

# AFP<sup>®</sup> Annual Conference



*Original \* Essential \* Unbiased \* Information*



## Achieving Treasury Excellence

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# First Data

[www.firstdata.com](http://www.firstdata.com)

- **Who We Are:** First Data (FD) is a leading provider of electronic commerce and payment solutions for businesses and governments around the world.
- **Our Mission:** From point of sale to point of settlement, our clients trust First Data to deliver innovative electronic processing solutions that improve their competitiveness and efficiency.
- **Our Vision:** To seamlessly enable virtually every type of electronic transaction anywhere in the world, anytime – reliably and securely – on behalf of our clients and their customers.
- **FD is a company with more than \$7 billion in revenue and 29,000 employees in 39 countries around the world.**
- **The company serves more than 5 million merchant locations, 1,900 card issuers and millions of consumers worldwide.**
- **FD first began operating as MABA in 1969, recently in 2006 FD spun Western Union off into an independent publicly traded company, and on September 24, 2007 FD was acquired by the private equity firm of KKR (Kohlberg Kravis Roberts) removing FD from the NYSE.**
- **FD is now completely under private ownership and no longer traded publicly.**



# NFS Group

[www.nfs-group.com](http://www.nfs-group.com)

- Management consultancy to treasury.
- Performing change of the customers' processes, organization and systems.
- A global perspective from delivering projects in North America, Europe and Asia-Pacific.
- Treasury Best Practice.
- European Treasurers' Peer Groups since 2004 [www.eurotreasurer.org](http://www.eurotreasurer.org)
- Launched Treasury Excellence® 2005 as a method to enhance a treasury's value contribution, deliver more information and maintain effective controls.
- Offerings:
  - Treasury Excellence®
  - Selection and implementation of TWS
  - Support of TWS thru Treasury Support Center™



EXPERTS IN TREASURY

# Background

- Consolidation
  - First Data is a large company that has grown through acquisition yet never consolidated functions or systems
- Fragmentation
  - Many locations are doing business their own way with different reporting structures all working independently of each other
- Standardization
  - In 2006 First Data decided to standardize its Treasury processes and replace the current Treasury Workstation
- A project team was set-up with representatives from
  - Business Support Organization
  - IT
  - Treasury & Cash Management Operations
  - Settlement Operations

# Objectives & Goals

- **Project objectives:**
  - “Best in Class” solution tailored to the regions but also standardized globally
  - Greatly improve Cash and Liquidity Management
  - Integrate Multiple Data Sources, Systems and Processes
  - Consolidate Treasury Financial Reporting
  - Improve Cash Forecasting
- **Aspirational goals:**
  - Know our end of day cash position by 9:00am each day
  - Build a legitimate cash forecasting methodology over a six month minimum prospective time horizon
  - Eliminate 90%+ of the spreadsheet processes and one off databases
  - Fully evaluate the outsourcing systems model: are there material cost and time to market advantages?
  - Achieve cost savings and IT simplicity: Sunset multiple treasury systems
  - Fully implemented solution within a year from full CAR approval

# Starting Position

<b>Leadership</b>	Treasury and IT had different thoughts on what needed to be done
<b>Organization</b>	Fragmented organization (ex. several domestic and international locations, acquired companies with no consolidated functions)
<b>Complexity</b>	Operational companies had their own Treasury departments (Settlement complexity)
<b>Present State</b>	Begun mapping Present State without a standard structure as a guide
<b>Future State</b>	Limited focus and progress on Future State
<b>Communicating</b>	Lack of common language created confusion, suspicion and anxiety throughout the organization
<b>Management</b>	Middle management was pulling project team members in different directions
<b>Sponsorship</b>	Obtaining Executive level sponsorship was a slow process due to the fragmented organization

# Kick-Off Workshop

- Started with a want to integrate and standardize Treasury globally
- Brought all stakeholders together – no one was on the same page
- Treasury did not understand Settlement and vice versa
- Everyone was working in silos doing the same thing differently
- Treasury did not have a corporate view of, risk position and cash position
- Different policies and processes
- Project started out as an IT project not a process standardization project
- IT didn't understand the business needs and the business didn't understand how to work with IT
- Didn't understand how to fit the international organization into the structure

# Step-by-Step Approach

1. Define Treasury Objective: “Get Control of Cash”
2. Create Future State standardized treasury processes
3. Split the world into two treasury regions - US and Europe
4. Roll-out project per region. Start with the US and centralize to Corporate Headquarters
5. Establish a global bank. Set-up cash accounts in that bank and migrate all transactions to them. Control the accounts from corporate treasury and you have centralized all cash management in the US
6. Implement TWS in the US setting up Future State treasury processes to be used as a global template
7. Implement a global bank that will centralize all incoming BTR and payments
8. Roll-out the Future State treasury processes in Europe with the global TWS
9. Set-up support solution for treasury operations and systems.
10. Continue to plan for the journey of becoming a “Best-in-Class” treasury organization

