

# CASE STUDY

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## THE STRATEGIC IMPERATIVE FOR EFFECTIVE CAPITAL BUDGETING

*How our client improved  
Capex approval efficiency and  
decision making confidence.*



# THE STRATEGIC IMPERATIVE FOR EFFECTIVE CAPITAL BUDGETING

## Making Decisions with Confidence

The CAPEX process seeks to optimize the capital budgeting and allocation to projects that matter most. In this case study, we explore the capital budgeting in the manufacturing and recycling industry, with a focus on a globally renowned leader that has reshaped the landscape of packaging and resource recovery. With a legacy spanning over seven decades, this industry powerhouse has consistently pioneered sustainability, setting the gold standard for innovation and logistical excellence.



**Operating across Australasia with over 128 companies, this organization boasts a workforce of 7,000 professionals.**

Their diverse offerings cover everything from paper and primary packaging to automation, logistics, and recycling. This comprehensive portfolio mirrors their commitment to a circular economy and holistic customer solutions.

Against this backdrop, our case study delves into the strategic significance of effective capital budgeting. Beyond its financial aspects, capital budgeting is the cornerstone of the entire capital expenditure process, orchestrating resource allocation, strategic growth, and operational efficiency. Our study seeks to uncover how precise allocation of funds aligns with the organization's sustainability and innovation goals. By analyzing their capital budgeting practices, we aim to reveal strategies and insights that fuel their CAPEX success, providing valuable guidance for businesses aspiring to achieve enduring excellence.



# IDENTIFYING THE IMPERATIVE FOR CHANGE

## Challenges In The Capital Budgeting Process

In the pursuit of operational excellence and sustainable growth, even industry leaders encounter hurdles that demand transformative solutions. For our client, their existing capital budgeting process revealed a set of challenges that were impeding their ability to realize strategic investments effectively. Here's an insight into the problems they confronted before Stratex Online was implemented:



### 1. Business Case Development and Stakeholder Approval

One of the crucial obstacles faced was the intricate process of business case development and subsequent approval by all stakeholders. Crafting a comprehensive and compelling business case demanded a harmonious collaboration of departments, often navigating diverse perspectives and priorities. Aligning multiple stakeholders, each with their unique interests, presented a formidable challenge, slowing down the decision-making process and occasionally leading to conflicts that hindered swift approvals.

### 02. Manual, Inefficient Processes and Limited Visibility

The prevailing capital approval tool and process operated in a manual and inefficient manner. This inefficiency not only slowed down decision-making but also hindered the ability to gain clear visibility into both ongoing and upcoming projects. The lack of a streamlined process left decision-makers grappling with poor insights into their project landscape, impacting their strategic planning and resource allocation.



### 03. Complexity and Duplication

The capital budgeting landscape was marred by the complexity of existing systems and the duplication of efforts. The need for data entry in multiple systems led to redundancy and increased the likelihood of errors. Replacing the existing stand-alone Capex Approval system and reporting was considered a necessity to simplify the landscape and reduce the administrative burden.

### 04. Data Islands

Maintaining data integrity and a single source of truth was a persistent challenge. External spreadsheets and applications were relied upon to manage project listings, resulting in scattered data and potential discrepancies. The lack of centralized data management hindered accurate reporting, leading to decision-making based on potentially incomplete or outdated information.



### 05. Lack of Transparency

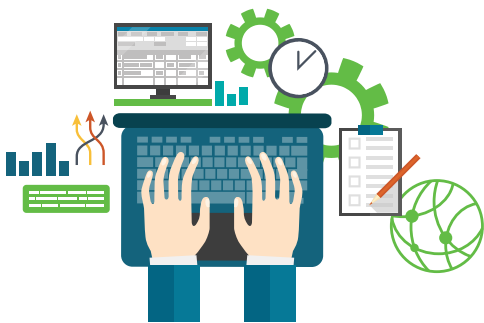
The absence of comprehensive visibility into current and future projects exacerbated the decision-making predicament. Decision-makers lacked the tools to assess project status, resource allocation, and alignment with strategic objectives. This visibility gap hindered our client's ability to proactively steer its investments toward optimal outcomes.

## INTRODUCING STRATEX ONLINE A Catalyst For Transformation

In the pursuit of streamlining their capital budgeting process, our client embarked on a journey that would focus their project portfolio selection. The introduction of Stratex Online emerged as the pivotal solution that not only addressed their challenges but propelled them into a new era of efficiency and strategic decision-making. Here we look at the transformative capabilities of Stratex Online, underscoring why our client confidently chose it as their catalyst for change.



