



FROM CRISIS TO RECOVERY

Treasury's Response to COVID-19



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WHAT.

A review of findings from the latest Global Recovery Monitor survey



WHEN.

Tuesday, February 9, 2021
11:00 AM – 12:00 PM EST



WHERE.

Live Online Presentation
Replays at StrategicTreasurer.com



FP&A

Certified Corporate
Financial Planning &
Analysis Professional



Presented by Strategic Treasurer and members of the Treasury Coalition

MEET THE TREASURY COALITION MEMBERS

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 RECOVERY 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 Recovery 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 18 PERIODS OF RESPONSES

Without a doubt, this pandemic has touched all corners of the globe and spared no industry. GCM/GRM 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 2,050+ insights so the profession can take positive and knowledgeable steps forward.



2,050+
Responses

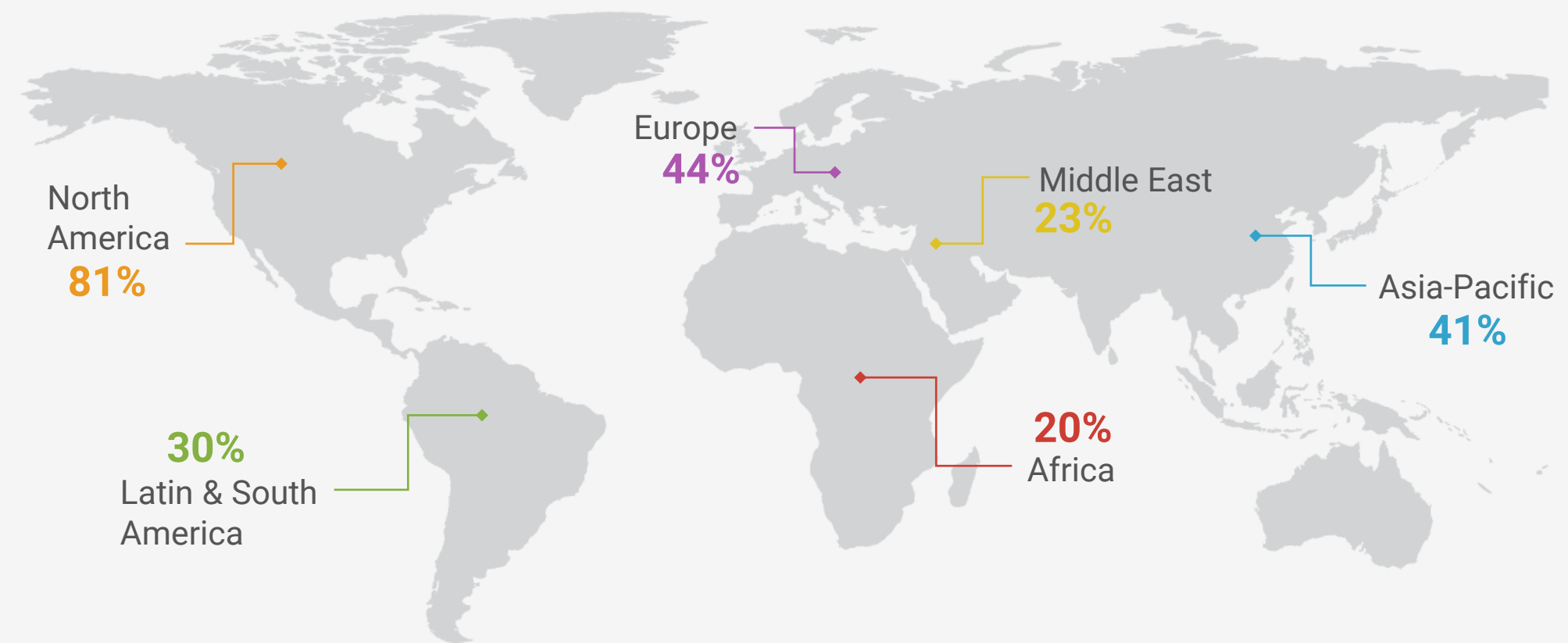


38%
From Companies with
Annual Revenue of
\$1B or More



50+
Industries Represented

Regions of Operation



HOW HAS COVID-19 IMPACTED TREASURY?

POSITIVE NEWS ON VACCINE AND ECONOMIC OPTIMISM

Company outlook on liquidity position continued a long and consistent positive march for most of the last 35 weeks. The four major sentiment factors all returned to a positive trend. The company-specific financial return to normalcy rapidly reduced from just under one year to about two months. Concerns about the COVID response was again a top forced-rank concern above both civil unrest and COVID death rate.



INFLECTION POINT DROPS TO LESS THAN 3 MONTHS

The inflection point for the virus dropped by more than 2 months. Expectations about when COVID would no longer be a significant health issue sit just inside the 1-year mark.



ORGANIZATIONAL LIQUIDITY NET STILL POSITIVE

Company-specific liquidity positivity completed 14 periods (41 weeks) of ongoing improvement (except for period 13 / 4 weeks), with a net 13% (vs. 17% last period) indicating positive liquidity.



PEAK DEATH RATE RECEDES SLIGHTLY

The expectations of when the peak death would be reached contracted slightly from 2.5 months to 2.25 months. This is its lowest level since we began capturing this data in the Monitor (4 periods / 21 weeks).



ECONOMIC OUTLOOK IMPROVES FROM PERIOD 17

Expectations are now that economic equilibrium from pre-COVID days will be reached in less than 3 months. The 12-month outlook reached its highest ever level during the life of the Monitor.



THE MONITOR CONTINUES ITS 2-MONTH CYCLE

The Monitor finished its first two-month cycle and has covered 45 weeks (18 periods in total). We will continue running it on a two-month cycle.



STAFF CONTRACTION LESSENS RAPIDLY

Last period a net 16% of companies expected contraction of staff. This period a net 4% expected contractions over the next six months.



DIRECT FINANCIAL IMPACT TO THE BUSINESS

This was the most frequently cited top concern. It was also the highest average, winning by a notable margin compared to last period, where there was a 3-way tie.



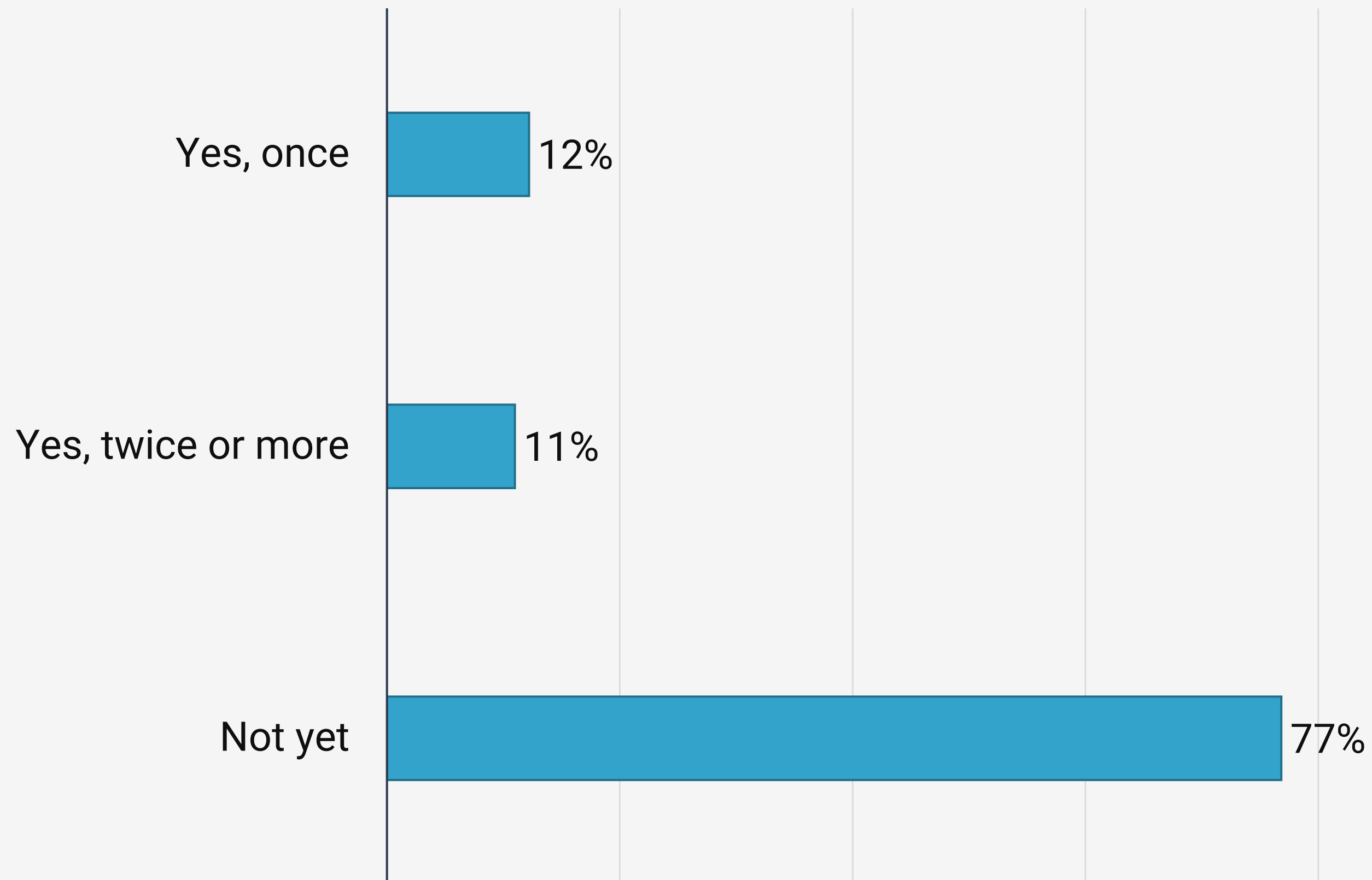
45% EXPECT LOCKDOWN BY 28 FEB

A lockdown in your home country or region by 28Feb is anticipated by 45% of respondents. This is a reduction from periods 16 and 17.



