



CASE STUDY

Armanino Helps Koret Foundation Complete Its Digital Transformation

Customer Profile

A private foundation with an endowment of ~\$500 million revamped its financial and operational technology ecosystem to modernize its processes, reduce risk, and improve trust and transparency between internal teams and with grantees.

Benefits

- Reduced financial close processes to 10 days – 75% faster
- Improved inter-department access to real-time financial data
- Cut the time spent on the planning process to produce a budget by 50%
- Facilitated remote work capabilities
- Helped foundation become regional leader in the industry
- Empowered finance team to be proactive strategists within the foundation

Services



Sage Intacct,
Fluxx, Nexonia



Tax & Audit
Services



ERP consulting &
implementation
services



Strategy &
Transformation
services

Overview

The Koret Foundation is a private foundation based in San Francisco that focuses on strengthening the Bay Area and supporting the Jewish community in the U.S. and Israel through strategic grantmaking to outstanding organizations. In 2015 it brought in a new CFO, Marlena Wong, to oversee its digital transformation. While Wong's main role is to lead the foundation's finances, she also oversees operations, IT and HR, and conducts financial evaluations of grantees.

Wong's focus has been to utilize technology to streamline operations, to improve real-time financial reporting, and to integrate the finance and program teams' strategies. To this end, she identified opportunities to bring Koret's operations from a paper- and server-based system to a digital, cloud-based approach using the top technology products on the market and, in many cases, customizing products to fit the needs of the foundation and the philanthropic business.

Solution

To optimize financial reporting and streamline grant payment processes, Wong first recognized that a new enterprise resource planning (ERP) system was needed. Once this was in place, the rest of the technology upgrades could more easily follow. The first step in this digital transformation was getting the foundation's executives on board. Wong prepared and presented the documentation to the CEO and board, making leadership aware of the prospective benefits to the foundation. Leadership approved the project.

Koret wanted an ERP provider that worked extensively with nonprofits and understood their unique business processes and culture. Cybersecurity, collaboration and communication were key for Koret, so they decided on Sage Intacct, a leading mid-market solution with a customer base that is roughly 30% nonprofits and a strong focus on company culture. Koret knew Sage Intacct was dedicated to the nonprofit industry and devoted R&D dollars to it.

The foundation then chose Armanino — one of the 25 largest accounting and business consulting firms in the U.S. — as its implementation partner. "We were impressed by the Armanino model because of its straightforwardness," Wong said. "Whereas other consulting firms rely on separate consultants for each module during implementation, Armanino offered one point of contact who had the skepticism of an auditor but the operational understanding of a controller. The result, overall, was a more streamlined and efficient grantmaking process."

WHAT THEY'RE SAYING

“ Under the new systems, data isn't just data; it's a valuable commodity that Our finance staff feel empowered to use to better inform our directors to plan appropriately.

Marlena Wong
CFO, Koret Foundation

By eliminating extraneous consultants, Armanino fostered a more personal relationship with the Koret team, while still providing the technical and operational expertise needed for a successful ERP implementation. Armanino, which has the largest team of Sage Intacct certified experts in the U.S., also demonstrated extensive experience with solutions for nonprofits.

Results

With the help of Armanino's Sage Intacct implementation team, Koret used the ERP solution to streamline its accounting processes. Sage Intacct is a cloud-based solution with report and system updates visible to all users. Koret's finance team now has more robust reporting capabilities, which allows them to capture errors and redundancies within the system quickly and effectively.

With these technological improvements, Koret improved their monthly close from 45 days down to 10 days — 75% faster. The platform also streamlined the whole process of tax and audit reporting, reducing the amount of time the team spends on audits by 60% and trimming audit costs by 20%. Instead of processing checks, all invoices and grant payments are completed through ACH. They have also performed and completed the internal audits and Form 990-PF submissions simultaneously, making the process smoother and easier.

Sage Intacct integrates easily with an array of systems. Nexonia, Koret's expense tracking software, integrates with the ERP, allowing Koret's AP analyst to eliminate redundant processes and spend more time on analyzing and planning.

The foundation also dramatically improved its forecasting capabilities. With real-time financial data readily available, next-year budget discussions could be brought to the CEO and Director of Programs by the end of the third quarter, making for a more productive, effective and collaborative experience. Overall, Koret has cut the time spent on the planning process to produce a budget by 50%.

Thanks to these innovations and process improvements, Koret's budgeting discussions are now more proactive than ever, allowing finance and program staff, as well as leadership, to devote more time on the front end to priorities like identifying grantees' needs, reviewing data and making approvals. Finance in particular is now able to work seamlessly between IT, HR and grant functions, with access to necessary data and inputs for each.

WHAT THEY'RE SAYING

“Thanks to time saved through the new systems, we are able to focus more on the needs and work of Koret’s grantees and provide our directors with the information they need to make critical business decisions. I am very proud of the staff’s commitment to digital transformation and have been impressed with staff’s commitment, trust, and teamwork to make this succeed.

Jeff Farber
CEO, Koret Foundation

The entire finance team’s role has changed,” Wong explained. “We have more time to analyze our data, to drive analytics and produce information used for management, planning and budgeting decisions.

Koret has been able to save on overhead expenses, and empowered staff to expand the scope of how they utilize data made available by the new systems. “Under the new systems, data isn’t just data; it’s a valuable commodity that our finance staff feel empowered to use to better inform our directors to plan appropriately,” explained Wong. “Now, we find ourselves asking questions — ‘How can I make this better? Is this necessary?’ — that ultimately lead to process improvements across the board. That means better, smarter grantmaking that helps us get funds to where they need to be, quicker and more transparently.”

Morale and cooperation among the various teams is at an all-time high. The increased transparency has enabled foundation staff to better serve directors and grantees. Wong believes this all stems from their continual technology improvements.

Additionally, the foundation is now better prepared for unforeseen circumstances. When shelter-in-place began in March 2020, with the onset of the COVID-19 pandemic, suddenly Koret had to pivot to a remote working environment. Since it transitioned to cloud storage and implemented security controls to prepare for its digital migration, the move to a totally remote workforce was seamless and there was no loss in productivity.

Koret CEO Jeff Farber said, “Thanks to time saved through the new systems, we are able to focus more on the needs and work of Koret’s grantees and provide our directors with the information they need to make critical business decisions. I am very proud of the staff’s commitment to digital transformation and have been impressed with staff’s commitment, trust, and teamwork to make this succeed.”

Next Steps

Koret plans to continue expanding its digital footprint. The foundation has completed the implementation of Fluxx, a grant management system, and has also completed the process of working with Armanino to integrate it into Sage Intacct. This will be the first customized integration between the two technology solutions. The passing of real-time information between the grants management system and the accounting system is critical for managing financial planning, investments and cash flow. It is also relevant because IRS rules regarding conditional and unconditional grants changed for the 2020 reporting year. This integration will make sure the foundation remains compliant and flexible.

"Digital transformation does not end at implementation," noted Wong. "Armanino continues to help us refine our systems and update us on best practices. We are now fully operating on cloud-based solutions, which has made the interactions with consultants, auditors and others stress-free and effortless. We are now able to actively engage our partners in real collaborative discussions on internal controls, financial forecasting and tax compliance." Collaboration and partnership are key to Koret because it is how the foundation visualizes its entire business process environment.

This digital transformation took Koret around three years to implement to its current state, and Wong said there are no regrets. The process has allowed Koret's staff to adapt and align all the necessary moving pieces within the organization and foster greater collaboration. Leadership is already thinking about what is next on their journey and considering budgeting tools, dashboards and analytics for the next project.

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