

All Systems Go!

How to Ace Treasury Technology Selection and Implementation

Treasury technology has come on leaps and bounds in recent years with flexible and affordable options putting greater levels of automation, efficiency, and control into the hands of treasurers. To take full advantage of these developments, treasurers should create a robust project plan for choosing and implementing a system.

Today's treasury technology landscape is brimming with innovation – especially in the payments space. Improvements in payment hubs, API connectivity, payments centralisation, and real-time payments all offer ways to drive cash management efficiencies. In addition, the ISO 20022 standard continues to gain traction, enabling huge volumes of condensed data to be managed. As for treasury systems themselves, the days when treasurers had only the option of a monolithic system that would have to run from their premises are a distant memory, as cloud TMS options have simultaneously reduced cost while offering best-in-class technology.



By **Ben Poole**, Columnist

Despite this effervescent marketplace, some of these developments are taking a while to seep through to treasury departments. Deloitte's recent biennial Global Corporate Treasury Survey¹ captures a picture of a treasury industry that is starting to take advantage of technological advances but has plenty of scope for broader adoption. For example, while the survey found that 78% of corporates are using technology to assist with treasury accounting, this drops to 64% for cash management and 50% for cash flow forecasting. Those using technology for bank relationship management (47%) and commodity price risk management (43%) are in the minority.

Looking ahead, however, the survey finds treasurers keenly identifying areas where they expect to see more automation of their treasury processes, most notably in cash flow forecasting (78%) and cash management (74%).

Raquel Grady, Senior Manager, Deloitte, comments: "I've seen much more interest lately in the stand-alone forecasting tools. Just by the nature of the markets and the environment, treasurers want better visibility of their cash, not just today and tomorrow but down the line. This is an area where many of the TMS companies tend to invest a little bit less. Emerging technology companies are creating stand-alone tools that, critically, tend to integrate with TMS products. This makes them an attractive option."

Bring all stakeholders along

With such a wide range of technology options available to treasurers, understanding the suitable systems and tools for their specific situations is vital. As is sparking interest in the technology project within treasury and also across all stakeholders elsewhere in the organisation.

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Justin Brimfield, Chief Marketing Officer, Institutional Cash Distributors (ICD), remarks: "So much project success happens before the group even begins to look at technology. Ensuring the right team is in place to set internal expectations for time commitments is vital. I've seen many TMS selections where the buyer gets to the final stage and goes into contracting, only to discover that their buying process internally is supposed to include procurement from the start. Treasurers must understand how their organisation buys tech."

Identifying the best areas to target with technology requires treasurers to document current processes, highlight inefficiencies, and assess how people spend their time. Reviewing the current state of the treasury's tech infrastructure through the filter of what can be eliminated or enhanced helps to determine the appetite to transform treasury. It also releases the treasurer to plan out the future state of their technology landscape. Often, this will require integration points with other parts of the business, which is why full stakeholder buy-in from the start is paramount.

"During the selection process, treasurers need to start sparking the interest with all the different stakeholders in the organisation that will be impacted by the new TMS," suggests Grady. "Often, it is not just a treasury project, so it needs to be sold to everyone that it will benefit, upwards, downwards, and sideways. Treasurers need buy-in to achieve a successful project because, ultimately, all of those stakeholders will have to dedicate some level of interest and time into the project."

Interrogate the vendors

The project planning group, comprising the treasurer and all stakeholders, should create a shortlist of vendors that appear to fit the need. Many organisations will



RAQUEL GRADY

Senior Manager, Deloitte

also use a consultant to help narrow down the list. With the shortlist agreed upon, it is time to meet the vendors, hold demos, and try to match solutions against a prioritised list of requirements. Having a document listing these requirements is an efficient means by which to score the various vendors during the process - this will be invaluable in assisting the project team in making the final decision.

