
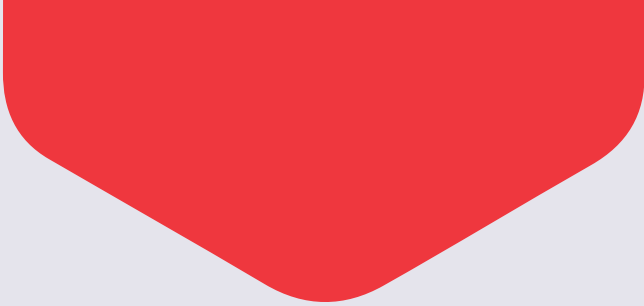






# **The Guide to Modern Cash Flow Management**



**Cash isn't flowing the way it was five or ten years ago. The truth is: markets are volatile, the economy is changing, interest rates are rising, and there's a lot of uncertainty about what tomorrow will bring.**

For all organizations, having a pulse on cash flow is an added layer of protection—knowing what's coming in and what's going out gives finance teams the ability to make informed decisions, collaborate with stakeholders, ask what-if, and make moves that will positively impact their growth.

Our **Guide to Modern Cash Flow Management** will help you identify your cash flow challenges and equip you with proven strategies to navigate them effortlessly. In it, you'll learn how to overcome roadblocks and streamline the way you manage, report, and spend your cash, even if you're not able to invest in new tools or resources.





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CHAPTER 1

# Why cash flow management is harder than ever





# Why cash flow management is harder than ever

Cash is the lifeblood of an organization—powering every decision from acquisitions to hiring. And yet, in 2024, it's clear that cash is not as available as it once was.

According to [The CFO](#), 45% of CEOs express concerns about the viability of their businesses in the next decade without finance transformation.

And while post-pandemic interest rate hikes have brought inflation levels down on average, certain goods and services remain more costly. Data from the [Federal Reserve](#), [European Central Bank](#), and [other authorities](#) show that overall inflation is trending downward, while sector-specific inflation persists, making it difficult for businesses to generate the same cash flow as before.

Rising costs also impact wages, making it harder to find skilled talent and pay them their worth ([Universal Funding Corporation](#)).

And if that wasn't enough, consumers are reacting to inflation by tightening their belts, spending less on non-essential goods, and opting for cheaper necessities ([Universal Funding Corporation](#)).

All these factors contribute to a challenging cash outlook for businesses.

**“It’s been 15 or 16 years that I’ve been a CFO. The one thing that keeps me up at night is cash flow. I haven’t talked to anybody who has said their business is easier to run now than it was four or five years ago. With all the macroeconomic challenges, the world is harder to navigate, making our jobs more difficult than in the past.”**

– Jonny Harmer, CFO, USA Properties



**To succeed in today's environment, you need predictable and manageable cash flow to guarantee a stable future for your business.**

The answer is not to stick to the way things have always been done but to embrace new ways of working that put you in a position to predictably manage cash flow.

Finance leaders like you must become **Cash Flow Catalysts**, proactively identifying and capitalizing on emerging opportunities with technology at your side.



### **What is a Cash Flow Catalyst?**

**A finance leader who leverages proven strategies and advanced technology to modernize cash flow management, enhancing efficiency, accuracy, and strategic insight into their organization's financial operations.**

In this new role, technology is more than a tool; it's an invaluable member of your team. Technology makes managing cash flow quicker and easier, allowing you and your team to focus on what's important: driving success in today's modern world.





CHAPTER 2

# Tackling your biggest cash flow obstacles

## Tackling your biggest cash flow obstacles

Cash flow management is complex. You must track and report on cash coming in and going out with speed and accuracy, which can be made even harder with spreadsheets. And while spreadsheets can manage cash flow, they come with significant drawbacks, such as inaccurate data and manual processes.

But here's the catch: according to [Gartner](#), by 2025, 80% of headcount growth in finance will be in emerging subfunctions, requiring new roles and structures. With finance teams scaling at such a rapid pace, it becomes increasingly difficult to manage the ownership of spreadsheets and data. Your tools and processes need to be able to keep up.

This will continue to intensify as workforce dynamics shift with a new generation of finance leaders. [FEI](#) notes that 64% of millennial finance professionals prefer using specialized financial software over traditional spreadsheets for tasks such as budgeting, forecasting, and analytics.