### A Clear Path to Transformation

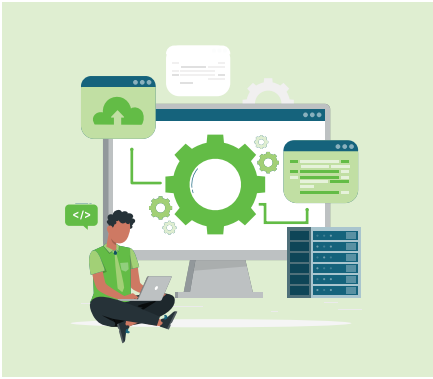


Stratex Online emerged as more than just Capex Approval software; it presented a comprehensive solution that seamlessly integrated with our client's vision of enhancing their capital budgeting process. By offering an intuitive interface, advanced analytical tools, and a collaborative environment, Stratex Online presented itself as a platform poised to drive a holistic transformation.

### Why Stratex Online?

The decision to adopt Stratex Online was not made in isolation, but as a result of a rigorous evaluation process that compared various solutions available in the market. While other options were contenders, Stratex Online stood out for its unique combination of features and benefits that precisely aligned with our client's aspirations:

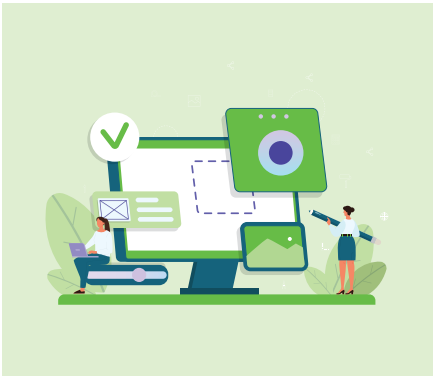




## 01. End-to-End Integration

Stratex Online is a comprehensive suite that seamlessly connects every stage of the capital budgeting and approval process, and then integrates deeply with the financial system. From business case development to stakeholder approval, project tracking, and comprehensive reporting, Stratex Online provides a cohesive and streamlined workflow.

This client manages around 600-700 active projects in SAP, handling both Actuals and budgets. Stratex Online is used to create business cases and prioritize future projects. Approved business cases are transferred via a Fiori app to create projects directly in SAP and allocate budget accordingly. Following project creation in SAP, project numbers are automatically updated in Stratex Online for analytical purposes.



## 02. User-Centric Design

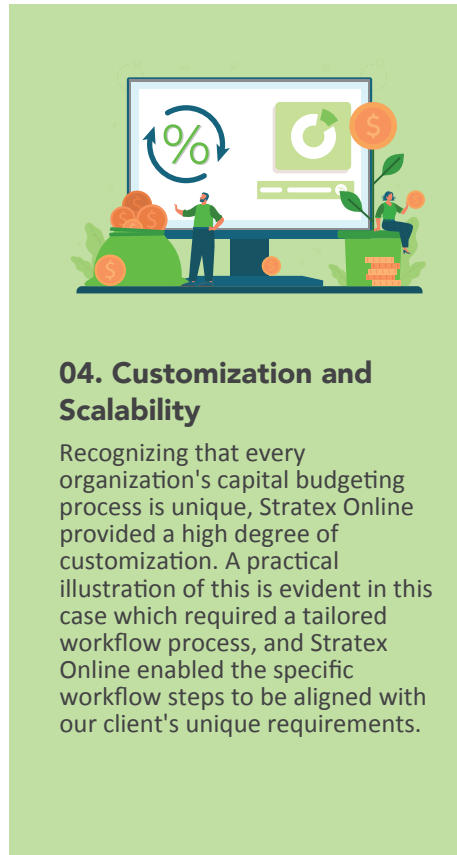
What set Stratex Online apart was its user-centric design that prioritized ease of use without sacrificing functionality. This design philosophy meant that stakeholders from various departments could engage with the platform intuitively, enhancing collaboration and reducing the learning curve.

This streamlined the change management aspect of the project. Prior to Stratex Online, various divisions managed the capex process disparately, from lack of documentation to using Excel and custom solutions.



