

# Automating the recording and control of over \$160 million of annual capital investment for South Australia Water



*With Performa BIDS, South Australia Water can now be confident that the plans for their two largest costs, capital projects and people, are under control.*

## **The Challenge**

South Australia Water's financial planning, budgeting and forecasting processes were supported by a variety of applications including commercial financial system such as MIMS (Ellipse), Corvu and Web Focus, along with custom built applications and a myriad of spreadsheet based models.

Financial approval for capital projects was a manual process. Most forms required within the process were available from the company's intranet but from more than one site and the process to follow, although also described on the intranet weren't up to date.

Labour costs formed the largest single component of operating expenditure (after depreciation and interest). Accordingly it was vitally important that it be properly managed.

Extensive funds were held in their capital plan for each of the following two financial years, yet there was no single system for the submission of capital expense bids; it was compiled manually from a number of sources. It was therefore deemed prudent to improve the recording and control over these high value investments.

## Identifying the Problems

Increasing business needs and demands from customers meant that SA Water's capacity to manage and plan financial activities effectively were starting to be noticeably impacted. In particular, their systems had in some instances limited the Corporation to effectively deal with emerging financial issues and business risks.

Their existing systems had the following issues:

- Lack of robustness and flexibility;
- Low level of user accessibility and confidence in data quality;
- Minimal management involvement and accountability;
- Difficulty in handling maintenance and update issues;
- Version control difficulties;
- Manual handling;
- Difficult to perform "what if" scenarios;
- The Corporation was falling behind in "best practice" standards; and
- Evaluation and approval collaboration was cumbersome.

The Labour Modelling application, a custom system written using Microsoft Access, had been in existence for over 5 years, was overly complex to maintain and update, and was not sufficiently flexible to readily cater to the growing diversity in employment conditions and business needs.

Problems arose with the capital projects process when forms were lost, were not completed appropriately across stages, and steps were missed; ultimately resulting in approvals being delayed.

The new system needed to effectively manage the organisation's two largest costs – capital investment and labour – by electronically capturing bids for capital and operating expense requests that including commentaries and descriptions from stakeholders. It needed to incorporate a method to confidently plan and model total labour costing and productive activities such as capital projects.

Finally, there needed to be the ability to develop budget estimates for each responsibility area based on resource requirements, activity levels and relevant unit costs, along with subsequent aggregation of these detailed bottom-up budgets into the business units financial plans.

## Solution

A corporate-wide performance management system providing integrated planning, budgeting, and forecasting; enhanced by BIDS to provide automated workflow and routing encompassing forms logic for data entry.

## Technology

### Architecture

- Performa BIDS™
- Microsoft Windows Server
- Microsoft SQL Server Analysis Services
- Extensity MPC

### Functionality

- Planning, Budgeting, and Forecasting
- Capital Expense Planning
- Labour Modelling
- Workflow
- Routing and Approval
- Web Enabled
- Process Monitoring

## Business Improvements

- Confidently manage capital expenditure, labour, operating performance, balance sheet, and cash-flow at any level of the organisation.
- Flexible and efficient scenario modelling; detailing the financial impacts and key drivers of potential projects and initiatives under consideration.
- Provide financial plans and strategies which are negotiated and agreed between the Corporation and its owner.
- Develop budget estimates for each responsibility area based on resource requirements, activity levels and relevant unit costs.

- Ability to aggregate detailed bottom-up budgets to incorporate into the Business Unit's financial plans.
- Accurately budget and monitor the cost of the workforce; direct salaries and wages, on-costs such as overtime, superannuation, payroll tax, annual and long service leave, worker's compensation and fringe benefits tax.
- Ability to track capital requests through approval, including who performed what action.
- Process progress reporting.

## Benefits

With the Performa BIDS budget management system, South Australia Water now has a single platform for planning, budgeting and forecasting; a system that enables clear visibility for managers at all levels to make better decisions on a continuing basis. By automating and streamlining the processes, a comprehensive source of quality information has optimised superior business decisions and relieved bottleneck pressures, allowing more time to focus attention on analysis and alignment to Strategic Plans.

The system allows the right information to be captured directly from line management, leading to increased ownership and accountability of budgets.

Budget information, at a meaningful level of detail, is routed through validation, review and approval processes to ensure the highest levels of accuracy and timeliness.

## Further Information

To find out more about Performa IT Australia's enhanced performance management solutions, and how to boost your organisation's effectiveness, contact your nearest Performa IT Australia office, visit: [www.performasolutions.com.au](http://www.performasolutions.com.au) or e-mail: [info@performasolutions.com.au](mailto:info@performasolutions.com.au)