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How an 8-fig Collagen Brand Used Finaloop to 'Cut the Fat' and Save Over $65,000

"In the age of AI and Automation, we should be able to leverage tech to give us fully automated books, at all times - without any human-made errors.
... and that's exactly what Finaloop has done."

Ronak Shah,
CEO & Co-Founder, Obvi

Case study

Highlights

Challenge

- Couldn't trust numbers from their traditional bookkeeper
- Spent hours each month gathering financial data needed to make decisions
- Had no real-time visibility and reliable numbers available without spending hours on admin work each month

Solution

- Onboarded in 10 minutes to Finaloop's real-time, ecommerce bookkeeping service
- Within 24 hours, Finaloop reconciled and categorized all the financial data
- Instant real-time financial data in one place
- Real-time cash flow drives more timely and smarter decisions

Results

8.3%
reductions in costs through negotiations

$65,000
saved on bookkeeping and Fractional CFO costs

94%
reduction in time spent on monthly bookkeeping

Full ability to make on the fly, data-driven decisions

Completely eliminated fear of not trusting numbers

Meet Obvi

In 2019, three friends - Ronak Shah, Ash Melwani, and Ankit Patel- joined forces to create Obvi, a DTC brand focused on making supplements feel younger.

Just 4 short years later, Obvi, a completely bootstrapped business, has scaled to an 8-figure collagen-focused supplement brand with over 50 different products and an active Facebook community of 66,000.

What's their secret?
Being bullish about their numbers.

The Challenge

From day one of being founded, everyone at Obvi has been super focused on their bottom line profit. Ronak, the CEO of the company, started his career in accounting and was determined to ALWAYS know the state of his finances.

To Ronak, financial visibility is key to making sure every dollar you spend adds the value you need. With real-time financial visibility, you have the tools to:

1. Negotiate everything

Obvi constantly focuses on maximizing every penny with their suppliers and vendors by asking their manufacturers how they can save $0.05 per unit on the next run, or speaking with PayPal and other payment processors to negotiate their merchant fees.

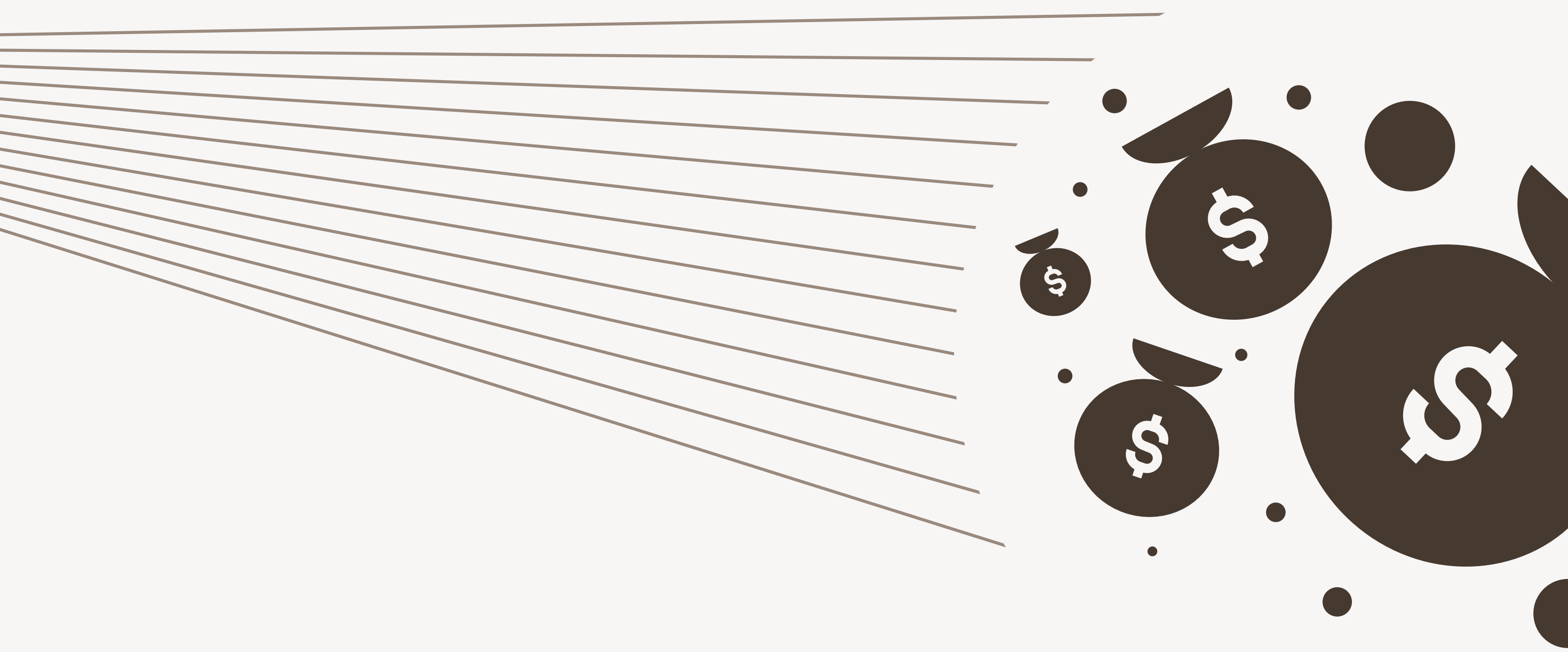
These small reductions can actually save you thousands over the year.

