

January 2016

**10 Steps for  
Globalizing Your  
Finance Team**

The logo for DecisionCFO features a green icon of three horizontal bars to the left of the text. The word "Decision" is in a dark blue font, and "CFO" is in a green font.

**DecisionCFO**

# CONTENTS

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- Globalization Challenges
- *Step 1:* When to Go Global
- *Step 2:* Pre-Expansion Analysis
- *Step 3:* International Business Planning & Forecasting
- *Step 4:* Assess Financing Options
- *Step 5:* Launching
- *Step 6:* Creating an International Business Network
- *Step 7:* International Accounting & ERP
- *Step 8:* Treasury Operations
- *Step 9:* Tax
- *Step 10:* Other Considerations

# GLOBALIZATION CHALLENGES

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- Cross border organizational coordination
- Consolidated and local reporting requirements
- FX and tax requirements
- Communicating with and coordinating a distributed work force, channel and supply chain partners worldwide
- Securely and easily providing access to corporate data

# STEP 1: WHEN TO GO GLOBAL

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## Characteristics of Companies Looking to Expand Globally

- Have received Series A/B funding (minimum)
- Adequately capitalized or considering a significant capital raise
- Proven business model and revenue traction
- Evolved operation which may be seeking to expand geographically

# STEP 2: PRE-EXPANSION ANALYSIS

## Market Entry Strategies

### Distribute

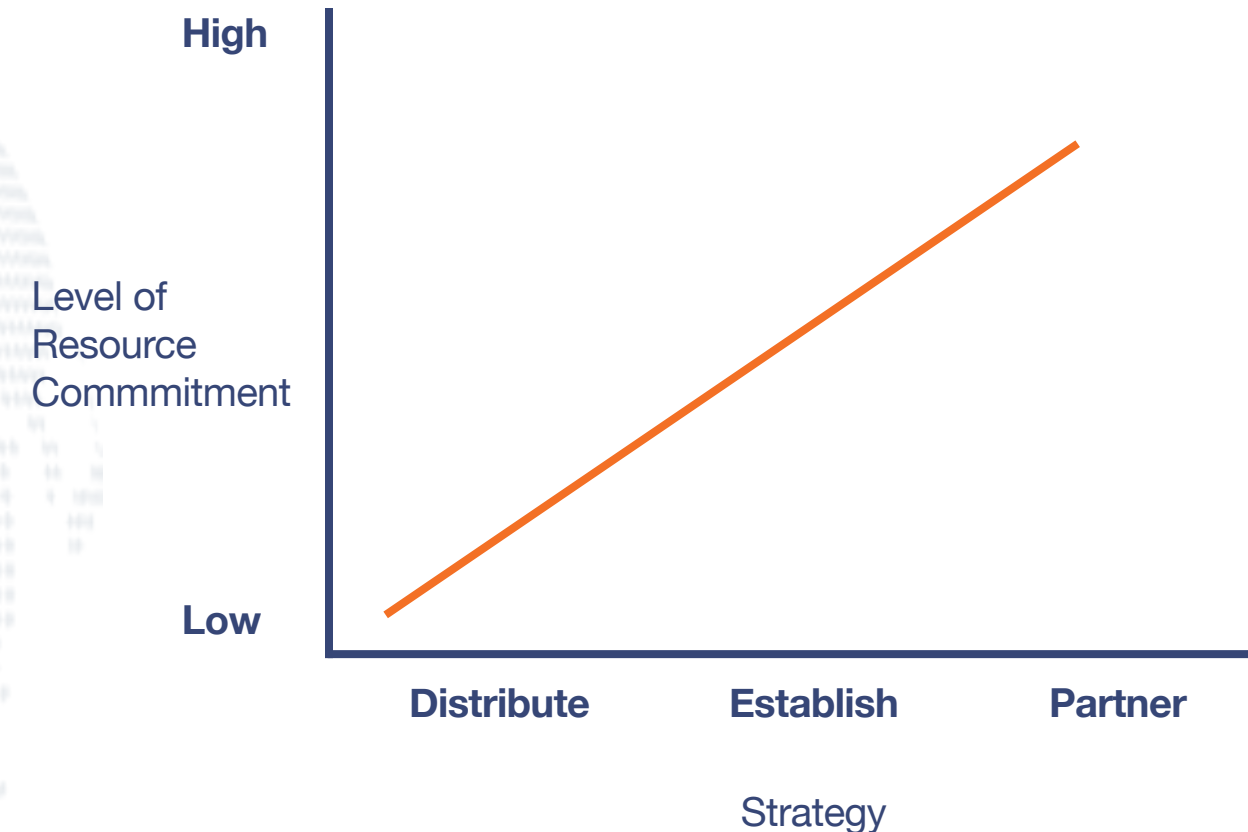
- Pursue sales in new market from existing geographic base
- Direct to Consumer or Enterprise

