

NUCLEUS
RESEARCH

ROI: 144%
Payback: 9.6 Months

ADAPTIVE INSIGHTS CREATION TECHNOLOGIES

ANALYST
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THE BOTTOM LINE

Creation Technologies deployed Adaptive Insights to improve its financial reporting and forecasting. Moving from a legacy on-premise system has enabled Creation to increase the accuracy and consistency of its data, increasing productivity across all levels and tasks of the finance department. Additionally, Creation has been able to reduce its costs related to third-party integration and lower the cost of administrative support. The self-deployment model that Creation elected to implement also created a greater understanding of the technology and how to use the solution to meet the company's needs.

THE COMPANY

Creation Technologies provides original equipment Manufacturers (OEMs) around the world with integrated (Electronics Manufacturing Services) EMS solutions that help customers accelerate time-to-market, reduce operating costs and grow revenue.

The company is headquartered in Burnaby, British Columbia, Canada. Creation provides full service solutions across North America and worldwide, and has 11 manufacturing operations in Canada, the USA, China and Mexico.

THE CHALLENGE

Creation Technologies was using an on-premise solution of Hyperion. About 20 users in the organization had access to Hyperion, and all were within finance. The forecasting process was largely seen as a “finance” process, so there was not a lot of ownership over the budget or forecast. Hyperion had been implemented several years prior, and the IT support within the organization had left the company by the time the decision to move platforms arose. There was less and less understanding of how to use Hyperion, both from a front end and back end perspective.

**Cost : Benefit
Ratio** | **1 : 1.7**

In 2016, Creation decided to go with a cloud solution that would be updated by the provider instead of requiring in-house or outsourced maintenance. It kicked off the RFP process in May 2016.

THE STRATEGY

When considering its move to the cloud, Creation Technologies reviewed Hyperion, Adaptive Insights, Host Analytics, and Tagetik. The key decision factors for Creation were:

- The support model of Adaptive Insights. Creation was offered premium support. In addition, the sales experience led Creation to believe that Adaptive would offer it the best customer service experience going forward.
- Creation felt that the Adaptive interface was more intuitive and more polished. Additionally, the Finance VP had used Adaptive at a previous organization and was familiar with the interface, although the VP’s experience was not a key differentiator.
- The implementation model. Creation preferred a self-implementation where it could build the model from the ground up. In addition, Creation wanted to do a self-deployment so that it would have a greater understanding of the final product. Creation did not feel that this was going to be possible with the other vendors.

TYPES OF BENEFITS



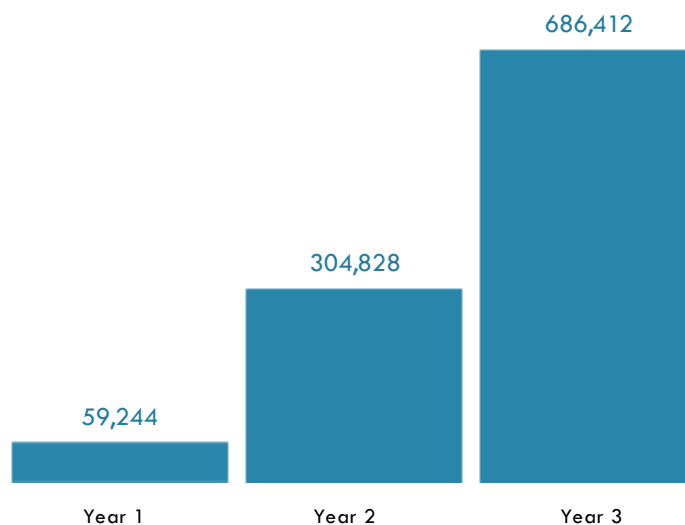
The rollout of the project was completed by October 2016.

KEY BENEFIT AREAS

Deploying Adaptive Insights to improve its financial reporting and forecasting operations enabled Creation Technologies to reduce third party support, increase productivity, and increase accuracy. Key benefits of the project included.

- Reduced third party support. Because the company was able to implement the model itself, the administrators became familiar enough with the set-up and technology that it no longer needed the third-party support that it did to support its old system, Hyperion.

