



# GLOBAL TREASURY BENCHMARKING SURVEY 2015

IN COOPERATION WITH



The Power of Experience®

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# EXECUTIVE SUMMARY

As treasury's remit continues to grow, its challenges are multi-faceted. Finance teams have to juggle enterprise-wide risks, global regulations, operational tasks and strategic analysis at the same time, and do so with a limited staff and budget. As 70% of treasurers think staff will stay the same or even decrease, how are finance experts going to do more with less? It is this dilemma in which we find the more than 600 financial professionals responding to Reval's "Global Treasury Benchmarking Survey".

## CHALLENGES DRIVING CHANGE IN TREASURY

As growth into foreign markets puts a spotlight on corporate liquidity, cash management, cash forecasting and risk management are listed as the top three strategic challenges in the survey. Globalization increases complexity in short-term and long-term liquidity management and makes regulatory compliance more demanding. Companies must comply with region-specific regulations and to international standards such as EMIR/Dodd Frank, SEPA or IFRS 13, which are considered top regulatory challenges by the survey participants. Against this backdrop, treasury professionals are asked for more comprehensive, strategic analysis of the reports they are providing the CFO.

## TREASURY'S CHANGING SCOPE AND STRUCTURE

As treasury takes on many new challenges, 92% of finance professionals consider treasury a key contributor to business success. Among those 65% see the function's importance increasing further over the next three years, with responsibilities evolving to include new areas such as commodities, supply chain financing and insurance. Still, treasuries are under constant cost pressure. Reval's survey shows that 86% of respondents turn towards technology to help them optimize their processes, focus on increasing centralization, roll out global standards and implementing common technology platforms to efficiently master their growing scope and strategic mandates.

## TREASURY TECHNOLOGY AS ENABLER FOR CHANGE

Treasury teams invest in technology not only to improve operational efficiency, but also to promote change in treasury. With accurate financial data and comprehensive tools for analysis and reporting, treasury can establish itself as a strategic advisor to the business. The fact remains, however, that treasury professionals agree that missing budget is the top roadblock to treasury transformation (43%) and technology adoption (61%). By demonstrating the strategic value of their technology investments, treasury professionals will be better positioned to present a winning business case to their CFO's.

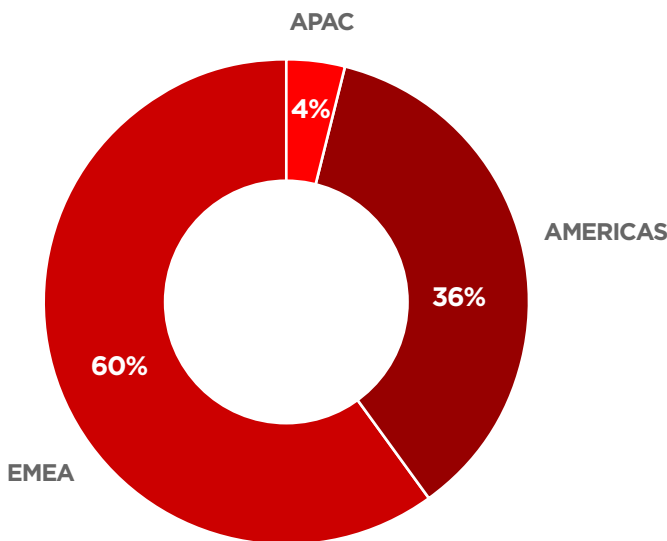
# SURVEY DEMOGRAPHICS

The “Global Treasury Benchmarking Survey” was rolled out by the EACT, European Association of Corporate Treasurers, Treasury Strategies and Reval in 2014/2015. More than 600 global finance professionals from all industries, regions and company sizes answered an online questionnaire.

