Atlas Copco ASAP
Advanced Service and Administration Provider

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Atlas Copco ASAP

• Background
• Vision, mission and strategy
• Scope and structure of ASAP
• Implementation
• Benefits for the Atlas Copco Group
Background

• Atlas Copco initiated a feasibility study 4th quarter 1998
• Internal and external fact finding to find best concept for Atlas Copco
• ASAP implementation started mid 1999
Background
# External Companies

## Common Processes

<table>
<thead>
<tr>
<th>Process</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>75</td>
</tr>
<tr>
<td>General accounting</td>
<td>71</td>
</tr>
<tr>
<td>General ledger</td>
<td>65</td>
</tr>
<tr>
<td>Account receivable</td>
<td>65</td>
</tr>
<tr>
<td>IT management</td>
<td>58</td>
</tr>
<tr>
<td>Credit control</td>
<td>57</td>
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<tr>
<td>Invoicing</td>
<td>52</td>
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<tr>
<td>Procurement</td>
<td>48</td>
</tr>
<tr>
<td>Travel and expense reports</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: EIU research report 9809
Administrative Service Provider
- Vision

• Atlas Copco believes that an administrative service provider is essential to streamline administrative processes in a defined geographic area or globally in order to improve quality, efficiency and limit costs to always be competitive

• Ultimately there could be one administrative service provider organization on a world wide basis
Administrative Service Provider - Mission

• To improve the quality of support services and reduce costs for providing these services by transferring support services from many companies to a limited number of shared services centers and providing customer focused services to the companies involved at competitive prices.
Administrative Service Provider - Strategy

To improve quality by:

• Building an organization dedicated to provide high quality services
• Standardized solutions
• Re-engineering business processes and establish ways to measure
• Establishing service level agreements
• Changing mindset from “back-office” to “front-office”
• Increasing competence levels
The essential elements of a common service provider’s operation revolves around:

- People
- Process
- Technology

Common service operation = internal outsourcing
Scope of ASAP

Core
- Sales
- Office services
- Taxes
- IS/IT
- Accounts payable

Accounts
- Customer remittances
- Invoicing
- Fixed Assets
- Payroll
- Atlas Copco Group reporting

VAT
- Statutory acc.
- IS/IT

General ledger
- Travel & expense reports
- Credit coll.
- Order entry
- Sales
- Service
- Marketing

Scope of ASAP
Structure of ASAP

Virtual organization
• Hub in Antwerp and co-located employees in 15 European countries
• ASAP has around 250 employees

An internal service provider
• Written service level agreement
• ASAP can outsource to other service providers
Pros and Cons of a Virtual Organization

+ Closeness to the business important to safeguard the quality
+ Evolutionary approach
+ Technology can bridge distance
+ Recruit good people where it is possible

- Cost cutting takes more time?
ASAP Antwerp and Co-location

Today

Transition

In 2-3 years

Co-located

ASAP Antwerp

Outsourcing
Implementation: Step by step

• Consolidation
  Common systems and procedures

• Standardization
  Processes and software

• Re-engineering
  Implement best practices
Implementation

Phase 1 - Started Sept. 1999
• Identify all ASAP employees in 15 European countries
• Physically move people together per country to create one team
• Get the quick-wins
• Single-point-of contact for helpdesk requests
• Local streamlining of processes

Phase 2 - Will start in 2001
• Further standardization of processes and tools
• Re-engineering
Country Implementation Status

- Four countries implemented (April)
- Another four to be ready by July
- All 15 countries are scheduled to be implemented this year
Benefits for Atlas Copco

- Allow sales companies to focus even more on core business
- Improved quality and efficiency of administration through dedicated service organization, having the right competence levels, and well-defined and measured processes implementing best practices managed use of standardization
- Larger volumes enable larger investments leading buyer activities