

A photograph of a modern office building at dusk. The building has a glass facade with many windows illuminated from within, showing office interiors. The sky is a deep blue. In the foreground, there are some trees and a street with a few people walking. A red banner is overlaid on the left side of the image, containing text.

Trends and developments in working capital management

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Why PwC?

PwC is a leading provider of working capital advisory services in Europe

Data driven

Managers rather than consultants

Supported over 450 to improve their working capital performance

Dedicated team of experienced practitioners

Agenda

1 Trends in working capital management 

2 Creating Insights 

3 Improving Processes 

4 Utilizing Financial Products 



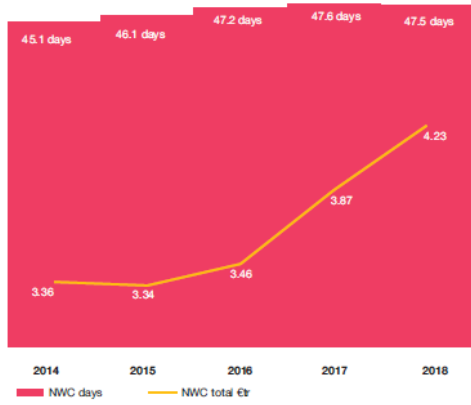
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Trends in working capital management



Working Capital Report 2019 / 2020: Creating value through working capital

Net working capital and working capital days



DSO, DIO and DPO trend



Highlights:

- After 4 years working capital is finally improving
- Payables days have been unsustainable
- Receivables and inventory are still major sources of improvement opportunity

It is time to focus on working capital management

Brexit-usikkerhet skaper uro for økonomi og arbeidsmarked

Britisk økonomi vokste med 1,4 prosent i fjor, den laveste veksten siden finanskrisen i 2009. Samtidig frykter økonomiforskere følgene av en hard brexit.

1 min Publisert: 11.02.19 – 16.24 Oppdatert: 7 måneder siden



Storbanker advarer - global resesjon hvis handelskrigen fortsetter

Storbank mener investorer ikke skjønner alvoret i den pågående handelskrigen mellom USA og Kina. Morgan Stanley har startet nedtelling til en global resesjon hvis USA og Kina ikke blir enige.

1 min Publisert: 03.06.19 – 04.53 Oppdatert: 4 måneder siden

Bedriftenes gjeldsvekst økte i september

Brexit sender britisk økonomi...

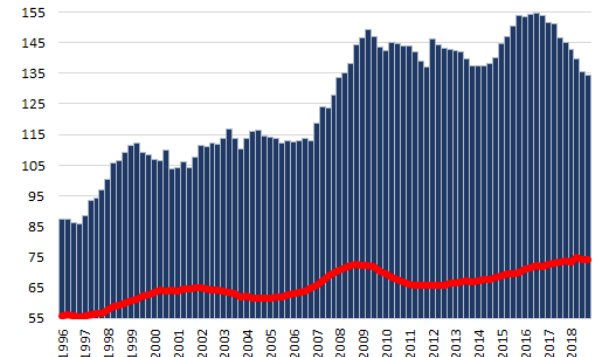


GLOBAL VEKSTBREMS

OECD spår svakeste globale vekst siden finanskrisen

...som Norges Bank hevet renten for fjerde gang på ett år, melder OECD om at den globale økonomiens vekst vil være på sitt verste siden finanskrisen.

