



Case Study

Expanding solutions for an expanding retailer

Mars Music

The company

Since the first Mars Music superstore opened in March of 1997, this privately-held company has grown rapidly. Now, in addition to revolutionizing the music store industry with some 50 retail locations, Mars also sells online at marsmusic.com, and includes business units specializing in music facilities construction, teaching, publishing and recordings.

As the company grew, so did its financial data processing requirements.

“Our review determined that USi was the most stable and best at what they did.”

*Eddie Rivera,
Chief Information Officer,
Mars Music*

Mars Music's financial support center in Ft. Lauderdale had been running PeopleSoft financial modules with DB2 on a legacy system that also ran other processes. With the company expanding at the rate of a dozen new outlets per year, the data processing

system wasn't able to keep pace -- to the point that it would soon have difficulty meeting Mars' own year-end reporting deadlines.

The company had two options: upgrade the in-house platform and software, or outsource to an Application Service Provider. To weigh these alternatives, the team led by Eduardo Rivera, V.P., Information Technology, prepared an ROI/TCO analysis to cover the typical 3-year outsourcing contract period.

Orchestrating rapid improvement

Outsourcing was quickly seen as the right way to go. It would obviate the costs and other challenges of acquiring and retaining a staff of Oracle and PeopleSoft experts. Also by using an Application Service Provider, Mars would eliminate the need for hiring user-support personnel and avoid eventual consulting fees associated with software upgrades.

Mars narrowed its ASP review to three candidates. The chosen provider would need to upgrade Mars Music's users from PeopleSoft version 7.50 to version 7.53, go live in time to process year-end reports, and be able to upgrade the system to version 8.0 at a future date during the 3-year period. Only USi looked well able to handle it all.

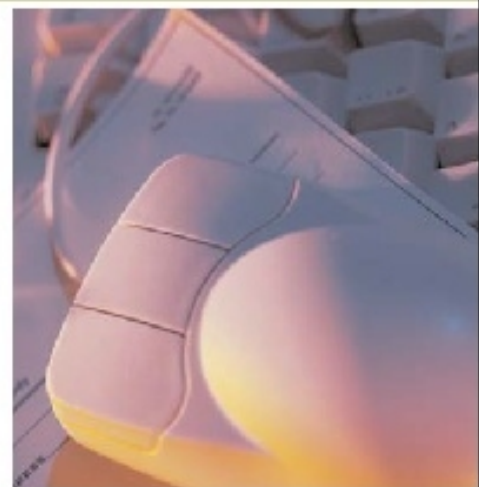
A true provider. A true partner.

"We chose USi because they are a 360-degree provider," Mr. Rivera said. "Some people call themselves ASPs, but they only provide functional support for the application and not hardware support, or don't do the networking, or don't have their own data centers. We knew that USi would be able to give us everything, on-time, in a comfortable, cost-effective package."

Shortly after being contacted, USi began working closely with Mars Music to develop a detailed needs analysis, part of the provider's standard proposal procedure.

Mars Music Financial Systems Manager Libby Pepe recalls the process. "Before USi even gave us a quote, they sat with us to make sure they understood our business, understood where we were going, what we wanted out of the system, and why we were looking for an ASP. So they could show exactly how they would meet our requirements," she said.

Mars Music chose USi for understanding its business requirements, and for comprehensive capabilities, robust infrastructure, and responsive ongoing support.



Industry

Musical Instrument Retailing

Company Profile

Since opening its first store in 1997, Mars Music has grown at the rate of a dozen superstores per year. Selected as "Retailer of the Year" by one of the music industry's leading trade publications, the company has brought national brand leadership, efficiency and customer-friendly policies to what has historically been an antiquated, fractured industry.

Annual sales: >\$200 million

Employees: 2,300 (plus nearly 1,000 contract teachers)

USi system users: 59

Data Center employees: 17

Retail stores: 49

Situation

Rehosting and upgrade of PeopleSoft financial modules.

Already using PeopleSoft financial software on a legacy system, Mars Music needed to upgrade both its platform and software to perform efficiently and report in a timely manner. Faced with the alternative of attracting skilled staff to migrate to a new platform and upgrade the software in-house, Mars Music chose the more efficient and orderly upgrade path, which was to use USi.

Benefits

USi enabled Mars Music to meet its aggressive goals by providing the following benefits:

- **On-time completion:** Fast start-up to meet a rigid go-live date, to accommodate year-end reporting needs
- **Lower cost:** Projected cost-saving versus conventional implementation, as well as predictable ongoing costs
- **Dedicated IT resources:** A fully outsourced system, eliminating the need to add and retain full-time staff with Oracle capability, while facilitating upgrades and enjoying full user-support capabilities
- **Broad experience:** Unparalleled knowledge of PeopleSoft, global implementation, and system requirements
- **Commitment and flexibility:** Willingness to meet changing needs and expectations

Speedier software, speedier service.

