

Implementation of an Integrated Group Finance Information System

At Skins International GMBH



Skins is an international designer, manufacturer, and distributor of sports and therapeutic compression wear such as tights, tops, and shorts.

Skins compression wear enhances blood circulation, increases muscle oxygenation, helps prevent fluid retention, removes lactic acid faster, improves endurance, and reduces post-exercise muscle soreness.

Skins compression wear is used by a wide variety of people including footballers, Rugby Union and Netball players, cyclists, runners, skiers, and deep vein thrombosis sufferers.



cubewise CASE STUDY

The Challenge

Skins, originally founded in Australia, has been rapidly expanding globally and into new markets based on their solid brand and surging success.

As part of this expansion, Skins' financial information ended up being split between nine separate SAP Business One company databases.

Financial consolidation and reporting was done in spreadsheets which meant the key Office of Finance processes were generally manual, slow, and lacked segmentation and other critical details.

Operational (sub ledger) reporting could only be done for individual companies with no group wide picture.

Budgeting and planning was also done in spreadsheets which meant that this process was also manual, slow, lacking segmentation, and importantly, lacking customer and product detail.

Daniele Tedesco was brought into the business as the new Group CFO in May of 2009. One of his highest initial priorities was his commitment to the Skins board to provide an integrated and wide-ranging set of business performance management processes and reports. Based on the success of an initial proof of concept, Daniele chose IBM Cognos TM1 as the platform and Global TM1 implementation experts from Cubewise to work with his team to make it a reality.

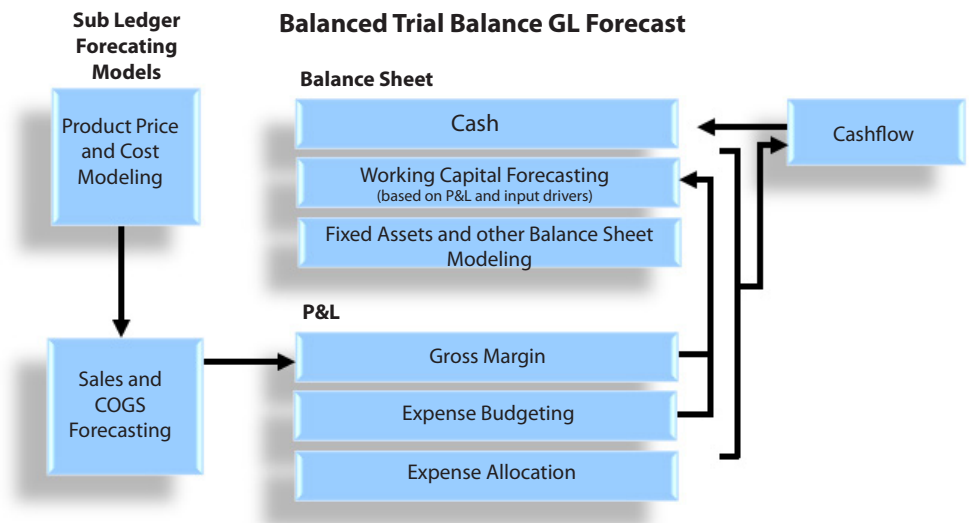
The Solution

The TM1 solution developed for Skins was a comprehensive Group Finance Information System, which includes all of the following components:

	Reporting & Analysis	Budget/Forecasting/Modeling
General Ledger	Group chart of accounts management GL data acquisition Currency translation Inter company elimination Expense Allocation Ad hoc investigation of consolidated financial results Management Reporting Statutory Reporting Cashflow Reporting KPI and Ratio Reporting	Expense Budgeting Driver based working capital modeling Cashflow Forecasting Balanced TB Balance Sheet forecasting Rolling forecast
Sub Ledger	Sales ledger data acquisition Sales/COGS/gross margin analysis Receivable analysis and reporting Inventory analysis and reporting	Driver based product price and cost modeling Driver based sales forecasting COGS modeling
Board Reporting	Integrated board reporting, cashboards, and KPI reporting on all of the above	
Web Deployed Reporting	Web reporting on much of the above using Executive Viewer	

The Skins TM1 solution included two notable components:

- A statutory consolidation, including currency translations using different rates with a balancing difference in the translation reserve and automatic inter company eliminations
- An integrated budgeting and forecasting model, starting with sub ledger product pricing and sales forecasting models and producing a balanced trial balance forecast in the GL, that is:



Benefits

Single System

Skins now has a single integrated system, built on a single database, using a single chart of accounts, for all financial reporting, consolidation, sub ledger reporting, budgeting, forecasting, modeling, and business performance management tasks. Daniele Tedesco notes "the value of having all of these applications in one integrated environment has been astronomical. A hidden value is that gives us such a solid foundation and an easy mechanism now on which to build further value-add models to analyze and manage, for example, our supply chain".

All Information in one place

All relevant information, including both actual and budget/forecast, both GL and sub ledger, and including information from all nine SAP Business One company databases, is brought together in the one place and easily accessed using user-friendly tools such as IBM Cognos' powerful Excel-integrated client and the flexible, graphical Executive Viewer reporting tools.

This represented a quantum leap forward, as cross-company database reporting was so difficult previously that in most cases it was simply put in the "too hard" basket.

Multi Dimensional

All information in the TM1 system is segmented by version, company, currency, year, and month, as well as other relevant dimensions such as account, country, customer, or product.

*“The value of having all of these applications in one integrated environment has been astronomical.”
Daniele Tedesco*

Fast Updates and Automatic Manipulations

All the information in the Skins IBM Cognos TM1 system can be refreshed within minutes, including:

- Loading new postings from the SAP Business One GL, sales, and inventory modules
- Running the currency translation, inter company elimination, and expense allocation logic
- Refreshing the end board reports

This streamlined and maintenance-free solution (versus the hours of exporting, cutting, and pasting to update Excel reports previously) allows Tedesco and his analysts to now spend their time on value-add analysis, rather than preparing reports and constantly reconciling data.

Imbedded Accounting Principles

Cubewise worked closely with Skins to make sure that best practice accounting principles and robustness were imbedded within the system. This ensured that GL components of the Skins IBM Cognos TM1 system are entirely built as a balanced, double entry system. That is, the expense allocations, inter company elimination, and consolidation adjustments are all done as balanced journals. “Cubewise brought not only absolute technical expertise of IBM Cognos to the project, but also key experience and expertise in complex accounting models and processes that proved invaluable to the success of the project” according to Daniele Tedesco.

Access to Detail

The Skins TM1 system is not limited to running summary consolidated reports. It also contains considerable detail and thus gives visibility to the underlying information and allows for investigation, validation, and ad hoc analysis of the underlying numbers, which never existed before and represented a key risk to Skins as they made decisions on their future growth.

“I have a lot of previous experience with accounting systems and data modeling tools, and I was really impressed with the flexibility and scalability of TM1 – especially since we can own, develop and manage the models ourselves” Tedesco said.

About Cubewise

Cubewise is a premium IBM Cognos partner with over 100 implementations of IBM Cognos across the globe. Cubewise has taken it’s years of combined IBM Cognos TM1 and Group Finance know-how and produced the IGFIS (Integrated Group Finance Information System) solution, which represents a powerful, high ROI finance tool to any mid market company, especially those that thought such professional tools were only the domain of the largest organizations.

About IBM Cognos TM1

IBM Cognos TM1 is a high performance cube-based database and modeling solution that is unmatched in it’s flexibility, scalability and multi-user collaborative ability which has become the cornerstone of IBM’s Performance Management solution strategy.