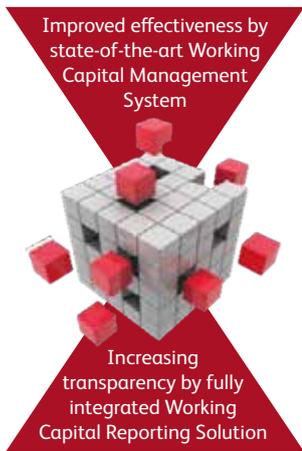


Working Capital Management

State-of-the-art solution for Reporting, Analysis and Optimization



The optimization of WCM improves the capital structure and company value by keeping the Cash Conversion Cycle to a minimum level. This leads to reduced costs of capital and a higher profitability. BearingPoint can help you to benefit from the optimization of WCM in your company and increase your profitability.



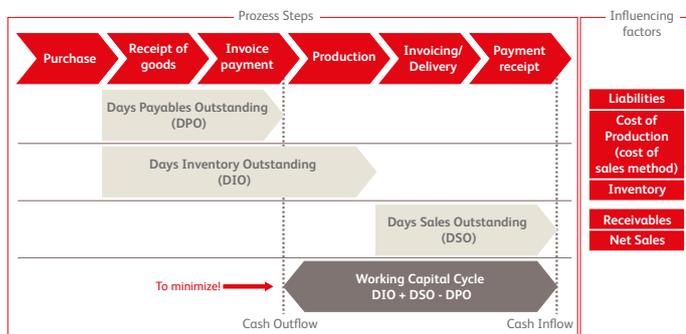
Relevance for Corporates

Working Capital is a matter of interest for all companies regardless of size and industry. An effective Working Capital Management (WCM) sets cash free and improves key metrics such as company value, cash flow, return on capital employed (ROCE) and economic value added (EVA).

WCM can also lead to an improved capital structure and thus to a better rating, which ultimately leads to a permanent reduction of financing costs. BearingPoint offers consulting service for WCM optimization, knowing that the systematic management of Working Capital represents a challenge for many companies. Accordingly, the majority of enterprises are not familiar with the latest technological developments. Based on our experience, only a fraction of companies apply best practices. Large companies usually manage Working Capital, however, the processes, the setup and the reporting can be improved. Small and medium-sized enterprises (SMEs) often have longer cash conversion cycles, thus, high potential of internal financing, which is not consequently used. Furthermore, SMEs often act intuitively and case-related (ad-hoc).

Improved Working Capital

The Cash Conversion Cycle (also known as Working Capital Cycle) covers the procurement of raw materials and intermediate inputs, the production process, the sales and the payment receipt. Working Capital Management aims to keep the cycle short in matters of time. This can be achieved by managing the following performance indicators: DPO, DSO and DIO. Our project scope includes setting up a state-of-the-art WCM reporting, analyzing and identifying optimization measures, as well as their implementation.



Our Expertise

BearingPoint has a long track record in working capital solutions, cash management and commodity trading across various industries. Our consulting team has a comprehensive understanding of the financial management within companies of different size and is familiar with the business and technical requirements of WCM.

Our professionals align business requirements and IT capabilities and guide our clients through the transformation from a reactive Working Capital reporting and ad-hoc activities to a high-performance WCM including planning, predictive analysis modelling, as well as reporting.

WCM – Reporting and Analyses Examples

Our integrated solution offers a wide range of reporting and analysis possibilities. A few examples are presented here:

Example 1: Regional analysis and reporting

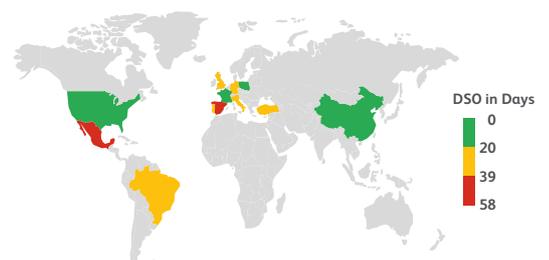
This analysis plots DSO by country of customer. Regional variations of the customer's payment behavior can easily be identified.

Interpretation

DSO is the best in the US, China, France and Poland and the worst in Spain and Mexico.

Subsequent steps

- Use of drill-down functionalities helps select those customers in Spain and Mexico which negatively affect DSO and thus cash flow



Example 2: Aging overdue receivables reporting

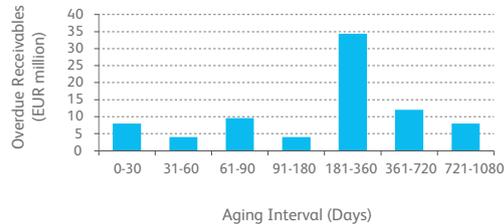
The effectiveness of the collections process can easily be detected.

Interpretation

The selected customer has EUR 80 million outstanding debt in total of which almost 70 percent are overdue more than 180 days

Subsequent steps

- ➔ Focus on the collection of receivables in the 181 to 1080 days interval in order to reduce the CCC and to avoid additional costs on bad debts



Example 3: Per customer analysis and reporting

Receivables and overdue receivables can easily be compared between customers.

Interpretation

Most of the receivables from the largest debtor are overdue.

Subsequent steps

- ➔ Close monitoring of the customer' creditworthiness
- ➔ Agreement on a payment plan for overdue receivables
- ➔ Consideration of a delivery stop and review of the credit limits for the customer
- ➔ Review of the entire business relationship to this customer



Example 4: Best possible DSO reporting

This analysis plots customer DSOs against the best possible DSO.

Interpretation

The closer a DSO is to the best possible DSO (indicated by the diagonal line) the closer the receivables are to the optimal level.

Subsequent steps

- ➔ Selection of customers with the largest DSO/best possible DSO gap and focus on those with the highest turnover (customers 3 & 4) in order to improve the overall DSO and thus the cash flow
- ➔ Renegotiation of payment terms to drive up the best possible DSO



Benefits of the BearingPoint Solution

- Real-time data access and reporting
- Drill-down functionalities
- Integrated tools for scenario analyses
- Built-in interactive analysis tools to calculate metrics and identify key drivers

Our holistic consulting approach and integrated state-of-the-art solutions help our clients to quickly identify key drivers and risks, derive appropriate actions and, as a result, optimize their key financial metrics.

Contact us for a workshop to discover the upside potential regarding WCM in your company! (without any further obligation of engagement)

Contact

Svatopluk Alexander
Partner
svatopluk.alexander@bearingpoint.com

About BearingPoint

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organizations. Our global consulting network of more than 10,000 people serves clients in over 75 countries and engages with them for measurable results and long-lasting success.

For more information, please visit: www.bearingpoint.com

