

AFP 2017

SAN DIEGO | OCTOBER 15-18



Using Metrics that Matter to Justify Investments in Treasury Technology

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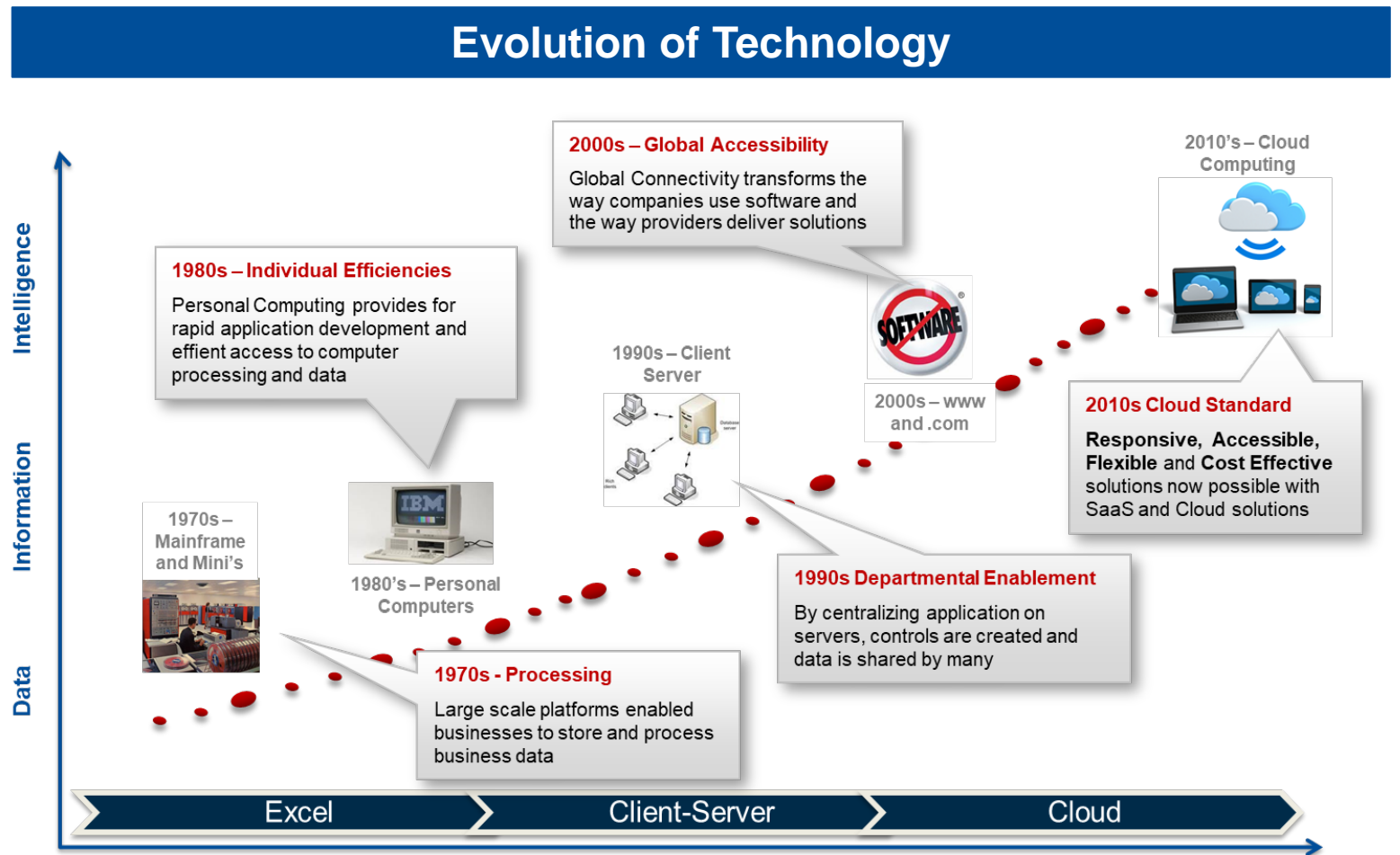
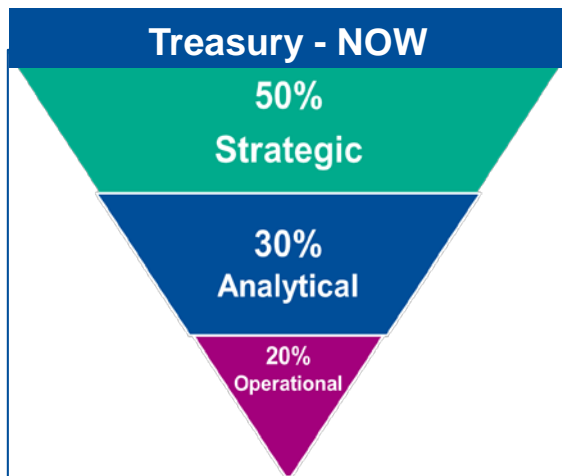
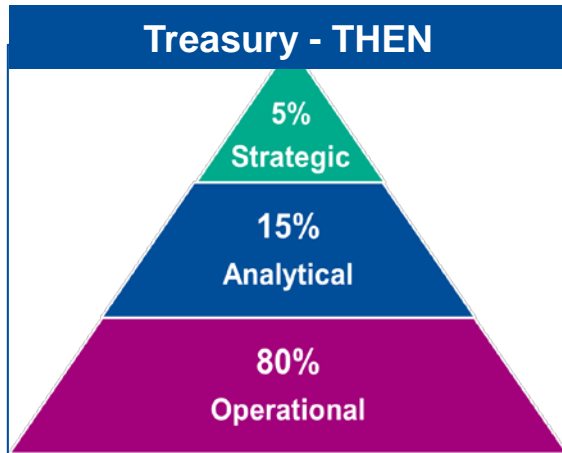
Managing Partner

