

Treasurers Guide to Monetizing A/R for Accelerated Revenue Growth

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Agenda

- **How COVID-19 magnified the importance of cash?**
- **Levers to streamline the financial process**
- **What does it mean for Treasurers?**
- **How to monetize A/R and accelerate revenue growth?**
- **What's next and looking ahead**

How COVID-19 magnified the importance of cash?



Impact of COVID-19 on Working Capital

During times of crisis, cash is king



*Liquidity forecasting
and planning*

**Ensure
Liquidity**

*Release trapped working
capital*

Role of Treasury during Crisis

Goal: To help organization in optimizing working capital management as it the life and blood of organization

But it's easier said than done...

...Because Treasury Still Is Manual

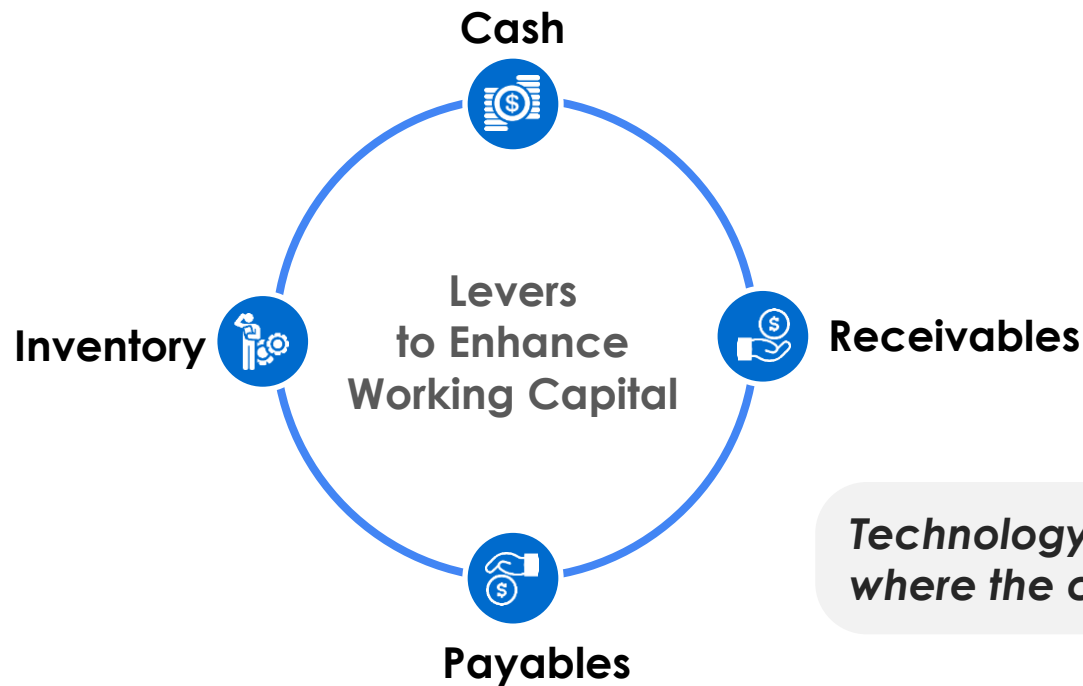


Levers to streamline the financial process



Levers to Streamline the Financial Process

What are options to enhance Working Capital?



Technology helps in efficiently determining where the cash is being tied up.

Decoding Payment Automation Technology



APIs

Programming code that enables data transmission between one software product and another



RPA

'Robots' mimicking human actions to perform a well-defined business process



AI/ML

Computer systems to learn, reason, think and perform tasks requiring complex decision making



ACH

An electronic bank-to-bank payment type in the US



Virtual Cards

Single-use card with a set of sixteen digits together with a CVV code that is randomly generated using software



Faster Payments

A Faster Payment is a type of electronic transfer, designed to speed up the process of sending money

Reap Exponential Benefits with Automation

Streamline Payments by embracing technology



Benefits of Technology

According to a survey **B2B virtual card transactions** are expected to increase from **\$130.5M in 2021 to \$414.4M in 2026**, 26.1% CAGR)



Better risk decisioning



Streamlined/real time reconciliation to optimize current assets








Forecasting capabilities that position for growth

What does it mean for Treasurers?



What Does It Mean For Treasurers?

-  **Streamlined liquidity consolidation**
-  **Enhanced cash-flow forecasting**
-  **Real-time liquidity**
 1. Instant cash concentration through virtual accounts
 2. Real-time in-house-bank accounting and reporting
-  **Creating a positive impact on their cash flow and daily sales outstanding (DSOs)**
-  **Reduce uncertainty and increase working capital**

How to monetize A/R and accelerate revenue growth?



How To Monetize A/R & Accelerate Revenue Growth?

