



MARKET STUDY

TRANSFORM YOUR TREASURY
CORPORATE TREASURY-RISING
TO THE CLOUD

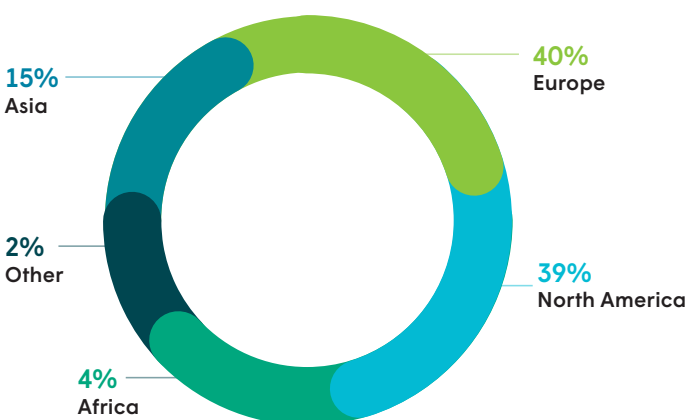
Executive Summary

FIS™ recently conducted a global survey of more than 100 treasury and finance professionals to ascertain cloud adoption rates, patterns and perceptions. Survey respondents represented companies from a variety of industries, sizes and geographic locations.

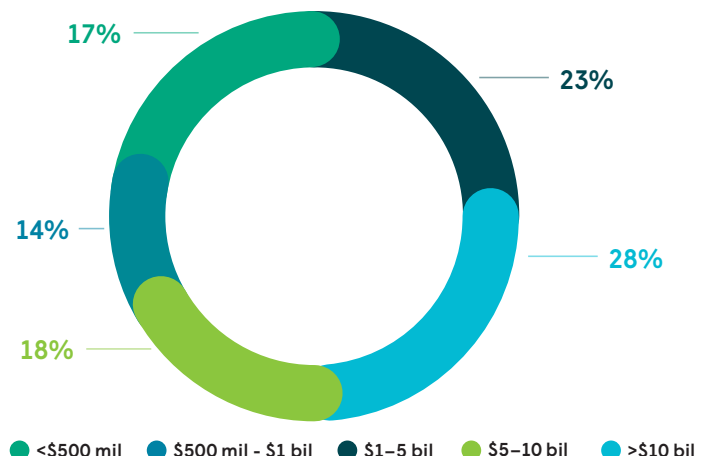
Key survey findings

- **Cloud acceptance:** 87 percent of the study participants are somewhat receptive to adopting cloud-based systems outside of treasury. Eighty-one percent have migrated their treasury solutions or are likely to migrate their treasury solutions to the cloud.
- **Cloud seen as more secure:** 88 percent consider the cloud secure today. Ninety-five percent say it will become more secure in the next three years.
- **View on upgrades and their cloud:** 88 percent find the idea of upgrading to the latest version of their treasury technology via automatic upgrades at least somewhat appealing. Twenty-seven percent of those feel it is very appealing.
- **Security a surprise driver behind cloud adoption:** 56 percent say security issues are leading to cloud adoption, followed by maintenance at 60 percent, cost and simplicity both at 52 percent and scalability at 48 percent.
- **Corporate HQ:** 107 treasury and finance professionals from corporations headquartered in various regions of the world. Four-fifths of respondents were roughly split between North America (40 percent) and Europe (39 percent), with 15 percent based in Asia (including Australasia).
- **Company revenues:** nearly 70 percent of surveyed companies had a revenue above US \$1 billion. Of these, nearly half had a revenue above US \$5 billion.

What region are you based in?



What is your company's yearly revenue?



Take Flight

Corporate treasury's role in the organization continues to evolve. Once tasked with executing basic functions such as cash management and transaction processing, treasury now provides strategic insight and analytics to the highest levels of leadership within the organization.

An end to just "getting by"

Corporate treasury has fought long and hard to win a well-deserved seat at the table. Behind the scenes, however, treasury ends and means are often misaligned. Too many departments "make do" or "just get by" using antiquated and cumbersome in-house technology to manage risk, cash, reporting, accounting and analytics, among other functions. This has hampered the ability of treasury departments to assume growing risk management and regulatory navigation responsibilities.

