



# Securing Treasury Technology

Using ROI to Pave the Way

**Craig Jeffery**, Strategic Treasurer  
**Debbi Denison**, Strategic Treasurer

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# Today's Presenters

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**Debbi Denison**  
*Senior Consultant*  
Strategic Treasurer

**Debbi Denison** is a senior consultant at Strategic Treasurer responsible for leading client projects and relationships across working capital, cash management, liquidity management, treasury technology and risk domains. Mrs. Denison has held senior treasury positions with global, multi-national and Fortune 500 corporations in the fields of utility, airline, consumer products and pharmaceuticals. Her leadership experience comprises leveraging technology to proactively identify and implement leading practices with respect to global liquidity, pooling structures, credit card programs and accounts receivable factoring.



**Craig Jeffery**  
*Founder & Managing Partner*  
Strategic Treasurer

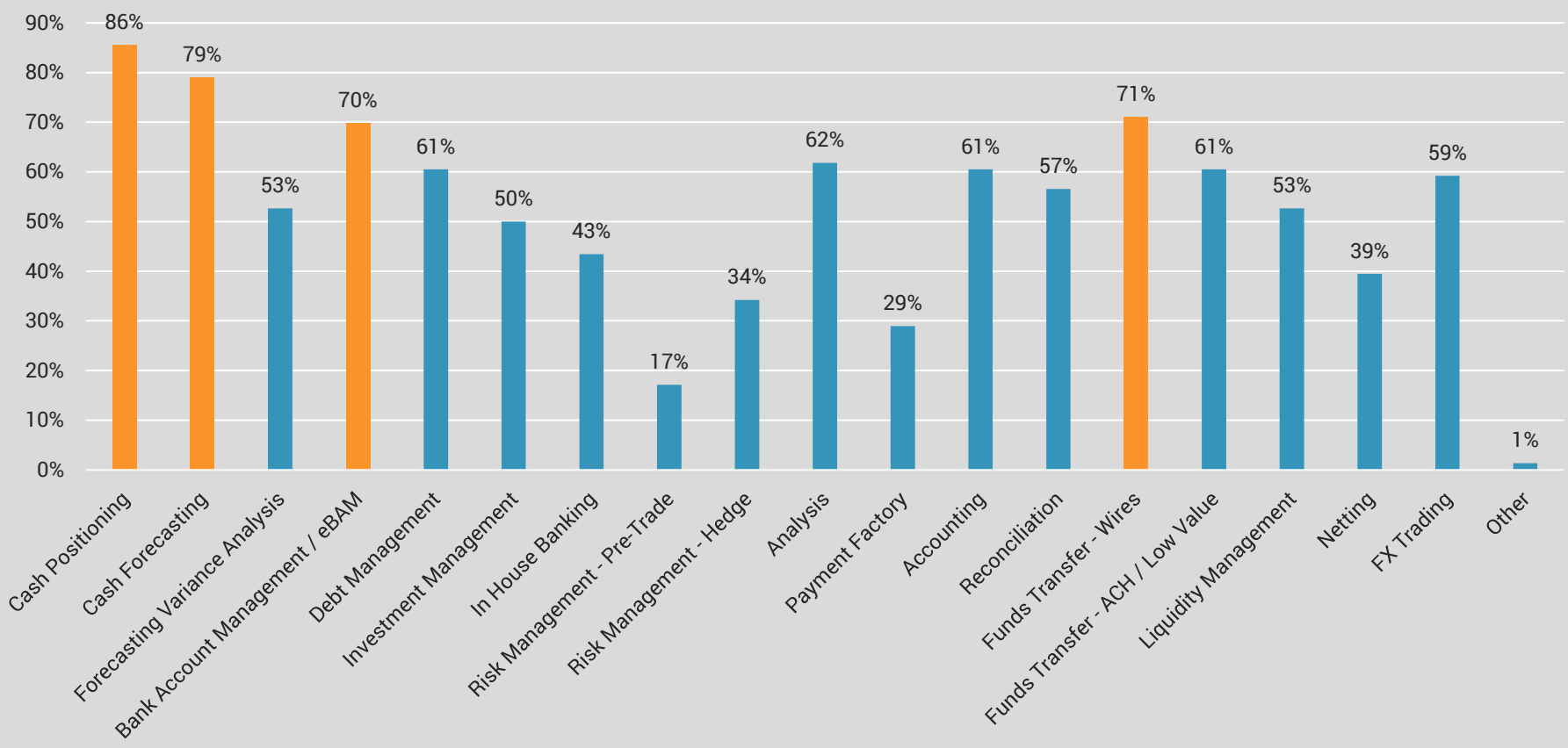
**Craig Jeffery** formed Strategic Treasurer LLC in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs. His 20+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



- ↳ Treasury's Dilemma: Limited Manpower, Heightened Expectations
- ↳ Introduction to the TMS Landscape: Where Things Stand Today
- ↳ ROI for Treasury Technology
- ↳ ROI Considerations: What to Include
- ↳ Making the Business Case for a TMS
- ↳ Treasury Considerations: Organizational Complexity
- ↳ TMS Implementations: What to Watch Out For
- ↳ Post-Implementation: Monitoring Performance
- ↳ Key Takeaways, Q&A

# Treasury's Functionality Requirements

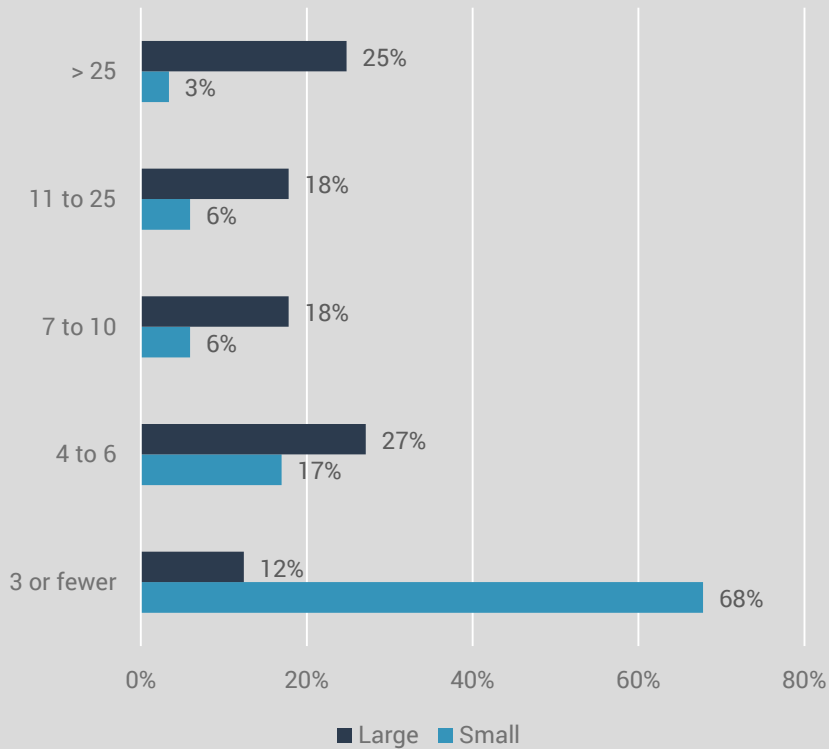
What functions do you use or need in treasury? (Select all that apply)<sup>1</sup>



**Treasury at the Helm.** There is a broad list of responsibilities and functionalities for which treasury is held responsible. Many of these responsibilities extend beyond basic cash and payments management to include FX trading, risk management, accounting and reconciliations, and investment/debt management.