Customer Delaying the Payments



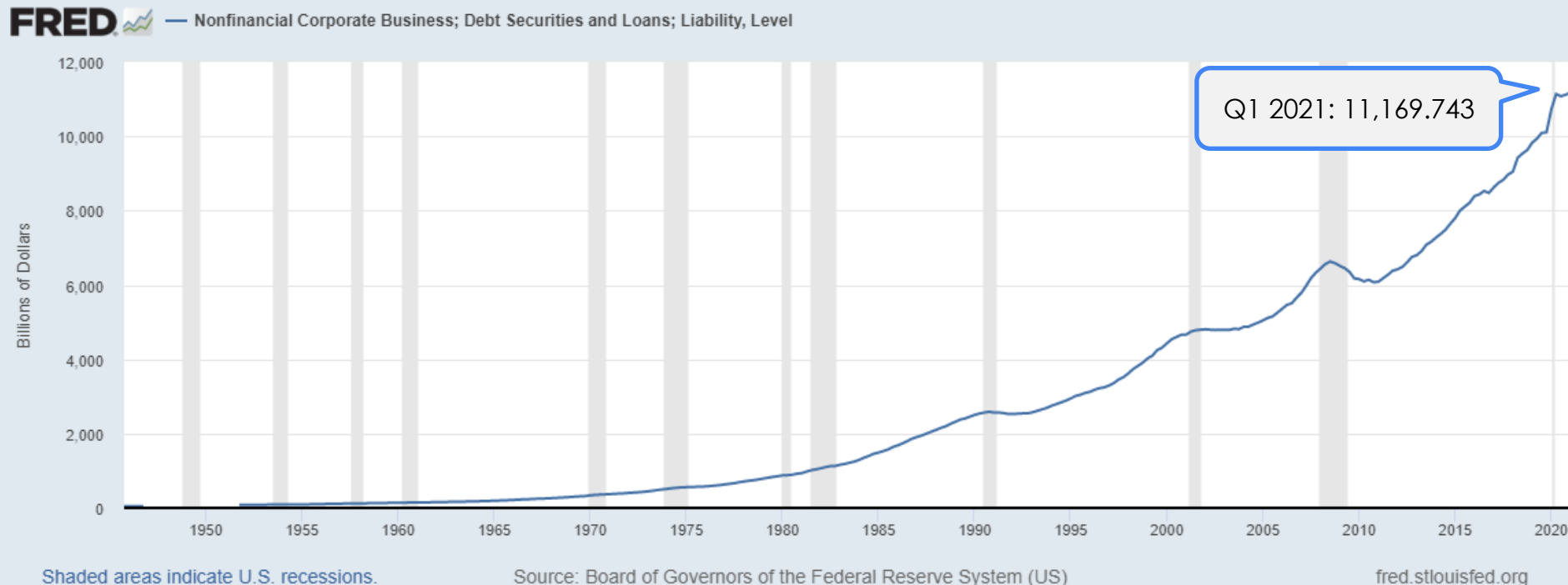
Stressed Working Capital

Customers Paying On/Before Time



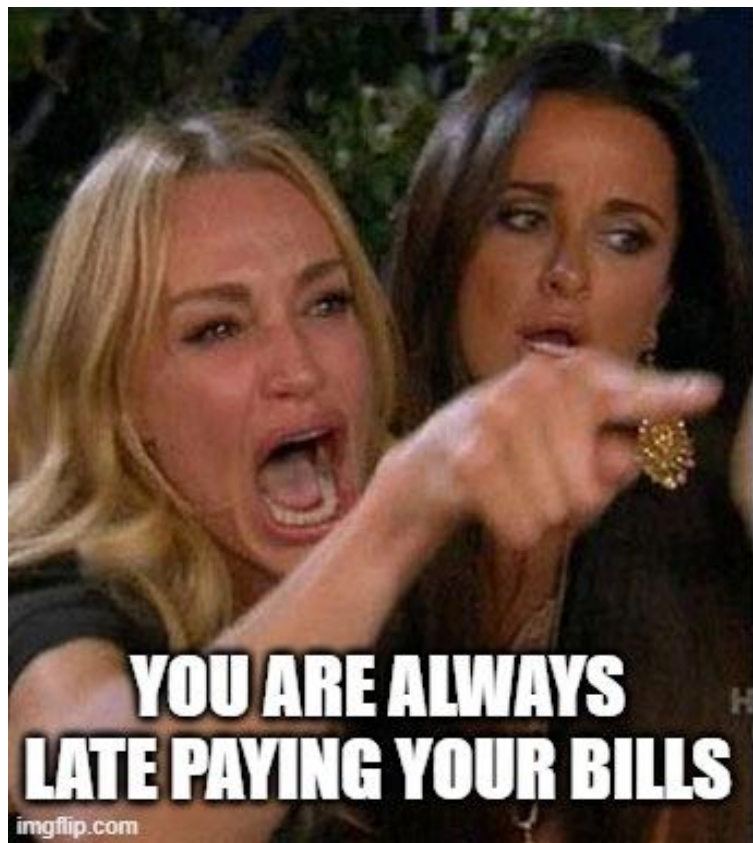
Streamlined Working Capital

How To Monetize A/R & Accelerate Revenue Growth?



