

A vertical image on the left side of the page. It shows a dark, foggy night scene with a road curving into the distance. Long, vibrant light trails in red, yellow, and white from moving vehicles are visible on the road. A bare tree stands in the misty background under a blue-tinted sky.

Real-Time Visibility: A Key Boardroom Agenda For Global Finance Leaders

Achieving Cash Excellence Through Forecasting
And Liquidity Management

The quest to realize a real-time finance vision is a perennial challenge for corporates. It is increasingly evident that the solution to achieve this vision is real-time cash visibility.

In times where market volatility and global and political uncertainty loom, having visibility over cash to gain a solid strategic understanding of an organization's financial situation and make the right decisions is fundamental. Yet, even as far back as 2019, PwC Global Treasury Benchmarking Survey¹ concluded that 26% of global cash is not visible to corporates daily. It's not surprising then that the impact of the COVID-19 pandemic further highlighted cash visibility inefficiencies and vulnerabilities of the finance function and their impact on the organizations.

Bottomline's annual Payments Barometer² survey for corporates found that cash flow reigns supreme as a critical focus for companies of all sizes, with 69% of businesses in the UK and 73% in the US saying that the way they receive money has never been more vital. Now more than ever, it's critical to gain real-time visibility and control over cash flows.



Visibility into current and future cash flows also helps protect against many types of financial risk exposures.

The Drivers

According to the European Association of Corporate Treasurers' 2021 survey³, improving future cash flow forecasting is a top priority for finance leaders. The survey report adds that coronavirus-related "uncertainties surrounding the economy explain the difficulty in producing reliable and accurate forecasts."

Enhanced visibility into cash flow can mitigate this issue by allowing companies to be proactive if they see a shortfall coming. Accurate and timely cash flow forecasting helps businesses understand what their cash position is now and into the future by showing what money will be coming in and going out of the business for a set period.

Visibility into current and future cash flows also helps protect against many types of financial risk exposures. Gaining broad and deep visibility into cash positions is critical to effectively making risk-mitigating decisions. In fact, having complete transparency into cash flows is foundational to any risk management strategy. Without a clear picture of cash flows, exposure to unnecessary counterparty, liquidity, currency, interest rate, commodity, and supply chain risks is increased and can diminish a company's resiliency.

Liquidity management is essential in the current economic environment. 80% of CFOs listed a complete vision of business cash and liquidity as one of their highest priorities⁴.

The Stumbling Blocks

Understanding the path to successfully achieving real-time visibility is clear, but travelling the road is not without obstacles. **Consider the following barriers that can prevent finance teams from embarking on their transformational journey.**

MULTIPLE BANKING PORTALS

Achieving 100% cash visibility has always been difficult, especially in a multinational, multi-bank environment. The more banks a company works with, the more complicated it gets to achieve comprehensive real-time cash visibility. Proprietary, bank-specific portals create complex banking relationships that often force treasury and finance staff to consolidate information from different banks that exist on different systems to gain an overview of an organization's actual cash position.

DISPARATE FINANCIAL SYSTEMS

Companies that have fragmented systems and disparate processes often find themselves with added complexities to their finance operations. For example, many multinationals will have multiple enterprise resource planning (ERP) systems running. Consolidating data from multiple ERPs, other proprietary systems, as well as bank portals to achieve cross-border visibility into company's cash position can be a real struggle, especially in the absence of integrated systems.



DECENTRALIZED FINANCE MANAGEMENT ACROSS ENTITIES

As multinational corporations grow, and global footprints expand, the ability to achieve 100% cash visibility becomes far more difficult. Many multinationals have a complex financial ecosystem, split across different geographies, global banking partners and payment methods. This results in a fragmented data landscape which – without centralized control – impedes cash visibility.

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The Building Blocks

The concept of real-time cash visibility continues to grow in popularity, yet it remains, in the minds of many, a far-flung vision. Fortunately, the long-sought-after ability is fast becoming a reality.

5 Steps To Get Started:

1. BUILD A DATA-DRIVEN FINANCE SYSTEM: IDENTIFY DATA SOURCES

Data is at the heart of finance operations³. An industry survey conducted by the European Association of Corporate Treasurers (EACT) revealed that finance leaders are now recognizing the value of the vast quantities of data at their disposal. When used appropriately – crunched, consolidated, and analyzed – it enables better, smarter, and more informed decisions. In fact, two-thirds of finance leaders identified real-time data as their top priority for 2021.

