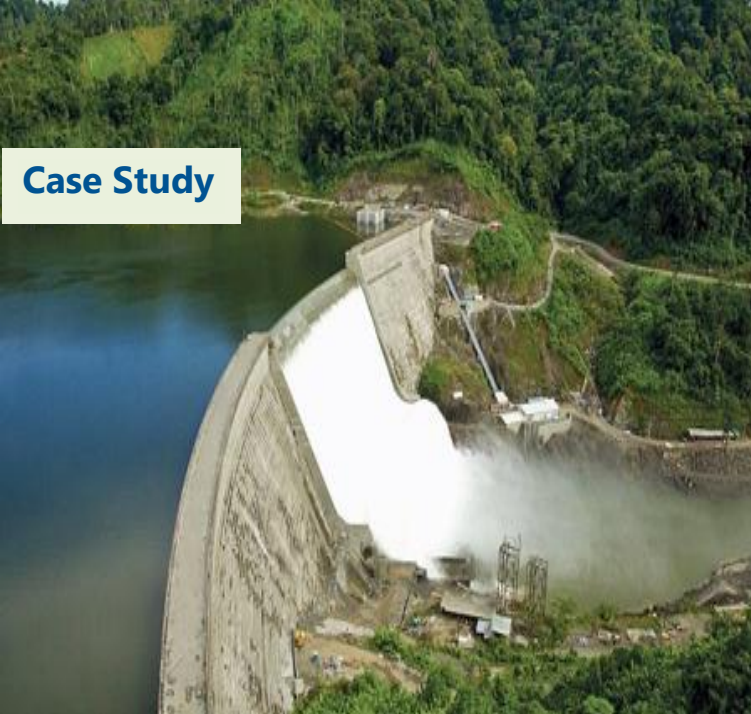


Case Study



“We wanted to keep our Excel functionality. That was important to us...We’ve streamlined and cleaned up our processes. Now I have extra days. I can actually spend that time on value-added review of my overall document.”

Mike Farrow, Senior Manager Financial Reporting-AES



Quick Facts

- **Industry:** Energy Utility
- **Revenue:** Public (NYSE: AES)
- **Number of Users:** 200
- **Number of Businesses:** 100+
- **Employees:** 25,000

Challenges

- Email “overload”
- Complicated consolidation
- Manually managing 170 spreadsheets – quarterly
- “Custom” data consolidation
- Template Version Control

Applications

- Filing SEC 10-K and 10-Q Reports
 - Annual (10-K)
 - Quarterly (10-Q) Financial

Results

- Faster Report Preparation
- Accelerated Work Processes
- Reduced Risk of Error
- Leveraged investment in Excel

STREAMLINING DATA COLLECTION FOR SEC 10-Q AND 10-K REPORTING

For The AES Corporation, preparing Quarterly 10-Q and Annual 10-K filings for the Securities Exchange Commission (SEC) required distributing, tracking and consolidating 170 Microsoft Excel™ spreadsheets from 100+ businesses across five continents. Insufficient version control of Excel spreadsheets, the lack of edit tracking, and auditing features resulted in errors that threatened submitting their financial reports on time. After implementing Vena 5, AES now completes their financial reporting substantially faster using a globally-distributed, centrally-managed, and auditable process that everyone understands and trusts.

BACKGROUND

With over 25,000 employees in 25 countries, The AES Corporation is a global power generation, distribution, and utilities company with a current capacity of 39,429 megawatts. The power plant technologies of AES include: coal, diesel, hydropower, gas, oil, wind and biomass. AES operates power generation and distribution grids in Latin and North America and energy generation facilities in Europe and Asia.

AES must file comprehensive summaries of corporate performance to the New York Stock Exchange (NYSE). There are three unaudited quarterly reports, the 10-Qs, and one audited annual report, the 10-K; each must be submitted within 45 days of the end of the financial period to the Securities Exchange Commission (SEC). Every quarter, Mike Farrow, Senior Manager of External Reporting and his team distributed and collected 170 spreadsheet templates. These Excel spreadsheets captured detailed financial information and footnotes about worldwide operations from 100+ businesses on five continents.

