

Quality Research

Fast-Growing defense contractor manages rapidly expanding project load and achieves ten-fold increase in efficiency of payroll processes with enterprise solution from Deltek

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Heather Wilbanks,
Accountant with Quality
Research

THE CHALLENGE

While many firms experience growing pains, Quality Research—a Huntsville, Alabama-based research and development company with offices in 16 states—took steps to ensure it would enjoy largely painfree growth. Since obtaining its first government contract in 1990, the company has experienced meteoric increases in revenues, company size and number of projects managed. Since 1996, the number of projects the company managed jumped from 20 to 100. At the same time, its revenues have skyrocketed from \$11.2 million in 1996 to \$60 million in 2002. Perhaps more impressive, this growth has not been restricted to the economic expansion of the late 1990s. Since 2000, the company’s revenues have grown more than 56 percent.

As Quality Research’s number of projects increased, so did the volume of data that the company had to manage. During its early years, the company tracked its project costs using a series of ever expanding spreadsheets. As the number of projects and the size of the spreadsheets simultaneously grew, fulfilling manager and client requests for information meant scouring these spreadsheets and double-checking their often-questionable accuracy. Given the company’s strategy of achieving client satisfaction and maintaining close cooperation between business units, this was an unacceptable situation. “Everything was done on spreadsheets. Huge spreadsheets,” says Heather Wilbanks, Accountant with Quality Research. “We were growing so much and so fast we could not function that way any longer.”

The spreadsheet-based system caused the most problems for calculating billing and labor costs. This task, though crucial for any business, was even more important for Quality Research since it is a Department of Defense contractor. As such, they are subject to the extensive accounting and reporting regulations of the Defense Contract Audit Agency (DCAA). Managing its billing and labor manually turned an already burdensome task into a monumental administrative challenge.

Stats at a glance

Company Name

Quality Research

Headquarters

Huntsville, AL

Employees

630

Primary Business

Quality Research specialized in the areas of information technology, modeling and simulation, training, and technical and engineering services.

URL

www.saic.com

“Our billing was done entirely on spreadsheets, and that was horrible,” says Wilbanks. “To prepare for our audits, we had to go through each page of these extremely large spreadsheets and highlight the relevant information so that the auditors wouldn’t have to read every detail of a one hundred page document. This process would take us hours, and in the end it often seemed like one big mess of paper.”

Adds Suzanne Wilson, Accountant with Quality Research, “At the time, we had almost 200 employees. Getting just labor costs to the managers took us more than two weeks.”

The manual system not only made time and labor calculation a work-intensive process, it also challenged the company’s ability to produce accurate financial data. Entering the information manually left the data vulnerable to errors. This problem was exacerbated by redundant data entry. The difficulty of producing reliable billing information directly threatened the profitability of entire projects. Quality Research realized that under its existing systems, the company potentially faced problems such as cumbersome and unreliable payroll and billing processes; financial statements that were slow to deliver; and DCCA audits that were growing increasingly complex. In short, the company was facing a major problem with the way it conducted activities integral to the company’s growth and success.

THE SOLUTION

“We realized that we had to automate our billing and labor costs processes,” says Wilson. To eliminate these and other problems and to gain the ability to manage the accounting and reporting requirements associated with a rapidly increasing project caseload, Quality Research turned to Deltek.

When the company began using Deltek Time Collection, a web-based, employee timekeeping solution driving payroll, billing and job costing functions that is part of the Deltek Enterprise™

suite, in 1997. Quality Research was earning annual revenues of \$12.7 million. By the time Quality Research implemented Deltek Costpoint—an integrated back-office solution for large project-based firms with complex business requirements that is part of the Deltek Enterprise suite—in 1999, annual revenues had reached \$27.4 million. As of 2002, with the number of projects managed reaching five times the 1996 levels, the company was achieving revenues of \$63 million. Despite Quality Research’s bounding growth, its financial accounting and reporting capabilities have only gotten more efficient and less time-consuming with each passing year.

THE BENEFITS

“In 1996, a typical billing cycle containing information for about 20 projects could be completed in no less than two weeks,” says Wilbanks. “Since deploying the system, we have been able to maintain a constant billing cycle and to post information for about 100 projects on a weekly basis.”

