

A REVIEW OF COVID-19's IMPACT ON TREASURY

An Eight Week Look



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WHAT.

A review of findings from the first eight weeks of the Global Crisis Monitor Survey



WHEN.

Tuesday, May 19, 2020
9:00 AM – 10:00 AM EDT
2:00 PM – 3:00 PM EDT



WHERE.

Live Online Presentation
Replays at StrategicTreasurer.com



FP&A

Certified Corporate
Financial Planning &
Analysis Professional



This presentation is provided by Strategic Treasurer & Treasury Coalition

TREASURY COALITION

COLLABORATIVE EFFORT FOR THE BENEFIT OF THE TREASURY INDUSTRY
 FROM LEADING TREASURY SOLUTION PROVIDERS

When a global challenge or crisis confronts us or our profession, we want to push back and join forces. The Treasury Coalition is a group of treasury organizations who want to assist the industry in understanding what is going on and how others are viewing the situation.

We want to help find ways of gathering data and sharing insights that aid our companies, our profession and the economic environment in rebounding effectively.

As the COVID-19 virus continued to spread and impact more countries with greater severity, Strategic Treasurer, a treasury consulting and research firm, decided to form the Treasury Coalition by inviting other treasury-focused organizations to join them.

Even in the midst of responding to rapidly changing events, two organizations joined within 24 hours of being invited. Others followed suit over the next few days. More have been added in subsequent weeks. If you are a solution provider and want to join forces, please let us know.

The intent is to share several things together, namely:

- Distribute the offer to take the survey broadly across all geographies by leveraging our client networks.
- Share the insights to the industry at large and to particular groups.

As always, we welcome your ideas.



GLOBAL CRISIS MONITOR

IMMEDIATE AND ONGOING SURVEY OF THE IMPACT OF AND RESPONSE TO SIGNIFICANT GLOBALLY DISRUPTIVE EVENTS

Everyone loves dissecting an event after the fact: Seeing the start and then escalation of an event, watching awareness grow, seeing responses and reaching the inflection point. Then we note how the economy, company or global business environment recovers to a state of normalcy and then, perhaps, to accelerate out of the crisis or problem.

The finance profession generally and treasury specifically are a reasoning, pragmatic and unemotional bunch. They like to know facts, understand risks and communicate clearly. They are not distracted too easily by loud noises or major shifts. Nonetheless, from time to time there are events or disruptions that leave the profession wanting more information and seeing insights from a large number of their peers - and they want those insights and data quickly.

Hindsight is often closer to 20/20, but it arrives too late, like the response of 'watch your head' after you have bumped on the overhead bin. We think that it would be far more helpful to see what others are doing, learning and thinking more rapidly, to get closer to real-time when mid-course adjustments are in order, or simply to know that you are following what many leaders are doing for good reason.

The intent of this Treasury Coalition survey, the Global Crisis Monitor, is to provide rapid exploration and responsive reporting on major factors impacting the profession in collaboration with other leading treasury organizations. The coalition aspect is designed to find common points of concern, with multiple leading treasury organizations leveraging their networks to ensure the most rapid and comprehensive results for the good of the profession.

We believe that having information and insights sooner is better than later. As

we gain insights over multiple events, we may as an industry gain better leading indicators that let us know when to expect the inflection point and a return to normalcy.

Our thanks to you, the reader and the respondent to these frequent mini-surveys, which allow us to monitor the situation together and respond in a more prepared manner. You help yourself, your company and the industry. We appreciate the teamwork.

Organizational survey response details remain strictly confidential and are not shared or used for any other purpose than the survey itself.

**“It is not the ship
so much as the
skillful sailing
that assures the
prosperous
voyage.”**

- George William Curtis





A GLOBAL RESPONSE

A UNIQUE PULSE ON THE PANDEMIC OVER THE 8 WEEKS OF RESPONSES

Without a doubt, this pandemic has touched all corners of the globe and spared no industry. GCM respondents are a diverse group of corporate and financial industry professionals from medium to large firms in every category of business. On behalf of Treasury Coalition members and all who have benefited from the data of this survey,

thank you to the respondents for taking the time to share your 1000+ insights so the profession can take positive and knowledgeable steps forward.



