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**PRE
QUATE**

Business modelling
can drive 10x more
with 40% less in
investment.

Start-ups often make a lot of mistakes while matching their USP to their business model to their revenue model. **Quattro** learnt of the money they were leaving on the table when Prequate helped remodel their business.

Note: Names of businesses have been masked to protect client confidentiality privileges and non-disclosure agreements. Information which is extremely specific has been masked if they are part of a live transaction or a completed PE transaction.

Case Study
Last updated

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1 Beginning a journey

Quattro Private Limited is a 4-year-old company providing hardware development services with a team of over 20 employees. **Quattro** had just developed a great product which was a healthcare product aimed at making available basic healthcare related services to hard to reach areas in rural & semi-urban across the world.

The devices were to be contract manufactured and hence capital required would be lesser there.

Initial plan of the company:

- EBIT of 27% of \$10Mn by Year 5
- EBITDA positive from Year 3
- Raise amount of ~\$10Mn to finance their inventories, continue product R&D and deploy a good sales team for a pan India launch

They had begun approaching investors for scaling the reach but had faced slow progress.

Prequate was brought in to help **Quattro** remodel their business for proposed PE/VC investments.

2 Developing a deep understanding

Prequate started off with a deep-dive into the fundamentals of the product, its possible utilities – today and 3 years from now, its potential uses and type of data it was capturing. that was developed.

Prequate noticed:

- Product had been designed with abilities to remotely manage the software backend
- Model was built on a product sale model that netted cash on each product sold
- Working capital requirement bloated due to lead time payments
- Profit needed scale which needed continuous inflow of money

The product could, over time potentially deliver various benefits, but the revenue model was built on one-time transaction only – revenue on sale.

3 Asking the right questions

Prequate deduced that the fundamental business model was a **value-in-use** as compared to **value-on-sale**. It meant that the business model needed to be able to address key questions such as >

- Is the model rewarding usage while de-risking delivery?
- Who gains from using the product?
- Are we profiting from the continuing value of the product?
- Can contracts become onerous someday?

4 Getting to brass tacks

Prequate worked with all key stakeholders over a period of 2 months including engaging with key investor fraternity & advisors. The work, covering the breadth of the business, included:

▲ Perform a scalability assessment

Identify the key variables that provide sustaining value to the business

▲ Fit an ecosystem fundamental to test

Develop a new business model to boost the NPV of the business using an eco-system approach

▲ Redesign the revenue model

Developing continuing revenue streams based on usage

▲ Develop a new fund raise strategy

Create new raise plan in a tranching manner with different financing methods using balance sheet strength for shorter term capital needs and project financing

5 Solution snapshot

Prequate derived a:

- ▲ **a new business model:** of a local entrepreneurship model based on the principles of franchising with a revenue share arrangement with local partners (primarily, those who run local stores) who would look at it as an investment opportunity; and
- ▲ **Re-strategized their product roadmap:** to include vernacular support and 100% self-service using visual aids require little to no human interference in operation and maintenance & complete self-service modules.

Result?

Business modelling was able to drive 10x more returns with 40% less in investment.

- ▲ Shortlisted for a coveted technology grant of ▲ \$400k
- ▲ Projected Y5 EBITDA grew by over ▲ 1,000%
- ▲ PAT% increased from 17% to ▲ 37% in Y5
- ▲ Cash required as equity dropped from \$10M to ▼ \$6M
- ▲ Big data opportunities unlocked in Y3

PRE
QUATE

website

If you want to see what else we do

If you want us to reach you

chatbot

email

If you want to write to us

If you want access to more of our thought leadership

sign-up

book time

If you want to book a quick call with the team