



Oracle Treasury

SAOUG: 15th Nov 2011

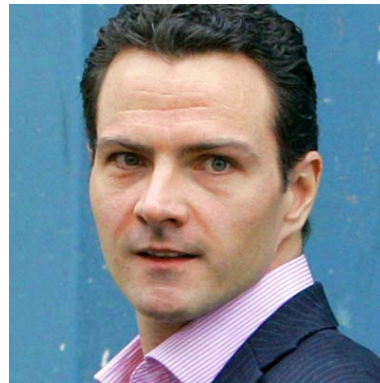




Rogue Traders



1995
Barings Bank
Nick Leeson
\$1.4 billion loss



2007
Societe Generale
Jerome Kerviel
E4.9 billion loss



2011
UBS
Kweku Adoboli
\$2.3 billion loss



Rogue Traders

Nick Leeson:
“Integrated IT could have
prevented Barings Bank
collapse”

October 2009





Fat Fingers

Salomon Brothers

1998
Salomon Brothers
Trader sold
GBP850m of French
govt bonds by
accidently leaning on
his keyboard

MIZUHO

2005
Securities Trader sold
610 000 shares at 1
yen instead of 1
share at 610 000 yen.
Loss \$340 million



2007
FTSE 100 dropped
2% after trader typed
GBP300m instead of
GBP30m on a share
trade



One newspaper, one day, one page !

Business Report: 1 November 2011

**Market volatility linked
to risk of heart attack**

**All is not lost for
buyers of currency**

**Hedging strategy
necessary to mitigate
currency risk**



Treasury 101

Corporate Treasurer

Manages the enterprise's financial holdings to:

- Maximise liquidity
- Mitigate operational, financial and reputational risk





Treasury Transactions

A Corporate Treasurer may transact in:

- Cash
- Fixed Income / Money Market
- Forex Spot and FEC
- Capital Markets
- Derivatives
- Commodities and equities are rare and unlikely

A Corporate Treasurer is not a day trader.

Counter party is always a bank.



How can software support Treasury?



