

From Manual Work to Millions in New Cash Flow

Elemica



Challenges

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Since its founding in 2000, Elemica has grown into a leading vendor of cloud-based supply chain solutions that help process manufacturers such as BASF, BP, Dow Chemical Company, DuPont, and Michelin process over \$500 billion in commerce annually on the Elemica digital supply network. Elemica delivers speed, precision and insights to its customers, yet those characteristics were missing in the software vendor's own accounting and financial management practices.

As a growing company, Elemica relied on a legacy Microsoft Dynamics NAV system with heavy Excel use for key financial processes. Spreadsheets and an Outlook calendar were used to manage revenue and billings, while accountants wrote paper checks and entered payables data manually into Microsoft Dynamics and Excel. Locating the most current customer contracts required hunting in Salesforce and four other systems. That high manual workload left little to no time for strategic analysis to grow the business. "We spent most of our time getting ready for monthly board meetings and had no time to really analyze the numbers and make changes based on that," said Kiely Fagan, Director of Financial Operations at Elemica.

That changed when Elemica upgraded to Sage Intacct's cloud-based financial management platform. The move, prompted by growing business complexity and Elemica's 2016 acquisition by Thoma Bravo, a private equity firm, has unleashed millions of dollars in new operational cash flow and improved its EBITDA. Moreover, the Pennsylvania-based firm is much better positioned to drive further growth with real-time business insights that support strategic direction.

Solutions

A 28% Gain in DSO and Strong EBITDA Growth

After sizing up competing solutions, including Oracle NetSuite, Elemica selected Sage Intacct as its finance platform. Elemica decision-makers were especially impressed with the solution's subscription contract revenue management module, which has given Elemica new controls and transparency in recurring revenue and has streamlined what were painfully manual rev rec processes in Excel. With automated revenue recognition in a single system, Elemica identified \$80,000 in overlooked revenue and can now do forecasting based on billings, cash, and revenue. "Moving to Sage Intacct has established professional level controls for us and gives us a single place to make sure we're invoicing correctly," said Anthony Palladino, CFO at Elemica.

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Company Overview

Elemica is the leading digital supply network for the process manufacturing industries. Elemica accelerates digital transformation by connecting, automating, anticipating and then transforming inter-business supply chain processes. Launched in 2000, customers including BASF, BP, DuPont, Michelin and Sumitomo Chemical and process over \$500 billion in commerce annually on the network. For more information, visit www.elemica.com.

Executive Summary

Previous Software:

- Microsoft Dynamics NAV, Excel

Results with Sage Intacct:

- DSO has been reduced 28%, from 90 to 60 days
- EBITDA is on track to grow 10% over 12 months
- Departmental managers empowered with P&L management
- Data-driven insights for growth-oriented business decision

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In a matter of months, Elemica reduced its days sales outstanding (DSO) from 90 to 65 days — a 28% improvement that created \$3 million in new operational cash flow. That is helping Elemica support development of the next version of its platform and ramp up its sales force. Sage Intacct has also opened new opportunities for the accounting team to work more closely with departmental managers on budgeting. Rather than consolidated, high-level information of the past, managers have detailed P&L statements, as well as budget-to-actual reports 10 days after the month-end close. “We’ve made a consistent effort to put management of their P&L back into their hands,” Palladino said.

With deeper, more timely insights into costs and revenue for both department managers and accounting, Elemica is on track to improve its EBITDA by 10% within a year — a multimillion-dollar impact to the bottom line. “A big financial benefit is that it’s allowing managers to help us hit our budget within a given year,” Palladino said. “We could only get there with better information, better systems and better communication, and that’s what Sage Intacct has allowed us to do.”

Results

New Data-Driven Insights for Continued Growth

Palladino’s team has more time to collaborate with managers and pursue other high-value initiatives thanks to faster, more efficient financial management. For instance, Elemica has reduced time needed for its monthly close from 16 days to a few as eight days. Paper-based payables that required physical check signing have been automated with Sage Intacct. Billing processes, previously handled manually with Outlook reminders, are far faster, more flexible, and more accurate — all of which helps reduce DSO. “We’re closing the books quicker, we’re much more automated, and we can go right into the system rather than hunting for information in multiple Excel books,” Fagan said.

Accounting is also producing monthly board reports in a matter of hours leveraging the integration between Sage Intacct and Adaptive Insights, its budgeting and planning application deployed as part of Elemica’s financial management modernization. After the Thoma Bravo acquisition, the board expected detailed 50-tab Excel reports that were difficult to assemble when gathering data from diverse systems. “Board reporting that took us days in Excel now takes a few hours to do through Adaptive Insights, which we wouldn’t have been able to use if we didn’t have everything in Sage Intacct,” Fagan said.

Meanwhile, core financial reporting on AR, AP, balance sheets and more based on real-time data in Sage Intacct is generating deep insights for growth-oriented decisions not possible in the previous environment. “We’re definitely in a much better position now that we’re system-driven and we’re automated with Sage Intacct,” Fagan said. “We’re set up for the future, for growth, for acquisitions, much better than we were before.” Palladino has been able to unleash Elemica’s accounting staff with a platform to exercise its strategic prowess, rather than being locked in on transactional work. “Our accounting team has always been staffed by skilled strategists. With Sage Intacct, we now have the time and opportunity to use those skills to grow the business,” the CFO said.

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