ARIAD Pharmaceuticals transforms Budgeting/Forecasting Process with help from Hyperion and Strafford

When an expanding drug company found itself in need of a new planning and budgeting software solution in order to meet their new budget season, it turned to Strafford Technology for help in selecting and implementing Oracle Hyperion Planning software.

ARIAD Pharmaceuticals Inc., located in Cambridge, Massachusetts, is an emerging global oncology company focused on the discovery, development, and commercialization of medicines to transform the lives of cancer patients. ARIAD's approach to structure-based drug design has led to three internally discovered, molecularly targeted product candidates for drug-resistant and difficult-to-treat cancers, including certain forms of chronic myeloid leukemia, soft tissue and bone sarcomas, and non-small cell lung cancer.

Outgrowing the Old Processes

Prior to the installation of Oracle Hyperion Planning, ARIAD had been budgeting and forecasting through Oracle Projects and Microsoft Excel. Gathering and inputting the financial information had become overly taxing and manually intensive. Reports could take days or even weeks to produce. The old processes and software had reached their limits. "We couldn't capture the data we needed in the format we needed for proper analysis," said Joe Bratica, controller at ARIAD. It was time for a change. Bratica and his team not only needed to find a company to facilitate the Oracle planning software installation, but they needed to be up and running in time for the new budget season a few months away.

As a company, ARIAD expanded rapidly and added a lot of diverse groups in a short period of time. Before the growth spurt, a lot of expenses could not be budgeted at the FTE level. With ARIAD adding new employees every month, Bratica needed a solution that would meet the demand of a growing organization, apply to many different departments, and include budgeting at a cost center level. Dean Hotaling, manager of financial planning and analysis joined ARIAD at the start of this project. "We started talking with Strafford in late February, early March," Hotaling said. "Our aggressive time table had us needing the implementation to be complete by early October in order to use for our December budget process."

The first phase

Initially, they started looking to implement a year earlier, with ARIAD IT sponsoring the review by Finance. A committed Oracle client, ARIAD

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Business Process: Budgeting and Forecasting

Technology: Oracle Hyperion Planning

Business Challenge: As a high-growth drug manufacturer, gathering and inputting financial information had become overly taxing and manually intensive. Financial reports could take days or weeks to produce.

Strafford Solution: Implement Hyperion Planning to allow budgeting at the cost center level, be flexible across different business units and efficient for end users, and be functioning in time for new budget season.
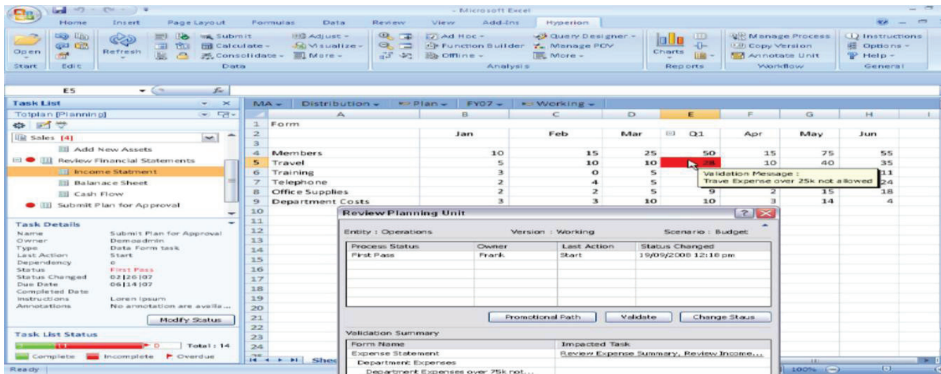
Results: Ability to quickly create reports for analysis, as well as budget and forecast "Clinical" projects across multiple sites, spending minimal time manipulating and formatting data. Additions or adjustments are done in real time and reports refreshed within minutes instead of days. Increased visibility and control of expenses at the cost center level.

"The [Hyperion Planning] tool is good, but without the knowledge, flexibility, experience, and support we got from Strafford, it wouldn't be what it is now. The service is what made it successful for us."
~ Dean Hotaling, Manager of FP&A

knew Oracle Hyperion was an option, but were concerned about implementing an overly complex solution. However, to make sure they did have the right solution, the project team went ahead and compared Hyperion to other software. From a cost standpoint and what fit their needs best, it quickly became a mutual decision by all parties that Hyperion would best support the company's budgeting and forecasting needs going forward. "But we had had financial constraints and weren't able to implement it until this year," Bratica said.

The first project phase focused on the straightforward reporting and planning application revolving around detailed data from Oracle Projects, with Strafford assisting with installing and configuring the application. Even with the backbone already in place, the six-month schedule was aggressive. The planning module had to be installed and tested, and all end users had to be trained before the go-live date.

"We wanted to build something that could be flexible across all the different groups," said Hotaling, "including commercial, G&A, and R&D. And we wanted to make it efficient for the end user in particular. In building in our clinical trials and R&D costs, we wanted to create something where we could drive the costs through variable inputs from the clinical group. So we needed to have the tool be more efficient and also be able to handle the FTE-driven costs. Those are the two big driver features that we wanted to get in there. And I think we were successful in doing that by working with Strafford to build that out."

