



FUTURE READY FINANCE – MANAGING LIQUIDITY DURING UNCERTAIN ECONOMIC TIMES

AUDIO TRANSCRIPT

Julie Spillane [00:00:05] Hello, I'm Julie Spillane, managing director in our Accenture Finance organization. Thank you for joining us today on this episode of the Accenture Future Ready Finance podcast. And today I'm delighted to be joined by Onkar Liddar, Accenture's Assistant Treasurer. Hey there Onkar.

Onkar Liddar [00:00:25] Hi, Julie. How are you?

Julie Spillane [00:00:27] I'm good, thanks, and thanks for joining us today. So today what we're going to do is talk about managing liquidity during uncertain economic times. Accenture Finance is always evolving and innovating to support our company's needs, including our cash management, and that is never an easy task. Then when the Covid pandemic set in, like other companies around the world, we were faced with concerns around the availability of cash and whether we could deploy it where we needed it. This monumental event put liquidity at the top of mind for all CFOs, including our own CFO, KC McClure. So today, Onkar and I will talk more and hear about Accenture's liquidity management response to Covid-19 and how to harness the power of data, technology and people's expertise to power decision making. Onkar and I actually go back a long way. We originally worked together nearly 20 years ago when Accenture was implementing our SAP original implementations, so Onkar it's brilliant nearly 20 years later for you and I to talk about technology again.

Onkar Liddar [00:01:42] Absolutely. Yeah, we haven't aged a bit.

Julie Spillane [00:01:45] No, well, you certainly haven't anyway. So Onkar set the stage for us. Take us back to March 2020. As an organization, we just come through a growth model change. The pandemic was setting in. We had just asked our half a million employees around the world to work from home and all of these were huge events by themselves. So, as well as protecting Accenture's employees, we also obviously needed to protect the long-term future of the company. Can you share with us what we did in Accenture Finance that had an immediate impact and really safeguarding our enterprise liquidity and our broader financial health?

Onkar Liddar [00:02:28] Yeah, absolutely. And Julie, what I find really interesting is the topic of cash and liquidity always gets the top of the CFO agenda when there is a crisis, when there's a shock to the global economy. You'll recall back in 2008, in 2009, a similar event where we had what they called 'the great financial crisis.' The agenda item was all around cash then, and this crisis that we saw in 2020 was no different. I think it's probably useful for us just to recap on some of the things that happened during March 2020, because a lot did happen that created a storm in the markets and with companies. You'll recall it was in March that Europe began this thing called 'lockdowns' which we never heard of



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before. Italy had huge amounts of cases of Covid-19 as did Spain. Both declared a national emergency and even the U.S. declared a national emergency at that point. Oil prices dropped dramatically. The Dow Jones average fell 20 percent. Interest rates dropped. The Debt Capital Markets' prices changed rapidly on a day by day basis. And across the board, governments and central banks started huge fiscal stimulus programs, some of the biggest ever on record. Unemployment was increasing, and Julie you won't forget the panic buy of tissue paper in the shops that happened as well.

Julie Spillane [00:04:10] Absolutely. Toilet paper, flour, all getting bought up.

Onkar Liddar [00:04:15] Everything was. And so, it was a sign of what was happening across the markets, across residential thoughts and corporates. No one really knew what the storm was going to be and how long that storm was going to last. And we in Accenture were no different. What we did, is to think about, 'well, can we weather that storm' and the agenda then became do we have enough liquidity in the pipework? Do we have enough cash? And so what we wanted to do and we quickly did is put together what we call a rapid response team to really get a holistic view of our balance sheet liquidity to ensure that we could operate in this storm that was taking hold. And we could really understand whether or not we needed to do anything different in that time.

Julie Spillane [00:05:06] Yeah, that's great, Onkar. Tell me a bit more about the rapid response team. Who was on it, what role did they play and probably what challenges did the team face at that particular crisis point?

Onkar Liddar [00:05:22] You know, speaking to a lot of other clients at the time, the challenge was no different for us as it was for them. It was really a case of do we actually have the information against which we need to make decisions? Our Chief Accounting Officer and Corporate Controller actually led the response team, and he created four work streams: controllership, treasury and corporate planning and analysis, financial management, corporate development. And what we did in that response team is we met on a daily and weekly basis working closely with our global I.T. organization. We created a Covid-19 dashboard that effectively was built to generate a comprehensive picture of all the moving parts in our business to understand what impact we have to our liquidity. So, we looked at various things. We looked at cash, whether it was at corporate level or at local level. We looked to the changes in our receivables. We examined and did various stress test scenarios on client requests to change payment terms. We also accelerated the use of our analysis and reporting tools to provide a daily view of Accenture's billing and collections. And we connected all that information together as a team to understand where the pushes and pulls were so that we



