

# LEASE ACCOUNTING STANDARDS TAKE EFFECT SOON. ARE YOU READY?

It's not too late to implement a solution that will enable compliance with ASC 842 and IFRS 16 – but time is not on your side.

Here are some things to consider as you get on track to quick compliance:

## **1. If you haven't begun your vendor selection process, now is the time.**

Assume two to three months from beginning that process until project kickoff with your provider.

The good news is that it is possible to meet the deadline. PowerPlan's proven template brings companies into compliance in four months or less, while checking all the critical boxes that IT requires for security, data processing and IT standards.

The advantage you get from our 15+ years of experience implementing lease accounting software is that we understand how to prioritize urgent items while also applying a solution that supports longer-term business process improvement and automation. We know how to choreograph a complex solution, taking the right steps in the right order.

## **2. Successful vendor engagement will require more than good software.**

It also requires best practices. Since lease accounting has typically been managed in a highly decentralized fashion, many companies are establishing entirely new processes, teams and workflows.

Whether your organization's portfolio has dozens, hundreds or thousands of leases, some significant financial impacts are in store. To forecast those accurately – and establish effective, efficient processes – you'll need close adherence to best practices around data collection and workflow.

## **3. At this point, being compliant by the deadline necessitates a strategic approach.**

Between now and the end of the year, efforts need to be focused on express compliance, while simultaneously the vendor team works with IT on satisfying IT protocols like security and laying the groundwork for business process improvements.

PowerPlan addresses these dual needs using a single solution with a two-pronged approach:

Compliance includes all activities required to be ready for the deadline:

- Collecting data
- Creating a central lease repository
- Generating disclosure reports
- Forecasting the financial impact of the transition and adoption

Business Process Improvement begins at project kickoff with IT planning activities but is honed and solidified after the deadline:

- Working with IT and end-users on improvements
- Leveraging automation for integrating with key systems



#### 4. Be aware of the critical need for compliance with IT standards as well.

Deployment of any solution that runs on cloud-based client server technology requires careful adherence to IT security and data-processing standards. PowerPlan checks all the boxes for security:

- SSAE SOC 1 and SOC 2 audits
- ISO 27001
- GDPR

Our integration hub allows us to integrate cloud-to-cloud seamlessly, and disaster recovery is built in: with a laptop and browser, users can connect to the solution from anywhere.

We can support deployment in the EU, US, Canada and A-Pac. We also offer tight integrations with other financial systems for a seamless IT environment.

#### 5. Check any prospective vendor's project initiation timeline.

A detailed, week-by-week outline for how the provider will approach project ramp-up helps your organization plan resources while also creating a foundation for a successful engagement.

PowerPlan has developed a template, refined over our decade-and-a-half of lease accounting experience, that allows us to complete the design phase in less than six weeks. It starts before design with pre-design planning and strategic targeting of resources.

This includes a Pre-Design Workshop occurring two to three weeks after the executed statement of work. During this one-day, onsite meeting, PowerPlan guides you through:

- Data review
- Data templates to begin data collection and abstraction
- System overview
- Design documents and process
- Best practices for proactively preparing for any problems you might encounter, based on our experience.

This approach gets the engagement going on the right foot so that when the project actually kicks off – when design begins – there are no delays.

#### 6. Set yourself up for success by thinking beyond compliance.

Any lease accounting solution worth the investment does more than enable compliance with the FASB and IASB standards. In fact, the problem of compliance can be an opportunity to:

- Re-engineer processes for efficiency and effectiveness (such as automating monthly journal entries)
- Identify strategic cost reduction opportunities
- Achieve tax efficiencies
- Improve auditability through automation and elimination of spreadsheets and manual tasks.