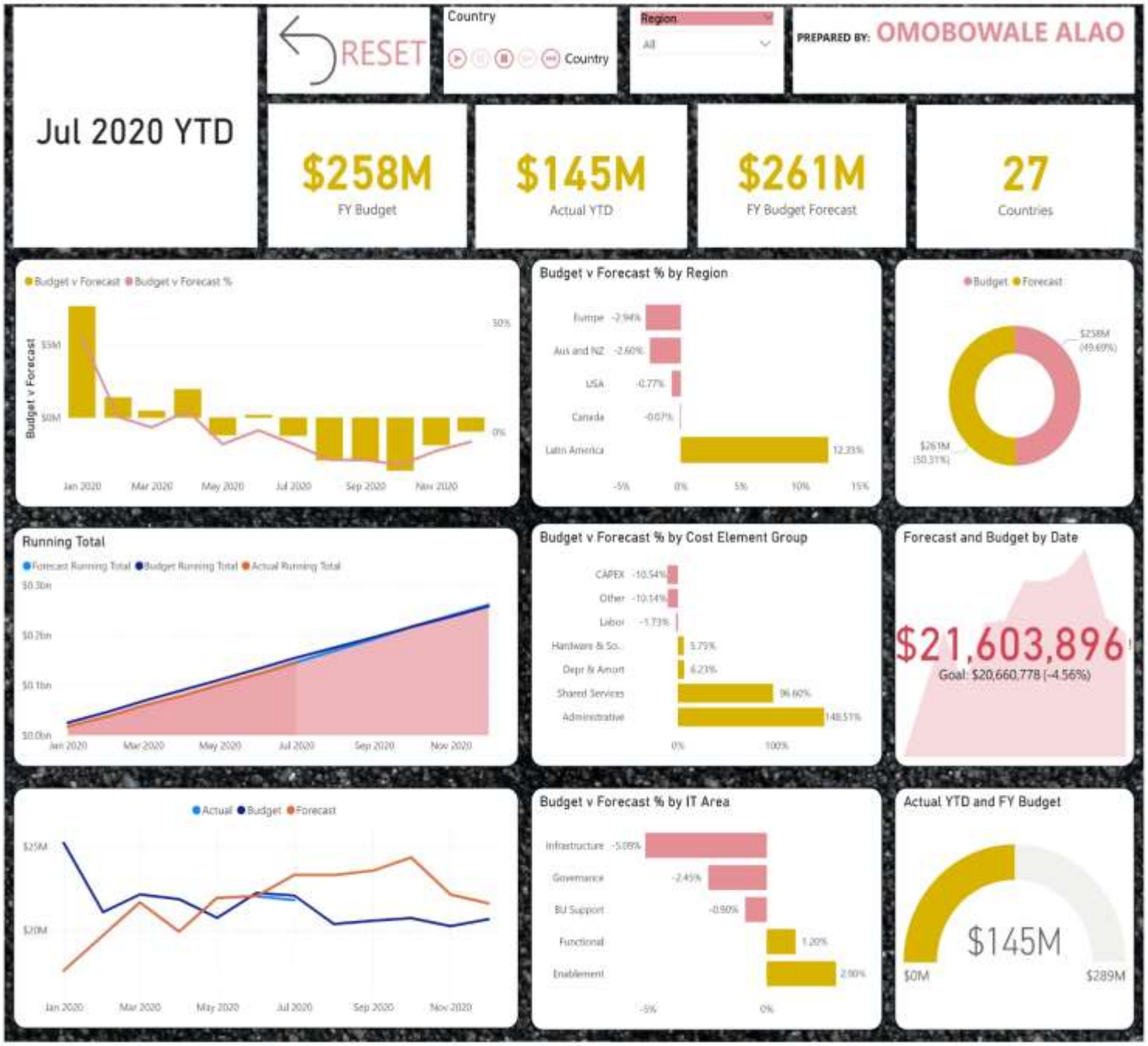

Jul 2020 YTD
RESET
Country
Country
Region
All
PREPARED BY: OMOBOWALE ALAO
$258M
FY Budget
$145M
Actual YTD
$261M
FY Budget Forecast
27
Countries
Budget v Forecast
Budget v Forecast %
Budget v Forecast
$5M
$0M
50%
0%
Jan 2020
Mar 2020
May 2020
Jul 2020
Sep 2020
Nov 2020
Budget v Forecast % by Region
Europe -2.94%
Aus and NZ -2.60%
USA -0.77%
Canada -0.07%
Latin America 12.33%
-5%
0%
5%
10%
15%
Budget
Forecast
$258M
(49.69%)
$261M
(50.31%)
Running Total
Forecast Running Total
Budget Running Total
Actual Running Total
$0.3bn
$0.2bn
$0.1bn
$0.0bn
Jan 2020
Mar 2020
May 2020
Jul 2020
Sep 2020
Nov 2020
