



Strategic Approach to Corporate Treasury Technology

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Importance of Technology

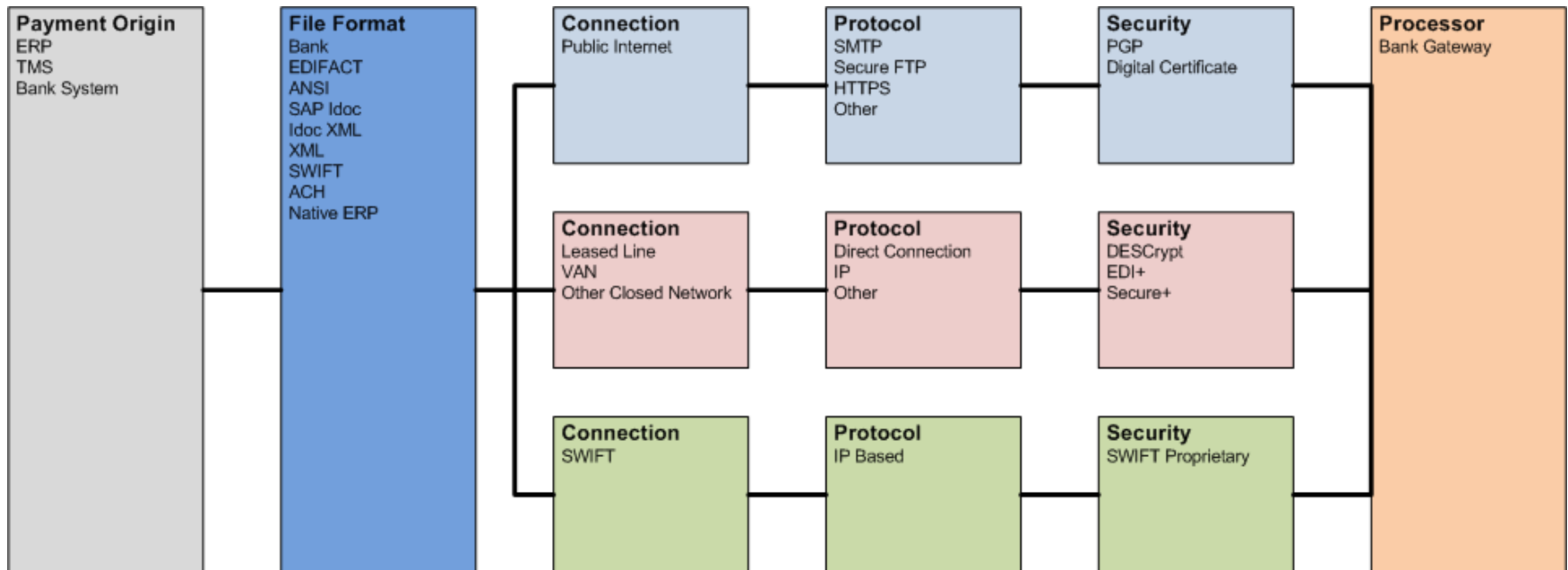
- Retrieve, review, analyze and transmit large amounts of financial data in a timely manner
- Interact with internal and external counterparties including accounts payable, payroll and financial institutions
- Ensure accuracy and security in all treasury activities
- Leverage SEPA, SWIFT and ERP developments
- Optimize liquidity in a tight credit market

