



CLIENT LOGIN

# TREASURY RESOURCES

@ *PhoenixHecht.com*

CONSULTANTS CALENDAR RESOURCES PUBLICATIONS PRESENTATIONS LIBRARY

This presentation was originally  
given by:

Donald L. Hollingsworth, CCM  
Asst. Treasurer and Manager of Banking  
Ameren Corporation

At the 2001 San Francisco B2B E-Commerce Conference

For questions about this material contact Donald at:

800-552-7583

The image shows a spiral-bound notebook with a light brown, textured cover. The spiral binding is on the left side. The text is centered on the cover.

# The State of e-Commerce

A Corporate View

A spiral-bound notebook with a light brown, textured cover and a dark brown border. The spiral binding is on the left side. The text is centered on the page.

Donald L Hollingsworth, CCM

Asst. Treasurer and Manager of  
Banking  
Ameren Corporation

# Our recurring questions


---

- ✓ What should treasury (or the corporation) do?
- ✓ Remember Finance 101 - you calculate all costs and all savings - not just those to make your point.
- ✓ Should we believe the forecasters' "hockey stick" projections?
- ✓ Is everyone else really ahead of you?

# AFP Cyberconference on April 5, 2001

---

- ✓ 10% of participating companies had an e-commerce initiative with treasury involvement
- ✓ 60% had an e-commerce initiative without treasury involvement
- ✓ 30% had no such initiative



---

“A recent gathering of over 100 CFOs for a Business Week magazine conference said that many of their companies are still not ready for e-business” Computerworld Online,  
March 1, 2001

# What is the “Corporate View”?

---

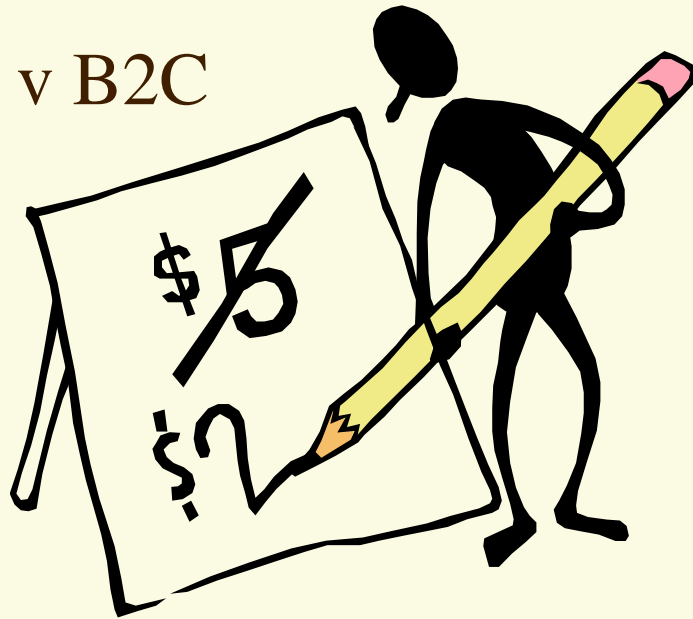
✓ Industry

✓ Payables v  
Receivables

✓ B2B v B2C

✓ Treasury’s role

- add value
- recognize the risks
- be pragmatic
- help carry out game plan
- reality check



# ACH and FedWire

---

- ✓ Should remain dominant
- ✓ Access will probably change
- ✓ Integration to accounting systems still a major problem

# The new ACH “WEB” transaction

---

- ✓ Became effective March 16, 2001
- ✓ Purpose is to extend the ACH to the Internet
- ✓ Allows companies and financial institutions to manage risks unique to the Internet
- ✓ Discussion of requirements

# Direct Payment

---

- ✓ Up 18.4% in 2000
- ✓ Growing - still not seeing huge numbers
- ✓ Joint promotions work - are they cost justified?
- ✓ What's holding it up?

“But checks are so easy to use!!”

# Other Direct Debits

---

- ✓ Increased by 8.75% in 2000
- ✓ EFTPS - are credits better?
- ✓ Small v Large companies
- ✓ Debit blocks and filters
- ✓ payroll, expense account reimbursement, dividends, tax refunds...

# Direct Deposit

---

- ✓ Payroll, dividends, travel reimbursement...
- ✓ Is it worth the effort to try to grow this?
- ✓ Is it possible to achieve a 100% level?

