

Central Queensland University Enhances financial forecasting and improves budgeting abilities

Australia's tertiary education sector is experiencing a period of fundamental change. Demand for courses, the rise in online learning and new funding models are causing challenges for institutions across the country.

In response to this, universities are under growing pressure to expand market share and improve revenue flows. At the same time, however, restrictions on expenditure mean they have to achieve these goals while becoming more operationally efficient.

Central Queensland University has enjoyed steady growth since its foundation in Rockhampton, Queensland, in 1967. Courses offered cover a diverse range of areas including education and humanities, accounting and law, IT and digital media, engineering and business.

The university provides educational resources for more than 30,000 students from 24 campuses across eastern Australia. In July 2014, CQU merged with Central Queensland TAFE, further bolstering the university's footprint.

More than half of CQU's students study through distance education facilities. It also has a high proportion of mature-aged students.

This student diversity has been supported by CQU's evolving educational portfolio. Its academic staff are constantly reviewing course materials and investigating opportunities for new offerings. At the same time, university management is

always on the lookout for potential new facilities through which more students can be served. CQU's campus network already stretches from Cairns in far-north Queensland to Melbourne.

Underpinning day-to-day operations is the university's finance department. Responsible for managing all facets of income and expenditure, the department's performance is critical to CQU's success.

About three years ago, the department realised it had to improve its financial forecasting ability. With all the changes taking place in the sector, getting an accurate picture of what lay ahead was critical.

Extending forecasting capabilities

About six years ago, CQU had retained business performance management specialists Cortell to implement a financial system based on IBM TM1.

CQU Deputy Director, Corporate Budget within the Financial Services Division, Anita Anderson, says TM1 had been reliably supporting key functions since that time.

"However there were some gaps in what we could achieve when it came to forecasting," she explained. "We did not have three-way integrated forecasting in place. This meant that, while we could forecast profit and loss, we could not forecast our balance sheet or cash flow.

"It is a fundamental premise of accounting that you need to be able to integrate these three financial statements, and it becomes



AT A GLANCE

Challenge

CQU needed to improve its ability to undertake financial forecasting to support its growth plans.

Solution

CQU worked with Cortell to extend its existing IBM TM1 application to enable three-way integrated forecasting capabilities.

Benefits

The ability to accurately forecast its balance sheet and cash flow allows CQU to plan for future expansion and growth in student numbers and revenues.

particularly important when you start to look at borrowings. A lot of forecasting is driven around assumptions, and unless you can get them right you are not going to achieve accurate forecasts."

Because of its long-standing relationship with Cortell and existing investment in TM1, CQU made the decision to extend the infrastructure to support integrated forecasting.

Work began on scoping out the requirements and implementing the required system infrastructure.

Progress despite an unexpected disruption

In early 2015, while work was well underway on the TM1 enhancements, progress was interrupted by tropical cyclone Marcia. The storm system knocked out power supplies in Rockhampton for more than a week, closing the university's offices and supporting computer systems.

"Cortell was able to continue to work on the project remotely," says Anderson. "This ensured that our project timeline was not too greatly disrupted which really helped."

The six-month implementation project was completed in June, 2015 and went live soon afterwards. Finance staff quickly came to understand the benefits that the new capabilities could provide.

"We now have a much clearer idea of the position we will be in as an organisation," says Anderson. "We can make decisions based on what our forecasted cash position and assets will be. We no longer have to base forecasts just on income and expenditure as that only gives you part of the overall picture."

TM1's report generating capabilities have also been a welcome addition for the finance team. Rather than having to manually calculate ratios at end of each month, these can now be generated "at

the press of a button."

"We are also now able to predict and forecast student data, such as course numbers and revenue, with 99 per cent accuracy," says Anderson. "This makes a big difference for us."

The team is also making extensive use of the cube capabilities within TM1. Data can be dragged and dropped to create reports answering specific questions from senior managers. Previously creating such reports would have required many hours of manual effort.

A Strong foundation for the future

With the enhanced TM1 forecasting capabilities now in place and fully operational, Anderson says CQU is now well placed to deal with future expansion and growth.

"We can now do detailed modelling on a range of scenarios," she says. "For example, if we were to open another campus or purchase a building, we can see the financial impact that would have. It gives us more confidence in our decisions as we know that the forecasts are based on accurate data that is within our financial system."

CQU will continue to work with Cortell to identify other ways in which TM1 can be used within the finance department to further support the university's future plans.



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