

Insight Ventures Inc. Financial Analysis Report

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Objectives

1. Identify top-performing products and regions in terms of revenue and profitability.
2. Evaluate the cost structure and its impact on profitability.
3. Identify and analyse market trends and seasonal effects on sales and profits.

Introduction

This report provides a comprehensive analysis of Insight Ventures Inc.'s financial performance based on the data visualised in our interactive dashboard. This analysis aims to provide insights into the sales performance, profitability, and market trends of

The analysis covers the years 2013 and 2014 and includes data from North America, Europe, and Asia-Pacific. By leveraging data-driven insights, the company aims to enhance its market position and operational efficiency.

Scope

This financial analysis covers:

- Time Period: Years 2013 and 2014, sorted by year, quarter, and month.
- Geographic Regions: North America (United States, Canada, Mexico) and Europe (Germany, France)
- Metrics: Sales, discounts, profits, gross profit, cost of goods sold (COGS), and units sold.
- Dimensions: Product categories, countries, and regions.

Data Overview

The data source used is a Financial Sample.xlsx file which is a Microsoft Excel Worksheet which contains 16 columns and 701 rows.

The dataset includes data such as 'Product', 'Country', 'Region', 'Units Sold', 'Manufacturing Price', 'Sale Price', 'Gross Sales', 'Discounts', 'Sales', 'COGS', 'Profit', 'Date', and 'Month Number'.

Methodology

The method involved three aspects:

1. Data Cleaning
2. Data Preparation
3. Data Visualisation and Analysis

Data Cleaning

The 'Financial Sample.xlsx' file was imported into Microsoft Excel. A duplicate was created and renamed as "copy". The spreadsheet was then examined for any unknown data or incorrect data formatting. Missing data and formatting issues were corrected using the appropriate date formats. Additionally, all monetary figures were converted to a consistent currency format (US dollars).

To ensure consistent formatting, the dollar sign was paired with the value using the CTRL + 1 function, ensuring the correct currency symbol was adjacent to the figures.

Data Preparation

The cleaned data was converted into a table and then sequentially turned into a pivot table. Multiple duplicates of the pivot table were created to craft the necessary dimensions and measures for various analyses:

1. **Sales Performance Analysis:** Identified top-performing products and regions in terms of revenue and profitability. Analysed trends over time and assessed the impact of discounts and pricing strategies on sales.
2. **Cost Efficiency:** Evaluated the cost structure and its impact on the profitability of different products and regions. Identified opportunities for cost reduction.
3. **Market Trends:** Used the 'Date' and 'Month Number' columns to analyse seasonal trends and their effects on sales and profits.

Data Analysis and Visualization

1. Impact of Discounts and Pricing Strategies:

Combined the year, month, sums of sales, and discounts into a line graph format to evaluate the impact of discounts and pricing strategies on sales. Imported these charts into the dashboard and created slicers for them, linking slicers for both the year 2023 and the two separate charts to show the effects of profitability.

2. Cost Efficiency Analysis:

Compared manufacturing prices against the country to evaluate the cost structure and its impact on the profitability of different products and regions and created visuals to help identify opportunities for cost reduction.

3. Sales by Region and Product Analysis:

Used Gross Sales of Products in Regions visualised as a stacked area chart for better client interpretation and created a pie chart for Product Units Sold by Country. Initially, encountered issues with the slicer's automatic update of visuals not updating the chart title with the appropriate country.

To resolve this:

Created a new pivot table for the pie chart in the visual dashboard, using the country as the legend, the product for the categories, and the products sold as the values.

Used a formula like TEXTJOIN to concatenate selected values from the helper pivot table:

