Strafford Helps Random House Avoid Forecasting Nightmare

What if you only had a few months to replace your financial planning software, and the software you want to replace it with is not even fully developed yet? You call Strafford.

The plot reads like something from one of its own bestsellers. Random House, Inc. — the U.S. division of the world's largest trade-book publisher — was heading into its next forecasting period with only Excel available as a tool with which to prepare detailed financial forecasts covering its four divisions and 600 cost centers.

"It would have been a nightmare," says Dan Dandola, Manager, Financial Systems, as he describes what would have happened if Strafford hadn't stepped in just a few months prior to the start of the company's next scheduled forecasting cycle. "If we were unable to have a system that could do in-depth planning, there would be basically no point in doing any planning at all." The only recourse, he says, would have been Excel. And that, he says, "would have been terrible."

Excel, he says, "doesn't have the flexibility to do calculations and allocations across so many product lines and through all the different cost centers. Every time we would make a change we would have had to create spreadsheets, which would be extremely unwieldy — and the consolidating of all the data to do reporting would have been terrible. I really think if we had brought in some other group besides Strafford, we would really be in hot water right now."

Much More than an "Upgrade"
So how did Random House find itself in this position, and how could Strafford help? Random House did have financial planning software — Hyperion Planning, in fact. The problem was that the version of the software Random House currently ran could no longer be used once the company upgraded its web browser as it was planning to do.

"We originally had Hyperion Planning installed, Dan says. "It wasn't Version 11 or System 9, which was released after we did our original instal-

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-Dan Dandola

lation. It was an older version, which had been in place since about 2006. The company was going to migrate to Internet Explorer 8, which was not a supported platform for the outdated version of Hyperion we were on. If we didn't upgrade to the most current version we weren't going to be able to use the system."

Random House obviously needed an upgrade. And this is where the real problem presented itself — and why Random House could not ask just anyone to perform the upgrade, but instead needed someone with advanced skills.

"This was essentially a full implementation," Dan says. "We were so many versions behind that Strafford really had to do a full installation. It was almost as if we had brought a new product online. So basically Strafford did a full installation of Hyperion Planning, Essbase, Financial Reporting, Workspace and Smart View. It was really a complete ground-up installation, including getting the servers set, working with our IT department; and in some cases working with the end-users."

And it all had to be done before the next detailed forecasting period began. That required Strafford to understand the company's financial accounting systems, end-user requirements, processes and business rules in a matter of weeks and then bring those live across the entire Hyperion 11 stack, virtually from scratch.

Advanced Software Meets Advanced Skills
Essbase, Oracle's OLAP (Online Analytical Processing) Server, in particular, has earned a reputation as a "measuring stick" among consultants looking to prove themselves knowledgeable on the most advanced architectures. It supplies the multidimensional modeling functionality underlying all the other Hyperion applications users access to navigate and gain actionable insight into the issues driving the business. This includes a high-performance computation engine plus a comprehensive suite of over 350 functions — including financial formulas of all types — that enable users to access, navigate and gain actionable insight into the issues driving the business.

Knowing how to harness all that power for effective use across all those applications is why Dan considers himself fortunate to have selected Strafford. Not only did Strafford retrieve their old database, which had become corrupted, but quickly had the new software operational.

"Everything they did was at a high level," states Dan, who immediately trusted and valued the consultants who were assigned to the project. "The expertise was great... especially their 'get it done' approach. Strafford was excellent, to say the least, and far superior to other consulting companies with whom I had worked on past projects."

A Happy Ending
It was Oracle, in fact, that had introduced Random House to Strafford — an Oracle Certified Partner specializing in Hyperion Planning. "When it came time to pick a consultant, that relationship obviously helped us decide. But just because Strafford was Oracle's first recommendation, that doesn't mean we didn't talk to anyone else. We did speak to several different people at different companies, saying that we were about to go through an upgrade. I just found Strafford's responses to be much more in-depth. What ultimately attracted us to Strafford was their level of care and what I felt was the knowledge base that they had. It was a big difference and that's why I chose Strafford."

So what would have happened if Random House had not chosen Strafford?

"If we had hired a different group the consultant might have been — maybe not a rookie exactly — but probably somebody who wasn't as much of a specialist as the consultant that we actually had. Then I think we would have had some big trouble, to say the least. I don't think we would have made the forecasting deadline." And that would have been a nightmare!

Strafford Cures Integra LifeSciences' Consolidation Woes

Integra LifeSciences is an $800 million medical devices company that offers innovative solutions in orthopedics, neurosurgery, spine, reconstructive, and general surgery. The company's rapid growth — over 37 acquisitions in just over 10 years — had strained its ability to perform monthly, quarterly and year end financial consolidations and reporting. The problem: a partly-automated, partly-manual process that had Corporate Accounting working overtime crunching results in Excel spreadsheets.

