



Measuring the Impact of Better Cash Flow Management





CASH IS THE LIFELOOD OF YOUR ORGANIZATION

The cash flow statement is the barometer by which management, lenders and investors measure the strength of your cash flow.

Your ability to produce accurate and timely statements – and to perform analysis based on those accurate and up-to-date reports – is critical for assessing both the current health of your organization and making key business decisions.

But there's a problem: accurate cash flow reports don't come easy. Why? And what can you do to improve the situation? This eBook examines the challenges and opportunities of improving your ability to forecast cash flow statements with the existing budgeting tools on the market.



CHALLENGES TO FORECASTING ACCURATE CASH FLOW STATEMENTS

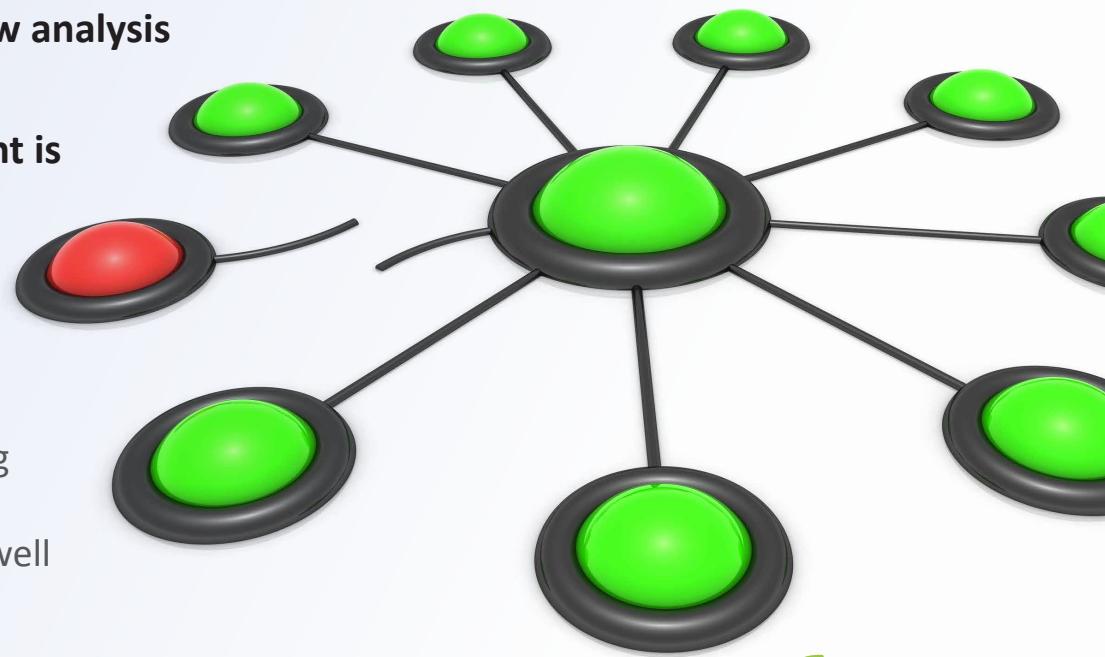
Most of these challenges can be attributed to the cumbersome nature of gathering accurate and relevant data to make forecasting useful for the business, as well as the limitations in most software tools and applications that are in use today.

The key cash flow analysis issues include:

- **No linkage between cash flow analysis and critical business decisions**
- **Balance sheet reporting is too high level**
- **Integrated cash flow reports are based on GAAP accounting rules, not formulas, but aren't supported in most planning and forecasting software**
- **Detailed insight on the critical elements of your cash flow analysis isn't readily available**
- **The development and analysis of the cash flow statement is almost an afterthought, even though its use is highly critical to making key strategic decisions.**

All of which limits a thorough, accurate understanding of the planned or forecasted cash position of a company.

An accurate cash flow statement developed during the planning or forecasting process can serve as an alert mechanism for any future problems caused by an unfavorable cash position. How well do the current tools support the tasks at hand?



