The past few years have been good to Reall. Previously Homeless International, in 2014 the charity rebranded and relaunched, shifting its business model from a development charity funded by grants to a social enterprise. Using a business-focused model to provide philanthropic support to its partner network, Reall expanded its operating budget tenfold and increased its expansion efforts twentyfold over its 2010 numbers. Meanwhile, future growth projections have highlighted the need to standardise and modernise the methodology used for tracking investments in partner companies.

At first glance, Reall does not seem to be the kind of company that would require a treasury management system. Providing technical assistance, advisory and financial support to a series of partner organisations – known as Community Development Enterprises (CDEs) – Reall's goal is to build homes and encourage commerce in Asia and Africa. These CDEs operate locally, performing functions ranging from mobilising poor urban communities; securing, processing and serv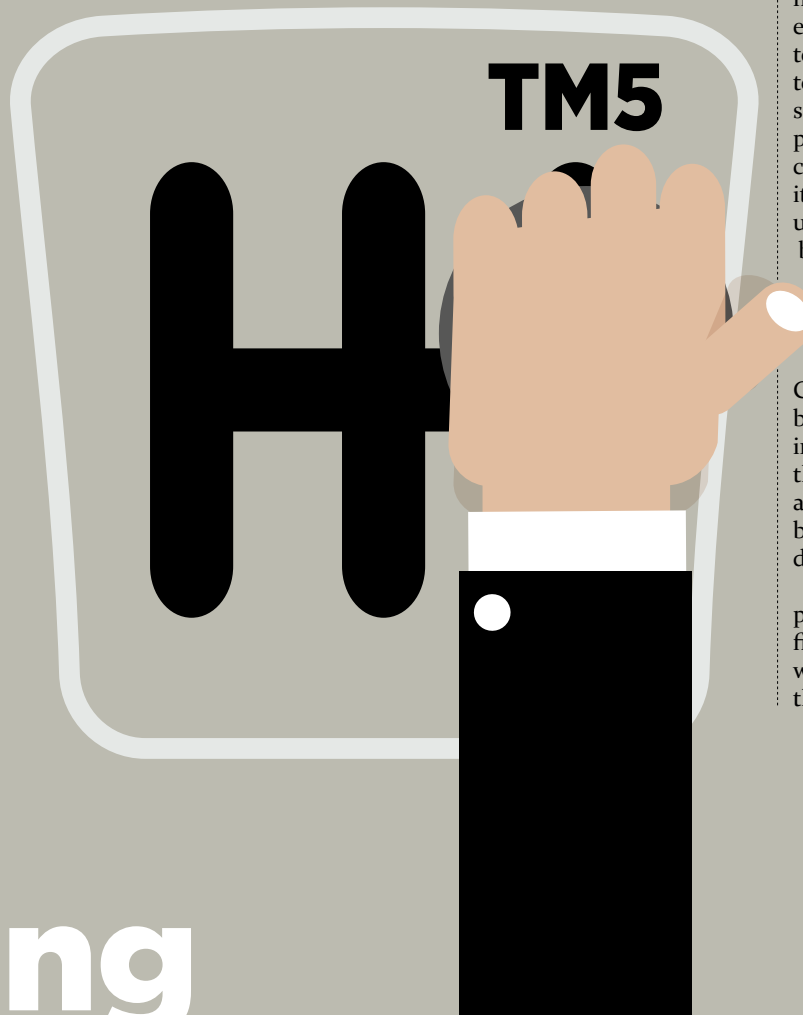icing land; developing vibrant, affordable residential neighbourhoods; and managing efficient end-user micro-mortgage systems to enable locals to purchase homes. While Reall will often hold some share in them, it does not usually have a controlling interest, and provides finance as a mixture of debt and equity.

Transforming philanthropy

The year 2014 marked a transformation in Reall's operating philosophy towards the CDEs. Changing scope from a charity to a social enterprise, Reall continues to offer loans and financing to the CDEs, but now does so with a focus on funding profitable business that it can collect a return on. This gives it the funding, which Reall uses to reinvest in the CDEs, but also assures it that the money it invests supports another goal: building sustainable industry in developing nations. Combined with releasing bonds and seeking investors in their partner organisations, this change has resulted in a tenfold increase in Reall's budget, and more than a doubling of its efforts.