Regulatory change, for example, has widened the "fit for purpose" gap within treasury. In cases where the regulatory environment changes, processes that were previously highly automated, suddenly require exceptions and workarounds. Current or forthcoming financial regulations, such as Dodd-Frank, IFRS 9 and MMF Reform, paint a complex picture of regional or global changes that treasurers will need to manage. Unfortunately, all too often, treasury policy and staffing levels fail to accommodate an ever-changing global financial landscape.

Cyberthreats present new challenges, too. Treasurers without adequate technology and resources have been kept up at night over recent highly publicized hacks. Treasurers who find themselves operating antiquated or unsupported technology are much more likely to be targeted by cybercriminals.

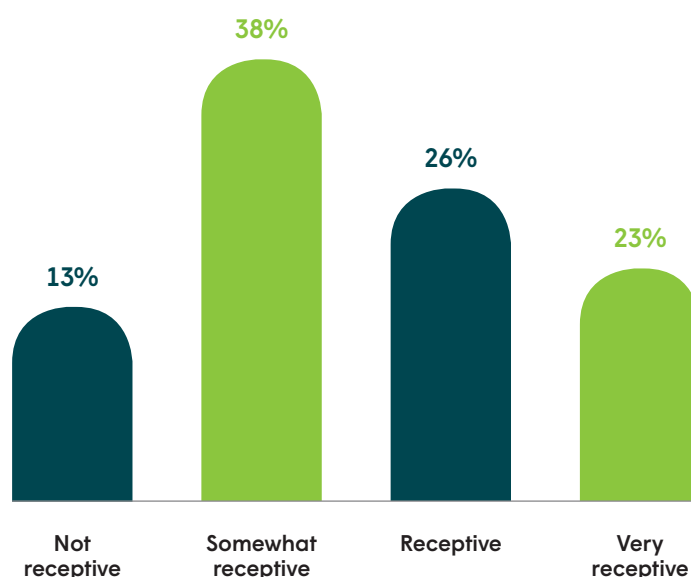
Are cloud-based platforms the answer?

Cloud-based platforms are attractive because they require minimal internal treasury and IT setup, support and maintenance, and provide for faster and greater standardization in deployment. In addition, cloud platforms offer significantly lower total costs of ownership (TCO) and can be more easily upgraded. The data within this study specifically focuses on the multi-tenant, or software as a service (SaaS) as opposed to the private cloud, often used to refer to single tenant deployments.

Growing acceptance of cloud-based systems

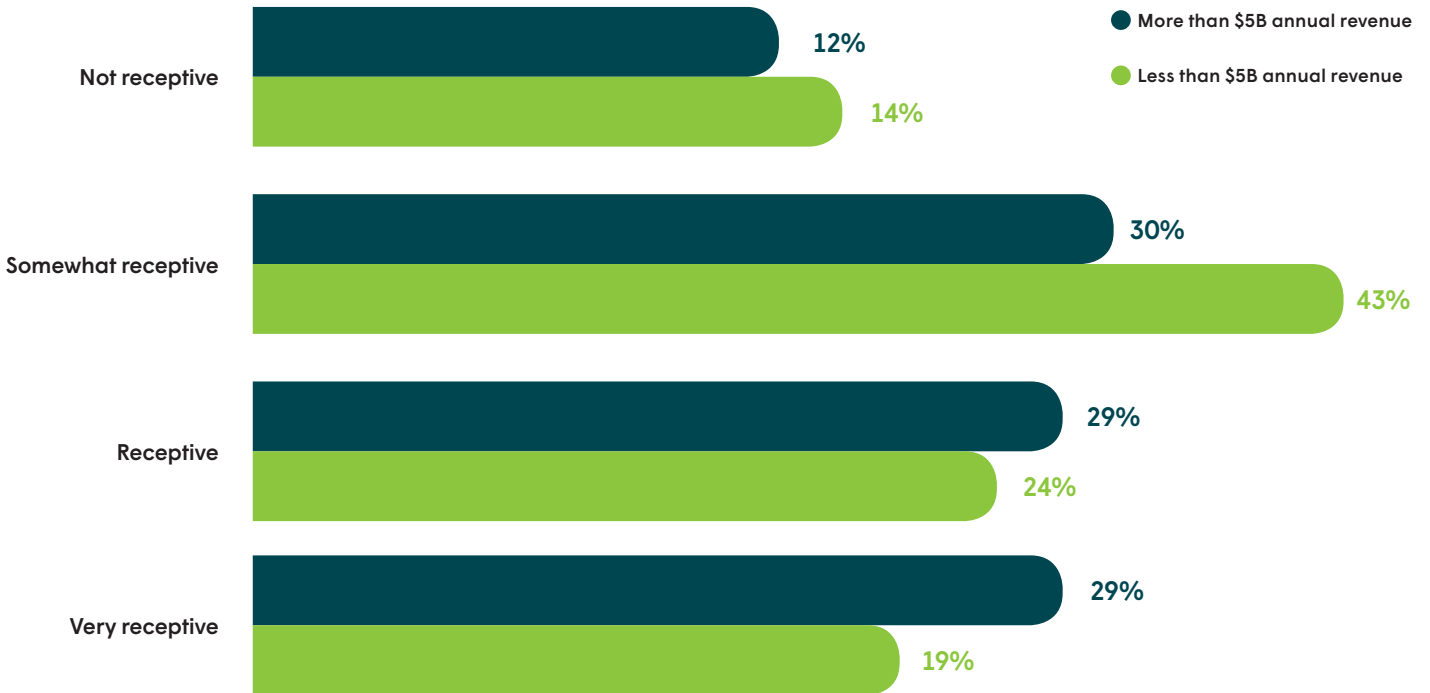
The growing acceptance of cloud throughout the enterprise is enabling treasury to "go with the flow" and gain board-level acceptance for migrating treasury functions there as well. In Figure 1, 87 percent of respondents said their companies were receptive or somewhat receptive to cloud-based systems. Nearly one-quarter of participants said their companies were very receptive. Only 13 percent were not receptive.

