

Spreadsheets can seriously damage your health unless.....



The IT Division of Gallaher International finds happiness in a multi-dimensional solution to their Reporting, Budgeting and Forecasting.

The client

Gallaher Group Plc, the international tobacco manufacturing and wholesale company with headquarters in the UK, has leading positions in Austria, Estonia, Germany, Greece, Kazakhstan, the Republic of Ireland, Russia, Sweden and the UK. Gallaher's comprehensive brand portfolio includes Benson and Hedges, Silk Cut, Mayfair, Sovereign, Sobranie, Dorchester, Troika, LD, Memphis, Milde Sorte, Ronson, Blend, Hamlet, Old Holborn, Amber Leaf and Condor. The Group employs around 10,000 people, with manufacturing plants in the UK, Russia, the Republic of Ireland, Kazakhstan, Austria, Sweden and Ukraine. Gallaher's shares are listed on the London Stock Exchange and its ADRs are traded on the New York Stock Exchange.

The challenge

Preparing a budget and three reviews per year for Payroll and Capital, downloading actuals from SAP and reporting on all of these in an environment subject to continual change was making life very difficult for the finance team in the IT Division of this International Tobacco Company.

They had a need to cut the time to prepare each review, the payroll part alone was taking two days to prepare and check. The Capital Budget is subject to change both in terms of when the hardware purchases and made and from when depreciation then

starts. They had no flexibility in revising the depreciation schedule based on these changes.

Monthly Management reporting of actuals and forecasts is done on very complex series of spreadsheets with print macros attached. These are both time consuming to maintain and only one person can update them due to the sensitive nature of the spreadsheets.

The approach

Raymond Clarke, the IT divisions Finance Officer, saw the benefits MIS Alea could bring to the process and worked with reseller CFMS to develop a model to meet their requirements.

The model includes Payroll, Capital Budgeting, Overheads and P&L reporting for Budgeting, Forecasting and Actuals.

The Payroll Forecast, that is updated quarterly, can now be completed in less than 30 minutes, saving 2 days of spreadsheet manipulation. As importantly Ray can now produce different views of the company's payroll in seconds and is no longer limited to the initial structure of his spreadsheets.

Because of the nature of the Business final decisions on Capital IT spend are left very late and it was imperative that Alea could give Gallagher the necessary flexibility.

Half way through the project a new reporting regime was imposed from Head Office that meant it was essential to be able to report actuals against approved and budgeted projects.

The Capital Budgeting Model now records all of the actual spend from approved projects, via a standard SAP query file download. Projects can be added to the approved list or excluded and a new depreciation schedule produced within a few seconds. Projects can be moved across time-frames and depreciation start dates and length of depreciation periods can be change, all resulting in an immediate update to the depreciation schedule.

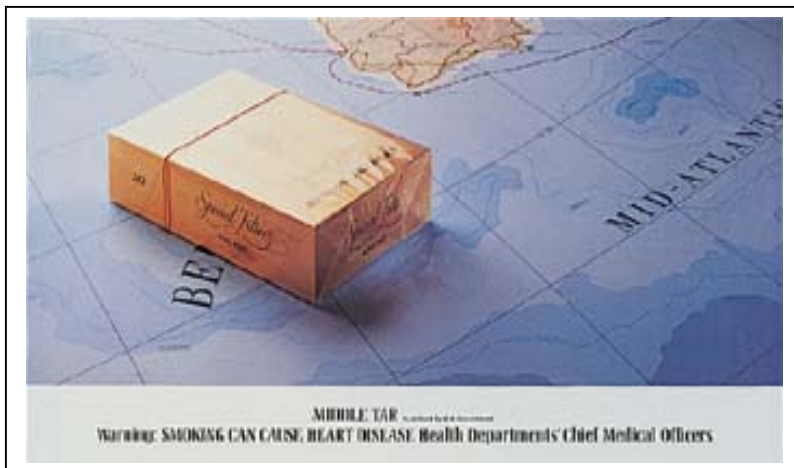
All of the detail parts of the P&L are automatically linked and revised

management reporting is produced. The monthly revised forecast is defined as the actuals to date and the remainder of the current year forecast.

The conclusion

In summary, Gallaher's IT finance team is now saving time at all stages of the process. They are making savings of up to 90% on getting to the first cut of their results; they are able to slice, dice and drill down through their data in a way which was impossible using their large spreadsheet models and they can now and have reacted to change as it arises.

All in all, a pretty amazing result from such a small investment.



Implemented Software

MIS Alea Professional

Operating Platform

Windows 2000 Professional

Source-Systems

In-House spreadsheets
SAP

Applications

Payroll and Capital Budgeting
Capital Spend monitoring
P&L Reporting
Quarterly Forecasting