

Case study on the Construction of Financial Sharing Center of Angang Group

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Abstract: With the advent of the era of big data, the flow of information between commercial entities is accelerating. For large and medium-sized group enterprises, the volume of transactions is increasing. The traditional financial information system has been unable to meet the needs of the current enterprise development strategy. At the same time, the increase of business volume leads to the compression of space where financial personnel's could be engaged in creative works, which can not bring the value and benefit to the enterprise. At present, integration of industry and finance has become the focus of enterprise information system construction, and the construction of Financial Sharing Service Center has become a popular construction project of large and medium-sized group enterprises, which can help promote the collaborative transformation of financial management system and group strategy. This paper takes Anshan Iron and Steel Group as a case enterprise, explores the construction process of its Financial Sharing Service Center, and obtains the corresponding enlightenment, and puts forward suggestions for the follow-up development of its financial sharing center, so as to provide reference for other similar group enterprises.

1. Case background

1.1 Company profile

Anshan Iron and Steel Group (hereafter this text will be abbreviated as Angang Steel) is a large enterprise directly under the central government. It is jointly reorganized by Anshan Iron and Steel Group and Panzhihua Iron and Steel Group Co., Ltd. and is known as ‘the cradle of new China's iron and steel industry’ and ‘the eldest son of the Republic's iron and steel industry’.

Angang Steel is mainly engaged in the smelting and manufacturing of metal products. It has production bases in Northeast, southwest, north, Southeast and South China, and has rich mineral resources. It is the mineral enterprise with the best resource advantages in China. Its vision is the accomplishment of the most internationally influential iron and steel enterprise group in China.

In 2019, Angang Steel entered the ranks of the world's top 500 enterprises with an operating revenue of US \$23.619 billion in 2018, ranking 385.

The Financial Sharing Service Center (hereafter this text will be abbreviated as FSSC) is a direct subordinate organization of the group and forms a business mutually supportive relationship with the finance department as one of the business departments of the group headquarters.

1.2 Construction of Financial Sharing Center

1.2.1 Construction stage

In general, Angang Steel divides the financial sharing construction project into three sub projects (namely: unified accounting, financial sharing and central financial warehouse) and implements them successively in three stages with the help of existing information means. In the planning and implementation of each sub project, it also follows the principle of gradual launch by branch, function and batch - first select the units directly under the group for pilot launch, and then promotes the launch after summing up experience; In terms of function, they push online expense reporting business, accounts payable settlement business, accounts receivable settlement business and general ledger

business in turn. In this way, it is helpful to check and fill the loopholes of system functions and the collaborative expansion of FSSC functions within the group.

In the first stage, the units with unified accounting are used to share and go online. Through this stage, the experience of FSSC basic functions in business practice is summarized;

In the second stage, the units using SAP system will share and go online. In this stage, the implementation and go online of the data interface function between SAP system and FSSC are completed, in order to improve the data docking ability of FSSC;

In the third stage, the units using heterogeneous systems share and go online. In this stage, based on the experience of SAP data docking realized in the second stage, realize the data docking between non SAP systems and FSSC, and build a standard information interface centered on FSSC and based on the group environment.

1.2.2 The results of construction of Financial Sharing Center

(1) Institutional setting

As mentioned above, FSSC is directly subordinate to Angang headquarters and has seven departments: general ledger statement department, accounts receivable settlement department, accounts payable settlement department, expense reporting branch department, statistics settlement department, operation management department and comprehensive management department. Thus, the specialization of the group's business and the integration of practical processing are realized.

(2) Construction achievements

After the completion of FSSC construction, Angang's financial management mode has also changed. A large number of repetitive and basic financial work is completed by the sharing center to promote the transformation and upgrading of the work content of the group's financial personnel. The overall finance of the group is divided into three parts: Strategic Finance, Shared Finance and Business Finance, supporting each other. The specific division of responsibilities is shown in Figure 1.

