

China Eastern Airlines Improves Budget Control with Integrated Management System



China Eastern Airlines
Shanghai, China
www.ce-air.com

Industry:

Travel & Transportation

Annual Revenue:

US\$3.25 billion

Employees:

35,000

Oracle Products & Services:

Oracle Financials
Oracle Enterprise Planning and Budgeting
Oracle Consulting Services

Key Benefits:

- Improved budget management processes by giving staff the tools to formulate and monitor cash flow and costs
- Enabled informed decision-making by providing managers with multi-dimensional reports
- Increased efficiency by standardizing business processes according to best-practice guidelines
- Cut month-end reporting time by eliminating manual processes

“We met our budget targets shortly after implementing Oracle Enterprise Planning and Budgeting. The software helped us standardize processes and made budget management easier and more flexible. It is a strategic business management tool.”
– Spokesperson, EPB Project Team, China Eastern Airlines

China Eastern Airlines (CEA) is one of three state-owned air carriers in China. The airline operates 380 international and domestic routes servicing every major region in China and destinations in Asia, Europe, Australia, and North America. The China Eastern Airlines group is a diverse conglomerate, with more than 20 subsidiaries engaged in imports and exports, finance, real estate, advertising, and mechanical manufacturing.

Its complex business requires stringent budget management to ensure costs are kept under control and the company has full insight into its operations at all times.

In June 2006, CEA implemented Oracle Enterprise Planning and Budgeting, integrating the module with its financial management system, which is based on Oracle Financials.

As a result, the company has achieved greater management control, seeing significant improvements in forecasting accuracy, cash flow monitoring, budget formulation and implementation, and account reconciliation.

An Integrated Financial Management System

CEA has been using Oracle Financials to oversee financial management for a number of years. The company wanted to improve budget management by streamlining processes and giving staff advanced tools to monitor cash flow and costs.

The company integrated Oracle Enterprise Planning and Budgeting with its financial management platform, giving staff access to a range of data sources and tools. From ‘top-down’ budget targeting to ‘bottom-up’ budget summaries, the integrated platform has enhanced planning, budgeting, forecasting, monitoring, and analysis.

Senior managers have easy access to accurate, current information through the provision of reporting and analysis. The easy-to-use interface ensured immediate acceptance by staff, with many praising the system's efficient, stable operation.

Financial staff is using the system to forecast and manage cash flow, and segment the costs and profitability of each CEA business for high-level analysis. Better business intelligence ensures managers can make critical decisions in confidence.

"Comprehensive budget management has helped reduce costs and encouraged more efficient operations. Implementing Oracle Enterprise Planning and Budgeting also exposed us to international best-practice management principles, ensuring we keep pace with other global corporations," said a China Eastern Airlines spokesperson.

Standardized Business Processes

As part of the Oracle implementation, CEA took the opportunity to standardize its existing business processes according to best-practice guidelines. This involved restructuring the financial department and redefining responsibilities.

For example, the job of entering procurement and sales data was transferred to the relevant departments. The system automatically checks the date for discrepancies, eliminating the need for manual checking and ensuring month-end reconciliation is no longer a time-consuming task.

CEA worked with Oracle Consulting Services on the process re-engineering, ensuring the move to the new system was completed successfully.

Why Oracle?

CEA was looking for a budgeting management solution that could be easily integrated with existing application systems, such as the financial system. Flexibility and scalability were also important criteria. Oracle Enterprise Planning and Budgeting met these requirements.

"Oracle is an internationally-renowned manufacturer of corporate-level application systems and enjoys great advantages in terms of technologies and resources. In addition, we developed a strong relationship with Oracle Consulting Services when we built the Oracle data warehouse. It made sense to take advantage of Oracle's solutions and professional services again, because the

Oracle team understands our business and strategic objectives,” said the China Eastern Airlines spokesperson.

Implementation Process

Oracle Consulting Services provided project management advice, helped develop the implementation plan, and rolled out the new system.

To minimize interruptions to the business during the project, CEA adopted a two-phase rollout. The first phase involved implementing tools to manage fees and costs. The second phase saw the complete rollout of the budget management system.

The project was completed in three and half months and CEA went live with the new system in June 2006.

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