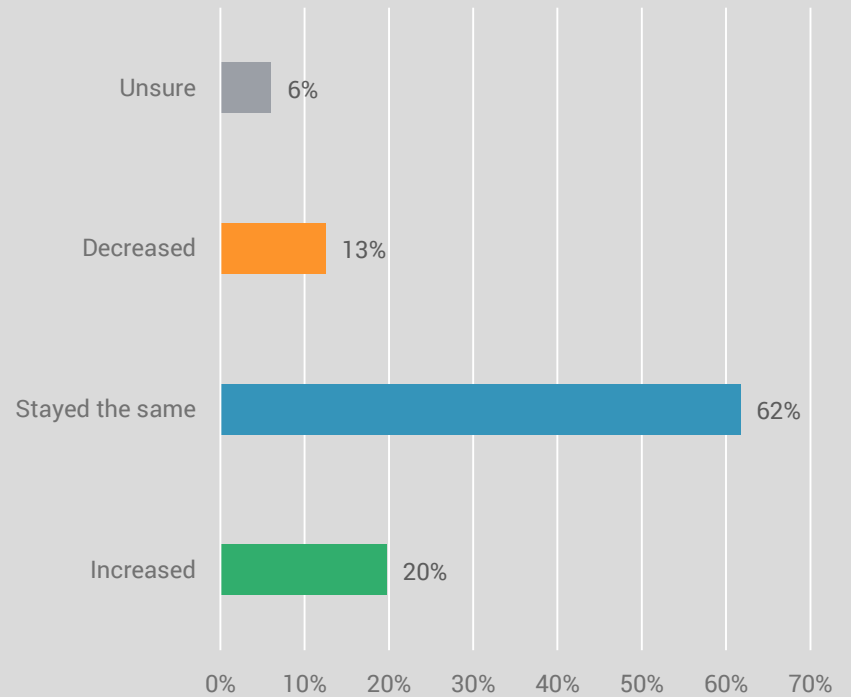
# The Issue of Limited Staff

## How large is your global treasury organization, including analysts?<sup>2</sup>



**Heightened Responsibility, Limited Manpower.** While treasury’s responsibilities are increasing, many departments are already operating with limited levels of staff.

## In the past year, has treasury staff?<sup>3</sup>



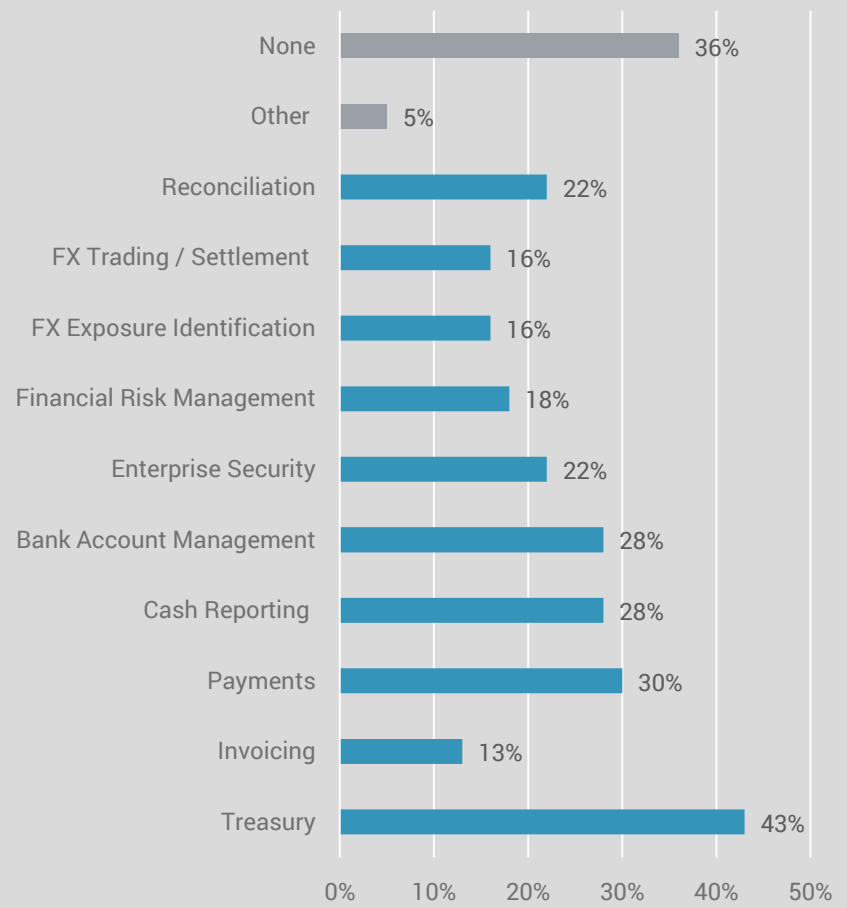
**A Struggle to Perform.** Despite recent data suggesting that there has been slight increase in available manpower/staff for treasury, the bottom line is that a significant portion of treasuries are still understaffed and struggling to perform all their responsibilities.

# Treasury Turns to Technology

## Treasury Technology as an Investment

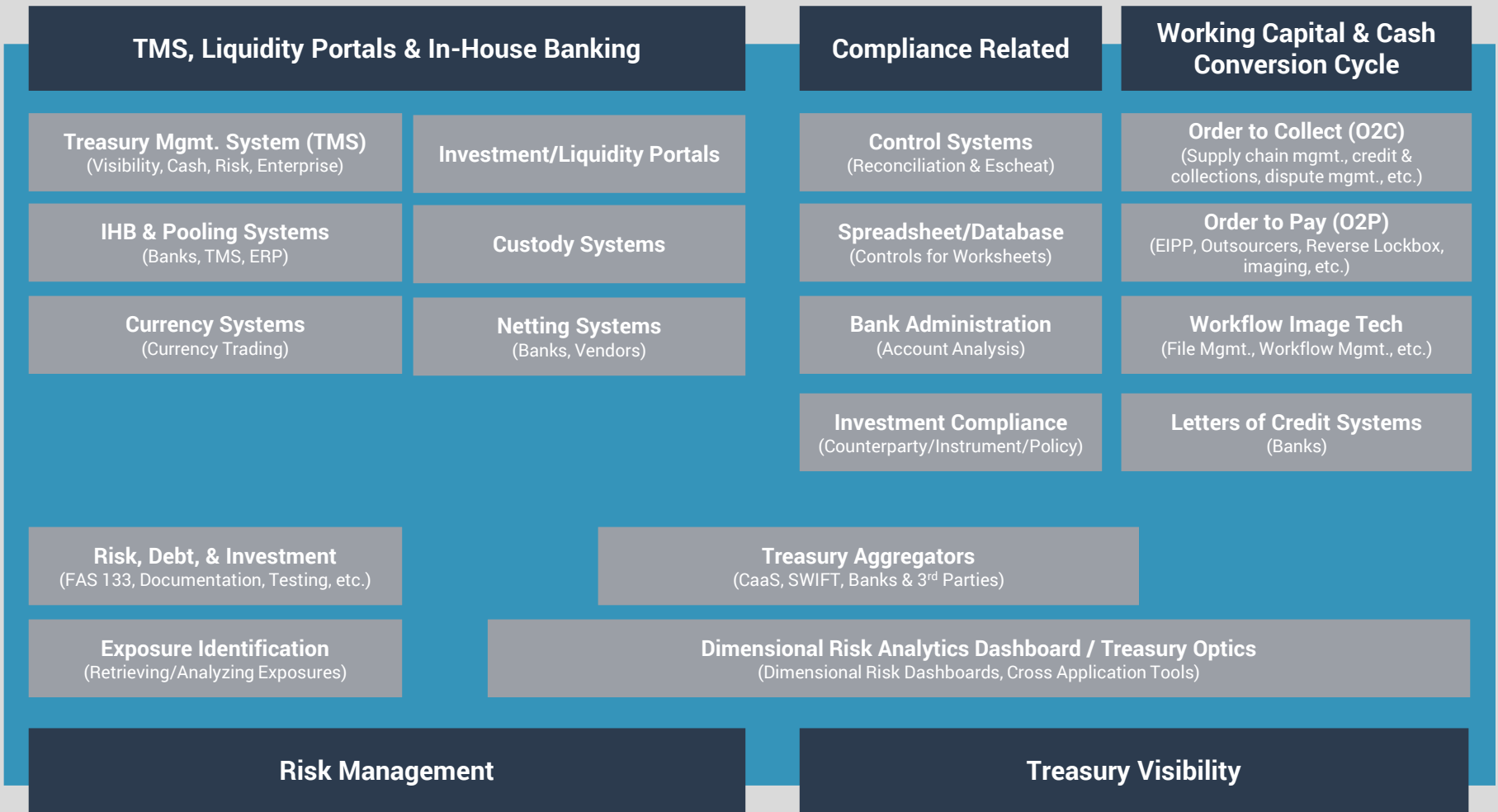
- **Treasury's Technology Focus.** As the issue of low staff and increasing responsibility continues to beleaguer treasury, investments in IT and financial software are becoming increasingly common.
- **Democratization of Technology.** In recent years, the "democratization of technology" that has occurred in the space is resulting in a landscape where TMS options provide more functionality for a greater number of firms at a lower cost.
- **Treasury's Best Bet.** Given today's environment, treasury's best bet at simplifying their workflows and gaining efficiency in their operations is to adopt technology that can provide increased automation and efficiency.

