

MedPharm

Seamlessly connecting project management with revenue forecasting



The Challenge

- Revenue recognition for ongoing and completed business projects
- Replace QuickBooks Enterprise as their primary ERP to NetSuite PSA
- Integrate NetSuite PSA with Microsoft Project
 - Better understand segments of their business from a cost standpoint
 - Improve monthly forecast accuracy for three Lines of Business
 - Decrease manual updates through automating import and export of data
 - Create a smarter, less complex system to capture data for end-users



- Replace QuickBooks Enterprise with NetSuite PSA for real-time Peregrine Connect integration with Microsoft
 Project for milestone billing and revenue forecasting
- Changing project status on both applications to qualify revenue earned for projects
- · Implement a platform to improve accuracy of business projections and revenue forecasts
- Eliminate manual labor with automating status updates on both Microsoft Project and NetSuite PSA
- Enhanced integration platform to increase productivity by reducing the management and synchronizing of data

The Benefits

- Reduced time needed by Project Managers and Accountants to accurately forecast monthly revenue by over two
 weeks
- Smooth transition to NetSuite PSA, seamless for Microsoft Project end-users
- Cut 15 days of manual labor to determine revenue recognition for the month
- Reduced its labor resources while decreasing the overhead costs significantly
- Automated the revenue forecast process, reducing manual labor, which saved close to \$100K per year
- Greatly enhanced accuracy of monthly forecasts for the three Lines of Business
- Dramatic time savings for Project Management and Accountant teams
- Attained compliance standards by not violating any 'accounting rules'
- · Increased overall productivity and reduced labor, resulting in doubling of their EBITDA

If The game changer was that other vendors said "Yes, we think we can do it," but NetSuite told us that Peregrine Connect has "Already done it!"

Andrew McWaters, VP of IT, MedPharm

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The Client

MedPharm is a world-leading contract provider of topical and transdermal product design and development services. Its delivery of robust and innovative research has commanded recognition from regulators and investors alike. They utilize unique cost-effective performance testing models to mitigate risk and accelerate development times. From its roots at King's College London, MedPharm has grown into a thriving organization in the UK and US. Providing services from API to clinical batch supply, MedPharm is a well-established, and world-renowned leader in dermatological, nail, eye, airway, mucosal membrane, and transdermal product development. MedPharm supports clients in mitigating development risks, creating data packages more likely to attract investors and support submissions that inspire regulators' confidence. They leverage over 20 years of industry experience to provide innovative and trusted guidance to clients, which helps to secure their return on investment.

The Challenge

MedPharm is a formulation development company that helps other pharmaceutical companies with their formulations. Their business is contract manufacturing, meaning they don't make the product but sell the 'brain power' to do so. Because of this, a huge obstacle is that these projects can be very lengthy and complex from a scheduling standpoint. They used Microsoft Project early on as their project scheduling tool. They also had been using QuickBooks Enterprise as their ERP system but eventually outgrew it as they couldn't keep up with their unique nuances, causing them to purchase NetSuite PSA. The MedPharm team wondered if they should just take Microsoft Project and try to build what Microsoft Project does for them into NetSuite PSA. The challenge, however, was that timing was critical as they needed to get off QuickBooks Enterprise quickly since this was the main obstacle giving them the most trouble. "MedPharm needed to replace its core financials and get on a solid financial platform," said Andrew McWaters, VP of IT, MedPharm. "We also needed to understand segments of our business from a cost standpoint, while leaving Microsoft Project in place and seamlessly integrating it with NetSuite PSA."

MedPharm's revenue process was to get a percentage of money up-front from customers, but they needed to hit certain milestones in Microsoft Project to recognize that revenue for the month. In essence, they had to 'park' the revenue on their balance sheet until they hit these milestones. Once Microsoft Project alerted them when they met these certain milestones, it fed this data into NetSuite PSA. It then went from 'parked revenue' to 'earned revenue' for the month. The problem was MedPharm didn't have that technology to be able to automate the whole process, it was all done manually. They had teams of accountants and project managers sitting in a massive Excel spreadsheet to process the data. The key challenge was to decrease the seven-eight days it took to work through all the data. In addition, the finance team would spend another five days to create the revenue entry. MedPharm is a private equity owned company, so their holding company asked for the monthly results but weren't receiving them until the 16th of the following month.