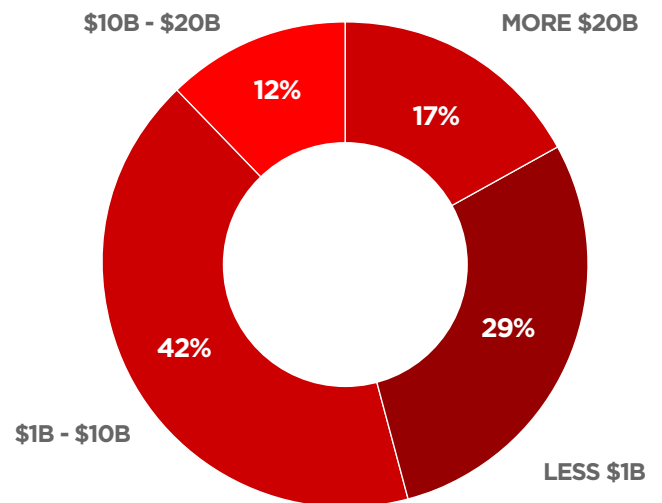
The survey comprised 30 questions covering:

- Challenges driving change in treasury
- Treasury’s changing scope and structure
- Treasury technology as enabler for change

The high response rate and broad coverage enable benchmark comparisons by region, company size, treasury organization and treasury technology adoption.



**PARTICIPANTS BY REGION**



**PARTICIPANTS BY COMPANY REVENUE**

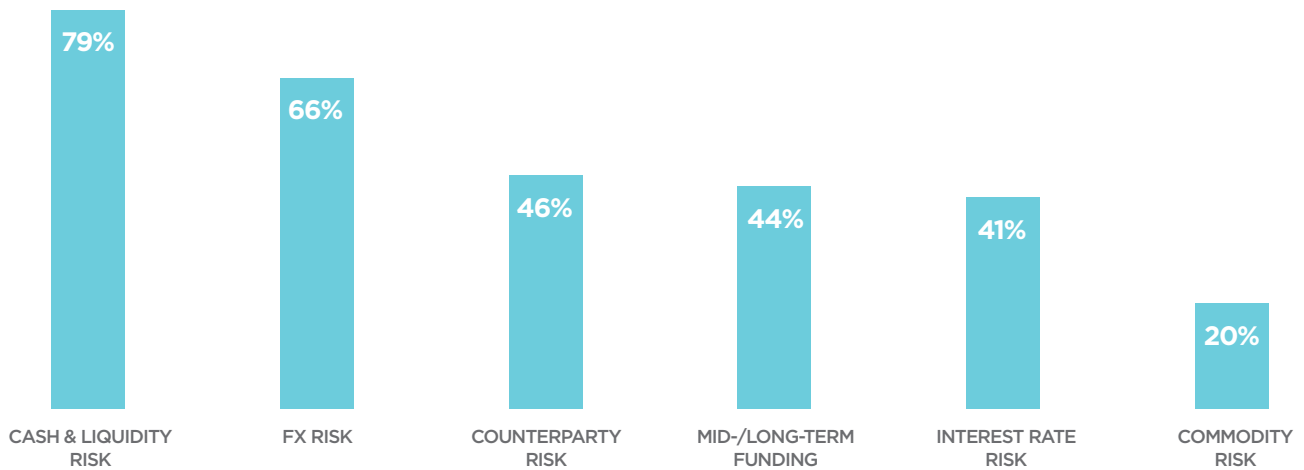


# PRESSURES ON CORPORATE LIQUIDITY

As corporates look for growth opportunities outside their domestic markets, particularly in emerging markets, keeping an overview on global cash positions becomes more complex. This complexity increases even more as FX rates continue to be highly volatile. Additionally, new payment and bank regulations significantly change the relationship between corporates and banks, putting additional pressure on corporate liquidity.

In order to effectively manage liquidity and associated risks such as foreign exchange and counterparty risks, treasury professionals need an accurate, complete and timely overview on their global cash flows, in the short term and in the long run.

