



Mid-Atlantic AFP
ASSOCIATION FOR FINANCIAL PROFESSIONALS



OUR EXPERTISE | YOUR ADVANTAGE

The background of the slide is a photograph of two hikers on a rocky mountain peak. One hiker is standing on a higher rock, reaching out to assist another hiker who is climbing up. The scene is set against a backdrop of a vast mountain range under a clear sky. The image is overlaid with large, semi-transparent geometric shapes in shades of blue and grey.

MID ATLANTIC AFP
2021/22 TREASURY AND
FINANCE INITIATIVES

October 2021

AGENDA

- PMC Treasury Introduction
- 2021-22 Treasury Initiatives
- Examples and Technologies to Consider
- Q&A

Session overview

- How is corporate treasury evolving as organizations emerge from the COVID19 pandemic and face the road ahead?
- 2021-22 challenges, successes, and concerns of corporate treasurers and examples of how organizations are addressing them.
- New technologies that you can afford and will revolutionize your treasury and finance function.

INTRODUCTIONS

Jeff Diorio



PMC Treasury Advisory lead with 30+ years expertise in Treasury and Finance operations and automation

Raul Lopez



Senior consultant in operational Treasury best practices, payments and liquidity optimization



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PMC OVERVIEW

PMC: LEADING TREASURY AND WORKING CAPITAL EXPERTS

OPERATIONAL TREASURY, RISK MANAGEMENT AND PMC ANALYTICS PROVIDE 360° SOLUTIONS

Our solutions minimize the risks you face managing business in a global marketplace.



OPERATIONAL TREASURY

Defining, creating, automating and operating your treasury and working capital functions.

RISK MANAGEMENT

Creating and implementing a hedging strategy founded on impartiality and transparency.

PMC ANALYTICS

Our online platform providing derivatives valuations, hedge accounting support, and cash forecasting.



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2021-22 TREASURY INITIATIVES

2021 TOP TREASURY PRIORITIES

Category	Relative to 2020	Comment
1 Cash forecasting improvements	Same	Always #1 or #2 priority. Effective financial decisions require a good base understanding of current position and upcoming needs
2 Liquidity or working capital management	Same	Either proactive or defensive (2020 Covid focus was defensive)
3 Bank services optimization or RFP	Same	Cost and Efficiency
4 Optimization or replacement of TMS	Significant move up	Covid heightened visibility of need for automation to achieve leverage and better analytical capabilities
5 Enhance fraud/cybersecurity controls	Significant move up	Was standard operating procedure. Dramatic escalation partly due to WFH
6 Improvements of payment process	Move up	Combined with other automation and efficiencies related to cracks found with WFH
7 Support for acquisition/divestiture	New	Corporate actions seem to be increasing
8 LIBOR replacement	New	Increases with deadline approaching. (US Dec 21 and Jun 23)
9 Debt issuance	New	Credit is still cheap

Source: Treasury Strategies

RECENT CHANGES, RISKS AND OPPORTUNITIES

COVID CHANGES

- **Elimination of paper**
- DocuSign and migration away from wet signatures
- Improved banking change process
- **More complete automation of treasury**
- Remote work – technology
- Remote work – people (HR impacts)
- **Forecasting**

OPPORTUNITIES

- Low borrowing costs – borrow now if you can
- **Process optimization**
- **Optimizing existing technology to enhance automation**
- New technologies for better data driven decisions and self service
- Payment optimization and elimination of paper
- **Cash conversion cycle improvements**
- **Liquidity optimization**
- **Bank rationalization**

RISKS

- **Fraud and cyber risk**
- Human capital risk (management / HR) in COVID-19
- Low rates impact on investments
- Inflation – steepening of yield curve inevitable
- Internal and external operational processes and controls
- Volatility of all rates (FX and commodity and even IR)
- **LIBOR replacement**

Source: Treasury Strategies

TREASURER'S TO-DO LIST FOR 2021 AND 2022 PREDICTIONS

2021

- Debt issuance, credit lines and balance sheet optimization
- Technology and automation – upgrade existing and add new
- Payment improvements, automation and risk mitigation
- Banking relationships and services optimization
- Forecasting, cash and working capital optimization
- LIBOR replacement
- New payment/receivable vehicles

2022

- More financial and balance sheet risk mitigation
- Use of new technologies for workflow and business intelligence automation
- Payment process automation and cyber risk mitigation
- Banking services enhancement (reduce and add)
- Forecasting and liquidity visualization
- Working capital optimization
- LIBOR replacement
- Ensure Treasury is prepared for growth, globalization and environmental change

Source: Treasury Strategies & PMC Treasury



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USE CASES AND
TECHNOLOGIES TO CONSIDER

EXAMPLES OF 3 AREAS TREASURERS ARE FOCUSED ON



Cash & Liquidity

Opportunity

Release cash through advanced liquidity and cash management

Benefits

- Improve / automate liquidity structures and forecasting
- Identify and mobilize trapped and idle cash
- Convert to a cash culture
- Enhance workflow for both efficiency and control



Working Capital

Accelerate free cash flow through re-engineering, automation and tools

- Improve visibility, efficiency, and control of payables and receivables
- Extend payables and accelerate receivables via tools (e.g., factoring)
- Shift payment mix to align to customer and supplier segments

