



The Internet's Impact on Treasury

Report of Survey Results

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FOREWORD

The Association for Financial Professionals (AFP) recently conducted a survey that measured usage of the Internet by its membership. Survey respondents currently use the Internet both to obtain information and to communicate with their service providers. A growing number of organizations also use the Internet to transact business. After establishing substantial Internet usage among financial professionals, AFP determined that further research on how this potentially transforming medium is changing the work experience of treasury professionals, and how it is impacting treasury's role within organizations, would be beneficial.

The objective of this survey was to understand the underlying implications of Internet usage on treasury. Specifically, the survey focused on changes in how work is accomplished and in what work is deemed to be part of treasury's responsibilities. Other questions explored treasury's role in Internet-related decision making and the financial professional's view of the future role of the Internet in a number of key treasury functions.

The survey questionnaire was mailed to 7,486 AFP members on June 25, 2001. The survey mailing was limited to AFP members who are practitioners. A reminder postcard was mailed to survey recipients approximately two weeks after the initial survey mailing. Responses were received from 977 members, yielding a 13 percent response rate. AFP is very grateful for this response rate and wishes to thank the respondents for their invaluable assistance.

EXECUTIVE SUMMARY

Treasury's use of the Internet and the growth of e-commerce appear to be in the relatively early stages of a continuing evolution. The development of Internet products and services by financial service providers is far from complete. The relative immaturity of Internet products and services and e-commerce factor into treasury's current assessment of this category. Less than one-third of the survey's respondents felt that e-commerce and the Internet had an extremely or very important impact on their treasury area in the past 12 months. The results reveal that internal efficiency initiatives had the greatest impact on treasury, surpassing in importance the other listed events and trends such as mergers and acquisitions, financial industry consolidation, e-commerce and the Internet, and globalization.

Consistent with the importance placed on internal efficiency initiatives within treasury, the survey's respondents indicated that the Internet's biggest impact has been in fostering workflow efficiencies. Seventy-six percent said the Internet had produced at least a minor increase in efficiency. The survey participants see the Internet's major benefits as providing more "real time" or updated information, making data integration easier and sharing access to data with more users. Two-thirds or more of the respondents had these sentiments. The ability to work from home or while traveling had a more limited number of supporters. Fifty-seven percent said mobile access had a major or moderate impact.

Treasury tends to be in an advisory role on e-commerce and treasury-related Internet decisions, rather than taking the lead. Treasury's involvement was more common on issues within its traditional scope, such as accepting or making payments on the Web or presenting and receiving bills electronically. Treasury was more often absent when broader issues such as buying or selling via e-marketplaces were contemplated. While 48 percent said treasury had some involvement in setting their organization's e-commerce strategy, just 38 percent agreed that treasury was taking on a leadership role in their company's Internet planning.

When asked what impact the Internet would have on treasury functions, more than 80 percent of respondents believed that the Internet will ultimately have a major impact on payments, collections and investments. About seven out of 10 expected a major impact on borrowing and foreign exchange practices. Smaller percentages anticipated a major impact on capital markets, insurance and over-the-counter derivatives/hedging functions. The most frequently expected impact of the Internet on nearly all treasury functions was improved efficiency. Access to more providers and lower costs/better rates were generally in second and third place, respectively. Expectations for improved customer service and the creation of new products were usually lower.

The survey's participants do not believe their organization's commitment to the Internet has lessened with the widely publicized fall of many dot-coms. Very few respondents believed that their company's pursuit of Web-based activities has lessened in the past year. About one quarter thought business-to-business (B2B) and business-to-consumer (B2C) e-commerce activities were actually a higher priority now, relative to last year, and 36 percent felt internally focused Web activities were a higher priority now. While just 35 percent of respondents said the Internet was extremely or very important in realizing their company's goals for centralizing treasury at the present time, 68 percent expect the Internet's role will be extremely or very important two years from now (2003).

SURVEY HIGHLIGHTS

- More than three-quarters of the respondents cited “access to more real time or updated information” as the Internet benefit that has the most impact on treasury. The Internet’s capacity to provide data access to more users ranked second in terms of its beneficial impact.
- Financial professionals see the Internet’s biggest impact as fostering workflow efficiencies. On the other hand, a majority reported no impact on the number of treasury personnel, their involvement in strategic decision making and the functions treasury performs. However, among senior-level professionals — treasurer, controller and CFO — the Internet was more likely to have had a positive impact on their involvement in strategic decisions.
- Treasury departments are more likely to have a role in decisions related to presenting and receiving invoices, and accepting and making payments, than in those related to purchasing or selling via an e-marketplace. Nearly half the respondents said treasury had some involvement in setting an overall e-commerce strategy, but treasury rarely led this effort.
- Treasury departments are much more likely to be involved in negotiating Internet alliances, making Internet outsourcing decisions and choosing Internet application service providers for treasury-related functions than for non-treasury-related functions.
- The goal of nearly all respondents is to centralize all or as many treasury functions as is practically possible. More than two-thirds expect the Internet to play an important role in achieving that objective by 2003.
- The majority of respondents expect that the Internet will ultimately have a major impact on all treasury functions in some way. Increased efficiency was cited as the major benefit of the Internet for most functions, especially for payments and cash collections. A significant minority also believes that the Internet will offer access to more providers and lower costs/better rates for most functions. Expectations for the Internet to generate new products were lower.
- Seven out of 10 respondents agree that the Internet makes data integration easier for treasury. Slimmer majorities also agree that the Internet is saving treasury money and that major financial service providers have taken care of security issues. However, only 38 percent of respondents said that treasury plays a leadership role in their company’s adoption of the Internet. Departments that feel they are in a leadership role are more likely to believe that their organization receives benefits from the Internet.

