

The cloud conundrum

Treasurers can reap the benefits of software as a service and hosted software applications if they first try to understand the technology, says Lesley Meall

Not many of us know the difference between cirrus, cumulus and nimbostratus clouds, and although this doesn't prevent us from looking up into the sky and making a judgement call on whether or not it's likely to rain, it does influence our chances of being correct. So it is with technology clouds: you don't need to understand the difference between software as a service (SaaS) and hosted software applications to make a judgement call, but it will influence your chances of getting it right.

"Treasurers are not IT people, so some are more tech-savvy than others," observes David Stebbings, head of treasury advisory at PwC, and this is only to be expected. But he does think it would be 'useful' if more treasurers understood a little more about cloud technology compared with the alternatives. At the simplest level, it's about sharing technology resources in a way that reduces barriers to access, such as cost and complexity, but the details can be complicated (see Peering through the clouds, right).

Understanding at least some of those details is important if you are to make an informed decision (with or without the support of IT specialists inside or outside your organisation) about using cloud technology for treasury processes and data management, having assessed the risks and benefits. As Stebbings comments: "There are many issues to consider that may make a cloud-based treasury system more or less attractive, including cost, data security, the functionality of cloud-based systems and their ability to handle a significant volume of treasury transactions."

Besides peering through the rather 'cloudy' terms of reference, you also need to be able to cut through the hype. One of the much-lauded benefits of SaaS treasury technology, for example, is the speed with which you can start using it. But, as Stebbings observes, a functional specification is required as the basis for the one-time configuration of any treasury system if it is to suit your total treasury needs going forward, and failure to do this may be a cause for regret at a later date.

The question of real cost must also be addressed. "Treasury is an area where many quite large businesses are still using Excel with cost pressure mitigating against significant treasury systems spend at this time," says Stebbings. So it's important to ensure that the appeal of operating expenditure over capital expenditure and manageable monthly payments doesn't blind you to the true cost of ownership (TCO) you are signing up to if your requirements change or your confidence in moving away from Excel grows.

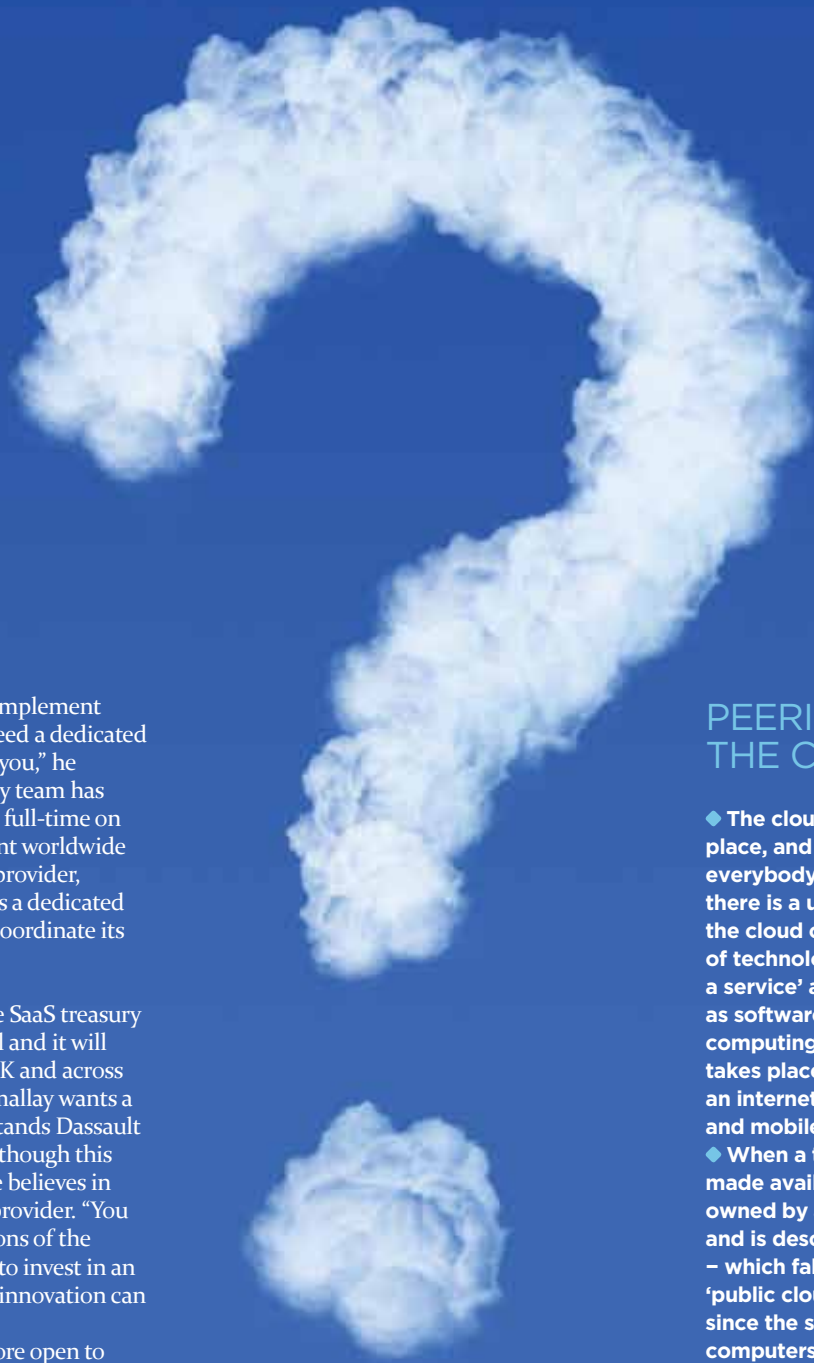
Without thorough TCO calculations, you can't do a proper cost/benefit analysis, no matter which type of cloud you are considering – which brings us to another dilemma. The cloud label is tagged onto a growing range of treasury and liquidity management systems and components (such as cash management and financial instruments) and they do not all take the same approach to service delivery, data storage or contracts and service level agreements, even within groupings such as SaaS or hosted services.

