

NONPROFIT ORGANIZATIONS

# Understanding the Business Case for Cloud Financials

AN ARMANINO WHITE PAPER / CASE STUDY







**Chances are you and your staff know intuitively that you've reached the tipping point with your current financial system. Whether it's QuickBooks or some other entry-level or legacy system, your growing organization has stretched the current capabilities of your system to the limit. You're trying to make do with manual workarounds, relying more and more on spreadsheets, and compensating in many ways every day for the lack of capabilities needed to support an organization of your size.**

Building a business case for a new solution is imperative to convincing leadership and the board to invest in a new, robust financial system for your organization. Just a few short years ago, it could be difficult to show rapid benefits for new financial software, especially with the high cost of software licenses, maintenance, operating costs, hardware, and the people to support those systems.

However, the availability of extremely powerful and flexible, cloud-based financial solutions has changed

that. Nucleus Research, an independent research and advisory firm, analyzed the experiences of many companies and found that cloud-based financial applications enable organizations to achieve rapid payback and a high return on investment over time.<sup>1</sup>

This white paper can help you understand the measurable benefits of replacing your current, underperforming system with a robust, cloud-based financial solution and how to build a credible and compelling business case for making the switch.

<sup>1</sup> "The ROI of Cloud-Based Financial Applications," Nucleus Research, January 2014.

# REACHING THE LIMITS OF YOUR FINANCIAL SYSTEM

**Your nonprofit organization is growing and that's a problem. While it's a good problem to have, it does present new challenges for the entire organization. Have you dramatically increased fund-raising efforts, added staff to your finance and accounting team, diversified your funding sources, increased political activities and lobbying?**

Any and all of these signs of growth can have a considerable impact on the organizational processes of your company, particularly the back office.

When it comes to the strain of growth on existing financial systems, there can be many symptoms of outgrowing your current solution, including: longer financial close processes, no real-time insight into key performance indicators, extensive usage of spreadsheets for manual consolidation of data across locations or entities, and manual re-entry of data across disparate systems.

You've probably already started putting together a list of missing and needed functionality required to enable your organization to manage and continue its growth. That list could include capabilities such as: support for multiple entities, anytime/anywhere access to your data, integration with other business systems such as expense report tracking, customer relationship management, and more.

The problem is that while maintaining the status quo is painful, moving to a more robust financial system has its costs. It can be difficult to justify the major expense of deploying a new on-premises system that will undoubtedly cost more than your current system

when you consider the requirements for more computing power, IT oversight and management, data storage and back-up, and of course, the license and yearly maintenance fees. No wonder nearly three-fourths of companies in a recent survey by the Cloud Accounting Institute had turned to cloud-based accounting solutions or technologies.<sup>2</sup>

## Signs that you've outgrown your current financial system:

- Over-reliance on Excel spreadsheets
- Manual data re-entry between disparate systems
- Lack of controls and audit capabilities
- Manual consolidation of data from multiple locations or entities
- Longer close periods
- Lack of useful reporting and insight for management

<sup>2</sup> "Cloud Accounting Solutions Best Practices, 2014 Benchmark Study," Cloud Accounting Institute, 2014.







# CLOUDY WITH A CHANCE OF FAST RETURN ON INVESTMENT

**For growing nonprofit organizations, cloud-based financial systems offer an ideal alternative to pricey, on-premises software. You get the full functionality you need for your organization at an affordable, compelling return on investment.**

For instance, research conducted by the Cloud Accounting Institute finds that, on average, companies implementing Intacct, a cloud-based financial system, achieve a payback in less than six months from the project go-live, with greater than 200-percent annual return on investment.

Not only are cloud-based financial systems far more cost-effective, they deliver additional benefits that most on-premises software can't offer:

- Data access from anywhere, anytime, on virtually any device
- Faster, more predictable time to deployment
- Greater flexibility to support the changing needs of the organization
- Easy and near instant expansion to other locations

In analyzing the return on investment of cloud-based financial applications, an independent research firm found that companies achieved both direct and indirect benefits including: increased productivity, increased visibility, reduced or avoided IT costs, accelerated financial processes, and reduced audit costs.<sup>3</sup> With that in mind, it's time to start building the business case for your nonprofit organization.

<sup>3</sup> "The ROI of Cloud-Based Financial Applications," Nucleus Research, January 2014.

# HELPING YOU MAKE A CREDIBLE AND COMPELLING CASE

**For help in understanding how to build a business case that is credible, achievable, and persuasive, we can turn to Nucleus Research, a firm that specializes in technology research and advisory services that provide real-world insight into maximizing technology value.**

Nucleus recommends that companies use a three-step process for building the business case for implementing cloud-based financials:

- **Identify the top areas of benefit:** Focus your business case on just a few areas of benefit to your organization. For instance, you should look at improvements in processes, reduction in errors, increased data visibility, improved employee productivity, reduced operating costs, and other improvements. Then decide which two or three deliver the biggest advantages for your situation.
- **Quantify the primary costs and benefits:** When you consider costs, remember to include annual software maintenance and support fees, implementation fees, hardware purchase or upgrade, hardware maintenance, and operating fees for the infrastructure and the software. A more robust on-premises solution may also require a new data storage or back-up system.
- **Assess the financial metrics:** Using the costs and benefits from the second step, you can calculate and evaluate key metrics such as return on investment and payback.

