KHOR CAPITAL™

3 WAYS FINANCE LEADERS CAN DIRECTLY BOOST THEIR COMPANY'S BOTTOM LINE

A brief guide to help finance leadership think realistically, and creatively, about how to improve their firms' financial position quickly.

Challenges Met

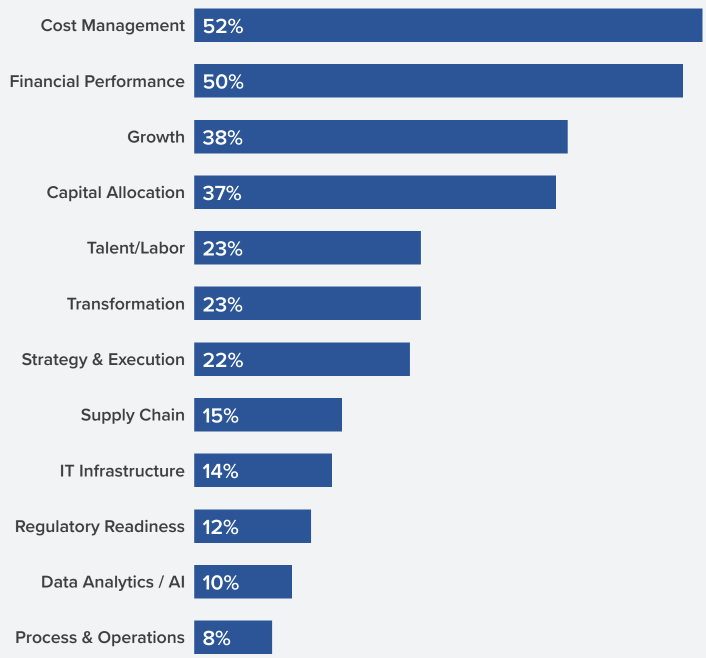
2023 promises challenges for every company. Tightening costs and margins, turbulent labor supply, and unsteady financial markets make planning and execution difficult.

A recent study from Deloitte revealed that finance leaders' biggest challenges are cost management, financial performance, and growth.

Financial leaders need to be more innovative than ever in order to offset the current economic headwinds and continue to drive profits for their organizations. This can be achieved by identifying new business opportunities, developing new products and services, and finding ways to improve existing ones. Innovation can also involve implementing new technology and automation, which can help to streamline operations and reduce costs.

In addition, financial leaders should also be looking to diversify their revenue streams and explore new markets, in order to mitigate risks and increase their potential for growth. Ultimately, innovation is essential for staying competitive in today's fast-paced business environment and for achieving long-term success.

Deloitte: As CFO, what are your top priorities for 2023?



FORTUNE Source: Deloittes Q4 2022 CFO Signal Report

IDEA 1

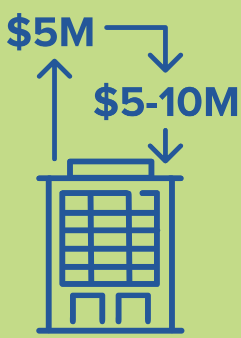
Reclaim the value of your untapped processing assets.
Drive fees back into your organization in the form of revenue.

OPPORTUNITY: Neutralize your discount fees and drive significant cost-savings directly through to your bottom line.

This innovative approach is for companies with significant merchant processing volumes. Companies that process =>$250M annually may qualify. They are known as "elite merchants."

For financial leaders of elite merchants, there is an opportunity to achieve a return on discount fees and even share in merchant processing profit streams, by using a new, disruptive approach. Major companies in retail, eCommerce, and B2B have started utilizing this approach, but Khor Capital has brought the opportunity to elite merchants through its unique Vertical Payment Architecture (VPA) solution.

After nearly two decades in the processing space, Khor is challenging normal industry conventions by partnering directly with elite merchants, enabling fees that had historically been paid to outside parties to be redirected back into a newly created partnership. As an Independent Sales Organization (ISO), Khor is neither an acquiring bank nor a card issuer, which means it can leverage a broad spectrum of service providers offering greater flexibility and more efficient solutions than traditional models.



Illustrative example: For a company paying $5M in annual discount fees, Khor's offering could return as much as $5M-10M in fees to the elite merchant. By leveraging Khor's industry expertise, significant cost centers can be neutralized. Khor fronts all costs and ensures full functionality prior to any switch.

Conclusion

Pros: Quick/frictionless implementation, cost-effective, transparent process, quantifiable returns

Con: Available to elite merchants processing hundreds of millions of dollars annually

Recapture the value of untapped assets and neutralize significant cost-centers. For 2023, this is one of the most viable ways to improve any elite merchant's bottom line.

IDEA 2

Accelerate the digitization of your financial department—the transformation of one of the last departments with one foot in the past and one in the future.

OPPORTUNITY: Leverage technology to bolster your bottom line.

Are you a leader of change and innovation, or a number cruncher?

While many finance leaders have made great strides in innovating and improving their departments, they may still struggle to realize the real potential that a true digital transformation can offer.

