

Treasury Intranets



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Presentation Outline

- Background on GTA
- Background on EDS study
- Strategic concepts
- Internal customer servicing
- Treasury policies and procedures
- Treasury knowledge sharing
- FX websites
- Insurance intranets
- Employee stock services
- Employee benefit services
- Directories — Treasury department
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- Intra-department activities
- Treasury internet applications
- Recommendations

About GTA

- Ninth year, over 200 clients
- Dedicated to corporate treasury consulting
 - Not affiliated with Greenwich Associates
- Best known for our benchmarking studies

Subject	Year	Companies	Avg. Sales
Foreign Exchange	1994	27	\$13 bn
Global Treasury	1995	54	\$18 bn
Domestic Treasury	1997	68	\$10 bn
Foreign Exchange	1998	31	\$50 bn
FX/FAS 133	1999	36	\$8 bn
Global Treasury Mgt	2001	In progress	

- Visit www.gtallc.com for more details

Jeff Wallace

- Managing partner, founded GTA in 1992.
- Formerly, VP – International Treasury at American Express, Assistant Treasurer of Dun & Bradstreet and of Seagram, CPA with Price Waterhouse
- Author of *The G31 Report: Core Principles for Managing Multinational FX Risk*, (AFP, 1999, download at www.greenwichtreasury.com)
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Background on Presentation

- EDS-sponsored study on treasury intranets
- Participants included
 - Dell, Dupont, Eastman Kodak
 - Ford, Halliburton, Hewlett-Packard
 - McDonald's, Oracle, PepsiCo
 - Procter & Gamble, Xerox

Treasury Intranet Strategic Concepts

- Treasury's interface with its internal customers
 - Portal is the web jargon, but interfacing is the activity
 - How you are marketing treasury internally: your intranet is the source to go first for anyone in your company with a treasury issue
- A treasury data warehouse of all important treasury data
 - Including summary data from your treasury workstations and risk management systems
 - A central library for all important treasury papers: put your file cabinets on the server and put the originals in storage
- Automates repetitive clerical tasks involving requests for services and distribution of information/reports
- A new way to manage Treasury

Internal Customer Servicing — I

- Unit requests for treasury services
 - Unit's positions at an in-house bank
 - Funding/intercompany loans
 - FX hedging or FX trade execution
 - In-house bank posted rates for FX, loans and deposits
 - Live (or fairly) live FX or IR rates
 - Providing forward rates for long-term third party pricing quotes
 - Certificates of insurance
 - Insurance bonds
 - Guarantees/comfort letters
 - Letters of credit

Internal Customer Servicing — II

- Units downloading treasury activity reports on:
 - FX analysis on unhedged positions
 - FX results (especially post-133)
 - Intercompany loan balances
 - Monthly interest income/expense
- Treasury-supplied information needed for unit use
 - Book FX rates (current period and history)
 - Plan FX rates
 - Plan Interest rates
 - Schedule of intercompany netting dates
 - Approved bank list for subsidiaries
 - Month-end reporting requirements/deadlines
 - Insurance service providers

Internal Customer Servicing — III

- Units inputting into Treasury page screens
 - Weekly cash and debt positions
 - Monthly FX exposure information
 - Forecast FX exposure information
 - Annual insurance renewal information
 - Insurance claim reporting
- Search engine for intranet site
- Pages not just for parent treasury
 - Regional treasury
 - Treasury functional areas (e.g., FX, capital markets)

Treasury Policies & Procedures

- Bank relationship policy
- Bank account policy
- Capital expenditure policy
- FX risk management policy
- Insurance risk management
- Investment guidelines and procedures
- IR risk management policy
- Strategic/venture investments

Treasury Knowledge Sharing - I

E-Learning Monographs/Checklists/FAQ's on:

- Intercompany netting procedures
- Hedging FX risk
- Bid-to-award risk on projects
- Negotiating short-term credit lines
- Opening up bank lines and bank accounts
- Lease vs. buy analysis
- Leasing procedures
- Capital expenditure analysis

Treasury Knowledge Sharing — II

E-Learning Monographs/Checklists/FAQ's on (cont'd):

- Insurance risk management
- Cost of capital
- Treasury metrics
- Real options
- Desktop operating instructions
- Treasury system instructions
- Working capital management

FX Websites

- An intranet applet calculates forecast P&L dollar translation based upon existing hedge positions after local unit inputs local currency P&L forecasts
 - Linked to company forecasting system
- Explanations of how forecasting and hedging process works, with links to pages explaining
 - What should be forecast when
 - Reconciling forecast to actual
 - Outstanding treasury balance sheet hedges
 - Recent treasury initiatives to make overall process more efficient for everyone
- An intranet providing relevant hedge and forecast rates for operating unit planning and customer pricing purposes

