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ORIGINAL
ESSENTIAL
UNBIASED
INFORMATION

Successfully Integrating Two Treasuries:
A Pinnacle Award winner's approach

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Republic Services

- Republic Services, Inc. is a leading provider of services in the domestic, non-hazardous solid waste industry.

- We have annual revenues in excess of $8 billion and have in excess of 31,000 employees.

- We provide non-hazardous solid waste collection services for commercial, industrial, municipal, and residential customers through 400 collection companies in 40 states and Puerto Rico. We also own or operate 242 transfer stations, 213 solid waste landfills and 78 recycling facilities. Republic serves millions of residential customers under terms of contracts with more than 3,000 municipalities for waste collection and residential services. We also serve some commercial customers throughout our expansive service area.

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- December 5, 2008 Republic Services acquired Allied Waste Industries

- Committed to restructuring plan related to corporate overhead and other administrative and operations functions that would deliver $150 million in annual recurring synergies

- Treasury reduced headcount by 5, flattened the organization, cut costs by $1.6 million

- Replaced legacy high yield debt with new investment grade issues resulting in $30 million in recurring annual interest savings and extending weighted average maturity by 5.6 years

- Each legacy company utilized treasury workstations for cash management
  - Two different providers
  - Client/server technologies
  - Several releases out of date
- Each company used alternative methods to track debt and letter of credit portfolios
- Analysis indicated that neither legacy system met the requirements of the new Republic
- Minimum IT resources available to the project
- Extremely tight deadline

Goals

- Improve productivity
- Update technology – reduce reliance on internal IT
- Meet merger transition deadlines
- Achieve synergy cost savings - accountability
- Improve disaster recovery

Why a Treasury Management System?

- Increase Staff Productivity
    - Single point of data entry
    - Automation of repetitive tasks – e.g. generate GL entries
    - Increase accuracy – Cash Positioning & Forecasting
    - Streamline Reporting
    - Shift time from processing work to analytical work

- Executive Visibility into Cash and Treasury Activity
    - Global Cash Visibility
    - Consolidated Cash Forecast
    - Report on…NOW!

- Sarbanes-Oxley Audit and Controls
    - Standardization of processes, controls and auditability

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TMS Delivery Options

- Client-Server
  - Totally within your own firewalls
  - Requires IT support
  - License costs, maintenance fees
  - Requires upgrades

- Web-Enabled (hosted application)
  - Uses "3rd part" software like Citrix to deploy over web
  - Installed at vendor site and managed by vendor
  - Requires some IT support
  - Requires upgrades

- ASP SaaS (web based software as a service)
  - Delivered via web browser
  - Newer Technology
  - Outsourcing IT
  - Lower costs – subscription based
  - No upgrades

Implementation Process

- Identify stakeholders

- Determine system requirements

- Create budget/identify costs/identify benefits

- Draft implementation timeline

- Research applicable vendors

- Draft RFP

- Review vendors/demonstrations

- Select vendor

- Sign contracts

- Develop project plan

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Identify Stakeholders

- Treasury

- Accounting – General Accounting and External Reporting

- IT/Project Management Office

- Internal Audit

- Sox

- Procurement

Determine System Requirements

- Include all stakeholders in your analysis
  - Detailed analysis of current processes
  - Identify areas of "pain" where is improvement mandatory
  - Identify areas where improvement is desired – "best practices"
  - Identify all resources required for a timely and successful implementation

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Cost Benefit Analysis

- Determine the budget you have to work with
  - Include cost of system
  - Consulting/training costs
  - IT resources
  - Cost to Treasury of segregating a dedicated resource
- Identify benefits
  - Improved productivity – Treasury/Accounting/IT
  - Opportunity – interest/fee savings

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Automation Alone is NOT the GOAL

- Automating great processes makes those great processes happen faster
- Automatic poor (inefficient) processes makes those happen faster too!

- Review current process
- Analyze/Improve/Eliminate process
- Automate process? (if beneficial and cost effective)

