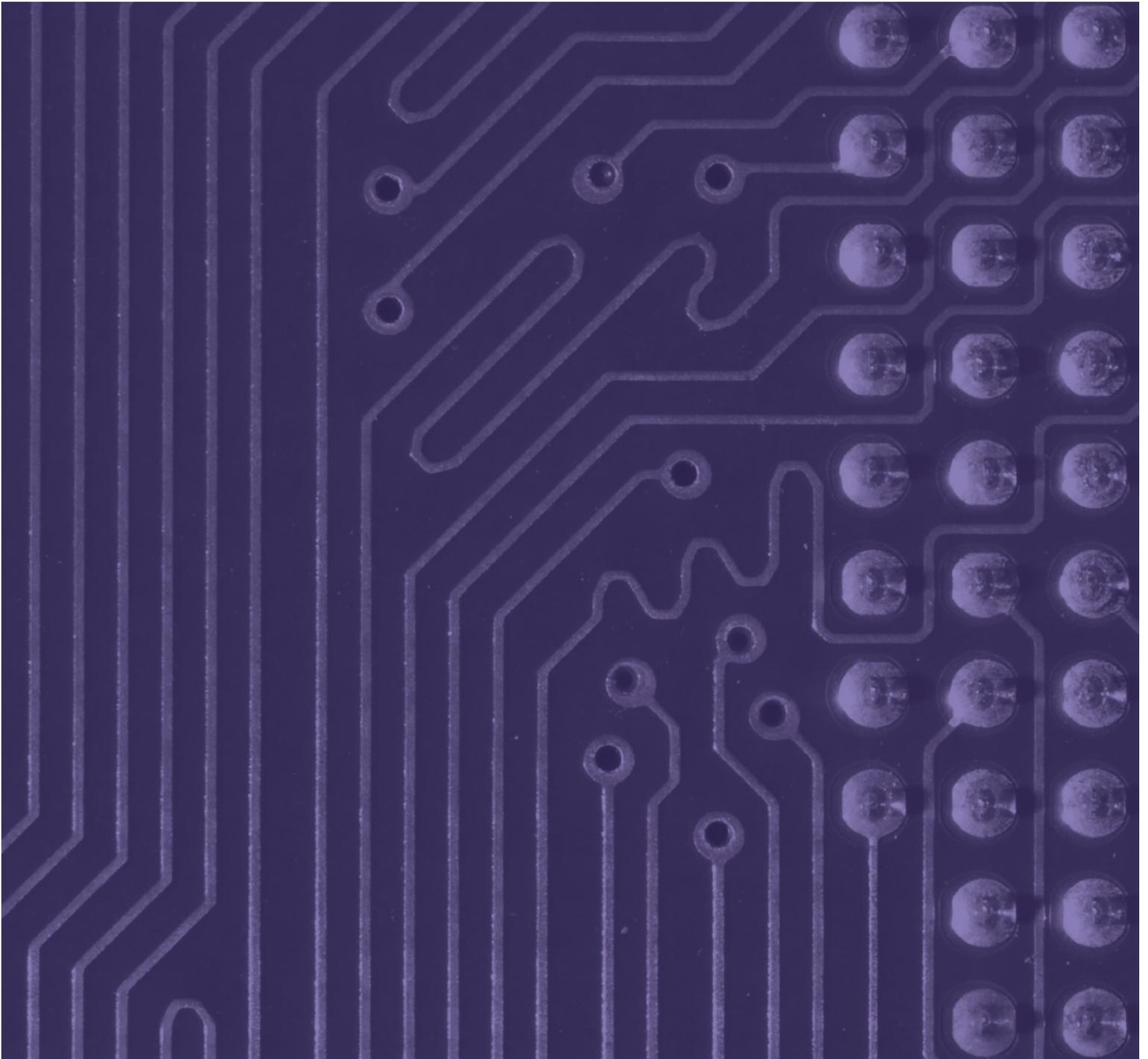


CTC GUIDE

Treasury Technology: The Emerging Landscape

Executive Summary



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The Cloud and emerging ERP functionality are reshaping the treasury technology landscape. What do these new trends mean for treasurers and how are companies leveraging automation to improve their treasury operations? This is an exciting time in treasury technology. It's therefore an important time for treasurers to survey the emerging landscape so they can make long-term decisions about systems investments.

By Nilly Essaides

Treasury Technology: The Emerging Landscape

Introduction

There are significant developments reshaping the treasury systems market today that offer practitioners better, often cheaper ways of improving treasury processes. These changes are introducing new efficiencies into global operations. New technologies are always on the horizon and treasury is ripe for automation, yet most treasurers still do their daily work on spreadsheets.

Recent research from the Association for Financial Professionals (AFP) indicates that there are signs that there is true change afoot. More companies are telling us that they are turning to automation. In Corporate Treasurer Council (CTC) roundtables across the United States, in Society of Canadian Treasurer (SCT) meetings in Canada and in countless interviews, practitioners report that they are either planning to embark on or are in the midst of an automation project.

This potential sea change is not because of one single factor or event. Change is the product of a confluence of smaller trends, internal developments, technological advancements and a generational shift. The upshot is that this is an exciting era in treasury technology. It's therefore an important time for treasurers to survey the emerging landscape so they can make long-term decisions about systems investments. That is also good strategy, since if there's one thing that never changes, it's that treasury has limited resources. The chance to implement a new system doesn't come every day. If treasurers are going to make that decision now, they want to make the right one not just for today but for the next five years.

