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**Four foundational
elements for building an
IPO-ready finance and
accounting operation**

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Overview

Many private equity-backed companies eventually reach the point where an initial public offering is their strategic next step. That touches off what often seems like a whirlwind of IPO storytelling, investor roadshow planning, and engaging advisers like bankers and lawyers. Amid all these preparations, financial reporting and accounting can become an afterthought.

But going public brings a steep increase in both operational complexity and regulatory oversight. An early start on getting their financial houses in order can help PE-backed companies head off costly last-minute fire drills and make a smooth transition to the public arena.

Here are four foundational elements for preparing finance and accounting operations for the capital markets.

1

Precise forecasting

Forecasting is not just a financial exercise—it's a credibility tool. Investors expect precise, reliable financial projections and evaluate companies based on their ability to make accurate forecasts. Companies often need to refine their financial models using advanced analytics, historical data, and market trends. Post-IPO, the stakes are even higher—missing forecasts can erode investor trust, depress stock performance, and trigger increased scrutiny from analysts and regulators. To mitigate these risks before going public and significantly enhance their credibility with potential investors, companies should carefully develop detailed models, craft accurate plans, align with growth objectives, and assess how macroeconomic conditions affect operations.

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it's a credibility tool.***

2

Efficient quarter close processes

To meet the accelerated reporting timelines required of a public company, PE-backed companies may need to streamline their financial operations, standardize and document procedures, and enhance internal controls. They also may need to incorporate estimates and, to save time for close activities after period end, shift certain activities pre-close that aren't subject to variation (such as depreciation calculations). Checklists and tailored templates are important for a timely close.

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3

SEC reporting compliance

Compliance with Securities and Exchange Commission reporting requirements can be a significant challenge for PE-backed companies preparing for an IPO. This involves preparing financial statements that adhere to more comprehensive requirements by uplifting private company financial statements to comply with Regulation S-X accounting and disclosure requirements. Enhancing the SEC reporting process and preparing for a PCAOB audit often require strengthening the finance team with public company reporting experience and implementing appropriate SOX controls over financial reporting.

4

Robust technology and data infrastructure

A public company's systems should be able to handle increased data volumes and provide real-time insights. Upgrading enterprise resource planning systems, implementing advanced analytics tools, and ensuring data integrity and security are important steps to take before that opening bell rings.



Getting ready for a successful transition

IPO credibility depends on smooth execution and trust in the numbers. But in the runup to an IPO, it can be easy to forget or underestimate what it takes to be a public company. Fortunately, with careful planning, PE-backed companies can meet investor and regulatory expectations while building a finance and accounting operation that can support future growth.

About Deloitte IPO Readiness Services

Deloitte can advise companies on navigating the complexities of preparing for an IPO. We support PE-backed companies in their efforts to comply with SEC requirements, prepare accurate financial disclosures, and adhere to accounting standards. Services include technical accounting support, assistance with financial statement preparation, and guidance in conversions from international financial reporting standards to accounting standards generally accepted accounting principles in the United States (US GAAP).

We also offer strategic advice and recommendations on market readiness and operational scaling to meet the demands of being a public entity. Our holistic approach emphasizes effective communication and transparent reporting, enabling clients to achieve success with confidence.

Is your company ready to go public? Gain the clarity and confidence you need, in 30 minutes or less, with our free, easy-to-use tool, [IPO SelfAssess™](#). Being ready starts with getting ready. Start your journey today.



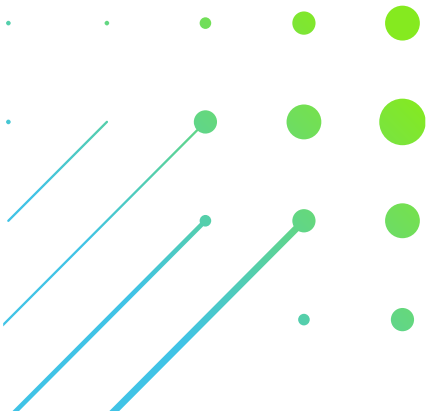
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