



**Homeloans**

Providing Solutions

## At a glance

Organisation  
Homeloans Ltd

Industry  
Finance

Location  
Sydney, NSW

Solution  
Board Integrated Performance  
Management & BI

### Business Benefits

- Finance has more time to explore potential budget scenarios, to find what's right for the business
- Confidence that forecast and budget numbers and calculations are accurate
- Reduced risk due to a more robust system

## Mortgage company gains greater productivity and removes risk with Board

Homeloans Ltd is a publicly-listed company that employs 90 staff in offices right across Australia. It is also one of Australia's most trusted mortgage companies. For a quarter of a century this non-bank mortgage lender has been providing residential home loans direct to customers and via independent third party brokers.

In 2014 Homeloans was recognised by The Adviser magazine's Non-Bank Lending Awards as the "Best First Home Buyer" and "Best Turnaround Times".

### A 20MB monster

In late 2013, Homeloans CFO, Ian Parkes, and Senior Management Accountant, Andrew Ross, embarked upon a major project to improve monthly and annual forecasting and budgeting by replacing a key Excel spreadsheet model.

At 20MB, the spreadsheet model used to provide a monthly discounted cash flow rate for the company's \$7 billion-plus loan books, was large and unwieldy. The calculations required constant evaluation and re-evaluation of the loan books. The figures had to be regularly adjusted to take into account changes to margins, run-off rates, settlement values and volumes. These figures were then forecast out to a period of at least ten years.

Parkes says, "It is an aspect of our accounting and cash flow that is particularly complex.. Traditionally the process had been managed using Excel but we found we were hitting limitations."

Ross adds, "With tougher market conditions, we were running more and more scenarios to get to arrive at a final budget. The problem was, the more we had to run on the old model, the slower and weaker it was. We would create four to five spreadsheets each time to run a scenario and we had to make sure we didn't lose track of the initial budget we'd started with. We would do multiple iterations in each budget cycle. It was quite convoluted."



## A question of risk

The size of the model and its complexity were acknowledged concerns to the business. “There was the risk of error, or of calculations potentially falling over,” Parkes explains.

The crunch came following preparation of the 2013 budget, when the frailties of the spreadsheet model were painfully apparent. “Ian and I sat down and decided we couldn’t do the budget that way again. The risk was too great and we needed a more robust process and tool” Ross says.

The organisation started looking for an alternative, more reliable system. “What we wanted was a system to embed relatively complex calculations, one that would make it easier to run the calculations and forecasts,” Parkes notes. In their research, they came across Board, a world-leading BI platform equipped with comprehensive reporting tools, dashboards, scorecards and strategy maps.

“Our first impressions were that the solution’s design and construct looked intuitive. It wasn’t just user friendly. It was relatively simple to understand how it was working. The reporting, presentation and feel were all easily customisable. We could immediately see how we could use it,” Parkes states.

Another factor in the solution’s favour was Board’s implementation partner – Professional Advantage. “That’s the thing that clinched it for Board,” Parkes admits. “We got a sense of comfort that the combination of Professional Advantage and Board would be able to handle the complexities of the modeling, and that they could deliver what was required.”

## Proving the model works

The decision to adopt Board was made in late 2013 and deployment soon followed. The Professional Advantage team developed the model, embedded the necessary calculations and integrated numerous data sources including Homeloans’ transaction-based SunSystems general ledger, a QlikView reporting application, as well as the variety of systems and Excel files maintained by external partners. What they delivered was an easy-to-use administrated environment that easily imports data to support the creation, reporting and analysis of long and short-term projections.

To prove Board was set up correctly, Parkes and Ross decided to use it to replicate the previous year’s budget. Although the calculations would be carried out at a different point in time to the original budget and therefore the results were unlikely to be exactly the same, Parkes knew if they could achieve similar results, it would confirm they were on the right track.

The first forecast tests were carried out in February 2014 and delivered gratifying results. “A lot of the testing was iteration, playing with things, seeing what it could do. We found what we’d built was more accurate than our existing Excel models,” Parkes says.

With the robustness and reliability of Board confirmed, Parkes and Ross decided to use the platform to prepare the 2014 budget. They began inputting data in April, and continued to explore scenarios over the next month. The entire process was smooth and trouble free.

“The full budget year was Board’s big test. From here we’ll do another forecast in a month or two. So it’s in play now. Board has become part of our normal budget/forecasting cycle,” Parkes adds.



### A complex project made easy

Parkes and Ross acknowledge the calculations required for Homeloans' forecasting and budgeting are far from simple, and that the project to replace spreadsheets with a BI solution relied on skilled and knowledgeable project management.

"If you think about the project, it started when we saw a piece of software that we liked and were confident could work for us. Professional Advantage came in and took the lead in getting it up and running in a relatively tight time frame. They were really committed to making sure it was successful for us," Parkes observes.

He adds, "There's always a risk with any sort of software implementation. You might get something in, but it ends up not really delivering what you want so it only gets half used. Professional Advantage made sure Board was successful, that it really did deliver what we wanted in the first place."

*"The full budget year was Board's big test... it's in play now. Board has become part of our normal budget/forecasting cycle,"*

Ian Parkes, Chief Financial Officer, Homeloans Ltd

### More time for analysis

The Board BI solution has given Homeloans a secure, robust, repeatable process for running budgets and forecasts, and for long- and short-term reporting. It has eliminated the risk previously incurred when relying on spreadsheets to prepare budgets and is facilitating greater productivity and efficiency within the finance team. Processes such as rolling over a budget, creating a new version for additional top down analysis, importing actuals and calculating net present value across versions including actuals, have become more robust and repeatable, plus automated activities now run on demand.

"We're definitely saving a lot of time, particularly on the calculations of the model, and when preparing and checking the budget," Parkes states. "In terms of each forecast version, we could be saving a couple of days."

Ross agrees, adding, "It's difficult to quantify the exact savings because now we have a more robust model that we are confident with, we tend to run a lot more scenarios and analysis. It's given us greater ability in decision-making and we're adding value to the business. We had a situation recently where we ran six different scenarios across a couple of days. That never would have been possible before. It was a game changer for us."





## Enabling *High Performance* Workplaces

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### About Professional Advantage

Professional Advantage is one of Australia's most awarded solutions providers, with over 20 years experience in helping organisations improve their business systems through industry leading software solutions. Our 250-strong team in 6 offices across Australia and internationally has successfully worked with over 1000 organisations.

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