



kyriba<sup>®</sup>

L I V E

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# Enhance Global Operations While Mitigating Payment Fraud

# Panelists

## PRESENTERS



**Jennifer Tomaloff**  
International Treasury Manager  
Trek Bicycle Corporation



**Priscila Nagalli**  
Director, Treasury and Capital Markets  
Actualize Consulting

# Actualize Consulting Overview



- Offices in US, UK, and Canada
- Global client base – 80+ Fortune 1000 Clients
- Over 160 Kyriba implementations
- Deep expertise in Treasury, liquidity, risk management, payment and accounting solutions
- Focus on delivering high client satisfaction and ensuring client's needs and met
- Focused enhancing business process and procedures surrounding Treasury and Capital Markets activities



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# Trek Bicycle – About Us

- Founded in 1976 in Waterloo, WI
- Trek Bicycle is a leader in bicycle industry with 2,500 employees across 25 countries
- Trek sells bicycles and accessories in over 100 countries through a global network of 5,000 independent bike dealers and distributors
- 4 person treasury team at HQ responsible for global cash, currency, banking, debt, hedging, and insurance

Trek HQ (1976)



Trek HQ (2018)



# Today's Agenda

- Why We Decided to Implement a TMS
- Planning and Selection
- Implementation
- TMS System Design
- 3 Ways Kyriba Enhances Operations Globally
- Mitigating Payment Fraud
- Lessons Learned
- Q & A

# Why We Decided to Implement a TMS

## Current processes and systems

- Lacked robust processes and controls
- Lacked global cash visibility
- Extensive use of Excel; disconnected systems, data
- Too much time on repetitive low-value tasks

## We support a complex, growing global business

- Growing global company
- 225+ bank accounts with over 27 banks
- Operations in 24 countries
- Exposure to 15 currencies ... and growing

## Goals:

- Add more value
- Adopt best practices
- Implement standard processes
- Become more strategic
- Less manual data; use of Excel
- Reduce trapped cash
- System connectivity
- Automation

**TMS**

# Planning – Business Case & Vendor Selection

## Internal

- Build a strong business case
- Get approval for spend in budget
- Find ‘hot button’ issue and leverage

## External

- Vendor Selection, Due Diligence
- RFP
- Onsite system demos
- Reference checks
- Leverage relationships, network, conferences

## TMS Vendor Selection Criteria

- ✓ User Interface \*
- ✓ Module Capability \*
- ✓ Vendor stability, Growth, market position \*
- ✓ Prior experience with TMS \*
- ✓ Global Capability (functions, languages) \*
  
- ✓ Bank connectivity
- ✓ Cost
- ✓ Support / Service
- ✓ Customer feedback, benchmarking
- ✓ Ease of implementation

\* Key decision & selection criteria



# Implementation



- A** – Adoption - Not Just Implementation
- B** – Business Priorities
- C** – Collaboration and Commitment
- D** – Documentation
- E** – Expectations
- F** – Flexibility