The Internet's Impact on Treasury

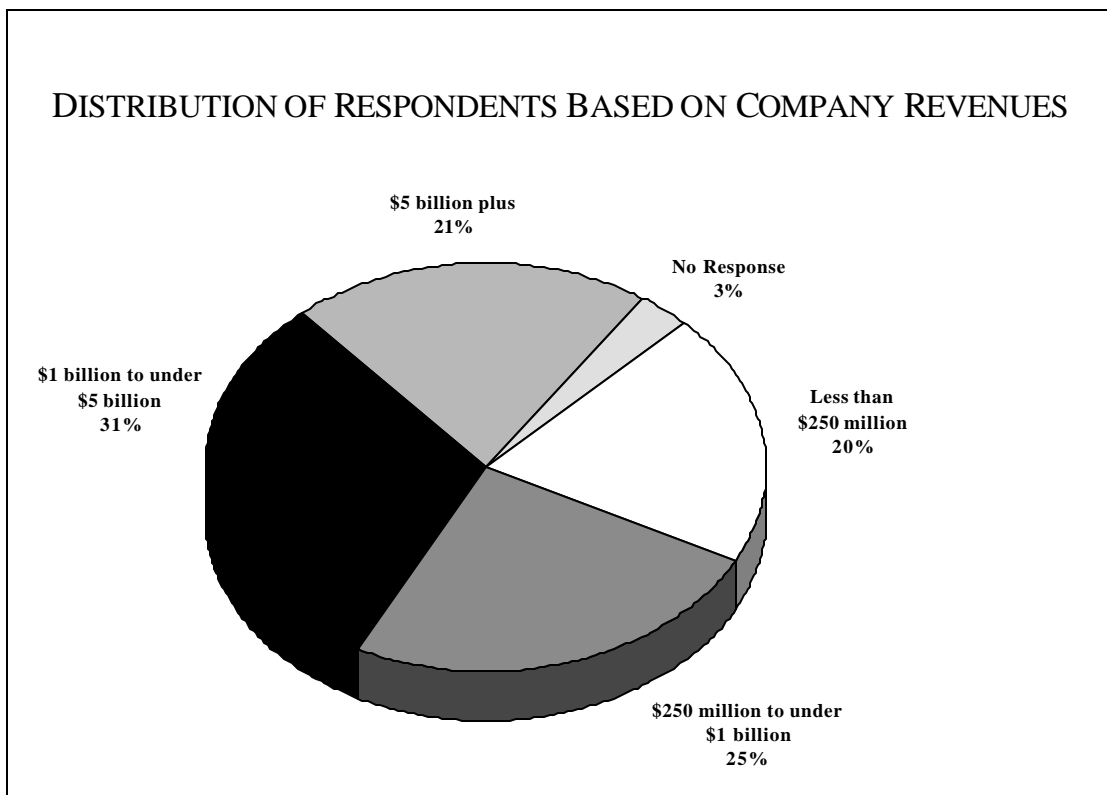
- About four out of 10 respondents believe that the urgency with which their company is pursuing Web-based activities today is unchanged, compared to a year ago. That includes B2B and B2C e-commerce and internally focused Web activities. However, more than one-third said internally focused Web activities are now a higher priority.
- Both internal and external forces are encouraging treasury to make greater use of the Internet. Support is coming from within treasury itself, from senior management, the company's financial service providers and vendors/suppliers. However, customers are ambivalent. A majority of the respondents felt that their customers had mixed reactions to their company's greater use of the Internet.
- Internal efficiency initiatives have had a much greater impact on treasury departments over the past year than e-commerce and the Internet, mergers and acquisitions, financial industry consolidation or globalization.

RESPONDENT PROFILE

Revenue Size Distribution

The nearly 1,000 professionals who responded to the survey were employed by a representative mix of companies and organizations:

- Twenty percent of respondents were from organizations with less than \$250 million in revenue.
- One-quarter (25 percent) worked for organizations with \$250 million to less than \$1 billion in revenue.
- Thirty-one percent were with organizations with \$1 billion to less than \$5 billion in revenue.
- Another 21 percent were employed by organizations with \$5 billion or more in revenue.
- Only three percent of the respondents declined to identify their organization's revenue size.



Industry Segments Represented

A broad range of industry sectors responded to the survey, reflecting the diversity found in AFP's membership. The largest industry groupings represented in the survey population were manufacturing (22 percent); financial services and insurance (14 percent); retail (14 percent); academic, non-profit and government (11 percent); utilities (seven percent); and software and technology (seven percent). The remaining 25 percent of respondents were dispersed among the other eight industry headings listed in the questionnaire and the "other" category.

