

REVELWOOD SUCCESS STORY

Unified Planning and Reporting with IBM Planning Analytics

OVERVIEW

Country: United States
Industry: Asset Management

CHALLENGE

Create one comprehensive forecasting, planning and reporting solution from multiple data sources.

SOLUTION

IBM Planning Analytics integrated with a Workday General Ledger and custom models:

- Finance model with vendor detail
- Staff model with allocations
- Assets Under Management (AUM) model
- Revenue model
- Incentive Compensation Management (ICM) model
- Customer/Product Profitability model

BENEFITS

- Empowers senior managers with immediate access to high integrity data
- Serves as the primary source for public reporting
- Eliminates manual processes and automates many financial reporting requirements
- Consolidates data from multiple sources into a single version of the truth
- Enables timely and accurate financial forecasts

“We had unique requirements, specifically for our Assets Under Management and Revenue Models and that’s why we selected IBM Planning Analytics. The backbone of IBM Planning Analytics is TM1, a mature, battle-tested solution.”

Vice President of Financial Planning & Analysis

This unique asset management firm consists of boutique investment managers and offers its clients high-quality investment strategies. The company has a multi-manager, multi-strategy approach to meeting the needs of different types of clients and to generate compelling performance.

The Challenge of Merged Data

Since 2014, the investment firm relied on IBM Cognos TM1 in-the-cloud for its financial planning and reporting activities. In 2017, the company acquired another multi-boutique asset management firm. The acquired company was also a long-time TM1 user but had the on-premise version. That company used TM1 for its planning and reporting and had additional TM1 models that the other firm did not have. This acquisition also resulted in the merged company having multiple General Ledgers.

As anyone who has managed the financial systems side of a merger can attest, combining Charts of Accounts and multiple financial systems is a significant challenge. In addition to multiple general ledgers the company now had duplicative models in TM1, which included a Finance model, a Staff model, a Revenue model and an Assets Under Management (AUM) model. This made it harder to get a big picture of the company’s finances.

“We had serious data aggregation issues,” said the vice president, financial planning & analysis, of the acquiring company. “Our plan area constituents would input the data into Excel, and then we’d have to reach out to multiple people, multiple times to complete our plan. This led to version control issues and challenges in delivering timely and accurate forecasts.”

The merged investment firm decided the best path forward was to completely replace its existing ERP systems with one system (Workday) and create an entirely new Chart of Accounts. They also decided to consolidate TM1 and upgrade from older versions of TM1 to IBM Planning Analytics.

Design and Development Considerations

Since the firm was starting from scratch with a new ERP system and Chart of Accounts, this was the perfect opportunity to analyze processes and corresponding TM1 models from both businesses. Working with Revelwood, the team identified:

- The level of detail to incorporate from new ERP system
- Best practices in TM1 the firm would carry forward
- Design changes that were required to the existing Finance, Staff, Revenue, AUM and Incentive Compensation Management (ICM) models
- Requirements for a new Customer/Product Profitability model
- The version of IBM Planning Analytics that would best suit their needs – on premise or in-the-cloud

About Revelwood

Revelwood helps finance organizations close, consolidate, plan, monitor and analyze business performance. As experts in solutions for the Office of Finance, we partner with best-in-breed software companies by applying best practices guidance and our pre-configured applications to help businesses achieve their full potential.



Competency
Data Science &
Business Analytics

“Working with Revelwood was a very collaborative process. They took the time to understand our business and our requirements, while also bringing technical acumen. From the beginning of the engagement, to the design sessions and roll-out, Revelwood partnered with us throughout the entire process.”

Senior Vice President, Corporate Finance

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One Single, Consolidated Planning and Reporting System

Today the Office of Finance at the investment firm has two main systems – its Workday General Ledger and IBM Planning Analytics on-premise. To support the planning process Revelwood created a unique core Finance model, which enables the company to do planning by vendor for other operating expenses. This model contains a significant amount of detailed information specific to asset managers, which then enables them to deliver meaningful insights about the business.

Other models built to support planning and reporting were the AUM and Revenue models. For planning, both models are driver-based. Instead of projecting what revenue will be, the model focuses on determining net flows and market performance assumptions for a given product and corresponding AUM expectations. Those AUM expectations are then used to plan revenue. The model enables the team to slice and dice data in multiple ways, looking at factors such as manager, category, product type and more.

Revelwood also built a custom ICM model. While there are many off-the-shelf ICM options available, the company needed an ICM solution that enabled greater flexibility than the other solutions. The firm only has a small team of people on variable compensation plans, but it has complex payout rules and need to be adjusted for sales corrections. Additionally, the firm has strict requirements for running monthly reporting on the prior month's activities, as well as reports for payroll and employees.

Lastly, Revelwood built the company a new Customer/Product Profitability model that uses a multi-step allocation process to spread costs for departments that support multiple product lines. The investment management firm is under strict regulatory requirements - particularly for reporting customer and product profitability (also known as advisor profitability reporting under section 15(c) of the investment company act of 1940"). This model helped to streamline allocations while retaining appropriate backup information.

More Efficient Financial Reporting

“Our new IBM Planning Analytics system has eliminated manual processes and helped to automate a lot of our financial reporting requirements,” said the Senior Vice President, Corporate Finance, at the investment firm. “Now we have much quicker and more detailed analysis at the customer level, as well as at the supplier level. We've condensed the time for closing the books, can analyze the results immediately and understand the drivers of our business much more rapidly.”

The new IBM Planning Analytics forecasting, planning, and reporting solution, working in conjunction with the Workday General Ledger system, provides a comprehensive and scalable foundation for the firm to expand its use of financial analytics. It's delivering immediate benefits now and will continue to do so as the company adds new custom-built models. It's a solution designed to grow and evolve along with the company's business.