1,000+

Responses



56%

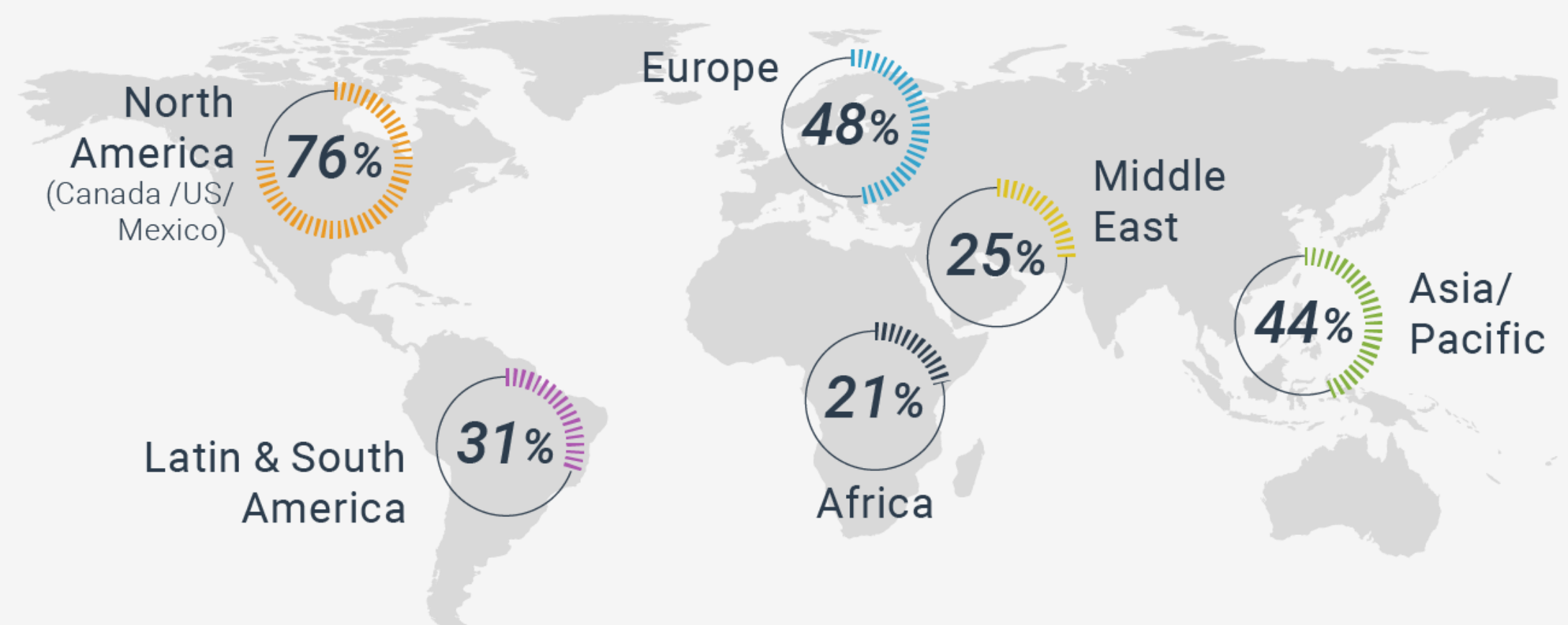
From Companies with
Annual Revenue of
\$500MM or More



50+

Industries Represented

Regions of Operation



HOW HAS COVID-19 IMPACTED TREASURY?

TRANSITIONING UP OUT OF THE CRISIS TOWARDS RECOVERY

Company outlook on liquidity position and all four major sentiment factors moved positive during the 8th week, confirming that more light is remaining on a week-to-week basis at this point in the Monitor. The timeline for the virus ceasing to be a significant health concern doubled in week 6 and has fluctuated around 10 months ever since. Finances are delivering positive signals, with financial normalcy shortening to about 8 months, while the 3- and 12-month economic indicators currently point to a 10-month equilibrium.



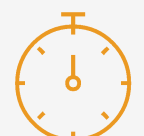
FINANCIAL NORMALCY PULLS BACK TO ~8 MONTHS

The timeframe to achieve financial normalcy is now at eight months. This sits in tighter than the 3-month & 12-month economic outlook, which shows 10 months.



COMPANY LIQUIDITY: POSITIVE x4

Changing perceptions on organizational liquidity made it 4 weeks in a row with improving outlook, with 35% indicating a positive movement and 17% more negative during week 8.



HEALTH SERIOUSNESS RETURNS TO 10 MONTHS

After living in the 5-6 month range for the first five weeks of the Monitor, the expectation for when COVID-19 will reach a minimal health impact doubled to 10 months in week 6 and remains in this range.



BANK CREDIT DROPS TO NEUTRAL

Access to bank credit moved sharply to neutral from a multi-week positive cycle. Views on fiscal policy shifted negative in the 8th week, accompanied by a slide of Central Bank provided liquidity.



1,000+ GLOBAL RESPONSES

The Monitor audience continues to grow, and we celebrate over 1000 responses from across the globe.



FRAUD ESCALATION IS REAL

The survey showed that communication on fraud was up, as were actual attacks and attempts.



FORCED RANK CONCERNS

Direct financial impact to the business and recession concerns ended out the 8 weeks the top two organizational concerns. Access to adequate liquidity ranked a solid 3rd.



A/R CONCERNS...CHANGE

Concerns about A/R maintain their undefeated streak as the most negative liquidity concern, but now sit at only 7 to 2 negative to positive ratio.



TOP CONCERNS BY WEEK.

FORCE RANKING SEVEN AREAS.

Most weeks we ask GCM respondents to rank seven areas. Since we measure this over time, the gauges below show how the industry as a whole is adapting to changes on the ground and how that is

alleviating or increasing their concerns relative to the other categories. Survey questions are cycled in and out in order to keep the total questions of the Monitor low enough to be completed in 5 minutes.

Areas of Inquiry	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th
Staff Awareness of Plans	6th (tie)	5th		7th	7th	7th	7th	6th
Country Preparedness	6th (tie)	6th		5th	5th	5th (tie)	4th (tie)	4th
Direct Financial Impact to the Business	2nd	1st		1st (tie)	1st	1st	1st	1st
Access to Adequate Liquidity	4th	2nd (tie)		1st (tie)	2nd	2nd	2nd	3rd
Recession in the Regions We Operate In	5th	7th		4th	3rd	3rd	3rd	2nd



