



REVELWOOD CASE STUDY

Pinnacle Airlines Soars to New Heights with Revelwood and IBM Cognos TM1 for Planning and Analysis

OVERVIEW

Country: United States
Industry: Airline

CUSTOMER PROFILE

Pinnacle Airlines Corp. (NASDAQ: PNCL), an airline holding company, is the parent company of Pinnacle Airlines, Inc. and Colgan Air, Inc. Pinnacle Airlines, Inc. operates a fleet of 142 regional jets under Delta brands in the United States, Canada, the Bahamas, Mexico, U.S. Virgin Islands, and Turks and Caicos Islands. Colgan Air, Inc. operates a fleet of 48 regional turboprops as Continental Connection, United Express and US Airways Express. Pinnacle Airlines Corp. transports 13 million passengers per year and is the employer of more than 4,300 proud Pinnacle people.

CHALLENGE

This regional airline company had a financial planning and analysis staff of eight people to manage, analyze and make recommendations on financials for the holding company and its subsidiaries. This small team was extracting financial data in batches from its GL application, Lawson, and then importing the data into multiple Excel files. The process was slow, labor-intensive and left little time to analyze the information.

SOLUTION

Pinnacle evaluated BPM implementation companies and selected Revelwood to design a BPM solution comprised of Revelwood's BPM Suite and IBM Cognos TM1. The implementation cycle took just over three months, with Pinnacle financial analysts using the system the day after going live.

"The finance team was using TM1 the day after we went live. The install went very smoothly, with the entire project coming in on time and under budget."

Ben Murray, Director of Financial Planning and Analysis
Pinnacle Airlines

Success in a Competitive Industry

Pinnacle Airlines, based in Memphis, Tennessee, has a tremendous passion for serving the needs of the airline industry. Pinnacle's success in an extremely competitive industry is a result of the company empowering its people to operate a safe, reliable and cost-effective airline. The company began operations in 1985 as Republic Express and now operates 190 regional aircraft and flies more than 1,280 flights daily to 152 cities and towns in North America.

Scaling Mountains of Financial Data

To be a cost-effective airline, Pinnacle needed to truly understand its financials. This was very difficult with the company's existing financial process. The airline had a manual process, where it needed a business performance management (BPM) solution.

Pinnacle's finance team had to download raw data from its general ledger (GL) system, Lawson, and export that data into multiple Microsoft Excel spreadsheets. As part of the monthly close process, this manual approach to collecting financial data had to be done each month.

The finance team of eight people, led by Ben Murray, director of financial planning and analysis, had no way to automate the data collection process. As a result, many man-hours a year went into data collection and manipulation.

Not only did Murray's team have to go through this monthly process for Pinnacle, but the team also had to manage the financials for the airline's two subsidiaries. In total, the monthly closing process took seven to ten days to complete. Just the importing and aggregation of data took at least one hour per day.

The amount of time dedicated to extracting information from the GL and then compiling it in Excel left little time for actual financial analysis. And, by keeping the data in spreadsheets, the finance team was limited in how they could analyze and consolidate the information. Essentially, there was no way to drill-down into details, look at data in different ways or do any type of ad-hoc analysis.

An Easy Path to Efficiency

After selecting IBM Cognos TM1 as its BPM platform, Pinnacle evaluated several leading BPM implementation providers. Pinnacle had two key criteria: experience working with Lawson, and the amount of time and resources the implementation would take. Based on these factors, Pinnacle selected Revelwood to implement the airline's new financial system based on TM1.



BENEFITS

- Automated data collection
- Improved data quality
- Ability to perform ad hoc analysis
- Ability to drill down into GL transaction-level data
- Reduced man-hours for monthly close

About Revelwood

Revelwood is an IBM Advanced Business Partner offering products, implementation services, training and support that bring ease, speed and flexibility to budgeting, planning, reporting and analytics.

With more than 15 years of IBM Cognos TM1 experience, Revelwood is recognized among the most reputable performance management solution providers in the U.S. today. Combining IBM Cognos TM1 software with best practices and pre-configured, out-of-the-box applications like Revelwood's BPM Suite™, Revelwood helps companies accelerate the building and deployment of performance management solutions to help businesses strategize, plan, execute and take corrective action—at all levels across the organization, on a continual basis, in real time.

About IBM Cognos TM1

IBM Cognos TM1 software provides a real-time approach to consolidating, viewing and editing enormous volumes of multi-dimensional data. Using a patented, 64-bit, in-memory multidimensional OLAP server, IBM Cognos TM1 has received some of the industry's highest ratings for helping organizations drive better business decisions with faster implementation times and lower IT costs.

Contact Information

Revelwood Inc.
14 Walsh Drive, Suite 303
Parsippany, NJ 07054

201.984.3030 tel
201.984.3031 fax

www.revelwood.com

Follow us on  

"Not only did Revelwood deliver the shortest implementation cycle, but they also offered a number of pre-packaged implementation accelerators including templates, reports and data management tools in the Revelwood BPM Suite™," said Murray. "Revelwood's experience and pre-packaged BPM modules played a significant role in meeting our aggressive implementation schedule."

During that process Revelwood worked with the Pinnacle team on a regular basis. Revelwood's approach included holding meetings with Pinnacle every two weeks. These meetings resulted in Pinnacle always knowing the status of the implementation. Additionally, Revelwood offered Pinnacle the flexibility to have the Revelwood team work on site at Pinnacle, or remotely.

Quality Data, More Analysis, Greater Insight

Pinnacle's BPM application went live after slightly more than three months.

"The finance team was using TM1 the day after we went live," stated Murray. "The install went very smoothly, with the entire project coming in on time and under budget."

Revelwood provided Pinnacle with analysis and design services, pre-packaged modules, TM1 formulas to automate data collection from Lawson and TM1 training. Revelwood's approach included a six-step project implementation methodology and intensive analysis and design scoping sessions.

Pinnacle is using TM1 with Revelwood-built components for Wage & Benefits and Capital Expenditure models. The Wage & Benefits model allows Pinnacle to easily budget wage-related expenses and analyze employee compensation costs on a monthly basis. The capital model allows detailed project data entry which integrates the resulting depreciation expense into the budget. The data presented allows Pinnacle to accurately assess personnel and capital expenditures and make appropriate resource allocation decisions. In this tight economy, that translates into efficiency, savings, and financial transparency.

Moving forward, Murray and his team plan to use TM1 for detailed profitability analysis and more. Murray adds, "The BPM system will enable us to discover issues. We can now drill-down into GL-level transaction detail and analyze the numbers faster. This level of data will empower our team to be more proactive and offer better customer service."

TM1 gives Pinnacle's team access to data that they previously didn't have. For example, Pinnacle can now pull near real-time data out of Lawson and perform ad-hoc analysis on that data. Just one use of this is to analyze flight crew hotel costs, enabling the airline to make swift decisions to save expenses on variable costs.

"We are receiving tangible benefits from TM1 with Revelwood's BPM Suite—from time savings to better quality data," said Murray. "The intangible benefit is that the system has improved the morale of the finance team. By reducing the labor-intensive process, we've made the work lives of our financial analysts a lot easier. We've received compliments for TM1 from the team."

"With TM1 and Revelwood's BPM Suite, we were able to shorten the budgeting cycle from three months to two months," commented Murray. "Perhaps more important than the time savings is the increase in the quality of financial data we now get from TM1. The end result is we have better data faster, leaving us valuable time to perform complex analysis and to deliver accurate and relevant data to the management team. And that enables us to remain a cost-effective airline."