Strategic Treasurer



Treasury Landscape & Changes

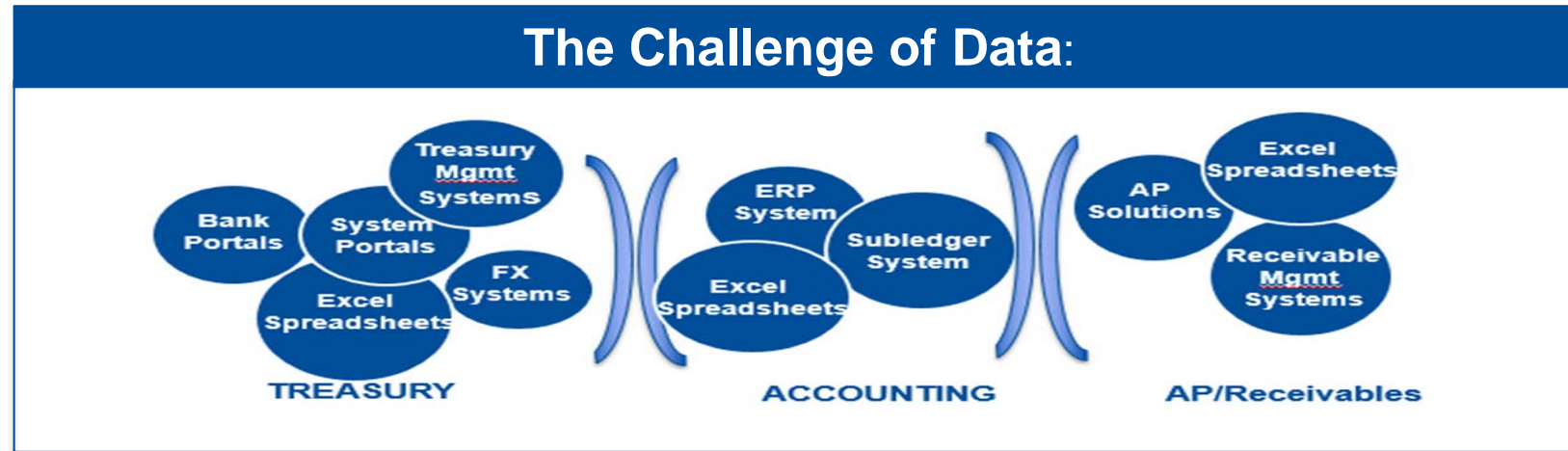
Treasury & Technology... a parallel march toward “Strategic”