For additional insight on creating your business case, you can use a tool such as the one created by Nucleus. The [Nucleus analysis tool](#) has been downloaded

more than 6 million times since it was first published. Based on interviews with more than 1,000 CIOs, CFOs, and sales professionals, the tool helps you calculate return on investment, total cost of ownership, payback period, and net present value to enable easy evaluation of the benefits of a technology solution.

**Nucleus Research found that, for many customers, the greatest benefit of Intacct, a cloud-based financial system, is the ability to scale and grow without a corresponding increase in staff.<sup>4</sup>**

Alternatively, you could turn to an implementation partner with experience helping nonprofit organizations similar to yours. That partner can help you determine your organization's requirements, evaluate the business case, and implement the best system for your needs. Choosing a solution partner can also help you maximum return on investment by mitigating implementation risk, speeding deployment and time-to-benefit, and ensuring that your business processes are aligned and optimized.

<sup>4</sup> Ibid



## CASE STUDY

# NONPROFIT AGENCY REDUCES FINANCIAL REPORTING FROM DAYS TO MINUTES

Established in 1993 to promote excellence in mental health services, the California Institute for Behavioral Health Solutions (CIBHS) helps health professionals, agencies, and funders improve the lives of people with mental health and substance use challenges.

To fulfill its vision, CIBHS grew steadily during the past decade to the point where its financial systems could no longer support the volume and complexity of projects and transactions. Ultimately, CIBHS chose Intacct, a cloud-based financial management and accounting software solution. Intacct was the only vendor that did not require CIBHS to break apart its chart of accounts to enabling reporting by lines of business, team, project manager, or other aspect.



### CHALLENGES

- QuickBooks could not handle the increasing volume and complexity
- Heavy use of Excel spreadsheets to track and report on as many as 200 projects
- Needed to hire five temps to help reconcile balances



### SOLUTION

- Intacct cloud-based financials, including time and expense management
- Planning, training, and deployment services provided by Armanino



### RESULTS

- Eliminated manual spreadsheets for financial reporting
- Cut time-to-close by one week
- Reduced reporting effort from three days to a matter of minutes
- Freed up more time for data analysis
- Gave the controller and project managers real-time visibility into project financials



## MAKING THE CHANGE

Making a change to your software is never easy, but at some point the cost of continuing with the status quo outweighs the costs of moving up. With cloud-based financials providing an extremely compelling and fast return on investment compared to on-premises solutions, it may just put the final nail in the coffin of your current system.

With more than two decades of experience in implementing accounting and finance solutions for growing organizations such as yours, Armanino can help you conduct the due diligence on the best replacement for your current system, develop the business case, and deploy your new system using our proven methodologies.

## ABOUT ARMANINO<sup>LLP</sup>

Armanino provides an integrated set of accounting services — audit, tax, consulting and technology solutions — to a wide range of organizations operating both in the US and globally. You can count on Armanino to think strategically, to provide the sound insights that lead to positive action. We address not just your compliance issues, but your underlying business challenges, as well — assessing opportunities, weighing risks, and exploring the practical implications of both your short- and long-term decisions.

When you work with us, we give you options that are fully aligned with your business strategy. If you need to do more with less, we will implement the technology to automate your business processes. If it's financial, we can show you proven benchmarks and best practices that can add value company-wide. If the issue is operational, we'll consult with your people about workflow efficiencies. If it's compliance, we'll ensure you meet the requirements and proactively plan to take full advantage of the changes at hand. At every stage in your company's lifecycle, we'll help you find the right balance of people, processes and technology.

## ABOUT OUR CLOUD SOLUTIONS PRACTICE

Armanino consultants provide comprehensive services to the CFO organizations of fast-growing companies, including Microsoft Dynamics Implementation, Cloud Accounting Solutions and CFO Advisory services.

The firm's Cloud Accounting Solutions practice brings leading SaaS solutions to the strategic challenges faced by CFOs. Armanino's Cloud Accounting Solutions include business intelligence, cloud financials, budgeting, forecasting and planning, governance, risk & compliance, equity management solutions and customer relationship management (CRM). This deep bench of services provided by Armanino's business leaders who have served as CFOs, controllers, and FP&A directors helps finance teams to minimize time spent on low-value accounting processes and increase time spent on strategic decision making.

Contact us to schedule an appointment and discuss your business goals:



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