

What happens
when Finance
goes beyond
numbers

PREQUATE

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About when we added
1% to the topline

How it began

Gamma Private Limited is a 13 year old providing IT & ITES services with a top-line of over USD 10Mn based out of India and US. **Prequate** was brought in to help **Gamma** improve their reporting and help study profitability at the project level.

Gamma was in a growth stage and wanted to improve their reporting standards and be able to determine profits for each LOB. They relied on accounting outputs and basic analysis for it.

Disclaimer: **Gamma** started a continuous engagement model that allowed **Prequate** to develop the management reporting frameworks within the CFO Office offering.



the problem set

Prequate as part of the standard delivery model was in charge of finance function with focus on reporting. In the course of such delivery, Prequate noticed that:

- > Instability in debtor collections
- > Huge Idle cash lying unutilized in the bank accounts
- > No treasury function to leverage on liquid assets
- > Untracked working capital cycles

Cash management is a primary function and optimum utilization is necessary for growth of business.

the approach

The main questions to be addressed in current asset management need to be addressed:

- > Is there a debtors policy and is it adhered to?
- > Is there a periodic study and reconciliation of idle cash?
- > Is there an investment plan for the idle cash?

A new Investment plan had to be devised to facilitate these outcomes.

action steps

- > **Bottom top approach:** To understand the source, movement and closing balances of cash.
- > **Planned Investments:** Study and understand the planned investment schedule.
- > **Debtors collection:** Study of the existing system and analysis of the collection and movement
- > **Cash Investment Plans:** Study and develop plans suitable for the business based on true idle cash.

results matter

- > **Incorporate Debtors policy** and ensure monitoring and compliance
- > **Built an investment matrix** for planned business investments, eliminated the same to get the net cash available for investments
- > Based on a **detailed study of cash trends** and business activity, the **proportion of uncertainty** was determined for placing it in reserve
- > Built the **optimum investment plan** after comparative analysis of 5 shortlisted plans

- > **Added 1.75% to the topline** by structured investment planning
- > Better management of Debtors and **cash flow hedging possibility**
- > **Savings of 1.5% on bottom-line** through planned vendor payment runs

the impact

Need more clarity?

Prequate works with organizations to help them understand their environment and do business in a leaner and smarter way.

By helping businesses interpret their surroundings, Prequate helps amplify the impact of their strategies and executional strengths without worrying too much, or with a lot more clarity, as to how their environment may be respond.

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