POLL QUESTION

Have you taken a Global Crisis Monitor / Global Recovery Monitor survey?



TOP CONCERNS

FORCE RANKING SEVEN AREAS

Most periods we have asked 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. This chart shows the most frequent #1 choice.

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.

In period 18, the highest average concern, by far, was also direct financial impact to the business.

Areas of Inquiry	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th	6th	6th	6th	6th	6th	7th	6th	6th	6th	6th		
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th	7th	2nd	4th	4th	3rd	1st (tie)	2nd	1st	4th	1st	4th (tie)	
Staff Awareness of Plans	6th (tie)	5th		7th	7th	7th	7th	6th	7th	7th	7th	7th	7th	7th	6th	7th	7th	7th	7th	7th
Country Preparedness	6th (tie)	6th		5th	5th	5th (tie)	4th (tie)	4th	5th	5th	5th	5th	5th	5th	4th	2nd (tie)	3rd	4th	3rd	
Direct Financial Impact to the Business	2nd	1st		1st (tie)	1st	1st	1st	1st	1st	1st	1st	2nd	1st	1st (tie)	1st	2nd (tie)	1st	1st	1st	
Access to Adequate Liquidity	4th	2nd (tie)		1st (tie)	2nd	2nd	2nd	3rd	3rd (tie)	2nd	1st	4th	3rd	3rd	4th	5th	1st	4th (tie)		
Recession in the Regions We Operate In	5th	7th		4th	3rd	3rd	3rd	2nd	3rd (tie)	3rd	3rd	2nd	4th	5th	5th	2nd	4th	2nd		

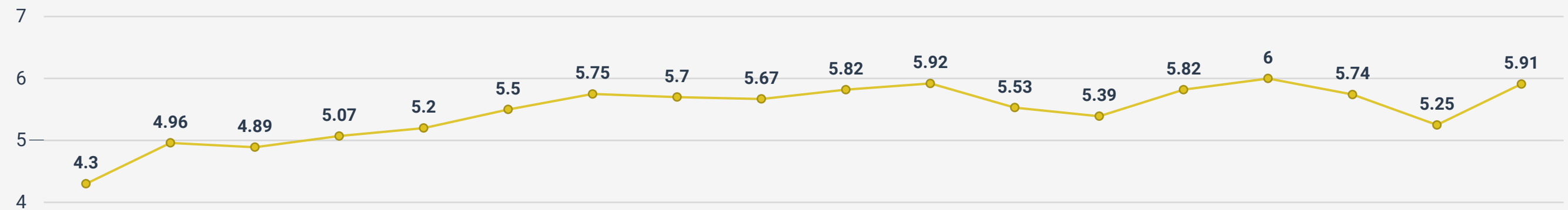
PERSPECTIVES

WHAT CHANGED IN SENTIMENT OVER THE PERIODS?

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/period. The line at 5 represents an unchanged view from the prior 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.

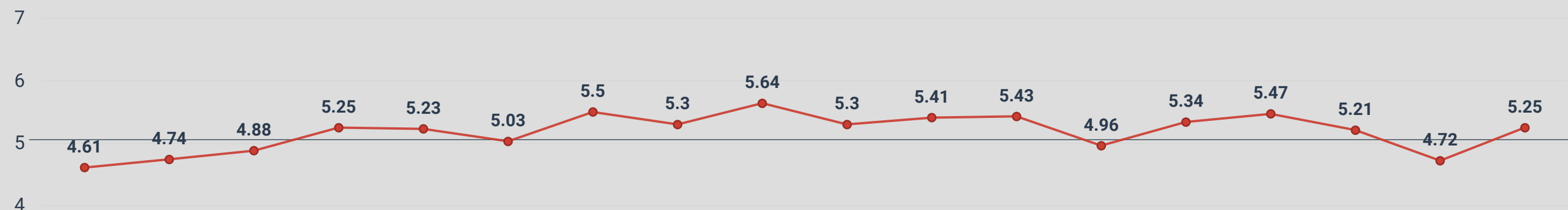
COMPANY/ORGANIZATION

Impact of COVID-19 on my company over the past week



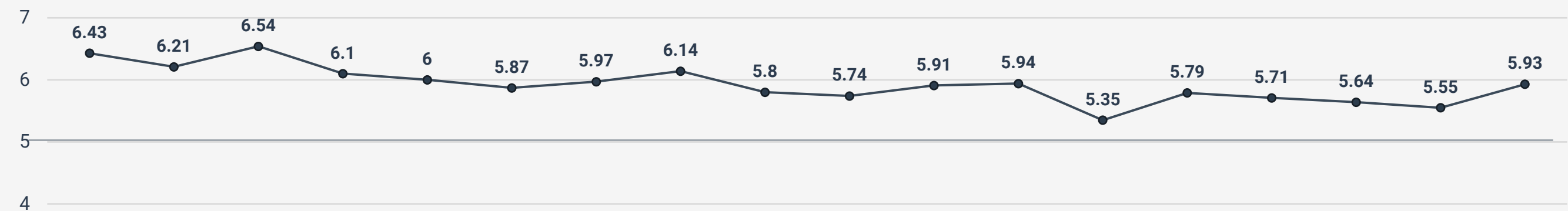
COMMUNITY & FAMILY

Change in my level of concern over impact on my community & family



COUNTRY RESPONSE

Change in view over prior week of response by my HQ country



COMPANY RESPONSE

Change in view over prior week of response by my company



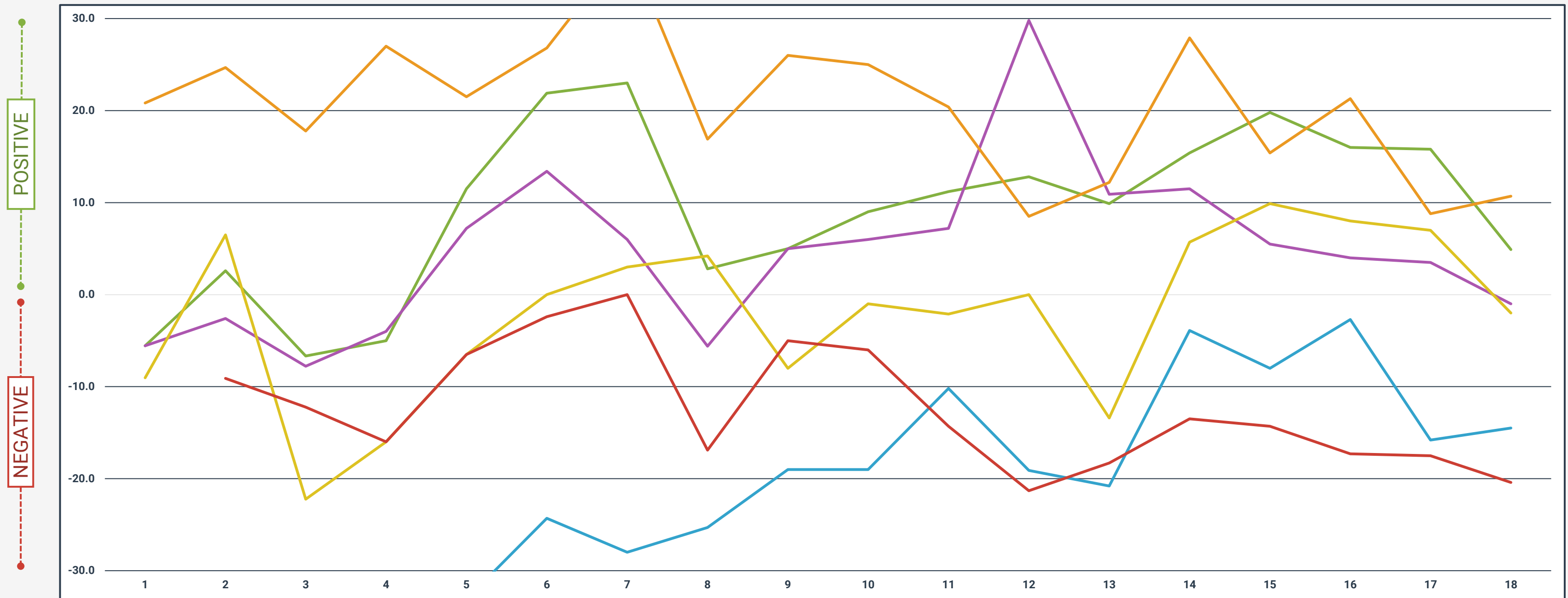


DEBT & LIQUIDITY

TREASURY'S ACCESS TO LIQUIDITY

Liquidity is vital and cash is the king. In times of disruption and crisis, much attention is paid to the royals. This graphic measures a select handful of elements that add to or detract from an organization's liquidity. We monitor this on a period-over-period basis.

