy, and logistics) in 1995 as economist. In 1998 he became Finance Manager at A.P. Møller Maersk China and was the Finance Director of Maersk Logistics China from 1998 to 2001.

7. Growth Market India: Opportunities, Risks and CFO Challenges

Dr. Jörg Grossmann, Member of the Board and Chief Financial Officer of Freudenberg Chemical Specialities and Regional Representative for India of the Freudenberg Group

India has always fascinated emperors, adventurers, missionaries and travelers. But only recently, in the past decade, India has started to attract the interest of multinational companies as a destination for sourcing and for sale of goods and services. India became ‘an emerging market’ for companies from the West and an ‘emerging economy’ with a lot of entrepreneurial potential – which is demonstrated by examples like the Tata Group or other Indian companies that are developing into global players. Dr. Jörg Grossmann introduced the audience to the opportunities, risks and CFO challenges of the Indian market:
The Freudenberg Group, founded in 1849 is a one of the largest and oldest German family-owned companies with 6bn EUR in sales (2011) and more than 37.000 employees. 16 business groups are operating in four business areas (Seals and Vibration Control Technology, Nonwovens, Household Products, Specialties and Others) and in 58 countries worldwide. Their special competences are technically demanding products. Freudenberg Chemical Specialities, operates with 3000 employees in 40 countries and generates sales of 700 Mio EUR.



India showed continuously high growth rates of GDP over recent years – creating a significant opportunity for growth. Currently economic growth has reduced (to 5,3% in Q1 2012 from 9,4% in Q1 2010) and inflation is rising, Due to a continuous high fiscal deficit, the government takes short-term fiscal measures. But long term India and China are going to be leading economic powers. Whereas growth in China is export-driven, growth in India is mainly consumption-driven. India’s drivers of growth include: domestic consumption (driven by a strong population growth: India becomes the largest population with highest employable population and domestic consumption is expected to grow fourfold until 2020 compared with 2010); increasing productivity; the high portion of services of overall GDP (around 60%!: ‘has India skipped the industrial revolution?’); and the focus on knowledge based industries (such as BPO, R&D and design centers…). So India has a huge potential to become an economic superpower.
But Strategic and operational risks exist too. Becoming an economic superpower India faces five major strategic risks and challenges: the demographic dividend, a poor infrastructure, lack of education,

bureaucracy and (weak) governance, and a large fiscal deficit. Operating risks include five major issues: volatility of fx rate (relative to EUR), high inflation, high and volatile interest rate, and corruption/compliance (but most Indians now realize that corruption and lack of transparency is bad for economic growth).
And how does Freudenberg exploit the India growth market? The Freudenberg Group operates today with 10 companies in India (where the group is active since 1920) and employs already more than 3,000 people in India. Success factors for the past development of Freudenberg in India include: early commitment, local top management, clear focus on Indian customers, leveraging global customer references, best in class products, and acquisitions. Significant growth drivers for Freudenberg in India are the Indian infrastructure needs (ports, power plants, airports, railway systems, roads, water supply, and telecommunications/Internet). However success requires also to address the operating risks (a CFO task) by implementing risk and foreign currency management + strengthening of local sourcing (to address fx rate volatility), price and working capital management (to address inflation), by moving to intercompany instead of external financing and leverage group rating (to address high interest rate), by establishing guiding principles (to address corruption/compliance), and by setting-up a regional corporate center (overall). As success factors to realize Freudenberg's potential in India Jörg Grossmann named: develop an India Strategy; focus on growth industries; make Indian business opportunities transparent to the decision makers; invest generated profits and funds at an early stage in infrastructure; hire and retain qualified employees and develop senior executives; create an foster and open, fair and performance-based work culture and entrepreneurship, promote the Freudenberg values and guiding principles; improve global knowledge sharing; and build tomorrows structures today. In addition it requires also that Freudenberg takes responsibility from a social perspective in India - for example by an aid project started in 2005 for victims of the tsunami disaster, or by a training center opened in 2008 that enables 145 people to become machinist, welder, electrician, and motor mechanic or CNC mechanic.

