

Achieving Global Financial Visibility

The growth and globalization of companies means that their accounting systems are often challenged to provide financial visibility across the entire enterprise. But a new generation of treasury solutions are meeting the information analysis needs of today's treasurer, such as Citigroup's TreasuryVisionSM service.

Global Transaction Services, Citigroup Corporate and Investment Banking

Speed of information is more crucial than ever, and the need for the visibility of integrated financial information on a 24/7 basis has become particularly pronounced in the past 18 months because of a strong regulatory environment and rising yields globally.

Citigroup has found that its clients are pursuing a treasury strategy that gives them full monitoring and control over their cash balances, and global liquidity management. These clients want real-time visibility of a total, consolidated, multi-bank cash position. And they are increasingly looking to banks for technology that will offer them control, transparency and actionable advice.

Most importantly, clients want banking partnerships that enable them to draw data from a diverse range of sources in different jurisdictions and currencies in a fast and accessible way.

The potential of systems that can fundamentally improve the financial visibility of businesses is very far-reaching. When Citigroup recently demonstrated its online TreasuryVisionSM service to one of the world's biggest and most profitable food and beverages companies, it quickly transpired that millions of dollars weren't being used optimally.

Delays in collating the information about its sales, confusion over its multiple accounts in different jurisdictions and a failure to move the funds efficiently had left the company open to the possibility that hundreds of millions of dollars would be invested less than optimally.

In another visit to a global manufacturer's Singapore headquarters, a demonstration of TreasuryVisionSM on some of the company's existing bank data led the executives to turn to each other in surprise after studying the data and ask, "Why do we have so much liquidity in this account?"

Scenarios of this type are becoming commonplace in a global environment in which treasury professionals face ever-greater demands to provide a quality service across a broader internal client base and stakeholders. The need to build a strong treasury value chain

founded upon attributable, reliable and timely information from a multitude of data sources within and outside of the organization has never been so acute.

In the past, companies have navigated around accounting complexities internally by implementing Enterprise Resource Planning (ERP) systems or Treasury Management Software (TMS) packages. But the trend is companies are increasingly turning towards their banks for sophisticated service-based solutions.

The advantage of a third-party service is that a company's treasury department can concentrate on using the information provided to meet its fiscal objectives, rather than tying up valuable resources in the increasingly complex process of information gathering.

In many respects, it is a natural partnership. Banks by their very nature are driven to aggregate and manage global multi-asset class information to support their own core business. Companies with a diversity of core interests can gain added value by tapping into the bank's experience and continued investment in this area.

THE RELEVANCE IN ASIA

In Asia, the range of currencies and regulatory requirements across the region are much greater than either North America or Europe, which means that the difficulties in collating and filtering financial information are greatly amplified. Companies also tend to use multiple banks and have numerous legal entities.

Because of this, the cost and efficiency savings derived from centralizing financial information is even greater.

Currently, money can sit idle for periods that any treasurer would consider unjustifiably and unnecessarily long. Some clients have reported waiting for information for as long as three months. An example is one logistics company, which said it would only have an overview of their bank balances once every quarter.

THE IMPORTANCE OF VISIBILITY

In a global economy where speed of information

and the ability to transfer liquidity with speed can make the difference between profit and loss, businesses that have complex financial structures have found that applying systemic changes to their accounting systems can lead to a fiscal revelation.

But despite the growth of multinationals, it is striking how many companies still lack the treasury technology.

Although 60% of respondents in a study by technology research organization The Aberdeen Group said improving the accuracy of cash flow forecasting was their number one risk management goal, most of the 160 companies surveyed admitted they lacked integrated processes for managing cash.

Many companies have only a partial or regional view of their cash, making it difficult to have holistic view of all their accounts and legal entities. Cash forecasting is done on a manual or monthly basis, consequently making it harder to make timely and actionable decisions on liquidity.

