

CASH REPORTING: A STRATEGIC ISSUE

Enron, Andersen, FAS or IAS standards, the Sarbanes-Oxley Act for corporate governance, Basle I then II. since the sudden collapse of the "financial bubble", there has been constant talk of more transparency and better quality information that should not only be available in good time but should also be both accurate and legible.

At the same time - and doubts about the pertinence of account presentations surely had something to do with this - companies suddenly became aware of the great importance of cash. As said by investors - and borrowers could not fail to agree - in the end a company's performance is judged by its ability to generate cash: profit is promising but cash is real.

What part should be played by the treasurer in this "back to basics"?

While treasury departments were expected to be structured as profit centres over the last decade, the current context - and due to present-day doubts the situation is unlikely to change - is encouraging treasurers to become more involved in the company's strategic issues. Their specific task consists of contributing to overall profitability and reinforcing the company's viability by making the best possible use of available cash. Since cash is now a rarer commodity, the idea is to acquire it at the lowest cost, to use it wisely and, in so doing, to take risks that not only are reasonable but are known and controlled from beginning to end. This strategic role has been played by the treasurers of large international groups for some time: the complexity and impact of the financial instruments they use have always been major internal issues. But the pressure from outside is greater at present and better communication is required. But while the tools necessary to measure performance and the risks taken by the "in-house" dealing room are actually available, what is the situation in the treasury departments of subsidiaries? What is the debt level of subsidiaries? What is their cash position? What are their banking commitments? What are the countries, activities or currencies on which the group is exposed to risk? After noting that there was no software dedicated to cash reporting on the market to date, and with the benefit of its experience in other fields of cash management/pooling, DataLog Finance is now launching a Web version of **CashReport**.

Who is DataLog Finance?

Founded in 1997, DataLog Finance is specialized in the development of applications for treasurers in groups and large companies which offer innovative solutions in matters of intra-group communication based on both e-mail systems (Lotus Notes, Microsoft Exchange, etc.) and Web technologies (Intranet, Internet). Since then, the introduction of Corporate Cashpooling, Netting or payment pooling solutions by numerous French and foreign groups has enabled the DataLog Finance team to acquire in-depth knowledge of the new requirements of group treasurers. This business experience, complemented by its expertise in Web development tools based on a Java platform, was demonstrated in 2002 with the launch of the Web version of **CashPooler**, the first payment pooling software package. Thanks to **CashPooler**, numerous international groups can now optimize and secure their payment systems through a single Web platform connected to all the group's banks through a single point.

What requirements does **CashReport** meet?

At general management level, **CashReport** offers the means of measuring and controlling risks inherent in the group's cash positions: the financial position (intra-group bank and current account balances, investments and group/non-group debt) and the foreign exchange position (real and projected). "Vertical" (per entity, per geographic zone, per currency, per counterparty, per activity, per maturity etc.) and "horizontal" (variations in positions, average rates, etc.) analyses enable control of country, foreign exchange, counterparty and liquidity risks. Knowing not only the cash position - at the level of each entity and for the group as a whole - but also the volume of available finance at all times, is an indispensable tool for managements and enables them to evaluate how much leeway they have. **CashReport** can also give the group treasurer considerable leverage in terms of the use of cash in the group: using **CashReport** to report the cash projections of subsidiaries (daily, 10-day or monthly budget estimates, etc.), is a very efficient way to monitor cash positions in the group and to optimize the mobilization of internal and external resources. Reporting and analysis of turnover, banking fees, expenses, interest earnings and the volumes of operations also provide the treasurer with the bases necessary for optimized management of the group's banking relationships. Finally, in **CashReport** subsidiaries benefit from all the analysis reports which specifically concern them (a strict separation of rights means that users can only access information which concerns them). If the group so wishes, **CashReport** can provide the subsidiaries with statements and other documents relative to accounts (scales, interest tickets, etc.). Depending on the configuration chosen, this could concern bank statements - information is recovered from banks exclusively at central level through a banking communication module - and intra-group current account statements; in both cases, the documents are published via **CashReport**.

What are the advantages of a Web solution?

They are now well known and mainly lead to a considerable reduction of administration costs. This reduction is due to less installation, maintenance and upgrading tasks which have purely and simply disappeared in the subsidiary: they are done exclusively at central level. As for data protection, other than functional security (unique database, login and password, management of rights and domains, audit trails and logs, etc.) **CashReport** uses security standards like SSL combined with sealing and proprietary encryption functions.

No "one size" or "one copy"

This version of **CashReport** is the result of several years' experience in the implementation of pooling solutions in large groups operating in the most varied sectors. As such, it is an application designed to meet very varied requirements which can be integrated in different technical environments (databases, operating systems, Web browsers, etc.). **CashReport** is highly configurable and uses a totally scalable workflow. It can integrate personalized analysis criteria in order to adapt to the needs of each group. It has a powerful report generator which enables standard management charts to be complemented by personalized reports. Finally, it should be added that **CashReport** has a powerful file converter which ensures easy interfacing with all systems, either at input - which avoids redundant data entry in the subsidiary - or at output, so that its data and analyses can be used in other applications. All these features make **CashReport** the ideal cash reporting tool which can adapt naturally to in-house analysis grids and procedures without losing the advantages of the software package approach.