Information about the speaker:
Dr. Jörg Grossmann is Member of the Board and Chief Financial Officer of Freudenberg Chemical Specialties since it was founded in 2004 and is based in Munich, Germany. He also is Regional Representative for India of the Freudenberg Group and is Chairman of the Board of Trustees for the "Freudenberg Tsunami Victims Rehabilitation Foundation". He joined Freudenberg as CFO of Klüber, a subsidiary of Freudenberg Group, in 1995 and later became CFO of Freudenberg NOK General Partnership in Detroit/USA in 2002/2003. Earlier in his career he worked in auditing and consulting for a bank and at KPMG.

8. Dinner Speech: Can you Make High Return in a Volatile World of Low GDP?

Michael Phillips, Member of the Executive Committee, Apax Partners

Michael Phillips put 3 topics on the agenda for his speech:

- Where to make 20+ percent return on equity today? (in which countries).
- How to make profit/stay profitable in times of volatility?
- Where to find growth? (in which industries)

As an example he took the modern mobile device evolution that has changed and is still rapidly changing the rules in many industries – creating significant opportunities for growth but also threats.

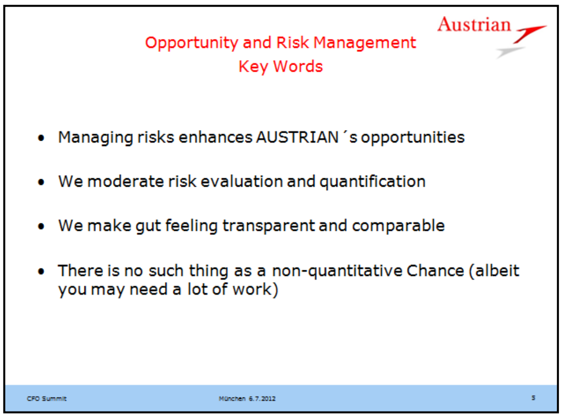
Information about the speaker:
Michael Philips is Equity Partner and member of the global Executive Committee as well as of the International Investment, Approval, Portfolio Review and Exit Committees of Apax Partners, a private equity firm. He is Head of the Munich office and co-heads the Financial & Business Services team. He is based in Munich since joining Apax in 1992. Prior to joining Apax Partners, Michael spend three years at OTTO Holding Ltd. in Cologne, one of Germany's largest waste management companies, as the general manager

of an operations subsidiary and four years at Ciba Geigy Canada as an engineer in the Plastics Additives Division. Michael Philips is a graduate in engineering chemistry from Queen's University in Kingston, Canada. He also holds an MBA from INSEAD.

9. Finance as Co-Pilot in a Volatile Environment: Integration of Risk Management and Planning

Mag. Dr. Wolfgang Henle, VP Controlling and Risk Management, Austrian Airlines

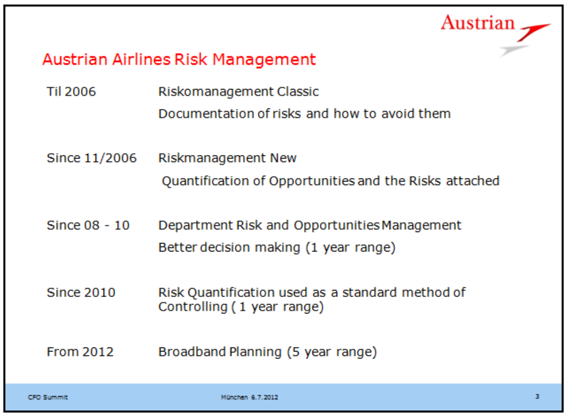
As the environment becomes more and more volatile for Airlines (which leads to more volatility of revenue and thus, of profitability) at Austrian they started to look for a solution. Short term it depends on whether they can react fast enough. Longer term they want to take a bandwidth of (possible) events into account to identify the most probable path and a realistic fluctuation range. It's about to come to an understanding of the true riskiness, risk probability and timing in order to make the right decisions that allows a company to mitigate risks and leverage opportunities. Wolfgang Henle introduced the audience to the concept and to the journey to an integrated risk management and planning approach that he initiated at Austrian Airlines and that has been adopted now also by Lufthansa Group:



