

# OMERS boosts efficiency and tightens financial controls

## OMERS

*Integrating financial reporting and planning with a suite of IBM Business Analytics solutions*

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### Overview

#### Business challenge

As a result of continued growth in both membership and assets, OMERS found the complexity of its financial accounting structure was becoming onerous. With 41 sets of books and nine unique charts of accounts, it was difficult to get an enterprise-wide view of the financial position, and analysts spent the majority of their time reconciling financial statements and validating data – diverting them from more valuable endeavours.

#### Solution

Building on previous success with IBM® Business Analytics software, OMERS chose to deploy IBM Cognos® Business Intelligence for financial reporting and IBM Cognos TM1® for financial reporting, planning and forecasting. Finally, IBM Cognos Business Viewpoint is used to capture and manage multiple hierarchies, structures and dimensions to ensure information is delivered that is relevant to the specific need.

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With over \$53 billion in net assets in 2010, OMERS is one of Canada's leading pension funds. It administers a diversified global portfolio of stocks and bonds as well as real estate, infrastructure and private equity investments. Its innovative asset mix consistently yields superior returns, ultimately funding almost 70 percent of the plan over the long-term. The remaining 30 percent funding comes from employee and employer contributions.

OMERS was established in 1962 to serve local government employees across Ontario. Today it represents nearly 1,000 employers and more than 400,000 members, including municipal workers, Children's Aid Society workers, firefighters, emergency services staff, police, school board staff, transit and hydro workers.

#### Achieving business goals

“With steady growth in both our membership and our assets, the main business focus for OMERS is to operate a secure, sustainable financial model that ensures that current pensions are paid in full and on time, while also preparing for the future needs of today's employees when they reach retirement,” explains Katie Hallett-Young, Manager, Financial Reporting Controls at OMERS.

“To achieve this, we need to keep tight control over our finances, so it's vital that financial information and supporting analyses are readily available across the whole business. As our business grew and the financial landscape became more complex, we wanted to ensure that our business practices were able to keep pace with the degree of visibility and flexibility needed.”



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## Business Benefits

- Unites 41 sets of books and nine chart of accounts into a single source of truth, eliminating the need for manual reconciliations and saving several days per quarter.
  - Accelerates financial report generation significantly, delivering vital data to business users in near real time, providing better insight into the business, and leading to more timely, proactive decisions.
  - Automates financial planning processes and eliminates the need for costly external consultants, saving up to \$15k per year.
  - Streamlined an allocation process that previously consumed 1.5 hours of pure system processing time during each iteration; in IBM Cognos TM1 it can now be executed in minutes, equating to an annual processing time saving of approximately 30 hours.
  - Improves information governance while increasing flexibility of reporting. This has helped OMERS to ensure continued compliance with International Financial Reporting Standards (IFRS) and has simplified and streamlined external audits.
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## A complex financial reporting landscape

OMERS was using the Financial Statement Generator (FSG) in its Oracle Financials ERP solution to create financial reports. Each report required significant hard-coding to provide the necessary data, and whenever a change was made to the business hierarchy, all the reports had to be re-coded and reconciled to ensure they were in sync. With 41 unique entities and nine different charts of accounts, this was a laborious process. Non-value added reconciliations could consume the financial reporting team several days each quarter. Re-engineering these processes would afford the team the opportunity to focus on the most critical and time-sensitive work, while ensuring the information and resulting analysis would remain current in a rapidly changing environment.

“We were due to upgrade our Oracle application, and decided to redesign the general ledger and implement a more sophisticated financial reporting platform at the same time,” explains Imad Jawadi, Manager, Financial Systems at OMERS. “We had been using IBM Business Analytics software for financial planning and forecasting for a number of years, and given our success to date, knew there was considerable potential if we extended it to handle financial reporting too. This would give us a single platform for all business analytics – planning, forecasting, reporting, financial analysis, consolidation and more. This would eliminate the need to rely on multiple vendors, allowing our in-house team to manage the entire solution without much help from external consultants – a significant annual cost saving.”

## Building on IBM Business Analytics software

With advice from IBM, the OMERS team decided to implement IBM Cognos Business Intelligence for financial reporting, and upgrade its planning and forecasting processes to IBM Cognos TM1. To manage complex hierarchies, structures and dimensions, the team also implemented IBM Cognos Business Viewpoint.

