



**LEADING TREASURY
PROFESSIONALS**

Using Technology to Drive Strategic Treasury

The Changing Role of the Corporate Treasury Team

Kyriba / Association of Corporate Treasurers
2013 Treasury Survey

Introduction

During March and April 2013, Kyriba, in conjunction with the Association of Corporate Treasurers (ACT) conducted an online survey of treasury and finance professionals, all members of the Association.

The research takes the pulse of treasury and finance professionals: how they work, what technology tools they use, how they interact with the rest of the organisation and how their roles are evolving with the ever-changing regulatory and economic environment.

The survey also sought to identify how productive the treasury department is. Are team members spending their time on manual, labour-intensive tasks, and still using antiquated technology such as spreadsheets to manage cash balances? Alternatively, have treasury teams adopted new technologies to automate many tasks, freeing them up to spend more time on higher-value, strategic activities?

As an ever-increasing burden is placed on the treasury team, and the data and insight it provides become more critical for the organisation, do team members and treasury leaders feel like valued, strategic members of the business, or do they view themselves as having an operational role? Are treasury teams being asked for their counsel on critical issues, or is much of the day still spent on more straightforward, operational tasks?

In total, 269 responses were received. The majority of respondents are based in the UK and Ireland, although small numbers of respondents are based in countries as diverse as Australia, Côte d'Ivoire, Pakistan, Russia and the United States.

A full breakdown of demographics is located in the appendix of this report.

Copyright Kyriba Corporation and the Association of Corporate Treasurers, 2013. All rights reserved.

While data within this report may be used without obtaining express prior permission, any citations must attribute the research to Kyriba and the Association of Corporate Treasurers

Key findings

- Most treasury team members view their role as primarily focused on operational tasks, not higher level strategy. However, this is changing. Almost 50 per cent of survey respondents feel that their role is becoming more strategic, and only seven per cent see themselves becoming less strategic. This upward trend looks like it will continue, as nearly half of respondents want to take a more strategic role in the coming year.
- Despite the availability of sophisticated treasury software solutions, spreadsheets are still widely used by treasury teams, even among the largest companies. For companies with less than £500 million in revenues, close to half of all treasury teams continue to rely on spreadsheets. In addition, 11 per cent of £10+ billion revenue companies still manage their treasury function on spreadsheets. Unsurprisingly, given the high rates of spreadsheet use, 48 per cent of survey respondents would like access to better tools and technology to help them perform their role.
- Technology undeniably increases productivity. Treasury team members who use a dedicated treasury management solution for cash and treasury management spend an average of 339.3 hours per year on operational tasks such as bank reporting. This rises to 430.6 hours for those who use ERP systems, and 469.8 hours for those using spreadsheets. Based on a 40 hour work week, spreadsheet users spend an extra three entire weeks per year, simply managing daily cash positions.
- Although most respondents see their role as one that is predominantly operational, almost two-thirds believe that they are a strategic partner to the business, and participate in a wide range of high-value tasks, from revenue growth acceleration to support for mergers and acquisitions.
- As companies grow larger, cash management becomes less of a focus issue for treasury, and risk management and compliance become increasingly more prominent. In fact, although cash management is a daily issue for 78 per cent of respondents overall, this number falls to 57 per cent for respondents who work for companies with £10+ billion in revenues. Among these largest companies, the most common activity is risk management, which is a daily task for 68 per cent of respondents.
- As companies grow, their treasury teams gain more autonomy from senior management. The frequency of senior team meetings drops (even for treasury heads) as company size increases. In addition, larger companies' teams are more in charge of their strategic initiatives. While high-profile tasks are mainly mandated by management in companies of up to £500 million in revenues, above this number, most initiatives are driven by the treasury teams themselves.