Traditional risk management approaches like Monte Carlo are helpful, but they show only the probabilities of certain risks – not when they will happen. Therefore, risk management and planning have to be integrated. On the other side, classic methods to obtain and bolster strategic and tactical plans reduce the world to the most assured and likely case - ignoring possible risks outside that focus, where the probability is lower, but the impact much larger. And experience demonstrates that the most assured case is always at risk. Risk management for him is about making better decisions. Thus, at Austrian Airlines, they don't call it anymore risk management, but 'broad band planning', which integrates risk management and planning and that makes the whole range of possible risks in planning transparent and triggers a healthy discussion that leads to better decisions. Budgeting is also a method to support decision making, but the problem is that it uses only one point forecasts (the most likely case), which in addition are based on intransparent gut feeling. True risk management makes gut feeling transparent and it's a method for moderating the discussion to evaluate gut feeling. Ultimately it's a method to change big, important decisions to the better. And risk management is not about reducing risk: if we do that we are cutting also on the opportunities (risk = volatility, i.e. possible downsides and upsides).

The biggest risk in every business is on the revenue side. The meaning at Austrian Airlines is: how many people fly and how much they pay. And to get the information to forecast that is sometime not easy. In 2009, during the crisis, they weren't able to forecast revenue, because there were no people in the company with 'crisis experience'. Instead, they had to take macroeconomic data from the IMF and used it as an external benchmark to challenge the budget and forecast and to trigger discussions – which eventually led to a new way of estimating risk and forecast results (see below).

The essence of risk management/controlling (i.e. the integrated version of risk management and planning) and of these discussions is to identify the most probable case and to come to a conclusion how far one will be away from the 50% of risk distribution (usually the most likely case) in the worst and best case and where one stands with the budget in that context: that is what they call broad band planning at Austrian Airlines.



Wolfgang Henle reported about the journey of Austrian to broad band planning: Until 2006 the did classic risk management (documentation of risk and how to avoid it); end of 2006 they started with a new approach to risk management (quantification of opportunities and of the risks attached); in 2008 they created a department for risk and opportunities management – under the leadership of Wolfgang Henle – with the focus to support better decisions making within a one year time horizon; since

2010 – when Wolfgang Henle became responsible as well for the Controlling department – they started to use risk quantification as a standard method for Controlling/Planning – but still in the one year time horizon, i.e. a risk analysis of the budget; in 2012 they started with broadband planning within a five year time horizon.

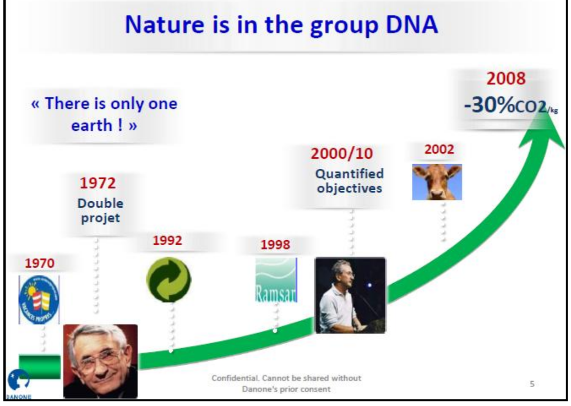
When they introduced risk quantification for planning/ budgeting they started with a Monte Carlo Analysis of a ‘standard year’ (i.e. one without extraordinary risks realized) and displayed the distribution of yield according to probability. They then tried to find the driving factors for change of earning compared with the previous year. They identified a clear correlation between GDP growth in a specific market (such as Austria), number of passengers, and results. So to forecast yield they took the relative change of GDP at constant prices year-on-year in a specific market and multiplied it with the correlation factor and the yield of the previous year, added the change of the distribution due to customer reaction on fuel surcharge, and the event risks (customer loss of different type of events such as 9/11 type or SARS type). The outcome was quite precise: The 2008 risk analysis proved to be within 3% of actual results – and the same for 2009 and 2011. For 2009 (in the crisis year) the risk analysis within the year (= distribution of results per month/on a monthly basis) as well was much more precise then the normal monthly outlook: whereas the normal forecast showed in the first months too good results, it later proved to be too negative – whereas the risk analysis was nearly equal with the actual results.
Broadband planning works according to the same principle – but for three years. The result is a chart that shows net results for the three future years comparing the development of the 50% most likely case, the mid-term plan/budget, the worst case, and the best case according to Monte Carlo risk distribution – which clearly shows, if the current plan is deviating too much, being either too optimistic (ignoring risks) or too pessimistic (ignoring and not leveraging opportunities).

