A Strategic Approach for TMS Implementation

Treasury Management System (TMS) projects should begin with a clear set of objectives. This means understanding what a TMS can and cannot do before getting the budget and executive sponsorship to review vendors and select a system. But this is far from the entirety of the project—a clear tactical plan for implementation needs to be developed and this should be done at the beginning of the project. This critical step is often neglected because there is the perception that the vendor will handle the entire process or that implementation will take care of itself once the high level strategy is set.

Tactical Preparation

A smooth implementation depends on legwork done well in advance and includes an assessment of needs, creation of a project plan and identification of the implementation team. This planning assists in determining whether the company has the internal IT and treasury resources to implement the TMS or whether assistance will be required from the vendor or outside specialists. If this is the case, then it becomes a budget item, which must be planned for.

Tactical preparation is important for complex or widely distributed global companies and consists of three steps.

1) Operations Architecture

Step one is the diagramming and documentation of current treasury operations including the processes, inputs and outputs from treasury. This is the current state and before you move to the future state of a TMS ask the question: is the current state optimal or should there be some process re-engineering? If reengineering is in order, then a separate future state document needs to be prepared along with a change plan to bridge the two.

The document may include organization charts, treasury policy manuals and documentation based on interviews. It becomes an essential reference for communications with management, the project team and vendors.

Ideally, the document should include both text and diagrams that clearly show and map the operational flows and processes. This is an essential tool for introducing technical resources and implementers to point-focused project responsibilities. The diagrams provide project context while explaining high-level dependencies for specific areas of implementation. This is particularly useful for defining 'finish-to-start' dependencies where an unfinished activity can impact the initiation of a subsequent task. For project managers, the diagram is useful for creating work breakdown structures that identify invalid work assumptions or inefficient methodologies that may emerge as an implementation proceeds.

Neglecting to detail operationally complex areas, or assuming a TMS can solve what seems basic from a treasury perspective, can have significant consequences which may adversely impact technical delivery. For example, a manually produced cash position may have summary level variances that are hard to replicate given a vendor's solution data model.

Although this issue will be addressed during vendor selection, the operations architecture diagram highlights areas which need active drilldown in tactical planning. TMS vendor selection will always require trade-offs and conscious decisions that must be made regarding the strengths and weakness of each vendor. But once the choice is made, all functionality, even that which is imperfectly handled by the TMS still needs to be implemented. Appropriate tactics should be developed as these trade-off decisions are made, as additionad resources may be necessary.

The idea behind a treasury operations architecture document is to supply a clear context and a common vocabulary to everyone on the project. This enables project participants to take an informed 'step back' when necessary.

2) *Requirements Document*

The second step borrows a page from the software development industry—a focus on corporate needs, technical cost analysis and product impact assessment. TMS vendors balance the overall market value of developing functionality with the cost of providing it. It is also important to ensure that this works well with existing functionality. Short of building your own system in-house, the requirements document will not be as detailed or comprehensive as vendor development specifications but is an important component in implementation planning.

TMS functional requirements should spell out in detail financially complex areas, such as derivatives, intercompany portfolios or complicated accounting requirements. Documenting these processes will clarify in advance if solutions can meet all requirements. It will also be easier to gauge vendor staff comfort levels with the treasury areas at hand.

The process of assembling these requirements often unearths cross-functional insights for team members. For example, financial IT staff is better able to understand how detailed transaction data can support the holistic business decisions made by treasury.

Finally, gathering these detailed requirements will allow the creation of scripted scenarios that can be used for vendor testing.

3) *Vendor Scenarios*

Representative test scenarios are an effective method to evaluate vendors on multiple dimensions. You ask the vendors to show how their system will solve some of the problem tasks performed in your treasury. These scenarios will be based on the treasury operations architecture and requirements document prepared earlier.

Vendors will put the best face on these scenarios but are not likely to tell you their challenges in doing so. So look closely at their responses because they will indicate vendor technical capabilities and level of responsiveness.

For example, you may temporarily stump a vendor with a complex financial instrument question, but they may come back with a comprehensive answer a few days later. This written response supported by a brief technical description will provide insight in to how the vendor will handle a workaround. It may not be an elegant solution but will indicate their level of resourcefulness even if the TMS itself is lacking a feature. This is much more indicative of the vendor's true capabilities and tells you more about the vendor's specific fit to your project than any brochure, request for proposal or sales presentation. Also, it shows how the vendor will work during an implementation. Immediate answers are useful, but comprehensive answers are better and will help to guide your assessment and future interaction with the vendor.

Implementation Methods and Culture

Companies are different even at the technology level. The project management cultures differ and even technical methodologies and tools applied in an implementation can vary. Projects may look alike at the strategic level, but no two will be exactly the same at the tactical level.

First, the culture of a vendor or customer can impact the tools used in an implementation. For example, there are scripted entry technologies that can be employed to transform existing spreadsheets into powerful import files. Although this sounds quite logical, it is not that common. Vendors may be reluctant to step outside of their own boxed technology and companies might be nervous about using technologies not already employed by their own IT departments. While both may describe this as a general aversion to risk, it's actually a fear of technology.

Next, the organizational culture can impact a TMS implementation. If the business operates with rigid functional silos, the implementation team will be required to drive across these separate functions. In a more collaborative culture there will likely be a more informed technical context, conducive to cooperation from the outset. One is not necessarily better than the other, however, as rigid functional silos can deliver technical depth in specialist areas not otherwise possible, which can be leveraged for TMS implementations. The impact of culture on TMS implementation tactics is an under-examined topic, but understanding the organization and the culture can produce insights useful to improving and accelerating a TMS implementation.

Summary

Implementation planning is critical to the success of any TMS project. It starts at the beginning of the project and follows a simple three-step model: prepare an operations architecture, develop requirements documentation and design company specific scenarios. Follow these steps and be understanding of the corporate culture. They are essential components in a successful TMS selection and implementation.

Deploy the right people in a team and collaborate to minimize silos. Schedule regular meetings, keep a pulse on emerging risks and measure success by a scale predefined before you begin. Employ and implement escalation procedures and contingency plans to address risks if they emerge. Keep key objectives and goals in mind throughout the process.

Implementation is a tactical activity that needs to balance the on-going discovery of relevant details while sticking to the framework of an initial plan. This means that the implementation team needs to be empowered with the flexibility to adapt and to be responsibly creative when the situation calls for it.

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