Financial Planning Tools

You have many options in financial planning software for calculating cash flow, although most severely limit your ability to do progressive analysis and reporting. As a result, many businesses continue to use spreadsheets, which present myriad challenges of their own.



SPREADSHEETS (EXCEL)

- Inherent spreadsheet limitations do not effectively support planning or forecasting of cash flow
- Difficult to develop and maintain versions, dynamic financial statement links and what-if analysis

ERP SYSTEMS

- Most ERP systems do not support best-in-class planning and forecast modules
- Inflexible cash flow functionality
- Implementation and modeling efforts can be costly

BPM SOLUTIONS

- Business Performance Management (BPM) solutions can be very expensive (often more than \$100,000), requiring significant IT support that can easily take years to implement

CASH FLOW POINT SYSTEMS

- Cash flow point solutions will usually offer robust functionality for creating effective cash flow models but are not integrated planning & forecasting applications
- As a result, there is a disconnect between the operational and high-level planning activities that companies need in order to prepare a realistic cash flow projection
- Insight and visibility into the underlying components of cash flow reporting is difficult to maintain

AUTOMATED PLANNING AND FORECASTING SOLUTIONS

- Provide support for purpose-built cash flow reporting and analysis planning capabilities
- Support for automatic, dynamic links between key financial statements (income statement, balance sheet and cash flow)
- Support for cash flow versioning and what-if analysis
- Drill-down capabilities to provide visibility to underlying cash flow components
- Dynamic synchronization between cash flow and planning/forecasting activities

WHY AN AUTOMATED PLANNING AND FORECASTING SOLUTION IS CRITICAL

It's clear that only automated planning and forecasting solutions provide the required capabilities for driving timely, accurate and, most importantly, dynamic cash flow analysis. Let's look at the benefits in detail:

Overall Company Financial Health

1

Businesses of all sizes need a clear view of their cash flow position at any given time. An automated planning and forecasting solution enables comprehensive and accurate understanding of your revenue, expenses, personnel and assets, in real time. With better information comes a better view of the current health of the company, as well as the short and long-term health forecasts, so CFOs can better contribute to strategic and operational decisions.

Ensures Data Integrity

2

An automated solution enables tighter control of overall financial health by providing CFOs with the ability to drill down into the underlying components that affect cash so they can spot problems and take corrective action. It provides built-in financial intelligence and business rules, a key asset to streamlining a traditionally labor-intensive task, ensuring absolute data integrity. By providing what-if scenarios and analysis tools, users can test various scenarios and spot opportunities more quickly, impacting pricing, costs, market share, profitability and growth.

Complementary to Your Core ERP/Accounting System

3

By taking advantage of an automated, purpose-built planning application, companies can avoid cash flow plans or forecasts that provide disconnected estimates with no real link to the rest of the financial statements. The built-in financial intelligence and business rules enable organizations to easily drive best practices as they relate to cash flow planning.

Greater Collaboration

4

Forecasts shouldn't be static; sales terms can change, expenses can increase or decrease in response to market conditions, requiring greater collaboration with the departments and factors that affect cash flow forecasts. As an organization evolves, managers need the ability to drill down to underlying components that make up cash from operations, investments and offering, and glean a thorough understanding of department and corporate goals. With an automated solution that provides tight integration with other areas of the budget or forecast, not only is a company's cash flow model synchronized with the overall plan or forecast strategy, but leads to greater collaboration among all users involved with the planning process.



KEY FEATURES OF AN AUTOMATED SOLUTION

When evaluating an automation solution, look for the following key features:

Financial Statement Integration

1

Automated solutions provide a dynamic link between all key financial statements (profit & loss, balance sheet and cash flow), updating all related reports quickly and easily, and with no manual formulas or programming required.