The original consolidation process relied on a manual process built around a combination of Excel templates and macros. However, mandatory changes in SEC reporting requirements and multiple versions of Excel templates increased the risk of errors and late reporting. With the introduction of Vena 5, the reporting process has been streamlined – reducing risk, errors, and adding control, workflow and automation. With Vena 5 in place, the external reporting team is more efficient and has added valuable analysis to the reporting process.

CHALLENGES

AES relied on distributing, and collecting over 170 Excel spreadsheet templates, and then used macros to roll up data for the Finance department. Not only did they have to manage the numbers, but they also had to manage the narrative portion of footnotes that provide information on projects and operations – details that are very important to SEC filings. Mike Farrow, Senior Manager of External Reporting explained, “The 10-K, is more detailed and has much more information about how the company did for the year, and it includes about twice as many footnotes as you have in your 10-Q’s.”

Email Overload

AES had outgrown the Excel application developed to support the process of gathering and consolidating the large volume of information from around the globe. Farrow elaborated “We’re sending 170 manual – and huge – Excel templates around the world. That was the first problem, managing the emailing of 170 templates” said Farrow.

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Mike Farrow
Senior Manager of Financial Reporting, AES

Version Control Errors

The second challenge was version control of the Excel spreadsheets. If there was an error found in one of the submitted templates, Farrow’s department would reply by sending out another one, sometimes it would happen again and again. “We tried to cut out all the different naming conventions that people could use, but, of course, that doesn’t always work. You can’t imagine; I’ve seen 18 versions of a template come back before it was right.”

Lost Productivity

The third challenge was the lost productivity of the employees. In order to update the spreadsheets with balances from SAP’s Business Planning and Control system (BPC), staff would manually open up each spreadsheet and refresh the numbers, one by one.

If a spreadsheet was resubmitted due to mistakes, the team had no way of knowing if anything else in that spreadsheet was erroneous or had been changed inadvertently “Since we only consolidated the templates into a dashboard once in the process, any late changes had to be layered on manually through a separate process so that we would know exactly what we were modifying and changing.”

Customized, Manual Data Consolidation

The fourth challenge related to consolidating the 170 spreadsheets. On the date that all the templates were due, an in-house, custom macro was run to consolidate everything. It took about 45 minutes to run. Unfortunately, the Excel macro was designed years before by someone who was no longer with the organization, and no one currently in the reporting department had extensive expertise writing Excel macros. Several additional challenges arose from this process including macro code instability, spreadsheet template changes due to newer reporting requirements, and Microsoft Office and Excel upgrade incompatibilities. Altogether, it was an unstable methodology that put the SEC reporting process at risk.

The Tipping Point

The inevitable eventually happened. "We picked up a wrong version of a template, consolidated it into the results, did all of our disclosures and then were ready to go file with the SEC but with a significant error in it. We found it the on the day before we were to file. It put us at risk for potentially having to file late, missing our SEC deadline."

Missing an SEC deadline is a major issue. Farrow itemized the potential consequences: "By this point, you've already announced your filing date. You've announced when you're going to have your earnings call and now you're not meeting it. There's a risk that your stock price could be impacted because people, investors, or analysts may think that there's something else wrong." AES decided it was time to upgrade their processes and systems.

REQUIREMENTS

In seeking a solution to the numerous challenges, AES looked at different systems and found them to be expensive and inflexible. AES wanted to centralize and track data in a database but the flexibility to update spreadsheets and still consolidate data automatically was also important.

Flexibility

The SEC changes its disclosure requirements every year and AES constantly had to modify the way they presented the data. They needed a system that could adapt very quickly to mandated changes. The solution could not be rigid or require extensive programming each time the SEC made changes to the reporting rules.

Incorporate Excel

Working with the same spreadsheets was the ideal situation and reducing the change management component of the implementation was important. Managers already understood how to use the Excel spreadsheets, which meant fewer training requirements. The fact that Vena 5 could be launched from inside Excel would help keep people focused on their task instead of worrying about data consolidation and macro issues.

RESULTS

The results of implementing Vena 5 have been numerous for AES. Following the implementation, the team completed their consolidation and report generation process with days to spare! For the first time the financial team had additional time for review and analysis.