With the scoring matrix deciding the technology solution and vendor, the project team is ready to kick off the contracting process and build the statement of work, making it clear who is responsible for which stage and when. This is also the ideal time to re-emphasise the benefits of the technology to all stakeholders, encouraging them and gaining commitment from each team. The timing of the launch of the project is an important element to consider, depending on seasonal factors that may affect the specific business or industry in which the organisation operates.

"We're currently supporting several clients who are going through an RFP or a selection process, meaning that they're planning to start this implementation after the beginning of the new year," reveals Grady. "November is a good time to start looking at technology providers, making your selections before Christmas, and then getting the ball rolling right after the first [day] of the year."

Seek buy-in across the board

For a successful treasury technology implementation, the kick-off period is all important. Begin with a discovery phase, a series of workshops to gain alignment across stakeholder groups from internal and external parties. This means everyone will be on the same page from the start.

“Some of the items that treasurers need to consider during this planning include what the scope of the implementation looks like,” suggests Grady. “What is being implemented now versus in the future? If a company is going from spreadsheets to a TMS, they may start by developing their baseline processes and then later look to enhance them. But get that decision made during the discovery phase.”

Firms also need to plan for the project in the context of their specific organisation, factoring in any other interdependencies. “Consider busy seasons based on your industry, any vacations, public holidays or shutdowns are important because it’s not a case of ‘one size fits all,’” adds Grady. “It’s not 12 months to implement one type of system or 18 months to implement another. The timeline is dependent on the treasury organisation, their scope, and their resourcing.”

The resourcing element of the kick-off phase involves establishing a resource

model, including the number of FTEs and expected time commitment for each implementation stage. “With resourcing, treasurers need to understand what they are getting from the vendor and the implementation partner if they choose to work with one,” continues Grady. “Speak to them about the activities this will entail. Agree how many of those the treasury team is going to perform versus what will be done by the partner. Treasurers must ensure that they have dedicated full-time project resources, internally and from external partners.”

Grady notes that the Deloitte approach is typically to map out a detailed RACI (responsible, accountable, consulted, and informed) exercise with the internal team and the external partner(s) to bring transparency as to who owns which element of each phase. By going through each phase of each task and allocating those responsible for it, who might contribute and who will be updated about the progress, every party involved has clear visibility over their role and the expectations.

“This exercise is perfect for achieving group buy-in for the implementation from the vendor, the implementation partner, and the corporate,” Grady adds. “It sets the stage for good collaboration going forward.”

Go for rigour, structure, and governance

When everything regarding the implementation has been discussed and agreed upon, the decisions must be set in stone. This is where project governance comes in. A strong governance structure ensures the delivery of the product goals through a clear communication plan, a steering company to oversee everything, and risk and decision-making protocols.

“A very strong PMO [project management office] will make a huge difference in a project, as implementations tend to live and die by the governance and communication structure,” outlines Grady. “While the rhythm of that may change as the various phases are completed, having that rigour and structure – while also being flexible about altering it as the needs of the project change – is most critical.”

After establishing the governance processes, the implementation project

is ready to switch into execution mode. There are various ways to approach this, from a ‘big bang’ implementation where the company switches all relevant work to the new system simultaneously. However, this method may not be best suited to all corporates.

“Corporates can be extremely energised by an implementation project and want to do everything in one fell swoop,” Grady reveals. “For some, this will be possible and it can be successful, but it can also lead to delays and fatigued resources, which ultimately ends with budget overruns.”

The ‘traceability matrix’

Following a proof-of-concept model, where the corporate establishes the initial scope by function or region, enables a project to start small and gain early success. The implementation could begin with the most painful part of the treasury’s workload on a normal working day and then add capabilities from there. Or it could start in the region where the treasury is headquartered and roll out from that location, and so on. This approach can energise a project team.

Socialisation is another vital part of a successful implementation, ensuring that all project stakeholders are kept up to date with the progress and share in the achievements as items on the to-do list are ticked off.

“One of the activities I like to do as a project manager is to spend time once a month with the leaders of various stakeholder groups, such as accounting and financial reporting,” explains Grady. “We discuss where we are in the project. I provide updates, telling them what we’ve heard from their team and keeping them engaged in the overall process.”

