

Case Study

PE-BACKED DOCUMENT & TRANSACTION PROCESSING COMPANY – RESTRUCTURING ALTERNATIVES

SECTOR: PROCESSING SERVICES

PE Team Extension

Restructuring Alternatives

Liquidity & Working Capital

Team Size: 2 Vice Presidents

Project Duration: 3 months

The Requirement – Liquidity-Driven Evaluation of Restructuring Alternatives

A document and transaction processing services company with \$150 million in revenue experienced liquidity stress as a result of customer volume declines and capital requirements for services expansion and new customer onboarding. The company, owned by a prominent PE sponsor, was in default with its lenders and delinquent in its sponsor reporting as a result of limited resources and turnover in the FP&A function. Internal P&L and liquidity forecasts proved unreliable, and the PE firm deployed members of its operations team to evaluate liquidity stress, long-term business prospects, and existing lender dynamics.

The Execution – Workstream Leadership as Extension of PE Operations Team

- An Accordion Vice President was deployed on-the-ground alongside the PE operations team and immediately assumed full responsibility for liquidity reporting and forecasting
 - Implemented new liquidity reporting framework for management and PE team
 - Re-engineered internal liquidity forecast model with improved forecast methodologies and dynamic update capabilities for real-time AR/AP activities
 - Generated weekly updates of 13-week cash flow forecast with sensitivities
 - Developed weekly liquidity package and led weekly update meeting
- Accordion proved an ability to adapt to a fluid situation with numerous capital, restructuring, and bankruptcy alternatives with diverse stakeholder interests
 - Key stakeholders included management, board of directors, PE leadership, lenders and their advisors
 - Accordion tailored analysis, communication, and presentations for various stakeholders with value-added participation in critical meetings
 - Accordion also streamlined reviews and analyses of other external groups, most notably the lenders’ advisors, by sharing reporting and forecasting tools; significant time and costs were saved by providing credible processes and data on behalf of the company
- As the PE team evaluated the short- and long-term prospects of the business, a second Accordion Vice President was deployed to focus on rolling forward the PE team’s existing three statement model
 - In addition to building out a flexible roll-forward of the model, the VP was responsible for vetting assumptions with management, business segment leaders, and bridging to liquidity forecasts

The Resolution – Seamless and Flexible Team Extension with Transition

- Accordion professionals with direct PE experience drove immediate credibility with the sponsor and enabled efficient project and resource planning with “known commodities” as part of the team
- The fluid nature of the company’s situation, with both immediate and long-term implications, led to an ever-changing resource requirement; Accordion delivered a flexible billing structure and incremental resource deployment
- As workstream processes stabilized and company direction became more visible, Accordion ensured the transition of its contributions to company employees and members of the PE team

