WEBSTER PACIFIC

INTRODUCTION TO
Webster Pacific
AND
The Internal Systems Audit & Remediation Plan ISARP

July 2013

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Webster Pacific Overview

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Focus

Background

- Established in early 2004
- Eight-person team
  - Webster Pacific Partners
    - Worked for Bain & Company and Price Waterhouse
    - MBA's from the Graduate School of Business at Stanford University and Harvard Business School
- Combined 10 years of CEO experience and 20 years of CFO experience in both industrial and technological companies.

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Clients Served Include:

Our Philosophy

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We are much more than ivory tower thinkers; we take advantage of **our experience**, **our education** and **our street-smarts** to **serve our clients**, to be in **conversation** with our clients, to **help our clients change and grow**.

Webster Pacific Practice Areas

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We help our clients…

- Develop business strategy, including identification of strategic assets, competitive advantages and activity systems.
- Analyze acquisition opportunities
- Develop offering memorandums
- Evaluate opportunities, including new markets, competitors, customers, costs, & governance.

- Become more data-driven in decision-making
- Find "data deficiencies"
- Build robust models ("high fidelity prototypes") that provide simple & understandable answers
- Integrate prototype models into daily business systems
- Utilize Excel & cloud database technology

- Act as CFO on interim & part-time basis
- Aid clients in transition times
- Provide interim controller & bookkeeping services
- Highest quality & consummate professional team

We are research and data-driven, constant learners and deeply care about the success of our clients.

Leadership

Thomas Paper

Managing Partner

- Industry experience in charter schools, non-profits, food, manufacturing, publishing and various internet businesses
- Bain & Company, Consultant
- President, Lewis Bolt & Nut Company
- President, Premier Roasters
- CFO, Mendocino Forest Products
- MBA, Stanford University

Susan Beans

Partner

- Extensive experience in customer research, market analysis, cost reduction in variety of industries
- Bain & Company, Consultant
- CFO, Trade Inc.
- CPA, Price Waterhouse, Auditing Group
- MBA, Stanford University

Ryan Vice

Consultant

- More than 15 years experience corporate finance, accounting, business development and consulting
- CPA and a member of the American Institute of Certified Public Accountants
- Bachelor of Science Degree in Finance from California State University, Sacramento

Team of Professionals

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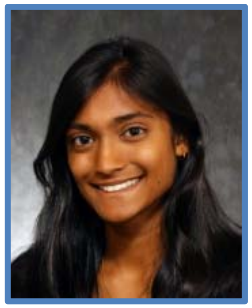
Cristel de Rouvray
Consultant

Susheela Vasan
Consultant

Saul Wainwright
Controller

Shanshan Ding
Associate Consultant



Palak Shah
Associate Consultant

Daniel Saniski
Associate Consultant

STANFORD GRADUATE SCHOOL OF BUSINESS

THE UNIVERSITY OF CALIFORNIA BERKELEY 1868

LSE THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

McKinsey&Company

UNIVERSITY OF PITTSBURGH

HARVARD BUSINESS SCHOOL VE RI TAS

How We Work

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Collaborative	Insightful	Dependable	Flexible	Efficient
Webster Pacific integrates and iterates with clients. We embed ourselves and work collaboratively as a part of the client team.	Client teams are usually comprised of a Partner or Consultant and an Associate Consultant(s).	We estimate the costs of an engagement ahead of time; agreements always include a clause for "not to exceed without consultation."	Clients are billed in half-day increments (travel at half-time).	Internal Systems Audit & Remediation Plan (ISARP) is estimated to take 1–2 months and 2–3 weeks of onsite visits.

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ISARP Internal Systems Audit & Remediation Plan

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PURPOSE: Provide a roadmap on management of people, processes and tools for leadership and owners of acquired companies

Key Elements

Due diligence

Starts where due diligence leaves off; leverages work completed on due diligence.

Ownership Intent

Incorporates ownership intent for new business.

