



Are You IPO-Ready?

Creating a Scalable Finance
Operation to Prepare for an
Initial Public Offering and Beyond



The market for IPOs is very dynamic, and the window of opportunity may open only for a short period of time. A successful IPO requires organizational alignment to standards, strong controls, and increased agility enabled by technology.

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Prepare for Your Window of Opportunity

The market expects more billion-dollar IPOs in 2021, including tech unicorns, Special Purpose Acquisition Companies (SPACs), and emerging businesses in sectors such as renewables, eCommerce, and healthcare. However, unexpected shifts in economic conditions frequently put IPO plans on hold. The COVID-19 pandemic led to an unprecedented global economic shutdown, for example, and delayed several highly-anticipated IPOs in 2020.

As the global economy emerges from the pandemic, future periods are favorable for IPOs. An IPO-bound management team must set aside significant time and resources to ensure that their entire company is ready when the opportunity arises.



1-2 years

is the recommend time period that a private company needs to prepare for an Initial Public Offering.



Lay the Groundwork for Success

The decision to go public is a significant turning point for any company, and CFOs bear a large part of the responsibility to transform the organization.

The CFO must ensure that the organization has a strong financial team and the right financial infrastructure to make this major transition successful. One of the most common mistakes that companies make in preparing for an IPO is failing to fully develop sound business processes, controls, and infrastructure—particularly those that support

- * financial transactions
- * reporting
- * analysis

Preparing for an IPO is no small task, and investing in the right technologies can help smooth the path forward.



Lead the Way with Technology

As a financial leader, you have the ability to drive digital transformation throughout your business operations. Digital transformation enables insight with reliable, real-time data. The entire organization gains a critical perspective on the business and can understand what needs to be done to go public.

Companies on the IPO path should determine their technology roadmap to establish agile and scalable operations to attract investment and enable ongoing growth. Begin with foundational, cloud-based technology, and look for areas of your operations that can benefit from automation. Prioritize efficiency and governance when choosing financial technology by considering questions like:

- ✦ **Will it institute better cash flow?**
- ✦ **Can it enable a multi-entity structure?**
- ✦ **Does it increase financial controls & achieve compliance?**
- ✦ **Will it increase overall operational effectiveness?**

The right place to start might vary from company to company, but most financial leaders agree that optimizing the financial close and accounts payable process is critical to a successful IPO.



Build a Strong Accounts Payable Infrastructure

For companies on the path to IPO, the accounts payable function requires special attention as it is critical to protecting and preserving cash.

The key to preparing for an upcoming IPO is by streamlining the financial close process. For businesses considering going public, the most significant operational change is the need to close and report publicly on their financial results on an accelerated timeline. This increase in visibility ensures that you know your financial picture with enough time to analyze and react to results. Plus, it is a general best practice for when you eventually go public and are required to file regular SEC reports. The finance team will take on many new roles once a company goes public, but the most significant is forecasting top and bottom-line numbers accurately.

These are the four pillars of an accounts payable infrastructure that must be considered when preparing for an IPO.



Pillar #1: Solutions

A best-in-class AP automation solution is essential to help accelerate the financial close. A cloud-based payables solution that can integrate directly with an ERP or accounting system can help the finance department forecast with accurate, real-time data. Automated accounts payable solutions provide:

- ✦ Better cash flow visibility
- ✦ Rich payment method choices
- ✦ Consolidated reports across geographies and entities
- ✦ Robust ERP integration
- ✦ Faster close cycles

“We can report on our balances a lot sooner because we've closed our AP sooner. We used to close just AP around business day 20, now we do it on business day 4.”

Michio McGrath, Finance & Accounting Manager

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Pillar #2: Operational

IPO preparedness transforms businesses in very profound ways—visibility, control, and accuracy. The finance team must expand and up-level skill sets to handle new functions such as internal audit, SEC reporting, and investor relations. CFOs can realign resources to more value-added activities by eliminating inefficient and error-prone manual processes with capabilities such as:

- ✦ Touchless invoice processing
- ✦ Seamless payments
- ✦ Payment validation
- ✦ Advanced approvals

“An automated workflow has saved our team a significant amount of time. Now, one invoice can be paid in just 30 seconds.”

