

JULIA BERRIS EXAMINES  
EUROPEAN TREASURY  
TECHNOLOGY PROSPECTS  
FOR 2006.



# Unseating the spreadsheet jockey

Corporates will be investing in streamlining their treasury systems and processes in 2006, according to leading European software companies. The technology companies have high hopes that corporates will finally abandon sluggish, error-prone spreadsheets altogether in favour of more efficient desktop systems that provide a one-stop shop for all treasury functions.

Such systems have been developed over the years, but it has taken time and huge regulatory shifts to persuade some corporates to change their traditional methods. Now that most corporates are compliant with the likes of the Sarbanes-Oxley (SOX) Act, technology companies such as Trema expect them to invest in slicker and more sophisticated systems that will speed up processes that are time-consuming and create risk.

"Over the last couple of years corporates have just been trying to get on top of what they have had to do in order to be compliant with SOX and other regulations," says Thomas Bergqvist, Chief Marketing Officer at Trema. "What we will see now is corporates wanting to

## Executive summary

- Corporates are looking to make systems and processes more efficient and more automated.
- Regulation continues to be a major driver behind treasury system implementation.
- While the spreadsheet is universally abhorred, there is less consensus on web-based versus desktop systems.

know how to make it more efficient and how to automate it."

Bergqvist argues that dealing with the vast amounts of regulatory change has turned out to be an arduous task for many treasury departments. Ensuring compliance has proved to be a lengthy process and only recently have treasurers felt confident to move on to the next step of improving and unifying their systems.



Nigel Youell, Marketing Director of Hyperion, agrees that legislation has had an important impact on treasury technology, and this will become more apparent in 2006. He argues that departments have learnt from the strain of regulation in the recent past and are ready and waiting for any developments in the future.

"People have realised that these pieces of legislation are not static," says Youell. "As quickly as you hear of one regulation, another one comes straight up behind it. Departments need processing systems that can do what is needed on a day-to-day basis but are flexible enough to adapt to changes that are likely to come in the future."

A move towards technology that unifies treasury departments globally could be the next logical step now that spreadsheets are no longer the preferred format. Enabling subsidiaries to access the same treasury technology system as the one used by headquarters could reduce risk and make company-wide operations smoother.

"In the past some smaller treasury departments have relied heavily on spreadsheets," says Chris Berris, Treasury Analyst at Hunting. "We have implemented the IT2 TMS, which is used for everything treasury-related and has many advantages over spreadsheets, including stringent security and a robust structure."

"We have just completed the implementation of a secure web-based portal to provide access to the TMS for our Canadian subsidiary, Gibson Energy in Calgary. It has proved far more cost-effective for them to use our tried and tested system rather than spending time and money implementing a new and unfamiliar product."

As well as consolidating systems globally, Bergqvist sees more grouping together of functions to enable the treasury processes to be more efficient. Expanding the functionality of technology platforms will form part of a long-term strategy that will help to reduce risk and be more cost-effective.

"Some corporate treasurers are far too externally driven in the way they buy systems," argues Bergqvist. "They may buy several cheap simple solutions rather than taking a strategic decision, because of lack of funds. With such short-term manual solutions they may well be able to run the UK treasury very effectively, but the platform would not work for the whole corporate."

Selecting the appropriate system for your company is an important and difficult task, according to Françoise Cambilargiu, Group Treasurer at Rémy Cointreau.

"We have to consider very carefully what type of system we will be putting in place in our department," says Cambilargiu. "We have to make sure that we make the right choice, because if we select a system that isn't suitable for Rémy and which needs to be updated in the future, it could be very expensive for us."

Cambilargiu explains that the journey to full compliance with international financial reporting standards and SOX has required extensive training for the whole treasury team at Rémy. A system that speeds up processes while maintaining compliance is crucial to which software the drinks company will choose.

The need for integrated, compliant systems is echoed by Berris, who argues that deal processing can be a lengthy process from capture to confirmation.

"In most cases the bank has to send a letter with the terms of the deal stipulated," he points out. "The treasurer then has to wait for the letter to arrive, check the details against what he or she has, and then respond. This takes more time than checking on an online confirmation system. It also leaves more room for human error, which SOX is aimed at diminishing."

The drive behind streamlining treasury systems is to ensure a reduction in risk, which is an inherent factor of human involvement.

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"Things are far more complicated now and spreadsheets are simply not suitable," says Bergqvist. "Spreadsheets are very error-prone and you can manipulate them very easily. They leave a very poor audit trail, and problems tend to arise when staff leave and the document has to be handed over to a new person to work with."

Youell sees consolidation as a key theme for 2006, linking up different departments of a corporate with an easy-to-use system that crosses the boundaries previously created by the use of mega-spreadsheets.

"Three main areas that Hyperion's system covers are strategic planning, mergers and acquisitions and treasury," he says. "All three are inextricably linked. Typically the link has been managed via huge spreadsheets in each department. When they need updating, each department has to inform the other to make the necessary changes. Mistakes can easily be made this way. A system that can cope with all three areas and has the financial information to deal with the data is a vast improvement."

Systems such as Hyperion's Master Data Management do not rely on formulas that have been developed and entered by individuals, and links up departments easily.

With the internet becoming more accessible for a wider range of uses, technology companies are developing web-based solutions that enable the strategy of the global treasury department to operate smoothly at a lower cost, according to Jim Gilbert, Director of Business and Development at FXpress.

"People want more information and they want it faster," he says. "Now that people are more comfortable with technology and we have developed a secure system, corporates are more eager to use the internet for treasury."

While FXpress hails the success of web-based products, Bergqvist sees a different picture for the coming years and argues that the desktop system will continue to reign supreme.

"Using the internet for this kind of thing is just hype," Bergqvist says. "Treasurers need the desktop and internet because you need the web to cheaply distribute out to subsidiaries. But the desktop will always be unbeatable when it comes to real-time analysis and data crunching. A hybrid solution which combines the two will be the preferred method."

Whether corporates invest in web-based or desktop systems, the emphases on speed, compliance and cost remain. The coming year will see developments in both areas, with treasury departments updating their systems to allow this area of the business to drop the complex spreadsheets and streamline their processes for the future.

"Ultimately the focus is on sustainability," says Youell. "Corporates need speed and compliance but they also need to know that they can update a system rather than be forced to spend a fortune on a new system when regulation changes again."

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