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Implementing a Cost Management System for Shekou Container Terminals, One of China's Leading Ports Operators

Established in 1989, Shekou Container Terminals is the first professional international container terminal operator established in the Port of Shenzhen—one of the busiest and fastest growing ports in southern mainland China. Shekou Container Terminals is a subsidiary China Merchant Holdings International.

With its strategic location at the estuary of the Pearl River and in the western Shenzhen Port, Shekou Container Terminals is a prominent transportation gateway for both international and domestic cargo owners and carriers seeking access to and out of South China.

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Business Challenge

The global economic crisis has dealt a severe blow to the shipping lines, port economies and the entire transport logistics chain. China's ports, in particular, have experienced a record decline in global container traffic. Combined with increases in terminal capacity, the South China ports market has become a buyer's market.

Since competition between ports has intensified in the effort to secure shrinking and less profitable opportunities, cost management has become a key factor for Shekou Container Terminal's performance improvement and sustainable development.

How Accenture Helped

Shekou Container Terminals engaged Accenture to help improve its cost management and governance capability and enhance performance management.

From August 2009 to February 2011, Accenture worked closely together with Shekou Container Terminals to:

- Define the cost ownership structure and cost key performance indicators (KPIs) to enhance its cost management and governance

- Design a cost management dashboard to report cost monitoring, tracking and control
- Implement the cost management system with the client's IT Department by customizing Accenture's Terminal Performance Management asset—a designware tailored for ports with representative KPIs, cost model, management reports and multi-dimensional data analysis capabilities
- Provide guidance on definitions of cost management and governance processes and workflows

Accenture conducted the finance and performance management and systems integration work involved in this project at the client's site in Shenzhen and completed technology development work at the Accenture China Delivery Center in Guangzhou.

Since cost management is not just system and requires organizational readiness, Accenture worked with Shekou Container Terminals to orchestrate the IT and business workstreams to harmonize the change within the organization.

"By choosing Accenture to help us establish a cost management system, Shekou Container Terminals now has the ability to proactively monitor and control costs. This capability is critical for our ability to compete successfully in today's port environment and provides us with the cost awareness we need to sustain future growth."

Michael Zhou, General Manager, Shekou Container Terminals

High Performance Delivered

With the new cost management system and processes in place, Shekou Container Terminals can achieve remarkable results in managing costs and had achieved double-digit cost reduction. Most importantly, the client now has the foundation needed to improve its cost structure continuously—not just for one-off cost cuts.

Shekou Container Terminals has gained:

- An enhanced enterprise performance management capability, allowing proactive cost monitoring and control
- Standardized mechanisms for cost control and cost analysis that ensure sustainable cost management
- A cost management system that provides the technology platform for cost analysis, management reporting and decision support
- Defined processes and workflows for cost management and governance, which standardize the client's cost management approach and deepens cost awareness culture across the enterprise
- Industry-specific performance management

In addition, Shekou Container Terminals has become the leader in implementing cost management and governance capabilities within China Merchants Holdings International and has earned accolades from its top-level management team. Overall, the client has improved its analysis capability to understand profitability and costs by various dimensions—providing the cornerstone to drive improvement initiatives and customer strategy.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. As a Fortune Global 500 company, Accenture has approximately 215,000 people worldwide serving clients in over 120 countries. The company generated net revenues of US\$21.6 billion for the fiscal year ended Aug. 31, 2010.

Accenture has conducted business in Greater China for more than 20 years. Today, it has more than

5,700 people working in Greater China, throughout offices in Beijing, Shanghai, Dalian, Guangzhou, Hong Kong and Taipei. With a proven track record, Accenture is focused on leveraging local best practices and successes, and is dedicated to delivering premium client value and results. Accenture helps clients define strategy, streamline business processes, integrate systems, promote innovation and enhance overall competitive advantage to ultimately attain high performance.

For more information about Accenture, please visit its corporate homepage www.accenture.com and its Greater China homepage www.accenture.cn.

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