WHITEPAPER

2023 Treasury Priorities & Opportunities Survey

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ABOUT THE SURVEY

Now in its 2nd consecutive year, TIS is excited to release the findings from our 2023 Treasury Priorities & Opportunities Survey. Having run throughout the course of Q3-Q4 2022, our research again captured responses from hundreds of U.S. finance and treasury practitioners operating at companies of all sizes and industries. The goal was to capture their perspectives on a range of items including the ongoing adoption and use of finance and treasury technology, as well as upcoming staffing plans, strategic and operational expectations, and overall trends occurring in the space.

In total, over 250 practitioners responded to this year's survey, which consisted of roughly 30 questions. All respondents held roles in either treasury or finance. In addition, all respondents were operating at companies with headquarters in the U.S., but most maintained an active international presence.

In terms of company size, 34% of represented companies had annual revenues of $100M – $1B, and another 34% had $1B - $10B annual revenue. 14% had revenues of over $10 billion, while 18% were under $100mm.

Regarding industry representation, construction and manufacturing firms accounted for over 27% of all respondents. Companies from the software, education, insurance, retail, and automotive sectors collectively accounted for another 40%.

In aggregate, our 2023 research initiatives are representative of an appropriately diverse spread of treasury and finance practitioners from a variety of company sizes and industries. The infographic on the next page provides a synopsis of our research and the associated demographics in more detail.

