

SUPPORTING BUSINESS GROWTH



JACKIE CHIA-LINDAHL AND MAGNUS HACKER ON DEVELOPING AN IT STRATEGY THAT WILL ENHANCE YOUR BUSINESS NO END.

The treasury's system platform forms the backbone of its operations and includes several hardware and software components, which are either company-wide standard or treasury specific. It is developed in line with the treasury's IT strategy, in accordance with modern methodologies, and designed, implemented and managed to enable a harmonious and flexible environment with the necessary level of security and availability.

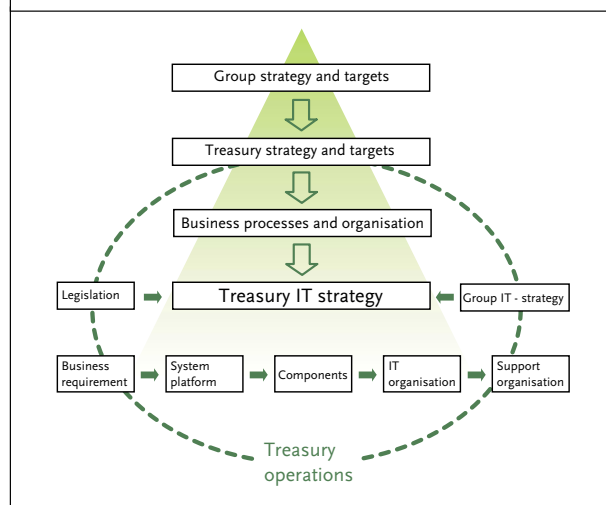
The treasury IT strategy is a documented vision of how that information technology will be strategically managed within an organisation, providing a means of measuring the effectiveness of plans, visions and targets. It is also key for cost control, and a foundation for investment and organisational decision-making. It will help you to create a clear structure and is a means of internal and external communications. Basically, it serves as a framework to capitalise on previous investments as well as to facilitate necessary developments such as IAS 39 and to enable cost control.

THE OVERALL PICTURE. The treasury's strategy and targets usually aim to satisfy management expectations of having flexible, reliable and low-cost funding, financial risk control and efficient processing with minimised operational risk. From these targets the goals for the supporting organisation and systems platform can be derived and defined to achieve synergies and higher process efficiency, including straight-through processing (STP). The treasury then benefits from economies of scale, reduced vulnerability by decreasing the dependence on key staff and higher availability and performance.

The IT strategy is developed using five principal building blocks: business requirements; system platform; components; IT organisation; and support organisation.

MAPPING THE BUSINESS REQUIREMENTS. Mapping of the present set up, expectations and demands is essential. Not only those within the treasury, but also those units with business interfaces to the treasury – for example, subsidiaries and corporate units. Often, it is also advisable to make use of 'know-how' from outside the group, from banks and other information providers, on possible solutions. A clear overview of the present set up will also prove helpful when deciding how to implement the new platform.

FIGURE 1
THE FIVE BUILDING BLOCKS TO A SUCCESSFUL TREASURY IT STRATEGY.



SYSTEM PLATFORM OPTIONS. Once you have determined what the business requirements are, it is necessary to develop a system platform or infra-structural solution, which will best achieve these requirements. For example, what alternatives are available? What is the group's IT policy on system platforms? What factors will influence the choice? There are a number of factors that will determine the final decision. The geographical location of the treasury will determine the required IT capabilities, as will the financial markets that need to be covered. How the company is set up, both legally and with regard to the decision making hierarchy, will also influence the end solution. It is essential to bear in mind any specific reporting requirements when making a decision. Internal reporting issues and statutory demands should be considered, for example, compliance with IAS 39/FAS 133. Other influencing factors

include application types, the group technical infrastructure and overall integration requirements, and the business and technical support options available.

To determine the platform options demands technical expertise and a thorough understanding of the trends in both the IT and financial areas. The new platform should be sustainable and scalable in order to cater for future changes in the treasury business operations and technological progress.

CHOOSING COMPONENTS. Components are the treasury management system(s), the information system(s) and other applications, as well as network solutions, workstations, middleware, database management system and the like. Through using components in line with group standards (your company may have a policy to use certain web tools and technical middleware), you facilitate your choice and integration of those components. The IT strategy will usually only contain a high level description of components with a rough list of their pros and cons. A more in-depth analysis and recommendation of components is usually performed when the IT strategy is implemented.

