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Our Expertise and Commitment – Driving your Success

Developing a Treasury Roadmap

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Session Agenda

- Introduction

- What is a Roadmap?

- Development Process

- Drivers for change

- Building Treasury's Vision

- Example Initiatives

- Building a Business Case

- Cost Benefit Analysis

- Sample Roadmap

- Stakeholder Participation
- Key Factors to Consider

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Introduction

- Boutique consulting firm focused on enhancing Treasury Operations and Technology

- Extensive experience streamlining process and procedures surrounding Treasury transactions for corporates

- Over 75 vendor assessments and implementations of TMS

- Deliver complex treasury, liquidity, risk management, payment and accounting project solutions

- Hands on client work to ensure needs are met in an efficient and effective manner utilizing industry best practices

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What is a Roadmap?

A roadmap is a strategic plan that describes the steps an organization needs to take to achieve stated outcomes and goals.

It clearly outlines links among tasks and priorities for action in the near, medium and long term.

An effective roadmap also includes metrics and milestones to allow regular tracking of progress towards the roadmap's ultimate goals.
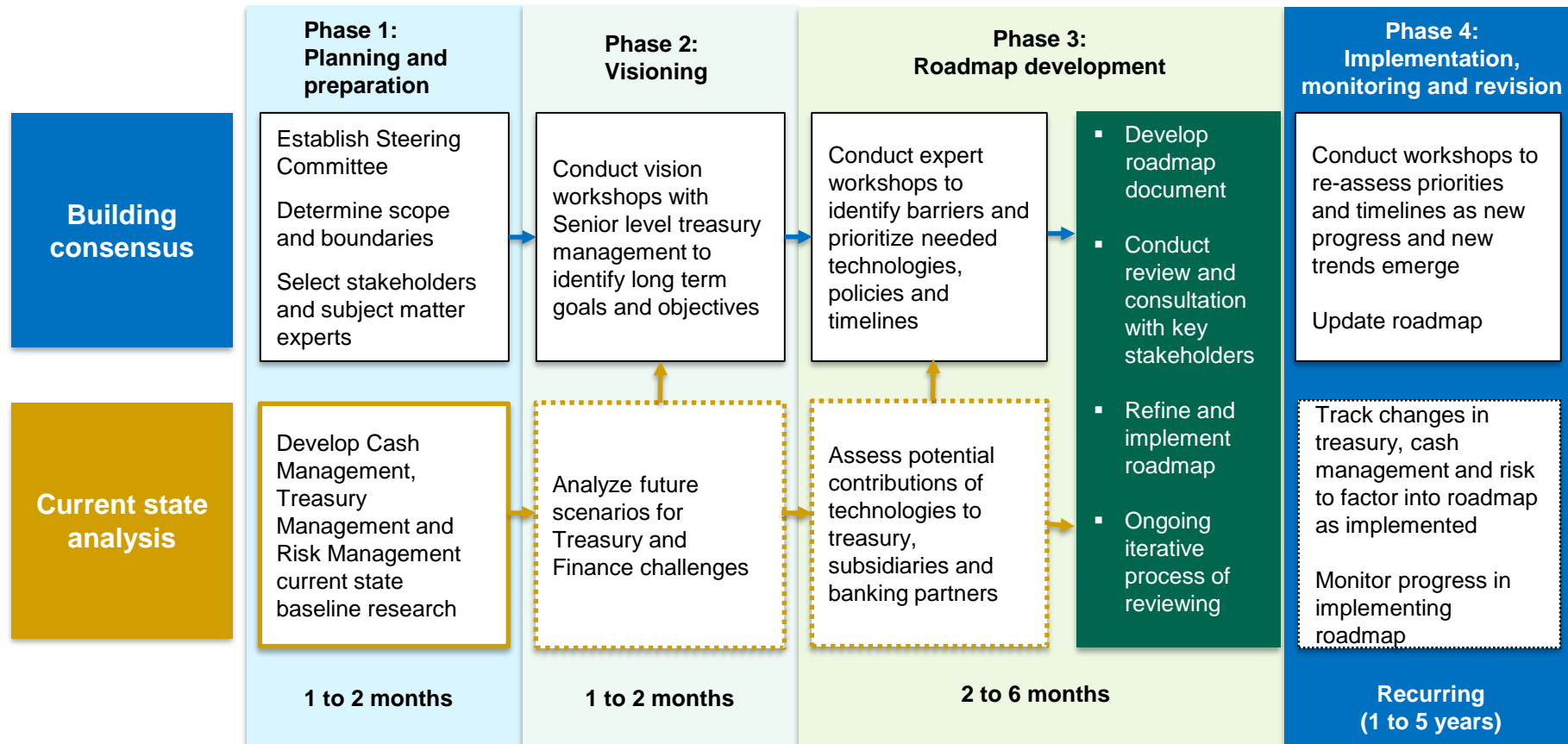
Key elements of a successful roadmap

```
Goals
  ↓
Milestones
  ↓
Gaps and barriers
  ↓
Action items
  ↓
Priorities and timelines
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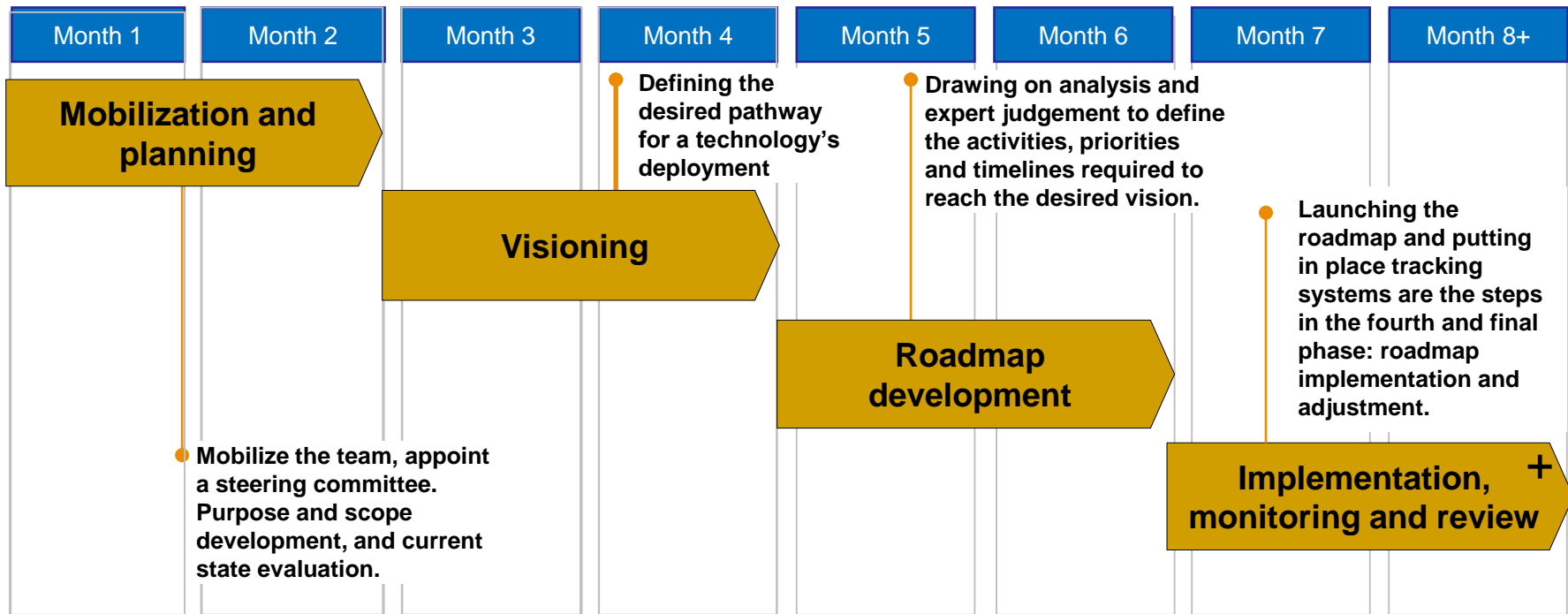
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The Roadmap High Level Development Process

The development process ensures that a roadmap identifies mutual goals and determines specific and achievable actions towards realizing a common vision

Roadmap process outline

	Phase 1: Planning and preparation	Phase 2: Visioning	Phase 3: Roadmap development		Phase 4: Implementation, monitoring and revision
Building consensus	Establish Steering Committee Determine scope and boundaries Select stakeholders and subject matter experts	Conduct vision workshops with Senior level treasury management to identify long term goals and objectives	Conduct expert workshops to identify barriers and prioritize needed technologies, policies and timelines	▪ Develop roadmap document ▪ Conduct review and consultation with key stakeholders ▪ Refine and implement roadmap ▪ Ongoing iterative process of reviewing	Conduct workshops to re-assess priorities and timelines as new progress and new trends emerge Update roadmap