## WHAT ARE YOUR TOP 3 RISK CHALLENGES?

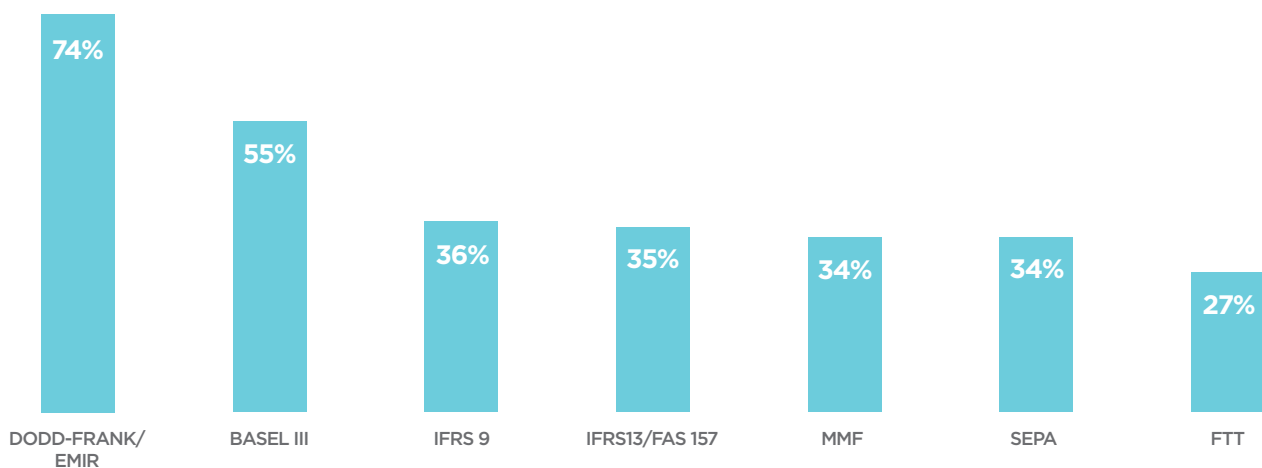


## PLAYING BY THE RULES AND REGULATIONS

The increasingly dense regulatory framework is not making things easier for corporate treasury. Finance professionals find themselves trapped in the middle. On the one hand, they are still figuring out ways to efficiently handle regulations that are already effective such as EMIR, Dodd Frank, IFRS 13 or SEPA. On the other hand, they have to assess how upcoming regulations such as IFRS 9 will impact their financial statements and, maybe even more importantly, whether they would gain a competitive advantage by early adopting the new rules.

Many in the financial world no longer think of Basel III as a regulation for banks only. Corporate treasuries have started taking a closer look at their banking relationships, realizing the rules for financing and investing are undergoing a significant change. Forward-looking treasuries are starting to review their credit facilities, reducing working capital and improving cash forecasting, in order to show their banks that they are not a risk factor for them.

### WHAT ARE YOUR TOP 3 REGULATORY CHALLENGES?

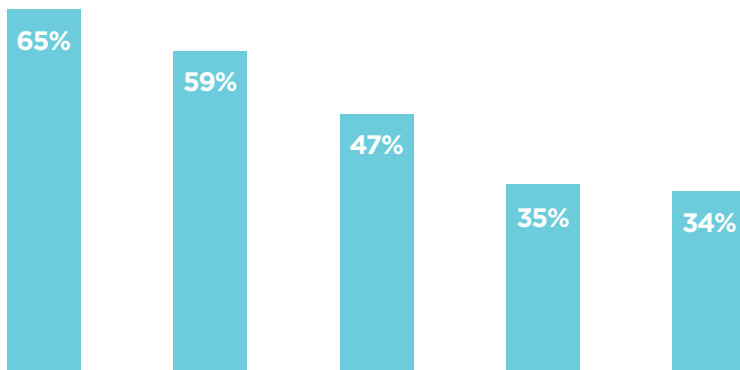
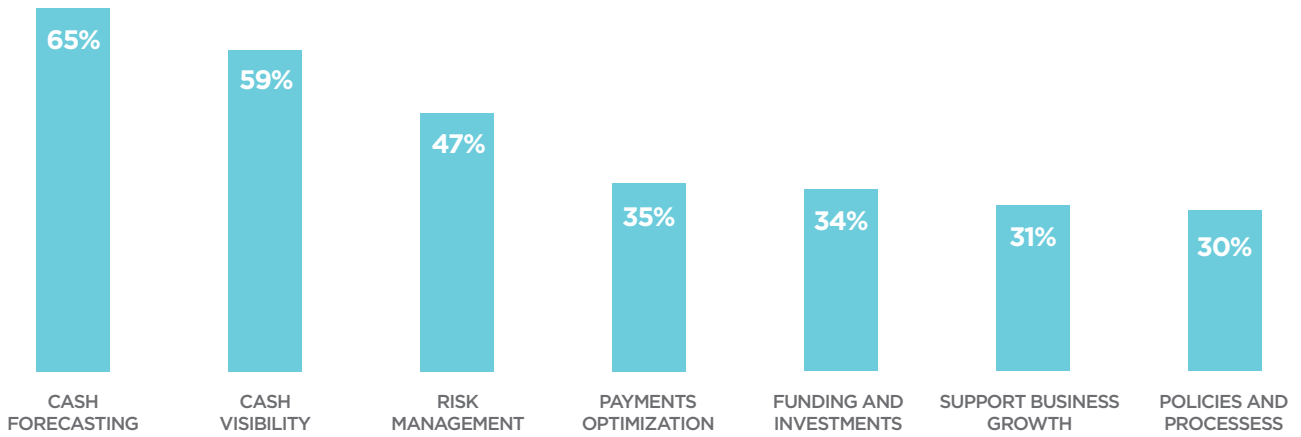