Eliminating Email Inefficiencies

The manual process of managing the hundreds of email conversations required to distribute and collect the spreadsheet templates has been eliminated. Now, all of the templates are stored in Vena 5 and managers self-serve – downloading their reporting spreadsheets and saving the data back to a centralized database.

With Vena 5, new reporting changes on the spreadsheets are automatically distributed – eliminating the need to send out files to all of AES's companies. This is a significant increase in productivity.

Version Control

Locked templates are stored within the Vena 5 system. "That's a huge improvement" said Farrow. "We no longer have to worry about version control, which has mitigated a lot of risk."

Reliable Financial Reporting

The biggest benefit to AES was eliminating the high volume of user errors in the templates. Previously, people just keyed data incorrectly or didn't complete certain sections. The company implemented Vena 5's Business Rules and Data Validation functionality during the design session to make the entire process more reliable.

Process Insight

AES has also leveraged the integrated Workflow of Vena 5 into their Financial Reporting Process. Now when report contributors and reviewers access the system, they get a task list and notification when the template is ready for review. The required layers of routing are encoded in the system and people can see what tasks are incomplete, in progress, or completed.

Savings & Benefits: Time & Risk

Since the implementation of Vena 5, AES has had more time to focus on adding value to the SEC Financial Reporting Process. Farrow itemized the changes, "We've streamlined and cleaned up our processes. Now I have extra days. I can actually spend that time focusing on value-added review of my overall document. I've been able to rewrite at least one section of the document that we've wanted to change for years but we've never had time to do it."



Greater Efficiency

Once the implementation was complete, the very next close period was a different experience. "Fewer templates have been sent back to the preparer and I have only seen a handful of templates that needed to be corrected, whereas in the past typically we have seen up to 15 versions of a single template being revised."

Financial System Integration

It is no longer necessary to manually open up 170 templates and refresh the balances from the SAP BPC system, because the templates are linked to BPC and update automatically. This eliminated a lot of work for the External Reporting team.

Reducing Risk

Farrow summed up the benefits of risk management by saying, "In our case, it's very difficult to quantify cost savings because mitigating risk is an intangible. How do you put a dollar value on me filing an SEC report late? "

"I'm not reducing staff, but I am now able to take people's time and put them on more valuable activities versus having them emailing and looking at spreadsheets where people just haven't inputted their numbers correctly."

CONCLUSION

Since implementing Vena 5, AES has eliminated numerous issues and potential issues. They no longer rely on antiquated Excel macros, and manually processing spreadsheets via email. Data is now automatically consolidated in a database and Vena 5 has introduced workflow and audit controls – increasing efficiency, and allowing staff to spend more time on value added work.

An additional benefit includes the ability to use the same spreadsheet to not only collect reporting from contributors, but also from SAP's BPC system – further automating processes, eliminating manual steps, and significantly reducing potential data entry errors.

AES believes that they will start seeing even more benefits once they apply Vena 5 to other reporting processes – such as Tax Provisioning.

ABOUT THE AES CORPORATION

The AES Corporation (NYSE: AES) is a global power company that owns and operates a diverse and growing portfolio of electricity generation and distribution businesses, which provide reliable, affordable energy to customers in 25 countries. AES understands that a reliable, affordable supply of electricity is essential to human progress, economic growth, public health and security.

Our power plants encompass a broad range of technologies and fuel types, including coal, diesel, hydropower, gas, oil, wind and biomass. Our utilities power several diverse markets, from São Paulo to Indianapolis to Douala.

Combining deep local insight with a global presence and more than 30 years of experience, AES has a proven commitment to ensuring operational excellence in providing electricity to its customers. . For more information, see <http://www.aes.com>.

ABOUT VENA SOLUTIONS

Vena Solutions delivers a comprehensive, innovative and simple-to-use Corporate Performance Management solution with Vena 5. Our goal is to make financial processes more efficient for organizations. We optimize productivity, mitigate risk and reduce costs by improving the efficiency, quality and control of spreadsheet-intensive business processes.

Vena Solutions has a clear understanding of the many spreadsheet and process challenges and provides the benefits of automation to ensure data accuracy and completeness, drive significant efficiency gains, and reduce the risk of non-compliance. For more information, see <http://venasolutions.com>.