

A *Megode* Case Study



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Revenue Recognition Data Warehousing solution

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Introduction

Megode delivered a complete Data Warehousing “eco-system” to understand and report revenue for a large financial services client. This client had been operating in “startup mode”, but as they were acquired, the urgency to be auditable and demonstrate viability in their accounting practices became critical to their success as a company.

Not only did Megode deliver the systems and reports to complete end of 2009 revenue reporting, but the architecture of the system is such that the client may now continue on to grow the system for more partners and increased capabilities.

Problem Statement

The client company provides a service to customers to align their needs with a best fit for insurance products. More than 95% of their revenue comes from commissions generated by the insurance carriers.

Prior to the construction of the RevRec system built by Megode, the client did not have an automated system to calculate recognized revenue. There are highly complex business rules, unique to each Carrier that make up the revenue number reported by this client company.

Therefore, getting numbers out was manual, error prone and not auditable. They also had no way to calculate receivables or balance to the statements they received from the carriers.

Previous Options

Commission statements are received in a variety of forms: excel sheets, pdf documents and paper. Historically, the accounting dept would manually consume the files, enter totals into an accounting system (QuickBooks) and do spot check for anomalies. They would then manually calculate revenue from Quick Books. Getting to a true revenue number that could be audited down to the policy level was onerous if not impossible.

Megode Solution

The Megode Data Warehousing solution is a Microsoft SQL Server 2008 and Analysis Services system comprised of three major architectural components:

Operational Data Store (ODS) that uses SQL Server Integration Services (SSIS) to automate the ingestion of real-time commission transaction data from each of the Carriers.

The system is highly customizable to accommodate the unique formats of each Carrier. It was built to be operationally robust, it logs all successes and failures as well as alerts when formats change or data elements are invalid.



This system is automated to detect the appearance of new transaction files and ability to do rollback and reprocess.

Data Warehouse and ETL that pull from the ODS to Transform the data based on explicit business rules to a set of conformed fact and dimension tables across all Carriers.

Analysis Services Cube and SSRS reports

aggregates the data into a cube structure to fuel reports that give the business the ability to:

- See total Sales by Time (Year, Quarter, Month, Week, Day) , by Carrier, by policy Type, etc
- See AR balances that consider the unique business rules and payment structures of each Carrier
- Drilldown on Sales, AR or specific transaction types from the aggregate down to the detail level with a mouse click
- Provides foundation to be built upon for a highly auditable accounting system

Benefit 1

This system enabled the client financial services company to responsibly report revenue and stay in business as their company grows and matures within a new parent company.

There was no fallback to the Megode system; if it failed the client would have failed.

Benefit 2

Provides the foundation to understand the company revenue stream, and drive the company toward their strategic goals.

For example, being able to see which channels, agents and campaigns drive the most revenue will enable them to grow and tune the business.

Benefit 3

Provides a foundation set of Data Warehouse fact and dimension tables that will be expanded to include other accounting processes such as payables, reconciliation and projected revenue.

Implementation

The RevRec system is built upon Microsoft SQL Server 2008, SSIS and SSAS using Visual Studio. Architecting and building the solution required knowledge of these technology components combined with depth of expertise in dimensional modeling and accounting principles.

Summary

Megode provided an end to end solution in a highly challenging timeframe (90 days) for a reasonable cost. Without this solution the client had no fallback and would have been at risk to lose an incredible business opportunity that for them will mean the difference between a business on an exponential rise, vs a business on the sure decline.