Case Study

The Evolution of a Fintech Company

inside consulting partners

Case Study: The Evolution of a Fintech Company

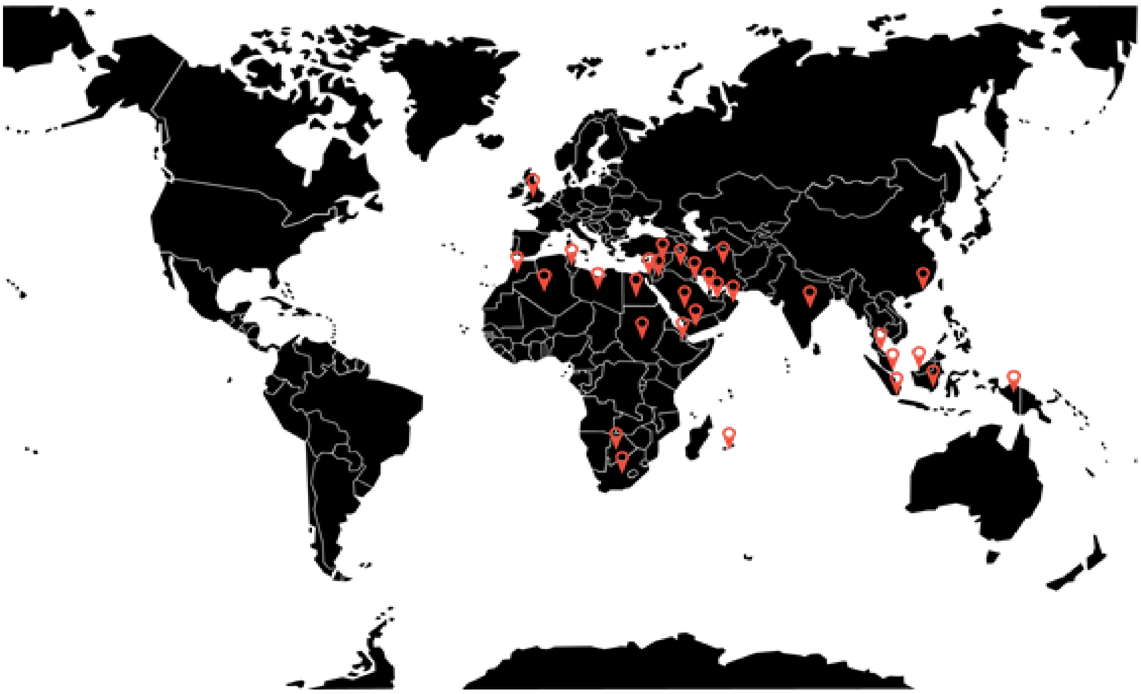
"How Inside Consulting Partners bridged the gap between growth and valuation"

About Inside Consulting Partners

With over one hundred years of experience between key players within Inside Consulting Partners and access to a phenomenal advisory board, they have a wealth of specialist expertise in sales, capital raising, and investment management.

Inside Consulting Partners, founded by Bobby Rakhit, is an independent consulting firm based in Dubai, UAE. The main focus of the firm is to provide solutions that resolve potential bottlenecks to the core of their clients' businesses. They provide the knowledge for companies to stay responsive, while still focussing on the main business objectives. This is done by providing pertinent advice for achieving the organisation's milestones.

Inside Consulting Partners have three major strategies that they have adopted in order to bring success to their clients: Sales Distribution, Wealth and Investment, and Corporate Advisory. Sales distribution allows the firm to accelerate revenue, increase brand footprint, and grow market share for clients. Wealth and investment portfolios are implemented for corporate pensions, asset allocation models, and client risk adjusted model portfolios. Within corporate advisory, Inside Consulting Partners uses capital raising and strategic acquisitions to enable both capital growth and provide for an appropriate exit for their clients.



Inside Consulting Partners assist technology and financial services companies in the Middle East, Africa and Asia.

In the case studies below, we discover how Inside Consulting Partners turned an anaemic technology company into a growth company. Inside Consulting Partners did this by first enhancing the company's sales distribution followed by providing them with growth capital. This was accomplished using a dual strategy of access to a number of family offices and investment funds as well as relationships with over five thousand financial institutions within the Inside Consulting Partners networks, which are based in the Middle East, Africa, and Asia.

