

## A CAO's View: Getting Your Financial House in Order Ahead of an IPO



**Dharti Patel**

*Chief Accounting Officer at Moloco*

**An IPO is one of the most critical transformations your business can undertake – especially in a downturn, when volatile markets and economic uncertainty are clouding the horizon.**

CBIZ sat down with Dharti Patel, Chief Accounting Officer at Moloco, a leader in machine learning and growth solutions for performance marketers, to discuss her previous IPO experience and what companies considering one today should keep in mind.

A Silicon Valley veteran who helped guide SurveyMonkey through its 2018 public debut, Patel recommends focusing on preparation by building out the finance infrastructure, establishing policies and processes with the right team and technology – and tapping experts to provide external support when needed so the core team can focus on the future of the business.

**IPO volumes have plunged after an extremely active stretch when investors were piling into startups and sending valuations through the roof. How does the current IPO climate compare with your experience when SurveyMonkey went public – when the market was active but perhaps not as frenzied as 2021?**

Right now, investors are really focused on cash burn so being cash flow positive is critical. Being profitable is critical. Back when we were going public with SurveyMonkey, the focus was more on revenue and top-line growth.

There was a fair amount of hype around IPOs at that time. I felt like we were definitely sprinting to time the IPO right and take advantage of the market.

**How much time did the pre-IPO process take?**

Once leadership made the decision, it was about a six-month sprint for us to execute the IPO – from December 2017 to summer 2018. However, all the readiness work happening before the go/no go decision was made had been underway for at least six months.

### **What were the critical steps you took to prepare SurveyMonkey for the IPO?**

It was really about, 'How do I build a sustainable team that can continue to execute as a public company?' The three big pillars were people, systems, and establishing scalable process/policies.

- I had to bring in a lot of more senior leaders to my organization with public company experience.
- We built automation into our processes, streamlined the closing of the books. We had a bit of a head start because we had already made several enhancements to our close process, moving away from doing manual work in Excel to more automated workflows.
- We also created more structure with process and policies.

**As you grow and scale there is quite a bit of evolution and transformation.**

### **How else did you prepare for operating as a public company, with all the greater scrutiny that entails?**

We drafted a mock 10-Q and a mock 10-K and built that into our close calendar—including investor relations prep for the earnings press release and shareholder letter, along with going through the quarterly review process with the auditors.

### **How did you decide what work to do internally, and when to call in outside advisors?**

Some things your team needs to own. But I very quickly realized that we could absolutely leverage some partner firms to help us through parts of the IPO preparation. Producing the historical quarterly financials, including analysis and documentation in preparation for the S-1, was where CBIZ stepped in and helped us. They were experienced in helping companies navigate the IPO process and were able to lessen the load on the team. We leveraged their experience, which helped us to move with more speed.



### How did you decide what work to do internally, and when to call in outside advisors? (cont'd)

The team was able to focus on the forward-looking matters, like the story we wanted our financials to tell. Let's look at peer companies, let's figure out where we might be an outlier. Where do we need to revisit a policy?

### What advice would you give to leadership teams at companies looking to go public in the coming months?

Don't underestimate the amount of work that needs to happen. Really assess the current state of your company's infrastructure to understand what that journey ahead looks like – not only to prepare for an IPO, but to be able to continue to operate as a public company. Also, take the time to think through the story you are wanting to tell investors and the Street, and make sure the metrics and KPIs can convey the health of the business.

Ensure you can gather business insights quickly and accurately by putting in scalable processes and systems.

**It's so important to build the foundation early because it is much harder to do once you're a public company.**

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