

N&P forecasts the future with ALFI® Financial Planning



NORWICH & PETERBOROUGH
BUILDING SOCIETY



Norwich and Peterborough Building Society (N&P) worked closely with Whistlebrook to develop a bespoke database system to meet its need for sophisticated financial analysis and modelling.

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N&P is the UK's ninth largest building society, employing over 800 staff and serving more than half a million customers through 45 branch offices, mainly located in East Anglia. In addition to savings and mortgages, the society has also diversified into banking and insurance.

With the limitations of traditional spreadsheets starting to hinder the society's financial forecasting capabilities, N&P stepped up its search for a new software solution that could provide more detailed analysis and reliable modelling.

"Spreadsheets had served us well in the past but it was increasingly difficult to adapt them to meet more demanding modelling needs," says Liz Robertson, financial planning accountant at N&P. "We needed a sophisticated solution that would give us granular data analysis, for example drilling down to individual products, with more flexibility and far greater accuracy."

Modelling a solution

The N&P team looked at several forecasting systems but although they were good in their own right, none could offer an off-the-shelf solution capable of calculating mortgage and savings interest or dealing with the various characteristics held within.

Whistlebrook already provided management information (MI) options for a number of building societies and worked closely with others on general ledger. With its existing management reporting product, AnaLytics for Financial Institutions (ALFI®), Whistlebrook felt it wasn't a major conceptual leap to roll data forward and model it into the future.

"Although there wasn't a ready-made forecasting product available, Whistlebrook was willing to build one with us as a natural extension to its ALFI MI reporting tool," says Robertson. "This collaborative approach allowed us to have a large say in developing what we wanted and helped us meet N&P's requirements."

Platform for a tailored solution

N&P's specification covered all aspects of the business, both P&L and balance sheet, at a granular level. The teams worked together closely for 18 months, developing the product in stages and releasing elements of the software regularly to ensure it was reflecting the specification and producing the expected results.

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"The ability to accurately model different interest rate scenarios and economic assumptions enables us to manage our business accordingly and make decisions to alleviate any potential issues."

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Developing and delivering ALFI Financial Planning (FP)

As the project progressed, infrastructure was monitored to ensure performance was maintained alongside any database changes. According to Robertson, all the hard work was rewarded with the emergence of a flexible, efficient and highly accurate system, which has generated buy-in across the whole business.

"For example, cost centre budgeting which is done by budget centre holders was previously on spreadsheets, which were prone to inconsistencies because people tended to modify Excel templates and formula. When all the spreadsheets from different sources were combined, it meant data could fall through the cracks."

ALFI FP has introduced a number of controls that were not previously available, providing reliable data and a much easier review and sign-off process for forecasting assumptions.

The finance team is also able to do ad hoc pieces of work which have been hugely beneficial to individual business heads. For example, one of the business areas has been running a lot of 'what if' scenarios to determine the best way forward. "This was an easy exercise with database modelling, compared to spreadsheets, and delivered very accurate and transparent output for presentation to the board," says Robertson.

N&P now produces very high quality board packs, appreciated for their informative content, transparency and consistency. A number of other reporting packs have been developed as a result of the way that ALFI provides data. Its cube output is highly flexible and enables different views to be obtained with maximum ease.

Cube delivers consistent and accurate forecasts

ALFI's data cube model holds data in multiple dimensions, enabling data interrogation at every level with instantaneous response times. The cube automatically drops data into Excel and can output a wide array of impressive graphs and SmartArt.

At a top level, finance is now able to glean an accurate picture of volume and rate variances. "One of the biggest problems previously was the different ways people interpreted data when preparing it," explains Robertson. "ALFI's central database has enabled us to draw consistent output and the cube format is very helpful here too. It's basically a read-only output which means no one can overwrite it."

ALFI FP has also greatly improved planning forecasts for payroll, as previously there was a lack of clarity over the data used as a starting point and confusion in the business over future resource levels from a modelling perspective. "ALFI has eliminated this discrepancy and with everything coming through cost centre managers we now have a total audit trail and the business areas have total clarity too," says Robertson.

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Planning the future with confidence

Robertson says that ALFI FP has delivered vastly improved efficiency and integration between all the finance systems. "Having a multiple suite of products that talk to each other, all from one source, has enabled us to streamline things more efficiently than if we'd had a number of suppliers."

ALFI FP has introduced a new era of modelling and analysis at N&P, enabling the society to run a wide range of scenarios based on different market rates, margins, volumes and product mixes, and to view the outputs with confidence. "The ability to accurately model different interest rate scenarios and economic assumptions enables us to manage our business accordingly and make decisions to alleviate any potential issues," says Robertson.

"The most striking advantage is the complete and transparent MI that we can use across the business, for a variety of outputs from individual budget centre holders to board level reporting. It has enabled us to access and report on an infinite amount of MI."