FRIENDS OR ENEMIES?

A SUCCESSFUL TREASURY FUNCTION DEPENDS ON GOOD DEPLOYMENT OF TECHNOLOGY. BUT CAN TREASURY'S RELATIONSHIP WITH THE IT DEPARTMENT SURVIVE DEVELOPMENTS SUCH AS CLOUD COMPUTING? LESLEY MEALL INVESTIGATES

Meet Sandra. She's an IT specialist and manager with a Big Four professional services firm, where she specialises in treasury transformation projects – and when it comes to technology, she's unashamedly a fan of enterprise resource planning (ERP) systems. "If a company is an SAP customer, my starting position is to consider the SAP treasury module to see if it will work. It makes sense to leverage a platform that is already part of the company's IT infrastructure, something it is already invested in," she explains.

Meet Hector. He's group treasury director for a mining company, where he has spent the past three years juggling his day job and a treasury transformation project – and when it comes to technology, he's unashamedly not a fan of ERP. He says: "IT came to this project with the position that an ERP treasury module was the only possible solution. I had to push back hard to justify a treasury management system [TMS]. They didn't seem to understand why I wanted what was best for treasury, not what was cheapest and easiest for IT."

It rarely comes to pistols at dawn. Historically, Sandra and the IT crowd have almost always pulled rank on Hector and his fellow treasurers on treasury technology decisions; in many organisations, they still do. But since the financial crisis, the position of many treasurers has been strengthened, enabling them to exert more influence over treasury technology decisions; whether this means arguing for or against the treasury module of an ERP, for or against a TMS, or e-banking, trading or another treasury tool.
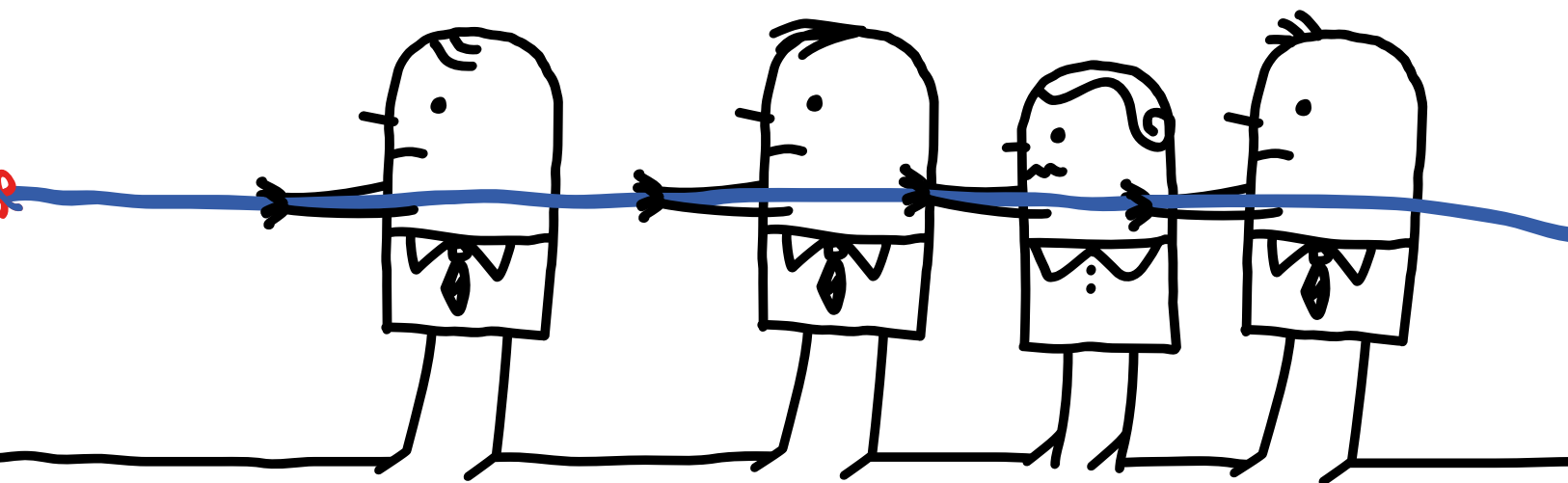
Going up

While this elevation of treasury has been happening, there have also been changes in the way we choose, use, access, support, budget and pay for IT – and our expectations of it. "PC-based applications changed the life of treasury and cloud will do the same," says Cindy Murray, head of global treasury product platforms and digital channels, Bank of America Merrill Lynch. The relative ease of deployment, avoidance of high upfront hardware and software costs, plus reduced IT maintenance costs are among the potential benefits already attracting treasurers.

