

Business Guide to Implementing Hyperion

For the Finance Function by OneGlobe LLC



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Companies that are considering implementing Hyperion to improve their Planning, Budgeting and Forecasting (PBF) process will usually go through a planning stage before the implementation. But how do you plan if you have never implemented Hyperion before? Companies will usually start by working with Oracle to understand what Hyperion can do and will also ask what is the best way of implementing Hyperion? Oracle will provide a technical overview of how to implement the software and suggest that you engage a Systems Integrator or other type of consulting firm to help. The company will issue a Request for Information (RFI) or Request for Proposal (RFP) to select someone to assist. To put together the RFI or RFP assumes you have some detail understanding of the software and the implementation process but in most cases the company probably does not have that understanding. What the process devolves into is picking someone who can install and configure the software based on references. The company has to assume the implementation process that the chosen vendor is following will lead to the intended outcome – an improved PBF process. That is not always the case but again some companies do get lucky.

The Finance department usually is the part of the company with the task of improving the PBF process but the IT department usually drives the selection and implementation process. This is a bit of the tail wagging the dog. We believe a business achieves the best results when Finance is an integral part of the process from the beginning. This requires that Finance have an understanding of the Hyperion system and the implementation process.

When we talk about the implementation process it is more than installing and configuring the Hyperion software. In many ways this is the easier of the set of tasks required to implement the software. Most vendors you hope are competent in this respect. The harder task is how to use the software to improve the efficiency and accuracy of the PBF process. This requires an understanding of Finance, the industry the company is in and “the best practices” for that industry. It also requires an understanding of how to organize the project to get to the right outcome which is to improve the overall PBF process. This involves a more holistic approach than a simple software implementation process.

The Hyperion Implementation in our view should be divided into three major phases

Phase One: Pre-Implementation – During this phase the organization needs to come to an understanding of how things are done today and the effort associated with that. This knowledge should be documented in some form. This information is important for two reasons:

- The first reason is most organizations understand how they do things today but they cannot truly explain it in a clear and precise fashion. This leads to unclear requirements, a lot of confusion for the vendors being asked to bid and increased complexity of implementation. Increased complexity increases the time and cost because those things

that are not clear now will have to be figured out by the vendor during the implementation.

- The second reason is that, if you do not understand the work effort that is required today how will you know what the target work effort should be at completion of the project and whether you have achieved it?

Phase Two: Implementation – This is the process of installing the software and testing it. We will walk through the stages of this phase in the following sections. In most cases this is where the RFP process focuses. This phase ends with the stage where Hyperion is live and the organization starts to use Hyperion on a day to day basis.

Phase Three: Post Go-Live Optimization – If the organization has completed Phase One then you will be able to monitor your progress against your target goals. Any tool requires some hands on learning from actually using it for some period. It is during this learning period that organizations can attempt to achieve their goals, if they were not completely achieved immediately after Phase Two.

The rest of this paper discuss the three phases in more detail.

Phase One

We have already discussed the reasons for Phase One, now we will discuss the how. We have attempted to lay out the key parts below. The natural reaction will be “we don’t have enough time or resources to get through this.” Despite this the organization should try to get through as much of these items as it can, given resources and time constraints. Having some of these items in whatever level of detail that is available will help structure Phase Two and provide some measurements for Phase Three.

The following are the key pieces we believe need to be addressed:

- A list of software tools being used for the PBF process today. Since excel spreadsheets maybe one of the prominent tools used – a list of the key spreadsheets or spreadsheet types (i.e. department expense spreadsheet) being used during the process.
- A high level flow of information between the various software tools. This helps to understand where information is being sourced from and where it is being used.
- An overview of your PBF process. This is really a high level monthly calendar of key tasks in the PBF process. This should include more than Finances’ task. The task of other parts of the organization should be considered and included.
- A measure of the level of effort required. This can be as simple as the number of FTEs being used in the process or a more detailed Activity Based Costing (ABC) analysis of effort. This will provide the basis for developing targets and an ROI calculation for a business case, if needed.
- Key areas the organization is looking to improve in. This is really a top management question. The usual areas are cycle time reduction and effort reduction. The more difficult questions are - what would improve our effectiveness during the PBF

process? For example: better accuracy in forecasting revenue, better costing detail, more variance detail, etc.

- A listing of key reports that need to be produced out of the PBF process. Also a list of the types of ad-hoc analysis normally being conducted. Ad-hoc analysis in many ways is tied to areas that the organization is trying to improve performance in. These areas of performance improvement tend to drive a lot of ad-hoc analysis.
- Identify any data inconsistencies that hamper the current process. For example - manufacturing plans in manufactured units, sales plans in orderable units, while marketing plans at the product family level. Which of these is used for revenue planning and should it be used going forward?
- Finally, the sources of knowledge of your process. In other words, who are the people that understand key parts of the process? This will help in planning the organizations resource requirements and needs during Phase Two.

