Asia Regional Treasury Solutions
Benefits of Centralization

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About Viacom

• Some key details about Viacom and our operations
  – Leading global entertainment content provider listed on the NYSE
  – Active business operations world-wide. Viacom has entities in 12 countries within Asia Pacific
  – Group brands: MTV Networks, BET Networks and Paramount Pictures

2009 Adjusted Results

Revenue: $13.6 billion
Operating Free Cash Flow: $2 billion
Cash Management Project

Key Objectives

- Viacom embarked on a cash management project with the following key objectives
  - Select a primary cash management bank in Asia
  - Achieve process efficiency and cost savings
  - Portable and non-proprietary banking platform
  - Control and visibility of bank accounts
  - Obtain a single customer service contact for corporate treasury whilst providing local and regional contacts for divisions
  - Standardized legal documentation
  - A banking partner to support the longer term growth initiatives of the company
Choosing The Right Banking Partner

Basis of Selection:
• The following were the key selection criteria for choosing our banking partner:
  – Depth of partnership
    • Credit relationship
    • Global and regional level relationship contacts
    • Financial strength
  – Clear and ongoing commitment to treasury operations excellence
    • Significant infrastructure investment
    • Commitment to quality service and performance measurements
      – Operational capabilities and track record
      – Good customer support
    • Participation in local clearing systems
    • Ability to process local disbursements
    • Transparency and integrity of pricing
Project Progress

**June 2009**
- 16 different banking relations
- 56 bank accounts
- Manual payments processing

**November 2010**
- Consolidated in-country payment files

**June 2011**
- Regionally consolidated payment file in Singapore

Decentralized ➔ Rationalized ➔ Centralized
Key Benefits

- A regional platform will provide Viacom with the following key benefits:
  - Rationalize banking relationships and accounts
    - Bank relationship reduced by 87%
    - Bank accounts reduced by 41%
  - Centrally managed processes
  - Automated payment processing and account reconciliation
  - Single banking relationship with DB
  - Cost savings and time efficiency
  - Automated supplier payments reconciliation from JD Edwards
Process

- Pre RFP
  - Inventory of existing bank accounts and relationships
  - Obtain project buy-in from senior management and local stake-holders
  - Have local territories complete banking questionnaire
  - Identify the project team and ensure their availability to actively participate in project
  - Key project members should include: Corporate Treasury, local Treasury or Finance Teams, Legal, AP, AR, Compliance and IT

- Post RFP
  - Conduct bank meetings.
    - Use this time to clarify any questions and get to know implementation team
  - Have the implementation team present at bank meetings.
  - Choose bank by reviewing scorecards with the Project Team
  - Work with bank to develop realistic project plan based of your company’s internal resources
Implementation

- Drivers to a successful implementation plan:
  - Clearly identify tasks and timelines
  - Set realistic timelines
    - If implementation plan is too aggressive then break the project up into phases
  - Assign resources for the various content areas
  - Have regular calls with the bank and project team to ensure progress is being made
  - Be flexible
    - You will not be able to achieve 100% of your streamlining efforts due to the various regulatory environments
  - Keep senior management engaged by sending regular project updates
Lessons Learned

• Critical to obtain IT resources
  – Interfacing with your company’s ERP system is a core component
• Helpful to have a counterpart in Asia on the business side
  – It can be challenging to drive changes from Corporate
• Gain a better understanding of how internal policies and controls get approved
  – Do not try and implement project with narrow focus
  – Be aware of other initiatives within the organization. Examples: Accounting, AP or AR systems
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Key Cash Management Priorities in Asia

- **Centralization of treasury activities**
  - No. of treasury centers in Singapore has increased from 50 in 1993 to 4,500 at present(1)

- **Increased focus on counter-party risk**
  - 57% of senior executives said their companies are spending more time dealing with risk management post the financial crisis(2)

- **Improving optimization and visibility of cash**
  - % of companies with global liquidity management increased from 25.5% last year to 34.9% this year(3)

- **A/P and A/R re-engineering**
  - Median cycle time to resolve a bank account discrepancy was 3 days compared to the 80th percentile benchmark of 1 day(4)

- **Integration with banking platform**
  - Based on an Accenture survey, organizations use only 64% of their ERP’s core functions (5)

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(1) Dr. Petr Polak; Co-author of Regional Treasury Centers In South East Asia – The Case Of Brunei Darussalam
(2) Survey of senior executives by Korn/Ferry International, 2009
(3) Cash Management Survey 2010, gtnews
(4) 2009 AFP Treasury Benchmarking Program : Realities of Treasury Technology Adoption
(5) Based on results of Accenture’s survey of 300 IT professionals in 2009
Centralization of Treasury Activities

What are companies doing?
- Setting up regional / global treasury centers in key treasury hub locations in Asia
- Centralizing Cash Management, FX and hedging activities
- Centralizing the management of banking relationships

Key benefits
- Faster reaction time to market volatility
- Better utilization of natural hedges
- Better monitoring and co-ordination of treasury dealings with banking counterparties
Increased focus on risk management

**Risks**

- FX
- Counterparty
- Cash Flow
- Commodities

**Strategies**

- Hedging
- Diversification

**What are companies doing?**

- Diversifying exposures by buying services at a regional or country-by-country basis
- Utilizing bank / supplier neutral infrastructure (e.g. XML, SWIFT SCORE etc)

**Key benefits**

- Minimize P/L volatility and risk
- Maximize cost savings by choosing best provider
- Increased ease and reduced cost of switching between various providers
Improving Optimization and Visibility of Cash

What are companies doing?
- Consolidation of cash to manage the cost of capital
- Improving visibility of cash positions through globally consistent banking platforms and customized alerts
- Optimizing the returns on available cash resources

Key benefits
- Reduced borrowing cost by utilizing internal funding
- Improved returns on idle cash through optimization solutions
- Better governance and risk control through improved visibility
A/P and A/R Reengineering

What are companies doing?

- Streamlining payments process
- Reducing manual / paper payments by outsourcing to banks or switching to electronic payments
- Investing in solutions to clearly identify payer information to increase reconciliation efficiency

Key benefits

- Improved efficiency and reduced cost of transaction processing
- Better security and control over payments and collections processes
- Improved reconciliation through clear identification of payers

The fragmented payment landscape in Asia offers tremendous opportunities for improvement.

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RMB: An Alternative Settlement Currency

Huge potential
- Less than 2% of China’s trade is currently settled in RMB
- Under reasonable assumptions of RMB adoption, offshore circulation of RMB may rise anywhere between 4-6 times its current size\(^{(1)}\)

Why RMB settlement
- Reduce trapped RMB
- Reduce payment / goods delivery time (No FX verification required)
- Leverage RMB’s growth offshore and benefit from its investment potential

Source: Goldberg & Tille; Federal Reserve Bank of New York; data based on discrete observations made from various country studies made between 1998-’08

Source: DB Global Markets Research, Bloomberg Finance LP
Integration With Banking Platform

What are companies doing?

- Increasing level of integration with banking providers
- Automating information flows across dedicated network channels
- Automating reconciliation of bank statements and receivables

Key benefits

- Streamlined finance function lead to further rationalization of resources
- Fully straight through processing ensures integrity of entire transaction process
- Improved reconciliation efficiency through automation

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QUESTIONS & ANSWERS