Survey Demographics & Overview

2nd
Annual Year of Research

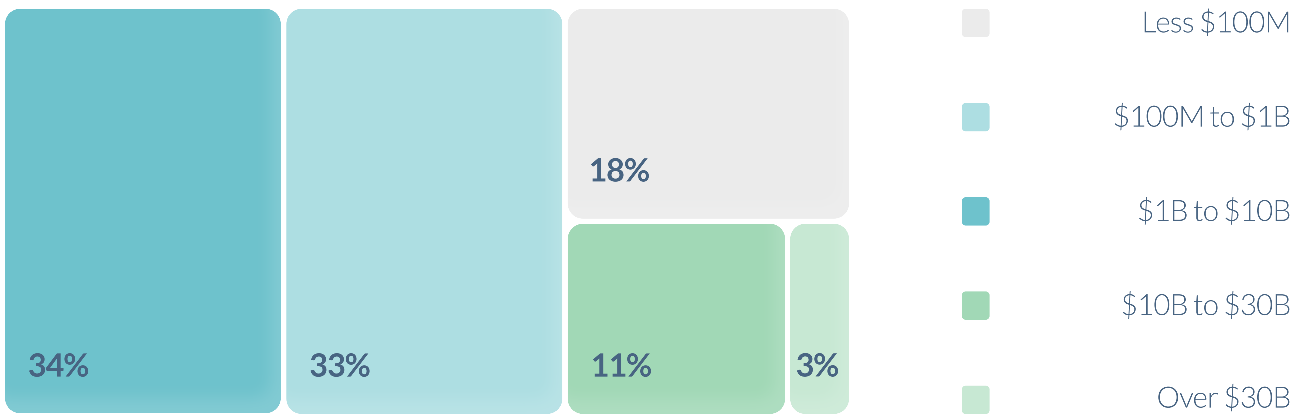
~30 Questions

~250
Treasury & Finance Respondents

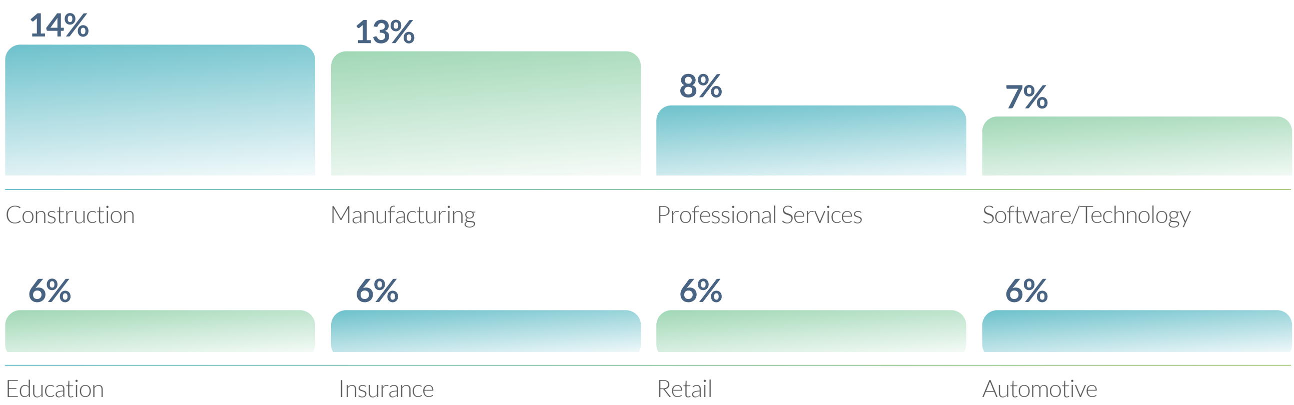
U.S. Focused

Conducted During
Q3-4 2022

Company Size - *243 Responses* – Primarily U.S. Multinationals



Top Industries



SUMMARY OF KEY FINDINGS

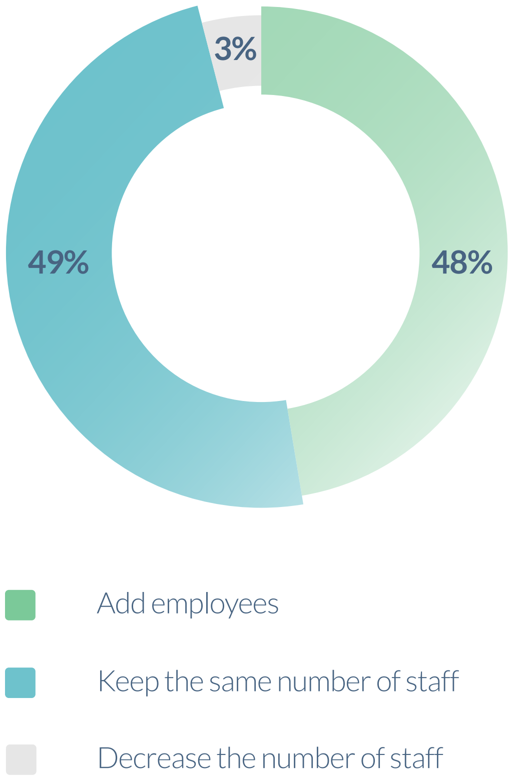
The findings from our 2023 research highlighted that despite strong economic headwinds and market uncertainty, a significant number of treasury teams are still expecting to add more staff and adopt new technologies in the year ahead. In fact, while 48% of teams expected to add more staff, only 3% planned to reduce their headcount. Similarly, over 50% of respondents plan to invest in new cash management and payments-related technologies.

This should be taken as generally reassuring news for practitioners, especially given the wide-ranging budget and staffing cuts that have occurred within many U.S. companies and institutions in the past few months. However, these new technology and staffing additions are also being coupled with a new set of responsibilities and expectations from business leaders that may place greater strain on practitioners. These heightened expectations were clearly evident in our research, with 77% of practitioners indicating their list of responsibilities would increase in 2023, while just 2% believed their workload would be reduced.

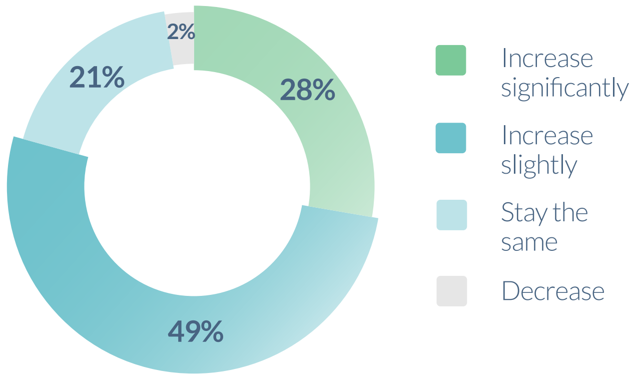
Regarding the nature of these new responsibilities, it appears that many treasury teams are being relied upon to execute and contribute towards more "strategic" internal functions. Based on the data, 57% of practitioners indicated that the strategic role of their treasury group would expand in 2023, while just 4% indicated a decrease. Going a step further, when asked whether treasury was viewed as more "operational" or "strategic" by management, practitioners were evenly split in their perspectives at 48% strategic and 52% operational, respectively.

Looking deeper into the growing influence and responsibility of treasury, another interesting finding was that most treasury teams seemed to exert heavy control over their company's AP and AR operations, either directly or indirectly. On average, 69% and 67% of treasury groups maintained some level of control over these operations, with little deviation between companies of different sizes and industries.

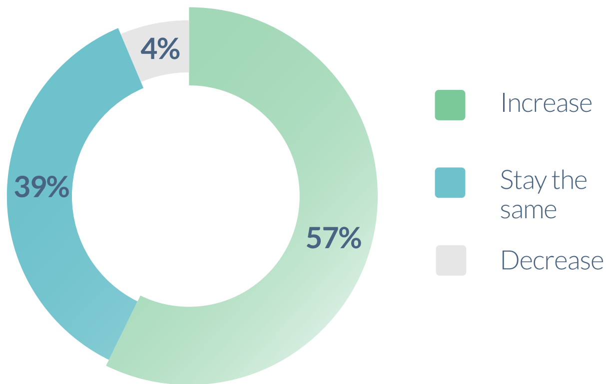
Expectations for Treasury Staff in *2023*



Treasury Responsibilities, *2023 vs 2022*



The Strategic Role of my Department, *2023 vs 2022*



Although cash management and forecasting operations have long-been standard treasury responsibilities, data shows that practitioners have been placing an even greater focus on these operations over the past year.

Since early 2022, several major U.S. corporate treasury studies including AFP's 2022 Strategic Role of Treasury Survey and Strategic Treasurer's 2022 Treasury Perspectives Survey saw cash management, forecasting, and working capital projects ranked as top priorities for treasury teams. Our 2023 research corroborated these results with data showing cash management technology being the top priority for new software investments over the next year. In addition, cash management skillsets were listed as the most emphasized area of professional development focus for treasury teams in 2023.