Time in the Treasury Profession

More than half the respondents (53 percent) have worked in the treasury profession for 10 or more years. Another 46 percent have been employed in treasury for less than 10 years. Only one percent of participants failed to note their time in the profession. The questionnaire stipulated that respondents should include time spent working for previous employers. On average, the typical respondent has spent just over 11½ years in treasury.

Respondent Titles

About one-fifth (21 percent) of the respondents were in relatively senior positions such as treasurer, controller/comptroller, vice president, CFO or president. The majority of this group of senior executives was treasurers (13 percent of all respondents).

Just over half of all the participants (53 percent) were found in more middle-level positions such as assistant treasurer, cash manager or director. Another 23 percent were in positions such as analyst or manager. Only three percent did not give sufficient information to categorize their position.

The respondents in senior positions have spent an average of 13.2 years in treasury. Participants classified in mid-level positions have an average of 11.5 years in the profession, while analysts and managers have an average of 10 years of experience.

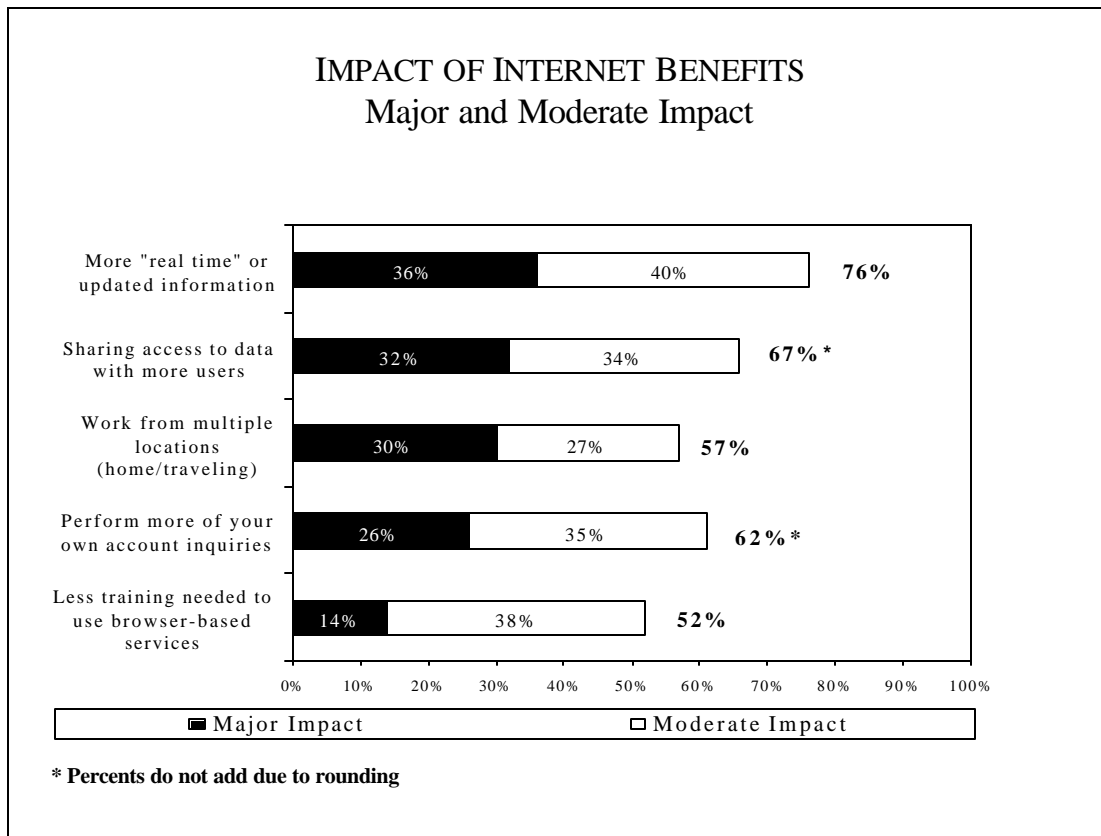
BENEFITS OF THE INTERNET

More than three-quarters of the respondents cited “access to more real time or updated information” as the Internet benefit that has the most impact on treasury. The Internet’s capacity to provide data access to more users ranked second in terms of its beneficial impact.

The questionnaire asked respondents to indicate to what degree five specific benefits of the Internet impacted their treasury organization. “Access to more real-time or updated information” was cited most often. This Internet benefit was identified as having a major impact on treasury by 36 percent of the respondents, while another 40 percent saw updated information as having a moderate impact. Only eight percent of respondents said this Internet benefit had “no impact” on treasury.

“Sharing access to data with more users” received slightly lower scores, with 32 percent seeing a major impact to treasury and 34 percent identifying this benefit as having a moderate impact. The respondents from the largest organizations in our sample (more than \$5 billion in revenue) were most likely to see sharing data with more users as having a major impact (40 percent). Only 26 percent of the participants from smaller organizations (less than \$250 million in revenue) identified this benefit as having a major impact on their treasury area.

The Internet's Impact on Treasury



Thirty percent of the participants felt that being able to “work from multiple locations (home/traveling)” had a major impact on treasury. Another 27 percent saw mobile access as having a moderate impact. This benefit also registered the highest percentage of respondents saying that it had no impact on their treasury organization (20 percent).

