

A Forrester Consulting  
Thought Leadership Paper  
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# Successful Businesses Excel At Cash Management

Bring Together B2B Payments, Liquidity, And  
Reconciliation To Reach Optimal Cash Management

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**Project Director:**

Edoardo Zavarella,  
Senior Market Impact Consultant

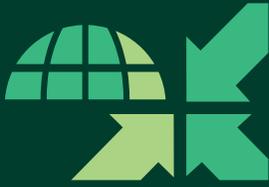
**Contributing Research:**

Forrester's eBusiness and Channel  
Strategy research group

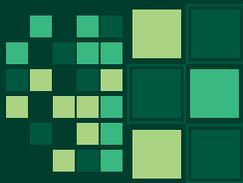
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Eighty-three percent of decision-makers at large multinational enterprises say that low cash visibility has hidden costs.



Sixty-six percent of business leaders at large multinational enterprises say that the COVID-19 pandemic has increased the importance of cash liquidity, transparency, and certainty.

## Executive Summary

Market leaders in 2021 will embed cash management excellence into their enterprises' daily operations, processes, and decision-making. Enterprises that are moving beyond survival and adaptation mode instigated by COVID-19 are now eager to capitalize on digitalization to transform their businesses by untapping hidden cash, injecting accurate forecasting into decision-making, and simplifying day-to-day treasury and finance operations with workflow automation.

Enterprises want to have first-mover advantage and reap the benefits of cloud-based treasury management technology to increase organizational flexibility, cash management process scalability, and B2B payment security. But many firms are still struggling with constructing the very foundation of cash management excellence because they lack efficient cash flows and a transparent, holistic, and accurate view of the movement of money across regional subsidiaries.

Nomentia commissioned Forrester Consulting to evaluate the current state of cash and treasury management in large multinationals globally, the challenges, and the opportunities to move forward. To explore this topic, Forrester conducted an online survey with 163 global treasury, finance, and IT stakeholders across industries to understand the benefits of holistically approaching treasury management and B2B payments to grow businesses.

### KEY FINDINGS

- › **Current tools hinder firms' priorities with cash flow management.** Over 80% of business leaders are prioritizing increasing cash management and payment efficiency and maximizing cash flow liquidity. However, only about one in three has capabilities to improve visibility and generate accurate forecasting, and of those, about half are dissatisfied with these capabilities.
- › **Poor cash flow visibility has high costs.** Cash flow transparency, flexible reporting, and data collection are challenging for about 70% of decision-makers. These challenges have serious implications for firms: They add time to review and audit processes, increase data security issues, and slow the transformation into an agile business.
- › **Firms have allocated budget to improve cash flow capabilities.** Sixty-six percent of enterprise decision-makers report their firms have invested or are expanding investment in financial data analytics, 58% in centralization of user-right management, 42% in cloud-based bank connectivity, and 47% in automation.

# Cash Flow Efficiency And Visibility Top Decision-Makers' Wish Lists

Treasury executives at large multinational companies face increased complexity.<sup>1</sup> Their firms' ambition to enhance compliance while transforming into customer-first companies poses significant challenges to the treasury day-to-day work and priorities, requiring treasury executives to juggle multiple requests at once. This means they need to manage shifting country-specific compliance regulations, digital payments, and better cash flow transparency, all while meeting business stakeholders' demands for more agility, efficiency, and speed.

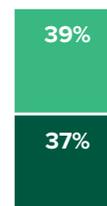
The COVID-19 pandemic was the tipping point. The sudden disruption of economic activity triggered a liquidity crisis that highlighted the criticality of having efficient cash flows and accurate data at hands. Enterprises worldwide have suddenly realized that they must dramatically improve their cash management capabilities (see Figure 1). In surveying 163 treasury and finance decision-makers in large multinational companies dealing with multiple subsidiaries and currencies across countries, we found that companies:

- Understand the importance of cash flow and payment visibility and efficiency.** COVID-19 has taught enterprises the value of accurate forecasting and efficient B2B payments. As a result of the pandemic, three-quarters of decision-makers plan to improve cash management capabilities. Their top priorities for 2021 reflect this lesson: More than 80% are improving data analytics, increasing cash management and payment efficiency, maximizing cash flow liquidity, and improving cash flow and finance reporting (see Figure 2).

