



TREASURY YOU CAN TRUST

7 Steps Treasurers Can Take to
Navigate Unprecedented Change
in 2020 and Beyond

7 STEPS TREASURERS CAN TAKE

COVID-19 is uncharted territory for everyone. For treasurers, however, the good news is that modern technologies and digital process reengineering offer a means of optimizing today's operations and thriving going forward.

Here are seven steps treasurers can take to navigate through COVID-19 in 2020 and beyond.

1. CENTRALIZE WORKING CAPITAL REPORTING IN TREASURY

Working capital management has suddenly become one of the most critical tasks for corporates. Prior to the pandemic, working capital may not have been a high priority, and it was often managed in a decentralized manner by accounts receivable, accounts payable, finance and treasury.

Today, due to a sudden collapse in revenue and rapid changes in accounts receivable, accounts payable and inventory positions, the management of working capital has become more important than ever.

ACTION:

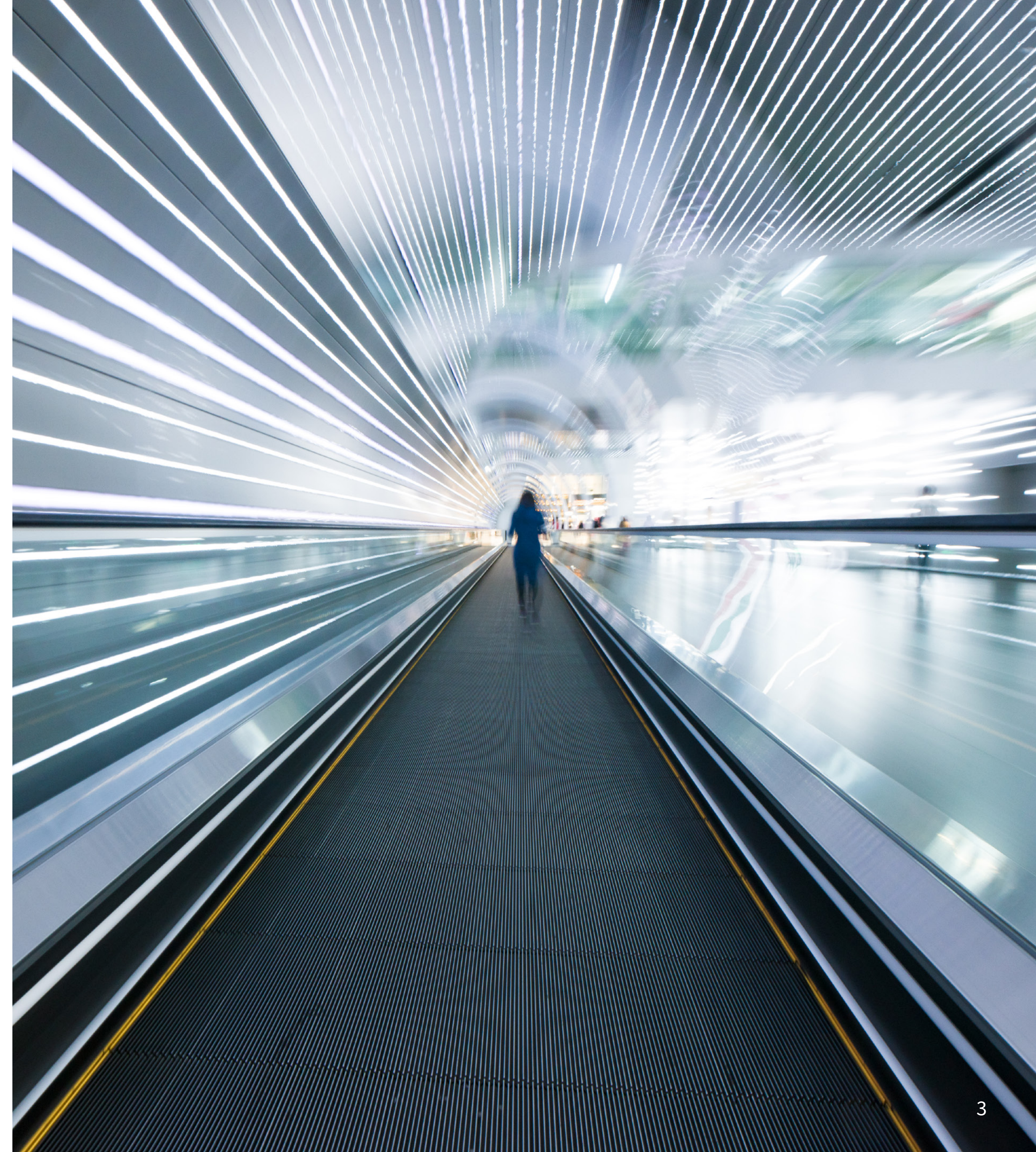
Work with all key stakeholders by establishing a working capital management committee. Additionally, you should centralize new working capital reporting, utilizing the latest in liquidity management technology to accelerate and improve management decision-making.

