

STRENGTHMATTERS®

**REIMAGINING
REINVENTING
REBALANCING**

2021 Financial Management Conference

Successfully Navigating Accounting Software System Change

Eric Chatman, Housing Partnership Network
Mark Brown, CohnReznick

October 26, 2021

Questions

- All participant lines are muted.
- Please use the **Raise Hand** feature if you would like to speak.
 - Raise hand feature is located in the Participant panel.
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 - Links to the evaluations are emailed to all registrants.
- For more information on CPE credits, contact Lindsay Wells at consult.lwells@gmail.com.



BIO



Mark Brown

Principal, Analytics, Data and Digital Transformation Practice Leader

Mark Brown is the Analytics, Data and Digital Transformation leader for CohnReznick. He leads a global team on business acquisitions, data analytics, IT strategy, change management, risk management, technology, and business transformation.

Prior to joining CohnReznick, Mark was Vice President, Shared Services; Chief Information Officer; and Executive Committee member at Starwood Retail Partners in Chicago. There, he was responsible for the ongoing design, development and customization of Starwood Retail Partners' robust technology infrastructure, supporting the growth of the company. He built and led a Shared Services group including Lease Administration, Tenant Coordination, Legal, Purchasing and Office Services. Additionally, he played a key role in promoting corporate efficiency and effectiveness through innovative and effective business processes and procedures.

Before Starwood, Mark served as Chief Information Officer and member of the Executive Committee for General Growth Properties. His earlier career includes executive roles at Urban Retail Properties and Simon Property Group, as well as substantial consulting experience in the Commercial Real Estate Industry.

Education

- University of Indianapolis: Master of Business Administration
- Indiana University: Bachelor of Science, General Studies, Technical Communications



WHY DO WE NEED A NEW ACCOUNTING APPLICATION

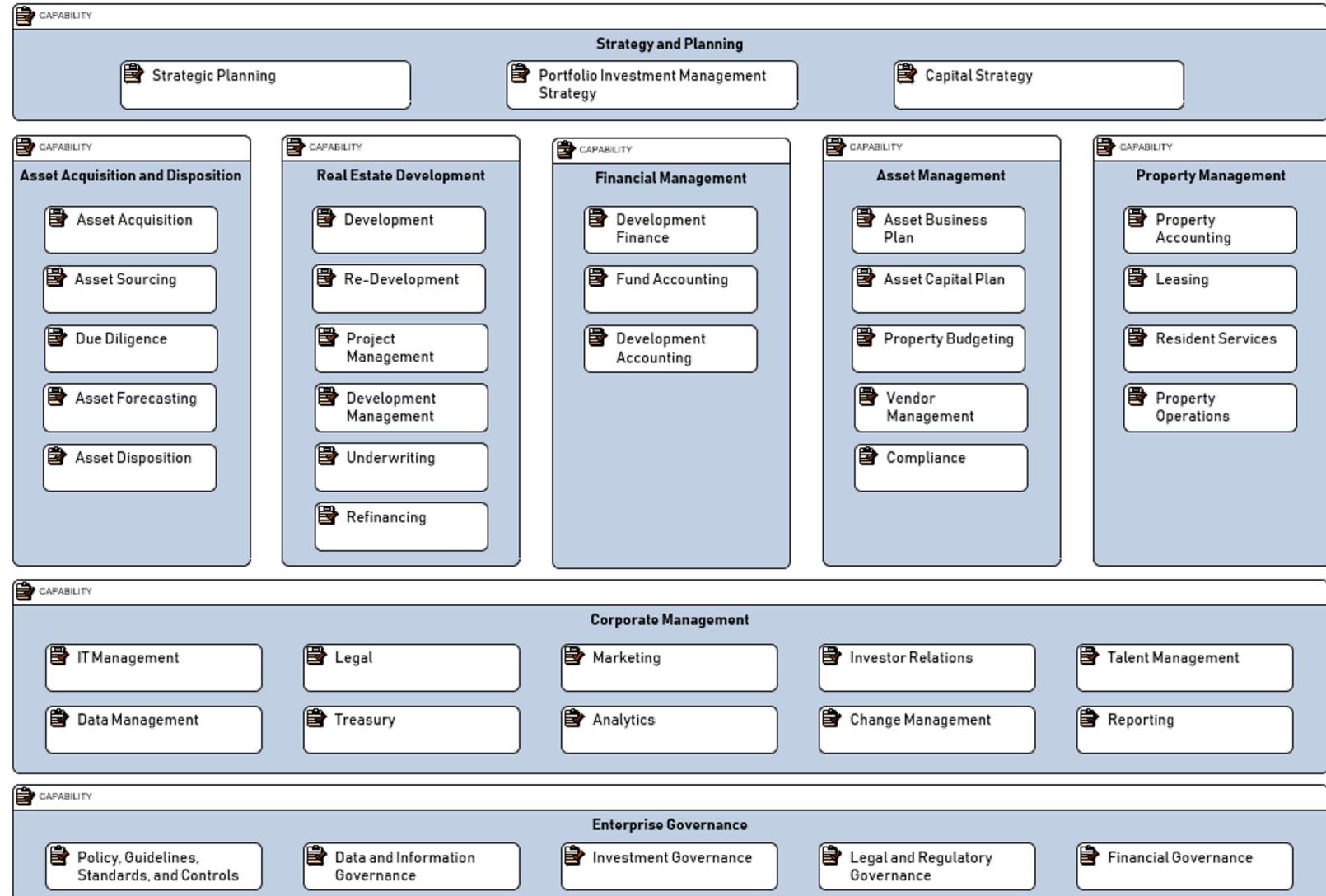
- It's a business optimization opportunity!
- Aging, Inadequate Application
 - Inefficient interface
 - Lack of functionality
 - Poor integration
- Inadequate System Implementation or Support
 - Initial implementation was limited
 - Application has not been kept current
 - Failure to reflect business changes in application
- Process Inefficiency
 - Inadequate definition of processes
 - Manual work-arounds to avoid or augment the system
 - Manual reports
- All leading to
 - Lack of timeliness
 - Inaccuracy
 - Poor management information



NEEDS ASSESSMENT CAPABILITY MODEL

A **capability model** describes the complete set of **capabilities** an organization requires to execute its business **model** or fulfill its mission.

