



## Genlyte Philips

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Businesses – and especially finance departments – don’t like disruptions to their regular operations. It can be a particularly frustrating situation when a software vendor presses users to migrate from an old but still functional application that the business is comfortable with. That happened a few years ago to the Genlyte Group, a manufacturer of lighting fixtures based in Louisville, Kentucky.

Like other public companies, Genlyte was required to produce monthly, quarterly and annual financial reports, and preparing them necessitated the consolidation of financial data from more than 40 individual reporting units. Genlyte corporate policy allows the units broad functional autonomy, and each of them had its own general ledger and other financial applications. To consolidate the data, for years Genlyte had used a product called Hyperion Enterprise, introduced in the early 1990s. But in 2003, Hyperion said it would reduce support for Enterprise and urged its customers to move to a new Web-based platform that was very different than the software it would replace.

At that point, says David Stumler, controller of the company, which was acquired in 2008 and is now known as Philips Professional Luminaires North America, “We were running on borrowed time in terms of service.” Management didn’t want to risk being unable to consolidate the range of data it needed for critical financial reports, so Stumler and the two accountants who performed the monthly consolidation began to look for options to replace the old software.

### Finding the Right Fit

Looking first at Hyperion’s new system, they concluded that it would be too costly and complicated for the specific focus of consolidation. Because Hyperion’s target market seemed to be companies larger than Genlyte, Stumler says, “It became obvious that we should explore players toward the lower end of the scale.”

Once it was clear that the company would have to find a new supplier, cost of ownership and support were key concerns. “Cost motivated us to stay away from the big guys, and we felt that with a smaller supplier, if issues came up, we would get appropriate attention,” Stumler recalls. That timely support had not always been easy to get from the previous vendor, he notes.

To research the market, Stumler’s team did internet searches, perused vendors’ web sites and attended two conferences aimed at chief financial officers, where they saw product demonstrations by several vendors whose applications ran on Microsoft platforms. One in particular impressed them. “The one that stood out was Host Analytics,” he remembers. “We were impressed with the people who gave us the demo. They really understood the financial and accounting side of the business and were not simply technologists.”

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Knowing that the vendor had accountants on staff and prized its midsize customers, Genlyte's team was assured that help would be there when needed. “Dealing with Host, we felt sure that if we had problems, we would be able to get a quick response,” says Stumler. “That’s exactly the way it’s worked out,” he adds.

Finally, however, hard numbers made the sale. “We avoided a new implementation cost of \$450,000 and \$40,000 per year in support” to migrate with the current vendor, Stumler says. Host cut those costs by two-thirds and three-fourths, respectively, he estimates.

### **Moving Ahead**

Genlyte chose to start with the Host Consolidator and financial reporting modules of the Host Analytics Corporate Performance Management (CPM) Suite. When it came to implementation, the finance team faced a dual challenge. Because the move to a new platform had been forced by external circumstances, rather than being a planned migration, management did not allocate money for a full-blown technology initiative. In fact, the two accountants who operated the existing consolidation process and the legacy software also had to learn to use the new applications. For some months, they had to continue to do the consolidations, which could consume up to two weeks a month, in the old way while preparing to use the Host system.

Fortunately the Host applications were easy for Genlyte's users to understand. Finance used Microsoft Excel spreadsheets for some tasks, so Host's intuitive Excel-like interface enabled them to transition smoothly without learning a complex, unfamiliar interface like some of the large vendors' systems have.

The new software also brought more functionality to the reporting process. “With Host's reporting, we got the flexibility of being able to generate ad-hoc reports in a much freer form,” Stumler says.

Other users were able to pick up the system quickly. “Over time our accounting manager, our tax manager and our treasurer were also able to access the system and run their own inquiries and reports,” says Stumler. “With Host, they are able to get data out themselves so they don't have to wait for the system operators to get reports for them” as used to be necessary with the prior system.