Figure 1: In general, how receptive is your company to adopting cloud-based systems outside of treasury?



This trend was especially prevalent among companies with more than US \$5 billion in annual revenues (Figure 2). Nearly 60 percent of respondents from companies with annual revenues over US \$5 billion said their companies were very receptive or receptive compared to 50 percent for companies below US \$5 billion.

Figure 2: In general, how receptive is your company to adopting cloud-based systems outside of treasury?



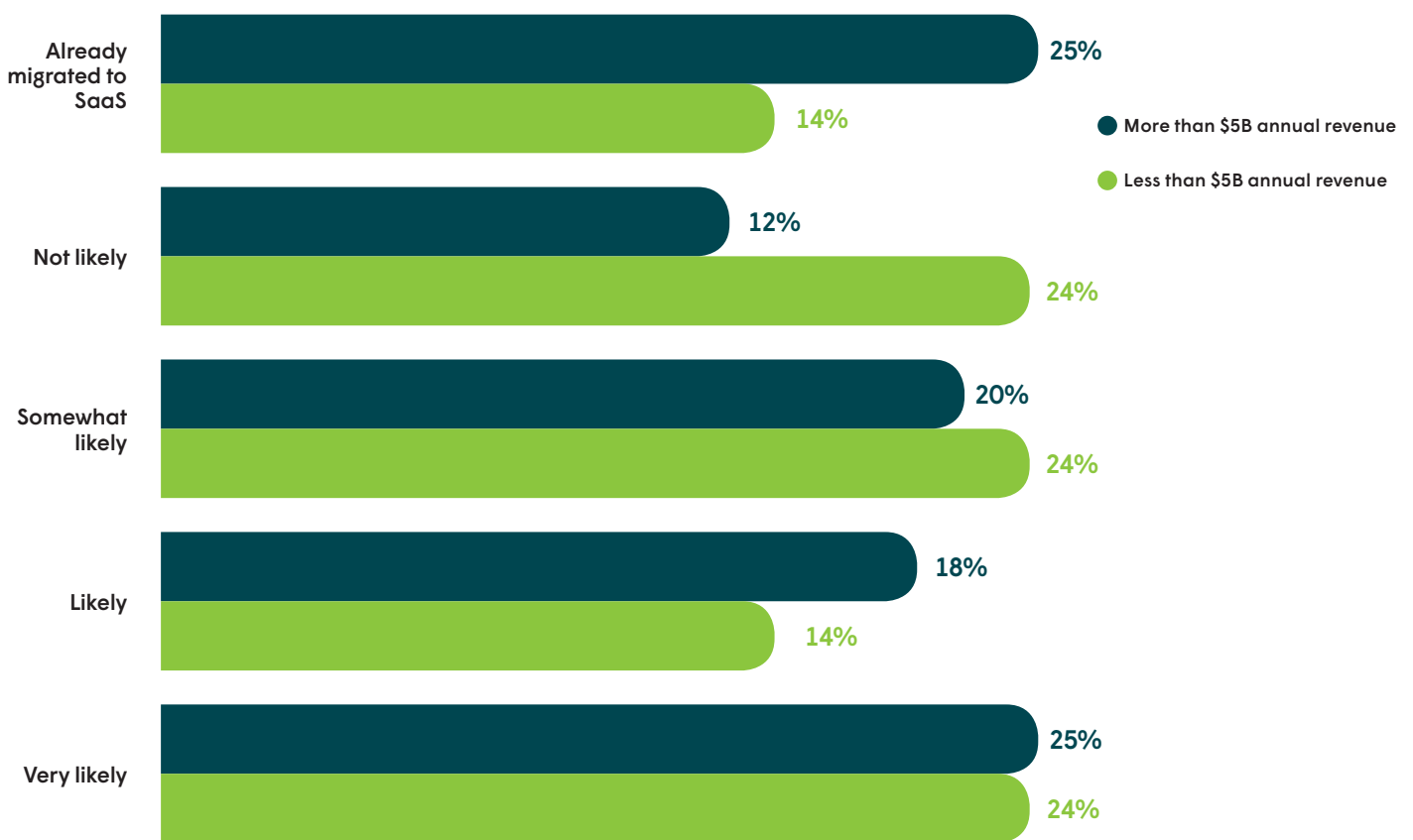
Nearly 19 percent in Figure 3 said they had already migrated treasury functions to cloud-based systems, while 72 percent said they were likely to do so in the next several years. Another 19 percent said they were not likely to make the transition.

