

Victoria University of Wellington empowers budget holders with IBM Cognos

Overview

■ Challenge

An easier way to manage budget preparation throughout multiple faculties, schools, institutes and centres of research in an intranet environment

■ Why IBM?

The IBM® Cognos® solution allows the University to meet key stakeholders' reporting and analysis needs

■ Solution

An integrated IBM Cognos solution that provides a total package for performance management

■ Key Benefits

Removal of budget consolidation and calculation errors; support of multiple financial reporting and analysis requirements; reduction of the time required for month-end processes from a maximum of 14 days down to 3 days; quick, easy adoption throughout the University



For more than a century, the Victoria University of Wellington (Victoria) has developed a tradition of strong international links in teaching, research and programmes of national significance and international quality.

Victoria is committed to providing students with opportunities to acquire, understand and apply disciplinary and interdisciplinary knowledge, as well as related skills and attitudes, and to enhance their personal development. In 2007, the University had 21,880 students enrolled—a figure equating to 17,085 equivalent full-time students (EFTS).

Challenges Faced

Managing finance in an institution like Victoria is no mean feat. Student populations and therefore funding and income can vary markedly from one year to the next. Dealing with multiple faculties and schools, each having its own hierarchy of needs, requires coordination, cooperation and strong oversight of financial activities. The Victoria Finance team recognises this, and some time ago established the service-oriented culture and flat structure that has helped to ensure a close working relationship with administrative managers and staff.

The Finance team's goal is to support proactive decision making with data that can be relied upon and which is easily and clearly interpreted.

In 2001, Victoria's expansive budget process became too onerous to complete using Microsoft® Excel® spreadsheets. Until then, all schools and faculties had compiled budgets in spreadsheets, which were then manually consolidated. However, the size of the university and the extent of consolidation meant that calculation errors and data inaccuracies were creeping into the process, making the information unreliable.

Mark Hewitson, Victoria's Manager of Financial Advice, explains, "We decided we needed a real-time planning tool that had the look and ease of a spreadsheet, but we also wanted the flexibility to be able to use it for other purposes. It was important that we have a single repository of data that could be maintained and also primarily developed by Finance. But, above all, we wanted ownership of the data to stay with the budget holders all the way through the process.

Hewitson's vision was for an intranet environment that would enable budget managers to prepare and input their data online, providing University management with instantaneous updates on financial status. He was adamant that the solution must interface with a wide range of other systems already in use at the University, so that data could be imported easily and exported as required.

Strategy Followed

Following product evaluations, the Finance team selected IBM Cognos 8 Planning, and began implementation. Within a couple of months, the solution was up and running. Twice a year, users are provided with a budget model that is pre-populated with data drawn from sources including Oracle financial and Alesco human resource applications. The model includes an individual profile for 2,000 staff and provides significant advantages to Victoria, since staffing is the major cost for any university. The user community has responded well, embracing the increased level of data ownership and the knowledge that no-one can adjust another's figures.

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*Mark Hewitson,
Manager of Financial Advice,
Victoria University of Wellington*

From this relatively simple start, the Finance group has developed an extensive series of models to help faculties and schools report on and analyse almost every aspect of their operations.

One of the earliest models accelerates month-end processes and year-end forecasts. The model has also paved the way for easier variance analyses, automatically importing financial data at the end of each month before making it available to managers to edit or add to using the intranet. The process has cut month-end consolidation time down from an average 10 to 14 days to just 3 working days. "It has given us a huge increase in productivity and has released some very expensive people to concentrate on other value-adding activities," Hewitson says.

Human resource management received an additional boost with the development of improved fortnightly salary and resource reports, and dynamic access to Human Resource information with IBM Cognos 8 BI for queries and analysis.

An EFTS model enables Finance to access data from the Student system before preparing a central forecast

of student numbers and projected revenue. Like the month-end process, this data is then published for review and input over the intranet. Since EFTS figures have to be accurate—there is only a 3 percent variance allowance before heavy penalties are allocated by government—it is a fundamental model for all universities.

Other models have been developed to ease the calculation and apportionment of revenue for courses that are offered across multiple schools, and to manage the capital expenditure request process. The latter model, Hewitson says, "has become a communication tool, providing users with a status update on the approval or rejection of a capital expenditure request."

Benefits Realised

Over the years, the initial software deployment has grown to include the full set of IBM Cognos BI tools. Hewitson notes, "The main objective for using IBM Cognos BI tools is to focus on consistent, accurate information for better decision making. We also want to deliver the best information at the lowest cost possible and to enable users to delve into the details and look at all the factors that are driving performance."

One way Finance has achieved these aims has been through the creation of a metadata layer of financial information. "We've trained about 30 or 40 people to use that information," Hewitson explains, "so that they can use the tools to monitor metrics and KPIs, create reports and so on. We believe we still have quite a long way to go, but at the moment the metalayer is giving access to metrics such as general ledger by cost centre account, EFTS by cost centre, occupancy value per square metre per school and HR data such as the salary and leave balance per person.

While mindful of the fact that IT is not the responsibility of the Finance group, Hewitson is hopeful that having shown the potential, there will be a wider role within the University for a performance management system in the future. It's a move that would fit nicely with Victoria's desire to pursue innovation in its management and organisation of the University.

Nearly eight years after its initial IBM Cognos deployment, Finance is still finding new ways of applying the technology to benefit Victoria. A revenue-planning workload model with scenario forecasting functionality is currently under development, and will eventually provide faculties with the

ability to schedule resources based on student load. A related costing model is also planned to enable managers to determine the costs of operating a given course. Further down the track, refinements to the EFTS reporting model will streamline the work required to meet stringent Government reporting demands. There's also an opportunity to improve operating reports that are currently produced directly from the Oracle database and sometimes lack consistency.

It's an extensive body of work for one organisation and Hewitson is quick to attribute the success of each model to the goodwill and energy of Victoria's staff. Another important contributor has been honesty. "One thing that's kept us going so well has been the fact we are always clear with our users. We've never overstated the benefits or underestimated the risks. We've always approached each project as a business issue that needs to be solved and presented technology as a tool that can help us to achieve this," Hewitson concludes.

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