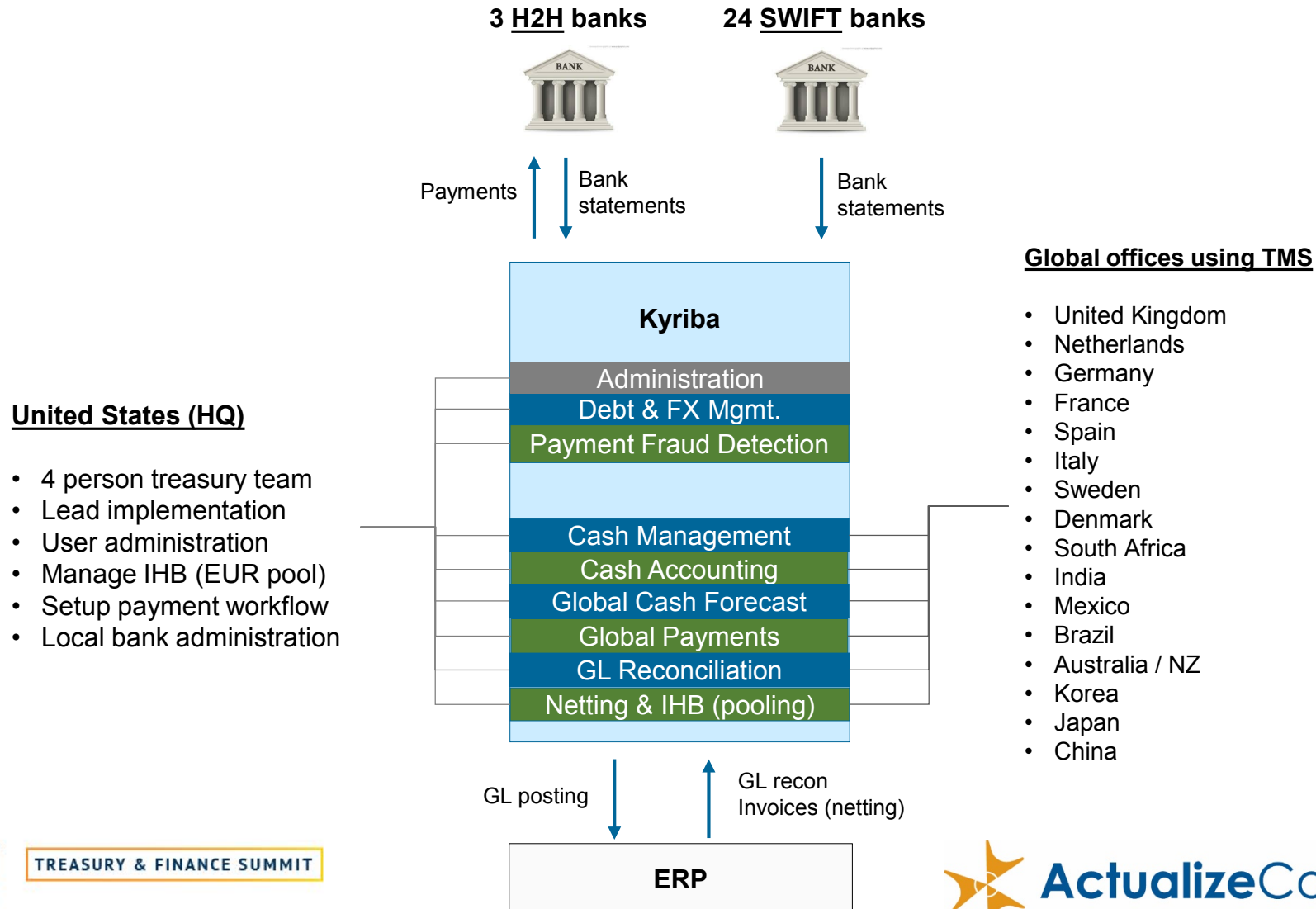
# Implementation - Approach

## Phased Approach - by modules

- Connectivity to global banks and account
- Global Payments – priority in Phase 1
- Modules
  - Phase 1.a: Cash and Forecasting, Financial Transactions, Payments
  - Phase 1.b: GL Posting, Payments, IHB, Fraud Prevention
  - Phase 2: GL Reconciliation, Netting
- Shifted focus to payments, centralization, HQ controls
- SaaS system, largely managed by Treasury (little IT intervention)



# TMS System Design



# 3 Ways Kyriba Enhances Operations Globally

## [1] Support global expansion & international finance teams



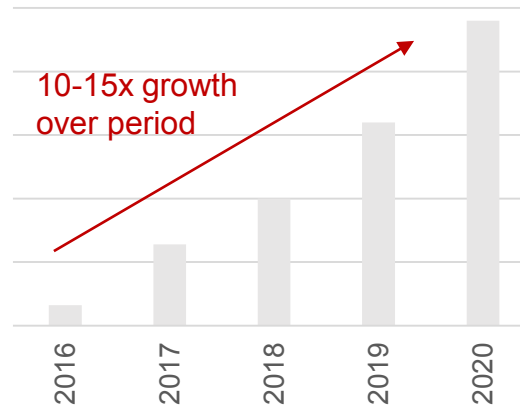
### New markets since 2014:

