

Free Working Capital Benchmark Service

Informita has just introduced a free benchmarking service so that companies can gain a quick assessment of the potential to improve working capital that might exist within their own balance sheet. We offer you the opportunity to start your working capital journey by getting a comparison between your key competitors and your own company. This will be a big help in understanding whether a working capital programme is necessary at your company and establishing the business case for change. In addition, we will review the

results of the benchmark to help determine what the key opportunities might be not just in numbers but also the likely actions that will need to happen in your organisation to effect change. This way you benefit from our experience in interpreting the results of these exercises. That will be very important later since it means that you will not embark upon a programme that is seen to under deliver simply because the expectation level was too high in the first place.

To get your free benchmark simply go to www.informita.com, fill in your details and the four competitors that you would like to be compared against. We will then compile the data and generate the results. Please remember that all data is derived from publically available information. We will then contact you to talk you through the results and our experience of the likely next steps you will need to take, whether you have already established a working capital programme or you are about to establish a programme. We will share our decades of experience to help you get it right first time.

IN THIS ISSUE

Cash Flow Forecasting

New tool available

Is ERP the first enabler?

Or a creator of disaster

Predicting New Product Demand

Never an easy task

Procurement Categories

A basic for the profession

Country Profile

Ukraine: Invest or Avoid?

Pharmaceutical Industry

Working Capital Survey 2014



Cash Forecaster

Cash Flow Forecasting

New Cash Flow Forecasting Tool

"The Cash Forecaster allows me to decide which settlement discounts to offer to my customers and which to take from my suppliers, having an important effect on the bottom line. On top of that, the tool helps me to communicate far more effectively with the banks", says Tony Beeuwsaert, CEO Paradiso Toys. Before using the tool Tony and his team had to rely on various spreadsheets that were very complex and delivered mixed results. "This tool is the only way to manage my cash position effectively. Now I know exactly when to borrow, how much and how to repay the loans." Up to this sophisticated cash flow forecasting tools were only available at a high cost to treasurers at the world's largest companies. Our friends at DiscoverEdge

have come up with a simple ERP plug-in that extracts all your customer and supplier invoice data adds it to your schedule of salary, tax and loan repayments and devises your cash flow forecast in seconds. The Cash Forecaster connects directly to your ERP software. The tool is set-up in less than 2 days! So far the Cash Forecaster has been connected to SAP, Oracle, Microsoft Dynamics AX and NAV, Baan and Unit 4 - Venice, with more connectors in the pipeline. You can fine-tune your cash flow forecast with a click of a button. You can use historic data to understand the impact of customer and supplier payment behaviours. Simulation of the cash impact of an investment or business case becomes very straight-forward. Email us to find out more.



Is ERP the first enabler?

There is no doubt that in the modern business world that having an effective ERP platform is a key enabler for running a smart, efficient and profitable business. But should an ERP programme be the first part of a major transformational programme. All the evidence says that it should not and the organisations that have tried to implement an ERP system without having a clear business vision, a target operating structure and the internal resources in place that can support the design decisions that need to be made get themselves into big trouble. This is no criticism of the IT folks trying to implement ERP systems, but without clear direction and instruction from the business your processes will become what the IT folks thought was best rather than what the business actually required. This will then result in a delayed and much more expensive ERP programme at a minimum. It will be very likely that end users will be unhappy with the solution that is eventually delivered.





Predicting new product demand

Predicting the demand for new products can be a difficult business at the best of times. In an age where a large body of manufacturing is at the end of a long low cost country supply chain there is an increasing danger that large quantities of new product could become obsolete. This is a strong argument for having the flexibility that a shorter supply chain can afford, but with more and more pressure on margins for so many companies this alternative is becoming too expensive. There are other alternatives. The first is to change the stocking policy of items that prove to have more erratic demand. By

changing these to make to stock items you can minimise the risk of obsolete stock in a relatively new range. The next alternative is to use your marketing departments research to better predict not just aggregate demand, but demand for particular variants of the product. This is in effect what the fashion industry does through fashion shows across the world. Fashion buyers come to a consensus about the styles and colours that consumers want and then buy accordingly. This method is not perfect but it is better than guessing.



Ukraine: Invest or Avoid?