Identifying and accessing broader data sources provides a good starting point for corporations for gaining cash visibility to ensure that the finance function has access to all required information. If organizations do not utilize all the data, they are potentially missing out on crucial cash insights.

Proactive collaboration with other departments; not only must there be cross collaboration between all finance functions such as Accounts Payable (AP) and Accounts Receivable (AR) to achieve visibility across the entire payments and



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cash lifecycle, collaboration across non-tradition functions such as sales is also key. Collaboration and alignment of goals and priorities can breakdown the data silos in order to more comprehensively and effectively forecast and manage cash balances across the entire business.

Working in a transparent, seamlessly collaborative way with other departments provides greater and more meaningful intelligence to lead decisions that will positively impact business growth and sustainability.

2. RATIONALIZE AND CONSOLIDATE: REVISIT BANKING STRUCTURE

A clearly defined banking strategy is one of the key enablers of cash visibility. As companies look for ways to increase efficiency in preparation for the future, the need to revisit bank relationships and structure will become more significant. The practise of rationalizing bank accounts and relationships is a growing trend, especially in today's business climate.



Optimizing the banking strategy by rationalizing banking partners and bank accounts can dramatically improve cash management and visibility.

Consolidating the number of banks and bank accounts will not only streamline and enhance internal controls and make processes more efficient but will also help increase the oversight over cash flows and optimize liquidity by consolidating cash flows into fewer bank accounts. Apart from efficiency gains, bank account rationalization also mitigates fraud risk and reduces banking costs due to fewer bank accounts.

3. CREATE A VISION: SET CLEAR GOALS AND TIMELINE

Before embarking on a real-time cash visibility journey, it's a good idea to map out what the present state of a finance function is, how it will be impacted, and what the desired end-state might look like. To optimize the cash visibility landscape, it is important for finance leaders to set clear goals and objectives and assess the current and desired landscape. Setting clear objectives and timeline is crucial to getting the project off to the right start. This will help finance leaders measure progress and understand if they are meeting, or failing to meet, the goals that they have set for their cash visibility transformation project. Without a clear set of objectives and success metrics, it will be difficult to understand if project is on track.

It's also important to ensure the goals that finance leaders have set to achieve are aligned with company-wide goals and they understand what the company is pursuing, and their objectives are aligned with the company's digital plan for the future.

4. GET IT ON BOARD: GET BUY-IN

Getting the right technology in place is one of the significant cash visibility challenges – but one that can be turned into one of the greatest opportunities for corporate finance.

Given the fact that technology plays a critical role in achieving on-demand, real-time information over cash positions to bring about efficiencies, it is also bound to bring about challenges – which can be resolved quickly with the adequate support from IT. IT can guide finance teams through a maze of choices, assess impact on systems, processes, and interfaces, and recommend solutions, so it is important to get IT on board ahead of time.



Increased investment in new automation tools and technologies presents an unprecedented opportunity to remove obstacles to achieving real-time cash visibility, drive strategy, and help organizations make well-informed decisions.

5. EVALUATE AND PARTNER: SELECT THE RIGHT VENDOR

After establishing the future state vision for the finance function and communicating it to IT, the next step is to choose the technology vendor you want to work with to turn the vision into reality. Selecting the ideal, best-fit solution provider represents an important stepping stone towards improved cash visibility and control. There are many technology providers, each with their own specialized solutions and product road map.

It is vital to get familiar with the vendor landscape, research the vendors and work with those who have invested in digital technologies, learn what differentiates them from other vendors, and understand their product road map and planned future innovations to evaluate their potential to drive further transformation tomorrow. It is also pivotal to perform due diligence about customer feedback and their overall stability. Finally, it's also important to factor in costs to ensure costs are in line with expected potential benefits.

The Payoffs

To respond effectively to today's demands, cash visibility finance teams need to move towards real-time by removing data silos, establishing finance transformation requirements, forging closer partnerships with internal stakeholders and IT, and re-evaluating external partnerships with banks and technology vendors. By leveraging rich cash insights in real-time, finance leaders can make more thoughtful, data-driven business decisions quickly and more confidently.

Getting to grips with cash visibility allows corporates to better deploy cash for enhanced overall returns, mitigate exposure to risks in uncertain times and better control and manage liquidity and debt.

1. PWC 2021 Global Treasury Survey
2. Bottomline Business Payments Barometer 2022
3. EACT Survey 2021
4. Bottomline, Industry Dive Survey 2022: CFOs Find A Recipe For Success



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