BLACKLINE RETURNS
$2.77 FOR EVERY DOLLAR SPENT

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THE BOTTOM LINE

Analyzing the costs and benefits of six BlackLine ROI case studies, ranging from April 2018 to September 2020, Nucleus found that BlackLine’s solutions generated $2.77 for every dollar invested in its technology. As BlackLine provides a modern accounting platform for businesses to centralize and automate all financial activities, companies that invest heavily upfront and take a phased approach to their deployments typically achieve the highest ROI results. BlackLine’s product updates and integration capabilities continue to increase user productivity, decrease the accounting workload, and improve organizational visibility.
OVERVIEW

Founded in 2001, BlackLine is a Financial Close and Consolidations (FCC) solutions expert, offering mid-sized companies and largescale enterprises the technology to streamline accounting and monthly close processes. Addressing finance and accounting processes traditionally performed in spreadsheets, BlackLine’s platform unifies all general ledger (GL) activity and financial data for a single source of truth. This enables modern accounting across the entire organization and previously disjointed business units. As businesses centralize their financial systems and implement standardization over workflows, they can automate a greater number of processes, such as balance sheet reconciliations, journal entry, transaction matching, and compliance, through BlackLine’s dedicated solutions.

Analyzing the six most recent case studies covering BlackLine deployments from 2018 to 2020, Nucleus determined, in aggregate, companies recouped $2.77 for every dollar spent. All companies in the analyzed case studies achieved a positive ROI and a payback period that ranged from just under five months to nearly two years, with the average coming in under a year at 11.2 months. Since the previous BlackLine returns report, which analyzed case studies conducted between 2011 and 2017, the vendor’s benefit-cost ratio has increased from 2.67 to 2.77. (Nucleus Research r137 – BlackLine returns $2.67 for every dollar spent – July 2017) We attribute this increase to BlackLine’s continuous product updates and improved integration capabilities.

BlackLine has announced several leading ERP and CPM solution integrations and improvements to core functionality over the past few years: July 2019, BlackLine formed a partnership with OneCloud that enables integrations with Anaplan, Oracle, IBM, Tableau, NetSuite, and Workday, among others; August 2019, BlackLine formed a partnership with Workiva, the leading cloud platform for statutory reporting and disclosure management to unify the record-to-report process; February 2020, BlackLine released three certified connectors with SAP S/4HANA; October 2020, BlackLine acquired Rimilia to improve automation capabilities in account receivables by leveraging machine learning functions in the application of customer cash; and in November 2020, BlackLine launched a new API developer portal to open the platform to a development-focused community with centralized access to API documentation and how-to-guides.

BlackLine’s emphasis on integrating cloud technology has continuously improved its value proposition as connectivity with the IT ecosystem enables process automation across previously siloed departments. Integrations with other ERP and CPM solutions allow BlackLine users to avoid transaction matching, data aggregation across multiple departments, and manual data input into several systems. Interviewed users have all reported decreased monthly close times, and that easy-to-make reports help them maintain compliance and avoid auditing risks. Now, amid a pandemic, BlackLine’s cloud technology
enables users to work from home, as organizations can easily add seats, manage their finance teams’ daily activities, and perform compliance reporting and variance analysis.

**KEY BENEFITS**

Analyzing the last six BlackLine case study results, we identified the three most common benefits organizations achieve from their solution deployments. While many companies save by retiring their legacy systems, BlackLine’s value lies in improved user productivity, decreased workload, and improved organizational visibility:

- **Improved user productivity.** Since users have access to all financial data on a single platform, they can source the correct information much faster. BlackLine’s customizable workflows are intuitive, and users have access to a host of report generation tools. Finance teams can generate reports with the necessary granular detail faster with greater data availability. Nucleus observed that most BlackLine customers have shortened their monthly close times by at least half and even up to 90 percent. Since employees work on the same platform, connectivity between users allows for easy handoffs to promote intracompany collaboration. For example, BlackLine’s Journal Entry application streamlines the approval process to avoid redundancies in GL activities. Time saved by employees is then transferred to higher value-add tasks, such as performing analyses and scenario planning functions.

- **Decreased workload.** BlackLine increases employee productivity as the platform reduces the amount of manual and non-value add tasks. Nucleus found that productivity savings ranged from over $150,000 to over $2.2M and that half of the customers increased productivity by over 10 FTEs. BlackLine enables accountants to avoid matching and reconciling hundreds to thousands of accounts every month in nearly all use cases. As users also eliminate spreadsheet aggregation and manual input tasks, they also eliminate necessary revisionary work. The company’s accounting systems are exposed to less human error and can thus avoid the costs of the associated risks and internal resources.
Enhanced organizational visibility. BlackLine’s solutions are complete with pre-built configurations to ensure it can be quickly deployed and address customers’ pain points. Since BlackLine can accommodate multiple business units’ and departments’ data, it can integrate with virtually all ERP and CPM solutions and is well suited for companies with multiple ERP systems. BlackLine centralizes all financial data for businesses, regardless of sales channels, billing methods, and accounting structures, to establish a single record for all financial information. As executives and managers gain trust in reported numbers and have a real-time view of the state of financials, they gain confidence in pursuing efforts to grow the business as they are no longer bogged down in back-office processes.

STRATEGY FOR SUCCESS

Nucleus has found that customers were able to maximize the ROI of their deployments for two main reasons.

▪ Phased approach to deployment. Customers often select BlackLine to address specific pain points along their financial processes. Once on the platform, they expand their investments to undergo a full-scale financial system overhaul. This “crawl, walk, run” approach allows customers to build upon their successes and avoid pitfalls in subsequent deployments. Careful considerations and upfront investments during the implementation process increase the ROI as businesses avoid bugs and errors at go-live to achieve a faster time-to-value. In the same vein, executive and direct user buy-in during the implementation is integral to a successful deployment. As employees work closely with the implementation team, they learn how to platform is structured and direct the build-out of standardized workflows.

▪ Bigger is better. Comparing the total cost of deployment and each case study’s calculated returns, we found a positive correlation between the two factors. We also found a 0.99 correlation coefficient between the total costs and benefits of all deployments, meaning increased investments in the project virtually guarantees increased returns. The larger and more complex a BlackLine deployment, the higher a return the company generally receives. Since increased user productivity is BlackLine’s primary value driver, Nucleus attributes the positive relationship between returns and costs to the nature of centralization and automation. Implementation costs are the primary cost driver of most deployments; therefore, a full-scale transformation of an organization’s accounting system, connecting multiple ERP systems, and rolling out the solution to large teams leads to a higher ROI.
CONCLUSION

FCC is an integral part of any company. Even as interest turns towards Financial Planning & Analysis to help companies manage market uncertainty, BlackLine’s solutions have returned a positive ROI in all analyzed case studies. As businesses streamline back-office processes, they can scale up operations or open new revenue streams. They can perform the financial functions to remain compliant and with data accuracy to gauge performance and financial health properly. BlackLine remains relevant with strong Q3 earnings as companies choose the vendor to undergo digital transformations and adopt cloud technology to maintain daily operations in the new normal. Nucleus expects BlackLine to continue leading as an FCC vendor and for the value of its solutions to continue increasing as cloud technology and connected enterprise application environments become the norm.