The Potential Opportunity

This case study shows how an existing client of Inside Consulting Partners referred a Fintech company to Inside Consulting Partners to help accelerate the growth of the Fintech company.

Inside Consulting Partners went through due diligence with their client, before embarking on mandate discussions and the roles that each of them would play in the relationship. This involved defining the metrics that would be used in order to measure growth in a quantifiable manner and celebrate success within the business. Given that the client had such anaemic growth, they were excited at the possibilities because they were confident that they had a great product. They started looking for bottlenecks within the business, identified what kind of solutions needed to be provided to the client, and negotiated appropriate sales models and contracts. Later in this case study we will find out why this experience with Inside Consulting Partners turned out better than the client ever imagined.

It started with Due Diligence.

Inside Consulting Partners would only partner with clients who they could actually help grow and achieve success with. This is what gave birth to their compensation model, which allows them a share of the growth, and thus a low risk for the client and a vested interest for them. In order to understand their client and their client's business better, the partners at Inside Consulting Partners embarked on a research exercise. They did extensive research into their client's company and then called up their clients and started asking questions, especially about the product and its distribution. They then interviewed support and technical teams to understand the operational side of their client's technological needs and issues. A general assessment was then carried out to assess what needs their client currently had, issues that they may have been having, and examined potential bottlenecks that could either pose a future threat to the business, or that could be repaired, in order to stimulate growth.

After Inside Consulting Partners learned everything they could about the product and the people who developed and managed the product, they interviewed the company's staff members and sales people to discuss what the end users loved about the product, what they hated about the product, and what need could be met or solutions delivered to make the entire business model better. This also helped Inside Consulting Partners understand what made the product stand apart from competitors and the unique selling features of the product. This information guided discussion about strategies for growth.

This practice of due diligence allowed for Inside Consulting Partners to understand the entire relationship better, to allow them to make decisions about whether or not they met the basic requirements of a company that Inside Consulting Partners could share their success with.

The decision table below explains the thought process applied when taking on a new client.

Should Inside Consulting Partners take on this new client – A process of Due Diligence (YES or NO)
• Does the client have a good product? • Are we able to use our technology to solve bottlenecks within the clients' business? • Will shareholders be comfortable investing? • Is there a need for this product in their market? • Can we grow this market, is there a possibility of growing this market abroad through the Inside Consulting Partners networks? • Can we enhance brand recognition within these markets? • Are we able to drastically accelerate the generation of new clients? • Can new and existing clients be developed into key clients? • Are there enough options to create a client target list to enhance overall value? • Is this high or low risk client? • Can we make a return on investment for the company within eighteen months? • Can we enhance the sales cycles for this client? • Is the client willing to negotiate our compensation models? • Is the client willing to agree to exclusivity within the area? • Is there the possibility of an exit strategy?

What did Inside Consulting Partners discover?

The client had a great product, which provided solutions to their fifteen unique clients that actively used their solutions for investment management. This product, however, was not obtaining any further reach in the market beyond these fifteen clients. They had not embarked on effective methods of distribution and their marketing had not been adequate within their twenty years of existence. However great the product was, they were a stagnant business and thus a stagnant product.

By the time they met with Inside Consulting Partners, they had only made a little over one million dollars in sales, with a meagre staff count of less than twenty-five employees. Things were not looking great for the business and the owner was looking for a solution – one that Inside Consulting Partners was pleased to help with.

The recommendation from Inside Consulting Partners was to shift into the next gear of the development of the business. They needed to develop stronger growth with an ability to stand out from the fierce competition; whilst still keeping in mind that they were at a time where the markets were in a downturn, which posed potential risk.

The firm was looking to get out of this conundrum and were presented with four options by Inside Consulting Partners: they needed to look for an exit strategy, alter their growth trajectory, find a strategic partner, or use a combination of the previous three options. In order to move forward, they needed to develop a mandate to ensure that action could be taken.

The Mandate Discussion

The role of both the client and Inside Consulting Partners needed to be defined in order to have a standing agreement on what each of the parties were adding to the table. Inside Consulting Partners was responsible for generating new sales and maintaining relationships, while the client had to provide the technology required, as well as marketing and client support.

