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How SAP Helps You Achieve and Maintain Financial Excellence

SAP’s comprehensive portfolio of applications and end-to-end processes help you achieve Financial Excellence:

- Strong cash flow and liquidity
- Compliant and accurate financial reporting
- Maximized profitability
- Reduced cost of finance
Agenda

1. Introduction Treasury Applications from SAP
   I. Payments and Bank Communications
   II. Cash and Liquidity Management
   III. Debt and Investment Management
   IV. Financial Risk Management

2. Innovations 2012
   I. Optimized handling of Bank Statements
   II. Commodity Management

3. Wrap-Up
Effective Treasury Management More Important Than Ever

Business Problems
Treasury Trends
Growing Pressures in Treasury That Are Here to Stay

- Volatility in markets, commodity prices, and stocks
- Increasing globalization and uncertain economics
- Increased focus on risk
- Importance of effective Cash and Liquidity Management
- New Regulation and Compliance Requirements
- Rationalization and Standardization
- Volatility in markets, commodity prices, and stocks
- Increasing globalization and uncertain economics
- Increased focus on risk
- Importance of effective Cash and Liquidity Management
- New Regulation and Compliance Requirements
- Rationalization and Standardization
The Common Issues
These Are the Challenges We Hear from Our Customers
The Common Issues
These Are the Challenges We Hear from Our Customers (cont.)

1. Decentralized organization with lack of information
2. Multiple systems and Interfaces
3. Compliance challenges and violations
4. High operational costs and weak IT infrastructure
5. Poor cash and liquidity management
6. Reactive approach to risk
Solving the Issues
Treasury and Financial Risk Management
Solving the Issues
Treasury and Financial Risk Management (cont.)

1. Centralized organization with integrated systems
2. Integrated system using central interfaces
3. Auditable and compliant operations
4. Low operational costs and strategic IT infrastructure
5. Accurate and timely cash positions and reliable liquidity forecasts
6. Proactive approach to risk
Current Situation in Many Cases
From Spreadsheet Problems to End-to-End Integration

Without SAP

With Treasury Solutions from SAP

Multiple Systems
Multiple Banks
Multiple Interfaces

Integrated Treasury Solution Portfolio
Treasury Challenges

In an uncertain world it is critical to have the right systems and controls in place for measuring, managing, and reporting operational risk.

1. Effective cash management for clearer visibility and centralization
2. Consider the changing world in Banking
3. Transforming treasury into a strategic business partner
Treasury and Financial Risk Management

E2E Process Overview
Treasury and Financial Risk Management (cont.)

Roles and Objectives

- **Treasury Operations Manager**
- **Cash Manager**
- **Treasury Finance**
- **Financial Risk Manager**

### Payments and Bank Communications
**Challenges**
- How do I ensure highly secure and quick payments and minimize external fees?

**Solutions**
- SAP Bank Communication Management
- SAP In-House Cash
- SAP Integration Package for SWIFT

### Cash & Liquidity Management
**Challenges**
- How do I improve cash and liquidity forecasting and gain more accurate and timely insight into global cash balances?

**Solutions**
- Cash and Liquidity Management
- SAP Bank Communication Management

### Debt and Investments Strategies
**Challenges**
- How do I ensure investment or borrowing at best rates and lowest costs?

**Solutions**
- SAP Treasury and Risk Management

### Financial Risk Management
**Challenges**
- How do I pinpoint my financial risks and take more effective steps to mitigate them?

**Solutions**
- SAP Treasury and Risk Management
- SAP Treasury and Risk Management, financial risk management for commodities
Agenda

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   IV. Financial Risk Management

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3. Wrap-Up
“Technology and processes in the form of in-house banks, payment factories and SWIFT connectivity are seen as promising new areas, which should allow increased control, visibility and forecasting of cash.”