Thus, MedPharm truly needed an active partner to help integrate NetSuite PSA into Microsoft Project since they didn't have the necessary resources to accomplish this. While assessing what solution to integrate, the team put together user requirements needed to be successful. The first criteria was they needed an ERP that could do core financials. In addition, they needed a system with open architecture, allowing individuals to be able to use it more independently. The main breaking point for needing a new solution was they couldn't get revenue recognition out. The team couldn't tell which of the three Lines of Business were profitable. They had all the data in Microsoft Project but nothing was linked to anything financially. The main obstacle was the core financials; they needed core financials in order to integrate their scheduling system with the financial system. Since they didn't have the resources to make this happen, they desperately needed a reliable partner who would deliver on this prerequisite and still be able to work with the existing Microsoft Project data.

The Solution

Utilizing its expertise in Microsoft and integration experience, Peregrine Connect was able to provide its existing NetSuite PSA Add-in tool to synchronize with Microsoft Project. The total scope of the implementation of the NetSuite PSA Add-in to Microsoft Project was completed in less than 3 month which met MedPharm's aggressive timeline. MedPharm went live with NetSuite PSA Add-in in August 2020, but the revenue engine didn't start ramping up until October after they modified some essential features in the tool. They had previously looked at putting all their data into NetSuite PSA, however, this wouldn't meet their timelines of getting their core financials in a timely manner. NetSuite was also instrumental in introducing Peregrine Connect as a partner early in the process. "The game changer was that other vendors said "Yes, we think we can do it," but NetSuite said Peregrine Connect has "Already done it!" said McWaters. In the spring of 2020, MedPharm was introduced to Marty Wasznicky, VP of Product, Peregrine Connect, to start the conversations of what type of solution they were seeking to meet their requirements. After these initial discussions, Joe Klug, Solution Development Manager, Peregrine Connect, was brought in to facilitate the implementation of the solution by providing demos and setting parameters for the tool. Once this step was completed, McWaters and the IT team did internal testing for the NetSuite PSA functionality. They realized early in the process that since the projects were so deep and complex, they didn't need to process all of the data available to them. Klug and the Peregrine Connect team were able to modify the parameters and produced a new, more efficient version in less than two weeks. They were able to set billing milestones within these complex projects. The MedPharm team went back into testing mode, made a few adjustments, and came up with the optimal tool and functionality before going live.

Once they went live, everything was self-sustaining without any modifications needed. MedPharm was extremely satisfied with the resources that were provided to them during the implementation phase, noting that the Peregrine Connect's support team was a huge part of their success. "The support we received from Peregrine Connect has been over the top, and I've been in software for over 30 years. It's been extremely refreshing to see!" said McWaters. McWaters stressed that one of the most extensive parts of the solution was Peregrine Connect's flexibility and understanding of MedPharm's unique complexities they needed in using the tool. That was huge and it made the implementation very successful. Using the tool, MedPharm can now close in four days, which is a 15-day reduction in forecasting revenue for the month. Now, they use the tool to upload projects on a timely basis. So, for the last five months, by mid-month, the revenue forecasting has been extremely accurate for their end-of-the-month results. Thus, they're now able to utilize resources for those extra 15 days in other areas to help increase revenue to meet their goals. Essentially, it gave them the flexibility to build in unique features, allowing them to highlight the data only they needed to see. It helped get quicker results to reach their milestones.

The Benefits

MedPharm needed to ensure they were compliant and not violating any accounting rules when they recognized their revenue. It was critical they had accurate data to support their revenue and allowing the CFO to sign off on it confidently. This tool provided them that confidence they needed to meet this requirement. MedPharm recently had its annual audit completed and the auditors were extremely satisfied with the new model which provided highly accurate results. MedPharm was able to see the live interaction of the billing milestones getting completed and when they were completed. They were also able to show both historical data and project future revenue. "Perhaps one of the best things we were able to do is recognize the revenue much more accurately and quickly based on the data from the tool," said McWaters.

Overall, the close process is ten days quicker now than pre-implementation. By automating the process, they were able to reduce manual labor costs close to \$100K per year. Thus, they were able to reduce the headcount that was managing these tools and didn't have to replace them. The MedPharm IT team became more business analytics based, more forward looking and being proactive in forecasting. It allowed end-users to get off the large excel spreadsheets and getting them access to the new tool. By reducing overhead costs, reducing project management time and labor, while becoming more efficient, they were able to double their EBITDA over the last 2 years.

Forecasting revenue is absolutely critical for MedPharm since it is a private equity owned company, which means their revenue numbers need to be on time and extremely accurate. They needed to be able to close books and transition to the next month much quicker so they could focus on other areas to generate new revenue. Peregrine Connect's NetSuite PSA Add-in to Microsoft Project has provided MedPharm the ability to do just that. As McWaters said, "MedPharm is not only better at forecasting their revenue now, but better at producing results and showing how we came to those results. This resulted in the whole organization, including its Shareholders, being more comfortable with their results."