NATIONAL NETWORKS
SAP® BUSINESS PLANNING AND CONSOLIDATION UNLOCKS CAPABILITY AND PRODUCTIVITY

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Chris Hall, Director of Finance and Planning, National Networks Group, UK Department for Transport

QUICK FACTS

Company
- Name: National Networks Group, UK Department for Transport
- Headquarters: London
- Industry: Public sector
- Products and services: Strategy, planning, and procurement of services and investment in the UK rail and national motorway network
- Budget: US$8 billion
- Employees: 300
- Web site: www.dft.gov.uk

Challenges and Opportunities
- Monitor financial performance of 18 external operating companies
- Reduce risk of error due to inconsistent data from disparate systems systems and a proliferation of spreadsheets
- Eliminate time-consuming, labor-intensive processes and lengthy planning cycles

Objectives
- Improve control and increase efficiency by streamlining financial processes
- Introduce a centralized data repository to improve forecasting accuracy and business analyses
- Enable users to generate ad hoc reports quickly

SAP® Solution and Services
SAP® Business Planning and Consolidation application

Implementation Highlights
- Rapid time to value with on-time deployment: 5 to 6 weeks per rollout
- Extensive user involvement
- Iterative process – build each stage, check with users
- Strong project governance

Why SAP
- Powerful analytical functionality
- Straightforward preparation of financial reports
- Familiar Microsoft Excel user interface
- Simple integration with existing SAP general ledger software and non-SAP systems

Benefits
- Massive improvement in efficiency, with processing time halved and reduced risk of errors
- Reports in minutes versus days
- More time and resources applied to long-term analysis
- Better informed finance-related decision making
- Simpler import and swifter analysis of information from train operating companies

Existing Environment
- Microsoft Excel spreadsheets
- Oracle Express database

Third-Party Integration
- Database: Microsoft SQL Server
- Hardware: Dell
- Operating system: Microsoft Windows

Department for Transport

SAP

As part of the UK Department for Transport, which oversees the delivery of transportation networks that support economic growth, the National Networks (NN) Group plans and supports the delivery of the country's interurban transport system. The group has close commercial relationships with major private sector transport businesses and manages a budget of around US$8 billion per year.

The group needed to centralize and consolidate business-critical management information previously held in a number of separate legacy systems. To address this issue and to streamline existing financial processes, NN Group turned to the SAP® Business Planning and Consolidation application, available as a version for the SAP NetWeaver® technology platform and a version for the Microsoft platform.

NN Group straddles the line between public and private enterprise. "On the one hand, you have private transport operating companies with commercial imperatives; on the other, you have a government organization buying hugely important public services," says Mike Smart, MIS project manager for the finance and planning directorate of NN Group.

National Networks' finance and planning directorate used SAP Business Planning and Consolidation to quickly compose three separate yet integrated applications to monitor the operating companies' financial performance and to generate its own reporting and long-term forecasts. This gives NN Group access to up-to-date financial and operational data for planning, budgeting, forecasting, analysis, and reporting.

Some 20 analysts in finance and planning use SAP Business Planning and Consolidation to import and analyze spreadsheets from the train operating companies, prepare financial reports on profit and loss and cash flow, and generate long-term forecasts to examine future spend. Once the rollout is complete, some 40 analysts will be using the software to help managers make finance-related decisions.

And, there's a lot of money at stake – subsidies to the train operating companies represent roughly half of NN Group's outgoing payments. The governing body needs to tightly monitor the financial performance of these key suppliers and ensure their compliance with contractual criteria.

Says Smart, "Previously, our analysts worked with huge numbers of spreadsheets, which resulted in staff spending an inordinate amount of time rechecking data. But with the SAP software, we have increased control, and we have reduced the risk of errors. SAP Business Planning and Consolidation is also more efficient – users who monitor the train operating companies can work twice as fast, giving them more time to review the companies' performance. Now we have the ability and the time to analyze the data for the long term, and we can also do a lot more with that data than before."

Like generate a customized report in 10 minutes. "A franchise manager requested a report that would plot financials for a particular train operating company over the last two years," Smart says. "Typically, this would have taken at least a couple of days to complete – assuming IT resources were available. Within minutes, we generated the report with graphs."