*Source: PwC, Corporate Treasury Solutions, Global Treasury Survey 2010
End-to-end best practices to streamline payments and bank communications; coordinated processes across SAP and non-SAP systems
Situation Without SAP Bank Communication Management

SAP ERP
- Execute Payment Program
- Create Payment Order
- Import Bank Statement
- Post/Processing and Clearing

Third-Party System
- Upload File
- Security: Authorization, Encryption, Digital Signature
- Send Payment Order to Bank
- Collect Bank Statement
- Security
- Download File

File Server

Bank
Process Flow with SAP Bank Communication Management

- **SAP ERP**
  - Execute Payment Program
  - Create Payment Order
  - Import Bank Statement
  - Post/Processing and Clearing

- **SAP Bank Communication Management**
  - Create Batch
  - Payment Approval Work List
  - Security (Approval Workflow, Authorization, Digital signature)
  - Receive Status Messages
  - Bank Statement

- **SAP NetWeaver Process Integration**
  - Routing
  - Mapping
  - Security Encryption Digital Signature
  - SAP Integration Package for SWIFT
  - Resource Adapter

- **SWIFTNet**

- **SWIFT Alliance Access/Gateway**
SAP ISO 20022 CGI Mapping Group

Driver:
• Bank Norge AS, Bank of America, Citibank, Danish Bankers Association, Danske Bank, Deutsche Bank, HSBC, JPMorgan Chase, Nordea, RBS, SAP, SWIFT, TDI Consulting, UK Payments Administration, Wells Fargo

Purpose
• Develop mappings of CGI guidelines to SAP internal Data Fields

Deliverables
• Individual maps – DMEE/PMW XML Format, PI XML Schema, Excel Spreadsheet, or other
• Supporting user documentation with explanations, amplifications, and guidance
• Potential Incorporation into SAP product of selected transactions – to include new SAP data fields and Global Data Types

Supported Message Types
• Credit Transfer
• Direct Debit
• Payment Status Report
• Bank Statements
Contributing Members
In Total, 44 Members

BBVA
Bank of America Merrill Lynch
Barclays
Bottomline Technologies
CBI Consortium
Citibank
Danish Bankers Association
Danske Bank
Deutsche Bank
DNB NOR
GXS
HSBC
ING Bank
J.P. Morgan
Nordea Bank
The Royal Bank of Scotland
SAP
SEB
Standard Chartered Bank
Sydbank A/S
UK Payments Administration
UTSIT
XMLdation

Global Common Implementation (CGI) initiative
Payment Solution Provided by SAP
New Since SAP ERP 6.0, Enhancement Package 2

SAP Bank Communication Management

SAP ERP
GL
Payroll
Treasury
In-house cash

Payment Medium Workbench

Payment Run
Aggregate Payments
Approval Workflow
Digital Signatures
Transmit Payment
Receive Status Report

Includes SEPA Package and ISO20022 support

Mobile Use Case

* Banking Service Network/available 2012
Features: Compliance

**Increased compliance**

- Multi-eye release procedures for payment approvals
- Personal digital signatures for outgoing payments for internal audit
- Release of individual payments or entire batches
- Sanctioned Party List and Embargo Check with SAP BusinessObjects Global Trade Services
- Integration to the component SAP BusinessObjects Global Trade Services, in order to check incoming and outgoing payments against sanctioned party list screening and embargo lists
Features: Integration to SWIFT and Banks

Integration to SWIFT and banks
Real-time integration with SWIFT via SAP Integration Package for SWIFT
Optional integration with banks with the adapters in SAP NetWeaver®
Process Integration on a project basis

Increased payment-flow transparency
Payment status monitor with full status history
Processing of new ISO20022 payment status report and other status messages (ACK/NACK)
Drill down to documents and master data
Display of generated payment formats
Mobile Payment App for Bank Communication Management

Value Added for Customer
Executive staff able to sign off on high-value payments is often travelling. Due to financial crisis and high-compliance requirements, there is a high demand for a strict control of all financial activities and processes. This mobile app will make it possible to push a lot of urgent tasks to the Treasurer, thus protecting from financial loss and process inefficiencies.

