



# SUNGARD ANALYSTS' DAY

BOSTON | DECEMBER 6, 2010



TRANSPARENCY • EFFICIENCY • NETWORKS

WHAT'S YOUR POSITION?

**SUNGARD**<sup>®</sup>

TEN IN PRACTICE

## Trade Credit Management *Maximizing Cash*

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EVP, Trade Credit Solutions

SunGard AvantGard

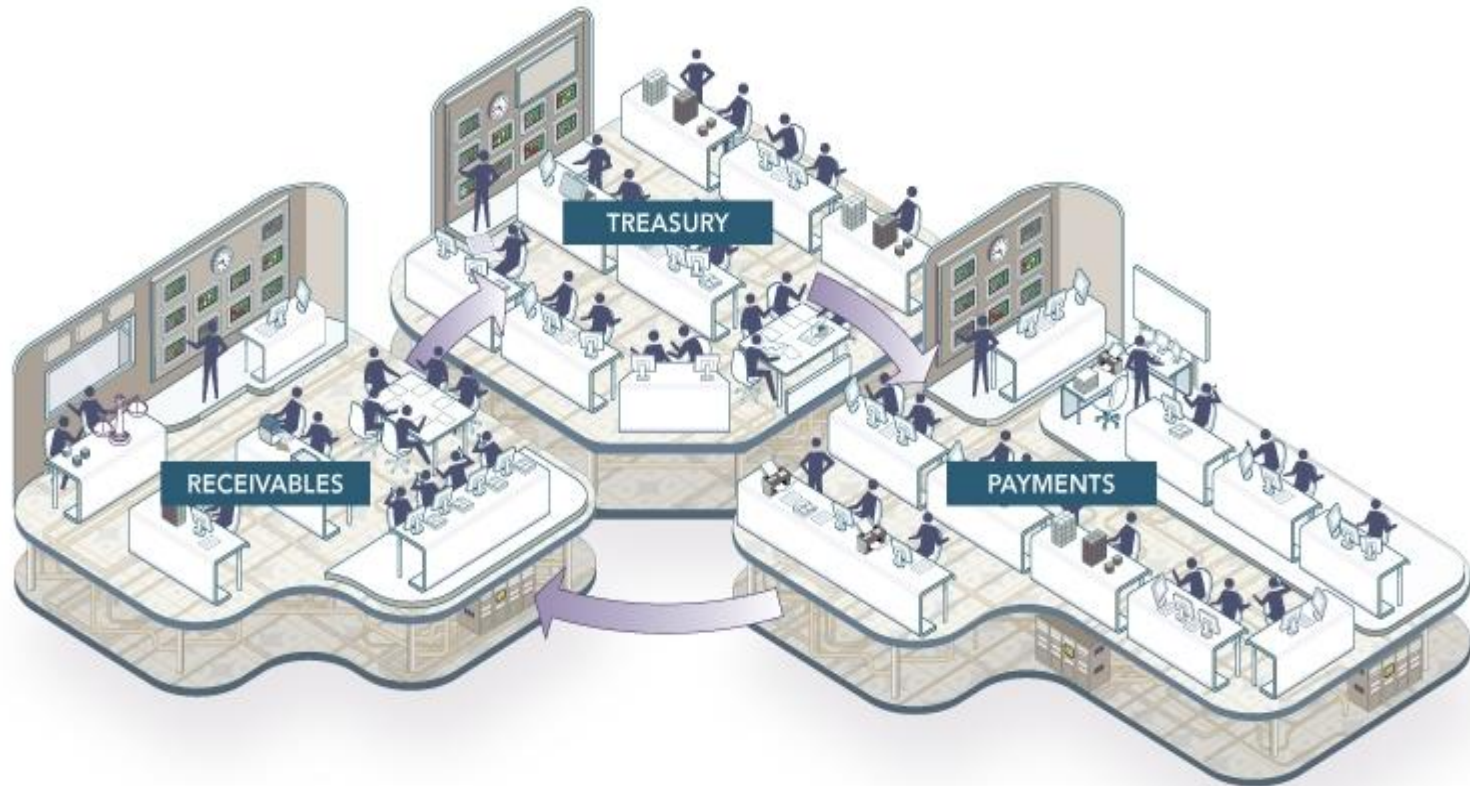


# **SunGard AvantGard – Liquidity Management**

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# AvantGard Strategy



- Optimize Receivables, Treasury, Payments
- Foster Collaboration Between Trading Partners
- Provide a Market Neutral / Vendor Neutral Connectivity Platform

