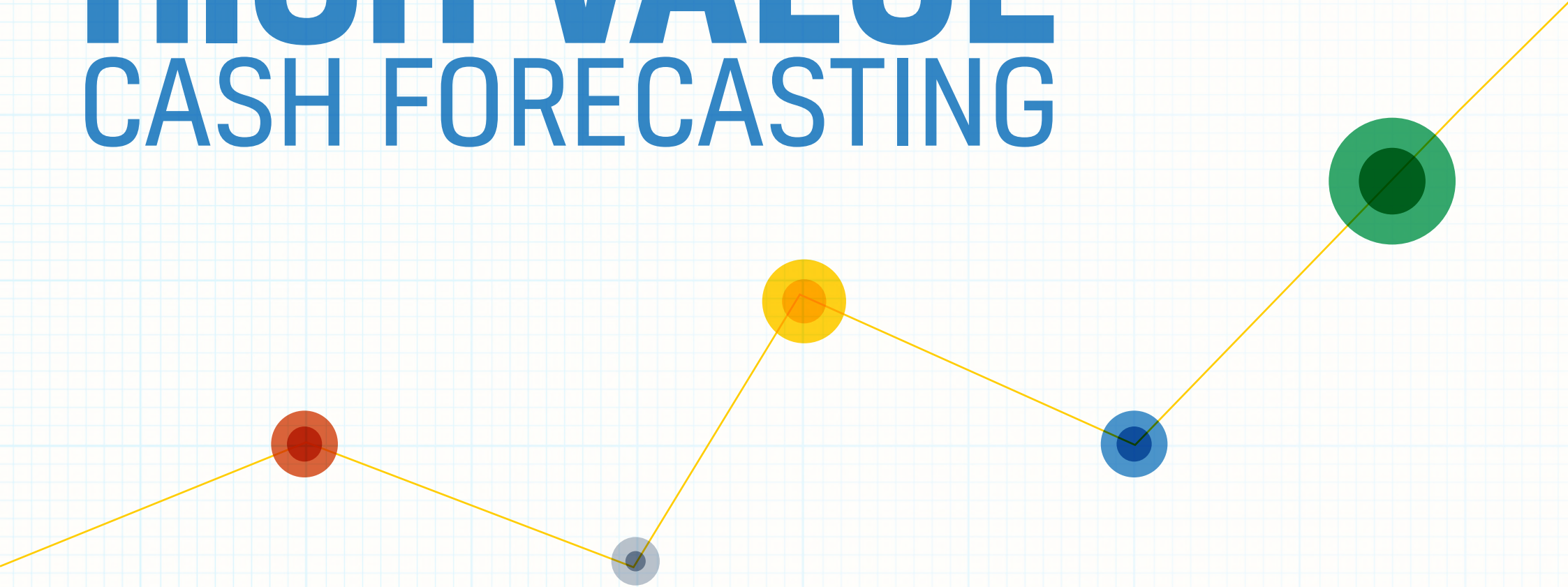


AN INTRODUCTION TO

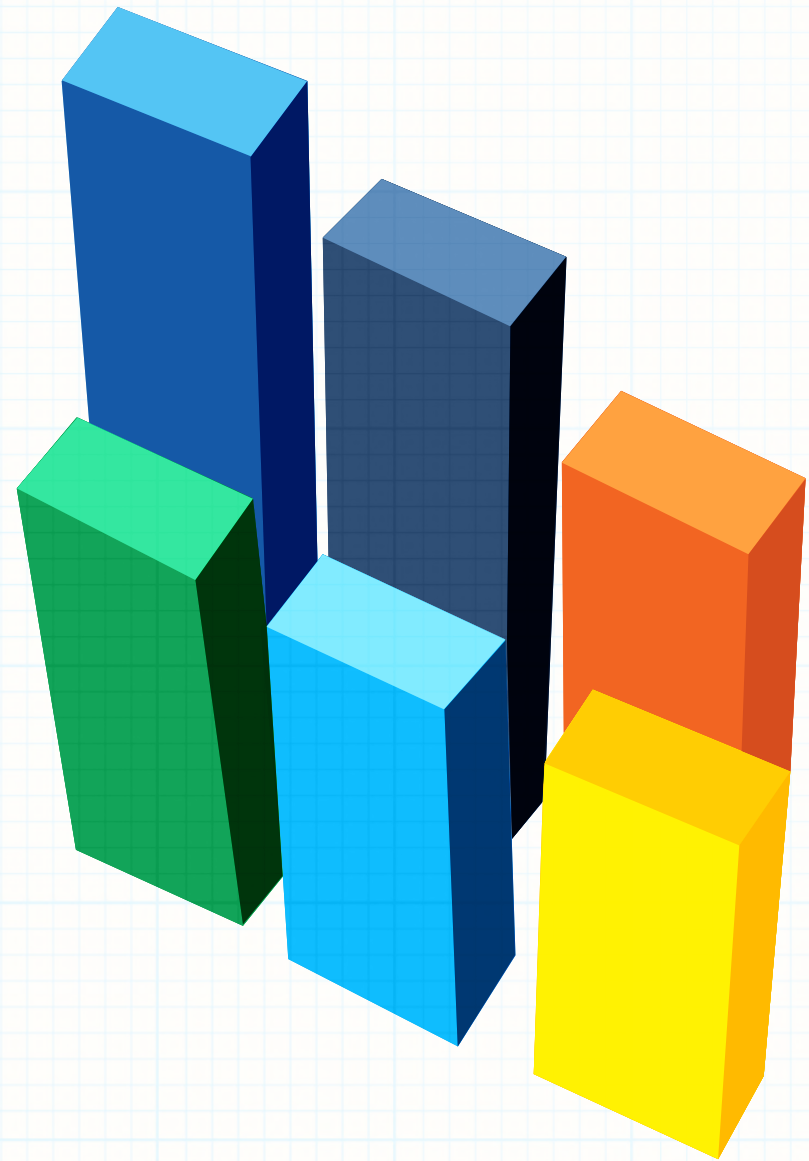
HIGH VALUE CASH FORECASTING



What is it?

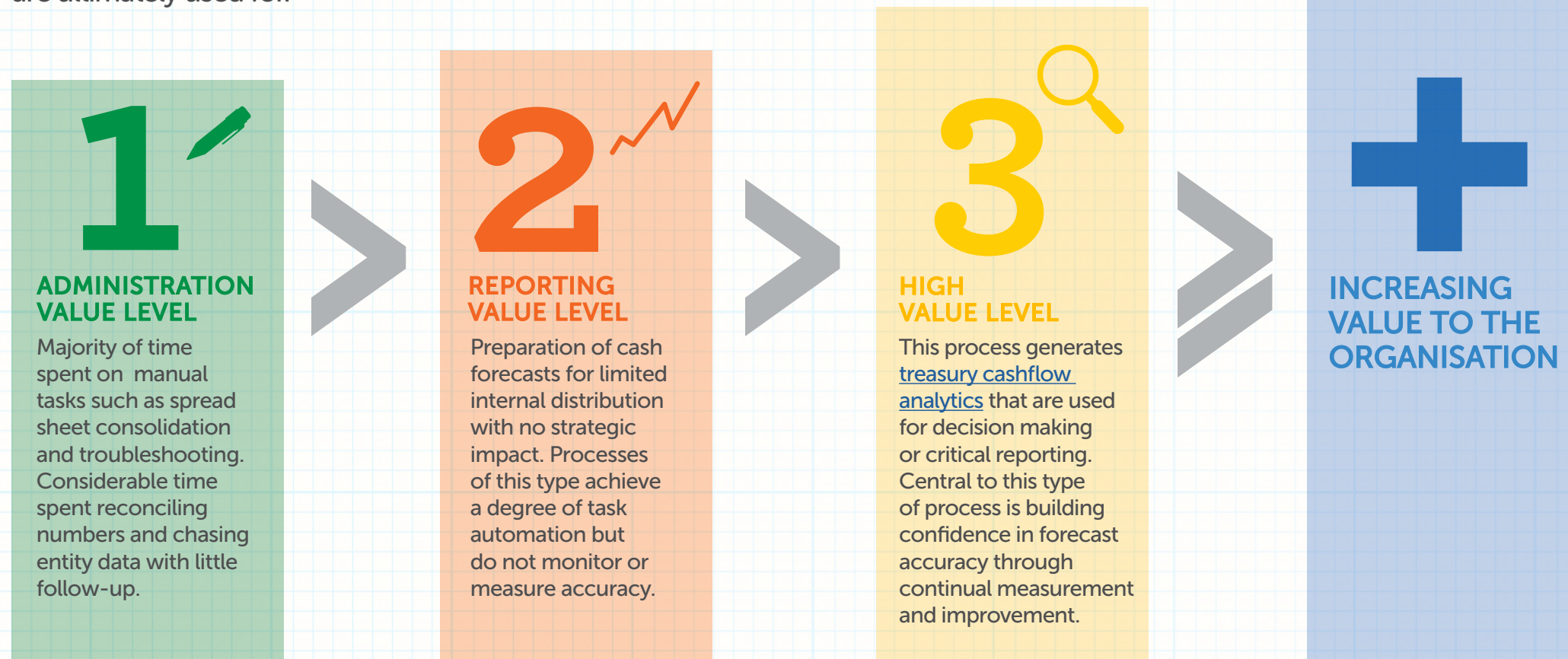
In simple terms, High Value Cash Forecasting is cash forecasting that is used to drive meaningful business activity. This means using cash forecasts for one of two purposes; **decision making or critical reporting.**

