



2015 Global Corporate Treasury Survey



Contents

Executive summary	4
Survey demographics	6
CFO mandates	7
Strategic challenges for treasury organizations	8
Current transformation initiatives	9
Treasury services likely to be outsourced	10
Current and future state treasury operating models	11
Benefits and perceived disadvantages of centralized treasury organizations	12
Treasury technology	14
Deloitte U.S. and Deloitte Touche Tohmatsu Limited (DTTL) member firm global treasury contacts	19

Executive summary

Deloitte is pleased to release its biennial Global Corporate Treasury Survey.

In preparing for the survey this year, our colleagues contemplated the following:

- Is treasury truly a strategic function?
- What mandates are provided by the chief financial officer (CFO) and board to treasury?
- What are the key challenges facing treasury?
- Has automation addressed the needs of treasurers, or is it still a pipe-dream?
- How are operating models evolving?
- What are the emerging trends, and how will these affect the treasurer of the future?

Strategic or tactical

Much has been written over the years about the role of treasury. The modern treasury group is strategic, collaborates with the businesses it serves, and is using automation, offshoring and treasury centers of excellence to consolidate and standardize tactical areas.

CFO mandates

Treasurers clearly have strong mandates to be strategic. More than 70% of respondents noted the following mandates from their CFOs:

- Liquidity risk management
- Efficient capital markets access
- Steward for risk management company
- Strategic advisor to the business
- Value-add partner to the CFO in areas such as mergers and acquisitions (M&A)
- Leading, governing and driving working capital improvement initiatives
- Enhanced governance and control over domestic and overseas operations
- Creation of scalable treasury organization to support company growth

Key challenges persist

Fifty percent of treasurers noted their biggest challenges are the ability to repatriate cash and to manage foreign exchange (FX) volatility. These challenges continue, despite the ongoing trend toward leveraging technology solutions.

Technology has not cured all ills

Forty percent of companies remain challenged by visibility into global operations, including cash and financial exposures. Forty percent also cited insufficient technology infrastructure to support their department.

Key causes may include the following:

- Treasury management systems (TMS) may be implemented for the 73–76% of business covered by corporate treasury, preventing the ability to look at the residual business.
- Sufficiency of two-way integration with enterprise resource planning (ERP) systems. Sixty-four percent of respondents noted more than one ERP from which to source and send data.
- Reliable, complete and consistent data, available on a timely basis, as a tool for treasury.

Operating model evolution

Treasury departments are growing more comfortable with the use of centers of excellence to support global operations, including the use of in-house banks (IHB) and shared services centers.

Emerging trends

The sum of the parts may be more than the whole

Should corporate treasury play an integral role in the evolution of company structure? Should a company possess its own skills to value the whole and parts of the business, to support M&A and evolution of company structure and capital structure – including share buy-back strategies? We believe these are core internal skills that should reside in treasury or corporate development groups.

In the technology, life sciences and health care sectors, in particular, Deloitte sees companies taking a decision to split into parts. Suggested preparation for treasury may include the following:

- Learn divisional business models, including supply chain, sales cycles, liquidity flows and related asset concentrations rather than having an aggregated country view
- Map businesses and flows to legal entities
- Consider redundancy in bank account and pooling structures
- Build modularity and redundancy into technology architecture and divestment strategies

Navigating restricted economies

Many companies face the opportunity of emerging market growth with the constraints of repatriation. Treasurers need to be able to speak to their boards and executives about the inter-play (and sometimes divergent outcomes) of these growth opportunities on earnings-per-share vs. cash returns, as well as discuss the liquidity and balance sheet consequences.

Increasing need for substance in foreign jurisdictions

Tax authorities are looking closely at the substance of global financing and treasury activities. Treasury teams should expect to see greater substance (decision making, scope of activities, and scale in offshore teams) in foreign treasury centers. This creates a unique opportunity to gather up the activities of countries not previously supported by treasury centers or shared services organizations.

Cyber threats have made it to treasury

Treasury departments are now being targeted in elaborate phishing, social engineering and hacking attacks. With the growing complexity of the technology infrastructure, data storage surface, and multiple access points for cyber threat, an organization's internal monitoring and surveillance strategies by the organization as a whole may not be covering the assets treasury protects. Many treasury teams have focused on traditional process and financial controls, relying on team members to support systems administration and maintenance within its "four walls."

A big thank you

Thank you to the companies around the world that responded to our survey online or by interview. For those of you who did, please contact your Deloitte professional for a download about how your company responded or compares to your peer group.

We would also like to thank the following Deloitte professionals for their contribution to this publication: Niklas Bergentoft, Joan Cheney, Lisa Hallman, Myla Kozak, Prashant Patri, Carolyn Thompson, and Neha Verma.

Want to engage

Deloitte and DCTL have emerged as the largest global professional services treasury practices. We offer services across all areas of treasury M&A, strategy, operating model and process transformation, treasury technology strategy, selections and implementations. If this survey resonates with the issues that your company faces, please contact us. Our international contact points are provided on page 19.

Sincerely,



Melissa Cameron

Principal, Deloitte & Touche LLP
Global Treasury Leader



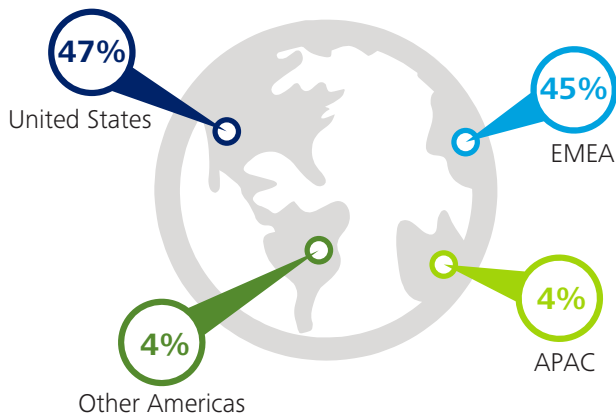
Carina Ruiz

Partner, Deloitte & Touche LLP
M&A and Treasury
Transformation Leader

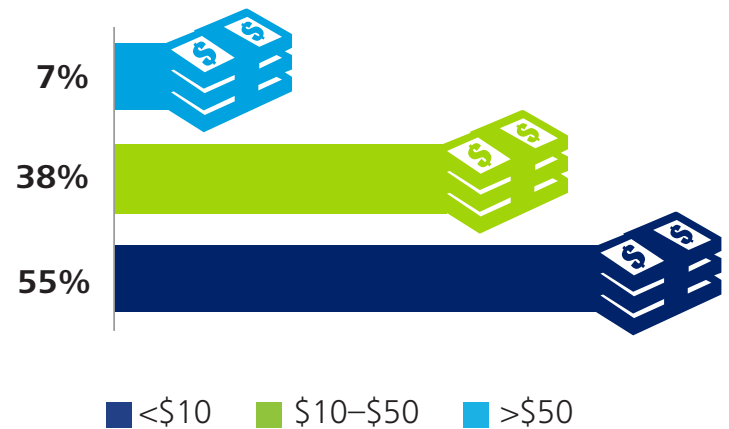
Survey demographics

Responses were received from the treasury groups of more than 100 top corporations from around the globe, representing a wide array of global scales, industrial footprints and geographic headquarters. Benchmarking comparisons are available for clients against peer industry and revenue counterparts.