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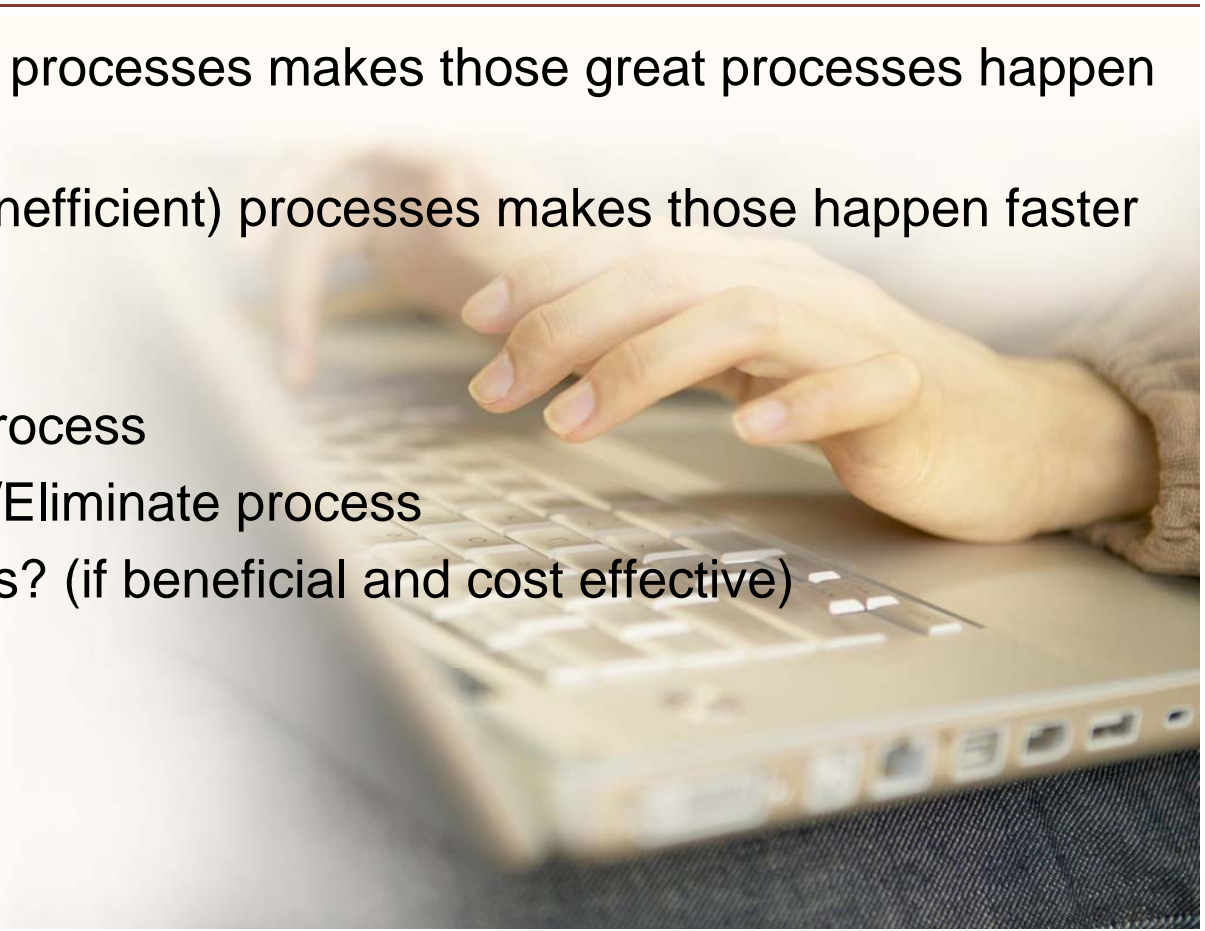
Implementation Timeline

- It takes persistence to complete the project – many implementations fail to complete all phases

- Create a realistic timeline considering resources - hold stakeholders accountable for their contributions

- Prioritize modules to demonstrate benefits

- You will need a dedicated Treasury resource or your implementation will be delayed

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Vendors

- Many resources are available to: identify vendors, provide RFP template, provide references
- Touch base with vendors before you send the RFP to eliminate any obvious mismatch - be prepared to answer:
  - What are your requirements?
  - How much is your budget?
  - When do you want to implement?
- Get into the details
- Insist on demonstrations – more than one for the finalists maybe justified – invite all stakeholders

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Vendors

- Selection
  - Match to pre-determined criteria
    - Be realistic about "must-haves" vs. "nice to have"
    - Be thorough in you review, document question and answer sessions
  - Second round of demonstrations for finalists – include all stakeholders
  - Quality of implementation team
    - Take into account your own limited resources and seek out a compatible match
    - Feel empowered to ask for more than one specialist…cash management vs. debt
  - Pricing- structure your contract for flexibility

Project Plan & Dashboard

- Prepare a detailed project plan
  - Identify dependencies and over committed resources
  - Critical to hold individuals accountable at the task level – remember you have multiple stakeholders

- Prepare a status report dashboard
  - Works well to update Executives and Project Management Office
  - Easily identifies missed milestones