- India, S. Africa
- Portugal, Ireland
- Czech Republic, Slovakia
- New Zealand

## [2] Support rapid expansion of Trek-owned retail stores



Global Retail Stores



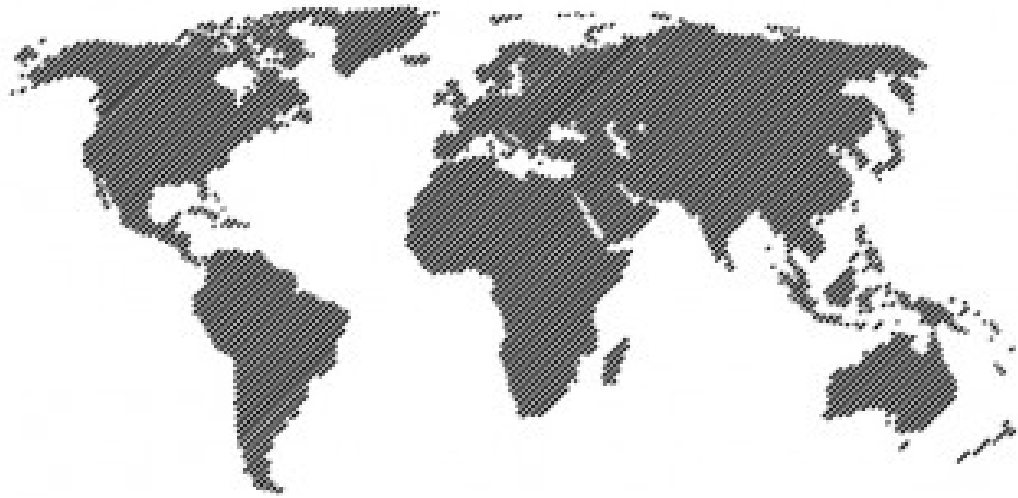
## [3] Mitigate Fraud - Standard global payment processes



### Facing increasing threats:

- Experienced significant increase in fraud attempts
- Top priority is improving global payment controls

# 1. Support Trek's Global Finance Teams



Kyriba is a **common global platform** for our global finance teams

## Global offices

- 20 offices around the world
- Most have 1-3 people in finance
- Offices provide coverage, SEGROD

## Focused on Kyriba productivity benefits

- Daily cash position
- Cash forecast actuals auto populate
- Payments generated from ERP
- Cash accounting automated JE's
- Bank account reconciliations



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# 2. Support Trek's Rapid Growth in Retail

## Retail Store Payments

- Each retail store has 4-5 monthly utility payments
- Converted manual check payments to auto debit
- Debit filter to restrict who can debit account
- Kyriba creates journal entry from bank data
- Very scalable process with minimal workload after setup

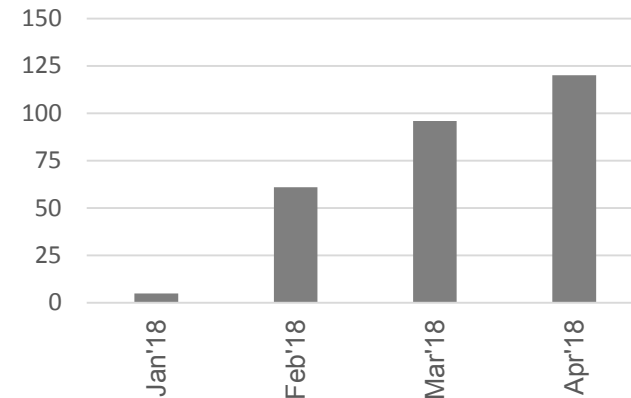
## Automate Cash Accounting

- Sub account bank structure with auto sweep to master
- Kyriba records sweep transfers and bank fees

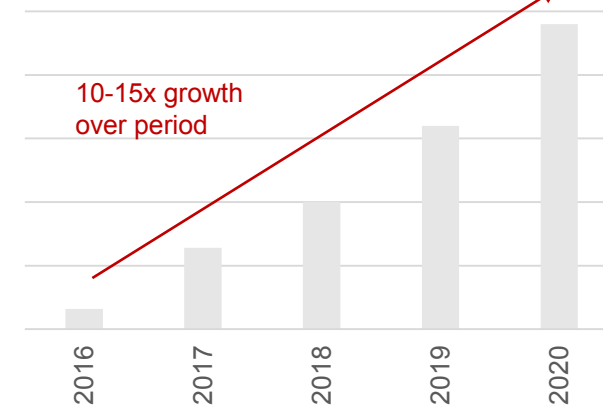
## Automate Bank Account Reconciliation

- Bank account reconciliation 90% automated
- Process will be automated when fully implemented

