Quick facts

Company overview

Established in 1971

Annual revenue:
$3.26 billion (global company)

North American head office:
Louisville, Kentucky

ERP: Baan 5.0 Infor

ROI

- Savings of 2,200+ man hours annually, equaling $125,000 in fully burdened labor costs
- Additional bottom line savings based on later implementations
- Secure and reliable automation of financial processes, including real-time reporting, streamlined budgeting and forecasting, advanced planning, and flexible analysis
- User-friendly, inclusive environment for the non-finance user

Industry

Manufacturing, communications, engineering

Frustrated with their manual processes for tracking and analyzing the company's financial information, Invensys Rail North America (IRNA) leveraged a substantial software implementation from Prophix to automate their budgeting, forecasting, reporting, and strategic planning. The organization has since enjoyed significant benefits to their bottom line.

Company background

Formerly part of Invensys Rail Corporation, Invensys Rail North America delivers state of the art railway control and communications solutions. Their broad range of offerings includes complex integrated control centers that supervise and direct entire railways, sophisticated train-based systems that automate train operation and protection, interlocking systems that ensure safe movement across a network, and a vast array of trackside products.

The business problem

According to Lee Robbins, IRNA's Controller, Long Term Projects & Engineering Services, "We were as entrenched in the world of spreadsheets as some companies were more than 20 years ago. Gathering data and creating end-user reports required a series of manual processes and complex spreadsheet work."

The company spent the following amounts of time on these non value-added activities:

- Adhoc and what if scenarios – 468 hours annually
- Management reporting for P&L and balance sheets – 648 hours annually
- Error checking and validating consolidated information – 390 hours annually
- Building and consolidating cross-functional and division forecasts/plans – 736 hours annually

IRNA's budget and forecasting models consisted of 35 interconnected spreadsheets that the company could not share due to concerns with safeguarding worksheet formulas and protecting confidential information. IRNA eventually came to rely on database programs interacting with those spreadsheets, based on the need for greater file space. These limited and inflexible views of information would not allow the company's finance leaders to make improvements or to collaborate with other departments. As IRNA proceeded through the fiscal year, they quickly reached the file size limits of their database program and were forced to delete their old data in order to free up room for their current data.

Additionally, the company's manual processes put tremendous strains on those creating financial reports, the end users of those reports, and even the IT department, which faced increasing pressure to conduct non-IT work, including report writing. IT could not help but get involved when spreadsheets froze, PCs crashed, and work stopped while machines struggled to calculate large files.

Concerns with Invensys Rail North America's situation involved:

- Security, including the extra work required to keep salary data private
- Version control
- Workflow and approval
- Data accuracy and integrity
- Information availability
- Lack of time for value-added work, including analysis
- Size limitations in spreadsheets and database files
- The presence of summary data, but with no granular details (inability to drill down)
- Limited reporting capabilities
- Inability of the finance group to collaborate with other departments
- Absence of a single version of financial truth

Reps at IRNA understood that new and innovative technologies provide far greater budgeting, forecasting, and reporting control. Robbins explains, "In presenting options to our executives, we wanted to show them a user-friendly solution for budgeting and forecasting, since other functional areas in our company (including operations, HR, sales, and marketing) could also enjoy the software's benefits. Prophix demonstrated to us that anyone with simple experience using Excel could get up and running quickly. Also, since Prophix's product is built on Microsoft technology, we learned that it would integrate flawlessly into the IRNA software architecture." After investigating other software solutions, the company's financial experts spoke with five separate Prophix customers and decided that they had found a match.

Implementing the solution

Initial project scope:

Phase 1 – Administrator training

Phase 2 – Project plan

Phase 3 – Initial implementation of main financial model

Phase 4 – Financial reporting

Phase 5 – Expense planning

Phase 6 – Drill-across functionality to transactional details

Phase 7 – Basic reforecasting

Phase 8 – Advanced data visualization (dashboards)

Phase 9 – Basic documentation

Business goals and objectives:

- Create role-based security rights to assign to all software users
- Integrate security permissions to protect confidential information
- Use workflow to track assigned tasks, manage versions, and route approvals
- Reduce the amount of manual data handling
- Make key financial information available to all stakeholders on demand
- Improve finance department productivity by reducing non-value added tasks
- Eliminate dependence on Microsoft Access for required financial reporting
- Reduce dependence on Microsoft Excel for reporting and analysis
- Configure Prophix to produce P&L, balance sheets, and cash flow reports
- Enable end user ad-hoc reporting
- Allow office of finance users to drill-across to detailed records
- Build the ability to view and compare multiple operational scenarios, with full bottom-up details
- Dramatically reduce the time required to output reports
- Store all key financial data and calculations in one repository
- Create one reporting source of the company's financial data

Benefits

Prophix provides IRNA with advanced tools for reporting, budgeting, personnel planning, forecasting, analysis, advanced data visualization (dashboards), business process management and workflows, and data integration. This helps both the financial and non-financial managers. Operational departments benefit from the custom KPIs/dashboards and the ability to create workforce scenario plans. HR can rely on role-based security that protects confidential information. Controllers obtain automatic variance reports, which enable them to quickly respond to outliers in their actuals or forecasts. Everyone benefits from increased communication, as well as access to clear, accurate, and timely information.

By using Prophix, Invensys Rail North America recovers 2,200+ man hours each year. This represents an annual savings of $125,000 in fully burdened labor costs.

Even with substantial savings, IRNA did not lose a single job based on their Prophix implementation. As the company's financial experts used their free time to function as expert analysts, rather than administrators, they began to report increased job satisfaction. This positive impact even extended to their IT group, whose roles became more strategic and less administrative—i.e., their jobs no longer required them to generate reports and work with a constant stream of help tickets.

"Using Prophix provides valuable insights into our company's data. At the detailed level, for instance, we have a sales model that integrates daily information from our ERP system, ultimately showing our profits for each product line by customer and salesperson. These types of details flow into our summary reports, which we present to the c-level executives. On the first day of each closing cycle, our CFO can understand his numbers by 9 a.m. By noon on day two, the group regenerates full year forecasts for the next two years. Previously, this would have taken us 4 or 5 days, without leaving time for detailed analysis."

—Lee Robbins
   Controller, Long Term Projects & Engineering Services
   Invensys Rail North America

Prophix®