

Case Study



Quick Facts

- **Industry:** Wind Energy Generation & Distribution
- **Revenue:** Private

Challenges

- Spreadsheet "Hell"
- Duplication of Effort
- Deadlines Cut Time for Analysis
- Adjusting Entries Monopolizing Accounting Team's Time

Applications

- Month-End Close Accounting

Results

- Significantly Faster Close Cycles
- More Time for Detailed Analysis
- Centralized Financial Reporting
- Improved Auditing Capabilities
- Reduced Auditor Costs
- Increased Accountability

HARNESSING THE WINDS OF CHANGE TO MASTER COMPLEX FINANCIAL PROCESSES

The month-end close process at First Wind was a high pressure exercise due to the extensive use of Microsoft Excel® spreadsheets that lacked sufficient version control, edit tracking, or auditing capabilities. The accounting team struggled with making multiple adjustments across more than 100 spreadsheets which resulted in a desire to have more transparency behind the numbers, increased employee efficiency and reduced overall stress. After implementing Vena 5, financial reporting is becoming an efficient, centralized, locked-down procedure – providing numbers that everyone has confidence in.

BACKGROUND

First Wind is a private Energy Utility that develops, finances, constructs, and operates wind energy generation and distribution projects. Their 16 wind energy projects across the country have the capacity to generate over 980 megawatts of power. Every quarter First Wind produces 30 GAAP standalone financial statements and reports for the 16 projects and the holding company.

Caroline Rubin knew there would be challenges when she took over the role of Controller. Her background in public accounting, auditing, and experience producing financial statements using spreadsheets taught her the importance of reporting processes and oversight. Caroline's goals were to gain better control and increase confidence in the numbers utilized within First Wind's financial statements. She also wanted to reduce the accounting team's stress level. Employees wanted to focus on proactive analysis but were forced to react to a process that was cumbersome.

CHALLENGES

The monthly close process at First Wind faced many challenges. The root cause was the extensive use of Excel spreadsheets without sufficient version control, edit tracking, or auditing features. These shortcomings resulted in more issues downstream at different points in the reporting process. This was due to the interdependence of these spreadsheets; an error on one spreadsheet could affect outcomes elsewhere in the operation. Naturally this led to greater employee inefficiency and increased employee stress, because of the time and effort that had to be spent tracking and fixing data discrepancies.

Multiple Adjustments

During the monthly financial close, First Wind's employees and internal auditors were constantly finding reporting inconsistencies requiring adjustments. Sometimes, adjustments had to be made just prior to filing – severely eroding confidence and frustrating the accounting team.

With a six day closing period, the team would walk out of meetings with the CFO, CAO and VP of Finance with a list of open items that needed to be corrected prior to officially closing the books. Many team members then had to spend long evenings at the office completing the tasks required to close the month.

Multiple Versions

There was no version control on the reporting spreadsheets. As a result, the accounting team would sometimes find that someone had picked an outdated version of a spreadsheet which had the wrong formulas and calculations. Keeping all spreadsheet versions on a centralized server was essential because previous financial statements had to be retained for accurate records and auditing.

“It was very stressful for the team because they spent their time doing their normal work, but were getting questions from other departments about where the numbers were coming from.

I knew that there were these issues in the accounting department and I was wondering, 'how am I going to juggle this all; how am I going to get it to work?'" said Rubin. But after a conversation with Vena "It was just so obvious that this [Vena 5] is something we needed."

Caroline Rubin
Controller, First Wind

80% Work, 20% Review

Another major challenge for First Wind's accounting department was the length of time the closing process consumed. Finding and fixing inconsistent data issues due to a lack of sufficient controls left little time to actually review and analyze the information within the reports.

Rubin noted that, "the accounting team was always trying to play catch up and had little time to sit and actually review. Instead of doing 20% work and 80% review and analysis, it was always 80% work, 20% review; there just wasn't enough time available."

REQUIREMENTS

Although First Wind was not actively looking for a software solution, they knew issues existed. "I knew that there were these issues in the accounting department and I was wondering, 'how am I going to juggle this all; how am I going to get it to work?'" said Rubin. But after learning about Vena she quickly realized this was a solution that could help. "It was just so obvious that this [Vena 5] is something we needed."

Minimal Impact

First Wind mandated minimal disruption to the new process. The company wanted to implement a solution with an easy learning curve, improve the working conditions for a strained team, and most importantly maintain the financial and training investment they had already made in Excel.

First Wind also required the solution be easy enough to use that it could be managed by the accounting department, specifically to minimize impact on their small IT department.

Incorporate Excel

The idea of making minor changes to the process, but continuing to work with the same spreadsheets was ideal. This would keep training requirements to a minimal, because of the accounting team's preexisting familiarity with Excel.

RESULTS

The benefits of implementing Vena 5 at First Wind have been enormous. Following implementation, the team completed their close process with extra time to spare! For the first time, the accounting team had additional time for review and analysis of the numbers.

Time Savings

Financial data can now be easily pre-populated, and formulas are tightly controlled, which eliminates simple errors. Now there was no need to recheck line items because all the numbers come directly from a secure database. This results in huge time and productivity saving.

