



Moving Beyond Spreadsheets

Cash Management in 2018

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Today's Presenters



Craig Jeffery, CCM, FLMI

Founder & Managing Partner

Strategic Treasurer

Craig Jeffery formed Strategic Treasurer LLC in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs. His 20+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



Benjamin Haws

Senior Business Analyst

Axletree Solutions

Ben Haws is a Senior Business Analyst and a SWIFT subject matter expert at Axletree Solutions. Throughout his tenure with Axletree, he has been working closely with internal and external experts to develop a deep understanding of SWIFT and how it applies to streamlining treasury operations. Currently, Benjamin is enrolled at Rutgers University as a MBA candidate. He is a FinTech and treasury enthusiast.

Why Cash Visibility is Important



Cost of Doing Business. Maintaining visibility to active bank accounts is required.



Protecting company assets and stewarding funds requires access to cash balances and positions.



Security Principle. Poor or slow visibility violates a key security principle: Speed Matters. It can increase the chance of fraud and delay the response to fraud.



Is the Account Necessary? If you don't need visibility to an account do you need the account?



Decision Point. Cost-benefit analysis can help determine how, not if...



Minimum Standard. It is a standard of good corporate conduct to have strong cash visibility.



Measurement. Risk management, compliance, and fraud-related tools cannot always be directly tied back to savings.



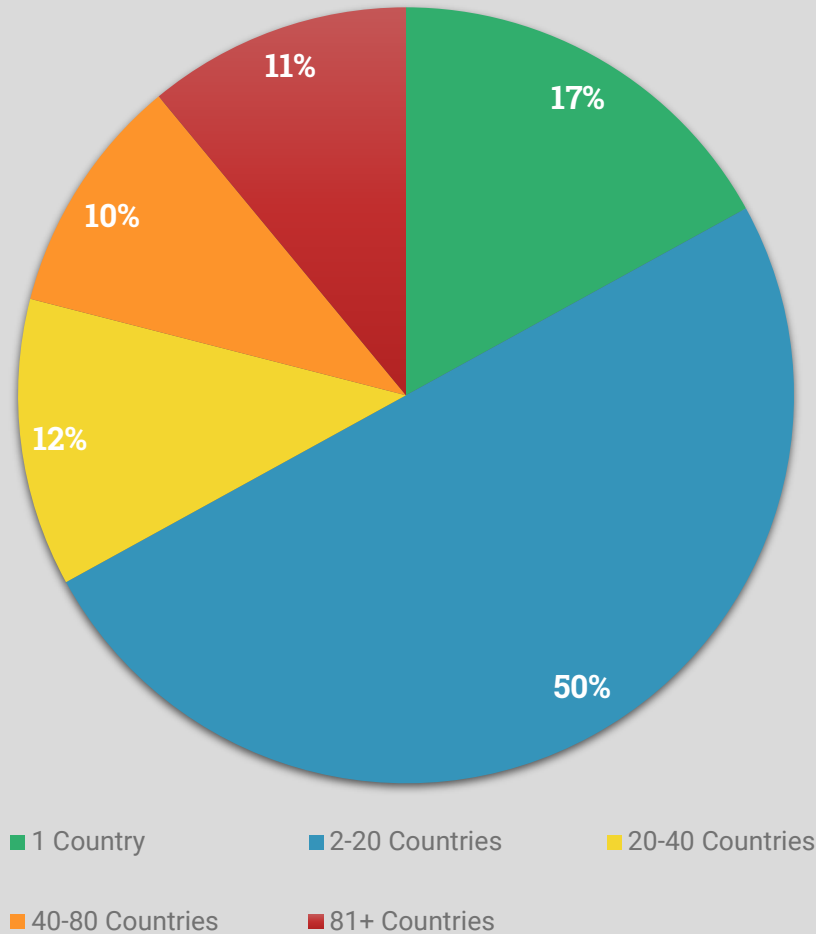
Value. What is the value of better forecasting and liquidity management? Of better fraud detection?

Cash Visibility: Globalization Challenges

Expanding Global Footprint

- Firms in the modern world are increasingly operating not just in new countries, but in entirely new world regions.
- 83% of companies operate in more than one country, and 1/3rd operate in 20+ countries.
- In a related question, it was found that at least 1/3rd of firms were operating in each of the major world regions (Africa, Asia, North America, etc.).
- Globalization introduces complexities related to bank connectivity, risk, data aggregation, cash visibility, etc.

Our Business Operates in this many Countries: ⁴



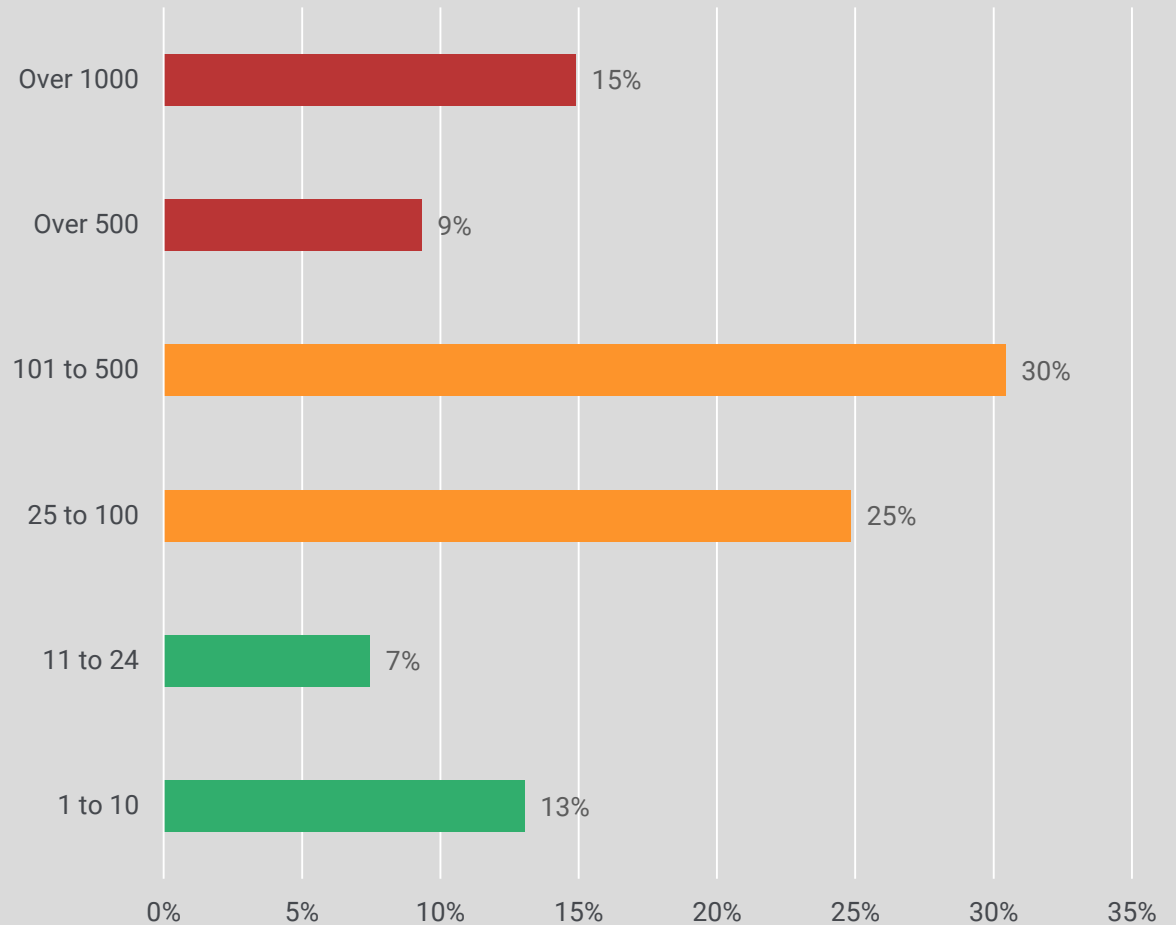
Cash Visibility: Bank Account Structure

Bank Account Complexity

- Firms often find that expanding new countries or regions necessitates the formulation of new bank relationships and the opening of new accounts.
- Different accounts may also be used for different purposes (disbursements, collections, currency accounts, etc.).
- This has resulted in a landscape where many firms operate with hundreds, if not thousands, of accounts.
- Maintaining visibility to cash positions becomes quite complicated at this point.

