

Accountants for eCommerce Businesses

KOUSTAS+CO

CHARTERED ACCOUNTANTS



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Koustas & Co
are specialists
in accounting,
tax and strategic
advisory for
eCommerce
businesses.

The What

We are experienced in leading the accounting and finance function for established pure-play and hybrid B2C eCommerce businesses.

Our Corporate Advisory division has assisted in the growth of many modern eCommerce businesses who require specific skills.

Whilst many issues confronting business owners and entrepreneurs straddle both traditional and eCommerce businesses, we understand the key success factors^{(i) (ii)} relating to eCommerce businesses.

These include:

- > Ability to control stock on hand
- > Regulation of Pricing
- > Maintaining a high-quality product
- > Ability to quickly adopt new technology
- > Having a clear market position

Importantly, all the above elements can only be established and refined once the business budgeting, capital-resourcing and reporting functions are attended to.

ACCREDITATIONS



SOFTWARE EXPERTS FOR ECOMMERCE BUSINESS

We use modern cloud technology in our own business and are experienced users of several common online and eCommerce software applications.



The Why

eCommerce businesses are an established and recognised element of the broader business environment.

According to Shopify⁽ⁱⁱ⁾ the global eCommerce market grew by 27.6% in the last 12 months and is expected to total US\$4.89 trillion in 2021 and grow to US\$6.388 trillion by 2024. As a subset—growth in Australian eCommerce activity totalled 57% in 2020 during which US\$37.92 billion was spent—which represents 16.2% of total Australian retail spend^(iv).

Due to the global COVID-19 pandemic, the growth in eCommerce businesses is forecast to increase exponentially as consumers and business alike are both forced and choose to do business in a 'health-friendly remote environment.

It is extremely important that owners of eCommerce businesses seek advice from like-minded professionals with industry specific technical skills and demonstrable 'real world' experience.

(i) Cloutman, N. (n.d.). *Online Shopping in Australia*. Melbourne: IBIS World.

(ii) GetResponse (n.d.). *6 Success Factors of Ecommerce Business Strategy*. [\[online\]](#)

(iii) Orendorff, A. (2019). *Global Ecommerce Statistics and Trends to Launch Your Business Beyond Borders*. Enterprise Ecommerce Blog—Enterprise Business Marketing, News, Tips & More [\[online\]](#)

(iv) Inside Australian Online Shopping eCommerce update. (n.d.) [\[online\]](#)

SOME CLIENTS WE VE BEEN WORKING WITH

10+CO

MISURA

breeze

THE EVERLEIGH
BOTTLING CO

● BROADSHEET SHOP

☼ StrangeLove®

P Pepperstone

Ⓢ SOLBARI®

cherry.

M A A P



The How

We assist entrepreneurs and Boards of established eCommerce businesses who are experiencing 'growing pains' and/or are wishing to scale.

We spend time with the founder(s) and management team to deeply understand their issues and the specifics of their business. We understand that eCommerce business owners are primarily concerned with:

- › Being confident in product margins and knowing true costs (factoring in per unit costs, import duties, warehousing charges, freight, taxes etc.) and setting the RRP which considers the market, competitors and delivers the required margin;
- › Ongoing tracking of product margins and analysis of product margins overall, but also at the product SKU level, sales channel level etc., to ensure regular reporting and tweaking of variables when required;
- › Understanding what level of operating costs structure should be set based on sales targets and product margins to ensure the business is profitable and able to fund growth;
- › Understanding what the sales targets should be based on inventory levels, forecast purchases, stock turnover ratios (internal vs. external benchmarking etc.);
- › Ensuring tax and compliance aspects are dealt with—both local compliance obligations and international compliance obligations (e.g. where a business houses stock on a 3PL offshore);
- › Having confidence that the cash flow and management of working capital of the business is in expert hands and owners can rely on the finance function to control and identify issues well in advance; and
- › When funding is required to scale, determining the most appropriate form of funding—debt vs. equity etc.

A business will generally be in one of five stages of its lifecycle:



The How

When Koustas & Co were appointed, there was no formal office and both founders continued to manage their existing careers.

The brand was launched with 4 jerseys, 2 bib shorts and a small range of socks designed for men only. The apparel was made in Italy and socks in Melbourne, Australia. The response was overwhelming and it was clear that it would be necessary to focus solely on MAAP to ensure it realised its potential.



1 GROW + SCALE YOUR BUSINESS

- > Strategic planning for eCommerce businesses experiencing rapid growth
- > Deliver timely and accurate monthly financial reports and/or board paper presentation providing CFO level commentary

Pricing Strategy

- > Assist with determining and refining the product pricing catalogue to ensure margins deliver on targets
- > Optimise revenue growth

Online + Cloud Strategies

- > Assistance with third party applications, integrations and implementation with accounting software
- > Guidance for integration of eCommerce platforms with POS, inventory and retail stores

2 INCREASE YOUR PROFIT

- > Price modelling for eCommerce growth strategy to deliver on profitable targets
- > Analyse, report on and ensure gross profit margins are achieved to drive profitability

3 MINIMISE YOUR TAX

- > Design and implement corporate restructures and roll-overs based on business needs and objectives
- > International tax strategies and advice for eCommerce companies entering new jurisdiction

4 IMPROVE YOUR CASH FLOW

- > Prepare 3 way financial budgets, set revenue targets and a sustainable operating cost structure
- > Advice in relation to funding strategies to leverage operating costs, make profit and be investor ready

5 PROTECT YOUR ASSETS

- > Business structuring
- > Personal Asset protection reviews

6 SELL YOUR BUSINESS

- > Sell side due diligence and transaction support
- > Assist with sourcing equity investors to help scale



Our Point of Difference

DEBT V EQUITY

In our experience, a large number of businesses require funding to grow and scale quickly (i.e. 50-100% revenue growth year-on-year). Debt funding is usually the first port-of-call however, that mode of funding has an expiration date as it's inevitably limited by the amount of security the lender has over the debt facility (i.e. security over property or general security over the assets of the business). Once a ceiling has been reached in terms of an ability of a business to self-fund, the next step is to raise capital to further enhance. The Koustas & Co Corporate Advisory division has a demonstrable track record of guiding businesses through the various stages of their life cycle with the goal of obtaining the founders a significant financial return upon disposal of some or all their equity.

INTERNATIONAL EXPANSION

Our team are experienced in assisting eCommerce businesses expand into international markets. In particular:

- › Conveying the local compliance obligations in the foreign jurisdictions that the business that the business may wish to have a physical presence in (stock warehoused, employees etc.);
- › The preparation of and co-ordinating of local compliance obligations—i.e. VAT returns in Europe and/or Sales Tax returns in the USA;
- › De-mystifying how to employ people domiciled overseas—including local compliance obligations, outsourcing of payroll processing, and structuring employee remuneration and benefits packages etc.;
- › Setting up international structures—i.e. when they are required; what types of entities are appropriate to use; and how they integrate into the overall group structure; and
- › Co-ordination of and assistance with setting-up international transfer pricing policies which document how international entities interact with Australia.

The Team



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