

Optimise cash management: 'seeing the wider business benefits'

When optimising cash management, it's easy to get caught up in treasury-specific goals and advantages, such as improved visibility, accessibility and control. But revamping the way the company manages its cash has many benefits for C-suite decision-makers and the wider business too.

Today's international business environment is characterised by uncertainty. Europe's future is being called into question and market volatility is understandably high. As a result, treasurers, CFOs and CEOs alike are looking for ways to better manage turbulence, complexity, and minimise the impact of 'unknowns'.

Naturally they want greater certainty around corporate and financial strategy, and are seeking improved control of financial risks. Moreover, they want to bolster investor confidence, increase profitability, strengthen the balance sheet and ultimately make the right decisions for the company's future.

One of the most practical ways that treasury can help deliver on these needs is by optimising the company's cash management. After all, the benefits of improving visibility, accessibility and control over group-wide cash are by no means limited to the treasury function.

The bigger picture

First and foremost, optimising cash management – by delivering instant visibility into group-wide cash positions and forecasts – will help CFOs and CEOs to manage risk more effectively. With the right information about cross-border cash at their fingertips, the C-suite can better analyse 'what-if' scenarios and react more quickly

to market trends and developments, rolling out revised risk management strategies where appropriate.

In fact, with full cash visibility, the C-suite can make smarter and better business decisions around every aspect of the company's operations, not just risk. Optimising the company's cash management can also lead to reduced borrowing costs, increased return on investments, and improved receivables and payables practices, all of which will strengthen the balance sheet.

In turn, this should boost market sentiment and confidence, helping investors to see how financially sustainable the company is and reassuring shareholders that the group has sufficient cash to cover its working capital and pay dividends.

Future-proofing

In addition, a cash management optimisation project is a great way to bring the business into the next level. In particular CFOs are keen to leverage the benefits that digital advances and new technologies offer. In fact, according to Robert Half UK's recent 'Finance 2020' report, in four years' time CFOs' top priority will be 'keeping pace with technology change', ahead of 'harnessing/managing big data' and 'meeting regulatory compliance requirements'.

At ING, we recognise that digital age presents exciting opportunities in the world of cash management, both for treasurers and the C-suite. But we also understand the resource pressures that companies are facing, not least when it comes to technology budget and implementation. This is precisely why we have created a next generation digital cash management solution that works regardless of the company's existing IT set-up to deliver deeper insights into current cash flows, together with greater visibility and control over the group's entire financial landscape – all in a single, self-service interface.

Our Virtual Cash Management solution allows decision-makers to see their cross-border cash positions in play from anywhere in the world, at any given time. What's more, it offers significant risk reduction benefits, ranging from straight through processing (negating the need for error-prone manual intervention) to accurate near real-time information that leads to sharper strategic decisions.

Bringing clarity

In short, while uncertainty in the international business environment is making it tougher for executives to choose the right path for their company, optimising cash management by leveraging the latest digital advances offers a clear route forward.

And at a time when delivering increased value for a growing range of stakeholders – from investors to supply chain partners – is becoming increasingly important for CEOs and CFOs, the wider business benefits of optimal cash management could not be more relevant.

This article forms part of a series of insights from ING Wholesale Banking on the latest trends and developments in cash management. Watch out for forthcoming articles on enhancing cross-border cash visibility and accessibility, as well as leveraging digital cash management advances to help improve strategic decision-making. For more information, visit www.ingwb.com/vcm.