Current state analysis	Develop Cash Management, Treasury Management and Risk Management current state baseline research	Analyze future scenarios for Treasury and Finance challenges	Assess potential contributions of technologies to treasury, subsidiaries and banking partners		Track changes in treasury, cash management and risk to factor into roadmap as implemented Monitor progress in implementing roadmap
	1 to 2 months	**1 to 2 months**	**2 to 6 months**		**Recurring (1 to 5 years)**

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The Roadmap Steps

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8+

Mobilization and planning

Visioning

Defining the desired pathway for a technology's deployment

Drawing on analysis and expert judgement to define the activities, priorities and timelines required to reach the desired vision.

Roadmap development

Launching the roadmap and putting in place tracking systems are the steps in the fourth and final phase: roadmap implementation and adjustment.

Mobilize the team, appoint a steering committee. Purpose and scope development, and current state evaluation.

Implementation, monitoring and review +

Project Management

1 Mobilization and planning

- Ensure leadership commitment
- Appoint a steering committee
- Develop a scope statement
- Conduct current state evaluation
- Select stakeholders and SME's

2 Visioning

- Modelling and scenario analysis
- Long-term goal setting
- Develop a RACI chart
- High-level roadmap ideas

3 Roadmap development

- Roadmap workshops held
- Prepare draft roadmap
