



DRIVING WORLD'CLASS TREASURY TRANSFORMATION

26 JANUARY 2016 / BRUSSELS

SAP

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TOWARDS INTELLIGENT INNOVATION



S/4HANA Finance



Global Treasury Trends and SAP's Roadmap for the Treasury Department

Christian Mnich, Director Solution Management Treasury
January 2016

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AGENDA

- Transform your Treasury with Solutions from SAP
- Solution portfolio and new innovations
- Benefits and Roadmap

Risk Comes from not knowing what you are doing !

Warren Buffet



80% of the job in FX exposure management is analysing what the exposure are and staying on the top of the change, which happens all the time . That's the dog work of business- identifying what the true exposures are !

InformationWeek
WallStreet & Technology CONNECTING THE FINANCIAL
MARKETS COMMUNITY

Wallstreet & Technology

The Current Market Reality in Treasury Organizations



Strategic Support and Stewardship

- Role of Treasury has significantly changed after the finance crisis
- Treasurers are important stakeholders when it comes to strategic decisions such as M&A activities, strategic growth plans as well as changing business models
- Treasury needs to be connected – while years ago Treasury departments have been encapsulated nowadays they need to collaborate with internal and external stakeholders



Focus on Risk

- Post financial crisis is impacting corporate customers specifically in the area of Liquidity Management, Counterparty and Credit Risk
- Increased volatility leads to more focus on various risk factors such as Foreign Exchange Risk and Commodity Prices as well as Interest Rate Risks
- Given challenges such as SOX compliance and proactive Fraud Management need to be supported



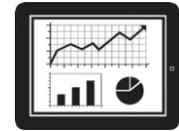
Regulatory Changes

- Ongoing changes in regulations such as Dodd Frank Act or EMIR and IFRS obligations require continual monitoring and adjustments for compliance
- Increasing demands for global standards such as ISO20022 and SEPA
- Regional aspects on how to manage Treasury within different geographies is driving more complexity



Centralization in a global environment

- Stakeholders expecting complete, accurate and timely global cash information within on single source of truth
- Opportunity for streamlined operations and centralized processes
- Multiple currency and accounting practice requirements
- Treasury departments are challenged with multiple regulatory aspects
- Increasing demand for Trade Finance



Technology Transformation

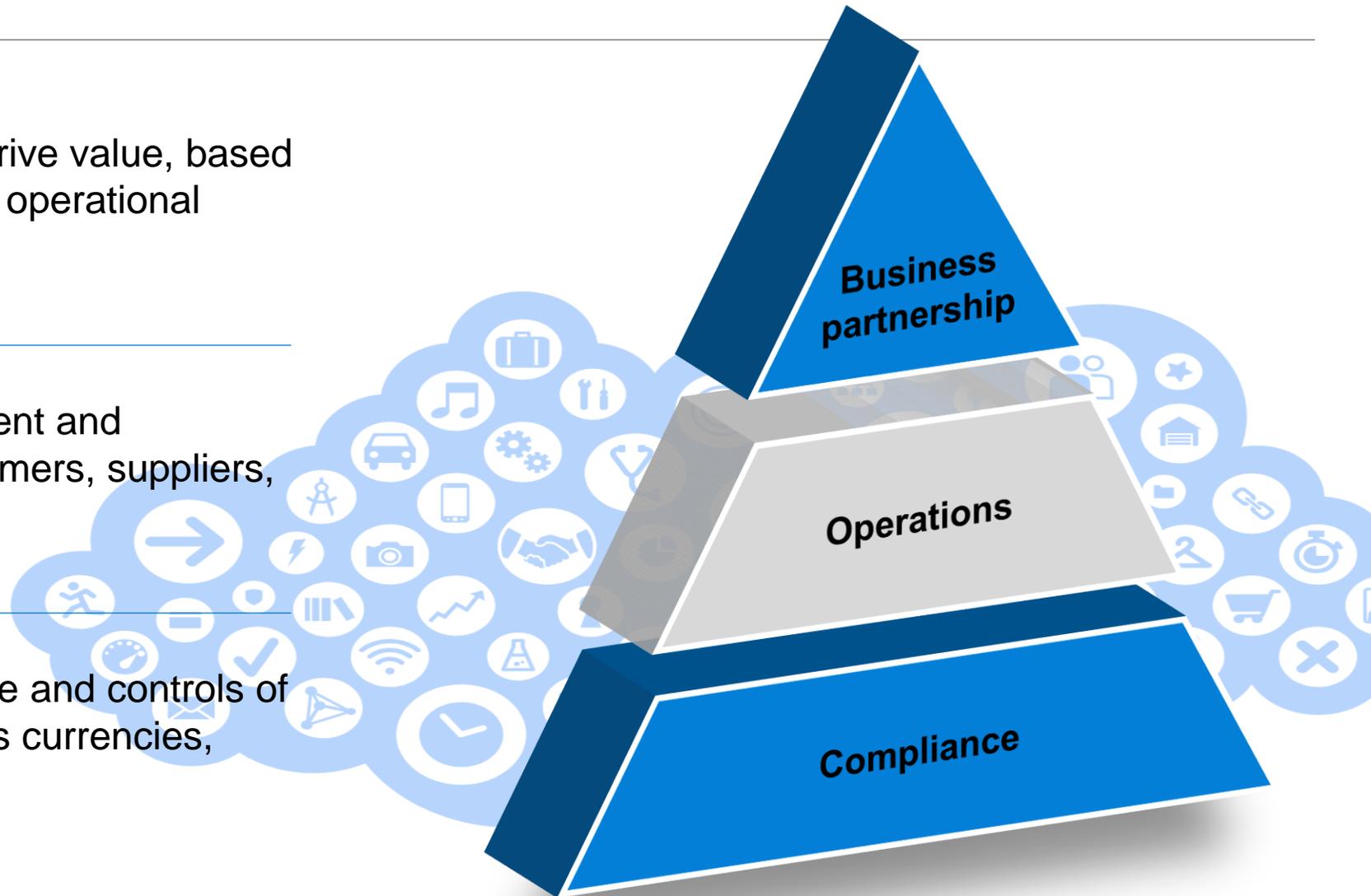
- Treasury departments requiring information from many sources
- Pressure to automate, standardize, centralize to drive efficiency and reduce costs
- As technology becomes more prevalent in daily life, stakeholders expect results in seconds rather than days
- Leveraging mobile technology to access real time information anywhere and anytime