Given an increasing number of stable responses over the life of the Monitor, we needed to shift to a different style of chart. This new chart shows the NET positive or negative, which will eliminate the trough between +/- 1 and enable us to see the relative volatility shifts too.



ACCOUNTS RECEIVABLE

CENTRAL BANK LIQUIDITY

COMMERCIAL PAPER

BANK LINE OF CREDIT or Revolver

Provisions for Banks

Issuance

COVENANT REQUIREMENTS & Material Adverse Conditions

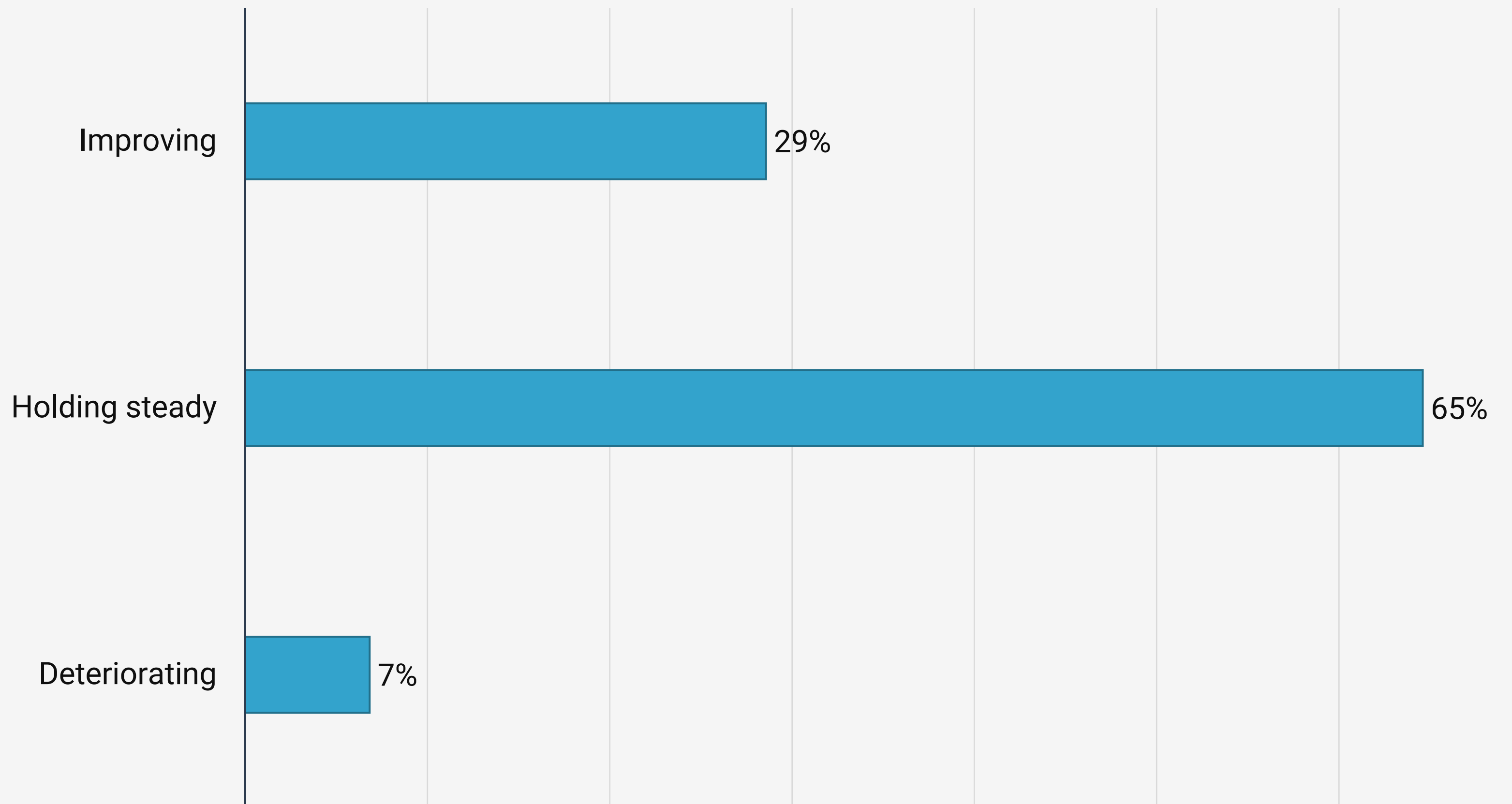
FISCAL POLICY

Government fiscal activities



POLL QUESTION

Over the past month, I feel that my industry's future liquidity position is:



TIMING ESTIMATES

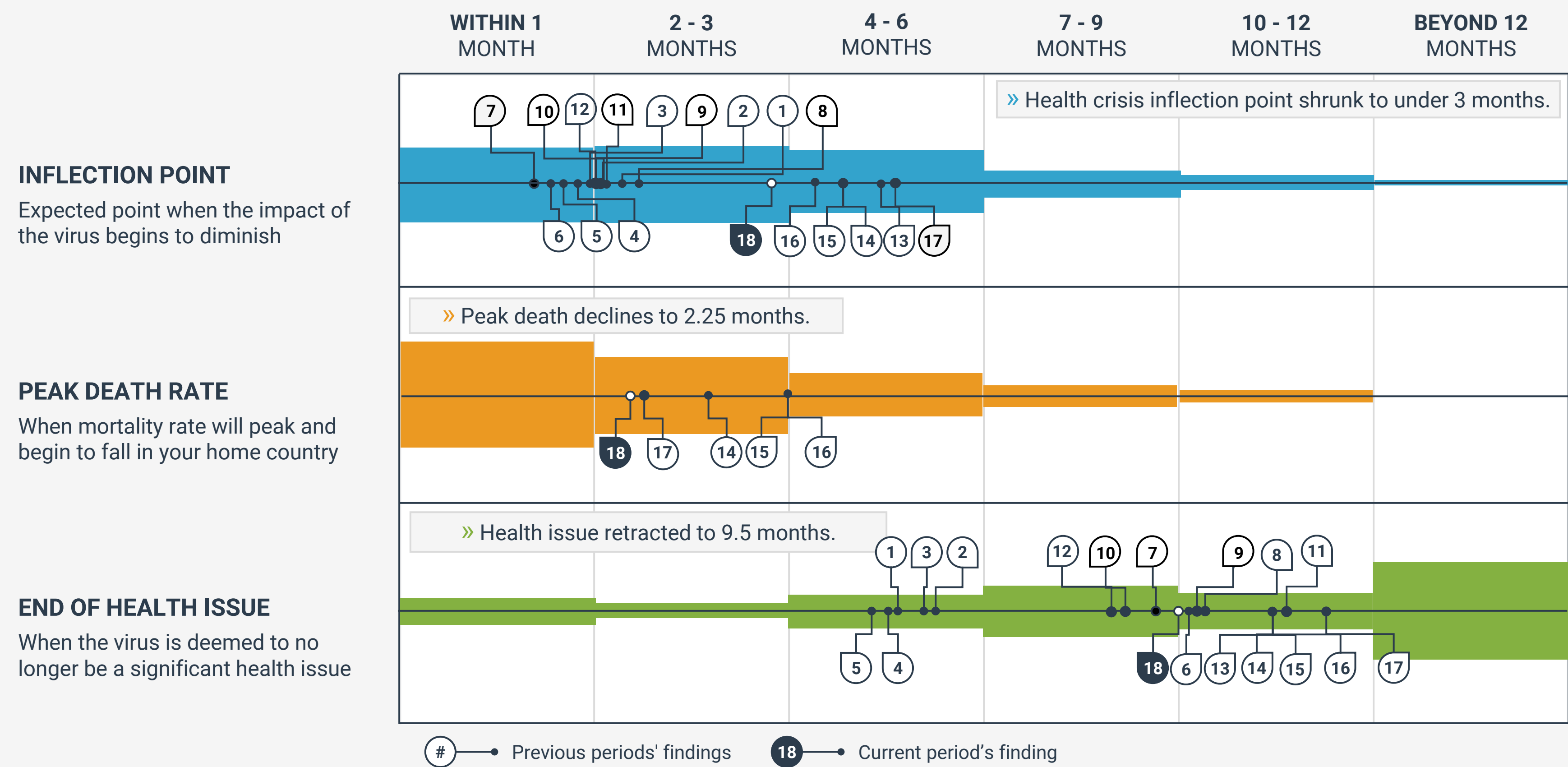
MEDICAL AND MORTALITY MATTERS

These three graphics represent key milestones in the recovery and return to normal times medically. 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 inflection point fell to under 3 months this period. The peak death rate receded to its lowest level again, hitting 2.25 months. COVID-19 remaining as a significant health issue retreated to 9.5 months.

