

BUSINESS SYSTEMS STRATEGY

FOR

**Early-Stage
& High-Growth
Companies**



CONGRATULATIONS >

You're a senior stakeholder in a successful business that is on a path to rapid growth.

Your core product or service is gaining traction in the market, and the management team is balancing business development and the requirements of new customers with the challenges of hiring and onboarding new staff while keeping investors happy.



In this kind of environment, where everybody is stretched just to keep up with the day-to-day demands of growth, it can be difficult to take the time to stand back and think



about how the systems and processes that support the business will need to change. It is tempting to ignore these issues and to focus instead on more immediate demands for time and resource. However, sooner or later disjointed systems and inefficient processes will inhibit growth and become a drag on profitability as costs increase.

Characteristics of Early-Stage & High-Growth Companies

Based on the advisory work that Lumenia has done with early-stage businesses, we have identified a number of common process and system characteristics.

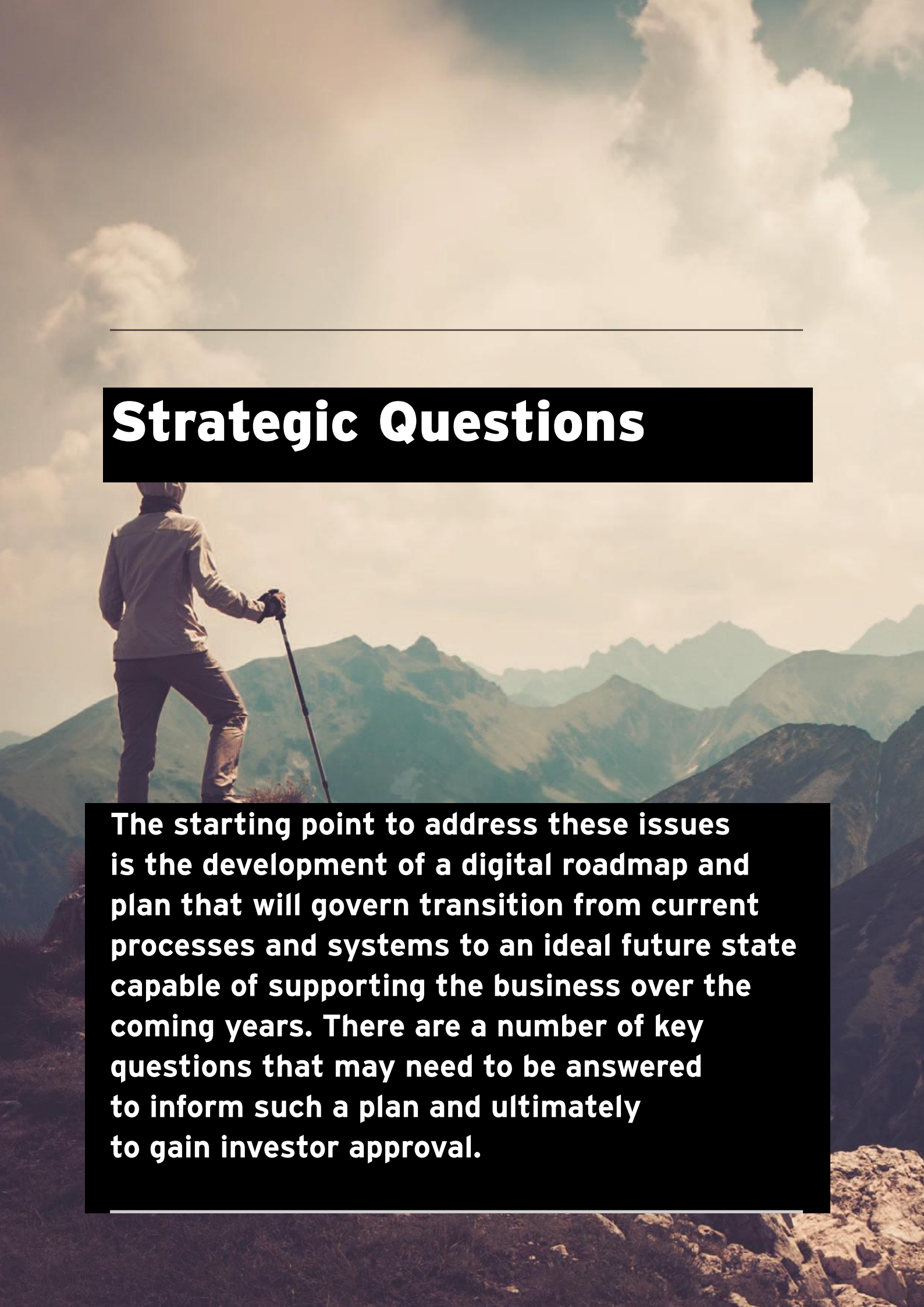
There are a number of themes that link these characteristics: lack of integration, manual or semi-manual business processes; reporting issues; dependency on individuals and lack of a clear strategy for business applications.

