

3 Signs

It's Time to Up Your Allocation Game
and Get True Performance Insights
with Dynamic Allocations



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Gain a fuller picture into your organization to fuel informed decision-making

Allocating, or attributing, revenue and expenses across dimensions helps you better understand the whole operational picture of your organization. It provides clearer insight into the performance of business units, departments, products, projects, funds, and more, since you can derive the complete picture of revenue and costs, both direct and indirect. For instance, you can see the full cost of employees attributed to a department beyond just their salary when you factor in indirect expenses, such as fringe benefits. **With a more comprehensive view of operations, organizational leaders can make better informed decisions.**

Many companies turn to spreadsheets for their allocations. However, there are significant limitations to calculating your allocations outside of Sage Intacct, including high effort, potential for errors, and incomplete or delayed insights.

Here are some signs that it might be time to look into automation for allocations.

Sign 1

You spend
half a day or more
to calculate and
record allocations

Performing manual allocations is time-consuming and carries the risk of spreadsheet error. It usually means you have to apply a complex model within a spreadsheet—often by using a tedious process that has multiple steps.

Something as seemingly simple as splitting the cost of a shared service like IT might need to be split 12 different ways to account for different departments—first by department square footage, then by headcount. This single expense may mean you need to take the following steps:

1. Run a report
2. Manually extract data
3. Manually calculate bases
4. Manually input bases into Excel

5. Manually import data into the spreadsheet
6. Extract data and record entry into the general ledger

Since you have 2 layers of allocations, you would need to run through these steps twice. Not only are you introducing many opportunities for manual error, but you also need to ensure you're calculating your allocations in the correct order.

Any post-period adjustments in headcount, timesheets, or other allocation basis factors, mean you also need to take time to incorporate corrections. A post-period adjustment can be a recipe for a pounding headache and a late night at the office.



Solution

Run multiple layers
of **allocations in
minutes, not hours
or days**

Dynamic Allocations allows you to generate allocations without the spreadsheet gymnastics. So, when splitting IT costs, you can now begin by allocating facilities costs to the IT department based on square footage. Next, you could allocate IT personnel fringe benefits using direct salaries as the basis. Once all costs have been allocated to the IT department, you can then allocate to other departments based on headcount or another basis measure, all while preserving the views of IT departmental costs.

Dynamic Allocations pulls source balances automatically and distributes them across dimensions based on chosen parameters. You have the flexibility to specify source accounts,

set up allocation splits, and target accounts. You can even set up layers of allocations and group allocations to run in specific orders.

Allocations can be set to run automatically.

That means you don't need to lift a finger to run your allocations after the initial setup.

You simply monitor them to make sure they're running correctly and update with any changes to your accounts, dimensions, or allocation strategy. A process that used to take hours or days can be streamlined into minutes, allowing you to allocate more frequently for accurate insight when you need it—even as often as bi-weekly payroll.



Sign 2

You're spending
extra hours
troubleshooting
your allocations

In a process with multiple manual steps, you're opening the doors for the potential of human error, as well as issues with replicability. Complex allocations can be difficult to apply consistently.

This can get even more difficult when knowledge of allocation methods and rationale ends up siloed in one or two team members. Often, allocation methodology and rationale are not clearly documented, so it can feel impossible to consistently apply allocations—especially if those people move on from your organization and leave behind nothing but inscrutable spreadsheets.

If there's a late change to allocation basis factors, like headcount, labor hours, or a late timesheet submission, it means you have to go back to make manual corrections. And, if you accidentally apply the incorrect allocation method, do something in the wrong order, or miss a step, it may take a long time to troubleshoot, especially if it means changing the source content.

Finally, when the time to audit or prove compliance comes around, without consistent application or a traceable audit trail to follow, it can be difficult to explain the methods used or show accurate documentation to auditors, especially if your inputs are subject to change.



Solution

Consistently apply allocations every time

Automated allocations are applied consistently every time, even the most complex. Eliminating manual processes means you're likely spending less time going back to correct errors. Further, true-ups automatically pick up those late changes to headcount, labor hours, or other allocation basis factors.

So, a late timesheet no longer requires you to perform a manual adjustment to your allocations. The automatic reversal and the correction in Dynamic Allocations happens at the same time. That means you get continuous adjustments, so your year-to-date indirect costs are always based on the most accurate amounts available.