Budget v Forecast % by Cost Element Group
CAPEX -10.54%
Other -10.14%
Labor -1.73%
Hardware & So...
Depr & Amort
Shared Services
Administrative
5.75%
6.23%
96.60%
148.51%
0%
100%
Forecast and Budget by Date
$21,603,896
Goal: $20,660,778 (-4.56%)
Actual
Budget
Forecast
$25M
$20M
Jan 2020
Mar 2020
May 2020
Jul 2020
Sep 2020
Nov 2020
Budget v Forecast % by IT Area
Infrastructure -5.09%
Governance -2.45%
BU Support -0.90%
Functional 1.20%
Enablement 2.90%
-5%
0%
Actual YTD and FY Budget
$145M
$0M
$289M

Actual by Country

Region

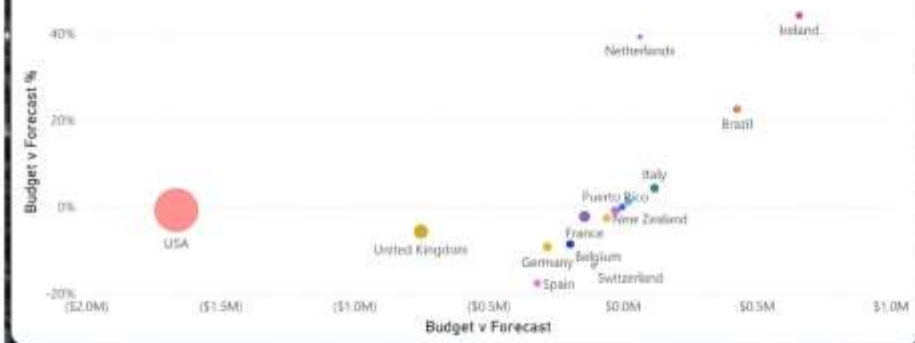
- Africa & Asia
- Aus and NZ
- Canada
- Europe
- Latin America
- USA