POLL QUESTION #1

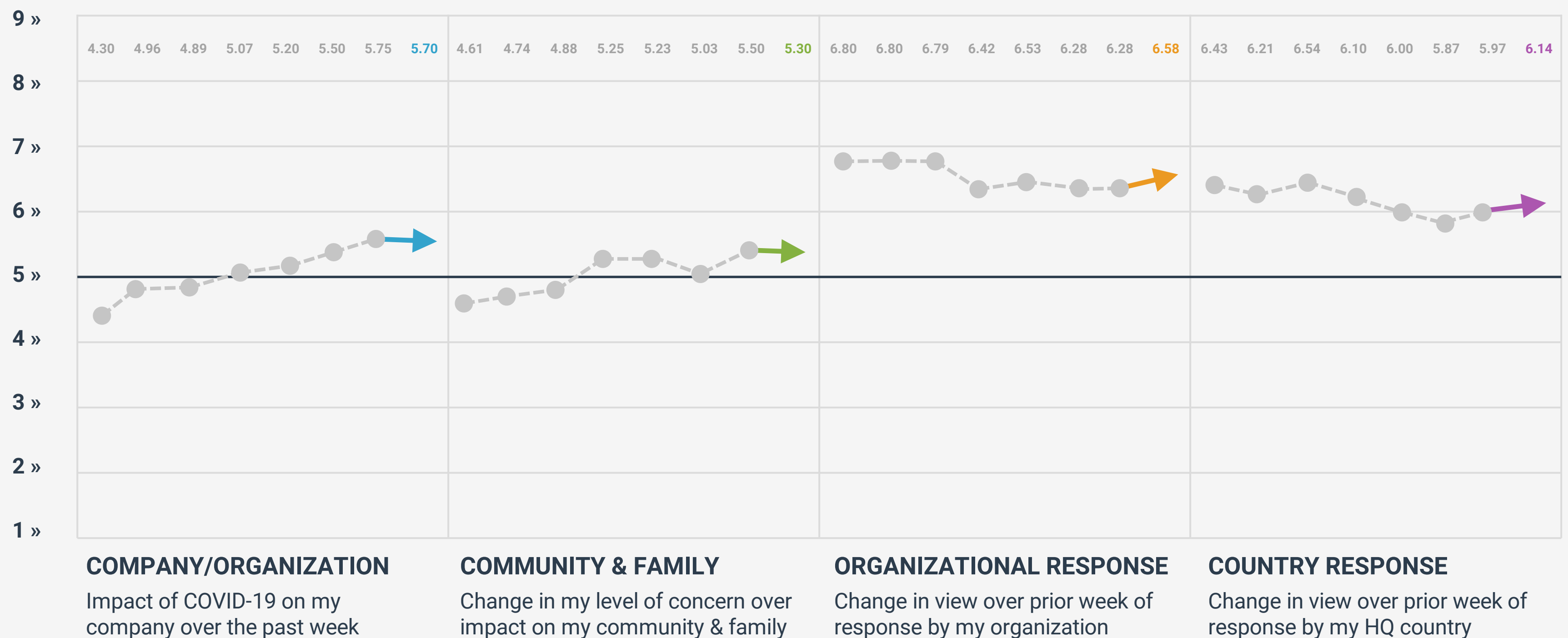
PERSPECTIVES

WHAT CHANGED IN SENTIMENT THIS WEEK?

Vital signs give us a quick indication of what is happening. This chart measures several vital signs in the form of changing perspectives. The perception of responses by organizations and HQ Country have an unblemished track record of consistent improvements over the prior week.

The perception of the impact to the company and community & family both improved over the prior week (>5.0) for the last five weeks in a row.

The line at 5 represents an unchanged view from the prior week. If the arrowhead is placed above the line, the perception has improved since the last period. Below the mid-point indicates a deterioration since the prior period. These scores are the average of all respondents on a 1-9 scale.