That's a huge productivity increase and a boost for morale. With SAP Business Planning and Consolidation, the finance team now "owns" an application it can use strictly for its reporting needs. Smart says, "We are a relatively small department, and we're centralized, so we don't have dedicated support. SAP Business Planning and Consolidation is a self-contained application and is easy to understand and use. Our people are working more efficiently, things are getting done on time, and everyone seems happier."

Working Outside the System

That wasn't true before. "One of the overriding drivers for adopting the SAP application was our existing legacy system," Smart says. "We had a database that was very inflexible, so our employees didn't really use the system much. They performed most of their work outside the system, so we had a complex

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series of spreadsheets and unstructured data that had evolved over the years. This was increasing the risk of error."

Users had to enter data in a multistep process; if they wanted a report, another series of steps was necessary. "It was a big task," Smart says. "It took our users a long time to perform the work. If they needed to do ad hoc reporting, it was very difficult to extract the data from the database and get it into a report."

Smart cites two main reasons for selecting SAP Business Planning and Consolidation. "We wanted to minimize the training overhead. Everyone knows how to use Microsoft Excel, so our employees would not have to deal with a new look and feel. Furthermore, there are integration benefits since we use

SAP general ledger functionality as a shared service within the department."

Rapid Iteration

Once NN Group made its selection, it moved quickly. The project team included a project executive, a data migration manager/business analyst, senior users, external consultants, and the project

board members. "It was an iterative process – we'd build something, then get input from the users," Smart says. This was followed by user acceptance testing, data migration, and training and rollout. Smart used this template for each of the three applications.

The implementation came in on time; the project rollouts averaged five to six weeks apiece. "User involvement was a key success factor," says Smart. "Project governance was also crucial. We held project meetings every two weeks with the board; that gave me a good sense of direction and ensured that we stayed on schedule. Bringing in the external consultants early in the process also helped ensure that we had good technical knowledge throughout the life of the project."

Keeping Franchises on Track

The train operating companies submit their financial statements every four weeks via e-mail. Analyst teams for each of the geographical regions open the spreadsheets and load them into the system, along with additional information needed to analyze performance. The analysts issue standard reports based on templates packaged within SAP Business Planning and Consolidation and make any needed adjustments.

"We follow a seven-step business process for each operating company, so there's little room for error," Smart says. "It's a lot more structured than before; the analysts do it the same way each month, which provides more control. With SAP Business Planning and Consolidation, we can also make any required adjustments and regenerate the reports much more rapidly than before."

Financial reporting is also subject to a four-week cycle; NN Group imports general ledger information from the SAP business software into SAP Business Planning and Consolidation and issues reports to the group's board. Long-term forecasting is done quarterly. Analysts leverage SAP Business Planning and Consolidation integration to import the operating company spreadsheets into the long-term forecasting tool to project performance out to 20 years, taking into account inflation and a wide range of other external factors.

Says Smart, "The analysts enter data on a quarterly basis but use the software daily to analyze information and create bespoke reports. It's a powerful analytical tool. Before, if they wanted to perform some analysis, they'd have to do a lot of manual data entry, which involved pasting information into spreadsheets. Now, with a centralized database, they can generate their reports much more quickly and easily."

Integrated Information for Detailed Analyses

The integrated database means analysts can view the financial numbers submitted by the operating companies every four weeks and compare them against the forecast for that interval. "Our users benefit from detailed analyses now," Smart says. "It all feeds up into planning and budgeting. It gives us a much better idea of how each train operating company has been performing, so we can predict how it might perform in the future. And, in turn, that helps our franchise managers ensure that the operating companies continue delivering optimum services."

That's a big step forward for governance, according to Smart's boss, Chris Hall, director of finance and planning at National Networks Group. Says Hall,

"SAP Business Planning and Consolidation has enabled us to streamline and consolidate our business processes and, particularly, enabled my team to spend time on value-added tasks rather than just generating spreadsheets. It is a really impressive tool."

The success of the SAP Business Planning and Consolidation rollout at National Networks Group has led to its adoption across the whole of the UK Department for Transport. "When we demonstrated some of the reporting functionality to the wider senior finance community, its members instantly recognized the value of using SAP Business Planning and Consolidation," says Hall. "They could see how delighted our users were and how easy it was to access information. In my mind's eye, I had a picture of how things would work from the outset, and that's exactly what we've accomplished. With SAP Business Planning and Consolidation, we are far more time efficient; we have better control of our data; and we have easy access to superior analytical tools. These are all critically important for the business."