

Working capital and cash management

(Unlock cash growth, empower growth)



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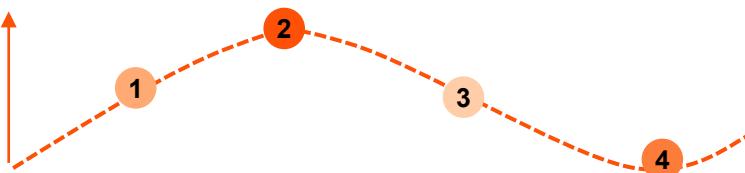
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At which stage of the business life cycle is working capital optimisation most critical?



1 Expansion

- Fund growth strategy organically
- Support increased sales and investment
- Enable acquisitions

3 Contraction

- Buffer against economic uncertainty
- Minimise borrowing costs against high rates
- Maintain a liquid position

2 Peak

- Reduce high DSO
- Optimise excessive inventory levels
- Leveraged underutilised supplier credit terms

4 Trough

- Free up cash for debt obligations
- Support restructuring or cost-cutting initiatives
- Forecast funding needs

What are the typical working capital issues in the business?

Account receivables

- **Extended credit terms** delay cash inflow and increase DSO
- **Delayed client payments** create cash flow mismatches, as payments to suppliers are fixed
- **Weak enforcement or third-party dependencies** slows collections

Inventory

- **Excess stock** (raw materials, WIP, finished goods) ties up cash
- **Seasonal or demand-driven overstocking** increases holding costs
- **Price volatility** raises inventory risk

Account payables

- **High fixed costs** strains short-term liquidity
- **Limited supplier credit** reduces flexibility in payment timing
- **Volatile input costs** complicate cash planning and budgeting

How does this create value for the enterprise?

- Improve cash flow and reduce reliance on external funding
- Unlock and free up capital that can be reinvested
- Enhance operational efficiency
- Enable cost reduction strategies during periods of constrained earnings—unlocked cash provides the funding needed to navigate without increasing debt



Optimising the cash journey across integrated core business cycles



Procurement efficiency enhancement focuses on optimising credit terms, consolidating suppliers with risk control and structuring payment schedules to unlock trapped cash and strengthen supplier relationships in the purchase-to-pay cycle.



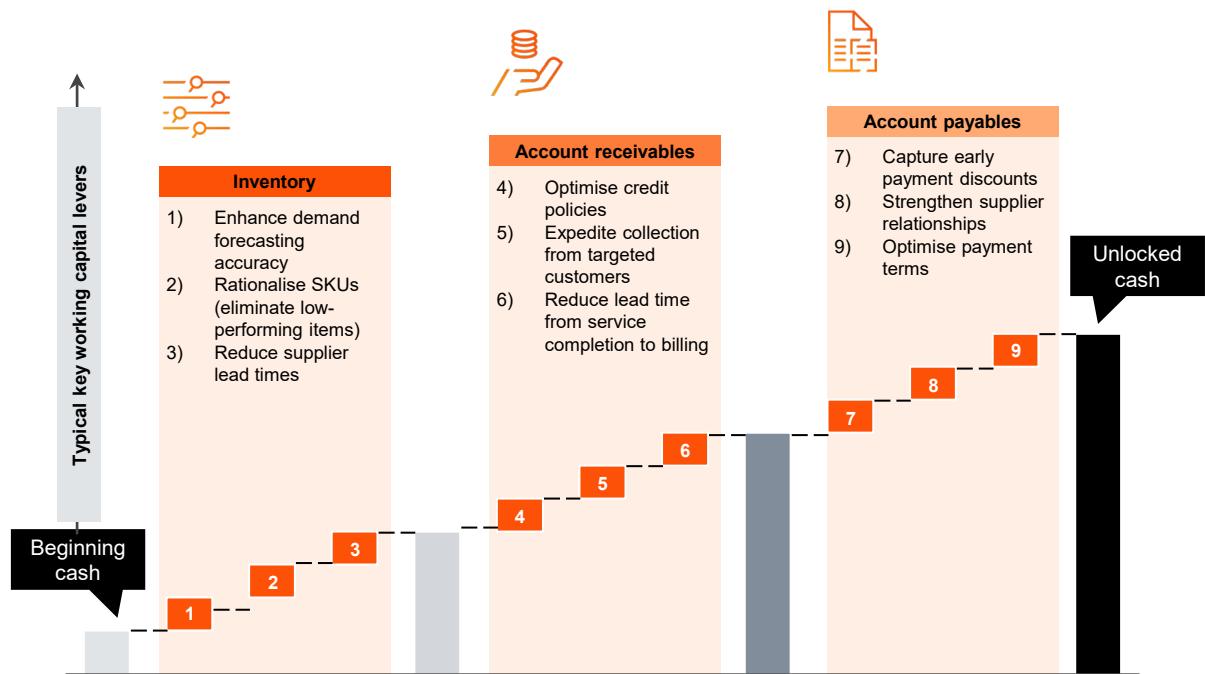
By using accurate forecasting, agile supply planning and proper inventory obsolescence management, we optimise inventory levels and logistics, ensuring timely delivery while reducing inventory days and minimising working capital strain.