Treasury in a Volatile World

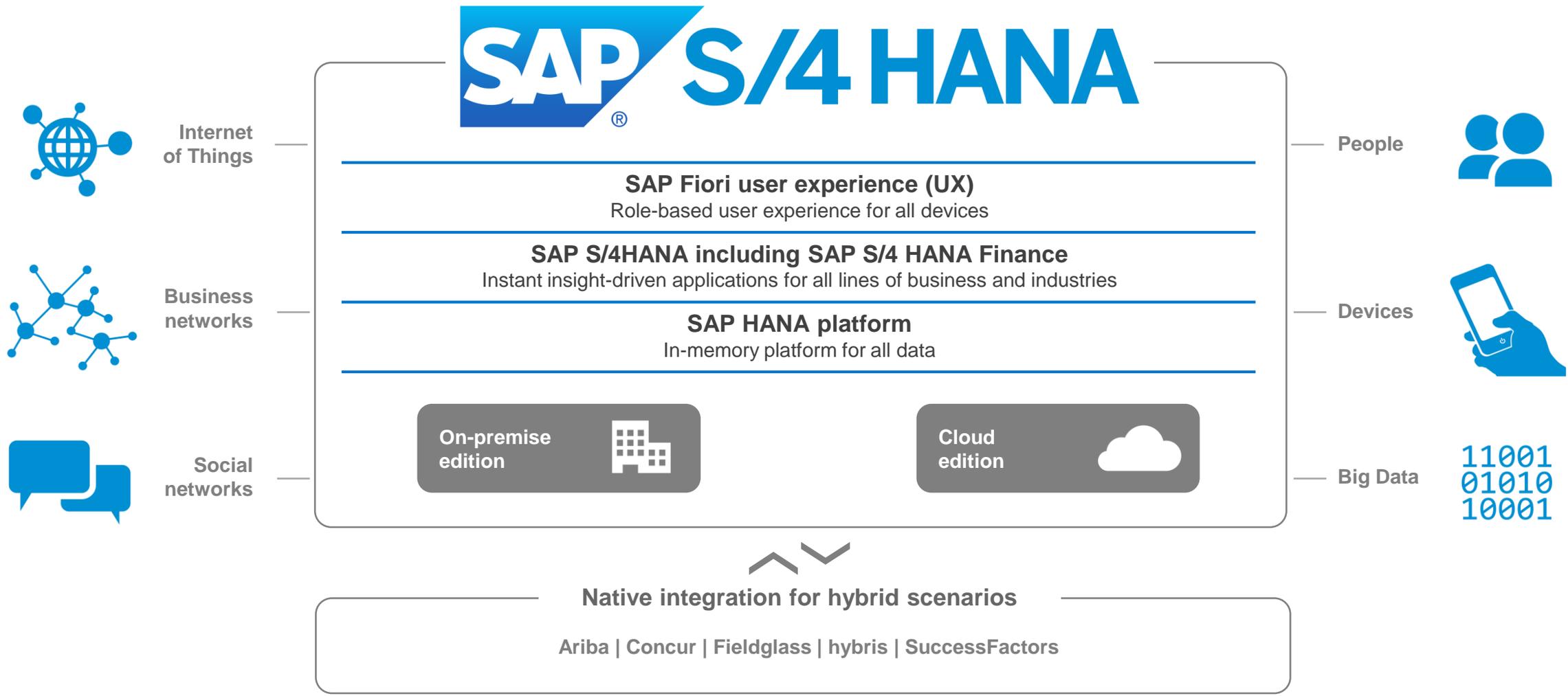
Engage with the business to jointly drive value, based on real-time analysis of financial and operational business scenarios.

Optimize finance processes for efficient and collaborative relationships with customers, suppliers, banks, and government authorities.

Maintain global regulatory compliance and controls of accounting and tax standards, across currencies, languages and industries.