# HOW STRATEGIC IS TREASURY?

Over the past ten years, treasury has stepped up its role as strategic advisor to the board. It has a bigger voice in the organization and has the ability to drive true business value. However, global operations and market volatility have also increased complexity, particularly in tasks spanning multiple departments, geographies or business units.

Therefore, it's not surprising that the top three challenges finance professionals are facing are cash forecasting, cash visibility and risk management. All three disciplines have the potential to add significant strategic value, but only if executed thoroughly on an enterprise level.

## WHAT ARE YOUR TOP 3 STRATEGIC CHALLENGES?



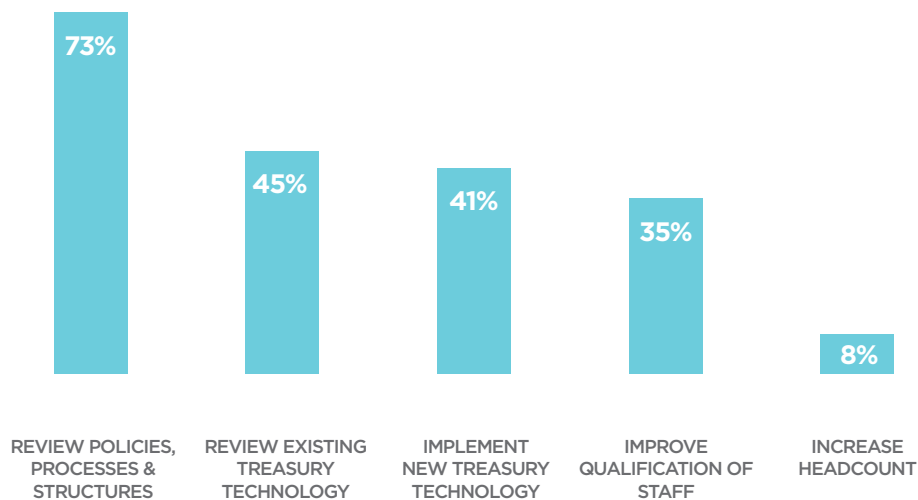


# MACHINES OVER MANPOWER

As treasury professionals work under cost pressures, their first line of defense to addressing risk, regulatory and operational challenges is making internal improvements. Commonly, treasury teams first start reviewing policies, processes and structures, and then assess whether their existing treasury technology can help them automate treasury and risk management operations, including compliance reporting.

For companies without an effective technology foundation in place, building a solid business case for treasury technology investment is the next hurdle. Because many treasury professionals have purchased technology only a few times throughout their careers, they should take time to understand the value any given treasury system can bring to their company, both operationally and strategically. Lack of budget is the biggest roadblock for treasury innovation.

