

American Axle & Manufacturing

Managing a global lease portfolio is made easier with Visual Lease.

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|---------------------|------------------------|
| INDUSTRY | Manufacturing |
| EMPLOYEES | 20,000 |
| REVENUE | \$5.2 billion in 2021 |
| HEADQUARTERS | Detroit, MI |
| AUDITOR | Deloitte |
| COMPANY TYPE | Public |
| LEASES | 1,000 |
| LEASE TYPES | Real Estate, Equipment |
| ACCOUNTING STANDARD | ASC 842 |

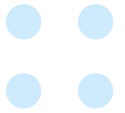
Introduction

American Axle & Manufacturing (AAM) is a leading global automotive and mobility supplier. AAM designs, engineers and manufactures technologies to support electric, hybrid, and internal combustion vehicles, supplying the biggest automotive manufacturers in the world. With their vast, global lease portfolio, the AAM team knew they had their work cut out for them to get their portfolio data organized, standardized and reportable when new accounting standards hit the market in 2018.

AAM has nearly 85 manufacturing and engineering sites in 18 different companies. On top of the real estate leases – like manufacturing plants, warehouses, engineering business offices, and associate housing – the majority of American Axle’s leases are related to production equipment, fleet and IT leases. Add to that a complex ecosystem of acquisitions that continually leaves its lease portfolio in flux, and the American Axle team simply could not rely on spreadsheets for correct information any longer.

Like many other companies, the decision for American Axle to move to a lease software was compliance-driven, with selection guided by the organization’s IT and accounting teams. Their base requirements were focused on reporting and ensuring they had all of the data to pass an audit in one reliable location. But when evaluating the software landscape, it was also important for American Axle to have a system that was easy to use and intuitive for its many users.

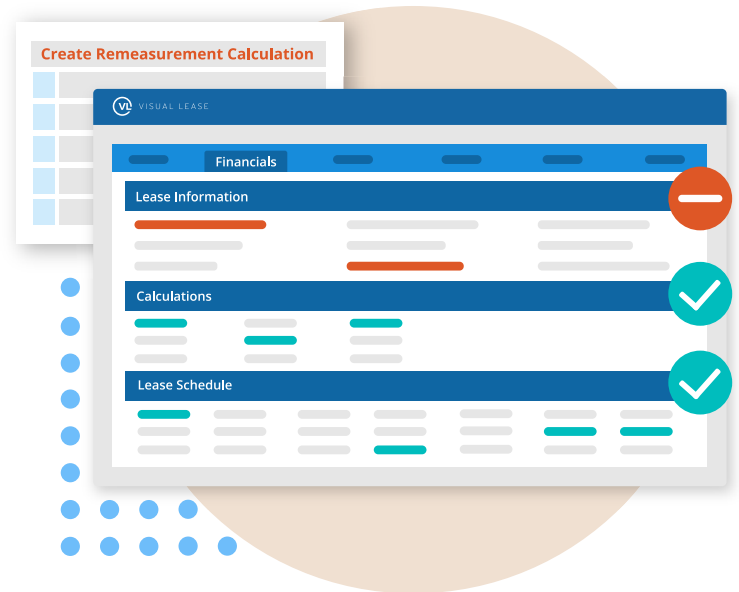
The company made the decision and took their portfolio from a mass of Excel spreadsheets into a digital portfolio inside of Visual Lease. Collecting the data for implementation was a challenge, as lease information was handled by finance teams at each of their individual locations, but once they compiled it American Axle was able to import it into the system and start its usage relatively easily.



“We had to do a lot of digging,” Arianne Ault, Director, Treasury & Capital Markets, said. “We first identified our population of leases, and with the assistance of the Visual Lease implementation team, we received guidance about the general and financial information we needed. With their help, we used import templates to load the data into the system.”

Because finance drives Visual Lease usage at AAM, including the administration of the software, the onus is on the finance team at each location when new leases are presented, Ault said. The corporate Treasury department reviews and approves each lease application after all the required business approvals are obtained. Once the locations execute the lease, the information is updated into Visual Lease, and approved by the Treasury department through Visual Lease’s automated approvals process.

The fact that data is all in one central repository makes it easy for Ault’s team to answer questions at a moment’s notice and help business partners make strategic decisions when it comes time to add or renew leases. Leases weren’t previously part of American Axle’s internal controls process, and now they are not only a vital part of its global control’s framework, but something that is analyzed with a more strategic focus.



“Previously, there wasn’t a close link between procurement, facilities, finance and plant management,” Ault said.

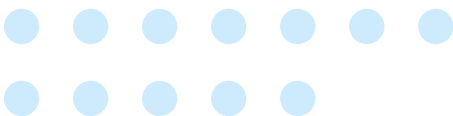
“[Implementing Visual Lease] has helped us drive more controls around the entire process as a company. We are constantly testing our framework to ensure it’s operating effectively and updating it when the Visual Lease software adds more features, like the approvals module.”



Arianne Ault
 Director, Treasury & Capital Markets
 American Axle & Manufacturing

For example, Ault said the company just performed an analysis to look at its portfolio of forklift leases, which are used broadly in all of their manufacturing facilities. Leasing equipment like that can be costly – especially when your leases aren't prorated as the equipment ages and leases are being perpetually renewed. The treasury team passed that data to procurement, who was able to negotiate better pricing for new fork trucks across the portfolio. That, and getting ahead of negotiations for key locations, has been a major return on investment from using Visual Lease.

“Making decisions with visibility into that data makes you feel much more confident,” Ault said. “Our CFO looks to us to administer the software and train new users in the field. Leases are part of our quarterly treasury reviews where we show a full picture of our lease portfolio, trends, expenses, and cash flows. **All of that information is getting much more attention now that it's not just collected annually for a year-end disclosure.**”



A best-in-class audit example

American Axle doesn't just rely on an external auditor to find issues, each department tests their lease control framework every quarter and the results get consolidated and reported out to senior executives and the Audit Committee.

When American Axle was adopting Visual Lease, there was still some pushback from local plant operations teams to accurately report data. They'd been managing themselves for years – why is it important now? But when the internal audit department started pushing back on leasing deficiencies, it made the entire company accountable to ensuring the leasing policy was adhered to and the lease data in Visual Lease was correct.

“A lot of people view this as something that is an accounting owned issue, because of the US GAAP reporting requirement,” Ault said. “But as a company, we have started the journey toward gaining a better understanding of just how important this piece of our balance sheet is to our consolidated results.”