`=TEXTJOIN(" ", TRUE, [Reference cells])`

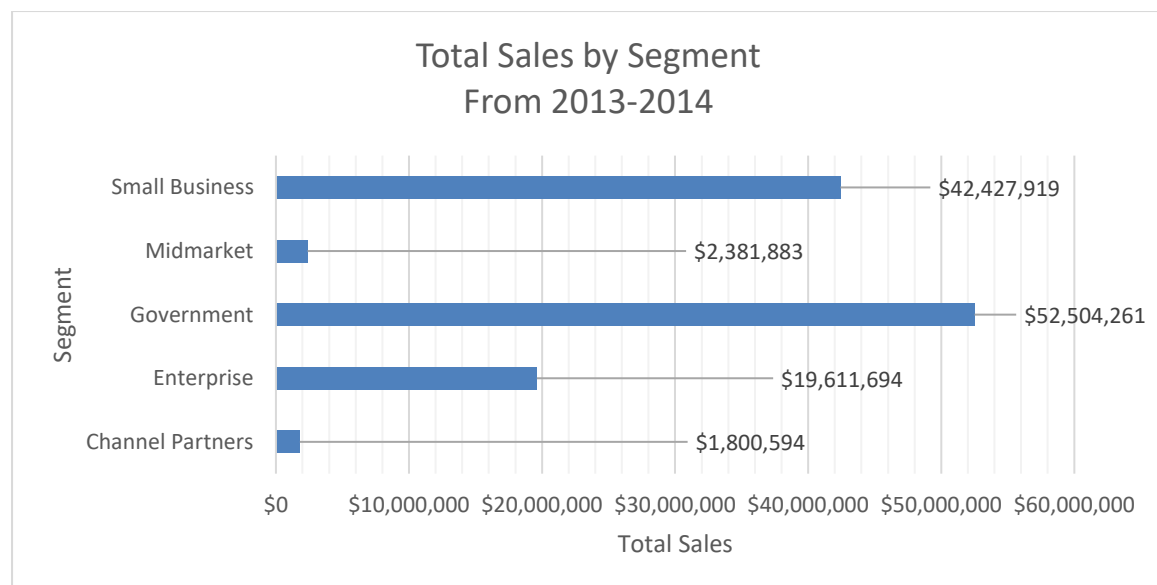
Created a new text box and used the formula function to assign it to the cell containing the TEXTJOIN function linked to the helper pivot table.

Key Findings

Sales Performance

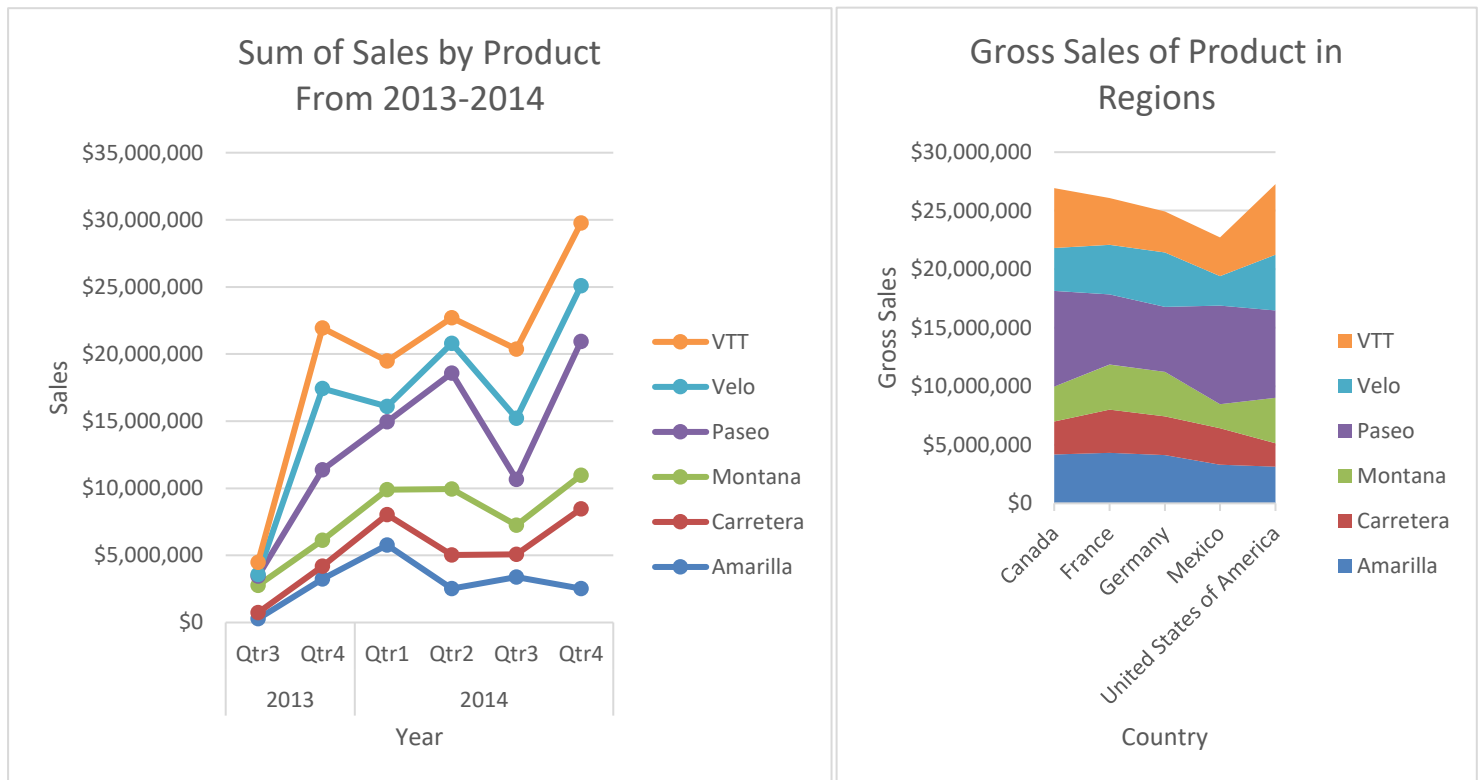
There was a noticeable increase in sales from 2013 to 2014 across most regions and products. The United States consistently led in sales across all product categories, with \$25,029,830, followed by Canada with \$24,887,655, and France with \$118,726,350.