The real challenge isn't just the limitations of spreadsheets—it's fundamentally transforming your ability to understand and model factors that affect your cash flow. By embracing new processes and technology, finance leaders can become **Cash Flow Catalysts**, driving their organizations towards more efficient and effective modern cash flow management.

**The next generation of finance leaders are ready to modernize cash flow management – are you?**

# 60%

of organizations still use spreadsheets, despite the disadvantages.

[Diginomica](#)



### What is modern cash flow management?

An approach that recognizes how finance teams and technology can work together to create predictable cash inflows and manage cash outflows to support an organization's growth.

Modern cash flow management requires finance teams to move on from the way things have always been done in favor of processes that prioritize automation, collaboration, and standardization. This approach not only improves efficiency and accuracy but also enables proactive financial decision-making.





CHAPTER 3

# **Checklist: Pinpoint your cash flow management challenges**

## Checklist: Pinpoint your cash flow management challenges

Now that you're familiar with the state of cash flow in the Office of the CFO, and how the right processes can support modern cash flow management, let's identify the challenges that might be holding you back.

Use this checklist to pinpoint your cash flow management obstacles. The more challenges you check off, the more important it is to prioritize becoming a **Cash Flow Catalyst**.

### Cash flow planning, reporting and analytics challenges checklist

Challenge	Consequence	Have you experienced this challenge?
Cash flow planning challenges		
Inaccuracy caused by human error in spreadsheets.	Inaccurate data being used for decision-making.	<input type="checkbox"/>
Manual data gathering and offline manipulation.		<input type="checkbox"/>
Incorporating the right level of detail that affects cash flow forecast accuracy.	Without tracking the variability of raw material prices, lead times, and customer demand, your company will lack an informed cash flow plan.	<input type="checkbox"/>
Being able to apply new drivers that affect cash flow in a timely manner.	If you're a multinational company, understanding your cash position and how currency fluctuations may alter future cash requirements is difficult without incorporating relevant currency information into your cash forecast.	<input type="checkbox"/>
Accounting for currency fluctuations in cash flow planning across regions.	Multinational companies struggle to understand their cash position and how currency changes may affect future cash requirements.	<input type="checkbox"/>

Developing multiple cash flow scenarios to anticipate different potential future states.	Scenario planning can be time-consuming, preventing your team from preparing for various financial outcomes and adapting to changes.	<input type="checkbox"/>
Lack of communication among team members.	Collaboration and communication issues can lead to cash flow planning problems, resulting in inconsistent data, inefficiencies, and inaccurate forecasts.	<input type="checkbox"/>
Compliance with financial regulations and tax laws.	Regulatory and compliance issues can impact cash flow. Unexpected tax liabilities or regulatory fines can strain your cash resources, leading to financial instability.	<input type="checkbox"/>
Challenge	Consequence	Have you experienced this challenge?
<b>Cash flow reporting and analytics challenges</b>		
Time-consuming report creation and maintenance.	Your team spends too much time making and updating reports instead of analyzing data. This leads to higher costs and slower decisions.	<input type="checkbox"/>
Limited time or ability for analysis.	Missing opportunities because you can't analyze data quickly. This delays responses to market changes and reduces insight into trends and risks, affecting planning and decisions.	<input type="checkbox"/>

The more of these challenges that resonate with you, the more important it is to reevaluate the way you manage your cash flow. As a **Cash Flow Catalyst**, embodying best practices can modernize not only your cash flow management, but can position you, and your team, as strategic leaders.





## CHAPTER 4

# Modern cash flow strategies you can apply today



# Modern cash flow strategies you can apply today

**Did you know?** 1 in 4 global finance leaders across four regions say they don't have enough cash on hand to run their business for 12 months.

[C2FO Outlook: The State of Working Capital](#)

The good news is that there are easy steps you can take to become a **Cash Flow Catalyst** and modernize your cash flow management to better prepare your organization for the future.

And since you've already identified your biggest hurdles, you're one step closer.

Now you can prioritize proven strategies that will have the most impact on your success, with or without the help of technology.



## What is FP&A software?

FP&A software is a specialized type of finance technology that describes the methodologies, metrics, processes, and systems used to monitor and manage business performance. FP&A software can help you plan initiatives, track progress, and analyze results.



## Proven strategies for modern cash flow planning

When it comes to modern cash flow planning, reporting, and analytics, are you an **inhibitor** or a **catalyst**?