This guide does not suggest specific solutions for treasurers to consider or recommend what tools to buy. Rather this report provides a strategic view of how technology is evolving and how treasury can benefit from that technology. It examines significant trends and leverages case studies to demonstrate the role of automation in how treasury can support global operations.

The Pace of Change

While there may not be a groundswell in adoption, AFP research and vendors' reports demonstrate that there are clear signs of change. While change may have come slowly, its speed is increasing.

- Economic growth is spurring IT investment;
- Events are unfolding more quickly...
- ...and Managements are expecting more;
- There's a greater need for visibility and bank connectivity; and
- Finally, Boards are making growing audit demands.

Ultimately, people will drive change.

Growth, uncertainty, control and the need to support management are all very important drivers. However, the biggest driver of change is people. "I don't think the industry will change. I think people will change it," said Warren Davey, SVP of Marketing and Sales at GTreasury. "If you had a workstation, even if it was horrible and the product was neglected, it still was better than nothing," he explained. "When you move to another job you'll want the benefit of a workstation." As more people get used to using systems, usage will spread to their new workplaces. Those users become "champions" of change at new work environment. "Once you start using a chain saw to cut down a tree you don't want to go back to using an ax," he said.

Evolutionary Path

Two emerging trends are likely to dramatically change the dynamics in the treasury systems market: the emergence of Cloud computing and the improvements made by ERPs to their treasury modules. While there will always be a place for functionality-rich independent systems, Cloud computing is injecting a new level of innovation – and a price equation – that’s affecting new and established players. Meanwhile, ERPs are beginning to catch up on functionality and flexibility.

Treasury has always been a technology laggard. Unlike sales or marketing, it’s never the first to leap into new technologies. However, the market is shifting, and it’s important for treasurers to understand the emerging dynamics because those dynamics will ultimately affect the functionality, cost and implementation ease of whatever technology choice treasurers and their companies make. It’s also critical that treasury take a longer-term view of its IT investments. Switching costs may have come down, but they’re still significant, and several treasurers interviewed are working within legacy environments that they find very frustrating (lack of support, clunky functionality) that they can’t escape easily.

Case Studies

The case studies in this guide attempt to illustrate not just different systems and delivery modes, but also differ-

ent phases of technology adoption. While some companies are fully automated and are reaping the benefits of new technology, others are just starting out in their process or are in the midst of implementation. There are lessons to be learned from all of them. The case studies also capture diverse company sizes and complexity to illustrate that automation benefits can accrue to companies across the spectrum.

- **Case study 1** is beginning its quest for automation, going through the early stages of selecting and evaluating technologies.
- **Case study 2** was recently spun off from a larger parent, and chose to adopt its former parent’s system, but with a twist.
- **Case study 3** is a large multinational that has adopted SAP with add-on functionality in order to fit its broader enterprise migration path.
- **Case study 4** is a company that decided to go with a pure Cloud solution.
- **Case study 5** is a complex global organization with high-volume transactions that opted for an on-site installation of a full-blown TMS.

What these case studies show is that there isn’t a single solution to treasury’s automation requirements. Companies need to assess their business requirements and work within their broad enterprise IT goals to implement a system that works for them.

	Pros	Cons
ERP	Fully integrated into the operation Brings Treasury into corporate strategy Deep pocket development budget	Long implementation Expensive to install Not tailored for treasury
Installed	Highly configurable Flexible 100% secure through ownership	Hard to implement (requires IT resources) Expensive Difficult to access off site/hard to switch or upgrade
ASP	Rich functionality Secure Mobility	Difficult to upgrade or switch Not accessible from everywhere Local footprint
SaaS	Relatively inexpensive Easy to upgrade or switch Truly mobile	Off the shelf only Shared infrastructure



About the Author

Nilly Essaides is Director of Practitioner Content Development at the Association for Financial Professionals. Nilly has over 20 years of experience in research, writing and meeting facilitation in the global treasury arena. She is a thought leader and the author of multiple in-depth AFP Guides on treasury topics as well as monthly articles in AFP Exchange, the AFP's flagship publication. Nilly was managing director at the NeuGroup and co-led the company's successful peer group business. Nilly also co-authored a book about knowledge management and how to transfer best practices with the American Productivity and Quality Center (APQC).



Corporate Treasurers Council

The Corporate Treasurers Council is the executive-level membership of AFP. The CTC features tailor-made products, events and exclusive networking opportunities all year long for treasury and finance executives that address the latest industry insights, trends and best practices and will provide guidance, practical tools and the validation needed to move forward in making critical decisions.

When you join AFP and have the title of *corporate treasurer, assistant treasurer, chief financial officer, vice president of finance or controller*, you are automatically enrolled in the Corporate Treasurers Council (CTC) and have access to CTC products and events. For more information go to www.corporatetreasury.org



About the Association for Financial Professionals

The Association for Financial Professionals (AFP) headquartered in Bethesda, Maryland, supports more than 16,000 individual members from a wide range of industries throughout all stages of their careers in various aspects of treasury and financial management. AFP is the preferred resource for financial professionals for continuing education, financial tools and publications, career development, certifications, research, representation to legislators and regulators, and the development of industry standards.

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