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



ECONOMIC VIEWS

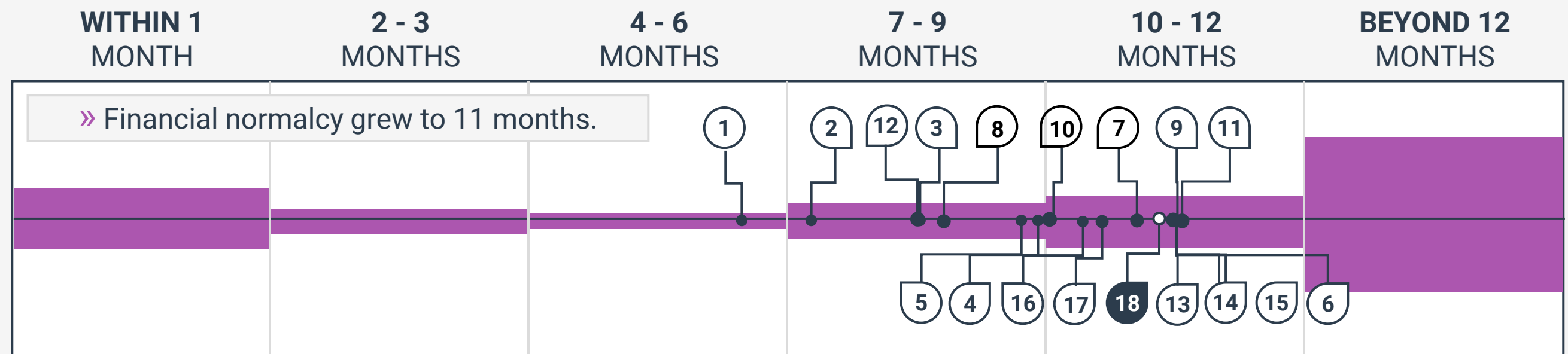
ECONOMIC EQUILIBRIUM: 11 & 2 MONTHS

The top graphic shows the perspectives on the individual respondent's organization (where normalcy sits at 11 months). The bottom graphic shows the overall economy across two-time domains: 3 and 12 months. A '5' represents a neutral view. Below 5 is pessimistic.

The blue in the bottom graphic indicates the 12-month outlook, while the green shows the view out 3 months.

FINANCIAL NORMALCY

When business returns to the state it was prior to COVID-19.

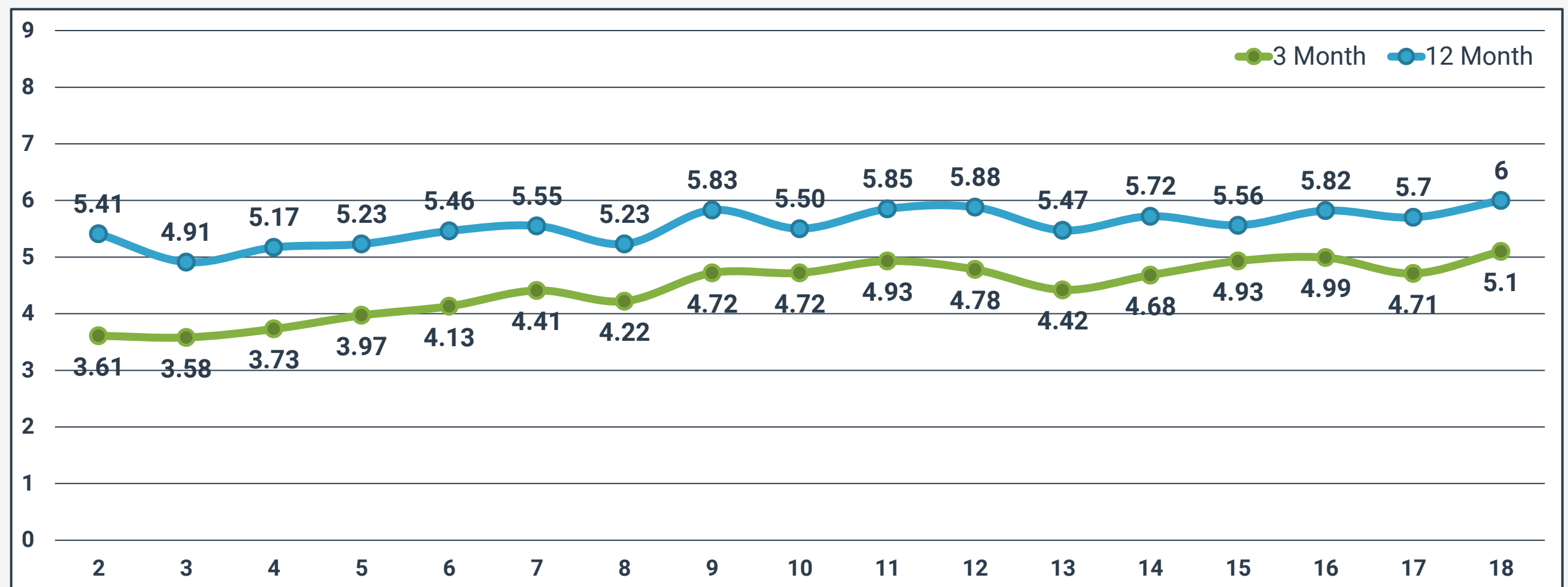


ECONOMIC TURNING POINT PUSHED BACK

The outlooks for economic status in the 3-month and 12-month time domains continued in a positive direction this period.

Extrapolating from these numbers, the expectation is that the economy achieves 'normal' status in about two months. This indicates a new expectation of equilibrium in March 2021.

The twelve-month outlook is a new peak.

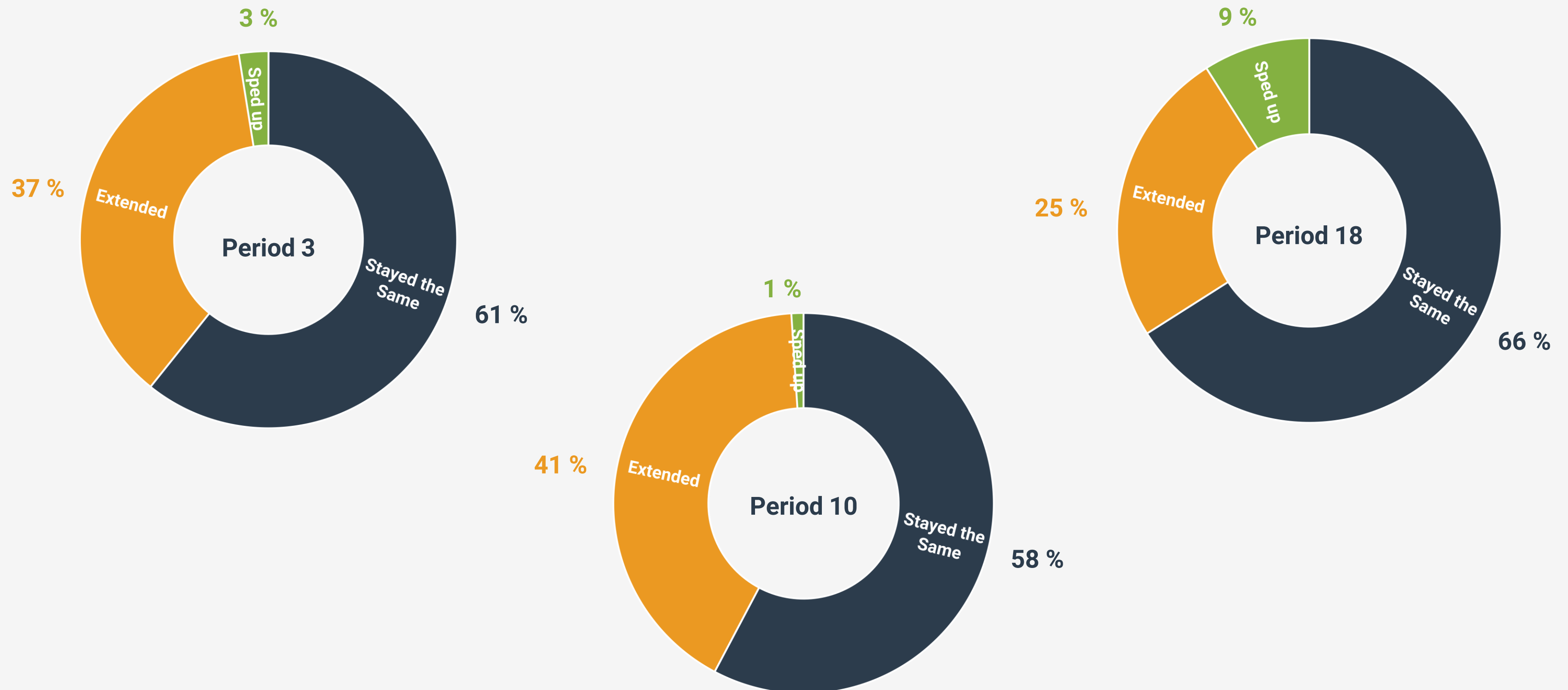


PAYMENTS ARE EXTENDED

EXTENDED? STAYED SAME? SPED UP?

Payments to vendors and suppliers continue to remain extended, but less so as only about a quarter firms extended payment terms (either broadly or on a selective basis). This is now indicating two things: 1) movement back towards normal activity, and 2) reason to review how the pandemic drove more organizations towards automation.