An **inhibitor** slows down or prevents desired outcomes, such as modern cash flow management. In contrast, a **catalyst** accelerates success, enabling you to transform your approach to cash flow management.

Look at the following inhibitors and catalysts to identify areas for improvement and discover how you can take it one step further with finance technology.

### Inaccurate data → One version of the truth

**Inhibitor:** If you're using spreadsheets to track and manage your cash inflows and outflows, you may struggle with inaccurate data during the planning process. This can lead to flawed cash flow forecasts, causing potential missteps in strategic decision-making.

**Catalyst:** Set up automated calculations that feed into your cash flow budgets, such as cash from operations or investments. Once the automated changes are in place, you only need to account for cash activities that aren't automated, like certain financing or investment activities.

**Take it further with finance technology:** FP&A software can give you access to data integration and advanced analytics. This software can automatically sync with your financial accounts, providing real-time updates and predictive insights into your cash flow. This makes it easier to move beyond manual data entry and basic automation to a more modern approach to cash flow management.

### A lack of detail → Detailed cash forecasts

**Inhibitor:** There are a lot of variables that go into cash flow forecasts, including metrics like raw material prices, lead times, customer demand variability, and seasonality. These can be difficult to quantify and track accurately.

**Catalyst:** Build a detailed bottom-up cash event forecast to accurately project cash needs. Incorporate all relevant variables and seasonal fluctuations. This approach will lead to more accurate timing and allocation of spending, improving strategic decision-making.

**Take it further with finance technology:** FP&A software can enhance your forecasts by integrating various data sources and using artificial intelligence to analyze trends and predict future cash flows. This software can automatically update forecasts, provide scenario analysis, and offer insights that help you anticipate and respond to changes in the market. This level of precision and adaptability can significantly improve your cash flow planning.

## Difficulty applying new conditions → Test assumptions

**Inhibitor:** Being unable to react to events like payment collection delays, pricing pressures from competitors, and project delays can be detrimental to your cash flow management.

**Catalyst:** Configure models to incorporate new data and assumptions, enabling you to assess how these changes will affect your cash flow. You can also use scenario analysis to simulate various conditions and their impacts. By quickly responding to changing conditions, you can better mitigate risks, optimize cash reserves, and evaluate the impact of strategic decisions.

**Take it further with finance technology:** FP&A software can help you easily evaluate and adapt to new conditions. This software can offer real-time scenario analysis, predictive analytics, and artificial intelligence capabilities to forecast the impact of several factors on your cash flow. This proactive approach ensures that your cash flow remains robust even in the face of inflation.

## Struggles with currency conversions → Multinational financial management

**Inhibitor:** If your company operates in multiple regions or countries, it can be difficult to navigate tax regulations and currency conversions and their impact on your cash flow.


**Catalyst:** Apply currency conversions to data at all levels and consolidate the converted data to create a comprehensive cash flow report. This approach allows you to create calculations that consider different tax implications based on geographical regions, reducing errors, and improving global cash reporting and tax strategies. Additionally, currency conversion updates can help manage exchange rate risks, ensuring more accurate financial planning and analysis.

**Take it further with finance technology:** FP&A software can simplify multinational financial management by automating currency conversions and tax compliance across various jurisdictions. This software provides exchange rate updates, multi-currency support, and integrated tax calculation features.

“

We grew faster than we ever could, and we saw a need for projecting cash. What drives cash in our business is: when is the work getting done? When are we billing that work and when are we collecting that work? And there's a lot of complexity that goes into that. And how does that tie into our forecast? We felt like our hands were tied because we couldn't do it all. [With Prophix One], we can do so much more. This [platform] can help us. And so that was what locked it in for us.”

– Kris Braaten, Director of Business Intelligence, Boulay Group



## Proven strategies for modern cash flow reporting and analytics

### Time-consuming reporting → Templated reports

**Inhibitor:** Your team spends too much time making and updating reports instead of analyzing data. This leads to higher costs and slower decisions.

**Catalyst:** Simplify the report process by implementing templated reports. Start by identifying the common types of reports your team frequently generates and then develop standardized templates for these reports using your preferred software, such as Excel, Google Sheets, or specialized reporting tools. Set up automated data integration to ensure these templates are populated with the latest information. And train your team to use and customize these templates, and regularly update them to reflect any changes.