### Establish

- Representative Office
- Branch Office
- Joint Venture
- Subsidiary

### Partner

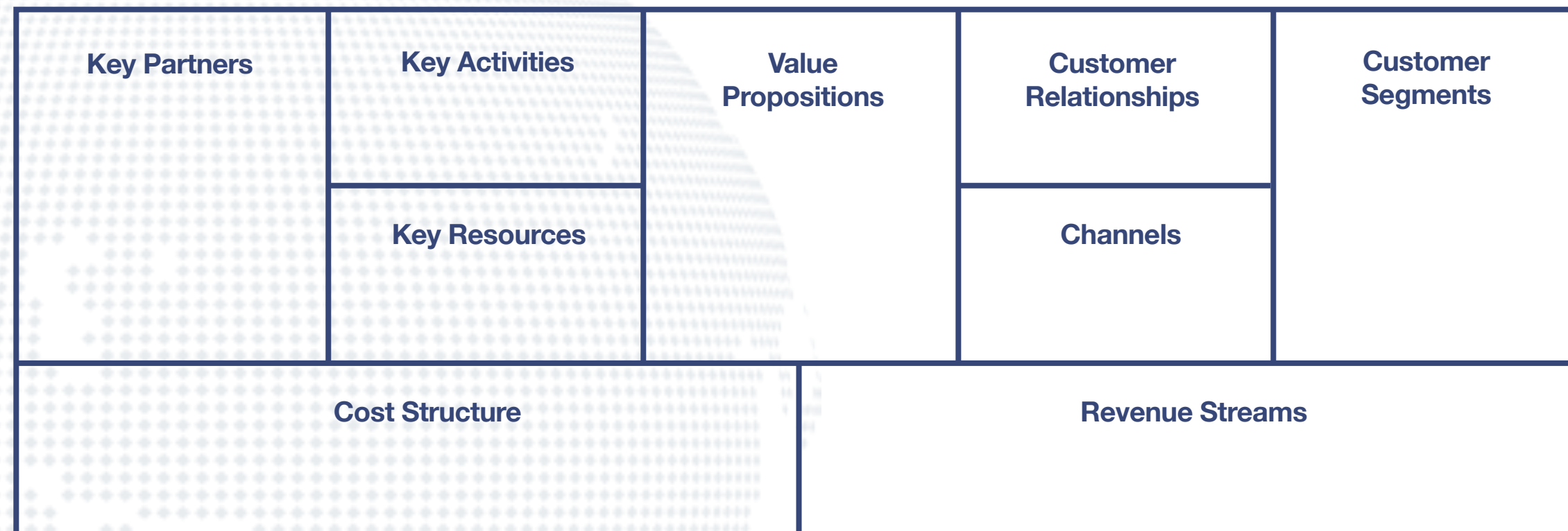
- Direct Investment
- M&A



# STEP 3: INTERNATIONAL PLANNING & FORECASTING

## Business Model Canvas

- Assess target market options
- Identify critical business resources for entering a market or region



# STEP 3: INTERNATIONAL PLANNING & FORECASTING (CONT'D)

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## Forecasting

- Short term: 13 week rolling cash forecast
- Long term: 12, 18 and 36 month financial model
- Other considerations
  - Sources of funding Internal vs. debt / equity financing
  - Impact of product and business process localization
  - Intercompany transactions
  - FX management
  - Enabling strategic financial decisions in a changing and dynamic environment

## STEP 4: ASSESS FINANCING OPTIONS

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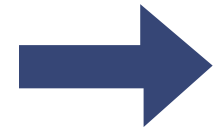
- Access to US venture capital sources to fund international expansion
- Local investors: angels, corporate, institutional
- Government grants
- Local banks



