

Success Story

Nation's premiere 'fix and-flip' real estate lender thrives with 576% revenue growth

Anchor Loans

"Sage Intacct empowers my team to provide information to management that helps us make better, more informed decisions, placing us in a better position to more effectively serve our customers and stakeholders. I couldn't possibly be happier with Sage Intacct, and we haven't yet scratched the surface of what it can do."

Bryan Thompson
CFO, Anchor Loans



Company overview

Anchor Loans is the nation's #1 private direct lender to fix-and-flip investors, with more than \$7.43 billion in fundings since its inception in 1998.

Results with Sage Intacct

- Saves 40 hours per month by eliminating manual bank reconciliations and reporting.
- Cutting 16 hours monthly by automating cost of funds reports.
- Eliminating 8 hours of manual entry into QuickBooks, while improving accuracy.
- Reduces balance sheet reconciliations from 12 days to 3.
- Views one source of truth across 43 entities (and growing) in real time.
- Improves profitability with robust data-driven insights.

Company
Anchor Loans

Location
California, US

Industry
Financial Services

Sage Products
Sage Intacct



Sage



Anchor loans solves its ‘nightmare’ of manual consolidations

Anchor Loans is one of the largest “fix-and-flip” and new construction lenders in the U.S., providing real estate developers with financing to renovate or build residential and commercial properties. Boosted by a large private equity investment in 2015, the firm in 2016 became the first private fix-and-flip lender to fund more than \$1 billion in loans in a single year. It has since led the industry with \$1.1 billion in loans in 2017 and \$1.4 billion 2018. Anchor has originated over \$7.5 billion through more than 22,000 loans since its founding in 1998. Anchor was named in 2019 for the second straight year to the Inc. 5000 list of America’s fastest-growing private companies, with three-year revenue growth of 576%.

Joining Anchor Loans as its CFO in 2017, Bryan Thompson foresaw a significant roadblock to the high-speed growth curve. The company relied on an entry-level combination of QuickBooks and Excel that could not scale as revenue and complexity increased. The finance team labored with time-consuming, manual consolidations across 43 entities — each requiring its own QuickBooks instance — in an unwieldy spreadsheet with 25 tabs. Meanwhile, the Calabasas, Calif.-based firm had no real-time insights challenging the finance team from making faster, smarter decisions. “When you have

that many entities, exporting financials from QuickBooks to Excel for consolidation was an ongoing nightmare,” said Bryan. “I talked with our CEO and said, ‘If you want reliable, timely financial information, we can’t do it in QuickBooks. It’s too cumbersome and too manual. In order to deliver timely, accurate and meaningful financial statements, we will need to upgrade the accounting system,’” added Bryan.



Anchor was using Sage Intacct automation to eliminate up to 16 hours a month of manual bank reconciliations that had been done in Excel.

Saving 40 hours a month in reconciliations and reporting

Bryan, with more than two decades of financial leadership in real estate lending, was initially partial to a mortgage lending accounting solution he'd used in the past. He then learned of Sage Intacct from Armanino LLP, an audit, tax and consulting firm that serves as Anchor's external auditor. Armanino, also a top Sage Intacct reseller and implementation partner, presented a Sage Intacct demo to Bryan and other Anchor leaders.

"When the demo ended, there was immediate consensus that Sage Intacct would be a drastic improvement over QuickBooks, and was superior to the software I was planning on bringing in," Bryan said. "That was primarily due to the dimensional accounting and robust financial reporting built into Sage Intacct," added Bryan. With Armanino handling implementation and migration of all historical QuickBooks data, Sage Intacct was live in May 2018. Anchor was on its way to breakthrough efficiencies and visibility to support its rapid growth, including increasing loans from 1,600 in 2015 to over 3,000 a year today, and expanding from 17 to 46 U.S. states.

Within a few months, Anchor was using Sage Intacct automation to eliminate up to 16 hours a month of manual bank reconciliations that had been done in Excel. Plus, Sage Intacct makes it easy for accountants to spot reconciliation discrepancies and drill down into details for resolution. Bryan's team saves another 16 hours a month by using Sage Intacct to automatically calculate cost of funds across seven financing vehicles. Integration between Sage Intacct and loan origination software eliminates another eight hours a month of manually entering origination data into QuickBooks, all while improving accuracy. Meanwhile, Anchor has markedly optimized the balance sheet reconciliation process from 12 business days a month to just three – a 75% improvement.



Fast, accurate insights to enhance profitability

New efficiencies have opened brand new avenues for Anchor to capitalize on Sage Intacct's dimensional accounting and reporting to generate robust data-driven insights. The finance team is capturing information by loan, borrower, originator, product, state, and more for deep P&L analysis. And it's calculating weighted averages for note rates and cost of funds for each entity, which is critical for tracking and tuning profitability. Bryan "Sage Intacct gives us the ability to slice and dice our P&L to look at profitability by originator, borrower, and state," Bryan said. "We can look at expenses and see if we're pricing the risk properly, and if our profit margin on each product by borrower is properly aligned," Bryan included.

Insights through Sage Intacct enable Anchor to develop a tiered pricing model for borrowers based on profitability. And it's able to assess profitability by originator, helping to guide decisions on appropriate compensation for loan officers. "Sage Intacct has empowered my team to provide information to management to make better, more informed decisions that help us compete more effectively," Bryan said.

The shift from mundane transactional accounting to strategic analysis has boosted the morale of the accounting team — as has a 50% reduction in overtime since Anchor adopted Sage Intacct. "The team morale has improved as a result of Sage Intacct, because everyone wants to do more analytical thinking instead of just pushing numbers around," Bryan said. "I've had colleagues ask me for advice on accounting systems and I don't hesitate for a minute to recommend Sage Intacct. I couldn't possibly be happier with Sage Intacct, and we haven't yet scratched the surface of what it can do," Bryan concluded.



Sage

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