What-If Analysis

2

Automated solutions allow financial teams to explore the consequences of alternative business growth and funding strategies, a feature of critical importance in times of fluid or volatile markets. Such tools offer automated synchronization between the income statement, balance sheet and cash flow statement, allowing data to “ripple through” to the cash flow analysis, or quickly make a percentage adjustment on a group of data to drive a different cash flow scenario.

Unlimited Versioning Support

3

Automated solutions eliminate the complexity of developing and maintaining multiple cash flow versions for comparative analysis and business diagnostics by effectively providing versioning capabilities for storing and reporting more than a single version of a cash flow analysis.

The Centage Solution: The Maestro Suite

The Maestro Suite offers the most viable method for growing organizations to meet the stringent requirements of cash flow reporting and analysis without the requirement of extensive implementation time or training.



FINANCIAL STATEMENT INTEGRATION

Out-of-the-box, the Maestro Suite automatically generates an integrated set of key financial statements, including the income statement, balance sheet and cash flow statement – giving a complete view of the core operations, investments and financing activities that will impact cash flow. Given that a company's full financial performance from core operations, investments and financing activities will impact a cash flow position at any given time, this integration among your financial statements is vital.

DYNAMIC DRIVERS

Any changes in the budget/plan are automatically updated in real time to provide for dynamic updates to the cash flow statement. This “ripple through” behavior will allow for enhanced accuracy, as well as greater level of insight into the components that make up the inflows and outflows of cash.

DRILL DOWN

The Maestro Suite's reporting tool allows users to drill-down from a high-level summary cash flow statement to view the underlying components that make up cash from operations, investments and financing, offering a full understanding of the cash flow statement and powerful predictive capabilities. This added insight significantly improves the full understanding of the cash flow statement and provides powerful predictive capabilities.

WHAT-IF CAPABILITIES

Perform what-if analysis for various business options that effect funding and cash position scenarios. The Maestro Suite enables users to version these different scenarios, in real time, and generate a new set of financial statements for comparative analysis.

The Centage Solution: The Maestro Suite

(continued)

BUDGET & FORECAST INTEGRATION

A robust Cash Flow module is tightly incorporated within the Maestro Suite (with integrated financial statements). Users benefit from cash flow statements that are highly predictive, accurate and synchronized with the overall company strategy.

WORKFORCE PLANNING

The Maestro Suite's integrated Workforce Planning module allows users to immediately see the impact of changes in payroll and head count, on cash flow.

CAPITAL ASSET PLANNING

The Maestro Suite's integrated Capital Asset Planning module allows users to forecast capital asset purchases and depreciation/amortization on a detailed or aggregate level. With immediate access to a cash flow statement, timely and critical decisions can be made on where cuts or spending can occur down to the department level.



Better Cash Flow Management with the Maestro Suite

A growth oriented organization requires the financial tools to make fast, accurate, decisions based on the best data. The Maestro Suite from Centage Corporation, provides businesses of all sizes with the purpose-built, financial intelligence that will support even the most complex cash flow requirements. Working within any GL structure, the Maestro Suite provides a thorough, effective, technologically advanced solution which makes budgeting, forecasting, reporting and cash flow analysis simple, accurate and available at your command, all year long.

For more information visit us at www.centage.com

About Centage

Centage Corporation's Maestro Suite enables faster, more accurate budgeting, forecasting, analytics and reporting for businesses of all sizes. Cloud-based and collaborative, the Maestro Suite eliminates the time-consuming and error-prone activities associated with using spreadsheets. It shows you how well your business is performing and helps you accurately forecast and report on its future financial health. It is the only solution that offers synchronized P&L, balance sheet and automatically generated cash flow reporting, to speed up decision-making and deliver useful business information all year long. Centage serves more than 10,000 users worldwide. Visit us at Centage.com, follow us on [Twitter](#), or visit the [Centage Blog](#) for the latest insights on budgeting and forecasting strategies.

To learn what the Maestro Suite can do for your business, or to schedule a demonstration:

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