

Case Study



Industry: Renewable Energy



Employees: <100

Company Summary:

D. E. Shaw Renewable Investments (DESRI) is committed to building the renewable energy infrastructure necessary to support the decarbonization of electric power generation in the United States.

As a leading renewable energy company, DESRI develops, owns, and operates utility-scale solar, wind, and battery storage projects throughout the United States. As of 2021, it owns, operates, or has contracted more than 6,000 MWac of capacity among a portfolio of over 65 renewable energy assets, with an additional pipeline of projects in excess of 3,000 MWac; which represents massive growth since the firm's inception in 2020.

Effective-dated financial statements in Workday® Financials

- ✓ Workday allows companies to operate within hierarchical structures, supporting consolidations and eliminations. It also accommodates effective-dated changes in these hierarchies, ensuring data reflects the hierarchy at a specific point in time.

When a company changes controlling ownership to another parent company, the accounting challenge extends beyond simply moving the company under the new parent's hierarchy. In the case of mid-year movements, for example, the portion of net income that was attributable to the part of the year when the child company belonged to the 'old' parent must remain in the Retained Earnings of the 'old' parent's hierarchy. Similarly, income attributable to the new parent in the year of transition should only be after the effective-dated change. As effective-dating looks to a single date for assigning companies to hierarchies, it is difficult to accurately split income between the two hierarchies.

- ✓ Kognitiv, Inc's Solutions team worked to understand DESRI's system setup and reporting processes, producing thorough recommendations on an approach to resolve the challenges. Through independent development and collaborative workshops with DESRI financial leadership, it revamped the existing structure of its CloseCoda™ consolidation tool to meet DESRI's unique, enterprise-sized requirements.

Sub-Level Eliminations

- ✓ A corporate structure with many layers of hierarchies must report on parts of or the entire hierarchy.

Typically, this is done using column groupings in Microsoft Excel, where users can open parent hierarchies at different levels. While Workday supports column outlining in reports, outlining cannot be applied to effective-dated financial statements easily. This is further restricted because Workday limits column outlining to eight levels, consistent with Excel's limit. Thus, a company requiring 10 or more outline levels, for example, is not able to use column outlining as a full consolidation solution for a large organization. In DESRI's case, they needed a solution that supported a top-level consolidating trial balance across 14 company hierarchy levels, spanning around 2,000 columns.

- ✓ To accomplish this, CloseCoda leverages the Workday reporting and consolidations functionality by calling reports from Workday with specific runtime parameters to build into an effective-dated data source from which a consolidated trial balance can be generated for any hierarchy in the corporate structure, or for the entire hierarchy. This is all done without impact to your existing tenant.

The solution enabled DESRI to generate a fully effective-dated, consolidating trial balance for every hierarchy node in about 45 minutes. Multiple team members can now access the data and present any hierarchy level in just moments. Before CloseCoda, DESRI was not able to generate the trial balance in this manner for so many levels.

In all, CloseCoda empowered DESRI to do in minutes what it would have taken the around three years of full time manual effort to complete. The full CloseCoda output provides every data point in the entire hierarchy, with an estimated cost savings of \$1.9M annually to get that same level of output quarterly, a return on investment of 3,144%. The reports could be run monthly now using CloseCoda, which would make the ROI 9,600%.

In addition to realizing an impressive ROI on the project, CloseCoda also improves efficiency as DESRI grows, shortening close timelines by two business days. Furthermore, the precision and consistency provided by the CloseCoda tool ensures data consistency, reducing manual errors and improving transparency for both internal and external users.



2,000+

Hours Saved Annually in manual entry and analysis




\$1.8m

Cost Savings



THE CHALLENGE



THE SOLUTION



THE IMPACT