● — ● Previous weeks' findings ● — ● Most recent week's finding

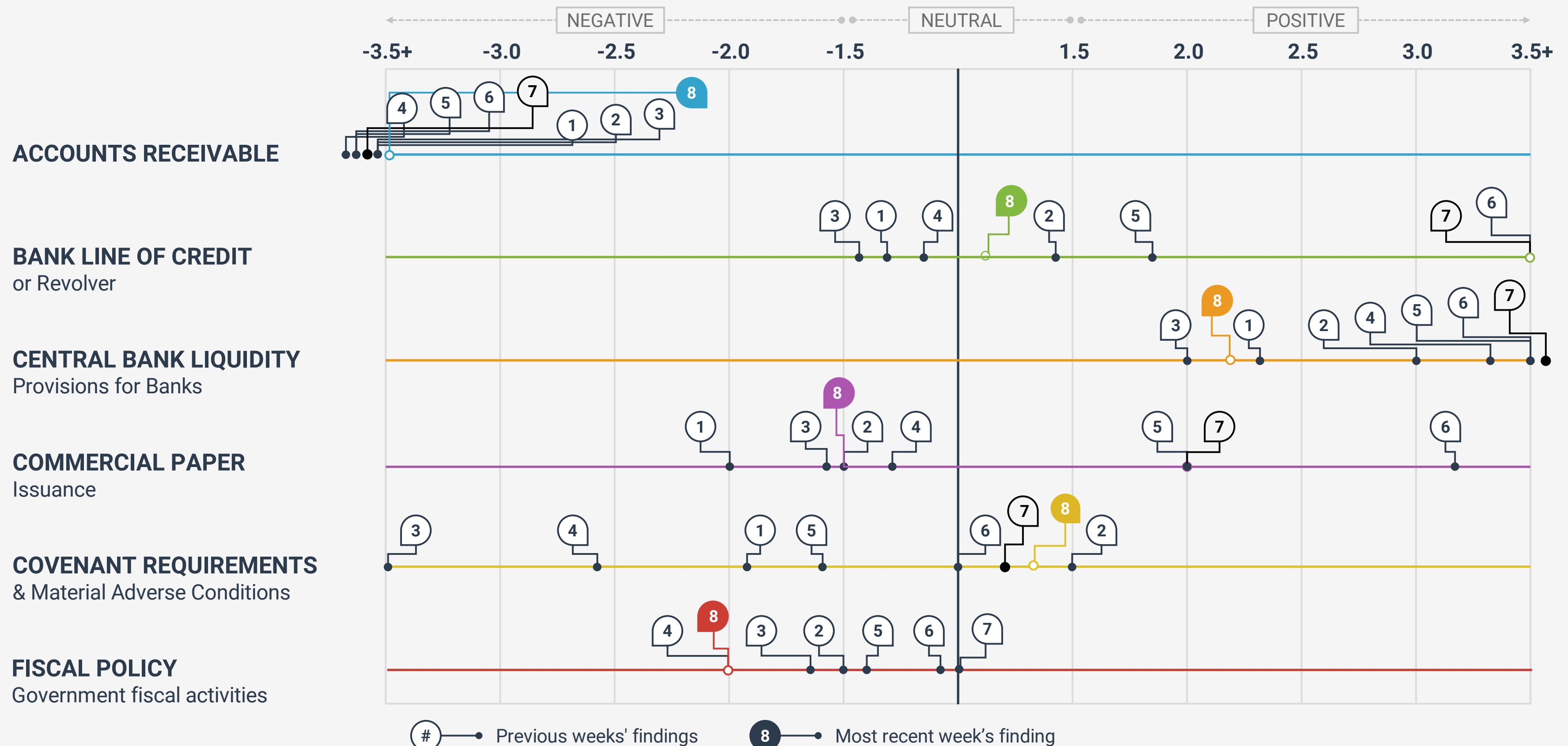
DEBT & LIQUIDITY

WHAT ACCESS DOES TREASURY HAVE?

Cash is King. In times of disruption and crisis, much attention is paid to the King. This graphic measures a handful of elements that add to or detract from an organization's liquidity.

While the Accounts Receivable outlook remains the most pessimistic, it is now just at the negative border of our chart at 3.5X negative. The eighth week was the first time it has been less pessimistic than 5X since we began the Monitor.

Understanding the chart: The teardrops represent the ratio of more-concerned vs less-concerned. Numbers within the teardrop indicate historical positioning, with an 8 representing week 8 of the Monitor. Please note that the chart is bounded at <3.5 and >3.5.