Geographic location

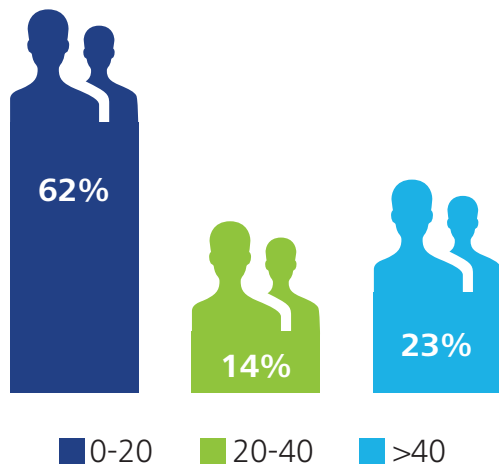


Annual revenue

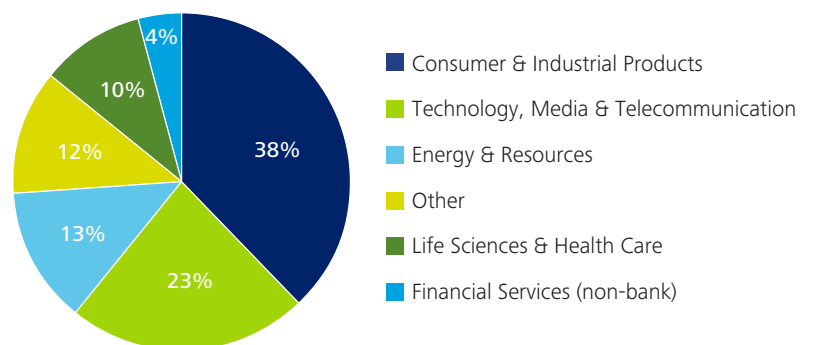


*All revenue amounts in this document are quoted in U.S. billion dollars

Treasury staff

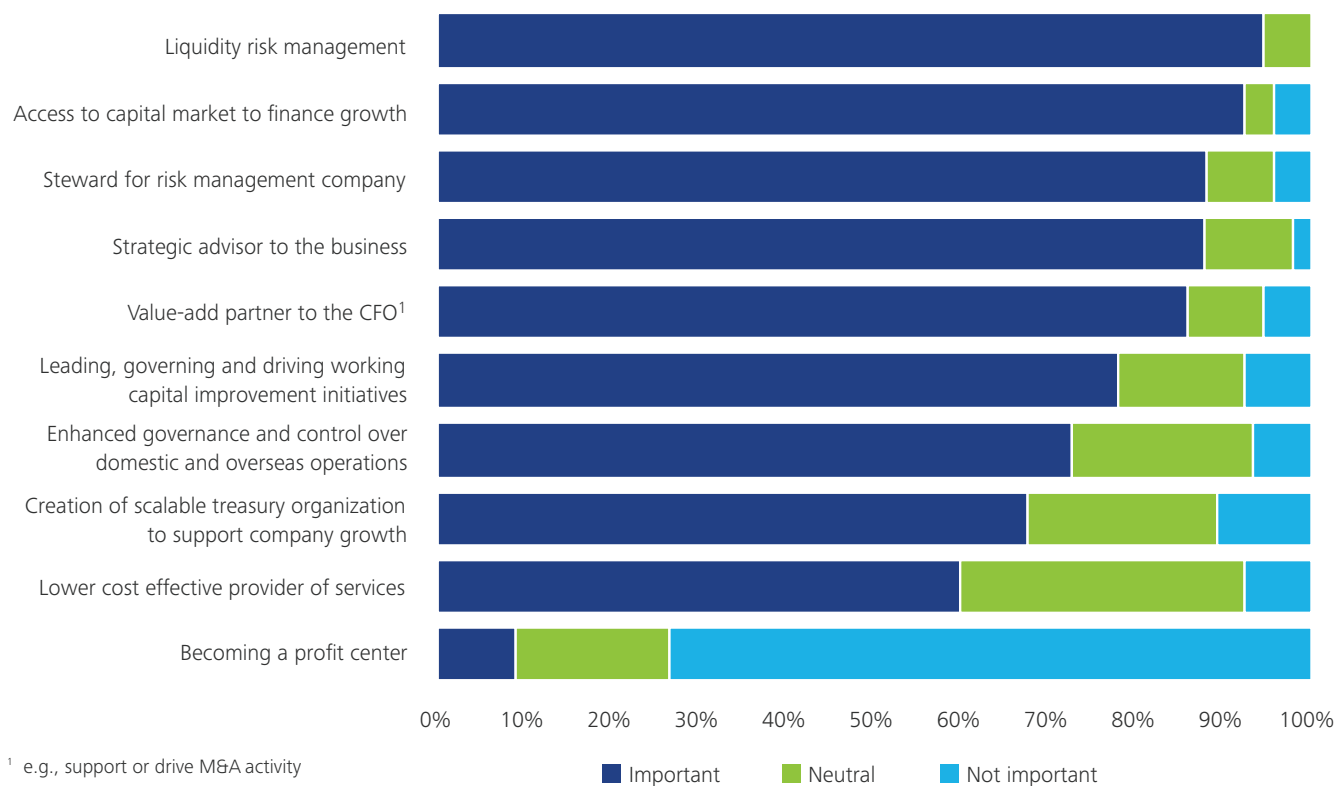


Industries



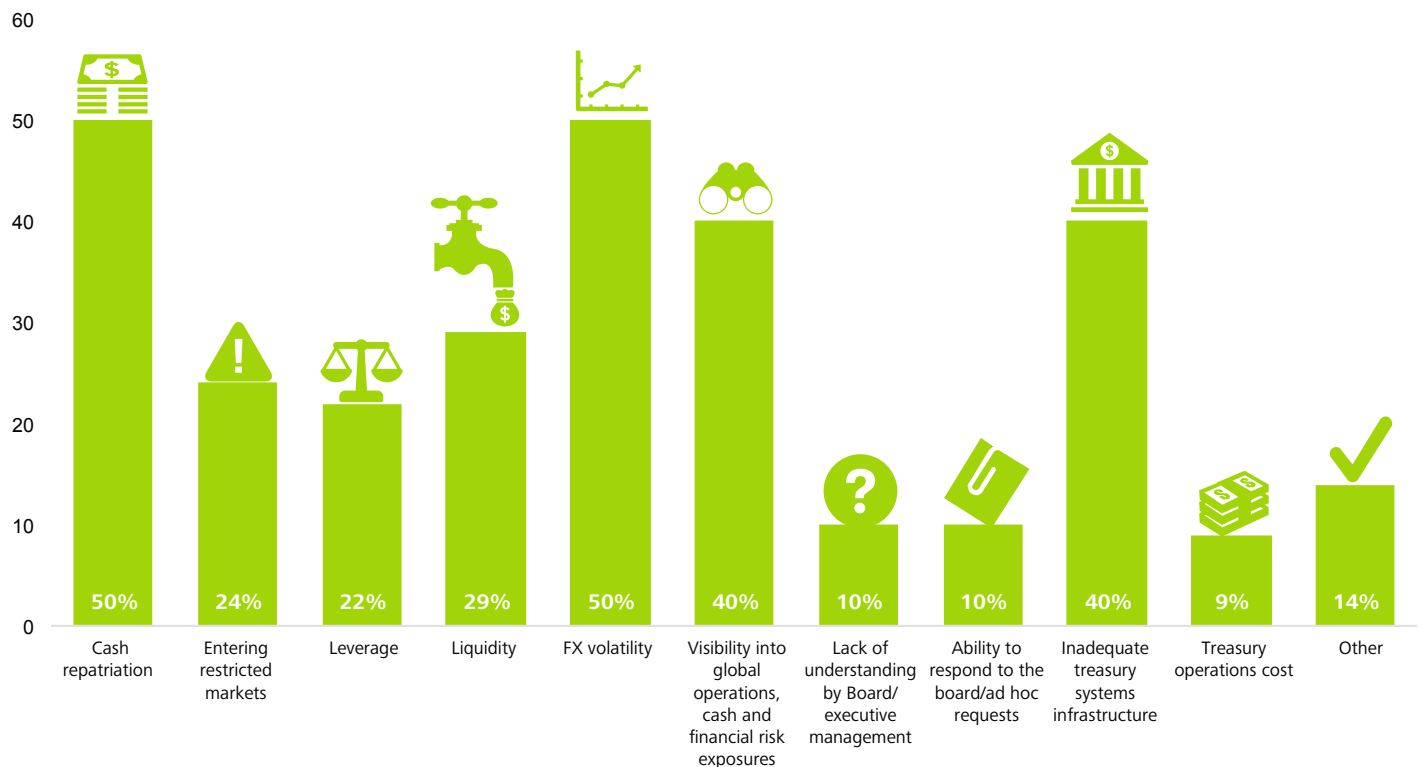
CFO mandates

Treasury is increasingly taking on strategic roles with corporations and continues to be viewed as a risk management function. Despite the record amounts of cash that are managed by treasury groups, and the resulting focus on capital markets investments, there is little push from CFOs to transform treasury into a profit center.



