

**A Leading Developer of Automated Financial Process Solutions for the Mid-Market, Prophix Software is Used by Thousands of Finance Leaders Around the World to Empower their Organizations and Gain Greater Insight into Business Performance**

**Business Services  
Financial Processes**

**Prophix Software**  
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**Paul Barber  
CEO**

**BIO:** Paul Barber is the CEO of Prophix Software. He is a graduate of Cambridge University, with an MA in Mathematics, and holds an MBA from the Richard Ivey School of Business at the University of Western Ontario. Paul has worked in the software industry for over thirty years in such areas as Decision Support Systems, Executive Information Systems, Business Intelligence, and Performance Management. His functional experience includes sales, marketing, professional services, and general management. In recent years, Paul led

Prophix Software's metamorphosis from software distributor to developer of world class Performance Management solutions.

**About Prophix Software**

Prophix Software is a leading developer of solutions designed to automate financial processes including budgeting, planning, reporting, analysis, and performance management for the mid-market. Thousands of finance leaders around the world use Prophix to empower their organization and gain greater insight into business performance. Prophix and its partners deliver the best value by combining high end functionality, low total cost of ownership, and the fastest implementations in its class.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Mr. Barber, what is the concept at Prophix Software?

**Mr. Barber:** Prophix is a company where we are in what is known as CPM space, the Corporate Performance Management space. We really try and add value to our customers. We do not really sell or position ourselves as selling into very, very large companies like the enterprise level companies. We sell mainly to mid market. As a company that means that we have to deliver value. That is really what we do.

**CEOCFO:** How are you delivering value? What does your product do?

**Mr. Barber:** Prophix is used for things like preparing budgets and doing financial reporting. Financial

consolidations are another aspect of what we do. Our customers use it for things like analyzing their numbers, for example, doing product line profitability. They also use it for displaying information visually and using things called Scorecards and Dashboards. One of the ways that we add value to our customers is that we have one product that does all of those things. Many companies have the ability to do bits and pieces of the CPM solution, but we have one product that does everything. That is quite unusual in our industry. We also have a philosophy that we internally call "productization". The idea behind productization is that whenever we have something working in the product where people are doing the same thing over and over again, we go out of our way to make it easy to use, so that, for example, a customer will find it quick and easy to do things. There again, in a sense that is counter intuitive for many companies. That is because they are really trying to sell consulting services and implementation services; whereas we try and add the value. That means that they do not need to have our people in there all of the time doing things for them. The majority of our customers, once we walk away, are basically able to do everything themselves.

**CEOCFO:** Are most companies in the range that you deal with working with an outside service? Are they trying to handle these functions through internal programs?

**Mr. Barber:** Historically, if you worked in the department of finance many decades ago, everything was done very manually. Then the computers

came along and there was this big wave of automation. Companies that had transactions like invoicing and payables, check printing and those sorts of things; those transactional aspects of the job were automated. Originally, these systems were called accounting systems. Nowadays, they are called ERP, Enterprise Resource Planning Systems. However, they would typically include some kind of accounting functionality with them. That was the first wave of automation in the finance department. Since then for many companies there has not been a whole lot of automation. To do all of the other things that finance does they have used spreadsheets. What we are doing is really helping companies with what I personally regard as the second wave of automation. The kinds of things that we are automating are not transactional systems like invoicing or those types of things. They are the analytical aspects of the finance department. These are the repeatable analytical jobs that people have to do. These are things like preparing a monthly forecast or producing an annual budget or producing management reporting every month based on financial data and sending that out to all of the people who are interested and so on. These are non transactional in nature. The majority of companies that we sell into are currently using spreadsheets to do that. Therefore, what we are really doing is helping them take away all of the manual work that is involved in doing with the spreadsheets. We are not in the business of putting people out of work. It is not as if our customers buy Prophix and then they let go half a dozen people who were doing this. What typically happens is that the people who were using spreadsheets end up having a lot more time to understand and to analyze their business. We have many customers of ours that have said things like, "After we closed the general ledger it used to take us something like eight business days to do our reporting, because we were copying stuff from reports, out of the general ledger and

putting it into Excel spreadsheets, formatting it, printing stuff out, producing books and so on. We have now got that down from maybe eight business days to one day or half a day and the information gets sent out electronically." That is an example of how we are automating a process there. The benefit is that they get the information out more quickly so that it is more current for the people who are looking at the information. However, the people in finance who have been doing this with spreadsheets, now they have the time to understand the numbers better. Now they can look at those numbers and analyze them and maybe add commentary much more easily. However, it basically ends up meaning that the company is managed much more effectively from a financial perspective in terms of financial reporting and so on. One of the benefits that the department of finance gets out of this that instead of

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being an organization that looks at the past and says, "this is what has happened previously," what they are doing now is being able to look to the future and saying things like, "we have analyzed this and we think we should make these changes and that will help us going forward." It really empowers the department of finance and makes them a much more valuable asset to the overall company management. Those are the kinds of things that people say. We have had customers say to us that because they use Prophix they can now actually do a monthly reforecast and they could not do it before, because it used to take two months to do a reforecast. Now they can spend three or four days every month reforecasting. We have enabled them to do that. Therefore, the company as a whole is much more forward looking.

