



Meritage Homes: Investing in Business Intelligence in a Tough Market

■ Case Study



Home: It's at the heart of everything done at Meritage Homes Corporation.

Meritage takes great pride in designing and building homes and communities that are innovative, built with care and craftsmanship, that deliver enduring value.

Over the years, Meritage has built more than 60,000 homes across the southern and western United States. Meritage's commitment to quality has helped make them the tenth largest homebuilder in the country.

Meritage Homes has been included among the Forbes' Platinum 400 – Best Big Companies of America, the "Fortune 1000" largest corporations of America and has been named Texas Builder of the Year five times. Meritage is listed on the New York Stock Exchange under the symbol MTH.

When the housing and financial crisis was looming on the horizon, Meritage had the foresight to embark on a Business Intelligence implementation that would provide them measurable benefits in a short time frame.

Read more to see how they did it...

Business Strategies that work for a Major Homebuilder

Homebuilders continue to face numerous economic challenges that run in stark contrast to the boom time of recent years. One of these homebuilders made some decisions that have proven to be critical to their business – decisions that would have been applauded as insightful in a boom economy, and that are recognized as strategic in the current business decline.

A Little History



By late 2007, the housing market was changing rapidly, along with several other economic indicators. At Meritage Homes, the Information Technology (IT) team realized that access to information was becoming critical to the survival of the organization.

The executive management team was looking at data from an entirely different perspective – they realized the rules had changed! Information was no longer valuable only for the managing daily operations; information was **critical** for making strategic decisions for the overall business.

And, there was something else that the Meritage Homes team realized: their current reporting processes weren't supporting their needs. Why? A number of factors contributed to the situation.

First, the reporting environment was proprietary and required technical expertise in order to make changes. Plus, the reporting toolset was limited in functionality, without any ad hoc capability and with limited formatting and presentation capabilities.

Report development was integrated into rigid developments processes and could only be accomplished by skilled developers. Any change to a report was expensive – approximately three thousand dollars of internal labor. And, the process was slow, with a typical change requiring at least one week to develop, test, and migrate to the production environment.

It became clear that IT was the bottleneck for the kind of information access and analysis that was needed by the business.

The Challenge

The Meritage team realized they needed a better strategy for reporting and analysis, and it needed to be a long term solution, founded for years to come – because Meritage is in for the long haul! They wanted a user based approach, putting IT out of the report writing business. The solution needed to be affordable, enabling a "start small and grow over time" approach. Plus, it needed to be implemented quickly and provide value in a very short time frame. If this challenge seems daunting, read on to see how Meritage Homes and InfoSol put together the "right" solution.



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Defining the Solution

Understanding the challenge is the first step in the quest for a solution that leverages a company's information assets and is also cost-effective.

Meritage was searching for a solution that would simplify their environment, providing "seamless" integration, ease of expansion, and flexibility.

As a JD Edwards user, Meritage Homes discovered the advantages of the RapidDecision® software – a body of software that creates the data warehouse needed to unlock the potential of Business Intelligence tools.



Meritage also recognized the BusinessObjects XI platform for Business Intelligence tools that would provide the foundation for the kind of reporting and analysis necessary to make informed business decisions, balancing risk and opportunity.

The Implementation

As Phase I of the Business Intelligence implementation, Meritage Homes, working with InfoSol, made their software purchase decision for BusinessObjects Edge Series Professional™, plus RapidDecision's Finance Suite (focusing on General Ledger).

The initial implementation, designed specifically for better reporting and Business Intelligence against the JD Edwards General Ledger data, was completed in only three months.

"The solution transformed the ERP system by enabling us to deliver verbose reporting significantly faster than we could in our ERP Reporting tool. We are able to respond to market changes with reporting that is relevant to the market change and make decisions that drive revenue and growth."

Chris Filandro, Vice President, CIO
Meritage Homes Corporation

Results

With Phase I of the implementation, Meritage saw significant cost savings in person hours during monthly reporting cycles. In addition, Meritage experienced increased accuracy and eliminated potential errors in the public reporting process. This reporting process is an area of key concern for a company like Meritage. Meritage was able to replace an expensive tax calculation process, saving tens of thousands of dollars per year in preparation fees, with ensured accuracy.

"We have been very pleased with the results of our Business Objects implementation. Our ability to create and modify requested reports to senior management's exact specifications has been instrumental in providing both financial data as well as key information for daily business and operating decisions. We were also able to leverage the aggregation and consolidation capabilities of Business Objects across additional third-party databases and view this new tool as a potential solution for our IT requests."

Hilla Sferruzza, VP, Corporate Controller
Meritage Homes Corporation

This rapid return on investment (ROI), even in a difficult housing and financial economy, resulted in Meritage's commitment to their Business Intelligence implementation and their progress into Phase II of the implementation, using the Purchasing Mart.

The Savings Continue

Meritage Homes was focused on finding a solution that would offer cost savings beyond the cost of the initial project.

Despite the declining housing market, Meritage saw the business benefit of an integrated approach, technically sophisticated software, and trusted advice from InfoSol.

Meritage Homes has a Business Intelligence platform that will take them into the next economic cycle – they'll be ready for the next upswing.