For luxury travel company Scenic, these were just some of the things that recently pulled it in the direction of a cloud platform for integrated cash and risk management (from Reval). "We need to enhance our reporting capability in order to ensure that senior management is provided with real-time information upon request," says Christian Azzopardi, Scenic treasury manager. As well as meeting functional treasury and management reporting needs, there was another big pull factor: "We don't need to have internal IT resources to implement it," adds Azzopardi.

It is a paradox that, as IT has become more important to treasury and other parts of the business, many in-house IT departments have become less important. As digital technologies have been consumerised, IT has been democratised and demystified. So, although treasurers want access to the latest and greatest technology resources, they don't always want or need an IT department or treasury technology department to make decisions about which technology resources are best for treasury and

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then take responsibility for the implementation and maintenance and upgrades.

Going down
Because of the reduced need for their services, it is not unheard of for in-house IT departments to discourage the spread of cloud-based software and services. Kevin Salter, IT director of 2020 Innovation Group, recalls a conversation he had last year at a company that was planning a switch from servers on the premises to servers in the cloud. "The IT guy was about to move on and leave the company, and he admitted to me, 'We should probably have done this 12 months ago, but I like my servers,'" says Salter. The perspectives of incumbent IT staff may not always be impartial.

Incumbent IT staff with a vested interest in keeping their jobs have been known to criticise the cumulatively high costs of the cloud's pay-as-you-go approach. However, John Colleemallay, director of group treasury with technology company Dassault Systèmes, suggests that these costs can be offset against the reduced costs for expensive internal IT staff – and he should know. Dassault has been using a cloud-based solution for cash management,

bank communication and reconciliation plus various other treasury processes for almost seven years.

Security is another area where the chief information officer (CIO), chief technology officer (CTO) or chief information security officer (CISO) and the head of treasury may differ on the relative safety of cloud. Colleemallay does not lie awake at night worrying about the safety and security of the various cloud-based services that Dassault relies on. "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," he says. You are more likely to find this kind of independent certification at a cloud service provider than in many small enterprises.

Analyse this
Perceived lack of IT security wasn't a barrier for the Lam Research Corporation either. When it decided to explore data analytics to see how it could improve its investment reporting, it also opted for a cloud service provider: Clearwater. "I see them as an extension of our team," says Tamara Anthony, director of treasury, at Lam. "Clearwater is very up to date on

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compliance and regulation, and they are right there building that functionality into the system," she says.

Analytics is one of the areas where emerging technologies may have a radical impact on what treasurers can achieve with IT in the future, because whether this type of software is embedded in specialist applications, or accessed through general-purpose systems, it can be used to uncover patterns and potential issues that might otherwise be missed. As one group treasurer explained in a previous issue of *The Treasurer* (see www.treasurers.org/node/307758), by using a predictive analytics tool to detect patterns in warranty claim findings, treasury has reduced the impact these unplanned events have on the company's cash management.

Because data analytics can provide valuable insights across a spectrum of treasury and finance topics, it is important for the treasurer (and the CFO) to ensure that deployments are not seen purely, or even

primarily, as IT projects. Neglect this and it could become a missed opportunity. However, treasurers may need to fight over the next few years to hold their ground if they want to be as involved in the selection and implementation of emerging analytics systems as they have been over the past few years in cloud-based systems for treasury and risk management.

"We will see greater influence by IT in treasury technology decisions during 2016," says Bob Stark, vice president, strategy, at Kyriba, a cloud treasury software specialist. "It's because organisations are fully embracing the cloud, but the CIO, CTO, CISO, etc, are realising that their treasury teams have been taking rogue decisions." Perhaps the big beasts of treasury or IT will pull rank; perhaps they will find a way to balance best practice in IT with what's best for treasury; perhaps Sandra and Hector will end up duelling with pistols at dawn. ☗

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