

# Case Study:

## Forecasting & Budgeting



**Early-Stage Digital Media Company**

**Selects  RTD INSIGHTS  for Forecasting & Budgeting**

### Company and Situation Overview

- Headquartered in Midwestern U.S.
- Limited revenue traction; 2,000+ subscribers / users on platform
- Founder-owned business seeking external institutional investors

### Challenges without RTD Insights

- X Lean team - experienced founder, 4 FTEs and outsourced dev. team
- X Limited insight into historical and projected financial performance
- X Desire to improve user subscription monetization
- X Lack of information into newly identified go-to-market vertical channels

### Results with RTD Insights

- ✓ 1-week turnaround to create budget for founder to establish financial and business performance targets
- ✓ Development of granular, weekly user subscription reporting package
- ✓ Modeled revenue contribution potential from new vertical channels



# Forecasting & Budgeting Representative Screenshots

Client Name: 2016A - 2020P  
Summary Consolidated Financials (USD in 000s)

	Fiscal Year Ended December 31					YTD Growth %			CAGR %
	2016A	2017A	2018P	2019P	2020P	2017A	2018P	2019P	
<b>Income Statement</b>									
<b>Revenue</b>		\$36,574	\$61,014	\$87,442	\$141,204	NA	66.8%	43.3%	61.6%
Substitution	\$21,000	\$22,490	\$40,813	\$64,450	\$108,722	30%	43%	57%	69%
Professional Services	9,061	12,057	8,003	9,200	14,000	24%	20%	8%	11%
Other	10	50	20	97	74	487%	-64%	135%	-67%
<b>Total Revenue by Type</b>	<b>\$35,084</b>	<b>\$46,614</b>	<b>\$49,396</b>	<b>\$123,794</b>	<b>\$123,893</b>	<b>26%</b>	<b>21.6%</b>	<b>48.4%</b>	<b>62.0%</b>
<b>Cost of Revenue by Type</b>									
Substitution	\$2,079	\$4,445	\$7,360	\$13,027	\$20,228	40%	65%	80%	61%
Professional Services	5,800	5,872	10,094	8,301	9,111	45%	23%	21%	9%
<b>Total Cost of Revenue by Type</b>	<b>\$8,880</b>	<b>\$10,318</b>	<b>\$17,454</b>	<b>\$21,328</b>	<b>\$29,339</b>	<b>56%</b>	<b>38%</b>	<b>23%</b>	<b>31%</b>
<b>Gross Profit by Type</b>									
Substitution	\$19,527	\$23,051	\$33,434	\$50,523	\$88,497	27%	38%	51%	75%
Professional Services	3,261	3,485	12,032	924	4,884	41%	10%	146%	906%
Other	10	10	20	14	74	487%	-64%	135%	-67%
<b>Total Gross Profit by Type</b>	<b>\$22,748</b>	<b>\$27,300</b>	<b>\$31,847</b>	<b>\$51,581</b>	<b>\$94,249</b>	<b>21.4%</b>	<b>13.8%</b>	<b>63.9%</b>	<b>62.7%</b>
<b>Gross Margin %</b>	<b>71.9%</b>	<b>67.9%</b>	<b>63.6%</b>	<b>69.8%</b>	<b>78.2%</b>				
<b>Operating Expenses</b>									
Sales & Marketing	8,201	16,850	22,228	27,803	39,805	91%	40%	25%	42.4%
Research & Development	9,007	9,342	11,560	10,750	11,645	64%	40%	10%	37.0%
General & Administrative	6,569	11,583	10,500	10,754	20,785	37%	36%	16%	25.4%
<b>Total Operating Expenses</b>	<b>\$23,817</b>	<b>\$38,808</b>	<b>\$44,588</b>	<b>\$50,533</b>	<b>\$72,235</b>	<b>74.5%</b>	<b>39.7%</b>	<b>27.4%</b>	<b>29.3%</b>
Foreign Exchange (Gain/Loss)		1,100	69	0	0	112%	-63%	-100%	NA
Other Expense		0	2,109	1,314	214	NA	37.7%	0%	NA
<b>EBITDA</b>	<b>\$154</b>	<b>\$49,193</b>	<b>\$40,660</b>	<b>\$18,160</b>	<b>\$14,860</b>	<b>-188.8%</b>	<b>124.1%</b>	<b>66.7%</b>	<b>133.1%</b>
EBITDA Margin %	1.6%	-2.4%	-1.7%	-13.8%	-12.1%				
EBIT	(786)	(809)	(877)	0	0	17%	-27%	-100%	NA
Amortization	176	610	1,260	1,890	2,279	5.9%	105.4%	57.7%	14.1%
<b>EBIT Margin %</b>	<b>\$727</b>	<b>\$6,892</b>	<b>\$21,184</b>	<b>\$17,150</b>	<b>\$12,628</b>	<b>-138.6%</b>	<b>138.6%</b>	<b>-42.1%</b>	<b>-284.0%</b>
EBIT Margin %	2.2%	67.0%	42.8%	16.0%	10.2%				
Interest Expense	38	105	110	349	750	178.1%	4.0%	218.8%	105.6%
Pre Tax Income	\$689	\$6,678	\$21,240	\$16,489	\$11,879	-140.3%	137.2%	-41.4%	-195.1%
Net Income	\$689	\$6,678	\$21,240	\$16,489	\$11,879	-140.3%	137.2%	-41.4%	-195.1%
Net Income Margin %	2.2%	67.1%	43.1%	16.9%	10.2%				