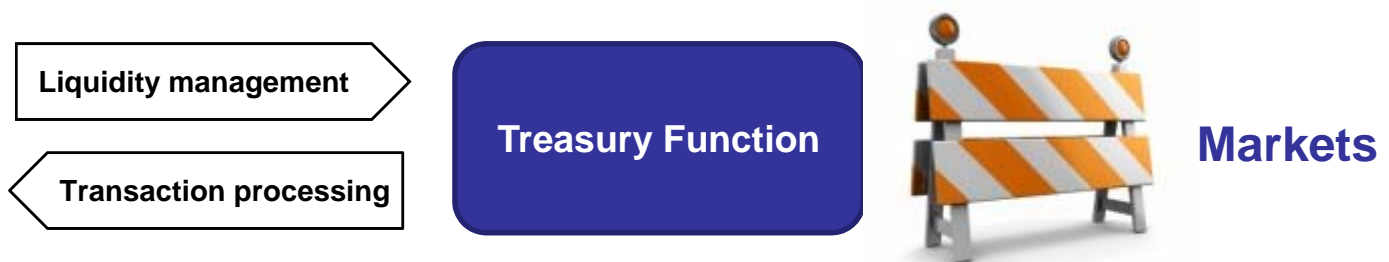


Typical TMS vs ERP

- Typical TMS – integration to the financial markets



- ERP – integration to the enterprise





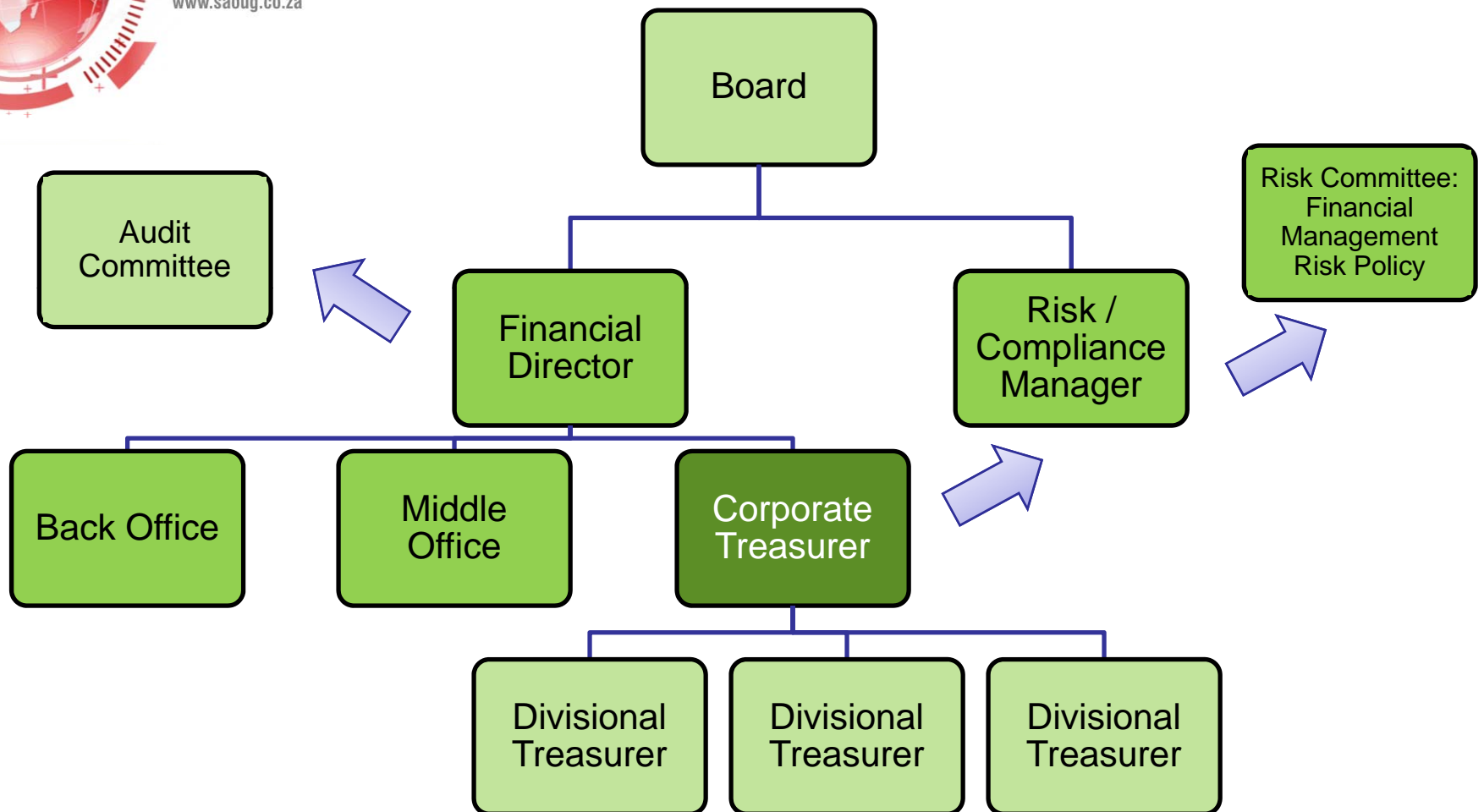
Oracle Treasury Model

Oracle Treasury: Integration to the enterprise and the financial markets.





So Who Cares?





What is needed?