Only about one-quarter of the participants (26 percent) saw “performing more of your own account inquiries” as having a major impact on treasury. Another 35 percent thought this had a moderate impact. Finally, “less training needed to use browser-based services” was selected as having a major impact by just 14 percent of respondents. Another 38 percent saw this training issue as having a moderate impact.

THE INTERNET'S INFLUENCE ON TREASURY

Financial professionals see the Internet's biggest impact as fostering workflow efficiencies. On the other hand, a majority reported no impact on the number of treasury personnel, their involvement in strategic decision making and the functions treasury performs. However, among senior-level professionals — treasurer, controller and CFO — the Internet was more likely to have had a positive impact on their involvement in strategic decisions.

In the second question, the survey asked how the Internet has actually changed specific aspects of the respondent's treasury area. The results indicate that financial professionals see the Internet's biggest impact as fostering workflow efficiencies. Seventy-six percent said the Internet had brought about some level of increased efficiency. While the majority (57 percent of the respondents) described it as a minor increase, another 19 percent felt it contributed a major increase to workflow efficiency.

Nearly half (47 percent) believed the Internet has increased their interaction with other departments within their organization. About a third (34 percent) of the respondents characterized the change as a minor increase, while an additional 13 percent felt they experienced a major increase in interaction due to the Internet. This belief was more common among respondents in larger organizations (\$5 billion or more in revenue), where 58 percent experienced an increase, than in smaller entities (less than \$250 million in revenue), where only 36 percent felt they had more dealings with other departments as a result of the Internet. Still, 50 percent of all respondents said the Internet had no impact on their level of interdepartmental contact.

Internet-Related Changes

	Increase In	No Impact	Decrease In
Workflow Efficiencies	76%	20%	3%
Interaction with Other Departments	47%	50%	3%
Involvement in Strategic Decision Making	38%	60%	1%
Functions Treasury Performs	37%	57%	6%
Number of Treasury Personnel	2%	91%	7%

The Internet's Impact on Treasury

A minority of financial professionals (38 percent) said the Internet had increased their involvement in strategic decision making, and most of the respondents that held this belief felt it was a minor increase. However, when we examine the answers of the respondents in more senior roles, such as treasurer, controller/comptroller or CFO, nearly half (49 percent) believe the Internet has heightened their involvement in strategic decision making. Only 35 percent of those in mid- and lower-level positions stated that their involvement had increased. A solid majority of all respondents (60 percent) said the Internet had no impact.

A little more than a third (37 percent) of the respondents indicated that the Internet had increased the functions that treasury performs. Only four percent said it was a major increase. Again, the majority (57 percent) said the Internet had not impacted the functions performed by treasury at their organization. Respondents from larger entities were more likely to see no increase, with 64 percent of participants from organizations with \$5 billion or more in revenue answering "no impact." A small group (six percent of all respondents) felt the Internet had actually eliminated functions that treasury performs.

Finally, the vast majority (91 percent) said the Internet had no impact on the number of treasury personnel. While only seven percent of all respondents said the Internet had reduced the number of treasury personnel, 14 percent of the participants in more senior positions reported seeing a reduction.

TREASURY'S ROLE IN INTERNET-RELATED ACTIVITIES

Treasury departments are more likely to have a role in decisions related to presenting and receiving invoices, and accepting and making payments, than in those related to purchasing or selling via an e-marketplace. Nearly half the respondents said treasury had some involvement in setting an overall e-commerce strategy, but treasury rarely led this effort.

Question 3 asked about treasury's role in making decisions affecting e-commerce. Generally, when treasury did play a role in decision making for the listed e-commerce related areas, treasury was unlikely to *lead* decision making. More often, another department led these types of decisions, with some involvement by treasury, or treasury and another department made the decision jointly. Just over half the respondents reported that their treasury area had some involvement in decisions on presenting and receiving bills and invoices electronically. A little more than one-quarter said treasury was not involved, and about one in five said these activities had not been considered by their organization.

Treasury was involved to a similar degree in decisions about accepting and making payments on the Web. Fifty-one percent claimed involvement in *accepting* payments, and 47 percent had input on *making* payments. In contrast to the other listed functions, 21 percent said treasury actually led decision making on *making* Web-based payments. Seventeen percent said that treasury was not involved in these decisions, while about one-third said that these activities had not been considered by their organization.

Treasury was least likely to be active in decisions on participating in e-marketplaces. Forty-three percent said treasury was not involved in decisions to *purchase* from an e-marketplace, and 48 percent reported that treasury was left out of decisions on *selling* via an e-marketplace. Only 34 percent were involved in the decision to purchase via the Internet, and 26 percent had input on selling through an e-marketplace.

Treasury's Role in E-Commerce Decisions

	Treasury Involved	Not Involved	Not Considered
Presenting Bills/Invoices Electronically	53%	26%	21%
Receiving Bills/Invoices Electronically	51%	28%	21%
Accepting Payments on the Web	51%	17%	31%
Making Payments on the Web	47%	17%	35%
Purchasing from an E-Marketplace	34%	43%	22%
Selling via an E-Marketplace	26%	48%	25%
Setting E-Commerce Strategy	48%	34%	17%

Nearly half (48 percent) reported that treasury participated in determining their organization's e-commerce strategy. Decision making was usually led by another department (24 percent) or handled jointly (20 percent). Just four percent indicated that treasury led in making these decisions. About one-third said treasury was not involved in setting e-commerce strategy for their organization. A surprisingly high 17 percent of the responding professionals said their organization had not yet considered setting an e-commerce strategy. This included 26 percent of the respondents from entities with less than \$250 million in revenue.

