



Services

An Era of Accelerated Change: Redefining Treasury for Consumer and Healthcare Companies

Artificial intelligence (AI) and digital technologies are no longer abstract concepts for CFOs and treasurers across the healthcare, consumer and wellness (HCW) sectors. They are now deeply embedded and are reshaping everything from drug discovery and clinical trials to supply chains, retail engagement and payments. This transformation is directly influencing revenue durability, cost structures, working capital dynamics and liquidity needs.

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HCW companies are entering a period of structural change that will test business models developed over decades. Competitive advantage will increasingly be defined not only by innovation and customer reach, but by the ability to translate faster operating cycles into resilient cash flow, liquidity and funding capacity. Treasury sits at the center of this shift.

This paper argues that operating models are becoming more digital, data-driven and real time. As a result, treasury must evolve in parallel – from a predominantly operational function into a real-time, data-driven strategic capability – to support the business with agility, resilience and strategic insight.

Technology, Consumption Shifts and the End of Business as Usual

In healthcare, pharmaceutical companies are confronting a patent cliff. Between 2023 and 2028, an estimated \$356 billion of global branded drug sales are at risk as patents expire.ⁱ By 2030, 190 drugs are expected to lose exclusivity, including 69 blockbuster therapies.ⁱⁱ As a consequence, the world's ten largest pharmaceutical companies have to replace 46% of sales from expiring patents with new revenue sources by 2030.ⁱⁱⁱ

Firms must accelerate the acquisition of new patents and the launch of innovative therapies to offset this pressure. AI is an enabler of this strategy. AI-driven pharmaceutical research and development can reduce preclinical discovery timelines by 30%–50%, while lowering costs by 25%–50% through faster molecule identification and screening. Early-stage outcomes are also improving, with Phase 1 success rates exceeding 85% in some AI-supported programs.^{iv}

The impact is already visible. A leading UK pharmaceutical company has reported savings of 450 full-time equivalent days through AI-based initiatives, while a U.S. biotech used generative AI to reach Phase 1 clinical trials at a fraction of the traditional cost and time. Larger global players are embedding AI into complex disease research, including pathology systems for cancer diagnosis and treatment.

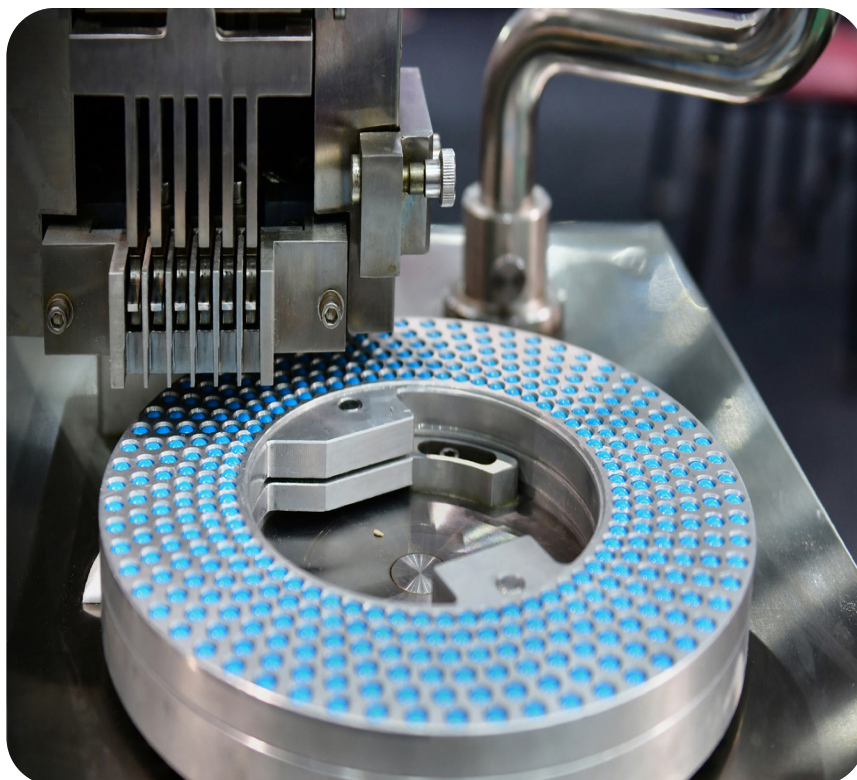
The sources of disruption in consumer goods are different but equally profound. One of the most significant near-term challenges is the rapid adoption of the glucagon-like peptide-1 GLP-1^v weight loss drugs. While these therapies represent a growth opportunity for healthcare companies, they are altering consumption patterns for consumer products companies. In North America, households using GLP-1 drugs spend 6% less on monthly groceries, equating to an estimated \$416 reduction per household each year. Spending on discretionary categories has been particularly affected, with 12% less spent on savory snacks and 10% less on sweet baked goods.^{vi} Users' calorie intake is expected to fall by 25%–35%.^{vii}