## HOW ARE YOU ADDRESSING TODAY'S CHALLENGES?



# TREASURY'S CHANGING SCOPE AND STRUCTURE

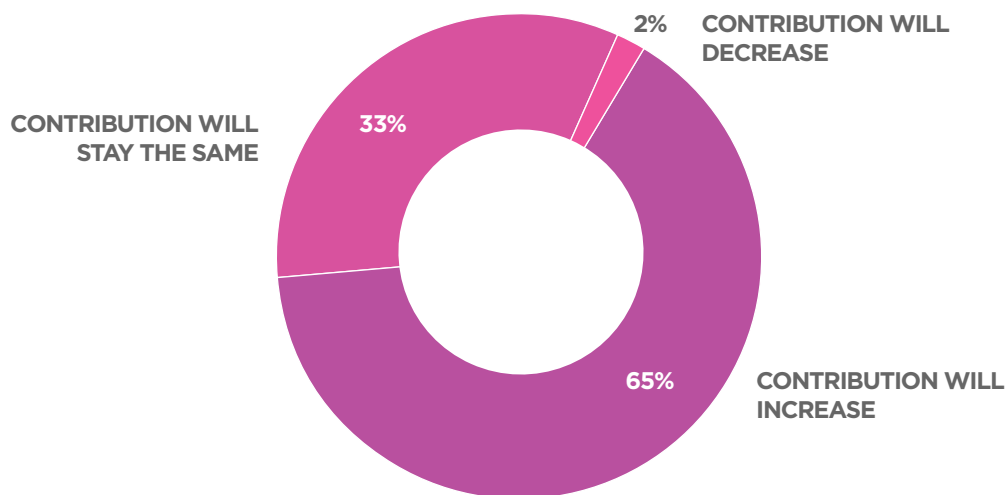
- Fueling Business Success
- Helping Hands for Treasury Teams
- A Strong Centralization Theme

## FUELING BUSINESS SUCCESS

Treasury's vision and direction are very positive today. Finance professionals see themselves as key contributors to business success, and they expect their contribution to further increase overtime.

There are two key reasons for treasury's increasing importance: First, treasury is taking over more strategic, value-adding tasks, and second, the function's remit is expanding into new areas, such as commodities, supply chain finance and insurance, providing treasury with new opportunities and increasing the function's relevance inside their global companies.

### DO YOU EXPECT TREASURY'S CONTRIBUTION TO BUSINESS SUCCESS TO CHANGE WITHIN THE NEXT 3 YEARS?

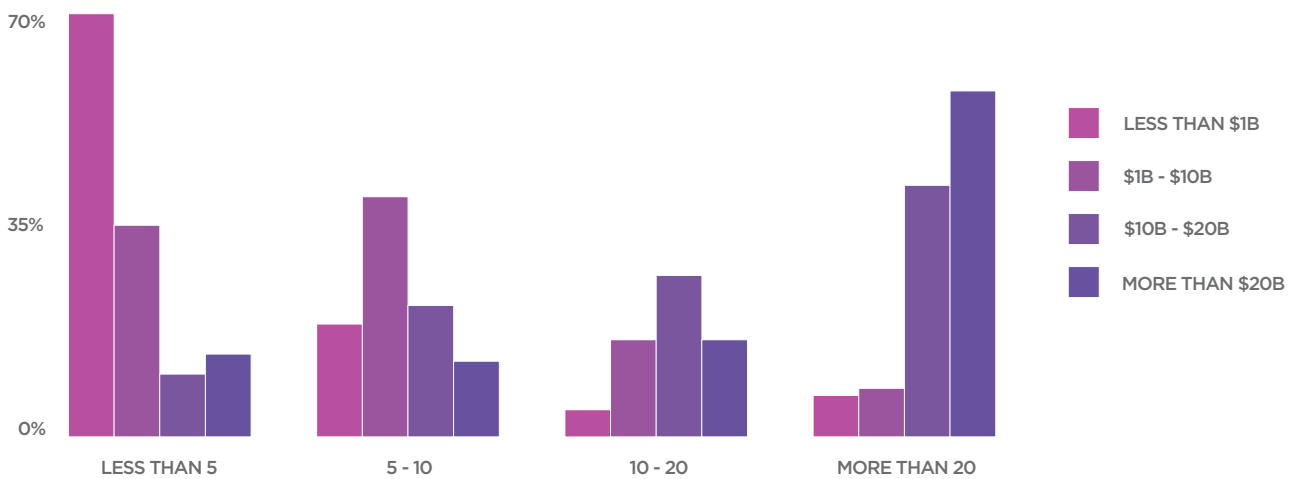


# HELPING HANDS FOR TREASURY TEAMS

Treasury departments are very lean, with teams often managing cash, liquidity and risk with less than five finance professionals. In general, larger companies have more treasury staff, indicating that the complexity of treasury operations is a factor in determining staff levels. However, there are also large companies with rather small treasury teams, for example, companies operating mainly in their domestic market. These companies have a rather simple company structure, where treasury operations can be handled by a small team of experts.

