



CASE STUDY SERIES

Standard Microsystems Profile

- \$0.4 Billion Revenue
- 900 skilled employees worldwide
- SAP used for ERP
- Budgets more than 800 assets each year
- 300+ units located in US, Europe and Asia

BudgetPak Results

- Users preferred BudgetPak over Excel 2:1
- Faster budgeting (on average, 25% faster)
- One click roll up and consolidations
- Improved ownership & accountability
- Increased engagement from line managers
- Easy interface with SAP

Summary

“We use to budget with bearskins and stone knives” Jokes David Smith, CFO of Standard Microsystems, “It was all in Excel and for a complex organizations like ours, it just wasn’t adequate.”

Smith adds, “SMSC picked BudgetPak over other applications we looked at because of its intuitive interface, power, and fast implementation. Using BudgetPak saved us considerable time we use to spend consolidating and reporting out of Excel. But more importantly we got better budgets in the end – because BudgetPak streamlined the process and increased accountability. With the spreadsheet system we had before there was limited linkage of actions driving the budgets with the way we executed the business. Now there’s real transparency behind what’s driving the numbers, and we can better manage our costs.”

Background

Standard Microsystems, Inc. (NASDAQ: SMSC) manufactures computer chips used by IBM, Hewlett-Packard and other industry leaders.

The company uses SAP as its ERP System and historically would develop their budgets using Excel templates, and when finalized by the Board of Directors, upload the results into SAP. David Smith, CFO, spent about a year in the job before deciding that the company had pushed the limits of Excel (and its FP&A staff) and decided to find an effective budgeting and planning application.

Overview of SMSC

Standard Microsystems Corporation (SMSC) products are found inside PCs. The company is a top supplier of input/output (I/O) chips, which perform basic control and interface functions inside of PCs or between PCs and peripherals, such as keyboards and disk drives. Its I/O chips are used by leading computer makers, including Dell, Gateway, IBM, and Hewlett-Packard. SMSC, which outsources its manufacturing, also makes Universal Serial Bus (USB) interconnectivity products, as well as chips for embedded networking applications and LANs. The company also has long-term cross-licensing agreements with big chip makers, such as IBM Microelectronics, Intel, and Micron Technology.

SMSC is headquartered in Hauppauge, New York with operations in North America, Asia and Europe. Engineering design centers are located in Arizona, New York, Texas and Karlsruhe, Germany.

The Problem

Prior to using BudgetPak SMSC would take the prior year budget template, and update it for new accounts and new units, which is easier said than done when you're dealing with 300+ units. Making certain that all the links between the tabs in each workbook were properly updated was equally time consuming.

One of the more complex activities for SMSC was budgeting for assets (e.g., forklifts, specialty machinery, IT equipment, etc). Many of the 300+ units would budget for assets, but not consistently. More to the point, it was very time consuming to build reports on this data in Excel, with any degree of comfort in the accuracy of those reports.

In fact, reporting itself was a major time drain. Consolidated roll-ups, multiple comparisons, headcount and salary reporting, local currency vs. US Dollar reporting, etc. were all time consuming to build in Excel. It was equally time consuming to verify the accuracy of these reports given the limits of Excel.

Implementation of XLerant's BudgetPak

Working closely with the team from XLerant, first SMSC defined how they wanted the interactive budget map to look like; which entailed thinking through the most natural way to present budgeted accounts to managers (i.e., cost categories and sub-categories). Then the team defined the roll up structure, currency rates, benefits calculations, and security around who can see what. After configuring BudgetPak with both a local chart of accounts, as well as an enterprise chart of accounts (which feeds SAP) and loading historical data; SMSC was up and running.

Benefits Realized

1. **Users preferred BudgetPak over Excel 2 to 1** according to an end user survey conducted after the first budget using XLerant's BudgetPak, was produced.
2. **25% reduction in man-hours spent budgeting.** According to the same user survey, on average the time spent producing, reviewing and proving budgets was reduced by 25%.
3. **Improvement in the decision making process.** Some 70% of all SMSC users thought BudgetPak improved the decision making process. Some of this relates to the visibility management now has with project budgeting, capital purchases, line item detail, written justifications, and so on.

4. **“Easier to see the big picture.”** This was a write in comment on the user survey, and reflects the reporting capability and project budgeting discussed below.
5. **Capital Planning is now consistent across the company (for 800+assets).** Depreciation and amortization rules for various classes of assets is captured automatically inside the system. Reports can be run detailing who is planning on purchasing what asset, and what the impact on the budget will be.
6. **Easy integration with SAP.** A convenience of using BudgetPak for SMSC is the ability to move data between SAP and BudgetPak using XLERANT’s built in ETL tool.
7. **Local currency budgeting.** BudgetPak allows budget holders to budget in their local currency (along with local date and percent format) but then provides the capability to report in any other currency, including US Dollars.
8. **Flexibility around the globe.** Benefits calculations, including payroll taxes, are different in, say, Beijing than they are in Sweden. BudgetPak accommodates these local differences.

For more detail on this application or to discuss how XLERANT can help you with your analytic requirements, send an email to Info@XLERANT.com.

About XLERANT

XLERANT helps companies save time and add strategic value to their budget process by moving from accounting-centric to business-centric budgeting. XLERANT's award-winning BudgetPak software redefines Financial Planning & Analysis (FP&A) by guiding business managers through the process of building their budgets while providing financial managers a powerful front-end to any existing G/L, CPM, or ERP system. Hundreds of business managers are now engaged in budgeting in a very powerful new way.

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