Between 2013 and 2014, by segment, the Government accounted for the highest sales at \$52,504,261, followed by Small Business at \$42,427,919, and Enterprise at \$19,611,694



VTT, Velo, Paseo, Montana, Carretera, and Amarilla—across eight quarters from Q3 2013 to Q4 2014. VTT consistently led in sales, particularly peaking in Q4 2014. Velo and Paseo followed closely, showing notable spikes in Q4 2013 and Q4 2014, respectively. Montana showed strong performance in Q2 2014 but saw a decline afterwards. Carretera and Amarilla had the lowest sales throughout the period, though Carretera experienced an uptick in Q4 2014. The data indicates significant seasonal variations, with all products generally performing better in Q4, highlighting the impact of seasonal trends on sales.

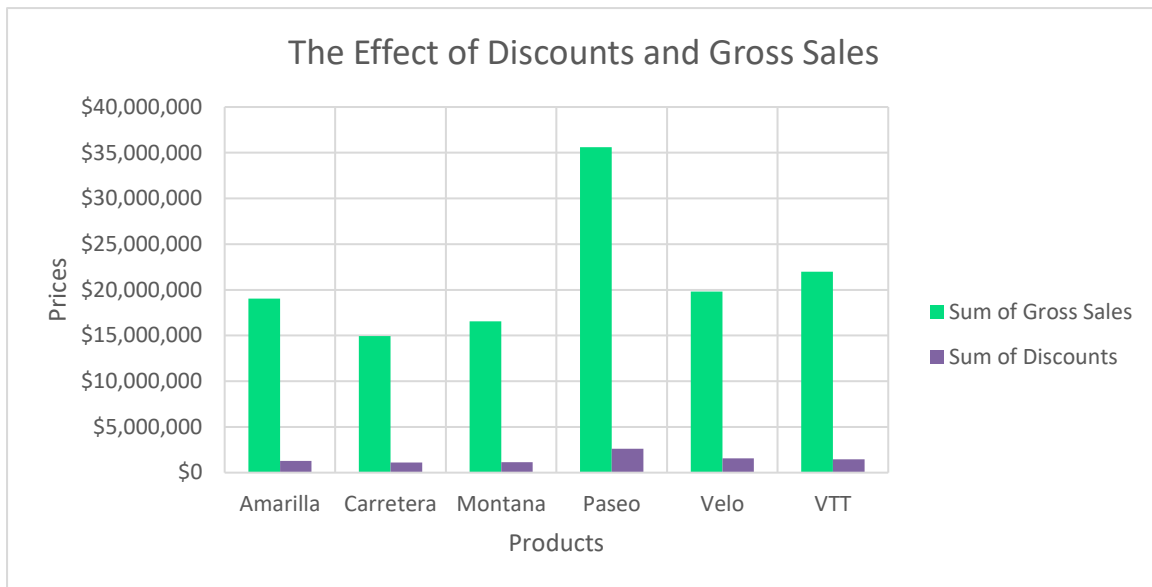
The data reveals that Canada and the United States are the top-performing regions, with gross sales nearing \$30 million. Paseo and Velo dominate in these markets, contributing significantly to the high sales figures. In contrast, Germany shows the lowest gross sales among the countries analysed, with each product contributing relatively evenly. France and Mexico show moderate sales, with VTT and Velo being the prominent products in these regions. Overall, Paseo, Velo, and VTT consistently lead in gross sales across all regions, while Montana, Carretera, and Amarilla have comparatively lower sales. This highlights the regional preferences and the strong performance of certain products in specific markets.