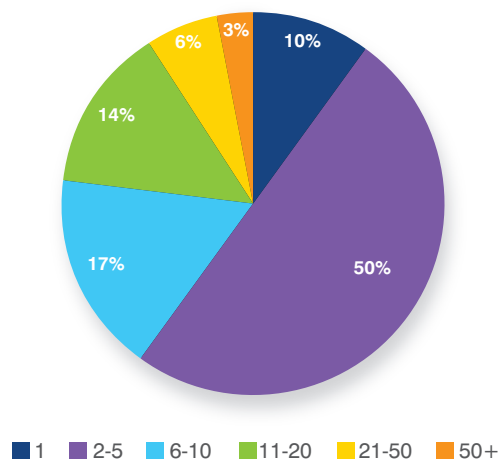
1. The role of the treasury team

Team size and scope

Treasury teams remain lean, even in the face of growing cash piles and the increased rules and regulations that they need to address. Half of all respondents (50 per cent) work in treasury teams of between two and five, and only when the company's revenues are over £10 billion, does the average size of treasury teams grow above 2-5, with a the largest number of companies this revenue range (30 per cent) having 11-20 treasury team members.

At the low end of the scale, 10 per cent of treasury professionals work as a team of one. As may be expected, most of these work for smaller companies and non-profits. However, a small minority of large companies have a single treasury team member, including eight per cent of companies with £1 billion-£10 billion revenues (and one very busy person at an organisation with over £10 billion revenues).

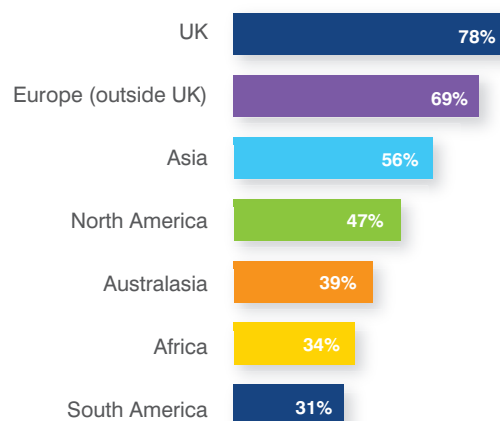
Size of treasury team



Treasury is a truly international role. More than a fifth of respondents stated they have a fully global remit, with their team managing treasury operations across all six continents. As the company's size grows, this proportion increases – not surprisingly – and among £10 billion+ revenue organisations, significantly more than half of all treasury teams operate on a fully global basis, with almost three quarters having to oversee operations in at least two currencies.

Outside the UK and Europe, the interaction with different markets tends to vary somewhat between company size. South America and Africa are typically the least common markets covered by respondents, and while North America and Asia are generally somewhat ahead of Australasia in terms of coverage, a significant more smaller companies' (up to £100 million revenues) treasury teams focus on Asia than any other non-European markets.

Markets covered





The treasury team's core responsibilities

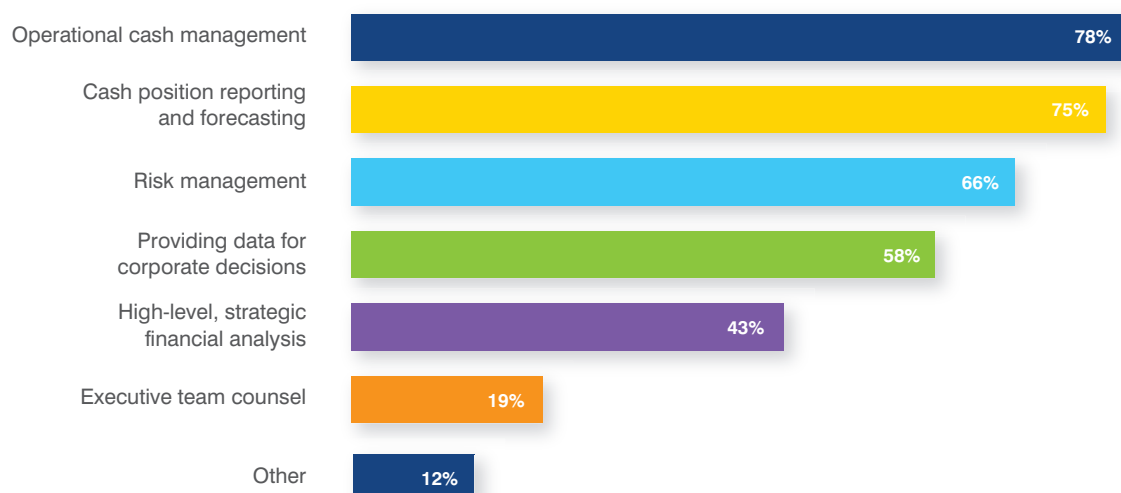
There is no doubt that the role of the treasury team has evolved significantly over the past several years, taking a significantly higher profile. The increased level of regulations and scrutiny following the 2008 economic crisis, combined with the continuing difficulty for many companies to access liquidity, has meant that treasury's input to strategic financial decisions has never been more important.