“Hierarchy management used to be one of our key pain-points: every time our business structure changed or we added a new entity, it required a huge amount of manual re-engineering in our reporting and planning processes,” explains Hallett-Young. “IBM Cognos Business Viewpoint is fantastic because it gives us a single place to manage all our hierarchies, with strict versioning and change control to ensure accuracy. If we need to go back and understand how something would have looked using previous hierarchies, we can do it easily – and we have a comprehensive audit trail so it’s easy to trace what changes have been made, when, and by whom. This gives us much more flexibility and stronger governance, all critical to helping us meet IFRS requirements, satisfy our internal auditors, and ensure complete confidence in the information we use to run our business.”

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## Solution Components

### Software

- IBM® Cognos® Business Intelligence
  - IBM Cognos Business Viewpoint
  - IBM Cognos TM1®
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*“Version 10 of Cognos Business Intelligence... is delivering a 40 to 60 percent increase in report generation performance, which lets us deliver information to users more quickly and enables timelier, more effective decision-making.”*

— Katie Hallett-Young, Manager, Financial Reporting Controls, OMERS

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## Accelerating reporting processes

With the new solution in place, OMERS has been able to significantly simplify and accelerate its financial reporting processes. Instead of having separate financial statements and chart of accounts for different entities, the company can now simply create and access a single, consistent view of financial data across the enterprise with no support from IT or need for special skills. In addition to significant gains in efficiency, this has reinforced confidence in the numbers that are at the hub of its business decisions. Moreover, following an upgrade to the latest version of IBM Cognos Business Intelligence, performance has improved dramatically.

“At the suggestion of IBM, we upgraded to version 10 of Cognos Business Intelligence,” comments Hallett-Young. “This was a very quick, painless upgrade. The new release is delivering a 40 to 60 percent increase in report generation performance, which lets us deliver information to users more quickly and enables timelier, more effective decision-making. Moreover, since we have a single Business Analytics platform versus a set of independent, disconnected reports, the need to perform reconciliations is completely eliminated, which saves us multiple days each quarter.”

## Deeper insight into operations

As well as analyzing data from the Oracle Financials system, the IBM Business Analytics platform integrates data from numerous operational systems across the various entities across the broad OMERS organization, providing more comprehensive, detailed financial reports.

“Even seemingly minor capabilities in IBM Cognos 10 can make a huge difference,” comments Hallett-Young. “For example, our reports now include the account numbers that each entity uses for its source system. If we have a query about one of the accounts at the corporate level, we can quote the account number when we check up with the operational team – so we’re all speaking the same language.”

## Improved integration between finance and planning

Jawadi adds: “From a technical perspective, the integration between IBM Cognos Business Intelligence and TM1 is seamless, which gives us a great deal more stability and helps us provide data to more users more securely – which is critical given the sensitivity of our data.”

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— Katie Hallett-Young, Manager, Financial Reporting Controls, OMERS

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For example, OMERS has more than 20 finance users who need visibility into plan and forecast information. However, since the data in IBM Cognos TM1 needs to be kept as an exact replica of the Oracle Financials source system, the company did not want to give these users write-access to TM1. Instead, data from IBM Cognos TM1 is presented to these users via the standard IBM Cognos Business Intelligence web interface and the Cognos Analysis Studio – allowing them to view reports and create ad-hoc queries, completely eliminating the risk of accidentally changing the underlying data.

“Previously the planning team used to have to create these reports for the finance users,” explains Hallett-Young. “IBM Cognos 10 provides a fully self-service environment, so it’s a more efficient process that gives the planning team more time to focus on critical, time-sensitive work.”

### **Simpler, more efficient planning**

The upgrade to IBM Cognos TM1 has automated and simplified a number of important planning and forecasting processes, freeing up key resources for analysis and decision support. The result is quicker turnaround on planning cycles, greater forecast accuracy and resulting confidence in the numbers, and a finance team able to focus on value-added, forward-looking initiatives impacting OMERS business performance.

“We have four primary models in TM1 supporting our key business processes: planning, forecasting, salary planning, and allocations,” says Hallett-Young. “Previously, allocations were processed in our system, which took almost one-and-a-half hours for each iteration. With a virtually identical model in TM1, it takes less than five minutes to perform the same calculations. In our previous environment that equates to 1,800 minutes (or 30 hours) of system processing time each year, versus only 100 minutes or less for TM1. This time savings efficiency of 94 percent allows us to expedite our monthly close process without system delays. If last-minute changes are needed, we can confidently implement them with concrete, timely data to back the decision. We are now able to process virtually instant results, instead of waiting one-and-a-half hours to change one allocation assumption.

