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What We Can Learn From the Last Financial Crisis

- Identifying the biggest vulnerabilities revealed during 2008-2009 crisis
- Recognizing early-warning signs [credit worthiness, receivables, supply chain]
- Apply time-tested strategies to accelerate cash flow during economic stress

Presented by:

Les Smeyers and Ian Thompson

Crisis Impact: The Ripple Effect

Liquidity
Crisis

Supply Chain
Stress

Fraud
Escalation

Technology
Gaps

The global financial crisis of 2008-2009 exposed significant vulnerabilities and highlighted critical areas within corporate finance. Integrating these insights into management operating systems (MOS) is crucial for navigating an increasingly complex and volatile global landscape, with regional nuances to consider across the Americas, Europe and APAC regions

- **Accounts receivable (AR)**
- **Accounts payable (AP)**
- **Banking Fraud**
- **The Role of Technology**



Crisis Impact:

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The Importance of Diversification in Customer Portfolios

A concentrated customer base exposes businesses to significant risk during economic downturns. The 2008 crisis highlighted how the failure of a few key players could cascade through supply chains. Extended payment terms and increased defaults exposed AR vulnerabilities across all regions

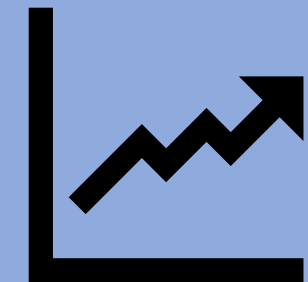


Proactive Credit Risk Assessment and Monitoring

Static credit assessments are insufficient. Continuous monitoring of customer financial health, industry trends, and macroeconomic indicators is vital. This includes early warning systems for deteriorating creditworthiness.

Robust Cash Flow Forecasting and Management

Liquidity became a major challenge for many businesses in 2008. Accurate and dynamic cash flow forecasting, coupled with strong cash management practices, is essential for resilience.



Crisis Impact: The Ripple Effect

Liquidity Crisis

Supply Chain Stress

Fraud Escalation

Technology Gaps

Europe

- **Lessons Learned:**
 - The need for more proactive credit insurance and diversified customer base
 - Stricter internal credit policies and real-time monitoring of customer solvency

Americas

- **Lessons Learned:**
 - Subprime mortgage crisis **[especially US]** translated into widespread economic slowdown
 - This led to increased AR aging and write-offs
 - Businesses learned the **'HARD WAY'** about the interconnectedness of macroeconomic factors and their impact on customer payment behavior

Asia-Pacific [APAC]

- **Lessons Learned:**
 - The crisis revealed the importance of understanding the creditworthiness of international counterparties
 - Global trade slowdowns affected their export-oriented businesses, leading to AR issues



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Understanding and Managing Supply Chain Risk

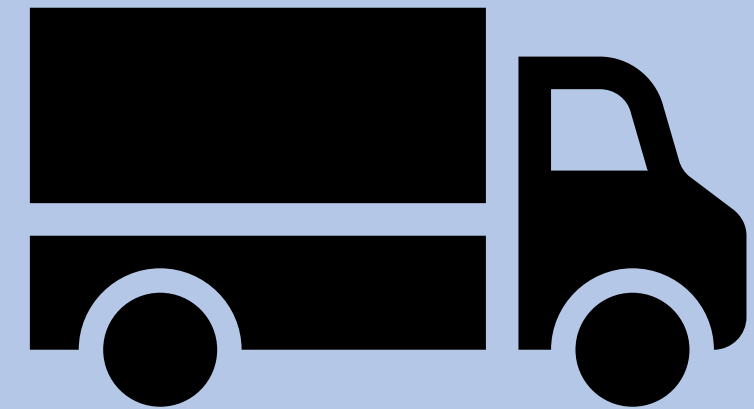
The crisis revealed vulnerabilities within supply chains. AR and AP leaders must understand the financial health of their key customers and suppliers to anticipate and mitigate potential disruptions.

Agile and Flexible Payment Terms

In times of economic stress, rigid payment terms can exacerbate financial difficulties for customers and suppliers. The ability to adapt payment terms and offer support where appropriate can strengthen relationships and long-term stability.

Scenario Planning and Stress Testing

Preparing for various adverse scenarios, including severe economic downturns, allows businesses to develop contingency plans and test the resilience of their financial strategies.



Europe

- **Lessons Learned:**
 - Complexities arise from different currencies (Eurozone vs. non-Eurozone) and payment systems

Americas

- **Lessons Learned:**
 - Highly integrated and often global supply chains require sophisticated risk mapping
 - Businesses learned the 'HARD WAY' about the interconnectedness of macroeconomic factors and their impact on customer payment behavior

Asia-Pacific [APAC]

- **Lessons Learned:**
 - Importance of understanding risks associated with long supply chains
 - Mode of transportation
 - Awareness of geopolitical tensions and their potential impact on supply chain



Need for Vigilance

The economic downturn and heightened financial pressure during the crisis provided fertile ground for various forms of banking fraud, from internal malfeasance to sophisticated external attacks.