TIMING ESTIMATES

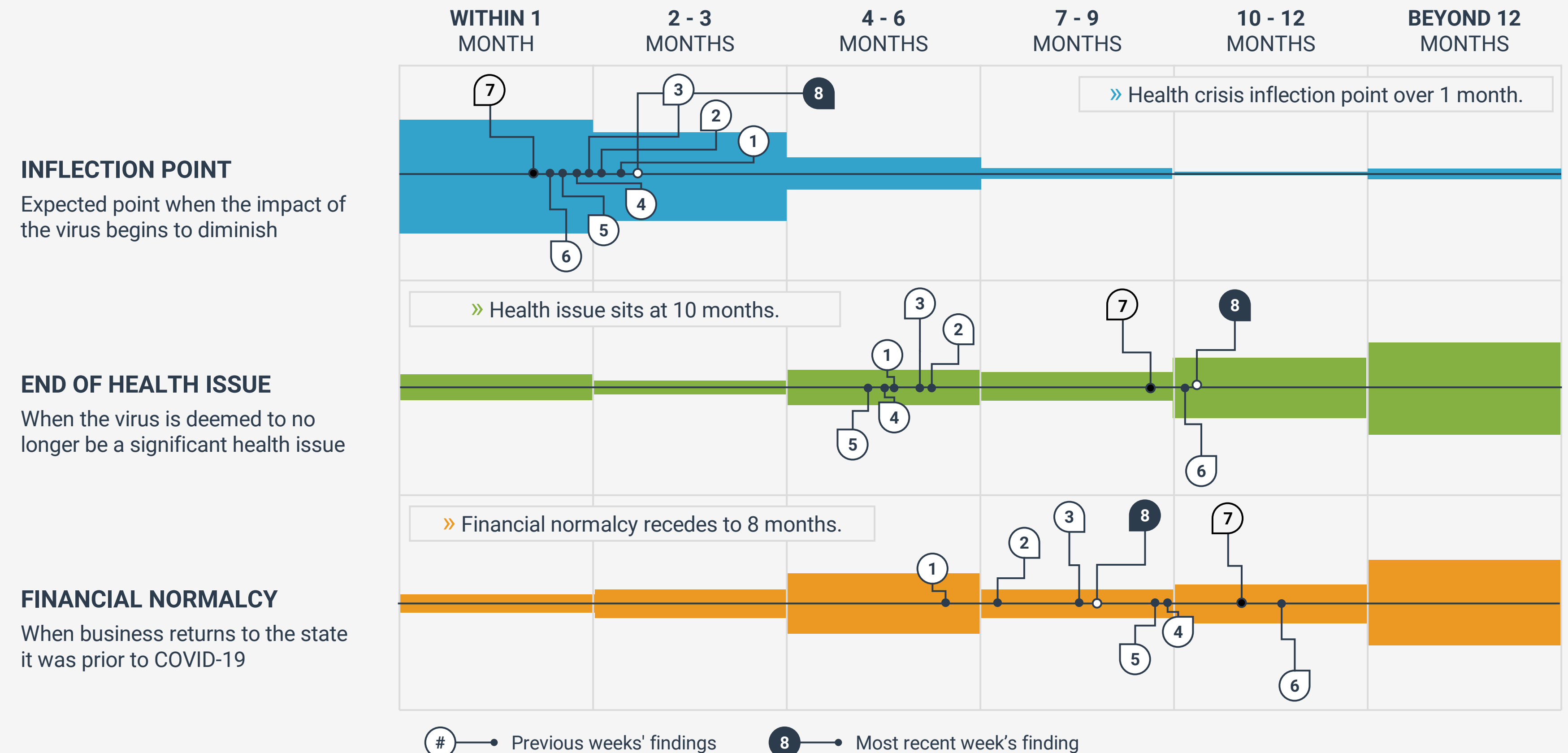
FINANCE NOW AT ~8 MONTHS

These three graphics represent key milestones in the recovery and return to normal times medically and financially. We believe it useful to see others' expectations on the timing of these milestone events for the current disruption. We also expect this may help gauge the level of

pessimism or optimism of treasury/finance professionals and assist us even more with future events as we understand any collective bias.

The length of COVID-19 remaining as a significant health issue extended to 10 months, while expectation of a return to financial normalcy recently receded to eight months.

The rectangles below represent the proportionate amount of responses in each time domain. The tear drops represent the median response from all respondents. The numbers indicate the week of the Monitor.



ECONOMIC VIEWS

ECONOMIC EQUILIBRIUM: 10 MONTHS

This graphic shows the perspectives on the overall economy across two time domains: 3 and 12 months. There are three separate rectangles from top to bottom showing positive, neutral and negative economic outlook.

The numbers in the middle of the chart show the average selection. A 5 represents neutral view. Below 5 is pessimistic, and numbers above 5 show optimism.

The rectangles represent the outlook on the economy, and their size and number reflect the proportion of the views for each time domain. The **green** is the optimistic viewpoint (6-9 from the survey). **Orange** are pessimistic viewpoints (options 1-4) and the **blue** show the neutral. The dark arrow blocks show the average response from all respondents.

WEEK 8 RESPONSES

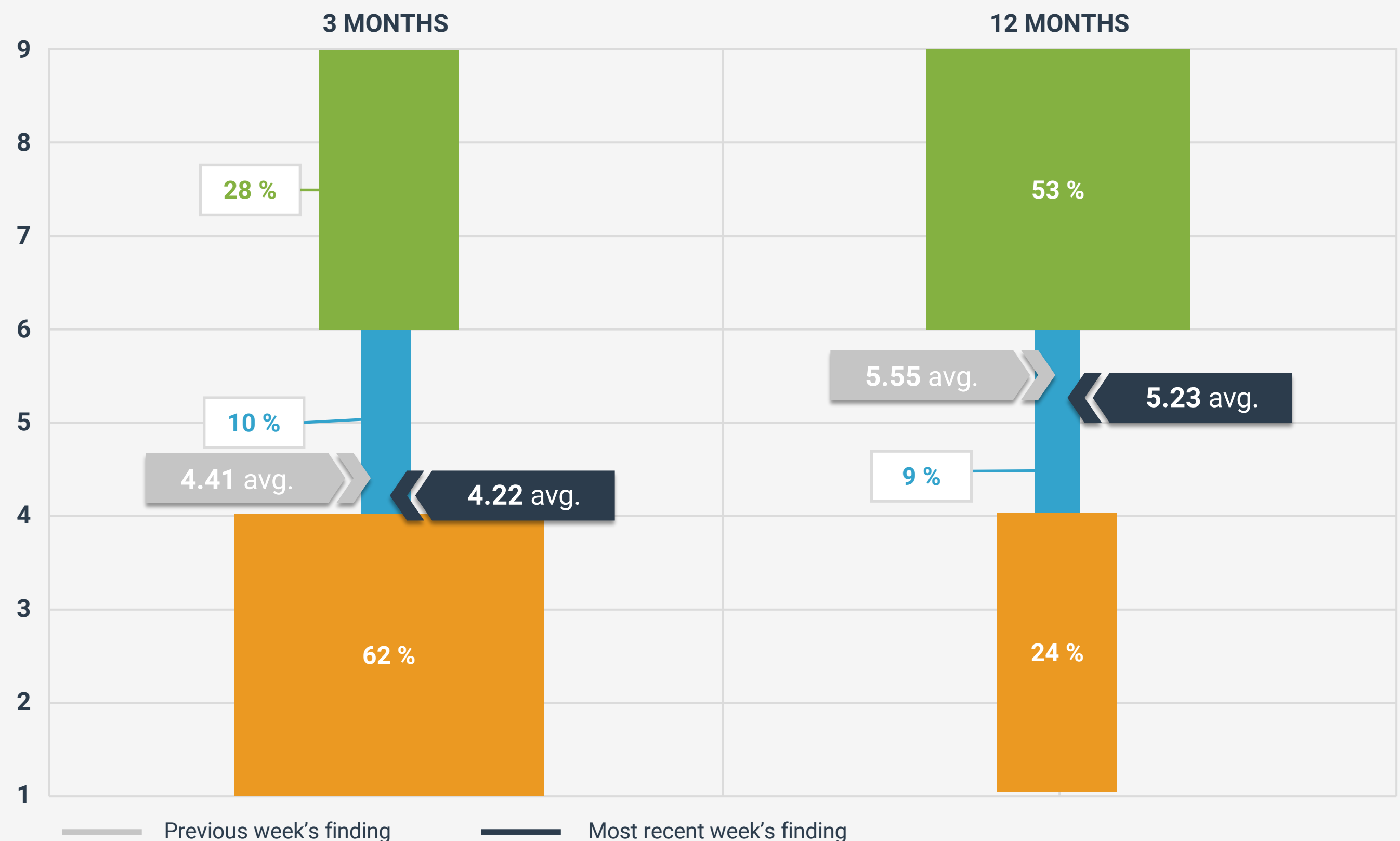
ECONOMIC TURNING POINT PULLS IN

The outlook for economic status in the 3-month and 12-month time domains both deteriorated slightly.

