



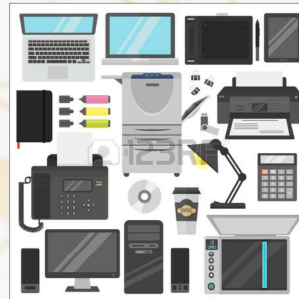
**I Nd A Nw**  
**Kyboard, Plas**  
Budgeting with assets

Peter Keeler  
April 18, 2017

**XLERANT**

## Goals

- Learn why you might want to make asset planning part of budgeting
- Understand how to integrate assets into your budget
- Learn how to get the most out of asset planning



## Topics



- Why include asset planning in budgeting
- Review of asset budgeting features
- How asset planning maximizes accuracy
- Consolidation
- Pros and cons
- Options you may not think of as 'assets'

## Why Budget Assets?

### 1 Usability

- Focus on needs instead of mechanics
- Consistent treatment by using a standard library

### 3 Visibility

- Find out what assets are being requisitioned and used
- Track assets over multiple fiscal years

### 2 Engagement

- A more precise picture of the budget
- Users have tangible items to connect to budgeting

## Usability

### Benefits of the assets feature



- Pick from a pre-defined library
- Import from prior budgets
- Automatic calculations for depreciation and lease expense
- Automatically fill the proper account

Description	Terms	Base cost	
Standard laptop	3 Year <input type="button" value="v"/>	\$2,000	<input type="button" value="Delete"/>
Multimedia laptop	3 Year <input type="button" value="v"/>	\$2,500	<input type="button" value="Delete"/>
Netbook	1 Year <input type="button" value="v"/>	\$750	<input type="button" value="Delete"/>
Developer laptop	5 Year <input type="button" value="v"/>	\$3,000	<input type="button" value="Delete"/>
Refurbished laptp	1 Year <input type="button" value="v"/>	\$1,000	<input type="button" value="Delete"/>

5

An important aspect of usability is being able to pre-define a standardized list of assets that are available for your budgetholders to choose from. BudgetPak breaks assets down into different classes, which you can define and assign to units independently. A 'Sports equipment' asset class could be assigned to the budget for the company softball team, without including 'bats' and 'gloves' as asset options for your other units, for example. By pre-defining a list of common assets, you can ensure that your budgetholders have a consistent list of options, and don't have to try to look up what things cost or how they should be handled on their own in terms of expensing or depreciation.

## Usability

### Benefits of the assets feature



- Pick from a pre-defined library
- Import from prior budgets
- Automatic calculations for depreciation and lease expense
- Automatically fill the proper account

**Shopping list**

For each item you added, designate the quantity and the date it will be placed into service.

[Import assets](#)

Asset class	Asset	Terms	Base cost	Quantity	Date placed in service	Note about this asset	Impact on budget	Delete from shopping list
Laptops	Multimedia laptop	3 Year	\$2,500	3	1/1/2009	replacement PC	\$2,500	Delete
PCs	PC with monitor	3 Year	\$2,000	1	7/1/2009		\$333	Delete
Under \$1,000	PDAs		\$750	1	1/1/2009		\$750	Delete

6

Using the 'Import from last year' feature, budgetholders can automatically pull in their prior-year assets to get started, reducing the amount of manual work needed and ensuring that you have a view into your existing assets.

## Usability

### Benefits of the assets feature

- Pick from a pre-defined library
- Import from prior budgets
- Automatic calculations for depreciation and lease expense
- Automatically fill the proper account



#### Step 1

##### Expensed Equipment Purchases

5400

The annual budget for this line item has been automatically calculated based on headcount or assets. You may review it here, but not change it.

\$750

7

BudgetPak will automatically figure out what the budget impact is for your assets based on the initial price, the date when it was purchased, and the depreciation lifetime. If you acquire something halfway through the year with a three-year depreciation, BudgetPak will automatically understand how to break down the asset's cost over time, and when the asset stops. If I have an asset I acquired two and a half years ago, with a three-year depreciation, then BudgetPak will automatically calculate that the asset has no further budget impact after the sixth month of the current fiscal year. Your budgetholders don't need to do any of that math themselves, making the system easier for them to use.

## Usability

### Benefits of the assets feature

- Pick from a pre-defined library
- Import from prior budgets
- Automatic calculations for depreciation and lease expense
- Automatically fill the proper account



**Step 1**

New Depreciation	9001
The annual budget for this line item has been automatically calculated based on headcount or assets. You may review it here, but not change it.	
	\$2,833

8

BudgetPak superadmins can set up different asset classes to populate different accounts, so budgetholders only have to know what general category of item they're acquiring, instead of having to figure out (and ask Finance) where various assets should be stored. This makes it easier for both your users and you to work with your assets.



## Engagement

### Increase user engagement

#### Close to the Source

- User input is valuable
- Make it easy

#### Accountability

- Know what they know
- Custom assets lets users tell you what you didn't know

**Create a new asset of type 'Under \$1,000'**

Here you may create a new asset to appear in your shopping list.

The asset will be of this type:   
Note that assets of this type are expensed.

What do you want to call this asset?

What is the expected lifetime of this asset?

What is the base cost of this asset?

Please keep the following in mind when you create assets here:

This asset will be available for use ONLY within this version and unit. (However, if you copy this version to another version, the asset does get copied as well.) If you want to have an asset globally available for your use, contact your BudgetPak administrator, who can add it to the permanent asset store for you.