SAP S/4HANA, our next-generation business suite





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End-to-End Treasury and Risk Management in 2016

Treasury Solution Map

Payments and Bank Communications	Payment Operations	Workflow and Signatures	Monitoring and Status Tracking	Payment Factory	Bank and SWIFT Connectivity
Cash and Liquidity Management	Electronic Bank Statements		Cash Operations	Liquidity Management	Bank Account Management
Debt and Investment Management	Front Office Deal capture	Mid Office Risk Controlling	Back Office Correspondence & Settlement		Accounting
Financial Risk Management	Risk Identification Type and Origin of Risk		Risk Quantification Exposure Mgmt	Risk Analysis	Risk Management Hedge with Financial Instruments
Suite Capabilities	Shared Service Center	Working Capital Management	Governance Risk and Compliance	Commodity Risk Management	Trade Finance
Foundation	Cloud	HANA Platform	Analytics	Mobile	Business Networks

Technology Transformation:

Introducing SAP Cash Management as part of S/4 HANA

Instant Insight
in memory-enabled



Intuitive User Experience
all devices



Flexible and Non-disruptive
cloud or on premise

My Home

The 2-Year Budget Deal Passed In The House; Here's What's In It
Economy - NPR 1 day ago

Cash Position Today: 1.97 B EUR

Liquidity Forecast Forecast in 30 Days: 1.98B

Cash Position Details

Cash Manager

- Bank Statement Monitor: Import Success Rate: 95.68 %
- Bank Risk Today: 1.37 M EUR
- Track Bank Transfers: 140 Incomplete
- Manage Bank Accounts: Overview and Maintenance
- Payment Statistics In the Last 90 Days: Initial 3.23M, 0
- Cash Position Details
- Cash Flow Analysis Month-to-date: 11.82 M
- Make Bank Transfers
- Approve Bank Payments: 0 Batches
- Analyze Payment Details: Displays dynamic content r...: 6 Unreconciled Payments
- Cash Flow Analysis Month-to-date: Inflow 4.68M, Not assigned 7.14M
- Create Memo Record: Displays static text and ic...
- Cash Needs Simulation: Analysis for Office Report
- Cash Position Report by Business Unit: Analysis for Office Report
- Create Manual Payment

SAP Cash Management

Daily financial statement in real time

Cash flow Analysis

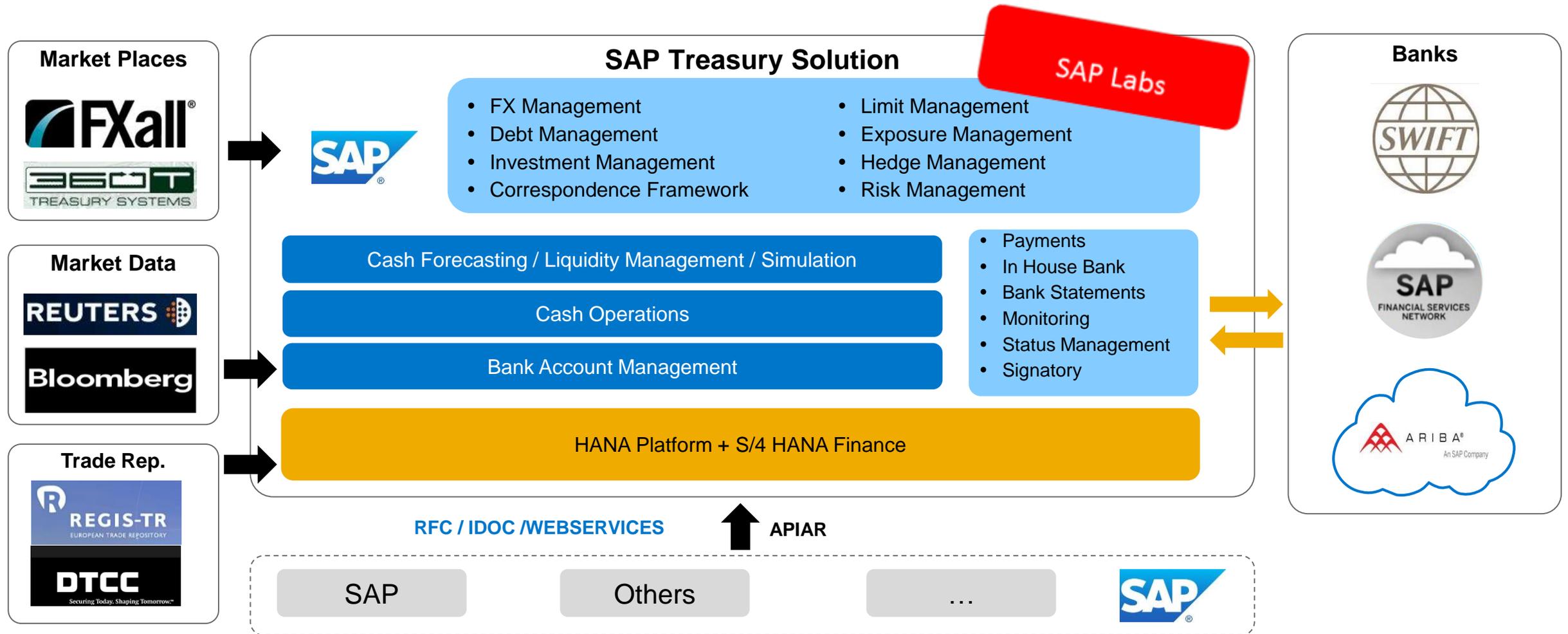
Liquidity Forecast

Liquidity Planning
(BPC Planning optimized for S/4 HANA Finance)

