

AFP® Annual Conference



November 7-10, 2010 | San Antonio

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Using Technology to Master Your Cash Position

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Agenda

- Welcome
- Three methodologies defined:
 - Excel, Treasury Workstation, ERP
- Company overviews/objectives
- Q&A

Using Technology to Master Your Cash Position



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Cisco



Kevin
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Cindy
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Using Technology to Master Your Cash Position

“I need to know my current cash position.”

“Data is in 22 different systems across the globe.”

“I need to use 8 different tools to calculate.”

Predicting the future is critical.

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Treasury Workstation | Pros and Cons

Key Features

- Allows multiple systems integration
- Combines all financial data into a single database
- Creates customizable work-sheets for cash position
- Offers scenario planning capabilities

Top Vendors

SAP, SunGard

Adoption : 7%

Pros

- Integrated platform
- High level of accuracy
- Ability to link and extract data seamlessly
- Automatically refreshes data through various feeds
- Cost savings and efficiency due to automation
- Easy to build recurring items based on specific dates and frequency
- Interface with most GL packages and ERPs

Cons

- Requires custom implementation
- Requires hardware
- Requires training
- Expensive
- Longer Implementation time with additional complexity
- Ongoing IT support needed
- Flexibility is limited

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ERP Systems| Pros and Cons

Key Features

- Synchronizes and brings all required information to calculate cash position
- Allows Instant access to banking data at any time
- Offers easy integration between accounts payable and accounts receivable.
- Enables quick and easy handling/tracking of wide range of bank data
- Offers scenario planning capabilities

Top Vendors

SAP, Oracle, SaaS

Adoption : 6%

Pros

- Secure
 - Accurate on time reports and forecasting
 - Integrated internal systems with automatic data feeds
 - Reduces risk of data by consolidating multiple permissions and security models into single structure
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Cons

- Requires custom implementation
- Expensive
- Requires adequate training

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Excel | Pros and Cons

Key Features

- Offers daily Cash position monthly and yearly cash projection
- Offers regression analysis
- Offers trends analysis

Vendor
Microsoft

Adoption : 79% *

Pros

- Standalone application with flexibility of portability
- Simple and Flexible
- Little training is required
- Inexpensive
- Easy to share

Cons

- Time consuming, requires manual input
- Data can be stale as it is not integrated with financial record systems
- No historical data storage
- No audit capability
- Most prone to user error

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* According to a Schmidt CS survey cited by
HSBC

Source: Global Finance

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Smart / Semantic Data | The Next Generation Spreadsheet

Key Features

- Eliminates manual data entry
- Allows to achieve greater accuracy and data integrity
- Allows tracking multiple accounts
- Allows accessing and importing data from other financial service providers
- Preserves historical data securely

Benefits

- Inexpensive, reliable solution
- Requires minimal training
- Retains all benefits of Excel Spreadsheet
- Bridge Solution

Cons

- Performance limitations due to local PC or network
- No audit capability
- May not scale for decentralized treasury centers



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Manual processes and spreadsheets by far dominate the products used to manage cash:
79% of market share.

This is followed by the multitude of treasury functionality offered by banks via their business banking portals:
16% of market share.

The rest account for a much smaller share of the market:
less than 10%.

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Cisco Systems, Inc.

- Number of entities: 368
- Currencies: 85
- Bank accounts: 717
- Number of countries: 105
- Number of banking partners: 70+
(54% with 3 primary Banking Partners)

Cisco Systems, Inc – Objectives

- What drove the organization to its decision?
 - Evolving business model
 - Support future growth and strategic objectives of the company

Bechtel – Background

- 112 year-old privately held engineering and construction company
 - Headquartered in San Francisco
 - Presence in 45 countries
 - 50,000 employees
 - \$31B revenue
 - Energy, transportation, mining, oil & gas, telecoms and government services
- Global Operations – Centralized Treasury
 - 600+ entities
 - 400+ bank accounts with 100 banks
 - 45 currencies