Figure 1

**“To what extent do you agree with each of the following statements describing your areas of focus?”**  
(Select one per row)

- Somewhat agree
- Strongly agree



As a result of COVID-19, we plan to improve our cash management capabilities

Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

## 76% of decision-makers plan to improve their cash management capabilities because of COVID-19.

Figure 2

**“How much of a priority are the following for your company’s financial wellness in the coming year?”** (Select one per row)

- Critical priority
- High priority



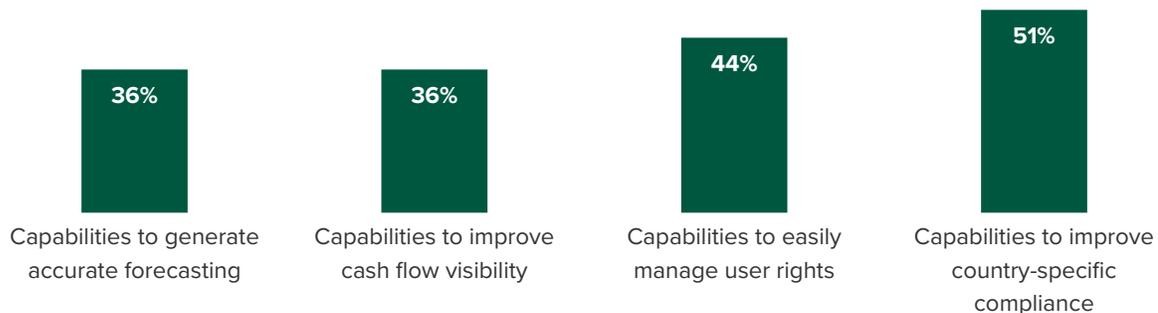
Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

86% of business leaders say improving data analytics is a critical or high priority.

- › **Lack the tools to improve cash management.** Companies were caught off guard by their lack of appropriate infrastructures for cash management excellence. Only about a third of decision-makers say their firms have capabilities to improve cash flow visibility and generate accurate forecasting, 44% can easily manage user rights, and just half use tools to improve country-specific compliance (see Figure 3). This leaves them with too much cash (a costly issue when interest rates are negative) and exposes them to the risks coming with unsecure and time-consuming cash-management processes.
- › **Struggle with existing solutions.** With COVID-19 casting a spotlight on cash management, technological excellence has become critical. This, however, only emphasizes firms' lack of capabilities. Decision-makers are not satisfied with their current capabilities for automation (55%), efficiency (51%), and cash flow visibility (44%).
- › **Plan to increase budget for cash management.** Business stakeholders see technology as a critical asset to enable better cash management, and indeed almost half increased their technology budgets in the last 12 months, mainly to enable working from home (79%), mitigate risk (65%), and improve adaptiveness to uncertainty (73%) (see Figure 4).

**Figure 3**

**“What tools does your organization currently have in place for cash management and B2B payments?”**  
 (Select all that apply)



Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

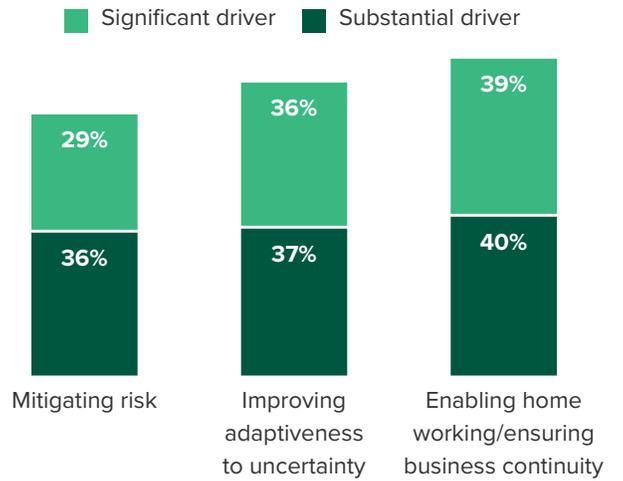
**Figure 4**

**“Thinking about the past 12 months, how has your budget for your technology solutions for cash management and payment changed?” (Select one)**



Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

**“You mentioned your organization increased budget for cash management and payment solutions in the past 12 months. How much of a driver were the following for the budget increase?” (Select one per row)**



Base: 75 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy who are increasing budget for technology solutions for cash management and payment  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

# Enterprises Have A Fragmented View Of Their Cash Management

Coordination between treasury and finance agendas and technological infrastructures can make the difference between a thriving enterprise and one struggling with liquidity and credit downgrades. Agile, digitally savvy, and cash-excellent enterprises coordinate their core functions, break down silos to uncover trapped cash, make data-driven decisions, and carefully select the technology platforms that approach cash management holistically, thus enabling speed, resiliency, and scalability.

Cash management decision-makers in our study understand the need to adopt a holistic approach, but they struggle to achieve it. The challenges they face vary in scale and type, ranging from lack of business stakeholders' understanding to lack of tools and technology. We found that:

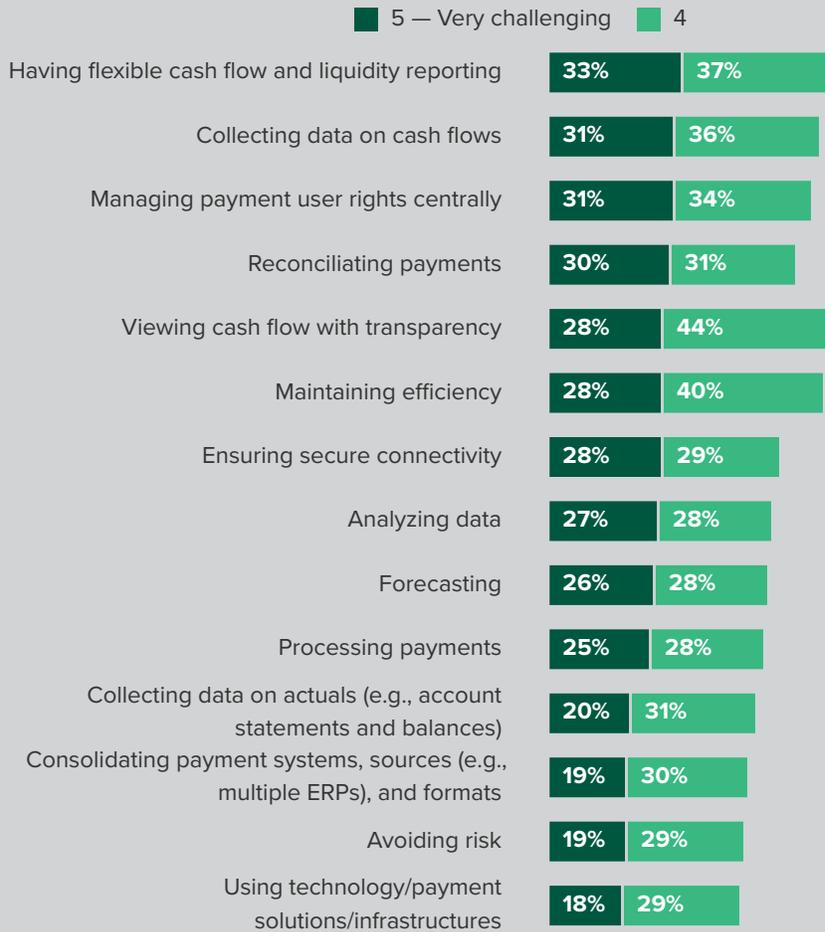
- › **Organizational barriers hinder improvement efforts.** Cash management executives report that the top three barriers to improve cash management and payments efficiency are 1) lack of alignment between treasury, finance, and IT; 2) lack of recognition of the strategic importance of cash management and payments from business stakeholders; and 3) lack of knowledge about best-of-breed cash and treasury management technology capabilities (or of the right B2B payment processes).
- › **Cash flow visibility, reporting, and forecasting are challenging.** Country-specific collection practices, manual payment processes, and several other complexities make it extremely challenging for treasury and finance executives to meet the business demand for increased compliance and accuracy. Viewing cash flow with transparency, having flexible cash flow reporting, and collecting data on cash flow are challenging or very challenging for around 70% of decision-makers (see Figure 5).
- › **Issues with cash flow visibility and management negatively impact business-critical activities.** Business leaders report that the challenges they are having with cash flow visibility and management have several negative repercussions on the overall business, primarily adding time to review and audit processes, increasing data security issues, preventing business agility, prohibiting smart decision-making, and creating financial compliance issues (see Figure 6).