The 3-month outlook spent a 3rd week in the "4s," indicating moderate pessimism during this time span.

The 12-month outlook moved back down but remains moderately optimistic.

Extrapolating from these numbers, we see the expectation that the economy achieves 'normal' status in March 2021.





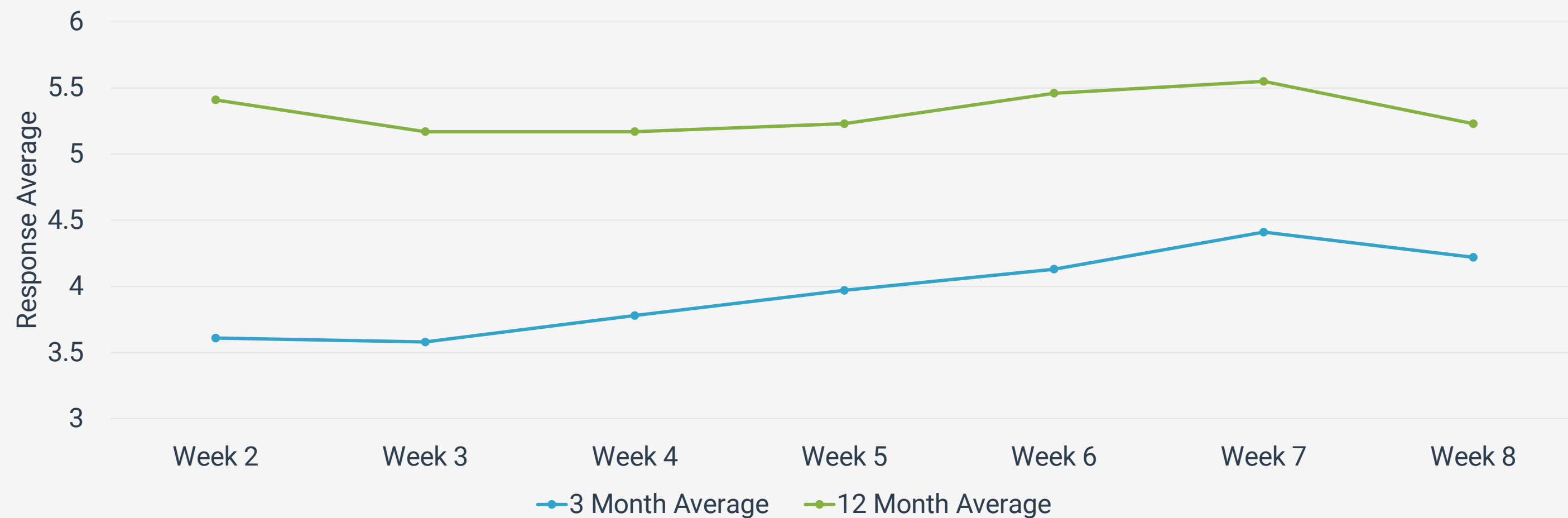
POLL QUESTION #2

ECONOMIC VIEWS

BY THE WEEK

Further expanding on the previous slide, this graphic shows the perspectives on the overall economy across two time domains: 3 and 12 months throughout the eight-week run time. Weeks four through

seven saw an increase in the average response from all respondents. Week eight saw a slight decrease in the average.



	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
3 Months Response Average for the Week	Not Asked	3.61	3.58 ↓	3.78 ↑	3.97 ↑	4.13 ↑	4.41 ↑	4.22 ↓
12 Months Response Average for the Week		5.41	4.91 ↓	5.17 ↑	5.23 ↑	5.46 ↑	5.55 ↑	5.23 ↓

EVOLVING ISSUES

SURPASSING LIQUIDITY AND HEALTH CONCERNS THE FIRST FOUR WEEKS

Each week we ask about a range of issues that are occupying the mind of the survey respondent. We ask these questions in various forms: free form, forced ranking or select all that apply formats.

By the fourth week, getting back to work dominated the free-form responses of top concerns followed by liquidity and economic concerns, with health elements sitting at number 3.

- **Week #1: Business Continuity Plans.** Our first week's survey reflected an emphasis and concern about the completeness of the BCP programs in place given the move to WFH and new processes.
- **Week #2 Cross-Training.** More organizations had another week under their belt at home and the top concern became cross-training. We suspected it moved up in concern and emphasis as teams considered the impact If multiple team members were out sick or out caring for other family members. Deepening the bench strength is a rational move given those potentialities.
- **Week #3 : WFH Issues.** This week the managing staff responsibilities in the WFH environment and accessing all necessary IT applications from home were the two largest challenges to maintaining normal treasury operations. These were identified by fully half of the respondents.
- **Week #4 : Quarantine End Date.** The top concerns were the ending of the quarantine (getting back to work, ending the lockdown, length of shutdown). In group two were concerns such as: recession, job loss, unemployment, liquidity, bankruptcies. Health concerns took 3rd in the contest of top concerns this week.



