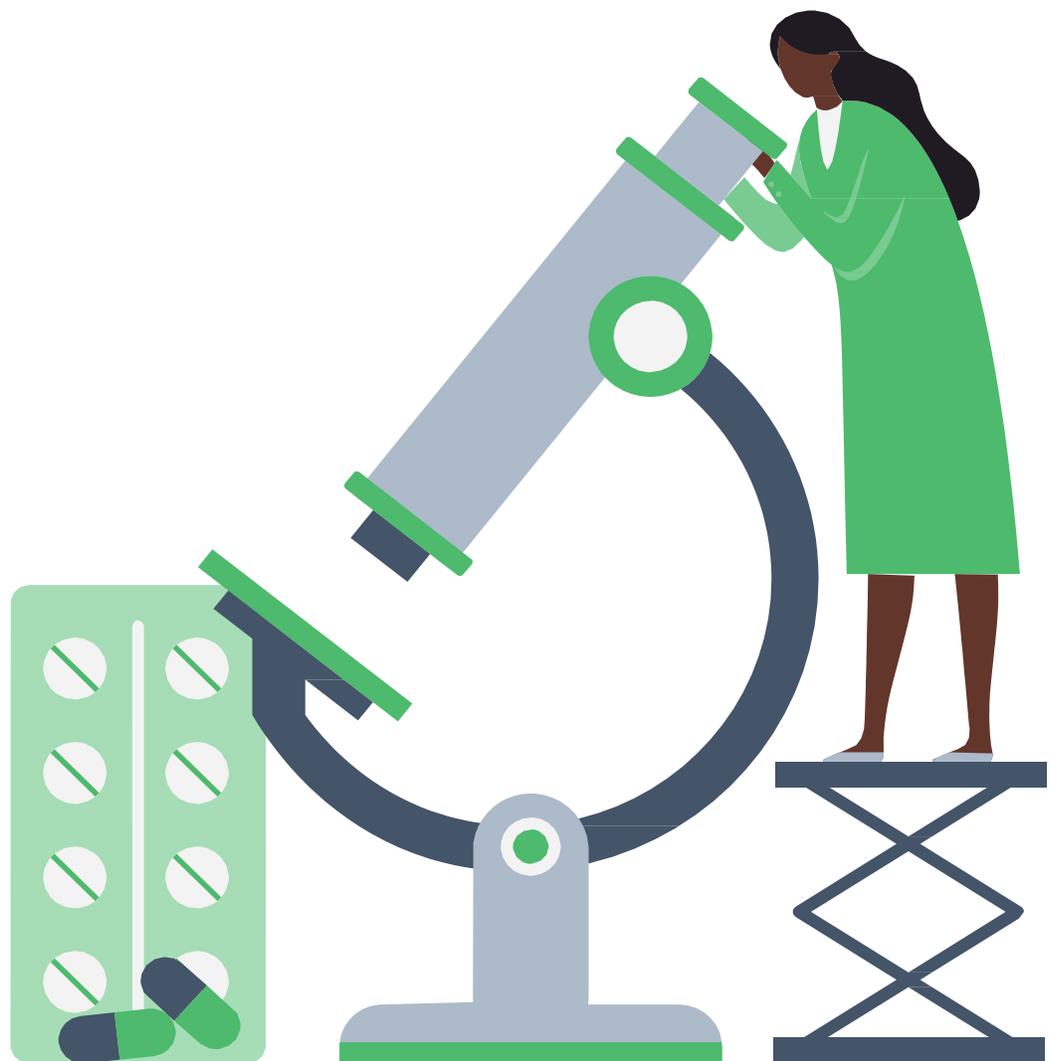


NAKISA[®]

LeaseAdministration

CASE STUDY — Pharmaceutical

Achieving ASC 842 Compliance
with Nakisa Lease Administration



A leading multinational pharmaceutical company focused on researching and developing medicines and vaccines for life-threatening diseases. Based in the USA, the company operates in over 100 countries.

The Challenge The global pharmaceutical company, which manages a lease portfolio that includes real estate and equipment, began their compliance project with ASC 842 in August 2017.

During their internal pre-assessment stage, the organization outlined their requirements for a solution with efficient lease event management, domestic and international business reporting abilities, and data tracking.

The organization's variety of contracts meant that postings, indexation (CPI) changes, and lease payment adjustments were highly labor-intensive, manual operations. Moreover, as a multinational company operating with multiple fiscal years and currencies, they required a lease accounting solution able to account for such variations for reporting purposes. Lastly, the organization needed the ability to accurately track any changes made to their data, establish a segregation of duties, and provide a full audit trail.

Why Nakisa Lease Administration Nakisa Lease Administration offered a collaborative partnership with robust tools to address the pharmaceutical company's complex needs. "Nakisa Lease Administration was found to reliably support our requirements. With SAP as our primary ERP, one of the key drivers for selecting Nakisa was its ability to natively integrate with SAP as a lease accounting sub-ledger," said the organization's Senior Finance Director. "The fact that the Nakisa solution could minimize our reconciliation efforts was also a critical feature," they added.

The organization also appreciated that Nakisa Lease Administration can account for embedded leases by processing both lease and service contracts while also maintaining non-lease schedules and components. The Nakisa solution identifies leases that require modifications and automatically make the necessary adjustments to the right-of-use (ROU) asset and lease liability calculations for all leases that are subject to remeasurement.

Lastly, the organization appreciated the user-friendly appeal of the application. "Nakisa Lease Administration has a state-of-the-art interface—the user experience is much more consumer-grade than other, more traditional tools on the market. Its intuitive search and reporting capabilities meant there was less training required for business adoption," said the organization's Senior Finance Director.

 **Industry**
Biopharmaceuticals

 **Headquarters**
USA

 **Additional Lease Liabilities Recognized Under ASC 842 on Adoption Date**
\$1.2 billion

 **Business Benefits**

- Automation of periodic postings
- Efficient lease event management
- Support a large global lease portfolio
- Track changes made during the full lease lifecycle
- Cut down on operational costs



The Result The pharmaceutical company went live with Nakisa Lease Administration in December 2018. Because of its native integration to SAP, Nakisa Lease Administration can read the organization's fiscal calendars directly from the ERP, record the ROU asset directly in the fixed asset subledger, and perform the correct amortization of lease liabilities based on the fiscal year defined in the ERP. Native integration with SAP also means that Nakisa is able to send periodic postings directly to SAP without any need for manual upload.

With Nakisa Lease Administration's job scheduler, the organization was able to automate complex compliance processes, as the solution automatically calculates new values and posts adjustments to the ERP for each lease. Moreover, Nakisa Lease Administration was able to automate periodic postings, such as subsequent measurement of ROU Assets and lease liabilities, as well as reassessments and modifications based on user preference.

Leveraging the Nakisa solution also enabled the organization to manage their global portfolio and achieve streamlined lease accounting operations, cutting down on operational costs.

"Nakisa Lease Administration provided automation for ASC 842, which established a strong compliance environment," said the company Leasing Director. "We see Nakisa as more than just a vendor," they added. "Nakisa has become our partner to tackle difficult compliance processes and work towards industry best practices."

"Not only did Nakisa Lease Administration provide the organization with successful compliance with the ASC 842 standards, but Nakisa's solution is also able to support their requirement to account for multiple fiscal years and currencies," said Imran Mia, Nakisa's VP of Global Solutions Engineering - Finance. "The collaboration and co-innovation of our partnership has been fantastic."

"We see Nakisa as more than just a vendor, Nakisa has become our partner to tackle different compliance processes and work towards industry best practices."
- Leasing Director