Context/Use Case
Approval Workflow for Payments — Inform mobile user to confirm/reject outgoing payment, while providing some basic information about the payment (Amount, Currency, etc.)
Back-End vs. Mobile View

- Treasury Back office will use the Back-End Application of SAP Bank Communication Management
- Executive staff will use Mobile App if travelling to release urgent payments
Payment Factory with SAP Bank Communication Management and SAP In-House Cash

Corporate Client

SAP ERP

SAP Cash Management

AP/AR/HR

Treasury

SAP In-House Cash

SAP NetWeaver PI

SAP Integration Package for SWIFT

SWIFTNet

SWIFT Service Bureaus*

SWIFTNet Interface

* www.swift.com/solutions/connectivity/
Integrated Payment Factory Approach with different connectivity options

- SAP ECC 6.0
- Cash Management
- AP/AR/HR
- Treasury
- SAP Bank Communication Management
- SAP In-House Cash
- SAP NetWeaver PI
- Middleware
- Subsidiary
- Non-SAP
- SAP Bank Communication Management
- SWIFT
- SAP EBICS
- SAP H2H
- Bank to Corporate Services Network
Bank to Corporate Services Network
Solution Overview

**At the Bank**
- SAP NetWeaver PI for bank connectivity
- Integration and orchestration with one or more core banking systems
- Validation rules, security policies, message semantics

**In the Cloud**
- On-boarding of corporates
- Agent management – configuration, upgrades
- Shared visibility to corporate and bank
- Transform and Mapping for non-standard message formats
- Isolation between multiple tenants
- Reliable and secure messaging
- SWIFT optional routing capability to non-BSN Bank Members
- Platform for value-added applications

**At the Corporate**
- Lightweight, downloadable agent, installable with phone support in most cases
- Single instance configurable for multi-banks’ services
- In future will support all SAP ERP versions, and non-SAP ERPs
Why Do I Need In-House Cash?

Multinational corporate structures with a high volume of internal and external payment transactions can improve by using In-House Cash for the following issues:

- Payment transaction control on a regional and global level
- Cost-effective processing of internal and external payments
- Reduction of external bank accounts
- Reduction of cross-border payments
- Automation and standardization of financial processes
Geographic Structure of an Integrated In-House Bank

Various and ever-changing multi-national corporate group structures …

... with a high volume of internal and external payment transactions
Advantages of SAP In-House Cash

- No additional software has to be installed in the subsidiaries
- Reduction of transaction volume due to internal processing
- Reduction of bank accounts and fees
- Interest compensation
- Bundling of currency quantities
- Maintenance of accounts in any currency
- Standardized, rationalized, and integrated business processes and controls by using standard payment programs

In-House Cash helps to increase the efficiency of your payment transactions significantly with lower costs
Key Instruments of SAP Cash and Liquidity Management

Cash and Liquidity Management Decisions Are Based on:

- **Cash Position**
  - Bank accounts
  - In-House cash banks
  - Bank clearing accounts
  - Payments in transit
  - Memo records
  - Intra-day bank statements
  - Treasury Deals
  - Earmarked funds
  - Real estate
  - ... Disputes
  - Customer/Vendor-open items
  - Blocked items
  - Down payment requests
  - ... Purchase requisitions
  - Purchase orders
  - Sales orders

- **Liquidity Forecast**
Insight to Help Liquidity Analysis
Cash Flow Analysis Enabled by SAP BusinessObjects

Get overview on actual and planned cash position in the past several days or weeks and the next few days/weeks to come.

Display cash position in transaction currency and simulate display currency according to a variable exchange rate.

Check current cash position by bank group and list bank accounts of this bank group.

