



# With rapid growth, Yojak chooses Ikigai to maximize its working capital

Financial reconciliation and analytics case study

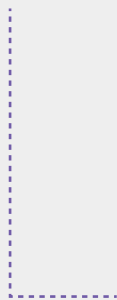


## A fast-growing marketplace for building materials

Founded in 2019, Yojak is an online B2B marketplace for building materials that simplifies the supply chain through integrated information, logistics, and capital flow for various participants in the chain. Yojak's value proposition is to serve as a two-sided platform for manufacturers and retailers or wholesalers, both international and domestic.

As a unique platform that helps improve supply chain efficiency for its customers, Yojak prides itself on running lean operations. The company harnessed and preserved this competitive advantage even during its period of rapid growth. In the past year alone, the volume of transactions increased by 20x while the team remained adept and efficient.

Yojak's philosophy is reflected and measured throughout all departments and functions. As such, the operational efficiency of the company's six-person finance team is measured by its ability to maximize working capital for optimal operations.



## Unique challenges of operating a marketplace

The lean finance team handles all aspects of accounting and finance, such as AP, AR, budgeting, and taxes, as well as staying close to understanding inventory levels. To support the best working capital strategy, the team needs to identify the most optimal debtor and creditor tactics on an almost daily basis. Specifically, the team needs to ascertain the net working capital deployed across all transactions and the transactions they should act upon on the payment or collection side.

In conjunction with the rapid growth of both buyer and supply sides, the team became overburdened with hundreds of accounts payable and accounts receivable invoices to reconcile. Maintaining and running the same processes with Google Sheets / Excel became time-consuming and cumbersome. Additionally, as the operational volume increased, gathering any actionable insights on the transaction level became almost impossible as the team had to analyze both the buy and the sell-side. The buy-side has a higher average ticket and a high, yet manageable, volume of transactions. The ticket size on the sell-side varies significantly, between \$75 to \$15k, and the volume of these transactions is exceptionally high. Given this complexity, a transaction-level analysis would be manual, tedious, and limited to static data analysis, which is not a scalable solution.

## Ikigai financial reconciliation and analytics solution

As the company's competitive advantage largely depends on the efficiency of its working capital, the team landed on Ikigai as a strategic solution to help monitor the deployment of working capital on a transaction level. The team assessed that Ikigai's solution is intuitive and easy to use. Moreover, it seamlessly integrates with the existing financial tech stack as well as ledgers, transportation data, and advances, which was not possible in the legacy systems. It can also be deployed without support from IT. The low-code aspect of the product empowers the team to collect data from different systems and run any necessary actions at scale, with or without human intervention. For Yojak, Ikigai's platform eased the process of data cleaning, running basic level checks on sales and purchases from multiple parties and analyzing them at category level. This service is essential for a construction business that runs on razor-thin margins.

Additionally, Ikigai's solution delivers a high degree of customization, which enabled Yojak to improve current operations by providing flexibility to build a cash conversion cycle on a transaction level. With the help of Ikigai's platform, the deployment of working capital at a granular transaction level became an effortless task for the Yojak team, which was impossible in the previous system. In addition, Ikigai offers demand planning and optimization solutions within the same platform. Thus, Yojak's team expects to take advantage of Ikigai's next-gen forecasting technology by integrating it into the other parts of the ERP. Low-code, flexible-to-run calculations enable understanding performance at batch level in a very short time, which generally takes 2-3 years in ERP software such as SAP.



We chose Ikigai among other tools for its unique abilities to handle very complex data matching and to provide insights that are actionable and granular to a specific transaction, which is one of the things that enables Yojak to stay lean and competitive as we continue to grow operations.

