How to choose

NEED TO CHOOSE A DECENT TREASURY MANAGEMENT SYSTEM? *THE TREASURER* HAS DONE THE LEGWORK FOR YOU. HERE ARE OUR TOP 10 TIPS.
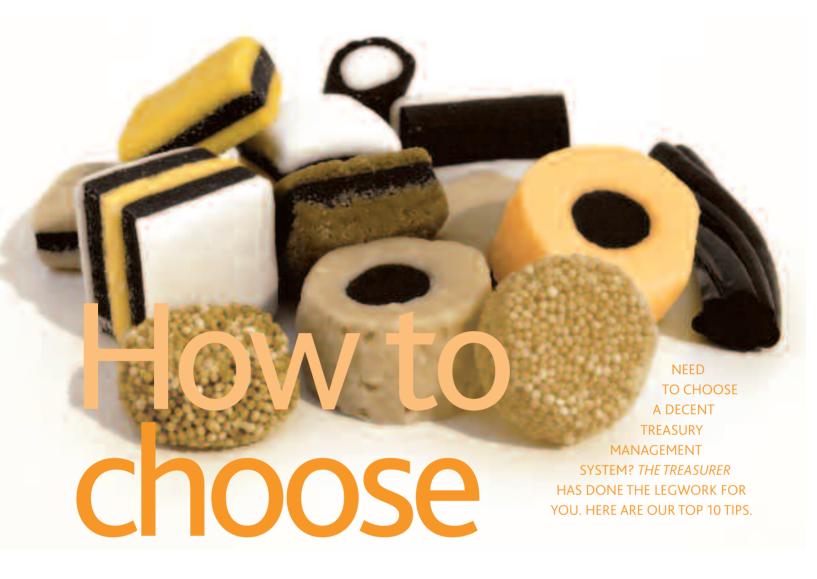
Finding and choosing a treasury management system can be a daunting prospect. But thinking your needs through in advance can make the job a great deal easier. Steve Canning, General Manager of financial systems supplier XRT, and Jim Denelly, President of Sierra System at trading and risk management supplier FNX Solutions, are familiar with the pitfalls that treasurers should seek to avoid.

1) MAKE SURE A SUPPLIER IS SOLVENT Before picking out a system for the treasury department, consider how likely it is that the supplier is going to be in business for the next five years. This may sound obvious but picking a supplier who looks likely to go bust soon after is rather like buying a Rover car, providing little hope for extra parts or system maintenance, according to Canning.

"It is an investment for five years," says Canning. "You have to be sure of its stability and commitment to the market. If the supplier does 5% in the treasury market and 95% elsewhere, how committed to the marketplace is it?"

2) CHECK THE SUPPLIER'S R&D COMMITMENT In the fast-paced, technology-driven world we work in, systems are evolving and improving every day. Denelly argues that a treasurer must be sure

that a supplier is committed to research and development.

"The market is much faster and the services for treasurers need to be quick and efficient," he says. "Can the supplier ensure up-to-the minute products now and in the future?"

Being able to consolidate different areas of the business as companies centralise the treasury departments is something a supplier must be able to do – and continue streamlining in the future.

3) HAVE A VISION To ensure you obtain the system that is right for your team, Canning believes treasurers must have a clear

Executive summary

- Noting down key considerations can help ease the task of buying a new system.
- Get your mind clear on what you want it to do.
- Get the right supplier, with the right back-up.
- Get the right package for your business.
- Get it past your boss.

understanding of where they are now and where they want to be in several years' time. If treasurers explain their requirements in terms of how the business is going to develop and how the treasury department will evolve, the supplier is better equipped to make an informed decision about the type of system needed.

He says: "If you provide the supplier with detail about your vision of the future, it can judge whether or not what it has in mind is what you need to take you forward."