- Conduct roadmap review
- Internal and External review

4 Implementation, monitoring and review

- Launch the roadmap
- Begin implementation
- Monitor progress and adjust
- Manage expectations

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Roadmap vs. Road Mapping

Roadmap: a specialized type of strategic plan that outlines activities an organization can undertake over specified time frames to achieve stated goals and outcomes.
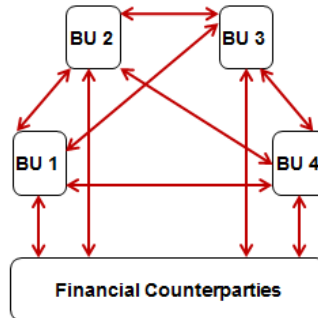

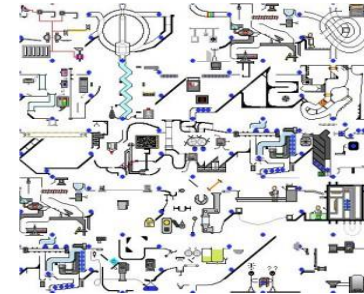**Road mapping:** is the evolving process of creating and implementing a roadmap and monitoring and updating it as necessary.

What's Driving Your Need for Change?

Too many Bank Relationships

Payment decisions and execution are being actioned locally

Financial Counterparties

Multiple ERPs and Different Versions, Need to Standardize

International Growth

Outdated Treasury Technology or no system at all

{HELLO}

No Risk Management Program

RISK MANAGEMENT

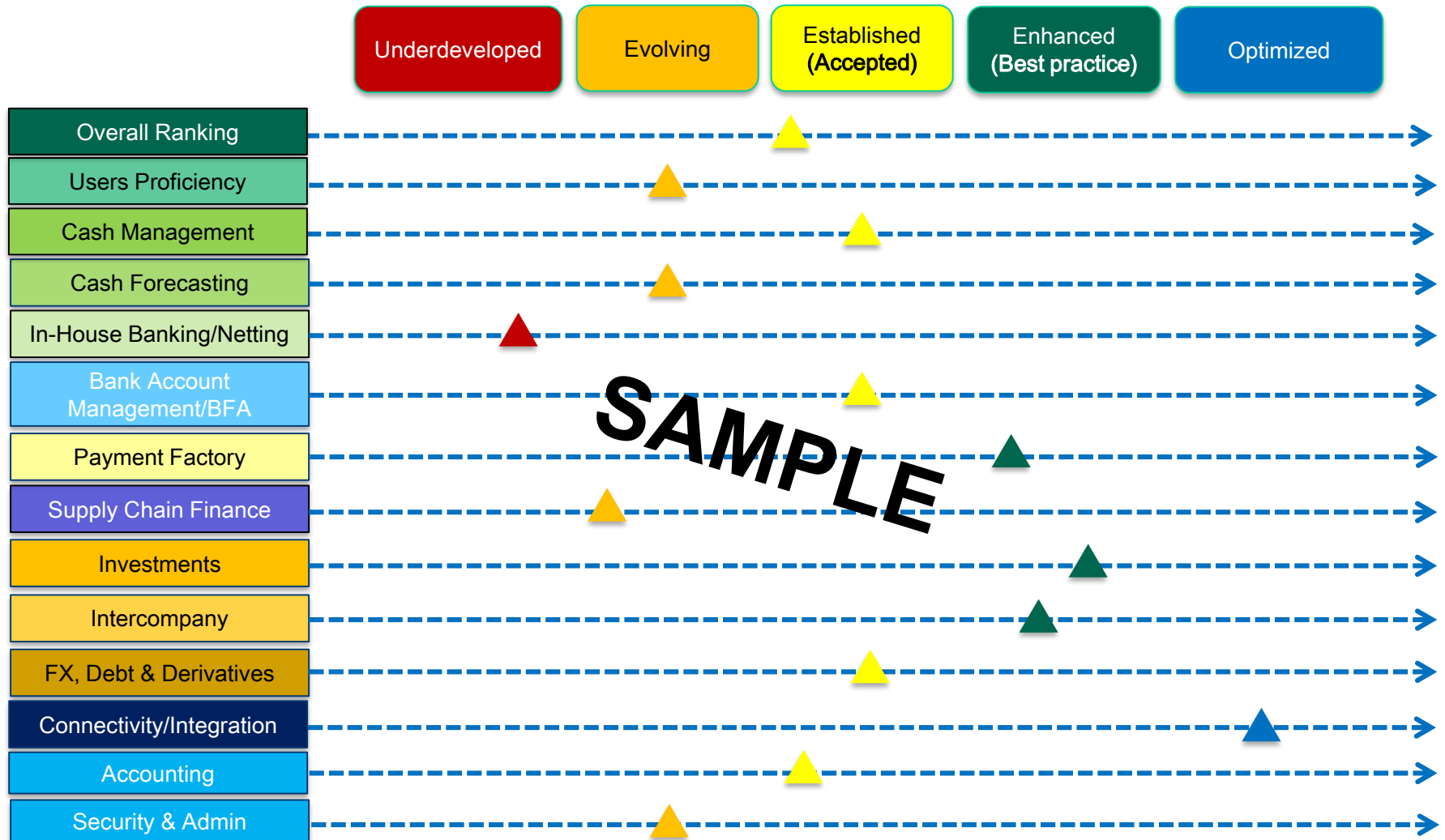FX Exposures not managed correctly

Forex

New Regulation and Compliance Requirements

COMPLIANCE
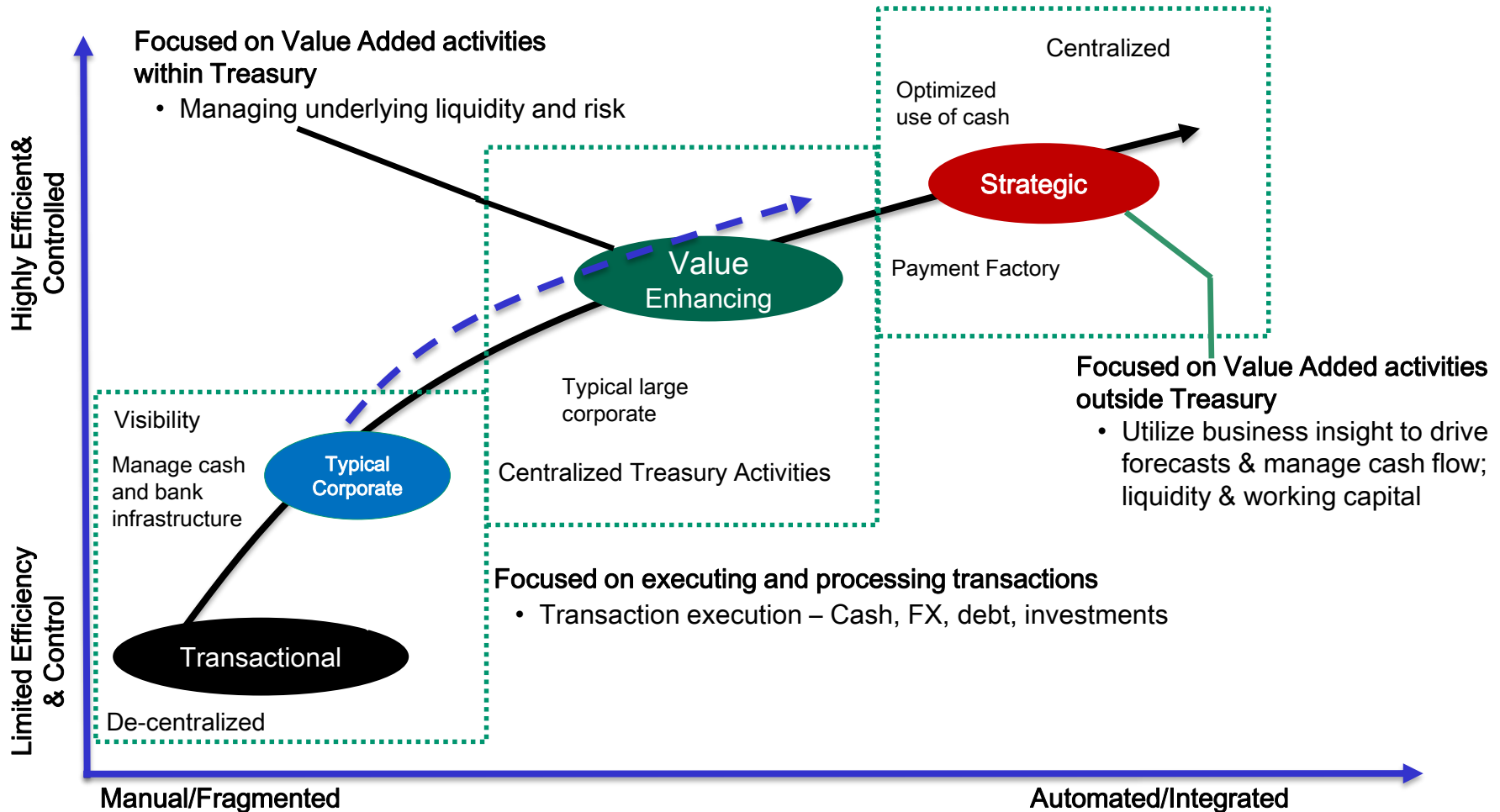RULES
REGULATIONS
GUIDELINES

Cash and Liquidity Management

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What Areas in Treasury Do You Need to Improve?

A Treasury Scorecard can be developed from detailed findings, benchmarking functions against industry best practice. A current state assessment is essential.

