

Client Value Study

DriveCam™

Brief Overview

Can information technology and training help people drive more safely? The highly inventive, fast-growing DriveCam, Inc. thinks so—and so do a growing number of DriveCam customers. Based in San Diego, DriveCam reduces claims costs and saves lives by improving the way people drive. By combining sight and sound, expert analysis and driver coaching, DriveCam has reduced vehicle damages, workers' compensation and personal injury costs by 30 to 90 percent in more than 40,000 commercial and government vehicles.

Organizations ranging from Time Warner Cable to Lloyd Pest Control rely on DriveCam to reduce driving risk and improve fleet safety. In 2005, *Inc.* magazine ranked DriveCam number 67 of the 500 fastest-growing privately-held companies in the United States.

But DriveCam's growth surge might not have been as impressive — and almost certainly would not have occurred as rapidly — if the company's management had not acknowledged its need for experienced financial leadership that could resolve internal shortcomings and prepare for a critical fundraising effort.

Professional financial systems and processes bolster investor confidence.

Situation

After beginning operations in 1998 and methodically building its business and reputation over six years, DriveCam arrived at a crossroad familiar to many start-up enterprises. To fulfill its market potential, the closely-held company needed to raise more capital to fund expansion. At the same time, DriveCam's processes and systems could no longer keep up with the company's internal operating demands.

In August 2004, DriveCam's Board of Directors named a new CEO: Bruce Moeller, a veteran information technology entrepreneur and executive who had nurtured previous start-ups to prominence. Moeller recognized DriveCam needed a seasoned financial executive who could not only instill investor confidence, but swiftly modernize DriveCam's financial management systems and processes. "We had only one person here who was operating in any kind of an accounting capacity whatsoever," Moeller says. "I knew I needed to raise money and to staff professionally."

Moeller, believing DriveCam had a narrow window to secure fresh capital, was not willing to engage in a prolonged executive search exercise. Having



SITUATION

Absence of formalized accounting and budget procedures had forced the company to delay a required lender audit and operate without a clear financial roadmap.

TATUM SERVICE

Tatum Budgeting and Reporting Services: Tatum's preparation of first fully-rendered budget provides a clear view of financial outlook and establishment of cohesive accounting program passes auditor scrutiny.

SITUATION

Company lacks senior financial management presence necessary to support critical second-stage fundraising effort.

TATUM SERVICE

Tatum CFO Services: Tatum CFO prepares documentation and presents a comprehensive picture of DriveCam's economic outlook to venture capital providers that invest \$18 million in the company.

SITUATION

Unsophisticated financial information tools hamper budgeting and financial reporting efforts.

TATUM SERVICE

Tatum Program Management Services: Tatum-led upgrade of ERP system modernizes financial management infrastructure, providing management with clear and current view of financial performance.

"I believe in Tatum. The people I've seen at Tatum are at the top of their game. They're very senior and very shrewd."

Bruce Moeller, Chief Executive Officer of DriveCam

utilized Tatum's financial expertise during a prior role, Moeller contacted Tatum for help in identifying the right Tatum Partner to come aboard as acting CFO. "Because I've had such a good, long, positive experience with Tatum I was already acquainted with the executive services solution and the corresponding value proposition compared to other more traditional models," Moeller said.

Why Tatum

First Moeller convinced DriveCam's Board of Directors that the company needed to enlist an acting CFO, not a lower-level controller as some Directors had originally suggested. Then Moeller met personally with several candidates, including a Tatum Partner who was recommended by Moeller's previous Tatum associates. To Moeller, the choice was clear. Although other candidates were impressive, Moeller enjoyed an immediate chemistry with the Tatum CFO, who had a long history of senior financial management experience with companies including Sony Electronics. Chemistry was an important factor to Moeller, who understood well the value not only of financial-management acumen, but the communications and presentation skills required to support a growing company's transformation.

Within 30 days, Tatum had completed an assessment of DriveCam's financial

systems and practices, and shortly thereafter produced the most detailed financial budget in the company's history. Tatum then implemented a new information technology platform that would support financial operations, using an idle Sage Software MAS-200 reporting system DriveCam had purchased, but not installed.

Modernizing DriveCam's financial reporting was doubly important because DriveCam's arrangements with bank lenders required that the company comply with a financial audit that had been delayed once before. That wasn't all. The audit compliance effort and the operations upgrade dovetailed in 2005 with preparations for a Series B fundraising effort to fuel expansion. The flurry of activity would have put enormous strain on DriveCam's previous finance department, which lacked veteran financial leadership.

Results

Within a year of Tatum's arrival, DriveCam had passed its audit performed by a public accounting firm, modernized its enterprise reporting system and produced its first detailed financial budget and forecast. This performance impressed venture capital investors, who agreed to supply \$18 million in second-stage capital to the growing company.

Today the company continues on its upward growth curve, with its number of customers and revenues rising fast. DriveCam's sales grew 50% in 2005, and *Inc.* reported that the company's three-year growth rate through 2005 surpassed an impressive 1,000%.

The Tatum CFO has become DriveCam's permanent CFO while remaining a Tatum Partner, enabling him to continue to provide DriveCam the resources the company has come to value from the Firm. He is convinced that DriveCam typifies a new breed of fast-growing businesses that rely on executive service providers like Tatum to supply intellectual capital to fuel their rapid growth.

Moeller, who was named 2006 Ernst & Young Entrepreneur of the Year, agrees. "I believe in Tatum," he said about Tatum. "One thing Tatum does is a very rigorous vetting process. The people I've seen at Tatum are at the top of their game. They're very senior and very shrewd."



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