

CASE STUDY: MCCARTHY AND STONE

MCCARTHY AND STONE BUILD ON SUCCESS WITH IBM COGNOS ANALYST AND CONTRIBUTOR



McCarthy & Stone Plc has built award winning retirement apartments for over 30 years, and in addition to being Britain's leading retirement builder, has gained a reputation as one of the premier house builders in the UK. For the last five years McCarthy & Stone has been voted winner or runner up for the 'Britain's Best Builder' award in the annual Daily Express British House Builder Awards.

With these impressive accolades, and the company reverting to private ownership in 2006, it became apparent to McCarthy & Stone that their use of IBM Cognos would need to grow along with the development of the business; this led them, with the help of Inca, to progress from IBM Cognos Analyst to incorporating IBM Cognos Contributor.

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COGNOS IS COMPANY'S PRIMARY BUDGETING TOOL

McCarthy & Stone first implemented Adaytum within the company in the mid 1990s and were already competent users of the product which became IBM Cognos Analyst. It had fulfilled their budgeting needs suitably but around 2003 when Stephen Bates, Group Finance Manager, joined the company it became apparent within McCarthy & Stone that decisions needed to be made about the use of Cognos. McCarthy & Stone had always used IBM Cognos Analyst as their primary budget tool, and it had evolved into a sophisticated yet complicated model used across 9 regions in the UK by regional finance directors. With the help of Inca Software, who became involved in the project when IBM Cognos recommended them to the company, McCarthy & Stone went through an initial model rebuild project in late 2003.

The main challenge of this project was to renew enthusiasm for the product and to try and simplify some processes. With this in mind Inca and McCarthy & Stone worked together to redesign the front-end manager screen in Analyst and substantially improved the way the product worked from a user point of view. 'This was a very successful rebuild. With Inca's help we streamlined the model and vastly improved the perception of IBM Cognos within the business.' says Stephen.

REVERTING TO PRIVATE OWNERSHIP DRIVES FORECASTING NEED

Having always used the product for their budgeting requirements, it had always been one of Stephen's aims to widen the use of IBM Cognos within the business to include forecasting. However, until 2006 there had never been quite a strong enough need to use Cognos for forecasting in the business. Stephen observes, 'that need became stronger more recently due to McCarthy & Stone reverting to private ownership at the end of 2006'.

IBM Cognos Contributor has been developed over many years to have the functionality to handle complex business models such as those used by McCarthy & Stone. Although the use of Contributor had been considered within McCarthy & Stone several years previously, it was felt that now was the right time to look again at what Contributor had to offer them.

Stephen was aware that by utilising Contributor for forecasting there would be 'an ease of consolidation of data at the centre, but also



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BENEFITS SUMMARY

- Functionality to handle complex business models in Analyst and Contributor
- Contributor relieves need for spreadsheets to complete successful forecasting
- Uniformity of system leaves fewer margins for user errors
- IBM Cognos develops with business as needs change

potential for forecasting on a monthly basis' from each of the company's nine regions.

Also, previously as it had been quite a painful process to consolidate data with nine separate servers, it was now perceived by Stephen to be 'a good time to upgrade to the next level'.

The first stage of implementing Contributor was specifically focused on getting the budgeting processes to work successfully within the new system. This was effectively put into place by May 2007, enabling the nine regional offices to use a web based interface, which was, says Stephen, 'very pleasing', and proved that the model could work.

In October 2007 McCarthy & Stone went through their budget cycle, and the drive from the business became even stronger to use Cognos to help deliver forecasting, not just for year one, but for three, four or even five years ahead. He says, 'There was a concern that there was no reliable model for forecasting within the business that would tie back to regional data, so we had an even stronger drive to get this delivered on IBM Cognos'. McCarthy & Stone again engaged Inca to help them and worked on a forecasting model on quite a tight timescale until Christmas 2007, going live in January 2008.

CONTRIBUTOR DELIVERS FORECASTING SUCCESS

In the short time since McCarthy & Stone have started using Contributor for company forecasting they have worked out a monthly routine where each of the nine regions produce the forecast for the year using IBM Cognos. 'Previously they would have calculated their forecasting each month using excel, but now, being required to use IBM Cognos enables us to get the results we need from them', says Stephen.

In March 2008 the nine regions were required for the first time to think about three year forecasting, having built that functionality into the model. Head Office then consolidates the data from the contributor model, downloads into Analyst, runs an analyst consolidation model which in turn runs reports.

One benefit that Stephen has been quick to notice is that 'the reports are now standard, everyone has to run the report that comes out of IBM Cognos, which means there is no ability to tinker with excel spreadsheets.' Input into the forecasting model is now standard across the nine regions, 'everyone has to use the same model to give the end result'. Stephen goes on to note that there was no resistance from the end users to these changes.

Developing on this theme further, Stephen explains that a key reporting requirement for McCarthy & Stone is to report on banking covenants which has meant enhanced forecasting, particularly in cash-flow at a regional level. 'We have now given the regional offices the ability to do this in IBM Cognos - because Contributor produces data for them, with their input it is making their job easier'. Stephen concludes by saying this has particularly helped answer the end users' requirements of having a model 'that assists them, rather than having to spend a lot of time in excel trying to get it to work'.

Over the next few months Stephen will continue to refine the current model so it has 'more sensitivity at group level with long range forecasting', but McCarthy & Stone can rely on IBM Cognos Analyst and Contributor to continue to deliver all the forecasting and budgeting solutions they need.