This model represents our view of typical affordable housing owner/operator capabilities.





SYSTEM SELECTION

- **Identify needs**
 - What do we want to automate now? As we grow?
 - Domains (Accounting, Finance, Leasing, Operations, etc...)
 - Workflows
 - Reporting
 - Technical environment
 - Internal IT team?
 - Other apps (integration)
 - Cost
- **Identify potential vendors that**
 - Provide robust capabilities in the desired automation domains
 - Can provide the appropriate implementation and go forward support
 - Has a robust enhancement plan
- **Develop and send RFP**
- **Hold initial demos**
- **Reduce to 2 or 3 candidates**
- **Develop detailed use cases for scripted 2nd demos**
- **Hold detailed demos**
- **Evaluate and select application(s)**



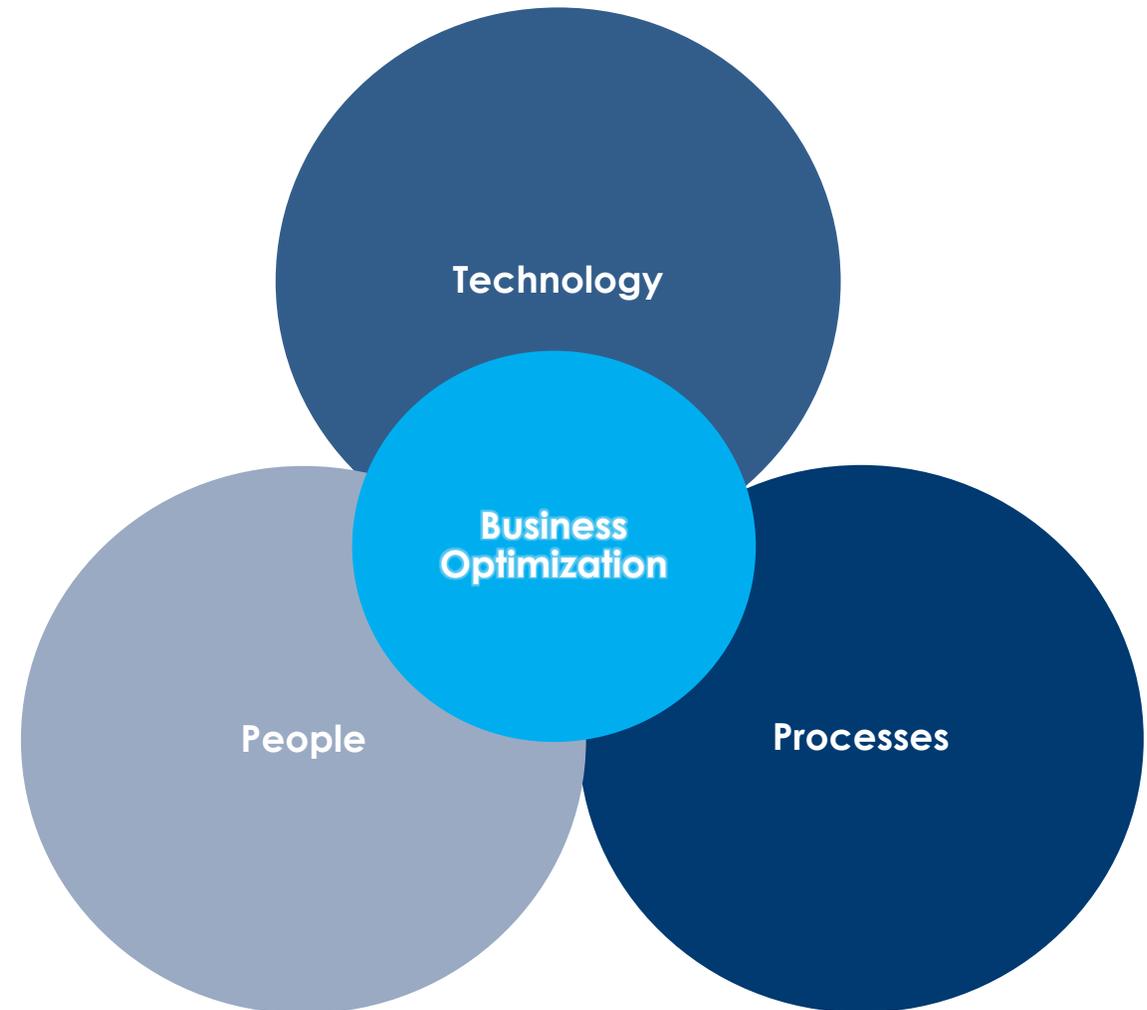
OPTIMIZATION PPT METHODOLOGY – PEOPLE, PROCESS AND TECHNOLOGY

As standalone components, people, process and technology are necessary for organizational transformation and management. To achieve organizational efficiency, you need to balance the three and maintain good relationships among them.