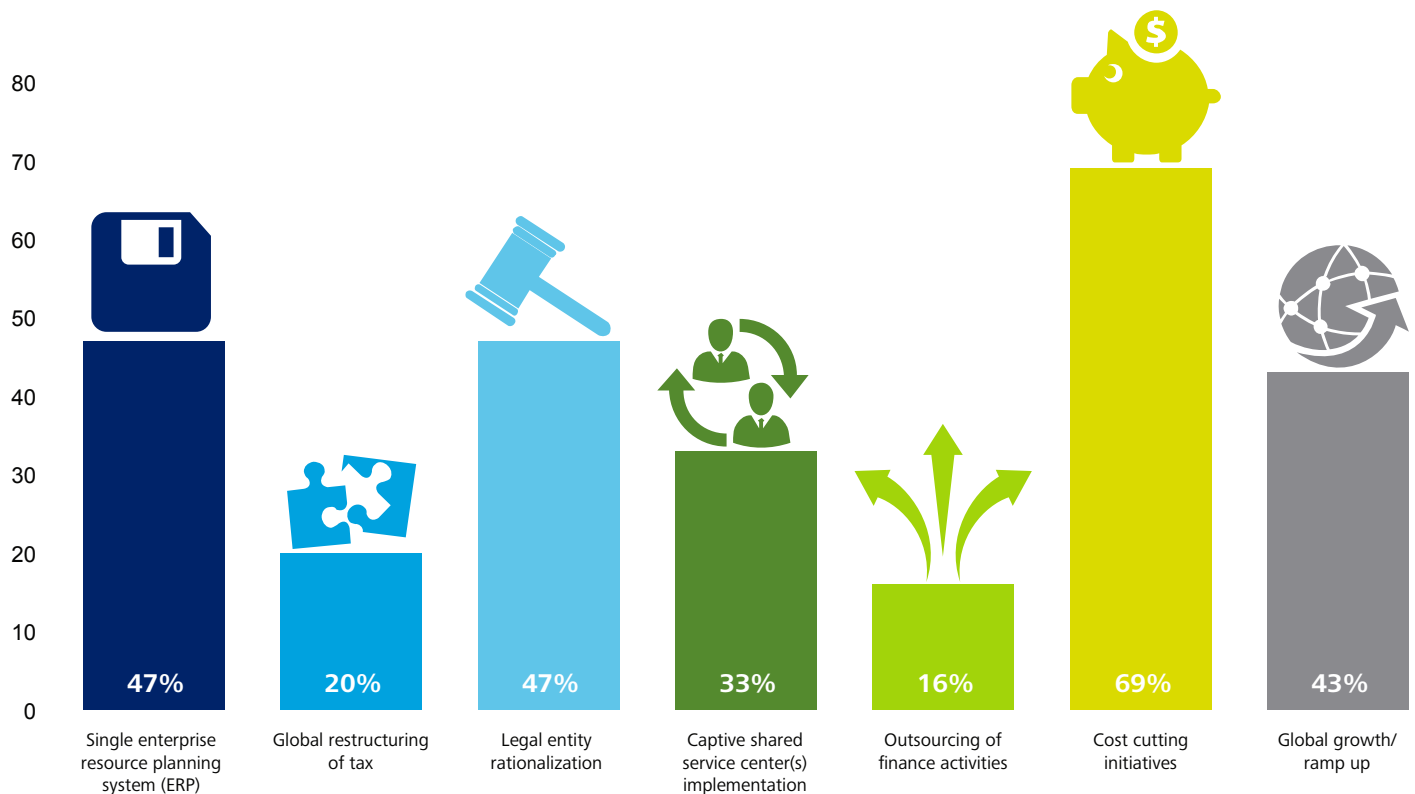
Strategic challenges for treasury organizations

The primary challenges facing treasury groups today have not yet been resolved with the increased investment in treasury technology, a trend over the past few years. Inadequate systems, FX management, and visibility to global operations continue to be difficult. As you will see on page 15, most corporate treasury groups rely on multiple ERPs for data sources and use multiple solutions (some manual) to address their company's needs. This may lead to increased operational difficulties and risk rather than providing sufficient solutions to address these challenges.