These shifts are pressuring many consumer goods companies to rethink product portfolios and innovation pipelines. Reformulation, smaller portion sizes and the development of so-called GLP-1 friendly products are priorities. Some leading food and beverage groups have already launched new functional products designed to support or complement these emerging consumption trends.

Consumer companies are also under intense pressure to accelerate their operating models to keep pace with digital-first competitors. Quick commerce platforms, offering delivery within minutes, now account for roughly half of e-commerce turnover for many consumer brands. This is driving the creation of dedicated sales teams, new packaging strategies, and materially shorter inventory cycles, with quick commerce companies replenishing stock almost every other day, compared to once or twice a week for e-commerce.^{viii}

Technology is also opening up new growth opportunities. Retailers and brands are increasingly using AI to reshape customer engagement. Walmart's recent collaboration with OpenAI, for example, aims to deliver AI-first shopping experiences that allow customers to plan meals, restock essentials, and discover products through conversational interfaces. Consumer adoption is already gathering pace. Almost a quarter of shoppers report having used generative AI for shopping, while a further 35% plan to use it in the future.^{ix}

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Generative AI is also transforming product development in consumer goods. Internal AI tools at leading manufacturers can now generate multiple new product concepts each day based on consumer insight data. In parallel, numerous companies are using AI to compress product ideation cycles from several months to just weeks, significantly improving speed to market.

Payment activity is evolving alongside these operating changes across many sectors. Direct-to-consumer models are gaining traction, across prescription drugs, functional beverages, or personalized nutrition products. Social media platforms are integrating payments and financing, while healthcare providers are now receiving patient payments within minutes rather than waiting weeks for check-based settlement. These developments are reshaping cash flow timing and liquidity profiles across the value chain.

This shift coincides with certain geopolitical instabilities, including the rise, adjustments and readjustments of tariffs over the past year. This has introduced additional supply chain complexity for HCW companies and – crucially – elevated foreign exchange volatility. Firms in these sectors are heavily exposed to local currencies, as most revenues and costs are generated locally, with only limited intellectual property flows denominated in G3 currencies. As a result, management of currency exposure is a high priority for treasury organizations.

Building a Real-Time, Data-Driven Treasury for a Faster World

Treasury functions in leading HCW companies have already begun to evolve in response to these shifts. What was once a predominantly operational, back-office role focused on cash management, liquidity, and risk mitigation is increasingly becoming a strategic partner to the business. Treasury is now often expected to help support enterprise-level decision-making and contribute directly to long-term value creation.

While core treasury responsibilities remain unchanged, the pace of business is accelerating. AI, automation and digital distribution models are compressing operating cycles, increasing transaction volumes and shortening settlement timelines. As a result, treasury must move faster as well. Many organizations are responding by shifting toward more centralized, data-driven treasury models, supported by higher levels of automation, improved cash visibility and shared service centers.

In pharmaceuticals, the need to fund accelerated drug discovery, clinical trials, and product launches places new demands on liquidity and working capital. Treasury must align funding structures with R&D requirements, while also supporting potential M&A activity. In consumer goods, capital is increasingly required for rapid product development, reformulation, and packaging changes as consumer preferences evolve. In both sectors, optimizing working capital is essential to maximize internal funding and reduce reliance on external borrowing. Tools such as supplier financing, receivables sales and commercial card programs can play a meaningful role in improving cash conversion and financial flexibility.

Liquidity management is also changing. Faster inflows and outflows, driven by instant payments and digital collections, require treasury to move beyond end-of-day processes toward more dynamic liquidity oversight. This means reassessing liquidity structures to help ensure that cash is available where and when it is needed and managing bank relationships and wallet allocation in line with shorter, faster business cycles.

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The further digitization of distribution channels requires treasury to support a growing range of payment and collection methods. This includes enabling smooth integration with payment gateways, supporting preferred currencies, and facilitating payouts to technology providers and platform partners. These capabilities become increasingly important as direct-to-consumer sales expand and companies grow their global reach.

