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Customer story

INVEST FOR EXCEL- A MODERN APPROACH TO CAPITAL BUDGETING, CASH-FLOW MODELING AND VALUATION

OUTOKUMPU

Company name

Outokumpu

<http://www.outokumpu.com>

Industry

Steel

Products

A variety of steel products in different grades

Turnover 2010

EUR 4,229 million

Comparable operating profit 2010

EUR -83 million

Operation Plants

Finland, Sweden ,UK and US

Employment

around 8000

Introduction

Outokumpu is a manufacturer and supplier of world-class stainless steel products. The company has a vast range of customers from different industries worldwide. Outokumpu's customer-oriented approach helps its customers to turn project ideas into reality. The company employs around 8,000 people in more than 30 different countries and its head office is located in Espoo, Finland. Outokumpu was founded in 1914 and is one of the six largest steel producers in the world

Harmonizing the calculations

Before starting to use Invest for Excel® Outokumpu was calculating the investment proposals by Microsoft Excel®. However, the calculations were differing too much from each other and the company was looking for a way to harmonize their calculations. "By utilizing one common software, the calculations are more in line and comparable with each other", states Mr. Eero Nevalainen, the Product Support Manager. Invest for Excel® enables the financial controllers of Outokumpu to make comparisons more conveniently, as the calculations are in the same structure and format.

Invest for Excel® was introduced to the company in 2003 and proved to be suitable for the company's need to utilize a common software.



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Today Invest for Excel® is used for all investment calculations in Outokumpu. The unification of investment calculations was considered to be so important that Outokumpu decided to make the use of Invest for Excel® mandatory.

Corporate usage

At the moment Outokumpu has the Corporate license of Invest for Excel®. The company makes a lot of investments annually, and the software serves Outokumpu an easy way to get correct values of internal rate of return, net present value and payback period. For an international company Invest for Excel® offered a good, common platform. The software became an essential part of the company's investment planning process, and it is used in many locations of the company, for instance, in Finland, Sweden, UK and US.

Calculation of international investments

Outokumpu is currently calculating an investment worth 440 million euros in Tornio, Northern Finland. The company aims to double the production of ferrochrome. For a company that invests a lot of money and makes a lot of investment calculations, every detail has to be checked and nothing can be overlooked. The fixed layout of Invest for Excel® helps Outokumpu to get correct answers every time. "It gives security that everything necessary will be calculated and checked in a proper way", says Mr. Eero Nevalainen. "The input layout is fixed and firm and every item is there already, so you don't forget anything", continues Mr. Nevalainen.

Invest for Excel® is also used in Sweden, Degerfors, for an investment worth 104 million euros. Outokumpu is investing in the production of special grade quarto plate in Degerfors. Feasibility studies are also made in other production sites of Outokumpu. For instance, in China the company has an independent service center, which processes further the material that is produced in the main production plants of the company. The software is used for evaluating the costs and benefits.

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The company calculates different types of investments with the software, such as greenfield and software investments. Invest for Excel® is an integral part of the changes made in Outokumpu. When the company decided to change their software from Lotus Notes to Microsoft Outlook, Invest for Excel® was used for evaluation.

Even smaller projects are calculated with Invest for Excel®. Outokumpu is in a process of changing the invoicing of the company to electronic and the costs and benefits were calculated with Invest for Excel®. The project is a small scale project for Outokumpu, nonetheless the result was positive and the project started. The project reflects the values of Outokumpu, as the company is strongly committed to the environment responsibility.

Implementation

The staff of Outokumpu had training from Datapartner when Invest for Excel® was taken into use. The implementation of Invest for Excel® was successful and the company was satisfied with the training. In fact, the company adapted the software easily. The learning of the staff was effortless and colleagues have also been assisting one another with the use.

"Invest for Excel® is user-friendly, simple and reliable"

explains Mr. Raimo Venäläinen, the Project Support Manager, the nature of the software. According to Mr. Venäläinen Datapartner has been very flexible when it comes to organizing the training sessions. He was positively surprised that a possibility to have training in Tornio, Northern Finland, was an option for Outokumpu.

Practicality and Benefits

Outokumpu has been satisfied with Invest for Excel® and with the practicality the software brings. The software is Excel® based and therefore it is quick to adapt by anyone familiar with Excel®. It also automatically guides through the calculations. “The manual is pretty clear”, Mr. Raimo Venäläinen explains.

“I think the program is a must when planning investments, because it unifies the calculations and helps to evaluate investments”

describes Mr. Venäläinen the importance of Invest for Excel® to Outokumpu. Invest for Excel® gives Outokumpu a firm base to make investments decisions and the company continues to use the software for future investments. Outokumpu will also expand the use of Invest for Excel®, if the company decides to pursue new investment areas.

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