Centralized Bank account Management

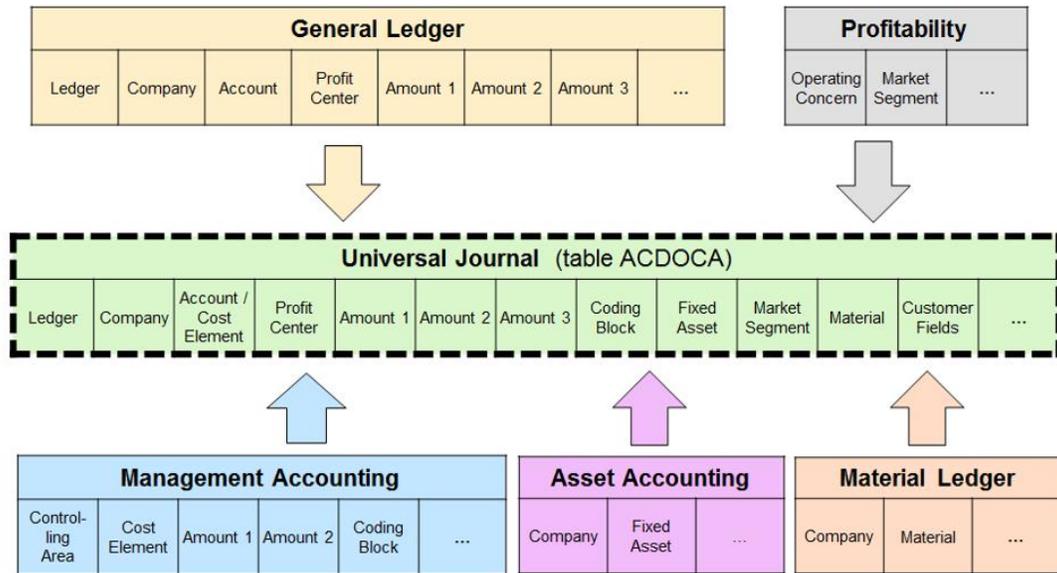
Single Source of Truth:

Integrated Treasury Platform from SAP with S/4 HANA



Single Source of Truth and Technology Transformation:

One Document and One Exposure

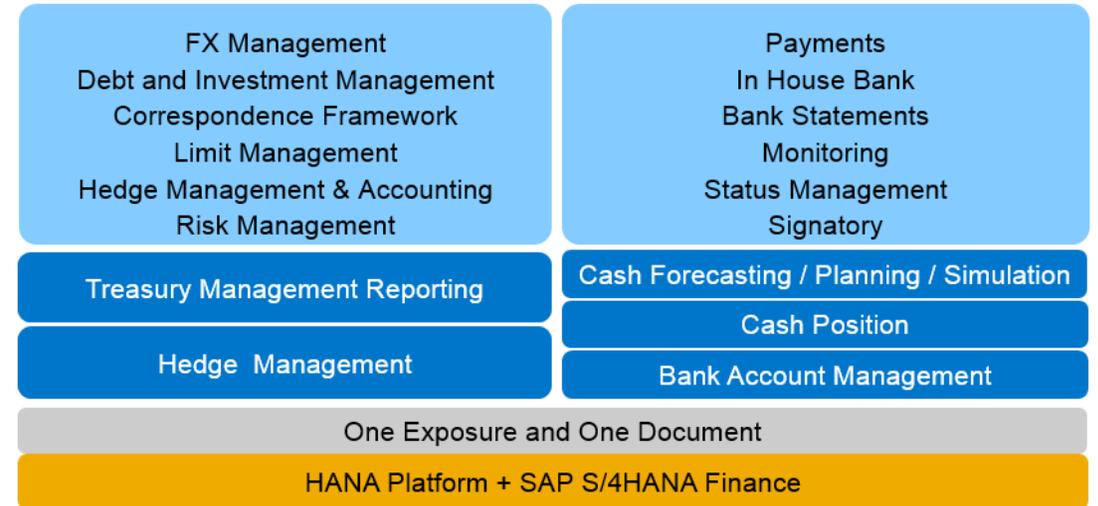


“One Document” = Universal Journal”

- Concept: “Take the best of all worlds” (e.g. ledger, market segment, coding block, etc.)
- One line item table with full detail for all applications - for instant insight & easy extensibility
- All transactional data stored one time only, in one place only
- No more reconciliation, no more replication no more lack of granular detail.
- The Universal Journal provides a Single Source of Truth which allows for a whole new level of visibility and operational efficiency across finance and the enterprise



