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# ALEXANDER HAMILTON BEST PRACTICES SUMMIT & AWARDS

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## *Consolidating and Streamlining our Cash Management Structure*



THOMSON REUTERS

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Presented by:

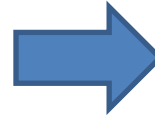


# Background – The Situation in 2008

The Thomson Corporation acquired Reuters PLC in April 2008  
1,700 bank accounts with 135 banks in 99 countries

## Supplier Payment Infrastructure

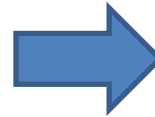
- Country-specific, bank-specific payment formats
- Numerous transmission mechanisms
- Inefficient payment acknowledgement monitoring
- Non-standard payment-related master data



*Inefficient, non-standard end to end payment process, high transmission costs, complex technology footprint*

## Collections Infrastructure

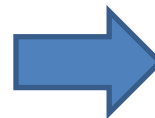
- Multiple A/R systems
- Receipt information accessed via multiple bank portals
- Manual receipt recording and cash application
- Limited remittance information



*Non-standard, manual process, and inefficient service delivery to credit management*

## Bank Account Reconciliation

- Manual, time & resource consuming



*Non-standard processes cause inability to efficiently utilize SAP*



# Our Solution

**Automate, standardise, simplify**  
**Maximise straight through processing using H2H**  
**Optimised Bank Account Structure**

THOMSON REUTERS



## COLLECTIONS SOLUTION

Consolidated Collections files with "enhanced remittance information"

← ISO 20022 XML Direct Debit Files

→ Automate receipt recording, maximise auto-application

## PAYMENTS SOLUTION

Using Bank Independent ISO 20022 XML formats

→ Payment File

← File Acknowledgement

← Rejection Acknowledgement

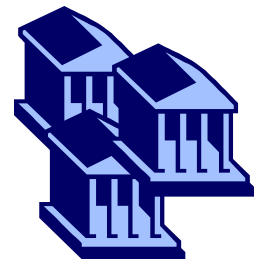
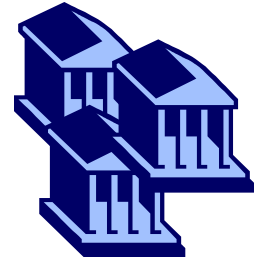
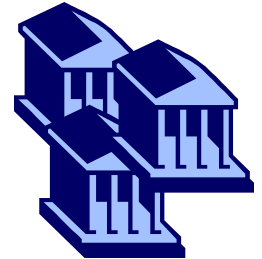
← Item Level Acknowledgement

← Minimise cheques, offline payments, leverage SEPA, acknowledgement monitoring in SAP, consolidate payment files pre-transmission, encrypt

## BANK RECONCILIATION SOLUTION

← Daily Bank Statements in BAI2 format

→ Automate bank recs. using SAP EBS, automate journal creation



CITI, JPMC, SCB, BAML, Harris

# Execution Strategy

- **Comprehensive and thorough approach with a relentless focus on a best-in-class solution that provides standardization and simplification**
  - Structured, detailed banking partner selection exercise
  - Detailed review of cash management and banking transaction processing activities to identify areas of inefficiency
  - Careful review and selection of banking solutions – maximising standardisation amongst banking partners
  - Combining banking partner migration with solution deployment
- **Highly structured and rigorous project management to ensure effective and timely results**
  - Robust, programme management structure consisting of 8 work-streams
  - Strong senior management sponsorship
  - Cross-functional (Treasury, Global Business Services, MIS) buy-in to programme objectives
  - Programme teams composed of Thomson Reuters and bank partner team members
  - Sequencing migration & solution deployment to align with other corporate-wide initiatives (e.g., consolidation of billing systems) to minimise costs and disruption



# Benefits

## Banking

- Reduced banks from 135 to 57
- 90% of all transactions with 5 core banks
- Bank accounts reduced by 33%
- Bank fees reduce by 28%

## Liquidity

- 135 new sweep arrangements
- Increased centralized cash
- More efficient cash investment

## Payables

- Maximize standardization
- ISO 20022XML eliminates complexity
- Automated, efficient payment processes
- Reduced manual payments
- Enable SEPA credit transfer in Europe
- Easily review payment files
- Easier reporting and analysis
- Automated bank rec processes
- Straight through processing
- Reduced file transmission costs

## Collections

- Automation of manual receipts
- Automation of cash application
- Enable focus of exception management
- Automation of bank recs
- Leveraging SAP functionality



# Success Benchmarks

*Thomson Reuters is implementing a truly global streamlined banking structure*

Item	Anticipated	Achieved to Date
Transaction fee reduction	10%	28%
No. of core banking partners	5	5 (90% of all transactions via core banks)
Payment formats	1 per core bank	1 across core banks (91% of total payment volume)
Transaction transmission channels	1 host-to-host channel per core bank	1 host-to-host channel per core bank
Automation of receipt recording	100% for all core partner banks	100%
AR auto-application hit	67%	~40%*

\*Percentage to increase as customers provide clearer remittance information and billing system migrations are completed

*...being driven by a relentless pursuit of standardization, simplification and automation that has resulted in dramatic increases in efficiency and effectiveness.*