Treasury departments are much more likely to be involved in negotiating Internet alliances, making Internet outsourcing decisions and choosing Internet application service providers for treasury-related functions than for non-treasury-related functions.

Using the same scale as Question 3, Question 4 measured treasury's involvement in decisions on negotiating Internet-related alliances, Internet outsourcing and selecting application service providers (ASPs). More than 40 percent of the respondents indicated that when these decisions affected treasury-related functions, treasury had a hand in decision making. About 20 percent said treasury took the lead in making these types of decisions. However, when these decisions were for non-treasury-related functions, treasury's influence fell dramatically.

Treasury's Role in Internet Alliances, Outsourcing and ASP Decisions

For Treasury-Related Functions	Treasury Involved	Not Involved	Not Considered
Negotiating Internet Alliances	44%	30%	25%
Making Internet Outsourcing Decisions	45%	28%	26%
Choosing Internet ASPs	43%	40%	17%
For Non-Treasury-Related Functions			
Negotiating Internet Alliances	17%	64%	17%
Making Internet Outsourcing Decisions	17%	64%	17%
Choosing Internet ASPs	16%	68%	14%

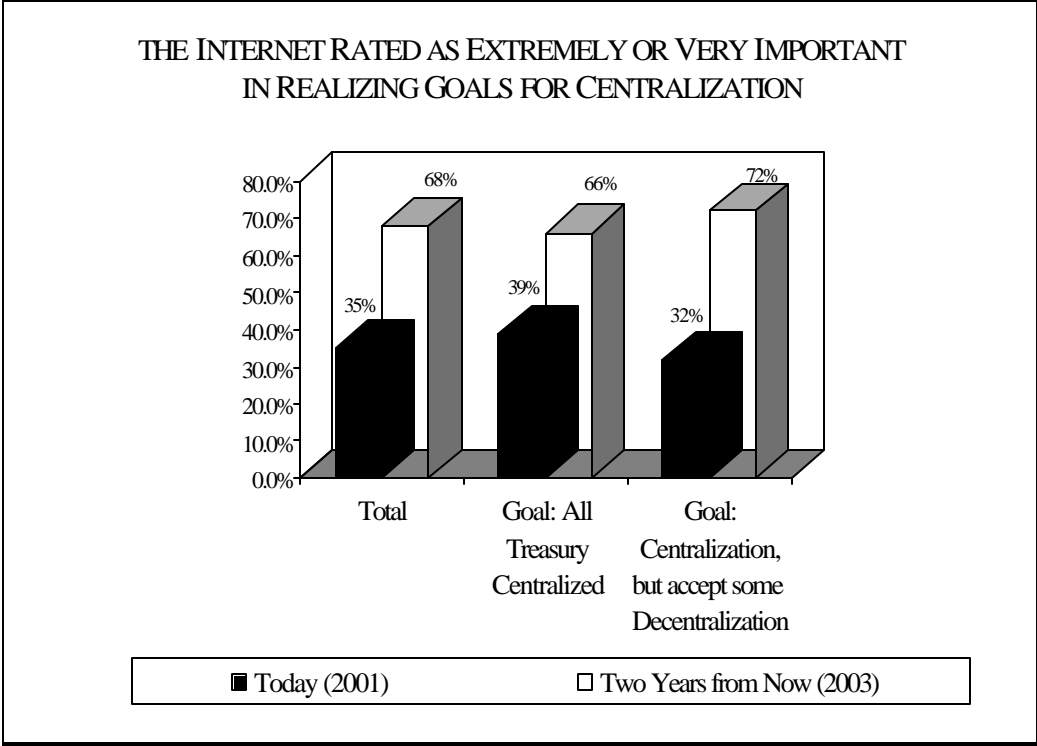
THE INTERNET AND CENTRALIZING TREASURY

The goal of nearly all respondents is to centralize all or as many treasury functions as is practically possible. More than two-thirds expect the Internet to play an important role in achieving that objective by 2003.

The fifth question had two parts. We began by asking respondents what their organization's goal was, with regard to centralizing treasury. Fifty percent answered that the goal was "to have (virtually) all treasury functions centralized." A nearly equal number (47 percent) indicated a preference for "centralization, but accepted decentralization when it's more practical/ convenient." Just three percent said they had an unqualified preference for a decentralized treasury.

Respondents from smaller entities (less than \$250 million in revenue) were more likely to favor centralization, with 59 percent seeking to have (virtually) all functions centralized, vs. 38 percent accepting decentralization when more practical/convenient. Among industry sectors, a majority of retail favored complete centralization (58 percent), while manufacturers were more apt to select the second option, preferring centralization but accepting decentralization when practical (54 percent). No other significant differences were noted among respondent subgroups.

The second part of the question asked how important the Internet is in realizing the treasury organization's centralization goal today and how that role would change in the next two years. While 35 percent said that the Internet was already extremely or very important in realizing their stated goal, nearly double that number (68 percent) felt the Internet would be extremely or very important two years from now. A higher percentage of respondents favoring centralization of (virtually) all treasury functions said the Internet was extremely or very important today (39 percent). However, those inclined toward centralization, but accepting some exceptions, seem to be relying on the Internet in the future. Seventy-two percent of these respondents believe the Internet will be extremely or very important in realizing their centralization goals in 2003.