70% of decision-makers say it's challenging or very challenging to have flexible cash flow and liquidity reporting.

67% say it's challenging or very challenging to collect data on cash flow.

**Figure 5**

**“Thinking about cash flow and treasury management, to what extent are the following a challenge for your organization?” (Select one per row)**

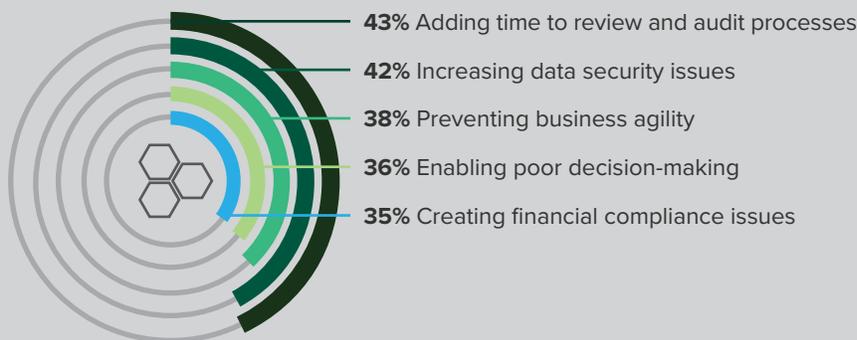


65% of decision-makers say it's challenging or very challenging to manage user rights centrally.

61% say it's challenging or very challenging to reconcile payments.

Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

**Figure 6: Top Negative Impacts Of Poor Cash Flow Visibility And Management**



48% of decision-makers say that poor cash flow visibility and management adds time to review and audit processes.

Base: 159 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy who are experiencing challenges with cash flow and treasury management  
Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, February 2021

# Analytics, Automation, And Cloud-Based Solutions Promise Success

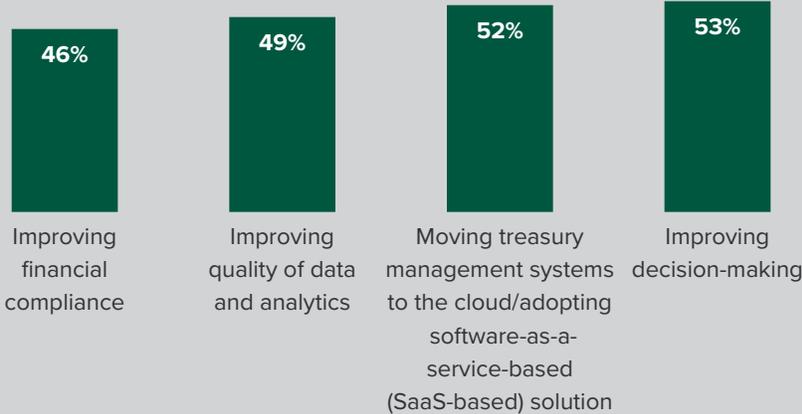
Forrester describes “future fit technology” as the technology that enables companies to reengineer practices and processes to unlock hidden value and ignite innovation across the organization.<sup>2</sup> If we apply this principle to financial functions, future fit treasury and cash management technology must be cloud based, automated, and enhanced with data and analytics capabilities. Enterprises can use it to increase speed and flexibility, reduce time-consuming manual tasks, and improve decision-making on cash allocation.