"This caused inaccuracies in numbers and a lot of additional rework," says Alan Kilyk, Vice President of Corporate Accounting. "It also incurred extra costs because our external auditors had to review information manually rather than having it compiled in a controlled system."

To help fix the problem, Integra hired Strafford in the fall of 2010 to implement Hyperion Financial Management (HFM) and FDM, the market-leading software choice for firms with complex consolidation process. The project lasted from the end of October through the following February (a period that also included year end book close). So now consolidations only take a few seconds rather than hours as before. "What we did before," Alan says, "would be to use Cognos to basically compile all the data and do the currency conversions. Then we would go in and do all the inter-company eliminations and the topside journal entries in Excel. By the seventh workday we would have received all the trial balances from our operating entities and then take another several days to finish up."

Now the whole process just takes few mouse clicks, Alan says, and avoids many extra steps. "Besides the consolidation, we would also create separate consolidating schedules, cash flow schedules and monthly financial statements — these were all spreadsheets that were linked to the consolidation spreadsheet before. Now Hyperion powers all of those. We use Hyperion's SmartView for Excel to build reports, so they are very quickly updated. And because we're not spending time linking things in Excel we have freed up all that extra time to do analysis and to work

Integra LifeSciences
Princeton, New Jersey
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Industry: Medical Products

Business Process: Financial Consolidation and Reporting

Technology: Oracle/Hyperion

Challenge: Lack of fully automated reporting process causing inaccurate data, lost time, and additional costs due to frequent reworks

Solution: Implement new consolidation and financial reporting system, Hyperion Financial Management, through year-end financial book close and audit

Results: Faster, more accurate consolidations and reporting leading to better information flow throughout the company

"You're not going to talk to many companies that can implement Hyperion FM in four months, laid on top of year-end close, with no Sarbanes-Oxley deficiencies."

~ Alan Kilyk

more with controllers in the operating units. That's led to much better information flow across the company."

On Strafford's Recommendation
Alan credits Strafford for recommending the best solution — twice.

"More than four years ago — we had a different CFO at the time — Strafford was asked to compare Hyperion with two other vendors. I've seen copies of that old report. Based on the complexity of our processes, Strafford had recommended Hyperion. But the CFO at the time decided to go with another solution. Then, by early 2010, we had a new team in place that wanted to bring consolidation up to the 21st Century. That's when we blew the dust off the Strafford presentation. We basically said, 'Okay, they recommended Hyperion four years ago. Let's bring the same people in again and see if Hyperion is still the way to go.'"

Strafford's earlier analysis of Integra's accounting situation not only proved valuable four years later, it also guided Integra to select Strafford as an implementation partner this time. "My boss felt comfortable that Strafford understood our business. They were here previously and understood where we were and how we got there and why we needed to get out of where we were.

An Aggressive Schedule, On Top of Year-end Book Close
Alan recounts how events unfolded: "We met with Strafford the last week of October where we talked about the business. They were able to point out our issues and how Hyperion would help fix those. We put together a high-level project plan and presented it to my boss, Jerry Corbin, the Corporate Controller. We said, 'Here's the timeline. It's very aggressive.' And he said, 'Well, if you can get there, great. If you can't, I'll understand. But make sure everybody works hard to get to that point.'"

Meeting our schedule, Alan says, meant implementing the new consolidation system right through year-end financial book close and audit. "We started the last week of October and went live on March 2, 2011.

When we looked over the schedule, we said to Strafford, 'during these two weeks in January we might not even be able to talk to you.' But Strafford was very helpful — they had obviously done this type of thing many times before and they met the schedule."

No SOX Deficiencies
It wasn't just doing the project fast that made it successful, Alan says, but also that it was done well in a highly-regulated industry.

"Some of the things I always trumpet about this project are that we did it under budget, on time, and with no Sarbanes-Oxley deficiencies. That's a pretty big deal in any company but especially here because of our previous implementation challenges."

Assuring Sarbanes-Oxley compliance was almost a mini-project in its own right, Alan says. "When you upgrade a system you have to go before a change control review board. You have to go through their process, and there is documentation you need to provide. You need very good test scripts. You need a very good implementation plan. You need good system documentation. You need good training documentation. And so there is a whole set of very important criteria that we needed to manage — and Strafford helped us with all of it. Strafford helped us design the test scripts. They helped us with the training plan and with the documentation as well."

Alan sums up his partnership with Strafford this way: "Overall it's been very favorable. We're very happy . . . you know, again, you're not going to talk to many companies that can implement Hyperion in four months, laid on top of year-end close, with no Sarbanes-Oxley deficiencies. So that says something about three things. It says something about my team — that they're strong. It says something that Hyperion was the right tool. And it also speaks to Strafford — that they're outstanding."