Get an overview on cash position by company code. Details per company code on bank groups and currencies.
Agenda

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   II. Commodity Management

3. Wrap-Up
# SAP Treasury and Risk Management

## Risk Analyzers

<table>
<thead>
<tr>
<th>Credit Risk Analyzer</th>
<th>Market Risk Analyzer</th>
<th>Portfolio Analyzer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utilization:</strong> Formulas, Credit risk, Settlement risk</td>
<td><strong>Price calculator:</strong> NPV, Prices, Sensitivities</td>
<td><strong>Yield calculations:</strong> Money weighted, Time weighted, Modified Dietz method</td>
</tr>
<tr>
<td><strong>Limit management:</strong> Limits freely definable, multi-dimensional limits</td>
<td><strong>Value at risk:</strong> Variance/covariance, Historic, Monte Carlo Simulation</td>
<td><strong>Benchmarking:</strong> Performance Indicators</td>
</tr>
<tr>
<td><strong>Simulate rates:</strong> What-if scenario, Relative, Absolute</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Exposure Management

- Centralized Database to gather group and version data and transfer to Hedge Management

## Hedge Management

- Administration of hedge plans, exposures, hedge items, and hedging relationships

## Transaction Manager

**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

## Reporting

- **Ad hoc reporting:** Point & click, Unified databases, Position, P&L, Period, Cash Flow

- **Reporting tools:** SAP Query, ABAP List, Other third-party providers, BI, SAP BusinessObjects Dashboards and Xcelsius

- **Results database:** Portfolio Hierarchy, Drill-down, Historic results

- **Management reports:** Positions, Performance, Ratios, Compliance

- **Middle office:** Risk exposure, Controlling, Compliance

- **Data export:** Excel, Flat files, BI

## Money Market

<table>
<thead>
<tr>
<th>Fixed-term deposits</th>
<th>Commercial Paper</th>
<th>Repo</th>
</tr>
</thead>
</table>

## Foreign Exchange

<table>
<thead>
<tr>
<th>Spot</th>
<th>Forward</th>
<th>Swaps</th>
<th>Options</th>
<th>Futures</th>
</tr>
</thead>
</table>

## Derivatives

<table>
<thead>
<tr>
<th>Cap</th>
<th>Floor</th>
<th>FRA</th>
<th>Swaps</th>
<th>Options</th>
<th>Futures</th>
</tr>
</thead>
</table>

## Debt Mgmt

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Bank loans</th>
<th>Commercial Paper</th>
<th>Facilities</th>
</tr>
</thead>
</table>

## Securities

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Warrants</th>
<th>Stocks</th>
<th>Certificates</th>
<th>Repo</th>
<th>Sec. lending</th>
</tr>
</thead>
</table>

## Commodities

<table>
<thead>
<tr>
<th>Futures</th>
<th>Forwards</th>
<th>Traded Options</th>
</tr>
</thead>
</table>
Optimize Debt and Investment Strategies
Process Overview

SAP Treasury and Risk management, combined with other SAP Treasury applications, provides visibility into anticipated cash balances so that treasury managers can optimize investment returns. It also helps monitor and control investments and portfolio risks.

Process Steps

1. Cash Management Data
   - Collect Cash Data of today
   - Create and update forecasts

2. Investment or Borrowing Decision
   - Take investment or borrowing decision according to the companies Treasury guidelines
   - Take care of limits, e.g., on counterparties
   - Determine best options based on cost of capital or best risk-adjusted investment returns

3. Deal Execution and accounting
   - Execute financial transaction
   - Generate Correspondence
   - Execute Payments
   - Execute postings, valuations, and accruals

4. Performance Analysis
   - Produce performance analysis compared to defined benchmark
   - Control Cash reporting
   - Monitor capital structure for best options
   - Monitor investment portfolio for performance
   - Monitor counterparties for risk exposure
Preconfigured Treasury Software and Services Enabling Rapid Deployment

SAP brings software and services together in a new offering that gives you essential treasury functionality quickly and affordably.