As a term, *people, process and technology (PPT)* refers to the methodology in which the balance of people, process and technology drives action:

People perform a specific type of work for an organization using processes and, often, technology. Process helps people do better work, defines and standardizes work and, in turn, accelerates growth.

Applying this methodology and maintaining a good relationship among these components will help VOANS achieve harmony within its organization, optimize growth capabilities and mitigate business risks.





OPTIMIZATION

- **Systems exist only to support our business outcomes!**
 - Process focused
 - People, process and technology must be simultaneously optimized
 - Integrated enterprise business processes
 - Outcome focused
 - Defined
 - Monitored
 - Measured
 - Information is king
 - Customized delivery of canned reports
 - Democratized data
 - Analytic capability



CHANGE MANAGEMENT

- The technology is the easy part
 - Develop good governance
 - Detailed planning
 - Strong engagement from leadership
 - Well defined roles
 - Involve stakeholders
 - All **affected** groups
 - Establish value, achieve buy-in
 - Maintain engagement at all levels
 - Measure
 - Continuously measure project progress
 - Communicate
 - Use multiple communication means (Intranet, face-to-face, email, etc...)
 - Encourage 2-way communication
 - Respond to questions and concerns
 - Rinse and repeat
 - This is a journey, not a destination
 - Re-work will be necessary
 - New opportunities will arise



Financial and Accounting System Selection and Implementation

Strength Matters Conference
October 24, 2021

Significant risks associated with large IT projects

- **Most IT Projects Are Not Successful**
 - 25% of technology projects fail outright
 - 20-25% don't show any return on investment
 - As much as 50% need massive reworking by the time they're finished.
- **54% of IT project failures can be attributed to poor management — while only 3% are due to technological problems**

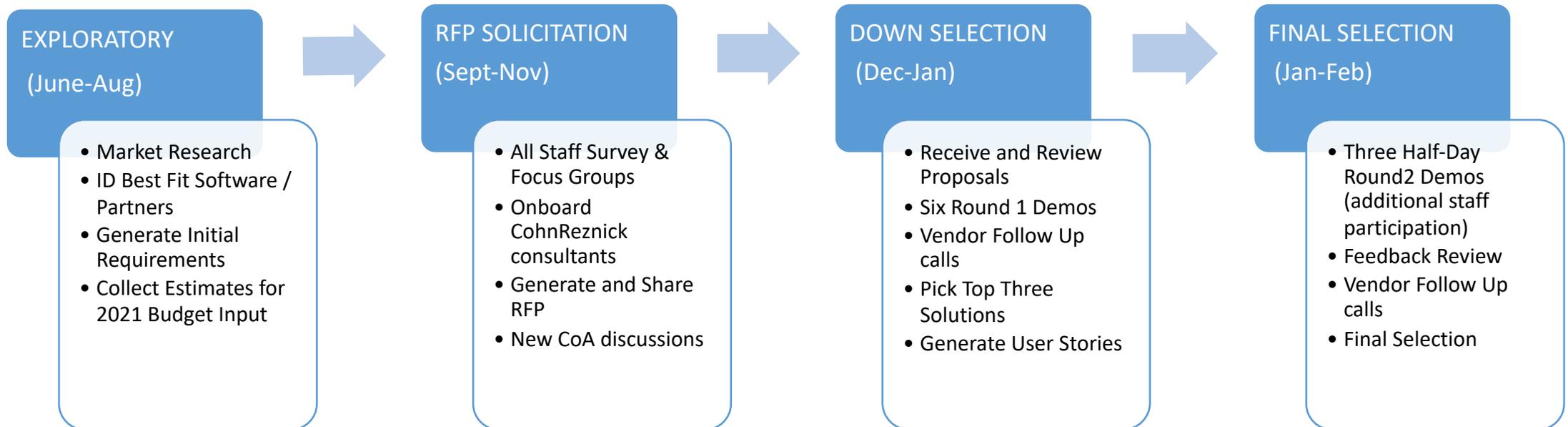
Finance Project Plan to Actively Manage Risks

Top Reasons Why Tech Projects Fail *	HPN Risk Response
Lack of Leadership, Visibility & Accountability	ETeam sponsor; eTeam and Board kept in loop, key staff identified to support project.
Insufficient Communication	Project plan included stakeholder involvement with frequent status updates. Change Management plan will ensure staff is aware of overall timing, forthcoming changes, training requirements.
Solving the Wrong problem; Poorly Defined (or no defined) Outcomes	Six+ months of detailed needs assessment undertaken with wide variety of HPN staff to identify needs / flag pain points. Key Outcomes Identified – reduction in Closing Time, improving Expense Reporting Process, Reporting and Budgeting, implementing system integrations for greater efficiencies
Lack of User Testing, or Failure to Address Feedback	Detailed User Acceptance Testing (UAT) will be included in SOW; active listening will be part of finalizing configuration.
Trying to Adapt Standard Software to Business Processes Instead of the Other Way Around	Selected implementation partner will suggest best configurations/customizations of platform to meet HPN business needs. HPN to adjust processes with overarching goal of improving efficiencies/user experiences.
No Plan or Timeline, Especially with regards to Resource Allocation	Detailed project plan included in the SOW. Need to make sure resource availability matches implementation need.

