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ROI CASE STUDY INTACCT THE GREAT BOOKS FOUNDATION

THE BOTTOM LINE

The Great Books Foundation deployed Intacct to replace an aging proprietary accounting package and integrated it with its CRM and e-commerce applications. Nucleus found Intacct enabled the foundation to streamline and automate processes, accelerate collections, and reduce inventory carrying costs while increasing visibility across the organization.

ROI: 152%

Payback: 8 months

Average annual benefit: \$133,203

THE COMPANY

The Great Books Foundation is a non-profit educational organization which promotes discussion and social engagement through interdisciplinary readings and literature. A major component in achieving its mission is through the publication of anthologies, which can be purchased by schools, libraries, and independent discussion groups. The Great Books Foundation derives its revenue from the sale of books as well as contributions and grants.

THE CHALLENGE

The Great Books Foundation had used a proprietary on-premise publishing-specific accounting software package for a number of years, but in 2007 found the aging application was challenging its growth. To support its growing online business, the foundation needed an application that:

- Was reliable with limited IT support. The existing system had to be rebooted during work hours on a regular basis, so employees were required to log out of the system, losing valuable work time.
- Was flexible enough so it could be integrated easily with the foundation's lead management and e-commerce applications.

- Could be accessed from anywhere, so employees could work remotely when they wished.

THE STRATEGY

After surveying the applications on the market, including Microsoft Dynamics, QuickBooks, NetSuite, Compiere, and others, the foundation ultimately chose Intacct largely because it would support the foundation's goals to be a more virtual organization, would support the acceleration of key business processes, and was flexible enough to support the foundation's specific needs.

We were running four different boxes in the server room and constantly fighting with the air conditioning. Now that we have moved our accounting system to the cloud, we just don't run that much equipment on premise any more.

James Lindsay, VP and CFO of the Great Books Foundation

The CFO and IT director at the foundation worked with Intacct staff and a third-party consultant to customize the application to their specific needs and integrate Intacct with their other business applications. Because of the complex nature of their processes and the integration, it took approximately six months to fully integrate Intacct with the foundation's Sugar CRM application and migrate the data from the old financial application to Intacct. The team developed the majority of their Intacct training internally, although they did have 8 employees attend Intacct's online training program. The application was live in November 2009. In 2012, the foundation invested in the integration of Intacct with its Magento e-commerce application to streamline the online order management process.

**Cost : Benefit
Ratio | 1 : 3.3**

KEY BENEFIT AREAS

Moving to Intacct enabled The Great Books Foundation to support growth in a more cost-effective and environmentally friendly way by moving its financial operations to the cloud.

Types of Benefits



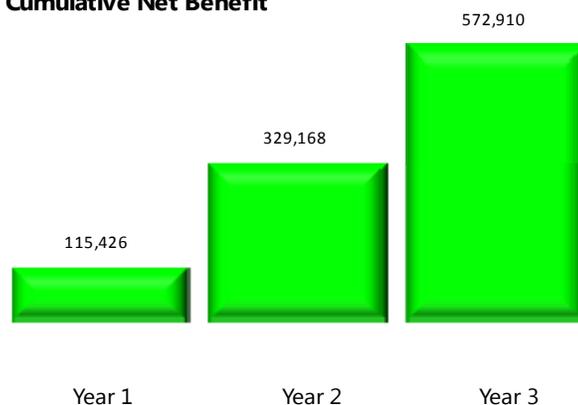
Key benefits of the project include:

- Increased general productivity. Because all electronic documents supporting transactions are stored in one place, employees spend less time searching for

information. Automating processes and increasing visibility enabled the impacted staff at the foundation to save an average of an hour a day, and moving to the cloud enabled the IT director to eliminate all the time she spent supporting the old application. This translated into greater productivity that enabled the foundation to eliminate one position when an employee retired and, on the IT side, devote time to other projects such as integration and the e-commerce Web site. Integration of Intacct with Magento enabled the foundation to automate processing of all orders under a certain dollar threshold, reducing the need to manually process approximately 6000 orders per year.

