

Rapid-Growth AI Pioneer Turns to Sage Intacct Amidst SaaS Pivot, Saving 60% Annually

Zest AI



Challenges

Seeking Multi-Entity Financials in Preparation for ASC 606

After nearly a decade perfecting its own underwriting algorithms, Zest AI decided to sell its machine learning models as a service for other lending organizations. By more accurately identifying credit-worthy consumers, the company helps its clients expand their portfolios while reducing the U.S. economic opportunity gap. Even prior to this SaaS pivot, Zest AI's finance team struggled to manage and consolidate high-volume financials across eleven different entities using a heavily customized version of QuickBooks Online. Just to get the books closed each month, they spent a significant amount on outside consulting fees.

Around this time, the business also brought on a CFO to prepare for continued growth and for the ASC 606 requirements of its new subscription model. She knew automation could help the team better manage increasingly complex, multi-element contracts. Walter Luceno, director of accounting at Zest AI, explained, "The company was going through a rebirth, and saw a great opportunity to put scalable processes, financial controls, and the right software in at the ground level in order to make us more productive in the future."

Zest AI evaluated Oracle NetSuite and Sage Intacct, and Sage Intacct's ability to integrate with other best-in-class systems, ease of configuration and implementation, and reputation for top-notch customer service came out on top. By migrating to a modern system for core financials and revenue management, the team cut 60% from their yearly consulting costs, kept pace with the organization's 100% year-over-year growth, and effortlessly supported in-depth due diligence for the company's recent \$15 million venture investment.

Solutions

Sophisticated Contract Management Scales with 100% Growth

One of the first changes Zest AI made with Sage Intacct was to overhaul the monthly close process and establish a single chart of accounts across all entities. By replacing time-consuming Excel-based revenue and reconciliation schedules and eliminating manual report preparation, the finance team shortened their close cycle by one-third. Automated workflows also reduced their reliance on the monthly close vendor and cut that expense by more than half—savings that exceeded the annual cost of Sage Intacct.



Company Overview

Zest AI was founded in 2009 with the mission of making fair and transparent credit available to everyone. Now one of the fastest-growing fintech software companies, it is headquartered in Los Angeles, California.

Executive Summary

Previous Software:

- QuickBooks

Results with Sage Intacct:

- Shortened the monthly close by 33%
- Cut annual accounting contracting costs by 60%
- Adopted ASC 606 practices and scaled accounting as revenues doubled
- Gained effortless visibility to support due diligence for \$15M capital raise

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As Zest AI's products and pricing evolved and the finance team investigated ASC 606 requirements, Sage Intacct's training guided them towards subscription billing best practices. "Before, we had a very simplistic, yet tedious, approach to tracking contracts and revenues, but since they are structured and negotiated in highly varied ways, contract management has been an ongoing challenge for us," shared Brandon George, Zest AI's other director of accounting. "Sage Intacct's capabilities are granular enough to support increasingly complex arrangements like usage-based billing, while helping us standardize contracts and stay on top of all of our different schedules to get customer invoices out faster."

And by integrating Sage Intacct with systems like Bill.com, Expensify, Paylocity, and the organization's corporate card provider, Brex, Zest AI ensures that all financial data flows seamlessly through the business. Luceno noted, "Even as revenue doubled, we didn't have to increase the size of our finance team. As a direct result of the software solutions we have in place, we can redirect our time from accounting maintenance to strategic projects." George agreed, saying, "During this high-growth phase, having the transactional aspects of contracts managed in Sage Intacct frees me up to advise our sales team. I've been able to get ahead of any revenue implications surrounding potential contracts and stay informed about what's coming down the pipeline, rather than always playing catch up."

"With Sage Intacct, we now have accurate, timely financials in any managerial format we want, so everyone has more confidence in the numbers. As a business, we are able to trust them and respond accordingly."



Walter Luceno,
Director of
Accounting,
Zest AI

Results

Critical Visibility Supports \$15 Million Raise

Another significant advantage of Sage Intacct is having a single source of truth for all financial information. "Moving to Sage Intacct gave us a reset button to rethink how we saw the company from an accountant's point of view," said Luceno. "The system's flexible dimensions for tagging transactions with departments, vendors, and customers completely changed our reporting." George commented, "It's easy to extract whatever information we need, whether that be top ten expenses by department on a real-time basis, consolidated reports across entities or locations, cash flow forecasts, or diving into a specific GL account."

Sage Intacct automatically allocates overhead and personnel expenses to appropriate departments, which saves days of manual report preparation every month for GAAP financial statements, analyzing costs per team, and other ad hoc requests. As Zest AI expands, its management has become more focused on cost control, particularly amid the economic pressures of COVID-19. "Sage Intacct allows us to speak about margins and spending with authority, which helps our CEO and other executives make important decisions for the business quickly," said Luceno.

In addition, the system helped Zest AI better understand profitability across different contract types, leading sales to focus on landing larger contracts as opposed to higher volumes of deals. Finally, the system's statistical accounts help with calculating the KPIs required by investors, such as ARR and customer LTV. Luceno noted, "Recently, we closed a \$15 million round of funding and during the due diligence process we were able to hop on calls with the auditor and answer their questions live or deliver analysis the next day, which was a night and day time-saver compared to pulling data from QuickBooks."

sage Intacct

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