Current transformation initiatives

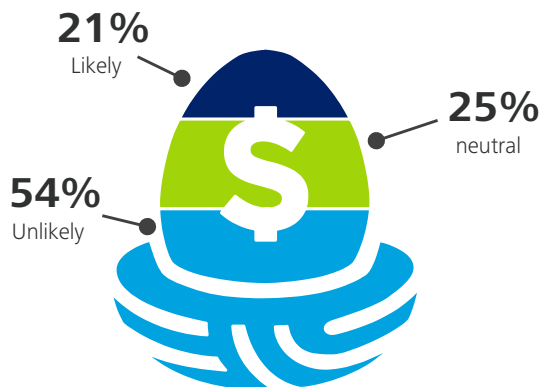
Respondents have the opportunity to leverage broader company-wide transformation initiatives. Transformation in key strategic areas can lead to more streamlined systems and processes and potentially reduce overall costs within treasury. Legal entity rationalization can provide an opportunity for improved liquidity and cash management structures. Migration onto a single ERP platform can allow for improved data sourcing and consolidation. And global restructuring of tax can provide the foundation for intercompany capital and liquidity considerations.



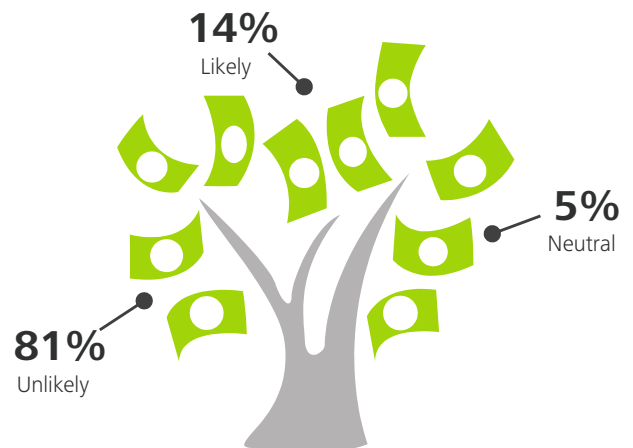
Treasury services likely to be outsourced

While sixteen percent of respondents were looking to outsource in finance over the next three to five years, and a slightly smaller percentage saw this applying to treasury. There is a stronger trend among respondents toward internal offshore methods, such as in-house banks and shared service centers. The three treasury functions that respondents indicated are most likely to be outsourced are retirement plans, international treasury support and long-term investments.

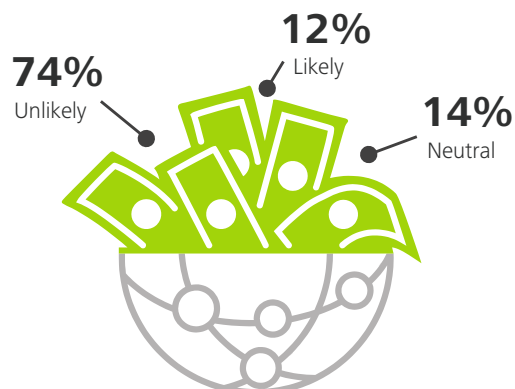
Retirement plans
(e.g., pension, 401k plans) management



Long-term investments

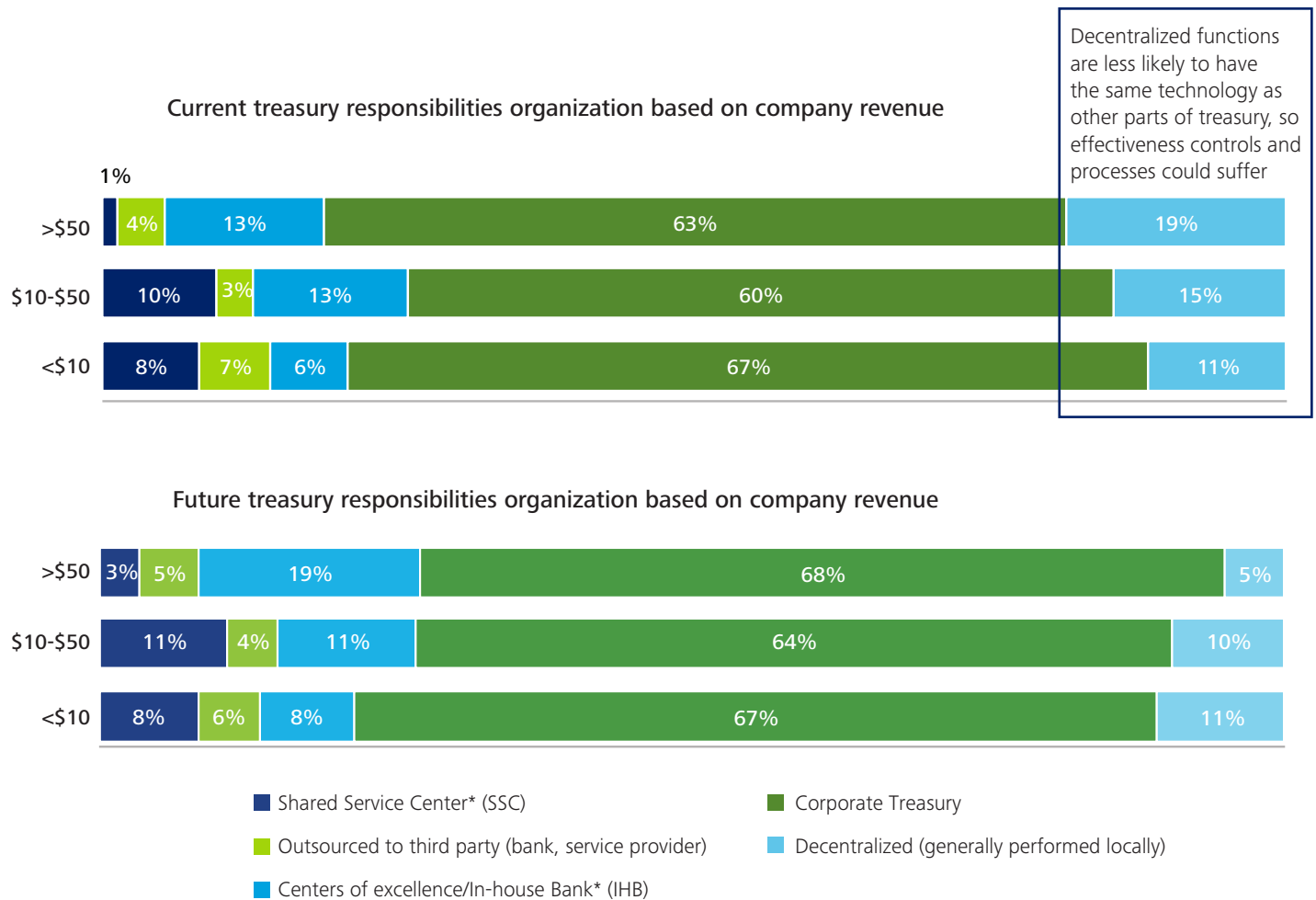


International treasury support
(e.g., treasury IT and treasury accounting)



Current and future state treasury operating models

Corporate treasury is still the most widely used operating model with between 73% and 76% of respondents mentioning that treasury activities are currently being handled there. This trend looks to continue for companies in the largest and smallest brackets. This significant decrease in decentralized operations across all company sizes is strongly indicative of greater interest on the part of the respondents to create more centralized models (e.g., corporate treasury and the use of centers of excellence or in-house banks).