IT ORGANISATION. A system platform created, implemented and supported, based on the treasury's business requirements, will prove to be a strong foundation to facilitate the fulfilment of business targets and help to fatten the bottom line. Therefore, many treasuries choose to devote resources to manage and further develop the system platform once it has been implemented. A dedicated treasury IT manager is becoming more common and their role is to manage the treasury's system environment. This is highly complex and consists of far more components than in other business units, usually with higher demands on availability and performance.

SUPPORT ORGANISATION. The support organisation, which essentially supports the treasury's system platform, consists of a number of application and hardware providers, internal IT support and treasury IT support, among others. To find a manageable mix and a workable management organisation, while avoiding dependency on key personnel, can often prove difficult. The design of the support organisation is crucial in order to achieve expected synergies, increased efficiencies and cost control.

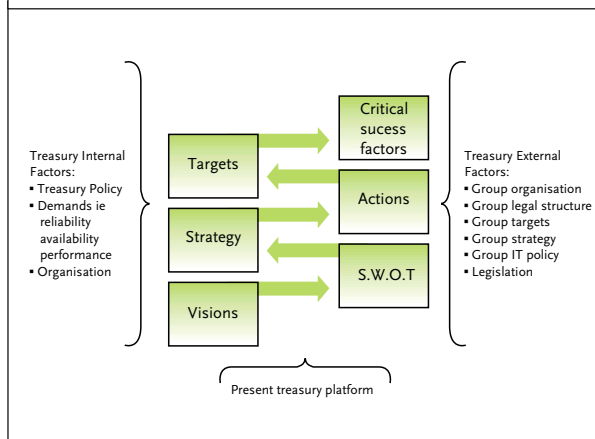
Procedures for quality assurance (QA), for example, system documentation, maintenance and support logs and segregation of duties, further strengthen the chances of a successful platform implementation and smooth operations.

DEVELOPING THE STRATEGY DOCUMENT. Having developed the IT strategy using the five building blocks (see Figure 1), the strategy is then documented in the strategy document. There are several ways to achieve this and the following model serves as a framework.

Analysing the findings from the five building blocks will lay the foundation for the strategy. All treasury internal factors and treasury external factors, as well as the present treasury platform, are mapped and described (see Figure 2). With this information it is possible to agree on a long-term vision statement that may typically contain expressions such as "scalable", "global", "secure" and "high availability". Avoid words like "benchmark" and "best-of-breed", since interpretations can vary. Be as precise as possible and strive to make the visions timeless.

With the vision statement agreed the next step is to perform a S.W.O.T analysis from the treasury's perspective. Discuss the strengths and weaknesses of the treasury operations and the

FIGURE 2
STEPS TO DEVELOPING AND PRESENTING THE
TREASURY IT STRATEGY.



opportunities and threats emanating from outside the treasury group. At this stage any issues affecting the strategy will be confronted by the organisation.

With the vision clear and the S.W.O.T analysis conducted the strategy is formulated. The strategy, which is often limited in time, sets out a map which consists of the chosen system platform, the types of components to be used and an organisational structure. It may also consist of statements such as "streamlining technical interfacing using middleware", "24-hour operations", "contingency and recovery planning", "accessibility via the internet" and "IAS 39 compatibility".

With the strategy clearly set out, details of the targets and actions are documented. This is very much hands-on and divides tasks among members of the project group, which includes the users, internal IT support and third parties.

Finally, it is important to be aware of the critical success factors when moving forward. Initially, it is essential to get commitment from senior management as well as from the users. Make comparisons between the cost of investment against the operational and financial risk and/or the group's financial net. With these factors secure, make realistic time plans ensuring that there is enough time in reserve for contingency. When implementing, do so using a step-by-step approach. Above all, be consistent and stay within the strategic framework.

START FROM SCRATCH. With the present trends of capitalising on previous investments, implementing IAS 39, increasing STP and improving cost control, it may be wise to start by going back to the drawing board and developing a treasury IT strategy from scratch. This strategy may serve as a framework and assist you in decision-making, prioritisation and maintaining control of implementation and costs. It may also act as a means of getting the senior management to commit and support your ideas and visions.

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