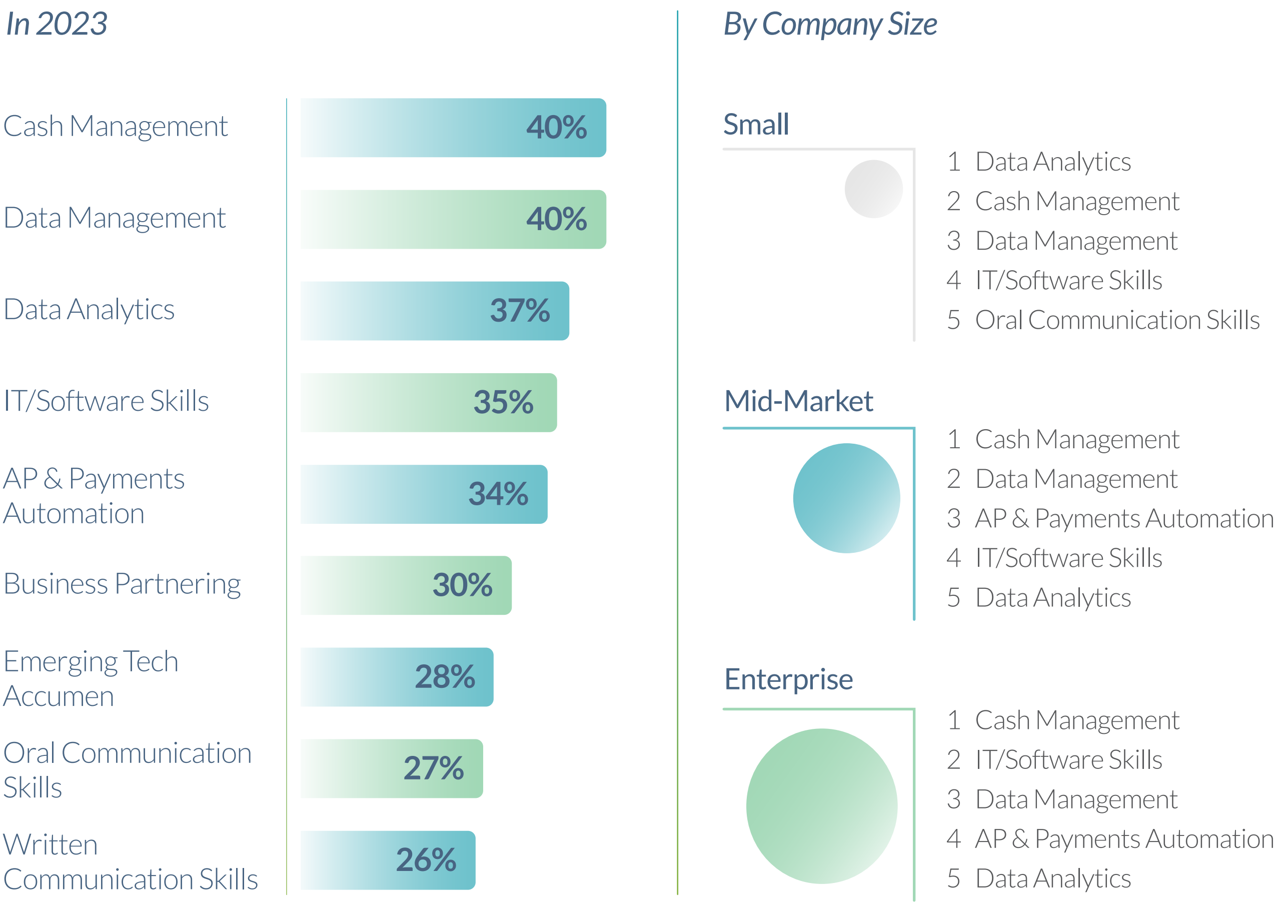
Turning to cash forecasting, one primary focus of our research was learning more about the various forecasting workflows and strategies leveraged by treasury groups and companies of different sizes and industries. At a high level, we found that nearly half of survey respondents used a TMS to produce cash forecasts, with 20% leveraging an ERP and nearly 30% relying on Excel Spreadsheets. While Excel is still used predominantly by smaller teams, the use of TMS and ERP products was much more popular for companies with $500mm+ in annual revenue.

Regarding the preferred forecast horizon, 27% of teams focused on monthly forecasts, while 38% were prioritizing weekly analysis and 25% daily. Generally, smaller companies were only half as likely to conduct daily forecasts compared to larger firms, but 2x more likely to conduct quarterly forecasts. On the other hand, larger firms were more likely to conduct forecasts across numerous time periods including daily, weekly, and monthly. In aggregate, weekly forecasts were the most popular analysis period across all sizes and industries.