The growth of quick commerce and the acceleration of product innovation are also reshaping supply chains. Consumer goods companies are often building new supplier ecosystems, while competing for specialized raw materials and ingredients. In this environment, payable finance solutions can help strengthen key supplier relationships and reinforce supply chain resilience.

Looking ahead, the next phase of treasury innovation will likely involve greater adoption of digital assets, including stablecoins, tokenized deposits and smart contracts. These technologies offer the potential for always-on liquidity, near-instant settlement and offers the potential for more efficient cross-border payments. Citi is investing in this evolution, including through the integration of its Citi® Token Services platform with 24/7 USD Clearing, enabling always-on, multibank cross-border near-instant payments for institutional clients.



Opportunities to Accelerate Treasury

Citi continually engages with its clients to support creation or evolution of their treasury operation that can adapt to rapid changes, create efficiencies and enable business growth. Creating a roadmap to evolve the organization takes effort and prioritization of competing projects given finite resources. One important tool to help in this process is Citi® Treasury Diagnostics, which evaluates treasury practices across a broad range of corporates in various industries and geographies.

Benchmarking analysis of 396 survey participants between June 2020 and June 2025 highlights both the progress made and the opportunities that remain for many companies. The survey found a high level of correlation between high-performing companies and those that largely follow best-in-class treasury practices.

While the benchmarking exercise has multiple pillars, working capital and liquidity management are key short-term priorities. Comparing working capital metrics, evaluating the efficiency of funding sources and reviewing the use of liquidity management tools against peers within the same ecosystem, as well as across other sectors, provides valuable insight.

Working Capital – Opportunities to Optimize Usage of Cash

The survey suggests that most large healthcare, consumer and wellness companies with sales turnover above \$10 billion tend to have a high level of sophistication in their treasury practices.

- **Treasury’s Role in Working Capital:** Treasury plays a direct or significant oversight role in working capital management at 42% of HCW respondents, while a similar percentage engage on an ad hoc basis; only 17% of respondents indicate that treasury is not involved.
- **Use of Working Capital Optimization Programs:** The survey highlights widespread use of working capital tools by healthcare, consumer and wellness clients. Among larger companies, more than 61% of respondents use supplier financing, while 48% use the sale of receivables

to improve free cash flow generation. For business models with distributors, 25% of respondents use sales financing to increase momentum in revenue generation. Almost 36% of companies deploy commercial cards to generate rebates and increase days payable outstanding. More than 19% of respondents use dynamic discounting to generate yield and support suppliers.

- **Evaluation of Working Capital Programs:** Companies use different models to evaluate the effectiveness of their programs. Almost half of the respondents (46%) use marginal cost of short-term funds to quantify the benefits from extending payables or reducing receivables. Other companies use weighted average cost of capital (36%), cash conversion cycle (22%), cost of long-term debt (33%) and internal hurdle rates (11%).
- **Adoption of Shared Service Centers (SSCs):** Many top firms actively consolidate financial work into SSCs to help centralize, consolidate and reduce costs. Centralization creates efficiencies in cash application and optimization of payables which benefit working capital metrics and help optimize usage of cash. HCW clients with more than \$10 billion in turnover have a higher rate of SSC adoption than the overall sector adoption of 56%. More than 74% of healthcare, consumer and wellness clients with SSCs have regional or global coverage, broadly comparable with the 79% observed among peer group corporates. More than 80% of clients have centralized payment processing, accounting and cash application activities. SSCs enable adoption of best practices such as payments-on-behalf-of (POBO) and receivables-on-behalf-of (ROBO) that further help reduce cash use in the working capital cycle.

Management of Liquidity

Overall, the survey shows that larger companies have made significant progress in adoption of the tools available from banks. A majority of large companies have good visibility of the vast majority of their cash, with accounts that auto-reconcile and centralized visibility over short-term investments. Most top multinationals have converged on globally centralized, highly automated liquidity models with strong visibility

and forecasting discipline, whereas other companies more often operate partially centralized or hybrid structures. This leaves meaningful scope for many companies in the sector to enhance liquidity control, visibility and resilience by accelerating adoption of best-in-class treasury practices.