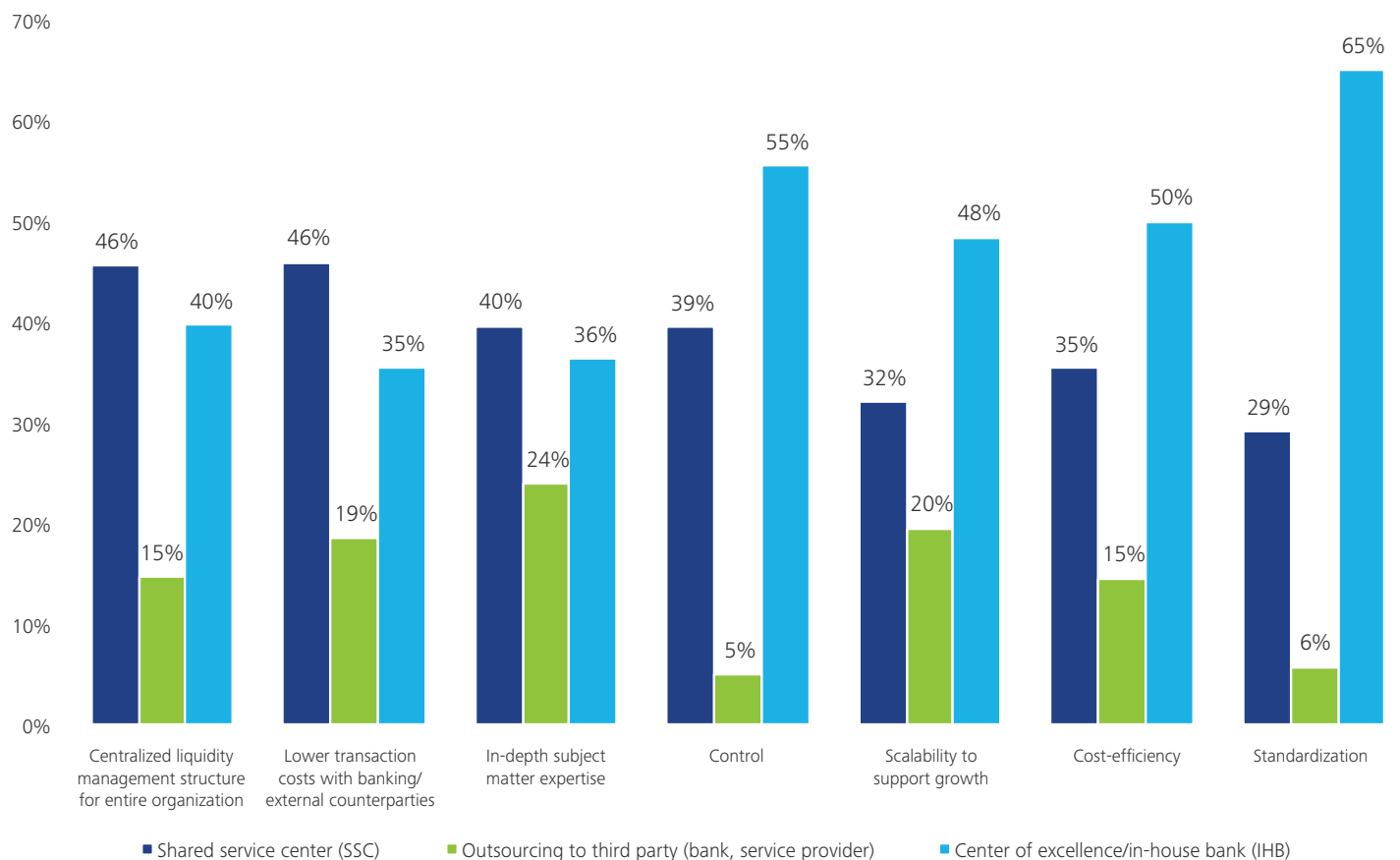


* SSC provides services to the rest of the organization through the execution of specific operational activities, which include primarily accounts payable (A/P), accounts receivable (A/R), accounting, treasury, IT, etc., on behalf of other legal entities.

** IHB is an internal funding vehicle which can be used both for concentrating global liquidity and meeting short- and longer-term capitalization strategies. At its most evolved form, IHB capability can be used to collect and pay on behalf of group subsidiaries and also be the conduit for centralized foreign exchange risk management and improved hedging.

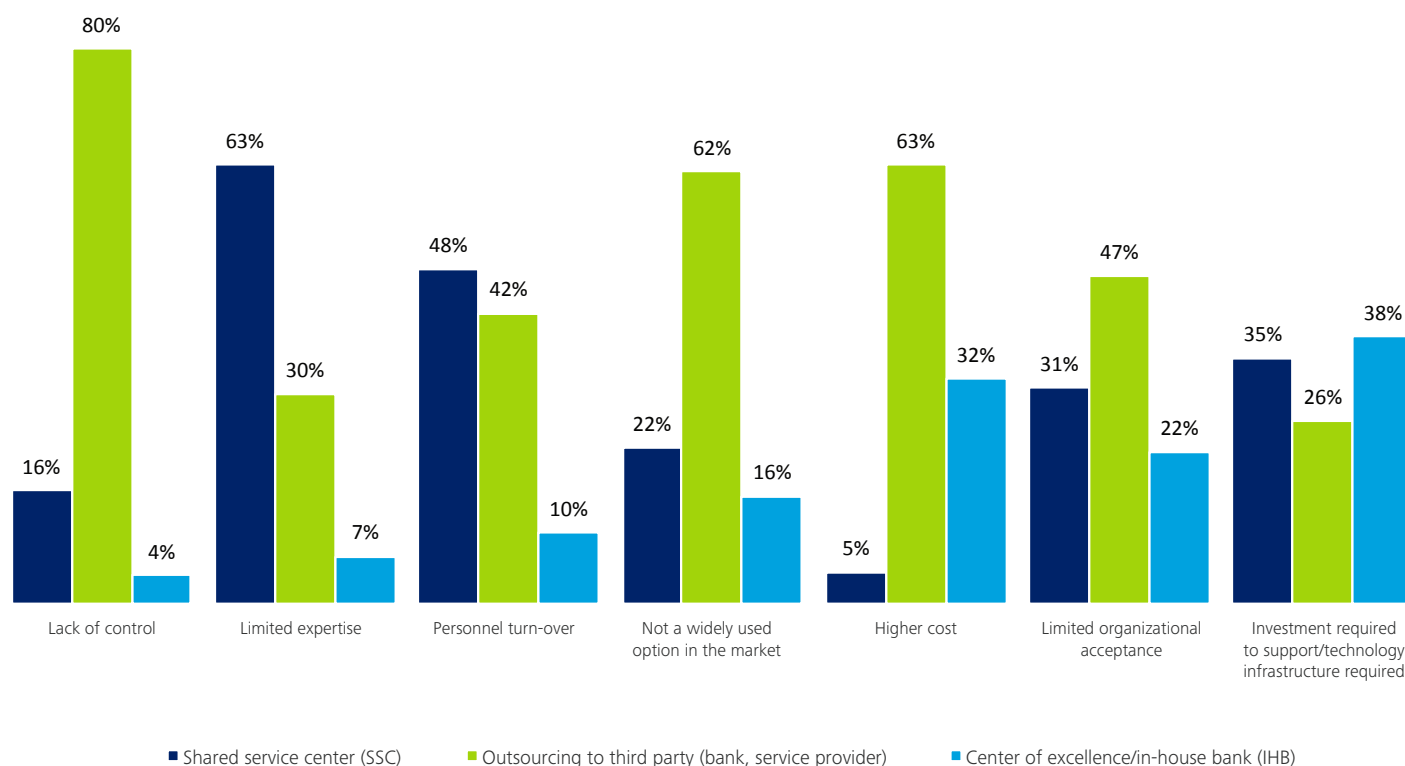
Benefits of centralized treasury organizations