In order to negotiate these fees, they need to know every detail about their numbers, every nook and cranny, so they can raise relevant numbers for negotiations.

2. Strategize cash flow like it's a game of Chess

Too often, cash flow management is reactive. Brands watch their cash levels decline and right before they crash and burn, they scramble to get financing, usually with their backs against a wall and tremendously high financing fees.

Obvi understands cash management is one of the most underused tools at a brand's disposal. Planning correctly could be the difference between being cash flow negative and cash flow positive - in other words, a GAME CHANGER for any small business.



3. Ensure every dollar of marginal growth in sales has an equivalent marginal growth on your bottom line

As a brand scales, so does their ability to improve their margins, reduce CAC, improve logistics, etc. Watching the impact that your growth in sales has on your bottom line helps you identify inefficiencies in your operations. If you don't have the ability to view this impact in real-time, you already missed out on opportunities to optimize your costs.

Small changes can have a huge incremental shift. Let's run through some examples, so you understand how major this can be for a brand.

As an example, let's say a brand has a high level P&L that looks like this:

P&L	
Revenue	$30,000,000
COGS	(15,000,000)
Gross margin	**15,000,000**
GM %	*50.00%*
Marketing	(5,000,000)
Opex	(3,000,000)
Financing costs	(60,000)
Net profit before tax	**6,940,000**
Tax	(1,457,400)
Net Profit	**$5,482,600**
Net Profit %	*18.28%*

By increasing the AOV by about 1%, decreasing COGS by 1%, and decreasing opex by 1%, this brand can save about $380k a year.

Each change is minor, but the incremental changes can be HUGE for a business.

P&L	Before	After
Revenue (+1%)	$30,000,000	$30,300,000
COGS (-1%)	(15,000,000)	(14,850,000)
Gross margin	**15,000,000**	**15,450,000**
GM %	*50.00%*	*50.99%*
Marketing	(5,000,000)	(5,000,000)
Opex (-1%)	(3,000,000)	(2,970,000)
Financing costs	(60,000)	(60,000)
Net profit before tax	**6,940,000**	**7,420,000**
Tax	(1,457,400)	(1,558,200)
Net Profit	**$5,482,600**	**$5,861,800**
Net Profit %	*18.28%*	*19.35%*

$379,674
SAVED!!!

It didn’t take long for Ronak and the Obvi Team to realize that using a traditional bookkeeper for their books meant they simply couldn’t trust their numbers.