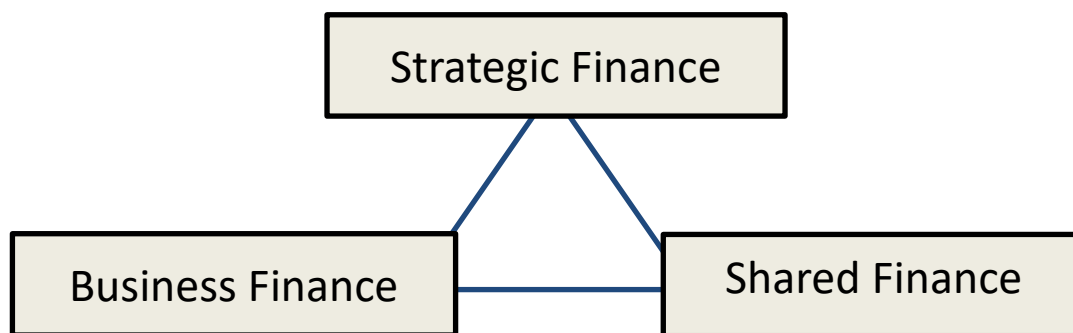


Figure 1 division of financial responsibilities of Angang

Among them, the function Shared Finance is performed by FSSC, which mainly completes the basic business, accounting treatment and system optimization; The business finance function is performed by the financial department of the member unit, which is mainly responsible for the construction of financial system, budget management, fund management, cost management, tax management, financial report and financial analysis; The strategic finance function is performed by the group headquarters and the second and third level sub groups, focusing on the overall budget management, centralized fund management, capital operation, tax planning and accounting policy at the group level.

It can be seen that the construction of FSSC effectively helps the financial personnel in the group to realize the role transformation from the executor of the company's strategy to the participant in the formulation and implementation of the company's strategy. The realization of FSSC function helps the financial personnel liberate from the lack of creativity, so as to engage in analytical and managerial financial work, effectively supports the group to achieve strategic objectives and highlight the value creativity of human resources; At the same time, it also improves the overall work efficiency of the

financial department. The centralized processing of homogeneous businesses greatly improves the efficiency of financial work, helps the front-end work of finance to achieve standardization and efficiency, and helps the group achieve higher-level value creation in the whole process.

2. Case Analysis

2.1 Feasibility Analysis

Throughout the case, it can be believed that in order to successfully build FSSC, commercial organizations need to reach coordination in scale level, information level, planning level and staffing. The above views are analyzed in combination with the relevant situation of Angang.

Firstly, in terms of scale level, Angang has the scale and volume to build FSSC. In the first place, from the perspective of organizational structure, Angang has many levels of legal persons, and from the perspective of geography, it is widely distributed throughout the country, so the management chain is relatively long and has basic construction conditions. If the enterprise is small, the effect output of building FSSC may not reasonably cover the input, which is not in line with the principle of cost-effectiveness, so it is not necessary to build FSSC; and then, from the perspective of business form, Angang has many business forms. In addition to the main iron and steel and mining business, the non main business involves the business of many industries such as medical treatment, finance, information and real estate. The business is highly professional and complex, so the group also has the application space of FSSC.

Secondly, in terms of informatization level, Angang Steel is equipped with corresponding business and financial systems, and deeply applies ERP and AMS systems to achieve the informatization storage of comprehensive business and financial data within the group. Therefore, the group has the basic conditions and platform advantages for building FSSC.

Thirdly, Angang has designed a step-by-step, point-to-face implementation scheme for the construction of FSSC. The core idea is to adjust the direction of technological innovation through continuous practice, find and solve problems in time. The implementation of the specific scheme is not achieved overnight. Under the condition of normal daily business, appropriate adjustment and leak detection are conducive to the promotion of the overall innovation scheme. Otherwise, even if the FSSC construction is completed, its mismatch with the actual business and the friction caused by the lack of adaptability of actual operators for daily work will not be conducive to the value creation of the group.