Problem Areas

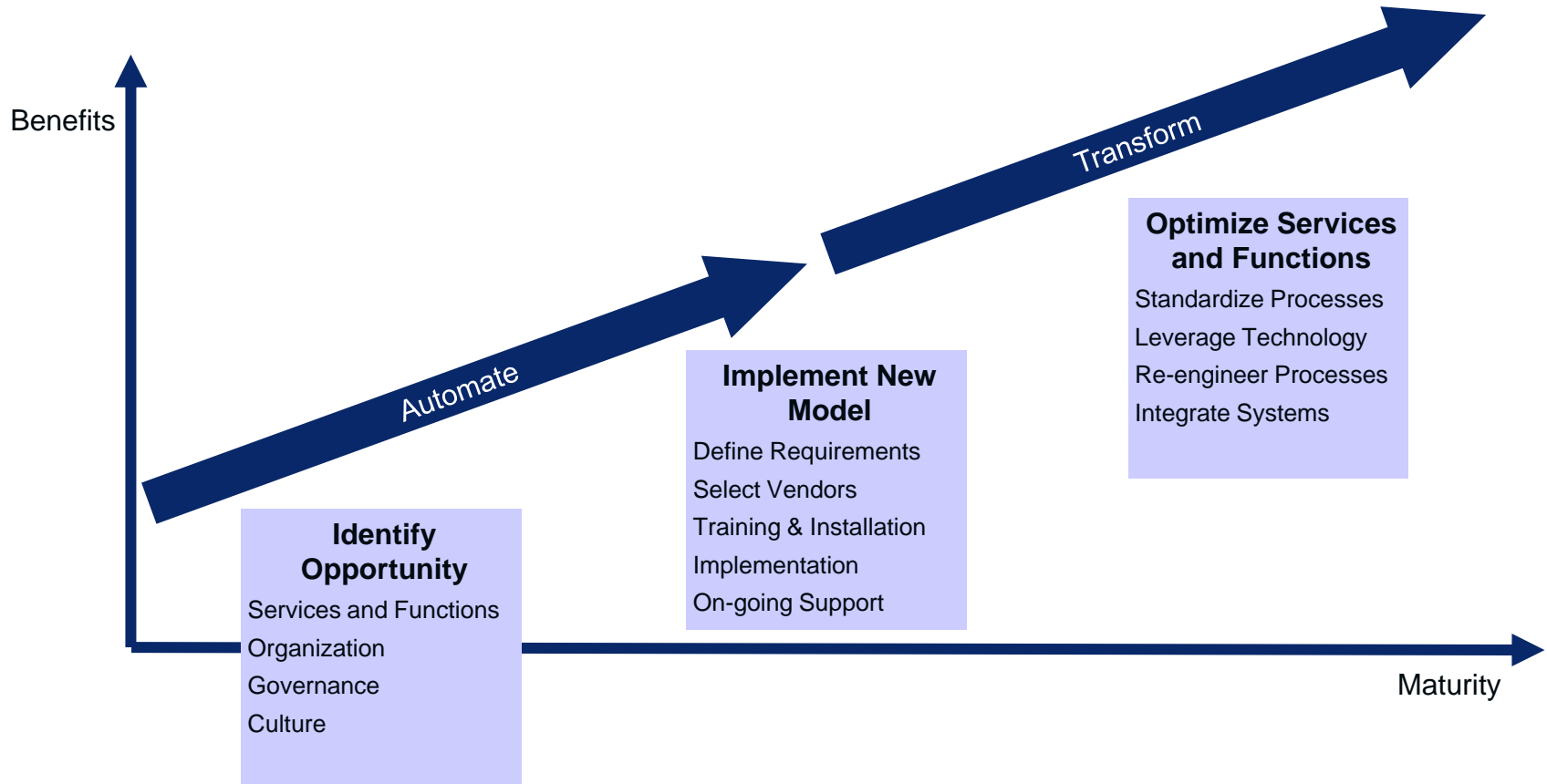
- Manual activities
 - Re-keying data
 - Cash forecasting
- Data storage
 - Security
 - Scalability
 - Consistency
- Integration
 - Treasury and ERP
 - ERP and banks
 - Banks and treasury
- Control
 - Multiple locations issuing payments / making collections
 - Intercompany obligations
 - Regional reporting needs
 - Multiple G/Ls
 - Bank relationship management