Number of Bank Accounts in Use Globally⁵

How many bank accounts do you have?

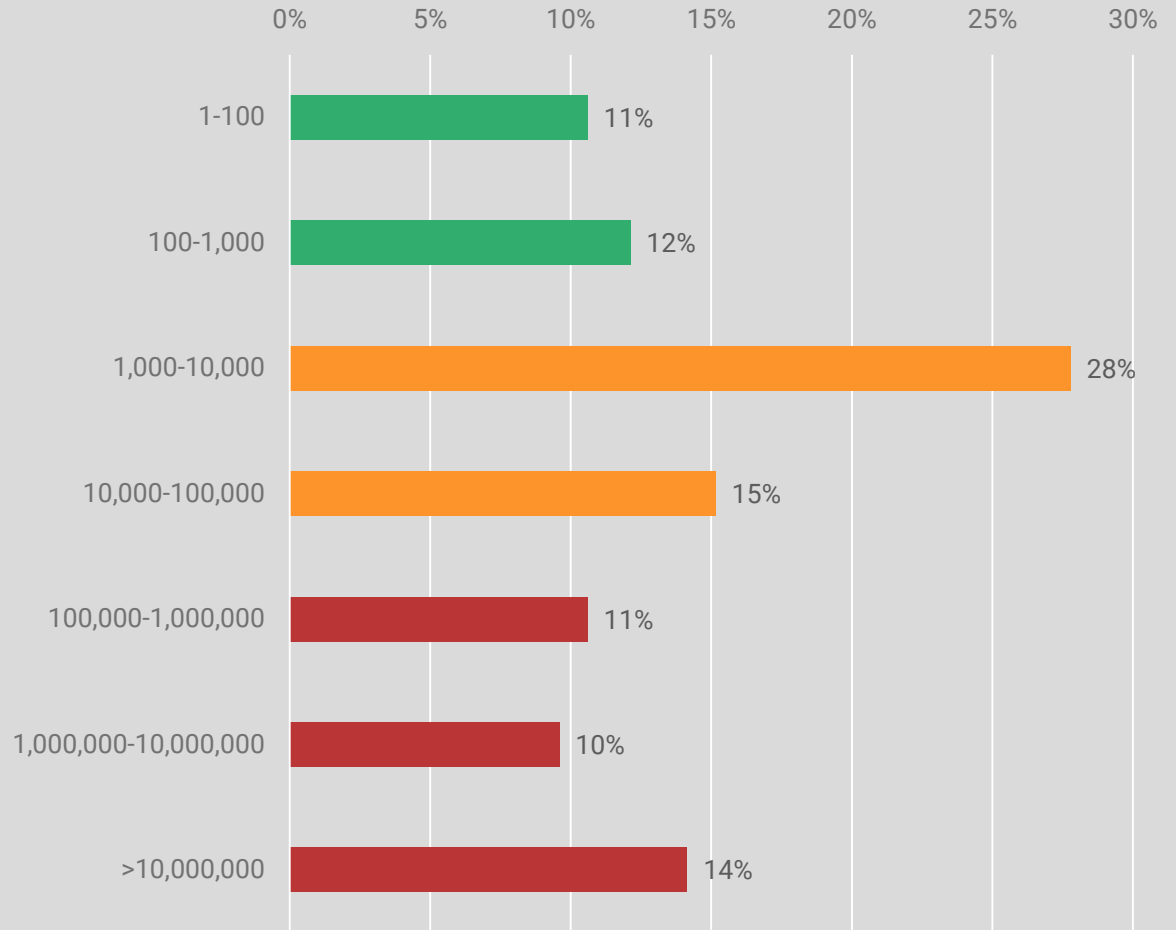


Treasury Complexity Considerations

High Payment Volumes

- While tracking a few hundred payments in Excel may not be a challenge, many organizations have much more complex payment operations than this.
- Today, 50% of firms are making more than 10,000 payments globally every month, often in a range of different currencies and to an array of banks and bank accounts.
- Tracking these immense levels of activity in Excel is practically impossible, especially for treasury departments operating with limited staff.

What is the approximate volume of payments you generate globally per month (check, ACH, wire, etc.)?



