

# Liquidity Management Services

EY India

Strategy and Transactions

May 2023



Building a better  
working world



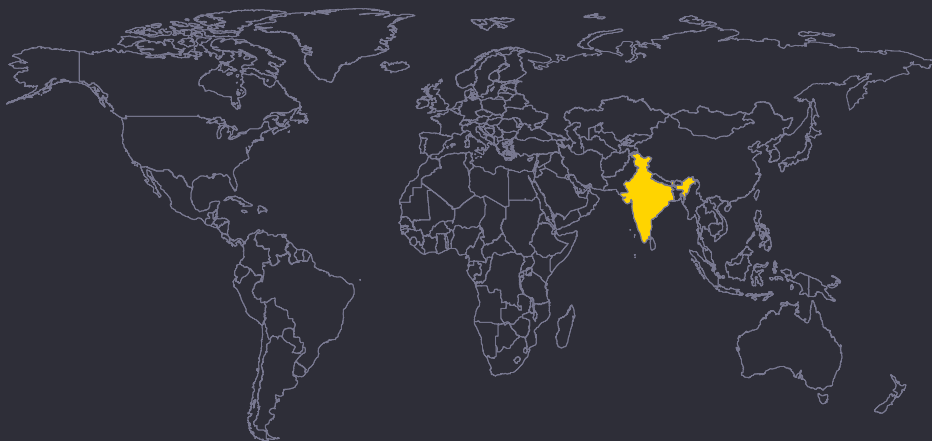
## Background

Disruptions caused by unfavorable geo-political environment, changes in regulations and technological advancements, lead to uncertainties and challenges in both demand and supply for businesses across all sectors.

In the recent past, issues such as shortage of supply of key raw materials, delayed customer payments, unavailability of adequate credit lines and labor issues have become common occurrences. All of these have impacted the level of working capital and cash flow required to manage day-to-day operations. C-suite have had their work cut out to ensure they strike the right balance.

After pulling the traditional levers of cost reduction, margin and productivity improvement, management are now realizing that effective liquidity management can provide a real competitive advantage.

**EY's Liquidity Management Services provides a clear route to extracting cash from working capital, prioritizing quick wins and minimizing business disruption.**



As per our analysis, **INR 8.8 trillion** is tied up in the working capital across the top 25 percentile of listed companies in India



