

# customer case study

**Axioma develops and sells software tools that help professional portfolio managers implement their investment strategies. Founded in 1998 in New York City, the growing company expanded outside the United States to Hong Kong, Singapore and London in 2006. Its high-powered products are based on advanced optimization techniques, but Axioma's own finance professionals relied on Excel spreadsheets for budgeting and planning. When the company went international, they saw that this casual solution would no longer suffice.**

In its early days Axioma chose NetSuite as its ERP system. The company realized tremendous benefits from NetSuite with its comprehensive functionality and streamlined back-office processes across financial management, revenue management, order management, billing and CRM.

"When we began to expand overseas, our financial reporting became much more challenging," says Robert Bender, Axioma's chief financial officer. Looking for a way to work around the reporting issues, management decided to "bifurcate the business," he recalls. U.S. operations remained on NetSuite, and the foreign subsidiaries reported their finances in Excel. This was not an arrangement Bender wanted to continue indefinitely. Having to wait for data from the foreign offices and consolidate outside of NetSuite reduced visibility into the business, prolonged the monthly financial close and forced Finance to rush to meet 30-day reporting requirements to investors.

Of additional concern was the accuracy of the budget data in Excel. This was worrisome in two ways, Bender explains: the actual accuracy, which was undermined by errors, broken links and incorrect formulas that had to be fixed; and the perceived accuracy – "that there probably were other errors and we didn't even know where they were," he says. The effect was that "the finance department spent too much time managing spreadsheets and too little time providing value-added analysis and reporting," he adds.

The constrained budgeting process failed to provide all the information executives needed to make decisions about strategy and the direction of the company. To improve it, Bender decided to adopt rolling forecasts so management could continually see the financial outlook for six quarters ahead. But it was clear that Axioma lacked technology that could support this process change, so the finance team began to look at software that could do so.

## A perfect match

Bender and financial analyst Brad Gleason identified requirements for a solution: Excel-like functionality to simplify the users' transition; flexibility in modeling the business; deployment by web-based Software-as-a-Service (SaaS) to facilitate gathering input from employees



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**—Robert Bender, Chief Financial Officer, Axioma Inc.**



in foreign offices; and cost-effective pricing. After evaluating several contenders, they selected the Budget and Consolidator modules of the Host Analytics Corporate Performance Management (CPM) suite, which satisfied all of the requirements. Implementation was completed in about two months.

Since then benefits have accrued for Axioma. One of them is time savings. Using NetSuite for the backend ERP system and Host Analytics for consolidation and reporting has sped up the close process by 10 to 12 days per month. Further, Bender estimates, “We are saving 20 or more hours a quarter that would have been dedicated to things like file management, ensuring the links were copied properly and getting information into Excel. To me that’s a material amount of time.” In addition, about four hours per quarter are saved by using Host Analytics Budget to report financials to executives and investors – and typically they get that information in the first half of the month, not at the end, so they can act on it sooner.

The finance department now devotes that time formerly spent on formatting information to providing value-added analysis of the actual results and future plans, such as examining the numbers in depth and modeling scenarios for use of those resources. The result is a more knowledgeable finance department. “We are able to look at the business in ways that we were unable to look at it before,” says Bender. “For example, we are able to report on revenue per customer and annual contract value by product and region.”

The six-quarter rolling forecast made possible by Host Analytics provides better visibility into current conditions and extends the financial outlook into the future. “We have greater confidence in our forecasts,” Bender adds. “Host Analytics allows us to understand our business more thoroughly and make better decisions about investments and resource allocations.”

## Expanding use

At first only finance professionals used the new system, but now Axioma’s department heads have started to use it to provide information regarding new hires, and that is just the first step, according to Bender. “We intend to push more input requirements out to the department heads while providing them more control over what goes into the initial reforecast,” he explains. “And we would like to spread that out to direct reports of the department heads.” The purpose of this expansion is to capture information once from the employees closest to the operations. Eventually Bender plans to give the department heads the Host Analytics Scorecard to track their financial performance and forecasts.

He also anticipates tightening the linkage between the NetSuite financial platform and Host Analytics with improved integration functionality. That would make it quicker again to provide analysis and reports through Host Analytics about more aspects of the business.

All these improvements and plans are based on the company having confidence in its data. As Bender says, “There’s now one version of the truth, and we are able to slice and dice our business information in ways that we were previously unable.”



## challenges

- Foreign subsidiaries reported budget data in Excel, which caused delays in monthly consolidation and closing
- Executives doubted the accuracy of data contained in multiple spreadsheets
- Financial analysts spent hours on file and data management instead of analytics

## solution

- Replace Excel spreadsheets with Host Analytics Budget and Consolidator
- Institute six-month rolling forecasts to gain business visibility currently and project the future
- Involve department heads in providing budget information and initial forecasting

## results

- A faster closing process gets information to decision-makers earlier in the month
- Having “one version of the truth” enables finance professionals to budget and forecast with confidence
- Financial analysts have more time to produce value-added analysis and reports

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