

BAE Systems

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Helen Tindall, Controller of Reporting, BAE Systems

You're an FD in charge of finances for a multi-billion pound international project to build the Typhoon Eurofighter Jet. Involved are companies from multiple countries, with hundreds of on the ground staff and thousands of spreadsheets. Like low-level flying at speed, it requires skill, courage and the right tools at your disposal.

Yet, in delivering multi-billion pound defence contracts to time and budget, the management of financial data is critical to the success of a project. BAE Systems is a company in such a position with its Air Systems Business Unit responsible for maximising the company's leading position in the UK military air market. Air Systems' 10,500 employees are charged with the development and build of four principal aircraft; the Eurofighter Typhoon, Nimrod MRA4, Hawk Advanced Jet Trainer and the Joint Strike Fighter – all expensive and highly complex projects.

Contracts as critical as these aren't just about engineering, they're about good project and financial management. But with thousands of numbers across hundreds of spreadsheets it's a genuine challenge for financial services to ensure that reporting is accurate, on time, and delivered in a format that allows management to make business-critical decisions.

Beginnings

The first single user copy of Cognos TM1 was installed on a single PC, recommended by management consultants in 1997. The installation was intended to be used to churn out quarterly reports but BAE Systems were in a state of flux. New contracts, such as the Nimrod MRA4, were beginning and there was a significant need to expand the financial reporting facility. Indeed, BAE Systems began to use TM1 to analyse their cost base and produce more than 800 different reports per month from a single copy of the programme, including budgeting and forecasting analyses.

“Back in 1997 we were still relying on mainframe applications to gather data on base costs and headcount,” says Garry Cook, TM1 Development Manager, Air Systems. “But our specific requirement at

Industry:

- Defence and aerospace

Geography:

- Global

Information Needs

- Budgeting, planning and forecasting

Solution:

- Cognos TM1

Users:

- 150+

Benefits:

- fast and accurate financial reporting through a single source of information on projects and financial performance
- improved levels of accuracy and accessibility of information mean less time is spent gathering data, and more on critical analysis
- enables an integrated budgeting process including what-if scenarios, forecasting and automated consolidation

the time was a Rates Modelling exercise. We were recommended TM1 and began with just a single copy.”

Prior to TM1's installation, data was collected through a myriad of personnel and business units for comparison and analysis. Unmanageable amounts of data were being inputted into the spreadsheets making reports impractical to link together and impossible to save. Clearly a solution that was not practicable.

Expanding Use

From small beginnings BAE Systems use of TM1 has grown rapidly, continually increasing numbers of projects and business divisions over the several years.

“Before we began using TM1, we had so much data going through our Rates Model that we found we couldn't save the spreadsheets,” notes Cook. “And there was no facility to link multiple spreadsheets and no single view of our cost base as a result.”

“We have increasingly found that TM1 is uniquely capable of meeting our needs for fast and accurate financial reporting. As a result we have gone from a single user copy of TM1 to having hundreds of TM1 users across five business sites within the company,” he continued.

Helen Tindall, Controller of Reporting at the company, said “the use of TM1 in the Air Systems Business Unit has had a huge effect on the way we carry out financial reporting. The financial services team now has a single source of information on projects and financial performance. Data is still collected from a large number of systems and worksheets, but TM1 combines this into a single source of critical information. This means reporting now takes place within five days of a period end.”

Now that’s high speed financial reporting!

The improved levels of accuracy and accessibility of information mean that the financial services unit at Air Systems now spend far less time gathering data, and more on critical analysis. Ultimately TM1 has allowed financial services to add greater value into financial reporting.

Garry Cook argues that the new system has added great functionality too. “We also found that it allows us to offer an integrated budgeting process including what-if scenarios, forecasting and automated consolidation,” adds Cook. “This is possible even though there is an ever growing amount of data inputted into the system. And a significant advancement is that the system can process financials in a number of foreign currencies,” he continued.

The significant benefit of using TM1 within Air Systems has meant the software has grown from an initial single user copy to being a business critical application.

The Future

Further improvements are planned with the aim of improving and expanding the use of TM1 within the organisation. Enhancements to the TM1 interface to increase usability of the system and the addition of the web based product, TM1 Web, are planned for the near future.

“Divisions such as Aero structures, Naval Ships, and Submarines are all using TM1 within BAE Systems now” says Garry Cook.

“This accounts for billions of pounds worth of financial transactions on some strategically important projects. In some cases, these were recommendations on the use of TM1 by the Air Systems Business Unit and in some cases independent deployments,” he continues.

“The scale of this project has been huge,” concludes Cook. “From humble beginnings we have seen the system grow to encompass many divisions and business units, providing mission critical support to BAE Systems for our financial reporting,” he continued.

Just goes to show, where finances are concerned, the sky’s the limit!

About Cognos

Cognos, the world leader in business intelligence and performance management solutions, provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance.

Cognos brings together technology, analytical applications, best practices, and a broad network of partners to give customers a complete performance system. The Cognos performance system is an open and adaptive solution that leverages an organization’s ERP, packaged applications, and database investments. It gives customers the ability to answer the questions — How are we doing? Why are we on or off track? What should we do about it? — and enables them to understand and monitor current performance while planning future business strategies.

Cognos serves more than 23,000 customers in more than 135 countries, and its top 100 enterprise customers consistently outperform market indexes. Cognos performance management solutions and services are also available from more than 3,000 worldwide partners and resellers. For more information, visit the Cognos Web site at <http://www.cognos.com>.