

A Hyperion Customer Success Story

DFCC Bank



Sri Lankan financial institution

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Suraj de Silva, Vice President, Financial Analysis & Asset/Liability Management, DFCC

Financial Leader Relies On Hyperion To Improve Performance, Manage Volatility, And Prepare For The Unexpected

Summary

DFCC has relied on Hyperion solutions since 2003 when the company was charged with automating the financial analysis processes required to implement division-wide budgets, monitor expenses and gain a better understanding of capital expenditures. Since then, Hyperion and DFCC have worked in lock-step to develop a successful solution to plan, budget, and forecast within a dynamic environment. Using *Hyperion Planning* DFCC's existing budget applications and databases were integrated within 90 days. Moreover, processing via data entry from more than 1,000 spreadsheets was replaced with a single, Web-based solution.

About DFCC Bank

DFCC Bank was established in 1955 under a charter to provide funding for industry in Sri Lanka, an island nation off the southern tip of India known for its tea, natural beauty and historical heritage. Today, DFCC caters to the business needs of small and medium enterprises and corporate sectors through its branch banking and corporate banking divisions—DFCC also provides investment banking and financial advisory services, manages a number of subsidiaries including a commercial bank, a stock brokerage firm, a venture capital organization, a consultancy service and a fund management arm. Despite a relatively small staff of 375 employees, DFCC has consistently remained one of Sri Lanka's best performing companies.

Industry

Financial Services - Banking

Product(s)

- *Hyperion® Planning™*
- *Hyperion Analyzer™*
- *Hyperion Essbase®*

Challenge

- Align and automate disconnected budget data within spreadsheets and databases
- Eliminate manual and error-prone data entry processes
- Improve processing capabilities and availability of key metrics

Solution

- Integrate budgeting application with Oracle Financials using *Hyperion Planning*
- Increase accuracy and availability of budget and planning data via Web-based planning tool
- Expedite budget consolidation cycle times and improve productivity

Results

- Implemented a complete collaborative planning solution within 88 days
- Replaced more than 1,000 spreadsheets with a single, Web-based solution
- Reduced consolidation cycle from two to three weeks to 24 hours

Meeting the business performance challenge

In 2000, DFCC's Financial Analysis team relied on largely manual spreadsheet-based processes and used a variety of databases to create the company's budgets. At the time, budget models were developed in spreadsheets; filled in by the respective divisions; and reviewed by corporate management, the CEO and finally the Board. Monthly variance analysis was conducted at the Bank level. This spreadsheet model proliferated to a point at which a network of more than 50 files containing about 1,000 spreadsheets required continuous consolidation by each division. Reporting requirements grew as did the need to eliminate inaccurate data. The potential for errors not only increased but became harder to detect and correct. The Financial Analysis team was spending three to four months out of the year trying to manage incoming information, with an additional month to actually create and deliver reports. Moreover, there was no way to obtain an overall view of the budget status and forecasting was extremely difficult.

"We desperately needed to automate our budgeting processes, while putting firm controls in place," says Suraj de Silva, Vice President, Financial Analysis & Asset/Liability Management, DFCC. "Consolidation had become an unwieldy process taking three to four months out of the year."

Driven by a need for variance analysis at the division level, DFCC set up the budget module in its Oracle Financials general ledger system as a first step. While this supported the variance analysis process sufficiently, it did not eliminate DFCC's reliance on spreadsheets for budget formulation and forecasting. Moreover, entering data into Oracle took several months and a new challenge emerged in the form of a tedious reconciliation process.

The build or buy debate

In an effort to address these challenges, de Silva's team debated whether to build or buy a system that could integrate existing applications and allow for collaborative planning. They wanted to link strategies to operational plans and budgets, and create powerful forecasting capabilities that could draw on historical data. Ultimately, DFCC's ideal solution had to deliver a comprehensive approach to planning, budgeting, forecasting, consolidation, reporting & analysis and data interchange. It also had to be easy to use across all levels of the company—from branch managers to the CEO.

"After an intensive search, we selected Hyperion because the company understood our current requirements as well as our future business goals. It also helped that the company had a strong regional presence and excellent references," says de Silva.

The team had an extensive list of requirements. They wanted a solution that would deliver collaborative planning capabilities and provide strong process management and workflow. Set-up had to be a one-time event and corporate strategies had to link to operational plans and budgets. Forecasting capabilities were mandatory as was the ability to manage resources and organizational change within a dynamic environment. DFCC concluded that Hyperion could meet these requirements. Ultimately, there were three driving factors in the bank's decision to buy instead of build.

"We respected the company's reputation for delivering true analytical capabilities and we valued the extensive features offered within their products," says de Silva. "Perhaps most importantly, we had confidence in Hyperion's ability to help us implement a complete package—on a very tight timeline—and evolve it as our needs became more sophisticated. *Hyperion Planning* made it possible for us to implement a complete and collaborative planning solution."