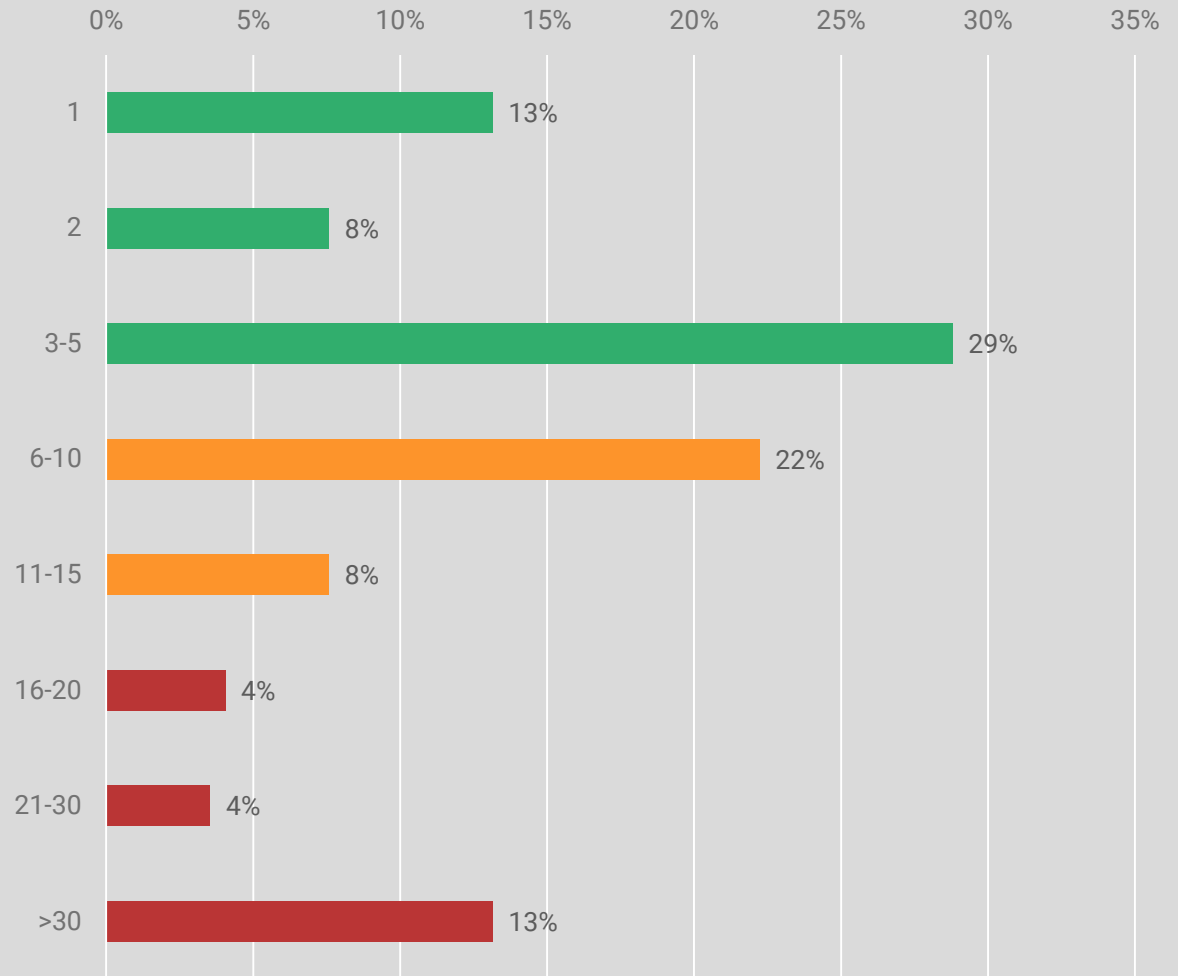
2016 Global Payments Survey

Treasury Complexity Considerations

Currency Management

- Another challenge associated with cash visibility and management is the use of multiple currencies.
- Ongoing globalization necessitates the use of new currencies depending on the country and region of operation.
- Additional currencies may also come into play as part of an FX exposure management strategy.
- Currency conversions are difficult to account for in Excel or via spreadsheets, especially during the financial reporting and auditing periods.

How many currencies do you regularly make payments in?



2016 Global Payments Survey

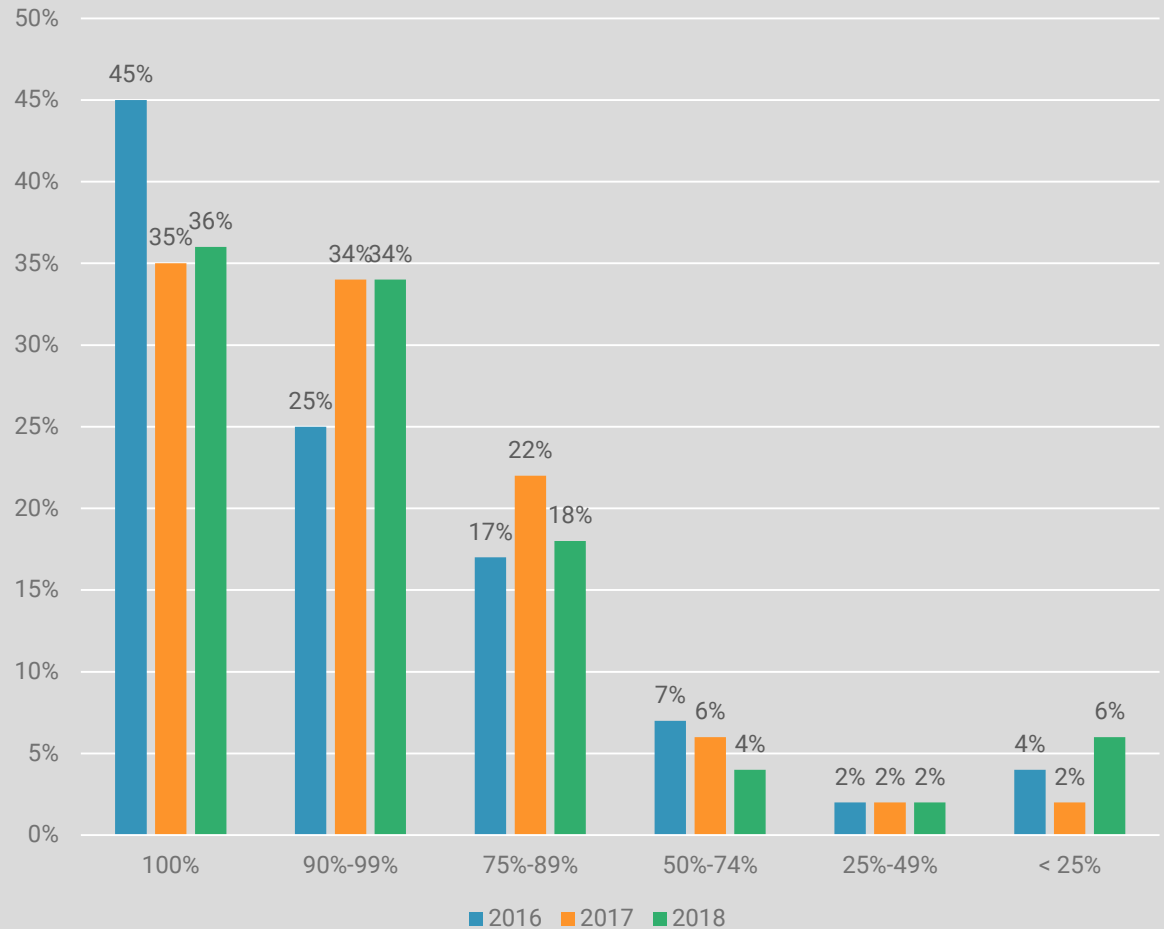
Cash Positioning: Daily Visibility

Stagnant Growth in Visibility

- Having a globally distributed and diverse array of bank relationships causes challenges with maintaining account visibility.
- After heavy growth following the financial crisis, data has highlighted that roughly 70% of corporates maintain daily visibility to 90%+ of their accounts.
- While the use of updated technology solutions has helped in this area, firms that use legacy systems or that rely on Excel still experience immense challenges here.

Bank Account Visibility⁶

What percentage of your operating bank accounts do you have visibility to on a daily basis?