Metrics were defined by Inside Consulting Partners upon briefing by the client; they included clear and achievable goals with quantifiable metrics, to allow for the setting of the mandate, and a path to meet objectives.

The metrics were defined as follows:

1. A **return on investment** for the company of at least two hundred percent within eighteen months.
2. **Enhanced brand recognition** within the market, which would be quantified by the number of meetings attended and interest levels measured.
3. **Enhancement of the sales cycle**, which was agreed to be shortened by ten to fifteen percent.
4. **Sales growth**, which needed to be drastically accelerated and would be quantified by the number of new clients. The goal was doubling the size of the client base within 24 months.
5. The number of **key clients** that existed in the business needed to be **increased**; this was defined by a 'top ten hits' list.
6. **An enhanced overall value** of the firm.

Inside Consulting Partners had offered their client a reliable strategy to reach these objectives. One has to ask though, what were Inside Consulting Partners getting in return for all of this expertise and value?

How was Inside Consulting Partners compensated?

Inside Consulting Partners' compensation metrics are based on performance. As such, within this proposal, Inside Consulting Partners would only be compensated for the new business that they acquired and a percentage of the sales revenue attained.

The Inside Consulting Partners' philosophy – 'we only eat what we kill' – gave their client peace of mind in entrusting them with the growth of their business, as Inside Consulting

Partners did not take upfront compensation for their services; rather, Inside Consulting Partners received a percentage of sales revenue on an ongoing basis. The client understood that this meant Inside Consulting Partners would only take compensation if they fixed bottlenecks in the business, increased performance of products, acquired new business, and managed the relationships required to succeed. The client still covered the cost for providing technology advancement, maintenance of marketing support, as well as a capped travel and expenses that could be converted into a minimal monthly retainer.

Inside Consulting Partners only had one non-negotiable clause in the contract: they needed exclusivity within the region. Once they enter into a partnership with a firm, they enhance the value with branding, marketing and word-of-mouth. This clause gets total buy-in from both the client and Inside Consulting Partners as both parties are sharing in the yields of the success. As such, equity value options were also negotiated to provide an additional success fee, which is usually defined as Inside Consulting Partners' annual contribution to sales value for the client over the total firm's sales value up to a pre-defined limit. In this case it was 25%.

How did Inside Consulting Partners approach the project?

Inside Consulting Partners believes that growth is the best way to enhance shareholder value versus cost reduction strategies, as it can reduce the long-term profitability of the company and lead to poor morale. So they attempted to find other ways to achieve these objectives – which meant finding growth strategies. The firm took a hands-on approach when trying to solve the conundrum at hand. The solution provided needed to allow for the client to get brand exposure, better distribution of their product, and accelerated sales.

Brand exposure and strategic decisions about the client's brands were discussed. The client was making these decisions with the help of the firm to increase the reach of the product and brand through advertising and expanding into Africa and the Middle East (MEA). In the MEA region, Inside Consulting Partners enhanced the sales distribution of the client by entering them into untapped markets where their product thrived.

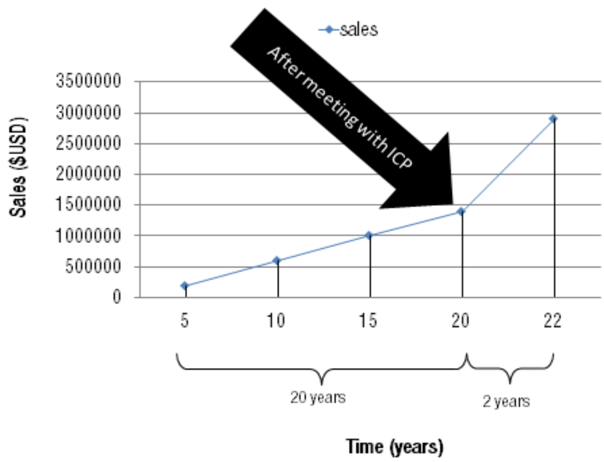
Inside Consulting Partners then stepped into existing relationships with decision makers within this market in order to accelerate the sales cycle. This was done by developing a target list of prospects, developing a sales and marketing kit to have tools to discuss the product, and developing a support mechanism that could be localised.