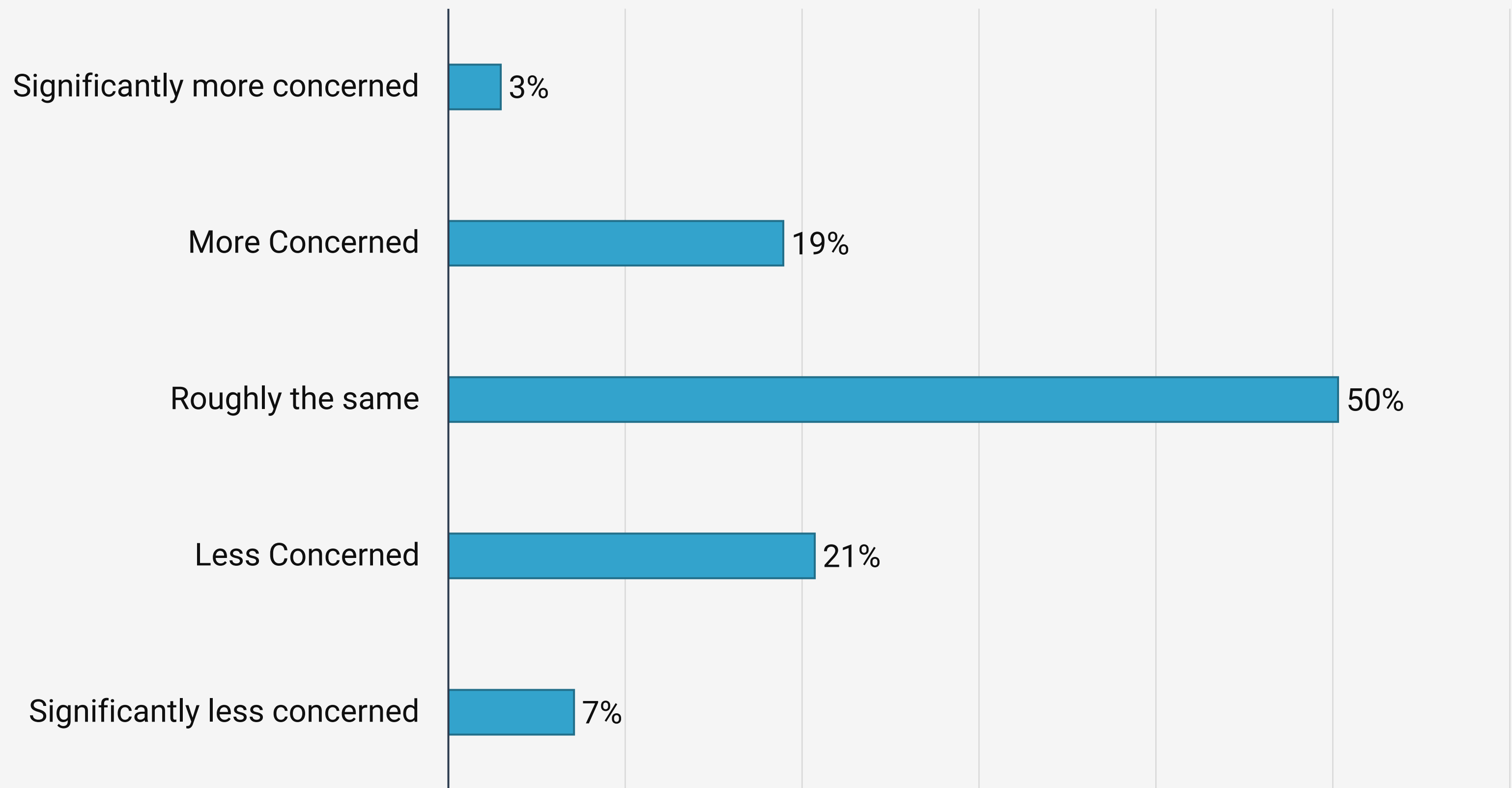
QUESTION: Compared to typical times, our timing for paying vendors and suppliers has: (Omitting 'I don't know' responses)





POLL QUESTION

Regarding your position compared to one year ago, I feel:

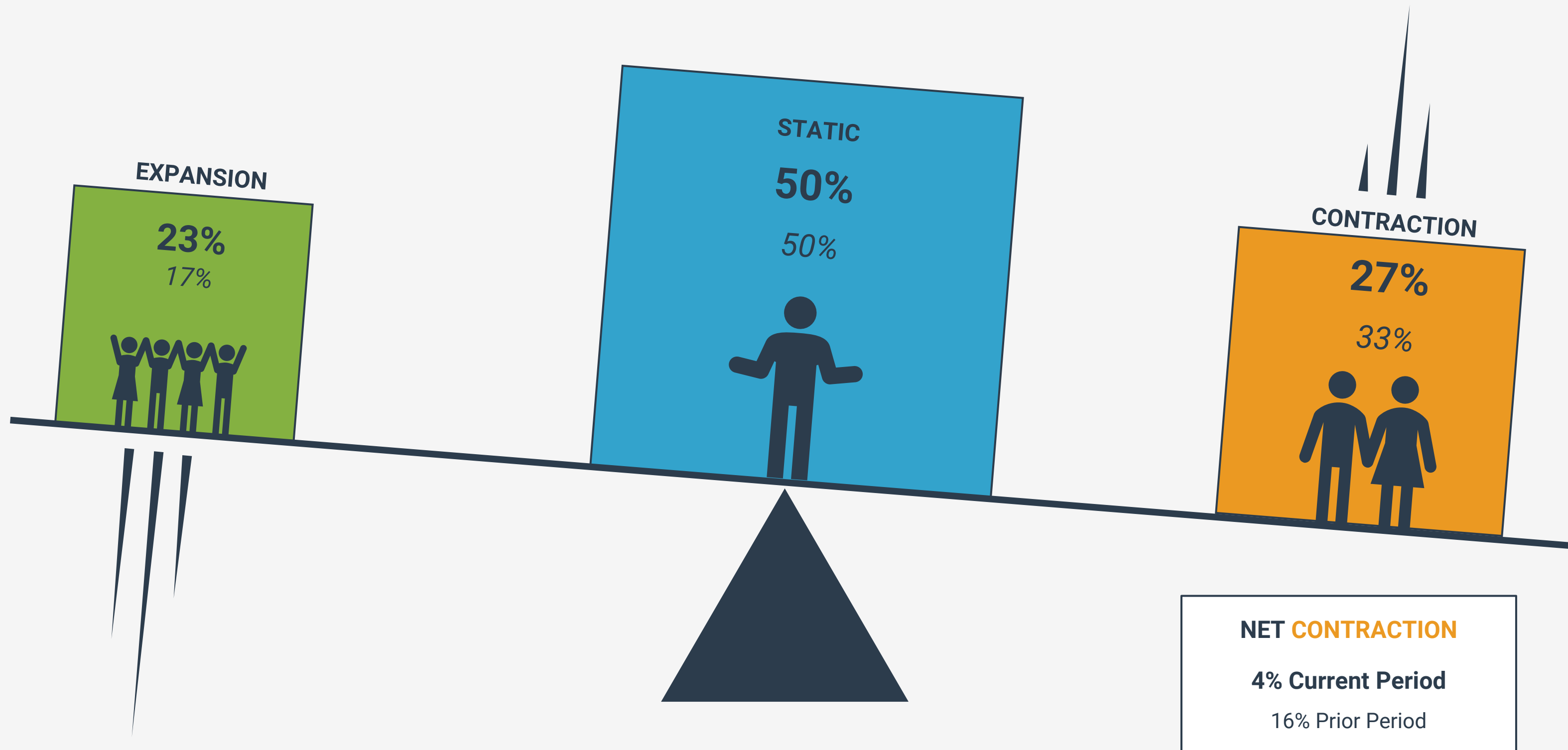


STAFFING DROP IN 2021

ESTIMATED CHANGES IN “YOUR INDUSTRY”

Do you anticipate net expansion/contraction of staffing in your industry by the end of this year? This has been extremely pessimistic for many months but continues to show less pessimism during each successive Monitor.

These data points should be considered in light of the 12-month economic outlook, which looks at expectations of the respondent company's performance versus the performance in their industry.