Across almost all business types, operational cash management, and cash position reporting and forecasting are the most common activities performed, with more than three-quarters of respondents conducting those on a daily basis.

Risk management was the third-highest overall with 66 per cent, followed by decision support (58 per cent), and then strategic financial analysis (43 per cent), and executive team counsel (19 per cent).

These results broadly held steady for all company sizes, with the notable exception of the largest companies, with over £10 billion revenues. In this group, risk management was by far the most common daily task at 68 per cent, while only 57 per cent perform cash forecasting and cash management on a daily basis.

Primary daily activities undertaken



2. Technology's role in the treasury department

Spreadsheets vs. treasury platforms

One of the more surprising elements of the research was companies' continued reliance on manual and outdated technology to perform their daily tasks. Throughout all company sizes, a third continue to use spreadsheets for daily cash management. Unsurprisingly, this figure rises significantly for small companies (up to £100 million revenues), with 48 per cent continuing to rely on platforms such as Microsoft Excel. However, even among large (£1 billion - £10 billion revenues) revenue companies, spreadsheets are used by a fifth of treasury teams. Eleven per cent of very large companies (over £10 billion revenues) continue to rely on spreadsheets for cash management.

Although many businesses across all levels use treasury-specific software solutions to manage their cash, few have adopted cloud-based technology, although it has already seen significant adoption across other business functions (examples of this being Salesforce.com for sales and CRM, Taleo for human resources, NetSuite for ERP and Eloqua for marketing automation). In total, around seven per cent of companies use cloud treasury management software, with a slightly higher number (11 per cent) of larger (£1 billion - £10 billion annual revenues) companies adopting web-based solutions.

Although this level of cloud technology adoption is still low, it is expected to increase significantly in the coming years. In fact, analysts believe that more

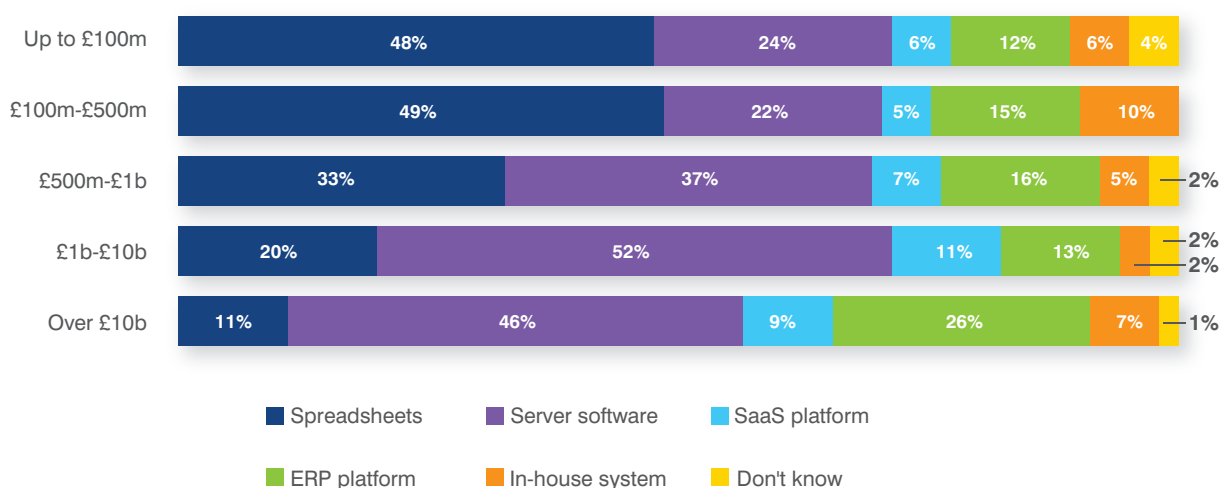
than 50 per cent of all new treasury management platform implementations will be cloud-based in the coming years, and the recent introduction of more cost-effective, mid-market-oriented solutions will likely increase the penetration among smaller companies in the next 1-2 years.