Some of the key target clients including investment management consultants were made part of an advisory committee, which was seen as credible referrals for the product and the business.
They also helped to localise the solution for prospective clients to solve needs that were specific to the region such as provide local currency options, adapt a pricing strategy that was tailored for the specific economy and local support.

More importantly, Inside Consulting Partners would also work with other complementary technology providers in the region. This served as a great distribution and referral platform and also a potential long-term strategic partner that could lead to an exit for the existing shareholders. In this case Inside Consulting Partners found two vital providers that had a global reach and were seeking to make in-roads with the front office – a market they have never been successful in. The shareholders have been in the game for over twenty years and partnerships like this were a way for them to realise the value they created.

Results of the technology mandate

Within twenty-four months into the relationship, Inside Consulting Partners had met and exceeded key milestones outlined in the mandate. Within the first year, they had reduced the sales cycle by fifty percent and increased return on investment by two hundred percent.
Their client's sales growth had more than doubled in the space of two years due to the footprint of the client, while the pipeline for future prospects expanded vastly. More importantly, it created credibility for the product through partnering with management consulting firms, strategic technology companies and keystone/anchor clients in the region.



Inside Consulting Partners was there to help increase the shareholder value of the firm; this aided the firm in driving growth capital. Their strategic partnerships were fundamental for Inside Consulting Partners to provide distribution channels to their client and to then develop credibility of the product with strategic investors and potential future exit.

	Defined metric	Quantifier	Actual	Result
1	Return on investment in 18 months	200%	Non Applicable	225%
2	Enhanced brand recognition within the market	Meetings + interest levels	None	10 meetings a per a week target
3	Enhancement of the sales cycle	Shortened by 15%	8 months	6 months
4	Accelerated sales growth accelerated	New clients	15 clients	30 clients
5	Increase the number of key clients	Top ten hit list	2	5
6	Enhance overall value of firm	Valuation	0.5x sales	2x sales

The client then gave Inside Consulting Partners the mandate to sell the firm, and to provide an opportunistic exit for the owners. This is currently in the process and we expect an acquisition market multiple to exceed the average growth companies in the sector.

Conclusion:

Within this case study we have discussed how Inside Consulting Partners were able to use their expertise into help their client stay responsive, and still focus on their main business objectives. In order to carry out this mandate Inside Consulting Partners went through a process of due diligence where they researched many aspects of the client's product, distribution and relationships between their stakeholders. The firm also discovered that the client was sitting on a very well thought out and valuable product which provided solutions for investment managers. The issue was that this product was not obtaining any reach in terms of branding or marketing, nor did they have many new client prospects within their highly competitive environment. Things were not looking great for the client, but Inside Consulting Partners knew how to solve their issues and grow their business.

When discussing the mandate, the client was responsible for providing the technological advancements and ongoing marketing support, while Inside Consulting Partners would be responsible for generating new sales and maintenance of relationships. Five metrics were presented to the client who offered them a reliable strategy which would meet their objectives. Compensation metrics were based on services that Inside Consulting Partners could provide within the relationship and they would be compensated in a 'we only eat what we kill' method, whereby they only get a percentage of sales revenue on an ongoing basis.
Inside Consulting Partners had developed growth strategies for the business, and then, coupled with their hands-on approach, were able to increase client brand exposure, better their distribution methods (after identifying this as a weakness) and accelerate sales. The firm also helped the client extend their reach into an untapped market and forged relationships within this market to enable future growth for their client.

Once the client's reach had extended, Inside Consulting Partners was able to provide strategic partnerships and, in doing so, provided their client with a distribution channel that increased and enhanced the overall value for their client. Inside Consulting Partners was then given a mandate from the client to sell the firm and to provide them with an opportunistic exit. This is currently in process; however, the firm's value – as valued by an independent firm – has quadrupled.

The results of the partnership exceeded the client's expectations and key milestones outlined in their agreed upon mandate. Within the first year, they had reduced the sales cycle, which brought in increased return of investment. Inside Consulting Partners was able to double the growth of their client's sales, and the increased footprint would foster future growth through a robust pipeline. More importantly they are now aligned with a number of strategic technology partners that provide an ideal exit opportunity for the shareholders.

inside consulting partners