



The Sea Island Company

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*- Mike Warren, Controller,
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The Sea Island Company owns a group of luxury resorts and recreational facilities located on the Atlantic coast in southern Georgia. Its first hotel, The Cloister, opened in 1928, but in recent years the resort has expanded, building a second major hotel, The Lodge, and a retreat called Cabin Bluff. In addition to its resort business, Sea Island also manages an enclave of rental properties and develops luxury communities in the same area.

The company manages a variety of operations including hospitality, food and beverage, and real estate as well as a large portfolio of diverse properties. Balancing all these businesses, as well as managing their 1,600 employees, presents challenges that require complex financial planning and timely information. “In real estate as well as the hospitality business, when you are developing a luxury product, you have to be very diligent and you have to have tools to monitor all that’s going on,” says Mike Warren, Sea Island’s controller.

Sea Island values, and strives to maintain, the legacy of its 80-year history, while at the same time innovating to meet the expectations of today’s vacationers. For many years it was able perform basic budget and planning functions utilizing an accounting system running on its mid-range enterprise resource planning (ERP) platform. In 2006, following a growth surge, the company needed more complex reporting and information analysis. The legacy system simply could not provide these capabilities.

Easier Access, Better Reporting

As the company expanded, so did its need for current, reliable information. “There was more need to know and a lot more people who needed to know,” Warren explains. The CFO was among them, and he instructed the director of budgeting and planning to look for a system that could provide more flexibility in budgeting and reporting. It would have to be affordable and easy to learn and use, and it would have to work with the existing ERP system.

Sea Island evaluated several business intelligence software vendors and ultimately chose the Standard Edition of Host Analytics Corporate Performance Management (CPM) Suite that included Budgeting and Financial and ad hoc reporting. “There are standard ways that all hospitality companies want things reported, and developing those formats was a priority,” says Warren.

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The project had to meet some key requirements. One was to let users work as normally as possible. To work around the difficulties of the ERP system for budgeting, line managers had turned to Microsoft Excel™. But the data in individual spreadsheets often contained errors and inconsistencies with other spreadsheets and was quickly superseded. Executives did not want to spend time and money training users in an unfamiliar new tool, so Host's Excel-like interface met the usability requirement.

In addition, the data eventually had to be input into the ERP system. Typically for each cycle, Sea Island had to hire data entry people for a week or longer to enter the contents of spreadsheets into the ERP system. The company wanted to eliminate the expense and time of this manual entry.

Another requirement was to enhance reporting capabilities. In the past, users had to request reports from Information Services (IS) and then wait for IS to collect the data and create the report. Host's financial report writer relieved this bottleneck. It enabled Sea Island to create a single database of all relevant data from all sources. This repository provides consistent data for the analysts without involving IS, and it is kept timely by scheduled nightly updates. Host's ad hoc report writer also provides an intuitive tool for analyzing and reporting on the data.

Bridging the Gap between Excel and ERP

The Host Analytics CPM Suite was successful in bridging the gap between Excel and the ERP system while minimizing user adoption issues. “Host has Excel-like simplicity but allows us to consolidate all our data and report on it easily,” says Warren.

Although the ERP system was dated, management insisted on preserving its core functions while adding the new planning and reporting functionality. Experts from Host Analytics helped Sea Island's team build core reports and templates for reporting and modeling budget scenarios. Host also configured interfaces between Host's applications and the existing system. Today, Warren reports, “Host is fully integrated with our general ledger. We push a button, and the GL sends data to Host automatically.”

The implementation proceeded with minimal intrusions to the staff. “They layered their solution on top of what we had, which did not require interruption of the day-to-day business,” Warren adds.

A Range of Benefits

Host's impact was immediate in the finance department. “We are able to turn requests for information around much quicker,” says Warren. “In addition we can spend a lot more time analyzing the data instead of trying to build the report.” The information is reliable and easier to analyze because the Host application consolidates information that was previously stored in two, three or more stand-alone spreadsheets into one report.

Host CPM currently supports about 50 Sea Island users. Five core users write reports and build the budget and forecast scenarios; 25 analysts use it for ad hoc reporting; and the remaining users are line managers who have responsibility for Sea Island's revenue centers, including hotels, restaurants, marketing departments and other aspects of the diverse business. The last group has

benefited most because they now have access to timely data when they need it without waiting for others to provide it. As a result, “they are not surprised by what they see when it gets published at the end of the month,” says Warren. Their day-to-day business activity most directly impacts the company’s profitability so timely accurate information is not optional.

Previously, when Sea Island used its accounting system for budgeting, only a limited number of managers and executives had access to the financial data. They were restricted to viewing summaries of basic financial data about cost, revenue, etc. Now, Warren says, “We can address requests from all our business units at a much lower level and give them reports that are specific to their operations.”

In many ways, the business is able to save time and money. For example, Warren estimates that on average the time it takes to produce a report has been cut by half. In addition, Sea Island’s IS department no longer supports additional staff to create financial reports.

The Host CPM Suite also enables more effective monitoring of performance. “The hotel business is all about metrics,” Warren insists. Users now track particular “actionable metrics” more easily through reports sharply focused on their specific numbers. For example, cost per occupied room is a standard metric for hotels. Managers at Sea Island’s resorts have access to granular information about the various costs that go into making a room suitable for occupancy, and if the total exceeds the benchmark figure, they can quickly find what caused the overrun and takes steps to correct it.

Similarly, managers in the food and beverage operations can monitor their cost-of-sale ratios on a daily basis and better manage purchasing expenses. Sea Island also uses the budget information to drive the labor management application that handles labor costs and scheduling.

Moving Forward

Sea Island is considering adding other components of the CPM Suite, specifically Host Scorecard, which can increase the visibility of information, customize it for each user, and clarify job performance for both individuals and management. The company will also examine using the scorecard functionality to replace report distribution to executives.

With consistent and timely information available to those who need it or contribute to it, budget data stays current, and Finance is able to adjust budgets as needed. “Toward the end of the year, we are able to create scenarios that merge actual results with the forecast,” Warren says. “This capability has greatly enhanced our planning process.” Sea Island plans to make its budgeting capability even more robust by moving to rolling budgets and forecasts, which would move budgeting from a tactical to a strategic level.

Visitors to Sea Island resorts see a glamorous escape from ordinary life. It takes hard work behind the scenes to preserve that image, and the Host CPM Suite helps Sea Island do the job. As Warren puts it, “Host helped us provide the information needed to ensure a successful expansion of our company.”

About Host Analytics, Inc.

Host Analytics is the leading provider of on-demand corporate performance management. Host Analytics’ solutions help financial and departmental executives improve their budgeting, forecasting, financial consolidations, dashboarding, scorecarding, reporting and analysis. Founded in 2000, Host Analytics delivers its suite of corporate performance management solutions using Software as a Service on-demand delivery. Host Analytics serves the enterprise, large and midsize company and public sector markets. Host Analytics was included in JMP Securities’ prestigious “Hot 100: The Best Privately Held Software Companies.”

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