Playing the system

THEY MAY NOT LOVE THEM BUT THEY KNOW THEY NEED THEM IN SOME SHAPE OR FORM. **PETER WILLIAMS** LISTENS IN ON TREASURERS REFLECTING ON THEIR EXPERIENCE WITH TREASURY MANAGEMENT SYSTEMS.

Treasurers have a love/hate relationship with treasury management systems (TMS). And that ambivalence came over loud and clear at the latest ACT London regional meeting. A packed room at the offices of the ACT in London underlined the interest that treasurers have in TMS.

A mini-survey taken before the meeting got under way gave an indication that the treasurers present had plenty of experience of installing and running TMS – and judging from the comments in the session had the scars to prove it.

PAINFUL AND FRAUGHT The evening was introduced by the ACT's London regional organiser David Wilson and started with a panel session. On the panel were Charles Barlow, group treasurer of sewing threads and needlecraft manufacturer Coats, which is in TMS evaluation phase; Fiona Crisp, an independent treasury consultant currently working with a client implementing a system; and Martyn Fenton, who has made a career of implementing TMS.

Wilson suggested that "painful" and "fraught" were the words most associated with TMS implementation, rather than "straightforward", "simple" and "fun". Frustration, with the occasional glimpse of nirvana, is the most that treasurers can realistically expect, although the aim of the evening was to try and reduce the frustration levels and avoid the pitfalls.

IF IT AIN'T BROKE... One of the main themes that emerged was that the TMS should reflect the structures of the business. If the company treasury systems are straightforward, there is little benefit in having anything other than a simple treasury system. And if the treasury system works, there is perhaps an understandable reluctance to move away from it unless it is really necessary.

As a group, treasurers can be characterised as pragmatic. The meeting reflected this in suggesting that the main aim was

TMS implementation checklist

DO
- Ensure adequate resources in the treasury/finance/IT team.
- Ensure the RFP is comprehensive and reflects everything in the scoping document. Trying to back-fill later is a hopeless task.
- Understand how the interfaces work and understand the security issues.
- Work with your banks.

DON'T
- Change banking system in the middle of the TMS implementation.
- Make fundamental changes to other systems.
- Be an early adopter of a major upgrade.
- Be tempted by how good it looks. Visuals are nothing; what matters is functionality.
- Underestimate the amount of standing data you have.

contributor said that he kept Excel as his TMS reporting tool because it was easy to use and all he had to do was click a pivot table to refresh the results.

Sometimes, though, treasurers are not masters of their own destiny. A treasury department may have to accept the treasury module of an enterprise resource planning (ERP) system as part of a company-wide ERP adoption and implementation, with objections and concerns over suitability or workability ignored or dismissed. Sometimes, treasurers have to play the hand they're dealt.

MARKET INTELLIGENCE When treasurers come to grapple with installing a TMS, one of the first steps should be to assess their own personal strengths and weaknesses. It may be some years since they last had charge of upgrading and if they are unsure of some or all of the technical aspects required, then the most sensible course of action is to ask for help. As one treasurer put it: "I was way out of date, so I needed someone to look at what was available."

One of the questions raised was the sources of information for treasurers looking for up-to-date material about the system companies and their products. No simple source of data is available. It was an issue the ACT was invited to look at by the meeting to see if it could contribute to market knowledge.

One of the main problems for treasurers and their teams during the whole process of choosing and installing a TMS is the pressure on their time. A TMS implementation is a major project that eats up time and resource yet the day job still needs to be done. That said, though, TMS implementation must be a treasury-led project and should not be left to the IT department.

If a treasurer is given extra resource for the project, how is that best deployed? Letting others manage the implementation throws up particular risks and does not seem the right way to proceed. Others cannot understand the nuances of how the system needs to work to fit in with the treasury and the business. And if the existing team isn't familiar with the new system, the learning curve will be longer and steeper. Those who do know are no help in the long term – they will be walking out of the door when their temporary contracts have ended, taking their important knowledge and experience with them. A way around this problem may be to make use of internal secondees in the process.

But consultants or interim staff can help by doing some of the legwork to find out what the TMS market is currently offering in terms of features, scoping the project and whittling down the long list of possibilities to a shortlist that can be asked to bid. The

to have a system that worked for the treasury department and the business. And if that involved a few workarounds, such as uploading data or transferring files, then that might be a price well worth paying rather than running the risk of switching to a new system which might sound good on paper but failed to work properly when implemented. One treasurer said the system his company was employing was 15 years old, and while it was tempting to embrace change for the sake of change, he saw no need to invest in a new all-singing, all-dancing system if the old one still did the job. Indeed, such an investment could be a retrograde step: how long would it be before he had the same understanding of a new system as the one he currently enjoyed?