This short guide has been designed to help you understand the conditions necessary for High Value Forecasting and how you can start gaining more value from your cash forecasting process.



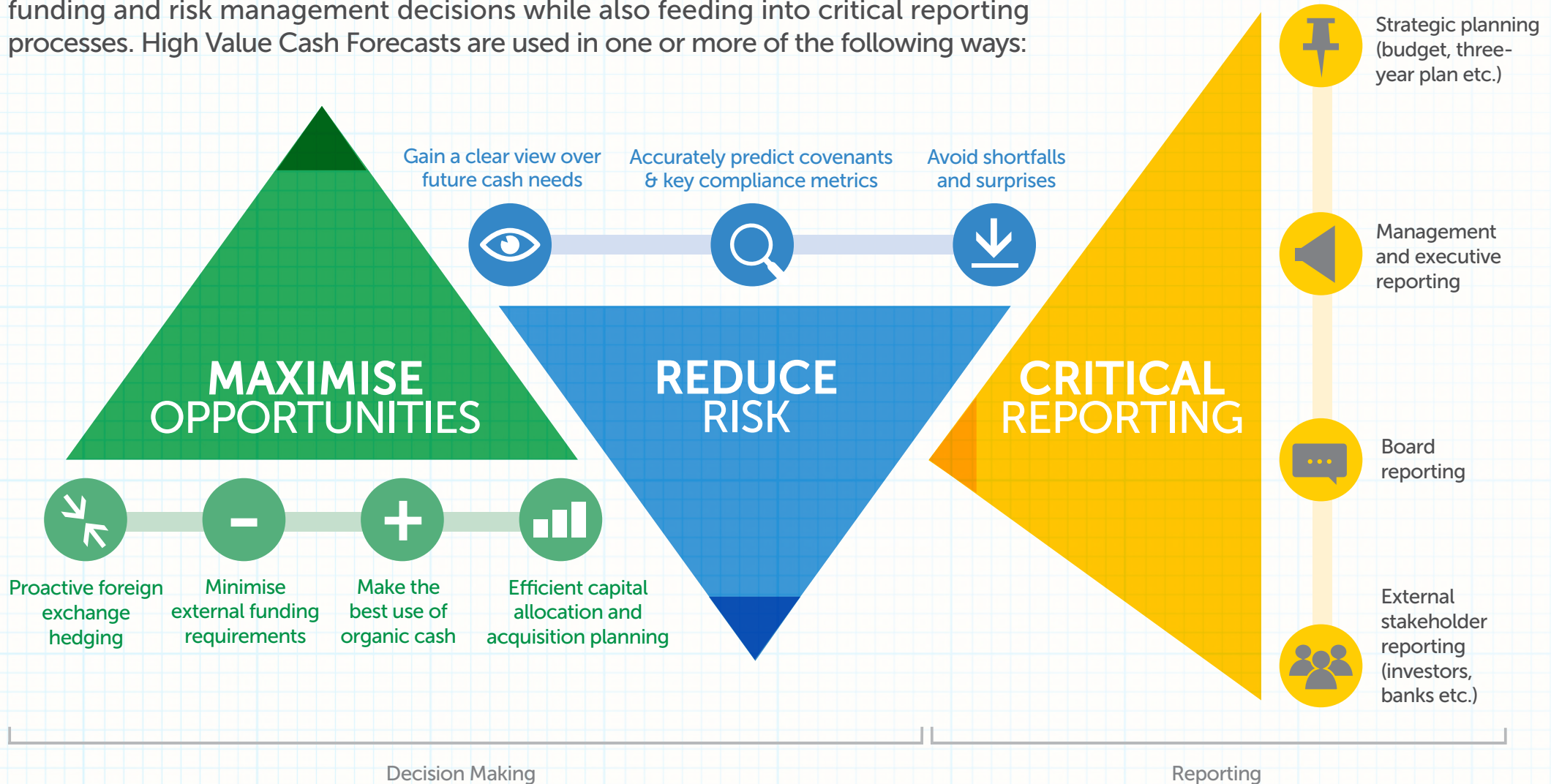
Types of Forecasting Processes

Our experience and research has shown that cash forecasting processes in large organisations can typically be grouped into one of the three categories outlined below. Forecasting processes are grouped on the basis of where most time is invested in the process itself and what the forecasts are ultimately used for.



How they are used

High Value Cash Forecasts are used by Treasury and Finance teams to guide daily funding and risk management decisions while also feeding into critical reporting processes. High Value Cash Forecasts are used in one or more of the following ways:



Challenges & Barriers

High Value Forecasting is all about generating a cash forecast that is reliable enough to be used for decision making. This means the person that uses it, be it a treasurer, financial controller or CFO, is confident that the forecast they have is as accurate as it can be.

Central treasury and finance teams in large companies face multiple challenges when attempting to consistently generate an accurate cash forecast that they are confident using to make decisions.

These challenges include the complexity of managing streams of data from multiple sources, including people, and not having the time and tools available to monitor the accuracy of forecasts.

Ultimately, these complexities and challenges don't allow companies to build the confidence they require in their cash forecasts which in turn stops them from using them for high value purposes.



Necessary Conditions

Creating the internal conditions that allows cash forecasting accuracy to be quickly understood and continuously improved lies at the heart of High Value Cash Forecasting. There are four conditions necessary for High Value Cash Forecasting.

1

ACCURATE AND RELIABLE INFORMATION INPUT

The quality and accuracy of the information captured by your cash forecasting process will determine the ultimate quality and accuracy of the final reporting output. A High Value Cash Forecasting Process is designed to ensure that the quality and accuracy of the information used by the process is as high as it possibly can be.

3

APPROPRIATE TOOLS, PROCESS AND SUPPORT

Cash forecasting can be a time intensive process and specialist tools may be required to avoid burdening both business units and head office with additional manual workload. Factors such as the level of detail required, the number of data sources and the frequency of reporting will determine how much work is involved in a process and what tools are needed.