Cash management decision-makers in our study are prioritizing future fit technology. To tackle issues resulting from their inadequate technology stack, this year firms are focused on acquiring capabilities that improve cash flow reporting and enhance forecast accuracy. We found that:

- › **Data, compliance, and flexibility are key.** When thinking about their top treasury and cash management priorities in 2021, around half of decision-makers cite initiatives such as moving management systems to the cloud and improving decision-making, data quality, and financial compliance (see Figure 7).
- › **Firms are primarily investing in analytics, security, cloud, and automation.** Companies translate their needs for better flexibility, security, compliance, and decision-making into technology investments: They are acquiring capabilities for financial data analytics to improve decision-making, centralization of user-right management to enhance payment security, cloud-based solutions for bank connectivity, and cash and treasury management to increase flexibility and scalability (see Figure 8).

Figure 7

“What are your most important initiatives for 2021 regarding treasury and cash management?” (Select all that apply)

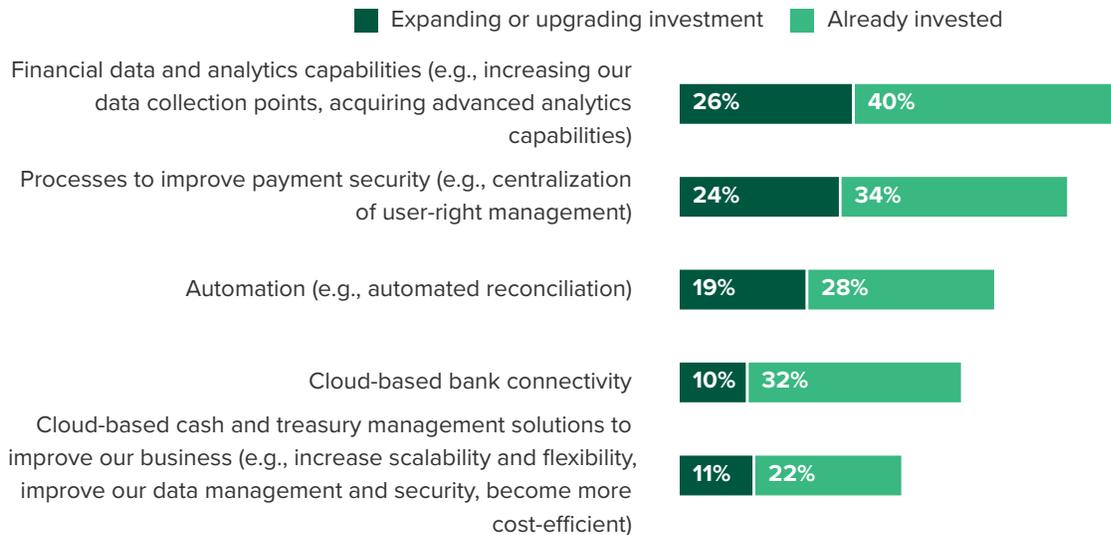


52% of business leaders are prioritizing adopting SaaS treasury management solutions.

Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

**Figure 8**

“What are your company’s plans to invest in the following initiatives?” (Select one per row)



Base: 75 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy who are increasing budget for technology solutions for cash management and payment  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, February 2021

**EXPECTED BENEFITS**

Conscious of the high complexity their treasury and finance teams deal with, cash management executives see the value in tools and features that automate day-to-day tasks while guaranteeing payment security.

Firms value tools and features that help them improve:

- › **Connectivity.** Most executives think centralized bank connectivity is valuable or extremely valuable to increase payment security (e.g., host-to-host bank connectivity) and improve reporting (e.g., fetching statements and intraday material).
- › **Forecasting.** Seventy-three percent of executives value tools that enable comparison of actual movements on bank accounts and ledgers to improve the accuracy of cash forecasting.
- › **Visibility.** Decision-makers want to control how payments are processed, approved, and released to banks; 78% believe tools to control how batches are routed through the system are valuable for their treasury and cash management activities (see Figure 9).