Ukraine is a country that has made a long list of economic mistakes in its short history. The country still suffers from the economic mismanagement of the 1990's and has been hit hard by the world economic crash in 2008. But that does not mean that Ukraine is a primitive country. It has a very large industrial base by international standards, is one of the largest refiners of metallurgical products in Europe, is home to its own aerospace industry, has a very large agricultural base and a thriving IT sector. Ukraine also has a very high educational level which is an overhang from the Soviet policy of access to education for all. All of this looks like a perfect environment for international investors. Significant issues include an underdeveloped infrastructure and transportation, corruption and bureaucracy. We all know about the political issues with Russia, but with this exception Ukraine has a similar profile to many of its Central European neighbours 10 to 15 years ago and a population that have decided to look West for its future. So as long as relations with Russia remain stable, Ukraine should have a very bright future.

Procurement Categories

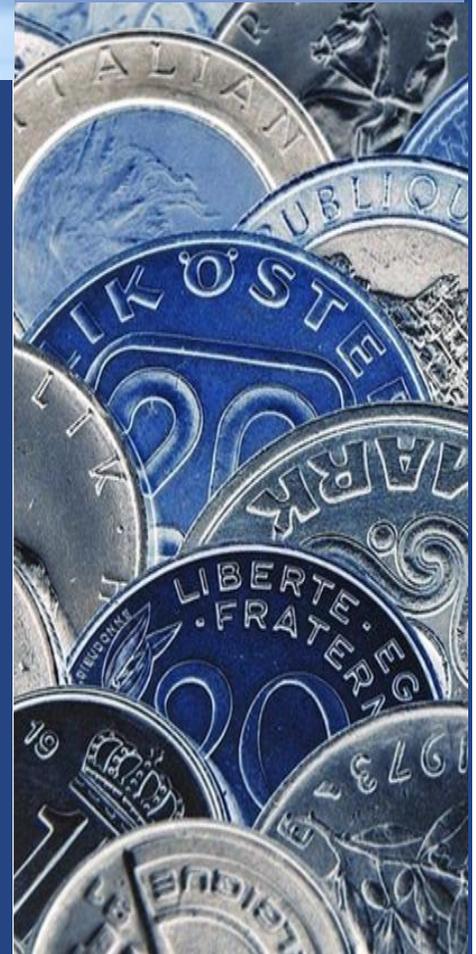
It is not enough to understand the level of spend but also the nature of spend. Getting the categorisation of spend right in a procurement environment is essential to the success of any procurement function. This might sound easy but there are many methodologies out there and there certainly is not a "one size fits all" answer out there. The key is to have a level of categorisation that is detailed enough to help effective sourcing and not to have so much detail that it causes confusion across the business. At one engineering client it was proposed to implement a coding structure that was seven layers deep. This would horrify most organisations. But there are others who possess no coding structure at all and must rely on general ledger codings to understand spend. Once the coding structure is agreed then the best method is to have procurement categorisation of spend available to end users at the point of requisition. This will mean that it will be easier to understand spend breakdowns particularly where one vendors supplies a number of different commodities.





At Informita.com

On our Social Media page you will see links to our Facebook and Twitter feeds. You will also see us on Wordpress at informita.wordpress.com for our weekly blog on working capital and procurement.



Working Capital in the Pharmaceutical Industry

A lot has changed in two years but big opportunities remain

We are starting to see the results of the working capital programmes that many pharmaceutical companies embarked on over the last few years. In some areas there have been big improvements but in many cases the corporate cultures that do not understand why such hugely profitable companies would worry about working capital have not been overcome. This has meant that a lot of these improvements have been delivered through financial instruments rather than actual improvements in business process. There is nothing wrong with factoring or supply chain finance. In their various guises they have both been around for a very long time,

but they have never been proven to be a complete and sustainable solution. That will only be achieved by structural improvements to the supply chain, better customer processes and more effective supplier relationships. There are no new medicines but the willingness of the patient to take the medicine has improved. The other notable finding is that the gap between the improvers and the also-rans is getting much wider. If you want the full detail on the Pharmaceutical Industry Working Capital Survey 2014 go to <http://www.informita.com/resources/Informita++Pharma+Analysis++2014.pdf> and get your free copy.

The logo for Informita, featuring the word "Informita" in a stylized, lowercase serif font. The letters are black and set against a white background. A red horizontal line is positioned below the text.

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