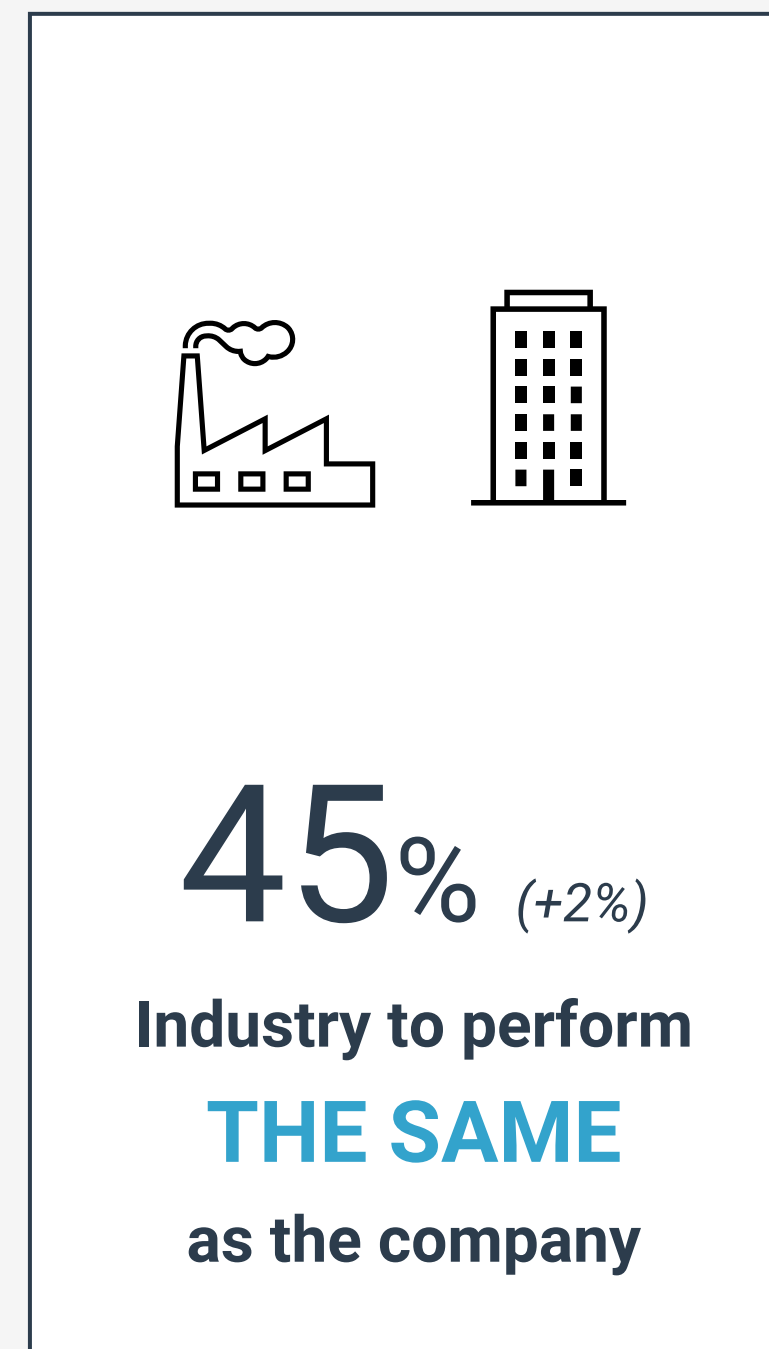
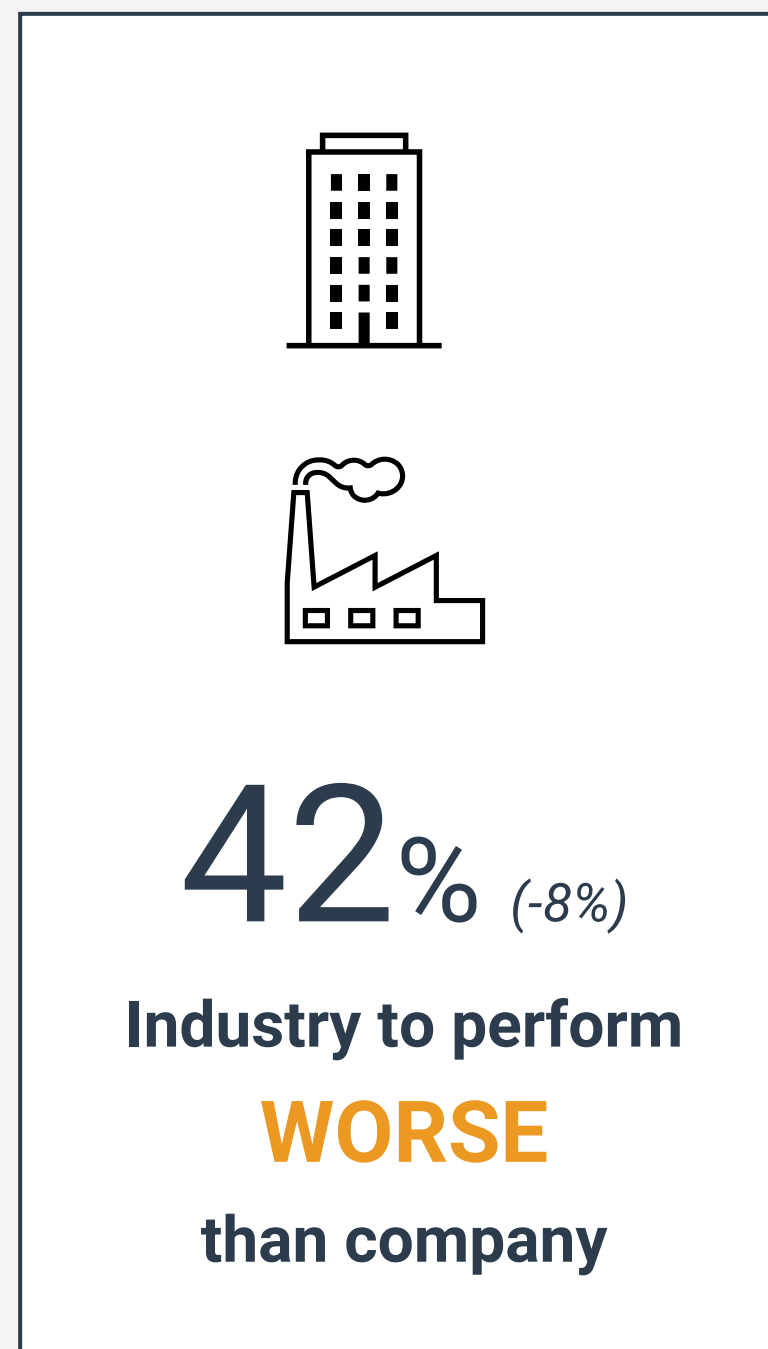
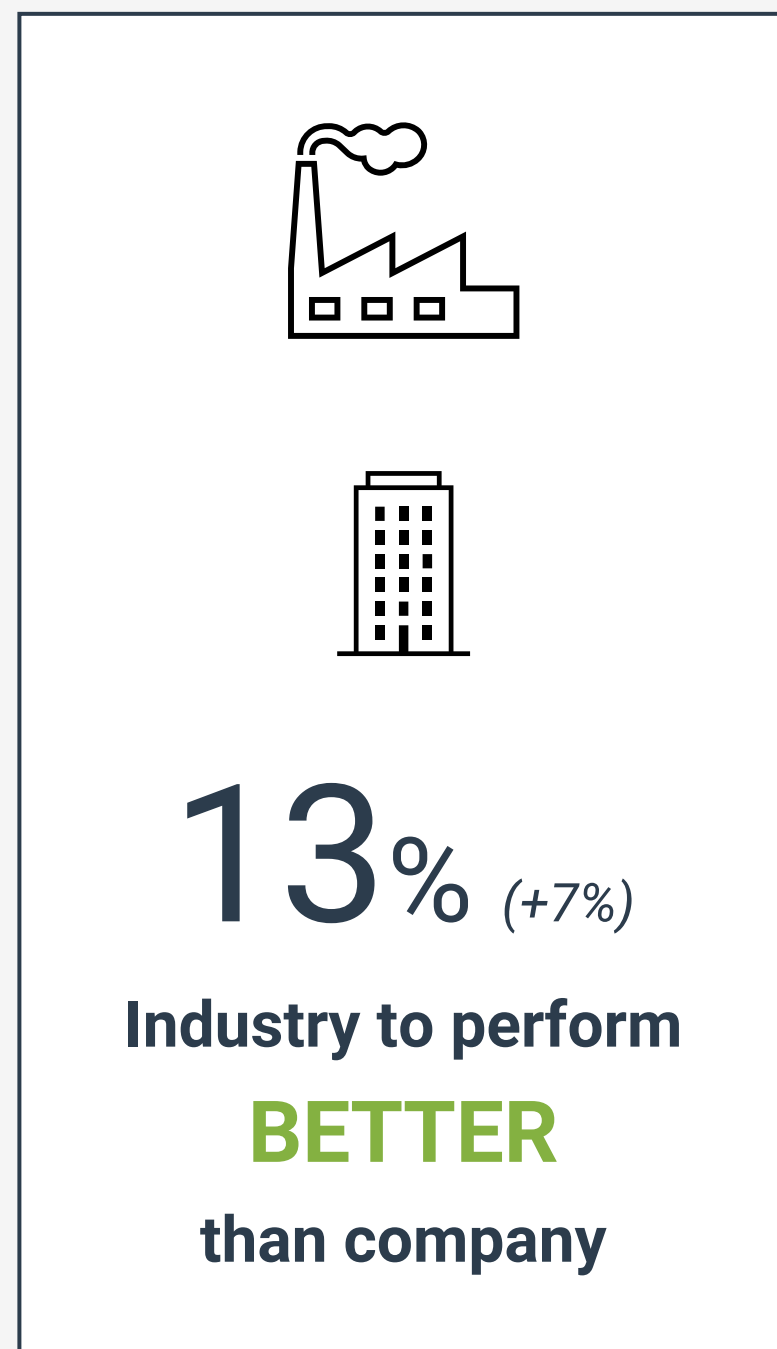
COMPANY OVER INDUSTRY

12-MONTH ECONOMIC OUTLOOK

Expectations about a divergence of performance of the respondent's industry is notable. A NET 29% of firms believe their company will outperform their industry (compared to a net 41% and 44% for period 16 and prior).

Is this based upon myopic optimism? Is it attributable to people being more aware of how their company is adapting to the situation than what others in their industry are doing? What would drive less company-specific optimism this period? Do you have a hypothesis?