Executives expect several benefits from these technology investments. They primarily associate automation and flexibility to cloud-based treasury and cash management technology. They expect automation to deliver improved cash allocation and increased forecasting accuracy. Finally, they expect their investments in data and analytics to decrease the time-consuming review and audit processes (see Figure 10).

Executives expect these benefits to help them gain the needed flexibility to successfully adjust to quickly shifting business conditions of the post-pandemic new normal.<sup>3</sup>

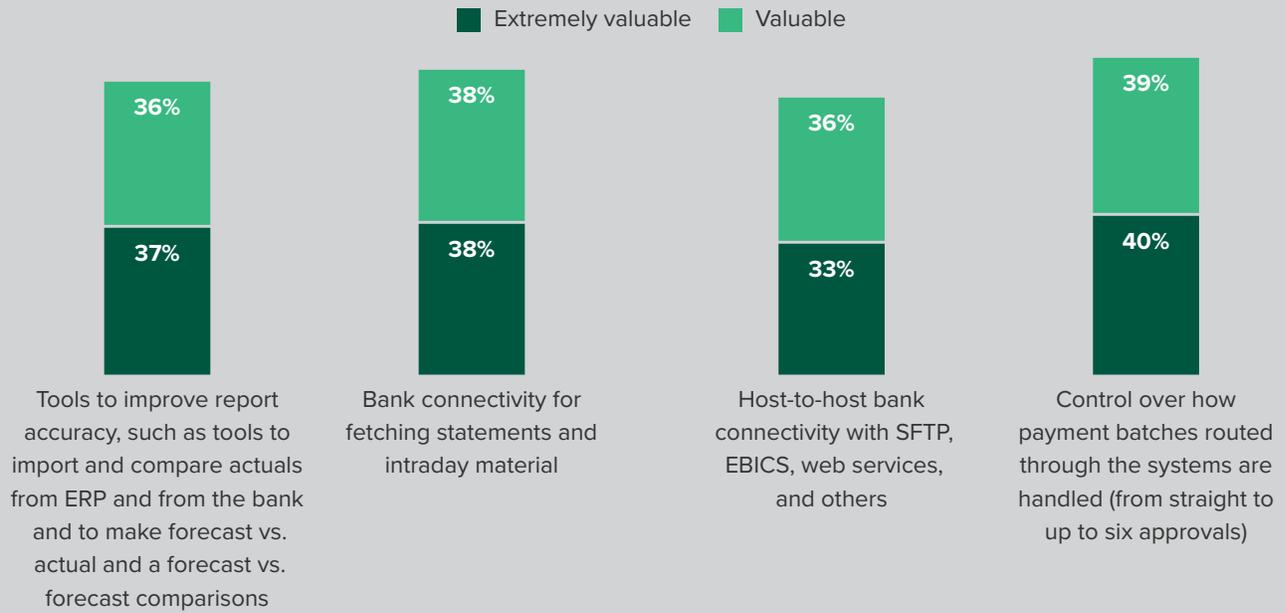
78% of decision-makers believe tools to control how batches are routed through the system are valuable for their treasury and cash management activities

76% of decision-makers believe bank connectivity for fetching statements and intraday material are valuable for their treasury and cash management activities

**Figure 9**

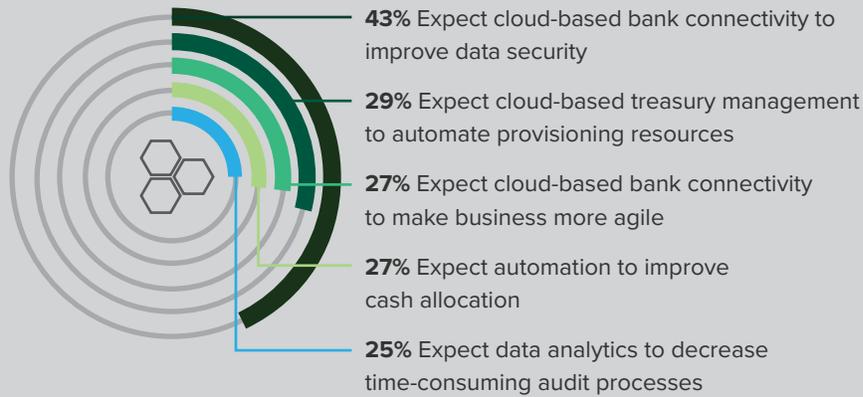
**“How valuable are the following capabilities/features in a treasury and cash management solution?”**  
(Select one per row)

