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## Overview

### The need

To thrive in volatile times, financial services companies need flexibility in their business planning. Being tied to a static annual budget limits flexibility, but more dynamic approaches can be difficult to implement.

### The solution

Macquarie built an enterprise-wide platform for business planning, accelerating its finance processes and providing new capabilities such as monthly rolling forecasts and scenario modeling.

### The benefit

Budgeting cycles have been cut by 10 weeks. Scenarios can be modeled up to a 60-month horizon. Finance teams have seen a 40 percent shift from process-related work to more valuable analytical work.

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# Macquarie Group

*Better business planning and decision support with sophisticated financial modeling*

Macquarie has a non-hierarchical organizational structure, split into six operating groups. Four service groups provide the framework, infrastructure and support that the operating groups require to manage their business. These are the corporate operations, financial management, legal and governance, and risk management groups.

Forecasting is a complex process amongst these groups, and requires forecasting tools that can handle complex allocations and provide transparency about recoveries from different groups. Functionalities such as in-memory calculation and drill-through are vital to handle this workload and deliver the results in a timely way.

Amendra Pratap, BI Architect at Macquarie, explains: “When we undertake large, enterprise-wide initiatives, it’s important for the operating groups to understand the impact on their bottom-line. Now we can use our IBM® Cognos® TM1® platform to model this impact for forecasts, as well as calculations of allocations of actuals on a monthly basis.”

“Our IBM performance management platform helps our senior leaders make these kinds of decisions quickly and accurately, based on a full understanding of the immediate and future financial impact across every part of the business.”

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*Macquarie aims to give its employees “freedom within boundaries” – the scope to make the maximum use of their talents within their role. “Our finance team is full of smart people, and our IBM analytics platform helps them spend less time on admin, and more on tasks that let them use their skills to the full,” says Amendra Pratap, BI Architect at Macquarie Group.*

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## Solution components

### Software

- IBM® Cognos® TM1®

### Services

- IBM Business Analytics Software Services
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## Dynamic financial performance management

Macquarie's journey towards an enterprise-wide performance management platform began with two realizations.

First, basing the group's business plan on a static annual budget made it difficult to adapt to changing market conditions and respond quickly to emerging opportunities. And second, moving to a more dynamic business planning model would require the finance team to transform the way it managed processes such as budgeting and forecasting.

"Creating even a single iteration of a budget took 20 hours of the finance team's time," explains Amendra Pratap. "The business wanted to introduce monthly rolling forecasts, but it would have been prohibitively time-consuming with our existing spreadsheet-based processes. We needed to find a better way."

## Finding the right solution

Macquarie reviewed various performance management solutions that were already in use in different parts of its business – including IBM Cognos TM1.

"We had a number of 'shoot-outs' between different products as we tried to select an enterprise platform for business planning, and IBM Cognos TM1 always came out on top," says Amendra Pratap. "From a budgeting point of view, it's a huge advantage that contributors around the world can simply log into a web interface and enter their forecasts, and instantly view the results in real-time."

Once the solution had been selected, Macquarie set up a central performance management team with its own steering committee and architecture board, with sponsorship from divisional CFOs. The team works closely with finance and other lines of business to develop applications for TM1 based on business priorities, with a six-week delivery cycle to constantly move new functionality into production.

"We see our role as solving business problems, not providing systems," says Amendra Pratap. "Our philosophy is that we only develop something if the business needs it. A large part of the success has been this business/technology collaboration structure."

This approach has led to enthusiastic adoption of the new TM1 tools by the business. Macquarie already has 380 TM1 users, and expects the user population to rise to 750 by the end of the year.

## More responsive business planning

First and foremost, the new solution has transformed the way Macquarie handles budgeting and forecasting at group level. Instead of spending weeks pulling together an annual budget that gradually becomes less and less relevant to the needs of the business, the finance team can now create new budget iterations in a matter of days. As a result, the business has been able to move to a rolling forecast model.

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*“The enterprise-wide platform allows our finance teams to collaborate globally and support better decision-making.”*

— Amendra Pratap, BI Architect,  
Macquarie Group

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“We started with quarterly rolling forecasts and ironed out some of the business processes. As a result, we’re now able to move to a monthly version,” says Amendra Pratap. “With spreadsheets it would have been almost impossible to attempt such a transformation. With TM1, we can do it without blinking.”

Rolling forecasts make it easier for Macquarie to keep its business plans in a state of continual evolution, taking market changes into account as they happen instead of waiting until the next budgeting period begins. As a result, the business can be far more responsive when new risks or opportunities emerge.

### **What-if analyses enable better decision-making**

When an opportunity does arise, or the business needs to evaluate a significant investment or a new strategy, the IBM solution provides the tools to help Macquarie’s senior leaders make rapid, evidence-based decisions.

“The other area where TM1 has proven to be very effective is as a driver-based allocation engine,” comments Amendra Pratap. “We developed a driver-based allocation model that calculates in real time and is able to produce journals in minutes.”

“The best thing about the allocation model is that it is scalable: what started off as small model now calculates and generates over half a million rows of allocation lines per month,” comments Amendra Pratap. “The finance team can use the same model for all their reporting, and drill down to see the details of what’s driving each allocation. This has provided a high level of transparency and efficiency.”

Macquarie also uses what-if analysis on a regular basis in several areas of its business. For example, the group treasury department uses scenario modeling techniques for capital management and forecasting.

### **Looking to the future**

“What we find particularly exciting about IBM Cognos TM1 as a platform is that it offers so much more than we originally anticipated,” concludes Amendra Pratap. “Financial data is just the beginning: we are now looking at modeling data from all sorts of other areas, such as operations, headcount, technology optimization, and so on.

“Ultimately, we would like to get a more holistic view of all our data, so we can predict pressure points and allocate our resources more effectively – and as we move forward, IBM can provide the sophisticated analytics tools we need to accomplish this.”

## About Macquarie Group

Macquarie Group is a global provider of banking, financial, advisory, investment and funds management services. The company is listed in Australia (ASX:MQG; ADR:MQBKY). It employs more than 13,900 people in 28 countries, and at 31 March 2014, it had assets under management of USD396 billion.

To learn more about Macquarie Group, please visit [www.macquarie.com](http://www.macquarie.com)

## About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals.

### For more information

For further information please visit [ibm.com/business-analytics](http://ibm.com/business-analytics)



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