

Success Story

Avenu Insights rapidly scales 3x after carve-out acquisition

Avenu Insights & Analytics

“Sage Intacct has helped us improve our bottom line, deliver results faster, and scale the business very efficiently. It’s really our backbone, and I couldn’t be happier.”

Mike Melka

CFO, Avenu Insights & Analytics

Company overview

Avenu Insights & Analytics provides a broad range of revenue enhancement and administration solutions that help state and local governments boost revenue and optimize operations.

Executive summary

Previous software:

- Legacy on-premise accounting system

Results with Sage Intacct

- DSO reduced from 50+ days to the low 40's.
- Aged receivables accounts cut in half.
- Monthly close trimmed from 15 to eight days.
- Gross margins up through data-driven business decisions.



Company
Avenu Insights & Analytics

Location
Virginia, US

Industry
Technology & Software

Sage Products
Sage Intacct

The Sage logo consists of the word 'Sage' in a white, serif font, positioned on a dark circular background.



Software firm selects Sage Intacct as its business 'backbone'

Created by acquisition in early 2017, Avenu Insights & Analytics had just six months to implement new business applications to run the company, which today supplies revenue enhancement and administration software and services to more than 3,000 state and local governments in the U.S. and Canada. Avenu temporarily relied on the systems of its previous owner, but in effect, Avenu would be starting from scratch.

The choice of an accounting and finance platform would be crucial to Avenu's ability to grow, scale, and deliver returns for its investors, including Mill Point Capital. Avenu's CFO, Mike Melka, evaluated options including NetSuite, Microsoft Dynamics 365, and Unanet before selecting Sage Intacct as best suited for Avenu's key objectives of rapid implementation, ease of use, and capacity for integration in a best-of-breed application environment.

"Sage Intacct was far and away my preferred approach," Mike said. "It really came down to speed of deployment, scalability to expand, and ease of use for our base users to quickly and easily understand the product," added Mike. Mike handled much of the implementation himself, including data conversions and report configurations. "Sage Intacct allowed us to be a standalone company in a very short period of time with a very lean team," Mike said.



Avenu was able to cut its volume of aged receivables accounts in half with Sage Intacct.

DSO reduction accelerates \$2 million in cash flow

Over two years, Avenu Insights has built what Mike calls “a well-oiled machine” with Sage Intacct that’s delivering the financial efficiency, data-driven insights, and scalability to grow that the company needs. The Centreville, Va.-based Avenu has expanded from about 250 employee to nearly 900 employees, with a commensurate increase in annual revenue, through organic growth and several acquisitions. Sage Intacct has helped Mike quickly integrate the acquired businesses, including the largest acquisition, the local government software business of Conduent, a Xerox spin off. “Sage Intacct is very flexible and easy to use, and allowed me to bring on those acquired businesses in days, not weeks, once they’ve been set up,” Mike said.

Despite growing more than three-fold, Avenu maintains a lean nine-person accounting and finance team, up from four individuals at the start. Nine months after the initial acquisition in 2017, Mike’s team trimmed seven days from the monthly close cycle, down to eight days from the 15 days that the former owner needed to close the books with a legacy on-premise accounting application. Avenu was able to cut its volume of aged receivables accounts in half, and it dramatically improved its days sales outstanding (DSO). Once averaging 50-some days, DSO improved to the high 30’s to low 40’s. That accelerated \$2 million in cash flow that helped Avenu pay down debt from its original acquisition ahead of schedule.

Using dimensional reporting in Sage Intacct, Avenu has improved its gross margins with deep visibility into costs, revenue, and profitability across its sizable product portfolio. Those insights have enabled informed tactical and strategic decisions on where to trim costs, curtail under-performing products, adjust pricing, and speed cash flow that position Avenu for sustainable and efficient growth. “Sage Intacct provides me the flexibility to analyze data anyway I need and delivers insights that allow us to hone our business,” said Mike. “We’re able to measure our business the way we need to,” Mike commented.



Contracts, project accounting deliver additional gains

More efficiency gains are in the pipeline as Avenu deploys the Sage Intacct Contracts module to automate billing across as many as 2,000 software and services contracts, and enhance visibility for managers and sales reps through integration with Avenu's Salesforce CRM application. It also strengthens Avenu's ASC 606 compliance and helps better manage a complex mix of licensing and maintenance models. "The Contracts module allows us a better picture across our contracts and all-around scalability, and ultimately allows us to automate the manual billing and revenue recognition processes," Mike said. "We can rely on it to do most of the leg work without having to hire 10 revenue accountants," Mike commented.

Avenu is also rolling out the Sage Intacct Project Accounting module, connecting to Salesforce and enabling Avenu to measure project profitability, billable utilization, project status, and other key metrics of its services business. Those insights will help Avenu enhance client services, ensure healthy margins, and price future engagements accordingly. Salesforce is just one of many applications that Avenu has integrated with Sage Intacct to create a modern, cloud-based best-of-breed environment.

Taking advantage of Sage Intacct's open and straightforward API, Avenu has also connected Adaptive Insights for budgeting and forecasting, Avalara for sales tax automation, Mineral Tree for AP workflow, and Anytime Collect for collections. "By the end of 2019, we'll have almost 10 connections if not more to the Sage Intacct platform," Mike said. "I'm very, very pleased at how Sage Intacct has allowed me to really scale the business so efficiently. Our board of directors has seen the value of Sage Intacct as well — they're very impressed with what we've done and how quickly we've done it," Mike concluded.



Sage

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