Partners in change: a go-day journey

Once the decision had been made to go with Hyperion, DFCC had an aggressive goal to implement a complete Web-based planning, budgeting and forecasting software solution. The bank formed a team comprised of DFCC's Financial Analysis group, consultants from Hyperion Singapore, associates from Thirdware, an implementation partner in India, and Cybersoft (Pvt) Ltd, the Sri Lankan partner for Hyperion. The group created a solid road map with rapid implementation in mind and clearly defined the scope, roles, responsibilities, and tasks for each member. The ability to make decisions quickly, work consistently as a team, and stay committed to the plan was critical to meeting the tight deadlines.

"We held our first project planning meeting in June 2003," says de Silva. "Thirdware worked with us to conduct requirement reviews, install the product, conduct training, design and develop models, create reports, and prepare for final implementation. Only 88 days later, we were up-and-running with the new system."

Automation reveals key metrics

"For the first time, we are able to look at key metrics at both a bank level and a branch level," says de Silva. "At the bank level, we can study our return on assets—a return that is the highest in the market in Sri Lanka—as well as our return on equity, asset quality, credit float, and profit after tax."

DFCC can also review performance data at the branch level including variances and their sources. Having this data at their fingertips, managers can now revise and review budgets more quickly and detect and correct errors more easily. Having the ability to manage information within a dynamic environment has changed the way DFCC employees work. At any given time, DFCC may have more than 70 users inputting data into the system, which creates a dynamic view of the process at all times.

“*Hyperion Planning* has helped create a new level of accountability for employees by changing the way they budget and plan,” says de Silva. “We encourage collaboration, and believe that employees throughout the organization should feel a sense of ownership when it comes to planning and forecasting.”

Linking budgets to strategy

Having the ability to link operational plans and budgets to business strategies helps DFCC plan resource requirements more effectively and manage organizational change. Data that used to be stored in more than 60 pages of paper documentation is now housed centrally in the system, so the bank has an accurate historical view of its budgets and plans.

“Because we know that our budgets are drawing from accurate and comprehensive planning data, we can now link budgets to strategy with confidence,” explains de Silva.

Reduced cycle times, reduced expenses

In the past, de Silva’s team had to carefully disaggregate data from myriad spreadsheets before entering it into Oracle Financials. The process could take as long as three months, during which time reporting and analysis was difficult, if not impossible. Today, DFCC is enjoying the benefits of having an integrated system with real-time access to accurate data.

“The dramatic reductions in cycle times have truly changed the way we work,” says de Silva. “Budget set-up is a one-time event, consolidation cycles that used to take two to three weeks are now completed in 24 hours, and we can create customized reports within 15 minutes or less. Today, the Financial Analysis Division uploads data from Oracle Financials to Hyperion in less than 15 minutes and has access to variance analysis reports spanning the organization at drill down levels instantaneously. This is an excellent feedback loop that supports course correction through the year.”

Event-driven planning

DFCC was among the many businesses in Sri Lanka affected by the tsunami that struck in December 2004. The natural disaster took many human lives and left the country with a damaged infrastructure and heavy reconstruction bill.

“Despite the formidable challenges and uncertainty that resulted from the tsunami in December 2004, we were actually able to use *Hyperion Planning* to capture assumptions at a global level and realign our forecasts and budgets to isolate the impact of this tragic event on the economy and our business. This helped us to plan ahead in the roughest of times.”

Suraj de Silva, Vice President, Financial Analysis & Asset/Liability Management, DFCC

Having finalized the economic assumptions for the budget just days before the tsunami struck, a drastically changed economic environment had to be taken into account as DFCC moved forward. "Faced with a tight time constraint, my team had to assess the damage that had been done to the economy, help strategize for a post-tsunami environment and reformulate the budget in a narrow time frame. *Hyperion Planning* enabled us to capture the changed assumptions on a global level as well as by division, and realign the forecasts and budgets to isolate the tsunami's impact, without extending the budget cycle," says de Silva.

Despite constantly monitoring the international environment for events such as oil shocks, which can have strong macroeconomic implications, the December 2004 tsunami was the first occasion on which external events resulted in such a radical and broad reevaluation of the budget assumptions. Although assessing the changed environment and reformulating the budget assumptions was a lengthy process, *Hyperion* enabled DFCC to implement the budget cycle on time. This flexibility afforded by *Hyperion* allows de Silva's team to set global assumptions while retaining allowances for regional variation. According to de Silva, his team is now better equipped to handle uncertainty and different levels of budget review should the need arise at any point in time.

Extending *Hyperion* to commercial banking operations

Buoyed by optimism surrounding the peace process after a 20-year civil war, DFCC—which has helped many Sri Lankan businesses over the last 50 years—sees strong potential in Sri Lanka to become a commercial and shipping hub for the South Asian region. Sensing growth opportunities in commercial banking, the bank is in the process of growing its commercial banking subsidiary. With increasing infrastructure establishment within DFCC's commercial banking operations, de Silva believes a logical next step will be to extend *Hyperion Planning* capabilities to these divisions.

"With *Hyperion Planning*, we now have a comprehensive system that meets even our most challenging needs," says de Silva. "We have improved accuracy and collaboration—which has impacted individual, team, and business performance overall. We can plan with a solid understanding of the past and we can even prepare for the unexpected with confidence."

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