Client Name: 2016A - 2020P  
Expense by Department Summary (USD in 000s)

	Fiscal Year Ended December 31					YTD Growth %			CAGR %
	2016A	2017A	2018P	2019P	2020P	2017A	2018P	2019P	
<b>Total Revenue</b>	<b>\$35,084</b>	<b>\$46,614</b>	<b>\$49,396</b>	<b>\$123,794</b>	<b>\$123,893</b>	<b>26.0%</b>	<b>21.6%</b>	<b>48.4%</b>	<b>62.0%</b>
<b>Expense Summary</b>									
<b>Total Cost of Revenue Summary</b>	<b>\$8,880</b>	<b>\$10,318</b>	<b>\$17,454</b>	<b>\$21,328</b>	<b>\$29,339</b>	<b>49.3%</b>	<b>60.0%</b>	<b>68.7%</b>	<b>61.4%</b>
Professional Services	5,800	5,872	10,094	8,301	9,111	45.0%	23.0%	21.0%	9.0%
Other	0	60	100	247	NA	0%	15.0%	48.0%	67.0%
<b>Total Cost of Revenue</b>	<b>\$8,880</b>	<b>\$11,150</b>	<b>\$18,073</b>	<b>\$22,428</b>	<b>\$29,339</b>	<b>47.7%</b>	<b>37.3%</b>	<b>24.4%</b>	<b>32.0%</b>
<b>Total Operating Expenses Summary</b>	<b>\$23,817</b>	<b>\$38,808</b>	<b>\$44,588</b>	<b>\$50,533</b>	<b>\$72,235</b>	<b>74.5%</b>	<b>39.7%</b>	<b>27.4%</b>	<b>29.3%</b>
Sales & Marketing	\$6,201	\$16,850	\$22,228	\$27,803	\$39,805	91.3%	40.2%	25.1%	42.4%
Research & Development	5,007	9,342	11,560	10,750	11,645	64.6%	40.2%	10.2%	37.0%
General & Administrative	8,200	11,583	10,500	10,754	20,785	37.0%	36.0%	16.0%	25.4%
Tax Incentive	(789)	(820)	(877)	0	0	17.0%	-27.0%	-100.0%	NA
Amortization	176	610	1,260	1,890	2,279	5.9%	105.4%	57.7%	14.1%
<b>Total Operating Expenses</b>	<b>\$21,484</b>	<b>\$35,568</b>	<b>\$40,611</b>	<b>\$42,223</b>	<b>\$64,314</b>	<b>64.6%</b>	<b>42.6%</b>	<b>29.8%</b>	<b>38.6%</b>
<b>Sales &amp; Marketing Expenses by Breakdown</b>	<b>0.84</b>	<b>6.62</b>	<b>9.56</b>	<b>6.62</b>	<b>6.49</b>	<b>-29.3%</b>	<b>-9.9%</b>	<b>19.2%</b>	<b>-20.7%</b>
<b>Total Expense as a % of Total Revenue Summary</b>									
Substitution	0.4%	11.2%	14.9%	18.9%	15.4%	15.1%	36.4%	25.4%	-13.3%
Professional Services	16.8%	21.1%	21.4%	11.3%	7.4%	15.3%	1.8%	47.2%	-29.6%
Other	0.0%	0.2%	0.2%	0.2%	0.6%	NA	-0.1%	-0.3%	-0.6%
<b>Total Cost of Revenue as a % of Total Revenue</b>	<b>28.1%</b>	<b>22.3%</b>	<b>36.4%</b>	<b>30.4%</b>	<b>23.9%</b>	<b>14.8%</b>	<b>13.4%</b>	<b>-16.8%</b>	<b>-29.2%</b>
<b>Total Operating Expenses as a % of Total Revenue</b>	<b>68.0%</b>	<b>83.6%</b>	<b>90.5%</b>	<b>40.9%</b>	<b>58.0%</b>	<b>18.6%</b>	<b>19.9%</b>	<b>19.9%</b>	<b>-13.9%</b>
<b>SG&amp;A as a % of PS Revenue</b>	<b>68.0%</b>	<b>71.1%</b>	<b>123.7%</b>	<b>69.9%</b>	<b>61.8%</b>	<b>16.6%</b>	<b>74.9%</b>	<b>-27.3%</b>	<b>-31.6%</b>
<b>Other SG&amp;A as a % of Other Revenue</b>	<b>0.0%</b>	<b>142.1%</b>	<b>487.8%</b>	<b>354.2%</b>	<b>354.2%</b>	<b>NA</b>	<b>243.3%</b>	<b>-37.6%</b>	<b>NA</b>
<b>Total Operating Expenses Summary</b>	<b>26.2%</b>	<b>30.2%</b>	<b>45.0%</b>	<b>37.7%</b>	<b>32.2%</b>	<b>48.0%</b>	<b>15.2%</b>	<b>-15.2%</b>	<b>-5.1%</b>
Sales & Marketing	15.0%	25.2%	23.4%	18.7%	14.9%	28.1%	15.0%	-20.2%	-2.8%
General & Administrative	26.8%	28.8%	32.8%	25.4%	18.8%	7.3%	14.9%	-21.3%	-10.8%
Tax Incentive	-2.2%	-2.2%	-4.4%	0.0%	0.0%	-6.4%	-40.1%	-100.0%	-100.0%
Amortization	-1.8%	1.5%	2.2%	1.8%	1.8%	-17.0%	59.7%	5.5%	-31.0%
<b>Total Operating Expenses as a % of Total Revenue</b>	<b>68.0%</b>	<b>87.1%</b>	<b>102.1%</b>	<b>84.5%</b>	<b>68.0%</b>	<b>28.1%</b>	<b>17.2%</b>	<b>-17.3%</b>	<b>-8.1%</b>

