STRATA
Dynamic forecasting framework and scenario analysis for operating model optimisation
Creating a link between business strategy, operating model and tax to enhance shareholder value

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Tax has become an integral part of corporate strategy to enhance shareholder value.

Many M&A transactions have been heavily impacted by tax policies. Even in a non-deal environment, reorganisations of legal entity structures have deep tax implications.

Our framework integrates a company’s targeted transfer pricing policies with its commercial strategic plan and operating model to help you achieve:

- A deep understanding of the tax and operational impact of strategic decisions
- Transparency of value drivers and a clear roadmap to value creation
- Dynamic scenario analysis and visualisations to improve the decision making process
- Clear audit trail, save time with scalable analysis and eliminate errors

1. How it works

Two key inputs:

- Strategic Plan
- Operating Model and Transfer Pricing Policy

Stratify your existing strategic plan…

…by filtering it through a….

Operating Model and Transfer Pricing Module

…to create stratified forecasts on multiple dimensions!

- Products/Services
- Geography
- Legal Entity
- Functional Activity
2. Typical steps and transparent, dynamic outputs

1. Map intercompany and transaction flows and specify the operating model

Network of Intercompany Transactions

Intercompany Transaction Flows

STRATA allows you to see your forecast across both:
- Commercial dimensions (products and countries of sale)
- Statutory dimensions (legal entities and functions)

2. Translate the commercial outlook to a statutory outlook

Commercial View: EBIT by Country of Sale

Statutory View: EBIT by Country of Entity

STRATA forecasts intercompany accounts across all dimensions. Forecasts are based on operating model, transfer pricing targeted returns and intercompany transactions flows.

3. Visualise profits by products and legal entities

Knee Replacement

Intercompany Transaction Flows

STRATA allows you to better understand your commercial forecast from a statutory perspective. For example, observe forecasted statutory operating profit by product and function or by product and legal entity over time.

4. Forecast statutory earnings and the effective tax rates over time

Estimated Statutory Tax Rate by Year

Average Statutory Tax Rate

STRATA forecasts statutory tax rates across all dimensions and across scenarios.
5. Analyse value of key decisions and understand valuation impact of operational changes

STRATA provides a robust forecasting framework to prepare valuations for tax purposes for both scenario cost benefit analysis and execution. For example, value legal entities and allocate value at the product level.

Dynamic outputs:
Holistic projected view of the company after operational, tax policy and transaction impacts
Range of uses

Deals (pre-deal feasibility studies and post deal execution)

Non-Deals

Optimise operating model
Isolate jurisdictional mix of income
Scenario analysis
Transparent, substantive forecasts, reconciling to total strategic plan
Financial reporting and tax valuations
Cash tax, tax provision and ETR forecasts
Proof of concept for changes in operating model
Avoid risks around financial metrics and benchmarks

Tax profile of SellCo and RemainCo/Target
Scenario analyses to maximise value
Financial reporting and tax valuation
Understand tax impact for effective purchase price negotiations
Understand business and tax impact of changes to the operating model
Financial reporting and tax valuations
Purchase price allocations
Optimise intercompany financing

Valuation / Tax Restructuring
Budgeting / Long Term Planning
Treasury Planning
Supply / Value Chain Transformation
Divestiture
Acquisition

Nod декларации
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