The Landscape of Treasury: Expanding Responsibilities & Data



Responsibilities



Treasury Staff

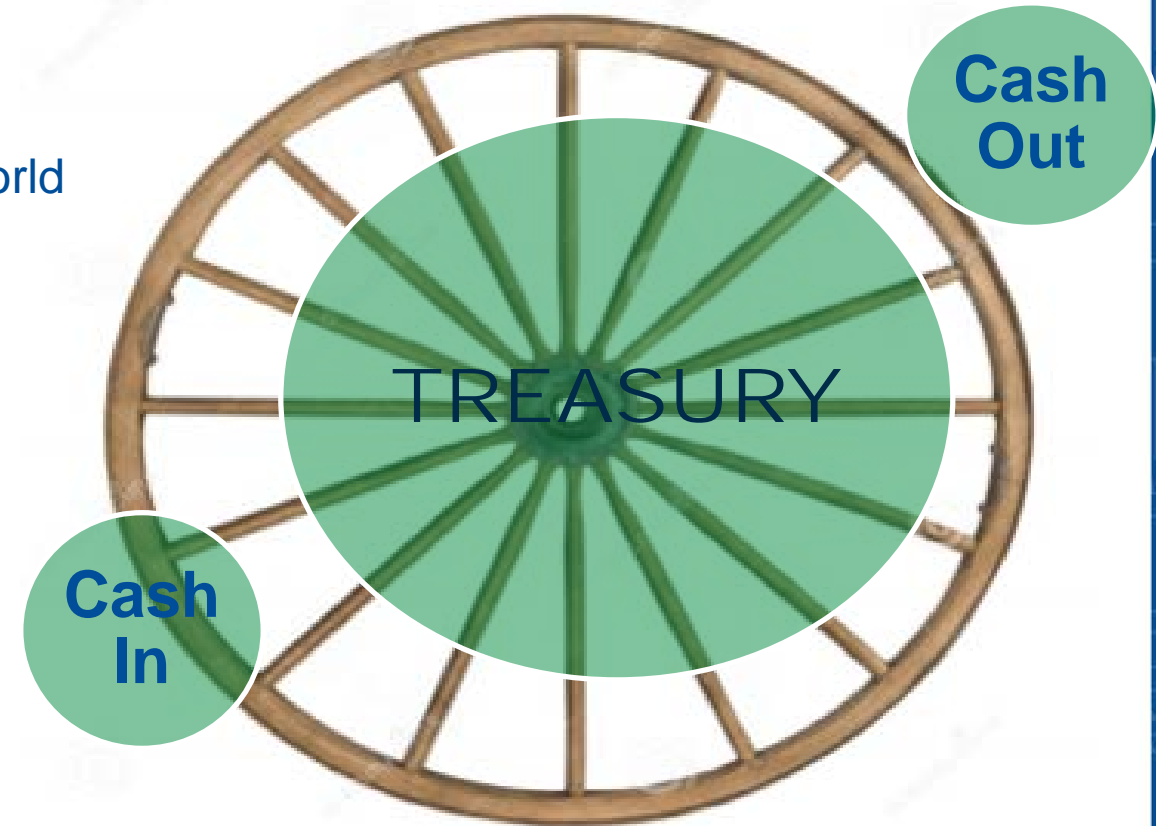
The Challenge of Expanding Responsibilities:

| | |
|---|--|
| <ul style="list-style-type: none">▪ Transparency and visibility into cash▪ Legacy systems integration/replacement/management▪ Cyber security/PCI compliance/Merchant Processing | <ul style="list-style-type: none">▪ Payments▪ Enterprise risk<ul style="list-style-type: none">▪ Working capital management▪ Credit▪ Debt compliance risk & monitoring▪ Bank relationship management |
|---|--|

Focusing on What Matters - KPIs

Doing more with less is a crucial principle to learn; especially if you're going to be in business in this rapidly changing world...Robert Kyosaki

- Treasury has a unique view of the organizational world
 - Positioned to “Tell the Story” that aligns with organizational goals
- Automation – embrace technology
 - Information management
 - “Nimbleness” in a dynamic environment
 - Artificial intelligence
- Practice “planned abandonment” of data that is no longer relevant
- Get creative to survive!



Technology – to do it better!

Better Information/Better Decisions?

- More data that you don't have to source daily (daily rates/ curves, pricing models, etc.)
- Best practices built into modern TMS
- More canned reports
- Configurable reports/dashboards
- More automated alerts, controls, notifications, etc.
- Easier mining of your data for analysis

- All of the above = better decisions?

What's coming?

- Better security
 - Biometrics
- Innovative ways to get info
 - Fluid connections to treasury info
- More/better mobile
- Better visualization
 - Active decision support
 - Artificial Intelligence – *it's here!*

Developing the Right KPI's for You

Types of Key Performance Indicators (KPIs)

- **Financial**
- **Operational**
- **Risk**
- **Security**



Perspectives on Measurement

- **Comparisons**
 - Industry vs. you
 - You vs. appropriate measure
- **Standards**
 - Standards of good corporate conduct
 - Leading practices
 - World-class practices
- **Measurement**
 - Showing progress and value
 - Resource allocation



KPI's... or just data??