CUMULATIVE NET BENEFIT



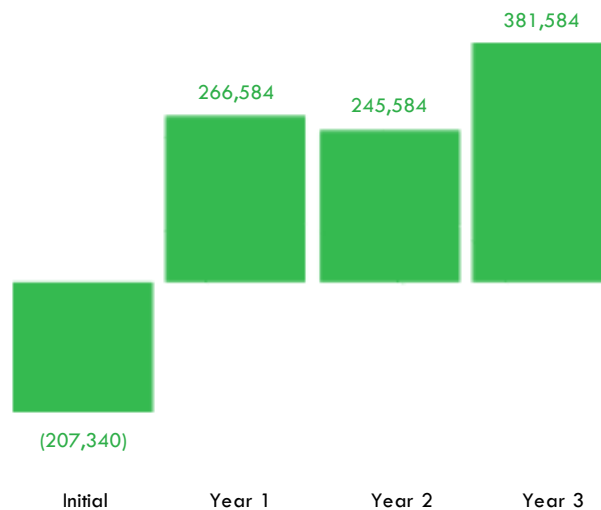
- Board driven changes. The company's board regularly asks for updates, a change in reporting format or organizational structure and different "what if" cases. Under the previous system this was a manual task that was performed in Excel. With Adaptive, it takes only two to three hours to prepare such reports, as the system does most of the heavy lifting.
- Integration savings. When Creation wishes to integrate, the company is no longer required to reach out to the system vendor and wait for the vendor's response and input. The company is now able to do these integrations with its own staff in its own time.

- Increased accuracy of reports. The company's financial reporting team was able to increase its productivity because the data being used is reliably accurate, meaning reports do not have to be redone, or numbers verified. Under the old system, reports were not always accurate due to the nature of the setup of both the system and process. Mistakes would mean that multiple days' worth of work would be wasted if there was a mistake because the process would need to start again when the data was confirmed to be accurate.

KEY COST AREAS

Costs of the project included annual software subscription fees, consulting fees for implementation, initial and ongoing personnel time to deploy and support the application, and the cost of training time.

NET CASH FLOWS



LESSONS LEARNED

Creation Technologies did a substantial amount of pre-work to map out what it wanted, including designing a new organizational structure, separate models and user-friendly interfaces for input. When the implementation process started, however, this documentation stopped, as more time and resources were put into the implementation. Because of this, the company's model is not documented anywhere. Now that the go live has happened, and employees are comfortable with the solution, the company is working out a way to document the model somewhere.

Creation's main advice to others was to keep everything as clean as possible. Initially, the company was not keen on deleting anything that was already done. To keep the system clean, the company has segregated the old data in a separate folder. Creation is also big proponent of the self-implementation, as it felt it gave the company greater control on understanding and maintaining the solution in the future.

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, initial and ongoing consulting and personnel costs, and the cost of training time to quantify Creation Technologies' total investment in Adaptive Insights.

Direct benefits quantified included the redeployment of administrative staff (based on their fully loaded annual cost), as well as a reduction in third-party support and implementation costs. Indirect benefits quantified included the increased productivity of accountants, financial planners, corporate planners, and vice presidents. These productivity savings were quantified based on the annual fully loaded cost of those employees using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

A benefit not quantified includes the fact that Creation believes that it has improved its profitability because it is now able to see further out into the future and have a better understanding of what its finances will look like. This allows Creation to take steps in the short term to address any long-term issues in profitability that may not have been visible otherwise.

FINANCIAL ANALYSIS

Annual ROI: 144%

Payback period: 0.8 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	210,500	210,500	210,500
Indirect	0	329,484	329,484	329,484
Total per period	0	539,984	539,984	539,984

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	0	0	0	0
Total per period	0	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	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	118,000	118,000	118,000	0
Hardware	0	0	0	0
Consulting	40,000	0	0	0
Personnel	45,000	155,400	176,400	158,400
Training	4,340	0	0	0
Other	0	0	0	0
Total per period	207,340	273,400	294,400	158,400

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(207,340)	266,584	245,584	381,584
Net cash flow after taxes	(114,037)	146,621	135,071	209,871
Annual ROI - direct and indirect benefits				144%
Annual ROI - direct benefits only				-15%
Net Present Value (NPV)				312,286
Payback period				0.8 years
Average Annual Cost of Ownership				311,180
3-Year IRR				120%

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