As soon as the Mars Music contract was signed, USi set about implementing the updated PeopleSoft General Ledger, Accounts Receivable and Billing modules, with the rehosted system aggressively scheduled to go live in November, just 5 months away.

The USi client-care team worked closely with Mars Music's people toward user-acceptance testing. As USi project manager Grant Lovelace observed, "When the users saw the speed improvement, they were ecstatic."



"We had an idea in our minds of what we wanted and were comfortable with. Only USi fit that picture."

*Libby Pepe
Financial Systems Manager
Mars Music*

While much of the speed increase was due to the platform migration, USi's PriorityPeeringSM infrastructure was also a significant performance factor.

Because of Mars Music's prior experience with PeopleSoft, training requirements were minimal. USi support personnel nevertheless traveled to Fort Lauderdale to sit with users and establish rapport. This increased user confidence in the support system, and has resulted in prompt reporting of user issues, and easy communication, for greater efficiency and speedier resolution.

The process of capturing and converting live data and putting it onto a live system was accomplished over a weekend. "We shut down on Thursday at 5 o'clock and were up Monday morning at 8:30," Ms. Pepe recalled.

In light of the critical deadline, both parties wanted to avoid any customization of the PeopleSoft product. However, due to Mars Music's rapid growth, the system did require eventual enhancement for data archiving, which was absent from that PeopleSoft version. USi developed improved data tables and a system for ongoing archiving

of selected data. The result was a further efficiency increase — this one change alone cut processing time in half. And it gives Mars Music easy access to historical data as the company and its database continue to expand.

In addition to adding this archiving function after going live, Mars also soon implemented allocations and forecast ledger modules. Other capabilities can be added to the system whenever desired.

"Now we can get around to the more sophisticated PeopleSoft functionalities that we purchased but didn't implement immediately," Libby Pepe said, "such as Asset Management, Accounts Payable, Human Resources and Payroll. We've got a whole list of things we've wanted to do, and our relationship with USi frees us to look at them—the process improvement functions that save us time."

Other benefits of the USi relationship include data security and confidentiality (the USi data server resides in USi's own high-security facility), and timely disaster-recovery capability.

As the Mars Music team anticipated in their initial review, the upgrade to the browser-enabled PeopleSoft Version 8.x will begin with a detailed implementation and budgetary proposal. Options to be considered at that time will include giving Mars Music stores' general managers access to the system via the Internet.

This major upgrade process, typically estimated by PeopleSoft to require four to six months, will be implemented within that time frame or better, because of USi's expert PeopleSoft skill set and thorough understanding of its client's needs.

Mars Music employees know USi's knowledgeable support personnel personally, because the USi support team sat alongside them during the user-testing phase.

USi's Configuration for Mars Music

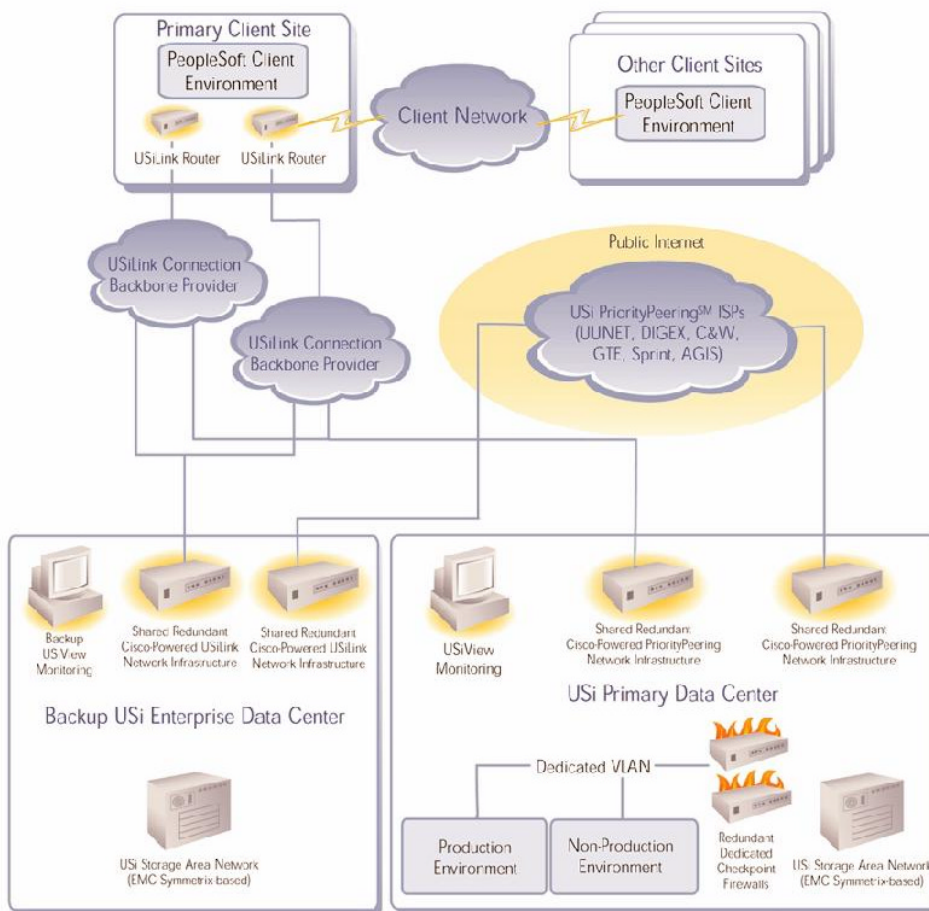
The configuration diagram illustrates the solution developed by USi for Mars Music. The connection between USi and Mars Music's users of PeopleSoft is established across two redundant, private USi connections. The connections are provisioned over separate telecommunications providers to allow automatic re-routing of network traffic if one router or one provider experiences an outage.