**Take it further with finance technology:** Implement FP&A software that offers automated reporting features. This software can generate and update reports in real-time, pulling data directly from your source systems. With customizable templates and advanced visualization tools, these technologies enable more efficient reporting and deeper insights. By automating routine tasks, your team can dedicate more time to strategic analysis, enhancing overall productivity.

### Limited time for analysis → Personalized dashboards

**Inhibitor:** With so much time dedicated to compiling and validating data, it can be difficult to find the time to focus on analysis. This leads to missed opportunities and can delay your responses to market changes, affecting planning and decisions.

**Catalyst:** Simplify access to and understanding of cash flow data by creating personalized dashboards in Excel. Use features like pivot tables, charts, and conditional formatting to highlight critical information. Ensure the dashboards include key metrics and data points essential for your team's analysis.

**Take it further with finance technology:** Use FP&A software to create personalized dashboards that automatically update with the latest data. This software allows you to customize views based on roles or specific needs, ensuring that each team member has access to the most relevant information. With data integration, dashboards enhance your ability to monitor performance, identify trends, and respond to market changes.

It's clear that there are actionable steps to take on your role as a **Cash Flow Catalyst** and champion a modern approach to cash flow management. And by partnering with FP&A software, like Prophix One, a Financial Performance Platform, you can take these best practices to the next level, without sacrificing any more of your time or energy.











# Transforming cash flow management on a tight budget

But what if FP&A software isn't in your budget right now? It's still possible to become a **Cash Flow Catalyst**. Here are some tips for modernizing your cash flow management without FP&A software:

- **Align people and planning** – Even without FP&A software, you can better align your people and processes by actively communicating the importance of transaction monitoring, on-time payments, and cash flow forecasting. This will make your cash flow planning and reporting process more collaborative and reflective of your organization's financial health.
- **Revamp your processes** – Revamping certain processes can have a big impact on your cash flow. Prioritize leases over purchases, sending out invoices immediately, electronic payments, and high-interest savings accounts to ensure more cash is coming in than going out.
- **Reimagine how to use existing tools** – Many companies use Excel to create a cash flow planner that tracks all money coming into and out of the business. A comprehensive spreadsheet with all the necessary metrics can significantly expedite cash flow forecasting, even without FP&A software.

If you're ready to partner with technology to become a **Cash Flow Catalyst**, look for this functionality:

- |  |  |   |
|--|--|---|
|  Audit logs                   |  Scalability                  |  AR and AP   |
|  Collaboration                |  Personnel planning           |  Seasonality |
|  Model-based data integration |  Trend analysis and reporting |   |

No matter where you are in your journey to becoming a **Cash Flow Catalyst**, there are ways to embrace modern cash flow management that will accelerate your success.

A woman with her hair in a bun is sitting at a desk, smiling while looking at a laptop. She is holding a pen over an open notebook. The background is a blurred office setting. The entire image has a blue tint, except for a large red abstract shape in the top left corner.

CHAPTER 5

# Become a Cash Flow Catalyst

# Become a Cash Flow Catalyst

With the right mindset, you can become a **Cash Flow Catalyst**—championing a modern approach to cash flow management.

In an era where cash is tight, you can still move beyond traditional methods and adopt proven strategies that prioritize automation, collaboration, and real-time insights.

And even if you are currently unable to invest in new technology, there are still impactful steps you can take to modernize your cash flow management: align your people and processes, revamp your strategies, and leverage your existing tools in new ways.

**By becoming a Cash Flow Catalyst, you'll not only accelerate your organization's success but also position yourself at the forefront of the next generation of finance.**



**Learn more about modern cash flow management with Prophix One**

# About Prophix®

Ambitious finance leaders engage with Prophix to drive progress and do their best work. Leveraging Prophix One™, a Financial Performance Platform, to improve the speed and accuracy of decision-making within a harmonized user experience, global finance teams are empowered to step into the next generation of finance with no reservation. Crush complexity, reduce uncertainty, and illuminate data with access to best-in-class automated insights and planning, budgeting, forecasting, reporting, and consolidation functionalities. Prophix is a private company, backed by Hg Capital, a leading investor in software and services businesses. More than 3,000 active customers across the globe rely on Prophix to achieve organizational success. Additional information at [www.prophix.com](http://www.prophix.com).

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