The most widely adopted treasury management platforms are server-installed, which are still used in 37 per cent of organisations. As these platforms have been in use across larger companies for many years, their popularity is unsurprising. However, as adoption of cloud-based solutions increases, the proportion of companies with traditional software platforms will likely fall.

Although relatively few companies overall (17 per cent) run their treasury operations through their company's ERP suite – such as Oracle or SAP – this proportion increases with company size. Among the largest organisations, a full 28 per cent use ERP systems. Given that implementation of these suites can run into several million pounds, it's logical that their penetration is greatest among those organisations with the greatest IT budgets – and also large support teams to update and maintain the platforms.

Given the complexity of treasury software, it's surprising that a small number (five per cent) of companies rely on in-house, custom-developed and maintained solutions. The proportion of these is relatively evenly spread between companies of all sizes.

**Platform used for treasury and cash management
(broken out by company revenues)**



Productivity gains

As more than two thirds of companies overall use a software package to manage their treasury function, what does this mean for their productivity? When asked how long they spend on manual and operational tasks (such as bank account reporting and gathering accounting entries), 38 per cent of respondents said less than one hour per day, with almost 90 per cent spending less than three hours per day.

However, there were some interesting trends. Even as company size grows and complexity increases, the amount of time spent on these processes typically decreases (from an average of 1.75 hours per day for sub-£100 million revenue companies to 1.42 hours per day for £10 billion+ revenue companies). This is likely due to larger companies adopting more sophisticated automation and reporting tools. To highlight this, companies using spreadsheets for treasury reporting spend an average of 1.8 hours per day on manual and operational tasks, compared to 1.3 hours per day for those with a treasury platform. An unfortunate few spreadsheet users (six per cent) spend more than five hours per day on reporting.

One interesting anomaly is that companies using their ERP solution for treasury reporting (typically the largest, best-resourced companies) spend longer on operation tasks than those using treasury-specific platforms, with an average of 1.65 hours per day. While these differences may seem slight, over the course of a year, those using spreadsheets spend an extra 130

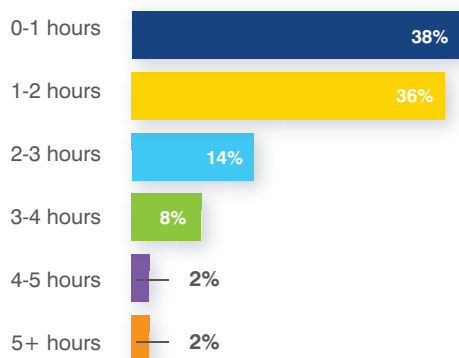
hours – more than three whole weeks – on manual tasks, compared to those using treasury-specific applications.

Although much of the treasury team's role requires them to be at their desk, a significant number of respondents spend meaningful amounts of time away from their offices. While only nine per cent are constantly at their desks, more than a quarter are in meetings or traveling for at least two hours per day.

