



The reports you need from the software you already have

Included Case Studies:

Case Study 1: D.F. King

Case Study 2: JBFCS

Case Study 3: NBTY



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**D.F. King Consolidates Multiple Business
Financials and Currencies; Getting the
“Apple to Apple” Financial Reports it Needs**

Case Study

D.F. King

D.F. King Consolidates Multiple Business Financials and Currencies; Gets the “Apple to Apple” Financial Reports It Needs

Since acquiring D.F. King & Company, Inc., Sage Holdings Company also acquired four other companies: two in the U.K., one in Sweden, and two in the U.S. These acquisitions created a problem: All of the companies were running different financial reporting systems, had different year ends and currencies, and were generating different types of Profit/Loss statements.

Company managers were viewing financial data in dozens of Excel spreadsheets and having a very hard time seeing a complete picture. “We could not compare apples to apples,” says Justin Kent, Financial Analyst for Sage Holdings. “For example, we had no idea what were the sales for proxy for a given month because each of us had our own spreadsheet with this data – none of which agreed.”

D.F. King / Sage turned to long-time partner Red Three Consulting to oversee and implement a complete financial reporting consolidation and upgrade of its financial systems. Says Kent, “We chose Red Three based on their previous consulting work with D.F. King – a relationship that goes back to 2001 – and because Red Three is an IT consulting company that combines a deep understanding of finance with years of accounting system experience. Let’s face it – what we do is very complex and not any IT programmer could make the changes we needed.”

Red Three gets D.F. King’s financial reports out of Excel

Founded in 1942, D.F. King is one of four companies in the United States that specializes in complex proxy contests and tender/exchange offers for corporate control; the company

Company: D.F. King & Co., Inc.

Industry: Financial Services, Financial Communications

Problem: After acquisition, integrate multiple companies, currencies, languages and year-end closings into a central database and reporting system.

Implementation: Consolidate entities to streamline reporting requirements, create automatic feeds from European entities into General Ledger, and implement business intelligence tool for slicing and dicing data.

Results: Dramatically reduced the effort required for both monthly and year-end reporting and auditing and provided management with “single source of truth” reporting data.

“ We had already spent considerable time and money on trying to integrate our in-house billing system with the enterprise financial package – with little success – and no one was happy. Red Three came in, assessed our situation and then developed recommendations for how to achieve our objectives.” The engagement, which lasted six months, was a complete success. ”

also provides analyses and vote projections as well as solicitation for annual and special stockholder meetings.

D.F. King initially called on Red Three Consulting in 2001 when the company needed to automate its billing processes. D.F. King’s management knew its in-house, Excel-based billing system had reached its maximum potential and wanted to integrate the billing system with the company’s enterprise accounting package.

D.F. King’s first hired consultants from the company that developed the software: several months and several consultants later, D.F. King had nothing to show for its efforts. “We had a really hard time getting our projects completed,” says Nick Costa, Sr. Vice President and CFO of D.F. King. “The consultants couldn’t help us and what was worse was that they tried to enforce their ‘best practice’ processes on our employees. They did not understand our culture. It was a very frustrating experience.”

According to Costa, D.F. King had already developed a relationship with Adam Jacobson, President of Red Three Consulting, prior to hiring Red Three for its billing system upgrade. “Before founding Red Three Consulting, Adam worked for the IT consulting firm that handled our account – in fact, that relationship goes back to 1997,” says Costa. “While working for the other consulting firm, Adam helped D.F. King move its accounting system from Excel spreadsheets to our current enterprise software accounting system – with the exception of our billing system, which we, as a company, decided to keep in Excel for various reasons.”

A New York-based IT consulting company, Red Three specializes in helping companies get data from the software they already have, including the many financial accounting packages and databases currently in play, from Lawson and Oracle Financials to Microsoft’s SQLServer and IBM’s DB400. “The problem with many financial packages is not that they’re too complex,” states Red Three’s Jacobson, “it’s that they aren’t built for the way companies really work. Companies, on the other hand, know how they work and what works for them – and they want their software to give them the data they need in a way that makes sense for them. That’s where we come in. We build interfaces to existing software that make it easy for companies to retrieve the data they need in the format they need it.”

“We reconnected with Adam – and by extension, Red Three Consulting – at a critical time,” reports Costa. “We had already spent considerable time and money on trying to integrate our in-house billing system with the enterprise financial package – with little success – and no one was happy. Red Three came in, assessed our situation and then developed recommendations for how to achieve our objectives.” The engagement, which lasted six months, was a complete success.