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could make a recommendation for action or indeed make a recommendation for no action. I think the most important thing and the key observation I made at that time, and certainly looking back, was that our systems and our procedures and our guardrails around risk and our ability, actually, to source all the data stayed the same. Nothing really changed. What did change was this response team came together and through a collaborative, communicative approach, we were able to size up the stresses and strains that we were seeing in that market. But really importantly, we didn't put any emergency system change to access different data. We didn't put in any new rules on managing cash. We didn't compromise on the rigor of our financial management. And I think that was a really important observation that we all collectively made. Yet, absolutely, we produced a single view of all the aspects of our balance sheet. We looked at liquidity. We linked information to our receivables, our payables, our inventory, our risks and taxes and cash flow. And we did that in a very comprehensive governance framework. And amazingly, we did it very quickly as well.

Julie Spillane [00:08:13] Yeah, I mean, this certainly resonates with me. I mean, we would have worked together very closely at the time. So, my own teams in commercial management, you know, I guess hundreds of people around the world. And this was a really difficult time for

everybody. There were so many things going on. And I think what we got out of the Covid-19 rapid response team is really that crisp guidance and data in terms of helping us to figure out what to prioritize. And, as you know, we're heavily involved in receivables management, DSO. You're working with clients on those payment terms and that prioritization, helping us to focus, increased our speed to action. So, I think we saw that on the ground in all of the teams, the ability for us to make really quick decisions at a corporate level helped us to hone our teams and the right priorities at the time. We certainly saw that for us on the ground. I think the interesting thing that you talked about as well is that many different functional teams in Finance came together and looking at data in the same way with the same lens and getting to the insights and the analysis, and you talked about dashboards. Tell us a little bit more about the dashboards and how they were used.

Onkar Liddar [00:09:29] Yeah, absolutely. So, I think when we put this dashboard together - the Covid-19 dashboard - that was certainly very impressive and the ability to assemble the data that we had was actually a mark of the success. But it came about because we had, in Finance, made a significant investment in our financial architecture well before the crisis hit. And that, I think, proved the test of time. As you know, Accenture has a global single ERP instance: SAP S/4HANA. And we use that to create what



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we call a data lake and that data lake basically is, in effect, our comprehensive single source of truth. We go to that and everybody can go to that that single source of truth data to get the same information. But on top of that, because all of our components on our platform run in Microsoft Azure cloud, we have the scalability that we needed to perform complex queries and to drive the analytics that built the picture. It was that that data structure that we had that our response team was able to use very quickly and very effectively to provide our leadership with daily and weekly updates, something we've not really done before, but we were able to do very quickly so that leaders could make real time decisions in a way that not only solved four challenges that we were facing, but back to your point around DSOs, what our clients were facing as well. So, it solved for both.

Julie Spillane [00:11:10] Yeah, exactly. And certainly, in our teams, as we talk to clients, I think this whole new sense, as you said, a single source of truth and it's the backbone for any good financial organization. And then you layer on top of that, the analytics, the insights, it's really gets to the point where we can make the best leadership decisions that we can. And, I think, I mean, Accenture's implementation of SAP S/4HANA has meant everything's in the cloud, and we had that agility and that scale as well. I think we can certainly see why we're in a crisis that that really comes to the fore. Switching directions a little bit, I'd love to hear more about your Treasury team overall. I know you've been

driving transformation in the team and across the different functions for many years. Great to hear a little bit more about that.

Onkar Liddar [00:12:01] Absolutely. We've done a lot of work around our Treasury platform and our journey to the cloud and digital. And again, that work that we've done prior to 2020, prior to the crisis actually held us in good stead during the crisis. So, our journey around that digitalization, that cloud transformation, we call it our intelligent cash program. And what we did around that was really a sense of pushing and moving our people away from data crunching and assembling information from ticking and tying and entering in SAP codes. What I wanted and was looking for a long time is to get our people to be more around decision making, to increase their value in the system and in the process of managing our cash. See, my view is that technology can process the data, it can collect the data and it can analyze the data. But it's our people that are going to make the real decisions, the decisions that make a real impact to our business. And that's what we wanted to do for some time, and that was our journey. That journey, that intelligent cash program we had comprises of three real important components. One is around what we call our treasury dashboard. And what that dashboard does is show all of our cash flows, all of our credit, how much credit we've utilized. It shows our bank balances, our banks themselves and counterparty risk and even our inter-company position. But more importantly than just