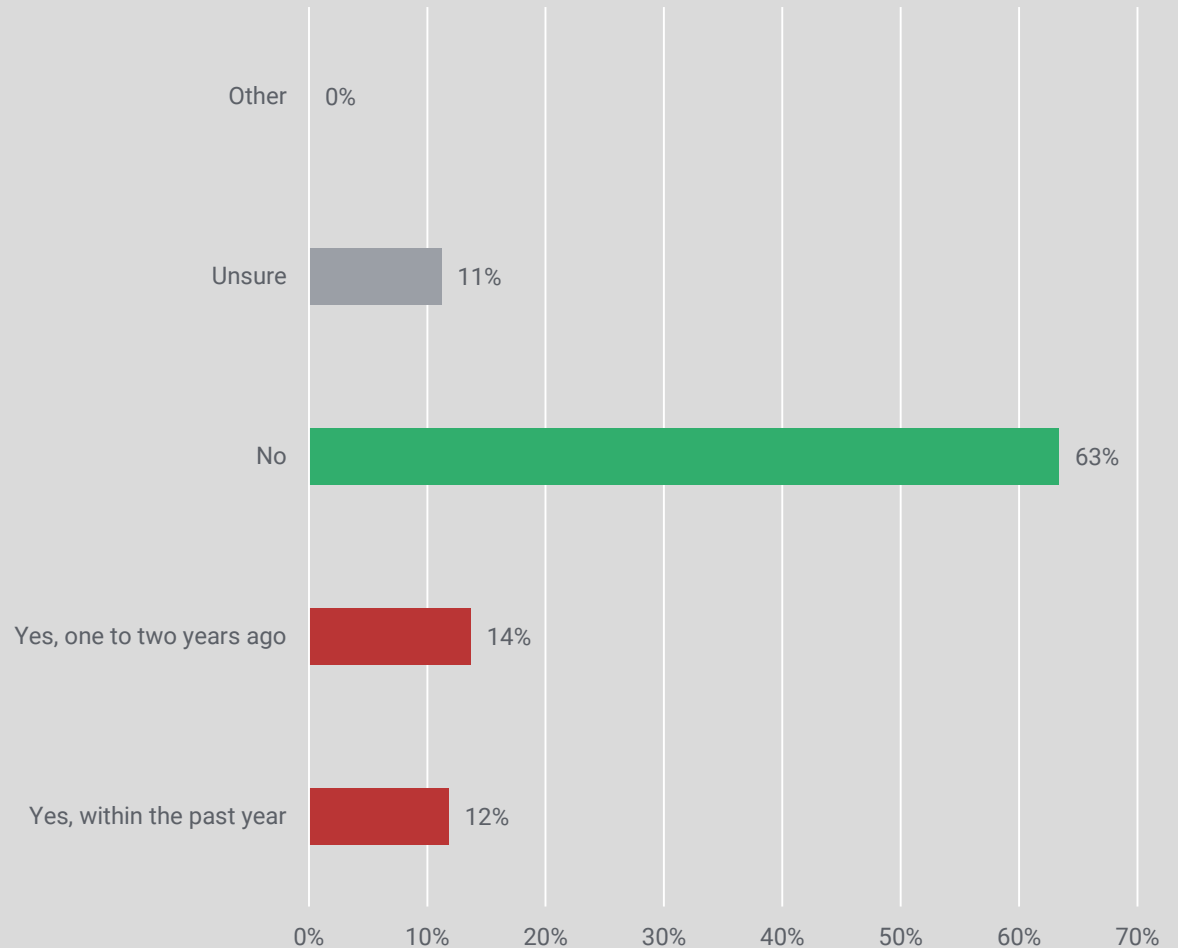


Clear Gap in Cash Visibility

Bank Account Discovery

- As some organizations maintain hundreds or even thousands of bank accounts it can be easy to lose track of one or two accounts.
- This is particularly problematic for firms operating without a TMS or other treasury solution, as accounts can be lost in the weeds.
- Over 1/4th of companies have discovered a bank account that was previously lost or unaccounted for.
- This lack of visibility introduces fraud and audit challenges and highlights the struggle that maintaining visibility to every account can become.

Have any active bank accounts been discovered that were previously unaccounted for by treasury?

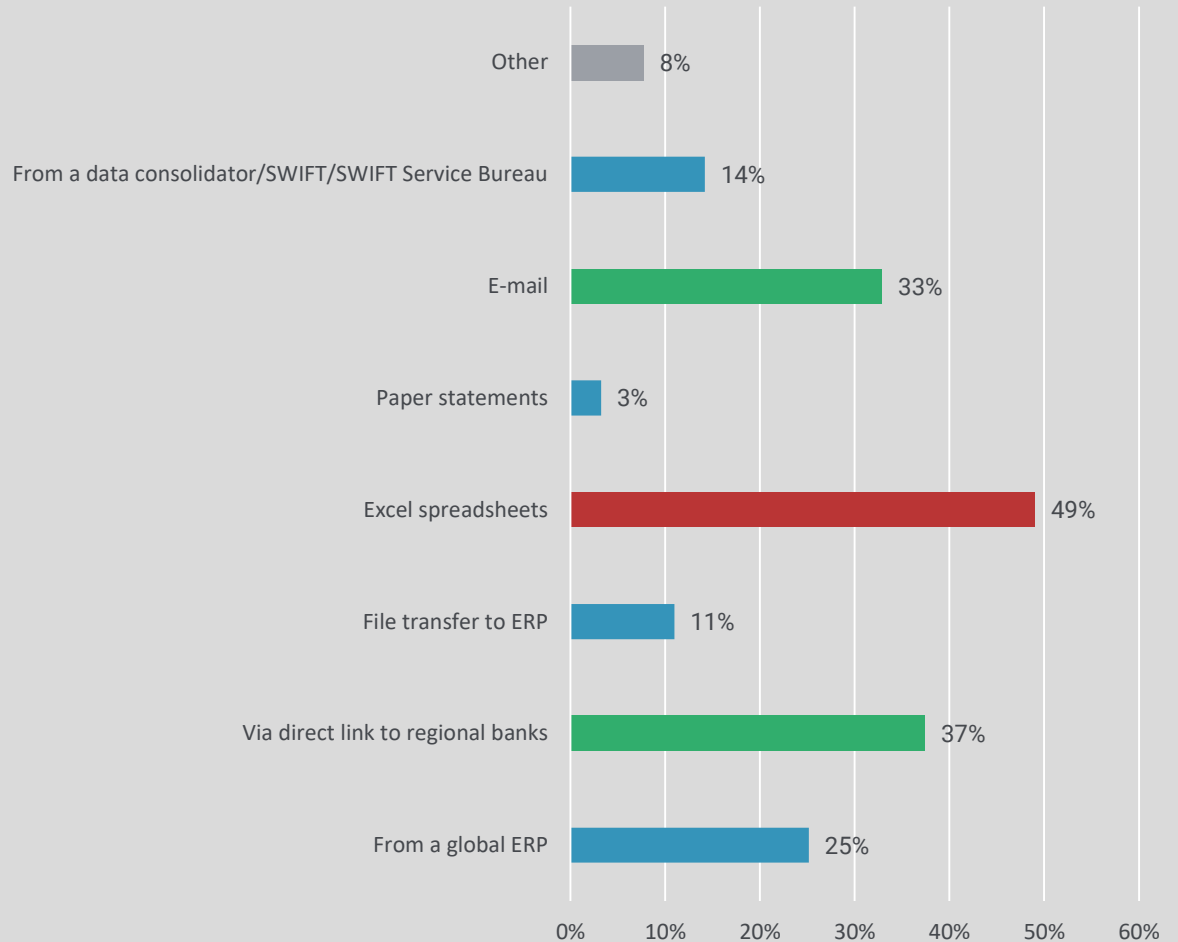


Cash Visibility: Data Aggregation

Data Aggregation: Managing Visibility

- Challenges in maintaining visibility and developing cash positions are amplified by the use of outdated workflows and technologies.
- Similarly, the use of multiple workflows or systems to gather data can cause inefficiencies and redundancies as information is rekeyed and relogged.
- The more manual and diversified a company's data aggregation workflows, the more tedious and error-prone it becomes.