According to Costa, Red Three’s strength is the company’s ability to develop processes based on a company’s culture and how people already work. “One problem we had with a previous consultant was that he tried to force our sales guys to review invoices on the screen. I know this is a minor detail, but the sales guys did not want to change – they wanted to see paper invoices. Red Three, on the other hand, understands how business works and that sometimes processes are inefficient. That’s life. Red Three isn’t just an IT consulting company. Its programmers know how to build in bridges and controls that get the job done and that also improve efficiencies – without alienating the people who need to use the system.”

D.F. King is acquired by Sage Holdings Company

Once the billing integration project was complete, Red Three continued to work with D.F. King by tweaking and maintaining programs on an as-needed basis, including supporting new lines of business, new acquisitions, and changes in financial reporting requirements. “All of our clients, including D.F. King, have a gap between technology and finance; we help bridge

that gap,” says Jacobson. “That gap never goes away – and in fact, it changes all the time – and this change was huge once Sage Holdings acquired D.F. King. Suddenly, the company had worldwide reporting requirements and no way to effectively meet them. So when King went international, we did too.”

In order to view reporting information, the five companies had to export data into Excel and then consolidate it at the global level in reports specific to each company’s CFO. “We really had no way to view ‘apples



“ Red Three’s strength is its accounting and financial background coupled with IT experience. ”

to apples’ historical data nor did we have tools to create custom reports,” says Kent. “Nick recommended that we have Red Three create a reporting system that all of us could use.” In response to audit deficiencies and management requirements, Red Three mapped out the following project goals:

- **Establish the enterprise software system as the “books of records” for the company** – European entities would continue to use their existing systems for local control but all financial reporting and consolidation would take place through the software’s central database.

- **Automate consolidation and elimination internationally** – Red Three would restructure the Chart of Accounts to ensure consolidation and elimination did not require constant manual intervention.
- **Provide a single source of truth** – Management would have access to financial reporting dashboards at the line of business / customer / project / country level.

“Our goal,” says Jacobson, “was to dramatically reduce the effort required for both monthly reporting and the year-end audit. We wanted to ensure that management could understand exactly where the business stood at any given time using a set of trustworthy, consolidated data.” To meet project goals, Red Three implemented the following steps:

- Consolidated entities to streamline reporting requirements.
- Created automatic feeds from European operational sub-systems into the accounting package General Ledger.
- Consolidated all U.S. operational accounting in the software.
- Implemented Qlikview, a business intelligence tool, for slicing and dicing information.

When asked if Red Three had hit project milestones, Kent replied, “My concern wasn’t about hitting milestones – although that is important. Red Three’s strength is its accounting and financial background coupled with IT experience. I can get any IT programmer to make changes. However, what is very hard to

find is an IT consulting company that also knows the difference between a debit and credit. Red Three has this experience, which means I didn’t have to worry and could focus on my job. Red Three was very proactive about letting me know what I needed – and the team got the job done.”

Sums up Costa, “I’m not the type of guy to keep a consultant if the relationship isn’t working out – i.e. the consultant isn’t getting the job done and is wasting my time. When the person who held the CFO position before I did moved to another company, he immediately called Red Three Consulting. Why? Because they get the job done. My business relationship with Adam has lasted 12 years. In the business world, that says something – especially for a complex company like ours.”

About Red Three Consulting, Inc.

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The reports you need from the software you already have

New York Social Services Agency Gets Complex Reports at the Push of a Button

Case Study

JBFCs

New York Social Services Agency Gets Complex Reports at the Push of a Button

As one of the nation's largest and most respected non-profit mental health and social services agencies, the Jewish Board of Family and Children's Services (JBFCS) serves over 65,000 New Yorkers annually from all religious, ethnic and economic backgrounds.

In order to effectively manage the financial affairs of its 185 community-based programs, residential facilities and day-treatment centers, the organization implemented a sophisticated enterprise financial system. Unfortunately, the consultants who installed the system didn't take into account the way JBFCS did business or its complex reporting requirements. Although the system worked according "to spec," the people using the system had a very difficult time getting the data for the reports they needed.

Enterprise financial software worked – but was very difficult to use

"The system implementation occurred before I arrived," said Howard Gerner, Assistant Controller for JBFCS. "The conversion was done to mirror an old system that the organization had been using for years – versus being set up for what the system could do for us now. Things were set up for simplicity but didn't make a lot of sense – and no one here understood how to fix the problems."

In setting up custom reports, for example, JBFCS had no way to guarantee that every account would appear only once in a given statement. This problem was due to JBFCS using manual lists. "We must have had 100 manual lists that were causing all kinds of problems," says Gerner. Because of

Organization: Jewish Board of Family and Children's Services (JBFCS)

Industry: Social Services Agency

Problem: Monthly close numbers weren't tying out due to manual lists; difficulty in getting reports out of the system.

Implementation: Move to automated lists and install Crystal Reports, a third-party add-on.