Figure 3: How likely are you to utilize cloud-based or SaaS solutions within your treasury organization over the next few years?



Interestingly, SaaS solution acceptance rates and plans slightly correlated with annual revenues. Sixty-six percent of companies with more than US \$5 billion in revenue said they already had migrated to SaaS, or were likely to migrate in the next several years, while 52 percent of companies with less than US \$5 billion in revenue had already migrated to SaaS or were likely to do so. The sharpest distinction was between those that had already migrated and those that did not expect to do so. In Figure 4, the US \$5 billion-plus group had twice the acceptance rate when compared to the under US \$5 billion category. These findings dispel the notion that SaaS adoption rates are actually higher within smaller organizations, due to smaller IT infrastructures. It's clear in this study that companies of all sizes are taking advantage of the cloud.

Figure 4: How likely are you to utilize cloud based or SaaS solutions within your treasury organization over the next few years?



"WITH OUR TREASURY SAAS SOLUTION, WE HAVE ONE POINT OF CONTACT TO HELP US MAINTAIN THE SYSTEM AND MANAGE ONGOING SUPPORT, PROVIDING A DEGREE OF PERSONALIZED SERVICE WHICH HAS HELPED TO STRENGTHEN OUR RELATIONSHIP."

- MASHA WEIJERS, GROUP TREASURER, FUTURIS

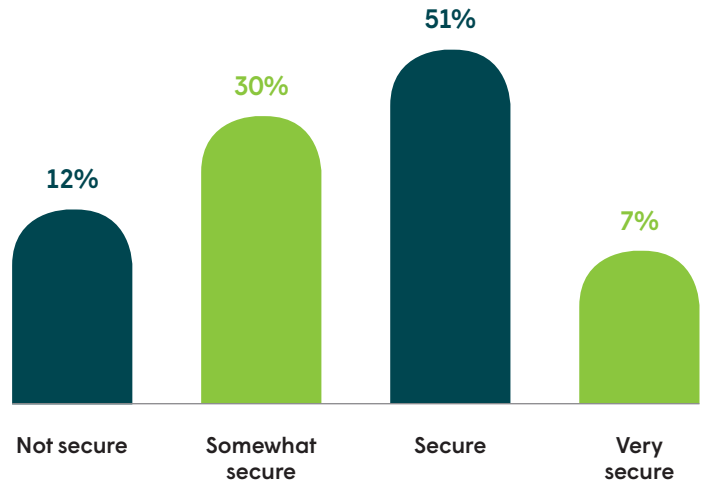
Safer in the cloud

SaaS solutions are hosted outside of the corporate network, with all data stored and managed by the vendor in the cloud. The best and latest practices in security are deployed by the SaaS system provider. This often means, that with the right cloud provider, any compromise of information may be less likely than if the solution is hosted on an in-house company server and supported by a much smaller, sometimes partially dedicated team.