How do you get treasury data from your offices / headquarters? (Select all that apply)⁷

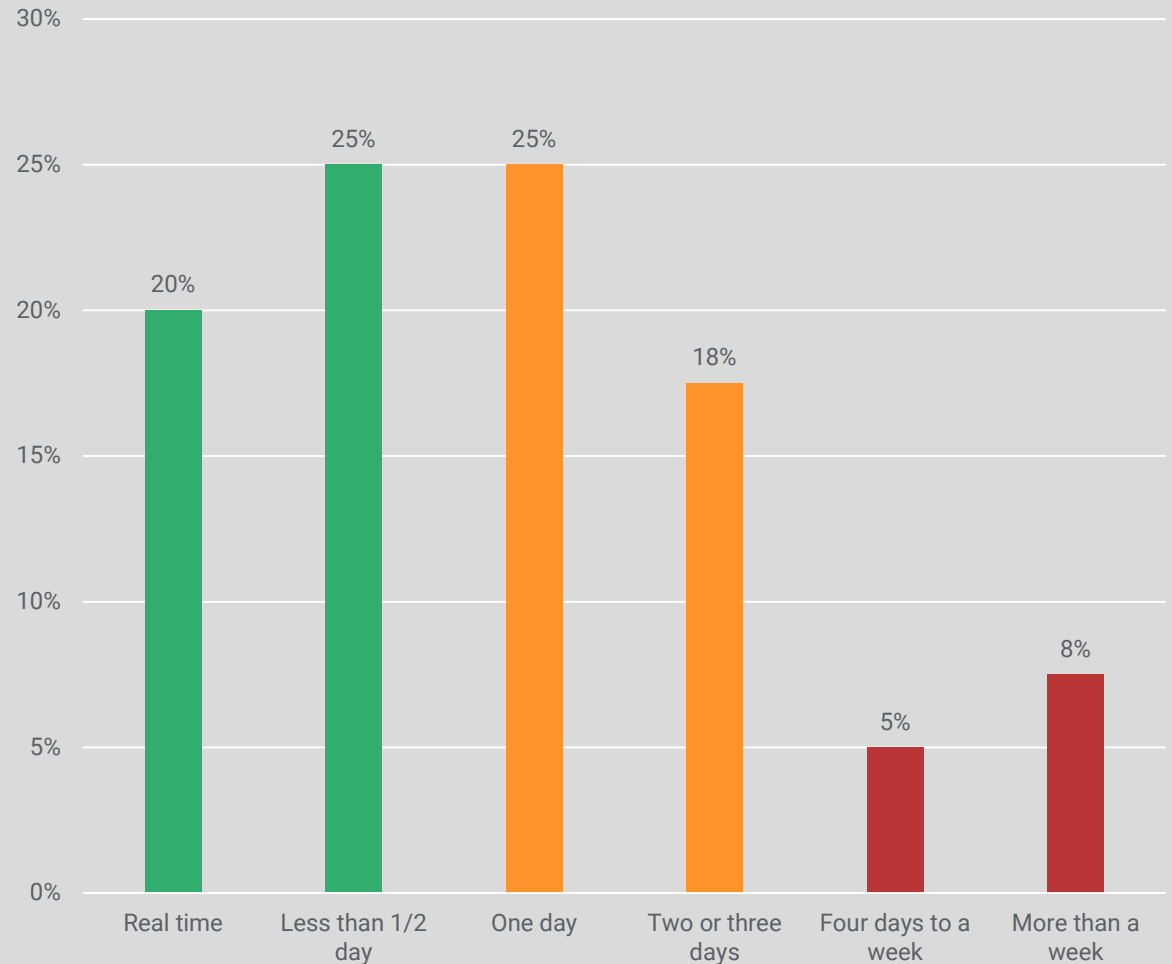


Cash Visibility: Timeliness of Reports

Data Aggregation: Timeliness

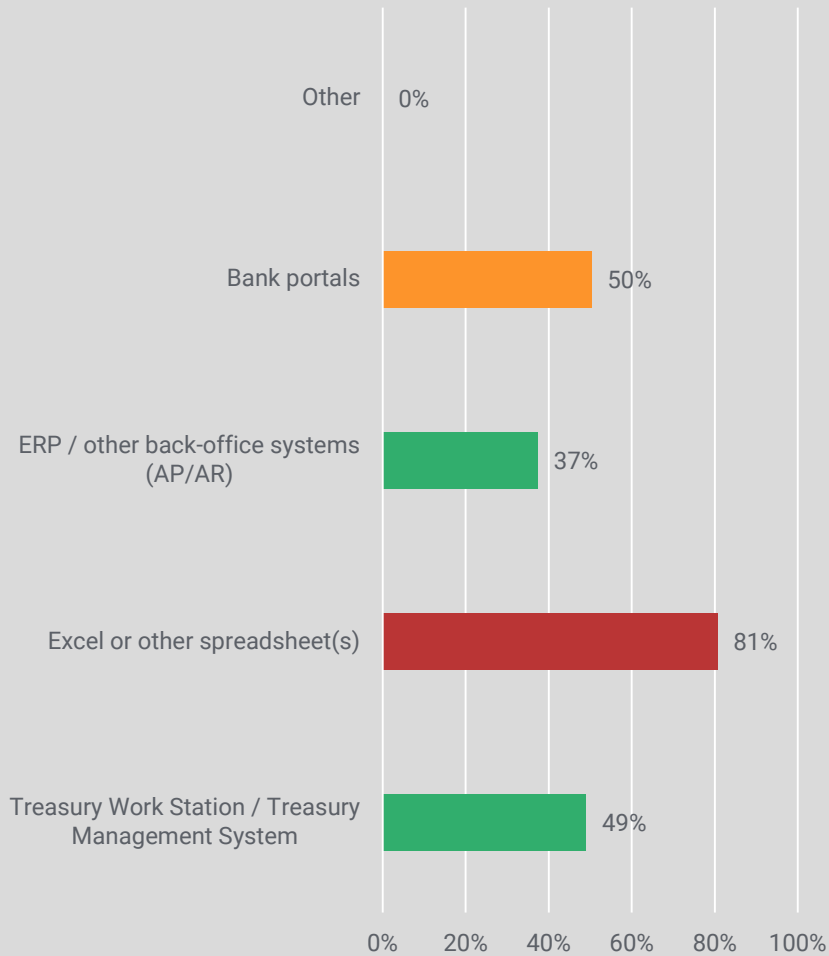
- The manual data aggregation workflows in place at many companies are particularly costly in terms of timeliness.
- Timeliness of reports / data is key for treasury, as up-to-date cash positioning and reporting are vital for treasury in managing liquidity and developing short-term forecasts.
- Streamlined reporting and data aggregation can also help quickly identify anomalous transactions and prevent fraud from occurring.
- If it takes days to create cash positions, the data may already be outdated and unusable.

