



# Forecasting and the Future

Claudia Villasis-Wallraff - Head of Data Driven Treasury

July 2024

# What is Cashflow Forecasting?

Process of estimating the expected flow of cash in and out of a business over a specific period

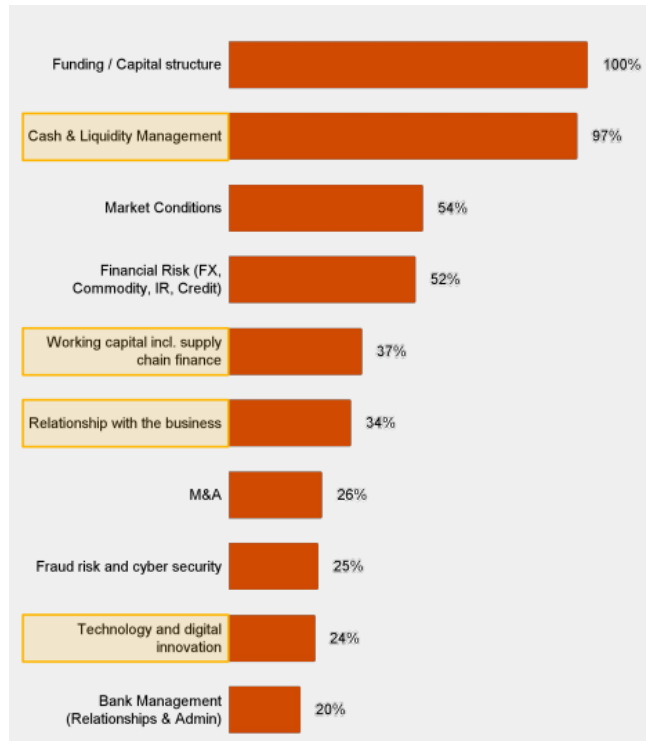


	CASH INFLOWS	CASH OUTFLOWS	NON-OP ITEMS	CASH BALANCES
Inputs	<ul style="list-style-type: none"> <li>✓ Sales Revenue</li> <li>✓ Accounts receivables – Collections</li> <li>✓ Investment income</li> <li>✓ Loans or Financing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Operating expenses</li> <li>✓ Accounts payable – payments</li> <li>✓ Capital expenditures</li> <li>✓ Loan repayments</li> </ul>	<ul style="list-style-type: none"> <li>✓ Taxes</li> <li>✓ Interest payments</li> </ul>	<ul style="list-style-type: none"> <li>✓ Opening and closing</li> </ul>
Time horizons	<ul style="list-style-type: none"> <li>✓ Immediate</li> </ul>	<ul style="list-style-type: none"> <li>✓ Mid-term</li> </ul>	<ul style="list-style-type: none"> <li>✓ Mid-term</li> </ul>	
Accuracy dependencies	<ul style="list-style-type: none"> <li>✓ Data Access</li> </ul>	<ul style="list-style-type: none"> <li>✓ Automation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Use of ML</li> </ul>	