This trend can pressure working capital, increasing the amount of current assets on the balance sheet

Woes of Check payments



Alternatives of Check Payments



Implementing a lockbox solution to automate check capture and scanning to enhance reconciliation capabilities



Implementing electronic invoice with an EIPP

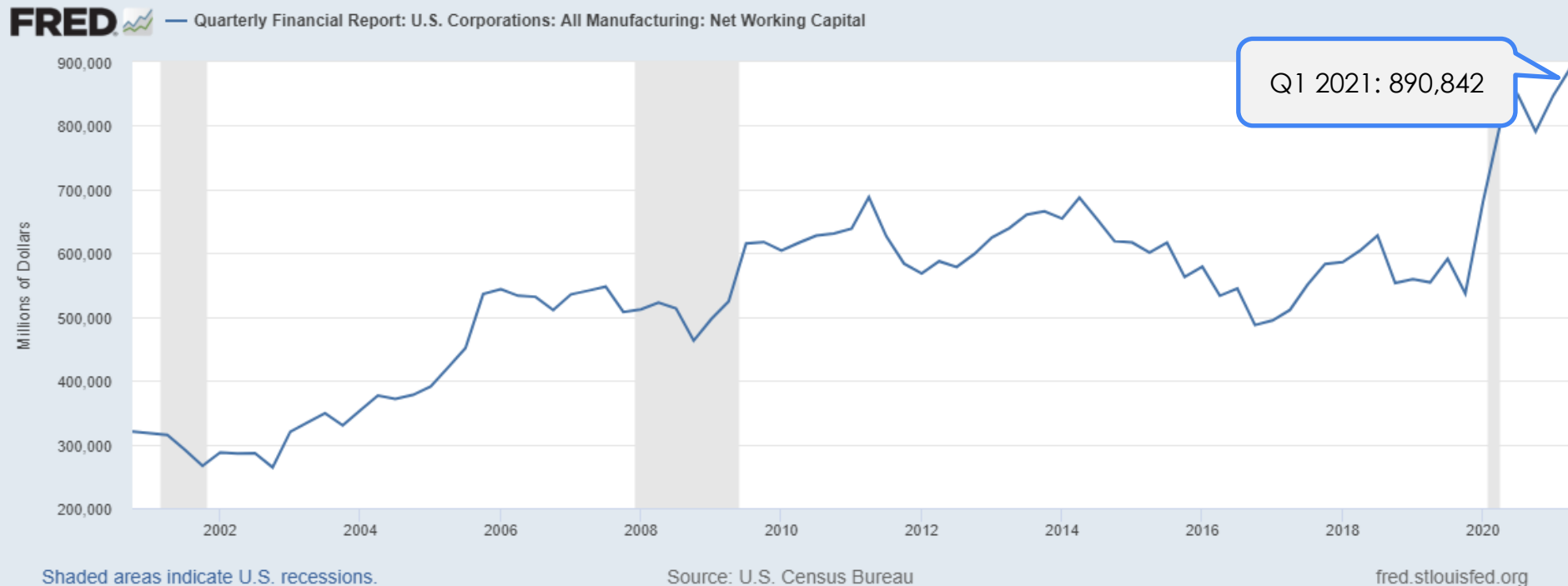


Supply Chain Financing



Early pay discount

Working Capital Requirements Over Last 20 Years



Cash Creation Hypothetical

EBITDA: \$100

- **Debt Service:** (\$50)

- **Working Capital:** (\$30)

- **Capex:** (\$10)

Cash Creation: **\$10**

- Only working capital can be managed near term
- Reduce working capital ratio = greater cash creation

What's next and looking ahead



Looking Forward – What to Expect?

- ✓ 8.3 days and \$10 to process a check; equal to a Hawaiian vacation trip complete with a Strawberry Daiquiri and stay at the White Lotus.
- ✓ The amount of debt in the marketplace is only forecasted to grow.
- ✓ Automation will become increasingly more important with 50% of invoices today sent electronically.
- ✓ The non-intangible costs must be measured.

Questions



Thank You

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NEXT SESSIONS



O2C

*Kellogg's Guide To Cash Excellence By
Driving Data-Driven Customer Experience*

01:05 PM EST | West Mezzanine Center



TREASURY

Owning Your Career in Treasury

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