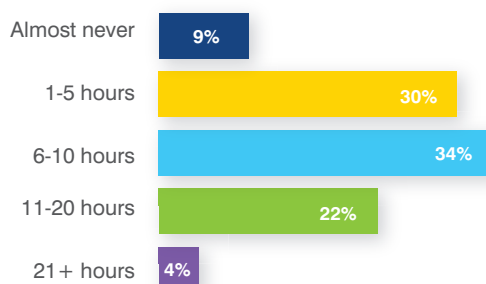
This number grows significantly for senior-level treasury and finance professionals, with two thirds spending at least 10 hours a week in meetings away from their desks, and a third being away from their desks for half the working week or more. Although CFOs, VPs and treasurers obviously have a more strategic role, requiring greater amounts of their time in meetings, this does also raise the question of what impact this could have on time-sensitive tasks – such as approvals of payments and wire transfers – which require access to the treasury platform.

Although the numbers of meetings is unlikely to decline in the coming years, the number of interruptions may well decrease. With the growth in cloud-based treasury management platforms and the introduction of iPhone and Android apps for these systems, more treasury team members will be able to access their platform via a smart phone or tablet, enabling them to easily access data and approve payments in a meeting or while they are on-the-go.

Time spent on manual / operational tasks (per day)



Weekly time spent away from the desk



3. Treasury as a strategic partner to the organisation

Strategic versus operational

Even with the greater corporate focus on compliance and risk, and the increasing use of powerful treasury automation tools which enable the team to spend more time on high-value tasks, fewer than half (44 per cent) of all respondents view their role as strategic, not operational. In fact, the amount of respondents who view their role as strategic decreases as the size of the company grows. For companies of up to £100 million revenues, 47 per cent of all respondents see their role as strategic, but for companies above £100 million revenues, that figure falls to 38 per cent.

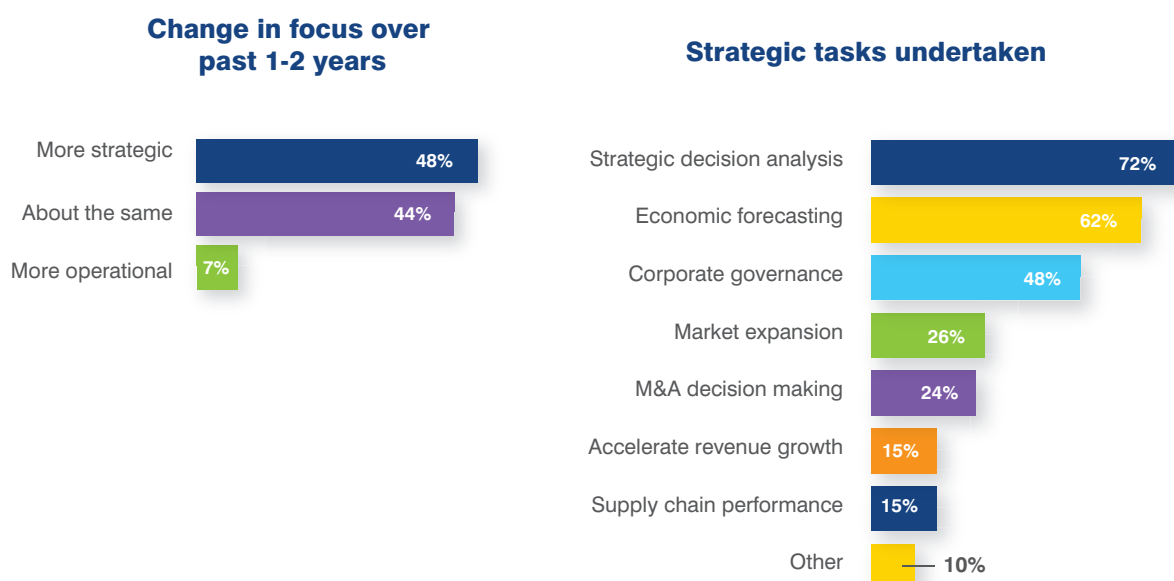
Interestingly, even among senior practitioners, the number who view their role as primarily operational remains somewhat high, at 44 per cent for heads of treasury and 42 per cent for finance VPs and CFOs. Although the majority of treasury teams have not yet reached the tipping point of being predominantly strategic, the situation is definitely moving in the right direction.