In addition to achieving an amazing 1,000 percent increase in the efficiency of its payroll processes, Quality Research has also utilized its Deltek Enterprise solution to improve the accuracy and reliability of its data.

“With Deltek, we have not only become more efficient with our processes, but we have also obtained more accurate and up-to-date information,” says Wilbanks.

“By concurrently reconciling the data with accounts payable vouchers obtained from the system, we are able to ensure the integrity of the data,” says Wilbanks.

THE CHALLENGE	THE SOLUTION	THE DELTEK ADVANTAGE
<p>Quality Research realized that under its existing systems, the company potentially faced problems such as cumbersome and unreliable payroll and billing processes; financial statements that were slow to deliver; and DCCA audits that were growing increasingly complex.</p>	<p>Quality Research chose Deltek's Enterprise solution to improve the accuracy and reliability of its data.</p>	<ul style="list-style-type: none"> • Able to maintain a constant billing cycle and to post information on a weekly basis. • The company has not only become more efficient with their processes, but has also obtained more accurate and up-to-date information. • Project managers are now able to view the information in the system and correct errors before they can affect the overall status of a project.

Having accurate and up-to-date billing and payroll information has given projects managers much greater control over their projects, enabling them to keep a tighter rein on budgets and costs. Project managers have also benefited from having access to and control over their project status reports, which contain information on labor, non-labor, profit percentage and project ledger details.

Giving project managers access to the system has also led to a dramatic reduction in the number of errors that pass through the system and cause adverse effects on the profitability of projects. Project managers are now able to view the information in the system and correct errors before they can affect the overall status of the project.

"When errors in the data are not caught, they have a direct impact on the profitability of our projects," says Wilbanks. "Now that project managers can access detailed project status reports pulled from the system, they are able to catch errors immediately, rather than catching them two or three months after the project has been completed and the billing has been closed. Since they now receive nearly real-time views of the information that has been posted to the system, we rarely ever deal with this type of problem."

Project managers have not been the only group to benefit from using the Deltek system. Under the previous system, the accounting department was not only responsible for creating and updating tables for status reports, but also for printing and distributing project status reports to the appropriate managers.

Since the system enables project managers to access the system and immediately learn the status of projects, the accounting department is no longer required to undertake the time and expense associated with printing and distributing the project status reports.

"Previously, our department would have to print out status reports and distribute them individually to the project managers. Now, we are able to give them access to the system so that they always know the status of their projects," says Wilson. "Accounting is now responsible only for creating and updating the tables, and that in itself saves my department as much as a day and a half in time."

As a result of its longtime use of Deltek products, Quality Research has become a sophisticated user of Deltek's back office software, utilizing many of the system's deep functionality and advanced budgeting tools to better track and plan their project budgets. One such extensively used tool has been cost ceilings, which alert users when certain limits on spending or billing have been reached.



Contact Deltek

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Deltek is a global leader dedicated to delivering enterprise management software that meets the unique needs of project-focused organizations. With over two decades of experience, Deltek enables companies to maximize profitability and productivity, integrating all aspects of their businesses. More than 11,000 customers worldwide rely on Deltek to streamline operations, improve performance and win more business.

“With cost ceilings, our contracts specify the amounts that we can bill for items such as travel expenses and total costs. They are helpful because mistakes that are not caught during the charging process are then caught when they go through billing,” says Wilbanks. “We use a number of different types of ceilings including project ceilings, average ceilings, cost ceilings, garden ceilings, overrides and C overrides. Using ceilings helps us to better manage costs at every stage of the project, and help us meet our customer’s requests.”

Despite always having had high expectations for the system, the company is still finding new uses for and benefits of its Deltek solution. “We recently came across the unexpected benefit of automating our 401(K) processes and sending our files to our 401(K) providers directly from the system,” said Wilson. “Previously, we had to create a proxy report, download it to Microsoft®

Excel for calculations and export the data into a Microsoft Word document. Depending on the problems we ran into, it would take as long as a whole day to complete. With Deltek, we can process it and email it to our provider in only 10 minutes.”

Adds Wilbanks, “We’ve automated so many additional processes. The system is so big that we are always learning new things about it. I don’t think it’s possible to exhaust all its functionality.”

Update—Shortly after the writing of this case study, Quality Research underwent an acquisition by SAIC.