- **Daily Cash Visibility:** A large majority (88%) of peer group companies across sectors have daily visibility over at least 75% of total cash balances. The comparable figure for HCW respondents is 76%, indicating somewhat lower visibility across the sectors.
- **Treasury Bank Accounts Auto-Reconciliation:** Automation of bank account reconciliation varies by sector. Among peer group corporates, 71% achieve auto-reconciliation rates of 75% or higher through auto-matching technologies. By comparison, 44% of healthcare, consumer and wellness respondents report that 75% or more of their treasury bank accounts are automatically reconciled.
- **Short-Term Investment Visibility:** Visibility over short-term investments is strong across nearly all groups. Among peer group corporates, 85% report visibility over at least 75% of their short-term investment portfolios, compared with 80% of HCW respondents.
- **Cash Concentration Level:** A majority (60%) of all companies surveyed have a global or regional account structure, while the average for healthcare, consumer and wellness customers is only 54%. However, this best practice principle has a much higher level of adoption among healthcare, consumer and wellness companies with more than \$10 billion in revenues at 87%.
- **Concentration Frequency:** Daily sweeping is the prevailing standard among companies that operate cash concentration structures. Across peer group participants from all surveyed sectors, 82% concentrate cash daily, rising to 91% among HCW respondents.
- **Automation of Pooling Processes:** Process automation is an important consideration for cash concentration. While 80% of companies surveyed have partial or full concentration, this conceals significant differences: 95% of larger companies are fully automated, compared to just 38% of companies with lower revenues. There are also some companies that have a concentration process in place but still use a manual process to wire money to the concentration center and post manual entries on a ledger.
- **Participation of Operating Cash Flows:** Three-quarters of corporates achieve participation of 75% or more of their operating cash flows in pooling structures. In the healthcare, consumer and wellness sectors, 57% of respondents report the same level of participation. Zero balancing of operating flows requires true end-of-day sweeps without loss of value and a consistent banking network partner to enable an effective process.

- **Cash Flow Forecasting:** Forecasting discipline is well established across the survey population. Near-term cash forecasting is performed by 90% of peer group companies, while 86% also produce medium- to long-term forecasts. Within the HCW sector, 84% of respondents perform near-term cash forecasts, broadly in line with the overall sample.
- **Cash Flow Forecasting Methodology:** System-driven forecasting is prevalent among peer group corporates, which typically leverage enterprise resource planning (ERP) payables and receivables data alongside treasury management system (TMS) and risk data, with reduced dependence on spreadsheets. However, many companies rely heavily on manual inputs and spreadsheets even though they extract data from their ERP for payable and receivable contracts.

Conclusion: Today's Decisions Will Shape Long-Term Winners

HCW companies are entering an era of structural, technology-driven change. Patent expiries, AI-enabled R&D, shifting consumption patterns, digital commerce and real-time payments are collectively reshaping how these businesses operate and compete. The implications are clear for CFOs and treasurers. Traditional operating assumptions around speed, liquidity, and funding are being challenged, and financial decision-making must adapt accordingly.

The choices made today are likely to have long-lasting consequences. Organizations that invest now in a more strategic, agile, and real-time treasury function should be better positioned to fund innovation, manage volatility and

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capture growth opportunities as they emerge. Firms that fail to evolve could be constrained by slower processes and reduced financial flexibility. Citi Treasury Diagnostics survey results underscore the opportunities available for healthcare, consumer and wellness companies to strengthen working capital efficiency and liquidity resilience through greater centralization, automation and broader use of optimization tools.

Treasury is no longer simply supporting the business. In this era-defining transition, it will seemingly be a determining factor in shaping success in the HCW sectors for years to come.

ⁱ Acuity | Patent Cliff: Can small healthcare firms dictate terms for bigger Pharma on the M&A deals?

ⁱⁱ Deloitte | Life sciences M&A, divestments and restructuring

ⁱⁱⁱ Pharma Voice | How steep is the patent cliff

^{iv} BCG | Biopharma Trends 2025

^v <https://www.ncbi.nlm.nih.gov/books/NBK551568/>

^{vi} <https://www.bcg.com/publications/2025/cpg-companies-need-new-recipe-consumers-look-for-healthier-choices>

^{vii} 3DLook | The Growth of the GLP-1 Market

^{viii} <https://economictimes.indiatimes.com/industry/cons-products/fmcg/fmcg-companies-step-up-play-to-stay-ahead-in-q-commerce-race/articleshow/117923972.cms>

^{ix} <https://www.emarketer.com/content/nearly-quarter-of-consumers-have-used-genai-while-shopping>



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