Area	Underdeveloped	Evolving	Established (Accepted)	Enhanced (Best practice)	Optimized
Overall Ranking			▲		
Users Proficiency		▲			
Cash Management			▲		
Cash Forecasting		▲			
In-House Banking/Netting	▲				
Bank Account Management/BFA			▲		
Payment Factory				▲	
Supply Chain Finance		▲			
Investments				▲	
Intercompany				▲	
FX, Debt & Derivatives			▲		
Connectivity/Integration					▲
Accounting			▲		
Security & Admin		▲			

SAMPLE

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Focused on Value Added activities within Treasury
- Managing underlying liquidity and risk

Centralized

Optimized use of cash

Payment Factory

Strategic

Value Enhancing

Typical large corporate

Centralized Treasury Activities

Typical Corporate

Visibility

Manage cash and bank infrastructure

Transactional

De-centralized

Focused on Value Added activities outside Treasury
- Utilize business insight to drive forecasts & manage cash flow; liquidity & working capital

Focused on executing and processing transactions
- Transaction execution – Cash, FX, debt, investments

Highly Efficient& Controlled

Limited Efficiency & Control

Manual/Fragmented

Automated/Integrated

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Cash Management & Cash Forecast Initiatives

1 | eBAM – Standardize Connectivity

2 | Bank Relationship Rationalization

3 | Centralize Payments