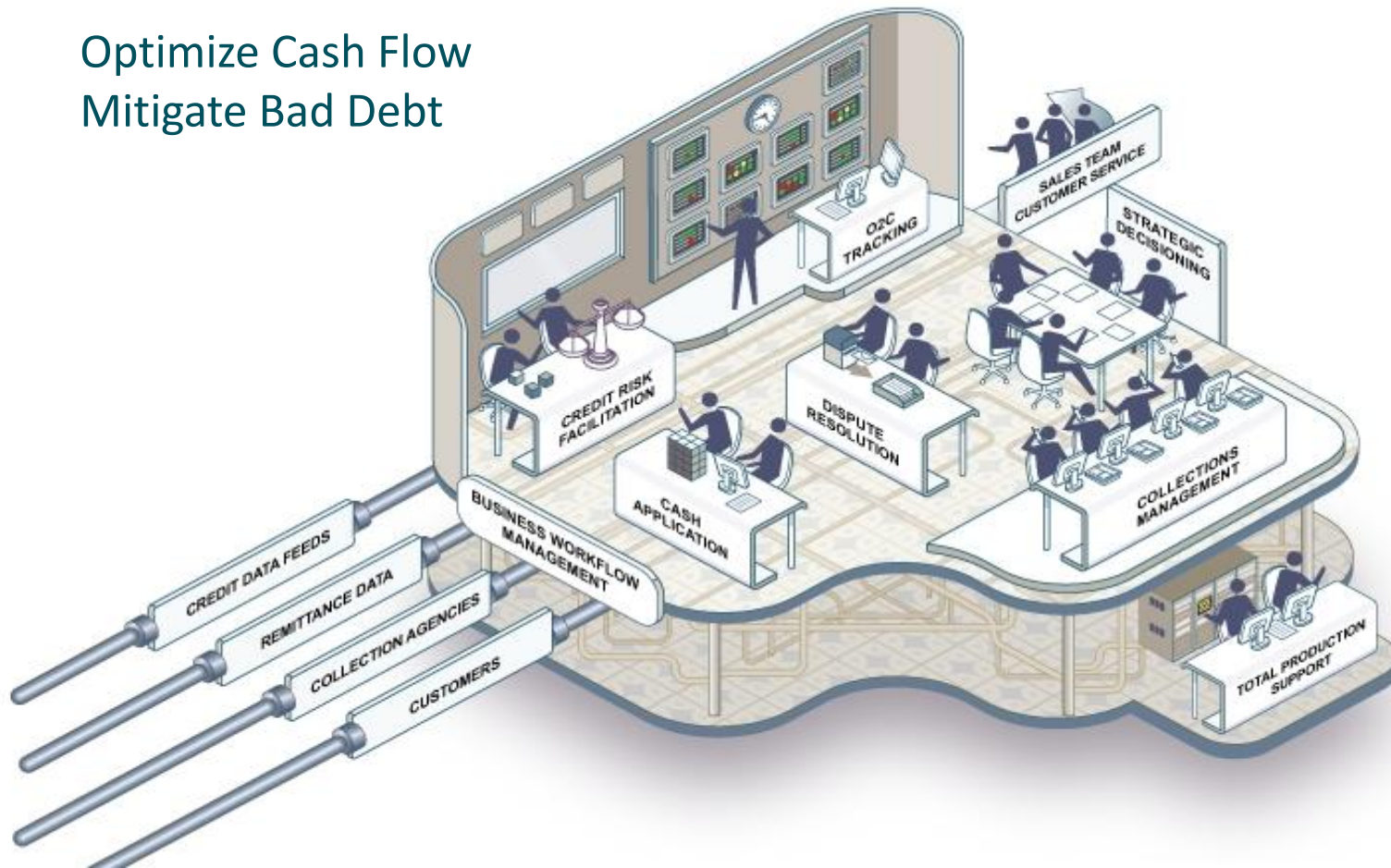
# **SunGard AvantGard – Trade Receivables**