Order-to-cash efficiency focuses on targeting the right customers, enhancing collections, offering early payment discounts, cutting lead time to billing and ensuring proper accounts receivable monitoring—ultimately accelerating cash inflow and reducing DSO.

Targeting high-impact levers to unlock trapped cash and enhance working capital efficiency

- ✓ Targeting inefficient processes in inventory, AR and AP
- ✓ Focusing on strategic customers and vendors where negotiation can yield faster results



How do we deliver solutions that help our clients optimise their working capital?



What solutions do we provide?

- ✓ Implement tools/process to monitor and forecast cash flow
- ✓ Streamline inventory process to reduce holding cost
- ✓ Identify and quantify the opportunities to unlock cash out of account receivable and payables
- ✓ Identify process automation and improvement
- ✓ Cash management to identify funding requirement and excess cash that can be reinvested or distributed as dividends

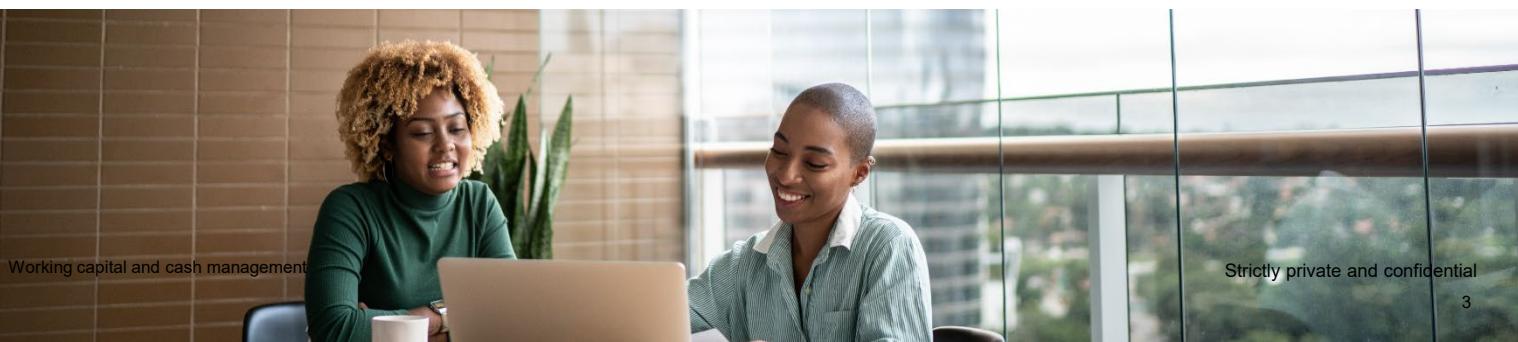


How do we do it?

