

Success Story

Investment firm improves financial management efficiency 10x across 30 entities



Challenges

Investment firm CoVenture is at the cutting edge of technology and finance. Founded in 2014, the New York City-based multi-asset manager focuses on providing capital to emerging businesses that are leveraging technology to create new credit products or markets, innovate existing forms of credit and finance next generation economies. In one recent example, CoVenture is supporting a newly-launched financing product from a Los Angeles-based startup that provides tools for musicians to streamline music and video distribution and collect payments.

Despite investing in new wave fintech companies and novel asset classes, CoVenture's management companies used to rely on an entry-level accounting application that didn't offer the functionality and scale needed to manage the complexity of its internal accounting across multiple lines of business and a growing organizational chart.

Allocations of shared expenses across the three lines of business, and profit centers associated with each business, was a difficult and monotonous, manual process. CoVenture resorted to Excel to allocate time that employees spent on various business units, and tie in rent and related expenses, because allocation rules couldn't be built into their legacy system. Intercompany transactions meant for more time-consuming data entry. And because their application lacked multi-entity capabilities, CoVenture had to log in and log out of separate instances of the software to manage financials across multiple entities. "It was just a really tedious and cumbersome process," said CFO Isaac Strulowitz, who joined CoVenture in 2018. "We quickly realized we needed a new and better solution."

Sage

Company
CoVenture

Industry
Technology investment

Location
New York

Sage Product
Sage Intacct



About CoVenture:

CoVenture invests in technology through multiple strategies. It provides and manages alternative credit opportunities, and invests in early-stage technology companies.

Results with Sage Intacct:

- Monthly close cut from 50-60 hours a month to as few as 6 hours.
- Automated complex financial management across 30 profit centers.
- New visibility into key metrics to better manage the business.
- More time to focus on strategic initiatives.

Solutions

Core accounting processes cut from 60 hours to just 6

Strulowitz and other CoVenture leaders took a look at Sage Intacct on the recommendation of a CoVenture portfolio company and Sage Intacct customer. CoVenture also evaluated Oracle, NetSuite and two solutions tailored for the investment industry, FundCount, and FIS Investran, before selecting Sage Intacct for their management entities. Especially appealing, were the capabilities that Sage Intacct allowed for automated rules-based expense allocations across lines of business, multi-entity financial management, automated intercompany journal entries, dimensions for the general ledger, and customized reporting.

“When I saw the Sage Intacct demo I said, ‘I’m in,’” Strulowitz said. “Almost immediately, the demo made clear that Sage Intacct would solve a lot of our pain points.” With implementation by CLA (CliftonLarsonAllen), a large audit, tax, and consulting firm and Sage Intacct partner, CoVenture made its move to Sage Intacct in January 2019. It’s paid off with a dramatic leap in financial management efficiency and much-improved visibility into key metrics that’s helping CoVenture make better decisions.

With Sage Intacct, the team reduced time needed for closing the books from 50 to 60 hours a month to as few as 6 hours—a 10-fold improvement. “That 50 to 60 hours encompassed everything—the expense allocations that were tedious to do manually in Excel, the processes of booking revenue, the intercompany journal entries, and then accruing for liabilities,” said Strulowitz. Now with 40 to 50 expense allocation rules set up in Sage Intacct, CoVenture has automated a process that was virtually impossible to do at scale with their legacy system. “If you had hundreds of transactions in a given month, there was just no way to feasibly journalize all of the activity in a painless manner,” Strulowitz said.

Results

More time and insights for informed decision-making

The efficiency gains are especially important as new profit centers and projects have grown significantly to about 30 across CoVenture’s lines of businesses. Moreover, the time savings has opened new opportunities to use Sage Intacct to track key metrics such as liquidity and expense ratios, cash flows, and growth. “Before Sage Intacct, we couldn’t truly spend as much time as we wanted drilling down and analyzing what was in front of us because we spent too much time trying to compile everything,” Strulowitz said. “Sage Intacct is allowing us to look at information more clearly, more strategically, and more efficiently than we could previously.”

The result is that CoVenture is able to make informed decisions to guide its business operations. “The information is much more timely now, and that allows us to capture deeper and more meaningful insights that helps us to think more strategically,” Strulowitz said. “Sage Intacct has been a huge value to us. We close our books much more efficiently allowing us to make more informed decisions.” And when specific questions arise, Strulowitz no longer needs to spend hours digging up information from their old system and sorting it in Excel. On-demand access to timely, accurate data in Sage Intacct lets him swiftly address inquiries.

Because Strulowitz is no longer bogged down in the complexity of a manual close, he’s spending more time on his crucial role of trying to invest the firm’s own capital into value-creating opportunities. “A CFO needs to wear many hats but the most important is being the financial gatekeeper of the firm and focusing on value creation through optimal capital allocation,” Strulowitz said. “Now I can focus my time on growing CoVenture, not worrying about inefficiencies slowing us down.”

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Isaac Strulowitz

CFO, CoVenture



About Sage Intacct

Sage Intacct is the #1 cloud financial management system for financial services, including the world's largest wealth and asset management firms. It is the solution of choice for nearly 1,000 financial services organisations that collectively manage more than \$1.4T of assets under management.

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