Monthly store utility payments via DD



Global Retail Stores



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# 3. Mitigate Fraud – Plan & Executive Message

## Plan to mitigate fraud

**Security** - Strengthen and standardize global payment process to be much more resilient to fraud

**Simplicity** - Simplify global banking structure, standardize processes, reduce number of bank partners

**Automate** - Leverage technology to ↓ manual processes; create time for ↑ value add work

**Efficiency** - Identify opportunities to save money (interest, FX, labor cost, bank fees)

## Executive message

- No payment is a rush
- No Executive will instruct you to make a payment via email
- No payment should bypass controls

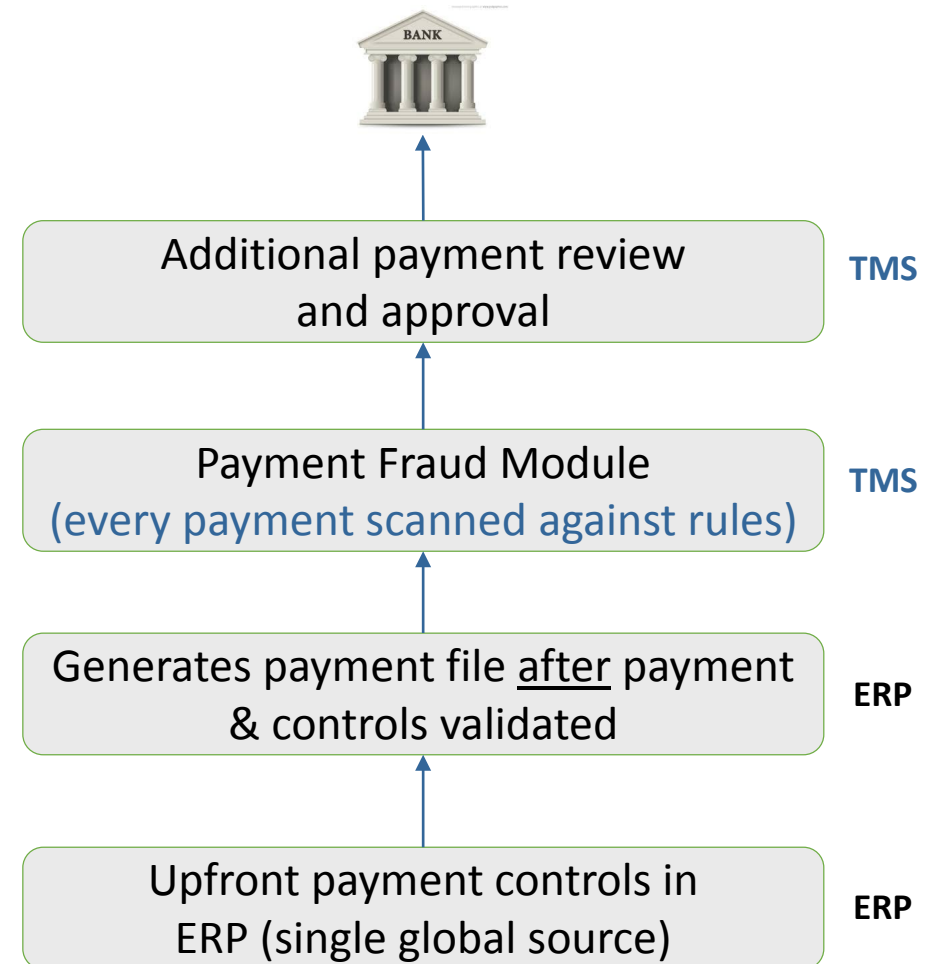


# Mitigate Fraud – Standard Global Payment Process



Global payments process had weaknesses that made us more vulnerable to fraud

- Multiple (27) bank portals
- Some controls could be bypassed
- Inconsistent global processes
- Payment files not always secure/STP
- Local bank user setup weaknesses