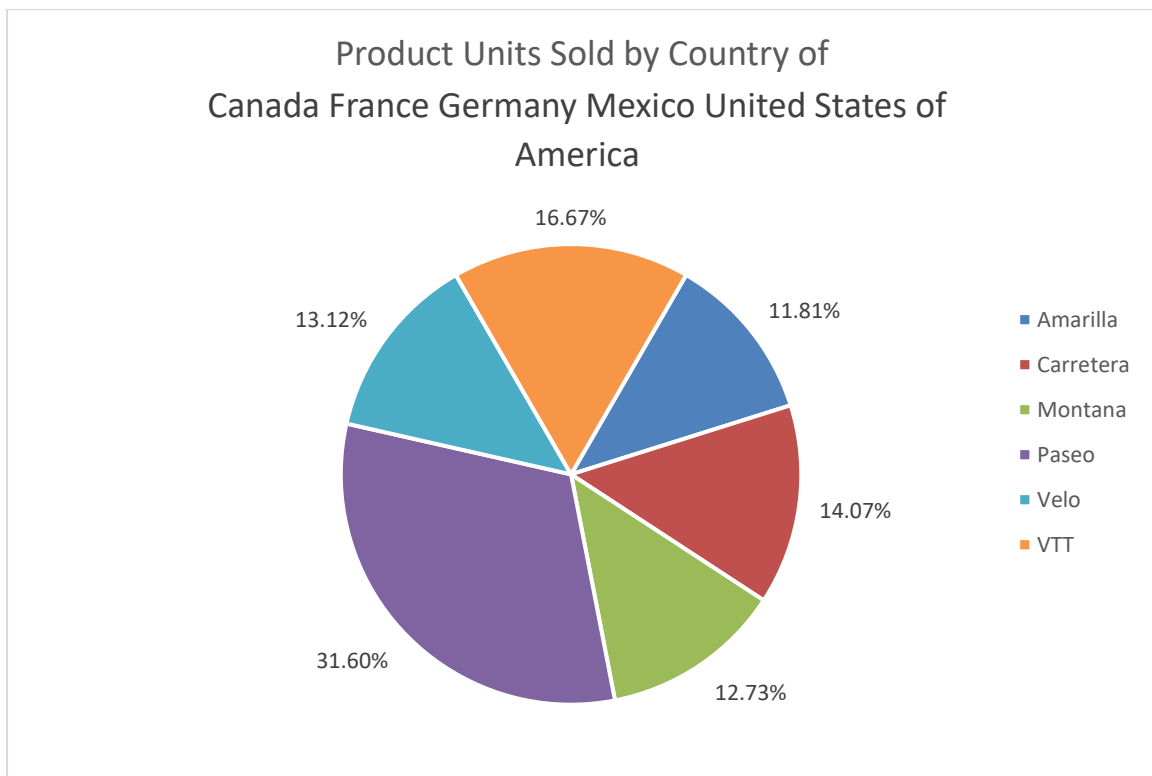
The analysis indicates that Paseo, Velo, and VTT consistently lead in both sales by product and gross sales across all regions, with Canada and the United States being the top-performing markets, achieving nearly \$30 million in gross sales. Conversely, Germany shows the lowest sales and gross sales, while France and Mexico exhibit moderate performance, with VTT and Velo emerging as the most prominent products.

The effect of discounts on gross sales reveals that Paseo leads significantly in gross sales, reaching \$35,611,662, with a substantial portion attributed to discounts. Velo and VTT also exhibit high gross sales, at \$19,826,769 and \$21,968,534 respectively each, benefiting from moderate discounts which may explain why Paseo, VTT, and Velo are the most sold products in the United States and Canada. Additionally, in France and Germany, Velo is among the second highest-grossing products sold.

Amarilla and Montana show moderate gross sales, around \$19,037,280 and \$16,549,835 respectively respectively, with minimal discount influence, while Carretera lags with the lowest gross sales despite receiving comparable discounts. This indicates that strategic discounting can effectively boost sales for top-performing products.