- Standalone vs. integration
- Turnaround scenario
- Desired reporting, metrics & controls

Systems-based approach

Consistent, systems-based approach for all acquisitions.

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ISARP Internal Systems Audit & Remediation Plan

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The ISARP proceeds in the following steps:

1. Understand ownership intent (desired state)
2. Understand due diligence from acquisition
3. Perform evaluation
4. Develop remediation plan

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ISARP 3 Evaluation Develops from Steps 1 & 2

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Key Activities	Key Outputs/Deliverables
1 Understand Business Model & Ownership Intent	• Write-up with tables —Financial model, possibly —Working capital opportunities
Evaluate People — Roles & responsibilities — Individual skills — Organization & costs	• Org chart & write-ups • Data-based assessments • Comparison to industry norms
2 Evaluate Key Processes — Purchasing > A/P > Disbursement — Order > Fulfillment > A/R > Receipt — Business & Customer Development — Closing Process — Reporting Process	• Process maps & write-ups • Example reports
Evaluate Tools — Evaluate existing tools for key processes above	• Systems matrix (see example)

3

ISARP Due Diligence 2 vs. ISARP 3 4

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ISARP takes findings from due diligence and moves each finding towards value-added action

Due Diligence Area
Corporate Record
Financials
Material Agreements
A/P cycle
A/R cycle
Mfg, Inventory & Sales
Information Systems
Controls
Risk assessment

Examples: 2 3 4

	Due Diligence Example Finding	ISARP Example Finding
A/P	* Found 45 days	* Review specific vendor performance and/or negotiate terms to extend credit
A/R	* Found 60 dso	* Identify means to reduce dso
Info Systems	* Identified weakness in cash reporting	* Recommended interim prototype solution (instead of ERP module)
Controls	* Inadequate checks & balances	* Develop plan for checks & balances

1 Desired State | 2 Due Diligence | 3 Evaluation | 4 Remediation Plan

3 Evaluation: Systems Matrix Example

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	Japan	US (4 Entities)	Corporate	France	Germany	Czech	Korea	China	IBU	India 1	India 2	Tunisia
Forecasting	Excel (A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(K)	(L)	(M)
Budgeting	Excel (A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(K)	(L)	(M)
BSC	Excel (A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(K)	(L)	(M)
Taxes	Outsourced (A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	Calcom	(K)	(L)	(M)
Payroll	Outsourced (A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(K)	(L)	(M)
Core Acctg	Sun Systems	Great Plains	Sage	Sage	Datev	Helios	Duzon			Tally	Tally	
Cust Inv	MS Access	Excel(A)		Excel & Gest Prod	Datev	(B)	Duzon	Govt				
Cash Mgt	Excel(A)	(B)	CashSolve/Excel	(C)	(D)	(E)	(F)			(J)	(K)	(L)
Cap Assets	Excel(A)	(B)	Sage	Sage	(C)	(D)	(E)	(F)		(I)	(J)	(K)
Time Track	Excel(A)	PPT	PIPS	Excel & Gest Prod	Proprietary		(B)			Proprietary	PPT	
Project Mgt	Excel(A) *(Vdot pilot)*	(B) *(Vdot pilot)*		Gest Prod *(Vdot pilot)*	(C)	(D)	(E)	(F)		(I)	(J)	(K)
Human Res	HRIS											
Rev Rec	Excel (A)	(B)	WEBI	(D)	(E)	(F)	(G)	(H)		(K)	(L)	(M)
Bookings	Salesforce/NCA											
	21.2%	41.1%	59.9%	72.1%	86.1%	92.5%	97.7%	#		No Revenue		

Cumulative Percent of Group Revenue

Same Excel Model but not integrated

Different Excel Models

As a part of an ISARP audit for a client, Webster Pacific evaluated the systems for each of the business units of a multinational software company.