By harnessing digital technologies to enhance data-processing capabilities, the finance team could become its organization's strategic center for analytics and advice.

According to Forbes, "Companies leading with digital transformation are seeing nearly twice the revenue growth of those not so digitally inclined. But it depends on what part of the company is involved."

A survey by Valoir states, "Those at the high end of profit-margin growth often take advantage of technology to launch completely new business models with dramatically different cost structures than they had previously operated."

For financial departments, success is tied to the ability to significantly automate manual internal processes to reduce costs, move to cloud technologies, and implement new service models, even self-service for certain areas, like payroll.

Captia states, "Only 18% of financial management systems are hosted in the cloud. Without cloud infrastructure, many organizations will continue to struggle to adopt a more efficient and agile operating model for the finance function."

Digital transformation for finance teams is important, but it's also important for the entire company as it will help drive revenue across departments. Valoir reports, "Companies scoring 8 or higher on a 1-10 scale showed roughly twice the revenue growth compared to companies scoring 3 or less. Digital transformation drives both revenue and margin improvements by improving efficiency."

2X

2X Revenue Growth Due to Digital Transformation

Examples of Finance Department Transformation

1. Software to automate data analytics
2. Software to automate payroll
3. Automation that helps accelerate the month-end close
4. Employee expense management software to automate much of the approval and documentation process—not just for finance, but also for employees and managers

Conclusion

Pros: Reduces monthly costs across the financial organization, allows your finance group to operate with less staff, gives your finance team more time to focus on strategic initiatives that could accelerate even more cost savings throughout the company

Con: Prioritization of which areas to deploy first can be difficult, and vendor selection could take time if department leaders don't move boldly

Save money quickly to bolster your bottom line. This could create additional open headcount to be used in other departments, and with personal oversight from financial team leadership, the transformation could be complete within months, saving money quickly.

IDEA 3

Be incredibly disciplined about these four fundamental best practices of leading finance teams.

OPPORTUNITY: Improve profits, and reduce expenses.

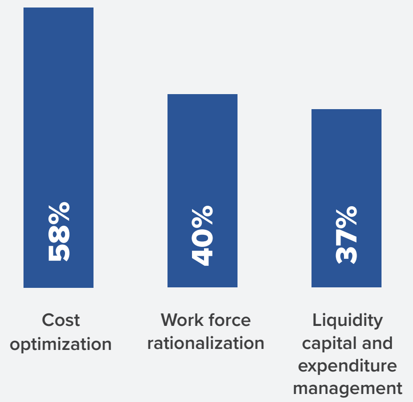
Data from Grant Thornton reveals finance leaders' top priorities related to improving their firms' financial position in 2023.

Considering CFO prioritizations in this survey data, finance leaders can directly impact the bottom line by being innovative and disciplined in these five fundamental best practice areas:

1. **Vendor negotiations:** Negotiating better deals with suppliers and vendors can significantly reduce costs and improve the bottom line. According to a report by the National Procurement Institute, "a 1% reduction in supply chain costs can increase profitability by as much as 12%."
2. **Data-driven decision-making:** Using data and analytics to make informed decisions can help finance teams identify areas where they can reduce costs and increase efficiency. A report by Accenture found that groups "that effectively use big data can achieve as much as 41% more profitability than those that do not."
3. **Automation:** Automating manual processes and tasks can help reduce errors and save time, freeing up resources for other tasks. A report by McKinsey found that "automation across an organization can increase productivity by 30% and reduce costs by 20%."
4. **Employee training and development:** Investing in employee training and development can help improve their skills and job performance, leading to increased efficiency and cost savings. A report by the Society for Human Resource Management found that "investing in employee development can increase profitability by as much as 14%."

CFO's Top 3 Cost Control Concerns

Cost optimization is a leading issue, despite strong expectations for growth.



Source

Sources:
National Procurement Institute, "The Power of Strategic Sourcing" (report, 2002)
Association for Financial Professionals, "Cash Management Best Practices" (report, 2013)
Accenture, "The Power of Big Data Analytics" (report, 2016)
McKinsey, "The Impact of Automation on the Workforce" (report, 2018)
Society for Human Resource Management, "Investing in Employee Development: A Strategic Priority" (report, 2020)

Conclusion

Pros: Multiple options for adding revenue, reducing expenses quickly

Con: Establishing these best practices can take time to explore and implement

By taking advantage of these strategies, finance teams can help their companies achieve sustainable growth and long-term success.

Learn More

This guide is provided by Khor Capital. Khor Capital was created to lead the evolution in merchant processing by creating partnerships with its clients, and driving operating efficiencies through revenue recapture.

Khor's groundbreaking and innovative fund was created to challenge industry norms, allowing merchants to neutralize historical cost centers, potentially turning them into profit centers. Baseline returns can be quantified at inception, while also creating the opportunity for considerable profit above baseline. khorcapital.com

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to discuss how this opportunity could be right for you.

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