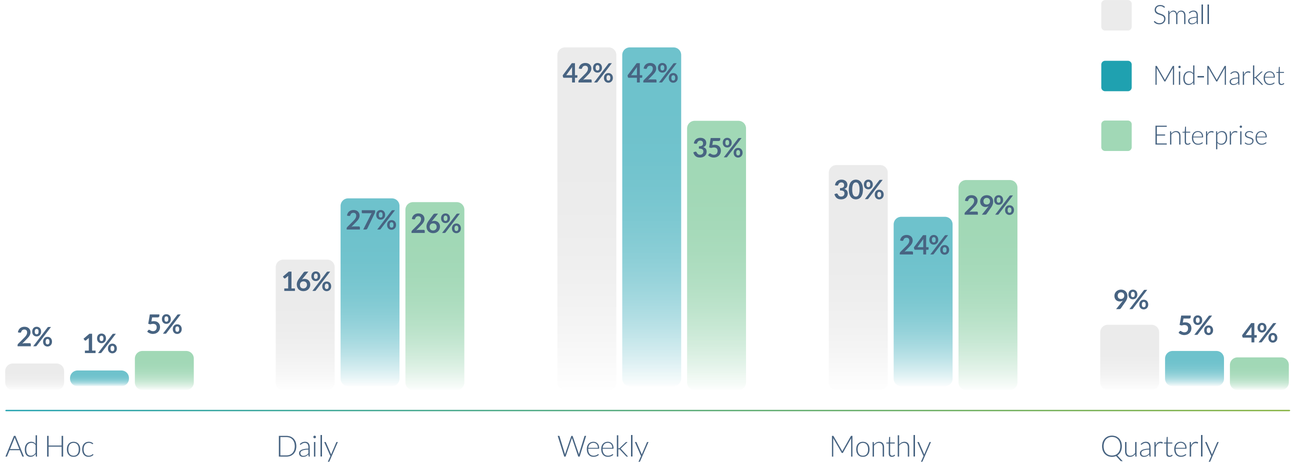
SUMMARY OF KEY FINDINGS CONTINUED

As a final point on forecasting and in-line with the broader digitalization shift that has been occurring in treasury for years, the top priority for practitioners when improving their forecast process revolved around either migrating away from legacy Excel-based processes, or upgrading their existing software to achieve greater accuracy and automation. The following pages of this report elaborate on the above key findings in more detail.

Most Important Skills to Upgrade in Treasury



Frequency of Cash Forecasting
By Company Size



KEY FINDINGS ANALYSIS

Treasury's Strategic Influence Grows

In both the 2022 and 2023 iterations of our survey, results have clearly demonstrated that treasury teams are increasingly being viewed as strategic partners by colleagues and business leaders.

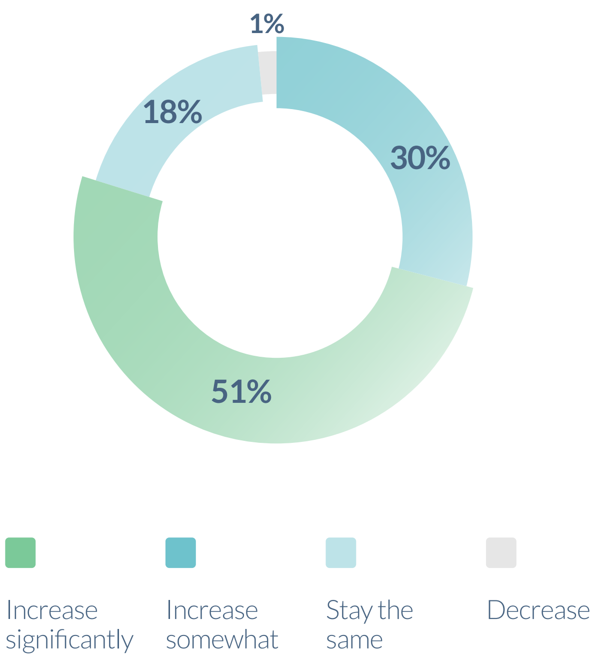
In last year's survey, 41% of respondents indicated that treasury played a role in strategy-related matters. This number increased to 47% in 2023. In addition, the number of treasury teams that were a key strategic partner to the CFO rose from 22% to 25%, and the percentage of teams that played a more occasional strategic role grew from 19% to 22%.

Alternatively, the number of treasury groups who indicated they held little strategic influence shrank from 58% to 52%.

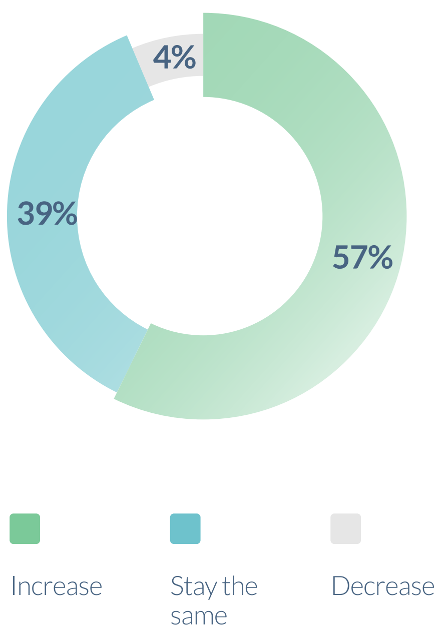
Prying deeper into the expanding scope of treasury's influence, over 36% of respondents indicated that treasury maintained DIRECT control over areas like Accounts Payable (AP), Accounts Receivable (AR), Data Management, and Operational Risk Management. An additional 25%+ also saw treasury playing an indirect role over the same areas. And with treasury leaders also indicating a strong intent to foster better data management and technology skillsets across their teams, it is clear that the composition of the treasury function is evolving.

Overall, these results highlight that treasury is playing a greater role in stewarding a variety of business operations, many of which might not have been considered "core treasury" functions in the past. But given their position as the steward of payments and liquidity and their ability to capture global data related to cash flows and financial positions, treasury is perfectly poised to provide greater strategic value within their company, and many teams are clearly adapting to this new role.