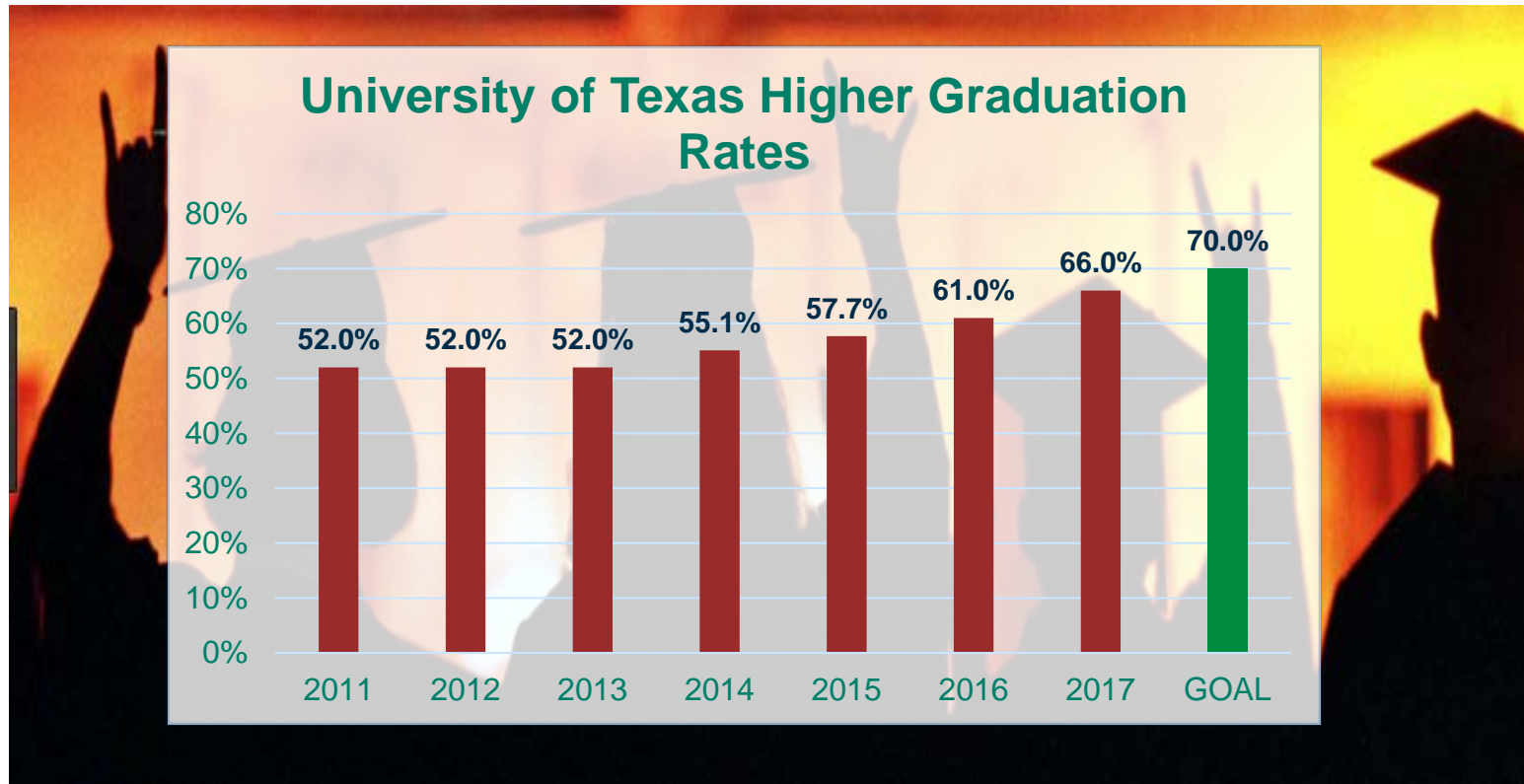
| | 01/31/2017 | 02/28/2017 | 03/31/2017 | 04/30/2017 | 05/31/2017 | 06/30/2017 | Delta |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ALL ACCOUNTS | | | | | | | |
| Total AR | 935,356,316 | 921,073,546 | 915,616,988 | 942,940,023 | 898,668,434 | 892,846,233 | -5,820,196 |
| Inhouse | 212,016,643 | 196,881,077 | 178,956,203 | 173,840,275 | 196,919,362 | 151,389,389 | -22,530,888 |
| DNFB | 202,538,539 | 199,584,329 | 218,215,906 | 199,893,213 | 190,670,540 | 232,457,293 | 41,586,753 |
| DNFB (Recurring) | 35,991,412 | 31,707,217 | 36,385,267 | 32,148,515 | 36,761,681 | 35,416,576 | -1,345,106 |
| Total Billed | 484,779,822 | 483,033,800 | 482,000,483 | 519,915,592 | 497,119,753 | 473,568,284 | -23,551,469 |
| BLIND ACCOUNTS | | | | | | | |
| 0 to 30 | 199,147,329 | 203,213,873 | 183,485,709 | 224,934,032 | 198,652,000 | 189,473,165 | -9,378,835 |
| 31 to 60 | 58,737,966 | 58,148,264 | 65,358,573 | 54,427,191 | 56,740,545 | 52,882,679 | -4,057,865 |
| 61 to 90 | 27,956,286 | 25,858,547 | 27,547,853 | 31,864,400 | 29,335,383 | 25,706,041 | -3,629,342 |
| 91 to 120 | 18,618,901 | 14,762,756 | 14,084,348 | 16,329,856 | 19,265,244 | 18,614,031 | -2,651,213 |
| 121 to 150 | 10,828,777 | 12,364,225 | 10,284,520 | 9,879,900 | 12,097,591 | 12,064,248 | -33,349 |
| 151 to 180 | 8,449,961 | 7,951,990 | 9,870,164 | 7,833,040 | 8,088,320 | 9,066,830 | 1,078,510 |
| 181 to 270 | 17,892,845 | 16,821,829 | 15,634,015 | 17,870,448 | 16,633,860 | 16,075,227 | -558,633 |
| 271 to 365 | 10,568,697 | 11,258,387 | 10,863,148 | 10,706,660 | 10,719,330 | 9,859,464 | -859,866 |
| 366+ | 11,269,728 | 11,273,688 | 10,921,184 | 11,729,542 | 14,380,612 | 12,625,693 | -1,754,919 |
| Total AR | 355,531,480 | 361,170,588 | 347,789,512 | 384,655,138 | 368,000,884 | 344,187,516 | -23,893,588 |
| Over 90 | 77,649,899 | 74,252,704 | 71,377,386 | 73,627,507 | 81,132,957 | 78,305,431 | -4,827,526 |
| Over 90% | 21.84% | 20.56% | 20.52% | 19.14% | 22.04% | 22.17% | 0.13% |
| BLIND A/R FULL | | | | | | | |
| 0 to 30 | 17,650,078 | 18,850,668 | 14,559,765 | 18,590,273 | 15,042,870 | 16,438,773 | 395,902 |
