

How FinAdvantage Catalyzed Growth and Transformed Finance and HR Operations for a Thriving Gaming Enterprise



Start of Project : 2018 (Ongoing)

Client Industry : Online Gaming

Key Services Offered :

- ◆ Financial accounting framework development
- ◆ Fundraising and due diligence assistance
- ◆ Investor stake buyback execution
- ◆ Global incorporation and regulatory compliance
- ◆ Cash-based ESOP liquidation
- ◆ HR process optimization with technology

In the rush to develop a product or grab market share and boost sales, startups often overlook setting up proper financial operations and accounting processes. We all know what happens if financial operations go without adequate attention.

... at best case, the wheels of your business slow down due to operational friction.

In 2018, a social skills gaming startup encountered such challenges due to the lack of formal accounting procedures. This hindered crucial tasks like daily bookkeeping, monthly investor reporting, and even transitioning their gaming product to a real-money platform. To address this, an investor recommended outsourcing the finance and accounting operations to FinAdvantage.

FinAdvantage's involvement streamlined operations, ensured stringent adherence to financial compliance standards, and helped the gaming platform efficiently grow from 10 to over 200 employees.

Navigating complex financial terrain

At that time, the gaming platform's new app introduced a sophisticated three-wallet system, comprising features for adding cash, managing bonuses and winnings, replacing a previous, voucher-based model. They needed to track incoming deposits, outgoing payouts, and accumulating winnings within the app but traditional accounting methods wouldn't suffice.

FinAdvantage devised a refined accounting framework specifically tailored to the dynamic environment of real-money gaming. We created a dedicated chart of accounts to systematically categorize transactions associated with each wallet type, facilitating transparent fund flow and simplified reporting.

A FinAdvantage team of experts in accounts receivable and payable managed daily collections and payments of millions of dollars, overseeing financial operations as the platform expanded. The customer credited FinAdvantage with streamlining deposit handling for 150 million users, ensuring secure payouts, and maintaining regulatory compliance through meticulous record-keeping.

Assisting in fundraising and due diligence

Then in 2019, we became a strategic partner in their ambitious expansion plans. Successful fundraising not only spurred significant growth for the gaming platform but also amplified its challenges. The business volumes increased dramatically, requiring the finance operations to set up newer preventive internal controls as well as ensure that customer experience is not impacted due to delays/ erroneous disbursements to winners.

Team FinAdvantage crafted accounting processes through use of automations, technology, checklists, or other related frameworks so as to ensure seamless support for the platform's strategic ambitions.

"We collaborated closely with the gaming platform's leadership to develop a compelling story that showcased past performance, current financial health, and future growth projections.

We also organized accurate financial statements and presented them as per the relevant standards, fostering trust and effectively communicating the gaming platform's potential to investors.

We helped secure a USD C5 million investment in 2021, too."

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Executing investor stake buyback

In the startup ecosystem, share buybacks are uncommon, but this was a challenge we faced as our client expanded.

In 2021, the startup initiated a buyback of an investor's equity and FinAdvantage orchestrated the entire process, ensuring a clean and compliant transaction.

We were the backbone support, guiding the startup through the complex process encompassing legal, finance and tax considerations.

FinAdvantage's approach safeguarded the client's long-term interests, handled the complex procedure, thereby freeing the founders to focus on their core business operations.

Expanding the gaming platform's market access

The gaming platform expanded globally, requiring an even more sophisticated structure and financial operations to navigate diverse regulations.

FinAdvantage's global expertise helped incorporate the gaming platform in the US and Singapore. Also ensuring the gaming platform followed all the local rules and streamlining money transfers across borders.

Our ability to navigate global complexities with a local and sector-specific focus proved crucial as we secured approval for the client to deploy millions of dollars from their Foreign Direct Investment funds, despite challenges from RBI regulations and the significant sum involved.

Facilitating cash-based liquidation

The client wanted to use Employee Stock Option Plans (ESOPs) to attract and retain talent, but these shares often remain illiquid for a long period of time, offering no immediate financial benefit. To address this, the company thought to implement a scheme for cash-based ESOP liquidation. FinAdvantage played a crucial role in defining the terms of the scheme, the operating modalities and ensured absolutely smooth execution, given the sensitivities involved.

Navigating regulatory challenges

Navigating the dynamic regulatory landscape in India presents a critical challenge for real-money gaming platforms and FinAdvantage helped the company adapt seamlessly to changes such as goods and service tax (GST) and tax deducted at source (TDS).

At FinAdvantage, we have a proven track record of staying ahead of regulatory changes and meeting deadlines for routine compliance matters

Beyond routine tasks, Finadvantage takes proactive measures to tackle potential regulatory issues. For instance, historically, the gaming sector receives a high volume of indirect tax notices. However, through our strategic interaction with regulatory agencies on behalf of clients, we have prevented such notices for our clients to date.

Our clear communication and comprehensive presentation of our client's operations have fostered positive relationships with regulators, contributing to our client's success.

Optimizing HR processes

The gaming platform's growth led to a struggle with managing routine HR activities for its workforce of 200 employees. Managing payroll, onboarding procedures, leave reconciliation, and staff exits required a lot more time than the existing team could handle.

Recognizing the necessity for more efficient HR operations, Finadvantage developed a tech-powered solution. The tool drastically decreased leave reconciliation time from days to just 15 - 20 minutes, enabling the gaming platform to allocate resources more efficiently toward strategic endeavors. Moreover, FinAdvantage managed their ongoing payroll processing and exit settlements, ensuring compliance with labor protocols and helping employee morale.

Conclusion

FinAdvantage's collaboration with this client demonstrates the significant impact of having a strategic financial advisory, treasury, and HR management partner.

FinAdvantage has been instrumental in fueling the gaming platform's success by overcoming internal and external challenges and enhancing efficiency along the way. As the gaming platform innovates and expands, FinAdvantage remains a trusted partner, seamlessly providing people and technology to optimize the client's processes, delivering first-time-right solutions that drive immediate improvements to their bottom line and ability to scale.

To discuss possible collaboration, book a free consultation with us today.

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