

Alescent Positioning Brief

Alescent accelerates value realizations for the CFO through SG&A Optimization, Spend Management, Cost Transparency, and Analytical and Predictive Modeling by understanding:

- a) the priority business outcomes the company must achieve,*
- b) the capabilities required to achieve them, and*
- c) the means to accelerate the development of those capabilities in order to realize business value faster.*

Internal Position

SUPPLY - The Team

Alescent is structured as a federation and a partnership—senior members are not full time and work remotely to allow for flexibility; the intention is to engage at a maximum of 75%. Alescent is intended to create the means for partners to practice in a specific area and have the time and energy to fulfill other passions, i.e. coach female entrepreneurs, run wellness businesses, and time for family.

“We find the best possible people, rather than the closest possible people.”

External Position

DEMAND - The Clients

Alescent facilitates Accelerated Value Realization (AVR) for clients.

The Problem

Operational and capital projects (investments) in large organizations are often conceived of to reach a specific end goal. The upfront analysis about the investment surrounds managing the COST of the project. The VALUE is often overlooked.

The Solution

Alescent focuses on overall value realization—including the cost associated. Alescent doesn't define the value for the client, but strategizes and tracks the value along with modeling relevant information so the client can make the most informed value-based decisions.

Note: “Consultant” is not the preferred external term as it has a potentially negative connotation.
Instead use: Applied Research and Advisory Services

Target Market

Complex Multinational Entities

- Multiple tax jurisdictions
- Various currencies exchanged
- Geopolitical matters to navigate

\$2++ billion annual revenue

- Anything smaller and they do not have the structure that requires Alescent's services

Publicly Traded

- Make decisions based on cost/value over personal priorities
- Focus on quarterly earnings
- Rigorous reporting procedures to satisfy stakeholders

Growth by Acquisition

- Ideally, growth by acquisition has already taken place, M&A strategy is in place
- Increases complexity due to integrations (*harmonizations*)

Departments of Focus

- Supply Chain (OpEx)
- IT (OpEx + CapEx)

Titles

- Chief Financial Officer (CFO)
- Chief Information Officer (CIO)
 - *Area with increased opportunities*
 - IT is capital investment intensive (equipment, infrastructure)
 - IT tends to have more expensive projects (high labor costs)
 - Top IT executives have limited understanding about the depth of the business
 - Opportunity is to equip CIO with the tools, language, taxonomy they need to better perform for the company

CIO & CFO Demographics

Chief Financial Officer

Male (87%)

45-60 years old. Average age 52 years old.

(Spencer Stuart)

Opportunities:

- Display the big picture
- Avoid marketing lingo or jargon
- Provide valuable information that affects their day-to-day challenges

Note: Risk management (ie, enterprise-wide and/or operational risks) was reported as the activity most commonly reporting to the CFO, behind only finance.

Source: McKinsey & Company

Chief Information Officer

45-54 years old

Male (63%)

The most common level of education is a degree in IT (49%). Relatively few hold a Master of Business Administration (MBA) degree (10%).

37% of CIO's believe they have a well-defined IT investment process and business case template. However, 75% of other C-Suite executives disagree, showing a disconnect in budget discussions.

- In 2018, most CIOs surveyed (55%) continue to function as trusted operators who focus on IT efficiency, reliability, and cost containment.
- The minority take the lead on technology-enabled business transformation (change instigators) or drive and enable growth through the execution of business strategy (business co-creators). There has been very little change in CIO pattern type distribution since our 2016 survey—a situation that cannot continue if CIOs want to remain relevant within their organization.

The top two skills ranked as contributing most to the CIO's personal success as a leader, and the skills most likely to do so in the next 3 years were:

- Delivering major organizational change
- Being results-oriented

Source: Deloitte

Typical Need Case

A common frustration among the Senior Executives which engage Alescent:

A project is conceived and capital is secured to reach a desired end goal. Analysis is conducted surrounding the cost of the project and it is deemed feasible. That capital is spent on the predetermined project, and when finished the project is considered a success if it comes in at-budget, or only slightly over-budget. The value of the project is completely overlooked at all stages of the project. (Was the project successful in terms of value realized? Were the original goals achieved? What is the present value of the investment?)

