

REVELWOOD CASE STUDY

Modernizing FP&A Systems for Speed of Business Forecasting

OVERVIEW

Country: United States
Industry: Financial Services

CUSTOMER PROFILE

American Century Investments

CHALLENGE

Create one comprehensive forecasting solution for multiple aspects of an asset management firm.

SOLUTION

IBM Planning Analytics and Revelwood Lightspeed with custom models for forecasting:

- Assets Under Management (AUM)
- Compensation & Benefits
- Revenue
- Capital Expenditures (CapEx)
- The McKinsey Survey

BENEFITS

- Ability to forecast on a weekly basis, with fewer errors
- More comprehensive and complex forecasting
- More efficient ad hoc analysis
- Easier board slide creation
- Closer relationships with departments outside of Finance

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Rob Stilley
Vice President of Finance

More than half a century ago, innovator Jim Stowers, Jr. founded a small asset management firm in Kansas City, Missouri. His vision was to “create a company dedicated to integrity, performance and service all focused on one objective: helping investors reach their financial goals.” Today that firm is American Century Investments®, a leading global asset manager focused on delivering investment results and building long-term client relationships, while supporting research that can improve human health and save lives. The firm has more than 1,400 employees across eight offices worldwide.

Delivering investment results to clients enables American Century Investments to distribute over 40 percent of its dividends to the Stowers Institute for Medical Research, a 500-person, non-profit basic biomedical research organization. The Institute, also based in Kansas City, has a mission to “make a significant contribution to humanity through medical research by expanding our understanding of the secrets of life, and by improving life’s quality through innovative approaches to the causes, treatment and prevention of diseases.”

Facing a Systems Challenge to FP&A Innovation

Rob Stilley has been vice president of finance at American Century Investments for six years. When he first started, the Finance team was using an older version of Oracle Essbase for its forecasting. The system had many challenges. For example, because it was an older system, it was not maintained or upgraded by Oracle. Additionally, it didn’t have a modern interface which inhibited self-service. Lastly, American Century Investments only had approximately 30 user licenses and it would be considerably expensive to buy more licenses. Since the system was functioning, albeit not particularly well, American Century Investments didn’t know if it made sense to invest more money in Essbase.

The Essbase system was sufficient for basic forecasting. However, it did not enable the Finance team to grow its use of the system. They could not forecast compensation and benefits, nor could they forecast revenue. The forecasting system itself was cumbersome and troublesome. With compensation and benefits forecasted outside of the system, multiple iterations or corrections could not be made in each forecasting cycle. Because of the limit on user licenses, a subset of those inputting expenses, including IT managers, created the forecast in Excel before uploading the forecast into the system.

There was another significant limitation in the system. It was not optimized for ad hoc reports or analysis. To do ad hoc analysis, the Finance team had to write a report. The report had to be run against stored calculations, which was a very slow process.

Casting Around for the Right Forecasting Solution

Stilley had previously worked with IBM Cognos TM1, an earlier version of IBM Planning Analytics powered by TM1®. Despite that, the Finance team opted to conduct a full review of robust options on the market. After demo calls with five different vendors, the team narrowed their list down to three top prospects. American Century Investments chose IBM Planning Analytics.

“We selected Revelwood as our implementation partner for a number of reasons,” said Stilley. “Much of it was based on my past experience with them

About Revelwood

Revelwood helps companies optimize operational performance and financial results through the use of data and analytics. Experts in FP&A process and technology, we combine the industry's greatest planning and reporting software with best practices and pre-configured, out-of-the-box applications to help businesses achieve their full potential.

Gold
Business
Partner



Competency
Data Science &
Business Analytics

“Our industry has seen a lot of change this past year. The transformations and volatile stock market resulted in our financial outlook changing dramatically. These shifts require a forecasting process that keeps up with the change of business. Our new IBM Planning Analytics-based system enables American Century Investments to forecast as rapidly as needed – in fact, for quite a while we have produced a forecast for our assets every week.”

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and the quality of the people there. Most importantly, it was because the Revelwood team has an understanding of both the Finance and systems sides. Revelwood Lightspeed, their accelerator product, provides a great starting point for implementations.”

As a result of transitioning from Essbase to IBM Planning Analytics, American Century Investments is now doing more complete and more complex forecasting more effectively and efficiently. With IBM Planning Analytics, the company is forecasting compensation and benefits, capital expenditures (CapEx), revenue, and Assets Under Management (AUM) – all while mapping results to the McKinsey Survey – an extremely detailed benchmarking survey that enables companies in the asset management industry to benchmark their expenses. The Revelwood-built reporting cubes map American Century Investments' General Ledger and cost centers in order to be properly allocated.

Previously, with the Essbase system, forecasting for these aspects of business were either done outside the system or not done at all. Now, these tasks can all be performed within IBM Planning Analytics by the business owners. For example, the AUM forecasting model is unique to asset management firms. American Century Investments uses more than 180 intersection points of data to forecast their revenue yield. The Revelwood-built model using IBM Planning Analytics does this while also enabling the Finance team to do both top-down and bottom-up planning.

Forecasting with the Speed of Business

“Our industry has seen a lot of change this past year,” commented Stilley. “The transformations and volatile stock market resulted in our financial outlook changing dramatically. These shifts require a forecasting process that keeps up with the change of business. Our new IBM Planning Analytics-based system enables American Century Investments to forecast as rapidly as needed. In fact, for quite a while we have produced a forecast for our assets every week.”

The new forecasts now have decreased errors, increased frequency and require less time to create. IBM Planning Analytics has also enabled some groups at American Century Investments to produce more granular forecasts.

Additionally, the Finance team has realized “softer” benefits from using IBM Planning Analytics. They now have a closer relationship with the HR team as a result of forecasting compensation and benefits in IBM Planning Analytics. The team can now do ad hoc analyses more quickly. They can also create slides for board meetings much more easily. Prior to implementing IBM Planning Analytics, they had a separate spreadsheet for their weekly forecast. Now they have both weekly forecasts and mid-quarter projections in IBM Planning Analytics.

“Working with Revelwood was awesome,” added Stilley. “The hands-on consultants working with us were incredibly responsive. From the get-go, the Revelwood team had a great ability to understand what we needed.”

American Century Investments was founded by an innovator, who turned into a visionary to help finance medical research. That culture of innovation and vision permeates the organization today – even down to Finance determining the best approach for FP&A systems and forecasting.