4 | Invest in Treasury Technology

5 | Cash Pooling/Netting

6 | Inhouse Banking

7 | Global Liquidity Project

8 | Shared Service Center (SSC)

Sample Cash Management/Forecasting Initiative

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Building a Risk Management Program

1 Develop a hedging policy	**4** Setup a recurring review process
2 Establish a risk committee	**5** Periodically perform stress testing
3 Identify and hire talent	**6** Perform annual audits and benchmarks

Sample Risk Management Initiative

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Defining FX Exposure

1

A firm's economic exposure to the exchange rate is the impact on net cash flow effects of a change in the exchange rate. It consists of the combination of transaction exposure and operating exposure.

Articulating Business Impact

2

Analyzing and effectively communicating how currency risk affects key performance metrics and financial results.

Available Hedging Instruments

3

Understanding operational alternatives, natural hedging options and financial instruments available.

Potential Benefits

4

Ability to manage impact on financial performance and reduce earnings and cash flow volatility.

Sample Exposure Management Initiative

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Building a Business Case

Making a Case for Change

(+) Understand your current total spend on treasury processing:

This could include: work hours, fixed cost for connectivity, bank fees, paper check processing, maintenance of systems to name a few costs.

(-) Understand the potential saving by implementing technology

Staff reallocation or elimination, less overall space, equipment, and office expenses. Reduced vendor management and technology maintenance across all Business Units.

(+) Additional savings + benefits

Improved control over the payment process, elimination of re-work correcting errors, savings from global visibility of company cash flows, transaction processing efficiency minimizing risk and ensuring regulatory compliance, and standardization.
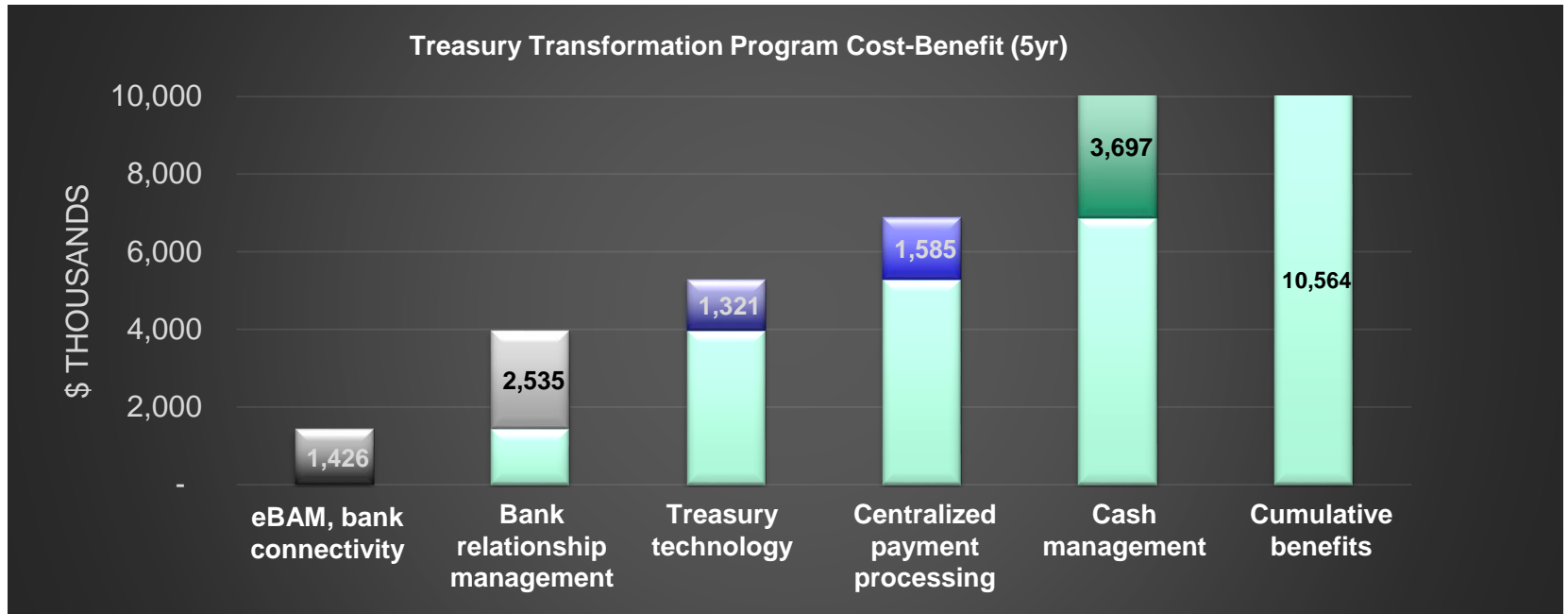
(-) Cost associated with implementing the treasury technology

License Fees, maintenance fees, consulting

> A first step in undertaking a transformation effort is frame the business case from a quantitative and qualitative perspective

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Cost Benefit Analysis

Treasury Transformation Program Cost-Benefit (5yr)

$ THOUSANDS

Category	Value
eBAM, bank connectivity	1,426
Bank relationship management	2,535
Treasury technology	1,321
Centralized payment processing	1,585
Cash management	3,697
Cumulative benefits	10,564

Undergoing Treasury Transformation will have both qualitative and quantitative benefits. This example shows how several smaller projects can contribute a larger cumulative benefit.