RESET

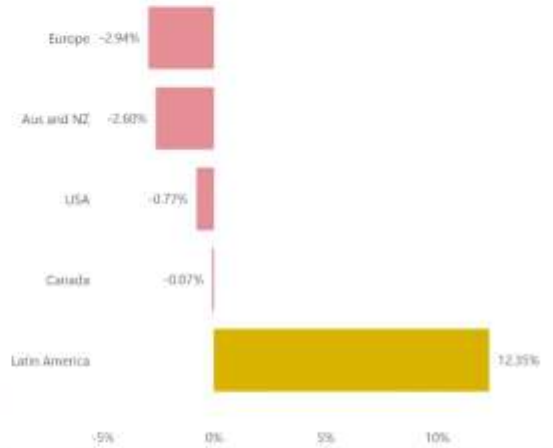
Country

Country

Budget v Forecast by Country

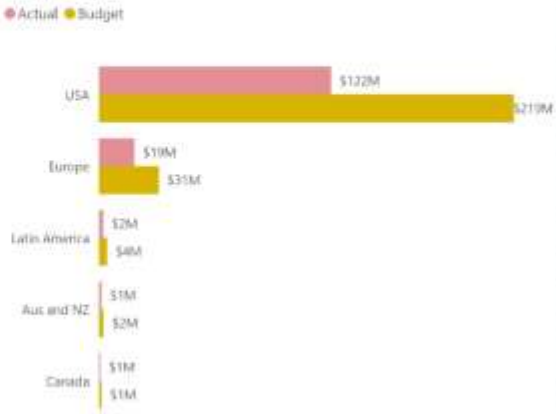


Budget v Forecast % by Region

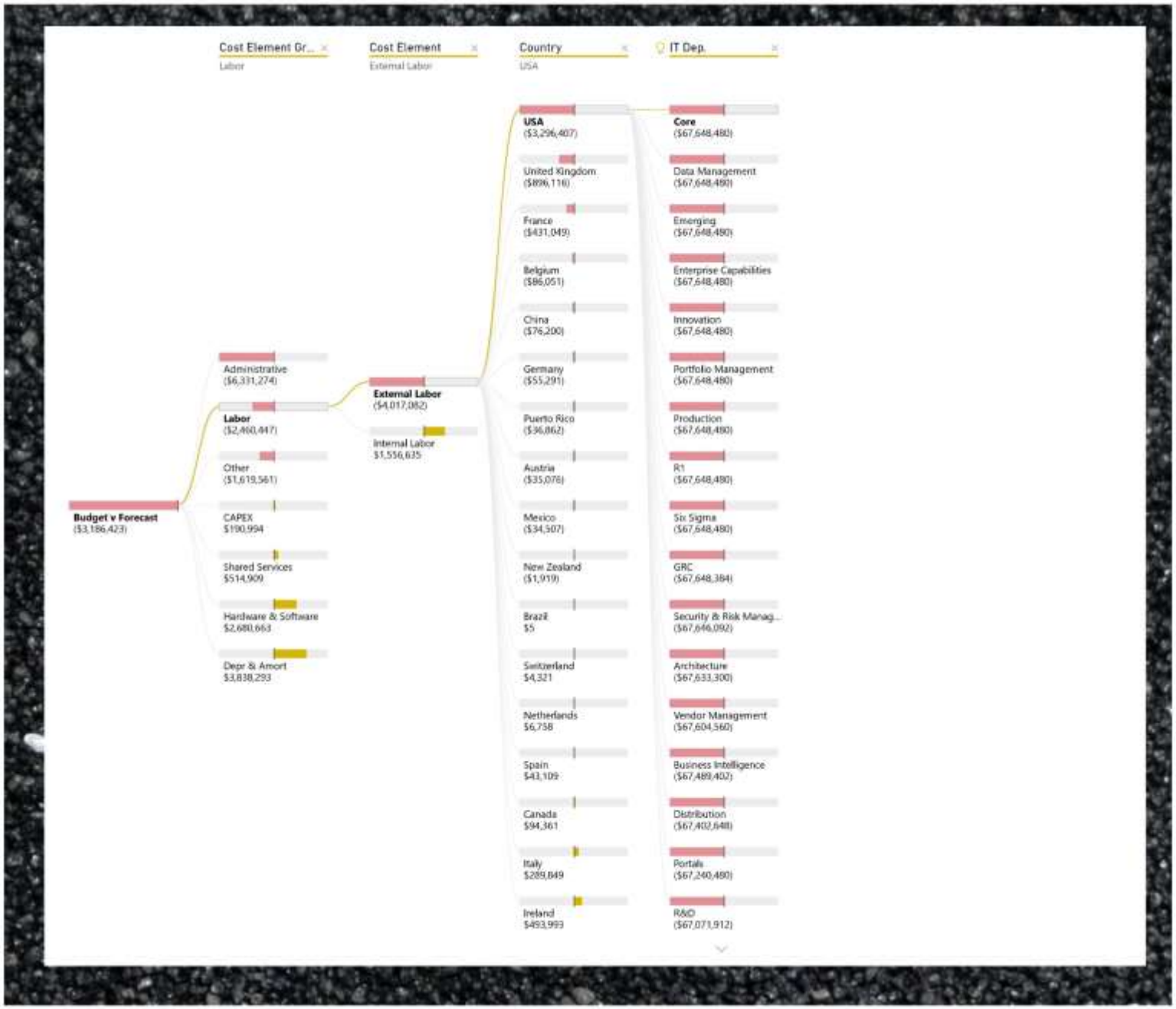


IT Area	Africa & Asia	Aus and NZ	Canada	Europe	Latin America	USA	Total
BU Support	($935,887)		$1,322	($442,327)	$22,149	$647,393	**($707,350)**
Enablement				($293,932)		$656,599	**$362,667**
Functional			($358)	$581,472	$8	$455,073	**$1,036,195**
Governance		$4,973		($172,905)		($207,897)	**($375,829)**
Infrastructure		($63,502)	($1,746)	($622,402)	$427,073	($3,241,529)	**($3,502,106)**
Total	**($935,887)**	**($58,529)**	**($782)**	**($950,094)**	**$449,230**	**($1,690,361)**	**($3,186,423)**

