

Collaboration inspires automation and transformation for top private equity fund

RSM develops expense reporting tool and leverages deep NetSuite functionality

Private equity firms work to make a positive impact on their portfolio companies in many ways, strengthening their operations and creating value for investors. Implementing technology solutions and designing automation play a major role in increasing efficiency and optimizing key functions throughout private equity organizations.

RSM US LLP's client is a major global investment management firm that has raised over \$20 billion to date. The firm prides itself on investing in companies that can deliver profitable growth while also increasing inclusive access to rewarding jobs and making a positive contribution to their communities.

Transitioning to a modern ERP platform

The private equity firm faced a pivotal moment when their enterprise resource planning (ERP) system was approaching end of life, and they needed to move forward with a new solution that could meet their needs and scale with growth objectives.

The firm evaluated several potential ERP solutions but felt that NetSuite was the best fit for current needs and future business goals.

"Between RSM's experience, the functionality and the pricing, everything really led us to go with NetSuite," says the firm's U.S. controller. "NetSuite is a very popular tool, especially in the private equity sector, having dedicated significant resources into developing and enhancing their solution to enable private equity firms to better utilize the tool."

The new NetSuite system provided enhanced automation for several key elements of the firm's financial and operational functions at the management company level, delivering increased efficiencies and facilitating reporting, which had become difficult in their legacy system. For example, RSM integrated

NetSuite with Concur for expense reporting, created integrations with the firm's bank and developed vendor bill, vendor record, journal entry and credit memo approval workflows. In addition, the RSM team created detailed financial reporting for private equity firm executives that presented management-level information, pivoting the data in a very specific format.

Though NetSuite provided deeper functionality for the private equity firm, their expense allocation process required further attention within the system.

RSM was very mindful with their solutions. They were not just coming up with a solution; they were thinking about what the correct solution for us would ultimately be.

~ UK finance director, private equity firm

Transforming expense allocation

Like many private equity firms, the firm manages their expense allocations in a very specific way and in accordance with their allocation policy. They pay many expenses on behalf of their funds and perform significant internal allocations across distinct fund families and entities while tracking deal costs. Deal codes with several allocation rules were historically maintained and managed in Excel.



Accurately capturing allocations was a very time-consuming process that required taking all the financial inputs at month end, manually scrubbing data, identifying deal codes, reviewing allocation rules and then creating a subsequent entry. International teams conducted expense allocations separately, adding to the complexity of the process.

The firm evaluated potential expense allocation options that could integrate with NetSuite, but they proved to be too costly, required too much in-house oversight or had a limited track record of success.

Rather than using a module that may not have been a strong fit for the private equity firm's needs, RSM proposed a NetSuite customization that would streamline the expense allocation process while aligning with cost expectations.

Collaboration leads to effective expense automation

Prior to developing the expense allocation tool, the RSM team met with key stakeholders from the private equity firm to define requirements. Several working sessions took place to perform multiple iterations of the firm's allocation processes from both the U.S. and UK perspective. While the majority of processes are very similar between countries, accounting jurisdiction differences between U.S. GAAP and UK GAAP, as well as variances in exchange rates, required a higher level of flexibility within the tool.

"We started with a broad tool and then really nailed down the details, because the devil's always in the details," says the firm's U.S. controller. "We walked RSM through our processes to determine how everything should work in multiple cases—based on that understanding, they created documentation and templates."

After creating those examples that supported an end-to-end design, from the initial steps of expense allocation through the completion of the process, RSM drafted all the necessary criteria and began building out the tool's features and functionality. RSM and the private equity firm tested and reviewed multiple iterations of the tool, tuning the solution until it fully met the firm's needs and transformed the expense allocation process through automation using deeper insight.

The depth of experience and perspectives that RSM brought to the project was a key element of the expense allocation tool's success.

"It helped that some people on the RSM team were accountants," says the private equity firm's UK finance director. "It was the first time we'd come across that—everybody else from the other companies we looked at was an IT person. RSM made the project less challenging because they understood where we were trying to get to."

The firm's U.S. controller agreed, highlighting the experience of key RSM personnel that worked on both the NetSuite implementation and the development of the expense management tool. "They were a bridge to our accounting world from the technology world," she says.

Streamlined financial processes with deeper insight

With the new NetSuite ERP system and expense allocation solution in place, the private equity firm has optimized key financial processes and streamlined the expense management function for their funds. They have come a long way from using manual processes to review invoices and create month-end reports, which required time-consuming data reconciliations between multiple systems.

"To pull the information we need, we used to have to download a ton of information into Excel, then filter it, play with it and pivot it," says the firm's UK finance director. "Now I can run a profit and loss statement and just press a button and get a spreadsheet that I can immediately work with, which is very helpful. As we've grown, our data has become more complex, so this has really speeded things up."

With the enhanced availability of data as well as live, real-time dashboards in NetSuite, the firm can now work smarter and faster, managing critical financial processes with confidence moving forward.

"My biggest difference is that I don't have to be in the weeds anymore," says the firm's U.S. controller. "I can look at my accounting close on a very high level and know what's still open, and if I want to go into the details, I can. It's very easy for me to navigate that process."

A versatile, scalable solution

By working closely and collaboratively developing an understanding of key details and goals, RSM and the private equity fund have shown how NetSuite and the expense allocation tool could create very helpful automation in unexpected ways. The effective expense solution was a shared accomplishment for RSM and the private equity firm, creating a scalable, cost-effective platform that could also be helpful to others managing funds, deals and other investment vehicles.

"The RSM team was super realistic and we really collaborated on all ends to successfully wrap this project up," says the firm's U.S. controller. "Being very transparent on both ends and working together as a team was really meaningful and drove the success of this project."

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