



**The background**

Pendragon PLC is the largest independent operator of franchised motor car dealerships in the UK, operating over 300 outlets and selling a broad range of makes of motor cars and commercial vehicles. It also has a substantial presence in the UK vehicle leasing, wholesale parts and dealer management software markets.

Pendragon’s business focuses on both high volume and specialist brands. It is the largest retailer of Vauxhall cars in the UK while its specialist marques range from Maserati to Mercedes-Benz. It is the largest franchised dealer for Harley Davidson outside of the USA.

**The problem**

In 2000, Pendragon purchased an on-line analytical processing (OLAP) tool to manage the consolidation of its group accounts. Using this system the finance team were able to consolidate month-end submissions from Pendragon’s business units as well as preparing a set of management reports that supported the executive team in running the business. However, by 2006 the system had become outdated. Pendragon’s business had become more complex over the intervening period and the OLAP tool was unable to cope with the increased demand for more detailed reports and cross-departmental views of the business. Mark Houghton, Group Systems Accountant explains, “When we built the system, it did the job. However, by 2006 we had a number of issues with it. Our main concern was the fact that the original vendor no longer provided support for the tool and we wanted to move to a more mainstream technology. Additionally, the old system was not web-based. That meant that whenever we made changes to the system we had to mail out excel report templates to our business units. As you can imagine, this caused us numerous version control headaches.” This manually intensive aspect of the system was also reflected in the way that the users interacted with the system. “Our users had to remember a large number of different account codes in order to run reports which limited its usability. Similarly, if we wanted to create a formatted report that broke figures down by brand we had to take our basic report and then clone it twenty times, one for each brand that we wanted to review, which was hardly practical.”

As a result of these shortcomings, the board at Pendragon concluded that the existing system was no longer a tenable consolidation solution. They authorised the management team to carry out a review of the marketplace with a view to replacing it with a more modern reporting tool, one that could act as a platform for expanding the range and depth of the existing management reports.

**The requirements**

“We needed a system that we could update quickly,” says Houghton. “Our business structure changes frequently and so we wanted something that would allow us to make changes centrally and then have these changes picked up by business units instantaneously.”

Similarly, the new system would need to cope with the detail inherent in the Pendragon business model. “In our business it’s particularly vital to get insight into what our customers are buying so there were a number of different analytical perspectives that we needed to build into the new system. In addition to the statutory hierarchy that we needed to support the financial consolidation process, we wanted to be able to carry out brand analyses and also breakdown our numbers by region and trading/non-trading units. Furthermore, our IFRS requirements meant that we needed to include a like-for-like/not-like-for-like analysis as well as being able to handle five years of historical data down to month level and manage the consolidation of over a thousand account lines and 800 business units.”

After evaluating a number of potential solutions the team at Pendragon selected Infor’s corporate performance management tool, MPC, as the consolidation engine for their new system, opting to combine it with the same vendor’s business intelligence module, BPA, as the reporting interface. “The Infor system was the most comprehensive that we looked at from a price/performance perspective,” says Houghton. “Similarly, one of our business units had some experience using an older Infor product to consolidate their group accounts and were very happy with it, so we felt comfortable moving ahead with MPC/BPA.”

**The solution**

Once the solution had been selected the implementation presented its own particular challenges. As Houghton explains, “We spent a considerable amount of time working with one consultancy team on the design for the replacement

system. Ultimately, though, we realised that things were not advancing in the way that we wanted.” As a result, Rinedata were asked to assist with the implementation.

The initial design focused too much on simply replacing the existing consolidation system rather than taking into account Pendragon’s wish to move towards a state of the art reporting platform that could provide more detailed insight into business operations. Consequently, this fledgling design was abandoned and Rinedata began their involvement by redefining the functional requirements and employing a “zero based” approach to the definition of the revised application.

Raj Thapar, Partner at Rinedata explains, “Our involvement at Pendragon included a good proportion of the services that we provide in that we were involved in pretty much all aspects of the project cycle. We developed the functional requirements and system design. This meant assisting in the definition of a number of the entity hierarchies required to allow Pendragon report by dealership group, by marque and by historical period. We were also involved in designing the output reports and the consolidation processes required to produce the consolidated P&L and balance sheet.”

Indeed, during the development phase of the project the Rinedata team led the build effort which included the development of the new database structure, creation of revenue reports, departmental P&Ls, management reporting and forecasting schedules. They also designed and delivered the data integration routines used to transfer data across from the legacy system into the new reporting tool. “We’ve been very pleased with Rinedata’s involvement,” concludes Houghton. “The Rinedata team came in and diagnosed a lot of the issues with the original system design in just a couple of days. Their team were all accountants and that meant that they really understood what we wanted and where we wanted to go, but they also backed their business knowledge up with solid technical knowhow.”

## The benefits

The benefits of implementing the system have been significant. The maintenance overhead involved in managing the database structures and compiling and mailing out multiple reports has been eliminated. “The system that we use now has a centralised database and a set of predefined web reports that users can view on-line. As a result we can add new reports or update existing ones and then give our users access to the most up to date versions without any need for us to email anything to them,” says Houghton.

Similarly, the new system has diminished the concern of the Pendragon board over their reliance on a non-standard legacy software platform for their corporate reporting. “We are very happy with the support and maintenance of the product we have received,” explains Houghton, “and the Rinedata team are just a telephone call away if we have any questions or need to discuss anything with them.” The system has been rolled out to around 30 users throughout the country to an overwhelmingly positive reaction. “Our end users are very happy with the new reporting solution,” says Houghton, “because of the way the new system is designed we’ve avoided all of the usability problems that we had previously. The users can drill down to a much lower level of detail than before and can now perform real ‘slice and dice’ analyses

just by pressing a few buttons. This was something that just could not be done before, at least, not without our finance team investing a huge amount of time and effort in developing the appropriate reports.” The depth and breadth of the new system is providing the business with a unique level of insight. “We are producing a lot of reports which are allowing us to see relationships that were not visible previously,” says Houghton. “In addition to our standard financial reporting pack we now have detailed brand analyses which we can drill down into by region. Similarly, the dashboards and exception reports that we’ve developed enable us to spot opportunities and problems while we can still do something about them. Developing this level of insight in the old system would have been very time consuming and costly. It’s so much easier for us to build the reports that we need now.” Furthermore, the system has enabled the finance team to become a trusted advisor to the senior management. “With the new solution in place, when the Managing Director comes to us with questions about what brands are popular and which regions they are popular in we can prepare a report that answers his questions immediately. Previously, it would have taken us a long time to develop the necessary sort of analysis.” “This has been a very big win for us,” concludes Houghton, “as you can imagine in our industry sector in the current business climate it’s paramount for us to be able to get a clear indication of what our customers are buying and which of our businesses are doing well. We use the new system to drill down into our business and get really good insight into what’s happening. As an organisation we’ve always been quick to respond to changes in the market, but this application really takes us to the next level in terms being able to make the right decisions at the right time.”

## About Rinedata

Established in 1996, Rinedata is dedicated to providing full project life cycle services across Financial Consolidation, Budgeting, Forecasting and Business Intelligence initiatives. Since our inception we have solely focused on delivering improved performance management systems across a wide range of businesses and in a multitude of differing infrastructure landscapes. We can demonstrably help our clients unlock the value of their IT investment, no matter where they may be in their financial systems evolution.

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