

CASE STUDY

NAME	Apex Tool Group
INDUSTRY	Manufacturing
EMPLOYEES	~7000
REVENUE	1.3 Billion USD
COUNTRIES	30+
HEADQUARTERS	Sparks, Maryland
AUDITOR	E&Y
COMPANY TYPE	Private



Apex Tool Group

Leveraging industry-leading lease accounting software for a global lease portfolio.

LEASES	LEASE TYPE	STANDARD
300+ Leases	Equipment, Vehicle, Real Estate	ASC 842

Apex Tool Group (ATG) is one of the largest manufacturers of professional hand and power tools in the world, serving the industrial, vehicle service and assembly, aerospace, electronics, construction and serious DIY markets.

Their portfolio of innovative powerhouse brands includes SATA®, GEARWRENCH®, Crescent®, Cleco®, Weller®, and APEX®. They also manufacture select, premier private label mechanics tools. Across the board, their tools stand for quality, innovation and value.

ATG works collaboratively with distributors, retailers and large customers across the globe to make sure end users have the tools they need to solve real-world problems. Their unique category management approach provides customers with end-user data, market research and voice of the customer insight, which helps drive inventory, display and promotion decisions.



Selecting the Right Software

Why Visual Lease

As a wide-spread company holding leases across multiple locations, ATG was searching for a tool to streamline ASC 842 lease accounting compliance efforts. With a heavy focus on manufacturing-related leases, it was necessary to find a solution to simplify the consolidation of more than 300 leases.

ATG'S LEASES BY THE NUMBERS



With leased assets located across the globe, ATG looked for a robust lease accounting system that could serve as a single-source for their large lease portfolio, including multiple complex leaseback real-estate agreements. It was clear to ATG the best way to achieve lease accounting compliance was through software that seamlessly fit into their business.

What Visual Lease Delivered



A Tailored Experience

Visual Lease's fully configurable SaaS system meant ATG had the ability to easily capture specific fields relevant to their business. They were drawn to the simplicity of having the capability to access, amend and remeasure any lease within their portfolio in one place.



Simplified User Interface

While evaluating various lease accounting providers, having a system that was easy to use and intuitive was a main priority. ATG found the look and feel of Visual Lease to be incredibly useful; the logical user interface meant they could spend less time inputting leases and generating reports.



Intuitive Reporting

Visual Lease's reporting dashboard and configurable ad-hoc and standard reporting options stood out against the competition. Users have the option to select different ways to generate various reports, making it easier to produce reports such as amortization schedules and journal entries.

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Using Visual Lease, the ATG team has been able to quickly produce quarterly reports.

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Like many other companies preparing for lease accounting compliance, gathering a complete inventory of leases proved to be the most time-consuming and painful part of the implementation process for ATG. Before any lease data could be populated into the Visual Lease system, the ATG accounting team sent out surveys to various business units to identify leases across the company.

In doing so, ATG identified potentially over 300 leases to be represented on the balance sheet. However, ATG ended up recording roughly 120 leases in Visual Lease due to their materiality thresholds. For example, while some vehicle leases could be consolidated due to the same lease terms (i.e. start

and end date); if any vehicle leases had different contract terms, they needed to be represented separately within the system. Additionally, for complex leaseback agreements, ATG had to identify what information was required or not applicable to capture within the system.

Visual Lease's expertise and configurable import templates were critical in the success of accurately capturing every critical piece of lease information within the system. To assist in implementation efforts, ATG partnered with Deloitte consultants in setting up the Visual Lease platform.

Implementing Visual Lease

Visual Lease's expert, hands-on implementation structured ATG to be set up for success.



Designated Implementation Managers:

Right from the onset of implementation, our hands-on implementation managers guide you through each step of the process and ensure consistent, ongoing communication every step of the way.



Identified Project Milestones

Clearly defining each step of implementation, Visual Lease provides you with a documented implementation project plan to meet your needs right from the start.



Platform Configurations

Every field and report within Visual Lease is configurable. We work with you to get your system set up right – and reflect your organization's terminology and needs and journal entries.



Validation and Testing

Dedicated to ensuring your information is represented accurately, we build in the time to test your data and setup of the Visual Lease platform.



Lessons Learned from Implementation

Promptly Gather Data

Although ATG started gathering lease data 18 months prior to implementation, this was a major challenge for the company. No matter how much you prepare your leases beforehand, there is always more information that will need to be gathered. Before ATG started implementation with Visual Lease, contracts changed and there were new leases and amendments to be made, which caused more work to be done than anticipated. It is very time-consuming to locate and gather the required fields within each lease. Leases are an ever-evolving process, and as leases continue to change, ATG continues to sort through lease information to this day.

Take Advantage of Trainings

Visual Lease provides a variety of different trainings on how to use the platform. On a monthly basis, ATG commonly uses specific pre-saved and ad-hoc reports. Through proper training about Visual Lease's reporting capabilities, ATG was better prepared to utilize the various specific reporting features available to them.

Communicate Between Teams

As a global business, ATG had to manage coordination between a decentralized team. With over 60 entities located throughout the world, Nick DeNichilo at ATG and his accounting team partnered with Deloitte and more than 15 accounting teams located globally throughout the business to successfully achieve lease accounting compliance. Having consistent, ongoing and clear communications between each team was incredibly helpful to ensure every lease was accounted for – and done so properly.



Post Adoption



Solving Major Gaps with Visual Lease

ATG successfully adopted ASC 842 with Visual Lease as their lease accounting software provider of choice. Since doing so, Nick DeNichilo, Director of Financial Reporting and Technical Accounting, and his team touts the simplicity and ease of performing monthly and quarterly lease accounting calculations. Using Visual Lease, the ATG team have been able to quickly produce quarterly reports (such as: FASB journal entry summary and year-to-date balance sheet/ income statements) entirely within the system, without needing to rely on further outside manipulation.

In addition to running concise, complete reports, ATG is now able to quickly deliver sufficient support and backup to external auditors using the software's Financial tab, which provides a breakdown of all necessary lease information. With every leased asset in one centralized location, it is incredibly easy to distribute various lease information to individualized areas across ATG's global business. The accounting team can quickly login to the system, view lease-level details and lease information however they need to, and provide information on different levels depending on who's asking the question within the business.

Beyond lease accounting, ATG has been involved in ensuring there are controls and approvals around updating, editing and approving any changes to their leased assets.

Major Pain Points Prior to Visual Lease

Prior to implementing Visual Lease, ATG did not have a detailed centralized repository of all relevant financial information for their material leases. They utilized Excel for other calculations, reported on a summary level, and realized it would not be feasible to use material for the hefty calculations required for ASC 842.

Through successful implementation, now, ATG is able to run all necessary calculations, and easily access any leases that need to be adjusted within the system.