In prior years, treasurers expressed significant concern regarding cloud security, but this perceived drawback is clearly diminishing as the treasurer’s knowledge of the cloud and experience have grown. Treasurers are even taking on a more active role around cyber risk and are finding themselves responsible for the evaluation of treasury technology partners and strategies, often working together with the IT and security function to accomplish this.

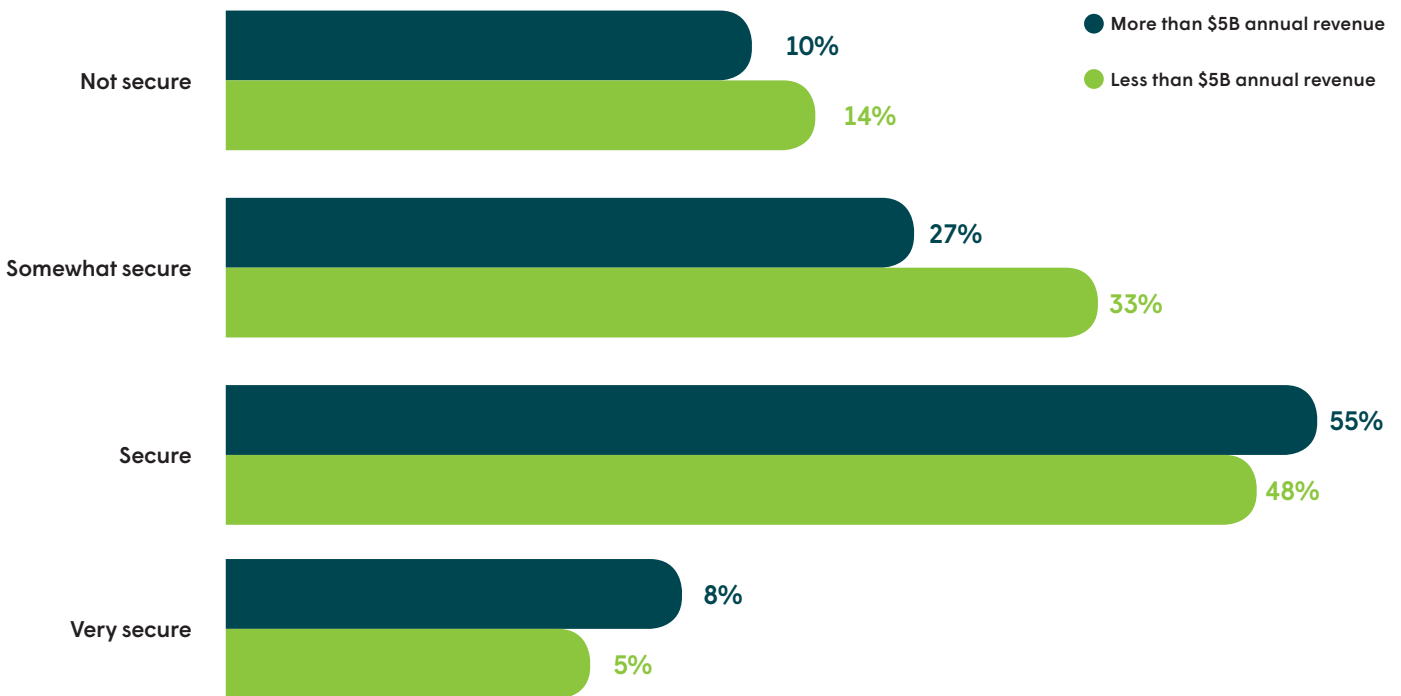
In Figure 5, nearly one-tenth of respondents now view the cloud as very secure (7 percent), secure (51 percent), or somewhat secure (30 percent). Slightly more than a tenth of respondents (12 percent said the cloud is not secure).

Figure 5: How secure do you view data in the cloud today?



The perception of cloud security held steady even when accounting for company revenues. Ninety percent of companies in Figure 6 with more than US \$5 billion in revenue and 86 percent of companies with less than US \$5 billion in revenue view the cloud as at least somewhat secure.

