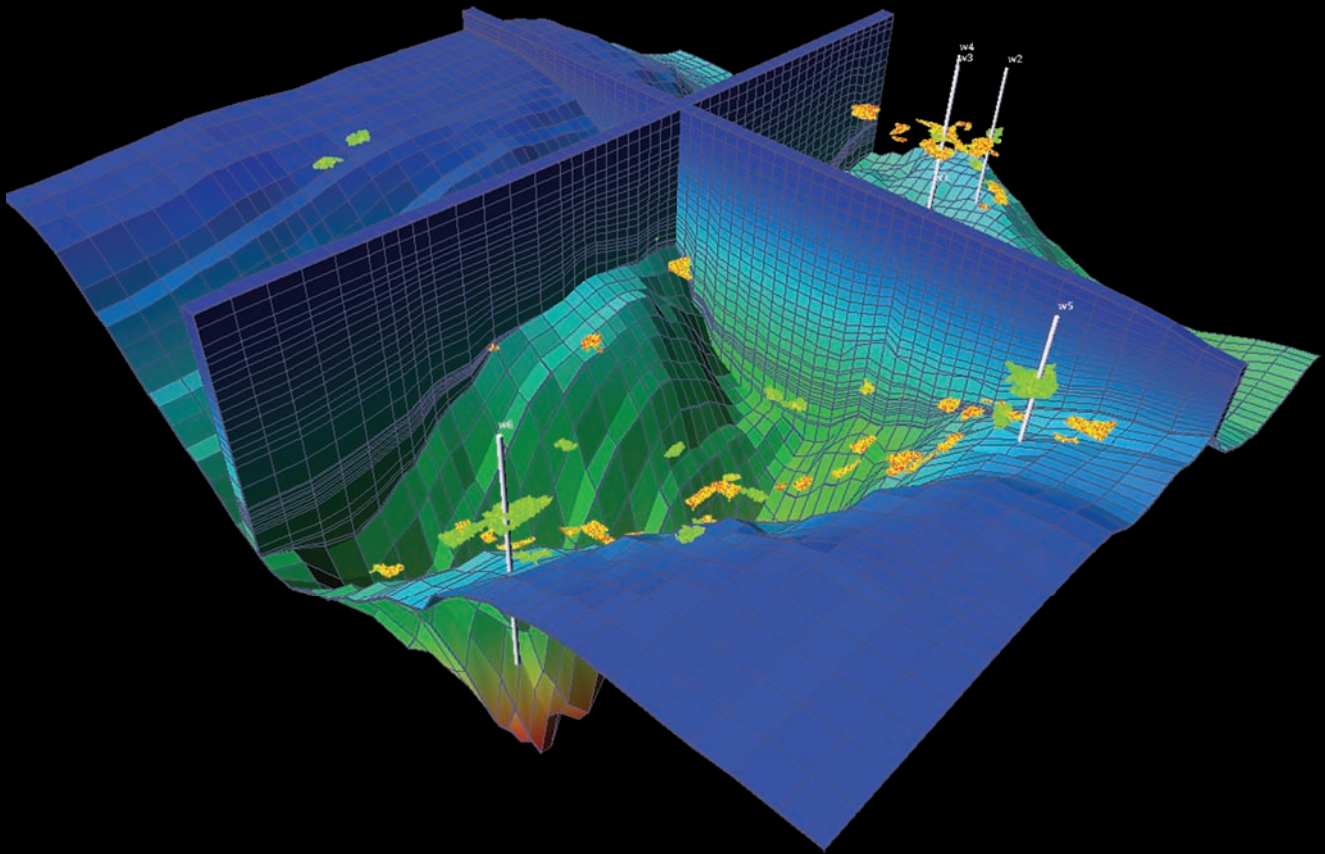


UPSTREAM TECHNOLOGY

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**Michael Baker
Reconciles Accounts
with BlackLine**

Michael Baker Reconciles Accounts with BlackLine



Oil and gas sector employees who do account reconciliation are some of the most underappreciated staffers in the industry, according to Anthony “Tony” Machi, director of financial compliance and analysis at Michael Baker Corp., provider of engineering and outsourced services to independent oil and gas producers.

Baker was encountering account reconciliation issues, including not being able to close the books in a timely manner, Machi told *Upstream Technology*. The company had more than 6,000 accounts that required review every quarter. This tedious process was done manually by several of those underappreciated back-office staffers. More than 2,000 accounts each month required preparation, review and approval, and three different people “touched” each account at least once.

Baker decided to streamline and automate this bogged-down business process using BlackLine Systems’ software, a secure, role-based Web application that helps manage and control key accounting processes. The company wanted to replace the manual, spreadsheet-driven process that relied heavily upon paper and e-mail. The goal was to pass account information along the review and approval pipeline

electronically (via the Web) so staffers could document the reconciliations and sign off on them on their PCs.



“Every company should be able to realize a 25-30% reduction in the amount of time that it takes them to complete the account reconciliation process and improve effectiveness just by using BlackLine.”

- Tony Machi,
Director of Financial Compliance and Analysis,
Michael Baker Corp.

The BlackLine Solution

With BlackLine’s solution, anyone with authorization to view a reconciliation, task, journal, etc. can also view the supporting documents that are attached to it. Users may save a copy to their local drive, but they cannot modify the system’s official document. The only person authorized to change or replace a document is the person that originally added that document – and then only up until the point of electronic certification. Certification renders the entire record to be read-only, and all attached supporting documents are locked in their current version.

The solution includes a fully configurable, automated Alert Service. Alerts may be sent to any selected group of users based on changes in system information. For example, a staffer may receive an e-mail alert three days before the deadline stating that there are 15 incomplete reconciliations that need to be completed.