# Why is it important?

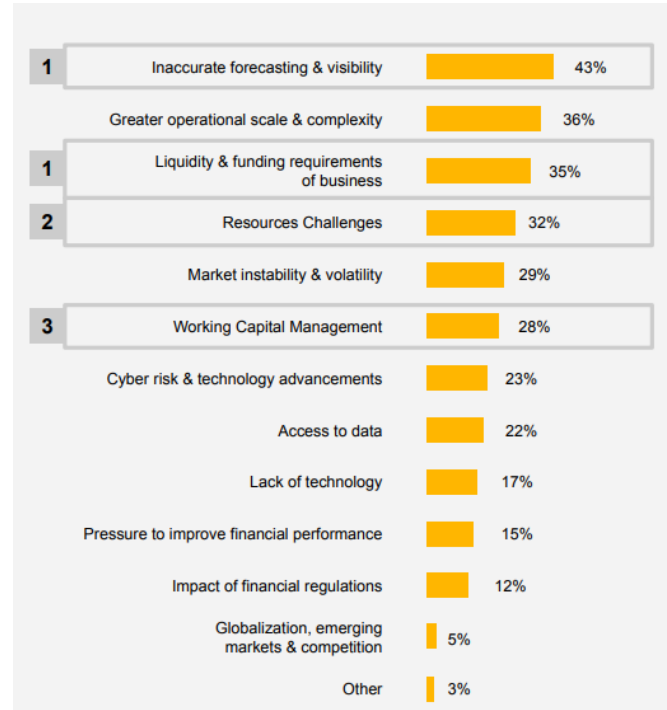


## CFO Priority topics for Treasury



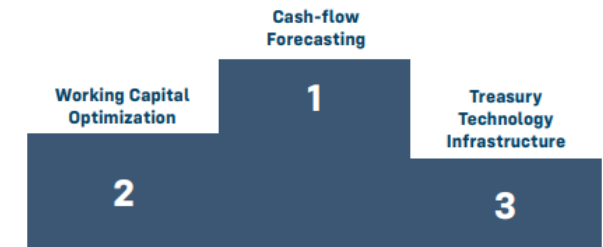
PwC, 2023 Global Treasury Survey

## Top Challenges



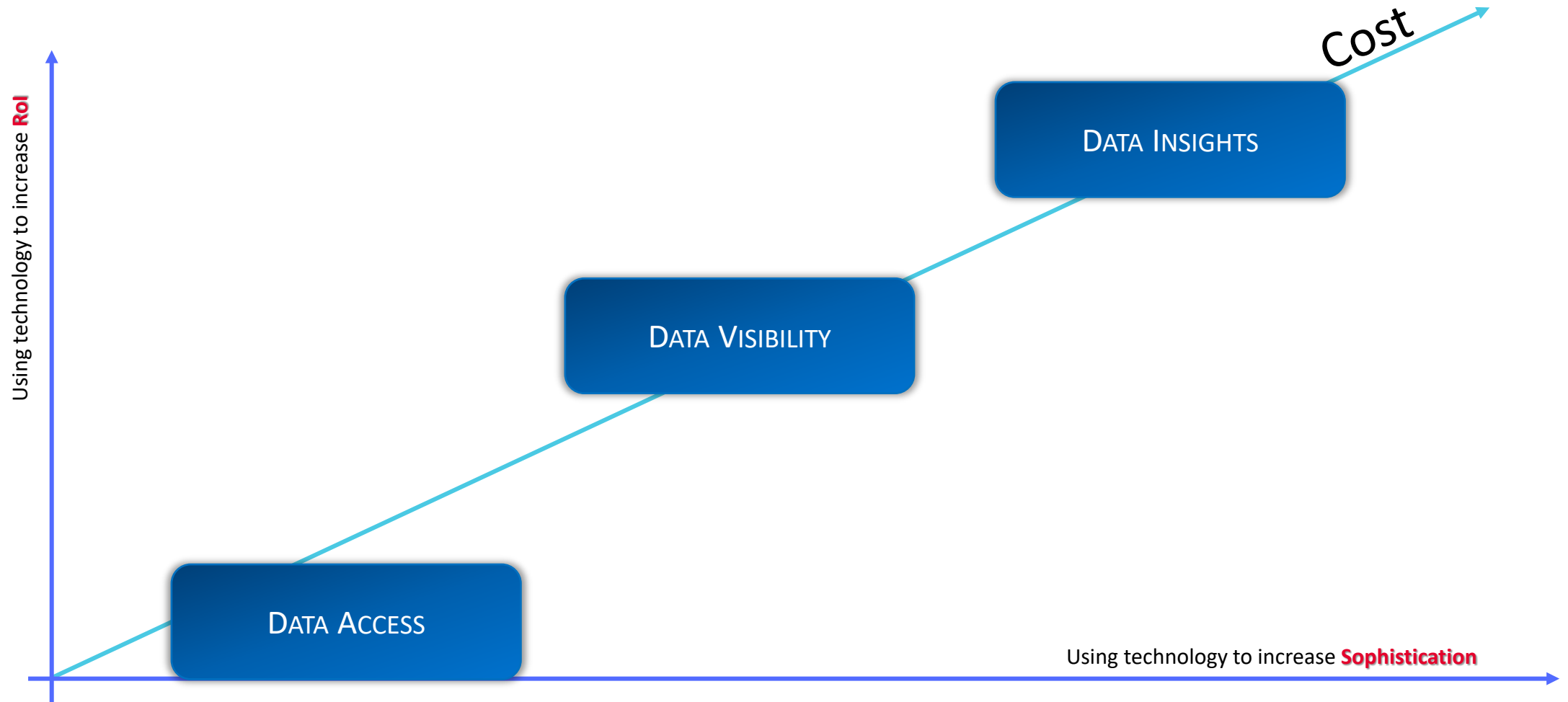
PwC, 2023 Global Treasury Survey

## Major priorities 12-24 months



(Annual EACT Survey 2023)

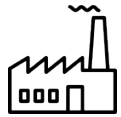
# Improving performance *measures*



# DATA ACCESS: Centralization



Modern Treasury is surrounded by different types of Data



Manufacturers



Market Data



Suppliers



Consumers



Banks



Regulations



Distributor



Logistics

And...



Businesses are structured in silos and data is not linked across functions



Within each silo, data is often stored across many different ERP/TMS platforms



Consolidating data across all platforms and systems is often a very expensive process



Data from different sources always comes in different formats and qualities



Even with all the data in one spot, it is often difficult to visualize and make sense of the feeds

# DATA VISIBILITY: what to do with it?



## Strategic objective



- ➔ **Effective decision-making**
- ➔ **Optimized financial planning**
- ➔ **Optimized investment**
- ➔ **Effective hedging**
- ➔ **Efficient working capital management**

## Treasury

- (Reduction of) overdraft costs
- (Increase of) investments yield
- (Increase of) hedging effectiveness
- (Reduction of) hedge roll-over