## We intend to make significant information technology investments in the next year in the following areas: (Select all that apply)<sup>4</sup>



# Evaluation of the Current Landscape

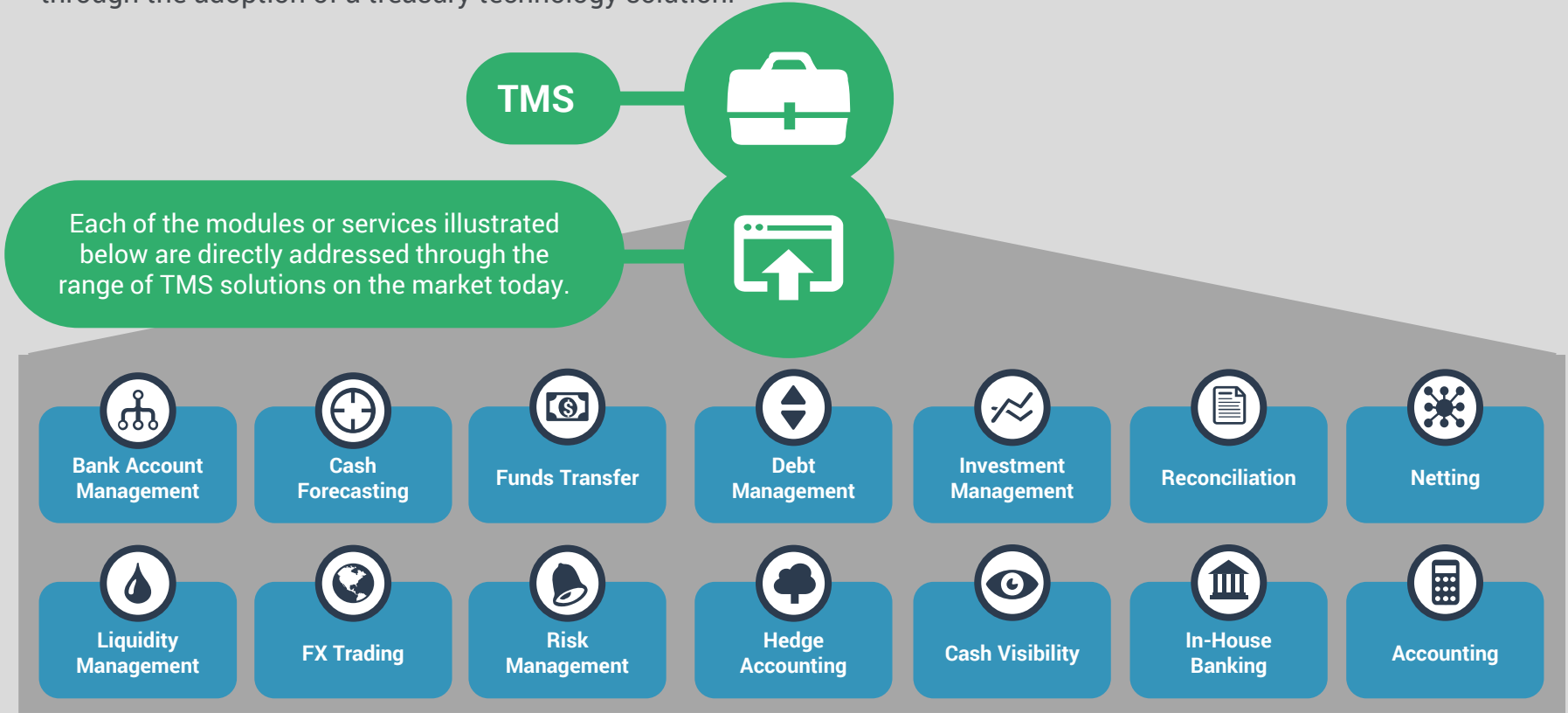
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# Evaluation of the Current Landscape

## A New Era of Treasury Technology

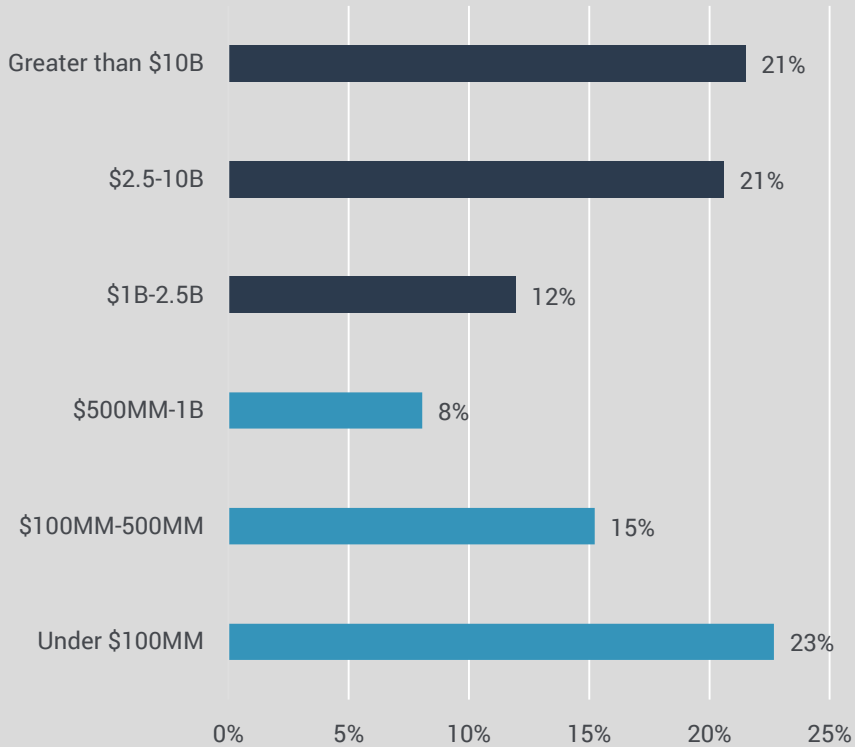
- The TMS landscape of today features dozens of vendors that each offer a unique level of functionality and service.
- Many of today's offerings can be scaled to match varying levels of organizational complexity and price points.
- When looking at treasury's functionality requirements, virtually every area of operation can be addressed in some part through the adoption of a treasury technology solution.