* [Forbes](#), [Ref 1](#), [Ref2](#)

New Finance Platform Selection Process

- **Core Team**
 - ETeam (sponsor), VP, Operations, Controller, Senior Accountant (subject matter expert), VP FP&A (subject matter expert), Senior Accountant, Project Manager
 - Additional HPN staff brought in at various points for input and feedback
- **Four Discovery Phases to Full Vet Available Industry Solutions / Implementation Partners (2020 - 2021)**



Poll 1

Have you changed accounting systems in the past 3 years; or will you be in the next 2 years

- a. Yes
- b. No
- c. I don't know

Phase 1 - Exploratory: Market Research Identified Nine Suitable Systems Based on Fit, Reviews and Cost

System	Software Advice GL	Trust Radius	PCMag	SelectHub	Garnter	Est 10 People Annual Cost
AccountMate	Yes		4 / 5			
Accufund	Yes					
Acumatica			4.5/5	Yes		
Adaptive Insights						
Aplos	Yes					
Blackbaud	Yes					
Budgyt	Yes					
Cougar Mountain Denali Summit (Fund)			4 / 5			
FinancialForce	Yes			Yes	Yes	
FINSYNC	Yes					
Infor (CloudSuite)				Yes		
Microsoft Dynamics GP		Yes	3.5 / 5	Yes	Yes	
MIP Fund (Abila cloud)	Yes					
Multiview	Yes					
Open Systems Traverse			4 / 5	Yes		
Oracle NetSuite OneWorld	Yes	Yes	4.5 / 5	Yes	Yes	
Oracle ERP	Yes			Yes	Yes	
QuickBooks Desktop Enterprise		Yes	3.5 / 5			
Sage Intaact	Yes	Yes	3.5 / 5	Yes	Yes	
SAP Business One Professional			4 / 5	Yes	Yes	
Wave		Yes				
Workday	-	-	-	-	Yes	
Xero		Yes				

Functional Requirement List Shared with Vendors (& Implementation Partners); Estimates Received for '21 Budget

- **5 Cost Estimates Provided**

- Oracle Netsuite
- Acumatica
- Oracle ERP
- SAP ByDesign
- Sage Intacct

- **2 Found to be Poor Fit**

- MIP Fund (Abila cloud)
- Microsoft Dynamics 365

- **2 No Bids**

- FinancialForce
- Workday

Software	Annual Licensing Fee		Implementation Cost		1st Year Cost	
	Low	High	Low	High *	Low	High
Oracle Netsuite (Mibar)						
Oracle Netsuite (Sikich)						
Acumatica (Mibar)						
Oracle ERP (3 Vendors)						
SAP ByDesign (Phoenix)						
Sage Intacct (JMT)						
Average	\$53K	\$57K	\$145K	\$174K	\$198K	\$229K

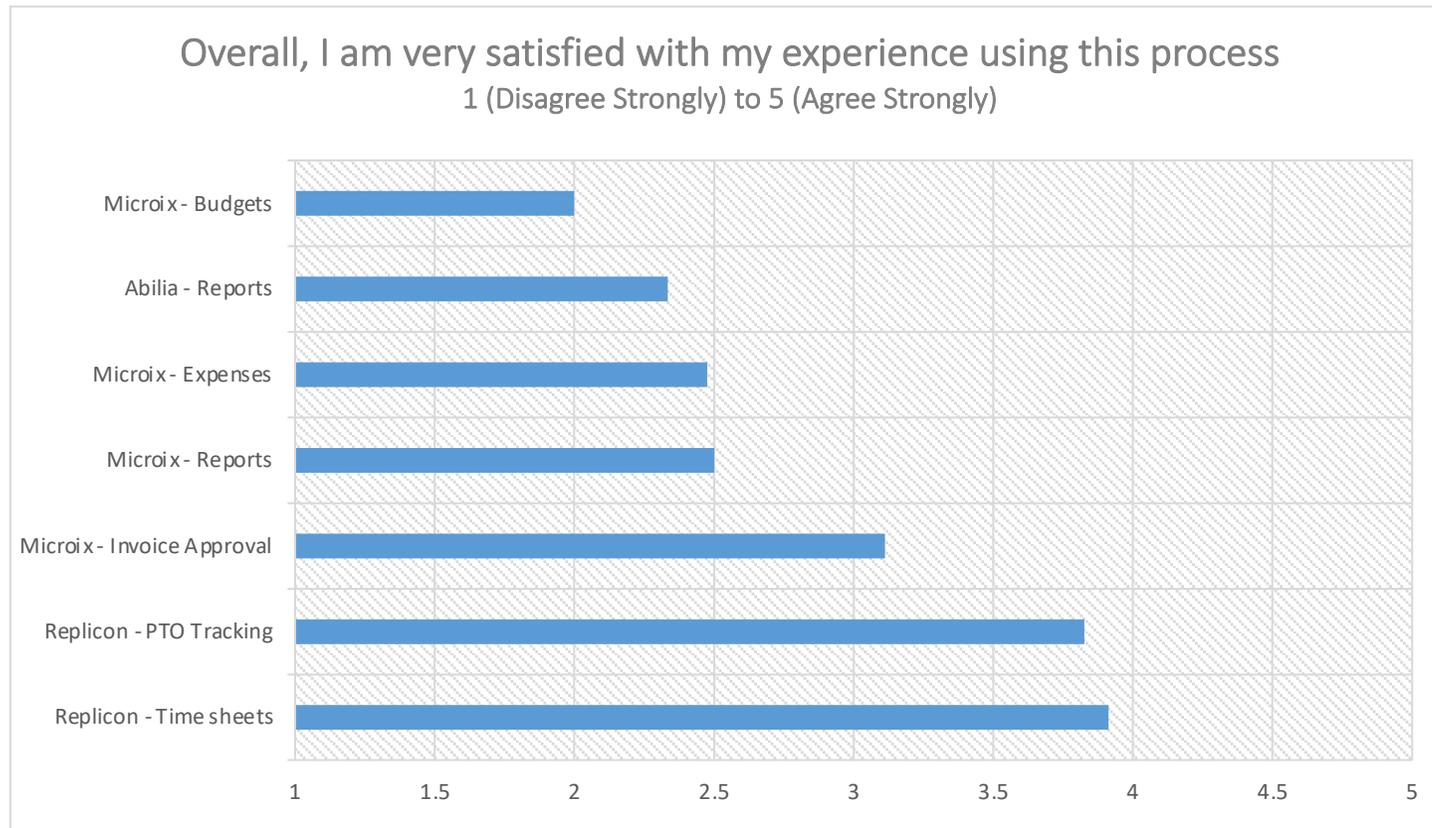
* not included, outlier

- **Average 1st Year Cost (Implementation + Licensing Fees) Ranged from \$175K to \$230K**

