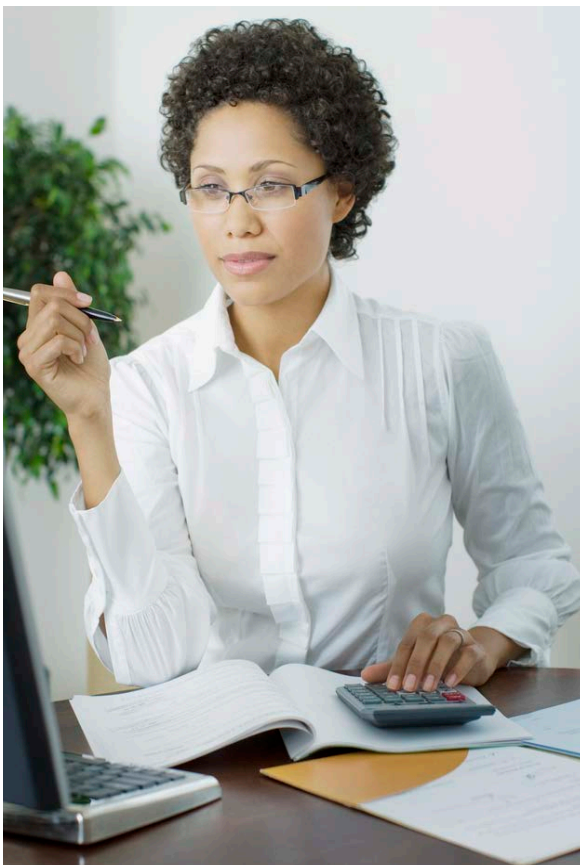


# Financial Modelling Services

## What is financial modelling?

A financial model is a tool that combines key accounting, finance, business metrics and management's strategic goals to forecast a business' financial performance into the future. For existing companies, forecasts are typically based on a company's historical performance, assumptions about the future and makes use of the 3 main statements an income statement, balance sheet, cash flow statement and supporting schedules. A financial model is usually built in Excel although there are some systems that can also be used. Financial models can either be built vertically or horizontally.



## Uses

The output of a financial model is used for decision making and performing financial analysis, whether internally or externally. Internally, management would use financial models for:

### 1. Decision Making

- Company Performance
- Strategic Planning
- Restructuring of business models
- Budgeting and forecasting (planning for the years ahead)

### 2. Project Finance

- Making acquisitions / Investment decisions (businesses and/or assets)
- Selling or divesting assets and business units
- Capital allocation (priority of which projects to invest in)

### 3. Corporate Transactions

- Raising capital (debt and/or equity)
- Valuing a business / security
- Growing the business organically (e.g., opening new stores, entering new markets, etc.),
- Mergers & Acquisitions.

## Types of Models We Focus on in Business Consulting

1. Cost Analytics
2. Operational Models
3. Forecasting
4. Budget
5. Startups

## Focus Areas of Models

### 1. Business Transformation

- Strategic Cost Reduction
- Tactical Cost Reduction
- Capability Growth

### 2. Operational Models

- Measuring & managing costs
- Optimize Efficiencies
- Highlight key cost drivers & cost elements

### 3. Benchmarking Models

- Performance and benchmarking against other businesses e.g Cost of running an IT divisions

### 4. Forecasting Model

- Also used in Financial Planning & Analysis (FP&A)
- Used to forecast a business into the future

### 5. Budget Model

- Used in Financial Planning & Analysis (FP&A)
- Budget for specific period
- Focus heavily on the income statement

### 6. Startup Modelling

- Breakeven analysis
- Market Potential

## Challenges faced by businesses

1. Inability to accurately allocate costs to products & services.
2. Identifying which of their solutions/products and which of their customers are the most profitable. Consequently, strategic decisions taken by management are sometimes based on inaccurate information.

## Benefits

1. Capabilities improve both the efficiency and effectiveness of our clients cost reduction initiatives. We bring advanced analytics to quantify, baseline and optimize cost savings to improve our client's financial performance.
2. To build a commercially viable business, a financial model would assist with validating your business plan and assumptions
3. A financial model can be used to assess the organizations performance as a decision-making tool

4. It helps with the fund-raising process
5. It can be automated or built into a system
6. It can aid optimize business operations
7. More effective strategic planning
8. Increased awareness of the business and its environment
9. Increased control over business performance
10. It leads to better decision-making.

## Financial Modelling Outcomes for businesses:

1. **Competitor analysis** - who are they and their activities.
2. **Customer profitability** - those that are most important, and the profitable ones.
3. **Pricing decision** - understanding customers and competitors to get to the appropriate price
4. **Portfolio analysis** - analysis of all products and strategies to be adopted for each.
5. **Corporate decision support** - discontinue products/ acquisitions
6. **Evaluation of Brand value** - Assess the value of the brand to assist in Mergers & Acquisitions and disposals, of the business or the business units.
7. **Strategic information for acquisitions** - Mergers & Acquisitions, their value in the organizations.
8. **Investment in Strategic Management System** - Assess the need and value of investing in Information technology systems.

## Investment in Strategic Management System:

Focus is to enable businesses to operate in digital platforms, to adapt to technology disruptions in the business environment and be efficient.

## Uses of Technology:

1. Electronic Data Interchange (EDI)
2. Cloud Computing
3. Block Chain
4. E - Commerce
5. Big Data
6. Artificial Intelligence
7. E- Sourcing
8. E- Purchasing
9. E - Payment, EFT & E-Invoicing

All of the above uses of technologies, will be informed by the Financial Modelling performed for clients and recommended accordingly.

## Contact Details



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