

Cisco Expo  
2009

Cavtat, Hotel Croatia  
01. - 03. travanj 2009.



## Back to Basics – the power of working capital

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Experience Today the  
Network of Tomorrow



Welcome to the Human Network.



“We want to get a better internal financing cash flow generated, which means working capital will be very high on the agenda in the coming years.”

Ludwig Gold  
Salzburger Aluminium AG

“When I report the monthly financial statements, their first question is usually about EBITDA performance, and the second is working capital management.”

Michael Buhl,  
CFO Tele Columbus Group

Salzburger Aluminium AG  
Ludwig Gold

coming years:  
on the agenda in the  
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which means working  
cash flow generated

CFO Tele Columbus Group  
Michael Buhl

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# Working Capital = Liquidity = Cash

## Assets

- Accounts Receivable
- Inventory
- Cash

## Liabilities

- Accounts Payable
- short term debt (<12 mths)

**NET WORKING  
CAPITAL**

*Or*

*ability to cover short  
term liabilities*





**Challenge I:**

**FORECASTING**



# Which priority is CASH in your company?

## Headlines

**85%** of respondents put cash as one of their top three priorities

Only **14%** say their cash forecasts are accurate

**74%** have had flat or deteriorating working capital over the last three years

**68%** of companies anticipate their working capital will not improve over the next three years

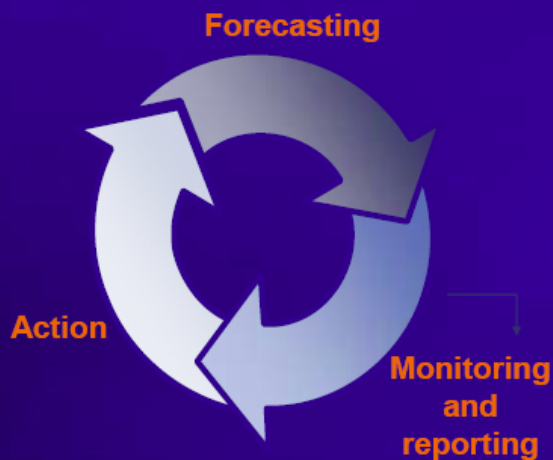


# Forecasting

Financial

Operational

Cash Forecasting Methodology



Increased Accuracy

Cash operating Inputs

Order to cash

Purchase to payment

Inventory

Treasury/systemic cash

Taxation

Capital projects

**Increased visibility leads to better decision making and sustainable change**

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**Challenge II:**

**ACTION vs. REACTION**



# Approach to Economic Slowdowns

## 4 Basic Guidelines

- First, is it the macro environment or your strategy?
- Second, length and depth of downturn?
- Third, prepare for the upturn
- Fourth, expand customer relationships



# Approach to Economic Slowdowns

## 6 Point Plan

- Vision/Strategy/Execution Model
- Collaboration/Web 2.0 driving future growth and productivity
- Resource management and realignment
- Aggressive in strategy...prioritize and execute
- Invest in U.S. and select emerging countries
- Power of the Network as the Platform...driving the future of communications/IT