## Income Statement Details & Trends

## Granular Views into Cost Structure

Client Name: 2016A - 2020P  
Balance Sheet and Cash Flow Build (USD in 000s)

	Fiscal Year Ended December 31					YTD Growth %			CAGR %
	2016A	2017A	2018P	2019P	2020P	2017A	2018P	2019P	
<b>Total Revenue</b>	<b>\$35,084</b>	<b>\$46,614</b>	<b>\$49,396</b>	<b>\$123,794</b>	<b>\$123,893</b>	<b>26.0%</b>	<b>21.6%</b>	<b>48.4%</b>	<b>62.0%</b>
<b>Total Cost of Revenue</b>	<b>\$8,880</b>	<b>\$10,318</b>	<b>\$17,454</b>	<b>\$21,328</b>	<b>\$29,339</b>	<b>49.3%</b>	<b>60.0%</b>	<b>68.7%</b>	<b>61.4%</b>
<b>Total Operating Expenses</b>	<b>\$23,817</b>	<b>\$38,808</b>	<b>\$44,588</b>	<b>\$50,533</b>	<b>\$72,235</b>	<b>74.5%</b>	<b>39.7%</b>	<b>27.4%</b>	<b>29.3%</b>
<b>Net Income</b>	<b>\$689</b>	<b>\$6,678</b>	<b>\$21,240</b>	<b>\$16,489</b>	<b>\$11,879</b>	<b>-140.3%</b>	<b>137.2%</b>	<b>-41.4%</b>	<b>-195.1%</b>
<b>Balance Sheet</b>									
<b>Current Assets</b>									
Cash & Cash Equivalents	\$4,286	\$660	\$1,984	\$1,984	\$1,984	-64.4%	200.0%	0.0%	-17.5%
Accounts Receivable	9,650	16,129	30,795	48,156	62,527	69.9%	102.0%	24.1%	25.4%
Prepays & Deposits	942	3,132	4,361	4,527	5,868	232.9%	39.2%	3.8%	29.8%
<b>Total Current Assets</b>	<b>\$14,178</b>	<b>\$18,919</b>	<b>\$48,140</b>	<b>\$54,668</b>	<b>\$70,379</b>	<b>35.3%</b>	<b>126.0%</b>	<b>24.1%</b>	<b>28.8%</b>
<b>Property, Plant &amp; Equipment</b>	<b>\$1,089</b>	<b>\$1,955</b>	<b>\$5,414</b>	<b>\$5,352</b>	<b>\$5,278</b>	<b>79.9%</b>	<b>175.9%</b>	<b>-1.1%</b>	<b>-1.4%</b>
<b>Deferred Financing Costs</b>	<b>0</b>	<b>40</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>NA</b>	<b>-12.4%</b>	<b>-100.0%</b>	<b>0.0%</b>
<b>Total Assets</b>	<b>\$15,867</b>	<b>\$21,914</b>	<b>\$59,569</b>	<b>\$60,018</b>	<b>\$75,657</b>	<b>38.0%</b>	<b>130.9%</b>	<b>18.0%</b>	<b>29.7%</b>
<b>Current Liabilities</b>									
Accounts Payable	\$570	\$2,613	\$2,965	\$3,662	\$4,811	368.9%	13.1%	23.9%	31.4%
Accrued Liabilities	2,130	3,000	4,747	5,793	7,817	41.2%	57.8%	21.8%	38.0%