Organizations are acknowledging the benefits to the centralization of treasury, particularly standardization of strategic and tactical activities, controls and liquidity management.



Perceived disadvantages of centralized operating models

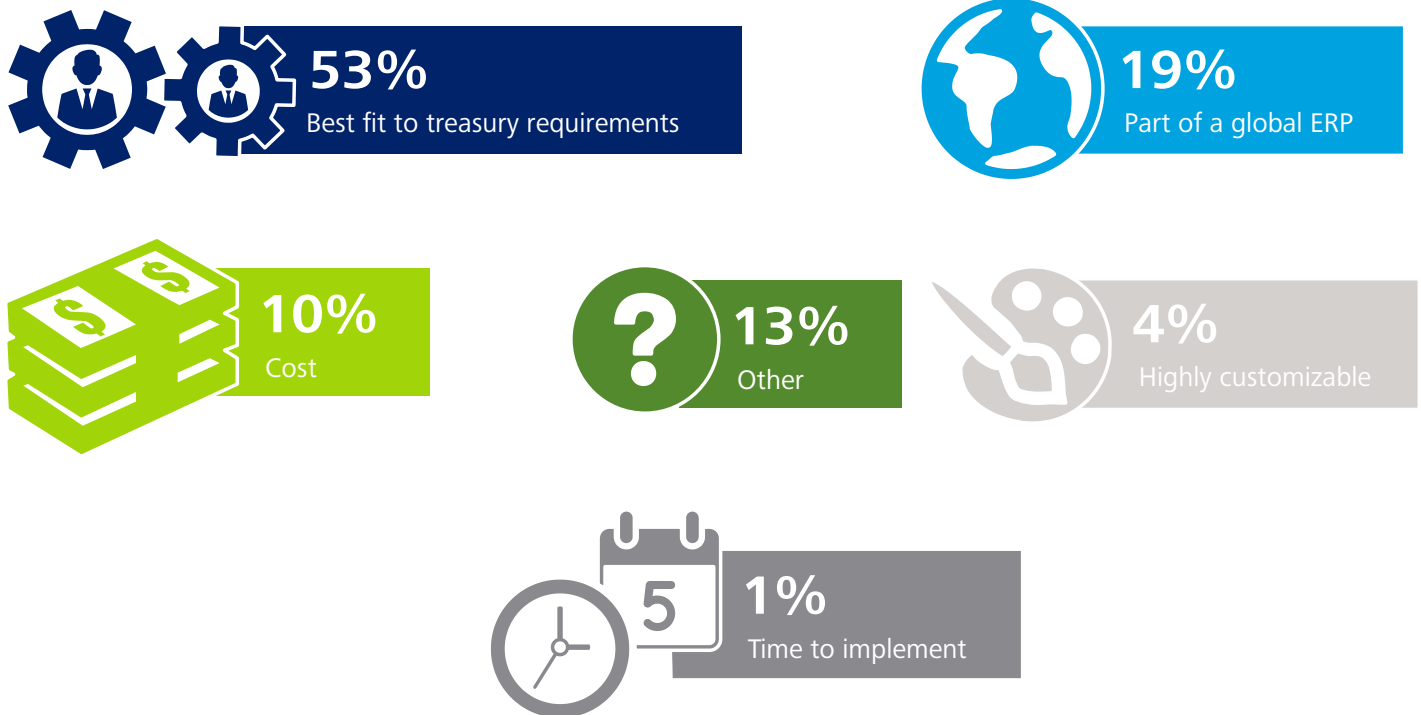
Change management is an important factor in ensuring that a transformation initiative, such as centralization, is embraced throughout the organization. Treasury teams can predict apprehensions from offshore businesses and incorporate change management programs into centralization/regionalization initiatives.



Treasury technology: choosing a treasury management system

Respondents indicate that the primary driver when choosing a new system is the fit to identified treasury requirements. In addition to treasury requirements, the needs of all key system and business stakeholders sending and receiving information from treasury and third-parties (e.g., banks) should be understood and considered as part of the selection and implementation processes. Bank connectivity improvements available outside of treasury, but within the company, may add a compelling business justification to improved technology infrastructure and improve global cash visibility and control.

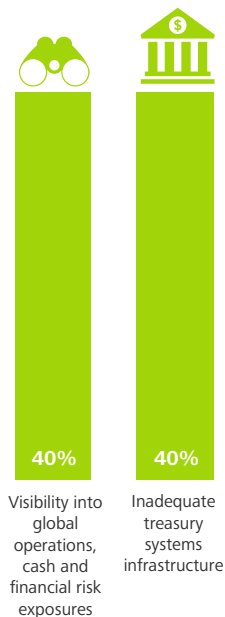
Reasons for choosing current treasury management system



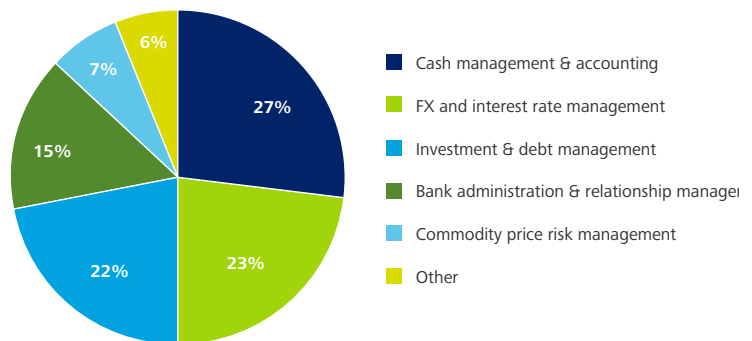
Treasury technology: vendor systems

Leading respondents avoided key challenges by addressing integration requirements with multiple ERPs and source data quality/consistency, to avoid the pitfalls of limited visibility to global operations cash and financial exposures.

