

Excerpt from Business Performance Magazine February 2007

John Zyck
Corporate Controller
Laidlaw International



Industry: Transportation
Company size: \$3.1 billion
System setup General Ledger:
JD Edwards
Budgeting, Planning &
Forecasting: Hyperion Financial

“K2Analytics expertise with Hyperion software and Data center management provides peace of mind for data back-ups, disaster recovery, server maintenance and software upgrades.”

- **John Zyck**
Corporate Controller
Laidlaw International, Inc.

BPM Magazine: What does Laidlaw International do?

John Zyck: We're in the transportation industry and serve three different markets. We own Laidlaw Education Services, which is the largest private school bus operator in North America. We own Greyhound, the largest provider of intercity bus transportation in the nation, and a subsidiary called Public Transit that provides municipal and paratransit transportation services.

BPM: How does your organization manage the performance of those three subsidiaries?

Zyck: The parent company, Laidlaw International, uses JD Edwards for our general ledger system, and from JD Edwards we load everything into Hyperion Financial Management (HFM). HFM is what we use for our budgeting and forecasting processes as well. Because we operate in a decentralized manner, we allow the subsidiaries to utilize any systems they want and right now they use systems such as JD Edwards, Oracle, and Epicor. All of these systems ultimately map into Hyperion Financial Management.

BPM: You use Hyperion Financial Management on a hosted basis, right?

Zyck: That is correct.

BPM: How did you choose a hosted solution?

Zyck: Hyperion Financial Management is a three-tier architecture system, which means you need to run multiple servers and you will have ongoing database and server maintenance, which commands a high level of MIS resources. HFM is also Web-based which makes it a logical candidate to have on a hosted basis. Once we decided to go with HFM, we realized it was going to be too taxing for the limited MIS resources that we have. When we looked at the economics of going to a hosted solution — where the service provider would provide a supported solution in a SAS 70-compliant environment

where they would deal with all the operating software patches, upgrades, maintenance, and hardware — it was pretty much a no-brainer. We were using Pinnacle Group Worldwide to help with our HFM installation, so K2Analytics.com, a sister company of Pinnacle Group Worldwide, was a logical service provider to look at.

BPM: Did you have any concerns about using a hosted solution?

Zyck: One concern was HFM knowledge of the hosting service provider. HFM is a pretty complex product, and we were most comfortable going to a service provider that knows Hyperion and, more specifically, Hyperion Financial Management. Also, we wanted a facility that was SAS 70 compliant. We're a publicly traded company, and we have to make sure that all our systems and controls are in compliance with Sarbanes-Oxley 404. We look closely to make sure all their network operating procedures are well-controlled and working as prescribed.

BPM: What benefits have you realized from using this budgeting system?

Zyck: The HFM application hosted through K2Analytics.com has improved our controls from what we had previously. Before, we had an Arbor Essbase reporting tool that didn't have automatic feeds into the system. We had a customized front end, a customized journal entry module, and customized back-end reporting. We had limited visibility into account coding and how the chart of accounts rolled up. We did have compensating controls to make sure that everything was in good shape and well-controlled but most controls were manual in nature. So with HFM, we've seen a lot of improvements.

ABOUT K2ANALYTICS

K2Analytics delivers Business Performance Management solutions that leverage the best of Industry leading Oracle | Hyperion Solutions suite of products, as a Managed Service Provider (MSP). This web-based hosted model gives companies an affordable, scalable solution for meeting financial consolidation and business analytics which, until now, only the largest companies could afford. There is no faster, easier way to get online and in touch with the reasons behind the numbers. K2Analytics is located in a state-of-the-art SaS-70 certified data center in Towson, MD.

230 Park Ave
New York, NY 10169
800-403-0795
www.pgww.com

One of them is better visibility into the subs' G/Ls. Now we can see all their chart accounts and how they roll into our Hyperion Financial Management chart of accounts. And since HFM is a Web-based tool, we have two-way views of the data. The subs can see how their data looks in our consolidated database, although they can't touch it. Plus, we can always see what the status is of the data at the sub level. We have online documentation of the subs' approval of their data through automated process management, and now we can see when the data is ready.

BPM: Have there been any unique benefits of using a hosted version of the software?

Zyck: Obviously one benefit is out-of-pocket costs. It's their hardware, their server, their infrastructure, their facility. For me to house the application myself, in a hot site for disaster recovery, it would be expensive, probably cost-prohibitive. Plus, K2Analytics.com is backing up the data, I believe, every 15 minutes. If we were to do it, we'd have nightly backups.

BPM: Is that because of IT resources?

Zyck: Yes. They have contracts with providers to do all the backups and the hot sites. It's obviously far cheaper for them to do it for 20 clients than for us just to do it for ourselves. And one of the really nice benefits is the issue of tech support. We have technical issues that pop up from time to time, and the K2 group will often actually open up the help ticket at Hyperion and get the issue resolved for us. So that's been a big help to us, the constant patches and upgrades to the software. They're picking up a lot of the load that our MIS group would have. And my MIS team does not know Hyperion, so what takes them an hour to do would have taken us probably a week.

BPM: What would you say to a company considering a hosted performance management solution?

Zyck: One of the things I've learned is that I should have brought in my consultants a little earlier in the process. We didn't start it until after I had decided to go with HFM. Clearly it's better to look at a hosted solution at the same time you're looking at software to make sure that it's designed to work well in a hosted solution. We tucked that in later on, once we realized the costs involved and the additional resources we needed internally to get to a SOX 404-compliant level. Obviously everybody should look at all the possible software solutions that are out there, but certain service providers are better with certain types of software. So make sure you find a consultant, or a hosted solution provider, that is savvy in the product that you're interested in bringing inside.

BPM: Is there any particular type, or size, of business that hosted solutions are the best fit for?

Zyck: Yes. I would say that it's not going to be revenue-dependent as much as structurally how a company is set up. If you're a decentralized operator, like we are, and you do not have a significant MIS in-house support group, I think you have to look at a hosted solution. From a controls perspective, you're never going to get things like hot-site backup, 24-hour surveilling, or 15-minute backups if you run the software yourself. There's just so much more that these guys can provide, technology-wise. They're already well up that learning curve. A lot of corporate offices don't have significant resources, so for a lot of them I think the economics will definitely add up.