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# AvantGard Receivables

Optimize Cash Flow  
Mitigate Bad Debt



Foster Connectivity Across the EcoSystem

# Trade Receivables – what have we learned?

- Aggregation
  - Customers
  - Data
    - POs, Invoices, Line Item Detail, Disputes, Remittances
    - Payment History
- Connectivity and Visibility
  - Payment habits of our Customers' customers
  - Promises to pay, disputes
  - Approved payments
  - Lock box feeds
  - Credit Bureau Data
  - Financial Trading Partners

# **SunGard AvantGard – Trade Credit**

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# Trade Credit

- What is Trade Credit?
  - Trade Credit is the arrangement between business to buy goods or services on account with the payment being due at a agreed upon date in the future
    - Suppliers finance their Buyers
  - Trade Receivables is the resulting “loan” due to the Suppliers from their Customers (Buyers)
  - Trade Receivables is often the largest use of funds on the balance and as a result the largest source of funds
  - Trade Credit Solutions help analyze the resulting trade receivable portfolio to determine the best treatment of segments of receivable to yield the best return on the capital investment that is Trade Credit
  - **The Savvy CFO or Treasurer continually considers ways to optimize Trade Credit**

# Example: Caterpillar

Period Ending	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009
<b>Assets</b>				
Current Assets				
Cash And Cash Equivalents	2,265,000	3,597,000	3,538,000	4,867,000
Short Term Investments	-	-	-	-
Net Receivables	16,335,000	15,475,000	15,344,000	15,128,000
Inventory	9,006,000	7,339,000	6,990,000	6,360,000
Other Current Assets	971,000	965,000	540,000	434,000
<b>Total Current Assets</b>	<b>28,577,000</b>	<b>27,376,000</b>	<b>26,412,000</b>	<b>26,789,000</b>
Long Term Investments	13,082,000	12,889,000	13,012,000	13,355,000
Property Plant and Equipment	12,065,000	11,763,000	12,057,000	12,386,000
Goodwill	2,634,000	2,292,000	2,284,000	2,269,000
Intangible Assets	824,000	485,000	488,000	465,000
Accumulated Amortization	-	-	-	-
Other Assets	1,551,000	1,524,000	2,025,000	2,060,000
Deferred Long Term Asset Charges	2,909,000	2,464,000	2,558,000	2,714,000
<b>Total Assets</b>	<b>61,642,000</b>	<b>58,793,000</b>	<b>58,836,000</b>	<b>60,038,000</b>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	10,544,000	9,921,000	8,914,000	8,620,000
Short/Current Long Term Debt	8,271,000	8,927,000	8,622,000	9,784,000
Other Current Liabilities	1,363,000	936,000	881,000	888,000
<b>Total Current Liabilities</b>	<b>20,178,000</b>	<b>19,784,000</b>	<b>18,417,000</b>	<b>19,292,000</b>
Long Term Debt	20,337,000	20,226,000	21,548,000	21,847,000
Other Liabilities	10,795,000	9,079,000	9,397,000	9,599,000
Deferred Long Term Liability Charges	-	-	-	-
Minority Interest	38,000	87,000	80,000	83,000
Negative Goodwill	-	-	-	-
<b>Total Liabilities</b>	<b>51,348,000</b>	<b>49,176,000</b>	<b>49,442,000</b>	<b>50,821,000</b>
<b>Stockholders' Equity</b>				
Misc Stocks Options Warrants	457,000	432,000	452,000	477,000
Redeemable Preferred Stock	-	-	-	-
Preferred Stock	-	-	-	-
Common Stock	3,757,000	3,636,000	3,482,000	3,439,000
Retained Earnings	-	20,133,000	19,941,000	19,711,000
Treasury Stock	(10,463,000)	(10,539,000)	(10,595,000)	(10,646,000)
Capital Surplus	-	-	-	-
Other Stockholder Equity	16,543,000	(4,045,000)	(3,886,000)	(3,764,000)