Results: Eliminated the tedious hours spent trying to reconcile reports while significantly improving the ability to get data out of the system at the push of button.

the reliance on manual lists, the organization's numbers were off each month, and it took hours of painstaking work to find and fix the problems.

“ Before hiring Red Three, we had used a larger consulting firm that was sending in a different consultant for each project, but they didn't know our business well enough to come up with optimal solutions for our needs. We now create our reports at the push of a button . ”

Red Three Consulting eliminates manual lists

Gerner heard about Red Three Consulting, a New York-based IT consulting firm, at a user group meeting where Adam Jacobson, President, was giving a presentation on automating lists. “As soon as I heard Adam talk, I knew he could help us.”

“Red Three came in and explained how to use the functionality that already existed in our system,” continues Gerner, “so moving from manual to automated lists was a painless process.” Because Red Three bridges the gap between accounting and IT, the consulting firm showed JBFCs how to ensure that every account would appear only once on each statement and that any new accounts would automatically appear as reconciling entries at the bottom of the statement.

This relatively simple fix resulted in the elimination of tedious hours spent trying to reconcile reports – and it gave management confidence in their numbers.

“Red Three really understood what we needed,” says Gerner. “Before hiring Red Three, we had used a larger consulting firm that was sending in a different consultant for each project, but they didn't know our business well enough to come up with optimal solutions for our needs. Due to the success of the manual list project, we continued to use Red Three on a recurring basis for related projects.”

JBFCs adds Crystal Reports for “push a button” reporting

As with the manual list project, Red Three showed the organization how to use the functionality inherent in the system to get the data JBFCs needed. Red Three also implemented Crystal Reports, a relatively cost-effective add-on that allows users to design reports and link to data in many third-party applications, including Excel and enterprise financial software.

“We now create our reports at the push of a button,” reports Gerner. According to Gerner, Red Three's value-add is that the consulting firm has taught the non-profit's personnel how to better use their accounting system. “The problem with enterprise consultants is that they're very inefficient. They're slow to solve problems, difficult to reach, and they don't take the time to really know your business. We'll say to Red Three, ‘How can we do this process faster so that it

doesn't involve six screens?' and they'll show us how to do it. Red Three listens to us and then trains us on how to use our system more efficiently so that we can solve problems on our own."

“ We'll say to Red Three, 'How can we do this process faster so that it doesn't involve six screens?' and they'll show us how to do it. ”

Says Red Three's Jacobson, "Our approach is to always ask questions first. We don't believe in giving our clients a technology solution if one isn't needed – i.e. install more expensive software or modify the system's underlying code. We've found that while organizations employ very smart people, these people often don't know how to use 50% of the features found in today's software – and that's no fault of their own. Enterprise software is complex and riddled with feature-bloat. If we find that we can improve a client's process through training and a few tweaks here and there – that's what we'll do. Our clients hire us for small projects and once they learn how efficient we are, they hire us for the big stuff."

Gerner agrees with this assessment. "We're required to upgrade our software every few years," he

says. "The last upgrade – before Red Three – was poorly executed. This time around, Red Three will oversee it, which will save us considerable time, money, and frustration."

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Red Three Consulting Helps NBTY Cut IT Project Times from Months to Weeks

Case Study

NBTY

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A global vertical manufacturer and distributor of vitamins, New York-based NBTY, Inc. offers over 22,000 products marketed under various brand names, including Nature's Bounty®, Vitamin World®, Osteo Bi-Flex®, Rexall®, Sundown®, Ester-C®, and Sogar® (to name a few). A \$2 billion dollar corporation with complex financial needs, including multiple companies and currencies, NBTY faced a common problem seen in many companies of its size: limited IT resources.

"The financial services department is a stand-alone department," says Dan McDonald, Director of Financial Services for NBTY. "My colleague and I consider ourselves advanced users of our enterprise accounting software but we also knew we needed help."

McDonald had used other IT consultants to help with small projects associated with its software, including a firm in Indiana and another in Chicago. According to McDonald, these firms were good at what they did; however, neither firm provided as much hands-on time as McDonald wanted and overhead was high. McDonald had also used a consultant from the company that developed NBTY's enterprise software – only to end the relationship mid-implementation. "Now that was a painful process," reports McDonald. "The consultant took months to develop just a project plan – consequently, we had nothing to show for our expense and time."

NBTY turns to Red Three Consulting for small IT project

In order to keep on top of changes to its enterprise software system McDonald and his colleague attended user

Company: NBTY, Inc.

Industry: Consumer, health products

Problem: Complicated months-end closing procedures due to having to create multiple fake companies in order to convert financial currencies into U.S. dollars.

Implementation: Shift from multiple companies using a single currency to one company with multiple currencies – and then automatically convert to Pounds and Dollars.

