

REVELWOOD CASE STUDY

Regency Energizes Budgeting and Reporting with IBM Cognos TM1 and Revelwood

OVERVIEW

Country: United States
Industry: Gas and Energy

CUSTOMER PROFILE

Regency Energy Partners LP (NASDAQ: RGNC) is a growth-oriented Master Limited Partnership that specializes in the gathering and processing, contract compression, and transportation of natural gas and natural gas liquids. Regency focuses on servicing the prolific natural gas producing regions in the United States. Regency's general partner is owned by Energy Transfer Equity, LP (NYSE: ETE).

CHALLENGE

Regency had a long budgeting process, complicated by dealing with reports and budgets from more than 100 departments. In many cases the divisions had different formats and processes for budgeting. Relying on Excel resulted in version control issues, no central repository for budgeting information and an inability to collaborate. The cumbersome budgeting process offered little time or accurate data for in-depth analysis.

SOLUTION

Regency selected IBM Cognos TM1 as a financial performance management solution for its finance department and many divisions. TM1 serves as a common platform for storing, monitoring and analyzing financial information across the company. Revelwood developed the models and cubes for the TM1 applications, taught the finance team to develop their own cubes and dimensions and trained the end user community on using the new TM1-based applications.

Regency Energy Partners, a midstream natural gas services provider, is committed to enhancing and building America's energy infrastructure. The company's goal is to become the leader in their industry by offering top quality services to customers and in doing so, deliver consistent growth in shareholder value.

In order to run a world-class business, Regency realized that using Excel to manage the budgeting process across its 107 departments had become cumbersome, resulting in a myriad of challenges: version control issues, no centralized repository for budgeting information, collaboration issues and different manual processes within each area. Overall, this approach was time-intensive, inefficient and did not deliver the level of transparency needed for analysis.

A Financial Performance Management Solution with Minimal IT Resources

In order to get a central view of budgeting data, reduce man-hours spent on the budgeting process and to achieve greater insight into the numbers, Regency decided to bring in a financial performance management solution.

After evaluating the many options available on the market, Regency decided that IBM Cognos TM1 delivered the right combination of sophisticated features while requiring minimal IT resources for deployment and maintenance. Regency decided the best path for them to realize rapid deployment and large-scale adoption was to work with a professional services firm with expertise in financial performance management and TM1. That firm was Revelwood.

Key Success Factors for the Implementation

Revelwood and Regency decided on a phased implementation approach: the first phase was to use TM1 for the budgeting process in the corporate finance office, the second phase was to deploy TM1 to the remaining 100+ departments and the third phase was to deploy TM1 to the compression segment.

One key aspect of Regency's budgeting process is its compensation model. The company wanted to shift from multiple, manual compensation models to fewer, automated models. Working with Regency to understand commonalities and exceptions in the company's many compensation and benefits plans, Revelwood developed a TM1 compensation model specific to Regency. The compensation model enables Regency to drill down by person and allocate employees between different departments, enabling the finance team to assess a person's true cost and compensation.

Perhaps most importantly, Revelwood worked with Regency's key people to teach them how to build TM1 dimensions and cubes on their own. The knowledge transfer between Revelwood and Regency means Regency can grow with TM1 without spending budget on additional consulting hours.

"Revelwood's knowledge transfer to our team means our new system can change as our business changes," said Tina Cone, manager of budgeting and analysis at Regency. "Revelwood set the stage so that Regency can be self-sufficient using TM1."

The time period for all this work was relatively short – producing some skeptics at Regency.

"Our schedule was very aggressive. We started in June for a September budgeting process," said Cone. "Some of our folks thought it would be impossible. But it wasn't. Revelwood met all its deadlines and guided us through a smooth roll-out."

BENEFITS

- An estimated 50% reduction in man-hours spent on monthly budgeting.
- One consolidated solution for all budgeting data, delivering better consistency and transparency of data.
- A smoother budgeting process, eliminating version control issues.
- Empowers key team members with the skills and knowledge to develop new financial performance management applications.
- A foundation for rolling out financial performance management on an operational level to more than 100 departments and two different general ledger systems.

About Revelwood

For 20 years, Revelwood has partnered with Fortune 1000 and mid-market companies to optimize their financial and operational performance. We provide empowering Business Analytics solutions, implementation services, training and support to help businesses achieve their full potential.

- Financial Performance Management
- Incentive Compensation Management
- Predictive Analytics

What makes Revelwood different?

- With hundreds of successful implementations under our belt, we're known as the industry's leading IBM Cognos TM1 and Cognos Express experts.
- Our out-of-the-box implementation accelerators and tools like Revelwood's BPM Suite™ and Performance Toolkit™ ensure that our solutions are delivered in a fraction of the time required by a standard implementation.
- Our implementation methodologies are built on 20 years of best practices to ensure the best results, on time and within budget.
- We make "heroes" of our clients.

Contact Information

Revelwood
14 Walsh Drive
Parsippany, NJ 07054
201.984.3030
info@revelwood.com
www.revelwood.com



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Manager of Budgeting and Analysis
Regency Energy Partners

Partnering for Wide-Scale User Adoption

Even the best software fails if it is not accepted and utilized by the targeted end users. While Regency recognized this issue, they were still a bit worried about company-wide adoption.

“Our finance team knows the power of TM1,” commented Cone. “We hoped for the best, but weren't sure we could convert the TM1 users into fans. Revelwood was instrumental in helping to develop the TM1 models and cubes, and had intimate knowledge of not just financial performance management best practices and TM1, but also how the system was configured and customized to Regency's business. This knowledge was essential to delivering superior training to Regency's finance team and key divisional personnel. Revelwood's approach to training created an instant 'fan group' for TM1.”

Endless Possibilities with TM1

With Revelwood's expertise, guidance and training, Regency successfully rolled out TM1 to all its divisions in phase two. As part of the second phase, Revelwood also introduced drill-thru into the mix. This allows Regency to link TM1 into their transactional system. This allows even more analysis possibilities since users can see both consolidated planning data and actual transactional data. The company is now focused on having the divisions use TM1 for wide-scale financial performance management.

The benefits of the TM1 solution have been numerous and Regency sees the possibilities as endless. Regency is able to compare budgets versus actual for each division and access historical information for “bigger picture” trend analysis by division or other variable.

The new solution holds much promise for Regency's divisions as well. Using TM1, they can compare statistical measures, trend data, monitor and manage plant operational information, analyze pricing information and more.

The benefits of TM1 are many: improved efficiencies during the budgeting process, a centralized repository for budget information, more reliable data and greater transparency. In addition to these “standard” benefits, Regency realized some additional benefits, including reducing their dependence on and usage of Solomon and FRx. Solomon and FRx have their role in the enterprise, but were not designed for complex analysis. Before TM1, Regency's analysts had to access Solomon several times each day in order to do drill-thrus for variances. Now, with TM1, the analysts have all that detail and can click-thru down to the transaction level.

Regardless of the “added” benefits, speeding up the budgeting process has been significant. From reducing the man-hours spent on tedious reconciliations to making it easier to provide accurate information for board packages, the new system has proved invaluable.

“Our monthly variance process is now substantially smoother,” said Cone. “We haven't done a formal ROI analysis, but we've easily reduced our time spent budgeting by at least half.”