Figure 6: How secure do you view data in the cloud today?

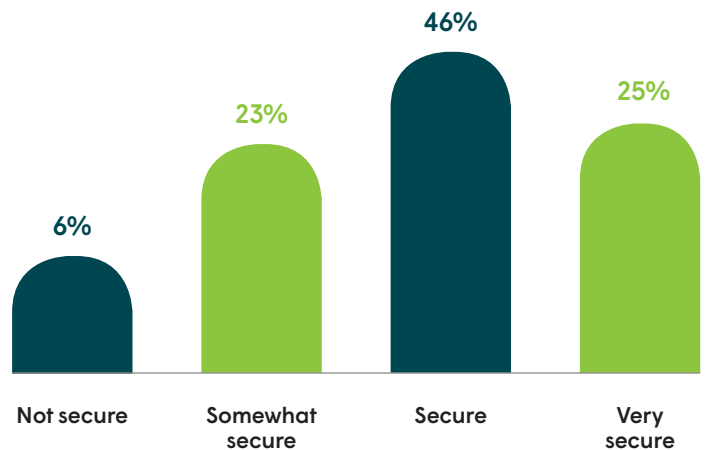


The cloud security issue also served as a key indicator of future SaaS adoption by treasurers. Seventy-one percent of respondents believe the cloud will be very secure or secure in the next three years (Figure 7). This represents a 13 percent increase over current figures (Figure 6).

Questions treasurers should ask their treasury cloud vendors:

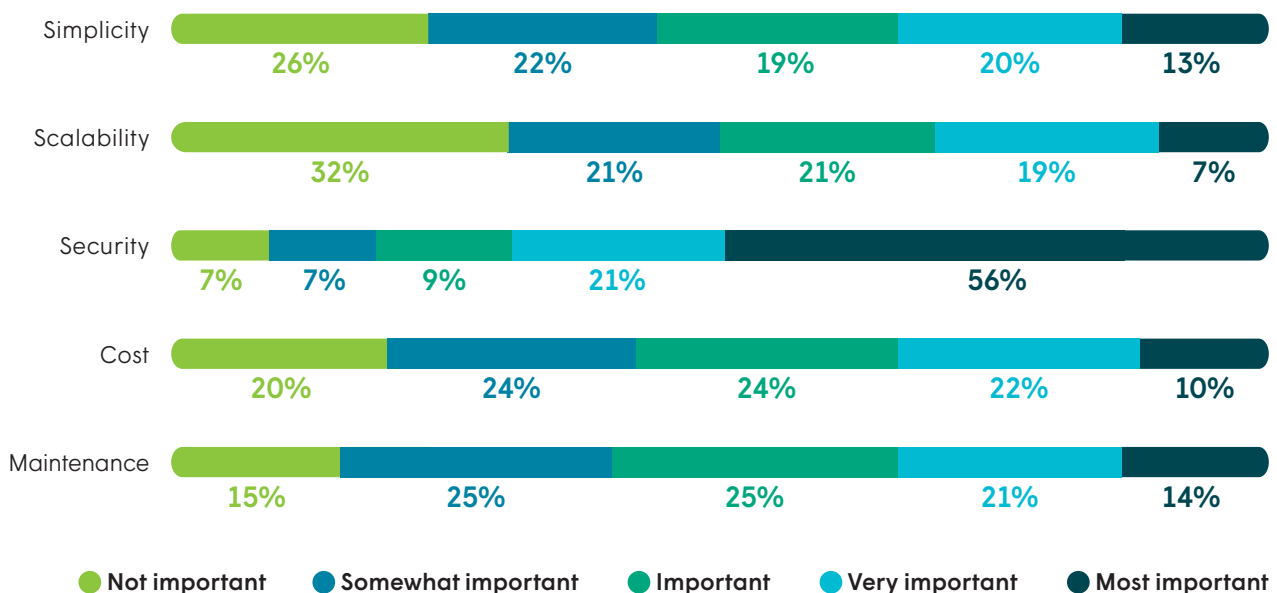
1. **Location:** Where is the private cloud located?
2. **Security:** What layers of security are in place?
3. **DR/backup:** What disaster recovery, backup and business continuity plans are in place?
4. **Controls:** Are there process controls in place to remain compliant and current with best practices?
5. **Threat intelligence:** Are they partnering with leading and key governmental security and enforcement agencies to capture, analyze and assess threat intelligence to defend itself and clients from cyberattacks?
6. **Secure software development lifecycle (SDLC) testing:** Do they offer this testing against OWASP and SANS vulnerabilities? This adds an additional layer of security backed by industry and domain knowledge to handle compliance and regulatory changes.

