

customer case study

Now just over three years old, Groupon uses collective buying power to encourage groups of people to purchase goods and services in exchange for deep discounts. Since the company's founding, this social media concept has taken off. Started in the U.S., Groupon has made international acquisitions that more than doubled its size and became a public company in November 2011.

When it was still a startup, Groupon could do the periodic financial close manually in Excel, although it was inefficient and time-consuming. As it expanded to outside the U.S. and began to collect data in multiple currencies, this offhand method became untenable. "We had no way to easily consolidate companies and convert all the different currencies," recalls Joe Del Preto, chief accounting officer. "The more countries we added, the more functionality we needed."

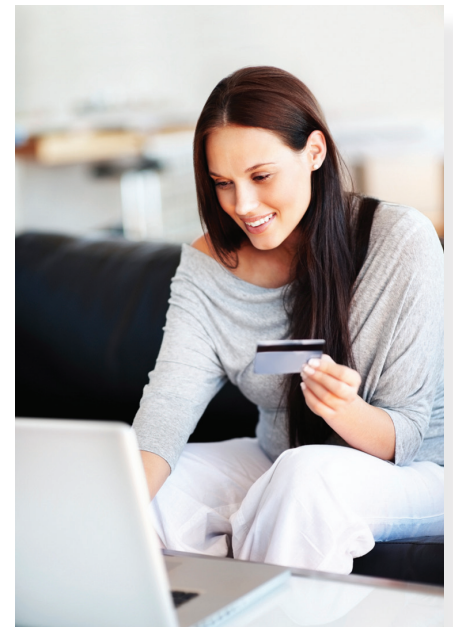
By late in 2010 Groupon was serving customers in 25 countries and still growing fast. Management was looking ahead to an IPO. "That would require a robust and proper consolidation application, as well as more accurate and timely financial reporting," says Matt Dean, senior analyst. "It was taking at least a month to get bottom-line financials" to executives, which slowed decision-making.

With approval from the CFO, the controller began to evaluate products, assisted by others in Finance. The team had three requirements. "We were growing so quickly we didn't have a lot of time to bring in something, so speed of implementation was first," Del Preto says, adding that the other priorities were affordability and functionality, especially for reporting and currency conversion. Host Analytics had all of these.

Moving ahead quickly

Implementation could be rapid because Host Analytics uses Software-as-a-Service (SaaS), which doesn't require installation and configuration on-premises. Nor does it incur the cost of new hardware to run it. SaaS also doesn't rely on in-house IT resources, which Groupon lacked, and users around the world have easy access to the software at any time through a web browser. And because it runs on Host Analytics' servers, scalability is not an issue, which is important for a fast-growing organization continually adding users.

Groupon's finance department also gained another kind of speed with its new tool for consolidation. "Host Analytics reduced the time it took us to consolidate all of our international entities from about three days to one hour," says Kevin Burns, manager of financial systems and consolidations. It draws data easily from the company's two ERP systems, Great Plains for North America and NetSuite for elsewhere.



"Host Analytics allows us to consolidate and report on our international entities in a much more accurate and timely manner."

**—Joe Del Preto,
Chief Accounting Officer, Groupon**



It's a good thing that Finance found a way to automate consolidation, because since it moved to Host Analytics, the number of countries Groupon operates in has increased from 25 to 46. But the same team is able to handle this heavier workload, according to Del Preto. "Had we stuck with Excel, we probably would have hired another two or three people to do consolidations," he says. Maintaining the same headcount helps reduce the total cost of ownership of the software.

In addition, the department has to convert more than 20 currencies from the foreign entities. "Doing that was incredibly cumbersome within Excel," Dean recalls. "And we couldn't perform the necessary minority interest calculations prior to adopting Host Analytics."

Reporting in style

The other critical functionality Groupon needed immediately was fast, flexible reporting. In the past Finance was limited to reporting at a summary level because anything deeper took too long. Host Analytics makes it easy for users to drill down into the data, and the underlying database ensures it is consistent and up to date. "We have a dynamic environment now," Dean adds. "We are able to provide much more detailed reports." And when management asks for specific information or data for presentations, Finance can accommodate the requests promptly within a consistent format.

This capability has had an impact on all decision-making. "We are able to react quicker," Dean says. "Previously it was taking up to a month to get data. Now we do it in about eight business days." Seeing detailed information sooner, executives are more able to adjust to changes and move the business forward.

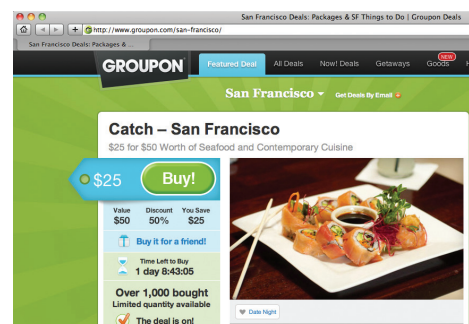
Next steps

Now that consolidation and reporting are on a solid footing, Groupon is transitioning to Host Analytics for budgeting and planning, first for North America and then for all countries. Over time Finance plans to add forecasting and what-if analysis, capabilities that will extend the company's view of its situation and present a variety of options for going forward.

Currently four analysts in Finance are using Host Analytics Budget, but that number will grow dramatically as business unit managers are brought on board. Del Preto estimates that when implementation is complete there will be around 100 users, including "a couple in each country."

That will add to management's understanding of operations and performance worldwide. "When we can be in constant contact through Host Analytics with our financial managers in each country, it's going to provide a lot more insight into what's happening in the businesses day-to-day," Dean predicts.

This expansion is possible because first of all Groupon was able to resolve a business issue critical to its growth. "Host Analytics allows us to consolidate and report on our international entities in a much more accurate and timely manner," Del Preto says. "To be able to report on 46 countries, consolidate those results and spit them out in a matter of hours has been a huge advantage for our business."



challenges

- Lack of a formal process and adequate tool made consolidation slow and inefficient
- Rapid international growth intensified pressure on consolidation and currency conversion
- Executives had to wait too long for financial data that has an impact on their operational decisions

solution

- Adopt the Host Analytics suite for consolidation and reporting, and later for budgeting and planning
- Embrace Software-as-a-Service for rapid, affordable deployment without in-house IT resources
- Use drill-down capability to produce detailed reports quickly for decision-makers

results

- Length of the consolidation process has been slashed from three days to one hour
- Executives have all the information they need to manage a fast-expanding world-wide business
- Timely, consistent financial information supports the requirements of a public company

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