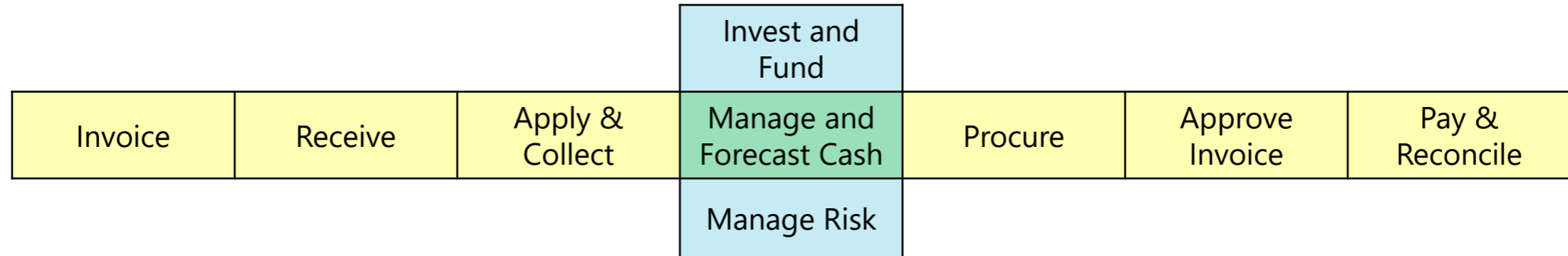


FX, Interest, Commodity Risk

Maximize value of company by identifying & managing financial risk

- Mitigate risk embedded in capital structure, cashflows, and contracts
- Maximize efficiency by exploiting natural hedges
- Reduce COGS and maximize revenue yield by using local currencies

HOW TREASURY AND THE CASH CONVERSION CYCLE INTERSECT



- Customer Onboarding
- Credit Management
- PO / Order Management
- Billing
- Statements

- Payment Acceptance
- Remittance Receipt
- Settlement

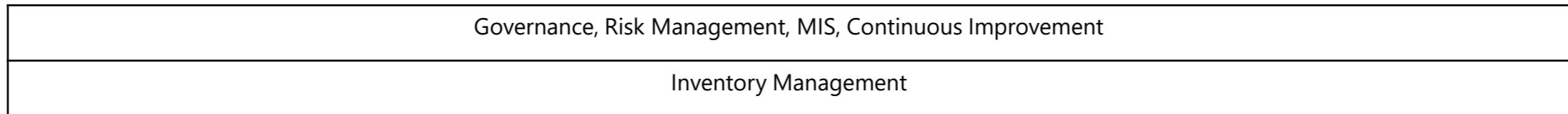
- Cash Application
- Exceptions
- Disputes
- Collection
- Write-offs

- Cash Management
- Concentration
- Cash Positioning
- Cash Forecasting
- Debt Management
- Bank Account Management

- Supplier Onboarding
- Supplier Risk Management
- PO Issuance
- Contract Management
- Order Receipt / Capture
- Vendor Master Database Management

- Invoice Receipt
- Invoice Validation / Approval
- Exception
- Dispute

- Determine payment type
- Disbursement
- Reconciliation
- Escheatment



EMERGING TECHNOLOGIES TO CONSIDER

Treasury and finance are optimizing their existing technologies to achieve the enhanced automation and controls they desire (Pandemic highlighted flaws and single person risks). In many cases they are augmenting the tools they use

- Use of technology is expanding from automation to decision support and execution
- The treasury tech stack is unbundling and expanding
- Treasurers are harnessing emerging technologies

HERE ARE SOME TECHNOLOGIES ORGANIZATIONS ARE ADDING TO ENHANCE THE OPTIMIZATION OF THEIR TECHNOLOGY STACK

	Business Intelligence – Dashboarding	Robotic Process Automation - RPA	Artificial Intelligences – AI
Technologies	MS Power BI Tableau Clickview	Automation Anywhere Blue Prism UIPath	Bank and vendor provided IBM Watson Splunk
Use Cases	Financial and operational KPI Global liquidity position Forecasting and exposure Working capital visualization	Email scanning for PO and Settlement payments Bank data integration Forecast enrichment AP/AR automation	Payment fraud detection Forecasting Receivables analysis and working capital optimization

WHAT ARE PMC CLIENTS ASKING FOR AND **THE BUSINESS CASE FOR CHANGE?**

Treasury	Working Capital	Bank Pricing	Foreign Exchange	Treasury Automation
<p>Complete review of treasury operations to include all aspects of policy, setup, automation and refinement of treasury operations</p>	<p>Analysis of all aspects affecting working capital with a focus on recommendations to improve DPO/DSO and global cash utilization</p>	<p>Overall analysis of banking relationships and required services with a focus on optimizing services and bank spend. Analysis of operations to minimize need for unnecessary services</p>	<p>Detailed assessment and analysis of your foreign exchange exposure determining optimal FX exposure modeling, hedge strategy and execution/management approach</p>	<p>Treasury technology selection, implementation and optimization support. We incorporate a wholistic approach to achieving maximum value for technology spend</p>
<p>Achieving improved financial returns with reduced costs, optimized operational processes and a highly leveraged team.</p>	<p>Improved availability of cash, reduced cost of capital, enhanced processes and controls.</p>	<p>Cost reductions by optimizing both pricing and services. In addition, focusing on operational improvements required to optimize bank services and enhance controls.</p>	<p>Enhanced earnings retention, minimized earnings volatility and positive impact to EBITDA.</p>	<p>Enabling a highly leveraged and scalable team by utilizing technology to allow efficient transaction processing, enhanced controls and reduced error potential</p>

Solution/Service

Value



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Q&A

GLOBAL PRESENCE

SINGULAR SITUATIONS REQUIRE EXCEPTIONAL EXPERTS

Americas

708 Third Avenue
20th Floor
New York NY 10017
+1 212 532 0789

Europe

77 Endell St
London
WC2H 9DZ
+44 20 7759 9200

Asia

1 George St
#10-01
Singapore 049145
+65 9618 8700



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pmctreasury.com

info@pmctreasury.com