Phase 2 - RFP: All Staff Survey & Focus Group Meetings to Capture Functional and Business Line Needs

Functionality/Business Line	Attendees	Date
HR, Payroll, Time Reporting	VP HR, VP IS	9/24/2020
Loan Processing	Director Lending, VP Lending	9/25/2020
IT	VP Knowledge Management, VP IS	9/28/2020
Budget	VP HR, VP Peer Exchange, VP IS, VP Lending	9/29/2020
Expense	Admin, VP Progrma, VP Policy	9/29/2020
Membership	VP Peer Exchange, Admins	9/30/2020
Fundraising	VP Fundraising	10/5/2020
HPN Select	VP Programs.	10/20/2020
General Finance	All Finance	multiple
eTeam	Entire ETeam	10/23/2020

Key Takeaways From All Staff Survey on Current Financial Processes & Systems



- Most people are generally unhappy with Microix. Find it complicated and difficult to use, hard to attach receipts and do expenses, and lacking useful reporting/budgeting features.
- People hope to have a clearer AP/approval process for payment of invoices and better reporting for budgeting and for tracking their time and expenses.
- There's some desire to have integration with Salesforce.
- People are pleased with Replicon for time tracking and its ease of use.

CohnReznick Engaged – Specialized Expertise

- **CohnReznick Assistance**
 - Review HPN Focus Group Feedback and Financial Process Flows
 - Provide Suggestions, Share RFP and Feedback Examples
 - Participate in redesigned Chart of Accounts and Data Migration discovery calls
 - Assist with User Story Generation
 - Join 2nd Round Vendor Reviews
- **RFP and Scoring Methodology Developed**
 - Company Overview & User Matrix
 - DEI information
 - RFP Process & Selection Schedule
 - Current State Environment (technology & processes) and Desired Future State
 - Solution Requirements (106 categorized and prioritized items)
 - HPN Current Account Production Calendar
- **RFP Sent and Responses Received from Six Implementation Partners (representing four software platforms)**
 - Six Overview Demos Scheduled

Phase 3 – Down Select: Scorecards Used to Capture Detailed Feedback on RFP Responses and Round 1 Demos



VENDOR Demonstration
Reviewer:
Date:
Session: N/A - Round 1 impression

Scoring:
 1 = Not Satisfied
 2 = Less than Somewhat Satisfied
 3 = Somewhat Satisfied
 4 = More than Somewhat Satisfied
 5 = Completely Satisfied



VENDOR:
Date:

Reviewer _____

Scoring:
 0= N/A, Requirement not addressed
 1 = Requirement not met
 2 = Requirement less than partially met
 3 = Requirement partially met
 4 = Requirement more than partially met
 5 = Requirement completely met

TOTAL	0
Weighted Total	0

Criterion	Overall RFP
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Requirement	Solution	Rating Score	Comments
Company Overview	General		
	References		
	Diversity		
	Roadmap/Long Term Partnership		
Implementation Strategy	Approach/Timeline Viability		
	Data Migration		
	User Acceptance Testing		
	Training/Support		
	Change Management		