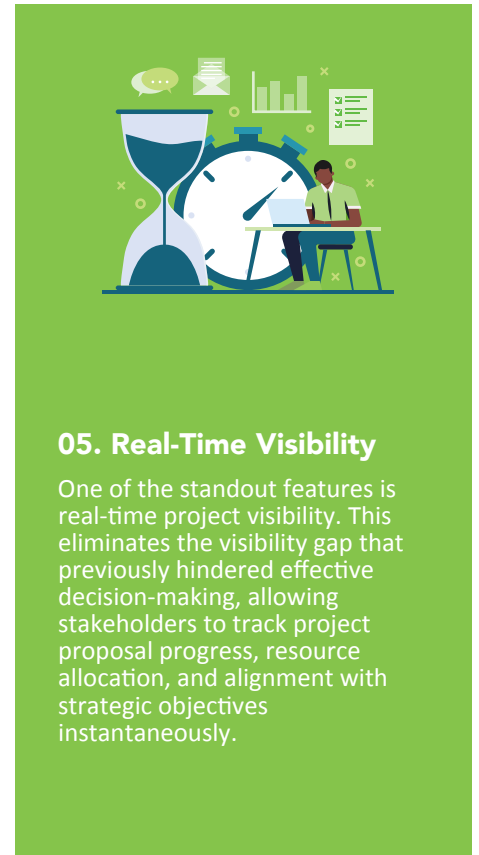
## 03. Advanced Analytics

Stratex Online's robust analytical capabilities empowers decision-makers with actionable insights. Dynamic data visualization tools transform complex data sets into easily understandable charts and graphs, facilitating data-driven decision-making.



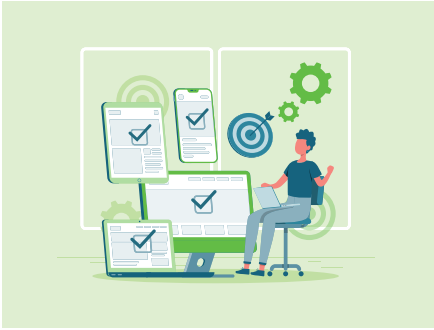
## 04. Customization and Scalability

Recognizing that every organization's capital budgeting process is unique, Stratex Online provided a high degree of customization. A practical illustration of this is evident in this case which required a tailored workflow process, and Stratex Online enabled the specific workflow steps to be aligned with our client's unique requirements.



## 05. Real-Time Visibility

One of the standout features is real-time project visibility. This eliminates the visibility gap that previously hindered effective decision-making, allowing stakeholders to track project proposal progress, resource allocation, and alignment with strategic objectives instantaneously.



## 06. Enhanced Decision-Making

The capability to evaluate lease versus purchase options within a single project was always a consideration in our client's legacy system, but was not consistently assessed. Stratex Online not only makes this evaluation possible but also standardizes the process. Different options are now assessable within the same project framework, using consistent metrics for scoring and ranking. This approach ensures comparability, generating results that can be readily compared. Furthermore, all data related to these evaluations is retained, enabling subsequent approvers to independently assess and validate the decisions.



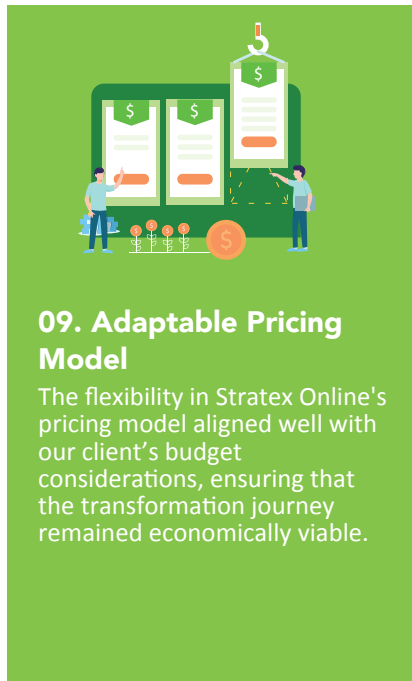
## 07. Risk Management Capabilities

Stratex Online provides a comprehensive approach to risk management. It enables the identification, assessment, and mitigation of risks within the capital budgeting process, enhancing our client's ability to make well-informed decisions. A notable innovation entails integrating the risk of not implementing a project into the evaluation of business case scores. This risk aspect has been seamlessly incorporated into the Urgency component of the scoring framework, which harmoniously blends Urgency, Benefit, Confidence, and Alignment dimensions to formulate a holistic overall score.



