REVELWOOD SUCCESS STORY
Modernizing FP&A Systems for Speed of Business Forecasting

OVERVIEW
Country: United States
Industry: Financial Services

CHALLENGE
Create one comprehensive forecasting solution for multiple aspects of a financial services 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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>
> Vice President of Finance

This financial services firm's FP&A "secret sauce" is so secret, they didn't want to share their company name with the competition. But they did want to share their success working with IBM Planning Analytics and Revelwood.

Decades ago, a small asset management firm was established. The founder wanted 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 a leading global financial services provider focused on delivering investment results and building long-term client relationships, while also remaining true to their original mission.

Facing a Systems Challenge to FP&A Innovation

Just a few years ago, the firm was using an older version of Oracle Essbase for its financial 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, the financial services firm 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, the company 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 evolve 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

The Vice President of Finance 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.

The financial services firm chose IBM Planning Analytics.

"We selected Revelwood as our implementation partner for a number of reasons," said the Vice President of Finance. "Much of it was based on my past experience with them 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."

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.

Gold
Business
Partner

IBM®

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 us 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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> Vice President of Finance

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As a result of transitioning from Essbase to IBM Planning Analytics, the financial services firm 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 industry to benchmark their expenses. The Revelwood-built reporting cubes map the company's 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 firms that manage assets. The company 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 the Vice President of Finance. "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 us to forecast as rapidly as needed. In fact, for quite a while we have produced a forecast 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 the firm 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 the Vice President of Finance. "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."

This financial services firm was founded by an innovator, who turned into a visionary with a mission. That culture of innovation and vision permeates the organization today – even down to Finance determining the best approach for FP&A systems and forecasting.

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