| 31 to 60 | 17,941,263 | 19,842,697 | 21,186,820 | 18,572,139 | 18,198,877 | 17,904,046 | -857,189 |
| 61 to 90 | 16,312,439 | 18,351,431 | 18,002,397 | 19,403,209 | 18,011,839 | 16,683,909 | -327,130 |
| 91 to 120 | 15,876,544 | 14,838,542 | 17,096,684 | 19,129,964 | 18,461,123 | 15,586,072 | -2,885,051 |
| 121 to 150 | 13,918,845 | 13,018,150 | 12,941,282 | 14,873,838 | 15,878,368 | 16,028,916 | 352,548 |
| 151 to 180 | 11,287,140 | 10,950,817 | 10,908,827 | 10,238,477 | 12,097,886 | 12,880,550 | 782,664 |
| 181 to 270 | 16,511,010 | 16,295,100 | 17,302,856 | 16,546,717 | 18,241,973 | 17,316,566 | -1,076,591 |
| 271 to 365 | 9,416,585 | 8,699,816 | 8,204,340 | 7,324,064 | 6,376,211 | 6,531,697 | 155,486 |
| 366+ | 10,846,235 | 11,226,882 | 12,126,013 | 12,175,795 | 17,864,741 | 15,368,880 | -2,495,861 |
| Total AR | 139,246,142 | 137,880,212 | 134,228,871 | 135,262,954 | 129,658,878 | 128,486,969 | -342,099 |
| Over 90 | 77,344,363 | 75,018,506 | 70,599,589 | 80,896,033 | 81,538,003 | 81,274,240 | -263,763 |
| Over 90% | 59.84% | 56.89% | 58.56% | 59.68% | 63.41% | 62.81% | -0.60% |
| DNFB UNDER | | | | | | | |
| DNFB Under | 154,649,316 | 157,890,070 | 191,887,483 | 196,211,016 | 134,431,978 | 191,183,782 | 56,751,806 |
| DNFB OVER | 47,889,212 | 41,614,260 | 26,220,501 | 43,882,197 | 56,438,584 | 47,271,513 | -15,167,051 |
| DNFB IP Under (Excluding SP) | 95,094,940 | 97,838,149 | 112,616,328 | 93,915,172 | 78,250,235 | 112,230,217 | 35,979,982 |
| DNFB IP Over (Excluding SP) | 28,859,434 | 23,892,330 | 16,599,823 | 25,888,567 | 34,012,901 | 28,879,848 | -7,133,052 |
| DNFB OP Under (Excluding SP) | 58,136,313 | 51,182,370 | 67,895,942 | 51,334,233 | 47,702,345 | 66,923,709 | 19,221,364 |
| DNFB OP Over (Excluding SP) | 19,273,397 | 14,712,538 | 7,095,081 | 15,943,840 | 19,873,887 | 11,798,778 | -2,271,218 |
| DNFB IP Under (SP) | 5,961,397 | 4,948,101 | 7,229,002 | 7,279,938 | 8,648,212 | 7,557,547 | -1,212,338 |
| DNFB IP Over (SP) | 1,578,919 | 1,384,210 | 802,588 | 1,115,829 | 1,807,343 | 1,264,487 | -402,648 |
| DNFB OP Under (SP) | 3,653,666 | 3,929,441 | 4,246,215 | 3,681,874 | 3,834,184 | 4,174,309 | 340,125 |
| DNFB OP Over (SP) | 1,977,502 | 1,815,283 | 931,388 | 1,534,194 | 1,744,332 | 1,391,192 | -383,141 |