SAP Treasury and Risk Management rapid-deployment solution

Preconfigured software to eliminate the guesswork

Rapidly delivered in as little as two months using SAP Consulting

An affordably priced solution

Establishes a footprint in treasury that can be expanded
Agenda

1. Introduction Treasury Applications from SAP
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3. Wrap-Up
Commodity Risk Management

- Addresses the new mega-trend of raw material and commodity management
- Manages risk exposure from commodity sales and purchases and related financial risk management
- Ensures legal compliance under IFRS, i.e., IAS 39
Commodity Price Volatility is constantly increasing for Commodities like oil, copper, lead, zinc, wheat, etc.

Volatility is significantly higher than for currencies or interest rates

This has a high impact on the profit of many companies

- Calculating the material cost for end products becomes difficult
- Liquidity and cash planning becomes challenging
- Hedging with financial derivatives can be a strategy to manage the challenges

Source: Commerzbank/Wirtschaftswoche – Commodity radar screen for October 2010
Commodity Risk Management provides robust functionality that enables companies to identify and quantify their exposure towards commodity price risk and foreign-exchange risk and take steps to mitigate them.

<table>
<thead>
<tr>
<th>Key Needs</th>
<th>Key Innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiently manage and reduce risk arising from commodity price volatility, i.e., of agricultural products</td>
<td>Solution enhancements planned in key areas, such as exposure management and exposure reporting</td>
</tr>
<tr>
<td>Streamline treasury processes and reduce the resources required to execute in order to concentrate on value-increasing activities</td>
<td>Integration of logistics processes to Treasury &amp; Risk Management to allow for near real-time updates of exposure positions</td>
</tr>
<tr>
<td>Ensure compliance to newest accounting regulations</td>
<td>Batch/Quality change-driven update of exposure positions (industry-specific)</td>
</tr>
</tbody>
</table>

Commodity Risk Management
SAP’s System Landscape and Solution Architecture Helps Companies Properly Manage Their Commodity Risk

<table>
<thead>
<tr>
<th>Status</th>
<th>Benefit by using SAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP's Commodity Management solution is an integrated platform with open interfaces</td>
<td>Correct data – risk managers can do their job ✓</td>
</tr>
<tr>
<td>Direct transfer of physical sales and purchases data to treasury solution</td>
<td>Real-time data for proper position management ✓</td>
</tr>
<tr>
<td>Complete audit support</td>
<td>Authorization concept, change history, etc. ✓</td>
</tr>
<tr>
<td>Physical pricing rules &amp; calculation engine fully integrated inside system</td>
<td>Correct pricing results ✓</td>
</tr>
</tbody>
</table>

With SAP you know your REAL risk exposure timely and you can properly manage it!
Commodity Management Connects Processes Across the Organization to Enable Timely and Profitable Purchasing, Selling, and Hedging of Commodities

Typical end-to-end process flow for companies focused on risk management

<table>
<thead>
<tr>
<th>CFO</th>
<th>VP Sales/Purchasing</th>
<th>VP Treasury</th>
<th>VP Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Commodity Sales &amp; Purchasing</td>
<td>Commodity Risk Management</td>
<td>Financial Reporting</td>
</tr>
</tbody>
</table>

**Sales Purchasing and Logistics**
- Contract with Commodity Pricing
- Order
- Credit Management
- Exposure Management
- Hedge Management
- Paper Trades
- MTM: Paper, Physicals, and Inventory

**Risk Management**
- Define Risk Policy
- Define Risk Profile
- Transportation & Delivery
- Risk Review

**Compliance/Risk Reporting**
- Commodity Risk Reporting

**Settlements/Accounting**
- Provisional Invoice
- Differential Invoice
- Deal Settlement
- AR/AP
- General Ledger

**PLANNED INNOVATIONS**
SAP Helps Nyrstar Manage Metal Purchasing, Sales, and Risk

QUICK FACTS

Nyrstar
Headquarters: Zurich, Switzerland
Industry: Mill products – primary metals manufacturers
Products and services: Mining, smelting, and production of metals
Revenue: €2.4 billion
Employees: 4,000
Web site: www.nyrstar.com
SAP solutions and services: SAP ERP application, SAP Best Practices for Mining package
Implementation partner: SAP Consulting

Challenges and Opportunities

- Improve visibility of metal sales and purchasing, metal accounting, and risk management across company
- Optimize profitability analysis by metal component

Objectives

- Standardize key global business processes
- Set up metal accounting using new general ledger

Implementation Highlights

- Finished on time and below budget
- Retired over 10 legacy systems
- Served as pilot customer for the enhancement package for the SAP ERP application, specifically for the treasury and risk management for commodities functionality

Why SAP?

