

Wesfarmers Resources

The journey from manual to automated reporting

Wesfarmers Resources is a significant Australian open-cut miner, a leading metallurgical coal producer and supplier of thermal coal for domestic power generation. It is also part of the Wesfarmers group of companies, one of Australia's largest publicly listed organisations with business interests ranging from supermarkets and department stores, to chemicals, energy and fertilisers.

Wesfarmers Resources operates the Curragh open cut coal mine near Blackwater in Queensland's Bowen Basin and has a 40 per cent interest in the Bengalla mine in the Hunter Valley of New South Wales.

The month end challenge

Every month, Wesfarmers Resources' Financial Controller, James Morgan, and Senior Finance and Business Systems Analyst, Cheryl Willets, work closely with finance staff and mine site management on month-end and Board reports for the parent company. These days, Morgan says, “It is a completely automated process from beginning to end, but five years ago, it was a different story.”

Back in 2010, around the time that Morgan and Willets were recruited, month end at Wesfarmers Resources was predominantly manual, largely relying on spreadsheets. Willets explains, “Everyone had their own versions of reports and ways of obtaining data which meant that—final consolidating of reports required a great deal of time and effort in reconciling.”

A five year plan to automation

To bring consistency and more accuracy to report creation, Morgan tasked Willets with developing a plan that would enable the company to progressively shift to a simpler, more accurate month end process.

Morgan says, “We began to document where the gaps in reporting were. Then we looked at where we could get the biggest improvements first. At the same

time, we wanted to avoid the complexities of a ‘big bang’ project.”

To provide the necessary automation, Morgan knew he needed solid business intelligence and good analytic software. This turned out to be one of the easiest decisions of the project. “We already had TM1 and Cognos in some form within the company. The tools were massively under utilised at the time but I knew they were best of breed and highly respected. I saw no purpose in going out and buying new software and I could see the potential they offered.”

The Cognos data repository was used to develop a data warehouse that would form the foundation for the transition, bringing all of Wesfarmers Resources' diverse data sets – including information from an Oracle ERP, statistical data, mine site data and more – together into one source.

“We used this data to build a new activity based costing model which changed the way we looked at our costs and paved the way for reporting changes,” Morgan says.

IBM Cognos TM1 brings Excel familiarity

Willets takes up the story, “After that, James came looking for a solution for our operating statement and board reporting which at the time, was still Excel based.”

She turned to IBM's Cognos TM1, the leading enterprise planning software platform widely used for budgeting, reporting, scorecarding, analysis and forecasting. “It had the Excel front end that accountants love and gave us all the controls over reporting that we wanted,” Willets adds.

A partner that brings ideas

To deploy the software and develop the reporting solution, the pair engaged business analytics and business performance management experts, Cortell Australia.

“We had no real alignment to any partner, but we wanted to know who was best in



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AT A GLANCE

> Streamlined month end reporting and more control over forecasting

Challenge

> Wesfarmers Resources wanted to bring more consistency and efficiency to their month end financial reporting processes

Solution

> Wesfarmers Resources engaged Cortell to develop an automated operating statement, board reports, forecasting and hedge fund reports using IBM Cognos TM1

“Cortell has been really easy to work with and the quality of resources they've provided have been excellent.”

Cheryl Willets
Senior Finance & Business Systems Analyst
Wesfarmers Resources

Benefits

> More accurate data and more consistent logic is saving hours of manual linking of spreadsheets and is contributing towards significant cost savings

the local industry,” Morgan states. After receiving a recommendation for Cortell, he says, “I called around and asked for background on the company. Then I called them in and asked them to provide me with ideas of what they could do to make my environment better.”

Morgan's direct approach worked. Cortell's input confirmed their understanding of Wesfarmers Resources' needs and their concepts were quickly incorporated into the project.

Incremental change

Together, Cortell and staff at Wesfarmers Resources set to work developing an

automated operating statement process using TM1. After almost three months, the operating statement was rolled out to the business. That's when the hard work really began, with Willets and Morgan encouraging managers across the business to use the new system.

"It can be difficult for finance people to make this kind of change because they are constantly busy," Willets observes. "But once they can see a benefit to their role, they all come on board. With TM1, people are discovering they don't have to go to 45 different places to find the information they need. They can find it from one source and that's a big difference."

With the operating statement deemed a success, Cortell moved on to develop a full suite of board reporting, forecasting and hedge fund reports using the TM1 platform. The team adopted an iterative approach, bringing on more data, developing and deploying from testing environments to the production environment on an incremental basis.

Today, TM1 plays a crucial role in finance reporting at Wesfarmers Resources and other departments are looking at how they too can benefit. With Cortell's help, a new sales and marketing system is being developed to automate the company's hugely complex invoicing process, and to bring transparency and control to sales and marketing board reporting. The Human Resources department is also keenly looking at ways to use the tool to enhance reporting.

More accurate data, more consistent logic

Morgan says the benefits of TM1 and the enhanced reporting capability are many and varied. "Our data has become more accurate. We have improved internal controls in the marketing area and in our financial statements through the use of automated trial balance reconciliations and by using the segregation of duties within TM1."

With a standard solution in place, report logic has become consistent. "The algebra is coded and agreed and protected in TM1," Morgan explains. "When we were using spreadsheets, if someone changed a formula it could be hard to detect."

More importantly, Morgan says the activity based costing developed in Cognos along with a TM1 cost driver tree project have helped contribute towards a significant reduction in mine cash costs over the last three years.

Manual processes – from board reports to the creation of hedge books – have been streamlined and automated, further improving accuracy.

Forecasting has become easier and more controlled, with TM1 replacing individual departmental spreadsheets to become the single source of forecasting truth for the company.

"All of this has helped to deliver more efficient month end and board report production," Morgan states. "We've always finished month end by day four. That hasn't changed with TM1, but it is much easier now. We're saving hours of manual linking of Excel spreadsheets and using that time to do more analysis. We have better transparency across the board. And we have a much better ability to do ad-hoc queries and analysis."

The future

Willets and Morgan believe there are many more opportunities for TM1 within Wesfarmers Resources. From a finance perspective alone, the system continues to be developed, becoming more sophisticated thanks to feedback and enhancement suggestions from users.

Much of the technical development is now managed in-house, but Willets continues to turn to Cortell whenever she needs guidance. "We use Cortell for support, for review and analysis, and occasionally, when we get stuck. They have really good knowledge and help us with all parts of the solution. They can look at our technical environment – our servers and the performance of TM1 – and help to optimise our system. These are all skills we don't have in-house."

"Cortell has been really easy to work with and the quality of resources they've provided have been excellent. Their design skills were very important to us. But their real expertise has been in their ability to reflect our processes in the logic of the system", she concludes.

Wesfarmers Resources, Chief Financial Officer, Mike Ball said that he is delighted with the improved efficiency, timeliness and clarity of business data which James and Cheryl have delivered for Wesfarmers Resources in working with Cortell. "This work has supported our leadership team and the Wesfarmers Resources board with timely, clear and immediately actionable data in key focus areas. We strive for mine cash cost management outcomes which are amongst the best globally—this work has been an important enabler."



About Cortell Australia

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- IBM Cognos TM1
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