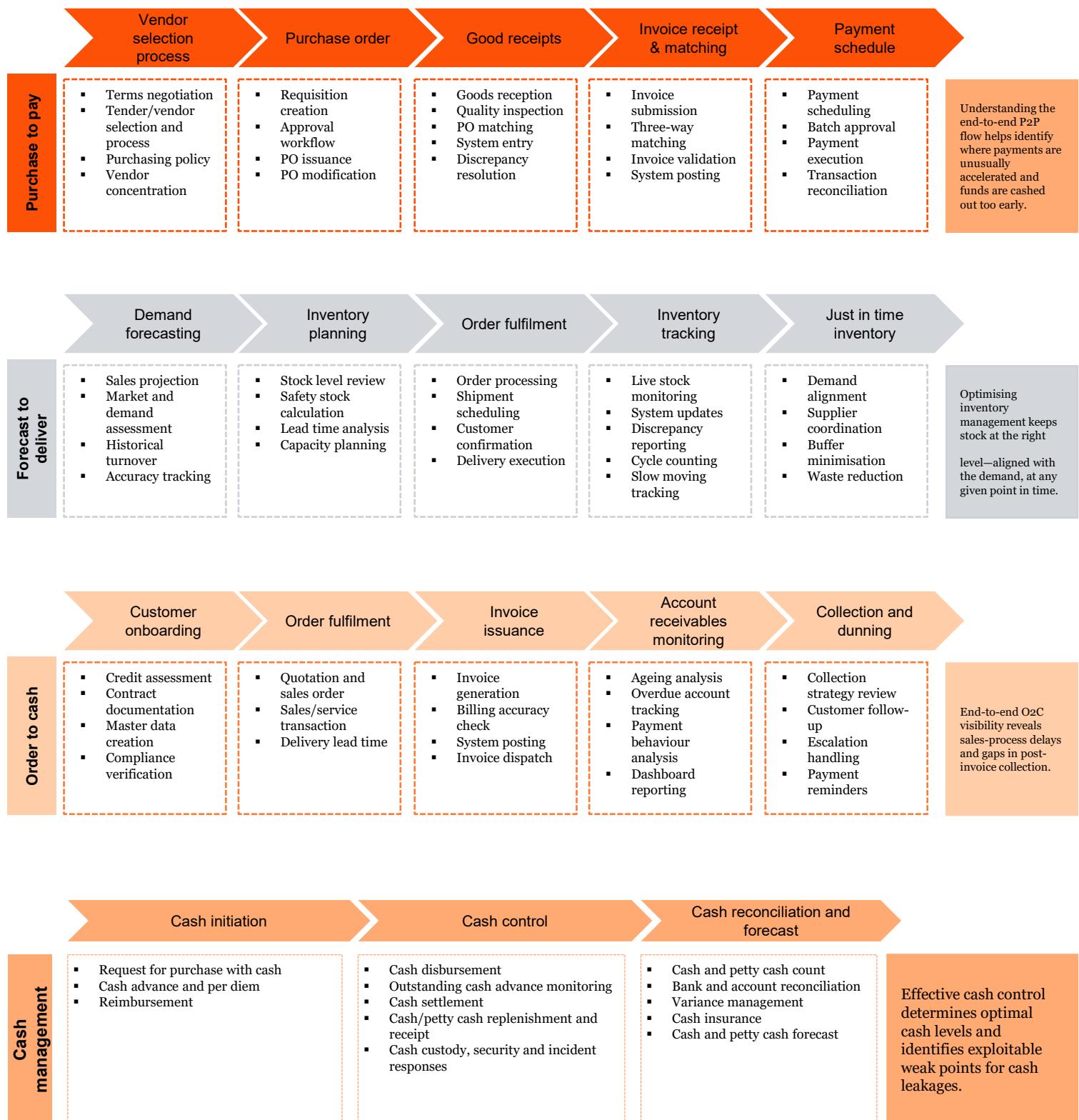
- Conduct a comprehensive diagnostic test of current working capital performance
- Identify process inefficiencies (focusing on key cash-driving process)
- Benchmark against industry and peers' best practices
- Develop dynamic cashflows to simulate business scenarios

What are the enablers for success?

- Robust data and analytical capability
- Strategic stakeholder collaboration—applying a structured engagement strategy to ensure the initiatives are executable
- Leveraging real-time monitoring through the implementation of a working capital dashboard



Key processes identified as the primary focus during the working capital review



Technology enablement for real-time working capital monitoring and cash flows



How can organisations leverage advanced technologies—such as real-time dashboards, AI-driven analytics to continuously monitor working capital KPIs (DSO, DPO, DIO) and proactively identify actions that optimise the cash conversion cycle?

Inventory

1 Demand Forecasting

Leverage advanced demand forecasting integrated with sales data and real-time inventory systems to precisely project optimal stock levels, minimising excess inventory and improving efficiency

3 Anomaly detection

Monitor inventory levels and sales patterns to detect anomalies and outliers, providing early warning of potential theft, errors or supply chain disruptions

2 Real time visibility

Provide accurate, real-time visibility into inventory positions, including on-hold and consigned stock, across every stage of the supply chain

4 Shelf-life and expiry management

Monitor product shelf-life and provide proactive alerts for upcoming expirations to optimise inventory utilisation and minimise obsolescence

