

SMALL BUSINESS MATTERS

A rival product can be beneficial

Boston Herald - Boston, Mass.

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Date: Oct 12, 2007

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Section: BUSINESS

Text Word Count: 568

Document Text

It's not often that a small business is thrilled when a major competitor launches a rival product. But the marketing department at Centage Corp. could hardly be happier about it.

This fall, Microsoft released PerformancePoint Server 2007, a sophisticated budget planning software package intended to improve companies' financial forecasting. That's exactly what Centages Budget Maestro is supposed to do.

Microsoft is targeting small- to mid-sized companies with its new product - which is the heart of Centage's market. So why do they welcome the competition?

Microsoft has a bigger marketing budget. The software giant will be spending a lot of money to tell customers about the shortcomings of their existing systems and the need for better forecasting tools.

"It really raises awareness out there," said Jim Nauen, Centage vice president for sales and marketing. "It's going to be great."

The Centage team also believes it can service the target market better than Microsoft.

For starters, Budget Maestro is cheaper at \$6,000 compared to \$20,000 or more for PerformancePoint. It can be up and running almost immediately, while other systems can take months to fully implement.

These budget forecasting tools take off where Microsoft's popular Excel falls flat. Budgeting with that commonly used program requires layers upon layers of spreadsheets and complex formulas. It is difficult to make changes to show what would happen under different scenarios.

Forecasting software generally compiles the data, eliminating the need for multiple spreadsheets.

Budget Maestro has a "secret sauce," Nauen said. It allows companies to put in when they plan to pay bills, which allows them to get a better handle on what will happen with cash flow in the coming year. The program makes it simple to figure out how much money a company will have in the bank if bills are paid in 30 days versus 90 days, for instance. Understanding what will happen to cash flow can help a company determine whether a particular contract would be helpful or harmful.

The product also allows companies to easily track expenses either by category, by department or even individual. That's something spreadsheets don't offer.

"The more tuned in you are to the business, the better decisions you can make," Nauen said.

Centage, based in Natick, was founded in 1996 as a business planning software company. Its founders discovered the lack of forecasting tools and morphed their product into a budgeting tool. The latest upgrade is scheduled for release early next year. Among other improvements, it will allow companies to automatically account for the cascade of expenses of a new hire such as salary, health care and office supplies.

The company has plenty of competition. There are cheaper systems out there and more complex ones. To sell its product, Centage's marketing team uses a white paper underscoring the problem of spreadsheets and offers Web conferences. Live demonstrations using a company's own financial data help, too.

Centage is really banking on plowing into new territory. Most companies don't use budgeting software yet. Some are satisfied with using their accounting software to build budgets and don't want to add the expense or complications of another program. Others don't even know such a thing exists.

So even if Centage loses potential customers to Microsoft, there are more than enough out there for both companies, Nauen said. And with Microsoft in the picture, more of them will be interested in the concept.

Credit: By Jennifer Heldt Powell

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