Loan Payable - Bank 2	816	370	0	0	0	-64.7%	-100.0%	NA	NA
<b>Deferred Revenue</b>	<b>8,800</b>	<b>18,426</b>	<b>24,481</b>	<b>30,326</b>	<b>33,226</b>	<b>100.0%</b>	<b>31.4%</b>	<b>20.0%</b>	<b>7.9%</b>
<b>Deferred Lease Indebtedness - Current</b>	<b>0</b>	<b>0</b>	<b>550</b>	<b>582</b>	<b>606</b>	<b>NA</b>	<b>4.1%</b>	<b>5.0%</b>	<b>4.1%</b>
<b>Total Current Liabilities</b>	<b>\$12,416</b>	<b>\$24,417</b>	<b>\$32,233</b>	<b>\$40,083</b>	<b>\$46,350</b>	<b>58.3%</b>	<b>33.6%</b>	<b>22.2%</b>	<b>12.0%</b>
Loan Payable - Bank 1	\$0	\$0	\$4,142	\$18,196	\$17,892	NA	339.3%	-6.1%	NA
<b>Deferred Lease Indebtedness - Long Term</b>	<b>0</b>	<b>0</b>	<b>2,727</b>	<b>2,727</b>	<b>1,969</b>	<b>NA</b>	<b>-13.9%</b>	<b>-29.3%</b>	<b>NA</b>
<b>Total Liabilities</b>	<b>\$12,416</b>	<b>\$24,417</b>	<b>\$39,747</b>	<b>\$60,641</b>	<b>\$66,211</b>	<b>86.3%</b>	<b>65.0%</b>	<b>56.1%</b>	<b>5.8%</b>
<b>Shareholders Equity</b>									
Share Capital	\$36,122	\$37,868	\$37,868	\$37,868	\$37,868	3.7%	0.0%	0.0%	0.0%
Contributed Surplus	1,850	1,767	38,049	38,849	38,849	-4.5%	2653.0%	0.0%	17.3%
Deficit	(46,983)	(42,339)	(66,089)	(77,571)	(65,771)	-21.9%	53.3%	19.2%	-15.5%
<b>Total Shareholders Equity</b>	<b>\$3,319</b>	<b>\$2,768</b>	<b>\$10,848</b>	<b>\$14,648</b>	<b>\$14,649</b>	<b>19.9%</b>	<b>-66.1%</b>	<b>115.1%</b>	<b>243.3%</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>\$15,867</b>	<b>\$21,914</b>	<b>\$59,591</b>	<b>\$60,920</b>	<b>\$75,450</b>	<b>38.0%</b>	<b>130.9%</b>	<b>18.0%</b>	<b>29.7%</b>

Client Name: 2016A - 2020P  
Summary Consolidated Financials (USD in 000s)

	Fiscal Year Ended December 31					YTD Growth %			CAGR %
	2016A	2017A	2018P	2019P	2020P	2017A	2018P	2019P	
<b>Cash Flow Statement</b>									
<b>Cash Provided by Operations:</b>									
Net Income		\$21,426	\$12,445	\$11,870	\$11,870	NA	NA	-41.7%	-195.1%
Non-Cash Items:									
Amortization of Property, Plant & Equipment		1,281	1,989	2,279	NA	NA	57.9%	14.7%	NA
Amortization of Deferred Financing Costs		64	35	0	NA	NA	75.0%	-100.0%	NA
Other		(881)	0	0	NA	NA	-100.0%</		