2. SIMPLIFY AND STRENGTHEN CASH FORECASTING

Every treasury department cash forecast is under scrutiny as a result of the pandemic and the need for greater visibility into future liquidity positions. Because the global economy and marketplace have become more dynamic than ever, having an accurate cash forecast is more critical than ever. Meanwhile, historical data is proving less useful, forcing treasurers to reevaluate forecasting methodologies altogether.

ACTION:

Make sure you have established advanced liquidity forecasting processes. Use specialized treasury management technology to automate the aggregation of forecasting data and output of multiple forecasting scenarios.





3. MIGRATE TREASURY TECHNOLOGY TO THE CLOUD

The corporate treasury departments that are most challenged by the pandemic are those without the cloud and web-based technology to perform their daily routines remotely. Many corporates find themselves using out of date, on-premise or installed technology that was not meant to be accessed efficiently from a remote location.

ACTION:

Migrate technology from on-premise or installed to the cloud, deploying new cloud-based technology where necessary. Cloud-based treasury technology is critical for seamless, secure and fully remote treasury departments. Additionally, many treasurers prefer the cloud due to its overall simplicity in implementing, lower total cost of ownership and lower overall system maintenance.

The greater availability of cloud solutions by technology providers, coupled with the need to work remotely, will lead to greater adoption among corporates in 2020 and beyond.

4. DEPLOY NEW AND STRONGER TECHNOLOGY TO MANAGE RISK

The foreign exchange market has been even more volatile than ever as a result of the pandemic, triggering the need for more accurate hedging as currency risks become more substantial. But this is particularly difficult to navigate because treasury technology is massively underutilized across most risk management activities. Treasurers continue to rely heavily on spreadsheets to manage exposure aggregation, hedging and hedge accounting.

ACTION:

Today, the technology exists to strengthen risk management processes not just for foreign exchange, but also for interest rate and counterparty risk management. Treasury departments should deploy specialized, cloud-based technology to automate exposure aggregation, trade processing and hedge accounting.





5. CENTRALIZE AND DIGITALIZE GLOBAL PAYMENTS PROCESSING

In the wake of COVID-19, treasury must ensure that all mission-critical operations can be conducted remotely. One of the most challenging areas to fully and securely digitize is global payments processing, due to the function being historically decentralized and often managed with paper-based approval processes.

With the wider availability of open banking technologies, such as API and SWIFT gpi, bank communication channel options continue to expand. This creates the opportunity for real-time payments and additional services that can be consumed between corporations and their banks.

ACTION:

Reengineer processes to incorporate state-of-the-art payments hub and factory technology. This will allow you to centralize payments processing globally. It also facilitates the full electronification of initiation, approval and release of payments that is required to work remotely.

6. STRENGTHEN SECURITY AND CONTROLS ACROSS TREASURY FUNCTIONS

Targeted cyberattacks have risen with the pandemic. Fraudsters are taking advantage of unprepared treasury departments, many of which have employees who are unaccustomed to working from home and have fewer or different security defenses on their personal networks compared to the office.

It's critical for treasury departments to be consistent in security protocols related to access and authentication of technology during the pandemic. All other security and control measures, including transaction approval processes, segregation of duties and system login procedures, should remain the same.

ACTION:

Combat fraud with training programs for existing employees, processes for mitigating fraud and technology from reliable providers that have stringent business continuity planning and security technology.





7. LEVERAGE ROBOTICS AND ARTIFICIAL INTELLIGENCE INNOVATION

Robotics, artificial intelligence (AI) and advanced cyber security protection will be among the most important technological developments of 2020 and beyond. With the current volatility in global markets, these innovative technologies offer greater support to treasurers through their ability to automate processes and analyze vast swathes of data.

Robotics technology is already offering some real benefits, particularly in areas of global cash management, reconciliation and treasury accounting. AI, meanwhile, is expected to strengthen cash forecasting and payments security. These innovative technologies will help corporates to navigate uncertainty by allowing treasury to focus on the most strategic activities such as working capital management and foreign exchange risk mitigation, which will be even more critical in the current climate.

ACTION:

Work with treasury technology providers and banking partners to learn where partners are innovating within existing and new solutions. Reconcile new solution offerings in robotics and AI with functional gaps, especially in the areas of cash forecasting and risk management.

JOIN US ON THE SAFE ROUTE

As we navigate through 2020 and beyond, corporates that equip themselves with the right technology and the right partner to navigate through market volatility and economic uncertainty will put their treasury department in the strongest position to succeed.

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