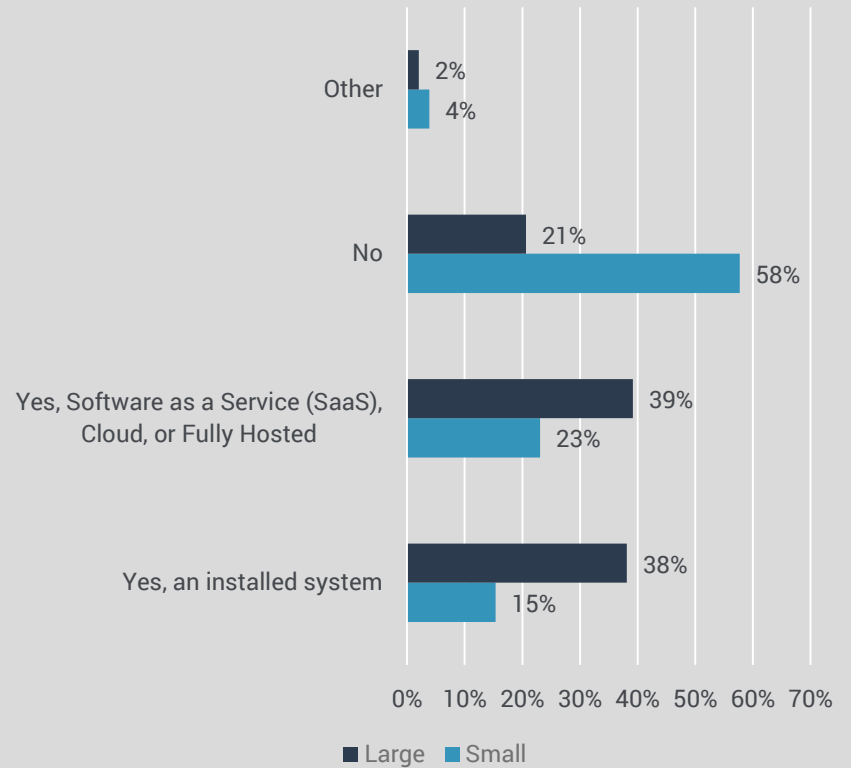
# Complexity Considerations

## What is your company's annual revenue?<sup>5</sup>



**Revenue Determines Need:** 42% of corporations in a recent survey had an annual revenue of over one billion dollars. Generally, the higher the revenue, the more likely a company would benefit from treasury technology.

## Do you have a treasury system besides Excel?<sup>6</sup>



**Excel Still Useful:** For companies with a revenue of less than \$250 million, Excel may still be able to fulfill treasury's needs. For larger companies, a treasury management system can help manage transactions and reduce errors from manual input.

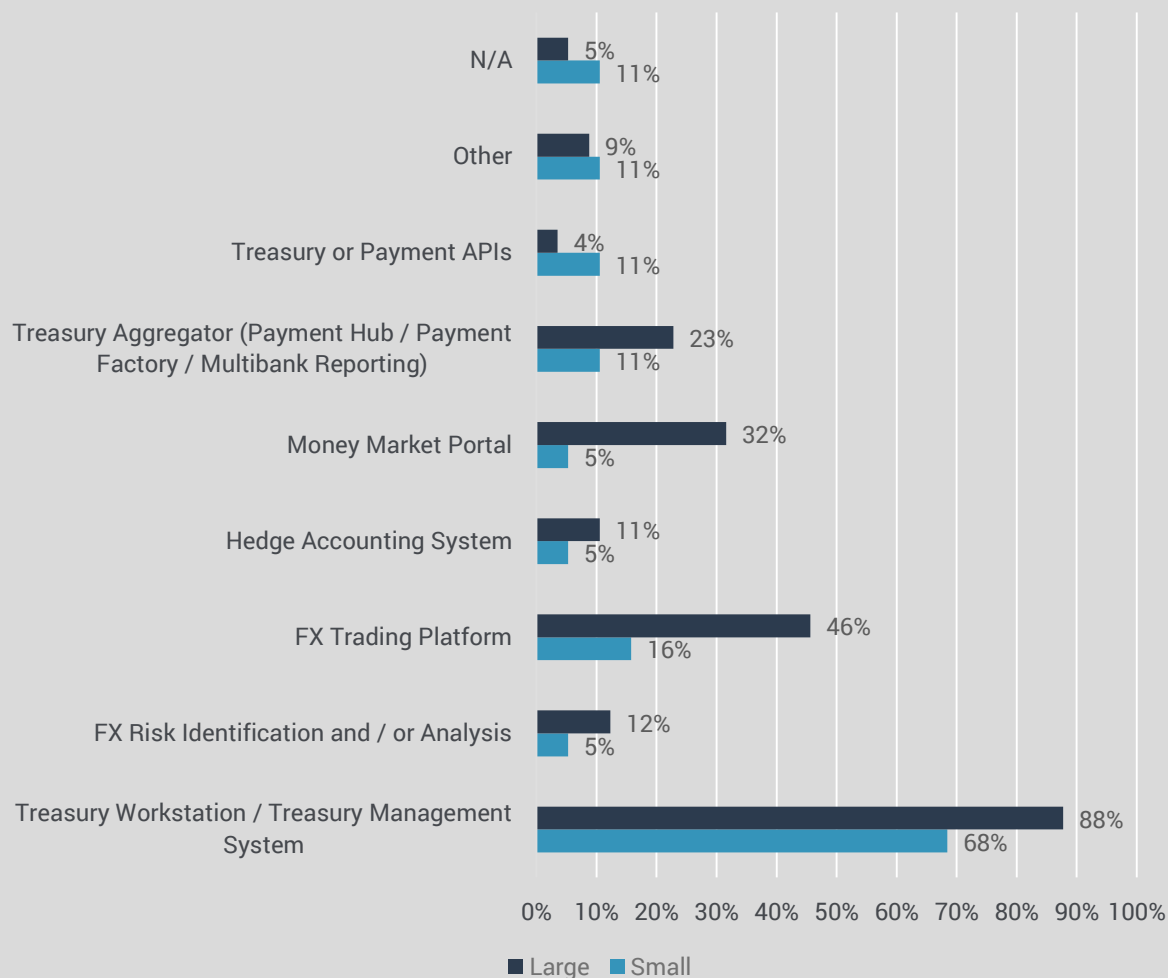
# Complexity Considerations

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## Systems Complexity

- While a TMS is certainly the most common type of treasury solution utilized, there are a variety of other systems in play as well.
- Merger/acquisition activity can result in subsidiaries using a different TMS or treasury solution.
- Activities related to Risk/Hedge accounting analysis and FX trading, as well as bank connectivity, can often result in the use of additional systems.
- Many firms must juggle these operations within these systems while also managing connectivity and integration with their firm's ERP.

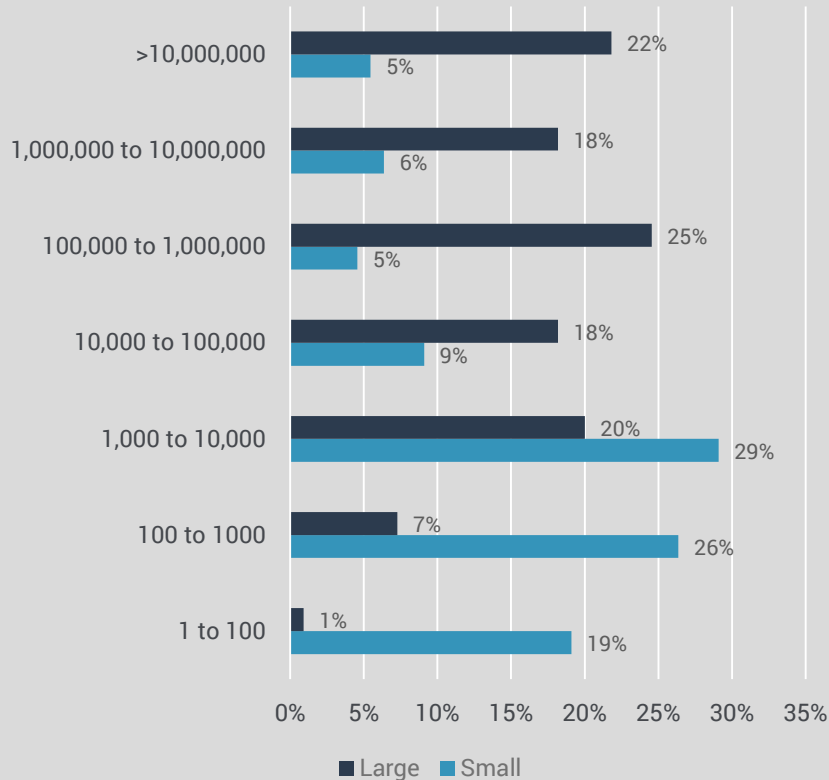
## What treasury systems do you currently use? (Select all that apply)<sup>7</sup>