THE INTERNET'S EXPECTED IMPACT ON TREASURY FUNCTIONS

The majority of respondents expect that the Internet will ultimately have a major impact on all treasury functions in some way. Increased efficiency was cited as the major benefit of the Internet for most functions, especially for payments and cash collections. A significant minority also believes that the Internet will offer access to more providers and lower costs/better rates for most functions. Expectations for the Internet to generate new products were far lower.

The survey's sixth question asked respondents to indicate, in the long run, the ways in which they believed the Internet would have a major impact on eight treasury functions. More than 80 percent of the responding financial professionals felt that the Internet would have a major impact on payments, cash collections and investments. Seventy percent predicted a major impact on borrowing/credit lines, and 68 percent expected a major impact on foreign exchange functions. About 60 percent foresee a major impact on capital markets services and insurance, while only 52 percent anticipate a major impact on over-the-counter (OTC) derivatives/hedging practices.

Seventy-one percent of the respondents believe the Internet will bring improved efficiency to payments and cash collections. Improved efficiency was the most frequently cited factor for seven of the eight treasury functions. Insurance was the only functional area where "access to more providers" (mentioned by 31 percent of the respondents) topped "improved efficiency" (answered by 29 percent). While a third or more also anticipated lower costs for payments and collections, near equal percentages expected the Internet to improve customer service. Expectations for the Internet to have a major impact on customer service in the other functional areas were far lower.

The answers for investments, borrowing, capital markets and OTC derivatives/ hedging formed a similar pattern. The respondents were most likely to cite improved efficiency, followed by access to more providers, then lower costs/better rates. Foreign exchange had a slightly different ordering, with more respondents anticipating a major impact from better rates (38 percent) than from access to more providers (33 percent). Few respondents believed the Internet would have a major impact on treasury functions by creating new products. Only about one-fifth saw this as a possibility for payments, collections and investments, and the scores were even lower for the other functional areas.

**How the Internet Will Ultimately Have a Major Impact
On Specific Treasury Functions**

	Improve Efficiency	Access to More Providers	Lower Costs/ Better Rates	Improve Customer Service	Generate New Products	No Major Impact
Payments/ Disbursements	71%	12%	39%	36%	21%	8%
Cash Collections	71%	11%	33%	37%	19%	10%
Investments	53%	41%	38%	19%	18%	15%
Borrowing/ Credit Line	45%	29%	27%	22%	10%	26%
Foreign Exchange	45%	33%	38%	16%	14%	26%
Capital Markets	33%	30%	24%	13%	12%	32%
Insurance	29%	31%	28%	20%	14%	33%
OTC Derivatives/ Hedging	32%	26%	23%	12%	11%	37%

OPINIONS ON THE INTERNET AND TREASURY

Seven out of 10 respondents agree that the Internet makes data integration easier for treasury. Slimmer majorities also agree that the Internet is saving treasury money and that major financial service providers have taken care of security issues. However, only 38 percent of respondents said that treasury plays a leadership role in their company's adoption of the Internet. Departments that feel they are in a leadership role are more likely to believe that their organization receives benefits from the Internet.

In Question 7, the survey asked respondents to what extent they agreed or disagreed with a series of statements on the Internet, e-commerce and treasury. Seventy-one percent of respondents agreed that treasury functions on the Internet make data integration easier. The professionals from smaller entities (less than \$1 billion in revenue) were most supportive of this statement (77 percent agreed). Two-thirds (66 percent) from organizations with more than \$1 billion in revenue also agreed.

A majority (59 percent) also agreed that, even with the infrastructure costs, the Internet is saving treasury money. Respondents from organizations with less than \$250 million in revenue were this statement's most likely supporters (70 percent) vs. 54 percent of the participants from entities with more than \$1 billion in revenue. One quarter of the respondents said they did not know if the Internet was saving them money.

Fifty-seven percent agreed that if a major financial service provider offers an Internet product, they trust that security issues are taken care of. However, a sizable number (37 percent) disagreed. Among those disagreeing were 45 percent of the respondents from entities with more than \$5 billion in revenue and 43 percent of those with 10 or more years in the treasury profession.

A narrow majority (55 percent) agreed that most current Internet offerings are just replicating previously available dial-up services. Supporters of this statement included 62 percent of the respondents from the largest companies (more than \$5 billion in revenue) and 59 percent with 10 or more years in treasury. Just over one-third (35 percent) of all respondents disagreed.

Less than half (46 percent) agreed with the statement that declared "since purchasing and payments are typically separate functions, buying on an e-marketplace rarely influences the payment instrument used by my corporation." Surprisingly, opinions on this statement did not vary significantly by size of the respondent's organization. Twenty-three percent disagreed with the statement, presumably seeing more linkage between the purchase channel and payment method. Thirty percent steered clear of this controversy, answering "don't know/no opinion."

