

Many corporate treasuries in the Middle East still rely on spreadsheets, a manual method of managing data that is inefficient, time-consuming, prone to errors and costly. Data entry errors can result in inaccurate cash positioning and forecasting, which is a greater risk for multinational companies that collect data from many different centres and subsidiaries around the world.

Some companies rely on enterprise resource planning (ERP) systems to fulfil treasury functions, but few companies in the Middle East have a single ERP system across the organisation. And while ERP systems are good for managing business operations and processes where change is infrequent and can be planned, they are less efficient at handling the more complex treasury functions associated with cash and financial risk management.

It's not surprising, then, that the convergence of globalisation, rapid business growth and increased competition in recent years has meant that companies are increasingly starting to see treasury automation as a priority.

Many family-owned companies in the Middle East have historically managed each entity within their group separately. But this can lead to inaccurate global cash positioning, partly because of the time lags that occur between the data being collected from disparate systems and its subsequent aggregation. With automation, corporate treasury departments can gain real-time visibility of their global cash position on a daily basis.

Meanwhile, to ensure that a company can meet its future financial obligations, its treasurer needs an accurate view of the company's future funding requirements. But for many companies, cash forecasting is a challenge, particularly if it works in multiple currencies. Automation enables companies to easily leverage transaction history data across the entire organisation, which, in turn, leads to improved

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AT THE TOUCH OF A BUTTON

Spreadsheets served their purpose for Middle East treasuries in the past, but automation is the way of the future, argues Wissam Khoury

decision-making and more accurate cash flow predictions.

One treasury that has seen the benefits of moving to a specialised treasury solution is Dubai-based conglomerate Easa Saleh Al Gurg Group. Having recently invested in SunGard's AvantGard Treasury system, group general manager Abdulla Al Gurg says: "We can already see how AvantGard is helping us to automate more of our processes, introduce greater efficiency into treasury management and reduce costs through the centralisation of bank accounts and bank dealings."

Islamic banking continues to expand, bringing with it technology, systems and financial instruments that are used within its marketplace. So companies in the Middle East are maintaining an increasing number of bank relationships while, at the same time, Islamic banks are offering

a greater variety of services. Automation of treasury processes onto a single platform, via a treasury workstation, enables a company to rationalise its banking connectivity and interfaces to internal systems, establish consistent controls and obtain a global view of its information. It can also realise cost savings.

Abu Dhabi-based conglomerate Al Fahim Group opted to go down the centralisation route, selecting AvantGard Treasury because it had the right tools it needed to automate its treasury. "Additionally, SunGard's presence in Abu Dhabi provides the security of knowing we are working with a local partner. We expect that the combination of technology and local support from SunGard will aid in the growth of business," says Ahmad Nassar, Al Fahim's group treasurer.

Nowadays, treasury professionals are expected to do more with less. Treasury automation helps them by removing many manual processes, freeing up staff to concentrate on other value-added activities and projects.



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