Norway Corporate Debt to GDP v. USA Nonfinancial corporate debt as % of GDP



Source of data: BIS

WOLFSTREET.com



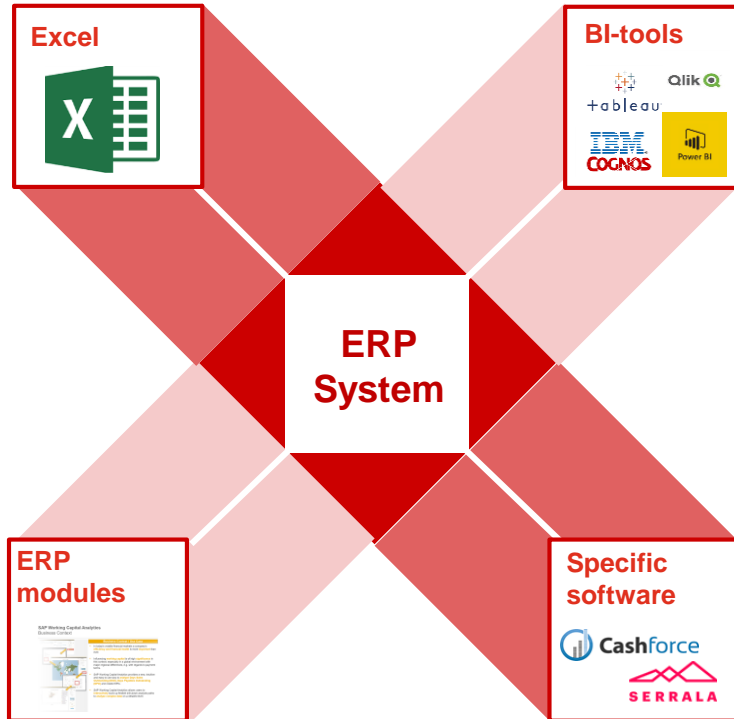
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Creating Insights




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From Excel to specific software



Considerations:

- Level of required knowledge
- Flexibility versus standardization
- Costs

From descriptive to dynamic, predictive analytics

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Descriptive



Creating insights to improve working capital performance



Static analytics

Example questions:

- How many different payment terms do we have?
- How many days does it take to process an invoice?
- How many slow-moving SKUs do we have?



2

Dynamic, Predictive



Creating predictive insights to improve working capital performance



Dynamic analytics

Example questions:

- Which customers will likely pay their next invoice too late?
- What is the cash impact of changing to a weekly payment run?
- Cash impact changing payment terms?

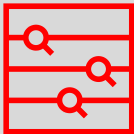


But it all starts with (correct) masterdata...

Building your data foundation



Define your master data need from a working capital perspective



Implement processes that ensure registration of correct master data

What kind of working capital perspectives would we like to see? Eg trade vs. non-trade suppliers, customer segmentation etc.

Mandatory data fields when registering a new SKU, a new customer, a new supplier?

We have negotiated better payment terms with our suppliers.....but we forgot to update our ERP-masterdata...



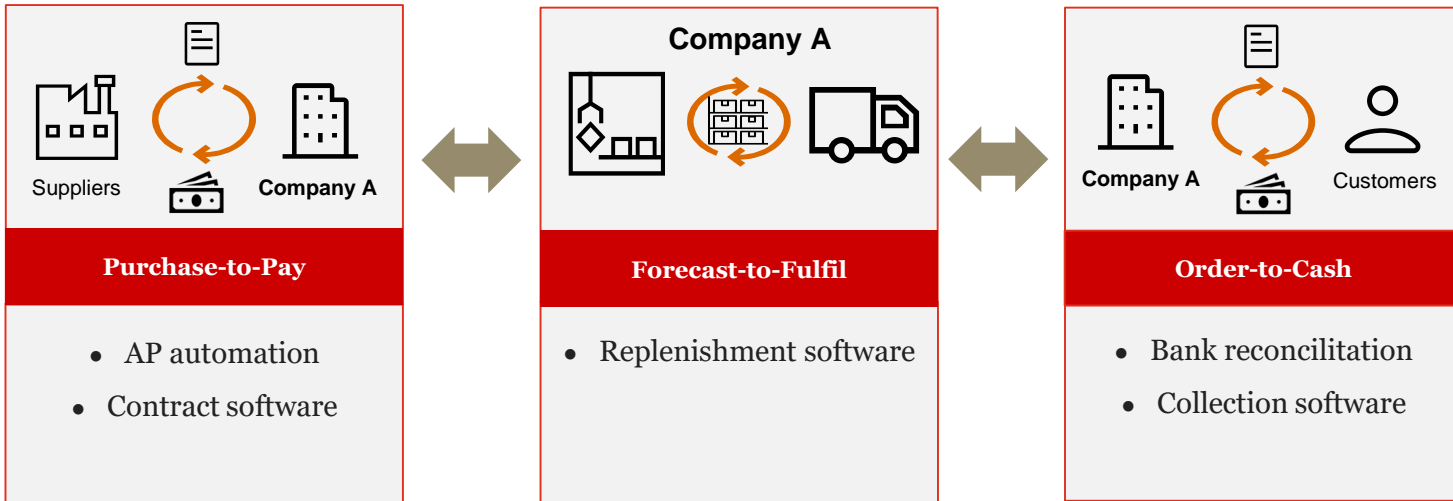
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Improving processes

