

# OUTSOURCING - A BRIGHTER SOLUTION



## Addressing financial statement integrity in the commodities market with outsourced hedge accounting

**CHALLENGE:** Find new ways to improve the integrity and timeliness of financial statements in a cost-effective manner.

**SOLUTION:** An automated, efficient, and full-service strategy featuring HedgeStar's software - Hedgebook, hedge accounting services, and direct access to CPAs.

**RESULTS:** Decreased operational risk, increase in efficiency and productivity of employees, and increased confidence by engaging HedgeStar for their outsourced hedge accounting solution.

**HedgeStar**

## CLIENT PROFILE

Among the top 4 steel manufacturers in the United States and a member of the top 60 globally in the production of steel products. This steel mill makes inputs for the automotive, infrastructure manufacturing, construction and electrical power generation and distribution markets. They hedge commodity price risk exposure to zinc, natural gas, iron ore, electricity, and currencies.



**100%**  
reallocated  
resources

**\$200K**  
annual  
savings

### ADDRESSING ACCURACY AND ON-DEMAND DELIVERABLES

As the future of business continues to evolve towards efficiency and automation, many finance departments still rely on spreadsheets and manual intervention for monthly and quarterly deliverables. This leads to inaccuracy and is an extreme waste of valuable staff resources. The demand for accurate and advanced forecasting from executive teams and key stakeholders is increasing.

This client was no exception. Their dedicated team of internal accounting professionals were working on spreadsheets, and taking resources away from other initiatives. Their CFO was frustrated they were unable to get a preview of quarterly close to eliminate surprise results and prepare deliverables for senior management, audit committee, investors and the board. This was especially important for them as they were going through a change in executive leadership and everything was being scrutinized.

### OUTSOURCED OVERLOAD AND SOFTWARE RESOURCES

One of the first solutions the client tried was to manage as much of the process internally as possible while outsourcing the overload to another company specializing in hedge accounting. This strategy proved to be unsuccessful due to the fact the outsourced company was still working on spreadsheets and couldn't eliminate errors. Merging hedge accounting results between internal and external teams also proved disastrous. They were unable to deliver the preview the CFO was requesting.

The second solution the client investigated was purchasing a widely used industry software that could reduce errors, increase efficiency and provide the necessary quarterly close preview. This solution proved too costly.

**HedgeStar**

## THE HEDGESTAR DIFFERENCE

-  On-Call CPAs
-  Software
-  Valuation Experts

## FULL SERVICE HEDGE ACCOUNTING

-  Hedge Accounting Set-Up
-  Hedge Accounting Close
-  Auditor Interface
-  Audit Committee, Board, Analyst Presentations
-  Hedge Accounting Preview
-  Pre-Post Hedge Accounting Consulting

## THE HEDGESTAR SOLUTION

All the pain points this client was experiencing could be solved by HedgeStar. The automated solution was provided through Hedgebook’s multi-user software. Hedgebook eliminated calculation errors and quickened the quarter-end accounting close process. This allowed key client resources, dedicated previously to hedge accounting, to work on other important initiatives. HedgeStar’s on-call CPAs were always available to answer questions and provide hedge accounting guidance.

The pre-close preview was also fulfilled. The CFO was able to receive a preview of the financials to better prepare for questions from investors, analysts and auditors. The client was given effectiveness testing for their trades, derivative valuations, general ledger entries, as well as board and auditor materials.

## ABOUT HEDGESTAR

Founded in 2004, HedgeStar delivers risk management consulting, derivative valuation and hedge accounting services, with a focus on providing transparency for financial reporting and hedge performance optimization software. We are experts in FASB, GASB and IFRS standards related to accounting for derivatives and fair value measurements. Our global clients include public and private corporations, real estate trusts, accounting firms, law firms, healthcare organizations, educational institutions, and governmental entities.

The HedgeStar team is comprised of valuation experts, Certified Public Accountants (CPAs), and hedging program professionals. We deliver our services with a personal touch. We understand our clients and their portfolios and are an extension of their risk, finance and accounting departments. We strive to live by our core values everyday. For more **information visit [www.hedgestar.com](http://www.hedgestar.com)**

**Learn how HedgeStar’s solution can help you manage your financial risk. [Schedule](#) a free, 30-minute assessment with a hedge accounting expert today: [866-200-9012](tel:866-200-9012)**