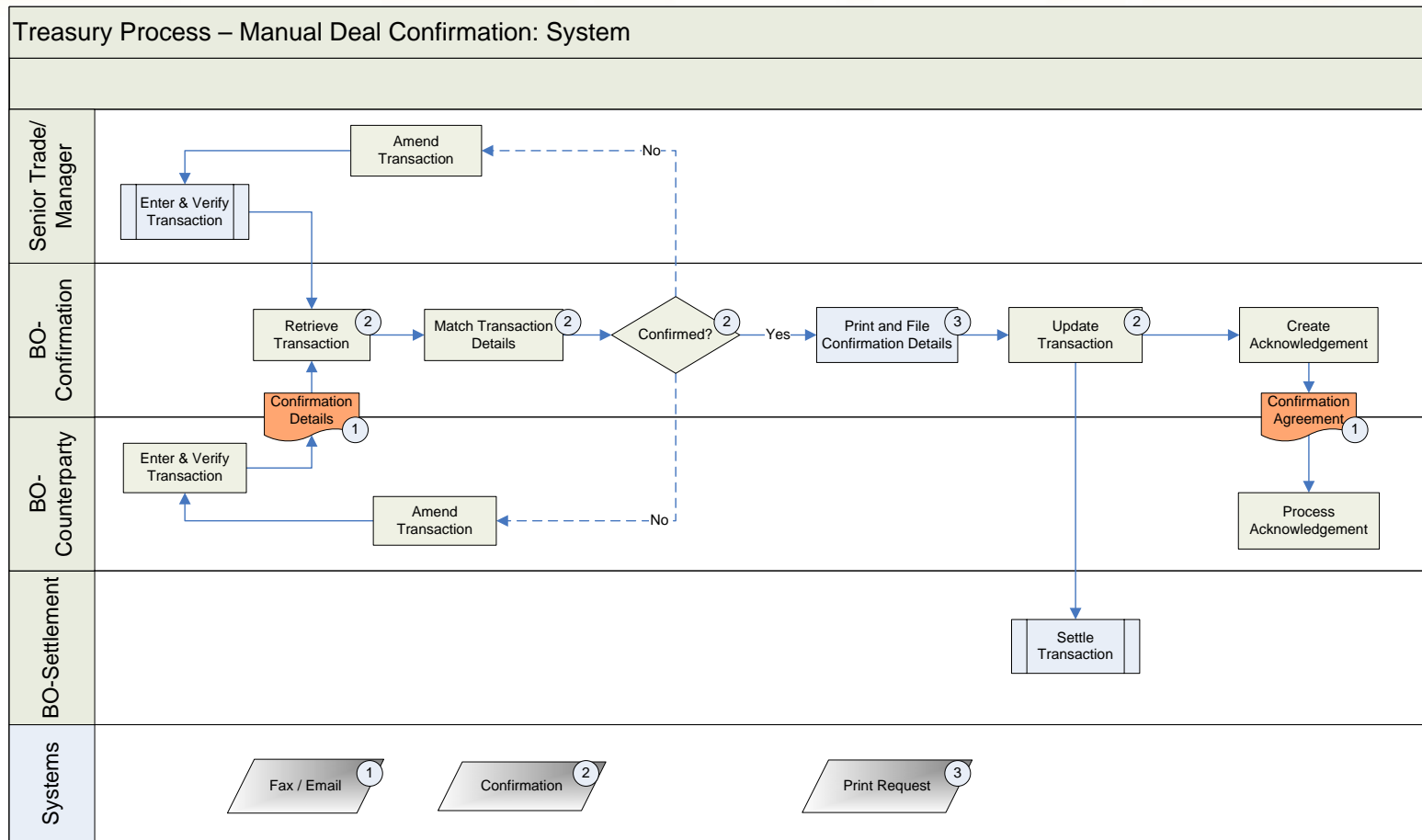
# Key Success Factors

- Align everyone and everything on “getting control of the cash”
- Management to decide based on “Best-in-Class”. Allow no discussion on project objective instead focus on execution
- Internal communication plan and execution
- Take a baby-step approach to the implementation. Treasury is a complex process with relatively few staff involved and very aggregated data, meaning that a high-level of automation is required but not easy to implement
- Decide early on a system solution that can support the Future State processes
- Expect process standardization and full centralization project together with system implementation to span over 2 years