Key challenges

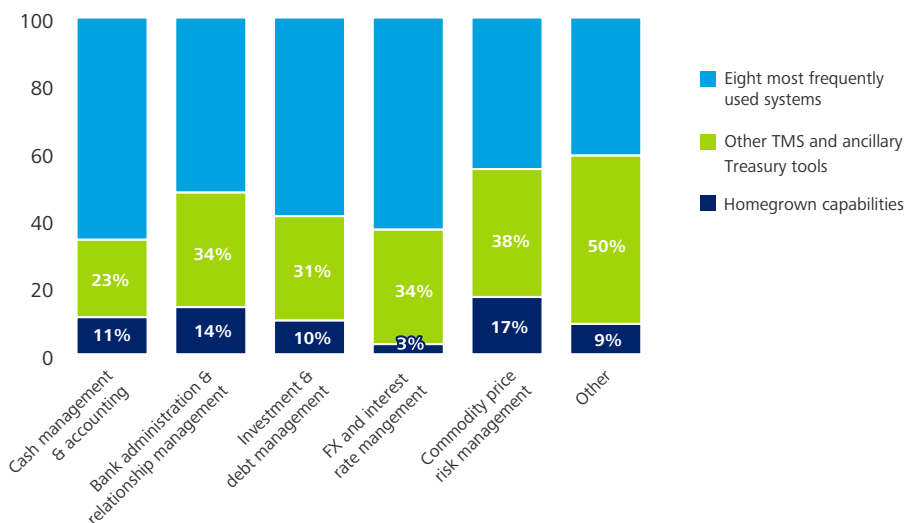
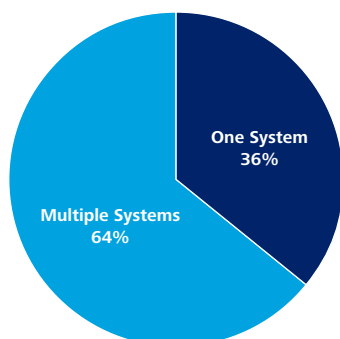


System functionality used by treasury



Use of proprietary and other solutions

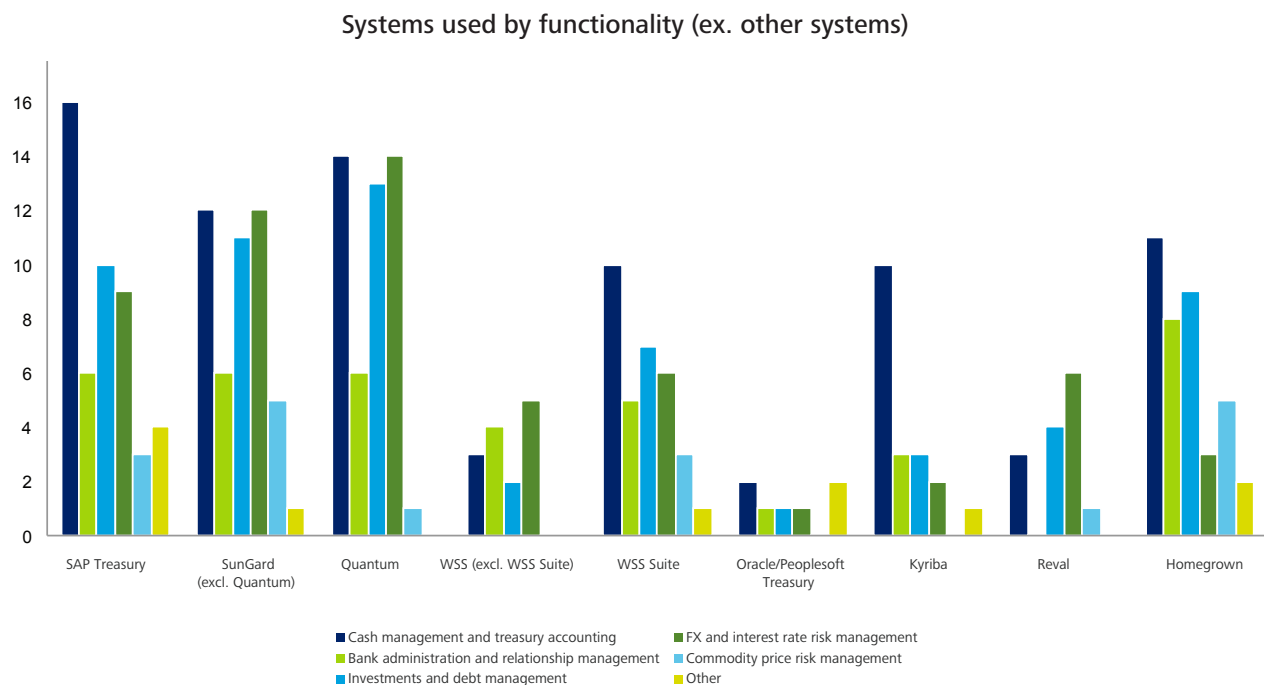
ERPs to connect to TMS



Treasury technology: use of systems by functionality

Respondents sought to leverage full functionality of treasury management systems (TMS), implementing cash management, investment and debt management, and FX capabilities where possible.

Notably, respondents' functional use varied with the primary TMS solutions used.