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presenting that information, we've configured that dashboard to highlight issues, to raise flags so that the user can quickly identify action points, enabling them to look around the corner and identify risk. The second component that we delivered working with our global I.T. organization was a predictive forecasting tool. So, Julie, historically, we like many other organizations, we know what payables we have, we think we know what receivables we had, and we did a manual straight-line calculation. And that was sometimes fairly accurate. Sometimes it's wildly off. We wanted to devise a system by which we could get better accuracy, better forecasting, and what better way than to use what we did use: artificial intelligence and machine learning. So the application that we now have, which is, by the way, far more superior than we ever could calculate manually, gives us a very sophisticated way of identifying our forecast and a very accurate way of identifying our forecast, whether it's by country or at the corporate level. And then the third thing is once we have those two components and - again, this is the drive to have our people make decisions rather than process data is how can we devise now a system by which - a tool by which their decision-making can be further augmented. So, we've created this concept called cash inventory optimizer. And what that does using very sophisticated algorithms is determine the best and the most cost-effective way of handling our cash. See, one of the key

things that we are - our mission if you like - is to concentrate as much of our cash in our central holding or our in-house bank. And decisions around whether we should move money from location A to location B comes with a lot of factors and complications and there's a lot of costs. And the cash inventory optimizer using the algorithms that it has, will really give better insight to our users to help them determine whether it makes sense to move money or to leave it where it is. So, these technologies basically allowed us to work in a very efficient way pre the crisis, but it also proved its worth during the crisis. So, in effect, Treasury didn't change anything it did during 2020. We just did more of the same.

Julie Spillane [00:16:42] Great. Really interesting. It's interesting you talk quite a bit about, I guess, our people and technology coming together. So how do our teams really feel about this transformation? I mean, what has it meant for people?

Onkar Liddar [00:16:57] Yeah, that's a fantastic question, Julie. And one thing we should really be thinking about and you know, one thing, talking to our team, our Treasury professionals, what it's done is it's empowered them. It's empowered them to make really insightful decisions. See we always talk about our people having to look around the corner and identify risk, but when they're spending a lot of time



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crunching data, identifying data and assembling it, it leaves them less capacity to really analyze and think through what our business does, how our business operates and what risks there are in the market around our cash. Now, we've empowered them to have very clear insights. Every day they look at these tools, they're up, there on the screen, they're on their iPads, and they're able to see these data points such that they can now manage their portfolio of currencies or countries in a very seamless way, that empowerment has really enabled our people to get into other areas where otherwise they would not have done because they've been focused on the tactical stuff. So really, it's a wonderful change in the approach that we have and it's powerful for our Treasury professionals, but it's also a benefit to us as an organization because we can allow our leaders to sleep better at night.

Julie Spillane [00:18:29] So it certainly sounds like it's enhanced the career proposition within our Treasury team. They're continuously learning. They're growing their skills. So that's great to hear. So Onkar I guess since March of last year, it's been a pretty turbulent year, and at Accenture, we never quite sit still. We're constantly assessing our lessons learned, looking to adapt and improve. So, what are your lessons learned over the last year?

Onkar Liddar [00:18:57] I don't want to sound here like a broken record. And I think when I say what I say, you're going to say that 'that's true for everyone and it should be we should be no different.' The first thing is about data. When the crisis scenario comes, the last thing we want to be doing, indeed the last thing anyone wants to be doing, is scrambling to get information, and getting the right information. Thankfully, because of the investments we had made before, we didn't need to do that. The data was there. The data was all available in our data lake and we were able to take that up and make it available for all the stakeholders, all the decision makers to see. So, we all looked from the same information. We're able to very clearly, logically make determinations against that. We didn't scramble and put new systems in. It was there already. I think that's one key lesson. The second one was we stayed on course. So, throughout the crisis, we maintained our discipline around our financial management, and we didn't compromise any time on our deal structures or decisions around liquidity, around our cash. And I think that collective focus allowed us to navigate through 2020 very effectively.

Julie Spillane [00:20:18] Brilliant, thank you Onkar. Absolutely fascinating. So huge, thank you to you for joining us today. Very much appreciated.



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Onkar Liddar [00:20:26] It's my pleasure. Thank you very much for having me.

Julie Spillane [00:20:28] Thank you to our listeners for also joining today to this episode of the Accenture Future Ready Finance podcast. Thanks for listening. See you again next time.

VoG [00:20:39] Thank you for joining today's podcast. Be sure to subscribe to the Accenture Future Ready Finance podcast series on Apple podcasts or Spotify.

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