- **Reduced IT costs.** The foundation was able to eliminate the annual support fee it paid for its old application and repurpose its existing servers. It was also able to move many employees to smaller Apple Mac minis because they no longer needed the desktop capacity to support the old client-server application.
- **Reduced power consumption.** By moving to the cloud, the foundation was able to reduce its on-premise IT footprint and related cooling costs, reducing the foundation's power costs.
- **Improved inventory management.** Because the foundation now has greater visibility into its orders and inventory, it was able to reduce the amount of inventory it keeps in stock by one third. It has also been able to take advantage of that visibility to make more informed and proactive procurement decisions, enabling it to negotiate better terms with printers.
- **Accelerated collections.** Moving from paper invoices to electronic invoices accelerated delivery of invoices and collections, reducing days outstanding by 38 percent.
- **Reduced paper, printing, and storage costs.** Elimination of paper invoices and files has also enabled the foundation to save on paper, printing, forms, and storage.

Cumulative Net Benefit



KEY COST AREAS

Key cost areas for the project included software, consulting, and personnel. Training was minimal because the application was fairly intuitive. Personnel time was spent working with the Intacct implementation coordinator to design the system and convert legacy data into the new system. The foundation made a larger investment in professional services than Nucleus normally sees in deployments of cloud solutions such as Intacct because the company's strategy was to undertake a wider range of integration projects between Intacct and the foundation's CRM, e-commerce applications, warehouse systems, and drop-shipping vendor to further deliver ROI.

BEST PRACTICES

Scalable growth and succession planning can be significant challenges, particularly when accounting and financial data is held in proprietary applications with a high learning curve. In addition to the flexibility and cloud-related benefits of Intacct, the foundation found limited training requirements and an intuitive user interface – as well as the ability to customize the application to meet its specific needs – meant new hires could be up to speed very quickly and the foundation's specific accounting requirements are now captured in an application that future managers of the foundation will find intuitive to use.

Our staff fought with the legacy system constantly, and today the accounting system is just not a subject of discussion. If I choose to retire, the next person is going to find the transition very easy, and new staff can come up on the system very quickly.

James Linday, VP and CFO of the Great Books Foundation

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription licenses, consulting, personnel, and training to measure The Great Books Foundation's investment in Intacct. Direct benefits quantified included the fully-loaded cost of one staff member that was eliminated, the software support fees eliminated, and Nucleus's estimates of the savings in reduced power, paper and postage, and procurement costs. Indirect benefits quantified included the change in working capital resulting from accelerated collections and reduction in inventory and were calculated based on the change in working capital and an estimated cost of capital. Productivity-based indirect benefits were also quantified using the fully loaded cost of a staff member and a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked. Not quantified were the benefits the foundation likely will achieve as it fully takes advantage of the integration between CRM, Intacct, and e-commerce.

FINANCIAL ANALYSIS

Intacct

Annual ROI: 152%

Payback period: 0.7 years

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	94,950	94,950	94,950
Indirect	0	111,207	111,207	143,659
Total per period	0	206,157	206,157	238,609

CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	31,000	37,000	37,000	0
Hardware	0	0	0	0
Consulting	45,700	0	14,000	21,000
Personnel	35,000	10,000	10,000	10,000
Training	615	0	0	0
Other	0	0	0	0
Total per period	112,315	47,000	61,000	31,000

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
Net cash flow before taxes	(112,315)	159,157	145,157	207,609
Net cash flow after taxes	(61,773)	87,536	79,836	114,185
Annual ROI - direct and indirect benefits				152%
Annual ROI - direct benefits only				43%
Net Present Value (NPV)				182,978
Payback period				0.7 years
Average Annual Cost of Ownership				83,772
3-Year IRR				132%

FINANCIAL ASSUMPTIONS

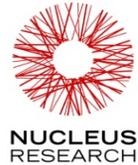
All government taxes	45%
Cost of capital	7.0%



NUCLEUS
RESEARCH

By the Numbers

The Great Books Foundation's deployment of Intacct



Annual Return
on Investment **152%**

8.0 Months
The total time to value, or
payback period for the Intacct
project

Cost : Benefit
Ratio **1 : 3.3**

\$133,203
Average annual benefit

THE PROJECT

Nucleus Research examined the use of Intacct by The Great Books Foundation to identify the benefits of replacing an aging proprietary accounting package. Nucleus found Intacct enabled the foundation to streamline and automate processes, accelerate collections, and reduce both IT costs and inventory carrying costs.

THE RESULTS

Reduced inventory by 33%
Reduced invoice days outstanding by 38%
Reduced IT and power costs

Number of **users: 8**
6 months
Total time to **deploy** Intacct

“Now that we have moved our accounting system in the cloud, we just don't run that much equipment on premise any more.”

- James Linday, VP and CFO of the Great Books Foundation