With centralized storage of allocation methodology, including source accounts, split accounts, groupings, and order, you can consistently apply allocations, every time.

Further, Dynamic Allocations also allows users to document rationale, so anyone can see why an allocation occurred and how it was done, making it easy for anyone in the company to replicate allocations. It also provides auditors with validation to quickly handle audits. A verification page, unique to Sage Intacct, provides complete transparency with a snapshot of parameters at the time of the allocation run.

A consistent, documented process also helps organizations prove compliance. If, for example, you're a non-profit that needs to comply to FASB 958, you can set up a recurring allocation that allocates indirect expenditures based on cumulative activity. The automation ensures that the allocations are splitting consistently, and the documented rationale ensures that you're able to disclose the allocation method as necessary.



Sign 3

Your insights are **incomplete** or **delayed**

When allocations end up taking hours or days of tedious steps and lengthy journal entries, you may be left with the choice of allocating less or doubling down on effort. The first two options result in a less-than-accurate picture of performance across the dimensions you're tracking, which means you may be limiting management insights and missing opportunities.

Doubling down on effort results in you spending time calculating and manipulating data in spreadsheets. If allocations are taking half a day or more to complete, you may be delaying reports or extending the close. This can lead to downstream consequences of insights and decisions made without real-time data.

However, when you take advantage of automated allocations, you don't need to make a tough decision on trade-offs and potential consequences.



Solution

The **insights you need** when you need them

Dynamic Allocations gives a timely, more accurate view into the true performance of your organization. With automated allocation entries, you can now produce reports quickly and accurately, helping you get your information when you need it, and ultimately streamlining your close.

Multi-book functionality allows you to preserve pre-allocation insights, which can even allow

you to compare basis methods. You can easily build reports to see the allocation impact, so you can, for example, see fully loaded department costs.

This means you have full performance visibility across any reporting element you need to track against. Empower decision makers by providing a full and accurate portrait of where your organization stands.



Real customer example: Before and after Dynamic Allocations

Before

Multiple manual steps that took a day or more



Run a report



Manually extract data



Manually calculate bases



Manually input bases into Excel



Manually import data into the spreadsheet

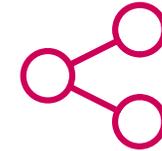


Extract data and record entry into the general ledger



After

Fully automated allocations completed in 10 minutes



14 allocations



2 methods of allocation



Separate ledger for allocations



Opportunity for additional allocations and more precision

Words from Dynamic Allocation customers



*"I absolutely love the way Dynamic Allocations work in Sage Intacct," said Carole King, accountant at Clearview Cancer Institute. **The finance team was able to eliminate hours of weekly data entry and weeks of manual allocations in Excel with Dynamic Allocations.***

The team was also able to increase efficiency by 25%. King also stated, "We can go home on time and get to see our families more—that's huge. Even with more doctors and transaction volume, finance hasn't slowed down."



25%
Increase
efficiency

From a full day
to 30 minutes

*Desert Mutual Benefit Administrators was also able to see huge efficiency gains with Dynamic Allocations. After adopting the module, they reduced their close by two days, cutting down a process that used to take a full day into 30 minutes. Controller Todd Hansen said, "**That leaves us more time for analysis, and it's been a huge advantage.**"*



Dynamic Allocations value

Having a more accurate view into your organization's true performance gives you the insight you need to make informed, strategic decisions. With a better understanding of cost and revenue structures, the finance team is better equipped to make optimal decisions that help achieve business goals.

It also doesn't stop there. The detailed rationale makes automated allocations apply consistently, providing easy audits. And beyond just that, Dynamic Allocations is also fully equipped to handle allocations like investment mark to market entries or shared-ownership investments.

Further, Dynamic Allocations represents a significant milestone in Sage Intacct's move towards the continuous close. **They're now 100% automated—saving organizations up to three days of time each month.** That's time that can be spent on activities that deliver more value for the organization, like oversight, analysis, and strategic advice.

All this gives finance the opportunity to move out of an operational role of digging through spreadsheets to providing guidance that matters.



Interested in learning more about Dynamic Allocations and what it can do for your organization?

[Visit our webpage](#) and contact your account manager to learn more.