- Power of SAP ERP to enable global management of all metal movements
- High degree of fit with business processes supported by the SAP Best Practices for Mining package

Benefits

- Substantial improvement in visibility of metal price exposures and customer and product profitability
- Reliable company profit from world-class operations through minimized impact of price volatility
- Higher hedge accuracy and compliance with International Financial Reporting Standards
- Reliable daily commodity risk reports
- 20% faster financial close time

“Our project delivered central SAP ERP software capable of globally managing all our metal sales, purchases, and movements integrated with our metal risk and hedge management and metal valuation across our commercial function.”

Phil Palmer, Global Manager, Business Systems, Nyrstar

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Agenda

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   IV. Financial Risk Management

2. **Innovations 2012**
   I. Optimized handling of Bank Statements
   II. Commodity Management

3. **Wrap-Up**
Ramp Up Just Started
https://service.sap.com/rampup

*RAMP-UP FOR NEXT INNOVATIONS FOR THE SAP BUSINESS SUITE*

NEW CORE APPLICATION ENHANCEMENT PACKAGES FOR NEW SOLUTIONS

Solutions from SAP integrate your lines of business to better capitalize on new opportunities and streamline operations. SAP provides both strategic and non-disruptive innovation across your lines of business and for your industry.

The SAP Business Suite enables natively integrated end-to-end processes for lines of business in their industries on SAP NetWeaver, our business process platform. This helps you manage total cost of ownership across the entire IT landscape and supports the evolution of SAP Business Suite applications to a services-based architecture.

Next innovations for the SAP Business Suite continues to deliver non-disruptive innovation with new solutions and enhancement packages:

1. Enhancement Package 6 for SAP ERP 6.0 (incl. SAP PLM 7.02)
2. Enhancement Package 2 for SAP CRM 7.0
3. Enhancement Package 2 for SAP SRM 7.0
4. Enhancement Package 2 for SAP SCM 7.0 (incl. SAP F&R 5.2)
5. Industry Specific Solutions

**Key Data**

- Target Release to customer: November, 2011
- Planned Completion date Ramp-Up: Q2, 2012

**How to apply for Ramp-Up**

- Customers: Please contact the pertaining point of contact below for further information
  - Learn about the new solutions (using the link to the solution page below)
  - Get in touch with your Account Executive / Customer Engagement Manager

* Requires login credentials to the SAP Service Marketplace
## Treasury and Financial Risk Management

With SAP Business Suite Innovations 2011

Integrate cash, liquidity and treasury and risk management. Integrate treasury functions with banks. Improve reporting, mitigate financial risks, improve returns, and institute better financial controls.

<table>
<thead>
<tr>
<th>CFO/Head of Finance</th>
<th>Treasury Operations Manager</th>
<th>Cash Manager</th>
<th>Treasury Finance</th>
<th>Financial Risk Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payments and Bank Communications</strong></td>
<td>Receive Payments</td>
<td>Ensure Compliance</td>
<td>Manage Inter-company Transactions</td>
<td>Deals Request: Borrow or Invest</td>
</tr>
<tr>
<td><strong>Cash and Liquidity Management</strong></td>
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<td>Operational Cash Flow Planning</td>
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<tr>
<td><strong>Debt and Investments Strategies</strong></td>
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<td><strong>Financial Risk Management</strong></td>
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<tr>
<th>Local/HQ Finance Dept.</th>
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<tbody>
<tr>
<td>Receive Payments</td>
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<table>
<thead>
<tr>
<th>Accounts Receivable</th>
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<tbody>
<tr>
<td>Receive Payments</td>
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<table>
<thead>
<tr>
<th>Accounts Payable</th>
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<tr>
<td>Process Payment Orders</td>
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<table>
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<tr>
<th>Cash Management</th>
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<tr>
<td>Payment Processing</td>
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<tr>
<th>Treasury Management</th>
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<tbody>
<tr>
<td>Approval of High Volume Payments</td>
</tr>
<tr>
<td>Manage Investments</td>
</tr>
</tbody>
</table>

