

Dermatology Practice Increases Finance Efficiency 5x Amid Triple-Digit Revenue Growth

Epiphany Dermatology



Challenges

Epiphany's Rapid Growth Strategy Demands Financial Agility

Epiphany Dermatology, a fast-growing medical practice focused on general dermatology, cosmetic skin care, and skin cancer prevention and treatment, has grown exponentially since its founding in 2015. The Texas-based company expanded dramatically from a handful of clinics, mostly through acquisitions aided by a sizable investment in 2016 by CI Capital Partners, a private equity firm. Rapid growth has put Epiphany on the top of the Austin Business Journal Fast 50 list of rapidly growing companies in central Texas for two consecutive years, with three-year revenue growth of 212%, to nearly \$42 million in 2018.

Epiphany needed a robust and sophisticated financial management platform to support its aggressive acquisitions and growth strategy, yet functionality in its previous QuickBooks accounting application was only skin deep. QuickBooks couldn't meet Epiphany's needs for multi-entity consolidation and reporting, forcing the company to maintain separate books for each entity. QuickBooks also didn't allow Epiphany to maintain P&L statements for each clinic, or to calculate adjusted EBITDA that accounted for "add-back" expenses. As Epiphany grew, so did the manual workload for the accounting team.

"We couldn't track adjusted EBITDA in QuickBooks and doing it in spreadsheets is sub-optimal, to say the least," said Lee Crawford, Epiphany's assistant controller. "We were already starting to grow and needed to find a better solution for accounting and finance." The ideal solution would automate core accounting processes, integrate with best-of-breed applications, and provide multi-dimensional reporting at entity, clinic, provider, and service type levels for insights into performance and profitability.

Solutions

Efficiently Managing Growth from 7 to 50 Locations

Epiphany brought in BTerrell Group, an accounting consultancy based in Dallas, to help evaluate its options. The company considered Oracle NetSuite, but ultimately selected Sage Intacct for ease of use, greater flexibility in handling add-back expenses needed for EBITDA reporting, and lower cost. With BTerrell Group, a top Sage Intacct reseller and implementation partner, handling the deployment, Epiphany was live on Sage Intacct in 2017 and well on its way to the financial scalability and agility it needed.



Company Overview

Headquartered in Austin, Texas, Epiphany Dermatology operates nearly 50 clinics in 10 states providing general dermatology, skin cancer prevention and care, and cosmetic services. To learn more, visit www.epiphanydermatology.com.

Executive Summary

Previous Software:

- QuickBooks

Results with Sage Intacct:

- Improved overall efficiency in accounting and finance five-fold
- Avoided the cost of 2-3 FTEs that would otherwise be needed
- Expanded the business from seven to 50 clinics across 10 states
- Improved business decisions with dimensional reporting and drill-down

DERMATOLOGY PRACTICE INCREASES FINANCE EFFICIENCY 5X AMID TRIPLE-DIGIT REVENUE GROWTH

Sage Intacct has helped the Epiphany accounting and finance team seamlessly manage growth from seven locations to about 50 clinics across 10 states, mostly in the Southwest, Midwest, and Rocky Mountain regions. Crawford estimates that overall finance efficiency has risen five-fold from the QuickBooks days, despite Epiphany multiplying its number of clinics and its workforce to more than 500 staff. The monthly close is now complete in as few as 10 days, compared to more than 20 days in the past. Meanwhile, the company is able to maintain a lean accounting team and avoid adding accountants it would otherwise need. "Sage Intacct is definitely saving us time," Crawford said. "If we'd stayed on QuickBooks, I'd probably need to add two or three FTEs at least."

Multi-entity consolidations are now automated with Sage Intacct, sparing time-consuming and error-prone manual work to roll up results in Excel. And Epiphany has gained valuable flexibility to produce both GAAP-based accounting statements and adjusted EBITDA reports that include add-back expenses such as legal fees in an acquisition. "That's very quick and easy to do in Sage Intacct," Crawford said. "I could produce a report in Sage Intacct will full drill-down into transactional details behind those add-backs." As Crawford notes, that's especially important for investors or a potential Epiphany buyer.

Results

Data-Driven Decisions through Multidimensional Reporting

Epiphany is also improving efficiency by utilizing Sage Intacct's open API to connect the platform with best-of-breed applications, including SAP Concur for expense management and accounts payable, ADP for payroll, and Adaptive Insights for budgeting and planning. For yearly audits, Epiphany's accounting team is spending less time on preparation and response. "Sage Intacct has made auditing easier because if auditors want to look at our operating expenses or an invoice, it's very simple to pull that information," Crawford said.

Epiphany has also dramatically enhanced visibility and decision-making with Sage Intacct's powerful multidimensional reporting capabilities. It's now reporting at a consolidated level, as well as for each of 50 clinics and about a dozen entities that are mostly grouped at the state level. Generating P&L statements at the clinic level that weren't feasible with QuickBooks, Epiphany can assess costs and revenue by clinics, providers, and service types. And the company was able to spot an errant entry for an equipment expense, solving an issue that would have taken far more time with its previous system.

"Sage Intacct gives us visibility and insights into where we need to focus, and we've been able to identify some areas for improvement," Crawford said. "We're able to easily drill into information in Sage Intacct, and that helps us make better decisions." Those insights contribute to growth in both revenue and profitability, and help make Sage Intacct the ideal platform as Epiphany continues its growth-by-acquisition strategy. "Sage Intacct is very scalable and can grow with our business, whether we have 50 clinics today or 200 in a couple of years," Crawford said. "It's very nimble, and we can continue to expand without needing to look for another accounting system."

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