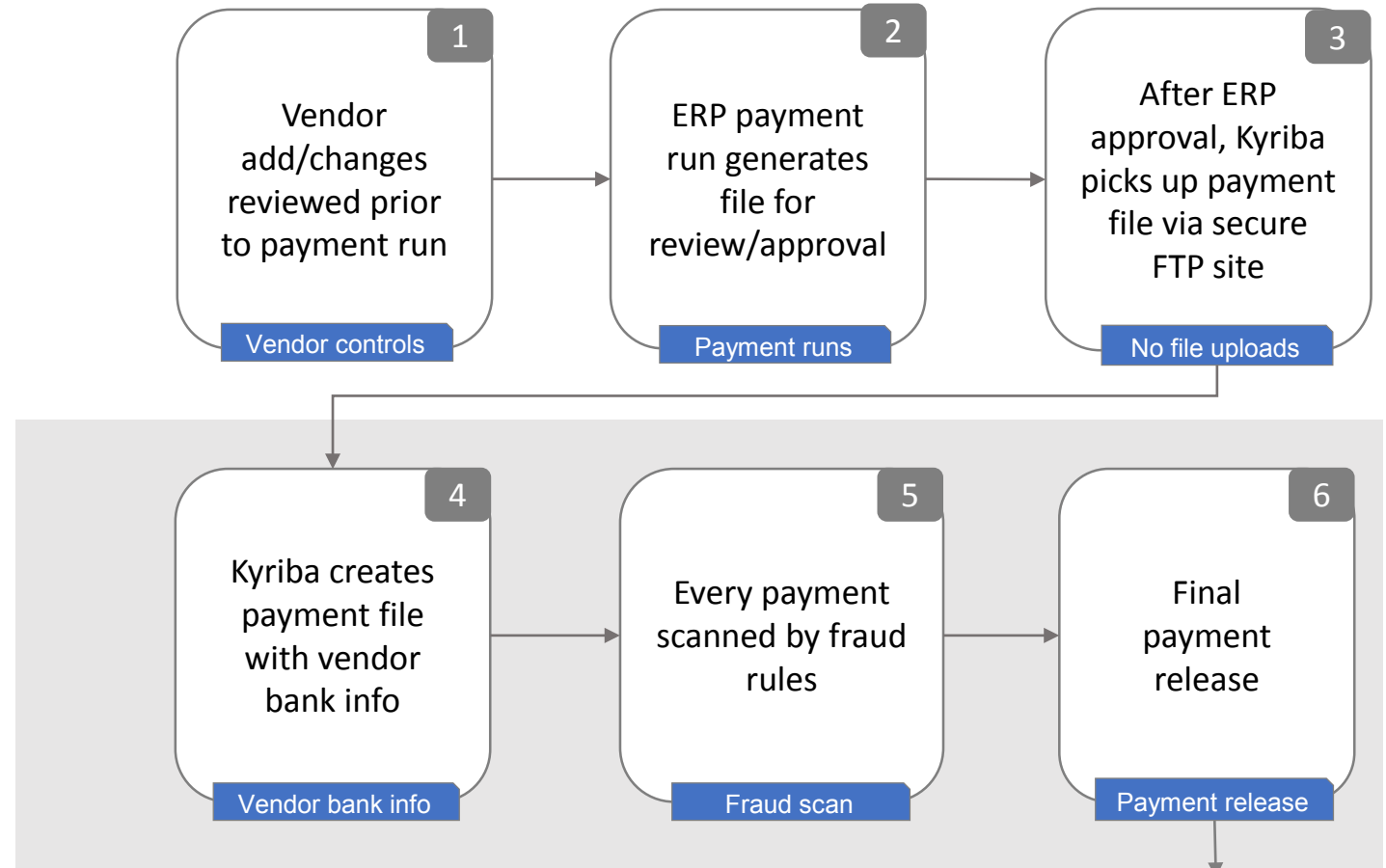




# Mitigate Fraud – Standard Global Payment Process

## 6 Key Takeaways

1. Vendor controls must be complete before payment run
2. Move to scheduled payment runs
3. No manual file uploads/entry to bank
4. Kyriba holds vendor bank information
5. Every payment scanned for fraud
6. Only 10 users can release payments