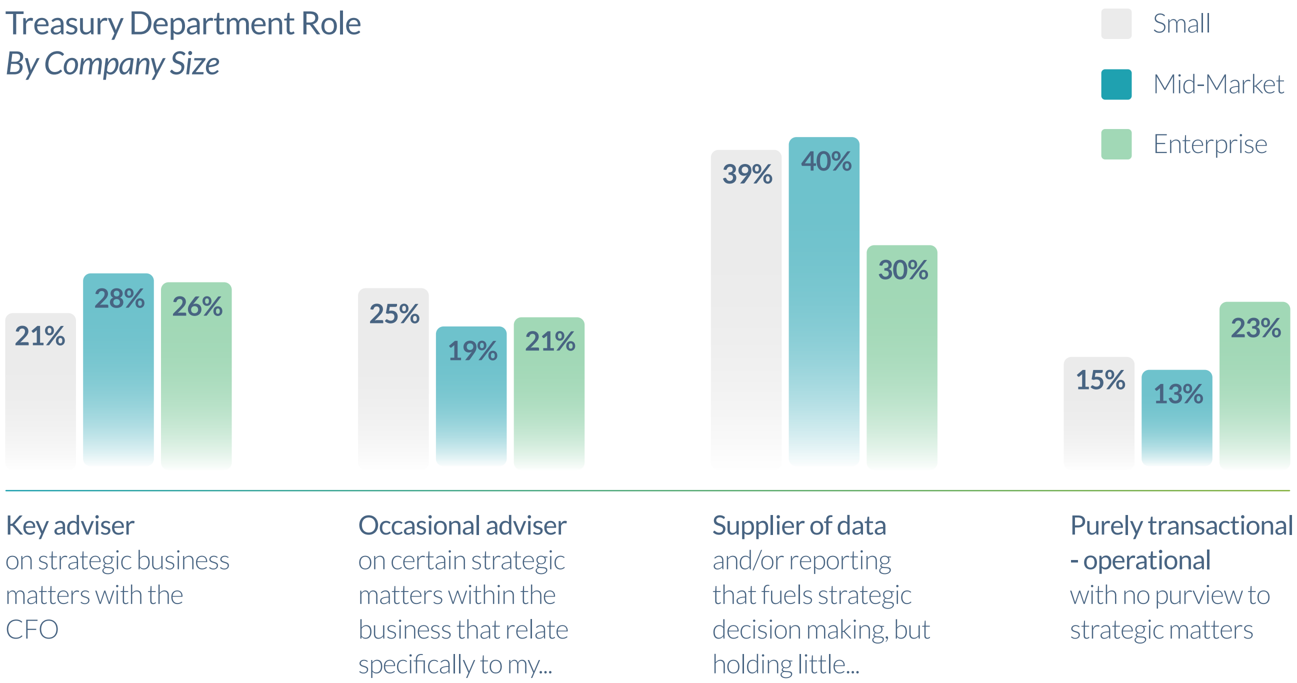
Time Spent on Strategic Activities
2023 vs 2022



The Strategic Role of my Department
2023 vs 2022



Treasury Department Role
By Company Size



"2023 data clearly points toward the growing importance and rising strategic influence of treasury within their respective companies. Today, this impact is manifesting itself through new data and technology responsibilities, as well as more oversight and collaboration with other departments like AP and AR."

Ernie Humphrey, CEO, 360 Thought Leadership

Staffing Priorities Remain Elevated

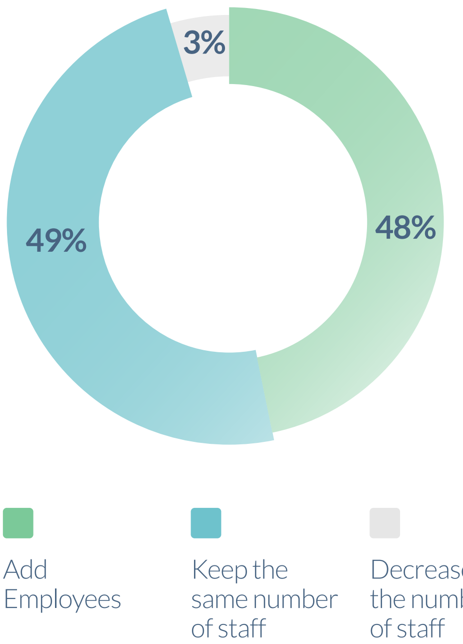
When TIS first asked treasury and finance teams about their hiring plans at the start of 2022, the economic landscape looked quite different than it does now. At the time, companies were continuing to rebound from the unpredictability of the Covid era, and as financial markets improved, there was a cautious sense of optimism for the year ahead. As such, 51% of survey respondents had indicated an intent to hire new staff over the course of the year, compared to just 4% expecting to decrease headcount.

As it turned out, however, 2022 was a year fraught with volatility and marked by growing fears over worldwide recession and geopolitical turmoil. But despite these headwinds, it appears that treasury teams are continuing to invest in new staff additions. This comes even as many U.S. companies look to reduce their broader workforce and make budgetary cuts to reduce expenses.