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Roadmap Timelines and Prioritization
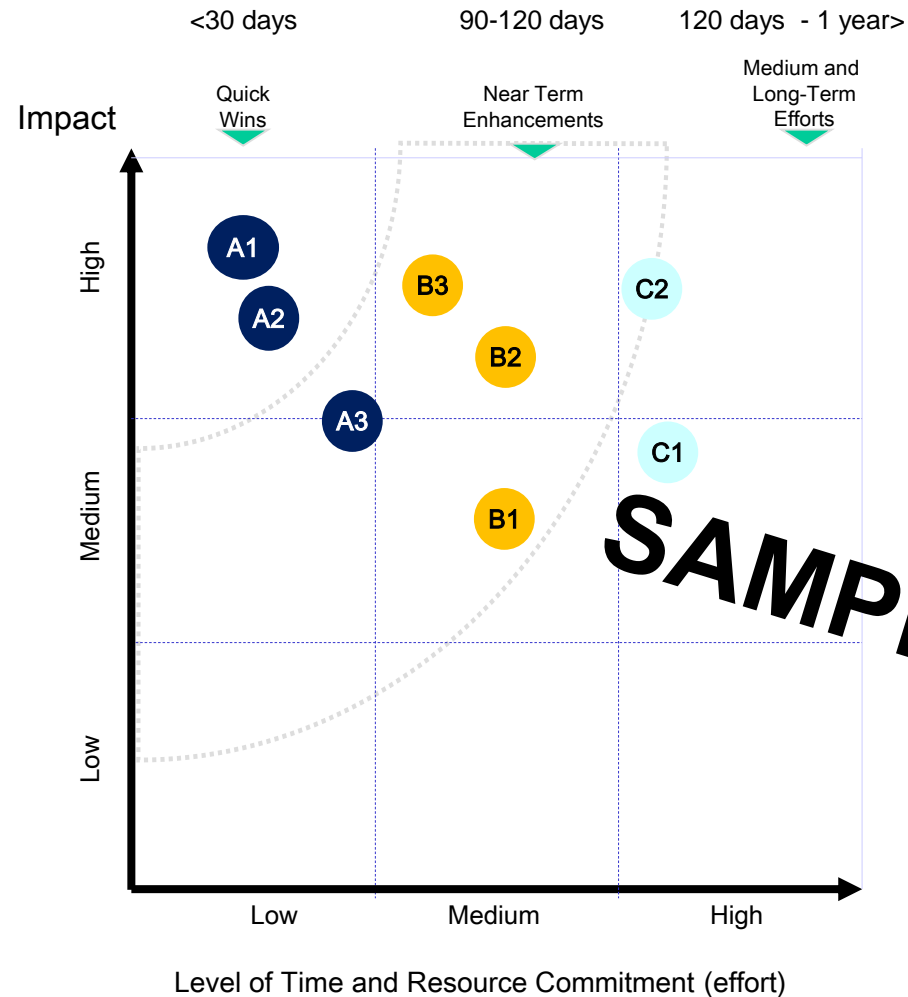
Users Level of Proficiency

A1 Additional training needed on Daily Cash Positioning

A2 Account Lifecycle training is required for Accountants

A3 IT should attend overview training

Daily & Monthly Treasury Processing

B1 Change Accounting procedure for suspense items

B2 Review Netting process

B3 Improve payment approval workflow

Operational Efficiency

C1 Increase level of automation in forecasting process

C2 Implement automatic limit monitoring

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Stakeholder Participation

Who will set roadmap goals and milestones?
Who will be responsible for measuring goals are met?
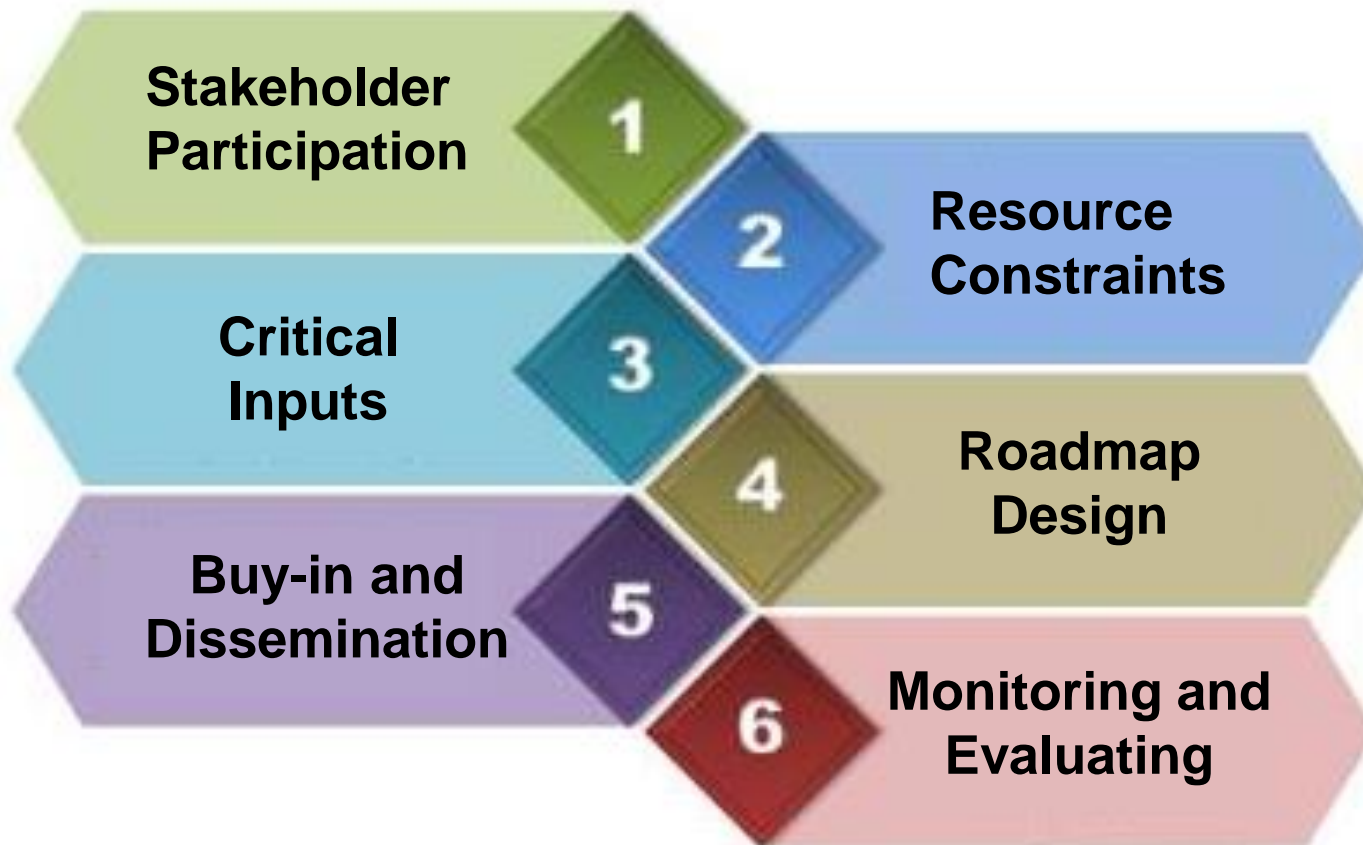What HR resources are available to accomplish roadmap activities?
Who will be responsible for carrying out activities?
Which stakeholders will be critical in ensuring roadmap success?

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Key factors to consider

There are six vital aspects to consider when designing a roadmap process:

Stakeholder Participation — 1

Resource Constraints — 2

Critical Inputs — 3

Roadmap Design — 4

Buy-in and Dissemination — 5

Monitoring and Evaluating — 6

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Q&A

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