How long does it take to consolidate data from regional offices?⁸

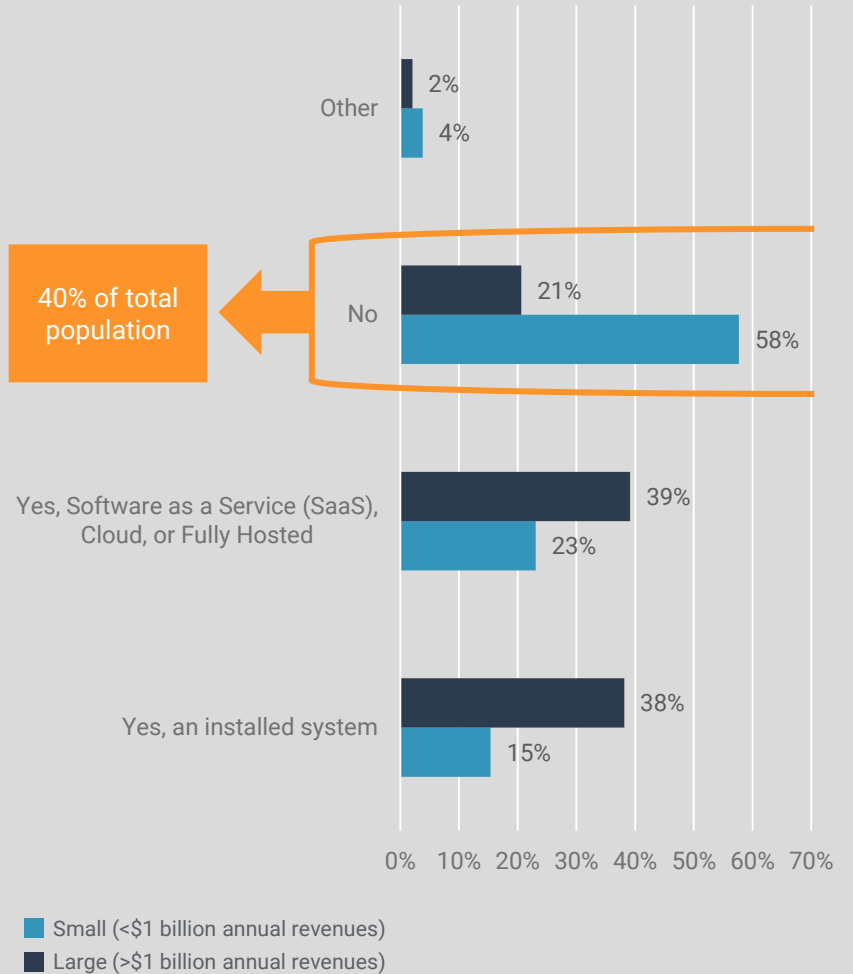


Technology Use: Spreadsheets vs. Others

Which tools are you currently using for cash reporting? (Select all that apply)²



Do you have a treasury system besides Excel?³



Challenges Associated with Spreadsheets

Manual Workarounds

- Lack of STP or integration of spreadsheets with other systems means that treasury's workflows will be overly manual when compared to the use of a TMS or ERP module.

Version Control

- As staff members update spreadsheets or share them across the company, maintaining a single source or version of the data becomes difficult. There may be an array of approaches / formulas / categorizations.

Identifying Errors

- Proofing spreadsheet logic and formulas and identifying errors or inconsistencies can become complicated, especially as more accounts, countries, currencies, and subsidiaries come into play.

Aggregating Data

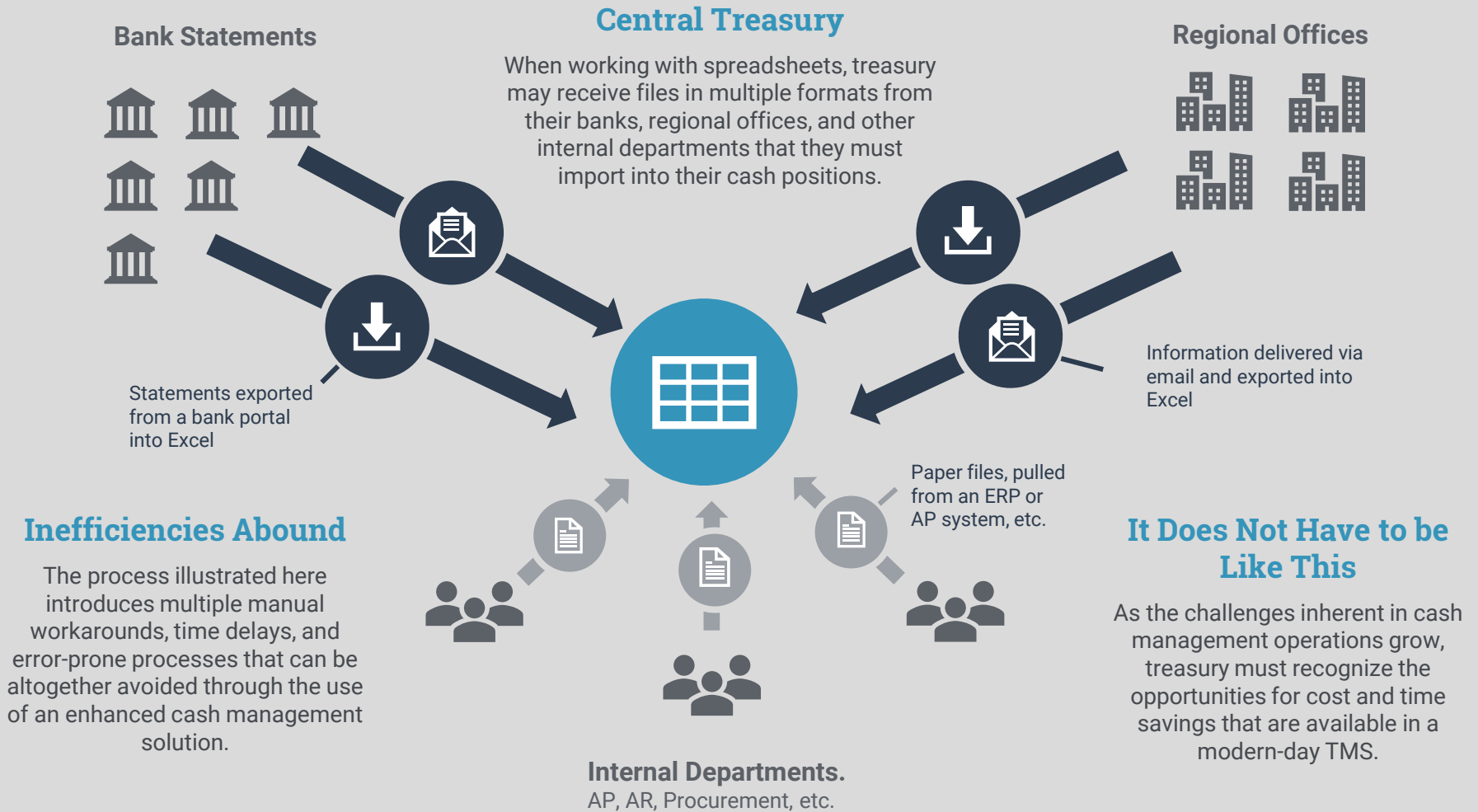
- Consolidating data from bank statements and positions received from regional offices / subsidiaries is heavily manual and time consuming when using spreadsheets.

Timely Reporting

- Converting spreadsheets into reports or other visual aids to present to executives can be tedious, especially if there is no established workflow for converting data or worksheets into graphics.