Actual and Budget by Region



Cost Element Group	Africa & Asia	Aus and NZ	Canada	Europe	Latin America	USA	Total
Administrative				$39,066	$427,104	($6,797,444)	**($6,331,274)**
CAPEX				$149,513		$41,481	**$190,994**
Depr & Amort		$893,721	$23,638	$22,203	$20,124	$2,878,607	**$3,838,293**
Hardware & Software	($316,462)	($469,506)	($33,671)	($146,718)	$5,750	$3,641,270	**$2,680,663**
Labor	($117,450)	($72,233)	$69,712	$282,748	($21,302)	($2,601,922)	**($2,460,447)**
Other	($501,975)	($410,511)	($60,461)	($1,305,120)	$17,553	$640,953	**($1,619,561)**
Shared Services				$8,214	$1	$506,694	**$514,909**
Total	**($935,887)**	**($58,529)**	**($782)**	**($950,094)**	**$449,230**	**($1,690,361)**	**($3,186,423)**


Cost Element Gr...
Labor
Cost Element
External Labor
Country
USA
IT Dep.
Budget v Forecast
($3,186,423)
Administrative
($6,331,274)
Labor
($2,460,447)
Other
($1,619,561)
CAPEX
$190,994
Shared Services
$514,909
Hardware & Software
$2,680,663
Depr & Amort
$3,838,293
External Labor
($4,017,082)
Internal Labor
$1,556,635
USA
($3,296,407)
United Kingdom
($896,116)
France
($431,049)
Belgium
($86,051)
China
($76,200)
Germany
($55,291)
Puerto Rico
($36,862)
Austria
($35,076)
Mexico
($34,507)
New Zealand
($1,919)
Brazil
$5
Switzerland
$4,321
Netherlands
$6,758
Spain
$43,109
Canada
$94,361
Italy
$289,849
Ireland
$493,993
Core
($67,648,480)
Data Management
($67,648,480)
Emerging
($67,648,480)
Enterprise Capabilities
($67,648,480)
Innovation
($67,648,480)
Portfolio Management
($67,648,480)
Production
($67,648,480)
R1
($67,648,480)
Six Sigma
($67,648,480)
GRC
($67,648,384)
Security & Risk Manag...
($67,646,092)
Architecture
($67,633,300)
Vendor Management
($67,604,560)
Business Intelligence
($67,489,402)
Distribution
($67,402,648)
Portals
($67,240,480)
R&D
($67,071,912)

PREPARATION

Understand Context

A global company, **Home Options Group**, is interested in understanding the key factors driving IT department costs across regions, see how actual spending compares to the budget and forecast, and what strategies can be implemented to reduce costs while maintaining quality.

Project Plan

As the data analyst, my task is to investigate the costs associated with maintaining the IT department by comparing actual performance against budgeted expenditures and forecast. I will analyse regional cost trends, identify key drivers of expenses, and assess factors like labour, technology, and outsourcing. Based on this analysis, I will provide **actionable recommendations for cost reduction strategies** that maintain or improve service quality across regions

Cleanse Data

- The currency was not provided. Since the parent company is in the United States of America, we're assuming the **US Dollars ($) as the currency**. In the real scenario, this needs to be clarified with the business.
- A **Calendar Table** was added to enhance our time-related analysis.
- Relationships were created among the **Calendar, Dimension and Fact tables**.
- Measures were used to calculate the **Budget Running Total, Budget v Forecast, Budget v Forecast %, Actual Running Cost, Forecast Running Total, and Budget Running Total.**
- A measure, **YTD Month**, was created to indicate the YTD period based on the latest available data in the report.
- The data was transformed in Power Query to identify any missing values or formatting errors. Since no issues were found, the data is now ready for analysis.