The final statement in this series was “treasury is taking on a leadership role in my company’s adoption of the Internet.” While 38 percent of the respondents agreed with this statement, half (50 percent) disagreed. Respondents from smaller firms (less than \$250 million in revenue) were more likely to see themselves in the Internet driver’s seat, with 44 percent agreeing with the statement. Respondents that agreed that they were in a leadership role on Internet adoption were more likely to believe their organization got benefits from the Internet and were also more apt to be involved in strategy. Being in a leadership role may enhance treasury’s ability to influence the development of Internet capabilities that better match treasury’s needs. It is also possible that being in a leadership role affects perception, by sensitizing these individuals to the Internet’s impact.

Treasury’s Leadership May Lead to Greater Benefits

	Treasury is in a Leadership Role	Treasury is Not Leading
Major/Moderate Impact from the Internet		
Sharing Access to Data with More Users	82%	60%
Perform More of own Account Inquiries	75%	56%
Work from Multiple Locations	69%	50%
Agree with Statements on Involvement in Strategy		
Internet has Increased Involvement in Strategic Decision Making	49%	31%
Involved in Setting E-Commerce Strategy	68%	38%

URGENCY OF PURSUING WEB-BASED ACTIVITIES

About four out of 10 respondents believe that the urgency with which their company is pursuing Web-based activities today is unchanged, compared to a year ago. That includes B2B and B2C e-commerce and internally focused Web activities. However, more than one-third said internally focused Web activities are now a higher priority.

Question 8 asked respondents how the urgency with which their company is pursuing Web-based activities has changed in the past year. Web-based activities were split into three categories: B2B e-commerce, B2C e-commerce and other internally focused Web activities. The answers on B2B and B2C e-commerce were similar. About one-quarter said these activities were a higher priority now than they were a year ago. Approximately four out of 10 felt their organization's priorities had not changed in the past year, and about one in 10 believed these activities were now treated with less importance.

A larger percentage of respondents (36 percent) felt that internally focused Web activities were a higher priority vs. one year ago, and only six percent thought these projects were a lower priority. Internally focused Web activities include a wide range of projects that allow an organization to share information with many users, such as performance data, inventory management systems or for human resource purposes. Survey participants from the largest companies (\$5 billion or more in revenue) were more likely to believe that all these Web-based activities were a higher priority now.

Change in Level of Urgency Compared to a Year Ago

	Higher Priority Now	Equal Importance/ Unchanged	Lower Priority Now	Don't Know/ No Answer	Larger Cos. That Said "Higher Priority Now"
B2B E-Commerce	27%	43%	10%	20%	34%
B2C E-Commerce	25%	38%	12%	25%	31%
Internally Focused Web Activities	36%	39%	6%	19%	44%

While the overall percentage of respondents that felt that B2C e-commerce was a higher priority now was only 25 percent, there were three industry groupings where the

numbers were significantly higher. Thirty-one percent of the retail group and 32 percent of the financial industry group (financial services and insurance) said B2C was now a higher priority, compared to one year ago. And in the non-profit group, composed of practitioners from academia, government and non-profit organizations, 39 percent said B2C was more of a priority now.

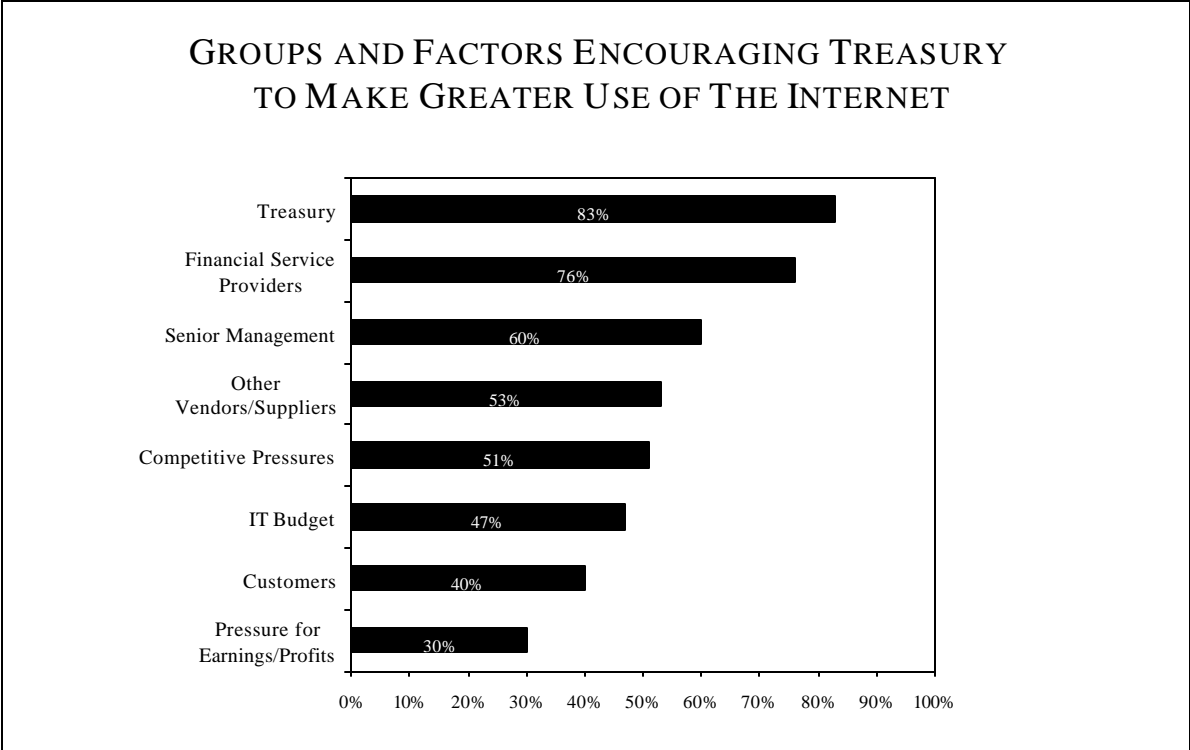
ENCOURAGING TREASURY'S USE OF THE INTERNET

