



Practice Management

innovative • functionally rich • technically advanced

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Allen Smith, Chief Information Officer., Baker Tilly



An in-depth Case Study

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The founding partners of certified public accounting firm Virchow Krause would have great cause for congratulation if they were able to fast forward from 1931 to 2010. They would be gratified to see that the down-to-earth style and the collaborative, client-focused approach that built the firm are still evident today while Baker Tilly Virchow Krause, LLP, as it is now known, has developed into a flourishing full-service accounting and advisory firm with a global reach.

From its first office in Wisconsin the firm has expanded beyond the state's borders to Chicago, Detroit, Minneapolis, New York and Washington

D.C., and as an independent member of the Baker Tilly International network, offers services to clients world-wide.

The explosive growth of Baker Tilly Virchow Krause really took off during the mid to late 1990s when Tim Cristen took over the helm as Chief Executive Officer. His strategy was to combine organic growth, in terms of client base and industries, and mergers with like-minded firms, to widen the firm's geographic footprint and increase the scope of services. “Ten years later we are still in growth mode,” says Allen Smith, Chief Information Officer for Baker Tilly Virchow Krause, “and we see no reason why the momentum shouldn't continue.”

Back in the early 2000s, to make sure it was in good shape to deliver on Tim Cristen's vision, the firm carried out a fundamental review and enhancement of its management processes and IT systems. Allen and his colleagues knew that a rapid transition from an organization of 400 to 500 personnel to a projected headcount of as many as 2,000 – with a proportionate rise in revenue – would test the firm. In addition to the impact this growth would have on the firm's infrastructure, its people and the skills required to do their job, the computer systems would need to support the way the business would be run.

“One of the areas we targeted was practice management, conscious that our home grown 11-year-old character-based system was showing its age. When we investigated what was available on the market, we looked at 19 different products – and left no stone unturned. The problem throughout the country at that time was that there was a great divide between applications and programs aimed at small firms and those more suited to extremely large organizations, like the Big Four. There was nothing for the mid-tier firms that was well-written,



sophisticated, had great performance, great functionality and literally didn't cost an arm and a leg," Allen recalls.

Baker Tilly Virchow Krause eliminated all but a shortlist of three vendors in late 2002, coming down to Star Computers, Elite and CMS Open.

"We carried out a very robust investigation of the contenders before deciding in favor of Star Computers – a decision that was considered pretty risky because we were to be Star's first American client," Allen continues. "We certainly got some weird looks from our peers in other CPA firms when they learned we were going with a product from England. What about support issues and the six hour time difference between Wisconsin and the UK? But this was more than outweighed by the fact that Star's application had been written specifically for accounting firms and had been tried and tested by some of the world's largest firms. Elite and CMS Open had been designed for the legal community and were less proven in the accounting market.

"In our view, an accounting-centric system coming out of England was much better than a non-accounting-centric system from California. There was also a significant comfort factor in the number of international professional accountants that were already using Star Practice Management. We were confident that if it suited Ernst & Young in Moscow and Deloitte in Luxemburg – to which we made a site visit – it would suit us just as

well in the USA. Our confidence was also boosted by the level of talent brought to bear by Star's consulting pool. It was superior in every way.

"In addition, Star recommended we adopt Navision (now Microsoft Dynamics NAV) as the financial accounting system that Star had previously linked with their application to satisfy the needs of the Big Four international accounting firms. Microsoft had just acquired Navision in a worldwide deal, so that we had even more confidence going forward."

The contract was signed in November 2002 and following Star Practice Management going live on September 2nd 2003, it was immediately apparent that the act of faith and balancing risk with reward had paid off.

Looking back, Allen acknowledged that with the help of Baker Tilly Virchow Krause's internal IT resource, the implementation went fairly quickly. The firm had DBAs, developers and report writers on staff and they worked closely with Star's installation and support team to ensure a smooth transition. By the time September came around, they were pretty good at moving data. When they backed up the old system, shut it down and completed the migration to Star Practice Management, it immediately balanced to the penny.

At the same time the project was progressing, Baker Tilly Virchow Krause took the opportunity to make some

changes to the way it functioned as a business. With a focus on obtaining an even better return on investment – both monetary and in terms of time by partners, managers and staff, these changes were reflected in the way in which the Star Practice Management system was set up and how its time recording and reporting was structured. This facilitated the assignment of individuals to teams, allowing the Star system to help track profitability and team performance for individual partners and staff.

"Star Practice Management is the hub through which we share information and from the outset, it gave us 95% of what we needed," Allen adds. "This enabled us to focus our own IT expertise and resources on the additional 5% of functionality that was unique to the firm. For example, our IT team wrote a number of bolt-on applications to streamline processes such as a workflow front end for client creation and acceptance. When we set up a new client, the routine weighs risk and asks questions of partners, recording digital signatures so we know we are compliant before the data is transferred. Other home-grown applications send data to our partner dashboard and HR systems."

The central database within the Star Practice Management system acts as the repository for all information relating to clients, jobs, chargeable activities, staff, user access rights, contacts and other associated data. Star Practice

Management also feeds data such as cash receipts, time and expenses, and billing adjustments into the firm's Microsoft Dynamics NAV (Navision) financial accounting system through its custom-built NAV interface and all rechargeable firm paid expenses are fed back.

The care and attention that Baker Tilly Virchow Krause and Star Computers put into the set up, migration and training phases paid off not just during the initial project but also when merging other firms into the expanding practice. At the height of its growth, firms were being merged on an annual basis. Allen paid tribute to the quality of the training that Star provided at the outset – and the success of the follow-on 'training the trainers' initiative. Also, the firm benefited from a low turnover of people, with many DBA, IT, infrastructure and training people who were involved with the transition from the pre-Star system continuing to play a key role today. Initially 700 people had to be trained and after Star transferred its knowledge base to Baker Tilly Virchow Krause's senior trainers, the 'Johnny Appleseed' approach continued to cascade that out to as many people as necessary.

"Because of what we learned back in 2003 and the work we did with the people from Star, we have subsequently been able to independently handle all of the migration of data from our merged firms. Of course Star is still there to support us if needed, and we continue our very close partnership but, all in all, we are pretty self-sufficient. We are really good at getting data out of other products and into the Star system so we can get new firms up to speed quickly," Allen says.

"Bringing Star Practice Management onboard brought a step-change improvement in how we ran the business and accrued revenue. Previously, the same client may have been entered into the time and billing system five or six times, but Star enforces a single view of every individual client. Whether we are engaged to provide tax services, assurance, consulting or financial services, it doesn't matter. Reporting is also much better than it was in the past, while access to centralized information on clients, jobs and resources helps accuracy of invoices and maximizes the profitability of our business." He estimates the firm has processed more than \$1.2 billion of invoices through the Star system.



However, despite significant achievements against plan over the last decade, there is little chance that Allen and his colleagues will be able to rest on their laurels. New opportunities for growth are always on the horizon.

"We strive on a daily basis to become America's finest professional services firm," Allen concludes, "and Star allows us to make sure that our infrastructure and our main mission-critical application do not get in the way of that vision. I have every confidence in the world that even if we were to double in size tomorrow, Star Practice Management software would be able to support us."

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