Figure 7: How secure do you think data in the cloud will be three years from now?



The ideal cloud treasury technology provider of the future will ensure not only that client IT and treasury resources are not consumed with upgrades and maintenance, but that client assets are secure in the cloud. Cloud security was cited as the most important SaaS characteristic in Figure 8. Ninety-three percent said security was at least somewhat important, with more than half (56 percent) saying it was very important. Other important factors were maintenance (85 percent), cost (80 percent), simplicity (74 percent) and scalability (68 percent). Cloud technology vendors will be challenged to prove the differentiating aspects of their security infrastructure going forward, in order to win over new clients.

Figure 8: Rank the most important characteristics for a SaaS solution



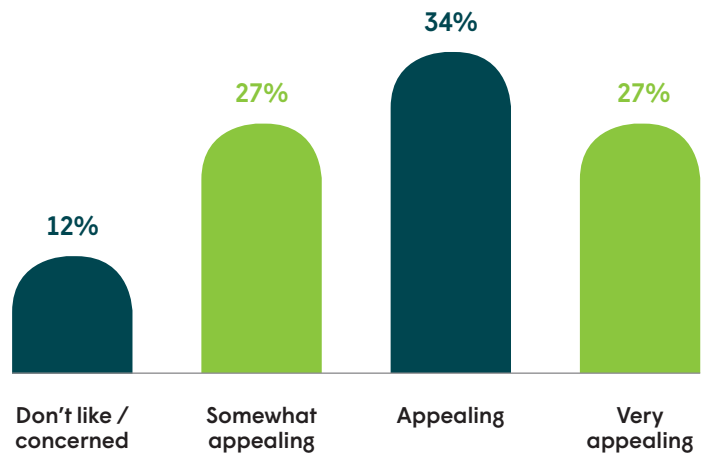
TOP FIVE REASONS TO MOVE TREASURY TO A SAAS SOLUTION

1. **SECURITY:** With the growth of cloud deployment, vendors have invested significantly in the protection of client assets in the cloud. Many cloud providers work with cybercrime deterrent organizations to ensure client data is protected.
2. **SCALABILITY:** Cloud software has the capacity to easily be changed in size or scale and to be deployed globally, over the internet without significant incremental cost or technical effort to the client.
3. **SIMPLICITY:** Standardized deployments, functionality and training help to simplify the initial implementation process and ongoing use of the cloud solution for users.
4. **COST:** The combination of subscription-based pricing and avoidance of upgrade costs, due to automated upgrade process within cloud deployments, significantly reduces both one-time and ongoing costs for clients.
5. **MAINTENANCE:** Hosted ownership by the cloud provider helps to minimize IT resources needed to maintain all technical aspects of the solution and to streamline the installation and upgrade process.