"Given our future growth projections, we needed to find a treasury system that was built for purpose rather than continuing to manage

TM5

SHUTTERSTOCK

Driving transformation

SMALLER CORPORATES AND NOT-FOR-PROFITS SOMETIMES NEED ADVANCED TREASURY TECHNIQUES TO HELP WITH THE MORE UNUSUAL ISSUES THEY FACE. *THE TREASURER* LOOKS BEHIND THE SCENES AT DEVELOPMENT CHARITY REALL AND ITS TMS INSTALLATION

our treasury function using a variety of spreadsheets," says Peter Mujtaba, head of systems for Reall. "Our aim was to find a system that was easy and quick to set up and intuitive to use. We followed a standard request for proposal process to research the marketplace and were quick to find a suitable solution for us with BELLIN tm5. We selected tm5 primarily because it was cloud based and met our business requirements out of the box – and because it came across as a good cultural fit. The team was approachable, keen, knowledgeable and also experienced in working with other UK-based charities."

Standardisation through implementation

At the heart of Reall's operations are the CDEs, and as such, a major focus of the project was a push for standardisation in Reall's investment contracts with them. There were 80 agreements, many of which had been written up with terms and conditions according to local rules and regulations, and interest rates that differ according to jurisdiction. These were long-term investments with cash flows projected over five years or more, which had not been standardised globally, meaning that details such as interest calculations, which may have been different between partners, needed review.

These details were captured in aging spreadsheets, making tracking – much less change control – incredibly labour intensive. Using the implementation project as an opportunity to re-examine these agreements gave Reall an opportunity rarely afforded to organisations: not only could it define the standardisation of its future agreements, but it also provided the opportunity to look at past agreements and review their structure.

To do this, the CDEs were set up as separate counterparties. Investments were done with CDE subsidiary entities, grouped in counterparty groups. This permitted Reall to track its investment projects, while still allowing for flexibility in special project arrangements. In addition, it enabled Reall to map and monitor programmatic data (building units, land, etc) against the investment projects.

"What we wanted to do was standardise their processes," says Lena Pennington, BELLIN project lead. "One of our early tasks was to capture existing partner investment contracts along with their interest and repayment schedules. Now, Reall does not only track outstanding investment projects for current movements, but also uses this data to forecast future cash flows, enabling Reall to monitor currency and interest exposures, and plan

for future investments and funding decisions."

Reall's new treasury management system (TMS) not only produces relevant project documentation, it also serves as the complete repository of all project documentation, as documents are attached to each of the investment projects directly. As all of this happens with the same set of templates in the system, future agreements are then standardised and codified easily.

"It has been labour intensive, but taking each contract one at a time and working methodically through each of them has resulted, for me, in a better understanding of not only the system but also Reall's contracts," explains Lisa Wesley, TMS project manager. "The system is user-friendly and flexible enough for us to be able to create the necessary investments. With the help of Lena we have successfully captured each investment contract within tm5 and each FX transaction. Phase one of the implementation process is practically complete."

Looking towards the future

With much done, but with even more left to do, both teams look towards the future and what they want to achieve. "Going forward, Reall will leverage the existing processes and establish a long-term forecast, which will include all investment, funding and operational

flows," explains Pennington. "This will serve Reall as a basis for sensitivity analyses on FX and interest rate risks."

"The reporting side of the system is going to be invaluable to the organisation, not only for seeking new investors, but also for reporting back to current investors, donors and other stakeholders. We have future plans for further phased implementations of other functions within the system, which will be advantageous for the organisation," explains Wesley.

Reall's shift in focus has been transformative, not least of which has come through the application of new technology. "We see this a lot," says Pennington. "Companies engage with us because they need software, but what the exercise provides is the organisational push to reorganise and standardise operations."

What lies at the end of all this? "We hope we'll be able to continue to expand our efforts," says Wesley, "creating livelihoods, catalysing economic development and driving economic empowerment with each investment."

To follow updates on Reall's activities around the world, visit www.reall.net, and for more information on BELLIN see www.bellin.com ⏉

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