"Huge Confidence Booster"

First Wind realized that their spreadsheets and processes did not allow for analytics to be performed – and the layout didn't permit a side-by-side comparison of monthly results. The spreadsheets were rebuilt, allowing First Wind to reassess and optimize their processes. Rebuilding the templates and centrally managing the financial data made it much easier to create spreadsheets that decipher data into answers, as opposed to just reporting the numbers.

Tight control of the process and the templates allow for much less re-keying of data into multiple spreadsheets. The numbers started to make more sense – dramatically boosting the confidence of the accounting team as well as other departments.

Reducing Risk

Auditors will eventually have the ability to run two different versions and compare differences between the two instances. "That's really huge, especially from an auditor point of view" Rubin remarked.

Auditors will also be able to thoroughly test spreadsheets, using the cell-by-cell comparison feature. The F team will prepare for the monthly close by running a comparison of the spreadsheets to validate that formulas, calculations, or other worksheet components have not been touched or modified.

First Wind is always looking for opportunities to reduce costs and this could possibly lead to reduced auditor fees in the future.

IMPLEMENTATION

First Wind implemented their solution in three phases:

Phase 1: First Wind Process Assessment

During this crucial phase, the entire process was reviewed. "What was really nice was having an unbiased third party look at what we were doing and telling us where we could gain efficiency and where we could improve" explained Rubin. This was a big step forward from the previous process.

Phase 2: First Wind Designs and Creates New Processes Managed by the System

During the second phase, First Wind designed new spreadsheets for two additional processes. First Wind took ownership of the system, and managed to create a new, controlled process with minimal supervision from Vena.

Phase 3: Total Control

In this last phase of implementation, First Wind created a process that included a controlled spreadsheet, which eliminated manual steps and completely automated the collection of financial data.

"We did the schedules ourselves, and we did the process mapping ourselves" explained Rubin. By automating this last financial process, First Wind took the opportunity to increase efficiencies. The team was very comfortable using the system since the major part of the design is in Excel. As Rubin explained, "obviously we thought they were going to have to make a few process changes but one of the key reasons we bought Vena was because it tightly integrates with Excel; it is intuitive, and it isn't going to be a complicated system."

Improved Analysis

With a six day close schedule, First Wind was used to getting the balance sheet and statement of operations ready just before the close meeting, which involved several days and nights of effort. During that time the team worked constantly; adjusting entries, finding errors, and tracking down data.

After implementation, the very next close period went much differently. The team had an additional six hours before the end of close because the process ran so smoothly. For the first time, the accounting team was able to actually review the statements in greater detail; Rubin and her team were able to perform analysis using the Vena 5 tools.

In subsequent months, people started asking different kinds of questions. First Wind had moved beyond questions related to data integrity to questions related to running the business more effectively.



An added benefit of implementing Vena's solution was the fact that First Wind's accounting department was able to walk into the month end close meetings with very confident numbers.

The extra time meant the accounting teams could perform greater analysis and add value beyond correcting bookings and making adjustments. This greatly improved the morale of the team, and the interaction with other departments has improved as stress levels have been greatly reduced. "Now it's more of a team effort", Rubin explained.

Great Efficiency

"There had been such a struggle to get the work done. This solution really allowed us to introduce a controlled method and to use people's time more efficiently. People are focusing on where there is risk and where there are issues – which I think is of huge importance," said Rubin.

“Vena allowed us to step back and look at the process to see how we could build a structure to meet all needs – accounting, financial reporting and tax.”

Sarah McMullen
Assistant Controller, First Wind

SUMMARY

Rubin summarized her Vena experience, "I do honestly think the success of the accounting department this year was, in part, due to the increase in the morale and the team wanting to learn and understand the new system. Having Vena 5 allowed us to free our time to improve our processes while taking away a lot of the fire drills that we constantly lived with. It is just not like that in this department anymore. Things are so much better!"

ABOUT FIRST WIND

First Wind is an independent wind energy company exclusively focused on the development, financing, construction, ownership and operation of utility-scale wind energy projects in the United States. Headquartered in Boston, MA, First Wind focuses on developing and operating wind energy projects in the Northeastern and Western regions of the U.S., and also in Hawaii. Their operating fleet consists of 16 projects with 980 MW of capacity. In addition, the company developed and operates two generator leads with transmission capacity of 1,200 MW, which connect First Wind's Stetson, Rollins and Milford projects to the electricity distribution grid. As owner-operators of the projects they develop, First Wind is committed to building and maintaining a meaningful and long-term presence in local communities where they develop wind energy projects. The company strives to be good neighbors and community partners. In addition to the Boston, MA headquarters, the company maintains offices in Honolulu, HI; San Francisco, CA; and Portland, ME. For further information about First Wind locations around the country, see <http://www.firstwind.com>

ABOUT VENA SOLUTIONS

Vena Solutions delivers the most flexible performance management solution available for budgeting, forecasting, planning, reporting, analytics, and other mission-critical finance and accounting processes to large and mid-market companies around the world. Vena's unified web-based software platform embraces all the power and flexibility of MS-Excel yet provides powerful workflow management, control and reporting capabilities. This unique approach is complemented by a dedicated consulting, advisory and training team. The result is fast time to benefit for our clients at a lower cost of ownership of a solution that is easily managed by our clients. Vena's rapid growth is due to our success in improving our clients' business processes to increase efficiency, performance and drive true business value. <http://venasolutions.com>.