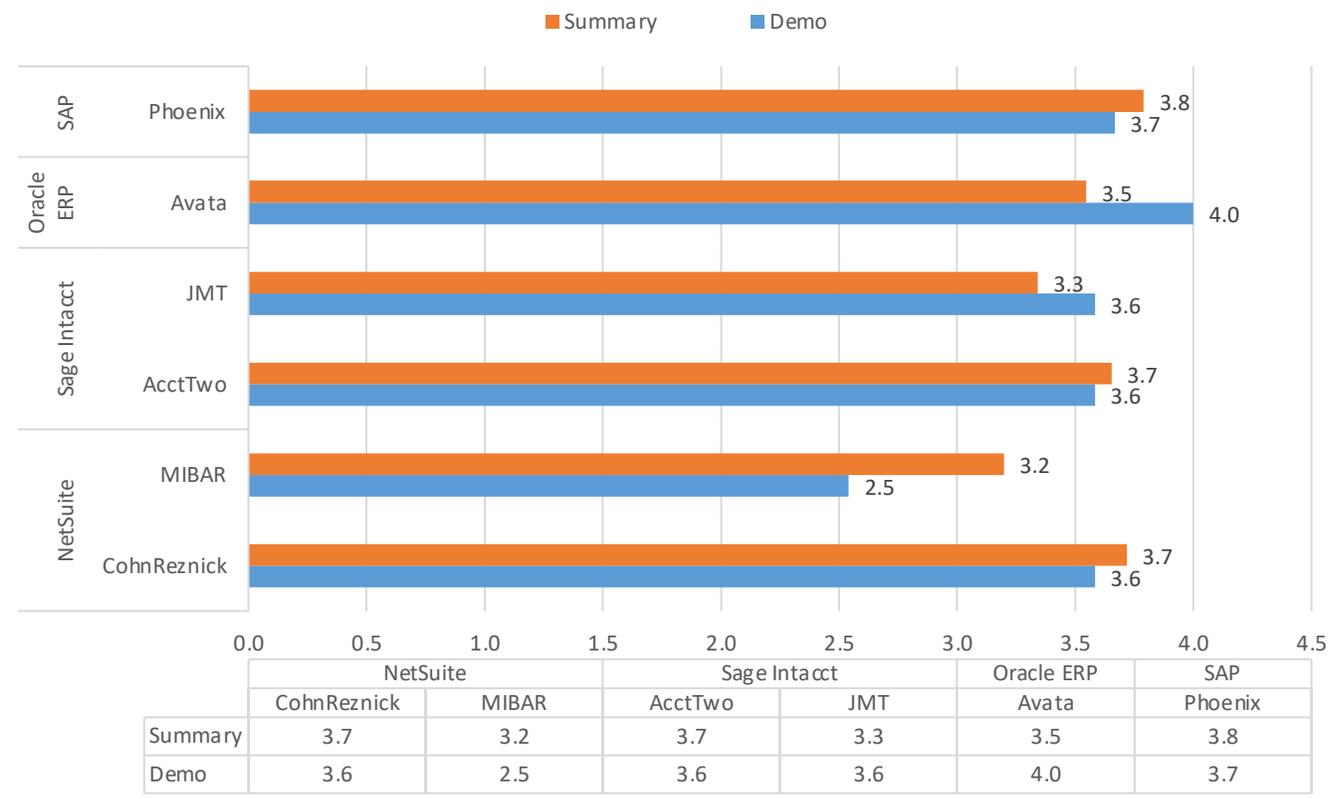
CATEGORY	#	REQUIREMENT	HPN RANKING	Included in Demo (Y/N)	Raw Score	Weighted Score
					0	0
					Rating Score	COMMENTS
GENERAL	G1	The system must be stable, secure and accessible and support business processes, service delivery, and transparency.	1 - Must have			
GENERAL	G2	Manage and maintain forty-five cash accounts.	1 - Must have	Y		
GENERAL	G3	Integration with Salesforce to automate customer creation/maintenance as well as allow external tracking of customer history.	3 - Could have			
GENERAL	G4	Data should be exportable via API or other means to be ingested into our SQL Server data warehouse (Full data access and ownership, with ability to extract all data from system).	1 - Must have			
GENERAL	G5	Web/Cloud Based user interface (responsive design that supports Firefox, Google Chrome and Microsoft Edge browsers and can be accessed on mobile devices). Note: If there are limitations on what types or brands of device please specify.	1 - Must have			
GENERAL	G6	Must have at least SOC2 certification	1 - Must have			
GENERAL	G7	SSO integration with Okta.	2 - Should have			
GENERAL	G8	Intuitive interface and an easy learning curve to facilitate rapid adoption and minimize the need for external, on-going training services.	1 - Must have			
GENERAL	G9	Ability to set roles and permissions in order to Prevent general users from making any system configuration, or system level date / time parameter changes.	1 - Must Have	Y		

Poll #2

What systems did you consider?

- a. Yardi
- b. MRI
- c. RealPage
- d. Appfolio
- e. Sage Intacct
- f. NetSuite
- g. Other

Cost and Best Fit Drove Selection of Final Round Partners



Partner	System	Initial RFP Response 5 Yr Cost
Phoenix	SAP ByDesign	
Avata	Oracle ERP	
JMT	Sage Intacct	
AcctTwo	Intacct	
MIBAR	NetSuite	
CohnReznick	NetSuite	

Scoring:
 1 = Not Satisfied
 2 = Less than Somewhat Satisfied
 3 = Somewhat Satisfied
 4 = More than Somewhat Satisfied
 5 = Completely Satisfied

Phase 4 – Final Selection: Vendors Demonstrate HPN User Stories

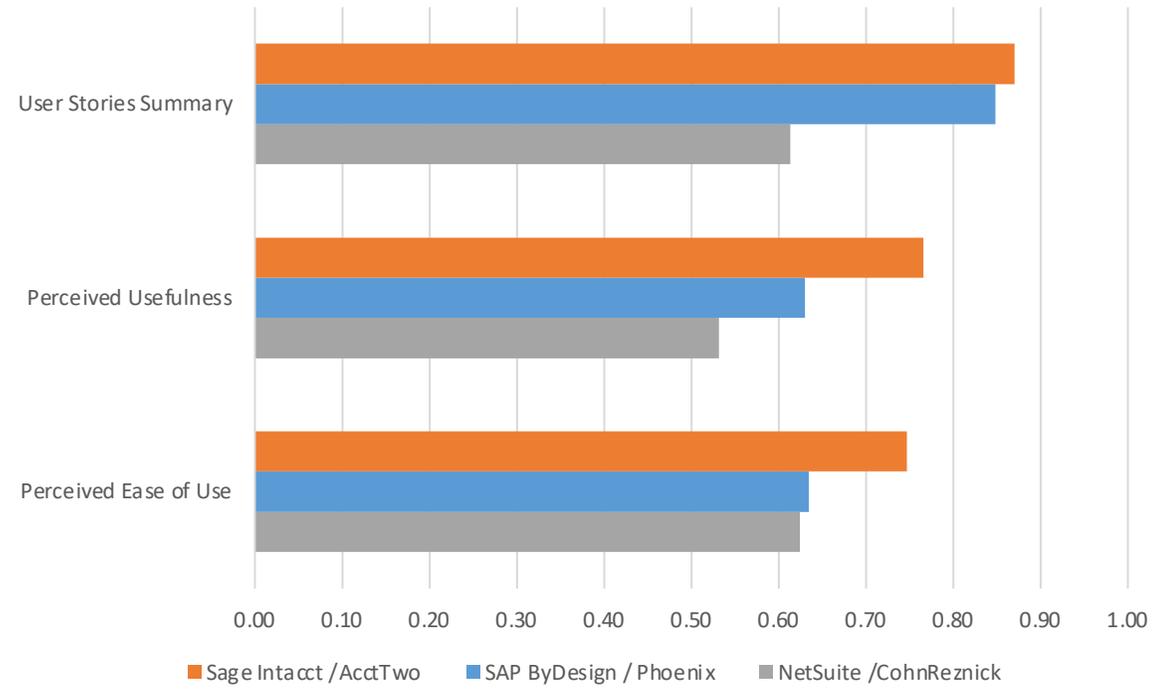
- **19 User Stories Generated - Vendors to Show Functionality Compliance During Four Hour Round 2 Session**
- **User Stories Focus Areas:**
 - General Functionality (Chart of accounts, journal entries, bank reconciliations, etc.)
 - Budgeting & Forecasting
 - Allocation Process
 - Expense Reporting/Submission and Approvals
 - Grant Tracking/Reporting
 - Financial and Ad-hoc Reporting
 - Time submission and tracking
- **Additional Staff Involved in Round 2 Demos:**
 - VP's of Lending, VP Program, and IS and Director FP& A and Staff Accountant