Most treasury teams will become more international over the next years. And as globalization adds layers of complexity with additional currencies, business units and market regulations, one third of survey respondents say they expect staff levels to increase in the near future. Conversely, two thirds think they will have to handle the additional workload with the existing team.

## HOW MANY PEOPLE CURRENTLY WORK IN TREASURY WORLDWIDE?

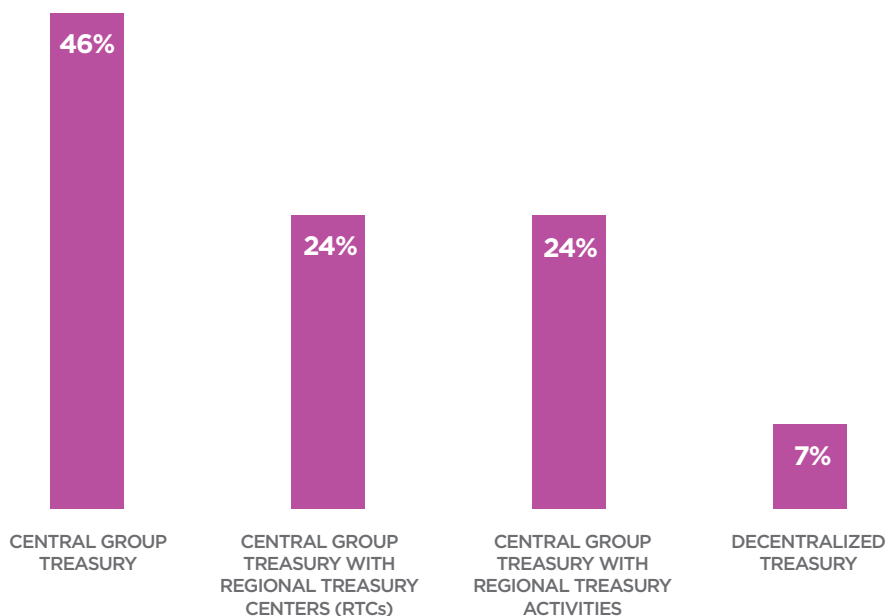


## A STRONG CENTRALIZATION THEME

Today, centralized treasury structures are most prevalent, and there is a push towards further centralization as companies continue to grow globally. This transition towards concentrating decision-making and control in a single location is necessary to support real-time visibility into global cash positions and exposures.

At the same time that regional autonomy is declining, standardization is increasing in policies, processes and tools on a global level. Today, it is best practice to increase operational efficiency and strategic support for business decisions through global harmonization and automation of treasury and risk management workflows.

### HOW IS YOUR TREASURY CURRENTLY ORGANIZED?



# TREASURY TECHNOLOGY AS ENABLER FOR CHANGE

- Treasury Systems on the Rise
- Stuck with Old Technology
- The Main Roadblock: Budget

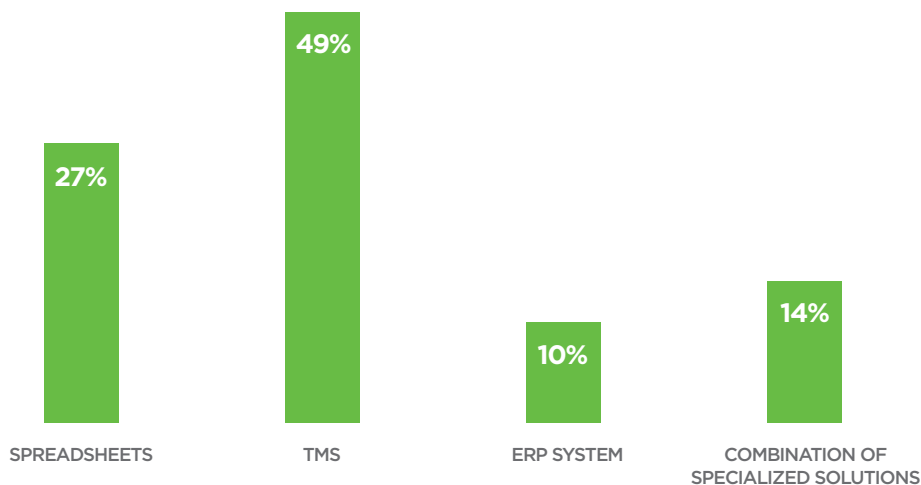
# TREASURY SYSTEMS ON THE RISE

Technology is considered an enabler for change, and treasuries around the world are starting to invest in software to automate operational workflows and analyze financial data. On average, treasury uses 3.3 different tools, including bank portals, FX trading systems, trade confirmation platforms, risk analytics, collateral management tools, ERP systems and treasury management systems (TMS).

