

## International beverage distributor implements Hyperion Essbase and Palladium's Pace to improve visibility, standardize business processes, and facilitate the integration of newly acquired businesses.



This company makes and distributes more than 250 brands of beer, wine, and spirits in about 150 countries. One of the largest wine companies in the world, this organization carries 200 alcoholic beverage brands with about \$5 billion in gross sales annually, selling in 60 countries with 40 production facilities and over 8,000 employees.

### Situation

Acquisitions are a significant part of this company's growth strategy, fueling over half of its top-line growth over the last several years. To improve the efficiency of analysis and reporting of an aggressively growing company, the Global Financial Planning & Reporting project (FPAR) was launched. The key objectives of the FPAR project included:

- Build and deploy a solution for planning and reporting, supported by a single platform with high value capabilities
- Facilitate change by providing visibility to the financial impact of key business decisions
- Enable and encourage standard business processes that are transparent, scalable, adaptable, and repeatable

### Key Project Statistics

Users: >100 Users

Time to Implement: 12 months

Applications Used: Pace for Merchandise Planning

Database Technologies Used: Hyperion Essbase

This company was implementing a multi-million dollar worldwide financial planning solution using Hyperion Planning. They were replacing their existing Cartesis system, implementing P&L, Balance Sheet, and Cash flow functionality to support both their annual planning and forecasting processes. In addition to these planning processes, there was also a need to plan for Sales, Contribution, and Margin at the customer and product level of detail. With literally thousands of planning points, users needed the ability to spread a top down number, or enter a plan at the lowest level of customer and product and hold that particular plan value constant. This type of planning and tweaking, sometimes referred to as "break back" functionality, was available in their old system, but they needed it to integrate with the world class solution being built. There were three fundamental differences in the complex ad-hoc multidimensional model required for Sales (volume) and Margin (rate) planning from the other plan components:

- **Nuanced:** Volume and rate planning requires industry specific knowledge, and is performed by planners who have expertise related to products and customers. Other financial planning activities are more generic in nature, and follow strict protocols.
- **Iterative:** Adjustment of volumes and rates are performed repeatedly throughout the planning process. Tweaks are made repetitively to the volumes and rates in order to allow their financial and statistical dependents to fall within a designated target range.
- **Loosely Structured:** The steps involved in volume planning do not necessarily follow a rigid set of steps. Users may choose to plan volumes first and rates second, or vice versa, at varying levels in the hierarchy.

## Solution

Because there were specific planning needs to be met on an integrated Hyperion platform, the Pace tool was a great solution for volume and rate planning across the thousands of products and locations. Pace enabled users to easily plan using the following simple steps:

- Users input volumes and rates to various levels in the Customer, Product, and Period dimensions
- The volumes are then spread across these three dimensions to the lowest level of detail, based on the relative proportions of the existing data – a process referred to as "break back"
- Rates are distributed to the lowest level of detail, but are not divided – instead, the same value is carried to all levels below the point of input – a process referred to as "distribution"
- During the process of break back and distribution, users may lock individual or groups of Customers, Products, or Periods at lower levels, in order to exclude them from the break back and distribution of values input at higher levels
- Volumes at the product, customer, and period level are then used to derive other statistical or financial results based on the related rates. These statistics and financial values are derived via user-initiated calculations or "business rules"

## Benefits

The project provided a consistent and controlled method for inputting yearly projections, as well as the following benefits:

- **Product Profitability Analysis:** Pace enabled the company to budget sales down to the Customer & SKU levels. Coupled with actuals, and margin information, this provides visibility to product profitability at the lowest levels
- **Consistent Methods of Planning:** The organization has acquired many companies over the past several years and each company approached budgeting and planning differently. Pace has provided a consistent tool and process for each company to plan
- **Decreased Budgeting Cycle Time:** With the implementation of Pace, the company can budget more quickly and accurately. By leveraging a single system to plan, collection of information occurs quickly and is visible by senior management immediately
- **Complex Ad-Hoc Multi-Dimensional Modeling:** The company now has the ability to measure sales impacts at all levels of the organization and conduct extensive "what-if" analyses without modifying data used by others

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