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RADIANCE ON THE ROAD

Scaling up Treasury With AI-Powered Cash Forecasting

The Peter Cremer Story



Jennifer Sheffel
Treasury Manager



Agenda

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Purpose of Cash Forecasting

Purpose of Cash Forecasting

Cash Surplus



Situation

- Plenty of available cash reserves
- Interest rates near zero
- Focus on business expansion/acquisition

Purpose of Forecasting

- Reasonable accuracy
- Strategic investment planning through **long-term forecasting** for business expansion/M&As



Consider improving accuracy and increasing frequency of forecasting



Cash Deficit

Situation

- Utilized most of their revolvers
- Delaying payables
- Focus on tightly managing cash

Purpose of Forecasting

- **High accuracy & frequency**
- Estimate when available working capital will fall short with accurate **short-term forecasting**
- Prevent over-borrowing

Direct Vs. Indirect Cash Forecasting

Indirect Cash Forecasting

Direct Cash Forecasting

Definition

Begins with net income and adjusts to operating cash flows

Shows each cash inflow and outflow related to receipts and disbursements

Inputs

- Various projected income statements
- Balance sheets

- Upcoming payments
- Upcoming receipts

Benefits

Easier to use as data from existing reports could be used

Allows for granular analysis with better visibility of cash flow

With HighRadius, Peter Cremer would leverage AI based on historic actuals to increase accuracy



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About Peter Cremer North America

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Offers expertise to match a wide range of oleochemical offerings: fatty alcohols, fatty acids, methyl esters, glycerin, and other materials to support your sourcing needs.

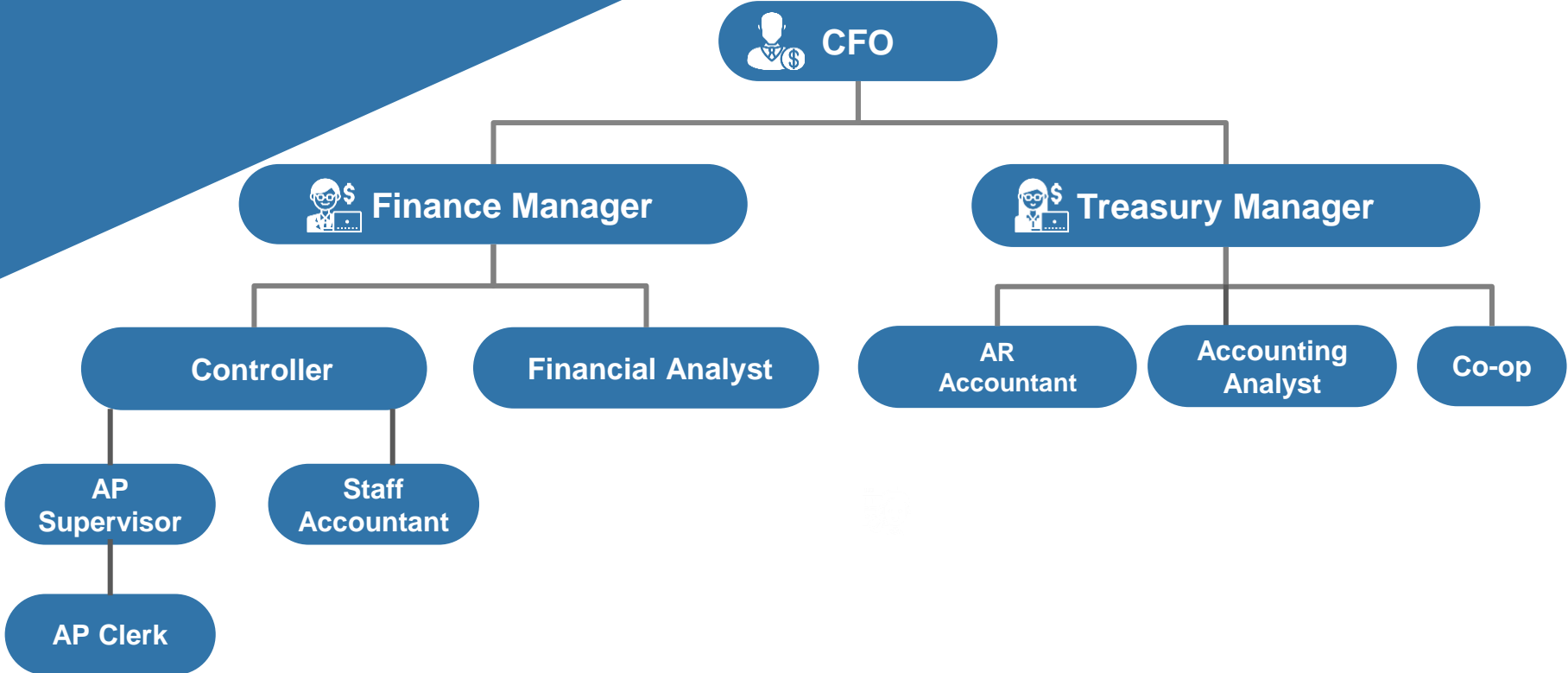


Headquarter in **Hamburg, Germany**



67 branch offices and holdings with **2,000 employees worldwide**

Treasury Structure at Peter Cremer North America





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Objectives of Cash Forecasting

Objectives of Cash Forecasting

Gain invoice-level cash visibility across regions, currencies, and entities

Switch from FP&A forecasting to direct/centralized forecasting

Increase forecasting accuracy to at least 90%

Move away from spreadsheet-based data gathering

Create forecasts 15 months into the future



Treasury Roadmap



Jennifer Sheffel joined in FP&A and transitioned into Treasury

Leads global relationships with the global Treasury team, local banking relationships, cash forecasting, and tax responsibilities.