Payment Options

Complexity in each dimension of treasury activity



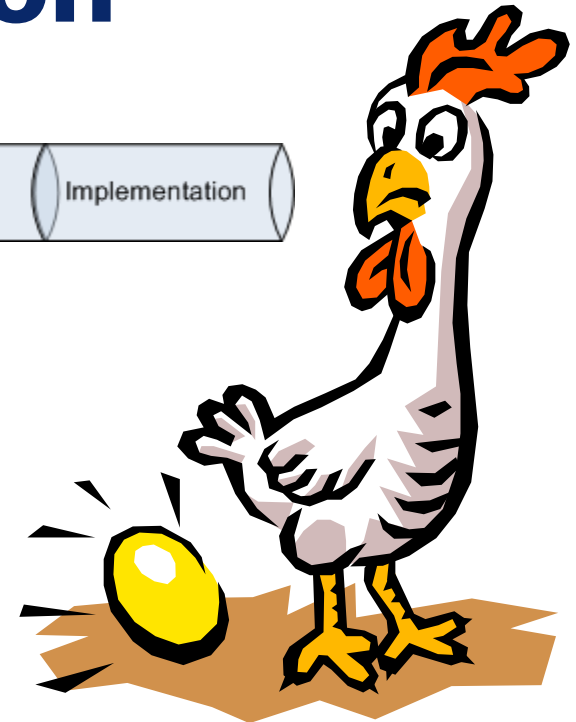
Leveraging Technology



Strategy vs. Selection



Strategy \neq Selection



Agenda

- Technology and Architecture
- Strategic Approach
- Execution Tips
- Technology Diagnostic
- Questions

Technology and Architecture

Technology Alternatives

Four basic options

- Spreadsheets
- Bank Websites
- Treasury Management Systems
 - Stand alone
 - ERP based
- ASP Treasury Management Systems

Comparison of Alternatives

Alternative	Features/ Functions	Ease of Use	Ongoing Support	Security/ Controls	Cost Visibility	Total Cost of Ownership
Spreadsheets	Low	Low	None	Low/None	Low	High
Bank Website	Medium	High	Medium	High	Low	Medium to High
Treasury Management System	High	High	Medium to High	High	High	Medium
ASP TMS	High	High	High	High	Medium	Medium

Functionality Comparison

Function	Spreadsheets	Bank Site	Treasury Workstation	ASP Treasury Workstation
Cash Position / Forecasting	Multi bank	Multi bank	Multi bank	Multi bank
Transaction Origination	Limited	Single bank	Multi bank	Multi bank
Account Information	Limited	None	Multi bank	Multi bank
Inquiry Capability	Limited	High	High	High
Reporting	Fixed	Customizable	Customizable	Customizable
Data Entry / Collection	Manual	Automated	Automated	Automated
Back-up / Restore	Manual	Vendor provided	Automated	Vendor provided
Debt / Investment Management	Limited	Single Bank	Multi party	Multi party
FX	None	Single bank	Multi bank	Multi bank
Risk Management	Manual	None	Good	Good

Architectures

- Stand-alone
 - Application is installed on single workstation and run by one user at a time , e.g. Excel spreadsheet
- Client/Server
 - Workstations connect to a server-installed database. Multiple users access the same information simultaneously
- Hosted (ASP)
 - Applications are hosted at a site outside of the company's infrastructure; the provider is responsible for maintaining the hardware and software environment
 - Access to the application is given to the end users via a browser

Relative Merits

	Stand Alone	Client-Server	Hosted
Client Install	Yes	Yes	No
Hard/Software Cost	Low	Medium	None
IT Support	Low	Med-High	None
# of Users	Single	Multiple	Multiple
Locations	Single	Single	Multiple
Functionality	Low	High	Medium-High
Security/Audit	Low	High	High
Scalability	Low	Medium-High	Medium-High

Strategic Approach



- Inventory current systems and usage
- Identify issues (problems) and opportunities associated with current technology approach
- Quantify operating costs of current systems
 - Explicit fees and license costs
 - Costs of any inefficiencies due to technology
- Build clear diagram of how things fit together
 - Useful in developing business case



- Survey stakeholders and identify requirements
 - Must have
 - Nice to have
- Make sure that all stakeholders have been included
- Identify gaps in what is required and what is available (gap analysis)



- Understand the approaches available to meet requirements
- Stratify approaches in terms of
 - Leading edge
 - Bleeding edge
 - Financial viability
- Determine enterprise constraints
 - No hosted applications
 - Technical support availability



- Develop alternative scenarios for systems acquisition and usage
- Compare to business requirements and technology options
- Fully understand resource requirements, both systems and personnel
- Select strategic approach to technology



- Collect data relevant to your strategy and structure
- Calculate the benefits
- Estimate the costs
- Demonstrate the impact on bottom line
- Don't lose sight of your objectives



- Prioritize requirements
- Longlist RFI
- Shortlist RFP
- Vendor workshops
- Selection
- Implementation