Overall, 48 per cent of those questioned see their role as more strategic than two years ago, whereas only seven per cent see their role becoming more operational. Among mid-sized companies (£500 million to £1 billion revenues), the shift was even more dramatic, with 61 per cent taking a higher-level role.

Although the majority of treasury team members view their role as primarily operational, the majority of them – 65 per cent across all groups – believe they are viewed as a “strategic partner” to the organisation. This figure rose to 70 per cent for treasury heads and 72 per cent for VPs of finance and CFOs.

As treasury teams see themselves as strategic partners, what value are they adding to the organisation? By far the most common activity, across all company sizes is delivering data and analysis for strategic decisions, which is done by almost three-quarters of respondents. This is followed by forecasting of wider economic issues on the organisation, a task performed by a little over sixty per cent of respondents.

Although most of these tasks are performed in broadly similar numbers by all sizes of companies, two particular trends stand out. Smaller companies’ teams focus considerably more on accelerating revenue growth (24 per cent for sub-£100 million businesses compared to six per cent for £10+ billion companies). Conversely, corporate governance becomes significantly more important for treasury teams as they company size grows – while 38 per cent of sub-£100 million companies’ team are involved in governance, the number is almost 55 per cent for £10 billion-plus companies



Interaction with senior management

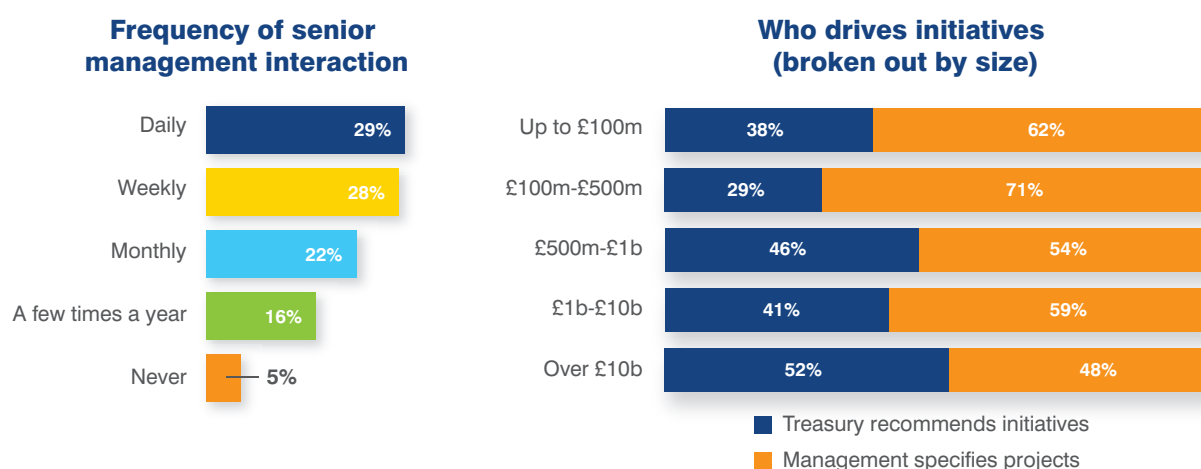
Among all respondents, there are regular strategic meetings between treasury and senior management, with almost 80 per cent of treasury professionals meeting them at least monthly, and only five per cent of treasury teams never having executive-level management meetings (although some could debate whether this lack of interaction is a good thing or a bad thing).

However, as the company size grows, the frequency of meetings decreases. Among the smallest (under £100 million) companies, 38 per cent of teams meet daily with management, and a further 29 per cent meet weekly.