Some providers will deliver their treasury management systems using a variety of approaches: for example, both the US provider GTreasury and the German provider Bellin offer their systems as SaaS or hosted, and the latter will host its solutions in a shared or an exclusive environment. SaaS-only offerings, such as Kyriba, Reval and Treampo, are not all alike either, from the point of view of features, pricing, flexibility or scalability – particularly in relation to trading volumes.

Among the many issues to be considered, top of the list could be the safety and security of your treasury data. "It's very important and very sensitive, and you have to ask yourself, 'Do I want it sitting outside my firewall?'" says Stebbings, as well as considering how easily it can be rolled back in again. But providers and some users of SaaS treasury suggest that concerns about data control, safety and security can be allayed by SAS 70 (SSAE 16 and ISAE 3402) type audit reports.

"As long as our service provider is audited each year and certified SAS 70, and we keep monitoring that, I believe that they are quite safe," says John Colleemallay, director, treasury and financing, at Dassault Systèmes. The provider of 3D design software began its transition to cloud treasury back in 2007, when it chose a SaaS cash management solution (from Kyriba) for its holding company in France, before replacing all of its internal treasury systems with SaaS, in dozens of countries.

Five years on, Colleemallay also has some other insights for those considering the SaaS approach to treasury



management. “When you implement this type of solution, you need a dedicated team working with and for you,” he suggests. Dassault’s treasury team has two people working almost full-time on its treasury SaaS deployment worldwide and is negotiating with its provider, because Colleemallay wants a dedicated project leader at Kyriba to coordinate its various local teams.

➤ Dassault’s roll-out of the SaaS treasury system has been gradual and it will soon implement it in the UK and across the Nordic regions. Colleemallay wants a Kyriba contact who understands Dassault and its treasury project – although this isn’t the only reason why he believes in working closely with your provider. “You always have the latest versions of the system and you don’t need to invest in an internal support team, but innovation can be a big challenge,” he says.

SaaS providers can be more open to tweaking their systems (to accommodate users) early in the software life cycle and before user numbers and demands exceed available resources. “You need to bring ideas to the provider and say ‘we can do this together,’” says Colleemallay, which isn’t a euphemism for Dassault flexing its muscles to influence the direction its service provider takes. “The treasury function is constantly moving and changing,” he explains, “so innovation is very important.”

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PEERING THROUGH THE CLOUDS

◆ The cloud is not an object or thing or place, and there is no single cloud that everybody in the world uses, any more than there is a universally agreed definition for the cloud concept. The reality is a collection of technologies that are used to provide ‘as a service’ access to ‘shared’ resources, such as software applications, data storage and computing infrastructure. This access usually takes place ‘on demand’ from anywhere with an internet connection, using a range of fixed and mobile devices.

◆ When a treasury management system is made available ‘as a service’, the software is owned by and lives on third-party computers, and is described as software as a service – which falls into the broader grouping of ‘public cloud’. A ‘hosted’ set-up is different, since the software is owned by you. But the computers it lives on may belong to you and be used only by you, or they may belong to a third party and be used only by you. Both set-ups can be described as ‘single tenant’ and ‘private clouds’.

◆ If a service provider uses its own boxes to host software belonging to more than one ‘tenant’, this can still be described as a ‘private cloud’. If you are running software you own on your own computers in your own data centre and ‘virtualising’ this to provide multiple users with remote on-demand access (which can offer the flexibility and resource optimisation of the public cloud), this can also be described as a private cloud – even if you sometimes use public cloud services to meet peaks in demand.