"We weren't aware of anything on the market like Clarity FSR ™, so the product sold itself. We realised straight off that this was the control mechanism we needed. Just using the Validations and Variables features of FSR was a great asset to us. Overall, the reduced risk of data inaccuracies and the availability of an audit trail feature convinced us to purchase, and we're glad we did."

– Jeff Brister, Reporting Development Manager, Group Financial Reporting, British Airways PLC.

British Airways

Revenue: £8.75 billion (2007/08)

Business: British Airways (BA) is one of the world's largest international airlines and one of the world's longest established, and has always been regarded as an industry-leader. The airline's two main operating bases are London's two principal airports, Heathrow and Gatwick. In addition to millions of passengers, in the past fiscal year the airline also carried 805,000 tonnes of cargo.

Employees: 43,000

Founded: BA's first predecessor flew in 1919 and as the British air transportation system evolved, a merger of various airlines resulted in the emergence of the present-day global carrier in 1974. The firm is listed as a public company (LSE: BAY).

Company Background

The air transportation industry worldwide, in both passenger and cargo transportation terms, has evolved through a series of economic and socio-political events and trends since the first planes took flight in the early 1900s. Accommodating change to deliver the best customer experience in terms of reliability, safety and convenience has become a mantra at British Airways, where today's management and employees are building on the firm's long, redoubtable heritage. BA was the first airline to launch a scheduled international passenger service (1919), the first jet service (1952) and the first supersonic service in 1976. The British Airways Group fleet now has one of the largest fleets in Europe, comprised of 245 aircraft at the end of March, 2008. Whether it's an Airbus or a Boeing, BA planes are a familiar sight in the air and on airport runways across the world.

Situation Analysis

Behind the glitz of travel to exotic destinations are many departments within BA that reflect the company's commitment to excellence in all that they do. "The responsibility of the Group Reporting team within British Airways is to provide our management, our regulators, our investors and the public at large with accurate and timely financial information, which transparently reflects the state of our current operations," said Despina Don-Wauchope, Group Reporting Manager, British Airways.

Changes in accounting standards and in the regulatory environment have resulted in additional complexity. Older processes needed to be refined in view of the complexity.

For example, the Group Financial Reporting had always designated a 'master file' for each report, with one person chosen to be on the receiving end of the incoming numbers. These numbers were being fed from the group consolidation OLAP database. Additional information would be gathered by the team of analysts for preparation of the 'Notes to the accounts'.

"Control over these very dynamic master documents was getting harder to maintain, based on the sheer amount of information that we were receiving, any of which could change during the process. With one huge Excel spreadsheet, we were hard-pressed to pinpoint changes made during the day and make corrections. We could only see the day-beginning and the day-ending numbers, given MS Excel's limited collaboration and version-control features," says Jeff Brister, Reporting Development Manager, Group Financial Reporting, British Airways PLC.

"Every night we would take another version of the Excel master spreadsheet and declare it to be the proper version 'at that point in time.' But if there were two or three changes during the day, they really wouldn't jump out from what had begun the day."

Comparing versions was no small task. British Airways is a large operation and the spreadsheets for the balance sheet, cash flow and income statements were growing in size. For example, the income statement had a spreadsheet that was 750 rows long; the balance sheet topped out at 870 rows, and these and the other statements were being fed into a final document that was roughly 4,500 rows long.

"By all measures we had an onerously manual process for collecting and checking information, so when Clarity approached us in the Autumn of 2007, about improving our budgeting and forecasting in general, and mentioned they had a solution for automating the creation and filing of financial reports, we were quite interested," said Brister.

Back to the Future: BA Prepares its 2007/08 Annual Reports & Accounts using Clarity Financial Statement Reporting (FSR)

Proof-of-concept demos led rapidly to a contract for Clarity FSR, which was deployed in January 2008. Training on the system was done in February and the Group Reporting team spent the next four to five weeks fine-tuning the application and building the FSR template or document that would serve as the basis for BA's financial statements.

To kill two birds with one stone, the team set about creating its 2006/07 financial statements as an FSR document.

"We replicated our previous year's accounts in FSR to test that the solution lived up to its billing, and it did. But it also proved to be a useful exercise because it gave us all of our historical data for the 'comparatives' we required for our 2007/08 reports. It proved FSR's competence and assisted in providing the comparative data. We didn't therefore have to enter all of the data for the past year again," said Brister.

"Clarity FSR has enabled us to gain greater control of the external report creation process. Now we have multiple users updating financial data whenever they need to..."

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CLARITY systems

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The numbers in BA's primary statements are linked directly back to a single data source, ensuring that there were no conflicting numbers anywhere in that part of the report. Changes to a source number automatically cascaded back into the statements.

The solution provided BA with a comprehensive audit trail, to see what might have been changed during the process, who had changed it and when. "Now we can easily access an audit trail of all changes and this was useful for our auditors. This enabled us to quickly compare what had been provided for print production and what had been sent back for review, prior to approval," said Brister.

"Clarity FSR has enabled us to gain greater control of the external report creation process. Now we have multiple users updating financial data whenever they need to, and I don't have to be concerned about the validity of a number tying up to our main document if it's changed on a sub-sheet," said Brister. "That's because Clarity FSR takes care of all the variables and validations, which are built into the Annual Report and our Interim Management Statements."

Clarity FSR Shows Its Flexibility, Early On
In the past BA provided a HTML file to the London Stock Exchange, but this year the requirement was to provide a MS Word file.

"FSR enabled us to build another report using FSR, on top of our 2007/08 Annual Report. I was able to achieve this as all the data was in the same database, and just use variables to move it backwards or forwards. I was able to produce this Word file very quickly, knowing that the numbers would tie up as they were coming from the same source. The reporting team turned this around in just over three days, which shows the flexibility that FSR affords," said Brister.

What the Future Holds for BA and Clarity
In addition to using Clarity for its annual report production, Brister realised that there was an opportunity for Clarity FSR to assist with preparing BA's monthly management report – the Business Performance Report – for its Leadership Team and Board of Directors. Use of Clarity FSR for producing other financial documents is being considered.

Summary
"We weren't aware of anything on the market like Clarity FSR, so the product sold itself," said Brister "We realised straight off that this was the control mechanism we needed. Just using the Validations and Variables features of FSR was a great asset to us. Overall, the reduced risk of data inaccuracies and the availability of an audit trail feature convinced us to purchase, and we're glad we did," said Brister.

Clarity Delivers the Whole Solution

In addition to providing superior software, Clarity Systems has assembled a large Professional Services division – one of the largest in the industry – totally focused on Performance Management. This allows us to maintain the highest standards in every Clarity implementation and provide you with a "one-stop-shop" that delivers a complete Performance Management solution.

Clarity is the Performance Management Specialist

Since 1995, Clarity Systems has been helping large and mid-market companies around the world manage their performance. Clarity Systems understands the challenges that companies face when coordinating a complex Performance Management project. This single-minded focus is why Clarity Systems is known as the Performance Management Specialist.

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