- Sudarshan Jain, Director of Finance



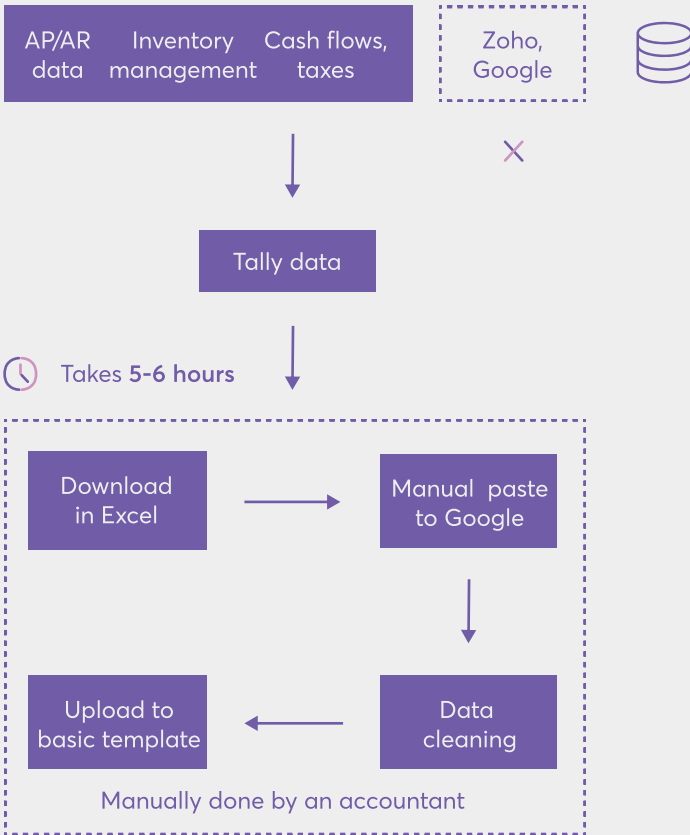
## Results

Ikigai's platform reduces the average data cleaning time from 5–6 hours to only 1 hour to update the matching process, enabling day-to-day monitoring of updated data that was not possible in the previous system. This helped Yojak to understand the standard deviation from the mean on a daily basis. The previous system held the same standard deviation for two days, while Ikigai's platform updated it daily, holding the standard deviation for only one day.

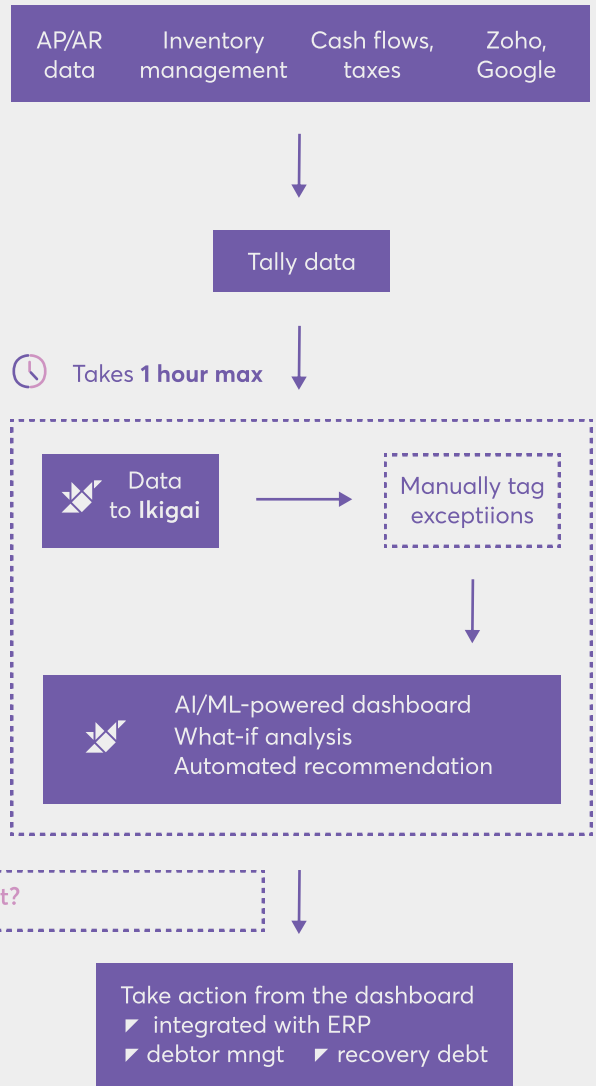
Accuracy in working capital deployment is jumping by roughly 60%. For instance, 1.5 hours of time invested in Ikigai's platform provides 60% more accuracy than the same amount of time invested in the previous system. In addition, the transportation component is also included along with debtor and creditor level components. On average the efficiency of working capital is expected to increase by 25%, or translate into at least one day time saved in correction process (from 3-5 days to 1 day).



**Before Ikigai**



**After Ikigai**



So, what is next?



**Disadvantages**

- Insights every 3 days as data cleaning is a back-and-forth process that takes 5-6 hours
- Formulation to input FIFO is cumbersome
- Batch accounting is a difficult process

**Major Process Improvements**

- The level of segmentation at category level is significantly higher
- Build out net working capital across transactions
- Integrates ledgers along with sales and purchases
- Insights every day as data cleaning takes max 1hr.
- 20 - 40% improvement in working capital efficiency