# RCK

---

- ✓ Collecting NSF checks through the ACH
- ✓ Bank v non-bank providers
- ✓ J C Penney's experience
- ✓ Rules
  - \$2500 or less
  - notification
  - personal checks
  - one paper plus two ACH attempts

# POP Check Truncation

---

- ✓ Originator initiates a one-time ACH debit entry
- ✓ For in-person purchases
- ✓ What happens to the check?
- ✓ Two models - merchant or consumer as keeper
- ✓ MICR v images - think returns

# POP

---

- ✓ A physical check serves as the source document
- ✓ Mostly used by smaller establishments at this point
- ✓ Problems with commercial checks
- ✓ Rules

# Lockbox Truncation

---

- ✓ Similar to the POP truncation
- ✓ No NACHA rules
- ✓ State law problems
- ✓ Problems a lock box faces with truncation
- ✓ Rules

# Is EDI dead?

---

- ✓ Financial EDI was up 21.5% in 2000
- ✓ Recognized as a successful way for companies to do business with trading partners



# EBPP

---

- ✓ CheckFree - the pioneer
- ✓ Bank of America's customers say "telephone bills first - then other utility bills" - then what??
- ✓ Stamps, convenience, simplicity
- ✓ Just not catching on in the B2C environment

# Payment Policy

---

- ✓ Who owns your company's cash?
- ✓ Who makes payment decisions?
  - Authorizing the payment
  - Determining how and when the payment is made
  - Treasury v Accounts Payable / Accounting
- ✓ Is an electronic payment policy any different?

# Internal (and other) Controls

---

- ✓ Laser printers v check stock
  - Horror stories
  - Lasers are a leap forward - not a panacea
- ✓ Regulators assume that corporate America is able to watch out for itself
  - Can you?
  - What about banking agreements, e.g. those that shift liability to your company?

# Banking “Big Three” Internet Services

---

- ✓ According to a recent Ernst & Young Survey
  - Information reporting
  - Transaction Initiation
  - Image Delivery
- ✓ Browser v Dial-up

# Banking

---

## ✓ Positive Pay

- An absolute “must have”
- Success stories

## ✓ Prepare for T+1 Settlement

- Checks - too slow
- Wires - too expensive
- ACH - finality issues
- Goal: in place in 2004

# Investing

---

- ✓ Money Funds, for example
- ✓ The agreements
- ✓ Security issues
- ✓ Very convenient

# B2B Exchanges

---

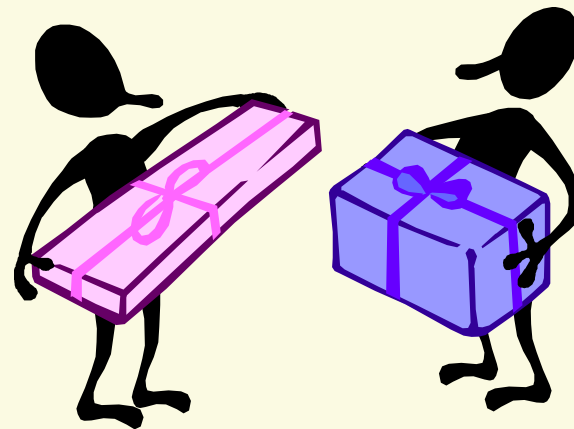
✓ 24x7

✓ lowers:

- cycle times
- inventories
- transaction costs
- operating costs

✓ increases:

- profits
- new suppliers (or buyers)