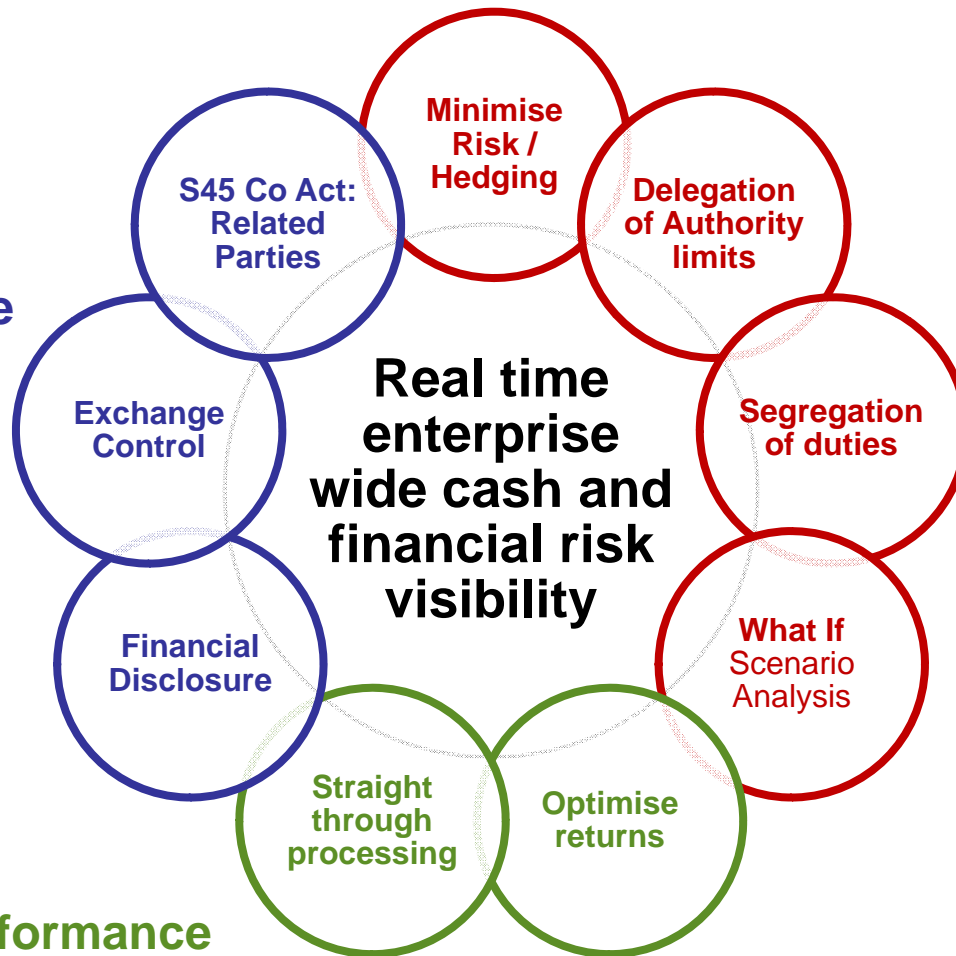
**“Real time,
enterprise wide,
cash and financial
risk visibility”**





Client pain

Compliance



Risk

Performance



Let's get practical

Deal walk through





Deal walk through: 1

Summer sale

4,3" touchscreen

Tomtom
Via 120 Bluetooth GPS
• 12 month guarantee (209721)

1599⁰⁰
each (209721)

WAS R1799,00

FUJITSU
15,6" Lifobook Laptop
• Model: F9531
• 12 month collect and return warranty (216488)

399⁰⁰
each (216488)

40" LED
Full HD 1080

SONY
40" (102cm) Full HD LED TV
• Model: KDL-40EX520 • Resolution: 1920 x 1080
• HDMI x4, USB x2 • Wireless LAN ready
• Internet video • 12 month guarantee (209547)

6999⁰⁰
each (209547)

BUY NEW TV LICENCE
ID book required (2000000000)



Deal walk through: 1

40" LED
Full HD 1080

TV LICENCE
ID book required
CHECK ON LINE
CONFIRMATION

SONY
40" (102cm) Full HD LED TV
• Model: KDL-40EX520 • Resolution: 1920 x 1080
• HDMI x 4, USB x 2 • Wireless LAN ready
• Internet video • 12 month guarantee (209347)

WAS R8999,00
6999.00 each
(209347)

What: 1000 units @ \$600
Settlement: 60 days
Delivery: 31 Jan 2012

Consequential Pain:
Marketing need to prepare promotional campaign with pricing.



Deal walk through: 2

Order Dept contracts the purchase of 1000 TVs @ \$600 each.

ORACLE

Treasurer's Cash Management screen immediately shows need for \$600k on 13 Jan 2012. 15th is a Sunday.

Order Dept emails the Treasurer of the need for forex in 60 days ie 15 Jan 2012.



CT views Market Feed screens, evaluates forex market trend and risk and in conjunction with Risk management policy elects trade to make.

CT phones panel of bankers to get actual rates. Concludes trade with bank.
Buy \$600k for delivery 13 Jan 2012 @ R8.00/\$



Deal walk through: 3

Capture the deal

ORACLE
CT captures deal into Oracle Treasury deal screen.

Authority limits checked.

Call recorded for Audit Purposes and linked to trade record.