If new accounts are created in the General Ledger (GL), these accounts will be automatically imported into BlackLine.

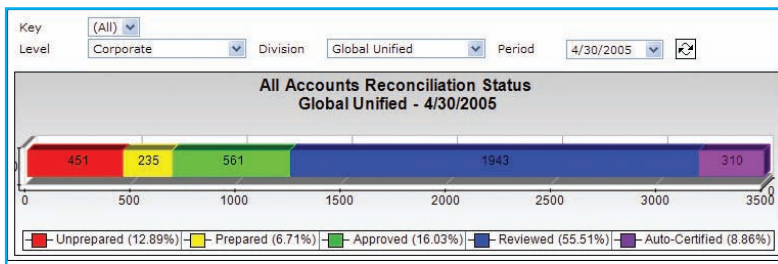


Figure 1. BlackLine's status dashboards provide visibility into the financial close process for the entire organization.

If these accounts are not able to be assigned automatically to individuals for preparation and approval, then an e-mail alert will be sent to the system administrator. Escalating alerts can be sent up the management chain notifying managers that deadlines have been missed.

Reconciliations can also be decertified if any changes happen after the period closes. When this happens, an e-mail notifies the staffer that the account has changed so he or she can begin the reconciliation process immediately without having to wait for all journal entries to post.

Data Interfacing

Baker's new reconciliation solution takes advantage of the chief benefit of electronic information: not having to re-create data every time the account is touched.

"The BlackLine philosophy is that any electronically available information should not be retyped. Retyping introduces errors and wastes valuable time," said Therese Tucker, CEO, BlackLine Systems. "BlackLine utilizes proprietary tools to rapidly configure interfaces to other systems via queries or extracts. These interfaces are placed on a schedule to run automatically at whatever frequency is required. GL Account Information can be imported from one or even many GLs, if necessary."

BlackLine has successfully interfaced to virtually every major GL system available. Other types of information can also be imported quickly, such as balances from subsidiary ledgers, bank statements with balances and



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Baker Energy

transactions, journals, activity summarizations, detailed line items, user information, currency exchange rates and financial consolidation information. And data can be ported seamlessly to and from Microsoft Excel.

Built-In Policies and Workflow

The new reconciliation solution has all policies and procedures built into the automated business process so as to be readily accessible to users. Multiple links can be defined, both at a global level and for individual or groups of processes. For example, a particular set of accounts may have its own policy documents that drive the policies for reconciling those accounts. Such built-in policy adherence is critical to compliance.

"Our business process has been institutionalized," said Michael Higgins, VP of Finance and CFO, Baker Energy, a division of Michael Baker Corp. "Not only can we pass through account information on an electronic basis, document the reconciliation and sign off on it, we have numerous controls built into our business processes for purchasing."

Higgins told *Upstream Technology* that the company now closes the books each month "with the same rigor," and Baker recently started rolling out BlackLine functionalities for tasks and checklists. "We have hundreds of locations," Higgins said. "BlackLine enabled us to systematize all the issues we track around the world – we've compiled a very large to-do list!" He said the move from manual to "systematized" reduced workloads by "40% to 50% easily," and that accounting and finance people who used to do the manual accounts reconciliation were moved up to more value-added tasks.

Helps with Compliance

Because the BlackLine solution uses SQL Server, it is easy for management to get real-time status reports using queries, which is useful for auditing purposes.

software into existence here, but this is the only one that really added value.”

He said the software is accessed on-demand via the Web, although BlackLine does install its software on-site inside the firewall, if the customer prefers. Baker has 88 users, 55 of which are active users, and pays a monthly fee for each active one. One of the benefits is that the accounting department does not need “energy people” to help them reconcile accounts any longer.

“From an operations standpoint,” remarked Higgins, “I can’t imagine how we could document our controls for regulators without BlackLine. That’s the heart of the system. BlackLine allows any company not current in their documentation of processes to actually become current for prior periods. With the flags in the software, you can review things from past months and get current very effectively.”

Two of the side benefits of this software implementation, according to Machi, are a noticeable improvement in the strength of the various customer accounts, resulting in his staffers becoming much more appreciated.

www.blackline.com
www.mbakercorp.com



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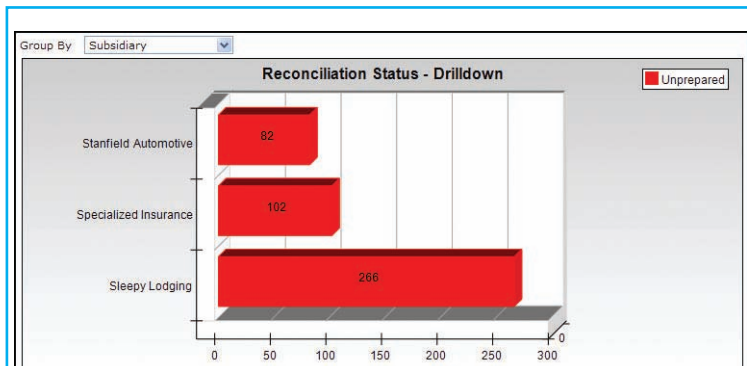


Figure 2. BlackLine’s dashboards offer drilldown capabilities that allow users to control the financial

About BlackLine Systems

Founded in 2001, BlackLine Systems was the pioneer of Balance Sheet Account Reconciliation software applications. An experienced provider of enterprise software to Fortune 1,000 companies, BlackLine provides quick-to-implement, scaleable and easy-to-use applications that, for the first time, automate the entire close process and help improve the financial controls for companies of all sizes. For more information, visit www.blackline.com.