| CASH | | | | | | | |
| Cash Posted vs. Goal | 97.11% | 102.82% | 104.95% | 97.39% | 103.29% | 107.95% | 4.21% |
| Cash Goal | 229,269,890 | 203,079,720 | 232,348,464 | 216,962,298 | 238,780,321 | 219,264,316 | -7,516,005 |
| Payments | 222,642,848 | 208,891,644 | 242,991,202 | 210,687,784 | 234,229,951 | 239,705,881 | 1,470,930 |
| Insurance Payments | 217,193,438 | 203,733,426 | 236,617,366 | 205,395,132 | 228,346,577 | 229,275,449 | 1,934,872 |
| Total Patient Payments | 5,449,510 | 5,060,210 | 6,373,836 | 5,492,652 | 5,609,374 | 5,429,432 | -403,942 |
| Patient Payment % | 2.49% | 2.49% | 2.62% | 2.62% | 2.61% | 2.39% | -0.21% |
| CREDITS | | | | | | | |
| Credits % of Billed AR | -4.66% | -4.88% | -3.85% | -3.89% | -4.17% | -3.64% | 0.53% |
| Billed Credits | 21,996,529 | 21,123,614 | 18,097,452 | 18,951,512 | 19,918,787 | 18,544,758 | -3,274,029 |
| Billed Ins Non-Goal Credits | -10,701,927 | -16,105,704 | -14,540,000 | -15,106,381 | -18,856,058 | -13,833,761 | 3,022,325 |
| Billed Government Credits | -1,091,742 | -2,362,995 | -1,730,867 | -805,239 | -1,187,495 | -1,213,924 | -26,429 |
| Billed SP Credits | -1,682,851 | -2,664,314 | -1,736,577 | -2,659,892 | -2,875,178 | -1,797,070 | 278,108 |
| AVAILABLE WRITE-OFFS | | | | | | | |
| Total Allowance | 6,241,553 | 6,960,357 | 11,873,720 | 6,590,338 | 6,705,470 | 7,778,152 | 1,072,682 |
| Ultimatum Filing - CBO | 265,336 | 334,600 | 228,442 | 269,599 | 104,914 | 286,217 | 184,303 |
| Ultimatum Filing - Site | 34,322 | 163,180 | 71,960 | 49,870 | 82,796 | 20,034 | -94,722 |
| Delayed Days | 3,337,068 | 3,591,282 | 8,471,228 | 3,719,217 | 3,701,842 | 4,432,702 | 740,959 |
| LCD | 915,009 | 755,579 | 1,039,799 | 872,813 | 858,432 | 711,554 | -148,878 |
| No Authorization | 493,200 | 490,672 | 713,789 | 324,315 | 394,677 | 620,203 | -373,874 |
| RAC | 3,281 | 6 | -22,570 | 8 | 8 | -3,500 | -3,500 |
| 12/1/131 | 369,032 | 235,745 | 278,422 | 329,332 | 175,935 | 336,765 | 160,830 |
| A/C | 431,522 | 366,873 | 371,555 | 572,433 | 830,911 | 322,139 | -266,772 |
| Medical Records | 176,294 | 288,798 | 145,893 | 78,204 | 143,421 | 222,824 | 80,203 |