Finally, Angang is equipped with a professional financial team to provide strong support for the launch of FSSC - the group finance is responsible for relevant interpretation, training, professional guidance and supporting services, so as to ensure the construction of FSSC.

In conclusion, Angang has the feasibility requirements for building FSSC. It can be seen that the success of FSSC construction is based on the corresponding software and hardware conditions, and requires the concerted efforts of multiple parties inside and outside the group.

2.2 Necessity Analysis

From the macro level, since the 12th Five Year Plan, SASAC and the Ministry of finance have successively put forward the requirements for Chinese enterprises to gradually establish financial sharing service centers, which reflects the state's concern and encouragement for the construction of enterprise financial informatization. The wide application of information technology is the general trend. As a group company with corresponding scale, the cross regional business scale is expanding, and the business volume and business type are increasing. For the financial end as the end of business information flow, its data flow and processing pressure will be increased accordingly. Therefore, it is imperative to comply with the development trend of the times and establish a more integrated FSSC.

From the meso group level, as an organic whole, the establishment and implementation of the group's strategic planning involves every component of the group. Therefore, the sharing of financial information of each component of the group is conducive to the high-level view of the transformation

and upgrading of the strategy from the perspective of the whole rather than fragmentation, and strengthen the financial support for the group's development strategy.

At the micro level, the volume of businesses such as expense reimbursement, accounts receivable and accounts payable increases rapidly, and the increase of basic and repetitive workload brought to financial personnel will compress the spiritual and physical space that can be allocated to creative work. Even if more financial personnel are recruited, they will not bring a higher level of value creation to the enterprise. Therefore, FSSC's integrated and efficient handling of financial work can effectively solve the difficulties encountered by financial personnel in practical work and implement the group's strategy. In addition, the increase of transaction volume and the complexity of transaction nature may increase the financial risk of the group. The establishment of FSSC helps to reduce the compliance and legitimacy risk in the process of business processing.

To sum up, it is necessary for Angang to build FSSC - it can solve the immediate practical problems. In the long run, it is a positive measure in response to the national call, which can help the group realize the strategic transfer of financial management system, promote the group to achieve strategic objectives and achieve strategic transformation.

2.3 Significance of FSSC Construction

Angang Steel extrapolates the financial standards to the business level through the construction of FSSC, which can not only improve the work efficiency of the financial department, but also realize the standardization of specific business activities of the group. In this way, it can effectively reduce the business handling friction caused by inter department information barriers, information communication time lag, data repetitive flow and other phenomena, and force the professional, standardized and compliant awareness of the personnel in the front financial line, So as to promote the efficiency improvement of the group as a whole, rather than the single line of finance, and provide space for more efficient value creation activities, so as to timely adjust and achieve the group's strategic objectives.

FSSC realizes the role transformation from expense center to profit center by providing standardized and integrated efficient accounting services, which can create value for the group itself - reduce the group's financial risks, promote the reform of financial management system and improve the group's profit space by improving operation efficiency, data sharing and tracking, process and business content compliance and legitimacy supervision.

In addition, the construction of FSSC, the development and application of information tools and the reform of group organization are indispensable. The former builds an it base for process collaboration, while the latter provides environment and human resources guarantee for the smooth implementation of the central work; The construction of FSSC also promotes the synergistic promotion of the two.

3. Enlightenment and suggestions

3.1 Enlightenment

3.1.1 FSSC shall be established step by step

Based on the technical requirements of the pilot project, Angang Steel puts forward a more comprehensive technical plan for the implementation of the system, taking into account the problems that may arise in the process of the system construction and implementation, and put forward a timely solution according to the technical requirements of the pilot project. Adopting the strategy of going online step by step rather than completing R & D can also avoid the comprehensive business processing obstacles that the group may face due to the latter.