User Story Example

As a Staff member, I want to easily create and submit expenses for reimbursement so that I can clearly code and attach appropriate backups/receipts for reimbursement.

Round 2 Demo Staff Survey Results and Updated Costs

Average Score By Major Category (not including PO and Budget ratings)



Partner	System	Implementation	Data Migration	Total Implementation Cost	Annual License Fee	5 Year Cost
AcctTwo	Intacct					
Phoenix	SAP					
CohnReznick*	NetSuite					

User Stories	Perceptions	Weight
Requirement completely met	Extremely likely	1.00
Requirement more than partially met	Very likely	0.75
Requirement partially met	Somewhat likely	0.50
Requirement less than partially met	Not so likely	0.25
Requirement not met	Not at all likely	0.00

Final Selection Decision Matrix

	AcctTwo/Intacct	Pheonix/SAP	CohnRez/NetSuite
Ease of Use/Complexity	High	Med-High	High
Functionality	Med-High	High	Med-High
Implementation Plan	High	High	High
Data Migration	High	Med-High	Med-High*
Long Term Partnership (recommendations/experience)	High*	Med-High	Med-High
Responsiveness	High	Med-High	Low
Round Robin Staff Feedback - 1st Choice	High	Low	Med-Low
Cost	High	Med-High	Med-Low

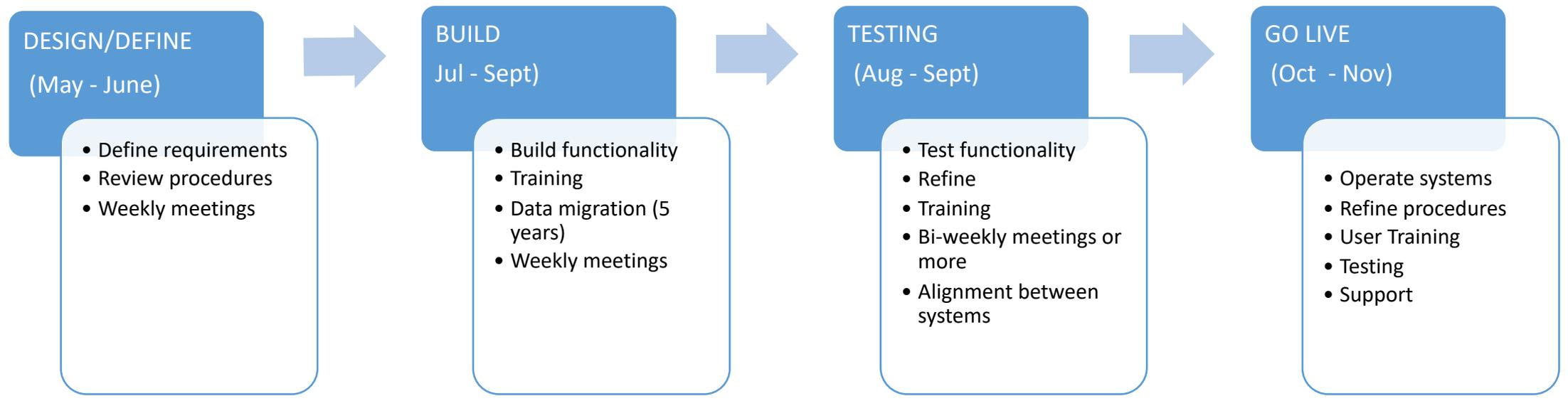
Selected Sage Intacct to be integrated with Nexonia (time keeping and expense reporting) and Adaptive Planning (Budget and Planning)