9

- Just like with line items, your budgetholders have a more detailed view of their upcoming needs than you do.
- If they can budget for their assets, they'll have a more fine-grained understanding of what they're asking for.
- The less work your users need to do to understand their asset management, the more they'll engage with the system.
- If you let your budgetholders enter their asset requests, then you have a baseline for their needs.
- If they have new needs during the year, then you'll be able to understand what they didn't predict and why, and take that into account in future budget processes.
- When they sign off on a budget, they're also signing off on their asset requests.
- BudgetPak allows your budgetholders to add their own asset ideas to the budget, in addition to the ones you pre-define for them. We call these 'custom' assets.
- Custom assets allows your budgetholders to assert their unforeseen needs without disrupting your budget process. By telling you what they want that you didn't think of, they take control over the physical resources they'll be responsible for over the upcoming fiscal year.

## Visibility

### Better visibility into budgets

- Treat assets the same everywhere they're used
- See what *total* asset usage is across your organization
- Guide what *kinds* of assets users should be thinking about
- Let users share their unanticipated needs within your model

Asset details for unit:		700: Executive	
Asset Class	Type of Asset	Expense type	Base cost
PCs	PC with monitor	Depreciated	\$2,000
PCs	PC without monitor	Depreciated	\$1,500
Under \$1,000	PDAs	Expensed	\$750
<b>Unit total:</b>			<b>\$4,250</b>
Asset details for unit:		900: Accounting	
Asset Class	Type of Asset	Expense type	Base cost
PCs	PC with monitor	Depreciated	\$2,000
Laptops	Multimedia laptop	Depreciated	\$2,500
Under \$1,000	PDAs	Expensed	\$750
<b>Unit total:</b>			<b>\$5,250</b>
<b>Report total:</b>			<b>\$9,500</b>

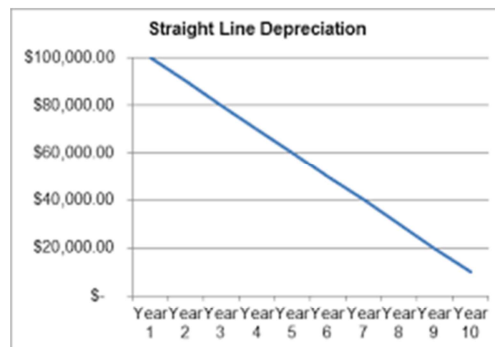
10

- Make sure assets are being treated equivalently across your organization. For example, you don't want new desktops being treated as expenses in one unit and depreciate them over three years in another.
- Provide a high-level view of asset usage with an eye toward volume. A single budget won't include enough, say, office chairs to make an impression, but being able to easily see the total acquisitions across the entire organization could make it clear that there is value in a bulk purchase. Without assets listed in the system, you couldn't get that information.
- Provide budgetholders with guidance as to what general categories they should be thinking about. BudgetPak gives administrators the ability to define general categories for assets to fit your needs. By creating categories that meet your expectations, you make sure that your budgetholders are prompted to think in those terms.
- Give users the flexibility to come up with unanticipated needs, without breaking your model – custom assets. Seeing a lot of similar custom asset requests being entered into budgets tells an administrator that they didn't know what the users were going to need, and in addition to helping establish a high-level view of resources, also helps refine your planning for the next year.

## Considerations

### Things to consider when deciding whether to use assets in BudgetPak

- BudgetPak depreciation computations are straight-line only
  - Alternatively, use an outside system or myXL to bring in a complex calculation
- Not a replacement for a complex cap-ex management system



11

- Capturing your assets in your budget is often a good idea. There are some things that you should keep in mind when making the decision about whether to use it or not, though.

- BudgetPak's asset model is probably not what you want when you need to use complex depreciation models. BudgetPak uses straight-line depreciation for up to ten years. Modeling capital expenditure depreciation can be a complex process with many different factors involved (variable rates over time, balloon payments at the end, deferrals, and many more). There are entire software packages dedicated to the purpose. When you're dealing with expensive items that depreciate over decades or follow very specific curves, this usually means that a cap-ex system is more suitable, and the outputs can come into BudgetPak as prepopulated accounts.

- If you have a system in place for handling asset planning, and it automatically handles these factors for you, then BudgetPak can happily take input from that source instead. BudgetPak's asset management features are there to help if you need it; if you've decided you need a dedicated product, we're happy to take that data. Some organizations integrate their asset planning with a procurement system, so we don't want to make you duplicate your processes.

**Interesting and unconventional uses of assets we've seen**

- 'Income' assets
- Modeling funds as an asset
- Building a 'new hire package'
- Providing a detailed catalogue via Files



Some clever alternate ways to use assets:

- Create an asset class that maps to *income* accounts to model fixed revenue over time.
- Model funds as an asset – for example, if some fund specifically provides for some number of scholarships, you could use the asset feature to capture the exact individuals involved.
- Build a 'new hire package' for future use by creating a special asset class for it, then having an end user create custom assets to record everything that had to be acquired through the actual onboarding process. When they're done, you've got the total cost for assets for that new hire.
- Use Files to store detailed asset information, such as a catalogue that users can reference to see more details about your assets library.

Q&A

*Thank you!*

**X** L E R A N T