IBM Cognos solution streamlines planning, budgeting and forecasting processes at Thomas Cook Belgium

Overview

**Challenge**
Thomas Cook Belgium wanted to replace its rigid annual budgeting with continuous planning and to involve all managers more closely in this new, decentralized budgeting process.

**Why IBM?**
IBM had a strong reputation for reliability, stability, knowledge and experience; they could also guarantee seamless integration with the company’s existing ERP.

**Solution**
IBM Cognos 8 Planning, a ready-made application for planning, budgeting and forecasting offering a high degree of flexibility and user friendliness.

**Key Benefits**
The overall organization spends much less time on its budget cycle. Managers have taken full ownership of their budgets and are more accountable for them.

The Thomas Cook group is a pan-European travel organization that groups together the activities of several tourist organizations spread throughout Europe, Egypt, Canada and India. Thomas Cook Belgium, with headquarters in Zwinnaarde near Ghent, comprises several companies: two travel agent chains (Thomas Cook Travel Shop and Neckermann Holiday Shops), an airline (Thomas Cook Airlines) and three tour operators (Thomas Cook, Pegase and Neckermann). In 2007, Thomas Cook Belgium organized the holidays of some 1.8 million holiday makers and its more than 1,000 employees generated a turnover of around €900 million. With a market share of 47 percent, Thomas Cook is the market leader in the organized travel sector in Belgium.

“Not only can our managers better monitor and master their budget figures, they also have a much clearer understanding of what drives the costs and performance of their departments. Furthermore, they are now able to do simulations. We couldn’t have achieved all this without the solution that IBM provided.”

Bram Van Nieuwerburgh,
Head of Planning and Controlling,
Thomas Cook Belgium
**Challenges faced**

The complexity of the Belgian travel organization, which comprises three different legal entities and as many activities, is reflected in the time-consuming nature of the budgeting process. In the past, that process was managed centrally by the company’s Planning and Controlling department, with very little input from the business itself. This top-down approach made the annual budgeting process a rather slow and cumbersome procedure. A lack of uniformity and clarity also meant that the results were often confusing for the many line managers who wanted a better overview of their own budgets in order to adapt their performance and expenditures accordingly.

“It was a really difficult exercise, every year anew. Thousands of spreadsheets would be collected and merged but we could never be entirely certain of the final result,” explains Bram Van Nieuwerburgh, Head of Planning and Controlling.

In order to improve that sluggish, ineffective process, Thomas Cook Belgium decided to involve its line managers more closely with the budgeting process.

“There were a lot of question marks hanging over our budgeting cycle and how it could best be managed,” says Bram Van Nieuwerburgh. “However, everyone agreed as to the most important objective: every manager had to be able to take part in the management of his/her department or entity’s budget and justify it.”

This decentralised, bottom-up approach, in which the Planning and Controlling department exercised more of a coordination role, did not exclude possible top-down checks in the future, but rather offered the best of both worlds.

“It was also important that the budgeting became a continuous process and not just a once-yearly exercise. We also wanted to offer our managers the possibility of carrying out simulations in order to better estimate the impact of specific actions or measures and plan with greater precision,” concludes Van Nieuwerburgh.

**Strategy followed**

In its search for the most appropriate technology to support this new budgeting process, Thomas Cook Belgium approached several different suppliers. In the end, they chose IBM® Cognos® 8 Planning, a solution for financial performance management and, more specifically, planning, budgeting and forecasting.

“IBM is a stable, reliable entity with a great deal of knowledge and experience in house,” claims Van Nieuwerburgh. “And the same goes for their extensive partner network that advises customers and implements the technology.”

Of the five local IBM partners to submit a quote, element61 was the only one standing after two selection rounds.

In the meantime, the Thomas Cook Group had also switched to the IBM Cognos solution for financial consolidation, IBM Cognos 8 Controller.

“IBM offered us the guarantee that both solutions could interface seamlessly with our central SAP ERP application. SAP ERP is not the easiest tool to integrate with and we were afraid that this could slow or even block the whole process,” says Van Nieuwerburgh. “After a thorough analysis phase, we were ready to transfer our business model and operating processes to the new budgeting tool.”

That business model comprised a total of 14 applications, 600 cost centres, 350 projects and orders, 150 brochures, two seasons and four budget versions.

“Because at that point in time we were still in the middle of constructing our data warehouse, we decided to make a separate database in Access for this project and work with that temporarily. However, as soon as we can start working with a genuine data warehouse, the level of integration and the quality of the reporting will be fully optimized.”

To arrive at just one version of the truth, certain data – specifically that from salary administration – was transferred to another application and in a manner...
of speaking ‘frozen’ so it could no longer be changed. Security rules were also compiled and read and write privileges assigned depending on the users’ position within the organization. That way, only ‘contributors’ can modify the data that is relevant for their products or brochures. ‘Reviewers’ can consult, approve or reject the same data but cannot change it.

Benefits realised
One of the most important advantages of IBM Cognos 8 Planning is its user friendliness. "If you want to share information with someone who does not have privileges to work in IBM Cognos 8 Planning, you can easily export the data into a spreadsheet and then send it to them," says Bram Van Nieuwerburgh. “And vice versa: you can easily import any changes and additions into IBM Cognos 8 Planning.”

"Given the size and complexity of our business, it was important to be able to upload large amounts of data. IBM Cognos 8 Planning is exemplary in this department as well. Moreover, the new solution offers us the flexibility to hide certain salary administration data or to make it read only,” he says.

That flexibility, combined with the high degree of user friendliness, meant that the new tool could be adopted within Thomas Cook Belgium both quickly and seamlessly.

“We feel a much stronger commitment from the business since we’ve succeeded in making our managers more accountable for their budgets,” concludes Van Nieuwerburgh. “Not only can they better monitor and master their budget figures, they also have a much clearer understanding of what drives the costs and performance of their departments. Furthermore, they are now able to do simulations. We couldn’t have achieved all this without the solution that IBM provided.”

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