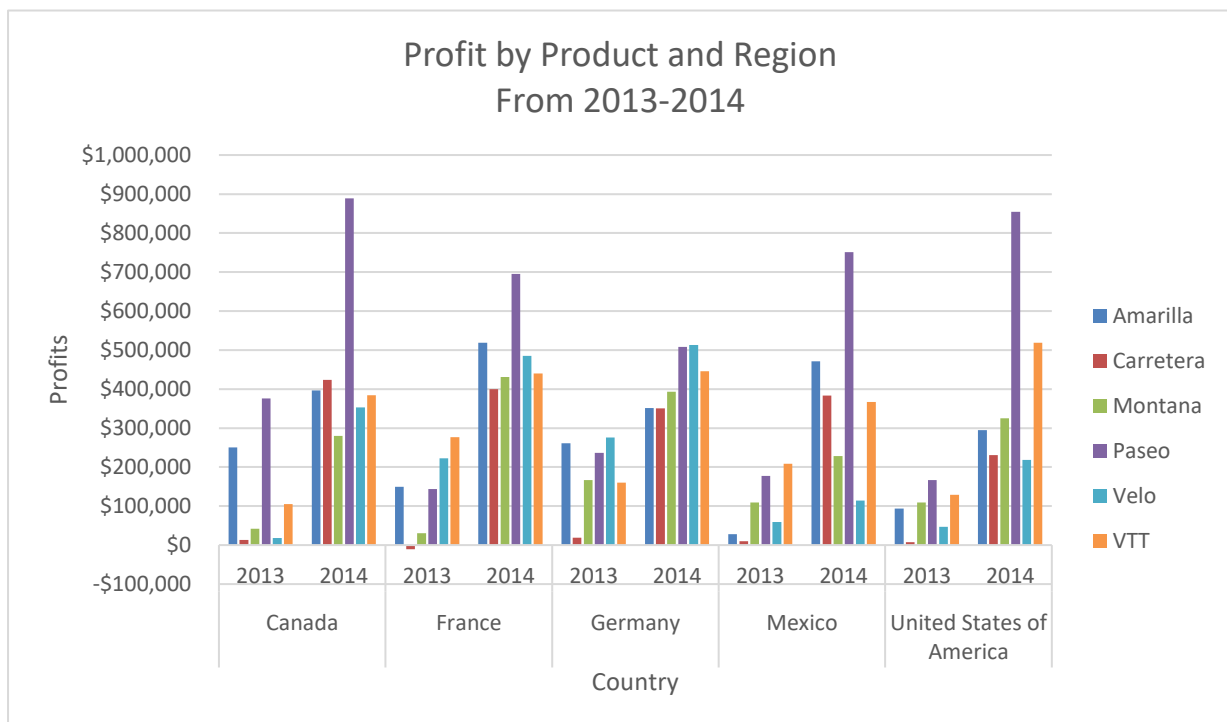
Finally, in terms of Product units being sold, across Canada, France, Germany, Mexico and United States of America, Paseo makes up 31.60% of the units being sold.



Profitability

Profitability across products and regions showed the most significant variation. In 2013, Paseo had the highest overall profit, particularly in Canada. This trend continued in 2014, with Paseo maintaining high profitability except in Germany, where it was outcompeted by Velo, which brought in \$513,230 compared to Paseo's \$508,057.

While Amarilla was the second most popular product after Paseo in 2013, in 2014, Carreterra became the second most popular in Canada. In France, Mexico, and the United States, VTT was the second most profitable product. In 2014, Amarilla also demonstrated strong profitability in Mexico and France, whereas in the US market, only VTT showed significant profitability.



Market Trends

Sales and profit show a general upward trend from 2013 to 2014. With Quarter 2 and Quarter 4 showing the highest peak. And this trend is mirrored in the cost of goods sold (COGS) against the Product

