

NUCLEUS
RESEARCH

ROI: 39%

Payback: 2.7 Years

PROPHIX CLOUD

ALKU

ANALYST

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THE BOTTOM LINE

ALKU is an existing Prophix user that initially deployed on-premises but implemented the Cloud version of the CPM platform in 2019. ALKU decided to undertake a cloud transition initiative and retire its legacy application to increase the connectivity of its IT ecosystem. Through its cloud adoption and integration with its existing solutions, ALKU could automate more of its financial activities and achieve substantial savings in retired legacy costs. Today, ALKU can leverage Prophix Cloud to a greater extent, driving greater efficiency across its financial consolidation and reporting activities. The cloud transformation has also simplified its IT ecosystem, reducing operational costs by \$55,000 every year.

THE COMPANY

Founded in 2007, ALKU is an American specialized staffing company. Specifically, ALKU deploys consulting resources to help companies in Enterprise Resource Planning (ERP), Life Sciences, Healthcare IT, IT Security, and Government solution verticals. Headquartered in Massachusetts, USA, the company has six other national offices and generates over \$200M in annual revenue.

THE CHALLENGE

ALKU initially implemented Prophix to digitize its financial and accounting processes to become less reliant on Excel and manual activities. The on-premises deployment was beneficial for the company as it streamlined its financial and budgeting processes and enabled new reporting and modeling capabilities. However, ALKU still lacked the flexibility and accessibility of a cloud platform. Prophix Cloud supports easier integration with ALKU's technology environment. For example, the company knew it could connect Prophix Cloud with its staffing and applicant tracking system and roll the Corporate Performance Management (CPM) platform out to more users with greater cost-efficiency than its on-premises deployment. ALKU wanted to deploy the cloud version quickly as its finance team had to aggregate data and consolidate spreadsheets from unconnected departments to generate reports.

**Cost : Benefit
Ratio**

1 : 1.1

THE STRATEGY

ALKU knew it needed to transition its CPM assets onto a cloud platform. The company was satisfied with Prophix's products, and so it decided to continue its investment with the vendor and implemented a cloud version of the solution for two primary reasons:

- **Simplify IT ecosystem.** ALKU was outsourcing the management of its IT ecosystem to a third-party IT service company. While ALKU was not responsible for the daily maintenance and support of the Prophix system, it still had to pay for the data center costs. By switching to a cloud solution, ALKU could transfer its legacy solution support and hosting costs to the vendor.
- **Flexibility.** As a cloud platform, Prophix Cloud is purpose-built to be easily integrated with other systems. ALKU knew it could integrate its CRM, HCM, and ERP solutions

to aggregate data across previously siloed departments automatically to improve the functionality of its Prophix deployment. A cloud solution is also much easier to roll out to new users and enables working from home as the platform can be accessed with just an internet connection.

TYPES OF BENEFITS



KEY BENEFIT AREAS

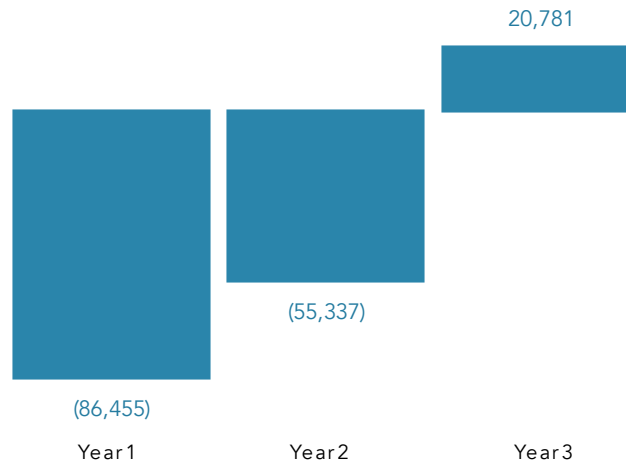
Since ALKU was already a Prophix customer, the transition to the cloud lended a lower ROI than what is a typical Prophix greenfield deployment. However, the consultant specialist was still able to achieve a payback period under three years and reaped substantial benefits in the following areas:

- **Reduced operational costs.** By transitioning from on-premises to the cloud, ALKU reduced its spending with its IT service provider. Eliminated services include the on-premises application support costs and data center hosting costs, totaling nearly \$55,000 in annual savings.
- **Increased user productivity.** Once on Prophix Cloud, ALKU integrated the CPM with other applications within its IT ecosystem, eliminating the need to consolidate spreadsheets and aggregate data from other departments. The time saved from having greater access to information propagated to other areas of the finance team. For example, ALKU leveraged Prophix to shorten its monthly close process by nearly 50 percent to a couple of weeks. Furthermore, with a cloud deployment, ALKU has been able to extend Prophix to over 50 new users to continue improving user productivity.
- **Improved organizational visibility.** Connecting previously disparate systems, Prophix has enabled ALKU to plan and budget across its entire organization. The finance team can now perform scenario planning functions and generate reports with confidence in the numbers, since a centralized CPM improves data quality by limiting exposure to human error. With end-to-end and real-time visibility, ALKU's organizational agility is further enhanced. Leadership is supported in its decision making processes since it can properly gauge financial performance down to a granular level. Pursuing growth opportunities and opening new revenue streams is now easier because the company is no longer bogged down in back-office processes.

