

CUSTOMER STORY

NEARLY 2 DECADES AFTER CRISIS, LEHMAN BROTHERS' COMPLEXITY IS SOLVED



LEHMAN BROTHERS

Nearly 2 decades after filing for bankruptcy, Lehman Brothers still manages financials for their multi-entity, global environment. To ensure accurate public filings, they must report at various points along their complex, many-branched consolidation trees. MaxQ Technologies had the solution to speed up their financial statement close process while improving accuracy.

Customer: Lehman Brothers Holdings

Industry: Financial

Location: Global

Solutions & Services:

- MaxQ Advanced Consolidations and Acumatica



DISSOLVING A GLOBAL ENTERPRISE BRINGS UNIMAGINABLE CONSOLIDATION COMPLEXITY

Before the 2008 financial crash, Lehman Brothers was one of the 5 largest banks in the world. But their story didn't end when they filed for Chapter 11 bankruptcy. As of 2024, Lehman Brothers Holdings (the Lehman Brothers estate) has spent nearly 2 decades monetizing their remaining assets to pay creditors. The dwindling-down process requires extensive reporting for the courts.

"[When we started working with MaxQ Technologies,] we still had 100 or so legal entities across the world to report on, we still had multiple currencies that needed to be evaluated, and the aspect of reporting is a little bit different under bankruptcy since our financials are not GAAP based," explained Rose Hauzenberg, Senior Vice President Controller at Lehman Brothers Holdings.

Their consolidations were especially complex.

"Out of the 100 entities we had left, some of them had individually filed for bankruptcy and needed to be reported on separately, and they could not be included in the overall consolidation," Hauzenberg continued. "It became cumbersome to report on standalone entities, plus entities that needed to be consolidated, all to create a report that you want to ensure is accurate when you're filing documents publicly."

As it turned out, the solution to their complex needs was MaxQ Advanced Consolidations, a collection of modules integrated into Acumatica that uses automation to create the entries required for consolidating multi-company environments.



MaxQ Technologies, Inc.
sales@maxqtech.com | 203-748-0481
www.maxqtech.com

EVERY COMPLEXITY IS A PROBLEM. FOR EVERY PROBLEM, THERE'S A SOLUTION.

Though Lehman Brothers Holdings' situation is unique due to the nuances of the bankruptcy, Hauzenberg is confident that MaxQ's solution "could benefit any large company that has multiple entities and currencies." She was kind enough to explain, in detail, how her complex setup works.

"Our **consolidation trees** go out to 5-6 branches and every step in that needs a consolidation level. With MaxQ's solution, we can create reports at any point in the tree: we could run a consolidation and it would be accurate with the correct elimination entries, including all the correct FX evaluations. That is all part of the process.

"For the **cash-reporting process**, MaxQ was able to use the different modules in Acumatica and create something unique for us. We called it a 'tagging system'. Basically, we would get a report from the banks on a daily basis, and it would be uploaded into a module in Acumatica. An individual [at Lehman] would be able to see the transactions and tag them as various income or expenses, which helped us with our cash reporting process. It made our cash reporting a lot smoother and easier.

"They also created **debit / credit logic**, which is when certain accounts flip from receivable to payable. MaxQ generated a way to identify it, so the system can book a journal entry to create the receivable or payable depending on where the account balance stands at that period end.

"The **equity pickup process** looks at the subsidiaries' income and generates a journal entry on the parent of that subsidiary to reflect the income on the parent's books. When we consolidate all the legal entities that are non-debtors, we eliminate the investment in subsidiaries. One of the key aspects of MaxQ's system is that it knows when to eliminate or not based on the debtor vs. non-debtor aspect."



Bringing all this data together for **eliminations** and reporting is "a very exact process," Hauzenberg explained. Several times a week, MaxQ Advanced Consolidations runs all these processes overnight, so Hauzenberg can wake up every morning during the close process and have all the system-generated consolidating reports right there in her inbox, fully accurate and ready to work with.

"Having the reports every morning is definitely a plus. I don't have to chase anybody," she said.



MaxQ Technologies, Inc.
sales@maxqtech.com | 203-748-0481
www.maxqtech.com

MAXQ HAS A SIMPLE SOLUTION FOR YOUR UNIQUE SITUATION

"The system is also very simple and easy to use," Hauzenberg continued. "MaxQ tries to make things as easy as possible for the non-tech-savvy individuals." This is especially important as Lehman dwindles down operations and each remaining staff member is required to handle additional, varied tasks.

Though it was a complex setup, Hauzenberg remembered that "things ran pretty smoothly, and we didn't have any hiccups. MaxQ knows the Acumatica product very well and they are smart enough to build out the reports as the user requests, and they can understand the user's request. They did a great job understanding what we needed and putting it together innovatively. Any issues we have had, which have been minimal, MaxQ has been very quick in responding."

"I'm very confident that the data we've been publishing is correct. MaxQ did a great job," Hauzenberg concluded.

"Our consolidation trees go out to 5-6 branches and every step in that needs a consolidation level. With MaxQ's solution, we can create reports at any point in the tree: we could run a consolidation and it would be accurate with the correct elimination entries, including all the correct FX evaluations."

– Rose Hauzenberg,
Senior Vice President Controller,
Lehman Brothers Holdings



ABOUT MAXQ TECHNOLOGIES, INC.

MaxQ Technologies' Advanced Consolidation Suite is a collection of modules that create the entries required to consolidate multi-company environments. Integrated with Acumatica, this suite offers automation capabilities to improve the accuracy and speed of consolidate financial statements.

Contact us to learn more about the many benefits of MaxQ Technologies' Advanced Consolidation Suite.



MaxQ Technologies, Inc.
sales@maxqtech.com | 203-748-0481
www.maxqtech.com