

NUCLEUS
RESEARCH

ROI: 75%

Payback: 1.7 Years

HOST ANALYTICS

ACI BRANDS

ANALYST

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THE BOTTOM LINE

ACI Brands deployed Host Analytics to modernize its financial reporting and budgeting processes. In addition to improving the productivity of the finance department personnel, the company was able to gain better visibility over its customers and product performance, which translated to better decision making and increased profitability. ACI Brands has also implemented Spotlight for Office, which furthers the ease of use for stakeholders in the budgeting process.

THE COMPANY

ACI Brands is a multi-divisional supplier of consumer products serving the Canadian and U.S. retail markets. Founded in 1981, the company specializes in product assortment and category management in an effort to maximize its customers' profitability. Headquartered in the Greater Toronto area in Ontario, Canada, ACI Brands also has locations in China and the United States.

THE CHALLENGE

When the new Vice President of Finance started at ACI Brands, he recognized that the processes in place needed to be updated. The company's finance team was taking 25 days on average to close the books from the previous month and issue reports to senior leadership. Reporting and account consolidation across the entire company was performed with Excel spreadsheets which were error-prone. Divisional reporting was taken directly from the company's enterprise resource planning system, which had rudimentary reporting tools and required significant manual manipulation.

**Cost : Benefit
Ratio**

1 : 2.3

The VP of Finance had previous experience with enterprise-grade corporate performance management (CPM) solutions and knew that ACI Brands needed to modernize its practices to support better business decision-making. With a mandate to bring rigor to the financial budgeting process, the finance team started looking for a new CPM solution.

THE STRATEGY

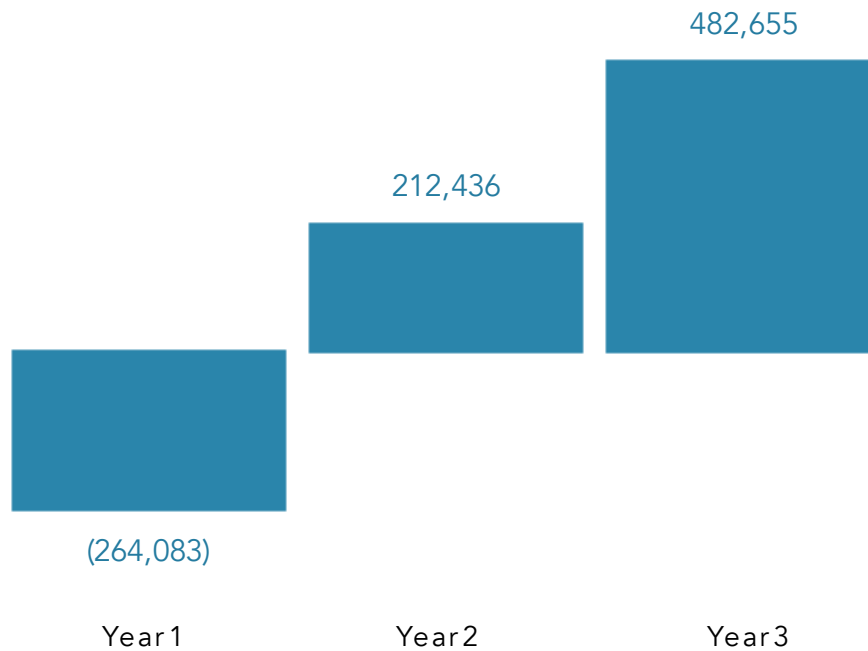
In its search for a new CPM solution, ACI Brands considered several options including Adaptive Insights and Pillar in addition to Host Analytics. The finance department wanted to implement a cloud CPM solution to ensure that finance owned and controlled the project rather than IT, which would allow the finance professionals to directly address their business problems and make the changes they needed without using IT as an intermediary. The decision to go with a cloud solution eliminated Pillar from contention since it was an on-premises product. ACI Brands selected Host Analytics over Adaptive Insights for several reasons, including:

- Data analysis. With Host, ACI would be better able to analyze their data than with Adaptive Insights. The Host Analytics solution allowed them to look at daily and granular data, allowing the in-depth analysis that ACI wanted from its CPM software.

- Customer service. During the sales process, ACI Brands got the sense that Host Analytics would be able to offer better customer support and account management than Adaptive Insights.
- Price point. Host Analytics was able to offer a more competitive subscription rate without sacrificing capabilities that ACI Brands needed to address its financial budgeting situation.

ACI Brands started implementation in October 2014 with the goal of performing its 2015 budgeting with Host Analytics. The company realized that it was trying to accomplish too much too fast and brought in external consultants to assist with setting up the budgeting functionality it needed. By March 2015, ACI Brands had fully implemented Host Analytics and completed a budgeting cycle.

