Koch Transforms Lease Accounting for Strategic Impact: A CoStar + BlackLine Success Story

Summary

Koch Industries partnered with CoStar and BlackLine to transform and streamline their lease accounting, reconciliations, journal entries, and financial close processes across the Koch enterprise.

As one of the largest conglomerates operating in the US, Koch Industries needed to manage a wide range of lease accounting challenges across their considerable portfolio of brands. Their diverse portfolio, utilizing 32 different ERP systems, was complex and inefficient.

It was clear that the most viable way forward was creating a single unified platform that would reconcile inputs from systems such as SAP, Oracle, and Sage with multiple APIs and data types to create a singular workflow.

With such an immense task, they looked to two market-leading solutions to fashion a touchless, frictionless conciliation process: BlackLine's award-winning finance platform and CoStar Real Estate Manager's class-leading lease accounting functionality.

Customer Snapshot

SUBJECT
Ebony Taylor
Business Systems Analyst

INDUSTRY
Conglomerate with subsidiaries in several industries including glass, paper and refining

CUSTOMER SINCE
2010

PRODUCTS
CoStar Real Estate Manager
Lease Accounting

Koch Industries at a Glance

- Koch has approximately 120,000 employees worldwide working in more than 50 countries.
- Their portfolio spans from Invista polymers and fibers to Georgia-Pacific forest and consumer products to Flint Hills refining, chemicals and biofuels.
- They've exceeded $125 billion in annual revenue.
- 90% of their earnings are reinvested in the company.

Koch's Transformation Journey

For any company to grow good profit, the right vision — combined with the right values — is essential. This starts with the right partners who share both and contribute according to their comparative advantages, creating a powerful vehicle for superior value creation.

Koch has been optimizing its financial processes with a focus on:

- People, process, data, and technology modernization.
- Standardizing systems and workflows across its many companies.
- Leveraging integrations to reduce manual work and improve accuracy.

The Problem

Koch's lease accounting involved multiple enterprise resource planning (ERP) systems feeding into reconciliation for their lease accounts across all their brands. This was incredibly complex and prone to inefficiency and was labor-intensive. In fact, it grew to involve 1000 lease-related general ledger (GL) accounts that each needed manual reconciliation for accuracy.

"How do we pair CoStar + BlackLine together, getting the balances in from our ERPs to make the reconciliation process touchless?"

"Having a partner and support team like CoStar + BlackLine that's willing to dig into our processes, not just lead with technology, but actually understand our problem, has been a huge win for Koch."

Ebony Taylor
Business Systems Analyst
Koch Industries

The Solution

With the BlackLine platform, they used its Grouping feature to reduce that to 463 reconciliations. After integrating CoStar Real Estate Manager and its powerful automation features, they now have a customized report that auto-certifies 68% of those, thereby largely making the process touchless and frictionless.

Put simply, efficiency meets simplicity.
This helped create standardization of the CoStar Real Estate Manager implementation across Koch's separate businesses who previously followed their own individual standards by entity.

The Results

With several different ERPs, Koch's data management and matching process was very complex, making a "one size fits all" account module with CoStar and BlackLine ideal to craft a standardized and automated reconciliation process.

Key benefits/results Koch's gained from the integration:

- Automated balance sheet reconciliation via CoStar's custom BlackLine integration report.
- Decreased the number of lease account reconciliations from 1001 to 463 reconciliations.
- Transformed GL account reconciliation from a manual process to a touchless, automated process, resulting in a 68% auto-certification rate for Koch's lease GL accounts.
- Systematic monthly data imports via SFTP.

The Way Forward

The BlackLine + CoStar Real Estate Manager integration has allowed Koch Industries to create unified, streamlined accounting processes that no longer bottleneck them as they stand behind their core values of overcoming driving disruption and transformation across all their businesses.

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