- (Reduction of) costs related to hedging
- (Reduction of) external loans / (Increase of) Intercompany loans

## Across company functions

- True cash-conversion- cycle time
- Touchless invoice rate
- True days sales outstanding
- True days payable outstanding
- Churn rate – with insights on type of clients

# DATA INSIGHTS: Data-Driven decisions



## Efficient Funding, Hedging and Investment decisions

SMART MODELS RECOMMENDING  
AND EXECUTING STRATEGIES BASED  
ON PARAMETERS DEFINED BY USERS

EACH ACTION GENERATES AND  
ENHANCES DATA

SEAMLESS CONNECTION TO BANKS  
AND OTHER FINTECHS



Applying the learnings to the Finance function:

*Improve Performance Indicators*



# Performance Measures – do they need improvement?



	TODAY	TOMORROW
Characteristics	<ul style="list-style-type: none"> <li>✓ Derived from accounting statements positions, due to lack of standard data across companies</li> <li>✓ Outdated, as accounting</li> <li>✓ Static and high level</li> <li>✓ Backward looking</li> </ul>	<ul style="list-style-type: none"> <li>✓ Based on granular data</li> <li>✓ Real-time</li> <li>✓ Evidence-based management</li> <li>✓ Early warning indicators</li> <li>✓ Forward looking</li> </ul>
Examples	<p>Days Sales Outstanding</p> $\frac{\text{Average accounts receivable} \times 365}{\text{Revenue}}$	<p>True Days Sales Outstanding</p> $\frac{\sum (\text{Payment Amt} \times (\text{Pay Date} - \text{Invoice Date}))}{\sum (\text{Invoice Amts with Payments})}$