Started considering technology

After taking up courses, CTP certification, and watching webinars, she decided to consider technology to improve cash forecasting.

Automation

Aims to automate forecasts to eliminate manual work and to focus on more strategic tasks.

What Next?

Plans to:
Increase forecast accuracy to at least 90%.
Increase forecasting cadence to 15 months in the future.
Reduce variability across cash flow categories.

Peter Cremer North America

Peter Cremer North America initially relied on FP&A forecasting (top-down approach) but weren't satisfied with the accuracy.

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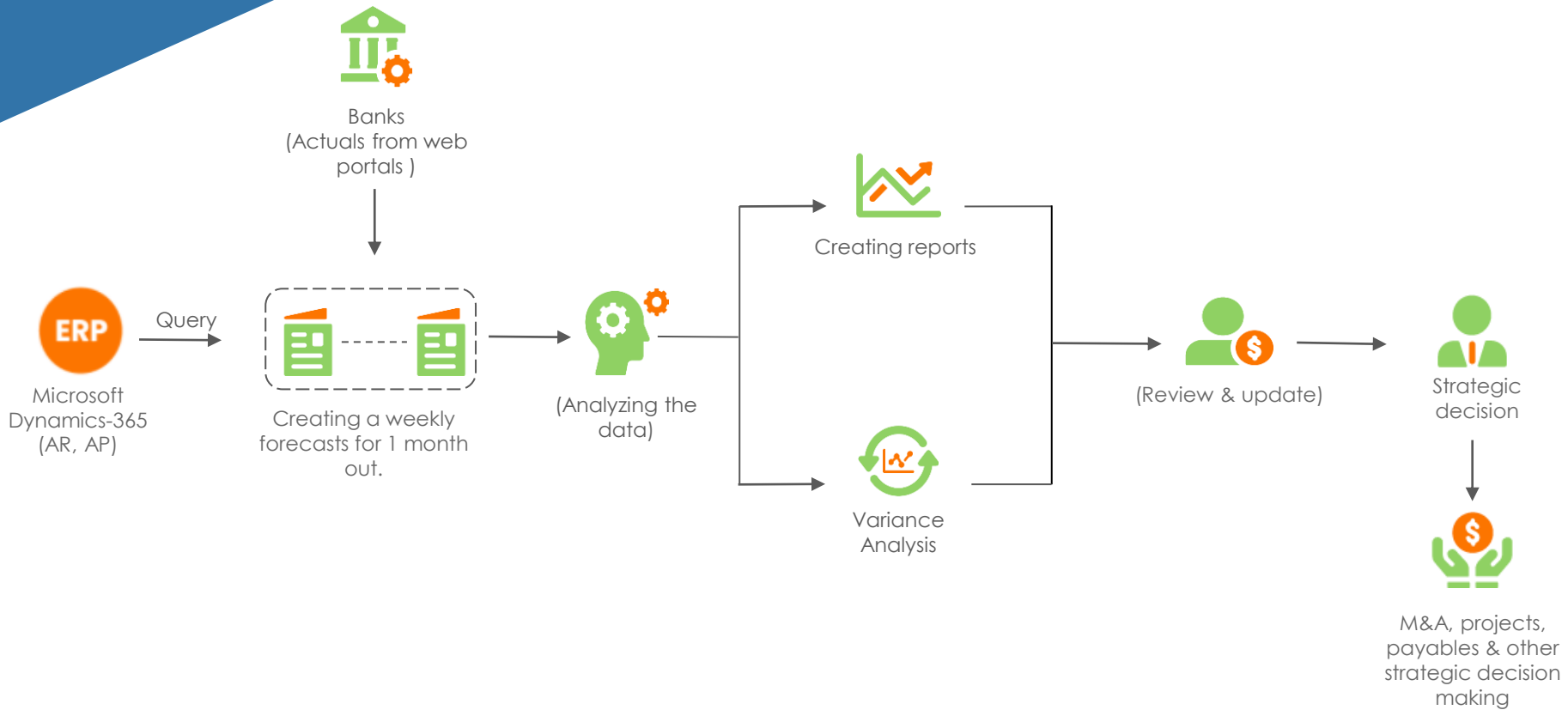
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Challenges with Current State

Current Process





Challenges/Hurdles with Current State



Limited visibility to forecast further out



Error-prone forecasts due to the manual inputs in spreadsheets



Inability to perform the variance analysis frequently results in low overall confidence in the forecast.



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TO-BE State and Expected Benefits with AI Cash Forecasting

Future State



Microsoft Dynamics-365
(AR, AP, & historical data)

Automatic
aggregation of data



Banks (Automatic
aggregation of actuals)



AI Cash Forecasting

- Automated forecast daily, weekly, monthly, quarterly and 15 months into the future
- Forecast at group, corporate and product level
- Separate forecast for supply chain finance customers
- Automated variance analysis with drill down to invoice level



Treasury Manager
(Review & update)



CFO



M&A, projects, payables
& other strategic decisions



Expected Benefits with AI Cash Forecasting



Centralized repository for easy data access



Use the freed up time with automation to work on strategic tasks



Make accurate decisions on investments, M&A, business expansion, and tax regulations



Ability to increase forecasting cadence easily

4E Framework for Success



EMBRACE

Accept that the future is upon us and AI will continue to develop and advance.



EVALUATE

If you have the necessary hard skills and soft skills.



EMPOWER

Take necessary steps to be ready for the age of AI.



EDUCATE

Learn more from internal and external training webinars, etc.



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Questions?

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Thank You