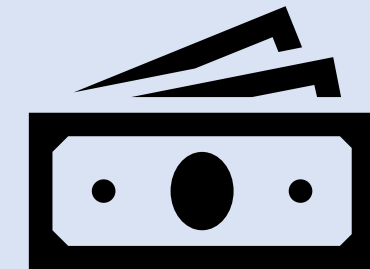
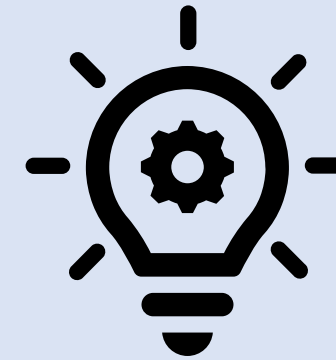
Escalating Sophistication

Pre-Crisis – traditional fraud method with limited technological sophistication

Post-Crisis – AI-powered detection systems and enhanced regulatory frameworks emerge

Where there is a will there is a way

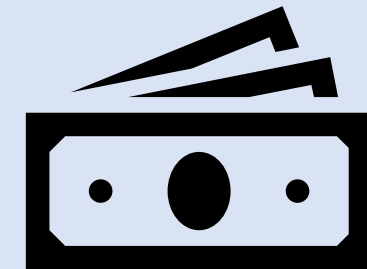
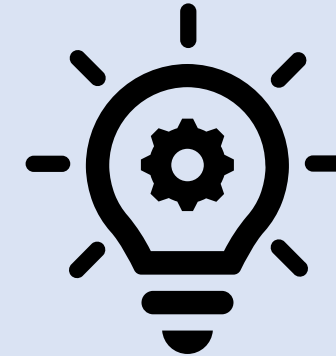
Mortgage fraud, internal collusion, and cyber attacks surge under financial pressure; no regional barriers



Global [Europe, Americas, APAC]

● **Lessons Learned:**

- Stricter "Know Your Customer" (KYC) and Anti-Money Laundering (AML) regulations
- Enhanced internal controls, whistleblower protections, and independent audit functions
- Increased investment in forensic accounting and fraud detection technology
- Implementation of multi-factor authentication and stronger cybersecurity protocols
- Increased collaboration between financial institutions and law enforcement
- Development of national and regional information sharing platforms for fraud intelligence
- Focus on employee training and awareness programs to combat internal threats.



Crisis Impact:

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Technology played a dual role during the crisis

Exposed existing vulnerabilities in outdated systems while simultaneously offering powerful tools for mitigation and future resilience.

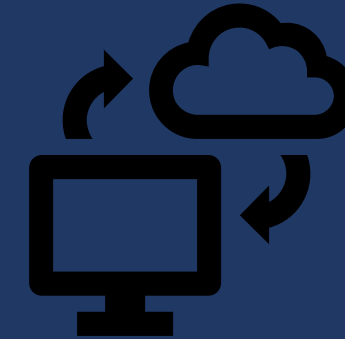
Not the magic wand for compliance or mitigation

Technology Stack Assessment

Evaluation of current AR/AP technologies for automation, data analytics, and security
All regions: Prioritize solutions that offer regional compliance and language support

The Role of Technology in Risk Mitigation

Leveraging technology for automated credit risk assessments, real-time data analytics, and efficient payment processing can significantly enhance a company's ability to respond to changing market conditions.



Global [Europe, Americas, APAC]

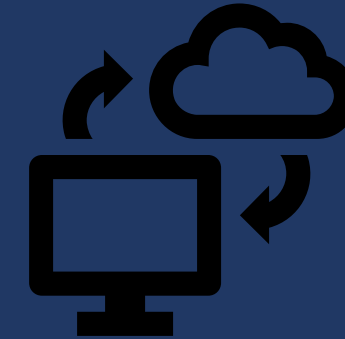
- **Lessons Learned:**

→ Institutions and corporations found to be using disparate, legacy IT systems that hindered a holistic view of risk exposures. The crisis underscored the need for integrated data management and real-time reporting capabilities.

→ Accelerated adoption of Enterprise Resource Planning (ERP) systems for integrated financial management

→ Increased investment in data warehousing and business intelligence tools

→ Focus on employee training and awareness programs to combat internal threats.



Crisis Playbook: From Reaction to Readiness

Core Principles for Modern Finance Leaders:

- Build liquidity buffers
- Use data-driven credit monitoring
- Adopt flexible payment structures
- Embed fraud resilience
- Modernize technology ecosystems



Leadership Imperative and Key Takeaways

Resilience is no longer defensive. **It's strategic.**

Finance leaders must:

- Integrate O2C, AP, and Treasury data
- Anticipate disruptions
- Use technology to prevent— **Not just react to**—crises



The next crisis won't look identical but it will rhyme.

- Lessons from 2008 remain relevant when adapted to new risks
- Liquidity, visibility, and integrity remain the currency of survival

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What We Can Learn From the Last Financial Crisis

QUESTIONS

Les Smeyers, BSc, AOCM

Senior Director, SCM Finance | Order-to-Cash and AP Services

Tel: +1 416-524-9624

✉ lsmeyers@celestica.com

🌐 www.celestica.com

Ian Thompson

Founder, Clear Cycle Advisors

Tel: +1 732-804-5494

✉ ian.thompson@clearcycleadvisors.com

🌐 www.clearcycleadvisors.com

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