Account receivables

1 Credit risk and limit management

Provides real-time visibility into overdue AR and evaluates customer payment behaviour. Enables dynamic credit limit management based on payment patterns and detects early warning signs of default

3 Cash application

Automates the matching of incoming payments to original invoices, significantly reducing lengthy cash processing and manual reconciliation efforts

2 Order and billing validation

Automates the validation of invoice, order and delivery documents to ensure accuracy and completeness, reducing manual checks and shortening the lead time to issue invoices, which accelerates cash collection

4 Cash collection prediction

Automates cash collection forecasting by utilising credit terms info, sales data, historical payment patterns and customer behaviour to give visibility into potential cash inflows

Account payables

1 Automate invoice processing

Automating the approval workflow eliminates manual intervention, ensures all necessary approvals are secured before payment processing, and significantly reduces invoice lead time while improving accuracy

3 Automated three-way matching

Automate the checking process between delivery order, purchase orders and invoices, and flagging discrepancies. This will reduce manual checking and shorten the lead time to payable registration

2 Smart payment scheduling

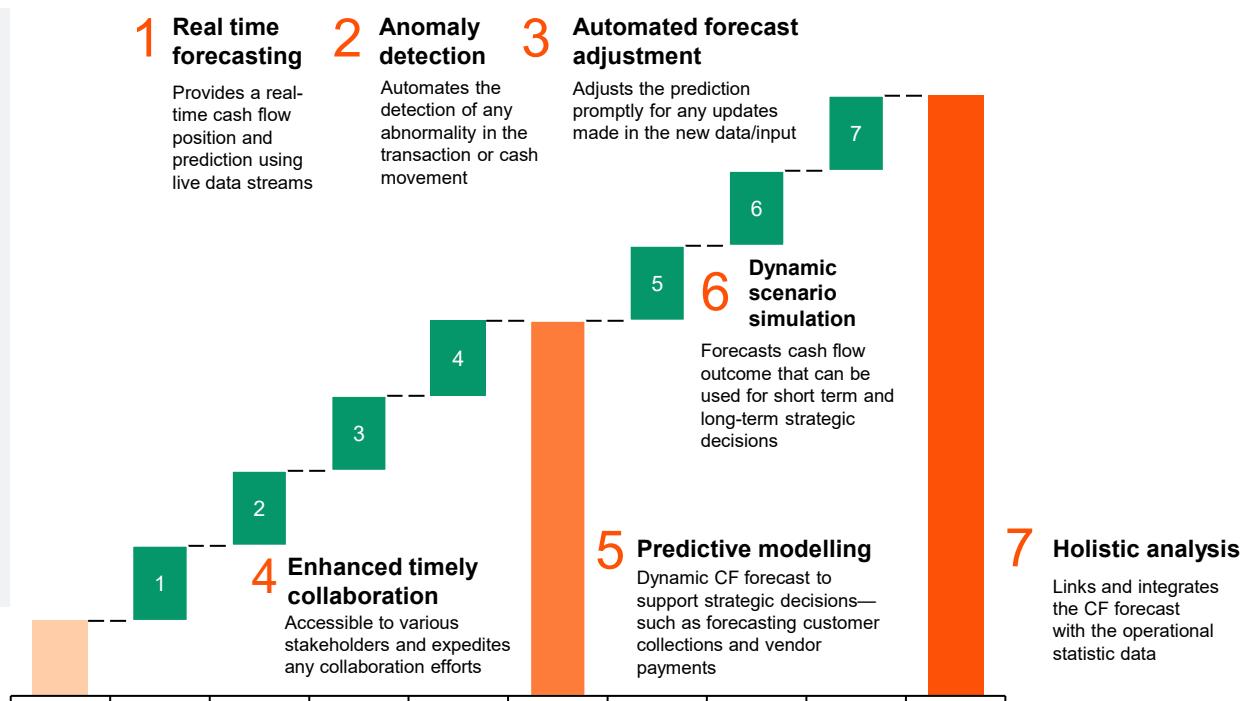
Using the invoice date, the technology will generate real-time alerts as the payment due date approaches, helping to proactively address potential cash shortfalls