MIX AND MATCH Treasurers at the event seemed to prefer to use different modules from different providers, seeking out the best in class rather than opting to move over entirely to a single provider. The meeting heard from one delegate who said that he used three treasury systems and although he was happy with the setup he admitted it would be nice if the TMS was out of just one box and that there was "a hell of a lot of exporting and importing of files to make the system match".

In terms of pragmatism, one

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invitation to bid is formally known as a request for proposal (RFP); it is a critical document and care should be exercised in drafting it. But even this stage isn't straightforward. One treasurer said a TMS supplier had declined to take part in a tender on the grounds that its system would be too expensive. The supplier's approach might not win it business in the short term but its move is likely to enhance its reputation.

The treasurer has to work hard to ensure that suppliers provide enough detailed information to make an informed and sensible choice. One treasurer suggested potential suppliers should not be allowed to answer simply yes or no but to give detail. Another said that it was vital to understand whether yes meant yes as standard, or yes as customisation.

KEEPING ON THE CASE After the treasury department finally decides which system supplier or suppliers to go with, the hard work really begins. When testing systems, treasurers and their teams need to ensure that the system does what the supplier claims. This should be tested by using the company's live data; carefully scrutinising the outputs to confirm they make sense is a must. This is a serious workshop and a unique chance to run your data on the system. After all, you might have to live with this system and make it work for years. The workshop needs to be properly planned. Only once that hurdle has been successfully crossed can the project continue.

Implementing a TMS is not something that can be done in isolation, with just the supplier and the treasury team involved. Treasurers will often have to call on others – such as the IT department or colleagues in other areas of the finance team. The example the meeting heard about was the treasurer who needed the accountant in charge of hedge accounting policy to provide input to ensure that the system was set up correctly and produced the right information for everyone.

Another painful part of the implementation process is ensuring that the standing data – the group's companies, bank accounts, loan types, foreign exchange transactions – is correctly and fully transferred over. That won't be the most glamorous of tasks but getting it right is vital.

The treasurer has to be prepared to keep on the supplier's case. If the supplier said that something would happen or would work and it doesn't, then keep shouting loudly.

All treasurers and their team will need handholding after the system has gone live. Requirements will inevitably change over time and the supplier should be able to handle comfortably requests from treasurers for added functionality. But check up front.

The meeting was also cautious about upgrades. One treasurer said he was one of two early adopters of the first Windows-based system and that while the new version looked good it would have been even nicer if it had worked. Another complained that even minor upgrades could upset the rhythm of the treasury team. New problems and bugs appear that the supplier promises will be fixed next time around; and indeed they are – but some favourite shortcuts and workarounds may also disappear at the same time.

COPING WITH CHOICE While there is a vast choice of products in the market, treasurers should be able to ensure they buy the right product for their department and company. Preparation is key, as is being clear in your own mind about what you want. And while everything may not run smoothly, treasurers should resist the temptation to see the TMS supplier as the enemy. It is possible to have a good relationship with the supplier and maintain it throughout the implementation phase and beyond.

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Mini-survey results

Before treasurers assembled for the ACT event, they were sent a short questionnaire about their own experience of treasury management systems, as follows:

HOW MANY TIMES HAVE YOU IMPLEMENTED OR SIGNIFICANTLY UPGRADED YOUR TMS?
There was a wide range of answers here, but the highest numbers were evenly split between one and two implementations. A few had been involved in many TMS projects.

ARE YOU CURRENTLY CONSIDERING IMPLEMENTING OR SIGNIFICANTLY UPGRADING A TMS?
Perhaps not surprisingly, well over half of those who answered this question said yes.

ON A SCALE OF 1-10 (WHERE 1 EQUALS USELESS, 5 ADEQUATE AND 10 FANTASTIC), HOW WOULD YOU RATE THE CURRENT STATE OF YOUR TMS?
One person did give their TMS a perfect 10 but most treasurers at the meeting rated their system as a 5, with an even spread on either side (3 and 4 and 6 and 7).

WHAT IS THE ONE THING THAT YOU WISHED YOU HAD KNOWN BEFORE IMPLEMENTING A TMS, OR YOU WOULD CURRENTLY LIKE TO KNOW BEFORE DOING SO?
The answers here included:
■ How good the after-sales support is and how quickly new features and functionality improvements can be incorporated.
■ The best way to evaluate systems to ensure that they meet your needs.
■ What kind of benefits and efficiencies the TMS can provide.
■ What the breakeven point is when it becomes better to use a TMS rather than carry on with Excel spreadsheets.
■ How much internal resource it will consume.