Summary Aged Trial Balance by Hospital by Service by Account status
EMER - BUR

| Hospital Service Account status | Total | Age Category | | | | | | | | | | | | Over 360 | | | |
|---------------------------------|------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|----------|---------------|---------|
| | | 000-030 | 031-060 | 061-090 | 091-120 | 121-150 | 151-180 | 181-210 | 211-240 | 241-270 | 271-300 | 301-330 | 331-360 | | | | |
| Unbilled | 44,852 | 44,848 | 4 | | | | | | | | | | | | | | |
| Accounts Receivable | 215,632 | 139,367 | 26,683 | 671 | 9,914 | 1,162 | | 3,689 | 1,261 | 4,856 | 7,871 | 1,797 | 3,201 | 15,162 | | | |
| Collection Agency | 404,471 | 12,409 | 25,838 | 17,588 | 34,820 | 38,843 | 39,446 | 28,784 | 26,081 | 29,516 | 45,051 | 6,513 | 2,240 | 97,345 | | | |
| Bad Debt | 47,123 | | | | | | | | | | 2,231 | 9,450 | 200 | 35,235 | | | |
| Total | 712,078 | 196,623 | 62,626 | 18,266 | 44,734 | 40,005 | 39,446 | 28,784 | 26,081 | 29,516 | 66,163 | 17,767 | 6,641 | 147,743 | | | |
| Unbilled | 63,972 | 68,848 | 5,124 | | | | | | | | | | | | | | |
| Accounts Receivable | 81,305 | 79,870 | -7,964 | | | 6,121 | 3,278 | | | | | | | | | | |
| Collection Agency | 138,488 | 90,482 | 25,909 | 2,490 | 1,878 | | | | | | 2,983 | 2,884 | 914 | 558 | 1,088 | 1,088 | 6,642 |
| Bad Debt | 317,639 | | | | | | | | | | | | | | | | 317,639 |
| SUR Total | 699,404 | 229,200 | 23,128 | 2,490 | 1,878 | 6,121 | 3,278 | 2,983 | 0 | 2,884 | 914 | 558 | 1,088 | 324,281 | | | |
| Total | 1,311,482 | 426,824 | 78,653 | 20,746 | 46,613 | 46,126 | 42,724 | 36,466 | 27,342 | 37,264 | 68,067 | 18,325 | 7,329 | 472,024 | | | |
| Unbilled | 30,908 | 30,908 | | | | | | | | | | | | | | | |
| Accounts Receivable | 94,545 | 32,488 | 28,628 | 1,888 | 1,653 | | | 1 | 7,690 | | | | | 1,126 | | | 3,347 |
| Collection Agency | 178,782 | | 10,293 | 18,863 | 8,863 | 21,454 | 25,929 | 17,369 | 26,962 | 4,819 | 2,190 | 1,285 | 2,477 | 36,278 | | | |
| Bad Debt | 26,973 | | | | | | | | | | | | | 3,215 | | | 22,758 |
| Total | 328,208 | 63,396 | 38,921 | 20,746 | 10,516 | 21,454 | 25,931 | 24,958 | 26,962 | 7,910 | 16,929 | 6,626 | 2,477 | 62,363 | | | |
| Accounts Receivable | 18,909 | 16,489 | -480 | | | | | | | | | | | | | | 2,900 |
| Collection Agency | 85,004 | 62,398 | | | | 12,912 | | | 270 | | | | | 789 | | | 8,637 |
| Bad Debt | 38,215 | | | | | | | | | | | | | | | | 38,215 |
| SUR Total | 142,128 | 78,886 | -480 | 12,912 | 0 | 270 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 789 | 0 | 49,752 | |
| Total | 470,336 | 142,280 | 38,441 | 33,660 | 10,516 | 21,724 | 25,931 | 24,958 | 26,962 | 7,910 | 16,929 | 6,414 | 2,477 | 112,135 | | | |