4) BE SURE THE SUPPLIER CAN GIVE YOU WHAT YOU WANT It is vital to ascertain at the early stages of finding a technology system whether or not the supplier can give you the level of straight-through processing (STP) and real-time data that is required for your company. Denelly explains that corporates are looking for a variety of treasury services, including connectivity to exchange and third-party liquidity providers.

He says: "There are a lot of new people on the block and a lot of different solutions to choose from. But can they give you maximum STP and real-time data? Not all suppliers have the ability to give you what you want. You must establish this early on."

5) DEMAND GOOD CUSTOMER SERVICE Customer service is something that most people assume comes with the system, but finding out how good customer service actually is could make a big difference.

Denelly says: "For treasury clients, good customer service is very important because of the negative impact that staff turnover can have. When someone leaves, you have to get someone retrained on the system quickly and this is not always easy to do."

He explains that using a supplier that retrains new staff and provides on-call customer service is vital.

He says: "We provide professionals onsite so people can be trained up very quickly. This is very new and very different from customer expectations of a year ago. Back then, people just wanted help installing the system and would call if there were any problems later on. This is not good enough any more."

6) EMBRACE MODERN THINKING Canning argues that as well as finding a new, speedy and contemporary treasury system, treasurers also need to be contemporary in their thinking and attitude towards the new requirements and the technology used to fulfil them.

Canning says: "The treasurer must be able to think outside of the box. A common problem is that there are companies with treasurers in one silo and collections in another and no communication between the two."

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Creating a new treasury department which promotes communication and forward thinking will not only get the best out of the new system but will improve efficiency, save money and ensure the smooth running of the department as a whole.

7) GET REFERENCES Whittling down the list of suppliers to a manageable number can be a mammoth task. Sniffing out the strong players and possible winners can be complicated and time consuming. To speed up the knock-out phase, Denelly suggests asking the supplier for the names of companies that are using the system in the same way that you hope to. This will give you evidence that the supplier can provide the level of service you need and is not just good at sales patter.

He says: "You'd be surprised how thin the list of companies becomes. By asking for references you can quickly flush out a lot of the wannabe treasury management systems. It sounds like a very simple method but there aren't that many systems out there providing cross-product services."

8) DUMP YOUR SPREADSHEETS For years treasury departments have relied on spreadsheets for a variety of different functions. Canning argues that if a department want to progress from the risky, error-prone domain of the spreadsheet, it has to abandon them altogether.

He says: "The auditors are getting more strict and you have no security with spreadsheets. If you want to produce accurate forecasts, work efficiently and comply with regulations you need new systems and not spreadsheets."

Canning believes that control shapes the modern-day treasury department. He explains: "Controlling cash, company policies and forecasting is key. You can't have a good level of control with spreadsheets."

9) CHECK THE SYSTEM'S SCALABILITY Awareness of the scalability of a particular product and how this would suit your organisation is going to help treasurers find the system that is best for them. A larger organisation could find it has wasted its money if the system it chooses turns out to be unable to cope with the number of transactions it performs day-to-day.

Denelly says: "A lot of the newer systems are fine if you are doing 100 trades a day, but when you get up to 20,000 to 30,000 it may not be quite so efficient. You need to find out how the system scales and whether or not this works for you. This is another reason to ask for references from organisations similar to your own."

10) MAKE THE BUSINESS CASE Getting the go-ahead and the appropriate funds allocated for your chosen system may be another difficult obstacle to vault. Many organisations see the systems themselves as a luxury rather than a necessity and therefore feel they cannot justify the investment.

Canning says: "I have a client which reduced its cost 12-fold and paid for the system in less than a year. Treasurers should make these calculations carefully and present them to the company."

Denelly adds that it is worth demonstrating to the company that having treasury staff work long hours to complete paperwork leads to errors and low team morale, both of which can be very costly. He says: "The best way is to break it down to return on investment, potential business return and risk return."

By demonstrating the cost benefits in a variety of areas, the new technologically advanced treasury system will give treasurers a better chance of being granted the funds to improve the way they work.