



Aerospace Assembly and Subcomponent Manufacturer

Integrated Financial Planning and Forecasting Solution

Challenge

An international aerospace assembly and subcomponent manufacturer faced challenges in developing a multi-year mathematical bottom-up forecast utilized to create operational plans, financial projections, and public earnings guidance. The existing process, based on over 5,000 Excel spreadsheets, was manually intensive and prone to error. The forecast was developed on a quarterly basis by 60 financial analysts with a cycle time of 90 days leaving little time for analysis of the results. Given the strategic importance of the forecast, the company sought assistance from CT Global and SAS to streamline the forecast process with the goal of improving accuracy and efficiency.

Solution

CT Global developed an optimized forecasting process powered by SAS financial planning and forecasting software. The implementation began with standardizing the various forecasting processes used by the financial analysts. Next, standard data entry forms and business rules (e.g., calculation of loaded labor rates, application of learning curves, assignment of incurred costs to unrecognized revenue) were created using the robust formula engine of the SAS financial planning workbench. The forms, featuring a familiar Excel-based interface, were tied to a common data repository with an in-memory cube allowing real time calculation of results. The input of data from core systems including the SAP ERP system was automated. The work flow process of submitting, approving, and consolidating individual forecasts was built in to the solution in order to minimize errors and provide complete process transparency and auditability. Finally, customized reports and dashboards with key performance metrics were created.

Results & ROI

The solution has provided significant financial and operational benefits and has been enthusiastically received by business users due to ease of use, flexibility, and on-demand calculation of forecasts.

- 10 year cost savings estimated to be \$32.4 million
- Reduction in forecast cycle time from 90 to 30 days
- Reduction in required financial analysts from 60 to 15
- Improved forecast accuracy resulting in decreased inventory and enhanced earnings projections
- Shift from fixed ordering to demand driven ordering
- Complete transparency and audit trail
- Minimization of errors through an automated workflow and consolidation process