**“How valuable are the following features in a B2B payment solution?”** (Select one per row)



Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy  
Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

**Figure 10: Expected Benefits From Technology Investments**



Base: 72 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy who are planning to invest or upgrading investments into technology for cash management and payment  
Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, February 2021

# Key Recommendations

Firms tackling the challenges of the current pandemic deeply recognize the urgency and importance to digitalize and enhance their cash management processes. Cash excellence will become the North Star leading businesses to strengthen resiliency and improve decision-making to successfully navigate the changes in customer behaviors and the modes of production, work, and technology accelerated by the pandemic.

Forrester's in-depth survey of 163 treasury and cash management decision-makers about cash and treasury management technologies yielded several important recommendations:



**Switch cash management from a cost center to a strategic revenue-creating opportunity.** Many companies are used to thinking of cash management as a cost rather than a revenue-creating opportunity. Cash management and payments are the core to every business process, so they are essential for a company's adaptability and financial stability. Cash management should be a critical strategic consideration for multinationals as they execute ambitious growth plans in a highly volatile and competitive market. Firms that see their cash management solution as an opportunity to grow revenue and market share will enjoy a competitive advantage.



**Embrace future fit cash management technologies and solutions.** Adaptive companies integrating future-proofed, technology-forward cash management solutions now will be best placed to stay ahead of the curve. Win the post-pandemic business world by increasing investment in data analytics capabilities, cloud-hosted solutions, automation, treasury and payment centralization, and easy plug-and-play connectivity and integration with multiple enterprise resource planning (ERP) systems.



**Equip your organization with advanced risk mitigation capabilities.** COVID-19 accelerated digital transformation for most firms, but their naivety with digital also increased opportunities for fraudsters. The economic downturn and uncertain global geopolitical landscape added in the complexity of sanctions and money-laundering activities. Multinational companies need more advanced risk mitigation capabilities to cope with country-specific compliance and smarter fraudulent and financial crime activities, safeguarding their payments and financial stability. Seventy-five percent of decision-makers say that risk mitigation is one of the top drivers for investing more in cash management solutions.