These pieces will help the organization create a better RFP document because it will help explain the current state of the PBF process and lay out the objectives management would like to achieve during the implementation. The next section will help provide a normative process for implementation that vendors can respond to and can be analyzed against.

Phase Two

A Hyperion implementation process at the simplest level is a set of build cycles. What we mean by a build cycle is the installation of the Hyperion software, its configuration, loading of appropriate data and testing that calculations are working correctly. Each build cycle will accomplish the following:

- Prove out certain functionality or calculations are working as intended.
- Uncover things that are not working as intended which will need to be corrected in the next cycle.
- Drive out implicit requirements that were not captured in Phase One because you will never be able to get to that level of detail in Phase One.
- Opportunities for process optimization that were not thought of before.
- Determine the speed at which the system is able to calculate results.

The number of build cycles required will be determined by the complexity of your PBF process, the number of data sources required to tap into and the resourcing that your organization can provide to the process. The key stages of the implementation are listed below along with the distinct build cycles required. Keep in mind that various build cycles can be combined depending on the complexity of the implementation. The simplest implementation may only require 3 build cycles.

1. **Initiation Stage** – this stage is usually associated with developing a detailed project plan, identify team members, determining timing of major milestones, setting up of a

governance structure and other key items. All of these are important but the most important piece for management to think through is what key functional resources the organization has to provide. No one person will understand all pieces of the PBF process, so how will organizational knowledge of PBF be covered?

Likewise, which resources are the most forwarding thinking in what has to be accomplished in the PBF process? These resource decisions will have a major impact on reaching the objectives of the project.

2. **Design Stage** – during this stage, the chosen implementation vendor will use the artifacts developed in Phase One to understand the organizations' PBF data and process. Any missing detail from Phase One will have to be found or will be pushed into the build cycles as implicit requirements to be discovered. Finally, using an understanding of 'best practices' and organizations vision of their PBF process, the vendor will produce a paper design of the future Hyperion system. Many of the design issues and concerns during this stage are technical in nature and relate to how Hyperion is structured but there is one which is critical for the functional organization to understand. That is dimensionality.

The easiest way to understand dimensionality is to think about how excel spreadsheets are used in the current process. Excel has three dimension – rows, columns and sheets. These three dimensions can be used to model various parameters used during the PBF process – monthly periods, accounts and departments as one example. Hyperion extends the number of dimensions that can be defined in the application. A large number of dimensions will ultimately impact performance so determining the right number for your organization is very important. Dimensionality can be adjusted over the build cycle but it becomes painful to do so later in the implementation process.

3. **Functional Build (Build Cycle 1)** – this is the first working version of the Hyperion software. Most of the manual input templates or screens will not be complete. There will be very little real live data loaded into the system. This cycle will be used to determine the major calculations and data flows of the system are working as intended (i.e. Balance Sheet, Income Statement and Cash Flow).
4. **Integrated Build (Build Cycle 2)** – this is the second working version of the Hyperion software where the majority of manual input templates are complete. All external interfaces are designed and functioning as intended. Users can see external data from their systems loaded and working. Minor calculations and corrections are usually being identified at this stage.
5. **Optimization Build (Build Cycle 3)** - the Hyperion system should be close to 95% complete and the solution can be exercised to determine performance shortfalls (i.e. it takes too long to respond for certain queries or calculations). The vendor will use the results of this build cycle to restructure the system during the next build cycle to improve performance.

6. **Final Testing Build (Build Cycle 4)** - this is the final build cycle where the organization can review the total solution and sign off that it is complete as defined by both implicit and explicit requirements. It is usually during this stage that the key parts of the organization using the system will be trained on its use.
7. **Production Build (Build Cycle 5)** during this phase, IT will move the Hyperion System from a testing state to a production state. At this point, the organization assumes responsibility for the new Hyperion System and will be using it in day-to-day business.
8. **Support** –during this stage, the vendor provides some level of on-going support to correct any minor deficiencies missed. Likewise, the vendor can provide any additional training required.

Again, depending on complexity, each organization may need less or more build cycles. For example, the Optimization and Final Testing Build cycles can be combined for low dimensionality and transaction volumes. Implementation with few source feeder systems can potentially combine Functional and Integrated Build cycles. The specifics will depend on your implementation situation.

Phase Three

If the organization has executed Phase One, then Phase Three is relatively straight forward. The organization should go through one full PBF cycle using the new Hyperion system. At the end of the cycle the organization should conduct an effort analysis similar to the one conducted during Phase One. Measuring cycle time should also be straight forward. This will allow the organization to measure if it hit its hard metrics.

The key areas the organization was looking to improve in should also be evaluated. Although many of these areas may be less quantifiable with hard metrics but some maybe. For example, forecasting accuracy is an area where hard metrics can be applied. Whatever the gaps, the organization can identify the root cause and develop a plan for correction.

About OneGlobe – We are a global consulting company focused on helping companies improve their key financial processes using Oracle technologies as a driver of change. Our goal is to help companies achieve best-in-class performance across their financial processes.

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