

# CASE STUDY

## RCI Financial Services

### The business challenge

Early in 2014 RCIFS's UK Finance Director, Alice Altemaire, initiated a project to transform the reporting, forecasting and pricing processes within the finance function of the business. The calculation and analysis of all these processes was based on an arduous manual process, reliant on a series of unwieldy Excel files.

The goal was to make a consistent, fast, automated set of analytics that would enhance local business decision-making and consequently feed into the group reporting system.

"We had two primary objectives for this project. The first was to automate all of our reporting processes and thus, increase efficiency and improve the granularity of analysis of both actual and planned performance. The second objective was to ensure all of our pricing conversations and decisions were based on consistent information," said Alice.

The overall goal was to enhance the comparative analysis capability across variables such as product, geography and account manager. Furthermore, the ability to have informed conversations with other departments such as marketing about the impact of pricing and promotional decisions was also required. Ultimately, having the ability to react faster with better access to actual and variance data would support these fundamental requirements.

When EOH first met with RCIFS, they were using Excel to consolidate and analyse data held in different systems. This was hampering both financial reporting and forecasting. At this stage, RCIFS had already undertaken an in-depth review of its processes and had established a clear view of what they wanted to achieve.

"We wanted to create a single database to hold all of our analysis data rather than use multiple spreadsheets. The first step of this transformation was to work with EOH to review these requirements and consequently define the structure, members and dimensions that would support fast, accurate planning, analysis and reporting," said Alice.

"Every organisation has areas of complexity, but the vast number of variables within each product RCIFS sells in terms of size, repayment terms, and interest coupled with the need to report and forecast on specific performance indicators such as Net Acquired Margin (MAC) and Net Instant Margin (MIC) made this project particularly challenging," explains Mihir Patel, Director at EOH. He continues, "we spent time to assimilate the requirements and worked collaboratively with RCIFS to break down the data and formulae that underpinned the key metrics. This was paramount, ahead of confirming whether SAP BPC was the right technology platform to satisfy the overall requirements."

#### ABOUT THE CLIENT

The UK finance partner for Renault, Nissan, Infiniti and Dacia, RCI Financial Services Ltd (RCIFS), offers financing services to its retail and corporate customers managing over 120,000 vehicle contracts per year. RCIFS provides a large range of products such as Hire Purchase, Personal Contract Purchase, Lease Purchase, Lease Hire and Contract Hire for cars. It also proposes wholesale funding facilities to the Nissan, Renault and Infiniti dealer networks for both new and used vehicles and parts. The RCIFS team comprises of more than 200 employees, all focused on delivering high levels of customer satisfaction.

#### INDUSTRY

Finance

#### BUSINESS CHALLENGE

- Complexity of calculations
- Manual data aggregation for reporting and analysis
- Reliance on Excel
- Difficulties in sharing information for making pricing decisions

#### EOH SOLUTION

- SAP BPC
- Project delivering value across phases
- Transformed reporting and forecasting speed and capability

#### BUSINESS IMPACT

- Halved calculation times for some key processes
- More informed pricing decisions
- Improved confidence in forecasts
- Reduced time and resources required
- Clear audit trails

# The solution

In May 2014, the decision was made to adopt SAP BPC. "The investment we had made in reviewing and refining our processes ensured that our deployment of SAP BPC was fast and efficient. Within seven months of starting the project, almost all of the phases are now complete and delivering value to the business," explained Alice.

The table below summarises some of the key areas of development:

Area of Development	General	Requirement	Business Values
<b>Calculation of Commercial Margin, Net Acquired Margin (MAC) and Net Instant Margin (MIC) by contract</b>	Replace Excel for these critical complex calculations and reporting metrics	<p>For development and maintenance to be controlled by Finance and not IT</p> <p>To establish intuitive access to the external data warehouse containing detailed contract information underpinned with a thorough audit trail</p> <p>To provide the flexibility to work around missing information in the data warehouse</p> <p>To create a flexible business model that would adapt to meet future business requirements</p>	<p>The new process has not only reduced potential errors but has considerably reduced calculation times. Automated load of contract level data for 10,000+ contracts a month</p> <p>The team now has the ability to conduct quicker analysis of commercial margins using specially designed formulae to calculate variables such as gross customer rate (margin plus cost of refinancing plus other factors) financing products, dealers, car makes and models</p> <p>The finance team now has improved audit trails and process controls within its group reporting processes, helping drive overall efficiency</p>
<b>Commercial Forecast</b>	Actual data together with pricing data to calculate margin for future periods	To remove the data integration constraints in comparing actual and planned pricing that prevented clear visibility of future volumes, by product and model for predicting margin values	Now have the ability to define the assumptions and data feeds required to improve accuracy of forecast and provide new ways to interrogate the information, together with the ability to flex the data to perform multiple iterations and "what if" analysis
<b>Financial Accounts</b> WIP - Scheduled for go live summer 2015	Automate the financial statements from SAP	<p>To directly map and load trial balance from SAP to Magnitude (group consolidation system)</p> <p>Ability to make specific data transformations</p> <p>Facility to make manual adjustments and analyse the balance sheet movements</p> <p>Export information to group system</p>	<p>Improved audit trail</p> <p>Simpler process</p> <p>Data used as the basis for the finance forecast</p> <p>Improved validations and control</p>
<b>Financial Forecast</b>	Prepare the financial forecasts using the actuals and commercial margin	<p>Generate calculations on outstanding balance within the existing portfolio and for new business</p> <p>Analysis model for operational expenses by department</p> <p>Ability to simulate multiple forecasts scenarios</p>	<p>Improved audit trail</p> <p>Simpler process</p> <p>Faster and more accurate process</p> <p>Improved validations and control</p>

# The benefits

“We have transformed the efficiency of our financial processes and have new insights across a range of key performance indicators that we did not have before. This is of immense value to our business and as a result, this is now being looked at more widely within the group,” said Alice.

“We were impressed with their flexibility and the speed with which they understood the complexities and intricacies of our business and what we were trying to achieve.”

Members of the RCIFS team have been freed from many of the manual reporting tasks. Many of the reports are now being produced in minutes rather than hours. There is a general feeling that far more time can now be spent on value added tasks rather than adding up numbers.

Although the requirements were clearly defined at the outset, as the project evolved, some elements of the requirements did of course change. RCIFS have been impressed with EOH’s ability to adapt accordingly.

“Our decision to work with EOH has been a good one. We were impressed with their flexibility and the speed with which they understood the complexities and intricacies of our business and what we were trying to achieve. If we hit barriers they have been quick to propose alternative approaches and deliver the very specific industry analytics we needed,” concludes Alice.

The majority of the UK project scope has now been delivered but the value of this investment will not end there. This UK transformation project has been reviewed centrally at a group level. As a result, the group is now evaluating this initiative can be leveraged in other countries to continue the drive for improved profits across Europe.



## About EOH

Founded in 1996 EOH UK has been making a tangible difference to the finance function for decades. We build trusted relationships by bolting deep business know-how and proven technology capabilities to our collaborative leadership values.

At the heart of our success is the recognition that building trust with clients is critical. We go to extraordinary lengths to understand the full picture, from current challenges to future goals, while inspiring clients to become more visionary across the system landscape.

Breaking away from legacy systems and streamlining processes is a bold and increasingly necessary step. Choosing EOH UK ensures you have a partner with you at every step of that journey.

Together we deliver the optimum technology solution – grounded in pragmatism but always with an eye on innovation. The result? A faster, leaner, smarter solution delivering returns as well as improved business performance.

**Technology makes it possible, people make it happen.**