# Mitigate Fraud – Local Bank Payments by Exception Only

## Kyriba

- Account for ~ 99% of payment value
- Scanned by fraud detection module
- Dual payment authorization
- Single Sign-On (SSO)
- Treasury user administration

## Local Bank Online Portal

- Account for 1-2% of payment value
- Limited to payments that cannot be done by global bank and Kyriba (e.g. certain tax payments)
- Identify individual payment types that are done through local bank portals
- Lock down local bank portals as much as possible to prevent non-authorized payments
- Treasury will need admin access where possible



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# Mitigate Fraud – Key Changes

Beginning State	End State	Comments
Payments from 27 different bank portals	Payments from 3 banks <b>via Kyriba</b>	Exceptions approved by the Treasurer/CFO (e.g. taxes, payroll)
Free form payments allowed in bank portals	Restricted templates mandatory for bank portal payments	Bank portal access removed where possible
> 60 individuals can release payments in bank portals	Only 10 individuals can release payments in Kyriba	
High priority/wire payments used	All payments sent low value unless required to be high value	Payment type managed by vendor in ERP
ERP files can be edited after generation	ERP files flow direct to SFTP server	Kyriba fraud module alerts if a change is made to payment
Inconsistent payment process and vendor setup/change process – no review/approval	Standard payment and vendor set up/change process w/review/approval	Includes direct debit payments to be processed in ERP
Vendor bank data stored in ERP and/or bank portal, or not stored	Vendor bank data stored only in Kyriba	
No fraud review of payments	Kyriba fraud module review	

# Mitigate Fraud – Kyriba Fraud Module

- Rules configured by treasury
- Two different groups receive fraud alerts
  - **Notification** – receives ‘read-only’ notifications when fraud alerts occur
  - **Action** –review and decide if payment can be released
- Only treasury can release payments from fraud module
- Dashboard shows alerts by value at risk, rule, status, and screening type

Detection Rule	What Rule Does	Comments
Blacklist	Stops any payment to any blacklisted country	Use where payments prohibited (Iran, Iraq, Syria, North Korea)
Whitelist	Stops any payment to a vendor located outside a pre-approved list of countries	Whitelist will be customized for each Trek subsidiary
First Payment	Stops the <u>first</u> payment in Kyriba to a new (or newly updated) bank account	Ideal control for bank account changes and fraud prevention May trigger false positives
High Value Wire Payments	Stop & hold all <u>wire payments</u> over a certain amount	Will be customized for each Trek subsidiary
Payment Patterns	Stop or flag payments where amount or frequency to a vendor does not match history	Good for catching errors and internal fraud
Payment Changes	Stop any payment that was changed after being imported from an ERP system	Protects payment integrity



# Implementation - Challenges

## Manage change in priorities mid-project

- Undertook bank rationalization project
- Payment implementation/rollout bumped to top priority
- Mitigate potential I.T. rework

## Fighting scope creep

- Clearly defining scope given changing environment
- Clean up/change processes to meet best practices and fit Kyriba versus making Kyriba fit current processes

## Internal resources

- Treasury struggled to free up time to focus on Kyriba
- IT resources constrains Q2 2018 – Q1 2019



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# Lessons Learned

## Project Management

- Implementation takes longer than planned – set expectations accordingly
- Be flexible for changes in plan and think about the long term best practices
- Simplify and prioritize (begin with the end in mind)

## Great opportunity to “reinvent” treasury; launch best practices

- Focus on account and bank rationalization
- Move to standard processes globally - benchmark other companies, attend seminars

## Gain support of other groups

- Focus your messaging on benefits to teams outside of treasury
- We had multiple teams (retail, audit) championing Kyriba to solve *their* issues



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# Lessons Learned... continued

## Implementation and Training

- Start using the function/module fully when trained. This helps users to retain training
- Complete entire setup/implementation before moving to next function. Having too many pieces in implementation at same time can delay completion of any one function

## Project Scope

- Have complete understanding of payment types and requirements by bank/country to avoid change orders and additional costs
- Be prepared to change internal processes to fit the functionality of the Kyriba

## “Best team on the field”

- One of Trek’s core values is the emphasis on talent management
- Trek’s internal team and Actualize team have both been critical to success of the project

# THANK YOU

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