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Document **N30**

ROI CASE STUDY

INTACCT

CANTO

THE BOTTOM LINE

To sustain its growth, Canto needed to consolidate its financial data, integrate its financial applications with its CRM application to streamline processes, and reduce the costs associated with its existing ERP solution. Nucleus found deploying Intacct enabled Canto to reduce IT costs, improve data management, and increase employee productivity.

ROI: 91%

Payback: 8 months

Average annual benefit: \$47,039

THE COMPANY

With offices in Germany and the USA, Canto has provided digital asset management solutions since 1990. Its flagship solution, Cumulus, has been sold to more than 14,000 customers and has more than 1 million users. The solution addresses challenges related to digital asset management, including image processing and conversion, workflow management, file access control and security, file sharing, and archiving. Canto also offers professional services for technical services (installation, configuration, and training) and business process services (needs assessment, project, and change management). Canto's clients are in manufacturing, advertising and corporate communications, media and publishing, government, and retail. Existing Canto Cumulus customers include multinational companies such as the Red Cross, Saab, Lockheed Martin, and Lufthansa.

THE CHALLENGE

Canto was limited by an on-premise ERP solution, Microsoft Dynamics NAV, which was hosted on servers in Berlin, and made accessible to users from North America through Citrix. This solution was operationally problematic and required a great deal of maintenance. More importantly, Canto faced a major limitation in its need for employees from Europe and North America to have access to a single source ERP truth. The company's major challenges included:

- Lack of integration. Data entry was duplicated because employees needed to enter the same data into both the ERP solution and in the CRM system. Integration between Salesforce.com and Microsoft Dynamics NAV was virtually impossible, limiting employees' access to information stored in both systems. Data quality was also affected, since there was no synchronization between data managed in the ERP and in the CRM solutions.
- Difficulty achieving revenue recognition. Canto manages thousands of contracts and orders per year for both Europe and North America. In order to recognize revenues for a specific accounting period, Canto employees spent a lot of time manipulating data from different sources.
- Lack of consolidated financial data. The Microsoft Dynamics NAV solution did not possess built-in financial consolidation functionality for handling data from multiple entities, so Canto was forced to use spreadsheets. This approach involved a lot of manual work, and was extremely slow and highly error prone.
- Unreliable project management functionality. Since a significant portion of Canto's revenues are generated by professional services, it needed to accurately track the time employees spent on each project, as well as other expenses incurred. Resource management was also an issue, since the ERP solution did not facilitate the allocation of people to projects and tasks.
- High maintenance costs. The cost of supporting a maturing ERP application and making it available to North American users via Citrix was not insignificant. Just to stay current, Canto was facing the need to upgrade its existing Microsoft Dynamics NAV application to the latest version at a cost of approximately \$100,000.

Canto's decision was to find a cost-effective software solution in the cloud so that users from both continents could easily access it. Canto was also looking for an ERP solution that would provide a single repository for its data, as well as functionality for financial consolidation and project management. Finally, the solution needed to integrate with Salesforce.com and be localized for Germany, where the company is headquartered.

THE STRATEGY

In August 2009, Canto began the search for an alternative to its on-premise ERP solution. It considered upgrading its current solution to the latest version, but an upgrade would be costly and Canto wasn't sure that an upgrade would solve its integration and consolidation challenges. The cloud delivery model was considered because of its accessibility and the fact that it could significantly reduce IT costs. In addition to Intacct, Canto also looked at two other solutions: FinancialForce and NetSuite. Canto found that FinancialForce wasn't mature enough for Canto's needs and NetSuite provided more functionality than was required.

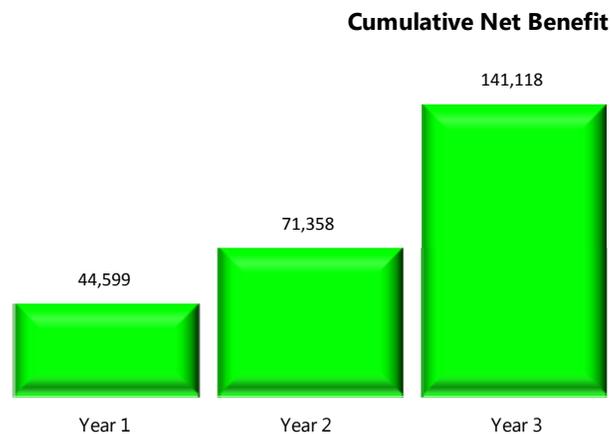
Canto ultimately chose Intacct and went live with Intacct three months after the decision. An extra five months were required for localization related to accounting rules specific to

Germany. Intacct provided a project manager to supervise the deployment with a local partner for the implementation and localization.

**Cost : Benefit
Ratio | 1 : 1.8**

KEY BENEFIT AREAS

Deploying Intacct enabled Canto to manage its growth while solving its data consolidation and integration challenges.



