

Cognos Planning Tools Standardize Audio Equipment Manufacturer's Cross-Border Budgeting and Forecasting Processes

Client

The client is a global leader in commercial and personal audio electronics, specializing in designing, manufacturing and distributing high-end audio components for over 75 years. Corporate functions are centralized domestically while products are manufactured and distributed in over a dozen international locals including Mexico, China and Europe.

Executive Summary

Revere was engaged to design and implement a Cognos Enterprise Planning application to replace the client's current budgeting and forecasting process. The functionality of several disparate Excel workbooks across many client finance and business areas was replaced and all input was captured from the user community through Cognos Contributor applications. Data from the SAP source system (both R/3 and BW) was integrated into the new system. Individual interfaces were built to load each of the applications with at least two years worth of historical data. Interfaces are now run monthly to update all applications with actuals. This monthly roll process and associated training was critical to successful application adoption, as monthly re-forecasts were a new procedure for the client.

Business Challenge

As an international corporation with several business units functioning in different currencies, standardization of the budgeting process was important. A system such as Cognos Planning would provide users with the ability to view summarized data quickly through an efficient approval process. This would allow more time for analysis by users and review by approvers. The previous budgeting process was cumbersome because various client departments across the globe performed their Excel-based budgeting independently and in different currencies. Tasks such as consolidating company-wide totals and viewing summary data was inefficient and subject to error. Project and non-project based budgeting taking place separately further complicated the submission of budgets and volume of forms to be completed by individual users. The IT department, though knowledgeable about the business, had a difficult time in manipulating data out of SAP. Significant challenges existed due to the fact that the new organizational hierarchy was decided upon for planning, and did not exist in the source system, so the transformation was not a straightforward extract.

Solution

The Revere Group utilized its CPM delivery methodology in gathering requirements, designing and building the multiple applications necessary to replace and enhance the clients' planning process. The Revere Group provided the primary resources in delivering the solution but involved the client whenever possible in an effort to equip them with necessary knowledge to be self-sufficient with tool. Multiple Contributor applications and one Analyst-only application were developed and rolled out for the various business areas, including the following:

- **Sales** – Each of the five business units (e.g. US, Europe, Asia, etc.) were given a sales application tailored to their business needs. Core functionality was similar across the majority of these applications—budgeting took place at the product hierarchy (a product group) level with identical e.List structures. Moving forward, if budgeting methods were to change, business unit owners will be given the ability to request modifications to their application. Due to this design decision, a sales specific summary application was necessary to consolidate data and integrate with the other applications. A final key attribute of this model is the design of the versions dimension which not only stores historical data but also allows for monthly re-forecasting.
- **Operational Expenditures** – A simple model in terms of functionality, the Op-Ex application is rather larger due to the 600 item account list to which users' budget. To improve the user experience and avoid burdensome scrolling and searching, Access Tables were created to hide accounts not relevant to specific cost centers.
- **Capital Expenditures** – When budgeting capital assets, the client distinguished between project and non-project expenses. Each project was tied to a high-level Strategic Initiative set by the Executive Committee. Strategic Initiatives were used as a key indicator by executives in meeting corporate goals.



For More Information

For more information about The Revere Group's services and solutions, call 888. 4REVERE.

About The Revere Group

The Revere Group is a North American Business Unit and a majority-owned subsidiary of NTT DATA, a multinational organization.

Founded in 1991 and headquartered in Chicago, The Revere Group is a leading global business and IT solutions consultancy that specializes in assisting high performing mid-tier and fast growing companies. Revere provides industry, process and technology expertise with a proven service approach—Think, Build, Source—to pave the way for your success. Revere focuses on five key business challenges to increase your business agility and bottom line results: [Operational Efficiency](#), [Analytics and Collaboration](#), [Interactive](#), [Enterprise Platforms](#) and [Managed Services](#).

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To accommodate this requirement, cubes were developed that were dedicated to project expenses. Project type acted as an attribute to the asset with Strategic Initiative acting as an attribute of the project. This design enabled analysis of strategic initiatives across a number of facets.

- **Salary** – Employee attributes were loaded into this application by Cost Center. This robust model with several D-Links moving data back-and-forth in addition to hidden cubes, were necessary for salary calculations to take place. Project-based budgeting came into play in this application as well, and is handled with a project attribute selected by the budgeters.
- **Cost of Sales** – This analyst-only model is used by finance and primarily interacts with the sales model. Budgeted sales revenue is received by contributor-to-analyst link from the Sales Summary application before cost of sales for the upcoming year is developed. An analyst-to-contributor link is executed, moving data back to the Sales application to calculate gross margin (per product hierarchy).
- **Profit and Loss** – This application was developed by incorporating client specific P&L lines to ultimately arrive at a Net Income per business unit. Once budgets have been approved for all business units across all applications, links are executed, with links targeting Profit and Loss being executed as a last step. Reviewers that have access to this application are provided with a valuable summary to drive subsequent business decisions.

Results

Revere was able to work through business challenges and implement

all planning modules within a five-month timeframe. The client was left with a strong level of comfort and a sense of ownership with the tool. Approval from the bottom up was embraced by all parties involved as a major value-add to the firms' business process. First-year improvements included a reduction in total budgeting cycle from 5 months to 2.5 months, a shift of more than 375 hours of Finance duties from administrative tasks to more value-added activities and the ability to begin bi-annual re-forecasting activities not previously possible.

Think. Build. Source.

As your trusted advisor, Revere provides industry, process and technology expertise with a proven service approach—Think, Build, Source—to pave the way for your success.

THINK – Companies continually face the challenge of aligning their business objectives with their IT strategy. An effective roadmap with a strong business case delivers a path to achievable goals with measurable results. Revere helps identify and link people, process and technology, bringing clarity to your business and IT initiatives.

BUILD – A successful implementation is the driving force behind all that Revere does. We deliver the right solution on time and within budget. Disciplined project management skills and business aptitude ensures the success you rely on.

SOURCE – The right balance of sourced functions can improve your IT service levels and return on investment, allowing you to more effectively meet your business needs. Revere helps identify a strategic sourcing model based on internal

capabilities, external resources and
cost.