In most treasury organizations, the treasury management system is the primary technology, indicating the value of treasury technology is finally being fully realized. However, spreadsheets are still used, particularly in mid-market companies. Interestingly, the use of ERP systems' treasury module is relatively low globally, even in Europe where the adoption of ERP systems is particularly high.

As treasury systems are making their way into corporate treasury, technical skills are more important when hiring treasury talent. But the increasing mechanization and growing number of global users also puts more pressure on software providers to improve user experience, accessibility and connectivity with peripheral systems.

## WHAT TECHNOLOGY IS PRIMARILY USED IN TREASURY?

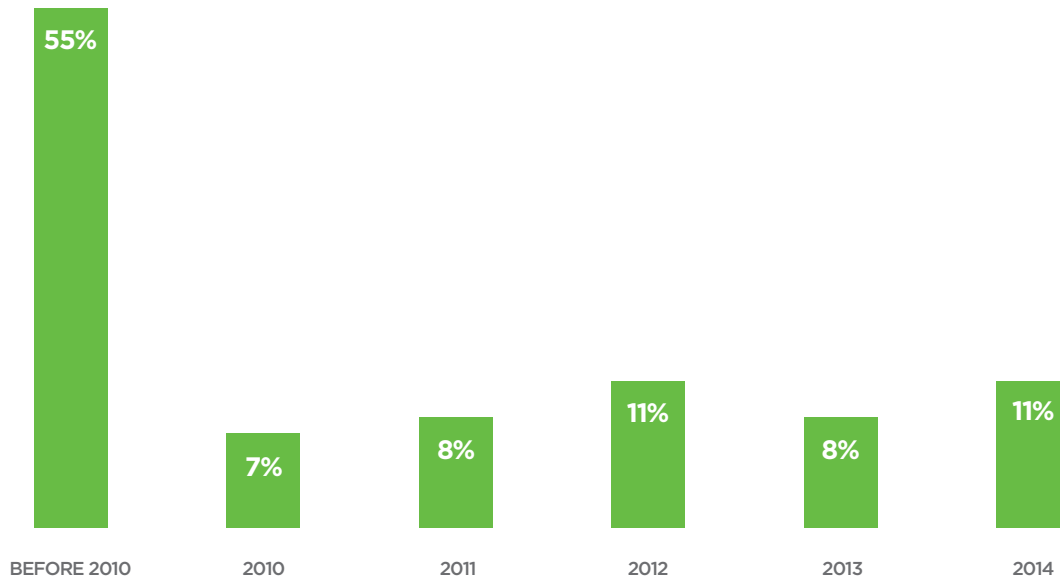


# STUCK WITH OLD TECHNOLOGY

Treasury is changing fast and treasury technology should change with it. But many treasuries have bought installed technology more than five years ago and are avoiding painful upgrades. Consequently, they are now working with outdated technology and are becoming more dependent on manual workarounds once again.

Technology has evolved significantly in the past years and treasuries are increasingly moving their operations into the cloud. Cloud treasury platforms make the finance teams independent from their IT departments and remove the burden of upgrades, as the software is provided as a service. Easy access, fast configuration, global collaboration, high integration and seamless connectivity to third party systems are benefits leading to a preference for cloud platforms in many finance departments.