Industry to perform _____ than our company (Better, the same, or worse)



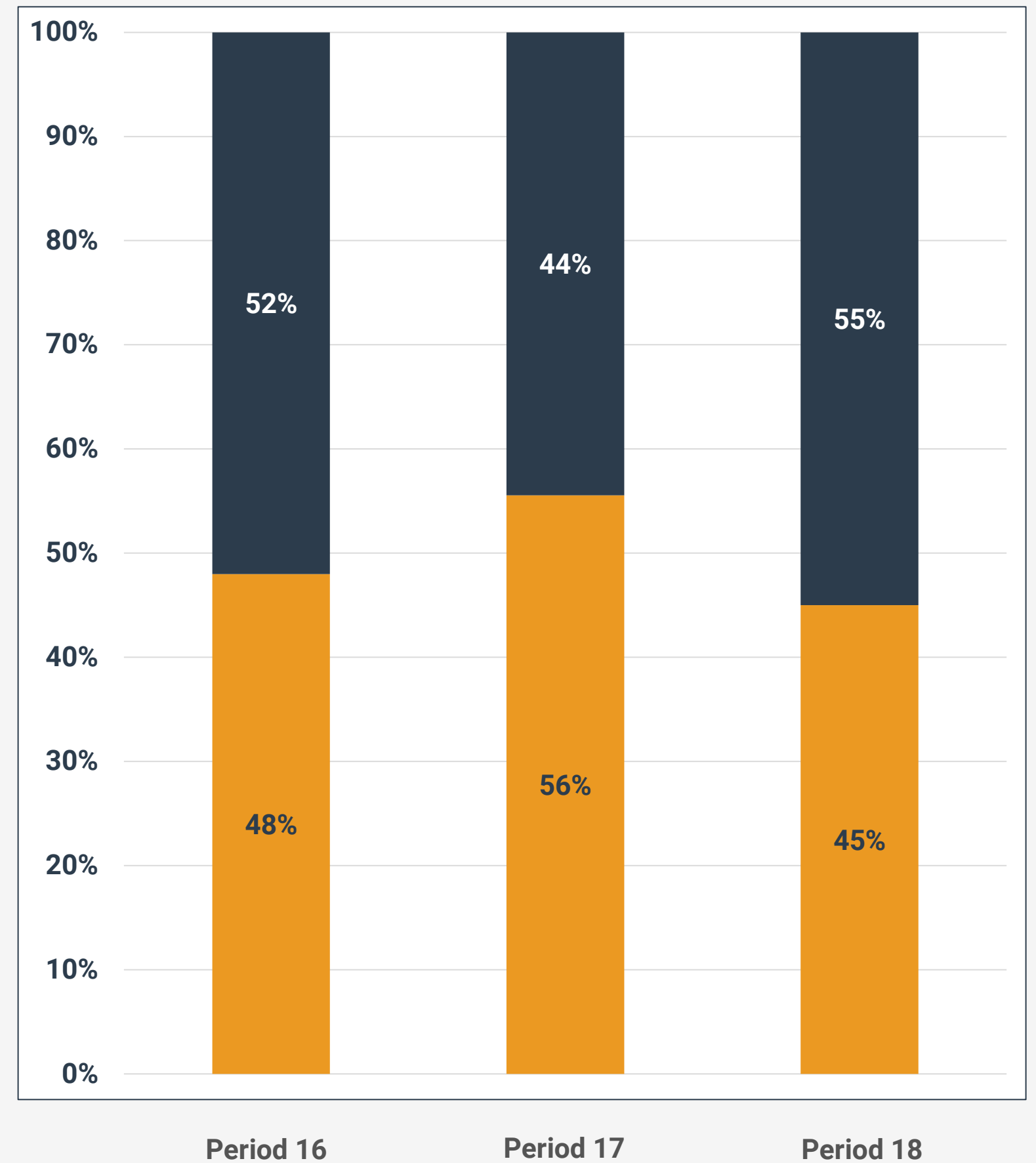
LOCKDOWN LIKELIHOOD

DO YOU PREDICT ANOTHER LOCKDOWN IN YOUR AREA?

Epidemiologists indicated in the early stages of the virus spread that we would be unable to stop the spread of the virus. They indicated we would be able to slow its spread and flatten the top of the curve. A rise in infections in early June indicated the second wave in the US, and Europe and other regions found their numbers rising in September.

Nearly half of survey respondents believed their region or country would undergo a second lockdown. Multiple Western European countries were in various stages of a second lockdown during period 16. An additional 8% (now 5 out of 9) expect a lockdown in this period.

