

**Pulitzer Prize-Winning Publisher Replaces  
SAP with Microsoft Dynamics AX – Cuts  
Cash Reconciliation Time by 70 Percent**

**Technical Case Study**

## Business Challenge

### Customer Profile

The Seattle Times Newspaper, a 115-year old privately held publishing company founded in 1896 by Alden J. Blethen, is a fourth- and fifth-generation family business. Its flagship newspaper, The Seattle Times, is the largest daily newspaper in Washington state and the largest Sunday newspaper in the Northwest. Well respected for its comprehensive local coverage and winner of seven Pulitzer Prizes, The Seattle Times is also recognized nationally and internationally for in-depth, quality reporting and award-winning photography and design.

Additionally, the 1,200-person company operates multiple subsidiaries, including SeattleTimes.com, NWSource.com, and Rotary Offset Press, Inc.

### Software & Services

- Microsoft Dynamics AX
- Microsoft SharePoint 2010
- SQL Server 2008 R2
- Windows Server 2008 R2
- Customization and Implementation Services - Armanino Consulting

### Benefits

- Cut Cash Reconciliation Time by 70%
- Eliminated Manual Data Entry Processes for Cash Reconciliation
- Streamlined Complex Expense Reconciliation Process with AX's Workflow for Expenses

### Modules

- Financials: GL, AR, AP, FA, Banking
- Purchasing
- Expense Management
- Auto Bank Reconciliation

Facing significant challenges due to the decline in advertising sales and classified advertising, recent statistics indicate the serious business challenges faced by newspaper publishers.

*“Two venerable dailies – the Seattle Post-Intelligencer and the Rocky Mountain News – closed their doors, each after more than a century of continuous publication.”*

*“...Nearly 15,000 newspaper layoffs in 2009 and another 6,700 in the two years since.”*

Optimistically, industry expert Paul Gillin points out that the “good news is that many publishers are beginning to figure out the economics of digital revenues.”

The Seattle Times is one of those publishers. A 115-year-old, privately-held publishing company and winner of seven Pulitzer Prizes, The Seattle Times sought to optimize profitability in an industry plagued with unprofitable business models. The company's vision was to consolidate the financial view across its organization in order to drive improvements in reporting capabilities, financial data modeling, forecasting, and dashboard reporting.

Prior to selecting Microsoft Dynamics AX, The Seattle Times used SAP for their ERP solution and Cognos for financial reporting. The rigidity of the system led to core business processes being managed in Excel and Access with complex integrations that became costly and time-consuming to maintain. The publisher was in search of an easy-to-use and state of the art technology platform flexible enough to adapt to the increasing changes in its business.

The Seattle Times interfaces to about 15 different cash receipt and banking processes for its newspaper division. With the SAP/Cognos system, it took days to complete the reconciliation, pulling manually from spreadsheets.

Cash processing is a multi-sourced subject at STC. Many different accounts exist at separate banks. The company is responsible for collecting every imaginable form of funds from coin, some foreign currency (Canadian), electronic funds, checks (ACH and Wire), credit cards and image deposits. The form of cash and method of cash receipt varies based on the source of revenue (e.g., coin for paper machines and some racks, credit cards for subscriptions, etc.) Prior to implementing Microsoft Dynamics AX, The Seattle Times utilized an in-house developed Microsoft Access database to gather all cash receipts processed in a day. The publisher then created a balancing ledger to ensure the cash balances that were used in the application and bank reconciliation process equaled the ledger entries in SAP.

Expense processing for a multitude of reporters, photographers, web designers and administrative staff was a time-consuming manual process.

## Business Improvements

The Seattle Times selected Microsoft Dynamics AX 2009 to replace the costly and complex SAP and Cognos legacy system. Microsoft Gold Certified ERP partner Armanino managed the implementation and customization in just 8 months—an enormous undertaking of disparate manual processes now all automated in a one-stop shopping experience for business systems analysts and finance professionals. The Seattle Times went live on Microsoft Dynamics AX 2009 with 20 enterprise and 250 light users on January 2, 2012.

The automation of cash management and operations had a huge impact on the business, realized within the first month after the go live.

- Working with Armanino, The Seattle Times was able to customize Dynamics AX to streamline its Cash/Bank Reconciliation processes, which resulted in cutting their reconciliation time by about 70%. Before the implementation of this solution, it took days to complete the reconciliation, pulling manually from spreadsheets, versus just hours with automated processes now.
- A customized system and interface for managing cash reconciliation was replaced by an integrated solution in Dynamics AX where cash operators can manually enter journals in bank-sub ledgers in Dynamics AX and enter or import credit card and lockbox by respective bank transaction type. These records can be submitted and viewed on an aggregated level in Dynamics AX, with direct links to the details for research, while simultaneously updating the ledger. A summarized view with totals is offered with the ability to drill-down to cash operators' journals and the ability to mass post. The aforementioned bank transaction types are also linked to bank BAI codes, which facilitates auto-bank reconciliation. The ability to do this all in Dynamics AX has streamlined and optimized cash operators' time, allowing them to focus on analysis versus data-entry, and has improved quality and efficiency of the treasury department.
- Expense processing using Dynamics AX's workflow for expenses has been consolidated from a previous conglomeration of different systems that made requisition approval very lengthy. Instead of a manual decision-making process, Dynamics AX routes the expense reports to the appropriate approvers and records each transaction to illustrate an expense's general ledger impact automatically.

The print newspaper industry has faltered due to many factors, including its business model of very slim margins and a lack of insight into cash flow trends. By streamlining the administration and finance processes at The Seattle Times, the efficiencies achieved set the company up for future success.

### **For More Information**

For more information about Armanino products and services, call (925) 790-2600 or visit the Web site at [www.amllp.com/microsoft-dynamics](http://www.amllp.com/microsoft-dynamics).