These updates will include news of the testing of various components of the new system as the project team starts running data, processes and workflows through the technology to ensure smooth functioning when the initiative goes live. It is essential to map all requirements from the start of the project to create traceability across the entire scope of the project.

“I’m very insistent about what I call a traceability matrix,” reveals Grady. “To me, this is a living, breathing document that is used by the implementation team throughout the entire project life cycle.”



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At its inception, this document might even include pre-selection when treasury is mapping out business requirements and trying to decide what is required and why the project is necessary. The traceability matrix should cover what ‘a day in the life’ of the treasury team looks like, where the control points are, and where the handoffs and integrations with various systems will take place.

“This goes through to creating elements of the build and the system configuration,” adds Grady. “Finally, for every single one of those elements captured at the process level, the team should end up with corresponding test cases. This helps ensure completeness and accuracy from beginning to end.”

The power of API integration

For many corporates, their next technology implementation will be an addition to the existing treasury IT landscape. Integration is critical to efficiency in this scenario, ensuring that the various systems carrying out different functions are working harmoniously.

“Some organisations spend so much time logging into multiple systems or manually updating data from one system or another, which brings a high level of operational risk into the treasury process,” warns Brimfield. “ICD is a focused investment portal, so, for us, integration is key. We sit alongside the treasury system and connect to the ERP, the TMS and analytics solutions. We have data providers feeding the ICD application, and we either integrate directly to the banks or through the TMS.”

One increasingly popular integration method between treasury systems is via an API. This is one of the connectivity methods available to ICD through the portal’s open architecture. Brimfield cites Hunt Companies, a diversified, family-owned holding company that invests globally in

operating businesses, real estate assets, and infrastructure assets, as one example of a corporate utilising ICD’s API connectivity.

“Hunt had selected Kyriba as its TMS solution and, being an acquisitive company, one of the challenges was managing bank information across eight separately owned businesses treasury manages,” notes Brimfield. “Working with Kyriba, we developed an integrated offering on Kyriba’s API marketplace so they could also automate the investment of their idle cash.”

This integration enables Hunt to establish its cash position and forecast the future cash position based on what can be seen from the business.

“Hunt has some predetermined investment funds that meet its investment policy requirements, which cash is swept to, and in turn enables the business to earn yield off short-term cash,” adds Brimfield. “That data flows back into Kyriba so the treasury team can have a consolidated view of cash.”

Another case study highlighting what a successful treasury technology integration can look like comes from Zalando, a fast-growing European online fashion and lifestyle platform. The challenge the firm faced was that the maturity of its treasury function was struggling to keep pace with the company’s aggressive growth.

“Zalando realised that there was a tonne of time-consuming, low-value

tasks happening within the treasury organisation, and the technology stack was cobbled together over time to react to problems and challenges,” reveals Brimfield.

Zalando transformed its entire treasury organisation, scrapping the existing mishmash of custom solutions in favour of SAP’s S/4HANA. Working with SAP, ICD developed an integrated offering that enabled Zalando to have a consolidated, cross-organisational exposure view of counterparty risk.

“Much of the co-innovation allowed for improved cash visibility, more effective liquidity management and enhanced risk management,” enthuses Brimfield. “The whole automation of MMF accounting was solved. This gave Zalando treasury one source of truth. The team could go to one integrated system to get the required information, while single sign-on enabled faster transition between the two systems.”

The case studies from Hunt and Zalando highlight what can be achieved when a technology implementation project is built on solid foundations. Getting the basics right from the beginning of a project and ensuring that all stakeholders are engaged with the initiative throughout can not only drive a successful implementation but also underpin the future performance of the treasury function. ■

Watch the on-demand ICD Insight webinar with Deloitte
“How to Buy and Implement Treasury Technology”

icdportal.com/resources/how-to-buy-and-implement-treasury-technology/

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¹ <https://www2.deloitte.com/us/en/pages/risk/articles/global-corporate-treasury-survey.html>