✓ Enhancements delivered with SAP Business Suite Innovations 2011
Process Overview
Electronic Bank Statement Processing

Receive and import bank statement → Automatic Posting → Post-processing Bank Statement → Analyze results

Bank Statements

Bank Statement Overview

Post-Processing

Subsidiary

Subsidiary

Subsidiary

Subsidiary
Outlook – Optimized Processing of Bank Statements

Better Efficiency – Replacement of multiple screens with a single efficient UI
Bank Statement Post Processing – Details

Work list
- The work list shows all bank statement items to be processed according to the selection criteria

Clearly Arranged Details Area
- Proposal of transaction in order to trigger a new search
- Determined business partner
- Demonstration of the assigned amount and the open amount
- Editing and recheck of the note to payee

Document Entry and Logging
- Fast assignment to open items through direct display of found documents
- Read more items with search parameters (Debtor, invoice number or amount)
- Posting on debtor/vendor accounts - Residuals and partial payment
- Posting on G/L accounts with account assignment templates
- Overview of documents, log, attachments
Note to Payee Adaptation and Scanning Possibility

**Edit & Check Note to Payee**

- **Edit Note to payee**
  - E.g. Delete spaces and search for open invoices, documents, checks, payment advices
  - *Original & Changed version are saved

**Insert Advice information into note to payee and check again**

- **Possibility to insert complete payment advice information** (Copy & Paste)
- **Scan Note to payee**
  - See result list & Open amount is cleared
- **Post the documents**
Automated Import and Transfer

Bank Statements of different formats are automatically imported into the system, processed, and transferred to local systems

Automatic import of multiple files (variable path names)
Monitoring and exception handling supported
Support of standard formats
- SWIFT MT940/MT942
- BAI

Benefits
- Support of central bank connectivity scenario with dispatching of bank statements
- Mass upload of files allows for update of balances as soon as bank statement files are provided
- Application log for exception handling
Agenda

1. Introduction Treasury Applications from SAP
   I. Payments and Bank Communications
   II. Cash and Liquidity Management
   III. Debt and Investment Management
   IV. Financial Risk Management

2. Innovations 2012
   I. Optimized handling of Bank Statements
   II. Commodity Management

3. Wrap-Up
## Analyst and Press Assessments Referring to Treasury and Financial Risk Management Solutions from SAP

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AkzoNobel</td>
<td>Treasury Technology Implementation Project of the Year – Implemented wall-to-wall SAP Treasury Solutions in less than 12 months timeframe</td>
</tr>
<tr>
<td>European Treasurers’ Peer Group</td>
<td>A survey stated clearly that Integration strengths weighted higher than functionality benefits by choosing a Treasury Management System</td>
</tr>
<tr>
<td>Gartner</td>
<td>“SAP have made serious attempts to deliver a depth of treasury functionality,” and the advice: “Evaluate any capabilities from your ERP provider against the specialist vendors”</td>
</tr>
</tbody>
</table>
Treasury and Financial Risk Management Performance

