

Icelandair takes off with CODA-Financials



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Helga Gudmundsdottir, Icelandair.

ICELANDAIR COMES IN FROM THE COLD

In Iceland, tourism contributes 12 per cent to foreign currency earnings and is heavily dependent on Icelandair and its various major subsidiaries, which include market-leading car rental, travel agency and tour operators, as well as a domestic airline and a chain of 20 hotels.

Icelandair handles all of its operations itself, including: flight operations, catering, maintenance, finance, marketing and sales. Its data processing systems, including inventory and accounting, are run from its headquarters in Reykjavik. To maintain its edge, in an increasingly competitive marketplace, the company undertook a comprehensive review of its systems and processes, compared these to its competitors' approaches, and identified opportunities for improvement.

Helga Gudmundsdottir, Technical Manager for Financial Systems at Icelandair, takes up the story: 'One of the key areas we examined was our IT infrastructure. We had an old batch system, operating on a mainframe, and our accounting software was developed totally in-house. This had two major drawbacks for us:

- the accounts payable/receivable, general ledger and fixed assets modules were not integrated, which was causing us problems and extra workload
- the accounts payable/receivable functionality was also weak.'

To move forward in both the short and long term, Icelandair investigated the financial solutions market, to identify an accounting system that would be reliable and flexible

enough to grow with the company. It wanted a solution that would not only supply up-to-the-minute information to its employees, but also to customers and suppliers. After a comprehensive evaluation of market offerings (including accounting systems from SAP, Oracle, Navision, Concorde and Agresso) Icelandair selected CODA-Financials from the CODA Group.

'We selected CODA-Financials because its unified database gives us instant access to our precise financial position, while its flexible chart of accounts allows us to customize the software around the accounting requirements of the airline industry,' Helga Gudmundsdottir explains. 'Functionality was also an important factor in our choice – CODA-Financials is both powerful and intuitive and therefore easy to learn and use to full effect.'

Helga Gudmundsdottir continues: 'We were even more delighted, when we discovered that the CODA-Link utility offered seamless integration with our existing, custom-built systems – neatly avoiding all of the time wastage, expense and disruption to operations that a wider upgrade might incur.'

Another key benefit for Icelandair was CODA's advanced reporting functionality – using its Cognos reporting tool – to produce comprehensive financial reports and provide the management with enterprise-wide and individual sales office analysis. 'This additional reporting and analysis power has produced a major breakthrough for Icelandair.

The budgeting process is more thorough than ever before, and the management team is now able to look at the company from the many different angles that are a unique factor in the Profit and Loss analysis for airlines. CODA-Financials enables us to analyse our costs by airline function such as route or type of aircraft, type of cost or business unit, as well as by activity – including flight operation, aircraft handling, passenger service and other airline operating activities.'

UNIFIED FINANCIALS PROVIDE ENTERPRISE-WIDE CONTROL

Once CODA-Financials was in place, Icelandair decided to divide into a number of separate business units, which would be individually responsible for specific operations, such as maintenance, freight and on-board sales. 'CODA-Financials has enabled us to isolate different sales offices and treat them as separate entities within Icelandair,' Helga Gudmundsdottir continues. 'Now we are able to produce comprehensive reports, not only for the independent sales offices, but also across the extended enterprise or "mother company" as a whole. The flexibility of CODA-Financials also enables us to report, buy and sell in any currency or language we choose.'

'We use CODA as our main financial system across the business – the CODA solution is used in five sales offices at the moment and presently we are looking to integrate it enterprise-wide. We already use CODA in six countries, each in a different language and local currency, and CODA has proved to be highly flexible - we were also able to create our own balance table and are now reporting in 16 different currencies as well!'

FLYING INTO THE FUTURE WITH CODA

Icelandair is currently looking to implement CODA e-Finance and CODA e-Procurement enterprise-wide:

- CODA e-Finance is a true web-architected finance solution that delivers the power and flexibility of CODA-Financials over the Internet, intranets or other devices, including PCs and palmtop computers – opening up back office accounting to a much broader audience.
- CODA e-Procurement is a fully integrated, comprehensive procurement system,

offering requisitioning, purchase order processing and receiving. It sits alongside other CODA products covering invoice matching, sales invoicing and stock control allowing users to gain huge benefits through reducing manual administrative tasks.

Helga Gudmundsdottir again: 'We have looked at many airline systems (not just for finance but for other systems and processes across the enterprise) and discovered that we're leading the way. In planning our strategy for the future we have been drawn to what we call the "e train". It's already in motion, and we have to hop on board and start using e-solutions now, to avoid getting left behind in our business technology. A lot of organizations in this industry don't seem to have grasped the severity of the repercussions if they don't act now.'

'With CODA, we're already taking significant steps to address this opportunity. E-procurement is the main issue for us, and our market sector, for financials in the future. The customer and the supplier need information immediately and, in turn, we need information about them right away. The Internet, allows us to do this almost immediately – that's better for us and it's better for them.'

This level of functionality is at the heart of Icelandair's systems upgrade initiative. Helga Gudmundsdottir concludes: 'We are now looking at the potential of self-service accounting. Allowing third parties to input and view financial information will contribute significantly to the efficiency of the company, enabling us to communicate with the extended enterprise at Internet speed and improving our customers' satisfaction by providing all the information they need immediately. We call this "lights off accounting" – when the lights go out in the finance department, the customers take over, to handle all of their accounting requirements themselves.'

ABOUT CODA

Founded in 1979, CODA provides best-of-class accounting, procurement and financial analytic solutions to over 2000 medium and large user organizations, worldwide. It offers unrivalled expertise in addressing some of the most complex financial challenges in the business world and has earned an impressive global reputation. CODA's powerful analytic capabilities deliver strategic control to businesses and help them to thrive in even the most uncertain economic conditions. Its unique browser-based design delivers all the power and versatility of CODA's core products, whilst extending secure, global access to flexible, customizable solutions for each individual user.

With CODA, businesses can revolutionize their financial processes, transforming passive accounting systems into proactive real-time finance engines, able to deliver true financial intelligence and to drive strategic change throughout the organization.

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