

HVB America pushes the limits on CODA implementation

HVB Group

CODA handles international bank's highly complex financial requirements and provides needed flexibility.

While HVB America kept growing, its accounting system couldn't keep pace. So, in November 2002, it started searching for a new accounting software solution. As a division of HVB Group - a banking and financial services firm based in Munich, Germany - HVB America needed a solution that was real time, powerful and incredibly flexible.

THE CHALLENGE

The new system had to handle the multitude of companies that HVB Group maintains in the Americas. In addition to the HypoVereinsbank and Bank Austria branches, HVB also supports a large number of U.S. incorporated subsidiaries and special purpose vehicles, including asset-backed commercial paper conduits. HVB Group is the second largest private-sector bank in Germany and the market leader in Austria with more than 60,000 employees and 9.8 million customers in Europe.

"We have an incredible legal organization," says Dominick Valente, Managing Director and Controller for HVB America, "and that drove the need for a new system. There was growth in the number of entities and growth in the size of the balance sheet. We simply outgrew the procedures and system that we had."

The new system would face major challenges. It would handle approximately \$30 billion in assets from 40 entities in 50 currencies. At any point in time there might be 20,000

transactions outstanding. Also, an abundant number of products were involved: certificates of deposit; time deposits; bank placements; loans; securities; interest rate swaps; caps and floors; futures; options; commodity and total rate of return swaps; foreign exchange; cross-currency swaps; loan trading; credit guarantees; revolvers; and more.

THE SOLUTION

In December 2002, HVB America selected CODA e-Finance to handle its complex financial requirements. With CODA's highly flexible, eight element account code structure, HVB was able to define a chart of accounts that would make multidimensional analysis and consolidation an automated, formal process. All of this is available in a single application running on a single server, making it easy to roll out the system to large numbers of users, while maintaining control and consistency.

"The multiple entity, multiple profit center, automated consolidation and flexible chart of accounts features were key to us," says Valente. "We were impressed with the flexibility of the system and the way the eight elements were structured. You can fill them in any way you want and query the system based on any one of the fields.

"I think HVB pushed the envelope on the system," Valente adds. "While other clients may have a lot of one characteristic or another, we had multiple variables in every type of characteristic: a lot of entities, currencies, transactions and profit centers, as well as a big balance sheet and foreign exchange revaluation. We basically used all of the core CODA functionality."

CODA CEO Steve Pugh agrees. "HVB America presented us with one of the most complex sets of requirements we've ever dealt with in the U.S.," he says. "I have to congratulate them on finding ways to exploit virtually every function available in the core financial application. But, no matter what they asked us to do, CODA e-Finance handled it easily with very little modification."

HVB America had an aggressive nine-month implementation time frame beginning in February 2003 with initial training. Even with key personnel changes along the way, HVB began running CODA e-Finance software in parallel in November. It decided to wait until year-end and switched over in January. The results have lived up to the expectation.

THE RESULTS

With the old software, it had been a long process to produce financial statements. The HVB America companies were downloading files into Excel independent of one another and manually doing eliminations and manipulating the numbers to produce statements. It was taking three or four business days to reconcile the numbers at month-end and then up to another five days to put together a consolidated income statement and balance sheet.

Now with all of the HVB companies using the same system, the process has been streamlined. Once the closing entries are posted for all of the companies, the CODA reporting tool does automatic eliminations and all the numbers can be run at the same time. Information is available daily, allowing controllers more time for analysis, and, since all entries are traceable back to their origin, it gives them greater confidence in the accuracy of the numbers. "The month-end close is taking a couple of days," Valente explains, "and as the staff become more familiar with the CODA software and fine-tunes the underlying information, it will be even faster."

Another major shortcoming of the old accounting software was that the general ledger did not accommodate profit center reporting, and that complicated the already extensive reporting requirements. Revenue and expense reports that showed business line results were taking almost two weeks to generate. Staff had to download information into Excel for legal reporting and download it a second time into Access for business line results before reconciling the two back to the ledger. With CODA e-Finance, legal and business line results are run off of the same data reducing the need for reconciliation.

"In the past, when we were smaller, it was easier to keep some information in Excel and some in Access," says Valente, "but as we grew in business lines and profit centers, that became problematic. Data reconciliation under two processes was difficult, but with a common platform, it's not an issue.

"There are a number of benefits to this. We know the CODA data is accurate, we're turning around management reports faster and the system flexibility allows us to provide more data because we're querying off the same database."

ABOUT CODA

CODA is a leading global provider of award-winning, best-of-class, unified ledger accounting systems and versatile financial analysis tools that support enhanced performance management. These are complemented by a range of powerful new collaborative applications, to streamline and automate key business processes – such as: regulatory compliance, financial period-end close or corporate responsibility programs. These analysis and collaborative solutions integrate seamlessly both with CODA applications and other leading operational systems to capitalize on customers' existing IT investments. CODA's product offerings are all underpinned by expert consultancy, education and support services, delivered by teams of experienced accountants and technology specialists.

Founded in the UK in 1979, the CODA Group now employs more than 550 people around the world and delivers global sales, service & support through its own offices, together with a carefully selected network of partners. Its customers include over 2,500 medium and large user organizations – worldwide and across all industry sectors.

"Financial Intelligence" sums up the combined benefits of CODA's software, solutions and services, delivering complete financial transparency for customers to monitor and drive performance more effectively and to make business decisions founded on reliable, timely, self-balancing information. CODA's financial intelligence helps organizations to revolutionize their financial processes: formerly passive accounting systems are transformed into real-time finance engines that deliver true financial intelligence; and enabling the finance department to support strategic change throughout the organization.