

# Biotech Startup Chooses Sage Intacct to Bring Controls to Its Finance Function

### Customer Profile

As biotech startup Dianthus Therapeutics began to think about going public, they knew their QuickBooks lacked the necessary internal controls. They needed to build a finance function that would allow them to operate as a public entity. They began searching for an ERP solution, and Sage Intacct quickly rose to the top because of the controls it provided and its unmatched ease of use, automation and functionality. After choosing Armanino as their implementation partner, Dianthus was able to go live with the new ERP in under six months and gain the financial controls they needed.

### Benefits

- Gained much-needed controls for financial processes
- Streamlined invoice approvals process with automated workflow
- Expedited bank account reconciliations
- Eased credit card management
- Increased staff productivity and efficiency
- Eliminated time-consuming accruals calculations

### Services



Configuration and implementation of Sage Intacct

### Challenge

Founded in 2019 and based in New York City and Waltham, Massachusetts, Dianthus Therapeutics is a small but growing biotech company with big ambitions – namely to improve the lives of people suffering from autoimmune diseases by delivering transformative medicines.

With that in mind, the company has devoted the bulk of its funding to drug development while keeping its administrative and finance teams lean. “We’re pre-revenue,” explains Edward Carr, Dianthus chief accounting officer. “Our focus right now is on the science. In this environment, you can’t have a huge finance department.”

When Carr came on board in April 2022, Dianthus was using QuickBooks for its accounting needs, but this was about to change. With an eye toward gaining additional funding and eventually going public, Carr was given a mandate to “build a finance function that would allow Dianthus to operate as a public entity.”

And for that, says Carr, you need solid internal controls, which QuickBooks did not afford. “QuickBooks is good for certain-size companies because it’s so flexible,” he explains. “But the downside is that there are no real controls around data integrity.”

This means that if you posted an entry in May, and then in July you decided you didn’t like that entry, you could just go back in and change it. But as Carr says, “You can’t be a public company and operate with deficiencies like that in your internal controls.” The reason: These kind of control deficiencies impact not only your stock price but also people’s willingness to work with you.

### Solution

As Carr set out to implement the needed controls, he knew that a full-featured, cloud-based enterprise resource planning (ERP) solution would be key. While Carr investigated several solutions, Sage Intacct quickly rose to the top. Not only could it provide the necessary controls, but its ease of use, automation and functionality were unmatched.

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Another important consideration was the ability to rapidly implement the new system – in four or five months as opposed to the 10 to 12 months that Carr had experienced with other cloud-based ERP solutions. “Sage is truly built for accountants and people who think like accountants,” Carr explains. He then turned to Sage Intacct for advice on an implementation partner.

“We wanted to make sure that whoever we chose would be able to assist us with more than just implementation – offering guidance for things like SOX [Sarbanes-Oxley Act] compliance and proper internal controls as well,” says Carr. “Given these considerations, Sage thought that Armanino would be a good fit.”

After evaluating several other implementation partners and speaking to the references provided by Sage Intacct, Carr came to the same conclusion.

That decision proved to be wise: With Armanino – one of the top 20 accounting and business consulting firms in the U.S. – by its side, Dianthus was able to complete the deployment in record time. The company started the Sage Intacct implementation in August. On January 1, it went live with the new system, and by mid-February, Dianthus had completed its first monthly close.”

“Working with Armanino was a huge confidence builder because we quickly realized that no matter what issues arose, the folks from Armanino would be able to help us fix them,” explains Carr. “They know the system, and they understand our business.”

## Results

Even though it's still early days in Dianthus's use of Sage Intacct, the company is already seeing benefits. In addition to providing the accounting controls that auditors and investors want to see, Sage Intacct has enabled Carr and team to:

- **Accelerate monthly closes.** “We've only closed three months since deploying the system,” says Carr. “But it's gotten faster each time because the system is easy to use and intuitive. We've been able to close the books at least 10 days sooner. Just as importantly, we have a much more controlled and rigorous close process.”
- **Automate approval processes.** “We've embraced Sage Intacct's AP automation around invoice approvals, so we

## WHAT THEY'RE SAYING

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have better control and improved visibility on our spend,” says Carr. Because invoices and other supporting information are loaded into Sage Intacct, Dianthus department managers now have the information they need to properly review, validate and approve invoices.

- **Enhance financial reporting capabilities.** Carr cites Sage Intacct’s ability to tag dimensions (department, type of drug molecule, disease indication, and so on) as a huge win. Dianthus can now report information at a much more granular level since data (whether it be third-party invoices, credit card receipts, journal entries, payroll, etc.) is tagged at input into the ERP. Also, Dianthus has automated the compilation of budget-to-actual reporting by having the budget reside in Sage Intacct.
- **Expedite bank account reconciliations.** With the automated bank reconciliation provided by Sage Intacct, Dianthus can now link all its accounts across all its banks – importing transactions automatically and reconciling bank accounts in minutes, rather than hours.
- **Ease credit card management.** “Corporate credit cards are a necessary evil, but you can spend an entire day entering hundreds of charges into your system,” says Carr. “Because Sage Intacct uses credit card feeds and/or CSV upload templates to automate this process, we can now quickly and easily upload the information.” This has been a huge time-saver and a big win for Dianthus.
- **Expedite the recording of accruals.** A task that used to take a half-day per month now takes none, thanks to the fact that Sage Intacct contains separate fields for invoice date and general ledger posting date. Explains Carr, “We used to struggle with this because if we were closing, say, in March, and we got invoices in late April, we’d have to create accruals. Now, we can simply record invoices for services completed in March in the March general ledger even though the invoices were dated in April.”

Carr also cites Sage Intacct’s currency re-valuation capabilities as another efficiency booster.

## WHAT THEY'RE SAYING

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## Next Steps

Dianthus recently announced that it expects to reverse-merge into Nasdaq-listed Magenta Therapeutics, Inc., with Dianthus continuing as the public company. “As we look to begin operating as a public company in the second half of this year, I'm grateful that we were able to quickly and effectively implement a more robust ERP solution in Sage, which now serves as the backbone to our finance processes,” says Carr.

The company expects the partnership with Armanino to continue as it searches for additional efficiencies within Sage Intacct. For example, says Carr, “Armanino recently built some customized financial reports to assist us with expected public company reporting needs like MD&A [management discussion and analysis] by drug molecule and indication.”

Dianthus has already purchased the budgeting module, and it expects to begin using more of the core Sage Intacct modules, such as those for fixed assets and prepaids.

And Carr is still refining the controls around the finance function, with support from Armanino. “As part of our plan to operate as a public company in the near term, we wanted somebody to verify that the system was set up in the right way – with proper segregation of duties and all that,” he says. “Once again, we called on Armanino to assist.”

### Can Your Finance Function Support Your Growth?

Your accounting infrastructure is an essential part of a successful growth strategy. Armanino's award-winning Sage Intacct team has helped hundreds of companies at every stage of the business lifecycle reach their next level. Contact our Sage Intacct experts to learn how implementing the leading cloud ERP system can help you achieve your strategic goals.

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