

Financial Times

US schools group learns about information management

By Danny Bradbury

Nov 21, 2007

In a highly connected world, the impression given is that most companies have a detailed, real-time view of what is happening in their business.

But this is not always the case. Sometimes, disparate legacy systems, a lack of uniform data entry, and underinvestment in IT infrastructure can blind a company to what is really going on.

One organisation that found itself in this situation was Nobel Learning Communities (NLC), a private network of 150 schools in the US. From its headquarters in Westchester, Pennsylvania, it manages schools across 13 states.

Four years ago, the company "had got itself into cash flow problems," recalls Tom Frank, its chief financial officer who came to NLC from a retail background.

With the CEO, he had to stabilise the business, consolidate the assets, and find a way to gain visibility and control quickly. "In the process of doing that, we had all the challenges that you might expect resulting from a lack of investment in IT infrastructure."

The company was using an accounting system by Accpac for general ledger and accounts payable at head office, Mr Frank says. The data came from a disorganised system that needed modernising.

Each school was using a software application that was never designed to scale to the company's expanded size. "If you own three pre-schools, it might be a valid solution," he says, "but if you are a public organisation with 150 schools that don't integrate together, it's not appropriate."

Lack of integration between the schools and head office created management and reporting problems. For example, local fees to be charged by each school were calculated centrally and then sent to the schools, but head office had no way of controlling the implementation of that pricing.

Similarly, schools logged information using their own methods, and the simple dial-up network - used purely for e-mail access - was not used to send data back to head office. "Data from the schools was simply a back-up diskette with a handful of reports stuffed into an envelope," says Scott Witmoyer, VP of IT for the company.

NLC knew it needed to modernise. "We discussed a more traditional ERP system [built on the premises] instead of a hosted solution [services delivered from outside by a provider]," recalls Mr Witmoyer, "but there was already a lack of investment in infrastructure within the organisation, so it made sense for us to look at a hosted model." This eliminated the need to rebuild hardware, for example. "It could easily have cost us three or four times if not more," explains Mr Frank.

In September 2004, the company decided on NetSuite, a vendor providing an integrated set of software applications accessed via the internet to manage accounting, customer relationship management, and enterprise resource planning.

NLC began working on moving its general ledger and accounts payable systems across to the hosted environment, completing this by January 2005. It also worked out what the software interface needed to look like within the schools. "We needed to enter basic information about students and their families, and be able to bill them," says Mr Frank.

However, the company took a risk-averse approach to this implementation, waiting until the busiest part of the school year had finished. Financial systems are placed under considerable strain as students sign up during the summer months. Consequently, the implementation of the schools interface began in September 2005, and finished in February last year.

Part of this process was standardisation. Most schools offer similar services, but they may document items in various ways and standardising them took time. Without standardising, "we would have ended up with a list of 20,000 items, 5,000 of which represented the same thing," Mr Witmoyer explains.

The company also had to train local administrators to enter information into the system in a uniform way. Schools are not a traditional business environment.

It was in this area that NetSuite could use some work, Mr Witmoyer argues. "There are still a couple of things that may be too rigid. Our front-line folks are principals within schools - they are people that have been put in place because they know our industry and they are not accountants." But the system can end up making them think financially, he adds.

In addition, while NetSuite is designed to be highly customisable, tailoring it to suit the nuanced requirements of the education sector can be difficult. For example, for 10 months of the year, the business is similar.

"If you have a student who is here this month in the third grade, then they are there the next," he says. But, come the summer, and the child changes

programmes almost weekly. As a result, you have a different type of transaction and a higher rate of change in transactions, and I don't know that the system is configured to be as efficient as possible when you have a high volume of transactions that are not highly repetitive."

Nevertheless, NetSuite has brought benefits to the company, says Mr Frank. For example, an NLC revenue recognition module eliminates the need to check manually that the company is accounting for revenue in the right period. "We also began to use dashboards, so we are reporting our enrolment using real-time data," he says, thanks to the NetSuite centralised database.

The online application offers users a set of visual gauges designed to reflect what is happening in the business at a glance. This lets the company look at its overall sales pipeline to see how many inquiries resulted in school tours, and how many of those tours are being converted into sales. Mr Frank adds: "We didn't have such data at our fingertips before."

As the level of historical data within the company's NetSuite database continues to build, Mr Frank is hoping to implement predictive tools, which will enable head office to assess that data and begin to make business decisions based on them. Even being able to see how many students are enrolling will enable the company to plan strategy.

"It's integrated into all the information that we're already asking the schools to enter, but it will give us a way to see into the future a little." And in business, visibility is a good thing.