



Simply Treasury

WHITE PAPER

FOCUS

TMS SELECTION

SPOTLIGHT

VOICES OF THE INDUSTRY

LONG-TERM INVESTMENT

"I think that the selecting the right TMS tools is never an easy exercise. The choice of the T(R)MS come with high stakes not only because of the functionalities supported is a crucial task, but also because our companies usually will use these solutions for more than a decade".

Patrick Verspecht (TRILLIUM)

CHALLENGES OF TMS SELECTION

"The decision of the TMS to be implemented will impact the organization with long-term effects. A wrong or sub-optimal selection would increase frictions the treasury team will face day after day. New technologies are promising significant enhancements. However, higher expectations placed on treasurers and their broader scope of responsibilities increase the pressure in selection higher than ever".

Marco Pescarolo (FERRERO)

TREASURY DIGITIZATION PASSES THROUGH MORE MODERN TMSS

"Digitization also passes through a change of TMS, to better fulfil new treasury needs and faster respond to top management increasing demand. Starting by an IT roadmap may be a good idea. Once we know precisely what we need, we are better placed to launch a comprehensive RFP and to explore the type of technology required to modernize our treasury organization".

François Masquelier (Vice-Chairman of EACT)

HOW TO BEST CHOOSE A TMS?

CONTEXT:

The strategic importance of treasury organization has steadily increased over the past few years. The recent COVID crisis has re-emphasized the key role of treasury in critical economic situations. It has become more important and reflects the increasing complexity of business strategies and high expectations from the C-level to respond and fast changing environment we must face. CFO's want scalable, proactive, digitalized and performing treasury organizations to be more resilient and well-armed to struggle with liquidity and market volatility issues.

CONDUCTING A TMS SELECTION:

In such a complicate economic environment, it is crucial to define a solid forward-looking treasury organization and the choice of the optimal TMS is one of the major steps. Many multinational companies still have outdated treasury management systems, in place for ages. They fear changing tools in this post-COVID recovery phase. However, it is the perfect timing to revamp the treasury organization and treasury digitization passes by a best-in-class TMS implementation. Companies have come under increased pressure from all shareholders and supervisors to increase transparency and to improve financial performances. The solution will come from technology innovation, more automation, further centralization, and a complete redesigning of the treasury operating model.

TMS AT THE FOREFRONT OF DRIVING AUTOMATION OF TREASURY FUNCTION:

TMSs, as technologies, have changed in the last years. This treasury IT organization back-bone delivers today more powerful functionalities, faster and more secured processes but also it enables a full automation of treasury functions. TMSs, a central piece of treasury IT architecture, have been at the forefront of driving automation of the functions, straight-through processing, and integration with other systems. Nevertheless, to reduce the usual need of customization and to present the maximum options to fit specific business requirements, the choice of the most appropriate TMS solution is extremely important.

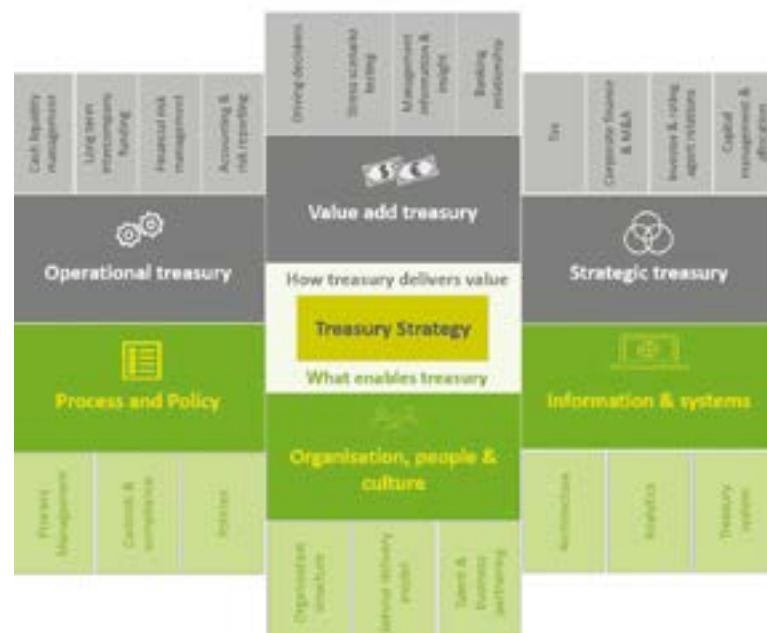
The main objectives of a treasury organization are to preserve liquidities, protect financial assets and deliver dashboards and reports to help CFOs taking faster decisions. For achieving these objectives, treasurers need flexible and scalable technology infrastructure, secured connectivity to banks, fully integrated database, and automation of reporting production.

