

## Hotel Case Study

### Multi-Entity Management Completes their ERP Requirements



Founded in the 1930's, this publicly traded hotel corporation has grown from a localized third-party commercial and residential property management services, and real estate development company to a 3,000 employee corporation managing over 50 hotels. In 2006, they embarked upon major changes, starting with dramatic renovation plans that would total more than \$60 million. This triggered the need for an updated enterprise resource planning (ERP) solution that was Sarbanes-Oxley (SOX) compliant and scalable to manage their continued growth. After an in-depth analysis of various ERP products, they chose Microsoft Dynamics GP and Binary Stream's Multi-Entity Management software to provide them with robust multi-entity accounting functionality and the required SOX compliancy.

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*-Corporate Accounting Manager*

**W**ith over ten thousand rooms in large metropolitan and small markets, this Hotel Management company is a well recognized brand in the Western United States known for its "Staying Comfortable" model, focusing on the guests comfort. Recently completing a public offering generating proceeds of over \$60 million, they are poised to achieve their 5 year plan which included an aggressive market expansion strategy to increase the number of franchised hotels and double their market penetration by slowly moving to the Eastern United States. To support this plan for growth are key infrastructure and operational initiatives that include state of the art technology to help them streamline business processes and enhance capital management practices that will in turn affect the quality of service provided to their guests. With information systems being the backbone of this technology initiative, they recognized the need to implement a fully-integrated ERP system that would replace their existing, disparate systems and give them easy access to the

right information at the right time.

As a publicly traded company, the Corporate Accounting Manager at this company needed an ERP system that was first and foremost SOX compliant without the need of customizations. While this organization's portfolio of hotels includes owned/leased, franchised, and managed hotels, they needed a solution that would not only meet the needs of their own finance department, but also the needs



of their franchise operators by being able to control each operator's access into their hotel's financial data. "Previously operating 60 databases using another ERP product, we were able to control the user security requirements but financial reporting suffered greatly due to the



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decentralized databases,” says the Corporate Accounting Manager. “Running consolidated financial reports could take up to a day to produce and data was not always synchronized between each database.” As a result of these accounting frustrations, this organization knew they needed a solution that could contain multiple entities (hotels) in a single database while still maintaining user security so franchise partners and authorized system users could only view financial data specific to one or more hotels.

With their aggressive growth plan, the hotel company also needed to make sure the ERP system could be scalable so that new hotels could be added to the system without any interruptions. Being able to implement the ERP system on time and on budget, its ease of use, and its system maintenance requirements were also key decision-making factors. Previously with 60

databases of redundant data, this organization’s IT team was spending a considerable amount of time maintaining each database every year with software updates so they knew they needed a single database solution. Moreover, this organization has a centralized purchasing function whereby over 125,000 accounts payables transactions are processed every year for its various hotels. Many of these transactions were also classified as “intercompany” transactions that had to be posted to a different hotel’s general ledger; as a result, this organization needed a solution that could help them streamline this time-consuming process.

Because of the importance that an ERP system has on an organization, this organization was in need of an experienced technology partner that could understand and meet all of their requirements, and be able to advise, execute, and support their technology plan with the highest quality of services.

## A Complete Solution

In 2006, this organization began a comprehensive evaluation process on leading ERP systems along with third party solutions that would meet their full requirements. After careful consideration, this organization narrowed the search to three possible vendors and Microsoft Dynamics GP along with Binary Stream’s Multi-Entity Management solutions were selected over the remaining vendors. Based on their selection criteria, Microsoft Dynamics GP was able to meet or exceed all requirements. “We knew we would not find the perfect solution out of the box and that working with third party software vendors was a must,” says the Corporate Accounting Manager. From its SOX compliancy, cost-effectiveness, scalability, and implementation timeframe, Microsoft Dynamics GP and Multi-Entity Management proved to be the right solution.

Working with a leading Microsoft Dynamics GP reseller and Binary Stream

Software, this organization was able to implement the solution on time and on budget. While the reseller spearheaded the project and provided their ERP consulting expertise, Binary Stream provided their technical expertise in multi-entity accounting to assist the reseller in successfully delivering a complete solution. Both the reseller and Binary Stream worked in a “closed loop” approach to ensure that this organization received coordinated and quality services.

One of the biggest impacts resulting from the implementation was reducing the number of databases from 60 to one. Combined with Microsoft Dynamics GP, Binary Stream’s innovative Multi-Entity Management solution provided this organization with the means to create sub-ledgers for each individual hotel, treating them as separate profit centers all within one database while maintaining strict user security for financial data.

## Return on Investment

*The client in this case study has chosen to be anonymous. They are currently a reference account with Binary Stream Software. If you are interested in learning more about Multi-Entity Management please contact us.*

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While Microsoft Dynamics GP is being used throughout the organization, Binary Stream's Multi-Entity Management product has provided tremendous value by streamlining many key accounting processes such as centralized payables, consolidated financial reporting, and user access into segregated financial data. Having a complete ERP solution running from a single database has helped the finance department to maximize productivity and focus its efforts on expanding the business and delivering quality services to their hotel guests. "Our top priority has always been to provide our guests with a comfortable stay and having a streamlined business management solution has helped us sharpen our focus even more," says the Corporate Accounting Manager.

With over 20 franchised hotels in its portfolio, this organization provides each franchise with many services that include purchasing services. Previously, purchases from the same vendors would be recorded for each franchise within its own, separate database requiring the Corporate Accounting Manager and her team to login and out of each database to process the invoices. This process was not only time consuming but it also resulted in data redundancy and was prone to data-entry errors. Now with Multi-Entity Management in place, all payables transactions can be processed in one database by using automated intercompany postings so the appropriate costs will be reflected in each hotel's general ledger. This new centralized processing approach resulted in greater visibility into the organization's purchasing

habits and has helped maximize its relationships with its vendors.

By utilizing the single database architecture, this organization has received many benefits that included the ability to reduce their financial reporting lead time from one day to five minutes. With a growing portfolio of hotels, it is important for the CFO to be able view the financial statements for one or many hotels, allowing the CFO to take decisive actions more efficiently to ensure the financial success of its growing hotel portfolio.

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to produce meaningful financial data," says Corporate Accounting Manager. Moreover, for their franchised hotels, this organization provided full accounting services and needed to give access to franchise users to Microsoft Dynamics GP while limiting those users from seeing other hotels' financial data. The combination of Microsoft Dynamics GP and Multi-Entity Management helped make all this possible.

Having each hotel's data in one database has really made life easier for the accounting team. Using much less effort, they are now able to inquire on and generate all types of financial statements for one hotel or a group of hotels, giving them the financial insight needed to expand their business. The scalability of Microsoft Dynamics GP has also been enhanced with Multi-Entity Management by allowing them to easily add new hotels or entities to the same database.