# Example: Hillenbrand

<b>Assets</b>				
<b>Current Assets</b>				
Cash And Cash Equivalents	82,200	72,900	4,100	35,200
Short Term Investments	13,700	29,700	29,900	-
Net Receivables	135,100	126,200	123,100	116,700
Inventory	69,900	42,900	42,500	42,500
Other Current Assets	16,700	10,800	9,800	38,500
<b>Total Current Assets</b>	<b>317,600</b>	<b>282,500</b>	<b>209,400</b>	<b>232,900</b>
Long Term Investments	173,500	170,800	166,900	170,400
Property Plant and Equipment	111,200	84,500	84,500	85,300
Goodwill	-	-	-	-
Intangible Assets	408,000	15,300	15,800	16,300
Accumulated Amortization	-	-	-	-
Other Assets	24,100	21,100	21,700	21,200
Deferred Long Term Asset Charges	-	35,900	37,400	35,000
<b>Total Assets</b>	<b>1,034,400</b>	<b>610,100</b>	<b>535,700</b>	<b>561,100</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	56,700	62,400	55,500	57,500
Short/Current Long Term Debt	13,600	29,700	-	60,000
Other Current Liabilities	64,300	47,800	31,800	17,400
<b>Total Current Liabilities</b>	<b>162,300</b>	<b>139,900</b>	<b>87,300</b>	<b>134,900</b>
Long Term Debt	375,000	-	-	-
Other Liabilities	147,200	122,000	123,500	122,200
Deferred Long Term Liability Charges	28,300	-	-	-
Minority Interest	-	-	-	-
Negative Goodwill	-	-	-	-
<b>Total Liabilities</b>	<b>685,100</b>	<b>261,900</b>	<b>210,800</b>	<b>257,100</b>
<b>Stockholders' Equity</b>				
Misc Stocks Options Warrants	-	-	-	-
Redeemable Preferred Stock	-	-	-	-
Preferred Stock	-	-	-	-
Common Stock	-	-	-	-
Retained Earnings	116,300	114,700	97,000	79,300
Treasury Stock	(15,000)	(15,400)	(17,000)	(17,500)
Capital Surplus	304,600	302,200	299,600	297,600
Other Stockholder Equity	(56,600)	(53,300)	(54,700)	(55,400)
<b>Total Stockholder Equity</b>	<b>349,300</b>	<b>348,200</b>	<b>324,900</b>	<b>304,000</b>

# Trade Credit Optimization

- Examples of ways to Optimize Trade Credit
  - Trade Finance
    - Not just Export/Import
    - Loans backed by Trade Receivables
    - Securitization
    - Commercial Financing
    - Factoring
    - Supply Chain Financing
  - Strategic Collections
    - Automated Collections
    - Personal Touch
  - 1<sup>st</sup> and 3<sup>rd</sup> Party Outsourcing
  - Credit Insurance
  - Credit line maintenance
  - Credit Bureau Data

# **SunGard AvantGard – Trade Credit Solutions**

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# Leverage What We Have Learned

