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CASE STUDY RIVIERA

Enterprise is sailing smoothly

Software is helping a luxury boat business stay on course, Ian Grayson reports

FROM its headquarters on Queensland's Gold Coast, luxury boat builder Riviera uses business intelligence software to fine-tune how it allocates craft to customers around the world.

The firm's range includes everything from 11m sports cruisers to luxury 18m flybridge models. More than 50 per cent of boats are exported to customers in the US, Europe and Asia.

Operating in diverse markets makes the tracking of supply, demand and profitability a challenge.

Constantly changing building and transportation costs, taxes and retail margins must be assessed to ensure production and revenue forecasts are accurate.

"There is always more demand for our boats than we can meet," says Riviera chief financial officer Michael Burke.

"This is a nice position to be in, but it also means that we have to be careful with our planning, production and allocation."

Early last year the company investigated how business intelligence software might aid the planning process.

It was hoped that, by being able to analyse multiple streams of information quickly, production processes could be streamlined and margins improved.

After assessing the market, a decision was taken to implement the SAS Financial Management application on a SAS9 Enterprise Intelligence platform.

"The first phase was around enterprise planning," says Burke.

"We had been using spreadsheets to calculate revenues and margins by customer in multiple countries and this process could take weeks. Now, once data is entered, an answer can be generated in 10 minutes."

Burke says the SAS business intelligence tools allow the company to quickly allocate boats in the way that makes most strategic sense, from a market share perspective and a profit perspective.

"Understanding customer and regional profitability is very important for us," he says. "We can be constantly sending boats to areas where costs are high or we end up giving large discounts."



Streamlined: Better software has helped Riviera ride out the peaks and troughs of planning and production, says chief financial officer Michael Burke

The company uses a scenario-planning system where detailed information from each regional sales office is used to create projections.

Previously, sales offices in each region forwarded detailed information and orders to head office by email.

Now, each one enters that information directly into the SAS system, speeding up the planning system significantly.

"We might have to run 10 scenarios to

get the right balance on production and orders," Burke says.

"If it continued to take us two weeks to run each scenario, the budget process becomes too long and we risk not optimising our resource allocation."

The next phase of the BI project will involve the construction of a model of the company's entire production process.

All variables and rules will be mapped using SAS tools, allowing sophisticated

scenario and predictive activities to be undertaken.

"A 60-foot (20m) boat is worth around \$2.3 million, has four bedrooms and three bathrooms and is essentially a house that has to float and move at 60 miles an hour (100km/h)," says Burke.

"Constructing this is a very complex task."

Having a software model in place will allow Riviera to understand the effect

allocation changes will have on everything from materials and staffing to order flows. "If we misallocate boats, we might lose 20 per cent in profitability, which could be worth \$100,000 per boat."

"If you get 20 boats wrong you are looking at losing \$2 million."

Burke says SAS BI software will allow the company to continue to increase its market penetration in new regions without damaging revenues or profits.