ISARP 4 Remediation Plan Example

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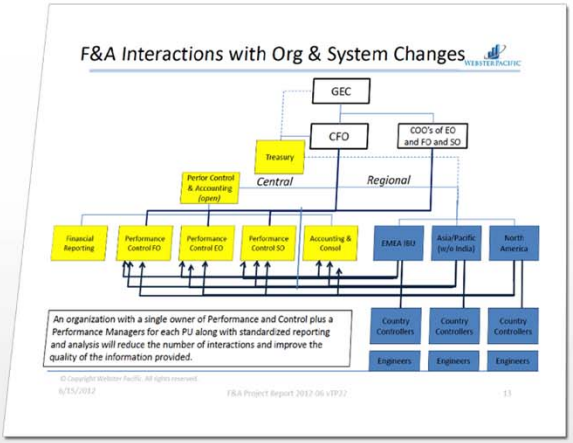
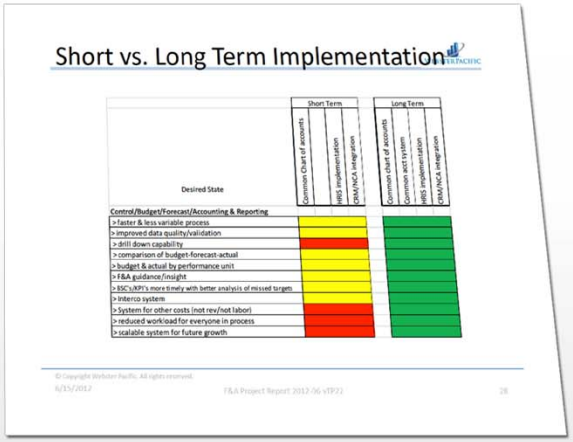
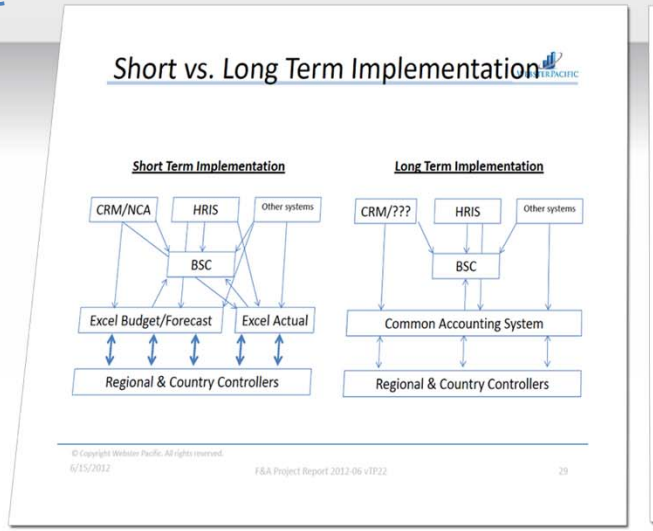
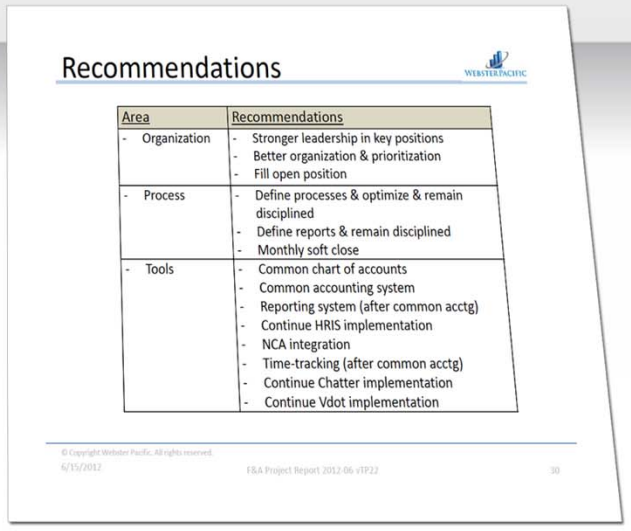
See handout









Thank you!

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