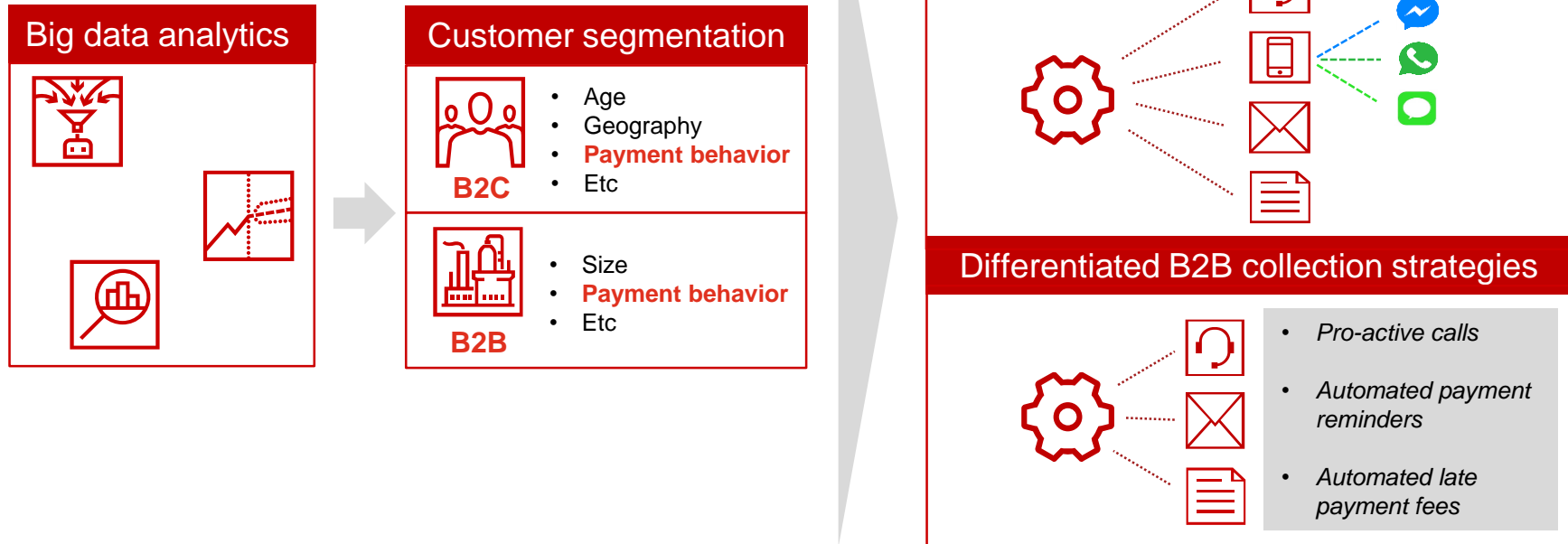


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More and more working capital processes can be supported by software