FACTORS INFLUENCING TREASURY TECHNOLOGY:

Treasury organization and development are influenced by several factors:

1. The fast developments and the growth of the company, coming often from acquisitions to be integrated.
2. The new regulations, accounting standards and tax provisions (including Transfer Pricing rules).
3. The high demand from CFOs who want a more agile treasury organization and treasury in real-time and upon demand, able to react faster, be more accurate in reports delivered and in risk analysis.
4. The increased pressure on costs to be cut and limited human resources.
5. The treasury operations and demand for efficiency and centralization under the group in-house bank.
6. The obligation of keeping pace with new technological developments and requirements to prevent from cyber-attacks and ensure business continuity.
7. The quest for seamless IT interfaces, dematerialization of paper, full STP and increased connectivity.

A FULL OFF-THE-SHELF SUITE OF T.M.S



TMS'S ARE VITAL IT TOOLS WE LOVE TO HATE

Very often treasurers are not entirely happy with their TMS. These tools been around for so long now, but there is still a vast chasm between what treasurers expect from a new solution and what it can deliver, generating a form of frustration. One useful step towards alleviating this disappointment would perhaps be to not have too many fixed ideas about what the tool and to define the solution that best fits your needs. If you start from the belief that you are seeking the best or most suitable solution possible rather than perfection itself, you are more likely to be able to avoid that so common exasperation. This approach can best be summed up as the Coué Method, i.e., the calibration of your expectations and the setting of (more) reasonable ones, without allowing yourself to be thrown of course by an over-enthusiastic vendor.

"MULTI-TENANT SOLUTIONS" THE FUTURE

The "single-tenant" solution has admittedly permitted the specific configuration and development of the most suitable solution for each client. However, this type of solution is starting to disappear in favor of "multi-tenant solutions" preconfigured in terms of functionalities and hosted and maintained on the vendor's cloud, where each client uses the same version of the software. Their price and deployment time will be necessarily lower as a result, but treasurers will have to adapt to these predefined models instead of adapting the system in line with their way of working. However, "one size does not fit all" applies here and this will compel users to bend to the tool rather than vice versa, except when demonstrating the usefulness of the functionality for all users.

TMS, THE BACKBONE OF TREASURY MANAGEMENT ORGANIZATION

The treasury department is certainly the most sophisticated and better equipped department in terms of IT tools. In this technological ecosystem, the TMS is the backbone, although interfaced to another essential pillar, i.e., the ERP(s). With the vision of a thriving, interconnected ecosystem in mind, treasurers must consider potential missing elements that the TMS should provide. The more comprehensive the future TMS, your digital backbone, will be, the less satellite solutions will be required.

PARTNERING WITH ITS IT VENDOR

As already mentioned, it is advised to develop partnership with its vendor. If you can get commitments from your supplier, it will help the implementation and the future developments. Your "TMS partner" should demonstrate a good track record. It is useful to check their history of successful implementations, to talk to existing reference clients to check whether they are satisfied by the solution and the services. A good partner regularly communicates its strategy, development roadmap and future available functionalities. The partner must demonstrate its capacity to invest in innovating and developing products.