4 Spend analytics and vendor insight

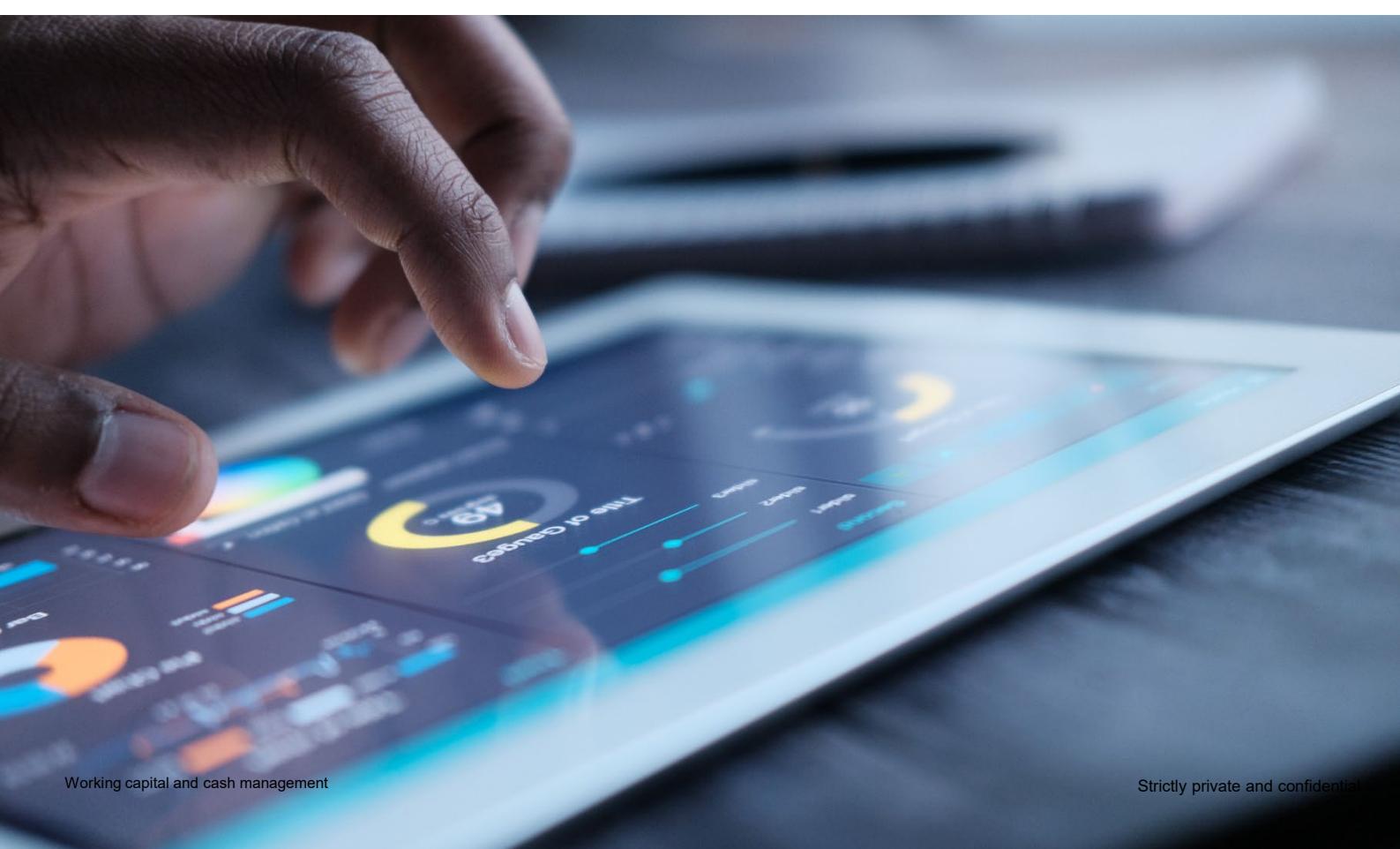
Automate vendor spend and cost analytics to enable real-time tracking, enhance visibility into spending patterns and proactively flag anomalies or irregularities for timely action

How technology enablement can enhance cashflow management and forecasting

Technology enablement will help the enterprise to enhance its CF forecast, particularly in (i) real-time capabilities and (ii) strategic intelligence capabilities. This will help key management drive real-time strategic decisions.



As businesses strive to enhance liquidity and reduce funding costs in a fast-moving world, how can technology-enabled monitoring—leveraging APIs, process mining and AI—deliver real-time cash flow insights and predictive visibility on working capital metrics (DSO, DPO, DIO) to enable faster, smarter decisions that minimise reliance on external financing.



Our working capital management practitioners

PwC is a market leader in the field of working capital management (WCM). We have run **dedicated programmes for over 400 clients worldwide.**



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