CASE STUDY

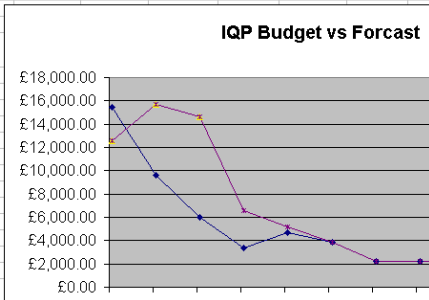## DYNAMIC BUDGET ESTIMATION AND COST MONITORING SYSTEM

The Client

Information Management Services (IMS), a 150-employee division within Deutsche Bank, the second largest banking institution in the world.

IMS' role is the monitoring and approval of all European cross-product trading from a regulatory perspective to ensure compliance with both the bank's and the Financial Services Authority (FSA) requirements.

IMS is split into two units. An operations unit that carries out the day to day monitoring and approval activities, and a project unit that continuously develops products to ensure the vital accuracy and efficiency of the operational unit.

The Project

IMS has an annual budget based on the anticipated cost of maintaining the operation unit and undertaking the approved projects for the next financial year.

Historically, IMS always overspent the budget and had to request further funding for its activities, mainly because of lack of accurate financial planning and monitoring as well as corporate requests that were unaccounted for in the original budget.

The Challenge

To develop a budgeting infrastructure that allows accurate estimation of budget and stringent control of cost, with various levels of reporting and the ability to anticipate cost deviation before it occurs in either the project or operation unit.

The required reporting system should show exactly where cost is incurred and allow scenario planning for decision making purposes.

The system should also dynamically recalculate the estimated costs when any additional requests are made to IMS, in order to authorise any increase of budget prior to accepting the new work package.

Available Systems

The bank has a global intranet network, reaching every member of the organisation.

In compliance with corporate Human Resource requirements, IMS had an in-house developed timesheet system updated daily by each member of the division.

Microsoft Project is used as the standard planning and monitoring tool by each project manager in IMS, in order to track development of products and update the progress reporting system within IMS Project Management Office (which was set-up by Projectize).

The Solution

- Use in-house developers to add "activity name" field to the existing timesheet system

- Utilise Microsoft Project in using the existing cost functions within the software

- Design an interface between the timesheet system and Microsoft Project

- Use Microsoft Project export facilities to Excel and design useful graphical and tabular reports for budgeted, forecasted and actual cost. As well as the various accounting reports

- Train Project Managers on maintaining the interface and establish an update cycle with the Project Management Office (PMO)

Results

The outcome was a combination of an accurate budget estimation tool and monthly produced reports showing budgeted, forecasted and actual cost for the whole unit as a top view.

The reporting application drills down through user friendly hyperlinks to each individual project to identify exactly where expenses are incurred and whether the project is proceeding according to the resource usage envisaged.

Upon receiving any requests for a new project or work package, IMS can use the system to produce an accurate cost estimation of the request.

Project managers in IMS are now able to request the appropriate budget at the beginning of the financial year and control the cost throughout as well as identify and monitor any additional expenses that may arise out of the original scope of the initiative.

Critical Success Factors

- Working **with** the client on identifying need & requirements.
- The use of local tools and expertise in developing the solution wherever possible.
- Utilising the existence of a Project Management Office to maintain the new solution as a regular tool.