Execution

Decision Drivers

- **Functionality:** What are the business processes that need to be supported
- **Scalability:** Will technology support changes/growth in business needs
- **Flexibility:** How well can the technology be adapted to your needs
- **Security:** What controls need to be placed around the business processes
- **Technology:** Are there enterprise constraints
- **Cost:** What is the TCO
- **Corporate Culture:** Is this leading edge or bleeding edge
- **Supportability:** How will the technology be supported going forward
- **Integration:** How key applications will share data

Integration

- Complete Integration: Components or modules are all part of the same application
 - Best option if all functional requirements can be met
- Database Level: Processes are set to directly link information in two or more databases
 - The most real-time approach outside of complete integration
- File-Based: Data is extracted from one database into a file, possibly processed further and then loaded into other database(s)
 - Involves more steps introducing possible points of failure; auditing steps, and error handling become critical

Common Integration Points

- Banks to TMS for cash positioning
- Banks to ERP for cash application and positive pay
- Treasury to ERP for GL Loading
- Accounting to treasury for cash positioning and forecasting
- Accounting to banks for outsourced payments
- System to system within treasury if using multiple solutions such as cash system and FX trading system)

Integration Benefits

- Single point of entry
- Elimination of redundant tasks
- Standardized/cleansed data formats
- More timely reconciliation
- Improved cash forecasting
- Management by exception
- Improved controls
- Improved risk management with more timely reporting

Cross Functional Issues

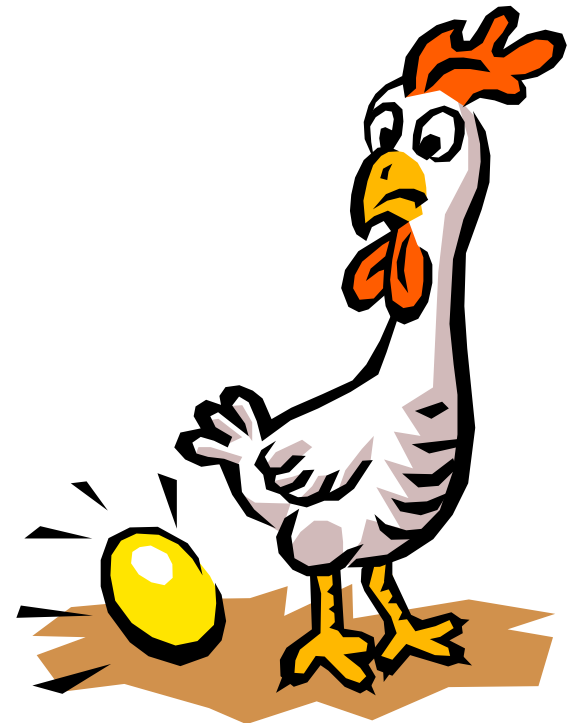
- Chart of Accounts
- Corporate Hierarchy
- Data Standards
- Wire Transfers
- Reporting Requirements
- HR/Payroll Issues
- Tax Payments

Challenges

- Implementing change
- Managing expectations
- Coordination of change
- Adequate time for testing
- Legacy systems
- Interim processes
- Training
- Ongoing support and maintenance

Summary

- Technology is an integral part of treasury
- Have a strategy before you begin the selection process
- Involve IT early
- Integration has many faces



Technology Diagnostic

1. Do you re-key data from one application to another?
2. Do you rely on Excel spreadsheets to perform key treasury functions?
3. Do you have multiple copies of the same information/data in more than one spreadsheet or on more than one machine?
4. Do you use more than one bank's balance reporting system?
5. Do you use multiple bank's online banking systems?
6. Do you have a collection of security tokens or fobs that you need to use with your banks?
7. Do you have critical customer or operating information that is stored in unencrypted files such as spreadsheets, databases programs or word processing files?
8. Do you routinely use jump drives or memory sticks to transfer information to co-workers?
9. Would you be unable to conduct critical business (payments, fundings, etc.) if you weren't in your office or the office were unavailable?
10. Do you manually reconcile your bank accounts?
11. Are your cash forecasts independent of your accounts payable, accounts receivable or general ledger systems?
12. Do you make manual general ledger entries for your day to day business transactions?

Number of "Yes" Answers

0-2=Great / 3-5 =Room for improvement / Over 6=Change is necessary

Questions and Certification



To obtain a certificate of completion for CPE or other financial certification please email CPE@treasuryalliance.com

For further information

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