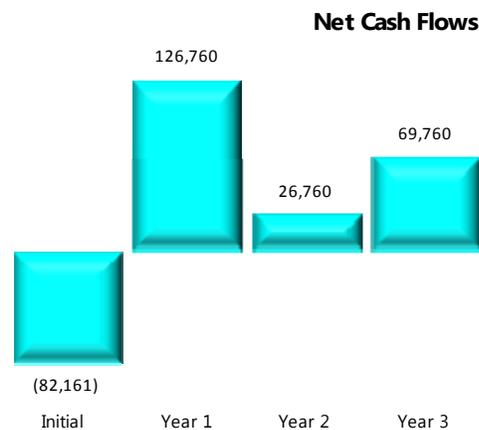
Key benefits of the project included:

- **Reduced IT costs.** Canto eliminated costs related to the maintenance of the servers previously needed for Microsoft NAV, and was also able to avoid the costs that would have been required to upgrade the older solution to keep it current. After implementing Intacct, Canto was also able to relocate one full-time employee who was previously dedicated to application maintenance.
- **Increased revenue recognition efficiency.** Canto's revenues are mostly driven by software and consulting projects. Intacct helps Canto recognize revenues during the fiscal period when they actually accrue. The solution manages all the data in a centralized database, thereby eliminating the need for employees to use spreadsheets to consolidate data and perform calculations. Canto now has knowledge of its revenues before the fiscal period is over, resulting in a better understanding of its financial situation and in a savings of one work day per month on revenue recognition.
- **Increased productivity of employees.** Canto was able to reduce the time spent by its employees to manage its thousands of orders and contracts every year. Nucleus estimated that they reduced the time to manage contracts and orders by 3 minutes

per contract and 10 minutes per order. Additionally, consolidation of data helped them save time on financial close and other manual data entry.

KEY COST AREAS

The total cost of the project included consulting, personnel, and software subscription fees. Intacct provided a project manager for implementation, and training was conducted via online courses provided by Intacct as part of the subscription. Canto worked with an Intacct partner for the localization of the solution to the specific needs for accounting in Germany and to integrate Intacct with Salesforce.com. One Canto employee allocated 50 days to the project; additionally, the controller allocated one month.



BEST PRACTICES

Canto decided to choose a cloud solution to facilitate easier access by users, which also streamlined integration with Salesforce.com and lowered overall IT maintenance costs. Canto initially had dozens of servers to maintain, but now only requires five (which are devoted to supporting other applications outside of finance).

Financial consolidation has been automated by using Intacct, providing a major step forward for Canto which had been using spreadsheets prior to Intacct. Intacct not only provided a centralized database to gather all data into a single repository, but also the opportunity to allow users to enter and access data from wherever they are, driving greater consistency and currency.

CALCULATING THE ROI

Nucleus calculated the total costs of deploying Intacct for a 3-year period and included costs for consulting, personnel, training, and software subscription fees. Direct benefits

quantified included the elimination or avoidance of maintenance and consulting fees that would have been required to keep its existing ERP deployment current and the additional integration costs that would have been required to bring Microsoft Dynamics NAV and Salesforce.com data together.

Indirect benefits quantified included increased productivity driven by reduced manual data entry and correction, increased visibility and data access, and accelerated consolidation time, which was quantified based on the average annual fully loaded cost of an employee using a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Not quantified was the additional benefit Canto received from having better management visibility into current operational data for decision making.

FINANCIAL ANALYSIS

Intacct

Annual ROI: 91%

Payback period: 0.6 years

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	130,000	30,000	30,000
Indirect	0	43,413	43,413	43,413
Total per period	0	173,413	73,413	73,413

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	30,000	40,000	40,000	0
Hardware	0	0	0	0
Consulting	30,000	3,000	3,000	0
Personnel	19,853	3,654	3,654	3,654
Training	2,308	0	0	0
Other	0	0	0	0
Total per period	82,161	46,654	46,654	3,654

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
Net cash flow before taxes	(82,161)	126,760	26,760	69,760
Net cash flow after taxes	(49,297)	76,056	16,056	41,856
Annual ROI - direct and indirect benefits				91%
Annual ROI - direct benefits only				38%
Net Present Value (NPV)				69,974
Payback period				0.6 years
Average Annual Cost of Ownership				59,708
3-Year IRR				94%

FINANCIAL ASSUMPTIONS

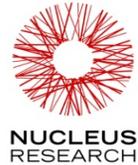
All government taxes	40%
Cost of capital	7.0%



NUCLEUS
RESEARCH

By the Numbers

Canto's deployment of Intacct



Annual Return
on Investment **91%**

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

Cost : Benefit
Ratio **1 : 1.8**

\$47,039
Average annual benefit

THE PROJECT

To sustain its growth, Canto needed to consolidate its financial data, integrate its financial applications with its CRM application to streamline processes, and reduce the costs associated with its existing ERP solution. Nucleus found deploying Intacct enabled Canto to reduce IT costs, improve data management, and increase employee productivity.

THE RESULTS

Saved 500 hours of manual data entry per year
Eliminated \$30,000 in annual IT costs

Number of **users: 4**

3 Months
Total time for Canto to **deploy**
Intacct

"The improved quality of the data allows us to spend less time searching for information. People don't need to ask accounting for data, which increased productivity for everyone."

- Hans Schaedel, Chief Financial Officer, Canto