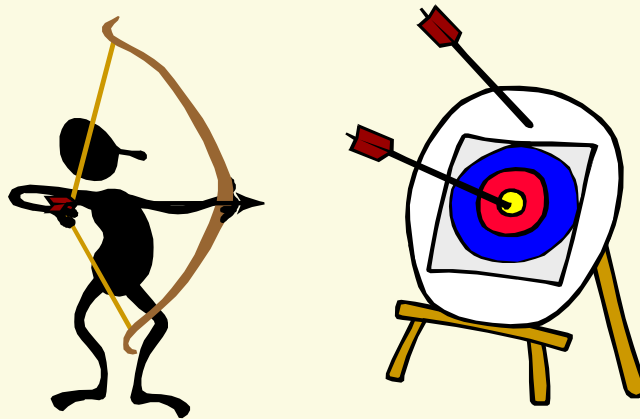
# B2B Exchanges

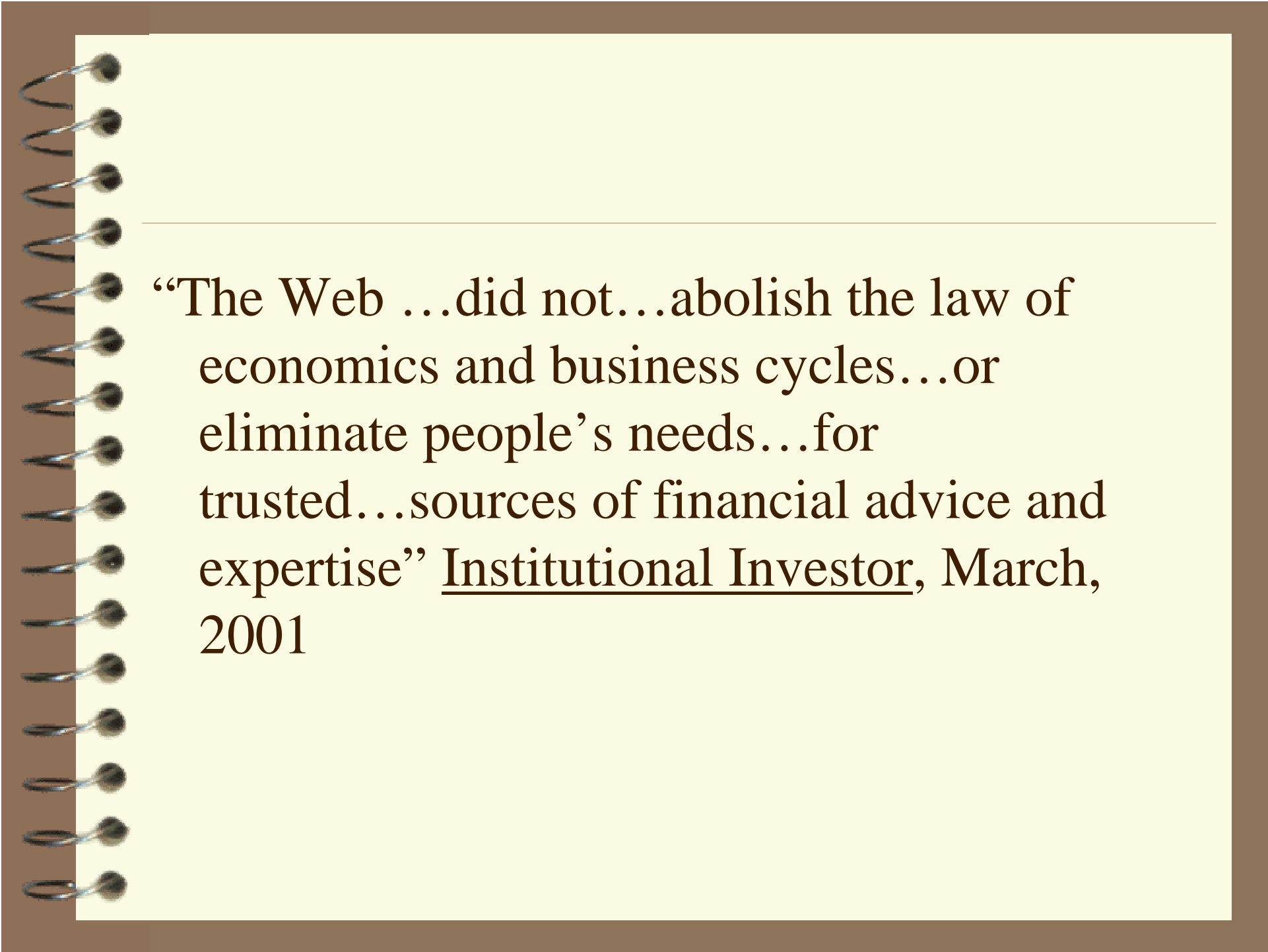
---

## ✓ settlement

- Trust? Trade credit
- Float is dead?! (oh, really?)
- Payment methods (P cards or ???)
- Let the purchasing people handle it?
- Where is the treasury?
- Paper still rules for B2B

“Absent a monopoly, buyers have choices, sellers have competitors”  
ecfonet.com, December, 2000



A graphic of a spiral-bound notebook with a brown cover and a cream-colored page. The spiral binding is on the left side. A horizontal line is drawn across the page, just above the text.

“The Web ...did not...abolish the law of economics and business cycles...or eliminate people’s needs...for trusted...sources of financial advice and expertise” Institutional Investor, March, 2001



# Web Sites

---

- ✓ Market information
- ✓ Research
- ✓ News
- ✓ Stock Price
  - Peer group
  - Indices

# Q and A

