



Whitepaper

Accelerating Value Creation in Private Equity Portfolio Companies A Strategic Approach to Removing Value Drag

Linked case study:

Data Intellect - FinServ backoffice scaling project



Accelerating Value Creation in Private Equity Portfolio Companies: A Strategic Approach to Removing Value Drag

Executive Summary

In today's rapidly evolving private equity market, achieving sustainable growth requires more than just innovation—it demands the strategic removal of barriers that hinder value creation and lower the price buyers are willing to pay at exit, also known as removing value drag.

Top 3 outcomes from our value acceleration work with Data Intellect, a Financial Services SME post-private equity buyout:

1. **Faster Decision-Making:** Data-driven decisions went from weeks/days to hours
2. **52% Operational Effort Reduction:** In the Hire-to-Billing value chain
3. **23% Faster Month-End Close:** Through improved billing and financial processes

These results were achieved using 1801's value acceleration approach. By reducing value drag and enabling key value drivers, we accelerate your time-to-value and improve EBITDA. We do this by delivering and embedding data-driven operating models, operational excellence, innovative technology, and insightful reporting to ensure rapid and sustainable growth.

"45% of CEOs believe their company will not be viable in ten years if it stays on its current path." - PWC

Introduction: The Need for Value Acceleration

"70% of CFOs surveyed believe their finance transformation is less impactful or slower than expected" – Gartner

The Private Equity space, though varied across industries, is often at the forefront of innovation but are often hampered when in their growth phases by legacy systems—or no systems at all—operational inefficiencies, and disconnected change projects. As companies scale, particularly following Series B-D funding, aligning operational capabilities with growth ambitions becomes crucial. M&A activity often plays a key role in value creation, making it essential to swiftly capitalise on emerging opportunities.

Introduction to 1801:

At 1801, we help you accelerate your value creation plans.

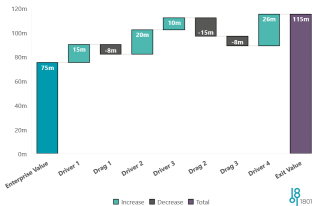
We **enhance your operational efficiency and EBITDA** by redesigning and implementing **scalable business-wide processes** and systems, tailored to maximise your exit valuation.

Aligning processes with strategy, our value acceleration approach makes data your ally, **enabling reporting frameworks that speed up decision making** which multiplies business value over time. By streamlining processes, upgrading systems, and optimising M&A integration, we improve operating margins and lay the foundations for your teams to embrace the future.

Partnering with you across your funding cycle—investment-readiness, growth, M&A, or exit—we align change initiatives with your strategic goals, significantly speeding up your time-to-value.

Understanding Value Drag: Identifying the Barriers

A value drag factor is any issue within your business that could lead potential buyers to lower their offer price.



Example values to illustrate value drag affecting a business valuation from a buyers perspective

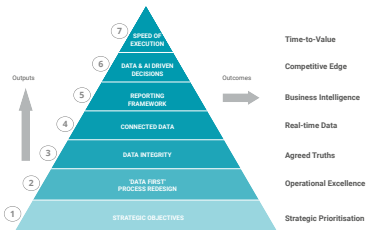
"CEO's surveyed estimate operational inefficiency on average at 40%" - PWC

For the Private Equity backed companies we work with, common areas keeping value drag factors in the business longer than needed:

Value Drag Factor	Impact
Manual business operations	Process inconsistency reduces data trust, limits reportability, slows critical decision-making, elevates operational costs.
Ineffective technology infrastructure	Restricts growth-potential and adaptability, while heightening operational, security & integration risks.
Resource constraints	Existing organic growth / BAU workload consumes all resources, blocking change & leading to higher talent attrition.
Ineffective change initiatives	Disjointed strategies and isolated change initiatives lead to slow, siloed ineffective transformations, poor embedding, and hinder value creating progress.
Suboptimal operating margin	Intensified reporting and complex accounting needs escalate with scale, necessitating specialist hires to meet deadlines & prevent team burnout.
M&A preparedness	Overwhelmed by BAU, companies lack capacity for effective M&A evaluations, missing growth opportunities, leading to delayed or lower value realisation.