Sample Project Plan

Project Plan for Client

Name	Pln Start	Pln Comp	%	Act Comp	Status	Assigned To
Project: Client - IMP(26)						
Parent: Launch(5)						
Welcome Call	8/23/10	8/30/10	0		New	Stacey Lloyd-Jones
Bank Connectivity Call	8/24/10	8/30/10	0		New	Calvin Pipping
Discovery Call	8/30/10	9/6/10	0		New	May Liu
Create CTM Site and Users	9/6/10	9/6/10	0		New	
Overview and Navigation Training	9/7/10	9/13/10	0		New	
Parent: Bank Polling(6)						
Bank of America	8/31/10	10/11/10	0		New	William Ishak
Wells Fargo	8/31/10	10/11/10	0		New	William Ishak
HSBC	8/31/10	10/11/10	0		New	William Ishak
Comerica Bank	8/31/10	10/11/10	0		New	William Ishak
US Bank	8/31/10	10/11/10	0		New	William Ishak
Key Bank	8/31/10	10/11/10	0		New	William Ishak
Parent: Liquidity Prior Day(5)						
Global Setup	9/7/10	9/13/10	0		New	
Manual BAI Processing	9/7/10	9/13/10	0		New	
Category and Subcategory	9/7/10	9/20/10	0		New	
Classifying Bank Transactions (Tagging Rules)	9/7/10	9/27/10	0		New	
Forecast Reconciliation Screen	9/7/10	10/4/10	0		New	
Parent: Liquidity Current Day and Forecasting(8)						
Positioning Rules	10/5/10	10/11/10	0		New	
Manual Cash Flows and Cash Flow Sources	10/5/10	10/11/10	0		New	
Recurring Items	10/5/10	10/18/10	0		New	
Account Structure	10/5/10	10/25/10	0		New	

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Sample Dashboard

Team: Treasury

Bi-Weekly Status Report: February 18, 2009

Color	Legend
Blue	Completed
Green	On Track
Yellow	Off- Track; potential impact to milestones
Red	Off- Track; Impact to milestones

Overall Status: On track

Escalation Issues and Decisions Required from Integration Management Team

- Customer communication re: account number changes and payment methods

Key Accomplishments/Results Prior Two Weeks

Treasury Workstation – created system, set up infrastructure, worked with banks on file delivery, began set up of debt instruments

Integration – wholesale lockbox set up completed and trained 8 divisions, continuing to support InfoPro pilot

Upcoming Key Activities

- UCC-3 (lien release) on securitized customer accounts for divestitures
- Treasury Workstation – work on general ledger requirements, set up remaining debt instruments
- Integration – supporting 15 conversions to TRUX, 2 conversions to InfoPro

2009 Key Milestones	Due Date	Status
Determine Online Bill Pay Processing Model	05-01-09	On Track
Convert Treasury Workstation Systems	06-30-09	On Track
Define and Implement Wholesale Lockbox Processing Model	03-31-10	On Track
Define and Implement Retail Lockbox Models	07-31-10	On Track
Determine Structure and Administration of Credit Card Processing, Technical Platforms and Selection of Vendor(s)	12-31-09	On Track

Highlighted Issues / Risks

Restrict Reimbursements of IRB funds related to potential divestitures

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Successful Implementation

- Well identified project with Senior Executive support

- Stakeholders aligned with benefits

- Timeline includes flexibility for unforeseen issues

- Built in accountability for meeting objectives – including the vendor

- Persistence – many fail completion of all phases primarily due to other distractions and willingness to put up with manual processes

Resources

- AFP - http://www.afponline.org/pub/res/topics/topics_tech.html

- bobsguide - http://www.bobsguide.com/fi.html

- gtnews - http://www.gtnews.com/

- Treasury&Risk - http://www.treasuryandrisk.com

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Treasury Workstation Requirements

Modules for cash management
Cash Management
General ledger
Payments/transfers
Forecasting
Investments (maybe)

Daily cash position

- Set position based on current day BAI file imports and manually entered payment amounts
- Automated process to categorize transactions with defined categories
- Capture and retain float with the transaction
- Select accounts to view for current day position
- Set position independently for two entities and view consolidated position
- Match transactions in forecast to actual that come in (prior day reconciliation)
- System reports of daily transactions by account number, account group, and or company codes
- Repetitive templates or shells to input frequently used manual transactions
- Feed transactions from the debt module into cash position

BAI Files

- Automated file retrieval from multiple banks, automated, with error reporting
- Prior day and current day files
- Import transactions and balances
- Receive BAI files, place actual transactions into history and current day into positions
- Recovery process for late files and current day presentments
- Holiday schedule
- Backup method to retrieve and load all BAI files

Bank transaction history

- Capture and retain actual transactions, retaining BAI fields and float
- Retain history at least 5 years
- Export to Excel

Payments/Transfers/Wires

- Recurring templates – ACH
- Create ACH payments –recurring and free form
- Send ACH payments to bank
- Template for tax payments (state/fed) – "nice to have"
- Concentration: Calculate concentration amounts with transfer limits and balance targets
- Automated process to create concentration transfers
- Interface with bank wire systems – both legacy banks
- Input and storage of repetitive or recurring wire information
- Repetitive and free form wires
- Electronic transfer confirmation reporting (acknowledgement)
- Import balances for banks without BAI files
- Limits and authorities: 2 approval levels
- Allow self-approved for designated templates (non-global)