**CEOCFO:** How do you reach potential customers?

**Mr. Barber:** We go to certain events and that sort of thing. We do e-marketing. We do a lot of nurturing. We have been doing this now for some years. We have a large database of people that we nurture and we send out regular emails to. We also get many leads through the internet, through pay-per-click and search engines. People go to search engines to find software and they come to us that way. There is a variety of different ways that we get people coming to us.

**CEOCFO:** When you talk with a new customer when do they "get it"? Is there an "aha moment" when most potential customers understand the value or is it a slow process in general?

**Mr. Barber:** I think it depends. I think this is something that is actually quite

interesting. The use of this kind of product is something that originated with very large companies. If you are a very large company you have several hundred departments that you have to reports for then you need something like this, obviously. What has happened is that the interest

in this kind of software has been percolating down to smaller companies. By smaller, I do not mean tiny companies. I mean companies with in many cases many hundreds of millions of dollars in revenue. In some cases they have someone there who has worked for another company that has used this kind of software in the past and they realize the value of it. When you get down to a very, very small company, obviously the value proposition is something that many of them do not really get. However, I think that in many cases it depends on the industry. If you have an industry which really has not changed very much and which is pretty slow moving then the need for a product like this maybe is not that great. However, when you get a dynamic industry, you can get, in many cases for example, in the pharmaceutical business; you have companies that may have just one or two products,

but it is a very dynamic business because they have got the regulatory authorities to approve that they can sell this product. Suddenly, they have got to plan how they are going to sell it. Therefore, they have very dynamic businesses. That is when these small companies can realize the value of what we are doing. Therefore, I think it depends on the industry. I think it depends on the size of the company. Interestingly enough, we have found that “not for profits” are really realizing and understanding the value of what we do. That is because, if you are a not for profit and you have total income of twenty or thirty million dollars; it might be government grants, it might be charitable donations from individuals, you have to decide what to do with all of that money and you have to do things that match up government grants with where you are spending the money and over time where you are spending the money and things like that. Their planning needs are actually quite complex, compared with a retail company of the same size. That is because, in retail you have your custom products that you are selling that is not really planned that much. You have less of a planning requirement than you might have in a not for profit. It very much depends on the industry and the size of the organization.

**CEOCFO:** What is your geographic reach? Do you see that changing?

**Mr. Barber:** We have customers’ worldwide. We have over two thousand customers now. The majority of them are in North America. We also have our own operations in the UK and in Scandinavia and Brazil. Therefore, we have customers in all of those areas. We also have representation through partners in other parts of the world such as Australia, Singapore, South Africa and Russia. Our product is multi lingual. We have a Russian version and a French version and so on. We have about twelve different translations in different languages available. Therefore, we have customers all around the world. However, our biggest market is in North America.

**CEOCFO:** How is business?

**Mr. Barber:** Pretty good! We are finding a lot of interest in what we do. We have had great growth. Last year I think we did twenty six percent growth and the year before that we did forty percent growth. I think that this year we will do quite well. However, I think the quantitative easing has made some companies a bit nervous about spending money, but other than that I do not see any problems.

**CEOCFO:** Why should investors and people in the business community pay attention to Prophix Software?

**Mr. Barber:** Because what we are doing is something that is of interest to anyone that has to manage a company. As time goes on, the way that businesses get managed gets more complicated. For one thing, there is more information out there. One of the things that has happened in the software industry is that there are many new ERP providers out there. The ERPs are getting more sophisticated with more information to manage and to look at. Reporting, especially, is very important. Even if a company is an investment company and they have investments in a variety of different companies and different investments, they could use something like Prophix for reporting on those investments and comparing them and reporting on, say, a monthly basis. Therefore, anyone who wants to run a business well should be interested in a product like ours. We do not actually have any institutional investors right now, so we have no particular axe to grind in that area. However, we realize that institutional investors, for example, need to have proper reporting from the companies that they invest in. That might be something that they would use Prophix for.



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