1801's Value Acceleration Approach

At 1801, to resolve many of the operational value drag factors, we developed an acceleration model for enabling value creation, this methodology speeds up time-to-value in a value creation plan, enabling your change initiatives to be data-driven and set up for scaling success - like providing the train tracks for the train to drive full-steam ahead.



For our private equity backed clients, being a portfolio company means value creation there is a strategy, but there is also a timeline - speed is an essential part of any value creation plan. Therefore, we see the biggest enabler 1801 can bring to an organisation is; speed - both in delivery and in how effective the business becomes in decision making and execution. This is the single biggest impact on exit valuation for companies, simply not undertaking the value creation plan quickly enough - their time-to-value doesn't match their growth targets.

Each step, has an exponential knock on effect to the rest of the business, accelerating progress across all functions.

#	Output	Outcome	Value Driver
7	Speed of Execution	Time-to-Value	Strategically timed insights expedite value strategy execution, accelerating the journey to desired exit multiples.
6	Data & AI Driven Decisions	Competitive Edge	Data-driven confidence propels bold, strategic decisions, granting a competitive advantage over competitors.
5	Reporting Framework	Business Intelligence	Seamless, dynamic reporting systems that translate complex data into holistic, actionable business-wide intelligence.
4	Connected Data	Real-time Data	A cohesive data ecosystem enabling real-time data, fuelled by master data management and cohesive system integration.
3	Data Integrity	Agreed Truths	Precise data governance solidifies trust and aligns data integrity with business priorities.
2	'Data First' Process Redesign	Operational Excellence	Process innovation, aligned with data strategy & digital advances, guarantees agile and efficient operations now and in the future, maximising EBITDA.
1	Strategic Objectives	Strategic Prioritisation	Aligning every digital action with overarching strategic goals drives focused and measurable outcomes & improved adoption.



Value Acceleration Case Study Example: Data Intellect Services Limited

*"We now make data-driven decisions in **hours**, not days or weeks, with the data at our fingertips."*
- Steve Turner, CEO, Data Intellect.

A real-world example of our approach to accelerating value creation can be seen in our engagement with **Data Intellect Services Limited**, a scaling **FinServ SME following their private equity management buyout**. By redesigning their processes, integrating systems, and enhancing their reporting capabilities, we achieved:

1. **Faster Decision-Making: Data-driven decisions went from weeks/days to hours.**
2. **52% Operational Effort Reduction:** In the Hire-to-Billing value chain.
3. **23% Faster Month-End Close:** Through improved billing and financial processes.

1. Strategic Objectives > Strategic Prioritisation

Aligning every digital action with overarching strategic goals drives focused and measurable outcomes. When making sweeping operational and cultural change across entire value chains Exec alignment is the single most essential component to successful value creation. In Data Intellect's case, the value creation plan from the recently joined CEO was clear, enable the business for both organic and inorganic scaling.

Data Intellect exec aligned objectives in April 2023:

1. Develop an integrated end-to-end business platform
2. Develop a reporting platform which meets the management and board reporting requirements
3. A platform which allows for growth (scalable) and acquisitions (ease of integration)

2. 'Data First' Process Redesign > Operational Excellence

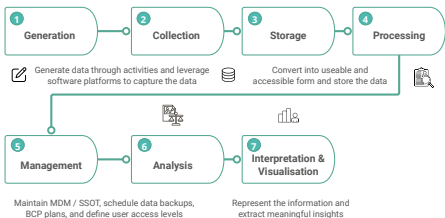
Process innovation, aligned with data strategy and digital advances, guarantees agile and efficient operations now and in the future. It is increasingly essential to focus on redesigning processes with data at the forefront - as an output of a value chain, what are the areas of data processing, reporting, transparency that you require - with these areas in mind, decisions on upstream and downstream configurations can be made in a joined-up manner that benefits the end consumers of the data and insights.

In Data Intellect's case, this meant really understanding the Hiring-to-Billing cycle (see next page) - so we could best capture key information right at the hiring stage, to avoid duplication or missing information downstream and in the future.

