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
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Debbie
Cisco
Kevin
Bechtel
Cindy
Lowe’s
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“I need to know my current cash position.”

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

“Predicting the future is critical.”

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

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

Top Vendors
SAP, SunGard

Adoption: 7%
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

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

Cons
• Requires custom implementation
• Expensive
• Requires adequate training

Top Vendors
SAP, Oracle, SaaS

Adoption: 6%
Excel | Pros and Cons

**Key Features**

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

**Pros**

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

**Vendor**

Microsoft

**Adoption : 79% **

**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

* According to a Schmidt CS survey cited by HSBC

**Source:** Global Finance
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
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)
Lowe’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
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
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
Lowes – 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
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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