Weeks 5-8 continued on next slide...

EVOLVING ISSUES CONTINUE

HEALTH IS A CONCERN BUT OTHER ISSUES TAKE CENTER STAGE WEEKS 5-8

The open ended, force ranking, and select all that apply continued to highlight weekly changes in concerns. Health of self, family and staff never went away, but more economic based concerns rose to the top as the weeks went on.

- **Week #5: Economic Impact.** Growing concern for the overall economic toll in our local, regional, national and global economies. Unemployment and liquidity a reoccurring comment of concern.
- **Week #6 Normalcy.** Mixed emotions with a desire to return to normal, while balancing a concern for opening too fast. Many expressed the need to get back to work in a safe and thoughtful manner, but there was an overall sense of getting restless in lockdown. While unsure of what the new “normal” will entail, many were ready to move forward in planning a return.
- **Week #7 : Liquidity.** Access to liquidity was top of mind this week for the majority of respondents. Addressing COVID-19 in forecasting was also a significant concern this week.
- **Week #8 : Recovery.** The top concerns were focused on opening the economy, returning to work, and fallout from the financial impact.





POLL QUESTION #3

RECONSIDERING: 81%

ACTIVITIES RECEIVING NEW LIFE DURING COVID-19

We asked respondents: "Has the current crisis and situation caused you to reconsider topics that were previously dismissed or were a lower priority?" Disruptive events have a way of focusing attention and realigning time, money and energy. In this environment, more than 4 out of 5 organizations realigned their priorities.

Forecasting/Liquidity planning took the expected lead position. Increased attention to counterparty risk was part of over 2 out of 5 respondents' answers, and payment security and payment security training both help address the process and people risks exposed in the new WFH environment.






19% have NOT reconsidered topics during the current disruption.

Of the 81% that HAVE reconsidered topics, here are their answers:

Select All That Apply

	Liquidity Planning & Forecasting	56%
	Counterparty Risk Management	42%
	Payment Process / System Security	40%
RELATED AREAS		
	Payment Security Training	28%

	Visibility and Communication with Banks	31%
	Hedging	17%
	Other	8%

WFH FRAUD INCREASE

ARE FRAUD ATTEMPTS REALLY INCREASING?

Five out of nine companies increased their communication about fraud/attempted fraud since moving to the Work from Home (WFH) posture.

Was this an overreaction? When we look at the fraud issues, the concern seems to have been well-founded. Of those who knew, more than one-third of respondents indicated that there had been an increase.

Additional communication, compensating controls and enhanced training seem to be in order in the new environment.



Fraud Communications

Has your team's communication about fraud / attempted fraud changed in the WFH environment?

Yes.

The communication level has increased **55.7%**



Fraud Attempts

Has your organization seen a change in attempts of fraud or cyber-fraud? (Other than unsure)

Yes.

An Increase of **36%**

No.