Forecasting

- Daily forecasting by category
- Retain original forecast (do not overwrite with daily position)
- Easily import forecast from Excel
- Templates for recurring forecasted transactions
- Flexible variance reporting
- Export variance reporting to Excel (actual/original forecast)

General ledger

- Create GL entries with splits and intercompany entries (Multiple and unlimited lines)
- Export csv file
- Templates can automatically attach to recurring entries (multiple lines, including intercompany entries)
- Variable templates to allow edits for amounts
- Support two GL interfaces and reconcile bank transaction totals to total GL interfaces
- Support two GL charts of accounts (including different account formats) and GL template sets
- Exception reporting for transactions not posted to GL
- Reconciliation reporting for all transactions posted and not posted
- Reporting for journal entry balancing
- Retention of journal entries created within the TWS
- Posting frequency – daily
- Review before posting (generating GL file)
- Entries created from bank transactions, payment/transfer transactions, debt transactions
- Flexible chart of accounts segments, supporting two GL structures
- Company or location code (if necessary)

Investments

- Determine capabilities, including interfaces/downloads
- Interest accrual
- Maturity placed in cash position

Security

- Module specific security and roles, entitlements
- Robust roles and entitlements list for tailored user setups
- Administrator roles and entitlements
- Allow dual control over specific functions, especially payments/transfers
- Disaster recovery capabilities
- Audit functions (user tracking and accounting review features)
- Error correction (e.g., transaction backouts)

Bank account administration

- Bank account list, including functional account/product type
- Signer list, with easy association/maintenance to bank accounts
- Updates/maintenance capabilities (mass update for signer)
- Closed accounts designated as inactive/closed without being deleted
- Authority tracking by bank account
- Contact list by institution and functional area
- Bank account structure (e.g., master/ZBAs)
- Company or location code
- Reporting of accounts (active/inactive), signers, authorities, etc.

Trust/escrow account administration

- Ability to capture data fields unique to trust/escrows: Grantor/beneficiary/trustee, trust date, legal type, investment type, trust titling, notes, field contacts, purpose, tax ID, funded status
- Associate both principal and fee GL accounts at the account level
- Balance tracking
- Signer list

Letters of credit

- Tracking and data fields specific to standby LCs
- Company or location code
- Designation as outstanding/canceled
- Annual expiration, final expiration and cancel dates
- Integration with credit line availability
- Fee calculation
- Associate a fee GL account at the LC level
- GL entry for LC fees
- Reporting on all data fields
- Export all data fields to Excel

Modules linked

- ACHs/transfers/wires to cash position
- Investments to cash position
- Debt to cash position
- All modules to GL entries-where are links created? Only from bank transactions

Debt Module

Interest Expense

- Track all debt activity
- Revolver draws
- LIBOR loans
- Term loan changes
- Senior notes
- Industrial Revenue Bonds (daily, weekly, quarterly, semi-annual resets)
- Quarterly fee calculations (LC fees, facility fees, unused fees, fronting fees, make-whole fee)
- Interest calculation through maturity of each debt instrument
- Interest Rate Swaps
- Capital Leases and other debt agreements
- FAS 133 testing
- Calculation of premiums
- Mark to market
- Refinancing fees (i.e. shelf fee capitalized)
- Commodity Hedge calculations and other derivative products
- Cost of debt and weighted average cost of debt reporting capabilities
- Letter of credit fees (including fronting and commission)

Monthly Accounting Package

- Interest accruals by debt instrument
- Fee amortization schedules generated through maturity of each instrument
- In case of pay down: fee write-off calculation, balance amortization
- Templates
- Ability to build user friendly customized templates
- GL interface

Annual interest forecast

- Interest expense Actuals+Forecast updated automatically to refresh rate changes and actual accrued (forecast through maturity of each instrument

Maturity schedules

- Multiple reporting options
- User friendly template building option to select format and information displayed

Effective interest rates

- Automate
  - Amortized fees and other debt related costs added to interest to calculate effective interest rate for each debt instrument
  - Treatment of capitalized interest

LIBOR forecast

- Ability to forecast LIBOR rates (download from online index, LIBOR rates determined by tracking futures market)
- Forecasted rates to automatically update "floating rate debt" interest expense
- Ability to key in scheduled Fed meetings for automated notices

Detailed Payments file:

- Payments alerts
- Interest/principal
- Quarterly fees
- Ability to generate customer reports sorted by month, quarter, debt type

- Interest payment templates: automatic wire sheet with bank information

Other requirements

- Checks and balances
- Sox testing
- Bank Syndicate/ROC by bank
- Compliance dates and automated notices
- Communication methods/protocols