



Flexible Reporting and 'Instantaneous' Analysis Add Up to Better Budgeting



"THE PROCESS OF ROLLING UP INFORMATION HAD GONE FROM PROBABLY A GOOD DAY'S WORTH OF WORK TO THE CLICK OF A BUTTON."

- SCOTT WALLACE, MANAGING DIRECTOR OF FINANCE AND TREASURER, ITLA CAPITAL CORPORATION

The Challenge

When Managing Director of Finance and Treasurer Scott Wallace assumed responsibility for ITLA Capital Corporation's budgeting processes he did so with a mandate to bring more automation, accuracy and efficiency to the process. To achieve those objectives, Wallace brought in CONTROL.

The bank takes a bottoms-up budgeting approach. Individual cost center managers develop their own operating budgets, which are then rolled up at the corporate level and used to develop an entity-wide business plan. Wallace inherited a budgeting scheme whose operation depended on dozens and dozens of spreadsheets and whose accuracy depended on the time-consuming, manual consolidation of those spreadsheets.

"Keeping track of all of those different Excel spreadsheets was a nightmare," Wallace recalls. "It was mechanically cumbersome and difficult to work with."

Wallace started shopping for a software solution that would allow his numerous managers in separate locations to work simultaneously on their budgets. The application also needed to automatically roll up those individual budgets to a central source where Wallace and his team could review, analyze, report and exert better control over the information.

The Selection

Despite ITLA's mid-market size, Wallace initially discovered a wide range of potential solutions. The company's size also made an attractive price, along with deep functionality, a top priority in the selection process.

First, Wallace created a list of potential software solutions based on their price, and their ability to address ITLA's mid-market needs within the financial services sector. Equipped with that list, Wallace tapped his industry network to find out what solutions other banks used to support and strengthen their budgeting and other corporate performance management (CPM) processes. The insights Wallace collected from budgeting managers at other banks helped him further distill a much longer list down to two final

candidates. Wallace invited KCI Corporation and one other software firm to conduct on-site demonstrations.

"At the end of the day, it boiled down to two packages," Wallace notes. "Between those two options, the key difference was that CONTROL is more robust in its ability to research down to the detailed transaction level within historical budgeting information. For example, if you want a more detailed understanding of the area in which the company spent \$258,000 last month, you can use CONTROL to drill into that figure. The application immediately calls up a list of the individual postings in your books and records so you can see the actual vendors that you're paying the money to. The other software application did not offer that level of detail."

That capability, along with a testimonial from a budgeting manager who has used both applications in recent years, steered Wallace and his team to CONTROL..

The Solution

The selection process concluded in July. At that point Wallace made it extremely clear that ITLA Corporation needed to have CONTROL up and running by November.

KCI Corporation worked with ITLA Corporation to meet that deadline. "The implementation was complete in three months," says Wallace, who also points out that his finance function lost some key employees to turnover during that time, which introduced an additional challenge to the implementation process. "I think that's pretty good."

ITLA uses CONTROL to produce budgeting reports on staffing, staffing expense, capital expenditures (budgeted) and capital expenditures (actual). Those models feed the bank's enterprise-wide overhead model. The finance department can now generate detailed reports of budgeted and historical costs for any time period it wants to review. The company also can create various budget-vs.-actual reports that clearly show the extent to which the company and/or specific areas of the organization are performing to, or deviating from, the budget.

Wallace reports that CONTROL allows his company to "slice and dice budgeting and actuals information in a highly flexible manner" and to

customize its reports. For example, the company uses CONTROL to generate reports that contain information on actual expenses for the past 12 months or longer. "That information, which we can produce at whatever level of detail we want," Wallace adds, "appears right next to expenses budgeted for the next 12 months. That view delivers a clear understanding of whether or not requested budget amounts make sense."

The previous, spreadsheet-based budgeting system demanded the manual consolidation of some 100 different spreadsheets from throughout the company. Wallace says he and his staff were delighted to bid farewell to that work.

"CONTROL instantly captures budgeting information in a single location where it is immediately available for review and analysis," he notes. "We now complete our entire budgeting processes in about half of the time it previously consumed, and we can update our budgeting information on the fly. Automatic interfaces of budgeted and actual information enable us to get information in the hands of managers to help strengthen their decision-making."

CONTROL has also helped accelerate that decision-making. "We now deliver information to the users' desktop in a very timely way thanks to the automatic interfaces of budgeted and actual information," Wallace explains. "As soon as books are closed and the database is updated with the results, we can distribute information out to managers and get it in their hands."

Similarly, the speed with which the bank consolidates budget information has greatly increased. "The timeline required to process information from the point of entry at the individual budgeter's level to consolidation, review and rollup, and completion has been shortened dramatically," Wallace reports. "The process of rolling up information had gone from probably a good day's worth of work to the click of a button."

The Support

Although ITLA Corporation invested in CONTROL to address a specific need, strengthening its budgeting process, Wallace expects his company to "become a more robust user of the system" in the future.

He says he is confident that KCI will provide the support necessary for any new demands his company might place on CONTROL.

"We've found that smaller software vendors tend to provide better customer support and service, and that certainly is the case with KCI," Wallace adds. "Their people are familiar

to us, and we are familiar to them. They willingly and cheerfully provided a high level of hand-holding and customer support throughout the implementation process. And since then they have never hesitated to make time, even on short notice, to help us."

Maximum Returns

By using CONTROL to support its budgeting processes, ITLA Capital Corporation has achieved the following results:

- Implemented CONTROL within three months during a period in which the finance department also dealt with turnover in key positions.
- Reduced the time required to complete the overall budgeting process by 50 percent.
- Transformed the process of rolling up budget information from different business units "from a good day's worth of work to the click of a button."
- Increased the accuracy of the budgeting process by migrating from multiple, widely dispersed Excel worksheets into a centralized system.

Customer Business Profile

ITLA Capital Corporation is a publicly traded diversified bank holding company specializing in commercial real estate lending on a national basis and is headquartered in San Diego, Calif. The company conducts its operations through Imperial Capital Bank and Imperial Capital Real Estate Investment Trust. Imperial Capital Bank has seven retail branch locations and 21 loan origination offices serving the Western United States, the Southeast, the Mid-Atlantic states, the Ohio Valley, the Metro New York area and New England. ITLA Corporation has reported record profits and earnings per share established a track record of consistent, steadily increasing profitability each year since becoming a public company in 1996.