Use Case Spotlight

BlackLine for Mergers & Acquisitions

Maintain Visibility, Control & Standardization Through Change

Mergers and acquisitions have many advantages for the companies and shareholders involved, which is why there’s been a steady uptick in M&A activity since the mid-1980s.

In addition to cost efficiency gains, there are many other benefits of inorganic growth, including:

- Increased market share and competitive advantage
- Tax benefits
- Expansion into new markets, products, or strategies

But anyone who has fared the arduous, complex process of a merger or acquisition knows it’s no easy feat. There are cultural changes, new processes, varying policies and procedures, and technology disruptions impacting employees at every level.

As a result, it’s critical for the key stakeholders facilitating the transaction—Accounting, Legal, Operations, Finance, HR, Tax, and others—to be on the same page when it comes to harmonizing processes and systems.

More than 10 years after the financial crisis, the M&A market is on an upswing—and showing few signs of stopping.

SOURCE: FEWER COMPANIES MERGED IN 2019. JUST DON’T CALL IT A BAD YEAR, BARRON’S, 2019
Accounting & Finance: The Backbone of M&A

Both from a compliance and an operational standpoint, accounting and finance professionals are experts and catalysts to ensuring an effective and successful merger or acquisition.

At the core of a complex M&A transaction are the combined financial statements. Having complete and accurate entity-specific and consolidated financial data is critical to the success of a business combination. And the process depends on accountants from multiple organizations performing critical tasks in a disparate, decentralized environment.

While organizations impacted by M&A can take their time making certain operational and business decisions, compliance requirements do not go away during transition. In fact, the pressure only increases because of the microscope auditors, investors, and others hold over both companies’ results during transition.

When the underlying close processes are manual and spreadsheet-driven, how can Accounting and Finance keep up?

Traditional Manual Processes Are Not Sustainable

Accounting and Finance is expected to do more with less. Not only must accountants continue to close the books accurately and on time during a merger—journal entries, reconciliations, and checklists must go on—but they’re also called on to provide new insights and information relevant to the transaction.

From a technical accounting standpoint, the measurement period for accounting for a business combination cannot exceed one year after the transaction date. Finalizing purchase accounting entries and other judgments associated with M&A only increases the workload for Accounting and scrutiny over reporting.

When the entities involved in a business combination have manual and spreadsheet-driven processes in place, additional challenges are inevitable, including:

- Difficulty accessing information in real time or at all
- Lack of standardization
- Unclear roles and responsibilities
- Trouble deploying and enforcing best practices
- Inconsistent data from disparate systems
- Limited visibility
- Rework and/or bottlenecks resulting from decentralization
- Inability to deliver timely insights to management

Unlike month-end, when information is needed as of a point in time, there are bigger implications if corporate leadership can’t access critical data on a more frequent basis during M&A integration. Successful transactions such as these depend on modern accounting processes.

The biggest problem many organizations face in mergers and acquisitions is a lack of planning around integration.

SOURCE: WHAT ARE THE BIGGEST PROBLEMS COMPANIES FACE DURING A MERGER OR ACQUISITION?, FORBES, 2018
To ensure a successful business combination and ongoing compliance, all impacted entities need to agree to an integration plan for the combined company moving forward. This includes integration of people, processes, and technology.

Technology is playing an increasingly important role for Accounting and has a direct impact on both people and processes. As a result, leading organizations are taking a best-in-class approach by utilizing technology.

Accounting automation solutions like BlackLine enable the delivery of real-time information to management and embed best practices within the software. All data and processes from the entities involved in M&A is unified in an integrated cloud platform—one single source of truth—before, during, and after the transaction.

BlackLine allows your combined accounting teams, chart of accounts, and processes to continue and evolve, utilizing industry best practices that include:

- Enforced segregation of duties
- Clear roles and responsibilities
- Consistent and reportable data
- Visibility from the top-down into transaction-level detail
- Standardized templates and processes
- Real-time access to information

Resulting in operational benefits:

- Cost efficiency gains
- Talent utilization and headcount management
- Seamless integration of multiple data sources
- User friendly interface and flexible user training options
BlackLine’s cloud-based solutions automate and embed controls through a traditionally manual and risky financial close process—freeing up Accounting to focus on or facilitate more strategic activities, such as M&A.

The integrated platform and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility.

BlackLine solves process challenges across all use cases and industries, but organizations undergoing a business combination can take advantage of accounting automation to ensure a successful and effective outcome.

**Real Results**

“It used to take a month or so for us to bring a new company into our reconciliation process. Now it’s almost instantaneous. They’re brought in, set up, and turned on.”

MIKE GALUS, VICE PRESIDENT FINANCE & ACCOUNTING, NASDAQ

“It’s a game changer. With BlackLine, you can set up a new company in minutes, not days or weeks. It’s really helpful in helping us close the books faster and more efficiently.”

TREVOR CAMERON, DIRECTOR OF FINANCE JACOBS ENGINEERING

**An Integrated Accounting Automation Platform**

BlackLine’s cloud-based solutions automate and embed controls through a traditionally manual and risky financial close process—freeing up Accounting to focus on or facilitate more strategic activities, such as M&A.

The integrated platform and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility.

BlackLine solves process challenges across all use cases and industries, but organizations undergoing a business combination can take advantage of accounting automation to ensure a successful and effective outcome.