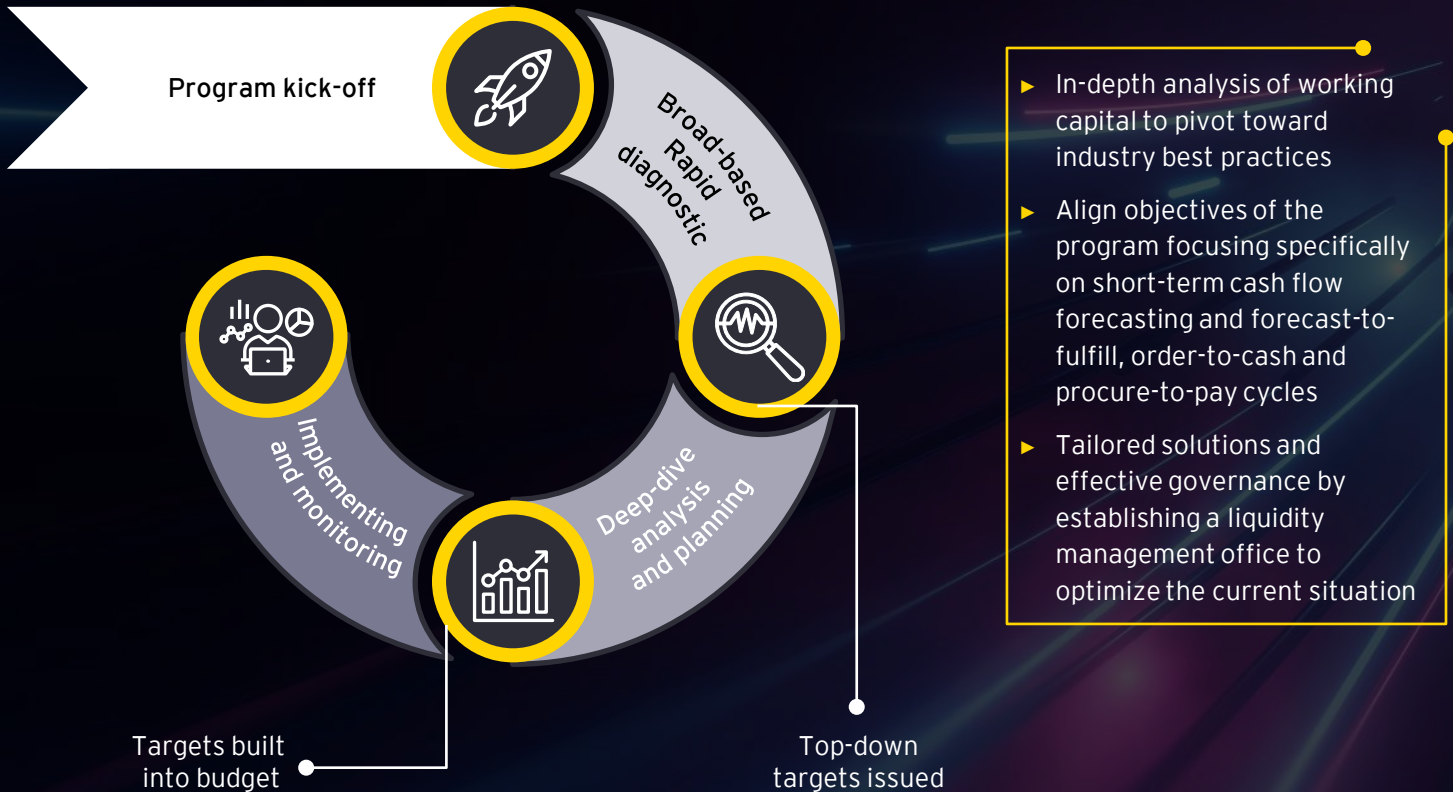


## Typical challenges faced by companies looking to optimize liquidity



# EY Liquidity Management framework

EY deploys a systematic, data-driven and fact-based framework to optimize liquidity, resulting in immediate cash release and improved productivity.



## Focused on the key levers for improving liquidity

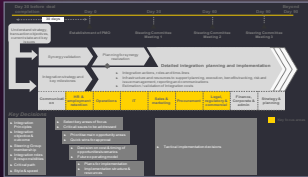
Order-to-Cash (OTC)	Forecast-to-Fulfill (FTF)	Procure-to-Pay (PTP)
Sales and quote management	Logistics	Procurement strategy
▼	▼	▼
Risk and credit management	Sales/marketing	Sourcing and contracting terms
▼	▼	▼
Order management	Forecast and demand management	Requisitioning and order fulfillment
▼	▼	▼
Invoicing/billing and terms	Procurement	Goods and invoice receipt
▼	▼	▼
Dispute management	Planning and scheduling	Invoice processing
▼	▼	▼
Collections management	Manufacturing	Discrepancy management and control
▼	▼	▼
Cash application	Inventory management	Payment processing



# Leveraging technology for data-driven decision making

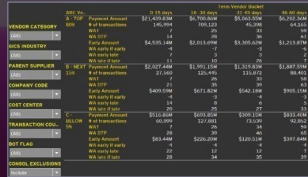
Benchmarking, data analytics and process reviews reveal trends and opportunities not captured in standard approaches. In-depth data analytics provide value before significant time/funds are allocated to the project.

## Project management



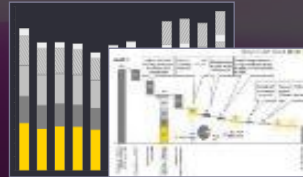
Program roadmap

## Procure-to-Pay



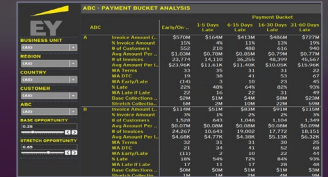
Supplier segmentation

## Forecast-to-Fulfill

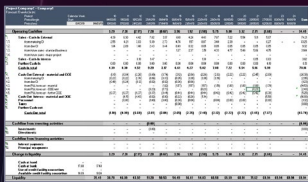


Inventory analysis

## Order-to-Cash



Customer segmentation



Rolling cashflow forecast



Spend analysis



SKU rationalization



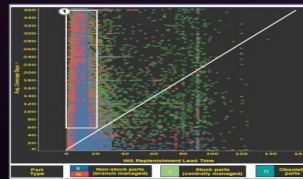
Customer collections performance



Dashboard and status



Payment terms, trigger and frequency



Lead time vs. coverage



Dispute resolution tracking

## Benefits delivered



Rapid cash release, improved visibility and predictability of cashflows



Better capital allocation to support strategic decision making



Improve organizational efficiency by enabling cross functional collaboration



Shift focus from cash tracking to cash optimization



Increased stakeholder satisfaction



Improved return on invested capital

## "Cash is King"

Effective liquidity management improves a company's cash conversion efficiency and operating cash flow. This in turn supports strategic capital allocation goals to fund capex, acquisitions, dividends, share buy-backs and debt reductions.

# How can you tell if you might benefit from EY's liquidity management services?

	Yes	No	Not sure
Insufficient cash on hand to fund acquisitions, CAPEX projects or address debt covenant issues			
Slow, inefficient, manual and/or FTE heavy processes			
Increasing vulnerability to market downturns			
Weak negotiating position in the capital markets			
Cash is inaccessible in operations, business units			
No enterprise-wide focus on cash			
Limited understanding of acquired business's cash position			
Contemplating a divestment of all or part of your business			
Dissatisfied suppliers or poor customer experience			
Increasing customer payment defaults			
Sub-par cash management processes when compared to peers			
Lack of visibility and control over working capital requirements			
Uncertain and/or unpredictable business environment and trends			

If your answer is "Yes" or "Not sure" to two or more of these indicators, it may indicate that your business could benefit from our liquidity management services. We will be happy to share insights and ideas based on EY's vast experience of helping clients monitor and improve their liquidity framework and performance.

# Key contacts



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