Data

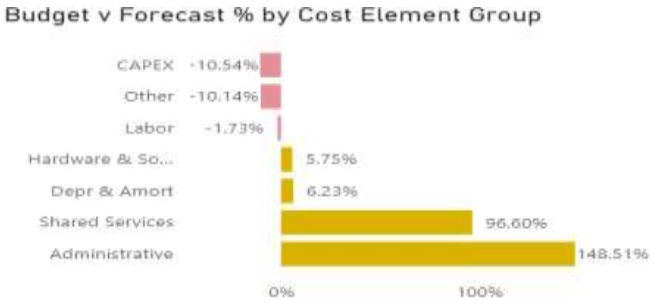
The data I will be working with consists of twelve (12) months' worth of **Budget** and **Forecast** data, along with Year-to-Date (YTD) **Actual** data up to July 2020.

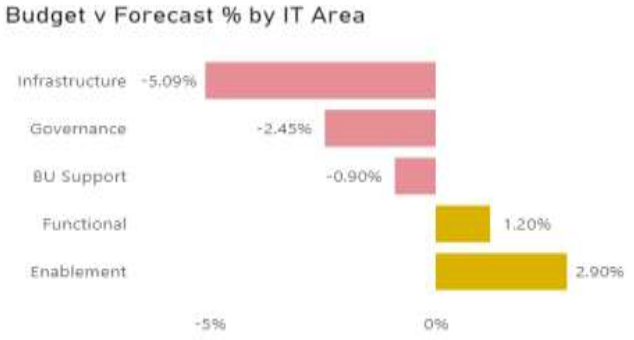
KEY INSIGHTS

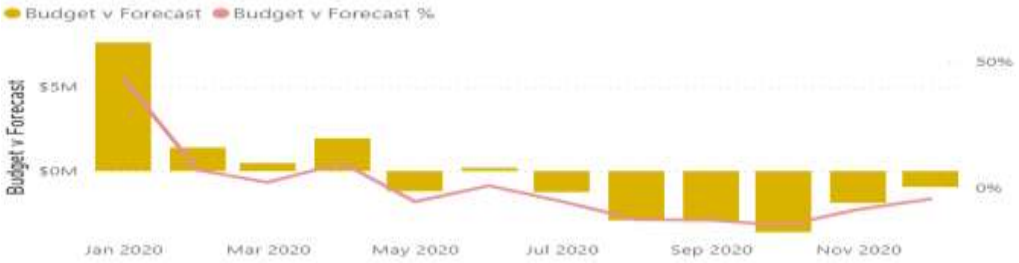
Headline

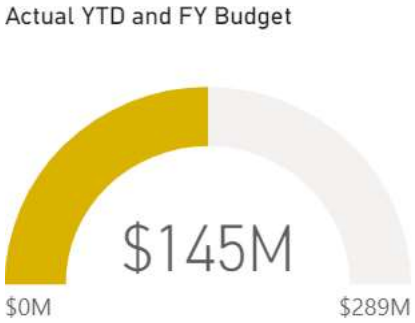
For the Budget v Forecast % by Cost Element Group and IT Area, a positive percentage shows that Budget is expected to be higher than the Forecast while a negative percentage shows that Budget is expected to be lower than Forecast.

A positive percentage for **Administrative costs, Shared Services, Depreciation and Amortisation** suggest that the actuals are expected to be above the budgeted amount. The company expects to spend more on these than initially planned, which could be due to unforeseen expenses, increased usage, or higher-than-expected costs in these areas, similar for **Functional** and **Enablement** in IT area. **Home Options Group** need to dive into each category to understand the specific reason behind these variances and if the expected cost could be minimized.









Budget vs. Forecast by Month shows how well the company's cost budget aligns with its forecasted needs. There was an instance of **overbudgeting in January**, but the company expects to spend more than initially forecasted starting in August.

As of Year-to-Date, the **actual spending of $145 million** is approximately 93.1% of the **YTD budget of $155 million** indicating that the company is currently under budget, however, it will need to minimize or keep spending trend for the remaining months to avoid meeting up or exceeding the **full-year budget of $289 million**.