Sales cycle: 3-9 months

Alescent structures projects in multi-year engagements.

- Relationships are key throughout, and especially important at the beginning of the sales process.
- Vetting begins in a conversation with one of the partners.
 - Credentials of the partner establishes credibility.
- When engaging with a non-decision maker, internal pitching takes place (many times, the CIO sells the idea to the CFO)
 - Large name drops of Alescent clients establishes credibility.
Nike, Stanley Black & Decker, Micron, Merck, AIG

Current sales channels

1. Partnership Channels: introduces an opportunity with a potential customer.
 - Microsoft
 - Apptio
 - Anaplan
2. Referrals from existing or past clients.

Alescent Strategy

Alescent facilitates the vision for an end-goal, as well as the full understanding the client needs for how the initiative can be achieved by considering goals and budgets to determine the process that will provide the highest value realization.

Through modeling risks, decisions and strategies Alescent understands the client's business and what the outcome/impact of specific decisions will be.

Alescent does not make the decisions, but illuminates the options and provides recommendations to empower the internal team to make the best decisions.

Modeling of the:

- Market
- Product line(s)
- Service line(s)
- Supply Chain
- Adjacent Markets: what nearby markets could be moved into with limited investment?

Potential Obstacles/Threats

- Companies do not think their business critically needs deep financial analytics and modeling.
- Immediate needs are: more sales, reduce production cost, etc.

Overcoming the obstacle

- Alescent increases the bottom line by providing the means to understand the market the client is selling to, identify and isolate market opportunities, understand the entire product line and the cost associated, and enhance the value in product or service lines.
- Companies do not want to admit they need help. Top executives will not admit they don't have deep knowledge of the business.

Overcoming the obstacle

- Alescent exists to make the CIO and CFO look good. The internal team (client) is the face of ideas and successes.
- Alescent addresses the gaps and smoothes them over by providing analysis and insight before issues arise.
- Names of clients cannot be used during the sales process.

Overcoming the obstacle

- Without explicitly stating client names, pertinent details can be used to provide a potential client with the comfort level that Alescent has success stories in similar cases. Ex: Multi billion dollar athletic apparel company and X was achieved.
- Testimonials and case studies on the website provide credibility.

"You're the driver, Alescent is the pit crew."

"You're the star, Alescent is holding the spotlight."

Potential Opportunities

- Providing deep financial analysis. CIO receives reports from finance and knows the percentages of the budget break down. Example: 12% is being spent on assets. The understanding stops there. CIO needs to know: What is the utilization of the assets? Which assets are over or under-utilized?

Maximizing the opportunity: Alescent can realize great value in optimizing the details within the IT organization by drilling down on overview reporting. This helps the CIO and CFO along with the overall bottom line.

- Engaging on the basis of value. Time and material is not the preferred model as it puts Alescent against the customer rather than on the same side. With the goal of achieving accelerated value, billable hours serves to take away from the ultimate value of the project.

Maximizing the opportunity:

- Alescent prefers to be paid a small percentage of the value delivered to the company. This allows for alignment between organizations; *success and risk is shared*.
- Payment structure is *value* based rather than *effort*.
- Top competition does not offer this.

Potential obstacle: Vendor Management/External Services departments do not understand this model because it is so uncommon.

Third-Party Communication Channels

Large partner websites:

- Microsoft <https://cloudblogs.microsoft.com/industry-blog/financial-services/> ; <https://blogs.microsoft.com/>
- Apptio <https://www.apptio.com/emerge>
- Anaplan <https://www.anaplan.com/blog/>

Digital Publications:

- Forbes.com
- Fortune.com
- CIO.com
- CFO.com

Academic Journals

- Harvard Business Review
- MIT Sloan Management Review

Deep Academic & Peer Reviewed Journals

Alescent.com Blog