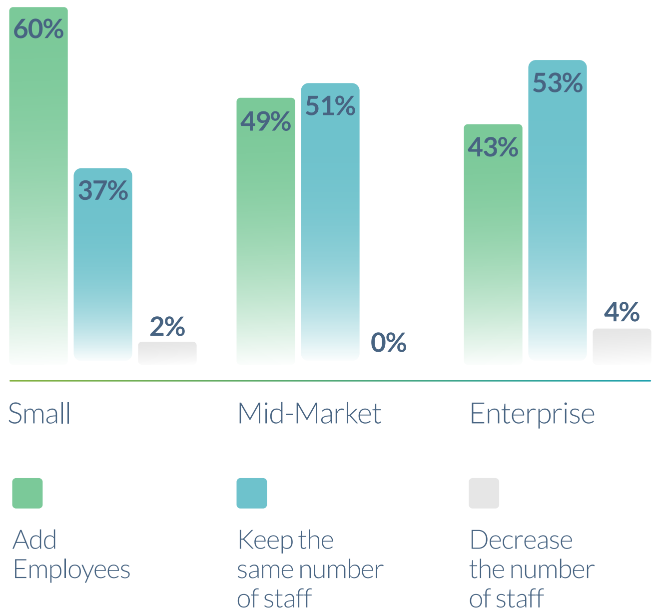
Heading into 2023, 48% of treasury and finance teams are still expecting to hire additional employees in the next year, compared to just 3% expecting to reduce their headcount. Similarly, 55% of practitioners believed that the availability of professional development opportunities within their company would increase in 2023, compared to just 5% who believed such opportunities would diminish.

Coupled with data that showcasing an ongoing intent by companies to invest in new treasury technology and digitalization projects, it seems that treasury as a whole has fared well against the broader backdrop of budget cuts and staff reductions that have impacted the U.S. corporate environment. This is good news heading into what could ultimately be another tumultuous year. It also further supports the notion of treasury's growing influence internally, as companies invest in the department to bolster their ability to analyze financial data, automate cash management and payment processes, and make more informed and accurate business decisions.

Expectations for Treasury Staff in 2023



Expectations for Treasury Staff in 2023
By Company Size



"The fact that many treasury groups are still actively hiring new personnel and promoting their teams' professional development opportunities should be taken as a positive sign for the industry, especially as recession fears and economic volatility impact other functions and teams."

Dan Blumen, Group Partner, Treasury Alliance Group

Digitalization Projects are Still in Full Swing

In-line with data showcasing treasury's expectations to add or maintain headcount in 2023, there are also broad indications that treasury teams will continue to invest in new technologies and digital solutions.

During last year's survey, 74% of all treasury and finance respondents were expecting to invest in new technology or in upgrades to existing components of their solution architecture.

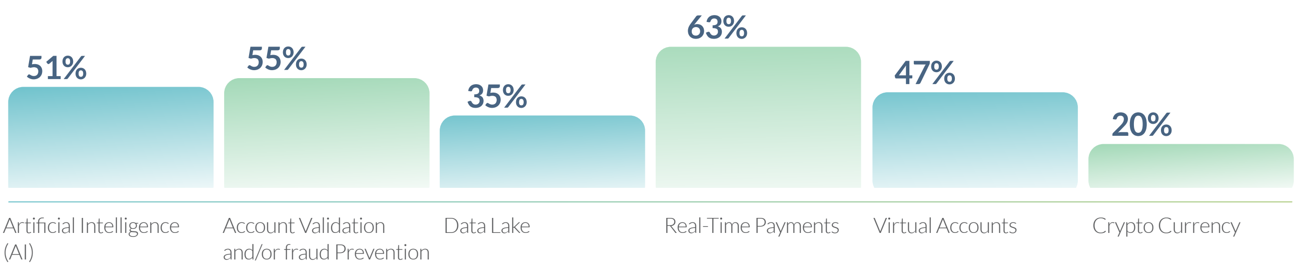
Now heading into 2023, these investment priorities have shown no signs of abating. In fact, over 55% of survey respondents this year planned to invest in new cash management solutions, with another 53% planning to invest in new payments technology. Other areas such as AP, fraud detection, and core treasury automation were also selected by 40%+ of respondents.

When asked about the single greatest objective driving their technology initiatives, most practitioners (31%) were basing their investments on the need to support ongoing business growth and scale. Another 21% indicated a need to achieve greater visibility into global financial data to drive better decision making. And when it came to the main criteria for selecting their new solution, a majority of practitioners (51%) saw the ability to support new AI / ML capabilities and open banking / API workflows as a key element in their decision-making.

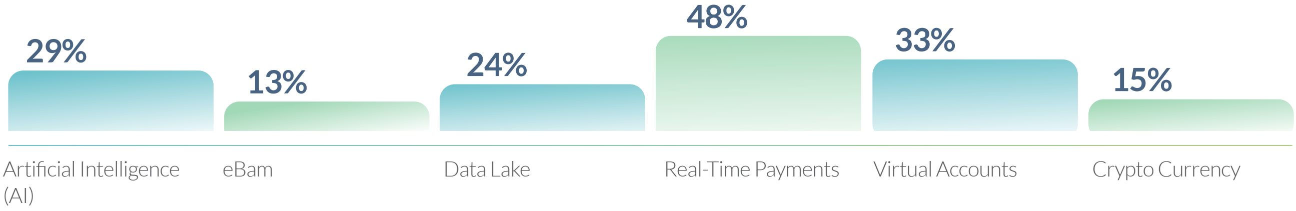
Turning specifically to newer "disruptive" technologies, the past year has also shown a tremendous rise in interest for artificial intelligence (AI), real-time payments (RTP), and virtual accounts (VAs). In fact, the use of AI-enabled solutions is expected to grow this year from 29% to 51%, with real-time payment adoption rising from 48% to 63% and Virtual Account usage up from 33% to 47%. However, the use of other innovations such as cryptocurrency continues to only see limited traction.