SAP Treasury Solution

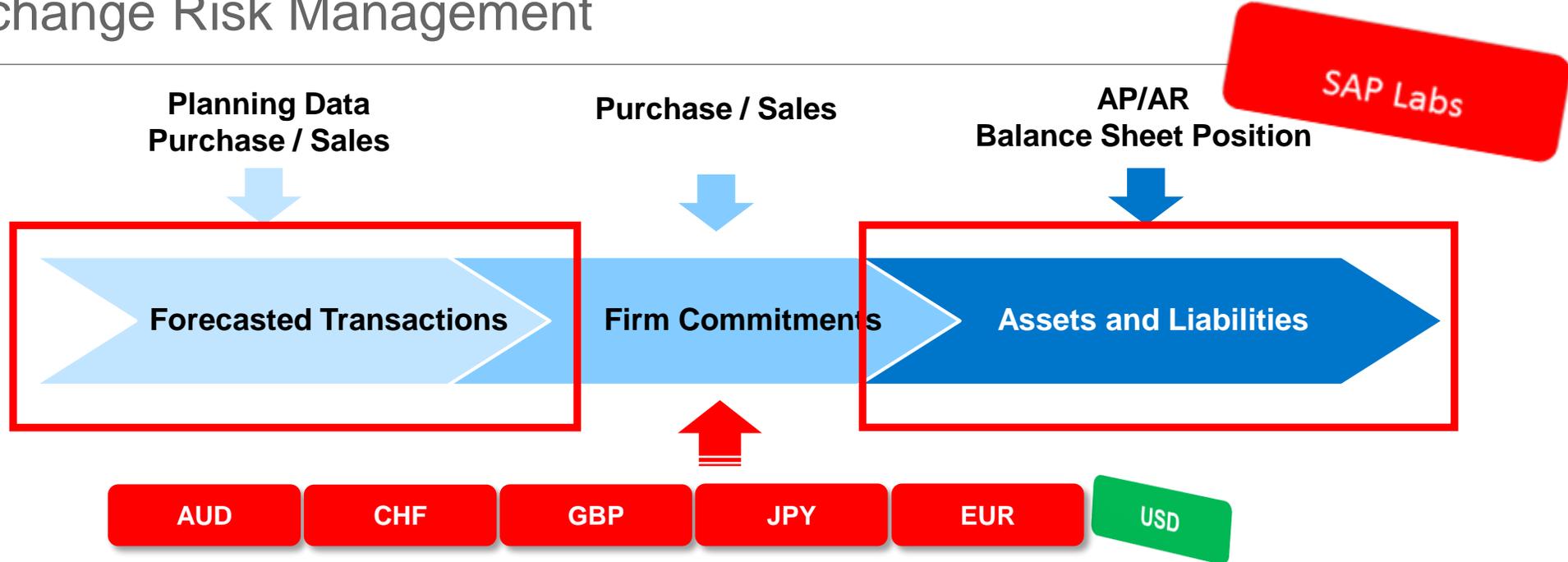


“One Exposure”

- Designed to be the central data storage location for all operational data that is relevant for managing a company’s exposures and therefore aims to become the single source of truth for any financial risk
- Cash operations – provides real-time in-depth information for daily cash positions
- Liquidity management – covers liquidity forecasts and the full lifecycle of liquidity planning

Focus on Risk:

Foreign Exchange Risk Management



- FX Exposures are caused by the operative business of every multinational corporation
- They are arising out of the different steps in the day to day business.
- Not managing them in a proper way endangers the profit the corporation could make.

Example: SAP Balance Sheet Exposure Hedging

SAP

My Home

Review Balance Sheet FX Risk

Credit Risk : Update Limit Utilization

Execute Valuation Based on Saved NPV

Review Balance Sheet Exposures

Standard

Company Code: Country Key: Trans. Currency: USD ZAR

Standard * Export to Spreadsheet

Company ...	Company Code Text	Company ...	Absolute Net Exposure	Absolute Exposure	Absolute Hedge
0001	SAP SE	EUR	85,836,450.44 EUR	169,072,823.42 EUR	83,727,468.66 EUR
PT01	Country Template PT	EUR	13,863,293.27 EUR	28,811,120.38 EUR	24,024,798.81 EUR
CL01	Country Template CL	CLP	10,489,523.42 EUR	19,745,101.82 EUR	10,083,499.20 EUR
AE01	Country Template AE	AED	10,293,355.70 EUR	29,685,321.09 EUR	19,732,213.79 EUR



