

Case Study: Implementation Partner Helps Smooth Financial Merger

A financial advisory firm brings in an integration partner to help expand its financial systems

by Linda Briggs

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Mergers and acquisitions are often rife with software integration challenges. When independent financial advisory firm Duff & Phelps acquired a much larger company in 2005 to expand into international finance, it needed outside help to quickly consolidate its financial systems onto one platform.

The acquired firm, Corporate Value Consulting (CVC), a division of Standard & Poor's with more than 400 employees, was using an executive resource planning (ERP) package from Lawson Software to help manage its corporate valuation consulting business.

Because Lawson's ERP suite is a standard, mature system commonly used in the financial sector, it was an easy choice for the new, merged company over the homegrown system that Duff & Phelps had been using. Also, with around 100 employees, Duff & Phelps was by far the smaller firm, although it was the acquiring company.

The challenge was to beef up the Lawson system to handle the greater demands of the expanded Duff & Phelps, and do so relatively quickly. One point of the acquisition was to grow Duff & Phelps into a global business. That meant a major expansion of the Lawson system's capabilities. For example, the expanded company would have profit centers in several international markets, beginning with the U.K. and the Netherlands, followed shortly by Japan—so the company would need multiple general ledgers in multiple currencies, all connected and able to interact.

According to Ed Podwin, director of operations for Duff & Phelps, the financial systems needed to be adjusted to include a global chart of accounts, global locations, international currencies, and inter-company transactions. For reporting purposes, monthly results had to be consolidated and rolled up into a single company.

To help with the project, Duff & Phelps turned to an integration partner that Podwin had worked with before, Knowledge Solutions LLC. "We knew we needed help moving and expanding the systems; in particular, we needed a lot of help [with the general ledgers], which we had no knowledge of," Podwin says. "We needed people that knew Lawson, Lawson GL, and who could lead the integration."

Consultants from Knowledge Solutions worked with Duff & Phelps to globalize the Lawson ERP structure. They expanded the firm's accounts payable, accounts receivable, and general ledger applications, which are integrated with existing Lawson Professional Services Automation (PSA) applications.

There were additional factors beyond the international expansion that dictated the need for a more robust financial system, Podwin says. For one thing, Duff & Phelps wanted to continue to use the Lawson ERP system but also needed to cut its financial ties with CVC's previous parent company, McGraw-Hill. CVC had relied heavily on McGraw-Hill for its accounts payable and general ledger systems, and to some extent its accounts receivables. With the acquisition, that had to change.

"We needed to break apart our system from [the McGraw-Hill] servers," Podwin explains, "and to be able to take over the whole GL process in particular."

In separating the systems, the merged company needed particular help from Knowledge Solutions in creating new general ledgers, an area in which it had little expertise. "We needed to become truly international, have international profit centers, and be able to do foreign currency billing," Podwin explains. "To do that, we needed to set up separate GL companies for different currencies."

Podwin, who has both a business and technical background, worked closely with Knowledge Solutions during the expansion of the Lawson system, as did his counterparts in finance and technology at Duff & Phelps. Among other things, Knowledge Solutions helped the company define requirements for the new system, reconfigure the ERP suite, create a new financial reporting structure, develop test plans, and implement the new global process.

Much of the user training was handled by Knowledge Solutions, especially for the new general ledgers. "That was the one area that scared me," Podwin says, "because we really had no one who knew it." Because of CVC's former reliance on McGraw-Hill, "we had no idea how to close a month or close a period. Knowledge Solutions provided a lot of training and help in that."

The outside consultants also proved useful in making it easy to add new general ledgers later, as the company expands into new markets. "We have existing international companies in there now, but we built it so that we could easily add others later," Podwin notes. Adding Tokyo as a financial market well after the initial rollout was thus easy, he says, and was completed in a week.

In the future, Podwin says, Duff & Phelps would like to add a module within Lawson for Sarbanes-Oxley compliance, and perhaps a feature called smart notifications, in which the accounts receivable system can be set up to send e-mail warnings on overdue accounts. They'd also like to look at dashboards available with the system, Podwin says, for different ways of drilling down on financial data. "We've only dabbled in that."

Duff & Phelps continues to work with Knowledge Solutions in maintaining its Unix and Oracle functions, and in relocating the Unix application servers from New Jersey to a data center in Chicago.

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Podwin, who has been through several major financial rollouts, says perhaps the biggest thing Duff & Phelps did right on this project—something that he says is often one of the most difficult issues—is to take time to plan and test everything, rather than rushing the rollout. Strong support from management helped, he adds, in making sure schedules for rollout and testing were adhered to.

You can contact Linda Briggs about **Case Study: Implementation Partner Helps Smooth Financial Merger** at lbriggs@lindabriggs.com

[back to previous page](#)