



nicetec netinsight – More Transparency for the IT Services of Franz Cornelsen Corporate Services

Franz Cornelsen Corporate Services

Within the context of outsourcing a shared service center as a central IT service provider for the Franz Cornelsen Educational Group, they also searched for a solution for IT service billing. The solution was to ensure greater transparency and automatically execute many tasks that were previously performed manually. The IT finance management platform netinsight by nicetec covers all these requirements. Moreover, employees can now independently order, change or cancel IT service orders via a web portal.

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One must first of all be aware of costs before one can control them

The Franz Cornelsen Educational Group, with its headquarters in Berlin, is one of the largest publishing companies and most important educational service providers in Germany. The organization has a worldwide staff of 3000 employees and an annual turnover of EUR 450 M; its structure is divided into five company departments with numerous subsidiary companies that create and distribute educational multimedia products, ranging from school education to professional advanced training. “All in all there are more than 30 independent units of which 15 are currently our customers,” Daniel Gross, Head of Accounting at Franz Cornelsen Corporate Services in Berlin, explained. The central IT service provider of the group with approximately 100 employees was outsourced in 2010 as a shared service center (SCC) and now bundles all IT activities.

The fact that by no means all subsidiary companies acquire their hard-, software and datacenter services from them has to do with historic development, company headquarters that are located in foreign countries and its educational provider status. “The goal, however, is the continued standardization and consolidation of the IT landscape within the Franz Cornelsen Educational Group, which had previously been much more fragmented,” emphasized Gross.



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Standardization and
consolidation of
calculation and
accounting processes**

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The offered IT services include e.g. workplace computers, phones, network connections, operating systems, office applications, SAP applications and the supervision of web portals. It also includes hosting and the further development of numerous internal programs, e.g. in the publishing- and printing sector as well as web applications.

Before the SCC was established, accrued IT costs were billed as lump sum charges to the cost centers within the context of direct costing according to a specific key. Each month the centers received an email that contained an overview in the form of a manually created Excel- or Word file, which most often listed 10 to 12 items. The project expenditure for individual subsidiary companies or departments was recorded on an hourly basis with a time-recording system and then transferred to the invoice.

“If we want to control the costs, we must first of all know what they are,” said Daniel Gross, boiling the fundamental problem down to its essence. As the founding of the independent shared service center also brought with it a balance sheet obligation and as auditors were pushing for more transparency, it became clear that the work could not continue as before. The previously calculated lump sums were no longer a suitable basis for business. In the context of a preliminary study, the IT services provided to the companies of the group were precisely defined and priced. The catalog contained almost 60 products and services, which also included quantities (unit prices). Personnel costs, applications, dedicated lines, maintenance costs etc. were also listed together with these new services.

Standard platform or independently developed application?

The extensive requirement specifications also stated the formulation of requirements for a primarily automated solution for service billing. The only remaining open question was whether one should make relatively high expenditures to further expand the already existing self-programmed application for IT service billing or instead rely on a standard platform? After examining several offers on the market, Franz Cornelsen Corporate Services chose the IT finance management solution netinsight by nicetec, a company that had already issued over 200,000 licenses in Germany and is one of the most successful standard platforms for IT controlling, IT service billing and financial management of shared service centers. The strength of the medium-sized software company from Bissendorf: It combines business knowledge with sophisticated technological know-how.



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“Our goal was to introduce an automated system to calculate service prices for shared services via interfaces by supplying plan costs and -quantities and a system that provides plan prices per IT service as a result,” said the controller of the requirement specifications in a summarizing statement. Management of customer relations and various billing models per customer or service (SLA- and contract management) had to be covered as well. The responsible parties at the cost centers should always be able to keep an overview through integrated reporting by email, and the employees should be able to order, change or cancel services independently via a web portal. This e-procurement also contained the depiction of workflows and notifications as in the context of release processes. The transfer of billing data to the accounting system IFS Applications via an interface that was to be created was also part of the requirements. The solution was to offer the greatest possible investment security and flexibly adapt to new developments.

Sustainable solutions with high flexibility

“netinsight allows for the depiction of varied scenarios for billing- and price calculation, ranging from consumption-dependent invoices to flat rates,” emphasized nicetec CEO Ralf Meyer. The modularly structured platform provides all necessary components to achieve this. The IT financial controlling module provides the foundation as an effective planning- and calculation solution (cost-/service calculation). The following further elements from IT service billing were integrated seamlessly: SLA-/contract management, product management, recorded acceptances of IT services according to causes as well as the results of IT service billing in the form of costs and proceeds. Additionally this included various collectors and interfaces for the integration of arbitrary data sources, reporting tools and the web portal for the employee self-service.

“All functions can be centrally depicted in an integrated platform, which results in a substantial reduction of complexity,” said Meyer, who was himself one of the developers of the solution concept for Franz Cornelsen Corporate Services. The actual state was recorded previously and the suggestion made for the target state, which provided the foundation for the implementation of the platform. The customization expenditure was also kept in check. Only interfaces for data transfers to the accounting system IFS Applications had to be programmed individually.



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Other unique features included the distribution of billing data to various cost centers based on certain criteria and the establishment of a web portal at the beginning of the project. “Besides the cost advantage benefit, a standard solution also allows companies to take a detailed look at its processes and change these if necessary to match the standard,” said Daniel Gross.

Overcoming challenges in the project together

Four employees at nicetec and at the customer's company were assigned to the six-month project. “However, new requirements were frequently added during this time,” Gross pointed out as he highlighted a special challenge. Furthermore, only 75 percent of the existing master data had the required quality so that several approaches were necessary to transfer the data to netinsight. However, nicetec always dealt with situations in a flexible manner and was quick to help when problems arose. Gross: “The cooperation was unbureaucratic and characterized by trust.” The live connection was also established without problems after completing a lengthy test phase in order to e.g. optimize the automated sending of reports. As “lessons learned” the head of cost calculation only named an earlier communication about the project within the entire company and an improved integration of affected departments in order to use their know-how right from the start.

“The platform netinsight is very powerful in its range of functions,” declared Daniel Gross and regretted that Franz Cornelsen Corporate Service had not yet even come close to utilizing all its possibilities. Cornelsen so far does not use interfaces to the asset management system, which was established within the context of changing over to Windows 7, or the SAP components Business Objects and Business Warehouse.

Cost savings of 15 to 20 percent

The introduction of the IT finance management standard solution has already resulted in benefits for the company. Some examples: In contrast to the previous manual approach, the work expenditure for the billing procedure could be reduced, resulting in five saved hours per week in this area alone. And the self-service of the webportal also saves the total Cornelsen Group two workdays per week.



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A centralized platform
for the IT Finance
Management of Franz
Cornelsen Corporate
Services GmbH

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“netinsight has made us much more efficient,” said Gross, looking back at the improvements. He believes the solution can save the company 15 to 20 percent of the execution- and processing costs. Today, about 90 percent of all processes for service billing are fully automated. Orders, changes and cancellation of IT-service orders are only processed by phone in exceptional cases and must then be recorded manually with netinsight. “There were a few skeptics at first, but the convenient work with the webportal has also completely persuaded them,” the controller said.

And since the prices for the respective product or services are now displayed immediately and transparently, cost awareness among employees has also increased. “Not everyone was aware that IT costs something,” said Daniel Gross. Now everyone knows: “Information technology is not free,” as nicetec CEO Ralf Meyer knows only all too well. In regard to costs, IT is still a black box for many companies: “To put it crudely, our solution turns on the light in this dark basement.”



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