



# ROOTSTOCK SOFTWARE 1ST LIGHT ENGERY

ANALYST

Seth Lippincott

## THE BOTTOM LINE

**1st Light Energy deployed Rootstock to replace QuickBooks and better integrate with Salesforce.** The company opted to put its enterprise resource planning and accounting software on the same platform as its customer relationship management solution and was able to go live in under three months. Nucleus found that the project enabled 1st Light Energy to shrink its inventory holdings, eliminate costly technology and data management, and transform how employees accomplish their tasks.

ROI: **256%**

Payback: **0.3 years**

Average annual benefit: **\$351,796**

...

## THE COMPANY

1st Light Energy is an installer of custom-designed solar energy and conservation lighting systems for residential, commercial and public sector applications. 1st Light Energy is dedicated to providing alternative energy solutions that positively impact the environment and deliver financial returns to its customers. Offering solar panel solutions for both residential and commercial customers, 1st Light Energy handles every aspect of the solar selling and installation process and doesn't outsource to contractors. Founded in 2005, the company has seven office across the United States.

## THE CHALLENGE

In 2013, 1st Light Energy realized that it needed to upgrade its business technology in order to continue to grow. It was using QuickBooks for accounting and managing its project materials with Excel spreadsheets. Although its sales team used Salesforce for projects, opportunities, and leads, the back office and the production team were using an inefficient collection of spreadsheets. IT staff were in a constant battle with QuickBooks to keep it up and running because of the strain the company put on the software. 1st Light Energy needed a solution that was more appropriate for a company its size and that could scale as the company grew.

Cost : Benefit Ratio | **1 : 3.8**

## THE STRATEGY

1st Light Energy considered a few different solutions before opting for Rootstock. First, it considered Microsoft Great Plains, but found it clunky and didn't like that it wasn't a true cloud solution. Additionally, the company would need to either abandon Salesforce customer relationship management software or build a middleware connector with Great Plains. 1st Light Energy also looked at NetSuite but was again wary of having to move away from Salesforce or build a connector.

The company then looked at solutions on the Salesforce platform, considering Accounting Seed, FinancialForce, and Rootstock. 1st Light Energy initially wanted to go with FinancialForce, but FinancialForce suggested that Rootstock could better fulfill the company's needs. Although Rootstock was a relatively new company at the time, 1st Light Energy decided that putting their ERP on the same platform as their CRM and selected Rootstock.

### TYPES OF BENEFITS

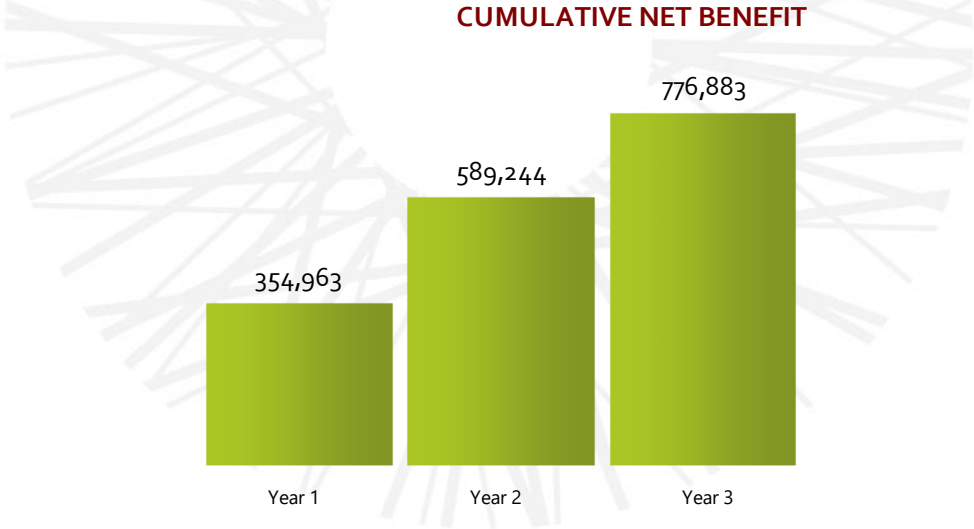


Internal personnel had prior experience deploying ERP systems, so 1st Light Energy established an aggressive timeline for the Rootstock implementation. The company went live with Rootstock after only 80 days, and although there were some issues with the FinancialForce deployment initially, Rootstock ensured that the solution got up and running.

## KEY BENEFIT AREAS

Moving off QuickBooks and onto Rootstock and FinancialForce for ERP and accounting has transformed 1st Light Energy’s business and created a platform for exponential growth, with the company more than doubling in size since going live. Additional key benefits include:

- **Reduced inventory.** With greater visibility into current inventory levels and transparent procurement processes, 1st Light Energy was able to quickly reduce inventory holdings. The company reduced carried inventory by over 15 percent in the first year. The company was able to identify obsolete inventory and, despite growing substantially, cut inventory levels in the second year after going live.
- **Increased IT productivity.** With QuickBooks, information technology personnel were in a constant battle to keep the system up and running due to the strain 1st Light Energy put on the software. Because Rootstock is cloud-based, IT has no infrastructure maintenance. Additionally, IT now addresses technology issues using a service ticketing system rather than on an ad hoc basis.