# STEP 5: LAUNCHING

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## People



## Processes



## Technology

### By Function

- CFO
- Controller
- 3<sup>rd</sup> party advisors

### By geography or country

- Asia
- EMEA
- LatAm

- Budgeting & Forecasting
- Dashboards & Reporting
- Data
- Metrics
- Project Tracking
- Control Policies & Procedures
- Int'l Treasury Mgmt.
- HR

- APIs
- Other

# STEP 5: LAUNCHING (CON'T)

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## Corporate Formation

- Permanent Establishment
- Jurisdiction of Incorporation
  - Oversight of 3<sup>rd</sup> party professionals - coordinate efforts of lawyers, tax advisors, accountants, registrars and notaries
- IP Transfer & Tax Havens
  - Function of LT forecast to determine where revenue and profits will be generated and to what extent company may be able to take advantage of favorable tax jurisdictions

# STEP 6: CREATING AN INTERNATIONAL BUSINESS NETWORK

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- **Auditors**
  - Local statutory auditors
  - Coordination of global audit of consolidated entities (multiple geographies, currencies and strategic business units)
  - Accounting Principals
    - Country or Local GAAP
    - IFRS
    - Conversion to US GAAP
- **Company Registrar(s)**
  - Fiscal Representatives
- **Financial Institutions**
- **Other**
  - IT representatives
  - National or regional industry associations

## STEP 7: INTERNATIONAL ACCOUNTING & ERP

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- Create uniform Chart of Account for all entities
- Devise COA that allows consolidation of financial activity for all entities
- Meet statutory and legal requirements of various countries
  - When required, map company's COA to legally required statutory accounts
- Enable translations to foreign languages where needed

# STEP 7: INTERNATIONAL ACCOUNTING & ERP (CON'T)

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- Move global operation on one ERP system (cloud based)
- Multinational consolidations in multiple currencies and jurisdictions
  - Consolidate organization of financial reporting in US GAAP (parent entity) and report local entities under country GAAP or IFRS
  - Adopt common metrics across global operations
    - E.g. – SaaS metrics might include: monthly recurring revenue (MRR), Long Term Customer Value (LTV) and customer acquisitions costs (CAC)
- Local Accounting & Reporting
  - Consider outsourcing of local reporting functions and coordinating efforts of accounting specialists
  - Liaise with and/or oversee international service provider relationships
- Varied filing requirements based on company size
  - Special considerations may be available to SMEs in terms of tax incentives or local government grants depending on the industry
  - Valuation consultants may be required in situations involving M&A

# STEP 7: INTERNATIONAL ACCOUNTING & ERP (CON'T)

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# STEP 8: TREASURY OPERATIONS

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- **International cash management & planning**
  - **International banking & Treasury**
    - International account setup
    - Funding local operations
  - **FX**
    - Minimize transaction costs – Netting (against A/R and A/P)
- **Determine impact of repatriation of funds in conjunction with 3<sup>rd</sup> party tax advisors**
  - Corporate taxation
  - Tax minimization strategies
  - Expatriates

## Interface with 3<sup>rd</sup> party professional services providers

- Review of international tax returns
- Assist with preparation of IRS Form(s) 5471
- Tax minimization
- Transfer pricing
- IP tax strategies
  - Cayman, Ireland, Netherlands, Singapore
- VAT planning
- Stock option schemes to ensure optimal tax treatment
- R&D tax credits
  - UK – SMEs, large companies
  - Canada
  - France
  - Singapore



# STEP 10: OTHER CONSIDERATIONS

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- Interface with foreign attorneys on issues related to M&A, banking, compliance, and operational issues
- International insurance planning
- Human Resources Issues
- Data Security
- Global payroll considerations (centralized)

## What We Do

- Serve as a single point of contact / leadership for integrated DecisionCFO team
- Expertise in cloud-based tools to automate data collection and streamline operation
- Deep relations with 3rd party service providers to early growth stage organizations
- Determine cost effective services with a focus on blended rate

## Capabilities

- International expansion planning & budgeting
- Network of international services providers
- Board representation
- ERP assessments and implementations
- Funding / M&A transactions
- Establish efficient and effective process with a focus on automating and globalizing the finance department
- Stock option schemes to ensure optimal tax treatment
- Represent operation in discussion with banks, auditors, fiscal representatives, and other 3<sup>rd</sup> party stakeholders

THANK YOU

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**Visit us at [www.DecisionCFO.com](http://www.DecisionCFO.com)**