Selecting Strafford
The team at ARIAD interviewed a few companies, but with Strafford's industry knowledge, they easily stood out from the crowd. "Strafford understood what we

needed and they could make our aggressive timeline where others wouldn't guarantee that," Bratica said. A big selling point for Strafford was, in fact, its flexibility. Strafford also expressed the willingness and availability to work with the ARIAD project team and all employees as much as needed. Strafford understood ARIAD's desire for all employees to have ownership of the new tool and their need to be comfortable using it efficiently with a rapid implementation and kick off. The learning curve had to be short, but thorough, and Strafford was up to the challenge.

Implementation
Bratica and his team learned a lot as they went through the process with Strafford. The team reached out to the different business units in ARIAD and asked what they needed for their budgeting and planning reporting. The more everyone talked, the more suggestions came up. The program went through a few iterations in order to meet the ultimate goal of being as flexible and user-friendly as possible to everyone. The initial setup of the applications was specifically to provide reporting requirements of their "Actual" financial results, along with year-to-year comparisons. This needed to replace and enhance ARIAD's current reporting capabilities. While these goals were successfully met, the design of all the applications dimensions needed to accommodate a future budgeting and forecasting requirements, and then enhance the reporting to provide the Actual to Budget and Forecast variance capabilities.

The second phase of work focused on the use of Hyperion Planning to increase visibility and control of expenses at the cost center level, and provide the ability to budget and forecast at an FTE level for "Personnel Expenses." Another major requirement was the ability to budget and forecast their "Clinical" projects across multiple sites. The old process of utilizing spreadsheets was so cumbersome to ARIAD that they needed this to be completed in time for this year's Budget. Users did not have the time to manually create this type of budget again, based on their company growth demands.

The team put together functionality within the applications for many expenses to be calculated on budgeted/

forecasted drivers and rates, thus eliminating the users input time (e.g., Salary expenses based on FTE and rates by job grade, payroll taxes, merit increases, pension costs, bonuses, and other G&A costs.) Many clinical costs were generated based on drivers and rates including "Number of patients enrolled", "Number of Sites", "Monitoring Visits", and "Imaging Collection" for a specific clinical trial, which saved hours of manual work for the users. "With this tool," Hotaling said, "we have the ability to quickly turn data around and look at it in real time, rather than spending the time to manipulate it, format it in Excel, and distribute it."

ARIAD can now take inputted financial data and have it format quickly into whatever report is needed for analysis. Employees throughout the company now spend minimal time manipulating and formatting data. And if someone needs to go back and make some changes, additions, or other adjustments, they can now do it in real time and reports can be refreshed within minutes instead of days.

Although ARIAD is just starting its first forecast and budgeting cycle using Hyperion Planning, the team already feels the time savings. "The tool will help us with changes in our process to gather information and in reporting the information out," Hotaling said. "It'll ease the process in closing our books and reporting results out to our end users on a timely basis, which ultimately helps them run their business units more efficiently as well." Along with implementing the software in order to create a one-year budget, ARIAD is also doing a three-year budget and planning cycle. What-if scenarios can be handled easily with Hyperion Planning which will help management make purchase-or-not decisions a lot faster and with more confidence. "It took a lot of manual time," Bratica said, "and we just couldn't get the results as fast as we wanted to." All of that has changed now.

Embracing the New Processes
ARIAD is extremely satisfied with how the Hyperion Planning tool is working out. "The software allows a level of flexibility we haven't had before," said Bratica. "It's our first time using it, so there's still a bit of a learning curve in getting everyone up to speed. But the tool itself has been received really well. Having a tool to allow you to report electronically rather than trying to fumble through spreadsheets or piles of paper makes everyone more efficient." There's also the added benefit

of knowing that the information being turned into finance is accurate and in the format analysts need. And now finance has a new level of flexibility to manipulate the data into different formats and flexibility in how to report numbers to end users.

Working with Strafford
"Between our team and their team we had an aggressive schedule of time and implementation to get the tool up and running," states Michael Harrington, Director Enterprise Systems. "Collectively, everyone worked really well together to make this happen and to hit the deadline was a tremendous effort all around." ARIAD gives high praise to Strafford's project implementation team for being the key to the successful implementation and launch of Hyperion Planning. "We made changes and assumptions as we went along and Strafford was very accommodating to those changes the entire way," said Hotaling. "Strafford was able to turn around a lot of things quickly and accurately, which was critical. The team was always available to answer questions and was critical to making this successful."

From the application standpoint, Harrington was impressed with Strafford's ability to get Hyperion to be efficient with driver-driven forecasting and getting the tool to work exactly the way they needed it to work. "It was a significant task just in flushing through all the adjustments because, at times, that was a challenge. Strafford worked with us to make our vision of doing projects from a driver-driven standpoint a reality. More importantly, our vision seems to be operating effectively and it's been well received by the business. Getting Hyperion and getting it to work the way we wanted it has been a significant success of the whole project."

Bratica and his team are strong supporters of Strafford. "The Hyperion tool itself is great and does what we need it to," said Hotaling. "The critical part, though, especially for us, is the service we got from Strafford. The tool is good, but without the knowledge, flexibility, experience, and support we got from Strafford, it wouldn't be what it is now. The service is what made it successful for us."