# Develop Future State “Treasury Excellence”

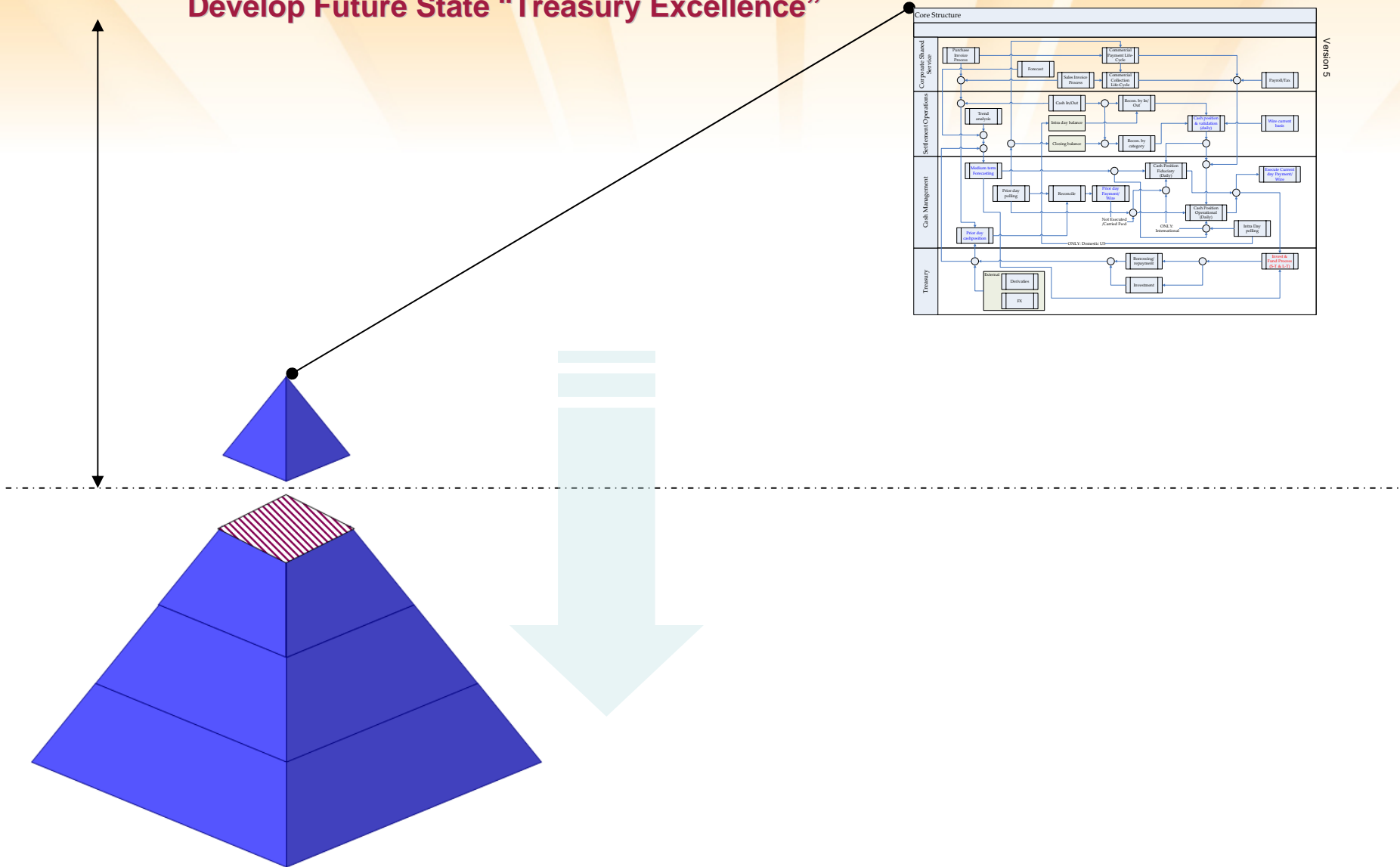
<b>Dimensions</b>	<b>Actions</b>
<b>Treasury Objectives</b>	<b>“Get Control of Cash” – overarching objective for all treasury activities</b>
<b>Treasury Governance &amp; Policies</b>	<b>To be updated and/or created from an enterprise wide level</b>
<b>Processes</b>	<b>Global Standardized Scalable</b>
<b>Organization</b>	<b>Focus on roles &amp; responsibilities to build up the components for future organization</b>
<b>Systems</b>	<b>Oracle Treasury &amp; Cash Management</b>