Results: Eliminated 20 companies from closing process – allowing NBTY to significantly reduce wasted hours – while delivering project faster than expected and under budget.

meetings – which is where they met Adam Jacobson, President of Red Three Consulting, a New York-based IT consulting firm that helps companies get the financial reports they need from the software they already own.

“ Red Three asked us what we wanted from our system – and then gave it to us. In addition, we were on a very tight time-frame and budget. Red Three delivered what we needed faster than we expected – and under budget . ”

Based on presentations Red Three gave over a period of months at the user group meetings, McDonald engaged the firm for a currency restructuring project – a relatively small consulting engagement but one that saves companies like NBTY weeks of time once it’s complete.

U.S. companies that run in multiple jurisdictions (or countries) have to translate and consolidate their financial statements each month, meaning they must convert all numbers (i.e. Euros) into U.S. dollars. In old versions of the enterprise accounting software NBTY used, finance managers would translate multiple companies to make these conversions – a tedious, time consuming process that complicated month-end closing procedures.

NBTY wanted to shift from multiple companies using a single currency to one company with multiple currencies, and the company wanted to post transactions in Euros and then have them automatically convert to Pounds and Dollars. Red Three Consulting implemented the change – and in the process, eliminated 20 companies from the close process. This saved days on the close process.

“Instead of coming in and telling us what we needed or proposing unnecessary meetings and project plans,” reports McDonald, “Red Three asked us what we wanted from our system – and then gave it to us. In addition, we were on a very tight time-frame and budget. Red Three delivered what we needed faster than we expected – and under budget.”

Red Three continued to work on small financial IT projects on an as-needed basis, including cost accounting and developing test procedures – with Red Three completing projects faster than expected and always under budget. Based on this successful work history, McDonald then recommended Red Three to Roseann Tiseo, NBTY’s HRIS Manager.

Red Three upgrades NBTY payroll software

Like Financial Systems, HR also had limited IT resources. “We needed help with testing the user-end side of new programs,” says Tiseo. “I’m a programmer myself and can do this work but just do not have time – but like Dan I was wary of hiring an outside IT firm to do this work for my department. It’s always more trouble than it’s worth.”

Instead, according to Tiseo, Red Three Consulting oversaw the upgrade of the enterprise software payroll system – a complex upgrade that required Red Three to test and validate reports as well as train users. As expected, Red Three again came in under budget and faster than expected.

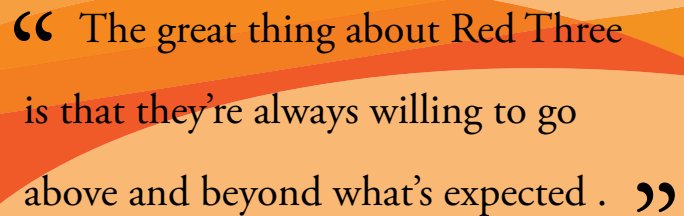
“The great thing about Red Three,” reports Tiseo, “is that they’re always willing to go above and beyond what’s expected. They know our systems so well and can overcome any challenge even if they don’t know anything about it.”

Red Three helps companies get the reports they need from the software they already have

According to Jacobson, companies running enterprise financial software initially hire Red Three for small (i.e. weeks long) projects – and then continue to use Red Three for increasingly complex (i.e. months long) projects. “Managers like Dan are understandably hesitant when it comes to hiring yet another consultant,” says Jacobson. “They want someone who speaks their language and who can give them the data they need without incurring a lot of additional expense, especially since they’ve already spent millions on the software.

“In addition, they need someone who understands accounting and finance and who can solve their reporting problems. The problem with enterprise financial software is that the reports the system spits out often don’t tie out or match – especially for companies

with international offices and multiple currencies – nor does the system work with the way the company does business. The data exists in the system but due to system complexity, no one knows how to get it.”



“ The great thing about Red Three is that they’re always willing to go above and beyond what’s expected . ”

Using various third-party tools plus years of in-depth expertise, Red Three bridges this gap between IT and financial reporting. Says McDonald, “Red Three designs financial reports based on our needs – reports that roll up data into a ‘big picture’ view or that let us drill down by cost center. They save our company time and money by making it easier to get the data we need quickly and easily.”

Sums up Jacobson, “What was satisfying about working with NBTY is that when I initially met Dan he said, ‘I hate consultants.’ Now he says, ‘I still hate consultants but you’re not a consultant.’”

Dan agrees with this assessment. “It’s true, I do hate consultants,” he says. “Consultants are motivated to come in and stay as long as possible. Red Three flips this scenario by getting the job done – which is why we’re now having Red Three install our new Accounts Receivable system. The new AR program will integrate with our legacy AR system and Red Three will work

with our in-house programmers to map it to our enterprise software. By hiring Red Three, we know the job will be done quickly, efficiently, and to our specifications.”

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