Strategic KPIs – driving the mission



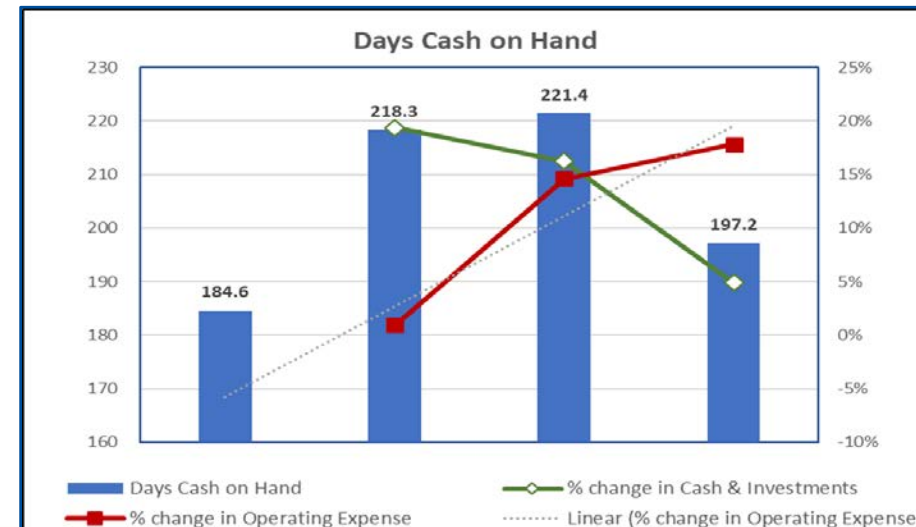
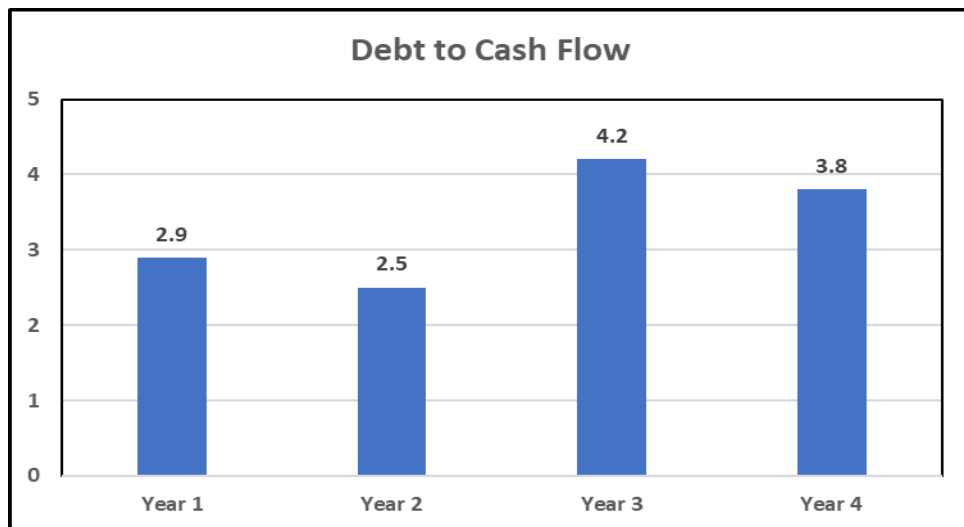
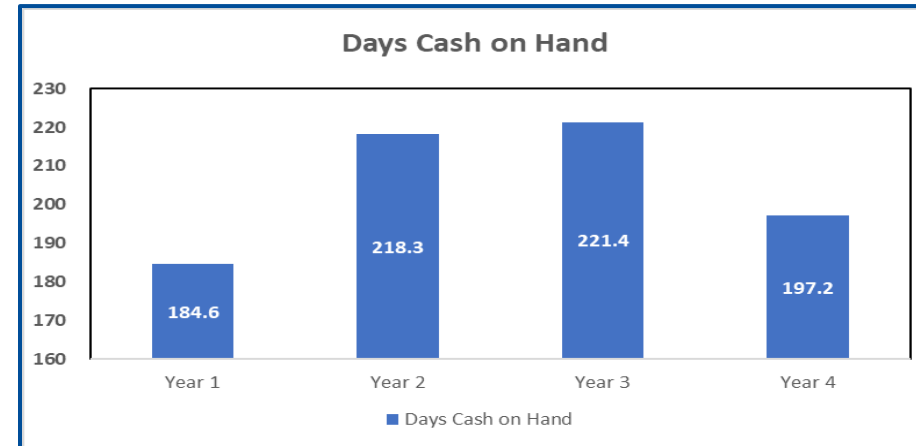
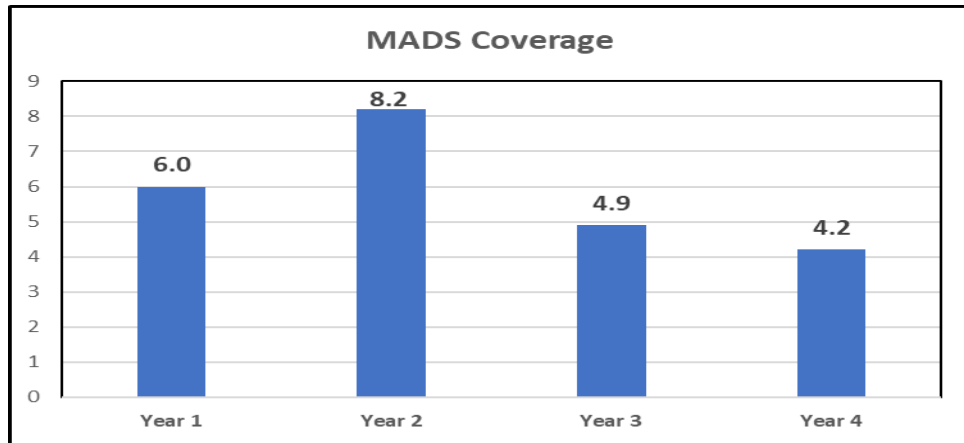
A KPI is only as **valuable as the action it inspires**

- A powerful tool to implement change
- Connects the organization
- Strategically alignment to goals

A KPI is a **form of communication**; to be absorbed & acted upon, it must be:

- Succint
- Clear
- Relevant

Financial KPIs – Debt Compliance



Better Story

Is Treasury in Sync with Company?

Review Investor Presentations

- Might highlight strategies such as
 - Expanding to Latin America
 - Automation initiatives across the company
 - Moving to the cloud
 - Greater emphasis on local sourcing in regions
 - Impact of Brexit in European operations

Develop Approach & Application

- Identify a problem or objective to be met
 - What critical business question does the KPI address?
- Develop the “view” for the result you want to achieve
- Develop the process

KPI Best Practices - Summary

- Are you working with the right measures?
 - Must be SMART
 - A leading indicator
 - Lagging indicator
 - Diagnostic measure
 - correlated to drive action and outcome
 - Aligned with clear business objectives
- “K” stands for KEY! Too many weakens the focus
- Drillable
- Be “owned”