Information Management software

Blue Mountain

Overview

■ *Challenge*
- *Enable analysts, managers, and executives to view data across multiple dimensions and drill down into the specific data underlying those summaries*

■ *Solution*
- *A business intelligence (BI) solution that streamlines performance management processes and includes planning, budgeting, forecasting, reporting and analysis capabilities*

■ *Key Benefits*
- *Improves decision making through greater insight into trends; helps determine appropriate staffing levels to closely manage costs; enables company to optimize and adjust inventories from year to year; considerably speeds up the budgeting and forecasting process*

Blue Mountain is Ontario's largest mountain resort, located just 2 hours north of Toronto, and 11 km west of Collingwood. The resort is a 4-season recreational and conference facility destination. During the winter season, more than 1 million visitors enjoy 34 ski and snowboard trails, and four terrain parks serviced by 12 lifts. In the summer months, the nationally ranked Monterra Golf course welcomes golfers to enjoy its spectacular layout. These outdoor-based attractions are complemented by slope-side accommodations with approximately

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~ John Gowers, IT Director, Blue Mountain Resort

1,000 rooms comprising of the Blue Mountain Inn, eight condominium developments, Historic Snowbridge Mountain Homes, and the luxurious suites of the Village at Blue. To meet the guests' needs in this wide range of activities, Blue Mountain employs over 1,600 employees peak season, including some 400 fulltime year-round staffers.

Challenges faced

With 13 different lines of business, including restaurants, ticketing, call centers, and lodging, Blue Mountain needed a comprehensive software package to run traditional budgeting, consolidation, reporting, and forecasting, as well as performance analysis on revenues trends, especially daily sales.

The company also faced two further complicating factors. With multiple lines of business, the software package they selected had to be able to draw on many different types of applications and data sources. The BI solution had to be easy to install and maintain, because at that time Blue Mountain only had three IT staffers and did not have any one employee dedicated fulltime to maintaining the system at the time.

Blue Mountain was in a bind because their existing system was not robust enough to handle all of the company's data input. Also, because that system was not automated, it increased the time IT spent waiting for reports from disparate data sources.

Blue Mountain needed a software solution that would reduce the stress on its IT staff by being easy to maintain and making it easier for users to obtain information for themselves. After an extensive review, Blue Mountain's IT Director, John Gowers, selected a performance management solution from Cognos, an IBM company. A complete application that streamlines the performance management process and includes planning, budgeting, forecasting, reporting, and analysis capabilities, IBM Cognos TM1 leverages on-line analytical processing (OLAP) technology. This capability enables users to view and understand large sets of complex business data quickly. Analysts, managers, and executives can view data across multiple dimensions and drill down into the specific data underlying those summaries.

Strategy followed

In a controlled rollout, Gowers introduced the Cognos software to each line of business, one at a time, when each seasonal business opened. In each case, Gowers started by configuring the financial applications based on previous expectations from the old system. If he faced an anomaly between his expectations and the actual numbers, he dug down into the data to reconcile the apparent incongruity. It took approximately one to three weeks to roll the solution out to each line of business.

An unexpected but positive by-product of rolling out the Cognos solution across the company was that Gowers was able to standardize how data was captured across the organization. As he and his staff talked to various groups about the distinctive ways departments categorized and recorded data, Gowers was able to unify the accounting methodology across the organization. Blue Mountain now has a dedicated fulltime developer to manage the reports and build the models. Data is now entered in the same way across the organization, and it has become easy for senior management to compare financial reports across departments.

Benefits realized

As in any resort, personnel staffing is a considerable chunk of Blue Mountain's operating budget. Holding this line item down is critical to the success of the organization. While staffing models are set during the budgeting process, actual levels must be adjusted daily depending on the weather, number of pre-sold tickets, hotel arrivals and departures, major conferences taking place at the resort, and historic business patterns. Based on these factors, Blue Mountain uses IBM Cognos TM1 to determine appropriate staffing levels, which front line managers must follow. This built-in check means that if staffing levels exceed the prescribed budget constraints, the overstaffing must be cleared with an area director. As a result, this highly variable and volatile line item tends to map closely to the budgeted targets at the end of the year.

In the hospitality industry, starting off on the right foot is critical. For many guests, their first contact with Blue Mountain is through the call center. If a potential guest has to wait too long to be helped, she will go somewhere else to book the family vacation or sales conference. By helping set the proper staffing levels in the call center, IBM Cognos TM1 ensures that call center associates are not overly taxed, which allows them to greet each guest in a relaxed calm manner. Also, because the call center managers can use IBM Cognos TM1 to calculate inbound call volumes based on any number of factors–time of year, time of day, proximity to a given holiday, current resort promotions–they can be sure they are not unnecessarily overstaffed.

Not only does Blue Mountain use IBM Cognos TM1 to control staffing levels, but also to help adjust and maintain inventories from year to year. For example, taking the data from the application that runs the ski boot shop, and adding to the expected number of skiers in a given year, IBM CognosTM1 helps Blue Mountain order the right number of boots in each size. The same model extends to other inventories in its retail shops across the organization.

Although Blue Mountain has been able to push performance management out to the front lines, the company originally bought IBM Cognos TM1 to streamline its budgeting process. Like many organizations, Blue Mountain's budgeting process relied on a maddening amalgamation of spreadsheets. Often, searching for the right data was like mining for coal with an ice pick: it could be done but not without difficulty.

The IBM Cognos TM1 engine puts all of the budgeting information in one place. Once all of the data was entered, Blue Mountain had a clear estimate of what was spent at each business level, creating a finely sliced view of each department's performance. From that base level, it was relatively easy to set forecasts for the coming year.

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For the finance folks, the power and flexibility of Cognos did not stop once the budgets were done. Because the performance management software updates revenue in real time and can slice data in any number of ways, executives at Blue Mountain can compare year-to-date actual values to projected revenues and previous year's totals every day. This daily snapshot and compilation of trends allows senior managers to intervene quickly should corrective action be needed in a particular department.

Marketing is also digging into analytics. With the ability to view historical data and even perform 'what-if' analysis against daily revenue reports, the team can focus on projects such as campaign and labor management to manage its spending more wisely.

For example, if a specific room type isn't selling as well as it had in previous years, a manager can look at which variables have remained constant and which ones have changed. IBM Cognos TM1 gives Blue Mountain the means to review the data from a variety of angles to isolate the particular variable that is a drag on sales. Armed with that information, a hotel manager can alter room rates, align them with previous year's rates, wait out a spell of bad weather, or implement a new marketing campaign featuring the affected area.

If the hotel launches a marketing campaign, Cognos can provide detailed analysis of which marketing campaigns have had the most impact in driving sales for a particular room type in a given season.

The proof of customer satisfaction is a positive answer to the question, "Would you do it again?" For Gowers, the answer is "yes!"

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008*. For more information, visit **http://www. ibm.com/software/data/** and **http://www.cognos.com**.

As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.