Information about the speaker:
Dr. Wolfgang Henle is Vice President Controlling and Risk Management at Austrian Airlines and is based in Vienna, Austria. Prior, since 2008, he was Vice President Opportunity and Risk Management at Austrian Airlines - introducing systematic collection and valuation of opportunities and risks in all areas of the Austrian Airlines Group. Before, Wolfgang Henle was (since 2004) heading the national carrier of Slovakia as Chief Operating Officer. He started his career at Tyrolean Airways as project manager. Wolfgang Henle is still flying as an aircraft captain for Austrian Airlines one day a week.

10. Danone’s Road of Sustainability via Efficient Use of Resources: Why, Business Case, and Role of Finance

Laura Palmeiro, Finance Director, Danone Nature

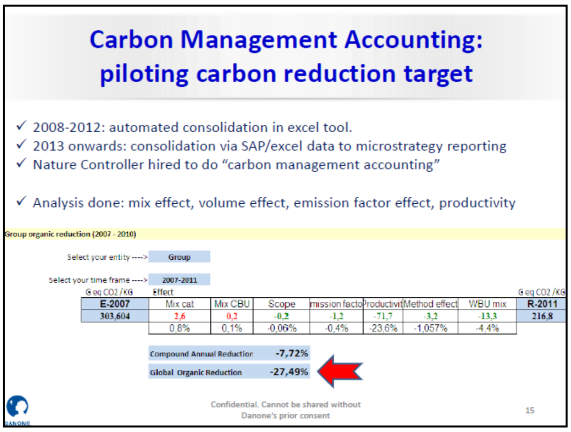
Antoine Riboud, the founder of Danone, declared already back in 1972: "A company's responsibility does not end at the door to the factory or the office. The jobs it provides shape whole lives. It consumes energy and raw materials, and in so doing, it alters the face of our planet. The public will remind us of our responsibilities in this industrial society.” Franck Riboud, the current CEO of Danone and son of the founder, has made this his mission: to turn sustainability into a business. He has defined in 2008 ambitious goals: such as reducing the group’s carbon emissions by 30% until end-2012, but also to bring sustainability into the core of the business models of the operative divisions for which the Executive Committee has set up a new General Manager function called Danone Nature. Laura Palmeiro explains to the audience Danone’s sustainability strategy and its sustainability journey as well as her role as Finance Director of Danone Nature:



Danone’s mission that guides decisions within Danone is to ‘bring health through food to the largest number of people’. Healthy food comes from healthy nature: true commitment to nature is a key to achieve Danone’s mission long term. Danone’s nature initiative represents one of four pillars of its sustainability strategy which includes: nature (reducing CO2 footprint and water consumption, biodiversity, animal welfare, and packaging); wellness and health (quality, nutritional values, health differentiation); economy (access to milk, milk competitiveness, price volatility); and social (revenue, job footprint, satisfaction barometers). Since 1972 ‘nature’ is in the group DNA of Danone – latest with the ambitious objective set in 2008 to reduce Danone’s carbon footprint by 30 percent until 2012. To make that happen and to embed Danone’s sustainability strategy in the business Danone created the ‘Nature Team’ as general management function that is reporting to the CFO and business sponsor. Another important measure was that 1400 managers have been incentivized on carbon emission reduction (representing 1/3 of their total annual bonus).