Some growth metrics may help to assess the vendor quality, i.e., client growth, revenue growth, profitability, and client ratings (like Net Promotor Scores – NPS). Eventually, you must check the position of the vendor into the business growth cycle. You would be well advised to also check where the product is positioned on its life cycle and maturity scale. Just like a car, it is not recommended to buy the latest version before changing the model if you want to keep it for a long time.

CORPORATE FOCUS WHEN SELECTING A TMS

Before building a (short) list of IT vendors, RFP's and demos, the treasury should know what looking for to choose the appropriate solution for his/her specific needs. As this solution should last your organization through many years to come, it is important to identify the best (long-term) partner that will support your operating needs now and in the future. You must understand their current capabilities, offerings, but also their roadmap to make sure that trajectory is aligned with your organization's own. Treasurers often thought they know the goal; they are aware of problems and pain points that are driving to seek out a new IT supplier. They claim having a clear vision for the solution that could fix their problems. But they should not be tempted to skip or give a short shrift to this essential selection process. What is complicate it to anticipate your future needs.

Your (new) partner must show capacity to evolve in parallel to your growing requirements. It is worth assessing vendors evolving and innovating capabilities and future strategies.

The foreseeable future of treasurers, although tough to precisely define, consists of more efficient operations, with growing data and operations; better insight to drive this growth and scalability to adapt to new requirements and regulations; options for other modules to complete the range of functionalities and tasks; and eventually modern technologies to enhance the recruitment of talents, who do not want to become spreadsheet champions. For the unforeseeable future, no one can predict, like recent crises, it pleads for smart, agile, and up-to-date tools to cope with the unknowns.

What are the areas Treasurers should consider and look for when selecting TMSs:

1	Focus alignment - Expertise in similar industries as yours
2	Ability to invest in innovations and to acquire specialized Fintech's- size of partners and track records
3	Leveraging the power of customers community - Key user groups
4	Clear strategy, modern mindset and ability to scale up
5	Responsive to customers needs - LT collaboration - ability to address client specific needs
6	Solid technology stack - SaaS provien expertise
7	Communication capacity to explain how they differentiate and innovate

BUILDING A CASE

A successful TMS implementation requires a solid business case to demonstrate the benefits, both qualitative and quantitative, of the new solution and the pay-off period. It explains why the pricing is key and why treasurers must properly size the TMS they want to implement to avoid overpaying unnecessary functionalities.

- Getting buy-in from top management: treasurers must have demonstrated capacity to deliver and gained in IT projects credibility (i.e., track-record of successful implementations). It is a communication issue and the capacity to convince of the benefits of a TMS project.
- Assessment of benefits and ROI: how much could you save by changing the TMS or implementing a TMS? You must include the qualitative elements, like enhancement of internal controls, mitigation of risks of fraud and errors by automation, increased efficiency, ...
- Finding the strategic IT fit: a TMS must be incorporated in the whole finance IT strategy. It requires to convince the CIO of the choice of the "best-of-breed". It should be aligned to the whole finance digital strategy. The treasurer should identify all stakeholders to check whether and how the new tool can support their own responsibilities and tasks. Understanding current state of technology and potential of new technologies, including AI and machine learning.
- Disciplined selection process: the RFP and IT projects best practices must be applied to guarantee the success. It is important to precisely define the business requirements, today and future's needs; the impacts on external and internal relationships; and the resources allocated, from the treasury team and from the IT department.
- Determination of depreciation and value increase: an IT asset will be depreciated over time, although in the meanwhile the treasurer must assess the increase in value in terms of efficiency, visibility, scalability, analysis, new functionalities, and new reports.

CHALLENGES

- Given the large number of suppliers and solutions, choice can be complicate.
- Difficult to convince the CIO of that TMS best-of-breed solutions are not necessarily proposed by ERP vendors, whatever the ERP.
- Allocation / dedication of internal resources for the scoping, implementation, and go-live phases.
- Building a business case and demonstration of benefits of investing in treasury technology.