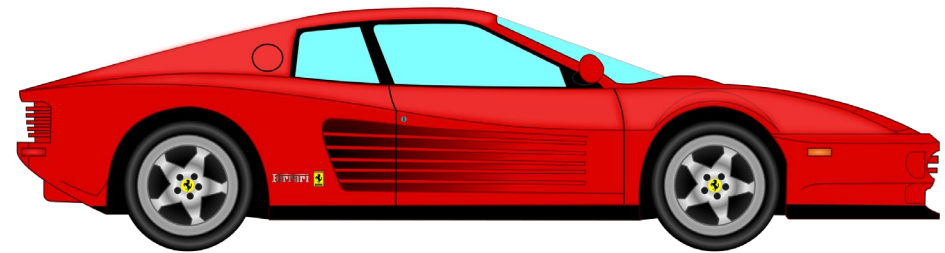


# Conclusion

# The main challenge



LEARN TO DRIVE THE NEW CAR WITHOUT BEING AFRAID OF SPEED

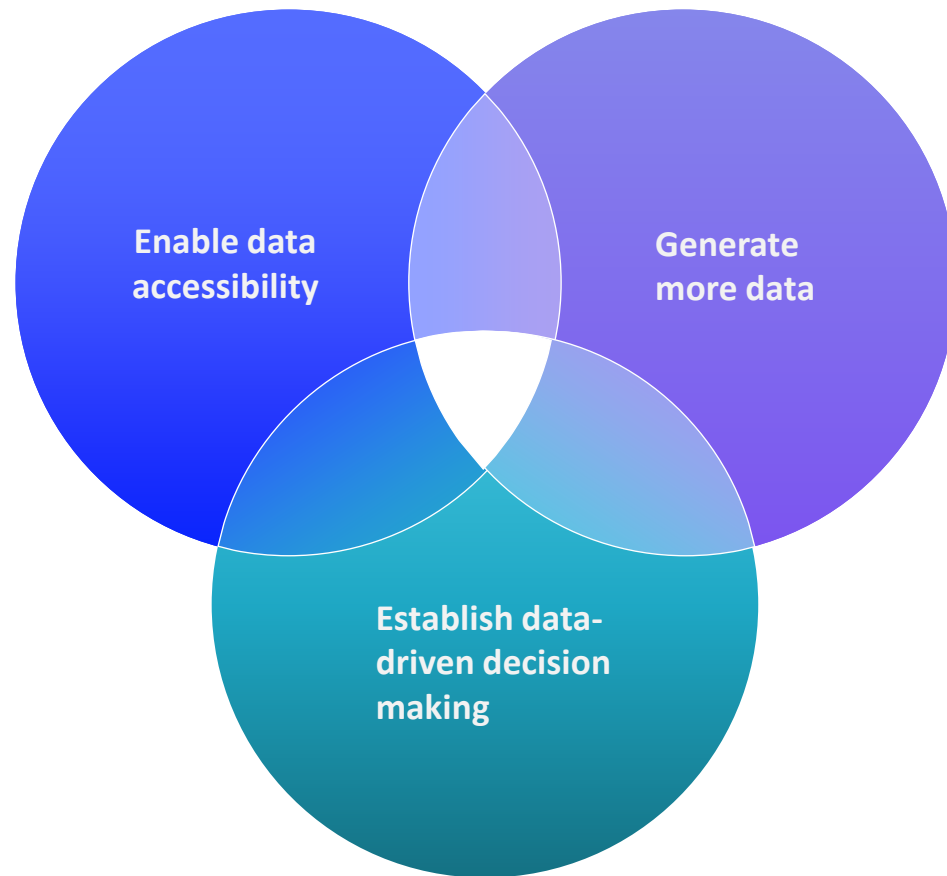


## Market Gap

A Smart Finance Tool to:

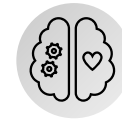
- ✓ Centralize data, making it ready for modelling
- ✓ Host and deploy own and 3rd party standard models
- ✓ Combine data from various companies, keeping data confidential through federated learning or clean rooms

# The To Dos



## Enablers

---



**Innovative mindset**



**Budget**



**Break down silos - combined skills**



Thank you!