Both internal and external forces are encouraging treasury to make greater use of the Internet. Support is coming from within treasury itself, from senior management, the company's financial service providers and vendors/suppliers. However, customers are ambivalent. A majority of the respondents felt that their customers had mixed reactions to their company's greater use of the Internet.

Question 9 asked respondents to identify what role, if any, a number of groups and factors played in encouraging or discouraging greater use of the Internet by treasury. Perhaps the most noteworthy finding from this question was that very little appears to be actively discouraging greater use of the Internet. Only seven percent felt that their IT (information technology) budget was discouraging greater use of the Internet, and just five percent mentioned pressure for earnings or profits as a barrier. All other groups and factors listed in the question were cited as discouraging expanded use of the Internet by less than four percent of respondents.

The vast majority of respondents (83 percent) said that their treasury area encouraged greater use of the Internet, and 40 percent characterized treasury as strongly encouraging greater use. About three-quarters (76 percent) felt that financial service providers were also encouraging greater adoption of the Internet by treasury. Senior management was in third place, with 60 percent encouraging more Internet usage. More than a third (36 percent) saw senior management as being neutral or having "mixed reactions." Other vendors and suppliers (not financial service providers) were considered to be encouraging treasury's migration to the Internet by 53 percent of the survey's respondents, but another 41 percent believe their suppliers were neutral or had mixed reactions. The last factor to cross the 50 percent threshold was competitive pressures. Fifty-one percent said competitive pressures encouraged treasury to expand its use of the Internet, but a substantial 42 percent said these types of pressures had a "mixed" impact.

A greater number of participants (47 percent) believed that their IT budget was encouraging expanded use of the Internet than believed that their IT budget had a neutral role (40 percent). On the other hand, the majority of respondents saw their organization's customers as ambivalent. Fifty-three percent said their customers were neutral or had mixed reactions vs. 40 percent that felt that their customers were encouraging Internet adoption. A minority of participants (30 percent) thought that pressure for earnings or profits was encouraging treasury to make greater use of the Internet, while nearly double that amount (59 percent) said these types of pressures gave more mixed signals.



WHAT HAD THE MOST IMPORTANT IMPACT ON TREASURY

Internal efficiency initiatives have had a much greater impact on treasury departments over the past year than e-commerce and the Internet, mergers and acquisitions, financial industry consolidation or globalization.

Although this survey's focus was treasury's use of and relationship to the Internet, it is difficult to gauge the relative impact of the Internet and various e-commerce initiatives to treasury without obtaining some sort of a comparison. The results from Question 10 allow us to place a variety of events and trends in rank order of their level of impact on treasury during the past 12 months. Either because the transition to e-commerce and the Internet is slow and smooth or, more likely, because it is just not that important a priority for treasury, the Internet and e-commerce did not score that highly.

Internal efficiency was the hands-down winner, with 56 percent of respondents rating these types of initiatives as extremely or very important. Fourteen percent said these initiatives were not too or not at all important in the past 12 months. Treasury's principal "customer" is management, and senior management often sponsors internal efficiency initiatives. Also, these initiatives tend to rely upon the analytic skills often found within treasury and, in many cases, there is potential for a bottom line impact.

Mergers and acquisitions came in second, with 37 percent saying this type of event had an extremely or very important impact on treasury in the past 12 months. Forty-six percent said mergers and acquisitions were not too or not at all important.

In the middle of the pack was financial industry consolidation. About a third (34 percent) said this had an extremely or very important impact on treasury during the past 12 months, and another 34 percent reported that it was somewhat important.

E-commerce and the Internet had an extremely or very important impact on just 29 percent of the respondents. Another 40 percent said the Internet and e-commerce were somewhat important. The only two subgroups of our sample that assigned e-commerce and the Internet a significantly higher importance were the largest companies (\$5 billion or more in revenue), where 34 percent rated this trend extremely or very important, and software and technology firms, with 43 percent.

About one in four respondents indicated that globalization or global trade had an extremely or very important impact on treasury. The majority (54 percent) said this trend was not too or not at all important. Not surprisingly, the largest companies, those with more than \$5 billion in revenue, rated this trend higher. Thirty-six percent said global trade was extremely or very important in its impact.

Importance of Trends and Events in Impacting Treasury

	Extremely/ Very Important	Somewhat Important	Not Too/ Not at All Important
Internal Efficiency Initiatives	56%	29%	14%
Mergers and Acquisitions	37%	16%	46%
Financial Industry Consolidation	34%	34%	31%
E-Commerce and the Internet	29%	40%	30%
Globalization/Global Trade	24%	20%	54%

Appendix

Survey Instrument