This required an in depth CO2 footprint and lifecycle analysis of the total of 16 Mio tons of Danone’s CO2 footprint and management of the reduction across all functions: it requires a management accounting concept that includes sustainability issues (especially CO2 footprint data) into the analysis. A VP Finance Nature (Laura Palmeiro) and a small department with two controllers has been established as part of the Nature Team to build Danone’s Carbon Management Accounting with two major building blocks: a company-wide, all products ERP system to measure carbon emissions where all non-financial measures (water, carbon, environmental reporting) are being integrated into one system, as well as a green capex mechanism.

The first initiative has significantly changed the way non-financial data is handled (for which the Nature controllers are now in charge of): it introduced rigorous data collection, enhanced comparability and data quality and introduced analytical accountancy that enables to track Danone’s CO2 footprint on a product/SKU level and to do detailed lifecycle analysis – going beyond the usual approach of CO2 footprint data per activity area on a general ledger level.



As part of the new green capex mechanism they have introduced into the prioritization criteria for investment ideas the CO2 reduction in finished products an investment causes (= important from a consumer perspective) - calculated at a theoretical price of 10EUR/tn CO2. In 2012 15 business units participated in the green capex mechanism, 70 projects came through with a total of 11mio EUR - generating saving of 23 ktn CO2 (equaling 2.057 tons CO2 / mio EUR invested). A critical success factor to make carbon (and sustainability) management accounting happen is the integration of carbon footprinting (and other non-financial data) with ERP data into one system (realized at Danone with SAP).

The next step will be the move to integrated reporting (integrating sustainability and financial data). Danone had already launched in summer 2012 shadow (internal) integrated reporting. And Danone has participated and is participating in developing new reporting standards in various initiatives (Danone was pilot in the PAS 2050 in 2008 with UK products; Danone is pilot for the European Union corporate and product footprints 2011-2012 as well as of integrated reporting 2011-2013; Danone is participating in the development of the water footprint ISO standard; and Danone is innovating in a convergence project between its current carbon accounting and GHG protocol corporate standard).

Information about the speaker:

Laura Palmeiro is Vice President and Finance Director NATURE at Danone, and is based in Paris/France. Before, she was Investor Relations Officer at Group Danone, Sales & Marketing Controller of Danone’s World Wide Waters Division, and Financial Controller at Villa Alpina SA, one of Danone Group’s water companies. She joined Danone in Argentina as Sales & Marketing Controller at Aguas Danone Argentina. She started her career as auditor with Price Waterhouse Coopers.

11. Discussion:
Preparing the Organization for New Frontiers – Role of Finance

After the input through the CFO presentations the following speakers and participants discussed what ‘Preparing the Organization for New Frontiers’ means in practice for their companies, what role Finance will have to play, and about their long-term vision for Finance:

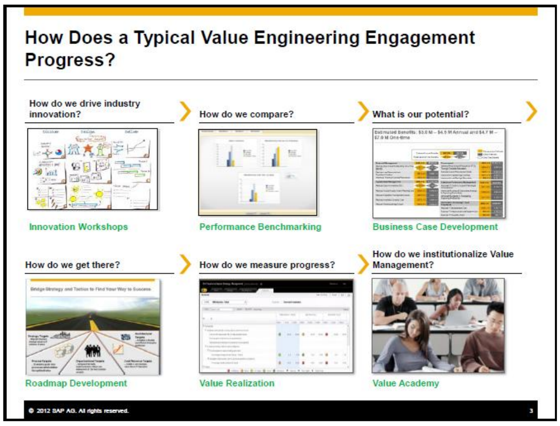
- *Frédéric Devienne, Vice President Finance, AGCO International*
- *Dr. Jörg Grossmann, CFO, Freudenberg Chemical Specialities*
- *Luka Mucic, CFO, Global Sales and Head of Global Field Finance, SAP*
- *Michael Phillips, Member of the Executive Committee, Apax Partners*