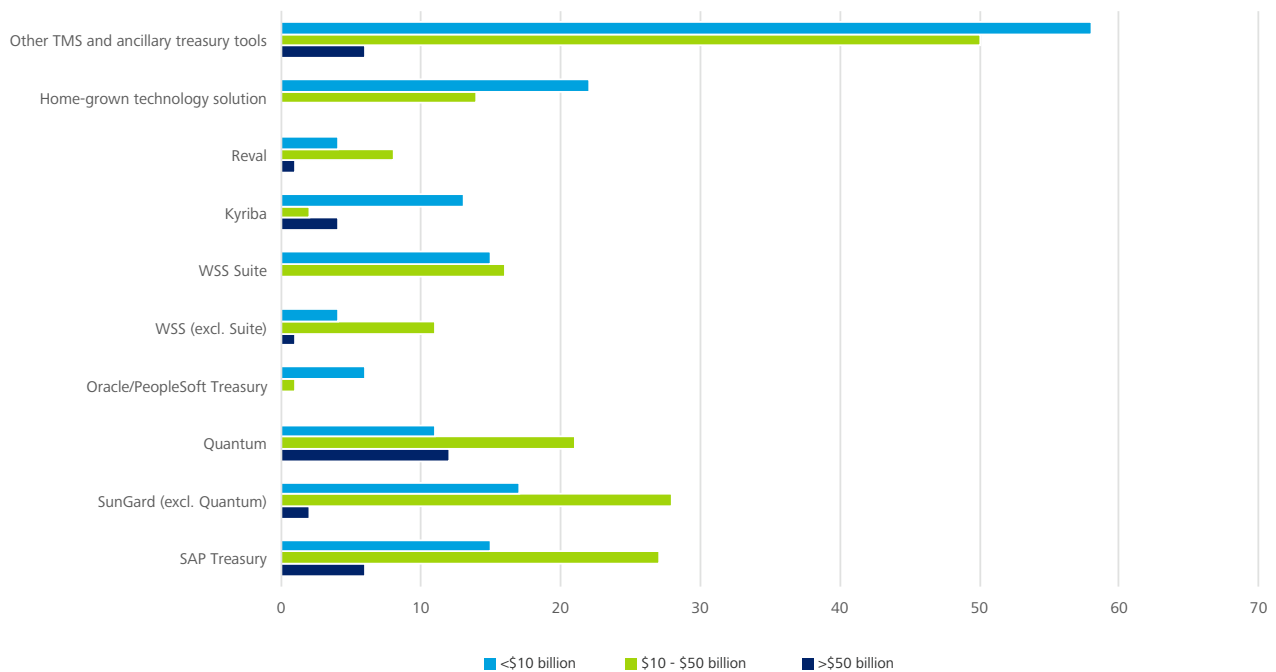


Despite the increasing trend of treasury transformations and deployment of TMS, many are still supported or augmented with the use of homegrown approaches. Homegrown solutions may pose greater cyber and operational risks.

Treasury technology used

Over 30 different vendor solutions were cited as being used by the respondents, often in conjunction with a primary treasury management system. These systems include FX trade execution and trade management platforms, smaller, niche treasury systems, Excel, Access, and banking portals.

Treasury technology solutions used based on revenue

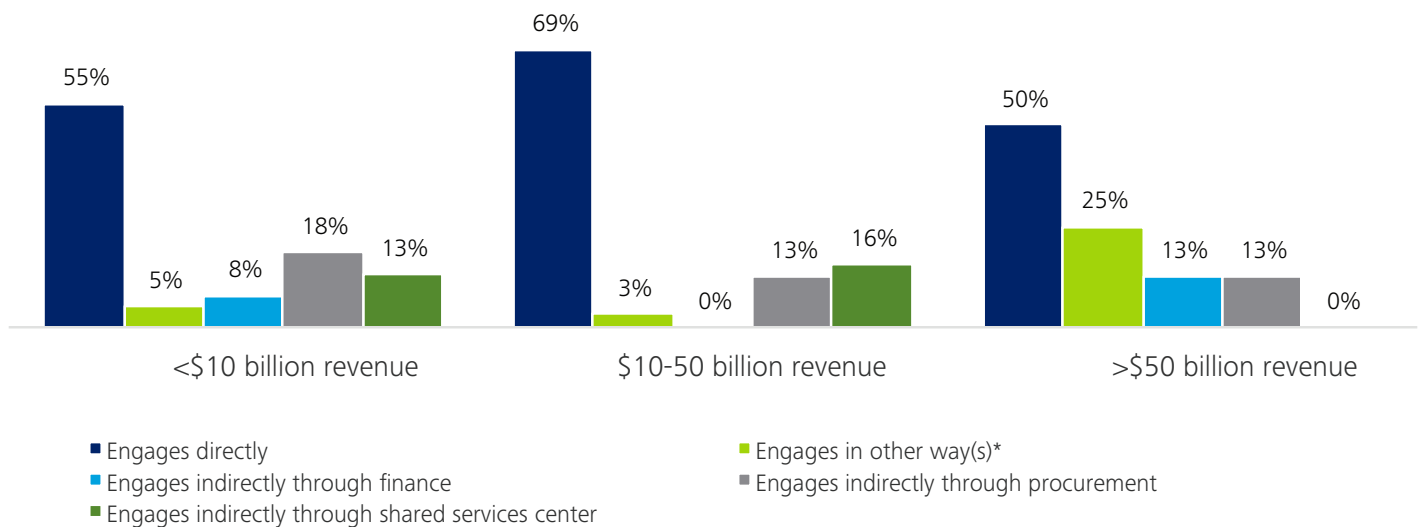


Treasury technology: engagement with third-party vendors

The majority of respondents indicated that the treasury group is engaged directly with its technology vendors.

A key success factor to maximizing the impact of a treasury technology implementation is including all primary stakeholders as part of the implementation and transformation process. These groups often include accounting, accounts payable, collections, finance, and IT internally, and vendors, counterparties, and banking partners externally.

Managing third-party treasury vendors



*Derivatives advisory, IFRS, EMIR, directly and through procurement, procurement & treasury jointly, SaaS tool

Contacts

Global & United States

Melissa Cameron
mcameron@deloitte.com
+1 415 706 8227

United States

Scott Gauch
sgauch@deloitte.com
+1 213 996 5792

United States

Carina Ruiz
caruiz@deloitte.com
+1 408 704 2158

Australia

Steven Cunico
scunico@deloitte.com.au
+61 3 9671 7024

Australia

Hussein Hussein
huhussein@deloitte.com.au
+61 2 9322 7485

Belgium

Philippe Delcourt
pdelcourt@deloitte.com
+32 2 800 22 45

Canada

Paul Lech
plech@deloitte.ca
+1 416 643 8037

China

Kang Keng Wee
kkwee@deloitte.com.hk
+852 28526778

Denmark

Michael Vestergaard
mvestergaard@deloitte.dk
+45 20304990

France

Brice Roche
brroche@deloitte.fr
+33 1 58 37 96 05

France

Corrine Sanchez
cosanchez@deloitte.fr
+33 1 40 88 84 37

Germany

Volker Linde
vlinde@deloitte.de
+49 21187722399

Japan

Kaoru Ito
kaito@tohatsu.co.jp
+81 8045974232

Singapore

Benny Koh
bekoh@deloitte.com
+65 6800 2266

South Africa

Michael Ketz
mketz@deloitte.co.za
+27 112098038

Spain

Alejandro Gonzalez de Aguilar
agonzalezdeaguilar@deloitte.es
+34 914432552

United Kingdom

Dino Nicolaides
dinicolaides@deloitte.co.uk
+44 20 7007 8545

United Kingdom

Karlienne Porre
kporre@deloitte.co.uk
+44 20 7303 5153

Product names mentioned in this document are the trademarks or registered trademarks of their respective owners and are mentioned for identification purposes only.

This presentation contains general information only and Deloitte is not, by means of this presentation, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This presentation is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. In addition, this presentation contains the results of a survey conducted by Deloitte. The information obtained during the survey was taken "as is" and was not validated or confirmed by Deloitte.

Deloitte shall not be responsible for any loss sustained by any person who relies on this presentation.

Copyright © 2015 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited