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ROI CASE STUDY BLACKLINE SYSTEMS COX COMMUNICATIONS

THE BOTTOM LINE

Cox Communications used BlackLine Systems's Account Reconciliation and Task Management modules to automate key financial close processes, reduce IT consulting and accounting contractor fees, improve employee productivity, boost accountability, and improve overall operations.

ROI: 227%

Payback: 6 months

THE COMPANY

Atlanta-based Cox Communications is one of the largest telecommunications providers in the United States, with 22,000 employees servicing 6 million residential customers. The company specializes in broadband and entertainment services, providing advanced digital video, high-speed Internet, and telephony products over its own nationwide IP network.

THE CHALLENGE

Cox has 18 different field locations nationwide that use an Oracle E-Business Suite 11i financials and a PeopleSoft payroll ERP backbone. Each of these field sites developed their own processes and formulas to perform balance sheet account reconciliations for the company's 30,000 accounts. The account reconciliation process required manual extractions of data from Cox's different applications, such as accounts payable, accounts receivable, and payroll, and keying transactions into Microsoft Excel spreadsheets.

The process was slow, error-prone, and lacked consistency. Often reconciliations were performed without proper documentation or with the documentation kept separately. Best practices require monthly reconciliations, but Cox was unable to make that official policy given the cumbersome manual processes in place, as well as the need for more advanced staff software skills. Some reconciliations with high-transaction volume required days of time-consuming data manipulation and analysis. To complete the monthly financial close required the employees to work overtime, which they found challenging, resulting in high levels of turnover. Potentially, the situation also made it more difficult to comply with financial reporting regulations such as Sarbanes-Oxley.

THE STRATEGY

Faced with these challenges, Cox sought to automate the reconciliation process. The company initially considered using the reconciliation capabilities already in

TOPICS

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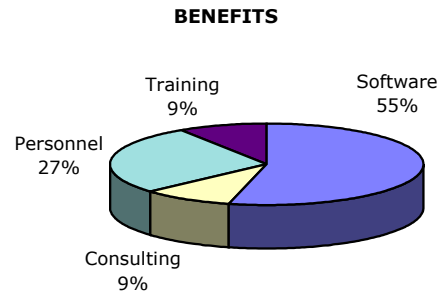
Oracle financials. However, it needed a system with more effective functionality especially tailored to the account reconciliation processes. In November 2005, the company selected BlackLine's Account Reconciliation module. BlackLine had rich features that Cox needed, along with an intuitive user interface that would boost end user adoption and help generate significant cost savings.

The trial deployment was limited to 25 end users, accessing it via an on-demand format so that the company could gain benefits without an upfront capital investment. The go live required eight hours during a weekend. The next year, Cox went live with the enterprise version of BlackLine, hosted by San Antonio-based Web hosting services provider Rackspace, to take advantage of subsidiary ledger imports and other advanced functionality. The enterprise deployment required a week, with some assistance from internal IT staff.

KEY BENEFIT AREAS

The BlackLine Account Reconciliation and Task Management modules deployment automated a number of the financial closing processes. This has resulted in benefits that include:

- Reduced consulting fees. Cox had to use consultants to create Microsoft Access database queries and for the analysis of accounts with high transaction volumes. This cost was substantially reduced.
- Improved productivity. The implementation saves an estimated 20 hours a month for each user performing reconciliations, allowing them to devote their time to other accounting and analysis tasks.



TOTAL: \$2,313,763

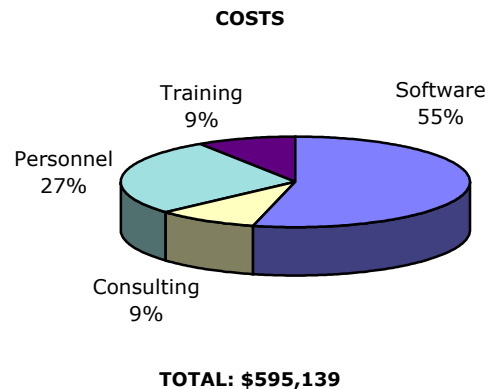
- Improved data access. Data is stored centrally, allowing employees to access it quickly and securely. The information is stored with the necessary supporting documentation for ease of validation, as well.
- Improved data accuracy. Not only is the reconciliation process faster, the system provides a relatively easy way to monitor the accuracy and validity of the process, something not possible with Excel.
- Improved standardization. The BlackLine application enables Cox's various locations to perform all reconciliations consistently. The system also monitors reconciliation activity to ensure compliance to company policies.
- Improved accountability. BlackLine Task Management monitors activities to ensure personnel perform their assigned tasks and meet deadlines. For

instance, internal and external auditors can request a list of documents and have the request tracked to ensure the request is fulfilled.

- Better insight into financial process. With centralized data visibility, the BlackLine application offers insight into the accounts and their activities.
- Faster close. The books once required over 8 days to close and now it requires less than half that time.
- Improved morale. The reduced workload has cut back on extra hours for staff, which has improved overall morale and helped with staff retention.

KEY COST AREAS

Major cost areas included the software licenses, consulting fees, and hosting and maintenance costs. Other costs included training, and the project director's time spent to deploy the system through Cox, as well ongoing time by accounting management for the supervision of the system.



BEST PRACTICES

To get the most out of BlackLine, Cox learned it had to better understand and document its more complex reconciliation processes. It also realized Oracle's E-Business Suite financials did not have the capabilities to comprehensively automate reconciliations to the degree Cox required. It needed a third party vendor.

CALCULATING THE ROI

Nucleus calculated the costs of software, training, consulting, and personnel over a 3-year period to quantify Cox's total investment in the BlackLine Account Reconciliation and Task Management modules. Direct benefits quantified included reduced consulting and contractor fees and paper and printing costs. Also included are the savings Cox will receive when its current bank matching application is retired in the third year, which is costing \$100,000 in maintenance and support. Indirect benefits included greater productivity for accounting and audit and IT staff, faster financial close, and faster financial information access.

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DETAILED FINANCIAL ANALYSIS

COX COMMUNICATIONS

SUMMARY

Project:	BlackLine Systems
Annual return on investment (ROI)	227%
Payback period (years)	0.54
Net present value (NPV)	557,432
Average yearly cost of ownership	198,380

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	341,368	341,368	441,368
Indirect	0	404,678	392,490	392,490
Total Benefits Per Period	0	746,046	733,858	833,858

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	125,000	0	50,000	0
Hardware	0	0	0	0
Total Per Period	125,000	0	50,000	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	25,000	5,000	15,000
Hardware	0	0	0	0
Total Per Period	0	25,000	5,000	15,000

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	16,000	43,400	43,400	43,400
Hardware	0	0	0	0
Consulting	0	45,000	11,000	0
Personnel	5,040	120,225	18,915	18,915
Training	2,031	52,813	0	0
Other	0	0	0	0
Total Per Period	23,071	261,438	73,315	62,315

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(148,071)	484,608	610,543	771,543
Net cash flow after taxes	(136,536)	254,804	282,772	393,272
Annual ROI - direct and indirect benefits				227%
Annual ROI - direct benefits only				82%
Net present value (NPV)				557,432
Payback (years)				0.54
Average annual cost of ownership				198,380
3-year IRR				192%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%