Andrew Winders

FIS

Senior Manager Business Solutions Group

INTERVIEW



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How to Successfully Implement Treasury and Risk Management System for Your Business

Implementing a software system like Treasury and Risk Manager – Integrity Edition in your business is a big step. Based on our experience of successfully implementing a catalog of 400 fintech solutions for the past 40 years, we know that encountering the implementation as part of the criteria of your vendor selection process will highly impact the success rate of your integration.

Know Your Business Vision

Firstly, get a strong grasp of your business vision, goals, and future needs. Only then can you develop a reliable implementation strategy. As you are investing in a solution for the next 10 years, having a perspective on your company's strategy & go beyond the treasury expertise is key.

There are two kinds of strategies for implementing Treasury and Risk Manager – Integrity Edition:

1. Packaged Approach: This is ideal for organizations with limited resources & in the need of quick wins in terms of tools. It is a turnkey solution with quick ROI and lower costs.

2. Customized Approach: Larger organizations often take this route. Before even signing any contracts, your business will have a thorough planning process with the Integrity team. The goal is to not just replicate your existing processes but to improve efficiency and value.

Flexibility in Project Delivery

Who should be responsible for delivering the project? You have options:

- Work directly with FIS' professional services team.
- Partner with a consultancy you already have a relationship with.
- Choose a hybrid approach combining both options above. This approach gives you access of a best-of breed solution more specifically when you have the support of a consultancy firm to help you define your Target Operating Model ahead.

We go even further with the new generation of tech savvy treasurers by training them and give them the capacity to be completely autonomous & in some cases do part of the implementation themselves.

What Resources Do You Need?

The amount of time and resources you will need depends on your role and the project's size. From the accounting team up to the IT department, who may need to devote less time compared to a treasury analyst, who is more involved, you will still need those important resources for a successful integration.

In addition to the resources working on the project, the treasurer must also ensure the full sponsorship of the CFO, and the guaranteed support of the IT department for any part of the project that falls within its remit.

CONCLUSION

Treasury Management Systems (TMS) are not just a nice-to-have; they are essential. They make cash flow management a breeze and keep you in the loop with all your bank accounts. Plus, they are great for reducing financial risks. You need to choose your TMS wisely, factoring in your business size, available resources, and future plans. Companies like FIS offer solid, all-in-one options that you can count on.

Do not overlook the importance of security and compliance, either. The TMS landscape keeps changing, mainly because of collaborations with fresh, in-

novative startups. The integration of various systems can also make your financial operations more efficient. Finally, do not forget that your opinion counts. Customer feedback is critical for improving these systems. So, think about your needs and make them known. Picking the right TMS is your ticket to streamlined, hassle-free financial management.



CRITICAL TECHNOLOGY COMPONENT OF AN EFFICIENT TREASURY MANAGEMENT

The Treasury Management Systems are arguably the most critical technology component within treasury for the foreseeable future. Therefore, the choice of the most appropriate solution, proportionate to the company needs and requested functionalities, is exceedingly important. Before contemplating such a TMS selection process, the treasurer must prepare a business case and ROI to get investments validated by the CFO. Once, the budget is allocated, you can launch a RFP (i.e. "Request For Proposal"). And the importance of TMSs within treasury organization justifies guaranteeing this comprehensive analysis of existing best market systems. Given the size of these types of investments for corporates, it is essential to challenge the best-of-breed vendors, to maximize chances of a successful implementation at lowest cost.

- 1 Financial solidity of the IT vendors - to be resilient and to ensure sustainability of products & services over time
- 2 Innovative characters and capacity to be leading edge and state-of-the-art provider
- 3 Large range of products (even if through acquisition of Fintech's or partnership)
- 4 High-quality services and maintenance, as well as customer support 24/7
- 5 Customer user groups to share with peers, learn about developments and express their needs and solid credentials of comparable
- 6 Excellent understanding of the customer business specificities as everyone thinks it is unique and incomparable
- 7 Evidence of leadership of the company (via articles, conferences, thought leadership, active presence, awards, any sign of quality, ...)
- 8 Pricing (which obviously and more than ever is a critical criterion)
- 9 Reporting capabilities and customization features as well as easy connection to other ETL tools/BI solutions and good ergonomic
- 10 Proactivity on new IFRS standards and financial regulations, as well as vision of future of the function to anticipate technical needs

