

Manage your Capital impact

Disruptive challenges require hands-on, agile solutions, which support companies by providing access to immediate insights that help them to define and take appropriate actions.

Challenges

- Will the company be able to collect their (outstanding) receivables and fulfill their suppliers' conditions?
- Will the company be able to monitor their payroll liabilities?
- What about (un)expected (cash) expenses?
- If cash-in flows are lower than cash-out flows, how long can we face this situation?

Domains



People



Legal



Finance



Tax

Which measures can we take to prevent further cash destruction?

On short notice, fiscal and legal measures will have to be considered and applied to give the company the space and time to further deepen and improve their working capital

position for the coming weeks and months (such as decreasing customer demand and disrupted supply chains).

Short-term actions (0-4 weeks)

- Safeguard people
- (Corporate) Tax implications
- Legal compliance to safeguard your rights and obligations
- Business continuity execution and planning

Mid-term actions (1-3 months)

- Scenario planning to (re)act is imperative
- Customer and supplier identification to monitor, assess, and review dynamically
- Review impact on business operations and processes

Longer-term actions (3+ months)

- Create an agile and visible working capital framework
- End-to-end systems and reporting as supporting tool
- Develop and implement enhanced risk management practices

As tomorrow's disruption is surely already brewing, the business world should always be ready to adapt to constant change.

What can help your company to face this crisis and prepare for other crises to come?

Working capital management is an important and powerful tool to prepare for and manage foreseen and unforeseen future events.

Preparing for any such changes requires clear knowledge of the current situation, including an accurate up-to-date view on the

day-to-day and future expected cash and liquidity position, as well as every step of the cash-conversion-cycle: order-to-cash, forecast-to-fulfil, purchase-to-pay.

Which priority should you give to each step to know how much liquidity you have right now and how

much you may make available in the short-, mid-, longer-term?

Companies need to have insights into their financial statements, including cash balances, credit lines, covenants and outstanding receivables, payables and inventory levels.

Order to cash



Forecast to fulfil



Purchase to pay

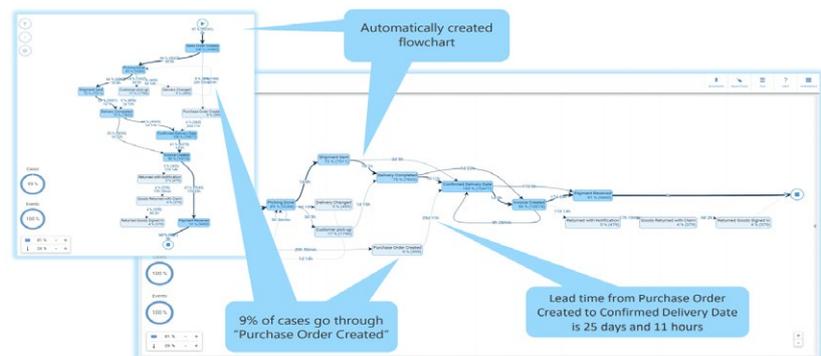


● Low Priority ● Medium Priority ● High Priority

Which solutions may be critical to resolving the challenges companies are facing right now

Disruptive challenges require hands-on, agile solutions, which support companies by providing access to immediate insights that help them to define and take appropriate actions.

Process mining is an approach which can **automatically reconstruct** the entire process (including sub-processes, tasks and events) to provide **insights** into the occurrence and location of **process bottlenecks** and **inefficiencies**.

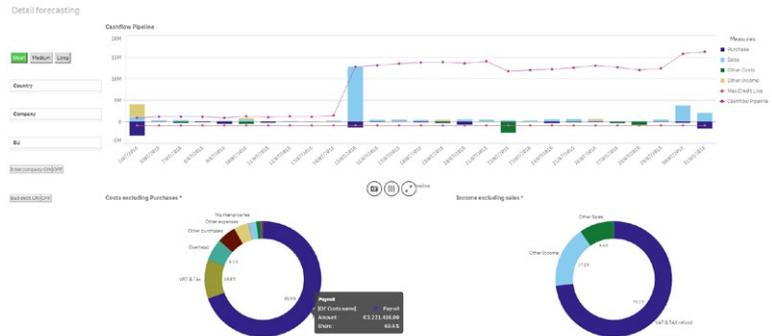




The working capital analyzer is a dashboard tool which enables your company to analyze both the financial data (top-down approach via G/L transactions) and the operational data (bottom-up approach via invoice data)

following the DAR methodology (dashboard, analyze, report). The main objective is to **optimize the liquidity** of a company to **free up the necessary cash** to survive the challenges of today

The cash-flow forecaster is a tool which provides a company the opportunity to visualize the current and forecasted **cash and liquidity position** at any moment. The tool is combining (historical) financial and operational data retrieved automatically from the ERP system(s) and a **set of predefined manual variables**, which are tailored to the organization. These variables can be modified, giving the opportunity to **predict the future outcomes** of possible optimizations in the current way of working.



Your advantages

- **Immediate** implementation, compatible with all systems;
- Accessible both **remotely** and on-premises;
- Direct insights that **add value** in the **short-term** and for the **future**;
- Solutions which are **user-friendly** and **easy** to further tailor to your needs

Our recommendations

COVID-19 is disrupting the business world in such ways that companies are not only impacted today but will still feel the impact long afterwards. While some scenarios are impossible to predict, some companies have already proven that it is possible to be prepared for the worst, through working capital management, developing expertise, and having the right tools in place. Particularly important is to:

- Determine the amount of available cash, its location and the time required to access and transfer this cash to wherever it's needed;
- Determine the forecasted short- and mid-term cash and liquidity requirements;
- Determine the cash value of assets able to turn into cash on a short-term notice;

- Determine the measures and tooling in place, their reliability and effectiveness.

By investing in your treasury and working capital process, you will enable your company to deal with this crisis and other crises to come.

Want to know more on this topic and how KPMG can support you? Feel free to reach out to us!

Contact us



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