

GLOBAL UPSIDE MAKES FINANCIAL MUSIC FOR RHAPSODY INTERNATIONAL

Online music pioneer **Rhapsody International** spun out of RealNetworks in 2010. As a newly independent company with a worldwide customer base of more than 600,000 customers, Rhapsody needed to build a finance team quickly. VP of Finance Michael McGinn turned to finance and accounting specialist Global Upside. Within weeks, Global Upside provided Rhapsody with a set of processes for the management of services including revenue, payables, payroll, employee expense reports, merchant account reconciliation, general ledger, and monthly closing of books. Global Upside implemented those services, enabling Mr. McGinn and his in-house team to focus on building the business.

BACKGROUND **Rhapsody International** was the original pioneer of subscription-based online music services, a business that continues to grow in popularity with music fans worldwide. In 2003, Rhapsody was acquired by RealNetworks, and four years later MTV Networks acquired a significant minority stake. In early 2010, a restructuring reduced the RealNetworks stake below 50%, converting Rhapsody International into an independent company. Until then, Rhapsody had relied on RealNetworks for its administrative functions including finance and accounting. Rhapsody VP of Finance Michael McGinn, a finance team of one, was faced with the challenge of building a team from scratch. He needed to find the staff, build the systems, and create the processes, to manage payroll for over 160 employees, revenue from the company's thousands of customers, and payables, which included payments to hundreds of content providers. **Mr. McGinn turned to Global Upside.**

EXECUTIVE SUMMARY

CUSTOMER

Rhapsody International

MARKET

Online music

BUSINESS CHALLENGES

- New company (spin-off)
- No finance and accounting staff
- Needed to scale up finance and accounting operations

SOLUTION

Retained Global Upside to provide accounting services

BENEFITS

- Scalable accounting team
- High quality accounting services
- Services up and running in one week
- Rhapsody team free to focus on strategic issues



Michael McGinn

VP of Finance
Rhapsody International

In early 2010, Global Upside Chief Operating Officer Gita Bhargava spent a week at Rhapsody in Seattle with Mr. McGinn to establish the processes and procedures that would govern the company's financial practices. She then journeyed to India to work with the Global Upside operations team on codifying those processes into documents, generating a training manual, and implementing those processes to keep the company running. The transition went smoothly and with the support of Global Upside, Rhapsody was able to meet all its accounting obligations.

QUALIFIED, DEDICATED PROFESSIONALS One of the advantages of working with Global Upside, Mr. McGinn found, was that Global Upside was able to assign staff to Rhapsody very quickly, and then modify the staffing level whenever necessary. All hiring is carefully managed and controlled by the Global Upside senior team to ensure that only qualified, dedicated professionals are hired. Where some BPO firms are primarily focused on volume, Global Upside's first priority is quality—and that depends most of all on quality people. At Global Upside, all work is reviewed by qualified chartered accountants. "If I had to do this with internal staff, I'd either have hired too few people and burned people out, or hired too many for the transition and had to reduce staff later, which is never pleasant," Mr. McGinn says. "Global Upside's ability to flex their staff to meet our needs is very valuable."

"Quality on a consistent basis is not easy to achieve, and Global Upside has accomplished it."

Another advantage of working with Global Upside is the 12-hour time difference with Delhi. This enables Rhapsody to assign tasks to the Global Upside team one day and find answers upon their arrival at the office the next morning. Having a "virtual team" split between the two time zones extends the working day significantly.

"Our auditors discovered that they could ask us for things in late afternoon and get all their answers first thing in the morning," comments Mr. McGinn. *"It's great to see how much can be accomplished while we're asleep."*

QUALITY ON A CONSISTENT BASIS In everything Global Upside does, quality and accuracy are the number one objective. They achieve these goals through a comprehensive review process of all work done for clients. For large projects, the review process can be automated with specialized software, to eliminate human error. "Quality on a consistent basis is not easy to achieve, and Global Upside has accomplished it," says Mr. McGinn. "I don't think an internal team would be as diligent about updating procedures as Global Upside is," he adds.

IN-COUNTRY CUSTOMER SERVICE The fact that Global Upside had customer service teams in California and Florida was an important factor for Rhapsody. Equally important was the strong personal commitment to highly responsive customer service that Mr. McGinn found among the U.S. team and the India team. "Global Upside is incredibly attentive to their customers' needs," says Mr. McGinn. "Their team is our team. It doesn't feel like a traditional customer-vendor relationship at all."

One year after the Rhapsody-Global Upside relationship began, Global Upside's workload for Rhapsody has increased. Rhapsody continues to grow, with its customer base up more than 30% to 800,000 in August 2011. "We have added customers, added new features to the service, and hired more people than we initially anticipated, and Global Upside just keeps doing what they do," says Mr. McGinn. "It's something I don't have to worry about. We ask them to do something and it gets done. It's as reliable as turning on the light switch."



About Global Upside, Inc. Global Upside is a finance and accounting business process outsourcing company headquartered in Los Altos, California. Founded in 1999, Global Upside has acquired a reputation for quality and customer responsiveness, and grown rapidly. Today it serves clients in nearly 30 countries with a worldwide team of finance professionals. For U.S. customers, 6x24 customer service is provided from California and Florida.

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