The KPI chart suggests that the **forecasted cost of $21.6 million** is expected to exceed the **budgeted cost of $20.7 million** by year-end, which is undesirable. The company will need to implement cost-saving strategies to prevent this outcome by the end of the year.

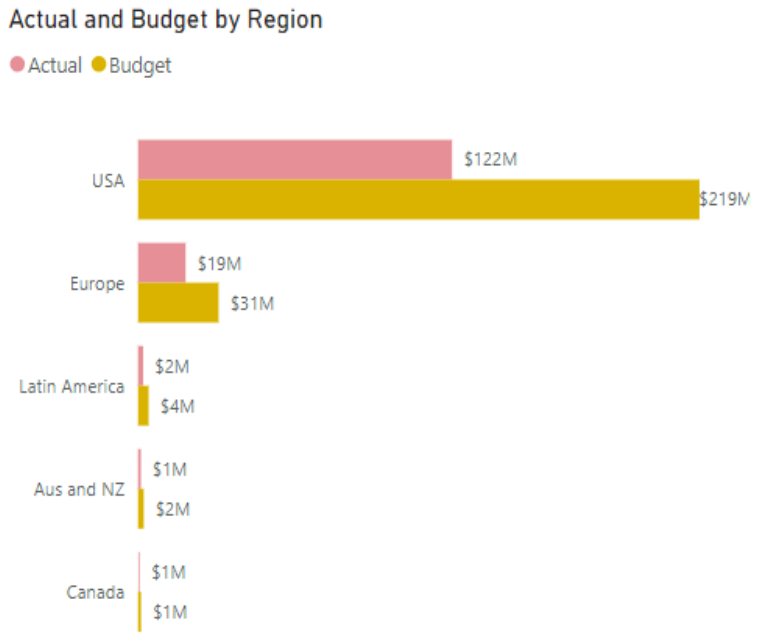
KEY INSIGHTS

Regions

As of July, year-to-date (YTD), **the USA** has achieved $122 million of its fiscal year (FY) budget of $219 million, whereas **Canada** has reached $526,000 of its $1.1 million budget.

Having achieved **55.7% ($122m out of $219m)** of its FY cost budget, USA has incurred a significant portion of its budgeted costs. If this trend continues, they might stay within or potentially exceed their budget by year-end, depending on future expenditures.

Having achieved only **47.8% ($526k out of $1.1m)** of its cost budget, Canada has kept its costs relatively low. This could be a sign of effective cost management, or it could indicate under-spending in areas that may need attention.