A DIGITAL DISRUPTION LOOMS ON THE HORIZON

The boundaries between solutions are becoming more fluid and that barriers are being lowered, offering new opportunities. Cost pressure and efficiency improvement will help convince treasurers to review their technological strategy. The need for more real-time information and a more predictive approach is forcing us to reinvent ourselves. COVID has increased further need for real-time treasury, the "Treasury-On-Demand" concept. Unfortunately, our old road maps and strategies have all too often come up short, so that is the first piece of advice to be taken on board. The entire ecosystem is changing, with the arrival of SWIFT "GPI", instant payments, KYC registers, APIs with the PSD2, new e-payment methods and new business models, RPA's, AI; machine learning, etc.... Of course, a treasury's IT strategy cannot be frozen forever. It needs to evolve... and fast. Selecting the right partner is key. Automation, in whatever form, is the primary objective. The treasury is the depository for a mass of financial data. To evolve, it needs to transcend its initial roles and focus more on data science.

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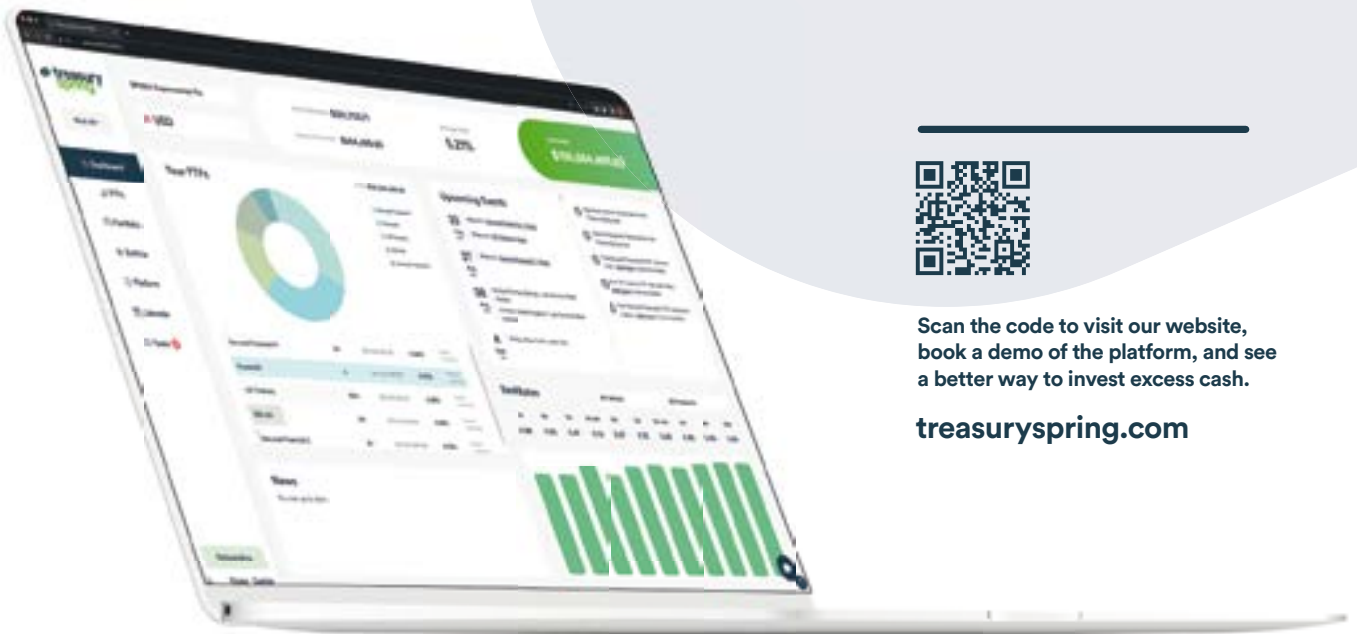
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