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Cashflow Forecasting - Overcoming Technology and Organizational Challenges

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Panel Members

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Vertiv

- Global provider of mission critical equipment for vital applications in data centers, communication networks, and commercial and industrial environments
- Over $4 billion annual revenue
- ~20,000 employees worldwide
- Global presence with 19 manufacturing sites and 270 service centers across 130 countries
- 25+ year relationships across top 20 blue chip customers

McAfee, LLC

- Leading edge device to cloud cybersecurity company with 7,000 employees
- Second largest cyber security company protecting over 600 million corporate and consumer endpoints across 189 countries
- Customers include 80% of Fortune 100 and 64% of Global 2000 firms
- 1,550+ security patents worldwide
- Acquired by Intel in 2011. Spun out from Intel as a separate company in 2017
- Privately held by TPG and Intel

Topics for Today's Session



CashFlow Forecast: Defining Objectives

Goals help define the cashflow forecast's objectives

- *Liquidity Management / minimize cost of funds*
- *Foreign Exchange Risk Management*
- *Monitor investment and funding strategies (i.e. use of IHB / cash pools)*

Overall objectives drive cost / level of effort

- *Management support / budget*
  - *Executive sponsorship*
  - *Provide value to contributors*
- *Time Horizons (Short-term / Medium-term)*
- *Approaches (Top Down / Bottom Up) + level of detail*

CashFlow Forecast: Challenges

Time / education to stakeholders

- *Review / continuous feedback on variances*
- *Make clear priority of organization (management support)*
- *Cross-functional effort (sales, finance, treasury, operations, etc.)*

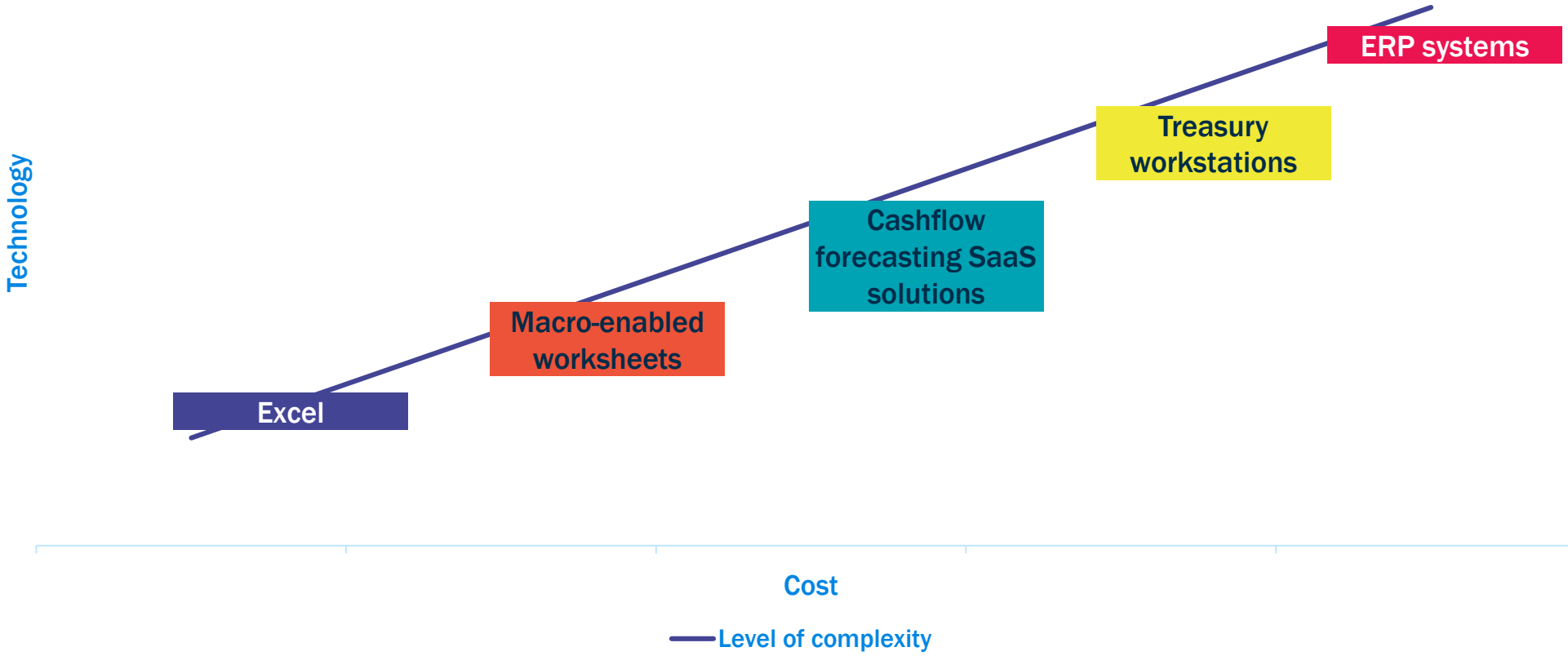
Complexity of forecast structure

- *Number of line items for the forecast*
- *Daily / weekly / monthly – and addressing cutoff issues*

Other challenges to consider

- *How intercompany transactions are forecasted and reconciled within forecast*
- *Differences in data provided by department, country, or legal entity*

Forecasting methodologies



Cashflow Forecast: Technology Used

- ***Level of automation***
  - *Bank data (balances/transactions)*
  - *AR/AP (inputs to forecast)*
  - *Variance analysis – manual vs. automated*
- ***Differences between cashflow forecast technology models***
  - *Degree of complexity*
  - *Price*
  - *Effort / time allocation*
- ***Sources of cash forecasting data (forecast and actual)***
  - *Use of ERP systems / treasury workstations / bank systems*

Cashflow forecasting - overcoming technology and organizational challenges

Questions

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Presentation takeaways

Objectives

- Clearly defined organizational objectives
- Communication to all from C-Suite down

Overcoming Challenges

- Education and time challenges met up-front
- Importance of feedback: over-communicate

Technology Decision

- Not using technology for technology sake
- Determining cost-benefit of automation

PMC Treasury, Inc.

- Global business offering independent financial risk management and operational treasury solutions
- Operating across North America, Europe and Asia
- 30 years' experience advising client on improving treasury efficiency and operations, providing interim treasury resource and mitigating risks
- Client coverage in a broad spectrum of industries
- An Inflexion portfolio company