Best Practices in Implementing Cash Management Operations

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Drilling into Cash Management Operations
Today’s Agenda

• Learning from the ConocoPhillips story
  – Where we came from…
  – Where we had to go…
  – How we did it…
  – What we accomplished…
  – What’s next…
  – What about you…
Where we came from...
ConocoPhillips Company

1 + 1 = 1

700+ Bank Accounts
Global Treasury Structure

Treasury Centers
- Houston (Corporate)
- London

- Responsibilities
  - Bank Account Administration
  - Cash Positioning
  - Investments
  - Borrowings
  - FX
  - Letters of Credit

Shared Service Centers
- Americas - Oklahoma
- Europe – Norway

- Responsibilities
  - Payments
  - Receipts
  - Reconciliations

Asia Pacific (6 locations)
- Treasury support provided by London
- Transactional processing managed locally
Our Foundation: A Best Practice-Based Approach

**Policy**
- Global Banking
- Delegation of Authority

**Tools**
- Global Bank Administration
- Role Handbook
- Pay on Behalf Structure

**Knowledge Sharing**
- Cash & Banking Network of Excellence
- Process Survey Results
- Payment Tool-Kit

**Standards**
- Global SAP
- Host-to-Host Payments
- Electronic Bank Statements
- Account Rationalization
Where we had to go...
Companywide Transformation

1 = 2

10-Month Timeframe
A Delicate Operation: Separating Treasury
Treasury and Cash Management

• Two separate Treasury Services and Cash Management departments

• Perform business-as-usual activities to support ongoing business requirements

• Set the stage for revitalizing and maximizing efficiencies of Treasury operations

• Day One – all payments processed successfully and all receipts posted appropriately
How we did it...
A Roadmap to Success

• Company architecture and teams
• Project management and planning
• Critical functionality
• Transaction activities
• Bank account administration
• Personnel
Company Architecture

An Integrated Approach

Steering Committee
CEO and Executive Management

Executive Transition Lead

Outside Legal & Tax Assistance

Additional Resources:
• Process
• Communications

IRS and SEC Filing
Shared Services
Systems
Financial Structuring
Compensation & Benefits
Commercial
Workforce Planning

ConocoPhillips Transition teams

Each team to have sub-teams
Global Project Team Assembled

- Treasury CM&B
- Bank Partners
- IT/SAP
- Treasury Services (SSC)
Teamwork in Action

- 13 member team
- Project managers met once a week
- Project team met weekly
Project Management and Planning

- Dedicated project managers
- Project charter and statement-of-work
- Timeline requirements
- Communication strategy
  - Weekly meetings with internal and external partners
  - Management reporting and oversight
Best Practices - Project Charter and Statement of Work

Project Charter
– Introduction and Purpose
– Project Summary
  • Description
  • Background
  • Stakeholders/Project Team Members
  • Scope
  • Project Management
  • Document Control
Best Practices - Project Charter and SOW

Statement of Work (SOW)
– Product details
– Client Specifics
– Testing plan
– Production and Post Production
Critical Functionality Replicated

A Best Practice-Based Approach

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<tr>
<th>Collections</th>
<th>Payments</th>
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<tr>
<td>Wholesale Lockbox Network</td>
<td>Integrated Host-to-Host Single File Payment</td>
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<td>Consolidated Receivables</td>
<td>Solutions</td>
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<td>Wire Transfer</td>
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<td>Web Platform</td>
<td>US and Global ACH</td>
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<td>Wholesale Lockbox remittance</td>
<td>Controlled Disbursement Checks</td>
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Account Structure & Liquidity

- Global Investment Guidelines
- Pooling structure for USD in London
- ZBA and Pay on Behalf of Accounts

Technology

- Host to host technology for every aspect of payments and reporting requirements
- AS2-based connectivity
- EDI ANSI X12 and BAI2-based formatting
- SAP Treasury
Transaction Activities

- Created payment files inventory
- Designed and established SAP configuration
- Segregated and analyzed transactions by line of business
- Tested and verified data and reconciliation management
- Executed customer change management
Bank Account Administration

• Bank Account Management
• Documentation
• Legal
Personnel

- Talent Management
- Staffing
- Onboarding
- Training
- Immediate Utilization
- Stress Management
- Recognition
What we accomplished...
On May 1, 2012 all payments and receipts processed successfully for both companies

Treasury and Treasury Services staffs were separated

Bank accounts were separated and operational for both companies

Each company set to achieve strategic goals
Treasury and Banking

• Initiative instrumental in helping treasury gain more accurate forecasts, which allows more effective liquidity management

• BAU activities for both organizations without interruption

• New staffers were hired, trained and instilled with corporate culture throughout course of initiative
And Then We Raised a Glass…
What’s next...
Opportunities for Continued Success

• Global account structure
• Check to ACH
• Remote deposit and remittance capture
• Regional treasury center expansion
• ISO 20022 XML
• SWIFT for Corporates
• eBAM
• Check print outsourcing
• Virtual card payment processing
What about you…
Best Practices to Consider

• Establish strong foundation of best practices
• Project management discipline
• Tools
• Personnel
We’d Like To Hear Your Thoughts
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