

Case Study

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|--------------------|--|
| Industry | Healthcare |
| Location | Hershey, PA |
| Employees | 8,800 |
| Platform Users | 15 |
| Accounting Advisor | Grant Thornton |
| Auditor | Deloitte |
| Website | www.pennstatehealth.org |



PennState Health

How a healthcare organization transformed their lease accounting efforts using best-in-class technology and an ERP integration.

| Leases | Lease Type | Standard |
|-------------|------------------------|----------|
| ~200 Leases | Real Estate, Equipment | ASC 842 |

Penn State Health is a multi-hospital health system serving patients and communities across central Pennsylvania.

The system includes Penn State Health St. Joseph Medical Center in Reading, PA, Penn State Health Milton S. Hershey Medical Center, Penn State Children's Hospital, Penn State Cancer Institute and Penn State Health Rehabilitation Hospital (jointly owned with Select Medical), based in Hershey, PA, as well as more than 1,300 physicians and direct care providers at 78 medical office locations. The system also has jointly owned healthcare providers, including Hershey Outpatient Surgery Center, Hershey Endoscopy Center, Horizon Home Healthcare and the Pennsylvania Psychiatric Institute.

Penn State Health shares an integrated strategic plan and operations with Penn State College of Medicine, the University's medical school.

Making the right choice Trusted, industry-leading solution

Penn State Health needed a long-term lease accounting solution to meet ASC 842 requirements. The healthcare company relied on leading accounting and advisory firm, Grant Thornton, for guidance during the selection process.

Grant Thornton serves as a trusted advisor for Penn State Health, providing dependable expertise regarding the company's software-related decisions.

During this time, Grant Thornton was already assisting Penn State Health implement a new Enterprise Resource Planning (ERP) system, Lawson CloudSuite Financial (CSF). It was clear the ERP needed a supplemental, best-in-breed lease accounting solution to meet the ASC 842 reporting requirements.





Penn State Health looked to transition from a homegrown, interim lease management solution to a long-term lease accounting solution that would:

- ✓ Integrate seamlessly with their chosen ERP
- ✓ Automate complex ASC 842 reports
- ✓ Centralize their ~200 lease portfolio
- ✓ Simplify ongoing changes to leases

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Visual Lease came highly recommended by Grant Thornton,” said James Rogers, Senior Financial Analyst at Penn State Health. “We felt confident with our decision – and trusted that Visual Lease would be the long-term solution we needed to be compliant, integrate with our ERP and keep track of our leases.

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Appeal of Visual Lease

Beyond the endorsement from Penn State Health’s accounting advisor, Visual Lease delivered impressive lease management and accounting capabilities, including:



Intuitive user interface

An easy-to-use system to ensure ongoing usage and user adoption.



Automated, ad-hoc reporting

Users can easily generate various reports and view information at-a-glance, including journal entries.



System flexibility

Every field and report is fully configurable to meet unique company needs.



Integration capabilities

One-time and recurring integrations to any third-party application, including ERPs.



Ready, set, go

Proven partnership, rapid implementation

Penn State Health's lease administration and accounting implementation ran smoothly – and was expedited due to Visual Lease's established partnership with Grant Thornton.

90-day average implementation

Penn State Health completed implementation in 1/3 the time.

30 days

90 days

Penn State Health cut its implementation timeline down to just **30 days** – 1/3 of the average 90-day timeline – by using Grant Thornton's advisory services.



The benefits of early preparation

With enough foresight and experience in lease accounting implementation, the company's accounting advisor guided them through what is known to be one of the most laborious, time-consuming tasks – identifying and classifying leases.

Early on, Penn State Health hired temporary employees to gather leases across the organization, including leases for various buildings and locations, equipment and embedded leases located within contracts.

“Embedded leases took a large majority of the project – they required a lot of time to assist with identification,” said Rogers.

This gave Penn State Health a significant head-start – and drastically cut down the time it took them to complete software implementation.

Further, Visual Lease offered seamless ways to transfer data from their homegrown system, which made it easy to import necessary lease information.

Discovering a need for lease contract management

Before the lease accounting guidance was introduced, Penn State Health did not have a clear, organized way to handle contract (and lease) management.

“The new guidance pushed the health system to recognize a need for lease contract management,” stated Rogers.



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This process would have taken significantly longer if we didn't previously organize our lease information. Visual Lease made it super easy to import the data from our homegrown solution into the system.

Lisa Slifko, Director of Accounting and Financial Reporting at Penn State Health

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Visual Lease implementation process

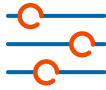
1



Analysis

Project kickoff & discovery

2



Configuration

Platform configuration

3



Conversion

Data population

4



Validation

Testing

5



Production

System go-live

Finding simplicity in configuration

Penn State Health's implementation team consisted of Visual Lease and trusted partner, Grant Thornton. The companies worked together to set up the platform with:



Unique fields, so that Penn State Health could categorize ongoing updates to their leases – including ~100 real estate leases, ~70 equipment leases and ~25 embedded leases across the health system.



Ad-hoc reports, to streamline Penn State Health's financial reporting needs and gather all relevant information with one click.



Role-based security to limit user permissions to select users able to update leases or reports, while providing read-only access to the majority of users.



System usage & go-live

Penn State Health successfully adopted ASC 842 in July 2019 using Visual Lease's enterprise lease accounting and management solution. Visual Lease has made it easy to maintain its digital lease portfolio and adjust any critical updates.

Before Visual Lease, Penn State Health struggled to manage the dynamic nature of its complex lease portfolio. Although they were using a temporary solution that housed the majority of the organization's lease data, updates were complicated and lacked visibility. Visual Lease solved that problem.

Penn State Health is able to share transparent updates and financial reports utilizing ad-hoc reporting capabilities that capture all the important data points identified by the accounting team. This saves hours that were previously spent manually producing monthly reports.

The accounting team also leverages standard reporting capabilities, including tracking spend, financial categories and more.



Visual Lease automated reports saved Penn State Health **180 hours** a year.



Ease of use

The system is easy to navigate and makes it simple to find information.



On-demand training

Visual Lease's on-demand training videos and in-depth user manuals make it easy to learn and speeds



Responsive customer support

Dedicated support representatives provide timely, informative responses to any questions about the system and platform capabilities.



Automated reporting

The accounting team can quickly run reports and complete financial reconciliations without manual manipulation, saving 10-15 hours a month.

About Visual Lease (VL)

Visual Lease (VL) is the premier platform for integrated lease management and lease accounting, trusted by enterprises worldwide to navigate complex portfolios with precision and ease. As the centralized system of record for all lease-related financial, operational, and legal data, VL is purpose-built to support every team involved in managing a company's leased and owned assets. Informed by nearly three decades of experience, our platform integrates lease management, lease accounting, and sustainability reporting, enabling organizations to save time, mitigate risks, reduce costs, and support sustainability initiatives. Our award-winning software is used by 1,500+ organizations to manage more than 1 million real estate, equipment, and other leased asset records globally. For more information, visit visuallease.com.