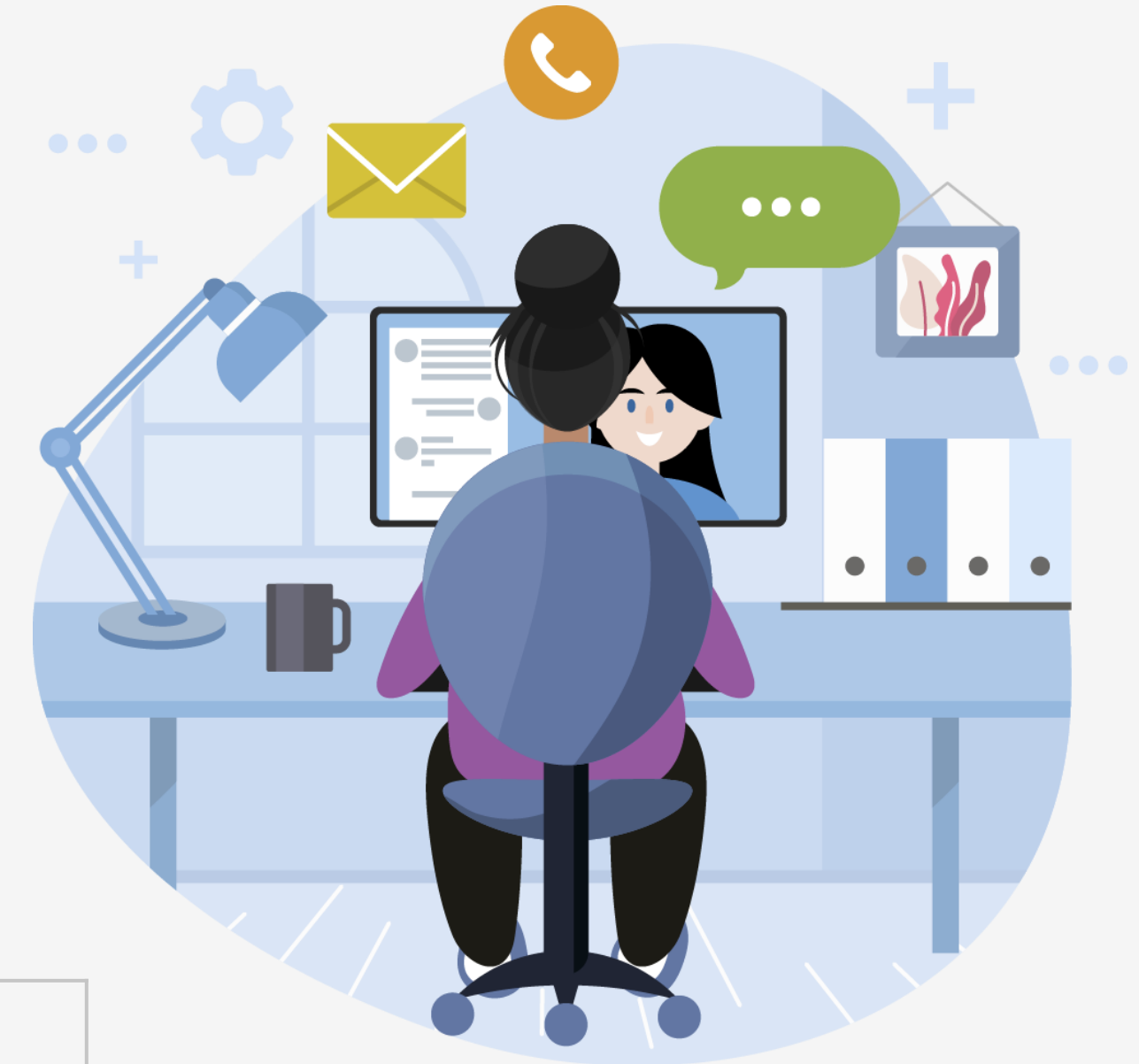
About the same **64%**

VENDOR SUPPORT

COMPANIES ARE FEELING SUPPORTED BY PARTNERS





We asked if survey respondents felt supported by their primary vendor partner. The answer was unequivocally "yes," with a minimal number of respondents indicating they felt a lack of support. Only 6% indicated that their primary partner vendor has not contacted them during this disruption.


The chart below provides a few of the top measures of that support. We'll share more details around these responses in an upcoming webinar.



**Vendor Partners
have been active in
reaching out to their
clients who in turn
feel supported.**

Select All That Apply

	I feel supported by them.	29.5%
	They have asked how they could help.	23%
	They have contacted us by phone or web meeting.	20.5%
	They have made specific offers of services, assistance, or information.	18%

	They have not contacted us.	6%
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STAFFING LEVEL MOVES

STAFF DECREASES THEN INCREASES IN 3 MONTHS

We asked respondents to share their anticipated staffing levels over three time periods. Did they lay off staff, maintain staff or add to staff? The time periods were 1) the preceding four weeks, 2) the next four weeks and 3) three months in the future. We were eager to learn what had happened and what were the more immediate expectations. Looking out longer than three months, given various uncertainties and disruption, would seem to be asking the respondents too much.

The past four weeks were clearly quite harsh on staffing, as you can see from the numbers and as we hear from jobless reports. The next month also looks to be harsh, though less so. This may be signaling that finance believes we are closer to the bottom. Out just three months, we have the first positive gap, with 9% (net) firms expecting to add staff by then through rehiring or new roles.



	Laying Off	Maintain	Hiring	Gap
Past 4 Weeks	21%	75%	4%	-16%
Next 4 Weeks	15%	81%	5%	-10%
In 3 Months	18%	56%	26%	9%



KEY TAKEAWAYS



BUSINESS CONTINUITY

- Even with plans in place, we have to adapt to a different disruption than what we planned for.
- Cross training is crucial
- Reach out to staff on a systematic basis
- Productive & Active



SECURITY

- Work from Home opened new vulnerabilities
- Payment security policies to reflect the change
- OOB Validation
- Elevating the human element of security
- Train **AND** Test



CHARTING A REASONABLE COURSE

- Stay current with developments
- Discuss the ranges of impact that this could mean
- Identify resources and options



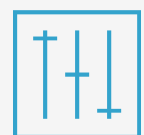
LOOK FORWARD

- Watch industry action and thinking
- Track cash, accounts receivable & sales
- Invest 5 minutes every other week to take the Global Recovery Monitor

LEVERAGE THIS RESEARCH

KEEP A PULSE ON THE DISRUPTION CAUSED BY COVID-19
WITH THE MOST UP-TO-DATE INFORMATION AVAILABLE TO
THE INDUSTRY.

Read more about the GCM/GRM and the Treasury Coalition below and join your treasury colleagues in adding your voice and insights into the broader community to help each of us succeed.



Treasury Vitals Measurements

We monitor the key 'vitals' (measurements) of attitudes, situation and responses of organizations, banks and government across multiple dimensions including: liquidity, employee care, customer status. As we move through successive time blocks, we'll be able to track positive and negative movements in both results and attitudes.



Relevant and Timely Advice

Instead of waiting until the end of the disruptive situation (health and economic impact in this case) we want to capture and share the techniques and actions of others so that you may be able to benefit from a larger pool of experience.



Three Important Actions

We ask that you give 5 minutes every other week and get twice as much as you give:

1. **Take the new surveys** launched every other Wednesday morning.
2. **Listen to the new podcasts** released Thursdays at noon (EDT).
3. **Read the new reports** released Fridays to the public (Thursdays to survey participants).



Give 5 minutes and help your company and fellow treasury professionals.

treasurycoalition.com



TAKE SURVEYS » Wednesdays



LISTEN TO PODCASTS » Thursdays



READ REPORTS » Fridays

IMPORTANT BI-WEEKLY ACTIONS



TAKE THE **SURVEYS**



LISTEN TO **PODCASTS**



READ THE **REPORTS**

THANKS TO OUR PARTNERS



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