

# Aerexchange

Irving, Texas

SMB Case Study Series



## SMB Controller Paves the Way to Automated Revenue Recognition & Accountability

### Company Overview

Founded in 2000, by thirteen of the world's major airlines, Aerexchange has transformed an antiquated purchasing process into a real-time global acquisition tool for airline-related products and services.

Before Aerexchange, sourcing of aircraft parts and repair services on a global basis was an extremely difficult, time consuming, and costly process. Each airline had its own staff of global procurement experts tasked with locating aircraft parts and qualified technicians. Each airline maintained its own vendor lists, manually placed calls, and sent faxes to check on part availability and pricing.

Today airlines and suppliers have Aerexchange, a secure, neutral, end-to-end e-commerce procurement solution. The Aerexchange tools and customized applications facilitate procurement transactions between airlines and suppliers, speeding response times while lowering cost and delivery times. Now, airline procurement professionals can:

- Search and procure products and services online;
- Electronically negotiate and execute optimal contracts;
- Manage order streams; and,
- Ensure global delivery.

Aerexchange broadens suppliers reach into the global airline market, securely granting visibility to inventory, enabling them to win additional and more lucrative contracts.

Aerexchange has greatly improved the purchasing process through its virtual marketplace where airlines can seek bids from companies for annual contracts and suppliers can offer airlines items as diverse as plastic cups to engine cowlings. Aerexchange has become a clearing house for hundreds of thousands of transactions and billions of dollars on an annual basis.

### The Challenge

When Aerexchange launched its e-commerce solution, in 2000, it did so on a robust but expensive financial software package. Although effective, the solution proved to be too costly to maintain and develop additional modules for. Jim Taylor, Chief Financial Officer, was interested in learning how to cut costs and drive the company to the next level. "We analyzed areas where improvements could be made and have the greatest impact. One cost cutting measure we quickly zeroed in on was the need to migrate our financials to a more cost effective application, and one that could provide additional flexibility."

In addition to lowering expenses, Aerexchange wanted one particular capability from its next financial package that it currently did not have. Aerexchange wanted to be able to recognize revenue in a deferred manner. For example, airlines and suppliers pay annual licenses in one payment however, Aerexchange wanted an automated way to recognize this revenue over the lifespan of the twelve-month contract. The original solution did not allow for this, so data had to be manually imported and exported on a monthly basis. Being able to automatically recognize revenue over the life of a contract further lowered Aerexchange's costs, saved substantial time, eliminated accidental human error, and kept the company compliant with accounting regulations.

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### Requirements and Selection Process

Aerexchange considered numerous solutions but none seemed flexible enough to permit deferred revenue accounting. This key decision criterion led Aerexchange to NextCorp, Ltd. to assist in a detailed evaluation of various solution alternatives. "We knew NextCorp had the bench strength to guide us through the process of assessing, procuring and implementing a financial software solution," said Jim Taylor, Aerexchange CFO.

Before working with NextCorp, Aerexchange envisioned licensing a software solution and implementing in-house as it had done before. The NextCorp analysis, however, recommended a hosted financial solution called the SMB Controller.

The SMB Controller brought Aerexchange the best financial accounting processes, audit controls, business planning, and reporting solutions – including the capability to do automated deferred revenue recognition. Based on Microsoft Dynamics™ GP (formerly Great Plains) and hosted in a secure, monitored, and managed facility, Aerexchange has real-time access to financial information, processes, and reports anywhere and at any time.

"NextCorp's hosted SMB Controller solution was very attractive and the idea of not having to manage the financials internally was very appealing, to say the least. Not only could we eliminate further capital outlay, but we could outsource the ownership and management of the applications and the storage and security of the information. NextCorp does it all with the SMB Controller solution," Taylor added.

### Realized Benefits

"I was very impressed with the NextCorp team. We went from signature to implementation in six weeks – including creating and testing the deferred revenue recognition capability. Since implementing the solution we have realized significant savings and gained the flexibility we needed. We anticipated using SMB Controller to improve automation and it has worked as expected, allowing us to eliminate manual data rekeying for external financial reporting. With the SMB Controller, reports are automatically generated for board meetings and other financial analysis.

With the SMB Controller, Aerexchange has been able to execute mission critical budgeting and forecasting. The most significant benefit across all of the SMB Controller capabilities comes down to time savings and improved flexibility. With the SMB Controller we have both at the price point we sought.

Aerexchange provides an easy to use e-commerce portal for airlines and suppliers; NextCorp provides the best, cost effective, financial applications and secure storage through the SMB Controller solution. We're a perfect match!

We are excited to see what else this highly flexible suite of financial applications will enable us to do as we continue to push the envelope in aviation supply chain automation," Taylor concluded.

### About the SMB Controller

The SMB Controller is a subscription-based financials, accounting, and reporting tool offered by NextCorp. Built on Microsoft Dynamics GP, the SMB Controller brings industrial-strength financial planning, accounting, and measurement benefits to the small and medium business. Available in 12, 24, or 36 month subscriptions, businesses are assured of having the best tools, common practices, training, and support for their small and medium business - all without any of the traditional upfront capital outlay or investment.

Join the collaboration and productivity revolution, today! Learn more about the SMB Controller by visiting: [www.getsmb.com](http://www.getsmb.com) or calling 888-525-6398.

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