AcctTwo implementation partner

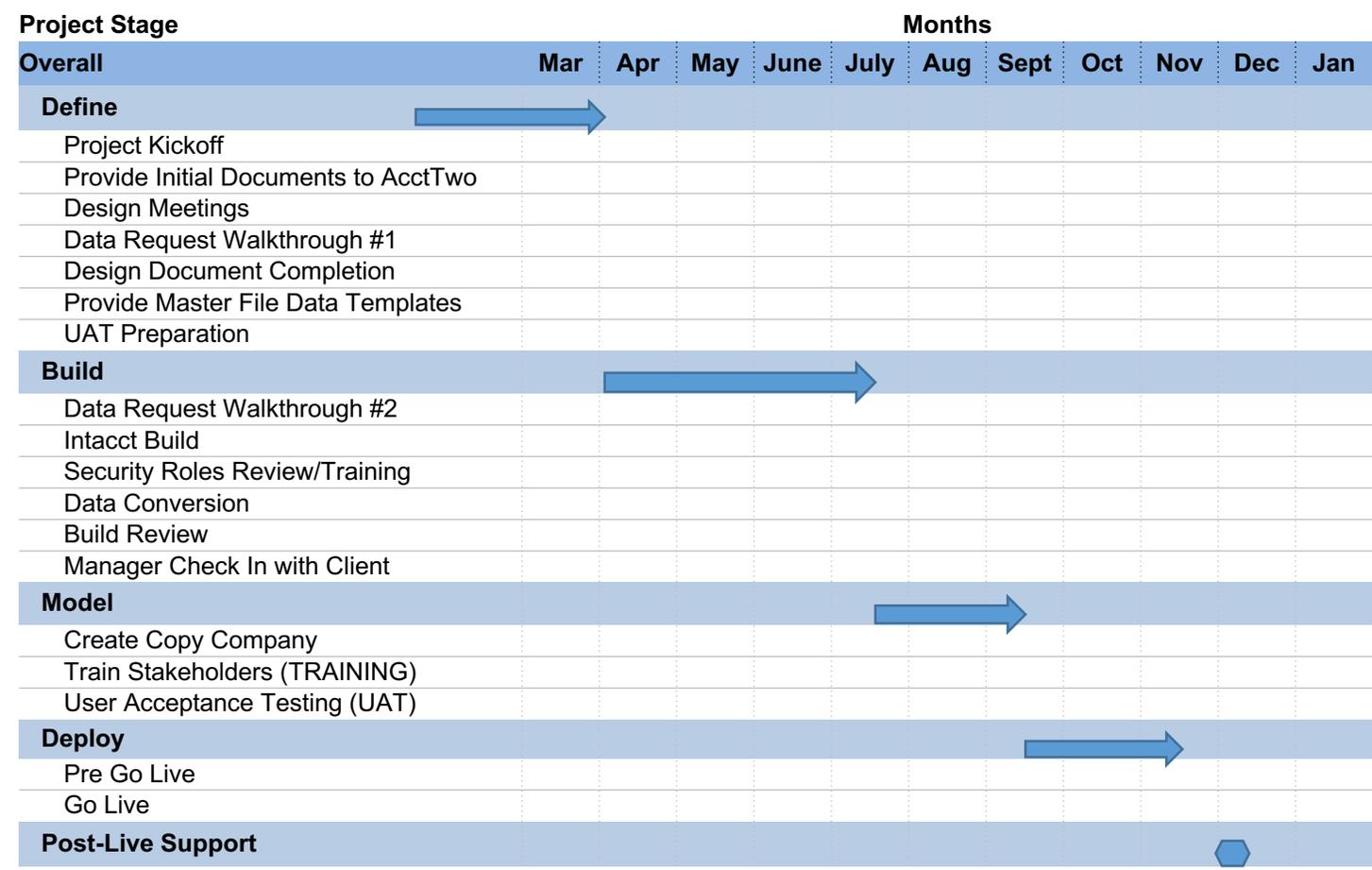
Implementation Phase (2021)

Aggressive time line to meet budget preparation deadlines, allow for cutover prior to year end, and avoid heavy accounting periods (e.g. annual audit)

Key steps in implementation overlap (e.g., some training and testing occurring later in process to match accounting cycle)



High Level Project Plan



Key Steps

- Design phase
- Data migration
- Build Review
- User Acceptance Testing
- Training

Process/Functionality	Current State	Future State
Closing Time	20 days	10-15 days
Chart of Accounts	Limited, One-dimensional	New flexible multi-dimensional structure for ease of reporting
Financial Reporting (Drill Point)	Not User Friendly, Separate Reporting Platform, Limited integration	In System, Customized Dashboards for Users, Flexibility
Budgeting (Microix)	Not User Friendly, Limited Functionality (especially forecasting)	Ease of Use, High level of integration with GL
Expense Reporting (Microix)	Not user friendly, no mobile capability	Ease of Use, Mobile, Fully Integrated with GL
Users	Largely limited to Finance Staff	All Staff with Multiple Roles
Bank/Credit Card Reconciliation	Manual downloads, Excel Sheet upload	In System Integration points
Purchase Orders	Not in Use	In System
Admin Allocation Fees	Excel Sheet calculations/upload	In System
Grants	Excel Sheet calculations/upload	In System
Payroll / Time Reporting	Excel Sheet – reconciliation between Replicon/ADP/Abila	In System Time Tracking, High level Integration

Poll #3

What have been the most important benefits of your system change or what benefits are you seeking?

- a. Increased efficiency
- b. Better access to information and reporting
- c. Automation of manual processes
- d. Integration with other software applications
- e. Replacing an inadequate accounting system

Key Challenges

- 3 key team members resigned in the last six months
- AcctTwo project manager change
- Low take up on some user testing
- Parallel implementation with budget system has been challenging
- Change Management / Staff strain (especially during the pandemic)

CPE Feedback Poll

- If you are seeking CPEs, please complete this brief feedback poll.
- Note: All registrants will receive links to the conference evaluations via email.
 - Please complete the conference evaluations to request CPE credit and to provide qualitative feedback.