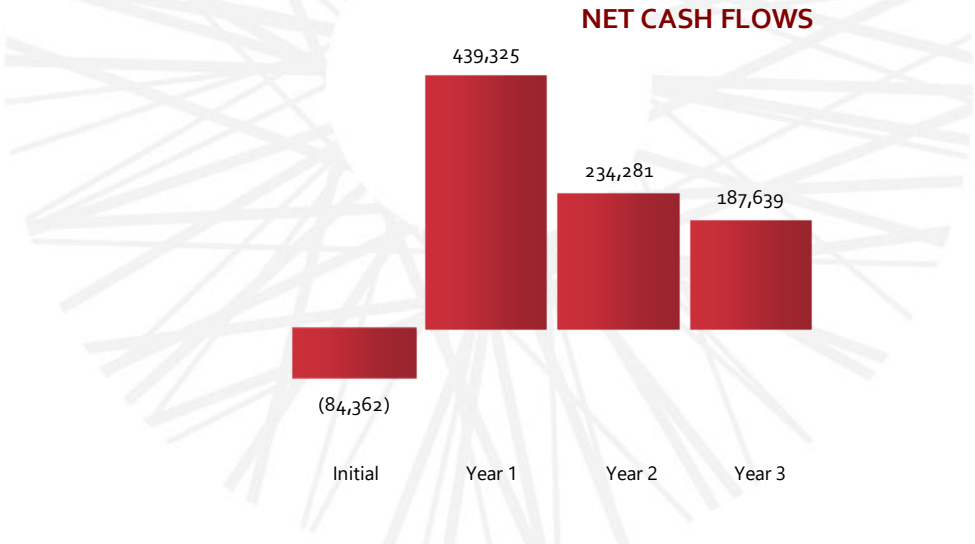
- **Increased management productivity.** Prior to deploying Rootstock on the Salesforce platform, when management personnel needed to pull reports to monitor the status of sales and operations, they needed to go into separate systems and then reconcile the output. With Rootstock, managers can see all the information from initial order through production to project complete and pull the desired information in one report.

- Increased employee productivity. Using the old system, employees would spend time entering data manually into both the accounting and project management software and CRM. With Rootstock, employees manage data entry by exception, simply filling in missing pieces and moving on to more value-added tasks.

Many of the jobs at 1st Light Energy look very different from what they did before deploying Rootstock. With total workflow visibility and the ability to track projects from conception through completion, employees no longer need to manually enter data or search for the right information to accomplish a task.

### KEY COST AREAS

Costs of the project included software subscription costs, additional software license costs, personnel time to implement and support the application, user training time, data storage costs, and consulting costs. 1st Light Energy utilized internal IT staff during the first year of using the system to simplify the training new employees and automate processes.



### BEST PRACTICES

1st Light Energy adopted an aggressive implementation timeline and was successful in doing so. Leveraging internal expertise and Rootstock consultants, the company was able to go live in the shortest deployment for Rootstock to date. With its CRM, ERP, and core financials on the same platform, 1st Light Energy leverages the single data model. As a result, the company has been able to develop formal processes for costing and procurement, thereby reducing wasted inventory and more efficiently

completing projects. Additionally, 1st Light Energy was able to leverage the open APIs of the software to reduce the complexity of training new employees and automate processes.

## CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, data storage costs, personnel time to implement and support the application, employee training time, and consulting over a three-year period to calculate 1st Light Energy's total investment in Rootstock.

Direct benefits quantified included reductions in inventory due to better visibility within the system. Indirect benefits quantified included increased employee productivity through more efficient business processes and reduced internal IT maintenance requirements, which were calculated based on the average annual fully loaded cost of the employees using a productivity correction factor to account for the inefficient transfer between time saved and additional time worked.



# FINANCIAL ANALYSIS

## Rootstock Software - 1st Light Energy

Annual ROI: 256%

Payback period: 0.3 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	336,689	86,517	0
Indirect	0	210,727	210,727	210,727
<b>Total per period</b>	0	547,416	297,244	210,727

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	28,850	34,695	44,063	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
<b>Total per period</b>	28,850	34,695	44,063	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	5,770	12,709	21,522
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
<b>Total per period</b>	0	5,770	12,709	21,522

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	11,895	12,012	0	0
Hardware	0	2,295	0	3,938
Consulting	6,200	0	0	0
Personnel	29,300	51,300	18,900	19,150
Training	7,788	7,788	0	0
Other	329	0	0	0
<b>Total per period</b>	55,512	73,395	18,900	23,088

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(84,362)	439,325	234,281	187,639
Net cash flow after taxes	(59,382)	228,613	114,745	112,886
<b>Annual ROI - direct and indirect benefits</b>				<b>256%</b>
Annual ROI - direct benefits only				61%
Net Present Value (NPV)				346,647
<b>Payback period</b>				<b>0.3 years</b>
Average Annual Cost of Ownership				92,835
<b>3-Year IRR</b>				<b>339%</b>

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.