IOOF

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>
> *Steve Zigomanis, Senior Business Analyst, IOOF*

Calculating reductions in complexity

The IOOF Group (IOOF) is an Australian financial services provider, specialising in investment and superannuation management and administration. Publicly listed on the Australian Stock Exchange, it employs approximately 400 staff and manages and administers over $30 billion of funds management.

In 2004, IOOF commissioned a project to set up a new budget and enterprise planning system. At the time, the organisation relied on large volumes of spreadsheets to consolidate information for budgets. IOOF had controls and processes in place to ensure the budget calculation was correct, but the process was very involved and time consuming.

With one spreadsheet often linked to many others, a small change in one had to be replicated manually across many. This resulted in duplicated effort, while the overall complexity increased the potential for error. In the event an error was found at the top level, it was very difficult to audit and drill down to locate its source.

For example, IOOF's monthly board pack report contains financials such as profit and loss (P&L), sales by geographic region and product type, projects, human resources, operational cost per employee, financial return benchmarks, and data on how the organisation is meeting risk and regulatory requirements. Consolidating all this information from multiple source systems for management reports was a cumbersome process.

Forecasting areas like departmental expenses, sales revenues and fees, for example, was also a challenge. "Because there were so many spreadsheets and the process was so involved, we would only do one forecast per year or work off high level estimates. It was a huge exercise," said Steve Zigomanis, Senior Business Analyst at IOOF.

Type of business:
• Financial services

Requirements:
• Reduce complexity of budget process
• Streamline forecasting and reporting capabilities
• Flexibility to expand functions across enterprise

Benefits:
• Time savings across budgeting and forecasting processes
• Ability to 'drill down' to different levels of detail
• Central tracking of progress along set timelines

Solution:
• Cognos business intelligence (bi) and enterprise planning

Cognos provides budget and forecast flexibility

IOOF specified its key challenges as a list of requirements, which it provided to several potential suppliers, including Cognos.

"We had a very defined scope in terms of the outputs required from this project," explained Zigomanis. "We wanted a flexible budgeting and forecasting system with the capability to produce our monthly board report. We also wanted the ability to be able to easily drill down on things like product, sales and general ledger information, and to be able to present reports in a template with our company logo and colours."

Cognos was selected as the best fit for its requirements. Initially, IOOF engaged both Cognos and an accredited services partner, Capiotech, to develop the budget templates. It delivered its first live forecast in January 2006, and full-year budget in March.

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In order to maximise its investment, IOOF then introduced further Cognos business intelligence (BI) and reporting solutions to enable drill-down capabilities into its data warehouse, which runs on Citrix. IOOF holds approximately 50 licenses across varying job roles, from departmental managers to administrative services, marketing, finance and sales.

Spend more time analysing the results

The Cognos solution has successfully fulfilled the specific aims of IOOF's budgeting and enterprise planning system project. Consolidating business information into a single source for analysis and reporting has created time savings for IOOF across the budget and forecasting process. For example, it now takes two weeks less to compile the organisation's full year budget.

"When you compile a budget there is a lot of pressure to get things done on certain dates. With Cognos, we can now spend more time looking at the actual results – what is coming out, and is it different to what we expected – rather than spend the time processing, consolidating or linking spreadsheets," explained Zigomanis.

Changing an assumption in the budget calculation system is also no longer an issue. "We can now see what effect a single change will have on the total result in under 10 minutes, whereas previously it would take half a day. Similarly, the hierarchical structure in Cognos provide clues on where to click and drill down to identify the source of an error at the top level," said Zigomanis.

Replacing the old manual system means forecasting is now easier. "We now generate proper forecasts every quarter as opposed to high level estimates. As a result, we have a consistently better idea of how we're tracking as a business," explained Zigomanis.

Security and control is another key benefit. Cognos enables a central administrator at IOOF to track who has submitted updates for a particular cost centre and who hasn't, or where people are in terms of their input on the budget timeline. The information available is always the most up-to-date, negating version control issues while the system also enables IOOF to easily set access to certain sections of the system, resolving security risks.

Infinite capacity for expansion

With the budget and enterprise planning system in place, IOOF is already planning to transition non-finance information into the data warehouse enabling the Cognos solution to draw on it for analysis and reporting.

On the finance side, IOOF has also undertaken training in preparation for the introduction of sophisticated business analysis and data mining capabilities. This will provide the ability to drill down to the financial adviser that wrote the most business on a particular IOOF product, or the most successful IOOF product on-sold by a financial planning company and why, for example. The company also expects to conduct further product analysis by postcode for trending purposes.

IOOF also plans to introduce a corporate scorecard using Cognos Metrics Manager. "We anticipate the 'traffic light' system will enable, among other things, executives to see how a particular budget entry or forecast has changed quarter-on-quarter so they can determine where an action is required," added Zigomanis.

Requirements:

- **Reduce complexity in budget process:** by centralising information and eliminating manual intervention.

- **Streamline forecasting and reporting capabilities:** to assist in tracking business results and success.

- **Flexibility to expand functions across enterprise:** leveraging both return-on-investment and the efficiencies created.

Benefits:

- **Time savings across budgeting and forecasting processes:** resulting in more time for analysis rather than processing.

- **Ability to 'drill down' to different levels of detail:** easy to locate, for example, the root cause of an error at the top reporting level.

- **Central tracking of progress along set timelines:** to ensure the budget process remains on track.

The keys to success:

- **End-to-end business intelligence capabilities:** offers organisations the flexibility to expand benefits enterprise-wide.

- **Cognos Consulting:** providing the implementation and systems integration support to lock into the benefits as early as possible.

- **Working with experts:** engaging a Cognos services partner to add industry and subject mater expertise to the implementation.

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