



Q&A with Edwin Taylor, CEO of Proffito Software providing Enterprise Financial Process Applications that allow Companies to improve processes for Allocations, Account Reconciliations, and SOX Workflow while fully meeting the requirements for Financial Data in a Thin Ledger



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CEOCFO: Mr. Taylor, what is the idea behind Proffito?

Mr. Taylor: There is an area within Enterprise Performance Management that has been clumped into a category where it doesn't fit and it is around allocations from profitability. We have been doing profitability projects for many years using Oracle software and we did a project for Amazon where we were able to greatly reduce their time to process and time to see allocated numbers in their month end, and all of their period ends. We did that project using the Oracle Profitability Software, but we decided that we would build a better piece of software that would run against any database, any cloud, any general ledger and allow companies to see fully allocated P&L (Profit and Loss), cash flow and balance sheets within minutes versus waiting for them. There is something known as the Thin Ledger concept that has been around for corporate finance for many years and we feel our software is the very first one to fully meet the requirements of users who desire to see financial data in a Thin Ledger concept.

CEOCFO: Why has this area been a stepchild for so long?

Mr. Taylor: Because it is a very difficult and a very messy process, because it normally involves thousands of spreadsheets. It is difficult to pull the numbers together from different data sources so it is very complex. The technology really had not caught up to it so now with cloud technology and with what we have with our Motor engine, which we use with one click. This actually allows the processing of the data, the managing of the data, the maintenance with data integration all to be done very cost-effectively and efficiently. And you will love this, we have a native connection to Excel, no add ins with browser compatibility versions.

CEOCFO: Who is the application designed for?

Mr. Taylor: It will be used by the very largest Fortune 5000 companies as well as companies over \$100 million with some complexity around their ability to understand where they are profitable. The key tenant of the application is to understand where you are profitable, where you are not profitable, so they can do more of this and less of this to make decisions. This is key in making the office of the CFO and the office of finance real business partners within large organizations, because they can bring serious data-driven capabilities that would help out the CEOs.

CEOCFO: What are you able to pull into the mix to come up with an answer?

Mr. Taylor: When you look at allocations, look at it from the perspective of a CFO and CIO. A CIO is looking to allocations in order to drive decision-making around shared services. You are a CIO, you have a global company and you are trying

to decide how to do charges to the users of your shared services. Sometimes you will find that those charges are higher in other areas than others because there can be different activities and different ways. These days what happens is if you do not have a system like Proffito, it is all a guessing game and there are no sourcing, no trace-backs, or ability to understand where numbers come from. What happens with Proffito is we are able to build a system that will provide allocated numbers for P&L, for balance sheet and for cash flow, and not only provide the numbers but also give the ability to actually see where the numbers are derived from. The key is full traceability down to general ledger account details. That way you get political buy-in, you get buy-in from executives, buy-in from controllers. They are looking at numbers now that they trust, so these are fully allocated numbers that they trust. This has been a very difficult thing to achieve. We built all of our requirements based on our project at Amazon, so it is fairly complex. We decided we wanted to be able to do that level of allocations and all the way down to \$100 million in company allocations. That would be easy to maintain, fast to implement, lightning-fast process, everyone will trust the numbers, and you must open the data up to any kind of reporting device. You can do all sort of multi-dimensional type of work.

CEOCFO: *How often might a company run this?*

Mr. Taylor: Some companies might run it daily. For example, a Papa John's might want same store daily sales information. What if they got it fully allocated or understood the exact profitability of where they are at the product level? This is an amazing way to open up the ability to make decisions. You are trying to make decisions on where you are going to sell, where you are going to market, why you are going to market there, and where you are going to be the most profitable, and this is what this product does.

"We want to work with data-driven companies who believe in data, and their culture is driven by data... we want companies that are into data-driven accountability, profitability, and we have the product for that."- Edwin Taylor

CEOCFO: *How will you get people to believe?*

Mr. Taylor: We are a very senior people in this field. My partner Greg Forkin, who owns the Answer Factory, has been in this field and has been the go-to person for many years on corporate financial reporting and analysis. Peter Doyle, and is the recognized expert in the field of profitability in the oracle world and in the non-oracle world. We have been through hundreds of implementations. We can sit in a room and clearly articulate the value not only about software but the entire Thin Ledger concept. We have been talking to people about this for many years. We have always had technology limitations, but our product moves those technology limitations.

CEOCFO: *What is the plan?*

Mr. Taylor: We are going to sell everything through the channels. I have personal connections with big companies like Huron. We are doing a pure channel play on this because we are an add-on product and not a replacement product. There is not a single thing like this on the market so this is an entire new category. This is process, allocation, analytics engine; there is nothing like it in the market.

CEOCFO: *What is the actual product available?*

Mr. Taylor: We have Proffito Profitability, which is our flagship application that bolts onto any ERP, or any general ledger, but we also have several other products. We have SOX-compliance product that automates the workflow process around SOX-compliance reporting. We also have Profitto Account Reconciliation, which is a fantastic tool. We are compared to Blackline, but we have got better workflow and newer technology, because Blackline is old technology. We have also just introduced Proffito Allocation Engine for financial services,

CEOCFO: *How did you decide on the price point?*

Mr. Taylor: My thoughts on the price point is that the price point should be a no-brainer; it should be one be one of these things as a SaaS product. It should be something where you look at it and know you could have 5 users, 50 users or 100 users. It is a SaaS model, easy to implement, fast to use, and because it is an add-on product it does not replace anything and it is easy. If you are an SAP or Microsoft client, then this is a no-brainer. We want to make it that way. We did not want to make it a big enterprise giant, charge a fortune to get involved. We wanted to make it affordable, easy, and spread the capability of the product.

CEOCFO: *Is implementation through your partners?*

Mr. Taylor: We will do implementations as Proffito, but our preference is we will align you with a top partner, such as a Huron, so people that have process management, change management. We are not interested in being a services company, we want to have our channel and have the best and brightest doing these implementations.

CEOCFO: *What surprised you through the process of developing and now releasing the product?*

Mr. Taylor: Everything that you think takes a week, takes a month. I should know that but I am a bit impatient and everything that happens within the year such as holidays, vacations or people getting sick, everything delays a week. Other than that, the actual product development has been fantastic and we are so proud of the product. We have worked with Oracle for many years and we love it, it is a great product but we already are a far better product.

CEOCFO: *Why pay attention to Proffito today?*

Mr. Taylor: Every company out there needs to know where they are making money and where they are losing money. They all do it today but they do it with a very disconnected, hard to maintain, difficult system that nobody believes in. What Proffito brings to them is the realization of the Thin Ledger concept, where they can actually go in and have faith in those numbers on the CEO side or the CFO side. You now have faith in your allocated numbers because the system works.

CEOCFO: *Are you afraid that some people will not want to be that accountable?*

Mr. Taylor: Allocations and profitability are how executives get bonuses, and sometimes executives get bonuses for being inefficient, so they do not want the systems to run. When we run into those kinds of companies we understand they are not for us and we move on. We want to work with data-driven companies who believe in data, and their culture is driven by data. For example, some of the heavy regulated companies do not actually want to work with real data and they have their own reasons for it, but for us we want companies that are into data-driven accountability, profitability, and we have the product for that.