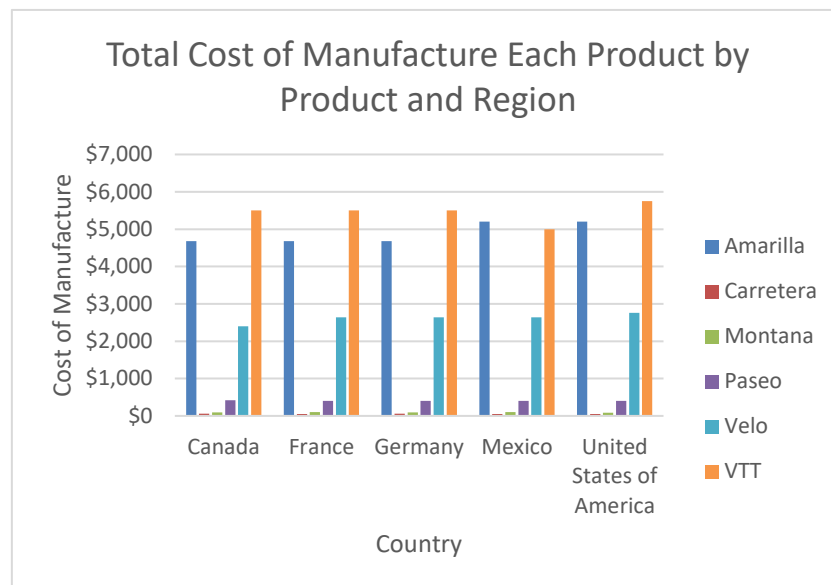
The noticeable spike in these areas for Q2 and Q4 2014, indicates a strong holiday season performance, particularly in Christmas and Easter

As mentioned previously in the sales trends, the Government segment is the top leader, followed by the Small Business segment, and the Enterprise segment contributes significantly to total sales.

Cost Efficiency

Manufacturing costs vary across products and regions. Amarilla, Velo and VTT have higher manufacturing costs, correlating with their lower sales and profitability across the country.

Discounts seem to have a positive impact on gross sales, particularly for top-performing products such as Paseo, VTT and Velo which mirror the Cost of Goods Sold (COGS) against projection from in 2013 and 2014.



Strategic Recommendations

Product Strategy Optimisation

Recommendation:

Focus on enhancing the Paseo and VTT product lines while strategically repositioning Carretera.

Actions:

- Increase R&D investment in Paseo and VTT to maintain their market leadership.
- Conduct market research to understand the success factors of Paseo and VTT, and apply these insights to other product lines.
- For Carretera, either:
 - Invest in product improvements to boost its performance, particularly in Q1-Q3.
 - Consider phasing out Carretera in underperforming regions and reallocating resources to more profitable products.

Regional Sales Strategy

Recommendation:

Leverage strong US performance while addressing challenges in European markets.

Actions:

- Analyse successful strategies in the US market and adapt them for implementation in other regions, particularly Europe.
- Conduct a detailed analysis of European markets to identify specific challenges (such as competition, consumer preferences and affecting profitability).
- Develop tailored marketing and sales strategies for each European country to address local market conditions.

Seasonal Sales Optimisation**Recommendation:**

Capitalise on strong performance on quarter four (Q4) and improve sales in other quarters.

Actions:

- Implement targeted marketing campaigns and promotions in Q2 and Q4 to further boost holiday season sales.
- Develop off-season promotions or product launches to stimulate sales in Q1 and Q3.
- Consider introducing season-specific product variants to maintain consumer interest throughout the year.

Cost Management and Pricing Strategy**Recommendation:**

Optimise manufacturing costs and refine discount strategies.

Actions:

- For high-performing products like Paseo, VTT, and Velo, carefully balance discounts with profitability to maximize revenue without eroding margins.
- Identify cost cutting measure found in Carretera, Montana and Paseo and implement them in high-performing products.

Market Segment Diversification**Recommendation:**

- Maintain strong performance in Government and Small Business segments while growing presence in Enterprise and Midmarket segments.

Actions:

- Develop targeted product bundles or services specifically for the Enterprise segment to increase market share.
- Create a dedicated sales team for the Midmarket segment to focus on growing this potentially underserved market.
- Implement a key account management program for Government clients to ensure retention and growth of this crucial segment.

Supply Chain Optimisation**Recommendation:**

Improve supply chain efficiency to reduce costs and enhance product availability.

Actions:

- Implement advanced inventory management systems to optimize stock levels based on seasonal demand fluctuations.
- Explore partnerships with suppliers to secure better prices for raw materials, particularly for high-volume products like Paseo and VTT.
- Consider localising production in key markets to reduce transportation costs and improve response times to market demands.

Conclusion

In 2013 and 2014, Paseo emerged as the top-performing product in terms of profitability, especially in Canada, although Velo outperformed it in Germany. VTT and Amarilla also showed strong profitability across different regions, highlighting significant variations in product performance and market preferences, which are critical for strategic planning and operational improvements.