Challenges Associated with Spreadsheets

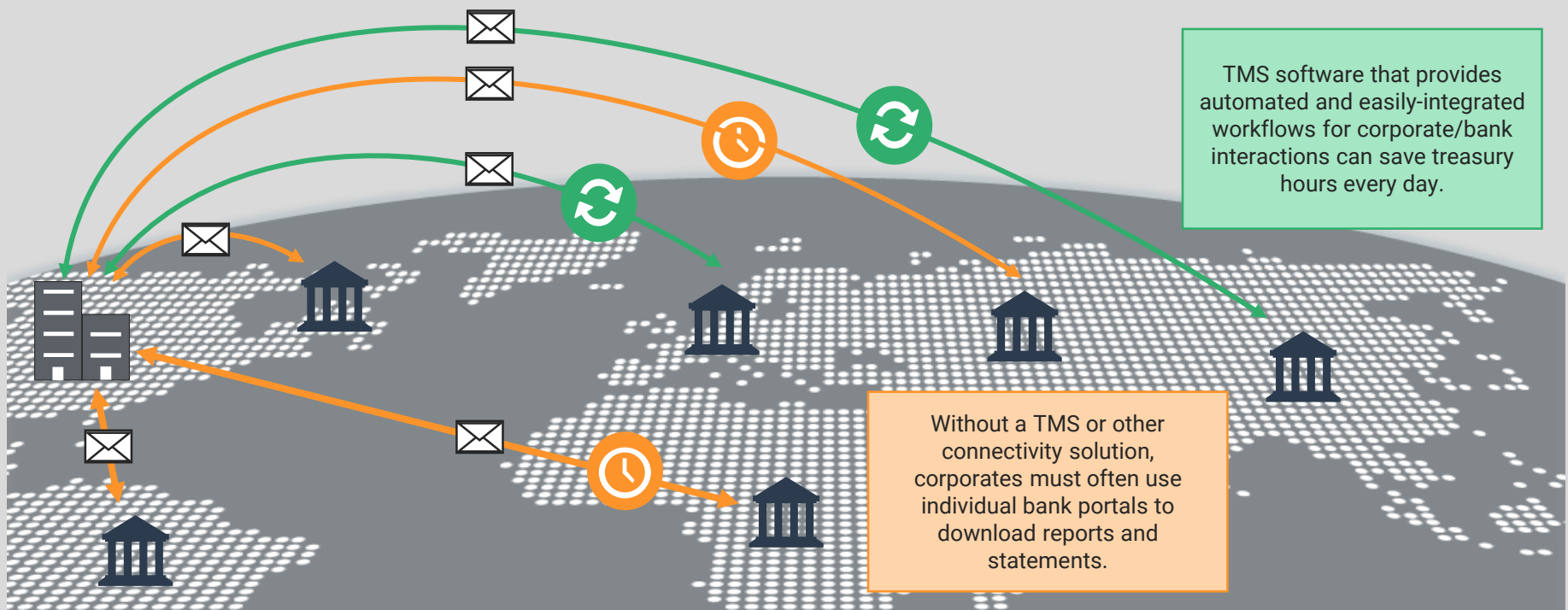
Spreadsheet Use: Challenges of Cash Management



Advantages of Modern-Day Treasury Solutions

Global Cash Positioning

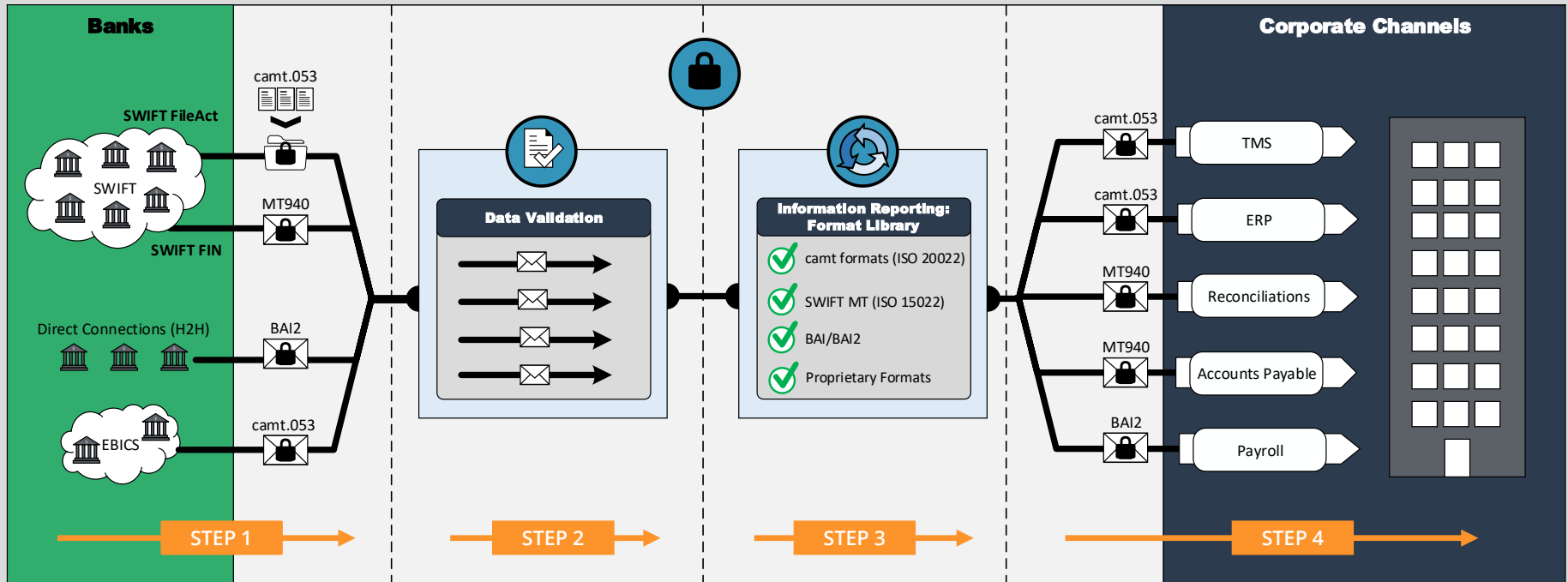
- Corporates often have banks dispersed globally that they must interact with to gather data on cash positions/balances.
- Many banks have legacy systems or outdated tech infrastructures that make data transformation difficult and overly manual.
- While some corporates continue to leverage individual bank portals to export statements and balances, many of today's TMSs can integrate with bank systems to automate this process and aggregate balance/transaction information from all bank partners in real-time or near real-time.



