



Washington Trust Bank

Banking on Stronger, More Flexible Performance Management Capabilities



WASHINGTON TRUST BANK'S BUDGETED GROWTH IN NON-INTEREST EXPENSE IS ONLY 1.7 PERCENT THIS YEAR, THE LOWEST IT HAS BEEN IN 17 YEARS. "I ATTRIBUTE THE CHANGE TO THE FACT THAT WE COULD SIT DOWN AND REALLY SEE WHAT WAS GOING ON."

-- SHARRY DITZLER
VICE PRESIDENT FINANCE
WASHINGTON TRUST
BANK

The Challenge

Washington Trust Bank sought to replace a home-grown budgeting application with a system that would support budgeting and forecasting at a transaction level. The bank also hoped to move its performance management processes, which ran on four disparate applications, into one common system. "We had a very difficult time trying to find software that would let us accomplish both of those objectives," reports Vice President Finance Sharry Ditzler, who emphasizes that the search also had bottom-line motivations. "Maintaining four separate systems creates huge overhead, in terms of training, maintenance and problem-solving." Finally, Washington Trust sought a software solution that Ditzler's three-person team could implement and maintain. Doing so, they hoped, would cultivate the expertise necessary to exploit the software, while keeping consulting costs (and, thus, the total cost of ownership) to a minimum. "We have a highly fluid budgeting process," Ditzler adds. "So, we knew we needed to be able to make changes independently," "That was a key for us – having that expertise reside within our company."

The Solution

Through a formal selection process, Washington Trust's finance organization evaluated six options, including homespun and packaged systems. The key criteria were functionality, flexibility, ease of use, implementation and training, time to implement, and total costs. Ditzler and Financial Analyst Jason Tellinghusen say their company selected KCI Computing Inc.'s CONTROL, first and foremost, because of the functionality it delivers. "For us, budgeting at the transaction level means closely tracking the individual debits and credits that make up our balance sheet," Ditzler explains. "CONTROL is really the first product we've found that solves that problem for us and addresses all our reporting, budgeting and analysis needs."

Compared to the vertical and budgeting solutions the company considered, Ditzler notes that the "hard-dollar cost for CONTROL is small." She reports that CONTROL cost less than a third of what comparable software solutions would have cost. "We expect to realize a significant payback in a very short

amount of time," Ditzler says. She also points out that the consulting costs came in at less than she initially planned (approximately one-third of the cost of the software), in large part because she and her team were able to perform more than 90 percent of the implementation.

KCI Computing took care of the heavy lifting (e.g., mapping the data from the source system) and then served as a guide to Ditzler's team through Web-enabled teleconferences and follow-up calls. KCI assisted with the building of the first budgeting model, and then the bank's corporate finance team took over. "The software had all of the right components to allow for that approach," reports Tellinghusen. Ditzler credits the guidance KCI Computing provided. "Our teleconferences served as mini training sessions," she says.

The first phase of that process brought salary budgeting by employee; capital budgeting by projects; allocations; and, finally, the company's non-interest revenue and expense, by transaction, online. The second phase of the project will move the remaining financial reporting processes into CONTROL so that all metrics will be available via the Intranet to 55 key managers.

The system's multi-dimensionality yielded greater visibility into expenses as well as efficiency. The bank's finance department now "tracks a ton of budget data" for more than 80 cost centers in the organization, Ditzler explains. "I can scrutinize those cost centers and hone in on variances. I focused on 16 different lines in those financial statements, and showed the executives where our largest variances were." As a result, Washington Trust Bank's budgeted growth in non-interest expense is only 1.7 percent for the current year. "That's the lowest it has ever been, and I've been doing this for 17 years," notes Ditzler. "Normally, it's in the 4 to 5 percent range. I attribute the change to the fact that we could sit down and really see what was going on."

The bank maintains a highly fluid organizational chart to meet the demands of a rapidly changing industry and shifting customer demands. "In the past, we had to go around and fix numerous batches to roll data up every time we re-organized," recalls Ditzler, who appreciates the ability to maintain the organizational structure in real-time within CONTROL. "We can roll the data and financial reporting up and down the chart by simply dragging and dropping. We have a guaranteed accurate picture in minutes."

