

Hackett: Companies Can Cut Finance Costs by 23 Percent By Using a Single ERP, Implementing Technology and Data Standards

Research Quantifies Impact of Complexity Reduction; World-Class Finance Organizations Also Rely on Single Chart of Accounts, Half the Bank Accounts, Fewer Budget Iterations

ATLANTA, August 9, 2005 - By moving to a single ERP system for finance and at the same time implementing consistent data and technology standards, companies can cut the cost of finance operations by 23 percent, according to Book of Numbers© Research from The Hackett Group, a business process advisory firm (NASDAQ: ANSR). But companies that take either of these approaches independently may see little to no savings, or even a slight increase in finance operations costs, Hackett found.

World-class finance organizations rely on both of these approaches, which help them spend 31 percent less than their peers on finance, operate with nearly half the staff, and also complete their financial reporting cycle more quickly each month. In addition, they turn to a wide range of other complexity reduction techniques that help them generate even more cost savings. World-class finance organizations, for example, rely on a single chart of accounts, use half the bank accounts of typical companies, and do fewer budget iterations.

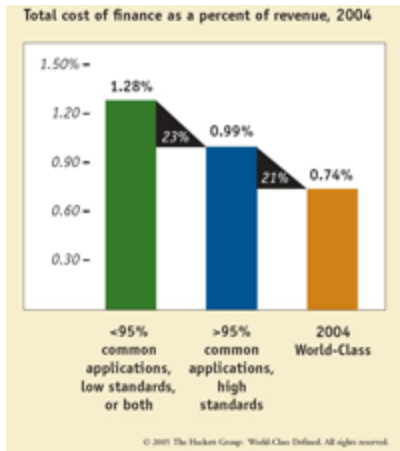
Hackett's new Book of Numbers research volume, "Optimizing a Return on Business Complexity: Performance Metrics and Practices of World-Class Companies", focuses exclusively on the value of complexity reduction. The full research is available only to members of Hackett's Executive Advisory Programs.

The Hackett Group is a world leader in best practice research, benchmarking, and advisory services that empower executives to achieve world-class enterprise performance. Hackett offers analysis and insight backed by metrics derived from 3,300 benchmark studies over 13 years at nearly 2,000 of the world's leading companies, including 93 percent of the Dow Jones Industrials.

Value of Complexity Reduction in Finance

Hackett began its analysis by looking at a range of areas to identify those with the greatest ability to reduce business complexity. The research identified two areas as among the most significant - the number of finance or ERP systems and adherence to data and technology standards, including the use of standard hardware and peripheral software tools for finance and usage of common data definitions. The research showed that individually, reducing complexity in these two areas had little impact on cost. In fact, companies which had not moved to a single common ERP system saw cost of finance rise slightly as they implemented standards. But when companies focused on both together, they saw significant cost reductions. The median cost of finance for companies with common applications and high standards was .99 percent of revenue, 23 percent less than that of companies that did not meet either or both of these criteria, where total cost of finance operations was 1.28 percent of revenue. This amounts to \$2.9 million in annual savings for a \$1 billion company. Savings were equally distributed between finance labor and technology.

Hackett's research found that world-class companies clearly focus on these two complexity elements. They are 61 percent more likely than their peers to have a single ERP system, and



rely on common data definitions 20 percent more often. In addition, they cut costs by another 21 percent, or \$2.1 million/billion of annual revenue, over companies that focus on just these two elements, in part through their implementation of complexity reduction in many other areas.

World-class finance organizations rely on a centrally maintained, uniform single chart of accounts 98 percent of the time, while only 82 percent of all typical companies make the same claim, according to Hackett. They use only 14.4 bank accounts per billion dollars of revenue, less than half the number used by typical companies. In this area, Hackett's research showed a clear correlation across the

board between a decrease in the number of bank accounts per billion dollars of revenue and decreased treasury management process costs. World-class finance organizations also do an average of only 3 budget iterations, 25 percent fewer than typical companies.

NOTE TO JOURNALISTS: A chart illustrating select findings described above is available on request, and will be distributed via BusinessWire. In the Word version of this document, it appears here.

"Reducing complexity and creating a centralized system for finance can be exceptionally challenging. But the potential rewards are significant. This is why world-class finance organizations make it a priority," said The Hackett Group's Finance Practice Leader Mark Krueger.

"To make it happen, companies need to begin by assessing the systems they're using. How many are there? How standardized are they? Are differences being driven by real business need, or by some combination of happenstance and perhaps practices established before parts of the company were joined in a merger? Careful planning and the consideration of options such as outsourcing and shared services are also critical, as is strong support from senior management. Finally, change management is a critical element. To keep people from backsliding, companies may need to go as far as shutting off old systems and processes as soon as the new ones are working," said Mr. Krueger.

The Hackett Group's research into world-class performance is compiled in its Book of Numbers series, which provides senior executives fact-based performance metrics and insights based on Hackett's extensive database of best practices and process metrics in IT, finance, HR, procurement, and other areas. Hackett Book of Numbers volumes are available to members of Hackett's Executive Advisory Programs -- premium-value, membership-based programs providing confidential advisor inquiry, best practices research, and peer learning opportunities.

More information on The Hackett Group is available: by phone at (770) 225-7300; by e-mail at info@thehackettgroup.com; or on the Web at www.thehackettgroup.com.

About The Hackett Group

The Hackett Group (www.thehackettgroup.com), a business process advisory firm and an Answerthink company, is a world leader in best practice research, benchmarking and advisory

services that empower executives to achieve world-class enterprise performance. Only The Hackett Group empirically defines world-class performance in sales, general and administrative (SG&A) and supply chain activities with analysis gained through 3,300 benchmark studies over 13 years at nearly 2,000 of the world's leading companies.

The foundation of Hackett's benchmarks, transformation services, and membership-based advisory programs is our proprietary database of Hackett-CertifiedSM Practices, approaches which are proven to correlate with superior performance metrics. This unparalleled knowledge repository enables Hackett business advisors to provide data, advice, and strategic insight with a level of integrity and authority available nowhere else. As of this writing, Hackett clients comprise 93 percent of the Dow Jones Industrials, 76 percent of the Fortune 100 and 90 percent of the Dow Jones Global Titans Index.

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