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ROI CASE STUDY BLACKLINE SYSTEMS AUSTRALIAN STEEL SUPPLIER

THE BOTTOM LINE

An Australian steel supplier deployed BlackLine Systems to automate its account reconciliation and certification processes. Nucleus analysts found the company was able to accelerate account reconciliation processes while increasing transparency and visibility into the business, reducing risk.

ROI: 94%

Payback: 1.3 years

Average annual benefit: \$481,200

THE COMPANY

The Australian company profiled in this case study supplies premium metallic coated and painted steel building products and is one of the world's largest manufacturers of pre-engineered steel buildings. Today the company employs 18,000 people in 17 countries and has more than 100 manufacturing facilities worldwide.

THE CHALLENGE

The company had recently completed a number of international acquisitions and found that it also had a number of different accounting applications and processes that it had acquired. The management team needed a solution that would provide greater visibility into different divisions' financial practices and governance. The financial controller also needed a clear financial view of the business so he could provide accurate and timely information to auditors. Finally, the organization needed to address internal audit feedback about standardization, quality, and reporting to mitigate audit risk.

THE STRATEGY

The company looked at a number of different technology options, including in-house application development and BlackLine Systems, and ultimately chose BlackLine for three main reasons:

- The team believed that the implementation of BlackLine was less complex and time consuming than other options and could be deployed quickly.
- The Software-as-a-Service (SaaS) delivery model was attractive to the company given its multiple locations and IT strategy. The SaaS application would also require a lower initial investment to deploy.
- The company saw the opportunity to deploy other BlackLine Systems modules over time and expected there would be integration and other advantages from using modules from the same suite.

The project team developed a project plan that included a proof of concept stage that would initially show the quality and accuracy of standardizing the account reconciliation process in BlackLine. In 2010, the pilot implementation began by automating reconciliations for four divisions: a large SAP site, a business with profit centers in its ERP hierarchy, a newly acquired small business, and a remote small business.

**Cost : Benefit
Ratio | 1 : 1.8**

Beyond the initial pilot, a core team of three people spent approximately 30 percent of their time over the next year extending the deployment to all remaining Australia and New Zealand divisions and then the remaining Asia-Pacific divisions and China. The China implementation was completed at the end of 2011.

KEY BENEFIT AREAS

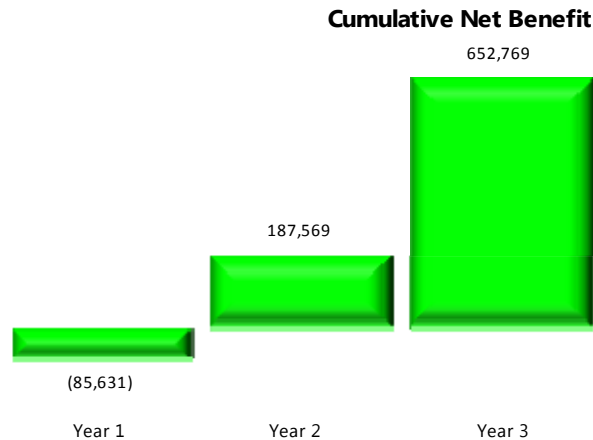
Deploying BlackLine Systems has enabled this Australian steel supplier to standardize and automate much of its account reconciliation processes, providing greater visibility across the financial performance of different divisions and enabling managers to more quickly identify and correct any discrepancies.

Key benefits of the project include:

- Improved financial record accuracy and quality. By automating large portions of the reconciliation process, the company has reduced the manual processes and potential opportunities for error.
- Improved visibility. Providing managers with one system of record for all financial records and the related supporting documentation enabled them to rapidly review reconciliations at any time and reduce the time to close quarterly reconciliations from five days to one day.
- Reduced risk. Standard consistent processes supported by BlackLine reduce the risk of errors that might increase auditing fees or other costs.
- Increased productivity. Reviewers and finance managers can spend less time on certification and audit and governance review, which can now be devoted to more high-level analysis of business performance. The company was also able to avoid

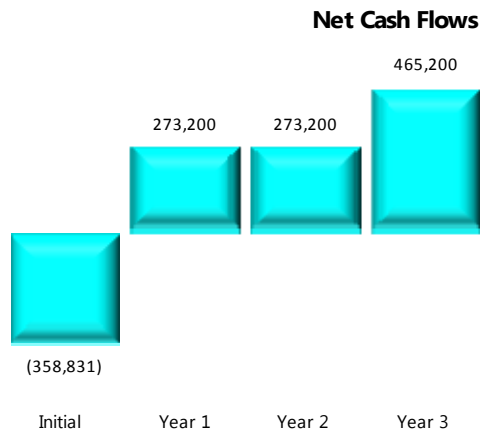
additional administrative hires that would likely have been needed to achieve the same level of financial data quality and consistency without BlackLine.