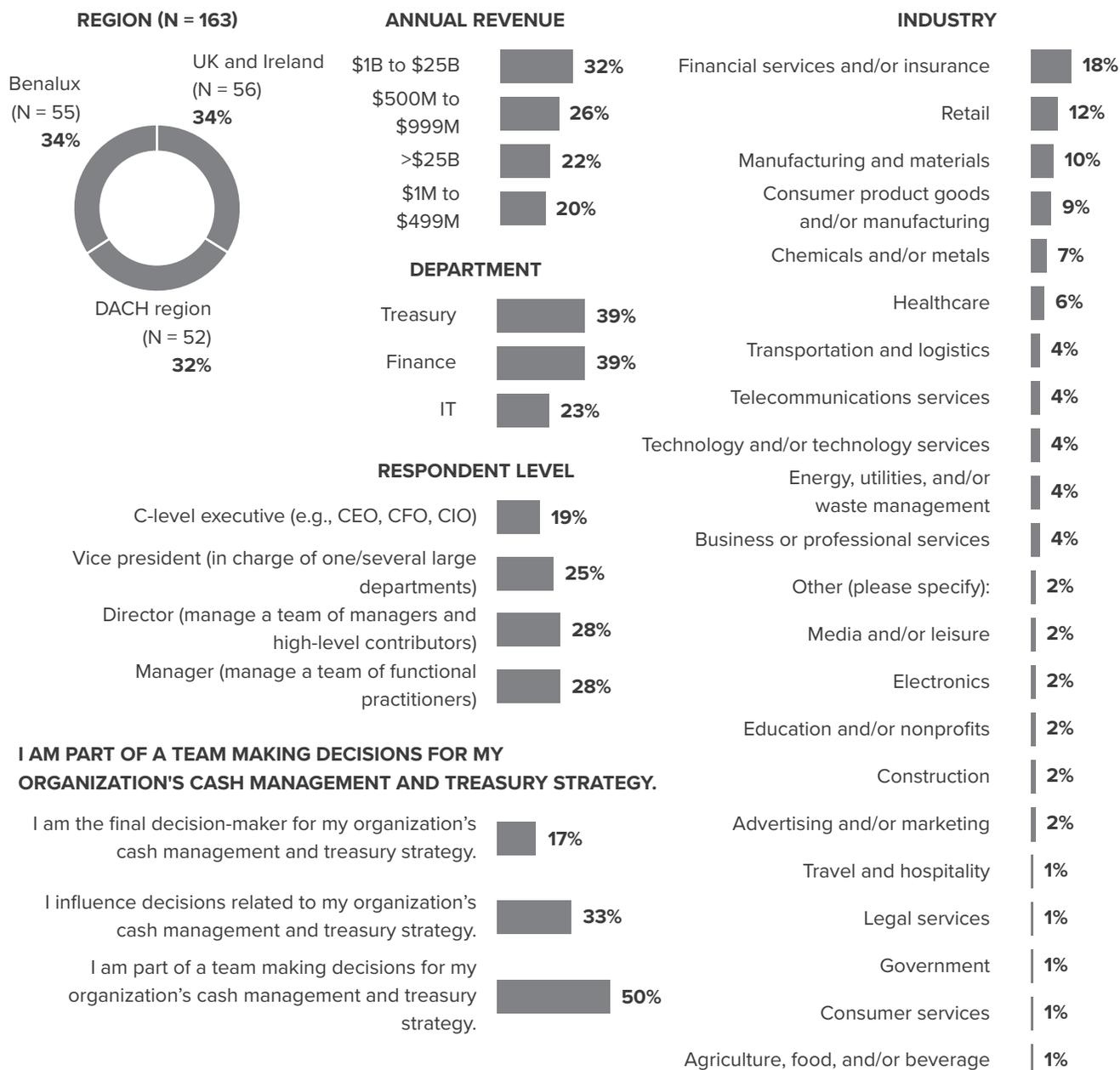


**Foster cross-functional collaboration for cash management.** Treasury and finance executives report that the top barrier to improve cash management efficiency is the lack of alignment between treasury and finance departments. Besides optimizing people and processes to foster collaboration, enterprises can also coordinate their treasury and finance functions by implementing a solution that offers a holistic and centralized view of cash flows, thus enhancing reporting, data analysis, and forecasting.

# Appendix A: Methodology

In this study, Forrester conducted an online survey of 163 decision-makers in Benelux, the UK and Ireland, and DACH regions to evaluate cash and treasury management practices and technologies. Survey participants included decision-makers in treasury, finance, and IT. Questions provided to the participants asked about their current stage and future plans on cash management and B2B payments. The study began in February 2021 and was completed in March 2021.

# Appendix B: Demographics



Base: 163 decision-makers at Global 500 companies, Global 2000 companies, and companies with <€1B revenue responsible for cash management and treasury strategy

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Nomentia, March 2021

# Appendix C: Supplemental Material

## RELATED FORRESTER RESEARCH

“Your Future Fit Technology Strategy: Adaptive, Creative, and Resilient,” Forrester Research, Inc., October 14, 2020.

# Appendix D: Endnotes

<sup>1</sup> Source: “Prediction 2021: Digital Businesses,” Forrester Research, Inc., October 28, 2020.

<sup>2</sup> Source: “Your Future Fit Technology Strategy: Adaptive, Creative, and Resilient,” Forrester Research, Inc., October 14, 2020.

<sup>3</sup> Source: “The New, Unstable Normal: How COVID-19 Will Change Business And Technology Forever,” Forrester Research, Inc., July 14, 2020.