Insurance Intranets — I

- Mission statement
- Replaces the publishing of policies & procedures manuals, policy summaries and frequently asked questions
- Replaces faxing and mailing information and forms for:
 - Insurance bonds required by customers before construction or service can commence
 - Issuance of certificates of insurance
 - Loss engineering/prevention reports and follow-up actions
 - Gathering renewal information
 - Business continuity planning

Insurance Intranets — II

- Replaces telephone calls and emails for:
 - Coverage and service clarification for each line
 - Guidelines for insurance wording in customer contracts
 - Instructions on how and where to report a claim
 - Identifying local broker and service support contacts
 - Renewal information

Employee Stock Services Sites

- Status of stock owned
- Stock price history
- Procedures and forms for purchasing stock under Employee Stock Plan
- Status of vested options
- Procedures and forms for exercising options
- Procedures and forms for selling stock
 - Link to E*Trade to execute stock sales
 - E*Trade trading is linked to corporate stock database

Employee Benefits Sites

- Allows employees to evaluate benefit alternatives
- Education in investing and company investing alternatives
 - Link to special Merrill Lynch site
- Arrange transfers between investment alternatives
- Changes of address, changes in dependents
- Employee policies
- FAQ

Links to Other Websites

- Bank websites
 - Public and private sites
- News services
 - Bloomberg
 - Financial Times
 - New York Times
 - Reuters
- Reference websites
 - SEC's Edgar
 - Federal Reserve

Departmental Directory

- Names, phone, email, fax
- Photos
- Job descriptions
- Home numbers
- Optional personal pages
- Function mission statement
- Function organizational chart

Directory of Service Providers — I

By provider

- Description of services provided
 - Credit facilities
 - Loans outstanding
 - Derivatives outstanding
 - L/C's, etc.
- Moody's/S&P bank ratings
- Current counterparty risk
- Service benchmarks/quality evaluations
- Recent initiatives
- Meeting reports
- Fees paid

Directory of Service Providers — II

- Types of providers
 - Auditors
 - Bond trustees
 - Commercial banks
 - CP dealers
 - FX dealers
 - Investment banks
 - Investment counterparties
 - Investment managers
 - Insurance brokers
 - Insurance carriers

Directory of Service Providers — III

- Types of providers (cont'd)
 - Other lenders
 - Pension investment managers
 - Pension fund custodians
 - Pension trustees
 - Stock transfer agents
- Provider representative information
 - Names
 - Titles
 - Phone and fax numbers
 - Email and physical addresses

Intra-Department Information — I

- Outstanding tasks/assignments
 - By due date and person/function
 - Status of project initiatives
- General department news
 - New faces
- Departmental calendar
 - Office activities
 - Monthly/quarterly deadlines
 - Annual budget/plan deadlines
 - Key people travel schedules
 - Vacation schedules
- Treasury metrics/reporting by function area
 - (As we are discussing elsewhere)

Intra-Department Information — II

- Bank agreements
 - Loans
 - Disbursements
 - Lockbox
 - ISDA's
 - Master Account
- Corporate listings of
 - Intercompany loans
 - Corporate guarantees
 - Comfort letters
- Funding plans and other major treasury reports

Intra-Department Information — III

- Insurance contracts
 - Certificates of insurance
 - Insurance bonds
- T&E Expense reporting procedures
- Web page changes
- Graphic files for company logo

Treasury Internet Applications

- Integrating company's B2B activities with treasury's payments and receipt functions
- Intercompany netting via a internet netting application
- Internet "meetings" using white boards/MS office applications
- FAS 133 accounting ASP services
- Treasury workstation ASP services
- Web derivative trading

Technical Issues

- Multi-level security/access
- Need to constantly update pages
- Automate downloading data from treasury workstation
 - Metrics data
 - Bank relationship data
- Cost/benefit analysis (how much is too much ?)
- Web publishing applications used
 - MS FrontPage
 - Lotus Notes 4.5 and R5
 - Fusion

Recommendations — I

- Require staff to have basic literacy in writing and updating .html pages
- All regular interactions with operating units are candidates for intranet processing
- View treasury's intranet as the way treasury interacts with the operations
- A first-class treasury intranet is an excellent way to demonstrate treasury's contribution and competence to the rest of the company
 - EDS publishes daily treasury statistics available to all company employees
 - Applets are leading edge
 - A way to market treasury internally

Recommendations — II

- Going the next step, use your intranet to make Treasury publicly accountable to the company
 - Statement of goals and objectives
 - Progress reports against metric targets
 - Include internal service quality metrics