Review Balance Sheet Exposures

0001: SAP SE

Company Code Currency: EUR

85,836,450.44 EUR

Net exposure is broken down along the selected transaction currencies

Key Figure	AUD	CAD	CHF	GBP	JPY	USD	ZAR
Exposure	-72,764,501.06 AUD	-47,717,017.40 CAD	-31,211,382.98 CHF	10,029,490.18 GBP	217,629,476 JPY	-38,370,838.13 USD	29,011,632.80 ZAR
I/Co Exposure	-38,343,534.92 AUD	-36,340,000.88 CAD	-21,705,349.27 CHF	-6,764,826.11 GBP	-853,831,025 JPY	-11,498,964.70 USD	2,277,580.82 ZAR
Third Party Exposure	-6,123,120.95 AUD	-38,498,397.62 CAD	45,408,790.08 CHF	-17,930,193.59 GBP	-3,191,651,123 JPY	10,947,766.70 USD	2,633,564.98 ZAR
Liquid Funds	-16,303,097.70 AUD	-10,579,838.36 CAD	-23,192,781.78 CHF	-15,631,643.83 GBP	2,188,209,925 JPY	1,271,685.48 USD	6,510,359.34 ZAR
Transitory Accounts	-23,899,637.92 AUD	27,197,707.10 CAD	-30,508,711.48 CHF	43,899,209.96 GBP	2,281,228,586 JPY	-37,615,375.34 USD	24,047,178.91 ZAR
I/Co Currency Accounts	-10,410,360.69 AUD	21,986,872.66 CAD	16,310,789.97 CHF	-8,430,559.91 GBP	400,059,340 JPY	20,945,120.86 USD	-21,165,885.96 ZAR
Other Items	22,315,251.12 AUD	-11,483,360.30 CAD	-17,524,120.50 CHF	14,887,503.66 GBP	-606,386,227 JPY	-22,421,071.13 USD	14,708,834.71 ZAR
Hedge	26,253,407.07 AUD	39,510,799.21 CAD	26,314,212.80 CHF	-3,298,190.49 GBP	-174,121,648 JPY	2,418,387.90 USD	-32,300,451.40 ZAR
Hedges for actual Licences	801,208.97 AUD	3,307,388.88 CAD	-200,856.75 CHF	-125,700.79 GBP	-13,598,767 JPY	453,982.76 USD	-5,010,572.14 ZAR
Hedges for other Licenses	2,404,688.56 AUD	7,028,636.94 CAD	12,238,997.79 CHF	190,604.11 GBP	-27,757,624 JPY	-279,254.98 USD	-11,802,334.45 ZAR
Incoming & Outgoing Payments	9,470,474.70 AUD	20,102,115.46 CAD	5,796,210.84 CHF	-1,643,880.22 GBP	-33,513,971 JPY	768,189.96 USD	-515,887.92 ZAR
I/Co Hedges	13,577,034.84 AUD	9,072,657.93 CAD	8,479,860.92 CHF	-1,719,213.59 GBP	-99,251,286 JPY	1,475,470.16 USD	-14,971,656.89 ZAR
Net Exposure (Transaction Currency)	-46,511,093.99 AUD	-8,206,218.19 CAD	-4,897,170.18 CHF	6,731,299.69 GBP	43,507,828 JPY	-35,952,450.23 USD	-3,288,818.60 ZAR
Net Exposure (Group Currency)	-32,942,201.28 EUR	-6,105,817.10 EUR	-4,719,709.13 EUR	9,158,230.86 EUR	324,879.25 EUR	-32,340,064.98 EUR	-245,547.84 EUR
Hedge Ratio	36.1%	82.8%	84.3%	32.9%	80%	6.3%	111.3%

Technology Transformation:

SAP Trade Finance Powered by SAP Treasury and Risk Management (SAP TRM)

Complete E2E solution to integrate trade finance process into treasury to oversee high volume transaction and mitigate the risk related to it

SAP TRM

Trade Finance as integrated part of TRM

- Integration of the most important global trade payment Method in Treasury
- A standard instrument (Trade Finance) in SAP TRM
- Master data management for Trade Finance
- Manage related cash flow position
- Manage related credit line and margin
- Automated and integrated within trade financing activities
- Manage the related counterparty Risk
- Extend the Role of treasurer for trade finance

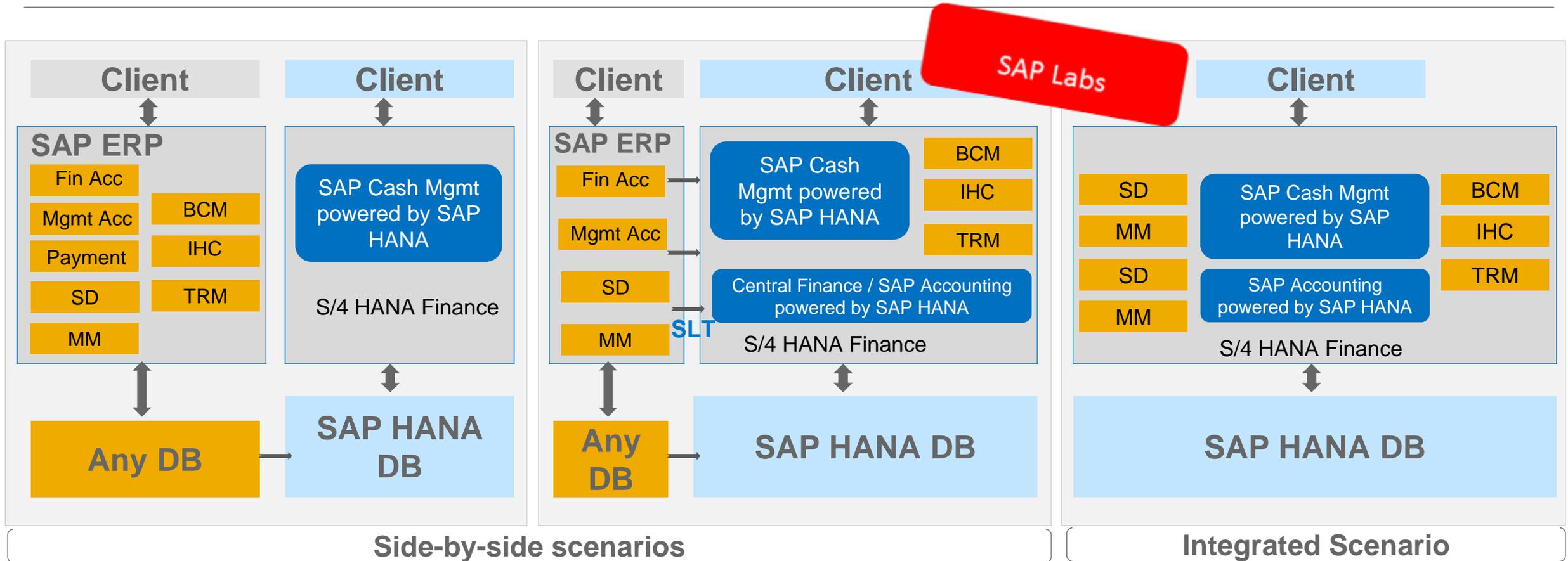
Risk Analyzers						
Credit Risk Analyzer		Market Risk Analyzer			Portfolio Analyzer	
Utilization: Formulas, Credit risk, Settlement risk Limit management: Limits freely definable, Multidimensional limits		Price calculator: NPV, Prices, Sensitivities Value at risk: Variance/covariance, Historic, Monte Carlo Simulation Cash Flow at Risk: Monte Carlo Simulation Simulate rates: What-if scenario, Relative, Absolute			Yield calculations: Money weighted, Time weighted, Modified Dietz Benchmarking: Performance Indicators	
Exposure Management				Hedge Management / Accounting		
Centralized Database to gather, group and version data and transfer to Hedge Management				Administration of hedge plans, exposures, hedge items and hedging relationships		
Transaction Manager						
<div style="display: flex; justify-content: space-between; align-items: center;"> Create Deal Settle Deal Post Deal Evaluate Deal </div> <p>Front office: Position and deal reporting, deal capture, exercise, dealer slip, valuation tools, online limit check Back office: Standing instructions, correspondence monitor, netting, settlement, rate fixing (interest, FX), references, corporate actions, process monitors Accounting: Flexible accounting determination, Accounting according to many international accounting standards</p>						
Money Market	Foreign Exchange	Derivatives	Debt Management	Securities	Commodities	Trade Finance
<ul style="list-style-type: none"> Fixed term deposits Commercial Paper Repo 	<ul style="list-style-type: none"> Spot Forward Swaps Options Futures 	<ul style="list-style-type: none"> Cap Floor FRA Swaps Options Futures 	<ul style="list-style-type: none"> Bonds Bank loans Commercial Paper Facilities 	<ul style="list-style-type: none"> Bonds Warrants Stocks Certificates Repo Sec. lending 	<ul style="list-style-type: none"> Futures Forwards Traded Options Swaps OTC-Options 	<ul style="list-style-type: none"> Letter of Credit Bank Guarantees Collection (D/D/A) Factoring Forfeiting