While the users got familiar with the system, consultants from Host worked to map the general ledger for each of the more than 40 locations to a single common chart of accounts in Host. The result was that “Host became our database of record for financial reporting,” Stumler reports. Genlyte gained a secure, consistent set of data it can rely on to produce accurate reports.

### **Able To Do More**

The consolidation administrator now easily loads the data from all locations in Host, confident that it will have a standard format. In the past, the rigidly structured old system forced users to work in rote ways that allowed no analysis. In contrast, using the Host applications, says Stumler, “We understand better how the consolidation process works.” Finance is able to answer questions from management more readily and completely to provide input for business decisions.

According to Stumler, Host's products not only were much more affordable than those of large vendors, but they provide more capabilities than those of competitors in their price range. A good example is currency conversion. Genlyte's divisions are spread around the world, in Canada, Mexico, Germany, Sweden, the United Kingdom

and Hong Kong, and they report finances in the currencies of those countries. Headquarters has to translate the various monetary amounts into U.S. dollars for corporate reporting. In the old system, accountants weren't sure how the conversion process worked or whether it was always accurate. "We had to trust that it was doing what we needed it to do," Stumler recalls.

Likewise, in comparing vendors, Genlyte felt that converting and consolidating multiple currencies was beyond the expertise of some, in areas such as "fixed conversion rates of equity accounts and maintaining historical rates as opposed to current rates," Stumler says. Host CPM, in contrast, is geared to manage currency complexity. "They worked with us to make sure we came up with the right process to get the currency exchanges done correctly," he says. Now Finance understands better how the conversions work and has confidence in the quality of the resulting data.

### Cost-Effective and Unobtrusive

Stumler's main goals in setting out to find new software for consolidation and reporting were to make the transition without incurring overwhelming expense or disrupting a process that had to keep functioning month after month. Host Analytics CPM met both of these tests. "Cost savings has been the primary benefit," he says. "It allows us to accomplish what we need to do in the most economical way."

In addition, all of the deployment was done by financial analysts and Host advisors without intervention from Genlyte's limited IT resources, leaving internal staff free for their core business duties and requiring no increase in headcount. Furthermore, Genlyte eventually moved the applications from its internal servers to Host's software-as-a-service (SaaS) delivery method. "That enabled us to eliminate our need for in-house IT support in managing servers," Stumler explains.

Genlyte also has met its second goal, developing robust consolidation and reporting with minimal impact on the business at large. "Using Host, we can easily accomplish what we need to do corporately without causing disruption at our different locations," Stumler says.

Even though the original driver was a forced software migration, Genlyte didn't stop there. In 2006, a year or so after rolling out Host Consolidator and financial reporting, it added Host Scorecard so corporate executives could monitor financial events and trends for themselves.

The implementation also helped prepare the company for change. Late in 2007, negotiations began that resulted in Genlyte being acquired by the Dutch company Royal Philips Electronics, which wanted to compete in the commercial lighting business in North America. Once an agreement was reached, Host's software helped to facilitate the acquisition. "Their people commented that they were surprised that, given the number of business units and different general ledgers, we were able to bring them together and have a consistent, reliable database for consolidations," Stumler reports. "We told them we are able to do that with just a little effort and Host Consolidator."

The acquisition of Genlyte was significant for its new parent: Philips Professional Luminaires North America now accounts for approximately half of all its lighting business, Stumler estimates. Change is in the offing as the company is restructured under the new relationship. But Host CPM has helped put it on a solid footing for whatever comes next. As Stumler says, "Host gave us exactly what we were looking for: a standard, very functional way to do consolidated reporting."

#### About Host Analytics, Inc.

Host Analytics is the leading provider of on-demand corporate performance management. Host Analytics' solutions help financial and departmental executives improve their budgeting, forecasting, financial consolidations, dashboarding, scorecarding, reporting and analysis. Founded in 2000, Host Analytics delivers its suite of corporate performance management solutions using Software as a Service on-demand delivery. Host Analytics serves the enterprise, large and midsize company and public sector markets. Host Analytics was included in JMP Securities' prestigious *"Hot 100: The Best Privately Held Software Companies."*

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