Overall, these results highlight that treasury teams – and business management in general – are still willing to invest in a broad array of technology solutions to improve their workflows. And with cash management and payments technology clearly top-of-mind, there is a definitive movement by the industry towards continual optimization of these processes.

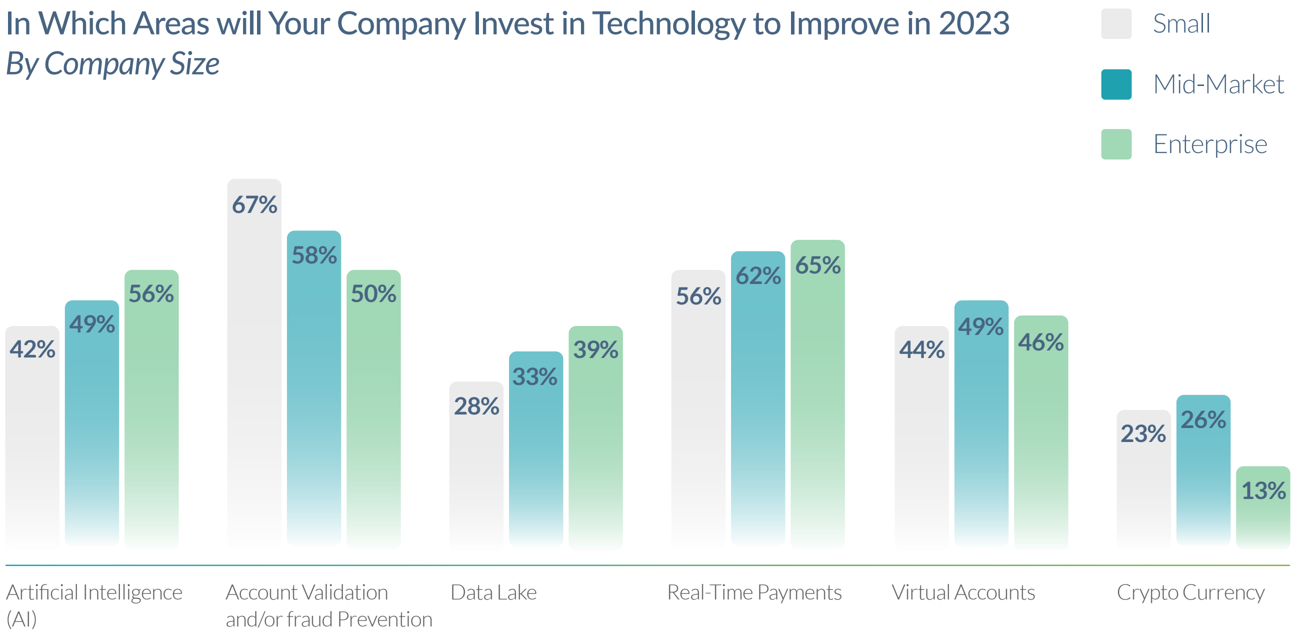
Technology in use by the end of 2023



Technology in use by the end of 2022



In Which Areas will Your Company Invest in Technology to Improve in 2023
By Company Size



"Technology has played a crucial role in the treasury arena for decades now, and it's unlikely that investment in new solutions and digital tools will dissipate soon. Innovation is happening fast, and companies must routinely enhance their capabilities in order to stay on top of industry progress."

Kate Pohl, Senior Advisor & Industry Consultant

Cash Forecasting Spotlight: What is Desired?

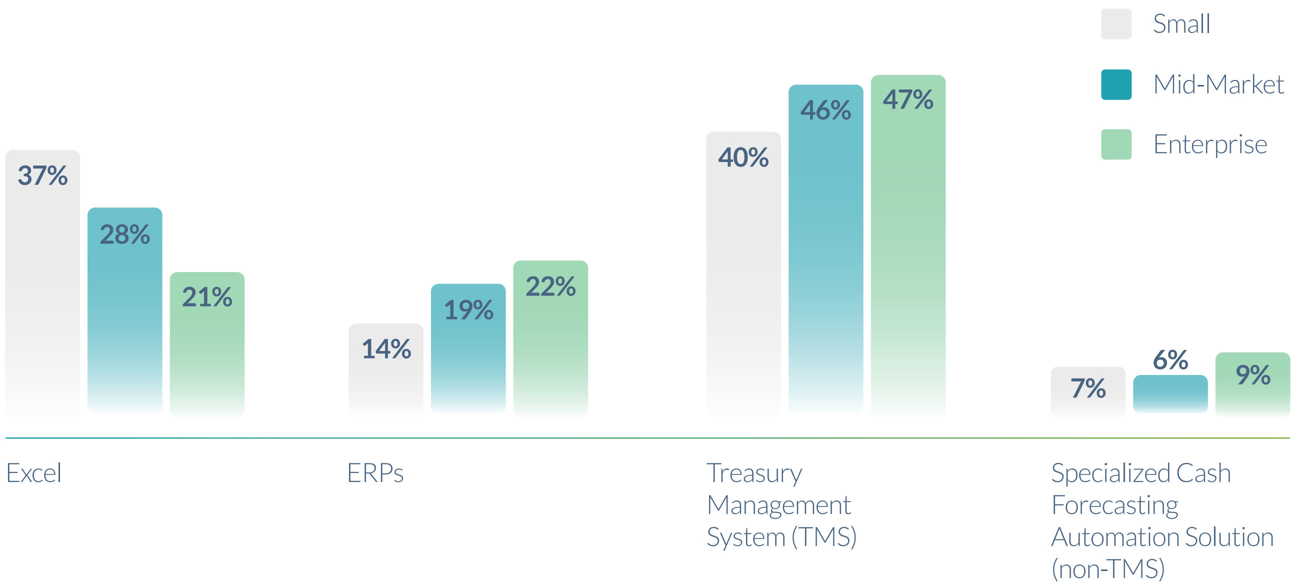
As a new segment of our research in 2023, one primary area of focus was determining the key drivers for treasury groups when developing, analyzing, and refining their cash forecasts. In particular, we wanted to learn which type of forecasting solutions were most popular across different company sizes and industries, as well as which time horizons were most preferred and what the main challenges and priorities were as forecasts were developed.