- Reduced costs. The organization was also able to eliminate some paper costs as a result of the project, and will likely be able to reduce finance audit-related travel costs over the next two years as the deployment reaches full adoption.



KEY COST AREAS

Key cost areas for the project included software, personnel, consulting, and training. Training costs included 3 hours of each of 600 employees' time spent learning to use the application. Because BlackLine is a SaaS application, no hardware investment was needed and relatively little ongoing IT support time (roughly one-fifth of an FTE) is required.



BEST PRACTICES

Given the geographically dispersed and multicultural nature of the Australian steel supplier's employee base, it found that communication and building consensus on the

correct way to standardize reconciliations required more than just one-time training. Face-to-face meetings with project managers and key business stakeholders and ongoing communication and validation of best practices in using BlackLine to support the financial close process is a good strategy to ensure ongoing effective use of the application.

CALCULATING THE ROI

Nucleus calculated the initial and ongoing 3-year costs of software, personnel, training, and consulting to quantify the company's total investment in BlackLine. Direct benefits quantified included reduced paper and avoided staff that would have been needed to meet the same speed and consistency of reconciliations without BlackLine. Indirect benefits of increased visibility and reduced risk were not included in the calculation; however, it is likely that as the deployment reaches full adoption the company will also experience savings in manager productivity, travel, and audit costs as fewer face-to-face meetings are needed to verify and audit balance sheet entries and reconciliations.

FINANCIAL ANALYSIS

BlackLine Systems

Annual ROI: 94%

Payback period: 1.3 years

| ANNUAL BENEFITS | Pre-start | Year 1 | Year 2 | Year 3 |
|-------------------------|------------------|---------------|---------------|---------------|
| Direct | 0 | 481,200 | 481,200 | 481,200 |
| Indirect | 0 | 0 | 0 | 0 |
| Total per period | 0 | 481,200 | 481,200 | 481,200 |

| CAPITALIZED ASSETS | Pre-start | Year 1 | Year 2 | Year 3 |
|----------------------------------|------------------|---------------|---------------|---------------|
| Software | 0 | 0 | 0 | 0 |
| Hardware | 0 | 0 | 0 | 0 |
| Project consulting and personnel | 0 | 0 | 0 | 0 |
| Total per period | 0 | 0 | 0 | 0 |

| DEPRECIATION SCHEDULE | Pre-start | Year 1 | Year 2 | Year 3 |
|----------------------------------|------------------|---------------|---------------|---------------|
| Software | 0 | 0 | 0 | 0 |
| Hardware | 0 | 0 | 0 | 0 |
| Project consulting and personnel | 0 | 0 | 0 | 0 |
| Total per period | 0 | 0 | 0 | 0 |

| EXPENSED COSTS | Pre-start | Year 1 | Year 2 | Year 3 |
|-------------------------|------------------|---------------|---------------|---------------|
| Software | 192,000 | 192,000 | 192,000 | 0 |
| Hardware | 0 | 0 | 0 | 0 |
| Consulting | 25,600 | 0 | 0 | 0 |
| Personnel | 72,000 | 16,000 | 16,000 | 16,000 |
| Training | 69,231 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Total per period | 358,831 | 208,000 | 208,000 | 16,000 |

| FINANCIAL ANALYSIS | Results | Year 1 | Year 2 | Year 3 |
|--|----------------|---------------|---------------|------------------|
| Net cash flow before taxes | (358,831) | 273,200 | 273,200 | 465,200 |
| Net cash flow after taxes | (197,357) | 150,260 | 150,260 | 255,860 |
| Annual ROI - direct and indirect benefits | | | | 94% |
| Annual ROI - direct benefits only | | | | 94% |
| Net Present Value (NPV) | | | | 283,174 |
| Payback period | | | | 1.3 years |
| Average Annual Cost of Ownership | | | | 263,610 |
| 3-Year IRR | | | | 68% |

FINANCIAL ASSUMPTIONS

| | |
|----------------------|------|
| All government taxes | 45% |
| Cost of capital | 7.0% |



NUCLEUS
RESEARCH

By the Numbers

Australian steel supplier's deployment of BlackLine Systems



Annual Return
on Investment **94%**

1.3 Years
The total time to value, or
payback period, for the BlackLine
Systems project

Cost : Benefit
Ratio **1 : 1.8**

\$484,200
Average annual benefit

THE PROJECT

An Australian steel supplier deployed BlackLine Systems to automate its account reconciliation and certification processes. Nucleus analysts found the company was able to accelerate account reconciliation processes while increasing transparency and visibility into the business, reducing risk.

THE RESULTS

Automated 70% of certifications
Increased visibility

Number of **users: 320**

18 Months
Total time for company to globally
deploy BlackLine Systems

“Because 10,000 reconciliations are now auto-certified, we can focus business efforts on other risk areas.”

- Controller, Australian steel supplier