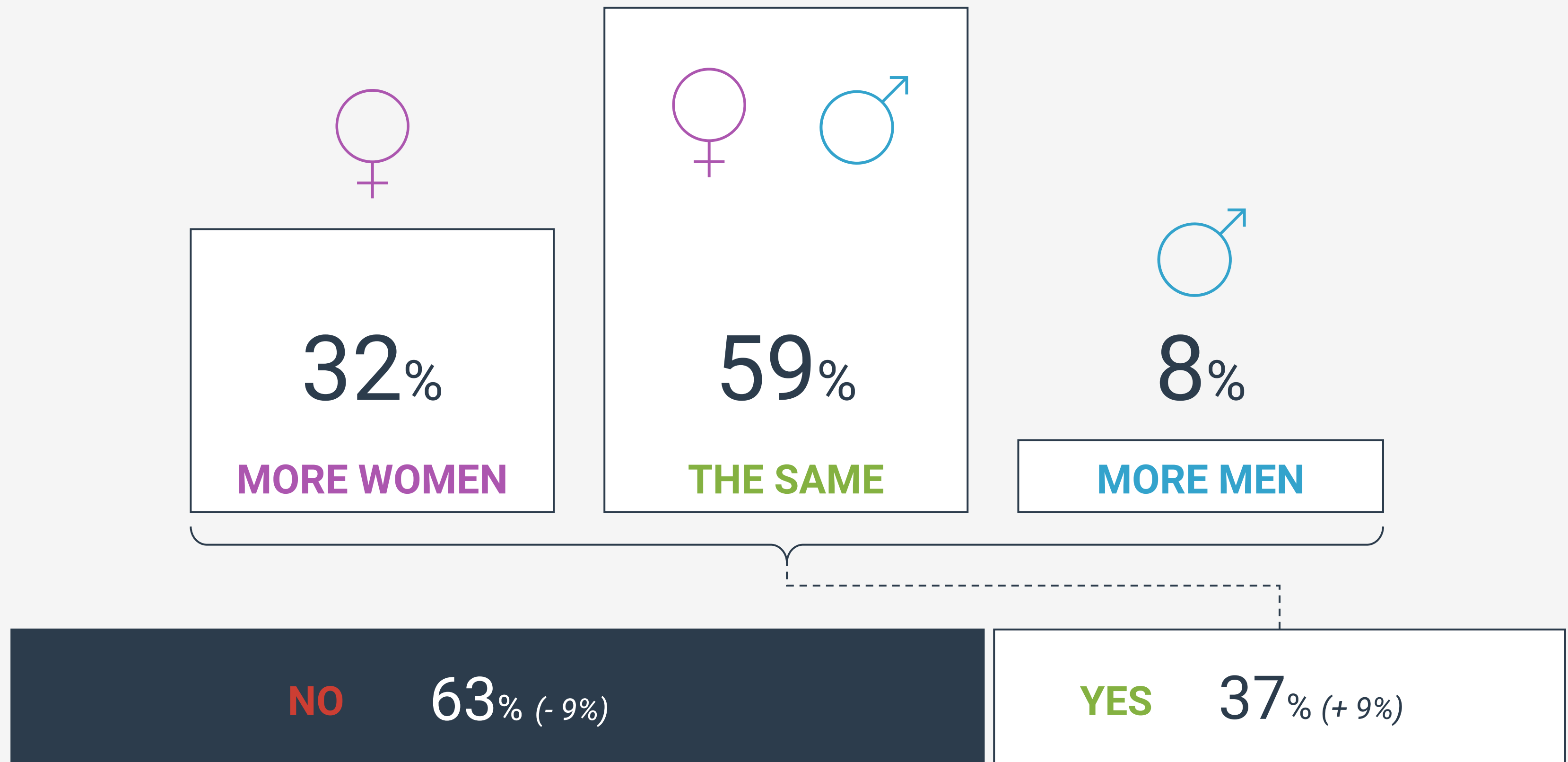
YES NO



VOLUNTARY DEPARTURES

LEVEL OF STAFF LEAVING OR REDUCING HOURS

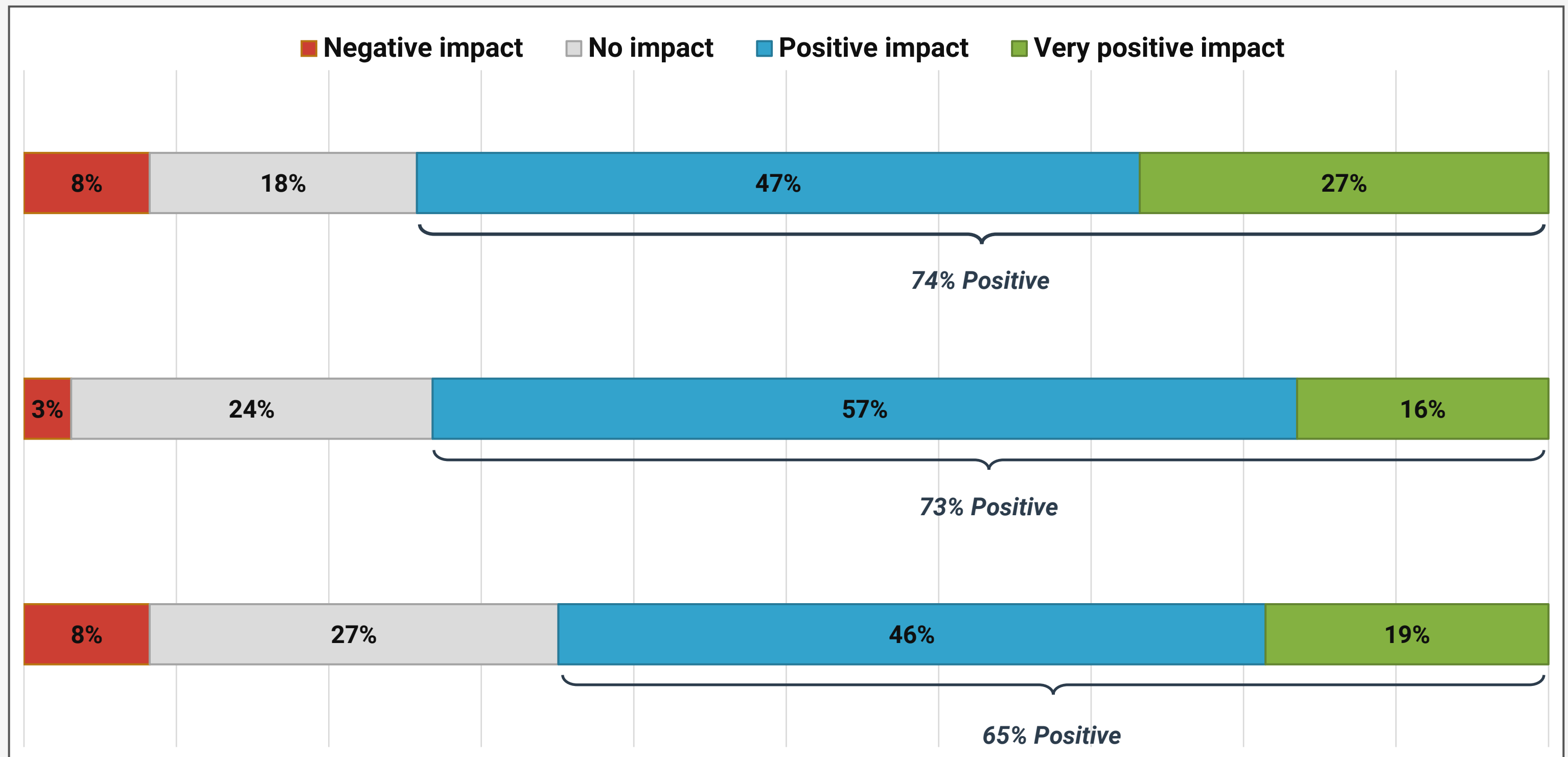
More than one-quarter of respondents indicated their organizations had seen voluntary departures in the COVID era. Fully 15% of all firms indicated more women departed voluntarily during this time, while less than 2% saw more men than women depart in this manner.



COVID-19 VACCINE IMPACT

HOW WILL IT IMPACT THESE CATEGORIES?

The development and rollout of vaccines is having a notable and understandable impact across the board. Medical tops the list of the positive impact areas. The 8% negative impact there could be related to rollouts happening slower than hoped for or concerns about vaccine repercussions. We didn't ask the reasoning behind the responses. In summary, the positive impact areas ranked from: medical; economic; social – all in a range of 65% to 74% positive.





KEY TAKEAWAYS



RE-ENGAGE STAFF

- It's been almost a year since WFH began for many. Reassess: What's worked and what hasn't?
- Has distance taken a toll on staff engagement? How can you re-engage?



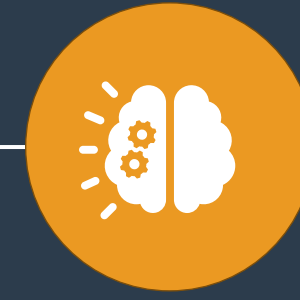
MONITOR & MODEL

- Review and update sustainable cash flow models.
- What technology have you deployed? Is it enough?



SECURITY

- What workarounds were "temporarily" allowed at the beginning of WFH that need to be adjusted?
- When did you last benchmark your payment security practices?



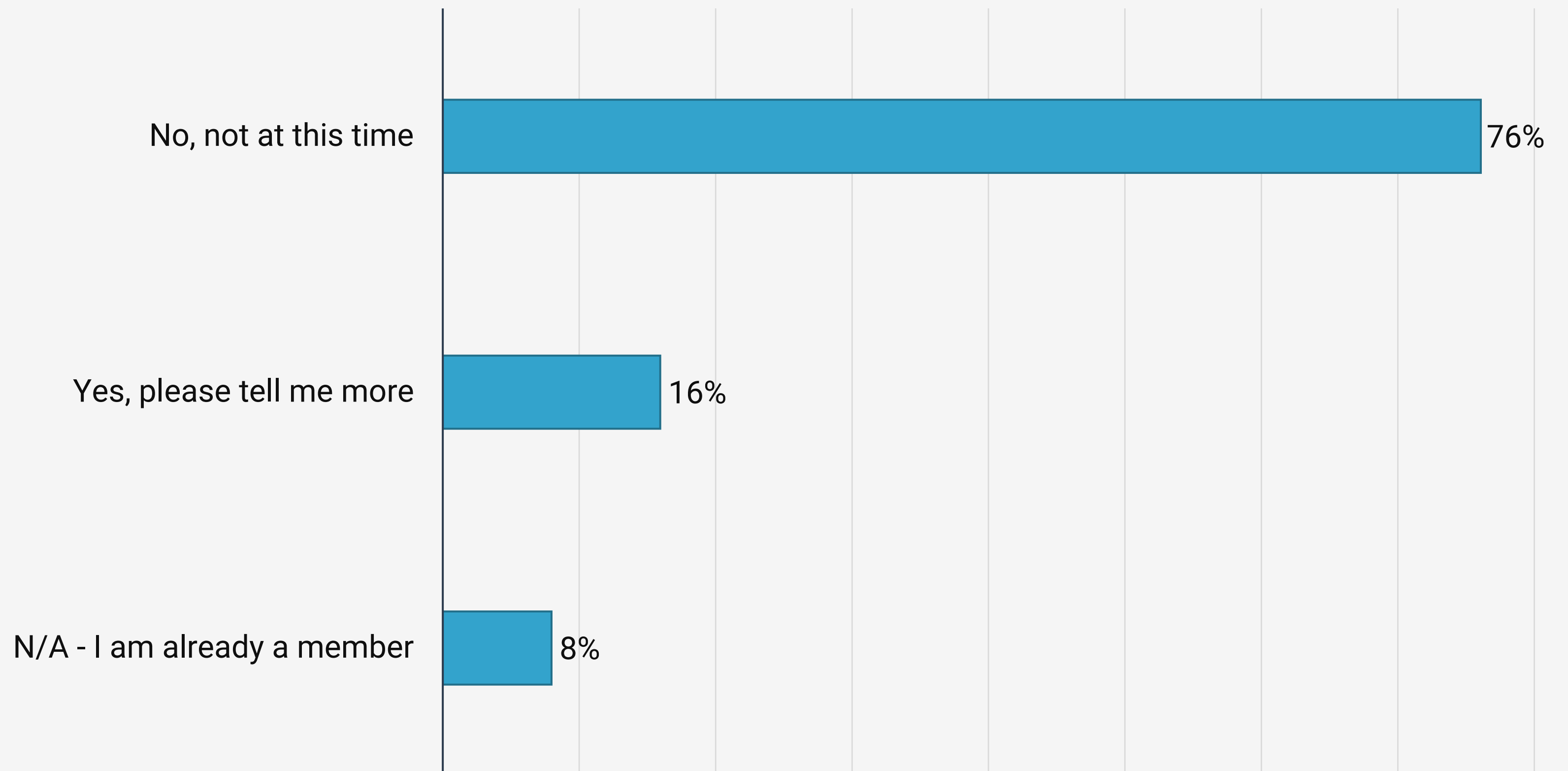
LEARNING

- COVID-19 accelerated many changes. What are you doing to keep your knowledge current?
- What are you reading to help you and your company thrive in the recovery phase?



POLL QUESTION

Are you interested in joining or hearing more about the Treasury Ambassadors group (research program)?



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 and 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 once a month and get twice as much as you give:

1. **Take the new surveys** launched every four weeks.
2. **Listen to the new podcasts** released Thursdays after survey closing.
3. **Read the new reports** released Fridays to the public (Thursdays to survey participants).



Give 5 minutes once every other month and help your company and fellow treasury professionals. To download past reports, please visit: treasurycoalition.com



TAKE SURVEYS



LISTEN TO PODCASTS



READ REPORTS



IMPORTANT BI-MONTHLY ACTIONS



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