Advantages of Modern-Day Treasury Solutions

Streamlined Integration & Connectivity

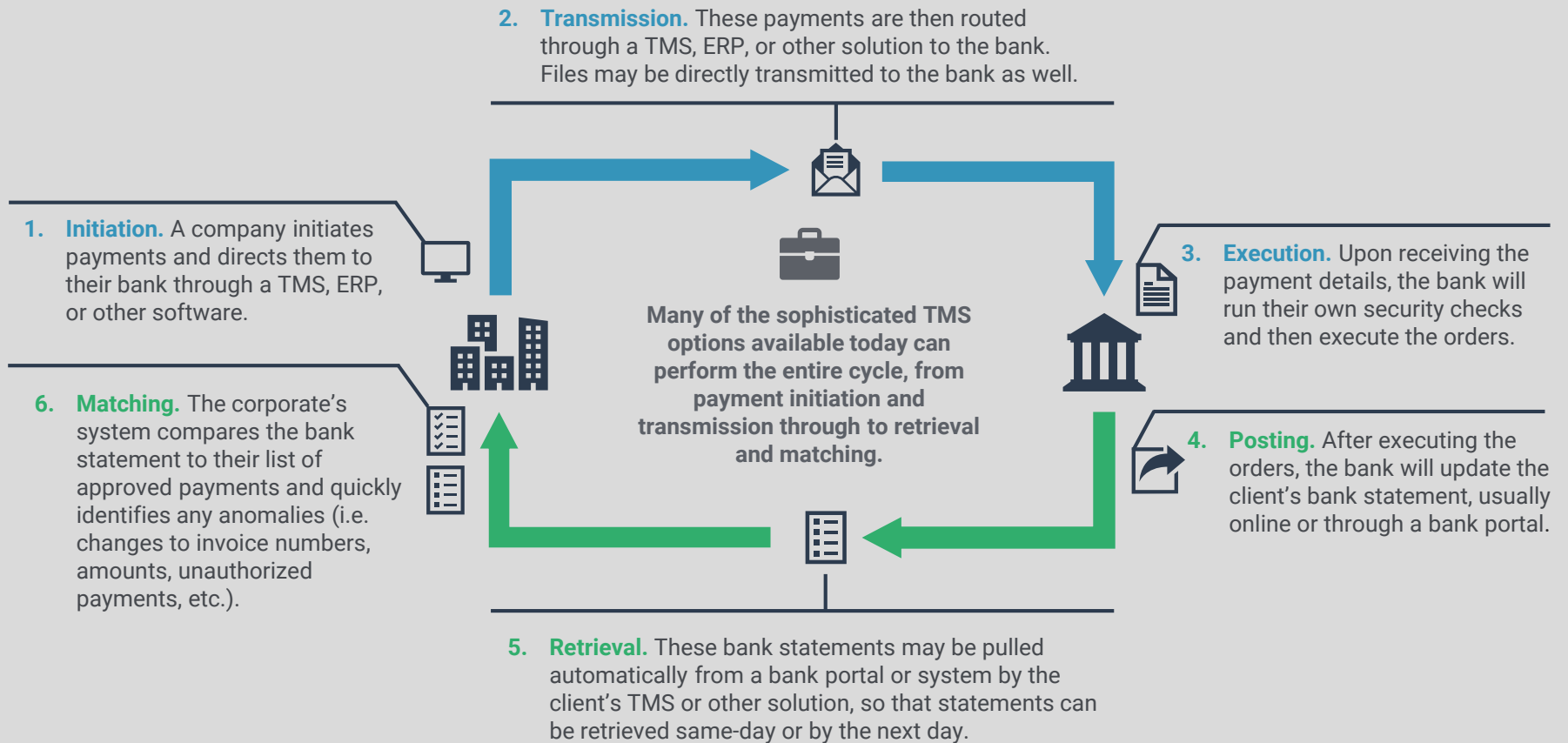
- The below illustration highlights a fully integrated bank connectivity architecture. The advantages of utilizing a TMS or Treasury Aggregator with bank connectivity capabilities includes real-time balance reporting and alerts, built-in data validation, and straight-through-processing (STP) between third party and back office systems.



Advantages of Modern-Day Treasury Solutions

Auto-Reconciliation Features

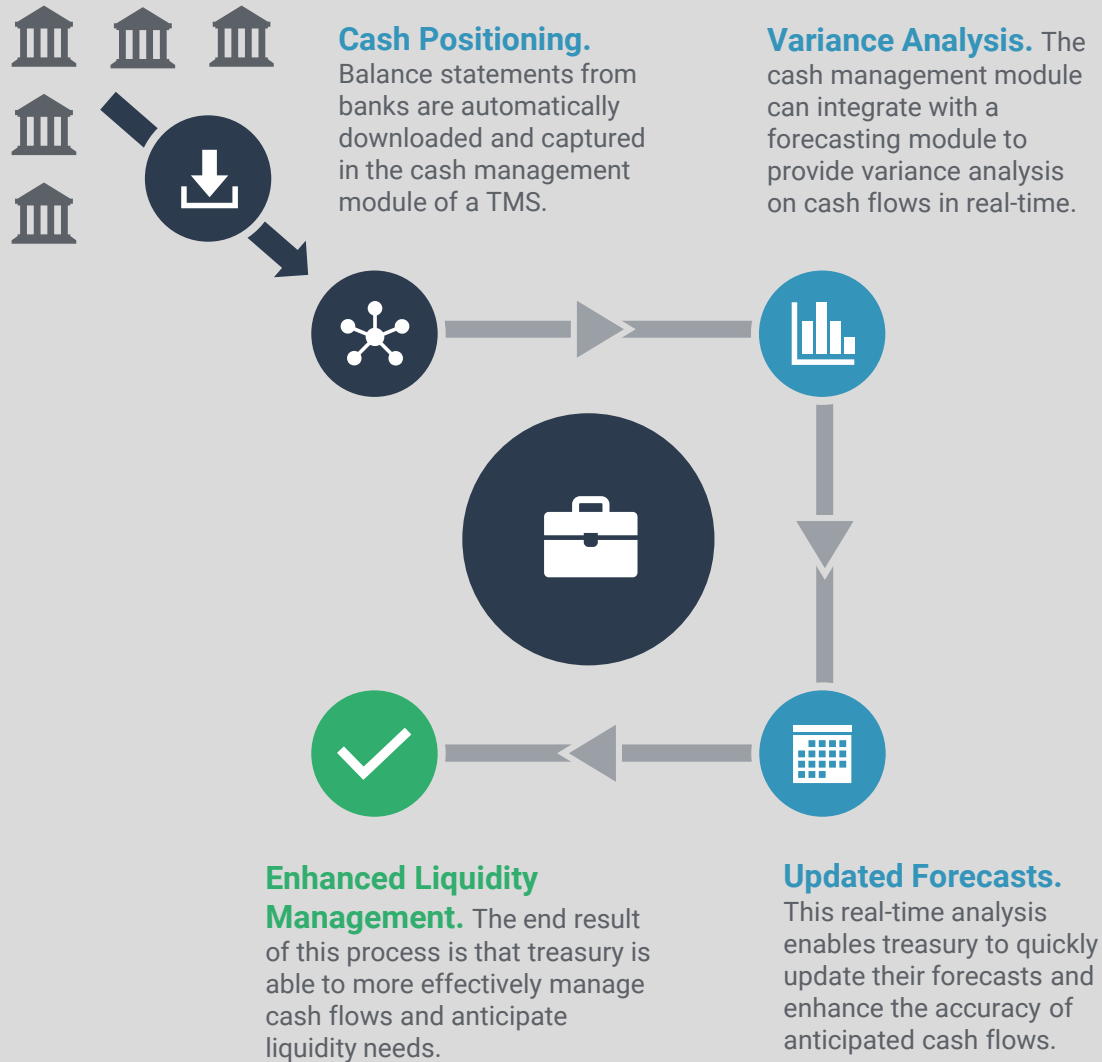
- The ability for a TMS or other solution to auto-reconcile transactions with bank statements as they become available not only saves treasury time, but also quickens the pace at which anomalous payments or discrepancies can be identified.



Advantages of Modern-Day Treasury Solutions

Real-Time Variance Analysis

- Timely variance analysis can help identify shortcomings within treasury’s cash forecasts and aid practitioners in improving the accuracy of their forecasts moving forward.
- The faster treasury can conduct variance analysis, the quicker they can correct misestimations and improve future forecasts.
- Today, many treasury solutions have integrated cash management components with forecasting so that this process is automated and streamlined.



Final Thoughts



The Cornerstone of Operations. Cash management is a pivotal component of treasury's processes and one that facilitates efficiencies in other areas, such as liquidity and working capital optimization, fraud prevention, etc.



Beware of Challenges. In the modern environment, the challenges related to achieving cash visibility involve ongoing globalization, expansive bank relationships and account structures, and legacy technology infrastructures.



Spreadsheets are No Longer Acceptable. Given the current landscape, the inefficiencies inherent within spreadsheets as compared to a TMS or other sophisticated treasury solution are significant.



Modern Tech Delivers. Adopting a technology solution with real-time cash positioning and connectivity with other back-office systems, banks, and subsidiaries worldwide introduces monumental advantages through streamlined integration and STP, automation, and centralization.



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