



B U S I N E S S

**THIS IS PROTECTING
PROFITS
WITH
POWERFUL
INSIGHT**

A cash management strategy
that powers success



moving money for better

CASH MANAGEMENT

**Safely navigate
currency markets,
smooth out cash flow
and grow business.**



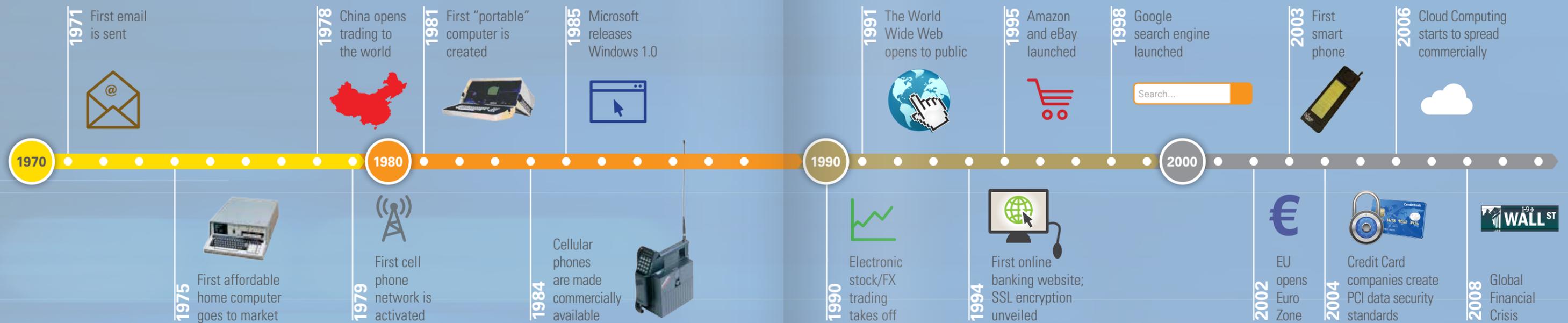
International opportunity brings financial complexity

Technology has eliminated international borders, making it easy for small businesses in particular to operate in overseas markets. International business also benefits from the fact that it's easier than ever before to move money around the world. However, our increasingly globalized economy has introduced a new level of instability to currency markets.

Foreign exchange rates used to shift slowly over long periods of time. Today, the value of a currency can shift by multiple points within days, sometimes hours.

When you're dealing with foreign currencies, this volatility makes it challenging to set profit margins, and forecast budgets.

EVENTS THAT IMPACTED INTERNATIONAL BUSINESS



Leverage insight to improve cash flow

Cash flow is the lifeblood of every business. Outgoings that exceed incomings are the most common reason why businesses fail.

Cash management is even more complex when foreign currencies are involved because market volatility can often add surprise costs to a payment, eroding profits and disrupting cash flow.

Financial operations might be more complex in today's economy, but that doesn't mean doom and gloom for small businesses operating on an international level. In fact, with some forward planning and a strategic approach, there is opportunity for companies to safely navigate unstable currency markets, smooth out cash flows and grow their business.

To succeed in today's global environment, businesses need to develop a solid cash management strategy based on three steps:

CASH MANAGEMENT STRATEGY

- 1 Understand your exposure
- 2 Gather the right insight
- 3 Gain confidence in profits



Build your strategy on these 3 steps

1 Understand your currency exposures

If you don't know where your profits are exposed to currency fluctuation, how can you forecast and budget accordingly?

Many businesses don't proactively monitor their foreign invoices against movements in foreign exchange rates. This creates the risk that an invoice will cost more than anticipated in their local currency due to shifts in the market.

The first step to successful cash flow management is to give your business clear and accurate visibility into the impact of foreign currencies on your upcoming payments. Ideally, you need visibility over the local currency cost of your foreign invoices 6-12 months in advance to get a clear picture of your cash flow position.



2 An easy way to gather insight

There are businesses that monitor currency exposures using complicated spreadsheets that require manual administration. This leaves room for inaccuracies which is not an ideal scenario.

Currency markets are driven by a number of economic factors and events, taking place right around the world. It takes time to monitor market activity and input this data, along with information about your foreign invoices, into spreadsheets.

You can increase your ability to gather the right information quickly by taking advantage of tools that collate this data in a central location and automatically highlight your exposures.

Not only do these tools cut down administration, they also provide quick access to the information you need to make critical business decisions. This is important in today's fast moving economy.

3 Increase confidence in your profit margins

If payables run higher than planned many businesses cut into cash reserves or profits to cover the additional expense. This is problematic for cash flow, not to mention forecasting so you can plan to grow your business.

If you've followed the two previous steps in this strategy, you are in a good position to proactively manage your currency exposures and increase certainty around profit margins (see "Take your business beyond currency risk" on next page).

Leverage this visibility into your exposures to develop a solid risk management plan. A currency risk specialist may be able to help you to develop a plan that protects your profit margins in less time than you think.

Manage risk, protect profits

Cash Management is about understanding how your business operates and being prepared for potential bumps in the road. When foreign currencies are involved, these bumps become harder to identify.

Staying on top of what's happening in currency markets isn't your core business, even though exchange rates can have a significant impact on your bottom line.

To help protect your profits, you need full visibility of where your business is exposed to currency fluctuation; an efficient way to analyze this data; and a sound strategy for making certain that your margins are fixed.

Following these three steps to cash management will go a long way to keeping your business in good health.



Take your business beyond currency risk

Internal Hedging

One approach is to net incoming against outgoing cash flows to help reduce the amount of currency exposed to fluctuation. However, this isn't always practical due to timing issues which can replace currency risk for alternative forms of uncertainty.

Forward Contract

A basic hedging tool that lets you lock in the current exchange rate for a set period of time. This provides exchange rate certainty and can help to guard your profits against adverse fluctuations.

Vanilla Options

Lock in an exchange rate to help protect your business against negative shifts in currency movements, while maintaining the flexibility to benefit from any positive market shifts. Vanilla Options require you to pay an upfront premium.

Structured Options

Book an exchange rate to help protect your bottom line while maintaining the ability to participate in favourable market moves up to a certain point in certain circumstances. No upfront premium required.



Start protecting your profits from currency risk

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