Moderation: *Jürgen H. Daum, SAP*

12. Technology-Enabled Business Innovation for Value Creation:
How to Kick it Off and Get Businesspeople and Technologists to Work Together

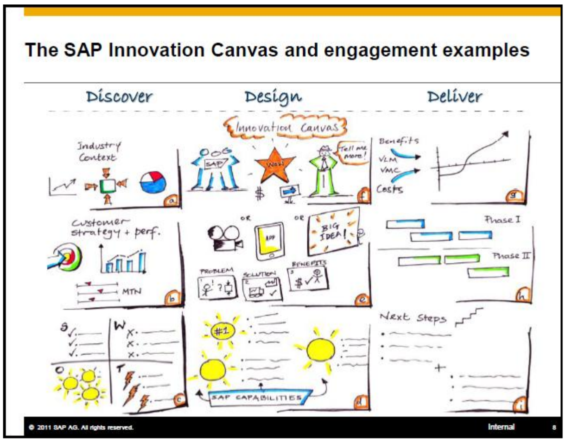
Kalim Khan, VP and Head of Value Engineering, EMEA Core
Dirk Treusch, VP and Head of Value Engineering, DACM

Innovation means – according to the Austrian-American economist Joseph Schumpeter – the success of new solutions in the market. So, it includes commercial success and is not just technological invention. Only if information technology has a real business impact for companies it can create value-add and become a ‘game changer’ in innovation. SAP Value Engineering has developed an approach to support SAP customers in technology enabled business innovation for value creation. The concept has been especially designed to enable business and IT people to work together in a highly effective way in an innovation workshop.



Dirk Treusch started by introducing SAP Value Engineering to the audience: a service of SAP for its customers that helps them to manage the value of IT investments from business perspective - from the discovery phase (how well are we performing today? What will make us better?), through realization (how do we measure progress?) to optimization and institutionalization (how do we scale the value-based approach across our portfolio?). A typical Value Engineering engagement process starts with an innovation workshop (how do we drive industry innovation – see below), followed by performance benchmarking (how do we compare?), business case development (what is our potential?), roadmap development (how do we get there?), value realization (how do we measure progress?) and finally SAP Value Academy (how do we institutionalize value management?). Services of SAP Value Engineering include benchmarking, which is based on a data base that comprises already more than 10.000 survey submissions of SAP customers.

Kalim Khan continued by introducing the audience to SAP Value Engineering’s innovation workshop concept which helps customers to accelerate (co-)innovation by integrating market trends with technology trends and new business models. The ‘SAP Innovation Canvas’ starts in the discovery phase with an analysis of the industry context and of the customer’s strategy and performance - including a SWOT analysis that generates innovation ideas. That is followed in the design phase with the development of the innovation ideas and identification of innovation areas and scenarios. Finally in the delivery phase the business case (valuation of value of innovation) and a roadmap are developed. SAP Value Engineering has developed a useful set of large format templates for graphically facilitated workshops that speed up the process. And this is how it works:



Preparation: 2-4 hours of preparation meeting in which the scope of the workshop is decided, participants are selected and benchmark data is collected.
Workshop: 1-2 days with 10-12 persons max
Outcome/delivery: detailed solution scenarios, prototype application, value proposition, roadmap.
Kalim shared with the audience some (neutralized) examples of the output of such a workshop. More than 100 of such innovation workshops have been performed so far with customers in Europe by SAP Value Engineering. Dirk Treusch (for DACH region) and Kalim Khan (for EMEA Core region) are happy to answer your questions and provide you with more detailed information.

Information about the speaker:
Dirk Treusch is Vice President and Head Value Engineering DACH region, SAP, and is based in Walldorf, Germany. Before, he held various positions in SAP’s field organization: he was Global Account Director for the Bosch Group, Consulting Director and Supply Chain Management consulting unit head, Global Support/Account Manager for Procter&Gamble, Senior Solution Consultant / Team lead and Program Manager for ERP implementation at several large SAP customers.
Kalim Khan is Vice President and Head Value Engineering EMEA Core region, SAP, and is based in London, UK

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