Middle and Back Office immediately aware of trade.

Deal automatically linked to Forex approval BOP code.

CT captures deal into TMS system / Excel.

Absence of authority limit checks.

Manually advises Middle and Back Office of trade.

Manual Forex approval recon.





Deal walk through: 4

Confirm the deal

ORACLE

Deal confirmation automatically created and sent to bank.

Deal confirmation from bank automatically received and confirmed from bank.

Mismatched deals report generated and sent to CT, FD, Risk Manager.

Middle Office sends deal confirmation to bank.

Middle Office manually confirms deal confirmation from bank.

Manual reconciliation of unconfirmed deals.

Manual reporting.





Deal walk through: 5

Account for the deal

ORACLE

Oracle Treasury raises liability and receivable automatically.

Position is automatically revalued at month and year end.

Financial Disclosure is automatically reported as required by IAS39 or IFRS7&9.

Back Office manually raise liability for R4.8m and receivable for USD600k in ledger.

Back Office manually revalues position at month end and year end.

Back Office manually calculates financial disclosure.






Deal walk through: 6

Deal settlement

ORACLE
Scheduled Payment automatically created and submitted to Payment Factory.

Back Office manually creates Scheduled Payment to bank for R4.8m due on 13 Jan 2012.





Deal walk through: 7

Cash management update

ORACLE

Cash Management automatically updated, reflecting \$600k liability, \$600k receivable and R4.8m liability.

Back Office manually updates Cash Management Schedule and advises to CT.





Deal walk through: 8

Risk management

ORACLE

Automatic live updates to RM screen view of Enterprise Risk Exposure.

Risk Manager updates Enterprise Risk Exposure for currency, and counterparty.





Deal walk through: 9

Marketing consequential pain

ORACLE

Marketing can see the landed cost real time and calculate the selling price for the promotion.

Marketing requests details of costing of new goods arriving in order to set pricing for promotional campaign.







Don't believe us, believe them

Over 100 Cash & Treasury Management Customers

Source: Oracle South Africa

Sandia National Laboratories	American Diabetes Association	CSX	ACCOR	Burlington <small>an american european source plant factory</small>	ocado
Atempo	KEC	TATA	Duferco	Amkor Technology	POSCO
DELL	KT	RICOH	ATA	VIKING	ONEOK
DUBAI PORTS AUTHORITY	DPL	地鐵公司 MTR Corporation	eSilicon	Swiss Re	GRUPPO POSITIVO
bilit Ballarpur Industries Limited	acta	LG Electronics	sas	VISA	Alliance Leicester
ISTITUTO NAZIONALE PER LO STUDIO E LA CURA DEI TUMORI	Bank of China	RRP	Whitbread	cta	UNIVERSITY OF GUELPH

Don't believe us, believe them



Source: Oracle South Africa



“Oracle allows us to gain an overall view of the company’s global activities. With Oracle in place, our management now has a much better view of the company.”



“Oracle Treasury saves us 3 to 4 days a month by automatically computing interest and booking journal entries and bank transactions.”



“Before Oracle Treasury, we used spreadsheets and SAP Treasury. Now, with Oracle Treasury we have straight through processing and it works well.”

Don't believe us, believe them



Source: Oracle South Africa



“We're saving between 2 to 2 1/2 days per month by using Oracle Treasury's accrual and accounting automation. That's over 24 days per year that we're able to spend on more value added activities.”



“One of the biggest advantages of Oracle Treasury is the fact that it is integrated with Oracle Financials. It used to take us a few days to calculate and post interest accruals every month. With Oracle Treasury, it takes just a few hours.”

Don't believe us, believe them



Source: Oracle South Africa

Whitbread[™]

“Oracle Treasury will help us maintain tight business controls around treasury and cash management operations. It makes all cash flows and positions visible and automates the back office work related to treasury activity.”



“Oracle Treasury allows us to expand our cash forecasting capabilities and improve our accuracy in matching assets and liabilities by integrating with AP, AR, Payroll and other modules impacting our cash flow. It will enable us to improve portfolio returns by 5 to 7 basis points.”



Remember One Thing!

Oracle Treasury offers:

**“Real time,
enterprise wide,
cash and financial
risk visibility”**





Thank you
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