

Leapfin helped Canva increase accuracy of revenue reporting and eliminate reliance on estimates

Company: Canva

HQ: Sydney, Australia

Founded: 2012

Industry: Computer Software

Use Cases: Revenue Recognition

About Canva:

Canva is an online design and publishing tool with a mission to empower everyone in the world to design anything and publish anywhere. Canva's growth is unparalleled. Since 2016, Canva's revenues have grown over 100% year over year. Canva is valued at \$40 billion and used by over 50 million users worldwide.

The Challenge:

Canva's rapid growth had their finance department playing catch-up. Enormous transaction volume, growing business complexity, and siloed financial data made it difficult for finance to accurately report revenue numbers. Damien Singh, Canva's CFO, knew that their existing revenue recognition processes would not scale with the business' rapid growth.

Much of Canva's financial reporting relied on estimates. Reliance on estimates increased the risk of revenue misstatement, so it was important to improve this process as soon as possible. Damien understood that with the company's continued growth came demands for more sophisticated and timely reporting.

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We used one sales tax rate for the whole world. We also had to use the same deferral percentage for the month instead of by individual transaction.

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CFO, Canva

Canva's rapid global expansion also created challenges for Damien's team. "We weren't doing localized pricing and only dealing with a handful of currencies. FX wasn't material at this point but we knew it was just a matter of time." said Corporate Accounting Manager, Melissa Lee. Damien wanted to ensure his team was prepared for upcoming growth while maintaining accuracy in their financial statements.

Customer Story | Canva

Siloed and inaccessible data was another problem for Damien's team. "Some payment providers only provided summary-level reporting," said Damien. Transaction-level reports were not always available and the format would vary greatly by each payment provider. Managing multiple payment gateways made the month-end close process increasingly complex. Canva's internal systems provided some transaction-level data, but the volume overwhelmed Excel and forced accounting to revert to summary-level reporting there too. "Without Leapfin we wouldn't even know what data to use," Melissa explained, "It was impossible to see in Excel because it wouldn't open with so much data." This inaccessible data left accounting vulnerable to surprises at month-end.

Vendor evaluation :

Canva needed more than a revenue recognition solution. Canva needed a vendor that could accommodate their increasing transaction volume and data complexities. Leapfin was selected as Canva's long-term partner of choice.

The Solution:

Damien was searching for a partner that had both accounting and technical systems expertise. Leapfin was experienced in both areas and acted as a partner and consultant. This was a pleasant surprise for Damien since most software vendors are not invested in their success.

Leapfin performed a detailed data assessment to understand Canva's unique business problem. The data assessment involved gathering stakeholders from finance and engineering to fully understand business priorities, systems issues, and data infrastructure.

To avoid estimates, each of Canva's hundreds of millions of transactions per year needed to be treated independently. Since Leapfin specializes in processing high volumes of transaction-level data, the approach was straightforward. For each transaction, Leapfin automatically applies accounting rules and generates journal entries. This precision-at-scale impressed Damien, "If you're a high complexity high transaction volume business, Leapfin is a no brainer. It's amazing."

Damien's team needed easy access to a single source-of-truth for revenue data. Leapfin's pre-built integrations with Apple, Google, and payment providers gave them a head start. Where accounting used to rely on delayed summary-level reports, Leapfin ingests transaction-level data on a daily basis. To complete the picture, Leapfin's implementation team quickly designed a custom API integration with Canva's internal billing system. With everything in one place, Damien can login to Leapfin at any time to proactively address problems before month-end. Leapfin continuously works with Damien's team to meet new and growing requirements.

“When adding new payment gateways, it’s always an open conversation on let’s have a look and see. It’s never no, we can’t support that.”

Michael Denari
Head of Global Spend & Business Systems

The Outcome:

Accurate revenue reporting

Leapfin eliminated Canva's reliance on estimates. For the first time ever, revenue did not need to be adjusted after month-end since it was already accurate. Since Leapfin operates at the transaction-level, Damien's team can disaggregate revenue and report by country, product, platform, and more. "Without Leapfin, we wouldn't be able to know that APAC revenue grew x% Q1 to Q2," explained Damien, "Now, we can substantiate initiatives in any region of the world and show the results in our final reports." Damien's reports to investors provide all the detail they need with minimal risk of misstatement.

No more surprises at month-end

Damien's team can report revenues, make projections, and address problems any day of the month. "Leapfin helped make sense of the data that already existed," said Melissa. Simple searches in Leapfin make it easy to track refunds, revenue stream trends, and month-to-month movements. Without reporting bottlenecks, Canva is no longer vulnerable to surprises at month-end.

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I was impressed that Leapfin did exactly what it claimed it would. It gives us so much more visibility over our GAAP numbers.

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Damien Singh
CFO

Simpler audits

Leapfin drastically improved the ease of audit and lifted a tremendous burden from Canva's accounting team so that they can focus their efforts elsewhere. Auditors were comfortable with Leapfin after understanding how Canva implemented Leapfin, what data was in Leapfin, and how they relied on it. After receiving Leapfin login access, auditors were able to go into Leapfin and perform sample testing without needing to request files from Canva's accounting team. Leapfin is intuitive so auditors could trace payments to Stripe and gain comfort from 3rd party sources.

The Conclusion:

“We like to work with companies on a similar journey as Canva,” said Damien. Leapfin is a proud partner of Canva and serves as a solid foundation for Canva’s continued growth. As of April 2021, Canva surpassed more than 50 million monthly active users and achieved a 130% year-over-year increase in annualized revenue. Canva is the collaboration platform of choice for millions of teams and workplaces in more than 190 countries.

About Leapfin

Leapfin is a unified, financial data platform designed for modern businesses. Our technology helps companies break down silos and centralize financial data. We improve the quality of data by eliminating discrepancies and redundancies, while increasing efficiency through automating business processes.

Leapfin seamlessly integrates with billing systems, payment service providers, CRMs, enterprise data warehouses and ERPs, giving companies a ‘single source of truth’ for their financial information. We also leverage robotic process automation (RPA) technology to automate complex business logic at massive scale, improving accuracy and reducing the manual workload.

By streamlining and simplifying the data pipeline, Leapfin empowers finance teams. We provide accurate and real-time financial information and reports, so you can make data-driven decisions and push your business forward.

To learn more, visit leapfin.com

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