

Streamlining SOX 404 Compliance and Reducing Close Time by Five Days



PLURALSIGHT

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— Mark Hansen, director of finance and accounting, Pluralsight

Pluralsight is an online learning company focused on professional technology training for individuals and enterprises across the globe. This training encompasses three technology pillars: software development, IT infrastructure and creative skills. With more than 4,500 courses, Pluralsight provides an ever-growing online training library authored by industry experts. Through an easily affordable subscription-based model, Pluralsight offers high-quality, relevant and timely training, serving as a skills catalyst to nearly 3 million users worldwide.

The Challenge

After a humble beginning in 2004 delivering classroom training to software developers, Pluralsight added online training in 2008, and saw its growth explode. By 2010, the company fully transitioned to an online learning model, and in 2012 it raised 27.5M in Series A funding. In 2014, the company raised an additional \$135M in Series B funding to further expand its platform and course library.

The growth and expansion of the business over the last several years also highlighted the need for an automated solution that could enable growth and streamline operations. Pluralsight had recently switched from QuickBooks to NetSuite to

INDUSTRY

Technology

REGION

Global

ADOPTION DATE

2015

ERP

NetSuite

NUMBER OF USERS

10

PRODUCTS

Account Reconciliations

BUSINESS IMPACT

Simplified SOX compliance and documentation, reduced time spent on the close, enabled faster—and concurrent—reviews of reconciliations, increased visibility, enabled real-time transparency for both company and stakeholders.

streamline crucial finance operations, yet their financial reconciliation process was still cumbersome and highly manual. They also wanted better visibility and control over its end-of-month reconciliation process.

According to Mark Hansen, director of finance and accounting at Pluralsight, “Each staff member was responsible for 10-30 reconciliations. These were all performed in a single Excel workbook. Once the workbook was finished, it was saved to Dropbox and the reviewer was notified. It was a very manual process, and there was no visibility. Any time new journal entries were booked, the reconciliations had to be revisited. Approvers had to wait for a workbook to be finished before they could review it. If there were changes or errors, individuals had to go back and update entire book of reconciliations.”

The existing process also put any future internal controls compliance at risk. “The nature of Excel is that data can be changed at any time. We couldn’t lock the folders, so there was always the possibility of something being altered after the accounting period had been closed.”

Why BlackLine

Hansen and his team knew they needed a system that would deliver a clear picture of where the department stood at any time in the close process. “We wanted a solution that allowed us to document the steps we take to prepare and review reconciliations,” said Hansen. “Plus, there had to be a central repository where all that information could be housed and not altered once the period closed.”

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The company reviewed several vendor options, including BlackLine. “We discovered that not many providers do exactly what BlackLine does,” said Hansen. “BlackLine was a true enterprise solution that was cloud-based. It would allow us to put robust controls in place; yet, it would also ensure flexibility as we grow and scale. We saw it as a long-term solution.”

Hansen thought about ways to increase user adoption even before the company selected BlackLine. “We involved the entire team in the process from the beginning. Together, we identified opportunities for improvement in the close, and then we brainstormed ways to improve them. We started to evaluate different options. Everyone was involved, and this really helped with later buy-in. Because the staff had been part of the process of selecting BlackLine, they were able to tolerate the month or so of disruption during implementation.”

The Results

Simplified SOX compliance and documentation. Previously, Pluralsight’s reconciliations were prepared in Excel and maintained in Dropbox. “With SOX 404, there are strict requirements on the preparation and review of reconciliations,” said Hansen. “BlackLine ensures that we’re not only more organized in how we go about the reconciliation process, but also more confident about knowing that the files are locked once they’re closed. No one can change the data.” BlackLine has also helped Pluralsight implement stronger controls overall.

Reduced time spent on the close by five days. Prior to BlackLine, Pluralsight’s monthly close process required 12-15 business days of staff time. “Since implementing BlackLine, we have been able to close each month in 10 business days,” said Hansen. “While BlackLine isn’t the only factor, it’s a big factor in helping us close more efficiently because it helps us increase our efficiency and speed.”

Enabled faster—and concurrent—reviews of reconciliations. Today, reviewers no longer have to wait for an entire workbook to be completed before examining reconciliations. “As a preparer completes a reconciliation, the approver can go into BlackLine and review just that item, as opposed to waiting for all recs to be done,” said Hansen. “As issues are identified, they’re sent back and fixed faster. The ability to do this in real-time saves us time.”

Increased visibility into the close process. Pluralsight’s prior Excel-based close process didn’t allow the team to see where they were in the close. “If you’ve ever worked in an accounting department, you know people are always asking ‘Are you done yet?’” said Hansen. “With BlackLine, we’ve removed the need for that question. It provides more visibility into where we stand in the close at any one time. We can instantly see, via the dashboard, how many recs have been reviewed and approved—and how many haven’t been started.”

Enabled real-time transparency for both the company and stakeholders. BlackLine also ensures Pluralsight’s many stakeholders have real-time visibility and transparency into company operations. “Our management team and investors need accurate, timely financial information,” said Hansen. “BlackLine enables the timely preparation of our financial statements. Because our constituencies receive information faster, they’re able to make better decisions based on relevant, real-time information.”