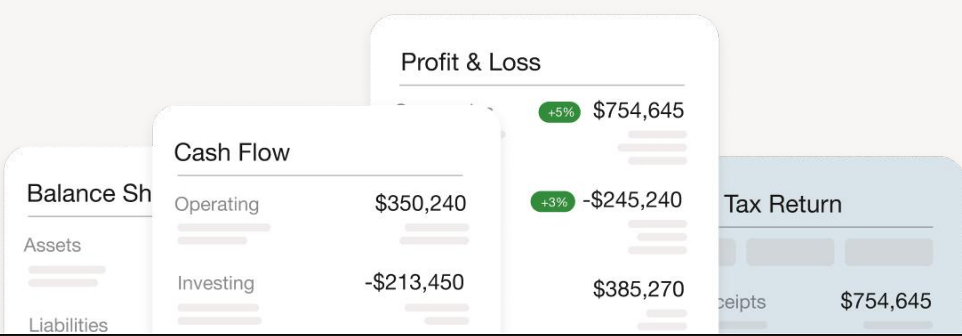
For example, one of Obvi’s key drivers of revenue comes from their ability to QUICKLY churn out new product launches - 26 new launches in 52 weeks - to help them achieve their revenue goals.

Every time Ronak wanted to check the financial viability of rolling out a new flavor, he turned to his bookkeepers to ask to see an up-to-date P&L, cashflow, and balance sheet. He knows he can’t make on-the-fly decisions with last month’s numbers.

He would ask his bookkeeper simple questions, like how much Obvi’s current net free cash flow was, and their current overhead expenses per day.

The response?

> “When asking our bookkeeper how much our current net free cash flow is, and how much the overhead expenses currently are per day - they’d reply with: ‘I can’t tell you, because I haven’t finished closing the books yet.’....... From which other function in your company would you expect that they don’t finish the work until 20 days into a new month?”



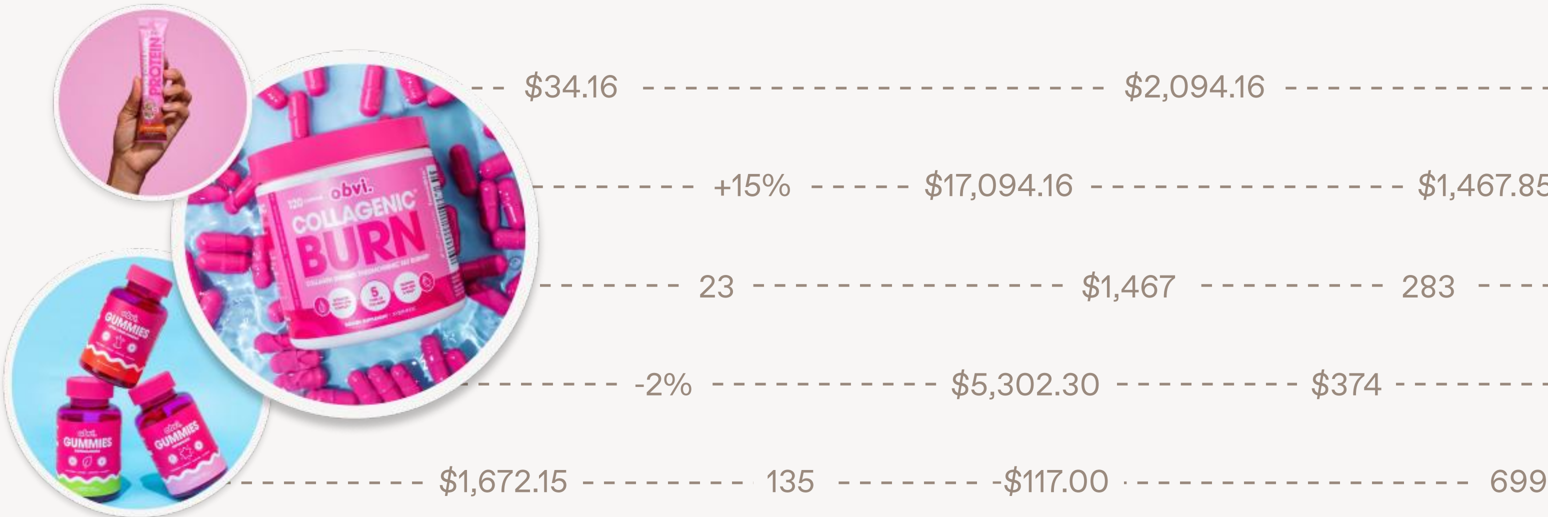
Because delaying the product launch wasn't a viable option, Ronak spent hours each month gathering the financial data he needed to manage the business. With a strong financial and accounting background, Ronak just couldn't work out why his bookkeepers:

