



The New Release

www.moviecube.com



At A Glance:

- **Company:** Owns and operates DVD rental kiosks throughout the U.S.
- **Headquarters:** Houston, TX
- **Industry:** Retail; Consumer Entertainment
- **Challenges:**
 - Strong growth demanded streamlined systems to support aggressive kiosk-installation strategy to gain market share
 - A recent acquisition of The New Release brought financial support, but the parent company deadline for monthly reporting stressed the organization with the current system and processes in place
 - Existing IT system too expensive and inflexible to support aggressive growth strategy and adapt to changing business processes
 - Several inventory (DVD) related processes were done off-line in spreadsheets due to the cost and complexity of trying to automate or integrate these processes using SAP R/3. These off-line processes consumed several days a month and contributed to the stress of the month-end close.
- **Software switched from:**
 - SAP R/3

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— Tracy Terrell, CTO, The New Release

Results

NetSuite is now giving The New Release the ability to compete aggressively for new business in the booming market for DVD rentals.

“Before, it was hard to get even basic financial reports out of our ERP system, so we didn’t even think about extending the solution,” says Tracy Terrell, CTO of The New Release. “As a result, we resorted to spreadsheets for tracking inventory, calculating the amortization of the DVDs, even doing our very limited financial analysis—all on spreadsheets.”

The New Release (TNR) had been recently acquired, and the parent company wanted TNR to embark on an aggressive kiosk-deployment campaign in order to capture market share for its Moviecube DVD rental business. But TNR’s ERP system wasn’t helping.

TNR brought in NetSuite in June of 2009. Since then, the company and NetSuite partner Scope Group have automated procurement, financial reporting and inventory management. Because TNR has automated the inventory valuation and other recurring accounting processes, the company reduced its monthly financial closing from six to two days.

“This greatly reduced our stress level, because our parent company requires the monthly numbers quickly after the end of the monthly cycle,” says Terrell. “So we were working furiously to get the numbers together manually. That’s not a good thing for us, or for the accuracy of the information.”

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Challenges

On the surface, TNR’s business model is simple. The company rents popular DVDs from standalone kiosks for just one dollar per day. Volume brings success, and to get volume means to have as many kiosks in as many places as possible. The company’s recent



• **Results with NetSuite:**

- Major reduction in IT spending, with NetSuite costing 80 percent less than SAP ERP software on a recurring annual basis
- Integrated, automated accounting processes have helped TNR reduce end-of-month financial closing times from 6 days to 2 days
- TNR now has appropriate visibility of inventory in NetSuite, thanks to the automation of processes and integrations that were done off-line in their SAP environment
- NetSuite is helping support new growth via additional, ongoing process-automation projects.

• **NetSuite Partner:**

- Scope Group

acquisition gave TNR a boost: since their parent company manufactures the kiosks, TNR was now free to embark on an aggressive deployment program. But the company's IT software was standing in the way.

"We were using SAP for our general ledger, asset tracking, and service management" says Terrell. "But our users found it very cumbersome, and we were evaluating the need to extend the solution to account for changes in the business structure and processes. We couldn't justify the expense of consultants to develop the reports and other changes needed, especially when we felt the system, even used in its limited way, was burdening rather than streamlining our day to day operations. Not surprisingly certain processes had made their way outside SAP and into spreadsheets."

These applications included product financial reporting, and, importantly, inventory reconciliation and amortization processes.

Solution

With NetSuite, TNR has been able to automate its accounting processes, bring inventory visibility and stronger revenue reporting into the ERP system. Now the amortization, as well as accounting for inventory transactions, is handled within NetSuite through integrations to Kiosk point-of-sale systems or through custom processes.

Houston-based Scope Group, a NetSuite Partner, assisted with the implementation as well as designing all the process and integration automation deployed. This automation lets TNR manage the business much more efficiently and has resulted conservatively in about 1.5 full-time-equivalent employee savings.

"With these basics under control, now we can really support our aggressive growth," says Terrell.

He notes that the two-day monthly closings now give TNR some strategic advantages.

"We can make better, faster decisions about things like how much capital we want to allocate in the next month, or the rate at which we can invest in new Kiosks," he says. "This is a competitive business, based on volume, so we need every advantage we can get."

The company and Scope Group are also working on additional process integrations. These include automating every aspect of the DVD order-to-delivery process. Also, Terrell says that as it moves toward its goal of 3,000 kiosks by year end, the company continues to find new ways of improving its processes.

