



# Charting the Correct Course Through Today's Corporate 'Cashscape'

Written by Bottomline Technologies

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*"As the globalisation of trade and financial supply chains continues to increase, organisations are facing new difficulties when it comes to managing cash and optimising working capital across multiple domestic and international banks."*

A timely and accurate view of corporate cash is absolutely critical to the health of every organisation, enabling payment, investment, and money-movement decisions that optimise working capital, minimise risk and ensure liquidity. But given the increased complexities and pace of business today, many factors have risen to complicate a financial executive's ability to obtain timely visibility into cash positions. Among these factors are the globalisation of supply chains and associated expansion of domestic and international bank relationships, and the maintenance of critical information in diverse, evolving enterprise resource planning (ERP) and legacy back office applications.

Over the course of the past year, how treasurers are perceived within their own organisations has changed dramatically. As part of a recent survey of more than 225 senior financial executives, it was revealed that an overwhelming 85% indicated that their roles and jobs have become more strategic, and 70% say they work more closely with their chief financial officer (CFO). What these responses tell us is that the corporate 'cashscape' has become of greater importance and the treasurer's role has come under increased scrutiny.

## Understanding Your Corporate 'Cashscape'

The notion that 'cash is king' in today's business environment is perhaps overused but, as is the case with most clichés, there is a tremendous amount of truth within that statement. Cash is one of the most important resources that an organisation - of any size - possesses. With a network of multiple banks and back office systems, managing cash is highly complex, typically requiring a significant amount of effort on the part of treasury and accounting personnel to gather information (i.e. collection and disbursement) across banks and accounts on a global basis. Acquiring visibility into global cash positions and accurately forecasting future cash flows is, for many, a labour-intensive and error-prone process.

For these organisations, accurate and timely cash reporting is a challenge because tools for aggregating and analysing data are not integrated with the corporation's key information repositories, including banks and enterprise transactional systems such as accounts payable (A/P) and accounts receivable (A/R). Faced with manual, time-consuming processes, treasurers are rarely able to claim they have an up-to-date and clear picture of their finances or a centralised resource for reporting. These same challenges affect an organisation's ability to comply with various regulatory mandates.

## Determining Where to Begin

The starting point for tackling the challenge of creating increased visibility into cash positions, and therefore the ability to optimise working capital, is to reduce the volume of paper that has become intertwined with so many cash management processes. From there, generating new levels of visibility into future cash flows is about finding opportunities for automation and integration between corporate treasury, banking applications and back office systems. Treasurers should look to automate the processes that directly affect corporate cash flow.

The opportunity to streamline and enhance processes is critical, freeing up staff to review, analyse and manage cash, instead of collecting and integrating information from disparate sources. Automating the

consolidation of information needed for forecasting across the entire 'cashescape' has the potential to improve risk management, provide for a better use of cash, reduce the cost of borrowing and increase the return on investment.

## What's the Score?

In the sports world, the score is a reflection of the number of goals, runs and baskets. But in the realm of corporate finance, optimised working capital is the only metric for keeping score. The question is: what's the best way to keep track of cash and make sure usage is optimised?

Web-based applications for cash reporting can provide treasurers and other financial managers with the ability easily to consolidate information from their global banking community and back office systems through a variety of reports and customisable views delivered as Excel-based spreadsheet templates. As a result of this approach, users can maintain near real-time visibility to intra- and end-of-day bank balances via standardised financial message formats such as SWIFT and BAI and consolidate this information with daily A/P and A/R transactions to provide an accurate platform for forecasting.

Leveraging these types of solutions can help ensure organisations know the score when it comes to optimising working capital by:

- Establishing global access to intra-day and end-of-day balance and transaction information using familiar applications such as Microsoft Excel and widely-used messaging networks like SWIFT.
- Enforcing secure and controlled access to cash forecasting activities, helping further to mitigate the operational risk traditionally associated with spreadsheet usage.
- Assuring significantly greater control over corporate treasury and cash management functions through the creation and support of multiple levels of functional hierarchies.
- Achieving higher levels of uptime and security using SWIFT Alliance Lite for direct connectivity to more than 8,500 banks and securities institutions in 209 countries.
- Increasing personnel productivity through the use of Excel to directly retrieve, view and analyse cash balances held with each banking partner and transactional data from corporate back-office systems.

## Conclusion

The economic downturn has made it even more critical that all opportunities to minimise expenses related to foreign exchange (FX) positions and intra-day fees and to maximise short-term investment be realised. The processes and methods of the past have difficulty sustaining the fast-moving demands of today's corporate treasury. To overcome these hurdles, organisations must find a way to take ownership of their 'cashescape' by centralising control and oversight, and leveraging new tools to better support cash-related decisions on a global basis.