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-- JASON TELLINGHUSEN, FINANCIAL ANALYST, WASHINGTON TRUST BANK

The company started its most recent budgeting process at the same time it did the previous year. With CONTROL, Washington Trust Bank completed its budgeting process a month and a half earlier than it did the previous year. “This marked the first time we’ve ever submitted the final budget to the board for its review before year-end,” reports Ditzler, who also emphasizes that the quality of the numbers her staff receives has improved as a result of training managers on CONTROL’s functionality and capabilities. “We sat down with the managers to make sure they were comfortable with the new system before we made it available to them through our Intranet,” Ditzler says. Those training sessions proved beneficial to both parties. The finance staff was able to identify the best ways for information to flow to and from the finance organization. And business managers walked away from the meetings with year-to-year comparisons of their performance numbers, detailed print-outs of their monthly budgets, a complete breakdown of the capital expenditures they had budgeted and other reports.

“With the exception of a couple of areas of the business, each meeting lasted about 90 minutes, and each manager walked away with a thick packet of useful information,” Ditzler recalls. “With our old system, generating that same information would have required two to three different meetings, several iterations of each report, and many, many hours of back-and-forth between each side. That’s why we were a month and a half ahead on the budget.”

As Washington Trust Bank moves through the second phase of its implementation, Ditzler and Tellinghusen give CONTROL high marks. “On the front end,” Ditzler says, “we like having the Excel interface, which people, particularly those outside of the finance department, are familiar and comfortable with.” On the back end sits a pure relational database. “That provides a lot of benefits in terms of security, concurrency, and data-sharing that we didn’t have before.”

Tellinghusen appreciates CONTROL’s solving capability. “It lets users conducting planning analyses change a high-level number – revenue by product line, for example,” he explains. “The change automatically alters corresponding lower-level numbers so that users can see how those high-level changes would affect performance and activities all the way down to the individual transaction level.” says Tellinghusen.

So far, KCI Computing’s service has earned praise. “The vendor support is very, very good,” Ditzler says. “When they tell us they’re going to deliver something, they always make the deadlines.

Looking ahead, Ditzler and Tellinghusen say they are excited about using CONTROL to hone the company’s forecasting capabilities. “As we understand more of what CONTROL can do, we can see that there is a large amount of analysis that we can put in people’s hands that they don’t have today,” notes Ditzler. “We know we are going to add a lot of value to the organization that way.”

The bank’s finance team reports that it completes five-year projections with much greater ease now that everything is in CONTROL. “We did them once or twice a year before we had CONTROL,” Ditzler adds. “It was a lot of work because we had to pull the data from four different systems and then use Excel to crunch the numbers. Now, we have several complex models built in CONTROL, and we complete the projections in a far timelier manner.”

Maximum Returns

By using CONTROL to support its business performance management processes, Washington Trust Bank has achieved the following results:

- Saved roughly 67 percent on up-front software investment (compared to competing solutions) while keeping consulting fees low.
- Achieved the lowest budgeted growth in non-interest expense in 17 years as a result of CONTROL’s budgeting and analysis capabilities.
- Completed the annual budgeting process 90 days earlier than in previous years.
- Reduced the time required to produce key budgeting analyses from two weeks to a matter of minutes.
- Reduced maintenance and licensing costs by consolidating four disparate financial management systems into one system while strengthening data security and data-sharing capabilities.

Customer Business Profile

With assets of \$2.1 billion, Spokane Washington-based Washington Trust Bank is the largest, independently owned full-service commercial bank in Washington and Idaho. The bank, which has 689 employees, operates 31 branches in Washington and Idaho. Washington Trust recently celebrated its 100th anniversary, a testament to its success in the world of banking. The bank’s expertise lies in commercial banking, private banking and wealth management, while also aggressively serving the retail market. Through the years, Washington Trust has been driven by one goal to provide the highest level of quality service and financial stability to its customers.

Take your financial management practices to the next cutting-edge level with CONTROL®, the one-stop solution that inspires the insight that drives performance. Contact KCI at (310) 921-6222 or info@kciCorp.com.