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Deployment Options S/4 HANA Finance



Accelerated Analysis and Detailed Insights

Extended Functionality through Integration of Single Processes

Full Integration of S/4 HANA

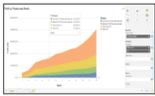
Innovation highlights in finance

Treasury and financial risk management

Recent innovations



SAP Cash Management powered by SAP HANA – cash management, liquidity management, bank account management



SAP Treasury and Risk Management application – IFRS 9 first parts



SAP Treasury and Risk Management – new yield curve framework, cash flow at risk



SAP Fiori apps for cash managers



One Exposure

Planned innovations



Further enhancements to SAP Cash Management powered by SAP HANA



More information sources integrated to “One Exposure” and consumer applications



Further improvements of bank relationship management



IFRS 9



Trade finance



Further SAP Fiori coverage

Future direction



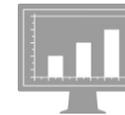
SAP Fiori apps for treasurers



Trade finance



Electronic bank account management



Predictive liquidity forecast



Bank fee analysis

SAP Cash Management

Enhanced Functions with S/4 HANA 1511

Cash Operations

- ❑ Cash Position Details (new backend, new UI design)
- ❑ Analyze Payment Details (new backend, with AR/AP items added from One Exposure)

Bank Account Management

- ❑ FBAR (Foreign Bank Account Report)
- ❑ Manage Banks Fiori tile
- ❑ BAM Requests Overview

Liquidity Management

- ❑ Liquidity Plan (with BPC and Analysis Office)
- ❑ Liquidity Forecast (with Analysis Office)
- ❑ Actual Cash Flow Analysis (with Analysis Office)

