



Client Bio



Industry
Renewable Energy



Employees
<100

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.

Solving Hierarchy Level Consolidation in Workday® Financials

Prior to filing for IPO in 2022⁽¹⁾, DESRI's leaders understood that it needed to modernize its approach to managing the growing complexity of its dynamic project portfolio, selecting Workday® Financials to replace its legacy ERP in 2020.

To help manage the unique requirements of its diverse project portfolio, DESRI decided to implement Workday® Financials, completing the project in 2020 which offered DESRI unique advantages, including real-time automated consolidation and eliminations functionality.

Project Count Growth

The charts below summarize the growth in DESRI's portfolio of projects in terms of project and capacity additions since 2012⁽²⁾



With many ownership and hierarchy changes happening in any reporting period, the ability to present effective-dated trial balances with sub-level eliminations rolling up the corporate structure is vital, but became a difficult, manual task for DESRI. Their company structure in Workday® consists of more than 700 company instances and almost 600 company hierarchy nodes in 14 hierarchy levels. Applying effective-dating and sub-elimination logic to trial balances was done on an ad-hoc basis, manually in Excel, and only then for selected parts of the Trial Balance for which reporting was immediately needed. DESRI engaged with Kognitiv to identify a more precise and automated solution.

Kognitiv, Inc is a leader in the Workday® consulting space that specializes in delivering its clients lifecycle, post-production support and exceptional products that optimize their Workday® platform. Kognitiv is built and run by consultants offering simplified, on-demand Workday® support better, faster, and more efficiently than internal or external staffing models. Its specialized focus on Workday® products enables us to develop best in class products like CloseCoda™ and its Data Consolidation tools – the only available products designed specifically for consolidating hierarchies with data from Workday® Financials. In addition to its unrivaled expertise in supporting Workday® Financial management tools, Kognitiv shares DESRI's values of a culture of collaboration across disciplines, analytical rigor, an open exploration of ideas, and a relentless pursuit of excellence drive us forward. Kognitiv, Inc began its work with DESRI in 2021, focused on solving 2 core requirements to automate hierarchy consolidation and streamline its financial reporting processes.



Challenge #1: Effective-dated financial statements in Workday® Financials

- ✓ Workday® has the functionality to have companies live within structures of company hierarchies, allowing the system to perform consolidations and eliminations. Further, Workday® is able to incorporate effective-dated changes into its hierarchy structures, so that the data can be presented with hierarchy structures consistent to a certain point in time.
- ✓ When a company undergoes a change of controlling ownership to another parent company in the corporate structure, the true accounting challenge is more than moving the child company under the umbrella hierarchy for the new parent as of the effective date. 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 split out these portions of income properly to the different hierarchies.



Challenge #2: Sub-Level Eliminations

- ✓ **A corporate structure having many layers of company hierarchies must have the ability to report on pieces of each of those hierarchies, or the entire hierarchy.**
- ✓ A typical presentation would be a set of column groupings in Microsoft Excel, in which the user can open parent hierarchies and present them at different levels. While Workday® does support column outlining in reports, outlining cannot be applied to effective-dated financial statements easily. This is further restricted because Workday® limits column outlining to 8 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.



The Solution

- ✓ 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.

"The key to success was building our product to solve for both the issues of sub-level eliminations, and of allocating income across effective-dated hierarchy changes, at the same time", explained Kognitiv's lead architect on the project."

"The final output is a trial balance, to which effective-dated logic has been applied, and which presents eliminations at every sub-level."



The Solution

"Since column outlining is not applicable, the trial balance will flow left to right from child hierarchy to parent hierarchy, with the highest-level consolidation in the right-most column" explained Kognitiv.

"Further, the tool was built to employ logic to ensure that each data column is in balance even when a company's data are split across different hierarchy locations due to an effective-dated hierarchy change.



To accomplish this, CloseCoda™ leverages Workday®'s 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 Impact



The solution has allowed DESRI to complete the data source for a fully effective-dated, consolidating trial balance for every hierarchy node in its corporate structure in around 45 minutes. Now, multiple team members can access the CloseCoda data source and present any hierarchy level, or all levels, whenever needed – 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 3 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™ provides DESRI the ability to realize the same efficiencies as it continues its growth efforts and adds projects to its portfolio and shortening total close timelines by at least 2 business days. Further, the precision and consistency provided by the CloseCoda tool ensure that data points are consistent across all hierarchy levels, minimizing manual data crunching with its associated risks, and the consolidation mechanism is more transparent at all levels for internal as well as external financial statement users.



2,000+
**Hours Saved Annually in
manual entry and analysis**



\$1.8m
Cost Savings