

Getting the Go-ahead: Making the Business Case for Lease Accounting Software

Stats and talking points for your slides and proposals





Having Trouble Making the Case for Lease Accounting Software?

You're not alone. We understand the value of purchasing a tool to make us better at our jobs, but sometimes key stakeholders may take a little more convincing.

Some think that Excel is enough to get the job done. But if you've been in the weeds of the lease accounting standards, you know using **Excel requires additional time and is more likely to enable calculation and manual errors**. You need a better solution.

So how can you justify the purchase? Use the information in this kit to create slides and proposals to get your company to see value in purchasing lease accounting software.

Scenario #1: Your Company Wants to Use Excel

The most common reason companies choose Excel is familiarity, but it comes with major pitfalls. Here are 3 real-life horror stories that happened to accountants who tried to use Excel for lease accounting:



\$648,000 Overpayment [Retail Industry]

Without a trigger to notify the accounting department that rent should have been fully abated on every anniversary of the lease, Excel caused this company to lose nearly \$650k.



\$2 Million Tenant Improvement Allowance (TIA) Lost [Banking Industry]

In the process of an acquisition, one company realized that a \$2 million TIA was not transferred because the information was not required to be captured in Excel.



\$79,000 Overpayment [Restaurant Industry]

One franchise restaurant group escalated payments on several leases too early because there was no way for Excel to notify them when they should actually escalate payments.

All of these errors were caught when the companies implemented lease accounting software. Plus, Excel has no internal controls. For public companies, complying with Section 404 of the SOX Act is very difficult. And all companies – public and private – should be concerned about being able to track lease changes and requiring a second party to approve them.

As exemplified above, Excel doesn't have the same capabilities as lease accounting software. In LeaseQuery's [Post-Transition Audit Survey](#), participants said Excel lacks the automation and efficiency of accounting software. In fact, of respondents who used Excel for lease accounting, **98% said it made their audit take longer** and **75% advised others to use software** for compliance rather than Excel.

“Excel has limitations, partner with the right lease accounting tool”

Survey respondent, LeaseQuery Post-Transition Audit survey

Scenario #2: Getting Your Organization to Free up the Budget

You can't blame your company for being reluctant to invest in a software they feel you already have a solution for. After all, accountants take pride in finding ways to save money. The key here is to present how making an up-front investment now will bring value and justify the investment. Learn more about the ROI of lease accounting software here.

Audit firms are aware of the drawbacks of using Excel for lease accounting. Therefore using Excel will likely cause your audit firm to increase the risk of material misstatement in your financials and conduct increased testing. While restatements are very rare, the cost of increased testing hours can add up. And if a restatement is required, its costs go well beyond the audit.

Consequences of Restating Your Financials



\$30 Million¹

Consulting, auditing, and legal costs associated with Hertz's restatement of financials.



25%²

Market value lost by companies after a restatement or fraud, on average.



Auditing Bills

Restatements lead to more auditing hours. And those costs can add up quickly.



\$216³

Median hourly audit rate.

¹ <https://www.sec.gov/Archives/edgar/data/47129/000004712915000009/thc2014form10-k.htm>

² <https://blogs.wsj.com/cfo/2014/01/21/how-companies-rebuild-reputations-after-restatements>

³ <https://www.accountingtoday.com/news/audit-fee-increases-show-signs-of-abating>

Scenario #3: Your Company Thinks Outsourcing Solves the Problem

For many companies, outsourcing is a smart strategy for lease accounting, especially when you have limited bandwidth. If you plan to outsource, you still have the option to procure your own software. With your own software, you can enable efficiencies that extend beyond accounting.

Anyone who has a license can:

- Access lease data when they need it
- Build custom reports based on any segment or allocation, for any time period
- Maintain a centralized, searchable database of your lease documents

Bonus: The Hidden Benefits of Software

Companies that have invested in lease accounting software are more effective in ways that expand beyond the new standards:

- Better forecasting and budgeting capabilities
- Improved communication with facilities and procurement departments
- Enhanced transparency into the lease portfolio and its impact on key financial metrics
- Access to features that meet unique business needs, such as contingent rent and custom calendars

ACTION REQUIRED	
APPROVE LEASE	LAND
COMPLETE CHANGES	BUILDING
APPROVE LEASE	VEHICLE



Scenario #4: You're Short-Staffed

Teams lacking resources need to identify every efficiency possible. Present your leadership with answers to these questions to give them an idea of just how much work it takes to do lease accounting on your own:

- How much time are we spending maintaining spreadsheets?
- What will we do if there are updates to the standards?
- What happens if the team members who built the spreadsheet and/or have expertise on the standards move on to a new role?

With [staffing struggles impacting accounting and finance teams](#), reducing the hours needed for accounting tasks is a must to prevent burnout and ensure projects are completed. With features such as role-based access for auditors and quick reporting, an automated solution will save accounting and finance teams a lot of time and stress.

The addition of artificial intelligence is particularly beneficial to keeping accountants satisfied—without taking their jobs. Accountants can leverage AI in various ways to enhance their productivity, accuracy, and decision-making capabilities. For example, implementing software like LeaseQuery with AI-assisted lease entry will save your team time on manually logging and reviewing lease data. With some of these more repetitive tasks completed by software, accountants will find their workload more efficiently balanced, reducing the risk of burnout.



Managing lease accounting without a solution can lead to burnout:

Employees who experience burnout are 2.6 times more likely to quit than other employees.⁴

⁴ <https://www.gallup.com/workplace/237059/employee-burnout-part-main-causes.aspx>



See how LeaseQuery enables you to comply with confidence



Complete disclosures meeting requirements outlined in the respective guidance



How the system distinguishes between capital/finance and operating leases



Built-in controls for data accuracy



Customizable and standardized reports



How to enter a lease in minutes, including all pertinent details



How to track all changes made to a lease

Visit FinQuery.com/free-demo to schedule your consultation and demo