# Complexity Considerations

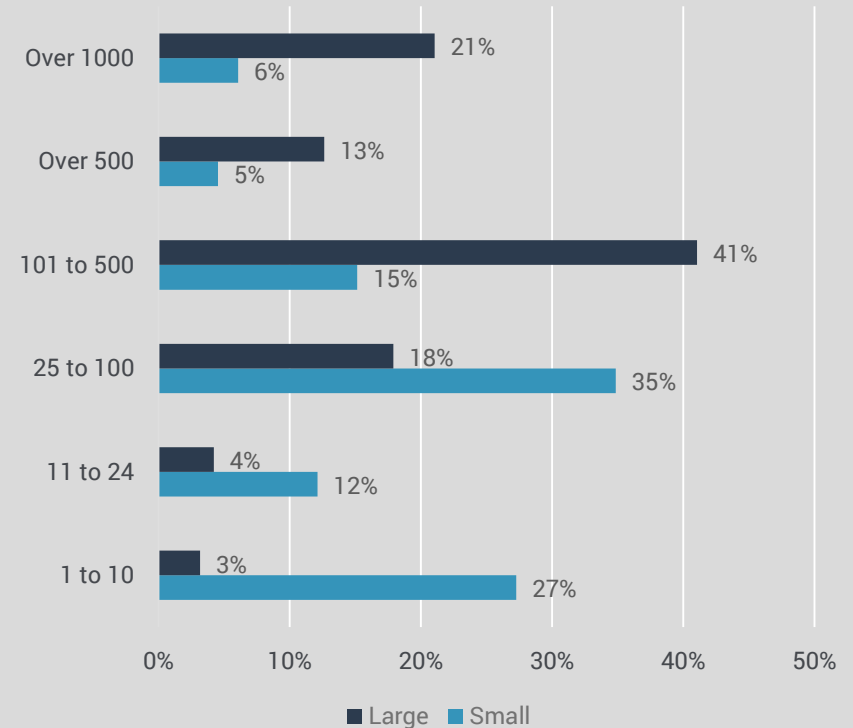
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## What is your approximate volume of payments generated globally per month (Check, ACH, Wire)?<sup>8</sup>



**Global Payment Volumes:** Considering all the various mixes of payments that treasury is responsible for, and the fact that treasury often handles the payments of subsidiaries and regional offices globally, payment volumes can grow quite high.

## How many bank accounts do you have?<sup>9</sup>



**Increased Complexity:** Over 50% of corporations (primarily large, multinational firms) have more than one hundred bank accounts. Keeping track of accounts can be problematic for complex organizations.

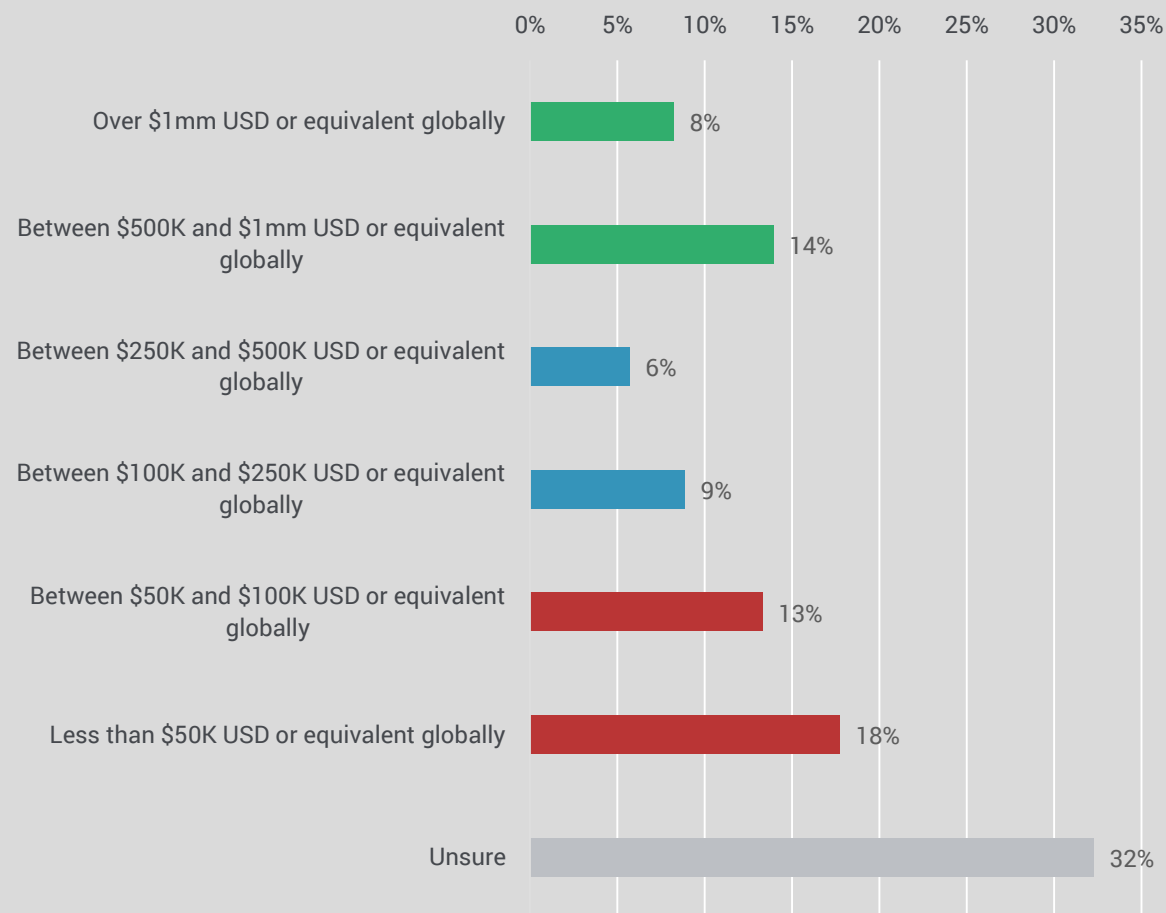
# Key Challenge: Limited Budget

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## Allocating Spend

- Depending on the internal structure and strategy of the organizations, the ability for treasury to invest in financial technology can result in varying levels of spend.
- The size and revenue streams of any particular company will influence spend as well.
- Upgrades can involve anything from adding additional users to a TMS, adding functionalities to a current solution, or undergoing a full-scale implementation of multiple solutions (i.e. TMS + Aggregator).