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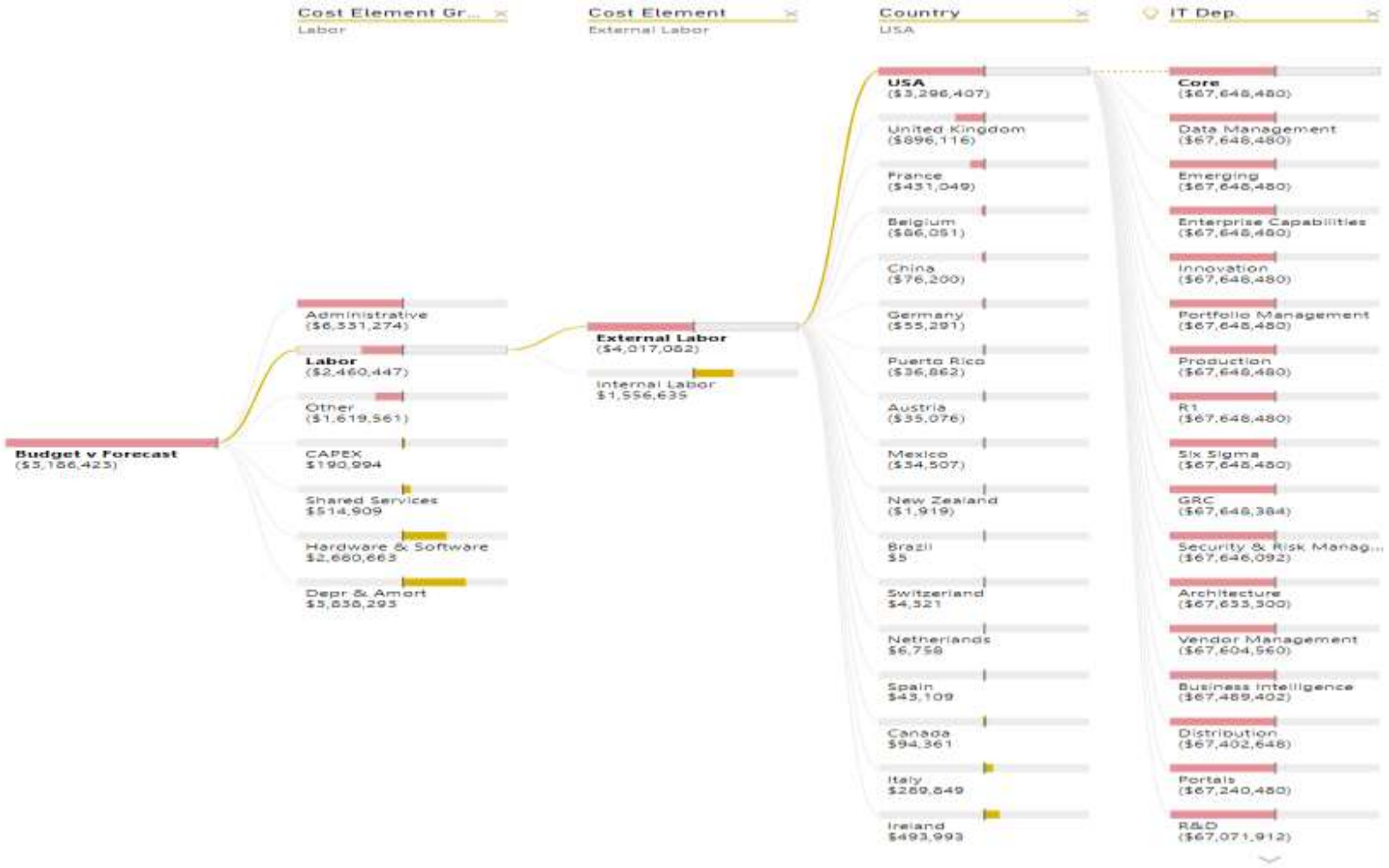
Budget vs. Forecast by Cost Element Group/IT Area and Country assesses whether the company's cost projections are aligned with the budget, allowing for better financial planning and adjustments throughout the period.

Positive outcome, depicted by green icons, indicates that the company has allocated more money for costs than what is expected (overestimation) while a **negative outcome**, depicted by the red icons, indicates that the company expects to spend more than what was originally budgeted, which signals the need for cost control in these cost element groups and areas.

Notably, **the USA** needs to find ways to minimize administrative and labour costs.

KEY INSIGHTS

Decomposition



The decomposition tree reveals that the **Administrative** and **Labour** cost elements have the most significant negative impact on the cost budget. Upon further analysis, **External labour** accounts for the higher negative variance between budget and forecast at $4,017,082, compared to $1,556,635 for **internal labour**. The **USA** is experiencing the largest negative variance for these costs

CONCLUSION

Recommendations

- **Optimize Labour Costs:** As external labour is expected to drive higher costs compared to internal labour, Home Options Group should evaluate the necessity of outsourcing versus increasing in-house capabilities. Consider up-skilling internal IT staff to take broader range of responsibilities, potentially reducing the need for external labour and enabling more cost-effective resource allocation.

- **Reduce Non-Essential Administrative Spending:** Investigate administrative expenses within the IT department to identify areas of cost savings. For example, cut back on non-essential software subscriptions or administrative overheads that do not directly contribute to the department's performance.

- **Evaluate and Control External IT Services:** Home Options Group can review contracts with external IT service providers and negotiate for better rates. The company should also ensure that outsourcing is only used for tasks that are outside the scope of internal capabilities.

- **Leverage Technology for Cost Reduction:** Investing in automation tools can help reduce the need for manual interventions and lower both labour and operational costs.

- **Performance Monitoring:** The company can implement clear KPIs for IT department productivity and cost efficiency to ensure resources are being used effectively. This can help identify areas of waste and guide more efficient resource allocation.

By focusing on these strategies, the company can effectively manage IT department costs while maintaining quality and performance, ensuring that expenses are kept within budget and aligned with forecasted needs.

THANK YOU