However, as the company size grows to over a billion pounds in revenues, the commonest frequency of treasury-management meetings moves to weekly. For £1 billion-£10 billion revenue companies, the frequency decreases again, with only 22 per cent of teams having weekly management interaction.

Although large corporates' treasury teams have the least interaction with the executive team, it could be argued that they have the greatest influence when it comes to who drives strategic initiatives. Overall, senior management mandates these initiatives in 59 per cent of companies, and among smaller companies (up to £500 million), this is significantly higher, at 67 per cent.

However, as companies' size increases, their treasury teams' autonomy continues to grow, and among companies with revenues over £500 million, only 54 per cent state that management is the key driver for strategic treasury initiatives. Undoubtedly, as more companies' treasury departments demonstrate a more strategic level of insight that they can provide into core functions, there will be a greater opportunity for them to dictate their own strategic initiatives.



4. The future of the corporate treasury

Core priorities for the next year

Respondents we asked to state their top three priorities for the coming 12 months. While there were some commonalities among all companies, there were a number of marked trends between larger and smaller organisations. Among respondents as a whole, by far the number one priority is cash and liquidity management, cited by 65 per cent. However, among the largest (£10+ billion revenues) companies, cash management was a relatively distant second to risk management, which was number one for 40 per cent of respondents (although that number jumps to almost 50 per cent for £10 billion+ revenue companies, compared to just over 30 per cent for sub-£100 million revenue companies).

With increasing company size, the focus on regulatory compliance also increased steadily, from 15 per cent for the smallest (under £100 million revenues) up to 27 per cent for the very largest (£10+ billion revenues) companies.

Treasury changes

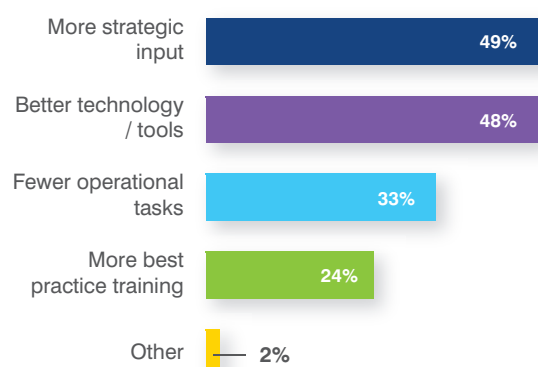
When asked what they would most like to change about their role, two key themes dominated, regardless of the respondent's company size or any other factor. The most common response is that treasury members want to take a more high-value, strategic role, and focus less on operational, manual tasks. In total, 49 per cent of respondents said that "more opportunity to provide strategic support" was an area they would like to change. This number was even higher among respondents at the largest companies, at over 60 per cent. Surprisingly, even the most strategic members of the team – treasurers, VPs and CFOs – would also like to see their roles become more involved in strategic initiatives.

The second most-common request from treasury team members was for increased investment in tools and technology. Overall, half of all respondents want better technology and tools to help them in their daily roles. However, one area where respondents appear more content is with training and best practice, with less than a quarter looking for more training.

Biggest priorities for the next 12 months



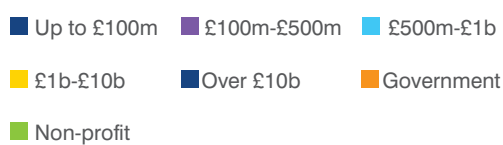
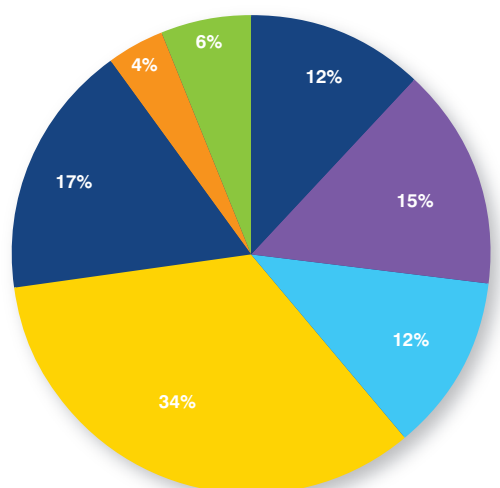
Most desired changes about the role



