

Zürcher Kantonalbank

Overview

■ **Challenges:**

The overriding goal of this project was to replace Excel spreadsheets with a professional tool that would bring more stability to the processes involved, as well as increase the level of automation and speed up the validation and consolidation of the financial data supplied by the bank's branches and companies.

■ **Solution:**

- IBM Cognos Controller

■ **Benefits:**

- *Automated, accurate capture and entry of financial data from the bank's branches*
- *Relief for Corporate Financial Analysis*
- *Fast consolidation and the rapid supply of information for reporting purposes*
- *Significantly improved process of reconciling operational and financial accounting*



Total assets of more than 95 billion Swiss francs single out Zürcher Kantonalbank (ZKB) as the largest regional bank and leading financial service provider in the Zurich metropolitan area. Already endowed with an AAA rating from Standard & Poor's, the bank also received a top (AAA) ranking from Moody's in 2006 for the first time. ZKB is one of only a handful of banks in Switzerland that can boast this coveted distinction – a testimony to its trustworthiness and reliability. All in all, the bank manages

customer assets worth more than 115 billion Swiss francs. Consolidated profits totaled 937 million francs in the fiscal year to December 31, 2006.

Challenges faced

In the past, Zürcher Kantonalbank used Excel spreadsheets to consolidate the numbers for its financial and operating reports. All the work had to be done by hand. However, when it launched cashgate AG – a subsidiary that enjoys the status of a bank in its own right – consolidation became more complex

than ever, and even stricter requirements had to be met. This development caused the bank to go looking for a specialized software solution that would automate much of the work involved in producing consolidated balance sheets, income statements and notes, plus the statistical data demanded by the Swiss National Bank (SNB). After a thorough evaluation process, ZKB finally opted for IBM Cognos Controller, a solution that not only met these requirements in full, but also enabled individual departments to make minor adaptations of their own without bothering the IT unit.

The overriding goal of this project was to replace Excel spreadsheets by a professional tool that would bring more stability to the processes involved, increase the level of automation, and speed up the process of validating and consolidating the financial data supplied by the bank's branches and companies.

During the evaluation process, the following criteria were identified as critical:

- *Annual financial statements had to comply with the RRV-EBK accounting standard.*
- *The consolidation tool would also gather the data required from subsidiaries to enable the production of notes and SNB statistics to be automated as far as possible.*
- *Consolidation would be performed at quarterly intervals.*
- *Subsidiaries would capture and validate their own data on site.*
- *The consolidation tool itself would automate intercompany reconciliation, recognize discrepancies, and indicate where the companies concerned had to take action to clarify the causes.*
- *The consolidation software would produce group level management reports. ZKB wants to be able to analyze the segments defined in these reports and produce a balance sheet tailored specially to the needs of financial analysis.*

Strategy followed

On the basis of these requirements, ZKB's project leaders short-listed solutions from several providers. Three consolidation software vendors were then invited to submit bids and present their offerings. Above all, the bank wanted to know exactly how each provider would organize the project to introduce consolidation software at ZKB.

One reason IBM Cognos Controller was ultimately given the nod was that it allowed individual departments to make a lot of adaptations independently, without any support from the corporate IT function – unlike the solutions offered by other vendors.

In line with ZKB's specifications, the project was split into a definition, realization, and introduction phase. The first phase involved developing a consolidated chart of accounts that covered the needs of both the financial accounting and financial analysis units. The IT requirements stipulated by ZKB also had to be met, however.

“Using IBM Cognos Controller instead of Excel spreadsheets largely automates the process of consolidating the group companies’ figures. It makes things much easier. Automated plausibility checks take the burden off our financial analysts and simplify reporting by producing all the statistics and notes that we need.”

*Alexander Huber
Project Manager and Team Leader
Corporate Accounting
ZKB*

Before the project began, the seven-person project team attended a attended an IBM Cognos training course and then divided its work into five sub-projects: IT, financial accounting, operational accounting, reporting, and a set of corporate guidelines.

Although many solutions in this kind of environment are installed on SQL database servers, the ZKB solution was realized on an Oracle database platform. External access to the ZKB server had to comply fully with the bank’s very strict security provisions. The numbers for the financial statements of individual group companies are stored in the SAP Financial Accounting module and extracted to the SAP Business Warehouse. Once the SAP chart of accounts has been mapped to the bank’s consolidated chart of accounts, a CSV file is produced and imported into IBM Cognos Controller. Import specifications and look-up tables are produced in IBM Cognos Controller itself.

Benefits realized

The defined project goals were met, allowing ZKB to abandon its Excel spreadsheets and consolidate its group data using IBM Cognos Controller. Twenty-five users in financial accounting and financial analysis, plus the managers (and their deputies) at ZKB’s two fully consolidated subsidiaries now work with this tool. Numbers supplied by the subsidiaries are validated and entered automatically, which eases the burden on the financial analysts. In addition, IBM Cognos Controller can now also automate the reconciliation of operational and financial accounting data on the basis of a common chart of accounts.

IBM Cognos too contributed professional project leadership, making sure that ZKB had only one point of contact from start to finish. On technical issues, the IT unit at ZKB liaised directly with IBM Cognos’ technology department. Indeed, this collaboration is still in progress to ensure that patches and system modifications are carried out smoothly and efficiently.

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