

## SOLUTION DRIVERS

- Managing Deferred Revenue
- Integrating Billing and Revenue Recognition
- Automating Maintenance Renewals
- Improving Order Management
- Eliminating Spreadsheets
- Regulatory compliance
- Reporting and Forecasting
- Enhancing the Financial Infrastructure
- Productivity Improvements
- Reducing Costs

## SOFTTRAX BENEFITS

- Automated Core Accounting Processes
- Improved Order Entry
- Eliminated Deferred Revenue Spreadsheets
- Consolidated Revenue Data for Regulatory Compliance
- Greater Reporting and Forecasting Capabilities
- Improved Productivity
- Lower Total Cost of Ownership

## COMPANY SNAPSHOT

Ownership	Public
Industry	Semiconductor Yield Enhancement Solutions
Location	San Jose, CA

*"We're a public company, with Sarbanes-Oxley and all the other revenue regulations, there are clearly problems with an ad hoc approach to revenue management."*

—Jeff Chalmers, Corporate Controller  
LogicVision

## LogicVision

*Replacing an enterprise financials system with Softtrax provided LogicVision with immediate cost savings and rapid return on investment. In addition, key financial data flows were streamlined, resulting in increased productivity, more accurate and timely billing, improved compliance controls, and greater reporting and forecasting capabilities.*

## THE COMPANY

LogicVision provides proprietary technology that enhances yield in the manufacturing of complex semiconductors. LogicVision's solution allows integrated circuit designers to embed test functionality that is used both during semiconductor production and throughout the useful life of the chip. As a result, customers can enhance their product yield; maximize quality, lower test costs and speed time to market.

## THE CHALLENGE

LogicVision's revenue stream is characterized by low-volume, high-dollar transactions, which can be as large as \$10 million over a three to four year period. Products are typically licensed on a one-year subscription basis, so renewal and pricing terms must be carefully tracked, but there are also some perpetual/term licenses in the installed base.

A number of other business issues complicate the accounting picture. The basis for product pricing can be per seat or per design. There are multiple product lines and customers often add users and products over the course of a multi-year agreement. In addition, large accounts have site license arrangements that give them a la carte rights to various products. While this subscription-based approach simplifies revenue recognition, allocating revenue across products, services, and maintenance can be complex.

## THE REQUIREMENTS

In addition to the business issues, there were infrastructure issues that were limiting the company's revenue management capabilities. Jeff Chalmers described the situation when he began working at LogicVision: "When I first asked for a deferred revenue schedule, it took five days and eight spreadsheets to produce. Deferred revenue was separate from subscription revenue, separate from maintenance renewals, separate from services revenue. We couldn't see revenue by customer or product, we couldn't tell what revenue was going to be for the next three months, nor did we have any type of reporting capability."

Although an enterprise financials package was in place, it lacked critical functionality for managing revenue and sales orders, and the billing module was labor-intensive and inflexible. "Once we put a record in, it was carved in stone," said Chalmers. "If we started a revenue schedule a month early or we wanted to delay it a month, we would have to cancel the invoice and reenter the whole transaction from the beginning. We needed a more integrated system."



*"The cost to buy Softrax with a year of support was less than the one-year cost of supporting our enterprise financials system. So, the additional Softrax capabilities for deferred revenue, maintenance renewals, reporting and forecasting, were essentially free."*

—Jeff Chalmers, Corporate Controller  
LogicVision

*"The business process review addressed fundamental questions about how we do business. The consultants worked well with all levels of our organization from accounting to the vice president of marketing."*

—Jeff Chalmers, Corporate Controller  
LogicVision

## THE SOLUTION

The first step was to consolidate revenue data in a localized database, which helped but didn't go far enough. "We're a public company, with Sarbanes-Oxley and all the other revenue regulations, there are clearly problems with an ad hoc approach to revenue management," Chalmers explained. "We had to continually go back and make sure our general ledger entries reconciled with the database. There was a lot of manual fact checking and validation, which worked, but definitely was not efficient."

By implementing Softrax, LogicVision integrated its mission critical financial data flows. LogicVision eliminated costs and achieved a rapid payback. "We spent less than we had budgeted for the implementation, and the ROI was less than a year," Chalmers said. Part of the reason was that Softrax provided all the necessary functionality out of the box. "My philosophy is not to do any customizations and we didn't need to do any with Softrax," said Chalmers.

## THE BENEFITS

Incremental productivity improvements were achieved across the board, especially with respect to deferred revenue, as Chalmers explained: "From taking a week to produce deferred revenue reports, far more granular data is now available at the push of a button." Even little things like alerts that are built into the system for tracking maintenance renewal dates, price changes, and milestone billing events had productivity impacts. As a result, the accounting staff is now more efficient and can concentrate on higher value activities.

The accuracy and timeliness of billing has also improved. "The flexibility of the order entry process in Softrax and the ability to separate revenue recognition and billing is really critical," said Chalmers. "Softrax integrates the data and automates the workflows so we can easily process even the most complex financial arrangements with our customers." For example, one customer has a three-year, three-month contract for multiple products with opt-outs at certain periods. To send them a consolidated bill, LogicVision has to invoice, defer and recognize different revenue amounts every billing period, all of which is now automated in Softrax.

One of the reasons for the success of LogicVision's Softrax implementation was the careful preparation that went into migrating the data and planning the workflows. "The data mapping went smoothly because the consultant did a good job with the imports and scripting," said Chalmers.

In addition, the system has proven to be easy to work with and support is readily available. "Technical support has been great," according to Chalmers, "Softrax has very responsive resources, you call them up and they take care of the problem."