Illustrative example: Debt collection goes high tech





4 Utilizing Financial Products



Various financial products that can help to optimize working capital management

Accounts Receivable



Various forms of factoring

Accounts Payable



Supply Chain Financing



Dynamic Discounting

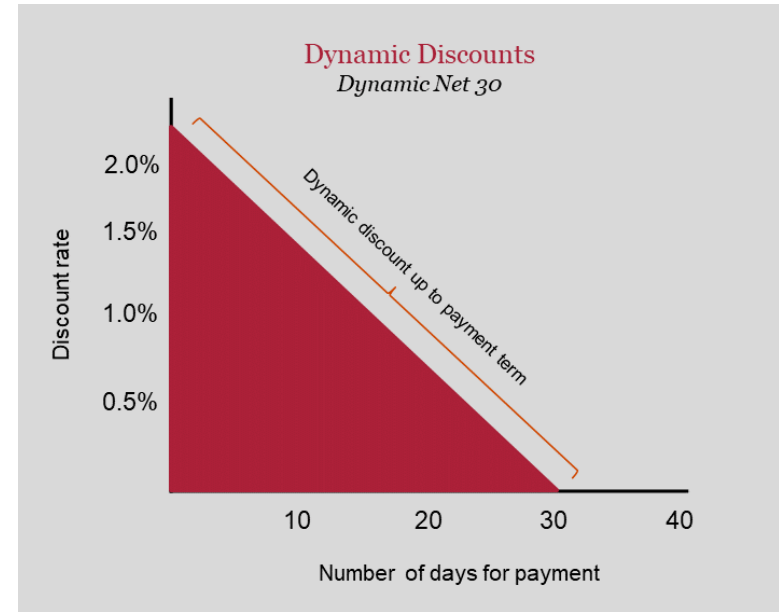
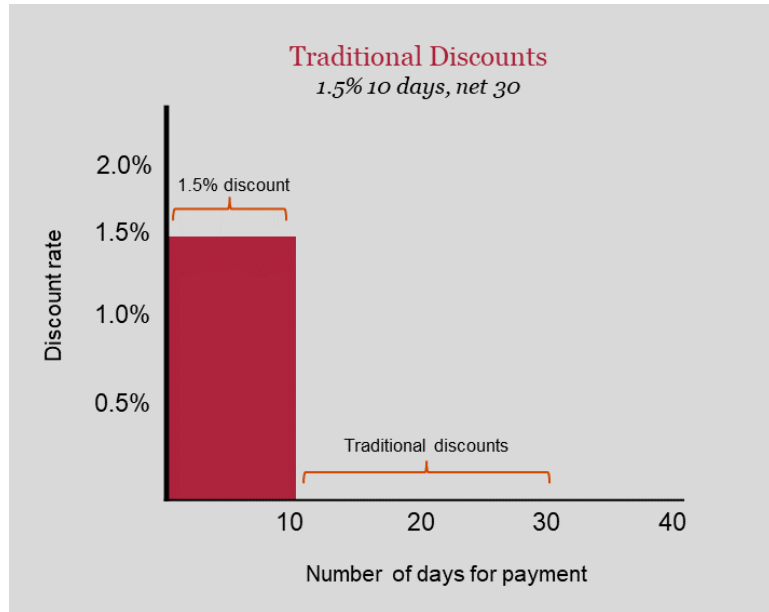


(Virtual) Purchase Cards

Main developments

- Increasing number of providers of both supply chain financing and factoring
- Factoring is less and less associated with «companies in trouble»
- Limited use of dynamic discounting and virtual purchase cards

Illustrative example: Dynamic Discounting



How can we help?



- identify and realise cash and cost benefits across the end-to-end value chain
- optimise operational processes that underpin the working capital cycle
- implement digital working capital solutions and data analytics
- achieve rapid cash conservation in crisis situations
- create a 'cash culture' and upskill the organisation through our working capital academy

Contact

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Our Working Capital improvement approach



Diagnostic



Design



Implementation