

GBU Definition for SyWay

Issue

Syensqo is a global chemicals company with a broad product range that includes sectors such as aerospace, automotive, healthcare, energy, batteries, and consumer goods. To manage this extensive portfolio, the company is divided into several global business units (GBUs), each concentrating on a specific market sector. These units drive innovation in areas like advanced materials, consumer products, and industrial solutions. This structure allows Syensqo to adapt its cutting-edge technologies to the unique demands of each market, ensuring robust growth across its strategic divisions. The GBU concept is well established in the Business but it is not very clear on how it needs to be represented in the system. This document is meant to help with the identification of guidelines and rationales for GBU representation in the to-be solution across the enterprise structure.

Background & Context

Syensqo is a prominent global chemicals company renowned for its diverse and comprehensive product portfolio. The company operates across a wide array of sectors, including aerospace, automotive, healthcare, energy, batteries, and consumer goods. To effectively manage and optimize this broad range of products and services, Syensqo has organized itself into several specialized Global Business Units (GBUs), each focusing on a distinct market sector. Following are the GBUs that are active as of the time of writing this paper

- Composite Materials
- Novecare
- Speciality Polymers
- Technology Solutions

Each GBU is dedicated to a specific area of expertise, allowing Syensqo to tailor its strategies and innovations to meet the particular needs and demands of its respective industries. This specialized structure fosters innovation in key areas such as advanced materials, consumer products, and industrial solutions. By concentrating on these critical segments, Syensqo is able to leverage its cutting-edge technologies and industry insights to drive growth and maintain a competitive edge. The company's strategic organization enables it to respond dynamically to market trends and customer requirements, ensuring that its solutions are both relevant and effective. This approach not only supports Syensqo's commitment to innovation but also contributes to its robust growth and leadership across its various strategic divisions.

In order to support the innovation, operations and Business development each of these GBUs is allocated a separate budget along with their own leadership team, org structure and reporting lines. Each of these GBUs have different customer base and different trademarked product lines (Some of the products still might have similar compositions to other GBUs) with different pricing mechanisms.

Following are some of the commonalities across the GBUs

- Products
 - A lot of the raw materials and semi-finished goods are shared across the GBUs. A finished product of one GBUs can become a semi-finished product of another GBU
- Physical Presence
 - Some of these GBUs share the same physical location for Production or Distribution Example: 7008 Willow Island in US is a manufacturing center shared between Composites, Novecare and Technology Solutions, 8090 / Ospiate Di Bollate in Italy is a distribution center for Aroma Performance, Novecare , Speciality Polymers and Technology Solutions
- Company Registrations
 - These GBUs are not registered separately as a company in each of the country they operate. They usually share the same companies with their licenses to sell, manufacture and operate assigned to the same company. Ex: Company code 6422 Specialty Operations France S.A.S in France, which is registered to operate and sell Novecare, Technology Solutions, Aroma Performance and Speciality Polymer products
- Fixed Assets
 - Some of the Fixed Assets are shared across multiple GBUs in case the plants are shared across multiple GBUs
- Logistics
 - Transportation is planned and executed across multiple Legal Entities and GBUs
 - GBUs have shared warehouses

Following are some of the differentiating factors for each of the GBUs

- P&L and Group Results
 - Each GBU has its own P&L. Some parts of the Balance Sheet are tracked and reported at GBU level (e.g. working capital, invested capital)
 - Market results are published at operating segment level. Operating segments are an aggregation layer above the individual GBUs
 - Sales for the reporting period are disclosed externally by GBU
- Regulatory and Compliance
 - Each GBU, given the nature of their Business and unique customer base have different regulatory and compliance requirements ex: Trading Licenses are obtained at GBU level. 7786-CYTEC AUSTRALIA HOLDINGS Pty Limited has 2 trading licenses under one legal entity
- Operational Differences
 - At a material level: Even though it is the same materials that is procured / transferred / Sold, following are some of the differences that can happen at a GBU level
 - Raw materials though same material across the GBUs can have a different supply chain network i.e. In GBU 1, the same raw material can be transferred from another plant and in GBU 2, it can be transferred from a different plant. This could be because of the quality parameters, urgency of the material, advance planning maturity, country of origin etc..
 - Though same material is sold to a customer from the same plant, different GBUs can have different ways of packaging the product

- Though it is the same material that is sold, there could be different ways of shipping the product depending on the customer and the GBU
 - Different inventory valuation approaches for materials across GBUs - Some GBUs consume the standard cost of the material and others consume based on statistical moving average prices (semi-standard price).
 - At a Business Partner (Customer/Vendor) level:
 - Can have different Incoterms for the same Customer / Vendor based on the GBU
 - Can have different payment terms for the customer or vendor
 - KPI's
 - The targets and KPI's are different for each GBU even though the materials are similar. This is due to the nature of the industry and the customer base
 - Operational Security
 - Access Restrictions / Firewalls (e.g. China) between the GBUs for accessing certain kind of data due to the operational / in country regulations/policies and procedures

Considerations

- With Syensqo being a relatively young company, investments, divestments and re-organizations are expected to occur. Hence, the GBU representation in ERP must be flexible enough to support such business activities.