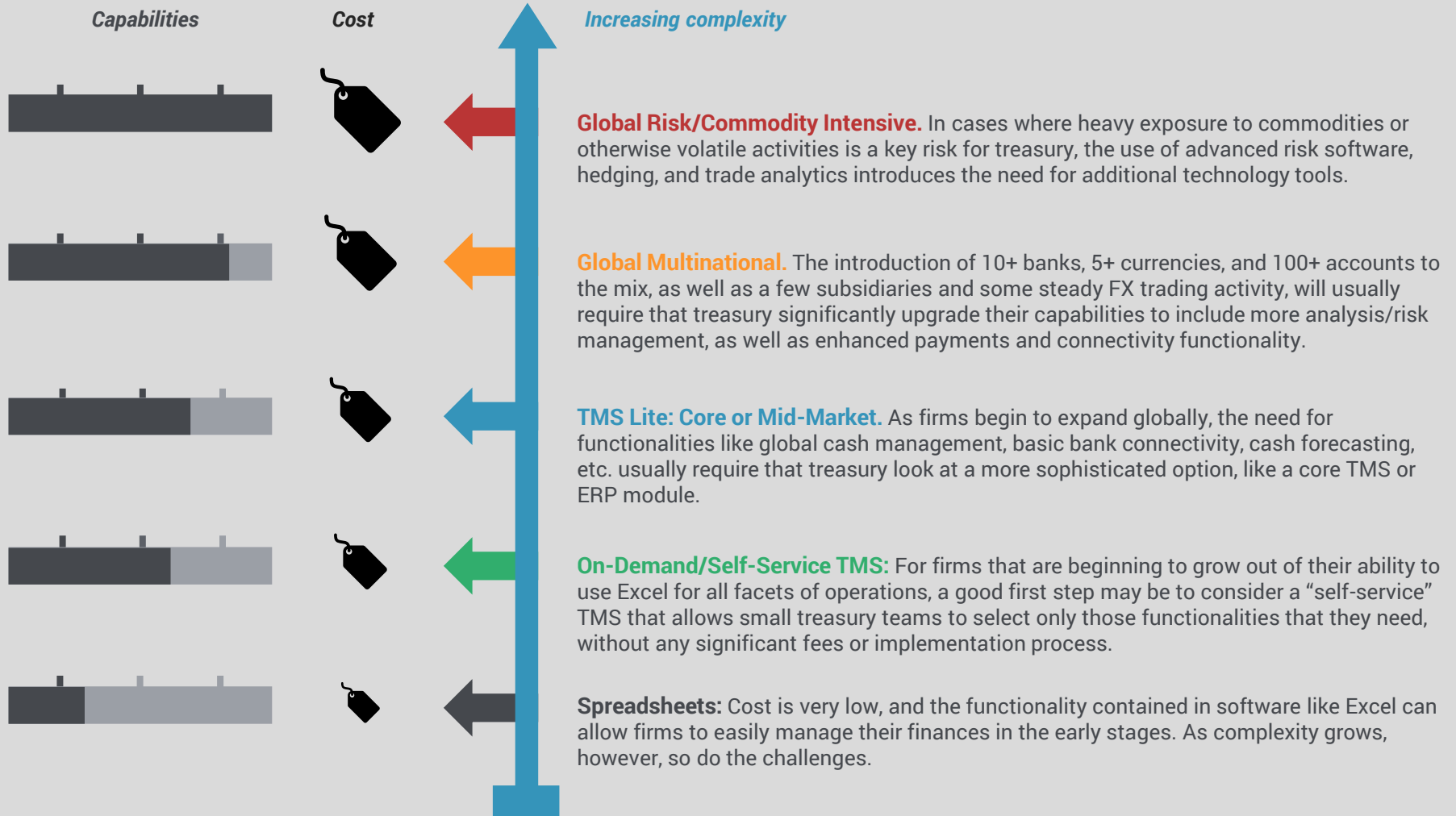
## Corporates: How much does your company plan to spend on payment technology in the next year (excluding staff costs and consumer card payments)?<sup>10</sup>



# Key Challenge: Limited Budget

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## Typical Treasury Software Enhancement Stages








# Key Challenge: Building the Business Case

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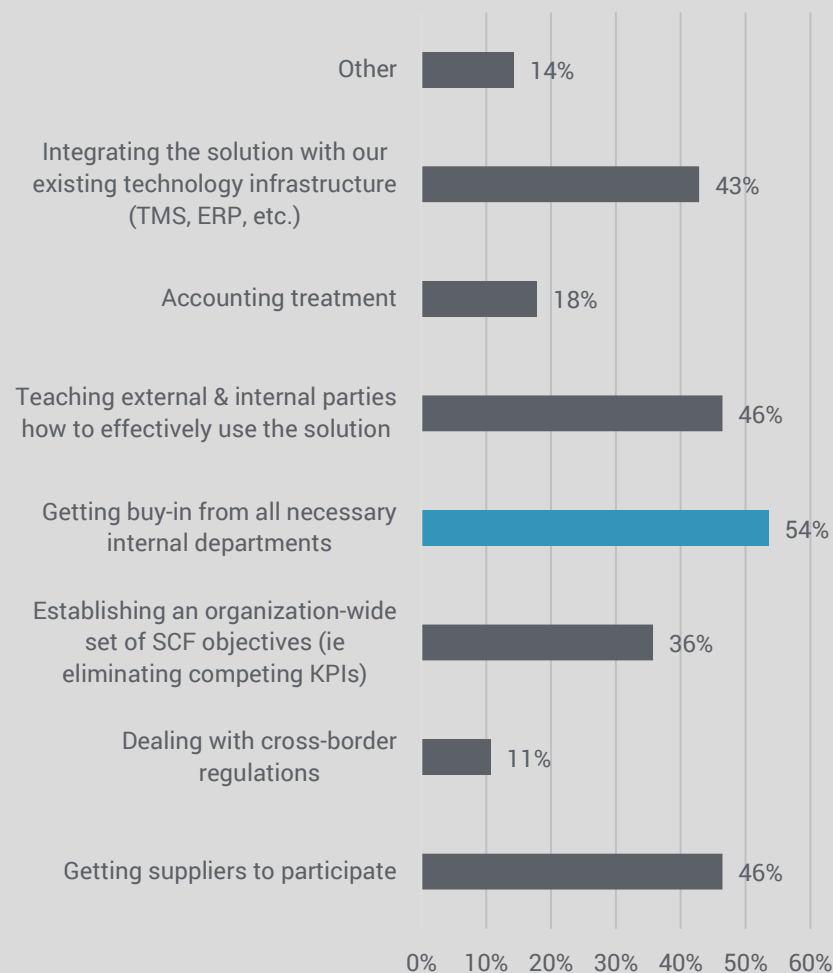
## Treasury is not the only Stakeholder

- While it may be easy for treasury to recognize the benefits and advantages of enhanced treasury technology, they are not the only department with a stake in such a project.
- Often, treasury competes with other departments for resources and capital spend, and must convince other areas of the organization of their plans.