If not addressed these factors will cause increasing levels of inefficiency and additional cost as the business continues to grow.

Typical Early-Stage & High-Growth Company Characteristics

- Financials are managed on a basic, entry-level accounting package and/or outsourced to accounting firms
- The Finance function is small and facing increasing demands from the business for reporting and analysis while trying to implement and maintain stronger financial controls
- Procurement and accounts payable processes are largely manual, with control dependent on one or two individuals
- Invoices are manually raised in the finance system and there is no automated link to product or service cost, so profitability needs to be determined manually
- For businesses with physical products, inventory planning and management is done using spreadsheets
- For service-based businesses, service activity is recorded in a standalone application or on spreadsheets
- Reporting is almost entirely spreadsheet based
- For businesses that operate in regulated industries, there is uncertainty about the implications of regulatory obligations on the deployment and maintenance of systems
- The commercial team intend to implement a CRM solution, but there is no planned link between this and other systems in the business
- Financial planning and analysis are based on complex spreadsheet models, which are not linked to the finance system or the processes or systems used by the commercial team
- As the business expands into new geographies, there is a lack of clarity about how the current systems and processes will work
- The IT function is either outsourced or immature and is limited largely to management of desktop applications, and related infrastructure.

Strategic Questions



The starting point to address these issues is the development of a digital roadmap and plan that will govern transition from current processes and systems to an ideal future state capable of supporting the business over the coming years. There are a number of key questions that may need to be answered to inform such a plan and ultimately to gain investor approval.

Key questions to define a digital roadmap

- 1 Should the increasing demands for financial control, planning and analysis, sales pipeline development, service management and/or supply chain management be met with a single ERP system or should the business implement and integrate best-in-class point applications?
- 2 Will financial consolidation, reporting and planning require a dedicated application or could this be managed in an ERP system?
- 3 As customers complete digital transformation projects, how will systems in the business support collaboration and the seamless data flows that will be expected?
- 4 Should the business pay more and implement a system or systems now that will provide scalability into the future, or should it implement much simpler, lower cost applications that will resolve current issues, but which may need to be changed again in a few years as the business continues to grow?
- 5 As the business expands to new geographies what impacts will this have on systems and how will the financial and HR regulatory constraints of each country be managed?
- 6 Which variant of cloud is most appropriate for the deployment of new systems or should an on-premises option be considered?
- 7 How should the internal IT function be developed to support the proposed digital roadmap and plan?
- 8 What level of resourcing will the business need to provide to ensure successful implementation of the new system(s)?
- 9 What will it cost in terms of both Op Ex and Cap Ex to deliver the plan?

Finding answers to questions like these is vital, but it is not straightforward and will require engagement with senior stakeholders in the business and in many cases, external guidance.

How Lumenia Can Help

We have worked with hundreds of organisations, helping them to develop digital roadmaps and to find answers to questions such as those posed above.

Many of our clients have been in the early-stage growth phase of their development and we have guided them through both the development and implementation of their systems strategy.

We are strictly technology agnostic and have no links, commercial or otherwise, with vendors of ERP or other business applications, so our advice is objective and unbiased.

We have developed a methodology with supporting tools, that is designed specially to help our clients to build a clear plan for the evolution of systems and processes, including realistic estimates of cost, timescale and resource commitments. In many cases, we also help to deliver the Board presentation which articulates the agreed strategy and plan.

If you would like to learn more about our track record and how we can help you to prepare for system and process change as your organisation grows, please contact:

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