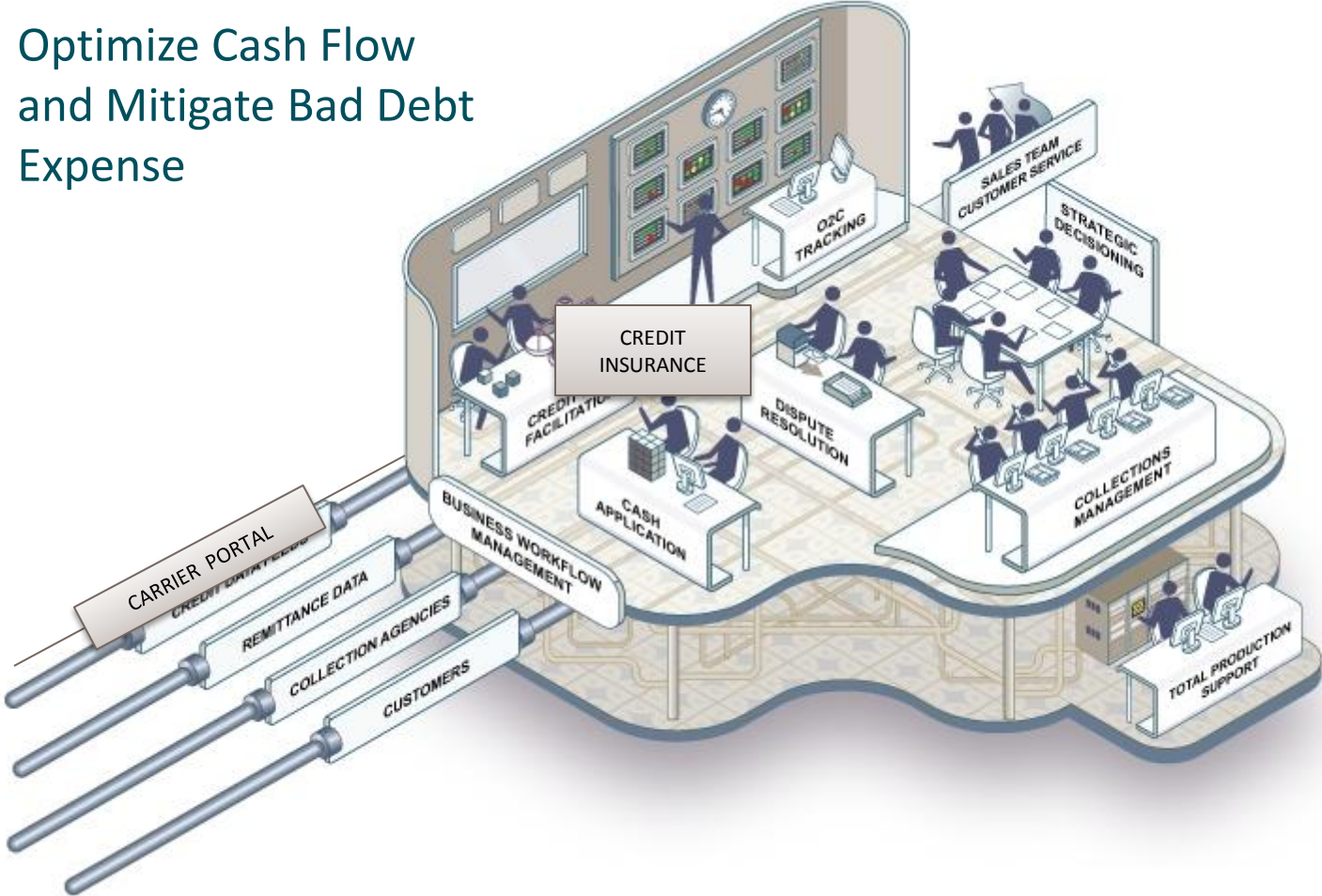
- Statistical Modeling
  - Use customer experience to help predict probably cash flows
  - Determine the best use of the existing receivables
    - Include short term sales
  - Suggest ways to optimize the Trade Receivables portfolio
    - Maximize the return
    - Minimize the cost

# Practical Example – Credit Insurance

- Credit Insurance
  - Suggest segmentation of customer base to insure
    - Increase sales to those customers
    - Minimize risk (losses)
  - Carrier Portal
  - Compliance
  - Remediation

# AvantGard Receivables

Optimize Cash Flow  
and Mitigate Bad Debt  
Expense



Foster Connectivity Across the EcoSystem

# Practical Example – Vcards

- Vcards
  - Suggest segmentation of customer base to use Vcards
    - Increase sales to those customers
    - Minimize risk (losses)
  - Suggest Buyers to use PNE offering

# Practical Example – Reverse Factoring

- Buy Side Finance Programs
  - Suggest segmentation of customer base to use Buy Side Financing
  - Buyer gets to extend DPO
  - Supplier reduces DSO
  - Liquidity providers make money on arbitrage of rates

Questions?

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