David Wong, Head of Finance

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Pillar 3: Systems

To increase efficiency, today's financial leaders seek to consolidate multiple functions in one single technology platform. For increased visibility and control, look to optimize in heavily manual areas, like:

- ✦ Secure payments
- ✦ Fraud monitoring
- ✦ Audit readiness
- ✦ Role-based access
- ✦ Security
- ✦ Tax compliance
- ✦ GDPR compliance
- ✦ Sanctions screening

“Automation is a massive win from an audit perspective. It's a massive win for knowing that the data being produced in our financial statements is as accurate as possible.”

Bradley Clifford, Assistant Controller



Pillar 4: Scalability

To manage the increased organizational complexity and transaction volume associated with a growing business, CFOs should deploy technology platforms that can keep up with the organization. Scalable technology platforms for accounts payable must handle:

- * Multi-entity
- * Multi-currency
- * Tax
- * Advanced foreign exchange accounting
- * Supplier self-service

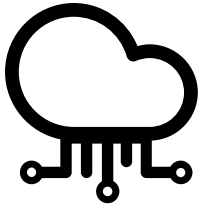
“When a company is scaling, you need smart systems in place. We don’t want our team to get stuck in a role they can't grow out of.”

Courtney Santry, Controller

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Boost Your Financial Operations

Choosing the right technology is a top priority for financial leaders that must reshape operations and position their organization to go public.



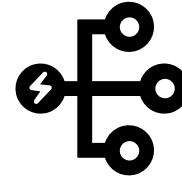
Lay the Groundwork for Operational Effectiveness

Financial leaders driving the transition from private to public companies must find ways to free up bandwidth to focus on business-critical tasks. Optimize operations by implementing the right automated software that is 100% cloud-based with 24/7 visibility.



Boost Productivity & Collaboration

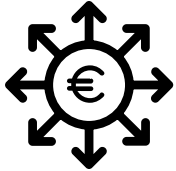
Streamline and automate inefficient business processes for speed, reliability, and accuracy. Eliminating manual tasks enables financial leaders and their teams to shift their focus to skill-building and strategic tasks.



Align with Generally Accepted Accounting Principles (GAAP)

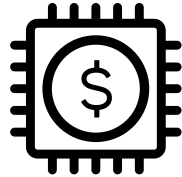
Assure regulators and auditors that transactions have been properly recorded. As you go through the process, clean up the vendor master record, integrate with the ERP to report invoice workflow status, and reconcile to general ledger systems faster and more accurately.

Boost Your Financial Operations (CONTINUED)



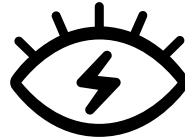
Optimize Working Capital & Cash Flow

Implement smart cost controls that preserve cash and demonstrate effective cash management. Protect your company against fraud by deploying AI-enabled pattern detection to identify and prevent payments to false accounts.



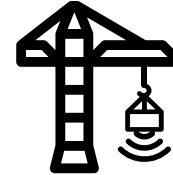
Digitize Financial Controls & Achieve Compliance

Capitalize on technology to reduce risk and ensure that the finance team can provide solid evidence of compliance to internal and external auditors. AI and machine learning helps augment processes and reduce risks and errors.



Speed the Close Process & Reporting

Close the books and report to stakeholders quickly and easily. Gain instant visibility by automatically combining and reconciling payment methods, entities, currencies, subsidiaries, and geographies. Integrate results with your ERP system to deliver a consolidated view of all payable accounts.



Deploy a Scalable Foundation for Growth

Leverage automation to build the infrastructure for a successful IPO and to promote efficiency within your organization. Consider what transactional, repetitive, or time-consuming functions you can successfully streamline and implement solutions that will grow with you.



Are you IPO-Ready?

To prepare your organization for an IPO, you must optimize your finance team and payables process. As the only global payables automation platform that scales with you, Tipalti helps make this happen. Whether you deploy an invoice-based workflow or a digital business model, Tipalti eliminates the friction in your business processes to future-proof your organization for success.



Contact Us

tipalti.com

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1810 Gateway Dr., Suite 300
San Mateo, CA 94404 USA
contact@tipalti.com

1055 West Georgia Street
4th floor
Vancouver BC V6E 3P3

Kibbutz Gilil Yam
4690500, Israel