The Mars Music network provides network connectivity between the USiLinkSM connections and the PeopleSoft users. USi provides a router with a management modem for each USiLink connection located at the Mars Music site. The router establishes the connections between Mars Music and USi. This equipment is provided, managed, and supported by USi.

Three production servers (a database server, an application server, and a term server) and one non-production server (an application/database server) support the Mars Music solution. The production servers run the following third-party applications:

- PeopleSoft 7.53, including Tuxedo, Crystal Reports, nVision Reports components, Cobol executables, and SQRs
- Oracle 8.0 RDBMS software to provide data services to PeopleSoft
- EMC EDM backup agents to allow operators in the USiViewSM Centers to manage the solution
- Microsoft IIS Web Server to support web self-service and provide secure browser access to PeopleSoft-generated files and reports
- IBM MQ Series Software to facilitate scheduled, reliable, secure data movement between the customer and the PeopleSoft solution

USi PeopleSoft High-Level Architecture



Other services provided to Mars Music by USi included:

- Developing new code for using Netscape as the standard web browser
- Converting data from PeopleSoft 7.5 (provided by Baxter International) to PeopleSoft 7.53
- Eliminating unnecessary customizations of PeopleSoft implemented by Baxter International
- Coordinating data and user interfaces with other applications, run within Mars
- Developing customized reporting features
- Conducting appropriate testing

USi Solution

USi's ASP solution struck the right note for Mars Music. Given the fast-paced, lean operational environment that characterizes retailing, it was clearly the best solution. The only other way Mars Music could have upgraded its financial data processing and reporting capabilities by year-end would have been to introduce a new platform, which would have meant enticing new full-time employees having the required system skills, as well as looking forward to hefty consulting fees during software upgrades, and potentially distracting the company from its retailing-specific IT functions.

Mars Music needed a full-service partner that could meet deadlines, keep costs low, offer expertise, commit resources as needed, and provide ongoing support. In each category, USi's qualifications and performance proved outstanding.

How we did it

- USi met the tight November deadline with a fully functional series of user interfaces that allow access to general ledger, accounts receivable and billing data. The USi PeopleSoft system, to which a custom archiving capability was soon added, significantly improved processing speed, and additional modules can be implemented whenever desired.
- Mars Music's internal analysis process indicates significant cost savings by implementing an ASP solution through USi, with return on investment easily accomplished within the 3-year contract period. Mars Music also benefits from the predictability of costs assured by the pay-as-you-go ASP approach.
- USi contributed expertise not only in the PeopleSoft application, but also in networking, security, user interfaces, disaster recovery, project implementation, training, and partnering.
- As the project progressed, USi committed the necessary resources to meet Mars Music's ongoing expansion. For the next phase, USi will present a plan for upgrading to PeopleSoft version 8.0, using the same development and customer service team that managed the original implementation.
- Through a negotiated Service Level Agreement with Mars Music, USi provides ongoing support and guaranteed levels of performance. Equally important, USi continues to work with Mars Music to achieve the total outsourcing solution for Financials and other business operations.



“USi is a 360-degree provider: functional support for the application, hardware support, networking, and data centers. Everything, on-time, in a comfortable, cost-effective package.”

*Eddie Rivera,
Chief Information Officer,
Mars Music*



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Mars Music:
SATISFACTION