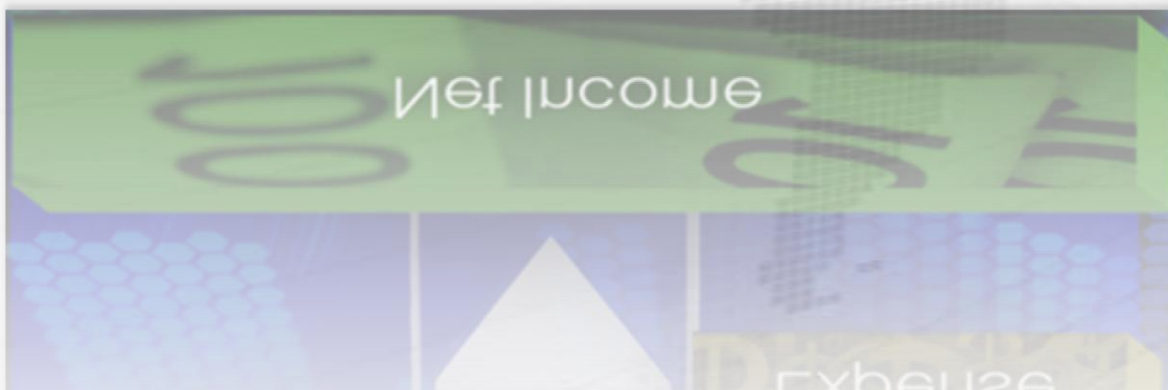
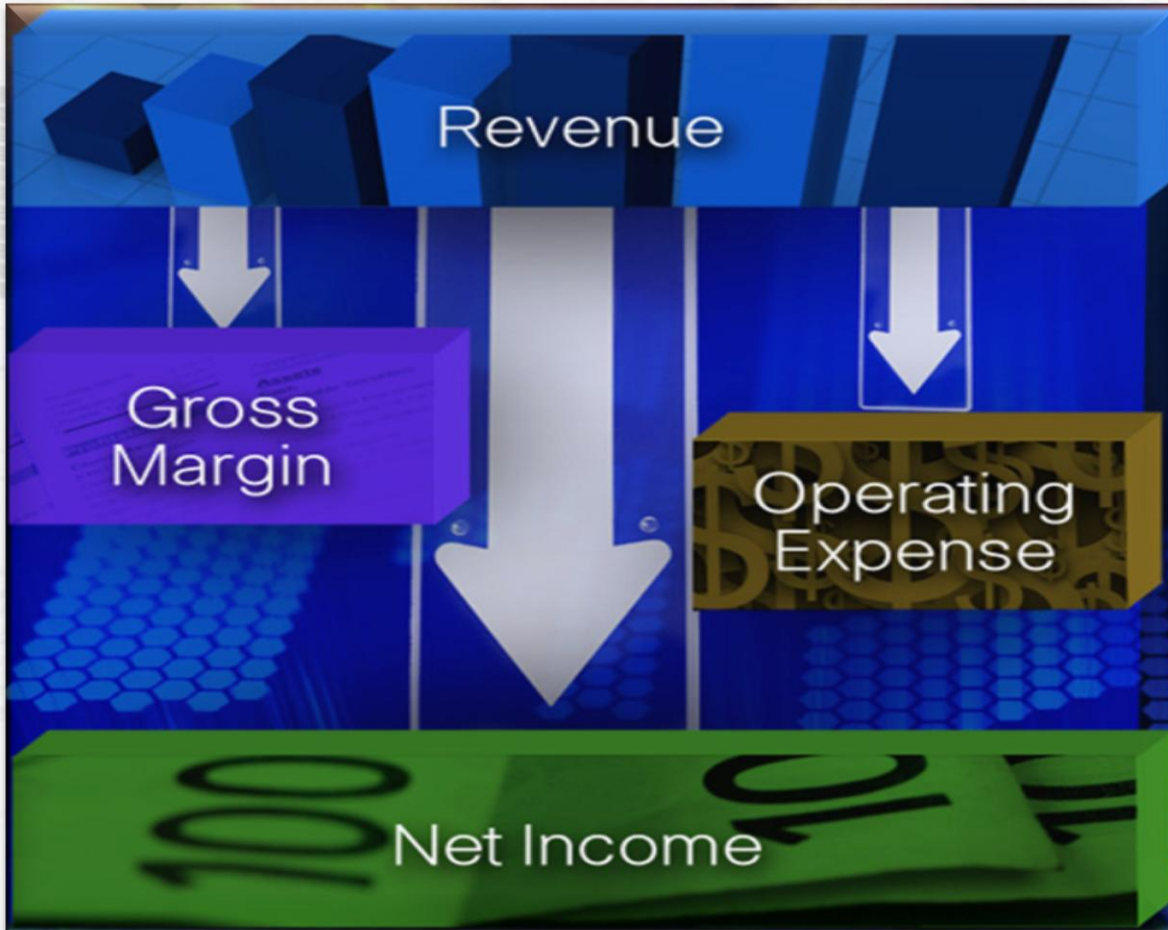


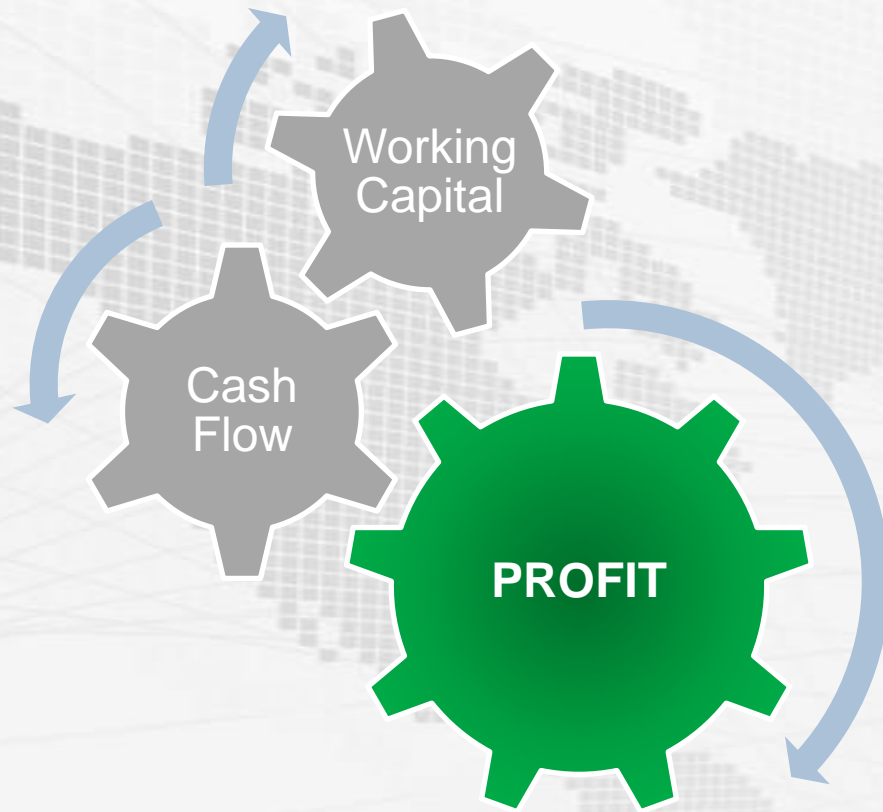


**Challenge III:**

**PROFITABILITY**







# Final thoughts

- Cash and working capital will grow in importance in the next 24 months
- Robust forward visibility and control of cash will not be optional for most businesses
- The winners will be the companies that embrace change and drive efficiency across the entire physical and financial supply chain
- Be alert to the risks – customers, suppliers and stakeholders
- Have a plan

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