### Internal Stakeholders

-  Treasury & Finance
-  IT
-  Accounting & Audit
-  Management
-  Others

## Buyers: What were the main challenges in instituting your SCF program? (Select all that apply)<sup>11</sup>

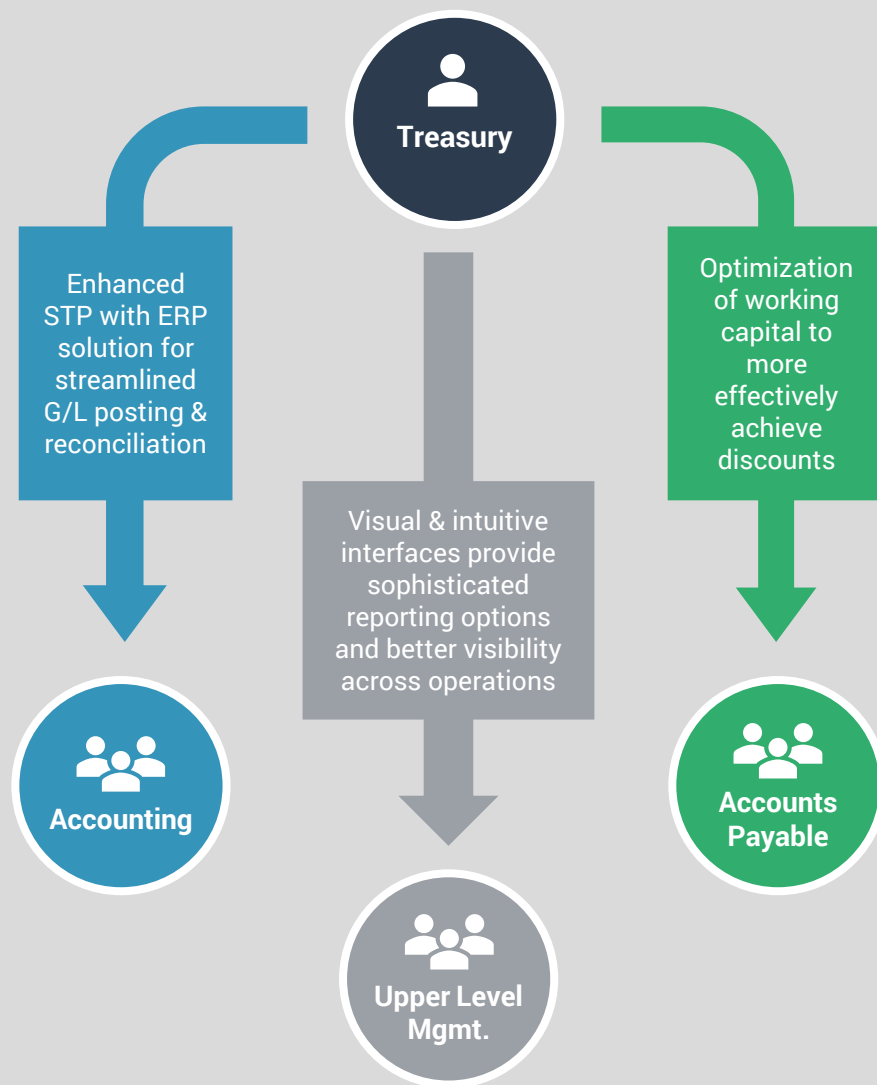


# Key Challenge: Building the Business Case

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## Winning them over: Effective ROI Evaluations

- **What Exactly do we Gain?** Project proposals that can pinpoint specific advantages to be gained through the adoption of a TMS stand the best chance of approval.
- **We're All in This.** It is typically helpful to present current challenges/obstacles faced by both treasury and other departments, and explain how a TMS would alleviate those difficulties.
- **First-hand Results.** It also is important to provide multiple examples of ROI that can aid management and executives, such as enhanced reporting and information flows.



# An Introduction to ROI: Key Approaches

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## Quantitative ROI Considerations



**System maintenance and hardware costs.**



**Connectivity and data transformation costs.**



**Data charges and data cleansing charges.**



**Staff time savings.**



**Capital usage and efficiency gains.**



**Reduced fees and charges for transactions.**

## Strategic Considerations



**Risk Management.** Alignment of exposures with risk appetite, more control over risk monitoring and analysis.



**Scalability.** The ability of the organization to efficiently take on additional volume and complexity gracefully.



**Visibility.** Achieving accurate and current visibility to various assets, accounts, and exposures.



**Control and Security.** The ability to more effectively monitor and control access to sensitive information both in transit and at rest.





## The Company

- A U.S.-based manufacturer of electronics and circuitry devices



## The Task

- Implement a sophisticated TMS for enhanced global visibility and connectivity



## Project ROI:

- **Working Capital Optimization & Cash Visibility.** Reduced idle cash balances worldwide by 75%; resulted in \$8.6 million in unlocked working capital.
- **Reporting.** Centralized treasury solution provides enhanced reporting across global cash positions, transaction activity, risk exposures, etc.
- **Security.** A single set of multilayer access points for payment initiation, approvals, etc.
- **Accounting.** TMS integrated easily with ERP for automated accounting workflows.



## Result

- The project received group-wide support due to the widespread benefits the solution would bring, and while there were negotiations on price and allotted budget, the implementation ultimately went smoothly and uninterrupted. The company is now in their third year with the TMS.



## The Client

- A European-based food services and facilities management firm; one of the world's largest multinational organizations



## The Task

- Consolidate treasury's use of multiple systems and connectivity portals into a centralized TMS solution that could also streamline accounting and reporting features.



## Project ROI

- **Efficiency.** Automation of accounting entries, streamlined bank connectivity, elimination of rekeying payment information in multiple systems, etc.
- **Controls.** Restrict access in the system to limited users, user monitoring, multifactor authentication, complete audit trails, etc.
- **Financial Value.** ~\$3,000.00 in monthly bank portal usage fees through streamlined connectivity, ~\$2,000.00 monthly savings in saved user fees from other systems, etc.



## Result

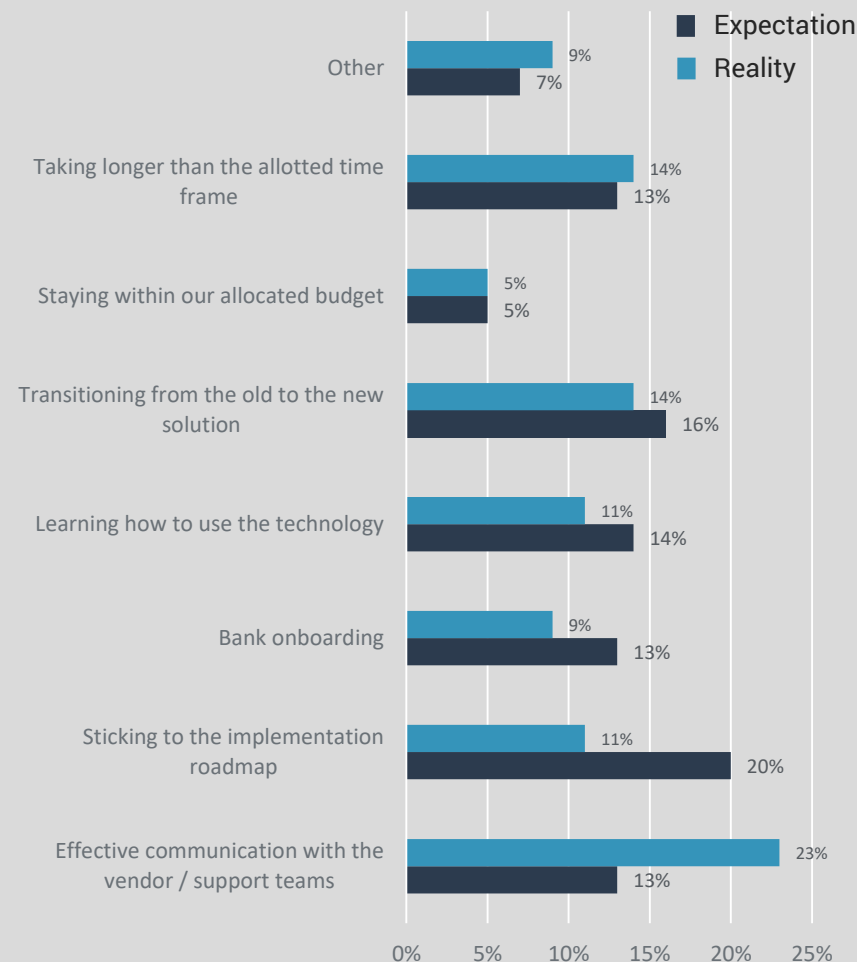
- The implementation of a single, centralized TMS represented a clear advantage over the current use of many individual bank portals and BAM systems, which resulted in more efficiency, less fees, and greater STP regarding internal workflows.