KEY COST AREAS

The largest cost area of the ALKU deployment is the annual subscription costs for the Prophix Cloud platform and associated modules. Additional cost areas include the professional service costs for building the implementation and personnel time for employees who executed the implementation.

CUMULATIVE NET BENEFIT

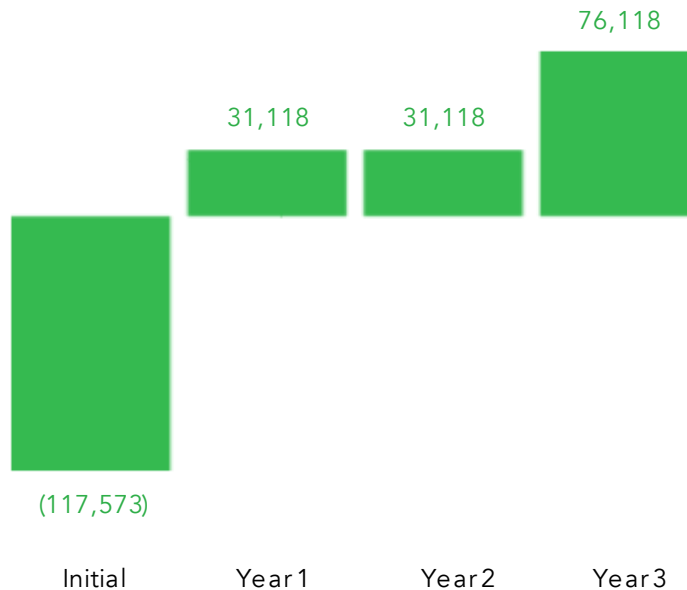


LESSONS LEARNED

ALKU first adopted CPM technology back in 2016, when it deployed Prophix to modernize its accounting and financial practices. The company also considered the products of Adaptive Insights but chose Prophix because it could be customized to match its business model and accounting structure best. ALKU began with Prophix's on-premises solution and limited its dependence on Excel and labor-intensive activities surrounding accounting and reporting. Although ALKU did benefit from its on-premises deployment, it knew it needed to adopt the cloud version to maximize the value of its Prophix investment. Now leveraging new capabilities, the company can perform reporting and financial modeling activities in a more streamlined and accurate manner.

The transition to the cloud was quick because Prophix had already been implemented before and therefore limited the amount of integration work required. Altogether, the implementation process took three and a half months. ALKU attributes its ease of implementation to the direct involvement of its FP&A manager. By having buy-in from end-users to guide workflow design and data management, ALKU avoided training costs and went live faster with fewer issues, thereby shortening its payback period and increasing the ROI.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify ALKU's total investment in Prophix's technology. Direct and indirect benefits were also quantified over the three-year period.

Direct benefits quantified include the eliminated costs of the legacy on-premises systems and the resources that were redeployed from supporting the software to other value-add work within the organization.

Indirect benefits quantified include increased employee productivity for Prophix's CPM users. Nucleus calculated the time savings benefit using the fully loaded cost per hour of employees. Time savings were multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Unquantified benefits included the improved organizational visibility that resulted from integrations between Prophix and other enterprise applications and the ability to plan and budget across newly connected departments.

FINANCIAL ANALYSIS

Annual ROI: 39%

Payback period: 2.7 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	54,653	54,653	54,653
Indirect	0	21,465	21,465	21,465
Total per period	0	76,118	76,118	76,118

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	45,000	45,000	45,000	0
Hardware	0	0	0	0
Consulting	40,000	0	0	0
Personnel	32,573	0	0	0
Training	0	0	0	0
Other	0	0	0	0
Total per period	117,573	45,000	45,000	0

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(117,573)	31,118	31,118	76,118
Net cash flow after taxes	(64,665)	17,115	17,115	41,865
Annual ROI - direct and indirect benefits				39%
Annual ROI - direct benefits only				21%
Net Present Value (NPV)				453
Payback period				2.7 years
Average Annual Cost of Ownership				69,191
3-Year IRR				7%

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