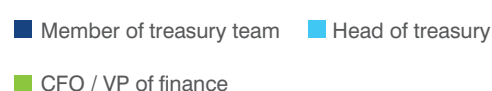
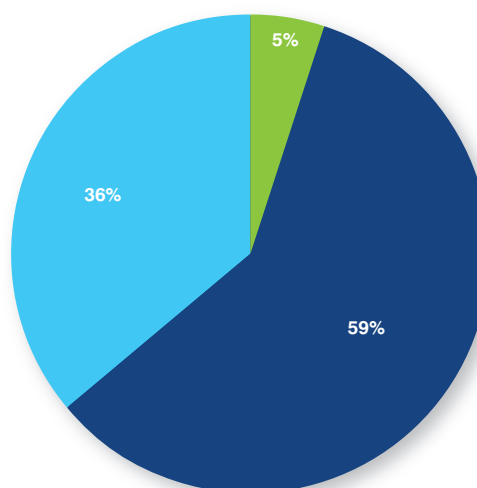
Demographics

A total of 269 responses were received. The breakdown of respondents is as follows:

Company size (annual revenues)



Role



Country of residence

Number of respondents

Country of residence	Number of respondents
UK	104
UAE	12
Ireland	10
South Africa	7
China, Switzerland	5
Hong Kong, Qatar, U.S.	4
Australia, Germany, Netherlands, Saudi Arabia, Singapore	3
France, Isle of Man, Italy, Kuwait, Oman, Pakistan	2
Bahrain, Côte d'Ivoire, Channel Islands, Ethiopia, Ghana, Greece, India, Kenya, Luxembourg, Malawi, Mauritius, New Zealand, Nigeria, Poland, Portugal, Russia, Sri Lanka, Sudan, Sweden	1

Note: not all respondents provided their country of residence

For more information

If you would like to become a strategic partner to your organisation, and are interested in hearing more about Kyriba's range of treasury management solutions, visit www.kyriba.com. You can also email treasury@kyriba.com or call Kyriba's UK headquarters on +44 (0) 20 7859 8275.

If you would like to hear more about the Association of Corporate Treasurers or are interested in joining the ACT, please visit www.treasurers.org or call +44 (0) 20 7847 2540.

If you are a member of the media or an analyst and would like further details or analysis of this research, or would be interested in speaking with a member of Kyriba's team about this survey, please contact Tim Wheatcroft, director of corporate communications at twheatcroft@kyriba.com.

Kyriba and the ACT will develop a follow-up report in early 2014.

About Kyriba

Kyriba is the global leader in next generation treasury solutions in the cloud. We enable CFOs and finance teams to increase compliance, reduce risk, and provide the insight necessary for strategic financial decision-making. Kyriba's award-winning cash, treasury, payment, risk management and supply chain finance solutions are highly secure and scalable. With a client loyalty rate of more than 98 per cent, Kyriba supports Global 2000 enterprises and fast-growth mid-market companies, including Amway, Electronic Arts (EA), Interpublic Group, PulteGroup, Inc. and Qualcomm. For more information on how to become a strategic partner to your organisation, contact treasury@kyriba.com or visit www.kyriba.com.

Kyriba
55 Bryanston Street
London W1H 7AA



About the Association of Corporate Treasurers

The Association of Corporate Treasurers (ACT) sets the benchmark for international treasury excellence. As the Chartered body for treasury, we lead the profession through our internationally recognised suite of treasury qualifications, by defining standards and championing continuing professional development. We are the authentic voice of the treasury profession representing the interests of the real economy and educating, supporting and leading the treasurers of today and tomorrow.

Association of Corporate Treasurers
51 Moorgate
London EC2R 6BH