CUMULATIVE NET BENEFIT



KEY BENEFIT AREAS

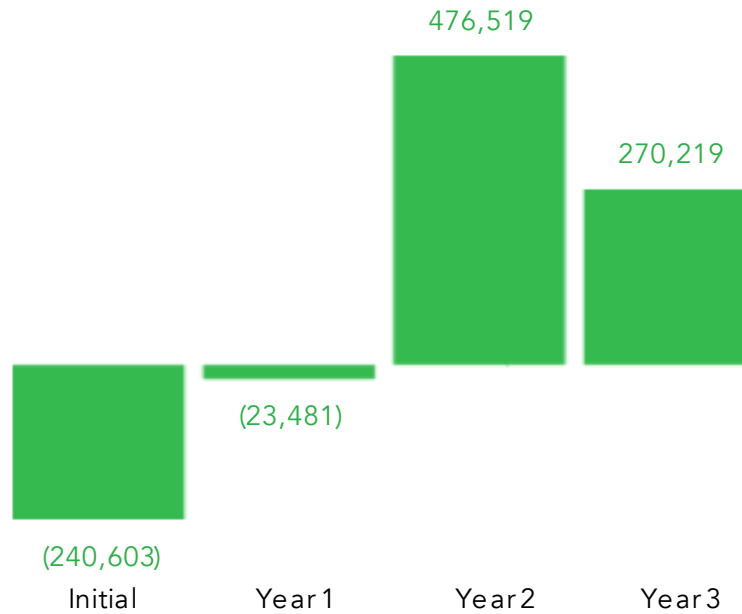
By implementing Host Analytics, ACI Brands modernized its financial budgeting processes. The company did not reduce any costs or reduce headcount, but it was able to increase the efficiency of the finance department personnel and bring better visibility to senior leadership.

- Increased productivity. Host Analytics allows ACI Brands to eliminate many of the manual and time-intensive tasks that were required of its finance team when it was

relying on spreadsheets. With saved time, finance personnel were able to redirect to more value-add tasks.

- Improved business decision making. With its prior budgeting process, senior leadership didn't have access to data and reports in a timely manner. Host Analytics allows the finance department to quickly produce the reports they need to generate for company leadership. As a result, executives can get visibility into potential issues and investigate ways to correct them before they become a problem.
- Increased profitability. With the visibility and reporting ACI Brands gets from Host Analytics, senior leadership is able to perform profitability analysis of each of its customers at the product level. The company can rationalize poorly performing brands and reduce unprofitable business. ACI Brands can analyze profits and losses and target margins, allowing the business to make pricing decisions or reduce costs.
- Debt servicing. Because ACI Brands is able to better understand its financial standing, the company can more accurately forecast its debt levels. With better debt forecasts, ACI can work with its lenders to achieve more favorable interest rates and reduce the costs it incurs servicing any debt that it carries.

NET CASH FLOWS



KEY COST AREAS

ACI Brands' investment in Host Analytics consisted of the following cost areas: software subscription costs, external consultant fees, internal personnel hours devoted to implementing and supporting the software, and time spent training internal personnel. By deploying to the cloud, ACI Brands achieved its goal of ensuring the project was owned and

managed by the finance department rather than IT. Part of ACI's consulting costs went towards building a Boomi integration connector between the company's enterprise resource planning solution and Host Analytics.

LESSONS LEARNED

Trying to do too much too fast was a lesson ACI Brands took away from its implementation of Host Analytics. The initial timeline of the project was overly aggressive and, although ACI was able to get some functionality working very soon after starting the implementation process, the full adoption of the budgeting tools was not possible in such a short timeframe. Ensuring that members of the organization were buying into using the tool was a critical step to help the company realize value from the solution, so devoting enough time for users to adopt the new business processes was necessary.

Since going live with Host, ACI Brands has looked to adopt new features that the vendor is providing to drive additional business value. Specifically, ACI Brands has implemented Host's Spotlight for Office, which extends its reporting capabilities for Microsoft Office. With Spotlight, ACI Brands has continued to make it easier for sales personnel and budget owners to participate in each budgeting cycle. ACI Brands increased the maturity and sophistication of its reporting using Spotlight, bringing additional rigor to its business processes.

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of deploying and supporting the Host Analytics software to calculate the total investment that ACI Brands made in the project, including third-party consultant fees, personnel costs, and software subscription costs.

The project did not include any direct benefits because ACI Brands was not replacing a legacy system and did not reduce staff headcount. Indirect benefits quantified include productivity benefits from every member of the finance team as well as other senior members of the company who had been performing more manual tasks. Productivity benefits were quantified based on the average fully-loaded cost of employees using a correction factor to account for the inefficient transfer of time between time saved and additional time worked. Additional benefits included increased profitability and reduced debt servicing costs, which were attributed to the visibility and control Host Analytics provides.

FINANCIAL ANALYSIS

Annual ROI: 75%

Payback period: 1.7 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	0	0
Indirect	0	38,744	538,744	288,744
Total per period	0	38,744	538,744	288,744

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	133,654	0	0	0
Total per period	133,654	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	26,731	26,731	26,731
Total per period	0	26,731	26,731	26,731

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	43,700	43,700	43,700	0
Hardware	0	0	0	0
Consulting	20,199	13,000	13,000	13,000
Personnel	38,023	4,405	4,405	4,405
Training	5,026	1,119	1,119	1,119
Other	0	0	0	0
Total per period	106,949	62,224	62,224	18,524

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(240,603)	(23,481)	476,519	270,219
Net cash flow after taxes	(192,476)	(886)	274,114	160,649
Annual ROI - direct and indirect benefits				75%
Annual ROI - direct benefits only				-7%
Net Present Value (NPV)				177,257
Payback period				1.7 years
Average Annual Cost of Ownership				127,859
3-Year IRR				42%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.