# Swim Lanes Combining Organization, Process and Systems



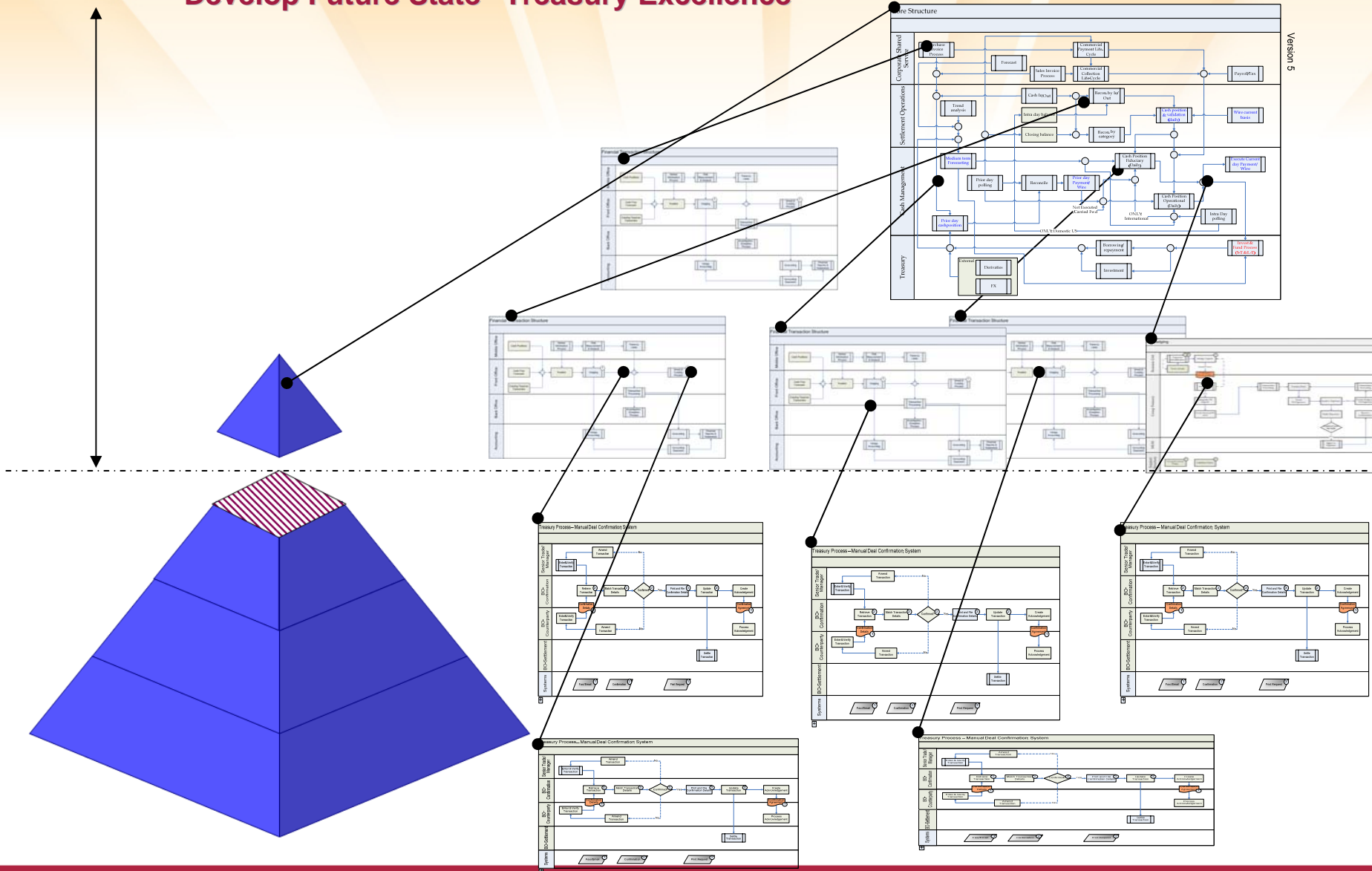
# Step 1: Harmonize the Hierarchy

Develop Future State "Treasury Excellence"