Simplification Options considered

Following are some of the simplification options considered to represent the GBU in ERP Rebuild Hub

1. Aligning the GBU's per company code
2. Aligning the plants per company code
3. Aligning the Sales Org per company code and GBU

Option 1 and 2 are not viable for the following key reasons and not pursued further.

As production, warehousing, and other activities from multiple GBUs are consolidated within certain plants, the alignment of GBUs with company codes and plants will result in the creation of additional virtual plants in the system. This will lead to increased operational complexity.

- **Increased Overhead:** Managing two sets of storage locations and warehouses will result in additional operational tasks and complexities.
- **Goods Movement:** If a manufacturing plant is divided to align with different GBUs, raw materials will need to be transferred between these split plants. What was previously a simple consumption from a storage location will now involve intra-company transfers.
- **Procurement Efficiency:** Splitting purchase orders across multiple plants is inefficient and will limit potential savings on raw materials.
- **Inventory Management:** Stock takes will become more cumbersome since all the physical inventory remains in the same plant despite the virtual plant setup.

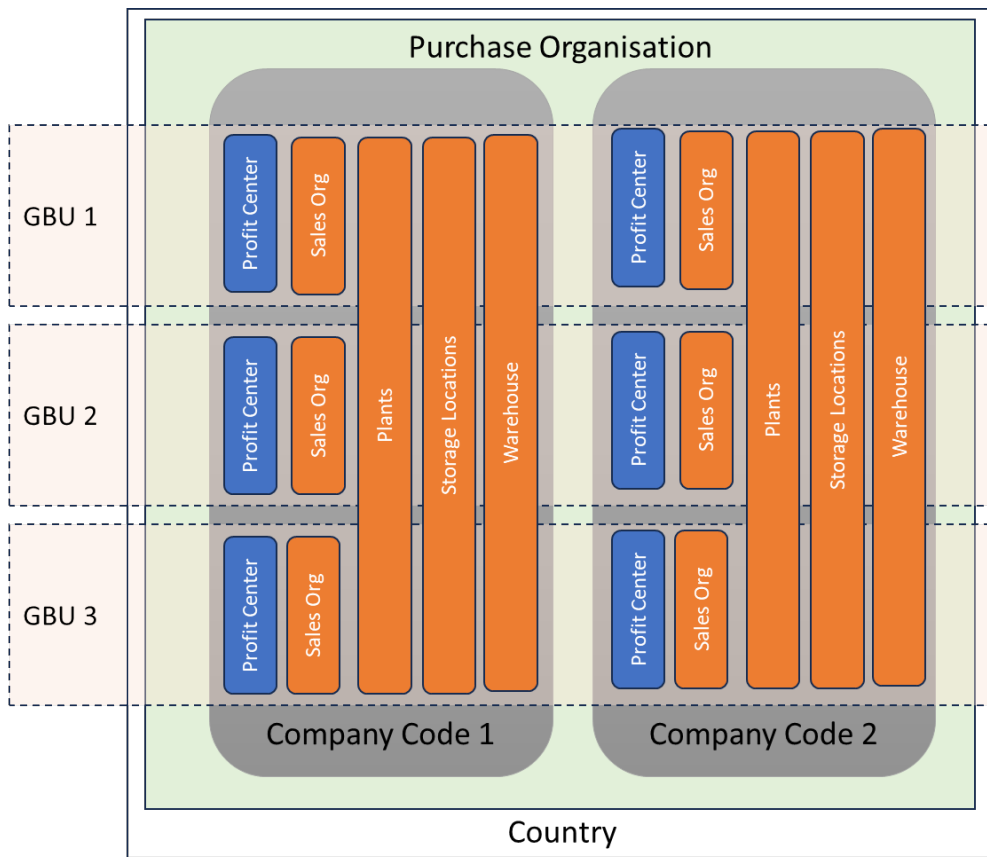
Option 3: Aligning Sales Org per company code and GBU

This option is documented in the KDD [KDD060 - Sales Enterprise Structure - Sales Organization](#) and the recommendation is to create one Sales Org per company code and GBU

Recommendations

Based on the above background, following is how GBUs will be represented in ERP Rebuild program

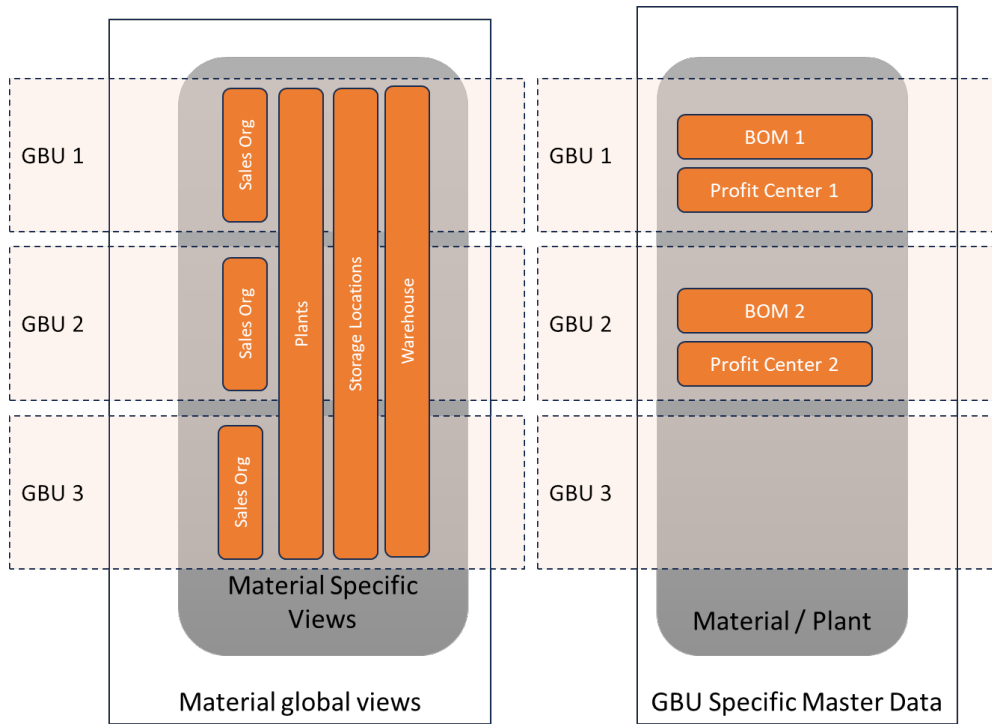
- Success Factors:
 - The entire GBU Organisational Structure and reporting structure will be replicated in Success Factors
 - The cost centers will be aligned with the GBU structure
 - There will be common job profiles across Syensqo, however where required there will be specialized jobs created for each GBU
 - The job bands however will be aligned across Syensqo and will not be GBU specific - these bands will be consumed in operational / DOA workflows
- ERP
 - Enterprise Structure
 - Enterprise structure objects generally will not be differentiated based on GBU. However, in case of the below exceptions, there might be a differentiation in the GBUs:
 - Legal / Regulatory requirements require the GBUs to be denoted separately
 - Requirement to report partial or complete Financial Statements at GBU level (via profit centre/cost centre hierarchies)
 - Requires complex customizations and effort to meet the operational requirements if the GBUs are not denoted separately



○ Master Data

- Master data will generally not have any GBU differentiation, e.g. single material master record with relevant plant and storage location attributes

Master Data	Details
Manufacturing Data	Master data will be mostly GBU-specific, e.g. BOMs, Routings etc.
CO Master Data	GBU-specific via profit centre assignment and roll-up into hierarchy nodes representing GBUs
Other Master Data	No GBU differentiation - e.g. Material Master, Vendor etc.



- Transactional Data
 - There is no GBU specific differentiation done in the transactional data unless required by Security requirements / Reporting or Workflow requirements. Ex: There is going to be one order type for Intercompany Purchase Orders irrespective of the GBU, however if there is a need to differentiate the GBU there might be a different document type created. The requirements will be evaluated in the detailed design and the best recommendation to incorporate those requirements will be proposed
- Security
 - GBU-based security will be implemented only where required, either by standard means (ex: Order types, Item Types etc..) or by Enterprise structure objects or by implementing custom security objects . Detailed further in the security approach.
- Reporting
 - GBU-based reporting will be implemented via Enterprise Structure objects or other attributes where applicable. ex: Inventory reporting at GBU level for finished goods is achieved by profit center reporting, however for raw materials, semi-finished materials and Assets it will have to be a % based split on the historical data
- Workflow
 - Global DOA approval workflows will be implemented based on the Job Bands

Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

May 28, 2025	Actor	Type	Activity	Version
Approved	DANKIR-ext, Soukaina	State	changed state to Approved at 9:33 am	v30
Pending SteerCo Review	DANKIR-ext, Soukaina	State	gave <i>Final Approval</i> approval at 9:33 am	
		State	changed expiry date to '11 Jun, 2025 09:33 am' at 9:33 am	
		State	changed state to Pending SteerCo Review at 9:33 am	v30
Edited following Stakeholder Review	DANKIR-ext, Soukaina	State	gave <i>Minor change</i> approval at 9:33 am	
May 15, 2025	LEIGHTON-ext, Dean and NARAHARI-ext, Bhargavi	Edit	multiple updates from LEIGHTON-ext, Dean and NARAHARI-ext, Bhargavi	



NARAHARI-ext, Bhargavi

State

changed state to **Edited following Stakeholder Review**
at 12:22 pm

v29