Pushed upgrades preferred

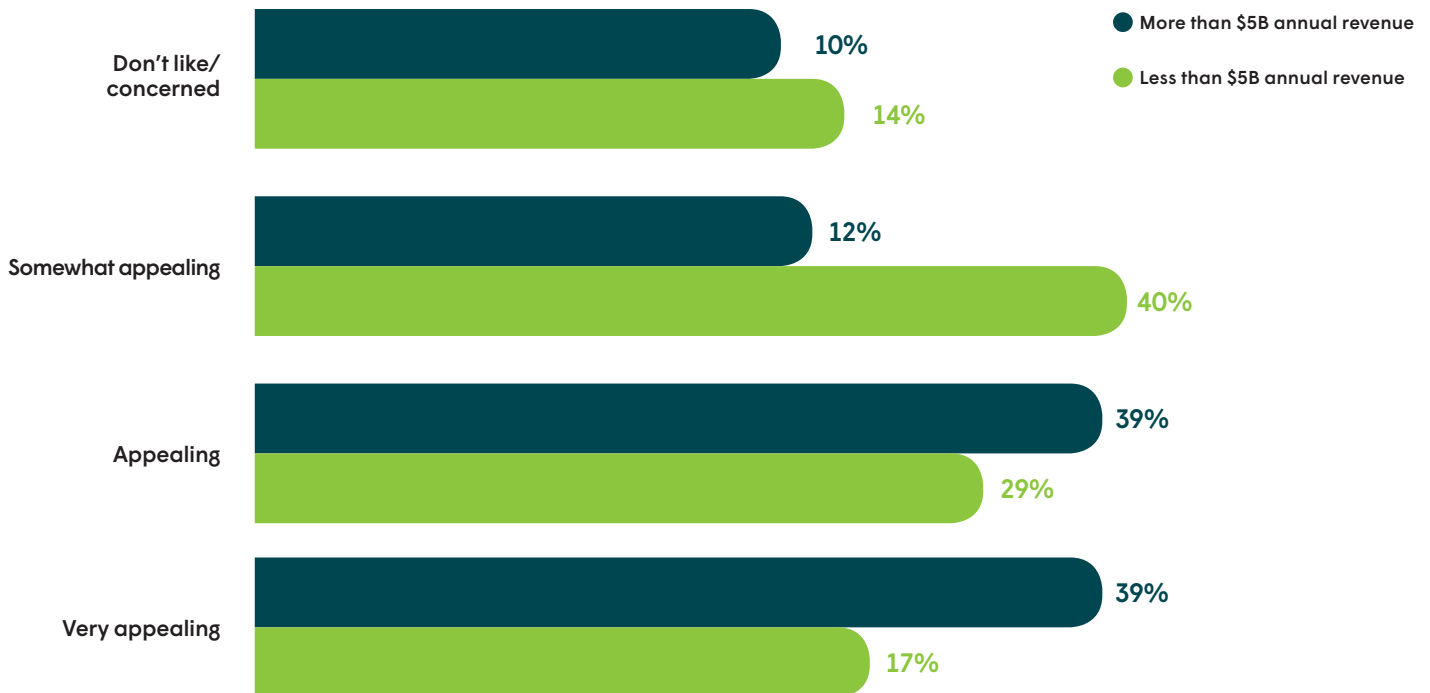
Treasurers are also growing more comfortable with automatic updates provided with a SaaS solution, which allow treasurers to utilize the latest functionality without the need for a significant, often costly, upgrade process. In Figure 9, nearly 90 percent of respondents found the idea of push upgrades appealing, with more than one quarter (27 percent) saying it was very appealing.

Figure 9: How do you view the idea of upgrades/version intake for treasury technology that are pushed out or automated?



Automatic upgrades in general were more appealing to companies with higher revenues. For companies in the more than US \$5 billion category in Figure 10, nearly four-fifths (78 percent) found the idea very appealing (39 percent) or appealing (39 percent), versus less than half (46 percent) for those companies less than US \$5 billion.

Figure 10: How do you view the idea of upgrades/version intake for treasury technology that are pushed out or automated?



Summary

Perceptions of the cloud among treasurers have changed drastically over the past several years. Treasurers who were once indifferent to technical deployment, or who weren't accepting of the cloud, now have a strong preference for the cloud. This change in attitude has been the result of the wider acceptance of cloud deployments within IT, recognition of the lower TCO and the automated fashion by which cloud-based systems are updated and maintained by vendors. Additionally, the expanded functionality offered within cloud-based solutions, from basic cash management to complex risk management, have simplified the business case for treasurers.

Those treasurers utilizing cloud deployments have the distinct advantage of being able to deliver greater strategic value to the organization at a far lower cost. The alignment of cloud-based solutions with the treasurers' agenda for cutting-edge, economical solutions, will lead to the continued increase in cloud adoption rates going forward.

About FIS' Corporate Liquidity Solutions

FIS offers a leading liquidity and risk management solution for corporations, insurance companies and the public sector. The solution suite includes credit risk modeling, collections management, treasury risk analysis, cash management, and payments system integration. The solutions help consolidate data from multiple in-house systems, drive workflow and provide connectivity to a broad range of trading partners including banks, SWIFT, credit data providers, FX platforms, money markets, and market data. The technology is supported by a full range of services delivered by domain experts, including managed cloud services, treasury operations management, SWIFT administration, managed bank connectivity and bank onboarding. FIS' solutions can be deployed in SaaS, public cloud or on-premise environments.

About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit www.fisglobal.com



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