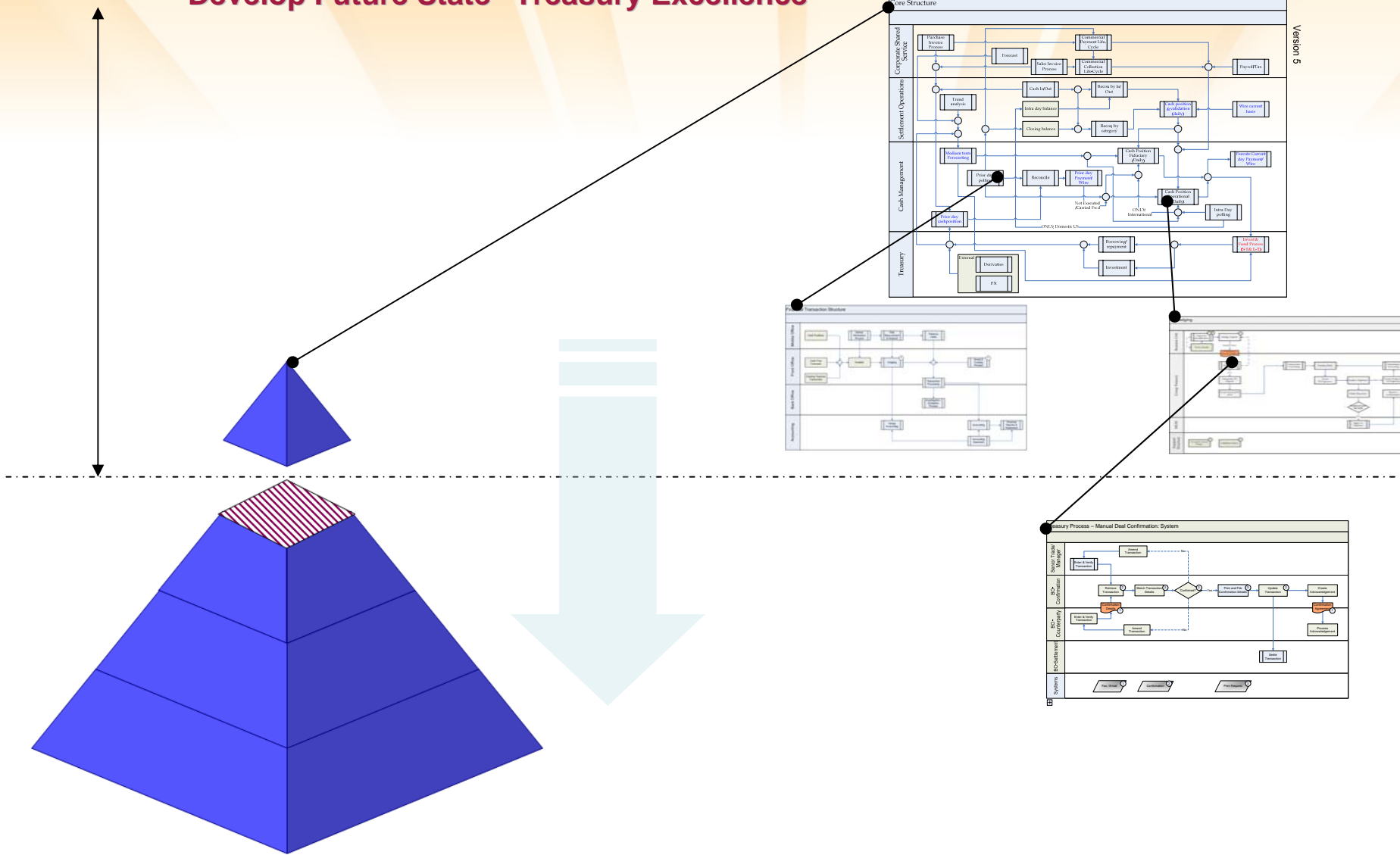
# Step 2: Build the Hierarchy

Develop Future State "Treasury Excellence"



# Step 3: Optimize the Hierarchy

Develop Future State "Treasury Excellence"



## End Result

- Treasury Excellence created a global, standardized and scalable process
- This enabled Corporate treasury to be more focused, and have a better understanding on the scope of TWS
- We now have a common framework and mindset to streamline treasury functions
- We now have a readiness to integrate acquired companies faster

# Expected Results: Project Objectives & Goals

- **Project objectives:**
  - ✓ Greatly improve Cash and Liquidity Management
  - ✓ Integrate Multiple Data Sources, Systems and Processes
  - ✓ Consolidate Treasury Financial Reporting
  - ✓ Improve Cash Forecasting
- **Aspirational goals:**
  - ✓ Know our end of day cash position by 9:00am each day **11am MST**
  - Build a legitimate cash forecasting methodology over a six month minimum prospective time horizon **Is this a realistic goal?**
  - ✓ Eliminate 90%+ of the spreadsheet processes and one off databases **except for reporting purposes**
  - ✓ Fully evaluate the outsourcing systems model: are there material cost and time to market advantages?
  - ✓ Achieve cost savings and IT simplicity: Sunset multiple treasury systems
  - Fully implemented solution within a year from full CAR approval: **NO, 1.5 - 2 years**