3.1.2 Conduct sufficient field research

The establishment of FSSC ultimately serves the actual business processing activities. Before the corresponding module design, Angang also conducted sufficient and detailed field research on the launch plan of specific projects to understand the basic business processing process and find

optimization space. The necessity of doing so is as follows: first, only by fully understanding the implementation of specific processes can it be projected into the information process, And provide targeted online process optimization solutions to reflect the initiative of information technology in solving practical problems; Second, through field research, we can fully understand the business needs, lay a foundation for the promotion of financial standards after the system goes online in the future, and reduce the friction in the communication between business and financial lines. Otherwise, we may not be able to achieve the purpose of improving the overall efficiency of the group, which is contrary to the original intention of building FSSC.

3.2 Recommendations

At present, the construction of FSSC in Angang has achieved initial results. Now, combined with the case content, suggestions are put forward for its further optimization scheme, which may provide reference for other group companies in the establishment of FSSC.

3.2.1 Expense reimbursement process: strengthen invoice life cycle management

At present, the expense reimbursement process of Angang requires the business personnel to complete the front-end reimbursement application, invoice registration and other work, and the management of input invoices is still scattered. Therefore, the establishment of group invoice pool or the connection with the corresponding system data of tax authorities can reduce the lack of smoothness of the reimbursement process caused by incorrect recording, re recording and overdue deductible invoices, that is, the management of input invoices throughout the life cycle, Further release the workload of business and financial personnel and improve the operation efficiency of FSSC.

3.2.2 Continue to introduce intelligent technology

Under the tide of development in the new era, the development of information technology is changing with each passing day. For example, Bubugao Financial Sharing Center introduces the verification of input virtual document information and reimbursement document information of intelligent robot; uses RPA robot to download third-party business information, and uses reconciliation robot to complete automatic reconciliation, etc. Angang Steel can learn from the advanced experience of other enterprises and introduce intelligent financial robots such as billing robot, acquiring robot and reconciliation robot to further improve the efficiency of financial audit and promote the further optimization and development of financial management system,

3.2.3 Keep pace with process design and business innovation

The main function of FSSC is standardization, which may hinder the handling of special services. Because different businesses of different nature will correspond to different approval requirements, when emerging businesses are generated, the original process rule settings may not meet the personalized needs. Therefore, the design of FSSC business process should consider both homogeneity and particularity, gradually bring the special business into the centralized processing of the center, and set different processes according to business segments.

3.2.4 Actively guide talent transformation

The release of basic workload brings more room for financial personnel to improve their ability. Analytical and strategic financial personnel are important human resources of the group. At the same time, management accounting gradually highlights its importance and requires accountants to conduct detailed composition analysis on the basis of corresponding distribution and collection of cost data with the support of cost control system.

Through cooperation with colleges and universities and taking the lead in the training of financial line personnel, group enterprises can focus on cultivating the professional abilities of financial personnel in the following directions: cost management, budget management and risk management, and strengthen the accountants' understanding of the group strategy, so as to help them analyze financial data at a higher level and provide reasonable and feasible suggestions for the further

development of enterprise operation and management, Help enterprises correct the development direction in time.

3.2.5 Establish FSSC performance evaluation system

The establishment of FSSC performance evaluation system is a link of FSSC subsequent maintenance optimization. Referring to the operation characteristics of FSSC, build a performance evaluation system combining quantitative and qualitative evaluation, and analyze the problems existing in the existing operation process and the specific business development involved, so as to put forward targeted suggestions for the subsequent optimization of FSSC. It should be noted that in addition to selecting appropriate data indicators, the performance evaluation system needs to include factors such as the actual use feeling of the system and optimization suggestions into the system, and "hire" the actual workflow operators in FSSC to participate in the maintenance activities of FSSC.

4. Summary

In the era of "great wisdom moving to the cloud", group companies with large businesses and institutions need to establish FSSC to optimize the group's value creation process. Integrated financial treatment will ultimately serve the overall strategic development of the group. Therefore, on the basis of industry finance integration tools, standardized business and financial processing processes are the general trend and comply with the development requirements of the times.

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