## WHEN WAS YOUR TREASURY MANAGEMENT SYSTEM IMPLEMENTED?



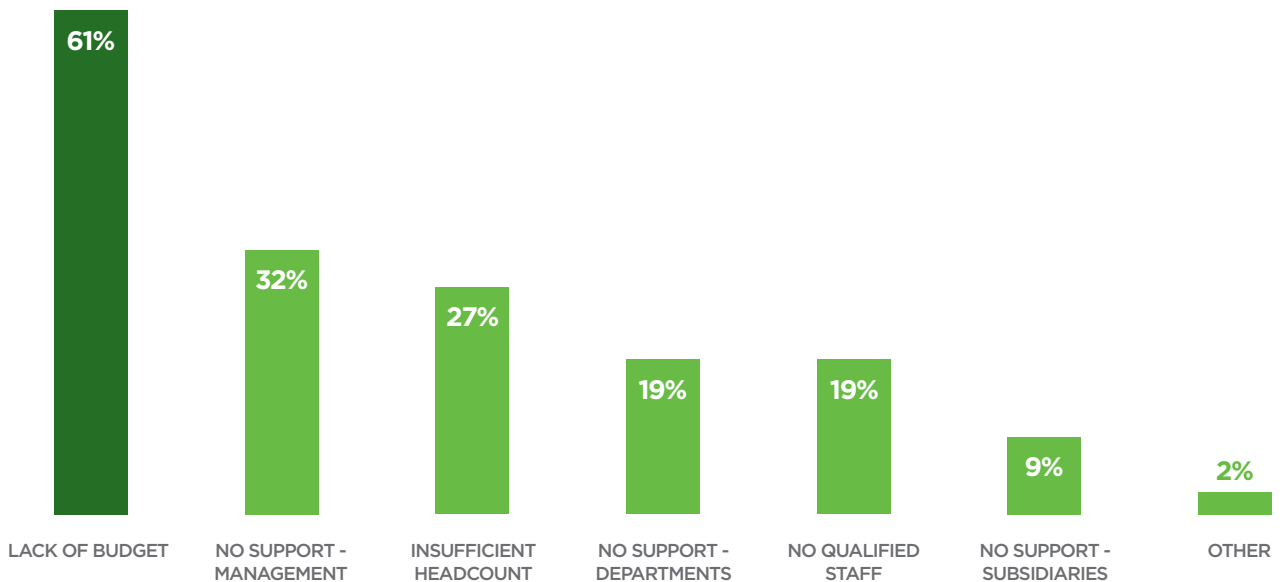


# THE MAIN ROADBLOCK: BUDGET

Most treasury professionals turn towards technology to master regulatory, operational and strategic challenges, but not all of them get their IT projects funded. Lack of budget is the top roadblock to treasury transformation and treasury technology adoption.

There are best practices for winning a business case for treasury software. First, it is important to acknowledge the strategic benefits of technology versus operational savings. Second, treasurers should take a phased approach. They should focus their business case on the capabilities needed today, get the budget approved, implement phase one, report on the benefits and then ask for more money. And third, it's key to choose a strategic technology partner. In the end, the system provider is the treasurer's partner to realizing his or her vision of the treasury function through innovative software and reliable support 365 days a year, 24 hours a day.

## WHAT ARE ROADBLOCKS FOR TREASURY TECHNOLOGY PROJECTS?



## **ABOUT REVAL**

Reval is the leading, global provider of a scalable cloud platform for Treasury and Risk Management (TRM). Our cloud-based offerings enable enterprises to better manage cash, liquidity and financial risk, and to account for and report on complex financial instruments and hedging activities. The scope and timeliness of the data and analytics we provide allow chief financial officers, treasurers and finance managers to operate more confidently in an increasingly complex and volatile global business environment. With offerings built on the Reval Cloud Platform companies can optimize treasury and risk management activities across the enterprise for greater operational efficiency, security, control and compliance. Founded in 1999, Reval is headquartered in New York with regional centers across North America, EMEA and Asia Pacific.

For more information, visit [www.reval.com](http://www.reval.com) or email [info@reval.com](mailto:info@reval.com).

## **ABOUT TREASURY STRATEGIES, INC.**

Treasury Strategies, Inc. is the leading treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions. Our seasoned professionals have a 360-degree view of the industry because we uniquely serve corporations, banks and vendors. In fact, our client list reads like a who's who of global business, across dozens of industries. As a result, we possess a collective knowledge greater than any other firm. How can we help with your challenges?

For more information, visit [www.TreasuryStrategies.com](http://www.TreasuryStrategies.com).