When it came to the use of various forecast solutions, data showed that Treasury Management Systems (TMSs) were the system of choice for 44% of all respondents, with Excel at 28% and ERPs at 20%. Breaking this down by company size, smaller companies were much more likely to leverage Excel as their primary tool, but amongst mid-market and enterprise companies, TMS and ERP solutions were commonplace.

Regarding the frequency of forecasts, the most popular time horizon was weekly (38%), followed by monthly (27%) and daily (25%). Overall, small companies were 50% LESS likely to conduct daily forecasts compared to their larger counterparts but were 2x more likely to conduct quarterly forecasts. Given the limited capabilities of smaller teams and clear evidence that their operations are largely excel-based, a less frequent forecasting workflow makes sense. This contrasts with mid-market and enterprise companies that leverage more advanced solutions and are able to conduct forecasts across a variety of different timeframes and horizons. And because these larger companies typically have more capital and liquidity at risk, their need for more advanced and diverse forecast workflows is understandable.

And finally, when it came to the top priorities for improving their forecast operations, practitioners across all company sizes and industries indicated that adopting enhanced software to improve forecast accuracy and automation was the top priority. There are also ongoing efforts by companies still using Excel (mainly smaller firms) to transition towards a software-based approach.

Primary Tool Used to Create a Forecast
By Company Size



"Over the past several years, industry data has highlighted how heavily treasury groups are focusing new cash management, forecasting, and working capital projects. In 2023, these projects will continue to receive elevated attention and funding as finance groups look for ways to increase liquidity and cut costs."

Craig Jeffery, Managing Partner, Strategic Treasurer

CORE TAKEAWAYS & FINAL THOUGHTS

Based on the key results of our 2023 survey, TIS experts have compiled a short list of recommended action items for treasury practitioners to consider over the course of the next year. They are as follows:

1. Being Both a Strategic & Operational Contributor is More Important than Ever:

Data shows that practitioners are being relied upon by business leaders for an even mix of both strategic and operational contributions. As such, the ability to leverage advanced data and technology solutions is becoming just as important as applying traditional treasury knowledge surrounding cash flows, payments, and investments. Treasury teams can adapt to their shifting role by keeping up with ongoing digitalization and automation within the industry and learning how to better leverage their data and insights to benefit not just their own department, but the company as a whole.

2. It Takes Smart Practitioners & Smart Technology to Run an Effective Treasury:

Despite a potential economic downturn, treasury teams still plan to invest in both human and technological resources during 2023. However, very few treasury groups operate with an "expansive" budget, so it's important for teams to find the perfect mix of technology solutions and practitioners for the job. This may mean conducting more research on which technology solutions are ideal for simplifying specific functions and workflows to drive cost-savings and automation, while also diversifying your teams' skillsets to be complementary in areas like cash management, data analytics, payments, investments, security, and technology.

3. Take Heed of the Industry's Push to Optimize Cash & Working Capital:

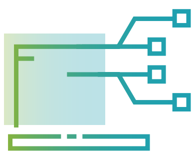
While most treasury teams are clearly juggling a large and ever-growing list of responsibilities, 2022 industry research as a whole has shown a renewed focus by treasury on cash and working capital optimization. While these tasks have long-been viewed as responsibilities for treasury, many companies have grown more budget-wary and cost-savvy during recent market volatility. This means treasury is under even more pressure to optimize their cash management processes. As a result, it's recommended that treasury take a closer look at their liquidity, forecasting, and working capital operations to determine whether new opportunities for reducing costs, earning rebates, or better investing short-term liquidity can be identified. During times where every dollar counts, the results may have a huge benefit to your company's bottom line.

Core 2023 Research Takeaways for Treasury

1

Being Both a Strategic & Operational Contributor is More Important than Ever

2



It Takes Smart Practitioners & Smart Technology to Run an Effective Treasury

3

Take Heed of the Industry's Push to Optimize Cash & Working Capital

ABOUT TIS

TIS helps organizations simplify and streamline their global payments and liquidity management operations. Our cloud-based platform empowers businesses to optimize critical functions surrounding cross-border and domestic payments, bank connectivity, cash forecasting, fraud prevention, payment compliance, and more.

Corporations, institutions, and business vendors leverage TIS to transform how they connect with global banks and financial systems, collaborate on payment processes, execute outbound payments, analyze cash flow & compliance data, and promote working capital efficiency. Ultimately, the TIS Enterprise Payment Optimization (EPO) Platform helps businesses improve operational efficiency, lower risk, manage liquidity, gain strategic advantage – and achieve enterprise payment optimization.

Visit tispayments.com to reimagine your approach to payments and liquidity management.

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