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BlackLine Systems: Oracle Partner Surprised by the Demand for SaaS

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BlackLine Systems, which joined the Oracle Partner Network in fall 2007, is one of the latest Oracle Partners to discover a surprisingly strong demand from customers to deliver its applications via Software as a Service (SaaS). BlackLine offers applications that provide a link between accounting and financial reporting data that helps automate and standardize balance sheet account reconciliations and verify the accuracy of financial results during the critical close process. According to BlackLine CEO Therese Tucker, "We started offering our SaaS solutions as a convenience to customers, and now our business is split 50-50 between SaaS and enterprise installations."

Tucker believes that SaaS is a significant innovation. She says, "For the most part, we are dealing with strictly confidential data. Our customers have become increasingly comfortable with having confidential financial data living outside of their firewalls. We've been able to expand our SaaS business by demonstrating that our environment is highly secure and compliant." Business really started to grow once Chrysler, one of BlackLine's largest customers, decided to utilize SaaS. "With Chrysler, we host well over 400 users. When other customers hear that Chrysler and other multinational corporations host with us, they realize it must be secure, and they follow. SaaS is becoming mainstream. BlackLine offers two types of SaaS services: one service in an on-demand, shared environment and one called Premier Hosted where BlackLine hosts the software with servers dedicated to specific clients.

Dominick DiPaolo, Oracle Financial Data Quality Management Specialist, is very familiar with BlackLine's solutions and how they integrate with Oracle's product lines, including Oracle® Financials, Oracle's PeopleSoft Enterprise, Oracle's JD Edwards EnterpriseOne and Oracle's Hyperion Financial Management. He says, "There is no question that SaaS is attractive. BlackLine takes a SaaS approach that makes it convenient for customers. Clients are up and running in a very short period of time. The benefit becomes that all information is in one place, and users don't have to create or maintain the infrastructure. With SaaS, the time to benefit for customers is very quick." Along with time savings, SaaS customers typically achieve critical cost savings because there are no upfront IT investments.

Cox Communications implemented a SaaS version of BlackLine in 2005. According to Tammie Coley, Cox Communications Director of Accounting, "Our IT group found that it was more economical to use a hosted environment

compared to bringing the software in-house. Initially, it was about economics, as well as the urgency to get up and running. We are very pleased with BlackLine's array of accounting analysis tools. Many companies have suffered through the challenges of account reconciliations, but we now enjoy a standardized reconciliation process with straightforward oversight and monitoring. What we can see and do now during the reconciliation process greatly enhances our accuracy and efficiency. "

While SaaS definitely benefits customers, BlackLine, itself, is reaping rewards. Tucker says, "We're finding that SaaS is easier, and therefore less expensive, to support. Support costs for non-hosted clients are much greater than hosted." Since BlackLine controls both the hardware and software environment, customer IT personnel can't make alterations to applications or hardware that may cause unintended consequences. Tucker says, "What is a three-day support issue in non-hosted environments has become a one-hour issue with SaaS."

Tucker forecasts that over time, a greater portion of revenue will be generated by BlackLine's SaaS customers. "We had a life insurance company that originally didn't plan on utilizing BlackLine's OnDemand service for the long-term, but recently, prepaid for three years of on-demand service. BlackLine works beautifully as a service. They don't want the hassle of hardware, upgrades, setup and the involvement of their IT department. They like how SaaS works."