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## RESEARCH NOTE EXPLORING THE BENEFITS OF BLACKLINE SYSTEMS

### THE BOTTOM LINE

**BlackLine Systems applications enable organizations of all sizes to automate account reconciliations and financial closing processes to improve data quality, staff productivity, and auditing capabilities. Deployed properly, BlackLine Systems software can deliver a payback in six months or fewer.**

BlackLine Systems applications help companies automate financial close and balance sheet account reconciliation processes.

### THE CHALLENGE

Account reconciliations are a key control for companies to keep the corporate balance sheet in order and ensure accurate financial reporting. They also provide ongoing visibility into the financial health of the business. Many companies today have invested in general ledger and financial management systems to automate certain portions of corporate financial management, but many — particularly those operating with many offices, sub-entities, or multicurrency environments — still complete the account reconciliation process with manual data entry and review from multiple data sources, creating a number of challenges:

- Costly resources are tied up in account reconciliations and manual review of transactions.
- Deadline pressure drives either overtime pay or overexertion to close the books on time.
- Inconsistency across systems and the manual data extraction process exposes companies to greater risk of potential errors and, subsequently, increased audit risk.

As companies face greater pressure than ever to ensure accuracy in their balance statements and have greater visibility into business operations, automating the account reconciliation process is a means to improve visibility while reducing operational costs. To explore the benefits of an account reconciliation automation strategy, Nucleus analyzed the results of a number of companies using BlackLine Systems's accounts reconciliation technology.

### BLACKLINE SYSTEMS

BlackLine Systems has a number of modules that can be integrated with existing enterprise applications including balance sheet account reconciliations, task management, journal creation and approvals, variance analysis, transaction

**TOPICS**

Enterprise Applications

matching, and consolidation integrity management. BlackLine modules are typically delivered in a software-as-a-service model, minimizing the need for IT resources.

**KEY BENEFIT AREAS**

Companies automating the account reconciliation process experienced a number of benefits that contributed to a positive return on investment, including improved data quality and accuracy, increased productivity, reduced audit cost and risk, reduced IT and paper costs, and accelerated time to financial close.

**Improved data quality and accuracy**

Having one application to manage the accounts reconciliation process ensures consistent, standardized data across ledgers and subledgers. BlackLine dashboards and other analytical tools, as well as the auto-reconciliation feature, speed flagging of potential problems or discrepancies while freeing up finance's time manually reviewing insignificant transactions.

Reconciliations activity can also be viewed by a particular area, such as fixed assets, or by a region or workgroup, so executives can quickly have visibility into accurate data on their unit's activities and monitor the accuracy of the reconciliation process.

One BlackLine customer, for example, was able to automate the reconciliation of 63 percent of its accounts, enabling finance staff and management to focus on other areas while still providing all the necessary documentation and certification records required by internal compliance teams and auditors.

**Increased productivity and efficiency**

Reduced manual data entry and review and auto-reconciliations enable BlackLine customers to dramatically reduce the amount of time and effort to reconcile accounts. One customer, for example, reduced the average time for reconciliation from five minutes to three. Another saved more than a million dollars in staff productivity savings by reducing the number of accounts that needed to be manually reviewed and reconciled.

The average customer can use BlackLine to automate the reconciliation of at least 50 percent of their account transactions.

Productivity- related benefits to companies included:

- Routine task automation
- Personnel productivity gains
- Faster auditing and closing processes
- Uniform workflows
- Reduced overtime

**Reduced audit cost and risk**

Consistent data, reduced manual data entry, and one single application managing reconciliations increases accuracy and reduces the risk that a company will not pass an audit. A number of BlackLine customers found they were better positioned to support annual auditing efforts because the reports and data could be quickly

generated and delivered directly from the BlackLine System. Some companies are able to reduce auditor costs through deployment of the BlackLine solution by providing auditors with direct access to the needed data.

### **Reduction in IT and paper costs**

Nucleus also found customers could reduce IT, data entry, and paper and materials costs associated with manual account reconciliation processes. Companies deploying BlackLine are, in many cases, able to:

- Eliminate existing applications. Companies that have developed scripts or applications to support reconciliation can eliminate those systems' support costs. One customer, for example, replaced a legacy account matching application costing \$100,000 annually in maintenance and support. Another reduced \$17,800 annually in personnel and maintenance costs simply by replacing a competing product with BlackLine.
- Reduced consulting fees. Some companies rely on specialized IT professionals to assist with account reconciliation processes. For instance, one company was relying on consultants to create Microsoft Access database queries to analyze accounts with high transaction volumes. Deploying BlackLine substantially reduced these costs.
- Reduced paper costs. Because many of the reconciliations are automated or streamlined, less paper documentation is required — most customers saved thousands of dollars annually on paper and printing costs alone.

### **Accelerated time to financial close**

Automated manual processes, the auto-certification feature, and the ability to monitor account reconciliation processes on an ongoing basis enables companies using BlackLine Systems to accelerate the time needed to complete financial closing activities, be it on a quarterly or monthly basis. Depending on how automated their close processes are before BlackLine, and how complex their financial structure is, companies can expect to accelerate their close time by up to 50 percent.

Companies can likely accelerate their time to close by up to 50 percent by using BlackLine Systems.

## **CONCLUSION**

Companies are under greater pressure than ever to have visibility into their financial results. On a tactical basis, both public and privately-held companies must quickly identify any account discrepancies or errors, internal inconsistencies, or fraud, and move quickly to resolve them. On a strategic basis, companies that have visibility into their account reconciliations on an ongoing basis can focus their resources on building profitability instead of closing the books. BlackLine Systems goes beyond traditional enterprise accounting and financial applications to automate the account reconciliation and financial closing process, enabling both employees and managers to refocus their efforts from manual tasks to more value-focused analytical activities.

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