Cash Position Details

Standard * Show Filter Bar Filters (2) Go

Liquidity Item View Show All Data Show Delta Data

Liquidity Item Name	K...	Overdue	Tue, Aug 4, 2015	Wed, Aug 5, 2015	Thu, Aug 6, 2015	Fri, Aug 7, 2015	Sat, Aug 8, 2015	Sun, Aug 9, 2015	Mon, Aug 10, 2015	Late
Bank Acct Currency: AED		0,00 AED	0,00 AED	0,00 AED	0,00 AED	0,00 AED	0,00 AED	0,00 AED	0,00 AED	0,00 AED
Bank Acct Currency: CAD		0,00 CAD	0,00 CAD	0,00 CAD	0,00 CAD	0,00 CAD	0,00 CAD	0,00 CAD	0,00 CAD	0,00 CAD
Bank Acct Currency: CNY		-600,00 CNY	200,00 CNY	200,00 CNY	200,00 CNY	200,00 CNY	200,00 CNY	200,00 CNY	200,00 CNY	200,00 CNY
Bank Acct Currency: EUR										
Company Code: 0001 - SAP A.G.		1.099.507,09 EUR	-2.667.762,30 EUR	-2.524.309,54 EUR	-4.540.219,87 EUR	-5.983.586,10 EUR	-5.983.586,10 EUR	-5.983.586,10 EUR	-5.896.727,41 EUR	
Company Code: DE01 - Country Template DE		0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
Company Code: F001 - Tools Inc. Europe										
Bank Account: 092303701										
		0,00 EUR	8.113,50 EUR	8.113,50 EUR	5.565,50 EUR	-434,50 EUR	1.945,50 EUR	1.945,50 EUR	1.945,50 EUR	
	←	15.012,44 EUR	0,00 EUR	0,00 EUR	0,00 EUR	2.380,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	973
Receivables: Increase/Decrease	←	100,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
Sales of Goods	←	88,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
	→	-22.222,20 EUR	0,00 EUR	-2.548,00 EUR	-6.000,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
Receivables: Increase/Decrease	→	-100,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
Trade payables	→	-163.738,20 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
		-170.859,96 EUR	8.113,50 EUR	5.565,50 EUR	-434,50 EUR	1.945,50 EUR	1.945,50 EUR	1.945,50 EUR	1.945,50 EUR	973
Bank Account: 19850204		0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
Bank Account: 201508040001		0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	0,00 EUR	
Bank Account: 777777777		-8.044.550,82 EUR	10.000,00 EUR	10.000,00 EUR	10.000,00 EUR	10.000,00 EUR	10.000,00 EUR	10.000,00 EUR	10.000,00 EUR	
Bank Account: 91203000		39.431,63 EUR	100.004.143,00 EUR	100.004.143,00 EUR	100.019.155,00 EUR	100.017.865,00 EUR	100.017.865,00 EUR	100.017.865,00 EUR	100.016.754,00 EUR	
		-8.175.979,15 EUR	100.022.256,50 EUR	100.019.708,50 EUR	100.028.720,50 EUR	100.029.810,50 EUR	100.029.810,50 EUR	100.029.810,50 EUR	100.028.689,50 EUR	973

Benefits of Integrated Treasury Platform from SAP

Additional business benefits



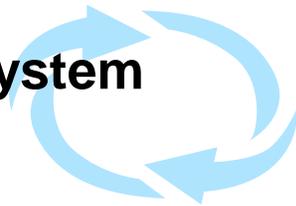
One central system approach, one platform, Real-Time Data
Integrated Bank Account Management
Embedded Liquidity Planning and Forecasting Functionality
Investment into the future – more capabilities can be added if needed

Cloud Deployment



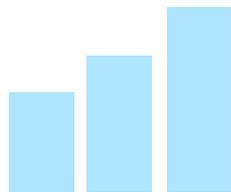
Faster adoption of innovation
Application management as a service
Deployment flexibility and scalability

Simplified System Landscape



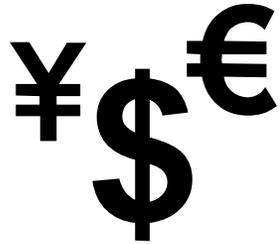
Reduction of Interfaces and multiple Systems
Integration to other modules and data
Reduction of redundant data - One Single Source of Truth

Usability



New functionality and high integration level
New UIs, intuitive design, personalized
Device-independent
Simplification and focus on the important aspects

Highlights of SAP's Deep Experience in Treasury and Financial Risk Management



25+ industries

3000+ treasury customers

24/7 support

58%

Lower treasury and cash management cost

28%

Lower cost of capital

51%

Freed up treasury experts* where the treasury system automatically performs various treasury analyses around mark-to-market and value-at-risk, etc.

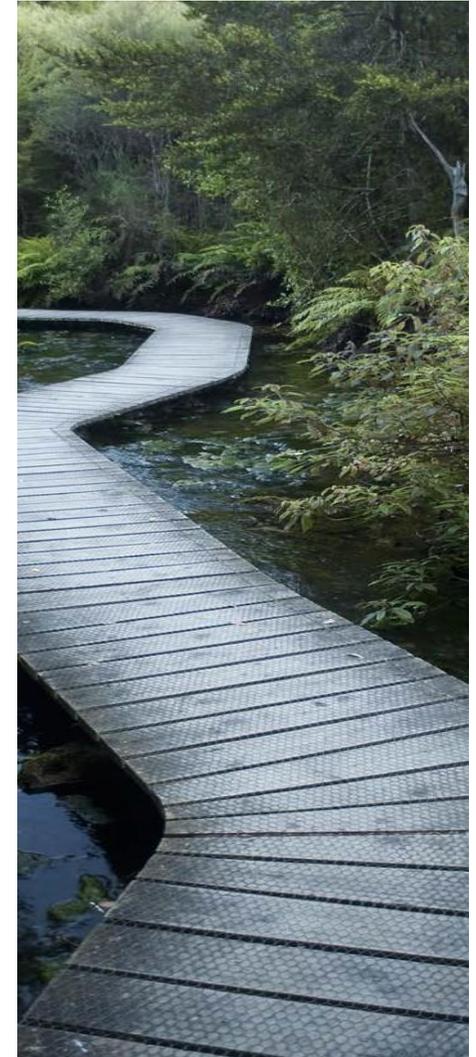
Source: SAP Performance Benchmarking

Award winning Treasury Solution

Treasury Today Adam Smith Award winners for 2013:



Source: [Treasury Today Adam Smith Awards](#)





Thank You!

Contact information:

Christian Mnich

Director Solution Management | Treasury and Risk Management | LOB Finance

SAP SE | Dietmar Hopp Allee 16 | 69190 Walldorf | Germany

Christian.mnich@sap.com

Strong customer adoption of SAP S/4HANA Finance

>2,700 Licensed customers

>400 Active customer projects

>90 Live customers

25 industries

All regions

New implementations and conversions