## 08. Vendor Reputation

IQX Business Solutions' reputation within the industry was a significant factor. IQX had garnered recognition for its innovative approach and successful implementations in organizations with similar challenges, combining Stratex Online, OneList Approvals and SAP Fiori Apps to deliver comprehensive solutions.



## 09. Adaptable Pricing Model

The flexibility in Stratex Online's pricing model aligned well with our client's budget considerations, ensuring that the transformation journey remained economically viable.



Stratex Online emerged as the clear frontrunner due to its ability to seamlessly integrate with our client's existing processes while offering a spectrum of features that catered specifically to their capital budgeting and approval challenges.

# THE ROAD AHEAD

## Continuously Elevating CAPEX Excellence

As our client transitions into the next phase of their journey to streamline the rest of the CAPEX process, there are several exciting avenues and strategies that await exploration. Building upon the foundation laid by the adoption of Stratex Online, the organization is poised to achieve even greater heights of efficiency, innovation, and strategic success.

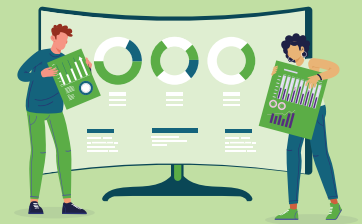


### 1. Continuous Process Refinement

The implementation of Stratex Online marks the beginning of a cycle of continuous improvement. Our client's commitment to operational excellence means that they will consistently review and refine their capital budgeting processes. This will involve leveraging the platform's analytical insights and feedback mechanisms to identify areas for optimization, ensuring that the process remains aligned with evolving business needs.

### 2. Data-Driven Decision-Making

With Stratex Online's advanced analytics capabilities, our client is positioned to embrace a truly data-driven culture. The wealth of information provided by the solution will empower decision-makers to make informed choices and also to spot emerging trends, anticipate challenges, and seize new opportunities. By harnessing the power of data, the organization can proactively steer their investments towards initiatives that promise the greatest returns.



### 3. Scenario Planning and Risk Mitigation

Stratex Online's risk management capabilities will enable our client to go beyond simple decision-making and venture into the realm of strategic foresight. By employing scenario planning and simulation, the organization can evaluate different investment scenarios and their potential outcomes. This forward-looking approach will aid in risk mitigation and also enhance the ability to capitalize on favorable market dynamics.

### 4. Collaboration and Alignment

The collaborative nature of Stratex Online opens doors for enhanced alignment across departments and functions. As the organization continues to expand and innovate, fostering collaboration will be critical to maintaining a shared vision for growth. By enabling stakeholders to work together seamlessly on project proposals and approvals, the platform will further strengthen cross-functional synergy.





## 5. Evolution of Strategic Objectives

With the foundation of accurate capital budgeting firmly in place, the organization can afford to take bolder steps in shaping its strategic objectives. As market dynamics evolve and sustainability imperatives gain momentum, our client can use Stratex Online to pivot and adapt its investment priorities. This agility will be key in maintaining the organization's position as an industry leader in innovation and sustainability.

## 6. Scalable Growth

As our client's operations and offerings continue to expand, Stratex Online's scalability will come into play. The platform's adaptability will allow the organization to seamlessly incorporate new business units, divisions, or ventures into the capital budgeting process. This scalability ensures that the organization's CAPEX excellence remains intact even in the face of growth and diversification.



## 7. Holistic Sustainability Integration

With a deep commitment to sustainability, our client can leverage Stratex Online to not only streamline financial decisions but also embed sustainability considerations into the heart of their investments. By using the platform to assess the environmental impact, resource consumption, and circularity of each project, the organization can solidify its position as a global leader in responsible business practices.



# CONCLUSION

Our client's journey towards CAPEX excellence hinged on the fundamental establishment of effective and efficient capital budgeting practices enabled by Stratex Online.

By ensuring that this cornerstone was firmly in place, our client set the stage for an overarching improvement in its entire CAPEX process. With prioritized allocation of resources, strategic alignment, and a clear-eyed view of project landscapes, our client overcame existing challenges and paved the way for a future marked by innovation, efficiency, sustainability, and strategic success. As they continue to refine their capital budgeting processes, our client is poised to set new industry benchmarks and inspire others to prioritize capital budgeting transformation to achieve their strategic goals.





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