From Vision to Reality: Cognizant’s Global Treasury Center of Excellence

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What we’ll cover today

Creating a treasury center of excellence – what it takes

• Establish a vision
• Align the vision with your organization’s business model
• Focus on systems, processes, people and the right banking partner
Cognizant: Who we are

A leading IT, consulting and business process outsourcing services provider
Cognizant: Industry leading growth

Revenue (mm)

- CAGR 44%
- 1998: $59
- 2009: $3,279

Headcount

- CAGR 43%
- 1999: 1,560
- 2009: 78,400

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Cognizant: Born global

A collaborative business model that leverages technology and global talent to drive value for our clients

* Countries spanned by clients operations
Know where you’re going….

“If you don't know where you are going, you might wind up someplace else.”

— YOGI BERRA
Our starting point

We lacked a global structure and global coordination

- **No consistent treasury planning processes**
  - No staff solely dedicated to treasury
  - Decentralized cash and liquidity management

- **No consistent use of bank technology platforms globally to optimize the treasury process**
  - Thousands of accounts, 12+ banks

- **Active treasury functions only in U.S. and India**
Our vision

A treasury consistent with our global business model
Achieving the vision

Why change?

The status quo is costly

- Continued inefficiency
- Regulatory and financial risks
- Sub-optimal investment strategy
- Inability to support growth
Achieving the vision

What is the optimal treasury structure?

Set global agenda centrally and manage locally

Outsource selectively

A fully integrated global treasury
Achieving the vision

A fully integrated global treasury

The challenges:

- Limited resources
- Staff in different time zones and in different reporting structures
- Support required for a very fast growing organization
How treasury looks today

- V.P. Treasury and Investor Relations
  - Director - Global Treasury
    - Risk Management
    - Cash and Investment Management
      - Analyst
Achieving the vision

How do you manage globally with organizational constraints?

- Streamline processes
- Reorganize banking structure
- Consolidate technology platforms

Limit the variables
Achieving the vision

The critical elements
A treasury consistent with our global business model

A global mindset
A committed banking partner
Optimal use of technology
Achieving the vision

The critical elements
A treasury consistent with our global business model

- A global mindset
- A committed banking partner
- Optimal use of technology

• Treasury talent leveraged globally – India chosen as hub for overall treasury activities
• Consistent processes and controls across all geographies
Achieving the vision

The critical elements
A treasury consistent with our global business model

Considerations
• Consultative approach – technology, organization structure, FX, cash and liquidity management
• Integrated relationship management
• Leading technology platform
Achieving the vision

The critical elements
A treasury consistent with our global business model

- A global mindset
- A committed banking partner
- Optimal use of technology

- Streamline/eliminate manual processes
- Scalable platform to accommodate future growth
Solutions to achieve the vision

- A global mindset
- A committed banking partner
- Optimal use of technology

- Cash management
- Investment management structure
- Foreign exchange
Managing payments

Goal: An efficient, scalable payment process

BEFORE

• Multi-step payment process

Payment File

A/P

Payments Team → Bank Portal → Bank Server → Vendor

Authorized Signatures

TREASURER

CONTROLLER

MANUAL PAYMENTS

MANUAL PAYMENTS

MANUAL PAYMENTS

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Managing payments

Goal: An efficient, scalable payment process

AFTER

- Host-to-host payments
- One global file to J.P. Morgan
- One A/P structure for payments in all countries managed through India hub

A/P \(\xrightarrow{\text{DETAILS}}\) Payments Team \(\xrightarrow{}\) Bank Server \(\xrightarrow{}\) Vendor

REPORTING TO CONTROLLERS
Managing payments

Benefits

• Control, security
• Simplifies structure
• Disintermediates treasury
Managing liquidity

Goal: Cash consolidation and productive use of excess cash

BEFORE

• Cash managed regionally by finance staff and controllers
• Lacking clear, timely picture of cash position
• Highly manual
• Inefficient use of working capital
• Certain cash pools not invested
Managing liquidity

Goal: Cash consolidation and productive use of excess cash

AFTER

- Cash concentration aggregated through physical concentration
- Automated overnight investment sweeps
- Visibility and reporting through J.P. Morgan ACCESS\textsuperscript{sm} Liquidity Solutions portal

VISIBILITY AND REPORTING

Concentration Account

Collection Account  Payables Account

CUSTOMER  VENDOR

Automated Investments
Managing liquidity

Benefits

• Automated structures – removes burden from limited resources (limit the variables)
• Productive use of working capital
• Improved global control; visibility into global liquidity
Lessons learned

- Buy in from the top is essential
- Implementation with limited resources requires:
  - A strong program manager
  - Collaboration across functions
- Treasury functions must be consolidated globally
  - Able to adapt to a global mindset and changing requirements
- Clear lines of communication with your banking partner are critical
Additional resources

Cognizant website: www.cognizant.com
J.P. Morgan website: www.jpmorgan.com
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