Financial Forecasting Tool for a Silicon Valley Startup
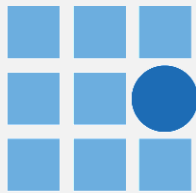
Perceptive**Analytics**
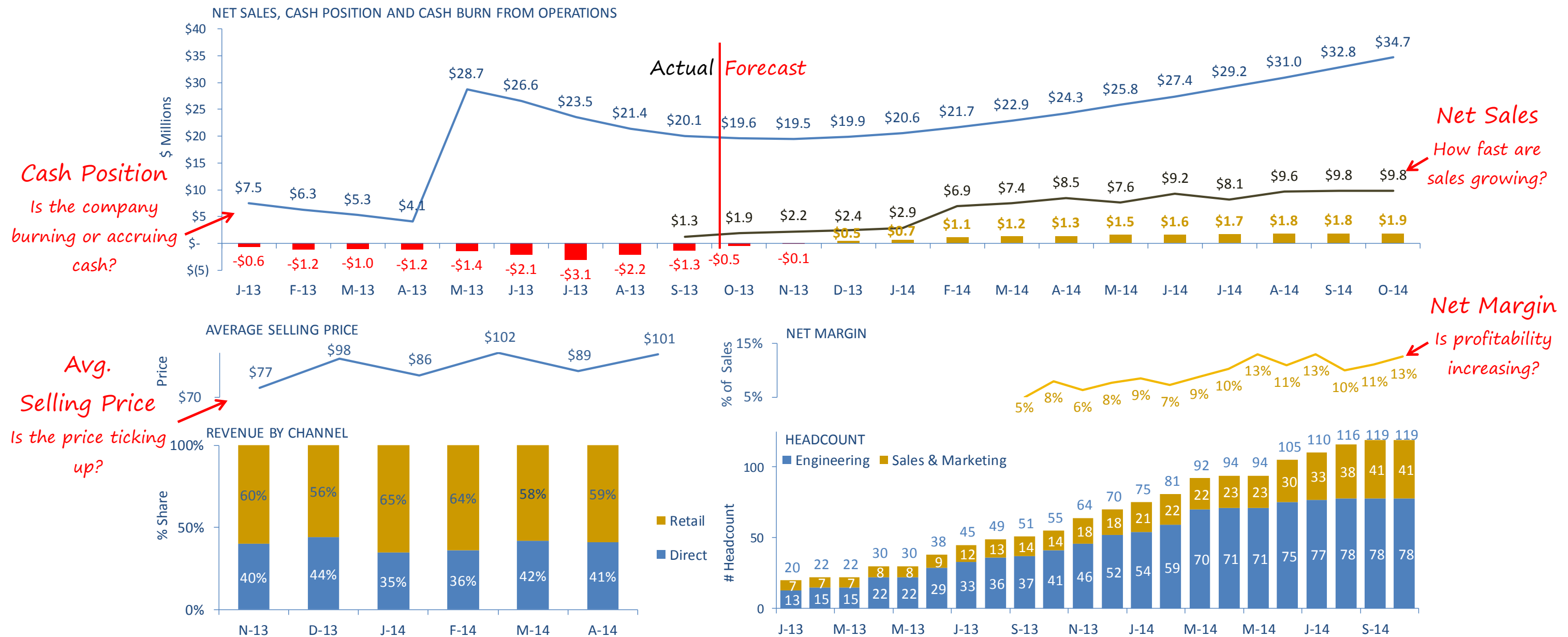
The Challenge

GreatSoft, Inc. is a hi-tech company based in Silicon Valley. The company's operations were growing and wanted to track the cash flows. The CFO of the company wanted to project future cash requirements to de-risk the company and forecast funding needs.

Impact

The tool enabled the client to deliver insights to the management helping it to make strategic decisions faster and with greater reliability. Management was able to perform what-if analysis and analyze a number of scenarios. This saved precious management time.

NET SALES, CASH POSITION AND CASH BURN FROM OPERATIONS

Actual | Forecast

Cash Position
Is the company burning or accruing cash?

Net Sales
How fast are sales growing?

Cash Position values: $7.5, $6.3, $5.3, $4.1, $28.7, $26.6, $23.5, $21.4, $20.1, $19.6, $19.5, $19.9, $20.6, $21.7, $22.9, $24.3, $25.8, $27.4, $29.2, $31.0, $32.8, $34.7

Cash Burn values: -$0.6, -$1.2, -$1.0, -$1.2, -$1.4, -$2.1, -$3.1, -$2.2, -$1.3, -$0.5, -$0.1

Net Sales values: $1.3, $1.9, $2.2, $2.4, $2.9, $0.5, $0.7, $1.1, $1.2, $1.3, $1.5, $1.6, $1.7, $1.8, $1.8, $1.9 / $6.9, $7.4, $8.5, $7.6, $9.2, $8.1, $9.6, $9.8, $9.8

Months: J-13, F-13, M-13, A-13, M-13, J-13, J-13, A-13, S-13, O-13, N-13, D-13, J-14, F-14, M-14, A-14, M-14, J-14, J-14, A-14, S-14, O-14

AVERAGE SELLING PRICE

Avg. Selling Price
Is the price ticking up?

Values: $77, $98, $86, $102, $89, $101

NET MARGIN

Net Margin
Is profitability increasing?

Values: 5%, 8%, 6%, 8%, 9%, 7%, 9%, 10%, 13%, 11%, 13%, 10%, 11%, 13%

REVENUE BY CHANNEL

Month	Retail	Direct
N-13	60%	40%
D-13	56%	44%
J-14	65%	35%
F-14	64%	36%
M-14	58%	42%
A-14	59%	41%

HEADCOUNT

Engineering | Sales & Marketing

Month	Total	Sales & Marketing	Engineering
J-13	20	7	13
M-13	22	7	15
M-13	22	7	15
J-13	30	8	22
S-13	30	8	22
N-13	38	9	29
J-14	45	12	33
M-14	49	13	36
M-14	51	14	37
J-14	55	14	41
J-14	64	18	46
S-14	70	18	52
—	75	21	54
—	81	22	59
—	92	22	70
—	94	23	71
—	94	23	71
—	105	30	75
—	110	33	77
—	116	38	78
—	119	41	78
—	119	41	78

Our Model

A comprehensive financial model with revenue model, hiring, and various cost assumptions was built. The model performed scenario analysis at various levels of sales and inventories to estimate liquidity position.

Perceptive Analytics

Perceptive Analytics is a Data Analytics and Financial Modeling services company. We deliver insightful solutions to C-level executives and managers in Fortune 500 companies, Private Equity, Investment Banking and Venture Capital industries and entrepreneurs. Our modeling services are useful for:

- Equity Research
- Enterprise Valuation
- Strategic Planning
- Financial Statements Review and Due Diligence
- Financial Projections
- Budgeting and Reporting

We serve a diverse range of customers across a wide span of sectors such as Packaged Goods, Manufacturing, IT, Hotels, BFSI, Retail and Management Consulting. We help organizations of all sizes from large global companies to start-ups seeking to establish their business.

To know more, you can reach us at *cs@perceptive-analytics.com*.

Perceptive**Analytics**

Data Analytics | Spreadsheet Modeling
New York • Boston • San Francisco • Hyderabad
Perceptive-Analytics.com
(646) 583 0001 cs@perceptive-analytics.com

Download   Contact