

Efficient Exit:

Consero helped PE-backed software firm get clean, accurate, audit-ready financials, and streamlined processes



Case Study



Five Elms Capital's portfolio company Flywheel was faced with the common dilemma of having accounting practices that didn't keep up with the company's growth but took a chance on Consero as an outsourced financial solution. This is what happened next.

“The quality of the underlying financials ensures a smooth due diligence process. With Consero, I could focus on the transaction and not worry about getting financials in order. Their professional finance team and processes inspire confidence for everyone involved in due diligence.”

Steve Isom
VP of Finance

Consero in Action: Flywheel

There was little doubt that Flywheel was a valuable business. The Omaha, Nebraska-based company was a leader in its space of managed WP hosting, having grown to \$18 million in revenue and roughly 145 employees. But when Steve Isom arrived at Flywheel as the Company's first VP of Finance, he found Flywheel's accounting processes hadn't evolved since its founding.

“Their accounting department was one person,” says Isom. “And everything was on QuickBooks® . . . for a business with almost 150 people.”

This one person also did payroll and benefits manually, which yielded an enormous amount of variance. To make matters worse, this person had resigned before Isom had started the job, so he was left with a single temp employee who was tapped to keep vendors and employees paid.

Move Fast . . . And Fix Things

“I was overwhelmed from day one, and the stakes couldn't be higher for me,” says Isom. “This was the first time I'd be owning all the finance & accounting and I didn't want to spend the first year just on getting the accounting function in order.”

He had started by looking for local talent, ideally a local controller with some experience at a tech enterprise, but Omaha didn't have a deep pool of candidates. Even if he found the ideal person, it would take 6-12 months to onboard, train, research & architect new systems, implement, optimize, etc.

The Proof is in the Process

"I did my due diligence, and after speaking with several current clients of Consero, I was sold," says Isom. "Consero's clients seem genuinely happy and not merely giving some standard issue referral." But that was still no guarantee that Consero would work as well for Flywheel.

Luckily, he was relieved to find the onboarding process was smooth and well-run. "I appreciated how informed and determined they were about best practices, when a lot of outsourced service providers simply offer to take over a client's poorly designed, or non-existent process," says Isom.

But the speed of the implementation process impressed Isom the most. "Their implementation is a 30- to 60- day process and we finished it in 21," says Isom. Before, he worked day and night to get his work done. He joined in August, and by October, Consero's team was in place, running the accounting and finance team. "By then, I was only devoting 30 minutes or so a day on accounting, and that freed me up for the strategic work I was hired to do." Consero continued to impress him by asking questions once, documenting answers and holding themselves to consistently high standards.

Audit-tested

The first big test was when Consero managed a 2018 audit, despite only having handled the books since October. "They passed with flying colors, so we knew just how detailed and accurate their work was from day one" says Isom. By April 2019, the Company was raising additional capital, and the diligence process proved just how much the financial operations had improved. "Consero handled all the investors' inquiries as part of the normal course of business, without additional hours and fees, and always responded to questions within 24 hours," says Isom.

Soon after, WP Engine, the market leading managed WP hosting company, made an unsolicited bid for Flywheel. After the two companies agreed on strategic alignment and a possible price, they dug into the books.



WP Engine tapped one of the big four accounting firms to sign off on the tax, finance and legal elements, and all that diligence work went right to Consero. "This wasn't just about workload," says Isom. "We were able to tell a story that we had known our systems and processes weren't sufficient and we did something about it."

Keeping Trusted Partners

Consero still serves Flywheel, even as the company is now part of WP Engine, which has its own substantial financial staff and resources.

"They understood that Consero was part of our team, my team, and that we were working well together," says Isom. "And in this case, I don't have to handle the HR or career development issues of in-house staff."

Five Elms Capital was certainly impressed with the results, as they tapped Consero for three of their other portfolio companies since the success at Flywheel. Five Elms adds value to their portfolio companies by providing the resources and expertise to fulfill their potential. They have identified Consero as one of those critical resources, given the importance of clean, accurate, audit-ready financials, and a streamlined process. Consero frees the businesses up to do what they do best.