# Implementation Considerations

## It's Harder than it Looks...

- It is not always easy to know ahead of time where all the potential risks and challenges to a TMS implementation will arise.
- Even when challenges/risks are identified, the ability to effectively gauge just how much of a threat or hindrance each risk poses is another difficulty all on its own.
- While there are a number of TMS implementation challenges that treasury must confront, comparing treasury's expected challenges to their actual challenges highlights significant deviation in two main categories:
  1. *Effective communication with vendors/support teams*
  2. *Sticking to the implementation roadmap.*

## What was the biggest challenge associated with your implementation? (expectation vs reality)<sup>12</sup>



# Implementation Considerations

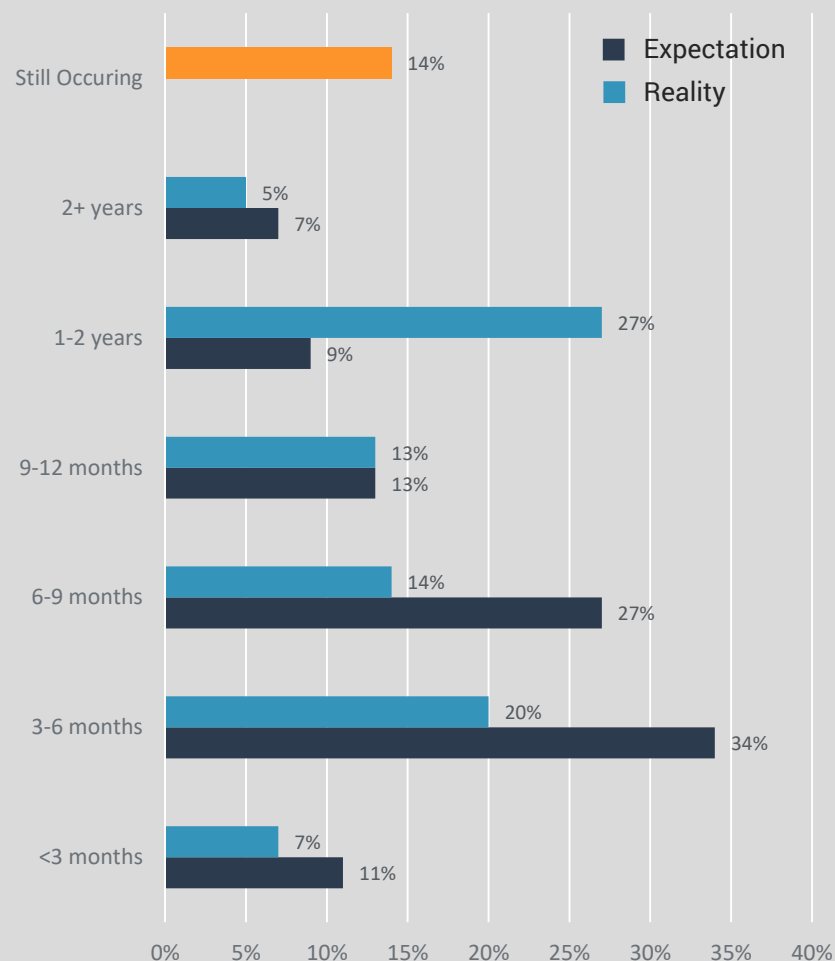
## It Takes Longer than it Looks...

- While the vast majority of organizations (72%) expected their TMS implementation to be completed in 9 or fewer months, the reality was that 52% of implementations took at least 9 months or longer (half of those still undergoing an implementation had already passed beyond the 9-month timeframe).

## TMS Implementation Project Phases

- 1 Project Initiation
- 2 Planning
- 3 Building
- 4 Validation
- 5 Go-Live
- 6 Monitor/Support

## How long did the implementation process take? (expectation vs reality)<sup>13</sup>



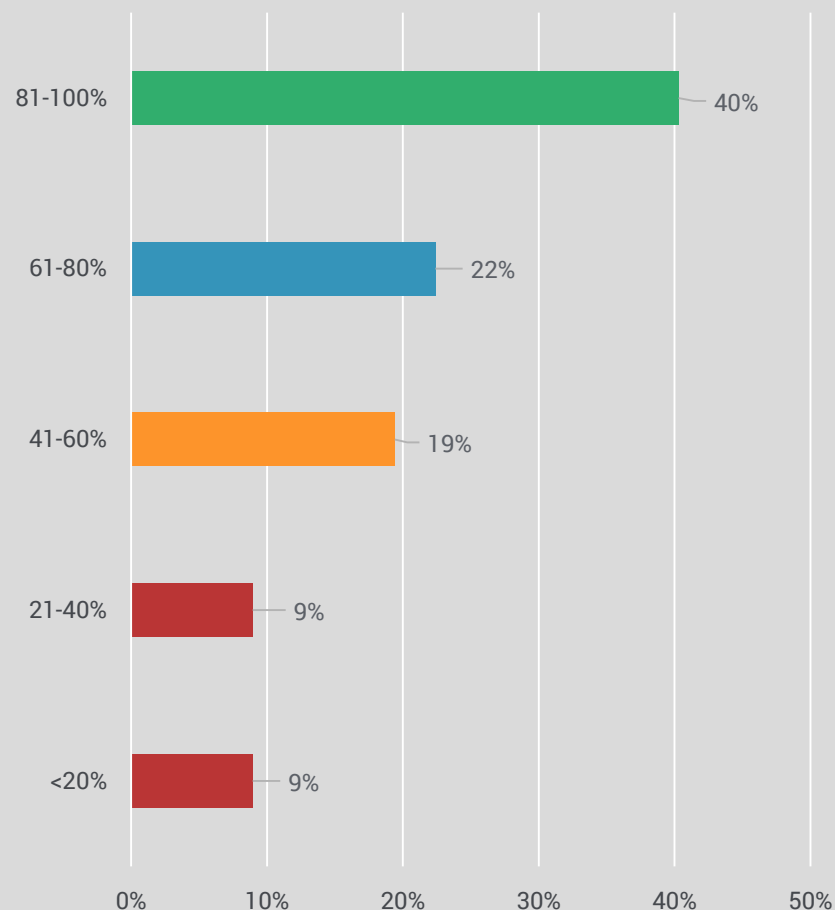
# Implementation Considerations

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## Working out the Kinks

- **TMS Functionality Purchased vs. Used.** An interesting conundrum currently affecting treasury practitioners is that many tend to purchase more TMS functionality than they actually end up using – in fact, 60% of respondents from a recent survey indicated that they were currently using less than 80% of the TMS functionality they purchased.
- **A Balancing Act.** Just because a TMS offers every functionality does not mean that every functionality is needed by every company. Any organization implementing a TMS should be sure to only implement those functionalities absolutely necessary, as the purchase of unnecessary functionality can tack on additional cost and cause confusion from a user standpoint.
- **Treasury's Best Bet.** Given today's environment, treasury's best bet at simplifying their workflows and gaining efficiency in their operations is to adopt technology that can provide increased automation and efficiency.

## How much of the available TMS functionality that you purchased are you using?<sup>14</sup>



## Key Takeaways for Treasury:



### **System Capabilities need to Align with Organizational Complexity.**

Organizational complexity and the scope of treasury's responsibilities will always determine the type of solution chosen, as will available budget and resources.



**Internal Buy-In Required.** One of the largest challenges associated with a TMS implementation is gaining approval internally for its adoption among all the stakeholders, such as various departments and executives.



**Strategic & Financial Reasons.** To maximize their chances of success, treasury needs to learn how to structure their business cases with clear ROI for everyone involved in the process to foster support and approval for the project.



**Start Well.** Once project approval has been achieved, take particular care with planning the implementation phase so that budget, time, and resource constraints are adequately managed.

# Contact Information

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## Contact Strategic Treasurer

### Strategic Treasurer

525 Westpark Drive, Suite 130  
Peachtree City, GA 30269

Email: [info@strategictreasurer.com](mailto:info@strategictreasurer.com)  
Phone: +1 678.466-2220

### Craig Jeffery Founder & Managing Partner Strategic Treasurer

Email: [craig@strategictreasurer.com](mailto:craig@strategictreasurer.com)  
Direct: +1 678.466-2214

### Debbi Denison Senior Consultant Strategic Treasurer

Email: [debbi@strategictreasurer.com](mailto:debbi@strategictreasurer.com)  
Direct: : +1 678.466-2237



**Strategic Treasurer** was founded in 2004 by Craig Jeffery, a financial expert and trusted advisor to executive treasury teams since the early 1990s. Partners and associates of Strategic Treasurer span the US, the UK, and continental Europe.

This team of experienced treasury specialists are widely recognized and respected leaders in treasury. Known for their expertise in treasury technology, risk management, and working capital as well as other cash management and banking issues, they efficiently identify issues, creatively explore ideas and options, and provide effective solutions and implementations for their valued clients.

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