

SOLUTION DRIVERS

- Consolidate All Financial Data
- Eliminate Spreadsheet Accounting
- Automate Processes to Enhance Sarbanes-Oxley Compliance
- Improve Maintenance Renewals Process
- Enable Highly Granular Reports
- Reduce Costs
- Improve Productivity

SOFTTRAX BENEFITS

- Single Source for Financial Data
- Automated Key Accounting Processes
- Eliminated Accounting Spreadsheets and Manual Reconciliations
- Improved Accuracy and Availability of Key Reports
- Cut Data Entry Time by Half
- Reduced Days to Close
- Facilitated Audit Reporting

COMPANY SNAPSHOT

Ownership: Public
 Industry: Secure Internet Messaging Solutions
 Location: Redwood City CA

Tumbleweed

Tumbleweed's financial infrastructure comprised two enterprise systems and more than a dozen spreadsheets. As a result, reconciling financial transactions required a great deal of manual intervention, introducing delays and potential inaccuracies into the reporting process. Then a new CFO brought in Softrax to provide better controls, visibility, and flexibility.

THE COMPANY

Tumbleweed® Communications Corp. is a leading provider of email security, file transfer security, and identity validation solutions for enterprises and government agencies. Tumbleweed's anti-spam email firewall, secure file transfer, secure email, and identity validation solutions help customers significantly reduce the cost of doing business. Tumbleweed has more than 1,400 customers, including over 100 of the Fortune 500, 9 of the 10 Largest U.S. Banks, 24 Blue Cross Blue Shields, 17 U.S. State Governments, all four Branches of the US Military, and seven Payment and Clearing Networks.

THE CHALLENGE

Tumbleweed sells its solutions using perpetual software licenses with support and maintenance contracts. In addition, it provides a dynamic anti-spam service that delivers updates nearly every hour, which is sold as a subscription. As a result, there are multiple revenue streams with different recognition rules applied to each. But, Tumbleweed's financial data was fragmented across enterprise systems and more than a dozen spreadsheets in different departments. According to Tim Conley, Tumbleweed CFO, "Adding substantially to the challenge is the sheer volume of transactions, and the fact that we do very large deals with unique elements. That requires revenue recognition policies to be applied on an account-by-account basis."

This created a host of difficulties for key accounting processes. There were differences between the way accounting and sales viewed orders, and the reconciliation process added unnecessary time and effort to closing the books each month. It was also very difficult to generate some of the reports management needed, such as the maintenance and support amortization by product, by region, by customer.

THE REQUIREMENTS

Tumbleweed needed to consolidate its financial data and streamline its processes across the entire revenue cycle. The lack of a unified financial repository made the processes for deferred revenue, maintenance renewals, contract management, revenue recognition, reporting, and forecasting extremely inefficient. According to Conley, "The issue was that the costs associated with customizing our existing systems to meet our needs were just too great. We needed a centralized repository for all our order and revenue data. We also wanted tighter controls to improve our Sarbanes-Oxley compliance. That's what drove the decision to go with Softrax."

"Softrax automated our manual processes, allowed us to capture the granularity we require with respect to reporting, and put the requisite controls in place for revenue recognition compliance."

—Tim Conley, CFO
 Tumbleweed



"With respect to Sarbanes-Oxley, we found that manual processes just do not provide enough evidence. Obviously if you are managing your business in spreadsheets, there's a lot of room for error and manual intervention. With Softrax, we have system controls in place to lock it down."

—Tim Conley, CFO
Tumbleweed

THE SOLUTION

Tumbleweed was able to address all its challenges with one solution by implementing Softrax. It has been able to eliminate spreadsheets for deferred revenue, maintenance renewals, and order management. With Softrax, Tumbleweed now has more control over its critical revenue data, accounting processes, and compliance activities. "Softrax automated our manual processes, allowed us to capture the granularity we require with respect to reporting, and put the requisite controls in place for revenue recognition compliance," said Conley.

THE BENEFITS

The combination of a unified repository for financial data and automated workflows for key accounting tasks delivered benefits across the board. A great deal of inefficiency was eliminated, billing and collection cycles were reduced, and management now has better insight into overall business performance. As a result, the solution paid for itself. "We put together a cost analysis comparing what we were spending to the costs and benefits of using Softrax," said Conley. "The financial model for consolidating on Softrax was very attractive—it fit within our budget and our implementation timeframe."

The maintenance renewals process is a good example of the different benefits Tumbleweed has realized. "Softrax added significant improvement in the renewal of maintenance contracts," said Conley. "We now have visibility into which contracts are coming up for renewal, allowing us to work with customers a couple of months in advance. As a result, we're able to bill and collect sooner than we have in the past, and we can report the full granularity of maintenance revenue by product line."

Contract management and order entry processes are also more fluid now. Sales and finance are no longer keeping separate spreadsheets and debating the status of orders. With Softrax, orders are entered into the system once. Finance then runs a report to find all the open orders that need to be billed, allocates the revenue, sets up deferred schedules, and records the appropriate revenue automatically.

A quarterly review with its auditors revealed additional efficiencies, as Conley explained. "The amount of effort was reduced because the reports are more readily available, especially with respect to deferred amortization. That is a great feature in Softrax, you just hit a button and the report is generated. It shows you all the granularity you need."

Productivity is certainly important, but adapting to new demands is also imperative or else those productivity savings may be lost. The flexibility inherent in Softrax enabled Tumbleweed's finance department to easily support changes in its product offering and price list by providing templates for recognition rules and reporting, as a result, the finance team is set up for success should the business model change again in the future.

