

Hunt Consolidated, Inc., Dallas, TX

Hunt Consolidated Embraces a Planning and Consolidation Journey



“Previously, we couldn’t provide true driver-based planning, and it was a challenge just to create one version of a plan. Now, businesses are modeling all types of scenarios, even within a single forecast cycle, and because they now own it, they have a much clearer understanding of how the data is behaving in the model and how to change it to create another scenario.”

John Gooch, Business Warehouse Manager, Hunt Consolidated, Inc.

Challenges

- Multiple subsidiaries with diverse and highly complex forecasting models
- Historical bottom-up approach to financial planning
- Lack of centralized budgeting or forecasting processes
- Disparate practices across units required enterprise-wide process reengineering

Benefits

- Top-down, rate-driven system
- Granular views via integrated reporting across subsidiaries
- Greatly reduced query times

Solutions

- SAP BusinessObjects BI solutions
- SAP BW
- SAP BusinessObjects Planning and Consolidation, version for SAP NetWeaver
- SAP ERP
- SAP HANA

Why itelligence?

- Strong background as system integrators for SAP BusinessObjects Planning and Consolidation
- Deep implementation experience



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Independent business units

A Decentralized Model Drives Complexity

Hunt Consolidated, Inc. (HCI) is a diversified holding company with subsidiaries that engage in oil and gas exploration and production, real estate development, power, ranching, agriculture, and private equity investments. With its diverse operations, shared complexity in forecasting models was a rare facet that HCI's eight business units had in common.

While one subsidiary, Hunt Oil Company (HOC), operates a capital expense-based business with multiple simultaneous projects spanning years, others would rely on cash flow analysis or waterfall structure calculations. Because of these variations, budgeting and forecasting had always been the responsibility of the independent business units, with minimal centralized planning.

A New Look at Planning

Change was spurred when HOC hired a new planning director, sparking shifts within the subsidiary and in turn leading the way for HCI's other business units. While change wouldn't happen overnight, it was clear any new solution would have to follow a process reengineering.

HOC formed a capital planning and forecasting team, supported by changing reporting requirements from its existing SAP Business Warehouse (SAP BW) system. With more insight into capital expense transactions out of SAP ERP, the team began to consider long-term forecasting in the context of defined processes to drive actuals.

With an infrastructure that included integrating SAP ERP and an aging SAP BW system with a non-SAP database, HCI decided on a phased implementation of SAP BusinessObjects Planning and Consolidation (BPC), version for SAP NetWeaver, beginning with a rollout at HOC. The timing coincided with SAP BPC 10.0 becoming generally available on SAP BW 7.3, with support for running the system on SAP HANA beginning a few months later. With a need to upgrade its business warehouse to support SAP BPC 10.0, this coincidence led HCI to make the decision to start fresh with SAP HANA.

Coinciding with this change at HOC, HCI issued a new directive requiring all business units deliver strategic plans, rather than standard annual budgets or monthly forecasts. This led HCI's steering committee to seek an enterprise-wide tool that

would improve visibility while avoiding disruption to the independent business units. HCI's implementation partner, itelligence, brought a strong background as system integrators for SAP BPC implementations.

"itelligence had the industry knowledge as well as the planning and consolidation focus," said John Gooch, Business Warehouse Manager, HCI. "SAP BPC 10.0 was new to everyone, but itelligence had the deep implementation experience that really paid off in spades."

Win-Win Configuration

With the goal of implementing the solution for each business, HOC couldn't configure the new system for the standalone business without factoring in others' needs. To design the landscape, the team incorporated as many similarities as possible into a harmonizing layer. While planning models might differ considerably between units, they'd share basic entries within the general ledger view. A sub-layer would contain the models proprietary for a specific business unit, so each would have its own dimensions and calculations specific to its operational planning needs. This approach made it easier to consolidate every plan into a singular finance plan for the organization at the top.

HOC was the first business unit to see results. Previously, HOC employed a bottom-up approach, including operational expenditure (OPEX) planning, where a district superintendent would review reports showing a year's worth of actuals, which would become the fixed operating expense for the next. With SAP BPC, HCI moved to a rate-driven variable model. "HOC's central planning group can get input from the district level, so it's a top-down and rate-driven system," said Gooch.

Exploring Opportunities with SAP HANA

"Previously, it was a challenge just to create one version of a plan. Now, businesses are modeling multiple scenarios within a single forecast cycle," Gooch says. With SAP HANA as the underlying platform on which SAP BPC and SAP BW run, queries that had taken hours to render were suddenly taking seconds.

"It's everything it promised," Gooch says. "It's not just SAP HANA for SAP HANA's sake; it's about the options it creates."

Queries on 100 million record objects with results in

2 seconds

Hunt
CONSOLIDATED, INC.

Company:
Hunt Consolidated, Inc.

Industry:
Oil and gas exploration and production, real estate development, power, ranching, agriculture, and private equity investments

Products:
One of the largest, privately held firms with business units focused on oil and gas exploration and production, refining, LNG, power, real estate, investments, ranching and infrastructure

Number of employees:
approximately 4,500

Revenue:
approximately \$3.2B

Headquarters:
Dallas, TX

Website:
www.huntoil.com