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Bechtel – Treasury Imperatives

- Security and Control
 - Limit access and monitor compliance
 - Minimize balances, accounts and number of banks
 - Centralize cash, investments, FX and LCs
- Accuracy, Timeliness and Efficiency
 - Forecast cash flows – optimize investments
 - Real-time drilldown – identify actionable items
 - Minimize processing, delay and re-work

Bechtel – Requirements

- Automate manually-intensive, repetitive steps
 - One-time-only data entry
- Implement straight-through processes
 - Automate scheduled bank account balance reporting
 - Integration to ERP – AP, AR, GL
- Accessible by multiple users in multiple locations
 - With assignable levels of authorization
- Single database for banking and financial information (electronic filing system)

Lowé's Companies, Inc.

- 64 year-old Home Improvement Company
- Number of Store locations: 1,700+
- Number of entities: 3
- Currencies: USD, CAD, MXN
- Bank accounts: 1,900
- Number of countries in which you function: 3
- Number of banking partners: 15

Lowe's Companies, Inc. – Objectives

- What drove the organization to its decision?
 - Primarily Domestic Company
 - Lack of cost justification
 - Current process achieving operational requirements
 - Limited IT resources

Lowe's Companies, Inc. – Systems

- Overview of system used: Excel
 - Challenges
 - Efficiency of process
 - Lack of integration across entities
 - Manual data entry/access to spreadsheets by multiple users
 - Access and retrieval of historical data
 - Administration of signatories
 - Risks
 - Security of data
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Cisco Systems, Inc.

- Opportunities/challenges/risks in changing from one provider to another
 - Transition from home-grown system to a vendor provided system
 - Change Management – Managing internal partners expectations
 - Loss of functionality – process and workflow changes
 - Change in SOX controls
 - Common language for all users
 - STP for partner organizations
 - Take more time to educate vendors on current process
 - Ensure engagement with systems implementation team is at the right level

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Bechtel – Workstation Transition

- Conversion from existing workstation
 - Started with a fresh piece of paper
- Established Business Requirements
 - Voice of the Customer, process maps, etc
- Optimized cost/benefit analysis – within budget
- Developed vendor short-list and sent out RFPs
- Held on-site vendor demonstrations
 - Interviewed references

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Bechtel – Transition (continued)

- Levered external consultant's vendor experience
- Prepared detailed project work plan
- Formed an internal evaluation and implementation team
 - Treasury, Shared Services, IT, Accounting, Tax, Corporate Management Information & Planning, Internal Audit
 - Held weekly project meetings to review schedule and execute project work plan

Bechtel – AvantGard Quantum

- 18 months to plan, award, implement and go live
 - Evaluated externally-hosted vs in-house solutions
- Internal stakeholder
 - Steering Committee (CFO, Treasurer, Controller)
 - Project Team (Treasury, Accounting, Tax, Shared Services, IT)

Cisco Systems, Inc. – Execution

- Currently implementing

Lowe's – Future State

- Evaluating Treasury Workstations
 - Developed Mission Statement
 - Identified business challenges/problems
 - Identified program goals
 - Developed and sent out RFPs to selected vendors
 - Held on-site vendor demonstrations

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Cisco Systems, Inc. – End Result

- Benefits seen
 - Stay tuned

Bechtel – End Result

Goals achieved – On-time, on budget

- Greater transparency to bank accounts and balances
 - Bank account balance reporting (6 banks in multiple currencies)
 - Drilldown capability
- Single database for banking and financial information
 - Integrated cash-flow forecast (investments, AR, AP, FX)
 - Improved (and more timely) data analysis
- Straight through processing
 - Expedited cash positioning for current day funding
 - General Ledger entries for cash transactions
- Increased security
 - Segregation of duties
 - Application software and database are server based

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Lowe's – End Result

-TBD (to be determined)
- Challenges
 - Availability/dedication of IT resources
 - Financial scope
 - Cost justification
 - Management's approval

Conclusion

- What's next for your business?

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