2

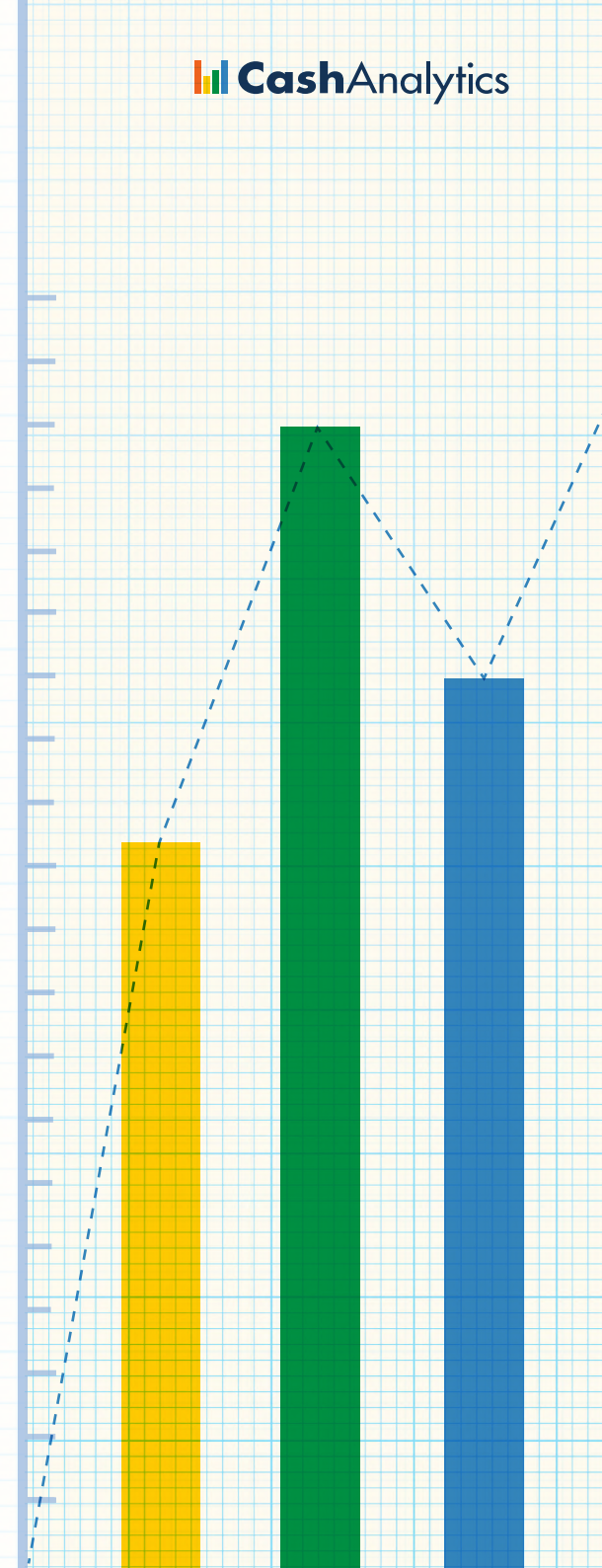
FULL MEANINGFUL ENGAGEMENT FROM PARTICIPANTS

Accurate and reliable information input is to a large extent dependent on each person involved in the process engaging with it in a meaningful way, at all times. Gaining the initial buy-in required to set-up a forecasting process and ensuring that it is engaged with in a meaningful way will go a long way to safeguarding the quality of the final output.

4

ANALYSIS, PERFORMANCE REVIEWS AND FEEDBACK

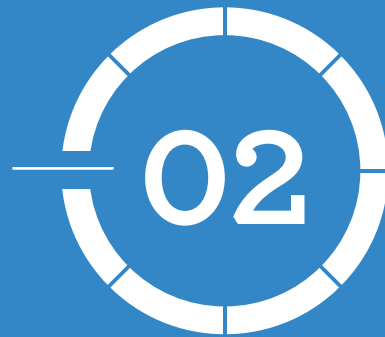
Monitoring and measuring the accuracy of forecasts over a period of time is crucial to building confidence and trust in the data that is used for decision making purposes. Accuracy metrics should be provided to every person involved in the forecasting process so that they can use it to understand and improve the quality of data that is used for forecasting.



Key Takeaways



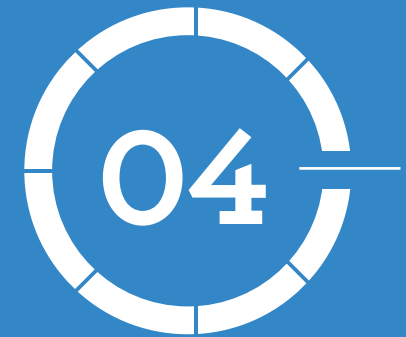
High Value Forecasts are forecasts that are used for decision making and critical reporting purposes.



Accuracy sits at the core of High Value Forecasting as it allows you to build confidence in the data used for decision making.



Building an accuracy feedback loop into your forecasting process will allow you to drive continuous incremental improvements in accuracy.



The buy-in and support of people contributing to the forecasting process is a key element of a High Value Forecasting process.

About CashAnalytics

Our mission is to help companies understand the impact of business activities on future cash flow and available liquidity through the development of highly accurate cash forecasts.

In CashAnalytics we specialise in cash forecasting software and solutions for large companies. Using the latest web and data analytics technologies we help our customers gain a clear understanding of the future cash needs of their business, in the most efficient manner possible.

Our clients range from mid-tier private companies to stock market listed multinational enterprises, across a broad range of industries. **Contact us** today to find out more about CashAnalytics or to see a demo of our **cashflow forecasting software**.

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CASH & LIQUIDITY FORECASTING