**Proposal**

I am writing to seek funding approval to integrate an Investment Banking simulation into our analyst training program.

This initiative aligns with our commitment to enhancing the skills and capabilities of our analysts, ensuring they are well-equipped to excel in their careers.

As the financial landscape continually evolves, it is imperative that we provide our analysts with a comprehensive and practical learning experience. The simulation offers a unique opportunity for our analysts to gain hands-on experience in complex financial scenarios, enhancing their problem-solving skills and decision-making abilities.

**Provider**

Finsimco is a software provider specializing in gamified training simulations for investment banks. The company was founded by former investment bankers with origins at Morgan Stanley. For more information, visit [www.finsimco.com](http://www.finsimco.com)

**Benefits**

1. Engaging Learning Experience: The simulation offers an interactive and immersive learning experience that goes beyond our current training program. Our analysts will have the opportunity to apply their knowledge in a realistic, hands-on environment. This engagement is proven to increase knowledge retention and foster a deeper understanding of complex financial concepts.
2. Real-World Relevance: The financial industry is dynamic and ever-evolving. By exposing our analysts to real-life financial scenarios, the simulation equips them with the practical skills and problem-solving abilities necessary to thrive in their roles. This relevance is key to their success and job satisfaction.
3. Positive Feedback and Networking: Analysts who participate in engaging learning experiences tend to form stronger bonds with their peers and instructors. This sense of community can lead to a more positive learning environment and foster a supportive network, which is crucial for their overall experience.
4. Professional Development: Integrating the simulation into our program not only enhances our analysts' technical competencies but also contributes to their professional development. This added value can lead to higher job satisfaction and a sense of accomplishment, reducing attrition rates.
5. Assessment: The simulation supports effective assessment of analysts’ knowledge and skills. The performance data allows us to optimize staffing decisions.

**Key statistics**

* 80% of staffers agree that Analysts are better prepared for the desk after the simulation.
* Excellent ratings: 93% of participants rate the simulator experience as "excellent."
* 85% of staffers find that the simulation results align with employee performance.

**Investment Banking simulation**

Url: [https://www.finsimco.com/banks/simulations/investment-banking](https://www.finsimco.com/business-schools/simulations/investment-banking)

Duration: 16 to 32 hours.

Setup:

* Analysts are organized into teams, each consisting of 3 to 5 members.
* Each team is running its own Financial Services firm, working on key transactions.
* Students rotate through various roles offering key Investment Banking and Capital Markets services
* The difficulty level of the simulation adjusts based on performance.

Grading: Assessment is based on the performance in the simulation and the information memorandums submitted.

Concepts:

* Financial Statement Analysis
* Discounted Cash Flows
* Debt & Equity Financing
* Financial Modeling
* Company Valuation
* Derivatives
* Risk Management

Dynamics & Learning Objectives:

Round 1

Teams provide 2 financial services:

1. Leveraged Finance: Teams aim to become lenders by offering debt financing solutions to the market based on the current Leveraged Finance environment.
2. Buy-Side Advisory: At a second stage, teams aim to receive a buy-side mandate of a PE firm by advising on the most attractive debt solutions available (other teams) and on acquisition bid values based on their Enterprise Value calculations.

By the end of the round, participants are able to:

* Calculate the NPV and IRR of a project
* Analyze the role of debt and equity in a firm’s capital structure
* Define Discounted Cash Flows
* Discuss relative valuation techniques among comparable companies
* Create a framework for choosing the appropriate valuation techniques
* Describe the purpose and framework for analyzing financial statements – Income Statement, Balance Sheet and Cash Flow Statement
* Compare financial statements of different companies
* Understand what a capital structure is, why it is important to businesses, and if changes to the structure can enhance shareholder value considering the risks associated with those changes

Round 2

Teams provide 4 financial services:

1. Leveraged Finance: To get closer to reality, Leveraged Lending now covers the key terms of a loan agreement.
2. Buy-Side Advisory: Teams again compete for buy-side mandates. They calculate acquisition bid values based on their Enterprise Value calculations, taking into account the debt financing and derivative offers from other teams.
3. Sell-Side Advisory: These teams receive private information and aim to sell their companies for the highest price via a Roadshow and managing a Data Room.
4. Derivatives. Teams have the possibility to offer currency swaps to reduce exchange rate risk and therewith the cost of debt.

By the end of the round, participants are able to:

* Calculate the levered free cash flow and understand its sensitivity towards certain variables
* Derive the Enterprise Value by adding net debt from Equity Value
* Explain how companies can manipulate P&L items to boost earnings
* Recognize the importance of ratio analysis
* Understand why management and advisors are overly optimistic
* Explain the role of covenants in lending agreements and describe the main covenants encountered in leveraged loans
* Explain how collateral and other types of security affect risk in leveraged loans
* Discuss current trends in corporate finance transactions
* Explain why derivative instruments can reduce risk and therewith are able to lower financing costs

Round 3

Teams provide 5 financial services:

1. Leveraged Finance & Derivatives: To simulate real-world scenarios, terms are now bilaterally negotiated between the financing and derivative teams, as well as the borrowers, who are represented by the Buy-Side Advisory teams.
2. Buy-Side Advisory: Teams are now negotiating the terms bilaterally with the financing and derivative teams.
3. Sell-Side Advisory: These teams receive private information and aim to sell their companies for the highest price via a Roadshow and managing a Data Room.
4. Acquisition: Teams advise on an acquisition proposal by assessing whether the deal is dilutive or accretive.
5. Divestiture: One of the companies has divested part of its business. Teams calculate the value of the remaining core business.

By the end of the round, participants are able to:

* Discuss the merits of pursuing acquisitions, mergers and divestitures
* Identify the risks inherent in each type of corporate transaction for different stakeholders
* Apply business judgment when working on financial procedures and formulas
* Explain Risk Management and corporate governance processes at financial institutions
* Describe the role of Environmental, Social and Governance (ESG) in corporate governance and decision making for investment firms as well as for corporates
* Understand the key components of widely adopted Risk Management frameworks (interest rate, market, credit and liquidity risk)
* Recognize different types of transactions and typical deal structures, including financing terms, commitments and contingencies

Round 4

Teams provide 2 financial services:

1. Fairness Opinion: Teams no longer have access to advisors and act as independent financial advisors to provide Fairness Opinions. They must completely overhaul their models to use Free Cash Flow to the Firm (FCFF) instead of Free Cash Flow to Equity (FCFE), which was used earlier.
2. Debt Restructuring. For the restructuring mandate, teams assume the roles of various stakeholders and negotiate key terms for a distressed company that had been divested in the previous round.

By the end of the round, participants are able to:

* Understand what WACC is, how it should be calculated, and why it matters to firms
* Explain why WACC is used to discount a company’s unlevered free cash flow
* Use the CAPM to the derive the cost of equity
* Discuss the role of auditors and the various opinions available
* Recognize the roles, responsibilities and conflicts of different Investment Banking and Capital Markets teams such as Origination, Structuring and Syndication
* Understand financial distress and the perspectives / incentives of creditors, management and equity owners
* Explain how contractual and structural subordination affect credit risk
* Discuss creditor and equity owner rights during a restructuring and bankruptcy
* Define events of default and describe possible responses to technical and payment default, including waivers, amendments, hair cuts, debt to equity swaps and liquidation