Guidance Software case study
(for internal use only)
E-Business Suite slashes time for accounting processes, streamlines operations

Industry: : eDiscovery Software and Services

Challenge: Guidance Software needed a robust and scalable enterprise-wide ERP to increase business process efficiencies, automate compliance controls, integrate disparate systems and create "one version of the truth" for critical financial, customer and supplier data.

Solution: Rolta TUSC implemented a large Release 12.0.5 E-Business Suite (EBS) footprint including full Financials, Supply Chain and CRM modules and converted critical financial and customer data from legacy systems. To further facilitate business process improvement, Rolta TUSC integrated EBS with several of the company's proprietary systems.

Results: In the first six months, Guidance Software has reduced its monthly close by approximately six days, trimmed its AR close process by 75 percent, and taken 10 days out of its Days Sales Outstanding figure. The company has also streamlined critical operational workflows, including software order fulfillment and electronic licensing. Through these and other efficiencies, Guidance Software's CIO expects to achieve financial ROI in the first three-to-four years.

The Challenge

Headquartered in Pasadena, California, Guidance Software is a leading supplier of eDiscovery, data discovery, and computer forensics solutions to the government, law enforcement agencies and commercial clients.

With ongoing rapid growth, the company was challenged to provide a scalable, stable solution to manage business processes. The company's existing Epicor order processing and financial management system was highly customized and no longer supported by its legacy provider, leaving Guidance Software little option for growth but to move to an enterprise-wide ERP system. In addition, the company was battling time-consuming data duplication and reconciliation issues. Within Epicor itself, there was duplicated information between front-end CRM applications and the back-office financials applications, resulting in both duplications and discrepancies in customer master data. In addition, because Epicor was not fully integrated to other key systems such as Tenrox, where project-related expenses and billing were maintained, there were manual hand-offs between systems, and there was no single source of truth for customer, supplier and financial data. As a result, financial and operational processes required significant manual reconciliation, and month-end close consumed an inordinate amount of time.

"In order to expand and grow our business, the board knew it was essential to adopt an enterprise-wide ERP system," said Barry Plaga, chief financial officer for Guidance Software. "The old system – with its lack of internal controls and manual processes – was simply costing the company too much money in wasted productivity and audit fees. With continued growth, the situation was only going to get worse."

When the Board issued a formal directive to purchase and implement a new ERP system, Oracle's reputation stood alone. "Oracle's single integrated platform and automated workflow for Financial, Order Management, Manufacturing and CRM processes was the ideal solution for Guidance Software as it strove to reduce manual hand-offs between systems and increase business process efficiency," said Deb Bryda, senior management consultant for Rolta TUSC.

The Approach

Over a nine-month period, Rolta TUSC implemented a significant Oracle E-Business Suite Release 12.0.5 ERP footprint, including the following modules:

- **Financials**—General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Cash Management and Purchasing

- **Supply Chain Management**—Order Management, Inventory, Work in Process, Bills of Material, Cost Management and Shipping

- **E-Business Tax**—Integrated with content provider, Vertex O-Series

- **CRM**—Marketing, TeleService, Email Center, Installed Base and Service Contracts

In addition to the base implementation, the project required significant technical development and integration work. To help improve business process efficiency and reduce manual hand-offs, Rolta TUSC integrated several proprietary systems with the Oracle platform including Guidance Software's mission-critical system for security key programming as well as the company's electronic license delivery system. Rolta TUSC also created critical interfaces to external systems including UPS WorldShip, Bank of the West for Lockbox and Bank Statement and OANDA for currency exchange rate maintenance.

In order to meet an accounting requirement for a separate unearned revenue account for each defined revenue account, Rolta TUSC leveraged the configurable nature of Subledger Accounting to create a new accounting definition for "Receivables Default Accrual" and a new journal definition for "Default Accrual." Finally, to ensure Guidance Software would have access to critical historical data, the project team performed a detailed scrubbing of the legacy system data and converted key financial data and open service contracts.

Throughout the project, Rolta TUSC employed its proven implementation methodology, including multiple conference room pilots and thorough testing, while leveraging strong project management to deliver the project on above-average pace.

The Results

In the first six months since implementation, Guidance Software has realized significant results from its new ERP system, including:

- **Significantly reduced time for accounting processes**—Plaga conservatively estimates that the company has taken five-to-seven business days out of its monthly closing cycle, more than meeting its original goal. Accounts Receivable alone has taken its complete close from 10 days down to two-to-three days – a time savings of 75 percent. "Countless manual processes have been eliminated due to the automation of information flow from Oracle CRM to Order Management to Service Contracts to Receivables," said Plaga.

- **Improved cash conversion cycle**—Guidance Software has already taken 10 days out of its Days Sales Outstanding figure – even with a 25 percent reduction in staff. Rolta TUSC's implementation of automatic lock box processing has streamlined the cash posting process resulting in less time spent on administrative and research tasks and more time spent focused on collection and resolution of open receivables. "The Receivables trial balance for the company has never been this clean," commented Plaga.

- **Simplified SOX compliance controls**—Oracle E-Business Suite provides automated reconciliation and live controls for posting AR to the GL. Through this technology and associated changes in business processes, the company has reduced the number of key controls within its framework from 149 to 77. "This reduction in Sox documentation, testing and audit work are material dollars to our bottom line and will result in continued savings for years to come," said Plaga.

- **Streamlined operations processes**—Guidance Software has made equally important strides in the operations area as a result of Oracle's integration with key propriety systems. "Our core software product ships with a security key or dongle," said Sonia Nanda, director of operations for Guidance Software. "Previously, the process involved production employees having to manually open a separate proprietary application and check off all the software attributes the customer ordered to ensure a working security key. With Oracle integrated to that system, security keys are automatically flagged with the right attributes. Not only does this save time in production, but it improves accuracy and customer satisfaction. The key is as accurate as the order." Similar efficiencies have been gained for other applications.

- **Single source of customer data**—With Installed Base centralization, Guidance Software has one central repository for understanding what each customer owns – a critical advantage from both a renewal and support perspective.

- **Scalability and extensibility**—Oracle provides the unlimited scalability that Guidance Software needs for ongoing global growth. In addition, the initial implementation provides the springboard for continued business process integration and efficiencies as additional Oracle modules are deployed.

Plaga estimates that Guidance Software will achieve a return on investment on its Oracle software in three-to-four years based on results seen in the Finance, Operations and Accounting areas alone. "That ROI doesn't even factor in the intangible benefits of increased employee efficiency, improved customer satisfaction, and happier employees with more meaningful work to do," said Plaga. "From our perspective, the implementation was a tremendous success all around."

About US

TUSC has been known as the Oracle Experts for more than 20 years, but Rolta TUSC is so much more than that now! Through the merger of Rolta's IT Consulting Division with the acquisitions of TUSC, WhittmanHart Consulting, and Piocon Technologies, we have gained some of the world's most knowledgeable technology and business experts in enterprise performance management, business intelligence, and CA infrastructure management solutions.

While we have added exciting new capabilities, we remain committed to maintaining our expertise and industry leadership in Oracle E-Business Suite and Oracle Technology. Now more than ever, Rolta TUSC has the expertise and solutions your organization will need to be competitive in our new economy.