

ABSA profits once again
'Transparent' proves to be a huge success

ABSA announced that it has implemented a solution called Transparent to automate its transfer pricing processes throughout the Group. The Company has successfully streamlined its transfer pricing model for greater transparency, having a significant impact on its profits, taxation and governance.

Cortell, a global provider of intelligent business solutions, was awarded the tender to automate ABSA's transfer pricing processes by developing and implementing its Web-enabled Transparent solution. Cortell has a proven track record in the financial services arena and has already successfully implemented a transfer pricing function and application at other large South African financial institutions.

The application had to address ABSA's inefficiencies to perform analysis of transfer pricing costs. Cortell needed to establish a centralised transfer pricing function and governance to validate entries prior to being posted to the general ledger. It also had to address the lack of visibility for transfer pricing results and methodology.

"Cortell was chosen to implement a transfer pricing solution for group profitability because it could deliver the unique user requirement, which in our case is different to just another shelved market product being sold by many," says Wim Velkamp, GM of Group Finance IT, Specialists Functions at ABSA. "They are very professional in their approach and understanding. This is not only one of the most successful projects that I have been involved in, but also the one that stands out due to its excellent management and co-ordination."

Prior to the implementation of Transparent, ABSA had a select few business units that were operating on the transfer pricing model. Profitability analysts within each business unit would perform the task manually, which proved to be extremely time consuming. Compounding the issue was that each business unit took its own approach. This meant that customers and other business units within ABSA would receive varying formats and levels of detail.

Additionally, senior management would only see the results in the general ledger, which meant they could not drill down into the detail to manage the costs. Before it could roll the transfer pricing project out to all of its business units, it had to deal with a number of issues including the huge amount of manual work required to perform journal results; no processing automation; lack of manual results validation before processing to the general ledger; and poor communications between business units.

"Cortell has a long history with ABSA and the key project team included a wealth of experience in terms of understanding the Company's business as well as technical expertise that would ensure the necessary customisation could be done," says Greg Bogiages, director at Cortell Business Solutions.

The solution is fully Web-enabled, which means that no software needs to be loaded on user computers. This meant that ABSA could rollout the solution countrywide without the concerns and constraints of loading new software.

Furthermore, Cortell's solution and architecture ensures that the presentation and business logic layer can be separated from the data layer. This allowed Cortell to implement the solution on the standard Oracle DBMS employed by ABSA. Transparent was designed and developed in South Africa by Cortell's South African office, which means that first-, second- and third-tier support is locally available.

In terms of the general ledger reports, Cortell developed a notification engine to allow the system events to notify users via e-mail automatically; audit log functionality to provide a full record of data changes; copy and delete functionality to allow for the mass copy and deletion of services, structures and volumes; and validation reports to provide the users with a record of validation errors.

Additionally, Cortell developed a processing utility to allow users to review results before they were posted to the general ledger; automated updates and importing of general ledger information pertaining to cost centres, general ledger accounts and divisions; and soft lock functionality to allow the administrator to lock down the system for data changes during freeze periods.

Transparent has been successfully running at ABSA Bank since 2002.

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More about Cortell Business Solutions

Cortell Business Solutions designs and implements intelligent business solutions for a vast cross-section of clients on a global scale. The Company is associated with Cortell International who currently has projects in Canada, the USA, Singapore, Australia, New Zealand and South Africa. Since its inception in 1992, Cortell has invested a great deal of time, conceptual thinking and manpower in developing business intelligence methods and performance measurement tools.

In 1996, Cortell expanded into an international company that currently operates from offices in South Africa, Australia, New Zealand and North America. Today, Cortell forms a nucleus of ventures across the globe. While each company within the group maintains its individuality, it shares people, knowledge, expertise and world-class technology to deliver similar solutions to its clients.

More recently, the JSE listed BEE financial consulting and business advisory group, SAB&T Ubuntu Holdings Limited (SUHL), acquired a majority shareholding in Cortell Corporate Performance Management. The companies have a longstanding relationship and have worked on various contracts together over the past ten years.

Cortell Business Solutions focuses on extracting business intelligence information for the measurement and management of critical business processes and issues through the design, development and implementation of large scale modelling, budgeting, and reporting solutions; performance management systems to render operational excellence and achievement of financial results; executive information systems to help managers keep their "fingers on the pulse"; customer and market intelligence to provide insight into customer profitability, relationships, and services; and costing systems to identify ineffective processes or products.

Cortell operates in the financial services, health services, logistics, public sector, manufacturing, retail and tertiary education industries.

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