3. Data Integrity > Agreed Truths

After cleaning and aligning core data points, implementing precise data governance solidifies trust and ensures data integrity aligns with business priorities. Ensuring data accuracy and consistency across all systems is foundational to any successful transformation, and good **data governance must continue beyond any implementation** of a new process or system. It is about building a data-culture within the business at all levels - this starts from the top-down.

Below Image: Diagram showing the lifecycle of data integrity within an organisation.



4. Connected Data > Real-time Data

A cohesive data ecosystem, powered by **Master Data Management (MDM)** and **Single Sources of Truth (SSOT)**, enables **real-time data**. By eliminating data source errors at the input stage, connected data drives operational efficiency, informed decision-making, and rapid root cause analysis when issues arise.

5. Reporting Framework > Business Intelligence

Seamless, dynamic reporting systems translate complex data into holistic, actionable business-wide intelligence. For example, reporting on value chains as a whole allows businesses to see cross-functional impacts that compound. Understanding, for instance, how your Sales Pipeline correlates with resource coverage in a Services firm, and whether the talent recruitment pipeline is addressing any gaps, is crucial for enabling value creation. Our approach ensures decision-makers have the insights they need at their fingertips.

6. Data & AI-Driven Decisions > Competitive Edge

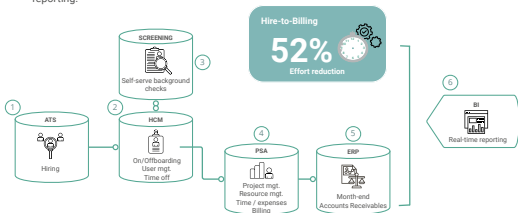
"Everyone wants the latest and greatest AI/ML tech, but many organisations still struggle with everyday financial reporting. You can't do advanced, industry-leading work if you don't have the basics down." – Forbes

Data-driven confidence fuels bold, strategic decisions, offering a significant competitive edge. Initially, trust in the new insights may build gradually, but as confidence and momentum grow within your data culture, embracing innovative steps, like incorporating AI for added value, becomes the natural choice.

7. Speed of Execution > Time-to-Value

Strategically timed insights accelerate value strategy execution, speeding the path to desired exit valuations. In the private equity world, where transaction cycles follow strict timelines, rapid execution is critical to achieving time-to-value.

Below illustrates the Hire-to-Billing value chain within a typical services firm, and the operational effort reduction delivered for Data Intellect by 1801, accelerating time-to-value & real-time reporting.



Note; the completed CRM reconfiguration is not represented in this visual

Conclusion: The Path Forward

For Private Equity backed companies, the path to accelerated value creation lies in removing value drag and leveraging data-driven strategies for growth. The 1801 Consulting Group is committed to helping businesses unlock their full potential through strategic transformation, operational excellence, and a relentless focus on prioritised activity that drives value creation.

- For a full downloadable version of the Data Intellect Case Study - [See our Website](#)

If this resonates with you, we invite you to schedule a call with us for a detailed discussion.

Connor Metcalf
Co-founder

Email:
Connor@1801.ai

Call:
+44 7920521747

Website:
1801.ai/

Book in a meeting:
<https://calendly.com/connor-metcalf/30min>



This communication contains general information and is not suitable for addressing the particular circumstances of any individual case. It is not intended as a basis for commercial decisions or decisions of any other kind. No member of The 1801 Consulting Group is, by means of this communication, rendering professional advice or services. The 1801 Consulting Group shall not be responsible for any loss sustained by any person who relies on this communication.

The 1801 Consulting Group helps funded companies redesign their processes and systems to digitally mature their businesses and achieve optimum valuation for their lifecycle phase. Our offices are located in Singapore and the UK. We focus on data-driven value creation, building strong data foundations within the services we offer.

The 1801 Consulting Group provides advisory & delivery services in digital transformation, process redesign, and data management. Our goal is to help clients achieve optimal valuation and operational excellence. With a dedicated team and a commitment to high-quality service, we deliver the insights needed to address complex business challenges. Our professionals are committed to making an impact that matters.