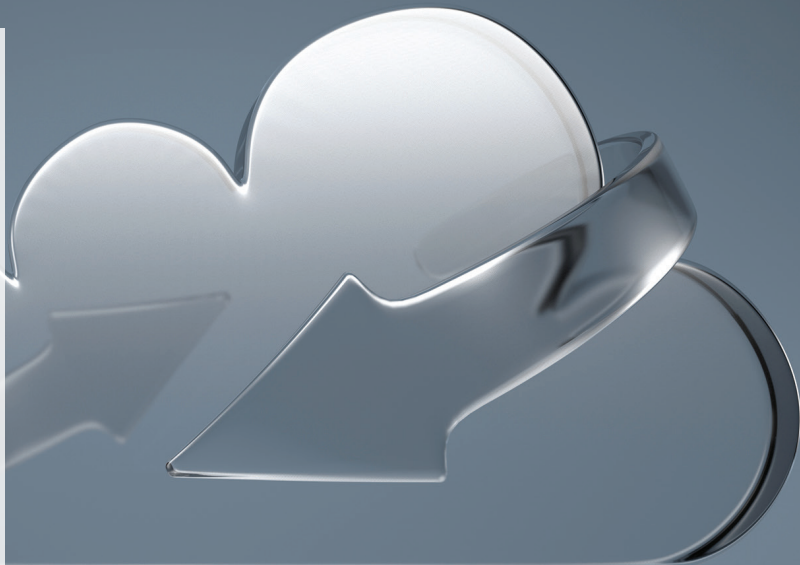


Creating Budget Predictability for ERP Software Upgrade

Community College Normalizes Unpredictable Expenses into a Predictable, Consistent Budget



Community College

Financing intangible investments like software is not something many lenders find appealing: If the borrower defaults, there is nothing to return. Moreover, with huge price tags, lengthy rollout schedules and unpredictable invoicing, ERP system upgrades are among the most difficult projects to plan.

And yet, ERP systems are also often critical drivers of a school's overall operating efficiency. Because these systems touch everything from student portals to financial aid databases, accounting and recruiting, keeping pace with technological advances can have major impacts across the entire organization.

First American Education Finance understands the importance of these investments to colleges and universities and has developed solutions to make them more accessible.

Challenge:

A community college in Massachusetts recently faced the need to upgrade its ERP system. But budgeting for the big-ticket project would not be easy.

The complexity of the project would almost certainly lead to high consulting costs and massive amounts of billable hours over a long implementation process that could take 18 to 24 months—or more. On top of that, the project would require a large upfront cash outlay, which didn't exist in the current budget.

ERP Software Upgrades



School:
**Community College
in the Northeast**

Program:
Campus Improvement Program

Project:
**ERP Software and
Network Upgrade**

Financing:
4-year, \$1 Buyout

The project's size—not to mention the unpredictability of incurred costs—made nearly every financing option impractical. Going through the local bank meant the school would need to front the implementation costs and be reimbursed later, which would negatively affect cash-flow and take away from other planned projects for that fiscal year. This would also delay the final funding, increasing the interest rate risk.

Solution:

First American was able to address all of these concerns with a four-year financing program. This structure:

- + Spread all of the project costs into predictable monthly expenses over the course of four years**
- + Established a fixed interest rate**
- + Permitted unforeseen project costs to be added at a later date, if necessary**

Additionally, as part of the project, First American served as the project manager for the 18-month implementation period. This project manager acted as an extension of the school's staff by directly managing the payments of all invoices from the project consultants. This greatly freed the school's administrators from the burden of having to track and audit each invoice on their own.

Results:

This cost-effective solution allowed the college to pursue this important program confidently with a payment structure that fit its budget and transformed a large, unknown cost into a predictable, manageable monthly payment.

Indeed, investing in this software impacted more than the college's budget. The updated technology greatly improved their student recruitment and retention efforts by offering better tools to track, target and market to students. Armed with better data, internal efficiencies have also been realized which pave the way for smarter, more strategic decision making.



The updated software system greatly improved the school's student recruitment and retention efforts.