- Finish closing his books only 20 days into a new month
- Had no concept of the state of his cash flow until the month was over
- Couldn't give him an accurate overview of his financial situation until the next month
- Didn't understand complexities and nuances related to ecommerce

Ronak was desperate to find a way to have more up-to-date visibility and numbers he could rely on without spending hours on admin work each month.

> As business owners, we need to challenge the status quo sometimes......pause for a second to think logically about the way we've always done things. Does it still make sense?"

Ron was desperate to find a way to have more up-to-date visibility and numbers he could rely on without spending hours on admin work each month.

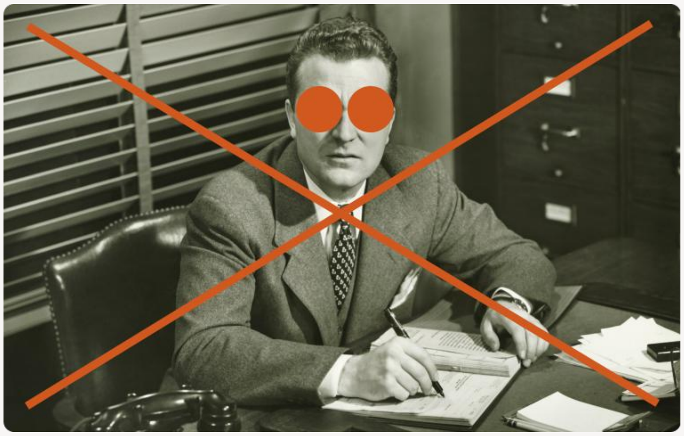


The Solution

Ron turned to Finaloop's real-time, ecommerce bookkeeping service to check the financial health of Obvi and to compare the accuracy of Finaloop's data with the data he received from the bookkeepers he was using.

Ron onboarded in 10 minutes, and within 24 hours without any form of payment, Finaloop reconciled and categorized all his financial data. After months of struggling with getting reliable books, he was able to see all his real-time financial data in one place - detailed data on all his Shopify, Amazon, and wholesale orders and sales and all his data synced from the company's bank and credit card accounts, Bill.com, Gusto, and his other ecommerce apps!

He switched over immediately and said adios to his bookkeepers.



> "The result was eye-opening. I really can't find one logical argument for choosing to use a human bookkeeper ever again."

Finaloop also introduced him to a Fractional CFO in their ecommerce network to help him with FP&A, budgeting, and forecasts.

The Results

After almost a year of working together, Finaloop has helped Obvi:

- ✔ Save over $65,000 on bookkeeping and Fractional CFO costs.
- ✔ Reduce the time they spend on monthly bookkeeping by 94%.
- ✔ Negotiate 8.3% reductions in costs due to clearer data for negotiations and easy views into unnecessary expenses.
- ✔ Completely eliminate the mental load that comes with not trusting their numbers.

Every day, often multiple times a day, Ronak and the Obvi Team use Finaloop's platform to:

- ✔ Keep a real-time eye on their orders, sales, discounts, refunds, COGS, and merchant fees.
- ✔ Compare percentage increases and decreases each month in their various transactions and accounts to identify opportunities to save.
- ✔ Review their live overview of their P&L, Cash Flow, and Balance Sheet with a breakdown of accounts based on best practice for ecommerce.

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Are you ready to unleash your financial potential?

See what data-driven bookkeeping can actually do for your growth.

Get started

14-Day Free Trial
No Credit Card Required