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The integration with Microsoft Excel has also been valuable. For example, end-users can now work with spreadsheets that appear virtually identical to how they looked before, but now contain hidden TM1-driven formulas to automatically connect to the TM1 environment and upload the data. This eliminates hours of manually inputting planning and forecast data. Ad-hoc reporting by TM1 power users has also improved dramatically as a result of the ease of exporting data from TM1 cubes into Excel with just the click of a button.

“Prior to deploying IBM Business Analytics, many of our quarter-end processes typically required help from external consultants, which was costly, time-consuming and inconvenient. With the new IBM Cognos TM1 solution, our in-house team can handle the whole thing.”

### **First-class support**

The success of the implementation has given OMERS complete confidence in IBM Business Analytics software and IBM support services.

Jawadi comments: “The support from IBM on these Business Analytics implementation and upgrade projects has been outstanding. When we have had issues or questions, their engineering and technical support teams have really gone above-and-beyond the call of duty. For example, we reported a critical issue we encountered as well as the solution we discovered to resolve it. Within a short time, IBM had added our solution to their support website so that other companies could benefit from our learnings and experience – a great way to help control TCO.

“This kind of responsiveness is rare in software vendors, and we have been very impressed with the way that IBM uses our feedback to help other customers avoid having to ‘reinvent the wheel’ when they face similar situations. We are a member of the IBM Customer Advisory Board as well – a group of similarly minded customers that IBM uses to help shape its product strategies on the short- and longer-term. This has been invaluable in ensuring that the IBM solutions keep pace with our evolving organization, and we’ve established some great relationships with other customers on the Board. Frankly, we view IBM as more of a business partner than a software vendor, based primarily on their deep knowledge of our business combined with a genuine concern for OMERS and our individual teams’ success.”

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OMERS also leveraged the IBM training facilities in Toronto, with all users taking advantage of BI and Business Viewpoint training, while others opted to partake in TMI training as well. As Deloitte assisted IBM in the implementation, the Deloitte team also provided ‘train-the-trainer’ sessions to help OMERS support its rollout to end-users.

“Without support from Deloitte and IBM, we couldn’t have gotten to where we are today,” says Jawadi.

### **Looking to the future**

Hallett-Young adds: “As OMERS kicks off new projects with new users, the user base is expanding and moving beyond finance to our operational units. Although stability and performance were the primary reasons to upgrade our IBM Cognos Business Intelligence environment, we’re starting to see operations and new divisions maximize our business intelligence tool for reporting and looking at new modules.”

OMERS plans to extend its IBM Business Analytics deployment by creating dashboards for business users and providing complex financial analytics for its other business units, starting with one of its more critical investment entities. The company is also planning to adopt several other IBM solutions: IBM SPSS Statistics to support customer analysis and product development; IBM Optim and IBM Guardium for data protection and security; and Rational ClearQuest and ClearCase to manage development projects in the Cognos environment.

“Having one platform for business analytics is critical for speed of decision-making,” says Jawadi. “This ensures confidence in information, and dramatically reduces the cost of ownership within IT.”

Hallett-Young concludes: “Building our business and financial analytics environment on IBM Business Analytics software has improved our ability to provide business users with the insight they need to make better decisions, while preserving close control over our systems and data. Most important of all, we have a solid business analytics platform that can scale and readily adapt as our business grows in size and complexity, and we plan to continue to work with IBM to expand the potential of the solution to meet our future needs.”

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### **About IBM Business Analytics**

IBM Business Analytics software delivers actionable insights decision-makers need to achieve better business performance. IBM offers a comprehensive, unified portfolio of business intelligence, predictive and advanced analytics, financial performance and strategy management, governance, risk and compliance and analytic applications.

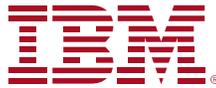
With IBM software, companies can spot trends, patterns and anomalies, compare “what if” scenarios, predict potential threats and opportunities, identify and manage key business risks and plan, budget and forecast resources. With these deep analytic capabilities our customers around the world can better understand, anticipate and shape business outcomes.

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