<table>
<thead>
<tr>
<th>KPI</th>
<th>Industry Benchmark</th>
<th>Improvement Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>STP – automated clearing rate of payment transactions</td>
<td>75%</td>
<td>30%</td>
</tr>
<tr>
<td>STP – settlement time for FX transactions</td>
<td>4 hours</td>
<td>90%</td>
</tr>
<tr>
<td>Optimize working capital – reduce average subsidiary cash balance</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: ASUG Benchmarking
<table>
<thead>
<tr>
<th>KPI</th>
<th>Improvement Potential</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process efficiency/STP</td>
<td>97%</td>
<td>In-House cash center processing times reduced from 16 hours to under 30 minutes</td>
</tr>
<tr>
<td>Optimize Working Capital</td>
<td>80%</td>
<td>Reduced short-term cash requirements by 80%</td>
</tr>
<tr>
<td>People efficiency</td>
<td>81%</td>
<td>Decreased cash management and payment processing resources by 81%</td>
</tr>
</tbody>
</table>

Source: SAP reference data base
<table>
<thead>
<tr>
<th>KPI</th>
<th>Description</th>
<th>Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize working capital</td>
<td>Reduced borrowing costs by CHF 5 million globally</td>
<td>Roche</td>
</tr>
<tr>
<td>People efficiency</td>
<td>Managed global treasury operations for 11 currencies across 50 subsidiaries with 8 people</td>
<td>Fujitsu</td>
</tr>
<tr>
<td>Process efficiency</td>
<td>Achieved 5 year ROI of over 400% and a payback period of approximately 1 year Savings of 1 FTE annually due to higher automation</td>
<td>TeliaSonera</td>
</tr>
</tbody>
</table>
LoB Finance – Treasury and Financial Risk Management

Customer Facts: Amsterdam/Netherlands-based, world’s largest global paints and coatings company

Solutions:
• SAP Treasury and Risk Management
• SAP In-House Cash
• SAP Bank Communication Management
• SAP Cash Management

Highlights/What’s special:
• Global reference actively using all Treasury applications from SAP
• Treasury Applications from SAP help speed Cash Flow and lower operating expenses

Customer Facts: Stockholm/Sweden-based, Europe’s fifth largest telecom operator with 164.4 million subscriptions, €12 billion revenue

Solutions:
• SAP Treasury and Risk Management
• SAP In-House Cash
• SAP Bank Communication Management
• SAP Cash Management

Highlights/What’s special:
• Global reference actively using all Treasury applications from SAP
• Implemented BCM in less than 3 months

Customer Facts: New York/US-based, world’s leading oral, personal, and home care product manufacturer

Solutions:
• SAP Treasury and Risk Management
• SAP In-House Cash
• SAP Cash and Liquidity Management

Highlights/What’s special:
• Global reference using Treasury all over the world
• Established Centralized Cash Management and Foreign Exchange Trading Model in Switzerland
Recent Innovations That Enable the End-to-End Process

**SAP Payment Approval Mobile App**
- Release payments from everywhere

**SAP Rapid Deployment Solutions**
- Fast time-to-value for Treasury and Risk Management

**Analytics**
- Embedded Analytics (Cash Dashboard)
- HANA Applications for Cash Forecasting

**In-Memory**

**Mobility**

**On-Demand**

**Analytics**
### Treasury Applications from SAP

**Summary Roadmap**

#### EhP 5 – Today
- Support of Commodity Risk Management
- Enhanced hedge accounting using new commodity paper deals
- Hedge Management for FAM
- Rapid Deployment Solution available
- Readiness for SEPA and UNIFI/ISO20022 standard

#### Short -Term (Plan)
- Continuous Innovations in regards to Commodity Risk Management
- Support of CGI ISO20022 payment formats
- Mobile App for the release of payments
- Improved processing of Bank Statements in SAP Cash Management (FEBAN)
- Optimized import of Bank Statements
- In-memory (HANA)-based Cash Forecasting

#### Mid-Term (Plan)
- Continued investment in customer innovations
- IFRS9 and FASB
- Dodd-Frank Act and EMIR
- TCO Reduction for Payments and Bank Communications
- Further enhancements in the area of Commodity Risk Management

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Thank You!

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