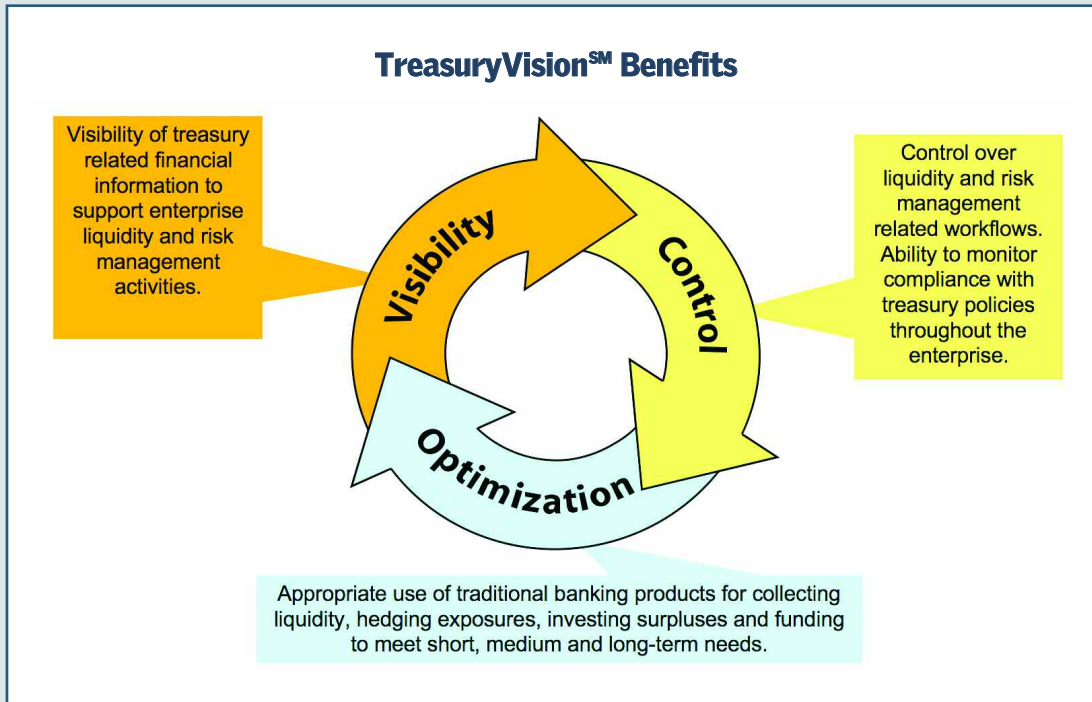
More and more companies now aspire to a system that provides them with a holistic view of their treasury landscape. Providing such visibility and control allows them to make informed decisions regarding the planning and management of risk exposures and to make those decisions swiftly and effectively.

Citigroup's solution is a web-based aggregation service developed in conjunction with Microsoft. TreasuryVisionSM provides visibility of financial information across every part of a company's accounts in whatever currency, country or bank they are held.

TreasuryVisionSM centralizes financial information by retrieving global and local information from banks, internal systems and third party sources. The information can be routed through SWIFT or other specialized channels.

After collecting the data, the service standardizes and stores it in a single, secure, industrial strength repository – ready for access by the company's treasury staff.

In the case of the food and beverages multi-



national, the process of overhauling its accounting systems shed light on some surprising information. The company was suddenly able to call up the latest balance in every account at every one of their banks worldwide – however remote the location – at the click of a mouse. In addition, the company gained the functionality to allow the global or regional treasurer to put a process in place that manages the opening of cash accounts globally.

OPTIMIZATION

As well as quick access to a client's full range of accounts, Citigroup's solution includes a range of online tools to allow companies to come up with solutions to optimize their liquidity, including forecasting, inter-company and risk analysis models.

TreasuryVisionSM provides treasurers with a cash flow forecasting model so they can not only see historically what their balances have been, but also plan ahead using the cash flow forecasting tools. Clients who use TreasuryVisionSM say that its biggest benefit is providing them with transparency and the ability to instantly aggregate all the data they need to make the best possible decisions.

This instant aggregation also decreases the treasurers' dependency on its technology departments that may have been tasked to compile this data in the past, saving valuable time and resources.

For treasurers, new treasury solutions such as

TreasuryVisionSM offer an insightful tool in a fast-moving global business world where they typically have to deal with an increasing volume of legal entities as well as mergers and acquisitions involving disparate entities. It is important and cost effective for companies to be able to rapidly sweep liquidity across all legal entities for activities like buy-outs and buy-backs, so that they can ensure that all in-house liquidity is used first before resorting to external funding.

CONNECT AND CONTROL TREASURY WORKFLOW

The key benefit of unified financial systems for companies is to provide a single platform for centralized control and workflow across the entire treasury organization. With the cash flow forecasting module in TreasuryVisionSM, treasurers can improve cash flow projections and achieve detailed analysis of forecast versus actual flows. The service allows companies to include forecasting data from accounts payable, accounts receivable, and ERP systems.

From companies who have implemented such systems, there is little hesitation when it comes to identifying and quantifying the advantages. One treasurer reported that the service gave him daily, updated visibility over between 85% and 90% of the company's balances. His company is now exploring the possibility of implementing TreasuryVisionSM on a global basis.

Citigroup believes that the partnership between treasurers and banks that provide serv-

ices like TreasuryVisionSM is a natural evolution in the treasury relationship. The way forward for treasurers is to have full access to cash positions across all accounts – treasury product systems that give nothing less than real-time visibility of a total, consolidated, multi-bank position. When companies have that kind of information at their fingertips, the possibilities for benefits can be enormous.

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